HOW IS URA ADDRESSING AIR CARGO DELAYS?

Q Dear Commissioner,
What are the common causes of delays by air cargo companies in providing supporting import documentation upon arrival in Uganda, and how is Uganda Revenue Authority (URA) addressing this issue?

A Dear Reader,
Delays in providing supporting import documentation for air cargo are mainly due to the reconciliation process required before cargo details are captured into the customs system.

To address this challenge, URA is in the advanced stages of automating and integrating systems.

In the interim, taxpayers are encouraged to:

- Ensure accurate and timely declarations
- Provide all relevant and authentic import documentation promptly

This will help facilitate faster customs clearance.



ASK URA COMMISSIONER GENERAL

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

Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

SEND YOUR QUESTIONS TO
AskCG@newvision.co.ug 0703409710

Can firms behind on tax get clearance certificates?

Q Dear Commissioner,
How can financially distressed businesses with outstanding tax obligations obtain tax clearance certificates to resume operations?

A Dear Reader,
Financially distressed businesses with outstanding tax obligations are not automatically disqualified from obtaining a tax clearance certificate.

A taxpayer in such a situation can apply for an instalment payment plan to settle their outstanding liabilities over time. Based on this, the taxpayer can then apply for a tax clearance certificate, which may be issued subject to the terms of the agreed arrangement. This enables the business to continue or resume operations while progressively meeting its tax obligations.

Distressed businesses must proactively engage with URA, seek payment arrangements, and adhere to agreed terms to qualify for tax clearance.

How does URA assess businesses with debt?

Q Dear Commissioner,
How does the Uganda Revenue Authority (URA) business income that was primarily used to service bank loans when assessing income tax liabilities?

A Dear Reader,
When assessing income tax liabilities, URA focuses on the business' taxable income, rather than how the income is applied. Income generated from business operations must be fully declared as part of gross income. Using income to service debt does not, in itself, reduce the tax liability.

However, a taxpayer is allowed a deduction for interest expenses incurred on business loans, provided that:

- The loan was obtained for business purposes
- The related income has been properly declared

Deductibility of interest is subject to limitation rules. For taxpayers in a group, the allowable interest deduction is limited to 30% of tax earnings before interest, depreciation and amortisation. Any personal loans are not deductible for tax purposes.

Does URA help businesses struggling financially?

Q Dear Commissioner,
What support or relief measures does Uganda Revenue Authority provide to small and medium enterprises facing financial hardship, particularly those still recovering from the economic effects of the COVID-19 pandemic?

A Dear Reader,
URA has provided various relief measures. These include:

- A waiver of interest and penalties outstanding as at June 30, 2024, where one pays their principal tax by June 30, 2026. However, where a one pays only a part of the principal tax, the interest and penalty waived will be what relates to the portion paid.
- In the Voluntary Disclosure Programme, penalties and interest are waived if a taxpayer voluntarily declares tax that was not previously declared.
- Instalment payments, where a taxpayer can pay their tax in manageable instalments.

To apply for a payment plan, follow the steps below:

- Log in to your taxpayer identification number account on the URA portal at *ura.go.ug*;
- Under 'e-Services', select 'apply to pay tax in instalments'
- Select the basis of instalment and the tax type
- Fill in the instalment amount to be paid as a down payment, number of instalments and start date to generate the instalment payment schedule
- Click 'Next', upload any document if any and type the reason why you are applying for the instalments, select the declare information box and click submit.

Some codes do not work

Q Dear Commissioner,
What should importers do when specific customs codes fail to work in the system during declaration?

A Dear Reader,
Uganda Revenue Authority (URA) uses the Harmonised System (HS) of classification, which assigns standardised codes to goods for proper identification and application of the taxes.

In some cases, certain HS codes fail to work during declaration. URA places controls on specific or sensitive codes to prevent misuse or misclassification. As a result, these codes may require prior authorisation before an importer can use them.

What should importers do? Contact the URA Customs Tariff Unit for guidance and clarification.

Use URA's online support platforms (Touch point, our email, services@ura.go.ug, our toll-free lines 0800217000 or our WhatsApp number 0772140000) to request assistance.

Ensure that all product details and supporting documents are accurate to facilitate proper classification.

URA will review the request and, where appropriate, grant authorisation or provide the correct classification guidance to enable a smooth declaration.

How do transfers work?

Q Dear Commissioner,
What improvements has the Uganda Revenue Authority implemented in its systems, and how is it addressing taxpayers' concerns?

A Dear Reader,
URA continuously upgrades its systems and digital transformation initiatives to improve service delivery, simplify tax processes and enhance the taxpayer experience.

For example, local excise duty, rental income tax and VAT returns were migrated from Excel-based submissions to simplified web-based platforms, while digital payment options have been expanded to include EFT, RTGS, VISA, over-the-counter banking, and mobile channels such as USSD *285#.

In line with URA's digital strategy, the authority continues to strengthen automation, system integration, accessibility and service reliability to support faster and more convenient taxpayer services. Where concerns arise following upgrades, URA continuously engages stakeholders, monitors system performance, and implements improvements to address functionality gaps and enhance user experience.

How do transfers work?

Q Dear Commissioner,
What is the current process for transferring tax credit balances across different tax heads or periods, and has this changed recently?

A Dear Reader,
The process of utilising credits across different tax heads or periods has not changed. To utilise credits, a taxpayer should follow the steps below:

- Log in to your taxpayer identification number (TIN) account using your TIN and password.
- Navigate to the 'Payments' menu and select 'Credit Transfer'. You will be directed to a page where you can choose the type of transfer, such as:
  - Adjusting a tax period
  - Transferring between tax types
  - Transferring from one taxpayer to another
- Select the appropriate transfer details and proceed to submit the request.

Please note the following:

Certain credits, such as withholding tax and value-added tax/LED offsets, cannot be transferred across different tax heads through this process. These can only be utilised through a refund application.

Transfers across tax heads are generally only permitted where a payment was incorrectly made under the wrong tax head.

Has the process changed? Yes. Previously, taxpayers were required to formally write to URA requesting approval for credit transfers. The restored process now allows eligible transfers to be initiated directly through the taxpayer's online account.

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