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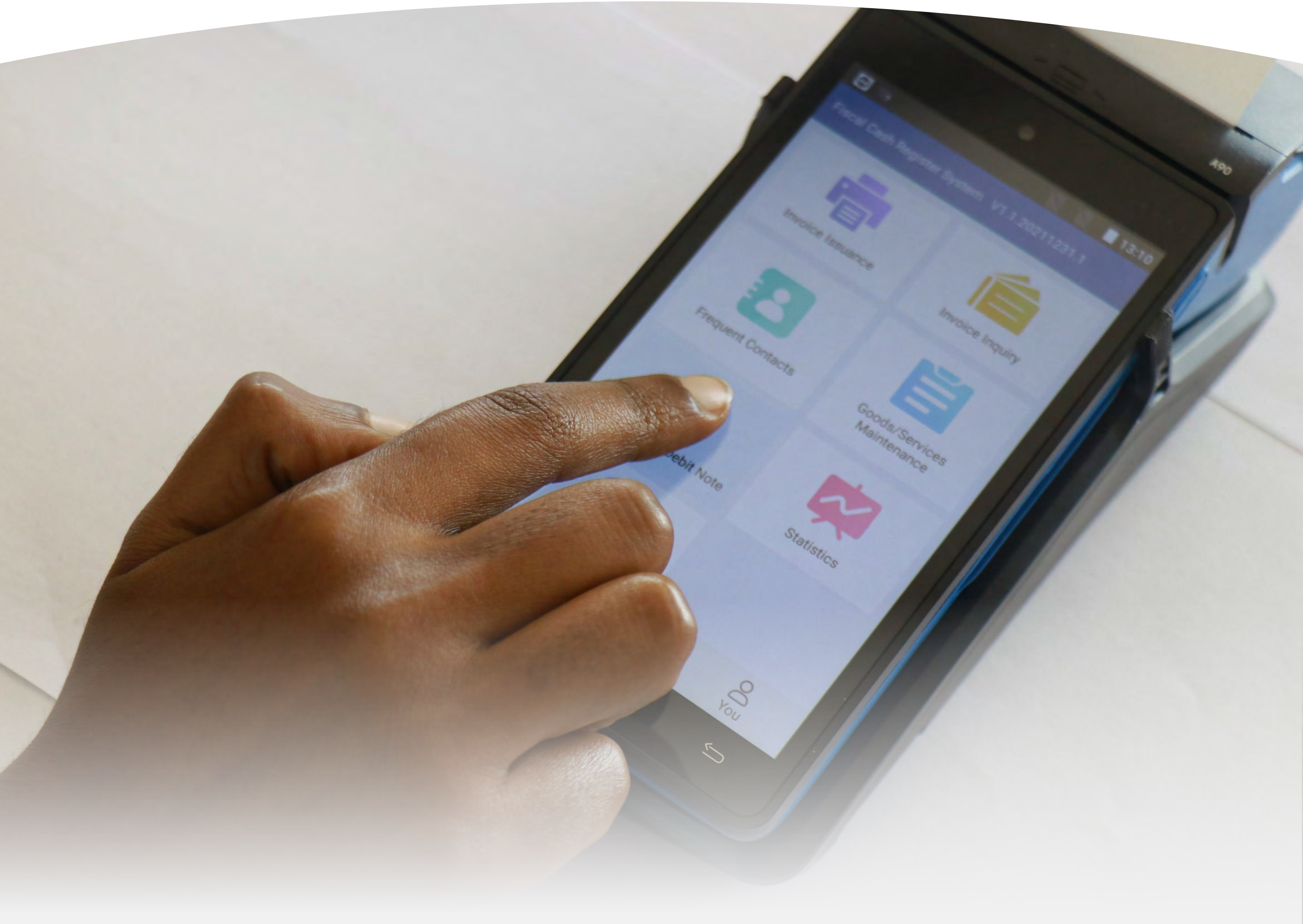


LEGAL ALERT

EFRIS COMPLIANCE EXPANDS: WHAT UGANDAN BUSINESSES NEED TO KNOW

Overview

Uganda's Electronic Fiscal Receipting and Invoicing Solution (EFRIS), is no longer just a VAT issue. With the expansion of the EFRIS requirements to businesses operating in designated sectors, including some business that are not VAT registered, the question is no longer simply ***"Are you VAT registered?"*** but ***"Does EFRIS apply to my business?".*** This alert highlights the key changes, who is affected, the applicable exclusions and the practicable steps businesses should take to stay compliant and avoid unnecessary exposure.

At a glance

Issue	Where things stand	What your business should do
Who now needs EFRIS	Effective 01st July 2025, businesses in 12 designated sectors must use EFRIS, even if they are not VAT-registered.	Check whether your sector is on the list, and whether you ought to be VAT-registered.
UGX 10 million EFRIS exclusion	The regulations exclude businesses with annual sales below UGX 10 million, and landlords earning rental income below UGX 2,820,000 a year.	Keep an eye on your annual turnover; you may need to start using EFRIS once you cross the threshold.
Penalty for getting it wrong	Failure to comply with EFRIS requirements may attract a penal tax of twice the tax payable on the relevant goods or services, subject to applicable statutory minimum.	Assess the potential penal tax exposure arising from non-compliance
Deductibility of business expenses	EFRIS compliance also has implications for the deductibility of business expenses. Where a supplier is required to use EFRIS, an expense may not qualify for an income tax deduction if it is not supported by the required e-invoice or e-receipt.	Make sure every business expense is captured under EFRIS.

When can a per diem be taxable?

EFRIS has been compulsory for VAT-registered businesses since 1 January 2021. This has not changed. What's new is that General Notice No. 2218 of 2025 pulled in businesses from 12 specific sectors under the requirement to use EFRIS, including many that are not VAT-registered at all. The 12 sectors are:

1. Wholesale and retail of fuel
2. Mining and quarrying
3. Manufacturing
4. Electricity, gas, steam and air-conditioning supply
5. Water supply, sewerage, waste management and remediation
6. Construction
7. Transportation and storage (other than land-based passenger transport services)
8. Accommodation and food service
9. Information, technology and communication
10. Real estate
11. Professional, scientific and technical services
12. Arts, entertainment and recreation

Do you need to use EFRIS?

Don't just ask 'am I VAT-registered?' — that's no longer the full picture. To determine whether EFRIS applies, consider whether you are VAT registered, whether your business falls within one of the designated sectors, and whether any applicable exclusion applies.

If you are...	Do you need EFRIS?	Why
VAT-registered	Yes. Mandatory	Has been the rule since 1 January 2021.
Not VAT-registered, but in one of the 12 designated sectors	Yes. Mandatory, unless you qualify for an exclusion	The 2025 rule change brought these businesses in for the first time effective 01st July 2025..
A small business under UGX 10m in annual sales, or a landlord earning under UGX 2,820,000 a year in rent, in one of the 12 sectors	No. Excluded for now	You can still choose to use EFRIS voluntarily if you want to.

Worth remembering: the UGX 10 million and UGX 2,820,000 thresholds are specific to the 12 newly-covered sectors. They are not the same as the UGX 300 million threshold for compulsory VAT registration.

Common EFRIS Compliance Risks

- Not realising EFRIS applies to a business: Sticking with manual invoices, computerised e-invoice systems not connected to EFRIS, or wrongly assuming that because you are not VAT-registered then EFRIS does not apply.
- Records that do not add up: EFRIS transactions not matching VAT returns, income tax filings or the company's own books, especially when invoices are cancelled, amended or reversed.

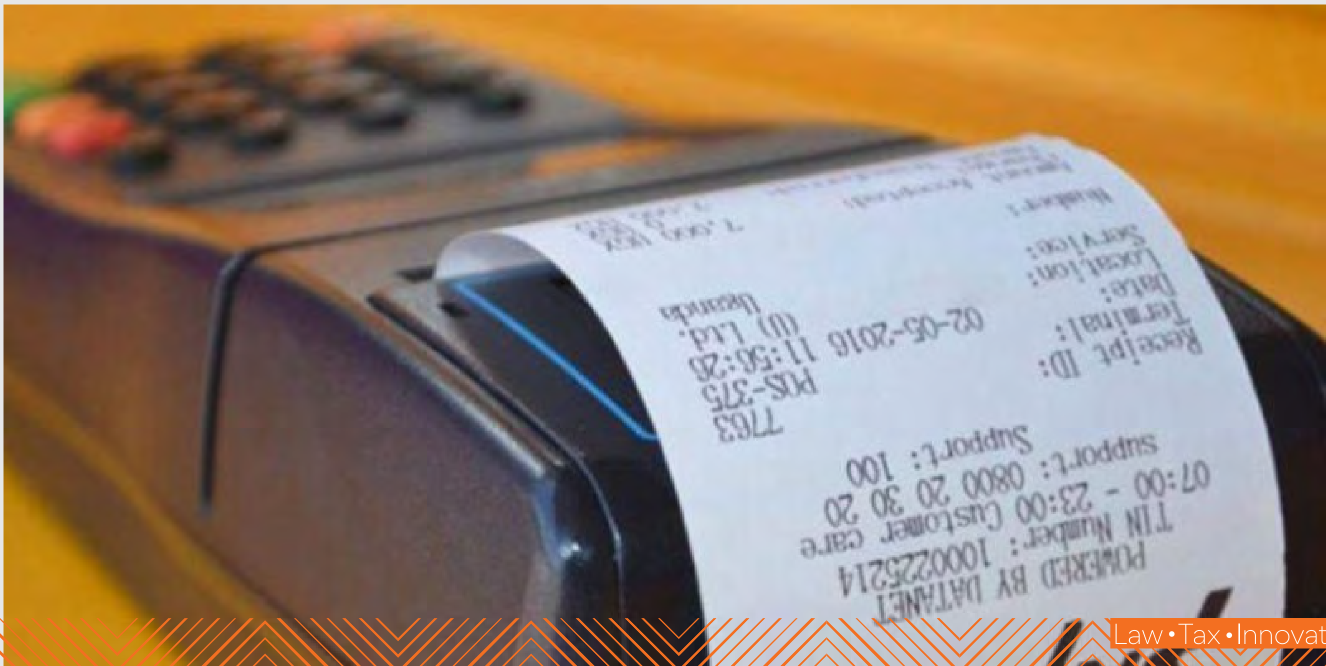
What businesses should do now?

- Check where you stand: review your VAT status, what your business does, your annual turnover, whether you fall in one of the 12 sectors, and whether the UGX 10 million exclusion applies to you.
- Tighten up your systems, checks and balances: make sure your EFRIS setup is configured correctly, reconciles with your accounts, bank statements, and tax returns. Handle invoice amendments properly.
- Ensure that e-invoices and e-receipts issued for business transactions capture the buyer's Business Registration Number (BRN), National Identification Number (TIN) or Taxpayer Identification Number (TIN) as applicable

Conclusion

EFRIS compliance is no longer a VAT-only concern. If your business operates in one of the 12 gazetted sectors, it is time to check where you stand, based on what you do, how much you turn over, and whether any exclusion applies, and to make sure your invoicing is properly set up, keep monitoring your turnover and activities as they change so you stay compliant and avoid unnecessary penalties.

Being required to use EFRIS does not by itself mean that a taxpayer is required to register for VAT. EFRIS and VAT registration are separate compliance obligations, although the two may apply simultaneously.



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For additional information in relation to this alert, please contact the following;

Stephen Tumwesigye
Managing Partner

M: +256 (0) 774 334 908

E: stumwesigye@taslafadvocates.com

Immaculate Akwar
Manager - Tax

T: +256 782 300 422

E: tax@taslafadvocates.com

Robin Omara
Senior Tax Associate

M: 0777292485

E: romara@taslafadvocates.com

George Okitoi
Legal Associate

M: +256 781 843 633

E: gokitoi@taslafadvocates.com

Leah Kangangye
Tax and Accounts Associate

M: +256 776 761 704

E: lkangangye@taslafadvocates.com

ABOUT TASLAF ADVOCATES

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Our team combines a breadth of experience, education, and training in the best institutions in the world. We are always on the lookout for the most talented and ambitious professionals to join the team. With a mix of lawyers and accountants across the board, our service offerings are unequalled in both tax & legal assignments.

Our pro-bono arm provides free legal services to leading SME's and social enterprises in Uganda helping them to save legal fees and create impact in their areas of operation.

TASLAF Advocates
Law • Tax • Innovation

Global Standards
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9th Floor Trust Tower,
Plot 4 Kyadondo Road, Nakasero
P. O. Box 75577 Kampala, Uganda
T: +256 (0) 393 208 043
E: info@taslafadvocates.com