

By Edward Anyoli

Court overturns sh9.7b tax assessment against beverage firm

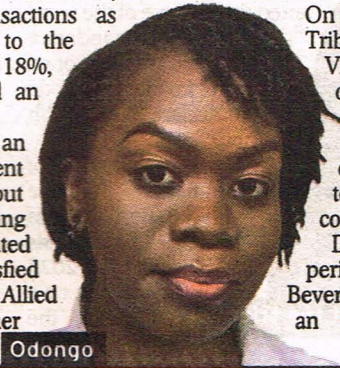
The Commercial Division of the High Court has set aside a sh9.7b value added tax (VAT) assessment against Allied Beverages Company Limited.

Justice Susan Odongo set aside the tax assessment levied by Uganda Revenue Authority (URA), stating that the brand marketing and promotional services provided to The Coca-Cola Export Corporation qualify as exported services and are, therefore, subject to zero-rated VAT.

In 2022, URA conducted a return examination of Allied Beverages' VAT filings for the period from December 2020 to August 2022 and found that the company had misclassified sales to The Coca-Cola Export Corporation,

totalling sh53.9b, as zero-rated exported services. However, URA deemed the transactions as local supplies subject to the standard VAT rate of 18%, and subsequently issued an assessment of sh9.7b.

The company filed an objection to the assessment on October 31, 2022, but URA rejected it, maintaining that the services constituted local supplies. Dissatisfied with the decision, Allied Beverages filed another application before the



Odongo

Tax Appeals Tribunal challenging the decision.

On May 30, 2025, the Tribunal upheld the VAT assessment of sh9.7b, but remitted the matter of the credit note back to URA for proper consideration.

During the same period, Allied Beverages had raised an Electronic Fiscal Receipting

ABOUT COMPANY

The Allied Beverages Company Limited, is a Ugandan company offering brand marketing, promotional services and market research, which entered into a service agreement with The Coca-Cola Export Corporation on July 25, 2016.

and Invoicing Solution credit note of sh4.6b, which the URA did not consider because it had been

incorrectly entered as a credit memo and could not be corrected once the allowable period had expired.

Following the tribunal's ruling, Allied Beverages, through its lawyers, Bruce Musinguzi and Julius Ceasar Lugaya from Kampala Associated Advocates, lodged an appeal to the Commercial Court, challenging the decision, arguing that the tribunal erred in law.

In a judgment delivered on March 8, 2026, Odongo held that the members of the Tax Appeals Tribunal were wrong to uphold the VAT assessment issued by the URA.