

**ACTS SUPPLEMENT**

*to The Uganda Gazette No. 56, Volume CXVI, dated 25th August, 2023*

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**Act 21**

*Stamp Duty (Amendment) Act*

**2023**

THE STAMP DUTY (AMENDMENT) ACT, 2023

ARRANGEMENT OF SECTIONS

*Section*

1. Amendment of Stamp Duty Act, 2014
2. Amendment of section 8 of principal Act
3. Insertion of section 63A in principal Act
4. Amendment of Schedule 2 to principal Act



**THE STAMP DUTY (AMENDMENT) ACT, 2023**

**An Act to amend the Stamp Duty Act, 2014 to provide for equivalent stamp duty treatment of instruments under Islamic financial business to conventional instruments under financial services.**

DATE OF ASSENT: 17th August, 2023

*Date of Commencement:* 25th August, 2023

BE IT ENACTED by Parliament as follows:

**1. Amendment of Stamp Duty Act, 2014**

The Stamp Duty Act, 2014, in this Act referred to as the principal Act, is amended in section 2—

- (a) by inserting immediately after the definition of “instrument of partition”, the following—

““Islamic financial business” means financial business undertaken by a person that conforms to Shari’ah principles and includes—

- (a) the business of receiving property into profit sharing investment accounts or of managing such accounts;
- (b) any other business of a person which involves or is intended to involve the entry into one or more contracts under Shari’ah or otherwise carried out or purported to be carried out in accordance with Shari’ah principles including—
  - (i) equity or partnership financing;
  - (ii) lease-based financing;
  - (iii) sale-based financing;
  - (iv) currency exchange contracts; or
  - (v) fee-based activity;
- (c) the purchase of bills of exchange, certificates of Islamic deposit or other negotiable instruments;
- (d) the acceptance or guarantee of any liability, obligation or duty of any person; and
- (e) the business of providing finance by all means including through the acquisition, disposal or

leasing of assets or through the provision of services which have similar economic effect and are economically equivalent to any other financial business;” and

- (b) by inserting immediately after the definition of “settlement”, the following—

““takaful” means insurance business conducted in accordance with Shari’ah principles;”.

## **2. Amendment of section 8 of principal Act**

Section 8 of the principal Act is amended by inserting immediately after subsection (1), the following—

“(1a) Notwithstanding subsection (1), a manager of a takaful business shall file with the Commissioner, monthly returns of all sums received in respect of contributions and stamp duty paid on the policies of takaful on behalf of the participants in each group in the takaful business.”

## **3. Insertion of section 63A in principal Act**

The principal Act is amended by inserting immediately after section 63, the following—

### **“63A. Re-characterisation of instruments under Islamic financial business**

(1) For purposes of determining whether an instrument is chargeable with duty under this Act, the Commissioner may re-characterise an instrument under Islamic financial business not provided for under this Act to the equivalent instrument under conventional financial services for purposes of reflecting the equivalent economic substance, rather than the form.

(2) The Commissioner shall comply with Shari’ah principles in re-characterising an instrument under Islamic financial business that is not provided for under this Act.”

**4. Amendment of Schedule 2 to principal Act**

Schedule 2 to the principal Act is amended—

(a) by substituting for item 5, the following—

“5	AGREEMENT OR MEMORANDUM of an agreement except a sale-based financing agreement between the vendor or borrower and a person licensed to carry on Islamic financial business;	15,000/=”
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(b) by substituting for item 10, the following—

“10	ARTICLES OF ASSOCIATION OF A COMPANY except the articles of association of a special purpose vehicle incorporated for the purposes of issuing or purchasing an Islamic bond;	15,000/=”
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(c) in item 18, by inserting immediately after paragraph (c), the following—

“(d)	on nominal share capital or any increase of it of a special purpose vehicle incorporated for the purposes of issuing or purchasing an Islamic bond;	Nil”
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(d) by substituting for item 28, the following—

“28	DEED; except a deed for the establishment of a special purpose vehicle as a partnership or trust for the purposes of issuing or purchasing an Islamic bond;	15,000/=”
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(e) by substituting for item 41, the following—

“41	MEMORANDUM OF ASSOCIATION OF A COMPANY; except the memorandum of association of a special purpose vehicle incorporated for the purposes of issuing or purchasing an Islamic bond;	15,000/=”
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(f) by substituting for item 47, the following—

“47	(a) PARTNERSHIP; except a partnership of a special purpose vehicle incorporated for the purposes of issuing or purchasing an Islamic bond;	15,000/=
	(b) DISSOLUTION OF PARTNERSHIP; except a partnership of a special purpose vehicle incorporated for the purposes of issuing or purchasing an Islamic bond;	15,000/=”

(g) by substituting for item 48, the following—

“48	(a) POLICY OF INSURANCE, including a policy of takaful;	35,000/=
	(b) LIFE INSURANCE, including family takaful;	Nil”

(h) by substituting for item 57, the following—

“57	INSTRUMENT OF SETTLEMENT or an instrument revoking the settlement, including a deed of dower; except an instrument of settlement from a person licensed to carry on Islamic financial business to a customer under equity or partnership financing;	15,000/=”
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(i) in item 62, by inserting immediately after paragraph (c), the following—

	“(d) of an asset or land from the vendor to a person licensed to carry on Islamic financial business or to a borrower, in the case of sale-based financing, lease-based agreement or currency exchange contract for purposes of facilitating Islamic financial business;	Nil
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	<p>(e) of an asset or land from a special purpose vehicle for the purposes of an Islamic bond to a beneficiary in the case of sale-based financing or lease-based agreement for purposes of facilitating Islamic financial business.</p>	<p>Nil”.</p>
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**Act 25**                                      *Income Tax (Amendment) Act*                                      **2023**

**THE INCOME TAX (AMENDMENT) ACT, 2023**

**ARRANGEMENT OF SECTIONS**

*Section*

1. Commencement
2. Amendment of Cap. 340
3. Amendment of section 20 of principal Act
4. Amendment of section 21 of principal Act
5. Amendment of section 25 of principal Act
6. Repeal of section 27A of principal Act
7. Amendment of section 29 of principal Act
8. Amendment of section 38 of principal Act
9. Insertion of section 86A in principal Act
10. Substitution of section 118C of principal Act
11. Amendment of section 136 of principal Act
12. Amendment of First Schedule to principal Act
13. Amendment of Third Schedule to principal Act



**THE INCOME TAX (AMENDMENT) ACT, 2023**

**An Act to amend the Income Tax Act, Cap. 340 to expand the exceptions to the provision for limiting interest deduction to include micro-finance deposit taking institutions and tier 4 micro-finance institutions; to provide for ZEP-RE (PTA Reinsurance Company) as a listed institution and for related matters.**

DATE OF ASSENT: 17th August, 2023

*Date of Commencement:* 1st July, 2023

BE IT ENACTED by Parliament as follows:

**1. Commencement**

This Act shall come into force on 1<sup>st</sup> July, 2023.

**2. Amendment of Cap. 340**

The Income Tax Act, in this Act referred to as the principal Act, is amended in section 2 by repealing paragraph (yya).

**3. Amendment of section 20 of principal Act**

Section 20 of the principal Act is amended in subsection (1) (d) by deleting the words, “including winnings derived from sports betting and pool betting.”

**4. Amendment of section 21 of principal Act**

Section 21 of the principal Act is amended in subsection (1)—

- (a) by inserting immediately after paragraph (qa), the following—

“(qb) the employment income of a prosecutor in the Office of the Director of Public Prosecution;”; and

- (b) in paragraph (ac), by substituting for the year “2023”, the year “2024”.

**5. Amendment of section 25 of principal Act**

Section 25 of the principal Act is amended in subsection (3), by inserting immediately after the words, “financial institution” the words “micro-finance deposit taking institution, tier 4 micro-finance institution”.

**6. Repeal of section 27A of principal Act**

The principal Act is amended by repealing section 27A.

**7. Amendment of section 29 of principal Act**

Section 29 of the principal Act is amended by repealing subsection (1a).

**8. Amendment of section 38 of principal Act**

Section 38 of the principal Act is amended by inserting immediately after subsection (5), the following—

“(5a) Notwithstanding the provisions of this section, a taxpayer who, after a period of seven years of income, carries forward assessed losses, shall only be allowed a deduction of fifty percent of the loss carried forward in the following year of income and the subsequent years of income in determining the taxpayers chargeable income.”

**9. Insertion of section 86A in principal Act**

The principal Act is amended by inserting immediately after section 86, the following—

**“86A. Taxation of non-residents providing digital services**

(1) A tax is imposed on every non-resident person deriving income from providing digital services in Uganda to a customer in Uganda at the rate prescribed in Part IV of the Third Schedule to this Act.

(2) For the purposes of subsection (1), income is derived from providing a digital service in Uganda to a customer in Uganda, if the digital service is delivered over the internet, electronic network or an online platform.

(3) For the purposes of this section “digital service” includes—

- (a) online advertising services;
- (b) data services;
- (c) services delivered through an online market place or intermediation platform, including an accommodation online market place, a vehicle hire online market place and any other transport online market place;
- (d) digital content services, including accessing and downloading of digital content;
- (e) online gaming services;
- (f) cloud computing services;
- (g) data ware housing;

- (h) services, other than those services in this subsection, delivered through a social media platform or any internet search engine; and
- (i) any other digital services as the Minister may prescribe by statutory instrument made under this Act.

(4) A non-resident person under this section shall lodge a tax return with the Commissioner General within fifteen days after the end of the tax period.”

**10. Substitution of section 118C of principal Act**

The principal Act is amended by substituting for section 118C, the following—

**“118C. Withholding of tax on payments for winnings of betting**

A person who makes payment for winnings of betting shall withhold tax on the gross amount of the payment at the rate prescribed in Part X of the Third Schedule to this Act.”

**11. Amendment of section 136 of principal Act**

Section 136 of the principal Act is amended by repealing subsection (8).

**12. Amendment of First Schedule to principal Act**

The First Schedule to the principal Act is amended by inserting the following in its appropriate alphabetical position—

“ZEP-RE (PTA Reinsurance Company)”.

**13. Amendment of Third Schedule to principal Act**

The Third Schedule to the principal Act is amended—

- (a) in Part IV, by inserting immediately after item 2, the following—
- “3. The income tax rate applicable to a non-resident deriving income under section 86A is 5%.”; and
- (b) in Part X, by deleting the words “or gaming”.



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**ACTS**

**SUPPLEMENT No. 11**

**25th August, 2023**

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**Act 22**

*Tax Procedures Code (Amendment) Act*

**2023**

THE TAX PROCEDURES CODE (AMENDMENT) ACT, 2023

ARRANGEMENT OF SECTIONS

*Section*

1. Commencement
2. Amendment of Tax Procedures Code Act, 2014
3. Amendment of section 19B of principal Act
4. Amendment of section 40 of principal Act
5. Insertion of section 40D in principal Act
6. Amendment of section 42 of principal Act
7. Insertion of section 62I in principal Act



**THE TAX PROCEDURES CODE (AMENDMENT) ACT, 2023**

**An Act to amend the Tax Procedures Code Act, 2014 to provide for a penalty for the unauthorised interference or tampering with a digital tax stamps machine; to cap the recovery of interest on unpaid tax; to provide for a penalty for fixing and activating a tax stamp on a wrong product, brand or volume; and for related matters.**

DATE OF ASSENT: 17th August, 2023

*Date of Commencement:* 1st July, 2023

BE IT ENACTED by Parliament as follows:

**1. Commencement**

This Act shall come into force on 1<sup>st</sup> July, 2023.

**2. Amendment of Tax Procedures Code Act, 2014**

The Tax Procedures Code Act, 2014, in this Act referred to as the principal Act, is amended in section 5 by inserting immediately after subsection (9), the following—

“(10) A local authority, Government institution or regulatory body shall not register an instrument that is required to pay stamp duty under the Stamps Duty Act, 2014, unless the person lodging the instrument for registration has a tax identification number.”

**3. Amendment of section 19B of principal Act**

Section 19B of the principal Act is amended by inserting immediately after subsection (6), the following—

“(6a) A person who makes an unauthorised interference to or tampers with a digital tax stamps machine commits an offence and is liable, on conviction, to pay the amount of tax lost as a result of the tampering and, a fine not exceeding five thousand currency points, or imprisonment not exceeding ten years or both.”

**4. Amendment of section 40 of principal Act**

Section 40 of the principal Act is amended by substituting for subsection (2), the following—

“(2) Where a tax payer’s case is referred to the Minister under subsection (1) and the Minister is satisfied that the tax due cannot be effectively recovered, the Minister shall, with the approval of Parliament, remit in whole or part, the tax payable by the tax payer.”

**5. Insertion of section 40D in principal Act**

The principal Act is amended by inserting immediately after section 40C, the following—

**“40D. Waiver of interest and penalty on payment of principal tax**

(1) Any interest and penalty outstanding as at 30th June, 2023, shall be waived where the tax payer pays the principal tax by 31st December, 2023.

(2) Where the tax payer pays part of the principal tax outstanding as at 30th June, 2023 by the 31st December, 2023, the payment of interest and penalty shall be waived on a pro-rata basis.”

**6. Amendment of section 42 of principal Act**

Section 42 of the principal Act is amended by inserting immediately after subsection (3), the following—

“(3a) Where a taxpayer fails to provide the information requested under this section, the taxpayer shall not be allowed to provide that information at objection to a tax decision or during alternative dispute resolution procedure proceedings.

(3b) Subsection (3a) shall not apply to the information requested for by the Commissioner where the information is more than three years from the date the document was authored or beyond the past three financial years.”

**7. Insertion of section 62I in principal Act**

The principal Act is amended by inserting immediately after section 62H the following—

**“62I. Fixing tax stamp on wrong goods, brand or volume**

A taxpayer who fixes and activates a tax stamp on a wrong good, brand or volume other than a good, brand or volume for that tax stamp commits an offence and is liable, on conviction, to a fine not exceeding five thousand currency points or imprisonment not exceeding ten years or both.”