

**ACTS SUPPLEMENT**

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**Act 5**

*Value Added Tax (Amendment) Act*

**2015**

THE VALUE ADDED TAX (AMENDMENT) ACT, 2015

ARRANGEMENT OF SECTIONS

*Section*

1. Commencement
2. Amendment of Cap. 349
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9. Amendment of section 42 of principal Act
10. Amendment of First Schedule to principal Act
11. Amendment of Third Schedule to principal Act.

**THE VALUE ADDED TAX (AMENDMENT) ACT, 2015.**

**An Act to amend the Value Added Tax Act Cap. 349 to define certain terms used in the Act; to increase the annual registration threshold; to provide for tax treatment of the oil and gas and mining sectors; to exclude compact florescent bulbs from the exempt category; to add Global Fund to fight AIDS, Malaria and Tuberculosis and Uganda Red Cross Society to the list of Public International Organizations and to zero rate the supply of cereals grown and milled in Uganda.**

DATE OF ASSENT: 31st May, 2015.

*Date of Commencement:* See section 1.

BE IT ENACTED by Parliament as follows:

**1. Commencement.**

This Act shall come into force on 1st July, 2015, except section 11, which shall be deemed to have come into force on 1st January 2015.

**2. Amendment of Cap. 349.**

The Value Added Tax Act, in this Act referred to as the principal Act, is amended in section 1—

(a) by inserting immediately after paragraph (d) the following—

“(da) “contractor” means a person supplying goods or services other than as an employee to the following—

- (i) a licensee in respect of mining operations undertaken by the licensee; or
- (ii) a licensee in respect of petroleum operations undertaken by the licensee.”

(b) by inserting immediately after paragraph (l) the following—

“(la) “licensee” means a person granted a mining right or a person with whom the Government has entered into a petroleum agreement;

“(lb) “mining operations” includes every method or process by which any mineral is won from the soil or from any substance or constituent of the soil and includes mining exploration operations;

“(lc) “petroleum operations” means an authorised operation under a petroleum agreement for petroleum exploration, development, production, and export including, planning, installation, transportation of petroleum, storage or decommissioning, and for the construction of a pipeline or petroleum refinery;

“(ld) “petroleum agreement” means an agreement entered into, by the Government of Uganda with another person in accordance with the Petroleum (Exploration, Development and Production) Act, 2013, or the Petroleum (Refinery, Conversion, Transmission and Midstream Storage) Act 2013”.

### **3. Amendment of section 7 of principal Act.**

Section 7 of the principal Act is amended—

(a) by substituting for subsection (2) the following—

“(2) The annual registration threshold is one hundred and fifty million shillings;”

(b) by inserting immediately after subsection (4) the following—

“(4A) Notwithstanding subsection (4), the following persons may apply to the Commissioner General to be registered in accordance with section 8—

- (a) a licensee undertaking mining or petroleum operations;
- (b) a person undertaking the construction of a petroleum refinery or petroleum pipeline; and
- (c) a person engaged in commercial farming.”

**4. Amendment of section 20 of principal Act.**

Section 20 of the principal Act is amended by substituting for paragraph (a) the following—

“(a) are exempt from customs duty under the Fifth Schedule of the East African Community Customs Management Act, 2004 except compact fluorescent bulbs with a power connecting cap at the end;”

**5. Amendment of section 24 of principal Act.**

Section 24 of the principal Act is amended by inserting immediately after subsection (4) the following—

“(5) The tax payable on a taxable supply made by a contractor to a licensee to undertake mining or petroleum operations is deemed to have been paid by the licensee to the contractor provided the supply is for use by the licensee solely and exclusively for mining or petroleum operations.”

**6. Amendment of section 25 of principal Act.**

Section 25 of the principal Act is amended—

- (a) by re- numbering section 25 as subsection (1);
- (b) by inserting immediately after subsection (1) the following—

“(2) For a contractor, component **X** of the formula in paragraph 1(b) of the Fourth Schedule for a tax period does not include the amount of tax that the licensee is deemed to have paid to the contractor under section 24(5) for the period.

(3) For a licensee, component **Y** of the formula in paragraph 1(b) of the Fourth Schedule for a tax period does not include the amount of tax that the licensee is deemed to have paid to the contractor under section 24(5) for the period.”

**7. Amendment of section 26 of principal Act.**

Section 26 of the principal Act is amended in subsection (1) by substituting for “two hundred million shillings”, the words “five hundred million shillings”.

**8. Amendment of section 28 of the principal Act.**

Section 28 of the principal Act is amended in subsection (1) (b) by inserting immediately after the word “person” the words “or import of services made by a contractor or licensee.”

**9. Amendment of section 42 of principal Act.**

Section 42 of the principal Act is amended in subsection (2) (a), by substituting for the words “an investment trader” the words “a licensee”.

**10. Amendment of First schedule to principal Act.**

The First Schedule to the principal Act is amended—

- (a) by inserting immediately after French Development Agency (FDA) the following—

“Global Fund to fight AIDS, Malaria and Tuberculosis;”

- (b) by inserting immediately after Swedish International Development Agency (SIDA) the following—

“Uganda Red Cross Society;”

**11. Amendment of Third Schedule to principal Act.**

The Third Schedule to the principal Act is amended by inserting immediately after paragraph (k) the following—

- “(l) the supply of cereals, where the cereals are grown and milled in Uganda;
- (m) the supply of handling services provided by the National Medical Stores in respect of medicines and other medical supplies, funded by donors”.