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Uganda Revenue Authority

DEVELOPING UGANDA TOGETHER



MAKING A BUSINESS FORMAL

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What is a Formal Business?

A formal business is one that has registered with Uganda Registration Services Bureau (URBS) and obtained a business or Company name, registered for taxes with URA and obtained a Tax Identification Number (TIN) and has secured permission to trade in any desired area/place through obtaining a trading license.

Note: If your business is not registered by these agencies, then you are informal.

What is the process of making a business formal?

Step 1 – Business/company registration with URBS

The Business Formalization process begins with the URSB where one will get a Certificate of Registration (business) or a Certificate of Incorporation (company). Businesses can be registered as local, public or foreign entities. The business types vary from partnerships, sole proprietorships, Limited Companies, Trustees to mention but a few. To register with URSB,

a) A search will be conducted to find out if the business/company name is under use

b) The name will thereafter be reserved. For a Local Limited Company by shares, the cost depends on share capital

c) After name reservation, the following documents are filed with the Registrar of Companies in case what you are registering is a company, submit.

- Form S18 (in case of a Local company limited by shares or limited by guarantee)
- Memorandum and Articles of Association (in case of Local company limited by shares or limited by guarantee)
- Form A1- Statement of Nominal Capital

d) Following submission and payment of assessed fees, payment of registration fees and stamp duty, a certificate of incorporation is issued specifying the name, place and date of incorporation or registration.

e) A certificate of Registration is issued where a business is registered in your own names or incorporated outside Uganda. A company is however issued a Certificate of Incorporation since it is a separate legal entity with its own identity under law.

Step 2 – Registration with URA

Apply to register for a TIN on the URA website; https: www.ura.go.ug. Registration has been made easy with a web based form that does not

require you to print and submit.

You can get assistance through our simplified guides on the website (under A-Z tax topics), via the URA YouTube channel and social media platforms. You may contact URA via Toll free 0800117000/0800217000 or WhatsApp number 0772140000.

URA will issue you with a TIN through your email address given at the point of application. A TIN:

a) Is a unique 10-digit numeric number starting with 1 and is used for all tax purposes a person is registering for.

b) Differentiates one taxpayer from another and is supposed to be quoted on all business transactions of that person.

c) Is sent to one's email indicating the effective date of registration and password. These are used to create an account on the URA website.

NOTE: Any person engaged in any income generating activity is required to register for taxes.

What do you need when registering for a TIN?

Type of registration	Category	Documents required
Individual applications	i) Individual	A National Identity Card or any two IDs such as Passport, Voters Card, Drivers Permit, NSSF Card, Employment ID, Bank Statement, Village ID, Work Permit, Local Council ID
	ii) Sole proprietor	Certificate of registration, Statement of particulars in addition to a National ID or any two in (i) above
Non Individual applications	Company	TIN of Directors, Company Form 7 or 20, Certificate of incorporation

Step 3 – Registration with the Local Council Authority (e.g. KCCA)

A Trading license is permission granted by a controlling authority to someone upon application to do something in a prescribed manner, usually after fulfillment of certain conditions and/or payment of a fee.

a) At the local council authority, upon approval of a Trading License application, you will be given a trading license to enable you operate your business in a delineated Local Authority country wide.

b**) "Trade" or "trading"** means the selling of goods and services for which a license is required in any trading premise. **A trading «premise»** includes any structure attached to the land, whether of a permanent or temporary nature.

c) A trading license is valid for twelve months from the date of issue and expires immediately at the lapse of the twelve months after which it must be immediately renewed.

Requirements for Trade License application

Nationals	Non Nationals
Identification: A National ID or Any 2 of the following - Passport/Driving Permit/ / Employment ID/Financial Card for individuals and for Directors in the case of non-individuals	• Clearance from Ministry of Trade, Industry and Cooperatives for non – East Africans. • Clearance from OPM for refugees • Identification of the sole trader
URSB Registration Certificate for individuals/ original certificate of incorporation of the company for the new business	
Statement of particulars for individuals and Company forms 7/Company for 20 for non-individuals	
A Tax Identification Number (TIN)	
Original Trading License for the previous year for an already existing business	
Original KCCA receipt for the previous year for an already existing business	
Original rental receipt and tenancy agreement from the land lord for the new business.	
The client must be of at least 18 years of age and if a minor, should be in partnership with a person above 18 years of age.	

What do I do next after registering my business with URA?

After registering with URA and obtaining a TIN, you will be required to;

A. Create an account on the URA web portal.

- Go to the URA web portal at https://ura.go.ug
- On the top right corner, click "Login"
- Input your Login ID (TIN)

- For first time login, check your email address (declared during registration) for the default password and use this to login
- Change your password and submit
- Go back to the home page and login using your new password

b. Timely filing of tax returns

You are required to declare to URA your income for a tax period, determine the taxable income and calculate the tax due on that income through self-assessment – also known as filing of returns. You can contact URA for assistance

c. Timely payment of taxes due

The date a payment for taxes is expected (due date) is same as the return due date. You can make payments for any tax type to URA using the online payment registration process under the e-Services icon; payment registration. Payment can be made through the bank, via Mobile money, payway, VISA card etc

d. Keep proper business records

It is very important for taxpayers to;

- ❖ Keep proper records to make it easy for them to determine the tax liability.
- ❖ Keep records for five years for future reference.
- ❖ Keep proper records of all business transactions in the English language or request for permission from URA to keep them in another language

What are the benefits of registering a business?

a) Competitive: Registration makes it easy for you to bid for provision of goods, works and services as well as marketing and cross border trade (imports and exports)

b) Growth and continuity: Enhanced business reputation leads to a broader and loyal clientele, which is essential for business expansion and growth.

c) Ease of accessing investment license and related incentives: Being formal makes you visible hence more opportunities and support from the government.

d) It helps distinguish one's business from other similar businesses hence building brand loyalty and strength

e) It gives the owner of the business a sense of ownership and identity with

the registered name.

f) In case of a company, liability lies with the entity and not the owner(s) of the business.

g) Easy access to acquisition of a **Tax Clearance Certificate** from URA.

h) Better **access to financial services** e.g. bank loans and other Government financial interventions that are essential for business expansion

i) Credibility: Failure to have formalized business operations means a lack of credibility. Formalizing your business builds trust with your clients e.g. selling products that are not branded/registered cannot make you compete favorably on the market.

j) Attracting investors: You may have struck gold in a niche market and others venturing into the same market may want to buy into your establishment but that will require you to be formally registered.

k) Acquiring a TIN helps you process land transactions and eases payment of stamp duty on land transfers and motor vehicle applications.

l) Formalization helps you **claim tax refunds** where you could have paid excess taxes.

m) Acquiring a trading license from a Local Government/ KCCA helps you to undertake business in the respective jurisdiction.

For further clarification Contact URA | Website: www.ura.go.ug| Toll free: 0800217000 or 0800117000 |E-mail: services@ura.go.ug | WhatsApp: 0772140000

DISCLAIMER:
This Information is strictly for purposes of guidance to our clientele and is subject to change on amendment of tax legislations & any other regulations that govern tax administration.

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To get started today.

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- **Pay** Taxes
- **Search** TIN
- **Search** Motor Vehicle

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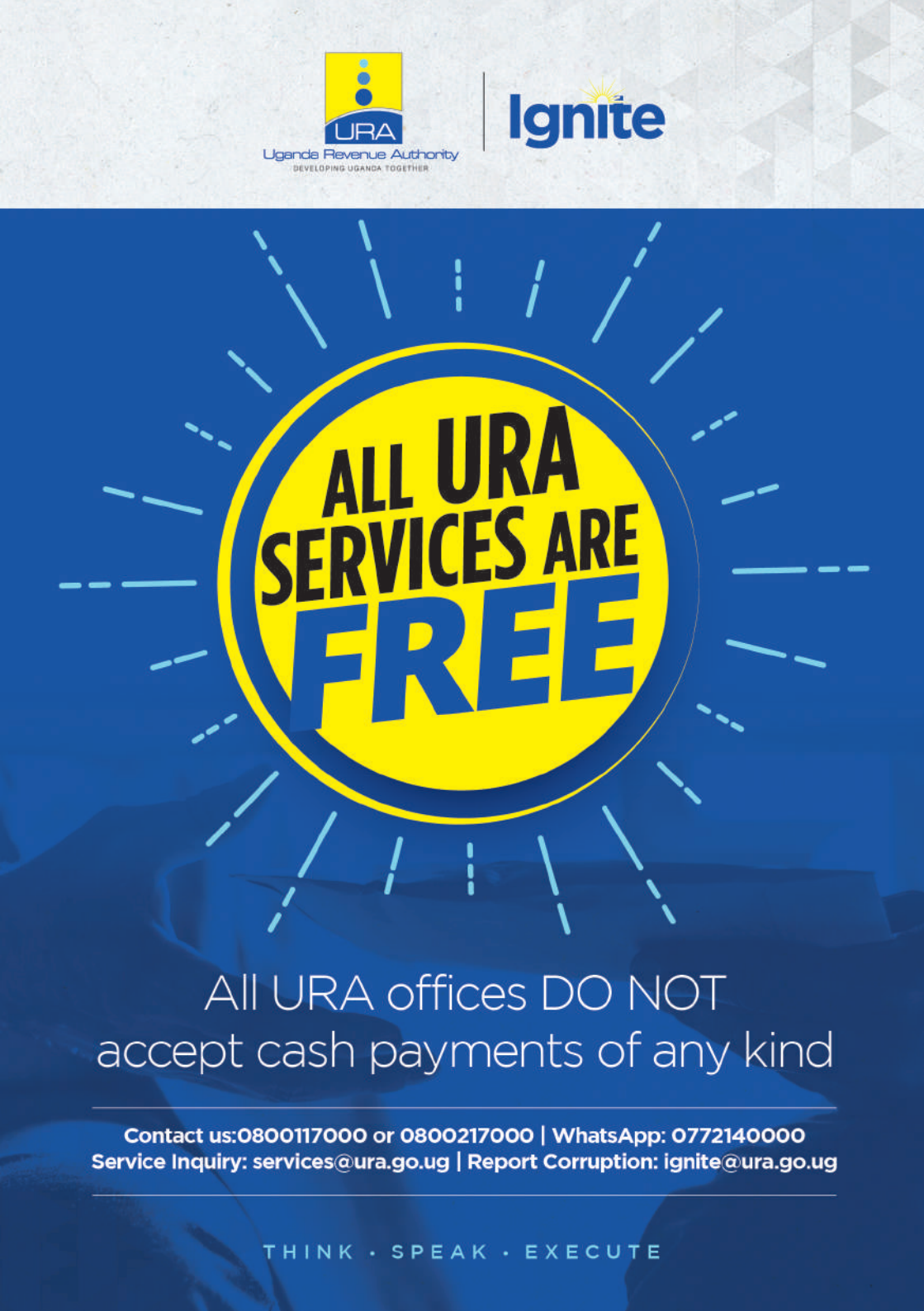
Toll Free Line:
0800-117000, 0800-217000

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