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**BILLS SUPPLEMENT**

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**Bill No. 14**

*Free Zones Bill*

**2012**

**THE FREE ZONES BILL, 2012**

**MEMORANDUM**

1. The object of this Act is to make provision for the establishment, development, management, marketing, maintenance, supervision and control of free zones; to establish the free zones bureau to be responsible for the establishment, development, management, marketing, maintenance, supervision and control of free zones; to provide that the Board of the Uganda Investment Authority shall coordinate, monitor and supervise the implementation of this Act in collaboration within the Uganda Revenue Authority and to provide for other related matters.
2. At present there is no free zones law in Uganda. The Bill is therefore meant to provide comprehensively for a free zones law to fill the vacuum in the laws of Uganda.
3. A “free zone” means a designated area where goods introduced into the designated area are generally regarded so far as import duties are concerned as being outside the customs territory and includes exports processing zones or free port zones.
4. A free port zone is defined by Clause 2 of the Bill to mean a custom controlled area where imported duty free goods are stored for the purpose of trade.

5. The Bill defines export processing zone as follows: “export processing zone” means a designated part of a free zone or territory of Uganda, where any goods introduced are generally regarded for the purpose of import and export duties and taxes, as being outside the customs territory but are duly restricted by controlled access and where the benefits provided under this Act apply and where the East African Community Customs Management Act applies;
6. The Bill is intended to provide incentives to investors to provide increased export, increased foreign exchange earnings, employment opportunities, improved infrastructure facilities and enhancement of national human and capital resources.
7. The Bill is further geared towards poverty eradication, promotion of government policies like Prosperity For All and bringing Uganda’s legislation in line with her international obligations.

8. **Provisions of the Bill**

Part I of the Bill incorporating clauses 1 and 2, provides for preliminary matters relating to the commencement of the Bill and interpretation of the words and phrases used in the Bill.

Part II of the Bill incorporating clauses 3 to 5, provides for a declaration of a free zone by the Minister by statutory instrument on the recommendation of the Free Zones Bureau. Clause 4 provides that a free zone may only be established at a lake, river port, airport, border point or a place with similar geographic and economic advantage.

Part III of the Bill incorporating clauses 6 to 13, establishes the Free Zones Bureau as a body corporate with perpetual succession and a common seal.

According to clause 8 of the Bill, subject to the Act, the Bureau shall be responsible for the establishment, management, marketing, maintenance, supervision and control of free zones.

According to clause 7 of the Bill, the Board of the Uganda Investment Authority under the Investment Code Act, Cap.92 shall coordinate, monitor and supervise the implementation of this Act in collaboration with the Uganda Revenue Authority. Clause 9 provides that the Minister may give policy directions in writing to the Board and the Board shall give effect to the directions.

Part IV of the Bill incorporating clauses 14 to 20, provides that the funds of the Bureau shall consist of money appropriated by Parliament for that purpose, grants and loans, fees and charges levied for the supply of goods and services to investors and any other money and securities received by or made available to the Bureau. Clause 17 gives the Bureau power to invest any monies of the Bureau with the prior approval of the Minister. Clause 20 provides for annual audit by the Auditor General.

Part V of the Bill incorporating clauses 21 to 33, provides that a free zone may be established by either a domestic or foreign developer which shall be a company incorporated in Uganda for the sole purpose of developing and operating a free zone, clause 23 provides that a person shall not carry on business as a developer of a free zone without a valid licence for free zone developer. Clause 27 provides that activities in free zones shall commence not later than twelve months from the date of grant of a licence by the Bureau and that unless extended after that period it shall cease to be valid. Clause 29 provides for the duties of a developer. Clause 33 gives the Bureau power to withdraw or close a free zone on commencement of bankruptcy proceedings against the developer, where the developer submits inaccurate data, or fails to commence activities in accordance with the Act. It also makes provision for appeals against decisions of the Bureau.

Part VI of the Bill incorporating clauses 34 to 39, provides that an operator shall possess a valid licence issued by the Bureau as a business enterprise to operate in a free zone. Clause 34(4) further states that the application shall state that the applicant is incorporated under the laws of Uganda for the purpose of producing goods or services within a free zone. Clause 35(1) provides that an operator shall conduct activities in the free zone based on an agreement executed with the developer. Clause 36 provides that the Bureau may attach to a licence such conditions as it thinks are proper after consultation with the licensee. Clause 39 provides for revocation of a licence on breach of the terms by the licensee.

Part VII of the Bill incorporating clauses 40 to 47, provides that an operator in an export processing zone shall insure the capital assets and employees against any type of risk arising out of the operations. Clause 44 provides exemptions from taxes and duties on all export processing zone imports that are for the exclusive use in all eligible business activities of the developer or business enterprise.

Part VIII of the Bill incorporating clauses 48 to 57, provides that activities in a free port zone shall be restricted to only those activities that are required to preserve goods or improve their packaging, preparation for shipment or marketable quality without changing the character of the goods and exclude the manufacturing or processing of goods. Clause 55 prohibits retail trade in a free port zone except with prior written approval of the Bureau.

Part IX of the Bill incorporating clauses 58 to 66, provides that the activities in a free zone shall be subject to supervision by the Commissioner General. Clause 62(5) gives the Commissioner General powers to bring charges and prosecute on reasonable suspicion of carrying on criminal activities within a free zone

subject to the powers of the Director of Public Prosecutions. Clause 66(3) provides that for the purposes of supervision a business enterprise shall keep records of goods for a period of five years.

Part X of the Bill incorporating clauses 67 to 78, deals with miscellaneous provisions. Clause 76 makes it an offence to knowingly give false or misleading information to the Bureau, to neglect to provide information or refuse without lawful excuse to admit an officer of the Bureau for inspection. Clause 77 gives the Minister power to make regulations for the purpose of carrying into effect the provisions of the Act.

MARIA KIWANUKA,  
*Minister of Finance, Planning and Economic Development.*

THE FREE ZONES BILL, 2012.

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*Clause.*

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A BILL for an ACT

ENTITLED

**THE FREE ZONES ACT, 2012.**

**An Act to make provision for the establishment, development, management, marketing, maintenance, supervision and control of free zones; to establish the Free Zones Bureau to be responsible for the establishment, development, management, marketing, maintenance, supervision and control of free zones; to provide that the Board of the Uganda Investment Authority shall coordinate, monitor and supervise the implementation of this Act in collaboration with the Uganda Revenue Authority and to provide for other related matters.**

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY

**1. Commencement.**

This Act shall come into force on a date appointed by the Minister by statutory instrument.

**2. Interpretation.**

In this Act, unless the context otherwise requires—

“benefits” includes facilities and incentives provided under this Act;

“Board” means the Board of the Uganda Investment Authority under the Investment Code Act, Cap. 92;

“Bureau” means the Free Zones Bureau established by section 6;

“capital” means cash contributions, plant, machinery, equipment, buildings, spare parts, and other business assets, other than goodwill, which are not consumed in the regular operation of a business;

“CIF” means cost, insurance and freight;

“client charter” means an implementable work schedule of personnel to meet client needs;

“Commissioner General” means the Commissioner General of the Uganda Revenue Authority;

“currency point” means the value specified in the Schedule to this Act;

“Customs officer” means an officer of the Commissioner General;

“customs territory” means an area under the control of the Commissioner General;

“Customs Union” means the East African Community Customs Union established under article 2 of the Protocol;

“developer” means a body corporate established to develop and administer a free zone;

“domestic developer” means a developer owned or controlled by Ugandans;

“domestic goods” means goods from the customs territory stored in an export processing zone and not to be used in processing;

“domestic market” means Uganda;

“Executive Director” means the Executive Director appointed under section 11;

“export” means to take or cause goods to be taken out of Uganda or a free zone;

“export processing zone” means a designated part of a free zone or territory of Uganda, where any goods introduced are generally regarded for the purpose of import and export duties and taxes, as being outside the customs territory but are duly restricted by controlled access and where the benefits provided under this Act apply and where the East African Community Customs Management Act applies;

“facilities” means support services and approvals necessary for the establishment and operation of a business enterprise;

“free port zone” means a customs controlled area where imported duty free goods are stored for the purpose of trade;

“free zone” means a designated area where goods introduced into the designated area are generally regarded, so far as import duties are concerned, as being outside the customs territory and includes an export processing zone or free port zone;

“goods” includes all kinds of articles, wares, merchandise, livestock, and currency, and, where the goods are sold under this Act, the proceeds of sale;

“incoterm” means international commercial terms used to define transaction costs and responsibilities between a buyer and a seller or a seller and a shipper which deal with questions related to delivery of products from a seller to a buyer and defines terms agreed on between a buyer and a seller;

“infrastructure” means physical structures such as roads, bridges or storm sewers, which facilitate economic or other activities or which protect property;

“import” means to bring or cause goods to be brought into Uganda from a foreign country or from a free zone;

“import duties and taxes” means any customs duties and other duties, taxes, fees or other charges which are collected on or in connection with the importation and exportation of goods, but do not include fees and charges which are limited in amount to the costs of services rendered;

“incentives” means the incentives accorded to investors by Government in the promotion and facilitation of investments by the investors;

“licence” means a licence issued under this Act;

“Minister” means the Minister responsible for finance;

“operator” means a person carrying out a business enterprise in a free zone under Part VI of this Act;

“place at site” means to offload, store or warehouse goods within a free zone;

“Protocol” means the Protocol on the Establishment of the East African Community Customs Union;

“services” means export or free zone related services provided by or to an export processing or free port zone enterprise, including consultancy, information, brokerage and repair services, but excludes financial services and commercial activities.

## PART II—DECLARATION OF FREE ZONES

**3. Declaration of a free zone.**

(1) The Minister may, on the recommendation of the Bureau, by statutory instrument, declare any building or area of land in Uganda to be a free zone.

(2) An instrument under subsection (1) shall state the name and boundary description of the free zone.

**4. Factors to be considered in declaring a free zone.**

(1) In recommending an area to be declared a free zone, under section 3, the Bureau shall be satisfied that—

- (a) in case of production for export, the percentage of goods and services exported from the zone is not more than the percentage stated in section 43(1) (b) (iv);
- (b) by performing the activities in the free zone, there will be an increase in employment; and
- (c) the production and technological processes of the goods that are manufactured and stored, and the services that are performed, do not endanger the environment.

(2) A free zone may only be established at a lake, river port, airport, border point or a place with similar geographic and economic advantage.

**5. Spatial conditions for the establishment of a free zone.**

(1) A free zone shall be established in an area determined by spatial or physical plans for a locality.

(2) The construction of buildings and the performance of other activities in a free zone shall be in the public interest.

PART III—INSTITUTIONAL FRAMEWORK AND  
MANAGEMENT OF FREE ZONES

**6. Establishment of the Bureau.**

(1) There is established a Bureau, known as the Uganda Free Zones Bureau.

(2) The Bureau shall be a body corporate with perpetual succession and a common seal, and may, in its own name—

- (a) enter into any contract, acquiring, holding and disposing of property, movable and immovable, necessary for the achievement of its objectives and performance of its functions under this Act;
- (b) sue and be sued; and
- (c) do all acts and things that a body corporate may lawfully do or suffer.

**7. Governing body of Bureau to be board of Uganda Investment Authority.**

The Board of the Uganda Investment Authority shall coordinate, monitor and supervise the implementation of this Act in collaboration with the Uganda Revenue Authority.

**8. Functions of the Bureau.**

(1) Subject to this Act, the Bureau shall be responsible for the establishment, management, maintenance, marketing, supervision and control of free zones.

(2) Without prejudice to the general effect of subsection (1), the Bureau shall have the following functions under that subsection—

- (a) to oversee, co-ordinate and administer the provisions of this Act;

- (b) to advise the Government on all matters relating to free zones and on its own initiative to make recommendations to the Government on policy, legal, financial and other issues that may affect the work of the Bureau and the performance of free zones and to advise on best practices for implementation of free zones in Uganda;
- (c) to recommend to the Minister the declaration, extension and termination of a free zone;
- (d) to identify and map areas to be declared as free zones;
- (e) to act as a body having national responsibility for the drafting and implementation of policies and actions relating to free zones including the establishment, development, promotion, management, control, operation, supervision and monitoring of free zones;
- (f) to provide, construct, develop, alter, adapt, maintain and administer free zones;
- (g) to ensure that all required measures to facilitate business activities in a free zone are identified, including, but not limited to, requirements for physical amenities, infrastructure, manpower and training and to devise measures that will encourage the provision of those requirements;
- (h) to foster sustainable development through establishment or causing to be established free zones in such numbers and locations and for such period of time as it considers necessary while taking into account other concerns including development needs and environmental impact;
- (i) to design and propose to the Government schemes and incentives and how the schemes and incentives should be administered and to approve the development and site plans in free zones in accordance with the Town and Country Planning Act.



- (j) to advise and assist persons undertaking development or management of free zones;
- (k) to examine and process applications for designation of free zones and issue free zone developer licences;
- (l) to examine and process applications and issue licences for free zone managers and users;
- (m) to generate public understanding of the necessity for a strong private sector involvement in the establishment and operations of free zones;
- (n) to act as a trustee as well as a nominee shareholder on behalf of the Government in any business relating to free zones;
- (o) to promote and co-ordinate investment, mobilisation of resources for developing the free zones and the formulation of market strategies;
- (p) to co-ordinate research and development activities and sharing of information with other competent authorities;
- (q) to enforce compliance with requirements for preventing the unauthorised use of free zones and business enterprises in the free zones;
- (r) to perform any other functions incidental or conducive to the attainment of the objectives of this Act or the performance of the functions of the Bureau under this Act.

### **9. Power of Minister to give policy directions to Board.**

The Minister may, in writing, give directions to the Board on matters of a policy nature and the Board shall give effect to such directions.

### **10. Secretariat of Bureau.**

(1) The Bureau shall have a Secretariat, which shall be headed by the Executive Director and shall have such other officers and staff as the Board may determine.

(2) The Secretariat shall have such functions as may be assigned to it by the Board.

**11. Executive Director.**

(1) The Minister shall appoint the Executive Director of the Bureau.

(2) The Executive Director shall be a person of high moral character and proven integrity with the relevant qualifications and experience to the functions of the Bureau.

(3) The Executive Director shall hold office on such terms and conditions as may be specified in his or her instrument of appointment.

(4) The Executive Director shall be the Chief Executive Officer of the Bureau and shall, subject to general directions as the Board may give, be responsible for the day-to-day administration of the Bureau and the implementation of the decisions of the Board.

**12. Officers and staff.**

(1) The Board shall appoint officers and staff as may be necessary for the proper and efficient discharge of the objects and functions of the Bureau under this Act.

(2) The officers and staff appointed under subsection (1) shall be paid such remuneration and allowances as the Board may determine.

(3) The Board may delegate to a Committee of the Board or the Executive Director or any other officer of the Bureau any of its powers under subsection (1), for the appointment of staff at such levels and subject to such condition as the Board may determine.

**13. Liability of staff.**

A member, officer or other staff of the Bureau is not, in his or her personal capacity, liable in civil proceedings in respect of an act or omission done in good faith in the exercise of his or her functions under this Act.

## PART IV—FINANCIAL PROVISIONS.

**14. Finances of the Bureau.**

(1) The funds of the Bureau shall consist of—

- (a) money appropriated by Parliament for that purpose;
- (b) grants, and loans;
- (c) fees and charges levied under sub-section (2) for the supply of goods and services to investors and other interested parties; and
- (d) any other money and securities received by, or made available to the Bureau for the purpose of performing its functions under this Act;

(2) The Bureau may levy such fees and charges for the supply of goods and services by the Bureau as may be determined by the Board.

(3) The Bureau shall provide and administer grants and other financial facilities for the development of free zones as it may be authorized by the Government;

**15. Bank accounts.**

(1) The Bureau may open and maintain such bank accounts as may be necessary for the performance of its functions.

(2) All monies received on account of the Bureau shall be deposited in a bank account maintained under this section.

**16. Estimates.**

(1) The Secretariat shall prepare and submit to the Board for its approval, estimates of revenues and expenditure of the Bureau on a date appointed by the Minister to enable the President to submit the national estimates of revenues and expenditure to Parliament under article 155 of the Constitution.

(2) The Secretariat may, when the need arises, at any time before the end of the financial year, prepare and submit to the Board for its approval supplementary estimates in respect of the financial year.

(3) Subject to any other direction of the Board, expenditure shall not be made out of the funds of the Bureau unless that expenditure is part of the expenditure approved by the Board under the estimates for the financial year in which the expenditure is to be made or in supplementary estimates approved under this section.

**17. Power to invest.**

The Bureau may, with the prior approval of the Minister, invest, as it considers fit, any monies of the Bureau not immediately required for use.

**18. Financial year.**

The financial year of the Bureau shall be the same as the financial year of the Government.

**19. Accounts.**

(1) The Board shall cause to be kept, proper books of accounts and records of the transactions of the Bureau.

(2) Subject to any directions given by the Minister, the Board shall cause to be prepared and submitted to the Minister in respect of each financial year, and not later than three months after the end of the financial year, a statement of accounts.

(3) The statement of accounts under subsection (1) shall include—

- (a) a balance sheet, a profit and loss account and a source and application of funds statement; and
- (b) any other information in respect of the financial affairs of the Bureau as the Minister responsible for finance may, in writing require.

**20. Audit.**

(1) The Auditor General shall, in each financial year, audit the accounts of the Bureau.

(2) The Board shall ensure that within four months after the end of each financial year, a statement of accounts described in section 19(2) and (3) is submitted to the Auditor General for auditing.

(3) The Auditor General shall have access to all books of accounts, vouchers and other records of the Bureau and is entitled to any information and explanation required in relation to those records.

(4) The Auditor General shall deliver to the Board and to the Minister a copy of the audited accounts together with his or her report on the audit.

**PART V—ESTABLISHMENT OF A FREE ZONE.****21. Developer of a free zone.**

(1) A free zone may be established by one or more domestic or foreign developers.

(2) Where several developers establish a free zone, they shall sign an agreement for establishing the free zone, which shall be filed with and be subject to the approval of the Bureau.

(3) A developer shall be a company incorporated in Uganda for the sole purpose of developing and operating a free zone.

(4) The developer shall—

- (a) have written evidence of its financial status determining that it has the necessary funds and that the funds are not the subject of any encumbrance;
- (b) submit an audit report from a recognised auditor or auditor approved by the Bureau; and
- (c) submit evidence of its previous commercial or free zone experience.

**22. Separation and arrangement of a free zone.**

(1) A developer shall clearly demarcate the free zone area it proposes to establish.

(2) The Bureau in consultation with the relevant Ministries shall prescribe the specific criteria and the manner of arranging a free zone identified in subsection (1).

**23. Free zone developer's licence.**

A person shall not carry on business as a developer of a free zone without a valid licence granted for that purpose under this Act.

**24. Application for a developer's licence.**

(1) An applicant for a developer's licence shall submit to the Bureau a written application to establish a free zone.

(2) The application shall contain the following information—

- (a) the name of the developer of the free zone;
- (b) the name of the free zone;
- (c) the location of the free zone;
- (d) the address of the main office of the applicant;
- (e) the activities that are to be performed in the free zone;
- (f) the period for which the free zone will operate;
- (g) the free zone construction terms with an excerpt of the spatial or urban planning documentation;
- (h) the size of the free zone;
- (i) the authorisation and operational methods of the free zone;
- (j) the technological and other conditions for operating the free zone;

- (k) the manner of providing working conditions for the free zone customs office where necessary;
- (l) the agreement referred to in section 21(2) for the establishment of the free zone; where applicable;
- (m) evidence that the conditions set out in section 4 have been complied with;
- (n) the feasibility study or business plan;
- (o) the marketing plan;
- (p) the environmental impact assessment study on the area; and
- (q) the project implementation plan for establishing the Free Zones with clear indicators and timelines.

(3) Where an applicant under subsection (1) does not provide any of the relevant information or if clarification is necessary, the applicant may be called upon by the Bureau to provide that information or clarification to complete the application.

## **25. Factors to be considered in granting a licence.**

The Bureau shall, in considering an application for a free zone developer licence, require to be satisfied that—

- (a) the applicant has the requisite financial status;
- (b) the applicant's capital structure, earning prospects and business and financial plans are adequate;
- (c) the applicant possess the expertise necessary for developing a free zone;
- (d) the applicant has the necessary competence and integrity for the proposed management;
- (e) the public or economic interest of Uganda will be served by granting the licence; and

- (f) any other matter which the Bureau may regard as relevant to the application has been taken into account.

**26. Processing, grant or refusal of licence to develop a free zone.**

(1) The Bureau shall, within three months after receipt of an application or of the additional information or clarification referred to in section 24(3) investigate and prepare a detailed report in respect of each application.

(2) The Bureau shall grant a licence for the establishment of a free zone if satisfied with the information contained in the application for the establishment of a free zone.

(3) In considering the approval, the Bureau shall determine whether the conditions prescribed by this Act and other laws have been complied with and whether the application is in compliance with the development objectives of Uganda.

(4) Where the Bureau refuses to grant a licence it shall state in writing the reasons for the refusal.

(5) A person aggrieved by a decision of the Bureau under subsection (4) may appeal to the Minister as provided in section 76.

**27. Commencement of activities in a free zone.**

(1) A free zone shall commence its activities not later than twelve months from the date of grant of a licence by the Bureau.

(2) The Bureau may upon application by a developer, extend the commencement period referred to in subsection (1) for just cause.

(3) Where a developer of a free zone fails to commence the activities within the commencement period or the extended period under this section, the licence shall cease to be valid.

**28. Conditions for utilisation of a free zone.**

(1) The developer shall make rules prescribing—



- (a) the conditions under which a free zone area may be used for conducting activities;
- (b) the activities that may be performed in the free zone; and
- (c) the proper management of the free zone.

(2) The developer may by rules made under subsection (1) prescribe separate environmental standards in respect of each activity.

(3) The rules made by the developer shall not be inconsistent with the laws of Uganda or with international agreements ratified by Uganda.

(4) The developer of the free zone shall set out equal terms for conducting activities in a free zone for the business enterprises.

(5) The rules made by the developer shall be published in the Gazette after being approved by the Bureau.

## **29. Duties of a developer.**

(1) A developer of a free zone shall provide the required start-up capital and any other necessary facilities for the development of the free zone.

(2) A developer shall provide assets for the establishment and commencement of activities in the free zone, as well as appropriate spatial, environmental, energy, technical and other conditions for conducting activities in the free zone and shall execute any agreement required for its establishment.

(3) The developer shall erect and maintain a strong perimeter wall or fence around the free zone to provide adequate security for the goods in the free zone and shall take all necessary measures to ensure their security.

(4) The premises and the means of access to a free zone shall be kept under constant supervision.

(5) A developer shall be responsible for making improvements to the free zone site and its facilities according to the plans approved by the Bureau.

(6) A developer shall be responsible for providing or facilitating the provision of infrastructure and other services according to design and engineering studies submitted to the Bureau together with the application.

### **30. Powers of a developer.**

(1) A developer may—

- (a) act as or appoint an operator to undertake management and administration of the free zone on its behalf subject to any specific requirements under this Act;
- (b) lease or sub-lease land or buildings to licensed business enterprises and charge rent or fees for other services that may be provided;
- (c) make improvements to the free zone site and its facilities according to the plans approved by the Bureau;
- (d) provide or facilitate provision of infrastructure and other services according to the design and engineering studies submitted to the Bureau with the application;
- (e) provide adequate enclosures to separate the free zone area from the customs territory for the protection of revenue;
- (f) make suitable provision for the movement of persons, conveyances, vessels and goods entering or leaving the free zone;
- (g) provide adequate security on the site, office accommodation and facilities for customs as may be determined by the Bureau;

- (h) adopt rules and regulations for businesses within the free zone, which shall promote its safe and efficient operation; and
- (i) register any lease agreements and services.

### **31. Changes to a free zone.**

(1) A developer may apply to the Bureau to make changes to a free zone.

(2) Application for changes in a free zone shall follow the same procedure as for establishing a free zone.

(3) For the purposes of this section “change” means—

- (a) an enlargement of the approved free zone area;
- (b) a change in the location of the free zone;
- (c) establishing new activities that are to be conducted in the free zone;
- (d) any change of the developer's status such as the admission of a new developer, change in the capital ownership structure, take-over of the free zone by another developer and buy-out; and
- (e) change of the duration for which the free zone is established.

### **32. Free zone activity report.**

(1) The developer of a free zone shall submit to the Bureau an annual report on its activities in the preceding year not later than four months after the expiry of that year.

(2) The annual report shall contain the following—

- (a) financial, quantitative and value volumes of the free zone investments and production or services realised in the free zone;
- (b) external trade exchange performed, by volume, value and by country and also by—
  - (i) product categories;
  - (ii) country-product;
  - (iii) types of activities;
  - (iv) economic purpose;
  - (v) the processing level;
  - (vi) sectors and sub-sectors as defined by the international trade classification; and
  - (vii) number of employees over the period reported, by qualifications.

(3) The information in the annual report shall be listed in total and by individual users of the free zone.

### **33. Withdrawal of approval or closure of a free zone.**

(1) The Bureau may at any time withdraw approval given to a developer and may cancel the licence for any of the following reasons—

- (a) where bankruptcy or insolvency proceedings are commenced against the developer;
- (b) where a developer has submitted inaccurate data that is material in its application;

- (c) where the developer fails to ensure commencement of activities in accordance with this Act; or
- (d) where the developer fails to submit the report referred to in section 32(1).

(2) A person aggrieved by the decision of the Bureau under sub section (1) may appeal against the decision in accordance with section 76.

(3) Where a free zone is closed, a licensee shall be given reasonable time to remove his or her goods to another free zone or to place them under a customs procedure, subject to compliance with the conditions and formalities applicable in each case.

#### PART VI—OPERATION BY A BUSINESS ENTERPRISE IN A FREE ZONE

### **34. Licence for Operators.**

(1) A person shall not carry on business as an operator in a free zone unless that person has been licensed by the Bureau as a business enterprise.

(2) A business enterprise shall apply to the Bureau for a free zone operator's licence before commencing its business in a free zone.

(3) An application to the Bureau for a licence under this Part shall be made in the form prescribed by regulations made under section 78.

(4) Every application shall state—

- (a) that the applicant is incorporated or registered as a company under the laws of Uganda for the purpose of producing goods or services within a free zone;

- (b) the type of licence for which the application is made;
- (c) the free zone to which the application refers;
- (d) the activities to which the applicant desires the licence to relate; and
- (e) such additional information as the Bureau may reasonably require at the time of application or when considering the application.

(5) The Bureau, after consulting with the Commissioner General, and such other bodies as may appear to the Bureau to be appropriate, may grant to a business enterprise a licence authorising it to carry on the following—

- (a) the management of a free zone which licence shall be termed as a manager's licence; or
- (b) any service or other industry which licence shall be termed the free zone operator's licence.

(6) In deciding whether to grant or refuse to grant a licence under subsection (5), the Bureau shall have regard to the extent to which—

- (a) the activities of the projects for which the application is made, are commercially viable;
- (b) the applicant has an adequate equity base and access to capital;
- (c) the activities are based on a suitable and credible business plan; and
- (d) the operation has executed a bond guarantee to protect Uganda in case of non-compliance with the condition of the licence.

**35. Activities of an operator in a free zone.**

(1) An operator shall conduct the activities in the free zone based on an agreement executed with the developer.

(2) The operator shall commence activities in the free zone after the Commissioner General issues a certificate confirming that all conditions for keeping records and security of customed goods have been complied with in accordance with this Act.

(3) The Commissioner General and other relevant authorities shall supervise the operator's activities.

**36. Conditions of business enterprises in free zones.**

(1) The Bureau may attach to a licence issued under this Part such conditions as it considers are proper and may, alter the conditions attached to a licence after consultation with the licensee.

(2) The conditions attached to a licence under this Part may without limitation include condition relating to—

- (a) providing adequate enclosure, and in the case of an export industry, creating required customs facilities to ease customs administration together with suitable provisions for the movement of persons, conveyances, vessels and goods entering or leaving the industry;
- (b) maintaining adequate, proper and other records in relation to its business and reporting on its activities, performance and development to the Bureau on an annual basis;
- (c) other conditions to ensure the orderly development of the free zone; and
- (d) a requirement that the licence granted to the operator shall be of a lesser period than that of a developer.

(3) Where a licensee fails to comply with a condition lawfully attached to a licence, under this Part he or she commits an offence and is liable upon conviction to a fine not exceeding twenty currency points.

**37. Notice to Uganda Revenue Authority.**

The Bureau shall give notice to the Uganda Revenue Authority of every licensed business enterprise specifying—

- (a) the activities in respect of which the enterprise is licensed, and shall, in relation to commercial activities, indicate whether the enterprise is permitted to deal in goods not directly related to its manufacturing activities;
- (b) any conditions attached to the licence; and
- (c) a change in the particulars of an operator.

**38. Notice to Bureau of intended changes to a licence.**

(1) Where—

- (a) an operator ceases to carry on the activities to which its licence relates;
- (b) a change occurs in any particulars which are required to be entered in the register;
- (c) a change occurs in the directors of the enterprise; or
- (d) a change occurs in the control of the enterprise;

the licensee of the business shall, within fourteen days after the occurrence of the event concerned, give particulars to the Bureau in writing and the Bureau shall consider the change and amend or revoke the licence or conditions attached to the licence accordingly.

(2) Where a licensee is about to transfer the activities to which the licence relates, an application for a licence shall be made in the prescribed form to the Bureau by the person intending to be the transferee of the activities.

**39. Revocation of licence.**

(1) The Bureau may revoke a licence granted under this Part if satisfied that there has been a breach of the terms under which the licence is granted or a breach of a condition attached to the licence or if the operator is convicted of an offence under this Act.



(2) Before revoking a licence under subsection (1) the Bureau shall give not less than one month's written notice of its intention to revoke the licence to the licensee and shall consider any written representations made to it by the licensee.

(3) The representations must be received by the Bureau within fourteen days after the Bureau giving notice to the licensee.

(4) A person aggrieved by a decision of the Bureau under this section may appeal to the Minister as provided under section 76.

#### PART VII—GOODS, ACTIVITIES AND EQUIPMENT IN AN EXPORT PROCESSING ZONE.

#### **40. Activities permitted in export processing zones.**

(1) A business enterprise in an export processing zone has the right to produce any type of goods and services for export as provided under this Act.

(2) The activities which may be carried out within an export processing zone are manufacturing, commercial and service activities.

(3) The activities referred to in subsection (2) shall be carried out under the following conditions—

- (a) business ventures shall principally be based on new investment and modern technologies;
- (b) the origin and quality of raw materials, semi-finished products and finished products shall be ascertainable and controllable;
- (c) the operations shall not endanger the public security and public health in the exporting processing zone; and
- (d) an operator in an export processing zone shall insure the capital assets and employees against any type of risk, arising out of the operations.

(4) A person who contravenes subsection (3) commits an offence and is liable on conviction to a fine not exceeding forty eight currency points or imprisonment not exceeding two years or both.

(5) An enterprise may change its production lines and process as often as it considers it necessary, subject to prior approval of the Board.

(6) A licence shall not be granted for the carrying on of a business of banking or insurance unless the applicant is registered under the relevant banking or insurance law respectively.

#### **41. Activities not to be conducted in export processing zones.**

There shall not be conducted in an export processing zone activities related to—

- (a) trading in decaying, rotten, expired or infected goods or waste materials that pollute the environment or are not suitable for human or animal consumption;
- (b) radioactive materials, except those required for industrial, medical and scientific research approved by the relevant authorities of the Government;
- (c) drugs, chemicals and biological materials, chemical and bio-chemical derivatives, except those used for industrial, manufacturing, medical and pharmaceutical purposes, in accordance with the certificates issued by the Ministry responsible for health;
- (d) weapons, ammunition and explosives, except commercial explosives;
- (e) products or services originating from countries or companies under embargo and sanctions imposed by national and international authorities;
- (f) products and services that may endanger public morals, national defence and security;

- (g) products and services which do not comply with the laws of Uganda and international agreements ratified by Uganda relating to protection of intellectual and industrial rights;
- (h) malpractice and abuse of approvals, decisions, court orders, licences, license rights and concessions issued by competent authorities; or
- (i) goods prohibited under the East African Community Customs Management Act.

**42. Treatment of goods and services taken out of export processing zone.**

(1) Goods taken out of or services provided from customs territory of Uganda and brought into an export processing zone shall be taken to have been exported from Uganda.

(2) Any goods taken out of or services provided from an export processing zone for use in the customs territory of Uganda shall be taken to have been imported into Uganda.

**43. Goods and services within an export processing zone.**

(1) Goods in an export processing zone shall not be taken out of the export processing zone except—

- (a) exports;
- (b) imports into Uganda subject to—
  - (i) obtaining the necessary permits from the Commissioner General and other relevant authorities;
  - (ii) the payment of all applicable import duties, levies and other charges;
  - (iii) compliance with all customs procedures; and

(iv) the percentage of the exports not exceeding twenty percent of the total annual production of the business enterprise; and

(c) with the prior approval, for repair and maintenance under supervision of the Commissioner General.

(2) The services provided by a business enterprise in an export processing zone shall be offered to the following—

(a) a person outside the customs territory of Uganda;

(b) other export processing zone business enterprises in furtherance of the export activities of those enterprises subject to the approval of the Bureau; and

(c) persons in the customs territory of Uganda, subject to the necessary approvals from the Bureau and the Commissioner General.

(3) Domestic goods stored under this section shall not be exempted from tax and shall not benefit from any incentive.

#### **44. Exemptions.**

A developer of a business enterprise shall be granted exemptions from taxes and duties on all export processing zone imported inputs that are for the exclusive use in the development and production out put of the business enterprise including machinery and equipment, spare parts, raw materials and intermediate goods, subject to the limitation on goods specified in the East African Customs Management Act.

#### **45. Warehousing domestic goods.**

(1) Domestic goods not intended for export may be housed in an export processing zone, where warehousing capacities of the users in the zone are under-utilised, with the consent of the customs office, but those goods shall be kept apart from the other goods in the export processing zone.

(2) The Commissioner General shall not permit the warehousing of domestic goods, as provided in subsection (1), if in its opinion the storage will obstruct supervisory activities of the export processing zone operations.

(3) Domestic goods found in the export processing zone area based on the consent granted under sub-section (1) shall be recorded in accordance with regulations made under this Act.

#### **46. Temporary withdrawal of goods from an export processing zone.**

Goods may be temporarily taken out of an export processing zone or brought into that export processing zone area for refinement, or finishing, additional and repair work and marketing presentations in accordance with the customs laws governing temporary import and export of goods.

#### **47. Standards, regulations, quality and price norms.**

(1) Standards, technical and quality norms, apart from those defined by the laws pertaining to the protection of living conditions and environment, shall not be applicable to goods which are brought into an export processing zone for warehousing, refinement, finishing, additional and repair work purposes and which are not to be sold within the export processing zone, nor to goods which, for the purposes of refinement or finishing, additional and repair work under the customs laws, are temporarily withdrawn from the export processing zone.

(2) The user in an export processing zone may apply standards, technical and quality norms of the destination country of the goods, on manufactured goods in the export processing zone intended for export.

PART VIII—GOODS, ACTIVITIES AND EQUIPMENT IN  
A FREE PORT ZONE

**48. Activities permitted in a free port zone.**

(1) The activities that may be carried out in a free port zone shall be restricted to only those activities that are required to preserve goods, or to improve their packaging, preparation for shipment or marketable quality without changing the character of the goods and shall exclude the manufacturing or processing of goods.

(2) The activities that may be carried out by a business enterprise in a free port zone include—

- (a) warehousing and storage;
- (b) labelling, packing and repacking;
- (c) sorting, grading, cleaning and mixing;
- (d) breaking bulk;
- (e) simple assembly; and
- (f) grouping of packages

**49. Goods brought into a free port zone.**

(1) All goods entering a free port zone shall—

- (a) be free from import duties and taxes;
- (b) be considered to be outside the customs territory of Uganda; and
- (c) not be subject to the usual customs control.

(2) All goods exported from a free port zone shall qualify for exemption from payment of import duties and taxes or internal taxes applicable on exportation.

**50. Activities not to be conducted in free port zones.**

There shall not be conducted in a free port zone activities related to—

- (a) trading in decaying, rotten, expired or infected goods or waste materials that pollute the environment or are not suitable for human or animal consumption;
- (b) radioactive materials, except those required for industrial, medical and scientific research approved by the relevant authorities of Government;
- (c) drugs, chemicals and biological materials, chemical and bio-chemical derivatives, with the exception of those used for industrial, manufacturing, medical and pharmaceutical purposes, in accordance with the certificates issued by the Ministry responsible for health;
- (d) weapons, ammunition and explosives, except for commercial explosives;
- (e) products or services originating from countries or companies under embargo and sanctions imposed by national and international authorities;
- (f) products and services that may endanger the public morals, defence and security of Uganda;
- (g) products and services which do not comply with the laws of Uganda and international agreements ratified by Uganda pertaining to protection of intellectual and industrial rights;  
or
- (h) malpractice and abuse of approvals, decisions, court orders, licences, licence rights and concessions issued by competent authorities.

**51. Movement of goods inside free port zone premises.**

(1) Goods shall not be transferred from one premise to another within a free port zone without the approval of the developer or its authorised officer.

(2) The approval for the transfer of goods shall be in the appropriate form, prescribed by the Commissioner General.

**52. Transfer of ownership of goods in free port zone premises.**

(1) Goods may be transferred while in a free port zone for commercial reasons, subject to terms and conditions prescribed by the Commissioner General regarding the transfer.

(2) Goods may be transferred from free port zone premises as provisions for ships, aircrafts and duty free.

**53. Application for removal of goods from a free port zone.**

(1) A free port zone operator who intends to remove goods from a free port zone shall apply to the Commissioner General using appropriate application forms prescribed by regulations under section 77 and attaching supporting documents.

(2) Where the Commissioner General rejects an application for removal of goods under this section, the Commissioner General shall cause an endorsement giving reasons for the rejection to be made on the reverse side of the application form informing the free port zone operator of the rejection.

(3) A free port zone operator whose application is rejected under subsection (2) shall, within ten days after the notification of the rejection, comply with the conditions of the rejection.

(4) A free port zone operator whose application is rejected under sub section (2) may, within ten days after the notification of the rejection, appeal to the Bureau for a review of the decision.



(5) Where the Bureau approves an application it shall inform the Commissioner General of the decision.

**54. Removal of goods from a free port zone.**

(1) Where goods are to be removed from a free port zone for home use, the date of their removal shall be specified for the purpose of determining the value, quantity and applicable rates and tariffs for future reference.

(2) Where goods are removed in small lots, and it is impracticable to convey them under the agreed convoy system, each lot shall be accompanied by a duly filled appropriate gate pass which shall agree with the quantities approved in the respective import or export entry and shall be recorded at the receiving end.

(3) Goods which constitute a hazard or which are likely to adversely affect other goods or which require installations shall only be admitted to a free port zone specially designed to receive them.

**55. Retail trade.**

Retail trade shall not be carried out in a free port zone except with the prior written permission of the Bureau.

**56. Facilities in a free port zone.**

(1) A business enterprise may, with the approval of the developer, provide canteen facilities on a free port zone premises for his or her staff subject to internationally approved practices for free port zones, if the goods used in the canteens are not imported for free port zones operations.

(2) In this section “internationally approved practices” means health and environmental standards or restrictions on quantities permissible in a free port zone.

**57. Disposal of movable assets from a free port zone.**

(1) Movable assets imported for the purpose of providing or for improving facilities in a free port zone, required by a business enterprise inside a free port zone, may, unless exported by the business enterprise, be sold or otherwise disposed of within the domestic market, upon payment of import duty, value added tax, excise duty or any other import levy as may be prescribed.

(2) Goods imported exclusively for the activities authorised for a business enterprise may, unless they are exported, be sold or otherwise disposed of by the developer or another business enterprise without payment of import duty, sales tax, excise duty or any other import levy the other business enterprise is authorised to deal in those goods by his or her licence.

(3) Where the goods referred to in subsection (2) are sold to the developer, they shall not be consumed by the developer but shall be used to further free port zone activities by selling them to any other business enterprise.

**PART IX—CUSTOMS SUPERVISION AND CONTROL IN FREE ZONES.****58. Activities in a free zone to be subject to customs supervision.**

Activities in a free zone shall be subject to supervision by the Commissioner General as provided under this Part.

**59. Inspection by Commissioner General and issue of certificates.**

(1) In order to determine whether the conditions for carrying out customs supervision in a free zone area are fulfilled, the Commissioner General shall appoint an officer to inspect the buildings and premises in the free zone, in the presence of the developer of the free zone within thirty days from the day of receipt of its application.

(2) The officer shall prepare a report containing the findings for fulfilment of the conditions for carrying out customs supervision within eight days from the inspection day and where the officer finds any shortcomings during the inspection, he or she shall determine and state in the report a rectification period for the rectification of those shortcomings.

(3) The Commissioner General shall issue a certificate for fulfilment of the conditions for performing of the customs supervision in the free zone or a decision denying the request.

(4) An appeal shall lie against the decision of the Commissioner General issued under sub-section (3) may be made to the Minister, under section 76.

#### **60. Contents of the certificate.**

A certificate issued by the Commissioner General shall state—

- (a) the name of the developer of a free zone;
- (b) the consent of the Commissioner General, by order in the Gazette;
- (c) activities to be conducted in the free zone;
- (d) responsibilities of the developer as regards the customs supervision in the free zone;
- (e) conditions that the developer has to provide for the Commissioner General's operation in the free zone; and
- (f) any other relevant matter as he or she considers appropriate.

#### **61. Altering a certificate.**

(1) The decision of the Commissioner General shall be altered if the developer of the free zone—

- (a) enlarges the approved free zone area;
- (b) changes the free zone locality; or
- (c) determines new activities to be conducted in the approved free zone.

(2) The decision of the Commissioner General shall be altered upon the request of the developer or when the Commissioner General establishes that the conditions for carrying out the customs supervision have been changed.

(3) The decision of the Commissioner General shall be altered in accordance with the procedures prescribed in section 78 and this section.

(4) The developer shall attach to the application for altering the decision, data on the activities conducted in the free zone.

(5) When the developer is joined by a new partner, or when a free zone is taken over by another developer, the developer shall inform the Commissioner General within fifteen days from the day of concluding the agreement for admission of the new co-developer or for the take-over by the new developer.

(6) The data on the new co-developer or developer under subsection (5) shall be attached to the statement, of information to the Commissioner General under that subsection and the Commissioner General shall make a decision on the alterations.

## **62. Customs supervision and control of a free zone.**

(1) The developer shall provide the necessary premises for the activities of the Commissioner General a free zone.

(2) The access, entry and exits in any part of the free zone shall be under customs control.

(3) Natural persons vehicles, vessels and aircrafts entering and leaving any part of a free zone described in subsection (2) shall be subject to customs inspection.

(4) Where it is necessary for conducting customs supervision, the Commissioner General may temporarily restrict or prohibit the conducting of any of the activities under of this Act.

(5) Subject to the powers of the Director of Public Prosecutions, the Commissioner General may file charges and prosecute in the appropriate court any person, if the Commissioner Generalr has reasonable grounds to suspect that criminal activities have been or are being carried committed by any person in the free zone.

(6) The Commissioner General may prohibit a user in a free zone from conducting activities in the free zone, if he or she fails to bring the activities into compliance with this Act.

(7) Where the Commissioner General has undertaken any measures under subsections (4), (5) and (6) or criminal proceedings have been initiated against a user in a free zone or its developer, the customs officer may prohibit or limit the access to the free zone to certain individuals.

(8) The powers of the Commissioner General to prosecute under this section are subject to the powers of the Director of Public Prosecutions under article 120 of the Constitution.

### **63. Declaring and placing at site of customs goods, e.t.c**

(1) Goods brought in any part of the free zone shall be declared to the Commissioner General.

(2) Goods brought into a free zone shall not be placed at site by the Commissioner General, nor shall a customs declaration form be filed, except for cases of those goods falling under section 42.

(3) Notwithstanding subsection (2), goods, shall be placed at site by the Commissioner General and corresponding customs procedure shall be carried out where—

- (a) domestic goods intended for export, are brought into a free zone;
- (b) on bringing the goods into the free zone, any other customs procedure is completed, unless customs regulations governing those procedures provide that goods should not be placed at site by the Commissioner General; or
- (c) on bringing the goods into the free zone, the goods fulfill the conditions for rebate or exemption from paying import and export customs duties.

(4) Goods that are to be taken out of a free zone to the rest of Uganda shall be registered and placed at site by the Commissioner General, and approval for customs use of those goods shall be obtained in accordance with the customs laws.

(5) Notwithstanding subsections (3) and (4), goods dealt with under section 41 and domestic goods which are brought into the free zone by a business enterprise in a free zone for its own purposes and for the performance of the approved activities in the free zone, the business enterprise shall take the goods in and out of the free zone by placing them at site to the Commissioner General, based on the inventory list of goods certified by the Commissioner General.

(6) Where goods are taken out of the free zone for home consumption, they shall be subject to import duty and value added tax in accordance with the Customs Management Act, Customs External Tariff of the East African Customs Union and the Value Added Tax Act.

(7) Where goods referred to in subsection (5) in a free zone have been subjected to regular procedures and action performed for the purposes of warehousing maintenance, preparation to market or quality preservation they shall be subject to import duty and value added tax in accordance with the laws mentioned in subsection (6).

(8) Where the goods processed in any part of the free zone described in subsection (1) are taken out of the free zone to another part of Uganda where it is under the customs laws and a customs duty is created for them, they shall be subject to import duty and value added tax in accordance with the laws mentioned in subsection (6).

(9) Where a business enterprise in a free zone wishes to take the goods under subsection (8), out of the free port zone to any other part of Uganda, it shall, upon the request of the Commissioner General, to place at site the records containing the consumption norms, and the Commissioner General has the right to ascertain the accuracy of data from the records.

(10) Subsections (5), (6) and (7) apply only when the exports are provided in a percentage Determined in accordance with the conditions and procedure for obtaining tax exemptions and Incentives provided in the relevant laws.

(11) Fulfilment of the condition referred to in subsection (10) shall be confirmed by the Commissioner General on the basis of the data contained in the records provided under this Act.

#### **64. Inspection of goods.**

(1) The Commissioner General may inspect the goods that are taken out or kept in any part of the free zone as described in section 55.

(2) In order to enable the inspection in subsection (1) an operator in a free zone shall submit to the Commissioner General a copy of the transportation document of the goods each time the goods are brought.

(3) Where the Commissioner General carries out an inspection under subsection (1), the operator in the free zone shall allow access to the goods and documentation for the goods that are subject to inspection to the Commissioner General.

**65. Customed goods used as equipment in a free zone.**

(1) Plant, machinery and any other equipment introduced into a free zone shall be free of customs duty so long as they remain in the free zone.

(2) Only the equipment necessary for conducting approved production or service activities within the free zone shall be considered as equipment and only where the user in compliance with the accounting standards has entered the equipment in its accounting books as equipment.

(3) The equipment shall be taken out of the free zone only with the approval of the Commissioner General for the purposes of having customs duty to another part of Uganda, the enterprise shall report it to the Commissioner General for the purposes of paying the customs duty.

(4) Equipment taken out of the free zone to another part of Uganda shall be exempted from customs duty and value added tax, if it has been in continuous use in the free zone for a period not less than five years and one day.

(5) Passenger vehicles which are under any temporary import regime in the free zone shall be exempted from customs duty if taken out of the free zone to another part of Uganda after five years and one day of continuous use.

(6) Where equipment is sold or exchanged and transferred between free zones and equipment is transferred out of a free zone to another for the purposes of maintenance or servicing, the five years and one day of continuous period shall not be considered as interrupted, if the equipment remains outside the zone for longer than six months.



(7) Equipment that is taken out of a free zone before the expiry of the period of five years and one day shall be subject to customs duty which according to the data for the value of the equipment is valid at the time of entry of the equipment in the free zone and no interest rate shall be calculated on the customs duty for the period starting from the entry of the equipment in the free zone until its withdrawal to another free zone.

(8) This section applies to spare parts of the equipment, tools and accessories for the equipment referred to in subsection (1).

## **66. Records**

(1) For the purposes of customs supervision, the user shall keep records on goods—

- (a) entering its industry in a free zone;
- (b) taken out from its industry in a free zone;
- (c) used in its industry in a free zone;
- (d) warehoused in its industry in a free zone; or
- (e) changed in its industry in a free zone.

(2) A business enterprise shall keep the records of the goods, listed in subsection (1), in a chronological order on the basis of the data contained in the documentation adjoining the entry and the departure of goods in and out of the free zone and on the basis of goods production standards.

(3) A business enterprise shall keep the records on goods described in subsection (1) for a period of five years.

(4) The Commissioner General shall prescribe the form, the content and the manner of keeping records referred to subsection (1).

(5) A person who contravenes this section commits an offence and is liable on conviction, to a fine not exceeding fifty currency points.

## PART X—GENERAL

**67. Incentives and facilities.**

A business enterprise in a free zone shall qualify for incentives as provided for in the relevant tax laws.

**68. Register of licences.**

(1) The Bureau shall establish and maintain a register of all licences granted under this Act.

(2) There shall be entered in the register in respect of each licence—

- (a) the name of the business enterprise to which the licence was granted;
- (b) the principal place of business of the licensee;
- (c) the activities to which the licence relates; and
- (d) the zone to which the licence relates.

(3) The register shall be kept at the principal office of the Bureau and shall be open for inspection during normal office hours subject to the payment of a prescribed fee for each inspection.

**69. Guarantee against expropriation.**

(1) Except as provided in this section, a business enterprise shall not be nationalised or expropriated by the State.

(2) No business enterprise shall be compulsorily deprived of its property or any interest in or right over its property of any description except where the following conditions are satisfied—

- (a) the taking of possession or acquisition is necessary for public use or in the interest of defence, public safety, public order, public morality or public health; and

- (b) the compulsory taking of possession or acquisition of property is made in undue process of law which provides for—
  - (i) prompt payment of fair and adequate compensation, prior to the taking of possession or acquisition of the property; and
  - (ii) a right of access to a court of law by the investor or any person who has an interest or right over the property.

#### **70. Application of laws and agreements.**

(1) For the avoidance of doubt, the laws of Uganda shall be applicable in free zones, except as otherwise provided in this Act.

(2) A dispute between a developer and a business enterprise in a free zone shall be under the jurisdiction of a competent court of Uganda.

(3) A dispute between the developer and the Bureau or between a business enterprise and the Bureau shall be under the jurisdiction of a competent court of Uganda.

(4) Any dispute referred to in this section may also be settled by arbitration under the arbitration and Conciliation Act Cap. 4.

#### **71. Appeal against refusal, revocation, etc of licence.**

(1) An aggrieved person under this Act may appeal to the Minister on giving written notice to the Bureau against—

- (a) the refusal of the Bureau to grant any licence under this Act;
- (b) the attaching of a condition to a licence;
- (c) the revocation of a licence; or
- (d) any decision of the Bureau in respect of which an appeal is provided for under this Act.

(2) Every appeal shall be made in writing within thirty days after the receipt of the decision made under subsection (1) by the business enterprise.

(3) Upon receipt of any appeal, the Minister shall appoint an official or officials from within the Ministry to hear any representations made by the appellant and the Bureau and the official or officials shall report to the Minister who shall on receipt of the report determine the appeal.

(4) In the exercise of his or her power to determine an appeal under this section, the Minister may—

- (a) dismiss the appeal;
- (b) require the Bureau to issue a licence;
- (c) quash any revocation of a licence; or
- (d) permit the appellant to make a fresh application for a licence notwithstanding that the period prescribed for applications has expired and the Bureau shall give effect to the determination of the Minister.

## **72. Annual reports.**

The Bureau shall, in each year, within two months after the end of the financial year, submit to the Minister, a statement of its activities in the preceding financial year, indicating any particular problems experienced by the Bureau in that year in carrying out its objects and functions and making recommendations for resolving those problems and containing such other information as the Minister may direct.

## **73. Submission of reports to Parliament.**

The Minister shall, within three months after receipt of the statement referred to in section 72, lay before Parliament together with the Auditor General's report the annual report of the Bureau.

**74. Official secrecy and duty of public officers.**

A person who in the course of his or her official duties in the administration of this Act—

- (a) has possession of or control over any document or information obtained under this Act and who communicates that document or information or any part of it to any other person to whom he or she is not authorised to do so by any enactment or by the Board, commits an offence and is liable, on conviction, to a fine not exceeding one hundred currency points;
- (b) has a duty to perform under this Act and who fails to perform that duty or performs the duty recklessly, is liable to such disciplinary action as the Board, or the appropriate disciplinary Bureau may determine.

**75. Service of notices and other documents.**

(1) A notice or other document may be served on the Bureau by delivering it at its registered office or by sending it by addressed and prepaid registered post to the Executive Director.

(2) Service of a notice or document on the Bureau shall be effected upon the Executive Director or Secretary to the Bureau.

**76. Offences and penalties.**

(1) A person who—

- (a) knowingly or negligently gives false or misleading information to the Bureau;
- (b) refuses or neglects to provide information which the Bureau or the Commissioner General may reasonably require for the purposes of the enforcement of this Act; or
- (c) refuses without lawful excuse to admit an officer or an agent of the Bureau or of the Commissioner General into the premises of his or her business enterprise or otherwise

obstructs any inspection of an officer or agent of the Bureau in pursuit of its monitoring function after giving reasonable notice,

commits an offence and is liable on conviction, to a fine not exceeding fifty currency points.

(2) Where an offence is committed by a body of persons—

- (a) in the case of a body corporate other than a partnership, every director, secretary or similar officer of the body who in any way contributes to the commission of the offence shall be taken also to have committed the offence;
- (b) in the case of a partnership, every partner, secretary or similar officer of that partnership who in any way contributes to the commission of the offence shall be taken also to have committed an offence; and
- (c) in the case of an unincorporated body, every senior management officer or responsible officer of that body who in any way contributes to the commission of the offence shall be taken also to have committed the offence.

(3) A person shall not be taken to have committed an offence under subsection (2) if he or she proves to the satisfaction of the court that the offence was committed without his or her knowledge or connivance and that he or she took all necessary steps expected of him or her to prevent the commission of the offence having regard to all the circumstances.

## **77. Regulations.**

(1) The Minister may, by statutory instrument, make regulations for the purpose of carrying into effect the provisions of this Act.

(2) Without prejudice to the general effect of subsection (1), regulations made under this section may provide for the following—

- (a) application forms required under this Act;
- (b) procedures and rules for admission into and exclusion from the free zone;
- (c) limitations on imports into and exports out of a free zone;
- (d) performance procedures to be observed by enterprises operating within the free zone;
- (e) the form of quarterly reports to be filled by developers and business enterprises under this Act;
- (f) procedures governing the destruction of raw materials in export processing zones; and
- (g) generally for giving effect to the provisions of this Act.

(3) Regulations made under this section may prescribe in relation to a contravention of the regulations—

- (a) a penalty not exceeding forty eight currency points or imprisonment not exceeding two years or both; or
- (b) a requirement that a court which convicts a person of an offence under the regulations may order the forfeiture to the state of anything involved in the commission of the offence.

#### **78. Amendment of Schedule.**

The Minister may, with the approval of the Cabinet, by statutory instrument, amend the Schedule to this Act.

**SCHEDULE**

*Section 78*

**CURRENCY POINT**

A currency point is equivalent to twenty thousand shillings.