ACTS
SUPPLEMENT No. 11

21st October, 2011.

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THE INCOME TAX (AMENDMENT) ACT, 2011

ARRANGEMENT OF SECTIONS

Sections

THE INCOME TAX (AMENDMENT) ACT, 2011

An Act to amend the Income Tax Act Cap. 340 to provide for exclusion from employment income the value of a right or option to acquire shares granted to an employee under an employee share acquisition scheme; income derived from agro processing; and other related matters.

DATE OF ASSENT: 29th September, 2011.

Date of Commencement: 1st July, 2011.

BE IT ENACTED by Parliament as follows:

1. Commencement
This Act shall come into force on 1st July, 2011.

2. Amendment of section 2
Section 2 of the Income Tax Act in this Act referred to as the principal Act is amended in subparagraph (nnn) (i) (C) by inserting immediately after the word "television" the word "internet".

3. Amendment of section 4
Section 4 of the principal Act is amended—

(a) in subsection (4), by inserting immediately before the word "Where" the words "Subject to subsection (6a)"; and

(b) by inserting immediately after subsection (6) the following—

"(6a) subsection (4) shall not apply to a taxpayer for a tax year if the employment income of that taxpayer for that year includes an amount under section 19(1)(h)."

4. Amendment of section 19

Section 19 of the principal Act is amended by inserting immediately after subsection (2)(g) the following—

"(h) the value of a right or option to acquire shares granted to an employee under an employee share acquisition scheme;"

5. Amendment of section 21

Section 21 of the principal Act is amended by substituting for subsection (1)(z) the following—

"(z) the income of a person for a year of income derived from agro-processing where—

(i) the person or an associate of the person has not previously carried on agro-processing of a similar or related agricultural product in Uganda

(ii) upon commencement of agro-processing in Uganda, the person applies in writing to the Commissioner for a certificate of exemption which the Commissioner may issue within sixty days of receiving the application;

(iii) the person invests in plant and machinery that has not previously been used in Uganda by any person in agro-processing to process agricultural products for final consumption;

(iv) the person processes agricultural products grown or produced in Uganda;

(v) the person regularly files returns as required under this Act;

(vi) the person regularly fulfils all obligations under this Act relating to that person's investment; and

(vii) the person has been issued with a certificate of exemption for that year of income by the Commissioner.

(za) For avoidance of doubt, a certificate of exemption issued under subsection (1) (z) (ii) shall be valid for one year and may be renewed annually."

6. Amendment of section 78

Section 78 of the principal Act is amended in sub-paragraph (a)(ii), by inserting immediately after the word "machinery" the words "for ninety days or more".

7. Amendment of section 79

Section 79 of the principal Act is amended by substituting for paragraph (j) the following—

"(j) a royalty—

(i) paid by a resident person, other than as an expenditure of a business carried on by the person outside Uganda through a branch;

(ii) paid by non-resident person as an expenditure of a business carried on by the person through a branch in Uganda; or

(iii) arising from the disposal of industrial or intellectual property used in Uganda."

8. Amendment of section 86

Section 86 is amended by substituting for subsection (4) the following—

"(4) Where a non-resident person carries on the business of transmitting messages by cable, radio, optical fibre, or satellite communication, or the business of providing internet connectivity services, the tax payable by the person shall be five per cent of the gross amount derived by the person in respect of—

(a) the transmission of messages by apparatus established in Uganda;

(b) the provision of direct-to-home pay services to subscribers in Uganda; or

(c) the provision of internet connectivity services to subscribers in Uganda."

9. Amendment of section 88

Section 88(5) of the principal Act is amended by substituting for "is subject to a reduction in the rate of" the words "the application of the treaty results in a reduction in".

10. Amendment of section 89QC

Section 89QC of the principal Act is amended in subsection (1)(a) by substituting for "section 54" the words "section 154".

11. Amendment of section 121

Section 121 of the Principal Act is amended—

(a) in subsection (3) by substituting for "this section" the words "subsection (2)"; and

(b) by inserting immediately after subsection (3) the following—

"(4) A person who fails to notify the Commissioner in accordance with subsection (1) is personally liable to pay to the Commissioner the amount of tax that the non-resident is liable for on the income arising under the contract, but the person is entitled to recover this amount from the non-resident.

(5) The provisions of this Act relating to the collection and recovery of tax apply to the liability imposed by subsection (1) as if it were tax."

12. Amendment of section 135

The principal Act is amended by substituting for section 135 the following—

"135. Taxpayer Identification Number

(1) For purposes of identification of taxpayers, the Commissioner General shall issue a number to be known as a taxpayer identification number to every taxpayer.

(2) The Commissioner General may require a person to show his or her taxpayer identification number in any return, notice or other document used for the purposes of this Act."

13. Amendment of section 140

The Principal Act is amended by substituting for section 140 the following—

"140. Failure to comply with obligations under the Act

A person who, without good cause, fails to—

(a) notify the Commissioner as required under section 121(1); or

(b) comply with a notice issued under section 132,

commits an offence and is liable on conviction to a fine not exceeding twenty-five currency points."