**Key Information under VAT Registration**

**VAT REGISTRATION**

VAT registration is the process of getting eligible persons put or recorded on the VAT Register.

**VAT THRESHOLD**

This refers to the minimum level of taxable turnover above which a person is required to register for VAT. The current annual threshold is Shs **150 million**. However for registration purposes, this is determined on a quarterly basis. i.e. it is Shs 37.5 million in any three consecutive calendar months.

**WHO IS REQUIRED TO REGISTER FOR VAT?**

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

1. A person who carries on business activities or intending to carry on business activities is required to apply to be registered for VAT, if the turnover of taxable supplies of the enterprise for three consecutive calendar months exceeds or is likely to exceed Shs 37.5 million. The annual registration threshold is 150m.
2. A person being a national, regional, local or public carries on business activities or intending to carry on business activities is required to apply to be registered for VAT regardless of the turnover. These include Government, Ministries, departments, parastatals, town councils and District councils and District.

**TURNOVER**

This is the total value of taxable sales of both goods and services.

**WHAT I NEED TO CONSIDER BEFORE REGISTERING.**

If during the past 3 calendar months you made **taxable supplies** whose gross value, exclusive of any tax, exceeded Shs.37.5 million then you have to register for VAT immediately. Or, if you reasonably expect that during the next 3 calendar months the total value of your **taxable supplies** is likely to exceed Shs.37.5 million then you must register for VAT.

Remember that even if you don’t qualify to register at present, and in future **your taxable turnover** increases to the level mentioned above, you must register at that point as required by the law.

Turnover is the total value of all your taxable supplies (including exports) made in Uganda. They include zero-rated and standard rated supplies.

**HOW DO I CALCULATE MY TURNOVER?**

Your turnover is calculated on an ongoing basis. Two periods should be considered - the past 3 calendar months and the next 3 calendar months, on a month by month basis.

You should ascertain at the end of each calendar month the total value of taxable goods and services supplied by your business for the past 3 months.

Where the total turnover exceeds Shs 37.5 million for VAT or If after estimating the total value of supplies for the next 3 months you expect your turnover to exceed Shs 37. 5 million then you are required to register.

**WHO IS A TAXABLE PERSON?**

A taxable person is:

1. A person who is registered for VAT.
2. A person who is not registered but is required to be registered for VAT.

**General Requirements for VAT Registration**

(i) The applicant must have a fixed place of abode or business.

(ii) The applicant should be able to keep proper books of accounts.

(iii) The applicant should be able to submit regular tax returns.

(iv) The applicant should be a fit and a proper person.In the opinion of the Commissioner General.

**VAT Registration Processes**

(a) Application under compulsory basis

**Historical test:**

A Person who makes taxable supplies that exceed the VAT threshold is required to register for VAT. The person shall apply to register within 20 days after a period of three consecutive calendar months if in that period the person’s taxable supplies exceeded a quarter of the annual threshold (currently Shs 37.5 million). For example, if one’s taxable sales in the months of January to March 2016 exceed Shs 37.5 million, that person must apply for registration in the first 20 days of April 2016.

**Future test:**

Where a person expects to make taxable supplies of more than a quarter of the annual threshold (Shs 37.5 million) in the next three months, that person is required to apply for registration at the beginning of that period of the projected three consecutive calendar months. This is especially common with contractual jobs where one would be certain of what to earn and when. For example if at the beginning of January one projects that he/she will make taxable sales over shs,12,500,000 in the next three months is (from January to March 2016), then that person is required to apply for registration on 1st January 2016. Furthermore, in case the Commissioner General finds reasonable grounds to believe that the person is required to apply to registration but has failed to register, he/she shall register such person and registration shall take effect as he/she deems.

(b) Compulsory registration for Public Bodies Public Bodies should apply for registration on the date they start engaging in any business activity.

(c) Application under Voluntary Registration the date of application is as per the taxpayer’s choice.

**Inspection / Notification**

This exercise is conducted to confirm the correctness of the information provided in the application form provided in the application form by the taxpayer. It is on the basis of the findings that the decision whether or not to register that person is made and the taxpayer notified accordingly.

**Effective date of registration**

In the case of compulsory registration, the effective date of registration is the first day of the month following the month in which the application was required to be made. For instance, if due date to apply for registration fell in the month of April 2016, effective date of registration would be 1st May 2016.

For the case of voluntary registration, the effective date of registration is the first day of the month following the month in which the application was made. For instance, if the application was in the month of January, 2016, effective date of registration would be 1st Feb. 2016.

**VAT Registration Entitlements**

Upon being registered the person will be entitled to Input tax credit on both capital goods and trading stock at hand on the effective date of registration provided they were purchased not more than six months prior to effective date of registration.

**Penalty for late registration**

A person who fails to apply for registration by the due date is liable to a penalty of double the tax due from the date the person ought to have been registered to when he is registered.

​**VAT Inspection Procedure**

1. On the agreed date and time, two officers from URA with valid identification will visit your business premises to confirm the following:

* Nature of business as indicated in the TIN application;
* Place of abode (physical location of the business) as evidenced by either rent receipts or tenancy agreement;
* Business records e.g. receipts, pay roll, invoices etc;
* Number of employees.

2. Following the inspection by the officers, the TIN application will either be approved with VAT granted if you meet the requirement above or approved without VAT if there was any requirement that was not fulfilled.

3. In the event that you did not meet the inspection requirements and VAT is not granted, you can reapply for VAT after fulfilling the requirements.

**Please Note:**

* Failure to respond to the first proposed inspection/interview date, two reminder notifications will be sent on the **7th** and **14th** day upon which you will be expected to respond.
* Failure to respond to the above notifications will lead to auto rejection of the VAT application.

 **WHAT IS EXEMPT FROM VAT?**

Exempt supplies are supplies of goods and services which do not attract VAT. These are specified in the second schedule to the VAT Act. Examples of exempt supplies include;

* Health insurance and life insurance services
* Petroleum fuels,
* Social welfare services
* Educational services,
* Financial Services
* Passenger transportation services

A person dealing only in exempt supplies is not expected to register for VAT while one dealing in zero rated supplies is expected to register in case they meet the registration requirements.

**WHAT IS IN PUT TAX?**

Input tax means the tax paid or payable in respect of taxable purchases or on import of goods or services by a taxable person.

**WHAT IS OUTPUT TAX?**

This is the VAT charged on taxable supplies. When you are registered, you charge VAT on all the taxable supplies you make including imported taxable services. This VAT is your output tax.

**WHAT OTHER TAXABLE SUPPLIES MAY BE LIABLE TO VAT?**

1. Sales of business assets (e.g. equipment, furniture, commercial vehicles);
2. Hire or leasing/letting of goods to someone else for consideration;
3. Goods which you or your families have taken from the business for own use;
4. Commission received in return for selling something on behalf of someone elseprices);
5. Sales to your staff or relatives eg your products supplied free of charge or reduced cost.
6. Sales from vending machines;

**HOW DO I ACCOUNT FOR VAT IF NO MONEY IS PAID?**

VAT on any goods or services where no money will be paid or received should be accounted for basing on the fair market value at the time the supply is made; e.g. barter trade, gifts, own use.

**CAN I BE REGISTERED IF MY TURNOVER IS BELOW THE LIMIT I.E. VOLUNTARY REGISTRATION?**

Yes, if your taxable turnover is below the 37. 5million limit in any 3 calendar months of business activity, you may apply for voluntary registration. You will, however, have to satisfy the Commissioner General that you have a fixed place of abode, are able to keep proper books and a fit and proper person.

Voluntary registration is at the discretion of the Commissioner General. In case your application is rejected, you will be notified.

**AFTER I HAVE BEEN REGISTERED FOR VAT, WHAT ARE MY OBLIGATIONS?**

* Charge and Collect VAT on your supplies by issuing a tax invoice.
* To file a VAT return within 15 days after the end of the month
* Pay Vat due assessed in your return within 15 days after the end of the month.
* Avoid making reckless, false and misleading statements.

**VAT Deregistration**

This is the process of removing or cancelling a registered person from the VAT register.

**Conditions for deregistration**

(i) When one ceases to make taxable supplies.

This may occur when one changes the nature of business from taxable to exempt supplies or through legal re-categorization of supplies, from taxable to exempt e.g. road construction works changed from being taxable to exempt effective 1st July 2004. It can also be through winding up of business.

(ii) Decline in turnover.

This is a two-way test involving:

• Taxable turnover excluding VAT in the last 3 months no longer exceeds 25% of the threshold (currently Shs 37.5 million); and

• Taxable turnover excluding VAT in the last 12 months no longer exceeds 75% of the threshold (currently Shs 112.5 million).

(iii) In the case of a taxpayer registered voluntarily, deregistration can only be effected after 2 years from the date of registration.

**Process of Deregistration**

(a) Application for deregistration arises in two ways:

(i) Upon application on in writing by the taxpayer.

(ii) On the Commissioner General initiative if (s) he is satisfied that the taxpayer was not required to apply for registration. This happens even if the taxpayer does not apply for it.

(b) The Commissioner General may initiate deregistration under the following circumstances:

(i) When the taxpayer has no fixed p lace of abode or business premises.

(ii) The taxpayer has no payer has no proper accounting/ business records for the business carried on.

(iii) The taxpayer does not submit regular and reliable tax returns.

(iv) The taxpayer is not fit and proper in the opinion of the Commissioner General.

Effective date of deregistration Cancellation of registration takes effect at the end of the period (month) in which the deregistration e.g. if the decision to deregister is on March 2016, deregistration will be effective on 20th March 2016.

**Obligations at date of Deregistration**

Where input tax has been claimed on goods in stock, including capital goods, the deregistered person is liable to VAT on the market value of such goods still in stock.

**Gaming and Pool Betting**

Gaming and Pools should only be carried on by persons holding licenses. Licenses are issued by the Minister responsible for Finance or persons authorized by the Minister responsible for finance, who are defined as The Treasury. Statutory Instrument 292-1 (The Gaming and Pool Betting) (Control and Taxation) Regulations are specific that the application for a license is made to the Secretary to Treasury who also has powers over; Audit, Returns and Payment of Tax. However, in practice the taxes are paid to Uganda Revenue Authority.

Statutory Instrument 292-2 provides for license fees to be payable annually as follows;

|  |  |
| --- | --- |
| ​**Type of license or registration** | ​**Amount in shillings** |
| ​Casino- promoter, principal agent or agent | ​3,000,000 |
| ​​Gaming and pool betting operator- promoter, principal agent or agent | ​1,000,000 |
| ​license for a gaming and pool betting branch | ​100,000 |

The Promoter or Agent is exempt from the above licenses if he holds an investment license from the Uganda Investment Authority (Statutory Instrument 292-3).
The licenses are issued to:

i. Promoters- Promoting GPB in Uganda
ii. Principal Agents- Agent in Uganda of a promoter of GPB outside Uganda.
iii. Agent- Agent of either the promoter of GPB in Uganda or Agent of a principal Agent of a foreign promoter.

The license therefore is a pre-registration activity.

**Local Excise Duty**

Registration for Local Excise Duty is only applicable to taxpayers who deal in or manufacturing excisable goods and those dealing in excisable services.
The taxpayers include manufacturers of; beer, wines, spirits, sodas, juices, mineral water, cigarettes, fuel, cement, sugar and service providers of airtime on cellular, landline and payphones. The law on Local Excise duty is that the taxpayer first obtains a license before dealing in Excisable goods or services. Local Excise duty registration is therefore compulsory as long as one falls within the EAEMA and the ETA provisions.

**User Guides for submitting of your Registration Annexures**

[Step by Step guide for VAT Registration](http://web.ura.go.ug/service%20guides/ANNEXTURE-FOR-VAT-REGISTRATION-reg-VAT.pdf)

[Step by Step guide for LED Registration](http://web.ura.go.ug/service%20guides/ANEXTURE-FOR-LED-REGISTRATION-reg-led1.pdf)

[Step by Step guide for GPBT Registration](http://web.ura.go.ug/service%20guides/ANNEXTURE-FOR-GPBT-REGISTRATION-ON-TIN-REG.pdf)