

# A Guide to Uganda's Investment Code Act for Solar Manufacturers

Strategic Incentive Framework — Investment Code Act,  
2019

Content Partner: J. v. G. technology GmbH

*Turnkey solar module production lines — since 1997*

[www.jvg-thoma.com](http://www.jvg-thoma.com)





# Technical Overview: Uganda's Investment Code for Solar Manufacturers



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Key Project Data

**USD 2...**

## Min. Foreign Investment

Minimum capital threshold to qualify for ICA incentives

**10 Yrs**

## Tax Holiday

Full corporate income tax exemption for qualifying investors

**0%**


## Import Duty

On plant, machinery and equipment for qualifying projects

**5–6 k...**

## Daily Irradiation

Per m<sup>2</sup> – among the highest in East Africa

 Facility type: Automated solar module production line · Region: Uganda / East Africa · Source: PVKnowHow / J.v.G. Technology GmbH

# Investment Code Act, 2019 — Overview

## Purpose of the Act

- Attract, promote, and protect private investment in Uganda
- Streamline registration and licensing procedures
- Provide a transparent, predictable regulatory environment
- Encourage foreign direct investment in strategic sectors

## Administering Body

- Uganda Investment Authority (UIA) — statutory one-stop shop
- Facilitates licensing, approvals, and investor navigation
- Issues certificates of incentives to qualifying investors
- Supports both domestic and foreign direct investment (FDI)

# Solar Manufacturing as a Priority Sector

## Strategic Classification

- Manufacturing of electrical equipment is a designated priority area
- Solar module production qualifies as a strategic industrial activity
- Priority-sector investors access the most significant incentive tiers

## Market Fundamentals

- Uganda receives 5–6 kWh/m<sup>2</sup>/day average solar irradiation
- East African Community (EAC) provides regional export market access
- Growing domestic demand driven by electrification targets

## Industrial Infrastructure

- Industrial parks and free zones available for qualifying projects
- Serviced land offered to investors through UIA facilitation
- Infrastructure support available for qualifying manufacturing projects

# 10-Year Corporate Tax Holiday – Conditions

1

## Step 1 – Register the Business

Incorporate a legal business entity under Ugandan law

Foreign entities must register with the Uganda Investment Authority

2

## Step 2 – Meet Capital Threshold

Foreign investor: minimum USD 250,000 capital investment

Investment in capital goods qualifies toward the threshold

3

## Step 3 – Apply for Investment Licence

Submit application to the UIA; confirm sector eligibility

Operate within an industrial park or free zone where applicable

4

## Step 4 – Receive Certificate of Incentives

UIA issues a certificate detailing the applicable incentives

10-year income tax exemption commences upon qualifying operations

5


## Step 5 – Post-Holiday Standard Tax Rate

Standard corporate income tax rate (30%) applies after the exemption period

Initial decade allows financial consolidation before tax obligations begin

# Duty Exemptions on Plant and Machinery

Item Category	Exemption Type	Application
Production line machinery	Import duty exempt	All qualifying plant and equipment
Construction materials	Concessional import duty rates	For investment project build-out
Plant and machinery (VAT)	VAT deferral – subsequently waived	On approval by relevant authority
Export processing zone inputs	Full exemption from taxes and duties	Raw materials, spare parts, intermediates
Free zone exports	Exempt from all taxes, levies, and rates	On goods exported from Free Zones

 Under the Act, qualifying investors are exempt from import duties on all plant, machinery, and equipment necessary for the project – directly reducing initial capital expenditure.

# Investor Protection Framework

## Capital Repatriation Rights

- Foreign investors guaranteed the right to repatriate profits, dividends, and loan repayments
- No restrictions on capital transfers in or out of Uganda
- Funds convertible into any world currency at market-based floating exchange rate

## Protection Against Expropriation

- Business investments protected from arbitrary government expropriation
- Guarantees security of investment and continuity of operations
- Creates a legally predictable environment for long-term capital commitment

## Technology Transfer Provisions

- The 2019 ICA allows for formal technology transfer agreements
- Supports know-how, licensing, and franchise arrangements
- Enables turnkey manufacturing partners to operate legally under the framework

# Local Content Requirements

## Labour Requirements

- At least 75% of employees must be Ugandan citizens
- Aggregate citizen wages must represent at least 75% of total wage bill
- Training expenditure: 100% deductible allowance for Ugandan staff training
- Promotes local skills transfer and employment generation

## Raw Materials Sourcing

- 75% local sourcing of raw materials required where available
- Applies to operators in industrial parks or free zones
- Export requirement: 80%+ of finished goods exported for 10-year tax holiday eligibility
- EAC partner state investors treated as domestic for certain thresholds

# Financial Impact: Cost Structure Analysis

## Year 1–10: Tax Holiday Period

- Zero corporate income tax on manufacturing profits
- Full reinvestment of earnings for debt repayment and expansion
- Duty-free machinery import eliminates major upfront cost burden

## Capex Reduction — Machinery

- Automated solar module line: major portion of startup budget
- Duty exemption directly lowers the barrier to entry
- Improved return on investment (ROI) from project commencement

## Year 10+: Transition Planning

- Standard corporate tax rate of 30% applies post-holiday
- Established cash flow and market position support tax obligation
- Optional: re-qualification under Free Zone operator schemes

# Manufacturing Feasibility: Turnkey Line Concept

1

## Entry Point

Proven turnkey manufacturing concept — no prior production experience required; on-site team training included

2

## Production Scale

Automated solar module production lines — semi-automatic to fully automated depending on volume targets

3

## Market Exit

EAC regional export market access; 10-year tax holiday maximizes early-stage profitability

- ❏ An experienced European turnkey provider integrates full-line process methodology — reducing the learning curve for investors entering solar module production in emerging markets.

# Strategic Summary: Uganda Investment Case

## Regulatory Clarity

- Investment Code Act 2019 provides a codified, non-discretionary incentive regime
- UIA one-stop shop reduces administrative complexity
- Certificate of incentives provides documented legal certainty

## Financial Attractiveness

- 10-year tax holiday + duty-free machinery = significantly reduced total cost
- Minimum USD 250,000 FDI threshold is accessible for targeted manufacturing projects
- Repatriation rights protect returns for international investors

## Industrial Development Context

- Uganda's industrialization agenda targets manufacturing sector growth
- Solar manufacturing aligned with national electrification and climate objectives
- East African market of 300M+ provides significant demand potential

# Due Diligence Checklist – Next Steps

01

---

## Engage UIA Early

Confirm sector eligibility and investment license requirements before committing capital

02

---

## Verify Capital Threshold

Structure investment to meet the USD 250,000+ FDI minimum; include machinery at capital goods value

03

---

## Assess Industrial Park Options

Industrial park or free zone location may unlock additional duty and tax exemptions

04

---

## Plan Local Workforce Strategy

Design staffing and training plan to meet 75% local employment requirement from Day 1

05

---

## Commission a Turnkey Feasibility Study

Engage an experienced turnkey manufacturing specialist to assess line capacity, capex, and market fit

# Sources & Disclaimer

## Primary Sources Referenced

- Uganda Investment Code Act No. 6 of 2019
- Uganda Revenue Authority: Tax Incentives Guide, 2019 / 2024
- PVKnowHow Knowledge Network – Uganda Investment Analysis
- PwC Uganda – Corporate Tax Credits & Incentives Summary
- U.S. State Department – 2025 Investment Climate Statement: Uganda
- EAC Investment Guide – Uganda Standard Incentives for Investors

## Disclaimer

These slides are based on publicly available information and are intended for educational and analytical purposes only. Figures and incentive conditions are subject to legislative change. Investors should obtain independent legal and tax advice before committing capital. These case studies are composite scenarios based on real reference figures.

---

*Content framework: PVKnowHow / J.v.G. Technology GmbH*

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

[www.jvg-thoma.com](http://www.jvg-thoma.com)

# Contact

J.v.G. Technology GmbH

Möningerberg 1a, 92342 Freystadt, Germany

[info@jvg-thoma.de](mailto:info@jvg-thoma.de) | [www.jvg-thoma.com](http://www.jvg-thoma.com)

Source:

<https://www.pvknowhow.com/countries/uganda/uganda-investment-code-solar-incentives>

---

*Created with the support of JvGLabs — specialist for AI systems*

*and AI-driven visibility. [www.jvglabs.com](http://www.jvglabs.com)*