



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
TAT APPLICATION NO. 381 OF 2024

GKO SECURITY LIMITED APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY RESPONDENT

BEFORE: HON. CRYSTAL KABAJWARA, HON. GRACE SAFI

RULING

I. Introduction

1. This ruling is in respect of an application challenging a stamp duty assessment of Shs. 7,800,000, arising from alleged employment agreements. The Applicant contended that no written contracts exist, as all engagements were oral.

II. Background Facts

2. The Applicant is involved in the provision of private security. It provides defense and protection services to individuals and corporate entities in Uganda.
3. On 25 September 2024, the Respondent issued a stamp duty assessment vide reference number 195005695102, demanding payment of Shs. 7,800,000 as stamp duty allegedly due on employment agreements for 520 employees. The assessment covered the period from January 2018

to July 2024 and was accompanied by a payment registration slip, a declaration of instrument notice, and a list of employees. On the same date, the Respondent issued a formal demand notice to the Applicant requiring payment of the assessed stamp duty.

4. On 26 September 2024, the Applicant responded to the demand notice, disputing the liability on the grounds that all employment arrangements with the listed employees were oral and not reduced to writing. The Applicant stated that no written employment agreements existed.
5. On 31 October 2024, the Respondent replied to the Applicant's letter, expressing doubt over the claim that no written contracts existed.
6. On 5 November 2024, the Applicant lodged a formal objection to the assessment, citing the following grounds that the employees were engaged under oral contracts in accordance with Sections 2 and 25 of the Employment Act, 2006, and Section 3 of the Stamp Duty Act, 2014, which limits stamp duty to written contracts and dutiable instruments, which were absent in this case.
7. The employees were employed as "employees at will" and could resign at any time without notice, justifying the use of oral contracts.
8. On 5 December 2024, the Respondent issued its objection decision disallowing the Applicant's objection. The Respondent maintained that the assessment was issued correctly in accordance with the law and relied on the Applicant's PAYE returns as prima facie evidence of employment agreements.
9. The Applicant is aggrieved and contends that the stamp duty assessment dated 25 September 2024 is unlawful, as it is based on non-existent written contracts.

III. Representation and evidence

10. Ms. Josephine Nakiguli, Ms. Nakavuma Druscillar, and Mr. Thadeus Byaruhunga represented the Applicant, while Ms. Eseza Victoria Sendege represented the Respondent.
11. The Applicant presented the testimony of **Mr. Thadeus Byaruhunga (AW1)**, its Human Resource Manager. He stated that he was responsible for recruiting, training, and deploying employees. He testified that after training, employees were vetted and signed a code of conduct before commencing employment. He confirmed that no formal written contracts were executed between the Applicant and its employees. He also stated that he had been informed by the Legal Manager that a code of conduct did not constitute an employment contract and that oral agreements are not liable for stamp duty.
12. The Applicant's second witness was **Ms. Nakavuma Allen Druscillar (AW2)**, its Accountant. She testified that GKO Security Limited employs its workers based on oral contracts, which she believed were permitted under Sections 2 and 25 of the Employment Act 2006. She asserted that oral contracts were not liable for stamp duty under Section 3 of the Stamp Duty Act 2014, which applies only to written contracts and dutiable instruments.
13. AW2 recalled that on 25 September 2024, the Respondent issued a stamp duty assessment of Shs. 7,800,000 for employment agreements involving 520 employees, covering the period from January 2018 to July 2024. The Applicant responded on 26 September 2024, disputing the liability on the grounds that no written agreements existed. On 5 November 2024, the Applicant formally objected to the assessment, and URA issued an objection decision on 5 December 2024, disallowing the objection.
14. The witness emphasized that the Applicant followed a company policy where employees signed a code of conduct before employment, but no formal employment contracts were executed. She stated that employees

were considered “at will” and could resign at any time. She also claimed that the Respondent had not provided any dutiable instruments to support the assessment and maintained that the stamp duty did not apply.

15. The Respondent’s first witness was **Ms. Karire Evas (RW1)**, an Officer in the Stamp Duty Unit of the Domestic Taxes Department at the Uganda Revenue Authority (URA). She testified that the assessment was based on a return examination covering the period from January 2018 to July 2024. She also stated that on 25 September 2024, the URA issued a stamp duty assessment of Shs. 7,800,000 for employment agreements involving 520 employees. The Applicant objected to the assessment, claiming that no written agreements existed and that all contracts were oral.
16. The witness stated that the Respondent replied to the objection on 6 November 2024, citing several grounds. First, she noted that under section 3 of the Stamp Duty Act, stamp duty applies to written contracts and dutiable instruments, and the Applicant had declared consideration paid to employees in its PAYE returns, which was prima facie evidence of employment agreements.
17. Secondly, RW1 mentioned that oral interviews with current employees revealed that they had signed agreements, although the Applicant retained copies. Thirdly, she emphasized that the Applicant entrusted employees with sensitive assets, such as firearms, which implied the existence of formal agreements given the serious responsibilities involved.
18. RW1 concluded that the outstanding stamp duty liability was lawful, due, and payable at a rate of Shs. 15,000 per agreement, as per Schedule 2 of the Stamp Duty Act. On 5 December 2024, URA issued an objection decision disallowing the Applicant’s claims, affirming that the assessments had been correctly issued.

19. The Respondent's second witness was **Mr. Wodero Thomas (RW2)**, the Applicant's former employee. RW2 explained that his responsibilities included overseeing confidential full-time investigation processes, managing the complaints system, and ensuring the secure handling of information, evidence, and documents related to investigations.
20. RW2 mentioned that he had worked with the Applicant for three years and had signed several written employment contracts during his tenure. According to him, he began his employment in 2020 and initially signed a probation contract on 6 October 2020 for six months. Upon the expiry of that contract, he signed a new one on 24 March 2021 for a one-year term. Later, on 18 June 2022, the witness stated that he entered into another one-year contract for the same role, which included a code of conduct schedule that he also signed.
21. RW2 maintained that the Applicant employed various categories of staff, including administrators and guards, and that all employees signed employment contracts and codes of conduct. He refuted claims that the Applicant's employees did not sign written contracts, stating that contracts were renewed upon expiry and that some employees received copies while others did not, with the Applicant retaining them.

IV. Issues for determination

22. At the scheduling of this matter, the parties agreed upon the following issues:
 - (i) Whether the Applicant is liable to pay the tax assessed?
 - (ii) What are the remedies available to the parties?

V. Submissions of the Applicant

23. The Applicant submitted that they are not liable for the tax assessed. They argue that they did not enter into any written contracts with the employees in question and that all employment arrangements were made orally.
24. The Applicant argued that under Sections 2 and 25 of the Employment Act, 2006, oral contracts were legally permissible and commonly used for casual

- employment. It further contended that Section 3 of the Stamp Duty Act, 2014, restricted stamp duty liability to written instruments, and therefore, oral agreements could not attract such a charge. The company also claimed that the Respondent had failed to provide any physical documents or dutiable instruments to support its assessment.
25. The Applicant stated that the Respondent presented an employment contract for one individual. However, the authenticity of the documents is questionable, as they were submitted late, lacked official stamps or seals, and were not printed on the company's letterhead.
 26. Furthermore, the Applicant submitted that the assessment had been based on assumptions rather than concrete evidence and requested that it be set aside. It emphasized that stamp duty could only be levied on executed written instruments, not on inferred relationships or oral arrangements. The dispute highlighted the legal distinction between employment relationships and the execution of formal, dutiable documents.
 27. The Applicant further argued that the Respondent had only produced one contract out of a total of 520 employees, leaving 519 employees unsupported by any physical documentation. The Applicant maintained that relying solely on PAYE returns to infer written agreements amounted to a presumption rather than proof. Moreover, the Respondent did not request the Applicant to furnish employment contracts before or during the assessment process, and therefore had no basis for the charge.
 28. The Applicant emphasized that the agreements presented by the Respondent appeared to be drawn and executed by multiple parties, including another company not a party to the application. It contended that making the Applicant solely liable for stamp duty on such documents was unfair and discriminatory.
 29. In support of this position, the Applicant cited Paragraph 1 of the Third Schedule to the Stamp Duty Act, which provides that in the absence of an

agreement to the contrary, the expense of stamping a document shall be borne by the person drawing or executing it.

30. To reinforce its argument, the Applicant relied on several legal precedents. In *URA v. Siraje Hassan Kajura (SSCA No. 9 of 2015)*, the court held that in tax matters, the language of the statute must be interpreted strictly, with nothing implied or presumed.
31. The Applicant also cited *Finn Church Aid Uganda v. Uganda Revenue Authority (Application No. 366 of 2024)*, where the tribunal emphasized that stamp duty must be based on actual documents drawn and executed by the liable party. Additionally, reference was made to *Stanbic Bank Uganda v URA HCCS No. 92/2007*, which held that stamp duty attaches to the instrument itself upon execution, not to the transaction or parties' intent and that liability should not be imposed on a single party when others are involved.

VI. Submissions of the Respondent

32. The Respondent submitted that the Applicant is liable for the assessed tax as the assessment arose from the Applicant's failure to pay stamp duty on employment contracts entered into with its staff.
33. The Respondent emphasized that the burden of proof lay with the Applicant to demonstrate that the assessment was erroneous or excessive. This position was supported by Section 18 of the Tax Appeals Tribunal Act and Section 101 of the Evidence Act, which state that the party who alleges must prove.
34. The Respondent argued that the Applicant's monthly PAYE returns, which declared employees over a period exceeding six months, constituted prima facie evidence of employment agreements. The Applicant's business of providing armed security services made it implausible that such arrangements were conducted without written contracts. The Respondent

presented contracts retrieved from former employees as further evidence of written agreements.

35. The Respondent further submitted that under section 2(1)(a) of the Stamp Duty Act, any instrument mentioned in Schedule 2 that is executed in Uganda and relates to property or matters within Uganda is chargeable with stamp duty.
36. The Respondent relied on section 1 of the above Act that defines an instrument as any document that creates or records a right or liability. The Respondent also cited Schedule 2, Item 5, which imposes a duty of Shs. 15,000 on agreements. The Respondent submitted that employees engaged for more than 4 months are entitled to formal written contracts under Ugandan employment law, and that such agreements are subject to stamp duty.
37. The Respondent also pointed out inconsistencies in the Applicant's evidence. One witness claimed that employees only signed codes of conduct, while another admitted to having a written contract. The Tribunal had previously questioned how a security firm could entrust employees with firearms without any written agreements. The Respondent argued that the code of conduct formed part of the employment contract and that the Applicant's denial of written agreements was contradictory.
38. In support of its position, the Respondent cited ***Finn Church Aid Uganda v. URA (TAT Application No. 366 of 2024)***, where the Tribunal held that employment contracts are chargeable with stamp duty and must be physically verified to enable accurate assessment. The Respondent agreed with this ruling and emphasized that the Applicant's objection was not based on the excessiveness of the duty but on the alleged non-existence of written contracts. It referred to Annexure F in the Applicant's Trial Bundle, where the Applicant stated: "*This is to inform you that we do not have any written employment agreements.*"

39. Additionally, the Respondent relied on *Argosy Co. Ltd v. Inland Revenue Commissioner [1971] 1 WLR 514*, where Lord Donovan held that tax assessments may involve reasonable estimates based on available information. The court stated that once liability is reasonably established, the Commissioner may make informed guesses about the quantum of liability, provided they are based on the best available judgment.
40. The Respondent submitted that the Applicant had entered into written employment contracts and had concealed them to evade stamp duty. It argued that the Applicant's PAYE declarations, the nature of its business, and the contracts retrieved from former employees all pointed to the existence of dutiable agreements. Therefore, the Respondent maintained that the stamp duty assessment was lawful, due, and payable.
41. The Respondent addressed the issue of contracts presented in its Trial Bundle, asserting that it is well-established in law that evidence may be adduced at any stage of the trial, provided the presenting party obtains leave of court.
42. The Respondent cited *Attorney General v. Paul Kawanga Semwogerere, Constitutional Application No. 2 of 2004*, where the Supreme Court laid down key considerations for granting leave to produce additional evidence. These included the discovery of new and important matters not previously known despite due diligence, the relevance and credibility of the evidence, and its potential influence on the case's outcome. The Respondent stated that the contracts marked REX1, REX2, and REX3 had not been within its knowledge at the time of conferencing, but leave was orally sought and granted during the hearing to adduce the said documents.
43. On its prayer for remedies, the Respondent submitted that the Applicant had failed to discharge the burden of proof required to challenge the stamp duty assessment. It relied on section 18 of the Tax Appeals Tribunal Act,

which placed the burden on the Applicant to prove that the assessment was erroneous or excessive. The Respondent argued that the Applicant had not demonstrated that the assessed amount of Shs. 7,800,000 was not due and payable. It maintained that the stamp duty assessments were lawful and justifiable.

44. Regarding costs, the Respondent referred to Section 27(1) of the Civil Procedure Act, Cap 71, which vests discretion in the court to award costs. It quoted Richard Kuloba's *Hints on Civil Procedure (2nd Edition, pp. 94–95)*, which described costs as a means for a successful litigant to recover expenses incurred in litigation.
45. The Respondent invited the Tribunal to find no merit in the Applicant's arguments and to dismiss the application with costs. It submitted that the stamp duty assessments of Shs. 7,800,000 were correctly raised and that the Applicant was not entitled to any of the remedies sought. The Respondent reiterated its prayer that the application be dismissed and costs awarded in its favor.

VII. Submissions of the Applicant in Rejoinder

46. In rejoinder, the Applicant reiterated its earlier arguments. However, it added that its legal advisor, who admitted to having a written contract, was not an employee during the assessment period and was not a witness in the matter. Her contract, being for legal services on a retainer basis, was handled independently by the company's administrator and managing director, and did not reflect the employment practices under review.
47. The Applicant referred to *Finn Church Aid Uganda v. Uganda Revenue Authority (Application No. 366 of 2024)*, where the Tribunal held that stamp duty assessments must be based on verified, executed agreements. While acknowledging that employment and supplier contracts are chargeable with stamp duty, the Tribunal emphasized that the existence and execution of such agreements must be ascertained before duty is imposed. The Applicant argued that the Respondent had admitted to relying

on assumptions and lacked physical documents at the time of assessment, thereby acting in contravention of the law.

48. Regarding the evidence presented by the Respondent, the Applicant submitted that the documents were unauthenticated and failed to meet the evidentiary standards required for admissibility. Citing *Lawvlak Alex v. Opio Mark (Civil Appeal No. 078 of 2018)*, the Applicant emphasized that documentary evidence must be authenticated appropriately and linked to the relevant individual, time, or place. The documents in question related to one Wondero Thomas, who was neither a witness nor cross-examined. Further, the Applicant was not given an opportunity to verify the signatures, and unknown individuals signed some documents. Therefore, the Applicant argued that such evidence could not be used to conclude the existence of formal written employment agreements.

VIII. The determination of the Tribunal

49. Having carefully considered the evidence adduced and the submissions of both parties, this is the determination of the Tribunal. The main issue for determination is whether the Applicant is liable to pay the stamp duty as assessed by the Respondent.
50. The Applicant's position is that it did not execute any written employment agreements with its staff during the period under review and that the Respondent's assessment of stamp duty in respect of alleged employment contracts was based on assumptions unsupported by any physical instruments. The Respondent maintained that the Applicant executed employment agreements which attracted stamp duty and that the assessment of Shs.7,800,000 was issued correctly.
51. We have considered the relevant provisions of the Stamp Duty Act, and these are highlighted below.

52. S. 1 defines an “instrument” to include;
“A document by which a right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded.”
- S. 2(1)(a) of the Stamp Duty Act provides:
(1) Subject to this Act, the following instruments shall be chargeable with duty in accordance with Schedule 2 to this Act-
(a) “Every instrument mentioned in schedule 2 to this Act which, not having been previously executed by a person, is executed in Uganda and relates to property situated, or to a matter or thing done or to be done, in Uganda.”
- S. 3 of the Act imposes stamp duty on all instruments specified in the Second Schedule, and it states;
“(b) each of the other instruments shall be chargeable with a duty specified in Schedule 2 to this Act”.
53. Item 5 of the Second Schedule (as was then) charged stamp duty of Shs. 15,000 on:
“Agreement or Memorandum of an agreement except a sale-based financing agreement between the vendor or borrower and a person licensed to carry on Islamic financial business”.
54. We also considered the relevant provisions of the Employment Act. S.24 of the Employment Act provides for oral and written contracts, and it states:
“A contract of service, other than a contract which is required by this or any other Act to be in writing, may be made orally, and except as otherwise provided by this Act, shall apply equally to oral and written contracts”.
55. For employment purposes, the above legal provision implies that oral employment contracts are legally valid and enforceable in Uganda. They carry the same weight as written contracts unless the Act (or another statute) mandates a written form for specific categories of employment.
56. However, for purposes of stamp duty, duty attaches only to written instruments; therefore, while oral contracts are valid, they are not dutiable.

57. Therefore, the Respondent's reliance on PAYE returns to infer written contracts is misdirected. While PAYE returns may infer the existence of an employer-employee relationship, they do constitute a written instrument as envisaged by the Stamp Duty Act.
58. In the present case, the Respondent relied on the following documents to conclude that the Applicant executed 520 written employment agreements
- a) The Applicant's PAYE returns
 - b) Oral interviews with former employees;
 - c) The nature of the Applicant's business (armed private security); and
 - d) Written contracts obtained from one former employee (RW2),
59. The Applicant disputed this and stated that all employee engagements were oral and employees were only required to sign a code of conduct. Further, the Applicant submitted that the Respondent never requested employment contracts before issuing the assessment, and that the single contract produced at the hearing was unauthenticated and could not serve as a basis for inferring that 520 written agreements existed.
60. The Respondent did not present any evidence rebutting the Applicant's submission that at the time of assessment, the Respondent had not reviewed any employment contracts before raising assessments. Even at the trial, the RW testified that she assessed stamp duty based solely on the PAYE returns.
61. During cross-examination, RW1 stated that in assessing the duty, she also relied on various sources of information, such as former employees of the Applicant who confirmed over phone calls with the Respondent that they had employment contracts and that some of them were willing to share their contracts. However, as the Respondent did not call any former employees to testify, this evidence amounts to hearsay.

62. Further, the Applicant's witnesses testified that they do not issue written contracts to their employees. The Respondent, on the other hand, insisted that the Applicant issued written contracts; therefore, although the burden of proof lies with the Applicant, the evidential burden in this case shifts to the Respondent to prove the existence of contracts.
63. The only evidence that the Respondent adduced was employment contracts purportedly belonging to two former staff – one dated 17 March 2021 and another dated 16 June 2022, exhibited at REX 2 and 3 of the Respondent's Trial Bundle. The Respondent did not call any of the purported employees to testify concerning the contracts. Moreover, the second contract, dated 16 June 2022, appears to have been issued by another entity, Portbell Supermarket, rather than the Applicant.
64. In the absence of the agreements that ought to have formed the basis of the assessment, we find the decision of this Tribunal in ***Finn Church Aid Uganda v URA (TAT Application No. 366 of 2024)*** instructive. The Tribunal held:
- “As stamp duty is chargeable on documents and not on the income or value of the transaction... it is important for the Respondent to verify the documents liable to ensure completeness and correctness of the stamp duty assessment. Therefore, in the absence of the physical agreements, the Tribunal is unable to determine the accuracy of the assessed duty.”*
65. Therefore, in the present case, the Tribunal is unable to determine the accuracy of the assessed duty due to the lack of physical agreements.
66. The Respondent did not have in its possession the 520 employment contracts at the time of issuing the assessment, nor did it request them before the objection decision. PAYE returns, although indicative of an employment relationship, are not evidence of executed written contracts, nor do they indicate the number of contracts, the dates of execution, or the parties thereto.

67. Similarly, the nature of the Applicant's business activities cannot, on its own, constitute legal proof of executed instruments. Furthermore, the Respondent's reliance on *Argosy Co Ltd v Inland Revenue Commissioner [1971] 1 WLR 514*, allowing the Commissioner to make "informed guesses," does not apply where the law requires the existence of a specific document as the basis for charging duty.

68. In the circumstances, the application is allowed and the Tribunal makes the following orders:

- (i) The stamp duty assessment of Shs. 7,800,000 is hereby set aside.
- (ii) Costs are awarded to the Applicant.

Dated at Kampala this 19th day of December 2025



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. GRACE SAFI
MEMBER

Note: Due to the unavailability of one of the members of the panel, the parties elected to have the remaining two members complete the proceedings in accordance with section 13(3)(a) of the Tax Appeals Tribunal Act.