



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
APPLICATION NO. 103 OF 2025

AGGREKO INTERNATIONAL SERVICES LIMITED..... APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, HON. PROSCOVIA REBECCA NAMBI,
HON. STELLA NYAPENDI CHOMBO**

RULING

I. Introduction

1. This ruling arises from an application challenging the tax liabilities reflected on the Applicant's ledger maintained by the Respondent. The dispute did not stem from any formal tax assessments but rather from the ledger balances recorded by the Respondent, which the Applicant contended were inaccurate and improperly computed.

2. While the application was pending before the Tribunal, the parties undertook an extensive reconciliation of the Applicant's tax ledger. Following this exercise, the Respondent issued a management letter dated 28 April 2026, reference URA/DT/COM/7.4/LRS/1000025694, setting out the Applicant's final tax position. At the hearing held on 13 May 2026, both parties jointly requested the Tribunal to determine the matter on the basis of the findings contained in that management letter.

II. Background Facts

3. The Applicant is a foreign company duly registered in Uganda. It previously carried on the business of generating and supplying electricity.
4. Between 2006 and 2013, the Applicant was contracted by Uganda Electricity Transmission Company Limited to generate electricity at various generation sites specified in the respective contracts. The purpose was to supplement the national grid supply and reduce load shedding.
5. To facilitate its business operations in Uganda and comply with Ugandan law, the Applicant registered for various taxes, including Value Added Tax, Income Tax, and Pay As You Earn. On 21 February 2023, the Applicant wrote to the Respondent concerning its income tax ledger, stating that it had fully paid and settled its income tax liability through carried-forward credits and provisional tax payments, and that the balance reflected on the ledger was erroneous.
6. On 17 May 2023, the Respondent issued a reminder notice requiring the Applicant to pay Shs. 44,608,947,330. This amount comprised alleged unpaid VAT of Shs. 43,327,140,159, Income Tax of Shs. 1,277,233,136, and PAYE of Shs. 4,574,036.
7. The parties continued to engage over the ledger balances. On 15 October 2024, the Applicant wrote to the Respondent protesting the liability of Shs. 33,718,915,000 reflected on its ledgers at the material time. The amount comprised VAT of Shs. 32,365,519,668, Income Tax of Shs. 1,347,464,741, and PAYE of Shs. 5,930,591. The Applicant objected to the liability on the grounds that:
 - (a) the Respondent had illegally and erroneously applied section 61 of the Tax Procedure Code Act, Cap. 343, to payments made by the Applicant before 1 July 2016; and
 - (b) any interest and liabilities ought to have been waived under section 46 of the Tax Procedure Code Act.

8. By letter dated 10 March 2025, the Respondent maintained that its reallocation of payments was lawful and proper. The Applicant thereafter filed TAT Application No. 103 of 2025 before this Tribunal. While the application was pending, the parties undertook a ledger reconciliation process. This was facilitated through the Applicant's tax advisers, Grant Thornton Advisory East Africa Limited, in correspondence with the Respondent's Litigation and Compliance Management departments.
9. The record further shows that the outstanding VAT liability had been undertaken by the Ministry of Finance for settlement, as reflected in the Ministry's commitment letter, marked Exhibit 5 in the joint trial bundle. The Respondent confirmed before the Tribunal that this undertaking had led to an adjustment of the VAT position on the Applicant's ledger.
10. Following the review and reconciliation, the Respondent issued a management letter dated 28 April 2026, signed by the Assistant Commissioner Litigation for the Commissioner General. The letter confirmed that the Applicant's tax ledger had been updated on the URA Portal. The final tax position as at 28 April 2026 was as follows:

Tax Type	Principal Tax	Interest	Total
PAYE	Shs. 1,066,317	Shs. 1,516,634	Shs. 2,582,951
Total	Shs. 1,066,317	Shs. 1,516,634	Shs. 2,582,951

11. The management letter further confirmed that the only remaining outstanding liability arose from a partial payment of the PAYE return for January 2021 and the interest that had accrued on it. The VAT and Income Tax liabilities had been fully vacated.

III. Representation

12. The Applicant was represented by Mr. Amanyu Bruno Edwin and Mr. Kalibbala Bruno of Grant Thornton Advisory East Africa Limited. The Applicant was also represented by Ms. Morren Nagasha, a Tax Accountant,

and Mr. Ankit Jangla, a Tax Consultant. The Respondent was represented by Ms. Gloria Twinomugisha, Ms. Christine Mpumwire, Mr. Agaba Edmond, and Ms. Doreen Amutuhaire. Mr. Sam Engola, a Supervisor in the Ledger Reconciliation Unit, also appeared on behalf of the Respondent to provide technical support.

IV. Issues for determination

13. The issues for determination are:
 - (i) Whether the Tribunal can enter a ruling under Section 27 of the Tax Appeals Tribunal Act adopting the terms of the Respondent's management letter dated 28 April 2026 as the basis for concluding TAT Application No. 103 of 2025; and
 - (ii) Whether costs should be awarded, and if so, to which party.

V. The determination

14. Section 27 of the Tax Appeals Tribunal Act provides a framework allowing the Tribunal to make a ruling in accordance with the mutual agreement of the parties, where that agreement is in writing and falls within the Tribunal's powers. We reproduce Section 27 below –

“If, at any stage during a proceeding, the parties to the proceeding agree in writing as to the terms of a decision of the tribunal in the proceeding or in relation to a part of the proceeding or a matter arising out of a proceeding and the tribunal is satisfied that a decision in those terms is within the powers of the tribunal, the tribunal may—

(a) where the agreement reached is as to the terms of a decision of the tribunal in the proceeding, make a decision in accordance with those terms without holding a hearing or, if the hearing has commenced, without completing the hearing; or

(b) where the agreement reached relates to a part of a proceeding or a matter arising out of a proceeding, in its decision in the proceeding, give effect to the terms of the agreement without dealing at the hearing with that part of the proceeding or the matter arising out of the proceeding to which the agreement relates.”

15. The Tribunal is further guided by Section 29 of the Tax Appeals Tribunal Act on the award of costs, which vests in the Tribunal a discretion to award costs as it deems just, having regard to the conduct of the parties and the circumstances of the proceeding.

Whether the Tribunal can enter a ruling under section 27 of the TAT Act

16. At the hearing on 13 May 2026, the Applicant informed the Tribunal that the Applicant had received the management letter from the Respondent setting out the current ledger position, and that the VAT and Income Tax liabilities had been vacated, with PAYE reduced to a remaining balance of Shs. 1,516,634. He requested a formal consent to close the matter.
17. The Respondent confirmed that the dispute was entirely in respect of the Applicant's ledger position, and that no formal assessments had been raised. The Ministry of Finance had undertaken to settle the VAT liability, after which the Applicant's ledger was adjusted. The management letter was issued at the request of the Applicant's representatives for their comfort and to formally communicate the adjustment made to the ledger.
18. The Tribunal notes that the Respondent's management letter dated 28 April 2026, filed before the Tribunal pursuant to the Tribunal's direction, constitutes a formal and binding communication of the Respondent's final position on the Applicant's outstanding tax liabilities. The Applicant confirmed its agreement with the final position set out in the management letter, and the parties jointly requested the Tribunal to enter a ruling on those terms. The Tribunal is satisfied that:
 - (i) the parties have agreed in writing as to the terms of a decision of the Tribunal in this proceeding; and
 - (ii) a decision in those terms is within the powers of the Tribunal. Accordingly, it is proper for the Tribunal to enter a ruling under Section 27 of the Tax Appeals Tribunal Act on those terms.

Whether costs should be awarded and if so, to which party?

19. The parties made oral submissions on costs at the hearing on 13 May 2026. The Respondent submitted that each party should bear its own costs. The Respondent further indicated that the Ministry of Finance had undertaken to meet the VAT liability, and that the Applicant did not dispute this, as the VAT payment had been made to the Respondent and the ledger had been adjusted accordingly.
20. The Applicant submitted that the Applicant should be awarded costs. He contended that the Respondent's demand, which at its highest stood at over Shs. 33 billion was erroneous and illegitimate, and the Applicant had spent considerable effort and expense to have the matter reconciled, only for the final outstanding liability to be reduced to Shs. 1,516,634 in PAYE principal. The Applicant further submitted that they had placed the correct position before the Respondent as early as 2023 (EX1) and 2024 (EX4), and that it was the Respondent's persistent disregard of those communications that forced the Applicant to file the Application. He also submitted that the Ministry of Finance's commitment letter (EX5) related only to the VAT liability and did not cover the Income Tax claim, and that the Respondent's position that the income tax had been settled by the Ministry of Finance was therefore incorrect.
21. The Tribunal has carefully considered the submissions of both parties on costs. The Tribunal notes that this dispute originated not from disputed tax assessments but from an erroneous ledger position maintained by the Respondent. The Applicant brought the errors to the Respondent's attention by letters dated 21 February 2023 and as late as 15 October 2024, well before the filing of this Application. The Respondent, by letter dated 10 March 2025, maintained that its reallocation of payments was proper and in accordance with the law, compelling the Applicant to institute proceedings before this Tribunal. Upon reconciliation, a demand that stood at over Shs. 33 billion was reduced to a residual PAYE liability of Shs. 2,582,951, comprising principal of Shs. 1,066,317 and accrued interest of

Shs. 1,516,634. This outcome vindicates the Applicant's position in all material respects.

22. It is also worth noting that the Respondent pursued the Applicant for the payment of the 30% deposit, in full knowledge of the fact that the liability in this application principally related to VAT, which was due and payable by the Ministry of Finance. The Ministry communicated this position to the Respondent vide a letter dated 22 September 2025. However, the Respondent insisted on collecting the very tax from the Applicant. This led to unnecessary and avoidable litigation.
23. Consequently, a party that successfully demonstrates before the Tribunal that the Respondent's ledger position was substantially erroneous, and whose repeated pre-litigation communications were disregarded, is ordinarily entitled to its costs. The Tribunal accordingly finds that the Applicant is entitled to the costs of this Application.

Conclusion

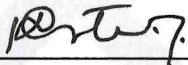
24. The Tribunal is satisfied that the parties have reached a mutual written agreement as to the terms of a decision of the Tribunal in this Application, and that a decision in those terms is within the Tribunal's powers under Section 27 of the Tax Appeals Tribunal Act. It is just and expedient to finalise the matter on the basis of the Respondent's management letter dated 28 April 2026, as jointly accepted by the parties before the Tribunal.

Orders

25. The Tribunal accordingly makes the following orders:
 - (i) The Tribunal enters a ruling under Section 27 of the Tax Appeals Tribunal Act adopting the terms of the Respondent's management letter dated 28 April 2026 (Ref: URA/DT/COM/7.4/LRS/1000025694) as the final and binding resolution of TAT Application No. 103 of 2025, in the following terms:
 - a) The VAT outstanding liability previously reflected on the Applicant's ledger is hereby confirmed as fully vacated;

- b) The Income Tax outstanding liability previously reflected on the Applicant's ledger is hereby confirmed as fully vacated;
- c) The Applicant's remaining outstanding PAYE liability is confirmed at Shs. 2,582,951 (Uganda Shillings Two Million Five Hundred Eighty-Two Thousand Nine Hundred Fifty-One only), comprising principal tax of Shs. 1,066,317 (Uganda Shillings One Million Sixty-Six Thousand Three Hundred Seventeen only) and accrued interest of Shs. 1,516,634 (Uganda Shillings One Million Five Hundred Sixteen Thousand Six Hundred Thirty-Four only), arising from a partial payment of the PAYE return for January 2021; and
- d) The Applicant is directed to settle the outstanding PAYE liability of Shs. 2,582,951 to avoid further accumulation of interest.
- e) The costs of this Application are awarded to the Applicant.
- f) TAT Application No. 103 of 2025 is hereby concluded without further proceedings.

DATED at Kampala this 19th day June 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. PROSCOVIA REBECCA NAMBI
MEMBER



HON. STELLA NYAPENDI CHOMBO
MEMBER