

# UGANDA NATIONAL BUDGET - Decoded FY 2026/27

## Tax Amendments & Economic Review

Economic Review | Income Tax | VAT | Tax Procedures Code | Excise | Stamp | Lottery | External Trade

Background, interpretation and day-to-day business implications

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01

# Economic Review

# Global Economy

## KEY HIGHLIGHTS

The IMF (World Economic Outlook, April 2026) projects world output to grow by about 3.1% in 2026.

The conflict in the Middle East has sharply lifted oil, gas, fertiliser and shipping prices and disrupted trade routes.

Artificial intelligence is emerging as a major productivity and investment theme, while monetary easing in advanced economies is gradually lowering global borrowing costs.

### Performance so far

The global economy proved resilient through the post-pandemic inflation surge, with inflation in most advanced economies returning close to target before the latest energy shock.

### Future outlook

Growth of around 3% is expected to persist, but risks are tilted to the downside: a prolonged Middle East conflict, energy price volatility, elevated debt-service costs and geopolitical fragmentation.

### Day-to-day business implications

Budget for volatile imported input costs — fuel, fertiliser, freight and insurance — and build escalation clauses into supply contracts. Diversify sourcing and shipping routes; reassess inventory buffers for goods moving through the Red Sea/Gulf corridors.

# Africa Economy

## KEY HIGHLIGHTS

Sub-Saharan Africa grew an estimated 4.5% in 2025 — the fastest pace in almost a decade.

The IMF has trimmed its 2026 regional forecast to 4.3% because of the Middle East war's impact on fuel and fertiliser prices.

Median inflation in the region is projected to rise from 3.4% (end-2025) to about 5.0% by end-2026.

### Performance so far

Oil-importing economies are absorbing higher import bills and cost-of-living pressure, while oil exporters gain revenue but face volatility and procyclical-spending risk.

### Future outlook

Heterogeneous prospects: commodity-dependent economies remain exposed to price swings; diversified economies (including much of East Africa) show more resilient trajectories. Borrowing costs stay elevated;

### Day-to-day business implications

AfCFTA and COMESA preferences open regional expansion options — review rules of origin and duty-free access for Ugandan-made products. Price food- and fertiliser-linked input inflation into agribusiness and FMCG margins for 2026/27.

# East Africa Economy

## KEY HIGHLIGHTS

The EAC remains one of the fastest-growing blocs globally; Uganda is set to lead the region with projected growth of 10.2% in FY 2026/27.

The EAC budget theme for FY 2026/27 is 'Deepening Regional Integration and Economic Resilience through Improved Regional Security'.

Uganda's President has assumed the Chairmanship of the East African Community.

### Performance so far

Regional partners continue to post solid growth (broadly in the 5–7% range for Kenya, Tanzania and Rwanda), supported by services, construction and agriculture.

### Future outlook

Deeper customs-union and common-market implementation, harmonised standards and coordinated tax policy are the direction of travel — including pressure to align excise and digital-tax regimes.

### Day-to-day business implications

Treat the EAC as the home market: structure pricing, distribution and after-sales regionally rather than nationally. Cross-border operations require careful VAT, withholding tax and transfer-pricing compliance in each partner state; DTA positions should be documented.

# Uganda Economy — Tenfold Growth by 2040 and ATMS

## KEY HIGHLIGHTS

The FY 2026/27 Budget totals UGX 84.39 trillion under the theme 'Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access'.

The Tenfold Growth Strategy targets transforming Uganda into a USD 500 billion economy in the shortest possible time (by around 2040).

ATMS — Agro-industrialisation, Tourism, Mineral-based industrial development (including Oil & Gas) and Science.

### Performance so far

Growth reached an estimated 6.4% in FY 2025/26 (from 6.3%); the economy is approximately USD 69.3 billion (UGX 250.4 trillion). Uganda has surpassed the lower-middle-income threshold, with GNI per capita at USD 1,389;

### Future outlook

Growth is projected to accelerate to 10.2% in FY 2026/27 — Uganda's first return to double-digit growth since the 1990s reforms — driven by commercial oil production starting later in 2026.

### Day-to-day business implications

Align corporate strategy to ATMS value chains — that is where public money, credit and incentives are concentrated. A rapidly monetising economy means expanding consumer markets; revisit volume forecasts, distribution reach and credit policies.

# Uganda GDP

## KEY HIGHLIGHTS

GDP is projected at approximately USD 69.3 billion (UGX 250.4 trillion) by end-June 2026; in PPP terms USD 197.1 billion.

GDP per capita is projected at USD 1,420 (about UGX 5.1 million per person).

### Performance so far

Real growth of 6.4% in FY 2025/26, up from 6.3% in FY 2024/25, despite global headwinds. Structural transformation is visible in employment: services now account for 50.5% of total employment, agriculture 37.1% (down from 40%).

### Future outlook

Growth of 10.2% projected for FY 2026/27 as First Oil comes on stream; domestic revenue is projected to rise to UGX 45.6–45.96 trillion (15.9% of GDP).

### Day-to-day business implications

Size business cases on a double-digit nominal-growth economy; sectors tied to oil supply chains, construction, logistics and consumption should outperform.

# Uganda Currency / Exchange Rate

## KEY HIGHLIGHTS

The Uganda Shilling remains one of Africa's best-performing freely floating currencies.

Foreign exchange reserves have risen to USD 6 billion (twelve months to March 2026), up from USD 3.6 billion a year earlier.

### Performance so far

Stability is underpinned by record FX inflows: exports USD 18.04 billion, FDI USD 3.2 billion, remittances USD 2.8 billion (from 1.9 billion), and tourism receipts USD 1.86 billion.

### Future outlook

Government expects the exchange rate to remain broadly stable despite global uncertainty; crude oil exports from late 2026 add a structural new FX inflow.

### Day-to-day business implications

A stable shilling makes import costing and capex budgeting more predictable — but still hedge lumpy USD exposures and match currency of revenue to currency of debt. Exporters should compete on productivity and quality, not expected depreciation.

# Interest Rates

## KEY HIGHLIGHTS

Low, stable inflation (3.8%) anchors monetary policy, but Government's domestic financing needs are large: UGX 11.97 trillion of domestic financing is planned for FY 2026/27.

Domestic interest payments alone are budgeted at UGX 12.35 trillion — a key reason debt service absorbs 40% of the budget.

### Performance so far

Commercial shilling lending rates remain high relative to inflation, keeping private credit expensive. Government has responded with subsidised windows: the Katale Loan Facility at 8% per annum for market vendors, the Small Business Fund at 10%.

### Future outlook

Heavy domestic issuance risks keeping government securities yields elevated and crowding out private credit; conversely, the planned contributory public-service pension fund.

### Day-to-day business implications

Benchmark every borrowing decision against the government-backed alternatives (UDB, ACF, Small Business Fund, Emyooga, GROW) before taking commercial debt.

# Inflation

## KEY HIGHLIGHTS

Average inflation for FY 2025/26 is estimated at 3.8% (vs 3.5% the prior year) — low, stable and within the 5% policy target.

### Performance so far

Stability reflects coordinated fiscal and monetary policy, stable food prices and improved fuel-supply management through UNOC bulk procurement.

### Future outlook

Regional pressure is rising (SSA median inflation projected at 5% in 2026 on fuel and fertiliser prices), and the new excise measures effective 1 July 2026 will feed into domestic prices: petrol and diesel +UGX 200/litre.

### Day-to-day business implications

Model the 1 July 2026 excise step-up in cost structures — transport, construction, food processing and beverage businesses are most exposed. Re-open supplier and customer contracts to include indexation clauses where excise-heavy inputs dominate.

# Agricultural Sector

## KEY HIGHLIGHTS

Agro-industrialisation receives UGX 2.26 trillion in FY 2026/27 — the highest allocation ever to the programme.

The anti-tick vaccine facility at Nakyesasa is operational, producing about 36 million doses serving 18 million livestock in its first phase.

Coffee exports reached USD 2.46 billion (year to March 2026), up from USD 1.84 billion.

### Performance so far

Agriculture employs 37.1% of workers and anchors exports (coffee, cocoa, fish, sugar); over 1.4 million coffee seedlings were distributed to 7,532 farmers in Northern Uganda.

### Future outlook

FY 2026/27 priorities: research and vaccine commercialisation, irrigation, extension workers, quality inputs, post-harvest handling, agro-processing, certification and market access.

### Day-to-day business implications

Agro-processors can tap UDB patient capital, ACF co-financing and the EUR 163.56 million quality-and-standards project; certification timelines at UNBS have shortened (product certification 180 → 45 days).

# Infrastructure — Road & Rail

## KEY HIGHLIGHTS

Transport infrastructure receives UGX 8.79 trillion in FY 2026/27 — the largest enabler allocation after human capital.

Construction of the 273 km Malaba–Kampala Standard Gauge Railway has commenced: container costs from Mombasa are projected to fall significantly once operational.

### Performance so far

24 major roads (~1,154 km) under construction and 949 km of national roads rehabilitated; fourteen strategic bridges in development. Tororo–Gulu metre-gauge rehabilitation is 66% complete; Kampala–Mukono is finished;

### Future outlook

FY 2026/27 priorities: SGR construction, completing MGR rehabilitation, national/city/community roads, strategic bridges, ferries and ports, operationalising Kabalega Airport, and expanding Uganda Airlines with eight additional aircraft.

### Day-to-day business implications

Structurally lower logistics costs are coming — revisit warehouse locations, distribution models and landed-cost assumptions along the Northern Corridor.

# Manufacturing Sector

## KEY HIGHLIGHTS

The manufacturing programme receives UGX 1.03 trillion; formal factories have grown to 10,437.

Kiira Motors' Jinja plant (capacity 2,500 buses/year) recorded UGX 21.6 billion in sales and 450 regional bus orders;

East Africa's first production-scale lithium-ion battery plant (Soleil Power) is complete;

## Performance so far

UDC capital investments have surpassed UGX 1.5 trillion across textiles, agro-processing, pharmaceuticals and construction; the Entebbe Airport Special Economic Zone is complete.

## Future outlook

Priorities: further UDC capitalisation, fully serviced plug-and-play industrial parks, value addition to agricultural and mineral raw materials, market access support, SEZ functionality, and regional industrial incubation hubs.

## Day-to-day business implications

Locating in gazetted industrial parks unlocks serviced power, logistics and faster facilitation; engage UIA early. Re-run product costing for the July 2026 excise matrix (sugar, cooking oil, plastics, paints, cement) — both as inputs and as competitive protection.

# Services Sector

## KEY HIGHLIGHTS

Services now provide 50.5% of total employment (up from 47% a year ago) — the clearest marker of Uganda's structural transformation.

Mobile money transactions grew 29% to UGX 392.7 trillion in the year to March 2026.

### Performance so far

Trade, transport, finance, telecoms, professional services and hospitality have all expanded with corridor investment and digital adoption. Tourism receipts hit USD 1.86 billion;

### Future outlook

The oil economy, AFCON 2027 and government digitisation will pull strongly on professional, financial, logistics, security, catering and ICT services.

### Day-to-day business implications

Professional service firms should build oil & gas, local-content and tax-compliance practice capacity — demand is structural. Landlords and property managers must adapt to monthly rental income tax filing from FY 2026/27.

# Oil & Gas Sector

## KEY HIGHLIGHTS

First Oil is expected later in calendar 2026: 199 wells drilled (51 this year), exceeding the 189 required;

UNOC acquired a 20.15% stake in the Kenya Pipeline Company to secure the import corridor through which over 95% of refined products enter Uganda.

Petroleum revenue of UGX 1.44 trillion is budgeted for FY 2026/27, rising to a projected UGX 9.58 trillion by FY 2030/31.

### Performance so far

Kabalega International Airport Phase 1 is complete to support Albertine logistics; UNOC bulk fuel procurement has kept supply stable and price volatility low.

### Future outlook

Priorities: operationalising EACOP, developing the oil refinery, and ramping Tilenga and Kingfisher production — the principal driver of the 10.2% growth projection.

### Day-to-day business implications

Register on national supplier databases and pursue local-content qualification — catering, transport, civil works, security, ICT, insurance and professional services all feed the Albertine value chain. Fuel users face the +UGX 200/litre excise from July 2026;

# ICT Sector

## KEY HIGHLIGHTS

UGX 1.14 trillion is allocated to Science, Technology & Innovation, ICT and creative industries in FY 2026/27.

The national fibre backbone reached 62,941 km (+879 km this year); internet costs have halved from USD 70 to USD 35 per Mbps.

### Performance so far

Connectivity is deep: 57.3 million mobile subscriptions, 20 million smartphones, 18.5 million active mobile-internet users; 36.7 million active mobile-money accounts served by 1.22 million agents.

### Future outlook

Priorities: commercialisation of innovations (Kiira vehicles, Dei BioPharma, banana products), establishment of a Hi-Tech City, expanded R&D, broader digital infrastructure, BPO job growth, free-to-air TV expansion and stronger IP protection.

### Day-to-day business implications

Falling connectivity costs lower operating expenses and make cloud, e-commerce and digital channels viable even up-country. Mobile money is the payment rail of the mass market — integrate collections and disbursements accordingly.

# Capital Market

## KEY HIGHLIGHTS

The FY 2026/27 financing strategy explicitly expands alternative financing: Public-Private Partnerships, venture capital.

### Performance so far

The domestic securities market remains dominated by government paper — UGX 11.97 trillion of new domestic borrowing plus UGX 13.97 trillion of refinancing in FY 2026/27 — supplying a deep, liquid yield curve.

### Future outlook

The contributory public-service pension fund will create a major new institutional investor pool; prospective SOE listings could meaningfully deepen the Uganda Securities Exchange.

### Day-to-day business implications

Treasury yields remain the benchmark for corporate finance decisions — use the curve for surplus-cash management and debt pricing. Mid-sized corporates should evaluate bond or SUKUK issuance as bank-credit alternatives as the investor base widens.

# Tourism Sector

## KEY HIGHLIGHTS

Tourism receives UGX 567.32 billion in FY 2026/27; receipts reached USD 1.86 billion in 2025.

Uganda won 'Best in Show – Africa' at the 2026 New York Travel & Adventure Show and the 'Best Exquisite Destination Award' in Mumbai.

### Performance so far

Recovery from a 2020 low of USD 562 million has been driven by aggressive 'Explore Uganda' destination marketing, Economic & Commercial Diplomacy targets for Missions Abroad, and two successful international conference (MICE) bids.

### Future outlook

AFCON 2027 co-hosting is the near-term catalyst — Hoima Stadium complete, Namboole upgrades on track, Akii-Bua on schedule, and Kabalega/Kidepo airports adding access.

### Day-to-day business implications

The hotel tax holiday plus AFCON demand creates a defined investment window in hospitality — model occupancy spikes for 2027. Hospitality operators should prepare for stricter standards enforcement and grading; staff training is a budget priority.

# Mining Sector

## KEY HIGHLIGHTS

Exploration confirmed an estimated 300 million tonnes of iron ore across Kabale, Rubanda, Rukiga, Kisoro, Kanungu.

Copper (and rare-earth potential) is being surveyed at the Bukusu Carbonatite Complex;

### Performance so far

The Moroto clinker factory (6,000 tonnes/day) was commissioned, adding value to limestone and substituting USD 260 million of annual imports. Gold remains a leading export within the USD 18.04 billion export basket;

### Future outlook

FY 2026/27 priorities: continued exploration and quantification, capitalising the Uganda National Mining Company, establishing mineral markets and buying centres, and mineral value addition.

### Day-to-day business implications

Expect licensing regimes that require local processing; plan beneficiation into project economics. Equipment supply, drilling services, labs, logistics and ESG/community advisory demand will grow with exploration budgets.

# Financial Sector

## KEY HIGHLIGHTS

Reserves stand at USD 6 billion; the wealth-fund architecture is now substantial: PDM (UGX 4.4 trillion).

A transition toward a self-sustaining PDM Bank has been announced.

### Performance so far

Financial inclusion is deepening through mobile money (36.7 million active accounts) and SACCO capitalisation; remittances of USD 2.8 billion add household liquidity.

### Future outlook

The contributory public-service pension fund, SUKUK issuance and potential SOE listings will broaden the institutional landscape; URA's UGX 40 trillion target means intensified financial-sector reporting and AML/FIA scrutiny.

### Day-to-day business implications

Banks and lenders: double-digit growth plus wealth-fund liquidity supports credit expansion — but watch crowding-out from heavy government issuance. Borrowers should re-price offshore facilities for the 5% WHT and consider domestic or DFI alternatives.

# Education & Human Capital

## KEY HIGHLIGHTS

Education, skills and sports receive UGX 6.66 trillion; human capital (health, education, water and social protection) remains the largest budget priority.

An additional UGX 568.65 billion will enhance salaries for primary school teachers and arts teachers in secondary and BTVET institutions.

### Performance so far

About 9.52 million learners benefited from UPE and roughly 995,000 from USE/Post-O-Level programmes; 90 new seed secondary schools were completed and 259 operationalised. STEM, TVET and digital-skills investment intensified;

### Future outlook

Priorities: quality UPE/USE access, STEM and vocational education, teacher welfare (notably pre-primary), curriculum reform, stronger universities and research, and AFCON 2027 sports infrastructure.

### Day-to-day business implications

Employers gain from a deepening technical-skills pipeline — build internship and hub partnerships to secure talent. Payroll teams must implement the new PAYE threshold (UGX 335,000/month tax-free) in the first July 2026 pay run.

# Health Sector

## KEY HIGHLIGHTS

Health receives UGX 5.23 trillion in FY 2026/27; National Medical Stores funding rose by UGX 145.33 billion to UGX 862.93 billion.

The Uganda Cancer Institute performed the country's first bone-marrow transplant in April 2026;

### Performance so far

17 Regional Referral Hospitals and 25 General Hospitals were equipped with Neonatal ICUs; 14 RRHs received CT scanners; immunisation coverage for under-ones reached 94%.

### Future outlook

Pipeline: Naguru Cardiac Hospital (44% complete, due June 2027), Lubowa International Specialised Hospital (75%, due December 2027), the PET nuclear-medicine centre (Phase 1 at 95%), and regional cancer centres in Mbarara, Arua and Mbale.

### Day-to-day business implications

Local manufacturing and supply of medicines, diagnostics and consumables is an explicit import-substitution opportunity backed by government procurement.

# Income Tax (Amendment) Act, 2026

# Introduction — Income Tax

## Income Tax (Amendment) Act, 2026

### Introduction

Parliament approved the Income Tax (Amendment) Act, 2026 for the financial year 2026/27. The amendments are pending assent by H.E. the President of Uganda and are intended to come into force on 1 July 2026, subject to reconsideration by H.E. and Parliament. This analysis should therefore be read as covering proposed amendments, which may change before commencement.

### Context and policy direction

Three themes dominate. First, base broadening at source: new or expanded withholding taxes reach foreign loan interest, software royalties, gaming winnings, telecom agency commissions and public entertainers. Second, investment facilitation: exemptions for tourism developers and Bujagali, relaxed interest-capping rules and microfinance bad-debt relief. Third, individual relief: the PAYE nil band rises to UGX 335,000 per month, removing low earners from the tax net while a 40% top marginal rate preserves progressivity.

# Executive Summary — Income Tax (1/4)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 2</b>	Definition of a royalty expanded to include a payment for the use of, or the right to use, software.	Software payments to non-residents shift to the 15% royalty withholding regime.
<b>Section 21(1)(ab)</b>	Bujagali hydro power project income tax exemption extended by six years, to 30 June 2032.	Income tax kept out of Bujagali’s electricity tariff until 2032.
<b>Section 21(1)(ae)(vii)</b>	Drafting correction deleting the word “for” before “diapers”.	Each listed product independently qualifies for the manufacturing exemption.
<b>Section 21(1)(ah) (new)</b>	Income tax exemption for hotel or tourism facility developers — USD 10 million (foreigner) or USD 5 million (citizen), with 70% local content and employment conditions.	Open-ended income tax holiday for qualifying hospitality investments.
<b>Section 21(7)</b>	Infrastructure bond definition amended by removing the listing requirement.	Interest on unlisted infrastructure bonds also qualifies for exemption.
<b>Section 24</b>	Microfinance deposit-taking institutions and tier 4 microfinance institutions allowed bad-debt deductions.	Lending sector treated uniformly on bad-debt deductibility.

# Executive Summary — Income Tax (2/4)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 25</b>	Group redefined as 51% common underlying ownership excluding dormant companies; brought-forward losses excluded from Tax EBITDA.	Fewer companies caught by the 30% interest cap; higher deductible interest.
<b>Section 34</b>	Reference corrected: farm works expenditure classified under class 3.	Technical correction; no change in substantive tax policy.
<b>Section 82</b>	5% withholding tax on previously exempt interest on widely issued foreign debentures and interest paid to foreign banks or financial institutions of a public character.	Offshore borrowing costs rise modestly; the 5% is a final tax on the lender.
<b>Section 86</b>	Royalties excluded from the 5% digital services tax; royalties to non-residents attract 15% withholding tax.	Double taxation of royalty income avoided; a single taxing route applies.
<b>Section 115A (new)</b>	Statutory obligation on taxpayers to conduct related-party transactions at arm's length.	Transfer pricing policy and documentation become essential for related-party dealings.
<b>Section 124</b>	Optional monthly provisional return and payment regime for individual rental taxpayers.	Landlords may pay rental tax monthly, matching rent collections.

# Executive Summary — Income Tax (3/4)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 131</b>	15% WHT on winnings reintroduced for gaming in addition to betting; “winnings” defined as pay-out less stake; licensed land-based casinos excluded.	Operators must withhold 15% on net winnings at pay-out.
<b>Section 133</b>	10% WHT on telecom commissions expanded to retail services, mobile network distribution, mobile money services and voice and data bundles.	Withholding extends across the full telecom agency value chain.
<b>Section 135B (new)</b>	6% WHT on payments to public entertainers, including stage, radio, television and digital performers.	Creative economy income taxed at source; the 6% is creditable.
<b>Section 139</b>	WHT on insurance agent commissions (10%) made final tax; telecom agent commission WHT final for resident individuals.	Agents’ commission income taxed conclusively at source; no further filing.
<b>Schedule 2</b>	Income of BADEA and the Uganda Red Cross Society exempted from income tax.	Listed institutions’ income fully exempt; withholding on payments to them falls away.
<b>Schedule 4 Pt I</b>	Resident individual (PAYE) bands revised: nil up to UGX 335,000 per month; 10% band discontinued; new 25% band; top marginal rate 40%.	Low earners exit PAYE; payroll systems must be reconfigured from 1 July 2026.

# Executive Summary — Income Tax (4/4)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Schedule 4 Pt V</b>	Withholding tax rate of 5% prescribed for interest on widely issued foreign debentures and interest paid to foreign banks or financial institutions of a public character.	Concessional 5% rate — not the standard 15% — applies to qualifying foreign interest.
<b>Schedule 4 Pt XI</b>	Withholding tax rate of 15% prescribed on payments for winnings of betting or gaming.	Rate parity restored between betting and gaming on net winnings.
<b>Schedule 4 Pt XIII</b>	Withholding tax rate of 10% prescribed on the expanded base of telecommunications agency commissions.	One uniform rate across the full telecom commission base.
<b>Schedule 4 Pt XVI (new)</b>	Withholding tax rate of 6% of the gross payment prescribed for payments to public entertainers.	Creditable advance tax on gross entertainer fees.

## Section 2 – Definition of a Royalty Expanded to Include Software

### Provision

### Section 2

### The amendment

Definition of a royalty expanded to include a payment for the use of, or the right to use, software.

### Background, interpretation and day-to-day business implications

#### Section background

Section 2 defines terms used throughout the Income Tax Act, including “royalty”, which covers payments for the use of intangible assets such as patents, copyrights and trademarks.

#### Background of the amendment

Software payments were only impliedly royalties through the inclusive definition, creating classification disputes against the 5% digital services tax;

#### Interpretation & legislative intention

Payments for the use of, or the right to use, software are categorically royalties. Read with section 82, royalties paid to non-residents attract 15% withholding tax, while royalties paid to residents are taxed as property income under section 20.

#### Day-to-day business implications

Businesses importing software, licences, subscriptions and SaaS from non-resident vendors must withhold 15% on payments; IT procurement budgets, vendor contracts and gross-up clauses should be repriced for the higher withholding cost.

## Section 21(1)(ab) – Extension of the Bujagali Hydro Power Project Exemption

### Provision

### Section 21(1)(ab)

### The amendment

Bujagali hydro power project income tax exemption extended by six years, to 30 June 2032.

### Background, interpretation and day-to-day business implications

#### Section background

Section 21 lists exempt income; paragraph (1)(ab) exempts the income of the Bujagali hydro power project, expiring 30 June 2026.

#### Background of the amendment

The exemption keeps income tax costs out of the electricity tariff; Parliament has repeatedly extended it to protect end-user power prices.

#### Interpretation & legislative intention

The exemption is extended by six years, to 30 June 2032. The legislator intends to ensure that income tax is not built into Bujagali's electricity tariff, keeping generation costs — and therefore consumer and industrial power prices.

#### Day-to-day business implications

Businesses benefit indirectly through restrained electricity tariffs — a material input cost for manufacturers, processors and cold-chain operators; no direct compliance action arises from this amendment.

## Section 21(1)(ae)(vii) – Drafting Clarification on Sanitary Pads and Diapers

### Provision

### Section 21(1)(ae)(vii)

### The amendment

Drafting correction deleting the word “for” before “diapers”.

### Background, interpretation and day-to-day business implications

#### Section background

The paragraph exempts income from manufacturing specified products, including chemicals for agricultural and industrial use, electrical equipment, sanitary pads and diapers.

#### Background of the amendment

The word “for” suggested all listed items related to diapers, against the legislator’s intention that each product independently qualifies; the correction removes that ambiguity.

#### Interpretation & legislative intention

The word “for” between “and” and “diapers” is deleted, clarifying that each listed item — including manufacturers of sanitary pads or diapers on their own — is independently eligible for the exemption.

#### Day-to-day business implications

Manufacturers of any single listed product can claim the exemption without manufacturing the full combination; affected taxpayers should revisit prior positions and consider engaging URA where the ambiguity caused denied claims.

## Section 21(1)(ah) – Income Tax Exemption for Hotel and Tourism Facility Developers (New Paragraph)

### Provision

### Section 21(1)(ah) (new)

### The amendment

Income tax exemption for hotel or tourism facility developers — USD 10 million (foreigner) or USD 5 million (citizen), with 70% local content and employment conditions.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new paragraph under section 21, which lists categories of exempt income, mirroring the parallel VAT relief for tourism developers.

#### Background of the amendment

Complementing the FY 2026/27 tourism agenda and AFCON 2027 preparations, Government extends income tax relief to large hospitality investments; stakeholders noted the unusual absence of a time limit.

#### Interpretation & legislative intention

Income of a developer of a hotel or tourism facility is exempt where investment capital is at least USD 10 million (foreigner) or USD 5 million (citizen), at least 70% of raw materials are locally sourced subject to availability.

#### Day-to-day business implications

Hospitality investors should structure capital, procurement and payroll to satisfy and continuously evidence the 70% thresholds; HR and procurement records become tax-critical documents subject to annual verification.

## Section 21(7) – Infrastructure Bond Definition Amended

### Provision

## Section 21(7)

### The amendment

Infrastructure bond definition amended by removing the listing requirement.

### Background, interpretation and day-to-day business implications

#### Section background

Section 21(7) defines terms used in section 21, including “infrastructure bond”, whose interest is exempt under section 21(1)(af).

#### Background of the amendment

The listing requirement constrained Government’s fund-raising flexibility and created uncertainty; removing it eases issuance of infrastructure bonds outside the stock exchange.

#### Interpretation & legislative intention

The word “listed” is removed, so interest on unlisted bonds, notes or securities issued to raise funds for public infrastructure or social services, with maturity above ten years, also qualifies for exemption.

#### Day-to-day business implications

Banks, pension funds, insurers and corporate treasuries gain a wider menu of tax-exempt long-dated instruments; investment policies and portfolio mandates should be updated to capture qualifying unlisted infrastructure bonds.

## Section 24 – Bad Debt Deductions Extended to Microfinance Institutions

### Provision

### Section 24

### The amendment

Microfinance deposit-taking institutions and tier 4 microfinance institutions allowed bad-debt deductions.

### Background, interpretation and day-to-day business implications

#### Section background

Section 24 prescribes conditions for claiming bad debts as deductions in computing chargeable income, previously clear only for financial institutions.

#### Background of the amendment

Microfinance deposit-taking and tier 4 institutions lend in the ordinary course of business yet lacked clarity on bad-debt deductibility; the amendment levels the field.

#### Interpretation & legislative intention

Microfinance deposit-taking institutions and tier 4 microfinance institutions may claim deductions for bad debts and provisions for bad debts in accordance with their respective financial regulatory requirements, in the same manner as banks.

#### Day-to-day business implications

MDIs, tier 4 microfinance institutions and money lenders should align provisioning policies with their regulatory frameworks and maintain documentation supporting write-offs, as these now directly reduce chargeable income.

## Section 25 – Interest Deductibility: “Group” Redefined and Tax EBITDA Refined

### Provision

## Section 25

### The amendment

Group redefined as 51% common underlying ownership excluding dormant companies; brought-forward losses excluded from Tax EBITDA.

### Background, interpretation and day-to-day business implications

#### Section background

Section 25 caps deductible interest for members of a group at 30% of Tax EBITDA, implementing OECD base-erosion guidelines.

#### Background of the amendment

Any common shareholding — even 1% — triggered the cap, harshly denying legitimate interest; the Techno Three and Sai Office Supplies Tribunal decisions prompted statutory clarification.

#### Interpretation & legislative intention

A “group” now requires at least 51% common underlying ownership and excludes dormant members (codifying Techno Three); a dormant person is one not doing business with no accounting transaction in the year.

#### Day-to-day business implications

Leveraged businesses should re-test group membership under the 51% threshold — many will exit the cap entirely — and recompute interest capacity excluding brought-forward losses.

## Section 34 – Correction of Farm Works Classification

### Provision

### Section 34

### The amendment

Reference corrected: farm works expenditure classified under class 3.

### Background, interpretation and day-to-day business implications

#### Section background

Section 34 provides for deduction of farming expenditure, with farm works depreciated through the pooled asset classes under the Act.

#### Background of the amendment

Depreciable asset classes were reduced to three in 2021, but section 34 still referenced the repealed class 4; this corrects the anomaly.

#### Interpretation & legislative intention

The words “class 3” are substituted for “class 4”, so expenditure on acquiring farm works is classified under class 3 of the depreciable asset pools.

#### Day-to-day business implications

Agribusinesses claiming farm works deductions should map such expenditure to class 3 in fixed asset registers and tax computations; no rate change arises, but returns referencing class 4 should be corrected.

## Section 82 – 5% Withholding Tax on Foreign Loan Interest

### Provision

### Section 82

### The amendment

5% withholding tax on previously exempt interest on widely issued foreign debentures and interest paid to foreign banks or financial institutions of a public character.

### Background, interpretation and day-to-day business implications

#### Section background

Section 82 taxes international payments; section 82(5) previously exempted interest on widely issued foreign debentures and interest paid to foreign banks or financial institutions of a public character.

#### Background of the amendment

The exemption narrowed the tax base as offshore borrowing grew; Government opted for a modest 5% charge rather than the standard 15% to preserve access to foreign capital.

#### Interpretation & legislative intention

Interest paid by a resident company on debentures widely issued outside Uganda to raise loans for its Ugandan business, and interest paid abroad to foreign banks or financial institutions of a public character.

#### Day-to-day business implications

Offshore borrowing becomes marginally costlier: treasurers should review facility agreements for gross-up clauses that shift the 5% onto the borrower, reprice planned facilities.

## Section 86 – Royalties Excluded from the Digital Services Tax

### Provision

### Section 86

### The amendment

Royalties excluded from the 5% digital services tax; royalties to non-residents attract 15% withholding tax.

### Background, interpretation and day-to-day business implications

#### Section background

Section 86 imposes the 5% digital services tax on every non-resident person deriving income from providing digital services to customers in Uganda.

#### Background of the amendment

With software reclassified as a royalty under section 2, both the digital services tax and royalty withholding could apply to the same payment, risking double taxation.

#### Interpretation & legislative intention

Any income attributable to royalties is excluded from the digital services tax. Software and similar payments to non-residents are therefore taxed solely under section 82, at 15% withholding tax as a final tax.

#### Day-to-day business implications

Payers must classify each cross-border digital payment correctly: genuine digital services remain subject to the 5% digital services tax, while software and other royalties shift to 15% withholding.

## Section 115A – Compliance with the Arm’s Length Principle (New Section)

### Provision

### Section 115A (new)

### The amendment

Statutory obligation on taxpayers to conduct related-party transactions at arm’s length.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new section within the international taxation provisions, complementing the existing transfer pricing framework under section 118 and its regulations.

#### Background of the amendment

URA audits increasingly target related-party dealings; codifying the arm’s length obligation in primary legislation strengthens enforcement and signals alignment with OECD norms.

#### Interpretation & legislative intention

Taxpayers are expressly required to ensure that transactions with related parties — associates, group companies and connected persons — are conducted at arm’s length, using prices and terms independent parties would adopt.

#### Day-to-day business implications

Any business transacting with related parties — management fees, intercompany loans, shared services, goods — should maintain a transfer pricing policy and contemporaneous documentation compliant with the Transfer Pricing Regulations and URA guidance.

# Section 124 – Optional Monthly Rental Tax Compliance for Individuals

## Provision

### Section 124

## The amendment

Optional monthly provisional return and payment regime for individual rental taxpayers.

## Background, interpretation and day-to-day business implications

### Section background

Section 124 prescribes procedural requirements for rental tax, under which individual landlords file provisional returns and pay rental tax quarterly.

### Background of the amendment

Quarterly lump-sum payments strained individual landlords' cash flows; an optional monthly cycle matches tax payments to monthly rent collections.

### Interpretation & legislative intention

Individuals earning rental income may opt to file provisional returns and pay rental tax monthly. The election is optional and does not replace the quarterly compliance route, which remains available.

### Day-to-day business implications

Individual landlords can align tax payments with monthly rent collection, smoothing cash flow; property managers and accountants should help clients elect the cycle that suits their collection patterns and diarise the chosen deadlines.

# Section 131 – Withholding Tax on Gaming Winnings Reintroduced

## Provision

### Section 131

#### The amendment

15% WHT on winnings reintroduced for gaming in addition to betting; “winnings” defined as pay-out less stake; licensed land-based casinos excluded.

## Background, interpretation and day-to-day business implications

### Section background

Section 131 provides for withholding tax on winnings of betting; the equivalent charge on gaming was removed in 2023 amid definitional disputes.

### Background of the amendment

Absence of a “winnings” definition bred disputes — notably *Massalia SMC Ltd v URA* — over whether tax applied to gross pay-outs or net gains; the amendment codifies the net position.

### Interpretation & legislative intention

Withholding tax at 15% is reintroduced on gaming winnings, alongside betting. “Winnings” means the pay-out less the amount staked, so tax applies to the actual gain, not the gross pay-out.

### Day-to-day business implications

Betting and gaming operators must configure systems to compute net winnings per bet, withhold 15% at pay-out and remit to URA; pay-out records, player statements and reconciliation controls become daily compliance essentials.

# Section 133 – Expanded Withholding Tax on Telecommunications Commissions

## Provision

### Section 133

## The amendment

10% WHT on telecom commissions expanded to retail services, mobile network distribution, mobile money services and voice and data bundles.

## Background, interpretation and day-to-day business implications

### Section background

Section 133 imposes 10% withholding tax on commissions paid by telecommunication service providers, previously covering airtime distribution and mobile money agents.

### Background of the amendment

Agents distributing other telecom products earned commissions outside the withholding net; expansion broadens the base across the full distribution ecosystem.

### Interpretation & legislative intention

The 10% withholding tax extends to commissions for telecommunication retail services, mobile network distribution, mobile money services and voice and data bundles. Read with section 139, the tax withheld is final for resident individual agents.

### Day-to-day business implications

Telecom companies must extend withholding across all commission categories; agents and distributors — particularly resident individuals for whom the 10% is final — should reassess margins.

## Section 135B – 6% Withholding Tax on Public Entertainers (New Section)

### Provision

### Section 135B (new)

### The amendment

6% WHT on payments to public entertainers, including stage, radio, television and digital performers.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new section. The withholding regime previously captured payments by designated agents and commissions in insurance, advertising and mobile money.

#### Background of the amendment

Entertainment income, often paid by promoters who are not designated withholding agents, largely escaped taxation at source; the amendment closes that gap.

#### Interpretation & legislative intention

Any person paying a public entertainer must withhold 6% of the gross payment. “Public entertainer” is broadly defined: a person performing in public or before a camera or microphone for entertainment, artistic or similar purposes, including stage.

#### Day-to-day business implications

Promoters, event organisers, broadcasters, corporates and venues paying performers — including digital content creators — must register the obligation, withhold 6% on gross fees and remit;

# Section 139 – Final Tax Status for Insurance and Telecom Agent Commissions

## Provision

### Section 139

## The amendment

WHT on insurance agent commissions (10%) made final tax; telecom agent commission WHT final for resident individuals.

## Background, interpretation and day-to-day business implications

### Section background

Section 139 specifies which withholding taxes constitute final tax, discharging the recipient from further filing on that income.

### Background of the amendment

Insurance agents incur informal, undocumented expenses making accurate reporting difficult; treating the 10% withheld as final simplifies compliance for agents and URA alike.

### Interpretation & legislative intention

Tax withheld at 10% on commissions paid to insurance agents becomes final tax, whether the agent is an individual or an entity. Tax withheld on telecom agency commissions under section 133 is final for resident individuals;

### Day-to-day business implications

Affected insurance agents and individual telecom agents stop filing on commission income — the 10% is their full liability — but lose expense deductions; agencies operating as companies retain normal filing with the WHT as a credit.

## Schedule 2 – BADEA and Uganda Red Cross Society Listed

### Provision

### Schedule 2

### The amendment

Income of BADEA and the Uganda Red Cross Society exempted from income tax.

### Background, interpretation and day-to-day business implications

#### Section background

Schedule 2 lists institutions whose income is exempt from income tax under section 21(1)(a) as listed institutions.

#### Background of the amendment

BADEA's development financing role and the Red Cross's humanitarian mandate justified listing; the change mirrors BADEA's parallel addition under the VAT Act.

#### Interpretation & legislative intention

The Arab Bank for Economic Development in Africa (BADEA) and the Uganda Red Cross Society are inserted into Schedule 2, exempting their income from income tax.

#### Day-to-day business implications

Entities transacting with BADEA or the Uganda Red Cross Society should note their exempt status when structuring financing, grants or partnership arrangements; withholding obligations on payments to these institutions fall away.

# Schedule 4 Part I – Revised Income Tax Rates for Resident Individuals (PAYE)

## Provision

### Schedule 4 Pt I

## The amendment

Resident individual (PAYE) bands revised: nil up to UGX 335,000 per month; 10% band discontinued; new 25% band; top marginal rate 40%.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 4 Part I prescribes income tax rates for individuals; resident rates were last meaningfully restructured decades ago, while non-resident rates remain unchanged.

### Background of the amendment

Bands set in the 1990s no longer reflected incomes or living costs; raising the nil threshold relieves low earners, though stakeholders consider 30% from UGX 485,001 still steep.

### Interpretation & legislative intention

The nil band rises to UGX 335,000 per month (UGX 4,020,000 annually); the 10% band is discontinued; a new 25% band applies between UGX 410,001 and 485,000;

### Day-to-day business implications

Every employer must reconfigure payroll software effective 1 July 2026; low earners drop out of PAYE entirely, take-home pay rises modestly across bands, and net-of-tax employment contracts should be recosted under the new structure.

# Schedule 4 Part V – 5% Rate Prescribed for Foreign Loan Interest

## Provision

### Schedule 4 Pt V

## The amendment

Withholding tax rate of 5% prescribed for interest on widely issued foreign debentures and interest paid to foreign banks or financial institutions of a public character.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 4 Part V prescribes the rates of withholding tax applicable to international payments made to non-resident persons under the Act.

### Background of the amendment

The rate schedule must mirror the section 82 charge; without a prescribed rate, the newly taxable foreign-interest categories could not be operationalised in practice.

### Interpretation & legislative intention

A 5% rate is prescribed for interest on debentures issued by a resident company to raise loans outside Uganda and for interest paid abroad to banks or financial institutions of a public character.

### Day-to-day business implications

Payers must apply 5% — not the default 15% — to qualifying foreign interest; treasury payment systems and withholding tax return mappings should distinguish these categories precisely to avoid over- or under-withholding.

# Schedule 4 Part XI – 15% Rate Prescribed on Winnings of Betting or Gaming

## Provision

### Schedule 4 Pt XI

## The amendment

Withholding tax rate of 15% prescribed on payments for winnings of betting or gaming.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 4 Part XI prescribes the rate of withholding tax on payments for winnings under section 131, previously confined to betting.

### Background of the amendment

Reintroducing the gaming charge in section 131 required a corresponding rate prescription; 15% restores the position that applied before the 2023 removal of the gaming charge.

### Interpretation & legislative intention

The 15% withholding rate now applies to winnings of both betting and gaming, computed on the defined net winnings — the pay-out less the amount staked.

### Day-to-day business implications

Operators' pay-out engines must apply 15% to net winnings uniformly across betting and gaming products; pay-out statements should display the stake, gross pay-out, tax withheld and net amount for player transparency and URA audit.

# Schedule 4 Part XIII – 10% Rate Across the Expanded Telecom Commission Base

## Provision

### Schedule 4 Pt XIII

## The amendment

Withholding tax rate of 10% prescribed on the expanded base of telecommunications agency commissions.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 4 Part XIII prescribes the rate of withholding tax on commissions paid by telecommunication service providers under section 133.

### Background of the amendment

The expanded section 133 base required matching rate coverage; one uniform 10% across all agency commission types prevents classification games among telecom product lines.

### Interpretation & legislative intention

The 10% rate applies uniformly across the widened commission base — telecommunication retail services, mobile network distribution, mobile money services and voice and data bundles.

### Day-to-day business implications

Telecom operators should configure a single 10% withholding code across all commission payouts; agents should verify withholding certificates per category — particularly resident individuals, for whom the tax is final under section 139.

## Schedule 4 Part XVI – 6% Rate on Payments to Public Entertainers (New Part)

### Provision

### Schedule 4 Pt XVI (new)

### The amendment

Withholding tax rate of 6% of the gross payment prescribed for payments to public entertainers.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new Part of Schedule 4, which prescribes the rates applicable to the withholding obligations created in the body of the Act.

#### Background of the amendment

The new section 135B charge needed a prescribed rate; 6% mirrors the designated-agent withholding rate, keeping source taxation of entertainers moderate and creditable.

#### Interpretation & legislative intention

The rate is 6% of the gross payment to a public entertainer, with no deduction for the entertainer's costs at source. Because the withholding is creditable rather than final, the legislator intends the rate as an advance collection mechanism.

#### Day-to-day business implications

Promoters, broadcasters and corporates must withhold exactly 6% on gross entertainer fees and issue withholding certificates; entertainers should retain the certificates to claim credits in their annual returns.

Income Tax | PAYE rates

# Resident individual PAYE bands

Monthly rates to be configured from 1 July 2026.

Monthly chargeable income	Proposed rate of tax
Up to UGX 335,000	Nil
UGX 335,001 – 410,000	20% of the amount above UGX 335,000
UGX 410,001 – 485,000	UGX 15,000 plus 25% of the amount above UGX 410,000
UGX 485,001 – 10,000,000	UGX 33,750 plus 30% of the amount above UGX 485,000
Above UGX 10,000,000	As above, plus an additional 10% on the amount above UGX 10,000,000 (top marginal rate 40%)

**Payroll action: reconfigure payroll software and recost net-of-tax employment contracts before implementation.**

# Value Added Tax (Amendment) Act, 2026

# Introduction — VAT

## Value Added Tax (Amendment) Act, 2026

### Introduction

H.E. the President of Uganda assented to the Value Added Tax (Amendment) Act, 2026 on 18 May 2026, and the Act comes into force on 1 July 2026. The Act amends the Value Added Tax Act, Cap. 344 to exempt EFRIS-supported purchases from 6% VAT withholding, double the VAT registration threshold to UGX 300 million, grant input tax credits to qualifying hotel and tourism facility developers, extend VAT deferment to mining sector inputs, modernise the refund-interest and consumer-refund thresholds.

# Executive Summary — VAT (1/2)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 5 (new ss. (7))</b>	No 6% VAT withholding where the designated person is issued an e-invoice or e-receipt under section 92 of the TPCA.	EFRIS-compliant suppliers are paid gross; withholding duplication removed.
<b>Section 7</b>	VAT registration threshold raised from UGX 150 million to UGX 300 million annual taxable turnover.	Small businesses exit the VAT net; compliance burden reduced.
<b>Section 28 (new ss. (3a)–(3c))</b>	Input tax credit for hotel or tourism facility developers investing USD 10 million (foreigner) or USD 5 million (citizen), for supplies within two years before commissioning.	Construction-phase VAT becomes claimable on commissioning of the facility.
<b>Section 32</b>	VAT deferment extended beyond plant and machinery to inputs for the mining sector, on terms the Minister prescribes by regulations.	Upfront import VAT relieved for qualifying mining businesses.

# Executive Summary — VAT (2/2)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 36</b>	Tolerance for claiming interest on late refunds changed from UGX 50,000 to 5% of the refund claimed.	Minor claim variances no longer forfeit interest on delayed refunds.
<b>Section 38</b>	Qualifying consumer spend for the 5% VAT refund reduced from UGX 5 million to UGX 2 million within 30 consecutive days, on e-receipts.	More consumers rewarded for demanding EFRIS receipts.
<b>Schedule 2</b>	BADEA added as a public international organisation; Medical Research Council entry updated to MRC/UVRI and LSHTM Uganda Research Unit.	Listed bodies entitled to VAT refunds under section 37.
<b>Schedule 3</b>	“Nuclear energy” inserted in paragraph 1(z): supplies to contractors and subcontractors of nuclear energy projects exempted.	VAT removed from the Buyende nuclear programme supply chain.

# Amendment of Section 5 – VAT Withholding Exemption for EFRIS-Supported Purchases

## Provision

### Section 5 (new ss. (7))

## The amendment

No 6% VAT withholding where the designated person is issued an e-invoice or e-receipt under section 92 of the TPCA.

## Background, interpretation and day-to-day business implications

### Section background

Section 5 imposes liability for VAT and provides for designated persons required to withhold 6% VAT on payments for taxable supplies. A new subsection (7) is inserted.

### Background of the amendment

Withholding applied even on EFRIS-recorded transactions, duplicating compliance and straining supplier cash flows; stakeholders sought relief for compliant taxpayers and Parliament concurred.

### Interpretation & legislative intention

A designated person is no longer required to withhold 6% VAT where the supplier issues an e-invoice or e-receipt in accordance with section 92 of the Tax Procedures Code Act.

### Day-to-day business implications

Suppliers issuing EFRIS invoices are paid gross, improving cash flow; designated persons must verify a valid e-invoice or e-receipt before releasing payment without withholding, and reconfigure accounts payable systems accordingly.

# Amendment of Section 7 – Increase of the VAT Registration Threshold

## Provision

## Section 7

## The amendment

VAT registration threshold raised from UGX 150 million to UGX 300 million annual taxable turnover.

## Background, interpretation and day-to-day business implications

### Section background

Section 7 prescribes the annual taxable turnover threshold above which a person is required to register for VAT, previously UGX 150 million.

### Background of the amendment

The threshold had lagged inflation and economic growth; small taxpayers contributed little VAT yet strained URA refund audits. The Parliamentary committee stage settled the new threshold at UGX 300 million.

### Interpretation & legislative intention

The registration threshold doubles from UGX 150 million to UGX 300 million annual taxable turnover. The legislator intends to remove small businesses from the VAT net, cut their compliance costs, simplify administration.

### Day-to-day business implications

Businesses below UGX 300 million may deregister, shedding monthly filing obligations but losing input tax credits; VAT-registered buyers should review supplier chains.

## Amendment of Section 28 – Input Tax Credit for Hotel and Tourism Facility Developers

### Provision

### Section 28 (new ss. (3a)–(3c))

### The amendment

Input tax credit for hotel or tourism facility developers investing USD 10 million (foreigner) or USD 5 million (citizen), for supplies within two years before commissioning.

### Background, interpretation and day-to-day business implications

#### Section background

Section 28 governs the credit for input tax allowable to taxable persons. New subsections (3a) to (3c) and paragraph (4)(d) are inserted.

#### Background of the amendment

Developers could previously claim only input VAT incurred six months before commissioning, yet hotels take years to build;

#### Interpretation & legislative intention

A developer of a hotel or tourism facility investing at least USD 10 million (foreigner) or USD 5 million (citizen) may claim input tax on civil works, feasibility, design and construction services, and locally produced materials, machinery.

#### Day-to-day business implications

Hotel and tourism developers should structure procurement timelines and retain EFRIS invoices throughout construction to support the claim at commissioning;

# Amendment of Section 32 – VAT Deferment Extended to Mining Sector Inputs

## Provision

### Section 32

#### The amendment

VAT deferment extended beyond plant and machinery to inputs for the mining sector, on terms the Minister prescribes by regulations.

## Background, interpretation and day-to-day business implications

### Section background

Section 32 provides for deferral of VAT payable on imports, previously confined to plant and machinery, on terms and conditions the Minister prescribes.

### Background of the amendment

Mining inputs attracted upfront import VAT despite the sector's capital intensity; extending deferment, as already enjoyed by manufacturers, was supported as an incentive for mineral-based industrialisation.

### Interpretation & legislative intention

Subsection (7) is substituted to empower the Minister, by regulations, to prescribe terms and conditions for payment of tax on plant and machinery and on inputs for the mining sector.

### Day-to-day business implications

VAT-registered mining businesses importing qualifying inputs for their own use can defer import VAT, freeing working capital; they must file returns regularly, satisfy the deferment conditions.

# Amendment of Section 36 – Interest on Delayed Refunds

## Provision

### Section 36

#### The amendment

Tolerance for claiming interest on late refunds changed from UGX 50,000 to 5% of the refund claimed.

## Background, interpretation and day-to-day business implications

### Section background

Section 36 entitles a taxable person to interest where URA delays paying a tax refund, subject to a tolerance threshold on claim variances.

### Background of the amendment

The UGX 50,000 forfeiture threshold was set in 1996 under vastly different economic conditions; stakeholders considered automatic forfeiture unfair given the exacting nature of URA refund audits.

### Interpretation & legislative intention

The fixed UGX 50,000 variance is replaced with five percent of the total refund claimed: interest on a late refund is forfeited only where the claimed amount exceeds the approved amount by more than 5%.

### Day-to-day business implications

Businesses with refund claims gain a realistic tolerance for minor discrepancies and retain their interest entitlement on delayed refunds;

# Amendment of Section 38 – Consumer VAT Refund Threshold Reduced

## Provision

### Section 38

#### The amendment

Qualifying consumer spend for the 5% VAT refund reduced from UGX 5 million to UGX 2 million within 30 consecutive days, on e-receipts.

## Background, interpretation and day-to-day business implications

### Section background

Section 38 grants non-taxable persons (consumers) a refund of 5% of VAT paid on purchases supported by e-receipts issued within thirty consecutive days.

### Background of the amendment

The UGX 5 million qualifying spend excluded most ordinary consumers; lowering it deepens the EFRIS compliance drive by rewarding customers who demand electronic receipts.

### Interpretation & legislative intention

The qualifying purchase threshold reduces from UGX 5 million to UGX 2 million spent on taxable supplies within thirty consecutive days, supported by e-invoices or e-receipts.

### Day-to-day business implications

Consumers will increasingly demand e-receipts at the till; businesses must therefore issue EFRIS receipts on every sale without exception, as customer-driven enforcement now compounds URA's revised penalty regime under section 93 of the TPC Act.

# Amendment of Schedule 2 – Public International Organisations

## Provision

## Schedule 2

## The amendment

BADEA added as a public international organisation; Medical Research Council entry updated to MRC/UVRI and LSHTM Uganda Research Unit.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 lists public international organisations entitled, under section 37, to refunds of VAT incurred on official purchases in Uganda.

### Background of the amendment

BADEA's growing development-financing footprint in Uganda warranted listing, while the Medical Research Council entry required updating to its current institutional designation; both passed without controversy.

### Interpretation & legislative intention

The Arab Bank for Economic Development in Africa (BADEA) is added to Schedule 2, and “Medical Research Council” is substituted with “Medical Research Council or Uganda Virus Research Institute and London School of Hygiene and Tropical Medicine (MRC/UVRI & LSHTM Uganda Research Unit)”.

### Day-to-day business implications

Suppliers to BADEA and the MRC/UVRI–LSHTM Uganda Research Unit should charge VAT in the normal way — the organisations recover it by refund; invoicing in the precise listed names will ease their section 37 claims.

# Amendment of Schedule 3 – VAT Exemption for Nuclear Energy Projects

## Provision

## Schedule 3

## The amendment

“Nuclear energy” inserted in paragraph 1(z): supplies to contractors and subcontractors of nuclear energy projects exempted.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 3, paragraph 1(z), exempts supplies of goods and services to contractors and subcontractors of specified energy projects, such as hydro, solar and bio-gas.

### Background of the amendment

Preparatory works for the Buyende Nuclear Power Plant are advancing; extending the existing energy-project exemption to nuclear aligns the VAT regime with Government’s energy strategy.

### Interpretation & legislative intention

The words “nuclear energy” are inserted immediately after “bio-gas”, exempting supplies of goods and services to contractors and subcontractors of nuclear energy projects, other than goods and services for personal or domestic use.

### Day-to-day business implications

Contractors, subcontractors and their suppliers on nuclear energy projects should treat qualifying supplies as exempt, adjust pricing and tender models accordingly, and document the project linkage carefully.

# Tax Procedures Code (Amendment) Act, 2026

# Introduction — TPC

## Tax Procedures Code (Amendment) Act, 2026

### Introduction

H.E. the President of Uganda assented to the Tax Procedures Code (Amendment) Act, 2026 on 18 May 2026, and the Act comes into force on 1 July 2026. The Act amends the Tax Procedures Code Act, Cap. 343 to revise the penal tax relating to digital tax stamps and electronic receipting and invoicing (EFRIS), to waive all tax outstanding as at 30 June 2016, and to waive interest and penalties outstanding as at 30 June 2025 where the principal tax is paid by 30 June 2027.

# Executive Summary — TPC

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Section 21(3)</b>	Penal tax for possession of unstamped goods reduced from 2,500 currency points (UGX 50 million) to 100 currency points (UGX 2 million).	Penalty is now double the tax due or UGX 2 million, whichever is higher.
<b>Section 47C (new)</b>	Waiver of all tax, penal tax and interest owed as at 30 June 2016 and outstanding at commencement.	Automatic, unconditional cut-off of pre-2016 ledger arrears.
<b>Section 47D (new)</b>	Waiver of interest and penalties outstanding as at 30 June 2025 where principal tax is paid by 30 June 2027.	Two-year amnesty window; full principal must be paid to earn the waiver.
<b>Section 93</b>	EFRIS penal tax for non-use of a fiscal device, non-issuance of e-invoices or e-receipts, or tampering, revised to double the tax due or 10 currency points (UGX 200,000).	Proportionate penalty enforceable against all designated persons, including non-VAT registered entities.

# Amendment of Section 21(3) – Penal Tax Relating to Tax Stamps

## Provision

### Section 21(3)

## The amendment

Penal tax for possession of unstamped goods reduced from 2,500 currency points (UGX 50 million) to 100 currency points (UGX 2 million).

## Background, interpretation and day-to-day business implications

### Section background

Section 21 prescribes penal tax for digital tax stamp defaults, including possession of goods required to bear tax stamps without stamps affixed.

### Background of the amendment

The UGX 50 million minimum penalty was disproportionate for small traders with non-deliberate defaults; stakeholders urged proportionality and Parliament passed the reduction uncontested.

### Interpretation & legislative intention

The penalty for possession of unstamped goods reduces from 2,500 currency points (UGX 50 million) to 100 currency points (UGX 2 million), or double the tax due where higher.

### Day-to-day business implications

Lower minimum exposure for traders holding unstamped stock, but possession alone still triggers liability. Businesses should verify stamps on all goods received and obtain supplier warranties on stamp compliance.

# Insertion of Section 47C – Waiver of Tax Outstanding as at 30 June 2016

## Provision

### Section 47C (new)

## The amendment

Waiver of all tax, penal tax and interest owed as at 30 June 2016 and outstanding at commencement.

## Background, interpretation and day-to-day business implications

### Section background

This is a new section. It falls under Part VII of the Tax Procedures Code Act, which deals with collection, recovery and waiver of tax.

### Background of the amendment

Pre-2016 ledger balances, distorted by default assessments, inactive TINs and differing payment-allocation rules, frustrated reconciliation; stakeholders had long demanded a statutory cut-off.

### Interpretation & legislative intention

All tax, penal tax and interest owed as at 30 June 2016 and still outstanding at commencement is automatically waived, without application or conditions.

### Day-to-day business implications

Businesses should obtain URA ledger statements after 1 July 2026, confirm pre-2016 balances are expunged, engage URA on any allocation disputes, and reverse related provisions in their books.

# Insertion of Section 47D – Waiver of Interest and Penalty on Payment of Principal Tax

## Provision

### Section 47D (new)

## The amendment

Waiver of interest and penalties outstanding as at 30 June 2025 where principal tax is paid by 30 June 2027.

## Background, interpretation and day-to-day business implications

### Section background

This is a new section. It also falls under Part VII of the Act, which provides statutory relief measures including conditional waivers of interest and penalties.

### Background of the amendment

Continues the rolling tax amnesty introduced under section 47B; the Parliamentary committee supported extension to encourage voluntary settlement of principal arrears and rebuild taxpayer trust.

### Interpretation & legislative intention

Interest and penalties outstanding as at 30 June 2025 are waived where the taxpayer pays the principal tax by 30 June 2027. The legislator intends to recover principal revenue by forgiving accumulated charges.

### Day-to-day business implications

Businesses should quantify principal, interest and penalties now, prioritise full settlement of principal by 30 June 2027 in cash-flow plans, designate payments against principal, and confirm URA's allocation in writing.

## Amendment of Section 93 – Penal Tax Relating to Electronic Receipting and Invoicing (EFRIS)

### Provision

## Section 93

### The amendment

EFRIS penal tax for non-use of a fiscal device, non-issuance of e-invoices or e-receipts, or tampering, revised to double the tax due or 10 currency points (UGX 200,000), whichever is higher.

### Background, interpretation and day-to-day business implications

#### Section background

Section 93 prescribes penal tax for non-compliance with the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) obligations imposed under section 92.

#### Background of the amendment

Fixed penalties of 400 and 300 currency points (UGX 8 million and UGX 6 million) were excessive for small businesses and unworkable for non-VAT registered designated persons.

#### Interpretation & legislative intention

Non-use of a fiscal device, non-issuance of e-invoices or e-receipts, and tampering now attract penal tax of double the tax due or ten currency points (UGX 200,000), whichever is higher.

#### Day-to-day business implications

Every designated business must issue an e-invoice or e-receipt per transaction — each omission is a separate default that aggregates quickly. Onboard EFRIS promptly, train cashiers and document downtime procedures;

# Excise Duty (Amendment) Act, 2026

# Introduction — Excise Duty

## Excise Duty (Amendment) Act, 2026

### Introduction

Parliament approved the Excise Duty (Amendment) Act, 2026 for the financial year 2026/27. The amendments are pending assent by H.E. the President of Uganda and are intended to come into force on 1 July 2026, subject to reconsideration by H.E. and Parliament. This analysis should therefore be read as covering proposed amendments, which may change before commencement.

### Context and policy direction

All the amendments operate through Schedule 2, which prescribes excise duty rates on excisable goods. The package raises existing specific rates eroded by inflation (fuel, cement, sugar, cooking oil, spirits, motorcycles), introduces new items (paints, varnishes and lacquers; cooking fat), and deploys a tenfold increase on plastics as an environmental instrument.

# Executive Summary — Excise Duty (1/2)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Imported un-denatured spirits (&lt;80% ABV)</b>	Ad valorem rate maintained at 80%; minimum specific duty raised from UGX 1,700 to UGX 3,500 per litre.	Minimum duty more than doubles; imported spirits become costlier relative to local alternatives.
<b>Cement, adhesives, grout, white cement, lime</b>	Duty raised from UGX 500 to UGX 750 per 50kg.	UGX 250 per bag increase across construction binding and finishing materials.
<b>Motor spirit (petrol)</b>	Duty raised from UGX 1,550 to UGX 1,750 per litre.	UGX 200 per litre increase feeding into transport and logistics costs economy-wide.
<b>Gas oil (diesel)</b>	Duty raised from UGX 1,230 to UGX 1,430 per litre.	UGX 200 per litre increase on freight, agriculture, industry and standby generation.
<b>Cane or beet sugar; chemically pure sucrose</b>	Duty doubled from UGX 100 to UGX 200 per kg.	Duty doubles on a staple input for food and beverage manufacturing.
<b>Plastic granules, products, sacks and bags</b>	Duty raised from 2.5% or USD 70 per tonne to 25% or USD 1,500 per tonne, whichever is higher, with specified exceptions.	Tenfold increase discourages non-essential plastics; exceptions protect critical uses.

# Executive Summary — Excise Duty (2/2)

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<b>Cooking oil</b>	Duty doubled from UGX 200 to UGX 400 per litre.	Direct pass-through to food processing, catering and household budgets.
<b>Motorcycles (first registration)</b>	Duty raised from UGX 200,000 to UGX 500,000.	Entry cost into the boda boda and delivery economy rises UGX 300,000 per unit.
<b>Locally manufactured paints, varnishes, lacquers</b>	New duty introduced at 3% or UGX 50 per litre or kg, whichever is higher.	New but light duty; local manufacture deliberately favoured over imports.
<b>Imported paints, varnishes, lacquers</b>	New duty introduced at 10% or UGX 2,000 per litre or kg, whichever is higher.	Material cost increase on imported coatings; import substitution encouraged.
<b>Cooking fat</b>	New duty introduced at UGX 500 per litre or kg.	Substitution gap with cooking oil closed; edible fats base broadened.

# Imported Un-denatured Spirits of Alcoholic Strength Below 80%

## Provision

### Imported un-denatured spirits (<80% ABV)

## The amendment

Ad valorem rate maintained at 80%; minimum specific duty raised from UGX 1,700 to UGX 3,500 per litre.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 prescribes excise duty rates on excisable goods and services; item 3 covers un-denatured spirits, distinguishing those made from locally produced raw materials from imported ones.

### Background of the amendment

The UGX 1,700 specific minimum had lagged inflation; doubling it targets imported spirits while sparing production from local raw materials, protecting domestic distillers. Largely a revenue measure.

### Interpretation & legislative intention

The ad valorem rate stays at 80%, but the minimum specific duty rises from UGX 1,700 to UGX 3,500 per litre for imported spirits below 80% alcoholic strength.

### Day-to-day business implications

Importers, distributors, bars and hospitality businesses face higher landed costs on imported spirits; pricing, stock and product-mix decisions should favour locally produced alternatives.

# Cement, Adhesives, Grout, White Cement and Lime

## Provision

### Cement, adhesives, grout, white cement, lime

## The amendment

Duty raised from UGX 500 to UGX 750 per 50kg.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 item 7 prescribes a specific excise duty per 50kg on construction binding and finishing materials — cement, adhesives, grout, white cement and lime.

### Background of the amendment

The amendment restores a specific rate eroded by inflation and raises construction-sector revenue; the Bill proposed UGX 1,000 per 50kg, which Parliament moderated to UGX 750.

### Interpretation & legislative intention

Duty rises from UGX 500 to UGX 750 per 50kg bag across cement, adhesives, grout, white cement and lime. The legislator intends to restore the real value of a long-static specific rate and capture additional revenue from construction activity.

### Day-to-day business implications

Construction, real estate and cement-dependent manufacturers face a UGX 250 per bag increase flowing into project costs; contractors should reprice bills of quantities, review price-escalation clauses in fixed-price contracts.

# Motor Spirit (Petrol)

## Provision

### Motor spirit (petrol)

## The amendment

Duty raised from UGX 1,550 to UGX 1,750 per litre.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 item 8(a) prescribes excise duty on motor spirit (gasoline), charged as a specific rate per litre and collected efficiently at importation.

### Background of the amendment

The increase maintains the real value of fuel duty against inflation; a similar earlier proposal was withdrawn, but in a largely informal economy fuel duty remains an unavoidable revenue handle.

### Interpretation & legislative intention

Duty on petrol rises by UGX 200, from UGX 1,550 to UGX 1,750 per litre. The legislator intends to preserve the real value of excise on fuel — one of the most reliable collection points in the economy.

### Day-to-day business implications

Every business feels this through transport, distribution, logistics and generator running costs; fleet-intensive operators should reprice delivery charges, revisit route efficiency and reflect the increase in FY 2026/27 operating budgets.

## Gas Oil (Diesel)

### Provision

### Gas oil (diesel)

### The amendment

Duty raised from UGX 1,230 to UGX 1,430 per litre.

### Background, interpretation and day-to-day business implications

#### Section background

Schedule 2 item 8(b) prescribes excise duty on gas oil — automotive, light and amber diesel for high-speed engines — as a specific rate per litre.

#### Background of the amendment

The change mirrors the petrol adjustment to maintain real duty values; diesel powers freight, agriculture, industry and standby generation, making the increase economy-wide in reach.

#### Interpretation & legislative intention

Duty on diesel rises by UGX 200, from UGX 1,230 to UGX 1,430 per litre. The legislator intends inflation maintenance of the specific rate in parallel with petrol, while keeping diesel's rate below petrol's in recognition of its central role in production and transport.

#### Day-to-day business implications

Haulage, manufacturing, agriculture and businesses dependent on standby generators face higher running costs; logistics contracts with fuel-adjustment clauses should be reviewed.

# Cane or Beet Sugar and Chemically Pure Sucrose

## Provision

**Cane or beet sugar;  
chemically pure sucrose**

## The amendment

Duty doubled from UGX 100 to UGX 200 per kg.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 item 9 prescribes a specific excise duty per kilogramme on cane or beet sugar and chemically pure sucrose in solid form.

### Background of the amendment

A revenue measure in classic sin-tax fashion, reflecting sugar's growing classification as a health concern; the Bill's proposed UGX 300 was moderated to UGX 200 per kg.

### Interpretation & legislative intention

Duty doubles from UGX 100 to UGX 200 per kilogramme of sugar. The legislator intends to raise revenue and advance public-health goals by discouraging excess sugar consumption.

### Day-to-day business implications

Food and beverage manufacturers, bakeries, confectioners and hospitality businesses absorb higher input costs; recipe costing, supplier contracts and retail pricing should be updated, with pass-through likely on consumer staples.

# Plastic Granules, Plastic Products, Sacks and Bags

## Provision

### Plastic granules, products, sacks and bags

## The amendment

Duty raised from 2.5% or USD 70 per tonne to 25% or USD 1,500 per tonne, whichever is higher, with specified exceptions.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 item 11 prescribes excise duty on plastic granules, plastic products, and sacks and bags of polymers of ethylene and other plastics.

### Background of the amendment

The measure targets environmental harm from non-essential and single-use plastics; earlier HS-code-specific drafting caused interpretation disputes with URA.

### Interpretation & legislative intention

Duty rises tenfold, from 2.5% or USD 70 per tonne to 25% or USD 1,500 per tonne, whichever is higher, with exceptions protecting vacuum food packaging, sanitary-pad production inputs, multiple-use plastics and their granules.

### Day-to-day business implications

Manufacturers, FMCG companies and retailers reliant on plastic packaging face steep input cost increases; businesses should map every product line against the statutory exceptions.

# Cooking Oil

## Provision

## Cooking oil

## The amendment

Duty doubled from UGX 200 to UGX 400 per litre.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 item 18 prescribes a specific excise duty per litre on cooking oil, a high-volume household and catering staple.

### Background of the amendment

The specific rate doubles purely as a revenue measure on a broad consumption base, consistent with the FY 2026/27 tilt toward consumption taxes over income taxes.

### Interpretation & legislative intention

Duty doubles from UGX 200 to UGX 400 per litre of cooking oil. The legislator intends straightforward revenue mobilisation from a wide consumption base, complementing the new duty on cooking fat so that substitution between oil and fat does not erode the base.

### Day-to-day business implications

Food processors, restaurants, institutional caterers and households face higher costs; bulk purchasers should review supplier pricing and consider forward purchases before 1 July 2026.

# Motorcycles at First Registration

## Provision

### Motorcycles (first registration)

## The amendment

Duty raised from UGX 200,000 to UGX 500,000.

## Background, interpretation and day-to-day business implications

### Section background

Schedule 2 prescribes a one-off specific excise duty on motorcycles at first registration, collected through the vehicle registration system.

### Background of the amendment

Rapid growth in motorcycle ownership presented an under-taxed base; the increase pairs with the new UGX 30,000 stamp duty on motorcycle registration or transfer under the Stamp Duty (Amendment) Act, 2026.

### Interpretation & legislative intention

Excise duty at first registration rises from UGX 200,000 to UGX 500,000 per motorcycle. The legislator intends substantial revenue from a fast-growing asset class, collected efficiently at the registration point.

### Day-to-day business implications

Motorcycle dealers, asset financiers and boda boda operators face a UGX 300,000 cost increase per new unit, before the new stamp duty;

# Locally Manufactured Paints, Varnishes and Lacquers (New Item)

## Provision

### Locally manufactured paints, varnishes, lacquers

## The amendment

New duty introduced at 3% or UGX 50 per litre or kg, whichever is higher.

## Background, interpretation and day-to-day business implications

### Section background

This is a new Schedule 2 item. Paints, varnishes and lacquers previously attracted no excise duty; the new item covers locally manufactured or produced coatings.

### Background of the amendment

The amendment broadens the excise base into surface-coating materials to fund the budget, with a deliberately light rate on local manufacture relative to imports.

### Interpretation & legislative intention

A new duty of 3% or UGX 50 per litre or kilogramme, whichever is higher, applies to locally manufactured paints, varnishes and lacquers. The legislator intends modest revenue from the construction sector while the substantially lower rate against imports protects local manufacturers.

### Day-to-day business implications

Local paint manufacturers must register the new excise obligation, configure EFRIS, digital stamps where prescribed and pricing systems; construction and property businesses should expect mild finishing-cost increases.

# Imported Paints, Varnishes and Lacquers (New Item)

## Provision

### Imported paints, varnishes, lacquers

## The amendment

New duty introduced at 10% or UGX 2,000 per litre or kg, whichever is higher.

## Background, interpretation and day-to-day business implications

### Section background

This is a new Schedule 2 item introducing excise duty on imported paints, varnishes and lacquers, which previously fell outside the excise net.

### Background of the amendment

The item pairs with the local-manufacture duty: a differential rate structure raises revenue while protecting domestic surface-coating producers from import competition.

### Interpretation & legislative intention

Imported paints, varnishes and lacquers attract a new duty of 10% or UGX 2,000 per litre or kilogramme, whichever is higher. The legislator intends revenue from the construction sector and deliberate import substitution.

### Day-to-day business implications

Importers and distributors of foreign paint brands face material cost increases; hardware retailers and contractors should compare local alternatives, while premium-brand importers must reprice and review stock orders straddling the commencement date.

## Cooking Fat (New Item)

### Provision

### Cooking fat

### The amendment

New duty introduced at UGX 500 per litre or kg.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new Schedule 2 item introducing excise duty on cooking fat, which previously attracted no excise duty.

#### Background of the amendment

The item closes the substitution gap left by taxing cooking oil alone, broadening the consumption-tax base uniformly across edible fats and oils.

#### Interpretation & legislative intention

Cooking fat attracts a new duty of UGX 500 per litre or kilogramme. The legislator intends to broaden the tax base, raise revenue and align the treatment of cooking fat with the doubled duty on cooking oil.

#### Day-to-day business implications

Manufacturers and importers of cooking fat must register for excise, configure EFRIS and compliance systems, and reprice; bakeries, food processors and caterers using fats should update costing models for the new duty.

# Stamp Duty (Amendment) Act, 2026

# Introduction — Stamp Duty

## Stamp Duty (Amendment) Act, 2026

### Introduction

H.E. the President of Uganda assented to the Stamp Duty (Amendment) Act, 2026 on 18 May 2026, and the Act comes into force on 1 July 2026. The Act amends the Stamp Duty Act, Cap. 339 to require persons carrying on the business of financial services to file monthly stamp duty returns, to require taxpayers to retain documents subject to stamp duty for at least five years, and to introduce stamp duty on the registration or transfer of motorcycles and motor vehicles under a new Schedule 2 item.

### Context and policy direction

The Act is administrative in character rather than rate-driven: two of the three amendments strengthen URA's visibility and audit capability over duty already chargeable, while the third opens a new, easily collected revenue stream through the vehicle registration system. For the financial sector in particular, stamp duty moves from a transaction-level afterthought to a monthly compliance obligation with its own interest exposure.

# Executive Summary — Stamp Duty

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<p><b>Section 7A (new)</b></p>	<p>Persons carrying on the business of financial services must file monthly returns with the Commissioner General of all sums received as stamp duty on instruments;</p>	<p>Monthly stamp duty return cycle for the entire financial sector, beyond insurers.</p>
<p><b>Section 62(2) (new)</b></p>	<p>Documents and records subject to stamp duty must be retained for at least five years from the date of generation.</p>	<p>Statutory five-year retention period; audit-ready archives required.</p>
<p><b>Schedule 2, item 67 (new)</b></p>	<p>Stamp duty introduced on registration or transfer of (a) a motorcycle, tricycle or quadricycle at UGX 30,000; and (b) any other motor vehicle at UGX 200,000.</p>	<p>Every vehicle registration and ownership transfer now attracts stamp duty.</p>

## Insertion of Section 7A – Monthly Stamp Duty Returns by Financial Service Providers

### Provision

### Section 7A (new)

### The amendment

Persons carrying on the business of financial services must file monthly returns with the Commissioner General of all sums received as stamp duty on instruments; failure attracts 2% simple interest per month on the duty payable.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new section. The Act charges stamp duty on instruments; previously, only insurance companies were required to file stamp duty returns.

#### Background of the amendment

URA could not systematically verify stamp duty collected on the high volume of instruments executed across the financial sector; extending the insurers' return obligation closes that visibility gap.

#### Interpretation & legislative intention

All financial service providers — banks, credit institutions, securities dealers, investment fund managers and Tier 4 money lenders — must file monthly returns of all sums received as stamp duty on instruments.

#### Day-to-day business implications

Banks, microfinance lenders, brokers and fund managers must establish a monthly stamp duty return cycle — capturing duty on loan agreements, security documents, debentures and transfers — with reconciliations.

## Amendment of Section 62 – Five-Year Retention of Documents and Records (New Subsection)

### Provision

### Section 62(2) (new)

### The amendment

Documents and records subject to stamp duty must be retained for at least five years from the date of generation.

### Background, interpretation and day-to-day business implications

#### Section background

Section 62 requires persons to maintain documents and records subject to stamp duty; a new subsection (2) is inserted prescribing the retention period.

#### Background of the amendment

The Act previously prescribed no retention period, frustrating URA audits of older transactions and leaving taxpayers uncertain about how long stamped records had to be kept.

#### Interpretation & legislative intention

Documents and records subject to stamp duty must now be retained for at least five years from the date of generation. The legislator intends clarity and audit-readiness.

#### Day-to-day business implications

Businesses should fold stamped instruments — agreements, transfers, debentures, leases and security documents — into document retention policies with a minimum five-year archive, physical or electronic, retrievable on URA audit;

## Amendment of Schedule 2 – Stamp Duty on Vehicle Registration and Transfer (New Item 67)

### Provision

### Schedule 2, item 67 (new)

### The amendment

Stamp duty introduced on registration or transfer of (a) a motorcycle, tricycle or quadricycle at UGX 30,000; and (b) any other motor vehicle at UGX 200,000.

### Background, interpretation and day-to-day business implications

#### Section background

Schedule 2 prescribes the instruments chargeable with stamp duty and the applicable rates; vehicle registration and ownership transfers previously attracted no stamp duty.

#### Background of the amendment

Vehicle ownership has grown rapidly, especially motorcycles, presenting a large untapped base collectible cheaply through the Ministry of Works and Transport's existing registration systems.

#### Interpretation & legislative intention

A new item 67 imposes stamp duty of UGX 30,000 on the registration or transfer of a motorcycle, tricycle or quadricycle, and UGX 200,000 on any other motor vehicle.

#### Day-to-day business implications

Dealers, fleet operators, asset financiers and individuals face the duty on every registration and transfer; for motorcycles it stacks with the increased excise duty at first registration, so vehicle acquisition.

# Lotteries and Gaming (Amendment) Act, 2026

# Introduction — Lotteries & Gaming

## Lotteries and Gaming (Amendment) Act, 2026

### Introduction

H.E. the President of Uganda assented to the Lotteries and Gaming (Amendment) Act, 2026 on 18 May 2026, and the Act comes into force on 1 July 2026. The Act amends the Lotteries and Gaming Act, Cap. 334 by substituting Schedule 4, which prescribes the rate of the gaming tax payable by operators under section 48(1).

### Context and policy direction

The substitution does two things: it harmonises the rate for betting and gaming activities at 30% of total stakes less payouts, and it introduces, for the first time, a statutory definition of “payouts”. The gaming tax under this Act is an operator-level tax on gross gaming revenue. It should be read alongside the Income Tax (Amendment) Act, 2026, which — once assented — reintroduces a separate 15% withholding tax on players’ net winnings of betting and gaming.

# Executive Summary — Lotteries & Gaming

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<p><b>Schedule 4, paragraph 1</b></p>	<p>Gaming tax rate harmonised at 30% of the total amount of money staked less the payouts, for both betting and gaming activities.</p>	<p>Betting operators move from 20% to 30%; classification arbitrage between betting and gaming eliminated.</p>
<p><b>Schedule 4, paragraph 2</b></p>	<p>“Payouts” defined as the total gross amount of money, or fair market value of a non-monetary prize, paid to a player on a winning outcome, including the amount staked.</p>	<p>Statutory certainty on the deductible base; returned stakes and non-cash prizes expressly within payouts.</p>

## Schedule 4, Paragraph 1 – Gaming Tax Rate Harmonised at 30%

### Provision

### Schedule 4, paragraph 1

### The amendment

Gaming tax rate harmonised at 30% of the total amount of money staked less the payouts, for both betting and gaming activities.

### Background, interpretation and day-to-day business implications

#### Section background

Schedule 4 prescribes the rate of the gaming tax payable by operators under section 48(1); previously, betting activities were taxed at 20% and gaming activities at 30%.

#### Background of the amendment

The differential rate lacked economic justification — betting and gaming are economically identical activities — and invited operators to classify products as betting to access the lower rate.

#### Interpretation & legislative intention

A single rate of 30% now applies to the gross gaming revenue — the total amount of money staked less the payouts for the return period — of both betting and gaming activities.

#### Day-to-day business implications

Betting operators face a ten-percentage-point increase in gaming tax on their margin; odds, bonus structures, promotional spend and profitability models should be re-priced before 1 July 2026.

## Schedule 4, Paragraph 2 – Statutory Definition of “Payouts”

### Provision

### Schedule 4, paragraph 2

### The amendment

“Payouts” defined as the total gross amount of money, or fair market value of a non-monetary prize, paid to a player on a winning outcome, including the amount staked.

### Background, interpretation and day-to-day business implications

#### Section background

The Schedule’s tax base — total stakes less payouts — previously operated without any statutory definition of payouts, the deductible component of the computation.

#### Background of the amendment

The undefined term generated disputes over whether returned stakes and non-cash prizes were deductible; codifying the definition gives URA and operators one consistent computational basis.

#### Interpretation & legislative intention

“Payouts” covers the full gross amount returned to a winning player — in cash or the fair market value of a non-monetary prize — expressly including the player’s own stake, wager or contribution.

#### Day-to-day business implications

Operators must configure systems to track gross pay-outs inclusive of returned stakes and to value non-monetary prizes at fair market value;

# External Trade (Amendment) Act, 2026

# Introduction — External Trade

## External Trade (Amendment) Act, 2026

### Introduction

H.E. the President of Uganda assented to the External Trade (Amendment) Act, 2026 on 18 May 2026, and the Act comes into force on 1 July 2026. The Act amends the External Trade Act, Cap. 69 to exempt imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides from the infrastructure levy and the import declaration fee, and to impose an environmental levy on worn clothing and other worn articles at 30% of the CIF value.

### Context and policy direction

The Act pulls in two directions deliberately. The exemptions relieve essential health and agricultural inputs of the two import charges introduced in 2025 — a combined 2.5% of customs value — supporting public health and agro-industrialisation. The new environmental levy, by contrast, makes second-hand clothing markedly more expensive, serving environmental, revenue and industrial-protection objectives in support of the domestic textile and garment agenda under NDP IV.

# Executive Summary — External Trade

High-level legislative summary for quick business review

Provision	Nature of amendment	Business effect
<p><b>Section 3A(3)(d) (new paragraph)</b></p>	<p>Imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides exempted from the 1.5% infrastructure levy.</p>	<p>Landed cost of essential health and agricultural inputs reduced.</p>
<p><b>Section 3B(3)(d) (new paragraph)</b></p>	<p>The same imports exempted from the 1% import declaration fee.</p>	<p>Combined with the levy exemption, qualifying imports shed 2.5% of customs value in charges.</p>
<p><b>Section 3C (new)</b></p>	<p>Environmental levy imposed on worn clothing and other worn articles at 30% of the CIF value.</p>	<p>Second-hand clothing imports become materially costlier; local garment industry protected.</p>

## Section 3A – Exemption of Essential Imports from the Infrastructure Levy (New Paragraph)

### Provision

#### Section 3A(3)(d) (new paragraph)

### The amendment

Imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides exempted from the 1.5% infrastructure levy.

### Background, interpretation and day-to-day business implications

#### Section background

Section 3A imposes the infrastructure levy, introduced in 2025 at 1.5% of the customs value of imports, subject to specified exemptions.

#### Background of the amendment

The 2025 exemption list omitted essential health and agricultural pest-control inputs, inflating their landed cost; stakeholders pressed for the omission to be rectified, and Parliament concurred.

#### Interpretation & legislative intention

Imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides are added to the exemptions from the 1.5% infrastructure levy.

#### Day-to-day business implications

Importers of pharmaceuticals, medical consumables and agricultural pest-control products should remove the 1.5% levy from landed-cost models from 1 July 2026, update customs declarations accordingly and reprice;

## Section 3B – Exemption of Essential Imports from the Import Declaration Fee (New Paragraph)

### Provision

#### Section 3B(3)(d) (new paragraph)

### The amendment

The same imports exempted from the 1% import declaration fee.

### Background, interpretation and day-to-day business implications

#### Section background

Section 3B imposes the import declaration fee, introduced in 2025 at 1% of the customs value of imports, subject to specified exemptions.

#### Background of the amendment

The same essential health and agricultural inputs were omitted from the import declaration fee exemptions; the amendment mirrors the section 3A correction for consistency across both charges.

#### Interpretation & legislative intention

The identical list — vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides — is exempted from the 1% import declaration fee.

#### Day-to-day business implications

Read together with the levy exemption, qualifying imports shed 2.5% of customs value in charges; importers should verify correct exemption coding at clearance from 1 July 2026 and challenge any entries wrongly charged after commencement.

## Section 3C – Environmental Levy on Worn Clothing and Other Worn Articles (New Section)

### Provision

### Section 3C (new)

### The amendment

Environmental levy imposed on worn clothing and other worn articles at 30% of the CIF value.

### Background, interpretation and day-to-day business implications

#### Section background

This is a new section. The Act regulates Uganda's external trade and now also houses import charges, including the infrastructure levy and import declaration fee.

#### Background of the amendment

Imported second-hand clothing rapidly becomes textile waste and undercuts domestic garment makers; the levy is both environmental and protectionist, and predictably drew stakeholder controversy.

#### Interpretation & legislative intention

An environmental levy of 30% of the CIF value applies to imported worn clothing and other worn articles. The legislator intends to internalise the environmental cost of textile waste from a high-volume trade category, generate additional revenue.

#### Day-to-day business implications

Second-hand clothing importers, wholesalers and downtown traders face a 30% cost increase through the supply chain; retail prices of used clothing will rise and margins compress, while dealers should evaluate stocking new.

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