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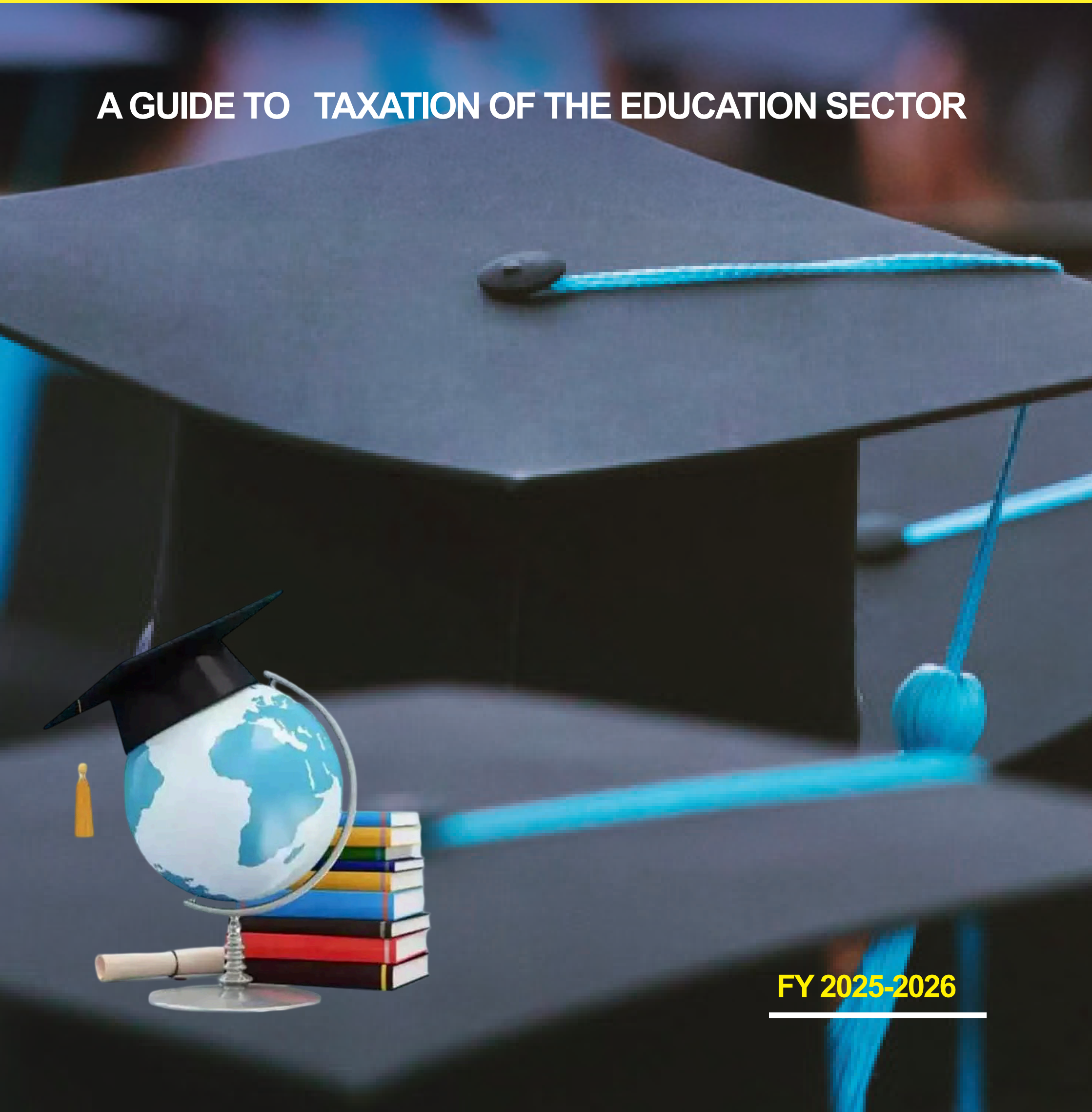
Uganda Revenue Authority

DEVELOPING UGANDA TOGETHER

A GUIDE TO TAXATION OF THE EDUCATION SECTOR



FY 2025-2026

AN OVERVIEW

The Education Sector in Uganda comprises key players in the government and the private sector. The sector has both formal and non-formal educational levels.

LEVELS OF EDUCATION IN THE EDUCATION SECTOR

1. Pre-primary (Nursery/ kindergarten)
2. Primary
3. Secondary
4. Technical college (eg, Business, Technical and Vocational Education and Training - BTVET) or university
5. An institution established for the promotion of adult education, vocational training, technical education, or the education or training of physically or mentally handicapped persons.

OBLIGATIONS

A. REGISTRATION

All entities in Uganda are required to register with the Uganda Registration Services Bureau (URSB) to formalize their legal status. The entity will receive either a Certificate of registration (if registered in one's name or business name) or a Certificate of Incorporation if registered as a Limited Liability Company.

- Register with the Local Government and obtain a license and or operational permit. After a thorough examination by the health and education inspector, a report is provided
- Submit the report and permit to the District in case of primary school, or the Ministry of Education and Sports (MoES) in case of secondary school.
- After ascertaining suitability in the form of infrastructure, staffing, and other logistics, MoES will provide an Education Mgt Information System (EMIS) number & Registration No.
- You may register with the Uganda Registration Services Bureau (URSB) as a sole trade name or incorporate a company.
- Register with Uganda Revenue Authority (URA) and obtain a Tax Identification Number. Register for applicable taxes, including ensuring that your staff and directors also register.

Upon registration, education services entities are required to comply with the requirements of statutory bodies such as the

- Ministry of Education and Sports
- KCCA/Local Government - Upon approval of a Trading License application, you will be given a Trading License to enable you to operate your business in a defined Local Authority countrywide.

Obtaining a TIN

The Tax Procedures Code Act requires every person liable to pay tax under a tax law to apply to the Commissioner, register with Uganda Revenue Authority (URA), and obtain a Tax Identification Number (TIN).

A TIN is a 10-digit number that acts as an account of a taxpayer with the Uganda Revenue Authority (URA). All taxpayers are required to quote this number in all their communication with URA and business transactions.

Note: A TIN is obtained free of charge, and therefore, no one should charge you for it.

Similarly, every local authority, Government institution, or regulatory body shall require a Taxpayer Identification Number from any person applying for a license or any form of authorization necessary for purposes of conducting any business in Uganda.

The key requirements for TIN registration include;

1. Individuals

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

- A copy of the National identification document or,
- Any two of the following identification documents: Passport, Employee ID, NSSF Card, Voter's Card, Driving License, Work Permit, Village Identity Card, Financial Card, Certified Bank Statement (past 90 days), VISA card Number, Diplomatic Foreign Affairs ID, Refugee ID

Note: For minors (persons under 18 years) to qualify for a TIN, a copy of a 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 a partnership, a trust, a company, a retirement fund, a government, and a subdivision of government.

Entity Type	Entity Sub Type	Documents required (M- Mandatory, O- Optional)
Company	• Public Company	• Certificate of Incorporation(O) • Memorandum between Government and Entity (M)
	• Private Company	• Company form 7(20) (M) • Certificate of Incorporation (M) • Company form 8 (O)
	• Foreign Company	• Certificate of Registration (M) • Company form 19 (M) • Company form 21 (M)
Other Entity types	• Club,Societyor Associations	• Certificate of Registration (M) • Club Constitution (O)
	• Estate or Trust	• Certificate of registration (M) • Trust deed (O)

Partnership	• General Partnership	• Partnership deed (O) • Certificate of Registration (M) • Statement of Particulars (M)
Partnership	• Joint Venture (JV) NB: i)Where the name of the JV is different from the corporate names of all partners which are corporations. ii) Where a partner in the JV is a resident person, the JV shall be registered as resident partnership.	• Joint venture agreement duly endorsed by the Registrar of companies • Registration/incorporation documents shall be required for the individual partners in the JV
	iii) Where none of the partners in the JV is a resident person, the J shall be registered as a non-resident partnership.	• Certificate of Registration of the JV under the Registration of Business Names Act
Partnership	• Limited Liability Partnership	• Certificate of Registration of the Limited Liability • Partnership (M) • Statement of Particulars (M) • Memorandum and Articles of Association (M)

How can you apply for a TIN?

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

1.For Instant, TIN application;

- Go to the URA website, ura.go.ug
- Click on the icon marked “Get a TIN”
- Click to apply for an instant TIN
- Click into the circle to select “Individual (For individuals)”
- Input your National ID

- Fill in the correct details, such as title, marital status, surname, and first name
- Select the source of income and fill in the address, email, and contact details
- Select that you are not a robot, and click submit
- Your TIN will be sent to you instantly on the registered contacts on your application i.e. mobile phone and e-mail address

2. Through the URA Web portal:

a) Visit the URA web portal https://ura.go.ug and on the home page, click 'Get a TIN'

b) Next, click 'TIN Registration- Non-Individual'

c) On the Non-Individual TIN application page, click 'click to apply for a non- individual Tin'

d) Select 'New form' and under Download template for registration, click 'Tin Non-Individual' to download the registration template.

e) Save the downloaded registration template at a preferred location. It is a MS Excel template (Please do not rename it.)

f) Open the downloaded registration template and enable macros or content. (Please do not cut and paste any values in the sheet)

g) Fill all required fields of the registration template. Fields labeled with a red asterisk (*) are mandatory fields.

h) After filling the required fields of the registration template, you need to validate the data by clicking on the VALIDATE button. It is located on the last worksheet before HELP. The purpose of the VALIDATE button is to check for completeness, consistency and accuracy of the provided data.

i) If there is an error, you will be directed to the error page where you can correct the errors and validate again.

j) If there is no error, click on yes to "save this template as an upload file". Save the upload file at a desired location.

Please note; At the point of saving the upload file, do not rename it.

k) Return to the same page on the URA portal where you downloaded the registration template and upload the saved upload file. On this same page, download and print the terms and conditions.

l) Click submit. Upon submission, an acknowledgement receipt will be displayed with two buttons at the bottom, Print and print form.

- Click 'print' to print the acknowledgement receipt.
- Click 'print form' to print the filled application form

The acknowledgement receipt will also be sent to the taxpayer's email address. Please take note of the reference number and search code that are indicated on the e-acknowledgement receipt, as you will use them to check status of the TIN application.

m) After printing the application form, fill out and sign the section for DECLARATION and CERTIFICATION

n) The TIN applicant is required to submit a signed hard copy of the filled application form, signed terms and conditions and the necessary identification documents to the nearest URA office.

Please note that these documents can be submitted before or after approval of the TIN.

3. 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.

For further assistance, call: 0800217000 or 0800117000 (Toll free), WhatsApp 0772140000 or send an email to services@ura.go.ug

Benefits of acquiring a TIN

Acquiring a TIN enables you to:

1. Import or export goods and services within and outside Uganda.
2. Claim tax benefits that accrue to you e.g. tax refunds etc.
3. Access bank loans above 50 million shillings.
4. Acquire a trading license from the Local Government / KCCA to undertake business in their jurisdiction.
5. Register your Motor Vehicle
6. Process land transactions above 10 Million Shillings.

A 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.

When can a person be deregistered?

A person who no longer fulfills the registration conditions may, in the prescribed manner, apply to the Commissioner to be deregistered.

The Commissioner shall, by notice in writing, deregister a person if he/ she is convinced that the person no longer satisfies the registration conditions.

NB: A person who temporarily closes business with the intention of resuming, shall not be deregistered but shall apply to the commissioner in writing to have his/ her TIN deactivated and later on reactivated when they resume business.

TAXPAYER RIGHTS AND OBLIGATIONS

Rights	Obligations
• Right to equity and fair treatment before the law. • Tax laws and procedures shall be applied consistently to you • All your tax affairs shall be handled with impartiality. • You and your agent(s) shall be presumed honest until proven otherwise. • Your tax affairs shall be kept secret, and tax information in our possession shall be applied in accordance with the law. • You shall always pay the correct tax. • You will receive courteous and professional services at all times • You will receive timely, clear and accurate responses to your enquiries, complaints and requests • You will be availed with reasons for any decision taken. • You shall be sensitized about your tax obligations • Your tax objections shall be attended to in accordance with the relevant laws & procedures. • 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. • 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.	• Ensure that you voluntarily register with the 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 within the stipulated timelines as required by the relevant laws. • Be honest when dealing with URA. • 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 Taxpayer Identification Number (TIN) for all dealings with URA. • Do not involve yourself in any form of tax evasion and other illegal practices. • When you are importing or exporting cargo, employ services of a licensed customs agent to complete customs entries and related clearance formalities. • Make full disclosure of information and correct declaration of all transactions at all times. • Beware of and comply with customs quarantine, wildlife, currency and passenger concession. • Declare your goods on arrival and have them ready for inspection • Treat URA staff fairly and with respect

B. KEEPING PROPER RECORDS

It is very important for taxpayers to;

- Keep proper records of all business transactions in the English language;
- Keep records such that it is easy to determine your tax liability;
- Keep records for five years after the end of every 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 to URA in writing with clear reasons to the commissioner.
- 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.
- However, the taxpayer shall file a tax return or provide other correspondence with the Commissioner in English.

NB: A person who fails to maintain proper records is liable to a penal tax equal to double the amount of the tax payable

C. FILING TAX RETURNS

A tax return is a declaration in a form prescribed by the Commissioner, on which a taxpayer reports his or her income for the tax period as a way of self-assessment for taxation purposes. A taxpayer registered with URA for any tax type must submit a return for the tax period as per the respective tax law.

A tax period is the duration for which a return is required i.e. a year, month or week. A due date is the deadline for filing a return beyond which a person is required to pay a penalty. URA has facilitated the taxpayers to fulfill this obligation by introducing the electronic filing of tax returns

Return type	Due date and filing remarks
Income tax	• Every taxpayer is required to furnish a return of the provisional tax estimate (i) For non-individuals: On or before the last day of the sixth month of the year of income in respect to the taxpayer's liability. (ii) For individuals: On or before the last day of the third month of the year of income in respect of a taxpayer's liability.
	Those with an annual turnover above 500 million shillings must file their income tax returns with audited financial statements prepared by an accountant

	registered by the Institute of Certified Public Accountants of Uganda.
VAT	• All VAT registered taxpayers and those obliged to pay VAT are required to submit Value Added Tax returns (VAT) for each month by the 15th day of the following month.
PAYE	• All PAYE registered taxpayers are required to submit Pay As You Earn (PAYE) tax returns for each month by the 15th day of the following month.
Withholding Tax	• All persons mandated to withhold are required to file WHT returns for each month by the 15th day of the following month.
Others	• In case of any return required to be submitted under the tax law, it must be done within the specified period under the tax law.

Note

a)All tax returns must be submitted in the prescribed format, and the commissioner can appoint any other person to assist a taxpayer who fails to file at his/her cost.

b)The law provides for a separate quarterly return for non-resident suppliers of services deemed to be supplied in Uganda when made to non-taxable persons.

D. PAYMENT OF TAX

All operators in the Education sector are required to pay their tax liabilities by the due dates of filing the respective returns to avoid the accumulation of interest. Thus, any tax payable is a debt to the Government of Uganda. A taxpayer can apply in writing to the Commissioner for an extension to pay tax at a later date, but this does not change the payment due date, and thus interest will be charged on any outstanding liability from the date when the payment was due

Procedure for paying tax

- Taxes are paid through registering a payment online through the URA web portal or using the Ask URA App (downloadable from Google Store) or dialing URA's USSD code *285# and then effecting the payment either in the Bank, through Mobile Money or Payway services.
- To register a tax payment online, visit the web portal (ura.go.ug), click on'Make a payment', and follow the prompts.
- Select the tax head, go to the details of Tax Type, select the appropriate tax head from the drop-down, and input the tax amount.

- Fill in the details of the Taxpayer and mode of payment, enter the text from the given image (Please note that the letters are case sensitive and there is no space between values)
- Click the 'Accept and Register' button and print out the Payment Registration Slip that appears on submission of payment details, or take note of the Payment Registration Number (PRN) on the slip.
- To effect payment, take the printed payment registration slip to the bank or use the PRN on the payment slip to pay through Mobile Money, Payway or Visa/ Master Card Services.

TAXES ARE APPLICABLE TO THE EDUCATION AND SPORTS SECTOR

A. INCOME TAX

Income tax applies generally to all types of persons who derive income, whether an individual, non-individual or individual partners. Resident persons are taxed on worldwide income, while non-resident persons are taxed only on income derived from sources in Uganda.

The taxpayer is required to make a self-assessment by calculating the taxable income and then calculating the tax due on that income. The taxpayer's calculations are reviewed by revenue officials when returns are filed to ensure that the declarations made are correct.

Please note: Government schools, however, are exempted from paying tax on their income.

The income tax rates apply differently to;

a) Non-Individual

The income tax rate for a company i.e. a body of persons, corporate or unincorporated, created or recognized under any law in Uganda or elsewhere, is 30% of the entity's chargeable income (gross income less tax allowable deductions)

Example

The table below shows the income statement for Chongod Primary School for the period 1/07/2023 to 30/06/2024.

The table below shows the income statement for Chongod Primary school for the period 1/01/2018 to 31/12/2018

SALES /Revenue	UGX	UGX
Tuition	875,025,000	
Swimming	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	
Study tours	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**

b) Individuals

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

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) 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%]

ANNUAL CHARGEABLE INCOME (CY) IN UGX	RATE OF TAX
	Non-residents
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%]

Illustration

Using the example of Chongod College is owned by Katende Edith, a resident individual, 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) x 30% + 300,000] + [(CY –120,000,000) x 10%]
{(138,892,000-4,920,000) *30%+300,000} + {(138,892,000-120,000,000) *10%}
=42,380,800
Tax payable =UGX 42,380,800

B. PAYE AS YOU EARN

Any person dealing in the Education sector and offers employment is required to be registered for Pay As You Earn (PAYE).

Employment refers to;

- A position of an individual in the employment of another Person
- Directorship of a company,
- A position entitling the holder to a fixed or ascertainable remuneration.
- Holding or acting in a public office.

Employment income includes: Wages, salary, leave pay, payment in lieu of leave, overtime pay, fees, commission, gratuity, bonus, allowances (entertainment, duty, utility, welfare, housing, medical, or any other allowance.

Benefits in kind include use of employer office Motor vehicle for personal errands, free accommodation, use of driver, domestic workers and free utilities (power, water) paid by the employer on behalf of the employee. The benefits in kind are computed using particular formulae in the 6th Schedule of the Income Tax Act.

PAYE is tax withheld from all employees earning a salary income above the stated threshold as per the Income Tax Act and filed by the employer to URA by the 15th of the following month.

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

CHARGEABLE INCOME (CY) UGX (MONTHLY)	RATE OF TAX RESIDENTS
0 to 235,000	Nil
235,000 to 335,000	(CY – 235,000UGX) x 10%
335,000 to 410,000	(CY – 335,000UGX) x 20% + 10,000UGX
410,000 to 10,000,000	(CY – 410,000UGX) x 30% + 25,000UGX
Above 10,000,000	[(CY – 410,000UGX) x 30% + 25,000UGX] +[(CY – 10,000,000UGX) x 10%]

CHARGEABLE INCOME (CY) UGX (MONTHLY)	RATE OF TAX
0 to 335,000	CY x 10%
335,000 to 410,000	(CY – 335,000UGX) x 20% + 33,500UGX
410,000 to 10,000,000	(CY – 410,000UGX) x 30% + 48,500UGX
Above 10,000,000	[(CY – 410,000UGX) x 30% + 48,500UGX] +[(CY – 10,000,000UGX) x 10%]

Illustration – Resident individual

•Kamonde is a resident employed by Chongod College. He earns a monthly salary of UGX 200,000. Is Chongod College 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.

•If Kamonde in addition to the monthly salary of UGX 200,000 is given a travelling allowance of UGX 75,000 and a medical allowance of UGX 45,000. How much shall Kamonde pay?

Solution

Chargeable income = 10 %(200,000 + 75,000 + 45,0000 - 235,000) =8,500 UGX PAYE worked examples for non-resident employee.

Illustration – Non-Resident individual

•Mr. Brown is a non-resident employed by Chongod College. 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

C. WITHHOLDING TAX (WHT)

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

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.

Some of the payments that are considered for WHT tax include:

- Employment income: Tax is deducted by the employer from the employment income of every liable employee on a monthly basis under the PAYE system.
- Payments for professional fees: A resident person who pays management or professional fees to a resident professional is required to withhold tax at 6% of the gross amount of payment. Excluded from this provision are professionals who the Commissioner is satisfied have regularly complied with the obligations imposed by the Income Tax Act
- Withholding tax on payments to foreign entertainers and sports persons: Tax is charged at a rate of 15% on payments to nonresident entertainers, sports persons, or theatrical, musical, or other groups of nonresident entertainers or sports persons who derive income from any performance in Uganda. The obligation to withhold the tax is placed with the person making the payment e.g. promoter, agent, or similar person.
- International payments: International payments: Tax is imposed on every non-resident person who derives any dividend, interest, royalty, natural resource payment, rent 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.
- 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.

Note: A Ugandan source service contract is a contract under which the principle purpose is the performance of services which give rise to income sourced in Uganda, and any goods supplied under the contract are only incidental to the purpose. A Ugandan-sourced service contract excludes an employment contract.

- 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.
- 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
- Payment on imports: Every person who imports goods into Uganda is liable to pay withholding tax at 6% based on the Customs Value in Uganda at the time of importation.
- Withholding tax on Interest: A resident person who pays interest to another resident person is required to withhold tax at 15% of the gross amount of the interest paid. Withholding tax is, however, not applicable where interest is paid by a natural person (individual), paid to a financial institution, paid by a company to an associated company, or exempt from tax in the hands of the recipient. Where tax is withheld on payment of interest by a financial institution to an individual, the tax

withheld is a final tax on the income.

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.

Computation of Withholding Tax

Illustration

If Kato a resident individual, supplies hotel sundries worth 100M UGX to Umoja 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 Umoja hotel on his behalf. Note that the 6 million UGX withheld forms part of Kato's annual Tax liability and thus will reduce his Tax liability for the year.

D. VALUE ADDED TAX (VAT)

VAT is a consumption tax charged at a rate of 18% or 0% 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 UGX or 37.5 million UGX for 3 consecutive months.

Some transactions are beyond the scope of VAT and these are classified as Exempt supplies. Supplies on which VAT is charged at 0% are classified as zero-rated supplies.

NOTE: Education Services Are VAT Exempt Supplies.
This means schools cannot charge VAT unless they deal in taxable supplies.
The supply of educational materials is however zero rated.

"Education services" means Education provided by;

- A pre-primary, primary, secondary school
- A technical college or university
- An institution established for the promotion of adult education, vocational training, technical education, or the education or training of physically or mentally handicapped persons.

E. CUSTOMS DUTY

These are taxes which are charged on all goods entering into or leaving our country. The taxes charged depend on the value and nature of the item imported. Customs value means the value of imported goods for the purposes of levying ad valorem Customs duties and taxes.

- For Goods imported using road rail and marine transport modes, Customs value is a composed of the Price for the goods, cost of insurance and freight.
- While for goods imported using air transport, the Customs value is composed of the price for the goods and the cost of insurance. Freight is not included for goods transported by air.

The customs value is used as the basis for calculating customs duties.

Composition of Customs value

The customs value will include the following;

- Cost of the goods free on board a transport vessel in the country of export.
- Freight charges up to the place of importation if the goods are transported by road, rail or Sea.
- Loading, unloading, and handling charges associated with transport of goods to the place of importation; and
- The cost of insurance.

Other charges comprising customs value include,

- Pre-shipment inspection
- Charges such as Commissions and brokerage, cost of containers, packing costs, assists, royalties and license fees
- Packing costs

Steps followed when computing customs duties

- Step 1: Determine Customs Value (CV);
- Step 2: Convert the Customs Value to Local Currency (UGX);
- Step 3: Classify the item (HSC) as per the common external tariff;
- Step 4: Determine taxes collectable
- Step 5: Apply the duty rates on the Customs Value

Customs duties comprise of:

a) Import duty: This is a tax collected on imports and some exports not listed in the exemption schedule by URA. It is based on the customs value of the goods that are imported. The customs value is Cost, Freight, and Insurance up to Mombasa or cost and insurance if by Air. The rate of import duty is either 0%, 10%, 25% or more for sensitive items like wheat and powdered milk.

NB. For more information on import duty rates, please refer to our common external tariff book on the portal.

Formulae for calculating import duty

• Import Duty (ID) = ID rate x Customs value

b) Excise duty at Importation: This tax is only charged on specific goods imported at varying rates.

Formulae for calculating excise duty

• Excise duty (EXD)= EXD value x EXD rate= (ID + Customs value) x EXD rate

c) VAT at importation: This is a tax on consumption charged on taxable goods imported into the country and is charged at a rate of 18% if the importer is registered for VAT and at 15% on the 18% of the value if the importer is not registered for VAT but importing taxable goods of a value of UGX 4,000,000 and above.

NB. If the importer is registered for VAT, he/she can claim any VAT incurred at importation through her/his monthly VAT returns.

Formulae for calculating VAT at importation

- VAT = VAT value x 18%= (ID+EXD+CV) x 18%
- Domestic VAT = 15% (VAT value x 18%) = 15% ((ID+EXD+CV) x 18%)

d) Withholding Tax (WHT) at importation

This is income tax withheld at the importation of a good. It is at a rate of 6% of the customs value. It can be claimed by the importer when he/she is filing his/her final income tax return as advanced tax already paid.

NB. If the importer is exempted from WHT, he/she should not be charged this tax at importation

Formulae for calculating WHT at importation

WHT = Customs value x 6%

e) Infrastructural levy: This levy is only applicable to dutiable items imported from outside EAC Region.

Note: The following will not attract the 1.5% Infrastructure Levy

(i)Items that are at 0% Import duty rate

(ii)All items imported under conditional Exemptions as indicated in the 5th Schedule of the EACCMA (East African Community Customs Management Act)

Formulae for calculating the infrastructure levy

IL = Customs value x 1.5% Where; IL=Infrastructural levy

f) Environmental levy: This is tax levied on imports that may be harmful to the environment, for example, on used clothes and used vehicles.

Formulae for calculating the infrastructural levy

EL on used clothes = Customs value x 10%

EL on used vehicles of YOM between 5 and 10years = Customs value x 35% EL on used vehicles of YOM 10years and above = Customs value x 50%

Where; EL= Environmental levy

Computation of Customs duties

Illustration

If you imported a school bus worth 2,000 dollars, paid 200 dollars for insurance and 300 dollars as freight charges up to Mombasa and the exchange rate is 1 dollar = 3,600 shilling;

Step I

Customs Value = Cost + Insurance + Freight

= Cost + Insurance + Freight

= 2000 + 200 + 300

= 2500

Step II
Customs Value = Customs value X Exchange rate
= 2500 X 3600
= 9,000,000

Step III
Determine the taxes.
Import duty = 25%, VAT = 18%, Withholding Tax = 6%

Import Duty
25% of 6,250,000
= 25/100 X 9,000,000
= 25/100 X 9,000,000
= 2,250,000

VAT
18% of (Customs Value + Import Duty)
= 18% X (9,000,000 + Import Duty)
= 18% X (9,000,000 + 2,250,000)
= 18/100 X 11,250,000
= 2,025,000

WHT
6% of Customs Value
= 6% X 9,000,000
= 6/100 X 9,000,000
= 540,000

INFRASTRACTURAL LEVY
= 1.5% of Customs Value
= 1.5% of customs value
= 1.5%X9, 000,000
= 135,000

ENVIRONMENTAL LEVY
=50% X 9,000,000
=50/100 X 9,000,000
=4,500,000

TOTAL TAXES = Import duty + VAT + WHT + Infrastructural Levy + Environmental Levy = 2,250,000 + 2,025,000 + 540,000 + 135,000 +4,500,000 = 9,450,000

NOTE:
a)For used motor vehicles, there is a value guideline used as a basis for valuing used motor vehicles and not the invoice price as guided by the EAC Ruling on the Valuation of used goods of 13th December, 2013.

b)The currency for customs value is Uganda Shillings

F. STAMP DUTY

Stamp Duty is a non-tax revenue levied on every instrument listed in Schedule 2 to the Stamps Duty Act Cap. 339 that is executed or received in Uganda. Stamp duty is chargeable on all instruments in Schedule 2 to the Stamp Duty Act that are executed or received in Uganda. Instruments are defined as "every document by which any right or liability is or purports to be created, transferred, limited, extended, extinguished or recorded".

Stamp Duty is paid by the person drawing, making, or executing the instrument, for example, if owners of a hotel are giving powers of attorney, they are required to pay UGX 15,000 as stamp duty. Here, the term "executing" means "signing". The following instruments are some of those that pay stamp duty.

Every person who has executed or received any instrument in Schedule 2 of the Stamp Duty Act is required to declare and pay stamp duty on such an instrument.

TAX INCENTIVES UNDER DOMESTIC TAXES

INCOME TAX			
Beneficiary	**Incentives**	**Period of Incentive**	**Conditions for the Tax Incentive**
1. Operator in an Industrial Park or Free Zone who invests in establishing or operating vocational or technical institutes.	Income derived by a person from undertaking any of the listed business activities in the Industrial Park or Free Zone.	10 years	Must invest a minimum of USD 10m for foreign investors and USD 300,000 for EAC citizens or USD 150,000 where the investment is made upcountry. Incentive takes effect from the date of commencement of the specified business, same incentives applies to an existing operator in an Industrial Park or Free Zone. The investor must use at least 70% of locally sourced raw materials and employ at least 70% EAC citizens who must take up at least 70% of the wage bill.
2. Investor outside an industrial park or free zone carrying out activities as in 1 above.	Income derived by a person from undertaking any of the specified business activities.	10 years	Must invest a minimum of USD 10m for foreign investors and USD 300,000 for EAC citizens or USD 150,000 where the investment is made upcountry.

			Incentive takes effect from the date of commencement of the specified business, same incentives applies to an existing operator in an Industrial Park or Free Zone. The investor must use at least 70% of locally sourced raw materials and employ at least 70% EAC citizens who must take up at least 70% of the wage bill.
3. Collective Investment Schemes tothe 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 the management 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
4. Private employers of persons with disabilities (PWDs)	Deduction of 2% Income tax for employers that employ PWDs	Indefinite	5% of employees must be PWDs
5. Non-profit making Organizations	Income tax exemption	Indefinite	Where the Commissioner has issued a written ruling stating that it is exempt
6. Compliant taxpayers	6% WHT exemption	12 months renewable	Where the Commissioner is satisfied that the taxpayer has regularly complied with the obligations under the tax laws
7. All taxpayers	100% deduction of Scientific research expenditure	Indefinite	A person who incurs expenditure for scientific research
8. All taxpayers	100% deduction of training expenditure	Indefinite	Employers who train permanent residents or provide tertiary education not exceeding in the aggregate 5 years

9. 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 radius of 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 construction straight line method for 20 years.	Indefinite	All taxpayers with depreciable assets
10. 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
11. Investor established inacountrywith whichUganda has a DTA	Double Taxation Agreements (DTA): Investors from countries with active DTA's with Uganda i.e.	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.

	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%		

VAT ACT

Beneficiary	Incentives	Period of Incentive	Conditions for the Tax incentive
1. Investment in establishing or operating vocational or technical institutes.	No VAT on the supply of feasibility study and design services and on the supply of locally produced raw materials and inputs.	Indefinite	Must invest a minimum of USD 10m for foreign investors and USD 300,000 for EAC citizens or USD 150,000 where the investment is made upcountry. Incentive takes effect from the date of commencement of the specified business, same incentives applies to an existing operator in an Industrial Park or Free Zone. The investor must use at least 70% of locally sourced raw materials and employ at least 70% EAC citizens who must take up at least 70% of the

			wage bill. The investor must use at least 70% of locally sourced raw materials subject to their availability, capacity to employ at least 70% EAC citizens who must take up at least 70% of the wage bill.
2. 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.
3. Suppliers of educational materials	Zero rating of supply of educational materials.	Indefinite	Includes educational materials manufactured in Uganda and the partner states of the EAC

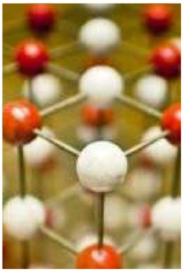
STAMP DUTY ACT

Beneficiary	Incentives	Period of Incentive	Tax incentive
1. Operator within an industrial park or free zone or an operator of a single factory or other business outside the industrial park who invests in operating	No Stamp duty on debentures, lease of land, Increase of share capital, transfer of land.	Duration of activity	Must invest a minimum of USD 10m for foreign investors and USD 300,000 for EAC citizens or USD 150,000 where the investment is made upcountry. Incentive takes effect from the date of commencement ofthe specified business,

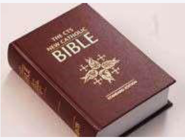
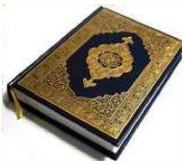
vocational or technical institutes.			same incentives applies to an existing operator in an Industrial Park or Free Zone. The investor must use at least 70% of locally sourced raw materials and employ at least 70% EAC citizens who must take up at least 70% of the wage bill.
2.Loan applicants	NIL stamp 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.
3.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 account for 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.
EXCISE DUTY ACT			
Beneficiary	**Incentives**	**Period of Incentive**	**Tax incentive**
1. Operator within the industrial park, free zone or other business outside the industrial park or free zone who invests in technical or vocational institutes.	Nil duty on construction materials of a factory or warehouse exclusive of those available on the local market, locally produced raw materials and inputs.	Indefinite	Must invest a minimum of USD 10m for foreign investors and USD 300,000 for EAC citizens or USD 150,000 where the investment is made upcountry. Incentive takes effect from the date of commencement of the specified business,

			same incentives applies to an existing operator in an Industrial Park or Free Zone. The investor must use at least 70% of locally sourced raw materials and employ at least 70% EAC citizens who must take up at least 70% of the wage bill.

INTERNATIONAL TRADE INCENTIVES

EDUCATION AND SPORTS SECTOR		
	Description	**Tax incentive**
	Educational materials. Annex D to the Florence Agreement Scientific instruments or apparatus, intended exclusively for educational purposes or pure scientific research, provided: •That such scientific instruments or apparatus are consigned to public or private scientific or educational institutions approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, and used under the control and responsibility of these institutions; •That instruments or apparatus of equivalent scientific value are not being manufactured in the country of importation. Please take note that this is an excerpt of the main text. You are encouraged to look at the whole text for the relevant provision applicable to the goods you have imported.	• All approved educational articles and materials as specified in the F lorence ag reement are tax exempt under the fifth schedule of the East A frican Community Customs Management Act

	One motor vehicle for rally driver and spare parts.	• Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
	One Motor cycle for racing/rally	• Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
	One Bicycle for racing/ rally	• Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
	Exercise books	• Exempted from VAT under the VAT Act if locally produced Imported exercise books attact VAT
	Mathematical sets & geometry sets used in educational services	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff
	Woodworking machines	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff
	Welding machines	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff
	Sewing machines	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff

	Crayons, coloured pencils, lead pencils, rulers, erasers, stencils, technical drawing sets, educational computer tablets, educational computer applications or laboratory chemicals for teaching science subjects used in educational services.	• Exempted from VAT under the VAT Act.
	Textbooks	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff
	Bible	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff
	Qu'rans	• Exempted from VAT under the VAT Act. Import duty is 0 % under East African Community Common External Tariff

References:

•THE TAX PROCEDURES CODE ACT, CAP 343

•THE INCOME TAX ACT (ITA), CAP.338

•THE VALUE ADDED TAX ACT (VAT A), CAP.344

•THE STAMP DUTY ACT, CAP 339

•THE EXCISE DUTY ACT, CAP 336

•THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT

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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.

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