



**THE REPUBLIC OF UGANDA**

**IN THE TAX APPEALS TRIBUNAL AT KAMPALA**

**APPLICATION NO. 203 OF 2025**

**EVA SEKIBOMBO T/A SKANWA SISTERS.....APPLICANT**

**VERSUS**

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

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

**RULING**

**I. Introduction**

1. This ruling arises from an application filed by Eva Sekibombo trading as Skanwa Sisters, challenging the Respondent's decision to issue a third-party agency notice for the recovery of Shs. 2,907,694 allegedly due as income tax, and to enforce VAT assessments against her despite a prior determination that she is not a taxable person for VAT purposes.

**II. Background facts**

2. The dispute arises from enforcement action taken by the Respondent against the Applicant, Eva Sekibombo trading as Skanwa Sisters, in respect of an alleged tax liability of Shs. 2,907,694. On 27 June 2025, the Respondent issued a third-party agency notice to the Applicant's bank, on the basis that the amount of Shs. 2,907,694 was due and payable as income tax. This resulted in the blockage of her accounts.
3. The Applicant challenges this action on the account that no formal income tax assessment was ever issued to her to justify the agency notice, and that she operates a small retail business under the presumptive tax regime

without generating income capable of attracting such liability. She further contends that prior to the impugned action, the Respondent had conducted an audit and, by letter dated 23 November 2023, confirmed that she did not meet the threshold for VAT registration, yet subsequently continued to raise VAT assessments against her without any demonstrated change in circumstances.

4. On its part, the Respondent maintains that the agency notice was lawfully issued following an establishment that the stated sum was due from the Applicant and asserts that the tax constitutes a valid debt to Government. The Respondent also raises a procedural objection to the application, contending that the Applicant approached the Tribunal prematurely without first lodging an objection to the impugned decision as required under the tax dispute resolution framework.

### **III. Issues for determination**

5. The following are the issues for determination;
  - i. Whether the Applicant is liable for payment of income tax in the sum of Shs. 2,907,694 to the Respondent?
  - ii. Whether the Agency notices issued against the Applicant should be vacated?
  - iii. Whether, in light of the objection decision dated 23 November 2023, by the Respondent that the Applicant is not a taxable person in respect of VAT, the Respondent has any legal basis to continue raising VAT assessments against the Applicant?
  - iv. What other remedies are available to the parties?

### **IV. Representation and evidence**

6. The Applicant was represented by Mr. Isaac Walukaga of MMAKS Advocates, while the Respondent was represented by Ms. Christine Mpumwire and Ms. Nandera Claire.
7. In support of its application, the Applicant filed an affidavit sworn by Eva Sekibombo, its sole proprietor. She stated that she operates a small retail business in kikuubo dealing in cosmetics and related items, with an annual

- income ranging between Shs.50 million and Shs.80 million, and that she complies with her tax obligations under the presumptive tax regime.
8. That on 27 June 2025, the Respondent issued third-party agency notices to her banks for recovery of Shs. 2,907,694 on account of alleged income tax, yet no income tax assessment had ever been issued to her and she was not aware of any such liability.
  9. That she has never earned income capable of attracting the said tax and that her tax ledger reflected a credit balance, thereby rendering the agency notice unjustified.
  10. That the agency notice was issued without prior notice and, despite her efforts to have it vacated, it remained in force for a period and disrupted her business operations until it was lifted after the filing of this application.
  11. That although she had previously received VAT assessments, the Respondent, following an audit, issued an objection decision dated 23 November 2023, confirming that she was not eligible for VAT registration. Notwithstanding this, the Respondent continued to issue demands and reminders requiring her to file VAT returns despite the deactivation of her VAT obligations.
  12. That there was no legal basis for the issuance of the agency notice or the continued VAT demands and seeks declarations to that effect.

#### **V. Submissions of the Applicant**

13. The Applicant submitted that she was not liable for the tax assessed. She stated that the alleged income tax liability of Shs. 2,907,694 first arose through agency notices issued by the Respondent on 27 June 2025, yet no prior income tax assessment had ever been issued to her.
14. The Applicant contended that she was unaware of any such liability and had never earned income capable of attracting the said tax, noting that she operates a small retail business in Kikuubo dealing in cosmetics and related items and has consistently complied with her obligations under the presumptive tax regime.
15. She further submitted that the Respondent failed to demonstrate how the alleged tax liability arose, as there was no evidence, computation or

working to justify the amount claimed, and the Applicant's own income tax ledger reflected a credit balance rather than any outstanding liability.

16. The Applicant submitted that, in the absence of a valid assessment and supporting workings, the Respondent's claim could not be sustained in law. In support of this position, the Applicant cited *Ambiance Discotheque Delion v Uganda Revenue Authority, Application No. 012 of 2020*, where the Tribunal held that a tax liability cannot be upheld in the absence of supporting workings and evidence explaining how the assessment arose. The Applicant therefore maintained that the Respondent had not pleaded or demonstrated the basis of the alleged liability, rendering the same untenable.
17. The Applicant further responded to the Respondent's contention, as set out in paragraph 4 of the Statement of Reasons; that the application was premature for failure to lodge an objection to the impugned decision.
18. The Applicant submitted that, notwithstanding this assertion, the present application was properly before the Tribunal since the issuance of the agency notices constituted a taxation decision capable of being challenged directly before the Tribunal. She maintained that the absence of a prior objection did not render the application incompetent, and accordingly prayed that the Respondent's contention to that effect be disregarded.
19. In support of this position above, the Applicant cited *Veeram Healthcare (U) Limited v Uganda Revenue Authority, TAT Application No. 137*, where the Tribunal held that an agency notice constitutes a "taxation decision" within the meaning of S.1(1)(k) of the Tax Appeals Tribunal Act. The Applicant accordingly prayed that the Respondent's preliminary objection be overruled.
20. On the lawfulness of the agency notices, the Applicant submitted that the Respondent acted without legal basis in issuing the said notices in the absence of an underlying assessment or any evidence of chargeable income. The Applicant argued that the notices were arbitrarily lodged on her accounts, remained in force for over three months and disrupted her business operations, and were only vacated after the institution of this application without any explanation from the Respondent.

21. The Applicant argued that the Respondent's conduct in issuing and subsequently vacating the notices without justification demonstrated that the notices were unfounded.
22. In relation to VAT, the Applicant submitted that the Respondent's continued demands and reminders requiring her to file VAT returns were unjustified and without legal basis. She contended that the Respondent had, following an audit, issued an objection decision dated 23 November 2023 confirming that she was not eligible for VAT registration and that her VAT obligations had been deactivated.
23. The Applicant further stated that, notwithstanding that determination, the Respondent continued to issue reminders requiring her to file VAT returns, which directly contradicted its own decision. The Applicant therefore maintained that the Respondent was bound by its objection decision and that the continued demands were baseless.
24. On the whole, the Applicant prayed that the Tribunal finds that she was not liable for the alleged income tax, that the agency notices issued against her accounts had no legal basis, and that the VAT demands were unjustified, and further sought declaratory reliefs and an award of general damages for the inconvenience occasioned.

#### **VI. Submissions of the Respondent**

25. Despite having been granted an opportunity by the Tribunal to file affidavit evidence and written submissions in accordance with the directions issued on 10 April 2026, the Respondent neither filed any affidavit evidence nor submissions within the prescribed timelines, and did not advance any explanation for such failure.
26. The Tribunal notes that both parties were present when directions were issued requiring the Applicant to file her affidavit evidence and submissions by 20 April 2026, the Respondent by 30 April 2026, and the Applicant's rejoinder, if any, by 10 May 2026. The Applicant duly complied with these directions. However, the Respondent failed to comply with the said timelines and did not place any material before the Tribunal.

27. In the premises, this ruling is rendered on the basis of the pleadings, affidavit evidence, and submissions on record, which are substantially those of the Applicant.

## VII. Determination of issues by the Tribunal

28. The Tribunal has carefully considered the material on record and is of the view that the determination turns on whether the Respondent's actions were founded on a lawful and demonstrable tax liability, having regard to the statutory framework and the evidence before it.

### **Issue One: Whether the Applicant is liable for payment of income tax in the sum of Shs.2,907,694 to the Respondent?**

29. The law applicable to this issue is that a liability to tax must arise from a legally recognised assessment or tax decision made under the tax statutes, and must be supported by evidence demonstrating how such liability has been ascertained.

Section 22 of the Tax Procedures Code Act provides that:

*"A tax assessment' means a self-assessment, default assessment, advance assessment, or additional assessment."*

30. This provision establishes that tax liability is not informal or presumed, but must arise through one of the legally recognised forms of assessment. Further, where a taxpayer fails to furnish a return, the law requires the Commissioner General to make a formal assessment. Section 23(1) provides that:

*"Where a taxpayer fails to furnish a self-assessment return... the Commissioner General may... make an assessment... of the tax payable by the taxpayer for the tax period."*

31. Such assessment must then be formally communicated. Section 23(2) provides that:

*"The Commissioner General shall serve a taxpayer... with notice, in writing, of the assessment specifying— (a) the amount of tax assessed... (c) the tax period... and (d) the due date for payment..."*

32. These provisions demonstrate that for a tax liability to arise, it must be both determined and communicated through a lawful process. With regard to enforcement, section 34(2) of the Tax Procedures Code Act provides that:  
*"...the Commissioner General may, by notice in writing, require a person who... owes... money to the taxpayer... to pay the amount specified in the notice... not exceeding the amount of the unpaid tax..."*
33. This provision makes it clear that the issuance of an agency notice presupposes the existence of "unpaid tax", which must in turn be founded on a valid assessment.
34. Within the proceedings before this Tribunal, section 17(1) of the Tax Appeals Tribunals Act imposes an obligation on the Respondent to place before the Tribunal the material supporting its decision. It provides that:  
*"...the decision maker shall lodge with the tribunal... (a) the notice of the decision; (b) a statement giving the reasons for the decision; and (c) every other document... necessary to the tribunal's review of the decision."*
35. Further, section 19 of the same Act provides that:  
*"In a proceeding before a tribunal... the applicant has the burden of proving that... the taxation decision should not have been made or should have been made differently."*
36. These provisions must however be read together to mean that while the Applicant bears the burden of proof, such burden is exercised against a known and supported taxation decision, the basis of which must be placed before the Tribunal by the Respondent.
37. Turning to the facts of the present case, the Respondent issued an agency notice on 27 June 2025 seeking to recover Shs. 2,907,694 from the Applicant as alleged income tax. The Applicant's case is that no income tax assessment was ever issued to her, that she operates under the presumptive tax regime, and that her tax ledger reflected a credit balance. She further contends that the Respondent failed to provide any computation, workings or explanation demonstrating how the alleged liability arose, and thus the claim is unsupported in law. She relies on ***Ambiance Discotheque Delion v Uganda Revenue Authority, Application No. 012 of 2020*** for the proposition that a tax liability cannot be sustained in the absence of supporting workings and evidence.

38. The Respondent, on the other hand, maintained in its pleadings that the said sum was due and payable as a valid tax debt to Government and that the agency notice was issued upon establishing the existence of that liability. However, beyond this assertion, the Respondent did not place before the Tribunal any assessment, computation or evidential material demonstrating how the alleged tax arose. Notably, despite being granted an opportunity by the Tribunal to file affidavit evidence and submissions, the Respondent failed to do so and did not controvert the Applicant's assertions.
39. In analysing the issue, the Tribunal is guided by the statutory framework which requires that tax liability must be grounded in a valid assessment and supported by material explaining its basis. The Tribunal has carefully examined the record and finds no evidence of any income tax assessment issued to the Applicant in respect of the sum of Shs.2,907,694. There is equally no computation, working or explanatory material demonstrating how the said figure was derived, nor any notice served on the Applicant communicating such liability as required by law.
40. The Tribunal further observes that the Respondent, being the decision maker, was under a statutory obligation to lodge with the Tribunal the documents forming the basis of its decision, including the assessment and the reasons therefor. The failure to do so leaves the alleged tax liability unsupported and incapable of scrutiny by the Tribunal. In the circumstances, the Respondent's position remains a bare assertion devoid of evidential foundation.
41. While section 19 of the Tax Appeals Tribunals Act places the burden on the Applicant, the Tribunal is satisfied that the Applicant has discharged that burden by demonstrating the absence of any assessment, computation or lawful basis for the tax. In contrast, the Respondent has failed to place before the Tribunal the material necessary to sustain its claim. In line with the holding in *Ambiance Discotheque Delion v Uganda Revenue Authority*, the Tribunal cannot uphold a tax liability where there is no evidential material explaining how it arose.

42. Further, the reliance on enforcement measures such as an agency notice cannot cure the absence of a valid underlying liability, since the power to issue such notice under section 34 is predicated on the existence of "unpaid tax" founded on a lawful assessment.
43. In the circumstances, the Tribunal finds that there is no lawful or evidential basis upon which the alleged income tax liability of Shs. 2,907,694 can be sustained against the Applicant.
44. Accordingly, this issue is resolved in favour of the Applicant, and the Tribunal finds that the Applicant is not liable for payment of the said sum as income tax to the Respondent.

**Issue 2: Whether, in the circumstances where the impugned agency notice has been vacated, the application should be withdrawn or determined on the basis of a consent judgment**

45. Notwithstanding the foregoing analysis on the merits, the Tribunal must determine whether, in light of subsequent developments acknowledged by the parties, there remains a live controversy warranting determination.
46. The Tribunal has carefully considered the record, the submissions of the parties, and in particular the Applicant's letter dated 17 March 2026 together with the Applicant's oral submissions during the hearing.
47. It is not in dispute that the impugned agency notice, which formed the foundation of the present application, was vacated. This position was expressly acknowledged by the Applicant both in the said correspondence and during the hearing, where it was conceded that the cause of action giving rise to the application had been addressed. The Applicant further indicated, in those same communications, a willingness to withdraw the application on that basis.
48. In light of that express acknowledgment, the Tribunal must first determine whether there remains any subsisting dispute capable of adjudication. It is trite that the jurisdiction of the Tribunal is invoked for the purpose of resolving live controversies between parties. Where the substratum of the dispute has been extinguished, the Tribunal cannot be called upon to determine abstract or spent questions. In the present case, the Tribunal

finds that the vacating of the agency notice effectively resolved the grievance that gave rise to the application, and accordingly extinguished the foundational cause of action.

49. Notwithstanding that position, the Applicant urged the Tribunal not to allow a withdrawal simpliciter, but rather to adopt a consent judgment on certain proposed terms, on the basis that a bare withdrawal would expose the taxpayer to future prejudice, particularly in relation to subsequent assessments and the VAT position.
50. The Tribunal has considered that contention. However, the apprehension of future exposure advanced by the Applicant relates to contingent and prospective matters which are not properly before the Tribunal in the present proceedings. Such matters, should they arise, would give rise to distinct causes of action capable of being pursued in accordance with the law. They do not, in the Tribunal's view, constitute a subsisting dispute within the scope of the present application so as to sustain the Tribunal's adjudicative jurisdiction.
51. Further, while the Applicant proposed that the matter be disposed of by way of a consent judgment, it is well established that a consent judgment is predicated upon the agreement of the parties and represents a compromise mutually arrived at. The role of the Tribunal in such circumstances is limited to recording and adopting that agreement. In the present case, there is no evidence before the Tribunal of consensus between the parties on the proposed terms. In the absence of such agreement, the Tribunal is not clothed with jurisdiction to impose a consent judgment at the instance of one party.
52. Having found that the cause of action has been resolved, that no live controversy remains for determination, and that the conditions necessary for the adoption of a consent judgment have not been satisfied, the Tribunal is left only with the question of the proper procedural disposition of the application.
53. In that regard, the Tribunal notes the provisions of section 26(1) of the Tax Appeals Tribunal Act, which permit the withdrawal of an application. In the circumstances of this case, withdrawal is not merely a matter of discretion but the necessary consequence of the absence of a subsisting dispute. The

Tribunal accordingly finds that the application has been overtaken by events and can only be properly disposed of by way of withdrawal.

54. On that premise, the Tribunal declines the invitation to convert the proceedings into a consent determination and holds that the application is properly withdrawn.

**Issue 3: Whether, in the circumstances of this case, the Tribunal can grant remedies under section 22(6) of the Tax Appeals Tribunal Act**

55. The Tribunal has considered the scope of its powers under section 22(6) of the Tax Appeals Tribunal Act, which provides that the Tribunal may make orders as to damages, interest or any other remedy, enforceable in the same manner as an order of the High Court.
56. This provision confers broad remedial jurisdiction upon the Tribunal, enabling it, in appropriate cases, to grant substantive relief consequent upon its determination of a taxation dispute.
57. In the present case, the Tribunal has found under Issue Two that the impugned agency notice, which formed the substratum of the application, was vacated and that the cause of action giving rise to the application has thereby been resolved. The Tribunal further determined that no live controversy remains for adjudication and that the application is properly disposed of by way of withdrawal.
58. In those circumstances, the Tribunal is not proceeding to determine the taxation decision on the merits so as to invoke its powers to grant consequential or remedial relief. The jurisdiction to award damages, interest or any other remedy under section 22(6) presupposes the existence of a subsisting dispute and a determination on the merits. Where the proceedings have been overtaken by events and withdrawn, there exists no basis upon which such remedies may be granted.
59. Accordingly, while the Tribunal's powers under section 22(6) remain wide, they are not properly exercisable in the circumstances of this case.

**Conclusion**

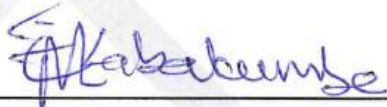
60. Although the Applicant demonstrated the absence of a lawful basis for the impugned agency notice, the dispute was overtaken by events upon its

vacation. In the absence of a subsisting controversy, the Tribunal declines to proceed further, and the application is accordingly marked as withdrawn.

#### VIII. Orders of the Tribunal

61. In light of the foregoing findings, the Tribunal makes the following orders:
- i. The application is hereby marked as withdrawn, the cause of action having been overtaken by events following the vacating of the impugned agency notice.
  - ii. The Tribunal declines the invitation to adopt a consent judgment in the absence of agreement between the parties.
  - iii. The Tribunal further finds that, although it is clothed with broad powers under section 22(6) of the Tax Appeals Tribunal Act to grant remedies including damages, interest and other relief, such powers are not exercisable in the present circumstances where no subsisting dispute remains for determination.
  - iv. Accordingly, no order as to damages, interest or any other remedial relief is made.
  - v. Each party shall bear its own costs.

Dated at Kampala this 21<sup>st</sup> day of May 2026.



HON. KABAKUMBA MASIKO  
CHAIRPERSON



HON. ROSEMARY NAJJEMBA  
MEMBER



HON. GRACE SAFI  
MEMBER