

ACTS SUPPLEMENT

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Act 13

Income Tax (Amendment) Act

2025

THE INCOME TAX (AMENDMENT) ACT, 2025

Arrangement of Sections

Section

1. Commencement
2. Amendment of Income Tax Act
3. Amendment of section 76 of principal Act
4. Amendment of section 86 of principal Act
5. Amendment of Schedule 2 to principal Act

THE INCOME TAX (AMENDMENT) ACT, 2025

An Act to amend the Income Tax Act, Cap. 338 to extend the tax exemption of Bujagali hydro power project up to 30th June, 2026; to provide for the exemption of income tax for a period of three years for a start up business established by a citizen; to prescribe the International Atomic Energy Agency as a listed institution and for related matters.

DATE OF ASSENT: 30th June, 2025.

Date of Commencement: 1st July, 2025.

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on 1st July, 2025.

2. Amendment of Income Tax Act

The Income Tax Act, in this Act referred to as the principal Act, is amended in section 21—

- (a) by substituting for subsection (1)(ab), the following—
- “(ab) the income of Bujagali hydro power project, up to 30th June, 2026;”;
- (b) by inserting immediately after paragraph (z), the following—
- “(za) the income derived from a business established by a citizen after 1st July, 2025, for a period of three years where the—
- (i) business is registered with an investment capital not exceeding five hundred million shillings;
 - (ii) citizen or an associate of the citizen has not previously benefited from the exemption; and
 - (iii) citizen files a tax return including business information return referred to in section 147 in the format prescribed by the Commissioner General.”; and
- (c) in paragraph (ae)(vii), by inserting immediately after the words “agricultural use”, the word “or”.

3. Amendment of section 76 of principal Act

Section 76 of the principal Act is amended in subsection (4), by substituting for paragraph (a), the following—

“(a) a transaction in which a person transfers their assets to another person, other than an individual controlled by the transferor or the shareholders following which the stock of the transferee is distributed;”.

4. Amendment of section 86 of principal Act

Section 86 of the principal Act is amended by inserting immediately after subsection (4), the following—

“(5) This section shall not apply where a non-resident person is deriving income from providing digital services in Uganda to an associate in Uganda.

(6) Notwithstanding subsection (5), section 82 or 84 shall apply to the income of a non-resident person derived from providing digital services in Uganda to an associate in Uganda.”

5. Amendment of Schedule 2 to principal Act

Schedule 2 to the principal Act is amended by inserting immediately after the phrase “Independent Regulatory Board of the East African Power Pool”, the following—

“International Atomic Energy Agency (IAEA)”