**National Insurance Corporation v Pelican Services Limited**

**Division:** Court of Appeal of Uganda at Kampala

**Date of ruling:** 22 February 2006

**Case Number:** 13/05

**Before:** Mukasa-Kikonyongo DCJ

**Sourced by:** LawAfrica

**Summarised by:** R Rogo

*[1] Taxation of costs – Formula for determining the costs – Factors the taxing officer ought to consider*

*– When court can interfere with the award of costs.*

**Editor’s Summary**

The applicant filed a reference under rule 109 of the Court of Appeal Rules against taxation of the respondent’s bill of costs in the total amount of UShs 17 910 758.

**Held** – There is no mathematical formula for calculating awards in taxation but there are accepted principles. (*Chandran v Kengrow Industries Limited* [2002] LLR 306 (SCU) applied. The taxing officer has also to observe consistency and must take into account inflation. It is important to note that he or she has a discretion which the courts trust he or she would exercise judiciously. Courts are reluctant to interfere with awards of taxation or costs. The court would interfere with the award only if it was so high or low as to cause injustice to the parties. The award must be unreasonable and excessive to justify interference. (*Pramchand Raichand Limited v Quarry Services* [1972] EA 162 followed). An award of UShs 13 million as costs based on UShs 75 million being the value of the subject matter is rather high. Although there is no laid down mathematical formula 10% of the value of the subject matter would be preferable. (*Bank of Uganda v Trespert Limited* civil appeal number 3 of 1997; *Sieteo v Noble Builders* civil appeal number 31 of 1993 SCU followed). Appeal partly successful.

**Cases referred to in ruling**

(“**A**” means adopted; “**AL**” means allowed; “**AP**” means applied; “**APP**” means approved; “**C**” means

considered; “**D**” means distinguished; “**DA**” means disapproved; “**DT**” means doubted; “**E**” means

explained; “**F**” means followed; “**O**” means overruled)

***East Africa***

*A Kassam and others v Habre International* civil appeal [1999] LLR 73 (SCU)

*Attorney General v Uganda Blanket* civil appeal [1993] LLR 59 (SCU)

*Bank of Uganda v Banco Arabe Espanol* civil appeal [1999] LLR 74 (SCU)

*Bank of Uganda v Trespert Limited* civil appeal number 3 of 1997 – **F**

*Chandran v Kengrow Industries Limited* [2002] LLR 306 (SCU) – **AP**

*General Parts (Uganda) Limited v Non Performing Assets Trust* civil appeal [2000] LLR 1 (SCU)

*National Finance Corporation v Pelican Air services Limited* civil appeal number 15 of 2002

*Pramchand Raichand Limited v Quarry Services* [1972] EA 162 – **F**

*Sieteo v Noble Builders* Supreme Court civil appeal number 31 of 1993 – **F**