



PECULIAR LEGAL DIGEST

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TAX IMPLICATION OF MEALS PROVIDED TO EMPLOYEES

**G4S Secure Solutions Uganda Limited vs Uganda Revenue
Authority, TAT Application No. 98 of 2024**

Case Overview

In **G4S Secure Solutions Uganda Limited v Uganda Revenue Authority**, the Tax Appeals Tribunal of Uganda, comprising Ms. Crystal Kabajwara (Chair), Ms. Proscovia R. Nambi, and Mrs. Stella Nyapendi Chombo, delivered a landmark ruling on 13th October 2025. The case revolved around whether meals provided to security guards deployed at client premises constituted taxable employment benefits under the **Income Tax Act (ITA)**. URA had assessed UGX 1.795 billion in PAYE, arguing that the meals were employment benefits. G4S disputed this, claiming it merely facilitated the meals at the clients' request and that the meals were not part of employment income.



Legal Question

The Tribunal was asked to determine whether meals arranged by G4S through third-party suppliers and funded by clients qualified as taxable employment benefits under **Section 19** of the **ITA**, and whether G4S was legally obligated to withhold and remit PAYE on their value.

Tribunal's Legal Reasoning

The Tribunal held that under **Section 19(1)(b) of the ITA**, employment income includes “the value of any benefit granted.” Drawing from Black’s Law Dictionary, a benefit was defined as “an advantage or privilege.” Meals provided to employees, even if not in cash, were deemed beneficial and therefore taxable. **Section 19(6)** further clarifies that a benefit is taxable if it is provided by the employer or a third party under an arrangement with the employer, to an employee, and in respect of employment. G4S’s arrangement with clients and suppliers met all three criteria. The Tribunal emphasized that the source of funding or the involvement of third parties does not negate the employer’s obligation to account for PAYE.

Final Orders

The Tribunal confirmed G4S’s liability to account for PAYE on the meals, set aside the UGX 1.795 billion assessment for recomputation, and directed URA to reassess the liability based on actual taxable values per employee. Costs were awarded to URA.



Peculiar Understanding of Exemption Under Section 19(2)(e)

G4S attempted to rely on **Section 19(2)(e)** of the **Income Tax Act** to argue that the meals provided to its security guards were exempt from taxable income. This provision allows for the exclusion of meals from an employee's taxable income if certain conditions are met: the meals must be provided on employer-operated premises, must be solely for employees, and must be available to all full-time employees on equal terms. G4S claimed that the meals met these criteria because they were provided at client sites where guards were deployed, which they considered part of their operational environment.

However, the Tribunal rejected this argument after a detailed examination of the facts. Firstly, it found that the meals were not provided on premises operated by G4S. Instead, they were offered at third-party client sites, which G4S did not control or manage. This meant the meals were not served on “employer-operated premises” as required by the law.

Secondly, the Tribunal noted that the meals were not provided solely for all employees. They were only available to a specific category of employees, and only when those guards were deployed to particular client locations. Other employees, such as administrative staff or supervisors, did not receive meals, which violated the requirement that the meals be provided solely for employees.

Most critically, the Tribunal found that the meals were not available to all full-time employees on equal terms. Access to meals depended entirely on whether a guard was deployed to a site where meals were offered. This meant that meal access was based on operational deployment rather than employment status. The Tribunal emphasized that rotational deployment, where guards might eventually be posted to a site with meals, did not satisfy the “equal terms” condition. The law requires that all full-time employees have equal and unconditional access to the meals, not access that is contingent on assignment or rotation.

Peculiar Analysis and Takeaways

The Tribunal's decision in the G4S case carries significant implications for how employers structure and administer employee welfare benefits, particularly non-cash provisions like meals. One of the most critical takeaways is the redefinition of what constitutes a taxable benefit. Employers must now treat meals, refreshments, housing, transport, and similar welfare provisions as potentially taxable employment benefits—even if these are funded by clients or outsourced to third parties. The source of funding or operational arrangement does not exempt the employer from tax obligations if the statutory conditions for exemption are not met. To qualify for exemptions under **Section 19(2)(e)** of Uganda's **Income Tax Act**, benefits must be provided on employer-operated premises, solely for employees, and available to all full-time employees on equal terms. The Tribunal found that G4S failed to meet these conditions, particularly the "equal terms" requirement, as meals were only accessible to guards deployed at certain client sites. Rotational deployment did not satisfy the standard, as access was contingent on assignment rather than employment status. This ruling signals that selective or conditional access to benefits disqualifies them from exemption, prompting employers to revise welfare policies to ensure non-discriminatory and uniform access.

The ruling also underscores the importance of clear and consistent policy documentation. Employers must explicitly state whether such benefits are part of the employment contract and ensure that they are uniformly accessible to all full-time employees. Without such documentation and uniformity, the benefits may not qualify for exemption. Accurate PAYE (Pay As You Earn) computation is now more critical than ever. Employers must track which employees receive non-cash benefits, maintain detailed records, and apply graduated PAYE rates based on actual income levels, including the value of such benefits. Failure to do so could result in underpayment of taxes and exposure to penalties.

Importantly, the Tribunal clarified that employers are personally liable for PAYE on all taxable benefits, regardless of whether the benefits are reimbursed by clients or provided through third-party arrangements. This means that employers cannot shift the tax burden to clients or service providers. The legal obligation to withhold and remit PAYE remains with the employer, reinforcing the need for robust internal controls and compliance mechanisms.

In Conclusion

While blanket assessments by the Uganda Revenue Authority (URA) may be issued, they can be challenged provided the employer presents granular, well-supported data. This decision affirms the principle that substance prevails over form in tax matters. Employers and tax advisors must adopt a proactive approach to compliance, ensuring that benefit structures are not only legally sound but also operationally transparent. This includes revisiting existing policies, training HR and finance teams, and engaging in regular audits to mitigate risk and uphold tax integrity.

Peculiar Legal Digest Contributors

Dr. JT Nyangenyia:

Lawyer, Accountant, Auditor, Forensic & Fraud Examiner, Tax Advisor, Management Consultant, Finance Analyst, Policy Expert, Business Strategist. He is a highly accomplished and versatile professional whose expertise spans **tax law, labor law, insolvency practice, accounting, finance, human resource management, management consulting, and strategic advisory.** He holds a Ph.D. in Finance, an MBA, a BBA (Finance & Accounting), an LLB from Uganda Christian University, and a **Postgraduate Diploma in Legal Practice from the Law Development Centre (LDC)**, solidifying his legal credentials across multiple domains.

As **Managing Partner at JT & Partners** and **Managing Consultant at JT Peculiar Consult (U) Ltd**, Dr. Nyangenyia also lectures at the East African School of Taxation in Tax and Public Finance. His professional certifications include CPA (Kenya & Uganda), CPS (Kenya), and CIFA (Finalist), and he is affiliated with leading institutions such as ICPAK, ICPAU, ICPSK, and the Institute of Internal Auditors of Uganda.

With over 20 years of a proven reputation for integrity, innovation, and excellence, Dr. Nyangenyia continues to shape financial and legal practices across East Africa. His work is marked by transformative solutions that are both technically sound and strategically impactful. Whether advising on complex tax and labor law matters, restructuring financial systems, leading forensic audits, or guiding institutions through governance reforms, Dr. Nyangenyia brings clarity, precision, and visionary leadership. His ability to bridge legal insight with financial strategy makes him a trusted partner to governments, corporations, and non-profits seeking sustainable growth, compliance, and resilience in an ever-evolving business landscape.

Dorcus Atim:

Lawyer, Corporate Governance Advisor, Tax Consultant

Dorcus Atim is a versatile legal professional who holds a Master of Laws (LLM) from Cavendish University Uganda, a Postgraduate Diploma in Legal Practice from the Law Development Centre (LDC), and a Bachelor of Laws (LLB) from Uganda Christian University forming a strong foundation for her legal career.

As an **Associate at JT Advocates**, Dorcus provides legal support in corporate governance, taxation, intellectual property, insurance law, Labor law, insolvency transactions, and alternative dispute resolution. Her role includes drafting legal opinions and contracts, conducting legal research along with advising clients on regulatory compliance, and strategic legal matters.

With a steadily growing reputation for professionalism, strategic thinking, and legal precision, Dorcus continues to make meaningful contributions to legal sector. Her ability to communicate clearly, collaborate effectively, and adapt to diverse client needs makes her a valuable asset in both advisory and transactional contexts.

Known for her professionalism, emotional intelligence, and strong work ethic, she consistently fosters productive relationships with clients, colleagues, and stakeholders. Her blend of legal expertise and interpersonal finesse positions her as a dependable legal advisor in today's dynamic business and regulatory environment.

Mercy Igobia:

Lawyer, Associate, Corporate & Commercial Law, Banking & Finance, Property Law, Para-Counselling

Mercy Igobia is a dedicated and forward-thinking legal practitioner with a growing reputation for excellence in corporate law, banking and finance, and property law. She holds a Bachelor of Laws (LLB Hons) from Uganda Christian University and is currently pursuing a Postgraduate Diploma in Legal Practice at the Law Development Centre (LDC).

Mercy brings a client-focused approach to legal practice, combining technical precision with a deep understanding of business and financial frameworks. Her expertise includes legal drafting, regulatory compliance, and advisory services for corporate transactions and property matters. She is particularly skilled at navigating complex legal environments with clarity and strategic insight.

In addition to her legal qualifications, Mercy holds a Certificate in Para-counselling, which enhances her ability to engage with clients empathetically and effectively especially in sensitive or high-stakes legal situations.

Mercy is committed to delivering innovative legal solutions that align with clients' goals while upholding the highest standards of integrity and professionalism. Her passion for continuous learning and her collaborative spirit make her a valuable asset to both the firm and its clients.

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Coram: Ms. Crystal Kabajwara (Chair), Ms. Proscovia R. Nambi, and Mrs. Stella Nyapendi Chombo



AUDIT ASSURANCE TAX LEGAL FINANCE ACCOUNTANCY AND MANAGEMENT CONSULTING

JT & Partners
Certified Public Accountants of Uganda
P.O. Box 71669,
Kampala - Uganda
3rd Floor UN Mall - Kira Mulawa Road
256 706 744111 | admin@jtpeculiar.com

JT Advocates
Advocates, Solicitors & Legal Consultants
P.O.Box 4390,
Kampala - Uganda
3rd Floor UN Mall - Kira Mulawa Road
256782170105 | ek@jtadvocates.com

JT Peculiar Consult (u) Limited
Tax and Management Consulting Services
P.O. Box 71669,
Kampala - Uganda
3rd Floor UN Mall - Kira Mulawa Road
256 706 744111 | admin@jtpeculiar.com

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