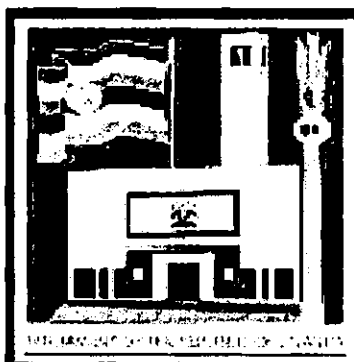


**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT ON THE EXCISE DUTY
(AMENDMENT) (No.2) BILL, 2020**



PARLIAMENT OF UGANDA

FEBRUARY, 2021

1.0 Introduction

The Excise Duty (Amendment) (No.2) Bill, 2020 was read for the first time on the 17th June, 2020 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 128 of the Rules of Procedure of Parliament.

2.0 Object of the Bill

The object of the bill is to amend the Excise Duty Act 2014, to vary excise duty in respect of un-denatured spirits made from locally produced raw materials.

3.0 Methodology

The Committee received submissions from the following:

1. The Minister of Finance, Planning and Economic Development;
2. The Uganda Revenue Authority;
3. Uganda Law Society
4. Institute of Certified Public Accountants of Uganda
5. Uganda Manufacturers Association
6. Nile Breweries Limited
7. Center for Budget and Tax Advocacy
8. Tax Justice Alliance Uganda
9. Dr. Otete Albert
10. Mr. Peter Mpaka

4.0 Observations by the Committee

The Members observed that:

- (i) The Bill seeks to reduce the excise duty rate on un-denatured spirits made from locally produced raw materials for use in the manufacture of sanitizers and disinfectants from 60% or shs. 2000 per litre whichever is

higher to zero or NIL. This will reduce the cost of disinfectants and sanitizers so as to make them affordable and competitive and to limit the exemption to manufacturing of sanitizers and disinfectants.

(ii) The Bill provides for 1st July 2020 as the date for commencement if it is passed into law. The Committee was informed that government informed the manufacturers not to pay excise duty on un-denatured spirits to be used in the manufacture of sanitizers and disinfectants so as to make them affordable. However, the proposals were intended to come into effect from the lockdown period in order to have the intended effect. The law should therefore commence on 1st April 2020 when proposals were approved by cabinet to reduce the cost of sanitizers and disinfectants.

(iii) The proposed bill does not exclude refund of tax paid on un-denatured spirits made from locally produced materials before 1st July 2020. There is need to exclude refunds for persons who had already paid the tax and included it in their process at the time of sale.

5.0 RECOMMENDATIONS

The Committee recommends that the Excise Duty (Amendment) Bill, 2020 be passed into law subject to the proposed amendments.

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PROPOSED AMENDMENTS

CLAUSE 1. COMMENCEMENT

Substitute for "1st July 2020" a new date as follows;

"1st April 2020"

Justification

The proposals were intended to come into effect from the lockdown after Cabinet approved the measures. The Minister hitherto guided the taxpayers not to pay excise duty on un-denatured spirits to be used in the manufacture of sanitizers and disinfectants so as to make them affordable.

CLAUSE 2. AMENDMENT OF EXCISE DUTY ACT, 2014, ACT 11 OF 2014

Rephrase the entire clause as follows;

The Excise Duty Act in this Act referred to as the principal Act is amended in Part 1 of Schedule 2-

(a) bySubstituting for item 3 (a) the following;

"(a)	Un- denatured spirits made from locally produced raw materials used in the production of disinfectants and sanitizers	NIL
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Justification

To reduce the cost of disinfectants and sanitizers so as to make them affordable and competitive and to limit the exemption to manufacturing of sanitizers and disinfectants

NEW CLAUSE.

Insert a new clause immediately after clause 2 as follows;

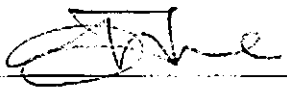
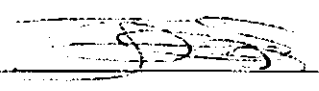

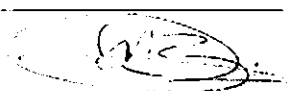
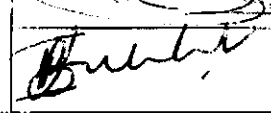
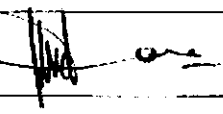
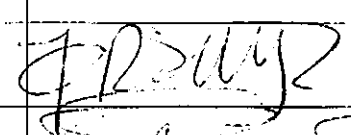
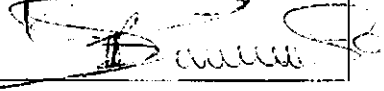
"3. Tax refund of un-denatured spirits

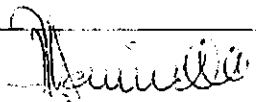
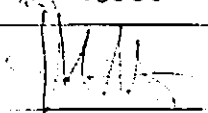

(3) "There shall be no refund of tax payable to taxpayers who had paid excise duty on un-denatured spirits made from locally produced raw materials used in the production of disinfectants and sanitizers before 1st July 2020."

Justification

The proposal is to deny refunds to persons who had already paid the tax and included it in their prices at the time of sale.

**COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT -
5TH SESSION**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Avur Jane Pacuto	DWR Pakwach	
3	Hon. Lugoloobi Amos	Ntenjeru North	
4	Hon. Asiku Elly Elias	Koboko North	
5	Hon. Bategeka Lawrence N	Hoima Municipality	
6	Hon. Abala David	Ngora County	
7	Hon. KatotoHatwib	Katerera County	
8	Hon. OpolotIsiagi Patrick	Kachumbala County	
9	Hon. TumuramyGenensio	Kashongi County	
10	Hon. Stella Kiiza	Kyegegwa District	
11	Hon. Ilukor Charles	Kumi county	
12	Hon. Lokii John Baptist	Matheniko County	
13	Hon. WalyomuMuwanika Moses	Kagoma County	
14	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
15	Hon. Odur Jack Lutanywa	Kibanda South	
16	Hon. AchiaRemigio	Pian County	
17	Hon. BbumbaSydaNamirembe	Nakaseke North	

18	Hon. Migadde Robert Ndugwa	Buvuma Islands	
19	Hon. Mukula Francis	Agule Pallisa	
20	Hon. Kakooza James	Kabule County	
21	Hon. Nathan Nandala-Mafabi	Budadiri West	
22	Hon. Akol Anthony	Kilak North	
23	Hon. Mukoda Julie Zabwe	DWR Mayuge	
24	Hon. Luttamaguzi Semakula	Nakaseke South	
25	Hon. Akello Judith Franca	Agago District	
26	Hon. Ochan Patrick	Apac Municipality	