

## Uganda Tax Case Brief No. 001

### Uganda Revenue Authority v Rabbo Enterprises (U) Ltd & Another

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**Publication Date:** 20 May 2026

**Series:** *Uganda Tax Case Briefs – Simplifying Tax Jurisprudence for Taxpayers*

**Citation Recommendation:**

Nandeeba, J. (2026). *Uganda Tax Case Brief No. 001: URA v Rabbo Enterprises (U) Ltd & Another – Jurisdiction in Tax Disputes.*

**Area of Tax Law:** Tax Procedure | Customs | Jurisdiction | Tax Appeals Tribunal

**Court:** Supreme Court of Uganda

**Decision Date:** 10 July 2017

**Citation:** Civil Appeal No. 12 of 2004

**Status:** Leading authority on jurisdiction in tax disputes

#### 1. The Big Question

**Can a taxpayer bypass the Tax Appeals Tribunal and file a tax dispute directly in the High Court?**

#### 2. Quick Answer

**No—where the dispute is fundamentally a tax dispute, the taxpayer must first proceed through the Tax Appeals Tribunal before approaching the High Court on appeal.**

The Supreme Court held that the High Court's unlimited original jurisdiction under Article 139 of the Constitution is exercised **subject to other constitutional provisions**, including Article 152(3), which provides for tax tribunals to settle tax disputes.

### 3. Facts of the Case

Rabbo Enterprises (U) Ltd and Mt. Elgon Hardwares Ltd imported cement into Uganda.

URA concluded that taxes remained unpaid and exercised statutory powers to:

- seize imported goods; and
- impound commercial trucks linked to the imports.

The taxpayers argued that:

- all taxes had already been paid; and
- URA's seizure and detention of their goods was unlawful.

They sued directly in the High Court seeking:

- recovery of goods; and
- compensation for losses suffered.

The High Court declined jurisdiction and held that the matter ought to have first been taken to the Tax Appeals Tribunal.

### 4. Taxpayer's Argument

The taxpayers argued that:

- the dispute was **not a taxation decision**;
- the complaint related to **illegal seizure**, which constituted an ordinary civil wrong (tort);
- Article 139 of the Constitution gives the High Court unlimited original jurisdiction;
- therefore, taxpayers could choose either:
  - the Tax Appeals Tribunal; or
  - the High Court directly.

### 5. URA's Argument

URA argued that:

- seizure was merely an enforcement mechanism arising from an underlying tax assessment;
- customs laws authorize URA to impose liens and detain goods for unpaid taxes;

- the dispute remained a tax dispute because determining legality of seizure required first determining whether tax was due;
- tax disputes must begin at the Tax Appeals Tribunal.

## 6. Issues Before the Supreme Court

The Court considered two key questions:

1. **Was the seizure of goods an ordinary tort or a tax dispute?**
2. **Does the High Court retain original jurisdiction over tax disputes?**

## 7. Decision of the Supreme Court

The Supreme Court allowed URA's appeal.

It held that:

### **(a) Seizure arising from tax enforcement remains a tax dispute**

The Court reasoned that the seizure originated from URA's statutory powers to enforce collection of taxes.

Before determining whether seizure was lawful, one had to determine whether tax was actually owed.

That question falls squarely within tax administration and tax adjudication—not tort law.

### **(b) Tax disputes must begin at the Tax Appeals Tribunal**

The Court interpreted Article 139 together with Article 152(3) and held that tax tribunals were constitutionally created specifically to settle tax disputes.

Therefore:

Tax disputes should first be lodged before the Tax Appeals Tribunal and only proceed to the High Court on appeal.

## 8. Tax Principle Established

### **Jurisdiction follows the substance of the dispute—not the label.**

A taxpayer cannot transform a tax dispute into an ordinary civil claim merely because enforcement action (such as seizure) has occurred.

**Author's Note:** This brief is an educational summary and commentary on a decided case of the courts of Uganda. It is not legal, tax, or professional advice and should not replace reading the full judgment or obtaining professional guidance.

Where resolution depends on determining tax liability, assessment, or enforcement under tax law, the dispute belongs first before the Tax Appeals Tribunal.

## 9. Practical Lessons for Taxpayers

### If URA issues:

- ✓ an assessment
- ✓ demand notice
- ✓ enforcement action
- ✓ customs detention
- ✓ seizure connected to unpaid tax

Do not automatically file in the High court.

First assess whether the matter qualifies as a **tax dispute requiring review through the Tax Appeals Tribunal process.**

Filing in the wrong forum may result in dismissal and additional costs.

## 10. Key Legal Provisions Referenced

- Constitution of Uganda — Article 139
- Constitution of Uganda — Article 152(3)
- Tax Appeals Tribunal Act — Sections 14 and 27
- East African Customs and Transfer Tax Management provisions on liens and seizure (now East African Community Customs Management Act (EACCMA))

## 11. Commentary

This decision significantly strengthened the institutional role of the Tax Appeals Tribunal in Uganda's tax dispute resolution framework. It shifted emphasis from the broad wording of High Court jurisdiction toward specialized adjudication of tax matters and remains highly relevant for procedural tax litigation.

### About the Author

Julius Nandeeba is a tax educator and writer with experience in tax administration and financial sector taxation. The views expressed in these briefs are personal and intended solely for taxpayer education.

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