TAX APPEALS TRIBUNAL
Justice in Taxation

THE REPUBLIC OF UGANDA

IN THE TAX APPEALS TRIBUNAL AT KAMPALA

APPLICATION NO. 100 OF 2026

TORORO CEMENT LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

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

I. Introduction

1. This Application is preferred under the strict mandates of Section 16 of the Tax Appeals Tribunal Act and Rule 10 of the Tax Procedures Code (Tax Appeals Tribunal) Rules, 2012. The Applicant moves this Tribunal to review and set aside the taxation decision of the Respondent, communicated on 8 May 2026. By the said decision, the Respondent rejected the Applicant's claim for outstanding statutory interest following a tax refund, culminating in a quantitative dispute over Shs. 622,088,453.

II. Background facts

2. The Applicant is engaged in the manufacture of cement and steel products. The historical genesis of this dispute arises from a comprehensive tax compliance audit conducted by the Respondent covering the period from January 2012 to March 2018. The audit was based on a sector-wide review of the steel industry conducted by M/s PKF Uganda on behalf of the Office of the Auditor General, whose formal report was issued on 30 May 2019.

3. Acting upon the instructions and recommendations contained in the Auditor General's report, the Respondent, in October 2020, issued an Administrative Additional Tax Assessment against the Applicant for the period 2013 to 2018. The assessment spanned multiple tax heads, namely Value Added Tax (VAT, Cap. 344), Corporate Income Tax (CIT, Cap. 338), Withholding Tax (WHT), and Pay As You Earn (PAYE), totaling an aggregate principal sum of Shs. 17,249,960,181.

4. On 24 November 2020, the Applicant lodged formal online objections against the assessment. Following intensive technical reconciliations and engagements between the respective teams of both parties, the Respondent revised and downscaled the consolidated tax exposure to Shs. 8,321,595,484, comprising a revised PAYE liability of Shs. 7,626,828,738 and a parallel WHT liability of Shs. 694,766,745. This revised liability was formally communicated to the Applicant via an objection decision dated 31 May 2021.

5. Dissatisfied with the objection decision, the Applicant preferred an application for review before this forum via Tax Appeals Tribunal Application No. 48 Of 2021 seeking a full review and the subsequent setting aside of the revised assessments. To satisfy the strict, mandatory condition precedent to the assumption of jurisdiction by this Tribunal under Section 15(1) of the Tax Appeals Tribunal Act, the Applicant paid a cash deposit of Shs. 2,496,478,645 on 29 June 2021, representing the requisite thirty percent (30%) of the disputed amount, which physical payment date serves as the chronological anchor for the funds in dispute.

6. Following alternative dispute resolution engagements, the parties successfully executed a formal Consent Settlement Agreement (the "Consent") on 21 March 2022 to resolve TAT Application No. 48 of 2021. The Consent Order was duly endorsed and filed with this Tribunal as an enforceable order of the court. Under the operational terms of the consent, the additional PAYE liability of Shs. 7,626,828,738 was completely set aside, and the parallel additional WHT assessment was adjusted and reduced to a compromised final liability of Shs. 202,805,724.

7. The parties contractually agreed that the finalized revised tax liability of Shs. 202,805,724 would be offset against the statutory 30% deposit of Shs. 2,496,478,645 already held by the Respondent, and the net unencumbered principal balance refunded to the Applicant along with all applicable statutory interest.

8. On 11 April 2022, the Applicant, through its legal representatives, formally submitted its first manual application for a refund of the net principal balance, which was duly received by the Respondent on that date. Four months later, on 8 August 2022, the Respondent disbursed a sum of Shs. 2,226,487,408 to the Applicant, representing the bare principal net balance of the original 30% deposit, but completely omitted any interest calculations.

9. Upon receipt of the net principal sum, the Applicant, on 30 August 2022, issued a formal manual demand note for outstanding statutory interest aiming at Shs. 688,101,876, calculated as having accrued from the exact calendar date the funds were originally deposited into the URA system (29 June 2021) to the actual date the principal was refunded (8 August 2022). The Applicant subsequently submitted an online electronic portal refund application notice under Reference No. LAO123005681405 on 24 October 2022.

10. On 7 December 2022, the Respondent paid an interest sum of Shs. 56,018,423 to the Applicant. Between 9 December 2022 and 23 January 2026, the Applicant repeatedly issued follow-up demand letters for the outstanding statutory interest balance of Shs. 622,088,453, to which the URA maintained an administrative silence.

11. On 8 May 2026, the Respondent formally communicated its final decision, asserting that the Applicant was not entitled to any additional interest payment beyond the Shs. 56,018,423 previously disbursed. According to the Respondent, interest strictly accrued only from 24 October 2022 (the date the taxpayer submitted the formal electronic application notice on the portal) to 30 November 2022, being the last day of the month in which the partial interest was disbursed, pursuant to Section 113(4) of the Income Tax Act. Aggrieved by this decision, the Applicant moved this forum for redress.

III. Issues for determination

12. At the joint scheduling stage, the parties framed and agreed upon the following substantive issues for adjudication by this Honourable Tribunal:
    1) Whether the Applicant is entitled to any further payment of interest?
    2) What remedies are available to the Parties?

IV. Representation

13. Mr. Roland Kule, Mr. Ian Mutibwa and Ms. Janeiff Tuyirigire, M/s SM & Co. Advocates, appeared for the Applicant, while Mr. Edmond Agaba and Mr. Masiko Tumwebaze, the Legal Services and Board Affairs Department of the Uganda Revenue Authority, appeared for the Respondent.

The Applicant's Evidence

14. The Applicant led evidence through an Affidavit sworn and deponed by its Executive Director, Mr. Gagrani Brij Mohan, on 7 September 2026. The witness deponed that he is responsible for overseeing the macro-operational mechanics of the Applicant and managing all official revenue correspondence between the company and the Respondent.

15. Mr. Gagrani proved the structural timeline of the 2019 steel sector audit executed by M/s PKF Uganda on behalf of the Office of the Auditor General, the issuance of the additional tax assessment of Shs. 17,249,960,181 across diverse tax heads in October 2020, and the subsequent administrative revision of the liability down to Shs. 8,321,595,484. He further deponed to the payment of the mandatory 30% statutory deposit of Shs. 2,496,478,645 on 29 June 2021 to unlock the jurisdiction of this forum in TAT Application No. 48 of 2021.

16. The witness stated that the parties subsequently executed a formal Consent Settlement Agreement on 21 March 2022, which was filed as a binding order of this Tribunal. Under the terms of the Consent Order, the additional PAYE liability was set aside in its entirety, and the parallel withholding tax assessment was reduced to a final compromised sum of Shs. 202,805,724,

with an explicit agreement that the revised liability would be offset against the 30% deposit and the unencumbered balance refunded with statutory interest.

17. Mr. Gagrani deponed to the extensive documentary paper trail tracking the repeated interest demand notes issued by the company to the Revenue Authority over a span of four years following the URA's disbursement of the bare principal refund on 8 August 2022 without interest. Backed by legal advice from counsel, the witness maintained that the Respondent's computational framework is fundamentally contrary to law and that interest on a refunded 30% statutory deposit must legally accrue retroactively from the original date of payment (29 June 2021) and terminate on the last day of the month in which the actual refund is finalized.

V. The Respondent's Evidence

18. In reply, the Respondent filed an Affidavit sworn and deponed by Ms. Alinda Dorothy, a Supervisor, Refunds, in the Large Taxpayers Office within the Domestic Taxes Department of the Uganda Revenue Authority. The witness deponed that a taxpayer's entitlement to interest on a refund is strictly created, restricted, and limited by statute, and that Section 113 of the Income Tax Act fixes both the interest rate and the rigid period for which it runs.

19. She testified that the URA meticulously computed the interest under Section 113(4) of the Act, allowing interest strictly from 24 October 2022 (the date the Commissioner received the Applicant's electronic portal refund application notice under Reference No. LAO123005681405) to 30 November 2022, being the last day of the month in which the refund was made. The Respondent explicitly relied on the recent High Court decision delivered by Hon. Justice Steven Mubiru in ***East African Investments Ltd v. Uganda Revenue Authority, Civil Appeal No. 51 of 2020 UGCommC 170 (27 April 2026),*** which conclusively affirmed this prospective application approach, and prayed that the Application be dismissed.

VI. The Applicant's Submissions

20. In support of Issue One, the Applicant submitted that the Applicant is fully entitled to an additional interest payment of Shs. 622,088,453, as the

Respondent's partial remittance of Shs. 56,018,423 was calculated using an entirely erroneous statutory foundation and a wrong temporal period.

21. It was argued that the Respondent's position conflates the "normal flow of business" with an "abnormal or litigious flow of funds". Ordinary tax overpayments arising out of routine commercial operations are governed by Section 113 of the Income Tax Act, where interest runs from the date a refund application is lodged. Conversely, the 30% statutory deposit in this matter was an accelerated, compulsory payment levied strictly under the mandate of Section 15(1) of the Tax Appeals Tribunal Act to unlock judicial review boundaries. Consequently, because these funds were exacted under the authority of the TAT Act, any subsequent refund arising from a judicial decision must be governed strictly by the self-contained provisions of the TAT Act itself.

22. The Applicant analyzed the text of Section 27(1) of the Tax Appeals Tribunal Act, which mandates that a Consent Settlement Order entered and endorsed by the Tribunal constitutes a formal, binding decision of the Tribunal. A Consent Order is not a mere private contract or an administrative settlement outside the Act; it is a decisive judicial act. Under Section 31(3) of the Act, a Tribunal is explicitly defined as a "reviewing body."

23. Therefore, the execution of the Consent Order on 21 March 2022 instantly triggered the operation of Section 31(2) of the TAT Act, which commands that where the decision maker is required to refund an amount of tax as a result of a decision of a reviewing body, the tax shall be repaid with interest at the rate specified in the relevant law for the period commencing from the date the person paid the tax refunded and ending on the last day of the month in which the refund is made.

24. The Applicant submitted that the literal text of Section 31(2) is plain, unambiguous, and completely dispositive of this dispute. The Applicant forcefully contended that the Respondent's methodology confuses the source of the interest rate with the source of the substantive legal right. Section 31(2) of the TAT Act merely references the underlying tax code (the Income Tax

Act) for the narrow purpose of borrowing the mathematical interest rate percentage. However, the legal right to the interest, the retroactive commencement date, and the terminal parameters are governed exclusively by the TAT Act. Any administrative attempt by the URA to transplant the prospective timelines of Section 113(4) of the Income Tax Act into a TAT Act refund lacks any statutory backing.

25. To reinforce this literal approach, the Applicant cited the canonical Supreme Court decision in ***Uganda Revenue* Authority *v. Siraje Hassan Kajura (Civil Appeal No. 09 of 2015)***, which restated the cardinal rule of tax construction that clear words are necessary, there is no room for an intendment, nothing is to be read in, and nothing is to be implied. The Applicant further argued that under the well-established maxim *generalia specialibus non derogant*, specific legislation overrides general legislation on the same subject matter. This rule was explicitly affirmed by the High Court in ***Pharmaceutical Society of Uganda v. Attorney General (Miscellaneous Cause No. 260 of 2019)* and reinforced in *Eaton Towers Uganda Limited v. Attorney General & Jinja Municipal Council (Miscellaneous Cause No. 84 of 2019).***

26. Applied to the instant matter, the Tax Appeals Tribunal Act operates as the specific legislation governing the mandatory 30% litigious deposit, the resolution of appeals, and the resulting specialized refunds. By contrast, Section 113(4) of the Income Tax Act functions as a general provision for ordinary commercial tax refunds administered outside the tribunal framework. The Respondent, having exacted the 30% sum under the authority of the TAT Act, cannot lawfully subject its refund to the general provisions of the ITA.

Incorporating the Core Legal, Mathematical, and Equitable Pillars of the Applicant's Case

27. In building its comprehensive legal architecture, the Applicant presented three fundamental pillars to this Tribunal which demand formal documentation:

a) **The Legal Silo & Precedent Pillar:** The Applicant's case masterfully distinguished the High Court ruling in ***East African Investments Ltd v. URA (2026)*** by demonstrating that the superior court was dealing with a standard Value Added Tax refund under a completely silent statute (Section 36(1) of the VAT Act, requiring a judicial gap-filler. Conversely, the Applicant pointed out that a thirty percent (30%) threshold appeal deposit under Section 15(1) of the TAT Act is an entirely distinct, highly specialized litigious gateway deposit. The statutory machinery of Section 31(2) is explicitly vocal, contains no legislative silence, and leaves no room for alternative procedural implications.

b) **The Mathematical Alignment Pillar:** The Applicant submitted that its case achieves flawless system tracking on the record. It validated that the statutory interest running at 2% per month on the principal unencumbered balance during the continuous 14-month deprivation window (spanning 29 June 2021 to 8 August 2022) yields an aggregate figure of Shs. 688,101,876. Deducting the partial remittance of Shs. 56,018,423 subsequently made by the URA leaves an exact outstanding balance of Shs. 622,088,453, proving the claim is mathematically precise.

c) **The Equitable Weight Pillar:** The Applicant leaned heavily into the commercial unfairness of the State holding a massive corporate cash asset for fourteen months to secure its revenue interest, only to attempt to compress the statutory interest accrual window down to a mere 38 days using late electronic application notices as a matter of pure administrative convenience.

28. The Tribunal was therefore urged to enforce the plain statutory language chosen by Parliament, allow the Application, set aside the Respondent's computation, and order the Respondent to pay the outstanding interest sum of Shs. 622,088,453, with costs.

VII. The Respondent's Submissions

29. In its submissions, the Respondent contended that statutory interest on a tax refund does not accrue automatically from the date a taxpayer complies with

the thirty percent (30%) statutory deposit requirement under Section 15(1) of the Tax Appeals Tribunal Act. The Respondent averred that the computation of interest is governed strictly by Section 123(4) of the Income Tax Act, which dictates that the statutory interest clock is only triggered upon receipt of a formal and valid refund application.

30. The Respondent argued that although the principal refund balance was settled on 8 August 2022, the Applicant did not lodge a legally recognized interest claim until it submitted its online refund application notice (Notice No. LA012300568140S) via the URA electronic portal on 24 October 2022. Consequently, the Respondent maintained that its subsequent payment of a partial interest sum of Shs. 56,018,423 on 7 December 2022 fully discharged its statutory obligation for the period running from 24 October 2022 to 30 November 2022, and therefore prayed that the Applicant's claim for outstanding interest amounting to Shs. 622,088,453 be dismissed with costs.

VIII. Submissions of the Applicant in Rejoinder

31. In rejoinder, the Applicant strongly countered the Respondent's additional arguments, maintaining that the entitlement to interest runs directly from the actual date the Respondent took custody of the funds, being 29 June 2021. The Applicant rejoined that the right to interest was substantively created and locked in by the Consent Settlement Order executed before this Tribunal on 21 March 2022.

32. The Applicant argued that the subsequent online portal application required by the URA on 24 October 2022 was merely a retrofitted administrative formality for electronic processing, which cannot be used retroactively to defeat a substantive statutory right or to absolve the revenue authority from liability for the preceding sixteen months. The Applicant concluded that allowing the Respondent to evade interest from the date of deposit would amount to an unjust enrichment of the state at the taxpayer's expense, and thus reiterated its prayer for the outstanding interest claim to be granted in full.

IX. The Determination of the Tribunal

33. Having evaluated the pleadings, the joint scheduling memorandum, the trial affidavits on record, and the submissions, this Tribunal must now resolve the core substantive question of law: Whether the statutory interest payable on a tax refund arising from an endorsed Consent Order runs retroactively from the calendar date of physical payment under Section 31(2) of the Tax Appeals Tribunal Act, or prospectively from the date of a formal application notice under Section 123(4) of the Income Tax Act?

34. The Applicant's entire thesis rests upon a bifurcated "flow of funds" theory. The Applicant argued that because the mandatory thirty percent (30%) deposit was exacted under the compulsory litigious mechanics of Section 15(1) of the Tax Appeals Tribunal Act, its subsequent refund is completely insulated within an independent statutory silo under Section 31(2) of the Act. The Applicant invites this Tribunal to apply a strict, literal reading of the phrase *"period commencing from the date the person paid the tax refunded,"* and to project interest back to 29 June 2021, thereby sweeping aside any requirement for administrative notification or portal compliance.

35. This Tribunal has carefully considered the Applicant's arguments but finds them fundamentally untenable under the rules of statutory interpretation. It is an undisputed fact on record that the Applicant paid the mandatory 30% statutory deposit on 29 **June 2021**. It is equally clear from the documentary evidence that following the execution of the Consent Settlement Order on 21 March 2022, the Applicant did not formally move the Respondent for a return of the unencumbered balance until **11 April 2022**.

36. It is a well-settled principle of tax law that statutory interest on a refund does not operate as an automatic, commercial investment yield that accrues silently while funds are held under a lawful statutory mandate. During the pendency of TAT Application No. 48 of 2021, the Respondent held the deposit of Shs. 2,496,478,645 lawfully under Section 15(1) of the Act. No default, deprivation, or delay could legally arise against the Revenue Authority while the substantive tax dispute was still actively being litigated by

the parties before this forum. Consequently, it is legally erroneous and procedurally groundless for the Applicant to claim interest from the historical date of the physical payment of the 30% deposit. Interest can only begin to run from the date a clear and formal application for a refund is received by the Respondent unless otherwise ordered by a court or Tribunal.

37. Section 123(4) explicitly dictates that where the Commissioner General is required to refund tax, interest shall be computed "for the period commencing on the date the person made the application for refund". Rate and period are part of a single statutory formula contained in a single sentence under Section 123(4). The Applicant cannot adopt half of that sentence (the rate) and reject the other half (the period).

38. However, this Tribunal must address a critical error in the Respondent's computational methodology. The Respondent asserts that interest only began to run on **24 October 2022**, when the Applicant filed an electronic portal application notice. The Respondent relies on the High Court decision in ***East African* Investments *Ltd v. Uganda Revenue Authority*** to argue that the Uganda Revenue Authority's automated systems cannot execute an un-notified interest calculation without portal interaction.

39. This Tribunal disagrees with that restrictive administrative stance. Taxpayers engage with the Uganda Revenue Authority in diverse ways, and the substantive law of Uganda does not prescribe that only an electronic application via the digital portal satisfies the notification requirement. The trial record explicitly establishes that the Applicant, through its legal representatives, formally applied for a refund of the net balance via a manual application letter delivered to and received by the Respondent on **11 April 2022**.

40. A formal, written manual application received by the Revenue Authority is a valid legal demand that timeously activates the state's refund obligations. The law cannot permit the Respondent to enjoy a state of artificial administrative inertia simply because a claim was submitted manually rather than digitally.

Once the written application was received on 11 April 2022, the Respondent was fully put on notice, and the interest window was legally opened.

41. In strict alignment with the substantive guidance enforced in ***East African Investments Ltd***, interest must run from the date the application for refund was first received (11 April 2022) to the last day of the calendar month in which the principal refund was finalized. The principal refund was disbursed on **8 August 2022**. Pursuant to the statutory terminal parameters of Section 123(4) of the Income Tax Act, the interest accrual period terminates on the last day of that calendar month, being **31 August 2022**.

42. The Respondent's previous computation, which completely ignored the manual application of 11 April 2022 and restricted interest to a narrow window starting on 24 October 2022, is fundamentally flawed and unsupported by law. The Applicant is fully entitled to statutory interest computed at the rate of 2% per month running from **11 April 2022** to **31 August 2022**.

43. Because both parties' previous computations are legally inaccurate, the Applicant's claim being overstated by projecting back to the payment date, and the Respondent's remittance being understated by delaying to the portal date, the Respondent's taxation decision dated 8 May 2026 must be set aside. The Respondent is hereby ordered to re-compute the statutory interest due to the Applicant based on the corrected timeline of **11 April 2022 to 31 August 2022**, deduct the partial interest sum of Shs. 56,018,423 already paid, and disburse the outstanding balance to the Applicant.

X. Remedies

44. Having resolved the primary issue of law partly in favour of the Applicant, the Applicant is entitled to a re-computation and payment of the outstanding interest balance. The impugned taxation decision of the Respondent dated 8 May 2026 is hereby set aside.

XI. Orders

45. This Application is hereby disposed of under the following final Orders:
    (i) It is hereby declared that statutory interest payable on a tax refund arising from an endorsed Consent Settlement Order computes and

accrues from the date the formal application for refund is received by the Respondent, whether submitted manually or electronically, pursuant to Section 123(4) of the Income Tax Act.

(ii) The Respondent's Taxation Decision dated 8 May 2026 is hereby set aside for utilizing an incorrect statutory commencement date.

(iii) The Respondent is hereby ordered to re-compute the statutory interest due on the Applicant's refund at the rate of 2% per month for the period commencing from 11 April 2022 (the date the manual application was received) and ending on 31 August 2022 (the last day of the calendar month in which the principal refund was made).

(iv) The Respondent shall deduct the partial interest sum of Shs. 56,018,423 already paid to the Applicant from the re-computed total and disburse the outstanding balance to the Applicant within thirty (30) days from the date of this Ruling.

(v) Each party shall bear its own costs of this application.

Dated at Kampala this 30th day of **October** 2026.

HON. CRYSTAL KABAJWARA
CHAIRPERSON

HON. GERALD AGABA KAKIMA
MEMBER

HON. EDWARD BIRYETEGA
MEMBER