



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
APPLICATION NO. 299 OF 2024

THE DEPO LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, HON. ROSEMARY NAJJEMBA,
HON. PROSCOVIA REBECCA NAMBI**

RULING

I. Introduction

1. This ruling is in respect of an application challenging a customs demand raised by the Respondent following the rejection of the declared customs value for imported goods and the subsequent application of the fallback valuation method.

II. Background facts

2. The Applicant is a company incorporated in Uganda and is engaged in the importation of building/construction materials. The Applicant regularly imports stone-coated steel roofing tiles from various international jurisdictions, including China and New Zealand. In 2022, the Applicant entered into a transaction to purchase such tiles from Zhe Jiang Longyuan Sifang Machinery Manufacture Co. Ltd. in China; the tiles arrived in Uganda in 2024. The Applicant declared the goods under IM4 Entry No. C48339 using the transaction value method, as per Section 122(1) of the East African Community Customs Management Act, 2004 (EACCMA).

3. Upon arrival, the Respondent's Customs Enforcement department seized the consignment on the grounds of alleged discrepancies between the presented invoices and telegraphic transfer (TT) records. Specifically, the Respondent contended that the invoices did not match the TT records because two invoices were issued several months after the remittances were made. In response to these allegations, the Applicant submitted explanations to the Respondent, clarifying that the discrepancies resulted from the commercial arrangements under their supply contract.
4. Consequently, the Respondent rejected the declared transaction value and substituted it with an assessed value of USD 1.75 per kilogram, allegedly derived from the Customs Valuation Database via the fallback method (Method 6). The Respondent issued a top-up tax assessment of Shs. 31,804,124. The Applicant objected to the assessment. The Applicant averred that the payments were made against numerous pro forma invoices and that a 4.04% discount was applied to the pro forma invoice amount of USD 28,489, resulting in a final payment of USD 27,339.
5. Furthermore, the Applicant clarified that the timing differences between payments and invoices reflected partial shipment arrangements under a single supply contract rather than any misrepresentation of value. The Applicant further explained that the supplier's invoice numbering system is administrative and runs across multiple customer accounts, which may result in an inconsistent chronological sequence for a single importer.
6. The Respondent, however, disallowed the objection and maintained the assessment. The Applicant paid under protest to secure the release of the goods, which the Respondent has not done, hence this application.

III. Representation and evidence

7. Ms. Linda Mugisha and Ms. Tracy Ainemugisha represented the Applicant, while Ms. Amutuhaire Doreen represented the Respondent. The Tribunal advised the parties to lead evidence by way of affidavit in accordance with Section 22 (3) of the Tax Appeals Tribunal Act. The Applicant's case was supported by the affidavit of Mr. Polling Besigye, a Director of the Applicant company, sworn on 11 November 2025. The Respondent's case was

presented in the affidavit of Mr. Patrick Biingi, a supervisor in the Customs Department of the Respondent, sworn on 2 December 2025.

IV. Issues for Determination

8. The Tribunal framed the issues for determination as follows:
 - (i) Whether the Respondent lawfully rejected the transaction value declared by the Applicant.
 - (ii) Whether the Respondent lawfully applied the fallback method and the USD 1.75/kg valuation.
 - (iii) What remedies are available to the parties?

V. Submissions of the Applicant

Unlawful Rejection of Transaction Value

9. The Applicant contends that the Respondent's revaluation was unlawful, arbitrary, and inconsistent with the customs valuation framework established under the WTO Customs Valuation Agreement (CVA) and Section 122(1) of the East African Community Customs Management Act, 2004, (EACCMA). The Applicant submitted that under Article 1 of the CVA and Section 122(1) of the EACCMA, the transaction value, which is defined as the price actually paid or payable for the good, is the primary basis for customs valuation.
10. The Applicant argued that a departure from the transaction value method is only permissible where there is credible evidence that the declared value does not represent the actual transaction value. In this instance, the Applicant asserted that it discharged its burden of proof by producing verifiable commercial documentation, including telegraphic transfer records, supplier correspondence, signed supply contracts, shipping documents, and EFRIS invoices showing consistent resale prices. Citing ***Uganda Revenue Authority Vs Testimony Motors Civil Appeal 33 of 2014***, the Applicant maintains that once genuine proof of the actual price paid is presented, the Respondent loses the discretion to consider other valuation methods.

Misapplication of the Fallback Method

11. The Applicant further challenges the Respondent's reliance on the "fallback method" (Method 6). The Applicant submitted that the Respondent failed to communicate the alternative valuation method applied until mediation, where the Respondent verbally disclosed that the fallback method had been used based on a rate derived from the Customs Valuation Database for June.
12. The Applicant argued that this lack of disclosure constitutes a breach of procedural fairness and transparency. Under Paragraph 8(3) of the Fourth Schedule to the EACCMA, an importer has the right to be informed in writing of the method used to determine the customs value. Moreover, Section 229(4) of the EACCMA imposes a duty on the Commissioner to provide reasons for such decisions. The Applicant contended that certainty in taxation is a fundamental principle, and taxpayers must be able to understand the basis of their liabilities.

Sequential Application of Valuation Methods

13. The Applicant argued that the Respondent ignored the mandatory sequential application of valuation methods prescribed in the Fourth Schedule to the EACCMA. The Applicant noted that Paragraphs 1–8 of the Fourth Schedule set out six methods that must be applied in strict order: Transaction Value, Transaction Value of Identical Goods, Transaction Value of Similar Goods, Deductive Value, Computed Value and Fallback Method.
14. The Applicant submitted that the fallback method is a "residuary method" and a "last resort," as affirmed in ***Uganda Revenue Authority V Agaba Henry (Civil Appeal No. 0032 of 2021)***. The Applicant argued that the Respondent failed to demonstrate why the second through fifth methods were inapplicable. It was the Applicant's position that it provided sufficient documentation, including Certificates of Analysis, EFRIS invoices, and shipping documents, to enable the Respondent to apply earlier methods, specifically the Deductive Value Method under Paragraph 6. The Applicant maintained that its EFRIS invoices provided an adequate basis for

computation under the deductive method, yet the Respondent made no effort to utilise this information.

15. It is submitted that the alleged discrepancies relied upon by the Respondent, specifically, payments appearing to pre-date certain pro-forma invoices and perceived anomalies in invoice serialisation, were adequately explained as arising from advance/on-account payments under a continuing supplier relationship and deposits covering multiple consignments. The Applicant submitted that such arrangements are commercially normal in international trade and do not, without more, negate the price actually paid or payable.
16. The Applicant further argued that the Respondent failed to demonstrate why the transaction value remained unacceptable after the Applicant's explanations and to comply with the sequential application of valuation methods as required under the Fourth Schedule. They argued that the Respondent improperly relied on internal reference prices and database values without disclosing the method and reasoning behind the USD 1.75/kg valuation. The Applicant argued that the Respondent improperly applied the fallback method as a "convenience tool" rather than a last resort, skipping the mandatory evaluation of Methods 2 through 5.
17. The Applicant relied on ***URA v Testimony Motors Ltd (CA No. 33 of 2014)***, ***URA v Agaba Henry (Civil Appeal No. 0032 of 2021)***, and ***Kuku Foods Uganda Ltd v URA (TAT Application No. 71 of 2023)***, and prayed for the assessment to be set aside, a refund of overpaid taxes, and costs.

VI. Submissions of the Respondent

On the Burden of Proof

18. The Respondent contended that the legal burden of proof in these proceedings rests squarely upon the Applicant. Citing Section 223 of the EACCMA, the Respondent submitted that the onus of proving the payment of any duties or the lawful importation of goods lies with the person prosecuted or claiming anything seized under the Act. This position is

further reinforced by Section 19 of the Tax Appeals Tribunal Act and Section 101 of the Evidence Act, which dictate that he who alleges must prove.

19. Relying on the precedent in ***Williamson Diamonds Ltd vs. Commissioner General 4 TLR 197***, the Respondent emphasised that the burden of proving that an assessment is excessive or erroneous lies with the taxpayer and never shifts to the revenue authority. They also cited ***Uganda v. Gurindwa and 5 others (HCT-00-AC-0070 of 2012)***, in which it was held that the tax authority bears the burden of proof only in factual matters, while the taxpayer must prove that they do not owe the money. Consequently, the Respondent argued that the Applicant failed to discharge this burden to show that the assessment is incorrect.

On the Rejection of the Transaction Value Method

20. Regarding the substantive valuation of the imported stone-coated steel roofing tiles, the Respondent submitted that while the transaction value method is the primary method of valuation under Paragraph 2(1) of the Fourth Schedule to the EACCMA, its application is contingent upon the presentation of genuine proof of the actual price paid or payable
21. The Respondent maintained that it observed "glaring inconsistencies" in the invoices presented by the Applicant. Specifically:
1. Chronological Anomalies: Proforma Invoice No. 2022LYSF8031UG, dated 7 December 2022, was indicated as settled on 21 October 2022—45 days before its issuance. Similarly, Proforma Invoice No. 2022LYSF8032UG, dated 22nd March 2023, was marked as settled on 1 November 2022, five months prior to its issuance.
 2. Suspicious Serialisation: The Respondent identified discrepancies in invoice serialisation, noting that in a sample from December 2022, invoices with lower numerical series were drawn at later dates than those of higher numerical series.
22. The Respondent contended that under Section 122(4) of the EACCMA, the proper officer has the right to satisfy themselves as to the truth or accuracy of any statement or document presented. Given these discrepancies, the

Respondent submits it was justified in rejecting the transaction value as the price actually paid could not be reliably ascertained.

On the Application of the Fall-Back Method

23. The Respondent argued that it followed the mandatory sequential requirements for customs valuation. According to the Respondent, when the transaction value method is found inapplicable, the Respondent must proceed through the subsequent methods (identical goods, similar goods, deductive value, and computed value) before arriving at the fall-back method.
24. The Respondent asserted that the Applicant was requested to provide documentation to enable the use of these alternative methods in sequence, but no reliable information was provided. Under **Article 17 of the WTO Customs Valuation Agreement**, as cited in **A Handbook on the WTO Customs Valuation Agreement by Sheri Rosenow and Brian J. O'Shea**, the Respondent maintained that if reasonable doubt remains after seeking further information, the customs administration may decide that the value cannot be determined by the transaction value method.
25. In light of the Applicant's failure to provide satisfactory evidence, the Respondent contends it correctly applied the fall-back method, utilising a value of USD 1.75/Kg to arrive at the top-up tax of Shs. 31,804,124. The Respondent further notes that the Applicant was duly informed via a letter dated 7 July 2023 that the customs value would be based on the fallback method.
26. The Respondent contends that once the transaction value was rejected and the Applicant failed to provide reliable information for intermediate methods, it was mandated to use the fallback method based on similar imports in its database. They argue that the fallback method was properly applied and that the assessment was lawful.
27. The Respondent submitted that the additional assessment was lawful and justifiable due to the Applicant's failure or refusal to provide supporting documentation. Under Section 21(6) of the TAT Act and Section 27(1) of the

Civil Procedure Act, the Respondent prayed that this Tribunal exercise its discretion to award costs to the successful party. The Respondent asked the Tribunal to find that the top-up tax liability of Shs. 31,804,124 was correctly raised and that the Application lacks merit and should be dismissed with costs awarded to the Respondent.

VII. Submissions in rejoinder

28. In rejoinder, the Applicant reiterated that the Respondent's doubts were adequately addressed through documentary explanations and that the Respondent neither disproved the explanations nor demonstrated that the declared price was influenced by impermissible considerations. The Applicant maintains that the fallback valuation was applied without compliance with the statutory sequence or disclosure obligations and that reliance on a database value without articulated reasoning was unlawful.

VIII. The Determination of the Tribunal

Issue 1: Whether the Respondent lawfully rejected the transaction value

The applicable legal principles

29. The law governing customs valuation is found in Section 122 of the EACCMA and the Fourth Schedule. Under Section 122(1) of the EACCMA, the value of imported goods liable to import duty ad valorem shall be determined in accordance with the Fourth Schedule, which lays out the transaction value as the first method. Paragraph 2(1) of the Fourth Schedule defines the transaction value as the price actually paid or payable for the goods when sold for export to a Partner State, subject to specified conditions and adjustments, in line with Articles 1 and 8 of the WTO Customs Valuation Agreement. This establishes transaction value as the primary rule, not a discretionary option.
30. We refer to this Tribunal's recent ruling in ***Safe Gears vs URA TAT Application No. 82 of 2024*** where jurisprudence interpreting the EACCMA framework was extensively discussed. Here, we highlight ***Uganda Revenue Authority vs. Testimony Motors, Civil Appeal No. 33 of 2014***, where it was affirmed that where an importer provides credible evidence of

the price actually paid or payable, the Commissioner has no discretion to disregard it and consider other valuation methods merely on suspicion. Similarly, in ***URA v Agaba Henry, Civil Appeal No. 32 of 2021, the High Court emphasised that the rejection of the*** transaction value must be grounded in demonstrable reasons supported by evidence.

31. Therefore, while section 122(4) empowers customs officers to verify the truth or accuracy of declarations and supporting documents, that power must be exercised within the structure of the valuation framework. Verification is intended to test evidence, not to displace transaction value on the basis of unresolved suspicion.

Burden of proof

32. The Tribunal accepts that, as a general proposition, the legal burden rests on the taxpayer to show that an assessment is excessive or erroneous. However, customs valuation disputes require a careful application of this principle. Once an importer produces verifiable and coherent documentary evidence demonstrating the price actually paid or payable, the evidential burden shifts to the customs authority to show why that evidence does not satisfactorily establish the transaction value. This approach is consistent with ***URA v Testimony Motors Ltd (supra)***, where the Court of Appeal held that transaction value cannot be displaced merely because Customs remains unconvinced, absent evidence that the price is not genuine. Also see ***Kuku Foods Uganda Limited v. Uganda Revenue Authority (TAT Application No. 71 of 2023)***, where it was held that once an Applicant adduces invoices and payment receipts clearly showing the price paid, the onus shifts to the Respondent to prove that the value of those goods could not be determined under the transaction method.
33. In the present case, the Respondent relied on timing discrepancies between payments and invoice issuance and invoice serialisation anomalies. The Applicant provided extensive documentation explaining the commercial relationship with the supplier, permitting advance payments and consolidated settlements covering multiple consignments. The Applicant provided a signed supply contract (Annex AEX 6) which explicitly

- permitted advance payments within a credit limit of USD 200,000. The Applicant also explained that discrepancies are exacerbated by the supplier's internal administrative practice of chronological invoice numbering across multiple global accounts, and not just the Applicant's purchases.
34. The Respondent did not controvert the existence of the supply contract nor demonstrate that these explanations were false, implausible, or unsupported by the documents provided. The Respondent did not show that the declared transaction price was influenced by prohibited considerations under the Fourth Schedule or that the documents were not authentic. The Respondent did not produce any evidence that the prices were fictitious or manipulated, but merely relied on "doubts." Article 7 of the CVA does not permit a rejection based on mere doubts. The Respondent's decisions must be based on objective evidence.
35. The Respondent did not squarely rebut the Applicant's sequential-application argument with a method-by-method demonstration. Instead, it maintained that the Applicant failed to provide reliable information and that resort to fallback was mandated.
36. In our view, the Respondent established the existence of questions, but did not establish a sustainable evidential basis for concluding that the declared transaction value was not the price actually paid or payable after the Applicant's explanations were tendered. Accordingly, the Tribunal finds that the rejection of the transaction value was not lawful.

Issue 2: Whether the fallback method was lawfully applied

37. The Fourth Schedule of the EACCMA prescribes six valuation methods (transaction value; transaction value of identical goods; transaction value of similar goods; deductive; computed; fallback) to be applied in a strict sequential order, with the fallback method available only after the preceding methods have been considered and found inapplicable.
38. Paragraph **1 of the Interpretative Notes to the Fourth Schedule** mandates this sequence, stating that the provisions of a particular

paragraph can only be used when the customs value cannot be determined under the preceding paragraph. This principle was reaffirmed in ***Uganda Revenue Authority vs. Agaba Henry (Civil Appeal No. 0032 of 2021)***, where the High Court held that the fallback method is a *"method of last resort only applicable when all others have failed"*.

39. The Respondent asserts that "valuation will be based on alternatives" implies sequential application in customs practice. However, the legal question is not whether the Respondent used the word "alternatives," but whether Customs actually demonstrated method-by-method why each preceding method could not be applied before resorting to fallback. The Applicant's complaint is direct, that is, the Respondent "simply stated" transaction value was inapplicable without documenting attempts to apply methods 2 to 5.
40. The record shows that the Respondent, after rejecting Method 1, proceeded directly to Method 6, applying a rate of USD 1.75/kg derived from its database. The Tribunal finds no evidence on record that Respondent attempted or ruled out the alternative valuation methods before resorting to the fallback method. No explanation was provided as to why the identical, similar, deductive, or computed value methods were inapplicable.
41. The Applicant further relies on an obligation of disclosure of the method used and reasons/basis, referencing paragraph 8(3) (as pleaded) and also section 229(4) regarding communication of decisions and reasons. On this aspect, the Applicant's evidence-in-submissions is that the Respondent did not communicate in writing which alternative method was applied, and in mediation indicated reliance on a Customs Valuation Database rate for June.

Database values/Reference Pricing

42. The Tribunal considers it necessary to address, with some emphasis, the Respondent's reliance on a Customs Valuation Database rate of USD 1.75/kg, as this issue goes to the heart of lawful application of the fallback method under the Fourth Schedule to the EACCMA.

(i) Database prices are not an independent valuation method

43. Under section 122 of the EACCMA and the valuation framework contained in the Fourth Schedule, customs valuation is governed by prescribed methods, applied in a strict order. A database price, reference price, or benchmark rate is not itself a valuation method recognised under the Fourth Schedule. Such prices may, at most, serve as informational tools within the application of a recognised method (most commonly within the fallback method) but they cannot lawfully replace the structured valuation exercise required by law.

To treat a database figure as a stand-alone value risks collapsing the statutory valuation hierarchy into administrative discretion, contrary to the clear wording and purpose of the Fourth Schedule.

(ii) Fallback valuation is constrained, not discretionary

44. Paragraph 9 of the valuation framework (fallback method) permits customs to use *“reasonable means consistent with the principles and general provisions”* of the valuation system only after the preceding methods have been considered and found inapplicable. The fallback method is therefore residual, not primary, and constrained by principles, not a free choice of figures.
45. Even when a fallback is reached, the customs authority must demonstrate that the value adopted is based on objective data and it is adjusted for comparability (quantity, commercial level, timing, origin, and condition of goods). It must also be explained with sufficient clarity to allow the importer to understand and challenge it. A bare assertion that *“the value was obtained from the Customs Valuation Database”* as was in the present case, does not, without more, satisfy these requirements.

(iii) Transparency and reasons are integral to lawful fallback valuation

46. Customs valuation decisions directly affect proprietary and commercial rights. For that reason, the valuation framework (read together with procedural fairness principles and the Respondent’s duty to give reasons

under the EACCMA) requires that an importer be informed not merely of the outcome, but of the method and reasoning that led to that outcome.

47. Where a database or reference price is relied upon, lawful application of fallback requires disclosure of at least the nature of the comparable transactions relied upon (identical/similar goods, period, origin); the adjustments made (or reasons why none were necessary); and why that data is appropriate to the particular import under review. Absent such disclosure, an importer is deprived of a meaningful opportunity to object, and the Tribunal is deprived of the ability to review whether the valuation accords with law.

(iv) Consistency with jurisprudence

48. The Tribunal notes that both domestic and comparative customs jurisprudence caution against reference pricing by default, particularly where it is used to displace transaction value without a documented valuation pathway.
49. In *Kuku Foods Uganda Ltd v URA*, this Tribunal held that reliance on undisclosed reference prices without justification offends the Fourth Schedule and principles of procedural fairness. We were also guided by the decision in *URA v Agaba Henry* (supra), which reaffirmed that fallback valuation is exceptional and must comply strictly with the statutory framework. The Tribunal therefore reiterates that database values, while potentially useful, cannot cure a failure to comply with the statutory valuation sequence or the obligation to give reasons.
50. In the present case, the Respondent relied on a USD 1.75/kg figure said to be derived from a valuation database. However, the Respondent did not demonstrate exhaustion of the preceding valuation methods, nor did they disclose the comparator data or adjustments. The Respondent did not provide any written explanation linking the database figure to the specific goods, quantities, commercial level, or import conditions of the Applicant's consignment. In these circumstances, the Tribunal finds that the database-derived value functioned as a substitute method, rather than as a

constrained fallback consistent with the Fourth Schedule. That approach is not sanctioned by the EACCMA.

51. The Tribunal finds that the Respondent's application of fallback and use of the USD 1.75/kg valuation were not lawfully applied.

Guidance on the Use of Valuation Databases

52. Before concluding, the Tribunal considers it appropriate to make a brief observation for guidance. The Tribunal acknowledges that Customs Valuation Databases and reference tools may be administratively useful in the valuation process. However, such tools do not constitute independent valuation methods under section 122 of the East African Community Customs Management Act and the Fourth Schedule thereto.

Where recourse is had to the fallback method, it remains incumbent upon the Respondent to demonstrate, on the record, that the preceding valuation methods were considered and found inapplicable. Any reliance on database or reference values must be clearly situated within that framework and accompanied by an explanation of the basis of comparison, any adjustments made, and the reasons why the adopted value reasonably reflects the customs value of the imported goods.

Absent such articulation, reliance on database values risks departing from the statutory valuation sequence and may undermine transparency, effective objection, and appellate review. The Tribunal expresses the view that adherence to these requirements will promote certainty in customs valuation and reduce avoidable disputes.

Issue 4: Remedies

53. The Applicant seeks the setting aside of the revaluation/assessment; refund of overpaid taxes/penalties paid under protest; and costs. The Respondent cites section 21(6) of the TAT Act and section 27 of the Civil Procedure Act on costs discretion and urges dismissal with costs.
54. Having found that the transaction value was unlawfully rejected and that the fallback valuation was improperly applied, the resultant assessment cannot

stand. The appropriate remedy is to set aside the impugned revaluation/assessment based on the USD 1.75/kg fallback basis and to direct recomputation in accordance with lawful valuation principles. Where sums were paid under protest pursuant to an unlawful assessment, refund should follow in accordance with law.

55. On costs, costs ordinarily follow the event under section 27 of the Civil Procedure Act, and no sufficient reason has been shown to depart from that principle.

56. In light of the foregoing, the application succeeds and the Tribunal hereby makes the following orders:

(i) The Respondent's revaluation of the Applicant's goods using a fallback/database rate of USD 1.75/kg and the resultant top-up assessment are set aside.

(ii) Any excess taxes paid by the Applicant pursuant to the impugned assessment shall be refunded in accordance with the law.

(iii) Costs are awarded to the Applicant.

It is so ordered.

Dated at Kampala this 13th day of February 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. ROSEMARY NAJJEMBA
MEMBER



HON. PROSCOVIA REBECCA NAMBI
MEMBER

