

ACTS SUPPLEMENT

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Act 1 *National Social Security Fund (Amendment) Act* **2022**

**THE NATIONAL SOCIAL SECURITY FUND
(AMENDMENT) ACT, 2022**

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SCHEDULE**THIRD SCHEDULE CURRENCY POINT**

**THE NATIONAL SOCIAL SECURITY FUND
(AMENDMENT) ACT, 2021**

An Act to amend the National Social Security Fund Act, Cap. 222; to establish a stakeholder board; to provide for mandatory contributions by all workers, regardless of the size of the enterprise or number of employees; to provide for voluntary contributions to the fund; to provide for midterm access to member’s contributions; to provide for a five year term of office for the managing director and deputy managing director; to empower the Board to use in-house expertise and fund managers in the investments of scheme funds; to empower the board to introduce new benefits in consultation with the Minister; and for related matters.

DATE OF ASSENT: 2nd January, 2022

Date of Commencement: See section 1

BE IT ENACTED by Parliament as follows:

“1. Commencement.

(1) Subject to subsection (2), this Act shall come into force upon publication in the Gazette.

(2) The Minister shall, in consultation with the board, by statutory instrument, commence section 20A (1) and (2) within sixty days from the date of publication of this Act in the Gazette.”

2. Amendment of section 1 of the National Social Security Fund Act.

The National Social Security Fund Act, in this Act referred to as the principal Act is amended in section 1—

- (a) by substituting for paragraph (f), the following—
 - “(f) “contributing employer” means an employer registered under section 7;”;

- (b) by substituting for paragraph (g), the following—
 - “(g) “contribution” includes standard contribution, voluntary contribution and special contribution;”;

- (c) by inserting immediately after paragraph (g) the following—
 - “(ga) “corruption” has the meaning assigned to it in the Anti-corruption Act, 2009;”;

 - “(gb) “currency point” has the value assigned to it in the Third Schedule to this Act;”;

- (d) by substituting for paragraph (k), the following—
 - “(k) “employer” includes—
 - (i) the Government;

 - (ii) a company registered or incorporated under the Companies Act, 2012;

- (iii) a partnership registered under the Partnership Act, 2010;
 - (iv) a trustee incorporated under the Trustees Incorporation Act, Cap. 165;
 - (v) a business registered under any other law for the time being in force governing the establishment of business entities;
 - (vi) the governing body of an unincorporated association; and
 - (vii) a manager or a subcontractor who provides employees for the principal contractor; but where a person enters into a contract by which some other person is to provide employees for any lawful purpose of the manager and it is not clear from the contract which of the two persons is the employer, the manager shall be deemed, for the purposes of this Act, to be the employer;” and
- (e) by inserting immediately after paragraph (v) the following—

“(va) “person with disability” has the meaning assigned to it in the Persons with Disabilities Act, 2020;”

3. Amendment of section 3 of principal Act.

The principal Act is amended by substituting for section 3 the following—

“3. Board of directors.

(1) The fund shall be governed by a stakeholder board of directors appointed by the Minister and consisting of—

- (a) a chairperson;

- (b) the permanent secretary of the ministry responsible for labour;
- (c) the permanent secretary of the ministry responsible for finance;
- (d) four representatives of employees nominated by the Federations of Labour Unions;
- (e) two representatives of employers nominated by the Federation of Uganda Employers; and
- (f) the managing director who shall be an ex-officio member without the right to vote.

(2) A member of the board, except those stated under subsection (1) (b), (c) and (f) shall hold office for a term of three years and may be reappointed for one more term only.

(3) A member of the board may be removed from office by the Minister for—

- (a) abuse of office;
- (b) corruption;
- (c) incompetence;
- (d) physical or mental incapacity that renders the member incapable of performing the functions of his or her office;
- (e) misbehaviour or misconduct;
- (f) being adjudged bankrupt by a court of law;
- (g) conviction for an offence involving dishonesty, fraud or moral turpitude; or
- (h) failure to declare any conflict of interest in the execution of a member's mandate as a member of the board.

(4) A member of the board may resign from the board by giving notice of not less than one month in writing addressed to the Minister.

(5) A member of the board shall hold office on terms and conditions specified in his or her instrument of appointment.

(6) The Minister shall ensure that—

(a) a member of the board is a person of high moral character and proven integrity;

(b) there is consideration of persons with disabilities, balance of gender, skills and experience among the members of the board; and

(c) the members of the board provided for under subsection (1) (e), are contributing employers under section 7.”

4. Amendment of section 7 of principal Act.

The principal Act is amended in section 7—

(a) by substituting for subsection (1), the following—

“(1) Every eligible employee shall register as a member of the fund and shall make regular contributions to the fund in accordance with this Act and regulations made under this Act.”;

(b) by substituting for subsection (2), the following—

“(2) Every employer, irrespective of the number of employees, shall register with the fund as a contributing employer and shall make regular contributions for his or her employees in accordance with this Act and regulations made under this Act.”;

- (c) by repealing subsection (3);
- (d) in subsection (5), by repealing the words “of a class or description specified in an order made under subsection (1)”; and
- (e) in subsection (7), by repealing the words “of a class or description specified in an order made under subsection (1)”.

5. Amendment of section 9 of principal Act.

Section 9 of the principal Act is amended by repealing paragraph (b).

6. Repeal of section 10 of principal Act.

Section 10 of the principal Act is repealed.

7. Insertion of section 13A in principal Act.

The principal Act is amended by inserting immediately after section 13 the following new section—

“13A. Voluntary contributions.

(1) A member may make voluntary contributions to the fund over and above his or her standard contributions.

(2) A member who wishes to make a voluntary contribution under subsection (1) may authorise his or her employer in writing to deduct an agreed rate from the employee’s wage payment and remit the voluntary contribution to the fund.

(3) An employer authorised by an employee under subsection (2), shall, for every month during which he or she pays wages for the member, pay to the fund, within fifteen days next following the last day of the month for which the relevant wages are paid, the voluntary contribution of the sum agreed.

(4) A person who is self-employed may apply for membership of the fund and shall make voluntary contributions to the fund.

(5) Notwithstanding subsections (1) and (4), any other person may apply for membership and make voluntary contribution to the fund.

(6) An employer who deducts a voluntary contribution under subsection (2) and fails to remit the contribution to the fund commits an offence and is liable, on conviction to—

- (a) remit to the fund any outstanding contribution due to the employee; and
- (b) pay a fine of twenty percent of the amount deducted but not remitted to the fund.

(7) The Minister shall, in consultation with the board, by regulations, prescribe the procedure for making voluntary contributions and benefits.”

8. Amendment of section 19 of principal Act.

Section 19 of the principal Act is amended by inserting immediately after subsection (1), the following new subsection—

“(1a) The board may, in consultation with the Minister, by statutory instrument, prescribe additional benefits.”

9. Amendment of section 20 of principal Act.

Section 20 of the principal Act is amended by repealing subsection (3).

10. Insertion of section 20A in principal Act.

The principal Act is amended by inserting the following section immediately after section 20—

“20A. Midterm access to benefits.

(1) A member who has made contributions to the fund shall be allowed midterm access to his or her benefits accrued from the contributions.

(2) A member who is forty-five years of age and above and who has made contributions to the fund under section 7 for at least ten years, is eligible to midterm access to his or her benefits, of a sum not exceeding 20 per cent of his or her accrued benefits.

(3) A member who—

(a) is a person with disability;

(b) is forty years of age and above; and

(c) has made contributions to the fund under section 7 for at least ten years,

is eligible to midterm access, of a sum of 50 percent of his or her accrued benefits.

(4) The Minister shall, in consultation with the board, prescribe by statutory instrument the terms and conditions and procedure for accessing the accrued benefits under this section.

(5) The statutory instrument under subsection (4) shall be laid before Parliament for information.”

11. Amendment of section 21 of principal Act.

Section 21 of the principal Act is amended by substituting for subsection (2), the following—

“(2) Subject to section 19, a person who ceases to be a member of the fund by virtue of being employed in excepted employment shall, if contributions under this Act have been paid into the fund in respect of that member, be entitled to the full balance of his or her account in the fund.”

12. Amendment of section 23 of principal Act.

Section 23 of the principal Act is amended by substituting for subsection (1), the following—

“(1) Subject to section 19, a member of the fund who emigrates permanently from Uganda to a country with which no reciprocal arrangement under this Act has been made, where contributions under this Act have been paid in respect of that member to the fund, the member shall be entitled to the full balance of his or her account in the fund.”

13. Substitution of section 30 of principal Act.

The principal Act is amended by substituting for section 30 the following—

“30. Investment.

(1) All monies in the fund, including the reserve account, which are not for the time being required to be applied for the purpose of the fund shall be invested in such investment as may be determined by the board in consultation with the Minister responsible for finance.

(2) Notwithstanding the provisions of any other law, the board may use in-house expertise or fund managers in the investment under subsection (1).”

14. Amendment of section 31 of principal Act.

Section 31 of the principal Act is amended by substituting for the word “Minister” the words “Minister responsible for finance”.

15. Amendment of section 34 of principal Act.

Section 34 of the principal Act is amended—

- (a) by substituting for subsection (2), the following—

“(2) A member’s account in the fund shall be closed and his or her membership shall cease on the happening of any of the following events—

- (a) when an emigration grant is paid;
- (b) when a member voluntarily opts out of the fund upon receipt of the member’s total age benefit under section 20 of this Act; or
- (c) when a member dies and his or her survivor’s benefits are paid out in accordance with section 24 of this Act.”;

- (b) by substituting for subsection (3), the following—

“(3) If on the closing of a member’s account under subsection (2), any sum of money is standing to the credit of his or her account in the fund and is unclaimed in a subsequent period of seven years, that money shall vest in the Minister responsible for finance, who shall pay it into the reserve account.”;

- (c) by inserting immediately after subsection (3), the following—

“(3a) The board shall, every year, publish the names and details of all dormant members’ accounts in the fund, in a newspaper of wide circulation within Uganda.”

16. Amendment of section 35 of principal Act.

Section 35 of the principal Act is amended in subsections (1), (2) (3), (6) and (7) by substituting for the word “Minister”, the words “Minister responsible for finance”.

17. Amendment of section 36 of principal Act.

Section 36 of the principal Act is amended by substituting for the word “Minister”, the words “Minister responsible for finance”.

18. Amendment of section 39 of principal Act.

Section 39 (1) of the principal Act is amended—

- (a) by substituting for subsection (1), the following—

“(1) There shall be a managing director of the fund appointed by the Minister, on the recommendation of the board.”; and

- (b) by inserting immediately after subsection (1), the following subsection—

“(1a) The managing director appointed under subsection (1) shall serve for a period of five years and may be reappointed, subject to satisfactory performance, for one more term only.”

19. Substitution of section 40 of principal Act.

The principal Act is amended by substituting for section 40 the following—

“40. Deputy managing director.

(1) There shall be a deputy managing director of the fund appointed by the Minister on the recommendation of the board.

(2) The deputy managing director appointed under subsection (1) shall serve for a period of five years and may be reappointed, subject to satisfactory performance, for one more term only.”

20. Amendment of section 41 of principal Act.

Section 41 of the principal Act is amended—

- (a) by substituting for subsection (1), the following—

“(1) The fund shall have a secretary who shall be appointed by the board, for a term of five years and may be reappointed subject to satisfactory performance and on such terms and conditions as are specified in the instrument of appointment.”;

- (b) in subsection (2), by deleting the words “the Minister and”.

21. Amendment of section 43 of principal Act.

Section 43 of the principal Act is amended in subsection (4) by substituting for the words “ten thousand shillings or to a term of imprisonment not exceeding six months or to both such fine and imprisonment”, the words “five hundred currency points or imprisonment not exceeding one year, or both”.

22. Amendment of section 44 of principal Act.

Section 44 of the principal Act is amended in subsection (1) by substituting for the words “ten thousand shillings or to a term of imprisonment not exceeding six months or to both”, the words “five hundred currency points or imprisonment not exceeding one year, or both”.

23. Amendment of section 45 of principal Act.

Section 45 of the principal Act is amended by substituting for the words “ten thousand shillings or imprisonment not exceeding six months or to both such fine and imprisonment”, the words “five hundred currency points or imprisonment not exceeding one year, or both”.

24. Insertion of section 54 in principal Act.

The principal Act is amended by inserting immediately after section 53 the following section—

“54. Amendment of Third Schedule.

The Minister may, by statutory instrument, with the approval of Cabinet, amend the Third Schedule to this Act.”

25. Insertion of Third Schedule in principal Act.

The principal Act is amended by inserting immediately after the Second Schedule, the following Schedule—

“THIRD SCHEDULE

Sections 1 and 54.

CURRENCY POINT

A currency point is equivalent to twenty thousand shillings.”

Cross References

Anti-corruption Act, 2009, Act 6 of 2009

Companies Act, 2012, Act 1 of 2012.

Partnership Act, 2010, Act 2 of 2010.

Persons with Disabilities Act, Act 3 of 2020.

Trustees Incorporation Act, Cap. 165.