



COULD UGANDA REVENUE AUTHORITY'S GENERAL DEMAND FOR CUSTOMERS ACCOUNT DETAILS FROM COMMERCIAL BANKS HAVE BEEN HANDLED BETTER?

Can you imagine the ramifications of over 30 leading commercial Banks in Uganda handing over their customers account details for Two (2) years to URA. How would this data be managed? Does URA have the capacity to ensure that this information once availed to it is not abused? Would fraudsters take advantage of this window to find means of defrauding account holders with attractive balances and would such a move encourage financial inclusion? These and many others are some of the concerns that come to mind if at all the notices issued by URA for commercial banks to furnish customers account details had not been curtailed

In 2018, Uganda Revenue Authority issued notices pursuant to Sections 41 and 42 of the Tax Procedure Code Act directing over Thirty (30) leading commercial Banks in the country to furnish account details of their customers for a Two (2) year period, that is 1st January 2016 to 31st January 2018. The Banks pushed back and instructed Counsel to challenge the demand which was done successfully. The Constitutional Court found that URA did not have legal basis to issue such blanket notices where there was no

probable cause. Such notices should only be issued in specific cases with identified targets and on good basis

Fortunately, at the time the decision was handed down, URA had also realized that the demand for these account details was inappropriate and had recalled its notices. There was no assurance however that similar demands would not, at a future date, be made by URA and this informed the decision to ensure that the Constitutional Court pronounced itself on the propriety of such general demands.

While the decision of the Constitutional Court fell short of declaring the impugned provisions of the Tax Procedure Code Act unconstitutional, it is a welcome breath of fresh air to the extent that URA is now aware that there must be specific ongoing investigations pertaining to an individual, natural or otherwise against whom such discoveries may be sought.

Of recent, there has been heightened action from URA in the discharge of its mandate and

this is understandable. The collection targets are extremely steep, and can only be met if there are aggressive collection measures. Such aggressive collection measures must be tailored to ensure that they are not prejudicial to tax payers. Some of the key tenets of a good tax system are fairness, transparency and administrative ease. URA should put in place fair collection measures. It is not in its interest to issue unfounded tax assessments, demands or threats. It should encourage tax compliance as opposed to intimidation. I am aware of many budding businesses down town that have been issued with Income or VAT assessments with no legal basis. Some are not even eligible for VAT registration. Business owners are grappling with assessments equivalent in value with their

entire business capital. They are effectively being taxed out of business. Sadly many of these informal and budding business owners do not seek proper tax advise and this exposes them. No proper tax records are filed which makes them vulnerable

We need better social services and these services can only be improved if, among other reasons, our tax revenues are enhanced. The key consideration as we walk this path is to ensure that steps taken to collect these taxes are not abusive and arbitrary. The introduction of electronic documentation by URA for sales and purchases will, with time, certainly ease collection. In the interim, URA should endeavor to employ collection measures that are aligned to the grundnorm of the law

Photo of the people that have done the alert goes here. Preferably the partner in charge or a senior associate

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