

By Charles Etukuri

URA widens probe into digital tax stamps evasion

The Uganda Revenue Authority (URA) has widened investigations into the alleged evasion of the Digital Tax Stamps (DTS) system after impounding several consignments belonging to Kaliro Sugar Company found with inactivated stamps in Soroti and Masaka.

Officials from URA's tax investigations department (TID) say the seizures have triggered a broader probe into possible compliance breaches within the DTS regime, a system introduced to curb tax evasion and illicit trade.

Sources said the probe is aimed at establishing the quantity of sugar consignments released by the factory with the inactivated DTS and how long the company had been releasing products to the market without paying taxes.

"We are still investigating the matter and have widened our investigation into this matter. We want to establish the

quantities of this particular production, whether any quantities were produced before this and released or whether there is any more sugar that they produced without attaching the DTS stamps," the source said.

Early this month, the URA commissioner of tax investigations, Jimmy Ekemu, confirmed the impounding of sugar consignments and the closure of two stores that the URA intelligence team raided following a tip-off.

The factory is owned by Ashish Monpara, the proprietor of the Modern Group, who bought it from the Alam Group.

In Soroti, URA operatives impounded 1,300 bags belonging to Kaliro Sugar from two stores. URA, in a statement, noted that

ABOUT DIGITAL STAMPS

Digital Tax Stamps (DTS) involves the affixing of tamper-proof digital stamps to excisable goods at production or import points, creating a traceable digital trail from factory to market.

DTS for excisable products was rolled out on November 1, 2019. This meant that all manufacturers and importers of the gazetted products are required to implement the DTS system by having their products affixed with digitally traceable tax stamps.

The system has yielded a 40% increase in revenue collections over the last four years, according to the 2024/25 Auditor General's report.

The report shows that total government revenue rose from sh22.098 trillion to sh32.357 trillion, a sh10 trillion increase attributed largely to reforms in tax administration, particularly the use of digital tools that have transformed how taxes are declared, tracked and enforced.

Through real-time monitoring, DTS has helped close loopholes that previously allowed untaxed goods to circulate on the market.

DTS is currently implemented in different products, including beer, soda, water, wines, spirits, cigarettes, sugar, cement, cooking oil and fruit.

preliminary inspections conducted by the Gizmo machines revealed that "the DTS affixed to the consignments had not been activated. As a result, URA sealed the stores and referred the matter to the DTS enforcement office in Mbale for further investigations."

URA also noted that: "In Masaka, investigation officers also sealed a prominent retail outlet after finding 70 bags of sugar traced

back to Kaliro Sugar Limited, lacking DTS."

Agnes Nabwire Asobola, the TID commissioner, said investigations into the matter are ongoing as TID tightens its grip on tax evasion across the supply chain.

"The operations are intended to restore fairness in the marketplace and encourage compliance," Asobola said.

She said operations are guided by verified intelligence, adding that all manufacturers, importers, distributors and retailers must fully comply with DTS and the Electronic Fiscal Receipting and Invoicing Solution.

When the issue first came out, an official from Kaliro Sugar, who declined to reveal his name after picking up the office phone number, said their competitors may have used their bags to package sugar.

"We follow the law. Those bags may not be ours," the official said.

PENALTIES

The Ugandan tax law is very strict on using fake stamps or non-activation of stamps. The penalties include paying double the tax or sh50m whichever is higher, for failure to affix a stamp.

If one tampers with the stamp, one is liable to double the tax or sh20m whichever is higher. One is liable to double tax or sh50m, whichever is higher, if found in possession of unstamped products, while possession of stamps without authority is punishable with double tax or sh10m, whichever is higher.

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TID Commissioner Nabwire Asobola