INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF LAW

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: LLB
YEAR/SEM: YEAR 4/SEMESTER 2
COURSE CODE: LLB 4209
NAME: REVENUE LAW AND TAXATION II (ELECTIVE)

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

This question is compulsory

Question 1:

1. Master Mixed Suppliers Ltd is a VAT registered taxpayer operating as a general commercial company in Uganda. During the month of March 2025, Master Assorted Suppliers Ltd made the following supplies

    a) Ug.shs245,000,000 from the sale of merchandise and other goods through its outlets;

    b) Ug.shs150,000,000 from the sale of a piece of unimproved land owned by the Company in Kitukutwe;

    c) Ug.shs43,000,000 for supply of protective gear for use by the employees of Muzo Construction Company, which is upgrading the Bwizibwera-Buhweju road using grant funding from the World Bank; and

    d) Ug.shs5,000,000 paid by its customers for issuance of shopping cards for use in making purchases from its outlets.

    During the same month, Master Mixed Suppliers Ltd paid for the following as inputs for their business:

    a) Ug.shs44,000,000 (inclusive of VAT) was paid as rent for the various outlets

    b) Ug.shs35,000,000 paid for purchase and transportation of protective gear from the Chinese manufacturer. VAT was paid upon import of the protective gear;

    c) Ug.shs1,750,000 was paid for hire of vehicles for distribution of goods to its various outlets. The amount paid for was exclusive of value added tax.

    Consider the information provided above and advise on the following:

    1) The treatment of the various supplies under the Value Added Tax Act;

    2) The value added tax payable for taxable supplies made in the tax period of March 2025;

    3) The input tax credit claimable for the tax period of March 2025; and

    4) The value added tax due for the tax period of March 2025.

Question 2:

1. Makanika Ltd is an engineering consultancy company conducting business in Uganda. The Company is VAT registered and for the month of March 2025, it made the following supplies:

    a) Ug.shs18,000,000 paid as consultancy fees for the conduct of feasibility study and design for a vehicle assembly plant. The establishment of the plant will cost about USD5,000,000 and the plant intends to use at least 80% locally sourced materials and labour;

b) Ug.shs25,000,000 as consultancy fees for project execution and supervision on behalf of various clients;

c) Ug.shs35,000,000 paid to the Company for welding machines;

d) Ug.shs5,000,000 paid for after sales maintenance services for the welding machines.

The Company made the following expenses during the month of March 2025:

a) Ug.shs5,000,000 paid as fees to a law firm for contract drafting. The payment was exclusive of VAT;

b) Ug.shs400,000 (VAT inclusive) paid for purchase of electricity units for use in its factory unit;

c) Ug.shs15,000,000 paid as salaries for their engineering consultants on various projects.

Consider the information provided above and advise on the following:

1) The treatment of the various supplies under the Value Added Tax Act;

2) The value added tax payable for taxable supplies made in the tax period of March 2025;

3) The input tax credit claimable for the tax period of March 2025; and

4) The value added tax due for the tax period of March 2025.

SECTION B

Answer at least one question from this section

Question 1:

1. You are intern attached to the Mazima Tax Law Clinic to help small and medium sized business with their tax questions. On 12th April 2025, you handled the following clients who were seeking your advice:

    a) Abahingi Grocers Limited is engaged in the business of exporting vegetables including green beans, cabbages and egg plants. In the month of March 2025, they exported vegetables for a consideration amounting to Ug.shs250,000,000 exclusive of VAT. During that month, they had paid Ug.shs29,450,000 as VAT on imports of agricultural machinery and fertilizer. The Managing Director, Jakaya thinks that VAT was wrongly paid and Abahingi Grocers Ltd should receive a refund. (8 Marks)

    b) Guma Limited recently started making standard rated supplies to the Zaabu MineCo Ltd, which is undertaking gold mining in certain parts of Western Uganda. For the period running from January 2025 to March 2025, Guma Ltd made supplies to Zaabu MineCo, and issued a tax invoice of Ug.shs100,000,000 inclusive of VAT. Guma Limited is interested in complying with its tax obligations and would like to know the amount of VAT payable to URA in respect of its supplies to Zaabu MineCo Limited. (7 Marks)

    c) Mercy Ministries International Limited is a faith based organisation providing vocational education (carpentry, catering, baking, etc) in Nakaseke district. As part of their operation, the Organisation sells relevant textbooks to students and also runs a student shop to sell instruments, equipment and tools for the various vocational studies. In January 2025, URA officials conducted an audit and forcefully registered the Organisation for value added tax. On 17th February 2025, URA issued an assessment for VAT on sale of instruments, equipment and tools by Mercy Ministries Limited in January. The Organisation feels that the assessment was erroneous and would like to have it reversed. (10 Marks)

Question 2:

1. Write short notes about the following:

    a) Distinction between tax liability and tax incidence for value added tax purposes. (6 Marks)

    b) Refunds of tax paid under the Value Added Tax Act, Cap. 344 (11 Marks)

    c) Taxation of a supply of goods as part of a transfer of a business as a going concern. (8 Marks)

Question 3:

1. As a member of the legal department at URA, you have been given the following case files to advise your supervisor and prepare a short brief on the appropriate action in the circumstances:

    a) Tech Superstars Inc. is a company incorporated in the US engaged in software development and update of software. Tech Superstars has no place of business in Uganda but you have received information showing that it has sold software and provides remote maintenance services to individuals. The aggregate supplies made during the months of July 2024 to February 2025 are Ug.shs56,000,000. Tech Superstars has never filed any return for VAT for these supplies made to individuals. (5 Marks)

    b) Weekend Entertainment is a VAT registered taxpayer. Due to their failure to file VAT returns for the months of November 2024 to February 2025, URA issued an administrative default assessment for VAT. Weekend Entertainment was dissatisfied with the assessment and have applied to the Tax Appeals Tribunal for review of the default assessment by URA. (7 Marks)

    c) Mashariki Realtors Ltd is a VAT registered taxpayer operating in the real estate sector in Uganda. The Company rents out various properties for commercial purposes. Upon review of the withholding tax returns filed by a purchaser in March, it has been discovered that Mashiriki Realtors Ltd sold a commercial building in Kisaasi for Ug.shs800,000,000. In the VAT return filed for March 2025, Mashariki disclosed the rental payments from their commercial buildings as the only sales made during that period. (5 Marks)

    d) On 17th January 2025, URA gave notice of its decision in response to an objection lodged by Mbaye Retailers Limited. On 20th March 2025, Mbaye Retailers Ltd's lawyers served URA with notice of an application for extension of time to apply for review of the objection decision. The documents show that the application was filed on 14th March 2025. From a quick reading of the affidavit accompanying the application sworn by the Managing Director, Loketo, he states that from 12th January 2025 to 15th March 2025, he was stranded in Eastern Democratic Republic of Congo due to the insurgence M23 rebels. During that period, he had no access to internet and he could not leave the region because of the instability. (8 Marks)

Question 4:

1. 1. Write short notes on the following aspects within the value added taxation regime:

    a) Salient differences between Zero-rating and Exemption of supplies (10 Marks)

    b) Levying of value added tax on electronic services in Uganda (8 Marks)

    c) The operation of the principle of neutrality under the value added tax regime (7

Marks)

Question 5:

1. Prepare brief notes on the decisions made in the following cases and their impact on the value added taxation regime in Uganda

    a) Akiiki Rwaheru & 13945 Other v Uganda Revenue Authority Court of Appeal Civil Appeal No. 98 of 2015 (8 Marks)

    b) Aviation Hangar Services Ltd v Uganda Revenue Authority Tax Appeals Tribunal Application No. 21 of 2019 (10 Marks)

    c) Sharad Karia v Uganda Revenue Authority Tax Appeals Tribunal Application No. 57 of 2023 (7 Marks)

SECTION C

Answer at least two questions from this Section

Question 1:

1. *"Value Added tax is an indirect tax. It is charged on every taxable supply without regard to the nature or location of the consumer, and it will always be paid by the Supplier"*, per Mutambuze LLB4.

Consider the above statement and discuss its accuracy in light of the provisions of the Value Added tax Act, Cap. 344 and the cases decided in Uganda. (25 Marks)

Question 2:

"1. *"Within the tax law, one can discern that the government's tax policy is hidden within the taxation or non-taxation of certain supplies: it is intended to promote investment in specific economic activities, support growth of some sectors and provide relief in certain circumstances."* Per Tax Policy Expert

With reference to provisions of the Value Added Tax Act, Cap. 344, discuss the incentive schemes created by the Government of Uganda to taxpayers. (25 Marks)

Question 3:

"Value Added Tax is a tax on consumption. It is not dependent on the nature or income of the supplier or the recipient of the supply." Per Bright Magezi, Tax Analyst and Expert

Critically analyse the above statement in light of provisions of the Value Added Tax Act, Cap. 344 relating to the imposition, collection and compliance with the payment obligation for value added tax in Uganda.

Question 4:

"*For every business, compliance with value added tax obligations is complicated. Now, what is EFRIS?, what do they mean by the filing returns and redress mechanisms?*" Per Faridah, Kikuubo trader

Citing the relevant sections and cases, write a comprehensive essay explaining to Faridah the VAT compliance obligations from registration to dispute resolution. (25 Marks)

Question 5:

'VAT is designed as a tax on final consumption. There are various provisions within the Value Added Tax, Cap. 344 which ensure that this intention is achieved. Courts must always be

mindful of this when interpreting VAT legislation.' Comment by Tax Law Expert on decision in Aviation Hangar Services v URA

With the aid of sections from the Value Added Tax Act, Cap. 344 and applicable case law, discuss the applicability of this statement in the Uganda VAT context.