



Uganda Fiscal Guide 2019

Introduction: Uganda Fiscal Guide 2018/2019

Income tax

Basis of taxation

Income tax is levied on both companies and individuals under the Income Tax Act, (Cap. 340) of the Laws of Uganda. Tax is imposed on the chargeable income accruing worldwide for all residents and on the income of non-residents from sources in Uganda. An entity is regarded as a resident if it was incorporated under Ugandan law, if the management and control of its affairs was exercised in Uganda at any time during the year of income or if it undertakes the majority of its operations in Uganda.

An individual is resident in Uganda if the individual has a permanent home in Uganda, is present in Uganda for at least 183 days in a 12-month period, or is present in Uganda for an average of 122 days in the year of income and in each of the preceding years of income.

Resident companies	
Corporation tax	30%
Capital gains taxed together with business income	30%
Rental tax (separate from other business income)	30%
Licensees and contractors of petroleum operations	30%
Dividends	15%*
Interest excluding interest on government securities	15%*
Interest on government securities	20%****
Royalties (included in taxable income)	30%

Non -resident companies	
Corporation tax	30%
Capital gains taxed together with business income	30%
Rental tax (separate from other business income)	30%
Dividends	0% - 15% *****
Interest excluding interest on government securities	0% - 15% *****
Interest on government securities	20% *****
Royalties	0% - 15% *****
Proceeds from sale of assets to resident persons	10% *
Repatriation of branch profits	15% *

- * Tax is withheld at source
- ** Resident Individual's Income tax table
- *** Non-resident individual's income tax table
- **** Tax is withheld at source and is final tax
- ***** Subject to double tax treaty

Resident individuals	
Income tax	0% - 40% **
Rental income	20% of (80% of gross receipts – 2,820,000)
Dividends	15 % **** (for listed companies, tax is withheld at 10% on payment of dividends to individuals).
Interest excluding interest on government securities	15% *
Interest on government securities	20% ****
Royalties (included in taxable income)	0% - 40% *
Management and professional fees	6% * if the individual does not appear on the list of exempted withholding taxpayers issued by the Uganda Revenue Authority (URA) of compliant professionals (this is taxed at source and is taken as a tax credit at year end); however the income is generally included in taxable income.
Capital gains tax	0% – 40% **

Non-resident Individuals	
Income tax	0% - 40% **
Non-resident shareholders' tax on dividends (NRST)	0% - 15% ****
Non-residents' tax on interest (NRTI)	0% - 15% ****
Royalties	0% - 15% ****
Management fees	0% - 15% *
Proceeds from sale of assets to resident persons	10% *
Interest payments on government securities to a non-resident person	20%

Resident individual annual chargeable income (Ushs)	Rate of tax
up to 2 820 000	0%
Exceeding 2 820 000 to 4 020 000	10% of the income exceeding Ushs.2 820 000
Exceeding 4 020 000 to 4 920 000	Ushs.120 000 plus 20% of the income exceeding Ushs.4 020 000
Over 4 920 000	<ul style="list-style-type: none"> a. 300 000 plus 30% of the income exceeding Ushs.4 920 000; and b. Where the chargeable income exceeds Ushs120 million, an additional 10% is charged on the amount by which chargeable income exceeds Ushs120 million

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Non-resident individual annual chargeable income (Ushs)	Rate of tax
Not exceeding 4,020,000	10%
Exceeding 4,020,000 to 4,920,000	Ushs402 000 plus 20% of the income exceeding Ushs4,020, 000
Exceeding Ushs 4 920 000	<ul style="list-style-type: none"> a. Ushs582 000 plus 30% of the income exceeding Ushs4, 920, 000 b. Where the chargeable income exceeds Ushs120million, an additional 10% is charged on the amount by which chargeable income exceeds Ushs120 million

Capital gains tax

There is no separate capital gains tax legislation in Uganda. However, capital gains from business are taxable under the provisions of the Income Tax Act, together with other business income at 30%. Capital gains for individuals are taxed using the relevant individual tax rates (0-40%)

Transfer pricing and thin capitalisation rules

Transfer pricing regulations came into effect on 1 July 2011. Entities entering into a transaction or series of controlled transactions in Uganda are now required to determine the income and expenditure resulting from such transactions, in accordance with the Arm's Length Principle (ALP). It applies to transactions between associated taxpayers or between taxpayers who are in an employment relationship. Failure to do so will mandate the Commissioner to effect necessary adjustments so as to ensure adherence with the ALP, which may be to the detriment of the taxpayer.

Any taxpayer who asserts formally the application of arm's length pricing in his transactions with related-party transactions is required to record, in writing, sufficient information and an analysis to justify that the controlled transactions are consistent with the ALP. Such documentation should be put in place by the taxpayer prior to the due date for filing the income tax return for the year in question. Transfer pricing related party transactions apply to both local and multinational relationships.

Effective 1 July 2018 interest that can be claimed as deduction by a company that is part of a group is restricted to 30% of the taxable earnings before interest, tax, depreciation and amortisation.

A person who, upon request by the Commissioner, fails to provide records in respect of transfer pricing within 30 days after the request, is liable to a penal tax equivalent to fifty (50) million Uganda shillings

Inheritances and donations

There is no inheritances tax nor donations or gift tax. However, a donation or gift may be included in taxable income if it is obtained by virtue of a business relationship.

Transaction taxes

The standard rate of value added tax (VAT) is 18%. However, there are some services and goods which are either zero rated or exempt.

Stamp and transfer duty

Stamp duty is levied on a wide range of instruments and documents under the Stamp Duty Act, 2014. Duty is charged either ad valorem (0% – 2%) or at a rate (Ushs0 – 10 000). Duty on the issue of new shares is 0.5%. Instruments charged ad valorem include those relating to exchange of property, gifts, hire purchase, leases and mortgages.

Customs taxes

General external tariff (for goods not originating from East Africa) under the East African Customs Union stipulates import duty rates of 0% for raw materials, 10% for semi-finished goods and 25% for finished goods.

Double tax treaties and applicable withholding tax rates

Country	Dividends (%) Qualifying companies	Interest (%)	Royalties, etc (%)
Denmark, India, Norway, South Africa and Mauritius	10	10	10
Italy	15	15	10
United Kingdom	15	15	15
Netherlands	0 – 10	0 – 10	0 – 10

The tax law denies the enjoyment of reduced tax relief under a Double Taxation Agreement to a tax planning scheme of treaty shopping executed by interposing a company between two other companies so as to obtain a tax advantage. It provides that a person who must benefit from concessions offered by a Double Taxation should be the beneficial owner of the privileged receipt and there should economic substance test done.

Investment information

Investment rules

Uganda has a positive attitude towards foreign private investment and the Investment Code Act (Cap. 92) aims to protect and attract foreign investment. Generally, foreign and local investors may engage in any type of business activity. Foreign investors are required to first obtain an investment licence from the Investment Authority.

Investment incentives

The investment incentives in Uganda are currently as follows:

- Investment capital allowances:
 - Start-up costs and initial Public Offering costs at the stock market allowed for tax purposes over a four-year period i.e. at 25% per annum;
 - Scientific research expenditure allowed for tax purposes, 100% in the year incurred;
 - Training expenditure allowed for tax purposes, 100% in the year incurred;
 - Mineral exploration expenditure allowed for tax purposes, 100% in the year incurred;
 - Allowable tax depreciation rates of 20 – 40% depending on the type of asset; and
 - Allowable tax depreciation rate for hotels, industrial buildings, hospitals and approved commercial buildings of 5% per annum.
- The investment trader licence was scrapped effective 01 July 2011;
- Duty- and tax-free import of some specified plant and machinery;
- First arrival privileges in the form of duty exemptions for personal effects and motor vehicle (previously owned for at least 12 months) to all investors and expatriates coming to Uganda; and
- Export zones:
 - A 10-year corporation tax holiday;
 - Duty exemption on raw materials, plant and machinery and other inputs;
 - Stamp duty exemption;

- Duty drawback to apply on input of goods from domestic tariff area;
- No export tax;
- Exemption of withholding tax on interest on external loans; and
- Dividends repatriated to get relief from double taxation.

NOTE: With effect from 01 July 2017, Initial allowances for plant and machinery placed outside a radius of fifty kilometres from the boundaries of Kampala, during a year of income of fifty percent of the cost base of the property at the time it was first placed into service.

Initial allowance of 20% of capital expenditure on an industrial building which has been placed in use for the first time in a year of income is available.

Exchange controls

Exchange control is administered by the Bank of Uganda and is governed by the Foreign Exchange Act, 2004. Both the current account and capital account have been liberalised. All residents and non-residents are free to bring in and take out capital with minimal restriction. Non-residents are able to hold foreign currency accounts in the local banking system and residents are similarly able to hold foreign currency accounts locally and abroad with minimal restriction.

There is a requirement that all payments in foreign currency, to or from Uganda, between residents and non-residents, or between non-residents, shall be made through a bank

A taxpayer transferring funds in excess of Ushs 50,000,000 (Approx. USD 14,290) from Uganda to a place outside Uganda shall obtain a tax clearance certificate.

Residence and work permits

All foreign citizens wishing to engage in employment or work are required to obtain work permits which will be granted if it can be demonstrated that a citizen of Uganda is unable to perform the job.

The fees payable for a work permit depend on the class and are as follows:

Special pass – US\$100 (3 months)

Class A2 (Parastatal) - US\$150 - 900

Class B (Agriculture) - US\$ 800-5000*

Class C (Mining) - US\$800 - 5000*

Class D (Business) - US\$ 800 -7500*

Class E (Manufacturing) - US\$800 - 5000*

Class F (Professional) - US\$800 - 5000*

Class G (Expatriate Employee) - US\$800 - 5000*

Class G1 (Missionaries, volunteers and NGOs) - US\$ 125- 900*

*the fees range for periods between 6 months and 36 months

Annual budget announcement

The Minister of Finance announces the annual Budget and Taxation Proposals in June of each year for the tax year commencing on 1 July thereafter.

Bilateral trade and agreements

Membership – WTO, ACP-EU Partnership Agreement, COMESA and East African Customs Union.

Trade agreements concluded with USA, Germany, Netherlands and Switzerland.



Economic statistics

Prime interest rate (April 2019)	21%
USD exchange rate (May 2019)	Ushs 3,755
Inflation rate (April 2019)	4.8%
GDP	US\$ 27billion

Travel information

Visa requirements	<p>Ugandan visas are issued at the country's missions or embassies abroad and also at entry/exit points like Entebbe, Busia and Malaba. The underlying policy with Ugandan visas is the principle of reciprocity – all countries that require visas for Ugandans are also visa prone in Uganda.</p> <p>The visa fees are as below (category fees payable in US\$):</p> <p>Student visa – for non-nationals of East African Community US\$100</p> <p>Single entry US\$50</p> <p>Multiple entry (6 – 12 months) US\$100</p> <p>Multiple entry (24 months) US\$150</p> <p>Multiple entry (36 months) US\$200</p>
Flights	A number of international airlines fly into Uganda and there are regular flights between regional and certain European hubs. Daily flights are available to neighbouring countries.
Inoculations	Standard requirements

Currency

The Uganda shilling (Ushs).

Languages

The official language is English. Luganda, Swahili and other local languages are also spoken.

Official holidays

- 1 January (New Year's Day)
 - 26 January (Liberation Day)
 - 16 February (Janan Luwum Day)
 - 8 March (International Women's Day)
 - 19 April (Good Friday)
 - 22 April (Easter Monday)
 - 1 May (Labour Day)
 - 3 June (Martyrs' Day)
 - 9 June (Heroes' Day)
 - ...June (Eid-al-Fitr - End of Ramadaan)
 - ...September (Eid al-Adha - Feast of the Sacrifice)*
 - 9 October (Independence Day)
 - 25 December (Christmas Day)
 - 26 December (Boxing Day)
- ...Actual day depends on the yearly calendar.

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