

## Investment Incentives in Uganda

Uganda's investment incentive package provides generous capital allowance for medium- and long-term investors in priority areas whose projects involve significant investment in plant and machinery and other costs. Uganda therefore offers generous provisions for VAT deferments, deductions, exemptions and capital depreciation allowances. This results in investors paying no or minimal tax during the first 5 years of their investment.

The following are the investment incentives in Uganda

### a) Investment Capital Allowances

- Initial capital allowance on plant and machinery 50-75%
- Start up cost spread over 4 years 25% p.a.
- Scientific research expenditure 100%
- Training expenditure 100%
- Mineral exploration expenditure 100%
- Initial Allowance on hotel, hospitals and Industrial buildings 20%
- Deductible annual Allowances (depreciable assets)
- Depreciation rates of assets range. 20-40%
- Depreciation rate for Hotels, Industrial Buildings and Hospitals 5%

### b) Duty and Tax free import of Plant & Machinery.

c) First Arrival Privileges in the form of duty exemptions for personal effects and motor vehicle (previously owned for at least 12 months) to all investors and expatriates coming to Uganda.

### d) Export Promotion Incentives and Facilities

- Manufacturing Under Bond.
- Duty exemption on plant and machinery and other inputs
- Stamp duty exemption
- Duty draw back – a refund of all or part of any duty paid on materials, inputs imported to produce for export
- Withholding tax exemptions on plant & machinery, scholastic materials, human & animal drugs and raw materials.
- Ten year tax holiday
- Duty remission scheme for exporters involved in value addition