

**THE REPUBLIC OF UGANDA**  
**IN THE TAX APPEALS TRIBUNAL AT KAMPALA**  
**APPLICATION NO. 365 OF 2024**

ACHELIS RENTAL LIMITED..... APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: MS. KABAKUMBA MASIKO, MS. GRACE SAFI,  
MS.ROSEMARY NAJJEMBA**

This ruling is in respect of an application challenging income tax and VAT assessments amounting to Shs. 456,879,931. Following the Respondent's ADR proceedings, the Applicant sought the Tribunal to enter a ruling on the basis of an agreement reached between the parties. The Applicant prayed that:

- (i) Tax assessments of Shs. 456,000,769 be discharged.
- (ii) The dispute in TAT 355/2024 be closed on the basis of the Alternative Dispute resolution Agreement (ADR) agreement that was reached between the parties.

**1. Background Facts**

The Respondent initiated an audit for the period 2019 to December 2022. On 20 June 2024, the Applicant was issued a management letter demanding a total of Shs.504, 192, 451 in respect of withholding tax (WHT), Income tax and VAT. The WHT of Shs. 5,958,454 had since been paid by the Applicant. On 2 August the Applicant objected against Income and VAT assessments of Shs. 483,775,184 and 5,779,685 respectively.

On 4 November 2024, the Respondent issued an objection decision partially allowing the assessments. The income tax liability was reduced from Shs. 483,775,184 to Shs. 456,000,683 while the VAT assessment was reduced from Shs. 5,777, 685 to Shs. 3,879,248 thus maintaining a total tax liability of Shs. 459,879,931.

The Applicant being dissatisfied with the objection decision filed this application before the Tribunal. However, the parties settled this matter through Alternative Dispute

Resolution (ADR) under the Tax Procedures Code (Alternative Dispute Resolution Procedure) Regulations, 2023. Having failed to obtain the final consent from the Respondent, the Applicant sought to move the Tribunal to enter a ruling on the terms of the settlement agreement. The Respondent's counsel asserts that as the matter was not settled with the guidance of the Tribunal's mediation team, the Tribunal is hindered from entering a ruling on the parties' consent as there is no Consent Settlement Agreement.

## **2. Representation**

The Applicant was represented by Mr. Edwin Echiba and the Respondent by Ms. Christine Mpumwire and Mr. Simon Peter Orishaba.

## **3. Issues for determination**

The issue for determination is whether the Tribunal can enter a ruling on the basis of the terms of an ADR agreement, entered into by the parties, pursuant to the Respondent's internal ADR proceedings.

## **4. Applicants Submissions**

The Applicant submitted that they had drafted a draft consent and have been awaiting feedback from the Respondent. This followed a settlement agreement that was entered into by the parties following the successfully concluded ADR. The Applicant asked that in the same spirit, the Tribunal should enter a ruling as the Respondent does not dispute the facts concerning the settlement agreement.

## **5. Submissions of the Respondent**

The Respondent submitted that it wrote a letter to the Tribunal and the contents of the letter are that they are unable to enter into a consent. The reason is that they do not have a formal report from ADR on what was agreed upon. Hence, they were not able to enter into consent in the absence of the report.

The Respondent prayed that the Applicant pursues the withdrawal of the matter formally from the Tribunal.

## 6. The Determination of the issues

We have reviewed the agreement between the Applicant and the Respondent and established that the parties reached a mutual agreement, as reflected in the ADR Settlement Agreement, which outlines the terms therein. The Tribunal is empowered to enter a ruling based on agreed terms under Section 27 of the Tax Appeals Tribunal Act.

In the case of *UVAN versus URA, TAT Application No. 264 of 2024*, the Tribunal noted that:

*“In actions before the Tax Appeals Tribunal, once the parties have submitted a written agreement and the Tribunal is satisfied that it falls within its authority to act on those terms, the agreement will likely be deemed valid, irrespective of how it is labelled by the parties. Further, the process used in arriving at the agreement e.g. whether it was as a result of TAT guided mediation, or between the parties on their own volition, does not matter (subject to the usual exceptions such as duress / undue influence)”.*

The Applicant argued that the Respondent does not dispute the terms in the Consent. Whereas the Respondent argued that they have not received a report that would inform their consent and in that they were unable to consent.

### Summary of the Analysis

According to the ADR Agreement dated 31 January 2025, signed by the Commissioner Legal and Board Affairs, paragraph “I” is to the effect that:

- (i) The taxpayer was assessed due to claiming wrong interest expenses arising from ADR;
- (ii) That the taxpayer submitted supporting documents to support the application;
- (iii) That based on the foregoing, the Commissioner recomputed tax not in dispute as summarized below:

TIN	Taxpayer name	Period	Principal Tax upheld	Tax discharged
1000653139	Achelis Rental (Uganda) Limited	2021,2022, Dec 2019	3, 879,290	456,000,769

## Conclusion

Considering the above, there is evidence that the matter was agreed upon between the parties. In the circumstances, and in line with the settlement agreement filled, the Tribunal orders as follows:

- (i) The Tribunal adopts the settlement agreement in full and final settlement of this application to the effect that the agreement:
  - a. Vacates the income tax liability of Shs. 456,000,769; and
  - b. Enforcing payment of VAT liability of Shs. 3,879,290 by the Applicant.
- (ii) The Application is concluded without additional proceedings, and compliance with agreed terms is expected from both parties.
- (iii) Each party shall bear its own costs of this application.

Dated at Kampala this 20<sup>th</sup> day of June 2025.



**KABAKUMBA MASIKO**  
**CHAIRPERSON**



**GRACE SAFI**  
**MEMBER**



**ROSEMARY NAJJEMBA**  
**MEMBER**