

**BIRUNGYI
BARATA &
— ASSOCIATES —**

ADVOCATES, LEGAL & TAX CONSULTANTS

The Legal Brief

Strategy, Solutions, Excellence



Highlights

FOREWORD

By Birungyi Cephias Kagyenda

(Managing Partner)

As we come to the end of 2025 and look forward to the year ahead, Birungyi, Barata & Associates extends its sincere appreciation for your partnership and trust.

Every engagement, assignment, presentation, recognition, and milestone we have shared with you has made this year contributed and impactful.

We look forward to a year of transformation, innovation and more collaboration. With dedication and clarity, we remain committed to delivering efficient legal and tax

support even as the landscape continues to evolve.

This newsletter highlights key legislative amendments, notable tax decisions, and the firm's key achievements. BBA remains committed to providing the best services by offering strategy, solutions and excellence.

Cheers to a prosperous year ahead, filled with success, growth and new opportunities for your businesses.



Key Case rulings in
2025

Amendments in the
Law

The Transfer Pricing
Round Table 2025

BBA Trending
Engagements 2025

Notable Tax Decisions

International School of Uganda v URA (TAT 188 of 2024).

The Applicant, an educational institution, has, over the years, received income tax exemptions from the Respondent. The Applicant earned interest from fixed deposits on which Stanbic Bank withheld tax and remitted the same to the Respondent. URA issued an additional assessment against the Applicant of UGX 315 million, on the basis that withholding tax on fixed deposit interest is not final tax unless the interest arises from treasury bills or government securities.

The Applicant challenged the assessment on the basis that under Section 139(a) of the Income Tax Act, WHT on interest paid by a financial institution to an exempt organisation is treated as final tax, meaning no further liability arises. The Respondent contended that this finality applies only to treasury bills or government securities.

The Tribunal held that the Applicant was an exempt organisation within the meaning of Section 2 and that Section 139(a) explicitly covers interest paid by a financial institution to such an organisation. The Court also found that the WHT withheld was final tax and that URA's additional assessment was unlawful.

This decision confirms that exempt organisations receiving interest from fixed deposits are protected from further assessments once WHT has been properly withheld, strengthening certainty for NGOs and educational institutions.

Kalangala Infrastructure Services Ltd v URA (TAT 265 of 2022).

Kalangala Infrastructure Services Ltd issued a loan note to Nedbank Limited amounting to USD 12,000,000 to finance its projects on Bugala Island. Nedbank Limited raised USD 5,000,000 and engaged Emerging Africa Infrastructure Fund (EAIF), a company resident in Mauritius that provides long-term commercial debt to deliver inclusive and impactful infrastructure projects in Africa to finance the balance of the Facility. Nedbank Limited and EAIF, as joint noteholders, granted the Applicant a note issuance facility of USD 7,000,000 and USD 5,000,000, respectively, at an interest rate.

The Applicant paid interest on the loans to EAIF and Nedbank, and declared the said interest in the tax returns as exempt under Section 83(5) of the Income Tax Act.

The Respondent issued an assessment against the Applicant of Ushs. 1,284,961,527 for failure to withhold tax on the interest payment to EAIF for the period, which the Applicant challenged as the interest was paid to a financial institution of a public character outside Uganda and hence exempt per Section 83(5) (now 82(5)) of the Income Tax Act.

The Tribunal found that EAIF met the definition of a financial institution under the ITA, thus qualified as an institution of public character because its financing supported broad public infrastructure development across Africa. The Tribunal also found that the interest was paid outside Uganda and all statutory conditions for exemption were satisfied.

This decision provides a favourable precedent for infrastructure financing, clarifying that specialised international lenders can qualify under Section 82(5), thereby supporting Uganda's efforts to attract long-term development capital.

Yogi Steels Limited v. Uganda Revenue Authority TAT No.224 of 2024.

Yogi Steels Limited was granted approval under the duty remission scheme to import wire rods at 0% for a twelve-month period between 2023-2024. In reliance on this approval, the company purchased and shipped Wire Rods.

Before the expiry of the remission period in April 2024, the remission was revoked by Uganda Revenue Authority without any reasons being communicated, wherein Yogi filed an appeal before the Tribunal.

The Tribunal held that the revocation was procedurally improper and therefore unlawful, since the reasons for the revocation were not communicated at the time it was made in April 2024. The Tribunal was of the view that there has been an abuse of discretion which undermined the principle of administrative fairness and equal treatment.



This decision reaffirms that the exercise of discretion by government authorities must be conducted judiciously, fairly, and in a uniform manner. Where remission is granted through a gazetted legal notice, taxpayers are entitled to rely on it as creating legitimate expectations which cannot be arbitrarily withdrawn without due process and lawful justification.

Slunko Uganda Limited v Uganda Revenue Authority TAT No. 28 of 2025.

Slunko Uganda Limited appealed to the Tax Appeals Tribunal, challenging URA's interpretation of Section 22(1)(c) of the Income Tax Act, which imposes a 50% cap on deductible expenses against rental income. Slunko argued that certain items, such as Industrial Building Deductions (capital allowances) and losses carried forward from prior years, should not be subject to that cap. The dispute was brought before the TAT for interpretation.

The Tribunal held that the 50 per cent cap under Section 22(1)(c) is limited to expenses and deductions incurred in the same year of rental income. Capital allowances like the Industrial Building Deduction and losses remain deductible but are subject to the 50 per cent cap if they meet the criteria under S.22 ITA.

This ruling is the first on capping expenses related to rental income. Capital allowances incurred in the year of income are subject to S.22 and are capped at 50%; but losses that don't meet the criteria under S.22 (1) are not deductible against rental income.

Total Energies EP Uganda Vs URA TAT 131 of 2024.

The Respondent, during a transfer pricing audit, requested the Applicant to provide information to aid in the audit. The Applicant did not provide all the information as requested, and the Respondent issued a penalty assessment under the then Section 89QA (1) of the Income Tax Act for failure to provide the information sought within the stipulated time. The Applicant challenged the assessment.

The issue for determination was whether the Respondent had acted lawfully when it imposed a penalty under Section 89QA (1) of the ITA amounting to USD.100,000. The Applicant argued that Section 89QA of the Income Tax Act requires information to be provided only within timelines

“prescribed by the Act,” but the Act itself did not specify such timelines. The timelines prescribed in Section 49(A) of the Tax Procedure Code Act do not apply as Section 89QA (1) overrides them.

The Tribunal found that there was no conflict regarding the timeframe for supplying information to the Respondent. The Applicant repeatedly failed to comply with the Respondent's lawful requests for information within the timelines specified in the Respondent's letters. That the Respondent was justified in imposing a penalty of USD.100,000, which was within the range of USD.50,000 to USD. 500,000.

These ruling asserts that timelines in tax laws should be complied with and that penalties imposed were to ensure compliance and enforce strict adherence to tax obligations within the stated time frame.

Taxpayers should be aware that non-compliance with a request for information may lead to URA enforcing penalties as stipulated under the Act.

Kampala Club Vs URA Civil Appeal No.0115 of 2023,

This was an appeal from the decision of the Tax Appeals, where a VAT assessment was issued against annual subscriptions and club membership fees paid by the members of Kampala Club. was upheld.

The Appellant's main ground of appeal was that the Tribunal erred in law when it found that the annual membership fees paid by the Appellants' members were subject to VAT.

The court held that subscription fees function as a condition precedent to enjoyment of membership rights rather than consideration for a discrete service, and therefore the Tribunal erred in concluding that the subscription membership fee payable by the Appellant's members.

This case clarifies that leisure and recreational activities for social benefits do not amount to business activities for VAT purposes and that Membership/subscription fees for social or communal clubs are simply membership privileges and do not amount to services.



Case Law on Condominium Property

Shumuk Springs Development Ltd & ors Vs Bonney Mwebesa Katatumba & Ors HCCS 357 of 2009.

Shumuk bought property which comprised of condominiums from The Late Bonney. But the late Boney had already sold some of the condominium units to Virani and Peter Lule. Shumuk was claiming the entire building, which Virani and Peter Lule opposed, specifically for the units they had bought.

The court held that a building can be divided into discrete units capable of individual ownership, and the property is owned communally by the unit owners as tenants in common. Once the condominium titles are created, the parent title is closed and ceases to exist as an active and transferable title over the land as a single parcel.

This ruling is a significant legal victory for condominium owners. The court clarified that,

a) Once a condominium plan is registered, the original title ceases to exist as an active instrument. Thus, the proprietor of the original title cannot contract to sell on a void parent title, without terminating the condominium status via a unanimous vote of the unit owners.

b) A seller who has received full payment holds legal title as trustee for the purchaser until registration. The seller cannot resell to another party without rescinding the initial contract.

c) Third parties cannot be bound by contractual obligations they never consented to, even if the agreements purport to impose obligations on them.

d) Wrongful possessors are liable for mesne profits based on fair market rental value.

Legislative and Regulatory Updates

Amendments to Tax Laws:

Income Tax Act

1. Expanded exemption list

The Act was amended to introduce a tax exemption for startup businesses established by citizens, provided they have an investment capital not exceeding five hundred million shillings; they have not previously benefited from the exemption; and they file tax returns as prescribed. This exemption was intended to encourage entrepreneurship, support small and medium enterprises and stimulate innovation in Uganda.

2. Roll over relief broadened

Section 76(4) of the Act was amended to expand the definition of reorganisation to include transactions by any person (excluding individuals) to another person.

Previously, the provision was limited to transactions between companies. The proposal will allow other types of entities (such as partnerships, trusts, cooperatives, and associations) to qualify for reorganisation treatment.

The amendment will broaden tax relief eligibility for restructuring beyond companies, encouraging more business transformations.

Tax Procedures Code Act

1. National Identification Numbers (NIN) as Tax Identification Numbers (TIN)

Section 4 of the Act was amended to introduce the use of a National Identification Number as 'TIN' for individuals and for non-individuals' registration numbers to be issued by the Uganda Registration Services Bureau. This amendment also puts an obligation on local authorities or government institutions not to issue a license or authorisation to a person without a NIN or registration number.



This shift was intended to simplify tax registration by integrating it with national and business registration frameworks, ensuring automatic tax compliance without a separate TIN application. Unlike previously, where taxpayers were identified by a TIN, if a taxpayer doesn't have a TIN, at least they must have a NIN.

The amendment reflects a shift away from URA's standalone tax system, suggesting that the previous TIN model was ineffective in capturing all taxpayers, but questions remain on whether this new approach will solve compliance issues or create new enforcement challenges.

2. Waiver of Interest and Penalties

Section 47 of the Act was amended to provide for a waiver of interest and penalty outstanding as at 30th June 2024, where the principal tax is paid by 30th June 2026. Where part payment is made, the interest and penalty will be waived on a pro-rate basis.

This amendment was aimed at encouraging voluntary compliance by offering relief, helping taxpayers clear arrears without excessive financial burden in a recovering economy. Taxpayers are therefore incentivised to settle old debts, reducing long-standing liabilities.

3. Gaming /Betting Payment Gateway

Section 93 of the Act was amended to provide for a gaming and betting centralised payment gateway system and a penal tax for failure to use or integrate with the gaming and betting centralised payment

gateway system. The implication is that operators will be required to use a centralised payment system licensed by the Bank of Uganda and linked to URA and the National payment system; failure to do so will attract a penal tax (double the tax due or Ushs. 110,000,000).

The amendment is aimed at curbing illicit cash flows in high-risk sectors by ensuring all transactions are traceable. For operators, this amendment implies that they incur costs for system integration, and there will be reduced cash handling risks. This also means that the Government can monitor gaming revenue, minimising tax leakage in real-time.

Occupational safety and health (Amendment) Act No.20 of 2025

This Act came into force on 25th July 2025, amending the Occupational Safety and Health Act Cap 231. The amendment expands its scope of cover to all workplaces rather than only those with at least 20 employees.

The amendment also clarifies the categories of registered and licensed persons who can conduct safety and health risk assessments, it strengthens employers' duties regarding health surveillance and monitoring at workplaces, and introduces mandatory health risk assessments and audits, among others.

Employers are advised to ensure full compliance with the changes in the Law to meet the new statutory obligations.



In the News:

Digital Transformation

Electronic Fiscal Receipting and Invoicing System (EFRIS)

Effective 1st July 2025, the Uganda Revenue Authority expanded EFRIS obligations to 12 additional business categories, including: wholesale and retail of fuel, mining and quarrying, manufacturing, electricity, gas, steam and air conditioning, water supply, sewage, waste management, construction, real estate activities, professional, scientific and technical activities, arts and entertainment and recreation.

Taxpayers operating in these sectors are advised to ensure compliance with EFRIS requirements both to benefit from the allowable deductions provided for under the Income Tax Act and to avoid significant penalties that may arise from non-compliance.

Courts embrace technology: Strict adherence to ECCMIS

Courts have continued their shift towards digital processes, affirming ECCMIS as the primary mode of service of court documents, including pleadings and hearing notices. Once a document is uploaded and validated through ECCMIS, there is a legal presumption that all advocates linked to the file have received it, unless the recipient can prove system failure. This principle was reinforced in *Mulago Hill Diagnostics Ltd Vs Lydia Turyahumura & Anor CS 856 of 2018 and Visare (U) Ltd V Festus Katerega t/a Quick way Auctioneers & 3 Others MA 28 of 2023*.

The Rise of AI in the Legal Profession

With constant transformation, AI now supports a wider range of legal functions, from contract analysis and legal research to client risk assessments. It is important to note that while AI does not replace legal judgment, it has augmented the work faced in the profession daily.

Additionally, we see regulators and professional bodies begin to address the ethical and governance implications of AI-assisted legal work, underscoring the need for transparency, accountability and human oversight.

It is imperative that we embrace technology, AI transformation, but remember to maintain due care and duty to the Client through being innovative.

Automatic Exchange of Information

Uganda has formally strengthened its international tax cooperation framework through the implementation of the Convention on Mutual Administrative Assistance in Tax Matters and the enactment of the Mutual Administrative Assistance in Tax Matters (Implementation) Act, 2023.

This brings Uganda into the global Automatic Exchange of Information (AEOI) regime, enhancing transparency in the taxation of cross-border income and assets and as a result, undeclared offshore income, accounts and beneficial ownership structures will be visible to URA.

Taxpayers are therefore advised to regularise their tax affairs through voluntary disclosure via the URA portal.

BBA Key Highlights

Transfer Pricing Round Table

BBA hosted the two-day Transfer Pricing Roundtable on the 4th and 5th of November 2025 under the theme, *"Taxation in Transition: Navigating Transfer Pricing and Reforms in International Taxation"*

The event brought together leading experts, policymakers, tax administrators and industry practitioners to exchange knowledge, share insights, and discuss strategies for adapting to the rapidly evolving international tax landscape. The sessions explored documentation requirements, audit readiness, dispute resolution mechanisms, and lessons from recent court decisions, global and regional TP trends, BEPS and Pillar Two developments, and intercompany transactions, among others. Through practical case studies and panel engagements, participants gained clear insight into Uganda's TP framework, emerging risk areas, and compliance expectations. The Roundtable strengthened stakeholder dialogue and enhanced participants' capacity to navigate the rapidly evolving transfer pricing landscape in East Africa.

As transfer pricing continues to emerge as a central compliance priority, we expect this Roundtable and those to follow to play a pivotal role in shaping best practices and fostering constructive engagement among key stakeholders. We look forward to deepening these conversations in 2026 and beyond.

Special thanks to our esteemed speakers and participants.

Our Speakers



Donasia Massambo
Director,
Transfer Pricing Services,
Coretax Africa



Steve Okoth
Tax Director,
BDO Kenya



Jolly Mutesi Uhiriwe
Tax lawyer,
Uganda Revenue Authority



Vivian Adong
Manager, International Tax and
Transfer Pricing, URA



Edward Balaba
Tax Partner
MMAKS Advocates / ALN Uganda



Ann Barnshaw Kengaaju
Senior Associate Transfer
Pricing, BDO in Uganda



Maurice Agaba
Tax Manager,
Deloitte Uganda



John Jet Tusabe
Director Tax & Regulatory
Services, BDO in Uganda



Trevor Lukanga Bwanika
Associate Director,
PwC



Dr. Dan Ngabirano
Lecturer, School of Law
Makerere University (MUK)



Winnie Begumisa-Bakara
Advocate and Transfer Pricing
Practitioner, URA



Tonny Kalungi
Supervisor Appeals Litigation
Uganda Revenue Authority



Alfred Habaasa
Head, Tax Practice,
Redmond Associated Advocates



Mbekeka Vanessa Muneeza
Senior Tax Associate
AF Mpanga Advocates



Edwin Echiba
Tax & Legal Manager,
BDO in Uganda

A study on the Administration of Rental Income Tax and Property Rates

The Ministry of Local Government commissioned BBA to conduct a comprehensive study on the administration of rental income tax and property rates. The study analysed the legal and administrative frameworks of rental and property taxes, investigated assessment and collection processes, examined taxpayer behaviour to pinpoint inefficiencies and revenue leakages, and assessed the overall tax burden on commercial property owners. The approved report from the study outlines strategic policy options, including legislative and administrative reforms. These proposals aim to harmonise Uganda's property taxation system, enhancing efficiency, fostering sustainable revenue growth, promoting fairness, improving compliance, and ultimately stimulating increased investment in the vital commercial real estate sector.



Professional Recognition

2025 was a remarkable year for BBA, marked by continued recognition of excellence, leadership and influence.

1. Global Law Experts featured the firm's key engagements and highlighted our substantive contributions to shaping Uganda's tax practice, including our leadership in convening the transfer pricing round table.
2. IFLR 1000 recognised BBA in the Financial and Corporate category, recognising the depth of our advisory and transactional expertise.
3. Similarly, the World Tax Review once again ranked BBA highly at the ITR for both general corporate tax and transfer pricing, reaffirming the firm's position as one of the leading tax practices in the region.

The above recognitions reflect the trust placed in the firm by its clients and the dedication of the team at Birungyi, Barata & Associates.

Thought Leadership

The Managing Partner, Mr. Birungyi Cephas, featured as a speaker on the inaugural of the Tax Hub Podcast, where he discussed the implications of the Tribunal's ruling in the case of Sharad Karia V URA. This matter is currently on appeal.



In addition, Mr. Birungyi was the guest speaker at the inaugural of the Tax Nights, organised by the Tax Hub, an engaging event during which the BBA team participated in a tax-themed quiz. During the event, Mr. Birungyi was honoured by the team from the Tax Hub for his contribution to tax knowledge, mentorship and practice.



Training and Professional Development

BBA participated in several trainings, capacity building programmes, and knowledge sharing engagements throughout the year, further strengthening our expertise in different areas of legal practice

1. Our Managing Partner, Mr. Birungyi Cephas Kagyenda, participated in various engagements, including:

- A presentation at the ICPAU Practice Management Course, where he spoke about Building a Professional Services Firm.
- A panelist during the ULS Tax Symposium, addressing the topic “ADR, TAT Applications and Appeals”
- Presentation to Uganda Europe United Kingdom Association on the Automatic Exchange of Information of Financial Accounts Between States (The Convention on Mutual Assistance in Tax Matters)
- A Judge for the Inaugural CIARB Conference 2025

2. Ms. Jaquiline Aturinda was a panelist during the ULS tax symposium and shared about Key Recent Tax Decisions. She also completed an Executive Training in Air Law and Business, organised by Uganda Airlines in partnership with McGill University’s Institute of Air and Space Law.

3. Mr. Joseph Lobalang attended the Africa Law Tech Festival held in Nairobi, Kenya. The festival examined how transformative technology and global shifts are reshaping Africa’s law and technology landscape, the digital economy and how different industries are adapting to the changes, for example, ULII to search for cases, ECCMIS.

4. Our Partner Mr. Patrick Kabagambe, had the honour of presiding over the swearing-in ceremony of the newly appointed Uganda Veterinary Council. We congratulate all Council members on their appointment and wish them a successful tenure

These engagements reflect BBA’s continuing investment in strengthening its technical capacity, thought leadership, and professional excellence.



Corporate Social Responsibility

Our CSR commitments remained strong in 2025. This year we renewed and expanded our involvement in educational initiatives, community development programs, and health-oriented causes.

As part of these efforts, BBA supported a medical camp in Kabutemba, Gomba District organised by the Rotary Club of Bukoto through the Lutaya Dream Resource Foundation. This outreach provided critical medical services to underserved communities, reflecting our shared dedication to improving public well-being.

Our engagement goes beyond philanthropy; it is grounded in our belief in service, justice, and sustainable development beyond the confines of the office. It aligns with our broader vision of not just serving clients but contributing meaningfully to society and positive change in Uganda.



Employee Spotlight

Promotions

Congratulations to Ms. Linda Mugisha and Mr. Jonathan Rukikaire, who were promoted to Legal Associates. This is a testament to their growth and commitment.

New Hires

BBA welcomes Ms. Gloria Mainuka, Ms. Martha Mugabi as Legal Assistants and Mr. Arthur Emeje as the IT Support Officer to the firm.

Clerkship

BBA continues to have LDC students to gain practical experience in the legal field. This year, we were privileged to host Janet Kirabo, Solomon Tegu (LDC), Kampala and Gloria Atim.

Internship Students

BBA also hired internship students, and they included Arnold Rezida, Paul Taremwa, Joram Muzira, Fiona Ankunda and Florence Namugga.

Acknowledgement

BBA extends its sincere appreciation to all our clients and partners for the continued trust and partnership. We look forward to serving and working with you in 2026 and the years to come.

Wishing you a Prosperous 2026.

Disclaimer

The information contained in this newsletter is provided on an "as is" basis and is for general information purposes only. The firm, therefore, assumes no responsibility or liability for any errors or omissions in the contents of this newsletter as it is not a source of legal advice. If you need legal advice upon which you intend to rely in the course of your business/personal affairs, do not hesitate to contact our firm for the same.

Authors: Belinda Lutaya Nakiganda, Gloria Mainuka
Editor: Jacqueline Aturinda



2025 at a Glance

Trainings

**LIVE WEBINAR**



The URA Compliance Improvement Plan: Session 2



**Major Mutabaazi**
Senior Tax Manager
Forvis Mazars

**Ritah Nalubanga**
Tax Manager
Forvis Mazars

**Birungyi K. Cephas**
Managing Partner
Birungyi Barata & Associates

Topics

- Excise Duty Tax
- Value Added Tax (VAT) Expoures
- Suspicious Loans &

**Date:** 6 February 2025

Time: 10 am EAT

Link: <http://bit.ly/4jibSKG>

Meeting ID: 395 129 459 782

Password: su6Wh2qm



Trainings and Conferences



The BBA Transfer Roundtable 2025 - Day 1

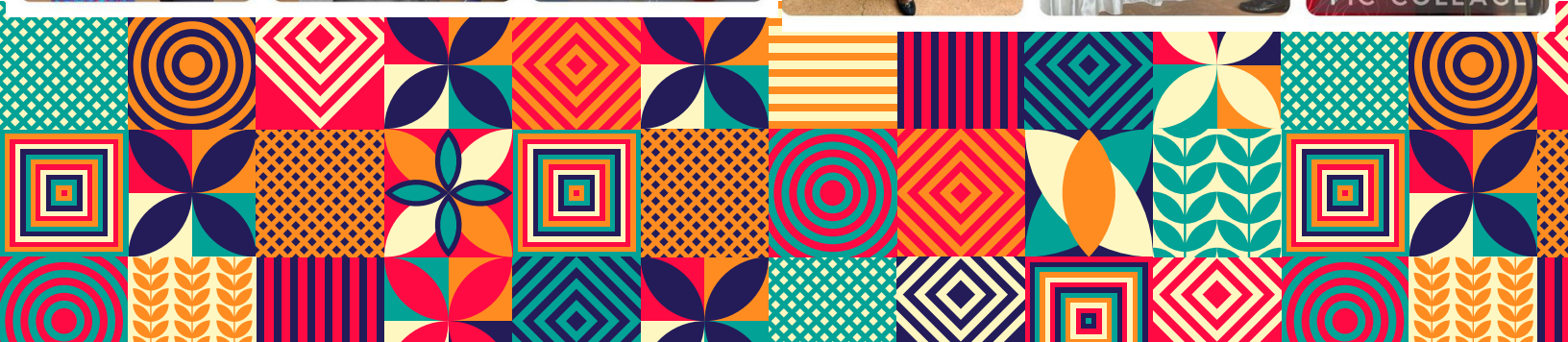
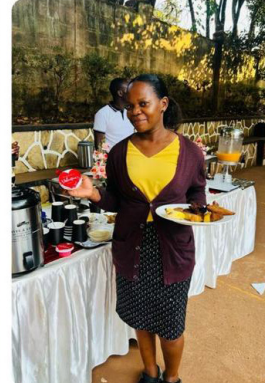


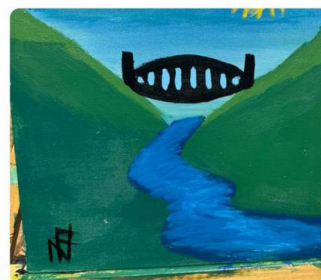
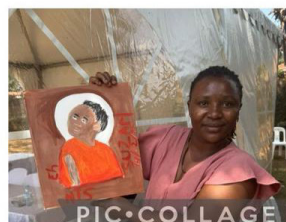
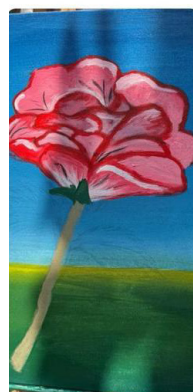
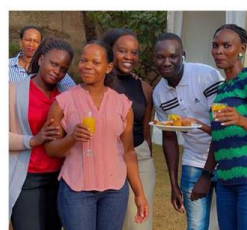
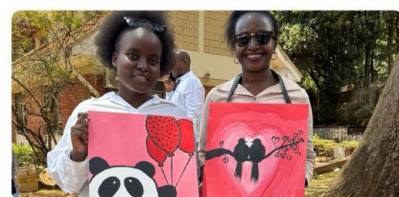
The BBA Transfer Roundtable 2025 - Day 2





Team Building









The Legal Brief

Strategy, Solutions, Excellence

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