**TRANSPORT SECTOR**

**What does transport sector consist of?**

The transport sector in Uganda is divided into four modes. i.e. Air, Road, Water and Rail.

**How do I register my transport business?**

All businesses in the transport sector in Uganda are required to be registered with

* Ministry of Works and Transport for permits and licenses
* Uganda Revenue Authority (URA) for taxes
* Local council authority e.g. KCCA, municipal council, for a trading license

**Please note**

Depending on the type of Transportation business you are starting you may need to register with other relevant bodies such as Uganda Registration Services Bureau (URSB) for Company registration or Local council authority e.g. KCCA, Municipal Councils

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

Click here for details on requirements for registration

**How do I register my transport business 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?**

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| **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 the transport sector?**

**Advance Income tax**

Advance income tax is paid by passenger service vehicles and cargo/freight vehicles. This tax is a form of withholding tax.

Owners of such vehicles are required to pay advance income tax for every such vehicle.

Before renewing operating licenses, Transport Licensing Board requires owners for proof of payment of the Advance income tax.

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| **SN** | **Type of vehicle** | **Amount (in UGX) per tonne or passenger per year** |
| 1. | Goods/freight vehicles above 2 tonnes | 50,000 per tonne |
| 2. | Passenger Service Vehicles (PSVs) | 20,000 per passenger |

Click here for the computation of advance income tax

**Non- individual income tax**

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

**Please note**

The paid advanced income tax is credited/ reduced on the tax payable on the final income tax return.

**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

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| **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

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| **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%] |

**Pay As You Earn (PAYE)**

Any person dealing in transport business and has workers 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 pay Advance Income Tax on transport operators?**

Go to https://[www.ura.go.ug](http://www.ura.go.ug/)

**What are incentives applicable to the transport sector?**

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**TAX INCENTIVES UNDER DOMESTIC TAXES**

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| **INCOME TAX** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Conditions for the Tax Incentive** |
|  Aircraft Operators | Income Tax exemption for Aircraft Operators | Indefinite | Applies to persons engaged in air transport for domestic and international traffic or aircraft leasing. |
|  Private employers of persons with disabilities (PWDs) | Deduction of 2% Income tax for employers that employ PWDs | Indefinite | 5% of employees must be PWDs |
| All taxpayers | 100% deduction of training expenditure | Indefinite | Employers who train permanent residents or provide tertiary education not exceeding in the aggregate 5 years |
| 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 servicee.g. computers, automobiles, specialized trucks, tractors, plant and machinery used in farming, manufacturing or mining operations, trailers and trailer mounted containers; and Industrial building deductionof 5% on cost of constructionstraight line method for 20 years. | Indefinite | All taxpayers with depreciable assets |
| Foreign transporters | Exemption of income derived from transportation of passengers or goods or mail embarked outside Uganda | Indefinite | Transportation of passengers or goods or mail must have embarked outside Uganda |

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| **Description** |  **Tax incentive** |
| Commercial Vehicles of gross weight 20 tonnes and above. | Free of import duty for one year, VAT is payable |
| Road Tractors for semi - trailers. | Free of import duty for one year, VAT is payable. |
| Goods carrying vehicle with gross vehicle weight exceeding 5 tones but not exceeding 20 tonnes | Import duty is 10% instead of 25% for one year |
| Ships and other vessels include the following1. Passenger and cargo vessels of all kinds of twenty-five tonnage net weight or more
2. Cable ships, floating factories, whale catching vessels, trawlers and other commercial fishing vessels EXCEPT sport fishing vessels
3. Weather ships, hopper barges, lighters and pontoons (being flat decked vessels used for transportation of persons or goods)
4. Ferry boats, parts and accessories EXCEPT batteries and sparking plugs
 | Exempted from all taxes under the fifthschedule of the East AfricanCommunity Customs Management Act, 2004 |
| Battery operated vehicles for use in hotels, hospitals and airports. | Exempted from all taxes under the 5thschedule of the East African Community Customs Management A ct,2004 |