



THE REPUBLIC OF UGANDA

IN THE TAX APPEALS TRIBUNAL AT KAMPALA

APPLICATION NO. 145 OF 2025

EDWARD MWANJE.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. PROSCOVIA REBECCA NAMBI, MS. CHRISTINE KATWE,
HON. ROSEMARY NAJJEMBA**

RULING

I. Introduction

1. This ruling is in respect of an application challenging a tax assessment in which the Applicant, a retired teacher, alleges that the Respondent over-taxed his employment income under the PAYE system by failing to apply the appropriate exemptions and deductions provided for in the Income Tax Act.

II. Background facts

2. The Applicant is a teacher by profession who, upon reviewing his tax affairs, applied to the Respondent for a refund of Shs.5,000,000,000, alleging that this amount represented an overpayment of Pay As You Earn (PAYE) on his employment income. He contended that the Respondent's Kyotera office had applied an incorrect formula when computing his PAYE, asserting that the method used treated his entire gross salary as taxable without taking

into account free pay or the allowances that are exempt from tax under the Income Tax Act.

3. The Applicant further argued that the Respondent failed to properly apply the statutory exemptions and deductions provided for by law, resulting in excessive deductions from his salary throughout his employment. He maintained that proper computation of his taxable income would have yielded a significantly lower PAYE liability than that which was assessed and deducted.
4. The Respondent rejected the Applicant's claim for a refund. It stated that the deductions the Applicant sought to rely on, particularly those made to professional agencies, were not statutory deductions within the meaning of S.19(2)(a) of the Income Tax Act. The Respondent asserted that it had correctly computed the Applicant's PAYE obligations in accordance with the law, applied all allowable statutory deductions, and that the Applicant's claim for a refund was therefore untenable.
5. These events led to the present application before the Tribunal, in which the Applicant challenges the Respondent's assessment and seeks recovery of the alleged overpaid tax.

III. Issues for determination

6. The main issue for determination before the Tribunal is whether the Applicant is entitled to the refund claimed of Shs.5,000,000,000?

IV. Representation

7. The Applicant was self-represented, whereas Ms. Christine Mpumwire, a Legal Officer from the Legal Services and Board Affairs Department of the Respondent appeared for the Respondent.

V. Submissions of the Applicant

8. The Applicant submitted that they were not liable for the tax assessed and that, throughout their employment from June 2000 to May 2020, the

Respondent subjected them to excessive and unlawful taxation under the Pay As You Earn (PAYE) system.

9. The Applicant contended that the Respondent computed PAYE on their salary in a manner that ignored several statutory exemptions and deductions provided for under the Income Tax Act, thereby occasioning undue financial loss for which they now sought redress.
10. The Applicant argued that the Income Tax Act clearly sets out exemptions that must be considered when determining taxable employment income. In reference to Ss.15 and 17 of the Act, the Applicant maintained that chargeable income is defined as gross income less allowable deductions, and that gross income itself excludes exempt income.
11. He further referred to Ss.19(2), 21, and 23 of the Act, asserting that these provisions list various categories of employment income that are exempt from taxation and should have been excluded before computing PAYE.
12. The Applicant stated that his salary was paid as a consolidated package consisting of basic pay and allowances. The Applicant submitted that the Respondent failed to distinguish between taxable and exempt components of this consolidated salary, and instead imposed PAYE on the entire package in contravention of the statutory exemptions.
13. The Applicant further argued that the Respondent unlawfully included medical expenses in their taxable income, contrary to S.19(2)(b) of the Act, which exempts reimbursements or discharges of an employee's medical expenses. Thus, he maintained that the Respondent's failure to exclude such expenses resulted in inflated PAYE assessments.
14. With respect to the tax-free threshold, the Applicant submitted that the Respondent did not properly apply the monthly threshold of Shs.235,000 for resident employees as provided under S.19(3) and the Fifth Schedule to the Act.
15. The Applicant argued that, although the threshold was enacted to protect low-income earners, its real value had been eroded by inflation over time,

yet the Respondent continued applying it rigidly without adjustment, resulting in unjustified PAYE deductions throughout their employment.

16. The Applicant further submitted that the formula used by the Respondent in computing PAYE resulted in double taxation. He contended that the Respondent treated the total salary as chargeable income, rather than first deducting the fixed component under the PAYE formula as required. According to the Applicant, this approach inflated their tax liability and constituted over-taxation.
17. The Applicant also argued that mandatory remittances made to professional organisations were not deducted prior to the computation of PAYE, contrary to S.21 of the Income Tax Act. He noted that deductions were regularly made from their salaries for organisations such as the Uganda Teachers Association and the Rakai Education Association, yet these amounts were not deducted before PAYE was calculated, thereby unlawfully increasing their tax burden.
18. Additionally, the Applicant submitted that meals, entertainment, and refreshments provided by the employer were exempt under Ss. 19(2)(e) and 23 of the Act, but the Respondent failed to exclude these benefits when assessing their taxable income.
19. The Applicant also contended that Local Service Tax ought to have been deducted before applying the PAYE formula. He stated that the Respondent's own web portal indicated that Local Service Tax was to be deducted before computing PAYE, yet this was not done in their case.
20. On the whole, the Applicant maintained that the Respondent's actions resulted in substantial financial loss over the twenty-year period of employment. He therefore prayed that the Tribunal orders reimbursement of all amounts allegedly over-taxed.
21. The Applicant further sought compensation, including adjustments for inflation and interest, arguing that these were necessary to fully restore them to the financial position they would have been in had the Respondent correctly applied the law.

VI. Submissions of the Respondent

22. The Respondent submitted that the Applicant was liable for the tax assessed. They stated that the PAYE computations made on the Applicant's employment income were lawful, accurate, and fully compliant with the Income Tax Act.
23. The Respondent maintained that the Applicant's claim for a refund was untenable as no basis had been established to demonstrate that the assessments were excessive or erroneous.
24. The Respondent began by emphasising that the burden of proof rests upon the Applicant to demonstrate that the assessment was excessive, while relying on S.18 of the Tax Appeals Tribunal Act and S.101 of the Evidence Act.
25. In addition to the above, the Respondent submitted that this principle has been consistently affirmed in authorities such as *Williamson Diamonds Ltd v Commissioner General (2008) 4 TTLR* and *Cooper Motor Corporation (U) Ltd v Uganda Revenue Authority, TAT No. 67 of 2018*, where in both cases it was held that a taxpayer challenging an assessment bears the responsibility of proving its inaccuracy. According to the Respondent, the Applicant had not discharged this statutory burden.

Preliminary Objection

26. The Respondent raised a preliminary objection that the application was filed out of time. They submitted that the objection decision was issued on 10th September 2024, whereas the application for review of the taxation decision was lodged on 19th May 2025, well outside the statutory 30-day filing limit under S.27(1) of the Tax Procedures Code Act and S.16(1)(c) of the Tax Appeals Tribunal Act.
27. The Respondent cited *Uganda Revenue Authority v Uganda Consolidated Properties Ltd, Civil Appeal No.31 of 2000*, in which case, Justice Twinomujuni JA stated that, "timelines in tax matters are substantive law which should be adhered to and must be strictly complied

with". The Respondent argued, therefore, that the application should be dismissed for being time-barred.

Was the Applicant entitled to a refund?

28. The Respondent submitted that all PAYE deducted from the Applicant's salary was computed in accordance with S.19(1) of the Income Tax Act, which defines employment income broadly to include wages, salary, allowances, benefits, reimbursements, and other employment-related payments. The Respondent maintained that the items in dispute constituted taxable employment income and were therefore correctly included in the PAYE calculations.
29. Regarding exemptions claimed by the Applicant, the Respondent submitted that the Applicant failed to furnish evidence to demonstrate that any of the disputed items fell within the exemptions under S.19(2) of the Act. The Respondent noted that the Applicant did not prove that any medical expenses reimbursed by the employer fell within the statutory exemption under S.19(2)(b). Similarly, the Respondent argued that S.21(1)(f) concerning exempt organisations was inapplicable because the Applicant was an individual employee, not an exempt organisation.
30. Concerning meals, entertainment, and refreshments, the Respondent submitted that the Applicant did not provide any proof to show that these were provided solely for the benefit of employees and on equal terms, as required under S.19(2)(e) and S.23 of the ITA. For that reason, the Respondent did not treat such items as exempt.
31. On deductions relating to professional associations such as the Uganda Teachers Association and the Rakai Education Association, the Respondent submitted that these were not statutory deductions within the meaning of S.19(2)(a) of the ITA, and therefore could not be excluded when computing PAYE.
32. The Respondent stressed that its review confirmed that all statutory deductions had been properly applied and that the Applicant's claim for a

refund of Shs.5 trillion was unfounded. Accordingly, the Respondent submitted that its refusal to approve the refund was lawful and justified.

33. The Respondent prayed for a declaration that the Applicant was not entitled to a refund, emphasising that the obligation to pay taxes is mandatory unless expressly exempted under the law. The Respondent further requested that the costs of this Application be awarded in its favour.

34. In conclusion, the Respondent invited the Tribunal to dismiss the application in its entirety, uphold the validity and legality of the assessment issued, affirm the Applicant's liability to pay all taxes assessed, and grant the Respondent costs as the successful party.

VII. Determination by the Tribunal

35. The Applicant, a retired teacher, contends that the Respondent incorrectly computed PAYE on his employment income by failing to take into account certain exemptions and deductions under the Income Tax Act. The Respondent rejected the Applicant's claim for a refund. Dissatisfied with that decision, the Applicant lodged the present application before the Tribunal. However, the Respondent objects to the application on the ground that it was filed out of time.

36. The Respondent submitted that the objection decision was issued on 10 September 2024 and the application was filed on 19 May 2025, which is well outside the statutory thirty (30) day period required under Section 16(1)(c) of the Tax Appeals Tribunal Act, and Section 27(1) of the Tax Procedures Code Act. The Respondent further contends that no application for extension of time was made. The Applicant did not respond to this objection, despite being given the opportunity to file submissions.

37. The preliminary objection raised by the Respondent concerns statutory compliance with mandatory procedural requirements, specifically the thirty-day statutory period for filing an application before the Tribunal. This objection raises a pure point of law capable of disposing of the matter without delving into the substantive merits of the tax dispute and we therefore address it first.

38. The law governing applications to this Tribunal is clear and strict. Under Section 16(1)(c) of the Tax Appeals Tribunal Act, an application must be filed within thirty (30) days after service of the objection decision. It provides that:

“An application to a tribunal for review of a taxation decision shall—

(a) be in writing in the prescribed form;

(b) include a statement of the reasons for the application; and

(c) be lodged with the tribunal within thirty days after the person making the application has been served with notice of the decision.”

39. Section 27(1) of the Tax Procedures Code Act reinforces the same requirement. It provides that:

“A person dissatisfied with an objection decision may, within thirty days after being served with the objection decision, lodge an application with the Tax Appeals Tribunal for review.”

40. While the Tribunal has discretion to extend time under Section 16(2) of the Tax Appeals Tribunal Act, such discretion can only be exercised where a formal application for extension is made, and a satisfactory explanation for the delay is provided.

41. The importance of complying with statutory timelines has been consistently emphasised by superior courts. In ***Uganda Revenue Authority v Uganda Consolidated Properties Ltd (Court of Appeal, Civil Appeal No. 31 of 2000)***, the Court held that:

“Timelines set by statute are matters of substantive law and not mere technicalities and must be strictly complied with.”

42. In the present case, the material facts are not disputed. The Respondent issued its objection decision on 10 September 2024. The Applicant lodged the present application on 19 May 2025. This represents a delay of approximately eight months. Clearly, the Applicant did not file within the statutory thirty days. He did not apply for an extension of time. He did not

provide any explanation for the delay. He also did not respond to the preliminary objection. In these circumstances, there is no legal or factual basis for the Tribunal to exercise its discretion.

43. Jurisdiction of the Tribunal is invoked strictly in accordance with statute. Where an application is filed outside the prescribed period without leave, the Tribunal lacks jurisdiction to entertain it.
44. We find that this application was filed outside the statutory time limit, and the Applicant did not seek or obtain an extension of time.
45. Accordingly, the application is not properly before this Tribunal and is hereby application is dismissed for being filed out of time. Each party shall bear its own costs.

We so order.

Dated at Kampala this 7th day of May.....2026.



**HON. PROSCOVIA REBECCA NAMBI
CHAIRPERSON**



**MS. CHRISTINE KATWE
MEMBER**



**HON. ROSEMARY NAJJEMBA
MEMBER**