

MAKERERE UNIVERSITY BUSINESS SCHOOL
COURSE OUTLINE FOR BACHELOR OF COMMERCE, YEAR 3, SEMESTER
2, ACADEMIC YEAR 2025/2026

Course Name: Income Tax

Course Code: FIN3221

Course Level: Year 3, Semester 2

Credit Units: 4

Credit hours: 60

Course Description

This course provides a study of the basic concepts of Uganda's tax system with a bias to income taxation as applied to individuals and business entities. It covers the relevant codes and regulations as they pertain to individual and business taxpayers. The students will learn how to compute Gross Income and the deductions allowed to arrive at Taxable Income. Topics covered include elements of taxation, income tax inclusions and exclusions, deductions, property transactions, capital gains and losses, and tax credits.

Course objective

This course is intended to impact students with technical knowledge on income tax determination and assessment.

Learning Outcomes/ Competences

At the end of the course, students should be able to:

- i) Describe the legal work within which tax is administered.
- ii) Merge their accounting knowledge of business income determination with income tax law
- iii) Come up with reliable taxable incomes of various persons acceptable to both the tax authorities and taxpayers.

Detailed course outline

1. Introduction (6 Hours)

- a) Legal basis for charging tax on incomes
- b) Key definitions; income tax, person, taxable person (taxpayer), year of income, business income, employment income, property income, gross income, chargeable income, allowable deductions, non-allowable deduction, tax assessed loss.
- c) Tax accounting principles – year of income, methods of accounting, accounting for trading stock, long-term contracts, debt obligations with discount or premium, foreign currency debt gains and losses, claim of right, prepayment
- d) Exempt income and exempt organisation

2. Income Tax Administration Procedures (4 Hours)

- a) Taxpayer's obligations and rights
- b) Powers of the commissioner general

- c) Objections and Appeals
- d) Dispute Resolution in Tax matters
- e) Collection and Recovery of tax
- f) Provisional income tax estimates
- g) Income Tax refunds
- h) Burden of proof.
- i) Returns
- j) Remission of tax
- k) Assessments
- l) Forms and Notices
- m) Records and Information
- n) Offences and Penalties

3. Taxation of employment income

(6 Hours)

- a) Meaning of employment, residence status of employee, employment versus self-employment
- b) Scope of employment income, valuation of benefits, exempt benefits, taxation of expatriates
- c) Computation of employment tax liability
- d) Forms of returns,
- e) Requirement to submit returns,
- f) Information required when filing returns,
- g) Payment of tax and refunds
- h) Tax planning opportunities available from an Employment Income Tax Context.

4. Taxation of business income of corporate bodies

(14 Hours)

- a) Introduction; Business/trade, features of trade, residence status of a company
- b) Determination of chargeable income; method of accounting, composition of business income, general principles of deductibility of expenses, allowable and nonallowable expenses, tax loss treatment, treatment of rental income earned by companies.
- c) Capital allowances; depreciation allowance, industrial building deduction, farming capital deductions, start-up costs, capital deductions for intangible assets
- d) Taxable profits and chargeable income
- e) Corporation tax liability
- f) Forms of returns,
- g) Requirement to submit returns,
- h) Information required when filing returns,
- i) Payment of tax and refunds

5. Taxation of business income of Individuals

(4Hours)

- a) Computation of chargeable income
- b) Treatment of rental income derived by an individual
- c) Presumptive tax system
- d) Computation of tax liability administration of returns

- e) Forms of returns,
- f) Requirement to submit returns,
- g) Information required when filing returns,
- h) Payment of tax and refunds

6. Withholding tax (WHT) (2 Hours)

- a) Determination of WHT of various payments
- b) Circumstances under which WHT is a final tax, implications of final WHT tax
- c) Withholding agents

7. International taxation and Transfer Pricing (4 Hours)

- a) Source rules and Residence rules
- b) Taxation of international payments
- c) Double taxation treaties - Negotiation of bilateral tax treaties, OECD and UN model on double taxation
- d) Arm's length principle
- e) Transfer Pricing methods
- f) Documentation
- g) Advance pricing agreements
- h) Special Considerations in Transfer Pricing from a Ugandan Context.

8. Contemporary issues (8 Hours)

- a) Professional conduct for tax advisors
- b) Ethics in Taxation
- c) Money Laundering
- d) Overlap between Taxation and Financial Reporting
- e) URA Compliance Improvement Plan Initiatives
- f) Tax Planning from both a domestic and cross-border perspective
- g) Emerging Issues in Tax practice especially Real time Audits and emerging trends

Tutorial Hours: 30 hours

Mode of Assessment

Coursework 30%

Examinations 70%

Mode of delivery

Lectures, Practical work, Tutorials, case studies, discussion groups, and class presentation

Facilitator/ Lecturer and work allocation

Topics	Group A	Group B
1) Introduction	Mr. Mukasa Joseph	Dr. Rebecca Kiconco
2) Income Tax Administration Procedures		
3) Taxation of employment income		
4) Taxation of business income of corporate bodies	Mr. Lincon Kasirye	Ms. Zainabu Tumwebaze
5) Taxation of business income of Individuals		
6) Withholding tax (WHT)		
7) International taxation and Transfer Pricing		
8) Contemporary issues		

Reading Lists

- Income Tax Act Cap 338 Laws of Uganda.
- Tax Procedures Code Act Cap 343 Laws of Uganda
- Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act 2023 Laws of Uganda.
- Automatic Exchange of Information Act 2023 Laws of Uganda.
- Mugume Christine (2014): Managing Taxation in Uganda, MPK Graphics, Kampala, Uganda. 2nd Edition.
- Case Law
- Transfer Pricing Regulations of Uganda 2012.
- OECD Model Tax Convention 2021
- UN Model Tax Convention 2022
- OECD Transfer Pricing Guidelines for Tax Administrations and Multinational Enterprises
- ICPAU Code of Ethics for Accountants
- UN Practical Manual on Transfer Pricing for Tax Administrations and Multinational Enterprises
- URA Public Notices and Guidelines
- The Whistleblowers Protection Act of Uganda.
- Summary of BEPS Action Plans 2015.

Allocation of work load

Group		Time	Facilitator	Topic
Group A	Monday	10:00-12:00 Pm		
	Friday	8:00 – 10:00 Am		
Group B				