

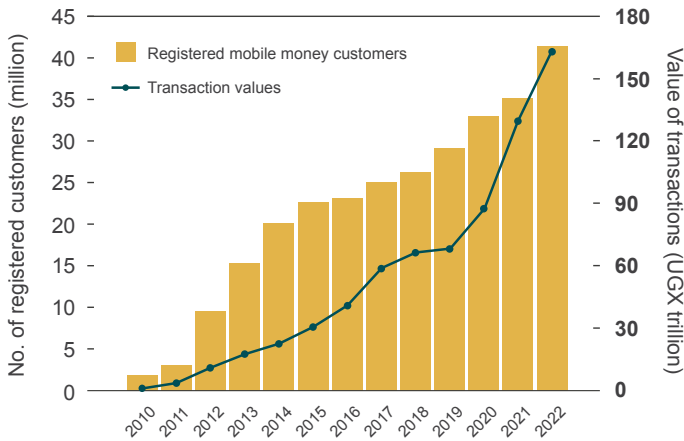
Taxation of digital financial services in Uganda

February 2024



1. Who uses digital financial services, and how much?

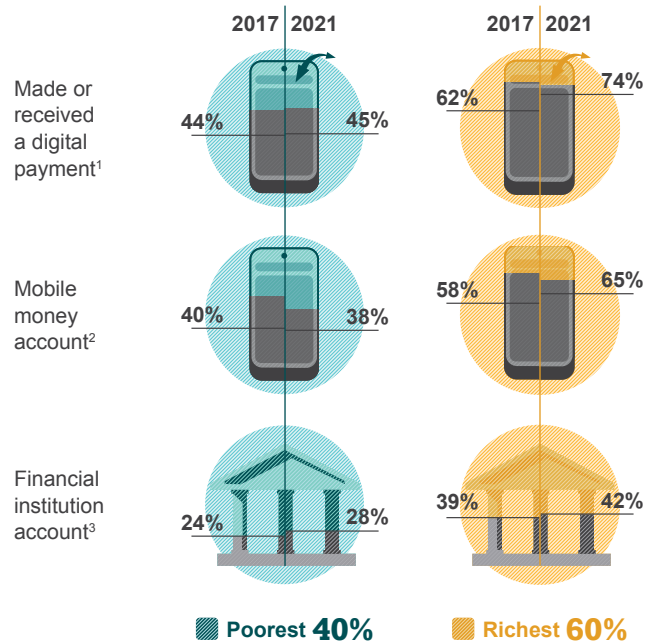
Digital financial services (DFS) are growing in Uganda



The values of mobile money transactions and number of registered mobile money customers have increased every year from 2010 to 2022

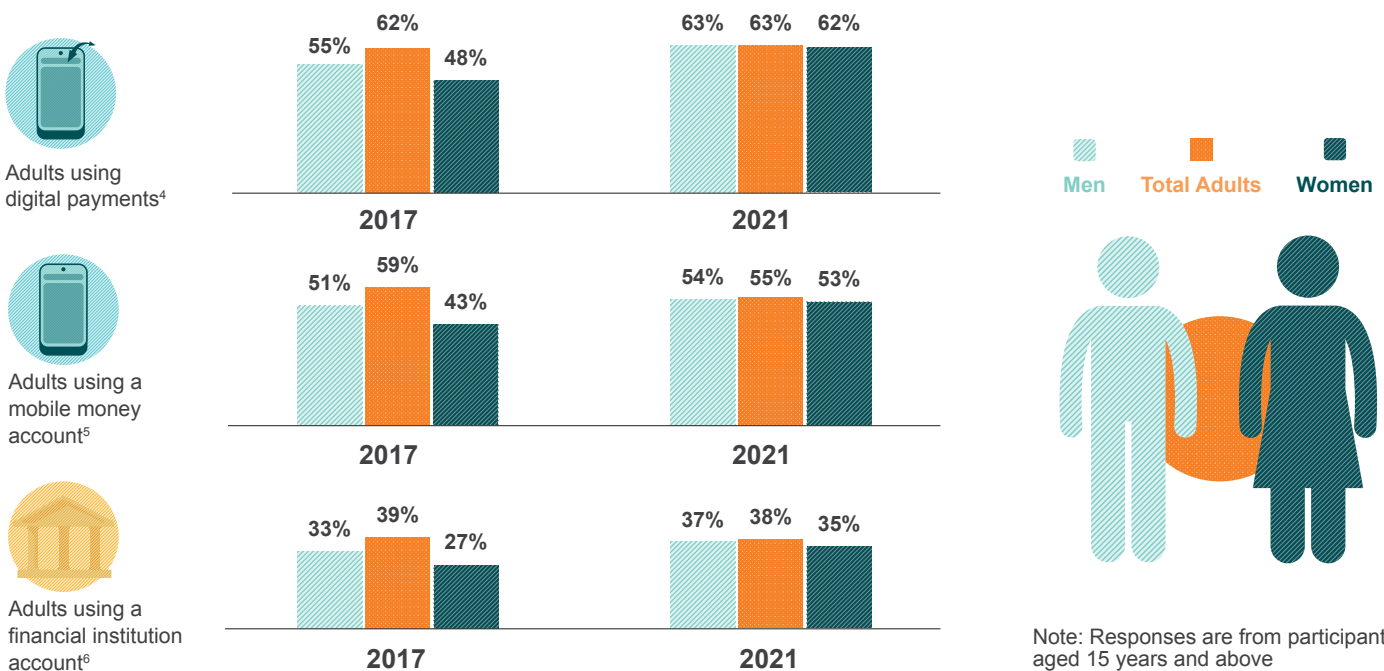
Source: Bank of Uganda, Mobile Money Statistics (2023)

Most of the recent growth is among the richest 60% of the population



Source: 1, 2, 3. World Bank, The Global Findex Database (2021)





Digital payment and account use varies by user group, but overall a greater increase has been seen among women than among men



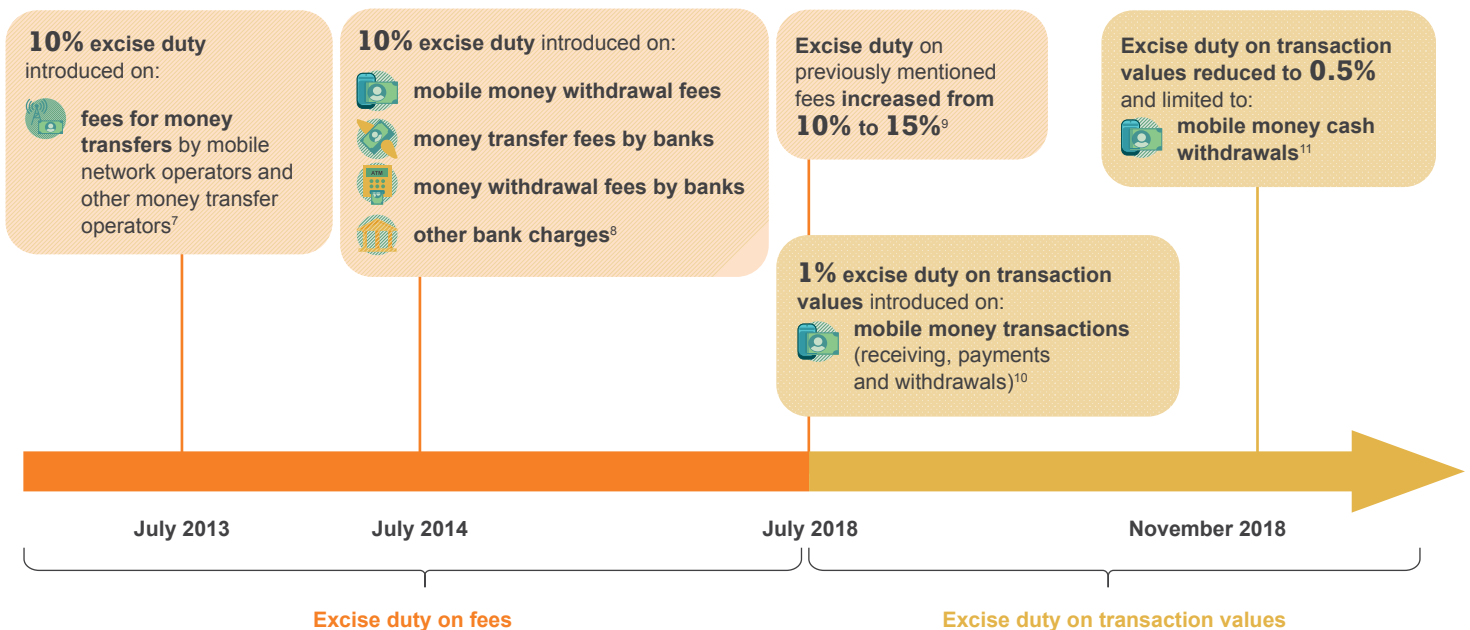
Note: Responses are from participants aged 15 years and above

Source: 4, 5, 6. World Bank, The Global Findex Database (2021)

2. How are digital financial services taxed?

	Rate	Tax
<p>Uganda applies excise duties on the value of mobile money cash withdrawals and on fees charged by financial service providers</p>	 0.5%	Excise duty applied on the value of mobile money cash withdrawal
	 15%	Excise duty applied on fees charged by banks
	 15%	Excise duty applied on fees charged for money transfer services provided by non-bank operators
	 Exempt	No value-added tax (VAT) is applied on financial or mobile money services

Between 2013 and 2018, excise duty on fees **increased to 15%**. Meanwhile, excise duty on transaction values, initially implemented in 2018, has since been reduced and limited to mobile money cash withdrawals only.



7. Excise tariff (Amendment) Act 16 of 2013, Supplement No. 7
 8. Excise Duty Act 2014, Schedule 2, item 14
 9. Excise Duty Act 2014, Schedule 2(13)(d) and (14) amended by Excise Duty (Amendment) Act 9 of 2018, No. 2, Supplement No. 2, Sec. 6(g) and 6(h)
 10. Excise Duty (Amendment) Act 9 of 2018, No. 2, Supplement No. 2, Sec. 6(f)
 11. Excise Duty (Amendment) Act 2018, Supplement No. 5, Sec. 2

Disclaimer: This factsheet collects publicly available information on digital financial services and how they are taxed from a variety of sources. Its purpose is to inform but not to assess or comment on the efficacy of digital payments or taxes. The information expressed in this factsheet is compiled from sources believed to be reliable as of 31 January 2024. This factsheet supersedes any previous versions. If you are aware of any changes or inaccuracies, please notify us at ictddigitax@ids.ac.uk.

ICTD's **DIGITAX Research Programme** aims to inform and guide governments and key stakeholders at the interface of digital financial services, digital IDs and tax. For up-to-date information on evolving tax regulations, visit ICTD's **DFS TaxMap**, a dynamic web portal in English and French tracking the diverse approaches to DFS taxation.

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