

ISSUES IN UTILISING CREDIT BALANCES

Q Dear Commissioner,
Some taxpayers report challenges in utilising credit balances on their tax ledgers after the recent system changes. Is URA considering restoring or improving the ability for taxpayers to transfer or utilise these credit balances?

A Dear Reader,
URA is reviewing the credit transfer process to make it better and simpler for taxpayers to use. In the interim, we are supporting clients to verify and allocate the credit balances that have been validated. For any inquiries or assistance, taxpayers may visit the nearest URA service centre or the ledger reconciliation section at the URA Tower in Nakawa, Kampala or contact us through our web portal at touchpoint.ura.go.ug or our toll free number 0800217000. We appreciate your patience as we commit to serve you better.

Processing tax refunds

Q Dear Commissioner,
What is the standard timeline for processing tax refunds in Uganda, and what steps can taxpayers take to ensure their refund applications are processed without unnecessary delays?

A Dear Reader,
The duration for processing a refund depends on the tax type. The standard duration for processing a refund for Value-Added Tax (VAT), Local Excise Duty and fees paid for services like drivers permits and passports is 30 days from the date of application for the refund while that for income tax is 90 days from the date of application for the refund.

In the case of customs, the standard duration for processing a refund is 14 days for a transactional refund and 25 days for duty drawbacks owing to big volumes of transactions.

However, where the applications are received without the supporting documents, the refund process time may exceed the above timelines. Other causes of delays include:

- Wrong contact details which hinder timely communication to taxpayers where additional information is required
- No or wrong bank details as declared on the taxpayer profile
- In the case of Non-Tax Revenue and Other Non-Tax Revenue, delay in receiving response from other government agencies where URA is required to verify that the amount claimed has not been utilised;
- In the case of VAT and Income Tax, a refund audit must be undertaken prior to approving the refund.

Taxpayers are, therefore, advised to submit accurate and complete information to support their refund application to avoid unnecessary delays.

Customs clearance delays

Q Dear Commissioner,
What measures is URA implementing to reduce delays in customs clearance that sometimes lead to demurrage costs for businesses when trucks or containers are held at ports or border points?

A Dear Reader,
URA is reducing customs delays by implementing the single customs territory, reducing transit times from 18 days to under a week, alongside the Regional Electronic Cargo Tracking System for real-time tracking.

Furthermore, another method is through the Authorised Economic Operator programme that provides compliant businesses with expedited, green lane clearance. These efforts, combined with one-stop border posts and pre-arrival declaration systems, significantly decrease demurrage costs.



ASK URA COMMISSIONER GENERAL

Every Thursday, the Uganda Revenue Authority (URA) Commissioner General, John Musinguzi Rujoki, answers your questions.



Uganda Revenue Authority
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Handling exceptional trade circumstances

Q Dear Commissioner,
In situations where goods are imported in transit to another country, but cannot proceed due to unforeseen circumstances such as conflict or border closures, what procedures does URA recommend for converting the cargo for local consumption and paying the necessary duties?

A Dear Reader,
To convert transit goods for local consumption due to unforeseen circumstances, URA requires a formal 'diversion' process where a licenced clearing agent cancels the initial transit declaration and submits a new home use declaration through the ASYCUDA World system.

This procedure involves providing evidence of the disruption, followed by 100% physical inspection of

the goods by URA to verify the goods and do proper determination of the duties and taxes according to the common external tariff.

The Import Duties, Value-Added Tax and applicable levies are then assessed based on the cargo's cost, insurance, and freight value at the time of the new declaration.

Once all the assessed taxes are paid and a release order is issued, the cargo is cleared for circulation within the local market.

NSSF contributions in PAYE

Q Dear Commissioner,
Could URA clarify how the 5% employee National Social Security Fund (NSSF) contribution is treated when calculating Pay As You Earn (PAYE)? For instance, if an employee earns a gross salary of sh600,000, how much PAYE should be deducted after considering the NSSF component?

A Dear Reader,
The gross salary of sh600,000 is subjected to PAYE before deducting the 5% NSSF contribution by the employee. The PAYE on the gross salary of sh600,000 is, therefore, calculated as below:

Gross salary	600,000
Less PAYE $25,000 + 30\% * [600,000 - 410,000]$	(82,000)
Less NSSF $[5\% * 600,000]$	(30,000)
NET SALARY	488,000

URA's measures on price disparities among importers

Q Dear Commissioner,
Importers sometimes source goods from the same countries yet sell them at very different prices. How does URA ensure fairness in customs valuation and prevent under-declaration that could distort market competition?

A Dear Reader,
URA ensures fairness and prevents under-declaration by applying a standardised, hierarchical valuation system based on World Trade Organisation guidelines and the East African Community Customs Management Act.

While the primary method is the transaction value (the actual price paid), URA Customs utilises a valuation database as a risk management tool to flag deviations and may shift to alternative methods such as comparing identical or similar goods if the declared prices are deemed non-credible.

This process is supported by automated systems like ASYCUDA World, which enables real-time monitoring and data validation, alongside post-clearance audits to detect irregularities and collect evaded duties.

By maintaining these structured safeguards, URA aims at creating a predictable and non-arbitrary trading environment, that protects compliant importers from unfair market competition.

Where does our tax money go?

Q Dear Commissioner,
Where does the tax money collected from us go? Specifically, we are concerned because city roads are in poor condition, and street lights are often out, despite regular tax payments

A Dear Reader,
URA's mandate is to assess, collect and account for the central Government tax revenue (including non-tax revenues) and to provide advice to the Government on matters of policy relating to all revenue sources.

The revenue collected by URA is deposited on a consolidated fund which is managed by Ministry of Finance, Planning and Economic Development. The allocation of funds is presented by the finance ministry to Cabinet and if approved, submitted to Parliament for final approval. The approved budget is what becomes available for the different government ministries, departments and agencies to carry out development.

Therefore, the utilisation of revenue collected is outside the mandate of URA.