



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
MISCELLANEOUS APPLICATION NO.109 OF 2026
(ARISING FROM APPLICATION NO. 151 OF 2026)

MAERSK LOGISTICS AND SERVICES (U) LIMITED APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, HON. PROSCOVIA REBECCA NAMBI,
HON. STELLA NYAPENDI CHOMBO**

RULING

I. Introduction

1. This application seeks a temporary injunction restraining the Respondent from collecting the disputed tax liability of Shs.6,544,414,070 pending determination of Application No. 151 of 2026. The Applicant also seeks a declaration that the obligation to pay 30% of the disputed tax under S.15(1) of the Tax Appeals Tribunals Act does not arise, and that the said application is properly before the Tribunal without payment of that amount. In the alternative, the Applicant seeks leave to satisfy any such obligation by way of a bank guarantee.

II. Background Facts

2. The grounds of this application were contained in an affidavit deposed and sworn by **Mr. Yolisa Khantwane**, the Applicant's **Country Manager**

- wherein he stated that the Respondent conducted a Customs Post Clearance Post Authorisation Audit of the Applicant covering the period January 2022 to December 2025 under Ss.235 and 236 of the East African Community Customs Management Act, 2004 ("EACCMA"). He further stated that, by a letter dated 23 April 2026, received on 27 April 2026, the Respondent communicated audit findings indicating that customs taxes amounting to Shs.6,544,414,070 were due and payable by the Applicant.
3. The deponent stated that the audit findings letter expressly indicated that an assessment would be raised ten days after receipt of the letter and that no assessment was ever subsequently issued or served upon the Applicant. He further averred that despite the absence of an assessment, the Respondent issued demand letters dated 26 May 2026 and 29 May 2026 requiring payment of Shs.6,544,414,070.
 4. He further stated that neither the audit findings letter nor the subsequent demand notices stated that they constituted a final taxation decision or notified the Applicant of any right of objection, review or appeal together with the applicable timelines. According to the deponent, the Applicant therefore understood the matter to remain open for discussion and administrative engagement.
 5. The deponent averred that on 16 June 2026, the Applicant submitted detailed representations responding to the audit findings and requesting the Respondent to halt the demand notices and consider the information supplied. He further stated that on 18 June 2026, the Applicant requested harmonisation of the Customs audit with a parallel Domestic Taxes audit concerning overlapping transactions and periods, and that on 13 July 2026 the Applicant requested the Respondent to reopen the audit and consider its submissions.
 6. He stated that the Applicant subsequently filed Application No. 151 of 2026 challenging the Respondent's demands and the imposition of the tax liability of Shs.6,544,414,070. According to the deponent, the application raises

substantial questions of law, including whether an assessment was ever issued, whether the Respondent was entitled to demand payment under S.135 of EACCMA, whether the Applicant was denied its statutory rights of objection and review, and whether due process was followed.

7. The deponent further stated that unless restrained, the Respondent was likely to commence recovery measures which would expose the Applicant to penalties, disrupt its business operations and affect the renewal of its Authorised Economic Operator (AEO) certification. He therefore prayed for a temporary injunction, a declaration that the obligation to pay 30% under S.15(1) of the Tax Appeals Tribunal Act does not arise, or alternatively, that any such obligation be satisfied by way of a bank guarantee.
8. In reply, the Respondent filed an affidavit in reply, deponed and sworn by **Ms Ramulah Namata, an Officer in the Customs General Audits Unit** of the Respondent's Customs Department wherein she stated that she participated in the Customs Post Clearance Post Authorisation Audit of the Applicant and was therefore conversant with the facts giving rise to the dispute. She further stated that the management letter dated 23 April 2026 communicated customs taxes amounting to Shs.6,544,414,070 as due and payable and constituted the decision contemplated under EACCMA.
9. The deponent further stated that the Respondent reproduced Ss.229(1) and 229(2) of EACCMA in the management letter itself, thereby notifying the Applicant of its right to seek review within thirty days. She averred that the Applicant failed to invoke that procedure within the prescribed period and only lodged representations with the Respondent fifty-four days after the communication of the customs decision.
10. She stated that the Applicant's subsequent correspondence, consultations and requests for reconsideration could not suspend or extend the statutory timelines established under EACCMA. According to the deponent, the Applicant's letters sought indulgence and reconsideration of a decision

- already communicated and did not constitute a valid application for review under S.229 of EACCMA.
11. The deponent further averred that there exists an assessed tax liability of Shs.6,544,414,070 within the contemplation of S.15 of the Tax Appeals Tribunal Act and that the Applicant could not avoid the statutory requirement to pay 30% of the disputed tax by merely asserting that no assessment existed. She maintained that the Review Application was not properly before the Tribunal without payment of the prescribed amount and that the Applicant had failed to satisfy the conditions for grant of an injunction. She accordingly prayed that the application be dismissed with costs.
 12. In rejoinder, the Applicant filed an Affidavit deponed and sworn by Mr. Yolisa Khantwane on 14 August 2026. He acknowledged delays in furnishing information during the audit but stated that the Applicant actively participated in the audit process, attended reconciliation meetings with the Respondent, and furnished substantial documentation in support of its position. He further stated that the Applicant was simultaneously responding to a separate audit being undertaken by the Respondent's Domestic Taxes Department covering a substantially overlapping period.
 13. The deponent further stated that the management letter dated 23 April 2026 expressly invited the Applicant to raise any issues concerning the audit findings by 6 May 2026 and stated that an assessment would thereafter be raised. According to him, no assessment was ever subsequently issued or served upon the Applicant and nothing in the letter indicated that it constituted a final decision or assessment of the Commissioner for purposes of S.229 of EACCMA. He maintained that the Applicant therefore understood the letter to contain preliminary audit findings rather than a final and binding tax decision.
 14. He further averred that the Applicant's letter dated 16 June 2026 constituted a detailed substantive response to the audit findings and addressed each of the issues raised in the management letter. According to the deponent, the response was supported by reconciliations, expense ledgers, customer

- contracts, loan agreements and proof of payment of taxes. He stated that the Applicant requested the Respondent to consider those submissions and halt enforcement measures pending resolution of the issues raised.
15. The deponent also stated that the Applicant's request for harmonisation of audits dated 18 June 2026 arose because the Domestic Taxes Department was reviewing transactions and tax heads which overlapped with those forming the basis of the Customs findings. He further stated that the Domestic Taxes team had indicated willingness to participate in a tripartite meeting and had placed its audit activities on hold pending determination of the way forward.
 16. He stated that although the Respondent's letter dated 22 June 2026 asserted that the Applicant ought to have objected within thirty days from 23 April 2026, the Respondent did not consider or determine the substantive matters raised in the Applicant's response of 16 June 2026. He further stated that the Respondent's email of 10 July 2026 acknowledged that the Applicant had objected to part of the taxes identified during the audit but that no determination had been communicated in respect of those objections.
 17. The deponent further averred that the taxes demanded by the Respondent comprise VAT on imported services, withholding tax on imported services, VAT on agency and clearing fees, and interest thereon. He maintained that whether those sums constitute customs duties recoverable under EACCMA or domestic taxes requiring assessment under the Tax Procedures Code Act is one of the questions raised in the Review Application.
 18. He stated that the Applicant has not admitted liability for the sum of Shs.6,544,414,070 and that the figure of Shs.1,963,324,221 referred to in the Notice of Motion represents an arithmetical computation of thirty per cent of the amount demanded and was pleaded in the alternative and without prejudice to the Applicant's contention that no assessment exists. He further stated that the Applicant is willing, if necessary, to furnish a bank guarantee from a reputable financial institution licensed in Uganda.

19. The deponent also averred that payment of the amount demanded, or thirty per cent thereof, would adversely affect the Applicant's working capital and its ability to meet obligations to its customers. He further stated that the Respondent had recommended renewal of the Applicant's Authorised Economic Operator certification only upon payment of the outstanding assessed taxes and that enforcement measures would disrupt the Applicant's operations as a customs clearing agent and freight forwarder.
20. According to the deponent, the amounts demanded have not yet been collected and no agency notice, distress or other enforcement measure had been executed against the Applicant. He maintained that the Review Application raises substantial questions of law and fact deserving determination on their merits and that the orders sought are intended to preserve the subject matter of the dispute pending determination of Application No. 151 of 2026. He accordingly prayed that the application be allowed with costs.

III. Representation

21. At the hearing, Mr. Bruce Musinguzi, Mr. Charlotte Ahabwe, Mr. Bonny Bolokolo and Mr. Ferdinand Tumuhaise, all from Kampala Associated Advocates, while the Respondent was represented by Mr. Agaba Edmond, a Legal Officer from the Respondent's Legal services and Board Affairs Department.

IV. Issues for determination

22. The parties presented the following issues for determination:
- (i) Whether the Tribunal has jurisdiction to grant the orders sought?
 - (ii) Whether the obligation to pay thirty per cent under S.15(1) arises?
 - (iii) Whether the Applicant satisfies the conditions for grant of a temporary injunction?
 - (iv) Whether the Applicant should satisfy the 30% payment by way of bank guarantee?
 - (v) What remedies are available?

V. Submissions of the Applicant

23. The Applicant contended that the obligation to pay 30% under S.15(1) of the TAT Act does not arise because the dispute before the Tribunal is not one concerning the quantum of tax assessed but rather the legality of the liability and the process through which it was imposed.
24. The Applicant argued that although the Respondent communicated tax liability through a management letter dated 23 April 2026, no assessment was subsequently raised despite the express statement that an assessment would be issued. It therefore contended that the Respondent cannot lawfully demand payment of thirty per cent before first issuing an assessment.

Whether the Tribunal has jurisdiction to grant the orders sought?

25. The Applicant submitted that S.31(1) of the Tax Appeals Tribunal Act empowers the Tribunal to make orders staying or otherwise affecting the operation or implementation of a taxation decision in order to secure the effectiveness of review proceedings. They argued that the power is engaged once a review application has been lodged and is not conditional upon prior payment of the disputed tax.
26. The Applicant further submitted that Ss.22(6) and 23 of the Tax Appeals Tribunal Act confer broad powers upon the Tribunal to grant appropriate relief, including injunctive remedies. They cited ***Vivo Energy Uganda Limited v Uganda Revenue Authority, HCMA No. 0345 of 2019***, and submitted that the Tribunal has jurisdiction to preserve the status quo pending determination of the substantive dispute.

Whether the obligation to pay 30% under S.15(1) of the Tax Appeals Tribunal Act arises?

27. The Applicant submitted that the present matter is substantially similar to ***MTN Uganda Limited v Uganda Revenue Authority, Miscellaneous Applications Nos. 05 and 06 of***, where the Tribunal held that the obligation

- under section 15(1) of the Tax Appeals Tribunal Act does not arise automatically where the dispute concerns the procedural legality of the tax dispute resolution process.
28. The Applicant argued that no assessment was ever raised after the management letter dated 23 April 2026 despite the express statement therein that an assessment would subsequently be issued. It maintained that the Respondent moved directly from audit findings to demand notices and thereby deprived the Applicant of the statutory opportunity to object. According to the Applicant, S.15(1) presupposes the existence of an assessment and an objection to that assessment, neither of which exists in the present case.
29. The Applicant further contended that the management letter did not constitute a definitive assessment or final decision. The Applicant cited ***Cable Corporation Uganda Limited v Uganda Revenue Authority, HCCA No. 1 of 2017***, and submitted that where a tax authority continues to engage with a taxpayer and requests further information after communicating preliminary findings, the matter remains open and cannot be treated as finally determined.
30. The Applicant also submitted that the taxes in dispute comprise VAT on imported services, withholding tax and VAT on agency and clearing fees, all of which are domestic taxes imposed under the Value Added Tax Act and the Income Tax Act. They argued that those taxes can only be ascertained through assessment under the Tax Procedures Code Act and not through demand notices issued under S.135 of EACCMA.
31. The Applicant further relied on ***Fuelex (U) Limited v Uganda Revenue Authority, Constitutional Petition No. 3 of 2019*** and submitted that section 15 does not apply where the dispute concerns questions of law rather than the quantum of tax payable. According to the Applicant, the Review Application raises questions concerning the legality of the

Respondent's demands, the absence of an assessment, the Applicant's right to object and the observance of due process.

Whether the Applicant satisfies the conditions for grant of a temporary injunction?

32. The Applicant submitted that the principles governing temporary injunctions are those set out in ***American Cyanamid Co. v Ethicon Ltd [1975] AC 396*** and ***Robert Kavuma v Hotel International Ltd, Supreme Court Civil Appeal No. 8 of 1990***. The Applicant argued that they have established a prima facie case, irreparable injury, and a balance of convenience in its favour.
33. The Applicant argued that the Review Application raises serious questions concerning the legality of the Respondent's conduct, including whether a valid assessment exists, whether the management letter constituted a final decision, whether the Respondent was entitled to reject the Applicant's representations and whether the Applicant was denied a fair hearing.
34. The Applicant further submitted that unless restrained, the Respondent is likely to pursue enforcement measures that would expose it to penalties, disrupt its operations and affect renewal of its Authorised Economic Operator certification. It argued that such consequences would occasion irreparable harm incapable of adequate compensation by damages.
35. The Applicant contended that the balance of convenience favours preservation of the status quo because the disputed taxes would remain recoverable should the Respondent ultimately succeed, whereas immediate enforcement would render the Review Application nugatory and occasion substantial prejudice to the Applicant.

Whether the Applicant should satisfy the 30% payment by way of a bank guarantee?

36. Without prejudice to its contention that S.15(1) does not apply, the Applicant submitted that this is an appropriate case for the Tribunal to permit satisfaction of any 30% requirement through a bank guarantee. It argued that a bank guarantee would adequately secure the Respondent's interests while avoiding the disruption that would result from immediate payment of Shs.1,963,324,221.
37. The Applicant relied on *Leah Njeri Njiru and Commissioner of Investigations and Enforcement & Others, Tax Appeal No. E002 of 2020*, *Elgon Electronics v Uganda Revenue Authority, Civil Appeal No. 11 of 2007*, and *AC Yafeng Construction Limited v The Registered Trustees of Living Word Assembly Church, Miscellaneous Application No. 0001 of 2021*, and submitted that a bank guarantee constitutes sufficient security pending determination of the substantive proceedings. The Applicant therefore prayed that the application be allowed with costs.

VI. Submissions of the Respondent

38. The Respondent submitted that the application is founded on the erroneous premise that the Respondent's letter dated 23 April 2026 did not constitute a valid customs decision. The Respondent maintained that a valid decision was communicated to the Applicant, that the Applicant failed to challenge it within the period prescribed by law, and that none of the conditions for the grant of a temporary injunction had been satisfied.

Whether the Tribunal has jurisdiction to entertain the application?

39. The Respondent submitted that although the Tribunal has jurisdiction to hear and determine interlocutory applications, the power under S.31(1) of the Tax Appeals Tribunal Act presupposes the existence of a properly constituted review application. According to the Respondent, where the mandatory statutory requirement under S.15 of the Tax Appeals Tribunal Act

has not been satisfied, there is no properly constituted substantive application to which ancillary relief can attach.

40. The Respondent further submitted that ***Century Bottling Company Limited v Uganda Revenue Authority, TAT Application No. 33 of 2020*** does not assist the Applicant. It argued that the case concerned the manner and timing of compliance with the 30% requirement and not the complete dispensation of the statutory obligation. According to the Respondent, the Applicant seeks to avoid section 15 altogether, a course not sanctioned by the law.

Whether the obligation to pay 30% under section 15(1) of the Tax Appeals Tribunal Act arises?

41. The Respondent submitted that the management letter dated 23 April 2026 constituted a valid customs decision within the meaning of S.229(1) of EACCMA. It argued that the letter itemised the taxes found due, quantified the liability at Shs.6,544,414,070 and reproduced Ss.229(1) and 229(2) of EACCMA, thereby notifying the Applicant of its right to seek review within thirty days.
42. The Respondent further submitted that the Applicant failed to exercise that right within the prescribed period. According to the Respondent, the Applicant's first substantive representations were made 54 days after communication of the decision and did not constitute an application for review under S.229(2) of EACCMA. It argued that the Applicant's subsequent requests for harmonisation and reopening of the audit merely sought indulgence and reconsideration of a decision that had already been communicated.
43. The Respondent submitted that the Applicant's reliance on ***MTN Uganda Limited v Uganda Revenue Authority, Miscellaneous Applications Nos. 05 and 06 of 2026*** was misplaced. It argued that MTN arose under the Domestic Taxes regime and concerned the meaning of "assessment" under

the Tax Procedures Code Act, whereas the present dispute arises under EACCMA, which employs the concept of a "decision" rather than an "assessment". According to the Respondent, the two statutory regimes are distinct and MTN is therefore distinguishable.

44. The Respondent further contended that the Applicant's reliance on ***Fuelex (U) Limited v Uganda Revenue Authority, Constitutional Petition No. 3 of 2009 [2020] UGCC*** was equally misplaced. They argued that the constitutional exception recognised in Fuelex applies only where a dispute raises no issue regarding the amount of tax payable. According to the Respondent, the Applicant's challenge concerns quantified tax liabilities and therefore raises issues of quantum as well as law.
45. In support of that proposition, the Respondent relied on ***Bullion Refinery Limited v Uganda Revenue Authority, TAT Application No. 36 of 2021***, where the Tribunal held that where a taxpayer objects to an assessment and simultaneously raises questions of legal interpretation, the taxpayer remains obliged to comply with S.15 of the Tax Appeals Tribunal Act. According to the Respondent, the Applicant falls squarely within that category.
46. The Respondent also submitted that the taxes demanded are properly recoverable under the customs regime. It argued that the definition of "duty" under S.2 of EACCMA includes taxes arising from importation and that VAT and withholding tax on imported services are therefore recoverable through the machinery established under EACCMA. Accordingly, the Respondent maintained that a tax liability of Shs.6,544,414,070 exists within the contemplation of S.15 of the Tax Appeals Tribunal Act and that the Applicant is obligated to pay thirty percent thereof.

Whether the Applicant satisfies the conditions for grant of a temporary injunction?

47. The Respondent submitted that the purpose of a temporary injunction is to preserve the status quo pending determination of the substantive

proceedings. It relied on *Kiyimba-Kaggwa v Haji Katende Abdunasser, Civil Suit No. 2109 of 1984*, and argued that the prevailing status quo is the existence of an uncollected customs debt which became final upon the Applicant's failure to invoke the review procedure prescribed under S.229(1) of EACCMA. According to the Respondent, the Applicant seeks not to preserve that position but to suspend enforcement of the tax liability without complying with section 15 of the Tax Appeals Tribunal Act.

48. The Respondent further submitted that the Applicant had failed to establish a prima facie case with a probability of success. It maintained that a valid customs decision was communicated, that the Applicant failed to challenge it within time, and that the Applicant's own annexures and conduct demonstrate the existence of a quantified tax liability.
49. While submitting on the question of irreparable injury, the Respondent argued that the injury alleged by the Applicant is financial in nature and therefore compensable. It submitted that the Applicant is part of the global Maersk group and has previously obtained substantial financial support from its parent company. According to the Respondent, the Applicant has not demonstrated any harm incapable of compensation in damages.
50. The Respondent also contended that the balance of convenience favours the collection of public revenue. It argued that deferred collection of taxes lawfully due prejudices the Respondent and the public interest, whereas any sums paid by the Applicant remain refundable should it ultimately succeed. Accordingly, the Respondent submitted that none of the conditions for grant of a temporary injunction had been established.

Whether payment of the 30% may be substituted by a bank guarantee?

51. Without prejudice to its primary case, the Respondent submitted that S.15 of the Tax Appeals Tribunal Act requires payment of thirty percent of the disputed tax and does not permit substitution of that payment by a bank

guarantee. According to the Respondent, the statutory language is mandatory and speaks in terms of payment rather than security.

52. The Respondent cited ***Vivo Energy Uganda Limited v Uganda Revenue Authority, Miscellaneous Application No. 78 of 2024***, where the Tribunal held that a bank guarantee does not constitute payment and cannot satisfy the statutory requirement under S.15. It argued that the same reasoning should apply in the present matter.
53. The Respondent further submitted that the foreign authorities relied upon by the Applicant are distinguishable and that no legal basis exists for replacing the statutory requirement of payment with a bank guarantee. It therefore prayed that the alternative prayer be rejected.

Remedies

54. The Respondent submitted that the Applicant is not entitled to any of the reliefs sought and prayed that the application be dismissed with costs.
55. In rejoinder, the Applicant reiterated their earlier submissions.

VII. The Determination

56. Having read all the evidence and submissions of the parties, this is the decision of the Tribunal.
57. The dispute arises from the Respondent's attempts to enforce payment of taxes amounting to Shs.6,544,414,070 following a Customs Post Clearance Post Authorisation Audit conducted on the Applicant. The Applicant challenged the legality of the demands in TAT Application No. 151 of 2026, and sought preservation of the status quo pending determination of that application. The Respondent, on the other hand, maintained that a valid customs decision was communicated to the Applicant and that the resulting liability attracts the requirements of S.15(1) of the Tax Appeals Tribunals Act ("the TAT Act").

58. We address each of the issues raised by the parties hereunder.

Issue one: Whether the Tribunal has jurisdiction to grant the orders sought?

59. The starting point is the Tribunal's jurisdiction to grant interim relief in taxation disputes. The Applicant submitted that the Tribunal is empowered under S.31(1) of the TAT Act to issue orders necessary to preserve the effectiveness of proceedings pending before it. The Respondent did not dispute the existence of that statutory power but argued that it can be exercised only where there is a properly constituted application before the Tribunal.

60. S.31(1) of the TAT Act provides that:

"Where an application for review or appeal of a taxation decision has been lodged with a reviewing body, the reviewing body may make an order staying or otherwise affecting the operation or implementation of the decision under review or appeal, or a part of the decision, as the reviewing body considers appropriate for the purposes of securing the effectiveness of the proceeding and the determination of the application for review or appeal."

61. The significance of this provision is that it confers upon the Tribunal a specific statutory mandate to preserve the subject matter of a tax dispute pending its determination. S.31(1) is intended to ensure that the outcome of review proceedings is not rendered ineffective by the implementation or enforcement of the decision under challenge.

62. The Tribunal is further guided by S.23(3) of the TAT Act, which permits it to apply the rules of practice and procedure of any court where appropriate. Consequently, in determining whether temporary relief should issue, the Tribunal may draw guidance from Order 41 Rules 1 and 2 of the Civil Procedure Rules and the established principles governing temporary injunctions.

63. In the Applicant's affidavit in support, Mr. Yolisa Khantwane deponed that the substantive application raised questions concerning the existence of an assessment, the legality of the Respondent's demands, the Applicant's right of objection and review, and the observance of due process by the Respondent. Ms. Ramulah Namata, the Respondent's witness, acknowledged the existence of the substantive proceedings, although she disputed their merits and maintained that the Applicant ought to have invoked the review procedure under EACCMA.

64. We are therefore satisfied that there exists a pending application for review before the Tribunal. Once such an application has been lodged, S.31(1) of the TAT Act empowers the Tribunal to consider whether temporary measures are necessary to secure the effectiveness of those proceedings. The question whether the Applicant ultimately succeeds in the substantive application is distinct from, and does not affect, the Tribunal's jurisdiction to consider interlocutory relief.

65. S.31(1) of the TAT Act speaks of an application for review "of a taxation decision". The Applicant challenges the Respondent's letter of 23 April 2026 and the demand notices of 26 May 2026 and 29 May 2026 which followed it. The Respondent maintains that the letter of 23 April 2026 was itself a decision on a customs matter under S.229 of EACCMA. The parties therefore differ on the legal character of those acts, but not on the fact that acts of the Respondent are under challenge. For the purposes of this interlocutory application only, we are satisfied that the letter of 23 April 2026 and the subsequent demand notices are sufficient to engage S.31(1). Whether they amount to a valid decision under EACCMA, an assessment, or an enforceable taxation decision is a matter reserved for determination in Application No. 151 of 2026.

66. The Respondent's further contention, that there is no properly constituted application to which interim relief can attach because the thirty percent required under S.15(1) has not been paid, depends on the answer to Issue Two, which we address below.

67. Accordingly, the Tribunal finds that it has jurisdiction under S.31(1) of the TAT Act, read together with Ss.22 and 23 thereof, to entertain and determine the present application. This issue is answered in the affirmative.

Issue Two: Whether the obligation to pay 30% under S.15(1) of the Tax Appeals Tribunals Act arises in the circumstances of this case

68. The Applicant contended that the obligation to pay 30% of the disputed tax under S.15(1) of the TAT Act does not arise because the dispute before the Tribunal is not one concerning the quantum of tax assessed. Rather, it challenges the legality of the Respondent's conduct, including the existence of an assessment, the transition from audit findings to demand notices, the Applicant's statutory rights of objection and review, and the recoverability of the impugned taxes under the customs regime invoked by the Respondent.
69. S.15(1) of the TAT Act provides:
"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."
70. The question before the Tribunal is therefore not whether S.15(1) exists or whether the statutory deposit is mandatory in appropriate cases. Rather, it is whether the dispute raised by the Applicant falls within the category of disputes contemplated by that provision.
71. In both his Affidavit in Support and Affidavit in Rejoinder, Mr. Yolisa Khantwane averred that although the management letter dated 23 April 2026 indicated that an assessment would be raised after ten days, no such assessment was ever issued. He further contended that, notwithstanding the absence of an assessment, the Respondent proceeded to issue demand notices and that the legality of that course of action, including the recoverability of the impugned VAT, withholding tax and related charges under EACCMA rather than the domestic tax regime, forms part of the substantive dispute in Application No. 151 of 2026.

72. The Respondent, through Ms. Ramulah Namata, took a contrary position and maintained that the management letter itself constituted the operative customs decision under EACCMA and that the Applicant's challenge therefore attracts the statutory consequences flowing from that decision.
73. The Respondent further contends that the letter of 23 April 2026 reproduced Ss.229(1) and 229(2) of EACCMA, thereby notifying the Applicant of the thirty-day period within which to seek review; that the Applicant's first substantive representations were made fifty-four days after the decision was communicated; and that the Applicant's subsequent correspondence could not suspend or extend the statutory timelines. The Applicant, for its part, relies on the Respondent's email of 10 July 2026, which acknowledged that the Applicant had objected to part of the taxes identified during the audit. The Respondent also relies on the definition of "duty" in S.2 of EACCMA in support of its contention that the disputed liability was properly dealt with under the customs regime.
74. Those questions are central to Application No. 151 of 2026. They include whether the letter of 23 April 2026 constituted the operative taxation or customs decision; whether the VAT on imported services, withholding tax on imported services and VAT on agency and clearing fees in dispute were properly enforceable through EACCMA or required assessment under the Tax Procedures Code Act; whether the Applicant invoked the applicable review procedure within time; and the legal effect, if any, of the parties' subsequent correspondence, including the Applicant's letter of 16 June 2026 and the Respondent's email of 10 July 2026. It would not be appropriate to determine those questions conclusively in this interlocutory application. To do so would substantially determine the main application before the parties have been heard on its merits.
75. The present question is narrower. It is whether S.15(1) should operate to prevent the Applicant from having those legal questions determined unless it first pays thirty percent of the disputed sum. S.15(1), by its terms, applies to a taxpayer who has lodged a notice of objection to an assessment, and

requires payment of thirty percent of the tax assessed or of that part of the tax assessed not in dispute, whichever is greater. In ***Fuelex Uganda Limited v Uganda Revenue Authority, Constitutional Petition No. 3 of 2009 [2019] UGCC 15***, the Constitutional Court held that S.15 is unconstitutional insofar as it compels an objector whose challenge is not with regard to the amount of tax payable to make the thirty percent payment. More recently, in ***Fortuna Limited v Uganda Revenue Authority, Civil Appeal No. 36 of 2026 [2026] UGCommC 406***, the High Court set aside an interlocutory order requiring payment of the thirty percent deposit where the underlying dispute raised legal and technical questions concerning the lawfulness of the assessment.

76. S.15(1) must therefore be applied with regard to the nature of the dispute before the Tribunal. Where the challenge raises a genuine threshold question concerning the legal validity or basis of the taxation decision, the Tribunal should not determine that question against the taxpayer indirectly by first insisting upon the statutory deposit whose applicability forms part of the controversy. In the present case, the Applicant's evidence is that the letter of 23 April 2026 invited it to raise any issues concerning the audit findings by 6 May 2026 and stated that an assessment would thereafter be raised, and that no assessment was subsequently issued or served. Whether that letter was nonetheless the operative decision, as the Respondent contends, is precisely the question that Application No. 151 of 2026 will determine.
77. The Respondent relied on ***Bullion Refinery Limited v Uganda Revenue Authority, TAT Application No. 36 of 2021***, where the Tribunal held that a taxpayer who objects to an assessment and simultaneously raises questions of legal interpretation remains obliged to comply with S.15 of the TAT Act. That decision proceeded on the footing that there was an assessment to which the taxpayer had objected. In the present case, the existence of an assessment, and of an objection to it, is itself in dispute. ***Bullion Refinery*** is therefore distinguishable at this stage. The Respondent also submitted that ***MTN Uganda Limited v Uganda Revenue Authority***

is distinguishable because it arose under the domestic taxes regime rather than under EACCMA. Whether the present dispute is governed by EACCMA or by the Tax Procedures Code Act is one of the questions reserved for the main application, and it is unnecessary for us to resolve that distinction in this ruling.

78. We also note that in ***Alpha Woolen (U) Ltd v Uganda Revenue Authority, TAT Application No. 40 of 2023***, the Tribunal held that where there is no assessment, there is no basis upon which the 30% deposit should be paid. In that case, the Respondent sought to have the taxpayer's application dismissed for the failure to comply with the mandatory statutory requirement of paying 30% of the tax in dispute. That reasoning supports our view that S.15(1) should not be applied so as to bar the hearing of a challenge whose central question is whether an assessment exists at all.
79. We therefore make no finding at this stage as to whether the letter of 23 April 2026 was a valid decision under S.229 of EACCMA, whether the Applicant's challenge under that provision was out of time, or whether the disputed tax heads were lawfully recoverable under EACCMA. Those matters are reserved for determination in Application No. 151 of 2026. For present purposes, we are satisfied that the application raises substantial legal questions going to the validity and legal basis of the impugned demands rather than merely a dispute over the computation of an otherwise admitted tax liability.
80. Accordingly, the Tribunal finds that the obligation to pay thirty percent of the disputed tax under S.15(1) of the TAT Act does not arise in the particular circumstances of this application, and the Applicant is not required to make that payment as a condition for the hearing and determination of Application No. 151 of 2026. This issue is resolved in favour of the Applicant. It follows that the Respondent's contention under Issue One, that there is no properly constituted application to which interim relief may attach, also fails.

Issue three: Whether the Applicant satisfies the conditions for grant of a temporary injunction

81. Consistent with the purpose of S.31(1) of the TAT Act, the grant of temporary relief in taxation disputes is intended to ensure that the outcome of the proceedings is not rendered nugatory by premature enforcement of the decision under review.
82. The principles governing temporary injunctions are well settled. The Applicant relied on ***American Cyanamid Co. v Ethicon Ltd [1975] AC 396*** and ***Robert Kavuma v Hotel International Ltd, Supreme Court Civil Appeal No. 8 of 1990***, which are to similar effect. In ***Giella v Cassman Brown & Co. Ltd [1973] EA 358***, as adopted in ***Kiyimba Kaggwa v Haji Abdu Nasser Katende [1985] HCB 43***, it was held that an Applicant must establish:
- i. A prima facie case with a likelihood of success;
 - ii. That it stands to suffer irreparable injury which cannot adequately be compensated by damages; and
 - iii. If the Tribunal is in doubt, that the balance of convenience favours the grant of the injunction.

Whether the Applicant has established a prima facie case

83. A prima facie case does not require an Applicant to demonstrate that it will ultimately succeed in the substantive proceedings. As observed in ***Chestnut Uganda Limited v Uganda Revenue Authority [2026] UGTAT 15***, the requirement is satisfied where the claim raises serious triable issues and is not frivolous or vexatious.
84. The evidence of Mr. Yolisa Khantwane, contained in his Affidavit in Support and Affidavit in Rejoinder, raised questions concerning the existence of an assessment, the legality of the Respondent's demand notices, the recoverability of the impugned taxes under EACCMA, and the Applicant's statutory rights of review and objection. These matters were disputed by Ms. Ramulah Namata, whose position is that the management letter constituted

a valid customs decision and that the Applicant failed to invoke the review procedure prescribed by law.

85. The existence of those competing positions demonstrates that the substantive application raises genuine questions of law and fact requiring determination by the Tribunal. Consistent with the approach we have taken under Issue Two, at this stage the Tribunal is not concerned with the correctness of either position but only with whether the dispute merits judicial inquiry.
86. We are therefore satisfied that the Applicant has established a prima facie case. The first condition for the grant of a temporary injunction has been satisfied.

Whether the Applicant will suffer irreparable injury

87. The second requirement is whether the Applicant has demonstrated a risk of injury that cannot adequately be remedied by an award of damages.
88. The Tribunal agrees with the Applicant's witness, Mr. Yolisa Khantwane, that enforcement of the disputed liability would adversely affect the Applicant's working capital, disrupt its logistics and freight forwarding operations, and jeopardise the renewal of its Authorised Economic Operator (AEO) certification. We are of the view that such enforcement would impair the Applicant's ability to meet its obligations to customers and expose it to continuing penalties.
89. The Respondent contends that the injury alleged is financial and therefore compensable, that any taxes paid would be refundable should the Applicant succeed, and that the Applicant, as part of the Maersk group, has previously obtained financial support from its parent company. We have considered those submissions. The most significant harm identified in the evidence is not the payment of money as such. Mr. Yolisa Khantwane's evidence in rejoinder is that the Respondent recommended renewal of the Applicant's

Authorised Economic Operator certification only upon payment of the outstanding assessed taxes, and that enforcement measures would disrupt the Applicant's operations as a customs clearing agent and freight forwarder. Interference with the Applicant's regulatory standing as an Authorised Economic Operator, and with its ability to operate as a clearing and forwarding business, is qualitatively different from the payment of a sum of money which may later be refunded. The availability of support from other members of the group does not, without more, establish that the loss of that standing would be adequately compensated by a later refund.

90. Although the dispute involves a monetary claim, the Tribunal accepts that tax enforcement may occasion prejudice beyond financial loss where it affects a taxpayer's operations, commercial relationships, regulatory standing or business viability. In the circumstances, the Tribunal is satisfied that enforcement of the disputed liability before determination of the substantive application poses a real risk of substantial commercial prejudice to the Applicant and that the second condition for the grant of a temporary injunction has been satisfied.

Whether the balance of convenience favours the Applicant

91. While the Tribunal recognises the Respondent's statutory mandate to collect public revenue, it must equally ensure that the substantive proceedings are not rendered nugatory. In the present case, the disputed taxes remain recoverable should the Respondent ultimately succeed, whereas immediate enforcement may occasion disruption to the Applicant's operations before the legality of the impugned demands is determined. The Tribunal therefore finds that the balance of convenience favours preservation of the status quo pending determination of Application No. 151 of 2026.
92. In reaching this conclusion, we acknowledge that restraining the collection of Shs.6,544,414,070 is not a neutral step, and that the Respondent has a legitimate interest in the timely collection of public revenue. The Respondent contends that the status quo is an uncollected customs debt which became

final when the Applicant failed to invoke the review procedure under S.229(1) of EACCMA. That contention, however, assumes the answer to the very questions reserved for Application No. 151 of 2026. The status quo to be preserved is the position before enforcement, pending determination of whether the Respondent's demands are lawful. The orders we make do not extinguish the Respondent's right of recovery should it ultimately succeed, and the Respondent has not suggested that the Applicant is dissipating its assets or is likely to leave the jurisdiction.

93. Having found that the Applicant has established a prima facie case, demonstrated a risk of irreparable injury and shown that the balance of convenience favours preservation of the status quo, the Tribunal is satisfied that the conditions for the grant of a temporary injunction have been met. This issue is resolved in favour of the Applicant.

Issue four: Whether the Applicant should satisfy the thirty percent payment by way of a bank guarantee?

94. Having found that the circumstances of this case do not warrant the payment of the 30% deposit it follows that the alternative remedy sought by the Applicant is not necessary and no longer falls for determination. In particular, it is unnecessary to decide whether a bank guarantee may constitute payment for the purposes of S.15(1), the question addressed in ***Vivo Energy Uganda Limited v Uganda Revenue Authority, Miscellaneous Application No. 78 of 2024***. That question is reserved. For the same reason, it is unnecessary to consider ***Century Bottling Company Limited v Uganda Revenue Authority, TAT Application No. 33 of 2020***, which, as the Respondent submitted, concerned the manner and timing of compliance with the thirty percent requirement.

Remedies available to the parties

95. We emphasise that nothing in this ruling determines the merits of Application No. 151 of 2026. In particular, we make no final finding on whether the letter of 23 April 2026 constituted a decision or assessment capable of enforcement, whether the Applicant complied with the review procedure under EACCMA, whether the disputed tax heads were properly dealt with under that Act, or whether the Respondent's subsequent demands were lawful. Those questions remain for determination in the main application.
96. The purpose of the present orders is therefore limited to preserving the position of the parties so that those questions may be determined effectively and without the substantive application being overtaken by enforcement.

Obiter

97. The Applicant contends that it wrote to the Respondent requesting it to stay enforcement measures pending the outcome of an audit by the domestic taxes department of the same tax heads that the Respondent's customs department had audited. Taxpayers interface with the Uganda Revenue Authority as a single institution that is charged with collecting and administering taxes. Therefore, the respective departments should avoid working in silos and harmonise their approaches when engaging with taxpayers.
98. Where different departments of the Respondent undertake audits covering the same taxpayer, periods, transactions or tax heads, appropriate internal coordination is desirable. Apart from imposing unnecessary compliance burdens, overlapping processes may produce inconsistent administrative positions and generate disputes which proper coordination could avoid. There should also be clear internal mandates, for example, as to whether the Customs Department should audit domestic tax matters. The Tribunal is increasingly registering cases in which both the Customs and Domestic Taxes Departments audited VAT and withholding tax on imported services at the same time, and both departments issued assessments and objection decisions. Such duplication should be avoided.

VIII. Orders

- (i) The application is hereby allowed.
- (ii) The obligation to pay 30 per cent of the disputed tax under S.15(1) of the TAT Act does not arise.
- (iii) A temporary injunction is hereby issued restraining the Respondent, its agents, servants or employees from enforcing, implementing or taking any recovery measures in respect of the disputed tax liability of Shs.6,544,414,070 arising from the letter of 23 April 2026, including the 30 per cent deposit and the demand notices challenged in Application No. 151 of 2026, pending the hearing and determination of that application.
- (iv) Costs shall abide the outcome of the main cause.

DATED at Kampala this.....7th..... day of ..October..... 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. PROSCOVIA REBECCA NAMBI
MEMBER



HON. STELLA NYAPENDI CHOMBO
MEMBER