Uganda Budget 2025

June 12, 2025

Range of Services

Audit and assurance

- Financial statements audit
- Report on internal controls
- Review report/engagements
- Agreed upon procedures
- Special attestation services
- Project audits and donor support

Tax Compliance

- Preparation and filing provisional and final tax returns
- Direct and indirect tax compliance
- Tax position reconciliation services
- Return examination services
- Payroll tax compliance
- Tax registration services
- Tax advisory services

Tax Consulting

- Transfer pricing
- International tax consulting
- Tax health check
- Tax opinion
- Tax planning and restructuring
- Dispute resolution
- Tax due diligence
- Tax litigation
- Exemptions, Refunds, Objections management and revenue audit management

Transaction Services

- Debt advisory
- Business Valuations
- Mergers & Acquisitions
- Financial due diligence

Business Consulting Services

- Business process reviews
- Enterprise Resource Planning (ERP) implementation
- Feasibility studies
- Transfer pricing advisory
- Business transformation
- Operations improvement
- Strategic consulting

Business Risk Services

- Internal audit
- AML/CFT compliance audit
- Regulatory services
- Risk modeling services
- EQAR (External Quality Assurance Reviews)

Forensic Investigation Services

- Forensic investigations
- Digital forensics
- Cybercrime
- Accounting irregularity/ misconduct
- Expert dispute resolution and advisory

Human Resource Solutions

- SME development
- Organisation design & transformation
- HR policies development and review
- Recruitment and background checks
- Employment contract development and review
- Training and capacity building
- Immigration support
- HR legal compliance

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- IT audit
- Cyber security
- IT security awareness training
- Data privacy compliance audit
- ICT post-implementation review
- ICT projects assurance
- Mobile & application security testing
- IT compliance framework verification
- IT policy review

Business Process Solutions

- Book keeping/financial accounting
- Monthly compliances
- Payroll and personnel administration
- Fund Management
- Compilation of financial statements
- Electronic Fiscal Receipting & Invoicing Solution (EFRIS)
- Virtual CFO

Corporate Secretarial

- Company Incorporation/ entity setup
- Secretarial compliance and consulting
- Liquidations
- Agreements and MOUs
- Business licenses
- Work permit processing

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Disclaimer

This Grant Thornton Budget analysis provides commentary designed to assist you in navigating the increasing complexities of the tax environment. Across the world it is clear that tax authorities are increasingly learning from, and working with, each other in their quest for higher tax yields. This places more onus on taxpayers to report and be accountable for tax liabilities. Grant Thornton's global network of tax specialists work together to ease the burden on you and your business and to provide practical solutions in support of your growth ambitions.

Introduction

The National Budget for the Financial Year 2025/26 was presented to Parliament on June 12, 2025 by Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development, at a time when Uganda is transitioning into the Fourth National Development Plan (NDP IV). The budget reflects the Government's strategic response to ongoing structural economic challenges, shifting global macroeconomic conditions, and the country's long-term ambition to achieve its Vision 2040 objectives.

Jasmine Shah
Chief Executive Officer
Grant Thornton Uganda

The FY2025/26 Budget is anchored on the Government's overarching growth agenda under the 10-Fold Growth Strategy which seeks to scale Uganda's economy tenfold by 2040. This ambitious growth trajectory will require sustained annual GDP growth of approximately 14% to move from a GDP of about USD 60 billion to between USD 500–581 billion by 2040.

The theme for the FY2025/26 budget is: "***Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access.***"

The FY2025/26 budget also marks the first full-year implementation cycle of NDP IV, reflecting a realignment of priorities towards full-scale commercialization of Uganda's production capacity, formalization of the informal sector, and enhancement of national competitiveness. Uganda's economic transformation strategy is anchored on four core growth pillars known as ATMS:

1. **Agro-industrialization** – commercial agriculture, agro-processing, and value addition along entire commodity value chains.
2. **Tourism Development** – branding, product diversification, hospitality investments, and expansion of Meetings, Incentives, Conferences, and Exhibitions (MICE).
3. **Mineral-Based Industrialization** – operationalization of oil and gas projects, mineral beneficiation, and downstream linkages.
4. **Science, Technology, Innovation, and ICT (STI)** – leveraging digital transformation, indigenous innovation, and skilling to drive productivity, service delivery, and industrial growth.

The ATMS sectors are supported by key enablers including infrastructure development (energy, transport, digital infrastructure), human capital development (health, education, and skills), governance reforms, regional integration, and environmental sustainability. The government recognizes that creating an enabling environment for private sector growth, improving public sector efficiency, and fostering innovation will be fundamental to achieving the 10-fold growth ambition.

Economic Review

Macro-economic Indicators

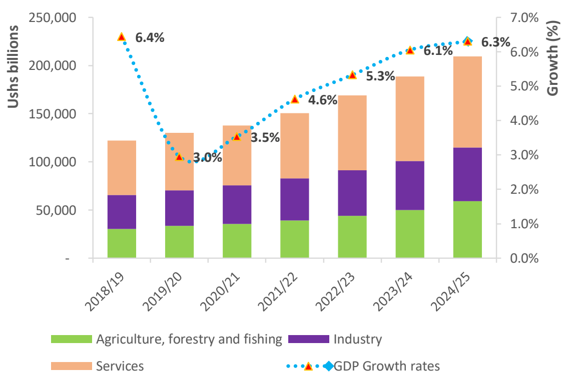
Gross Domestic Product

According to the Uganda Bureau of Statistics (UBOS), preliminary estimates indicate that the size of Uganda's economy expanded to Ushs 226.34 trillion in FY 2024/25 from Ushs 203.7 trillion in FY 2023/24.

The sustained GDP growth in the economy can also be partly attributed to continued implementation of Government's strategic initiatives such as the Parish Development Model (PDM), Agriculture Credit Facility (ACF), EMYOOGA funding for small enterprises, the Small Business Recovery Fund (SBRF), and funding to Uganda Development Bank (UDB), among others, which have collectively contributed to a favorable environment for enhancing production, productivity, and private sector growth. Furthermore, favorable weather conditions, a stable macroeconomic environment and positive global and sub-Saharan growth trends have also been crucial in stimulating economic growth.

All sectors of the economy registered growth in FY 2024/25, with strong growth noted in the industry and agriculture sectors. The industry sector expanded by 7.0 percent, accounting for 24.5 percent of GDP, followed by the agriculture, forestry, and fishing sector which grew by 6.6 percent, contributing 26.2 percent to GDP and the services sector grew by 5.4 percent, contributing 41.9 percent to total GDP during the same period.

Figure: Trends in Uganda's GDP



Source: UBOS, Annual GDP Publication Table

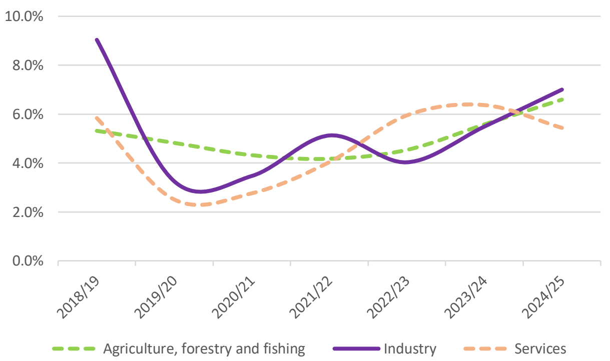
The industry sector experienced robust growth of 7.0% in FY2024/25 from 5.5% the previous financial year, propelled by strong performance in manufacturing and construction, which expanded by 5.5% and 12.2% from 4.7% and 7.3%, respectively. The rise in manufacturing output was driven by increased production of cement, soft drinks & bottled water, fabricated metals and Agro processed commodities such as coffee, while heightened activity in private sector construction contributed to the surge in construction activities. Additionally, higher power generation for industrial use boosted electricity sector growth from 8.9% in FY2023/24 to 10.3% during the FY2024/25 further supporting growth in the industry sector.

The services sector grew modestly by 5.4% from 6.4% registered the previous financial year, on account of increased wholesale and retail trade for manufactured goods. Other services like transport and storage, hotel, and food also registered growth due to higher trade flows and increased demand. In addition, financial and insurance activities, and information and communication also registered growth partly on account of increased financial deepening and fintech services across the country.

The agriculture, forestry, and fishing sector expanded by 6.6%, up from 5.6%, driven by increased production of food crops, cash crops, livestock and fish. Cash crops grew by 9.9%, fueled by higher yields in coffee, cocoa, sugarcane and cotton. Similarly, food crop production of mainly bananas, sweet potatoes, simsim, millet, groundnuts, sorghum and fruits also increased. The fishing sector registered substantial growth of 17.8% from a decline of 2.2% the previous financial year, due to regulated fishing practices which boosted fish stocks and production. Favorable weather conditions, high-quality seedlings, and improved water for irrigation further supported overall sectoral growth.

Looking ahead, Uganda's economy appears well-positioned for sustained growth, supported by continued government initiatives, regional and global economic recovery, and a diversified economic base. These developments underscore a promising trajectory towards increased economic stability, improved livelihoods, and shared prosperity in the coming years

Figure: Real GDP Growth rates by sector



Source: UBOS, Annual GDP Publication Table

Real GDP growth accelerated to 6.3 percent in FY2024/25 compared to 6.1 percent the previous year. This was mainly on account of increased aggregate demand, investments and exports, reflected in the growth of agriculture, industry and services sectors of the economy

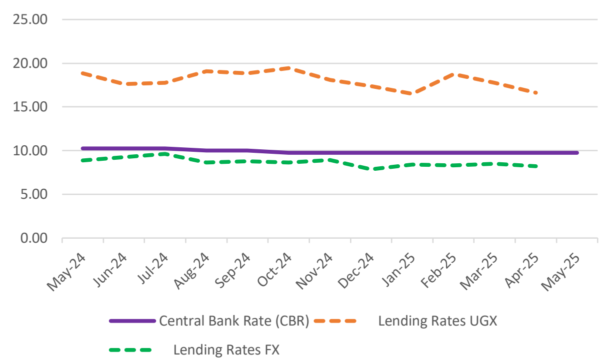
Monetary policy

In the 11 months leading up to May 2025, the Monetary Policy Committee (MPC) of BoU continued to implement measures that maintained low and stable inflation, ensured exchange rate stability, eased pressures on foreign exchange reserves, and supported economic growth. Among these measures was a moderate reduction in the Central Bank Rate (CBR) during the financial year.

Interbank money market rates remained well anchored within the upper and lower bounds of the Central Bank Rate (CBR) during FY 2024/25. The weighted average 7-day interbank money market rate rose marginally in the FY2024/25 compared to FY2023/24 as the CBR remained predominantly lower in the financial year compared to the previous.

Bank of Uganda lowered the Central Bank Rate (CBR) to 10.0 percent in August 2024 down from 10.25 percent where it stood at end of FY 2023/24 and further to 9.75 percent in October 2024 that has been maintained through to May 2025.

Figure: Central Bank Rate and Commercial Bank Rates



Source: UBOS, Macroeconomic Indicators

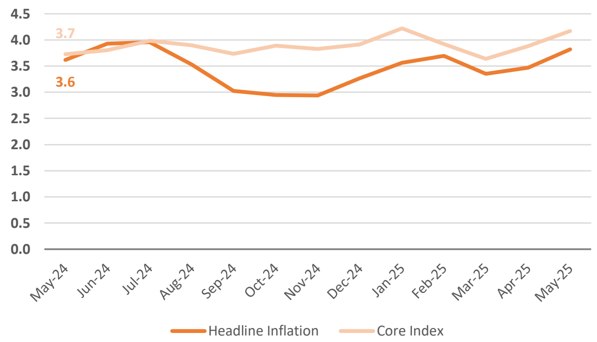
The commercial bank weighted average lending rates for shilling-denominated loans reduced to an average of 17.7 percent per year in March 2025 from 18.1 percent in November 2024. This decline was partly driven by the slight reduction in the Bank of Uganda reference interest rate and increased lending at lower interest rates to lower-risk borrowers.

Inflation

Inflation has remained low and stable in the first eleven months of FY2024/25, reflecting the effectiveness of prudent monetary policy, exchange rate stability, global disinflation, and favorable food prices. During the first 11 months of FY 2024/25, headline and core inflation averaged 3.4 percent and 3.9 percent compared to 3.2 percent and 3.0 percent observed in FY 2023/24.

The modest decrease is partly attributed to good export performance and FDI inflows which led to stable shilling; increased food production driven by good weather and the Parish Development Model (PDM), and the close coordination of the fiscal and monetary policies.

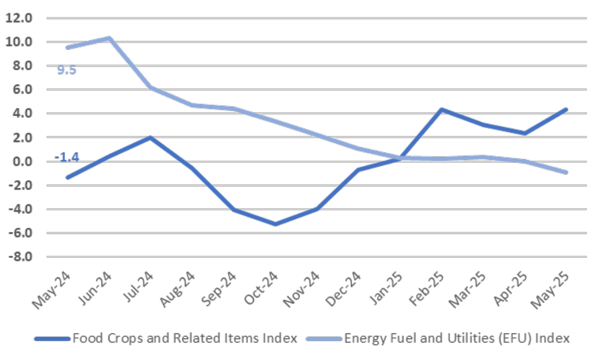
Figure: Headline & Core Inflation (Base: 2016/17 =100)



Source: UBOS

In addition, a reduction in the global prices of petroleum products also contributed to the lower prices. The country has been able to benefit from these lower global prices because of the direct importation of petroleum products by the Uganda National Oil Company (UNOC), subsequently removing middlemen in the petroleum supply chain and consequently a decrease in the domestic pump prices.

Figure: Food Crops and Related Items EFU Index (Base: 2016/17 =100)



Source: UBOS

Annual Energy, Fuels and Utilities (EFU) Inflation decreased to -0.9 percent in May 2025 from the highs of 9.5 percent in May 2024. This was largely attributed to a decrease in prices for petrol, diesel, liquified gas as well as charcoal and electricity when compared to the same period a year back.

External Sector Developments

Uganda's balance of payments continued to face pressures during the 12 months to March 2025, driven by an elevated current account deficit that reflected robust investment activity within the domestic economy.

The current account recorded a deficit of USD 4.46 billion in the year to March 2025, which was 1.1 percent wider than a deficit of USD 4.41 billion registered in the year to March 2024, largely driven by the goods and services deficit.

USD 4.46 billion
Current account deficit as of March 2025

The trade deficit widened marginally, from a deficit of USD 3.253 billion to a deficit of USD 3.255 billion, primarily on account of a 25.9 percent increase in export growth, which moderated the 18.0 percent increase in import expenditure year-on-year. Export growth was driven by significant increases in global prices for beverages and precious metals

USD 3.25 billion
Trade Account Deficit as of March 2025

Coffee exports for twelve months to March 2025 totaled 6.86 million bags worth USD 1.84 billion, representing an increase of 16.3 percent and 57.6 percent in quantity and value respectively, when compared to the previous year. High global coffee prices were fueled by weather-related supply shortages in Brazil and Vietnam, the top producers of coffee.

Similarly, earnings from non- coffee formal exports increased by 17.0 percent to USD 6.83 billion in the twelve months to March 2025 spurred by growing gold trade (38.1 percent) and a surge in the cocoa exports stemming from supply constraints on account of poor harvests in key producing countries in West Africa

The services deficit widened by 13.1 percent to USD 1.92 billion, largely due to elevated freight transport and insurance costs in relation to the import bill. The primary income deficit remained high, driven by interest payments on external debt. Year on year, the secondary income surplus recorded a marginal increase of 0.2 percent to USD 1.88 billion supported by an increase in personal transfers and grants to general government which offset the decline in NGO inflows

USD 1.92 billion
Services Account Deficit as of March 2025

In terms of financing, capital inflows strengthened. The financial account surplus contracted from USD 3.45 billion to USD 3.41 billion, primarily driven by lower loan disbursements to the general government, coupled with increased debt service repayments despite the strong direct investment flows.

FDI inflows remained robust, recording an increase of 16.4 percent to USD 3.48 billion year-on-year, due to strong inflows to the oil sector and spillovers to related sectors, including the transportation and construction sectors, amid infrastructural developments associated with oil projects. Portfolio investment registered net inflows of USD 157.9 million in the year to March 2025, a turnaround from the net outflows of USD 269.6 million registered in the year to March 2024, on account of an increase in the offshore investments in government securities, signaling renewed investor confidence

USD 18.7 million
Financial Account Surplus as of March 2025

In sum, a BOP (Balance of Payment) surplus of USD 18.7 million was registered in the year to March 2025 compared to the deficit of USD 202.5 million in the year to March 2024. Accordingly, the stock of foreign reserves stood at USD 3.6 billion at the end of March 2025, up from USD 3.4 billion at the end of March 2024, which represented 3.3 months of future import cover

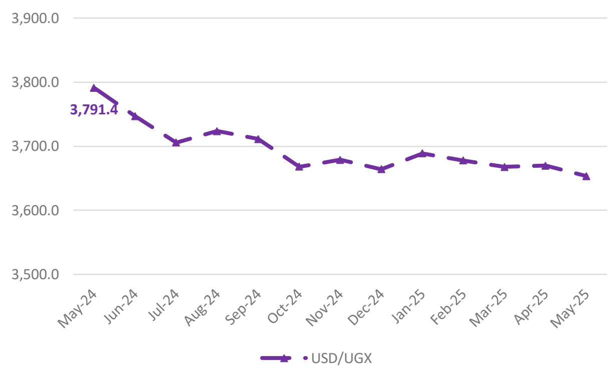
USD 3.4 billion
Balance of Payment Surplus as of March 2025

Exchange Rate

BoU continues to maintain a floating exchange rate regime, with interventions in the Interbank Foreign Exchange Market (IFEM) limited to smoothing excessive volatility

Despite recent heightened global uncertainty, particularly owing to trade tensions, the Ugandan shilling has remained relatively stable, supported by prudent monetary policy, financial market reforms, and continued investor confidence. In FY2024/25, the Uganda shilling strengthened against the US dollar, appreciating by 2.5 percent over the first 10 months to April 2025 to Ushs 3,685 per US Dollar, from Ushs 3,778 in the same period of the previous financial year. This appreciation took hold in the first half of the FY 2024/25, with the Ugandan shilling appreciating by 1.1 percent on average, from Ushs 3,705 per US dollar in July 2024 to Ushs 3,664 US Dollar in December 2024

Figure: Official Exchange Rate Movement of USD/Ushs



Source: BOU

Despite global uncertainties, the Uganda shilling has been among the few most stable currencies in Africa. The Uganda shilling appreciated by 4.0 percent year-on-year in April 2025 compared to the same month in 2024. Uganda's shilling has been ranked the most stable currency in Africa, according to the International Financial Statistics (IFS) division of the IMF. This resilience is due to good export performance, strong inflows of foreign direct investment and tourism receipts.

Comparison with Regional Currencies:

While the Ugandan shilling registered relative stability in the year to April 2025, regional currencies experienced mixed fortunes. The Kenyan shilling appreciated by 10.2 percent, a sharp recovery from the depreciation of 14.2 percent posted in the previous financial year. This turnaround was largely attributed to a robust influx of foreign investment and strategic intervention by the Central Bank of Kenya. The Tanzanian shilling exhibited lower depreciation pressures, depreciating by 4.27 percent compared to 8.45 percent in the previous year, supported by steady economic growth and effective monetary policies. The Rwanda Franc has continued a depreciating path (9.47 percent over the period) due to a higher import bill and worsening trade deficit amidst tight global financial conditions.

Fiscal Policy

The overarching goal of the fiscal strategy in FY 2024/25 was to attain inclusive economic growth, while maintaining a stable macroeconomic environment and preserving debt sustainability. This was to be attained through continued investment in public infrastructure for inclusive growth and implementation of the Domestic Revenue Mobilization Strategy (DRMS) which targets revenue to GDP growth of 0.5 percent every Fiscal Year.

The planned fiscal deficit for FY2024/25 was Ushs 12.74 trillion (equivalent to 5.7% of GDP). Total expenditure (excluding domestic debt refinancing and Appropriation in Aid -AIA) was planned to amount to Ushs 47.61 trillion while total revenue and grants were targeted at Ushs 34.86 trillion.

However, given the performance of revenues and expenditures so far, it is now projected that the fiscal deficit will be Ushs 17.23 trillion which is equivalent to 7.6% of GDP. This is on account of lower than targeted revenues and grants coupled with higher than planned expenditure for the year.

1) Domestic Revenues.

The structure of Uganda's taxes has been changing over the same period. The share of domestic taxes (both direct and indirect domestic taxes) has increased from 50.8 percent in FY 2014/15 to a projected 59.8 percent in FY 2024/25. The share of international trade taxes to total revenue has reduced from 45.9 percent in FY 2014/15 to a projected 32.2 percent in FY 2024/25. Whereas the share of Non-Tax Revenues (NTR) to total revenues has averaged at 5.7 percent over the past decade.

The net revenue collections from July 2024 to April 2025 amounted to Ushs 24.9 trillion, compared to the projection of Ushs 24.99 trillion, resulting in a shortfall of Ushs 88.85 billion and 99.64 percent performance against the target. This performance marks a growth of 12.64percent (Ushs 2.59 trillion) when compared to the same period in FY2023/24.

Overall tax and Non-Tax Revenue collections for the period July 2024 to April 2025 amounted to Ushs 24.91 trillion against the projection of Ushs 24.99 trillion, hence a shortfall of Ushs 0.08 trillion. However, it's important to note that there was a growth in income tax revenue collections reaching Ushs 8.7 trillion against a target of Ushs 8.3 trillion. A growth rate of 16.7 percent compared to the same period in the past Financial Year.

The government plans to collect Ushs 37.2 trillion in domestic revenue next financial year 2025/26. This will finance about 60 percent of the national budget. The rest of the budget will be financed through borrowing and grants.

2) Grants

In FY 2024/25, the government projected to receive a total of Ushs 2.88 trillion. Of this amount Ushs 39.49 billion was to be for budget support while Ushs 2.84 trillion was to support specific projects in the budget.

Given the performance up to April 2025, it is projected that budget support grants will be Ushs 81.15 billion which is twice the amount that was expected at the start of the financial year. However, project support grants are expected to perform at 95.5% of the original plan, totaling Ushs 2.71 trillion.

3) Government Expenditure

During FY2024/25, total government expenditure (excluding domestic debt refinancing and Appropriation in Aid -AIA) is projected to be Ushs 51.52 trillion, which is 8.2% higher than the budget of Ushs 47.61 trillion for the financial year. The higher than planned performance in government expenditure is on account of supplementary budgets issued within the financial year to cater for wage and non-wage shortfalls faced by different Ministries, Departments and Agencies (MDAs), as well as some shortfalls in the budgets for various development projects of government.

Total current spending is projected to be Ushs 35.46 trillion against a budget of Ushs 31.67 trillion, as wages, non-wage and interest expenses are all expected to perform above their respective budgets for the financial year. Additionally, expenditure on domestically financed development projects is expected to be Ushs 8.67 trillion against a budget of Ushs 6.15 trillion. However, externally financed development expenditure is projected to perform at only 70.4% of its budget for the financial year. This is mainly explained by some of the projects that were included in the budget but were not ready for execution.

4) Financing Strategy

The Ushs 17.23 trillion budget deficit projected for FY2024/25 is being financed using a mix funding from both domestic and external sources. A total of Ushs 6.64 trillion is expected to have been disbursed from external financiers by the end of FY2024/25. Of this amount, Ushs 2.60 trillion is for general budget support while Ushs 4.04 trillion is tied to specific development projects.

From the domestic financial markets, the Government is projected to raise Ushs 13.58 trillion by the end of the FY 2024/25.

FY 2025/26 Budget

The Budget for FY2025/26 has been designed not only as a tool for economic stimulus but as a platform for national resilience, inclusive wealth creation, and transition into a digital, knowledge-based economy that is globally competitive, regionally integrated, and environmentally sustainable.

The total national budget for **FY 2025/26 is Ushs 72.38 trillion.** This will be funded as illustrated below:

Figure: Source of Government Revenue for FY 2025/26 (In trillion Ushs)

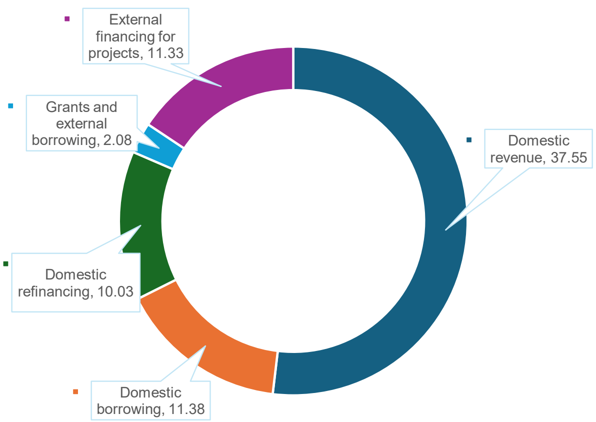
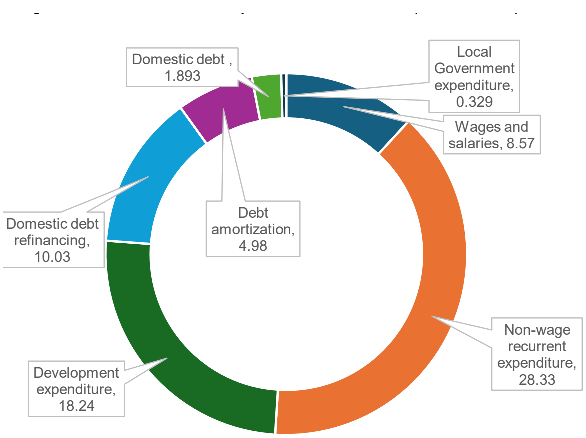


Figure: Planned Government Expenditure for FY 2024/25 (in trillion Ushs)



Additionally, for FY2025/26, the Government will continue to build on the structural reforms implemented over the last three financial years which have seen:

i) Successful commissioning of Karuma Hydropower Project, increasing installed generation capacity to nearly 2,000 MW.

ii) Steady implementation of the East African Crude Oil Pipeline (EACOP) and oil refinery development, bringing Uganda closer to first oil production by FY2025/26.

iii) Accelerated investments in road, rail, airport, and port infrastructure to facilitate trade competitiveness and reduce logistics costs.

iv) Substantial progress in digital transformation with expansion of the National Backbone Infrastructure (NBI), roll-out of e-government platforms, and growth of e-commerce, mobile money, and fintech ecosystems.

v) Increased export earnings, particularly from coffee, gold, manufactured products, tourism, and new light industries.

vi) Stabilization of inflation and currency performance despite global external shocks from geopolitical conflicts, global interest rate hikes, and commodity price fluctuations.

The FY2025/26 budget also reflects renewed fiscal consolidation efforts aimed at enhancing revenue mobilization, improving debt sustainability, strengthening public financial management, and targeting public expenditures towards high-multiplier investments. With domestic revenue now projected to increase from Ushs 31.9 trillion in FY2024/25 to Ushs 37.2 trillion in FY2025/26, the Government's Domestic Revenue Mobilization Strategy (DRMS) remains central to funding national priorities while reducing reliance on debt.

Sectoral Analysis

Agriculture

Agriculture, being the backbone of Uganda's economy remains central to the Government's development agenda for FY2025/26. Approximately 70 percent of the population and 36 percent of the working population are engaged in agricultural activities. With Uganda's diverse climate and fertile soils, the country has strong potential to produce a wide variety of crops including coffee, tea, bananas, maize, beans, fruits, and vegetables. In line with the National Development Plan IV and the FY2025/26 Budget priorities, Government is focusing on accelerating agro-industrialisation, improving access to finance, mechanization, irrigation, and storage to boost productivity, enhance value addition, and increase household incomes across rural communities.

The value added for the agriculture, forestry, and fishing sector increased by 6.6 percent in FY 2024/25, compared to a growth of 5.6 percent in FY 2023/24. In nominal terms, the gross value-added rose to Ushs 59.3 trillion in FY 2024/25, up from Ushs 50.2 trillion recorded in FY 2023/24.

The agriculture, forestry, and fishing sector recorded strong growth of 6.6 percent in FY2024/25, up from 5.6 percent the FY 2023/24, largely driven by increased production across food crops, cash crops, livestock, and fisheries. Cash crop output rose by 9.9 percent, supported by higher yields in coffee, cocoa, sugarcane, and cotton. Similarly, food crop production registered notable growth, particularly in bananas, sweet potatoes, simsim, millet, groundnuts, sorghum, and various fruits. The fishing sector experienced a significant rebound, growing by 17.8 percent from a contraction of 2.2 percent in FY 2023/24, attributed to the enforcement of regulated fishing practices that enhanced fish stocks and boosted production.

6.6%
Sector growth in FY2024/25

For FY 2025/26, the government has allocated Ushs 1.86 trillion to the agricultural sector, decreasing by 11.4 percent from Ushs 1.6 trillion in FY 2024/25. The reduction was as a result of the Rationalization of Government Agencies and Public Expenditure (RAPEX).

The priority actions to commercialize agriculture next financial year include the following:

I. Development of environmentally friendly and climate resilient technologies, innovations, Information and management practices (TIMPs) for food, food and nutrition security while improving household incomes;

II. Transforming all Government farms and ranches into centers of excellence by establishing modern livestock breeding and production support infrastructure;

III. Development of hatcheries, construction of fishponds and provide fingerlings and feeds. Under the PDM, farmers will use the borrowed money from their SACCOS to buy fingerlings (seed);

IV. Construction of large to small scale irrigation schemes, water harvesting facilities and support farmers with appropriate technologies for irrigation across the value chain stages;

V. Supporting smallholder farmers under the PDM to fight crop pests and diseases, government will procure and distribute spray pumps (knapsack and motorized), protective gear and pesticides to farmers through their enterprisebased parish SACCOs;

VI. Establishment of post-harvest handling, storage and processing infrastructure including silos, dryers, warehouses, and cold rooms of various scale and capacities at subcounty, district and zonal levels.

VII. Establishment of market infrastructure that includes; 2 Export animal quarantine holding grounds (divided in to pre-quarantine & quarantine), border quarantine stations and export inspection facilities

Government through the Tenfold Growth Strategy and Uganda's Fourth National Development Plan (NDP IV) position agro-industry as a key driver of inclusive economic growth through value addition, economic diversification, and sustainable development. Through the implementation of NDP IV government has identified Agro-Industrialisation as a cornerstone programme, prioritizing investments in agro-processing infrastructure, mechanization, irrigation, and storage facilities. With initiatives like the Parish Development Model, government is able to promote area-based commodity clusters, strengthen access to agricultural extension services, and improve market linkages to fully unlock Uganda's agricultural potential.

UGX 1.86 trillion FY 2025/26 allocation to Agriculture

Through the NDP IV, Agro-Industrialization (AGI) program will be positioned to deliver a USD 20 billion target from agriculture export over a 15 years period.

Reforms under the Agro-Industrialisation programme are projected to:

- Expand the growth rate of the agriculture sector from 5.14 percent in FY2023/24 to 8 percent in FY2029/30;
- Create about 300,000 jobs under Agro-based industries;
- Increase the share of agricultural financing to total financing from 11.3 percent in FY2023/24 to 15 percent; and
- Increase the share of agricultural exports (maize, beans, soya beans, and sorghum) from USD2.45billion (35 percent) in FY2024/25 to USD4.76billion (48 percent) in FY2029/30.

Some of the key reforms to be implemented over the NDP IV period include:

- Adoption of a business model in the multiplication and distribution of quality seed,
- Adoption of a cost-sharing mechanism between the Government and farmers in the acquisition and distribution of livestock vaccines; and
- Establishment of a revolving fund that will sustain continued vaccine purchases.

Since its inception in 2010, the Agricultural Credit Facility (ACF) has received a total of Ushs 413.4 billion, disbursing loans totaling to Ushs 1 trillion to 14,336 beneficiaries with 3,531 being smallholder farmers. The loans have been allocated across key agricultural activities including: Ushs 431.4 billion (43 percent) for grain trading, Ushs 312.8 billion (32 percent) for on-farm activities, Ushs 166.8 billion (16 percent) for agro-processing, and Ushs 89 billion (9 percent) for post-harvest management. This year, the government has allocated an additional Ushs 50 billion towards the ACF to further its activities.

Trade and Industry

The Trade and Industry sector demonstrated notable resilience in FY 2024/25, supported by recovery in manufacturing and the continued expansion of regional and international trade partnerships. The industry sector grew by 7.0 percent in real terms, an improvement from 5.5 percent in FY 2023/24, contributing 24.5 percent to GDP.

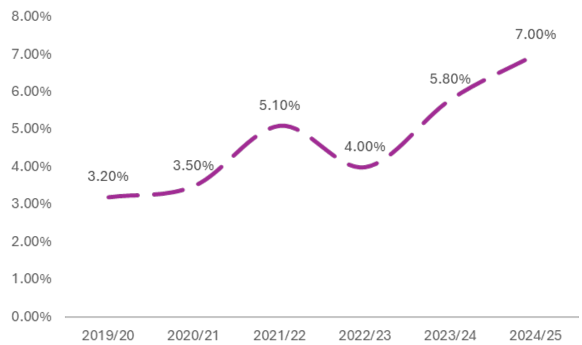
Manufacturing registered a real growth of 5.5 percent, up from 4.7 percent the previous year, supported by increased production of food products, beverages, cement, iron and steel, and plastics

Construction activities rebounded with 12.2 percent growth, while the water and electricity sub-sectors posted mixed performance with water decelerating to 2.8 percent and electricity rising to 10.3 percent

Trade and repairs expanded by 8 percent in FY 2024/25, slightly down from 9.3 percent in the previous fiscal year. Uganda's exports to the EAC region increased by 5.0 percent to USD 2.25 billion for the 12 months to April 2025, with informal exports rising 13 percent to USD 642 million over the same period.

The country's growing export portfolio led by manufactured goods such as iron and steel, cement, hair products, and ceramic items signaled improving competitiveness in regional markets. Agricultural exports, including dairy, sugar, tea, and maize, also remained strong. The Democratic Republic of Congo (DRC) and Kenya were Uganda's top regional export destinations.

Figure: Industry Sector growth



Strategic priorities for FY 2025/26

In line with Uganda's tenfold Export Growth Strategy and NDP IV objectives, the Government will prioritize policies that increase the share of exports in GDP and promote industrialization. Emphasis will be placed on expanding manufactured goods in total merchandise exports and improving medium- and high-tech product exports.

The following initiatives will underpin the sector's transformation in FY 2025/26:

(i) Operationalisation of the Iron and Steel Development Strategy to anchor Uganda's industrialization efforts in heavy industry.

(ii) Promotion of light manufacturing, including textile and apparel industries, under the National Industrial Policy.

(iii) Finalization of the National Local Content Strategy to drive domestic participation in industrial growth;

(iv) Development of feasibility studies for industrial parks and free zones to spur regional industrial hubs;

(v) Enhanced engagement in regional trade diplomacy to unlock AfCFTA opportunities, especially through Uganda's missions abroad.

Manufacturing Sector

The manufacturing sector recorded growth of 5.5 percent in FY 2024/25, up from 4.7 percent in FY 2023/24, signaling a sustained recovery in formal manufacturing and agro-industrial production.

Key drivers of this performance included increased output in cement, soft drinks and bottled water, fabricated metals, and agro-processed commodities such as coffee.

The sector also benefited from improved access to reliable electricity, with growth in access improving from 8.9 percent in FY 2023/24 to 10.3 percent in FY 2024/25, thereby reducing energy costs and enhancing industrial output

Furthermore, Government operationalized eight public industrial parks, including Namanve, Luzira, Bweyogerere, Mbale, Soroti, Kasese, Mbarara, and Jinja, and supported three private parks (Liao Shen in Nakaseke, MMP in Buikwe, and Tian Tang in Mukono).

These parks have collectively attracted 628 companies, with USD 4.5 billion in capital investment and 181,403 jobs created.

Key achievements in FY 2024/25 included:

(i) 307 companies are fully operational in industrial parks, 195 are under construction, and 122 are undertaking preparatory activities.

(ii) The manufacturing subsector accounted for over 60 percent of total industrial output and approximately 15.2 percent of GDP

(iii) Continued rollout of Buy Uganda Build Uganda (BUBU) strategy and industrial policy reforms to strengthen value addition and domestic competitiveness.

UGX 312 billion
FY2025/26 allocation for the manufacturing sector

For FY 2025/26, the manufacturing programme has been allocated Ushs 312.1 billion, a marginal reduction from the Ushs 318.37 billion in FY 2024/25. The allocation will support the following interventions:

(i) Extension of 120km of transport infrastructure within four serviced regional industrial parks and Free Zones

(ii) Enforcement of manufacturing-related laws including the Competition Act, Industrial Licensing Act, and Consumer Protection Law

(iii) Implementation of the National BUBU Strategy and local consumption policies

(iv) Technical monitoring and strategy development for nine priority product lines

(v) Establishment of quality assurance systems and adoption of innovative technologies and materials

The Government's goal under NDP IV is to increase the share of Manufacturing Value Added in GDP from 16 percent in FY 2023/24 to 20 percent, and to raise the share of manufactured exports in Uganda's export basket from 10.6 percent to 13.5 percent by FY 2029/30.

The FY 2025/26 interventions are geared toward building resilience, expanding capacity utilisation, and enhancing Uganda's participation in regional and global value chains.

Financial Sector

Financial and Insurance services

The financial and insurance services sector grew by 5.4 percent in FY 2024/25, accelerating from 1.9 percent recorded in FY 2023/24 in real terms. In nominal terms, value added rose to UGX 5.91 trillion in FY 2024/25, up from UGX 5.56 trillion in FY 2023/24. The sector's contribution to GDP, however, slightly declined from 2.7 percent in FY 2023/24 to 2.6 percent in FY 2024/25.

In the year to March 2025, the banking sector registered a growth of 8.45 percent in total assets from Ushs 50.50 trillion in March 2024 to Ushs 54.77 trillion in March 2025.

This growth however is lower than the Ushs 15.68 trillion or 45.04 percent registered in the twelve-month period to March 2024. Over the same period, the deposit base grew by Ushs 2.94 trillion (8.58 percent) from Ushs 34.2 trillion to Ushs 37.13 trillion.

The level of intermediation remained strong exhibited by growth in total advances, which shot up by Ushs 1.9 trillion between March 2024 and March 2025. This was an increase in growth compared to Ushs 1.3 trillion registered in the prior twelve-month period to March 2024.

2.6%

Financial and Insurance services contribution to GDP in FY 2024/25

Private Sector Credit (PSC)

The average growth in Private Sector Credit (PSC) was recorded at 6.4 percent during the 9-month period ending March 2025, lower than the 8.37 percent observed over the same period last year.

The slowdown of PSC was primarily driven by loans denominated in the local currency, contributing an average of 7.43 percent to credit growth, which was slightly lower than the previous financial year's average contribution of 7.49 percent.

On the other hand, the contribution of foreign currency loans to PSC decreased to 0.83 percent in the 9 months to March 2025 from 0.88 percent the previous Financial Year.

4.05%

Non-peforming Loans

The stock of Non-Performing Loans for the period ending March 2025 decreased by Ushs 153.45 billion or 14.4 percent from March 2024. Accordingly, the average ratio of Non-Performing Loans/Total Loans and Advances improved marginally from 5.02 percent in FY 2023/24 to 4.05 percent in the 9 months to March 2025.

The growth rate of credit was sluggish across key sectors, with declines observed in agriculture, transport and communication, building, mortgage, construction, real estate, personal and household loans, and other sectors. The trade, transport and communication sectors experienced a significant decline in credit to 5.7 percent and 3.3 percent over the year from 10.7 percent and 8.6 percent of the prior year respectively.

Additionally, the building, mortgage, construction, and real estate sectors have witnessed a significant slowdown in credit growth with personal and household loans remaining constant over the same period. This moderation in credit growth can be attributed to rising lending rates, reduced lending in foreign currency, and negative effects from the global economic slowdown. These factors have collectively hampered overall aggregate demand.

Insurance

The Insurance Sector continued to exhibit vibrant growth in 2024, with Gross Written Premiums (GWP) rising from Shs1.60 trillion in the year 2023 to Shs1.79 trillion in 2024, representing a 12 percent growth over the reporting period.

Non-Life insurance business generated Ushs 976.5 billion in 2024, growing from Ushs 934.5 billion underwritten in 2023. This represents a 4.5 percent growth over the year. The leading classes of insurance are Motor and Medical, with the two combined accounting for approximately 44 percent of the premiums from Non-Life insurance business.

4.5%

4.5% Growth in Non-life insurance businesses

Life insurance business on the other hand generated Ushs 742.9 billion over 2024, an increase from Ushs 606.6 billion recorded in 2023. This represents approximately 22.5 percent growth. The sustained growth in life insurance is particularly encouraging as it reflects increasing public awareness and trust in long-term financial protection mechanisms, savings, and investment products

4.5%
Growth in Life Insurance businesses

In the first half of FY 2024/25, Health Maintenance Organizations (HMOs) underwrote Ushs 121.14 billion, marking a significant increase from the Ushs 98.1 billion underwritten over the same period last Financial Year.

This represents a robust 23 percent growth in this segment over the year. Meanwhile, the Microinsurance business saw a notable surge, generating Ushs 2.6 billion compared to Ushs 1.5 billion in the first half of last Financial Year, reflecting a 71 percent growth

Private Sector Development Programme

In FY 2024/25, the total approved Budget for this Programme amounted to Ushs 2.01 trillion. By December 31, 2024, Ushs 1.96 trillion (48.7 percent) had been disbursed, of which 37.9 percent (Ushs 352.40 billion) had been utilised.

During the FY 2024/25, the Programme's performance assessed in line with the Programme Objectives was as follows:

i) Lowering the cost of doing business.

ii) Driving growth through improving the organizational and institutional capacity of the private sector.

iii) Promotion of local content in public programmes.

iv) Strengthening the enabling environment and enforcement of standards.

v) Government unlocking investment in strategic economic sector.

vi) Policy, legal and institutional frameworks.

To ensure that this Programme delivers on the targets set for FY 2025/26 under the Programme Implementation Action Plans (PIAPs), Government has expanded the Budget allocated for the Programme by 5.9 percent, from Ushs 2.01 trillion in FY 2024/25 to Ushs 2.70 trillion in FY 2025/26. The increase in the Budget allocation is majorly explained by the planed continuous capitalization of the Parish Development Model (PDM) SACCOs through the final year of Stabilization phase. In FY 2025/26, Government intends to implement several interventions aimed at bolstering various sectors. These include:

i) Maintain annual capitalisation of the Parish Revolving Fund at Shs1.0million per PDM Parish SACCO

ii) Maintain and utilise the PDM Information Systems for easy accountability and tracking purposes of the PDM program;

iii) Support the registration, management and commercialization of Strategic Intellectual Property Rights (patents, industrial designs and utility models)

iv) Complete construction and utilisation of the public Free Zone at Entebbe International Airport

v) Operationalise the Enterprise Uganda Centre of Excellence at Butabika;

vi) Facilitate physical compliance, inspections and spot checks at Regional and TREP Centres, investigations and enforcement operations

vii) Construct and equip UNBS Laboratories with specialized equipment for testing of extractives

viii) Capitalize UDB and other financial institutions to provide affordable long-term capital

ix) Continue implementing Guidelines on preference and reservation schemes to enhance the capacity of local service providers

x) Establish a regulatory sandbox, enhance market education, and strengthen private capital regulations to foster market diversification

xi) Develop and launch of the national local content framework and the National Local Content Strategy, and

xii) Prepare feasibility studies for Industrial and Business Parks and Free Zones

Integrated Transport Infrastructure and Services

Government allocated Ushs 4.98 trillion to the Integrated Transport Infrastructure and Services Programme in FY 2024/25. This was for the construction, upgrade, maintenance and improvement of transport infrastructure and services with the aim at connecting people to various opportunities such as jobs, education, health services and thus contribute to the high-level results area of reducing poverty in the country.

During the second quarter of FY 2024/25, the Government rationalized the services of the Uganda National Roads Authority and the Uganda Road Fund by repealing their statutory instruments. The two institutions were integrated into the Ministry of Works and Transport to eliminate duplication of roles and improve efficiency in service delivery.

a). Optimized transport infrastructure and services investment

Road Transport

i) Upgraded and constructed 23 road projects totaling 1,175km. The cumulative paved road network in Uganda stands at 6,287.6km, which represents 30 percent of the total national road network and 82 percent of the NDP III target of 7,500km.

ii) Rehabilitated the Karuma bridge, which connects Kampala to Northern Uganda and neighboring countries, including South Sudan and the Democratic Republic of Congo.

iii) Procured a contractor to reconstruct the Katonga bridge along Kampala-Masaka highway at a cost of Shs191billion.

Air transport

In FY 2024/25, the Government allocated Ushs 259.38 billion for implementation of interventions under Air transport. These interventions are critical in ensuring that transport costs are lowered and Uganda Airline's global competitiveness is enhanced.

The following achievements were realized, following interventions undertaken, as at December 2024:

i) The rehabilitation of the Entebbe International Airport progressed to 92% completion rate in totality. Construction of the passenger terminal is at 6.5% completion while 2% construction of the Apron 1 has been completed. Cumulatively, the New Passenger Terminal Complex is at 60 percent completion level of civil works.

ii) Passenger traffic at the Entebbe International Airport was recorded at 1,110,975 passengers.

iii) The construction of the Kabaale International Airport had progressed, with overall physical progress standing at 98 percent and electrification of the Airport at 25 percent. Furthermore, the draft Feasibility Study for the construction of the second phase of the airport was completed.

iv) Between 2023 and 2024, Uganda Airlines reduced its financial losses by 26.5%, dropping from Shs323.6billion in 2023 to Shs237.85billion in 2024. In addition, the route coverage increased significantly from 11 to 16, adding Mumbai, Lagos, Lusaka, Harare, and London.

Railway Transport

In the FY 2024/25, the Government allocated Ushs 1.7 trillion for interventions under railway transport. By December 2024, Government had:

i) Completed rehabilitation of 94km (42%) of the Tororo – Gulu meter gauge railway. This brings the total rehabilitated distance to 225km out of the 375km for the entire railway line. Similarly, 45 out of 300 Project Affected Persons were compensated.

ii) Completed and commissioned the rehabilitation of the Namanve – Kampala railway line and initiated the procurement of 10 locomotives to serve the route.

iii) Continued with implementation of the Standard Gauge Railway (SGR) project. Government acquired 140 acres of land between Tororo and Mayuge, out of the planned 464 acres.

iv) Contracted Yapi Merkezi, a Turkish firm to construct the 272km railway line from Tororo to Kampala. The construction is expected to be completed in 48 months (4 years).

Water Transport

During FY2024/25, Ushs 169.1 billion were allocated for interventions under water transport. By December 2024:

i) Development of the Bukasa Port was still ongoing, with swamp clearing at 36% and reclamation activities at 18% completion.

ii) 168 boats were licensed, 12 boats were registered and 210 boats inspected.

b) Strengthened, and harmonized policy, legal, regulatory and institutional framework for infrastructure and services

In FY 2024/25, Ushs 6.57 billion was allocated for Transport Regulation, leading to the development, approval and adoption/implementation of the following reforms:

i) By April 2025, 74 driving schools were licensed to offer driving lessons to the population.

ii) The Ministry of Works and Transport gazetted and issued the new Traffic and Road Safety Regulations (2024) which prescribe speed limits on sections of both national and DUCA Roads.

Implementation of the Programme was constrained by several challenges, i.e.

i) Delayed acquisition of right of way arising from inadequate funding and contestation on the land value from owners.

ii) Delayed payment of contractors, leading to suspension of works.

Over the NDP IV period, Government targets to achieve the following outcomes through the ITIS programme interventions:

- Reduce travel time in GKMA to 3.5 min/km.
- Increase the proportion of cargo transported by rail from 3% in FY2023/24 to 20%.
- Increase the volume of air passengers170 from 1, 955,113 in FY2023/24 to 3,057,303 and cargo traffic171 from 59,072 tons in FY2023/24 to 71,777 tons.
- Increase the proportion of national paved roads from 29.5% in FY2023/24 to 33% and also improve the condition of unpaved national roads.

UGX 6.92 trillion

FY 2025/26 allocation to Transport Instructure and Services

For the FY 2025/26, Government has allocated Ushs 6.92 trillion to the Integrated Transport Infrastructure and Services Programme including roads, bridges, railways, water transport and air transport to undertake the following interventions, among others:

i) Commence construction of the Standard Gauge Railway and continue with rehabilitation of Tororo – Gulu meter gauge railway.

ii) Complete construction of five bridges i.e. Aleles in Pallisa, Karujumba in Kasese, Bugibuni Bunadasa in Sirinko, Kadokolene in Budaka, Funguwe Muwafu in Tororo and other bridges under consideration.

iii) Rehabilitate 451.11km of DUCA Roads in 88 Local Governments. However,155.16km of these roads are backlogs.

iv) Repair 10 units of workshop machinery and equipment and central regional mechanical workshops.

v) Continue with the maintenance of the 13 aerodromes

vi) Construct and upgrade 241.4kms of national roads.

vii) Rehabilitate 105 km of national roads.

viii) Acquire 711.5 hectares of land for road infrastructure projects.

Tourism and Hospitality

Tourism earnings grew by 13.1 percent, reaching USD 1.52 billion in the 12 months to March 2025, up from USD 1.36 billion over the same period in 2024. This continued recovery is attributed to Uganda's sustained peace and stability, targeted investment in tourism infrastructure, and focused promotion campaigns under the "Explore Uganda" brand. Notably, remittances rose to USD 1.4 billion from USD 1.33 billion, reinforcing the sector's significance in external inflows.

Tourist arrivals increased by 7.7 percent, reaching 1.37 million visitors in 2024, while tourism receipts for the calendar year 2024 surged by 26 percent to USD 1.28 billion, up from USD 1.02 billion in 2023. This performance firmly places tourism among Uganda's leading foreign exchange earners and aligns with the Government's economic diversification agenda under the Tenfold Economic Growth Strategy.

Sector performance in FY 2024/25

In FY 2024/25, the Government of Uganda allocated Ushs 297.9 billion to the tourism and hospitality sector, reflecting its strategic importance in accelerating post-COVID economic recovery, foreign exchange earnings, job creation, and international positioning. Key interventions were anchored in strengthening destination competitiveness, diversifying tourism offerings, restoring cultural heritage, and investing in enabling infrastructure and digital visibility.

(a) Destination promotion and strategic marketing

(i) Uganda intensified global tourism marketing under the flagship "Explore Uganda - The Pearl of Africa" campaign. This included major partnerships with CNN International and Expedia, targeting long-haul, high-spending travellers in priority markets such as the United States, United Kingdom, and Canada. These efforts yielded tangible results, including a 33% increase in tourist interest from the United Kingdom, 19% from Canada, and 5% from the United States, demonstrating growing global appeal and top-of-mind positioning in long-haul markets.

(ii) In parallel, the "Uniquely Ours" domestic campaign to ignite pride-driven travel among Ugandans and promote internal tourism circuits positioned national parks and cultural sites as accessible leisure destinations. This resulted in a 15.7% increase in domestic visits to national parks, with over 244,843 Ugandan tourists recorded during the year.

(iii) These brand activation efforts were complemented by Uganda Airlines' expansion into London, Lusaka, and Harare to support regional tourism and diaspora travel, enhancing regional and intercontinental access by improving direct connectivity and reducing reliance on connecting hubs. The Pearl of Africa Tourism Expo (POATE) 2025 drew over 5,000 participants, including 70 hosted buyers, media, investors, and key tourism businesses. This event served to reposition Uganda in the Meetings, Incentives, Conferences and Exhibitions (MICE) space and promote investment in hotel and eco-tourism developments.

(b) Tourism infrastructure and heritage conservation

(i) Cultural and religious sites received critical restoration and promotion. Upgrades to the Uganda Museum, Namugongo Martyrs' Shrines, and near-completion of the Karamoja Museum have been central to diversifying Uganda's cultural tourism appeal.

(ii) The Uganda Museum received 39 repatriated artefacts from the University of Cambridge, marking a milestone in heritage restitution and enriching the domestic cultural collection.

(iii) Significant progress was made on the Source of the Nile pier and lakeside facilities to boost water-based tourism in Jinja. This complements Uganda's growing reputation for adventure tourism.

(iv) The Rwenzori Mountain trails were enhanced with over 3.5 kilometres of climbing ladders and boardwalks, improving accessibility and safety for high-altitude hikers.

(c) Wildlife and eco - tourism investment

(i) A 25-year concession agreement was signed with a private developer to build a USD 10 million eco-luxury lodge near Kazinga Channel in Queen Elizabeth National Park. In addition, Government committed USD 1 million for tourism boat services in protected areas to support eco - experiential tourism.

(ii) Uganda launched the Strategic Action Plan for Large Carnivore Conservation (2025 - 2035), a bold intervention to reverse declining populations of lions, cheetahs, and leopards, and to position Uganda as a leader in responsible and conservation-centred tourism.

(iii) The wildlife revenue sharing scheme disbursed UGX 3.15 billion to six districts surrounding Murchison Falls National Park, strengthening community involvement and benefit sharing from wildlife resources.

(d) Tourism digitalisation and product development

(i) The Explore Uganda mobile application was launched to provide tourists with real-time information on attractions, bookings, events, accommodations, and emergency services, thereby enhancing user experience and digital visibility.

(ii) A professionally produced documentary series titled "Hidden Uganda" was premiered in New York to a global audience, further amplifying Uganda's untapped tourism potential.

(e) Positioning Uganda as a MICE Hub

(i) The completion and commissioning of the Munyonyo Commonwealth Convention Centre has significantly enhanced Uganda's capacity to host regional and international conferences, trade expos, and summits. Uganda now ranks 7th in Africa for MICE tourism competitiveness, up from 11th previously, thanks to deliberate investment in strategic infrastructure, transport links, and promotion.

(f) Strategic partnerships and future pipeline

(i) A Memorandum of Understanding was signed with the Sharjah Chamber of Commerce (UAE) to develop a new international airport near Kidepo Valley National Park, aimed at unlocking Uganda's most remote but spectacular tourism frontier.

(ii) Investment discussions continued around developing regional airstrips, eco-lodges, and digitising park entry systems, signalling a move toward a more sophisticated and seamless tourism ecosystem.

These achievements highlight a deliberate shift from recovery to transformation positioning tourism as a high-potential growth sector under the Tenfold Economic Growth Strategy. Through sustained marketing, infrastructure renewal, and strategic private-sector partnerships, Uganda is laying the groundwork for a globally competitive, inclusive, and sustainable tourism economy.

In the FY 2025/26, the Government of Uganda has significantly increased direct funding to the tourism sector to **Ushs 430 billion**, up from **Ushs 297.9 billion** in the previous year representing a substantial 44% budgetary increase. This reflects Government's recognition of tourism as a priority growth sector under the Tenfold Economic Growth Strategy and its central role in foreign exchange earnings, employment, and image building.

In addition to this direct allocation, Government has earmarked approximately Ushs 2.2 trillion for indirect but critical investments in tourism-enabling infrastructure. This includes allocations toward tourism roads, ICT backbone infrastructure in tourism zones, African Cup of Nations (AFCON) facilities, and security enhancements within key tourism destinations.

UGX 430 bn
FY 2025/26 allocation

The FY 2025/26 budget will focus on the following strategic priorities:

(a) Flagship infrastructure completion and product enhancement

- Operationalisation of the Source of the Nile Pier, including the suspended glass bridge, observatory deck, docking platforms, and sanitary facilities, to enhance Uganda's leading water-based tourism attraction.
- Completion of Katoosa Catholic Martyrs Shrine and initiation of works on Karambi Royal Tombs, Fort Gerald, and Fort Portal Museum to diversify heritage-based offerings.

(b) MICE and international representation

- Uganda will be showcased at two global MICE expos that is, IMEX Frankfurt (Germany) and Meetings Africa (South Africa) to attract high-value conference tourism and investment deals.

(c) Mountain and adventure tourism investment

- Eight high-altitude resting and rescue shelters will be constructed along Rwenzori trails, improving safety and experience.
- Five cold proof tourist camps with a combined capacity of 180 participants will be established at iconic sites such as Bujuku, Nyabitaba, Kitandara, Guy Yeoman, and John Matte camps.

(d) Health and heritage tourism promotion

- Development of the Kabalega and Mwanga historical sites in Dokolo as new cultural heritage circuits.

- Continued integration of health tourism initiatives through specialised facilities and wellness services.

(e) Human Capital Development

- 750 students will be trained at the Uganda Hotel and Tourism Training Institute (UHTTI) and the capacity of 30 trainers enhanced to build the industry's future workforce.

(f) Sector research and sustainability

- Funding will support key tourism sector research, including:

a. Comparing monetary compensation versus physical interventions in human - wildlife conflict management.

b. Assessing climate vulnerability of communities in protected areas to improve adaptive tourism planning.

This allocation signals a decisive shift from promotion led recovery to asset-based transformation. It aligns with Uganda's ambition to expand tourism receipts from USD 1.28 billion in 2024 to USD 10 billion by 2040, increase the average length of stay from 7.6 to 14 nights, and double domestic tourism expenditure over the medium term.

Information and Communications Technology (ICT)

The Ushs 245.9 billion allocated to the Digital Transformation Programme in FY 2024/25 reflected Government's commitment under NDP III to strengthen digital infrastructure, improve public service delivery through ICT, and promote innovation and digital inclusion as key enablers of socio-economic transformation.

The achievements registered under the respective objectives of the programme in FY2024/25 include the following:

a) Increase the national ICT infrastructure coverage

i) i) Monitored thirty-two (32) transmission sites and fully maintained network uptime (99.9 percent) for all 1,567 sites connected on the NBI.

ii) Monitored and effectively supervised the data centre and disaster recovery operations. As a result, no downtime was experienced.

iii) Commissioned Phase 5 of the NBI to broaden digital connectivity to all administrative units such as parishes, to aid implementation of Government programs such as the PDM. This phase will extend an additional 5,845km of optical fibre to cover 63 more districts and last mile connectivity to over 2,800 sites inclusive of schools, hospitals, government institutions, parishes, youth centres and community centres coupled with WiFi coverage to additional 1,754 sites countrywide.

iv) Updated postcodes for education, health, financial institutions and MDAs in all districts of Eastern Uganda and some parts of the Northern region (Gulu, Abim, Arua, Kitgum and Lira).

v) Developed, deployed and completed user acceptance testing for 10 new features added on the digital authentication platform under the Government Network (GOVNET) project.

vi) Concluded recruitment of critical staff for the Uganda Digital Acceleration (UDAP) project.

b) Enhance usage of ICT in national development and service delivery

i) Rolled out the Unified Messaging and Collaboration System (UMCS) to three more MDAs and supported nine BPO centers to adopt e-services by availing subsidised internet, technical support, training and change management.

ii) Onboarded six additional entities onto the whole-of-Government integration and data-sharing platform, resulting in a cumulative number of 151 entities integrated.

iii) Developed and managed one additional Local Government website for Luwero Town Council, bringing the total number of websites to 540.

iv) Developed and hosted applications on the National Data Centre with a cumulative number of 306 and 100 applications and entities hosted, respectively.

v) Enrolled two entities on the Digital authentication and mobile ID solution.

vi) Delivered the PDMIS System User Manuals in over seventy-two districts and Municipalities across the country.

vii) Rolled-out the Electronic Document and Records Management System (EDRMS) at MoJCA, MoFPED, ODPP, MoLG and MoTWA.

c) Promote ICT research, innovation and commercialization of indigenous knowledge Products

i) Launched the UCC Test Bed for emerging and future technologies. This State-of-the art facility is expected to transform innovation and technological development and empower players in the ICT spectrum to test, refine and develop advanced technologies.

ii) Developed the BPO Innovation and Marketing Plan.

iii) Developed a compendium of existing BPO company incentives.

iv) Pre-incubated and submitted five ICT/Engineering project innovations to the Accelerator program. Relatedly, five research works in ICT-related disciplines were published and one hackathon organised in ICT/Engineering.

v) Developed standardized Guidelines for converting curricula into Augmented and Virtual Reality (AVR) content.

vi) Successfully onboarded two out of twenty-three innovators, bringing the total number of innovators hosted at the National ICT Innovation Hub to 58.

vii) Recorded 7,876 interactions with the National ICT Innovation Hub's online media platform.

d) Increase the ICT human resource capital

i) Conducted 30 specialised training programmes that drew participation from over 1,074 participants from the business community, 575 Government officers and 701 teachers.

ii) Conducted 10 specialised training programmes in networking, data science, cybersecurity, digital literacy, project management and emerging technologies.

iii) Trained 1,161 Government Officers from ICT, education, trade and industry, Local Government, etc. through the Uganda Institute of Information and Communications Technology (UICT). For instance, 996 teachers and education practitioners were trained in integrating ICT into education.

iv) Through UICT, facilitated 1,275 Government sponsored students and also admitted and trained 783 private students.

v) Provided technical support to 13 entities on incident management, network vulnerability assessment, quality assurance and audits, security evaluations and IT governance.

e) Strengthen the policy, legal and regulatory framework

i) Approved the BPO and Innovation Policy 2024. The policy seeks to develop Uganda's BPO sector, create job opportunities for young people, and position Uganda as the leading outsourcing destination in Africa.

ii) Developed the draft BPO Strategy and the National ICT intellectual Property Guidelines.

iii) Developed draft certification requirements and training certification specifications for BPO companies in Uganda

UGX 381.75 bn
FY 2024/25 allocation to Digital Transformation

The high-level outcomes that the Government targets to achieve by FY2029/30 under the Digital Transformation Programme include:

i) Increase national broadband coverage with a minimum speed of 8 Mbps from 65% in FY2023/24 to 70%;

ii) Increase the proportion of the population satisfied with e-government services from 22.2% in FY2023/24 to 30%;

iii) Increase the proportion of the population using the internet from 16.5% in FY2023/24 to 45%; and

iv) Increase annual growth in investment in ICT from 1.8% in FY2023/24 to 2.3%, among others.

In the forthcoming FY 2025/26, the allocation for the Digital Transformation Programme is Ushs 381.75 billion and the priorities of the Programme include:

i) Extend broadband ICT infrastructure coverage countrywide.

ii) Implement last-mile connectivity.

iii) Expand TV and radio broadcasting network, business process re-engineering in MDAs and Cities.

iv) Remodel post offices to facilitate provision of e-government services in underserved areas.

v) Support the development and commercialization of local innovations and digital skilling of the citizenry with focus the special interest groups.

Providing digital literacy training to small and medium Enterprises (SMEs) and communities. This training shall raise awareness about ICTs and empower businesses to effectively utilize ICT products and services, thereby enhancing their competitiveness and participation in the digital economy.

Sustainable Energy Development Programme

In FY 2024/25, the Government of Uganda allocated Ushs 1.51 trillion to the Sustainable Energy Development Programme, underpinning its role as a foundational pillar for Uganda's industrialization, rural transformation, and digital economy aspirations. Investments were channeled across generation, transmission, distribution, energy efficiency, off-grid solutions, and strategic preparatory works for nuclear power.

(a) Electricity generation, supply, access and grid expansion

(i) Uganda's installed electricity generation capacity reached 2,051.6 MW by December 2024, up from 1,268 MW in FY 2019/20, a 62 percent increase over the NDPIII period. This was driven by the full commissioning of Karuma Hydropower Project (600 MW) and grid integration of solar (4 percent) and bagasse co-generation (7 percent) from sugar factories.

(ii) Peak electricity demand now stands at 920 MW, while average system demand is 800 MW, indicating considerable surplus capacity and opportunity for industrial off take and export.

(iii) The national electricity access rate rose to 57 percent (including off-grid solutions), with grid access alone accounting for 28 percent up from 20 percent in FY 2020/21. A total of 172,863 new consumers were connected to the grid under the Electricity Connections Policy (ECP) and refugee-hosting area electrification initiatives.

(iv) The Government rehabilitated and expanded distribution networks in 15 districts, including Kayunga, Bukedea, Arua, Hoima, and Kasese. A further 520 km of low voltage lines and 110 transformers were installed across underserved areas.

(v) Uganda's high-voltage transmission network expanded by 874.8 km, reaching 5,140 km in total supported by completion of major lines including Karuma - Kawanda (400kV), Karuma - Olwiyo (132kV), and the Nkenda – Hoima - Kafu line.

(vi) Four regional substations were completed, expanding load capacity and reliability in industrial parks and high-demand zones like Mbale, Namanve, and Gulu.

(b) Energy efficiency, planning, and innovation

(i) The government finalised the Energy Efficiency and Conservation Bill, tabled for enactment to establish regulatory standards for energy-intensive sectors. A national energy efficiency audit program for public buildings was piloted, starting with 10 central government institutions.

(ii) The Centre of Nuclear Science and Technology feasibility study was concluded and the country is now ready for pre-construction regulatory assessments and site licensing processes in preparation for the development of its first civil nuclear energy facility.

(c) Distribution and tariff efficiency

(i) Following the UEDCL's takeover of some Umeme-concession areas, the cost of electricity dropped by 14%, saving consumers approximately Ushs 250 billion annually. A USD 0.05/kWh tariff was achieved for extra-large industrial users (above 1.5 MW) during off-peak hours.

UGX 1.04 trillion
FY 2025/26 allocation to Sustainable Energy Development

For FY 2025/26, the Government has allocated Ushs 1.04 trillion to the Sustainable Energy Development Programme making it the third largest sectoral allocation and reaffirming Government's commitment to full electrification, industrial energy supply, and decarbonization through renewables and nuclear preparedness.

(a) Last-mile connectivity and access expansion

(i) Electrification of 2,597 public facilities, including 1,197 schools, 838 water points, and 562 health centres, under the Electricity Access Scale-Up Project (EASP).

(ii) Connection of over 230,000 new consumers under the Electricity Connections Policy, prioritising rural households, SMEs, and productive users (mills, irrigation, and agro-processing).

(b) Grid stability, transmission, and industrial load centres

(i) Completion and commissioning of Nkenda–Hoima–Kafu, Karuma–Lira–Gulu, and Masaka–

Mutukula transmission lines to improve reliability and facilitate power exports to Tanzania, DRC, and South Sudan.

(ii) Upgrading of 15 substations, including those in Namanve, Mukono North, Mbale, and Gulu, to meet industrial park energy demand and reduce load shedding risks.

(c) Off-Grid energy and solar market development Scale-up of private sector-led off-grid solutions through UECCC, with targeted installation of 50 new solar mini-grids in off-grid communities, 60,000 home solar systems and promotion of solar irrigation and cold storage for agro-enterprises.

(d) Energy efficiency, policy reforms and legal frameworks

(i) Enactment of the Energy Efficiency and Conservation Bill, establishing enforceable standards for lighting, buildings, and industrial appliances.

(ii) Rollout of energy performance labelling for consumer appliances and scaling up energy audits across public and large private institutions.

(e) Nuclear energy programme Completion of the regulatory framework for civil nuclear development, preparation for site licensing, and mobilisation of international financing partners for the first Nuclear Power Plant feasibility design studies.

Mineral Based Industrial Development including Oil and Gas

In FY 2024/25, the Government allocated Ushs 46.06 billion to advance Uganda's extractive sector. Emphasis was placed on mineral value addition, oil and gas infrastructure, and boosting local content in petroleum operations.

(a) Government facilitated the establishment of 10 gold refineries, 4 cement factories, and 1 tin processing plant, marking progress in mineral beneficiation and industrial use of Uganda's resource base.

(b) The Tilenga and Kingfisher oil projects remained on track for first oil in 2026. Uganda signed an agreement with Alpha MBM (UAE) and UNOC to construct a 60,000 barrels-per-day oil refinery, expected to launch Uganda's petrochemical industry.

(c) With UNOC commencing bulk petroleum supply in August 2024, Uganda saved USD 72.8 million annually by eliminating speculative mark-ups and middlemen.

(d) Local content

(i) Out of 5,693 Tier One contracts (USD 5.4 billion total), 84% were awarded to Ugandan companies, amounting to USD 2.25 billion. A further USD 33.4 million was spent on local goods and services in host communities.

(ii) Over 14,000 Ugandans were trained in technical oil and gas disciplines, and the sector created 17,000 direct and 39,567 indirect jobs.

(e) Infrastructure support

(i) Kabalega International Airport is nearly complete, and over 700 kilometres of roads have been constructed in the Albertine Region to support commercial production of oil and gas.

(ii) Government is expediting the finalization of the 1,443-kilometre East African Crude Oil Pipeline (EACOP), which is now 58 percent complete, with engineering works at 98 percent completion and procurement of the major equipment for the pipeline at 83 percent.

UGX 875.8 billion
FY 2025/26 allocation to Minerals-Based Industrial Development

The Government has significantly scaled up its investment in this sector, allocating Ushs 875.8 billion for FY 2025/26, a nearly 20-fold increase. The priority interventions include:

(a) Focused surveys for iron ore, gold, and copper to enhance investor confidence and support domestic beneficiation strategies.

(b) Further capitalisation of the Uganda National Mining Company to enable it to take up equity participation in strategic mining ventures.

(c) Establishment of mineral markets and buying centres to improve traceability, tax compliance, and artisanal trade formalisation.

(d) Continued investment in the East African Crude Oil Pipeline, with priority to ensure first oil targets are met.

(e) Finalisation of land acquisition and preparatory works for the oil refinery and refined product pipelines, particularly to serve the regional market.

Income Tax (Amendment) Act, 2025

The Parliament approved the Income Tax Act Amendments for the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Executive summary of key amendments:

Section/ schedule	Description of the Amendment
21	• Extension of Income Tax Exemption to the Bujagali Hydro Power Project up to June 30, 2026. • Income Tax exemption for THREE years to citizens who establish a new business after July 01, 2025 where the business registered has invested at most UGX 500 Million.
76	No Capital gains on transfer of assets by individuals to companies under their control.
86	Transactions between non-resident digital service providers and their Ugandan associates are to be taxed under the withholding tax regime provided for in Sections 82 and 84 of the Income Tax Act (15%). These were being taxed at 5%.
Schedule 2	The Income of International Atomic Energy Agency (IAEA)" is exempted from Income Tax.

Analysis of the amendments with their commentary and significance.

1. Amendment of section 21 of the Income Tax Act.

❖ Extension of Income Tax exemption to Bujagali Hydro Power Project.

- **Commentary:**

The Bujagali Hydro Power Project was first granted a five-year income tax holiday in 2017. This initial exemption period was extended by one year in 2022 and again in 2023. In 2025, the exemption was further extended retrospectively. The Act was amended to extend the exemption to 30th June 2026.

- **Significance:**

The rationale behind this amendment is to maintain low electricity tariffs.

❖ Clarification of Section 21(1)(ae)(vii) of the Income Tax Act.

- **Commentary:**

The Amendment addresses ambiguities in the previous provision relating to tax incentives for chemical manufacturers. The amendment clarifies that this exemption applies only to chemicals intended for agricultural and industrial use, ensuring correct interpretation and application of the law.

2. Amendment of section 21 of the Income Tax Act.

❖ Introduction of Section 21(1)(za) into the Income Tax Act.

- **Commentary:**

Any East African Citizen or body corporate with a shareholding of at least 51% comprising of East African Community (EAC) citizens, establishes any business after July 01, 2025, will be granted a Three-year Income Tax exemption, provided the registered business has invested capital not exceeding UGX 500,000,000.

- **Significance:**

The Amendment will improve the start-up environment in the country and encourage investments in Small and medium enterprises. It will also help in expansion of economy by motivating new business to join main stream.

3. Amendment of section 76 of Income Tax Act

❖ Clause 3 of the Act amends Section 76(4)(a) of the Income Tax Act by redefining the term "reorganisation."

- **Commentary:**

The previous definition limited reorganisation rollover relief to transactions between companies with the same ownership structure, excluding transactions where individuals transfer assets to companies they control. The amendment addresses this imbalance by extending reorganisation relief to include asset transfers by individuals to companies under their control.

- **Significance:**

The above is a significant tax relief and will improve Tax Compliance and revenue mobilization.

4. Amendment of section 86 of the Income Tax Act

Exclusion of certain transactions from the Scope of the Digital Service Tax.

- **Commentary:**

Transactions between non-resident digital service providers and their Ugandan associates were previously taxed at 5% under the DST regime, despite them being B2B transactions. The digital service Tax regime applies to B2C transactions. The Amendment clarifies that these transactions shall be taxed under the withholding tax regime provided for in Sections 82 and 84 of the Income Tax Act (15%).

- **Significance:**

The amendment shifts related-party transactions to the withholding tax regime, ensuring that such transactions are taxed appropriately without imposing DST, which is designed for B2C transactions.

5. Amendment of the First Schedule of the Income Tax Act.

❖ The First Schedule to the principal Act is amended by inserting the following institution in its appropriate alphabetical position.

- **International Atomic Energy Agency (IAEA)**
- **Commentary:**

IAEA is an international organisation that promotes the peaceful use of nuclear energy and aims to prevent its use for military purposes, including nuclear weapons. It was established in 1957 as an autonomous agency within the United Nations (UN) system and is headquartered in Vienna, Austria.

The Income of this organisation is exempt from income tax.

The Value Added Tax (Amendment) Act, 2025

The Parliament approved the Value Added Tax Act Amendments for the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Executive summary of key amendments:

Schedule	Description of Amendments
Second schedule	The second schedule(Public International Organisations) is amended by; ● Including United Nations-related Agencies and Specialised Agencies. ● Substituting for the words “International Atomic Agency (IAA)” for the words “International Atomic Energy Agency (IAEA
Third Schedule	The third schedule (exempt supplies) is amended by; ● Substituting for paragraph v the supply of deep cycle batteries, composite lanterns, and raw materials for the manufacture of deep cycle batteries and solar lanterns. ● Correcting the spelling of yarn in subparagraph (ai). ● Repealing (ak) on the supply of billets for further value addition in Uganda. ● Inclusion of paragraph (ba) for the supply of biomass pellets.
Fourth Schedule	The Fourth schedule (zero-rated supplies) is amended by Including the supply of aircraft.

Analysis of the amendments with their commentary and significance.

1. Amendment of Schedule 2.

❖ Inclusion of the United Nations-related Agencies and specialized Agencies.

❖ Substitution of International Atomic Agency(IAA) with International Atomic Energy Agency(IAEA).

- **Commentary:**

This includes the United Nations-related Agencies and specialized agencies in the listed organizations in schedulke 2 entitled to VAT exemption status. It also corrects a spelling error in the current law relating to IAEA.

- **Significance:**

This expands the listed organizations for VAT purposes and provides clarity on the exemption status of the IAEA.

2. Amendment of the third schedule.

❖ To exempt the supply of deep batteries, solar lanterns, and raw materials for the manufacture of deep cycle batteries and solar lanterns.

- **Commentary:**

Previously, the law exempts the supply of deep cycle batteries, composite lanterns, and raw materials for the manufacture of deep cycle batteries and composite lanterns from VAT.

The amendment therefore substitutes the words “composite” with “solar”. This provides clarity to the provision aligning it with common industry terminology.

- **Significance:**

The amendment ensures that tax incentives target widely recognised solar lighting solutions, which are essential for promoting access to clean and sustainable energy in Uganda.

3. Amendment of the third schedule.

❖ Clarifies the exemption of the supply of yarn.

- **Commentary:**

In 2018, when paragraph (ai) was introduced, the drafters omitted a comma in the provision, which then read "....viscose rayon fibre yarn other than cotton yarn." This, therefore gave the provision a different meaning. The Amendment therefore, redrafts the provision to reflect the intent of the legislators.

- **Significance:**

This clarifies that textile producers and garment manufacturers are entitled to access these raw materials without the VAT burden, thus promoting the textile industry.

4. Amendment of the third schedule.

❖ Repealing the exemption on Billets.

- **Commentary:**

Previously, the supply of billets for further value addition in Uganda was exempt. The Amendment revoked this exemption status on the supply of Billets.

- **Significance:**

The exemption status had an impact of creating an imbalance by preventing local producers of billets from reclaiming VAT paid on inputs if they are to supply billets without further value addition. This increased production costs and made imports more competitive than locally produced billets. As a result, the exemption inadvertently encouraged billet imports and undermined Uganda's industrialization goals.

The Amendment therefore creates a balance by encouraging investment in local billet production.

❖ Including an exemption on the supply of Biomass pellets.

- **Commentary:**

Biomass pellets are widely recognized as an environmentally friendly renewable energy source, primarily used for cooking, heating, and electricity generation. The Amendment seeks to provide an exemption from VAT on the supply of Biomas Pellets.

- **Significance:**

This exemption will promote the production and consumption of biomass pellets, which would encourage the development of clean energy enterprises, reduce deforestation, and support Uganda's efforts to combat climate change.

5. Amendment of the fourth Schedule.

Applying zero VAT rate on the supply of an aircraft.

- **Commentary:**

Previously, the law only imposed a zero rate on the leasing of aircraft. This Amendment extends the zero-rate application to the sale/purchase of an aircraft.

- **Significance:**

This Amendment extends the application of the zero VAT rate to aircraft purchases, which is a benefit to the aviation industry, encouraging investment in aircraft ownership

The Excise Duty (Amendment) Act, 2025

The Parliament approved the Excise Duty Act Amendments for the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Analysis of the amendments with their commentary and significance.

1. Insertion of section 13 A

The Amendment Act inserts Section 13A, which provides for remission of excise duty paid on ex-factory goods that are damaged, expired, or obsolete.

- **Commentary:**

This amendment allows a person liable to pay excise duty to apply to the Commissioner for a remission of duty if they can provide sufficient proof that the goods were damaged, expired or obsolete. The application must include:

- Evidence that excise duty was paid on the damaged, expired, or obsolete goods, where applicable;
- Goods delivery documentation;
- A report from a competent authority detailing the extent and cause of the damage (for damaged goods); and
- Any other documentation prescribed by the Minister through regulations. If the Commissioner is satisfied that excise duty was indeed paid on the affected goods, they may either:
- Offset the excise duty paid against any other outstanding excise duty owed by the taxpayer; or
- At the taxpayer's written request, apply the excise duty paid to reduce outstanding liabilities for other undisputed taxes.

This amendment aims to provide equitable relief for taxpayers by ensuring they are not unfairly taxed on goods that are damaged, expired, or obsolete and therefore unsellable. It promotes fairness in tax administration and aligns with principles of reasonable tax compliance.

2. Changes to rates in Schedule 2 of the Principal Act

Schedule 2 of the Excise Duty Act is amended by inserting new rates applicable to various dutiable items as summarized below.

Amendment of Schedule 2: The excise duty on the below-mentioned items is to be changed as follows:

Item No.	Particulars	Category	Previous legislation	Amendment	Commentary	Price Impact
1(a)	(i) Locally manufactured soft cup	Cigarettes	Attracts duty at the rate of UGX 55,000 per 1,000 sticks.	Increase the duty to UGX 65,000 per 1000 sticks.	Affected businesses and persons should take note of the increment and plan accordingly.	▲
	(ii) Imported soft cup	Cigarettes	Attracts duty at the rate of UGX 65,000 per 1,000 sticks.	Increase the duty to UGX 150,000 per 1,000 sticks.	The Amendment is likely to discourage the importation of soft caps and encourage local production.	▲
1(b)	(i) Locally manufactured Hinge lid	Cigarettes	Attracts duty at the rate of UGX 80,000 per 1,000 sticks.	Increases the duty to UGX 90,000 per 1,000 sticks.	Affected businesses and persons should take note of the duty and plan accordingly.	▲
	(ii) Imported Hinge lid	Cigarettes	Attracts duty at the rate of UGX 100,000 per 1,000 sticks.	Reduces duty to UGX 200,000 per 1,000 sticks	Affected businesses and persons should take note of the duty and plan accordingly.	▼
2(b)	Beer whose local raw material content, excluding water, is at least 75% by weight of its constituent	Beer	Attracts duty at the rate of 30% or shillings UGX 650 per liter whichever is higher.	Increases the rate of duty to 30% or UGX 900 per liter, whichever is higher.	Affected businesses and persons should take note and plan accordingly.	▲
3(c)	Fruit juice and vegetable juice, except juice made from at least 30% of pulp or at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables locally grown.	Non-alcoholic beverages	Attracts duty at the rate of 10% or UGX 250 per liter, whichever is higher.	Remove the exemption currently given to Fruit juice and vegetable juice containing at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables locally grown. Increase the threshold for exempting fruit juice and vegetable juice containing pulp from 30% to 50% and limit applicability of the exemption to only fruits and vegetables grown in a Partner State.	Affected businesses and persons should take note and plan accordingly.	
6(f)	Plastic product and plastic granules	Plastics	All attract duty at the rate of 2.5% or USD 70 per ton, whichever is higher.	The excise duty shall apply to sacks and bags of polymers of ethylene and other plastics under HS codes 3923.21.00 and 3923.29.00. To remove excise duty on vacuum packaging bags for food, juices, tea and coffee sacks, and bags for direct use in the manufacture of sanitary pads.	Affected businesses and persons should take not and plan accordingly.	

Stamp Duty (Amendment) Act, 2025

The Parliament approved the Stamp Duty Amendment Act 2025 for the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Executive summary of key amendments:

Seccond Schedule Item	Description of the Amendments
5	Reduction of the stamp duty rate for an agreement or memorandum of an agreement to Nil.
42	Reduction of the rate of the stamp duty to Nil for: a. mortgage deed—of the total value .A mortgagor who gives a power of attorney to collect rent or a lease of the property mortgaged is deemed to give possession within the meaning of this item. b. where a collateral or auxiliary or additional or substituted security is given by the way of further assurance where of a mortgage the principal or principal or primary security is duly stamped.
43	Reduction of the rate of stamp duty on mortgage of a crop to Nil.

Analysis of the amendments with their commentary and significance.

1. Amendment of item 5:

❖ Substituting the stamp duty rate for agreement or memorandum of an agreement as Nil.

- **Commentary:**

Previously, this item attracted a stamp duty of UGX 15,000. The Amendment reduced the stamp duty payable on an agreement or memorandum of an agreement to Nil.

- **Significance:**

No stamp duty is payable on agreements such as employment contracts, tenancy agreements, and suppliers' contracts.

2. Amendment of item 42:

❖ Reduction of the rate of the stamp duty of a mortgage deed to Nil.
❖ Reduction of the rate of stamp duty of an Auxiliary or additional or substituted security to Nil.

- **Commentary:**

Previously, a mortgage deed attracts a stamp duty at 0.5% of the amount secured by the mortgage. Then, any auxiliary, additional, or substituted security attracts a stamp duty at a rate of UGX 15000.The Amendment reduces the rate of stamp duty payable on a mortgage deed and an auxiliary or additional or substituted security to NIL.

- **Significance:**

No stamp duty is payable on a mortgage deed. This will lower the cost of borrowing for businesses in Uganda. Furthermore, no stamp duty will be charged to perfect an auxiliary, additional, or substituted security.

3. Amendment of item 43:

❖ Reduction of the rate of stamp duty on mortgage of a crop to Nil.

- **Commentary:**

Previously, a mortgage of a crop attracted stamp duty at the rate of UGX 15,000. The Amendment reduces the rate of stamp duty payable on a mortgage of a crop to NIL.

- **Significance:**

The cost of entering into a mortgage on a crop will be lowered.

Tax Procedures Code (Amendment) Act, 2025

The Parliament approved the Tax Procedure Code Act Amendments for the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Executive summary of key amendments:

Section	Description of the Amendments
Section 4	Use of the national identification number (Individual) and the registration number with URSB (non-individuals) as tax identification numbers.(Applicable from date of publishing of statutory instrument by Minister).
Section 47B	Waiver of interest and penalty outstanding as on June 30, 2024, for the taxpayers who pay their outstanding principal taxes by June 30, 2026.
Section 93	Revision of penalties for non compliance with EFRIS system.
Insertion of Section 93A and, 93B	Provision for a gaming and betting centralized payment gateway system.
	Penal tax for failure to use or integrate with the gaming and betting centralized payment gateway system and for related matters.
Section 93C	Penalties for failure to comply with requirements for tax exemption.

Analysis of the amendments with their commentary and significance.

1. Insertion of Section 4

❖ Use of the national identification number (Individual) and the registration number with URSB (non-individuals) as tax identification numbers.

- **Significance:**

This is a step towards achieving consistency in data identification, effective data management, and effective communication between government departments. This is only applicable from the date of publication of the statutory instrument by the Minister.

2. Insertion of section 47B

❖ Waiver of interest and penalty outstanding as on June 30, 2024, for the taxpayers who pay their outstanding principal taxes by June 30, 2026

❖ For avoidance of doubt, the waiver shall also apply to interest that accrues on the principal tax from 1 July 2024 to the date the taxpayer pays the principal.

- **Commentary:**

Under the application of Section 41 (payment allocation rules) by URA up to June 2021, the taxpayer and the tax authority generally did not agree on the principal tax due. This is because before June 2021, Section 38(2) (now Section 41) required that the earliest liability, including penalty and interest, would be paid first.

Section 47B provides that any interest or penalties outstanding as of June 30, 2024, will be waived to the extent that the taxpayer pays the related principal tax on or before June 30, 2026. The waiver also applies to interest accruing on principal tax from 1st July 2024 till the date the taxpayer pays the principal.

- **Significance:**

A similar amendment has been introduced, waiving interest and penalties outstanding as of June 2023, where outstanding principal tax liabilities are paid by December 31, 2024. However, the intended outcome was not achieved due to the method of payment allocation by URA.

Taxpayers are encouraged to reconcile their ledgers under all tax heads.

3. Amendment of Section 93

❖ Revision of penalties for non-compliance with the Electronic Fiscal Receipting and Invoicing Solution (EFRIS).

- **Commentary:**

The old provisions imposed either "the tax due on the goods or services, or four hundred currency points (UGX 8 million), whichever is higher" for not using an Electronic Fiscal Device (EFD) or "the tax due on the goods or services, or three hundred currency points (UGX 6 million), whichever is higher" for not using the EFRIS system. The amendment replaces these penalties with a revised provision imposing a penalty of double the tax due on the goods or services.

4. Insertion of section 93A and 93B

❖ Introduction of Gaming and betting centralised payments gateway system, along with penalties for failure to adopt gaming and betting centralised payment system.

- **Commentary:**

Section 93A introduces a requirement for operators of casinos, gaming, and betting activities to conduct all transactions, both for receiving wagers and making payouts, exclusively through a centralized payments gateway system licensed by the Bank of Uganda under the National Payment Systems Act. This system will be directly linked to the URA electronic notice system to facilitate real-time monitoring and reporting of transactions.

Section 93B of the Tax Procedures Code Act stipulates that an operator of a casino, gaming, or betting activity who fails to use or integrate with the gaming and betting centralized payments gateway system shall be liable to a penal tax equivalent to double the gaming or withholding tax due, or five thousand five hundred currency points, whichever is greater.

- **Significance:**

This amendment aims to enhance transparency, compliance, and revenue accountability in Uganda's gaming and betting sector. By streamlining gaming and betting financial transactions through a controlled gateway, the system will help curb illicit financial flows, minimise the risk of tax evasion, and improve oversight of the industry's financial activities.

5. Insertion of section 93C

❖ Failure to comply with requirements for tax exemption.

- **Commentary:**

Section 93C of the Tax Procedures Code Act requires that a taxpayer exempted from tax under a tax law must continuously maintain the conditions necessary to qualify for that exemption. If the taxpayer fails to meet these conditions, they will be liable to pay the tax due for the period in which they were non-compliant.

- **Significance:**

The introduction of personal liability is particularly important in relation to exemptions. This ensures accountability and reinforces the importance of maintaining exemption conditions.

Other Tax Amendments

The External Trade Amendment Act 2025

The Parliament approved the External Trade Amendment Act 2025 and the Hides and Skins (Export Duty) Amendment Act 2025 the financial year 2025-26. These amendments are pending assent by H.E. the President of Uganda and will come into force effective July 01, 2025 (subject to reconsideration by H.E. and Parliament).

Executive summary of key amendments:

Section	Description of the Amendments
The External Trade Amendment Act 2025	
Section 3A	Imposition of an infrastructure Levy on imports for home use
Section 3B	Imposition of Import declaration fee
Section 4A	Imposition of export levy on wheat bran, cotton cake, and maize bran.
The Hides and Skins (Export Duty) Amendment Act 2025	
sections 2 (3), section 4 (2) and Schedule 2 to the Act.	Exemptions for Export duty repealed.

1. Introduction of section 3A:

Imposition of an infrastructure Levy on imports for home use.

- **Commentary:**

The Amendment imposes a 1.5% infrastructure levy on all goods imported into the country for home use. The rate shall be applied to the customs value of the goods and be paid by the importer at the time of entering the goods into the country

This levy shall not apply to:

b. Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004;

c. Plant and machinery as prescribed under Chapters 84 and 85 of the East African Community Common External Trade Harmonized Commodity Description and coding system; and

d. Goods under a special operating framework with the Government of Uganda, specified in the approved measures on import duty rates in the East African Community Common External Tariff (EAC CET).

- **Significance:**

This domesticates the imposition of the infrastructure levy as a fiscal charge on imports.

2. Introduction of section 3B:

Imposition of Import declaration fee.

- **Commentary:**

The Amendment provides for an import declaration fee on all goods imported into the country for home use. This fee shall be for 1% of the customs value of the goods and shall be paid by the importer of the goods at the time of entering the goods into the country.This fee shall not apply to:

a. Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004;
b. plant and machinery as prescribed under Chapters 84 and 85 of the East African Community Common External Trade Harmonised Commodity Description and coding system; and
c. Goods under a special operating framework with the Government of Uganda specified in the approved measures on import duty rates in the East African Community Common External Tariff (EAC CET).

- **Significance:**

This domesticates the imposition of import declaration fees as a cost of importation.

3. Introduction of section 4A:

Imposition of export levy on wheat bran, cotton cake, and maize bran.

Commentary:

The Amendment imposes a USD 10 per metric tonne levy on wheat bran, Cotton cake, and maize bran consigned out of Uganda. The levy is to be paid by the consigner at the time when the wheat bran, cotton cake or maize bran is consigned out of Uganda.

- **Significance:**

This is intended to increase on the cost of exportation of such items.

The Hides and Skins (Export Duty) Amendment Act 2025

Repeal of sections 2 (3), section 4 (2) and Schedule 2 to the Act.

Exemptions for Export duty repealed.

- **Commentary:**

Previously, there were exemptions from export duty on exported hides and skins that fall under the second schedule. The Bill proposes to repeal all such exemptions.

- **Significance:**

Any raw hides and skins exported out of Uganda would attract an export duty of USD 0.80 per Kg.

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