

MAKE YOUR DREAM FORMAL



**“A business can only grow and reach beyond
its geographical location if it is formally
registered and is compliant.”**

Young and Empowered Project



September 2021



1. Introduction

In Uganda today, many people especially the youth are starting their own businesses, with many challenges ahead, the biggest of these being capital and the other registration. Company registration process is a confusing and yet simple task at hand for most beginners in the sector. A business can thrive in the industry without having to formally register, however, it faces many consequences including imprisonment, a fine, and loss of assets by the owner.

In partnership with the Children's Rights Violence Prevention Fund, Slum Youth Rehabilitation and Development (SYRADO at www.syradouganda.org) and Sanyu Centre for Arts and Rights (SARI at www.sanyuarts.org) are implementing a joint initiative- Young and Empowered Project (YEP) among 400 young people in Kamwokya and Kyebando areas in Kampala district to enhance their decent employment through improved job skills and networks. This is done with an objective of equipping 400 young people with vocational skills and knowledge and market linkages for economic growth. SYRADO and SARI are passionate and intentional about the economic development of young people through profitable participation in business. Through this project, SYRADO and SARI are empowering young people to understand the business legal environment so that they can comply and adopt best practices in formal business management.

This short book is providing information on the legal procedure for young people interested in registering their company/business in the shortest time possible, benefits and developing business plans and project proposals

2. Definition

A Company is a legal person which has capacity and powers to act on its own - the law sees a company in the same light as a natural person. It is created by the Companies Act No.1 of 2012 which provides the legal framework under which companies can be formed for legal purposes not harmful to society. The Uganda Registration of Services Bureau (URSB) is mandated under the Uganda Registration Services Bureau Act Cap 210 to register all business entities in Uganda which are required by law to be registered.

Within URSB, the Directorate of Business Registration is responsible for the registration of public or private companies and registration documents.

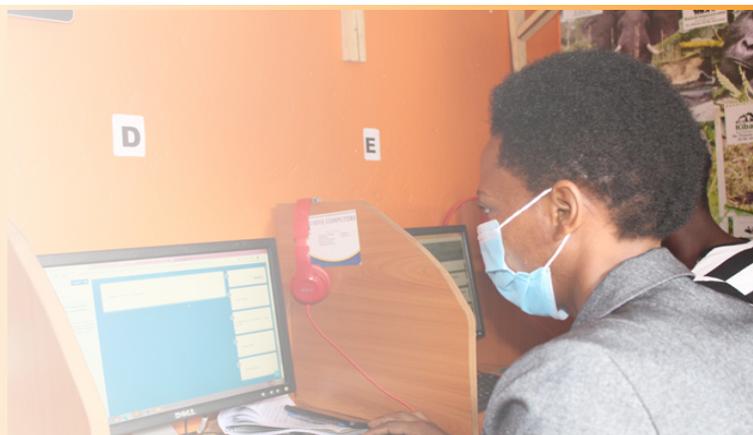
3. Benefits of registering a company:

- You are able to obtain legal Identity/status
- You can safeguard your business name by acquiring a trade name
- You can access opportunities like loans, tenders, financing, grants and among others.
- Business formalization creates more employment opportunities through business expansion
- It enables registration for licenses for example Investment, trading and taxation licenses
- It is better marketing and advertising opportunities for increased clientele
- It improves chances of competitiveness in the regional market

4. Benefits of registering a document:

- Registered documents are admissible in the court of law since they have evidential value in the eyes of the law. This means that un-registered documents are not readily acceptable and admissible in a court of law.
- Registered documents safeguard the interest of a buyer since they take effect against every un-registered documents relating to the same property. In other words, the registration of documents preserves the title of the buyer.
- Registering your document puts it on the government record which renders credibility to the document and makes it a notice to the public at large in respect to the subject matter of the document.

5. Steps to starting a business in Uganda



i. Search for the business name

Agency: Uganda Registration Services Bureau

Period: 30 minutes **Cost:** free

Notes: Quick name check

ii. Reserve the Business Name

Agency: Uganda Registration Services Bureau

Period: 1 – 3 hrs **Cost:** UGX 24,000

Notes: Check status of name application

iii. Obtain Certificate of Incorporation

Agency: Uganda Registration Services Bureau

Period: 4 – 6 hrs **Cost:** Various options

Notes: Subject to submission of all relevant documents

iv. Obtain an Investment License

Agency: Uganda Investment Authority

Period: 2-5 Days **Cost:** Free of Charge

Notes: For foreign investors

v. Obtain a Taxpayer Identification Number (TIN)

Agency: Uganda Revenue Authority

Period: 1-10 Days

Cost: Free of charge but if third party used,
agent costs apply

vi. Obtain a Trading License

Agency: Local Municipal Authority/Council Authority

Period: 1 Day **Cost:** UGX 78,750 - UGX 498,750

Notes: Business premises should be ready for inspection.
Expire on 31st December each year

vii. Register with National Social Security Fund (NSSF)

Agency: National Social Security Fund (NSSF)

Period: 1-7 Days **Cost:** Free of Charge

Notes: Applies to all employers with 5 or more employees

Forms: Employer registration form, Employee registration form

viii. Make a Company Seal

Agency: Seal Maker

Period: 1 Day **Cost:** UGX 225,000

Notes: Different from company stamp. Put in secure place
and limit access.

Continuity is ensured with registration. Being a separate legal entity, the business keeps going regardless of who owns or directs it. This can be an advantage if ownership or control is going to change. Management of the company can actually be undertaken by the appointed Board of Directors. Make an application for reservation of name. The form for reservation of name can be picked from the business registry or downloaded from the URSB website www.ursb.go.ug. Upon payment of the required fee, the suggested name is subjected to a search in the business registry database. Once the name passes the similarity, defensive, offensive, desirability test then it is reserved. Validity of a reserved business name lasts for a period of 30 days. Then fill in the required documents for registering a Company.

The Memorandum and Articles of Association is the next step in line. This must state the following:

Name of the company

Address

Object clause

Share capital, class, value and number of shares

Subscribers, their occupation, postal address

The number of shares subscribed, in case of a company limited by shares. If it is a company limited by guarantee, there is no need

The MoU also calls for need for the signature, must be dated and witnessed and where the subscriber to the Memorandum is a corporate entity, the seal of the company be appended.

Another important step is the provision of a company statement for Nominal capital. This form is mandatory at the initial registration of the company and it should provide the following information. If it is a company limited by guarantee, then this is not necessary.

State the share capital, number and class of shares and the value of the shares, must be dated and endorsed by the person filling it in and must be witnessed. The registering company must provide another company form referred to as Company Form A2.

This declares compliance with the requirements of the Companies Act Cap 110. This form is mandatory and it is a requirement that it signed by the declarant, dated and must be witnessed by a Commissioner for oaths.

Once payment of the necessary fees is done at a designated bank of a client's choice or at URSB at post office and the documents together with receipts are presented to the business registry, then the registrar undertakes registration which won't last more than a week.

If all that is a lot for you to do then, there's an option of reaching out to any lawyer you can access, turns out they can do all this for you at an affordable rate. All you have to do is avail the relevant data. So with that laid out. I believe you can successfully venture into your business with ease. And in the case of any hardships along the way you can reach out to Uganda Registration Service Bureau via their helpline (+256 414 233 219) or social media platforms.

6. Where to Register your Business



- Registration with a Locality, Village or Market: Is suitable for Micro Businesses.
- Registration with the District Authorities: Is suitable for bigger businesses localized in a particular District.
- Registration with the Registrar of Companies: Is suitable if your business will operate across the country.

7. Registering a document

- All major features of the document should be clearly and properly represented on each copy of the document.
- The document should be presented in triplicate (3 copies) and duly witnessed.

8. Certifying a document

- Present copies of the document to be certified;
- Pay the certification fees; and
- Hand in the documents and payment receipt at the Business Registry.

All transactions are with the Uganda Registration Services Bureau (URSB) at any their listed branches.

9. Opening a Bank Account

When you have all the official documents for doing business in Uganda, you can then open up a current account for the company in any commercial bank. Some of the requirements for opening a bank current account include:-

- Tax Identification Number (TIN)
- Certified Certificate of Incorporation.
- Certified Memorandum of Understanding and Articles of Association,
- Company form 7 or 19,
- A Trading License
- A company resolution on a headed paper to open up an account.
- An official letter to the Bank Manager requesting to open up an account
- Plus a specified minimum opening amount

Making a resolution could be a bit challenging for someone who have never done so. Here is an example

THE REPUBLIC OF UGANDA

THE COMPANIES ACT NO. 1 OF 2012

&

IN THE MATTER OF (NAME OF BUSINESS, ENTERPRISE OR ORGANIZATION)

SPECIAL RESOLUTION

At a Board of Directors' Meeting of M/s (Name of Business, Enterprise or Organization) of P. O. Box Kampala (hereinafter referred to as "the Company") held on the day of 202..., it was resolved as follows:

IT WAS RESOLVED BY SPECIAL RESOLUTION that:

1. The company opens and maintains one (1) shillings accounts with (Name of the Bank chosen)
2. That the Company's bank account be operated by the following persons:

NAME	SIGNATURE
Name:	
Name:	
Name:	

3. THAT this Resolution, notifies (Bank) about the mandate given to them to act on behalf of (Name of Business, Enterprise or Organization).
4. THAT any **TWO (or a number agreed upon)** can sign per transaction.
5. THAT the registrar of Companies be notified accordingly

Dated at Kampala this _____ day of _____ 202...

After paying at URSB, the organization and payment details are registered online at <https://ursb.go.ug/submit-resolution/>.

It is very important to always pay annual returns at URSB. These are paid every end of year. In case you fail to do so, you cannot register your resolution.

10. Physical Offices or Premises

You need premises from where to operate smoothly your need business or industry. You can work on the physical address before you fulfill most of the above-mentioned steps for doing business or setting up an industry in Uganda.

11. Post Office Box Number

It's professional for any company in Uganda to have a Post Office Box Number through which parcels, documents or physical items can be addressed to it.

12. Stamp and Logo

A Stamp or a Logo offer a corporate look for the company. You need a stamp and logo that will always appear on the company documents and other assets.

13. Recruitment of Staffs

After meeting all the legal requirements to do business in Uganda, you then embark of recruiting all categories of manpower that you need to run the company.

14. Summary of process, responsible body, charges and requirements for registration

#	Process	Responsible Body	Charges	Requirements
1	Company name Reservation with Uganda Registration Service Bureau(URSB)	URSB	Ug.X 20,000 & Ug.X 2,200 bank fee	Company name assessment forms
2	Membership Subscription with Uganda National Chamber of Commerce(UNCCI)	UNCCI	Annual subscription as per category Associate =1,100,000/- Gold = 510,000/- Silver = 260,000/-	-Certified Name Reservation Form- Business Case -Passport copy & Photo of one of the directors

8	Company Registration to obtain the Certificate of Incorporation	URSB	<ul style="list-style-type: none"> - Registration fees: UGX 20,000– Stamp duty: 0.5 % of the share capital - Stamp Duty on Memorandum & Articles of Association: UGX 35,000 - Filing Fees: UGX 25,000 - Filing Form A3: UGX 20,000 - Filing Form 7/20: UGX 20,000 - Filing Form A9: UGX 20,000 -Filing Form A2: UGX 10,000 	<ul style="list-style-type: none"> - Company Books - Memorandum of Agreement - Articles of Association - Declaration of companies. - Form A1: - Form A2:- Form A3:- Form 7:- Form 9A: - Company Resolutions:
4	Register for a Tax Identification Number (TIN) with Uganda Revenue Authority (URA).	URA	No charges. The TIN application can be completed online on the website URA: www.ura.go.ug .	Personal inquiry form for each director.
5	Register for VAT with Uganda Revenue Authority (URA) if the company has a threshold of over 50,000,000 shillings.	URA	No charges.	Statement of Nominal Capital Form that states share capital, number and class of shares, value of the shares.
6	Register for the trading license with the Municipal Authority where the company premises are located	Municipal Authority eg. Kampala Capital City Authority(KCCA)	Charges depend on the nature of business and grade. Its assessed by Municipal Authority / KCCA	<ul style="list-style-type: none"> - Memorandum of Understanding and Articles of Association,- Form 7: With the name of the directors, - Certificate of incorporation, - Lease/ Tenancy agreement.
7	Register with the National Social Security Fund (NSSF). All employers with	NSSF	No charges	

Note: Prices quoted in this are subject to change.

15. A business plan



Creating a business plan will:

- Help you discover any weaknesses in your business idea so you can address them before you open for business
- Identify business opportunities you may not have considered and plan how to take advantage of them
- Analyze the market and competition to strengthen your idea
- Give you a chance to plan strategies for dealing with potential challenges so they don't derail your startup
- Convince potential partners, customers and key employees that you're serious about your idea and persuade them to work with you
- Force you to calculate when your business will make a profit and how much money you need to reach that point, so you can be prepared with adequate startup capital
- Determine your target market and how to reach them
- Laying out a detailed, step-by-step plan gives you a blueprint you can refer to during the startup process and helps you maintain your momentum.

Writing a business plan for a startup can sometimes seem overwhelming. To make the process easier and more manageable, this template will guide you step-by-step through writing it. The template includes easy-to-follow instructions for completing each section of the business plan, questions to help you think through each aspect, and corresponding fillable worksheet/s for key sections.

The business plan sections covered include:

Executive Summary

Company Description

Products and Services

Marketing Plan

Operational Plan

Management and Organization

Startup Expenses and Capitalization

Financial Plan

Appendices

16. Project proposal writing format

Project proposal is management tool for any successful enterprise. You can follow these guidelines to write a proposal.

1.1 Introduction

You may wish to introduce your project by stating how you came to conceive of the idea. You can use the problem tree analysis to come up with great idea.

1.2 Project Area Characteristics.

Briefly describe the area characteristics which will help the reader to understand the setting of the project. You should state only those that will reflect the general problem you want to address and or those which will be helpful in the implementation of the project. They could include population, climate, social setup, economic activities, social-cultural factors, environmental issues, political and many others.

1.3 Project Market Assessment.

Talk about the market to be met by your project. It is helpful to provide a brief overview of the larger market gap, but you should quickly focus on the specific needs and problems to be addressed by your project. It should also include the location of enterprise and markets segments.

1.4 Statement of the problem.

This is a critical part of your proposal because it offers the opportunity to demonstrate that you understand the problem you are trying to address. It should include a thorough but concise discussion of the subject. State the problem in terms of the undesirable situation you are trying to improve.

1.5 Activities to Date

What has been done by your enterprise, community based organization? What activities, if any, are currently being undertaken to address them. How will this project complement what you have done?

2.0 PROJECT FRAMEWORK

2.1 Project Goal

This is the broad statement of what the project intends to contribute in terms of achievement. It is broader in scope that can realistically be achieved by any one project.

2.2 Project Objectives.

These are specific results or desired effect of the project. What kind of response do you want your project to register? They are a series of specific accomplishments designed to address to stated problem. They should be specific, measurable, area-specific, and realistic and time bound (S-M-A-R-T)

2.3 Project Expected Output

Outputs are results that will measure the achievement of the objectives. State the kind and magnitude of outputs in terms of quantity and target dates in order to enable verification of progress. Remember some output may be quantitative, qualitative or even behavioral

2.4 Implementation Feasibility criteria

In order to attain the outputs (2, 3). You need to use an approach or a methodology that is feasible. If it is not feasible, implementation may be frustrated. In this section, you mention those criteria or factors that will enable you to implement the project with cease and cost effectively.

3.0 IMPLEMENTATION PLAN

3.1 Project Implementation Schedule.

What activities will be undertaken to achieve your expected outputs? What is the sequence of these activities? What is the time frame for the activities? Who will be responsible for carrying out each activity? You may use a simple format as that shown below:

No	Activity	Resources needed	Cost	Time	Person responsible

3.2 Financial Management

How are the project funds going to be managed? What is going to be the accounting period? What basic statements or reports will be made? How often will they be made?

3.3 Monitoring and Evaluation.

How is your project going to be monitored and evaluated? How often will the evaluation be made? Who is going to conduct the evaluation? What information or data must be availed periodically to facilitate monitoring?

3.4 Reporting System

Who will be reporting? To whom will he/she be reporting? How often will he/she be reporting?

3.5 Sustainability

Describe how the activities you are proposing will be sustained over the long-term, beyond the life of the loan/grant. Which activities will generate income?

17. Business phase out

Should your company face financial problems and cannot pay its bills (insolvency), contact the office of the **official receiver** in URSB and get guidance on any of these options:

1. **Winding up** - dissolving your business by selling off its assets and satisfying the creditors from the proceeds of the sale,
2. **Administration** – appointing an administrator for your insolvent company so as to facilitate its recovery, and
3. **Receivership** – enabling a secured creditor to recover amounts outstanding under a secured loan in the event that your company defaults on the loan.

When **closing your company** for any reason, **wind it up legally** so as to avoid unnecessary costs.



Conclusion

Registering your business or enterprise or group is to such a great advantage. The process may seem long and costly but compliance is the best way to grow.

**Special thanks to the Children's Rights
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Sources

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