**TOURISM AND TOUR OPERATIONS SUB SECTOR OVERVIEW**

**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 who travel for recreation, holiday, business, sports and leisure activities.

**When am I considered a player in the tourism sector in Uganda?**

You’re considered a player in the tourism sector if you operate tourism sights/destinations,accommodation, food service activities, tour operations, travel agency, arts and culture sectors.

**How do I register my tourism business?**

All businesses in the tourism sector in Uganda are required to be registered with:

* Uganda Registration Services Bureau (URSB) for Company registration
* Uganda Revenue Authority (URA) for taxes
* Local council authorities e.g. KCCA, municipal council, for a trading license

**Please note**

Upon registration companies in the tourism sector are required to comply with the requirements of relevant authorities like:

* Ministry of Tourism, Wildlife and Antiquities
* Uganda Tourism Board
* National Environment Management Authority

**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](http://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?**

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| **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 tourism sector?**

1. **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, or 37.5 million in the first 3 consecutive months.

Click here to register for VAT

**Please note**

Tour agents are expected to prepare two accounts

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

Any person dealing in tourism business is required to be registered for income tax. Income tax applies generally to all types of persons who derive income, whether an individual, non-individual or partnership.

Resident persons are taxed on worldwide income, while non-resident persons are taxed only on income derived from sources in Uganda.

1. **Individuals**

**Individual income tax**

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

**Rate of tax for Resident individuals**

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| **ANNUAL CHARGEABLE INCOME (CY**) **IN UGX** | **RATE OF TAX** |
| 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%] |

**Rate of tax for Non-Resident individuals**

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| **ANNUAL CHARGEABLE INCOME (CY**) **IN UGX** | **RATE OF TAX** |
| 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%] |

**B. Non-Individuals**

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.)

1. **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).

**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.

**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

**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 incentives are available in the tourism sector?**

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| **Income tax** |
| **Beneficiary** | **Incentives** | **Period of Incentive** | **Conditions for the Tax Incentive** |
| Compliant taxpayers | 6% Withholding tax 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. | Duration of the loss | All taxpayers |
| Investor established in a country with which Uganda 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** |
| 1. 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. |
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| **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 |
| 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. |
| 4. 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. |



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| **Beneficiary**  | **Type of vehicle**  | **Incentive**  | **Conditions for Exception**  |
| Tour operators and guides  | 1) Motor car for transportation of tourist imported by tour operators upon recommendationby a competent authority responsible for tourism promoting in a partner state | Exempted fromall taxes under thefifth schedule ofthe East AfricanCommunity CustomsManagement Act,2004 | the Vehicles meetthe following conditions;a) They are four-wheel drive with open roof facilityfor game viewing and have a seating capacity not exceeding 12 passengers.b) They have provisionsfor camping, rescue and firstaid equipment, baggageand compartment and communication fittings.c) operate and have aclear and conspicuous label or marking of “Touristvehicle.” d) Any other conditionthat the commissioner may impose, Provided thatduties shall be payable upondisposal for other use orchange of use  |
| Tour operators and guides |  Sightseeing buses | Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 | a) Front facing comfortable reclining coach seats.b) Basic lavatory facilities.c) Provisions for first aid equipment, communication fittings and luggage compartment.d)Seating capacity above20.e) Any other condition the commissioner may impose or vary. Provided that duties shall be payable upon disposal forother use or change of use. |
| Tour operators and guides | Overland truck | Exempted from all taxes under the fifth schedule of the East African Community Customs Management Act, 2004 | a) High clearance for o road driving.b)Forward facing comfortable reclining coach seats.c)Inverter for charging electrical items.d)Camping stocks, tents, kitchen and food storage.e) Windows for good all-round view.f) Provisions for first aid equipment, communication fittings and luggage compartment.g) Any other condition the commissioner may impose or vary.Provided that duties shall bepayable upon disposal forother use or change of use |
| Tour operators and guides | Tourism boats | Tourism boats imported by a licensed tour operatorexempted from taxes under the 5th Schedule of the EAC CMA |  |