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STAMP DUTY

The Stamp Duty (amendment) Bill, 2025 proposes to scrap stamp duty on key legal documents, including agreements, mortgage deed, and crop mortgages. Under the Stamp Duty Act, these fees have often felt excessive and administratively heavy, especially for individuals or small businesses trying to access credit or formalise transactions. This was mostly affecting small businesses trying to access credit or formalise transactions.

Some have described stamp duty as a white elephant because of its outdated policies that offer minimal economic return but weigh down efficiency.

The amendment bill targets schedule 2 of the Act.

- **Agreements or Memorandum of Agreement**

Previously taxed at **Ushs 15,000** will now attract nil stamp duty. This will effectively remove the layer of costs and paperwork for formal contracts.

- **Mortgage Deeds and Related instruments**

Mortgage deeds will attract nil duty formally at a **0.5%**, even where the mortgagor gives power of attorney to collect rent or lease the mortgaged property.

Secondary securities, such as additional collateral or existing loans, will also be free of stamp duty if the original duty was duly stamped. These were formally at **Ushs 15,000**.

- **Mortgage crops**

Documents related crop mortgages, including endorsements and certificates by notaries will no longer be taxed. These were formally had stamp duty of **Ushs. 15,000**.

This means that borrowing money through a mortgage, formalising an agreement, or seeking security for crop production could become more affordable and straight forward for individuals.

Small and medium enterprises will face fewer barriers when securing loans or signing legal agreements. This will potentially boost business operations and encourage investment. In the long run, this seems progressive as it will improve access to credit and strengthen legal certainty in commercial transactions.

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