



THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA
APPLICATION NO. 218 OF 2022

VERMA COMPANY LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

**BEFORE: HON. CRYSTAL KABAJWARA, MS. CHRISTINE KATWE,
HON. WILLY NANGOSYAH**

RULING

I. Introduction

1. This ruling arises from an application challenging additional tax assessments issued by the Respondent, contending that the assessments, which were raised following an audit covering the period October 2021 to January 2022, were erroneous, unlawful, and not supported by proper reconciliation of audit findings.

II. Background

2. The Applicant is in the business of selling and distributing motorcycles, motorcycle spare parts, tyres, and related products.
3. The Respondent conducted a tax audit on the Applicant for the period October 2021 to January 2022 with the objective of verifying the Applicant's VAT offset position. Following this audit, the Respondent issued additional tax assessments amounting to Shs. 7,293,109,074, arising from what it deemed to be undeclared sales.

4. The Applicant objected to the assessment, arguing that the audit findings relied upon by the Respondent were not properly reconciled and did not accurately reflect its business records.
5. The Respondent disallowed the objection, upheld its audit findings, and maintained the tax assessment. Dissatisfied with the Respondent's decision, the Applicant lodged this application seeking to challenge the legality and correctness of the assessment.

III. Issues

6. At the scheduling of this application, the parties agreed to the following issues:
 - (i) Whether the Applicant is liable for the assessed tax; and
 - (ii) What remedies are available to the parties?

IV. Representation and evidence

7. At the hearing, Mr. Cephas Birungi and Ms. Jackie Aturinda from Birungi, Barata and Associates appeared for the Applicant whereas Ms. Rita Nabirye from the Legal Services and Board Affairs of the Respondent represented the Respondent.
8. The Applicant presented the testimony of **Mr. Jigar Shah, its Accounts Manager (AW1)**, whose evidence was received in two parts: a first witness statement sworn on 14 March 2026 and a supplementary witness statement sworn on 18 June 2024.
9. In his testimony, the witness stated that the Applicant sells and distributes motorcycles, spare parts, motorcycle oil and tyres.
10. The witness stated that the Respondent conducted a compliance review of the Applicant's VAT declarations for the 4-month period October 2021 to January 2022. On 23 May 2022, the Respondent communicated to the Applicant that it had identified undeclared sales amounting to Shs. 43,069,682,318 and accordingly issued an additional VAT assessment of Shs. 7,293,109,074 based on its interpretation of the Applicant's stock movement records.
11. According to the witness, the Applicant objected to the assessment on the ground that the audit findings had not been reconciled and that the

- Respondent had wrongly treated stock transfers between branches as undeclared sales.
12. The witness maintained that a series of reconciliation meetings followed, during which the Applicant provided detailed documentation, including stock movement reports, goods received notes, the bike delivery register, bike stock transfer register, bank statements, and management accounts for the relevant period.
 13. The witness testified that despite these efforts, the Respondent disallowed the objection on 19 August 2022 on the basis that insufficient evidence had been provided.
 14. The witness further stated that the final reconciliation meeting was held on 28 February 2023, after which the Respondent maintained its position through vide email dated 8 March 2023 without requesting further information.
 15. The witness also testified that during his cross-examination on 4 June 2024, the Tribunal directed the Applicant to provide sample invoices and delivery notes matching entries in the bike delivery register. The Applicant submitted these documents, admitted as Exhibit A14, which demonstrated the link between register entries and actual deliveries. He highlighted Invoice No. CSIB/NDB21/0021, noting that although issued on 29 September 2021, the corresponding delivery occurred in October 2021, within the audit period. He also furnished the objection forms requested by the Respondent, which were admitted as Exhibit A15.
 16. The witness concluded by affirming that the Applicant had provided all required information to demonstrate that the assessment issued by the Respondent had no proper basis.
 17. The Respondent presented the testimony of **Mr. Mumbere Milton (RW1)**, an Officer in the Domestic Taxes Department of the Respondent. He stated they conducted a returns examination on the Applicant to verify the correctness of the VAT declarations.
 18. According to the RW1, the audit involved analysing stock-movement records against VAT-declared sales, which reflected a variance of Shs.

43,069,682,318, translating into Shs. 7,752,542,817 in additional output VAT.

19. RW1 testified that the Applicant explained the variances as inter-branch stock transfers, but URA's comparison of issued stock and branch receipts showed values exceeding what had been declared in VAT returns. He provided a month-by-month reconciliation (October 2021 to January 2022), asserting that undeclared sales were revealed for all months reviewed. On that basis, URA assessed additional VAT for each period.
20. The witness further testified that documents marked A6, A7, A9, A10 and A11 were never submitted during the audit and therefore could not be considered.
21. The Respondent presented the testimony of its second **witness Mr. Allan Atugonza (RW2)**, an Officer responsible for reviewing objections within the Domestic Taxes Department of the Respondent. He testified that the Applicant objected to the assessment on the grounds that the audit findings were not fully reconciled. According to the witness, the Respondent then requested additional supporting documents, but, according to him, the Applicant submitted only partial stock movement data, excluding information on inter-branch transfers, which was central to the variance explanation.
22. The witness further testified that he reviewed stock quantities submitted at audit and at objection stage, and stated that the Applicant's figures showed inconsistencies, specifically, stock received in branches exceeded stock issued from the warehouse, which, in his view, confirmed undeclared sales, not transfers.
23. RW2 observed that documents marked A6, A7, A9, A10 and A11 were also never submitted at objection, making the objection unsubstantiated.
24. The Respondent presented the testimony of its third witness, Ms. Apeduna Carol (RW3), a supervisor in the Domestic Taxes Department of the Respondent. RW3 confirmed the earlier evidence that the audit identified a significant mismatch between stock-movement records and declared sales, resulting in an additional VAT liability of Shs.7,752,542,817.

25. RW3 reiterated that the Applicant claimed the stock variances were due to inter-branch transfers, but URA's analysis showed that the same stock appeared to have been sold within the period, as supported by Fiscal Document Numbers (FDNs) linked to the allegedly transferred bikes. She further stated that the transfers in question were not declared in EFRIS, contrary to the Tax Procedures Code Act and E-Invoicing Regulations.
26. The witness also testified that the Respondent discovered unaccounted-for purchases by comparing the Applicant's purchase claims with supplier records, revealing shortages of 111 units (October 2021) and 550 units (December 2021).
27. RW3 identified additional anomalies in the stock-transfer reports, including improbable transfers between certain branches (e.g., Ndeeba WH to Ndeeba branch, and various upcountry branches transferring to Kampala), which she said indicated sales disguised as transfers.

V. Submissions of the Applicant

28. The Applicant submitted that they were not liable to pay the tax assessed by the Respondent. They stated that the Respondent's assessment arose from a fundamental misunderstanding of the Applicant's business operations, particularly the nature of inter-branch stock transfers, which the Respondent had mistakenly treated as taxable sales.
29. The Applicant explained that they purchased motorcycles from Nish Auto Ltd and distributed them to their various branches across the country for purposes of eventual sale to final customers. The head office maintained a centralised accounting and reporting system through which monthly VAT returns were filed, consolidating all sales from the different branches. The Applicant maintained that while bikes were routinely transferred between these branches to meet varying market demands, such movements were internal stock transfers and did not constitute taxable supplies for VAT purposes until the bikes were actually sold to final consumers.
30. The Applicant submitted that the Respondent had conducted an audit for the period October 2021 to January 2022 and concluded that there were undeclared sales amounting to Shs. 43,069,682,318, which resulted in an assessment of Shs. 7,752,542,817 as output VAT.

31. According to the Applicant, the Respondent's conclusion was based on comparing the Applicant's stock movement report with the VAT returns filed, interpreting bikes issued to branches as sales. The Applicant objected to this position, arguing that the Respondent had failed to reconcile the audit findings with the evidence provided, including stock movement reports, GRNs, delivery registers, and EFRIS transaction data. They stated that the Respondent's approach amounted to double-counting since the same bikes were later sold and properly declared in VAT returns.
32. The Applicant demonstrated through evidence that their stock management was consistent and that month-end closing balances matched the opening balances of subsequent months. From October 2021 to January 2022, the Applicant stated that they had received 47,284 bikes from Nish Auto, transferred 9,878 bikes among branches, sold 46,545 bikes to customers, issued 9 bikes to staff, and held a closing balance of 4,909 bikes. They submitted that the Respondent's allegation that 9,878 bikes were undeclared sales was false, as these were simply internal transfers that were later reflected as sales when the bikes were actually sold.
33. To substantiate their claims, the Applicant provided detailed reports, including the stock movement register, GRN reports from Nish Auto, bike delivery registers with chassis, engine, registration numbers and FDNs, and the bike stock transfer register. They gave several illustrative examples of bikes transferred across branches before being sold and declared. Each sample included corresponding GRNs, issue notes, delivery notes, sales invoices, and VAT return entries. The Applicant asserted that all such examples confirmed that the transactions were properly declared.
34. The Applicant further submitted that during the hearing, the Respondent's witnesses were unable to identify any bikes allegedly sold but not declared, even after being asked to point out specific chassis numbers, registration numbers, or FDNs. Instead, the Respondent repeatedly shifted its position and requested new documents whenever the Applicant produced evidence rebutting earlier claims, thereby rendering the Respondent's case unreliable.

VI. Submissions of the Respondent

35. The Respondent submitted that the Applicant was liable for the tax assessed. They stated that they conducted a compliance review for the period October 2021 to January 2022 and compared the quantities of motorcycles and spares issued, as reflected in the Applicant's stock movement ledgers, against the sales the Applicant declared in its VAT returns.
36. The Respondent argued that this comparison revealed variances which the Respondent subjected to VAT. The Respondent explained that, although the Applicant had indicated that stock was centrally managed at Lugogo before distribution to eleven named outlets, the analysis of stock issued to the different outlets based on the Applicant's own stock movement information, when matched to the declared VAT sales, resulted in undeclared sales of Shs. 43,069,682,318 and an output tax liability of Shs. 7,752,542,817.
37. The Respondent argued that the Applicant objected to the assessments on the grounds that the audit findings had not been fully reconciled and that transfers of motorcycles from Ndeeba Warehouse to other outlets had been wrongly categorised as undeclared sales, but the Respondent maintained the assessments.
38. The Respondent submitted that under S.26 of the Tax Procedures Code Act (TPCA), the burden lay on the taxpayer to prove that an assessment was incorrect, reinforced by S.18 of the Tax Appeals Tribunal Act (TAT Act) and S.101 of the Evidence Act.
39. The Respondent relied on ***Uganda v Gurindwa & 5 Others, HCT-00-AC-0070 of 2012*** to emphasise that the taxpayer bore the burden to prove that no tax was owing. It argued that the Applicant had failed to discharge this burden and thus remained liable to pay Shs. 7,752,542,817. It objected to documents attached to the Applicant's submissions as being evidence adduced from the bar.
40. The Respondent stated that after the Application was filed, the Applicant produced a stock transfer report of 9,878 bikes. The Respondent verified these alleged transfers through EFRIS and found no evidence of any transfers during the review period. Following the Tribunal's directive, an

audit trail was conducted on 23 May 2025. Sampled documents included Issue Document No. BSI-NFW21-0412. The Respondent found that some FDNs were declared between October 2021 and May 2022, but others, such as 121086795241 and 121088783809, were declared in September 2021 and were not part of the review period.

41. The Respondent created summaries showing that 9,878 bikes were actual sales declared in VAT returns but spread across October 2021 to May 2022. It then compared expected sales based on stock movements with actual sales reported in VAT returns, identifying variances for each month in the review period.
42. The Respondent relied on S.4(1) of the VAT Act, imposing VAT on all taxable supplies made by a taxable person, and S.18 of the same Act, defining taxable supplies. It argued that the assessment was properly made under S.18 of the TPCA. Citing *Uganda Revenue Authority v Balondemu David, Civil Appeal No. 0002 of 2023*, it emphasised that the taxpayer must prove the assessment to be unlawful. Under Section 49 TPCA, the Applicant was required to provide evidence, but failed to satisfactorily explain inconsistencies.
43. The Respondent made reference to the testimony of its witnesses who testified that alleged inter-branch transfers were not supported by EFRIS records and that such transfers should have been reflected in the system under S.92 of the TPCA. The Respondent argued that FDNs were not conclusive proof of VAT declaration because reconciliation required aligning stock movement with EFRIS sales, and discrepancies showed under-declaration. It further stated that the Applicant's reliance on a central branch accounting system did not absolve the obligation to reconcile branch-wide stock movement with declared sales.
44. The Respondent argued that under S.18 of the TAT Act, the Applicant failed to show the assessment was excessive or incorrect. The Respondent prayed that the Tribunal find the assessment valid, dismiss the Application with costs for not being meritorious.

VII. Submissions of the Applicant in rejoinder

45. In rejoinder, the Applicant submitted that the Respondent's arguments did not alter the Applicant's position, and that the assessment of Shs. 7,752,542,817 remained unsupported both in fact and in law. The Applicant reiterated that the Respondent's submissions largely repeated issues already addressed in the Applicant's main submissions, and that the Respondent continued to rely on assumptions rather than evidence.
46. The Applicant stated that all documents relied upon, including verification minutes, VAT returns, EFRIS reports and stock-movement schedules, were properly adduced before the Tribunal and many were generated pursuant to the Tribunal's own directives. These documents were therefore part of the evidentiary record.
47. The Applicant submitted that the Respondent's central argument, that differences in the stock movement ledger constituted undeclared sales, had already been disproven. The Applicant restated that inter-branch transfers were normal operational movements and did not constitute taxable supplies. Accordingly, the Respondent's reliance on 'expected sales' ignored the distinction between transfers and sales and resulted in artificial variances.
48. The Applicant emphasised that the Respondent's EFRIS-based argument was misplaced because the requirement to report stock transfers in EFRIS only came into effect on 1 June 2022, after the review period. The Respondent was therefore seeking to impose a compliance obligation that did not exist at the time.
49. The Applicant submitted that throughout the proceedings, the Respondent failed to identify any specific bikes, whether by chassis number, registration number or FDN, that had been sold and not declared. Conversely, the Applicant successfully traced all queried bikes through FDNs, delivery records, EFRIS entries and VAT returns.
50. The Applicant further stated that even the Respondent's own verification exercise of May 2025 confirmed that all bikes the Respondent had previously treated as undeclared sales were in fact declared. Instead of closing the matter, the Respondent shifted to a new 'expected sales' audit

computation, which the Applicant described as irregular and professionally improper.

51. The Applicant concluded that it had discharged its evidential burden under the Tax Appeals Tribunal Act and the Tax Procedures Code Act by producing full reconciliations and verifiable evidence. The Respondent, on the other hand, produced no evidence to rebut the Applicant's position. The Applicant therefore prayed that the assessment be set aside, that the 30% deposit be refunded with interest, and that costs be awarded in its favour.

VIII. The determination

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

53. The Tribunal's analysis is confined to five matters:

- (i) The legal and factual basis on which the impugned assessments were issued and whether that basis was maintained during reconciliation;
- (ii) Whether movements of stock between the Applicant's branches amounted to taxable supplies;
- (iii) Whether EFRIS requirements were in force for the period under review;
- (iv) The clarity and consistency of the Respondent's quantification and audit methodology; and
- (v) Whether, having regard to the statutory burden and standard of proof, the additional VAT for October 2021 to January 2022 can be sustained.

54. The assessments were premised on an undeclared-sales finding derived by comparing stock issued, from the Applicant's stock-movement ledgers, to VAT returns, yielding variances totalling Shs. 43.069bn, that is, output VAT stated as Shs. 7.752 bn in the management letter dated 23 May 2022. Through the proceedings, the Respondent contended that reconciliation still left differences, which it later reframed as an 'expected sales' variance; it also raised spare parts late in the trial without separating them from motorbikes.

55. On the other hand, the Applicant asserted that the assessments rested on a mischaracterisation of 'stock issued' as sales. It maintained that those movements were inter-branch transfers within a single legal entity and that sales were recorded upon sale to customers. The Applicant went ahead to produce registers/GRNs, bike delivery registers with chassis/engine/registration numbers and FDNs, and sample invoices/delivery notes tracing items into VAT returns; and highlighted that, after Tribunal directed verification in 2025, the Respondent acknowledged the bikes presented as transfers were eventually sold and declared.
56. The Tribunal noted that, because the pleaded basis was 'undeclared sales', the Respondent had to particularise transaction-level omissions for the review months. The post-audit pivot to 'expected sales' and the late inclusion of spares, without segregation or reassessment, cannot retrospectively broaden the dispute beyond the objection decisions. On the record, the pleaded undeclared-sales basis was not maintained coherently through reconciliation.
57. During the hearing, the Tribunal asked the Applicant to demonstrate the applicability of closing stock and opening stock. Upon demonstration by the Applicant's witness, the Tribunal noted that this issue, as alleged by the Applicant regarding the stock of motor bikes, was verifiable.

Inter-branch movements vs taxable supplies

58. The Respondent equated 'stock issued to branches' to sales and argued that, in the absence of transfer traces in EFRIS for the period, these movements were not mere internal transfers. The Applicant's centralised model and evidence (registers/GRNs, delivery notes, FDN-linked e-invoices) demonstrate that movement to a branch did not of itself effect a taxable supply; rather, VAT was declared upon sale to customers. A sample highlighted in testimony shows an invoice dated 29 Sep 2021 with delivery in Oct 2021, which explains the timing differences while remaining within the review period.
59. The Tribunal therefore notes that, inter-branch transfers within a single legal person are not taxable supplies. The Applicant's primary records credibly

link stock movements to later sales appearing in VAT returns. Critically, when pressed for bike-by-bike exceptions (chassis/FDN/registration) for Oct 2021 to Jan 2022, the Respondent's counts oscillated, that is, from 11,603 missing bikes to 6,957 missing bikes and later to 115, and, after verification, it acknowledged the bikes presented as transfers were sold and declared. On a balance of probabilities, the undeclared-sales thesis is not sustained.

EFRIS obligations and timing

60. In a bid to resolve this, the Respondent invoked EFRIS expectations to question inter-branch transfers; however, URA's own public communication that ran on 20 May 2022, on the Respondent's website, places enforcement for domestic goods in transit and route sales from 1 June 2022. The review period in question ended in January 2022. The Tribunal does not retroactively impose those expectations to re-characterise Oct 2021–Jan 2022 movements as taxable supplies.

Quantification and audit methodology


61. The Tribunal notes that the management letter contains an internal inconsistency in the stated VAT derived from the base of Shs. 43.069bn, that is, Shs. 7.752bn vs Shs. 7.293bn. During the proceedings, the Respondent variously stated 11,603, then 6,957, then 115 bikes, and later referenced 9,579/9,878 and spare parts without disaggregation. In reconciliation-driven assessments, precision and stability are essential. The Respondent did not table a definitive transaction-level exception schedule for the review months capable of withstanding the Applicant's documentary trails and the 2025 verification.
62. While the taxpayer bears an evidential burden to show that an assessment is excessive or incorrect, that burden is discharged where primary books and EFRIS-linked documents trace stock movements into declared sales, and the assessing authority is unable to produce a coherent transaction-level counter schedule for the assessed months.

63. On this record, the Tribunal finds that the Applicant has discharged its burden; the Respondent's position, after verification, does not sustain undeclared supplies for October 2021 to January 2022.

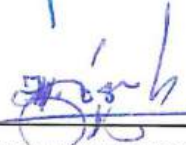
Conclusion

64. On the totality of the evidence and the law, the Tribunal finds that the Applicant discharged its evidential burden by producing verifiable primary records reconciling stock movements with declared sales. The burden then shifted to the Respondent to identify specific undeclared transactions. The Respondent failed to do so: it produced no transaction-level exceptions, pointed to no chassis numbers, FDNs, or invoices allegedly omitted, and instead relied on shifting and inconsistent figures and new "expected -sales" computations outside the pleaded basis. The additional VAT assessments are therefore excessive and cannot stand.
65. **IT IS HEREBY ORDERED THAT:**
- (i) The additional VAT assessments of Shs. 7,752,542,817 for October 2021 to January 2022 are set aside;
 - (ii) The Respondent is directed to refund the 30% with interest in accordance with Section 123 of the Income Tax Act;
 - (iii) Costs are hereby awarded to the Applicant.

Dated at Kampala this 10th day of April 2026.



HON. CRYSTAL KABAJWARA
CHAIRPERSON



HON. WILLY NANGOSYAH
MEMBER

THE REPUBLIC OF UGANDA
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HON. WILLY NANGOSYAH**

DISSENTING RULING

I have studied and read the ruling of my colleagues and wish to dissent as follows;

1. As already mentioned, the Applicant is in the business of selling and distribution of motorcycles, their spare parts, oil and tyres. The Applicant has 11 branches/ware houses across the country in which it conducts its business.
2. The four months in dispute were brought under scrutiny because of the offsets in the VAT returns from October 2021 to January 2022 that sparked off an audit for the period by the respondent into the applicants' affairs for the period. This resulted into four additional VAT assessments by the Respondent to the Applicant totaling Shs. 7,752,543,817.
3. During the audit, the Applicant alleged that the Respondent categorized the "issued stock" and the transfer of stock to upcountry warehouses or branches reflected in the Applicants records, as sales to come up with undeclared sales.
4. The Respondent upheld the assessment at objection alleging that the Applicant did not provide sufficient records to prove them wrong while the Applicant objected for not being involved in the reconciliation at audit to explain. That the Applicant allegedly providing insufficient information.

5. In the Management letter dated 9/3/2022 to the Applicant marked "D" an annexure to the application Mr. Katungwesi John Tinka for the Commissioner General Uganda Revenue Authority stated that the Respondent requested for the sales ledger, purchase ledger and stock movement register during the audit in order to establish the correctness of the offsets.
6. In the witness statement, Mr. Jlgar Shah stated that the Applicant and the Respondent had several reconciliation meetings where the Applicant was requested to provide detailed stock movement, sales and purchase ledgers which the Applicant provided. But then on 19/08/2021, the Respondent disallowed the objection on the basis that the Applicant did not provide sufficient evidence in support of the objection.
7. During the mediation process, the parties engaged in several reconciliation exercises where the Respondent requested for more documents to support the Applicants allegations.
8. The following records were provided; The stock movement report, Nish goods received notes report on the bike purchase with chassis, engine and registration numbers, bike delivery register with chassis, engine and registration numbers and FDN numbers, bike stock transfer register with chassis engine and registration numbers, bank statements and management accounts for the audit period.
9. Mr. Shah further stated that after the last reconciliation meeting held on 28/02/2023 the Respondent did not ask for any other information but just communicated by mail on 8/3/2023 that it was maintaining the position.
10. At this point, I note that both the issues of issued stock and transferred stock remained unsolved mainly due to lack of original documents such as goods delivery notes stock control records like bin cards be it digital or otherwise.
11. I shall not dwell much on issued stock as it is clear though it carries two meanings in accounting.
12. By Google dictionary stock transfer is defined as the process of moving inventory or goods between locations such as from one warehouse to another, between retail branches, or from a central warehouse to a retail store. It is a

critical logistics function used to optimize storage space, satisfy customer demand in different locations and re-balance stock levels. Google goes on to state that the goods are issued and received simultaneously often used for physically close locations. And, goes on to state that one warehouse marks the item as in transit, followed by a formal receipt process at the destination, which is ideal for accurate tracking over long distances.

13. In accounting and trade, goods delivery notes are issued and accompany the goods in transit to the destination. We usually see road blocks on the roads and the Policemen checking the documents presented by the lorry drivers which is followed by checking the cargo if necessary. When goods arrive at the destination, this GDN is used to confirm the goods on board and then the goods received note is issued to show the actual goods received and whether there is no breakage or that all the goods are intact as spelt out on the GDN.

These are key documents to confirm a transfer and the cards are to reflect goods/ stock received, the increase or decrease in stock.

14. In the cross examination of Mr. Jigar, Counsel Baluku (for the Respondent) asked him that, "would I be right to state that you have branches in which you distribute these bikes?" Mr. Jigar answered in affirmative and stated that they have eleven (11) branches. Counsel asked again that, "did you transfer to all the eleven branches in the audit period?" And he answered that "yes, in all the branches there were stock transfers. Counsel then asked him whether he had evidence in form of a receipt for sale to a branch and to any customer or a sale between a branch and any final customer and whether he ever brought any and provided it during the audit. Mr. Jigar referred to the Joint Trial Bundle (JTB) to A7 in volume 11 page 1. I checked the JTB and what was there was the Delivery Register with chassis, engine and registration numbers and FDNs-headed by the words "sales details" I noted that these were printed schedules or register in a row and column form not invoices or receipts.

15. The Tribunal asked Counsel Baluku that, "you asked the Applicant for information which he never provided, can the tribunal have the list of what you

asked for? The Counsel replied that it will be provided and that it is in a mail form. Then the Tribunal asked Counsel for the Applicant Madam Jackie Aturinda to provide the invoices, delivery notes but not a register to which she agreed to do.

16. Google defines the goods received notes as the shipping documents detailing the items, quantities, and description of goods in a shipment, acting as proof of delivery and enabling inspection upon receipt. And defines the goods received notes as an internal document often called a delivery note, that formally records the receipt of goods from a supplier. It goes on to say that it is created by the receiving company after inspecting deliveries against the purchase order for accuracy. Both these documents are used as the primary information to stock receipt and delivery

17. Counsel Baluku asked for the delivery notes between the Applicant and Nish Auto Limited its supplier to which Mr. Jigar answered in affirmative and referred the Tribunal to the JTB volume IV document labelled A11. On checking the Tribunal found the headed, Nish Auto Limited, sub headed Delivery note vehicle, with the customer as the applicant - delivery note dated as follows:

Date	pages
19/12/2022	1-33
17/12/2022	34-57
16/12/2022	58-97
15/12/2022	98-133
14/12/2022	134-152

Upto date 08/12/2022 on page 247

18. The Tribunal requested Counsel for the Applicant to provide the invoices and the delivery notes not a register to which she replied that, much obliged.

19. The Tribunal has reviewed the Applicant's supplementary exhibits labeled invoices and delivery notes but has seen only cash, credit invoices and objection forms and this was noted to be a period outside the audit period.

20. Section 15 of the TPCA on Accounts and records states:

Subject to subsection 2 and 4 every taxpayer shall for the purpose of a tax obligation-

- a) Maintain, in English language, records including in electronic format, as may be required to determine the taxpayers tax liability under the tax law;
 - b) Maintain the record so as to enable the taxpayers tax liability under the tax law to be readily ascertained; and
 - c)
21. I have gone through the trial bundles with exhibits to look for the reason why the respondent insisted on the word insufficient information and have reviewed as follows:
22. In volume 1 of the Applicant's trial bundle I found the stock movement report, A5 which is formatted in excel. This requires cross referencing with the primary documents e.g; the delivery notes and actual on site stock bins. By formatting, the information may get distorted somehow.
23. Stock card by Google are defined as, (inventory card / bin cards) in a physical or digital document tracking the inflow, outflow, and balance of a specific inventory item. It records transactions dates, quantities received/ issued, unit cost and batch details.
24. In this volume I also reviewed the Nish GRN report purchase with chassis, engine and registration numbers. All these were formatted in excel in a form of a report.
25. In volume 11, I found the bike delivery register with chassis, engine and registration numbers and FDNs. All these were formatted in excel sheet without the accompanying delivery notes in physical form for verification. These are already excel formatted in a report form already arranged, with name, cash do bike/credit do bike and voucher no1, that was labeled A7 and A8 and the month was from 9/12/2021 - 03/12/2021. All these were in the form of a report or register.
26. In volume iv were: 1) Delivery notes from Nish Auto Ltd and were all for December 2022 and therefore were not reviewed. 2) These were quarterly reports labeled A12. And all of them were formatted in excel in the form of a report or register. 3) was the bike issue report. A perusal of this report shows this:

It is headed by the words, Verma Co.

At Mirembe business center Lugogo

It has the word "Bike Issue" in a box on the right hand side

Warehouse: Ndeeba

Location: Ndeeba WH

Cost Center: Wholesale

Document no

Date

Req. WH / Branch: Ndeeba branch

Then it has a serial number, description - Bajaja Boxer 100CC, Unit pcs Qty
1,00 Batch e.g MDZA18AXZMWHO 15 85.

Then below is the Issuers & sign & stamp and signature, Date 15/01/2022

Then Received and stamp Ndeeba branch

Login name: Authorise by

Bike TJ-R-ndw Thajudheen

27. I completely failed to make out what the document is for. And the index is written on with the words "Bike Issue". One cannot tell what the document is for unless explained to. And if the explanation is not appropriate or desired, one can interpret it anyhow

28. Among all the stock movement documents, nothing has been shown from any other branch apart from the Ndeeba branch.

Section 18 of the Tax Appeals Tribunal Act places the burden to the Taxpayer in this case the applicant to prove that the assessment raised is incorrect. So is Section 26 of the TPCA, however, the respondent equally has to prove that the assessment raised is viable and proper. Auditing is a tedious exercise involving interviews, verification, inquiring, observation, circularization, visits name it. The information provided in a report form always requires cross referencing with actual facts like physical documents and explanations.

29. On using the records for determining the credibility of the offsets found in the VAT returns, the Applicant ought to have not provided only the electronic formatted report- like or register for audit purposes. All the records pertaining to the period in dispute should have been provided for verification purposes.

Keeping records in electronic form does not rule out the use of physical documentation to cross reference with the formatted records when it comes to facts. Lastly taking long to present records should not be taken as a way of digitalizing the original documents into registers and reports in order to avoid verification of actual physical transactions that took place for tax purposes.

30. In conclusion, the documents presented to the Tribunal as evidence used to reduce or to vacate the assessments were not enough to confirm the illegibility of the assessments issued.

31. I find that the Respondent tried to adduce evidence but the Applicant denied access to original physical or transactional documents to assist in the verification and review exercise despite the to and fro effort made.

Uganda Revenue Authority must always show or tell how insufficient the information given to them is but not to leave its taxpayers in a limbo and be specific in what they exactly want.

32. The physical documents are part of records and should always be filed and kept safely for stakeholders' usage. When the Law talks about keeping records, it implies all records including site physical records and digital records as well. Each form of records is vital at its own stage and time. And usually, the most primary records are better to understand and not easily maneuvered to fit the owner's wishes but kept in their raw form. Ledgers have primary records from which they are fed and these above are the records including many others depending on what step the transactions have reached.

33. With the rawest information the Respondent would have proven what exactly the word "transfer" and "issued" stock implied by tracing the increase and decrease in stock confirming movement either within or out completely as a sale.

34. The URA and the Taxpayers must understand that the Tribunal doesn't reconcile Taxpayers' records or information but looks at which party didn't do its work appropriately.

35. Therefore, to me, the burden remains with the Applicant and the price is the liability remaining the same.

36. In light of the above, the additional assessments totaling Shs. 7,752,542,817 for the period from October 2021 to January 2022 still stands. Costs are awarded to the Respondent.

Dated at Kampala.....10th.....day of.....April.....2026.

Christine Katwe

**MS. CHRISTINE KATWE
MEMBER**