

TRADERS **OPPOSE** SOVEREIGNTY BILL, NEW TAXES

PHOTO BY ERIA LUYIMBAZI

By Moses Kigongo

Members of the National Entrepreneurs and Traders Association (NETA) Uganda, have called for the urgent review of the proposed Sovereignty Bill, saying its current form risks crippling small and medium enterprises (SMEs) and destabilising the wider economy.

WHAT BILL PROPOSES

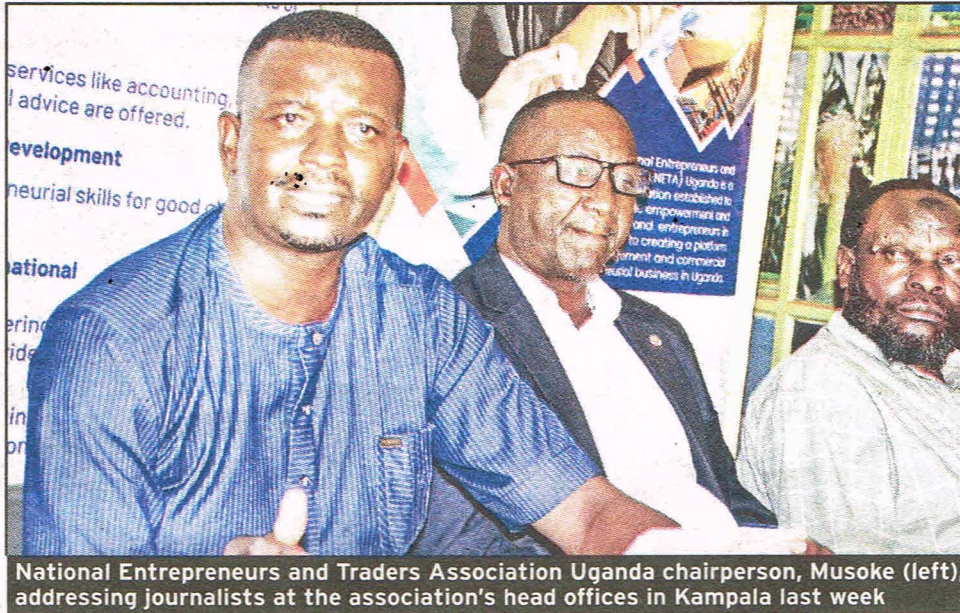
The Protection of Sovereignty Bill 2026 imposes strict regulations on foreign funding, interference and any activity deemed to threaten Uganda's political and economic stability.

According to the Bill, a person or an agent of a foreigner shall not directly or indirectly obtain, solicit or receive any financial support, donation, loan or other assistance from a foreigner, whether in cash or in kind, in excess of sh400m within a period of 12 months without the written approval of the internal affairs minister.

Violation of the above provision is treated as a serious criminal offence. According to the Bill, individuals who violate the rule will face imprisonment for up to 20 years or will be liable to a fine of sh2b, and sh4b in the case of a legal entity. Any excess money shall be confiscated by the state.

NETA PETITIONS GOVERNMENT

While addressing journalists at the association's head offices in Kampala early



National Entrepreneurs and Traders Association Uganda chairperson, Musoke (left), addressing journalists at the association's head offices in Kampala last week

CONCERNS OVER PROPOSED TAX INCREMENTS

Muwasi Muhumuza, the spokesperson of NETA Uganda, described the proposed tax increments under various amendment bills, including those targeting fuel, cement and sugar, as "ill-timed and counterproductive," especially given the current disruptions caused by the Trade Order enforcement.

"Businesses are already struggling with displacement and uncertainty," Muhumuza said.

"Adding tax pressure at this moment will only deepen the crisis."

He pointed to specific proposals such as raising fuel levies from sh1,550 to sh1,750 per litre, doubling excise duty on cement, and tripling taxes on sugar. These increments, he said, would significantly raise production and transport costs, ultimately passing the burden onto consumers.

"Every sector will feel the impact right from construction to retail," Muhumuza said.

"And the ordinary Ugandan will pay the price."

last week, NETA Uganda chairperson Thadeus Musoke said the association had formally petitioned Parliament and the President,

urging the Government to first engage traders and business associations before implementing sweeping policy changes that directly affect

livelihoods.

"We are not opposed to reform," Musoke said.

"But reform must be consultative, structured and

mindful of the millions of Ugandans whose survival depends on small businesses."

ENTREPRENEURS FEAR IMPACT

Catherine Rujumba, the association's women affairs leader, said women entrepreneurs who form a significant portion of informal and small-scale traders stand to suffer disproportionately if the current proposals are implemented without safeguards.

"Women in trade are already operating on thin margins," Rujumba said.

"Policies that disrupt access to capital, increase taxation or displace traders from their workspaces will push many out of business entirely."

Their remarks on the Sovereignty Bill, which is currently before Parliament, come amid the growing unease within the private sector over enforcement of the Trade Order across urban centres and proposed tax increments for the 2026/2027 financial year.

Musoke said while the intention behind the Sovereignty Bill may be to safeguard national interests, its framing presents significant risks to entrepreneurship, financial stability and investment flows.

FEARS OVER REMITTANCES

Musoke said provisions within the Bill could inadvertently criminalise remittances by classifying Ugandans in the

diaspora as "foreigners" and treating recipients of such funds as potential "foreign agents".

"Remittances account for over \$1.4b annually and serve as seed capital for countless small businesses. Interfering with this flow is equivalent to cutting off oxygen to the SME sector," he said.

PARLIAMENT'S ADJUSTMENTS

The Government had proposed a sh1,000 tax on a 50kg bag of cement, adhesives, grout and lime and sh300 on a kilogramme of sugar. But in the course of passing the Bills, Parliament reduced the taxes to sh750 and sh200 respectively.

NETA Uganda implored the Government to convene an urgent economic stability summit involving key stakeholders, including private sector representatives and financial institutions, to address the emerging challenges collaboratively.

The petition submitted to Parliament and the President outlines these concerns and recommendations in detail.

CIVIL SOCIETY RAISES ALARM

Civil society groups also recently raised alarm over the negative impact that the Sovereignty Bill will create on Uganda's economy.

Julius Mukunda, the Civil Society Budget Advocacy Group executive director, said the Bill could cause Uganda to lose billions of money in external financing.