

ACTS SUPPLEMENT

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Act 15

Income Tax (Amendment) Act

2013

THE INCOME TAX (AMENDMENT) ACT, 2013.

ARRANGEMENT OF SECTIONS.

Section.

1. Commencement.
2. Amendment of Cap. 340.
3. Amendment of section 21 of principal Act.
4. Insertion of new section 56A in principal Act.
5. Amendment of section 89B of principal Act.
6. Amendment of section 118A of principal Act.
7. Insertion of new section 118B to principal Act.
8. Amendment of section 130 of principal Act.
9. Amendment of the Third Schedule to principal Act.

THE INCOME TAX (AMENDMENT) ACT, 2013

An Act to amend the Income Tax Act Cap. 340 to provide for miscellaneous changes in the law on income tax.

DATE OF ASSENT: 30th October, 2013.

Date of Commencement: 1st July, 2013.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall be deemed to have come into force on 1st July 2013.

2. Amendment of Cap. 340.

The Income Tax Act, Cap. 340, in this Act referred to as the principal Act, is amended in section 2 by inserting immediately after paragraph (w) (v), the following new paragraph (vi)—

“(vi) the issue of bonus shares to shareholders. However bonus shares shall only be taxable upon disposal.”

3. Amendment of section 21 of principal Act.

Section 21 of the principal Act is amended—

- (a) in subsection (1)(q) by inserting immediately after “Uganda Police Force” the words “the External Security Organization, the Internal Security Organization”; and
- (b) by repealing subsection (1)(ab);
- (c) by inserting immediately after subsection (aa) the following—
 - (ab) an award received by a sportsperson as a reward for winning or participating in a sports competition.

4. Insertion of new section 56A in principal Act.

The principal Act is amended by inserting immediately after section 56 the following—

“56A. Other methods of allocating costs and revenue.

In determining the chargeable income of a person, use of input–output ratios and other methods of allocating costs and revenue may be applied.”

5. Amendment of section 89B of principal Act.

Section 89B of the principal Act is amended in subsection (4) by inserting immediately after “share” the following—

“and any other proceeds and credits earned by a contractor from petroleum operations.”

6. Amendment of section 118A of principal Act.

Section 118A of the principal Act is amended—

- (a) in subsection (1), by substituting for “resident professional”, the words “resident person”; and
- (b) in subsection (2), by substituting for “professional” the words “resident person”.

7. Insertion of new section 118B in principal Act.

The principal Act is amended by inserting immediately after section 118A the following—

“118B. Withholding of tax by the purchaser of an Asset

A resident person who purchases an asset from a non-resident person shall withhold tax on the gross amount of the payment at the rate prescribed in Part VIII of the Third Schedule.”

8. Amendment of section 130 of principal Act.

Section 130 of the principal Act is amended—

- (a) in subsection (3), by inserting immediately after “Part XIII” the words “other than employment income”; and
- (b) by inserting immediately after subsection (3) the following—

“(4) Despite subsection (1), a person required to withhold tax under section 116 shall furnish a withholding tax return for every month in the form specified by the Commissioner, not later than fifteen days after the end of the month to which the withholding tax relates for all employees liable to tax”.

9. Amendment of the Third Schedule to the principal Act.

The Third Schedule to the principal Act is amended—

- (a) by substituting for Part IV the following—

“Part IV.

Income tax rate for non-resident persons.

- (i) The income tax rate applicable to a non-resident person under section 82, 83, 84 or 85 excluding interest on government securities is 15 per cent.
- (ii) The withholding tax applicable for interest payments on government securities to a non resident person under section 83 is 20%”;

- (b) by substituting for Part VIII the following—

“Part VIII

Withholding tax rate for goods and services transactions.

- (i) The withholding tax rate applicable for goods and services transactions and for imported goods under sections 118A and 119 is 6%;
- (ii) The withholding tax rate for purposes of section 118B is 10% of the gross payment”.