Government oil account has Shs119b

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Workers undertake the first flaring test at a well in western Uganda. Uganda oil account is holding Shs119b. FILE PHOTO

By Mark Keith Muhumuza

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IN SUMMARY

Payment. Tullow has agreed to pay Shs830b in settlement of a capital gains tax dispute.

Kampala. Uganda's account meant to hold oil money, The Petroleum Fund, is currently holding $36m (Shs119b), Bank of Uganda (BoU) 2014/15 Annual Report shows.

According to the report, government holds two accounts in both Uganda shillings and United States dollars.

"In June 2015, the government opened two accounts (UGX and USD) in order to operationalise the petroleum fund. These accounts are to receive oil related revenue. In June 2015, $36 million was received as part payment of the $250m Capital Gains Tax (CGT) liability from Tullow," the annual report reads.

In June 2015, government and Tullow Oil reached a settlement over a Capital Gains Tax (CGT) dispute.

Tullow agreed to pay $250m (Shs830b) of which $36m was the first instalment. The rest of the money will be paid in equal instalments in 2016 and 2017.

The Public Finance Management Act, 2015, sets the stage for the management of all oil revenue. In section 56 of the Act, the petroleum fund was established where oil revenue, "which accrue to government, shall be paid into the petroleum fund." The responsibility for the management of the fund is in the hands of the Minister of Finance, Planning and Economic Development.

This is the first glimpse into Uganda's Petroleum Fund. Campaigners continue to demand that oil companies and government be compelled to publish what they pay and receive in oil revenues respectively.

Shs1.6 trillion transferred to consolidated fund

During the 2014/15 financial year, BoU transferred Shs1.6 trillion from the Oil Tax Revenue Account in BoU to the Consolidated Fund.

"This balance relates to an amount of Shs1.2 trillion transferred from what Tullow Oil paid to Government of Uganda for the settlement of the tax dispute between the government and Heritage Oil and Gas (U) Limited. It also includes stamp duty of $171m (Shs446b) on sale of Tullow Oil's assets to Total and CNOOC," the BoU report reads.

At the time of the transfer, the Public Finance Management Act, 2015 was not yet law.

F**igures showing earnings from oil**

Shs1.6 trillion

Amount of money Bank of Uganda transferred to the Consolidated Fund.

Shs830b

Amount of money Tullow oil agreed to pay government over a Capital Gains Tax dispute

Shs119b

Amount of money currently being held on the petroleum fund.

Shs126b

Amount of money Tullow Oil has paid as first instalment in the Capital Gains Tax dispute.

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