

# CSBAG BUDGET NEWS



## New tax amendments aimed at enhancing revenue collection in Uganda



MPs during a plenary session

Last week, Uganda's Minister of State for Finance, Henry Musasizi, proposed tax amendments to boost revenue and improved tax administration. The changes are part of the 2025 budget, focusing on various sectors, including agriculture, manufacturing, and finance.

The proposed tax reforms aim to increase revenue, improve tax compliance, and support economic development.

### Tax Increases

**Excise Duty on Beer:** The excise duty on beer will rise from Shs650 to Shs900 to reflect current economic conditions and inflation. This increase is expected to generate additional revenue for the government.

**Cigarette Taxes:** Cigarette taxes will also increase, having not been adjusted since 2017-18 despite a 28.8% inflation rise. The government aims to discourage tobacco consumption and generate revenue from this tax hike.

### New Levies and Fees

**Import Declaration Fee:** An import declaration fee on goods imported for home use is proposed to fund the Standard Gauge Railway project, expected to generate Shs79 billion. This project is critical for Uganda's trade competitiveness and economic development.

**Infrastructure Levy:** A 1.5% infrastructure levy has been introduced on the customs value of imported goods, payable by importers. This levy will support the development of infrastructure in the country.

**Export Levy:** A levy of USD 10 per metric ton has been imposed on wheat bran, cotton cake, and maize bran exports to discourage the export of animal feeds due to shortages. This move aims to support the livestock industry and ensure food security.

### Tax Reforms

**Reduced Tax on Fruit and Vegetable Juice:** The tax rate on fruit and vegetable juice, except juice made from at least 50% of pulp from locally grown produce, has been reduced from 12% to 10% or UGX 250 per liter, whichever is higher. This reduction is expected to boost juice imports and support the beverage industry.

**Stamp Duty Exemption:** Stamp duty on crop mortgages has been waived, aligning with other loan instruments, to support agricultural development. This exemption aims to encourage farmers to access credit and improve their productivity.

**VAT Exemptions:** Certain products, such as deep cycle batteries, solar lanterns, and raw materials for their manufacture, as well as textile and garment products, are exempt from VAT. These exemptions aim to support the growth of these industries and promote economic development.

### Tax Compliance

**Electronic Fiscal Receipting and Invoicing System (EFRIS):** The EFRIS has been extended to the gaming sector, requiring operators to use a centralized payment gateway system.

This move aims to improve tax compliance and reduce revenue leakages in the gaming industry.

**Penalties for Non-Compliance:** Non-compliance with tax laws and regulations will attract penalties, including a penal tax equivalent to double the gaming or withholding tax due or five thousand five hundred currency points, whichever is higher. These penalties aim to deter tax evasion and promote voluntary compliance.

### Other Changes

**Three-Year Tax Holiday:** Businesses established by citizens after July 1, 2025, with an investment capital not exceeding UGX 500 million, may qualify for a three-year tax holiday. This incentive aims to encourage entrepreneurship and investment in the country. The government has introduced measures to improve tax compliance, including the use of the NIN and business registration number as Tax Identification Numbers (TINs) for individuals and businesses, respectively. This move aims to streamline tax administration and reduce identity fraud.

"The bills also include taking amendments to tax laws aimed at improving credit and consistency in our tax laws, creating a fairer and more predictable tax environment for businesses and taxpayers, and removing ambiguities that create loopholes leading to revenue leakages. These amendments are also intended to enhance tax administration, encourage voluntary compliance, and empower the Uganda Revenue Authority to effectively enforce the laws," explained Minister Musasizi.

The Uganda Revenue Authority is also streamlining penalties for non-compliance with the EFRIS, replacing the UGX 6M fine with a penalty of twice the amount of tax owed.

## CSBAG IN THE NEWS

1. Govt proposes to increase tax on fuel, [Read more here.](#)
2. Govt squanders Shs 70bn a year on idle loans, [Read more here.](#)
3. Uganda seeks to mobilize climate finance at 2nd annual conference, [Read more here.](#)



### #UGBUDGET25

During our meeting with PBCs in Rigbo Sub-county, Madi-Okollo district. Achievements of 2024 include: Transfer of 4 teachers to 2 schools after PBC advocacy, Construction of 1 teacher house in Matangacia, 2 schools (Alukperenga & Rigbo) primary schools to construct teacher houses, Rigbo Sub-county provided iron sheets for 2 schools to support teacher house construction, 1 PBC member was selected as Vice Chairperson of a school's SMC due to his PBC work.

**According to the Annual State of Disaster Report, Uganda suffered direct economic losses due to disasters worth UGX 234.70 billion. The price of climate inaction is projected to cost the country approximately US\$273 billion to US\$437 billion in core sectors such as agriculture, infrastructure, energy, and water.**

Source: Economic Assessment of the Impacts of Climate Change in Uganda Report, MWE

