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RSMEA Newsletter

Overview of the Uganda 2026/27 National Budget

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Caveat

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INTRODUCTION

Welcome to our 2026/27 annual budget newsletter!

The start of FY 2026/27 marks a significant point in Uganda's development journey. It is the second year of implementing the Fourth National Development Plan (NDPIV) and continues the drive into the second half of Vision 2040.

The national budget plays a central role in guiding the economy as it continues its efforts to transition from a predominantly subsistence economy to one that is industrialised and digital.

In this edition of our newsletter, we provide you with an overview of Uganda's economic outlook for FY2026/27, key expectations, resource envelope and tax amendments for the new fiscal year 2026/27, that will shape the business landscape for the upcoming year.

UGANDA ECONOMIC HIGHLIGHTS

The 25/26 budget was built around the theme of "*Full Monetisation of the Ugandan Economy through Commercial Agriculture; Industrialisation; Expanding and Broadening Services; Digital Transformation, and Market Access*", with a total resource envelope of **UGX 72 Trillion**. It ushered in the implementation period of the Fourth National Development Plan (FY2025/26 to FY2029/30) and the first five years of the Tenfold Growth Strategy for building a **USD 500 billion** economy by **2040**.

Below is a summary of the macroeconomic performance and outlook for FY 2025/26, based on the June 2026 Monetary Policy Statement issued by the Bank of Uganda, the Budget Background Paper of the Ministry of Finance, Planning and Economic Development, and the National Budget Speech:

- Inflation remained below the medium-term target of 5%. Annual headline and core inflation averaged **3.4% and 3.5%**, respectively.
- The **Central Bank Rate** was maintained at **9.75%**, signalling continued confidence in the country's macroeconomic stability.
- Outstanding private sector credit grew by 11.4% year-on-year to **UGX 25.97 trillion**, reflecting increased business activity and demand for financing.
- The size of the economy is projected to increase to approximately **USD 69.3 billion**, equivalent to **UGX 250.4 trillion**, **by the end of June 2026**.
- In purchasing power parity (PPP) terms, Uganda's GDP is estimated to be **USD 197.1 billion**. GDP per capita is projected to increase to **USD 1,420**, equivalent to approximately **UGX 5.1 million per person**.
- Uganda has surpassed the lower-middle-income threshold of USD 1,136, with gross national income per capita reaching **USD 1,389**.
- Foreign Direct Investment (FDI) remains strong at **USD 3.2 billion** in the twelve months ending March 2026. This reflects growing investor confidence in Uganda's economy.
- Kampala-based start-ups attracted about **USD 30 million in 2025, up from just USD 4 million the year before**. This surge signals growing confidence in Uganda's innovation ecosystem and affirms our emergence as a destination for entrepreneurship, technology, and investment.
- Remittances from Ugandans working abroad have significantly increased to **USD 2.8 billion** in the twelve months to March 2026 from USD 1.9 billion a year before.
- Coffee exports reached USD 2.46 billion for the year ending March 2026, up from USD 1.84 billion a year before.
- Uganda's external sector performance strengthened significantly during the year. Export earnings increased by 45.6% year-on-year to USD 1.45 billion in March 2026, driven primarily by strong mineral exports, particularly gold. As a result, the merchandise trade deficit narrowed by 54.1% to USD 47.8 million compared to the same period in the previous year.
- Uganda's exports mainly go to the Middle East (USD 6.3 billion), Africa (USD 4.1 billion), Asia (USD 2.0 billion), the European Union (USD 2.5 billion) and the rest of the world (USD 3.1 billion).
- The services sector now accounts for 50.5% of total employment, up from 47% a year ago, while the share of employment in agriculture has declined from 40% to 37.1%.
- As of December 2025, Uganda's total public debt stood at **USD 34.86 billion**, equivalent to **approximately UGX 126.19 trillion**. Of this, **external debt amounted to USD 15.84 billion**, while **domestic debt was USD 19.02 billion**. This translates into a debt-to-GDP ratio of approximately 53.0%.

Overall, Uganda enters FY 2026/27 with strong economic fundamentals characterised by sustained economic growth, low and stable inflation, improving export performance, a stable financial sector and positive business confidence, providing a favourable environment for private sector investment and economic transformation.

BUDGET HIGHLIGHTS

Whereas the implementation of the FY 2026/27 budget is part of the early stages of the NDP IV, the key macroeconomic objectives that are guiding the plan in the medium term, based on the Ministry of Finance, Planning and Economic Development publication on the background to the budget, are as follows:

- Reducing poverty from the current 16.1% to 14% by FY 2029/30;
- Attaining double-digit growth to facilitate doubling the country's GDP by FY 2029/30;
- Maintaining price stability and keeping core inflation within the target of 5%;
- Enhancing management of the minerals to enhance economic diversification and expand the revenue base;
- Fast-tracking full monetisation of the economy and accelerating economic inclusion;
- Achieving an average of 884,962 stock of new jobs annually over the NDP IV period;
- Maintaining a prudent fiscal stance to safeguard macroeconomic stability, in line with regional monetary union convergence requirements and domestic fiscal rules. This includes keeping the debt-to-GDP ratio below 50% in present-value terms and steadily lowering the fiscal deficit to 3% by FY 2029/30; and
- Aggressively implementing strategies to increase the revenue-to-GDP ratio to the target of about 20% over the NDP IV period.

The theme of the FY 2026/27 has been maintained from the prior year and 2024/25 as "**Full Monetisation of the Ugandan Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation, and Market Access.**"

- **Agro-industrialisation:** A total of US\$ 2.26 trillion has been allocated to the agro-industrialisation programme in FY 2026/27. This is the highest allocation ever to this programme. Priority interventions include agricultural research and innovation, including funding for anti-tick vaccine commercialisation, irrigation and water for production, extension services—more extension workers and their facilitation to reach farmers, provision of good quality agricultural inputs among others.
- **Tourism development:** US\$ 567.32 billion is to be allocated to developing the tourism sector next financial year. Priority interventions will include: Branding and marketing of Uganda as a tourism and investment destination; tourism infrastructure development; construction of highway sanitation facilities; and tourism site refreshment centres.
- **Science, technology and innovation:** The government has earmarked US\$ 1.140 trillion for the ICT, innovation, and creative sectors to drive job creation, improve digital infrastructure, build a Hi-Tech City, and commercialise key Ugandan innovations like Kiira Motors and Dei BioPharma.
- **Security, governance, and rule of Law:** US\$ 10.21 trillion to the security, governance, and rule of law sectors for the 2026/27 financial year. This funding will prioritise military and police modernisation, cybersecurity, anti-corruption efforts, and regional peace operations alongside regional cattle restocking initiatives.
- **Infrastructure development:** The transport sector has been allocated US\$ 8.79 trillion for the next financial year to drive infrastructure development. Funding will prioritise the construction of the Malaba—Kampala Standard Gauge Railway, national road network maintenance, and the operationalisation of Kabalega International Airport.
- **Energy development:** The government has allocated US\$ 2.07 trillion to energy development, focusing heavily on expanding power generation and grid transmission. Key priorities include launching the 380MW Kiba hydro plant, deploying solar projects in Isimba, Elgon, and Acholi, and conducting preparatory work for nuclear energy in Buyende.
- **Health:** The health sector has been allocated US\$ 5.23 trillion for FY 2026/27 to enhance healthcare delivery across the country. The funds will primarily target maternal and child health, essential medicine supply, immunisation expansion, and specialised care reinforcement.

- **Water and sanitation:** The government has allocated US\$ 1.013 trillion for FY 2026/27 to expand safe water and sanitation access, building on current household coverage rates of 68% in rural areas and 74.5% in urban centres. Funding will continue driving the rollout of large solar-powered water systems and treatment plants to move closer to universal access.
- **Education, skills and sports:** The government has allocated US\$ 6.66 trillion to the education, skills, and sports sector for FY 2026/27, which includes an additional US\$ 568.65 billion specifically earmarked to enhance salaries for primary and arts teachers. Funding priorities will focus on expanding UPE/USE access, strengthening STEM and public universities, and finishing critical sports infrastructure for AFCON 2027.
- **Social protection and inclusive development:** Government has budgeted US\$ 173.55 billion for social protection in FY 2026/27, prioritising youth and women’s economic programmes, labour standards, and the rollout of a Labour Market Information System.
- **Manufacturing and industrial development:** US\$ 1.03 trillion allocation targets Uganda’s structural transition from a primary exporter to a value-added economy by directly funding mineral and agricultural raw material processing. By investing heavily in Special Economic Zones and plug-and-play parks, the framework aims to significantly lower the entry and infrastructure barriers for both local and foreign manufacturers.

The government has allocated over US\$ 13.56 trillion for the next financial year to invest directly in human capital development. This combined funding will be funnelled into vital social sectors, specifically healthcare, education, social protection, and water and sanitation infrastructure.

The total resource envelope for FY 2026/27 is Eighty-Four Trillion, Three Hundred and Ninety-One Billion, Seven Hundred and Forty-Three Million, Three Hundred and Forty-Three Thousand, Four Hundred and Twenty-Six Shillings (US\$ 84,391,743,343,426), broken down as below:

RESOURCE ENVELOPE

Resource (Inflows)	Budget (UGX Billions)		
	2024/25	2025/26	2026/27
A. Domestic Resources	49,138	48,937	57,937
Tax revenue	29,366	33,943	40,160
Non-tax revenue	2,616	3,284	4,019
Petroleum fund	115	-	1,444
Domestic financing	16,746	11,381	11,974
Local revenue	295	329	340
B. External Resources	10,977	13,412	12,487
Grants	2,885	2,843	2,830
Concessional loans	8,092	10,569	9,657
Total Resources	60,115	62,349	70,424
C. Domestic Financing			
Domestic debt refinancing	12,022	10,027	13,968
TOTAL RESOURCE ENVELOPE	72,137	72,376	84,392



Expenditures (Outflows)	Budget (UGX Billions)	Budget (UGX Billions)	Budget (UGX Billions)
	2024/25	2025/26	2026/27
A. Recurrent expenditure	31,886	36,902	42,984
Wage	7,934	8,568	9,709
Non-wage (exclusive of interest payments)	14,346	17,001	19,165
Statutory interest payments	9,606	11,333	14,110
B. Development expenditure	15,486	18,239	22,054
Government of Uganda	5,903	6,911	10,837
External financing	9,583	11,328	11,217
Total Expenditure	47,372	55,141	65,038
Domestic arrears	199	1,401	317
Amortisation	3,149	4,986	4,182
Domestic debt refinancing	12,022	10,028	13,968
Domestic debt payment (BOU)	9,100	492	547
Local Government expenditure from own revenue	295	328	340
TOTAL	72,137	72,376	84,392

Uganda's FY 2026/27 National Budget marks an ambitious expansion, with the total resource envelope growing by 16.6% to UGX 84,392 billion, up from UGX 72,376 billion in FY 2025/26.

This sharp increase is primarily financed via domestic resources, highlighting a policy trajectory focused on domestic resource mobilisation and a notable reliance on the revitalised Petroleum Fund to support capital expenditure.

Key revenue considerations

- **Aggressive domestic revenue targets:** Tax revenues are projected to jump by 18.3% to **UGX 40,160 billion**. This indicates an intensification of Uganda Revenue Authority (URA) audit frameworks and compliance measures across formal corporate sectors.
- **Commencement of oil revenue inflows:** The Petroleum Fund represents a core strategic shift, surging from zero allocation in FY 2025/26 to **UGX 1,444 billion** in FY 2026/27, providing the state with crucial fiscal breathing room as oil-related commercial infrastructure materialises.
- **External financing moderation:** External resources are contracting by 6.9%, dropping to **UGX 12,487 billion**. Concessional loans are shrinking as international funding conditions tighten, reinforcing the pivot toward domestic financing streams.

Expenditure allocations

- **Debt refinancing trap:** Domestic debt refinancing is rising sharply by 39.3% to **UGX 13,968 billion**. Concurrently, statutory interest payments are scaling to **UGX 14,110 billion**, eating up a massive 21.7% of total expenditures. This represents a significant crowd-out risk for private sector credit markets.
- **Development rebounding:** On a positive note, Government-funded development spending is expanding dramatically by **56.8% to UGX 10,837 billion**, signalling that the administration is fast-tracking key infrastructure projects including the Standard Gauge Railway (SGR) and oil roads ahead of production deadlines.

While a 56.8% expansion in government development spending unlocks massive public procurement pipelines across the transport and energy logistics sectors, firms must navigate a highly competitive credit market where banks favour risk-free government securities over private-sector lending.

Additionally, taxpayers must immediately reinforce their internal financial compliance frameworks ahead of an aggressive, state-mandated enforcement campaign designed to secure an ambitious 18.3% increase in tax revenue collections. In light of the same, below are the upcoming tax amendments for the new financial year.

TAX AMENDMENTS

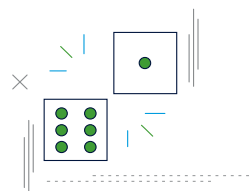
The Tax Amendment Bills, 2026 were tabled before Parliament on 1st April 2026 and subsequently referred to the Committee on Finance, Planning and Economic Development for review and stakeholder consultations. Following the Committee's review, Parliament passed the Bills, all of which received Presidential Assent on 18th May 2026, except for the Income Tax (Amendment) Bill, 2026 and the Excise Duty (Amendment) Bill, 2026, which remain pending.

The amendments introduce significant changes to Uganda's tax framework, with implications for tax compliance, planning, and business operations. This publication highlights the key amendments, their rationale, and their potential impact on taxpayers under the Income Tax Bill Act, Value Added Tax Act, Tax Procedures Code Act, Excise Duty Act, Stamp Duty Act, and External Trade Act.

INCOME TAX (AMENDMENT) BILL, 2026 (YET TO BE ASSENTED TO)

Amendment	Rationale/Implication
Expansion of the "Royalty" definition– Section 2	
Explicitly adds the word "software" into the statutory definition of a royalty.	This amendment seeks to treat payments for software licenses as royalties, shifting them out of the 5% digital services tax net and subjecting them to a 15% cross-border Withholding Tax. It also aligns the definition to the UN double tax treaty model.
Extension of Bujagali Hydro Power Project Income Tax Holiday–Section 21	
Extend the ongoing corporate income tax exemption for the Bujagali hydro power installation until 30 th June 2032 from the current exemption period that was ending on 30 th June 2026.	The amendment intends to safeguard national industrial and domestic utility pricing by keeping bulk energy production costs isolated from standard corporate income taxes for another full cycle. This is to maintain low electricity tariffs.
Indefinite Tax Breaks for Tourism Infrastructure–Section 21	
Granting of an income tax holiday to hotel or tourism developers investing a minimum of USD 10M (foreigners) or USD 5M (citizens) who fulfil 70% local labour and material thresholds.	The amendment intends to spur large-scale private investments in hospitality, providing capital relief and debt servicing pressure. Crucially, this provision lacks the typical 10-year sunset limit, meaning it remains active indefinitely as long as compliance benchmarks are sustained. This consequently allows timely investment in the accommodation facilities for the upcoming 2027 AFCON games.
Bad Debt Relief for MDIs and Tier-4 Microfinances– Section 24	
Extension of bad debt and provisioning deduction rules to Microfinance Deposit-Taking Institutions (MDIs) and Tier-4 Microfinance Institutions.	The amendment intends to provide regulatory balance and clarity across the credit industry.
Excluding Carried Forward Losses from EBITDA Tiers– Section 25	
Explicitly bars the inclusion of historical tax losses carried forward from prior periods when calculating a taxpayer's EBITDA for interest restrictions.	This is to remove the ambiguity under the definition of "a group". Taxpayers carrying historical operational losses will face much lower EBITDA caps, severely restricting their ability to deduct current-year financing costs.

Amendment	Rationale/Implication
Excluding Inactive Entities from Group Calculations– Schedule 25	
Defines a "dormant person" and completely excludes them from being counted as part of a corporate group for interest restriction rules.	This is to ensure that only active, revenue-generating subsidiaries can be utilised to expand a corporate group's overall tax interest deduction limits removing the nuance in the provision.
Capping Perpetual Assessed Loss Carry-Forwards– Section 36	
Introduction of Minimum Tax for companies with long-term tax losses	The amendment intends to halt perpetual loss-reporting. Impacted businesses that have avoided corporate income tax for over 7 years using historical losses will now face an immediate baseline tax exposure of 0.5% on gross turnover. The goal here is to improve the performance of Corporate Income Tax.
Withholding Tax on Overseas Debenture Interest–Section 82 & Schedule 4	
The amendment establishes a 5% withholding tax rate on interest payments made by resident companies to foreign lenders in respect of widely issued debentures and qualifying foreign loans.	The amendment intends to withdraw the long-standing tax exemption granted to international capital raises, introducing an immediate 5% tax cost to cross-border institutional corporate borrowing. This is to avoid profit shifting to foreign jurisdictions.
Shielding Royalty Income from Digital Services Tax–Section 86	
Clarification that the 5% Digital Services Tax (DST) will not be applied to any income streams that are already classified as royalties.	The amendment intends to eliminate double-taxation conflicts. Once a technology service transaction is captured and taxed under the new 15% software royalty threshold, it is legally protected from the 5% DST.
Statutory Codification of the Arm's Length Rule–Section 115A	
Inserting a clear, standalone statutory requirement forcing all related-party or controlled transactions between associates to follow the arm's length principle.	The amendment intends to solidify transfer pricing rules in primary legislation, magnifying URA compliance scrutiny and forcing businesses to strictly maintain local transfer pricing documentation files.
Monthly Filings for Individual Landlords– Section 124	
Gives individual landlords the option to file provisional returns and remit rental taxes on a monthly basis.	The amendment intends to ensure property owners match their tax payments to their actual monthly cash collection cycles rather than relying on annual forecasts.
Withholding Tax on Betting and Gaming Winnings–section 131	
Substitutes the entire section to enforce withholding compliance at a rate of 15% on gross player winnings from betting configurations.	This is to improve revenue collections in the gaming sector. The amendment intends to tighten collections on player payouts, ensuring gaming operators strictly deduct taxes before releasing cash. National lotteries remain exempt as per section 23 of the Lotteries and Gaming Act.



Amendment	Rationale/Implication
Withholding Tax on Telecom and Mobile Money Agents–Section 133 & Schedule 4, Part XIII	
<p>Requires telecom providers to deduct a flat 10% withholding tax on all gross commissions paid to distribution and mobile money networks.</p> <p>For purposes of this amendment, a telecommunication service provider means a person licensed to offer telecommunication service under the Uganda Communications Act.</p>	<p>The amendment intends to secure stable collections from retail agent operations, directly modifying immediate cash yields and agent commissions at the primary source of payment.</p>
New Additions to Exempt Listed Institutions–Schedule 2	
<p>Incorporates the Arab Bank for Economic Development in Africa (BADEA) and the Uganda Red Cross Society.</p>	<p>The amendment intends to grant full institutional income tax exemptions to facilitate their development financing, humanitarian, and social relief activities in Uganda.</p>
Withholding Tax on Public Entertainers–Section 135B	
<p>Inserts a brand-new framework directing withholding collections on gross performance or appearance fees paid to public entertainers at a rate of 6%.</p>	<p>The amendment intends to formalize tax tracking within the creative arts and sports sectors, transforming promoters, venues, and media buyers into statutory withholding agents.</p>
Updating the Final Withholding Tax List–Section 139	
<p>Amends Section 139 to specify that taxes withheld under Section 130(3) (non-business assets), Section 134 (insurance agents), and Section 133 (telecom/mobile money commissions paid to resident individuals) are included in the section's framework.</p>	<p>The amendment intends to align the procedural tax definitions by determining which of these new withholding tax extractions operate as final taxes.</p>
Uganda Individual Income Tax Rates	
Chargeable Income	Proposed Rate of Tax
Less than UGX 4,020,000 per year (335,000 pm)	Nil
UGX 4,020,000 (335,000 pm) – UGX 4,920,000 (410,000 pm)	20% of the amount by which chargeable income exceeds UGX 4,020,000 (335,000 pm)
UGX 4,920,000 (410,000 pm) but not exceeding UGX 5,820,000 (485,000 pm)	UGX 180,000 (15,000 pm) + 25% of the amount by which chargeable income exceeds UGX 4,920,000 (410,000 pm)
Exceeding UGX 5,820,000 (485,000 pm) but not exceeding UGX 120,000,000 (10,000,000 pm)	UGX 405,000 (33,750 pm) plus 30% of the amount by which chargeable income exceeds UGX 5,820,000 (485,000 pm)
Exceeding UGX 120,000,000 (10,000,000 pm)	<p>a. UGX 405,000 (33,750 pm) plus 30% of the amount by which chargeable income exceeds UGX 5,820,000 (485,000 pm); and</p> <p>b. Where the individual's income exceeds UGX 120,000,000 (10,000,000 pm), an additional 10% charged on the amount by which chargeable income exceeds UGX 120,000,000.</p>

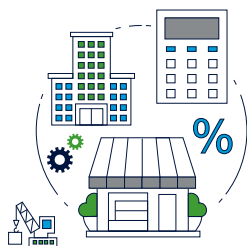
VALUE ADDED TAX (AMENDMENT) BILL, 2026

Amendment	Rationale/Implication
Section 5 – Person Liable to pay Tax	
VAT designated tax persons not to withhold VAT at 6% from suppliers where purchases are issued with e-receipts or e-invoices.	<p>This will reduce the compliance burden on taxpayers, simplify transaction settlement, and ensure suppliers have immediate access to full payments without waiting for withheld tax to be credited or refunded by URA.</p> <p>Exempting e-invoice holders removes a duplicative administrative layer and incentivises the adoption of digital invoicing.</p>
Section 7 – VAT Registration Threshold	
VAT annual registration threshold increased from UGX 150,000,000 to UGX 300,000,000.	Businesses with annual turnover below UGX 300 million are no longer required to register, charge VAT on their supplies, or comply with VAT filing and accounting obligations, allowing many SMEs to exit the VAT system and easing their compliance and administration costs for both the taxpayer and URA.
Section 28 – Credit for Input tax for Tourism and Hotel developers	
Investors in hotel or tourism facilities who invest at least USD 10 million (for foreign investors) or USD 5 million (for citizens) are allowed to claim input VAT credit on civil works, construction materials, machinery, equipment and related services costs incurred within two years before commissioning the facility.	<p>For the qualifying investors, this will allow them to recover VAT on operation expenditures and addresses the structural cash-flow disadvantage faced when of setting up tourism facilities.</p> <p>This encourages investment in quality tourism infrastructure, promotes local participation in the sector and promotes hotel development.</p>
Section 32 – Due date for payment of tax	
Terms and conditions on payment of VAT on inputs in the mining sector.	This amendment lowers the cost of entry for capital-intensive projects, accelerates development lifecycles in the manufacturing and extractive sectors, and significantly sharpens Uganda's competitive edge in attracting foreign direct investment in the region by lowering production costs.
Section 38	
Lowering the minimum value of electronic receipts or invoices eligible for the 5% VAT refund incentive from UGX 5 million to UGX 2 million, subject to the receipts or invoices being issued within 30 consecutive days.	The amendment promotes wider adoption of EFRIS by extending the incentive framework to cover lower-value transactions, thereby encouraging greater participation among consumers and businesses. This is expected to strengthen tax compliance, enhance VAT accountability, improve the accuracy of transaction reporting, and foster a broader culture of compliance across the economy.
Schedule 2	
Addition of Arab Bank for Economic Development in Africa (BADEA) among public international organisations for VAT purposes.	<p>This reduces BADEA's operational costs in Uganda and aligns with government commitments.</p> <p>This is to reflect the change in name.</p>

<p>Substitution of Medical Research Council for Medical Research Council or Uganda Virus Research Institute and London School of Hygiene and Tropical Medicine (MRC/UVRI and LSHTM) Uganda Research Unit.</p>	
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TAX PROCEDURES CODE (AMENDMENT) BILL 20266

Amendment	Rationale/Implication
<p>Section 21(3) – Penal tax relating to Tax Stamps</p>	
<p>Reduction of the penal tax imposed on a person found in possession of goods without an affixed tax stamp. The penalty is adjusted from double the tax due or UGX 50 million, whichever is higher, to double the tax due or UGX 2 million, whichever is higher.</p>	<p>The Amendment establishes a more balanced penalty framework that strengthens compliance enforcement while ensuring fair treatment of businesses, particularly by targeting intentional non-compliance and minimizing undue penalties on small traders.</p>
<p>Section 47 B – Waiver of interest and penalty on payment of principal Tax</p>	
<p>Addition of section 47C – Any tax, including penal tax and interest, owed by a taxpayer as at 30th June 2016 and is outstanding as at the commencement of this Act, is waived.</p>	<p>Full tax relief to taxpayers for any outstanding liabilities owed up to 30th June 2016 outstanding as of as of 1st July 2027.</p>
<p>Addition of Section 47D – Any interest and penalty outstanding as at 30th June 2025, shall be waived where the taxpayer pays the principal tax by 30th June 2027.</p>	<p>Partial tax relief to any taxpayers for any interest and penalties owed as of 30th June 2025 will be waived upon full payment of the principal tax.</p>
<p>Penal Tax relating to electronic receipting and invoicing – Section 93</p>	
<ul style="list-style-type: none"> ▪ A taxpayer specified under section 92 (2) who does not use an electronic fiscal device is liable to pay a penal tax equivalent to double the tax due on the goods or services, or ten currency points, whichever is higher. ▪ A taxpayer specified under section 92 (2) who does not issue an e-invoice or e-receipt for goods or services, or who tampers with an electronic fiscal device, is liable to pay a penal tax equivalent to double the tax due on the goods or services, or ten currency points, whichever is higher. 	<ul style="list-style-type: none"> ▪ The amendment seeks to penalise businesses that fail to use EFDs or issue e-invoices, thereby driving the enforcement of URA's digital compliance framework.



EXCISE DUTY (AMENDMENT) 2026 (YET TO BE ASSENTED TO)

New Excise duty rates	Implication	
New excise duty rates have been introduced on excisable products consumed by the public.	This Amendment seeks to introduce new and revised excise duty rates on selected excisable goods consumed by the public. The changes are aimed at enhancing government revenue and aligning tax rates with current economic conditions. As a result, businesses dealing in the affected products may need to adjust their pricing structures to reflect the increased tax burden. Consequently, consumers are likely to experience higher retail prices for these products, which may increase the overall cost of living and influence consumption patterns.	
Product	2025/2026	Proposed duty rate
Spirits Any other undenatured spirits that are imported with an alcoholic strength by volume of less than 80%.	80% or UGX.1700 per litre, whichever is higher	80% or UGX. 3,500 per litre, whichever is higher
Cement Cement, adhesives, grout, white cement or lime	UGX. 500 per 50 kgs	UGX. 750 per 50kgs
Fuel Motor spirit (gasoline) Gas oil (automotive, light, amber for high-speed engines)	UGX. 1550 per litre UGX. 1230 per litre	UGX.1750 per litre UGX. 1430 per litre
Sugar Cane or beet sugar, including chemically pure sucrose, presented in solid form	UGX. 100 per kg	UGX. 200 per kg
Cooking Oil	Nil	UGX. 400 per litre
Plastics Sacks and bags made from polymers of ethylene and other plastics, excluding vacuum packaging bags for food, as well as sacks and bags used for juices, tea, coffee, and those intended for direct use in the manufacture of sanitary pads Disposable plastic items including cups, lids, plates, cutlery, bags, sachets, bottles, straws, stirrers, cling films, wraps, jars, and their lids.	2.5% or USD 70 per tonne, whichever is higher	25 % or USD 1,500 per tonne, whichever is higher
Paints, Varnishes, Lacquers Paints, varnishes, and lacquers that are manufactured or produced locally Paints, varnishes, and lacquers that are imported.	N/A	3% or UGX. 50 per litre or per kg, whichever is higher 10% or UGX. 2000 per litre or per kg, whichever is higher
Cooking fat	N/A	UGX. 500 per litre or kg

STAMP DUTY (AMENDMENT) BILL 2026

Proposed Amendment		Implication	
Schedule 2- Stamp Duty on instruments		The Amendment revises the stamp duty treatment of specified instruments under Schedule 2 of the Act. The changes are intended to update the applicable duty rates, streamline compliance requirements, and enhance revenue collection from transactions subject to stamp duty. Taxpayers undertaking affected transactions should review the revised provisions to assess their impact on transaction costs and compliance obligations.	
Instrument		2025/2026	Proposed rate
Registration or transfer of motorcycle, tricycle or quadricycle		Nil	UShs. 30,000
Any other motor Vehicle		Nil	UShs. 200,000
New Monthly Reporting Obligations for Financial Services			
Under Section 7a. Persons carrying on business of financial services to file monthly returns. Scope of "Financial Services": This obligation broadly applies to entities engaged in:		Non-Compliance Penalty: Failure to file these monthly returns attracts a simple interest rate of 2% per month on the duty payable for the entire period the default continues.	
<ul style="list-style-type: none"> Granting, negotiating, and dealing with loans, credit, guarantees, and securities (including loan management). Transactions involving deposit/current accounts, payments, transfers, debts, cheques, and negotiable instruments (excluding debt collection and factoring). Transactions relating to shares, stocks, bonds, and other securities (excluding custody services). Investment fund management (excluding hire-purchase or finance lease arrangements). Money lending transactions under the Tier 4 Microfinance Institutions and Money Lenders Act. 			
Mandatory Five-Year Document Retention Period			
Section 62 is amended to include a strict record-keeping timeline. Any taxpayer or person required to maintain documents or records under this section must now retain them for a period of at least five years from the date the document or record was generated.		Businesses must ensure that all executed instruments, stamp duty payment receipts, and supporting transaction documents are securely archived (physically or digitally) for a minimum of five years to satisfy audit requirements. This is to allow for easy tax administration by the URA.	



LOTTERIES AND GAMING (AMENDMENT) BILL 2026

Proposed Amendment	Implication	
Harmonization of the Gaming Tax Rate		
<p>a) Amends the principal Act by substituting Schedule 4 to establish a uniform gaming tax rate set at 30% of the total amount of money staked less the payouts for the return filing period.</p> <p>b) The law defines "payouts" as the total gross amount of money or the fair market value of non-monetary prizes paid out to a player as a result of a winning outcome, including the player's original stake.</p>	<p>The amendment intends to introduce a harmonized and simplified tax computational structure across all betting and gaming activities. Operators must align their internal revenue systems and accounting workflows to accurately calculate net stakes (money staked minus qualifying payouts) for monthly tax return filings to prevent non-compliance exposure.</p>	
Schedule 4– New Rates of Tax		
Product	2025/2026	Proposed duty rate
a) Betting Activity	a) 20% total amount of money staked less the payouts (winnings)	a) 30% total amount of money staked less the payouts (winnings)
b) Gaming Activity	b) 30% total amount of money staked less the payouts (winnings)	b) 30% total amount of money staked less the payouts (winnings)

THE EXTERNAL TRADE (AMENDMENT) BILL 2026

Amendment	Implication
Infrastructure levy –Section 3A subsection3(d)	
Amends Sections 3A of the principal Act to explicitly exempt imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides, and insecticides from the infrastructure levy.	The amendment intends to provide critical financial relief to the healthcare, pharmaceutical, and agricultural sectors by eliminating the infrastructure levy and at port entry.
Import declaration fee – Section 3B subsection3(d)	
Amends Sections 3A of the principal Act to explicitly exempt imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides, and insecticides from the Import declaration fee.	The amendment intends to provide critical financial relief to the healthcare, pharmaceutical, and agricultural sectors. By eliminating the Import declaration fee at port entry.
Environmental levy on worn clothing and other worn articles– Section 3C	
Inserts a new Section 3C to impose an environmental levy on the importation of worn clothing and other worn articles. The levy is set at a flat rate of 30% of the CIF (Cost, Insurance, and Freight) value.	The amendment intends to introduce a hefty fiscal barrier on second-hand textile imports to curb environmental waste and discourage the dumping of used apparel. This protectionist measure will significantly increase port clearance costs for commercial textile importers, directly driving up retail prices for consumers while driving market attention toward local textile alternatives.

Caveat

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