



COUNTRY GUIDE: UGANDA

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Any foreign national planning to go to Uganda for employment will need to get a work permit. This obligation applies to both paid and volunteer labor. Before beginning the application procedure, foreign employees should carefully select the appropriate type of work permit. The following work permit types are available to foreigners in Uganda:

- **Class A and A2:** Accessible to employees of the government and diplomatic services, as well as government contractors.
- **Class B:** This work visa is intended for foreign people who intend to engage in Uganda's agriculture business.
- **Class C:** This permit is intended for foreign nationals who intend to invest in the mining business.
- **Class D:** This work permit is intended for individuals who want to engage in business or commerce.
- **Class E:** Manufacturers that want to engage in or start a manufacturing firm in Uganda should apply for this type of work permit.
- **Class F:** This permission is for working professionals who want to visit Uganda to exercise their profession.
- **Class G1 and G2:** These work permits are granted to missionaries, volunteers, and foreign nationals who work for non-governmental organizations (NGOs).

EMPLOYMENT CONTRACTS



Probation period

A probationary period of service should not exceed six months.

Notice period

The required notice time is determined by the employee's length of employment, as follows:

- 2 weeks for service of more than 6 months but less than a year;
- 1 month for service of more than 12 months but less than 5 years;
- 2 months for more than 5 years but less than 10 years of service;
- 3 months for 10 years or more of service.

Minimum wage

The monthly minimum wage in Uganda is 6,000 Ugandan shillings for all workers.

Working hours and overtime

Normal working hours are 48 hours per week. Overtime is obliged to be paid at a rate of one and a half times the regular rate of pay by an employer. On typical weekdays, this rate is for working overtime. If employees are compelled to work overtime on a public holiday, they are paid twice the standard rate.

Termination

An employer may terminate an employment contract by providing advance notice of termination or by delivering a payment in place of notice. As a result, an employee has the right to be given early notice of termination or to be paid an advance wage in lieu of the notice.

EMPLOYMENT CONTRACTS



Severance

There is a provision in the legislation for severance pay, however this compensation is negotiable between the employer and the employee. After 6 months of continuous service (with the same company), the worker is entitled to severance compensation.

Severance compensation is discussed between the employer and the employee or the labor organization that represents them.

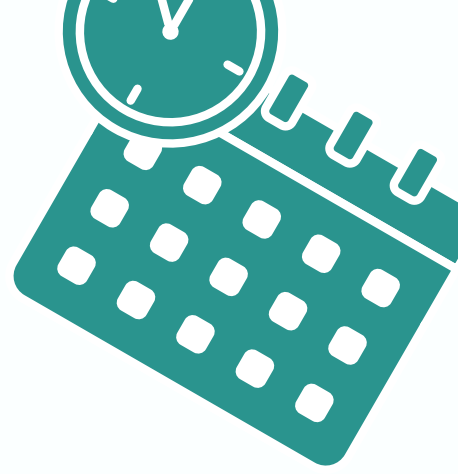
Non-compete clause

The Contracts Act of 2010 governs the interpretation of exclusivity agreements. The provision must be stated properly at the moment the contract is signed, not thereafter. Otherwise, in order for an exclusion provision to be integrated into an existing contract, the party against whom it is to be enforced must be given fair notice of its existence. Any ambiguity in the contract or agreement is to be interpreted against the party intending to rely on the clause.

Collective bargaining

Unless the latter is more favorable to the worker, the provisions of an established collective bargaining agreement take precedence over the terms of any contract, and it makes no difference whether the contract was concluded before the collective bargaining agreement.

PAID TIME OFF



Annual Vacation

An employee is entitled to at least 21 days of paid yearly leave in a row.

Sick

When a worker becomes unwell, his or her right to work and earn a living should be preserved. Sickness benefits may not be paid during the first three days of your absence, according to national labor regulation.

Maternity

The overall length of maternity leave should be at least 14 weeks.

During maternity leave, a worker's income should be at least two-thirds of his or her previous compensation.

Paternity

A male employee is entitled to four working days of paid absence from work every year for paternity leave.

Family

N/A

National Holidays

Uganda has a total of 18 public holidays which are paid.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment
N/A

Workers compensation

Employer bares total cost. Accidents to and from work are covered as well as diseases arising due to work environment.

Social Security

Employee: 5% of gross monthly wages.
Employer: 10% of a worker's gross monthly earnings.

Retirement

Covered by Social Security.

Health

In the process of implementing a national health scheme (National Health Insurance Scheme).

Private

Workers compensation

No private workers compensation available.

Retirement

Private pension options available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : Tax year runs from July 1st to June 30th.
- **Tax rate** : Rates range between 0-40% for residents and 10-40% for non-residents.
- **Tax method** : Residents are taxed on their worldwide income, whilst non-residents are solely taxed on their income earned in Uganda. Income tax is levied on three types of income: business income, employment income, and real estate income.
- **Tax residency requirements** : An individual is deemed a tax resident if he or she meets any of the following conditions:
 - The individual has a permanent address in Uganda.
 - The individual is in Uganda for 183 days or more in a 12-month period, either beginning or ending in an income year.
 - The individual spends an average of 122 days or more in Uganda during the income year and the two prior income years.
 - During the income year, the individual is employed overseas by the Ugandan government.
- **Double taxation agreements (DTA's)** : Uganda has several double taxation agreements.

Investment Income Tax

Dividend and interest income is taxed at a rate of 15%.

Rental income: The tax rate for resident people is 30% of the chargeable income.

Non-residents are taxed at a rate of 15% on gross rental income.

Taxable Income

Residents have a tax-free yearly income level of UGX. 2,820,000 per year. The remainder is taxed at a rate of 10%, 20%, or 30%, depending on the income level. Individuals earning more than UGX 120,000,000 per year must pay an extra 10% tax on their earnings. Residents are taxed on their worldwide income, whilst non-residents are solely taxed on their income earned in Uganda. Income tax is levied on three types of income: business income, employment income, and real estate income.

PAYROLL



Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Any costs that are personal or domestic in nature are not deductible. These expenses include the costs of sustaining the individual's family and housing, the costs of commuting to work, and the price of work apparel. Statutory contributions are deductible.
- **Benefits in Kind:** Employees are taxed on in-kind benefits such as a car provided by their company. Benefits in kind are taxed at the sale rate or the actual cost of the benefit to the corporation, subject to a market value test.
- **Employer contributions:** Workers compensation, social security.

Payroll Taxes

Employers must pay payroll taxes at a rate of 3% of the taxable gross compensation.

Payroll Calendar

Employees are not required to be paid on a set schedule.

Payrolls can be done weekly, biweekly, fortnightly, or monthly.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- Employment Act
- Labor Unions Act

STATUTORY BODIES

- [Uganda Retirement Benefits Regulatory Authority](#)
- [National Social Security Fund](#)
- [Uganda Revenue Authority](#)



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