



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
APPLICATION NO. 377 OF 2025.

MIDLANDS FREIGHT LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. STELLA NYAPENDI CHOMBO, HON. CHRISTINE KATWE,
HON. GERALD AGABA KAKIMA.**

RULING

I. Introduction

1. The Applicant seeks compensation arising from the Respondent's alleged unlawful and prolonged detention of Motor Vehicle Registration No. KBF 053W and Trailer No. ZD6127, including special damages, general damages and punitive/exemplary damages, together with interest and costs of the proceedings.

II. Background Facts

2. The Applicant, Midlands Freight Limited, is a company incorporated in Kenya and engaged in cross-border haulage in the East African Community. It was the registered owner/co-owner, together with Credit Bank Limited, of Motor Vehicle Registration No. KBF 053W and Trailer No. ZD6127. On 24 February 2012, the Respondent, with the assistance of the Kenya Revenue Authority, seized the vehicle at Busitema together with approximately 21

tonnes of wet cattle hides and skins, alleging customs offences under Seizure Notice No. BSTM/OFF/02/2012-017.

3. Following the seizure, separate penalties were assessed against the vehicle and the consignment. On 30 May 2012, the Applicant paid a penalty of USD 3,000 imposed in respect of the vehicle Registration No. KBF 053W and Trailer No. ZD6127. The Applicant contended that, by virtue of section 199(3) of EACCMA, the vehicle ought thereafter to have been released immediately. The Respondent maintains that the consignment penalty remained unpaid and justified continued detention. Between 2012 and 2014, the Applicant, its financier and its advocates made several proposals for settlement and release of the vehicle, including a proposal in September 2014 to pay Shs. 25,000,000 in instalments.
4. In 2019, the Applicant instituted proceedings before the Chief Magistrate's Court at Malaba, which were resolved by a Consent Order dated 7 March 2019. The vehicle was subsequently released on 14 March 2019. The Applicant contends that it was released in a dilapidated condition after approximately seven years of detention. The Applicant thereafter pursued Civil Suit No. 630 of 2019 before the High Court. On 28 February 2022, the High Court held that the dispute constituted a "taxation decision" under the Tax Appeals Tribunal Act and that the appropriate forum was this Tribunal.
5. The Applicant withdrew its subsequent Civil Appeal No. 243 of 2022 by consent on 17 November 2025. On 9 December 2025, the Applicant commenced the present proceedings seeking damages, interest and costs arising from the detention of the vehicle between 30 May 2012 and 14 March 2019.
6. The Respondent opposed the claim and raised the preliminary objections of res judicata and inordinate delay, while the Applicant maintained that its claim for damages was not determined in the earlier proceedings.

III. Issues

7. The following are the issues for determination:

- i. Whether the continued detention of the vehicle constituted an unlawful taxation decision; and
- ii. Whether the Applicant is entitled to the remedies sought.

IV. Representation and Evidence

8. The Applicant was represented by Ms. Nahyuha Barbara of M/S Sanywa, Wabwire & Co. Advocates, while the Respondent was represented by Ms. Shantal Nalweyiso of the Legal Services and Board Affairs Department.
9. In the Affidavit in Support sworn by Mr. Balikowa David, the Operational Manager of the Applicant Company, on 23 July 2026, it is deponed that the Applicant is the registered owner of Motor Vehicle Registration No. KBF 053 W, jointly with Credit Bank Limited, and Trailer No. ZD 6127. The Applicant is a commercial transporter engaged in cross-border haulage and depends on the lawful use of its fleet for its business.
10. In December 2011, the suit vehicle and trailer were allegedly used to transport wet salted cattle hides and skins which were exported without payment of the applicable export levy. On 24 February 2012, the Respondent seized Motor Vehicle KBF 053 W and Trailer ZD 6127 at Busitema under Notice of Seizure No. BSTM/OFF/02/2012-017, alleging customs offences.
11. In March and April 2012, the Respondent undertook to release the suit truck upon payment of a USD 3,000 truck penalty and indicated that forfeiture was not being pursued. On 15 May 2012 and 22 May 2012, the Respondent, together with the Kenya Revenue Authority, confirmed offers for the sale of the goods to Cargo Supply Limited. On 30 May 2012, the Respondent assessed and demanded a USD 3,000 penalty for Motor Vehicle KBF 053 W and Trailer ZD 6127, which the Applicant paid through eTax Cash Receipt PRN212001545795. The Respondent subsequently confirmed the payment in its letter of 5 July 2012 to the Kenya Revenue Authority.

12. Despite payment and clearance of the penalties and taxes on 30 May 2012, the Respondent continued to detain the suit vehicle and trailer. The Applicant contends that under Section 199(3) EACCMA, 2004, the Respondent was required to release them upon payment of the penalty.
13. On 10 July 2012, Credit Bank Limited confirmed that it had financed Motor Vehicles KBF 053 W and KBF 059 W, together with their trailers, and, following a loan default of approximately Kshs. 8,806,199.51, instructed Keysian Auctioneers to repossess the vehicles. On 11 July 2012, Keysian Auctioneers proclaimed Motor Vehicle KBF 053 W, valued at Kshs. 5,000,000, but was unable to repossess it together with Trailer ZD 6127. On 13 November 2012, the High Court of Kenya at Milimani Commercial & Admiralty Division issued an order in Misc. Civil Suit No. 682 of 2012, Muganda Wasulwa t/a Keysian Auctioneers and Credit Bank Limited v. Midlands Freight Limited, directing police assistance to Keysian Auctioneers to repossess Motor Vehicle KBF 053 W and its trailer.
14. The Applicant made further efforts to secure release of the suit vehicle and trailer, including through Credit Bank Limited's letters dated 8 October 2012 and 16 October 2012. On 10 September 2014, Walusimbi & Co. Advocates again requested their release upon payment of Shs. 25,000,000 in four instalments, but the Respondent declined and continued the detention.
15. On 11 February 2019, the Applicant filed Misc. Cause No. 001 of 2019 in the Magistrates Court of Malaba, Uganda, against the Uganda Revenue Authority, seeking, among other reliefs, release of Trailer ZD 6127. The Applicant maintained that the penalties and taxes had been paid and cleared on 30 May 2012. The proceedings sought declaratory orders, release and costs, but did not claim damages or compensation for loss of use.
16. On 14 March 2019, the Respondent released Motor Vehicle KBF 053 W and Trailer ZD 6127 after more than seven years of detention. The Applicant alleges that they were released in a dilapidated and unroadworthy condition.

On 28 March 2019, the Applicant issued a statutory notice of its intention to pursue compensation for the alleged unlawful detention and invited the Respondent to mediation.

17. The High Court subsequently held that the issues of damages, compensation and loss arising from the continued detention had not been determined in the Malaba proceedings and that the Applicant was therefore at liberty to pursue such claims. On 28 February 2022, the High Court further held that the matter constituted a taxation decision and referred it to the Tax Appeals Tribunal. The Applicant maintains that the continued detention after payment of the penalty was contrary to the applicable customs law and Article 26 of the Constitution.
18. The Applicant claims compensation for loss of use of Motor Vehicle KBF 053 W and Trailer ZD 6127 for 2,474 days, being 7 years, 6 months and 12 days, based on a commercial hire rate of USD 2,000 per fortnight, equivalent to USD 142.86 per day, amounting to USD 353,428.44. Motor Vehicle KBF 053 W, valued at Kshs. 5,000,000 on 11 July 2012, is stated to be equivalent to UGX 145,600,000 using the Bank of Uganda indicative rate of Kshs. 1 = UGX 29.12 as of 21 July 2026. The Applicant also relies on the Kenya Revenue Authority Motor Vehicle Valuation Guide, which provides for average depreciation of commercial vehicles at 10% per annum.
19. On 4 December 2025, the Civil Appeal and cross-appeal arising from the High Court proceedings were withdrawn by consent. The Applicant consequently maintains that the High Court ruling of 28 February 2022 is final and binding and that its claim for damages and compensation arising from the prolonged detention of Motor Vehicle KBF 053 W and Trailer ZD 6127 is properly before the Tax Appeals Tribunal.
20. In the Affidavit in reply sworn by Mr. Derrick Magezi on 4 August 2026, it is stated that in 2012, the Respondent, with the assistance of the Kenya

Revenue Authority, seized approximately 21 tonnes of cattle hides and skins loaded in a container being transported in Motor Vehicle Registration No. KBF 053 W/Trailer ZD 6127. The Respondent intercepted and detained the vehicle at Busitema on its return journey. The vehicle was registered in the names of the Applicant and Credit Bank Limited.

21. The seizure was effected on the ground that the consignment had allegedly been smuggled from Malaba without an export declaration and that the vehicle had been used to convey uncustomed goods. The Respondent consequently assessed penalties in respect of both the consignment and the motor vehicle.
22. On 30 March 2012, the Applicant requested release of the motor vehicle upon payment of the penalty assessed against it. The Respondent informed the Applicant that release would only be considered after clearance of the penalty relating to the consignment. On 18 April 2012, the Applicant's clearing agent sought a reduction of the penalties and undertook to pay the applicable taxes and penalties.
23. On 30 April 2012, the Respondent made a counter-offer under the applicable customs law, proposing that the consignment be purchased for UGX 25,000,000 and that a penalty of USD 3,000 be paid in respect of the motor vehicle. On 15 May 2012, the Respondent requested the Kenya Revenue Authority to release the perishable consignment to the Applicant's clearing agent.
24. On 30 May 2012, the penalty assessed against the motor vehicle was paid and cleared. However, the Respondent maintains that the penalty relating to the consignment remained outstanding and that, consequently, the vehicle was not released. Credit Bank Limited subsequently offered to settle the outstanding penalty while seeking a substantial reduction, but no agreement was reached.

25. In October 2012, Credit Bank Limited, as financier and co-owner of the vehicle, requested its release and proposed that it be sold by auction, with the proceeds applied towards the outstanding levies and penalties. The Respondent maintained that the outstanding amount had to be settled before release.
26. In April 2014, the Applicant sought release of the vehicle and proposed payment of the outstanding amount in four instalments which was not accepted. On 10 September 2014, the Applicant's advocates renewed the request for release and payment by instalments, but the matter remained unresolved.
27. In 2019, the Applicant instituted proceedings before the Magistrates' Court at Malaba seeking release of the motor vehicle. The matter was subsequently settled by a Consent Order dated 7 March 2019, under which the motor vehicle was to be released in full and final settlement of those proceedings. The Respondent states that it complied with the Consent Order and released the vehicle.
28. Following the settlement, the Applicant instituted HCCS No. 0630 of 2019 before the High Court seeking compensation and damages arising from the detention of the vehicle. On 28 February 2022, the High Court referred the matter to the Tax Appeals Tribunal, having found that it lacked jurisdiction to determine the taxation dispute.
29. The Applicant appealed against the High Court decision, and the appellate proceedings remained pending until 2025, when the appeal was withdrawn pursuant to a consent settlement between the parties. The Respondent contends that, by pursuing and subsequently withdrawing the appeal, the Applicant forfeited the right to pursue the remedy of referring the matter to the Tribunal.
30. The Respondent further contends that the present application arises from the same historical events and does not constitute a fresh or independent

cause of action. It argues that the Applicant is attempting to circumvent the effect of the previous proceedings, orders and settlement concerning the same subject matter.

31. The Respondent maintains that the Tribunal has no basis to entertain the present application or grant the compensatory remedies sought. It contends that it was lawfully entitled to detain the vehicle pending payment of the taxes and penalties, that the application was brought after undue delay, and accordingly seeks dismissal of the application with costs.
32. In rejoinder, Mr. David Balikowa deponed on 31 Aug 2026, stating that in 2012, the Applicant's motor vehicle, Registration No. KBF 053W/ZD 6127, jointly owned with Credit Bank Ltd, was intercepted and detained by the Respondent at Busitema while transporting a third-party consignment. The Applicant maintains that it was only the transporter and was not liable for any customs offences relating to the goods.
33. On 30 May 2012, the Applicant paid the USD 3,000 penalty assessed against the vehicle. Despite this payment, the Respondent continued to detain the vehicle until 14 March 2019. The Applicant states that it repeatedly followed up with the Respondent during this period and never acquiesced to the continued detention.
34. The Applicant contends that the liability relating to the consignment was separate from the vehicle penalty and that no assessment or demand for the alleged outstanding consignment liability was ever served upon it. It further maintains that the consignment had been sold by the Respondent in May 2012 and that, following payment of the vehicle penalty, there was no lawful basis for continued detention of the vehicle.
35. In 2014, the Applicant again sought release of the vehicle and proposed payment by instalments, but no agreement was reached. In 2019, the Applicant instituted proceedings for its release, and the vehicle was

eventually released on 14 March 2019 after more than seven years in detention.

36. The Applicant maintains that the prolonged detention deprived it of the use of its commercial vehicle and caused loss of income. It claims loss of use at USD 142.86 per day for 2,509 days and contends that the Respondent's continued detention was unlawful despite payment of the vehicle penalty.

V. The Applicant's Submissions

37. The Applicant submitted that on 24 February 2012, the Respondent's officers seized Motor Vehicle KBF 053W and Trailer ZD 6127 at Busitema under Notice of Seizure No. BSTM/OFF/02/2012-017 on the ground that the vehicle was "liable to forfeiture in accordance with the provisions of Section 199 of the East African Community Customs Management Act, 2004 " for conveying uncustomed goods. Annexure A3.
38. The Applicant submitted that Section 199(3) of the EACCMA, as amended by the EACCMA (Amendment) Act, 2009, provided:
"Where a penalty is imposed under this section in respect of any goods or means of transport, the goods and the means of transport shall be released upon payment of the penalty."
39. The Applicant submitted that the word "shall" renders the duty to release mandatory, immediate and non-discretionary upon payment. Further, Section 1(k) of the Tax Appeals Tribunal Act defines a "taxation decision to include "an assessment, determination, direction, decision or order made by the Commissioner under a tax law."
40. The Applicant submitted that on 30 May 2012, the Respondent assessed and imposed a penalty of USD 3,000 in respect of the said Motor Vehicle KBF 053W and Trailer ZD6127, which penalty was paid by the Applicant vide eTax Cash Receipt PRN 2120001545795.

41. The Applicant submitted that under Section 199(3) EACCMA, the Respondent was under a statutory obligation to release Motor Vehicle KBF 053W and Trailer No. ZD6127 immediately upon payment of the imposed penalty. The Applicant paid the USD 3,000 penalty on 30 May 2012, thereby fulfilling the condition for release, but the Respondent nevertheless continued to detain the vehicle and trailer until 14 March 2019.
42. The Applicant repeatedly sought their release through written demands, settlement proposals and representations between 2012 and 2019, despite the Respondent's knowledge of the Kenyan Court Order, the Bank's interest in the vehicle, and the various settlement proposals. The vehicle and trailer were ultimately released pursuant to the Consent Order dated 7 March 2019 of the Chief Magistrate's Court at Malaba.
43. The Applicant submitted that, having relied on Section 199 EACCMA to seize the vehicle and trailer, the Respondent was equally bound by Section 199(3) to release them immediately upon payment of the penalty. Its continued detention after 30 May 2012, despite there being no outstanding assessment or duty in respect of the vehicle and trailer, constituted a new and separate administrative decision.
44. The Applicant further submitted that the continued detention was illegal, irrational and undertaken in bad faith, and therefore amounted to a "taxation decision" under Section 1(k) of the Tax Appeals Tribunal Act, Cap. 345, reviewable under Section 14(1). The Applicant accordingly invited the Tribunal to find that the Respondent's failure to release KBF 053W and ZD6127 until 14 March 2019 was unlawful.
45. The Applicant submitted that it is entitled to compensation for losses arising from the unlawful detention of Motor Vehicle KBF 053W and Trailer ZD6127 from 30 May 2012 to 14 March 2019.
46. The Applicant claimed Special Damages of UGX 1,311,136,414.85 for loss of income from the deprivation of its commercial truck and trailer. Its

Operational Manager, David Balikowa, deposed that the prevailing commercial hire rate was USD 2,000 per fortnight, equivalent to USD 142.86 per day. Based on the alleged detention period of 2,474 days, the Applicant calculates its loss at USD 353,428.44, converted at the Bank of Uganda indicative rate of USD 1 = UGX 3,710, giving UGX 1,311,136,414.85. The Applicant submits that the loss was direct, foreseeable and caused by the Respondent's detention of its instruments of trade.

47. The Applicant further claimed General Damages of UGX 300,000,000 for loss of use, business disruption, loss of goodwill, inconvenience, hardship, mental distress and frustration. It also relies on the allegation that the vehicle was returned on 14 March 2019 in a dilapidated and unroadworthy condition.
48. The Applicant additionally sought Punitive and Exemplary Damages of UGX 400,000,000, contending that the Respondent acted high-handedly, oppressively and arbitrarily by continuing to detain the vehicle and trailer despite payment and clearance of the penalties on 30 May 2012 and despite being aware of a Kenyan Court Order obtained by the Applicant's financiers for their repossession. The Applicant argues that such conduct amounted to abuse of power, disregard of the rule of law and violation of its right to property under Article 26 of the Constitution.
49. On interest, the Applicant relied on Section 26(2) of the Civil Procedure Act and seeks interest at 25% per annum on the General and Punitive/Exemplary Damages. The Applicant also prayed for interest at 25% per annum from 30 May 2012 to the date of judgment and thereafter until payment in full.
50. The Applicant also sought costs of the present application and the Commercial Court proceedings under Section 27(1) of the Civil Procedure Act and Order 25 Rule 1 of the Civil Procedure Rules, contending that the Respondent's conduct compelled it to institute proceedings to vindicate its property rights.

51. The Applicant sought a declaration that the prolonged detention of KBF 053W and ZD6127 was unlawful, Special Damages of UGX 1,311,136,414.85, General Damages of UGX 300,000,000, Punitive and Exemplary Damages of UGX 400,000,000, interest at 25% per annum, and costs.

VI. The Respondents' Submissions

Preliminary Issues

Whether this application is barred by Res Judicata

52. The Respondent cited Section 7 of the Civil Procedure Act, which provides:

"No court shall try any suit or issue in which the matter directly and substantially in issue has been directly and substantially in issue in a former suit between the same parties, or between parties under whom they or any of them claim, litigating under the same title, in a court competent to try the subsequent suit or the suit in which the issue has been subsequently raised, and has been heard and finally decided by that court."

53. The Respondent submitted that MC No. 001 of 2019 was a former suit between the same parties, the Applicant and the Respondent, litigating under the same title. It was heard and finally determined, by consent, before a court of competent jurisdiction. And its subject matter, the seizure and continued detention of the vehicle, and the consequences flowing from it, is precisely the subject matter this Application now seeks to reopen.

Constructive res judicata: the damages claim ought to have been raised in MCMC No. 001 of 2019

54. The Respondent submitted that, even taking the Applicant's own position at its highest, that no claim for damages was expressly pleaded in MC No. 001 of 2019, the doctrine of res judicata is not confined to matters litigated.
55. Explanatory Note 4 to section 7 of the Civil Procedure Act provides that;
- "Any matter which might and ought to have been made a ground of defence or*

attack in the former suit shall be deemed to have been a matter directly and substantially in issue in that suit”

56. The Respondent submitted that at the time it settled MCMC No. 001 of 2019 by consent, the Applicant already knew the duration of the detention and the loss it says it suffered. Nothing prevented a claim for compensation in that suit. The terms of the Consent Order bound the Applicant to indemnify the Respondent against third-party claims relating to the vehicle, an indemnity clause that only makes sense if the parties turned their minds, at that time, to bringing complete finality to all claims touching the vehicle's detention.
57. The Respondent submitted that the Applicant could not rely on the vehicle's eventual condition to justify its claim, since the principal claim for loss of business income from 2012 to 2019 had already accrued and could have been quantified before the 2019 settlement. It further argued that the Applicant's assertion that it had not previously claimed damages did not assist it, as the claim arose from the same transaction and could and should have been raised at the same time.

The claim is further barred by the consent withdrawal of Civil Appeal No. 243 of 2022

58. The Respondent further submitted that a second bar arose from the Applicant's own procedural election. In HCCS No. 630 of 2019, the High Court directed the Applicant to pursue its claim before the Tribunal after finding that the dispute constituted a “taxation decision” under Section 1(k) of the Tax Appeals Tribunal Act. Instead of proceeding before the Tribunal, the Applicant appealed the decision to the Court of Appeal. The appeal, together with the Respondent's cross-appeal, was subsequently withdrawn by consent on 17 November 2025, without any reservation regarding damages.
59. The Respondent argued that having elected to challenge the referral to the Tribunal and subsequently compromised the appeal, the Applicant could not now rely on the High Court's characterisation of the dispute as a taxation

decision while disregarding the consequences of its own procedural choices. The Respondent relied on the principle that a party cannot approbate and reprobate.

60. The Respondent further submitted that the High Court's finding in HCCS No. 630 of 2019 was purely jurisdictional. The Court found that the dispute fell within the definition of a taxation decision under Section 1(k) of the Tax Appeals Tribunal Act and was therefore reviewable by the Tribunal. It did not determine whether the detention was unlawful or whether the Applicant was entitled to damages, having expressly declined to determine the merits for want of jurisdiction.
61. Accordingly, the Respondent contended that the present application was barred by the doctrine of res judicata and ought to be dismissed.

Whether this application is barred by inordinate and unexplained delay

62. Without prejudice to the foregoing, the Respondent submitted that the Application is also barred by inordinate and unexplained delay.
63. The Respondent relied on Section 27 of the Tax Procedure Code Act, which provides a 30-day time limit for applications against an objection decision. Although the provision does not strictly apply to the present Application, the Respondent submitted that it reflects the legislative intention that tax and customs disputes be brought before the Tribunal promptly. It further relied on *Habib Oil Limited & 3 Others v Commercial Bank of Africa (U) Limited*, HCMA No. 0646 of 2021 (arising from HCCS No. 0972 of 2016), where Mubiru J recognized two years as the presumptive period for concluding trials and considered proceedings extending beyond that period as presumptively delayed.
64. The Respondent submitted that, from the High Court's decision of 28 February 2022 directing the Applicant to pursue the matter before the Tribunal to the filing of the present Application on 9 December 2025, more than three years and nine months elapsed. Even after the Court of Appeal

proceedings were withdrawn by consent on 17 November 2025, the Applicant did not immediately approach the Tribunal.

65. The Respondent further relied on *Jane Kazahura v Ssenyange Lawrence Ssenyange & 2 Others*, HCMA No. 511 of 2024, where the Court held that a litigant cannot excuse unreasonable delay solely by attributing it to counsel.
66. Accordingly, the Respondent argued that the Applicant's prolonged inaction from the detention of the vehicle, through the 2019 proceedings, the High Court proceedings and subsequent appeal, to the filing of the present Application demonstrated a persistent and unexplained delay. It submitted that the Application was therefore an abuse of the process of the Tribunal and ought to be dismissed with costs.

Whether the respondent's continued detention of the vehicle constituted an unlawful taxation decision

67. The Respondent submitted that its detention of the vehicle was a lawful exercise of its statutory mandate and did not constitute an unlawful taxation decision under Section 1(k) of the Tax Appeals Tribunal Act. The vehicle was seized together with the consignment it was carrying on the basis that the goods had been attempted to be exported without a customs declaration and that the vehicle had been used to convey uncustomed goods.
68. The Respondent relied on Section 199(c)(iii) EACCMA, which imposes liability on the person in charge of a vehicle used in such circumstances and provides for forfeiture of the vehicle and goods. It further relied on Section 211 EACCMA, under which a vehicle used in the conveyance or exportation of goods liable to forfeiture is itself liable to forfeiture. The Respondent therefore contended that the vehicle and consignment were legally and factually connected, with the respective penalties arising from the same transaction and offence.

69. The Respondent submitted that Section 199(3) EACCMA, as amended, provides for release of goods and means of transport upon payment of the penalty imposed. However, the Respondent maintained that, from 30 March 2012, it informed the Applicant that release of the vehicle was conditional upon settlement of the penalties relating to both the vehicle and the consignment. The Applicant thereafter continued negotiating the consignment penalty for several years, including in 2014, without challenging that position or seeking judicial intervention until 2019.
70. On 30 April 2012, the Respondent offered to dispose of the consignment for UGX 25,000,000 under Section 214(2) of the EACCMA, but the offer was not accepted. Subsequent proposals by Credit Bank Limited to settle the consignment liability at a reduced amount also failed to result in an agreement. The Respondent maintained that, under Section 32(1) of the Tax Procedures Code Act, Cap. 343 and Article 152 of the Constitution, it had no power to waive or vary an assessed tax or customs liability except as authorised by law.
71. The Respondent argued that payment of the USD 3,000 vehicle penalty on 30 May 2012 did not extinguish the outstanding liability relating to the consignment. Consequently, the pre-condition for release of the vehicle had not been satisfied, and there was no new or unlawful decision to detain it after that date. The Respondent further relied on the Applicant's conduct in continuing negotiations as evidence that it had accepted the Respondent's position regarding the conditions for release.
72. The Respondent distinguished the High Court's finding in HCCS No. 630 of 2019 that the dispute constituted a "taxation decision," submitting that the finding was jurisdictional only and did not determine that the detention was unlawful or undertaken in bad faith. It therefore submitted that the Tribunal should not treat the High Court's referral as a finding on the merits. The Respondent maintained that its continued detention of the vehicle was a lawful exercise of its powers under EACCMA, and that no unlawful taxation

decision was made. The Respondent averred that this issue ought to be resolved in its favour.

Whether the Applicant is entitled to the remedies sought

73. The Respondent submitted that, since the detention of the vehicle and trailer was lawful, there was no basis for any of the remedies sought by the Applicant. In the alternative, the Respondent addressed each head of the Applicant's claim and maintained that none had been proved.
74. On Special Damages, the Respondent submitted that the Applicant had failed to specifically plead and prove its claim of Shs. 1,311,136,414. The Respondent contended that the claim was based only on the Operations Manager's assertion of a daily hire rate of USD 142.86, without supporting hire agreements, invoices, bookings, earnings records, bank statements or expert evidence. The Respondent therefore prayed that the claim for special damages be dismissed.
75. On General Damages, the Respondent submitted that such damages could only arise from a wrongful act, which it denied had been established. It argued that the detention was lawful and the Applicant's own conduct in repeatedly negotiating and failing to take timely action to secure release of the vehicle should substantially mitigate any award. The Respondent also denied that it had been unjustly enriched, explaining that penalties collected on behalf of Government are paid into the Consolidated Fund. It prayed that the claim for UGX 300,000,000 in general damages be dismissed.
76. On Punitive and Exemplary Damages, the Respondent submitted that such damages are exceptional and only arise where conduct is high-handed, oppressive or in contumelious disregard of a claimant's rights. The Respondent maintained that it had acted pursuant to its statutory mandate, engaged with the Applicant and its financier over the years, and released the vehicle once the matter was brought before a competent court. It therefore sought dismissal of the claim for Shs. 400,000,000.

77. Regarding Interest and Costs, the Respondent submitted that since no principal sum was due, the claim for interest must also fail. The Respondent sought costs of the application and, where permissible, costs thrown away in the related proceedings. The Application was barred by res judicata, both direct and constructive, and alternatively by inordinate and unexplained delay. The Respondent prayed that the Application be dismissed in its entirety with costs awarded to the Respondent.

VII. The Applicant's Submissions in Rejoinder

78. In rejoinder, the Applicant reiterated its earlier submissions and further stated that submitted that on 24 February 2012 its motor vehicle was seized, and that after it paid the Section 202 EACCMA penalty on 30 May 2012, Section 199(3) EACCMA obliged the Respondent to release the vehicle immediately, since that provision is mandatory and refers only to "the penalty" on the vehicle, not to the separate penalty owed on the consignment by the third-party importer.
79. It argued that the Respondent's own letter of 30 March 2012 could not amend the statute, and that by conflating the two severable liabilities and continuing to hold the vehicle, the Respondent acted ultra vires and outside any lawful mandate.
80. It further submitted that the vehicle remained detained under armed guard from 31 May 2012 until 14 March 2019 a period of 2,509 days and that this was a continuing unlawful taxation decision under Section 1(k) of the TAT Act, with every day of detention constituting a fresh breach. During this period, it contended, its operations Manager continuously followed up with the Respondent, and this persistent protest, made under the practical helplessness of a vehicle locked in a bonded yard, could not be characterised as acquiescence or failure to mitigate.
81. The Applicant submitted that it filed Miscellaneous Cause No. 001 of 2019 at the Chief Magistrate's Court, Malaba, seeking only release of the vehicle (not damages), and that the vehicle was in fact released immediately once

that suit was filed, which it says exposes the Respondent's earlier retention as being without legal basis. It noted that the Respondent itself deposed on oath in that case that the Malaba court lacked jurisdiction over tax matters and submitted that this admission meant Malaba was not a competent court, so its consent release order could not found *res judicata* or create estoppel.

82. It submitted that this led to *HCCS No. 630 of 2019*, in which Hon. Lady Justice Rwakakooko, by Ruling dated 28 June 2022, held that the claim for damages for unlawful detention was a taxation decision under Sections 1(k) and 22 of the TAT Act and referred the matter to the Tribunal a ruling it says is now unchallenged, since the Respondent's cross-appeal against it was withdrawn by consent on 17 November 2025 estopping the Respondent from resurrecting the same objections before the Tribunal.
83. The Applicant submitted that between 2022 and 2025 both parties were before the Court of Appeal (Civil Appeal No. 243 of 2022 and the cross-appeal), during which it could not protectively file before the Tribunal without offending the sub judice rule, and that once the cross-appeal was withdrawn on 17th November 2025, it filed TAT Application No. 377 of 2025 within 22 days, on 9 December 2025 which it characterises as prompt rather than delayed, particularly since Section 27 of the Tax Procedure Code (the 30-day limit against an objection decision) does not apply to an application made pursuant to a High Court referral.
84. The Applicant submitted that the objections of *res judicata*, delay, and related points merely reproduce the same objections the Respondent raised and then abandoned at the High Court, and that resurrecting them now amounts to impermissible approbating and reprobating. The Applicant reiterated its prayer on damages.

VIII. Determination

85. Having read the submissions and perused the evidence of both parties, this is the ruling of the Tribunal:

A. Jurisdiction and Competence

86. The jurisdiction of the Tax Appeals Tribunal is rooted in Article 152(3) of the Constitution of the Republic of Uganda and operationalised under Sections 1(k), 14(1), 14(2), 16, and 22 of the Tax Appeals Tribunals Act, read together with Section 230 of the East African Community Customs Management Act, 2004 (EACCMA).
87. Section 1(k) of the Tax Appeals Tribunals Act defines a "taxation decision" to include "any assessment, determination, decision or notice". Section 14(1) empowers any person aggrieved by a taxation decision made by the Uganda Revenue Authority (URA) to apply to this Tribunal for a review. Section 22 confers exclusive jurisdiction upon the Tribunal to review taxation decisions, to the exclusion of ordinary civil courts.
88. The Respondent raises a preliminary challenge to the Tribunal's competence, arguing that the Application is time-barred under Section 27 of the Tax Procedures Code Act (TPCA) and Section 16(1) of the TAT Act, having been filed on 9 December 2025, over three years after the High Court Ruling of 28 February 2022. We find this preliminary objection unmeritorious for three reasons:
89. First, this matter comes before the Tribunal pursuant to a direct judicial referral Order issued by the High Court of Uganda (Commercial Division) in Civil Suit No. 0630 of 2019 (Midlands Freight Limited v Uganda Revenue Authority), delivered by Hon. Lady Justice Jeanne Rwakakooko on 28 February 2022 and extracted on 28 June 2022. The learned Judge held that the High Court lacked jurisdiction over the dispute because URA's detention of the vehicle constituted a "taxation decision" within the meaning of Section 1(k) of the TAT Act, and expressly referred the matter to this Tribunal for hearing and determination
90. Second, the Respondent is legally estopped from challenging the Tribunal's jurisdiction under the doctrine of approbate and reprobate (*allegans contraria non est audiendus*). Having successfully raised preliminary

objections in the High Court asserting that the dispute was a taxation decision falling within the exclusive domain of the Tribunal, the Respondent cannot now blow hot and cold by contending before this Tribunal that the matter is not a taxation decision or that the Tribunal lacks competence. **See: *Livingstone Goods Ltd v URA, App No. 85 Of 2021.***

91. Third, regarding the timeline between 2022 and 2025, the record discloses that the Applicant appealed the High Court referral ruling vide Civil Appeal No. 243 of 2022, in which the Respondent lodged a cross-appeal. During the pendency of those appellate proceedings, filing fresh proceedings before the Tribunal would have breached the sub judice rule. On 17 November 2025 (and formally recorded on 4 December 2025), Civil Appeal No. 243 of 2022 and the cross-appeal were wholly withdrawn by consent of both parties under Rule 94(3) of the Judicature (Court of Appeal) Rules, S.I. 13-10. Upon that withdrawal, the High Court referral Order stood unchallenged and restored. The Applicant lodged this Application on 9 December 2025, within 5 days of the Court of Appeal consent order, thereby seamlessly giving effect to the High Court's referral order.
92. Accordingly, we hold that the Tribunal is properly within the jurisdiction to hear and determine this dispute on its merits.

B. Burden of Proof

93. The burden of proof in proceedings before this Tribunal is governed by Section 19 of the Tax Appeals Tribunals Act and Section 28 of the Tax Procedures Code Act, complemented by Sections 101, 102, and 103 of the Evidence Act.
94. Section 19(b) of the TAT Act and Section 28(b) of the TPCA explicitly establish that in an application for review of a taxation decision other than an assessment, the applicant bears the burden of proving that the taxation decision should not have been made or should have been made differently. The standard of proof is the standard balance of probabilities applicable in civil litigation.

95. Consequently, the Applicant bears the initial burden of proving that its vehicle KBF 053W and trailer ZD6127 were detained by the Respondent after full payment of the vehicle penalty of USD 3,000 on 30 May 2012, and that such detention was unlawful under the EACCMA. Once the Applicant establishes a prima facie case of payment, the evidentiary burden shifts to the Respondent under Section 102 of the Evidence Act to demonstrate the lawful statutory authority under which it continued to detain the vehicle for 2,474 days until 14 March 2019.

C. Res Judicata and Consent Order

96. The Respondent vehemently contends that this Application is barred by both direct and constructive res judicata under Section 7 of the Civil Procedure Act (CPA), by virtue of a Consent Order entered on 7 March 2019 in Miscellaneous Cause No. 001 of 2019 (Midlands Freight Ltd v Uganda Revenue Authority) before the Chief Magistrate's Court of Malaba.

97. Section 7 of the Civil Procedure Act provides:

"No court shall try any suit or issue in which the matter directly and substantially in issue has been directly and substantially in issue in a former suit between the same parties, or between parties under whom they or any of them claim, litigating under the same title, in a court competent to try the subsequent suit or the suit in which the issue has been subsequently raised, and has been heard and finally decided by that court."

98. In the case of **Karia & Another v Attorney General & Others 1 EA 83**, the three-part test for res judicata was distilled:

- (a) The former suit or issue must have been decided by a court of competent jurisdiction;
- (b) The matter in dispute in the subsequent suit must be directly and substantially in issue in the former suit; and
- (c) The parties (or their privies) must be the same, litigating under the same title.

99. Applying this test to the evidence on record, the Respondent's plea of res judicata fails on multiple fundamental grounds:

100. First regarding the lack of competence of the Malaba Court: a foundational prerequisite for res judicata under Section 7 CPA and *Kamunye & Others v Pioneer General Assurance Society Ltd* 1 EA 263 is that the former decision must emanate from a court of competent jurisdiction. The Magistrates Court of Malaba (Grade One) possessed neither subject-matter jurisdiction to adjudicate tax disputes, which is vested exclusively in this Tribunal under Section 22 of the TAT Act, nor pecuniary jurisdiction to award damages exceeding UGX 1.3 billion. Indeed, the Respondent itself admitted this jurisdictional deficit on oath in Malaba MC No. 001 of 2019, where its officer Ivan Kakaire deposed at paragraph 3 of his Affidavit in Reply (Exhibit A20): "*That I know and believe that this Court has no Jurisdiction to handle tax matters*". A decree or consent order passed by a court lacking subject-matter jurisdiction is a legal nullity and cannot ground a plea of res judicata.

101. Secondly, regarding the disparity of Matters directly and substantially in Issue; the application in Malaba MC No. 001 of 2019 was a summary Notice of Motion restricted exclusively to prayers for a declaration and physical release of Trailer ZD6127. No claim for special damages, general damages, or compensation for loss of use was pleaded, prayed for, or litigated in Malaba. A consent judgment is a contract of record and operates as res judicata only upon matters that were expressly compromised therein as held in *Sir John Roscoe v Paul Mwogi*, SCCA No. 10 of 2006.

102. Thirdly, regarding the construction of "Full and Final Settlement"; The Consent Order dated 7 March 2019 in MC No. 001 of 2019 stipulated in paragraph 3: "*That this Consent Order presents the full and final settlement of this suit/Application*". The text explicitly limits the settlement to "this suit/Application". Meaning the summary prayer for physical release of the vehicle. It did not compromise or extinguish unpleaded claims for accrued damages for unlawful detention. This precise question was evaluated and authoritatively settled by Hon. Lady Justice Rwakakooko in **Midlands**

Freight Limited v Uganda Revenue Authority, HCCS No. 0630 of 2019,

where the learned Judge held that:

"The issue of damages, compensation and loss arising from the Defendant's continued seizure of Trailer Registration No. KBF 053W/ZD 617 for 7 years was not addressed or resolved in the Miscellaneous Application at Malaba, and that the Plaintiff was at liberty to institute the present suit for damages." This judicial finding of the High Court binds both parties and operates as issue estoppel against the Respondent [p. 806].

103. Fourth is the Inapplicability of Constructive Res Judicata; The Respondent relies on Explanation 4 to Section 7 CPA, *Henderson v Henderson* (1843) 67 ER 313, *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* UKSC 46, and *Boutique Shazim Ltd v Norattam Bhatia & Anor*, CA No. 0036 of 2007, arguing that the claim for damages "might and ought" to have been brought in the Malaba proceedings. Constructive res judicata cannot apply where the earlier forum was incompetent to grant the relief. A party cannot be faulted for omitting to seek a UGX 1.3 billion damages remedy before a Magistrate's court that lacked pecuniary and statutory subject-matter jurisdiction to grant it.
104. The issues of res judicata and delay had already been determined in the High Court by Lady Justice Jeanne Rwakakooko. The plea of res judicata is accordingly overruled.

D. Delay and Abuse of Process

105. The Respondent submitted that the Application should be dismissed for inordinate and unexplained delay, relying on equitable principles and judicial authorities such as ***Habib Oil Ltd & 3 Others v Commercial Bank of Africa (U) Ltd, HCMA No. 0646 of 2021 and Jane Kazahura v Ssenyange Lawrence Ssenyange & 2 Others, HCMA No. 511 of 2024.***
106. The timeline established by the affidavits and trial bundles demonstrates a continuous, diligent effort by the Applicant to seek redress. Between 2012

and 2019, the Applicant's Operations Manager (Balikowa David) made continuous physical follow-ups and written demands at URA offices in Busitema, Malaba, Busia, and Nakawa.

107. On 10 September 2014, the Applicant's former counsel (Walusimbi & Co. Advocates) formally wrote to URA requesting release. In February 2019, the Applicant filed *MC No. 001 of 2019* in Malaba to secure immediate physical release of the vehicle. The vehicle was physically released on 14 March 2019.
108. On 28 March 2019, the Applicant served a Statutory Notice under Section 3 of the Government Proceedings Act, Cap. 77. In 2019, the Applicant instituted HCCS No. 0630 of 2019 in the High Court Commercial Division. On 28 February 2022, the High Court referred the matter to TAT.
109. It also follows that from March 2022 to December 2025, appellate proceedings (Civil Appeal No. 243 of 2022 and cross-appeal) remained pending before the Court of Appeal. Within days of the formal withdrawal of the appeal on 4 December 2025, the Applicant lodged this Application on 9 December 2025.
110. Furthermore, the unlawful detention of property by a public authority is a continuing wrong. Every day of unlawful detention from 31 May 2012 to 14 March 2019 generated a fresh cause of action. Time does not run to validate an ongoing illegal detention by a state agency. The delay argument is rejected, and we find no inordinate delay or abuse of process attributable to the Applicant.

E. The Taxation Decision Under Review

111. The specific taxation decision under review is the Respondent's decision under Section 199 of the EACCMA assessing a vehicle penalty of USD 3,000 on 30 May 2012, combined with its administrative decision and operational refusal to release Motor Vehicle KBF 053W and Trailer ZD6127

from 30 May 2012 to 14 March 2019, notwithstanding full payment and clearance of the assessed vehicle penalty.

112. Section 1(k) of the TAT Act defines a taxation decision broadly to cover any assessment, determination, decision, or order made by the Commissioner under a tax law. Section 14(1) vests this Tribunal with jurisdiction to review such decisions. This position was affirmed by the High Court in its referral ruling of 28 February 2022.

F. Legality of Continued Detention Under EACCMA

113. The substantive core of this dispute turns on whether the Respondent's continued detention of Motor Vehicle KBF 053W and Trailer ZD6127 for 2,474 days (31 May 2012 to 14 March 2019), after payment of the USD 3,000 vehicle penalty on 30 May 2012, was lawful under the EACCMA.
114. The governing statutory provision is Section 199 of the East African Community Customs Management Act, 2004, which provides:

"A master of any aircraft or vessel, and any person in charge of a vehicle, which is within the partner state commits and-

.....
(b) which has in it, or in any manner attached to it, which is conveying or has conveyed in any manner, any goods imported or carried coastwise, or intended for exportation, contrary to this Act; or

.....
Commits an offence and shall be liable-

- iii. In case of a person in charge of a vehicle, to a fine not exceeding five thousand dollars and the vehicle and goods in respect of which such offence has been committed shall be liable to forfeiture."*

115. The Tribunal notes that according to REX 3 on page 5 of the Respondent's Trial bundle, the Respondent stated that:

"....the consignment of wet salted hides and skins shall be sold to you at Shs. 25 million ... The motor vehicle Reg. No. KBF 053W/ZD6127 will be released after payment of a penalty of USD 3000 on the truck."

116. The language is plain and unambiguous that the vehicle will be released upon payment of the penalty, which was indeed paid by the Applicant.
117. The undisputed facts established by the primary trial documents show that on 24 February 2012, URA seized truck KBF 053W / trailer ZD6127 at Busitema under Seizure Notice No. BSTM/OFF/02/2012-017 for conveying an uncustomed consignment of 21 tonnes of wet salted hides and skins in Container No. EISU 375569-6.
118. On 30 April 2012, the Commissioner Customs (Richard Kamajugo), vide letter Ref: CUST/LB/3/30, issued a formal decision exercising his powers under Section 214(2) EACCMA to sell the perishable hides to M/s Cargo Supplies Ltd for UGX 25,000,000, and explicitly determined: "The motor vehicle Reg No. KBF 053W/ZD6127 will be released after payment of a penalty of USD 3000 (United States Dollars three Thousand) on the truck".
119. On 30 May 2012, the assessed vehicle penalty of USD 3,000 (UGX 7,376,100) was paid in full vide eTax Cash Receipt / PRN 2120001545795. On 5th July 2012, vide letter Ref: CUST/LB/3/30 (Annexure A12), URA re-affirmed to KRA that the USD 3,000 penalty levied on the truck had been paid.
120. Section 211(1) further provides that a vehicle used in the conveyance of goods liable to forfeiture is itself liable to forfeiture. The initial seizure and detention of the vehicle was therefore capable of being founded upon the statutory forfeiture regime.
121. However, the question is whether, after the Commissioner expressly determined that the vehicle would be released upon payment of a penalty of USD 3,000, and after that penalty was paid in full, the Respondent retained a lawful statutory basis for continuing to detain the vehicle.
122. According to REX 3, the Respondent issued a written determination directing, inter alia, that:

"The motor vehicle Reg. No. KBF 053W/ZD6127 will be released after payment of a penalty of USD 3000 (United States Dollars Three Thousand) on the truck."

123. The release of the identified vehicle was expressly linked to payment of the USD 3,000 penalty. The Applicant subsequently paid the assessed USD 3,000 penalty in full on 30 May 2012. The condition expressly stipulated by the Commissioner for release of the vehicle had therefore been satisfied.
124. Further, under section 219(1), the Commissioner may compound an offence by ordering payment of a monetary penalty and may order anything liable to forfeiture in connection with the offence to be condemned. Section 219(3)(b) requires the resulting order to be in writing and to specify the offence and the penalty imposed.
125. In this case, the Respondent elected to resolve the vehicle offence by imposing a monetary penalty and expressly provided in the letter that the vehicle would be released upon payment of USD 3,000.
126. The Respondent's subsequent claim that the vehicle's release was conditional upon payment of additional sums relating to the consignment is inconsistent with the notice, which provided for release upon payment of USD 3,000. In the absence of a forfeiture, the Respondent could not rely on the original seizure to justify detention from 31 May 2012 to 14 March 2019.
127. In their defence, the Respondent argued that the vehicle and consignment arose out of a single smuggling transaction, and that under its letter dated 30 March 2012 (Ref: CUST/ENF/3/30), release of the vehicle was conditional upon settlement of the penalties and export levies accrued on the consignment. We find the Respondent's defence legally untenable for the following reasons;
128. The statute does not authorize holding a transporter's vehicle hostage for unpaid taxes or penalties owed by a third-party importer/exporter.

129. Status of the Transporter: The Applicant was at all material times a commercial carrier/transporter, not the owner, importer, or exporter of the hides. The consignment belonged to M/s Chang Sheng Commercial Co. Ltd.
130. Exhaustion of Forfeiture Powers: When URA elected to compound the offence and assess a monetary penalty of USD 3,000 on the vehicle under Section 199/219 EACCMA instead of prosecuting for condemnation and forfeiture, its right to hold the vehicle as an item liable to forfeiture was spent. It could not demand a penalty and continue detaining the vehicle as if it were forfeited.
131. Prohibition Against Unstatutory Lien / Collateral: Neither EACCMA nor the Tax Procedures Code Act section 32(1) confers power on the Respondent to convert a third party's commercial truck into free collateral or security for an uncollected tax debt owed by a consignment owner. Articles 152 and 153 of the Constitution require strict statutory authority for tax collection and enforcement.
132. We therefore hold that the Respondent's continued detention of Motor Vehicle KBF 053W and Trailer ZD6127 from 31 May 2012 to 14 March 2019 was ultra vires, illegal, arbitrary, and constituted an unlawful taxation decision under Section 1(k) and 14(1) of the TAT Act.

G. Remedies

133. Under Section 14(2) and Section 22(5), (6) of the Tax Appeals Tribunals Act, the Tribunal is empowered, upon finding a taxation decision unlawful, to make such orders as it deems fit, including awards of compensation, special damages, general damages, exemplary damages, interest, and costs. We evaluate the heads of relief as follows.
134. The Applicant claims special damages of UGX 1,311,136,414/= (USD 353,428.44), calculated at a commercial hire rate of USD 142.86 per day for 2,474 days of unlawful detention (31 May 2012 to 4 March 2019), converted

at the Bank of Uganda indicative rate of 1 USD = UGX 3,710.76 or UGX 3,658.

135. In the case of **Gapco (U) Ltd v A.S. Ali Transporters (U) Ltd, Civil Appeal No. 7 of 2007, [2009]**, Justice Okello stated:

“Special damages must be pleaded and proved. These were so pleaded, and the Learned Justices of Appeal found evidence to prove part of the lost income and made the award.”

136. The law is already settled on special damages, and it is that these must be specifically pleaded and strictly proved. Strict proof requires credible evidence establishing actual financial loss on the balance of probabilities.

137. Further, in the case of **Multiple ICD (U) Ltd v Jaco Commercial Agencies Limited UGCA 125 of 2020**, the Court of Appeal found that:

“In the absence of the past performance of the Respondent, absence of any credible business plan, marketing data and expert evidence about the operations of such a business, all the trial court relied on was speculation. The award of special damages of USD 80,000 not premised on cogent and credible evidence cannot be sustained”

It further stated that:

“It is true that anticipated profits can be claimed as special damages. The assumptions from which they are derived must, however, be based on credible evidence for the court to rely on them for a decision. The assumptions must be backed by expert evidence on the intricacies of the anticipated business for them to carry any credibility which lacked in the case filed by the Respondent. It is the law that special damages must be strictly proved, which implies that the evidence adduced must show particularity in accordance with the pleadings and must be based on precise calculation”.

138. While the Applicant's Operations Manager deposed that USD 142.86 per day was a conservative market rate for prime movers on the Mombasa-Kampala route, the Applicant produced no historical lease contracts,

customer invoices, or audited accounts for this specific vehicle prior to seizure. Furthermore, claiming 100% continuous daily utilization across 2,474 consecutive days (over 6.7 years) without accounting for routine maintenance, downtime, or off-season idle periods is speculative.

139. Consequently, the claim for special damages as a mathematically fixed sum fails for lack of strict proof. However, as established below, the proven deprivation of an income-earning commercial chattel over a prolonged period falls to be fully compensated under General Damages.
140. General Damages are awarded at the discretion of the Tribunal to compensate a party for direct, natural, and foreseeable loss, hardship, business disruption, and physical deterioration resulting from a wrongful act.
141. The evidence demonstrates that the suit vehicle was a commercial prime mover and trailer whose primary purpose was hire for reward. The Applicant was unlawfully deprived of its use for 2,474 days (over 6 years and 9 months). During this prolonged detention in URA's open yard at Busitema, the vehicle suffered severe physical ruin and commercial depreciation (applying the 10% per annum depreciation benchmark under the KRA Valuation Guide). Annexures A22 & A23 confirm that upon release on 14 March 2019, the truck was returned in a rusted, dilapidated, and unroadworthy scrap condition.
142. Throughout the detention, the Applicant remained exposed to loan default interest and repossession pressure from its financier, Credit Bank Ltd. In the premises, an award of general damages is fully justified to compensate the Applicant for loss of business use, physical destruction of its commercial asset, and prolonged inconvenience. The Applicant prayed for UGX 300,000,000/=. Considering the nature of the vehicle, the length of detention, and the extent of deterioration, we award the Applicant UGX 100,000,000/= (Uganda Shillings One Hundred Million) as General Damages.

143. Exemplary or punitive damages are awarded exceptionally to punish high-handed, oppressive, arbitrary, or unconstitutional conduct by government servants or state agencies, and to serve as a deterrent. The Respondent's conduct in this matter exhibited gross arbitrariness and contumelious disregard of the law. Having assessed and collected the USD 3,000 vehicle penalty on 30 May 2012, they deliberately defied the mandatory command of Section 199(3) EACCMA to release the vehicle. The Respondent, instead URA held the vehicle under armed guard for nearly 7 years as a hostage to coerce a third party's tax debt.
144. This was in disregard of formal requests and an Order of the High Court of Kenya (Milimani Commercial Division) dated 13 November 2012 authorizing repossession by the financier. It was only when compelled by judicial proceedings in 2019 that they consented to release the vehicle. This oppressive abuse of administrative power by a revenue authority against a regional trader warrants an award of exemplary damages. The Applicant prayed for UGX 400,000,000/=. We award UGX 10,000,000/= (Uganda Shillings Ten Million) as Exemplary and Punitive Damages.
145. Under Section 22(6) of the TAT Act and Section 26(2) of the Civil Procedure Act, the Tribunal has discretion to award interest at a commercial rate. We award interest on the awards of General Damages (UGX 100,000,000/=) and Exemplary Damages (UGX 10,000,000/=) at the rate of 15% per annum from the date of this Ruling until payment in full.
146. Under Section 22(5) of the TAT Act, Section 27(1) of the Civil Procedure Act, and Order 25 Rule 1 CPR, costs follow the event unless the Tribunal orders otherwise for good reason as was held in *Electoral Commission v Kidega Nabinson James*, CA No. 076 of 2016. The Applicant is the successful party and was forced through a 14-year saga of litigation and administrative intransigence to vindicate its statutory rights. The Applicant is awarded the costs of this Application.

H. Final Orders

147. In the circumstances, the Tribunal makes the following orders;

- i) A Declaration is hereby made that the Respondent's continued detention of Motor Vehicle Registration No. KBF 053W and Trailer Registration No. ZD6127 from 31 May 2012 to 14 March 2019, after full payment of the assessed vehicle penalty of USD 3,000 on 30 May 2012, was unlawful, ultra vires, and constituted an improper taxation decision.
- ii) The claim for Special Damages is dismissed for lack of strict proof.
- iii) General Damages of UGX 100,000,000/= (Uganda Shillings One Hundred Million) awarded to the Applicant for unlawful detention, business disruption, loss of use, and physical ruin of the suit vehicle.
- iv) Exemplary and Punitive Damages of UGX 10,000,000/= (Uganda Shillings Ten Million) awarded to the Applicant for the Respondent's arbitrary, high-handed, and oppressive conduct.
- v) Interest on the awards in paragraphs (3) and (4) above at the rate of 15% per annum from the date of this Ruling until payment in full.
- vi) Costs of this Application are awarded to the Applicant

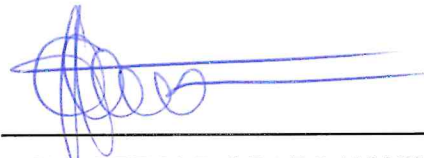
Dated at Kampala this 18th day of **September** 2026.



HON. STELLA NYAPENDI CHOMBO
CHAIRPERSON



HON. CHRISTINE KATWE
MEMBER



HON. GERALD AGABA KAKIMA
MEMBER