

TAXMAN JUSTIFIED AFTER TELECOM FAILS TO AVAIL SOME DOCUMENTS

COURT UPHOLDS URA'S SH1B TAX ASSESSMENT METHOD AGAINST AIRTEL

By Michael Odeng

The Commercial Court has upheld the Uganda Revenue Authority's (URA) use of the "transaction value of identical goods" method to assess taxes on Airtel Uganda Limited's imported broadband processing board equipment, affixing a tax liability of sh1.09b.

Court records indicate that the equipment, a model N2 unit, was supplied by Chinese firm Zhongxing Telecommunications Equipment Corporation at a

declared free on board (FOB) price of \$1,349.78 (about sh5m) in October 2018.

However, during the same period, another telecom company operating in Uganda declared identical goods to URA at the FOB unit price of \$10,145.23 (about sh37.6m).

Citing the price disparity, URA conducted an audit of Airtel's warehouse, focusing on the equipment in question.

The authority subsequently invoked Method 2 under the General Agreement on Tariffs and Trade valuation guidelines based on the transaction value

of identical goods and issued a tax assessment of sh1.09b.

Airtel Uganda challenged the assessment before the Tax Appeals Tribunal, arguing that under the East African Community Customs Management Act, the basis for valuation is the transaction value method. However, the tribunal remitted the matter back to URA for further investigation.

In a ruling dated April 22, 2026, Justice Stephen Mubiru held that URA was justified, based on the facts of the case, to depart from the transaction

TRIBUNAL ERRORS

Justice Stephen Mubiru faulted the Tax Appeals Tribunal for remitting the case back to Uganda Revenue Authority (URA) for further investigations despite sufficient evidence being available to determine the matter.

He said remittal is only appropriate where the original decision is fundamentally flawed, warning that unnecessary referrals cause delays and increased costs.

The court also criticised the tribunal for allowing the possibility of introducing new evidence that Airtel had failed to present during the initial assessment.

The judge said allowing such evidence undermines the finality of administrative decisions and gives taxpayers an unfair second chance.

The URA commissioner for legal services and board affairs, Catherine Kyokunda Donovan, welcomed the decision, saying it provides clarity on customs valuation and procedural fairness.

She said while importers are required to declare transaction values with supporting documentation, URA must also act objectively and provide reasons when rejecting such values.

URA's legal affairs commissioner, Kyokunda



value method and apply the transaction value of identical goods after Airtel failed to provide sufficient supporting documentation explaining the price difference.

The judge said the telecom company is liable to pay the additional sh1.09b levy

when a tax appeal succeeds on a technicality, such as a procedural error, invalid notice, or incorrect legal reasoning, but added that the underlying assessment of tax liability remains valid based on the facts of the case.

"While the tax authority

was right on the substance, the taxpayer succeeded on a procedural point," Justice Mubiru said. He ordered each party to bear its own costs.

The court said the price difference of about 153% gave URA firm grounds to question Airtel's declared value.