



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
TAT APPLICATION NO. 63 OF 2024

LACOSTE ENTERPRISES (U) LTD.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, MR. SIRAJ ALI,
HON. KABAKUMBA MASIKO**

RULING

I. Introduction

1. This ruling arises from an application challenging a tax liability arising from an alleged under-declaration of customs duties on an imported vehicle.

II. Background

2. The Applicant is in the business of importing and clearing goods. On 20 March 2018, the Applicant imported a Toyota Landcruiser which was registered under motor vehicle Registration Number UBD 748E.
3. Subsequently, on 20 April 2018, the Applicant sold the said vehicle duty-free to Eva Senyonga of Christian Life Church, who then paid the applicable customs duties. Upon payment, the vehicle was registered in her name and released to her.
4. On 29 October 2019, the Respondent conducted a system audit and issued a demand notice to the Applicant, alleging that the Applicant had underdeclared import duty by Shs. 26,602,101. This was the result of a misdeclaration of the vehicle as used rather than new.

5. Consequently, on 11 November 2020, the Respondent issued a warrant of distress against the Applicant to recover Shs. 37,890,689 in tax arrears. To this effect, the Respondent impounded motor vehicle Registration Number UBD 254B, a Toyota Alex registered in the Applicant's name. Upon notification by the Applicant that the wrong vehicle had been impounded, the Respondent released the vehicle and impounded the intended vehicle, namely a Landcruiser, registration number plate UBD 748E. However, the Respondent subsequently released the Landcruiser to Christian Life Church.
6. However, on 15 November 2021, the Respondent re-impounded vehicle Registration Number UBD 254B, advertised it for sale, and auctioned it for Shs. 10,012,500. The proceeds were applied toward the tax liability, though they were insufficient to fully extinguish it.
7. Around the same period, the Respondent also deactivated the Applicant's Tax Identification Number (TIN), and to date, the TIN remains deactivated. The Respondent now claims that the Applicant has an outstanding liability of Shs. 47,363,362, inclusive of principal tax and accumulated interest. The Applicant, however, disputes this position, contending that it is not liable for the alleged tax and that the purchaser of the vehicle previously paid all duties.

III. Issues for determination

8. At the scheduling of this application, the parties framed the following issues for determination:
 - (i) Whether the Applicant is liable to pay the assessed customs tax of Shs. 47,363,362 in respect of motor vehicle UBD 784E.
 - (ii) Whether the seizure and subsequent auction of the Applicant's vehicle UBD 254B was lawful.
 - (iii) Whether the deactivation of the Applicant's Tax Identification Number (TIN) was lawful.
 - (iv) What remedies are available to the parties?

IV. Representation

9. Mr. Sydney Ojwee represented the Applicant, while Ms. Christine Mpumwire represented the Respondent.
10. Mr. Maxi Kagambo, a director and authorised representative of the Applicant, was the Applicant's first witness. He testified that on 20 April 2018, the Applicant imported a Toyota Landcruiser, which was sold in bond to a one Eva Senyonga. The witness stated that Ms. Senyonga paid all applicable customs duties under Customs Entry No. C36787 and the vehicle ("the Landcruiser") were subsequently registered as UBD 784E and released.
11. He further testified that on 11 November 2020, the Applicant received a warrant of distress from the Respondent, demanding Shs. 37,890,689 in respect of the Landcruiser, which the Applicant had already sold. The witness stated that the Respondent initially impounded the Applicant's Toyota Alex, Registration Number UBD 254B, in error.
12. The witness also testified that upon notifying the Respondent of the mistake, the Toyota Alex was released, and the correct vehicle, the Landcruiser, was impounded. He further testified that despite these confirmations, on 15 November 2021, the Respondent impounded and sold motor vehicle UBD 254B to recover the alleged liabilities related to the Landcruiser.
13. The witness further stated that the Respondent deactivated the Applicant's TIN without prior notice, and the same remains deactivated, thereby disrupting the Applicant's business operations.
14. Mr. Joseph Himigu, an Officer in the Respondent's Legal Services Department, was the Respondent's sole witness.
15. He testified that on 20 March 2018, the Applicant imported a Toyota Landcruiser, UBD 748E, which was misdeclared as "used" instead of "new," resulting in the underpayment of customs duties. Following a system audit, the Respondent issued a demand notice dated 29 October 2019 for Shs. 26,602,101 in short-levied tax. The witness testified that the Applicant failed

to comply, prompting the Respondent to issue a warrant of distress on 21 December 2020 and subsequently impounded the vehicle.

16. Furthermore, the Respondent met with the registered owner and entered into a memorandum of understanding (MoU) for instalment payments, but the Applicant neither signed nor honoured it. Therefore, on 11 November 2020, the Respondent issued a fresh warrant of distress, and on 15 November 2021, attached and sold the Applicant's Toyota Alex UBD 254B to recover the outstanding sum of Shs. 37,890,689. He maintained that the tax assessment and enforcement actions were lawful, and the Applicant was given adequate opportunity to comply.

V. Submissions of the Applicant

17. The Applicant submitted that they are not liable to pay the assessed tax. They argue that under Section 47(1) of the EACCMA, 2004, duty was not payable on warehoused goods at importation, and that Eva Senyonga settled full taxes upon release of the Landcruiser from the bond. The Applicant also argued that, contrary to Section 25 of the Tax Procedure Code Act, the Respondent never communicated any additional assessment to the Applicant.
18. The Applicant cited the Tribunal's decision in ***Alpha Wollen v URA, TAT Application No. 40 of 2023***, where the Tribunal held that a liability cannot arise in the absence of a formal tax assessment. The Applicant further cited ***URA v Kansai Plascon Uganda Ltd, Misc. Application No. 64 of 2020***, where the Tribunal underscored the necessity of serving a taxpayer with an assessment.
19. The Applicant also stated that the Respondent had failed to provide evidence of any audit, findings, or misdeclaration; thus, the evidentiary burden shifted to the Respondent under the principle in ***Kabaco Uganda Ltd v Turyahikayo Bonny, Civil Suit No. 014 of 2021***. In this case, the Applicant had never been notified of an audit or served with an assessment, yet was subjected to enforcement actions. Therefore, the Respondent's claim for Shs. 47,363,362 lacked a legal basis.
20. On the lawfulness of the sale of the Applicant's vehicle, UBD 254B, the Applicant argued that Section 130(1) of the EACCMA provides that the duty

is to be recovered from the goods on which it is payable. He submitted that the Landcruiser was released by the Respondent without explanation, despite being subject to tax.

21. The Applicant cited the case of ***Kisembo Peter & Anor v Commissioner URA, HCCS No. 269 of 2012***, where it was held that tax enforcement must first be directed at the goods in respect of which duty is due. It was argued that the Respondent was only permitted to pursue alternative recovery methods where such goods were unavailable. The Applicant submitted that the attachment and sale of motor vehicle UBD 254B were irregular, unlawful, and in bad faith.
22. The Applicant further submitted that the Respondent acted ultra vires in deactivating the Applicant's TIN. Under Section 4(7) of the Tax Procedure Code Act, cancellation is only lawful in cases of duplication or deregistration—not as a tool for tax enforcement. The Respondent did not notify the Applicant and unlawfully conditioned reactivation on the payment of alleged tax arrears. According to the Applicant, this method is not among the legally prescribed enforcement measures under Sections 35–39 of the TPCA or Sections 130–132 of the EACCMA.
23. The Applicant also argued that any state action must have a clear legal basis (***CFAO Motors Uganda Ltd v PPDS & Ors***). He submitted that the Respondent's deactivation of the Applicant's TIN was unlawful and significantly disrupted business operations, which rely on an active TIN for importation and clearance.

VI. Submissions of the Respondent

24. The Respondent submitted that the Applicant was liable for the assessed tax arising from a misdeclaration of motor vehicle UBD 748E. A system audit revealed a short levy, leading to a demand of Shs. 26,602,101, which the Applicant failed to settle. This prompted enforcement measures, including an updated demand of Shs. 37,890,689, which was issued to the Applicant on 11 November 2020.
25. The Respondent further stated that the Applicant engaged in discussions to execute a Memorandum of Understanding for instalment payments, but

did not follow through. As a result, on 15 November 2021, the Respondent lawfully attached and auctioned the Applicant's vehicle, UBD 254B, for Shs. 10,012,500 in partial recovery of the tax liability.

26. The Respondent argued that under Section 130(1) of the EACCMA, 2004, customs duty constitutes a civil debt owed by the owner of the goods at the time of assessment. It was submitted that the Applicant, as the importer and declarant of the motor vehicle, remained legally responsible for the assessed tax, irrespective of any subsequent sale to a third party.
27. The Respondent rejected the Applicant's claim that the tax liability should rest with the purchaser, asserting that no legal provision permits the transfer of such liability after importation. Further, the Respondent maintained that a valid system audit had confirmed misdeclaration of the motor vehicle as indicated by exhibit REX1 of the joint trial bundle.
28. Regarding the alleged absence of an assessment, the Respondent argued that the audit served as the basis for the top-up tax demand, which was issued correctly. It was further submitted that the Applicant failed to challenge the audit findings or produce documentary evidence proving full compliance with customs obligations.
29. The Respondent submitted that the sale of motor vehicle UBD 254B was lawfully executed under Section 130(3) of the EACCMA, which permits recovery of unpaid taxes through distress and sale of the taxpayer's property.

It was argued that the enforcement procedure was properly followed, and the Applicant failed to present evidence disputing its legality. The Respondent maintained that the seizure and auction were valid enforcement actions necessitated by the Applicant's persistent non-compliance.
30. Regarding the deactivation of the Applicant's TIN, the Respondent submitted that the Applicant failed to adduce any evidence during the proceedings or in its submissions to support this allegation. The Respondent argued that the Applicant did not present any evidence of deactivation of the TIN and therefore the claim ought to be dismissed.

VII. Submissions of the Applicant in Rejoinder

31. In rejoinder, the Applicant reiterated their earlier submissions. However, they added that the Respondent's witness, under cross-examination, acknowledged that the audit was conducted in 2020, yet the demand notice was dated 2019, revealing a chronological inconsistency. The Applicant thus emphasised that no audit report or formal assessment was presented to validate the Respondent's claim.
32. The Applicant also submitted that if any top-up taxes are indeed due, they ought to have been paid by Eva Ssenyonga, who was the owner of the vehicle at the time of sale. The Applicant therefore prayed that the Tribunal find it not liable for the alleged top-up taxes.
33. The Applicant reaffirmed that the sale of the Applicant's motor vehicle UBD 254B by the Respondent was unlawful. It argued that, under Section 130 of the East African Community Customs Management Act, 2004, the duty payable constitutes a civil debt charged on the specific goods liable to the duty.

VIII. The determination

34. Having heard the evidence and studied the parties' submissions, this is the Tribunal's decision.
35. In 2018, the Applicant imported a Toyota Landcruiser into the country for sale. According to the ASYCUDA self-declaration exhibited at page 1 of the Joint Trial Bundle (JTB) as AEX1, the Applicant paid taxes worth Shs. 117.4 million.
36. On 29 October 2019, the Respondent formally informed the Applicant that taxes were short levied on the said Landcruiser by Shs. 29,602,101. The letter to the Applicant stated that the short levy arose from a misdeclaration of vehicle usage, which was altered from "used" to "new" during the transition from WT8 to IM4 (Exhibit REX1 at page 7 of the JTB).
37. On 6 August 2020, the Applicant wrote to the Respondent, informing them that the said vehicle was sold duty-free to buyers who subsequently sold it to one Eva Senyonga of Christian Life Church. In the letter, the Applicant

also stated that they obtained a valid assessment from the Respondent and took it to Christian Life Church, which promised to settle the liability. The Applicants sought the Respondent's assistance in enforcing the collection of the outstanding liability from Christian Life Church.

38. On 11 November 2020, the Respondent issued a warrant of distress to recover the outstanding taxes from the Applicant. This was executed by impounding a motor vehicle, Toyota Alex, registration number UBD 254B, belonging to the Applicant. On 4 January 2021, the Applicant wrote to the Respondent informing them that they had impounded the wrong vehicle, i.e., UBD 254B instead of the Landcruiser.
39. On the same day, the Respondent directed that the Applicant's vehicle UBD 254B be released and instead retain the Landcruiser UBD 784E as security for payment of the outstanding liability. Consequently, the Toyota Alex, UBD 784E, was released to a representative of the Applicant (Ex. A101 of the JTB).
40. On 5 January 2021, the Applicant and the Respondent met to discuss the issue. The meeting was also attended by Mr. Emmanuel Opio in his capacity as a representative of Christian Life Centre. However, in the meeting, Mr. Opio denied knowledge of the liability. The Respondent urged the Applicant to enter into a Memorandum of Understanding with the Respondent for payment of the outstanding liability.
41. However, a week later, having had the Landcruiser, which was the subject of the outstanding liability, the Respondent directed that the said vehicle be released to "the auctioneer for onward transmission to the Owner" (Ex. A102). The reason for the release was stated as follows:

"The taxpayer has cleared the payer liability."
42. As a result, the vehicle was released to Mr. Emmanuel Opio, the very person who represented Christian Life Centre in the meeting of 5 January 2021. One would have expected the story to end on this note. However, it appears that subsequently, the Respondent re-impounded the Applicant's Toyota Alex UBD 254B to recover the "outstanding liability" in respect of the

Landcruiser. The vehicle was auctioned off for Shs. 10 million, and the Applicant also alleges that the Respondent deactivated their TIN.

43. Based on the above chronology of events, this dispute hinges on whether the Respondent's actions, comprising the sale of the Applicant's vehicle, deactivation of the TIN, and demand for the top-up taxes, are lawful.
44. There is no doubt that the Applicant imported the disputed Landcruiser. However, when the vehicle was imported, it was placed in a customs-bonded warehouse, a fact the Respondent does not dispute.
45. Section 47 of the EACCMA provides that goods which are liable to import duty may, on first importation, be warehoused without payment of duty in a government or bonded warehouse.
46. The Applicant sold the vehicle duty-free to Eva Senyonga, who became the Owner. Therefore, while the Applicant was the importer of record, ownership of the vehicle passed to Eva Senyonga while in bond, a fact not disputed by the Respondent. The Respondent contends that the Applicant is liable to pay the taxes, given that they were the importer of the vehicle.
47. In October 2019, the Respondent wrote to the Applicant informing them of an under-declaration of customs duties. However, according to the Applicant, the under-declaration came to the Applicant's attention when the Respondent deactivated their TIN. However, in a letter to the Respondent dated 6 August 2020, the Applicant stated:

"On July 28, 2020, we obtained a valid assessment and took it to Christian Life Church. They promised to settle the matter and make the payment."

48. Therefore, we do not agree with the Applicant's argument that the Respondent did not at any point in time provide a report of the misdeclaration or issue any assessments in that regard, since by their own admission, they obtained a "valid assessment".
49. When the liability remained outstanding, the Respondent issued a warrant of distress against the Applicant and impounded another of the Applicant's vehicles.
50. Section 130 of the EACCMA deals with the enforcement of duty on goods. It provides as follows:

"130.- (1) Where any goods are liable to duty, then such duty shall constitute a civil debt due to a Partner State and be charged on the goods in respect of which the duty is payable; and such duty shall be payable by the owner of the goods and may, without prejudice to any other means of recovery, be recovered summarily by legal proceedings brought by the Partner State.

(2) Goods under Customs control which belong to any person from whom duty is due, and any goods afterwards imported or entered for export by that person, shall be subject to a lien for such debt and may be detained by the Partner State until such duty is paid and the claim of the relevant Partner State shall have priority over the claims of whatever nature of any other person upon the goods and the goods may be sold to meet the duty due if the duty is not paid within two months after the goods are detained.

(3) Where any duty payable to a Partner State under subsection (1) or as penalty under this Act by a person is not paid one month after the due date of payment, the Commissioner may authorise distress to be levied upon the following items- (a) goods, chattels and effects; (b) material for manufacturing or plant of a factory; (c) premises, vehicles or other property; (d) animals, which are in the possession or custody of- (i) that person; (ii) his or her agent; or (iii) any other person on his or her behalf.

(4) The warrant of distress to be issued by the Commissioner shall be as set out in the Sixth Schedule to this Act."

51. Starting with subsection (1) above, duty is charged on goods in respect of which duty is payable. The good in respect of which the duty was payable was the Landcruiser and not the Toyota Alex UBD 254B. Further, subsection (1) above also states that the duty shall be payable by the owner of the goods.

52. An owner is defined by Section 2 (b) of the EACCMA to include:

"...any person other than an officer in his or her official capacity being or holding himself or herself out to be the owner, importer, exporter, consignee, agent, or the person in possession of, or beneficially interested in, having control of, or power of disposition over, the goods".

53. In the present case, it is reasonable to conclude that the owner of the vehicle was Eva Senyonga of Christian Life Church. This is because

ownership of the vehicle passed to her while it was in bond, and at the time of the assessment she was in possession of the vehicle and had control over its disposition.

54. The Respondent had full knowledge of the above facts, these were brought to their attention by the Applicant. In addition, the Respondent held a meeting with the Applicant and representatives of Eva Senyonga/Christian Life Church.
55. Subsection (3) allows the Commissioner to authorise distress to be levied on the goods which belong to or are in possession of the person liable to pay the duty. In the present case, Eva Senyonga was the owner of the goods and therefore liable to duty. However, on 11 November 2021, the Respondent issued a warrant of distress against the Applicant. This culminated in the impounding of the Applicant's vehicle, Toyota Alex UBD 254B.
56. In ***Kisembo & Another v URA, HCCS 269 of 2012***, Justice Madrama, as he then was, held:

"Whereas the Commissioner has powers to distress for payment of duties by seizing the goods of the owner or the defaulter in the payment of assessed duties, the right of the Commissioner extends only to recover initially from the goods which are the subject matter of the duty."

57. Therefore, the Respondent wrongfully impounded the Applicant's vehicle. When the Applicant brought this error to the Respondent's attention, and the Respondent released the Toyota Alex UBD 254B and impounded the Landcruiser. However, on 12 January 2021, the Respondent returned the Landcruiser to Christian Life Centre/Eva Senyonga, on the grounds that the liability had been cleared.
58. Therefore, having had the liability settled, there was no reason for the Respondent to re-seize the Applicant's vehicle, Toyota Alex UBD 254B, when the attendant liabilities were settled (Ex. A102). Why would the Respondent release a car that is charged with duty back to the owner unless the duty has been agreed?
59. Having established that the liability concerning the Landcruiser was settled, it follows that the Applicant is not liable to pay any taxes in respect of the

said Landcruiser. It also follows that the subsequent sale of the Applicant's vehicle to settle a non-existent liability was unlawful.

Deactivation of the Applicant's TIN

60. Regarding the deactivation of the Applicant's TIN, we do not find the Respondent's denials convincing. There is evidence on the record that the deactivation was brought to the Respondent's attention as early as August 2020, when the Applicant wrote to the Respondent informing them of the same.
61. We agree with the Applicant that de-activation of a taxpayer's TIN is not an enforcement measure provided for under any Taxing Act, more especially, the EACCMA. A taxpayer's TIN is their identity, and its deactivation can cripple a taxpayer's business. This is because TIN deactivation has the effect of preventing taxpayers from transacting, as TINs are a prerequisite for most business transactions.
62. Therefore, the deactivation of the Applicant's TIN was unlawful as it is not an enforcement measure that is provided for under any taxing act.
63. Having established that the actions of the Respondent were unlawful, we now turn to the remedies prayed for by the Applicant.

Remedies

64. The Applicant prayed for an award of general damages. In ***Nasif Mujib and another v the Attorney General, HCCS no. 120 of 2014***, the court held:

"The principle of assessment of damages for is generally in restituo in integrum; that is, the plaintiffs should be restored as far as money can do it, to the correct position they would have been had the injury or damage not occurred. The court has discretion as to the quantum of damages it would award in a damages claim. The assessment does not depend on any legal rules, but the discretion of the court is, however, limited by usual caution or prudence and remoteness of damage when considering the award of damages."

65. Furthermore, section 22 (6) of the Tax Appeals Tribunal Act also grants the Tribunal powers to make an order as to damages, interest or any other

remedy against any party, and the order shall be enforceable in the same manner as an order of the High Court.

66. In view of the above, the Honourable Tribunal makes the following orders:
- (i) The Respondent is ordered to pay to the Applicant the proceeds from the sale of Motor vehicle UBD 254B;
 - (ii) The Respondent shall pay interest on the proceeds at a rate of 2% per month from the date that the vehicle was sold up to the date of payment of the proceeds to the Applicant;
 - (iii) General damages are hereby awarded to the Applicant in the amount of Shs. 15,000,000;
 - (iv) The Respondent should immediately re-activate the Applicant's Tax Identification Number; and
 - (v) Costs of this application are hereby awarded to the Applicant.


Dated at Kampala this 5th day of March 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



MR. SIRAJ ALI
MEMBER



HON. KABAKUMBA MASIKO
MEMBER