Introducing Digital Tax Stamps in Uganda

URA is in the process of introducing a solution that shall adopt the use of Digital Tax stamps (DTS). The new stamps solution is part of URA's scheme to combat illicit trade, seal revenue leakages and boost collection and increased efficiency in managing taxpayer compliance. The solution sought is expected to enable manufacturers, distributors, retailers and consumers to conveniently verify and trace all specified goods throughout the distribution chain.

What are the challenges?

The solution sought is expected to enable the government address the following challenges;

1. Illicit trade and Counterfeit products - thereby protecting consumers against counterfeit products and safeguarding local manufacturers from unfair competition
2. Tax evasion and smuggling- usually arising from cross boarder transaction fraud
3. Inability to track goods right from the production lines and customs entry points (for excise taxable imports) to the final points of sale.

What are Digital Tax Stamps?

Digital Tax Stamps are physical paper stamp which are applied to goods or their packaging but in this case contain:

1. Security features and codes to prevent counterfeiting
2. Tamperproof features
3. Track and Trace capabilities to enable; consumers validate the stamp, traders and manufacturers track the product movement and government to monitor compliance of the product and stamp
4. Quick response code (QR code) that will allow distributors, retailers and consumers to use an app on their smart phones to verify the authenticity of the products.
5. Provision for online ordering and approval for delivery of stamps.

Who will benefit?

1. **Traders, manufacturers, importers, distributors and retailers.**
   a. They will be able to monitor the movement of their manufactured/imported goods easily through their phone or laptop by simply installing the application.
   b. They can also request at an instant a report of their daily, weekly, monthly or annual transactions which will significantly improve record keeping for these traders.
   c. Facilitate easy processing of VAT refunds and quicken return filing (auto population of returns)
   d. For the importer, the system will quicken customs clearing as the information would have been captured beforehand
2. **Consumers**

They will be able to verify the genuineness of the product and stamp by simply; looking out for the physical security features on the stamp and/or sending an sms of the reference number on the stamp to the URA and feedback shall be given with key details about the manufacture of the product.

3. **Government**
   1. Direct compliance action like tax education to appropriate taxpayer segments.
   2. Fulfill her mandate of protecting Ugandans against harmful products and counterfeits
   3. Raise additional revenue to finance service delivery

Which goods are affected?

1. All excisable goods
2. Other goods as gazetted by the commissioner

DOMESTIC TAXES MANAGEMENT