

THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL OF UGANDA AT KAMPALA
MISCELLANEOUS CAUSE NO. 041 OF 2025
(TAT APPLICATION NO. 275 OF 2024)

KOBO 360 INC APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY RESPONDENT

BEFORE: MS. KABAJWARA CRYSTAL, MS. PROSCOVIA R. NAMBI,
MRS. CHRISTINE KATWE

RULING

This ruling is in respect of an application brought under S. 14 (1) of the Tax Appeals Tribunal Act Cap 341 and Rule 30 of the Tax Appeals (Procedure) Rules S.I No. 50 of 2012 seeking the following reliefs;

- i. A Temporary injunction be issued restraining the Respondent and all those acting under the authority of the Respondent from enforcing collection of the principal tax of Ugx 9,637,431,640 pending determination of the main Application.
- ii. The Respondent's decision denying the Applicant a chance to pay 30% of the assessed tax in instalments be set aside and the Applicant be allowed to pay 30% of the tax in dispute in 6 monthly equal instalments.
- iii. The Respondent's agency notice issued to Stanbic Bank be lifted.
- iv. Costs of the Application be provided for.

1. Background Facts

This Application is supported by the affidavit of Nicholas Olweny, the Chief Finance Officer of the Applicant.

The Applicant is in the business of aggregating end-to-end haulage operations. This involves connecting cargo owners, truck owners, drivers, and cargo recipients to create an efficient supply chain network. Between 15th July and 16th July 2024, the Respondent issued income tax assessments for the period covering 2019 to 2022 amounting to Ugx 9,686,120,913. However, the Respondent issued an Agency notice to the Applicant's bankers for the collection of Income Tax amounting to Ugx 13,953,271,849 and PAYE of 156,318,462 both totaling to 14,109,590,31.

The Applicant objected to these assessments on 19th July 2019. On 10th September 2024, the Respondent upheld the assessments in its Objection Decision. The reason given for disallowing the objections was the Applicant's failure to provide sufficient proof to support the grounds for objection. The Applicant filed main Application No. 275 of 2024 challenging the Respondent's Objection Decision which is yet to be heard by the Tribunal.

On 4th December 2024, in compliance with the statutory requirement to pay 30% of the disputed tax, the Applicant—having already remitted UGX 1,203,461,200—submitted a formal request to the Respondent seeking to settle the outstanding balance in six equal monthly instalments. The Applicant justified the request on the basis that it required the remaining operational capital to sustain its business operations and generate revenue to facilitate the proposed payments.

The Respondent rejected the Applicant's request for installment payments hence this Application. The grounds in support of this Application are that whilst the Applicant is willing to pay the 30% of the Tax in dispute, it is unable to pay it as a lumpsum as it does not have the cash flow and doing so will adversely affect its liquidity and the business will not be in a position to sustain itself.

The Applicant avers that the Respondent has enforced the payment of the mandatory 30% of the disputed tax by issuing an agency notice to the Applicant's banker. It is further contended that unless the Respondent's agents are restrained from executing further enforcement measures, the Applicant risks being driven out of business and will suffer

irreparable harm—injury that cannot be adequately remedied by an award of damages. Such harm, the Applicant argues, would render the main Application nugatory.

The Applicant also asserts that there exists a prima facie case with a high likelihood of success in the main Application, and that the balance of convenience tilts in its favour. It is therefore submitted that, in the interests of justice, the Tribunal should grant a temporary injunction to preserve the status quo pending the determination of the substantive Application.

The Respondent filed an Affidavit in Reply sworn by Samuel Oseku employee of the Legal Services and Board Affairs of the Respondent opposing the Application on grounds that;

- a) The law on payment of 30% of the disputed tax or the tax not in dispute envisages payment of the same as a lumpsum.
- b) The Applicant has not adduced any evidence to prove the alleged cash flow challenges or any irreparable damage that is to be suffered.
- c) The Application for review does not show a prima facie case with a likelihood of success as the tax assessed is lawful, due and payable.
- d) The Applicant will not suffer any irreparable damage that cannot be adequately compensated for by an award of damages.
- e) There is no serious threat from the Respondent to warrant the grant of a temporary injunction.
- f) The balance of convenience lies with the Respondent as it is its statutory mandate to collect revenue for the benefit of all Ugandans and this Application is meant to deprive the Respondent from fulfilling its mandate.
- g) It is in the interest of justice that the orders prayed for by the Applicant are not granted.

The Applicant filed an Affidavit in Rejoinder sworn by Nicholas Olweny, disputing the assertion that the 30% of the disputed tax must be paid in a lump sum. He contended that it is an established administrative practice for the Commissioner General to permit payment of the statutory 30% in instalments.

The Applicant further stated that it operates a logistics business which must remain financially afloat at all times to fulfil transportation orders. It emphasized that such orders are dependent on prior cash deposits and cannot be executed without adequate liquidity.

At the time of filing, the Applicant was facing multiple civil suits arising from its inability to meet financial obligations to business partners. This was attributed to the prior recovery of UGX 1,203,461,200 by the Respondent under the 30% rule. To demonstrate its financial position, the Applicant attached recent bank statements reflecting its current cash flow. It reiterated that compelling payment of the entire 30% in a lump sum would cause undue financial hardship and substantially prejudice its operations.

2. Representation

The Applicant was represented by Mr. Balyebuga Kelvin while the Respondent was represented by Mr. Simon Peter Orishaba.

3. Issues for Determination

The issues for determination by the Tribunal are;

- i. Whether the Applicant is entitled to a grant of a temporary injunction?
- ii. Whether the Applicant is entitled to pay 30% of the disputed tax in installments?
- iii. What remedies are available to the Parties?

The parties were invited to make written submissions.

4. Submissions of the Applicant

The Applicant submitted that they are not opposed to the payment of 30% of the disputed tax as mandated by Section 15 of the Tax Appeals Tribunal Act and that they have already paid UGX 1,203,461,200 of the disputed tax.

The Applicant submitted that they can only pay the sum in installments and that they explained to the Commissioner General the necessity of paying in installments. They argue that paying the remaining amount in a lump sum would have a dire impact on its cash flow and business operations since they are in the business of transport and logistic which requires continuous financing of client orders to remain afloat.

The Applicant further submitted that they are already facing civil suits due to failure to meet financial obligations as a result of the UGX 1,203,461,200 already recovered by the Respondent. They asserted that making a lump-sum payment of the remaining 30% (UGX 1,687,768,292) would greatly prejudice the Applicant and cause undue damage to the business.

The Applicant relied on **Section 98 of the Civil Procedure Act Cap 282** which grants the Tribunal inherent power to make such orders as may be necessary for the ends of justice or to prevent abuse of the process of the court.

The Applicant cited the cases of **MTN Uganda Ltd V. URA, TAT Application No. 15 of 2018 and Century Bottling Company Limited v. URA, Miscellaneous Application No. 32 of 2020** where the Tribunal held that it had jurisdiction to review requests for installment payments and allow them to achieve the ends of justice.

The Applicant submitted that allowing the remaining 30% to be paid in six equal monthly installments would allow part compliance with the 30% requirement while allowing the Applicant business continuity.

For the temporary injunction, the Applicant relied on the principles for granting an injunction as laid down in the case of **E.L.T. Kiyimba Kaggwa v Hajji Abdu Nasser Katende [1985] HCB 43**, which include the following;

- i. Granting a temporary injunction is an exercise of judicial discretion and its purpose is to maintain the status quo until the question is investigated in the main suit.

- ii. The Applicant must show a prima facie case with a probability of success. The Applicant argued that it has challenged the additional assessments totaling UGX 9,637,431,640 in the main application based on disallowed interbank transfers, inability to trace related credits, and other justifications. They stated that the Respondent's submissions on this point are misleading and unsupported by evidence. They cited the case of **Kigongo Edward Nakabaale v Kakeeto Rogers & Another MA 144 of 2017** where the court stated that;

“A prima facie case with a likelihood of success is no more than the court must be satisfied that the claim before it is not frivolous and vexatious. In other words, there is a serious question to be tried.”

- iii. The Applicant must show they will suffer irreparable injury which would not be adequately compensated for by an award of damages. In addressing this ground, the Applicant relied on the case of **Giella v Cassman Brown & Co. (1973) EA 358** to define irreparable injury. The Applicant submitted that payment of the 30% as a lump sum would significantly affect its cash flow and business operations, potentially leading to the collapse of the business.

They further stated that they are already facing difficulties meeting financial obligations due to the Respondent's recovery efforts. Business collapse constitutes irreparable injury. They cited the case of **Nile Breweries Limited v Uganda Revenue Authority MA no. 81 of 2024** to show that court has been cognizant of the fact that a business relies on long standing contractual relationships with suppliers of raw materials on the one hand and purchasers of finished products like wholesalers and retailers on the other.

- iv. If the court is in doubt regarding irreparable injury, the application should be decided on the balance of convenience. The Applicant argues that the balance of convenience favors them, especially considering the UGX 1,203,461,200 already paid. Forcing the Applicant to pay the balance in a lump sum would

of damages. They submitted that the Applicant had not provided any evidence to prove that it will suffer irreparable damage as alleged. The Respondent further submitted that it is legally mandated to enforce tax collection measures for any taxes that are due and payable to the Government as per **S. 34 of the Tax Procedures Code Act Cap 343**.

- iii. Balance of Convenience: The Respondent contended that the balance of convenience tilted in their favour and granting the injunction would impede the Respondent's mandate to enforce tax collection measures and collect needed revenue. The Respondent further argued that the risk they faced (impeded revenue collection) outweighed the risk the Applicant faces. The Respondent asserted that their interest in collecting taxes outweighed the Applicant's interest.

Regarding the 30%, the Respondent further submitted that **Section 15(1) of the Tax Appeals Tribunal Act Cap 341** envisaged payment of 30% of the disputed tax as a lump sum. They cited the Supreme Court decision in **Uganda Projects Implementation and Management Centre Vs. Uganda Revenue Authority, Constitutional Appeal No. 2 of 1999**, which ruled that the statutory requirement for paying 30% of the tax assessed not in dispute is constitutional and does not infringe on the right to a fair hearing or equality. They also cited the cases of **Metcash Trading Co. Ltd Vs. Commissioner for South African Revenue Services** and **Elgon Electronic Versus Uganda Revenue Authority HCCA 11 OF 2007**, which support the principle that a taxpayer is required to "*pay the tax first and argue later*" and that the requirement under Section 15(1) is mandatory.

The Respondent further argued that the section mandates a lump sum payment and allowing payment in installments would hinder the Respondent's mandate to collect government revenue without any impediment.

The Respondent argued that the Applicant had failed to demonstrate that it meets the conditions necessary for the grant of a temporary injunction and is therefore not entitled to the reliefs sought. Accordingly, the Respondent prays that the Tribunal finds that the Applicant does not satisfy the legal requirements for the grant of a temporary injunction, that the Applicant be ordered to pay 30% of the disputed tax in accordance with Section

likely lead to collapse without the Applicant being afforded an opportunity to be heard in the main application. Granting the injunction and allowing installments preserves the Applicant's operations and ensures they continue to receive payments, contributing to Uganda's tax base.

The Applicant asked the Tribunal to grant a temporary injunction restraining URA and its agents from carrying out further enforcement of tax collection measures (including the agency notice) regarding the principal tax of UGX 9,637,431,640 plus accrued interest and penalty, pending the determination of the main application (TAT Application No. 275 of 2024); Set aside the Respondent's decision denying the Applicant a chance to pay 30% of the assessed tax in installments and allow the Applicant to pay the remaining balance (UGX 1,687,768,292) in six equal monthly installments; Lift the agency notice issued to Stanbic Bank; and costs of the application.

5. Submissions of the Respondent

The Respondent submitted that the grant of an interlocutory injunction is an exercise of judicial discretion which should be exercised judiciously with the rationale for this remedy being to preserve the status quo until the final determination of the main application.

The Respondent argued that the Applicant did not meet the conditions necessary for the grant of a temporary injunction, as established in case law such as **E.L.T. Kiyimba Kaggwa v Hajji Abdu Nasser Katende and Geilla v. Cassman Brown & Co. (1973) EA 358**.

- i. **Prima Facie Case with Probability of Success:** The Respondent submitted that the Applicant's case did not disclose a prima facie case with a probability of success. They contended that the Applicant's inability to justify their objection grounds means that the main application lacks any probability of success.
- ii. **Irreparable Injury:** The Respondent defined irreparable damage as substantial or material damage that cannot be adequately compensated for by an award

15 of the Tax Appeals Tribunal Act, Cap 341, and that the Application be dismissed with costs awarded to the Respondent.

6. Applicant's submissions in rejoinder

The Applicant maintained that its application has merit, is supported by affidavit evidence, and meets the legal thresholds for the remedies sought. The Applicant contended that the Respondent's submissions fail to disprove the Applicant's prima facie case, irreparable injury, or the balance of convenience in its favor.

The Applicant addressed the Respondent's arguments regarding the requirements for granting a temporary injunction:

i. **Prima Facie Case with Probability of Success:**

The Respondent submitted that the Applicant's case lacks a prima facie case because they failed to provide sufficient proof for their objection grounds. The Applicant asserts that this assertion is misguided and unsupported by the evidence because in the main application (**TAT Application No. 275 of 2024**), the Applicant challenges the additional assessments totaling UGX 9,637,431,640 for the years 2019-2022.

The Applicant further submitted that their affidavit in rejoinder demonstrated that the Respondent erroneously treated interbank transfers across the Applicant's accounts as undeclared income despite provided documentation. It also shows that the Respondent's disallowance of related party loans, staff welfare expenses, and capital deductions was flawed, as these are legitimate business expenses.

The Applicant cited the case of **Kigongo Edward Nakabaale v Kakeeto Rogers & Another** to argue that their evidence establishes a serious question to be tried regarding the validity of the assessments, thereby showing a prima facie case with a probability of success.

The Applicant stated that the Respondent's claim of insufficient justification ignores the Applicant's affidavit evidence and annexures. They highlight that the burden to prove the assessments' correctness lies with the Respondent under Section 30 of the Tax Procedures Code Act, and the Applicant has sufficiently challenged their basis.

ii. Irreparable Injury:

The Respondent argued that the Applicant had not proven irreparable injury and that damages would be an adequate remedy. The Applicant submitted that this position was untenable and disregarded the Applicant's evidence.

The Applicant reiterated from their affidavit that their transport and logistics business requires constant liquidity to finance client orders. They submitted that the Respondent's recovery of UGX 1,203,461,200 had already strained their cash flow which led to civil suits from business partners for unmet financial obligations.

The Applicant further argued that requiring a lump-sum payment of the remaining 30% (UGX 1,687,768,292) would cripple their operations, risking business collapse. Defining irreparable injury as substantial damage not adequately compensable by damages, the Applicant stated that their ongoing financial distress and potential business failure constitutes such injury. They argued that financial distress leading to collapse is not merely compensable by damages.

iii. Balance of Convenience:

The Respondent contended that the balance of convenience favors them as granting the injunction would impede tax collection. The Applicant argued that this prioritizes the Respondent's interests over justice and ignores the Applicant's partial compliance.

The Applicant emphasized that they have already paid UGX 1,203,461,200 towards the 30% requirement, demonstrating good faith. They argue that requiring immediate payment of the remaining balance risked collapsing the Applicant's business which contributes to Uganda's tax base. The Applicant also stated that granting the injunction and allowing installments ensured the Applicant continues to receive payments while preserving its operations, balancing the interests.

The Applicant contrasted their position with the Respondent's, citing **In Cotton International v African Farmers Trade Association BV**, where the court found the comparative inconvenience of withholding an injunction outweighed the Respondent's temporary delay in collecting the full 30%. They argue the Respondent's reliance on **NWI Limited v Woods** is inapposite, as the injunction preserves the status quo pending the Tribunal's determination.

The Applicant argued that the Respondent's interpretation of Section 15(1) of the Tax Appeals Tribunal Act is overly rigid and ignores the Tribunal's inherent powers.

The Applicant cited previous Tribunal decisions like **MTN Uganda Ltd v. URA and Century Bottling Company Limited v. URA** where the Tribunal held that it had jurisdiction to allow payment of the 30% in installments to achieve the ends of justice. They also referenced Section 98 of the Civil Procedure Act, which empowers the Tribunal to make orders necessary to prevent abuse of process or ensure justice.

The Applicant submitted that the Respondent's citation of **Uganda Projects Implementation and Management Centre v. Uganda Revenue Authority** regarding the constitutionality of the 30% requirement does not preclude installment payments. They argue that the "pay now, argue later" principle does not mandate a lump-sum payment where it would cause undue hardship.

The Applicant submitted that, in light of its partial payment and demonstrated financial constraints, permitting the payment of the remaining 30% in six equal monthly

installments would strike a balance between the Respondent's revenue collection mandate and the Applicant's operational needs.

The Applicant reiterated the reliefs sought and urged the Tribunal to grant them. The Applicant further argued that the Respondent's prayer for dismissal with costs lacked merit, as the Applicant had satisfied all the legal requirements for the reliefs sought.

In conclusion, the Applicant submitted that it had established a prima facie case with a probability of success, demonstrated the risk of irreparable injury, and shown that the balance of convenience favors granting the injunction and permitting installment payments. The Applicant also contended that the Respondent failed to effectively rebut its evidence and legal arguments. On that basis, the Applicant prayed that the Tribunal grant the reliefs sought to prevent undue prejudice and ensure the ends of justice are served.

7. Determination by the Tribunal

Having considered the arguments presented by both parties, the Tribunal hereby delivers its ruling.

The Applicant seeks an Order restraining the Respondent from enforcing collection of the principal tax of Ugx 9,637,431,640 pending determination of TAT Application No. 275 of 2024- KOBO360 Inc v URA, an Order lifting the Respondent's Agency Notice on the Applicant's bankers as well as an Order allowing the Applicant to pay the remainder of the requisite 30% of the disputed tax in six equal instalments.

We shall start by resolving the first issue of whether the Applicant is entitled to a grant of a temporary injunction.

The principles for grant of a temporary injunction are well established and have been restated in numerous cases, including **Kiyimba Kaggwa v Hajji Abdu Nasser Katende [1985] HCB 43**, **American Cyanamid Co. Ltd v Ethicon Ltd [1975] AC 396**, among others. Courts have stated that a party seeking a temporary injunction must demonstrate the following;

- a) A prima facie case with a likelihood of success.
- b) Irreparable loss that cannot be atoned by an award of damages.
- c) The balance of convenience favors the Applicant.

The Tribunal will now examine whether the Applicant meets these conditions.

Prima Facie Case with a likelihood of success

The Applicant argued that their application is meritorious and supported by comprehensive affidavit evidence. The Applicant emphasized that the main application challenges additional tax assessments totaling UGX 9,637,431,640 for the years 2019–2022, asserting that the assessments are flawed due to the Respondent's erroneous classification of interbank transfers as undeclared income, despite the provision of supporting documentation. Additionally, the Applicant disputed the disallowance of legitimate business expenses, including related party loans, staff welfare costs, and capital deductions.

To reinforce their argument, the Applicant cited the legal standard from **Kigongo Edward Nakabaale v Kakeeto Rogers & Another** which clarifies that establishing a prima facie case requires showing a serious question to be tried, not a guaranteed outcome in favor of the Applicant. They asserted that their evidence raised substantial questions about the validity of the assessments and should therefore satisfy this requirement.

In contrast, the Respondent argued that the Applicant had failed to establish a prima facie case with a probability of success, primarily due to what they consider insufficient proof submitted in support of the Applicant's objections. The Respondent pointed to their Objection Decision dated 10th September 2024, which concluded that the Applicant did not substantiate the grounds raised in contesting the tax assessments. As such, the Respondent contended that the failure to provide adequate justification for the objections cannot be attributed to them, but rather reflected a fundamental weakness in the Applicant's case.

Accordingly, the Respondent asserted that the main application lacked any likelihood of success and does not meet the threshold for a temporary injunction laid out in **E.L.T Kiyimba-Kaggwa v Hajji Katende Abdul Nasser (supra)** including the need for the Applicant to demonstrate a prima facie case with a probability of success. On this basis, the Respondent maintained that the Applicant's case does not warrant interim relief and should be dismissed.

A prima facie case exists where the Applicant demonstrates that there is a triable question of law. The Tribunal finds that the Applicant has established a prima facie case since the Applicant evidence raised substantial questions about the validity of the assessments which the Applicant argued are flawed due to the Respondent's erroneous classification of interbank transfers as undeclared income, despite the provision of supporting documentation. Additionally, the Applicant disputed the disallowance of legitimate business expenses, including related party loans, staff welfare costs, and capital deductions.

Irreparable loss that cannot be atoned by an award of damages.

The Applicant must prove that the harm likely to be suffered cannot be adequately atoned by an award of damages. **Lord Diplock** expounded on this requirement in the case of **American Cyanamid Co v Ethicon Ltd [1975] AC 396** where he stated that

"The court should consider whether the claimant would suffer irreparable harm that could not be compensated by damages if the injunction were not granted, and also whether the defendant would suffer irreparable harm if it were."

The Applicant argued that it will suffer irreparable harm if the temporary injunction is denied as the required lump-sum payment of the remaining 30% of the disputed tax (UGX 1,887,768,292) would critically damage its cash flow and operational capacity. They emphasized that their transport and logistics business relied heavily on liquidity to meet client demands, and that the Respondent's earlier recovery of UGX 1.2 billion has already strained operations, resulting in civil suits from business partners. The Applicant contended that enforcing the lump-sum payment at this stage could lead to business

collapse, a consequence that cannot be redressed through financial compensation alone, thus satisfying the requirement of proving irreparable harm.

In response, the Respondent agreed with the legal definition of irreparable harm but contended that the Applicant has failed to provide sufficient evidence to substantiate claims of such damage. They argued that any financial losses the Applicant may suffer, should they prevail in the main case, can be adequately compensated through damages.

The Respondent also stresses its statutory duty under Section 34 of the Tax Procedures Code Act to collect taxes and warns that delaying enforcement hampers this mandate and risks revenue loss to the government. Ultimately, the Respondent maintains that the Applicant's claim of irreparable harm is speculative and unsupported, and therefore does not justify the grant of a temporary injunction.

In **Game Discount World (U) Ltd v Uganda Revenue Authority**, the Tribunal noted that irreparable harm exists where enforcement measures would cause a significant impact on an Applicant's operations. This Tribunal finds that the Applicant will suffer irreparable harm if this application is not granted as it has the effect of pushing the Applicant out of business.

The balance of convenience

The balance of convenience lies in favour of the party likely to suffer greater harm if the injunction is granted or denied.

The Applicant argued that the balance of convenience favors granting the injunction, noting they have already paid part of the required 30%, and that demanding the immediate lump-sum payment of the remainder would cripple their operations, risk business collapse, and ultimately harm Uganda's tax base. In contrast, the Respondent contended that granting the injunction would obstruct their legal mandate to collect essential revenue, a risk they claim outweighs the Applicant's financial strain. They maintained that the balance of convenience lies in their favor, as tax enforcement should take precedence over partial compliance.

In the case of **GAPCO (U) Ltd v Kaweesa HC Misc. Application No. 259 of 2013** Hon. Justice Joseph Murangira stated;

“It is trite law that if the Court is in doubt on any of the above two principles, it will decide the application on the balance of convenience. The term balance of convenience literally means that if the risk of doing an injustice is going to make the applicants suffer then probably the balance of convenience is favorable to him/her and the Court would most likely be inclined to grant him/her the application for a temporary injunction.”

The Tribunal reiterates its position in **Kalungi Estates Company Limited v Uganda Revenue Authority MA No. 10 of 2025**, where it held that while recognizing the Respondent’s statutory mandate to collect revenue, the Tribunal emphasizes its responsibility to strike a delicate balance between the enforcement of tax obligations and the protection of taxpayers’ operational viability. In this case, the Tribunal is persuaded that insisting on immediate full payment, despite the Applicant’s partial compliance and demonstrated financial constraints, risks undermining the broader objective of sustainable tax compliance. Furthermore, prioritizing aggressive enforcement over business continuity is, in the Tribunal’s view, counterproductive and inconsistent with the spirit of responsible tax administration, as it is not the Respondent’s mandate to tax entities out of existence.

We also rely on **Justice Ssekaana Musa’s** decision in **Water & Environment Media Network (U) Ltd v National Environment Management Authority Misc Application 509 of 2020** where he stated that;

“The balance of convenience simply means that the Applicant has to show that failure to grant the temporary injunction is to his greater detriment.”

The Tribunal finds that the balance of convenience is in the Applicant’s favour. In view of our findings above, the Tribunal concludes that the Applicant has met the legal requirements for grant of a temporary injunction.

We shall now address the second issue of the payment of 30% of the tax in dispute in six equal monthly instalments.

Section 15(1) of the Tax Appeals Tribunal Act Cap 341 provides that;

“A taxpayer who has lodged a notice of objection to an assessment shall, pending final resolution of the objection, pay thirty percent of the tax assessed or that part of the tax assessed not in dispute, whichever is greater.”

The Applicant acknowledges the requirement to pay 30% of the disputed tax but argues they should be permitted to pay the remaining balance in six equal monthly installments due to financial constraints and the need to preserve operational capital to fund the payments. On the other hand, the Respondent maintains that Section 15(1) of the Tax Appeals Tribunal Act requires the payment of 30% of the disputed tax as a single lump sum.

The Tribunal notes that Section 15 of the Tax Appeals Tribunal Act Cap 341 does not expressly provide for payment of the required 30% in either instalments or as a single lumpsum. It only requires that the 30% or the greater undisputed amount be paid before the hearing of the application.

The Tribunal has the discretion to consider applications for payment of the 30% in instalments, especially where the Applicant demonstrates genuine financial hardship or partial compliance. The rationale behind this flexible approach is to balance the Respondent's mandate to collect revenue with the Applicant's right to be heard.

In light of the foregoing considerations, the Tribunal finds that the Applicant has demonstrated sufficient grounds to warrant the payment of the 30% deposit in instalments. This decision takes into account the Applicant's demonstrated financial hardship, partial compliance, and the need to preserve the integrity of both the tax collection system and the Applicant's business operations.

Accordingly, the Applicant shall pay the required 30% in six equal monthly instalments. These instalments must be completed before the main application is scheduled for hearing. However, if the main application is fixed for hearing before any instalment is made, the entire 30% shall become immediately due and payable in a lump sum as a

condition precedent to the hearing. This measure is intended to balance fairness to the Applicant with the Respondent's statutory mandate to collect revenue efficiently.

In lifting the agency notice, the Tribunal has reviewed the Applicant's accounts statement in annexure "C" of the Applicant's affidavit in rejoinder, and we note that the Applicant is financially constrained. We shall therefore lift the agency notice to allow the Applicant to operate and be able pay the balance of the thirty percent.

In view of the above, we make the following orders;

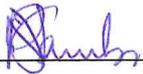
- a) A Temporary injunction is hereby issued restraining the Respondent and all those acting under the authority of the Respondent from enforcing collection of the principal tax of Ugx 9,637,431,640 pending determination of the main Application.
- b) The Applicant is hereby allowed to pay the outstanding balance of the requisite 30% of the tax in dispute in six (6) monthly equal instalments and the first instalment due by 27th June 2025.
- c) The Respondent's agency notice issued to Stanbic Bank is hereby lifted.
- d) Costs shall abide by the outcome of the main Application.

Dated at Kampala on this 13th day of June 2025.



MS. KABAJWARA CRYSTAL

CHAIRPERSON



MS. PROSCOVIA R. NAMBI

MEMBER



MRS. CHRISTINE KATWE

MEMBER