Tax Alert

Change in the Stamp Duty rates effective 1 July 2016

July 2016

In brief

The Government of Uganda has increased the stamp duty rates applicable to a number of transactions effective 1 July 2016. These changes are contained in The Stamps (Amendment) Act, 2016.

Fixed base rates

The Stamps Amendment Act has increased the fixed rate of stamp duty to Ushs 10,000 for all instruments which were previously chargeable with stamp duty of UShs 5,000. This base rate was last increased from Ush 1,000 to Ushs 5,000 in 2002.

This means that all transaction costs on instruments which were subject to stamp duty of Ushs 5,000 have now been adjusted upwards to Ushs 10,000 effective 1 July 2016. All parties who enter into transactions subject to a fixed rate are advised to take note of this in order for the parties to comply with the new stamp duty rate.

Exchange of property

Stamp duty which is applicable on an exchange of property has been increased from 1% to 2% of the total value. This provision applies to exchange of property such as land, buildings, shares etc. For example, if land A is transferred in exchange for the transfer of land B, the transfer of A is chargeable with stamp duty by reference to the market value of B, and the transfer of B is chargeable with duty by reference to the market value of A.

Transfer of property

Stamp duty on a transfer of property similarly increased from 1% to 1.5% of the total value of the property.

This means that any property transfers concluded on 1 July 2016 and after will be subject to the stamp duty of 1.5% on the value of the property that is being transferred. This marks a significant increase from 1% which has been in place for many years. The new rate is still favourable compared with some of our neighbours, for example Kenya, where transfers of urban property are subject to stamp duty rate of 4%.

Let's talk

For a deeper discussion on how this issue might affect your business, please contact:

PwC Uganda - Tax Services

Francis Kamulegeya
Country Senior Partner
256 312 354 400
+256 414 236 018
francis.kamulegeya@ug.pwc.com

Plaxeda Namirimu
Associate Director
+256 312 354 400
+256 414 236 018
plaxeda.namirimu@ug.pwc.com

Eeshi Katugugu
Manager
+256 312 354 400
+256 414 236 018
eeshi.katugugu@ug.pwc.com