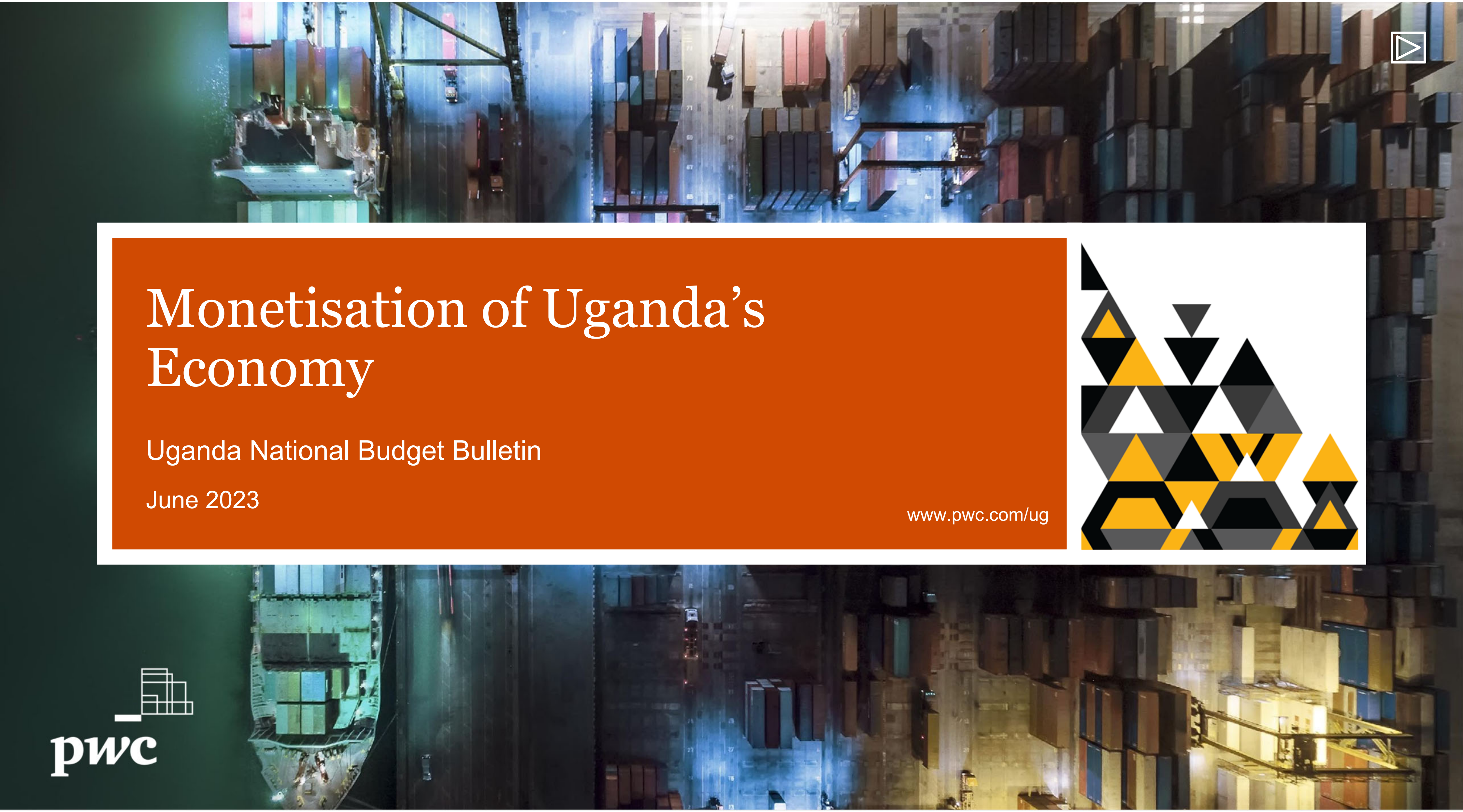


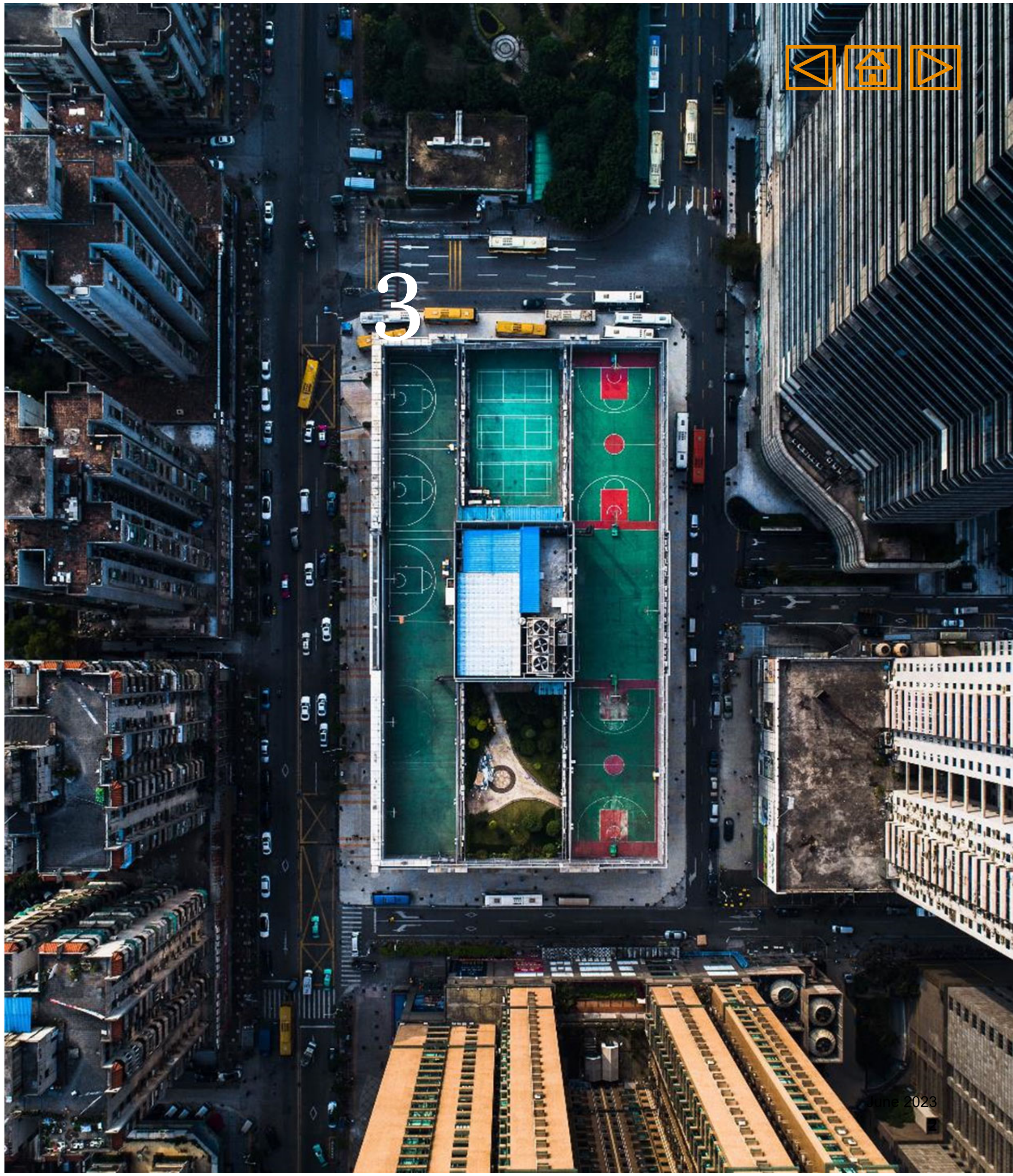
Monetisation of Uganda’s Economy

Uganda National Budget Bulletin

June 2023

www.pwc.com/ug

In this bulletin…



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The Economy

The Economy

Global

The Global Economy

According to the IMF World Economic Outlook (WOE, April 2023) the global economy is steadily recovering from the 3 year effects of the Covid-19 pandemic and the ongoing Russia Ukraine war. Inflation is dwindling and the food and energy prices are reducing compared to 2022 and 2021. The emerging markets and developing economies are progressing well compared to the more advanced economies which are experiencing slow growth although such prospects vary across regions.

The IMF projects that global economy will grow by 2.8% in 2023 and will rise to 3.0% in 2024 however there are indications of an overall slowdown in medium term growth forecasts. The five-year growth forecasts declined from 4.6% in 2011 to 3.0% in 2023. This is attributable to, among other factors, the slowdown in rapidly growing economies, the lasting impacts of the Covid-19 pandemic and less direct investment. Global inflation will decrease to 7.0% in 2023 which is steady decline from 8.7% in 2022 and is expected to average 4.9% by 2024.

Headline inflation has fallen in most economies in recent months due to the downturn in energy prices, even though food and services prices have continued to rise rapidly. However, core inflation – excluding food and energy – remains stubbornly high in many countries.

1 The vulnerabilities in the financial services sector have been exposed with the collapse of a few regional banks in the United States and the financial instability in the gilt market that the United Kingdom experienced in 2022. *

2 Annual consumer price inflation in the G20 economies is projected to decline from 7.8% in 2022 to 6.1% in 2023 and 4.7% in 2024, caused by lower energy and food retail prices, moderating demand pressures and lower supply bottlenecks. Core inflation is projected to be relatively high but will ease gradually towards target in the major advanced economies by the end of next year.**

3 Developing economies and emerging markets are progressing at a faster rate compared to advanced economies with growth rates ranging between 2.8% in 2022 to 4.5% in 2023.

** Source WOE 2023,*

*** The OECD Economic Outlook,2023*

The Economy

Sub-Saharan Africa

High inflation, global interest rates and elevated sovereign debts are expected to lead to a slow growth for the region for a second year in a row.

The region's economic growth is expected to decline to 3.6% in 2023 from 3.9% in 2022, however growth will accelerate to 4.2% in 2024 consistent with the overall global rebound/turnaround. Slow growth in key economies such as South Africa has further catalysed the situation.

The increased economic activity resulting from the global recovery from the effects of the war in Ukraine, the continued decline in global inflation and falls in crude oil prices are contributors to the growth expected in 2024.

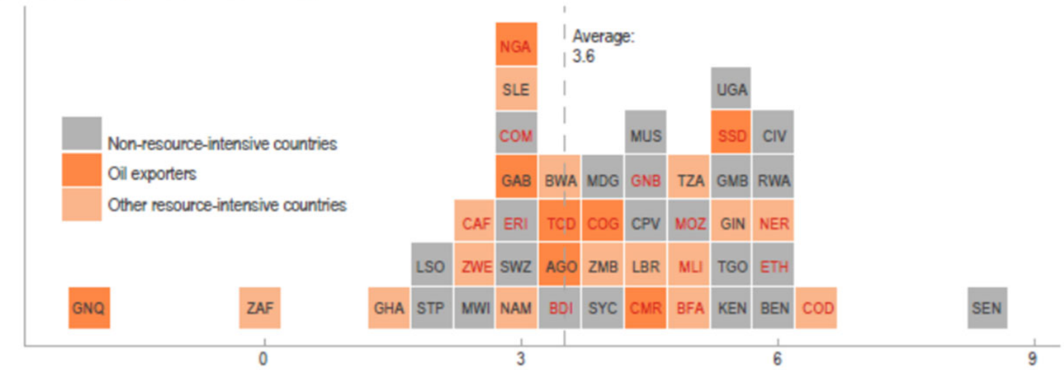
Inflation is projected to decline to 5% by the end of 2024, half of what was recorded at the end of 2022 but still higher than that of the pre-Covid period.

**Source: The International Monetary Fund, Regional Economic Outlook,*

Sub Saharan Africa, April 2023

Figure 4. Sub-Saharan Africa: Real GDP Growth, 2023

(Percent, fragile countries in red)



Source: IMF, World Economic Outlook database.
Note: See pages vi-vii for country acronyms and groupings.

Figure 6. Sub-Saharan Africa: Real GDP Growth, 2022-24

(Percent)

Source: IMF, World Economic Outlook database.
Note: See pages vi for country groupings.

Sub-Saharan Africa (cont'd)

South Africa & Nigeria

South Africa's growth is expected to suffer a decline to 0.1% in 2023 due to intensified power outages, a weak external environment and the carry forward of slowed growth from 2022.

The economy is expected to recover in 2024 with a growth acceleration of 1.8%, as the external environment improves and the energy crisis is resolved.

Nigeria's growth is forecasted to decline from 3.2% to 3.0% in 2024. The continued drop in crude oil prices and low production is the greatest contributor to this decline. Crude oil prices are expected to continue to fall by 6% in 2024.

3.1%

The growth forecast of oil exporting countries in Sub-Saharan Africa in 2024.

Tourism Dependent Countries

Easing of the Covid-19 restrictions, lifting of the ban on local and international air travel as well as savings accumulated during the pandemic have contributed to the increased tourist inflows thereby accelerating the income and eventual economic growth.

The above is however expected to be affected by high inflation and stringent financial conditions in tourist source countries therefore growth is projected at 5.1% in 2023.

The Economy

Uganda

FY 24 Focus areas

- Increased utilisation of agricultural finance by designing a strategy for Tier -4 institutions to access medium and long term finance from the Agricultural Credit Facility.
- Digital transformation – Development and commercialisation of ICT products and establishment and support of ICT incubation hubs
- To boost activities in the oil sector by completing the Inter-Governmental Agreement between Uganda and Tanzania and the Refinery agreements.

**Source: Background to the Budget, 2023*

Core Inflation is projected to meet the 5% target by the end of 2023

Uganda's GDP is projected to grow to 6.0% in FY 2023/24 which is a slight increase from 5.3% in FY 2022/23.

Growth is attributed to government initiatives such as the Parish Development Model, the surge in activities in the Oil sector following the final investment decision in 2022, growth in regional trade and rebound in the agricultural sector.

Annual headline inflation is projected to average 9.2% and 5.7% respectively for FY 2022/23 and 2023/24. This reduction is attributed to the reduction in energy, fuel, and utilities prices as well as the opening of the economy post Covid-19 which eased supply chain bottlenecks.

Uganda's annual headline inflation rate remained on the low side compared to its neighbours with the exception of Tanzania which maintained a rate below 5%.

The Economy

Uganda - Key Economic Indicators

Indicator	FY 2020/21	FY 2021/22	FY 2022/23 projected	FY 2023/24 budget
GDP at current market prices	UGX 148.3 trillion	UGX 162.8 trillion	UGX 185.6 trillion	UGX 205.7 trillion
GDP per capita (market prices)	$957	$1,043	$1,088	Not stated
Real GDP growth (constant prices)	3.5%	4.6%	5.3%	6%
Domestic revenue as % of GDP (including oil)	13.4%	13.4%	13.5%	14.4%
Fiscal deficit as % of GDP	9.0%	7.4%	5.1%	3.5%
Public debt as % of GDP	46.9%	48.4%	48.8%	Not stated
Annual headline inflation (average)	2.5%	3.4%	9.2% 9.5% (10 months) 8.0% (April 2023) 6.2% (May 2023)	5.7%

2

Fiscal Performance

Fiscal Performance

Budget in total

Outcome for FY 2022/23

The expected fiscal deficit has decreased slightly to UGX 9.5 trillion, being 5.1% of GDP (compared to the budgeted deficit of 9.8 trillion and 5.3% of GDP). This is largely due to the significant reduction in development expenditure which more than outweighs the increase in interest costs and domestic revenue shortfall.

Budget for FY 2023/24

Domestic revenue is targeted to increase by 18.8% from the FY 2022/23 projection and expenditure (excluding interest) to increase by 12.9%.

The planned deficit is UGX 7.2 trillion or 3.5% of GDP which reflects a healthy decrease from the current year and is in line with the Government's cap of 5% (and the EAC target of 3%). The consistent trend since FY2020/21 has been a decrease in the deficit and this has positive flow on effect in reducing the need for additional borrowing. The total resource envelope of UGX 52.7 trillion represents a 9.6% increase from the current year.

	FY 2022/23 Budget UGX bn	FY 2022/23 Projected UGX bn	FY 2023/24 Budget UGX bn
INCOMING			
Domestic revenue	25,551	24,978	29,672
Grants	2,169	2,186	3,072
Budget support	78	77	70
Project	2,091	2,109	3,002
Borrowing (= fiscal deficit)	9,753	9,482	7,205
Domestic (net)	5,008	2,411	1,885
External (net)	4,745	7,071	5,320
TOTAL INCOMING	**37,473**	**36,646**	**39,949**
OUTGOING			
Expenditure (excl interest)	32,118	29,829	33,671
Recurring	17,552	17,281	21,953
Development	14,268	12,289	11,718
Net lending/investment	298	259	0
Interest	4,692	6,047	6,062
Domestic arrears/other	663	770	216
TOTAL OUTGOING	**37,473**	**36,646**	**39,949**
Domestic debt refinancing	8,008		8,358
Domestic debt repayments			1,504
External debt repayments	2,412		2,639
Appropriation in aid (MDAs)	238		287
TOTAL RESOURCE ENVELOPE	**48,131**		**52,737**

Source: Background to Budget Tables 7.2-3 and 16; Budget Speech Annex 1

Fiscal Performance

Domestic revenue

Outcome for FY 2022/23

Better fiscal results were budgeted in the current year, premised on a post-Covid economic recovery and enhancements in tax administration, rather than new taxes. However, domestic revenue has continued to be adversely affected by subdued demand due to inflationary and other impacts from the Ukraine conflict. The projected shortfall against budget is UGX 573 billion or 2.2%, with the tax deficits mainly arising from withholding taxes, VAT, excise duty and international trade taxes (due to reduced transactions) and business income tax (due to reduced profitability).

	FY 2022/23 Target UGX bn	FY 2022/23 Projected UGX bn	Deficit UGX bn	Deficit %
Tax revenue	23,755	23,055	-700	-2.9%
Non tax revenue	1,796	1,923	127	7.1%
Oil revenue	0	0	0	
Total revenue	25,551	24,978	-573	-2.2%

While the revenue gap is at a similar level (albeit slightly less) to FY2021/22, the trend of increased overall tax collections continues with the projected tax revenue of UGX 23.1 trillion representing a UGX 2.7 trillion or 13.2% increment on the prior year.

Outlook for FY 2023/24

Domestic revenue for next year is budgeted at UGX 29.7 trillion, an increase of 18.8% over the current year projection.

	FY 2021/22 Actual UGX bn	FY 2022/23 Projected UGX bn	FY 2023/24 Budget UGX bn	Increase FY 2023/24 v. prior year %
Tax revenue	20,425	23,055	27,424	19.0%
Non tax revenue	1,405	1,923	2,248	16.9%
Oil revenues	0	0	0	
Total domestic revenue	21,830	24,978	29,672	18.8%
% of GDP				
Tax revenue	12.5%	12.4%	13.3%	0.9%
Domestic revenue	13.4%	13.5%	14.4%	1.0%

This will represent 14.4% of GDP, an increase of 0.9% against the current year projection of 13.5% and in excess of the targeted medium term annual increase of 0.5%.

The tax revenue target is UGX 27.4 trillion, an increase of 19.0%. A number of new income/withholding taxes planned for the year (such as those on digital services, capital gains and collective investment scheme distributions) were rejected by Parliament and this may have an adverse impact on the tax collection outcome. However the Government remains focused on continued implementation of the Domestic Revenue Mobilisation Strategy, including through improvements in tax administration, expanding the tax base and rationalising tax exemptions.

Fiscal Performance

Government spending

Programme allocations FY 2023/24

Total government spending for the coming year (including interest but excluding domestic arrears) is set at UGX 39.7 trillion, representing an increase of 7.9% compared to the current year's budget and an increase of 10.7% against the projected spend. This total represents 19.3% of GDP (the same ratio as for FY 2022/23).

Human Capital Development and Governance & Security retain their spots as the largest programme beneficiaries, with increases of 5.0% and 3.4% respectively. The Government's economic priority areas such as boosting household incomes (e.g. via Emyooya and the Parish Development Model), commercialising agriculture, supporting private sector growth, and enhancing infrastructure and technology are clearly reflected in a number of the increased allocations.

Interest continues its upward trend against the current year budget, now making up over 15% of the total spend. However the budgeted amount is only marginally higher than the actual projected interest cost for FY2022/23 (i.e. UGX 6,062 billion against 6,047 billion).

In the public sector, the Government plans to continue tight control and elimination of unnecessary expenditure, with specific limits on new motor vehicles and foreign travel.

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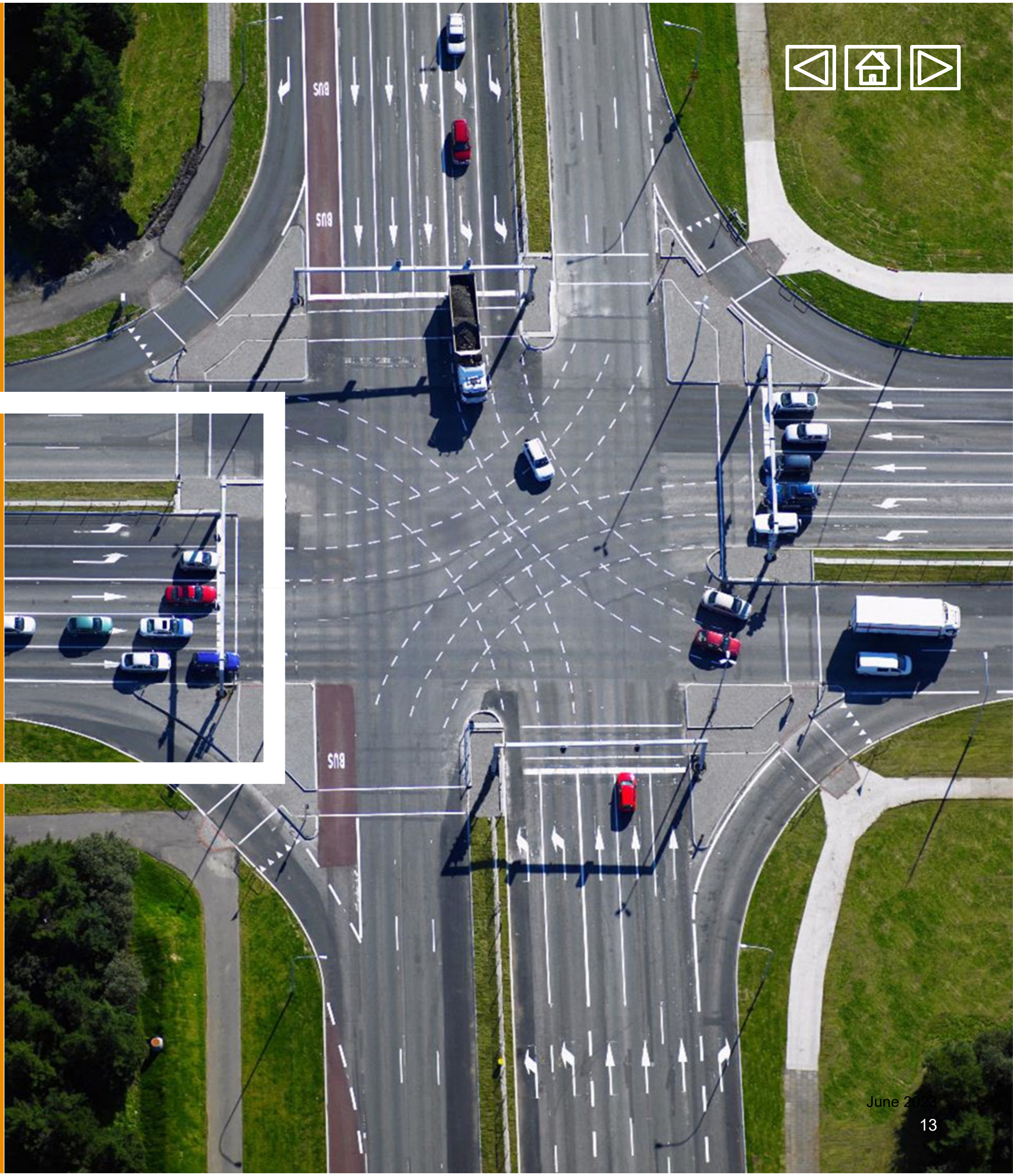
Programme allocations (excluding domestic arrears)

	FY 2022/23 Budget UGX bn	Share %	FY 2023/24 Budget UGX bn	Share %	Change from prior year %
Human Capital Development	9,124	24.8%	9,580	24.1%	5.0%
Governance & Security	7,423	20.2%	7,677	19.3%	3.4%
Transport, Infrastructure & Services	4,306	11.7%	4,493	11.3%	4.3%
Private Sector Development	1,607	4.4%	1,911	4.8%	18.9%
Agro-Industrialisation	1,419	3.9%	1,813	4.6%	27.8%
Development Plan Implementation	1,218	3.3%	1,804	4.5%	48.1%
Sustainable Energy Development	1,582	4.3%	1,343	3.4%	-15.1%
Legislation, Oversight & Representation	915	2.5%	946	2.4%	3.4%
Regional Development	1,187	3.2%	863	2.2%	-27.3%
Sustainable Urbanisation & Housing	369	1.0%	524	1.3%	42.0%
Sustainable Dvpmt of Petroleum Resources	864	2.3%	447	1.1%	-48.3%
Administration of Justice	400	1.1%	432	1.1%	8.0%
Climate, Nat. Resource, Environment & Water	617	1.7%	427	1.1%	-30.8%
Public Sector Transformation	209	0.6%	413	1.0%	97.6%
Innovation, Technology Dvpmt & Transfer	27	0.1%	257	0.6%	851.9%
Tourism Development	195	0.5%	248	0.6%	27.2%
Manufacturing	419	1.1%	219	0.6%	-47.7%
Digital Transformation	130	0.4%	192	0.5%	47.7%
Mineral Development	33	0.1%	47	0.1%	42.4%
Community Mobilisation & Mindset Change	74	0.2%	35	0.1%	-52.7%
Total (excluding interest)	32,118		33,671		4.8%
Interest	4,692	12.7%	6,062	15.3%	29.2%
Total (including interest)	36,810	100.0%	39,733	100.0%	7.9%

Source: Background to Budget Table 32, Budget Speech Annex 3

3

Tax Amendments



Tax Amendments

Introduction

In our Tax Watch issued in May, we set out the proposed tax changes that were contained in the 2023 Tax Bills. A number of these were rejected or withdrawn before enactment, and the Acts still await Presidential assent. Below we summarise the main changes.

Income Tax

Definition of a company

Unit trusts has been excluded from the definition of a company. This is meant to resolve the issue of taxation of unitholders where the URA has recently argued that distributions made to by a unit trust to its unitholders comprise a “dividend” in the hands of the recipient. This change confirms that the URA position cannot be upheld going forward.

Inclusions in property income

Winnings derived from sports betting and pool betting have been excluded from the definition of property income. Going forward, it appears that such winnings will be simply be treated as” other” property income. At the same time, the 15% withholding tax (“WHT”) on winnings from betting and gaming has been amended so that it no longer applies to gaming.

Tax exemption

The employment income of a prosecutor in the Office of the Directorate of Public Prosecution (“ODPP”) will be exempt from income tax. This change is meant to align the taxation of officers in the ODPP with other employees in the criminal justice system where tax exemption is already provided for officers in the police and prisons services and other specific security organisations.

Tax deductible expenditure

Interest capping

Interest capping for micro-deposit taking institutions and tier-4 micro-finance institutions has been removed. This means these financial institutions will be allowed a full tax deduction in respect of their interest expense. This is a welcome change that aligns the position with other financial institutions and brings equality in the financial services sector.

Removal of initial allowances

The 50% and 20% initial allowances granted on new eligible business assets and industrial buildings respectively have been removed. Government is seeking to increase revenue collection by reducing capital allowances, with the prior incentive to new business investment apparently being seen as no longer necessary.

Withdrawn proposals

The following proposals did not make it through to the final Acts:

- Introduction of a 5% WHT on the gross proceeds from the sale of assets.
- Restriction on full carry forward of tax losses to only five years, with a 50% reduction to available losses carried forward after five years.
- Imposition of a 5% and 15% WHT on profit distributions made to participants in collective investment schemes.
- Introduction of a 5% income tax on every non-resident person deriving income from digital services in Uganda.
- A number of proposals affecting the mining and petroleum sector.

Tax Amendments

Administrative Tax Measures

Tax Procedures Code Act

Tax identification number requirement

A local authority, government institution or regulatory body will require a tax identification number before it registers an instrument that is subject to stamp duty. This requirement will ensure that government widens that stamp duty base.

Clarification of order of payment

The order of payments by a taxpayer has been further clarified such that any payment against a tax liability will be applied first to the outstanding principal tax until it is fully paid up. The wording implies that this clarification will apply retrospectively. This is a very welcome change since it seeks to resolve the varying interpretations that the URA applies regarding the order of payments against tax versus penalties, often to the taxpayer's detriment.

Remission of unpaid tax

Currently, the Minister of Finance has the powers to remit tax that cannot be effectively recovered by reason of hardship, impossibility, undue difficulty or excessive cost of recovery. The power to waive any tax will now be exercised by the Minister subject to Parliamentary approval.

Waiver of interest and penalties

Any interest and penalty outstanding as at 30 June 2023 shall be waived where the taxpayer pays the principal tax by 31 December 2023. This change is meant to encourage disclosure and/or payment of outstanding taxes in the remainder of the current calendar year, while at the same time affording additional relief from the hardships caused by the Covid-19 lockdown. Partial payment of the principal tax by year end shall only enjoy a proportionate penalty waiver.

Restrictions on submitting information to the URA

A taxpayer will be restricted from providing additional information when objecting to a tax decision or during Alternative Dispute Resolution proceedings where they failed to provide such information upon a prior formal request for such information from the URA. However, the restriction shall not apply to a request for information that is more than three years old or which goes beyond the past three financial years.

New offences

The TPCA introduces the following new offenses:

- Unauthorised interference or tampering with a digital tax stamps machine subject , upon conviction, to a fine not exceeding UGX 100 million or imprisonment not exceeding ten years or both.
- Fixing tax stamps on wrong goods, brands or volumes, upon conviction subject to the same sanctions as above.

Tax Amendments

VAT

VAT Act

VAT on auctioned goods

VAT on auctioned goods will have to be charged by the auctioneer. This change means that the person auctioning goods will be seen as the supplier of the goods and as such will have the obligation to account for VAT. However VAT on the auctioning services supplied by the auctioneer will be accounted for separately.

Place of supply for non-resident suppliers of services

The place of supply rules for non-resident suppliers of services under section 16(2) of the VAT Act have been amended as follows.

A supply of specified services by a person who does not have a place of business in Uganda shall take place in Uganda if the recipient of the supply is a) not a taxable person; b) does not make supplies exceeding the annual VAT registration threshold of UGX 150 million; or c) a government entity that is not registered for VAT.

The specified services are essentially the same as currently set out in section 16(2), including the provision of electronic services.

For a private sector recipient making exempt supplies exceeding UGX 150 million p.a. (e.g. a bank), and liable to reverse-charge VAT on the relevant services, this would seem to confirm the position that such services are regarded as taking place outside Uganda.

Expansion of the definition of electronic services

Coupled with the above change, the definition of electronic services has been widened to mean services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda, including the following:

- Websites, web-hosting or remote maintenance of programs and equipment;
- Software and the updating of software;
- Images, text and information;
- Access to databases;
- Music, films and games; including games of chance;
- Political, cultural, artistic, sporting, scientific and other -broadcasts and events; including television;
- Advertising platforms;
- Streaming platforms and subscription based services
- Cab-hailing services;
- Cloud storage; and
- Data warehousing

The services per the last five bullets are newly added. Self-education packages were included on the prior list but have now been removed.

These amendments are aimed at ensuring that the specified services provided by non residents to non taxable persons, small businesses or unregistered government entities in Uganda are brought within the ambit of VAT.

Tax Amendments

VAT

Restrictions on input tax claims

There are new restrictions on the ability to claim a credit for VAT input tax as follows:

- Non-residents providing services which are deemed to take place in Uganda under section 16(2) (see above) will not be entitled to claim input VAT credits. This is an unwelcome and discriminatory restriction for non-residents who genuinely incur local VAT on supplies procured in connection with their Ugandan taxable activity.
- Input VAT incurred on membership in a club, association or society of a sporting, social or recreational nature will now be akin to entertainment for which a claim is not allowed. This amendment will remove the ambiguity that arose from classifying such items as health related expenditure as opposed to leisure.
- Claims for input VAT can only be made against the “related business generating a taxable supply”. This change is meant to ring-fence VAT claims to the specific business activity to which the expenditure relates and which is already generating taxable supplies. The requirement for a taxable person to identify/segregate its different business activities and allocate supplies between these activities is likely to raise many practical issues.

Option for non residents to file returns and pay tax in USD

Non-resident suppliers of services who have VAT filing and payment obligations in Uganda under section 16(2) will now be able to file returns and pay the respective tax in USD. This amendment may make it easier for such non residents to make their quarterly VAT declarations to URA.

Public International Organisations

The First Schedule of the VAT Act has been expanded to include ZEP-RE (PTA Reinsurance Company) as a public international organization. Such organisations are entitled to certain VAT reliefs

New exempt supplies

The following have been added as exempt supplies in the Second Schedule:

- The supply of animal feeds and mixed components such as eggshells, feed additives, wheat bran, maize bran, premixes, concentrates and seed cake
- The supply of billets for further value addition in Uganda.

Repealed exemptions

The following items have been removed from the list of exempt supplies and now attract VAT at a standard rate of 18%:

- Diapers
- Cotton seed cake
- Production inputs necessary for processing hides and skins into finished leather products in Uganda and the supply of leather products wholly made in Uganda
- Production inputs into iron ore smelting into billets;

Withdrawn proposals

Parliament rejected the proposed Bill amendment to remove the requirement for the Commissioner to obtain consent from a taxpayer to apply excess input credits above UGX 5 million against future tax liabilities. This indicates that a taxable person can still elect to carry forward excess input tax credits without being forced to apply for a refund.

Tax Amendments

Excise Duty

These changes are based on the Excise Duty (Amendment) Bill 2023 as the Act is yet to be issued. Certain changes proposed by the Parliamentary Finance Committee are not reflected but these included an extension of the 0.5% duty on cash withdrawals to those made through any digital or online technology and a Shs. 75 per litre fixed rate on mineral water if greater than the existing 10%.

Description	Comment
1. Definition of fruit juice	Introduction of a definition for fruit juice to mean unfermented liquid extracted from the edible part of a fresh fruit, whether the extracted liquid is diluted or not. Fruit juice is currently subject to excise duty at a rate of 12% or shs.250 per litre, whichever is higher.
2. Definition of un-denatured spirits	Introduction of a definition for un-denatured spirits to mean spirits that are not mixed with any substance to render the spirit unfit for human consumption. The definition now includes neutral spirits or alcoholic beverages made from neutral spirits that are fit for human consumption. Undenatured spirits are currently subject to excise duty rate of 60%, 80% or 100% depending on whether they are made from locally produced or imported raw materials.
3. Definition of Vegetable juice	Introduction a definition of vegetable juice to mean unfermented liquid extracted from the edible part of a vegetable, whether the extracted liquid is diluted or not.

Tax Amendments

Excise Duty

Paragraph	Excisable Good or Service	Duty rates		Comment
		2022/2023	2023/2024	
2	**Beer**			
2(d)	Opaque Beer	20% or Shs.230 per litre, whichever is higher	12% or Shs.150 per litre, whichever is higher	A reduction in the ad-valorem rate by 8% and a reduction in the fixed rate by Shs.80.
3	**Spirits**			
3(a)	Un-denatured spirits of alcoholic strength by volume of 80% or more made from locally produced raw materials	60% or Shs. 1500 per litre, whichever is higher	60% or Shs. 1500 per litre, whichever is higher	This excise duty category is amended to introduce a reference to the alcoholic strength of the undenatured spirits for ease of categorisation of spirits that fall under this paragraph.
3(b)	Un-denatured spirits of alcoholic strength by volume of 80% or more made from imported raw materials	100% or Shs. 2500 per litre whichever is higher;	100% or Shs. 2500 per litre, whichever is higher.	This excise duty category is also amended to introduce a reference to the alcoholic strength for un-denatured spirits whose raw materials are imported.
3(c)	Any-other un-denatured spirits			
3(c)(i)	Locally produced of alcoholic strength by volume of less than 80%;		80% or Shs. 1700 per litre, whichever is higher.	This is a new excise duty category for locally produced un-denatured spirits of alcohol strength of less than 80%.
3(c)(ii)	Spirits that are imported of alcoholic strength by volume of less than 80%.		100% or Shs. 2500 per litre, whichever is higher.	This is a new excise duty category for imported un-denatured spirits of alcohol strength of less than 80%.

Tax Amendments

Excise Duty

Paragraph	Excisable Good or Service	2022/2023	2023/2024	Comment
3(d)	Un-denatured spirits made from locally produced raw materials that are used in the production of disinfectants and sanitizers for the prevention of the spread of COVID-19 of alcoholic content by volume not less than 70%.		Nil	This is a newly inserted category aimed at boosting the production of disinfectants and sanitizers using locally made raw materials.
5	**Non-alcoholic beverages**			
5(b)	Fruit juice and vegetable juice, except juice made from at least 30% pulp or at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables locally grown	12% or Shs. 250 per litre, whichever is higher.	12% or Shs. 250 per litre, whichever is higher.	Narrowing of the excise duty scope to exclude fruit or vegetable juice that contains at least 30% juice by weight or volume of the total composition of the drink, made from fruits and vegetables locally grown.
5(d)	Any other non-alcoholic beverage locally produced other than a beverage referred to in paragraph (a) made out of fermented sugary tea solution with a combination of yeast and bacteria	12% or Shs. 250 per litre, whichever is higher.	12% or Shs. 150 per litre, whichever is higher.	Decrease in fixed rate by Shs. 100. Paragraph 5(a) refers to non-alcoholic beverages not including fruit or vegetable juice.
13	**Telecommunication services**			
13(g)	Incoming calls except calls from Republic of Kenya, United Republic of Tanzania, the Republic of Rwanda and the Republic of South Sudan	USD 0.09 per minute.	USD 0.09 per minute.	Extension of exemption to include incoming calls from the United Republic of Tanzania.

Tax Amendments

Excise duty Amendments

Paragraph	Excisable Good or Service	2022/2023	2023/2024	Comment
25(b)	Any other fermented beverages including cider, perry, mead or near beer produced from locally grown or produced raw materials;	30% or Shs. 550 per kilogram, whichever is higher.	30% or Shs. 550 per kilogram, whichever is higher.	The Bill seeks to include cider, perry, mead as fermented beverages in their own right rather inputs to other beverages.
26	Construction materials of a manufacturer, other than a manufacturer referred to in item 21, whose investment capital is, at least thirty-five million United States Dollars in case of a foreigner or five million United States Dollars in the case of a citizen;	NIL	NIL	Reduction of the investment threshold from USD 50 million to 35 million USD for non-residents and to USD 5 million USD for citizens.

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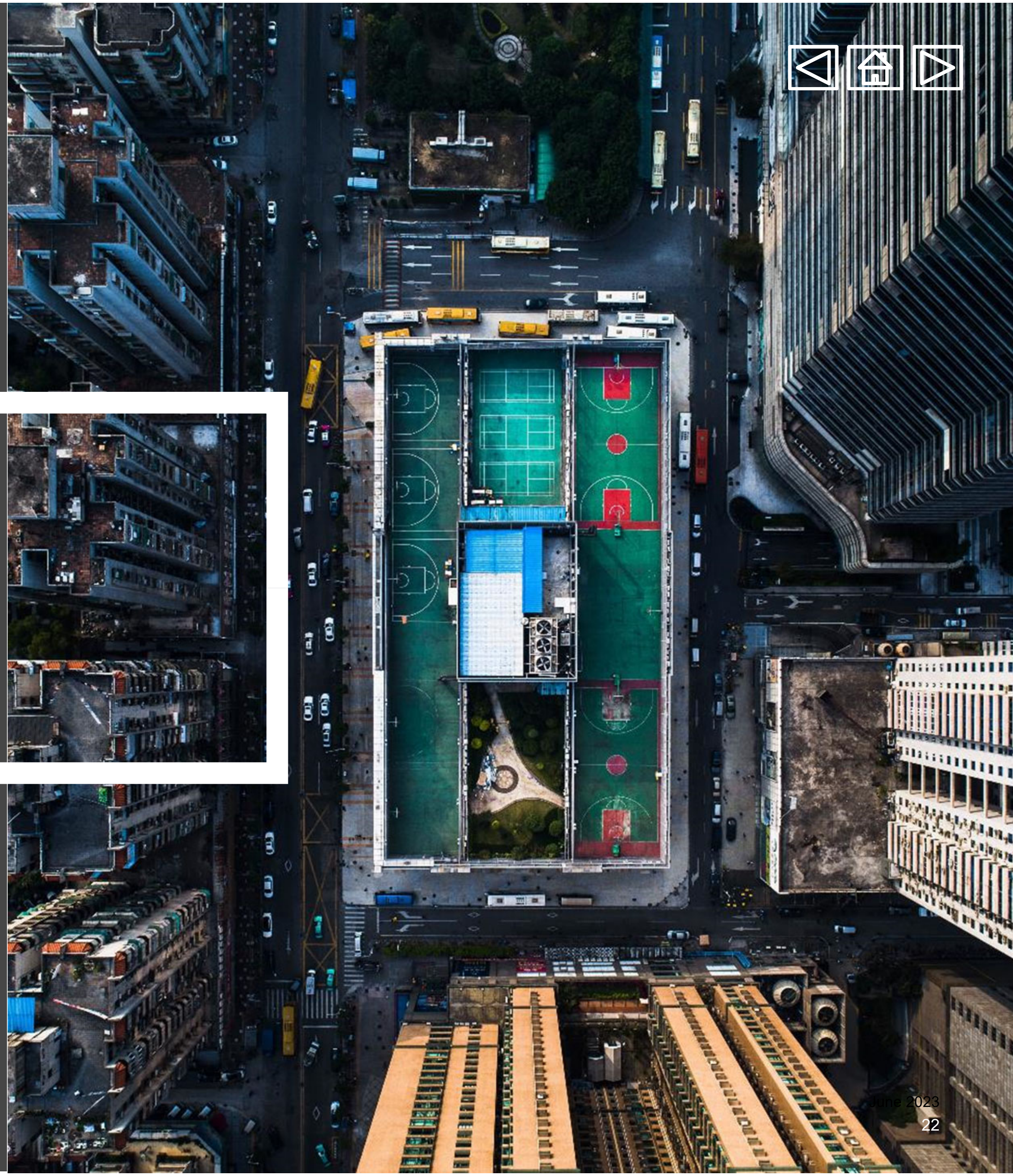

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