REDMOND TAX
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UGANDA

2026/27 TAX AND ECONOMIC OUTLOOK



This article is a detailed adaptation of the submissions our Head of practice **Alfred Habaasa** made at The Tax Hub Episode 14 Podcast- 'Demystifying the 2026 Tax Amendment Bills'. You may find the recording of the podcast on this link

https://youtu.be/UHk4LvZKSD4?si=lbgjQ4k5w2nYII0T



Increasing domestic revenue is not merely a fiscal objective. It is a sovereignty objective. A country that finances its development from its own resources enjoys greater policy independence, resilience and sustainability.

Hon. Henry Musasizi, Minister of Finance, Planning and Economic Development- Budget Speech FY2026/27

1. BACKGROUND

Uganda enters Financial Year 2026/27 (FY 2026/27) carrying a budget of UGX 84.39 trillion into the most consequential fiscal cycle in a generation, being the year the country expects, for the first time, to record commercial oil revenue. Five of the revenue Acts built to fund that budget are already signed into law. The remaining two, Income Tax and Excise Duty, were returned by the President on 14 July 2026, but only over two narrowly drawn clauses out of more than twenty combined provisions. Because Uganda's own recent history shows this kind of return is typically resolved within weeks, this outlook treats both bills as this year's operative tax position, distinctly flagging the two clauses still being finalized rather than holding the whole package in suspense. Our read of the primary texts also corrects the record on two widely-repeated figures, the VAT registration threshold rose to UGX 300 million, not UGX 250 million, and the Stamp Duty Act does not touch the general property-transfer rate at all, only motor vehicle registration.

2. THE FY2026/27 NATIONAL BUDGET

On 11 June 2026, the Ministry of Finance, Planning and Economic Development (MoFPED) presented, and Parliament subsequently approved, a total budget of UGX 84.39 trillion for FY 2026/27 an increase of UGX 2.78 trillion on the revised FY2025/26 budget of UGX 81.61 trillion. The budget comprises UGX 47.16 trillion in discretionary (appropriated) expenditure and UGX 37.23 trillion in statutory expenditure, the latter dominated by debt service.

The budget is anchored on the theme 'Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access,' continuing the ATMS pillar framework (Agro-industrialisation, Tourism, Mineral development including oil and gas, and Science and innovation) and now explicitly tied to Government's Tenfold Growth Strategy.

Mr. Speaker, the challenge before us is no longer simply growing the economy. The challenge is ensuring that growth translates into jobs, household incomes, enterprise development and prosperity for every Ugandan. That is the essence of full monetisation.

Hon. Henry Musasizi- Budget Speech FY2026/27





Uganda's FY2025/26 growth is now estimated at 6.4%, up from 6.3% the prior year, with the economy projected to reach approximately USD 69.3 billion (Shs 250.4 trillion) by the end of June 2026, USD 197.1 billion in purchasing-power-parity terms, and GDP per capita rising to roughly USD 1,420. It is worth noting that different, larger figures (USD 80.8 billion economy and USD 1,399 per-capita income) have circulated widely since early June 2026; those trace to a separate presidential announcement made ahead of the Budget Speech and are not the Ministry of Finance's own budget-day numbers. Clients modelling off 'the government's projection' should be precise about which government figure they mean.

> *Mr. Speaker, with commercial oil production commencing later this calendar year, growth is projected to accelerate to 10.2 percent in FY 2026/27. This will mark Uganda's first return to double-digit growth since the reforms of the 1990s.*
>
> **Hon. Henry Musasizi-**
> **Budget Speech FY2026/27**

The numbers are summarised in the table below, as some commentators say the numbers that matter;

Indicator	FY2024/25	FY2025/26	FY2026/27 (per budget speech)
Real GDP growth	6.3%	6.4%	10.2%
Average inflation	3.5%	3.8%	Target- price stability maintained
Domestic revenue (Shs trillion)		35.7	45.6 (15.9% of GDP)
Public debt-to-GDP		App. 53.0% (Dec 2025)	Projected to remain sustainable
Tax-to-GDP ratio		App. 13%	Target 15.5%

Two structural features anchor our thoughts on these numbers. First, at USD 34.86 billion (Shs 126.19 trillion) as at December 2025, public debt sits at roughly 53% of GDP, sustainable on Treasury's own assessment, but with statutory (largely debt-service) obligations already consuming 44% of the total budget, there is limited room for slippage if oil timing disappoints. Second, the entire acceleration from 6.4% to 10.2% growth is a single-variable bet on first oil landing within the fiscal year; independent analysts have generally pencilled in a more gradual acceleration, and first oil has already slipped past several earlier target dates.

Therefore from a macro economic perspective, its plausible to;

- Build contingency scenarios that do not assume first oil arrives precisely on schedule.
- Treat the 10.2% figure as the upper end of a plausible range for pricing and hiring decisions, not a base case.
- Monitor government securities yields, with debt service this large a share of the budget, domestic borrowing costs are likely to stay elevated.

4. The tax laws-Signed and in Force



a) Value Added Tax (Amendment) Act, 2026

Provision	Final position	Practical effect
VAT registration threshold	Shs 150m increased to Shs 300m	Materially more small businesses can deregister; consider your particular case since deregistration forfeits input tax recovery.
VAT withholding	Disapplied where the supply is documented via EFRIS e-invoice or e-receipt	Reduces cash flow drag for EFRIS compliant suppliers.
Refund threshold, non registered purchasers	Shs 5m reduced to Shs 2m (5% refund)	More retail transactions qualify for the refund scheme.
Tourism/hotel construction input VAT	Input VAT credit for qualifying hotel/tourism projects (USD 5m citizen and USD 10m foreign), for supplies up to 2 years pre commissioning	A live incentive now, alongside the parallel income-tax exemption we treat as this year's expected position.
Nuclear energy contractors	Added to Schedule 3 exempt/relief list	Narrow but notable given Uganda's nuclear power ambitions.
Refund-fraud penalty	Flat Shs 50,000 to 5% of the tax refund claimed	Penalty now scales with claim size.

Section 3 of the assented Act substitutes 'three hundred million' for 'one hundred fifty million' in section 7(2) of the principal Act. The UGX 250 million figure that circulated widely during the bill stage, including in earlier client communications, did not survive to the final text. The Minister's own Budget Speech confirms Shs 300 million as the figure Parliament approved, projected to cost Shs 349 billion in foregone/administered revenue. A business with UGX 280 million turnover, which would have had to register at the UGX 250 million figure, in fact does not have to.

b) Tax Procedures Code (Amendment) Act, 2026

Beyond the EFRIS penalty increase (double the tax due, or ten currency points, whichever is higher) and the write-off of tax debt outstanding as at 30 June 2016, the signed Act contains a second, more time-limited relief; a renewed interest and penalty waiver on 2025 arrears if paid by 30 June 2027

Section 47D waives interest and penalty outstanding as at 30 June 2025, provided the taxpayer clears the underlying principal tax by 30 June 2027. This as has been in the past and per our last publication on the same is a genuine planning window, any client carrying interest/penalty exposure from before mid 2025 should quantify the saving from clearing principal now against the cost of capital to do so.

c) Stamp Duty (Amendment) Act, 2026

The Bill originally included doubling stamp duty on land and property transfers from 1.5% to 3%. However, in the final Act, only a monthly-filing obligation for financial services providers on stamp duty collected (with a 2% simple-interest penalty per month for late filing), a five-year document-retention requirement, and flat registration or transfer fees for motor vehicles of Shs 30,000 for a motorcycle, tricycle or quadricycle, and Shs 200,000 for any other motor vehicle were firmed up. The general ad valorem duty on land and property transfers is untouched and remains at its pre-existing rate.

For property transactions and real estate dealers specifically, this removes a planning assumption many clients had already built into their operations and budgets for FY2026/27. There is no need to accelerate or defer land transfers to avoid a doubled rate, because no doubled rate was enacted.

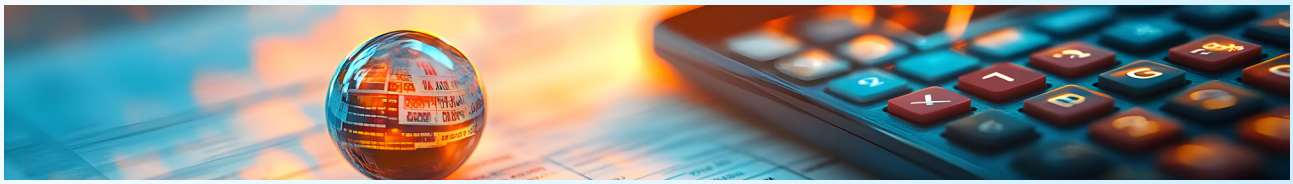


d) Lotteries and Gaming (Amendment) Act, 2026

The Act harmonises the gaming tax at a flat 30% of total stakes less payouts across betting and gaming operators, replacing the previous tiered structure. This is separate from the 15% withholding tax on player winnings, which sits in the Income Tax Bill and is, in fact, the one clause of that bill still being finalized. Uganda's betting and gaming turnover reached an estimated USD 2.17 billion in FY2025/26, up from roughly USD 136 million four years earlier, the figure this measure now applies to has grown roughly sixteen fold in that period.

e) External Trade (Amendment) Act, 2026

This Act exempts imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides from the infrastructure levy and the import declaration fee, a straightforward cost reduction for pharmaceutical and agro-input importers. It also more than doubles the environmental levy on imported used clothing and other worn articles, from 15% to 30% of CIF value, projected to raise Shs 40 billion. For the mitumba or second-hand goods trade a significant informal and semi-formal sector across Kampala and regional towns this is a direct, immediate cost increase with no transition period; it took effect on 1 July 2026 alongside everything else in this Act.



f) This Year's Expected Position on Income Tax and Excise Duty

These are the two bills that touch the broadest cross-section of our clients, PAYE, rental income, withholding taxes, and the excise increases on fuel, alcohol, cement, sugar and cooking oil. Both completed all three parliamentary readings as part of the FY2026/27 package, and both were returned by President Museveni, unsigned, on 14 July 2026, but in each case over a single, narrowly drawn clause, not the substance of the bill. We treat everything below, other than those two clauses, as the tax framework REDMOND TAX & ADVISORY expects to govern FY2026/27, and we say so explicitly at each point where a figure is not yet finally settled.





i. Why we treat this as settled, with two exceptions

Under Article 91 of the Constitution, the President has 30 days to assent to a bill once it reaches him. If he declines, he must return it to Parliament with a statement of his objections; Parliament then either accommodates them and re-passes the bill (ordinary majority) or overrides them (two-thirds majority), after which it is presented for assent again. Deputy Speaker Thomas Tayebwa confirmed the President acted squarely within this timeline: 'The Constitution is very clear, 30 days from the date it is presented to him or her.' This is a routine step in the process, not a rejection of the bills.

ii. This has happened before; and it resolves within weeks, not months

In July 2022, President Museveni returned that year's Excise Duty (Amendment) Bill, objecting to Parliament's rejection of a proposed 40% (or Shs 4,000/kg) duty on polymer and plastic sacks and bags, and to the reinstatement of a 20% excise duty on sugar confectionery that had been removed in 2019/20 after manufacturer complaints. Parliament reconsidered the bill within about three weeks of the return. Strikingly, the live objection in both 2022 and 2026 centres on plastics excise policy, a recurring, narrow flashpoint, not a sign that excise bills as a whole are in doubt. More broadly, the return-and-reconsider mechanism is a routine part of Uganda's legislative process, the President used it on the Higher Education Students' Financing Bill and the National Commission for UNESCO Bill in 2024 (both re-passed within about two months) and, most visibly, on the Anti-Homosexuality Bill in 2023. On this basis, we treat re-passage of both 2026 tax bills as the expected outcome, with only the two flagged clauses genuinely open.

g) Income Tax (Amendment) Bill, 2026; expected position

The President's objection was narrow. He opposed the withholding tax on betting and gaming winnings as drafted, because it exempted winnings from licensed land-based casinos while taxing online betting winnings. He did not object to any of the bill's other twelve provisions.

> *The exemption creates opportunities for tax avoidance and revenue leakage. There is no justification for exempting one category while taxing the other.*
>
> **President Yoweri Museveni, in his memorandum returning the Bill**

We treat the following twelve provisions as this year's expected income tax position, and flag the one clause still open:

Provision	Position for FY2026/27 planning
Individual tax bands	Nil band raised to Shs 4,020,000; new intermediate 25% bracket introduced
Royalties	Definition widened to explicitly capture software payments
Cross-border debenture interest	New 5% withholding tax
Betting/gaming winnings **OPEN CLAUSE**	15% final withholding tax; the exemption for licensed land-based casinos is the specific item being redrafted. Expect a uniform 15% rate across online and land-based winnings, with the National Lottery exemption preserved.
Public entertainer payments	6% withholding tax
Telecom/mobile money commissions	10% final withholding tax on agent commissions
Thin-cap (interest deduction) rule	EBITDA base for the 30% limitation excludes carried-forward losses
Rental income	Option to pay monthly instead of annually
Bujagali exemption	Extended to 30 June 2032
Tourism/hotel investment exemption	Income tax exemption for qualifying developments (USD 5–10m, 70% local content) refer to our earlier publication on exemptions

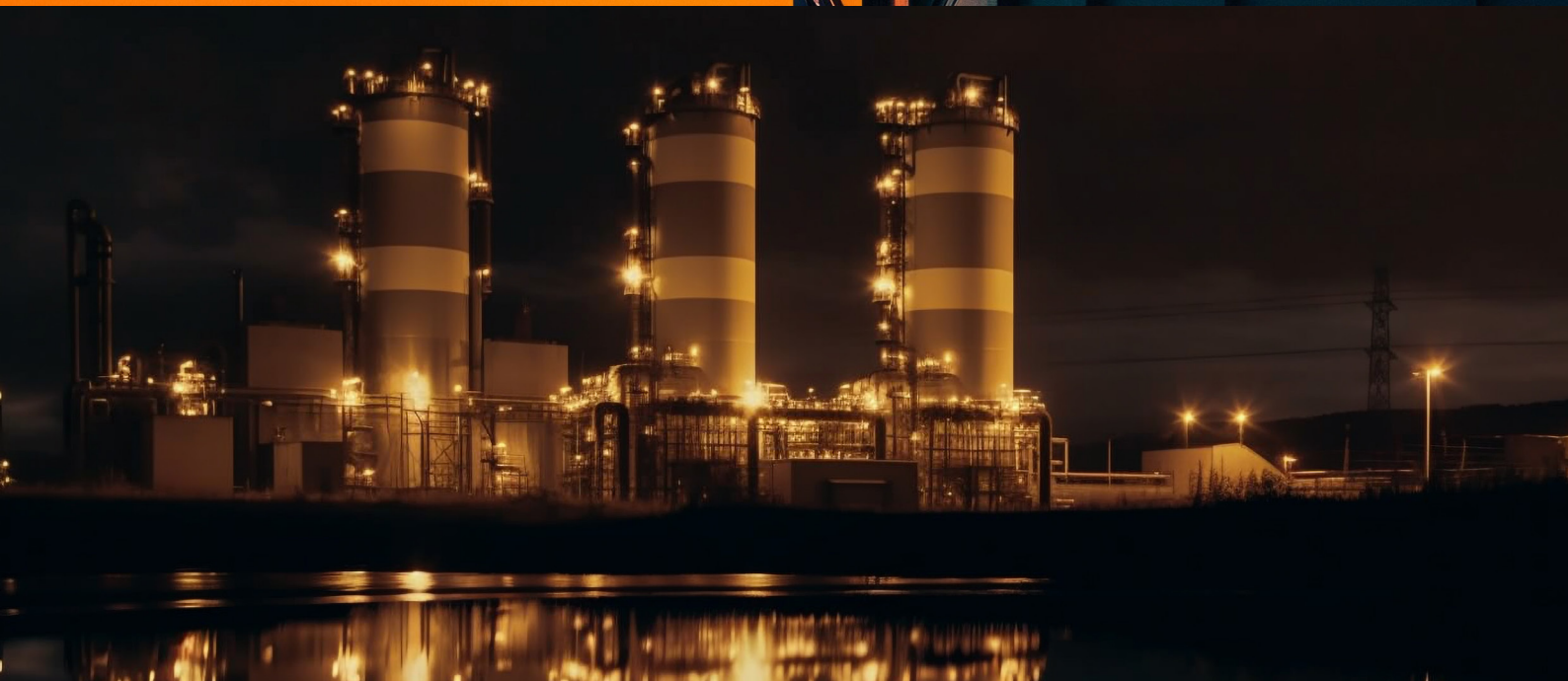
h) Excise Duty (Amendment) Bill, 2026; expected position

> *Viable alternatives to plastic packaging are not yet readily available in Uganda. The increase would impose significant cost pressures on manufacturers engaged in the production and use of single-use plastics.*
>
> **President Yoweri Museveni, in his memorandum returning the Bill**

Uganda's plastics sector supports an estimated 350,000 workers against a recycling rate of only around 21%, which is the tension the President's objection sits on top of; expect either a lower rate or a phased path to 25% rather than the full jump in one step. We treat the remaining nine rate lines shown below as this year's expected excise position.

Item	FY2025/26 rate	Rate as originally tabled	Expected FY2026/27 rate
Petrol	Shs 1,550 per litre	+Shs 200 per litre	Shs 1,750 per litre
Diesel	Shs 1,230 per litre	+Shs 200 per litre	Shs 1,430 per litre
Spirits/alcohol	Shs 1,700 per litre	Shs 3,500 per litre	Shs 3,500 per litre
Cement (50kg bag)	Shs 500	Shs 1,000	Shs 750
Sugar (per kg)	Shs 100	Shs 300	Shs 200
Cooking oil (per litre)	Shs 200	Shs 400	Shs 400
Single-use plastics **OPEN CLAUSE**	2.5% or USD 70 per tonne	25% or USD 1,500/ tonne	Objected to by H.E., Expect a lower or phased rate; do not assume 25% survives unchanged.
Motorcycles (first registration)	Shs 200,000	Shs 500,000	Shs 500,000
Paints and varnishes (new) or per kg, whichever is	n/a	3% or Shs 50 per litre or kg (local); 10% or Shs 2,000 (imported)	3% or Shs 50 per litre or kg (local); 10% or Shs 2,000 (imported)
Cooking fat (new)	n/a	Shs 500 per litre or kg.	Shs 500 per litre or kg

The Bill as originally tabled proposed cement at Shs 1,000 per 50kg bag and sugar at Shs 300 per kilogram however by the time the Minister described the measures Parliament had actually approved, in the June Budget Speech, the figures had been scaled back to Shs 750 per 50kg bag for cement and Shs 200 per kilogram for sugar. We treat the Budget Speech figures, not the originally tabled ones, as this year's expected position.





i) What this means for users of this outlook

Treat every provision above other than the two flagged clauses as the operative basis for FY2026/27 planning, payroll, pricing, contracts and provisioning. For the betting-winnings withholding rate and the single-use plastics rate specifically, keep as placeholders until the amended clause is confirmed, since the final number may differ from the table above even though the direction (a withholding tax; a higher plastics excise) is not in doubt.

Sector	Key implication
Construction and real estate	Cement excise is expected to land at Shs 750/50kg, not the higher Shs 1,000 originally tabled, and the widely-reported stamp duty doubling is confirmed absent, the cost calculus here is milder than initially feared. Budget the expected cement/fuel figures into contracts.
Tourism and hospitality	Among the year's clearest winners, the VAT input credit is already law and the parallel income-tax exemption is expected, uncontested. Early structuring is worthwhile now, given the two-year pre commissioning window.
Financial services	New monthly stamp duty filing and 2% late-filing interest are live obligations now; expected withholding changes on interest should be built into systems ahead of the Income Tax Bill's re-passage.
Telecoms, mobile money and agent networks	The expected 10% withholding on agent commissions and the widened royalty definition for software were not contested, plan for both now; they would affect agent-network economics and cross-border licensing once confirmed.
Betting and gaming	30% unified gross-gaming-revenue tax applies now; a 15% winnings withholding tax is expected, with only the land-casino/ online split still being redrafted. Sector turnover growth (USD 136m to USD 2.17bn in four years) explains the scrutiny.
Fast Moving Consumer Goods (FMCG), manufacturing and distribution	Sugar and cooking-oil excise increases are expected but not yet enacted; use the Budget-Speech cement/sugar figures (Shs 750/50kg, Shs 200/kg), which are lower than originally tabled, as the planning base.
Used clothing (mitumba trade)	Immediate, confirmed cost increase environmental levy doubled to 30% of CIF value, effective 1 July 2026.
Motor vehicle importers and dealers	New flat stamp duty on registration/transfer (confirmed law)
Pharmaceutical and agro-input importers	Vaccines, medicines, medical supplies, pesticides and related inputs are now exempt from the infrastructure levy and import declaration fee a direct, confirmed cost saving.
SMEs and small traders	Higher VAT threshold (Shs 300m, confirmed) allows more businesses to deregister worth an active review given the threshold is higher than earlier reported.

5. REDMOND TAX & ADVISORY Outlook and Planning Priorities



Taken together, FY2026/27 is best understood as a transition year. Government is positioning fiscal policy for an oil economy while managing a debt position roughly 53% of GDP, with statutory obligations already consuming 44% of the budget, that leaves little margin for error. Our headline view is one of cautious optimism.

The macro fundamentals are genuinely supportive, but the 10.2% growth figure rests on something that has not yet happened, first oil on schedule and is the larger of the two real uncertainties in this outlook. The tax side, by contrast, is close to settled: of everything above, only a betting-tax clause and a plastics excise rate remain genuinely open.

6. WHAT WE RECOMMEND CLIENTS DO NOW

- Plan FY2026/27 budgets and pricing around the expected excise figures set out above for cement, sugar and fuel.
- Review VAT registration status against the confirmed Shs 300 million threshold not the Shs 250 million figure that circulated earlier in the bill and confirm EFRIS e-invoicing compliance given sharply higher digital-compliance penalties.
- Do not model in a doubled stamp duty transfer rate as it was not enacted. Do budget for the new flat motor-vehicle stamp duty fees.
- Quantify pre-30 June 2025 interest/penalty exposure and the cost/benefit of clearing principal tax by 30 June 2027 to access the waiver.
- Importers of used clothing should reprice immediately for the levy increase to 30% of CIF value.
- Tourism and hospitality investors should engage now on structuring for both the input VAT credit and the expected income-tax exemption neither was contested.
- Build contingency scenarios that do not assume first oil arrives precisely on schedule, for both oil-adjacent and broader forex/fiscal-spillover exposure, this, not the tax package, is where the real planning risk in this edition sits.
- Keep a placeholder for the final wording of the betting-winnings withholding clause and the plastics excise rate; confirm both once Parliament closes them out, expected within roughly three to eight weeks of the 14 July return based on the 2022 precedent.

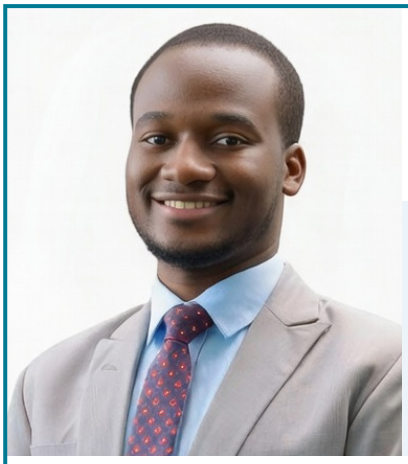


7. LOOKING AHEAD

We expect the compliance-tightening and base-broadening themes evident in the Tax Procedures Code and EFRIS changes to continue in future budget cycles, as government works to reduce reliance on relatively expensive domestic borrowing ahead of oil revenues reaching meaningful scale. Clients with multi-year investment or financing plans should treat FY2026/27 as the first year of a several-year fiscal consolidation path, not a one-off adjustment. REDMOND TAX & ADVISORY (RTA) will continue to monitor developments, including confirmation of first oil, Bank of Uganda policy responses, and the progress of the returned bills and will issue updates as the picture develops through the financial year.

Contact for this publication

Authors: REDMOND TAX & ADVISORY



Alfred Habaasa

Head – REDMOND TAX & ADVISORY
+256 778 444 143
ahabaasa@redmondadvocates.co.ug

Alfred Habaasa boasts a decade-plus career in tax consultancy and regulation. Notably, he led Transfer Pricing and International Tax initiatives for the extractives sector during his tenure at the Uganda Revenue Authority (URA). Also a former Senior Tax Advisor with EY Uganda, Alfred leverages his extensive regulatory and private-sector experience to navigate complex tax landscapes.

Alfred now heads REDMOND TAX & ADVISORY an independent Uganda tax practice in affiliation with REDMOND Associated Advocates

Education

- Certified Public Accountant (CPA) Uganda
- Fellow of the ACCA
- LLM in Energy Economics & Law- University of Aberdeen
- LLB Makerere University
- Advanced Diploma in International Taxation (ADIT)
- B.Sc. In Applied Accounting - Oxford Brookes University



Mwesigye Duncan

Tax Associate
+256 756 685292
Duncan.Mwesigye@redmondadvocates.co.ug

REDMOND ASSOCIATED ADVOCATES



Kenedy Kushaba

Managing Partner - Litigation and Oil & Gas
+256 777 799 978
kenedy.kushaba@redmondadvocates.co.ug



Noah Mukiza

Legal Associate
+256 772 053 620
Noah.mukiza@redmondadvocates.co.ug



Kaggwa Andrew

Legal Associate
+256 782 926 451
Andrew.Kaggwa@redmondadvocates.co.ug

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