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TAX AMENDMENTS

FY 2025-2026



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- P** Professionalism



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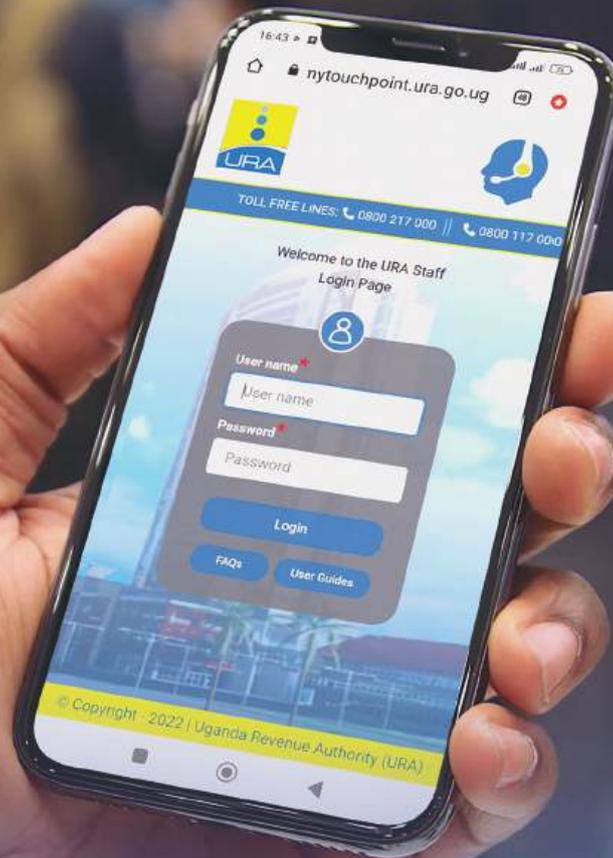
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Commissioner General's Foreword

Fellow Citizens

As we begin the financial year 2025–2026, I am pleased to share with you the latest changes in our tax laws. These amendments cover the Income Tax Act, Value Added Tax, Local Excise Duty, Stamp Duty and the Tax Procedures Code.

These reforms are timely and designed with the taxpayer in mind. They aim to reduce the cost and complexity of doing business, while strengthening a tax system that enables inclusive growth. This is not simply about collecting taxes, but about creating an environment where businesses can grow and citizens can contribute meaningfully to Uganda's prosperity.

A major highlight is the introduction of a three-year income tax exemption for Ugandan-owned businesses that register after 1 July 2025, provided their initial capital does not exceed 500 million shillings. This incentive promotes business formalization, supports small and medium enterprises, and facilitates job creation across the country.

In the energy sector, income from the Bujagali Hydropower Project will continue to be exempt from tax until June 2026. This ensures affordable electricity for both households and industry, while maintaining investor confidence in infrastructure development.

To support taxpayers with outstanding obligations, the Tax Procedures Code now allows for a waiver of interest and penalties if part of the principal tax owed by 30 June 2024 is paid by 30 June 2026. This is an invitation for all taxpayers to settle their obligations without the weight of past penalties holding them back.

To make business registration and licensing

more efficient, government institutions, local authorities and regulators will now rely on a single identification requirement. This includes a National Identification Number for individuals, a business registration number for non-individuals, or a Tax Identification Number from a country with which Uganda has a tax agreement. This streamlined approach will simplify processes, reduce duplication and help taxpayers meet compliance requirements more easily.

Amendments to the Excise Duty law now allow businesses to offset excise duty previously paid on damaged, expired or obsolete goods against future tax obligations. This reform will improve cash flow and simplify the refund process.

These benefits are available to businesses that are formally registered. If your business is not yet registered, now is the ideal time to join the formal economy. The new legal framework is structured to support growth, not just enforce taxation.

I encourage every taxpayer to study these amendments carefully. The URA is prepared to offer guidance and support to help you make the most of these opportunities. We are here to support you.

This financial year, we aim to raise 37.66 trillion shillings. I call upon every citizen be part of this effort not just as a civic duty but as a shared commitment to Uganda's progress. Pay your fair share, register your business and seek support whenever you need it. Together we can build a stronger and more self-reliant country that serves all of us.

For God and My Country,
John R. Musinguzi,
Commissioner General, URA





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TAX AMENDMENTS 2025

- The Income Tax (Amendment) Act, 2025
- The VAT (Amendment) Act, 2025
- The Stamp Duty (Amendment) Act, 2025
- The Excise Duty (Amendment) Act, 2025
- The Tax Procedures Code (Amendment) Act, 2025
- The External Trade (Amendment) Act, 2025
- The Hides and Skin Duty (Amendment) Act, 2025

Note: The following Tax (Amendment) Acts 2025 have been passed by parliament and await assent by the President of the Republic of Uganda. All the acts will come into force effective July 1st, 2025.

DOMESTIC TAX AMENDMENTS

INCOME TAX (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>Exemption from income tax on:</p> <ul style="list-style-type: none"> ● Income derived from a business established by a citizen after 1st July 2025, for a period of three years provided all the following conditions are met: <ul style="list-style-type: none"> I. The business is registered with an investment capital not exceeding five hundred million shillings (UGX 500 million) II. The citizen or their associate has not previously benefited from the exemption. III. The citizen files a tax return, including a business information return in the format prescribed by the Commissioner General. ● Income derived from Bujagali hydro power project up to 30th June 2026 	<p>To encourage formalisation of new small and medium business enterprises, enhance business survival rates and promote job creation</p> <p>To stabilise and reduce the cost of electricity for consumers, promoting economic growth and industrial development.</p>
<p>Expansion of the definition of “re-organisation” to include: A transaction in which a person transfers their assets to another person, other than an individual controlled by the transferor or the shareholders, following which the stock of the transferee is distributed.</p>	<p>To widen the scope of rollover relief</p>
<p>Exclusion of related-party transactions from the digital service tax: Digital service tax shall not apply where a non- resident person is deriving income from providing digital services in Uganda to an associate in Uganda.</p>	<p>To prevent revenue loss.</p>
<p>Expansion of the list of listed Institutions to include: International Atomic Energy Agency (IAEA)</p>	<p>To facilitate cooperation with the IAEA, an autonomous intergovernmental body of the United Nations.</p>

VALUE ADDED TAX (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>Amendment of Schedule 2 to the VAT Act:</p> <ul style="list-style-type: none"> To include, United Nations-related Agencies and specialised Agencies in the list of Public International Organisations; To substitute for the words “International Atomic Agency (IAA)” with the words International Atomic Energy Agency (IAEA). <p>Amendment of Schedule 3 to the VAT Act to exempt the following supplies from VAT:</p> <ul style="list-style-type: none"> supply of deep cycle batteries, solar lanterns and raw materials for the manufacture of deep cycle batteries and solar lanterns. The term “composite lanterns” in the current law will be replaced with the term “solar lanterns” the supply of wet processing operations and garmenting, cotton lint, artificial fibres for blending, polyester staple fibre, viscose rayon fibre, yarn, other than cotton yarn, textile dyes and chemicals, garment accessories, textile machinery spare parts, industrial consumables for textile production, textile manufacturing machinery and equipment. To exempt the supply of biomass pellets. <p>Amendment of Schedule 3 to the VAT Act to repeal exemption on:</p> <ul style="list-style-type: none"> Supply of billets for further value addition in Uganda 	<p>To extend to the United Nations and its related and specialized agencies the relief of claiming VAT refund.</p> <p>To correct an inadvertent error where International Atomic Energy Agency was listed as International Atomic Agency.</p> <p>To promote access to clean and sustainable energy in Uganda.</p> <p>To support the growth and competitiveness of Uganda’s textile industry.</p> <p>To encourage the development of clean energy enterprises, reduce deforestation and support Uganda’s efforts to combat climate change.</p> <p>To encourage investment in local billet production and reduce reliance on imported billets.</p>
<p>Amendment of Schedule 4 to the VAT Act:</p> <ul style="list-style-type: none"> To zero rate the supply of aircraft. 	<p>To support the aviation industry by reducing acquisition costs and encourage investment in aircraft ownership.</p>

EXCISE DUTY (AMENDMENT) ACT, 2025

AMENDMENT	JUSTIFICATION
<p>Remission of duty paid on damaged, expired, or obsolete goods</p> <p>A person may apply to the Commissioner, attaching the necessary documentary proof, for remission of any excise duty paid on damaged, expired or obsolete goods.</p> <p>Where the Commissioner is satisfied that excise duty was paid on damaged, expired or obsolete goods, the Commissioner shall;</p> <ul style="list-style-type: none"> • apply the excise duty paid in reduction of any other duty due from the person liable to pay excise duty; or at the written option of the person liable to pay excise duty, apply the excise duty paid in reduction of any outstanding liability of the person with regard to other taxes not in dispute. 	<p>To simplify the refund process and quickly offset liabilities</p>

Revision of the rates of excise duty of certain excisable goods and services under Schedule 2 to the Excise Duty Act

Excisable good or service	Excise duty rate	Justification
Soft cap i) locally manufactured	Ushs. 65,000 per 1000 sticks	To promote the utilisation of locally sourced raw materials
ii) imported	Ushs. 150,000 per 1000 sticks	To curb health impacts of tobacco and to align with EAC harmonization
Hinge lid i) locally manufactured	Ushs. 90,000 per 1000 sticks	To promote the utilisation of locally sourced raw materials
ii) imported	Ushs. 200,000 per 1000 sticks	To curb health impacts of tobacco and to align with EAC harmonization
Beer whose local raw material content, excluding water, is at least 75% by weight of its constituent	30% or Ushs. 900 per litre, whichever is higher	To promote the utilisation of locally sourced raw materials
Amendment of Item 2 to repeal paragraph (c) which provided for excise duty on beer produced from barley grown and malted in Uganda		This provision was redundant as beer produced from barley grown and malted in Uganda also falls within the provision on beer with local raw material content of at least 75%.
Fruit juice and vegetable juice, except juice made from at least 50% of pulp from fruit and vegetables locally grown in Partner State	10% or Ushs 250 per litre, whichever is higher	To increase the uptake of locally produced fresh fruits and vegetables for juice production and reduce post-harvest handling losses giving better returns to farmers.

Plastics	2.5% or USD 70 per tonne, whichever is higher	To balance the objective of environmental protection with investment.
Sacks and bags of polymers of ethylene and other plastics under HS codes 3923.21.00 and 3923.29.00, except vacuum packaging bags for food, juices, tea and coffee sacks, and bags for direct use in the manufacture of sanitary pads		

STAMP DUTY (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>To provide for Nil stamp duty on the following instruments:</p> <ul style="list-style-type: none"> ● Agreement or memorandum of agreement ● Mortgage deed ● Mortgage of a crop 	<p>To ease stamp duty burden for businesses.</p> <p>To facilitate access to credit and reduce the cost of borrowing</p>

TAX PROCEDURES CODE (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>For tax purposes, the following shall be used as tax Identification numbers:</p> <ul style="list-style-type: none"> ● A National Identification Number (NIN), issued by the National Identification Registration Authority in the case of an individual. ● A Registration Number issued by the Uganda Registration Services Bureau (URSB) in the case of a person who is a non-individual ● A Tax Identification Number issued by a foreign tax authority with whom Uganda has a tax treaty or agreement for the exchange of information shall be used for tax purposes in Uganda. <p>A Local authority, government institution or regulatory body shall require a NIN (in the case of an individual), registration number (in case of non- individual) or TIN issued by a foreign tax authority with whom Uganda has a tax treaty or agreement for the exchange of information:</p> <ul style="list-style-type: none"> ● Before issuance of a license or authorization to conduct business in Uganda; and Before registration of an instrument required to pay stamp duty. 	<p>To ease tax compliance</p> <p>To facilitate cross-border trade and compliance</p> <p>To enhance tax compliance</p>
<p>Waiver of interest and penalty outstanding as at 30th June 2024 where the outstanding principal tax is paid by 30th June 2026</p> <p>Where the taxpayer pays part of the principal tax outstanding as at 30th June, 2024, by 30th June 2026, the payment of interest and penalty shall be waived on a pro-rata basis.</p>	<p>Reduce tax arrears and enhance tax compliance</p>

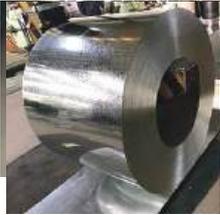
TAX PROCEDURES CODE (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>Revision of penal tax relating to EFRIS To provide for a penalty of double the tax due on the goods or services.</p>	To ease compliance.
<p>Use of the Gaming and betting centralised payments gateway system An operator of a casino, gaming, and betting activity shall only receive a wager or money staked and only make payouts through the gaming and betting centralised payments gateway system licensed by the Bank of Uganda.</p> <p>The gaming and betting centralised payments gateway system shall be linked to the Uganda Revenue Authority electronic notice system.</p>	To monitor all gaming and betting transactions in real-time and ensure accurate tax reporting.
<p>Penal tax relating to failure to use the gaming and betting centralised payments gateway system An operator of a casino, gaming or betting activity who does not use or is not integrated with the gaming and betting centralised payments gateway system is liable to pay a penal tax equivalent to double the gaming or withholding tax due or five thousand five hundred currency points, whichever is higher.</p>	To deter non-compliance
<p>Tax Exemption Compliance Requirements A taxpayer exempted from tax under a tax law shall at all times maintain the requirements required for the taxpayer to be granted an exemption.</p> <p>A taxpayer who fails to maintain the requirements shall be liable to pay the tax due personally for the period for which the taxpayer fails to maintain the requirements required to be granted an exemption under the tax law.</p>	To enhance compliance and deter abuse of exemptions granted under the law

CUSTOMS AMENDMENTS

A. NEW REMISSIONS ON RAW MATERIALS AND INDUSTRIAL INPUTS FOR FY 2025/26

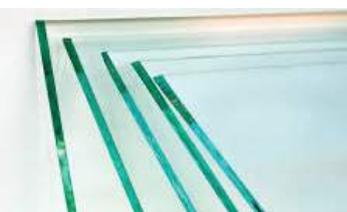
No.	HSC	Item Description	Illustration	Decision
1.	7306.90.00 7308.40.00	Scaffolding pipes Cup lock systems, prop jacks, U jacks, base jacks		Remission of duty from 25% to 0% for one year for manufacturers of modular scaffoldings
2.	3909.20.00	Melamine resins		Remission of duty from 10% to 0% for the manufacturers of kitchen ware for one year.
3.	7220.11.00 7220.12.00 7220.20.00 7220.90.00	Flat-rolled products of stainless steel, of a width of less than 600 mm		Remission of duty from 10% to 0% on raw materials and inputs for the manufacture of stainless-steel pipes for one year
4.	4810.13.00 4810.19.00	Paper and paperboard, in (rolls) and (sheets)		Remission of duty from 10% to 0% on raw materials for the manufacture of beer labels and cigarettes packaging for one year.
5.	3210.00.91 3208.20.90	Lacquers Other (varnish)		Remission of duty from 35% to 0% on raw materials and inputs for manufacturing of metallic labels for one year
6.	3215.11.00 3215.19.00	Printing Ink		Remission of duty from 25% to 10% for one year for manufacturers of labels using Ultra Violet (UV) inks and metallic inks

No.	HSC	Item Description	Illustration	Decision
7.	4819.10.00	Cartons, boxes and cases, of corrugated paper or paperboard		Remission of duty from 35% to 25% on raw materials for the manufacture of pharma grade packaging for medicine tablets and capsules, medicine inserts for the pharmaceutical industry for one year.
	3920.49.00	Poly Chloride (PVC) Sheets		Remission of duty from 25% to 10% on raw materials for the manufacture of pharma grade packaging for medicine tablets and capsules, medicine inserts for the pharmaceutical industry for one year.
	7607.19.90	Other-Aluminum foil		Remission of duty from 10% to 0% on raw materials for the manufacture of pharma grade packaging for medicine tablets and capsules, medicine inserts for the pharmaceutical industry for one year.
8.	5408.34.00	Printed jacquard material		Remission of duty from 25% to 10% for inputs and raw materials for the manufacture of foam and spring mattresses for one year
9.	3403.19.00	Metal working soluble coolant		Remission of duty from 25% to 0% as raw materials for manufacture of cold rolled coils from Hot Rolled Coils for one year

No.	HSC	Item Description	Illustration	Decision
10.	7210.49.00	Other zinc coated coils		Remission of duty from 25% to 0% as decking sheets used in construction of suspended floor for one year
11.	3926.90.90 4202.12.00 4202.99.00 5516.94.00 6307.90.00 8301.40.00 8302.20.00 8302.49.00 9607.19.00	Edging strip Outer suitcase shell Interior compartments Suitcase liner and accessories Fabric material Combination lock Castor wheels Telescopic handle and its buttons Zipper to suitcase		Remission of duty from 25% to 10%, and 10% to 0% on raw materials and inputs for manufacture / assembly of suitcases for one year

B. NEW STAYS OF APPLICATION FOR FY 2025/2026

No.	HS Code	Item description	Illustration	Decision
1.	Various	Textile Fabrics		Import duty is applicable at a rate of 35% or \$2/Kg one year, for one year The Textile Fabrics to be specified in EAC Legal Gazette Notices.
2.	Various	Textile Garments		Import duty is applicable at a rate of 35% or \$2.5/Kg for one year The Textile Garments to be specified in EAC Legal Gazette Notices.

No.	HS Code	Item description	Illustration	Decision
3.	39.07	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms		Import duty is applicable at a rate of 10% instead of 0% for one year
4.	6907.21.00 6907.22.00 6907.23.00 6907.30.00 6907.40.00	Ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics		Import duty is applicable at a rate of 35% or USD 2 per SQM, whichever is higher instead of 35% for one year
5.	9028.30.00	Electricity meters		Import duty is applicable at a rate of 35% instead of 0% for one year
6.	8544.11.00 8544.19.00 8544.30.00 8544.42.00 8544.49.00 8544.60.00	Electricity Cables		Import duty is applicable at a rate of 35% instead of 25% for one year
7.	7005.10.00 7005.21.00 7005.29.00 7005.30.00	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked.		Import duty is applicable at a rate of 35% instead of 10% for one year

No.	HS Code	Item description	Illustration	Decision
8.	8201.30.00	Mattocks, picks, hoes and rakes		Import duty is applicable at a rate of 35% instead of 10% for one year.
9.	9603.10.00	Brooms and brushes, consisting of twigs or other vegetable materials bound together, with or without handles		Import duty is applicable at a rate of 35% instead of 25%
10.	11.08	Starches		Import duty is applicable at a rate of 35% instead of 10% for one year
11.	8201.40.00	Axes, bill hooks and similar hewing tools e.g Pangas / Machetes		Import duty is applicable at a rate of 25% instead of 10% for one year
12.	6506.10.00	Safety Headgear		Import duty is applicable at a rate of 25% instead of 0% for one year
13.	3917.39.00	Hose pipes		Import duty is applicable at a rate of 35% instead of 25% for one year.

No.	HS Code	Item description	Illustration	Decision
14.	7308.40.00	Scaffoldings		Import duty is applicable at a rate of 35% instead of 25% for one year.
16.	9018.31.00	Syringes, with or without needles		Import duty is applicable at a rate of 25% instead of 0% for one year.
16.	7308.90.91	Road guard rails		Import duty is applicable at a rate of 35% instead of 10% for one year.
17.	7314.31.00 7314.41.00	Other grill, netting and fencing, welded at the intersection—Plated or coated with zinc Other cloth, grill, netting and fencing - Plated or coated with Zinc		Import duty is applicable at a rate of 35% instead of 25% for one year.
18	7217.10.00	Wire of iron or non-alloy steel-- Not plated or coated, whether or not polished/Drawn wire		Import duty is applicable at a rate of 35% instead of 25% for one year.
19	7229.20.00 7229.90.00	Wires of alloyed steel -Of silico-manganese steel -Other		Import duty is applicable at a rate of 25% or USD200/MT whichever is higher for one year
20	7211.14.00 7211.19.00	Flat-rolled products of iron or non-alloy steel Other, of a thickness of 4.75 mm or more Other		Import duty is applicable at a rate of 35% instead of 10% for one year.

No.	HS Code	Item description	Illustration	Decision
21	7306.30.00 7306.61.00 7306.69.00 7306.90.00	Hollow Sections		Import duty is applicable at a rate of 35% instead of 25% for one year.

C. EXPORT LEVY

Imposition of Export Levy on Wheat Bran, Cotton Cake and Maize Bran (USD 10 per MT)				
No.	Item	Image	Classification	Rate
1.	Wheat Bran		2302.30.00	USD 10/MT
2.	Cotton Seed Cake		2306.10.00	USD 10/MT
3.	Maize Bran		2302.10.00	USD 10/MT

D. INFRASTRUCTURE LEVY

Imposition of Infrastructure Levy on goods imported for home use (1.5% of Customs Value)		
Item	Current position	New Position
Infrastructure Levy	Applicable on CIF value of Imported goods with an Import duty greater than 0%	<p>Shall be applicable on CIF value of all Imported goods with exception of the following;</p> <ul style="list-style-type: none"> • Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004. • Plant and machinery as prescribed under chapter 84 and 85 of the East African Community Common External Trade Harmonized Commodity Description and Coding system. • Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004. <p>NOTE: Infrastructure Levy is not applicable on Transfers of Originating goods from within the East African Community</p>

E. IMPORT DECLARATION FEES

Imposition of Import Declaration Fees on goods imported for home use (1% of Customs Value)	
Item	New Imposition
Import Declaration Fees	<p>The import declaration fee at a rate of 1% of Customs Value shall be applicable on all imported goods entered for home consumption with exception of the following goods;</p> <ul style="list-style-type: none"> • Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004. • Plant and machinery as prescribed under chapter 84 and 85 of the East African Community Common External Trade Harmonized Commodity Description and Coding system. • Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004. <p>NOTE: Import Declaration Fees are not applicable on Transfers of Originating goods from within the East African Community</p>

HIDES AND SKIN (EXPORT DUTY) (AMENDMENT) ACT, 2025	
AMENDMENT	JUSTIFICATION
<p>The Hides and Skins (Export Duty) Act is amended by repealing section 2 (3), section 4 (2) and Schedule 2 to the Act.</p> <p>Note: Schedule 2 lists items exempt from export duty eg pickled, partly or wholly tanned hides and skins, cattle masks, pizzles, sinews, glue-stock, and certain game hides obtained under a licence.</p>	<p>To remove the exemptions, subjecting all hides and skins to export duty and raise revenue</p>



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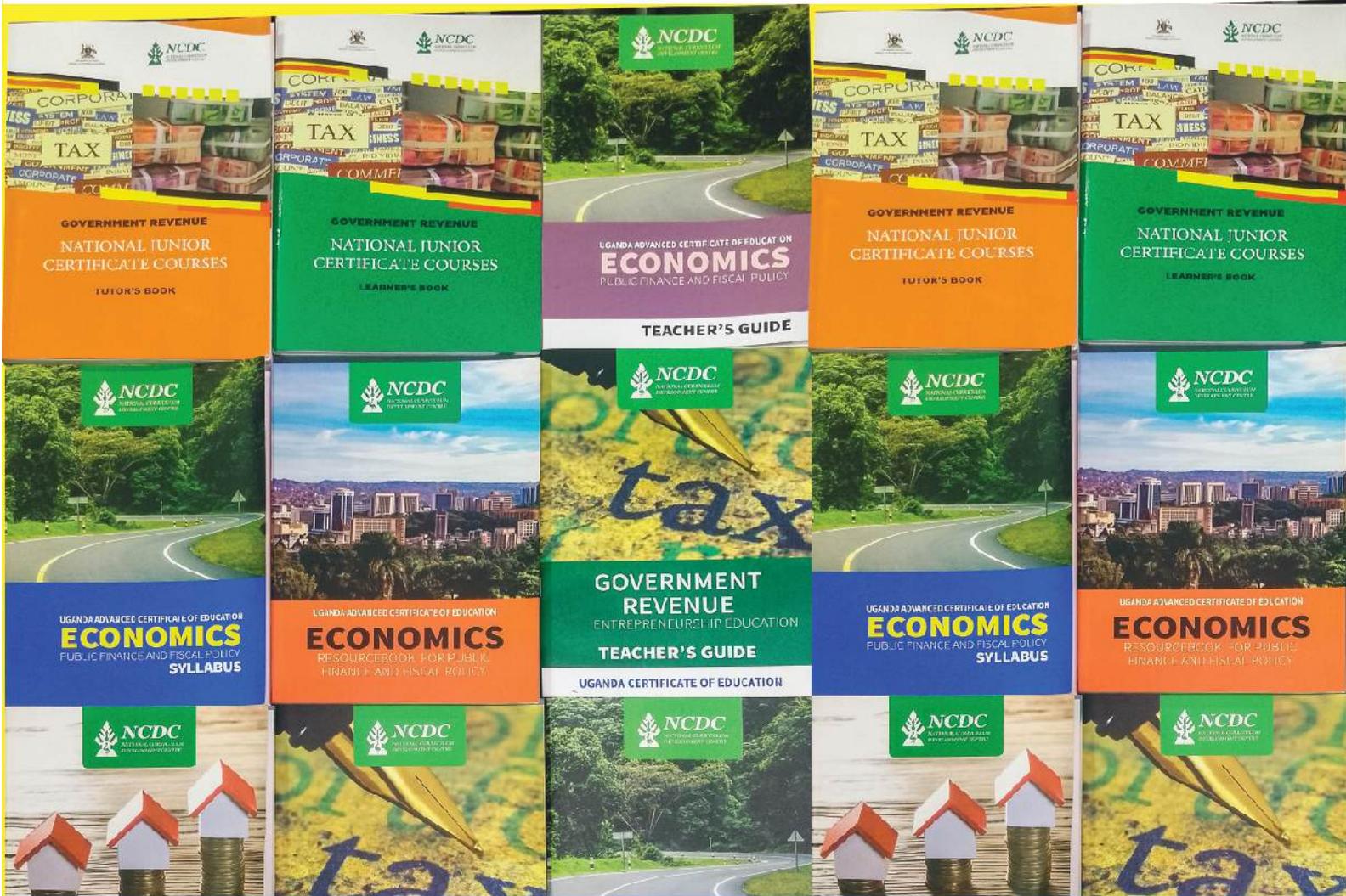
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