

PARLIAMENT REVISES KEY TAXES

By Mary Karugaba and Dedan Kimathi

Parliament yesterday approved a broad package of tax amendments for the 2026/27 financial year, introducing key new taxes in a number of measures aimed at raising trillions of shillings to finance the budget.

Among the key measures is a fresh tax amnesty for compliant taxpayers, revised penalties under digital tax systems, new levies on second-hand clothes and adjustments to taxes on essential commodities such as sugar, cement and fuel.

The measures were passed during a debate on several finance-related Bills tabled by the finance ministry as part of the efforts to raise domestic revenue.

TAX AMNESTY

Parliament passed the Tax Procedures Code (Amendment) Bill, 2026, granting a waiver of accumulated penalties and interest to taxpayers who clear their principal tax arrears by June 30, 2027.

Under the amendment, individuals and businesses with outstanding tax liabilities will have all penalties and interest written off once they pay the original tax owed before June 30, 2027.

Lawmakers said the move is intended to encourage voluntary compliance, clean up disputed taxpayer records, and boost domestic revenue collection without imposing fresh burdens.

The finance committee chaired by Amos Kankunda, in a report to Parliament, said many taxpayers had failed to benefit from previous amnesty windows in 2023, 2024 and 2025 due to unresolved discrepancies in Uganda Revenue Authority (URA) records.

"The proposed amendment will enable these taxpayers to benefit from the waiver for the specified period," the committee said in its report.

State minister for finance (general duties) Henry Musasizi defended the proposal, saying it would restore confidence in the tax system and help government recover taxes that are easier to collect.

"The waiver is intended to restore the integrity of taxpayer ledgers and reduce ongoing disputes, including litigation where URA has faced challenges," Musasizi said.



Erute South MP: Odur



Ibrahim Ssemujju Nganda

Summary of revised taxes and penalties

| CATEGORY | PREVIOUS RATE | REVISED RATE |
|---|-------------------|--|
| Digital stamp penalties (Unstamped goods) | sh50m | sh2m |
| Digital stamp penalties (Manufacturers not affixing stamps goods) | sh50m | sh50m (unchanged) |
| Second-hand clothes | None | 30% of CIF value |
| Imports (infrastructure levy) | 1.5% | Exempted for medicines and agro-inputs |
| Imports (import declaration fee) | 1% | Exempted for medicines and agro-inputs |
| Sugar tax | sh300 | sh200 |
| Cement (50kg) | sh1,000 | sh750 |
| Fuel levy | Proposed increase | sh200 per litre (retained) |

FUEL LEVY RETAINED

Despite criticism, Parliament retained the proposed sh200 levy on petrol and diesel. Musasizi said the increase was necessary to adjust fuel taxes to inflation and maintain government revenue targets.

"Fuel prices must adjust to inflation and we are saying the adjustment is sh200," he told MPs.

But, when it came to the proposed sh200 tax on fuel, both the majority finance committee report and state minister for finance Henry Musasizi drew a red line. Initially, Government had proposed a sh200 levy on petrol, which would have raised the tax on a litre to sh1,750, while that of diesel would rise to sh1,430 respectively.

"The middle ground arrangement that the committee used as an approach gave us an impression that this should be left the way it is proposed..." Kankunda argued.

"You cannot say that what is happening in Iran now can be the basis of our making decisions here because we don't have control over them. We don't know when this war will end. You cannot say we cannot legislate because there is war in Iran, what if it moves from Iran and goes somewhere else? I think the principal is fuel prices must adjust to inflation and we are saying the adjustment is sh200," Musasizi explained.

The Government had initially proposed ending the amnesty in 2026, but Budadiri West MP Nandala Mafabi

successfully pushed for an extension to June 30, 2027, arguing that more taxpayers needed time to regularise their affairs.

Meanwhile, Erute South MP Jonathan Odur urged the finance ministry to publish a list of all tax defaulters and the amounts they owe government.

DIGITAL STAMP PENALTIES

Parliament also reduced penalties for possession of goods that require digital tax stamps but do not have them affixed.

The fine was cut from sh50m to sh2m for persons found in possession of unstamped goods.

However, manufacturers who fail to affix tax stamps to their products will still face the original sh50m penalty.

The finance committee said the earlier fine was excessively harsh, especially for small traders handling low-value stock.

TOUGHER EFRIS ENFORCEMENT

Parliament further revised sanctions under the Electronic Fiscal Receipting and Invoicing System (EFRIS).

The new law sets the penalty for failure to use EFRIS devices, issue e-receipts, or tamper with fiscal devices at double the tax due or sh200,000, whichever is higher.

SECOND-HAND CLOTHES

Parliament also passed the External Trade (Amendment) Bill, 2026, introducing a 30% environmental levy on imported second-hand clothes, commonly known as mivumba.

The levy will be charged on the Cost, Insurance and Freight (CIF) value of imported worn clothing and other used textile items.

This means importers will now face multiple charges including customs duty, a 1.5% infrastructure levy, 1% import declaration fee, 18% VAT, and the new 30% environmental levy.

Government said the measure is intended to reduce textile waste and support Uganda's domestic garment industry.

"The proposal seeks to achieve a dual objective of protecting the environment while promoting local textile manufacturers and employment creation," the committee noted.

However, the tax faced stiff opposition from several MPs.

Ibrahim Ssemujju Nganda cited Uganda Bureau of Statistics data showing many Ugandans cannot afford new clothing.

"Thirty-one per cent of Ugandans cannot afford two sets of clothes," he said, warning that the levy would worsen hardship, especially in Karamoja and Busoga.

MEDICINES AND AGRO-INPUTS

In the same Bill, Parliament exempted imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides from the 1.5% infrastructure levy and 1% import declaration fee.

The Ministry of Finance said the changes correct omissions in the 2025 law and are intended to keep healthcare and farm inputs affordable.

Lawmakers said the move would improve access to treatment and support agricultural productivity.

SUGAR AND CEMENT TAXES

Following heated debate, government was compelled to lower proposed excise taxes on sugar, cement and construction materials.

The original proposal sought a sh1,000 tax on each 50kg bag of cement, adhesives, grout and lime, and sh300 per kilogram of sugar. After resistance from MPs, the rates were reduced to sh750 per 50kg bag for cement-related products and sh200 per kilogram of sugar.



Eng Monica Azuba Ntege

Ex-works minister Eng. Azuba dead

By John Odyek

Ugandans are mourning the death of Eng. Monica Azuba Ntege, a former works and transport who played a key role in the country's infrastructure and aviation sectors.

Azuba passed on last evening at Nakasero Hospital where she had been receiving treatment.

According to officials from the works and transport ministry, they received information about her death last evening and the body was still at Nakasero Hospital.

They said she has been sick and getting treatment at the hospital for some time. More details about the funeral arrangements are expected from the family and Government.

Azuba was appointed works minister on June 6, 2016, replacing John Byabagambi. She served in the position until December 14, 2019, when she was succeeded by Gen. Katumba Wamala.

She is remembered for her calm leadership style and contribution to major government programmes.

BACKGROUND

Azuba was born in Busoga sub-region in eastern Uganda around 1954. She attended Gayaza High School for both her O' and A'level education, completing her studies in 1973.

She later joined Makerere University in 1974, graduating in 1978 with a bachelor of science in civil engineering, becoming part of a generation of pioneering female engineers in Uganda.

She began her career at Uganda Commercial Bank in 1978, shortly after graduating. When the bank was acquired by Standard Bank of South Africa in 2002, she transitioned into Stanbic Bank Uganda, where she rose to the position of facilities manager.

CORRECTION

The United Nations Capital Development Fund has not issued any call for applications for empowerment grants targeting projects already in active development as was reported in the article titled 'Call for Application for Grants for Start-ups and NGOs' published on page 32 in *The Weekend Vision* of April 11-12, 2026.

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