Free Copy

Uganda Revenue Authority

DEVELOPING UGANDA TOGETHER

FORMALISING ABUSINESS

Vol 1, Issue 2 FY 2024-25

What is a Formal Business?

A formal business is one that has registered with Uganda Registration Services Bureau (URBS) and obtained a business or company name; registered for taxes with URA and obtained a Tax Identification Number (TIN) and has secured permission to trade in any desired area/place through obtaining a trading license.

Note: If your business is not registered by these agencies, then you are informal.

What is the process of making a business formal?

Step 1 – Business/company registration with URBS

The Business Formalization process begins with the URSB where one will get a Certificate of Registration (business) or a Certificate of Incorporation (company). Businesses can be registered as local, public or foreign entities. The business types vary from partnerships, sole proprietorships, Limited Companies, Trustees to mention but a few. To register with URSB,

a. A search will be conducted to find out if the business/company name is under use.
b. The name will thereafter be reserved. For a Local Limited Company by shares, the cost depends on share capital.
c. After name reservation, file the following documents with the Registrar of Companies in case what you are registering is a company.
   - Form S18 (in case of a Local company limited by shares or limited by guarantee)
   - Memorandum and Articles of Association (in case of Local company limited by shares or limited by guarantee)
   - Form A1- Statement of Nominal Capital.
d. Following submission and payment of assessed fees, payment of registration fees and stamp duty, a certificate of incorporation is issued specifying the name, place and date of incorporation or registration.
e. A certificate of Registration is issued where a business is registered in one's own names or incorporated outside Uganda. A company is however issued a Certificate of Incorporation since it is a separate legal entity with its own identity under law.

Step 2 – Registration with URA

Apply to register for a TIN on the URA website; https://ura.go.ug. You can opt to apply as an individual and get your TIN instantly using a simplified web-based form that does not require you to print and submit. URA will issue you with a TIN through your email address and telephone number given at the point of application.

A TIN:

a. Is a unique 10-digit numeric number that should be used for all tax purposes.
b. Differentiates one taxpayer from another and is supposed to be quoted on all business transactions of that person.
c. Is sent to one's telephone number (if applied for instantly) or via email (if applied for through downloading an excel form) indicating the effective date of registration and password. These are used to create an account on the URA website.

NOTE: Any person engaged in any income generating activity is required to register for taxes.

Requirements for getting a TIN

Type of registration	Category	Documents required
Individual applications	i) Individual	A National Identity Card or any two IDs such as Passport, Voters Card, Driver's License, NSSF Card, Employment ID, Bank Statement, Village ID, Work Permit, Local Council ID
	ii) Sole proprietor	Certificate of registration, Statement of particulars in addition to a National ID or any two in (i) above
Non-Individual applications	Company	TINs of Directors, Company Form 7 or 20, Certificate of incorporation, Company Email Address.

Step 3 – Registration with the Local Council Authority and or Kampala Capital City Authority (KCCA)

"Trading" means the selling of goods and services for which a license is required in any trading premise. **A trading «premise»** includes any structure attached to the land, whether of a permanent or temporary nature.

A Trading license,

a) Is permission granted by a controlling authority (such as KCCA) to someone upon application to do something in a prescribed manner, usually after fulfillment of certain conditions and payment of a fee.
b) Is issued by a local council authority, upon approval of one's application to enable them to operate their business in that Local Authority.
c) Is valid for twelve months from the date of issue and expires immediately at the lapse of the twelve months after which it must be immediately renewed.

Requirements for trade license application

Nationals	Non Nationals
A National ID or Any 2 of the following - Passport/ Driving Permit/voter's card / Employment ID/Financial Card for individuals and for Directors in the case of non-individuals	• Clearance from Ministry of Trade, Industry and Cooperatives for non – East Africans. • Clearance from OPM for refugees • Identification of the sole trader
URSB Certificate of Registration for the business or original company certificate of incorporation in case the business is new.	
Statement of particulars for individuals or Company forms 7/20 for non-individuals	
A Tax Identification Number (TIN)	
Original Trading License for the previous year for an already existing business	
Original KCCA receipt for the previous year for an already existing business	
Original rental receipt and tenancy agreement from the land lord for the new business.	
The client must be of at least 18 years of age and if a minor, should be in partnership with a person above 18 years of age.	

What should one do next after registering their/company business with URA?

A. **Log into the URA web portal.**

- Go to the URA web portal at https://ura.go.ug
- On the top right corner, click "Login"
- Input your Login ID as the TIN and default password that was sent to your email.
- Change your password and submit. Make sure the password has a

special character, letters in small and capita letters and numbers eg January@2030. Remember to change your password periodically.

- There is also a provision for **'forgot password'** in case you are an existing user that forgot their password.

B. Timely filing of tax returns

You are required to declare to URA your income for a tax period, determine the taxable income and calculate the tax due on that income through self assessment – also known as filing of returns. For other tax types such as VAT, Local Excise Duty, you are also required to periodically file your return.

C. Timely payment of taxes due

The date a payment for taxes is expected (due date) is same as the return due date. You can make payments for any tax type to URA using the online payment registration process by selecting 'Make a payment' icon on the webportal. Payment can be made through the bank, via Mobile money, PayWay, VISA card or even via the USSD code *285# etc.

D. Keep proper business records

It is very important for taxpayers to;

- Keep proper records to make it easy for them to determine the tax liability.
- Keep records for five years for future reference.
- Keep proper records of all business transactions in the English language or request for permission from URA to keep them in another language.

NOTE: Records vary depending on the type and size of business

For more details
Toll Free Line: 0800-117000, 0800-217000
Visit our website www.ura.go.ug
Send an email services@ura.go.ug
Follow us
Touchpoint
WhatsApp 0772140000

Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

Touchpoint
Better Client Experience

For all your URA issues and inquires visit the URA TouchPoint

https://touchpoint.ura.go.ug/

BETTER CLIENT EXPERIENCE

What are the benefits of registering a business?

a. ***Competitiveness:*** Registration makes it easy for you to bid for provision of goods, works and services as well as marketing and cross border trade (imports and exports)
b. ***Growth and continuity:*** Enhanced business reputation leads to a broader and loyal clientele, which is essential for business expansion and growth.
c. ***Ease of accessing investment license and related incentives:*** Being formal makes you visible hence more opportunities and support from the government.
d. It helps distinguish one's business from other similar businesses hence building brand loyal ty and strength
e. It gives the owner of the business a sense of ownership and identity with the registered name.
f. In case of a company, liability lies with the entity and not the owner(s) of the business.
g. Business registration and compliance to taxes eases issuance of a Tax Clearance Certificate from URA.
h. Better access to financial services e.g. bank loans and other Government financial interventions that are essential for business expansion
i. ***Credibility:*** Failure to have formalized business operations means a lack of credibility. Formalizing your business builds trust with your clients e.g. selling products that are not branded/registered cannot make you compete favorably on the market.
j. ***Attracting investors***: Registered businesses find it easy to partner with investors which builds their net worth.
k. Acquiring a TIN helps you process land transactions and eases payment of stamp duty on land transfers and motor vehicle applications.
l. Formalization helps you claim tax refunds where you could have paid excess taxes.
m. Acquiring a trading license from a Local Government/ KCCA helps you to undertake business in the respective jurisdiction.

For further clarification Contact URA | Website: www.ura.go.ug| Toll free: 0800217000 or 0800117000 |E-mail: services@ura.go.ug | WhatsApp: 0772140000

DISCLAIMER:
This Information is strictly for purposes of guidance to our clientele and is subject to change on amendment of tax legislations & any other regulations that govern tax administration.

URA
Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER
Trapped with an **express penalty ticket**, just pick the **PRN** and pay using...
*285#
#URAMungalo
UGANDA POLICE FORCE
Express Penalty System
Ticket No:
Issue Date:
Time: 0000 Hrs
Ticket Details
Driver Name
Permit No
Telephone
Place
MV Reg
Car Make SUBARU
Car Model SUBARU
Officer Name AGUTI
Officer Id CPL
Amount 100,000
Surcharge 50,000
Total Amount 150,000
Offence Code 11
Description: Careless or inconsiderate use of motor vehicle
WARNING:FAILURE TO SIGN MAY LEAD TO YOUR ARREST
I sign my name as evidence of receipt of a copy of this charge and not as an admission of guilty. I will comply with the requirements.
Offender's Signature
Valid for 28 days, 50% Surcharge applies after.
You have a right to stand trial incase you do not want to pay the fine
PRN: 2210001347066
A1668809
For more details
Toll Free Line: 0800-117000, 0800-217000
Visit our website www.ura.go.ug
Send an email services@ura.go.ug
Follow us
Touchpoint
WhatsApp 0772140000