



Cements, grout and adhesives have not been spared. For every 50kg, there will be an excise duty of Shs1,000. PHOTOS/FILE.

How the proposed tax reforms will impact you

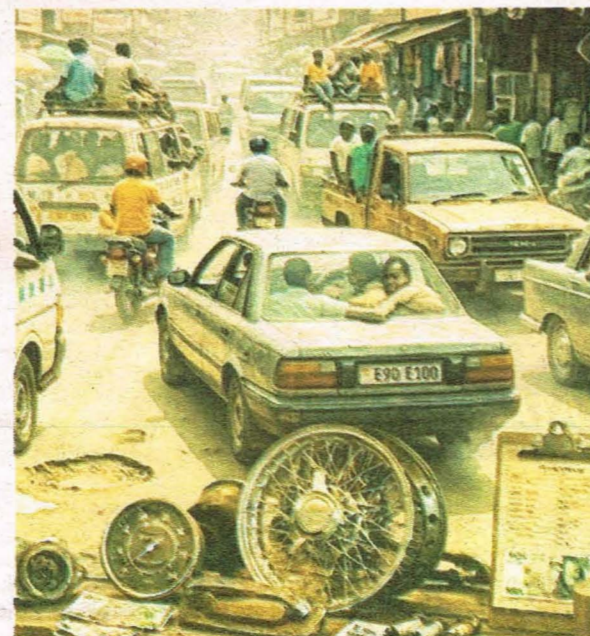
For years, Ugandans with income streaming in from foreign shores operated in a fiscal twilight, visible at home, but invisible to the taxman. That twilight is fading. With the implementation of the Automatic Exchange of Information, the Uganda Revenue Authority is stepping into a new age of transparency. But in this new era, the books are finally being balanced.

BY IAN ORTEGA

Uganda Revenue Authority (URA) has proposed tax reforms for the Financial Year (FY) 2026/2027. Although most Ugandans were alerted by the increment of Pay As You Earn (PAYE) for the high-income earners to 40 percent, there is more to the reforms than meets the eye. These proposed reforms await the Tax Amendment bills and later on Amendment Acts before the changes can take effect. And as we await that, here is what you need to know.

Every employee gets an extra 10K tax-free

Just before you panic over the 40 percent PAYE for the high-income earners, the threshold reforms are putting back an extra Shs10,000 to Shs13,000 per month into every employee's pocket. According to Sophie Kayemba, a senior Tax Manager at PwC Uganda, "on the upside, every employee will get an extra Shs10,000 to Shs13,000 tax-free per month due to PAYE threshold reforms, while SMEs will get relief from increase in the VAT registration threshold from Shs150m to Shs250m."



The older the car, the more you will pay in environmental levy. URA says do your best to drive a newer car.

The current threshold has been at Shs235,000 per month, this is now being raised to Shs335,000. They say this is to adjust for inflation since the current threshold was set in 2012. Now there is no excuse for not increasing the Kameeza money since Mwami is now having that ka extra Shs10,000 every month.

Now for those who earn over more than Shs10m per month, URA insists you continue to carry your weight of 'omuloodi' with a PAYE at 40 percent as has been the case since July 2012.

For the 'Kapapula' people, aka betting

URA is proposing a 15 percent withholding tax on gaming activities. And it says, this will be on the payout at the point when one cashes out. URA makes the distinction between pay-out and winning. A payout is the total amount the casino or betting company gives you, while winning is the amount paid-out less what you staked. If you staked Shs100,000 and got a payout of Shs500,000, URA is saying the 15 percent withholding tax should be applied to the entire Shs500,000.

This reform will be enabled by the Centralised Payment Gateway System that is also awaiting Parliamentary approval. So now as an individual calculates those odds, remember the ka 15 percent withholding tax.

Over and above this 15 percent withholding tax on payouts, URA is also introducing a five percent excise duty on customer deposits for betting and gambling. It is likely that the betting opera-

tors will pass on the burden of this tax to the kapapula professionals. If you deposit Shs100,000, a five percent excise will be applied to it, and immediately remitted to the tax body. This measure has also been designed to discourage excessive betting. Mbu some people had quit their jobs to become kapapula professionals.

An extra Shs200 on your litre of fuel

Of course, these proposed reforms were announced before the current choke-up in the Strait of Hormuz. URA had assumed current pump prices at Shs5,000. And thus, the proposal is to have Ugandans pay an extra Shs200 applicable to both petrol and diesel. Mbu the Hilux and Subarus have increased on the road, those who own cars must also carry their weight in growing the economy.

In case you see that buddy of yours jumping onto a boda boda more frequently, it most likely will not be because of traffic jam, but because kafuta is becoming kafuta. And for those of you, who have been accustomed to pickups and drop-offs, do not be surprised when chap pulls a wire out of nowhere. He is trying to escape from the drop-off.

URA prefers that you go cashless

URA is saying, "please, please, keep money in the system. Do not withdraw." Henceforth, there will now be a 0.25 percent excise duty of the value on all cash withdrawals. It does not matter if you are withdrawing from the ATM or from Mobile Money. As long as it is a withdrawal, the 0.25 percent rate

will apply on the value. If you are withdrawing Shs400,000, you will pay a ka Shs1,000 on it.

On the upside, the rate is now standardised and applies equally for both Mobile Money and ATMs. There is no longer need for you to drive from Kitukutu until you find your ATM in Ntinda mbu to avoid the charges of withdrawing via Mobile Money. Previously, an excise duty of 0.5 percent applied on mobile money withdrawals, this will now be 0.25 percent. Mobile Money has registered a win, but cashless has won even more.

Bandalali people will pay more per bottle

If the proposed reforms take effect, then you are required to handle your sponsor, aka mugaga with more care. On all the high-value alcoholic drinks aka the spirits, URA is proposing an increment of the tax from Shs1,700 per litre to Shs5,000 per litre.

Do not express shock when your former Bandalali rise chap grows a new love for Kyaddi. Simply give the dude a hug, orient him with the queuing experience. Let him become the new dude in charge of ensuring the table does not shake.

Foreign source income earners get a waiver

If you have been earning income from a foreign source and not declaring, there is a window for you. Kayemba, notes: "Ugandans with a foreign source income have a chance to start on a clean slate and qualify for a waiver of penalties and interest if they remit out-



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NO ONE IS SAFE

In case you still do not understand what is coming, the new reforms are about hugging one another, they are called 'Buli omu agumye munné' reforms. The economy will not just build itself, from now on; everyone is expected to play their part.

There is no more escape, whether betting or salary, whether land deal or construction. With systems such as Automatic Exchange of Information, digitalized land systems, and the Centralized Payment gateway, tuwedde...!

standing tax by June 30, 2027."

East or West, home is home, with the Automatic Exchange of Information, URA will also be in position to get information concerning residents of Uganda with income from abroad.

More expense for all

The big takeaway from the proposed reforms is that we are all in this together. The home kitchen will not be the same again with the proposed increments on cooking oil and sugar. It is proposed that excise duty on cooking oil moves from Shs200 per litre to Shs400. It could be that URA wants us to live healthier, and eat more 'boilo'.

Excise duty on sugar is proposed at Shs300 per kilogramme from Shs100. The message is simple, "cut sugars, cut oils."

And if construction is one of your New Year resolutions, you may have to pray

(wait plan better), as an excise duty of Shs1,000 is being introduced on every square metre of ceramic and porcelain tiles. Cements, grout and adhesives have not been spared. For every 50kg, there will be an excise duty of Shs1,000. Kayemba says: "Most of the proposals have an indirect effect on the cost of living or cost of doing business. Individuals and business alike need to brace for the coming tide."

In the same aspect, paints, vanishes and lacquers have not been spared. Excise duty on imported paint is now at 10 percent of the value, while for locally manufactured paint, it is at three percent of the value or Shs50 per kg/litre, whichever is deemed higher. As you construct your house, you must also construct the tax offers.

The used-clothes have also not been spared. If you were counting on that bale, aka ndiboota, the surcharge has now been increased from 15 percent to 30 percent. URA says we must all move from used textiles and upgrade. Out with those things of arguing that clothes of kikadde last longer.

Performers to also suffer withholding tax

Given that the artistes have just registered a win with the Copyright and Neighbouring Rights Bill, URA now says promoters should withhold a six percent tax from the public entertainers. Basically, URA has told Bajjo and Abite, if you hire Alien Skin or Lil Pazo, it is your duty to withhold the six percent tax and pass it on to URA.

Land and vehicles now do not come cheap

The Ugandan dream of a car and land has been punctured with the proposed reforms. URA is introducing stamp duty on motor vehicle and motorcycle registration both at first registration and transfer. If you are registering a new car, you will pay a stamp duty of Shs100,000, if you choose to transfer that same car, you will still pay stamp duty on it.

And yes, the age of accepted vehicles is being reduced from 15 years to 13 years. The older the car, the more you will pay in environmental levy. URA says do your best to drive a newer car.

When it comes to land, the stamp duty on transfers is being raised from 1.5 percent to three percent. Capital Gains Tax will also now apply to the sale of that land at a rate of five percent. You will not sell your land tax-free going forward. The tagline is, "when you are making a sale or transfer, we shall be right there with you."



The levy on second hand clothes has been increased from 15 to 30 percent.