

THE REPUBLIC OF UGANDA
IN THE TAX APPEALS TRIBUNAL AT KAMPALA REGISTRY
TAT APPLICATION NO. 273 OF 2022

WANANCHI GROUP UGANDA LIMITED.....APPLICANT

VERSUS

UGANDA REVENUE AUTHORITY.....RESPONDENT

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

RULING

This ruling is in respect of an application brought under Section 17 of the Tax Appeals Tribunal Act and under Rule 10 of the Tax Appeals Tribunal (Procedure) Rules 2012 seeking for the following orders:

- (i) A declaration that the Respondent's classification of the applicant's imported cardless CAMs under HS Code 8529.90.00 is erroneous.
- (ii) A declaration that the correct classification of the Cardless CAMs imported by the Applicant is HS Code 8528.71.00.
- (iii) An order setting aside the additional tax assessed by the Respondent on the Cardless CAMs.
- (iv) An order that taxes paid in respect to the importation of the Cardless CAMs be refunded to the Applicant with interest.
- (v) An order that the Respondent lifts the suspension on the Applicant's TIN.
- (vi) Costs of this application be awarded to the Applicant.

1. Background Facts

The Applicant's primary Business is the provision of cable television to residential and corporate customers. Between January 2019 and January 2022, the Applicant imported

Veri Matrix Cardless Conditional Access Modules (hereinafter referred to as CAM cards), which it declared under HS Code 8528.71.00, thereby subject to import duty at a rate of 0%.

The Respondent amended the corresponding declaration forms and reclassified the CAM cards under HS Code 8529.90.00 (parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28). Consequently, the CAM cards were subjected to import duty at a rate of 25%. The reclassification of the CAM cards led to an additional tax liability of UGX 814,142,369.

The Applicant was not in agreement with the re-classification and appealed against that decision. The Respondent maintained her position with respect to the classification of the CAM cards hence this application.

2. Issues for Determination

The main issue for determination by the Tribunal is whether the Respondent correctly classified the Applicant's goods and whether the Applicant is liable to pay the tax as assessed.

3. Representation

The Applicant was represented by Fahad Kizito while the Respondent was represented by Ms. Gloria Twinomugisha and Ms. Christine Mpumwire.

The Applicant's first witness was its Country Manager, Mr. Thomas Wenanga, (AW1). AW1 testified that the Applicant was licensed by the Uganda Communications Commission, to provide Direct-to-Home (DTH) satellite television services under the brand name "Zuku TV".

The witness stated that in January 2019, the Applicant imported Cardless Conditional Access Modules and, upon consultation with the Respondent, classified them under HS Code 8528.71.00, which attracted 0% import duty. AW1 argued that the Respondent guided the classification, and taxes were duly paid.

The witness further stated that between 2019 and 2021, additional consignments were similarly classified, and all relevant taxes paid. However, in January 2022, upon importation of another consignment under the same code, the Respondent refused to release of the goods, reclassified them under HS Code 8529.90.00 (attracting 25% import duty), and retrospectively amended previous entries, assessing additional taxes of Shs. 699,744,924.

The witness testified that the Applicant paid the tax on the 2022 consignment under protest. Later, the Respondent suspended the Applicant's TIN, citing unpaid taxes from the reclassification.

The Applicant's second witness was Mr. Kiiru James, a specialist in Information System Technology from the United States International University of Africa (AW2). He testified that in order to access content, customers require a dish, LNB, cable, and either a digital satellite set top box or a Cardless Conditional Access Module, which decrypts the signal for viewing. The witness went on to state that the cam card is inserted into a TV or a compatible set top box and is preferred for its energy efficiency, especially among rural, solar-powered users.

AW2 testified that the cam card enables customers to access encrypted pay TV content by decrypting signals using a private key issued by the Applicant, in combination with a public key from the TV provider.

The witness further stated that without an activated cam card, customers cannot view paid content. The CAM card is not an integral part of the TV, as it can be used across multiple devices. While the Applicant also supplies set top boxes, it is transitioning to CAM cards due to their lower energy consumption.

The Tribunal visited the Applicant's premises in Bugolobi and interviewed Mr. James Ishoru Kiiru, the Applicant's Head of Technical TV and Broadcast (AW3). The witness demonstrated the functionality of the CAM Cards. The witness identified the functions of the CAM Card as one that decrypts/encrypts pay channels, receiving satellite signal and adds a security like password to content.

During the visit, the witness stated that the CAM Cards decrypt subscription content rather than receiving signals. The witness demonstrated that CAM cards are inserted into TVs with in-built slots or external devices like Integrated Receiver Decoders (IRDS) or satellite receivers.

AW3 argued that when activated with a smart card number, the CAM cards allow access to the prescribed channels. When asked about the reception process, the witness demonstrated that this whole process begins with either an antenna or dish setup pointing to the satellite. He went on to demonstrate that the Dish captures signal, which is sent to TV (via LNB and coaxial cable). Subsequently, the CAM Card decrypts content for viewing once activated.

In terms of devices used, the witness stated that the card is used in in-built TVs that do not require external decoders. The witness further stated that CAM Cards are not required for non-encrypted channels such as UBC.

The Respondent's first witness was Mr. Kiiza Brian (RW1), an Officer in the Respondent's Customs Department. The witness stated that on 14 February 2022, the Applicant sought guidance on the tax treatment of imported Conditional Access Modules (CAMs), initially classifying them under HS Code 8528.71, which attracts import duty at a rate of 0%.

RW1 stated that upon review, the Respondent classified the CAMs under HS Code 8529.90.00 of the East African Community Common External Tariff (CET), as parts suitable for use with television sets, attracting 25% import duty. (EX E2 – URA's classification communication).

RW1 also defined the CAM (model CAM 1670) as an electronic device used in digital TVs to decrypt encrypted content, not to receive signals. He testified that the basis of classification is General Interpretative Rule 1 (GIR1) of the CET, which allows classification by the terms of the heading—8529 covers parts suitable for use with apparatus of headings 8525–8528, including televisions.

The witness further argued that the Applicant's classification under 8528.71 was incorrect because CAM cards do not receive television signals. Signal reception is performed by the inbuilt TV tuner (decoder); the CAM card merely decrypts pay-tv content.

The Respondent's second witness was, Mr. Bob Rich Mwecumi a Technical Manager at Signet, a subsidiary company of Uganda Broadcasting Corporation (RW2).

RW2 testified that The Verimatrix CAM is an electronic device inserted into an Integrated Digital Television (IDTV). It enables decryption of encrypted pay-tv content but does not receive television signals.

The witness further argued that the TV signal reception is performed by the digital tuner (decoder) built into the television. The CAM card only facilitates access to scrambled content by decrypting it through Conditional Access Systems (CAS).

RW2 disputed the functions of the CAM card and stated that CAMs operate under DVB-CI/Ci+ standards and serve two primary functions: That is, scrambling, encoding content to prevent unauthorized access and managing decryption keys and entitlements for authorized users.

The witness further testified that the Verimatrix/SMIT CAMs, including CAM 1670, integrate with the Verimatrix Video Content Authority System (VCAS) to support secure decryption of broadcast and hybrid DVB content.

RW2 stated that The VCAS system provides robust cardless security, supports multiple access modes (e.g., subscriptions, pay-per-view), and enables interoperability with IP-based networks, offering a flexible alternative to full set-top boxes.

The witness concluded his evidence by stating that the CAM is not a signal reception device, but rather a decryption tool used in conjunction with existing digital tuners in televisions.

4. The Submissions of the Applicant

The Applicant challenges the misclassification of Conditional Access Module (CAM) cards under Heading 85.28 of the EAC Common External Tariff, arguing that CAM cards function similarly to decoders by decrypting subscription-based TV channels.

The Applicant seeks relief from related tax assessments and sanctions, including the suspension of its Tax Identification Number (TIN), which was suspended on 30th January 2025. This suspension persists despite the Tribunal's prior order in Misc. Application No. 192/2022 (arising from TAT Application No. 273/2022) directing the Respondent to lift the TIN suspension.

The Applicant contended that CAM cards, including cardless CAMs, are correctly classified under HSC 85.28 of the EAC CET 2017, which covers television reception apparatus not incorporating a display. The Applicant cites the Explanatory Notes to HSC 85.28, which include:

- (i) Devices that receive and convert TV signals for display,
- (ii) Industrial-use TV receivers, and
- (iii) All types of home television receivers (LCD, plasma, CRT, etc.), whether or not integrated with other components like radio receivers, DVD players, or satellite receivers.

This supports the Applicant's position that CAM cards perform similar functions and fall within this classification.

The Applicant explained that CAM cards are smart-chip devices used to decrypt encrypted pay-tv signals, functioning without a set-top box when inserted into TVs with DVB tuners and CI+ slots. They enable direct access to pay-tv, customized channel lists, and improved energy efficiency.

Relying on expert testimony from AW2, the Applicant emphasized that CAM cards serve similar functions as decoders, including signal decryption and format conversion, and are also compatible with devices beyond televisions.

The Applicant argued that CAM cards are properly classifiable under HSC 85.28, which includes television reception apparatus with or without integrated features. Under Section XVI of the EAC-CET, CAM cards do not fall under excluded general-purpose parts or tools.

The Applicant further contended that CAM cards should not be classified under HSC 85.29 (parts) as they are not solely or principally used with TV apparatus, as confirmed by the witness.

The Applicant maintained that CAM cards function as reception apparatus similar to decoders, both of which fall under HSC 85.28, and are therefore not classifiable under HSC 85.29.

5. Submissions of the Respondent

The Respondent argued that CAM cards are correctly classified under HS Code 8529.90.00 in line with the EAC CET. The Respondent submitted that CAM cards are primarily designed for decrypting pay-tv services and based on their essential function, do not qualify as standalone reception apparatus under HS Code 8528, as claimed by the Applicant.

The Respondent contended that customs classification is guided by the EACCMA and must reflect the item's core function. Since CAM cards support Conditional Access Systems and are not full reception devices, they fall under HS Code 8529.90.00 as parts, not apparatus.

The Respondent further argued that the Applicant misdeclared the items under an incorrect tariff to benefit from a lower tax rate, prompting a lawful reclassification and tax assessment. The Respondent maintained that this classification was legally sound and supported by international standards.

The Respondent contended that CAM cards are correctly classified under HS Code 8529.90.00 as parts used with television reception apparatus, in line with the EAC CET, HS nomenclature, and Uganda's tax laws.

The Respondent referred to the expert testimony from RW2, Dr. Bob Rich Mwecumi, who testified that CAM cards are parts suitable for use with apparatus under Heading 85.28 and are therefore properly classified under 8529.90.00. The Respondent therefore maintained the reclassification and resulting tax assessment of Shs. 814,142,369 was lawful.

6. Submissions of the Applicant in rejoinder

The Applicant argued that CAM cards are not parts solely or principally used with apparatus under Headings 85.24 to 85.28, as claimed by the Respondent. The Applicant asserted that the digital tuner, not the CAM card, is the actual reception device in an IDTV.

The Applicant emphasized that CAM cards can be used in devices beyond TVs, disqualifying them from classification under HS Code 8529.90.00. The Applicant went ahead to state that during the Tribunal's site visit, it was demonstrated—and confirmed by RW2—that pay-tv content cannot be accessed without a CAM card, proving it functions as a reception apparatus.

The Applicant maintained its position that CAM cards fall under HS Code 85.28 and reiterates its earlier prayers to the Tribunal.

7. The determination by the Tribunal

Having listed to the evidence and read the submissions of the parties, this is the decision of the Tribunal.

The matter before the Tribunal revolves around the classification of Verimatrix Cardless CAM Cards imported by the Applicant and whether they fall under HS 8528.71.00, attracting zero import duty as television reception apparatus or under HS Code 8529.90.00, attracting 25% duty as parts of television apparatus.

The Applicant argues that CAM Cards are standalone signal reception apparatus classifiable under HS Code 8528.71.00, while the Respondent maintains they are components of television sets and should be classified under HS Code 8529.90.00.

Below is a description of the goods that fall under the respective HS Codes in contention.

HS Code 8528.71 – classification by the Applicant

The HS Code relied upon by the Applicant states as follows:

“Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus:

8528.71.00 – Not designed to incorporate a video display or screen.....0%”

8529.90.00 – classification by the Respondent

The HS Code relied upon by the Respondent states as follows:

“85.29.Parts suitable for use solely or principally with the apparatus of headings 85.24 to 85.28.

8529.90.00 – Other25%”

In essence, the Applicant's position is that cam cards are reception apparatus for television. The Respondent on the other hand contends that they are parts used principally with items such as flat panel display modules, television cameras, digital cameras and video camera recorders, Radar apparatus, radio navigational aid apparatus and radio remote control apparatus, Reception apparatus for radio-broadcasting.

What is reception apparatus?

Reception apparatus refers to any device or system designed to receive and process signals, typically for the purpose of broadcasting or communications. It's essentially a receiver, like a radio or television set, that can pick up and translate signals into a usable form, such as audio or video. Reception apparatuses are designed to receive signals

transmitted through various mediums, such as radio waves, electromagnetic waves, or even wired connections.

The ***Encyclopedia Britannica*** references transmission and reception within the context of television systems as follows:

“Transmission and reception involve the components of a television system that generate, transmit, and utilize the television signal wave form. The scene to be televised is focused by a lens on an image sensor located within the camera. This produces the picture signal, and the synchronization and blanking pulses are then added, establishing the complete composite video wave form. The composite video signal and the sound signal are then imposed on a carrier wave of a specific allocated frequency and transmitted over the air or over a cable network. After passing through a receiving antenna or cable input at the television receiver, they are shifted back to their original frequencies and applied to the receiver’s display and loudspeaker.

(<https://www.britannica.com/technology/television-technology/Television-transmission-and-reception>)

Therefore, the determination of this dispute depends on whether a CAM card receives, processes and transmits signals. If it is established that the CAM card performs these functions, then it ought to be classified as “reception apparatus” under HS Code 8528.71 and liable to import duty at 0%.

What is a cam card?

The International Communication Union, a specialized agency for digital technologies (ICTs) made up of a membership of 194 Member States publishes guidelines concerning telecommunications. To this end, it has published guidelines specific to conditional access systems for digital broadcasting. In its guidelines ITU-R BT.1852-1 (10/2016). It describes conditional access in the following terms:

“A user accesses a protected service by interacting via conditional-access functionality in the receiver. If, in the session, all the access conditions are met, authorization occurs, the cipher decoding key is released, and the content is recovered. Subscriber authentication, account confirmation, and validation of service availability or other programme control parameters activate the session encryption/decryption key to let the session conclude the authorization process.

Conditional-access control

The function of the conditional-access control at the sending end is to generate the scrambling control information and the encryption "keys" associated with the service. The function of the conditional-access control at the receiving end is to produce the descrambling control information in conjunction with the "keys" associated with the service."

Based on the above, one can conclude that a CAM card allows access to encrypted digital television content.

During cross examination, the Applicant's witness, AW2, testified that the Applicant offers a pay TV service Zuku which offers satellite TV services. The kit includes a dish, 60 cm antennae, the low noise block (LNB) converter and a decoder. However, customers with a TV that has an inbuilt cam slot do not need a decoder.

AW2 was asked by the Tribunal on the functionality of a CAM card relative to that of a decoder. He stated as follows:

"An external decoder has an inbuilt smart card therefore there is no need to slot a card into the decoder.... There have been changes in technology where TVs now come with inbuilt decoders, which receive signals. However, they need CAM cards to decrypt the signal to enable viewers to view content."

Further, when asked on the primary purpose of a CAM card, AW2 stated:

"The purpose is to decrypt encrypted or pay TV channels based on the provider."

The explanations provided by AW2 corroborate the above distinctions between reception apparatus and a CAM Card. They confirm that a decoder, which is designed to receive signals, is a type of reception apparatus. On the other hand, a CAM card decrypts encrypted content to enable viewers access the content.

The above testimony was further corroborated by the Respondent's expert witness (RW1) testimony. During cross examination, he was asked to explain the reception cycle. He stated as follows:

"Let's take a studio for example where Wananchi generates a signal for tv content. This signal can be broadcasted on a terrestrial message (earth waves) or using satellite or using cable TV. What is required on the other end is for the consumer to have a TV and that TV should be able to pick signal through a yagi antennae for terrestrial. The antennae is connected to a TV tuner. The tuner is embedded in an integrated decoder or a normal STB set-top box. Or if it is by satellite, the signal is received at the consumer end by an antenna in form of a dish. On that dish, there is LNB (Low Noise Blocker). This detects the signal from the satellite, converts it to a low band signal which is fed to the TV tuner either or an integrated decoder or an STB decoder such as DSTV ... CAMs are used when the service providers wants to control access to the TV content. Control is by CAM. At the studio, you deploy an encryption that prevents unauthorized user access to that content. As they generate a cypher, on the TV end, one must have a CAM. Within the STB, you must incorporate a CAM or a CAS. At the end, the user's gadget (integrated TV or STB) should have the CAM integrated in the decoder or TV. The CAM / CAS cannot pick signal."

Based on the above testimony, a CAM does not receive signal. It's role is to decrypt encrypted pay TV content to allow the viewer access the content. Therefore, both the Applicant and Respondent's testimony is in agreement in as far as CAM card's functionality is confirmed. CAM cards decrypt content and are a form of access control to restrict content only to paid customers. CAM cards do not receive signal.

Further, the Tribunal conducted a locus visit at the Applicant's premises in Bugolobi to observe a live demonstration of the functionality of the CAM Cards. During the demonstration, it was established that:

- (i) CAM Cards are inserted into digital televisions with in-built CAM slots to decrypt conditional access content.
- (ii) The CAM Cards do not receive broadcast signals but enable access to encrypted content.
- (iii) CAM Cards function with integrated receiver decoders (IRD) and satellite receivers.

Often, decoders have inbuilt smart cards. This way, decoders receive signal and the unbuilt cards enable them to decrypt content. On the other hand, in the Applicant's case, the customers have TVs with inbuilt decoders. Therefore, the customer imports CAM

cards for insertion into the decoders to decrypt content. However, this does not make a CAM card a decoder / reception apparatus.


Further, CAM Cards are not standalone devices as they can only function with other items, specifically, those indicated under headings 85.25 to 85.28. Accordingly, they are more appropriately classified under HS Code 8529.90.00, which covers "Parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28."


Therefore, the Respondent correctly classified the CAM Cards under HS Code 8529.90.00, attracting a 25% import duty, as opposed to the 0% duty under HS Code 8528.71.00. The reclassification followed due process under the EAC CET and the General Interpretative Rules.

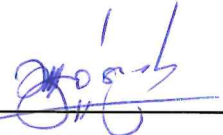
The application is therefore dismissed with costs to the Respondent and the Tribunal makes the following orders:

- (i) The Applicant's CAM Cards do not constitute an independent signal reception apparatus and are therefore not classifiable under HS Code 8528.71.00.
- (ii) The CAM Cards were correctly classified under HS Code 8529.90.00 as parts of television apparatus, attracting import duty at a rate of 25%.
- (iii) The Applicant is not entitled to the refund of the taxes paid.
- (iv) Costs are hereby awarded to the Respondent.

Dated at Kampala this 25th day of April 2025.


CRYSTAL KABAJWARA
CHAIRPERSON


CHRISTINE KATWE
MEMBER


WILLY NANGOSYAH
MEMBER

