

Uganda Tax Datacard

2022/2023

Income tax – Corporations

	Rate %
Corporation rate	
Residents	30
Non-residents*	30
Capital deductions	
Buildings	
Initial allowance**	20
Depreciation (straight line)	
Horticultural plant or greenhouse	20
Other	5
Plant and machinery	
Initial allowance**	50
Depreciation (reducing balance)	
Class 1	40
Class 2	30
Class 3***	20
Extractive sector	
Depreciable asset treated as mining exploration expenditure****	100
Depreciable / intangible asset treated as petroleum exploration expenditure	100
Others	
Intangible assets (straight line)	Over useful life
Start up costs depreciated on a straight line basis	25
Minor capital equipment with a cost base of less than UGX 1,000,000*****	100
Deductible expenditure for rental income is capped to 50% of gross rental income	

*15% tax on repatriated income in addition to CIT for a branch (permanent establishment) of a non-resident

**The asset must be located outside a radius of 50kms from Kampala boundaries. Where Initial allowance is claimable on an asset, the depreciation allowance on the same asset is claimable in the following year of income

*** Includes farmworks

****Acquisition cost of an intangible asset treated as mining exploration expenditure is allowed full deduction if the useful life of the asset is one year

*****Returnable containers do not qualify

Income Tax - Resident Individuals

Resident Individual monthly rate

Bands of taxable income – UGX	Tax Rate
Not exceeding 2,820,000 (235,000 pm)	Nil
Exceeding 2,820,000 (235,000 pm) but not exceeding 4,020,000 (335,000 pm)	10% of the amount by which chargeable income exceeds UGX 2,820,000 (235,000pm)
Exceeding UGX 4,020,000 (335,000 pm) but not exceeding UGX 4,920,000 (410,000 pm)	UGX 120,000 (10,000 pm) plus 20% of the amount by which chargeable income exceeds UGX 4,020,000 (335,000 PM)
Exceeding UGX 4,920,000 (410,000 pm)	UGX 120,000 (10,000 pm) plus 20% of the amount by which chargeable income exceeds UGX 4,020,000 (335,000 PM)
Exceeding UGX 4,920,000 (410,000 pm)	a) UGX 300,000 (25,000 pm) plus 30% of the amount by which chargeable income exceeds UGX 4,920,000 (410,000 PM); and b) Where chargeable income of an individual exceeds UGX 120,000,000 (10,000,000 pm) an additional 10% charged on the amount by which chargeable income exceeds UGX 120,000,000 (10,000,000 PM)

Non-resident Individual monthly rate

Bands of taxable income – UGX	Tax Rate
Not exceeding 4,020,000 (335,000 pm)	10%
Exceeding UGX 4,020,000 (335,000 pm) but not exceeding UGX 4,920,000 (410,000 pm)	UGX 402,000 (33,500 pm) plus 20% of the amount by which chargeable income exceeds UGX 4,020,000 (335,000 PM)
Exceeding UGX 4,920,000 (410,000 pm)	a) UGX 582,000 (48,500 pm) plus 30% of the amount by which chargeable income exceeds UGX 4,920,000 (410,000 PM); and b) Where chargeable income of an individual exceeds UGX 120,000,000 (10,000,000 pm) an additional 10% charged on the amount by which chargeable income exceeds UGX 120,000,000 (10,000,000 PM)

Employment Benefits

Housing:	Lower of (a) market rent of the accommodation reduced by any payments made by the employer or (b) 15% of the annual employment income paid by the employer to the employee
Car:	Available for use, wholly or partially, for private purposes this formula is used to compute the benefit: $(20\% \times A \times B/C) - D$ A: Is the market value of the motor vehicle at the time it is first provided to the employee***** B: Number of days in the year of income during which the motor vehicle was used or made available for use for private purposes C: Number of days in the year of income D: Payment made by the employee for the benefit *****Vehicle is depreciated by 35% per annum for the subsequent years of use following the first year
Loans:	The statutory rate is 7.5% for loans given in excess of UGX 1 million at interest rates below the statutory rate
Others:	Utilities, tuition, leave passages etc (the benefit is the market value less any payment made in respect of the benefit)

Rental tax for individuals

Individuals earning rental income below or equal to UGX 2,820,000 (UGX 235,000 per month), are exempt from rental income tax. Gross rental income exceeding UGX 2,820,000 is taxed at a rate of 12%

Business – Presumptive Income Tax

Specific presumptive income tax rates apply for resident taxpayers with business turnover between UGX 10 million and UGX 150 million

Other individual payroll obligations

	%
National Social Security Fund (NSSF) contributed by employer	10
NSSF contributed by employee	5
Local Service Tax (LST) is levied on every person in gainful employment and earning a salary. The tax rates range from UGX 5,000 to 100,000 per annum	

Rates of Withholding Tax

	Resident %	Non-resident %
Dividend		
- to company controlling 25% or more of voting power	0	15
- from USE listed company to an individual	10	15
- otherwise	15	15
Interest		
- on government securities with maturity of less than 10 years	20	20
- on government securities with maturity of at least 10 years	10	10
- otherwise	15	15
Management / professional fees	6	15
Payment for goods or services exceeding UGX 1 million by the Government, local authority or designated withholding agent	6	N/A
To public entertainers and sports persons	N/A	15
Importation of goods into Uganda	6	6
Commissions paid by a Telecom provider for airtime distribution or mobile money services	10	N/A
Commissions paid to insurance and advertising agents	10	10
Reinsurance premiums	N/A	10
Management charge	N/A	15
Natural resource payment	N/A	15
Rent	N/A	15
Royalty*	N/A	15
To a ship, air or road transport operator for carriage of goods/passengers from Uganda	N/A	2
Transmitting messages by cable, radio, optical fibre or satellite; pay TV; internet	N/A	5
Purchase of asset from a non-resident	N/A	10
Purchase of a business or business asset	6	6
Service fee**	N/A	15

*6% withholding tax applies where payments are made by a licensee to any Ugandan contractor for the use of movable property

** 10% applicable to contractors servicing mining and petroleum operations





Disposal of investments

Tax rates	Ugandan asset	Overseas asset
	%	%
Individual		
- Resident	10 – 40	10 – 40
- Non – resident	10 – 40	N/A
Company		
- Resident	30	30
- Non – resident	30	N/A

Exemptions:

1. Non business assets other than shares in a private company and a disposal of a commercial building
2. Involuntary disposal of an asset to the extent to which the proceeds are reinvested in an asset of a like kind within one year of the disposal

Indirect taxes

VAT

Taxable Supplies	Rate*
	%
Supply of goods & services	18
Import of goods & services*	18
Export of goods & certain services	0
Supply of international transport	0

* Generally no VAT credit on imported services, a few exceptions apply

Registration threshold (annual turnover)	Ushs 150m annual turnover
Payment	Due date
VAT on local supplies	15th day of the month following the month in which the goods / services were supplied
VAT on the importation of goods	On the date the goods are cleared through customs

Refund claims

Claim for excess output tax must be made within 3 years after the end of the tax period in which tax was overpaid

Customs duty

	%
Capital goods, raw materials, agricultural inputs, pure-bred breeding animals	0
Semi-finished goods	10
Finished consumer goods	25
Animal products, agro-processing products, luxurious goods etc	35
(i) Machinery and spare parts thereof imported by a licenced mining company and used in mining activities;(ii) machinery and inputs except motorvehicles imported by a licenced company for direct use in oil, gas or geothermal exploration, development and distribution, (iii) industrial spare parts, (iv) hotel and hospital engraved equipment, (v) horticulture, aquaculture, agriculture or floriculture inputs etc	0
Infrastructure Development Levy	1.5*
*Not applicable to imported goods that have exemption under the EACCMA	
Certain “sensitive” goods are subject to higher protective rates (e.g. sugar, wheat). Goods imported from a country with which Uganda or the EAC has a free trade agreement (e.g. COMESA) may also enjoy concessional import duty rates	

Excise duty

	% / rate
Goods Applied to specified goods including, alcohol, petroleum products, soft drinks, tobacco, furniture and cooking oil	Various
Services Electronic communication services	Various
Charges by financial institutions	0.5
Money transfer and withdrawal charges by telecommunication service providers	15
Internet data	12

Stamp duty

	%
Increase of share capital	0.5
Transfer of shares	1.5
Registration of share capital	1

Tax Incentives

A tax incentive of ten years is available to exporters who export at least 80% of their produce of finished goods, subject to certain conditions

A 100% allowance is available for scientific research expenditure, training expenditure, and mineral exploration expenditure in the year of expenditure

Plant and machinery is exempt from customs duty on importation. Additionally, a VAT deferral facility is available where VAT is deferred on importation of plant and machinery and subsequently waived upon approval by the relevant authorities

Ten-year income tax exemption for developers and operators in industrial parks or free zones subject to meeting certain conditions

Tax treaties

In force:

Denmark, India, Italy, Mauritius, Netherlands, Norway, South Africa, United Kingdom, Zambia

Filing and payment

Tax type	Due date	Percentage of tax due
Corporate tax	First provisional instalment: Final day of the sixth month of the year of income	50% of the estimated tax payable
	Second provisional instalment: Final day of the twelve month of the year of income*	50% of the estimated tax payable
	Final tax: Last day of the sixth month after the year of income	Balance of the total tax payable (if any)



Withholding tax, PAYE, Excise duty and VAT	By the 15th of the month following the month in which the tax arises**	100% of the tax payable
Local Service Tax	Paid per annum in equal instalments over the first four months of the fiscal year (i.e. July to October)	100% of the tax payable
Transfer pricing documentation	Transfer pricing documentation is required to be available prior to the due date of filing the respective year's income tax return	N/A

* It is possible to file an amended provisional estimate on or before the final day of the twelfth month of the year of income

** National Social Security Fund Contributions are also made by the 15th of the month following the month in which the obligation arises

Interest & Penalties

Submission of a tax Return after due date	2% of the tax payable or UGX 200,000 whichever is higher, in the case of late filing for CIT, PAYE, WHT and Excise duty
Late submission of a document other than tax return	UGX 50 million for failure to provide records in relation to transfer pricing within 30 days and UGX 20 million in any other case
Interest on late / non-payment of tax	2% of the tax due per month, in case of CIT, WHT, PAYE and Excise duty
Penalty for making false or misleading statements	Making false or misleading statements resulting in an underpayment or overclaim of tax attracts a penalty equal to 200% of the tax due or overclaimed. In order for this penalty to be imposed, the statements from the taxpayer must be made knowingly or recklessly***
Penalty for failure to maintain proper records	A person who deliberately fails to maintain proper records as required under the tax law is liable to double the amount of tax payable for the period to which the failure relates
Penalty for understating of provisional tax	A taxpayer, whose estimate or revised estimate of chargeable income for a year of income is less than 90% of the taxpayer's actual chargeable income assessed for that year, is liable to pay penal tax equal to 20% of the difference between the tax calculated in respect of the taxpayer's estimate, or as revised, of chargeable income and the tax calculated in respect of 90% of the taxpayer's actual chargeable income for the year of income

***For VAT purposes, the imposition of the penal tax is automatic for any error in a VAT return, regardless of whether made innocently, recklessly or deliberately

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This datacard reflects the law as at 1 July 2022 including changes introduced by the tax legislations for the FY 2022/2023

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