



Tax alert



The Uganda Revenue Authority Extends Tax Return Filing Deadlines in the Wake of COVID-19

In recognition of the situation regarding the impact of COVID-19 on the Uganda business community and Uganda Revenue Authority (URA) services, URA has put in place measures of a tax administration nature to support taxpayers in meeting their obligations during this unprecedented time. These include;

- 1) Extension of time within which to file tax returns;
- 2) Deferment of payments agreed upon by way of a Memorandum of Understanding;
- 3) Encouragement of use of online services;
- 4) Waiver of penalty and interest on voluntary disclosures; among others.

Detailed discussion

On 24 March 2020, URA issued a notice on business continuity measures amidst the COVID- 19 outbreak. These are detailed below;

Extension of return filing deadlines

In its notice, URA indicated that the tax payers whose accounting date is in September and are unable to file corporation income tax returns by 31 March 2020 have been granted an extension to file returns for a period of 2 months. That is to say, the deadline has been extended to May 2020.

Taxpayers whose returns for March 2020 are due by 15 April 2020 and are unable to file, are granted an extension to file of up to 30 April 2020. These returns are Value Added Tax, Pay as You Earn, Local Excise Duty, withholding tax returns and returns pertaining to taxes under the Lotteries and Gaming Act.

All penalties related to late submission of these returns shall be remitted if the returns are filed on or before the newly designated deadlines.

Deferment of tax payments under instalment arrangements to May 2020

Taxpayers who executed Memoranda of Understanding (MoU) and who have payments due in the months of March and April 2020 will have the option to defer and reschedule those payments. In the same spirit, the terms of the MoU will accordingly be restructured for the payments to resume in May 2020.

It is important to note that this deferment will apply to taxpayers whose businesses have been affected by Government Directives on COVID – 19 and who are unable to meet their obligations during the period.

Waiver of penalty and interest upon voluntary disclosure

A taxpayer who makes any voluntary disclosure during the months of March and April 2020 and pays the principal tax, shall have their penalty and interest remitted in accordance with the law.

Effective July 2019, Section 66 of the Tax Procedures Code Act was amended to the effect that the Commissioner has discretion to enter into an agreement for waiver of penalties and interest where a taxpayer makes a voluntary disclosure and agrees to settle the principal tax.

Border stations and Customs warehouses

All customs border stations and customs warehouses shall remain functional to facilitate movement and clearance of cargo subject to the Customs laws and guidelines.

Submission of physical documents using electronic channels

The URA encouraged taxpayers to utilise its online services and submission of physical documents through electronic channels. It will however be available to offer services that cannot be accessed online.

What this means for you

1. It is only the return filing deadlines that have been extended. Tax payment deadlines have not been extended.
2. It is important that tax returns are filed by their due date however, where this is not possible, the URA has provided for an extension of time within which to file the respective tax returns.
3. Individual income tax returns are to be filed within the timelines already provided by the law.
4. Taxpayers who executed MoUs, and whose businesses have been affected by the Government's directives on COVID -19 resulting into inability to meet their payment obligations should take note of the deferment period. Proof that the businesses were affected by the directives will be required to benefit from this deferment.
5. The notice provides an avenue to benefit from waiver of interest and penalty upon Voluntary disclosure in the months of March and April, 2020. However, it is important to note that this avenue was introduced in the law effective July 2019 however restricting it to the Commissioner's discretion.
6. Tax payers should utilise the online services and channels put in place by URA to minimise contact with other persons.

KPMG Uganda is available to assist with any matters that may arise as a consequence of the above and advise further.

Regards

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