

THE FINANCE BILL, 2004

MEMORANDUM

The object of this Bill is to provide for the alteration of certain duties, to amend certain written laws relating to those taxes and duties and for other related purposes.

GERALD M. SSENDAULA  
Minister of Finance, Planning and Economic Development

## THE FINANCE BILL, 2004

### ARRANGEMENT OF CLAUSES

#### Clause

1. Short title and commencement
2. Substitution of Second Schedule to the Finance Act 2003
3. Amendment of Parts 1 and 2 of the Third Schedule to Finance Act 2003 and Second Schedule to Finance (No. 2) Act 2002
4. Repeal of sections 7, 8, 9 and 10 of the Finance Act 2003
5. Remission of excise duty
6. Partial remission on specified products
7. Remission of import duty and excise duty on pharmaceutical products
8. Conditional remission of import duty and excise duty on raw materials
9. Specific rates to apply to imported products only
10. Amendment of Part IV of Fourth Schedule.

**A BILL for an Act**

**ENTITLED**

**THE FINANCE ACT 2004**

**An Act to provide for the alteration of certain taxes and duties, to amend certain written laws relating to those taxes and duties, and for other related purposes.**

Date of commencement: See clause 1(2)

BE IT ENACTED by Parliament as follows:

**PART I - PRELIMINARY**

**Short title and commencement**

1. (1) This Act may be cited as the Finance Act 2004.

(2) This Act shall be deemed to have come into force on 1<sup>st</sup> July 2004, except for sections 9 and 10 which are deemed to have come into force on 1<sup>st</sup> day of July 2003.

**PART II - AMENDMENTS TO FINANCE ACTS**

**Substitution of Second Schedule to the Finance Act 2003**

1. For the Second Schedule to the Finance Act 2003 there is substituted the provisions of the First Schedule to this Act.

**Amendment of Third Schedule to the Finance Act 2003 and the Second Schedule to the Finance (No. 2) Act, 2002**

2. (1) Parts 1 and 2 of the Third Schedule to the Finance Act 2003 and Part 1 of the Second Schedule to the Finance (No.2) Act 2002 are amended in the manner specified in the Second Schedule to this Act.

(2) The specific rates of excise duty of Shs. 28,800 per 1000 sticks applicable to tobacco products with H.S. Codes 2402.10.90, 2402.20.90, 2402.90.90 and the specific rate of excise duty of Shs.17,300 per 1000 sticks applicable on tobacco products with H.S. Codes 2402.10.10, 2402.20.10 and 2402.90.10 specified in Part 1 of the Second Schedule apply only to imported products.

**Repeal of sections 7, 8, 9 and 10 of the Finance Act 2003**

4. Sections 7, 8, 9 and 10 of the Finance Act 2003 are repealed.

**PART III - TAXES REMITTED UNDER THE EXCISE TARIFF ACT CAP. 174 AND THE CUSTOMS TARIFF ACT 1970.**

**Remission of excise duty**

5. (1) The excise duty payable under section 3 of the Excise Tariff Act by a manufacturer in Uganda of locally manufactured goods is remitted.

(2) The remission granted under subsection (1) does not apply to goods specified in Part 1 of the Third Schedule to this Act.

(3) Notwithstanding the rate of excise duty charged in respect of beverages, spirits and vinegar falling under chapter 22 of Part 1 of the Second Schedule to the Finance (No. 2) Act 2002, the rate of excise duty charged in respect of the manufacture in Uganda of wine, whose local raw material content, excluding water, is at least 75% by weight of its constituents, shall be the rate of 20%.

**Partial remission of duty on specified products**

6. (1) The import duty under the Customs Tariff Act and the excise duty under the Excise Tariff Act, payable by a manufacturer in Uganda in respect of the items with HS Codes specified in Part 11 of the Third Schedule is remitted to 7 percent and nil respectively.

(2) The remission under subsection (1) is granted on condition that-

- (a) the items are to be used as raw materials for the manufacture of products for which the manufacturer is registered for value added tax purposes; and
- (b) the manufacturer maintains premises, which are subject to customs control.

(3) A manufacturer who uses the items referred to in this section in contravention of a condition specified in subsection (2) shall pay the normal import duty and excise duty on those items and is liable to penalties specified in the Customs Management Act and the East African Excise Management Act.

**Remission of import duty and excise duty on pharmaceutical products**

7. (1) The import duty under the Customs Tariff Act and the excise duty under the Excise Tariff Act payable by a manufacturer in Uganda of pharmaceutical products or disposable syringes in respect of the items with HS Codes specified in Part III of the Third Schedule to this Act is remitted.

(2) The remission under subsection (1) is granted on condition that the Drugs Verification Committee established under the National Drug Policy and Authority Act must verify that-

- (c) the importer of the items is registered with the Pharmacy Board established under the Pharmacy and Drugs Act, as a manufacturer of pharmaceutical products or disposable syringes; and
- (d) the items are for use as packaging materials for pharmaceutical products or as raw materials for the manufacture of disposable syringes.

(3) A manufacturer who uses the items referred to in this section in contravention of any condition stated in subsection (2) shall pay the specified import duty and excise

duty on those items and is liable to applicable penalties specified in the Customs Management Act and the East African Excise Management Act.

**Conditional remission of import duty and excise duty on raw materials**

8. (1) The import duty under the Customs Tariff Act and the excise duty under the Excise Tariff Act, payable by a manufacturer in Uganda in respect of the items with HS Codes specified in Part IV of the Third Schedule to this Act is remitted.

(2) The remission under subsection (1) is granted on condition that-

(e) the items are to be used as raw materials for the manufacture of products for which the manufacturer is registered for value added tax purposes; and

(f) the manufacturer maintains premises which are subject to customs control

(3) A manufacturer who uses the items referred to in this section in contravention of a condition specified in subsection (2) shall pay the normal import duty and excise duty on those items and is liable to penalties specified in the Customs Management Act and the East African Excise Management Act.

**Specific rates to apply to imported products only**

9. The specific rate of excise duty of Shs.25,000 per 1000 sticks applicable on tobacco products with H.S. Codes 2402.10.90, 2402.20.90 and 2402.90.90 and the specific duty rate of Shs.15,000/- per 1000 sticks applicable on tobacco products with H.S. Codes 2402.10.10, 2402.20.10 and 2402.90.10 specified in Part I of the Third Schedule to the Finance Act 2003 shall be deemed to have applied to imported products only.

**Amendment of Part IV of Fourth Schedule**

10. The Finance Act, 2003 is amended in Part IV of the Fourth Schedule by inserting immediately after product 170 the following-

<b>"Product</b>	<b>H.S CODE</b>
<b>170 Other</b>	<b>7210.49 00"</b>

**Amendment of Schedule 1 to the Finance Act 2003**

11. The Finance Act, 2003 is amended in schedule I by inserting between the items "beer" and "sweets" the item "bread".