

**STATUTORY INSTRUMENTS**

**SUPPLEMENT No. 8**

**1st December, 2001**

**STATUTORY INSTRUMENTS SUPPLEMENT**

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2002 No. 8.

THE EAST AFRICAN EXCISE MANAGEMENT (TAX STAMPS) REGULATIONS, 2002.

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**ARRANGEMENT OF REGULATIONS.**

Regulation.

1. Citation and commencement.
2. Interpretation.
3. Types of tax stamps.
4. Procurement of tax stamps.
5. Supply and distribution of tax stamps.
6. Affixation of tax stamps.
7. Time for affixation of tax stamps.
8. Record keeping.
9. Tax exemptions.
10. Authorisation of tax stamps.
11. Accounting for tax stamps.
12. Submission of monthly reconciliation statement.
13. Computation of tax.

Regulation.

14. Rebate of tax.
15. Evidence of payment of tax.
16. Audit.
17. Force Majeure.
18. Offences.
19. Seizure.

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2002 No. 8.

The East African Excise Management (Tax Stamps) Regulations, 2002.

(Under section 122(1) of the East African Excise Management Act, 1970).

IN EXERCISE of the powers conferred upon the Minister by section 122 (1) of the East African Excise Management Act, 1970, these Regulations are made this 1st day of December,

2001.

1. Citation and commencement.

These Regulations may be cited as the East African Excise Management (Tax Stamps) Regulations, 2002 and shall be deemed to have come into force on 1st July, 2001.

## 2. Interpretation.

In these Regulations, unless the context otherwise requires—

“Act” means the East African Excise Management Act, 1970;

“Authority” means the Uganda Revenue Authority established by the Uganda Revenue Authority Statute, 1991;

“Authority’s staff” means any person under a contract of employment with the Authority;

“Commissioner” means the Commissioner General of the Uganda Revenue Authority;

“cigarette” means a cigarette prepared from tobacco and includes any form of tip, and the paper thereof;

“currency point” is the equivalent of twenty thousand shillings;

“tax stamp” means a stamp approved by the Authority to be affixed to a packet of cigarettes;

“packet” means a package containing twenty cigarettes packed for sale;

“prescribed form” means a form prescribed under these Regulations;

“printer” means the authorised manufacturer of tax stamps;

“Registered Cigarette Importer” means a person registered by the Commissioner responsible for excise, to import cigarettes;

“Registered Cigarette Manufacturer” means a manufacturer of cigarettes, duly licensed for that business and registered by the Commissioner in that respect.

## 3. Types of tax stamps.

(1) The Authority shall determine the design and specification of a tax stamp and the designation and specification may be changed at any time, depending on the supply of tax stamps required.

(2) Tax stamps shall be determined according to the number of tax categories that exist at any given time, and specified colours shall be used to distinguish the tax categories as follows—

(a) Green: locally manufactured cigarettes whose length is less than 70mm;

(b) Red: locally manufactured cigarettes whose length is equal to or greater than 70 mm;  
and

(c) Blue: all imported cigarettes.

4. Procurement of tax stamps.

The procurement of the tax stamps shall be the responsibility of the Authority.

5. Supply and distribution of tax stamps.

The following procedure shall apply to the supply and distribution of tax stamps—

(a) in the case of imported cigarettes, the Registered Cigarette importer shall indent from, and pay for the tax stamps to the Authority. Each indent shall be of a minimum of five thousand stamps and shall indicate the name and address of the foreign cigarette manufacturer as requested by the Registered Cigarette importer;

(b) the Registered Cigarette importer shall execute a bond equal to the amount of tax for the cigarettes to be imported and the bond shall be retired subject to regulation 12;

(c) the Registered Cigarette importer shall request, on a prescribed form, the Authority to authorise the printer to make a direct supply of tax stamps to the foreign cigarette manufacturer;

(d) in the case of locally manufactured cigarettes, the Authority shall procure and maintain sufficient stocks of tax stamps for the supply to the Registered Cigarette Manufacturers, who shall pay for the stamps.

6. Affixation of tax stamps.

(1) A tax stamp shall be affixed by the Registered Cigarette manufacturer on each packet of imported and locally manufactured cigarettes.

(2) Affixation of a tax stamp onto a packet shall be done in a manner that ensures that the stamp will be broken when the packet is opened in the normal manner; or will be rendered unusable.

7. Time for affixation of tax stamps.

(1) A foreign cigarette manufacturer shall affix a tax stamp on every packet before shipment from the country of origin.

(2) A Registered Cigarette Manufacturer shall affix a tax stamp on every packet before it is delivered out of the factory.

8. Record keeping.

(1) The printer shall notify the Authority of the quantities of tax stamps supplied to a foreign manufacturer of cigarettes.

(2) An importer and a Registered Cigarette Manufacturer shall maintain records on a monthly basis, of tax stamps received, tax stamps affixed on packets, and the balance in stock of tax stamps.

(3) The Authority shall maintain a record of tax stamps received from the printer and issued to a Registered Cigarette Manufacturer.

9. Tax exemptions.

The following cigarettes are exempt from the requirement of tax stamps—

- (a) locally manufactured cigarettes for export from Uganda; and
- (b) cigarettes destroyed, denatured, or recycled within the manufacturing process under the supervision of the Commissioner.

10. Authorisation of tax stamps.

(1) Subject to regulation 9, a tax exemption shall only apply where—

- (a) the Commissioner is satisfied that proper administrative procedures are in place to control the quantities of tax stamps allocated; and
- (b) that the procedure referred to in paragraph (a) will be complied with.

(2) Any packet that cannot be properly accounted for under this exemption, or for which authorization is not obtained, is subject to tax.

11. Accounting for tax stamps.

(1) Every Registered Cigarette Manufacturer and every Registered Cigarette Importer shall account for tax stamp usage in the form of a monthly reconciliation statement.

(2) A monthly reconciliation statement made under sub-regulation (1) shall show a summary of the use of the total number of tax stamps issued during the month, and stamps brought forward from the previous month under the following headings—

- (a) stamps in stock at the close of the previous month and carried forward for use during the month;
- (b) stamps applied to cigarettes manufactured within Uganda or imported into Uganda as the case may be;
- (c) stamps spoiled or damaged during manufacture as certified by the staff of the Authority;
- (d) stamps unaccounted for in the reconciliation statement and therefore deemed to be lost; and the unaccountable loss shall not exceed 0.1%;

(e) stamps in stock at the end of the month and carried forward for use in the following month.

12. Submission of monthly reconciliation statement.

(1) In the case of imported cigarettes, the reconciliation statement shall be submitted to the Authority along with the tax payment.

(2) In the case of locally manufactured cigarettes, the reconciliation statement shall be submitted to the Authority, together with the excise account.

13. Computation of tax.

Tax payment due for tax stamps used shall be calculated based on the following—

(a) stamps applied to locally manufactured cigarettes;

(b) stamps applied to cigarettes imported into Uganda; and

(c) stamps unaccounted for in the monthly reconciliation statement and therefore deemed lost.

14. Rebate of tax.

A Registered Cigarette Manufacturer or Registered Cigarette Importer is entitled to a rebate of the duty payable in respect of tax stamps damaged in the process of cigarette manufacture and destroyed under the supervision of the Commissioner.

15. Evidence of payment of tax.

The Authority shall require evidence of the payment of taxes from a Registered Cigarette Manufacturer or Registered Cigarette Importer as it may deem necessary, before authorizing the issue of a new supply of tax stamps.

16. Audit.

(1) The Authority may carry out a random audit of the operation of the stamp reconciliation procedure and calculation of tax payment.

(2) The Commissioner may inspect any premises for the purpose of enforcing the requirement of tax stamps.

17. Force majeure.

In the event of circumstances arising which stop or limit the availability of tax stamps, the Authority may suspend these Regulations and impose temporary measures as the Authority may deem necessary.

18. Offences.

A Registered Cigarette Manufacturer or Registered Cigarette Importer or any other person who—

- (a) fails to retain tax stamp registers, records or any other document as required by these Regulations;
- (b) fails to submit a monthly reconciliation statement in accordance with regulation 11;
- (c) fails to affix tax stamps to a packet in a manner prescribed by these Regulations;
- (d) forges or defaces a tax stamp affixed onto a packet;
- (e) offers for sale or keeps on his or her premises packets without tax stamps;
- (f) submits false information or submits an incorrect reconciliation statement,

commits an offence and is liable, on conviction, to a fine not exceeding two and a half currency points or imprisonment not exceeding six months.

19. Seizure.

The Commissioner may seize any unstamped packets of cigarettes in stock or displayed for sale by any person.

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