DENTONS

Doing Business in Uganda

Grow | Protect | Operate | Finance

June 2024

Introduction

Uganda is a country located in East Africa whose capital is Kampala. It became an independent nation on 9 October 1962. Colonised by Britain, Uganda adopted its common law legal system and still uses this system to date.

Uganda is a member of the East African Community, the Common Market for Eastern and Southern Africa and a signatory to the agreement establishing the African Continental Free Trade Area. With a fast growing population of over 49 million, Uganda has one of the youngest populations in the world with an average age of 15.9 years, according to The World Bank. It was ranked by the Global Entrepreneurship Monitor as one of the most entrepreneurial countries in the world with an estimated 30% of Ugandans starting businesses annually.

Uganda has a favourable climate for agriculture, but the Government champions a diversification strategy which encourages industrialisation. Buoyed by its expected earnings from its petroleum sector which recently saw the announcement of a final investment decision for two upstream oil and gas projects and a crude oil pipeline as well as a growing tourism sector, Uganda has experienced steady economic growth over the past years. All of these combined make it an ideal destination for foreign direct investment.

Contents

1. Business vehicles in Uganda

A person intending to do business in Uganda can either operate as a sole proprietorship, establish a partnership, set up a company (incorporated locally or registered as a branch of a foreign company), or establish a trust.

Companies, sole proprietorships and partnerships are regulated by the Uganda Registration Services Bureau (URSB) which maintains registers and records of all documents relating to these respective entities that are submitted to it. Trusts on the other hand are regulated under the Ministry of Lands, Housing and Urban Development.

Joint ventures are another form of business vehicles used in Uganda. Joint ventures may be incorporated as companies or unincorporated operating under an agreement.

This Guide focuses on the "company" (foreign and local) which is the most commonly used business vehicle in Uganda.

A. Local company

A company can be formed by one or more persons. The company may be established as a private limited liability company, a company limited by guarantee, a single member company (SMC) or a public limited liability company, depending on the intention behind the formation of the company. Only individuals can form SMCs. A corporate entity is not permitted to be the sole shareholder in an SMC.

The process of incorporating a local company is undertaken online using a platform developed by the URSB known as the Online Business Registration System (OBRS) and is as follows:

i. **Reservation of name:** A party should first conduct a search of the preferred name in the URSB database to confirm it is available. Thereafter, they submit the name they consider available for reservation and pay the applicable fee. It is usually more expedient to submit at least three names in the order of preference.

   A reservation, once approved, is valid for thirty days. The expectation is that the thirty-day period is sufficient for undertaking the incorporation process. Nonetheless, a name can be re-reserved if it is still available after thirty days.

ii. **Filing of incorporation documents:** Following reservation, the party files the documents for incorporation of the company. These are (i) a memorandum and articles of association, (ii) a statement of nominal share capital (only applicable to companies with share capital), (iii) list of directors and the company secretary; (iv) the form for registration of the entity; and (v) a form listing the beneficial ownership of the company. Once these documents are filed and approved by the Registrar of Companies (ROC), the ROC will issue a certificate of incorporation establishing the company as a corporate entity in Uganda.

iii. **Filing of other documents:** The company files a notice of its registered office and its registered postal address within fourteen days of incorporation. The postal address must be registered in the company's name.

In the case of a single member company, an additional form specific to a single member company (indicating the nominee and the alternate nominee director) must be filed with the URSB.

The process of incorporating a company in Uganda attracts fees and taxes prescribed by law. The applicable fees and templates of the incorporation forms can be accessed on the URSB website at https://ursb.go.ug/.

B. Foreign companies

Corporate entities that are already incorporated outside Uganda may register as foreign companies in Uganda without the need for incorporation. This registration does not create a distinct entity or subsidiary but rather creates an extension of the foreign company in Uganda, referred to as a branch. To register a foreign company, the following documents must be filed with the URSB, following which a certificate of registration will be issued to the company:

i. a certified copy of the foreign company's memorandum or articles of association or similar constitutional document;

ii. a list of the directors and secretary of the foreign company including names, addresses, nationality, and occupation. In case of a corporate director or secretary, the name, registered or principal address and the postal address should be indicated;

iii. a statement of all subsisting charges created by the foreign company;

iv. the name and address of a person in Uganda authorised to accept service of process and any notices required to be served on the foreign company;

v. the address of the registered or principal office of the foreign company;

vi. a list of the foreign company's beneficial owners.

All documents must be in English or translated to English. Upon registration, the foreign company is required to comply with the provisions of the Companies Act in Uganda applicable to foreign companies.

2. Licences and permits

Any person or entity that intends to carry on business in Uganda is expected and required to apply for and obtain licences, permits or authorisations necessary to undertake the intended business.

The requirement for a licence or permit under Ugandan law is informed by the sector in which the entity intends to operate. Some sectors such as the mining, oil and gas, health, telecommunications, banking and financial services, energy and electricity and health sectors are specifically and highly regulated while other sectors such as retail and wholesale business are not strictly regulated. For the specifically regulated sectors, a license must be obtained from the ministry, department or agency regulating such sector. Regulators include the Bank of Uganda for banks and payment services providers, the Ministry of Energy and Mineral Development for mining and petroleum, Electricity Regulatory Authority for electricity, the Uganda Communications Commission for telecoms and the Insurance Regulatory Authority for Insurers. Every entity whose business is not regulated by any specific regulatory body in Uganda is required to obtain a trading licence from the municipal authority in whose jurisdiction the business is located. The cost of obtaining the licence will vary depending on the location of the entity and the nature of business to be undertaken.

The licences may be renewable (upon payment of a specified fee and within a timeframe set by law) or perpetual (subject to compliance with certain licensing conditions).

Before applying for a trading licence, foreign investors are required to obtain permission from, and register with, the Ministry of Trade and Industry in Uganda.

3. Investment incentives

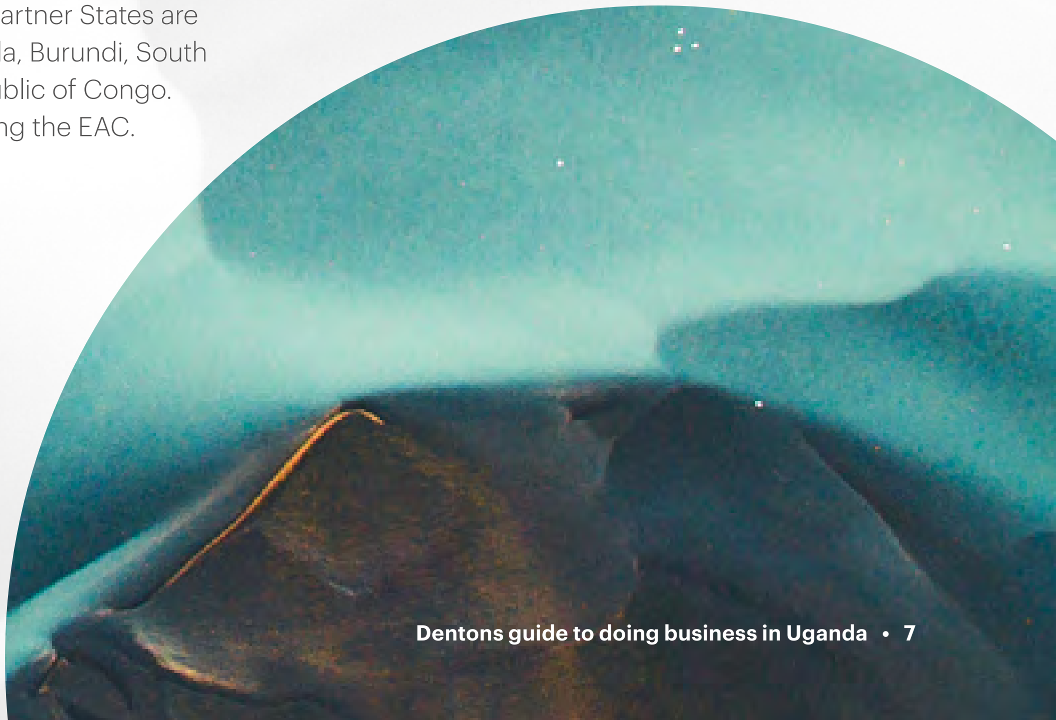
The Ugandan Government is keen on creating an environment that is friendly for investors. To this end, the Government offers several tax and non-tax incentives for persons doing business in different sectors.

In addition, the Government has enacted the Investment Code Act (ICA), 2019 for the purpose of providing for the registration of investors and grant of investment licences and incentives. The Uganda Investment Authority (UIA) is the body established to promote and facilitate investment in Uganda and it handles matters relating to the granting of investor incentives in Uganda under the ICA.

The ICA applies to both domestic and foreign investors. A domestic investor is an individual that is a citizen of an East African Community (EAC) partner state or an entity incorporated in any of the EAC partner state and in which the controlling interest is owned by a person who is a citizen of an EAC partner state or a partnership in which the controlling interest is owned by a person who is a citizen of an EAC partner state; the individual, company or partnership should have an investment licence issued under the ICA. Foreign investors are those individuals who are not citizens of an EAC partner state, or entities incorporated outside the EAC partner states, or entities incorporated in Uganda but whose majority shares are held by noncitizens of an EAC partner state, partnerships whose controlling interests are not held by citizens of an EAC partner state; the individual, company or partnership should have an investment licence issued under the ICA. The EAC Partner States are Uganda, Kenya, Tanzania, Rwanda, Burundi, South Sudan and the Democratic Republic of Congo. Somalia is in the process of joining the EAC.

To obtain an incentive from the UIA, an investor must have an investment certificate. To obtain an investment certificate, one submits an application accompanied by: (i) a certificate of registration/incorporation of the business, (ii) a business plan, (iii) an environmental and social impact assessment certificate issued by the National Environment and Management Authority (NEMA) for specific projects, (iv) projected number of employees, and (v) the applicable licence obtained by the applicant for its business. The applicant must additionally comply with the set minimum investment capital requirements (this is currently USD. 50,000 for domestic investors and USD. 100,000 for foreign investors). Upon registration, the investor will be issued with an investment certificate.

The incentives granted under the ICA are separately applied for and are granted on a case by case basis. They include tax exemptions and land allocations. In order to qualify for the investment incentives, the relevant entity is expected to (i) invest in at least one of the priority areas, (ii) export a minimum of 80% of the goods produced, (iii) comply with any requirements specific to the area of trade and (iv) employ a minimum of 60% citizens, among other requirements. Where an entity fulfils these requirements, they will be issued with a Certificate of Incentives giving detailed particulars of the incentives granted. The priority areas for investment include agro-industrialisation, petroleum development, tourism development and mineral development.



4. Taxation in Uganda

Uganda's tax system, which is administered by the Uganda Revenue Authority (URA), is both source and resident based. A resident individual is a person who has a permanent home in Uganda or is present in Uganda (a) for a period of 183 days or more in any twelve (12) months period that commences or ends during the year of income; (b) during the year of income and in each of the two preceding years of income, for periods averaging 122 days in each such year of income; or (c) is an employee or official of the Government of Uganda posted abroad during the year of income.

A resident company is one which (a) is incorporated in Uganda under the laws of Uganda (b) is managed or controlled in Uganda at any time during the year of income; or (c) undertakes a majority of its operations in Uganda during the year of income. A resident partnership is one where any of the partners was a resident person in Uganda during the year of income.

Every resident individual or entity that is doing business in Uganda is expected to obtain a tax identification number (TIN) from the URA. The tax identification number is a necessary requirement for remittance of taxes as and when they fall due.

The taxes typically levied include income tax, value added tax (similar to goods and services tax), excise duty (on specific excisable goods), stamp duty (on certain documents and transactions) and import duty on imported goods.

A person carrying on business in Uganda is required to pay income tax, subject to certain exemptions specifically provided under the law. The tax payable differs depending on the nature of the entity or person and type of income for example, income of corporations is taxed at the rate of 30% while individual income tax ranges between 10% to 40%, progressively calculated depending on an individual's income. Partnerships are not considered legal persons for tax purposes. As such, tax is imposed on each partner's income, which includes income from the partnership.

Income tax is sometimes levied as a withholding tax that a person making a payment is required to withhold and remit to the URA. This tax is imposed on particular payments such as employment income ("Pay As You Earn"), payments on dividends, interest (in some instances), and specific international payments earned from sources in Uganda. The rate of withholding tax varies depending on the nature of payment to be made.

In the case of international payments, the rate of withholding tax may be different from that set out in the law if the payment is made to a person who is a tax resident in a jurisdiction that has a double taxation treaty with Uganda.

Value added tax (VAT), on the other hand, is a consumption tax on goods and services that are not exempt. The standard VAT rate is currently at 18%.

The rates of the other taxes vary depending on the nature of the goods or services or transaction that is the subject of the tax.

A more detailed guide to tax in Uganda is available at the Dentons - Global tax guide to doing business in Uganda

5. Employment

Employment is largely governed by the Constitution of the Republic of Uganda 1995, and Employment Act (EA), 2006. Other relevant laws include the Contracts Act 2010, the Labour Unions Act, 2006, the Occupational Safety and Health Act (OSHA), 2006, the Workers Compensation Act, chapter 225 (WCA), the National Social Security Fund Act Cap 222, and the Uganda Retirement Benefits Authority Act, 2011.

There are special categories of employment relationships in Uganda which are highly regulated. Employment of children under the age of 16 is prohibited. Additionally, children cannot be employed between the hours of 7:00pm and 7:00am nor can they be employed to work in hazardous conditions. The laws governing the Employment of Children in Uganda include the Employment Act and the Employment (Employment of Children) Regulations 2012. Employment of casual employees for a period exceeding four months is prohibited. The law governing casual employees, the Employment Regulations 2011, requires employers to issue a casual employee with a written contract at the lapse of the four months of continuous service. To this extent, all the benefits of any other employee will apply to the casual employee after the said four months period.

The employment laws in Uganda prohibit discrimination in employment on grounds including but not limited to sex, race, political opinion, HIV status or disability.

An employment contract in Uganda need not be in writing. However, employers are required to give employees written notice of certain particulars of employment within twelve weeks of commencement of employment. Such particulars include: (i) full names and addresses of the contracting parties, (ii) job title, (iii) wages the employee is entitled to receive or the means by which they can be calculated, and in either case the intervals at which they will be paid, and the deductions or other conditions to which they shall be subject and (iv) the rate of any applicable overtime.

The minimum wage in Uganda is currently set at UGX. 6,000. However, given the passage of time and significant depreciation of the shilling, this minimum wage has gradually become irrelevant and is not strictly enforced anymore. Attempts by the Parliament of the Republic of Uganda in 2019 to amend the law and raise the minimum wage to UGX. 130,000 failed when the President of the Republic of Uganda declined to assent to the amendment pending receipt of a report from the Ministry of Gender, Labour, and Social Development on the implications of the Bill on investments and the economy. As such UGX. 6,000 which was set at a time when the Ugandan currency was significantly stronger remains in place, and it remains the effective minimum monthly wage.

The terms and conditions of Employment are set out under the Employment Act. The minimum terms and conditions that an employer is required to comply with include matters such as payment of wages, leave (e.g. sick leave, maternity and paternity leave, annual leave), termination and dismissal procedures, and transfer of employment. The expectation is that the terms and conditions upon which an individual is employed in Uganda should not be less favourable than those set out in the law.

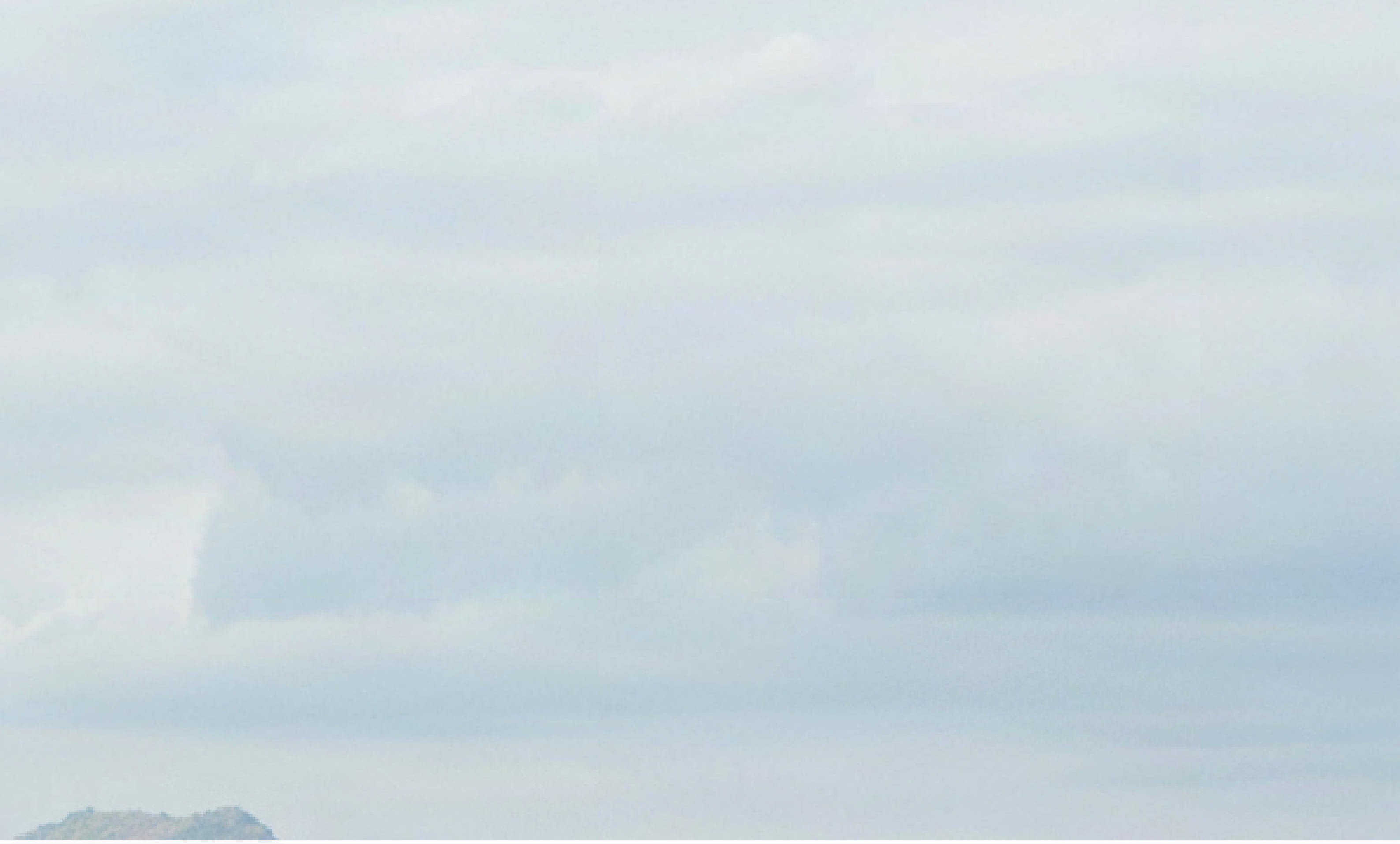
Every employer in Uganda is required to register with the National Social Security Fund (the "Fund"). Upon registration, the employer is required to remit contributions to the Fund in the amount of 15% of the employee's salary. 10% of the employee's salary is paid as a contribution by the employer while 5% of the employee's salary is the employee's contribution to the Fund. Every employer employing a non-resident employee is also required to remit contributions to the reserve of the Fund in the amount of 10% of the employee's salary.

In addition to the above, every employer with a physical office is required by the OSHA to register their workplaces with the Commissioner of Occupational Health and Safety. In practice, registration is undertaken at the labour office in the respective districts. Registration fees vary depending on the number of employees. Every employer is required to display safety precautions where the undertaking of the employer necessitates it. Every employer with at least twenty workers is also required to provide its employees with a safety and health policy.

Under the laws relating to workers’ compensation, employers in Uganda are required to compensate their employees for any injury arising out of or in the course of their employment. Where the death of the employee occurs in the course of employment, the employer will be required to compensate the employee’s family. The obligation to compensate employees or their families for injury or death subsists regardless of whether the injury or death occurs within or outside the territory of Uganda.

The right to claim for compensation under the WCA remains notwithstanding the right of the employee or the employee’s family to seek compensation for injury or wrongful death in cases of negligence on the part of the employer.

To protect themselves against workers’ compensation and negligence claims, employers in Uganda usually take out workers’ compensation insurance and also provide health insurance to their employees.



6. Immigration

Matters of citizenship and travel in and out of Uganda are controlled by the Directorate of Citizenship and Immigration Control (the "Directorate") under the Ministry of Internal Affairs.

Non-Ugandans are prohibited from entering or remaining in Uganda unless they are in possession of a visa, valid entry permit, certificate of permanent residence, or pass, issued by the Directorate.

Similarly, employment of non-Ugandans is not permitted unless they have an entry permit (a work permit). Uganda has several classes of entry permits ranging from Class A to Class G. Each entry permit is sector specific and will state the type of work that the person can undertake. Class D entry permits are for non – Ugandans intending to do business in Uganda.

A non-citizen may over the course of their stay become a permanent resident of Uganda by obtaining a certificate of permanent residence. For one to qualify to become a permanent resident, one must (i) have continuously lived legally in Uganda for ten years (ii) have contributed to the socioeconomic or intellectual development of Uganda and (iii) be of good character and of proven integrity.

Additionally, non-citizens may acquire Ugandan citizenship if they fulfil the requirements under the law. Ugandan law permits dual citizenship provided one is from a country that permits such dual citizenship.

7. Accountability and foreign exchange controls

An entity that wishes to do business in Uganda may be required to register itself as an accountable person with the Financial Intelligence Authority in accordance with the Anti-Money Laundering Act (AMLA). The AMLA was enacted with the purpose of combating money laundering and imposing certain duties on persons who may be used as conduits for money laundering; such persons are considered accountable persons and include real estate agents, insurance companies, any person that conducts the business of transfer of money or value, non-governmental organizations, charitable organizations, etc.

Accountable persons have numerous duties under the AMLA including undertaking due diligence before establishing relationships with customers and reporting suspicious transactions to the Financial Intelligence Authority. A suspicious transaction is one that is inconsistent with a customer's known legitimate business or personal activities or with the normal business for the customer's account or business relationship, or a complex and unusual transaction or complex or unusual pattern of transactions. An accountable person is also expected to record and report any cash or monetary transaction involving a domestic or foreign currency exceeding the equivalent of UGX. 20,000,000.

The AMLA is cognisant of the duty of confidentiality embedded among various professionals that may make it difficult for accountable persons to comply with their reporting requirements under the AMLA. The AMLA however emphasizes that an obligation of professional secrecy, confidentiality, or other restriction on the disclosure of information does not affect the duty to provide any information under the AMLA irrespective of whether such restriction or obligation of confidentiality or secrecy is imposed by law or agreement.

The AMLA requires every person that intends on transporting any currency (whether domestic or foreign) or negotiable bearer instruments outside Uganda in excess of UGX. 30,000,000 outside the normal banking procedures or Uganda's financial system to notify Uganda Revenue Authority. This reporting requirement equally applies to any person entering the country with domestic cash or foreign currency or negotiable bearer instruments.

In addition to anti-money laundering controls, Ugandan law prohibits any person from dealing in the business of foreign exchange without a licence issued by the Central Bank of Uganda.

All payments in foreign currency to or from Uganda between residents and non-residents or between non-residents are required to be made through a bank. For this purpose, a resident is defined as (i) an individual who is ordinarily resident in Uganda for one year or more, (ii) a company, firm or enterprise whose principal place of business or centre of control and management is located in Uganda, and (iii) a corporation, firm or enterprise incorporated or formed under the laws of Uganda.

The term "resident" does not include a foreign diplomatic representation or an accredited official of such representation, an office of an international organization established by treaty located within Uganda, or a branch located outside Uganda of a company, firm or enterprise whose principal place of business is located in Uganda.

The Central Bank of Uganda is permitted to impose additional temporary exchange controls beyond those provided under the Foreign Exchange Act. This is applicable in instances where the country experiences a severe deterioration of its balance of payments. Currently, Uganda does not have any foreign exchange controls in place and repatriation of profits is allowed subject to payment of taxes.

8. Acquisition and ownership of assets

With the exception of land, Ugandan law is not restrictive as to the kind of assets that an individual or entity can own. As such, an individual or entity (whether foreign or local) can own assets ranging from plant, machinery, motor vehicles, shares and intellectual property.

Ownership of land in Uganda is however regulated by law. Land in Uganda can be held under four tenures; mailo land tenure, freehold land tenure, leasehold land tenure and customary land tenure.

Mailo land tenure, a form of perpetual land ownership, is largely applicable within the central part of the country and has its roots in the 1900 Buganda Agreement between the British and the Kingdom of Buganda, which is located in the central part of Uganda. Freehold land tenure is found in the other regions of the country and also allows for perpetual ownership. Leasehold land tenure and customary land tenure cut across regions. Whereas customary land is held in perpetuity in accordance with the traditions/norms/customs of a particular society in the country, leasehold land is held under either contract/agreement or operation of law for a fixed period.

All land in Uganda (save for leasehold land) can only be held/owned by Ugandan citizens. Non-Ugandan citizens are permitted to hold leasehold land for a period not exceeding ninety-nine (99) years. This term may be renewed/extended in accordance with the terms of the relevant lease contract/agreement.

For purposes of land ownership, the term "non-citizen" in case of an individual means a person who is not a citizen of Uganda . In case of a corporation, a "non-citizen" company is: (i) one whose controlling stake is with non-citizens, (ii) in case of a company without shares, one whose decision making lies with non-citizens, (iii) a company in which shares are held in trust for non-citizens, and (iii) a company incorporated in Uganda whose articles of association do not contain a provision restricting transfer or issue of shares to non-citizens.

9. Data protection and privacy law

The right to privacy is one of the recognized rights set out in the Ugandan Constitution which prohibits "interference with the privacy of a person's home, correspondences, communication or other property."

Data protection and privacy is specifically governed by the Data Protection and Privacy Act (DPPA), which was enacted in 2019. The DPPA regulates the collection, processing, storing, use or disclosure of personal data within Uganda or obtained from Uganda. Personal data within the meaning of the DPPA is information by which a person can be identified that is in recorded form such as information relating to the nationality, age, marital status, educational level, and occupation of that particular person.

Ugandan law requires all persons who collect, process, use or store personal data to register with the Personal Data Protection Office which is Uganda's independent data protection office. This office is maintained by the National Information Technology Authority.

Ugandan law further requires consent of the person from/about whom information is collected before the collection or processing of personal data. Personal data may however be collected or processed without consent of the data subject in a few instances including for medical purposes, under authorisation of law and for the performance of a contract to which the data subject is a party. In the case of minors, the prior consent of the parent or guardian or any person having authority over the child will be required.

Personal data must only be transferred outside of Uganda if the country to which it is to be transferred has adequate protection measures equivalent to or greater than those afforded in Uganda.

The DPPA does not set a duration for the retention of personal data. However, it stipulates that personal data should not be retained for a period longer than is necessary to achieve the purpose for collection or processing of the data, unless such retention for longer periods is (i) authorised by law, (ii) necessary for a lawful purpose related to the function/activity for which the data is collected or processed, (iii) required by a contract between the parties or (iv) consented to by the data subject.

10. Environmental law compliance

Ugandan law mandates the citizens of Uganda and the central government to promote sustainable development and manage the utilization of the natural resources of Uganda in a manner that meets the development and environmental needs of present and future generations of Uganda.

To this end, Uganda enacted the National Environment Management Act of 2019, the Wildlife Act of 2019, the Mining and Minerals Act of 2022,the National Forestry and Tree Planting Act of 2003 and the Climate Change Act of 2021.

The National Environment Management Act (the NEA) provides for emerging environmental issues including climate change, the management of hazardous chemicals and biodiversity offsets, strategic environmental assessment to address environmental concerns arising out of petroleum activities and midstream operations, and the management of plastics and plastic products.

Under the NEA, the National Environment Management Authority (NEMA) is mandated to establish and enforce standards for air quality, control of noxious smells, effluent discharge, control of the effects of vibration and pollution caused by noise, soil quality as well as for minimisation of radiation.

Additionally, the NEA requires project developers of certain projects to evaluate environmental and social impacts, risks, or other concerns of their project activities, taking into account the environmental principles set out under the NEA. NEMA is responsible for issuance of Environment and Social Impact Assessment (ESIA) certificates to project developers prior to commencement of their respective project activities and enforcing environmental standards.

The NEA provides penalties for offences including where the offence is committed by a corporate body and with the consent or connivance of or is attributable to any neglect on the part of any directors, managers, secretary, or other similar officer of the corporate body, or any person who was purporting to act in such a capacity. Such persons bear culpability for the offences in their personal capacities, alongside the corporate body.

The extractives industry has a strict environmental compliance regime that requires certain license holders to provide (an) environmental performance bond(s) to guarantee compliance with the environmental requirements under the relevant laws governing that sector. The amount of such bond (s) depends on the environmental restoration plan, which reflects the probable difficulty of restoration, taking into consideration such factors as topography, geology of the site, hydrology, and re-vegetation potential. For the mining sector, a more detailed guide to mining in Uganda is available here: A brief guide to investing in the mining sector in Uganda - Mining Law Blog (dentonsmininglaw.com)

11. Dispute resolution

Disputes in Uganda may be finally determined and settled by either litigation or other alternative dispute resolution mechanisms such as mediation and arbitration. Alternative dispute resolution mechanisms are highly encouraged and supported by the courts of law. In 2019, the International Centre for Arbitration in Kampala (ICAMEK), the most prominent private arbitration body in Uganda was established to provide dispute resolution services.

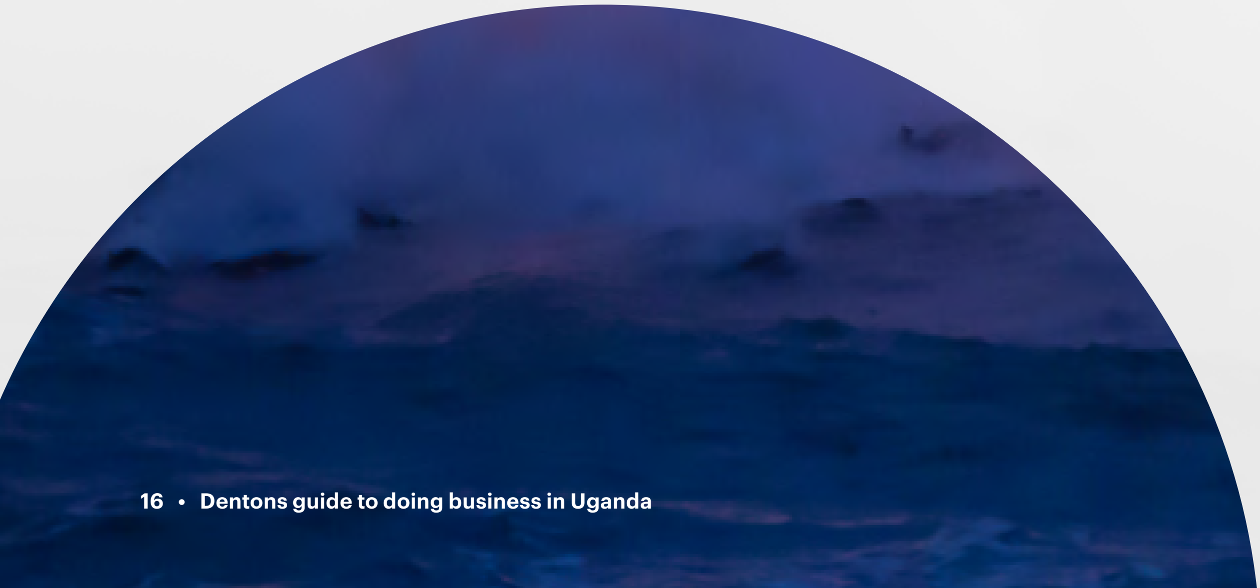
Litigation is handled by the courts of Uganda which are the Magistrate Courts, the High Court (which has original unlimited jurisdiction over all civil and criminal matters), the Court of Appeal (which also sits as the Constitutional Court) and the Supreme Court (the highest court in Uganda). There are also sector specific tribunals, such as, the Tax Appeals Tribunal (for tax related matters), Electricity Disputes Tribunal (for electricity related matters) and the Industrial Court (for labour disputes). Depending on the nature of the dispute and/or sums involved, the court of first instance will either be a tribunal, a Magistrates Court, the High Court, or the Constitutional Court.

The High Court and the Magistrates Courts have circuits in various parts of the country where a claim may be lodged by an aggrieved party. For effective case management, the High Court Circuit in Kampala is further administratively divided into divisions i.e. the family, commercial, anti-corruption, criminal, land and international crimes divisions. Some tribunals such as the Tax Appeals Tribunal and the Industrial Court have similarly opened upcountry registries to ease access to justice.

Parties that file claims in the Ugandan courts can opt to undergo mediation before a court-appointed mediator at no further cost. Where the parties settle the claim at mediation, the settlement is endorsed by court and is enforceable in the same way as a decision of court. Where mediation fails, the dispute is returned to a judicial officer for hearing.

Parties to a contract may also provide for arbitration in the event of a dispute. Such contractual provisions will be enforced by a Ugandan court and an award of an arbitrator will, subject to recognition, be enforced as a decree of court. Ugandan courts will decline to hear a dispute arising from a contract which has an arbitration clause and instead refer the parties to arbitration.

Foreign judgements and arbitral awards are equally enforceable in Uganda subject to compliance with applicable laws. Uganda is signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958. In addition, Uganda courts have recognised and given effect to the doctrine of 'probity of nations' allowing for the enforcement of foreign judgments without the need of treaties for reciprocal enforcement. A person who possesses a foreign judgement or arbitral award is required to apply to the High Court of Uganda for recognition of the foreign judgement or foreign arbitral award. Upon admission, the foreign judgement or foreign arbitral award will be enforced as if the same was issued by a Ugandan court.



12. Closing shop

An entity that is legally established in Uganda may cease to do business in Uganda by winding up its operations. Winding up under Ugandan law may be voluntary (at the option of the entity itself) or involuntary (at the instance of the creditors or court) in accordance with the Companies Act of 2012 and the Insolvency Act of 2011. The Insolvency Act and the Companies Act, together, additionally provide for other matters that do not necessarily require the winding up of an entity. These include receivership, administration, arrangements, compromise with creditors and amalgamation.

Insolvency under Ugandan law is demonstrated by an inability to pay debt as and when they fall due. As such, proof of this inability is a requirement prior to commencing any winding up proceedings.

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