

Tax Alert

Employees to obtain Tax Identification Numbers

The URA has recently issued an email communication to employers advising of the requirement for PAYE returns to disclose Tax Identification Numbers (TINs) for all employees. This has also been reflected in a Public Notice informing employers to ensure that all employees earning above the tax-free threshold (UGX 235,000 per month) are registered for tax.

The email states that employee TINs will be required on PAYE returns effective from 1 October 2017 and that the registration process should be completed by 30 November 2017.

What this means for employers

While all taxpayers are required to register with the URA and obtain a TIN, this has not generally been enforced in the past in respect of employees (except in the case of company directors).

Strictly speaking, this obligation rests with the individual employee (rather than the withholding agent), but the URA appears to be shifting the burden to the employer.

This initiative is consistent with URA's general plan to enhance compliance and expand the taxpayer register.

Further it might be expected that the PAYE return will be amended to make the TIN number a mandatory field (meaning that the return will reject without a valid TIN for each employee).

Hence, in addition to obtaining the TINs for already registered employees, it will be advisable to assist unregistered employees to complete the registration process.

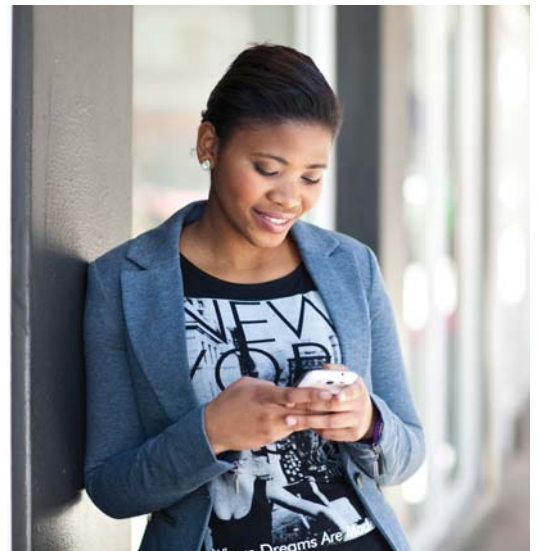
Registration process

Registration entails filing an online application form (Form DT-1001) and providing proof of identification.

The form is available on the URA website at www.ura.go.ug and includes provision of the following information:

- Name and marital status
- Postal and physical address, telephone and email contacts
- Place and date of birth
- Sources of income
- Name, telephone contact and email address of alternate contact (if any)
- Name, telephone contact, email address and TIN for referee (should be a tax registered individual)

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In addition, the employee will be required to submit any two of the following identification documents:

- National ID
- NSSF card
- Passport
- Employee ID
- Voter card
- Driver permit
- Work permit
- Village ID
- Current bank statement
- Diplomatic Foreign Affairs ID
- Financial card
- Refugee ID

Once complete, the application form should be submitted online and an acknowledgement receipt is then issued by the URA system via email. The acknowledgement receipt and the identification documents should then be physically submitted to the nearest URA office.

In practice, the TIN registration process is fairly straightforward and normally takes between 3 to 5 days to complete.

However, queries could arise around incomplete information or insufficient documentation.

If you have any questions, please get in touch with your usual PwC contact or any of the following.

Contacts

Faith Amaro

Tax Manager

Mobile: +256 702 430 748

Email: faith.x.amaro@pwc.com

Richard Marshall

Associate Director

Mobile: +256 785 288 893

Email: richard.marshall@pwc.com

Plaxeda Namirimu

Associate Director

Mobile: +256 772 486 965

Email: plaxeda.namirimu@pwc.com