



**MEDIA BRIEFING ON THE TAX POLICY MAKING PROCESS FOR
FINANCIAL YEAR 2026/27**

PRESS STATEMENT

By

Director Economic Affairs

September 17, 2025

Ladies and Gentlemen,

I welcome you to this media briefing and thank you for taking interest in issues that are critical to our development as a country.

1. Objective of the media briefing

Today's engagement is a key part of our commitment to ensuring transparency, stakeholder engagement and inclusiveness in the formulation of the budget and review of tax policies in Uganda.

The Ministry of Finance, Planning and Economic Development is keen to ensure that all stakeholders are adequately consulted to enable them participate effectively in the processes that lead to the formulation and review of tax policy, particularly in the context of the budget process for every ensuing financial year. This is important because tax affects businesses and persons as it takes away resources from them and its collection may impose obligations on them to account for it.

2. Background and context

Government has undertaken a bold and ambitious step, through the 10-fold Growth Strategy to expand the economy from US\$50 billion in Financial Year 2020/21 to US\$500 billion by 2040. The Strategy is a blue-print for rapidly expanding Uganda's economy in a transformative, sustainable and inclusive manner.

The NDP IV and the Tenfold Growth Strategy, which include both the **ATMS** and **Enablers**, are informing reforms in the tax system. The **ATMS** are: **A**gro-Industrialisation, **T**ourism Development, **M**ineral-Based Industrial Development, and **S**cience, Technology and Innovation, including ICT and the Creative Arts Industry.

The **Enablers** include: Maintaining peace, security and the rule of law; Human capital development; Full monetization of the economy; Infrastructure development; Regional integration; Irrigation; Eliminating corruption; Environmental and natural resources conservation and protection; and Vertical and horizontal value addition. Tax will play a vital role to support and finance the delivery of the ATMS and Enablers.

To achieve the ten-fold growth strategy, Government must enhance revenue mobilization in a predictable, equitable and sustainable manner. This requires increasing revenue collections from 14% of GDP in Financial Year 2022/23 to 30% in Financial Year 2039/40.

Improving of the revenue effort is not on the side of Government alone. We will involve all stakeholders in the discussions on the best way we can mobilize revenue while supporting businesses to grow, reduce the costs of compliance, increase simplicity in the understanding and payment and taxes and accounting to the people for the taxes collected.

3. Government's Efforts to Enhance Revenue Mobilization

Government has over the years introduced reforms in the tax system to collect revenue, support industrialization and investment, consumption, savings, education, health and agriculture. The reforms resulting from the annual tax policy reviews have also empowered Uganda Revenue Authority with clearer laws and better enforcement tools, hence enabling URA to improve compliance while making it easier for taxpayers to meet their obligations.

As a result of continuous improvements in our tax policy, in FY 2024/25 Uganda's revenue effort increased to 14.27 percent of GDP, up from 13.71 percent the previous year. Overall revenue collections also registered a surplus of US\$2.1 billion, growing at 15.6 percent, well above the four-year average growth rate of 12.8 percent. Furthermore, we have realized tangible benefits from well-targeted tax policy and administrative measures. In FY 2024/25 alone, these measures yielded over US\$1.4 trillion shillings.

4. Understanding the Tax Policy Making Process

As I highlighted earlier, the tax system serves a number of purposes, primary of which is to raise necessary revenue to finance Government spending on service delivery. The role of taxation in national development therefore, cannot be overemphasised. In formulating tax policy, we adhere to the following key principles:

- i) **Neutrality, equity and fairness**—the tax system should be fair and equitable devoid of discrimination. Taxpayers should be required to pay according to their ability.

In addition, the tax system should be neutral so that taxpayers' decisions are made on their economic merits and not for tax reasons.

- ii) ***Simplicity, certainty, transparency and clarity***—tax laws and administrative processes should be simple, clear, transparent and easy to understand.
- iii) ***Low compliance cost***—the direct and indirect costs incurred by taxpayers in complying with their tax obligations should be kept to the barest minimum.
- iv) ***Low cost of tax administration***—the cost of administration of the tax laws should be efficient and cost-effective in line with international best practices.
- v) ***Flexibility***—taxation should be dynamic and able to respond to changing circumstances in the economy in a manner that does not retard economic activities.
- vi) ***Sustainability***—the tax system should promote sustainable revenue, economic growth and development. There should be a synergy between tax policies and other economic policies of government.

Government, through the Ministry of Finance, Planning and Economic Development, has undertaken significant steps to streamline the tax policy-making process. This is important because an effective and predictable tax system is at the heart of financing our national priorities and supporting sustainable growth. In the past, fragmented approaches created unintended results and

consequences, which undermined revenue performance and discouraged compliance.

Through continuous reforms, tax policy proposals are now developed in a structured manner, guided by sound technical analysis, broad stakeholder consultations, and strict alignment with our national development goals, specifically following the National Development Plan and the Domestic Revenue Mobilisation Strategy.

The streamlined tax policy making process enables us to have a tax system that is fairer and more predictable. Every financial year we review our tax policy and propose various technical amendments to the existing tax laws. This has helped to address ambiguities, close loopholes, and create clarity and consistency in our tax laws. This gives businesses and taxpayers greater confidence in the tax system, encourages voluntary compliance, and reduces opportunities for revenue leakages.

Additionally, we have designed our tax reforms not only to raise revenue but also to support the growth of the economy. As I earlier mentioned, the tax policy and related tax measures are deliberately designed to promote, among others, Government's 10-fold growth strategy and the enabling ATMS, small and medium enterprises, and encourage value addition in key sectors. The balance between revenue mobilisation and economic growth objectives ensures that the private sector is facilitated to be competitive and continue to thrive as the

engine of Uganda's economic growth and socioeconomic transformation.

Tax Policy Initiation and Review

The tax policy-making process in Uganda involves several stages and stakeholder engagement. These include: the strategic phase; planning phase; formulation phase; approval and legislation phase; implementation phase; and evaluation phase.

In the strategic and planning phases, we identify the tax policy objectives, which involves consultations with various stakeholders, including government agencies, private sector representatives, civil society organizations, academia and the general public. The objectives are determined by prevailing economic conditions, revenue needs and fiscal policy goals.

After we receive proposals from various stakeholders, we undertake a technical analysis of the proposals to ensure that they meet one or more of the following objectives: generate additional tax revenue; broaden the tax base; improve coverage; increase clarity and certainty; enhance tax compliance; support government policy priorities; promote savings and investment, encourage desired behavioural change, and are consistent with the key principals or taxation that I highlighted earlier.

The above steps are critical step to ensure that the tax measures proposed are practical, fair, and aligned with national priorities.

Cabinet Approval and Legislative Process

After the technical analysis and stakeholder consultations on the tax proposals, the Ministry of Finance, Planning and Economic Development submits the proposals to Cabinet, for consideration and approval. Once approved, the Ministry of Justice and Constitutional Affairs Drafts Tax Bills which the Hon. Minister of Finance, Planning and Economic Development subsequently submits to Parliament, for consideration and enactment. The Tax Bills approved by Parliament become law after they have been assented to by H.E. the President.

Currently, Uganda's tax policy is operationalized majorly under the following tax laws:

1. The Income Tax Cap. 338
2. The Value Added Tax Cap.344
3. The Stamp Duty Cap.339
4. The Tax Procedures Code Act Cap.343
5. The Excise Duty Cap.336
6. The Tax Appeals Tribunals Act Cap.341
7. The Uganda Revenue Authority Act

Implementation and Monitoring of tax policy

The Uganda Revenue Authority (URA) is responsible for the administration of the tax laws. The Ministry of Finance, Planning and Economic Development undertakes continuous monitoring and evaluation of the impact and effectiveness of tax policies to identify any potential shortcomings and propose future policy adjustments and reforms to improve tax policy outcomes.

What is the role of the Media?

Members of the media, you play a vital role in shaping public understanding and opinion on tax matters. The way you communicate tax issues can influence how taxpayers comply, confidence in the tax system, and even investment decisions. I therefore encourage you to take interest in understanding the different dimensions of taxation and help us to demystify tax policy. Let us work together to inform the public accurately and constructively on tax matters.

Today's engagement with the media houses therefore serves to officially notify you that the Ministry is now receiving tax proposals for FY 2026/27. We look forward to receiving proposals and feedback from the public and all stakeholders which shall inform the formulations of policy reforms in the context of the process for preparing the national budget FY2026/27. The detailed tax policy consultative calendar was published on the Ministry Website. We have also provided copies for your information. Your proposals can be submitted in writing to the Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development.

I wish to reiterate Government's commitment to strengthening public engagement in tax reform discussions; enhancing transparency in how tax decisions are made and most importantly ensuring that our tax system promotes economic growth, job creation, and social equity.

Let us build a tax system that works for all in Uganda.

FOR GOD AND MY COUNTRY



Civil Society Budget Advocacy Group

CSBAG Statement on Uganda's Tax Policy Making Process for FY2026/27
"It's Not Only About Revenue Mobilisation – Management is Equally Important:

Issued: September 17, 2025

The Civil Society Budget Advocacy Group (CSBAG) commends the Ministry of Finance, Planning and Economic Development for its initiative to engage stakeholders and the public in the formulation of Uganda's tax policy for the Financial Year 2026/27. This consultative approach represents a commendable commitment to fostering transparency, accountability, and inclusion in shaping Uganda's fiscal framework.

Over time, it has become evident that tax policy cannot be designed in isolation, but rather through open and participatory processes that involve civil society, the private sector, academia, and citizens. **Only through such inclusive engagement can Uganda's tax policies be made responsive, equitable, and socially just.**

Taxation continues to serve as a fundamental pillar in financing Uganda's development agenda. However, CSBAG emphasizes that the discourse must extend beyond revenue mobilization to include the prudent management of public resources. It is imperative that every shilling collected is translated into tangible improvements in service delivery—particularly in critical sectors such as health, education, agriculture, and climate resilience.

CSO Concerns and Policy Priorities for FY2026/27

1. Promoting Equity in Taxation

Uganda must adopt progressive tax measures, including wealth, property, and environmental taxes, to broaden the tax base in a fair and sustainable manner.

2. Reforming Tax Incentives and Exemptions

We continue to lose significant revenue through indiscriminate tax holidays and exemptions, often granted without demonstrable benefits. **CSBAG advocates for a shift towards performance-based tax credits** that reward investors who generate employment, add value, and contribute to national development priorities under the NDP IV. **Incentives must be tied to measurable outcomes—no results, no reward.**

3. Enhancing Efficiency in Tax Administration

The current tax system is characterized by complexity and high compliance costs, particularly for SMEs. Taxpayers frequently report burdensome interactions with both central and local government agencies, as well as the prohibitive costs associated with digital systems such as EFRIS and e-tax

Carol Namaganda
CSBAG Representative

stamps. CSBAG calls for simplified procedures and the elimination of unnecessary charges to encourage formalization and business growth.

4. Addressing Low Public Awareness of Tax Exemptions on Essential Goods

Despite existing tax reliefs on essential items such as sanitary pads, baby food, and maternal health products, public awareness remains alarmingly low. A recent survey by the NPA and the GEB Task force, revealed that 82% of respondents were unaware of any tax incentives targeting women-led enterprises. This information gap limits the effectiveness of these policies and perpetuates inequality in access to economic opportunities.

5. Strengthening Tax Collection through Strategic Partnerships

Persistent smuggling and revenue leakages, particularly at Uganda's porous borders, require innovative solutions. CSBAG proposes a collaborative model in which border district partner with the URA to manage customs and collect taxes on a commission basis. This arrangement would enhance compliance, extend URA's reach, on the other hand, empower local governments to finance essential services.

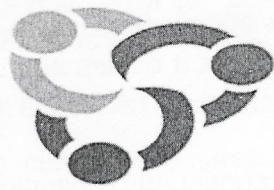
6. Ensuring Transparency and Accountability in Tax Utilization

Lastly, whereas taxation must reinforce the social contract between government and citizens, increasingly public confidence in the tax system is undermined by corruption and the misuse of revenue. Citizens are more willing to comply with tax obligations when they witness tangible improvements in public services. Every shilling collected must be accounted for and directed toward impactful investments in education, health, agriculture, and climate action.

Recommendations for Immediate Action

- Intensify public awareness campaigns on tax exemptions and incentives, with a focus on women and vulnerable groups.
- Streamline tax compliance by consolidating fees and reducing bureaucratic barriers.
- Foster strategic partnerships between URA and local governments to enhance tax collection and enforcement.
- Invest in training and capacity-building programs to improve taxpayer ability to navigate the tax system effectively.

CSBAG remains committed to partnering with government and all stakeholders in advancing a fair, efficient, and equitable tax system that delivers for all Ugandans.



TAX JUSTICE
ALLIANCE
U g a n d a

CSO ALTERNATIVE TAX PROPOSALS FOR FY 2026/ 27

*Shared during the media briefing on Uganda's Tax Policy Making
Process for FY 2026/27*

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Tax Justice Alliance Uganda was established in 2012 following the realization that it was important for CSOs in Uganda to come together and deliberate on tax issues and pool human, financial, and technological resources for common and/or joint action. Since then, the Alliance is gradually growing both in membership and the number of issues it covers and currently spearheads civil society debate and engagement of different stakeholders on tax issues in Uganda.

We are cognizant of the Government of Uganda's continued recognition and appreciation of the need to raise taxes to finance the country's development. This is anchored on tax being the most sustainable source of revenue, needed to provide social goods and service delivery for the improved citizenry livelihoods and to mitigate inequalities through redistribution of the tax revenue beyond other sources of revenue, for instance, debt and aid.

Uganda's fiscal environment:

- UGX 31,634.03 billion in revenue collected in FY 2024/25, with a surplus of UGX 161.353 trillion against a target of UGX 31,369.16 billion.
- A public debt-to-GDP ratio of 51.3% as of 11th September 2025 (Source Budget Strategy for Financial Year 2025/2027).
- The share of domestic debt as a percentage of the total debt stock rose to 51.9% as at the end of June 2025, from 42.9%
- Only 1 million active taxpayers out of 5 million registered (Source: Document, Introduction, citing URA data).
- Tax expenditures of UGX 3,609 billion (1.78% of GDP) in FY 2023/24 (Source: Tax Expenditure Report, MoFPED estimates).

However, it is notable that over the years, the government has often failed to raise sufficient revenue due to several factors including, inter alia, the low tax base, weak tax administration, shifting political interest, and wasteful tax expenditure.

The TJAU Secretariat organized a retreat for the Tax Justice Alliance Uganda Members, like-minded organizations and individuals to agree on tax issues and proposals for consideration. This collaborative effort reflects a proactive engagement by CSOs and good working relationships with other likeminded organizations in shaping Uganda's tax and tax policy regime. In a bid to contribute to the development of the tax proposal for consideration during the budget process for FY2026/27, the TJAU members both at sub national and national level would like to provide the following CSO Alternative Tax Proposal to Ministry of Finance Planning and Economic Development.

Some of the CSO Alternative Tax Proposals for FY 2026/27

Proposal 01. To increase the period for the tax holiday/exemption for SMEs.

Amend Cap 340 (as amended), Section 21(1) (za) to increase the period for the tax holiday/exemption for SMEs with an investment capital not exceeding 500 million from 3years to 5 years.

Proposal 02. Harmonize rental income tax and property rates.

Overlapping taxes under Section 5(1) of the Income Tax Act (rental tax rates: 12% for individuals above UGX 2,820,000/year, 30% for companies) and Local Government (Rating) Act 2005 (property rates up to 12% of rateable value).

For instance,

The rental tax regime currently requires taxpayers to make separate payments to different authorities:

- a) Rental Tax: Paid to the tax authority at a rate of 12% for individuals and 30% for companies, subject to deductions of expenses.
- b) Property Rates: Paid to local governments, ranging from 2% to 12%, depending on the location and property value

This is paid by the same taxpayer on the same property annually.

Proposal 03. (Clarify business vs. non-business assets for 6% WHT).

The failure to clarify on what amounts to a business asset has left the tax authority victim to skilful operators who rely on the level of uncertainty in the laws and existing jurisprudence to avoid fulfilment of would-be tax obligations. We recommend the government to develop digital asset registries to support enforcement.

Proposal 04 (Address transfer pricing weaknesses):

The weakness associated with the application of the arms-length Principal and the increased cases arising from transfer mispricing should push the government to adopt OECD's country-by-country reporting for MNCs.

Proposal 05 (Adjust PAYE thresholds to UGX 500,000/month):

Progressive, this will address reduced purchasing power thus increase disposable income by 10–15% for low earners.

Proposal 06 (Repeal MPs' emoluments exemption):

This should be aligned with Tax Expenditure Rationalisation Policy and adherence to canons of taxation, especially equity.

Proposal 07 (Limit digital tax stamp penalties to profit-making businesses):

This will protect small retailers, and it should be aligned with "ability to pay" principle. We recommend a differentiate penalties by value chain role.

Proposal 08 (Add timelines for record provision under Section 58(2)):

Due to lack of a timeline for the failure to provide the information required under section 58(2) is subject to abuse by the tax administrator against the taxpayer. We recommend that the amendment is made to provide 30-day compliance window.