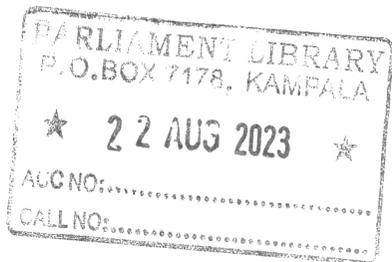




**THE REPUBLIC OF UGANDA**

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





**THE REPUBLIC OF UGANDA**

I SIGNIFY my assent to the bill.

A handwritten signature in black ink, appearing to read "Yoweri Museveni".

.....  
*President*

Date of assent: *17<sup>th</sup> August 2023.*

**Act**

*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 REPUBLIC OF UGANDA**

**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:

*Date of Commencement:*

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;

**Act** *Income Tax (Amendment) Act* **2023**

- (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—





**THE REPUBLIC OF UGANDA**

This printed impression has been carefully compared by me with the bill which was passed by Parliament and found by me to be a true copy of the bill.

A stylized signature in black ink, consisting of a horizontal line with a loop and a vertical stroke.

.....  
*Clerk to Parliament*

*Date of authentication: 18/7/2023*



**THE REPUBLIC OF UGANDA**

This Bill which was passed by the House and returned by Your Excellency the President for reconsideration, has been considered and passed again with amendments by the House on the 11th day of July, 2023.

A stylized signature in black ink, consisting of a large 'P' and a horizontal line.

.....  
*Clerk to Parliament*

*Date of certification: 18/7/2023* .....