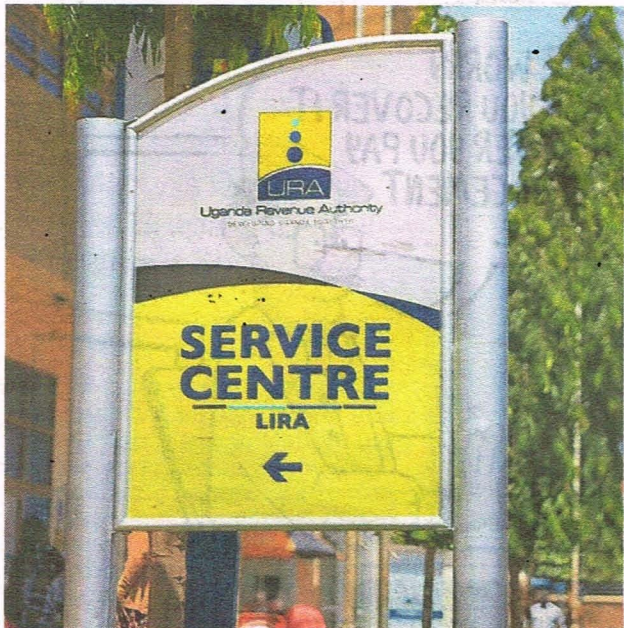


Rising tax battles: What is driving companies to the appeals tribunal?



Tax cases at the Tax Appeals Tribunal have surged, locking up trillions of shillings in disputed revenues. PHOTO/FILE

Tax.

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Random tax assessments, mounting legal battles, and widening revenue shortfalls in the first half of the 2025/26 financial year are increasing the cost and complexity of tax litigation for businesses.

Firms across sectors are caught between heightened enforcement by Uganda Revenue Authority (URA) and a resolution process that ties up capital.

Comprehensive court data on tax disputes is not publicly available, making it difficult to gauge the full scale of the problem. However, specialised law firms report a sharp rise in caseloads, signalling growing friction between URA and taxpayers. Lawyers say many disputes stem from aggressive assessments, transfer pricing audits, and differing interpretations of tax laws in a tightening fiscal environment.

Growing backlog

One leading tax litigation firm says it has accumulated more than 100 ongoing cases since last year. The Tax Appeals Tribunal (TAT), which handles disputes between taxpayers and URA, is receiving an average of about 35 new petitions each month, adding pressure to an already strained system.

The Auditor General's 2024/25 report shows that 119 cases filed at TAT have remained unresolved for between 10 and 20 months, representing Shs442.5b in disputed taxes.

Another 30 cases, worth Shs201.7b, have been pending for 20 to 30 months, while 27 have dragged on for 30 to 40 months, involving Shs33b.

The number of pending cases at TAT has risen from 169 in 2022/23 to 476 in 2024/25, with

unresolved disputes rising to Shs1.5 trillion by June 2025. For businesses, this frozen capital.

High-profile tax disputes

Among the most prominent disputes is a Shs169b corporation tax case between MTN and URA. The telecom previously paid Shs110b last year to settle a separate transfer pricing audit assessment. Stanbic Bank is also challenging a URA transfer pricing assessment of Shs115b.

These cases reflect broader tensions around transfer pricing rules, cross-border transactions, and profit allocation within multinationals.

The 30 percent deposit

Taxpayers must deposit 30 percent of the disputed amount for TAT to grant a hearing, in addition to legal fees.

Bruce Musinguzi, a tax partner at Kampala Associated Advocates, questions whether most companies can afford litigation. "If URA issued your firm a Shs1b assessment today and you sued, can you afford the Shs300m payment?" he asks.

He is currently handling 20 cases at TAT, ranging from Shs200m to Shs169b and argues that controversial assessments, driven by pressure to meet revenue targets, are forcing clients into court.

Revenue shortfalls

Bank of Uganda data shows a cumulative revenue shortfall of Shs956.9b between July and October 2025. In December, collections stood at Shs4.08 trillion, below the Shs4.48 trillion target, partly due to weaker provisional income tax returns.

Economist Fred Muhumuza says disputes consume time and money and can drag on for years, eroding investor confidence and diverting resources from productive sectors.

As revenue targets tighten and enforcement intensifies, businesses are paying a growing price in courtrooms, locked capital, and prolonged uncertainty over contested tax bills.