

Tax Alert

Enactment of the South Sudan Financial Act 2024/2025 and implications for businesses.

The South Sudan Financial Act 2024/2025 introduced several changes within the Taxation Act across several tax heads for which various implications were triggered from a tax perspective in South Sudan.

The Act was assented into law on November 25th, 2024.

The South Sudan Revenue Authority (SSRA) through circular number RSS/SSRA/J/002/CG/GEN/VOL. 11/005 issued on November 27th, 2024, operationalized the Financial Act.

Based on this Circular, the changes in the law became effective on 2 December 2024 marking significant updates to the financial and taxation landscape in South Sudan.

The enactment of the 2024/2025 Financial Act, brought forth changes to Business Profit Tax (BPT), Withholding Tax (WHT), Excise Tax, Customs Duties, and other rates applicable to various sectors.

Notable Changes in the 2024/2025 Act.

1) Business Profit Tax (BPT).

- a. A 4% rate has been reintroduced by the Act as Advance Payment of BPT on imported goods. The Finance Act for FY 2022/23 subjected the import of food items and non-food items to 2% and 5% Advance BPT respectively. However this had been repealed by the Finance Act for FY 2023/2024.

- b. A 30% tax on income from rental investments has been introduced by the Act subject to allowable deductions such as local council, city rate levies, or interest expense on the mortgage. However, this tax will only apply to businesses that solely operate within the real estate sector.

Advance BPT rates on entrepreneurial activities of sole proprietors with no audited financial statements have also been amended as follows.

Item	2023/24	2024/25
Annual turnover does not exceed SSP 2,000,000	NIL	NIL
Annual turnover exceeds SSP 2,000,000 but does not exceed SSP 4,000,000	SSP 200,000	SSP 400,000
Annual turnover exceeds SSP 4,000,000 but does not exceed SSP 7,000,000	SSP 400,000	SSP 800,000
Annual turnover exceeds SSP 7,000,000	SSP 800,000	SSP 1,200,000

Implication

All imported goods shall now be taxed at a rate of 4% irrespective of whether they are food/ nonfood items.

In addition, the real estate sector has specific provisions that apply to it from a business profit tax perspective. Real estate owners to pay tax on income at a rate of 30%.

Tax for entrepreneurs and sole proprietors without records has been increased across all bands.

2) Personal Income Tax (PIT)

The taxable bands and rates for PIT purposes remain unchanged from the prior period 2023/24.

3) Withholding Tax (WHT)

- a. The Act has introduced withholding tax on ancillary services to rent. These may include but not limited to room services, housekeeping, DSTV etc.
- b. The Act has revised the rates of Withholding Tax for Government Contract payments.



- Government contract payments to residents has been increased from 5% to 15%.
- Government contract payments to non-residents from 5% to 20%
- c. The Act has introduced a 10% WHT rate on Mobile money commission given to dealers.

Implication

Taxpayers have been separating the service fees that do not relate to rent when determining the base for WHT. With the amendment, all services ancillary to the provision of rent must be included as part of the base for WHT and taxed at 20%.

WHT on Government contract payments for both residents and nonresidents has significantly increased which in turn will increase the tax burden for suppliers to the Government of South Sudan. The adjustment to 15% for residents and 20% for non-residents is moving back to the WHT rates for FY 2022/2023 which required the Government of South Sudan to withhold on contract payments to both resident and nonresident suppliers at a rate of 20%.

Telecom companies would also be required to account for WHT on mobile money commission paid to its agents. This is not a tax on telecom companies. It's a tax on their agents aimed to increase tax collections.

4) Customs

For purposes of Customs Valuation, the exchange rate has been set to be determined by the prevailing official Bank of South Sudan rate (BOSS Rate). Previously, the

rate for Customs valuation purposes had been set at SSP 300 per 1 US Dollar.

The Act has provided a relief through exemption from custom duty on importation of raw materials and intermediate goods. Custom duties will, however, be payable on the finished goods at the point of exit from the firm or company premises.

Further details on the new customs duty rates can be found in Schedule 2 of the Financial Act 2024/2025

Implication

The implication of this is that where the customs value is in foreign currency, conversion to South Sudan Pound (SSP) will be based on the prevailing official exchange rate as published by the Bank of South Sudan (BOSS). This will lead to payment of more taxes at importation and will boost collections by South Sudan Revenue Authority as the average BOSS rate is way higher than SSP 300.

5) Excise duty.

The Act has significantly altered the excise tax regime, with both reductions and additions to excise tax rates across a range of products.

Item	HS Code	2023/24	2024/25
Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	22.01	10%	15%
Products containing tobacco, reconstituted tobacco, nicotine or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body.	24.04	0%	100%
Perfumes and toilet waters.	33.03	0%	25%
Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	33.04	0%	25%
Preparations for use on the hair.	33.05	0%	25%
Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or, not perfumed or having disinfectant properties.	33.07	0%	25%
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.01), including station wagons and racing cars.	87.03	20%	25%
Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	87.11	20%	25%
Lotteries and Gaming		0%	10%

Tax Implications

With these adjustments, taxpayers in South Sudan should expect increased prices for the goods and services affected. This is because excise duty in nature is a consumption tax. It is usually passed on to the final consumer.

What this means for you.

- As key changes have been made following the enactment of the Financial Act of 2024/25, taxpayers ought to be updated with the changes and incorporate them to take into consideration the date on which the changes took effect.
- The changes have affected the monthly WHT and Excise Tax returns from the month of December 2024 and onwards. They also impact the BPT return for the Fiscal Year (FY) 2024.
- KPMG is available to assist with any matters that may arise because of the above and advise further.



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