



THE REPUBLIC OF UGANDA

IN THE TAX APPEALS TRIBUNAL AT KAMPALA

APPLICATION NO. 282 OF 2025

MULUK INVESTMENTS LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITYRESPONDENT

**BEFORE: HON. STELLA NYAPENDI CHOMBO, HON. GRACE SAFI,
HON. ROSEMARY NAJJEMBA**

RULING

I. Introduction

1. This Application arises from an Objection Decision issued by the Respondent on 20th November 2024, maintaining an Administrative Additional Income Tax Assessment dated 28th April 2021 against the Applicant for the 2019/2020 year of income, totaling UGX 51,045,294.

II. Background

2. The Applicant, Muluk Investments Limited, is a company incorporated in Uganda and engaged in various commercial activities including engineering, construction, transportation, retail trade, and the repair of motor vehicles and motorcycles. The dispute giving rise to this Application arises from an income tax assessment issued by the Respondent in respect of the Applicant's 2019/2020 year of income.

3. The record shows that in the course of its compliance and risk management activities, the Respondent reviewed third-party withholding tax returns filed by entities that had transacted with the Applicant. From this review, the Respondent established that during the 2019/2020 year of income, third parties had declared payments made to the Applicant amounting to UGX 257,990,983.
4. Upon comparing this information with the Applicant's income tax return for the same period, the Respondent formed the view that the Applicant had failed to declare the said income in its return and had consequently understated its taxable income.
5. As a result, on 28th April 2021, the Respondent issued an Administrative Additional Income Tax Assessment assessing the Applicant to income tax of UGX 51,045,294. The Respondent's position was that the payments identified through the withholding tax records constituted business income earned by the Applicant and ought to have been declared in its income tax return.
6. More than three years later, on 29th August 2024, the Applicant lodged an objection to the assessment. The Applicant disputed the assessment principally on the ground that it was excessive and had been computed on gross receipts without regard to the expenses incurred in generating the income.
7. The Applicant maintained that the Respondent ought to have allowed deductions for business expenses and that had such expenses been considered, its tax liability would have been significantly lower than that assessed. The Applicant further attributed the discrepancies in its tax filings to challenges encountered during the transition from the former electronic filing system to the eFiling platform.

8. Following receipt of the objection, the Respondent requested the Applicant to provide documentary evidence in support of its claims, including bank statements, proof of payment, and documentation substantiating the expenses allegedly incurred in earning the income. The Respondent's case is that despite several requests for information, the Applicant failed to furnish the documents necessary to verify the expenses claimed and to support the figures reflected in the objection.
9. Consequently, on 20th November 2024, the Respondent issued an Objection Decision disallowing the objection and maintaining the assessment in its entirety. The Respondent concluded that in the absence of supporting documentation, there was no basis upon which the expenses claimed by the Applicant could be verified or allowed for income tax purposes.
10. Subsequent to the Objection Decision, the Applicant sought to have the dispute resolved through the Alternative Dispute Resolution mechanism. However, by a letter dated 30th June 2025, the Respondent declined the request on the ground that it had been lodged outside the statutory period prescribed for ADR proceedings following an objection decision.
11. The Applicant thereafter filed the present Application before the Tribunal on 15th September 2025 seeking to challenge the Objection Decision and the underlying assessment.

III. Representation

12. The Applicant was represented by Mr. David Kiragu while the Respondent was represented by Mr. Tony Tukei and Ms. Doreen Amutuhaire from their Legal and Board Affairs department.

IV. Issues for Determination

13. The following issues were agreed upon for determination;
 - a) Whether the tax assessed of UGX 51,045,294 is just and lawful.
 - b) What remedies are available to the parties.

V. Applicant Submission

14. The Applicant did not file their submissions.

VI. Respondent Submissions

15. The Respondent's case was that the present Application was incompetent both procedurally and substantively and ought to be dismissed. The Respondent raised two preliminary objections challenging the competence of the Application and further maintained that, in any event, the Applicant had failed to discharge the burden of proving that the impugned assessment was excessive or erroneous.

16. The Respondent contended that the Application had been lodged outside the statutory period prescribed for challenging an objection decision. It was stated that the Objection Decision had been issued and served upon the Applicant on 20th November 2024, whereas the present Application was not filed until September 2025, approximately ten months later.

17. The Respondent maintained that the delay was contrary to Section 27(1) of the Tax Procedures Code Act, Section 16(1)(c) of the Tax Appeals Tribunal Act, and Rule 11(a) of the Tax Appeals Tribunal (Procedure) Rules, all of which require an application for review of an objection decision to be lodged within thirty days after service of the decision. The Respondent therefore contended that the Application was time-barred and that the Tribunal lacked jurisdiction to entertain it.

18. In support of this objection, the Respondent relied on the decisions in *Mukisa Biscuit Manufacturing Co. Ltd v West End Distributors Ltd*, which defined a preliminary objection as a pure point of law capable of disposing of a suit, and *Musoke Mike v Kalumba James*, in which the court held that issues of law may be raised at any stage of proceedings and ought to be determined before issues of fact.

19. The Respondent relied on *Game Discount World Uganda Limited v Uganda Revenue Authority*, where Justice Mubiru observed that statutory limitation periods are intended to protect parties from claims pursued after unreasonable delay and that rights of action may be extinguished where prescribed timelines are not complied with.
20. The Respondent further contended that the Applicant had failed to comply with the mandatory requirement under Section 15(1) of the Tax Appeals Tribunal Act to pay thirty per cent of the tax in dispute or the tax not in dispute, whichever was greater, before lodging the Application. It was asserted that there was no evidence showing that the Applicant had paid either the statutory thirty per cent of the disputed tax or the tax not in dispute.
21. The Respondent maintained that compliance with Section 15(1) was a mandatory precondition to the institution of proceedings before the Tribunal and that failure to comply rendered the Application incompetent. In support of this position, the Respondent relied on *Uganda Projects Implementation and Management Centre v Uganda Revenue Authority*, in which the Supreme Court upheld the constitutionality of the statutory payment requirement, and *Mecash Trading Co. Ltd v Commissioner for South African Revenue Services*, which affirmed the principle that a taxpayer is generally required to pay assessed taxes before pursuing a challenge.
22. Without prejudice to the foregoing preliminary objections, the Respondent maintained that the Applicant had failed to discharge the burden of proof imposed by law. The Respondent relied on Section 19(a) of the Tax Appeals Tribunal Act, Section 28 of the Tax Procedures Code Act, and Section 101 of the Evidence Act, and contended that the burden rested upon the Applicant to prove that the assessment was excessive, erroneous, or otherwise incorrect. Reliance was also placed on *Williamson Diamonds Ltd v Commissioner General*, in which it was held that the burden of proving that an assessment is excessive lies upon the taxpayer and cannot be shifted to the revenue authority.

23. On the merits of the assessment, the Respondent stated that it had lawfully issued an Administrative Additional Income Tax Assessment after establishing through third-party withholding tax returns that the Applicant had received payments amounting to UGX 257,990,983 during the 2019/2020 year of income which had not been declared in the Applicant's income tax return.
24. The Respondent maintained that the payments constituted undeclared business income and justified the issuance of an additional assessment under Section 25 of the Tax Procedures Code Act.
25. The Respondent further contended that although the Applicant had objected to the assessment on the basis that expenses had been incurred in generating the income, the Applicant had failed to provide any documentary evidence capable of substantiating those expenses. It was stated that requests had been made for supporting documents, including bank statements and evidence of payment relating to the expenses claimed, but the Applicant had failed to furnish the requested information. Consequently, the Respondent maintained that it had been unable to verify the expenses and was justified in disallowing them.
26. The Respondent relied on Sections 22(1)(a) and 22(3) of the Income Tax Act and maintained that deductions are allowable only where expenditure is incurred in the production of income and where the taxpayer is able to demonstrate that the expenditure satisfies the statutory requirements for deductibility. According to the Respondent, the absence of supporting documentation meant that there was no basis upon which the expenses claimed by the Applicant could lawfully be allowed.
27. The Respondent therefore maintained that the assessment of UGX 51,045,294 had been lawfully raised, that the Objection Decision had been properly issued, and that the Applicant had failed to demonstrate any error in either the assessment or the objection decision. The Respondent consequently prayed that the Application be dismissed, that the assessment be upheld, and that costs be awarded in its favour.

VII. Determination

28. Having carefully considered the pleadings, the documentary evidence on record, the submissions of the parties, the authorities cited, and the applicable law, the Tribunal proceeds to determine the issues arising in this Application.

Preliminary Objections

29. The Respondent raised two preliminary objections, namely that the Application was filed its application for review outside the statutory period prescribed by law and that the Applicant failed to comply with the mandatory requirement to pay thirty per cent of the tax in dispute or the tax not in dispute, whichever was greater, before instituting proceedings before the Tribunal.
30. Since both objections concern the Tribunal's jurisdiction and competence to entertain the Application, they must be determined before consideration of the substantive merits of the dispute.

Whether the Application was filed within the prescribed statutory period

31. The law governing appeals from objection decisions is clear. Section 27(1) of the Tax Procedures Code Act and Section 16(1)(c) of the Tax Appeals Tribunal Act require a taxpayer who is dissatisfied with an objection decision to lodge an application before the Tribunal within thirty days after being served with the objection decision.
32. The evidence on record shows that the Respondent issued and served the Objection Decision upon the Applicant on 20th November 2024. The present Application was filed on 15th September 2025, approximately ten months after service of the Objection Decision. The Applicant did not place before the Tribunal any evidence demonstrating that the statutory period had been extended, suspended, or otherwise preserved by operation of law. Neither did the Applicant provide any explanation capable of justifying such prolonged delay.

33. The Tribunal agrees with the reasoning in *Game Discount World Uganda Limited v Uganda Revenue Authority*, where it was observed that limitation periods serve an important public purpose by ensuring finality in legal disputes and encouraging litigants to diligently pursue their claims. Tax administration, in particular, depends upon certainty and finality in the assessment and collection of revenue.
34. In the present matter, the Applicant's right to challenge the Objection Decision could only be exercised within the period prescribed by statute. Having failed to invoke the Tribunal's jurisdiction within that period, the Applicant cannot revive a cause of action that had already become statute-barred. The Tribunal therefore finds that the Application was filed out of time and is consequently incompetent.

Whether the Applicant complied with Section 15(1) of the Tax Appeals Tribunal Act

35. The Respondent further contended that the Applicant failed to comply with Section 15(1) of the Tax Appeals Tribunal Act, which requires a taxpayer to pay thirty per cent of the tax in dispute or the tax not in dispute, whichever is greater, before lodging an application before the Tribunal.
36. The record before the Tribunal contains no evidence demonstrating that the Applicant made the payment required by the statute. No payment receipts, tax ledger extracts, or other documentary proof were produced to establish compliance.
37. The Supreme Court in *Uganda Projects Implementation and Management Centre v Uganda Revenue Authority* upheld the constitutionality of this requirement and recognized it as an integral component of the statutory framework governing tax disputes. The rationale underlying the provision is that a taxpayer who seeks to challenge an assessment must first satisfy the minimum statutory obligation imposed by Parliament before invoking the appellate jurisdiction of the Tribunal.

38. The Tribunal therefore finds that the Applicant failed to demonstrate compliance with Section 15(1) of the Tax Appeals Tribunal Act. This failure constitutes a further ground upon which the Application is rendered incompetent.
39. Accordingly, both preliminary objections succeed.

Whether the Assessment of UGX 51,045,294 was Lawfully Raised

40. Although the Tribunal has found that the Application is incompetent, we find it prudent to address the substantive issue.
41. The Applicant challenged the assessment on the basis that the Respondent allegedly failed to take into account expenses incurred in generating the income identified through third-party withholding tax returns.
42. The burden of proving that an assessment is excessive or incorrect rests squarely upon the taxpayer. This principle is embodied in Section 19(a) of the Tax Appeals Tribunal Act, Section 28 of the Tax Procedures Code Act, and Section 101 of the Evidence Act. It was similarly affirmed in *Williamson Diamonds Ltd v Commissioner General*, where the court held that the burden of proving that an assessment is excessive lies upon the taxpayer and cannot be shifted to the revenue authority.
43. The evidence before the Tribunal establishes that the Respondent identified payments amounting to UGX 257,990,983 made to the Applicant during the 2019/2020 year of income through third-party withholding tax declarations. It is not disputed that this income was not declared in the Applicant's income tax return.
44. The Applicant's case was that the assessment was excessive because the Respondent failed to account for expenses allegedly incurred in generating that income. However, beyond making that assertion, the Applicant failed to place before the Tribunal any documentary evidence capable of substantiating the expenditure claimed. The record shows that the

Respondent requested supporting documents, including bank statements and proof of payment relating to expenses exceeding UGX 5 million. The Applicant did not furnish the requested documentation.

45. Under Sections 22(1)(a) and 22(3) of the Income Tax Act, expenditure is deductible only where it is incurred in the production of income and where the taxpayer is able to demonstrate its existence through appropriate records. A taxpayer cannot merely assert the existence of expenditure and expect the Tribunal to allow deductions in the absence of evidence.
46. The Tribunal has carefully considered the Applicant's explanation that difficulties arose during the transition from the former e-return system to the eFiling platform. While the Tribunal appreciates that taxpayers may encounter administrative challenges, such difficulties do not relieve a taxpayer of the statutory obligation to maintain records, declare income accurately, and substantiate deductions claimed.
47. In the absence of evidence supporting the claimed expenses, the Tribunal finds that the Applicant failed to discharge the burden imposed by law. The Respondent was therefore justified in disallowing the unsubstantiated deductions and maintaining the additional assessment.
48. For the foregoing reasons, the Tribunal finds that the Application was filed outside the statutory period prescribed by law and that the Applicant failed to demonstrate compliance with Section 15(1) of the Tax Appeals Tribunal Act. The Application is therefore incompetent and cannot be entertained by the Tribunal. In any event, the Applicant failed to discharge the burden of proving that the assessment was excessive or incorrect. The assessment of UGX 51,045,294 was therefore lawfully raised and properly maintained by the Respondent.

Orders

Accordingly, the Tribunal makes the following orders:

- a. The Respondent's preliminary objections are upheld.

- b. The Application is hereby dismissed.
- c. The Objection Decision dated 20th November 2024 and the Administrative Additional Income Tax Assessment of UGX 51,045,294 are upheld.
- d. In the circumstances of this case, each party shall bear its own costs.

It is so ordered.

Dated at Kampala this 29th day of May 2026.



**HON. STELLA NYAPENDI CHOMBO
CHAIRPERSON**



**HON. GRACE SAFI
MEMBER**



**HON. ROSEMARY NAJJEMBA
MEMBER**