



# UGANDA

Uganda - Common Law

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## Incorporating a company in Uganda

# Uganda taxes

If you want to do business in Uganda, this article explains the tax laws for a LLC which is the most common legal entity in Uganda.

Uganda taxes corporate income on a worldwide basis. The prevailing approximate tax rate for offshore income, from our research, and your results may vary, is 30%. Uganda doesn't have major incentives to remit income accrued abroad. Standard rate of taxation on a LLC entity is 30%. This ranks Uganda as 139th when compared to CIT globally.

The value added tax (VAT) rate is 18%, which ranks Uganda as 120th when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 10% to the equivalent of a social security fund and an employee will contribute 5%. The overall complexity of the tax system is medium.

Thin capitalisation standards are in effect. Thin capitalisation refers to any sort of laws on a business and the debt-to-asset ratios. Dividends received are usually included in corporate income tax base. An exemption may apply if the recipient holds more than 25% of the voting power of the subsidiary. Dividends are a distribution of a portion of a company earnings, voted by the board of directors, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are usually subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. This means that the relevant tax authorities expects relevant legal entities to automatically withhold 15% of interest payments to non-residents. The dividends withholding tax rate is 15%. Which means that the tax authorities expects legal entities to withhold 15% of payments abroad on dividends. The royalties withholding tax rate is 15%. Which means that the taxman expects companies to withhold 15% of payments on royalties to non-residents.

There is no tax on wealth in Uganda. There are real property taxes and stamp duties on transfers. There are no known inheritance taxes. We are aware of widely used R&D initiatives that provide tax relief in this country.

The above is not tax or legal advice for your company's circumstances. We are able to help you to find a lawyer in Uganda who can properly advise you. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Uganda is 18% which ranks 120 in the world.

- ✗ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 0 **Tax treaties**
- 30% **Offshore Tax**
- 30% **Corp rate**
- **Loss carryback years**
- 195 **Corporate time**
- 18% **VAT rate**
- 30% **Capital gains**
- No **AEOI planned**

# Uganda Legalese

When incorporating, you must look at the law in the country, in Uganda is common law law. Common law jurisdictions are generally regarded as easier to structure. Electronic signatures are permitted.

The letters UG is for Uganda and the most common company type in Uganda is a LLC.

You should expect a wait time of 32 days to put together the paperwork and file a LLC in UG. The minimum share cap is 0, This means you don't have any minimum share capital. The types of currencies you can use to capitalize your business is often legal tender.

Redomiciliation is not common.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in UG by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is tolerated, up to 100% of the total shareholding.

A company is only required to have one director. Additionally, corporate directors are permitted. Directors should not expect to be private, as they are disclosed. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a professional firm which can receive any official legal correspondence on behalf of the business. Furthermore, a corporate secretary is a requirement.

There is an obligation to file yearly tax returns. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Uganda is a bad option and have given it a score of 31 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 **Shareholders required**
- 1 **Directors required**
- 32 days **to form**



# UGANDA

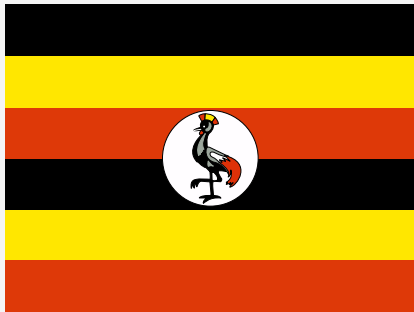
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## Country Info



🚩 National Flag of

**Republic of Uganda**  
(eng)

**Republic of Uganda**  
(swa)

\$ Currency

**UGX**

☎ Area Code

**+256**

🏰 Capital

**Kampala**

✈ Region

**Eastern Africa**

🌿 Native Languages

**English**

**Swahili**