TAX APPEALS TRIBUNAL
Justice in Taxation

THE REPUBLIC OF UGANDA

IN THE TAX APPEALS TRIBUNAL OF UGANDA AT KAMPALA

MISCELLANEOUS APPLICATION NO. 135 OF 2026

(ARISING OUT OF TAT APPLICATION NO. 193 OF 2026)

UMEME LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

BEFORE: HON. STELLA NYAPENDI CHOMBO, HON. CHRISTINE KATWE, HON. KENNETH A. BAGAMUHUNDA

RULING

I. Introduction

1. This Ruling is in respect of an Application brought by Notice of Motion under Sections 31(1) and 37 of the Tax Appeals Tribunal Act, Cap 341, Section 98 of the Civil Procedure Act, Cap 282, and the applicable provisions of the Civil Procedure Rules, seeking the following reliefs:

    a) A Declaration that the Respondent is in contempt of the Ruling and Orders of this Tribunal delivered on 9th September 2020 in TAT Application No. 40 of 2018, Umeme Limited and Uganda Electricity Distribution Company Limited v Uganda Revenue Authority.

b) An Order vacating and nullifying the additional income tax assessments issued by the Respondent on 21st April 2026, the Objection Decisions dated 1st and 7th September 2026, and the Third-Party Agency Notice dated 9th September 2026, on the ground that they were issued in contempt of the said Ruling and Orders.

c) An Order imposing a fine of UGX 2,000,000,000 (Uganda Shillings Two Billion) upon the Respondent for contempt of the Ruling and Orders in TAT Application No. 40 of 2018.

d) An Award of exemplary or punitive damages against the Respondent for the alleged contempt.

e) Costs of the Application.

II. Background Facts

2. The present application arises from a dispute between the Applicant and the Respondent concerning the effect of an earlier ruling of this Tribunal on the Applicant's entitlement to depreciation and initial allowances in respect of modifications made to Uganda's electricity distribution network.

3. Under a Lease and Assignment Agreement dated 17th May 2004, the Uganda Electricity Distribution Company Limited (UEDCL) leased and assigned the electricity distribution network to the Applicant for a concession period of twenty years, commencing on 1st March 2005. During the concession, the Applicant undertook modifications to the distribution network and claimed depreciation and initial allowances in respect of the expenditure incurred.

4. A dispute subsequently arose as to whether the Applicant or UEDCL was entitled to claim those allowances under the Income Tax Act. The dispute was referred to this Tribunal in TAT Application No. 40 of 2018, Umeme Limited and Uganda Electricity Distribution Company Limited v Uganda Revenue Authority. By a ruling delivered on 9th September 2020, the Tribunal found that the Applicant, rather than UEDCL, was entitled to claim

depreciation and initial allowances on the modifications it funded and used in producing income. The Respondent was directed to adjust the tax liability in accordance with the ruling.

5. The Respondent did not appeal against that decision. UEDCL, however, lodged Civil Appeal No. 54 of 2020 in the High Court on 1st October 2020. The appeal was dismissed by a decree dated 22nd June 2022. Consequently, the Tribunal's ruling remained unreversed.

6. By a letter dated 21st April 2026, following a review of the Applicant's tax affairs, the Respondent disallowed capital allowance claims relating to the years of income 2006 to 2024 and raised eighteen additional income tax assessments amounting to approximately UGX 650.62 billion in principal tax. The Applicant objected to the assessments on 30th April 2026, contending, among other grounds, that the Respondent was reopening an issue already determined in TAT Application No. 40 of 2018.

7. The Respondent maintained the assessments through Objection Decisions issued on 1st and 7th September 2026. Although the Respondent acknowledged the earlier ruling, it took the position that the Applicant's entitlement to capital deductions remained subject to the requirements of the Income Tax Act, including verification of the expenditure incurred and the applicable cost base. The Applicant disputes that position, maintaining that the Respondent relied on grounds previously considered and rejected by the Tribunal.

8. Aggrieved by the Objection Decisions, the Applicant instituted TAT Application No. 193 of 2026 challenging the assessments. Subsequently, on 9th September 2026, the Respondent issued a Third-Party Agency Notice to the Applicant's bankers demanding UGX 195,186,559,573, representing approximately thirty per cent of the assessed principal tax.

9. The Applicant thereafter filed the present Miscellaneous Application No. 135 of 2026 on 11th September 2026, alleging that the Respondent's issuance and enforcement of the assessments amounted to contempt of the ruling and orders in TAT Application No. 40 of 2018. It seeks a declaration of contempt, orders vacating the assessments, Objection Decisions and Third-Party Agency Notice, a fine of UGX 2,000,000,000, exemplary or punitive damages, and costs.

III. Issues

10. The following issues were raised;
    a) Whether Miscellaneous Application No. 135 of 2026 is properly before the Tribunal, notwithstanding the pendency of TAT Application No. 193 of 2026?
    b) Whether the Respondent is in contempt of the Ruling and Orders of the Tribunal delivered on 9th September 2020 in TAT Application No. 40 of 2018?
    c) Whether the Applicant is entitled to the remedies sought?

IV. Representation

11. The Applicant was represented by Bruce Musinguzi and Thomas Kato from M/s Kampala Associated Advocates, while the Respondent was represented by Diana Prida Praff, Gloria Akatuhurira, Charlotte Katutu, and Tony Tukei from the Legal Services and Board Affairs Department of the Respondent.

12. The Applicant's evidence was presented through an affidavit sworn on 11th September 2026 by Hannat Nabaggala, an Advocate of the High Court of Uganda employed by Kampala Associated Advocates.

13. Ms. Nabaggala stated that, on 9th September 2020, the Tribunal delivered its ruling in TAT Application No. 40 of 2018, Umeme Limited and Uganda Electricity Distribution Company Limited v Uganda Revenue Authority. The Tribunal found that the Applicant, rather than UEDCL, was entitled to claim

depreciation and initial allowances on modifications it funded to the electricity distribution network and directed the Respondent to adjust the tax liability accordingly. A copy of the ruling was exhibited as "A".

14. She further stated that UEDCL appealed against the ruling in High Court Civil Appeal No. 54 of 2020, filed on 1st October 2020, but the appeal was dismissed on 22nd June 2022. The Respondent did not appeal. Copies of the appeal and the High Court's dismissal order were exhibited as "B" and "C", respectively. According to Ms. Nabaggala, the Tribunal's ruling consequently remained final, binding and unreversed.

15. Ms. Nabaggala testified that, by a management letter dated 21st April 2026, the Respondent disallowed the Applicant's capital allowance claims for the period 2006 to 2024 and raised additional principal income tax assessments amounting to UGX 650,621,865,244. She maintained that the assessments were founded on grounds already considered and rejected in TAT Application No. 40 of 2018. The management letter was exhibited as "D".

16. She stated that the Applicant objected to the assessments by a letter dated 30th April 2026, expressly drawing the Respondent's attention to the earlier ruling. Nevertheless, the Respondent issued Objection Decisions dated 1st and 7th September 2026, maintaining the assessments. According to Ms. Nabaggala, the Respondent acknowledged having considered the earlier ruling but maintained that entitlement to capital deductions remained subject to verification under Section 27 of the Income Tax Act. The objection letter and Objection Decisions were exhibited as "E" and "F", respectively.

17. Ms. Nabaggala further testified that the Applicant challenged the Objection Decisions by filing TAT Application No. 193 of 2026 on 8th September 2026. A copy of that application was exhibited as "G". She stated that, the following day, the Respondent issued a Third-Party Agency Notice to Stanbic Bank Uganda Limited and Standard Chartered Bank, demanding UGX

195,186,559,573 from funds held on behalf of the Applicant. The notice was exhibited as "H".

18. She maintained that the Respondent had full knowledge of the ruling delivered on 9th September 2020 and was expressly reminded of it during the objection proceedings. In her view, the subsequent disallowance of capital allowances on grounds previously determined by the Tribunal, followed by enforcement through the agency notice, amounted to willful disobedience of the ruling and orders.

19. Ms. Nabaggala accordingly asked the Tribunal to find the Respondent in contempt, set aside the disputed assessments and Objection Decisions, nullify the Third-Party Agency Notice and grant the other reliefs sought in the Notice of Motion.

20. The Respondent's evidence was presented through an affidavit sworn on 22nd September 2026 by Itiakorit Samuel, Manager Tax Investigations in the Respondent's Tax Investigations Department. Mr. Itiakorit stated that he was duly authorised to swear the affidavit on behalf of the Respondent and was conversant with the facts of the matter, having reviewed the relevant records relating to TAT Application No. 40 of 2018, the disputed assessments, the Objection Decisions and TAT Application No. 193 of 2026.

21. Mr. Itiakorit stated that the Applicant had already instituted TAT Application No. 193 of 2026 challenging the assessments and Objection Decisions that form the subject of the present application. He maintained that the reliefs sought in the two applications substantially overlapped, particularly in relation to the validity of the assessments and the effect of the Tribunal's ruling delivered on 9th September 2020. In his view, the present application was premature because the allegation of contempt depended upon matters awaiting determination in the substantive application. He further contended

that determining substantially the same questions in separate proceedings could result in inconsistent decisions.

22. Regarding the earlier ruling, Mr. Itiakorit acknowledged that the Tribunal had determined the Applicant's entitlement to depreciation and initial allowances in TAT Application No. 40 of 2018. He maintained, however, that the ruling did not contain an express injunction or order restraining the Respondent from exercising its statutory powers of audit, assessment, verification or tax collection. He stated that the decision did not exempt the Applicant from subsequent tax audits or prevent the Respondent from examining capital allowance claims made in later years of income.

23. Mr. Itiakorit further stated that the earlier proceedings did not determine the factual validity of every capital allowance claimed by the Applicant for the years 2006 to 2024. According to him, the expenditure incurred, applicable cost base, pooling computations and supporting documentation remained matters requiring verification under Sections 27 and 27A of the Income Tax Act. He maintained that the Tribunal's determination of the Applicant's entitlement to claim allowances did not dispense with the statutory requirements governing the computation and substantiation of those claims.

24. Addressing the allegation of contempt, Mr. Itiakorit denied that the Respondent had deliberately disobeyed the Tribunal's ruling. He stated that the Respondent expressly considered the Applicant's reliance on the 2020 decision during the objection proceedings but concluded that the deductions claimed remained subject to verification under the Income Tax Act. He maintained that the assessments and subsequent Objection Decisions were issued in the ordinary exercise of the Respondent's statutory mandate and were not intended to disregard or undermine the Tribunal's orders.

25. Mr. Itiakorit also clarified that the additional principal income tax arising from the Respondent's audit amounted to UGX 650,621,865,242, rather than UGX 650,621,865,244 as stated in the Applicant's pleadings.

26. He opposed the Applicant's request for a fine of UGX 2,000,000,000 and exemplary or punitive damages, maintaining that there had been no willful disobedience of a lawful order. He contended that the dispute concerned the interpretation and application of the earlier ruling to the subsequent assessments and should be resolved through the pending substantive proceedings.

27. Mr. Itiakorit accordingly asked the Tribunal to dismiss the application, maintaining that the Respondent had acted within its statutory mandate and had not committed contempt of the ruling and orders in TAT Application No. 40 of 2018.

V. Applicant's Submissions

28. The Applicant submitted that the Respondent was in willful contempt of the ruling and orders delivered by the Tribunal on 9th September 2020 in TAT Application No. 40 of 2018. It was argued that the Respondent had issued fresh assessments and commenced enforcement proceedings on matters of legal entitlement already determined by the Tribunal, notwithstanding its knowledge of the earlier decision.

29. Addressing the Respondent's objection that the present application was premature because TAT Application No. 193 of 2026 remained pending, the Applicant submitted that contempt proceedings concern the authority of the Tribunal and the administration of justice. It relied on Amdhan Khan v Stanbic Bank (U) Ltd, HCMA No. 1027 of 2015, Housing Finance Bank Ltd v Edward Musisi, CA Miscellaneous Application No. 158 of 2010, and Wildlife Lodges Ltd v County Council of Narok, reported in 2 EA 344, for the proposition that courts must ensure compliance with their orders and that contempt

proceedings should not be deferred merely because related proceedings are pending.

30. The Applicant further relied on Hadkinson v Hadkinson and Musisi & Another v Namugenyi Margaret to argue that a party who deliberately disobeys a court order should not be permitted to benefit from that disobedience or seek the court's assistance without first purging the contempt. It maintained that the Respondent could not rely on the pending substantive application to avoid answering the allegation of disobedience.

31. The Applicant cited Bullion Refinery Ltd v Commissioner General, Uganda Revenue Authority, Miscellaneous Application No. 180 of 2023, and Rwenzori Commodities Ltd v Kiiza, Miscellaneous Application No. 69 of 2024 regarding the requirements for establishing contempt. It submitted that contempt requires proof of a lawful and subsisting order, knowledge of that order, the ability to comply with it and deliberate disobedience. The Applicant maintained that each requirement had been satisfied.

32. The Applicant argued that the ruling delivered on 9th September 2020 remained valid and binding. It pointed out that the Respondent had not appealed against the decision and that UEDCL's appeal, High Court Civil Appeal No. 54 of 2020, had been dismissed on 22nd June 2022. According to the Applicant, the Tribunal had conclusively determined that Umeme Limited, rather than UEDCL, was entitled to depreciation and initial allowances on modifications funded by Umeme to the electricity distribution network.

33. Regarding knowledge of the ruling, the Applicant submitted that the Respondent was a party to the earlier proceedings and had been expressly reminded of the decision in the objection lodged on 30th April 2026. It further relied on the Objection Decision dated 1st September 2026, in which the Respondent acknowledged having considered the earlier ruling. The

Applicant maintained that the Respondent's knowledge was therefore beyond dispute.

34. The Applicant submitted that the Respondent's subsequent conduct amounted to deliberate disobedience. It argued that the assessments issued in April 2026 repeated the grounds previously considered and rejected by the Tribunal, including questions concerning ownership of the distribution network, recovery of expenditure through electricity tariffs and the accounting treatment of the concession arrangements under IFRIC 12. In the Applicant's view, the Respondent had consciously revived those grounds despite the binding determination of the Tribunal.

35. The Applicant rejected the Respondent's contention that the 2020 ruling was confined to particular years of income and did not determine entitlement for subsequent periods. It submitted that the ruling concerned the legal effect of the contractual arrangements governing the concession, including the Lease and Assignment Agreement and the Support Agreement. Those arrangements, according to the Applicant, governed the concession throughout its duration. The Applicant therefore maintained that the determination of legal entitlement was not limited to the particular years considered in the earlier proceedings.

36. The Applicant further argued that the Respondent could not reopen the same question of legal entitlement under the guise of exercising its statutory powers of audit and assessment. Relying on Kahoora Enterprises Ltd v Uganda Revenue Authority, Miscellaneous Cause No. 8 of 2012, it submitted that the Respondent was bound by the earlier determination and could not revisit an issue conclusively decided between the parties. It maintained that the Respondent's statutory powers had to be exercised consistently with the Tribunal's ruling.

37. The Applicant also relied on Stanbic Bank (U) Ltd and Jacobsen (U) Power Plant Co. Ltd v Uganda Revenue Authority, HCMA No. 42 of 2010, in support of its argument that enforcement action taken in disregard of a binding judicial decision may constitute oppressive and deliberate disobedience. It submitted that the Third-Party Agency Notice issued on 9th September 2026, demanding UGX 195,186,559,573 from the Applicant's bankers, aggravated the contempt because it sought to enforce assessments founded on matters already determined by the Tribunal.

38. Regarding the Tribunal's jurisdiction to grant the remedies sought, the Applicant relied on Sections 19(6), 22(6), 31(1) and 37(d) of the Tax Appeals Tribunal Act, Cap 341. It submitted that the Tribunal possessed the authority to enforce its orders and to set aside assessments, Objection Decisions and enforcement notices issued in contempt of those orders. The Applicant maintained that such relief was necessary to preserve the effectiveness of the Tribunal's decisions.

39. The Applicant accordingly asked the Tribunal to declare the Respondent in contempt of the ruling and orders in TAT Application No. 40 of 2018 and to vacate the additional income tax assessments issued on 21st April 2026, the Objection Decisions dated 1st and 7th September 2026 and the Third-Party Agency Notice dated 9th September 2026.

40. The Applicant further sought a fine of UGX 2,000,000,000 and an award of exemplary or punitive damages. Relying on Semanda v Kaheebwa and Kibeedi v Hotel Triangle Limited, it submitted that the Respondent's conduct warranted sanctions sufficiently substantial to mark the seriousness of the alleged disobedience and deter its recurrence. It also prayed for costs under Section 22(5) of the Tax Appeals Tribunal Act.

VI. Respondent's Submissions

41. The Respondent opposed the application on the grounds that it was improperly before the Tribunal, that no contempt had been established and that the remedies sought were unavailable. It maintained that the dispute concerned the interpretation and application of the ruling delivered on 9th September 2020 to subsequent tax assessments, a matter already pending determination in TAT Application No. 193 of 2026.

42. In challenging the competence of the application, the Respondent relied on Section 6 of the Civil Procedure Act, Cap 282, which prohibits the trial of a matter directly and substantially in issue in previously instituted proceedings between the same parties. It submitted that the Applicant filed TAT Application No. 193 of 2026 on 8th September 2026, challenging the assessments and Objection Decisions, before instituting the present contempt application on 11th September 2026. According to the Respondent, both proceedings concerned the same parties, the same assessments and substantially the same reliefs.

43. The Respondent argued that the Applicant was attempting to obtain, through contempt proceedings, the substantive relief sought in TAT Application No. 193 of 2026 without a full hearing of that application. It relied on John W. Katende & Another v Uganda Communications Commission, HCMA No. 99 of 2022, in support of its contention that parallel proceedings involving substantially the same issues constituted an abuse of court process. It maintained that the validity of the assessments and Objection Decisions should be determined in the substantive application.

44. As to the authorities cited by the Applicant concerning the precedence of contempt proceedings, including Housing Finance Bank Ltd v Edward Musisi and Amdhan Khan v Stanbic Bank (U) Ltd, the Respondent submitted that those decisions concerned disobedience of clear and subsisting orders. It distinguished the present application on the basis that the alleged contempt

required the Tribunal first to determine the scope and effect of its earlier ruling. In its view, the pendency of the substantive application could not be disregarded where the alleged breach depended upon questions awaiting determination in that application.

45. Turning to the allegation of contempt, the Respondent relied on Betty Kizito v Dickson Nsubuga & 6 Others, Supreme Court Civil Applications Nos. 25 and 26 of 2021, and Alex Kanyonyi Kaaya & Another v Uganda Development Bank & 6 Others, HCMA No. 1650 of 2025. It submitted that contempt required proof of a valid and unequivocal order, knowledge of that order and deliberate disobedience. The Respondent maintained that the applicable standard of proof was beyond reasonable doubt and that an incorrect interpretation of a judicial decision, without proof of willful disobedience, could not constitute contempt.

46. While acknowledging the existence of the ruling delivered on 9th September 2020 and its knowledge of that decision, the Respondent disputed the Applicant's interpretation of the orders made. Referring to the operative part of the ruling, it submitted that the Tribunal had directed it to adjust the second applicant's tax liability, namely that of UEDCL, while finding that Umeme Limited was entitled to claim depreciation and initial allowances. It argued that the Applicant had not demonstrated any failure to comply with the specific direction concerning UEDCL's tax liability.

47. The Respondent further submitted that the finding concerning Umeme's entitlement to capital allowances was not an injunction prohibiting subsequent audits or assessments. It maintained that the ruling contained no express order restraining the Respondent from exercising its statutory powers of verification, assessment or collection in respect of subsequent years of income. According to the Respondent, the Applicant was seeking to convert a determination of entitlement into a continuing prohibition against the exercise of those powers.

48. In explaining the basis of the subsequent assessments, the Respondent argued that the earlier proceedings did not establish the factual validity of every capital allowance claimed by the Applicant for the period 2006 to 2024. It submitted that compliance with Section 27 of the Income Tax Act required verification of the expenditure incurred, the applicable cost base and the use of the relevant assets in producing income. The Respondent maintained that these matters required examination by reference to the circumstances of each year of income and had not all been conclusively determined in TAT Application No. 40 of 2018.

49. The Respondent also pointed out that the subsequent assessments covered years of income extending beyond those considered in the earlier proceedings, including years that had not elapsed when the Tribunal delivered its ruling in September 2020. It submitted that the Applicant's reliance on the earlier decision raised questions of res judicata or issue estoppel, which could properly be examined in TAT Application No. 193 of 2026. In its view, those questions did not, without more, establish contempt.

50. In defence of its conduct, the Respondent maintained that the disputed assessments and Objection Decisions were issued in good faith in the exercise of its statutory mandate under Article 152 of the Constitution and Section 25 of the Tax Procedures Code Act. It submitted that it had considered the Applicant's reliance on the earlier ruling during the objection proceedings but concluded that the capital allowance claims remained subject to statutory verification. According to the Respondent, acknowledging a judicial decision and subsequently reaching a different conclusion about its application to particular facts did not amount to deliberate disobedience.

51. The Respondent explained that the Third-Party Agency Notice dated 9th September 2026 had been issued pursuant to the statutory requirements relating to payment of thirty per cent of the disputed tax. It maintained that

the earlier ruling contained no order prohibiting the issuance of such a notice and that its validity was a matter for determination in the appropriate substantive proceedings.

52. The Respondent also opposed the Applicant's reliance on Hadkinson v Hadkinson as a basis for preventing it from defending TAT Application No. 193 of 2026. It submitted that the principle could not be invoked merely upon an allegation of contempt, before any finding of deliberate disobedience had been made. The Respondent further argued that excluding it from the proceedings would be inconsistent with its right to a fair hearing under Articles 28(1) and 44(c) of the Constitution.

53. In opposing the remedies sought, the Respondent submitted that the power under Section 31(1) of the Tax Appeals Tribunal Act to set aside or vary tax decisions was exercisable in substantive review proceedings and did not provide an independent basis for nullifying assessments and Objection Decisions through a contempt application. It maintained that granting such relief would effectively determine TAT Application No. 193 of 2026 without hearing the substantive dispute.

54. The Respondent challenged the proposed fine of UGX 2,000,000,000, submitting that Section 37(d) of the Tax Appeals Tribunal Act prescribed a maximum fine of twenty-five currency points, imprisonment for a term not exceeding six months, or both, upon conviction for contempt. It argued that the amount sought exceeded the statutory penalty and could not be justified by reference to the value of the disputed assessments.

55. Drawing support from Stanbic Bank (U) Ltd and Jacobsen (U) Power Plant Co. Ltd v Uganda Revenue Authority, HCMA No. 42 of 2010, the Respondent submitted that even where contempt had been established through breach of an express injunction, the court had moderated the financial sanction. It maintained that any sanction imposed on a public

revenue authority required consideration of the public interest, including the fact that such payments would ultimately be borne by public funds.

56. The Respondent resisted the claim for exemplary and punitive damages, relying on Angella Katatumba v Anti-Corruption Coalition of Uganda, Civil Suit No. 307 of 2011. It submitted that contempt proceedings were intended to protect judicial authority and secure obedience to court orders, rather than provide an alternative means of compensating a litigant. It maintained that the Applicant had not established conduct warranting an award of exemplary damages.

57. The Respondent concluded by asking the Tribunal to dismiss the application with costs. It maintained that the Applicant had failed to establish deliberate disobedience of a clear order and had instead sought to resolve a substantive tax dispute through contempt proceedings while TAT Application No. 193 of 2026 remained pending.

VII. Applicant Submissions in rejoinder

58. The Applicant's rejoinder of 12th October 2026 disputed the objection under Section 6 of the Civil Procedure Act. It distinguished the substantive challenge to the assessments in TAT Application No. 193 of 2026 from the present contempt proceedings. It cited Betty Kizito v Dickson Nsubuga and Alex Kanyonyi Kaaya v Uganda Development Bank on the protection of judicial authority.

59. The Applicant distinguished John W. Katende v Uganda Communications Commission, which concerned disputed allegations of fraud, arguing that the earlier ruling, audit letter and Objection Decisions sufficiently established the relevant facts. Relying on Housing Finance Bank Ltd v Edward Musisi and Amdhan Khan v Stanbic Bank (U) Ltd, it urged the Tribunal to determine contempt before the substantive dispute.

60. The absence of an express injunction, the Applicant argued, did not diminish the binding effect of the 2020 ruling. Although the operative order directed adjustment of UEDCL's liability, the Tribunal had determined Umeme's entitlement to depreciation and initial allowances on funded network modifications. Sections 20(5) and 20(6) of the Tax Appeals Tribunal Act were cited.

61. The Applicant maintained that the ruling settled entitlement under the concession agreements throughout the concession period, not merely deductions for particular years. It disputed the exclusion of subsequent years and pointed to the reassessment of 2006 to 2011, years allegedly covered by the earlier dispute.

62. Furthermore, no new circumstances justified reopening the determination, according to the Applicant. Ownership, tariff recovery and IFRIC 12 accounting treatment had already been considered. It argued that invoking verification under Section 27 of the Income Tax Act did not change the grounds previously rejected.

63. The Applicant cited the Objection Decision of 1st September 2026 as evidence that the Respondent knew of the ruling yet maintained the disallowances. Relying on Betty Kizito and Alex Kanyonyi Kaaya, it argued that knowingly repeating rejected grounds constituted willful disobedience without proof of an intention to undermine the Tribunal.

64. Relying on Stanbic Bank (U) Ltd and Jacobsen (U) Power Plant Co. Ltd v Uganda Revenue Authority, Chuck v Cremer and Kahoora Enterprises Ltd v Uganda Revenue Authority, the Applicant argued that the Respondent should have sought review or reversal rather than issuing assessments contrary to an unchallenged ruling.

65. The Applicant maintained that Section 22(6) of the Tax Appeals Tribunal Act and Section 98 of the Civil Procedure Act empowered the Tribunal to nullify acts committed in contempt, including the assessments and Objection Decisions, without awaiting determination of TAT Application No. 193 of 2026.

66. The Applicant argued that Section 37(d) of the Tax Appeals Tribunal Act governed statutory contempt but did not restrict civil contempt sanctions under Section 19(6), Rule 30 of the Tribunal's Procedure Rules and Section 98 of the Civil Procedure Act. It justified the proposed UGX 2 billion fine by reference to eighteen years of reassessments, UGX 650.62 billion in principal tax and the UGX 195,186,559,573 agency notice.

67. The Applicant sought exemplary damages for allegedly oppressive enforcement despite the earlier ruling, citing Angella Katatumba v Anti-Corruption Coalition of Uganda, Semanda v Kaheebwa and Kibeedi v Hotel Triangle Limited. It asked the Tribunal to dismiss the preliminary objection, find contempt, nullify the assessments, Objection Decisions and agency notices, impose the fine, and award damages and costs.

VII. Determination of the Tribunal

68. The Tribunal has carefully evaluated the Notice of Motion, the affidavit evidence on record, the annexures thereto, and the written submissions of both Parties.

Issue One: Whether the application is properly before the Tribunal

69. The Respondent contends that the application is sub judice, premature and an abuse of court process. It relies on Section 6 of the Civil Procedure Act, Cap. 282, arguing that the Applicant had already instituted TAT Application No. 193 of 2026 challenging the same assessments and objection decisions. According to the Respondent, determining the present application would

require the Tribunal to pronounce itself on matters awaiting determination in the substantive application.

70. The Applicant disputes that contention. It argues that the two applications concern different questions. Whereas TAT Application No. 193 of 2026 challenges the validity of the assessments, the present application concerns the Respondent's alleged disobedience of the Tribunal's ruling of 9th September 2020. The Applicant relies on Housing Finance Bank Ltd v Edward Musisi, CA Miscellaneous Application No. 158 of 2010, and Amdhan Khan v Stanbic Bank (U) Ltd, HCMA No. 1027 of 2015.

71. Section 6 of the Civil Procedure Act prohibits a court from proceeding with the trial of a matter in which the issue directly and substantially in dispute is also directly and substantially in issue in a previously instituted proceeding between the same parties, pending before a court competent to determine it. The provision seeks to prevent parallel proceedings involving substantially the same questions. The mere existence of related proceedings between the same parties is insufficient. What matters is whether the questions requiring determination are substantially identical.

72. In TAT Application No. 193 of 2026, the Applicant challenges the assessments and objection decisions relating to capital allowances claimed for the years 2006 to 2024. The Tribunal will be required to determine whether those assessments are lawful, whether the expenditure qualifies for capital allowances under Sections 27 and 27A of the Income Tax Act, and the effect of the ruling delivered in 2020.

73. The present application raises a different question. The Applicant alleges that, notwithstanding the ruling of 9th September 2020, the Respondent subsequently disallowed capital allowances on grounds already considered and rejected by the Tribunal. The issue is whether that conduct amounts to contempt of a subsisting judicial order.

74. The distinction is material. The substantive application concerns the correctness of the Respondent's tax decisions, while the present application concerns compliance with an earlier ruling of the Tribunal. Although the two proceedings arise from the same assessments, they do not necessarily call for determination of the same issue. The authorities cited by the Applicant recognise the distinct purpose of contempt proceedings in protecting the authority of judicial decisions.

75. We have also considered the Respondent's reliance on John W. Katende & Another v Uganda Communications Commission, HCMA No. 99 of 2022. That decision does not assist the Respondent. The present application principally requires examination of the 2020 ruling, the subsequent assessments, the objection decisions and the agency notice. The Tribunal can determine whether those acts constitute contempt without deciding the substantive correctness of the assessments.

76. We accordingly find that the present application is neither sub judice nor premature. It is properly before the Tribunal. This finding does not, however, permit the Tribunal to determine matters reserved for TAT Application No. 193 of 2026. In particular, the validity of the assessments, the verification of expenditure and the application of res judicata or issue estoppel to the disputed tax years must be considered in the substantive proceedings.

77. The preliminary objection is therefore overruled. The first issue is answered in the affirmative.

Issue Two: Whether the Respondent is in contempt of the ruling and orders of 9th September 2020

78. The Applicant contends that the Respondent deliberately disregarded the Tribunal's ruling in TAT Application No. 40 of 2018 by disallowing capital

allowances on grounds previously determined in its favour. The Respondent denies contempt and maintains that the earlier ruling did not prevent it from examining the Applicant's entitlement to allowances for subsequent years.

79. The question is whether the Respondent's conduct amounted to deliberate disobedience of a clear and subsisting order of the Tribunal.

80. Contempt proceedings protect the authority of judicial decisions and the administration of justice. A party bound by a lawful order must comply with it unless and until it is varied or set aside. This principle that disagreement with a judicial decision does not entitle a party to disregard it as is reflected in Hadkinson v Hadkinson [1952] 2 All ER 567 and Wildlife Lodges Ltd v County Council of Narok [2005] 2 EA 344.

81. The authorities relied upon by the parties, including Housing Finance Bank Ltd v Edward Musisi, Betty Kizito v Dickson Nsubuga & Others, Bullion Refinery Ltd v Commissioner General, URA, Miscellaneous Application No. 180 of 2023, and Alex Kanyonyi Kaaya & Another v Uganda Development Bank & Others, HCMA No. 1650 of 2025, identify the essential requirements for establishing civil contempt. The Applicant must prove the existence of a lawful and sufficiently clear order, the Respondent's knowledge of that order, its ability to comply and deliberate failure to do so.

82. Contempt is a serious allegation with potentially penal consequences. It must be established by clear and cogent evidence. The standard is more demanding than that ordinarily applied in civil proceedings. In Ochino & Another v Okombo & Others [1989] HCB 109, the court emphasised the need for strict proof of contempt. The Respondent urges the Tribunal to apply the standard of proof beyond reasonable doubt. For purposes of this application, even applying that higher standard, the decisive question remains whether the conduct complained of constituted disobedience of a sufficiently clear order.

Whether there was a lawful and clear order

83. It is common ground that on 9th September 2020, the Tribunal delivered its ruling in TAT Application No. 40 of 2018. The Respondent did not appeal against that ruling. The appeal subsequently brought by Uganda Electricity Distribution Company Limited (UEDCL), High Court Civil Appeal No. 54 of 2020, was dismissed on 22nd June 2022. There is no evidence that the ruling has been varied or set aside.

84. The Tribunal has examined the ruling as exhibited. It determined that Umeme Limited, rather than UEDCL, was entitled to claim depreciation and initial allowances on the network modifications which it funded and used in producing income. The operative part directed the Respondent to adjust UEDCL's tax liability in accordance with that determination.

85. The Applicant argues that the ruling conclusively determined its entitlement to capital allowances under the Lease and Assignment Agreement and the Support Agreement throughout the concession period. It contends that the Respondent was therefore prohibited from reassessing those allowances on grounds already rejected by the Tribunal.

86. The Respondent maintains that the ruling determined the legal entitlement to the allowances but did not establish the amount allowable for each year of income. It argues that the ruling neither restrained future assessments nor relieved the Applicant of its obligation to establish qualifying expenditure under the Income Tax Act.

87. We agree that the ruling conclusively determined the legal question before the Tribunal. That determination remains binding upon the parties. However, the legal effect of a ruling must be distinguished from the terms of an order whose disobedience is alleged to constitute contempt.

88. The operative direction in the 2020 ruling required the Respondent to adjust UEDCL's tax liability, taking into account the finding that the relevant allowances belonged to Umeme Limited. It did not expressly prohibit the Respondent from conducting subsequent audits, verifying capital expenditure or issuing assessments for later years of income. Neither did it contain an injunction restraining the Respondent from exercising its statutory assessment and collection powers.

89. A finding of contempt must rest on disobedience of an order whose terms are sufficiently clear to identify the conduct required or prohibited. It cannot be founded solely on an implication drawn from the reasoning of an earlier decision. Where the alleged breach depends on a disputed interpretation of the legal consequences of a ruling, the Tribunal must be satisfied that the conduct complained of falls within the terms of the order.

90. The Applicant's argument is that the 2020 ruling necessarily prohibited the Respondent from reconsidering its entitlement to capital allowances for the entire concession period. That may be a substantial argument in the substantive application. It does not, however, establish that the ruling contained an express or sufficiently definite prohibition against the subsequent assessments now complained of.

91. We therefore find that, although the 2020 ruling is valid and binding, the Applicant has not established that it contained a clear and unequivocal order prohibiting the particular acts alleged to constitute contempt.

Whether the Respondent had knowledge of the ruling and the ability to comply

92. The Respondent's knowledge of the ruling is not disputed. It was a party to the earlier proceedings, and the Applicant expressly relied on the ruling in its objection dated 30th April 2026. The objection decision dated 1st September

2026 also acknowledges the ruling and records that the Respondent considered it before maintaining the assessments.

93. There is equally no evidence that the Respondent lacked the ability to comply with the operative direction made in 2020. We therefore find that knowledge and ability to comply have been established. These findings do not, by themselves, establish contempt.

Whether there was deliberate disobedience

94. The Applicant relies on the management letter dated 21st April 2026, the objection decisions dated 1st and 7th September 2026 and the third-party agency notice dated 9th September 2026 as evidence of deliberate disobedience.

95. The Applicant argues that the Respondent revived three grounds previously rejected by the Tribunal, namely that legal ownership of the network assets remained with UEDCL, that the Applicant recovered its investment through the tariff mechanism, and that the accounting treatment under IFRIC 12 prevented it from claiming capital allowances. According to the Applicant, the Respondent's knowledge of the earlier ruling makes its subsequent conduct deliberate.

96. The Respondent's explanation is that the 2020 ruling did not dispense with the statutory requirements for claiming capital allowances. In his affidavit, Mr. Itiakorit states that the Respondent remained entitled to verify the expenditure incurred, the cost base of the assets and their use in producing income under Sections 27 and 27A of the Income Tax Act.

97. The Tribunal accepts that the Respondent cannot disregard a binding determination merely because it disagrees with it. Equally, the Respondent's statutory responsibility to assess tax does not cease because a taxpayer has previously succeeded on a question of legal entitlement. The Respondent

remains entitled to examine matters not conclusively determined in the earlier proceedings.

98. The difficulty with the Applicant's case is that it treats the alleged reopening of a settled legal question as necessarily amounting to contempt. The two are not the same. An assessment made contrary to an earlier binding determination may be unlawful or barred by res judicata or issue estoppel. It does not necessarily follow that its issuance constitutes contempt of court.

99. We have considered the Applicant's reliance on Kahoora Enterprises Ltd v Uganda Revenue Authority, Miscellaneous Cause No. 8 of 2012, and Stanbic Bank (U) Ltd & Jacobsen (U) Power Plant Co. Ltd v Commissioner General, URA, HCMA No. 42 of 2010. Those authorities underscore the obligation of the revenue authority to respect judicial decisions. They do not dispense with the requirement that the order alleged to have been disobeyed must be sufficiently clear. The present matter is distinguishable from a case in which enforcement is undertaken contrary to an express restraining order.

100. We also note that the disputed assessments extend to years of income up to 2024, including years subsequent to the 2020 ruling. The Applicant maintains that the earlier determination settled the question of entitlement throughout the concession period. The Respondent disputes that interpretation and contends that individual claims remained subject to verification. The proper scope and effect of the earlier ruling in relation to those assessments are matters requiring determination in TAT Application No. 193 of 2026.

101. The third-party agency notice dated 9th September 2026 does not alter our conclusion on contempt. The Respondent states that it issued the notice in reliance on the statutory requirement concerning payment of thirty per cent of the assessed tax. Whether that notice was lawfully issued is a separate question. The ruling of 2020 did not expressly prohibit its issuance.

102. The Applicant also invoked the principle in Hadkinson v Hadkinson in support of its argument that the Respondent should not be heard until it had purged the alleged contempt. Since contempt has not been established, that question does not arise. The Respondent remains entitled to be heard in accordance with Articles 28(1) and 44(c) of the Constitution.

103. Having considered the evidence and the authorities cited, we are not satisfied that the Applicant has proved deliberate disobedience of a clear and unequivocal order of the Tribunal. The fact that the Respondent may have adopted an incorrect interpretation of the 2020 ruling does not, without more, establish contempt.

104. This finding does not determine whether the disputed assessments are lawful or whether the Respondent is barred by res judicata or issue estoppel from reconsidering the Applicant's entitlement to capital allowances. Those questions remain for determination in TAT Application No. 193 of 2026. The second issue is accordingly answered in the negative.

Issue Three: Whether the Applicant is entitled to the remedies sought

105. The Applicant seeks a declaration of contempt, an order setting aside the assessments, objection decisions and agency notice, a fine of UGX 2,000,000,000, exemplary damages and costs. The Tribunal must consider these prayers in light of its findings on the second issue. The declaration of contempt, fine and damages. Having found that contempt has not been established, the prayers for a declaration of contempt, a fine and exemplary damages cannot succeed.

106. The Tribunal nevertheless considers it necessary to address the statutory basis for the monetary sanctions sought. Section 37(d) of the Tax Appeals Tribunal Act, Cap. 341, provides for punishment of conduct constituting contempt and prescribes a maximum penalty of twenty-five currency points, imprisonment not exceeding six months, or both.

107. The Applicant contends that the statutory penalty does not limit the Tribunal's power to impose sanctions for civil contempt under Section 19(6) of the Act, the Tribunal Rules and Section 98 of the Civil Procedure Act. The Tribunal is not persuaded that those provisions can, without a clear legal basis, be relied upon to impose a monetary penalty substantially exceeding the amount expressly prescribed by Parliament. In any event, having found no contempt, it is unnecessary to determine the extent of that power in the present application.

108. The prayer for exemplary damages must also fail. Contempt proceedings are principally concerned with protecting judicial authority rather than compensating a litigant. The Applicant has not established a sufficient basis for the award sought in these proceedings. The prayers for a fine and exemplary damages are therefore dismissed.

109. The Applicant also seeks orders vacating the assessments communicated on 21st April 2026, the objection decisions dated 1st and 7th September 2026 and the third-party agency notice dated 9th September 2026. That relief was sought as a consequence of the alleged contempt. Having found that contempt has not been proved, the basis upon which the relief was sought falls away.

110. Further, the substantive validity of the assessments and objection decisions is directly in issue in TAT Application No. 193 of 2026. Setting them aside in the present proceedings would effectively determine the substantive application without a full hearing of the issues raised therein. The Tribunal declines to do so. The prayer is accordingly dismissed.

VIII. Orders

111. In the circumstances, the Tribunal makes the following orders:

a) The prayer for a declaration that the Respondent is in contempt of the ruling and orders delivered on 9th September 2020 in TAT Application No. 40 of 2018 is dismissed.

b) The prayers for a contempt fine of UGX 2,000,000,000 and exemplary or punitive damages are dismissed.

c) The costs of this Application shall abide the outcome of TAT Application No. 193 of 2026.

Dated and delivered at Kampala this 23rd day of October 2026.

HON. STELLA NYAPENDI CHOMBO

CHAIRPERSON

HON. CHRISTINE KATWE

MEMBER

HON. KENNETH A. BAGAMUHUNDA

MEMBER