



**THE REPUBLIC OF UGANDA**

**IN THE TAX APPEALS TRIBUNAL AT KAMPALA**

**TAT APPLICATION NO. 112 OF 2021**

**BLACK COB.....APPLICANT**

**VERSUS**

**UGANDA REVENUE AUTHORITY.....RESPONDENT**

**BEFORE: MS. CRYSTAL KABAJWARA, MR. SIRAJ ALI,  
MS. KABAKUMBA MASIKO**

**RULING**

**I. Introduction**

1. This ruling is in respect of an application by an informer seeking a reward for information provided to the Respondent, which the Applicant claims led to the recovery of taxes.
2. The Applicant seeks orders that:
  - (i) The Respondent pays the Applicant his informer reward representing 10% of the total principal tax recovered from the taxpayers who he reported;
  - (ii) Damages of Shs. 500 million for the inconvenience and associated risk from disclosure of his identity and the subsequent loss of income; and
  - (iii) Costs of the application

## II. Background Facts

3. The Applicant sued the Respondent, claiming that on 22 June 2015, the Applicant provided information to the Respondent about the tax evasion by East African Breweries International (EABLI) and Uganda Breweries Limited (UBL). The Applicant was issued with a Tax Evaders information form and continued to provide substantial assistance to the Respondent in the audit process. The Applicant claimed that he was entitled to the statutory reward of 10% of the taxes collected from both UBL and EABLI. The Applicant received part payment of Shs. 1,168,759,201 as a reward for the provision of the information. After the payment, the Respondent collected taxes of Shs. 39,337,583,798 from Uganda Breweries Limited (UBL) and Shs. 4,661,205,846 from East African Breweries Ltd International (EABLI).
4. The Respondent contended that the information supplied by the Applicant was not helpful towards the recovery of taxes from UBL and EABLI and that they conducted internal investigations and established that the Applicant's information did not cause the Respondent to conduct any audit, and, as a result, no tax was recovered due to the Applicant's information.

## III. Representation

5. At the hearing of this application, Mr. William Were and Ms. Hajara Namwanga represented the Applicant Ms. Gloria Twinomugisha, Charlotte Katuutu, Ms. Eseza Victoria Sendege, and Mr. Sam Kwerit represented the Respondent.

## IV. Issues

6. At the scheduling of this matter, the parties agreed on the following issues for the Tribunal's determination:
  - (i) Whether the Applicant is entitled to the reward from the collections made from UBL and EABLI?
  - (ii) What remedies are available to the parties?

7. **Black Cob, the Applicant** in this matter, stated in his witness statement that he gave information to the Respondent about tax evasion by East African Breweries Ltd International and Uganda Breweries Ltd and handed it over to the Respondent's officer, Mr. David Mugenyi.
8. Acting on his information, the Respondent issued assessments against UBL and EABLI. The assessments were preceded by several meetings between him and Mr. Sillajji Kanyesigye, an Assistant Commissioner with the Respondent at the time. The witness further testified that the Respondent received part of the taxes and made a part payment of Shs. 1,169,759,201, which he received before the Respondent's officer, Mr. Ian Rumanyika.
9. The Witness testified that the balance was to be paid upon the taxpayers paying the outstanding taxes. Consequently, UBL and EABLI applied to the Tribunal and were found liable to pay the assessed taxes. Both filed appeals in the high court and resolved the matters through settlement consents.
10. The witness also testified that the Respondent engaged him in meetings to review work and reports to enable the Respondent to recover taxes. Mr. Silajji sent him emails to cross-check the details of his arithmetic to ascertain whether those workings were in line with the description of the tax evasion scheme he had reported.
11. The witness further stated that when the Respondent's officers were neglecting certain areas of the audit, he brought this to the attention of Ms. Doris Akol, the then Commissioner General of the Respondent. After her departure, Mr. John Musinguzi offered to ensure that he receives his reward as soon as possible and to assist URA in reviewing the audits conducted on UBL and EABLI.
12. The witness testified that during meetings with Mr. John Musinguzi Rujoki, he was asked to provide further assistance with the details and understanding of the shortcomings in the audit conducted on UBL and EABLI. To provide the

assistance sought from these meetings, the Respondent referred the witness to a Ms. Rwemereza Charlene (a then Supervisor) and Mr. Emmanuel Mushabe Karogo (a then Officer) in the Staff Compliance Division, Commissioner General's Office.

13. The foregoing requests then resulted in several calls, meetings, and emails with Ms. Rwemereza Charlene and Mr. Emmanuel Mushabe Karogo to discuss the possibility of collecting more taxes from UBL and EABLI, the shortcomings in the audit, and the mishandling of the information he provided.
14. The witness testified that he guided Ms. Rwemereza and Mr. Karogo on matters related to UBL and EABLI. During his interactions, he was referred to as Black Cob, a name which Mr. David Mugenyi had coined and allocated at inception.
15. The witness further testified that Mr. John Musinguzi Rujoki, promised that he would process his reward very soon. It was only after providing further assistance that he stopped replying to his emails. He became apprehensive and that led to filing the present application before the Tribunal. The witness also stated that the Respondent relied solely on the testimony of Mr. Silajji Kanyesigye and emerged as the successful party in both TAT Applications 14 and 28 of 2017. Mr. Kanyesigye relied on his information to handle the audit and subsequently testify.
16. The Applicant also stated that the Respondent relied on his information to issue the first notice to UBL, and that all communications were by email and in person. He noted that he used the following email addresses when dealing with the Respondent: [diageouganda@gmail.com](mailto:diageouganda@gmail.com), [blackkob25@gmail.com](mailto:blackkob25@gmail.com) and [kalist.okello@gmail.com](mailto:kalist.okello@gmail.com). Further, the Respondent acknowledged that the Applicant was the Informant entitled to the 10% reward, thanked him for "considering the Respondent a Partner while developing Uganda together,"

and unambiguously promised that the remaining matters would be dealt with after the pronouncements in Court.

17. The Applicant also testified that, after his identity was disclosed, he filed this Application and testified in this matter, thereby putting himself at further risk. The witness testified that the allegations that he connived with some sharp and/or unscrupulous employees of the Respondent, or that he was paid in error, are unsubstantiated. He prayed that the Tribunal order the Respondent to pay 10% of the taxes collected from UBL and EABLI in respect of the information delivered.
18. During cross-examination, the Applicant stated that he was an employee of Uganda Breweries, where he served as a Manager, Compliance and Ethics. He also stated that the information he provided to the Respondent covered the period from 2008 to 2014.
19. **Mr. James Abola**, an Assistant Commissioner for Integrity, Compliance, and Ethics (ICE), was the Respondent's first witness (RW1). He stated in his witness statement that on 8 May 2018, the Applicant was paid Shs . 1,169,759,201, amounting to 10% informer's reward. He further noted that the Applicant received the payment, though the transaction prompted an internal investigation commissioned by the Respondent's Commissioner General.
20. The witness also testified that the investigation further revealed that no informer was involved in the matter and thus no information was provided by any informer before the audit. The investigation uncovered that certain corrupt staff in the Respondent's organization had colluded with a fictitious individual whom they referred to as **Black Cob**. The staff members fabricated and submitted an informer form to create the false impression that the audit had been initiated based on information from a legitimate informer, which was not the case.

21. The investigation revealed that the audit of EABLI and UBL had been initiated by a directive from the Respondent's board of directors. The directive from the Board of Directors was subsequently passed down to the commissioners of the relevant departments within the Respondent, including the Commissioner for Tax Investigations and the Commissioner for Domestic Taxes. All officers who were interviewed confirmed that no information from an informer was received at the start of the audit and that instead the audit was initiated as a direct result of the board's minutes, which sought clarity on specific issues regarding UBL. He also stated that the informer, Black Cob, was a fabrication by corrupt staff members of the Respondent who intended to facilitate their own financial gain.
22. **D/ASP Okello Patrick Lumumba** was the Respondent's second witness (RW2). He stated in his witness statement the findings of the Respondent's internal investigation following the payment of Shs—1,169,759,201 to an individual (the Applicant) on 8 May 2018. The payment, constituting 10% of the taxes recovered from tax evaders, was purportedly made as a reward based on a Tax Evaders Information Form issued by the Respondent.
23. The substantial reward triggered an investigation sanctioned by the Commissioner General of the Respondent and initiated on the recommendation of the Respondent's Board of Directors. The investigation centred on the audits of East African Breweries Ltd (EABL) and Uganda Breweries Ltd (UBL), which involved retrieving all documents relating to the award to the Applicant. D/ASP Okello also retrieved documents that preceded the EABLI and UBL audit exercises.
24. He testified that findings established that any genuine whistleblower or informer did not trigger the audit of EABL and UBL. Instead, it was initiated by a directive of the URA Board of Directors during the Ordinary Board Meeting held on 7 July 2014. The audit stemmed from concerns that UBL was

misclassifying Bell Beer as a locally produced product to evade proper excise duty payments.

25. Investigations, including document reviews and witness interviews, revealed no evidence of an actual informer. Instead, it was discovered that certain officers within the Respondent's office had fabricated the existence of an informer, generating a misleading impression that the audit originated from external intelligence. This conduct was linked to internal efforts to address risks identified by the Board and led to the creation of a fictitious informer to justify audit actions.
26. The witness testified that the statements from various officers, including Mr. Abbey Katumba and Ms. Lucy Kushemererwa of the Tax Investigations Department, confirmed that the informer did not exist. The evidence further indicated that some officers exploited the situation for personal benefit, undermining ethical and procedural standards.
27. The witness testified that the investigation found that the payment to the Applicant was unjustified, as it was based on a non-existent informer. The audit was, in fact, an internally initiated exercise arising from concerns expressed by the Respondent's board and not from whistleblower activity.
28. During cross-examination, RW2 stated that Ms. Patience Rubagumya, who was the acting Commissioner General, authorised the part payment. Further, in 2014, the board directed the Commissioner, Tax Investigation and the Commissioner, Domestic Taxes to audit UBL. There was a prior board directive directing the Respondent to look into the matter. The report came up in 2015 after the direction of the board. Customs was also involved after the board directive and UBL was placed in an audit plan. He also stated that, by the time the Applicant provided his information, an audit was already underway.

29. **Ms. Irene Mbabazi Iumba**, an Assistant Commissioner Learning and Development in the Corporate Services Department of the Respondent, was the Respondent's third witness (RW3). She testified that on 7 July 2014, the Board of Directors of the Respondent was presented with a revenue report which indicated a decline in excise duty collections from the beer industry. During the deliberations of the Board of Directors of the Respondent in May 2014, it was alleged that Uganda Breweries Limited, being one of the key players in the beer industry, was classifying Bell beer as locally produced beer and thereby accounting for excise duty at a lower tax rate.
30. RW3 testified that because of the under-declaration of Excise Duty by Uganda Breweries Limited, the Board of Directors of the Respondent directed the Commissioner, Tax Investigations (CTI), and the Commissioner, Domestic Taxes (CDT) to conduct comprehensive tax audits on all the tax affairs of Uganda Breweries Limited.
31. RW3 further testified that the Respondent, on 21 June 2014, held a meeting with officials from Uganda Breweries Limited, where Uganda Breweries was requested to submit information to enable verification of input and output ratios for the period of 1 July 2013-30 June 2014. Upon examination of the information available from Uganda Breweries Limited, it was established that there were intercompany sales between Uganda Breweries Limited and its related companies, such as East African Breweries Limited.
32. RW3 further testified that Uganda Breweries Limited's production account showed unaccounted-for beer, indicating under-declared sales that are considered for both VAT and Income tax. The Applicant is not entitled to the informer reward, as the alleged information fell within the URA's domain.

V. Submissions of the Applicant

33. The Applicant submitted that on 22 June 2015, the Applicant provided information to the Respondent about the tax evasion by EABLI and UBL, and

on 8 May 2018, the Respondent paid the Applicant a sum of Shs. 1,169,759,201.

34. The Applicant further testified that the taxes collected were based on the information that he provided to the Respondent. RW3 did not impute any fraud to the Applicant and failed to name the team members who carried out the investigation, whose report he tendered in evidence as REX6. He was also unable to name anyone who allegedly connived with the Applicant.
35. The Applicant emphasized that he held a series of meetings, made phone calls, and exchanged emails, which are on record. Particularly, the Applicant tendered email exchanges with the Respondent's audit team leader, Mr. Kanyesigye Baguma Siraj. The evidence of Kanyesigye Baguma Silajji buttresses this, captured in the Tribunal's rulings in TAT App No. 14/2017 and 28/2017.
36. The Applicant submitted that the Respondent contended that the payment made to the Applicant prompted an investigation commissioned by the Commissioner General of the Respondent on the recommendation of the Respondent's Board of Directors. The Respondent did not tender the board minutes or any board memo making such a recommendation.
37. The Applicant submitted that his information was the basis of the collection of the revenue from UBL and EABLI, as evidenced by Exhibit AEX12 of the Applicant's trial bundle. Further, a report that was issued by the Respondent's officials who conducted the audit on EABLI and UBL also confirms that the Applicant's information to URA was the basis for the collection (Exhibit AE11 of the Applicant's trial bundle).
38. In addition, the Respondent's apology to the Applicant for the delay in communicating the reward of 10% (AEX 18 of the Applicant's trial bundle), along with email correspondence between the Applicant and Mr. Silajji Baguma Kanyesigye, as well as his testimony in the cases of UBL and EABLI,

corroborate the fact that the Applicant's information was the basis of the collection of the taxes in issue. This evidence contradicts the Respondent's defense that the payment made to the Applicant was made in error.

### **Estoppel**

39. The Applicant submitted that, when seeking to recover the taxes from UBL and EABLI, the Respondent informed the Tribunal that the information was new and had been provided by the informer. The Respondent cannot now, in seeking to avoid paying the informer, argue that the information was already within the Respondent's domain.
40. The doctrine of Approbation and Reprobation deters the Respondent from denying its conduct when it relied on and obtained a benefit from the informer's (applicant) information in the rulings in TAT applications 14 and 18 of 2017. The Applicant contended that it was an agreed fact that the Respondent accepted the Applicant's information in AEX1 and AEX2. The Applicant submitted that throughout the audit, the Respondent continued to engage the Applicant for clarification and substantial assistance to carry out the audit.
41. The Applicant invited the Tribunal to find that the Respondent made a part payment to the Applicant and that the information which the Applicant provided formed the basis for the recovery of the subsequent taxes from UBL and EABLI.
42. The Applicant prayed that:
  - (i) The Tribunal awards 10% of the taxes collected and interest thereon.
  - (ii) The Applicant further prayed for damages of Shs. 500,000,000 in damages as a result of the inconvenience and associated risk from disclosure of his identity and loss of income.
  - (iii) Cost of this application.

## VI. Submissions of the Respondent

43. In reply, the Respondent submitted that the information provided by the Applicant to the Respondent did not help conduct audits and recovery of taxes from UBL and EABLI. RW1, Patrick Okello Lumumba, stated in his witness statement that the audit into UBL and EABLI was initiated by a directive from the Respondent's board of directors. The tax recovered was not based on information provided by the Applicant but on its own routine audits, which resulted from a board directive.
44. The Respondent contended that during the audit, which gave rise to the tax collected from UBL, not only did the Respondent's officers not deal with any informer, but they also engaged directly with UBL and held several meetings.
45. The Respondent also submitted that the Applicant is not entitled to any reward because the Respondent did not rely on the information provided by the Applicant to collect the tax, but from its own routine independent audits from information within its domain, skill, and expertise of its staff, which was all independent of the Applicant's information.
46. The Respondent further submitted that before the Applicant provided whistleblower information, the Respondent's Board of Directors had already made a directive to look into the affairs of UBL. There was already an ongoing inquiry dated 26 November 2014. It was inconceivable that the Applicant would turn up in June 2015, purporting to provide whistleblower information about a taxpayer who was already under scrutiny by the tax man. Further, the Applicant has not demonstrated how the said information is linked to the taxes collected.
47. The Respondent further submitted that the part payment made in 2018 was before the Respondent carried out an investigation and discovered the fraud perpetrated by some of its staff in this matter. At the time of making the part payment, the said staff had neatly woven the transaction to make it seem like there was indeed an informer in the matter. The subsequent investigation conducted by the Respondent proved otherwise.

48. Whereas the Applicant argued that the Respondent is estopped from denying that the information received from the Applicant was new and the basis for the recovery of taxes, the Respondent contended that it is settled law that the principle of estoppel/legitimate expectation does not override a statutory obligation. Even when the taxing authority erroneously consented to the Applicant's informer information and agreed to pay the reward, the Respondent was right to decline making the payment once they discovered that the information did not fall within the proper statutory provisions and considerations.
49. The Respondent submitted that the Applicant has failed to prove that his information led to the discovery of the taxes, and therefore, there is no basis for a claim for an extra reward. Thus, the Applicant is not entitled to any reward from the Respondent, and the Respondent prayed that this application be dismissed with costs.

#### VII. Submissions of the Applicant in Rejoinder

50. In rejoinder, the Applicant reiterated their earlier submissions and emphasised that the information they provided led to the collection of taxes. The Applicant stated that the extracts presented including AEX9 (emails between the Respondent's current Commissioner General and the Applicant), AEX8 (emails between the Applicant and Ms. Dora Akol, then LG), and AEX18 (the apology of the Respondent to the Applicant authored by the Respondent's official in-charge of Informers) as exhibits confirm that the Respondent did not possess information about the tax evasion before the Applicant provided it.
51. The Applicant submitted that the Respondent neither denied the testimony of Sillaji Kanyesigye, as captured in the Tribunal's decisions concerning UBL and EABLI versus URA, in its pleadings nor in evidence, which confirms that the information was new and provided by him.

52. The Applicant argued that the language in the Board Minutes is unambiguous, and that the Board Minutes relate to another investigation concerning the use of Local Raw Materials. The contents of the Management Letter in AEX15, which was based on the Applicant's information, when read with AEX1 and AEX2, demonstrate that REX2 is not related to the audit under contention.
53. The Applicant further submitted that the alleged board directive or recommendation was not presented to the court, and no board member testified to it. The Applicant also pointed to the Tribunal's clarification from RW2 (Irene Mbabazi Irumba) about why the Applicant was paid for general information, which corroborated the Applicant's evidence at Page 107 of AEX16.
54. The Applicant reiterated that when the Respondent sought to recover taxes from UBL and EABLI, the Respondent informed the Tribunal (Page 107 of AEX16) that the information was new and had been provided by an informer. Therefore, the Respondent is precluded from denying its conduct after relying on and benefiting from the Applicant's information.
55. The Applicant maintained that he provided unchallenged evidence proving he was in touch with the Respondent and the information directly led to the recovery of taxes.
56. The Applicant submitted that the Applicant's information to URA served as the basis for revenue collection. The Applicant reiterated their prayers for this Application to be granted with costs.

#### VIII. The determination by the Tribunal

57. Having listened to the evidence and read the submissions of both parties, this is the Tribunal's decision.
58. The facts concerning this dispute have been well articulated in both the Applicant's and Respondent's submissions. We shall address the principles of law governing informers.

59. At the time when the dispute arose, the governing law was Section 8 of the Finance Act of 2014, which stated:

*"The Commissioner General shall pay to a person who provides information leading to the recovery of a tax or duty, the equivalent of ten percent (10%) of the principal tax or duty recovered".*

60. However, in 2019, the reward was reduced to 5% by the Tax Procedure Code (Amendment) Act, 2019, which states:

*"The Commissioner General shall pay to a person who provides information leading to the recovery of a tax or duty, the equivalent of five percent (5%) of the principal tax or duty recovered".*

61. The principles governing the payment of rewards to informers were laid down in the case of ***Nelson Habasa vs. Uganda Revenue Authority, civil suit no. 192 of 2019***, where Justice Emmanuel Baguma stated:

*"...for one to succeed as an informer, the following must be proven:*

- (a) that there must be a person,*
- (b) that the person must provide information to the Commissioner General of the Respondent,*
- (c) that the information should lead to the recovery of a tax or duty,*
- (d) that the Commissioner General is able to recover the tax or duty; and finally;*
- (e) that if the Commissioner General recovers tax or duty, the informer shall be paid the equivalent of 10% of the principal tax or duty recovered.*

*.....the plaintiff had to prove with evidence that its by his information that he provided that the Defendant actually collected the evaded taxes".*

62. In the present case, the Applicant alleges that he provided information to the Respondent, which the Respondent relied on to recover taxes from UBL and EABLI. On the other hand, the Respondent has argued that this was not the case and that the audit of two entities and the subsequent recovery of taxes were the result of a directive from the Respondent's board of directors.

63. To understand and determine whether or not the Applicant is entitled to an informer's reward, it is essential to look into the chronology of events as they happened.

64. This is set out below.

Date	Document	Exhibit	Comments
7 July 2014, 26 November 2014 and 2 Dec 2014	Correspondence showing prior engagements between the Respondent and UBL. This includes a board minute requesting that management provide a report on allegations that UBL classified Bell beer as locally produced.	REX 2	Relied on by the Respondent as evidence that the Respondent instigated the relevant audits in UBL and EABLI.
22 June 2015	URA Tax Evaders Form duly completed by the Applicant  Several documents supporting the purported evasion by UBL and EABLI	AEX1 and AEX 2	The record shows that the Applicant completed a tax evader's information form and submitted supporting documents.  The Respondent received the form containing details of income tax, VAT, excise duty, and PAYE evasion for the period 2008 – 2014.

			The form also shows a part payment received.
22 July 2015	Letter from the URA to UBL requesting information	AEX 13	A month after the submission of the Tax Evaders Information form, the Respondent wrote to UBL requesting a detailed ledger of intercompany transactions between UBL and EABLI, the very transactions the Applicant had reported to the Respondent.
Feb – August 2016	Several correspondences between the Applicant and Mr. Silajji Kanyesigye, a representative of the Respondent who, at the time, was an Assistant Commissioner, LTO	AEX 6, 7	Several correspondences between the Applicant and Mr. Kanyesigye, a senior member of the Respondent, detail meetings, information, and analyses provided by the Applicant to the Respondent.  Correspondence also shows the Respondent's information requests to the Applicant.
30 August 2016	URA communicates audit findings to UBL	AEX 15	Total tax liabilities of Shs. 277 billion arising from transactions between UBL

			and EABLI, Tibbet and Britten are communicated, and assessments are raised.
Sept – Oct 2016	Correspondence between the Applicant and Ms. Doris Akol, the Former Commissioner General	AEX 8	The Applicant personally follows up with Ms. Akol, offering his continued support and analysis. Ms. Akol informs him that the UBL reconciliations are still ongoing.
2017	TAT Application No. 28 of 2017	AEX 16	UBL files TAT Application challenging the URA's tax decision. Silajji Kanyesigye is the Respondent's key witness, and he states in his testimony that the Respondent became aware of the transactions between UBL and EABLI through an informer.  The Tribunal affirms the total assessed tax of Shs. 43 billion.
May 2020, Aug 21	Correspondence between the Applicant and the Respondent's Commissioner	AEX 9	Applicant brings the UBL/ EABLI matter to the attention of the new CG. There is also

	General, Mr. John Musinguzi		correspondence between the Applicant and the Corporate Information Management team.
December 2020	Respondent's report on alleged flouting of informer management and reward procedures	AEX 12	An investigation into the management of the informer established that departments involved flouted procedures, including the disclosure of confidential information about the Applicant to UBL. The report recommends that the Applicant be paid their informer reward in full.

65. Having established the chronology of events, we now analyse the dispute in light of the chronology presented by both parties.
66. The Applicant contends that in 2015, he provided information to the Respondent regarding tax evasion by UBL and its sister company, East African Breweries Ltd International, and by UBL between May 2008 and June 2015. He alleges that the Respondent acted on this information and recovered taxes from UBL. The Applicant was entitled to 10% of the recovered taxes, and he received a part payment.
67. The Respondent contends that the information provided by the Applicant did not lead to the realization of any revenue/tax because the relevant audits were

initiated by a directive from the Respondent's board of directors and not the Applicant.

**Instigation and nature of the audit**

68. The audits that led to the recovered revenue involved transactions between UBL and its sister company, EABLI. This is as per the letter to UBL dated 22 July 2015, by which the Respondent requested:

*"a detailed ledger of intercompany transactions between East Africa Breweries International Limited and Uganda Breweries for the period 2008 to December 2014"*

69. It should be noted that the above information request was made a month after the Applicant submitted a Tax Informer Form and supporting documents to substantiate his allegations (AEX 1 and 2).

70. The Applicant stated on the informer form as follows:

(a) ***"Type of tax evaded: Income Tax, 2008 – 2014, VAT and excise for both companies plus PAYE UBL***

(b) ***Period of evasion: 2008 – 2014***

(c) ***List of documents tendered: Tax invoice, T1, Export entry, dispatch note, intercompany tax invoice, price list.***

71. The Respondent contends that the above audits arose from a directive of the Board of Directors. However, we have reviewed the board of directors' minutes dated 7 July 2014. There is no mention of transactions between UBL and EABLI. In the minutes, the board asked for a report on allegations that UBL was classifying Bell Beer as a locally made beer for excise duty purposes.

72. Further, other correspondence in 2014 between the Respondent and UBL concerns verification of the input/output ratio. There is nothing in the correspondence that indicates an investigation into transactions between UBL and EABLI.

73. Therefore, the most likely and reasonable conclusion to make in this regard is that the Respondent acted on the information provided by the Applicant to instigate audits into the transactions between UBL and EABLI.

**Provision of information during the audit**

74. During the course of the audit, the Applicant corresponded with and had several meetings with Mr. Silajji Kanyesigye. According to one of the Respondent's witnesses, James Abola, Mr. Kanyesigye was "*the Assistant Commissioner, Large Taxpayers Office who managed the tax affairs of UBL and UBL fell under his docket.*"
75. Therefore, we can reasonably conclude that Mr. Kanyesigye was not a junior member of staff. He was a high-ranking member of the Respondent's team who oversaw UBL's affairs.
76. The Applicant provided evidence of correspondence between him and Mr. Kanyesigye, spanning a period of 6 months from February to August 2016, which discussed, among others:
- (i) PE issues under section 78 of the ITA
  - (ii) Local excise duty arising from sales to EABLI
  - (iii) Conversions
  - (iv) Comments by the Applicant on VAT and withholding tax on imported services, EABLI's corporation tax, sales to Tibbet and Britten
  - (v) Computations were also shared between the two concerning LED, VAT, VAT on imported services, among others.
77. The audit on UBL and EABLI was carried out by a team comprised of Kenneth Bwambale, Ag. Supervisor Information Management, Muyunga Simon, Manager, Operational Risk, Deam Mugume, Officer, Information Management, under the leadership of Silajji Kanyesigye. This is as per a report prepared by Kenneth Bwambale and Simon Muyunga dated 15 December 2020 (AEX 11).

78. At the hearing, the Respondent's witnesses testified that the entire informer arrangement was a scheme by the above employees to defraud the Respondent.
79. However, according to an investigation report prepared on March 11, 2022, none of the above employees is implicated. Mr. James Abola, the author of the investigation report, confirmed during cross-examination that none of the above officers were involved in or interviewed as part of the investigation. Further, the Applicant was not implicated in any fraudulent activity.
80. Further, in a document titled "**Statement on work done on UBL, an Informer Case received from Public Corporate Affairs,**" – the audit/review team states as follows:
- "We received information from AC-PCA about possible tax evasion by UBL, and following this information, a visit to UBL was carried out..."*
- "...the team analysed the risk as cited by the informed in the PCA report and below are the details of the findings..."*
81. It should also be noted that in the course of the audit, reconciliations and TAT applications, the Applicant reached out and corresponded with the leadership of the Respondent, namely, Ms. Doris Akol and Mr. John Musinguzi. In the correspondence, the Applicant provided analysis, followed up on the progress of the audits and reconciliation, and offered insights on his own volition. These are not the actions of a fraudulent man but of one who was wholly invested in exposing the purported tax evasion.
82. In addition, at the hearing of TAT Application 28 of 2017, Uganda Breweries Limited v URA, Mr. Silajji Kanyesigye, while under oath, stated that he became aware of transactions between UBL and EABLI through an informer (AEX 16 of Applicant's trial bundle).

83. Therefore, overall, it is reasonable to conclude that the Applicant played a key role in the audit of the UBL and EABLI, as evidenced by the correspondence between him and Mr. Kanyesigye. This is further corroborated by the team's analysis, based on information provided by the Applicant, which established an initial tax liability of Shs 277 billion, comprised of principal tax of Shs. 77 billion, interest of Shs. 88.5 billion, Shs. 39.9 billion, Shs. 5.3 billion and penalties of Shs. 66 billion.

#### **Investigations into breach of confidentiality**

84. In December 2020, the Respondent instigated an investigation into allegations of a breach of confidentiality and of flouting informer management and reward policies. The report, AEX 12 of the Applicant's trial bundle, corroborates the role the Applicant played in reporting the tax evasion and the recovery of taxes as a result of the information he provided.

85. Specifically, the investigation established the following:

- (i) Domestic taxes followed the mainstream informer reward management process.
- (ii) Information about UBL tax fraud was reported by Informer One (Black Cob) and was issued TIF No. 0568.
- (iii) Domestic taxes conducted an audit on UBL for the period 2008 – 2015 based on the Applicant's tip-off.
- (iv) The respondent raised assessments of Shs. 277. 1 billion, which were subsequently reduced to Shs. 120.8 billion for UBL.
- (v) A separate assessment of Shs. 9.8 billion was raised in respect of EABLI.
- (vi) UBL then filed TAT Application 28 of 2017, while EABLI filed TAT Application 14 of 2017.
- (vii) As a result of mediation and amendments capping interest, UBL's total liability was reduced to Shs. 99.6 billion. Of this, Shs. The principal tax

was Shs. 11.7 billion, of which 10% or Shs. 1.16 billion was paid to the Applicant.

- (viii) Concerning EABLI, the TAT held that taxes amounting to Shs. 9.8 billion were payable;
- (ix) UBL subsequently paid Shs. 2 bn as part of the 30% deposit to TAT in respect of EABLI's liability. However, the Applicant was not paid his reward in this regard.
- (x) The Report recommended that the Applicant be paid his reward in respect of the Shs. 2 billion that the UBL paid.

86. Therefore, having looked at all the above evidence in its totality, there is overwhelming evidence that:

- (a) The Applicant provided information to the Respondent;
- (b) The information led to the recovery of taxes; and
- (c) The Respondent was able to recover the taxes.

87. Therefore, the Applicant is entitled to 10% of the principal tax recovered.

#### **Estoppel**

88. We have taken note of the fact that at no moment, from the time the Applicant reported the tax evasion to the Respondent in 2015 to the conclusion of the audits and subsequent filings of TAT Applications by UBL and EABLI, did the Respondent ever inform the Applicant that his information was unhelpful/unreliable or was already within the domain of the Respondent.

89. This is further compounded by the part payment that the Respondent made to the Applicant. It is therefore untruthful for the Respondent to claim, after the fact, that the information that led to the recovery of the said taxes was within its domain.

90. This falls squarely within the scope of the doctrine of estoppel, which precluded a person from denying, or asserting anything to the contrary of, that which has, in contemplation of law, been established as the truth, either by the acts of judicial or legislative officers, or by his own deed, acts, or representations, either express or implied.
91. By their own admission in TAT Application 28 of 2017, the Respondent's key witness testified that information regarding the transactions between UBL and EABLI was obtained from an informer. The Respondent's own investigation reports attest to the Applicant's role in recovering taxes from UBL.
92. Further, in a letter dated 27 March 2017, the Respondent formally provided the Applicant with a progress report on the UBL case, explicitly noting that the case was subject to court process. The Respondent apologised for the delay in providing feedback to the Applicant regarding the 10% reward on the tax already collected. At no point did the Respondent bring to the Applicant's attention the claim that the information provided by the Applicant was in their domain.
93. The above letter amounted to a promise or assurance which the Respondent intended the Applicant to act on. The Respondent cannot now behave as if no promise or assurance was given by them during the course of the audits (*Combe v Combe, [1951] 2 KB 215*).

#### **Remedies**

94. Having established that the Applicant provided information to the Respondent, which the Respondent relied upon to recover taxes, it follows that the Applicant is entitled to 10% of all taxes recovered from UBL and EABLI arising from the audits for the period 2008 – 2014.
95. Following the decisions of the Tax Appeals Tribunal, where the Tribunal affirmed the assessment of Shs. 42,910,400,726 billion being principal tax in

respect of LED, VAT, and withholding tax in respect of UBL and Shs. 9,780,243,983 in respect of EABLI, UBL, and EABLI appealed. Following the appeal, the parties entered into a consent settlement with the Respondent to the effect that:

- (i) The parties are bound by the decision and orders of the Tax Appeals Tribunal in TAT No. 28 of 2017 and TAT No. 14 of 2017.
- (ii) Any interest and penalties up to 30 June 2020 shall be waived pursuant to section 40C of the Tax Procedures Code (Amendment) Act, 2020.
- (iii) The Respondent shall take into account all monies already paid by the Appellants towards the liabilities under the respective matters.

96. Based on the terms of the above consent settlement orders, the total principal tax that was payable by UBL was Shs. 42,910,400,726 and Shs. 9,780,243,983 by EABLI on the basis that interest and penalties were waived. The total sum is Shs. 52,690,644,709. Therefore, the Applicant was entitled to 10% of the total sum, which is Shs. 5,269,064,471.

97. Having received Shs. 1,169,759,207, the balance due to the Applicant is Shs. 4,099,305,264.

### Damages

98. The Applicant prayed for damages of Shs. 500,000,000 as a result of the inconvenience and associated risk from disclosure of his identity and loss of income. While we acknowledge the risk and distress the Applicant must have suffered as a result of the disclosure of his identity, it is trite law that specific damages must be pleaded and strictly proved by exact, quantifiable losses, rather than based on estimates or conjecture.

99. In the case of *Shell (U) Ltd Vs Achillis Mukiibi, CA No. 69 of 2004*, it was that:

*"...plaintiff must understand that if they bring an action for damages, it is for them to prove their damages. It is not enough to write down the particulars and*

*so to speak throw them at the head of the court, saying, This is what I have lost. I ask you to give these damages. They have to prove it".*

100. In the present case, the Applicant has not proved the loss suffered. Therefore, the prayer for damages is denied.

101. In the circumstances, the application is allowed and the Tribunal orders as follows:

- (i) The Respondent should pay the Applicant Shs. 4,099,305,264, being the remainder of Shs. 5,269,064,471, after offsetting Shs.1,169,759,207 that was paid to the Applicant on 8 May 2018.
- (ii) Costs of this application are hereby awarded to the Applicant.

Dated at Kampala this 28<sup>th</sup> day of November 2025.



**MS. CRYSTAL KABJWARA**  
**CHAIRPERSON**



**MR. SIRAJ ALI**  
**MEMBER**



**MS. KABAKUMBA MASIKO**  
**MEMBER**