

Uganda Duty Remission Tax Alert

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

Yogi Steels Limited is a Ugandan manufacturer of steel products, and was granted approval under the duty remission scheme to import 15,000 MT of wire rods at 0% duty for use in its export-oriented production for a twelve-month period of 2023/2024. In reliance on this approval, the company purchased and shipped a consignment of 527.9 Metric Tonnes of Wire Rods.

In April 2024, before the expiry of the remission period, the remission was revoked without any reasons being communicated and the Applicant subsequently filed an Appeal against this decision before the Tribunal.

The Respondent (URA) raised a preliminary objection contending that the matter was improperly before the Tribunal on the basis that the Council of Ministers was the only competent authority to grant or revoke duty remission under the EACCMA (Duty Remission) Regulations, 2008. It was therefore argued that URA bore no legal responsibility with respect to the Applicant's claim.

The Tribunal rejected the preliminary objection holding that the dispute was a tax matter, since the Commissioner Customs had reviewed it and communicated a decision by letter dated 1st July 2024. Jurisdiction was therefore properly conferred under Sections 229 and 230 of the EACCMA. Citing *Highlands Drinks Limited v. Commissioner Customs (Kenya)* and *Shana General Store Limited v. TRA (Tanzania)*, the Tribunal confirmed that duty remission disputes fall within the competence of national tax tribunals. It further held that the Respondent, as the implementing authority of the Council's decisions, was the proper party to the suit.

On the merits of the Application, 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 further held that the Council of Ministers and its agents, including the Respondent, could not without justification depart from the assurance contained in the Legal Notice of 5th June 2023, which granted the Applicant remission for twelve months.

In the Tribunal's view, there had been an abuse of discretion which undermined the principles of administrative fairness and equal treatment. This was contrary to the objectives of the Procedure Manual for the Application of Duty Remission Regulations, which requires that the scheme be applied uniformly and objectively to all importers.

Key Takeaways

1. The Tribunal's decision reaffirms that the adjudication of disputes on duty remission falls squarely within the purview of the Tax Appeals Tribunal under Sections 229 and 230 of the EACCMA.
2. It also underscores 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.

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