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**ACTS**

**SUPPLEMENT No. ....**

**....., 2019**

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**Act**

*The Excise Duty (Amendment) Act*

**2019**

**THE EXCISE DUTY (AMENDMENT) ACT, 2019**

**ARRANGEMENT OF SECTIONS**

*Sections*

1. Commencement
2. Amendment of section 2 of the Excise Duty Act, 2014
3. Substitution of Part III of principal Act
4. Amendment of section 15A of principal Act
5. Amendment of Schedule 2 to principal Act



**THE EXCISE DUTY (AMENDMENT) ACT, 2019**

**An Act to amend the Excise Duty Act, 2014; to amend Part III of the Act to provide for registration of manufacturers, importers and providers of excisable goods and services and to prescribe the interest rate payable on unpaid excise duty.**

DATE OF ASSENT:

*Date of Commencement:*

BE IT ENACTED by Parliament as follows:

**1. Commencement**

This Act shall come into force on 1st July, 2019.

**2. Amendment of section 2 of the Excise Duty Act, 2014**

The Excise Duty Act, in this Act referred to as the principal Act, is amended in section 2 by inserting immediately after the definition of “cigarette” the following—

“citizen” means—

- (a) a natural person who is a citizen of a Partner State of East African Community;

- (b) a company or a body of persons incorporated under the laws of a Partner State of the East African Community in which at least fifty-one percent of the shares are held by a person who is a citizen of a Partner State of East African Community;”

### **3. Substitution of Part III of principal Act**

The principal Act is amended by substituting for Part III the following—

“PART III—REGISTRATION OF MANUFACTURERS, IMPORTERS AND PROVIDERS OF EXCISABLE GOODS AND SERVICES.

### **5. Registration of manufacturers, importers and providers of excisable goods and services.**

(1) For the purpose of facilitating the administration of excise duty, a manufacturer, importer or provider of excisable goods and services other than retailers shall apply for registration and the registration of the premises in which the manufacture, provision or dealing in excisable goods or excisable services, other than retailing takes place.

(2) The application under subsection (1) shall be in a form prescribed by the Commissioner.

(3) The Commissioner may, within one month after receiving the application under subsection (1), register or refuse to register a manufacturer, importer or provider of excisable goods and services or the premises in which the manufacture, provision or dealing in excisable goods or excisable services takes place.

(4) The Commissioner may require the applicant to meet specified conditions before registration of the applicant or the premises.

(5) The Commissioner may issue a certificate of registration, with or without conditions.

(6) Where the Commissioner refuses to register the applicant or the premises, the Commissioner shall give reasons in writing for the refusal within one month referred to in subsection (3).

(7) Where the Commissioner registers a manufacturer, importer or provider of excisable goods and services or premises under this section, the Commissioner shall, issue to the applicant a certificate of registration.

(8) The certificate of registration shall be in a form prescribed by the Commissioner.

(9) The Commissioner shall establish and maintain a register containing the relevant details of all registered persons and their premises of operation under this section.

(10) A certificate of registration issued under this section is valid for twelve months from the date of issue.

(11) A registered person may apply to the Commissioner, in the approved form and prescribed manner, for renewal of a certificate of registration issued under this section.

(12) An application for renewal of a certificate of registration under subsection (11) shall be made thirty days before the expiry of the certificate of registration or within such further time as the Commissioner may allow.

(13) The Commissioner shall cancel a certificate issued under this section if satisfied that the registered person and the premises no longer meet the conditions for the grant of the certificate.

(14) A registered person shall not use the premises for a purpose other than the purpose for which the premises were registered.

(15) A person who operates without a certificate of registration issued under this section is liable to pay a fine of twenty currency points for each day of default from the date on which the person commences the manufacture, provision or dealing in excisable goods or excisable services.”

#### **4. Amendment of section 15A of principal Act**

Section 15A of the principal Act is amended by substituting for subsection (3) the following—

“(3) A person who fails to pay excise duty imposed under this Act by the due date is liable to pay interest on the unpaid duty at a rate of two percent per month, compounded, for the excise duty which is outstanding.”

#### **5. Amendment of Schedule 2 to principal Act**

The principal Act is amended in Part 1 of Schedule 2—

- (a) in item 20 by substituting for the words “one hundred million United States Dollars” the word “fifty million United States Dollars in case of a foreigner and ten million United States Dollars, in case of a citizen”;
- (b) by substituting for item 21 (a) the following—
  - “(a) a minimum investment capital of ten million United States Dollars in the case of a foreigner or one million United States Dollars, in case of a citizen;”
- (c) by substituting for item 21(a) the following—
  - (a) a minimum investment capital of ten million United States Dollars in the case of a foreigner or one million United States Dollars in case of a citizen;”

- (d) by substituting for item 21 (b) the following—
- “(b) processes agricultural goods; manufactures or assembles medical appliances, medical sundries or pharmaceuticals, building materials, automobiles, household appliances or manufactures furniture, pulp, paper, printing and publishing of instructional materials; carries on business in logistics and warehousing, information technology or commercial farming.”;
- (e) by repealing the words “of a Partner State of the East African Community” wherever it appears;
- (f) by inserting immediately after item 23 the following—
- “24. Construction materials for the construction of premises and other infrastructure, machinery and equipment or furnishings and fittings for technical or vocational institute operators whose investment capital is at least ten million United States Dollars in case of a foreigner or one million United States Dollars, in case of a citizen.”
- NIL