



Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

A GUIDE TO TAXATION OF THE HOTEL AND ACCOMMODATION SECTOR



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DEFINITION

The Income tax act defines an approved hotel as an industrial building licensed by the appropriate authorities for use, at a price, for boarding and lodging with at least;

- (a) Ten bedrooms with minimum facilities of bed and breakfast, toilet and bath or shower room; and
- (b) Restaurant or dining room for provision of food and beverages

ACCOMODATION

According to the International Standard Industrial Classification of all Economic Activities (ISIC), Accommodation includes the provision of short-stay accommodation for visitors and other travelers. Also included is the provision of longer-term accommodation for students, workers and similar individuals. Some units may provide only accommodation while others provide a combination of accommodation, meals and recreational facilities.

WHAT ARE THE MAIN ACTIVITIES IN THIS SECTOR?

The main activities include;

- hotels
- resort hotels
- suite / apartment hotels
- motels
- motor hotels
- guesthouses
- bed and breakfast units
- visitor flats and bungalows
- time-share units
- holiday homes
- chalets, housekeeping cottages and cabins
- Villa

Please note:

This category excludes: —provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, Camping grounds, recreational vehicle parks and trailer parks.

TOURISM

OVERVIEW

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in Uganda. Modern tourism is closely linked to development and encompasses a growing number of new destination. These dynamics have turned tourism into a key driver for socio-economic progress. Tourism constitutes a wide variety of sectors that provide diverse products and services to visitors.

WHAT IS TOURISM?

Tourism involves the short term movement of people to destinations outside the places where they normally live and work. It also involves the activities of people, referred to as tourists or visitors, during their visit to these destinations and the facilities and services utilized during their stay.

WHAT ARE THE ACTIVITIES INVOLVED IN TOURISM?

A. Accommodation and food service activities

This section includes the provision of short-stay accommodation for visitors and other travelers. Some units may provide only accommodation while others provide a combination of accommodation, meals and/or recreational facilities.

This excludes;

- Activities related to the provision of long-term primary residences in facilities such as apartments typically leased on a monthly or annual basis classified in real estate.
- Provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, Camping grounds, recreational vehicle parks and trailer parks.

B. Administrative and support services

This section includes a variety of activities that support general business operations. These activities include:

Travel agency, tour operator, reservation service and related activities

Activities of agencies primarily engaged in selling travel, tour, and transportation and accommodation services to the general public and commercial clients.

Tour operator activities include;

- Arranging and assembling tours that are sold through travel agencies or directly by tour operators. The tours may include any or all of the following: transportation, accommodation, food, visits to museums, historical or cultural sites, theatrical, musical or sporting events
- Other reservation service and related activities
- Provision of other travel-related reservation services i.e. reservations for transportation, hotels, restaurants, car rentals, entertainment and sport etc.
- Provision of time-share exchange services
- Ticket sales activities for theatrical, sports and other amusement and entertainment events
- Provision of visitor assistance services i.e. provision of travel information to visitor's activities of tourist guides

C. Transportation and storage

This section includes the provision of passenger or freight transport, whether scheduled or not, by rail, pipeline, road, water or air and associated activities such as terminal and parking facilities, cargo handling, storage etc.

WHO IS A TOURIST?

Anyone traveling for such purposes as recreation, holiday, sports, family reasons, business, on a mission or as a delegate at a conference, staying at least 24 hours and overnight, but not more than one (1) year. It excludes emigrants, diplomats, consular representatives and armed forces personnel. In no instance should the person be earning income in the place visited.

CLASSIFICATIONS OF TOURISTS

International-An International Tourist is one who visits another country outside his own country

Regional-A Regional Tourist is one traveling in a defined geographical region

Domestic-A Domestic Tourist is one traveling within his own country of residence.

WHO ARE TOUR AGENTS?

Because these visits (tours) are outside their spheres of influence, these tourists sometimes require the services of other persons to help them get along. These persons, called tour agents, provide this intermediation service for a fee.

A TOUR PACKAGE PLACEMENT

- a. Client/ agent make contact and state what they want and requests for a quotation of how much it will cost.
- b. The tour agent establishes the costs of the goods and services the tourist will require and sends a quotation to the client
- c. Client confirms; -with advance payment or with advance deposit, or cancels the tour
- d. Where payment is made as in (iii) above money is received into tour company account.
- e. Tour agent makes bookings for the services and goods the client will need e.g. Hotels, game parks, other places of interest, Souvenirs etc.
- f. Client arrives and trip is conducted.

OBLIGATION TO PAY TAX

In Uganda, individuals and companies that have invested in the hotel-accommodation and tourism business are required to register and pay their fair share of tax from the income earned.

Please note:

All players in the hotel-accommodation and tourism sector are required to register for the relevant tax types and account for the applicable incomes. Under section 22(2)(m), of the Income Tax Act, no expenditure will be allowed for any expense that exceeds 5 million in one transaction in regard to supplies (goods or services) from an unregistered supplier. The players in this sector should, therefore, endeavor to register for a TIN and also transact with businesses that are registered.

BUSINESS REGISTRATION

All providers of hotel/accommodation or tourism services in Uganda are required to be registered with;

- Uganda Registration Services Bureau (URSB) for business name or company registration
- Uganda Revenue Authority (URA) for taxes
- Local council authority e.g. KCCA, municipal council, for a trading license

REQUIREMENTS FOR REGISTRATION FOR TAXES (TIN REGISTRATION)

TIN stands for Tax Identification Number. It is a 10-digit number which acts as an account of a taxpayer with Uganda Revenue Authority (URA). All taxpayers are required to quote this number in all their communications with URA and business transactions.

Key requirements for TIN registration include;

1. Individuals

An individual is a living person who applies for a TIN. The required documents include:

- Copies of National identification card or two identification documents one which must be from the three listed here (Passport, Employee's ID or Voter's Card).
- Others are; Driving Permit, Work Permit, Village Identity Card, Current Bank Statements (past 90 days), VISA card Number, Diplomatic Foreign Affairs ID.

Please take note of the following categories that need additional requirements

a. Foreign Directors

Foreign Director is a non-Ugandan who has incorporated a company in Uganda.

i) For resident foreign directors to qualify for a TIN in Uganda, they require to have the following documentations:

- Valid passport and either
- Work permit for non-East Africans (i.e. if it is already processed) or
- National IDs for East-Africans or
- Refugee ID for refugees

b. Non-resident directors

At least two valid identification documents are mandatory, i.e. valid passport and foreign national security cards among others.

Note: A work permit is not mandatory for foreign directors as it is a requirement to have a TIN to process a work permit.

c. Minors

A Minor is a person who is under 18 years of age. For minors to qualify for a TIN, a copy of Legal / Court document of guardianship shall be attached.

2. Non-Individuals

A Non-Individual is an entity that is not a living person and it includes partnership, trust, a company, retirement fund, a government etc.

| Entity Type | Entity Sub Type | Documents required (M- Mandatory, O- Optional) |
|--------------------|--|--|
| Company | • Public Company | <ul style="list-style-type: none"> • Certificate of Incorporation(O) • Memorandum between Government and Entity (M) |
| | • Private Company | <ul style="list-style-type: none"> • Company form 7(20) (M) • Certificate of Incorporation (M) • Company form 8 (O) |
| | • Foreign Company | <ul style="list-style-type: none"> • Certificate of Registration (M) • Company form 19 (M) • Company form 21 (M) |
| Other Entity types | • Club, Society or Associations | <ul style="list-style-type: none"> • Certificate of Registration (M) • Club Constitution (O) |
| | • Estate or Trust | <ul style="list-style-type: none"> • Certificate of registration (M) • Trust deed (O) |
| Partnership | • General Partnership | <ul style="list-style-type: none"> • Partnership deed (O) • Certificate of Registration (M) • Statement of Particulars (M) |
| Partnership | <ul style="list-style-type: none"> • Joint Venture (JV) <p>NB: i) Where the name of the JV is different from the corporate names of all partners which are corporations.</p> | <ul style="list-style-type: none"> • Joint venture agreement duly endorsed by the Registrar of companies • Registration/ incorporation documents shall be required for the individual partners in the JV |

| | | |
|-------------|--|--|
| | <p>ii) Where a partner in the JV is a resident person, the JV shall be registered as resident partnership.</p> <p>iii) Where none of the partners in the JV is a resident person, the J shall be registered as a non-resident partnership.</p> | <ul style="list-style-type: none"> • Certificate of Registration of the JV under the Registration of Business Names Act |
| Partnership | <ul style="list-style-type: none"> • Limited Liability Partnership | <ul style="list-style-type: none"> • Certificate of Registration of the Limited Liability Partnership (M) • Statement of Particulars (M) • Memorandum and Articles of Association (M) |

HOW TO REGISTER FOR TAXES:

A TIN can be acquired through any of the processes below:

1. Through the URA Web portal:

- Visit the URA web portal and click e-Services
- Under e-Services click register for taxes
- Select the registration type applicable to you;
 - Instant TIN application
 - Individual TIN registration
 - Non-individual TIN registration
 - Group TIN registration that is; registering a company along with its directors.
- Complete the application and submit
- Upon approval by URA, you will receive a TIN and it will be sent to the phone number and email address you provided to URA at the point of registration.
- Print TIN Certificate sent to your email address.

2. Visiting a URA designated office

In case a taxpayer cannot register online, he or she can walk into any of the URA offices or One Stop Centre located in any Municipality or KCCA division and assistance shall be provided to complete the registration process. Ensure that you move along with the necessary attachments as listed above.

In case of failure to do any of the above, call: 0800217000 or 0800117000 (Toll free) or WhatsApp 0772140000 or send an email to services@ura.go.ug

BENEFITS OF ACQUIRING A TIN

Acquiring a TIN enables you to:

- Import or export goods.
- Claim tax benefits that accrue to you e.g. tax refunds.
- Access bank loans.
- Acquire a license or any form of authorization necessary for purposes of conducting any business in Uganda from a local authority, Government institution, or regulatory body.
- Register an instrument required to pay stamp duty for example court order.
- Register your Motor Vehicle
- Process land transactions.
- The TIN acts as a security measure on transactions regarding some assets e.g. already validated motor vehicles, titled land since a notification is automatically sent to the owner's TIN account and registered email.

RIGHTS AND OBLIGATIONS OF A TAX PAYER.

| Rights | Obligations |
|--|--|
| <ul style="list-style-type: none">• You have a right to equity:<ul style="list-style-type: none">➢ Tax laws and procedures shall be applied consistently to you➢ All your tax affairs will be handled with impartiality➢ You and your agent(s) shall be presumed honest until proven otherwise➢ You shall always pay the correct tax• Your tax affairs shall be kept secret and tax information in our possession shall be used in accordance with the law.• You and your authorized agent(s) shall be provided with clear, precise and timely information.• You will receive courteous and professional services at all times | <ul style="list-style-type: none">• Ensure that you voluntarily register with Uganda Revenue Authority as a Taxpayer.• File correct Tax Returns, Customs Entries or any forms relating to taxes and other revenue.• Pay the correct tax at the right time and place as required by the relevant laws.• 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.• Quote your Tax Identification Number (TIN) for all dealings with URA.• Comply with all the taxation requirements and regulations.• Make full disclosure of information and correct declaration of all transactions at all times.• Not indulge in any form of tax evasion and other illegal practices.• Request for a proper receipt for all your purchases and keep records properly. |

RECORD KEEPING

A business has to keep records relating to all its transactions. It is important to always have records that are dated so that you can understand which reports relate to what period. These include;

- Record of income realized in a given year
- Record of receipts / invoices and payments
- Record of vaccination details if applicable
- Record of debtors and Creditors
- Payroll for your employees if applicable
- Import schedules if applicable
- Contracts for supply
- Bank statements
- Utility bills
- Stock records
- Asset registers

KEY THINGS TO NOTE IN REGARD TO RECORD KEEPING

- Keep proper records of all business transactions in the English language.
- Keep records such that it is easy to determine their tax liability.
- Keep records for five years after the end of the tax period to which they relate for future reference.
- In case a record is necessary for a proceeding that started before the end of the 5-year period, a taxpayer shall keep the record until the end of the proceedings.
- The records kept should contain sufficient transaction information and should be saved in a format that is capable of being recovered and converted to a standard understandable record format.
- A taxpayer who wishes to keep records in a different language or currency shall apply in writing with clear reasons to the commissioner for permission.
- Where a record is not in English, the taxpayer will be required to meet the cost of translation into English by a translator approved by the Commissioner.

TAXES APPLICABLE TO THE HOTEL-ACCOMODATION AND TOURISM SECTOR

Non-Individual Income Tax (Corporation Tax)

This is imposed on all corporate entities (Companies) in the hotel-accommodation and tourism sector.

Income Tax is charged at a rate of 30% on the profits from business (Chargeable Income).

The table below shows the income statement for Charmi Hotel in Kiira town council for the period 1/01/2014 to 31/12/2014

| SALES /Revenue | UGX | UGX |
|--------------------------------|-------------|----------------------|
| Hotel Rooms (Accommodation) | 875,025,000 | |
| Food and Beverages Sales | 291,675,000 | |
| Total Sales | | 1,166,700,000 |
| COST OF SALES | | |
| Total Cost Of Sales | | (370,428,000) |
| EXPENSES | | |
| Pay Roll | 332,177,000 | |
| Employees Benefits | 56,865,000 | |
| Direct Expenses | 54,835,000 | |
| Advertising | 33,834,000 | |
| Music and Entertainment | 11,667,000 | |
| Utilities | 37,334,000 | |
| Administrative Expenses | 46,668,000 | |
| Total Expenses | | (573,380,000) |
| Profit Before Interest And Tax | | 222,892,000 |
| Interest | | (84,000,000) |
| Profit Before TAX | | 138,892,000 |
| TAX =30% of 138,892,000 UGX | | 41,667,600 |

Individual Income Tax.

This is a tax imposed on individuals in the sector using the individual rates applicable. Resident individuals enjoy a tax free annual income threshold of UGX. 2,820,000 per annum. The balance is taxed at 10%, 20% or 30% depending on the income bracket. Individuals who earn above UGX 120

, 000,000 per annum pay an additional 10% on the income above UGX 120 million.

Rate of tax for Resident individuals

N.B CY represents chargeable income.

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

Rate of tax for Non-resident individuals

| ANNUAL CHARGEABLE INCOME (CY) IN UGX | RATE OF TAX |
|--------------------------------------|--|
| | Non-residents |
| 0 to 4,020,000 | $CY \times 10\%$ |
| 4,020,000 to 4,920,000 | $(CY - 4,020,000UGX) \times 20\% + 402,000UGX$ |
| 4,920,000 to 120,000,000 | $(CY - 4,920,000UGX) \times 30\% + 582,000UGX$ |
| Above 120,000,000 | $[(CY - 4,920,000UGX) \times 30\% + 582,000UGX] + [(CY - 120,000,000UGX) \times 10\%]$ |

Income tax worked example for a resident individual in business.

Using the example of Charmi Hotel above; Assuming the hotel is owned by Katende Edith a resident individual trading as Charmi Hotel, the tax payable would be:

SOLUTION:

The chargeable Income UGX 138,892,000 falls in the bracket (above UGX 120,000,000)

$$[(CY - 4,920,000) \times 30\% + 300,000] + [(CY - 120,000,000) \times 10\%]$$

$$\{(138,892,000 - 4,920,000) \times 30\% + 300,000\} + \{(138,892,000 - 120,000,000) \times 10\% \}$$

$$= 42,380,800$$

$$\text{Tax payable} = \text{UGX } 42,380,800$$

PAYE AS YOU EARN

This tax applies to a sector player who has employees (administrative or casual laborers) that earn an aggregate in excess of 235,000 per month. This form of tax is withheld every month from the employee’s salary by the employers and then remitted to URA on behalf of the employees

Please Note

- 1) It is an obligation of the employer (not the employee) to deduct PAYE on a

monthly basis and furnish the return by the 15th of the following month.

- 2) The amounts withheld should also be paid over to URA by the 15th of the following month to avoid interest charges.

PAYE Tax rates that apply for both Residents and Non Residents.

| CHARGEABLE INCOME (CY) IN UGX (MONTHLY) | RATE OF TAX RESIDENTS |
|---|---|
| 0 to 235,000 | Nil |
| 235,000 to 335,000 | $(CY - 235,000 \text{ UGX}) \times 10\%$ |
| 335,000 to 410,000 | $(CY - 335,000 \text{ UGX}) \times 20\% + 10,000 \text{ UGX}$ |
| 410,000 to 10,000,000 | $(CY - 410,000 \text{ UGX}) \times 30\% + 25,000 \text{ UGX}$ |
| Above 10,000,000 | $[(CY - 410,000 \text{ UGX}) \times 30\% + 25,000 \text{ UGX}] + [(CY - 10,000,000 \text{ UGX}) \times 10\%]$ |

| CHARGEABLE INCOME (CY) IN UGX (MONTHLY) | RATE OF TAX NON-RESIDENTS |
|---|---|
| 0 to 335,000 UGX | $CY \times 10\%$ |
| 335,000 to 410,000 | $(CY - 335,000 \text{ UGX}) \times 20\% + 33,500$ |
| 410,000 to 10,000,000 | $(CY - 410,000 \text{ UGX}) \times 30\% + 48,500$ |
| Above 10,000,000 | $[(CY - 410,000 \text{ UGX}) \times 30\% + 48,500 \text{ UGX}] + [(CY - 10,000,000 \text{ UGX}) \times 10\%]$ |

PAYE worked examples for resident employee.

1. Kamonde is a resident employed by Mwana Hotel. He earns a monthly salary of UGX. 200,000. Is

Mwana hotel obliged to deduct PAYE tax from Kamonde?

Solution; No, because Kamonde's monthly salary is less than the threshold UGX 235,000 so his salary does not attract PAYE.

2. If Kamonde in addition to the monthly salary of UGX 200,000 is given travelling allowance of UGX 75,000 and medical allowance of UGX 45,000.

Compute his monthly amount of PAYE to be deducted?

Solution; Employment Income:

| | |
|----------------------|-------------|
| Salary | 200,000 UGX |
| Travelling allowance | 75,000 UGX |
| Medical allowance | 45,000 UGX |

Total 320,000 UGX {chargeable income}

UGX 320,000 falls under the bracket (Exceeding UGX 235,000 but not exceeding UGX 335,000)

Thus the PAYE applicable will be (10% of the amount by which chargeable income exceeds UGX 235,000)

Chargeable income = 10 % (320,000 - 235,000) = 8,500 UGX

PAYE worked examples for non-resident employee.

3. Mr. Brown is a non-resident employed by Crested Crane Hotel. He earns a monthly salary of Shs 15,000,000. Compute his monthly amount of PAYE to be deducted?

Solution

15,000,000 falls under the bracket (Exceeding UGX. 410,000)

Thus PAYE = (48,500 + 30% (15,000,000 - 410,000)) + 10 % (15,000,000 - 10,000,000) = UGX. 4,925,500

WITHHOLDING TAX

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

The supplier receives a Tax Credit Certificate that helps in offsetting tax liability in the final income tax return.

Who is a Withholding Agent?

A withholding agent is a person legally obliged to withhold tax on payment. To become a withholding agent one must;

- Be on the list of selected / designated withholding agents published by the Minister of finance in a gazette or
- Be making a payment on a transaction that is required by law to be deducted from WHT.

Responsibility of Filing a WHT return and Payment of WHT

- The responsibility for payment of the tax rests primarily on the person making payment as a withholding agent. Thus, in case of his/her failure to withhold the tax or in case of under-withholding, the under-collected tax becomes due from the withholding agent.
- A WHT Agent is required to pay the tax withheld within 15 days after the end of the month in which the payment subject to withholding tax was made by the WHT Agent. . Note; this is not only for PAYE but also all other Withholding taxes.

WHT should be considered when making the following payments:

- International payments: Tax is imposed on every non-resident person who

derives any dividend, interest, royalty, natural resource payment or management charge from sources in Uganda. The tax is withheld by the payer at the rate of 15% on the gross amount before payment.

- ii. Payments to non-resident Contractors or professionals: Tax is imposed on every non-resident person deriving income under a Ugandan source service contract. The tax is charged at 15% of the gross amount of payment and the person making the payment should withhold the relevant tax before effecting the payment.
- iii. Payments on dividends: A resident company which pays a dividend to a resident shareholder is required to withhold tax at 15% of the gross amount of the dividend paid, except where the dividend income is exempt from tax in the hands of the shareholder. However, where the dividend is paid by a company listed on the stock exchange to a resident shareholder, the rate is 10% on the gross amount.
- iv. Payment for Goods and services: Any payment of amounts in total exceeding Shs. 1,000,000 to any person in Uganda for the supply of goods, materials of any kind or services, is required to withhold 6% of the gross amount. The threshold of Shs. 1,000,000 is in respect of the total contract value, implying that separate supplies which constitute one contract are subject to the 6% withholding tax regardless of the fact that the amount paid per a single supply

Illustration

If Kato a resident individual supplies hotel sundries worth 100M UGX to XYZ hotel (Designated withholding agent), he will receive a net of 94 million UGX and the 6 million UGX (6% of 100M UGX) will be Withheld and remitted to URA by XYZ hotel on his behalf. Note that the 6million UGX withheld forms part of Kato's annual Tax liability and thus will reduce his Tax liability for the year.

VALUE ADDED TAX (VAT)

This is an indirect tax on consumption charged on value added to taxable supplies, at different stages in the chain of distribution at the rate of 18%.

Some transactions are beyond the scope of VAT and these are classified as exempt supplies and are specified in the Second Schedule of the VAT Act Cap 349. Supplies on which VAT is charged at 0% are classified as zero-rated supplies and are specified in the Third Schedule of the VAT Act Cap 349.

VAT registration

The threshold for VAT registration is an annual turnover of over 150 million, or 37.5 million in the first 3 consecutive months.

Compulsory Registration

There are two categories of persons that are required to compulsorily register for VAT under the VAT Act. These are:

- Persons who make taxable supplies (turnover) in excess of 37.5 million in any 3 consecutive calendar months.
- Public bodies that engage in business activities. These include Government

Ministries, departments, parastatals, Town Councils and District Administrations among others. These bodies should apply for registration on the date they start dealing in business activities. The business activities include hall hire, tendering of services, markets, street parking, toilet management services, street bill board adverts and disposal of assets, among others.

Voluntary Registration

Persons whose taxable turnover is below the VAT threshold are eligible to register if they wish to do so provided they meet the following general requirements;

- The applicant must have a fixed place of abode or business.
- The applicant should be able to keep proper books of accounts.
- The applicant should be able to submit regular and reliable tax returns.
- The applicant should be a fit and a proper person in the opinion of the Commissioner

IMPORTANT

ISSUANCE OF E-INVOICES OR E-RECEIPTS BY ALL VAT REGISTERED TAXPAYERS

It is mandatory for all VAT registered taxpayers to register for EFRIS and issue fiscalised invoices i.e. e-invoices.

The Electronic Fiscal Receipting and Invoicing Solution (EFRIS) is a new smart business solution used to record business transactions and share the information with URA in real time.

An e-invoice shows that a sale has occurred through EFRIS.

Penalties for non-compliance in regard to EFRIS

A VAT registered taxpayer who does not adopt the use of EFRIS is liable to pay a penal tax equivalent to the tax due on the goods or services or 400 currency points whichever is higher.

Note: One currency point =20,000 Uganda Shs.

PERIOD FOR CLAIMING INPUT TAX

The law allows a period of six (6) months from the date of issue of the e-invoice within which a person can apply for an input tax credit.

Please note: Input VAT claims are limited to only supplies acquired for use in the related business, generating a taxable supply.

Illustration

XYZ Hotel made the following accommodation sales (VAT inclusive) to the following customers in the month of September 2016. Usur UGX 5000, 000, Biyinzika UGX 600, 000, Coca Cola UGX 3,200,000 and UBDP UGX 2,780,000. The hotel also incurred the following purchases (VAT inclusive) Globo Chemicals (U) Ltd, UGX 1,200,500 Jactor Supermarket, UGX 100,800, African Queen UGX 3,389,831. Calculate the VAT payable to URA.

Solution:

| SALES | | | | | |
|-----------------------|------------------|------------|----------------------|-----------|---------------------|
| Name | Particulars | TIN | Amount charged (UGX) | 18% VAT | VAT Inclusive (UGX) |
| Usur | Accommodation | 1000427333 | 4,237,288 | 762,712 | 5,000,000 |
| Biyinzika Poultry | Accommodation | 1002240249 | 508,475 | 91,525 | 600,000 |
| Coca Cola | Accommodation | 1000243003 | 2,711,864 | 488,136 | 3,200,000 |
| UBDP | Accommodation | no TIN | 2,355,932 | 424,068 | 2,780,000 |
| | | | | 1,766,441 | |
| PURCHASES | | | | | |
| Globo Chemicals U Ltd | laundry supplies | 1000159958 | 1,017,373 | 183,127 | 1,200,500 |
| Jactor Supermarket | Cornflakes | 1000153993 | 85,424 | 15,376 | 100,800 |
| African Queen | beverages | no TIN | 3,389,831 | - | 3,389,831 |
| | | | | 198,503 | |

OUTPUT TAX (Sales) - INPUT TAX (Purchases)

1,766,441 - 198,503 = UGX 1,567,938 VAT payable to URA.

Note; When you are VAT registered, you can charge VAT to all your customers on taxable sales however you can only claim on purchases where VAT has been charged as shown in the illustration above.

Please note:

All taxes {Income Tax, WHT, PAYE} apply as explained in Hotel and Accommodation section with the exception of VAT which is handled differently.

VAT IN THE TOURISM SECTOR

Tour agents are expected to prepare two accounts:

1. The reconciliation account to determine the actual VAT spent by the tourist.
2. The VAT account to determine the actual amount of VAT payable or claimable to URA by the agent.

ILLUSTRATION

Mr. Brown a tourist from Canada contacts Opolot tour and travel agency for a quotation to come and tour in Uganda. The tour agent sends a quotation of UGX 14,160,000 Total VAT inclusive. Below is an illustration of a reconciliation statement prepared by the tour agent for the expenditure incurred by Mr. Brown.

RECONCILIATION ACCOUNT WITH THE TOURIST- MR BROWN

Mr. Brown Account Reconciliation Statement

| Narration | Amt Excluding VAT (UGX) | 18% VAT Paid out (UGX) | 18% VAT Received (UGX) | Total (UGX) |
|------------------------------|--|------------------------|------------------------|-------------|
| Amount Received* | 10,000,000 | - | 1,800,000 | 11,800,000 |
| Additional amount received * | 2,000,000 | | 360,000 | 2,360,000 |
| Total Deposit * Received | 12,000,000 | - | 2,160,000 | 14,160,000 |
| Expenses | | | | |
| Flight charges | 2,500,000 | - | | 2,500,000 |
| internal Transport* | 1,200,000 | 216,000 | | 1,416,000 |
| Accommodation* | 900,000 | 162,000 | | 1,062,000 |
| Tour License* | 600,000 | 108,000 | | 708,000 |
| T/Guides | 800,000 | - | | 800,000 |
| Meals* | 500,000 | 90,000 | | 590,000 |
| etc | 500,000 | 90,000 | | 590,000 |
| 10% Commission* | 1,200,000 | 216,000 | | 1,416,000 |
| S/ Total | 8,200,000 | 882,000 | | 9,082,000 |
| Surplus/Deficit | Total Amount Received Including Out Put VAT from the Tourist – Total Amount spent on behalf of Tourist including Input VAT i.e. (14,160,000 - 9082,000) | | | 5,078,000 |

| | | | |
|------------------------|----------------------|---------------|-----------|
| Credit Note to tourist | Total unspent amount | Including VAT | 5,078,000 |
|------------------------|----------------------|---------------|-----------|

Solution

Mr. Brown sent UGX 14,160,000 VAT inclusive and incurred total expenses of UGX 9,082,000 VAT inclusive. Opolot tours and travel is supposed to refund the UGX 5,078,000 back to the tourist. This amount includes both the unspent expenditure and unspent VAT.

NOTE: All deposit received by the client, should be included in the client's reconciliation account with full VAT inclusive

- Any amount spent on vatiable expenditure should be VAT inclusive where applicable. (in line with the VAT act)
- Client commission is VAT inclusive in full since the service is rendered in Uganda.
- Where the expenditure incurred is on a non-vatable item, then the VAT remains in the Client reconciliation account as unspent VAT.
- Any additional deposit received should be VAT inclusive.
- At the end of the engagement with the client any amount not utilized by the tourist/client if sent back, should include all the VAT not utilized. However, the VAT on the unutilized amount may not necessarily be the proportion of the unused deposit.

VAT PAYABLE TO URA

| Narration | Amount Excluding VAT (UGX) | 18% input VAT (UGX) | 18% Output VAT (UGX) | Total (UGX) |
|---|----------------------------------|---------------------------|-------------------------------|-------------|
| Commission Received from the tourists (Mr. Brown) | 1,200,000 | | 216,000 | 1,416,000 |
| Transport received from tourist hire of own vehicle | 1,500,000 | | 270,000 | 1,770,000 |
| Commission from other hotels for clients sent to them | 200,000 | | 36,000 | 236,000 |
| Other Business Income | 1,200,000 | | 216,000 | 1,416,000 |

| | | | | |
|-------------------|-----------|---------|---------|-----------|
| Sub/Total | 3,900,000 | | 738,000 | 4,838,000 |
| Expenses Incurred | | | | |
| Power | 300,000 | 54,000 | | |
| Water | 500,000 | 90,000 | | |
| Fuel | 800,000 | - | | 800,000 |
| Meals | 500,000 | 90,000 | | 590,000 |
| etc | 500,000 | 50,000 | | 590,000 |
| Sub/Total | 2,600,000 | 284,000 | | |
| VAT payable | | | 454,000 | |

The total VAT payable to URA is 454,000 UGX

TREATMENT OF LOCAL HOTEL TAX UNDER INCOME TAX.

WHAT IS LOCAL HOTEL TAX (LHT)?

This is a tax levied and paid by room occupants of Hotel and lodges.

HOW IS LOCAL HOTEL TAX LEVIED?

LHT is levied on hotel and room accommodation per room per night and is paid by the room occupant.

WHO THEN SUBMITS THE TAX TO KCCA/MUNICIPAL OR TOWN COUNCIL?

The tax is collected by the management of the hotel, which remits the same to KCCA/ Municipal or Town Council on a monthly basis.

HOW IS THIS LOCAL HOTEL TAX TREATED FOR INCOME TAX PURPOSES?

Local Service Tax is not paid by the hotel owner but it's paid by the guests who occupy the room. It is thus not revenue to the hotel owner. For income tax purposes this is not allowed as an expense to the hotel owner as this revenue is not recognized in the records of the hotel owner and should thus be paid to the local authorities as and when received by the hotel management.

RETURNS AND ACCOUNTS

WHAT IS REQUIRED OF YOU AS A TAX PAYER AFTER TIN REGISTRATION?

You will be required to meet your tax obligations by timely filing tax returns and

making payments.

WHAT IS A TAX RETURN?

- 1 A tax return is the tax form on which you report your income for the year to URA and declare your profits or losses for tax purposes.
- 2 A Tax period is the duration for which a return is required i.e. a year, month or week.
- 3 Due date is the deadline for filing a return beyond which a person is required to pay a penalty for late filing.

| ANNUAL RETURNS | | |
|---|--|--|
| Tax Type | Provisional return due date | Final Return Due date |
| <ul style="list-style-type: none"> • Individual Income tax • Rental Income tax - Individual | The last day of the 3rd month after the start of the year of Income. | The last day of the 6th month after the end of the year of Income. |
| <ul style="list-style-type: none"> • Corporate income tax • Rental Income tax- Non individual | The last day of the 6th month after the start of the year of Income. | The last day of the 6th month after the end of the year of Income. |
| <ul style="list-style-type: none"> • Presumptive/ Small business income tax | - | The last day of the 6th month after the end of the year of Income. |
| Trust Income tax(Chargeable in the hands of beneficiary) | The last day of the 3rd month after the start of the year of Income. | The last day of the 6th month after the end of the year of Income. |
| Trust Income tax(Chargeable in the hands other than beneficiary) | The last day of the 6th month after the start of the year of Income. | The last day of the 6th month after the end of the year of Income. |
| Partnership Income tax | - | The last day of the 6th month after the end of the year of Income. |
| MONTHLY RETURNS | | |

| | | |
|---|---|---|
| <ul style="list-style-type: none"> • With Holding Tax • PAYE • Excise Duty(Goods & Services) | - | By the 15th day of the following month. |
|---|---|---|

WHAT IS AN ADVANCE RETURN?

- This is a return submitted before its due date.
- During any year of income, where a taxpayer has died, is bankrupt, wound up, gone into liquidation, is about to leave Uganda permanently or any other reason the Commissioner considers appropriate, he/she may be required to file an advance return by a specified date.
- In the event that the Advance Return is not submitted by the due date, an Advance Assessment is issued.

Note that; the notice requesting for such a return shall be in writing specifying the due date for filing the return.

IS THERE AN EXTENSION OF THE RETURN FILING DATE?

- If you are not able to file a return by the due date, you can apply for an extension to file your return providing reasons justifying the extension.
- The extension if granted will not exceed 90 days (in aggregate) and does not change the due date for payment of the tax due. Interest will, therefore, accrue on any outstanding tax liability.
- If any taxpayer is dissatisfied with the Commissioner’s decision about the extension, he may challenge it under the objection and appeals procedure.

CAN A TAXPAYER AMEND A TAX RETURN?

A taxpayer may amend the tax return on condition the return is not under investigation and amendment is done within 3 years from the date on which the original return was lodged by the taxpayer.

ARE THERE ANY PENALTIES IN REGARD TO RETURN FILING?

• Failure to file a return

A person who fails to furnish a tax return by the due date or within a further time allowed by the Commissioner is liable to a fine not exceeding Shs. 1,000,000 and failure to furnish the return within the time prescribed by court to a fine not exceeding Shs.2, 000,000 on conviction.

• Providing false /misleading information

A person who knowingly or recklessly makes false or misleading statements or omits from a statement to a tax officer, a matter or thing is liable to a fine not exceeding two hundred currency points that is Shs. 110,000,000 or imprisonment not exceeding ten years or both on conviction.

WHAT IS A TAX ASSESSMENT?

A tax assessment is a document/ form showing the estimated taxable income of a person and the tax payable on it including any penalty. Tax assessment include;

Default assessment

This is a tax assessment made to a person based on estimated taxable income of that person. It is generated and issued by the Commissioner due to failure by the taxpayer to furnish a self-assessment return for any given tax period.

Advance assessment

Is a declaration issued if the Commissioner is satisfied that there is a risk that a taxpayer may delay, obstruct, prevent, or render ineffective payment or collection of tax that has not yet become due.

It may be made before the date on which the taxpayer's tax return for the period is due.

It can be issued if a taxpayer defaults in submitting an advance return when requested by the Commissioner. However the Commissioner can also issue this assessment without notice. This assessment can be objected to and can also be amended.

Where the taxpayer files a returns for a given period on which a Default or Advance assessments was issued, the taxpayer's return for that period shall be accepted and takes precedence over the default assessment.

Taxpayer is allowed to submit his/her return together with the objection.

Additional assessment

This is an amendment of an original tax assessment issued by the commissioner for any tax period to ensure that correct tax liability is obtained.

It is made at any time where fraud or any gross or willful neglect has been committed by, or on behalf of the taxpayer or new information has been discovered in relation to the tax payable for a tax period.

PAYMENT OF TAX

WHAT NEXT AFTER FILING THE RETURN?

After filing a return, the taxpayer is required to register a payment and pay the tax due using available payment modes e.g. bank, URA USSD code *285 #, AskURA App, VISA, MasterCard, American Express, Union Pay, Mobile Money, EFT, RTGS and Swift, Cash, Cheque, Demand draft, or Point of Sale.

Please note: The due date of making the payment is the same as the return filing due date.

HOW DOES ONE REGISTER A PAYMENT?

To register a tax payment;

- Visit the web portal (ura.go.ug)
- Click on eServices,
- Select Payment Registration under payments.
- Select the tax head,
- go to details of Tax Type
- Select the tax head from the drop down and input the tax amount.

- Fill in the details of the Taxpayer and mode of payment (bank, URA USSD code *285 #, AskURA App, VISA, MasterCard, American Express, Union Pay, Mobile Money, EFT, RTGS and Swift, Cash, Cheque, Demand draft, or Point of Sale),
- Enter the given image and click Accept and Register.
- Print out the Payment Registration Slip that appears on submission and take the form to the bank to effect payment.

WHAT HAPPENS IN THE CASE OF UNPAID TAX?

Any unpaid tax shall be collected by the Commissioner through serving a notice of demand on the person liable.

The taxpayer will be given at least 28 days from the date of service of the notice within which they can pay any outstanding amount specified in the demand notice.

Failure to pay tax

Failure to pay attracts interest at a rate of 2% per month the tax is not paid.

HOW IS PAYMENT OF OUTSTANDING TAX ALLOCATED?

If a taxpayer has any outstanding liability and pays any amount, the payment will be allocated in the order of PPI (Principal tax liability, penal tax and Interest due).

If a taxpayer has more than one tax liability at the time a payment is made, the amount will be used to clear the oldest / earliest liability first in the same order as above (PPI).

CAN A TAXPAYER REQUEST TO PAY TAX AT A LATER DATE?

A taxpayer can apply in writing to the Commissioner for an extension to pay tax at a later date. The date of payment can be extended but the payment due date is maintained. Interest shall accrue from the due date of the payment.

OBJECTIONS AND APPEALS

What happens to a taxpayer who has been assessed and is dissatisfied?

The taxpayer has an option and a right to object to the decision against him/her.

What is an objection?

An objection is a communication from a taxpayer to the Commissioner expressing dissatisfaction with either an assessment raised on him/her or any other tax decision made by the Commissioner.

This is always presented in the format prescribed by the Commissioner.

What are the Objection timelines?

- A person dissatisfied with a tax decision for example an assessment, may within 45 days after receiving notice of tax decision, lodge an objection with the Commissioner.
- The objection should be in a prescribed form and state precisely the grounds upon which it is made. There should be sufficient evidence to support the

objection.

- Where a taxpayer has lodged an objection to a tax assessment for the tax period, the Commissioner may consider the objection if the taxpayer;
 1. Has filed the return to which the assessment relates in the case of a default or advance assessment;
 2. Has paid the tax due under the return to which the assessment relates together with any penalty or interest due
 - A taxpayer may apply in writing to the Commissioner for an extension of time to lodge an objection.
 - The Commissioner may, if satisfied with the grounds upon which the application is made, grant an extension for such period as the Commissioner determines.
 - The Commissioner may make a decision on an objection;
1. To a tax assessment affirming, reducing, increasing or otherwise varying the assessment to which the objection relates; OR
 2. To any other decision affirming, varying or setting aside the decision.
 - The Commissioner shall within 90 days from the date of receipt of the objection, serve notice of an objection decision.
 - Where an objection decision has not been served within 90 days, the person objecting may, by notice in writing to the Commissioner, elect to treat the Commissioner as having made a decision to allow the objection.
 - Where a person makes an election, the person is treated as having been served with a notice of objection decision on the date the person's election was lodged with the Commissioner.

Note that; this time limit for making an objection decision is waived where a review of the taxpayer's records is necessary for settlement of the objection and the taxpayer is notified.

- Where the Commissioner reviews the taxpayer records, the Commissioner shall within ninety days, notify the taxpayer of the review.

Alternative Dispute Resolution

A person dissatisfied with an objection decision may within Seven (7) days after being served with a notice of the objection decision, apply to the Commissioner to resolve the dispute amicably through Alternative Dispute Resolution (ADR) mechanisms including reconciliation, mediation, negotiation and settlement. ADR is another avenue for taxpayers who would like to review tax decisions issued by URA without necessarily lodging an appeal to the Tax Appeals Tribunal.

Appeals

1. Tax Appeals Tribunal (TAT)

A person dissatisfied with the decision of the Commissioner may appeal to the Tax Appeals Tribunal

A person intending to lodge an appeal against the decision of the Commissioner shall do so within 45 days after being served with the decision and shall serve a copy of the appeal on the Commissioner.

2. High court

A person dissatisfied with a decision of the Tribunal may, within 30 days after being served with a notice of the decision, lodge an application with the High Court for review of the decision.

3. Court of Appeal

- A person dissatisfied with a decision of the High Court, arising from appeals to the TAT, may, within 30 days after being served with a notice of the decision or within further time as the Court of Appeal may allow, lodge an application with the Court of Appeal for review of the decision. This appeal will be on questions of law only.
- The Court of appeal shall inquire and determine the appeal expeditiously and shall declare its findings not later than 60 days from the date of filing the appeal.

4. Supreme Court

- An appeal to the Supreme Court may be lodged with a certificate of the court of appeal that the matter raises questions of law of great public importance or if the Supreme Court in its overall duty to see that justice is done, considers that the appeal should be heard.
- The Supreme Court shall inquire and determine the appeal expeditiously and shall declare its findings not later than 30 days from the date of filing the appeal.”
- Where the decision maker is required to refund an amount of tax to a person as a result of a decision of a reviewing body, the tax shall be repaid with interest at the rate specified in the relevant law on the amount of the refund for the period commencing from the date the person paid the tax refunded and ending on the last day of the month in which the refund is made.

Reviewing body means the Tribunal, the High Court, the Court of Appeal and the Supreme Court.

Burden of proof

- For any objection to a tax assessment, the burden is on the taxpayer to prove that the assessment is incorrect.
- For any other tax decision, the burden is on the person objecting to the decision.

Please note:

Taxpayers who fail to provide information upon receiving a request from Uganda Revenue Authority are prohibited from presenting new information when objecting to a tax decision or during ADR proceedings.

However, this restriction shall not apply to the information requested for by the Commissioner where the information is more than three years from the date the document was authored or beyond the past three financial years.

ENFORCEMENT OF TAX

How is a tax collected from persons leaving Uganda permanently?

The Commissioner may issue a certificate containing particulars of the tax payable to the officer responsible for immigration control and request the Commissioner for Immigration to prevent that person from leaving Uganda until that person;

- (a) **Makes payment of the tax in full; or**
- (b) **Executes a financial bond guaranteeing payment of the tax liability.**

What are the tax Recovery procedures?

When a person refuses or fails to comply, the taxes may be collected using various methods, such as:

- By Distress i.e. selling goods on which the assessed person has a claim in order to recover the tax.
- By Agency Notice: i.e. instructing a person who has money or other liabilities of the assessed person to pay the held amount directly to URA.
- Temporary closure of business premises.
- Charge over immovable property: The Commissioner may write, to the Registrar of Titles, and direct the Registrar that the land or buildings in the notice are the subjects of security for unpaid tax.
- Seizure of goods in cases where there is proof that the taxes due have not been paid especially in respect of the supply, removal or import of the goods.

Note: The Commissioner may write to a taxpayer, to give security by bond, deposit, or anything else that is satisfactory, for the payment of tax that may become payable, if there is reason to believe that;

- (c) **a taxpayer establishing a business in Uganda intends to carry on the business for a limited time only; or**
- (d) **A taxpayer may not pay tax when it becomes payable.**

INVESTIGATIONS

Who is entitled to access tax information?

The Commissioner is entitled to have at all times and without prior notice, full and free access to; any premises or place; any record and any data storage device.

He can make an extract or copy, seize any record, data storage device that may contain data relevant to a tax obligation; and retain any record or data storage device seized for as long as it is required for determining a taxpayer's tax obligation and liability.

How is evidence obtained?

The Commissioner may request any person;

- (a) to furnish any information or

(b) to attend and be examined at the time and place designated for that purpose concerning the tax affairs of that person or any other person.

For that purpose, the Commissioner may require the person to produce any record, including an electronic format, in the control of the person.

WHAT TAX INCENTIVES APPLY TO THE HOTEL-ACCOMODATION AND TOURISM SECTOR?

To ensure that players in the hotel-accommodation and tourism sector get a fair return on investment, the Government of Uganda has continued to prioritize the sector and over the years many incentives have been introduced to boost the sector development and these include;

TAX INCENTIVES UNDER DOMESTIC TAXES

| INCOME TAX | | | |
|---|--|--|--|
| Beneficiary | Incentives | Period of Incentive | Conditions for the Tax Incentive |
| 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 regularly complied with the obligations under the tax laws |
| 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 | Carry forward losses: Assessed loss is carried forward as a deduction in the following year of income. | Full carry forward of losses for seven years of income | All taxpayers |

| | | | |
|--|--|---|--|
| | | and only 50% carry forward of losses is allowed in the following year of income and the subsequent years of Income. | |
|--|--|---|--|

VAT ACT

| Beneficiary | Incentives | Period of Incentive | Conditions for the Tax incentive |
|--|---|-----------------------------|--|
| Developer of a hotel or tourism facility | No VAT on the supply of feasibility study, design and construction services; or on the supply of locally produced materials | Duration of the development | The hotel developer must invest at least USD 8m. The feasibility studies must be for the development of a hotel or tourism facility or the supply of machinery and equipment furnishings or fittings (not available on the market). The hotel or tourism facility must have a room capacity exceeding 30 guests. A developer of a facility for meetings, conferences and exhibitions whose investment capital is not less than one million United States Dollars |



| | | | |
|--------------------------|--|------------|--|
| 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 |
|----------------------------|--|-----------------------------|---|
| Hotel or tourism developer | Nil Stamp Duty on debenture, further charge, lease of land, increase of share capital, transfer of land and agreement to provide services on conducting a feasibility study or developing a design for construction. | Duration of the development | Must invest at least USD 8m. Hotel or tourism facility should have room capacity exceeding one hundred guests |

INTERNATIONAL TRADE INCENTIVES

Any of the following goods engraved or printed or marked with the hotel logo imported by a licensed hotel for its use:

| | Description | Tax incentive |
|---|---|---|
|  | a) Washing machines Machine for washing clothes, bed linens, etc. | • Exempted from all taxes under the 5 th schedule of the East African Community Customs Management Act, 2004 |
|  | b) Kitchen ware Instruments and utensils found in a kitchen, particularly those associated with the preparation and serving of food. | • Exempted from all taxes under the 5 th schedule of the East African Community Customs Management Act, 2004 |

| | | |
|---|--|--|
|  | <p>c) Cookers Utensil, device, or apparatus for cooking</p> | <ul style="list-style-type: none"> Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 |
|  | <p>d) Fridges and freezers A box, room, or cabinet in which food, drink, etc., are kept cool by means of ice or mechanical refrigeration</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>e) Air conditioning systems A system used for cooling and drying the air in a building, room, etc.</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>f) Cutlery Edged or cutting tools specifically implements for cutting and eating food.</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>g) Televisions A device that receives television signals and reproduces them on a screen</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |

| | | |
|---|--|--|
|  | <p>h) Carpets</p> <p>A carpet is a textile floor covering typically consisting of an upper layer of pile attached to a backing</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>i) Furniture</p> <p>Large movable equipment, such as tables and chairs, used to make a house, office, or other space suitable for living or working</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |



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| | | |
|---|--|--|
|  | <p>j) Linen and curtains Linen: Sheets, pillowcases, and duvet covers Curtain: A piece of material suspended at the top to form a covering or screen, typically one of a pair at a window</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>k) Gymnasium equipment Exercise equipment is any apparatus or device used during physical activity to enhance the strength or conditioning effects of that exercise by providing either fixed or adjustable amounts of resistance, or to otherwise enhance the experience or outcome of an exercise routine</p> | <ul style="list-style-type: none"> Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004 |
|  | <p>2) Bathrobes</p> | <ul style="list-style-type: none"> Import duty is applicable at a rate of 0% instead of 25% for one year when imported by a licensed hotel. |
|  | <p>3) Clothes-dryers</p> | <ul style="list-style-type: none"> Import duty is applicable at a rate of 0% instead of 10% for one year when imported by a licensed hotel. |

| | | |
|--|---|---|
| <p>a)</p>  | <p>b) 1) Motor car for transportation of tourist imported by tour operators upon recommendation by a competent authority responsible for tourism promotin in a partner state provided the Vehicles meet the following conditions;</p> <p>c) They are four wheel drive with openroof facility for game viewing and havea seating capacity not exceeding 12 passengers.</p> <p>d) They have provisions for camping, rescue and first aid equipment, baggage and compartment and communication fittings.</p> | <ul style="list-style-type: none"> Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 |
| | <p>e) operate and have a clear and conspicous label or marking of "Tourist vehicle."</p> <p>f) Any other condition that the commisioner may impose, Provided that duties shall be payable upon disposal for other use or change of use</p> | |
| <p>g)</p>  | <p>2) Sightseeing buses</p> <p>a) Front facing comfortable reclining coach seats.</p> <p>b) Basic lavatory facilities.</p> <p>c) Provisions for first aid equipment, communication fittings and luggage compartment.</p> <p>d) Seating capacity above 20.</p> <p>e) Any other condition the commissioner may impose or vary.</p> <p>Provided that duties shall be payable upon disposal for other use or change of use.</p> | <ul style="list-style-type: none"> Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 |

| | | |
|---|--|--|
| <p>b)</p>  | <p>3) Overland truck</p> <p>a) High clearance for off road driving.</p> <p>b) Forward facing comfortable reclining coach seats.</p> <p>c) Inverter for charging electrical items.</p> <p>d) Camping stocks, tents, kitchen and food storage.</p> <p>e) Windows for good all round view.</p> <p>f) Provisions for first aid equipment, communication fittings and luggage compartment.</p> <p>g) Any other condition the commissioner may impose or vary.</p> <p>Provided that duties shall be payable upon disposal for other use or change of use</p> | <ul style="list-style-type: none"> Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 |
|  | <p>4) Tourism boats</p> | <ul style="list-style-type: none"> Tourism boats imported by a licensed tour operator exempted from taxes under the 5th Schedule of the EAC CMA. |

OTHER IMPORTANT INFORMATION

WHAT OTHER OFFENCES CAN BE COMMITTED?

- Failure to furnish a return or any other document
- Failure to comply with an agency notice or the requirements of a receiver
- Failure to maintain proper records
- Failure, without good cause, to comply with a request for information
- Improper use of a taxpayer

IS THERE ANY ADVICE TO THE PLAYERS IN THE SECTOR?

- For Associations, mobilize your members and invite URA to sensitize them.
- For Tax payers in the hotel and accommodation sector
 - Register for taxes,
 - Periodically assess yourselves by filing returns and Pay liabilities due (or claim

refunds) by the due dates to avoid any penalties and interest that may accrue due to non-compliance.

- Always attend URA Tax clinics whenever called upon.
- Engage URA as much as possible to avoid being misled about taxes.

ARE THERE ANY INITIATIVES TO TRAIN HOTEL AND ACCOMODATION BUSINESS OWNERS?

- One of URA's focus areas this Financial Year is going to be the hotel and accommodation sector thus we urge hotel and accommodation owners to fully participate and attend URA Tax Clinics and Workshops when called upon.
- Taxpayer Registration Expansion Program is being implemented to ease the registration process and compliance process.
-

References:

- THE TAX PROCEDURES CODE ACT, 2014.**
- THE INCOME TAX ACT (IT A), CAP.340**
- THE VALUE ADDED TAX ACT (VAT A), CAP.349**
- THE EXCISE DUTY ACT,2014**
- THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT**



**At URA we shall serve you
with Patriotism, Integrity and
professionalism at all times.**

THINK • SPEAK • EXECUTE

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.

**For more
details**



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UGANDA POLICE FORCE

Express Penalty System

Ticket No: [Redacted]
Issue Date: [Redacted]
Time: 0000 Hrs

Ticket Details

| | |
|--------------|--|
| Driver Name | [Redacted] |
| Permit No | [Redacted] |
| Telephone | [Redacted] |
| Place | [Redacted] |
| MV Reg | [Redacted] |
| 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

[Signature Line]

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



41668809

For more details

Toll Free Line: 0800-117000, 0800-217000

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