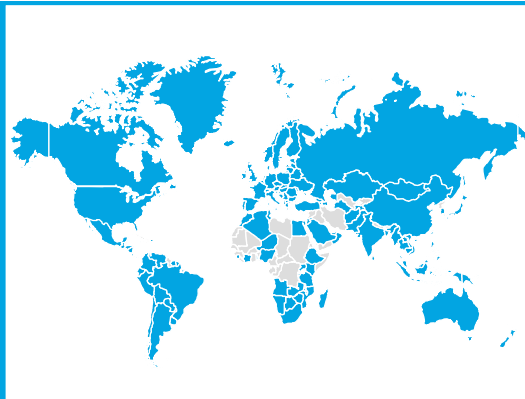


EXPATRIATES

Uganda

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Tax is imposed on a person who derives chargeable income. The income of expatriates is mainly employment income.

Chargeable income is the gross employment income less the allowable deductions.

Employment income encompasses both benefits in cash and in-kind form. Among others, benefits in kind include provision of a motor vehicle or housing.

An individual is considered a resident for a year of income according to the income tax Act if that individual:

- Has a permanent home in Uganda.
- Is present in Uganda for
 - A period or periods amounting in the aggregate of 183 days or more in a twelve-month period that commences or ends during the year of income or
 - During the year of income and in each of the two preceding years of income for periods averaging more than 122 days in each year of income ; or
- Is an employee or official of the government of Uganda posted abroad during the year of income.

Expatriates will become resident once they meet one of the above residence rules.

A non-resident individual is one who is not a resident as per the definitions provided above and is taxed only on income that is sourced within Uganda.

A resident individual is taxed on his worldwide chargeable income while a non-resident is only taxed on income derived from sources in Uganda.

A resident individual who earns employment income from outside Uganda is not taxed in Uganda on the foreign-sourced employment income if tax is paid on this income in the country of source.

Filing Returns

A person whose sole source of income is employment income from one employer and that income is taxed under the Pay As You Earn (PAYE) system is not required to file a return of income.

BREAKING RESIDENCY - EXIT PROCEDURES

It is important to note that an individual only has to meet one residence rule mentioned above to become a resident.

Once an individual ceases to have a permanent home, then it means that they have broken one of the residence rules.

A resident individual in a current year who was a non-resident in a preceding year is treated as a resident in the current year for the period commencing on the day on which the individual was first present in Uganda.

This implies that the days mentioned above start counting on the first day the expatriate comes to Uganda.

A resident individual in a current year who is a non-resident in a following year is treated as a resident in the current year for the period ending on the last day on which the individual was present in Uganda.

This implies that the days mentioned above are counted based on the last day the individual was in Uganda.

Therefore the 183 days and the 122 days are counted based on the last day the individual was present in Uganda. These days are counted based on the first year when the person became resident.

INCOME TAX RATES

Residents

Chargeable Income	Tax rate
0 - Ushs 2,820,000 p.a (235,000 pm)	Nil
Ushs 2,820,000 p.a (235,000 pm) - Ushs 4,020,000 p.a (335,000 pm)	10%
Ushs 4,020,000 p.a (335,000 pm) - Ushs 4,920,000 p.a (410,000 pm)	20% + Ushs 120,000 p.a (10,000 pm)
Over Ushs 4,920,000 p.a (410,000 pm)	30 % + Ushs 300,000 p.a (25,000 pm)
Over Ushs 120,000,000 p.a (10,000,000 pm)	Additional 10%

Note: *p.a* = per annum; *pm* = per month

Non-Residents

Chargeable Income	Tax rate
0 - Ushs 4,020,000 p.a (335,000 pm)	10%
Ushs 4,020,000 p.a (335,000 pm) - Ushs 4,920,000 p.a (410,000 pm)	20% + Ushs 420,000 p.a (33,500 pm)
Over Ushs 4,920,000 p.a (410,000 pm)	30% + Ushs 582,000 p.a (48,500 pm)
Over Ushs 120,000,000 p.a (10,000,000 pm)	Additional 10%

SOCIAL SECURITY CONTRIBUTIONS

The social security law requires employers to remit 15% of the monthly wages of eligible persons on a monthly basis. The employer is required to contribute 10% while the employee contributes 5%. Non-resident employees are exempted from the 5% contribution. The non-resident employee exempted is the one who is not ordinarily resident in Uganda and is employed in Uganda for a continuous period of not more than three years or such longer period as is allowed in any particular case by the managing director. However, where a non-resident employee becomes at any time an employee ordinarily resident or becomes employed in Uganda in circumstances which qualify him or her to be an eligible employee, he or she shall cease to be a non-resident employee and will be required to contribute the 5%.

It is important to mention that the expatriate employees will get social security benefits when they emigrate from the country but only if contributions have been made for at least four years.

However, the social security law exempts contributions for employees who are members of another scheme and the contributions to that scheme are equivalent or exceeds those required (10% employer, 5% employee) under the social security law. Where the contributions to that other scheme are less than those required under the social security law, then employers are required to remit the balance.

For further information and to register for future updates contact expat@bdo.global

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