

doing business in Uganda

POPULATION
43.3M



CURRENCY
UGANDAN
SHILLING (UGX)
GMT+3



OFFICIAL LANGUAGE
ENGLISH,
SWAHILI

country profile											
government structure	<ul style="list-style-type: none"> • Executive: The president is both chief of state and head of government and serves a five-year term. The president appoints the vice president and Cabinet from among elected members of the National Assembly or persons who qualify to be elected as members of the National Assembly. • Legislative: Uganda has a unicameral parliament. • Judicial: The highest court is the Supreme Court. The subordinate courts are the Court of Appeal (which also sits as the Constitutional Court), High Court (includes 12 High Court Circuits and eight High Court Divisions), Industrial Court, Chief Magistrate Grade One and Grade Two Courts throughout the country, Gadhis Courts, and Family and Children's Courts. The Uganda People's Defence Forces, Uganda's army, has a separate court system. • Next presidential and parliamentary elections: February 2021 										
economic data	<table border="0"> <tr> <td>• Nominal GDP (USD billions):</td> <td>26.39</td> </tr> <tr> <td>• GDP per capita (USD):</td> <td>700.52</td> </tr> <tr> <td>• Inflation rate (%):</td> <td>5.78</td> </tr> <tr> <td>• Government revenue (% of GDP):</td> <td>16.34</td> </tr> <tr> <td>• Government gross debt (% of GDP):</td> <td>38.62</td> </tr> </table> <p><i>*Source: IMF</i></p> <ul style="list-style-type: none"> • Uganda's economy is agriculture-based, with coffee as a major export commodity. Uganda also has mineral deposits of copper and cobalt and is about to begin development of oil reserves on the shore of Lake Albert. • Uganda also has some industrial activity, mainly dominated by manufacturing, but also including mining and quarrying. The main manufactured products are sugar, beer, soft drinks, cigarettes, textiles, cement, laundry soap, edible oil, and metal products. • Uganda's main export partners are Kenya, the United Arab Emirates, Democratic Republic of the Congo, Rwanda, and Italy. The main export commodities include coffee, fish and fish products, tea, cotton, flowers, horticultural products, and gold. • Uganda's main import partners are China, India, the United Arab Emirates, Kenya, Japan, Saudi Arabia, Indonesia, and South Africa. The main import commodities include capital equipment, vehicles, petroleum, medical supplies; cereals. 	• Nominal GDP (USD billions):	26.39	• GDP per capita (USD):	700.52	• Inflation rate (%):	5.78	• Government revenue (% of GDP):	16.34	• Government gross debt (% of GDP):	38.62
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risk ratings	<ul style="list-style-type: none"> • World Economic Forum Global competitive index (2017-2018): 114/137 • World Bank ease of doing business (2018): 122/190 • Corruption perception index (2017): 151/180 										

international treaties and memberships	
international and regional organisations and customs unions	<ul style="list-style-type: none"> • African Caribbean and Pacific Group of States • African Continental Free Trade Area • African Development Bank • African Union • British Commonwealth • Common Market for Eastern and Southern Africa ("COMESA") • East African Community ("EAC") • International Monetary Fund • Southern African Customs Union • Southern African Development Community Free Trade Protocol • United Nations • World Bank • World Trade Organisation • Uganda receives preferential treatment under the agreements listed here: http://ptadb.wto.org/Country.aspx?code=800
bilateral investment treaties	<ul style="list-style-type: none"> • Uganda has bilateral investment treaties with Denmark, France, Germany, the Netherlands, Switzerland and the United Kingdom. • Treaties have been signed with Belgium-Luxembourg the Economic Union, China, Cuba, Egypt, Eritrea, Nigeria, South Africa and Zimbabwe, but these have not yet entered into force.
investment-related agreements / institutions	<ul style="list-style-type: none"> • Agreement on Trade-Related Investment Measures; • General Agreement of Trade in Services; • Islamic Corporation for the Insurance of Investment and Export Credit; • Multilateral Investment Guarantee Agency; and • Overseas Private Investment Corporation.
dispute resolution	<ul style="list-style-type: none"> • International Centre for Settlement of Investment Dispute ("ICSID") • Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention")
intellectual property ("IP") treaties	<ul style="list-style-type: none"> • A comprehensive list of IP-related treaties signed by Uganda is available at: http://www.wipo.int/wipolex/en/profile.jsp?code=UG • See the trade marks section below for further detail.



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legal regime	
applicable legal regime	<ul style="list-style-type: none"> Uganda's legal system is primarily based on statute, supplemented by common law, customary law and aspects of Islamic law. The Judicature Act (Cap.13) prescribes the laws applicable in Uganda as the written law, and in so far as not covered by written law, the common law and doctrines of equity, any established and current custom or usage. Where no express rule is applicable, the High Court may act in accordance with the principles of justice, equity and good conscience.
dispute resolution	<ul style="list-style-type: none"> Uganda's Investment Code Act (Cap 92) lays out the procedure for the settlement of investment disputes through the following four channels: <ul style="list-style-type: none"> direct negotiations for an amicable settlement; the ICSID; within the framework of bilateral or multilateral agreements on investor protection, to which both Uganda and the home country of the company are signatories; or any other international machinery. The Arbitration and Conciliation Act (Cap 4) allows international arbitration conventions to be applied to domestic and international trade disputes. Uganda has adopted the New York Convention and the ICSID.
land acquisition, planning and use	<ul style="list-style-type: none"> Foreign investors are only allowed to enter into long-term leases for a maximum period of 99 years. Advocates / solicitors and estate agents can assist in locating and leasing suitable and available land. An application can also be made to the Uganda Investment Authority ("UIA") for allocation of land for investment purposes.
competition	<ul style="list-style-type: none"> There is currently no operational competition law in Uganda. There are, however, specific laws regulating competition in particular industries such as telecommunications. A draft Competition and Consumer Protection Bill was prepared but it has never been officially published. Uganda is a member of the regional competition bodies COMESA and the EAC. Activities in Uganda should be conducted with these regional competition bodies in mind.
employment requirements	
<i>immigration</i>	<ul style="list-style-type: none"> Foreign employees require a special pass or a work permit in order to be employed in Uganda. A special pass is a short term work facility granted to foreign employees whose term of employment is for an aggregate period of five months, whereas a work permit is granted to foreign employees whose term of employment is for six months to three years. As a prerequisite for obtaining the work facilities, the company seeking to employ a foreign employee must go through a profiling process and obtain a code number from the Directorate of Citizenship and Immigration Control

	<p>("DCIC"). Thereafter, the company can submit the application for the respective work facility, online, using the code number issued by DCIC.</p> <ul style="list-style-type: none"> There are no restrictions on the number of work permits available to a company. In practice, the DCIC approves applications for work facilities as long as the employer provides the required documentation and fees for the respective work facilities and successfully demonstrates that expatriate staff will be bringing skills and knowledge to the company's business that are not readily available from local Ugandan employees.
<i>local employment vs secondment</i>	<ul style="list-style-type: none"> In terms of Uganda's employment legislation, an employee may be seconded to Uganda, as it is not a legal requirement for either local or foreign employees to be employed by a local entity. However, in terms of Uganda's immigration legislation, employment by a local entity is a prerequisite for applying for a work permit.
<i>fixed-term contracts and temporary employment services</i>	<ul style="list-style-type: none"> Fixed-term contracts of employment that are either defined by time or purpose are allowed in terms of the Employment Act. The use of fixed-term contracts of employment should, however, be approached with circumspection as there are risks associated with such contracts. Temporary employment services (private employment agencies) is provided for and must be registered and licensed under the Employment Regulations.
<i>payment in local currency</i>	<ul style="list-style-type: none"> It is not a legal requirement for remuneration to be paid in local currency.
<i>restraint of trade agreements</i>	<ul style="list-style-type: none"> Restraints of trade are <i>prima facie</i> valid and enforceable in Uganda, subject to the requirement that it must be reasonable.
foreign investment regime	
investment regime	<ul style="list-style-type: none"> The Investment Code Act governs investment in Uganda. The Uganda Investment Authority (UIA) serves as a one-stop centre for business registration and licensing.
registration / licensing requirements	<ul style="list-style-type: none"> Foreign companies intending to operate a business in Uganda must apply for an investment licence, issued under the Investment Code Act, with the UIA. Requirements for obtaining such a licence include investing at least USD100,000 in Uganda over three years (cash or assets). Investors in the energy-generation, mining, banking, air-transport, pharmaceuticals-production, education, health, telecommunications, and oil and gas industries must obtain a "secondary licence" from the ministry / department / agency regulating such industry, prior to applying for an investment licence.
non-industry specific registrations / licences	The following general non-industry specific registrations / licences may also be required:



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<i>Uganda Revenue Authority ("URA")</i>	<ul style="list-style-type: none"> All taxpayers (including company directors) must register with the URA and obtain a tax identification number ("TIN"), which is used for all types of taxes. If an enterprise's expected annual turnover value-added tax ("VAT") registration threshold (see 'tax' below), it should also specifically apply for VAT registration.
<i>Ministry of Trade, Industries and Cooperatives ("MITC")</i>	<ul style="list-style-type: none"> Prior to submitting an application for a trading licence as set out below, foreign investors are required to obtain permission from, and register with, the MITC to trade in Uganda.
<i>(Kampala Capital City Authority ("KCCA"))</i>	<ul style="list-style-type: none"> Businesses operating in Uganda must hold a valid trading licence from the relevant municipal licensing authority (in Kampala, the KCCA). A separate trading licence is to be obtained in respect of each branch/store of an entity.
<i>National Social Security Fund ("NSSF")</i>	<ul style="list-style-type: none"> Every employer employing five or more employees must register with the NSSF within 21 days of becoming liable to register as contributing employer. In addition, each employee is required to have their own member number under which contributions are made.
industry-specific licences	<ul style="list-style-type: none"> Industry-specific licences may also be required.
incentives	<ul style="list-style-type: none"> Incentives include: <ul style="list-style-type: none"> various incentives promoting farming activities; exempting the income of a new developer of an industrial park or free zone for a period of 10 years, provided that his investment capital is at least USD 200-million; and exempting the income of an operator in an industrial park or free zone or other business outside the industrial park or free zone for five years, provided that his investment capital is at least USD30-million in the case of a non-resident person, or USD10-million in the case of a Ugandan citizen. Incentives available within the EAC include duty drawback schemes and no requirements for import or export licences within the region.
exchange control regulation	<ul style="list-style-type: none"> Uganda does not impose any exchange control restrictions, however, in terms of the Foreign Exchange Act every payment made in foreign currency to or from Uganda between residents and non-residents, or between non-residents, to be made through a commercial bank.

types of entities available for foreign investment	<ul style="list-style-type: none"> Sole proprietorship; partnership; public company (joint stock company); limited liability company; company limited by guarantee; joint venture; public-private venture; and registered branch of a foreign company.
private limited liability company	
minimum number of shareholders	<ul style="list-style-type: none"> A minimum of two shareholders is required. Whilst the Companies Act permits the establishment of single member companies, in practice this appears to be available only to individuals. There is generally no requirement for local shareholding, but certain local content requirements exist in the petroleum industry.
minimum share capital	<ul style="list-style-type: none"> There are no minimum capital requirements in Uganda, except for financial institutions, insurance companies and companies in the business of gaming, betting and lotteries. In practice, a company limited by shares will generally only be registered if it has authorised share capital of at least UGX1-million.
directors	<ul style="list-style-type: none"> A private company must have a minimum of one director. There is no requirement to have any Ugandan resident directors, except for financial institutions regulated by the Bank of Uganda and insurance companies.
company secretary	<ul style="list-style-type: none"> Every company must appoint a company secretary (firm or individual), resident in Uganda. The sole director of the company may not be the company secretary.
auditor	<ul style="list-style-type: none"> A private company must appoint an auditor who is a member of the Institute of Certified Public Accountants of Uganda or one of the other professional bodies referred to in the Ugandan Accountants Act (Cap 266).
registered address	<ul style="list-style-type: none"> Every company must have a registered office and a postal address in Uganda to which all communications and notices may be addressed and which must constitute the address for service of legal proceedings of the company A company may have its registered address at the offices of its company secretary, lawyers or accountants or a third party.
shelf companies	<ul style="list-style-type: none"> There are no shelf companies available for purchase in Uganda.
registration process	<ul style="list-style-type: none"> Companies are registered with the Uganda Registration Services Bureau ("URSB") and it takes approximately one week to complete registration once all of the required documents have been submitted.

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tax		
tax system	<ul style="list-style-type: none"> Uganda has a residence-based tax system in terms of which residents are subject to tax on their world-wide income, whereas non-residents are subject to tax only on their Ugandan-sourced income. 	
Corporate residence	<ul style="list-style-type: none"> A company is resident in Uganda if it: <ul style="list-style-type: none"> is incorporated or formed under the laws of Uganda; has management and control exercised in Uganda at any time during the year of income; or undertakes the majority of its operations in Uganda during the year of income. 	
corporate tax rate	<ul style="list-style-type: none"> Resident companies and permanent establishments of foreign companies are subject to corporate income tax at the rate of 30%. The amount of tax payable by a small business (annual turnover or income that does not exceed UGX150-million) depends on the business' turnover. The 2018 Income Tax Amendment Act introduced a minimum tax at the rate of 0.5% on the gross turnover of taxpayers who have been in a loss position for 7 consecutive years of assessment. 	
capital gains tax ("CGT")	<ul style="list-style-type: none"> Capital gains on the disposal of assets are included in ordinary taxable income and are subject to corporate income tax at the standard rate of 30%. 	
withholding tax ("WHT") rates	WHT rate (%)	
	payment to	Residents
	branch profits	N/A
	dividends	0% (if at least 25% voting rights) 15%
	interest	15% 20% (on government securities)
	royalties	N/A
management, consulting and technical service fees	6% (unless listed as exempt entity)	
double tax agreements ("DTAs")	<ul style="list-style-type: none"> DTAs are in force with Denmark, India, Italy, Mauritius, the Netherlands, Norway, South Africa, the United Kingdom and Zambia. 	
losses	<ul style="list-style-type: none"> Losses may be carried forward indefinitely. Losses on foreign-source income cannot be set off against domestic income. 	

transfer pricing	<ul style="list-style-type: none"> In terms of Uganda's transfer pricing rules, transactions between associates (related parties) must be entered into on an arm's length basis. Where any person acts, or is likely to act, in accordance with the directions, requests, suggestions or wishes of another person, whether or not these are communicated to the first-mentioned person, the two persons will be treated as associates of each other. A company is an associate of another person if that person, either alone or together with an associate or associates, controls 50% or more of the voting power in the company, either directly or through one or more interposed companies, partnerships or trusts. 												
thin capitalisation	<ul style="list-style-type: none"> The 2018 Income Tax Amendment Act repealed and replaced the thin capitalisation rules as follows: <ul style="list-style-type: none"> interest that can be claimed as a deduction by a company that is part of a group is restricted to 30% of the taxable earnings before interest, tax, depreciation and amortisation; and a taxpayer whose interest exceeds the limit may carry forward the excess interest for not more than three years. 												
employee taxes	<p>The income tax rates applicable to resident individuals, effective 1 July 2012, are:</p> <table border="1"> <thead> <tr> <th>annual chargeable income (UGX)</th> <th>tax rate</th> </tr> </thead> <tbody> <tr> <td>up to 2 820 000</td> <td>0%</td> </tr> <tr> <td>2 820 001-4 020 000</td> <td>10%</td> </tr> <tr> <td>4 020 001-4 920 000</td> <td>20%</td> </tr> <tr> <td>4 920 001-120 000 000</td> <td>30%</td> </tr> <tr> <td>above 120 000 000</td> <td>40%</td> </tr> </tbody> </table>	annual chargeable income (UGX)	tax rate	up to 2 820 000	0%	2 820 001-4 020 000	10%	4 020 001-4 920 000	20%	4 920 001-120 000 000	30%	above 120 000 000	40%
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social security contributions	<ul style="list-style-type: none"> Both employees and employers employing five or more employees must make monthly social security contributions to the NSSF. The employer contribution rate is 10% of the employee's monthly wage, whereas the employee contribution rate is 5%. Subject to the approval of the NSSF, expatriates are not obliged to contribute to NSSF if they are not ordinarily resident in Uganda and are to be employed in Uganda for a continuous period of not more than three years or such longer period as is allowed by the NSSF. 												
payroll taxes	<ul style="list-style-type: none"> There is no payroll tax in Uganda. However, all employees in gainful employment are liable to pay a local service tax ranging from UGX5,000 to UGX100,000 per month, depending on the monthly income earned by such employee. 												



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stamp duty	<ul style="list-style-type: none"> Stamp duty is levied under the Stamp Duty Act on a wide range of instruments and documents, either ad valorem at the rate of 1% or 0.5% or at a flat rate of UGX10 000, depending on the nature of the instrument Stamp duty at a rate of 1.5% is payable on the transfer of shares in a Ugandan company and immovable property.
VAT	
<i>taxable supplies</i>	<ul style="list-style-type: none"> VAT is levied on the supply of goods and services in Uganda and on the importation of goods and services.
<i>VAT rate</i>	<ul style="list-style-type: none"> 18%
<i>registration threshold</i>	<ul style="list-style-type: none"> A person whose taxable turnover: <ul style="list-style-type: none"> during any period of three calendar months exceeds or is expected to exceed a quarter of the annual registration threshold of UGX150-million must register for VAT purposes. .
<i>reverse VAT on imported services</i>	<ul style="list-style-type: none"> Resident companies are required to account for output VAT in respect of imported services rendered by non-resident companies in terms of a reverse charge mechanism. Such VAT is generally not allowed as an input credit.
trade marks	
international conventions, treaties and arrangements	<ul style="list-style-type: none"> African Regional Intellectual Property Organization -- Banjul Protocol Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Nairobi Treaty Paris Convention World Intellectual Property Organization World Trade Organisation Although Uganda is a member of the Paris Convention, it is not a signatory to the Madrid Protocol, therefore there is no provision in the legislation relating to international arrangements for trademarks. As such, it should not be possible to claim convention priority. However, the registry is, in practice, accepting priority claims, although the effectiveness and validity of a priority claim is unclear.

classification	<ul style="list-style-type: none"> The International Classification of Goods and Services (Nice Classification) applies. A separate application is required for each class of goods and/or services. The register is divided into part A and part B, per legislation.
categories of trade marks	<ul style="list-style-type: none"> Provision is made for: <ul style="list-style-type: none"> service marks; certification marks; defensive marks; and series marks.
filing requirements	<ul style="list-style-type: none"> Signed Power of Attorney; At least four prints of the mark, except for word marks in ordinary type; for device marks, 12 prints and a printing block of the trade marks; and priority document (if applicable), with verified English translation.
procedure	<ul style="list-style-type: none"> Applications are examined as to inherent registrability and conflict with prior existing registrations/applications. On acceptance, a publication notice is issued and applications are advertised for a period of 60 days.
oppositions	<ul style="list-style-type: none"> Opposition may be lodged within the 60 days following the date of advertisement of the trade mark application. Extension of the opposition period is possible at the discretion of the registrar.
duration and renewal	<ul style="list-style-type: none"> A trade mark registration is effective for an initial period of seven years from the date of application and, thereafter, renewable for further periods of 10 years.

For more information or assistance please contact:

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LAST UPDATED OCTOBER 2018