



THE REPUBLIC OF UGANDA

THE INCOME TAX (AMENDMENT) ACT, 2022.

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THE REPUBLIC OF UGANDA

I SIGNIFY my assent to the bill.

Yoweri Museveni

.....
President

Date of assent: 2nd of June, 2022

Act

Income Tax (Amendment) Act

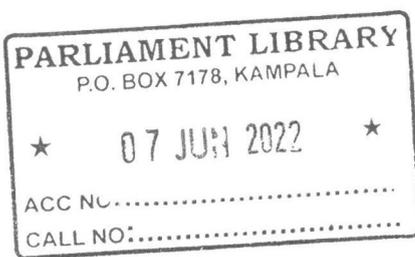
2022

THE INCOME TAX (AMENDMENT) ACT, 2022

ARRANGEMENT OF SECTIONS

Sections

1. Commencement
2. Amendment of Income Tax Act
3. Amendment of section 5 of principal Act
4. Amendment of section 21 of principal Act
5. Amendment of section 22 of principal Act
6. Amendment of section 85 of principal Act
7. Amendment of section 89QA of principal Act
8. Amendment of First Schedule to principal Act
9. Amendment of Third Schedule to principal Act



**THE REPUBLIC OF UGANDA****THE INCOME TAX (AMENDMENT) ACT, 2022**

An Act to amend the Income Tax Act, Cap. 340 to substitute the definition of “beneficial owner”; to revise the definition of “exempt organisation”; to revise the tax rate applicable to individuals and companies for purposes of rental income; to provide for a ceiling on deductible expenses on rental income for non-individuals; to provide for the extension of the tax holiday for Bujagali Hydro Power Project for one year; to provide for exclusion of income from transportation of cargo embarking outside Uganda; to provide for the International Development Law Organisation as a listed institution and for related matters.

DATE OF ASSENT:

Date of Commencement:

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on 1st July, 2022.

2. Amendment of Income Tax Act

The Income Tax Act, in this Act referred to as the principal Act, is amended in section 2—

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(a) by substituting for the definition of “beneficial owner” the following—

“(ea) “beneficial owner” means the natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is conducted and includes a person who exercises ultimate control over a legal person or arrangement and—

(a) in relation to a legal person includes—

- (i) the natural person who either directly or indirectly holds at least ten percent of shares or voting rights of the legal person;
- (ii) the natural person who exercises control of the legal person through other means including personal or financial superiority; and
- (iii) the natural person who has power to make or influence decisions of a legal person;

(b) in relation to trusts includes—

- (i) the settlor;
- (ii) the trustee;
- (iii) the protector;
- (iv) the beneficiary or the individual benefitting from the trust who is yet to be determined; and
- (v) any other natural person exercising ultimate control of the trust; and



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- (c) in relation to other legal arrangements similar to trusts, the natural person who holds positions equivalent to those referred to in subparagraph (b);”;
- (b) in section 2 (bb) by substituting for paragraph (B), the following—
 - “(B) a religious, charitable, educational institution or research institution whose object is not for profit;”.

3. Amendment of section 5 of principal Act

Section 5 of the principal Act is amended in subsection (3)—

- (a) by repealing paragraph (b);
- (b) by substituting for paragraph (c) the following—
 - “(c) the expenditures and loses incurred by a person, other than an individual or partnership, in the production of rent shall be allowed as a deduction for any year of income only as provided for in section 22 (1) (c);”;
- (c) by repealing paragraph (d);
- (d) by inserting immediately after paragraph (d) the following—
 - “(e) the expenditures incurred or gross rent derived by a partnership shall be allocated to the partners in accordance with section 67 (5) and (7) of this Act.”

4. Amendment of section 21 of principal Act

Section 21 of the principal Act is amended in subsection (1) (ac), by substituting “2022” with “2023”.

5. Amendment of section 22 of principal Act

Section 22 of the principal Act is amended in subsection (1)—

(a) by substituting for paragraph (c), the following—

“(c) in case of rental income, the expenditure and losses incurred by a person other than an individual or partnership in the production of such income subject to subsection (1a);”;

(b) by repealing paragraph (ca); and

(c) by inserting immediately after subsection (1), the following—

“(1a) Where the expenditure and losses incurred by a person other than an individual or partnership in the production of rental income exceeds fifty percent of the rental income, the allowable deduction shall be fifty percent of the rental income for that year of income.”

6. Amendment of section 85 of principal Act

Section 85 of the principal Act is amended by inserting immediately after subsection (4), the following—

“(5) For avoidance of doubt, income derived from the carriage of passengers who do not embark or cargo or mail which is not embarked in Uganda is not income derived from a Ugandan-source service contract.”

7. Amendment of section 89QA of principal Act

Section 89QA of the principal Act is amended by substituting for subsection (1), the following—

“(1) Notwithstanding the provisions of sections 48 and 49A of the Tax Procedures Code Act, 2014, a licensee who fails to furnish a return or provide any other document within the time prescribed by this Act is liable to a penalty of not less than fifty thousand United States Dollars and not exceeding five hundred thousand United States Dollars.”

8. Amendment of First Schedule to principal Act

The First Schedule to the principal Act is amended—

- (a) by inserting the following appropriately—

“International Development Law Organisation (IDLO);”;
and

- (b) by substituting for the words “Department for International Development (DFID)”, the words “Foreign, Commonwealth and Development Office (FCDO)”.

9. Amendment of Third Schedule to principal Act

The Third Schedule to the principal Act is amended by substituting for Part VI the following—

“Part VI

Rate of Rental Tax applicable to an individual

Gross rental income	Rate of tax
Not exceeding Ushs. 2,820,000 per annum (235,000 per month)	Nil
Exceeding Ushs. 2,820,000	12%



THE REPUBLIC OF UGANDA

This printed impression has been carefully compared by me with the bill which was passed by Parliament and found by me to be a true copy of the bill.



A handwritten signature in black ink, appearing to be "R. S.", positioned above a dotted line.

Clerk to Parliament

Date of authentication: 30/5/2022