

TAX

URA tax mediation faces scrutiny over delays in resolving disputes

ADR delivers significant tax adjustments, but persistent delays and questions about independence continue to challenge confidence.

Mediation.

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Uganda Revenue Authority's (URA) Alternative Dispute Resolution (ADR) system, designed to resolve tax disputes outside the courts, is facing renewed scrutiny over delays and concerns about its independence.

Delays remain the most common complaint among taxpayers and practitioners, who frequently debate the pace of ADR cases, with many arguing that timelines often extend beyond expectations.

URA, however, maintains that the situation is not as severe as it appears, pointing to internal data.

Between July 1, 2022, and June 30, 2025, URA received 6,823 ADR applications and resolved 6,204, according to official figures.

One challenge is that ADR regulations do not set statutory deadlines for completing cases.

In practice, timelines are influenced by the window within which taxpayers may escalate disputes to the Tax Appeals Tribunal. For the current financial year, URA has set a target of resolving ADR matters within 28 days.

"To meet this goal, we have increased the number of staff handling ADR matters and strengthened their capacity," says Catherine Donovan Kyokunda, URA commissioner legal and board affairs.

She notes that many disputes are highly technical, requiring detailed legal and factual analysis.

Oversight committee under scrutiny

Some delays are also linked to an internal review layer created by URA itself.

Known as the ADR Oversight Committee, the body was established to provide what officials describe as "quality assurance" over settlements reached during mediation.

By the time a case reaches ADR, a tax assessment has already been issued and reviewed by the objections team, which may have upheld part or all of the liability.

If ADR later determines that the tax should be significantly reduced, or even



vacated, URA says it must verify that such decisions are legally sound.

"We have an ADR oversight team dedicated solely to these matters," Kyokunda says. "They do not handle any other assignments, ensuring efficiency and effectiveness."

The committee comprises specialists from various departments, including legal, customs, tax investigations, and domestic taxes. Its role is to review ADR outcomes independently and ensure compliance with the law and internal procedures.

This additional review is partly driven by the significant adjustments often made during mediation.

URA's data shows notable reductions in tax liabilities after ADR. In the 2022/23 financial year, tax confirmed at the ob-

jection stage stood at Shs290.8b but dropped to Shs192.2b after ADR, a reduction of about 34 percent.

A similar trend was observed in the 2023/24 financial year, where tax confirmed at objection declined from Shs714.1b to Shs599.2b after ADR, a reduction of roughly 16 percent.

"These adjustments show that ADR is correcting issues and providing feedback to the objections process," Kyokunda says.

More recent figures indicate the same pattern. In the 2024/25 financial year, tax confirmed at objection stood at about Shs1 trillion but fell to approximately Shs929b after ADR, a reduction of around 12 percent.

URA says the oversight committee is expected to operate efficiently, with members working full-time to ensure reviews do not introduce further delays.

From the authority's perspective, this additional scrutiny helps ensure that significant adjustments made during ADR are justified while maintaining accountability.

Questions over independence

Despite these measures, concerns about independence persist.

URA says it has implemented structural reforms to address this issue. Until 2024, the ADR function was housed within the domestic taxes department. It has since been moved to the legal department to create greater separation from assessment and audit teams.

Although ADR cases may originate from departments such as domestic taxes, customs, or tax investigations, mediation is conducted by officers who were not involved in the original assessment or objection.

"The matter is reviewed by a different group of people who examine the facts and the law independently," Kyokunda said. "If there is a perception of lack of independence, we are open to feedback."

However, perception remains a difficult challenge.

For many taxpayers and legal practitioners, the issue is not only how ADR works in theory, but whether it can truly be seen as neutral while operating within the same institution responsible for tax collection.

Key figures

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URA defends ADR reforms and oversight measures, but taxpayers and practitioners remain concerned about prolonged case timelines and whether mediation within the tax authority can truly deliver independent, impartial outcomes.
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