

TAX INCENTIVES FOR PHAMACEUTICAL COMPANIES

1. Importation

- Plant and machinery exempted from import duty,
- VAT is deferred for some period of one year and an extension can be sought. To qualify for VAT deferment you must be registered for VAT and the amount sought must be at least US 22,500 at the point of importation.

Customs will monitor the use of the plant and machinery so as to effect completion of deferment.

- Withholding tax is exempted on plant and machinery
- Imported containers, which the Commissioner on the recommendation of the Director of Veterinary Services is satisfied, and specially designed for storing semen for artificial insemination;
- Packaging materials and raw materials for manufacture of Medicaments
- Inputs for use in the manufacture of medical diagnostic kits imported by manufacturers of medical diagnostic kits

2. Domestic taxes exempted

Annual allowable deductions like; depreciation for assets, carried forward losses and start up costs(expenditure incurred in starting up a business to produce income included in the gross income and must be non recurring preliminary opening costs like);

- Scientific research expenditure at 25% for 4 years.
- Training expenditure for employees of the company not exceeding the aggregate of 4 years, of a citizen or permanent resident of Uganda at 25%
- Fee of accountant
- Registration of business.
- Promotion and advertising activities

Allowable deductions;

- 5% on industrial building deduction.
- service; computers and data handling equipments at 40%, automobiles(plant and machinery)at 30%, office furniture and fixtures and any depreciable asset at 20%
- Carried forward losses are allowable deduction in the following year of income

- Accelerated depreciation allowance (capital investment allowance) for a person who places depreciable assets **in**

3. Other taxes chargeable

-Corporation (income) tax for a company is at 30%

- Individual income tax varies to income earned (residents)

CHARGEABLE INCOME	RATE OF TAX
Not exceeding	Nil
Ushs.2,820,000 (235,000 pm)	
Exceeding Ushs.2,820,000 (235,000 pm) but not exceeding Ushs.4,020,000 (335,000 pm)	10% of the amount by which Chargeable income exceeds Ushs.2,820,000 (235,000 pm).
Exceeding Ushs. 4,020,000 (335,000 pm) but not exceeding Ushs.4,920,000 (410,000 pm)	Ushs.120,000 (10,000 pm) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 (335,000 pm).
Exceeding Ushs.4,920,000 (410,000 pm)	(a) Ushs.300,000 (25,000 pm) plus 30% of the amount by which chargeable income exceeds Ushs.4,920,000 (410,000 pm); and (b) Where the chargeable income of an individual exceeds Ushs.120,000,000 (10,000,000 pm) an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 (10,000,000 pm).

-Individual income for non residents

CHARGEABLE INCOME	RATE OF TAX
Not exceeding Ushs. 4,020,000 (335,000 pm)	10%
Exceeding Ushs. 4,020,000 (335,000 pm) but not exceeding Ushs. 4,920,000 (410,000 pm)	Ushs.402,000 (33,500 pm) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 (335,000 pm).

Exceeding Ushs. 4,920,000 (410,000 pm) (a) Ushs.582,000 (48,500 pm) plus 30% of the amount by which chargeable income exceeds Ushs. 4,920,000 (410,000 pm); and
(b) Where the chargeable income of an individual exceeds Ushs.120,000,000 (10,000,000 pm) an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 (10,000,000 pm).