Doing business: Know your Taxes

East Africa Tax Guide 2011/2012

October 2011

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Contents

East Africa Tax Reference Guide (2011 - 2012)

East African Community Common Market
(2011 - 2012)

The future of the East African Community (EAC) is on course after the operationalisation of the EA Common Markets in July 2010. The move is expected to boost trade and movement of factors of production across the EAC region.

The Double Tax Treaty between Uganda, Kenya, Rwanda, Tanzania and Burundi will be implemented after every country ratifies the treaty.

Goods imported into the EAC are subject to Common External Tariffs (CET). The proposals made by the member states in respect of these tariffs in 2011/2012 are as follow:

- Remission of import duty to 10% on component parts and inputs for assemblers of refrigerators to freezers
- Reduction of import duty on food supplements from 25% to 10%
- Reduction of import duty on premixes used in the manufacture of animal and poultry feeds from 10% to 0%
- Reduction of import duty on heads used in the manufacture of sprays from 25% to 10%
- Reduction of import duty on motor cycle ambulances
- Increase in the import duty on galvanized wire from 0% to 10%
- Import duty remission on inputs used for the manufacture of solar panels

Other products whose import duty has been exempted are:

- Battery operated vehicles for use in hotels, hospitals and airports
- Apron buses essentially used in airports
- Security equipment such as metal detectors and CCTV cameras
- Vehicles and equipment for official use of partner states police, and
- Tsetse fly traps

The changes that are unique to the respective EAC countries are outlined in this guide under each country taxes with the exception of Burundi.

Income Tax

Corporations (2011 - 2012)

Kenya

Corporation rate		Rate
Resident corporation		30%
Non-resident corporation		37.5%
Export Processing Zone		
	first 10 years	NIL
	next 10 years	25%
Registered Unit Trusts/Collective Investment schemes		Exempt subject to conditions

Newly listed companies approved under the Capital Markets Act:

with 20% issued shares listed	first 3 years after listing	27%
with 30% issued shares listed	first 5 years after listing	25%
with 40% issued shares listed	first 5 years after listing	20%

Rates on gross income of non-residents derived in Kenya:

Transmission of messages	5%
Ownership or operation of a ship	2.5%

Small Business Taxpayers – Turnover tax

A resident taxpayer whose annual gross turnover does not exceed KShs 5 million will be taxed at the rate of 3%. In such a case, the taxpayer will not be required to register for VAT.

Turnover tax does not apply to rental income, management or professional fees or training fees, income subject to withholding tax as a final tax and income of incorporated companies.

Loss making businesses are allowed to make an election to be exempted from Turnover tax. A written application for exemption has to be made to the Commissioner and there is a procedure to be followed.

Income Tax

Corporations (2011 - 2012)

Kenya

Capital deductions		Rate
Investment deduction:		
Qualifying investment exceeding Kshs 200 million (outside Nairobi, or the Municipalities of Mombasa or Kisumu)		150%
Other qualifying investment		100%
Industrial building allowance:*		
Hostels and certified education buildings (straight line)		50%
Qualifying rental residential or commercial buildings (straight line)		25%
Other qualifying buildings (including hotels, straight line)		10%
Wear and tear allowance:		
Plant and machinery (reducing balance)		
	Class 1	37.5%
	Class 2	30%
	Class 3	25%
	Class 4	12.5%
Telecommunication equipment (straight line)		20%
Other allowances:		
Computer software (straight line)		20%
Capital expenditure under a concessionairing arrangement		Equal proportions over the period of the concession
Mining specified minerals	Year one	40%
	Year two to seven	10%
Farm works (straight line)**		100%

*   Different percentages apply for previous years

** w.e.f. 1 Jan 2011

Tanzania

Corporation rate	Rate
Resident corporation	30%
Non-resident corporation*	30%
Newly listed companies – reduced rate for 3 years**	25%
Alternative minimum tax***	0.3%

Capital deductions		Rate
Buildings (straight line)		
	Used in Agriculture or livestock/ fish farming	20%
	Other	5%
Plant and machinery (initial allowance)		
	Used in Manufacturing (first year allowance)	50%
	Used in Agriculture	100%
Plant & machinery (reducing balance)		
	Class 1	37.5%
	Class 2	25%
	Class 3	12.5%
Intangible assets (straight line)		Over useful life
Agriculture - improvements/research and development		100%
Mining exploration and development		100%

* A non-resident corporation with a permanent establishment also has to account for tax of 10% “repatriated income”

** Provided at least 30% of shares are publicly issued

*** Charged on turnover where a corporation makes tax losses for 3 consecutive years as a result of tax incentives

Income Tax

Corporations (2011 - 2012)

Uganda

Corporation rate	Rate
Resident corporation	30%
Non-resident corporation	30%
Repatriated income of a branch	15%
Collective Investment Schemes	Exempt
Non-resident shipping, air and road transport operators and embarking goods in Uganda	2%
Direct-to-home pay television services and internet broadcasting	5%
Operation of aircraft in domestic and international traffic or leasing of aircraft	Exempt

Exporters of at least 80% finished consumer and capital goods

The income derived from exportation of at least 80% of finished consumer or capital goods out of the East African Partner States is exempt from tax. The tax payer has to apply for the exemption and be issued with a certificate of exemption. The exemption runs for a period of ten years. Terms and conditions apply.

Agro-processing Investors

The income derived by a new investor who invests new plant and machinery to process agricultural products and processes agricultural products which are grown or produced in Uganda for final consumption is exempt from tax. The new plant and machinery should not have been previously used in Uganda in agro processing and upon commencement of the agro-processing, the new investor must apply to the Commissioner for a certificate of exemption at the beginning of the investment and the exemption only applies if a certificate of exemption is issued. The Commissioner may issue a Certificate of exemption within 60 days of receiving the application. A certificate of exemption is valid for one year.

Education institutions

There is an exemption from tax for the business income derived by a person from managing or running an educational institution.

Uganda

Small Business Taxpayers

A resident taxpayer whose annual gross turnover is less than UShs 50 million, but more than UShs 5 million per annum is taxed under the presumptive system unless:

a) The taxpayer has opted to file the annual income tax return.

b) The taxpayer is in the business of providing medical, dental, architectural, engineering, accounting, legal or other professional services, public entertainment services, public utility services or construction services.

Presumptive tax is the final tax for the taxpayer

Gross turnover	Rates
Less than UShs 5 million	Nil
Between UShs 5 million and UShs 20 million	UShs 100,000
Between UShs 20 million and UShs 30 million	Lower of UShs 250,000 or 1% of gross turnover
Between UShs 30 million and UShs 40 million	Lower of UShs 350,000 or 1% of gross turnover
Between UShs 40 million and UShs 50 million	Lower of UShs 450,000 or 1% of gross turnover

Electronic filing of returns and payment of tax

All large and medium taxpayers as well as taxpayers located in Kampala Central, Jinja, Gulu, Mbale and Mbarara are required to file their corporation tax, VAT, withholding tax, PAYE, Gaming and Pool betting returns online. Also all payments in respect of the returns should be made online.

Income Tax
Corporations (2011 - 2012)

Uganda

Capital deductions		Rate
Industrial Buildings/Hotels/Hospitals		
	Initial allowance	20%
	Annual write-down allowance (straight line)	5%
Plant and machinery (Initial allowance)		
	Entebbe, Jinja, Kampala, Namanve, Njeru	50%
	Other areas	75%
Plant, machinery and Vehicles		
	(annual allowance, on reducing balance)	20%, 30%, 35% and 40%
Commercial Buildings (Annual allowance on straight basis)		5%

Note 1 - Person engaged in mining operations

Mining companies are charged at income tax rates ranging from 25% to 45% depending on the company's ratio of chargeable income to gross revenue in the year of income.

Note 2 - Petroleum Operations

There are detailed guidelines to follow on the taxation of petroleum companies in respect to determining petroleum revenue and expenditure, filing income tax returns as well as the withholding taxes applicable.

Income Tax

Corporations (2011 - 2012)

Rwanda

Corporation rate	Rate
The general corporate tax rate for resident companies	30%

However a registered investment entity that operates in a Free Trade Zone and foreign companies with headquarters in Rwanda who fulfill the requirements stipulated in the Investment code of Rwanda is entitled to the following preferential tax rates:

- Pay corporate income tax at the rate of 0%
- Exemption from withholding tax
- Tax free repatriation of profits

Companies that carry out micro finance activities pay corporate income tax at the rate of 0% for a period of five years. The period is renewable by the order of the minister.

A registered investor is entitled to a profit tax discount of:

- 2% if investor employees between 100 and 200 Rwandans
- 5% if investor employees between 201 and 400 Rwandans
- 6% if investor employees between 400 and 900 Rwandans
- 7% if investor employees more than 900 Rwandans

The discount is granted to investors only if:

- they maintain the employees for a period of at least six months during a tax period; and
- the category of employees are not those who pay PAYE at zero percent (0%)

Exports-Tax discount

Export of commodities and services that bring to the county revenue of:

- Between US$3m and US $5m qualify for a tax discount of 3%
- More than US $5m qualify for a tax discount of 5%

Rwanda

Capital deductions	Rate
Buildings, Plant and equipment (each asset on its own on a straight line basis)	5%
Intangible assets including goodwill (each asset on its own on a straight line)	10%
Computers and accessories, information and communication systems, software products and data equipment (under a pooling system on straight line basis)	50%
All other business assets (under a pooling system on straight line basis)	25%
Investment allowance*	
• If registered business is located in Kigali	40%
• If registered business is located outside Kigali or falls within the priority sectors determined by the Investment Code of Rwanda	50%

* To qualify for the investment allowance:

The amount of business assets invested should equal to thirty million (30,000,000)RWF (approximately US $51,000) excluding motor vehicles that carry eight persons except those exclusively used in tourism business; and,

The business assets should be held at the establishment for at least three (3) tax periods after the tax period in which the investment allowance was taken into consideration.

Transfer Pricing

Kenya

The Income Tax Act requires transactions between resident companies and their related non-residents to be at arm's length. The Minister for Finance in the 2006 budget introduced the Income Tax (Transfer Pricing) Rules. The range of transactions which are subject to an adjustment include the sale, purchase and leasing of goods, other tangible and intangible assets, the provision of services and interest on loans. These transactions should comply with the arm's length principle.

TP assessments are subject to late payment penalty and interest just like any other taxes.

The 2011/2012 Finance Bill has enacted provisions to give effect to Tax Information Exchange Agreements (TIEA) which the Kenyan government intends to enter with other governments.

The TIEA will allow the KRA to exchange information which will enable them to enforce domestic tax laws more effectively especially as regards to Transfer Pricing.

Tanzania

The Income Tax Act 2004 contains a provision which deals with transfer pricing. The provision refers to the arm's length principle, a requirement which applies not only to transactions with non-resident associates but also to transactions with resident associates.

Uganda

Transfer pricing regulations have now been published and are effective 1 July 2011. The regulations are modeled on the OECD Model Tax Convention. Businesses in Uganda are now required to determine their income and expenditures arising from transactions with related parties in a manner that reflects the arms' length principle. Documentation showing the evidence of the arms' length principle should be in place at the time of filing the company's income tax return for the year in which the transactions were conducted. The URA has however not yet issued guidelines on what documentation should be put in place.

Rwanda

The Rwandan law on direct taxes on income stipulates that where conditions are made or imposed between related persons carrying out their commercial relationship which differ from those which would be applied between independent persons, the Commissioner General, may direct that the income of one or more of those related persons be adjusted to include profits that would have been made if they operated as independent persons.

The tax legislation empowers Commissioner General to make arrangements in advance with persons carrying out business with related persons to ensure efficient application of the Transfer Pricing provision.


IMAGINATION
Indigo Music
Indigo Books
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Income Tax

Individual Rates (2011 - 2012)

Kenya

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	KShs	KShs	%	KShs	KShs
First	10,164	10,164	10	1,016	1,016
Next	9,576	19,740	15	1,436	2,452
Next	9,576	29,316	20	1,915	4,368
Next	9,576	38,892	25	2,394	6,762
Over	38,892		30		

Resident's Personal relief KShs 13,944 per annum
Tax free income threshold of KShs 11,135 per month

Tanzania

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	TShs	TShs	%	TShs	TShs
First	135,000	135,000	0	0	0
Next	225,000	360,000	14	31,500	31,500
Next	180,000	540,000	20	36,000	67,500
Next	180,000	720,000	25	45,000	112,500
Over	720,000		30		

Business - Presumptive Income Tax

For individuals with business turnover not exceeding TShs 20m, specific presumptive income tax rates apply.

Income Tax

Individual Rates (2011 - 2012)

Uganda

Resident individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	UShs	UShs	%	UShs	UShs
First	130,000	130,000	0	0	0
Next	105,000	235,000	10	10,500	10,500
Next	175,000	410,000	20	35,000	45,500
Over	410,000		30		

Non-Resident individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	UShs	UShs	%	UShs	UShs
First	235,000	235,000	10	23,500	23,500
Next	175,000	410,000	20	35,000	58,500
Over	410,000		30		

Rwanda

Individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	RWF	RWF	%	RWF	RWF
First	0-30,000	30,000	0	0	0
Next	30,001-100,00	70,000	20	14,000	14,000
Over	100,000		30		

Kenya

Employee benefits

Housing benefit

For directors – the taxable value of the benefit is: where the housing is owned by the employer - the fair market rental value ,where rent is paid at arm's length - the higher of 15% of the taxable employment income (excluding the value of housing provided), the market rental value, the actual rent paid by the employer. Where the rent is not at arm's length - the higher of the fair market rental value or the rent paid by the employer.

For employees other than directors – the taxable value of the benefit is: where the housing is owned by the employer - the fair market rental value , where rent is paid at arm's length - the higher of 15% of the taxable employment income (excluding the value of housing provided) or the rent paid by the employer. Where the rent is not at arm's length - the higher of the fair market rental value or the actual rent paid by the employer.

For agricultural employees required to be housed by the employer on a plantation or farm – the taxable value of the benefit is computed at 10% of the taxable emoluments subject to approval by the KRA Commissioner.

Car benefit

Taxed on the higher of Commissioner's fixed scale rate and the annual prescribed rate, which is calculated as 24% p.a. (2% per month) of initial cost of the vehicle to the employer.

Where an employee has been provided with a hired or leased vehicle, the taxable value of the car benefit is the lease or hire charges.

However, the Commissioner may determine a lower rate for the benefit where the employee can demonstrate and provide proof of restricted usage of the company car.

Loans

Fringe Benefit Tax (FBT) is payable on interest free or low interest loan granted to employees. FBT is paid by the employer, whether exempted from tax or not, at the resident corporate tax rate currently 30%. The benefit is the difference between actual interest charged and the interest computed using the Commissioner's prescribed rate published quarterly.

Kenya

Per diems

Employees working outside their normal duty station will be required to account for per diems received in excess of the tax free threshold of KShs 2,000 or be taxed on the unsupported amount. The first KShs 2,000 per day spent while away on business trips is tax free. Employers are required to maintain a formal per diem policy in line with the Commissioner's guidelines.

Other employee benefits

Taxed at the higher of the cost to the employer of providing the benefit or the fair market value. The Commissioner's current prescribed rates for some utilities are:

Monthly Rate	KShs
Water (where provided communally)	500 (200 for agricultural employee)
Electricity (where provided communally)	1,500 (900 for agricultural employee)
Furniture (where owned by employer is a separate benefit from housing)	1% of cost to employer
Telephone including mobile phone usage	30% of cost to employer

Employer pension contributions

Employees of employers who are tax exempt are liable to tax on all employer pension contributions to an unregistered scheme or contributions to a registered scheme in excess of the tax deductible limit. In the case of taxable employers, no benefits arise but the contributions in excess of the statutory limit by the employee are not a tax deductible expense to the employer.

Employee share ownership plans (ESOPs)

Registered ESOPs qualify for beneficial taxation. The taxable benefit shall be the difference between the offer price and the fair market value of the shares at the date of grant. The benefit will be taxable upon vesting of shares. Benefits from unregistered ESOPs are subject to the general rules on taxation of other employment benefits.

Kenya

Employee staff meals

Staff meals provided by employers to low income employees are tax free.

Note: A low income employee is defined as an employee whose marginal rate of tax on income does not exceed the rate of 20% (i.e. below the 3rd tax band).

Employee medical plans

Employees including beneficiaries medical costs incurred by the employer, are not taxable on full time employees. This is provided the insurance provider has been approved by the Commissioner of Insurance. Special rules apply for company directors. Non-executive directors can enjoy a tax-free medical benefit of up to a maximum value of 1,000,000 per annum.

Medical costs of up to KShs 1 million pa. are tax deductible for sole proprietors in sole proprietorships and partners in partnerships.

Tanzania

Employee benefits

Housing benefit

Lower of:

(a) market value rental of the premises; and

(b) the higher of the following:

i. 15% of employee's total annual income and

ii. the expenditure claimed as deduction by the employer in respect of the premises

Car benefit

Taxed according to engine size and vehicle age on the following annual values:

Engine size	up to 5 years old TShs	> 5 years old Tshs
<= 1,000 cc:	250,000	125,000
1,001 - 2,000 cc:	500,000	250,000
2,001 - 3,000 cc:	1,000,000	500,000
>3,000 cc:	1,500,000	750,000

Note:

Not chargeable where employer does not claim deduction in respect of the ownership, maintenance, or operation of the vehicle.

Loans:

The taxable benefit on interest free or low interest loans is computed by reference to the excess of Bank of Tanzania discount rate at the beginning of year over actual interest rate applied.

Uganda

Employee benefits

Housing benefit

Lower of:

a) 15% of emoluments (including market rent of housing); and

b) Market rent of house provided

Car benefit

Taxable value of car benefit is calculated using the formula:

(20% x A x B / C) - D where

A - is the market value of the motor vehicle at the time when it is first provided for the private use of the employee

B - is the number of days in the year of income during which the motor vehicle was used or available for use for the private purposes by the employee for all or a part of the day

C - is the number of days in the year of income; and

D - is any payment made by the employee for the benefit

Loan benefit

Where an employee is provided with a loan which exceeds UShs 1 million in total, at a rate of interest below the statutory rate, the value of the loan benefit is the difference between the interest paid during the year of income (if any) and the interest which would have been paid if the loan had been made at the statutory rate for the year of income. Bank of Uganda discount rate as at 1 July 2011 is 13% p.a.

Short term loans (which expire and are repaid within 3 months of being provided they are not rolled –over or replaced by other loans) do not constitute a benefit on the employee.

Uganda

Domestic servants

Where the employer provides such benefit, the value of the benefit is the aggregate amount of remuneration to the individual domestic servant's employer meets on behalf of the employee. Employer's provision of security guards to the employee is not a taxable benefit.

Meals, refreshment and entertainment

Where an employer provides meals, refreshments and entertainment to an employee, the total cost to the employer is the value of the benefit, reduced by the employee's contribution.

Meals or refreshments provided to the employees in premises operated by or on behalf of the employer do not constitute a benefit on the employee if they provided to all full-time employees on equal terms.

Medical

The employment income of an employee does not include any reimbursement or discharge of the employee's medical expenses.

Employee share option scheme

The employment income of any employee now includes any amount by which the value of shares issued to an employee under an employee share acquisition scheme at the date of issue exceeds the consideration, if any, given by the employee for the shares given as consideration for the grant of a right or option to acquire the shares.

However, the employment income of the employee does not include the value of a right to acquire the shares granted to the employee under the scheme..

Any capital gains derived by an individual on the disposal of shares in a private limited company are taxable.

Rwanda

Employee benefits

Housing benefit

Housing allowance in cash is taxable in full like other allowances. Where the housing benefit is given in kind, the benefit is determined as 20% of the total income from employment excluding benefits in kind.

Car benefit

Where an employee has been provided with a motor vehicle by the employer whether for personal use or for both personal and official use, the car benefit is determined as 10% of the total employment income excluding benefits in kind.

Loans

Tax is payable on interest free or low interest loan including salary advance not exceeding three months granted to employees. The benefit is the difference between actual interest charged and the interest computed using the rate of interest offered to commercial banks by the National Bank of Rwanda.

Per diems

The discharge or reimbursement of expenses incurred by the employee is excluded from taxable income provided the expenses are wholly and exclusively for business activities of the employer.

Other employee benefits

Any other benefits are taxable in consideration of the market value of the benefits in kind. Benefits provided by an employer to a person related to an employee when there is no services rendered, are treated as if provided to the employee.

Rwanda

Retirement contributions

Retirement contribution made by the employer on behalf of the employee and or contributions made by the employee to a qualified pension fund to a maximum of 10% of the employee's employment income or 1,200,000 Rwf (Approximately US $2,100), whichever is the lowest is excluded from taxable income resulting from employment.

Employee medical plans

Medical expenses for the treatment of employees, that is paid by an employer to a licensed medical provider and is universally available to all employees, is not subject to PAYE, provided the employer makes available the following information: the Name, Taxpayer Identification Number, medical prescriptions signed and stamped by a physician as well as signature and stamp of the provider, amount paid for the services, invoice and any other document to justify that expenses are incurred. The medical expenses described above shall be exempt from PAYE only if the employee receives his/her treatment in Rwanda.

Medical expenses incurred by employer for an employee who receives treatment outside Rwanda is exempt from tax provided the Medical Commission of Rwanda approves the treatment in a foreign country and provides supporting evidence as outlined above for effecting the payment to the medical service provider are also availed.

Kenya

Allowable deductions for Individuals

Mortgage interest paid to qualifying financial institutions available on owner occupied residential property (maximum) - where paid to qualifying financial institutions	KShs 150,000 p.a.
Home Ownership Savings Plan – maximum	KShs 48,000 p.a.

Pension payments

Registered pension / Provident fund - the lowest of:

(a) The actual contribution

(b) KShs 240,000 p.a.

(c) 30% of taxable employment income

Pension income

The monthly and lump sum pension payments received by a pensioner who has attained 65 years of age are exempt from tax.

For lump sum amounts commuted from a registered pension or individual retirement funds the first KShs 60,000 per full year of pensionable service is tax free.

The tax free monthly pension KShs 25,000 per month.

Tax Reliefs

Insurance relief

Insurance relief granted is 15% of premiums paid subject to a maximum of KShs 60,000 p.a.

Applies to life insurance policies effective 1 January 2003 including premiums paid under a mortgage arrangement, education policies effective 1 January 2003 and health policies effective 1 January 2007.

Personal relief

The amount of personal relief for a Resident person is KShs 13,944 per annum.

Income Tax

Individual Non-Taxable Income and Benefits (2011 - 2012)

Kenya

Tax free benefit threshold

Non-cash benefits of a value not exceeding KShs 36,000 per annum in aggregate are tax exempt.

Dependant's education

This benefit is not taxable on the employee where the employer disallows the cost for corporate tax purposes.

Exempt Income

For first time purchasers of residential housing, any interest income earned on deposits of up to a maximum of KShs 3,000,000 with a Home ownership Savings Plan is exempt from tax.

Tax free gratuities

Effective 1 January 2011, Gratuities due to an employee will be tax free for the employee when paid directly to a registered pension fund by the employer. The tax free amount is limited to KShs 240,000 per annum.

Kenya

Employer's payroll obligation

PAYE (employee)	see page 14
National Social Security Fund (employee standard)	KShs 200 p.m
National Social Security Fund (employer maximum)	KShs 200 p.m
National Hospital Insurance (employee maximum)*	Graduated scale with a maximum of KShs 2,000 p.m

* Newly gazetted NHIF contribution rates were supposed to take effect from 1 September 2010. However, the matter has not yet been concluded by the court.

Individual returns

Filling of individual returns has been scrapped for individuals who tax is paid under the PAYE system. However, individuals with other sources of income are required to file individual returns.

PAYE on directors – due dates

Effective 11 June 2009, the due date for payment of PAYE on directors' income is the earlier of the following dates:

- The 9th day of the month following the month in which payment of remuneration is made and
- The 9th day of the month following the 4th month after the accounting period

Tanzania

Employer's payroll obligation

PAYE (employee)	see page 14
Social Security: NSSF / PPF (see note 1)	20%
Skills and Development Levy (employer – see note 2)	6%

Note:

1. For employers contributing to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), up to half (10%) of the contribution can be deducted from the employee.
2. Employment in agricultural farming is exempted from Skills and Development Levy.

Uganda

Employer's payroll obligation

PAYE (employee)	see page 15
National Social Security Fund (employee)	5%
National Social Security Fund (employer)	10%
Local Services Tax	see below

Note 1 – Local Service Tax

Local Service Tax is a deductible expense in deriving employment income effective 1 July 2008. The tax is assessed and determined for each employee or person in gainful employment and earning a salary by the employer.

	Amount of monthly income earned – Net pay (UShs)	**Rate of local service tax (UShs) per annum**
1	Exceeding 100,000 but not exceeding 200,000	5,000
2	Exceeding 200,000 but not exceeding 300,000	10,000
3	Exceeding 300,000 but not exceeding 400,000	20,000
4	Exceeding 400,000 but not exceeding 500,000	30,000
5	Exceeding 500,000 but not exceeding 600,000	40,000
6	Exceeding 600,000 but not exceeding 700,000	60,000
7	Exceeding 700,000 but not exceeding 800,000	70,000
8	Exceeding 800,000 but not exceeding 900,000	80,000
9	Exceeding 900,000 but not exceeding 1,000,000	90,000
10	Exceeding 1,000,000 and above	100,000

Note 2 – Per Diems and allowances

Per diems and allowances given to employees to cater for their accommodation, meals, refreshments and travel expenses while on company business are not taxable on employees as employment income

Note 3 – Persons with disability

The 15% tax deduction that was available to employees who employ 10 or more persons with disability was removed. Effective 1 July 2009, 2% of income tax payable by private employers who prove to the URA that 5% of their employees on full time basis are persons with disabilities is allowed as a deduction for a year of income.

Rwanda

Employer's payroll obligation

PAYE (employee)	See page 15
RAMA (employee)	7.5% p.m
RAMA (employer)	7.5% p.m
CSR (employee)	3%
CSR (employer)	5%

Employers are required to withhold, declare and pay the PAYE tax to the Rwandan Revenue Authority within 15 days following the end of the month for which the tax was due after making payment of employment income to an employee.

RAMA ("La Rwandaise D'Assurance Maladie") is the country's medical insurance scheme.

Withholding Tax

(2011 - 2012)

Kenya

General		Resident %	Non-resident %
Dividend >12.5% voting power		Exempt	10
Dividend <12.5% voting power		5	10
Interest	Bearer instruments	25	25
	Government bearer bonds 2yrs or more	15	15
Other interest (other than qualifying)		15	15
Qualifying Interest			
	Housing bonds	10	N/A
	Bearer instruments	20	N/A
	Other	15	N/A
Royalty		5	20
Management & professional fees		10	20
Consultancy fees - Citizens of East African Community			15
Training (including incidental costs)		5	20
Contractual fee		3	20
Rent/Leasing	Immovable	N/A	30
	Other*	N/A	N/A
Appearances e.g. an entertainment, sporting including organising		N/A	20
Pension/retirement annuity		Applicable bands depending on circumstances	5
Insurance commission			
	Brokers	5	20
	Others	10	20

* Effective 9 June 2011.

Withholding Tax
(2011 - 2012)

Kenya

Guidelines for deemed interest provision

This year's Finance Bill has clarified two issues that had arisen in respect of the implementation of deemed interest introduced in 2010 Finance Act:

- The Commissioner will now prescribe the rules of calculating deemed interest rather than the previous 91 day T Bill rate.
- Enabling provisions on withholding tax have been enacted to allow the KRA to collect withholding tax on deemed interest.

Real Estate Investment Trusts (REIT)

A REIT that is registered by the Commissioner offers the following incentives to investors:

- The income of REIT is exempt from corporate tax. However any interest or dividend income earned by the REIT will be subject to withholding tax.
- The income earned by the investor of a REIT and sale of shares by the unit holders of the REIT will be subject to withholding tax.

Intention to introduce withholding tax of 20% on winnings by residents from betting, lotteries and gaming.

The proposed amendment takes effect on 1 January 2012.

NB:

- Lower rates may apply where there is a tax treaty in force
- Dividends paid to citizens of the East African Community taxed at 5%

Tax Treaties

In force: Canada, Denmark, India, Norway, Sweden, Zambia, United Kingdom, France and Germany.

Awaiting enforcement: Italy, Mauritius, Singapore, Seychelles, Iran and UAE.

Awaiting conclusion: EA Double Tax Agreement.

Under negotiations: South Africa, Thailand, Malaysia and Kuwait.

Withholding Tax
(2011 - 2012)

Tanzania

General	Resident %	Non-resident %
Dividend		
to company controlling 25% or more	0	10
from DSE listed company	5	5
otherwise	10	10
Interest	10	10
Rent		
land and buildings	10	15
aircraft lease	0	0
other assets	0	15
Royalty	15	15
Natural resource payment	15	15
Service fees	0	15
Technical services to mining companies	5	15
Insurance premium	0	5
Payments to resident persons without a TIN certificate	2	N/A

Tax Treaties

In force: Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, Zambia.

Awaiting conclusion: EA Double Tax Agreement.

Withholding Tax
(2011 - 2012)

Uganda

General	Resident %	Non-resident %
Dividends		
To company controlling 25% or more	0	15
From companies listed on the Ugandan securities exchange to individuals	10	15
Others	15	15
Interest	15	15
Repatriated branch profits	N/A	15
Payment by a Government institution, local authority, Company controlled by Government, or by a designated person	6	N/A
Public entertainers, sports persons	N/A	15
Contractors or professionals	6	15
Importation of goods into Uganda	6	6
Rent	N/A	15
Management charge	N/A	15
Natural resource payment	N/A	15
Royalty	N/A	15
Ship, air or road transport operator	6%	2%
Transmitting messages by cable, radio, optical fiber, satellite communication or internet connectivity	6%	5%
Petroleum sub-contractor	N/A	15%

Note:
The above rates are subject to exemptions under the Ugandan law and lower rates where there is a tax treaty in force.

Tax Treaties
In force: United Kingdom, Zambia, Denmark, Norway, South Africa, India, Italy, Netherlands and Mauritius. Treaties awaiting conclusion and/or ratification: Egypt, China, Belgium, UAE, Sychelles and The East African Double Tax Agreement.

Withholding Tax

(2011 - 2012)

Rwanda

A withholding tax of fifteen (15%) percent is levied on payments made by resident individuals or resident entities including tax exempt entities. The withholding tax rate of 15% is subject to favourable Double Taxation Agreements (DTA) between Rwanda and other treaty partners.

The payments include:

1. Dividends
2. Interests
3. Royalties
4. Service fees including management and technical service fees
5. Performance payments made to an artist, musician or an athlete irrespective of mode of payment
6. Lottery and other gambling proceeds
7. Goods supplied by companies or physical persons not registered in tax administration

Item no. 1 and 2 are applicable in the case of non-resident individuals and non-resident entities for such payments that can be allocated to a permanent establishment which that person maintains in Rwanda.

The withholding agent is required to file a tax declaration and transmit the tax withheld to the tax administration within fifteen working days after the tax is withheld.

A withholding tax of 5% of value of goods imported for commercial use is payable at the customs on the CIF (cost, insurance and freight) value before the goods are released by customs. A withholding tax of 3% on the sum invoice (excluding VAT) is retained by public institutions to supply of goods and services made to them based on public tenders.

However, the following taxpayers are exempt from the above withholding tax:

- Those whose business profit is exempt from tax
- Those with tax clearance certificate issued by the Commissioner General

The Commissioner General issues a tax clearance certificate to taxpayers who have filed their tax declarations paid the tax due on a regular basis, and have no tax arrears. The certificate is valid in the year in which it was issued.

Rwanda currently has three DTAs in force. These include:

1) Belgium- Rwanda: 2007 Income and Capital gains tax convention and final protocol. This convention has been amended by a pending protocol signed on 17 May 2010.
2) Mauritius- Rwanda: 2001 Income tax agreement
3) South Africa- Rwanda: 2002 Income Tax Agreement and final Protocol.
4) Awaiting conclusion: EA Double Tax Agreement.


СТОЙ!
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Capital Gains Tax/Income from Investment

(2011 - 2012)

Kenya

Capital Gains Tax suspended with effect from 14 June 1985.

Tanzania

Disposal of Investment **Tax Rates**	**Tanzanian asset** **%**	**Overseas asset** **%**
Individual		
Resident	10	30
Non-resident	20	N/A
Company		
Resident	30	30
Non-resident	30	N/A

Exemptions

1. Private Residence - Gains of TShs 15m or less
2. Agricultural land - Market value of less than TShs 10m
3. Shares (i) DSE shares held by resident
   (ii) Shares held by non - resident with shareholding of less than 25%
   (iii) Units in an approved collective investment scheme
   (iv) Shares in a resident company held by another resident company with shareholding of 25% or more

Single Instalment Tax	*%*
Sale of land and buildings by resident	10*
Sale of land and buildings by non – resident	20*
Non-resident transport operator/charterer without permanent establishment	5**

*applied to gain, credit against final tax liability

**applied to gross payment

Capital Gains Tax/Income from Investment
(2011 - 2012)

Uganda

Tax on Capital Gains	**%**
Capital gains accrued prior to 1 April 1998 are not taxable	30

Chargeable assets

Non depreciable business assets

No capital gains on private assets

Gains arising from sale of shares in a private limited company- this applies even though such shares are not business assets (e.g for individuals)

Chargeable gain

Disposal proceeds less cost base. Cost base is defined as the amount paid or incurred by the taxpayer in respect of the asset including incidental expenditure of a capital nature incurred in acquiring the asset and includes any consideration in kind given for the asset. In the case of any asset acquired prior to 31 March 1998, the cost base is the indexed cost or the market value as at 31 March 1998 determined using a pre-determined formula.

Note:

The Income Tax Act defines a business asset as an asset which is used or held ready for use in a business, and includes any asset held for sale in a business and any asset of a partnership or company.

A taxpayer is treated as having disposed of an asset when the asset has been sold, exchanged, redeemed, or distributed by the taxpayer, transferred by the taxpayer by way of gift, or destroyed or lost.

Rwanda

Capital gain resulting from sale or cession of commercial immovable property is taxed at a rate of 30%.

Capital gain on secondary market transaction on listed security shall be exempt from capital gain tax.

However in case of corporate reorganisation, the transferring company is exempt from tax in respect of capital gains and losses realised on reorganisation.

Reorganisations means:

1. A merger of two or more resident companies
2. The acquisition or takeover of 50% or more of shares or voting rights, by number or value in a resident company in exchange for shares of purchasing company;
3. The acquisition of 50% or more of assets and liabilities of a resident company by another resident company solely in exchange of shares in the purchasing company;
4. Splitting of a resident company into two or more resident companies

Value Added Tax
(2011 - 2012)

Kenya

Overhaul of the Value Added Tax (VAT) Act is in progress. It is expected to simplify compliance and administration of VAT.

Taxable Supplies	**Rate**
Supply and import of taxable goods and services other than electrical energy and fuel oils	16%
Export of goods and taxable services*	0%
Supply and import of electricity energy and fuel oils	12%

Subject to Treasury approval certain capital goods may qualify for VAT remission.

*Subject to prescribed conditions, which if not met, will be deemed to be supplied in Kenya and will thus attract VAT at the rate of 16%.

Aircraft landing and parking fees exempt from tax.

Several solar energy and fishing goods exempted from VAT.

Recovery of VAT

Recovery of VAT on some items e.g. passenger cars, repairs and maintenance of passenger cars, restaurant and hotel accommodation services, entertainment services and certain furniture and fittings is restricted.

Registration threshold - Gross Turnover	KShs 5m p.a

Pre-registration VAT

The period within which to lodge a claim for VAT incurred before registration for VAT has been extended from thirty days to three months.

Exemption from Withholding VAT

Taxpayers subject to Turnover tax shall be exempt from Withholding VAT upon presentation of a valid turnover tax certificate. Withholding VAT agents must issue withholding VAT certificates at the point of payment.

Tax paid on stock, assets, buildings, etc on change of use from exempt to taxable

A person who changes from an exempt person to a registered person qualifies to claim relief from any tax shown to have been paid from the above goods or assets provided that such goods or assets are purchased within 12 months immediately preceding registration, or within such period, not exceeding 24 months as the Commissioner may allow.

This claim needs to be lodged within three months.

Value Added Tax
(2011 - 2012)

Tanzania

Taxable Supplies	Rate
Supply of goods & services in Mainland Tanzania	18%
Import of goods & services into Mainland Tanzania	18%
Export of goods & certain services from the United Republic of Tanzania	0%

Registration threshold - Gross Turnover	TShs 40m p.a.

Payment	Due Date
Monthly VAT returns and any payments due	last working day of following month
VAT on the importation of goods	when customs duty is payable

Refunds claims

Standard	Six months after the due date of the tax returns on which the refund became due or the submission of the last VAT returns for that six month period, whichever is later.
"Regular repayment"	Businesses in a constant refund position may apply for authorisation to lodge claims on a monthly basis.

Value Added Tax
(2011 - 2012)

Uganda

Taxable Supplies	Rate
Supply and import of goods and services	18%
Export of goods and services outside Uganda	0%
Sale. lease or letting of residential houses	Exempt

Registration threshold - Gross Turnover	UShs 50m p.a.

NB: Professionals are required to register irrespective of the above threshold.

Goods and services exempt from VAT

The following goods and services were added onto the list of supplies exempt from VAT, include the supply of:

- Specialized vehicles, plant & machinery related to agriculture, education and health sectors
- Insurance brokerage services
- Software license fees
- Power generated by solar.
- Ambulances

Effective 1 July 2011, the following supplies are no longer exempt from VAT

- The sale of immoveable property including the sale of residential property
- The supply of motor vehicles or trailers with a carrying capacity of 3.5 tones or more designed for the carrying of goods
- The supply of biodegradable packaging materials

Credit allowed to a taxable person

A credit is allowed to a taxable person on becoming registered for input tax paid or payable in respect of all taxable supplies of goods, including capital assets, or all import of goods, including capital assets, made by the person prior to becoming registered, where the supply or import was for use in the business of the taxable person, provided the goods are on hand at the date of registration and provided that the supply or import occurred not more than six months prior to the date of registration.

Reverse VAT on imported services not claimable

Effective 1 July 2011, taxpayers are no longer required to prepare self billed invoices in respect to imported services. Therefore, VAT accounted for on imported services is not claimable as input VAT.

Value Added Tax
(2011 - 2012)

Introduction of e-registration

With effect from June 2009, the Uganda Revenue Authority (URA) introduced e-registration to match with current global technology. Under this project, new ten numeric digit Tax Identification Number s (TIN) were automatically allocated to all taxpayers whose registration data was up to date as well as new applicants. Tax payers are able to access the application forms online.

Rwanda

Taxable Supplies	**Rate**
Supply and import of taxable goods and services	18%
Export of goods and services* outside Rwanda	0%
Investors qualify for VAT exemption on imported capital goods	

*Services are considered to be exported if they are physically rendered outside Rwanda. Therefore for services rendered within Rwanda although consumed outside Rwanda will be subject to VAT at the rate of 18%.

Registration threshold - Gross Turnover	20,000,000 RWF (approximately US $34,500)

Withholding VAT system

Government entities to withhold VAT on payments made to VAT registered suppliers. Introduction of the Electronic Transaction devices.

Introduction of ETD starting from July 2011 and is done through a phased approach beginning with the 2,500 large and medium sized retailers.

E-filing and payment

Introduction of e-filing and payment for the small and medium enterprises in the fiscal year 2011/2012.

Excise Duty
(2011 - 2012)

Kenya

Category	Class	Excise Duty Rates
Beer	Malted	Kshs 70.00 per litre*
	Stout and porter	Kshs 70.00 per litre*
	Opaque beer	Kshs 70.00 per litre
Other alcoholic beverages	Wines	Kshs 80 per litre or 40% of the value (whichever is higher)
	Cider	Kshs 70.00 per litre or 40%
	Spirits, Whisky, Rum, Gin & Vodka	Kshs 120 per litre or 35% of the value (whichever is higher)
	Undenatured ethyl alcohol strength by volume of 80% or higher	Kshs 120 per litre or 65% (whichever is higher)
	Premixed alcoholic beverages of strength not exceeding 10% by alcohol content (RTDS)	Kshs 70 per litre or 40% RSP
Tobacco & tobacco products	Cigarettes	Kshs 1,200.00 per mile
Soft drinks	Carbonated drinks	7%
	Juices	7%
	Bottled water	Kshs 3 per litre or 5% (whichever is higher)
Other excisable products	Plastic bags#	50%
	Motor vehicles	20%
	Cosmetic products	5%
	Imported used computers (more than 3 years from date of manufacture)	25%
Excisable services	Mobile cellular phone services	10%
	Other wireless telephone services	10%

#Manufacturers who use plastic bags for packing their products will now be entitled to claim excise duty paid on their plastic bags from the Kenya Revenue Authority.

*or 40% of the Retail Selling Price (RSP) whichever is higher

**or 35% of the RSP whichever is higher

Excise Duty

(2011 - 2012)

Kenya

Item	Current Rate	Proposed Rate	Remarks
Rice	35%	35%	Extension of lower duty rate by another one year after which the rate reverts to 75%
Wheat Grain	10%	0%	Reduction of duty rate and extension by another one year
Maize Grain	50%	0%	Remission of duty for 6 months

In order to alleviate food shortage, the minister proposed to adjust duty as follows effective 9 June 2011.

Petroleum Products

Petroleum Product	Excise Duty Rate	EDR**	PRL***	RML±	PDL†
	Rates @ KShs per litre				
Super	19.895	(0.45)	0.05	9.0	0.4
Regular	19.505	(0.45)	0.05	9.0	0.4
Automotive diesel	7.215	(0.45)	N/A	9.0	0.4
Jet fuel (Spirit type)	19.895	(0.45)	N/A	N/A	0.4
Jet fuel (Kerosene type)	5.755	(0.45)	N/A	N/A	0.4
Kerosene	Nil	(0.45)	0.05	N/A	N/A
Industrial Diesel	3.7	(0.30)	0.04	N/A	0.4
Fuel Oils	0.6	(0.30)	0.05	N/A	0.4
Liquified Petroleum Gas	N/A	N/A	N/A	N/A	0.4
Bitumen & Asphalt	N/A	N/A	N/A	N/A	0.4

* EDR (Excise duty remission) is available on products that are refined at the Kipevu Oil Refinery

*** PRL (Petroleum Regulation Levy)

± RML (Road Maintenance Levy)

† PDL (Petroleum Development Levy)

Excise Duty
(2011 - 2012)

Tanzania

Item	Rates
Petroleum Products*	
Motor spirit (gasoline) premium	Tshs 339/= per litre
Motor spirit (gasoline) regular	Tshs 339/= per litre
Gas oil (diesel)	Tshs 215/= per litre
Jet Fuel	Nil
Illuminated kerosene	Tshs 400.30/= per litre
Other medium oil and preparation	Tshs 9.32/= per litre
Industrial diesel oil	Tshs 392/= per litre
Heavy furnace oil	Tshs 40/= per litre
Lubrication oil	Tshs 500/= per m3
Lubrication greases	Tshs 0.75 per kg
Liquefied petroleum gas (LPG)	NIL
Alcohol and beverages	
Malt beer	Tshs 420/= per litre
Clear beer (from unmalted barley)	Tshs 249/= per litre
Wine with more than 25% imported grapes	Tshs 1,345/= per litre
Wine with domestic grapes content exceeding 75%	Tshs 420/= per litre
Spirits	Tshs 1,993/= per litre
Sugared mineral water and aerated waters	Tshs 69/= per litre
Other, including club soda	Tshs 69/= per litre
Carbonated soft drinks	Tshs 69/= per litre
Lemonade and flavoured minerals or aerated waters	Tshs 69/= per litre

* In addition Road Toll of Tshs 200/litre is charged on petrol and diesel

Excise Duty
(2011 - 2012)

Tanzania

Cigarettes

Cigarettes without filter containing more than 75% domestic tobacco	Tshs 6,830/= per 1,000
Cigarettes with filter containing more than 75% domestic tobacco	Tshs 16,114/= per 1,000
Other cigarettes not mentioned above	Tshs 29,264/= per 1,000
Cut rag/filler	Tshs 14,780/= per kg

Other excisable goods and services

Satellite and cable television broadcasting	5%
Airtime (including free airtime) for mobile phones	10%
Disposable plastic bags	50%
Motor car with cylinder capacity exceeding 1000cc but not exceeding 2000cc	5%
Motor vehicle with engine size greater than 2000cc	10%
Old motor vehicles (10 years or more)	20%

Uganda

Excise Duty-Rates	Rate
Beer (from at least 75% local materials (excluding water))	20%
Beer (from imported materials)	60%
Beer produced from barley grown and malted in Uganda	40%
Wine	
- Made from locally produced materials	20%
- Other	70%
Spirits	
- Made from locally produced materials	45%
- Other	70%
Cigarettes	
- Cigars, cheroots cigarillos containing tobacco	150%
- Soft cup with more than 70% local content	UShs 22,000 per 1000 sticks
- Other soft cup	UShs 25,000 per 1000 sticks
- Hinge Lid	UShs 55,000 per 1000 sticks
- Others	160%

Excise Duty
(2011 - 2012)

Uganda

Fuel

- Motor spirit (gasoline)	UShs 850 per litre
- Gas oil (automotive, light, amber for high speed engine)	UShs 530 per litre
- Other gas oils	UShs 520 per litre
- Gas oil for thermal power generation to national grid	Nil
- Illuminating kerosene	Nil
- Jet A1 and aviation fuel	UShs 530 per litre
- Jet A1 and aviation fuel imported by registered airlines, companies with designated storage facilities or with contracts with airlines	Nil

Other excisable goods and services

- Usage of mobile cellular phone service	12%
- Landlines and public payphones	5%
- Cane or beet sugar and chemically pure sucrose in solid form	UShs 25 per kg
- Sacks and bags of polymers of ethylene	120%
- Cement	UShs 500 per 50kg

Excise Duty
(2011 - 2012)

Rwanda

Category	Rate
Juice from fruits	5%
Soda and lemonade	39%
Mineral Water	10%
Beer	60%
Brandies, liquors and whisky and wine	70%
Cigarettes	150%
Telephone Communication	8%
Fuel, gas and lubricants*	37%
Powdered milk	10%
Vehicles with an engine capacity of above 2500cc	15%
Vehicles with an engine capacity of between 1500 and 2500cc	10%
Vehicles with an engine capacity of less than 1500cc	5%

*Tax on fuel reduced by Rwf 100 per littre for both Petrol and Gasoline. The changes is implemented in two stages:

- a reduction of Rwf 50 per litre in June-December 2011 period
- a further Rwf 50 per litre to be effected in January 2012
- Premium (excluding benzene) 233 Rwf per litre
- Gasoil 200 Rwf per litre

Customs Duty
(2011 - 2012)

Customs Duty - East Africa

The implementation of the East African Customs Union Protocol started on 1 January, 2005 and affects the importation of goods into the three EAC countries.

This protocol provides for the following:

- *A Common External Tariff (CET);*
- *Elimination of internal tariffs;*
- *Rules of origin;*
- *Anti-dumping measures;*
- *A common customs law (EAC Customs Management Act);*
- *Common export promotion schemes.*

The Protocol has no effect on domestic taxes i.e. VAT, Excise Duty etc which are levied at the national level.

External Tariffs

The customs duty rates applicable under the CET are as follows:

Category	Rate
Raw materials, capital goods, agricultural inputs, pure-bred animals, medicines	0%
Semi-finished goods	10%
Finished final consumer goods	25%

Certain "sensitive goods" (including most cereals, milk, jute bags, cement, sugar and second hand clothes (mitumba)) attract rates higher than 25% CET rate.

The customs law provides for a duty remission scheme whereby gazetted manufacturers enjoy reduced CET rates on their raw material imports where these are used to manufacture goods for export or certain essential goods for the domestic market.

Certain industries and items are also entitled to exemptions under the customs law e.g. assemblers of bicycles and motor cycle kits, importers of gas cylinders, certain hotel equipment, refrigerators, solar equipment and energy saving bulbs.

Where goods are currently subject to a lower rate of duty from the other trade blocs of COMESA and SADC, the applicable lower rate will supersede the EAC rates up to a time when the trading arrangements between the three trading blocs are harmonised.

Customs Duty
(2011 - 2012)

Internal Tariffs

The preferential internal tariffs can be summarized as follows:

- *Imports of Tanzanian and Ugandan goods are free of import duty*
- *Imports of Kenyan goods will enjoy preferential community tariffs of 0%*

Goods will only enjoy the preferential community tariffs if they meet the EAC Customs Union Rules of Origin.

Rwanda

The CET on a number of items are maintained for another one year.

Products	CET Rates
Rice	30%
Tractors	0%
Truck	10%
Wheat grain	0%
Wheat flour	35%
Construction materials	5% *
Aluminium conductors	10%

* This applies to construction materials for investors with projects of at least USD 1.8million

Stamp Duty and Other Taxes

Kenya

Stamp duty	%
Transfer of immovable property	
within a municipality	4
outside a municipality	2
Issue of debentures or mortgage	
primary security	0.1
auxiliary security	0.1
transfers	0.05
Transfer of unquoted stock of marketable security	1
Transfer of quoted stock of marketable security	0
Creation or increase of share capital	1
Lease of period of 0 to 3 years	1
Lease of period over 3 years	2

Tanzania

Stamp duty	%
Conveyance/transfer	1
Transfer of shares or debentures	1
Lease agreements	1

Note: Stamp duty on conveyance of agricultural land is restricted to TShs 500

Mining Act 1998	Mining Act 2010*	%
Diamonds	Diamonds, Gemstones, Uranium	5
N/A	Metallic minerals (inc copper, gold, silver & platinum group minerals)	4
General rate	General Rate	3
N/A	Gems	1
Polished & Cut Stones	N/A	0

*Subject to Presidential assent as well as Gazette Notice of start date

Stamp Duty and Other Taxes

Uganda

Stamp Duty	Ushs/%
Conveyance/transfer	1
Issue of debentures	0.5
Transfer of shares or debentures	1
Lease agreements	1
Authorised share capital	0.5 (of nominal value)
Customs bond of the total value	0.05%
Insurance performance bond	UShs 5000
Transfer of assets to special purpose vehicles for purposes of issuing asset backed securities	Nil
Loan not exceeding UShs 2 million	Nil

Other highlights

Environmental Levy	
Motor vehicles (excluding goods vehicles) which are S8 years old and above	20% of CIF value
Cookers, radios and other household appliances	UShs 50,000
Used motorcycles, scooters, mopeds, bicycles and used parts of motor vehicles or of any of these items	20%
Worn clothing, worn shoes and other worn articles	10% of CIF value

Banned

Item	Effective date of ban
Importation of used refrigerators, freezers, computers and television sets	1 October 2009
Importation, local manufacture, sale or use of Plastic bags. Includes sacks and bags of ethylene, polyethylene and other plastics, other than woven bags for the packaging of goods including liquids	1 January 2010
Exportation of scrap of all kinds of metals	1 July 2009
Exportation of sugar - for a period of 6 months	1 July 2011


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Deadlines and Penalties

(2011 - 2012)

Kenya

Tax	Deadline/obligation	Penalty	Interest
Income tax			
Instalment tax payment	Four instalments due by 20th of the 4th, 6th 9th and 12th month of the accounting period	20% of the amount due	
Final tax payment	4 months after accounting period	20% of the amount due	2% per month
Filing of the self assessment tax return	6 months after accounting period	5% of the normal tax min. Kshs 10,000	
Withholding tax	Within 20 days from the end of month in which tax was deducted	10% of the amount due to a maximum of Kshs 1million	2% per month
Payroll related			
PAYE	Within 9 days from the end of month in which tax was deducted	25% of the amount due	2% per month
NSSF	Within 15 days from end of month in which relevant wages are paid	5% of the contribution	
NHIF	Within 1 day (concession granted for 9 days) from end of the month in which relevant wages are paid	5 times of the contribution due	
VAT			
Payment on supply of taxable goods and services	20 days from end of the month		2% interest compounded monthly
Import of goods	At the time customs duty is payable		

Note:
For Income Tax purposes, 2% interest per month will only apply to principal tax. This change is effective 11 June 2010.

Deadlines and Penalties

(2011 - 2012)

Kenya

Tax	Deadline/obligation	Penalty	Interest
VAT			
Fraudulent refund claims		2 times the amount of the fraudulent claim and up to 3 years imprisonment	
Late filling returns		Kshs 10,000 or 5% of tax due	
Improper access to a tax register		Kshs 400,000 or 2 years imprisonment Body corporate fine-Kshs 1,000,000	
Falsification of data stored in an ETR		Fine not exceeding KShs 800,000 or 3 years Imprisonment	
Excise Duty			
Monthly Excise duty returns & payments	Within 20 days from the end of the month	2% per month or part thereof	
Customs Duty			
Customs duty returns and payments			2% per month or part thereof

Note:

Induplum rule for income tax and VAT – Interest charged on outstanding principal tax shall not exceed the principal tax amount

Remission of penalties on underpayment of Instalment tax.

The Commissioner can now remit penalties of up to KES 1,500,000 (up from KES 500,000) on underpayment of instalment tax if the underpayment was due to a reasonable cause, or as result of change in legislation. This is effective 9 June 2011.

Currency and language

Tax returns or records should now be prepared in either English or Kiswahili and only in Kenya Shillings.

Deadlines and Penalties
(2011 - 2012)

Tanzania

Tax	Deadline/obligation	Immediate penalty	Monthly penalty
Income tax			
Instalment tax/return			
Payment	instalment at end of each quarter		Stat + 5%
Filing of return	end of 1st quarter		2.5%*
Underestimation			Stat
Final tax/return			
Payment	6 months after accounting period		Stat + 5%
Filing of return	6 months after accounting period		2.5%*
Withholding tax			
Payment	7 days after month of deduction		Stat + 5%
Return	30 days after each 6 month period		Stat**
Payroll***			
Payment			
PAYE	7 days after month of deduction		Stat + 5%
Skills and Devt. Levy	7 days after month end		Stat + 5%
NSSF	1 month after month end		5%
PPF	30 days after month end	5%	5%
Excise duty payment	Last working day of the following month		Stat + 5%

Deadlines and Penalties
(2011 - 2012)

Tanzania

Tax	Deadline/obligation	Immediate penalty	Monthly penalty
VAT			
Filing/Payment	Last working day of the following month	1%	2%****
Interest chargeable on late payment			CBL + 5%
Interest due to taxpayer on late payment of VAT refunds			CBL
Stamp duty			
Payment/Stamping	30 days after execution/entry of instrument	25 -1000	N/A

Key

Stat Statutory Rate (Bank of Tanzania discount rate at start of year), compounded monthly
(Statutory rate p.a: 2010 7.58%; 2009 17.53%; 2008 15%; 2007 & 2006 20%; 2005 14.6%; 2004 12.8%)
(Monthly equivalent: 2010 0.63%; 2009 1.46%; 2008 1.25%; 2007 & 2006 1.67%; 2005 1.22%; 2004 1.07%)

CBL Central Bank commercial bank lending rate

* Subject to minimum of TShs 10,000 (individuals) and Kshs 100,000 (corporates)

** Subject to a minimum of TShs 100,000,

**** PAYE and SDL returns due 30 days after each 6 month period

**** Minimum penalty is TShs 50,000 for the first month and TShs 100,000 per Month thereafter

Deadlines and Penalties
(2011 - 2012)

Uganda

Tax	Deadline/obligation	Immediate penalty %	Monthly penalty%/Interest
Income tax			
Filing of 1st Provisional tax	6 months after beginning of the accounting period		
Filing of 2nd Provisional return	At the accounting period end		
Final tax payment	6 months after accounting period		2%
Final tax tax return	6 months after accounting period		Greater of: -2% of tax outstanding or -Ushs 200,000 per month
Withholding tax	Within 15 days from the end of the month		2%
Payroll			
PAYE	Within 15 days from end of the month in which tax was deducted		2%
NSSF	Within 15 days from end of the month in which the relevant wages are paid	10% of contribution outstanding	A further 10% per month
Local Services Tax	Payable in four equal installments within 15 days from the end of the month in which the tax was deducted. Remitted to the appropriate local Government		Surchage of 50% of the amount paid
VAT			
Supply of taxable goods and services	15 days from the end of the month of the supply		2% compounded
Import of goods	At the time customs duty becomes payable		

Deadlines and Penalties
(2011 - 2012)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Income tax			
Instalment tax payments	Instalment taxes are due on the last day of the 6th, 9th and 12th month following the tax period	10% of the tax payable	Inter-bank offered rate of National Bank of Rwanda rate plus 2% per month
Filing of an annual tax declaration	Not later than 31 March of the following tax period	• Rwf 100,000 (US $170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US $33,900) • Rwf 300,000 (US $510) if the taxpayer's annual turnover exceeds Rwf 20m (US $33,900) • Rwf 500,000 (US $848) for larger taxpayer category	

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Income tax			
Withholding tax	Within 15 working days after the tax is withheld	100% of the unpaid tax Rwf 100,000 (us$170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US$33,900)	Inter-bank offered rate of National Bank of Rwanda rate plus 2% per month
Payroll			
PAYE	Within 15 days following the end of the month for which the tax was due	• Rwf 100,000 (US $170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US $33,900) • Rwf 300,000 (US $510) if the taxpayer's annual turnover exceeds Rwf 20m (US $33,900) • Rwf 500,000 (US $848) for larger taxpayer category	Inter-bank offered rate of National Bank of Rwanda rate plus 2% per month
Failure to pay PAYE		10% of the amount payable	

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Value added tax			
Operating without VAT registration		50% of the amount of VAT payable for the entire period of operation without VAT registration	
Incorrect issuance or failure to issue a VAT invoice		100% of the amount of VAT on the invoice or on the transaction	
Issuing of VAT invoice by a person who is not VAT registered		100% of the VAT which is indicated in the VAT invoice	
VAT returns	Not later than the 15th day of the month following the month in which the taxable supplies For taxpayers whose annual turnover is equal or less than Rwf 200million, the tax declaration of VAT is quarterly is deposited with payment of the tax due within 15 days after the end of the quarter to which the VAT is referred.		
Late payment		Late payment of VAT is subject to a fine of 10% of the tax payable	Inter-bank offered rate of National Bank of Rwanda rate plus 2% per month

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Excise duty			
Declaration and payment of excise duty	• Factories making beer, lemonades, cigarettes, wines, spirits, juices and mineral water are required to file, for each period of ten days a statement concerning excisable goods cleared out of the factory for consumer use. For the purpose of implementing the excise duty law, a month is divided into three period. 1) From 1st to 10th every month 2) From 11th to 20th of every month and; 3) From 21st to the end of the month Payment of the duty should be made within five days following the declaration period	Any tax payer who fails to remit the tax due within the prescribed period is liable to a fine of 500 penalty units* together with late payment penalty of 10%. Late declaration of zero tariffs is subject to a fine of 500 penalty units. **One penalty unit is equivalent to Rwf 400*	

Deadlines and Penalties
(2011 - 2012)

Rwanda

Tax	Penalty/Fines
General rules	
Understatement of tax line	• 5% of the amount of the understatement if the understatement is equal to more than 5% but less than 10% of the tax liability • 10% of the amount of the understatement if the understatement is equal to or more than 10% but less than 20% of the tax liability ought to have been paid • 20% of the amount of the understatement if the understatement is 20% or more but less than 50% of the tax liability ought to have been paid. • 50% of the amount of the understatement if the understatement is 50% or more of the tax liability ought to have been paid.
Tax fraud	A taxpayer who commits fraud is subject to an administrative fine of 100% of the evaded tax

Note: Induplum rule – Interest accrued cannot exceed 100% of the amount of tax

The late payment fine does not apply to interest or administrative fines

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Notes


New York Sightseeing