

1. Government requirements

Registration requirements

Tax Identification Number (TIN) Registration

A company liable to pay tax in Uganda is obliged to apply to the Uganda Revenue Authority (URA) for registration.

Application for a TIN is free and is done online on the URA page and submitted together with the following attachments:

- Company forms 18 which is a notice of situation of the registered office and portal address
- Company forms 20 which lists the directors of the company
- Company forms 25 which is a list of names and address of persons resident in Uganda authorized to accept service on behalf of a company incorporated outside Uganda
- Certificate of incorporation or registration (for foreign entities) issued by the Uganda Registration services Bureau (URSB)

Once this process is concluded, there is no further requirement to register for payroll taxes. Such registration creates obligations under the Income Tax Act Cap 340 to employers to withhold tax from the employee's gross salary and remit the same to the Uganda Revenue Authority by the 15th day following the month of deduction.

National Social Security Fund (NSSF) Registration

The National Social Security Fund Act Cap 22 mandates employers who have 5 or more employees between 16 and 55 years of age with an exception of employees under the Government Pension scheme to register and make monthly contributions. The Act also provides for voluntary membership for employers with less than five employees.

Registration can be done online or at any NSSF branch at no fee.

Local Service Tax (LST)

Local Service Tax is governed by the Local Government (Amendment) No.2 of 2008 and is levied on salaries, wages, and incomes of all persons in gainful employment.

Application for a LST number is free of charge.

Ongoing compliance requirements

Pay-As-You-Earn (PAYE)

An employer is required to withhold the PAYE from an employee's gross salary every month and remit the same to the Uganda Revenue Authority by the 15th day following the month of deduction.

In addition to payment of PAYE, the Tax Procedure Code Act, 2014 mandates an employer to file PAYE returns by the 15th day of the following month to correctly account for PAYE on the employment income. These returns are downloaded from the URA portal, populated and submitted online.

Tax rates applicable for resident individuals	
Chargeable income	Tax rate
Not exceeding Ushs.2,820,000 per annum (235,000 per month)	nil
More than Ushs.2,820,000 (235,000 per month) but not exceeding Ushs.4,020,000 per annum (335,000 per month)	10% of the amount by which chargeable income exceeds Ushs.2,820,000 per annum (235,000 per month)
More than Ushs.4,020,000 (335,000 per month) but not exceeding Ushs.4,920,000 per annum (410,000 per month)	Ushs.120,000 (10,000 per month) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 per annum (335,000 per month)
Exceeding Ushs.4,920,000 per annum (410,000 per month)	a. Ushs.300,000 (25,000 per month) plus 30% of the amount by which chargeable income exceeds Ushs.4,920,000 per annum (410,000 per month); and b. Where the chargeable income of an individual exceeds Ushs.120,000,000 (10,000,000 per month), an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 per annum (10,000,000 per month)

Tax rates applicable for resident individuals	
Chargeable Income	Rate of Tax
Not exceeding Ushs.4,020,000 per annum (335,000 per month)	10%
More than Ushs.4,020,000 (335,000 per month) but not exceeding Ushs.4,920,000 per annum (410,000 per month)	Ushs.402,000 (33,500 per month) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 per month (335,000 per month)
Exceeding Ushs.4,920,000 per annum (410,000 per month)	<p>a. Ushs.582,000 [48,500 per month] plus 30% of the amount by which chargeable income exceeds Ushs.4,920,000 per annum [410,000 per month]; and</p> <p>b. Where the chargeable income of an individual exceeds shs.120,000,000 [10,000,000 per month] an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 per annum [10,000,000 per month]</p>

NSSF Returns and Payment

In accordance with the NSSF Act, employers are required to pay 15% of each employee's gross salary excluding non-cash emoluments monthly. Five percent of the contribution is deducted from the employee's salary and 10% is a contribution from the employer. In accounting for these contributions, NSSF returns must be filed by an employer by the 15th day following month of deduction.

Local Service Tax returns and payment

The Local Government Act imposes an obligation to file annual LST returns with the Local Government of Uganda within the first four quarters of each fiscal year.

The LST rates schedule is as follows:

Uganda Local Service Tax Rates	
Amount of monthly income earned in Ush)	Amount of local service tax in Ushs per year
Below 100,000	0
From 100,000 to 200,000	5,000
From 200,000 to 300,000	10,000
From 300,000 to 400,000	20,000
From 400,000 to 500,000	30,000
From 500,000 to 600,000	40,000
From 600,000 to 700,000	60,000
From 700,000 to 800,000	70,000
From 800,000 to 900,000	80,000
From 900,000 to 1,000,000	90,000
One million and above	100,000

2. Pension requirements

In accordance with the pensions Act cap 286 provides for the grant and regulation of pensions, gratuities and other allowances in respect of the public service of officers under the Government of Uganda.

Civil servants in Uganda are not liable to NSSF but instead have pensions put in place by the Government of Uganda.

Where that is not the case, a pension scheme or provident fund is a voluntary arrangement between an employer and employee. The Uganda Retirement Benefits Regulatory Authority is the body charged with licensing pension schemes in Uganda.

Ongoing compliance requirements

Compliance requirements depend on the type of scheme or fund. They may be annual contributions, monthly payments depending on the circumstances.

3. Employment obligations

The Employment Act, 2006 governs individual employment relationships. The Act applies to all employees employed by an employer under a contract of service.

The employer's obligations include:

- Issuance of employment contract which attribute rights and responsibilities between parties and is governed by contractual principles of offer, acceptance, consideration and legality.
- Payment salary or wages to employees periodically as agreed
- Overtime payment where an employee has exceeded agreed time frames
- Duty of employer to provide work
- Promotion of equal opportunities and protection against discrimination
- Protection from sexual harassment
- Obligation to consult employee before transfer of contract is made
- Restriction from employing children below the age of 12
- Obligation to ensure all expatriate labour force have work permits and are in Uganda legally
- Employer to repatriate an employee who has been recruited from a place which is more than 100km from his or her home
- An employer must accord an employee at least one day per week to rest.
- Working hours per week are 48 hours maximum however where a person is working in shifts, the hours shall not exceed 10 hours a day or 56 hours a week.
- According employees fully paid annual leave of 21 days taken at a time agreed between the employer and employee.
- Full payment on public holidays or in instances where the

employee works on a public holiday; they are entitled to receive a pay not less than double the rate payable for work on a day that is not a public holiday

- According employees sick leave with full pay for a month
- Allowing pregnant women to take fully paid maternity leave of three months
- Paternity leave of four working days
- Obligation by both parties to give notice of termination of contract. This notice varies depending on the period of service and ranges from two weeks to three months' notice
- Employer has an obligation to provide proof of reason for termination of employees
- Employer must take reasonable care to ensure work premises are safe.

4. Payroll requirements

Some companies provide employees with payslips either electronically or physical slips in the month following payment.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of;

- Cash
- Check
- Electronic Funds Transfer

Where cash is the preferred mode of payment, the employer and employee should sign on a record to confirm that the stated amount of money has been duly paid to the employee.