

THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
MISCELLANEOUS APPLICATION NO. 006 OF 2025
(ARISING FROM TAT APPLICATION NO. 211 OF 2023)

MAGANJO GRAIN MILLERS LIMITED.....APPLICANT
VERSUS
UGANDA REVENUE AUTHORITY.....RESPONDENT

BEFORE: MS. CRYSTAL KABAJWARA, MS. CHRISTINE KATWE, MR. SIRAJ
ALI

RULING

This application is brought under Section 16 (2), 22 (6) of the Tax Appeals Tribunal Act, Rule 31 (2) of the Tax Appeals Tribunal (Procedure) Rules and Order 43 Rule 1 of the Civil Procedure Rules S. I 71. The Applicant filled this application seeking orders that:

- (i) Time within which to lodge an application for review to the Tribunal by the Applicant be extended.
- (ii) TAT Application No. 211 of 2023 be regularized.
- (iii) The Applicant be granted leave to amend the Application vide TAT Application No. 211 of 2023 for review of the Respondent's decision.
- (iv) Costs of this application be provided for.

1. Background Facts

The Applicant deals in agro –processing of cereals. The Respondent conducted an investigation on the Applicant for the period July 2018 –June 2021 and issued a tax liability of Shs. 46,612,748,996 comprised of the following:

- (i) Corporation tax of Shs. 26, 588, 281, 739;
- (ii) VAT of Shs. 17,899,362,459; and
- (iii) PAYE of Shs. 1,125,104,799.

The Applicant filled this Misc App No. 006 of 2025 to amend their application and to seek for extension of time to validate TAT App No. 211 of 2023. The grounds of this application are contained in the affidavit deposed by Ms. Betty Namukisa, the Chief Executive Officer of the Applicant and sworn on the 21 January 2025 as follows:

- (i) The Respondent conducted an audit on the Applicant for the period 2018 to June 2021 and communicated its findings on 3 May 2022 of a total tax liability of Shs. 46,612,748,996;
- (ii) On 24/08/2022 and 06/12/2022, the Applicant objected to income tax assessments and 22/06/2022, 23/06/2022, 27/06/2022, 08/09/2022, 29/11/2022 and 06/12/2022 the Applicant objected to VAT on grounds that the assessments do not reflect the true earnings of the Applicant.
- (iii) That on 15 September 2022 and 30 January 2023, the Respondent disallowed all the objections on the grounds that the grounds of appeal were not clear, and no documentary evidence was provided.
- (iv) On 18 December 2023, the Applicant filed TAT Application No. 211 of 2023 disputing total tax liability of Shs. 34,635,414,645 based on the demand issued by the Respondent on the 17 November 2023.
- (v) After filing the application for review, during the TAT guided mediation, the Applicant requested the Respondent to avail information relied upon to raise the assessment which was not done.
- (vi) That the Applicant's Accountant's realized that there was an error when the Applicant indicated Shs. 34,653,414,645. It was further realized that the objections decisions were issued on 15 September 2022 to 30 January 2023, and that TAT App No. 211 of 2023 had been filed out of time. The Applicant's former Accountants had relied on the dates in the demand for taxes as opposed to objection decisions.
- (vii) Pursuant to the application for discovery, Misc App No. 165 of 2024, the Respondent availed most of the information. Upon perusal, the Applicant discovered material facts relating to tax liability which is Shs. 44,644,198 being VAT of Shs. 17, 899, 362, 459 and income tax of Shs. 26,588,281,739 that the Applicant desires to include in this application.

In the affidavit in reply, deponed by Mr. Stuart Aheebwa, an Advocate of the High Court of Uganda and an employee of the Respondent sworn on the 29 January 2025, the Respondent stated as follows:

- (i) The Respondent obtained information that the Applicant's management team works with certain accountants who forge audited financial statements for tax purposes including the Respondent's tax audits and filing of returns. Following receipt of the information, the Respondent conducted a comprehensive investigation for the period July 2016 to June 2021, in a bid to ascertain the tax evasion allegations of undeclared sales, evasion of PAYE and Import taxes and to ascertain the amount of tax evaded.
- (ii) Upon conclusion of the investigations for the period July 2018-June 2021, the Applicant was assessed a total tax liability of Shs. 46,612,748,996 being corporation tax of Shs. 26,588,281,739, VAT of Shs. 17,899,362,459 and PAYE of Shs. 1,125,104,799.
- (iii) On 27 June 2022 the Applicant partially objected to the assessment of Shs. 34,635,714,645 that was issued by the Respondent on 21 June 2022. The objection was made on the basis that the amount demanded was unknown to the Applicant and the tax assessed was unfair and did not reflect the true earnings of the Applicant.
- (iv) In September 2022 to January 2023 the Respondent disallowed the Applicant's objections following failure of the Applicant to provide information. Consequently, the Applicant filed TAT Application No. 211 of 2023 on 18 December 2023, 10 months after the Respondent's objection decision.

In the Affidavit in rejoinder deponed by Ms. Betty Namukisa, the Chief Executive Officer of the Applicant and sworn on the 7 February 2025, the Applicant stated as follows:

- (i) The application has merit and should be allowed and that the Applicant's former accountants erroneously relied on the demand notices issued by the Respondent and filed TAT Application 211 of 2023 on 18 December 2023, 3 days after the Respondent's taxation decision to issue demand notices against the Applicant.
- (ii) That the reason for the delay was because the Respondent took long in rendering its decision at Alternative Dispute Resolution. Further, the delay was because the

Applicant was advised by its accountant that the law requires payment of 30% before filing an application for review. The Applicant made its payment of 30% from June 2022 to December 2023.

- (iii) That the amendment is intended to ensure all issues in controversy are determined. Therefore, there is justifiable cause for grant of this application. That the Applicant's new accountants realized that there was an error in the amount of tax in dispute and that TAT Application 211 of 2023 had been filed out time by the fault of the former accountants who relied on the date and amount indicated in the demand notices.

2. Issues for determination

The issues for determination by the Tribunal are as follows:

- (i) Whether the application for extension of time should be granted?
- (ii) Whether leave to amend TAT Application No. 211 of 2023 for review of the Respondent's decision be granted?
- (iii) Whether the Applicant has paid the thirty percent of the tax in dispute?
- (iv) What remedies are available for the parties?

3. Representation

The Applicant was represented by Mr. Sydney Ojwee and Ms. Favour Kirabo while the Respondent was represented by Ms. Diana Mulira and Ms. Charlotte Katuutu.

4. Submissions of the Applicant

The Applicant submitted as follows:

Extension of time to apply for review

The Applicant submitted that it brought this application seeking for extension of time for the application for review, regularization of and leave to amend TAT Application No. 211 of 2023.

The Applicant submitted that it seeks to challenge the merits of the assessments in respect of which the objection decisions of the Applicant were issued between 15 September 2022 and 30 January 2023. TAT Application No. 211 of 2023 which was filed on 18 December 2023 is out of time to challenge the said objection decisions, thus requiring extension of time.

The Applicant submitted that Section 25(1) of the Tax Procedures Code Act (TPCA) provides that a person dissatisfied with an objection decision may lodge an application before the Tribunal within 30 days from the date of service of the objection decision. The Tribunal has powers to extend time within which to file an application for review as per Section 16(2) of the Tax Appeals Tribunal Act.

The Applicant submitted that Rule 11(6) of the Tax Appeals Tribunal (Procedure) Rules provides that the Tribunal may extend time if satisfied that the taxpayer was unable to file the application because of illness, absence from Uganda or any other reasonable cause.

The Applicant contended that the delay was as a result of the Applicant's ADR application to the Respondent, which was finally determined in August 2023. The Applicant was under the belief that the matter would expeditiously be decided under ADR.

The Applicant submitted that in ***Alnoor Tiles and Ceramics Ltd V URA, TAT 103 of 2023***, the Tribunal allowed extension of time noting that the Applicant applied for ADR on 1 April 2023 but the decision rejecting the same was made on 5 June 2023. The Tribunal noted that this was not reasonable time to respond to the ADR Application.

The Applicant submitted that the application for ADR was made in February 2023, and the decision rejecting was communicated in August 2023 which is 7 months later. This was not reasonable time within which to inform the Applicant that its ADR application had been rejected.

The Applicant also submitted that they were advised by its accountants that the application to TAT could not be made before payment of 30%. The Applicant paid 30% in installments from June 2022 to December 2023 and finally filed TAT Application 211/2023 in December 2023. Therefore, there is reasonable cause for the delay as the Applicant had to secure funds to pay the 30% deposit which was a huge amount of Shs. 15,800,416,946. The Applicant prayed that the application be allowed.

Amendment of the application for review

The Applicant submitted that it seeks to amend TAT Application 211/2023.

This is on the grounds that whereas the said application indicated the amount in dispute to be Shs. 34,635,414,645, this amount was based on the demand notice of 17 November 2023. It did not include the tax of Shs. 9,851,929,553 which had been paid as part of the 30% deposit but which the Applicant still wishes to dispute. The Applicant seeks to amend its application to indicate the correct disputed amount of Shs. 44,487,644,198.

Furthermore, the Applicant did not include the detailed reasons why it was challenging the tax liability because the Applicant did not know the reasons why the tax had been assessed. The Respondent refused to avail the Applicant with the documentation relied upon even during mediation. The documents were availed on 2 December 2024 upon filing an application for discovery. The Applicant was able to identify the grounds for challenging the assessments.

The Applicant cited Order 6 Rule 19 of the Civil Procedure Rules which provides:

"The court may, at any stage of the proceedings, allow either party to alter or amend his or her pleadings in such a manner and on such terms as may be just and all such amendment as may be necessary for the purpose of determining the real questions in controversy between the parties."

The Applicant submitted that in the case of **Muwolooza and Brothers Versus N. Shah and Co. Ltd Civil Appeal No.26 of 2010**, the court observed that amendments are allowed by courts so that the real question in controversy between the parties is determined and justice is administered without undue regard to technicalities in accordance with Article 126 (2) (e) of the Constitution.

The Applicant submitted that the amendment will not occasion an injustice to the Respondent. It is important that the real questions in controversy be determined, and in the interest of justice that the assessments of Shs. 44,487,644,198 be examined.

The Applicant submitted that the application was made in good faith and there is good cause for grant of the same. The delay was occasioned by the fact that the Applicant spent so much time waiting for ADR response in good faith hence sufficient good cause and entitles it a grant of an amendment to the pleadings. The Applicant prayed that the Tribunal grants the Applicant leave to amend its application.

5. The Submissions of the Respondent

The Respondent made the following submissions:

Extension of time to review the application

The Respondent submitted that Section 25 (1) of the TPCA provides that a person dissatisfied with an objection decision may, within 30 days after being served with a notice of objection, lodge an application with the Tax Appeals Tribunal for review of the objection decision. Section 16 (1) of the Tax Appeals Tribunal Act provides that an application for review shall be made within 30 days of the taxpayer being notified of the taxation decision. Section 16 (2) of the same Act provides that the Tribunal may, upon application in writing, extend the time for the making of an application to the tribunal for review of a taxation decision.

The Respondent submitted that the objection decisions in this case were issued between 15 September 2022 and 30 January 2023. This current application ought to have been filed by 2 March 2023. The Applicant filed the Application on 18 December 2023, 10 months later.

The Respondent submitted that in ***Civil Appeal No. 31 of 2000 Uganda Revenue Authority Vs. Uganda Consolidated Properties Ltd*** where Court held:

"Time limits set by statutes are matters of substantive law and not mere technicalities and must be strictly complied with".

The Respondent contended that the Applicant was informed that whereas they were contending that the assessed tax was unfair and does not reflect the position of the Applicant, the Applicant was availed an opportunity to present documents in support of their objection. However, they only provided partially signed audited accounts regarding VAT and income tax for the period 2019, 2020 and 2021.

The Respondent submitted that it could not rely on unauthenticated audited financial statements to allow for deductions based on interdepartmental sales, expenses and capital deductions. The Applicant should have filed the application on receiving the response from ADR in August 2023. They waited another 3 months before filing for the review in the Tribunal.

The Respondent averred that the Applicant's submission that they were looking for the 30% of taxes payable is an afterthought as they had already paid Shs. 9,851,929,553

on 17 November 2023, at the time the final demand was made. They were able to file their Application in TAT and seek a payment plan for the balance of the 30%.

The Respondent therefore prayed that this application is dismissed with costs.

Non-payment of 30% of the tax in dispute

The Respondent contended that the Applicant by her own admission have stated that the 30% payable in the Tax Appeals Tribunal was Shs. 15,800,416,946. In the demand letter dated 17 November 2023 the Applicant had paid Shs. 9,851,929,553 hence leaving a balance of Shs. 5,948,487,393 unpaid. The application is bad in law and ought to be dismissed with costs as the Applicant has not paid the entire 30% of the tax in dispute as required by the law.

The Respondent submitted in the case of ***Commissioner General Uganda Revenue Authority Vs. Meera Investments Ltd, Supreme Court Civil Appeal No. 22 of 2007***, where Kanyeihamba JSC noted that, the Government needs taxes paid expeditiously and in the national interest.

The Respondent submitted that since the entire payment has not been made and nor is there a payment plan in place to pay the balance, the Respondent prayed that this application be dismissed with costs to the Respondent.

Amendment of the application

The Respondent submitted that the Applicant cannot at the time of filing the Application claim to not have been aware of the basis of the assessment; this is because numerous meetings were held with the Respondent's team in a bid to facilitate reconciliation of the matter. Meetings with the Respondent's investigation officers to discuss the same were held on 29 November 2021, 19 January 2022 and March 22, 2022. Therefore, the application for the amendment is an abuse of the Tribunal's process.

The Respondent submitted that the Applicant sat on his rights by not stating the basis of his objection to the assessment but also took more than ten months to seek a review of the same. This is improper and a gross abuse of the Tribunal's process which ought to be treated with the contempt it deserves.

The Respondent prayed that the application be dismissed with costs to the Respondent.

6. Submissions of the Applicant in rejoinder

In rejoinder, the Applicant reiterated their earlier submissions.

Specifically, the Applicant submitted that without prejudice to the foregoing, it should be noted that TAT Application 211/2023 that the Applicant seeks to amend was within time. The Applicant made the application for review 3 days from the demand notices which was the taxation decision the Applicant sought review for from this Tribunal. In other words should the Tribunal fail to grant the application for amendment, the original application is still within the prescribed time and the same can be heard by the Tribunal.

The Applicant submitted that although the Applicant has brought its application out of the prescribed period, it accounted for the delay during the prescribed period. The Applicant prayed that the Tribunal finds that the Applicant entitled to the grant of extension of time.

The Applicant also contended that it had indeed paid the entire 30% of the tax in dispute, which is Shs. 15,800,416,946 despite the Respondent's allegations.

7. The determination by the Tribunal

Having read the submissions of the parties, this is the decision of the Tribunal.

In the Respondent's statements of reasons, the Respondent raised two preliminary objections that the application was time barred, and that the Applicant had not paid the 30%. However, the Applicant filed this application seeking orders that:

- (i) Time within which to lodge an application for review to the Tribunal by the Applicant be extended.
- (ii) TAT Application No. 211 of 2023 be regularized.
- (iii) The Applicant be granted leave to amend the Application vide TAT Application No. 211 of 2023 for review of the Respondent's decision.

Extension of time

The Respondent issued their objection decisions between 15 September 2022 and 30 January 2023. Therefore, the Applicant ought to have filed their application between

14 August 2022 and 2 March 2023. The Applicant submitted that TAT Application 211 of 2023 that was filed on the 18 of December 2023 was filed 10 months later as the Applicant has applied for ADR before the Respondent in March 2023. However, the Respondent's decision's rejecting its application for ADR was communicated five months later in August 2023. The Applicant considers the time taken by the Respondent to reject the application as unreasonable.

The Applicant also submitted that without prejudice to the foregoing, it should be noted that TAT Application 211/ 2023 that the Applicant seeks to amend was within time because the Applicant made the application for review 3 days from the issuance of the demand notices. The Applicant considers the demand notices to be a taxation decision. Therefore, if filed on the basis of the demand notices, it would follow that TAT application 211/2023 was filed within time.

Section 16 (1) (c) of the Tax Appeals Tribunals Act (TATA) requires persons to file their applications before the Tribunal within thirty days of being served with the notice of the decision. Section 16 (2) grants the Tribunal discretion to extend the time within which an application for review may be filed.

In the case of ***Uganda Revenue Authority v Uganda Consolidated Properties Ltd (Civil Appeal No. 31 of 2000) [2000]***, Twinomujuni JA stated:

"...Clearly, that application was filed after over 50 days from June 17, 1999, instead of within 30 days as required by the law. Time limits set by statutes are matters of substantive law and not mere technicalities and must be strictly complied with".

In the present case, the Applicant filed this application 10 months after they were served with the objection decision. The Applicant alleged that they applied to the Respondent in March 2023 for ADR and the Respondent's ADR decision was communicated on 1 August 2023. The Applicant filed this Application on 18 December 2023. Going by the ADR decision date, the Applicant ought to have filed their application by 31 August 2024. They instead filed their application on 18 December 2023 and were still four months late.

Therefore, the inference from the above conduct is that there was no vigilance or sense of urgency on the part of the Applicant.

The Applicant's argument that they treated the demand notices as decisions is not tenable. While Section 1 of the TATA defines a taxation decision to include a notice, in the present case, the demand notices were issued after the Applicant failed to apply to the Tribunal for review of the Respondent's objection decisions and / or ADR decision within the required timeframe. Having failed to file their application by 31 August 2023, the Applicant ought to have anticipated that demand notices would follow as failure to apply to the Tribunal for review of a decision is as good as accepting the tax liability.

However, in view of the significance of the amount of tax in dispute, i.e., Shs. 34,635,414,645, which the Applicant has applied to amend to Shs. 44,487,644,198, it would be reasonable in the circumstances to grant the application for extension of time so that the matter is determined on its merits. The Tribunal recognizes that this has been a protracted dispute dating back to 2023 and it is important for both parties to have closure.

Amendment of pleadings

The Applicant submitted that it seeks to amend TAT Application 211/2023 which indicated the amount in dispute as Shs. 34,635,414,645 based on the demand notice of 17 November 2023. This amount did not include the tax of Shs. 9,851,929,553 which was paid as part of the 30% which the Applicant disputes. The Applicant stated that the correct amount Shs. 44,487,644,198.

Section 16 (4) of the Tax Appeals Tribunals Act provides:

"Where an application for review relates to a taxation decision that is an objection decision, the Applicant is, unless the Tribunal orders otherwise, limited to the grounds stated in the taxation objection to which the decision relates."

Order 6 rule 19 of the Civil Procedure Rules, which states:

"The court may, at any stage of the proceedings, allow either party to alter or amend his or her pleadings in such a manner and on such terms as may be just and all such amendments shall be made as may be necessary for the purpose of determining the real questions in controversy between the parties."

In the case of **Lea Associates Limited Versus Bunga Hill House Limited HCT-00-CC-MA-0348-2008**, Hon. Justice Lameck N. Mukasa stated:

“As a general rule amendment of pleadings should be allowed at any stage of the proceedings where court is satisfied that the amendment will enable the real question in controversy between the parties to be adjudicated upon and no injustice would be occasioned to the opposite party.”

In the case of ***Gasu Transport Services (Bus) Ltd V Martin Adala Obene, Supreme Court Civil Appeal No.4 of 1994***, Tsekeko JSC stated:

- i. The amendment should not work injustice to the other side. An injury that can be compensated for by way of costs is not treated as an injustice.*
- ii. Multiplicity of proceedings should be avoided as far as possible and all amendments, which avoid such multiplicity should be allowed.*
- iii. An application which is made malafide should not be granted.*
- iv. No amendment should be allowed where it is expressly or impliedly prohibited by any law.”*

In the present case, the Applicant seeks to amend their application to include the 30% deposit that they paid in respect of the disputed amount.

Allowing the amendment will enable the Tribunal to resolve the dispute in its entirety rather than entertain multiple disputes – one dealing with Shs. 34,635,414,645 and another dealing with Shs. 9,851,929,553.

It should also be noted that the Applicant applied for and was granted discovery of documents in Misc App No 165 of 2024 to be able to ascertain the full extent of the Respondent's case for the liabilities assessed. Therefore, it would be proper to allow the Applicant to amend their application.

The 30 percent deposit

The Tribunal notes that the Applicant, on their own admission, seeks to amend TAT 211/2023 to include Shs. 9,851,929,553 which was a payment towards the 30% deposit.

Section 15 of the Tax Appeals Tribunal Act, requires a taxpayer to pay thirty percent of the tax assessed pending final resolution of the objection.

This was confirmed in the case of ***Bullion Refinery limited v URA Application No. 36 of 2021***, where the Tribunal stated:

"The requirement to pay the 30% of the tax assessed or the amount not in dispute arises when a party has filed an objection and not when a taxpayer files a matter in the Tax Appeals Tribunal. This means that by the time the matter is filed in the tribunal, the 30% ought to have been paid".


The Applicant contends that it had indeed paid the entire 30% of the tax in dispute, which is Shs. 15,800,416,946. However, the Applicant has not provided any proof of the payment. The Applicant seeks to indicate the correct disputed amount as Shs. 44,487,644,198 where the corresponding 30 percent would be Shs. 13,346,293,259. The Applicant paid Shs. 9,851,929,553, leaving Shs. 3,494,363,706 as unpaid.

The Applicant provided ledgers and payment registration numbers used to pay the alleged amount. However, these do not amount to proof of payment and it is not the Tribunal's job to reconcile payments to ledger and PRNs. The burden of proof in tax matters lies with the Applicant and the Applicant has not discharged this burden.

In view of the above, the Tribunal makes the following orders:

- (i) The application for extension of time is granted.
- (ii) The application to amend the TAT Application 211 of 2023 is granted.
- (iii) The Applicant should file an amended application within two weeks from the date of this decision.
- (iv) The Applicant is ordered to pay the outstanding amount of Shs. 3,494,363,706 in respect of the 30 percent deposit. This should be paid before the amended application is filed.
- (v) Costs of this application are hereby awarded to the Respondent on account of the Applicant's delay in filing their application and / or applying for extension of time to file their application.

Dated at Kampala this 28th day of March 2025.


CRYSTAL KABAJWARA
CHAIRPERSON


CHRISTINE KATWE
MEMBER


SIRAJ ALI
MEMBER

