

Submission from Uganda Coffee Federation (UCF)

Section 22 of the Tax Amendment Act 2015 22 (Expenses of deriving Incomes) of the Principal Act is amended in subsection (2) by inserting immediately after paragraph (l) the following—“(m) any expenditure above five million shillings in one transaction on goods and services from a supplier who does not have a taxpayer identification number”

This implies that any taxpayer receiving goods and services above Shs5M in one transaction will be required to provide a TIN of the supplier before they can claim that value as a deductible purchase or expense on the taxable income for that year.

URA is solely responsible for registering Taxable Persons whether rural or urban based yet their offices are only in urban areas. Secondly, they have not taken any deliberate effort to penetrate the rural areas to ensure that farmers are registered. Even if traders convinced the farmers to register for TIN without a URA office within the vicinity their efforts will be wasted.

What should the trader do?

- Stop buying coffee from farmers since they are not registered? But he has commitments to fulfil both locally (meeting his obligations), international in case of contractual commitments which would bring in the much needed foreign exchange lack of which would cripple the economy, blacklisting the coffee industry of Uganda as an unreliable source and lead to contract default penalties.
- URA should roll out a massive campaign to register all taxable persons (everyone is a potential trader) in order to smoothen the trade and development of the country before implementing the amendment otherwise denying the tax compliant traders their right to tax deduction because URA did not do their work is counterproductive and aimed at stifling trade.