



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
TAT APPLICATION NO. 122 OF 2025

ECO BANK UGANDA 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 is in respect of an application challenging a stamp duty assessment issued by the Uganda Revenue Authority against Ecobank Uganda Limited following a stamp duty audit covering January 2015 to December 2022. The Respondent concluded that several instruments, including a corporate guarantee, a deposit of title, and other agreements had not been duly stamped, resulting in an assessment of Shs.187,021,568.

II. Background facts

2. The Respondent conducted a stamp duty audit of the Applicant's instruments for the period January 2015 to December 2022. Following this

review, a management letter dated 15 January 2025 communicated a total assessed liability of Shs. 187,021,568 in respect of a corporate guarantee with Fone Plus Limited, a deposit of title with Mwesekana Enterprises Limited, and other agreements executed by the Applicant.

3. The Applicant remitted Shs. 31,604,513 as the undisputed portion attributable to agreements, and thereafter disputed the balance. On 27 February 2025, the Applicant lodged a formal objection challenging the outstanding Shs.155,417,055. The objection, in summary, asserted that the Fone Plus corporate guarantee functioned as an indemnity agreement rather than a financial or bank guarantee, chargeable at 1%. Further, the Applicant argued that the documents had previously been stamped at Shs.10,000 in 2017 under Paragraph 50 of Schedule 2, and that, regarding Mwesekana Enterprises Limited, contractual provisions specifically Clause 18 placed the obligation to bear stamp duty on the borrower rather than the Bank.
4. The parties held an objection meeting on 6 March 2025. Subsequently, on 27 March 2025, the Respondent issued an objection decision rejecting the objection in full and maintaining the outstanding liability of Shs. 155,417,055. In its reasons, the Respondent treated the instruments used within the single loan transaction as attracting the highest applicable duty, regarded a deposit of title as a recognised security instrument subject to stamp duty, and read clause 18 as permitting the Bank to recover duty from clients, thereby leaving the assessed liability with the Applicant.
5. Dissatisfied with that outcome, the Applicant filed the present Application before the Tribunal seeking to set aside the objection decision, together with costs and such other relief as the Tribunal may deem fit.

The Applicant's affidavit in support of the application

6. In support of its application, the Applicant filed an application in support deponed by Ms Sophie Businge, its Tax and Regulatory Manager, sworn on 3rd October, 2025. In her affidavit, Ms Businge averred that upon

conclusion of their review, the Respondent issued a management letter wherein it informed the Applicant of a total stamp duty tax liability to the tune of Shs. 187,021,568. She stated as follows:

- (i) Upon the receipt of the management letter, the Applicant proceeded to pay a portion of the assessed tax, which was not in dispute, relating to agreements to the tune of Shs. 31,604,513.
- (ii) On 27 February 2025, the Applicant filed an objection with the Respondent contesting the outstanding stamp duty tax liability to the tune of Shs. 155,417,055. The Applicant's objection was duly supported by documentation relating to the contested instruments, including contracts, the instruments in question and payments made towards stamp duty.
- (iii) On 12 September 2019, the Applicant entered into a loan facility agreement with Mwesekana Enterprises Ltd for an overdraft limit of Shs. 1,500,000,000 and a term loan of USD 2,900,000.
- (iv) As a condition for the grant of a loan facility, it was always a material term of the loan facility agreement with Mwesekana Enterprises Limited that the Applicant is provided with a memorandum of deposit of the original titles.
- (v) Pursuant to Clause 18 of the aforementioned loan agreement with Mwesekana Enterprises Ltd, it was specifically agreed that the liability for all legal fees, stamp duties and other expenses associated with the documentation, perfection, administration and recovery of the facility was to be borne by the borrower (Mwesekana Enterprises Ltd) and not the Applicant.
- (vi) That the Applicant has never, at any material time during its existence, been responsible for the assessment or payment of stamp duty on any of the instruments as it doesn't compute, withhold or pay stamp duty on behalf of its customers.

- (vii) That the Applicant's role was limited to verification of payment of stamp duty by ensuring that there was compliance with stamp duty payment requirements before any loan amounts were disbursed to Mwesekana Enterprises Ltd which entailed submission of all evidence of stamp duty payment such as URA receipts/Proof of Payment and duly stamp instruments.
- (viii) As such Mwesekana Enterprises Limited duly made a stamp duty payment of Shs.60,740,215 before any loan amounts were disbursed to it by the Applicant. The stamp duty payment was recognised by the Respondent in their stamp duty audit.
- (ix) The Respondent's recognition of the stamp duty payment made by Mwesekana Enterprises Limited demonstrates that the liability for payment of stamp duty arising from the loan facility agreement rests solely with Mwesekana Enterprises Ltd and not with the Applicant.
- (x) Further, the Respondent's assessment was made without due consideration of the Clause 18 in the loan contract with Mwesekana Enterprises Limited, omission of which led to an incorrect assessment of stamp duty liability against the Applicant. Stamp Duty payable on a Corporate Guarantee from Midland Group Limited.
- (xi) Further, the Applicant is a duly licensed financial institution in Uganda that receives money deposits from customers that are repayable upon demand and engages in the business of offering loans to its customers and the general public. Since 2015, the Applicant had sustained a business relationship with Fone Plus Limited to which it had over the years granted numerous loan facilities with a specified interest amount and repayment date.
- (xii) As a condition for the grant of a loan facility, it was always a material term of the loan facility agreements with Fone Plus Limited that the Applicant is provided with a corporate guarantee from Midland Group Limited (the parent company of Fone Plus Limited).

- (xiii) At all material times, the duty and obligation of Midland Group Limited to make, draw, prepare and execute the corporate guarantee. Once this was done, then Midland Group Limited would provide the Applicant with a duly executed and stamped corporate guarantee.
- (xiv) As such, the Applicant only received a duly executed and stamped instrument from Midland Group Limited but was not responsible for making, drawing or executing the corporate guarantee.
- (xv) On 5 November 2015, Midland Group Limited (the parent company of Fone Plus Limited) made, drew, prepared and executed the corporate guarantee wherein Midland Group Limited irrevocably and unconditionally undertook to pay on demand, all moneys and discharge all obligations and liabilities due to the Applicant by Fone Plus Limited.
- (xvi) Upon the receipt of the corporate guarantee, the Applicant noted that the Corporate Guarantee from Midland Group Limited was duly registered with the Registry of Documents and a stamp certifying that stamp duty had been paid on the Corporate Guarantee. This gave the Applicant confidence to rely on the corporate guarantee as a legally binding and enforceable document.
- (xvii) Further, the corporate guarantee from Midland Group (Fone Plus Limited's parent company) is neither a security bond or mortgage deed executed by way of security for the due execution of an office or to account for money or other property received by virtue of security bond or mortgage deed thereof or executed by surety to secure a loan or credit facility or the due performance of a contract within the meaning of Paragraph 56 of the Second Schedule to the Stamp Duty Act 2014 which would be charged 1% of the total value.
- (xviii) The corporate guarantee executed by Midland Group Limited, which was an unconditional obligation to pay the Applicant, is more rightly described as a promissory note as opposed to the Respondent's

description of the corporate guarantee as a security bond or mortgage deed, which involves a conditional obligation.

- (xix) The Applicant is not liable to pay the disputed stamp duty tax liability to the tune of Shs. 155,417,055 arising from stamp duty payable on a corporate guarantee made by Midland Group Limited and stamp duty payable on a memorandum for deposit on titles made by Mwesekana Enterprises Limited.

The Respondent's affidavit in reply

7. In reply, the Respondent filed an affidavit deposed by Eseza Victoria Sendege, sworn on 21 October, 2025, in which she addresses and rebuts the averments contained in the Affidavit in support of the application. She stated as follows:
- (i) The Respondent conducted a comprehensive stamp duty audit of the Applicant's tax affairs for the period January 2015 to December 2022 and established that the Applicant under declared stamp duty on a corporate guarantee instrument executed by Midland Group Limited in favor of the Applicant. It was further established that the Applicant neither declared nor paid stamp duty on the deposit of the title of Mwesekana Enterprises Limited.
 - (ii) Consequently, the Respondent issued the Applicant with an Administrative Additional Stamp Duty Assessment of Shs. 187,021,568, to account for the stamp duty that was due on the instruments.
 - (iii) The Applicant objected to the assessment on grounds that the corporate guarantee by Midland Group Limited was a mere promissory note and not a financial or bank guarantee. With respect to the instrument of deposit of title by Mwesekana Enterprises Limited, the borrower was liable for the tax thereon.

- (iv) The Respondent disallowed the objection on the grounds that by virtue of the agreements with borrowers, the Applicant was liable for the tax assessed and thus that liability for payment of stamp duty is imposed on either of three parties; the party drawing, making or executing the agreement.
- (v) In specific reply to paragraph 21, Clause 18 of the offer letter of credit for a credit facility to Mwesekana Enterprises Limited imposed an obligation upon the Applicant to collect and remit any stamp duty due on the instrument.
- (vi) The offer letter included multiple securities for the credit facility which by agreement, the Applicant's debited money from its customer's account and paid stamp duty on the mortgage.
- (vii) By declaring and paying stamp duty for the mortgage at a rate of 0.5%, in complete disregard of the other security documents which attract a higher rate of 1%, the Applicant made an under declaration of the stamp duty payable.
- (viii) The Respondent contended that, in reply to paragraphs 22 to 33 of the affidavit in support of the application, a corporate guarantee is a bond, which creates an obligation upon the guarantor to satisfy a debt obligation to a beneficiary, in the event of default by the secured party.
- (ix) Further, the Applicant misclassified the corporate security agreement as a promissory note and underpaid stamp duty, whereas the guarantee is an indemnity bond.
- (x) In specific reply to paragraphs 32 and 33 of the affidavit in support of the application, by the Applicant's own admission, the corporate guarantee duly confirms in the recitals that the guarantee is only invoked when a demand is made.

(xi) In further reply, Clause 13 of the credit facility agreement clarifies that the security provided by the borrower is only enforceable when an event of default occurs.

(xii) Further, Clause 8 of the credit facility agreement outlines the repayment terms, and nowhere is it stated that repayment shall be made by the guarantor.

The Applicant's affidavit in rejoinder

8. In rejoinder to the Respondent's Affidavit in Reply, the Applicant filed an Affidavit in rejoinder deponed on 31 October, 2025 by Ms. Sophie Businge where she stated that the Applicant maintained the contents of its Affidavit in Support, as the Respondent's Reply does not displace any of the facts or positions already presented.

III. Issues

9. The following issues are before the Tribunal for determination:

(i) Whether the Applicant is liable to pay stamp duty on the impugned instruments?

(ii) What remedies are available to the parties?

IV. Representation

10. At the hearing, Mr. Noah Opindeni and Mr. Edwin Echiba from BDO East Africa Advisory Services Limited appeared for the Applicant whereas the Respondent was represented by Mr. Amany Mishambi from the Legal and Board Affairs Department of the Respondent.

V. Submissions of the Applicant

11. The Applicant submitted that it was not liable for the additional stamp duty of Shs.155,417,055 arising from two instruments: (i) a memorandum of deposit of titles within the Mwesekana Enterprises Limited facility; and (ii) a corporate guarantee issued by Midland Group Limited for Fone Plus

Limited. They argued that Shs.31,604,513 had already been paid toward undisputed agreements and only the balance was contested.

12. The Applicant submitted on the memorandum of deposit of titles and relied on Clause 18 of the loan facility to submit that all legal fees and stamp duties were to be debited to the borrower's account, with the Bank's role limited to verification as a condition precedent to draw down. It pointed to proof that Mwesekana Enterprises Limited remitted Shs.60,740,215 in stamp duty before disbursement, which the Respondent acknowledged in its audit, and argued that the Tribunal ought to give effect to the bargain between the parties and their performance thereof.
13. The Applicant contended that, by statute, the expense of providing the proper stamp is borne by the person 'drawing, making or executing' the instrument in the absence of a contrary agreement; here, a contrary agreement existed in Clause 18 allocating cost to the borrower. It added that the Respondent could not rewrite the parties' contract nor impose a withholding-type obligation absent express statutory authority.
14. As to the corporate guarantee, the Applicant's primary argument was that it bore no liability because it was neither the drawer, maker, nor executor of the instrument. Midland Group Limited prepared and signed the guarantee and presented it duly stamped and registered; accordingly, any stamping expense lay with the person drawing/making/executing the instrument, and it made reference to the Stamp Duty Act, Sch. 3, para 1.
15. In the alternative, the Applicant submitted that the instrument operated as a promissory note containing an unconditional undertaking to pay on demand, thereby attracting the fixed Shs. 10,000 duty under Schedule 2, Paragraph 50, rather than 1% under Paragraph 56 for bonds or mortgage deeds (Bills of Exchange Act, s.82(1)).
16. On the burden of proof, the Applicant argued that once it produced the facility letters, the stamped guarantee, and proof of the borrower's stamp duty payment, the evidential burden shifted to the Respondent. Citing ***Uganda Revenue Authority v. Balondemu David CA No. 0002 of 2023***;

the Applicant maintained that URA did not displace those facts. The Applicant also relied on interpretive principles that taxation must rest on clear statutory words as stated in ***Cape Brandy Syndicate v. IRC (1921) KB 64***; and ***URA v. Siraje Hassan Kajura SCCA No. 9 of 2015***.

17. In the premises, the Applicant prayed that the objection decision be set aside and the assessment of Shs. 155,417,055 vacated; that the statutory 30% deposit of Shs. 46,625,116 be refunded; and that costs follow the event.

VI. Submissions of the Respondent

18. The Respondent submitted that the Applicant was liable for the assessed duty, arguing that the audit established under-declaration on the corporate guarantee and non-declaration on the memorandum of deposit of titles. They relied on Section 26 of the Tax Procedures Code Act and stated that the burden lay on the Applicant to prove the assessment incorrect and cited ***Williamson Diamonds Ltd v. Commissioner General [2008] 4 TTLR 167*** as applied in ***Atacama Consulting v. URA TAT 38/2021*** to the effect that the burden does not shift to the tax authority.
19. The Respondent submitted on the liability that arose from the Mwesekana instrument and, by parity, the Fone Plus security set, and contended that clause 18 reflected banking custom whereby banks perfect securities post-disbursement, debit the borrower's account for all requisite taxes, and remit them. It urged the Tribunal to give commercial sense to the clause and the transaction, citing ***L. Schuler AG v. Wickman Machine Tools Sales Ltd [1974] AC 235*** and ***Atom Outdoor Ltd v. Arrow Centre (U) Ltd [2002–2004] UCLR 67***, and invited a finding that the Applicant undertook to collect and remit duty under the contract.
20. Regarding the applicable rate, the Respondent argued that the security documents for the facility formed a single transaction requiring application of the highest duty among the instruments under S. 3(3) of the Stamp Duty Act, and therefore the 1% rate applied. It added that the Applicant had not

objected to the rate in its objection and was estopped from doing so at this stage.

21. While submitting on the corporate guarantee, the Respondent stated that the Applicant could not introduce a new ground at the Tribunal, namely, denying status as drawer/maker/executor, since this was not pleaded in its objection, contrary to S. 16(4) of the Tax Appeals Tribunal Act. Without prejudice, it argued that the legal effect of the guarantee was indemnificatory and conditional upon default, aligning it with indemnity bonds chargeable at 1%. The Respondent relied on ***Stanbic Bank (U) Ltd & 7 Others v. URA (HCT-00-CC-CA-170-2007 & 792-2006)*** for the proposition that the character of an instrument is ascertained by its legal effect when executed.
22. The Respondent further invoked Article 152(1) of the Constitution, which is to the effect that tax must be authorised by an Act of Parliament. The Respondent further cited S.3(1)(a) of the Stamp Duty Act to justify the 1% imposition once the instrument is properly characterised as an indemnity bond within Schedule 2. It prayed that the Tribunal uphold the assessment, declare the Applicant liable to collect and remit duty under the contract, classify the guarantee as an indemnity bond, reject the Applicant's affidavit as defective, and dismiss the application with costs.

VII. Applicant's submissions in rejoinder

23. In rejoinder, the Applicant reiterated that it was not liable to pay the tax assessed. The Applicant maintained that the evidential burden had shifted to the Respondent upon production of the facility agreements and proof of payment and that its non-drawer/maker/executor position on the guarantee was a substantive legal point properly before the Tribunal.
24. The Applicant added that the Respondent's positions on the classification of the guarantee were inconsistent with its objection decision and pleadings, invoking the principle that parties are bound by their pleadings and referenced the case of ***Celtel Uganda Ltd v. URA HCCA No. 1 of 2005***.

VIII. Determination of the Tribunal

25. Having carefully considered the pleadings, affidavits and submissions of the parties, the Tribunal now proceeds to determine the issues framed for resolution. The determination turns on the statutory incidence of stamp duty under the Stamp Duty Act and the legal character of the contested instruments.

Whether the Applicant is liable to pay stamp duty on the impugned instruments?

26. The determination of the dispute turns on the proper construction of the Stamp Duty Act and the legal incidence of the instruments.
27. The dispute centres on two instruments arising from the Applicant's lending operations:
- (i) A memorandum of Deposit of Titles to the facility granted to Mwesekana Enterprises Limited; and
 - (ii) A corporate Guarantee executed by Midland Group Limited in support of credit facilities to Fone Plus.
28. A number of subsidiary questions arise, namely: (i) the allocation of stamp duty incidence under Clause 18 of the loan documentation; (ii) the legal character of the corporate guarantee; (iii) the applicability of the "highest duty" rule; and (iv) the burden of proof during objection and appeal proceedings.

Memorandum of Deposit of Titles (Mwesekana Enterprises Limited)

29. The Applicant relied on Clause 18 of the loan facility, which provides that all legal fees, stamp duties and expenses relating to documentation, perfection, administration and recovery shall be debited from the borrower's account. The Applicant adduced evidence that, in line with this obligation, Mwesekana Enterprises Limited remitted Shs. 60,740,215 before draw-down, and this fact was acknowledged by the Respondent during the audit.

30. The Respondent argued that Clause 18 reflected banking custom under which banks routinely perfect securities and remit stamp duty on behalf of borrowers after debiting the borrowers' accounts. However, the Tribunal must be guided by the written instrument and the strict interpretation applicable to taxing statutes. As the Supreme Court held in ***Ben Kavuya & Others v Wakanyira David George*** (*supra*), where a transaction is reduced into writing, its terms govern except where vitiating factors exist. No such factors were pleaded here.
31. Clause 18 allocates the economic burden of stamp duty to the borrower: it does not impose a statutory duty on the Bank to collect and remit duty on behalf of the Uganda Revenue Authority. Under Paragraph 1 of Schedule 3 to the Stamp Duty Act, the expense of providing the proper stamp falls upon the person drawing, making or executing the instrument unless the parties agree otherwise. The Respondent did not identify any statutory provision imposing that obligation upon the Applicant in respect of instruments executed by third parties.
32. The Tribunal is guided by the settled principle of interpretation that taxation must be imposed strictly according to the clear words of the statute. As stated in ***Cape Brandy Syndicate v IRC [1921] KB 64***, "*in a taxing Act one has to look merely at what is clearly said; there is no room for intendment.*"
33. The Tribunal is mindful of the Respondent's submission that, in banking practice, financial institutions often control the process of security perfection and registration of instruments. However, administrative control over the perfection or presentation of an instrument for registration does not, without more, transfer the statutory incidence of stamp duty from the maker or executor of the instrument to the lender.
34. No lawful basis exists upon which stamp duty on the Memorandum of Deposit of Titles can be assessed against the Applicant.

Corporate Guarantee (Midland Group Limited) - Incidence

35. The uncontested evidence shows that the corporate guarantee was executed by Midland Group Limited, the parent company of Fone Plus Limited, and was furnished to the Applicant as a completed, duly stamped instrument. The Applicant did not sign, prepare, draw or execute this guarantee. This principle is consistent with *Stanbic Bank (U) Ltd & 7 Others v URA (HCT-00-CC-CA-170-2007 & 792-2006)*, where the Court held that liability for stamp duty follows the instrument and the party executing it, not the broader commercial transaction. The Respondent produced no contractual clause shifting stamping burden onto the Applicant. Incidence therefore lies with Midland Group Limited.
36. Under Paragraph 1 of Schedule 3 to the Stamp Duty Act, the expense of providing the proper stamp falls upon the person drawing, making or executing the instrument unless a contrary agreement exists. No such agreement transferring that incidence to the Applicant was produced.

Classification

37. The Applicant argued that the guarantee operated as a promissory note, while the Respondent classified it as an indemnity/security bond taxable at 1%. The Tribunal notes that the legal distinction turns on the nature of the obligation: a promissory note embodies a primary, unconditional obligation to pay; a guarantee creates a secondary and conditional obligation arising upon the default of the principal debtor.
38. Although the wording of the instrument includes the phrase “irrevocably and unconditionally to pay on demand”, the guarantee was furnished in consideration of credit facilities extended to the principal borrower and becomes enforceable only upon default. Its legal effect is therefore that of a guarantee creating a secondary obligation contingent upon default, rather than an autonomous money promise.
39. However, even if it were characterised as a guarantee or indemnity-type instrument, the Respondent did not demonstrate that the Applicant bore the

incidence of stamp duty, and no agreement was produced to shift the burden from the executing party (Midland Group Limited) to the Applicant. Accordingly, the assessment of stamp duty on the corporate guarantee cannot be sustained against the Applicant.

“Highest Duty” / Principal Instrument Argument

40. The Respondent relied on the principle that where several documents form part of a single transaction, the instrument attracting the highest duty governs. The Tribunal finds that this principle was over-extended.
41. Section 3(3) of the Stamp Duty Act requires the Tribunal to identify the principal instrument. Ancillary instruments must be assessed according to their own nature and incidence unless a clear statutory directive aggregates them. No such provision was cited.
42. The Tribunal further observes that Section 3(3) of the Stamp Duty Act operates to determine the duty payable between multiple instruments forming part of the same transaction, but it does not alter the statutory incidence of the duty as between parties to those instruments. The provision regulates the rate of duty applicable to the principal instrument; it does not transfer liability for providing the stamp from the executing party to another party who neither made nor executed the instrument. Accordingly, even if the impugned instruments formed part of a single lending transaction, Section 3(3) cannot be relied upon to impose stamp duty liability on the Applicant where the statutory incidence lies elsewhere.
43. The Respondent did not demonstrate that the memorandum of deposit, mortgage and guarantee constituted a single principal instrument for the purposes of Section 3(3) of the Stamp Duty Act, nor did it identify any statutory provision aggregating their duties. In cases of ambiguity, the rule in *Cape Brandy Syndicate v IRC* applies: nothing is to be implied in taxation.

Burden of Proof and Procedural Scope

44. While the legal burden of proving that an assessment is incorrect rests with the taxpayer, the evidential burden shifts once credible documentary evidence is produced. The Applicant provided the executed loan agreement containing Clause 18; evidence of actual stamp duty payment by the borrower; and the stamped and registered corporate guarantee. These materials discharged the Applicant's evidential burden. The Respondent did not produce contrary documentary evidence to displace these facts.
45. On the Respondent's argument that the Applicant introduced "new grounds", the Tribunal finds that the issue of execution and incidence of stamp duty is inherent in determining liability and thus properly before the Tribunal.
46. The Respondent invoked *Williamson Diamonds Ltd v Commissioner General [2008] TTLR 167*, arguing the burden rests entirely with the taxpayer. The Tribunal agrees that the legal burden may rest on the taxpayer, but *URA v Balondemu David (CA No. 002 of 2023)* holds that once a taxpayer produces prima facie documentary evidence, the evidential burden shifts to URA to rebut it with contrary evidence. Here, the Applicant produced the executed loan agreement containing Clause 18, proof of borrower payment of stamp duty, and the stamped, registered corporate guarantee. The Respondent provided no contrary documentary evidence, relying instead on assumption and custom, which is insufficient.
47. We hold that: (i) the Memorandum of Deposit of Titles was subject to stamp duty payable by the borrower under the parties' agreement, and the borrower complied; (ii) the Corporate Guarantee was executed by Midland Group Limited, not the Applicant, and the Applicant bore no statutory or contractual duty to pay its stamp duty; and (iii) the Respondent's reliance on industry custom, the highest duty principle, or implied collection duties is unsupported by the Stamp Duty Act. The Respondent's objection decision is therefore not legally sustainable.

48. The Tribunal holds that under the Stamp Duty Act the liability for providing the proper stamp rests upon the person drawing, making or executing the chargeable instrument unless a statute or an express agreement shifts that incidence. A lender who neither draws, makes nor executes a security instrument cannot be held liable for stamp duty on that instrument merely because it arises within a lending transaction. To impose such liability would enlarge the statutory incidence of tax beyond the language of the Act, which the Tribunal cannot do.
49. In summary the dispute turns on the statutory incidence of stamp duty under the Stamp Duty Act. The Act identifies the person responsible for providing the proper stamp in respect of a chargeable instrument, that is the person drawing, making or executing the chargeable instrument unless the parties expressly agree otherwise, and the Tribunal cannot enlarge that liability beyond the statute. In the present case, the Memorandum of Deposit of Titles was stamped by the borrower pursuant to the loan agreement, while the Corporate Guarantee was executed by Midland Group Limited and furnished to the Applicant as a completed instrument. In the absence of any statutory or contractual provision shifting that incidence to the Applicant, the Respondent's assessment cannot be sustained in law.
50. For the avoidance of doubt, the Tribunal's findings may be summarised as follows:
- (i) Under the Stamp Duty Act, the expense of providing the proper stamp lies with the person drawing, making or executing the instrument unless statute or agreement provides otherwise;
 - (ii) The Memorandum of Deposit of Titles was stamped by the borrower pursuant to the loan agreement and no statutory obligation existed requiring the Applicant to remit the duty;
 - (iii) The Corporate Guarantee was executed by Midland Group Limited and the statutory incidence of stamp duty lay with that executing party; and
 - (iv) The Respondent therefore lacked a lawful basis to assess stamp duty against the Applicant.

51. Accordingly, and for the reasons set out above, the Tribunal makes the following orders:

- (i) The objection decision dated 27 March 2025 is hereby set aside. The stamp duty assessment of Shs. 155,417,055 issued against the Applicant is vacated.
- (ii) The Applicant is entitled to a refund of the statutory 30% deposit paid in respect of the disputed tax.
- (iii) Costs of this application are awarded to the Applicant.

It is so ordered.

DATED at Kampala this 9th day of March 2026.



**HON. CRYSTAL KABAJWARA
CHAIRPERSON**



**HON. PROSCOVIA REBECCA NAMBI
MEMBER**



**HON. STELLA NYAPENDI CHOMBO
MEMBER**