

Employee TIN requirement: An update



Section 4 of the Tax procedure Code (TPC) Act requires a person who is obliged to pay tax to apply to the Commissioner for registration. In part, this section provides that:

A person liable to pay tax under a tax law shall apply to the Commissioner for registration in the prescribed manner.

The application shall be accompanied by the prescribed evidence of the person's identity.

The Commissioner shall register a person who has applied for registration if satisfied that the person meets the requirements for registration.

Against this background, the Uganda Revenue Authority issued a public notice requesting all employers to ensure that all their employees earning salaries above Uganda shillings 235,000 per month are registered.

Further, Section 5(4) of the TPC Act 2014 provides that a person shall state that person's tax identification number(TIN) on any return, notice, communication or other documents furnished, lodged or used for the purposes of the tax law.

This means that the URA expects all employers to indicate the TINs of employees in the PAYE returns filed.

WHAT DOES THIS MEAN FOR THE EMPLOYER:

Currently, a TIN is not a mandatory field (you file a return without employees' TINs) in the PAYE return and URA has not given a deadline when this will be mandatory. However, this will happen in the near future as URA now wishes to enforce the provision more rigorously.

We therefore advise employers to request their employees to apply for TINs. The employers should put in place a strict deadline that should be observed by all employees.

Non compliance with the provision may have potential consequences for the company such as removal from the withholding tax (WHT) exemption list, rejection of the Tax Clearance Certificate (TCC) applications to mention but a few.

For any assistance in respect to the above BDO is happy to assist and support you as you ensure compliance with the tax laws and regulations



BDO International

BDO is an international network of public accounting, tax, consulting and business advisory firms. As of 2018 BDO has member firms in 162 countries, employs around 80,087 partners and staff in over 1,591 offices throughout the world, and is the fifth largest professional services network globally.

KEY CONTACTS



Kenneth Makanga
Partner
Tel: +256414220371/3
Email: kenneth.makanga@bdo-ea.com



John Jet Tusabe
Director, Tax
Tel: +256414220371/3
Email: john.tusabe@bdo-ea.com



Juma Buli
Senior Tax Manager
Tel: +256414220371/3
Email: juma.buli@bdo-ea.com



Moses Lugayizi
Manager, Tax
Tel: +256414220371/3
Email: moses.lugayizi@bdo-ea.com