

laid on 03/04/2018 by Hon. David Bahati

**BILLS
SUPPLEMENT No. 2**

29th March, 2018.

BILLS SUPPLEMENT

to the Uganda Gazette No. 16, Volume CXI, dated 29th March, 2018

Printed by UPPC, Entebbe by Order of the Government

Bill No. 8

Stamp Duty (Amendment) Bill

2018

THE STAMP DUTY (AMENDMENT) BILL, 2018

MEMORANDUM

The object of this Bill is to amend the Stamp Duty Act, 2014, to provide for the imposition of stamp duty on instruments used in Islamic financial transactions; to exempt instruments executed in respect of land acquisition for purposes of strategic investment projects from stamp duty; to exempt instruments for financing of strategic investment projects from stamp duty, and to vary the stamp duty chargeable on certain instruments.

MATIA KASAJJA (MP),
Minister of Finance, Planning & Economic Development.

THE STAMP DUTY (AMENDMENT) BILL, 2018

ARRANGEMENT OF CLAUSES

Clauses

1. Commencement
2. Amendment of Act 13 of 2014.
3. Amendment of Schedule 2 to the principal Act.

A Bill for an Act

ENTITLED

THE STAMP DUTY (AMENDMENT) ACT, 2018

An Act to amend the Stamp Duty Act, 2014, Act 13 of 2014 to provide for the imposition of stamp duty on instruments used in Islamic financial transactions; to exempt instruments executed in respect of land acquisition for purposes of strategic investment projects from stamp duty; to exempt instruments for financing of strategic investment projects from stamp duty, and to vary the stamp duty chargeable on certain instruments.

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on 1st July, 2018.

2. Amendment of Act 13 of 2014.

The Stamp Duty Act, 2014, in this Act referred to as the principal Act, is amended by inserting immediately after section 4 the following—

“4A. Instruments to execute Islamic financial transactions.

Any instruments used to execute Islamic financial transactions shall be chargeable with a stamp duty prescribed by the Minister by statutory instrument, with the approval of Parliament.

In this section, “Islamic financial transactions” means Shariah-compliant financial services including *Murabahah, Mudarabah, Musharakah, Ijara, Wakalah, Jualah, Sukuk and Takaful.*”

3. Amendment of Schedule 2 to principal Act.

Schedule 2 to the Principal Act, is amended—

- (a) by substituting for the stamp duty of Shs 10,000 wherever it appears, Shs 15,000;
- (b) by inserting immediately after item 60 the following—

<p>60 A STRATEGIC INVESTMENT PROJECTS</p> <p>The stamp duty chargeable in respect of an instrument executed by, or on behalf of a company or Government for the sole purpose of implementing the following strategic investment projects—</p> <p>(a) developers of an industrial park or free zone whose investment capital is at least two hundred million United States Dollars—</p> <ul style="list-style-type: none"> (i) debenture; whether a mortgage debenture or not, being of a marketable security- of the total value; (ii) further charge; any instrument imposing a further charge on a mortgaged property- of the total value; (iii) lease of land- of the total value (iv) increase of share capital; (v) transfer of land; (vi) an agreement to provide services on conducting a feasibility study or developing a design for construction; 	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
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<p>(b) an operator within an industrial park or free zone or an operator of a single factory or other business outside the industrial park who meets the following requirements—</p>	
<p>(i) a minimum investment capital of thirty million United States Dollars in case of a foreigner, or ten million United States Dollars in case of a citizen of a Partner State of the East African Community;</p>	
<p>(ii) carries on business in agro processing, food processing, medical appliances, building materials, light industry, automobile manufacturing and assembly, household appliances, furniture, logistics and warehousing, information technology or commercial farming;</p>	
<p>(iii) seventy percent of the raw materials used are sourced locally, subject to their availability;</p>	
<p>(iv) directly employs a minimum of one hundred citizens; and</p>	
<p>(v) provides for substitution of thirty percent of the value of imported products.</p>	
<p>(aa) debenture; whether a mortgage debenture or not, being of a marketable security – of the total value</p>	<p>Nil</p>
<p>(bb) further charge; any instrument imposing a further charge on a mortgaged property- of the total value;</p>	<p>Nil</p>
<p>(cc) lease of land– of the total value</p>	<p>Nil</p>

	(dd) increase of share capital;	Nil
	(ee) transfer of land;	Nil
(c)	hotel or tourism facility whose investment capital is fifteen million United States Dollars with a room capacity exceeding one hundred guests.	
	(aa) debenture; whether a mortgage debenture or not, being of a marketable security – of the total value	Nil
	(bb) further charge; any instrument imposing a further charge on a mortgaged property- of the total value;	Nil
	(cc) lease of land- of the total value	Nil
	(dd) increase of share capital;	Nil
	(ee) transfer of land;	Nil
	(ff) an agreement to provide services on conducting a feasibility study or developing a design for construction;	Nil
(d)	hospital facility developer whose investment capital is at least ten million United States Dollars and who develops a hospital at the level of a national referral hospital with capacity to provide specialised medical care—	
	(aa) debenture; whether a mortgage debenture or not, being of a marketable security – of the total value	Nil
	(bb) further charge; any instrument imposing a further charge on a mortgaged property- of the total value;	Nil
	(cc) lease of land- of the total value	Nil

(dd) increase of share capital;	Nil
(ee) transfer of land;	Nil
(ff) an agreement to provide services on conducting a feasibility study or developing a design for construction;	Nil