



**THE REPUBLIC OF UGANDA**  
**IN THE TAX APPEALS TRIBUNAL AT KAMPALA**  
**APPLICATION NO. 215 OF 2024**

**ROSMONIC ENTERPRISES LIMITED .....APPLICANT**

**VERSUS**

**UGANDA REVENUE AUTHORITY .....RESPONDENT**

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

**RULING**

**I. Introduction**

1. This Application arises from revised Rental Income Tax assessments issued by the Respondent against the Applicant in the sum of Shs. 30,315,000 following a partial consent settlement executed on 26 February 2026.

**II. Background Facts**

2. The Applicant is a family-owned company engaged in the business of real estate in Lira Municipality. At all material times, its affairs were managed by its late Managing Director, Hon. Cecilia Barbara Atim Ogwal, who oversaw the Applicant's financial and tax affairs.
3. The Respondent issued administrative Rental Income Tax assessments against the Applicant for the tax periods 2014/2015 to 2018/2019 arising from the Applicant's failure to file rental income tax returns. The assessments amounted to Shs. 29,400,000.

4. The Applicant objected to the assessments on the ground that the rental income giving rise to the assessments had already been declared and the corresponding taxes paid under TIN No. 1000811736 belonging to the late Hon. Cecilia Barbara Atim Ogwal.
5. During the objection review process, the Applicant furnished the Respondent with a tenancy agreement dated 7 February 2013 executed between the Applicant and Pride Microfinance Limited in respect of premises situated on Plot 47 Bazaar Street, Lira. The tenancy agreement provided for monthly rent of Shs. 2,850,000, translating into annual rental income of Shs. 34,200,000.
6. Upon review of the Applicant's documentation, the Respondent established that the rental income declared under the late Hon. Cecilia Barbara Atim Ogwal's TIN did not fully correspond with the rental income reflected in the tenancy agreement. The Respondent consequently disallowed the objection and issued objection decisions together with additional Rental Income Tax assessments amounting to Shs. 51,300,000.
7. Being dissatisfied with the objection decisions, the Applicant filed the present Application before the Tribunal challenging the revised assessments on the ground that substantial portions of the rental income had already been declared and tax paid under the TIN of the late Hon. Cecilia Barbara Atim Ogwal.
8. During the pendency of the Application, the matter was referred to guided mediation before the Tribunal culminating into a Partial Consent Settlement executed on 26 February 2026. Pursuant to the settlement, the Respondent revised the Applicant's liability from Shs. 51,300,000 to Shs. 30,315,000.
9. The remaining dispute relates to the tax periods July 2015 to June 2016 and July 2016 to June 2017. The Applicant contends that during those periods, rental income arising from the tenancy with Pride Microfinance Limited was declared under the personal TIN of the late Hon. Cecilia Barbara Atim Ogwal,

who was at the time the Applicant's Managing Director. According to the Applicant, rental income of Shs. 16,000,000 and Shs. 12,000,000 respectively was declared in the relevant returns, with Pride Microfinance Limited identified as the tenant in respect of Plot 47 Bazaar Street, Lira, and the corresponding taxes were duly paid to the Respondent.

10. The Applicant maintains that, having paid Shs. 21,135,300 as uncontested tax together with the amounts previously declared and paid under the late Hon. Cecilia Barbara Atim Ogwal's TIN, the only outstanding liability attributable to the Applicant is Shs. 779,700. The Respondent, however, declined to credit the payments made under the director's TIN towards the Applicant's liability and maintained that the revised assessment of Shs. 30,315,000 remained due and payable.

### **III. Issues**

11. The issues for determination are as follows:
  - (i) Whether the Applicant is liable to pay the revised Rental Income Tax assessment of Shs. 30,315,000 issued by the Respondent.
  - (ii) Whether there are any remedies available to the parties.

### **IV. Representation and Evidence**

12. The Applicant was represented by Ms. Loyce Nakazzi and Ms. Barbra Natukunda while the Respondent was represented by Ms. Eseza Victoria Ssendege.
13. The Applicant is a family-owned company engaged in the business of real estate in Lira Municipality. According to the affidavit of Mr. Henry Okello Ogwal, a Director of the Applicant, the shareholders of the company include himself, his brother Joshua Ogwal, and the late Hon. Cecilia Barbara Atim Ogwal, who was the majority shareholder and Managing Director responsible for overseeing the Applicant's financial and tax affairs.
14. Mr. Ogwal stated that on 20 June 2020, the Respondent issued administrative default assessments against the Applicant for Rental Income

Tax covering the periods 1 February 2015 to 30 June 2015, 2015/2016, 2016/2017, 2017/2018, and 2018/2019 amounting to Shs. 29,400,000. He explained that the assessments were issued during the COVID-19 pandemic when lockdown restrictions and limited movement affected the Applicant's ability to retrieve documents necessary to lodge objections within time.

15. He further stated that on 12 September 2023, the Applicant lodged objections and filed returns on the ground that the assessed rental income had already been declared under TIN No. 1000811736 belonging to the late Hon. Cecilia Barbara Atim Ogwal, who at the material time was the Applicant's Managing Director. On 20 November 2023, the Respondent disallowed the objection and issued objection decisions together with additional Rental Income Tax assessments amounting to Shs. 51,300,000.
16. Mr. Ogwal stated that the Applicant thereafter engaged the Respondent's Domestic Taxes Office in Lira seeking reconciliation of the tax account on the basis that part of the taxes had already been declared and paid under the late Hon. Cecilia Barbara Atim Ogwal's TIN and tax returns.
17. He further stated that following the death of the Applicant's Managing Director, the remaining directors reorganised the affairs of the estate and subsequently engaged the Respondent after DFCU Bank notified the Applicant that agency notices had been issued against its accounts to recover the assessed liability of Shs. 51,300,000.
18. According to him, the Respondent advised the Applicant to pay the uncontested portion of the assessment and pursue the dispute before the Tribunal. Consequently, on 5 and 7 March 2024, the Applicant paid Shs. 21,135,300 as uncontested tax and thereafter instituted the present Application before the Tribunal.
19. During the pendency of the Application, the matter was referred to guided mediation before the Tribunal. Mr. Ogwal stated that the Applicant furnished additional documentation including tenancy agreements, bank statements,

- and evidence of tax declarations. Upon review of the documentation, the Respondent acknowledged that the Applicant did not possess a Tax Identification Number prior to February 2013 and further accepted that a portion of the rental income tax had already been declared and paid under the TIN of the late Hon. Cecilia Barbara Atim Ogwal.
20. The Respondent consequently allowed part of the declarations relating to the periods February 2013 to June 2013, July 2013 to June 2014, and July 2014 to June 2015. The mediation culminated into a Partial Consent Settlement executed on 26 February 2026 by which the parties revised the Applicant's Rental Income Tax liability from Shs. 51,300,000 to Shs. 30,315,000, thereby partially resolving the dispute.
  21. The remaining dispute relates to the periods July 2015 to June 2016 and July 2016 to June 2017 to which Mr. Ogwal stated that the assessed rental income for each period was Shs. 34,200,000, but the late Hon. Cecilia Barbara Atim Ogwal declared only Shs. 16,000,000 for the period July 2015 to June 2016 and Shs. 12,000,000 for the period July 2016 to June 2017 under her personal TIN. He stated that the resultant tax on the undeclared rental income was assessed at Shs. 5,460,000 and Shs. 6,660,000 respectively.
  22. Mr. Ogwal further stated that the late Hon. Cecilia Barbara Atim Ogwal's tax returns for the unresolved periods identified Pride Microfinance Limited as the tenant and specified the premises situated on Plot 47 Bazaar Street, Lira. He maintained that the Applicant was at all material times the proprietor and landlord of the said premises and that the rental income tax declared under the late Hon. Cecilia Barbara Atim Ogwal's TIN related to the Applicant's rental income.
  23. Mr. Ogwal concluded that after taking into account the rental income previously declared under the TIN of the late Hon. Cecilia Barbara Atim Ogwal together with the uncontested payment of Shs. 21,135,300, the only outstanding liability attributable to the Applicant from the revised assessment of Shs. 30,315,000 was Shs. 779,700.

24. In the Affidavit in reply by **Mr. James Obama Baker** an officer in the Domestic Taxes Department of the Respondent, stated that the the Applicant was assessed Income Tax Rental amounting 29,400,000 for the period from 2014/2015 to 2018/2019 due to failure to submit returns yet third party Withholding Tax data showed that they earned rental income, specifically from pride microfinance. The Applicant objected to Shs. 29,400,000 on grounds that the assessed income was already filed under TIN 1000811736 belonging to Ms Atim Ogwal Cecilia Barbara and the subsequent taxes were paid.
25. That during the objection review, the Applicant was requested to provide, bank statements and tenancy agreement with Pride Microfinance. That the Applicant submitted only a copy of tenancy agreement signed on 7 February, 2013 between the Applicant and Pride Microfinance Limited indicating a monthly rent of Shs. 2,850,000 translating to Shs. 34,200,000 per annum.
26. That the Respondent established that the rental income from Pride Microfinance was also being declared by Ms Atim Ogwal Cecilia Barbara (TIN: 1000811736), however, it was also established that the rental income being declared by Ms Atim Ogwal was less as compared to the tenancy agreement submitted so the Respondent could not substantiate if this rental income was from the same building. The Respondent resolved to raise additional assessments on the Applicant since the tenancy agreement submitted was signed between the Applicant and Pride Microfinance Limited not Ms. Atim Ogwal.

#### **Summary of additional assessments raised**

<b>S/N</b>	<b>Period</b>	<b>Additional Assessment</b>
1	JUL-2018 to JUN-2019	10,260,000
2	JUL-2017 to JUN-2018	10,260,000
3	JUL-2016 to JUN-2017	10,260,000
4	JUL-2015 to JUN-2016	10,260,000
5	FEB-2015 to JUN-2015.	10,260,000
	<b>Total</b>	<b>51,300,000</b>

27. That the Applicant's objections were disallowed and additional assessments amounting to Shs. 51,300,000 were raised for the period ranging from Feb 2015 to June 2019. The Applicant being dissatisfied with the objection decision and appealed to the Tribunal. The Applicant submitted the tenancy agreement, handover of premises notice, certificate of titles and bank statements for review. The tenancy agreement signed between the Applicant and Pride Microfinance commenced on 1 February 2013 with a monthly rent rate of Shs.2,850,000.
28. That the Applicant registered for a TIN on 01/02/2015, implying that they could only start filing the rental income from the time they were effectively registered for a TIN. The handover report from Pride Microfiance showed that the premise was vacated by Pride Microfinance by 31 July 2017 and according to the Applicant, the building was vacant in the period 2018/2019. The Applicant submitted their bank statements to show that the company did not earn rental income in that period. Consequently, the tax liability was adjusted as shown below.

	Location	Date			
Pride Microfinance Ltd	Plot 47 Bazaar Street Lira	01/07/2016	30/06/2017	34,200,000	10,260,000
"	"	01/07/2015	30/06/2016	34,200,000	10,260,000
"	"	01/07/2015	30/06/2015	14,250,000	4,275,000
					<b>24,795,000</b>

29. That for the period 2014/2015 the rental income considered was for 5 months effectively February 2015 to June 2015, since the Applicant was effectively registered in February 2015. That the period 2017/18 and 2018/19 was not considered since Pride microfinance had vacated the premises per the Applicant's submission.

### Rosmonic revised Tax Position

Period	Actual Rental income	Actual Tax Liability	Assessed Liability
June 2019			10,260,000
June 2018			10,260,000
June 2017	34,200,000	10,260,000	10,260,000
June 2016	34,200,000	10,260,000	10,260,000
June 2015	14,250,000	4,275,000	10,260,000
	<b>82,650,000</b>	<b>24,795,000</b>	<b>51,300,000</b>

30. That the Applicant's effective date of registration was updated to include the period the tenancy agreement was signed and the tax liability was revised taking into consideration the periods under review that is from July 2014 to June 2019.

Tenancy Period	Period	Months Occupied	Monthly rate	Actual Rental Income	Assessed Liability	Over-assessed Tax
01/07/2018-30/06/2019	June 2019	-	2,850,000	-	10,260,000	10,260,000
01/07/2017-30/06/2018	June 2018	-	2,850,000	-	10,260,000	10,260,000
04/07-3036-30/06/2017	June 2017	12	2,850,000	34,200,000	10,260,000	-
01/07/2013-10/06/2016	June 2016	12	2,850,000	34,200,000	10,260,000	-
01/07/2014-30/06/2015	June 2015	12	2,850,000	34,200,000	10,260,000	
01/07/2013-30/06/2014	June 2014	12	2,850,000	34,200,000	-	
07/02/2013-30/06/2013	June 2013	5	2,850,000	14,250,000	-	
			<b>151,050,000</b>	<b>45,315,000</b>	<b>51,300,000</b>	

31. That the Applicant submitted that, the Respondent should take into consideration, the rental income declared under Cecilia Imat for the period when the company was not yet established. The additional income tax was adjusted from Shs.51,300,000 to Shs. 30,315,000.

Period	Months Occupied	Monthly rate	Rental Income		Declared by Imat Cecelia	Undeclared income	Adjusted tax liability	Assessed Tax Liability
01/07/2018-30/06/2019	-	2,850,000	-				-	10,260,000
01/07/2017-30/06/2018	-	2,850,000	-				-	10,260,000
04/07-30/06/2017	12	2,850,000	34,200,000	10,260,000	-	34,200,000	10,260,000	10,260,000
01/07/2013-10/06/2016	12	2,850,000	34,200,000	10,260,000	-	34,200,000	10,260,000	10,260,000
01/07/2014-30/06/2015	12	2,850,000	34,200,000	10,260,000	16,000,000	18,200,000	5,460,000	10,260,000
01/07/2013-30/06/2014	12	2,850,000	34,200,000	10,260,000	24,000,000	10,200,000	3,060,000	-
07/02/2013-30/06/2013	5	2,850,000	14,250,000	4,275,000	10,000,000	2,250,000	1,275,000	-
			<b>151,050,000</b>	<b>45,315,000</b>			<b>30,315,000</b>	<b>51,300,000</b>

32. That consequently parties filed a partial consent with this Tribunal adjusting the liability from Shs. 51,300,000 to Shs. 30,315,000. The outstanding liability of Shs. 30,315,000 is due and payable based on the submitted tenancy agreement and reconciliation of periods when the company had not acquired its TIN as well as when the building was vacated by pride Microfinance. There is no indicator pointing to the fact that the income declared by Ms Atim Ogwal Cecilía Barbara (TIN: 1000811736) actually related to the tenancy agreement between Rosmonic Enterprises and Pride Microfinance.
33. That the fact that she declared an amount in her returns different from the contract that was presented is a true indicator that the two incomes were from different buildings and not well returned in the Respondent's system.
34. **In the affidavit in rejoinder by Mr. Henry Okello Ogwal**, a Director of the Applicant, duly reiterated the contents of his Affidavit in support of the application in this matter and in specific response to the Affidavit in reply, do state as follows.

35. That it is false to allude to the absence of the relationship between the late Ms. Atim Ogwal Cecilia Barbara's TIN and rental income between the Applicant and Pride Microfinance Limited. The rental income declarations made under the TIN of the late Ms. Atim Ogwal Cecilia Barbara relate to the same premises comprised in the tenancy agreement between the Applicant and Pride Microfinance Limited.
36. That the tenancy agreement relied upon by the Respondent specifically describes the premises as Plot 47 Bazaar Street, Lira Town Council and the rental income tax returns filed under the TIN of the late Ms. Atim Ogwal Cecilia Barbara equally described the same property as Plot 47 Bazaar Street with Pride Microfinance Limited as the tenant.
37. That the late Ms. Atim Ogwal Cecilia Barbara was a Director of the Applicant company and was accordingly connected to the affairs and operations of the Applicant.

#### **V. The Applicant's Submissions**

##### **Whether the Applicant is liable to pay the revised Rental Income Tax assessment of Shs. 30,315,000?**

38. The Applicant submitted that under Section 19(1) of the Tax Appeals Tribunal Act, the burden lies on the Applicant to demonstrate that the impugned tax decision is excessive or ought to have been made differently. The Applicant submitted that the affidavit evidence established that rental income for the periods July 2015 to June 2016 and July 2016 to June 2017 was declared in the sums of Shs. 16,000,000 and Shs. 12,000,000 respectively under the personal TIN of the late Managing Director and that the corresponding tax was paid to the Respondent.
39. The Applicant further submitted that the declarations identified Pride Microfinance Limited as the tenant and related to the Applicant's property situated on Plot 47 Bazaar Street, Lira, thereby demonstrating that the income belonged to the Applicant and that the tax paid related to that income.

40. The Applicant submitted that the Respondent did not dispute receipt of the payments but instead maintained that the payments could not be credited to the Applicant because they were made under a different TIN. The Applicant therefore framed the issue as whether the use of an incorrect TIN could negate the legal effect of a tax payment duly made and received by the Respondent.
41. The Applicant submitted that under Section 5 of the Income Tax Act, Rental Income Tax is imposed on the person deriving the income and that once tax on that income is paid, the liability is discharged. Reliance was also placed on Section 32 of the Tax Procedures Code Act, which treats tax as satisfied upon payment. The Applicant argued that tax remains recoverable only to the extent that it remains unpaid and that once the Respondent has received tax in respect of a particular income stream, it cannot lawfully treat the same tax as outstanding.
42. The Applicant further submitted that whereas Sections 4 and 5 of the Tax Procedures Code Act require taxpayers to obtain and use their own TINs, the Act does not render payments made under an incorrect TIN void or unpaid. The Applicant argued that such non-compliance may attract administrative penalties under Section 66 of the Tax Procedures Code Act but does not extinguish the legal effect of payment. It was therefore submitted that the Respondent could not rely on a procedural irregularity to disregard tax already received.
43. The Applicant relied on the decision in *Kansai Plascon Uganda Ltd v Uganda Revenue Authority*, Civil Appeal No. 0037 of 2021, for the proposition that the Tribunal exercises a broad merits jurisdiction and may determine the true tax liability based on both facts and law. Reliance was also placed on *East Africa Cranes Ltd v Uganda Revenue Authority*, TAT Application No. 18 of 2018, where the Tribunal recognised that tax overpaid or wrongly retained by the Commissioner ought to be applied as a credit or refund.

44. The Applicant submitted that the dispute was therefore not one of non-payment but of misallocation of payments. It was argued that substantial payments had been made both under the director's TIN and directly by the Applicant and that, once those payments were properly accounted for, the only outstanding liability was Shs. 779,700.
45. The Applicant further submitted that the Respondent's insistence on treating the revised assessment of Shs. 30,315,000 as wholly outstanding disregarded payments already received and resulted in an inflated and inaccurate tax position. The Applicant argued that the Respondent sought to retain tax already paid while simultaneously demanding payment of the same tax again, thereby resulting in unjust enrichment and double taxation.
46. The Applicant maintained that the evidence demonstrated that the income belonged to the Applicant, that the same was declared, and that the corresponding tax was paid and received by the Respondent. The Applicant submitted that the use of the late Managing Director's TIN, though irregular, was merely a procedural defect which could not override the substantive discharge of the tax liability.
47. The Applicant further submitted that the late Managing Director, who handled the Applicant's tax affairs, was deceased and that the Applicant could not fully explain the administrative circumstances under which her TIN was used. The Applicant argued that it would therefore be inequitable to penalise the Applicant for an administrative irregularity where the Respondent had already received the tax. It was submitted that the impugned assessment was excessive and ought to have been made differently because the Applicant's liability could only extend to the true outstanding balance remaining after proper credit was given for payments already made.
48. The Applicant invited the Tribunal to grant corrective relief by directing the Respondent to recognise and credit all payments made under the late Managing Director's TIN towards the Applicant's Rental Income Tax liability and to conduct a full reconciliation of the Applicant's tax account. The

Applicant submitted that limiting the Applicant's enforceable liability to the reconciled balance of Shs. 779,700 would give effect to the statutory framework while preventing the Respondent from retaining amounts to which it was not legally entitled.

49. The Applicant prayed that the Tribunal be pleased to vary or set aside the revised assessment, direct the Respondent to recognise and credit the payments already made, limit the Applicant's liability to Shs. 779,700, and grant such further relief as may be just and equitable.

## VI. The Submissions of the Respondent

### **Whether the Applicant is liable to pay the Rental Tax assessed?**

50. The Respondent relied on the decision in *Cape Brandy Syndicate v Inland Revenue Commissioners [1921] 1 KB 64*, where *Rowlatt J.* held that in a taxing statute one must look strictly at what is clearly stated and that nothing is to be implied or read into the law. On the strength of that authority, the Respondent submitted that taxing statutes must be interpreted strictly according to their clear and unambiguous wording and that courts have no authority to infer obligations or rights not expressly provided for under the statute.
51. The Respondent submitted that under Section 5(1) of the Income Tax Act, Rental Income Tax is charged on every person who derives rental income for a year of income, subject to and in accordance with the Act. The Respondent further referred to the definition of "rental income" under Section 2 of the Income Tax Act as the total amount of rent derived by a person from the lease of immovable property in Uganda and to the definition of "rent" as consideration paid for the use or occupation of land or buildings.
52. The Respondent further submitted that rental income is treated separately from other forms of gross income under the Income Tax Act. Reliance was placed on Section 5(3) of the Act, which provides that Rental Income Tax imposed on an individual is separate from tax imposed under Section 4 and that rental income shall not be included in the individual's gross income for

the year of income. In support of that position, the Respondent relied on *Hajji Musa Ntale v URA, HCT-00-303-2008*, where the Court held that proceeds arising from the letting of property constituted rent and that rental income is treated separately from other forms of gross income.

53. The Respondent also relied on the Tribunal's decision in *Lake Victoria v URA, TAT Application No. 300 of 2024*, and submitted that the Applicant was expected to make separate declarations in respect of rental income arising from its tenancy arrangement with Pride Microfinance Limited as evidenced in the tenancy agreement.
54. The Respondent submitted that the impugned assessments were properly issued pursuant to the Commissioner's powers under Section 25(2)(a) of the Tax Procedures Code Act. The Respondent rejected the Applicant's contention that the assessments were arbitrary or unlawful and relied on *Uganda Revenue Authority v Balondemu David, Civil Appeal No. 0002 of 2013*, for the proposition that the burden of proof in tax disputes lies with the taxpayer. The Respondent maintained that the Applicant had failed to prove that the assessments were unlawful or excessive.
55. The Respondent further submitted that Section 25(2)(a) of the Tax Procedures Code Act empowers the Commissioner to issue additional assessments where wilful neglect has been committed by or on behalf of the taxpayer. Reliance was placed on *Kampala Hospitality Development Ltd v URA, TAT Application No. 69 of 2023*, where the Tribunal adopted the reasoning in *Commissioner of Domestic Taxes v Airtel Networks Kenya Ltd, Income Tax Appeal E062 of 2022 [2023] KEHC 25059*, to the effect that wilful neglect includes intentional and gross deviation from acceptable taxpayer conduct. The Respondent submitted that failure to file returns had previously been recognised as constituting wilful neglect.
56. The Respondent submitted that the impugned assessments arose from the Applicant's failure to submit returns by the statutory due dates. Reliance was also placed on *Micheal Ndichu v Commissioner of Domestic Taxes, Income Tax Appeal E064 of 2021 [2023] KEHC 2594*, which was cited in

*Kampala Hospitality Development Ltd v URA*, where failure to properly account for tax obligations was held to amount to wilful neglect. The Respondent argued that the Applicant's conduct in failing to file proper returns and later asserting that declarations had been made under a different TIN amounted to wilful neglect warranting issuance of the additional assessments.

57. The Respondent further argued that the Applicant's conduct demonstrated an intention to evade tax because, despite possessing its own TIN, it purportedly declared rental income under the TIN of the late Hon. Cecilia Barbara Atim Ogwal. The Respondent submitted that the declarations relied upon by the Applicant did not correspond with the rent stipulated in the tenancy agreement and referred to the Applicant's own affidavit evidence acknowledging that the declared figures did not tally with the contractual rent.
58. The Respondent submitted that there was no dispute regarding the under declaration of rental income and maintained that the outstanding tax remained due and payable. The Respondent referred to the tenancy agreement dated 7 February 2013 between the Applicant and Pride Microfinance Limited indicating monthly rent of Shs. 2,850,000, equivalent to annual rental income of Shs. 34,200,000.
59. The Respondent acknowledged that rental income from Pride Microfinance Limited had for some period been declared under the TIN of the late Hon. Cecilia Barbara Atim Ogwal. However, the Respondent maintained that the declared figures were materially lower than the rent reflected in the tenancy agreement and therefore could not conclusively be attributed to the same property.
60. The Respondent further submitted that the tenancy agreement was executed between the Applicant and Pride Microfinance Limited and not between Pride Microfinance Limited and the late Hon. Cecilia Barbara Atim Ogwal. On that basis, the Respondent maintained that the additional assessments against the Applicant were properly raised.

61. The Respondent also submitted that under Section 17(1) of the Income Tax Act, gross income comprises business income, employment income, and property income. The Respondent maintained that the Applicant's rental earnings constituted taxable rental income properly assessable against the Applicant. Reliance was also placed on *J.N. Duggan v Commissioner of Income Tax AIR 1952 Bombay 261* for the principle that statutes must be interpreted as a whole. The Respondent consequently prayed that the Tribunal upholds the impugned assessment.
62. The Respondent submitted that it had demonstrated that the Applicant remained liable to pay the assessed tax and consequently prayed for costs of the Application. The Respondent accordingly prayed for orders that the Application be dismissed, the additional Rental Income Tax assessment amounting to Shs. 30,315,000 be upheld, the Applicant be found liable to pay the assessed tax, and costs of the Application be awarded to the Respondent.

#### **VII. The Applicant's Submissions in Rejoinder**

63. In rejoinder, the Applicant submitted that the Respondent introduced allegations of wilful neglect and tax evasion at the submissions stage despite those matters not having been pleaded. The Applicant argued that it is a cardinal principle of civil procedure that parties are bound by their pleadings and cannot depart from them. Reliance was placed on Order 6 Rule 7 of the Civil Procedure Rules, S.I. 71-1.
64. The Applicant further relied on *Twed Consulting Company Limited v Springwood Capital Partners Limited, HCCS No. 550 of 2014*, where the High Court reaffirmed the principle that parties are bound by their pleadings and are not permitted to depart from them. The Applicant therefore submitted that the Respondent could not properly raise allegations of wilful neglect and tax evasion in submissions when those matters neither formed part of the pleadings nor arose from the issues framed for determination.

65. The Applicant accordingly prayed that the Respondent's submissions on wilful neglect and tax evasion be disregarded as an impermissible departure from the pleadings. Without prejudice to that objection, the Applicant nevertheless responded to the impugned allegations as follows:
66. The Applicant submitted that the Respondent's characterisation of the Applicant's conduct as wilful neglect was misleading and unsupported by the evidence. Reliance was placed on *R v Stone and Dobinson [1977] 1 QB 354*, where the Court of Appeal of England described wilful neglect as involving failure to discharge a legal duty knowingly and intentionally, resulting in damage or loss.
67. The Applicant argued that although it had a legal obligation in relation to its tax affairs, there was no evidence that it deliberately or intentionally breached that obligation. The Applicant maintained that no loss was occasioned to the Respondent because the taxes in issue had already been paid. It was further submitted that wilful neglect carries a criminal character requiring proof of mens rea or a guilty mind and that the Respondent had failed to establish the requisite intention necessary to sustain such an allegation.
68. The Applicant similarly rejected the Respondent's allegation that it acted with the intention to evade tax. Reliance was placed on *Commissioner of Inland Revenue v Challenge Corporation Ltd [1986] UKPC 45; [1987] AC 155*, where tax evasion was described as fraudulent or dishonest conduct designed to conceal tax liability. The Applicant submitted that its conduct did not amount to tax evasion because there was neither fraud nor concealment of taxable income. The Applicant argued that the tenancy agreement was voluntarily disclosed to the Respondent and that it openly explained that rental income declarations had previously been made under the TIN of the late Hon. Cecilia Barbara Atim Ogwal. According to the Applicant, such conduct was inconsistent with any intention to conceal taxable income or defeat lawful tax obligations.

69. The Applicant further submitted that the Respondent's contention that the declarations related to a different property was contradicted by the documentary evidence on record. The Applicant pointed out that both the tenancy agreement and the rental income tax returns filed under the TIN of the late Hon. Cecilia Barbara Atim Ogwal identified the premises as Plot 47 Bazaar Street, Lira Town Council and identified Pride Microfinance Limited as the tenant. The Applicant further submitted that the late Hon. Cecilia Barbara Atim Ogwal was a Director of the Applicant and actively involved in its affairs. The Applicant therefore reiterated its earlier submissions and prayed that the Application be allowed with costs.

### **VIII. Determination**

70. The Tribunal has carefully considered the pleadings, affidavit evidence, documentary exhibits, submissions of the parties, and the applicable law.
71. The dispute before the Tribunal concerns whether the revised Rental Income Tax assessment of Shs. 30,315,000 issued against the Applicant ought to stand notwithstanding the Applicant's assertion that substantial portions of the rental income tax had already been declared and paid under the personal Tax Identification Number (TIN) of its late Managing Director, Hon. Cecilia Barbara Atim Ogwal.
72. Section 19(1) of the Tax Appeals Tribunal Act places the burden upon the Applicant to prove that the impugned tax decision is excessive or ought to have been made differently. The Tribunal must therefore determine whether the Applicant established, on the evidence before it, that the Respondent failed to properly account for taxes already declared and paid in respect of the same rental income stream. This position is consistent with *Uganda Revenue Authority v Balondemu David*, Civil Appeal No. 0002 of 2023, where the Court reaffirmed that the burden lies upon the taxpayer to demonstrate that the impugned assessment is excessive or erroneous.

**Whether the Applicant is liable to pay the revised Rental Income Tax assessment of Shs. 30,315,000 issued by the Respondent.**

73. It is not disputed that the Applicant is the proprietor of premises situated on Plot 47 Bazaar Street, Lira and that on 7 February 2013 the Applicant executed a tenancy agreement with Pride Microfinance Limited at a monthly rental rate of Shs. 2,850,000, equivalent to annual rental income of Shs. 34,200,000. It is equally not disputed that rental income arising from that tenancy constituted taxable rental income assessable against the Applicant under Section 5(1) of the Income Tax Act.
74. The evidence further shows that following failure by the Applicant to file Rental Income Tax returns, the Respondent issued administrative assessments amounting to Shs. 51,300,000. During objection review and guided mediation, the Applicant furnished tenancy agreements, bank statements, certificates of title, tax returns, and handover documents. Following review of those documents, the Respondent revised the Applicant's liability from Shs. 51,300,000 to Shs. 30,315,000 and accepted that part of the rental income tax had previously been declared and paid under the TIN of the late Hon. Cecilia Barbara Atim Ogwal.
75. The remaining dispute relates to the periods July 2015 to June 2016 and July 2016 to June 2017. The Applicant relied on rental income tax returns filed under the late Hon. Cecilia Barbara Atim Ogwal's TIN reflecting Pride Microfinance Limited as tenant in respect of Plot 47 Bazaar Street, Lira. The returns reflected declared rental income of Shs. 16,000,000 and Shs. 12,000,000 respectively.
76. The Respondent does not dispute that those declarations were made under the late Hon. Cecilia Barbara Atim Ogwal's TIN. The Respondent's position is that the declarations could not conclusively be linked to the Applicant's tenancy arrangement because the declared figures did not correspond with the annual rent of Shs. 34,200,000 stipulated in the tenancy agreement and because the declarations were made under a different TIN.
77. The documentary evidence on record shows that both the tenancy agreement and the rental income tax returns relied upon by the Applicant identify Pride Microfinance Limited as tenant and describe the premises as

Plot 47 Bazaar Street, Lira. Although the Respondent questioned whether the declarations related to the same property because the declared figures differed from the contractual rent, the Respondent did not adduce evidence sufficient to displace the documentary linkage between the declarations, the tenant, and the premises comprised in the tenancy agreement.

78. It is further evident from the record that the late Hon. Cecilia Barbara Atim Ogwal was the Applicant's majority shareholder, Managing Director, and the person responsible for the Applicant's financial and tax affairs. The declarations made under her TIN were therefore sufficiently connected to the Applicant's operations and rental income activities.
79. The Respondent was however correct in observing that the declarations filed under the late Hon. Cecilia Barbara Atim Ogwal's TIN did not fully correspond with the contractual rental income reflected in the tenancy agreement. Whereas the tenancy agreement reflected annual rental income of Shs. 34,200,000, the declarations for the disputed periods reflected rental income of only Shs. 16,000,000 and Shs. 12,000,000 respectively. The Tribunal therefore finds that there was under-declaration of rental income for the relevant periods and that the Respondent was lawfully entitled to assess tax on any undeclared rental income not previously accounted for.
80. This Tribunal agrees with the Respondent that the Applicant and the late Hon. Cecilia Barbara Atim Ogwal were distinct legal persons for purposes of tax administration and compliance under the Tax Procedures Code Act. The Applicant was therefore under a statutory obligation to register, file returns, and account for its tax liabilities using its own Tax Identification Number in accordance with Sections 4 and 5 of the Tax Procedures Code Act. This approach is consistent with the principle in *Cape Brandy Syndicate v Inland Revenue Commissioners* [1921] 1 KB 64 that taxing statutes must be interpreted according to their clear wording. The Tribunal has not identified any provision expressly invalidating tax payments solely because they were made under an incorrect TIN.

81. However, the dispute before us is not whether the Applicant complied with its TIN obligations, but whether the Respondent may lawfully disregard tax already received in respect of the same rental income stream merely because the declarations were made under an incorrect TIN. Under Section 32 of the Tax Procedures Code Act, tax is satisfied upon payment. The Tribunal has not been pointed to any provision of the law rendering a tax payment void solely because it was declared under an incorrect taxpayer identification number.
82. Non-compliance with TIN requirements may attract administrative consequences under the law, but such irregularity does not, without more, extinguish the substantive fact of payment where the evidence establishes that the tax paid related to the same property, tenant, and rental income subsequently assessed against the Applicant. Accordingly, where evidence establishes that tax previously declared and paid under an incorrect TIN relates to the same taxpayer, property, tenant, and rental income subsequently assessed by the Respondent, it cannot disregard such payments without proper reconciliation merely because of the procedural irregularity arising from use of an incorrect TIN.
83. Significant weight must also be attached to the Respondent's conduct during guided mediation. The Respondent accepted and reconciled rental income declarations previously made under the TIN of the late Hon. Cecilia Barbara Atim Ogwal in relation to the same property and tenant, resulting in reduction of the assessment from Shs. 51,300,000 to Shs. 30,315,000. Having accepted that declarations made under the late Hon. Cecilia Barbara Atim Ogwal's TIN could properly be reconciled and credited toward the Applicant's liability in respect of Plot 47 Bazaar Street, Lira occupied by Pride Microfinance Limited, the Respondent was required to provide a rational evidential basis for treating the remaining declarations relating to the same tenancy arrangement differently. No such evidential distinction was established before the Tribunal.
84. The Respondent's submissions regarding wilful neglect and tax evasion cannot properly arise for determination because those allegations were

neither pleaded nor framed as issues before the Tribunal. Under Order 6 Rule 7 of the Civil Procedure Rules, parties are bound by their pleadings and may not depart from them. The High Court reaffirmed that principle in *Twed Consulting Company Limited v Springwood Capital Partners Limited*, HCCS No. 550 of 2014.

85. In any event, the evidence before the Tribunal demonstrates that rental income arising from Plot 47 Bazaar Street, Lira was in fact declared, albeit irregularly, and corresponding taxes were paid to the Respondent. In *Commissioner of Inland Revenue v Challenge Corporation Ltd* [1987] AC 155, tax evasion was described as fraudulent or dishonest conduct intended to conceal liability. The evidence before the Tribunal instead shows that the Applicant disclosed the tenancy agreement, disclosed the relationship between the declarations and the property, and furnished the Respondent with the supporting tax returns relied upon in the reconciliation process. The Tribunal therefore finds no evidential basis to conclude that the Applicant deliberately concealed rental income or intentionally evaded tax.
86. The Tribunal consequently finds that the Applicant discharged the burden under Section 19(1) of the Tax Appeals Tribunal Act by demonstrating that the revised assessment of Shs. 30,315,000 was excessive to the extent that it failed to properly account for taxes already declared and paid in respect of the same rental income stream.
87. The Tribunal has considered the Respondent's revised reconciliation arising from the Partial Consent Settlement, which reduced the Applicant's liability from Shs. 51,300,000 to Shs. 30,315,000 after the Respondent accepted and credited part of the rental income declarations previously made under the TIN of the late Hon. Cecilia Barbara Atim Ogwal.
88. The remaining dispute concerns declarations relating to the periods July 2015 to June 2016 and July 2016 to June 2017, during which the late Hon. Cecilia Barbara Atim Ogwal declared rental income of Shs. 16,000,000 and Shs. 12,000,000 respectively arising from the same tenancy arrangement

with Pride Microfinance Limited in respect of Plot 47 Bazaar Street, Lira. Although those declarations did not fully correspond with the annual contractual rent of Shs. 34,200,000 and therefore reflected under-declaration of rental income, the Tribunal is satisfied that the corresponding taxes paid under those declarations related to the same rental income stream assessed against the Applicant.


89. This position accords with the reasoning in *East Africa Cranes Ltd v Uganda Revenue Authority*, TAT Application No. 18 of 2018, where the Tribunal recognised that amounts already received by the revenue authority and attributable to the taxpayer's liability ought to be appropriately reconciled and credited in determining the taxpayer's true outstanding obligation. To disregard payments already received by the Respondent in respect of the same rental income stream would result in recovery of tax without proper accounting for amounts already paid and reconciled.
90. The Tribunal further notes that the Applicant separately paid Shs. 21,135,300 as uncontested tax following reconciliation with the Respondent. Accordingly, the Tribunal finds that the revised assessment of Shs. 30,315,000 failed to fully account to the extent established by the evidence on record for taxes already received by the Respondent in respect of the same tenancy arrangement.
91. Upon taking those payments into account, the remaining outstanding liability attributable to the Applicant is Shs. 779,700. This figure arises from reconciliation of the revised assessment against the uncontested payment of Shs. 21,135,300 together with taxes previously declared and paid under the late Hon. Cecilia Barbara Atim Ogwal's TIN in respect of the same tenancy arrangement. The Tribunal therefore finds that the revised assessment ought to be varied accordingly.

**What remedies are available to the Parties?**

92. Having found that the revised assessment failed to properly account for taxes already declared and paid in respect of the Applicant's rental income, the Tribunal finds it appropriate to vary the revised assessment and direct reconciliation of the Applicant's tax account to reflect payments previously made under the TIN of the late Hon. Cecilia Barbara Atim Ogwal relating to Plot 47 Bazaar Street, Lira occupied by Pride Microfinance Limited.
93. Accordingly, the Tribunal orders as follows:
- a) The revised Rental Income Tax assessment of Shs. 30,315,000 is hereby varied to Shs. 779,700;
  - b) The Respondent shall recognise and credit rental income tax payments previously made under the TIN of the late Hon. Cecilia Barbara Atim Ogwal relating to Plot 47 Bazaar Street, Lira occupied by Pride Microfinance Limited;
  - c) The Respondent shall reconcile the Applicant's tax account to reflect the outstanding liability of Shs. 779,700; and
  - d) Costs of the Application are awarded to the Applicant.

Dated at Kampala this 29<sup>th</sup> day of May 2026.

  
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**HON. STELLA NYAPENDI CHOMBO**  
**MEMBER**

  
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**HON. ROSEMARY NAJJEMBA**  
**MEMBER**

  
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**HON. GRACE SAFI**  
**MEMBER**