**What is hotel and accommodation sector?**

The hotel and accommodation sector is a branch of hospitality industry that involves establishments that provide travelers with shelter/lodging, food, refreshments, and recreational services like entertainment, and personal services on a commercial basis.

**What is a hotel?**

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;

* Ten bedrooms with minimum facilities of bed and breakfast, toilet and bath or shower room; and
* Restaurant or dining room for provision of food and beverages

These can include resorts hotels/suites, apartment

**What is an accommodation facility?**

Accommodation in this case means a hospitality facility that offers rooms or beds to tourist or visitor on a commercial basis. These services may or may not be accompanied with food. Examples of such facilities include hotels, motels, inns, guest houses, camping sites

**How do I register my hotel and accommodation business?**

All businesses in the hotel and accommodation sector in Uganda are required to be registered with:

* Uganda Registration Services Bureau (URSB) where you will receive either a certificate of registration (if registered in your own names or business names or Certificate of Incorporation if registered as a Limited liability Company.
* Uganda Revenue Authority (URA) for taxes, where you will be issued with a TIN
* Local council authorities e.g. KCCA, municipal council, for a trading license

**Please note:**

Upon registration companies in the hotel and accommodation sector are required to comply with the requirements of relevant authorities like;

* Ministry of Tourism, Wildlife and Antiquities
* Uganda Tourism Board

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

Click here for details on requirements for registration

**How do I register for taxes?**

- You’re required to visit the URA portal on www.ura.go.ug

- Click here to register as an individual

- Click here to register as a non-individual

In case you cannot register online, visit the nearest URA office for assistance or call the toll-free line ***0800117000/0800217000*** or WhatsApp: ***077214000***

**What are my rights and obligations as a taxpayer?**

|  |  |
| --- | --- |
| **My rights as a taxpayer**   | **My obligations as a taxpayer** |
| Right to equity and fair treatment before the law. | Ensure that you voluntarily register with Uganda Revenue Authority as a taxpayer. |
| Tax laws and procedures shall be applied consistently to you | File correct tax returns, customs entries or any forms relating to taxes and other revenue. |
| All your tax affairs shall be handled with impartiality. | Pay the correct tax at the right time and place as required by the relevant laws. |
| You and your agent(s) shall be presumed honest until proven otherwise. | Be honest when dealing with URA. |
| Your tax affairs shall be kept secret and tax information in our possession shall be used in accordance with the law. | In handling your tax matters, you and or your appointed agent(s) shall be expected to deal and cooperate only with the Authority’s authorized staff. |
| You and your authorized agent(s) shall be provided with clear, precise and timely information. | Quote your Tax Identiﬁcation Number (TIN) for all dealings with URA. |
| You shall always pay the correct tax. | Do not involve yourself in any form of tax evasion and other illegal practices. |
| You will receive courteous and professional services at all times | When you are importing or exporting cargo, employ services of a licensed customs agent to complete customs entries and related clearance formalities. |
| You will receive timely, clear and accurate responses to your enquiries, complaints and requests | Make full disclosure of information and correct declaration of all transactions at all times. |
| You will be availed with reasons for any decision taken. | Let URA know if you need an interpreter. |
| You shall be sensitized about your tax obligations | Beware of and comply with customs quarantine, wildlife, currency and passenger concession. |
| Your tax objections shall be attended to in accordance with the relevant laws & procedures. | When you are travelling, ensure that you have accurately completed all the necessary forms before you reach the arrival/departure processing point. |
| You shall be facilitated to exercise your right (s) of appeal both within the organization and to an independent tax tribunal in accordance with the law. | Declare your goods on arrival and have them ready for inspection |
| You shall be given prior notice whenever your premise(s) are to be subjected to routine inspection or if an audit is to be conducted. | Treat URA staff fairly and with respect |

**What are the tax types applicable to the hotel and accommodation sector?**

**Value Added Tax (VAT)**

VAT is a consumption tax charged at a rate of 18% 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.

**Please note**

It is mandatory for all VAT registered taxpayers to issue e-invoices or e-receipts as no tax credit is allowed or claimable on purchases unless they are supported by e-invoices or e-receipts.

Click here to register for EFRIS

**Local hotel tax?**

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

* It is levied on hotel and room accommodation per room per night and is paid by the room occupant.
* The tax is collected by the management of the hotel, which remits the same to KCCA/ Municipal or Town Council on a monthly basis.

**Please note**

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.

|  |  |  |
| --- | --- | --- |
| SN  | **Hotel category** | **Rate**  |
| 1 | Five and Four star hotels. | US $ 2 per room per night |
| 2 | Three, Two star hotels and other hotels charging above 50,000/= per night | 2000/= per room per night |
| 3 | Hotels, lodges and Guest houses charging 10,000/= up to 50,000/= per night. | 1000/= per room per night |
| 4 | Hotels, lodges and Guest houses charging 10,000/= up to 50,000/= per night. | 500/= per room per night |

**Corporation tax**

This is tax charged on profits of the hotel and chargeable on hotel or accommodation taxable income. The income tax rate applicable to the chargeable income of companies is 30%,

**Pay As You Earn (PAYE)**

Any person dealing in transport business and has workers earning a monthly salary more than 235,000 per month is required to register for Pay as You Earn (PAYE), withhold and remit tax to URA.

Click here for the PAYE rates

**Withholding tax**

Withholding tax (WHT) is income tax that is withheld at source by one person (withholding agent) upon making payment to another person (payee). The rate is 6% withheld and remitted to URA

**Please note**

The tax withheld is credited/ reduced on the tax payable in the final income tax return.

Click here for information on Withholding tax.

**How do I pay taxes to URA?**

* After filing a return, you’re required to pay taxes due using available payment platforms e.g. banks, mobile money, VISA, Mastercard etc.
* **Please note:** the due date for payment of tax is the same as that of return filing.
* Click here to register a payment

**What are the tax incentives available to the hotel and accommodation sector?**

|  |
| --- |
| **INCOME TAX** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Conditions for the Tax Incentive** |
| Private employers of persons with disabilities (PWDs) | Income derived by a person from undertaking any of the listed business activities in the Industrial Park or Free Zone. | 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 |
| 6.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 | Indefinite | All taxpayers with depreciable assets |
|  | 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 |  |  |
| 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 |
| Investor established in a country with whichUganda has a DTA | Double Taxation Agreements (DTA): Investors from countries with active DTA’s with Uganda i.e. 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% | 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. |
| **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 |
| Strategic investments (specified in Item 60A (iii) of the SecondSchedule of the Stamp Duty Act) | Nil stamp duty | Indefinite | Investor must have1. Capacity to use at least 50% of the locally produced raw materials, subject to availability
2. Have capacity to use 50% of raw materials sourced locally and;
3. Be able to employ a minimum of 100 citizens
 |
| 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. |
| 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. |

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 5th 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 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | c) Cookers Utensil, device, or apparatus for cooking | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | e) Air conditioning systems A system used for cooling and drying the air in a building, room, etc. | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | f) Cutlery Edged or cutting tools specifically implements for cutting and eating food. | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | g) Televisions A device that receives television signals and reproduces them on a screen | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | h) Carpets, A carpet is a textile floor covering typically consisting of an upperlayer of pile attached to a backing | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | i) FurnitureLarge movable equipment, such as tables and chairs, used to make a house, office, or other space suitable for living or working | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | j) Linen and curtains Linen:Sheets, pillowcases, andduvet covers Curtain: A piece of material suspended at the top to form a covering or screen, typically one of a pair at a window | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | k) Gymnasiumequipment Exercise equipment is any apparatus or deviceused during physical activity to enhance the strength or conditioning ects of that exercise by providing either fixed or adjustable amounts of resistance, or to otherwise enhance the experience oroutcome of an exercise routine | * Exempted from all taxes under the 5th schedule of the East African Community Customs Management Act, 2004
 |
|  | 2) Bathrobes | * Import duty is applicable at a rate of 0% instead of 25% for one year when imported by a licensed hotel.
 |
|  | 3) Clothes-dryers | * Import duty is applicable at a rate of 0% instead of 25% for one year when imported by a licensed hotel.
 |