A company is defined as an artificial entity that is occupied and managed by its membership for the purpose of making profits.[[1]](#footnote-1)

The human constituents whom form the membership of the company, determine the objectives of the corporate enterprise. As such, the registered company is a separate legal entity; it possesses rights and is subject to duties in much the same way as a natural person. For example, a company may sue and be sued in its own name and will be liable to pay its own form of tax.

There a vast majority or category of companies provided for under the Company Act of 2012, however many are registered as Limited Liability Companies (LTD). Therefore, A registered company with a limited-liability status is therefore responsible for its own actions and will be predominately liable for its own debts, where its debts exceed the extent of its membership’s limited liability.[[2]](#footnote-2)

In Uganda, the matters of Company Law are guided by the Following Laws:

1. The Constitution of the Republic of Uganda 1995, as amended in relation to the right to Ownership of Property.[[3]](#footnote-3)
2. The Companies Act 2012, which is the primary statute for the formation, management and deregulation of registered legal entities.

In Uganda, the Regulatory body mandated to Register Companies is the Uganda Registration Services Bureau (URSB)[[4]](#footnote-4)

**What is the procedure of setting up the new company?**

The procedure for the Registration of a Company within the territory of Uganda is provided for under Section 17 – 19 of the Companies Act.

1. The process of company registration begins by the promoters of the company conducting a search to determine whether the name is still open for reservation.
2. Under section 36(1), the registrar on application of the promoters, representative of the company or advocate reserve the name of the company. The reservation remains in force for a period of 30 days and may be extended by the registrar for a period of 60 days. The name of the company should be desirable and not confusing to right thinking members of society.
3. On registration, the Memorandum and Articles of Association are delivered to the registrar office and he shall assign a registration number to each company registered.

*Section 7 of the Companies Act provides that the memorandum of every company is printed and is in English, stating the name of the company, with the word Limited. where it is a private limited company, it shall state the liability of its members. Under section 7(4) where the company has share capital, the division of the shares should be reflected for each subscriber in the Memorandum. The memorandum should be signed by each shareholder and attested to by a witness stating the occupation and postal address of each member as provided for in Section 8 of the Companies Act.*

*Under section 11 of the Act, the Articles of Association will also be submitted to the registrar in addition to the memorandum of the company. The articles of Association govern the general management of the company. The Articles of Association may adopt any or all the provisions of Table A of the Act.[[5]](#footnote-5)*

1. The Memorandum and Articles of Association are accompanied by the following forms:
2. Company’s Statement of nominal share capital

2) Statement of the particulars of Directors

4) company form 9- notice of situation of registered office

1. **The fees payable at Registration:[[6]](#footnote-6)**

|  |
| --- |
| **TAX** |
| Reservation of Company Name |
| Registration fee of Uganda Shillings 20,000  |
| Stamp duty totalling 0.5 of the share capital provided as provided for by the stamp duty Act 2014 |
| Stamp duty on the Memorandum and Articles of Association |
| Cost per form of Uganda Shillings 20,000 |

Upon the satisfactory fulfillment of the requirements for the registration of a company, the Registrar shall issue a Certificate of Incorporation. [[7]](#footnote-7) An Incorporation Certificate is conclusive evidence of the existence of an artificial separate legal entity globally termed as a “Company”.

***Best Practice Opinion:***

*We Opine that subject to the registration procedures above, the promoters and members of the company ought to plan for the operationalization of the objectives of the corporation. It is therefore important to Register the Company Beneficiary Form[[8]](#footnote-8) and the Resolution (s) in line with bank account opening and Appointment of a managing Director.*

**DRAWN BY:**

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1. Section 2 of the Companies Act – A company registered under the Act [↑](#footnote-ref-1)
2. Stephen Griffin, 4th Edition, Company Law Fundamental Principles. [↑](#footnote-ref-2)
3. Article 26 of the Constitution 1995. [↑](#footnote-ref-3)
4. Uganda Registration Services Bureau Act, cap 210 [↑](#footnote-ref-4)
5. Companies Act. [↑](#footnote-ref-5)
6. The fees are provided for under the second schedule head A of the Companies (Fees) Rules, 2005 [↑](#footnote-ref-6)
7. Section 22 of the Companies Act. [↑](#footnote-ref-7)
8. Companies (Beneficial Owners) Regulations 2023 [↑](#footnote-ref-8)