**Who is a land dealer/developer?**

This is a person who acquires land for resale and may partition it or add utilities, structures, and other developments so that they increase the value of the land.

A person may take the form of: an individual, a company, a trust or partnership.

**How do I register my business as a land dealer/ developer?**

All land dealers/developers in Uganda are required to be registered with;

* Uganda Registration Services Bureau (URSB) for Company registration
* Uganda Revenue Authority (URA) for taxes
* Local council authority e.g. KCCA, municipal council, for a trading license

**Please note:**

Upon registration, land dealers/developers are required to comply with the requirements of statutory bodies like;

* Uganda Investment Authority (UIA)
* Ministry of lands, housing and urban development.
* National Environment Management Authority (NEMA)

**What do I need to register for taxes?**

Click here for details on requirements for registration

**How do I register for taxes?**

* You’re required to visit the URA portal on [www.ura.go.ug](http://www.ura.go.ug)
* Click here to register as an individual
* Click here to register as a non-individual

In case you cannot register online, visit the nearest URA office for assistance or call the toll-free line ***0800117000/0800217000*** or WhatsApp: ***077214000***

**What are my rights and obligations as a taxpayer?**

|  |  |
| --- | --- |
| **My rights as a taxpayer**   | **My obligations as a taxpayer** |
| Right to equity and fair treatment before the law. | Ensure that you voluntarily register with Uganda Revenue Authority as a taxpayer. |
| Tax laws and procedures shall be applied consistently to you | File correct tax returns, customs entries or any forms relating to taxes and other revenue. |
| All your tax affairs shall be handled with impartiality. | Pay the correct tax at the right time and place as required by the relevant laws. |
| You and your agent(s) shall be presumed honest until proven otherwise. | Be honest when dealing with URA. |
| Your tax affairs shall be kept secret and tax information in our possession shall be used in accordance with the law. | In handling your tax matters, you and or your appointed agent(s) shall be expected to deal and cooperate only with the Authority’s authorized staff. |
| You and your authorized agent(s) shall be provided with clear, precise and timely information. | Quote your Tax Identiﬁcation Number (TIN) for all dealings with URA. |
| You shall always pay the correct tax. | Do not involve yourself in any form of tax evasion and other illegal practices. |
| You will receive courteous and professional services at all times | When you are importing or exporting cargo, employ services of a licensed customs agent to complete customs entries and related clearance formalities. |
| You will receive timely, clear and accurate responses to your enquiries, complaints and requests | Make full disclosure of information and correct declaration of all transactions at all times. |
| You will be availed with reasons for any decision taken. | Let URA know if you need an interpreter. |
| You shall be sensitized about your tax obligations | Beware of and comply with customs quarantine, wildlife, currency and passenger concession. |
| Your tax objections shall be attended to in accordance with the relevant laws & procedures. | When you are travelling, ensure that you have accurately completed all the necessary forms before you reach the arrival/departure processing point. |
| You shall be facilitated to exercise your right (s) of appeal both within the organization and to an independent tax tribunal in accordance with the law. | Declare your goods on arrival and have them ready for inspection |
| You shall be given prior notice whenever your premise(s) are to be subjected to routine inspection or if an audit is to be conducted. | Treat URA staff fairly and with respect |

**What are the tax types applicable to land dealers/developers?**

**NON- INDIVIDUAL INCOME TAX**

The income tax rate for a company is 30% of the entity’s chargeable income (gross income less allowable deductions).

**INDIVIDUAL INCOME TAX**

The income tax rate for individuals depends on the income bracket in which the individual falls.

**Rate of tax for Resident individuals**

|  |  |
| --- | --- |
| **ANNUAL CHARGEABLE INCOME (CY**) **IN UGX** | **RATE OF TAX** |
| 0 to 2,820,000 | Nil |
| 2,820,000 to 4,020,000 | (CY – 2,820,000UGX) x 10% |
| 4,020,000 to 4,920,000 | (CY – 4,020,000UGX) x 20% + 120,000UGX |
| 4,920,000 to 120,000,000 | (CY – 4,920,000UGX) x 30% + 300,000UGX |
| Above 120,000,000 | [(CY – 4,920,000UGX) x 30% + 300,000UGX] + [(CY – 120,000,000UGX) x 10%] |

**Rate of tax for Non-Resident individuals**

|  |  |
| --- | --- |
| **ANNUAL CHARGEABLE INCOME (CY**) **IN UGX** | **RATE OF TAX** |
| 0 to 4,020,000 | CY x 10% |
| 4,020,000 to 4,920,000 | (CY – 4,020,000UGX) x 20% + 402,000UGX |
| 4,920,000 to 120,000,000 | (CY – 4,920,000UGX) x 30% + 582,000UGX |
| Above 120,000,000 | [(CY – 4,920,000UGX) x 30% + 582,000UGX] +[(CY – 120,000,000UGX) x 10%] |

**VALUE ADDED TAX (VAT)**

VAT is a consumption tax charged at a rate of 18% on all supplies made by taxable persons i.e. persons registered or required to register for VAT purposes. The threshold for VAT registration is an annual turnover of over 150 million, or 37.5 million in the first 3 consecutive months.

Click here to register for VAT

**Please note:**

All VAT registered taxpayers are obliged to register for EFRIS and issue e-invoices

Click here for information on how to register for EFRIS

**Is VAT charged on sale of land?**

Undeveloped land is VAT exempt however, developed land (where utilities, structures, and other developments have been put on the land) is charged VAT at the standard rate of 18%.

**WITHHOLDING TAX**

Withholding tax (WHT) is income tax that is withheld at source by one person (withholding agent) upon making payment to another person (payee).

**Please note**

The tax withheld is credited/ reduced on the tax payable in the final income tax return.

Click here for information on Withholding tax.

**Is withholding tax considered on purchase of land?**

* A resident land dealer/developer who buys land from a non-resident person is required to withhold tax on the gross amount of the payment at the rate of 15% and remit the tax withheld to URA.
* A resident land dealer/developer who buys a business asset in this case land is required to withhold tax at a rate of 6% and remit the tax withheld to URA.

**Is withholding tax considered when making payments for real estate agent services?**

A resident land dealer or developer who pays management or professional fees to a resident real estate agent is required to withhold tax at a rate of 6% of the gross amount of the payment and remit the tax withheld to URA.

**Are the profits from the sale of a business asset such as land taxed?**

Yes. Capital gains tax is charged on the profits made from the sale of a business asset that is not a depreciable asset, such as land and buildings.

Capital gain is the profit one makes when a business asset is sold for more than what was originally paid for it.

**Note:**

If the business asset is purchased and sold after 12 months from the date of the purchase, the capital gains would be computed with consideration for inflation using the formula below;

CB x CPID/CPIA, where;

CB is the price that was originally paid for the business asset;

CPID is the Consumer Price Index number published for the calendar month of sale; and

CPIA is the Consumer Price Index number published for the month immediately before the date on which the business asset was acquired

**Illustration:**

Kato investments Limited purchased a building in June 2015 for shs.10, 000,000 and rented it out. The company decided to sell

the building in August 2016 for shs.25, 000,000. The Consumer Price Index for 2015 is 153.25 and for 2016 is 181.67

In this case, the cost of acquisition of the building with inflation considered would be;

10,000,000 x 181.67/153.25 = 11,854,486

Where CB=10,000,000

 CPID=181.67 CPIA=153.25

So, the taxable capital gain would be 25,000,000 – 11,854,486 = 13,145,514

And tax at 30% would be; 13,145,514 X 30% = Shs.3, 943,654.

If the building was purchased and sold within 12 months from the date of the purchase, the capital gains would be computed

with no consideration for inflation by deducting the original purchase price (CB) from the selling price.

So, the taxable capital gain would be 25,000,000 – 10,000,000 = 15,000,000 and tax at 30% would be Shs.4, 500,000.

**PAY AS YOU EARN (PAYE)**

Any land dealer/developer with workers/employees earning a monthly salary more than 235,000 per month is required to register for Pay as You Earn (PAYE), withhold and remit tax to URA.

Click here for the PAYE rates

**How do I file returns for my business as a land dealer/developer?**

Click here for information on how to file your returns.

**How do I pay taxes to URA?**

After filing a return, you’re required to pay taxes due using available payment platforms e.g. banks, mobile money, VISA, Mastercard etc.

**Please note:** the due date for payment of tax is the same as that of return filing.

Click here to register a payment

**Are land dealers/developers entitled to any tax incentives?**

Yes. There are incentives available for land dealers/developers- both local and foreign and they include:

**Tax incentives under Domestic Taxes**

|  |
| --- |
| **EXCISE DUTY** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Conditions for the Tax Incentive** |
| Developer of an industrial park/freezone | Exemption of income derived from renting out or leasing facilities established in an industrial park or free zone. | 10 years | Must invest a minimumof USD 50m for foreign investors or USD 10m for EAC citizens, Incentive takeseffect from the date of commencement of construction. Also applies to an existinginvestor making an additional investment of the same value. |
| Collective Investment Schemes to the extent of distribution. | Income tax exemption for Collective Investment Schemes | Indefinite | Must be licensed to operate as a collective investment scheme. Participants in the scheme should not have day to day control over themanagement of the property. Participants contributions and ultimate income/ profits must be pooled Property must be managed as a whole by the operator of the scheme |
| Private employers of persons with disabilities (PWDs) | Deduction of 2% Income tax for employers that employ PWDs | Indefinite | 5% of employees must be PWDs |
| Compliant taxpayers | 6% WHT exemption on payment for goods and services and professional fees | 12 months renewable | Where the Commissioner is satisfied that the taxpayer has regularlycomplied with the obligations under the tax laws |
| All taxpayers | 100% deduction of Scientific research expenditure | Indefinite | A person who incurs expenditure for scientific research |
| All taxpayers | Initial allowance and Depreciation allowance: Initial Allowance – capital deduction of 50% of qualifying Plant& machinery and 20% on Industrial building placed in the radiusof 50Km outside the boundaries of Kampala. Person who places depreciable assets in service e.g. computers, automobiles, specialized trucks, tractors, plant and machinery used in farming, manufacturing or mining operations, trailers and trailer mounted containers; and Industrial building deduction of 5% on cost of constructionstraight line method for20 years. | Indefinite | All taxpayers with depreciable assets |
| All taxpayers | Carry forward losses: Assessed loss is carried forward as a deduction in the following year of income. | Duration of the loss | All taxpayers |
| Investor established in a country with which Uganda has a DTA | Double Taxation Agreements (DTA): Investors from countries with active DTA’s with Uganda i.e. United Kingdom, Denmark, Norway, South Africa, India, Italy, Netherlands and Mauritius Withholding tax rates applicable to dividends, interests, management fees and royalties are 10% except UK at 15% | Duration of the DTA | Beneficial owner of investment as defined in the Income Tax Act established with economic substance in a country with which Uganda has a DTA. |
| **VAT ACT** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Conditions for the Tax incentive** |
| Developer of an industrial parkor free zone | No VAT on any payment for feasibility studies, design construction services, construction materials and earth moving equipment and machinery. | Duration of thedevelopment | The investment must beat least USD 50m. The development must be for an industrial park or free zone. |
| VAT Registered taxpayers | VAT registered persons claim all the VAT incurred. | Indefinite | Turnover of UGX 150m in any 12-month period for first time registration, ability to keep proper books of accounts and making taxable supplies. |
| **STAMP DUTY ACT** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Tax incentive** |
| Developer of an industrial park/free zone | No Stamp duty on debentures, lease of land, Increase of share capital, transfer of land. | Duration of development | Must invest a minimum of USD 50m and incentive takes effect from the date of commencement of construction. |
| Loan applicants | NIL stamp duty on an agreement relating to the deposit of title-deeds, pawn pledge-of the total value. | Indefinite | Agreement relating to the deposit of title-deeds, pawn pledge-of the total value. |
| Loan applicants | NIL stamp duty on security bond or mortgage deed. | Indefinite | Security bond or mortgage deed executed by way of security for the due execution of an office, or to accountfor money or other property received by virtue of security bond or mortgage deed executed by a surety to secure a loan or credit facility-of entry value. |