

## WHAT TAXES ARE APPLICABLE WHEN STARTING A HOSPITAL IN UGANDA?

**Q Dear Commissioner,**  
What taxes is an entrepreneur required to register for and pay when establishing and operating a private hospital in Uganda? Kindly outline the key tax obligations applicable to such a business.

**A Dear Reader,**  
Every business is required to register and account for relevant taxes. A private hospital as a business entity is required to account for the following taxes:

**a) Income Tax:** This is tax on profit generated by the hospital, which may be taxed under the individual tax rates (where the hospital is owned by an individual) or at corporation tax rate (where the hospital is operated as a company).

**b) PAYE:** This is deducted at source from the salaries and allowances of employees. The hospital will be required to account through a PAYE return and remit the taxes due by the 15th of the following month.

**c) Withholding tax:** Where the hospital is designated as a Withholding Tax Agent, it will be required to withhold tax at 6% on payments for supplies above sh1m. Where the hospital is making a payment for either management fees or professional fees, it will be required to withhold tax at a rate of 6% if the payee is a resident and 15% if the payee is a non-resident. The hospital will be required to account through a withholding tax return and remit the taxes due by the 15th of the following month.

**d) VAT:** Where the hospital runs a canteen or any other business, it will be required to register and account for VAT.

**e) Where the hospital is operating as a company, the director(s) may account for their salary through the PAYE system. However, where the director(s) has other sources of income, they are required to account for their income through individual income tax returns.**

## How can I regulate accumulating tax liabilities after business closure?

**Q Dear Commissioner,**  
I previously operated a small business dealing in second-hand clothes. Unfortunately, the business collapsed due to the impact of COVID-19 and the subsequent ban on second-hand clothes. I paid income tax during the first year of operation before the business closed. However, my TIN continues to accumulate income tax liabilities. Kindly advise how I can regulate my tax status and what steps I should take to restart my business without outstanding penalties.

**A Dear Reader,**  
We empathise with you about the collapse of your business.

In spite, of your current situation, you remain a registered taxpayer whose source of income was business income, and as such, are obliged to file returns. Under the circumstances, you may file NIL returns since you are not having any business transactions.

Notwithstanding the above, we note that the TIN had already accumulated income tax liabilities and if you are not in agreement with the tax assessed, you may object and provide relevant documents to support your objection. Kindly visit the nearest URA station and the team will assist you go through the objection process. Where submitted evidence is satisfactory, the assessment will be set aside. Where the evidence submitted is not satisfactory, the liability will be upheld and you will be required to settle the taxes.

You may also take advantage of the current waiver of interest and penalty outstanding as at June 30, 2024, where the principal tax is paid by June 30, 2026.

Where a business has closed, we advise that you pay any outstanding tax and, thereafter, request for temporary deactivation of the TIN until you are able to resume business.



## ASK URA COMMISSIONER GENERAL

Every Thursday, the Uganda Revenue Authority (URA) Commissioner General, John Musinguzi Rujoki answers your questions.



Uganda Revenue Authority  
DEVELOPING UGANDA TOGETHER

SEND YOUR QUESTIONS TO

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## Can I get a tax exemption on my cargo carry vehicle?

**Q Dear Commissioner,**  
This is Uthman, a Uganda residing in the UAE, can I get URA tax exemption on my two tonnes cargo carry vehicle, model 2019?

**A Dear Uthman,**  
Under URA's current regulations, you may qualify for a tax exemption on your 2019 vehicle based on its capacity and your status as a returning resident.

The eligibility for tax exemption depends on the following:

- You must be a returning Ugandan resident.
- You must have owned and registered the vehicle in your name for at least 12 months prior to shipping from the UAE.
- The exemption is only granted if you are returning to Uganda permanently
- You must have been away from Uganda for at least two years and not stayed in the country for more than 90 days cumulatively during that period.
- The vehicle is only eligible for duty-free entry if its load-carrying capacity does not exceed two tonnes.

Therefore, since your cargo vehicle is exactly two tonnes and does not exceed this limit, it qualifies for the exemption. Where the vehicle exceeds two tonnes, it will be categorised as a commercial vehicle and, therefore, not qualify for the exemption.



Deemed VAT applies to goods and services used in mining, petroleum or donor-funded projects

## How does deemed VAT work and who qualifies for it?

**Q Dear Commissioner,**  
What is deemed VAT and how does it work and who qualifies for it?

Robert

**A Dear Robert,**  
I will respond to your question in three parts. Deemed VAT is a tax arrangement where the VAT on certain supplies is treated as paid without any actual exchange of cash. This is a VAT mechanism that relieves licensees and aid-funded project contractors from paying VAT on goods and services used exclusively in mining, petroleum or donor-funded projects. For example, a contractor will invoice a licensee undertaking mining operations with VAT, but the licensee will only pay the amount exclusive of VAT since they are deemed to have paid the VAT to the contractor.

### HOW IT WORKS

The licensee cannot claim a credit for the deemed VAT because they never paid it. However, the contractor is able to claim the VAT incurred in making the supply.

To be able to account for deemed VAT, URA configures the TIN of the contractor, Ministries, Departments, and Agencies (MDA) or licensee to enable them treat the VAT on the qualifying supplies as deemed paid.

Please note that VAT on the following supplies is not deemed paid:

- Supplies that are not solely and exclusively for petroleum or mining operations or for aid-funded projects
- Passenger automobile and repair and maintenance of the passenger automobile
- Provision of food, beverages, tobacco, accommodation, amusement, recreation or hospitality of any kind.

### WHO QUALIFIES?

- Licensees undertaking mining or petroleum operations and contractors of donor-funded projects.

## How can I get a TIN certificate?

**Q Dear Commissioner,**  
How can I get a TIN certificate?

Herbaino

**A Dear Herbaino,**  
A TIN certificate is an official document issued by URA that serves as proof of registration and identifies you for tax purposes.

If one is already registered for taxes and needs to print out a physical copy of their TIN certificate, they may login to their TIN account via [www.ura.go.ug](http://www.ura.go.ug) and follow the steps below:

- Click on the last tab on the left panel titled, "taxpayer profile"
- Then click, "Print TIN certificate"
- The TIN certificate will be displayed. This can then be printed.

If you are not able to access the system, kindly visit the nearest URA office with a copy of your National ID for Ugandans and a passport for non-Ugandans. The team will be able to assist you print the TIN certificate.

## How much is a motorcycle owner supposed to pay as tax?

**Q Dear Commissioner,**  
How much is a motorcycle owner supposed to pay as tax?

**A Dear Reader,**  
The obligation to pay tax depends on whether the motorcycle is used for commercial or private purposes.

Where a motorcycle is used for private purposes, there is no obligation to pay income tax.

However, where the motorcycle is used for commercial purposes, the taxpayer is required to file and account for income earned and pay the resultant tax if any.