



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
APPLICATION NO. 47 OF 2026

THE COOPER MOTOR CORPORATION UGANDA LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, HON. EDWARD BIRYETEGA,
HON. GERALD AGABA KAKIMA**

RULING

I. Introduction

1. The Applicant seeks an order for a cash refund of Shs. 1,635,201,611 that the Respondent denied on the grounds that the underlying tax credits, which arose in the calendar year 2019, are time-barred from cash extraction under the five-year limitation period mandated by Section 123(2) of the Income Tax Act (Cap. 338).

II. Background facts

2. The Applicant is primarily engaged in the commercial sale and servicing of motor vehicles, tractors, and associated spare parts.
3. On 17 January 2025, the Applicant lodged two electronic tax refund applications under transaction reference numbers LT0325071926167 and LT0325071926587. The applications explicitly requested cash refunds designated for the 2021 and 2022 years of income, claiming Shs.

6,406,735,805 and Shs. 55,512,882, respectively, totalling a gross claim of Shs. 6,462,248,687. The claim pool comprised Withholding Tax (WHT) credits, ASYCUDA (customs import) credits, and Payment Registration Number (PRN) ledger payments.

4. Following an administrative tax audit and ledger reconciliation, the Respondent confirmed that a valid credit balance of Shs. 5,122,964,633 existed within the electronic system. It observed an unverified variance of Shs. 1,339,284,054, which was determined to have been historically utilised or entirely non-existent on the system interface.
5. Out of the verified system credits, the Respondent established that a component totaling Shs. 1,635,201,611 had accumulated exclusively from transaction payments and source withholdings executed during the 2019 calendar year. Consequently, on 14 October 2025, the Respondent issued a management letter partially allowing a refund of Shs. 3,487,763,023 but rejecting the cash checkout of the 2019 component of Shs. 1,635,201,611.
6. The URA maintained that because the physical payment transactions occurred more than five years prior to the refund application date, cash payout was statutorily time-barred under Section 123(2)(b) of the Income Tax Act.
7. The Applicant filed an objection with the Respondent on 27 November 2025, which the Respondent disallowed on 25 February 2026. The Applicant has moved this Tribunal for redress, contending that, because it operated in a continuous tax-loss position, its right to a refund was structurally unenforceable until it submitted, and the Tribunal acknowledged, its final 2019 income tax return on 29 June 2020. Therefore, its 17 January 2025 application fell comfortably within the five-year legal threshold.

III. Issues for determination

8. The parties filed separate scheduling memoranda containing inconsistencies. Guided by the constitutional directive under Article

126(2)(e) of the Constitution of the Republic of Uganda to ensure that substantive justice is administered without undue regard to technicalities, and in the exercise of its explicit statutory discretion to regulate its own procedure under Section 22(1) of the Tax Appeals Tribunal Act as read with Order 15 Rule 5(1) of the Civil Procedure Rules (SI 71-1), the Tribunal hereby reframes and settles the triable issues to capture the precise statutory, administrative, and constitutional dispute on the record as follows:

- (i) Whether the Applicant's refund application satisfies the statutory limitation period under Section 123(2) of the Income Tax Act (Cap. 338) as read together with Section 22 of the Tax Procedures Code Act (Cap. 345)?
- (ii) Whether the Applicant is legally entitled to a cash refund of the credit balance of Shs. 1,635,201,611?
- (iii) What remedies are available to the parties?

IV. Representation

- 9. Ms. Shillah Balaba, Ms. Fancy Laker, and Mr. Muhammed Ssempijja, Mr. Aine B. Sheldon from M/S Ernst & Young, Certified Public Accountants represented the Applicant, while Mr. Tony Tukei from the Respondent's Legal Services and Board Affairs Department represented the Respondent.

V. Evidence adduced

- 10. The Respondent relied on the affidavit in support deposed by Ms. Jane Frances Baggya, a Supervisor in the Large Taxpayer Office of the Respondent, sworn and filed on 21 September 2026. Her evidence established that the audited electronic ledger verified actual credits of Shs. 5,122,964,633, of which Shs. 1,635,201,611 accrued strictly from 2019 transactions, broken down as: ASYCUDA customs credits of Shs. 260,843,846; third-party WHT credits of Shs. 1,130,997,765; and cash PRN ledger payments of Shs. 243,360,000.

11. The Applicant relied on its Trial Bundle and highlighted an electronic refund application confirmation page dated 17 January 2025 (marked Annexure AEX1) and a document marked Annexure AEX7.

VI. The parties' submissions

The Applicant's Submissions

12. The Applicant submitted that under Section 123(1) of the Income Tax Act (Cap. 338), a taxpayer maintains a statutory right to apply for a refund of any tax paid by way of withholding, instalments, or otherwise, which exceeds the actual assessed tax liability for that respective year. They argued that the critical timeline boundary under Section 123(2) is a dual-track framework that begins running from the later of the service of a notice of assessment or the date of tax payment.
13. The Applicant contended that since Section 2 of the Income Tax Act explicitly incorporates a "deemed assessment" into the statutory definition of an assessment, a standard self-assessment return uploaded by a taxpayer represents a complete assessment event under the law. It was further argued that the transaction acknowledgement receipt generated dynamically by the URA web portal serves natively as a "notice of assessment" under Section 123(2)(a).
14. Consequently, the Applicant maintained that the five-year limitation clock for the 2019 credits began running only on 29 June 2020 - the date the final FY 2019 self-assessment return was furnished and acknowledged. As a result, they argued the refund claim filed on 17 January 2025 was within the statutory limits, which would naturally expire on 29 June 2025.
15. The Applicant vigorously opposed the Respondent's isolating focus on individual transaction dates under Section 123(2)(b). They stated that because the Applicant had consistently remained in a tax-loss position, it had no active annual tax liabilities and therefore made no immediate income tax payments that could trigger a countdown before a finalised return was compiled. They argued that the law does not authorise the Respondent to

fragment a singular annual refund application into isolated, disjointed historical transactions based on the origin year of ledger line items. In the alternative, the Applicant submitted that withholding verified overpaid tax lacks legal authority, deprives the entity of essential corporate working capital, and amounts to an unlawful deprivation of private property contrary to Article 26 of the Constitution of Uganda.

The Respondent's Submissions

16. The Respondent countered that out of the gross Shs. 6,462,248,687 claim, the URA acted lawfully in certifying Shs. 3,487,763,023 for payment and rejecting the Shs. 2,974,485,664 balance. Of this rejected balance, Shs. 1,339,284,054 was non-existent or previously utilised, and Shs. 1,635,201,611 was time-barred as a cash check-out because the physical payments were executed within the 2019 calendar year—more than five years prior to the 2025 application.
17. The Respondent argued that statutory timelines are mandatory parameters of substantive law that require exact compliance, as established in ***Uganda Revenue Authority v. Consolidated Properties Ltd, Supreme Court Civil Appeal No. 31 of 2000***. The Respondent argued that equating an electronic return acknowledgement receipt to a formal "notice of assessment served by the Commissioner General" is an untenable attempt to read non-existent text into a tax statute. Citing Section 22 of the Tax Procedures Code Act (Cap. 345), the Respondent maintained that a self-assessment is an exclusive act of computation performed by the taxpayer. The URA acts purely as a passive recipient, meaning the Commissioner General never "serves" an assessment notice for standard filings.
18. The Respondent argued that Section 123(2)(a) is entirely inapplicable to self-assessed taxpayers, locking the limitation calculation exclusively into Section 123(2)(b). Since the transactions were completed in 2019, the cash liquidation window expired on 31 December 2024, rendering the January 2025 checkout application out of time. Finally, the Respondent argued that because the credits remain safe on the ledger profile for future liability

offsets under Section 123(3), no confiscation of property has occurred, and Article 26 of the Constitution remains unviolated.

VII. The determination

Contextualizing the Concept of a "Refund" Under Section 123

19. To resolve the disagreement between the parties, this Tribunal must clarify the administrative definition of a "refund" within the context of Section 123 of the Income Tax Act (Cap. 338). In ordinary corporate finance, the terms "refund," "tax credit," and "ledger asset" are often used interchangeably to denote a positive monetary balance held with a revenue authority. Legally, however, a refund carries a precise and narrow execution definition.
20. As articulated by this Tribunal in *Red Chilli Hideaway Ltd v. Uganda Revenue Authority, TAT Application No. 38 of 2018*, a refund under Section 123 means the physical payout and liquidation of public revenue back into the hands of a private taxpayer. A cash refund requires actual state funds to leave the custody of the national treasury.
21. Consequently, there is a fundamental functional boundary between recovering cash out of the treasury and maintaining an active credit on a system portal. When an excess tax payment is used internally to clear other tax balances, or carried forward as a bookkeeping entry to shield against future exposures, no cash leaves the treasury. This structural distinction is paramount because the five-year limitation window under Section 123(2) is strictly a barrier to liquid cash extraction; it does not automatically forfeit a taxpayer's ledger assets.

The Nature of Overpaid Tax and Its Statutory Treatment

22. The statutory machinery governing the treatment of overpaid tax is explicitly provided for under Section 123(3) of the Income Tax Act (Cap. 338). The text of the law mandates that where the Commissioner General is satisfied that tax has been overpaid, the Commissioner General shall follow a mandatory three-tier sequential priority process:

- (i) apply the excess in reduction of any other tax due from the taxpayer; then
 - (ii) apply the balance of the excess, if any, in reduction of any outstanding liability of the taxpayer to pay other taxes not in dispute or to make provisional tax payments during the year of income in which the refund is to be made; then
 - (iii) refund the remainder, if any, to the taxpayer.
23. This sequential statutory command reveals that a liquid cash checkout is strictly conditional, acting as an option of last resort under Section 123(3)(c). The law treats overpaid tax primarily as a running line of operational credit, designed to reduce existing liabilities or buffer upcoming provisional tax responsibilities.
24. Crucially, while the first two options - applying the excess in reduction of alternative taxes due under subsection (a) or offsetting non-disputed and provisional liabilities under subsection (b)- are continuous administrative ledger mechanics that carry no statutory deadlines, the third option under subsection (c) (refunding the remaining cash balance) is strictly bound by the limitation gate of Section 123(2). If a taxpayer allows five years to expire without demanding liquid cash extraction, they lose the right to the cash remainder under subsection (c), but the underlying asset remains fully protected under subsections (a) and (b) as an internal credit asset to settle current or future liabilities.

Statutory Interaction of Section 123(2) of the ITA and Section 22 of the TPCA

25. To resolve whether the Applicant's claim satisfies these rules, this Tribunal must clarify a structural operational feature of tax administration that separates it from commercial accounting. In ordinary commerce, a corporate cash ledger functions as a continuous pool of rolling currency where new deposits blend seamlessly with old assets. Tax administration, by contrast, operates on strict, self-contained annual compartments. Under Section 2 of the Income Tax Act (Cap. 338), a "year of income" is a distinctly

- sealed twelve-month cycle. In the eyes of the law, each financial year is a structural silo, completely insulated from the years before and after it.
26. Under Section 123(1) of the Income Tax Act (Cap. 338), tax credits do not reset their identity or birth year simply because they are rolled forward onto a subsequent electronic spreadsheet ledger page. A tax credit generated by an overpayment or source withholding in the calendar year 2019 belongs exclusively to the 2019 year of income. It remains legally anchored to the statutory rules and limitation clocks of 2019. Carrying a 2019 credit forward into the 2021 or 2022 column serves only as a continuous bookkeeping record for potential future liabilities under Section 123(3); it does not change the transaction date for cash checkout purposes. If the law allowed rolling credits to continuously reset the limitation window, a taxpayer could keep a liquid cash claim alive for decades simply by leaving a credit untouched, completely subverting the fiscal predictability Parliament designed to shield the national treasury.
27. The next step is evaluating the competing statutory provisions. As a preliminary judicial correction, the Tribunal notes that, in its written submissions (specifically paragraphs 42 and 44), the Respondent mistakenly anchored its self-assessment arguments on Section 22 of the Income Tax Act. For clarity, Section 22 of the Income Tax Act (Cap. 338) deals exclusively with allowable deductions for business expenditures and has no administrative relevance to the operation of tax returns or the self-assessment framework. The proper, active statutory baseline governing electronic self-assessments is Section 22 of the Tax Procedures Code Act (Cap. 345). Although the Respondent misdirected itself on this text, this Tribunal exercises its inherent mandate to correct the record suo motu and apply the correct statutory provision, ensuring substantive justice is administered on the correct platform of the law.
28. Section 123(2) of the Income Tax Act (Cap. 338) sets the strict time parameters for refunds:
- "An application for a refund under this section shall be made to the Commissioner General in writing within five years of the later of—*

- (a) the date on which the Commissioner General served the notice of assessment for the year of income to which the refund application relates; or*
(b) the date on which the tax was paid."

29. The Applicant attempts to escape the cash trap of Section 123(2)(b) by constructing a timeline via Section 22 of the TPCA. It argues that its 2019 income tax return, uploaded on 29 June 2020, fits the definition of a "notice of assessment served on the taxpayer" under limb (a) because the law deems a self-assessment a notice.
30. This argument fails under a strict textual analysis of the law. A close examination of Section 22(1) of the Tax Procedures Code Act (Cap. 345) provides that a taxpayer who submits a self-assessment return in the prescribed form for a tax period is treated as having assessed the amount of tax payable themselves. By deliberate legislative design, this eliminates any statutory requirement for the Uganda Revenue Authority to generate or physically "serve" a notice of assessment on a standard self-assessed filer.
31. Since a self-assessment is an independent act of computation executed entirely by the taxpayer, the Respondent remains a passive recipient under the framework. The electronic acknowledgement receipt dynamically generated by the Respondent's web portal is merely a confirmation of transmission; it cannot legally be substituted for a formal Notice of Assessment served by the Commissioner General under Section 123(2)(a) of the Income Tax Act (Cap. 338).
32. Consequently, for taxpayers navigating standard electronic self-assessments, Section 123(2)(a) is legally inapplicable, leaving Section 123(2)(b) as the exclusive operational timeline. Under Section 123(2)(b), time begins to tick explicitly from the exact date on which the tax was paid. Since the Applicant's WHT credits, ASYCUDA credits, and PRN payments were physically transacted and docked in the ledger during the 2019 calendar year, the five-year limitation window for cash payouts closed irrevocably on 31 December 2024. When the Applicant lodged its electronic

- checkout application on 17 January 2025, the 2019 credit pool was entirely time-barred.
33. Furthermore, under Section 19 of the Tax Appeals Tribunal Act (Cap. 343), the burden of proof rests squarely on the Applicant to demonstrate compliance with statutory timelines. The Tribunal has examined the Applicant's evidence bundle. Annexure AEX1 is a receipt verifying the application date of 17 January 2025. The Applicant pointed to Annexure AEX7 at pages 122–123 as the 2019 assessment notice. However, our physical examination shows that, on the face of the record, Annexure AEX7 reflects an assessment notice dated 20 February 2026 relating exclusively to the 2023 year of income. The Applicant entirely failed to produce any certified 2019 electronic return logs or system documentation verifying an assessment event on 29 June 2020. Without primary records, the Tribunal cannot adopt a speculative timeline.
34. Alternatively, for the sake of argument that the Applicant had successfully produced primary system proof of an electronic return acknowledgement receipt dated 29 June 2020, this application would still fail as an absolute matter of law. If the 29 June 2020 self-assessment filing date were treated as the valid operational trigger under Section 123(2)(a) of the Income Tax Act (Cap. 338), that specific assessment notice relates exclusively to the 2019 year of income.
35. Under the five-year limitation mandate, the Applicant's right to apply for a cash refund for the 2019 year of income expired on 29 June 2020 + 5 years = 29 June 2025. Although the Applicant filed the application on 17 January 2025 (before June 2025), it was explicitly filed for the 2021 and 2022 years of income, not the 2019 year of income. A taxpayer cannot use an active timeline from an unfiled 2019 claim to rescue an invalid 2021/2022 claim simply because those old credits sit carried forward on a rolling electronic ledger page.

Entitlement to a cash refund

36. In light of the findings under Issue 1, the Applicant's claim for a liquid cash payout of Shs. 1,635,201,611 cannot be sustained. The Applicant's alternative argument on the principle of accrual, that a cause of action becomes enforceable only upon submission of its final return, is untenable in tax disputes. Tax statutes must be interpreted strictly textually, not equitably. As reinforced by the Supreme Court of Uganda in ***Uganda Revenue Authority v. Consolidated Properties Ltd (Civil Appeal No. 31 of 2000)***, statutory time limits are mandatory, and a party must comply strictly.
37. Finally, the Applicant's argument that blocking the cash payout violates its right to property under Article 26 of the Constitution of Uganda is conceptually flawed. As this Tribunal established in ***Red Chilli Hideaway Ltd (supra)***, a distinction exists between the forfeiture of property and the statutory limitation of a specific remedy.
38. The Respondent has neither confiscated nor expunged the Applicant's verified credits of Shs. 1,635,201,611 from the e-Tax system interface. The asset remains fully intact on the taxpayer's ledger profile. Section 123(2) restricts only the remedy of cash liquidation after five years, not the existence of the credit itself. Because the asset remains available to offset alternative or future liabilities under Section 123(3)(a) and (b) of the Income Tax Act (Cap. 338), the State has not deprived the Applicant of its property, and Article 26 has not been breached. Issue 2 is resolved in the negative.

Issue 3: Remedies Available

39. The Applicant's claim for a cash refund fails due to the expiration of the statutory limitation window. Under the standard principle that costs follow the event, the Respondent is entitled to costs as the successful party. Issue 3 is resolved accordingly.

VIII. Orders

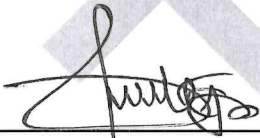
40. In the circumstances, this Honorable Tribunal makes the following final orders:

- (i) The Applicant's claim for a liquid cash refund of Shs. 1,635,201,611 under Section 123(3)(c) of the Income Tax Act (Cap. 338) is hereby dismissed.
- (ii) The Respondent is directed to maintain the verified credit of Shs. 1,635,201,611 securely on the Applicant's electronic tax ledger for utilisation against any current or future tax liabilities, in strict accordance with the priority tracks of Section 123(3)(a) and (b) of the Income Tax Act (Cap. 338).
- (iii) Costs of this application are awarded to the Respondent.

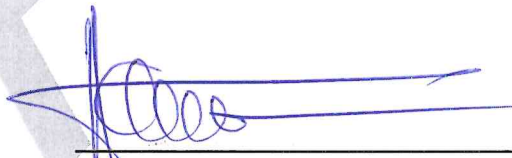
Dated at Kampala this 23rd day of October 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. EDWARD BIRYETEGA
MEMBER



HON. GERALD AGABA KAKIMA
MEMBER