TAX APPEALS TRIBUNAL
Justice in Taxation

THE REPUBLIC OF UGANDA

IN THE TAX APPEALS TRIBUNAL AT KAMPALA

APPLICATION NO. 99 OF 2025

STEEL AND TUBE INDUSTRIES LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

BEFORE: HON. PROSCOVIA REBECCA NAMBI, HON. GRACE SAFI, HON. ROSEMARY NAJJEMBA

RULING

I. Introduction

1. This is an application challenging the decision of the Respondent to reclassify imported lancing pipes from HS Code 7306.19.00 (0% duty) to HS Code 7306.90.00 (25% duty), resulting in an assessed tax liability of Shs. 155,389,897. The Applicant challenges both the classification and, in the alternative, claims exemption as spare parts under the East African Community Customs Management Act, 2004 (EACCMA).

II. Background Facts

2. The Applicant, Steel and Tube Industries Limited, is a registered manufacturer of steel products, including billets produced via a Continuous Casting Machine (CCM). This dispute arose from the importation of "lancing pipes" under entry number UGKLA S1709 of 07 January 2025. At importation, the Applicant classified these goods under HS Code 7306.19.00 as "gas pipes," which are subject to a 0% import duty. However, following a review, the Respondent reclassified the goods under HS Code 7306.90.00 (the "other" category), which attracts a 25% import duty which resulted in tax demand of Shs. 155,389,897.
3. The Applicant objected on the grounds that the lancing pipes were correctly declared under HS 7306.19.00 as "line pipe of a kind used for oil or gas

pipelines" and, in the alternative, the lancing pipes are used as industrial spare/replacement parts and are therefore exempt under the Fifth Schedule to the EACCMA. On 10 March 2025, the Respondent issued its objection decision maintaining the assessment. Hence, this Application.

III. Issues for Determination

4. The Tribunal identifies the following issues for determination
   (i) Whether the Applicant is liable to pay the tax assessed?
   (ii) What remedies are available to the parties?

IV. Representation

5. The Appellant is represented by Mr. Bruno Kalibbala and Mr. Amanya Edwin while the Respondent was represented by Mr. Nuwaha Barnabas.

6. The testimony of the Applicant was presented through three witnesses: Mr. Peter Olwochi (AW1) , Mr. Joshua Maloba (AW2), and Mr. Moko Moses (AW3).

7. AW1 testified that the Applicant imported lancing pipes and declared them under HSC 73061900 as gas pipes, which attracts a 0% import duty. He stated that the Respondent (URA), after a post clearance review, reclassified these pipes as "other pipes" under HSC 73069000, which carries a 25% import duty. This reclassification resulted in a tax demand of Shs. 155,389,897.He maintained that the original classification was correct because the pipes are part of a gas conveyance system and they should be exempt from duty as spare parts for industrial machinery under the East African Community Customs Management Act (EACCMA)

8. AW2 provided technical testimony regarding the role of the pipes in the Continuous Casting Machine (CCM) and stated that lancing pipes transport high-pressure oxygen to the ladle to clean out residual molten metal (a process called "cleaning the ladle") and to the Tundish to maintain required temperatures during billet production. He testified that the pipes are an integral component of the CCM; without them, the machine cannot operate and would have to be closed. Due to extreme heat, the pipes wear out

quickly, necessitating frequent replacement. He stated the pipes are used exclusively for transporting gas (oxygen) in the CCM process and have no other use in the company.

9. AW3, Mr. Moko, testified regarding the importation and clearing process stating that the pipes were declared as gas pipes because their sole function is to deliver oxygen at high pressure. He argued that the pipes qualify as spare parts because they form an integral part of the manufacturing line's oxygen supply system. When asked why they were not initially declared as spare parts, the Moko's position was that since the gas pipe classification already offered a 0% rate, there was no perceived need to claim an additional exemption at that time. He testified that these specific pipes withstand very high temperatures and that no other company in Uganda imports this type of lancing pipe.

10. The Respondent's case was presented through the testimony of RW1 Ms. Karen Kwikiriza, an officer in the Tariff section of the Customs Department. She testified that the Applicant imported lancing pipes of two dimensions (4mm 5MTR and 8mm 5MTR) and declared them under HSC 7306.19.00 of the East African Community Common External Tariff (EACCET). This subheading, which covers line pipes for oil or gas pipelines, carries a 0% import duty rate.

11. RW1 stated that the Respondent reviewed this declaration and concluded that pipes under that specific subheading are exclusively used in drilling for oil and gas, which she asserted did not apply to the pipes declared by the Applicant. She further testified that because the Applicant's declaration lacked specific details such as whether the pipes were welded, made of iron, nonalloy, or stainless steel; the Respondent determined that HSC 7306.90.00 was the appropriate "Other" category for the items. Based on this reclassification, a top up tax was issued on entry UG KLA S 1709 in the amount of Shs. 155,389,897. She maintained that this additional duty is lawful and justified, and that the tax liability is currently due and payable by the Applicant. RW1 confirmed that the Respondent communicated this

position to the Applicant in January 2025 and maintained the assessment despite the Applicant's formal objection in February 2025.

V. The Applicant's Submissions.

12. The Applicant contended that it is not liable to pay the tax assessed because the lancing pipes they imported by are pipes of a kind used for a gas pipeline and therefore attract import duty at 0%.

13. In the alternative and without prejudice to the above, the Applicant contended that considering its manufacturing operations, the lancing pipes are spare/ replacement parts and are therefore exempt from import duty under Item 30 of Part B of the Fifth to the EACCMA. The lancing pipe is a line pipe of a kind used for oil or gas pipelines.

14. The Applicant submitted that in the case of ***Shurik Limited v Uganda Revenue Authority TAT No. 184 of 2023,*** import duty payable on goods originating outside the East African Community is based on the EAC-CET. Therefore, determination of import duty, applicable on a particular good depends on its classification under the EAC-CET. The classification process is a structured exercise. In the ***South African case of IBM SA (ptv) Ltd v CSARS 1985 (4)SA 852,*** the Court held that:

> *"Classification as between headings is a three-stage process: first, interpretation- the ascertainment of the meaning of the words used in the headings (and relative Section and Chapter Notes) which may be relevant to the classification of the goods concerned, second, consideration of the nature and characteristics of those goods; and third, the selection of the heading which is most appropriate to such goods."*

15. The Applicant further submitted that the Interpretation for customs classification is guided by the General Interpretative Rules ("GIRs"), and as held by Ochaya J in ***URA V TATA Uganda Limited HCCA 57 OF 2021***, the GIRs are applied sequentially.

16. The Applicant submitted that, there is no dispute as to the proper heading for the lancing pipes imported by the Applicant. The Applicant and the Respondent agree that lancing pipes fall under heading of 73.06. The

Applicant submitted that the point of contention is the proper sub-heading under heading 73.06 to be used in classifying the lancing pipes. Whereas the Applicant submits that the lancing pipes fall under the subheading of "Line Pipe of a kind used for oil or gas pipelines," the Respondent alleges that they fall under the subheading of "other."

17. The Applicant submitted that the most relevant GIR is GIR 6 which requires that for legal purposes, the classification of goods in the subheadings of a heading be determined according to the terms of those subheadings and any related Subheading Notes. The subheading used by the Applicant describes a Line Pipe of a kind used for oil or gas pipelines.

18. The Applicant submitted that the HS Explanatory Notes regarding this particular subheading state that:

> *"This heading includes, in particular, line pipes of a kind used for oil or gas, casing and tubing of a kind used in drilling for oil or gas, tubes and pipes suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces, feed-water heaters for power stations, galvanized or black tubes (so-called gas tubes) for high or medium pressure steam or water distribution in buildings as well as tubes for water or gas street distribution mains...".*

19. The Applicant submitted that the determining factor as far as the subheading is concerned is the functionality of the line pipe. This point was conceded by the Respondent witness during cross examination. In other words, to come within the scope of the subheading, the pipe should be one of a kind used for a gas pipeline.

20. The Applicant submitted that in the ***South African case of HMT Projects (Pty) Ltd v The Commissioner of the South African Revenue Service 2020 JDR 0811 (GP),*** the court, in addressing a similar description, applied the literal meaning of a pipeline and noted that:

> *"A "pipeline" appears to be a continuous line of pipes, constructed to form a pipeline for the conveyance of gas* or *petroleum... Whether the pipeline would be of a short or long distance would be of no consequence. To import a "long"*

distance into the meaning of the word "pipeline" does therefore not appear to be justified".

21. The Applicant submitted that this subheading therefore relates to a line pipe that is used for a gas pipeline, which is a continuous line of pipes transporting gas. During the locus visit, the Tribunal and the Parties witnessed the Applicant's pipeline which transports oxygen from the gas manufacturing point to the storage point and finally to the CCM making the lancing pipe, which is a pipe of a kind used in such pipeline fall within the sub-heading contended for by the Applicant.

22. The Applicant submitted that, the subheading of "other" suggested by the Respondent wouldn't be appropriate for a pipe that falls within a clearly described subheading. In ***TATA Uganda Limited v Uganda Revenue Authority TAT Application 41 of 2019,*** this Honorable Tribunal held that the word "other" in Oxford Advanced Learner's Dictionary refers to the remaining things in a group. The subheading "other" relates to pipes of iron or steel that are not specifically defined under any of the other subheadings under the heading 73.06.

Consideration of the nature and characteristics of the goods.

23. The Applicant submitted that AW1 n his witness statement stated that the lancing pipes are an integral component of the Applicant's Manufacturing process, being used to transport oxygen to molten metal in the continuous Casting machine (CCM) during billet production.

24. AW2 stated that the sole use of the lancing pipe is to transport oxygen (gas) into the ladle during the cleaning process and the tundish to regulate temperatures during the billet casting process. The lancing pipe is the last segment of the Applicant's pipeline, connected to the cat valve, which is part of the initial pipeline segment that carries the oxygen from the storage tanks. "*This evidence was not challenged during cross examination and was sufficiently corroborated during the locus visit.*"

25. The Applicant submitted that during the locus visit, it was established that oxygen is retrieved from the Applicant's oxygen plant and transported

through the line of underground pipes to the cat valve onto which the lancing pipe is connected to transport the oxygen into the high temperature areas (the ladle and tundish). It is sufficiently clear that the lancing pipe is a line pipe used by the Applicant as part of a gas pipeline to transfer oxygen in the Applicant's operations.

26. The Applicant submitted that according to the World Customs Organization (WCO) Harmonized Commodity Description and Coding System Explanatory Notes ("HS Notes"), Note (II) of GIR 6, when considering the relative merits of two or more one-dash subheadings within a single heading, their specificity or kinship in relation to a given article is to be assessed solely based on the texts of the competing one dash subheadings.

27. The Note further states that when the one-dash subheading that is most specific has been chosen and when that subheading is itself subdivided, then, and only then, shall the texts of the two-dash subheadings be taken into consideration for determining which two-dash subheading should be selected. The Applicant submitted that RW1, stated in her witness statement that the subheading used by the Applicant was wrong because it relates to pipes exclusively used for drilling oil and gas. A review of the relevant subheading reveals that no such requirement exists.

28. The Applicant submitted that whereas RW1 in paragraph 5 of her witness statement claimed that the basis for rejecting the Applicant's subheading and classification was that the information provided by the Applicant provided no specification as to whether the pipes were "welded, of iron or non-alloy, of stainless steel or of other alloy steel, or spare parts, during cross-examination, the witness was unable to demonstrate to the Tribunal where such specifications are required under HS Code 7306.19 used by the Applicant to classify the lancing pipes. The witness further conceded that she did not request any additional information or samples from the Applicant to verify the alleged specification deficiencies.

29. The Applicant submitted that the Respondent's rejection of the Applicant's classification was based on alleged deficiencies in particulars and

descriptions of the lancing pipes. As conceded by the Respondent during cross examination, classification under HS Code 7306.19 is primarily based on functionality of the pipes.

30. The Applicant submitted that the GIR 6 HS Note clearly states that where two competing sub-headings are applicable, the sub-heading that provides the most specific description shall be preferred. In the present case, there are no competing subheadings. The lancing pipes clearly fall under HS Code 7306.19. The Respondent's preferred sub-heading is generic in nature, whereas the Applicant's proposed sub-heading is specific to the goods in issue and should be preferred.

31. The Applicant submitted that, the lancing pipe, being a gas pipe used to transport oxygen from the gas plant into the ladle and tundish of the CCM, squarely falls within the description under HS Code 7306.19. The Applicant prayed that the Tribunal sets aside the Respondent's assessment.

32. In the Alternative, and without prejudice to the foregoing, the Applicant submitted that the lancing pipe is also a spare part of the CCM and therefore exempt from import duty under Section 114(2) of the EACCMA. Section 114(2) of the EACCMA states that no duty shall be charged on goods listed under Part B of the Fifth Schedule of the EACCMA. Under Item 30 of Part B of the Fifth Schedule to the EACCMA, industrial spare parts imported as replacement parts used exclusively on industrial machinery classified in Chapters 84 and 85 of the EAC CET and imported by the registered manufacturer and are not for sale or any other commercial purpose other than for replacement of worn, obsolete parts of industrial machines are exempt from import duty. For the above exception to apply, the lancing pipes must meet the following

    a) The pipes must be imported as replacement parts.

    b) They must be used exclusively on industrial machinery classified in Chapters 84 and 85 of the EAC CET

    c) They must be imported by the registered manufacturer exclusively for the replacement of worn, obsolete parts of industrial machines

33. The Applicant submitted that regarding the first and third conditions, AW3 in his witness statement, explained that due to the extreme temperatures in the CCM, the lancing pipes get worn out, hence the need to replace them with new lancing pipes. This evidence was not challenged during cross examination. The lancing pipes imported by the Applicant were imported to continuously replace worn out lancing pipes. See Paragraph 5 of AW3's witness statement.

34. The Applicant submitted that with regards to the second condition, the lancing pipe is used exclusively on the CCM (specifically the ladle), which falls under chapter 84, specifically Heading 84.54. The Applicant contended that in the objection decision, the Respondent advised the Applicant to contact the Assistant Commissioner Trade for guidance. The Applicant formally applied for exemption on the basis that the lancing pipes were spare / replacement parts. See Paragraph 6 of AW3's witness statement and EX 4 of the Applicant's trial bundle. The Respondent declined to approve the exemption, thereby hindering the Applicant from properly classifying the lancing pipes as spare parts despite their use in the production process.

35. Given that lancing pipes are spare and or replacement parts, the Applicant prayed that the Tribunal declares that they are exempt from import duty under Item 30 of Part B of the Fifth Schedule to the EEACMA The Applicant further prayed that the application is allowed, the assessment of Shs. 155,389,897 be set aside, refund the 30% and costs awarded to the Applicant.

VI. The Submissions of the Respondent

36. The Respondent submitted that it applies the Harmonized Customs Commodity Description and Coding System as mandated by Article 12(4) of the Protocol on the Establishment of the East African Community Common External Tariff (EAEC-CET). This Tribunal held in the case of Shurik Limited Vs URA TAT 184 of 2023 thus "import duty payable on goods originating outside the East African Community is based on the EAC-CET".

37. The Respondent submitted that Lancing pipes are used for injecting oxygen or gases into furnaces and are primarily classified under heading HSC7306900 as tubes, pipes and hollow profiles of iron or steel.
38. This decision is in accordance with General Interpretative Rule of the East African Community external tariff because the term of the heading HSC7306900 tubes, pipes and hollow profiles of iron or steel.

39. The Respondent cited General Interpretation Rule (GIR) 1 of the East African Community External Tariff which provides:

> *"Classification of goods in the Nomenclature shall be governed by the following principles:1. The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only, for legal purposes, Classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions:*
>
> *(a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the* essential *character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled".*

Description of Lancing pipes

40. The Respondent further submitted that according to the world customs harmonized commodity description and coding system explanatory notes for heading HSC7306900, Lancing pipes are used for injecting oxygen or gases into furnaces and are primarily classified under heading HSC7306900 as tubes, pipes and hollow profiles of iron or steel. The Wikipedia has defined lancing pipe as a specialized, long, consumable steel tube used in high-temperature metallurgy and industrial processes to inject gases or powders into a furnace.
41. The Respondent further submitted RW1 clearly testified in paragraphs 3 and 4 of her witness statement clearly indicates that the Applicant's classification is contrary to the true description of the lancing pipes.

42. The Respondent's submitted that Applicant's imported lancing pipes are not other line pipes of a kind used for oil or gas pipelines classified under HSC73061900 or spares/ replacement parts which are exempted from import duty as claimed by the Applicant but rather the lancing pipes' correct customs classification is under heading HSC7306900 attracting import duty at a rate of 25% in accordance to the EAC-CET.

43. The Respondent prayed that the Tribunal dismisses the application and finds that the Applicant's imported lancing pipes correctly re-classified by the Respondent under heading HSC7306900 attracting import duty of 25% and that the Applicant is liable to pay the assessed tax of Shs. 155,389,897 with costs to the Respondent.

VII. Determination

44. Having heard the evidence of the parties and read the submissions of the parties, the following is the ruling of the Tribunal.

Burden of proof

45. The burden of proof in tax matters rests on the Applicant. This is provided for under Section 19(1) of the Tax Appeals Tribunal Act, Cap 345, which places the obligation on the taxpayer to prove that a tax decision is incorrect. Accordingly, the Applicant must demonstrate, on a balance of probabilities, that the Respondent's assessment is excessive or erroneous, and in this case, that the goods fall within HS Code 7306.19.00 or qualify for exemption under the law.

Issue 1: Whether the Applicable is liable to pay the taxes assessed.

Applicable Legal framework

46. In the EAC Common External Tariff (CET) 2022, heading 73.06 covers *"other tubes, pipes and hollow profiles ... of iron or steel."* Within it, 7306.19.00 is *"line pipe of a kind used for oil or gas pipelines — other"* at 0%, 7306.30.00 *"other, welded, of circular cross-section, of iron or non-alloy steel"* at 25%, while 7306.90.00 is the residual *"other"* line at 25%.

47. Classification in the EAC nomenclature is governed by the General Rules for the Interpretation of the Harmonized System. GIR 1 requires classification according to the terms of the headings and any relevant Section or Chapter Notes. GIR 6 applies the same approach at subheading level, comparing only subheadings at the same level. This aligns with ***URA v TATA Uganda Ltd (HCCA 57/2021) and IBM SA v CSARS (1985)***

48. The WCO states that the Explanatory Notes, while not forming part of the Convention text, are the official interpretation of the HS at international level and an indispensable complement to it.

Proper classification

49. The parties agree the pipes fall under Heading 73.06 ("Other tubes, pipes and hollow profiles... of iron or steel"). The dispute lies in the subheading. GIR 6 applies the same approach as GIR 1 at subheading level, comparing only subheadings at the same level.

50. The Applicant contends that because the lancing pipes transport oxygen (a gas) within their Continuous Casting Machine (CCM) process, they are "line pipes... for gas" properly classified under HSC 7306.19.00. On the other hand, the Respondent argues that lancing pipes are specialized consumable industrial tools used for injecting gases into furnaces and do not belong to the specific genus of "line pipes" used for oil or gas transmission.

Interpretation of "Line Pipe of a Kind Used for Oil or Gas Pipelines

51. In interpreting the phrase "line pipe of a kind used for oil or gas pipelines," the Tribunal adopts a strict and purposive approach grounded in the Harmonized System. The WCO Explanatory Notes, which are an authoritative guide to classification, indicate that such pipes are those ordinarily used in the transmission of oil or gas in pipeline systems. The phrase "of a kind used" requires identification of a class or genus of goods, rather than mere proof of actual use in a specific setting.

52. In ordinary legal usage, a "pipeline" refers to a continuous system of pipes designed for the conveyance of fluids or gases over distance. However, in customs classification, the inquiry is not merely whether a pipe conveys gas, but whether it belongs to the recognized commercial class of pipes used in oil or gas pipeline systems. This distinction is critical and has been consistently applied in international customs practice.

53. We have considered persuasive international classification rulings, which, while not binding, are instructive given the harmonized nature of the HS system.

54. First, the United States has a directly analogous ruling, NY I87418 (2002), on steel lance pipe from Japan used to inject oxygen or carbon into an electric arc furnace in steel making. CBP classified it in the "other welded pipe" provision, not in the line-pipe provision. The United States has also ruled, in NY N301161 (2018), that actual non-alloy steel line pipe with API 5L certification, 40-foot lengths, and oil/gas-pipeline character falls under the line-pipe subheading. That ruling illustrates the sort of evidence typically associated with genuine line pipe of the relevant class.

55. In ***HQ 954256 (1994)***, CBP held that even pipe conforming to API 5L did not fall within the line-pipe subheading where galvanization meant it was not of the class or kind principally used for oil or gas pipelines. That ruling is important because it shows how narrowly customs authorities treat the line-pipe text: even one feature inconsistent with ordinary oil/gas pipeline use can move the goods out of the line-pipe subheading.

56. In Australia, the Australian Border Force Tariff Classification Guide on headings 7304, 7305 and 7306 states that the industry-specific line-pipe subheadings are targeted to oil and gas transmission pipe. The subheadings over only pipe that is both line pipe and of a kind used for high-pressure long-distance transmission pipelines for petroleum oils or fuel gas, or pipe so similar that it could be so used. The guide further says that other pipes, including those used in gas manufacturing plants or gas distribution systems, do not belong there unless they are qualitatively the same as

recognized oil/gas line pipe. The guide stresses standards, shipment-linked certificates, and class-of-goods analysis, not merely the importer's asserted end use. The guide further says that shorter cut lengths not commonly used in oil or gas transmission pipelines are not to be classified there, even if manufactured to a line-pipe standard.

57. In Canada, the tariff schedule preserves the same structural distinction under heading 73.06 between line pipe of a kind used for oil or gas pipelines and residual other pipe, confirming that the international tariff architecture consistently treats "line pipe" as a distinct class within heading 73.06.

58. These authorities reinforce the principle that HS Code 7306.19.00 is a class-based provision, narrowly confined to pipes commercially and technically recognized as line pipe for oil or gas transmission. The global practice treats 7306.19 as a class-and-kind provision, not as a catch-all for any pipe that happens to convey gas somewhere in a system.

59. We did not find any public WCO classification opinion specifically on oxygen lancing pipes under 7306.19.00 or 7306.90.00. The closest public, product-specific ruling is the NY I87418 (2002) ruling on steel lance pipe, and it goes against the Applicant.

Whether the Applicant's lancing pipes were correctly reclassified from HS Code 7306.19.00 to HS Code 7306.90.00.

60. The Applicant's principal argument is that because the lancing pipes convey oxygen gas through a connected piping arrangement, they are "line pipe" used for a gas pipeline. That submission has some linguistic attraction, especially if one focuses only on the immediate function of gas conveyance. But the tariff text is narrower. It does not say "pipes used for gas." It says "line pipe of a kind used for oil or gas pipelines." The fact that a pipe carries oxygen gas within a factory does not, without more, make it "line pipe of a kind used for oil or gas pipelines.

61. The phrase "of a kind used" requires the Tribunal to determine whether the goods belong to the commercial or physical class of line pipe used in oil or

gas pipelines. The evidence before us proves that the imported goods carry oxygen gas within its steel plant. It also proves that the lancing pipe is connected into the Applicant's oxygen delivery arrangement and is important to the casting process. But none of that, without more, proves that these goods are line pipe of the class used for oil or gas pipelines.

62. The goods are described in the Applicant's own documents as lancing pipes, a specialized product for furnace operations. From our locus visit, we observed that they appear to be small-diameter, consumable, and in some instances ceramic-coated or threaded. That is not how the comparative materials describe transmission line pipe of the 7306.19 class.

63. The Applicant did not produce evidence of recognized line-pipe standardization, such as API 5L or equivalent documentation, mill certificates tied to the shipment, or other objective trade materials that the goods are commercially recognized as line pipe for oil or gas pipelines. Comparative customs practice treats that sort of evidence as highly significant.

64. The Tribunal has considered the WCO Explanatory Notes to heading 73.06, which describe various categories of pipes, including those used in gas distribution systems. However, these notes must be read in conjunction with the specific wording of subheading 7306.19.00. The classification at subheading level requires a stricter analysis, and the mere fact that a pipe conveys gas does not automatically bring it within the scope of line pipe "of a kind used for oil or gas pipelines."

65. We therefore find that the Applicant's argument, which equates any pipe used to convey gas with "line pipe," is legally untenable. Such an interpretation would render the qualifying words "line pipe" and "of a kind used for oil or gas pipelines" redundant. The proper approach is to determine whether the goods fall within the recognized class of line pipe used in oil or gas transmission systems. On the evidence before the Tribunal, the Applicant has not established this.

66. However, we also note that the Respondent's witness statement is not entirely satisfactory. It suggested that the 7306.19 subheading is exclusively for pipes used in drilling for oil and gas, which overstates the text. The drilling-specific wording belongs to 7306.21/7306.29, not 7306.19.00. The Tribunal therefore does not adopt that aspect of the Respondent's reasoning.

67. That said, The Tribunal's task is not to reward one imperfect argument over another. Under section 19, the question is whether the Applicant proved the assessment excessive or wrong. The Applicant had to positively establish its claimed 0% classification, and on the present record it has not done so. Because the lancing pipes do not fit the specific description of a "line pipe" under 7306.19.00, they must fall into the residual category for "Other" tubes and pipes under HSC 7306.90.00 per the sequential application of the GIRs.

68. We note that a good may be a spare part in ordinary language, yet still be classified under its own heading if the tariff so requires. We have therefore also considered the applicant's argument that the goods were spare parts removes them the Respondent's chosen code 7306:90.00 "other." Under Section XVI Note 2, if an article is itself covered by a heading, it remains classified there; only "other parts" suitable solely or principally for a particular machine are classified with the machine. That means the Applicant's argument that the lancing pipes are "spare parts" does not, by itself, move them out of heading 73.06. The spare-parts point is therefore better analysed as an exemption claim, not as a classification claim.

Whether, in the alternative, the goods qualify for exemption as spare parts under the Fifth Schedule to the EACCMA.

69. Under section 114 of the EACCMA, exemptions are governed by the Fifth Schedule. The relevant provision is Part B of the Fifth Schedule, which provides for exemption of industrial spare parts imported as replacement parts and used exclusively on machinery classified under Chapters 84 and 85, subject to statutory conditions.

70. The Applicant's evidence is that the lancing pipes transport high-pressure oxygen to the ladle and tundish of the Applicant's continuous casting machine (CCM) and wear out quickly due to extreme heat, requiring replacement. The pipes are used in the Applicant's metallurgical process to inject oxygen into the ladle for cleaning molten metal residue and to regulate temperature in the tundish during billet casting. There is also force in the proposition that a continuous casting machine used in metallurgy falls within heading 8454, which internationally covers converters, ladles, ingot molds and casting machines of a kind used in metallurgy or foundries.

71. The Applicant therefore proved that the goods are used in its manufacturing process and require frequent replacement because of intense heat. That supports the notion that the goods are repeatedly replenished. But the exemption is narrower than repeated replenishment. It is for spare parts used as replacement parts on qualifying machinery.

72. We note however there is a distinction between a "spare part" and a "consumable." In ordinary and legal usage, a spare part refers to a component kept for replacement of a worn or defective part of machinery. By contrast, a consumable is an item that is used up in the course of a production process and requires periodic replenishment due to its inherent nature. While the Applicant argued the pipes are "integral components" of the CCM (Heading 84.54), the evidence including our observation during locus visit shows they are disposable items that are "frequently replaced" due to being "worn out" by the process itself.

73. The evidence before us shows that the lancing pipes are subjected to extreme heat and are consumed in the metallurgical process, requiring frequent replacement. While they are repeatedly replaced, this alone does not make them spare parts within the meaning of the Fifth Schedule. The Tribunal finds that the lancing pipes function as process consumables rather than replacement components of the machinery itself.

74. Furthermore, the Applicant did not provide sufficient evidence to demonstrate that the lancing pipes are recognized as integral replacement

parts of machinery classified under Chapter 84, such as the Continuous Casting Machine under heading 8454. The Applicant's own evidence instead shows that the pipes are used in connection with multiple elements of the production process, including the ladle, tundish, and oxygen supply system and cat-valve. This creates uncertainty as to whether they qualify as spare parts of a specific machine, and such uncertainty must be resolved against the party bearing the burden of proof.

75. We accept that the Applicant's factual witnesses were truthful in describing how the pipes are used operationally. Their evidence is strong on plant function. It is weak on tariff identity, because none of the key witnesses established specialized expertise in international tariff classification or produced shipment-linked technical material showing that the goods fall within the recognized commercial class of oil/gas line pipe. The hearing record itself shows limited classification expertise for some witnesses.

76. The Respondent's evidence is also imperfect. Its witness overstated the legal scope of 7306.19.00 and did not persuasively address the spare-parts claim. But the weakness of the Respondent's reasoning does not reverse the statutory burden. The Applicant still had to prove its own affirmative case. It did not.

Procedural Observations

77. We make two observations for the Respondent's future guidance. First, before reclassifying goods whose proper tariff treatment depends partly on their nature, function, or use in a taxpayer's production process, the Respondent should undertake sufficient inquiries to understand the taxpayer's operations. This may, where necessary, include a plant inspection or other practical verification. In this case, the Tribunal considered a locus visit helpful in understanding how the lancing pipes were used, yet the reclassification had been made without such prior inquiry.

78. Secondly, an objection decision should address all material grounds raised by the taxpayer. Where a taxpayer advances an alternative basis for relief, such as exemption as spare parts, the Respondent should consider that

ground expressly and give reasons for accepting or rejecting it. This promotes fairness, transparency, and better tax administration.

79. In light of the foregoing analysis, the Tribunal finds that the Applicant has failed to discharge the burden of proof under Section 19(1) of the Tax Appeals Tribunal Act. The Applicant has not demonstrated that the goods fall within HS Code 7306.19.00, nor has it established entitlement to exemption as industrial spare parts under the Fifth Schedule to the EACCMA. Accordingly, the Respondent's assessment has not been shown to be excessive or erroneous.

Issue II: Remedies

80. The Application is accordingly dismissed and the Respondent's reclassification of the lancing pipes under HSC 7306.90.00 and the resulting assessment of Shs. 155,389,897 is upheld.

81. Given the genuine complexity of the classification question and our procedural concerns earlier raised as well as the Respondent's imperfect reasoning, we make no order as to costs.

Orders

1. The Application is dismissed
2. The assessment of Shs. 155,389,897 is upheld
3. Each party bears own costs

It is so ordered.

Dated at Kampala this 24th day of April 2026.

HON. PROSCOVIA REBECCA NAMBI
CHAIRPERSON

HON. GRACE SAFI
MEMBER

HON. ROSEMARY NAJJEMBA
MEMBER