**REFUNDS**

**What is a refund?**

Refund is a repayment, reimbursement or compensation

* A *tax refund* is the difference between [taxes](http://www.investinganswers.com/financial-dictionary/tax-center/taxes-4567) paid and taxes owed. This may be as a result of taxes paid in error or in excess of tax assessed or due.

**Refund Process**

This is a process where a taxpayer claims money that was over paid to URA as tax.

**Why you would apply for a Tax Refund**

1. The process provides you with an opportunity to use the refunded money to offset a tax liability for any other tax head.
2. The refunded money can be used to increase the cash flow in your business operations.

**Caution**

* A refund of VAT and Local Excise can only be processed after filing the respective returns; whereas in the case of Income Tax and GPBT, you have to submit an application for a refund.
* Always provide original tax invoices for audit purposes for a first time application for a refund.

**Please Note:**

The following categories of taxpayers are entitled to VAT cash refunds because by virtue of their status no output tax is expected.

* An Investment trader may claim input tax deduction in respect of expenditure on inputs whether imported or locally procured, relating to the planned taxable business activities and that trader is entitled to a refund of the input tax on those purchases.
* Diplomatic missions, accredited personnel and public international organizations listed in the first schedule of the VAT Act, Cap 349, are also entitled to cash refunds.

***What is the difference between a refund, a rebate and an offset***

* Refund is a repayment, reimbursement or compensation
* Rebate is a discount, return or reduction (part refund)
* Offset is balance, counter balance or equalizer

**Who qualifies for a refund**?

* + **ALL COMPLIANT TAXPAYERS**.
  + Claims as a result of a decision of High court, TAT or Court of appeal

**VAT REFUND**

## **What are the Circumstances under which VAT is refundable**

* When input tax is greater than output tax
* When a tax payer pays more than what is supposed to be paid.
* When there is proven bad debt;
  + Should have been outstanding for at least 2 years and
  + Secondly, necessary steps should have been taken to recover the money to no vial
* When one loses the stock through fire, burglary and any other proven methods
* VAT refund to privileged persons. e.g diplomats and diplomatic missions. These must show proof of VAT paid and each individual expenditure should be exceeding 50,000.

The refund in case of monthly return is paid within thirty (30) days beyond which interest accrues.

**INCOME TAX REFUND**

Apply for any income tax (PAYE/Corporation tax) refund by visit the URA website, click on download manual forms<> domestic folder<> refund folder), print out and then manually fill it and deliver it to your tax office with the attach proof of payment.

## **What are the Circumstances under which an income tax refund may occur**

* When the tax payer has paid taxes exceeding his tax liability.
* Where his provisional tax paid is greater than the final tax assessed.
* Where the withholding tax paid is greater than his tax liability.

**Step by step guide on how to apply for an Income Tax Refund**



**ORDINARY VAT REFUND**

**What is a requirement for an ordinary VAT refund.**

Duly filled and signed Tax Refunds Return Form– DT – 2031. A taxpayer can only request for a refund if the amount is above 5 million Uganda shillings.

**Please Note:**

A VAT refund can be claimed through a provision included on the VAT return form.

1. Where URA has delayed to process your tax refund without any justification, you are entitled to an interest on the refund amount of**2% per month**simple interest for VAT. This commences from the end of the **30 working days** during which the refund is processed.
2. You must tick cash refund on the VAT form to claim the refund.
3. A refund audit will be conducted if you are a first time applicant;
4. If you are in a cash refundable position, the money will be deposited onto the declared bank account declared in URA;
5. A person may claim a refund for the output tax paid in excess of the amount tax due for a tax period. This may arise as a result of :-

a) A taxable person’s input tax credit exceeding his or her output tax for that period, where he or she applies for a VAT refund through the monthly return

b) An objection decision

c) A decision of Tax Appeals Tribunal or High Court.

d) Loss of Goods in Stock, CG may grant a refund for the input tax paid on such goods.

e) Bad Debts,*subject to S.43 (1)*

f) Export / Zero rated goods

g) Purchases By Diplomats/diplomatic missions and international organizations.

However, where the amount of the excess input tax credit is less than 5 million, except for ***persons mainly dealing in zero rated supplies,***CG shall offset that amount against the future liability of the taxable person.

The claim shall be made in a return within **three years**after the end of the tax period in which the tax was over paid.

**User guide**

**Step by step guide on how to apply for VAT Refund**

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**What is a diplomatic VAT refund**

​This is a process where Diplomats /Diplomatic missions claim a refund of money paid as VAT on all their expenses made in Uganda.

Such a refund is given to only the privileged persons and these include; Diplomats, Diplomatic missions e.g. embassies and entities listed in the first schedule of the VAT Act.

**Expected Delivery Time**

URA will acknowledge receipt of your refund application**'Instantly'** upon submission and will notify you about your application status within **10 working days**after receipt of all the necessary information and evidence for the refund.

**Cost of the Service:** **FREE**

**What are the requirements for getting a diplomatic VAT refund**

1. Diplomats/ Diplomatic missions must show proof of VAT paid on all expenses and each individual expenditure should be exceeding 50,000/- Uganda Shillings.
2. ​The total value of transactions for any claim period shall not be less than 200,000/= Uganda Shillings, excluding tax.
3. The Organization/diplomatic mission must be listed in the First schedule to the VAT Act or must provide evidence of entitlement to relief in terms of a valid agreement with the government of Uganda.
4. Diplomatic missions or accredited personnel may be required to provide evidence of entitlement to relief by producing the official card issued by the Ministry responsible for Foreign Affairs.

* The diplomatic mission or accredited personnel shall produce evidence of procurement and of payment of the tax. Supporting documents/records may include; File of original tax invoices and receipts
* Invoices & receipts generated by cash register machines shall be authenticated in form of a stamp from organization or embassy.
* Copy of identity card.

**PLEASE NOTE**: The process for diplomatic refund starts by the diplomatic mission filling a diplomatic VAT return online using return template: DT-2032. (Follow step by step of filling a diplomatic return) The bank details are mandatory.

**Step by step guide on how to apply for a Diplomatic VAT Refund**

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To be eligible for the refund the following requirements should be submitted to the office of jurisdiction;

1. Printed forms for the return Submitted
2. Original and duplicate invoices
3. Copy of the diplomatic Identifications

**PLEASE NOTE**: For a diplomat to be eligible for refund refer to the VAT act section 45 and regulations 7.

**What are OTHER REFUNDS**

## **Non-Tax Revenue refund**

This is a process where a taxpayer claims money that was paid in excess or error at payment registration as fees collected by URA on behalf of other government Ministries/Departments/Agencies.

The taxpayer is supposed to show evidence of payment of such funds, e.g the payment registration slip.

**Please note:** The processing of the NTR refund shall only commence after submission of the necessary information.

* Double payments: - These refunds are a result of a taxpayer paying for a tax more than once. This can be due to: -
* mistake in registration of payment i.e. wrong figure, wrong TIN, wrong tax head, wrong name
* Double payments in customs duties i.e. two assessments
* Wrongful/erroneous withdrawal using third party agency notice e.g. from banks
* Registration of a wrong tax head i.e. excise duty instead of stamp duty
* Wrong customs assessments
* Exempt parties or organizations charged unknowingly
* Court rulings

## For **other tax types**, the refund process is manual.

Apply for other refunds by downloading Form DT-3008 (visit the URA website, click on download manual forms<> domestic folder<> refund folder), print out and then manually fill it and deliver it to your tax office with the attach proof of payment.

Others types may include

* Stamp Duty
* Motor Vehicle
* Driving Permit
* Other NTR payments

The refund for these taxes will majorly occur when the tax payer has paid more taxes exceeding his tax liability.