

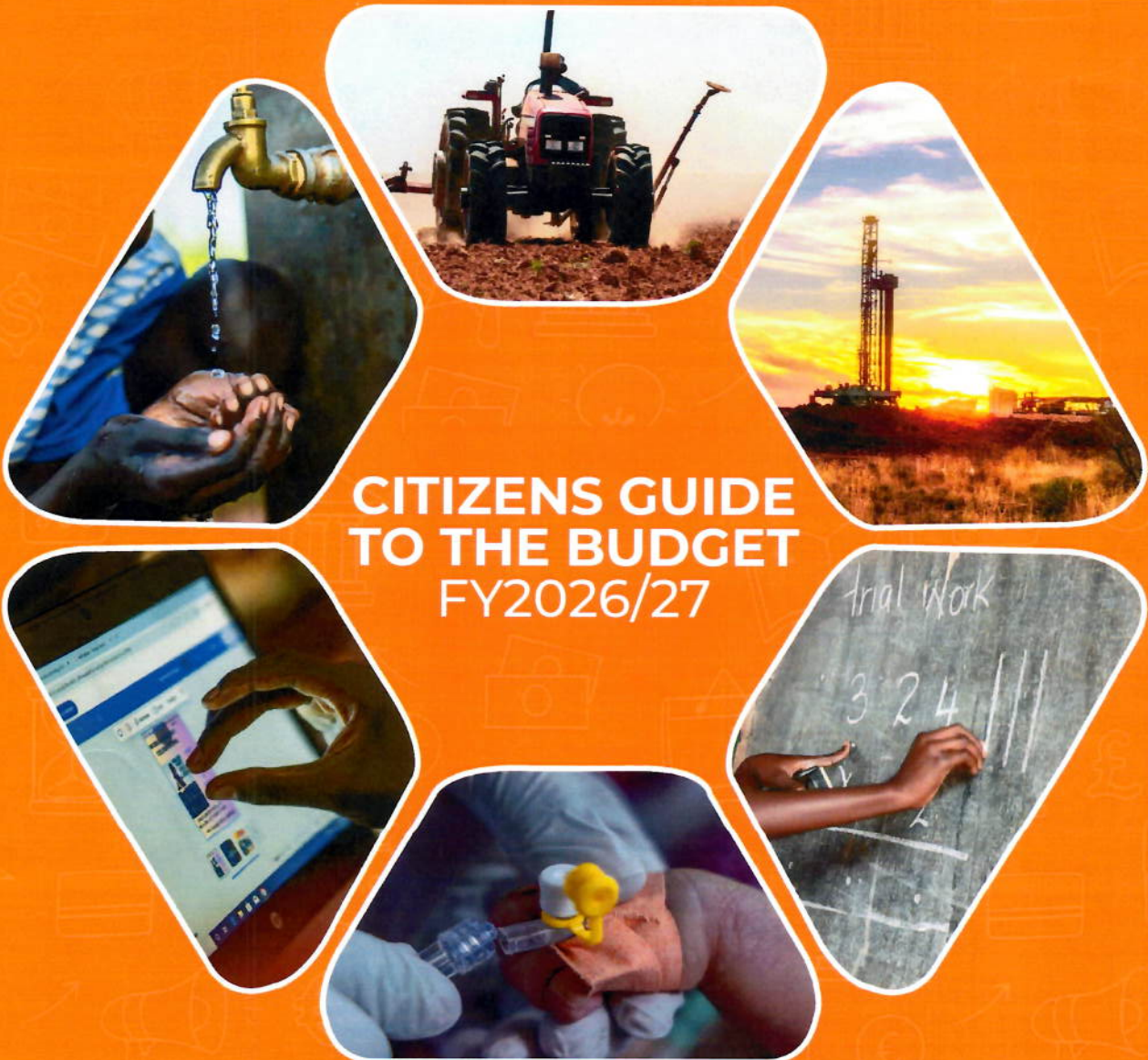


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FOREWORD



The Financial Year 2026/27 Budget marks the second year of implementation of the Fourth National Development Plan (NDP IV) and advances Government's Tenfold Growth Strategy. It is anchored on the theme **"Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access."** The Budget prioritises investments aimed at expanding production, creating jobs, increasing household incomes and accelerating Uganda's socio-economic transformation.

The approved Budget for FY2026/27 amounts to **Shs 84.39 trillion** and provides resources for key national priorities, including agro-industrialisation, tourism,

mineral-based industrial development, science, technology and innovation, human capital development, transport and energy infrastructure, industrial development, security and governance, administration of justice, and environmental protection.

Government is committed to ensuring that the National Budget is transparent, accessible and easily understood by all Ugandans. The Citizen's Guide to the Budget FY2026/27 therefore presents the Budget in a simplified and accessible format to help citizens understand how Government raises public resources, how those resources are allocated, and the services and results they are expected to deliver. In doing so, the Guide promotes transparency, accountability and meaningful citizen participation in the budget process.

I encourage all Ugandans to use this Guide to better understand Government's priorities, follow the implementation of the Budget and hold public institutions accountable for the effective use of public resources and delivery of quality services. **An informed and engaged citizenry is essential to ensuring that public resources deliver value and contribute to Uganda's socio-economic transformation.**

For more information on the National Budget, citizens are encouraged to visit the Budget Website at www.budget.finance.go.ug or call the toll-free Budget Hotline:

0800 229 229



Henry Musasizi (MP)

Minister of Finance, Planning and Economic Development

ACRONYMS

ACF	Agricultural Credit Facility
AFCON	African Cup of Nation
BoU	Bank of Uganda
CSO	Civil Society Organisations
EACO	East African Crude Oil Pipeline
EFRIS	Electronic Fiscal Receipting and Invoicing System
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GoU	Government of Uganda
GROW	Generating Growth Opportunities and Productivity for Women Enterprises
ICT	Information Communication and Technology
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management Information System
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NDP IV	Fourth National Development Plan
PBS	Programme Budgeting System
PDM	Parish Development Model
SME	Small Medium Enterprises
Shs	Ugandan Shillings
SMEs	Small Medium Enterprises
UDB	Uganda Development Bank
UEDCL	Uganda Electricity Distribution Company Limited
UNOC	Uganda National Oil Company
USD	United States Dollar
UWEP	Uganda Women Entrepreneurship Programme
VAT	Value Added Tax
WASH	Water, Sanitation and hygiene

CHAPTER

1.0

INTRODUCTION



1.1 What is the Citizen's Budget?

The Citizen's Budget is a simplified version of the National Budget which is aimed at making it easy for all citizens to understand and monitor how Government plans to raise and spend money in a particular year. It also gives chance to the Citizens to understand the budget and the processes involved in making the budget.

1.2 Why the citizen's Guide to the Budget published?

- i. To inform the citizens how the Government intends to raise the resources for financing the budget.
- ii. To inform the citizens how the Government will make use of the available resources that have been raised highlighting the priorities; and
- iii. To enable the citizens, participate actively at all levels and hold Government responsible and accountable for quality service delivery.

1.3 What is a National Budget?

Refers to a country's official statement which shows how Government plans to raise revenue and how these revenues will be allocated to different programmes and projects over a given period of time usually a financial year.

1.4 The Budget Process

The constitution of Uganda requires that the government prepares the National Budget every year and present it to Parliament for approval.

- i. Public consultations and policy meetings with Ministries, Departments and Agencies for preparation of the Budget
- ii. Development of the National Budget Framework Paper
- iii. Prepare the draft budget estimates
- iv. Submit the draft budget estimates to parliaments on 15th March
- v. Parliament discusses the budget
- vi. Approval of the budget by 31st May

THE BUDGET PROCESS ROADMAP

1. CONSULTATIONS

Public consultations and policy meetings with Ministries, Departments and Agencies for preparation of the Budget



2. FRAMEWORK PAPER

Development of the National Budget Framework Paper



3. DRAFT ESTIMATES

Prepare the draft budget estimates



4. SUBMISSION

Submit the draft budget estimates to parliaments on 15th March



5. DEBATE

Parliament discusses the budget



6. APPROVAL

Approval of the budget by 31st May



7. EXECUTION

Implementation starts 1 July

CHAPTER

1.0

INTRODUCTION



The Budget for the FY 2026/27 is premised on the theme **“Full Monetization of Uganda’s Economy through commercial Agriculture Industrialization, Expanding and Broadening Services Digital Transformation and Market Access”**. This is to concretize the gains so far achieved and to propel the economy to higher socio-economic transformation levels.

The budget for FY 2026/27 amounts to **Shs 84.39 trillion** comprised of domestic revenue and external financing.

2.1 FY 2026/27 budget highlights

Table 1: Government expenditure for FY 2026/27

CATEGORY	AMOUNT (SHS TRILLION)
Wage	9.709
Non-Wage	33.276
GoU Development	22.054
Domestic Arrears	0.317
Debt Amortization	4.181
Domestic Debt Re-financing	13.967
Domestic Debt Payment (BoU)	0.547
Local Government Expenditure from own Revenue	0.339
Total Budget	84.391

source: MOFPED

The funds used for expenditure categories highlighted in table 1 will be generated from the sources indicated in table 2.

Table 2: Government Sources of Revenue FY 2026/27

S/N	SOURCE	AMOUNT (SHS TRILLION)
1	Domestic Revenues	45.96
2	Domestic Borrowing	11.97
3	Domestic debt refinancing	13.97
4	Budget Financing (External Borrowing)	1.22
5	Project Support (External Financing)	11.27
	Total Resource Inflows	84.391

source: MOFPED

Domestic Revenue funding sources for FY 2026/27 Budget (**Shs 45.96 trillion**) of which URA Tax Revenue **Shs 40.16 trillion** and Non-Tax Revenue **Shs 4.02 trillion**, Petroleum Revenue is **Shs 1.4 trillion** and local Government Revenue is **339.8 billion**.

Table 3: Programme Budget Allocations for FY 2026/27 (Shs billions)

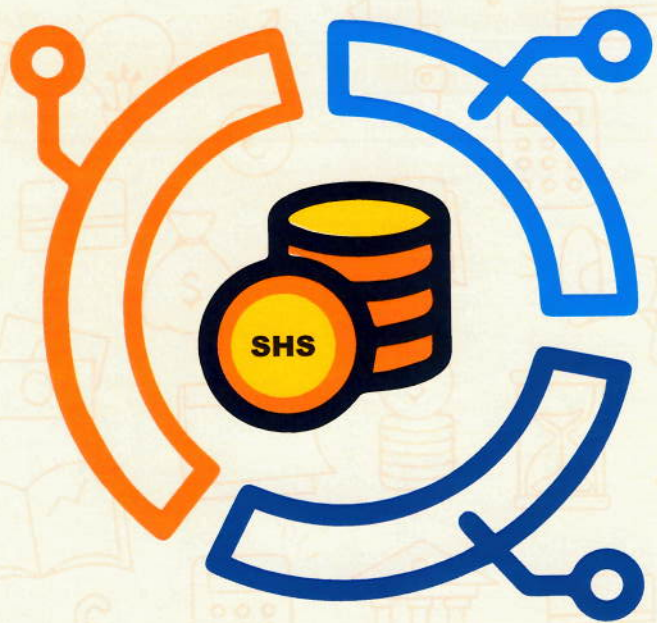
PROGRAMME ALLOCATIONS FY 2026/27	GoU	EXTERNAL	TOTAL	%
Agro-Industrialisation	1,204.80	1,059.91	2,264.72	4.4%
Sustainable Extractives Industry Development	435.55	37.96	473.51	0.9%
Manufacturing	691.70	334.05	1,025.74	2.0%
Tourism Dev't	567.32	-	567.32	1.1%
Climate Change, Natural Resource, Environment and Water Management	446.08	48.00	494.08	1.0%
Private Sector Development	2,293.25	255.53	2,548.78	5.0%
Sustainable Energy Development	943.13	1,125.45	2,068.58	4.1%
Integrated Transport Infrastructure and Services	4,171.75	4,615.82	8,787.57	17.3%
Sustainable Urbanization and Housing	203.07	284.97	488.04	1.0%
Digital Transformation	216.66	297.20	513.86	1.0%
Human Capital Development	11,096.81	2,465.33	13,562.15	26.6%
Innovation, Technology Dev't and Transfer	626.87	-	626.87	1.2%
Public Sector Transformation	302.00	-	302.00	0.6%
Governance and Security	9,742.36	466.69	10,209.05	20.0%
Regional Development	1,972.46	193.72	2,166.18	4.3%
Development Plan Implementation	2,905.09	32.34	2,937.44	5.8%
Administration of Justice	665.55	-	665.55	1.3%
Legislation, Oversight and Representation	1,226.52	-	1,226.52	2.4%
SUB TOTAL	39,710.98	11,216.98	50,927.96	100.0%

Source: MOFPED

CHAPTER

3.0

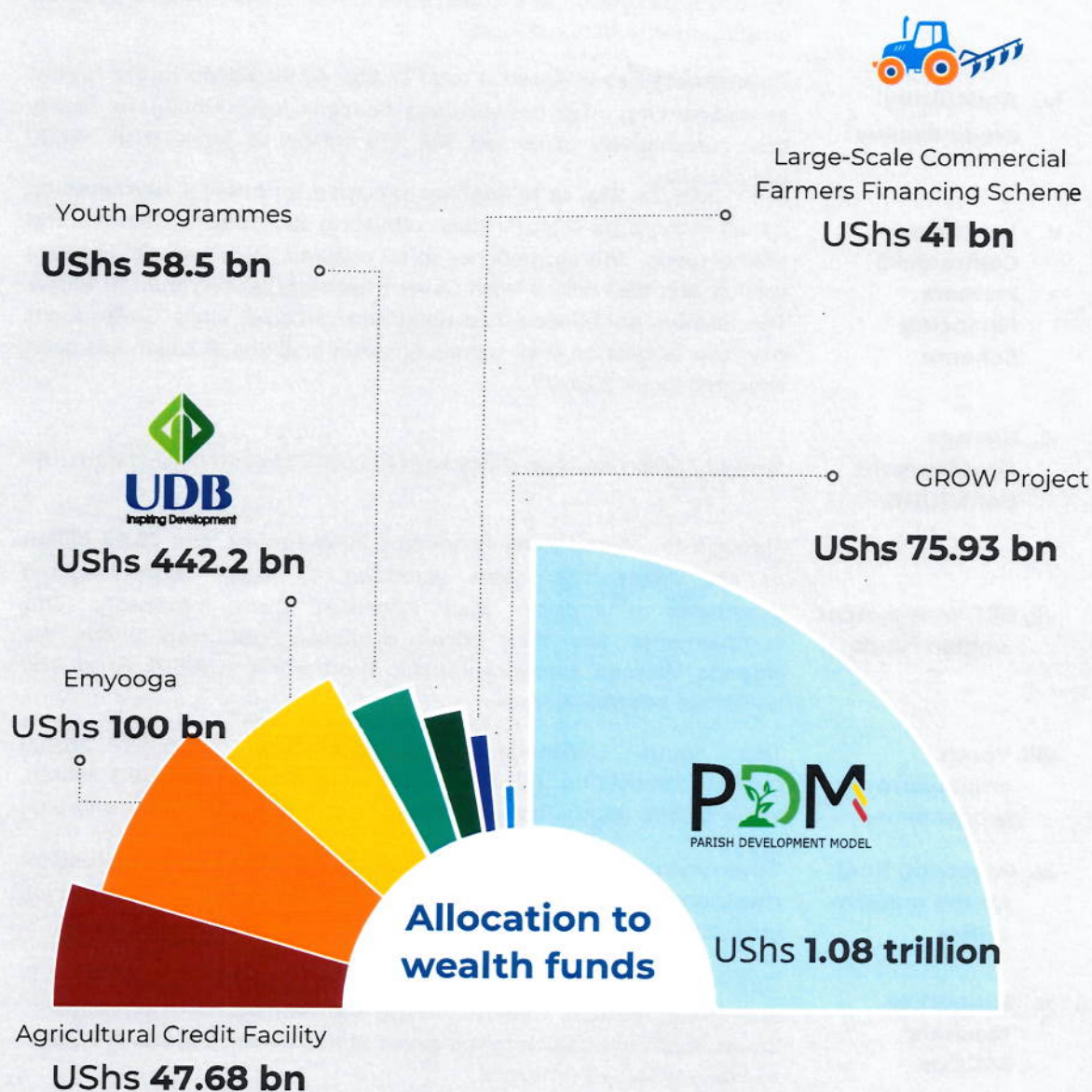
ALLOCATIONS TO KEY
PRIORITY AREAS FOR
FY 2026/27



3.0 ALLOCATIONS TO KEY PRIORITY AREAS FOR FY 2026/27

Allocation to wealth funds

In FY 2026/27, Government has allocated an additional Shs 2.49 trillion in wealth-creation programmes to accelerate monetisation of the economy and expand wealth creation.



i. Parish Development Model	Government has transferred Shs 1.08 trillion to all 10,589 parishes nationwide, as revolving capital. Ugandans who were previously outside the money economy are now engaged in money making enterprises.
ii. Emyooga	Government has capitalized the programme with Shs 100 billion in revolving funds. To date, 7,148 Emyooga SACCOs have been established, with over 2.48 million members and cumulative savings of Shs 95.3 billion. An additional Shs 100 billion has been allocated in FY 2026/27.
iii. Small Business Fund	This fund, initially called the Small Business Recovery Fund was established in 2021 to help small businesses affected by COVID-19 to recover. The fund has disbursed over Shs 82.1 billion to more than 4,031 small and medium enterprises (SMEs). It provides affordable financing of up to Shs 500 million at a 10 percent interest rate to formal enterprises employing at least two people.
iv. Agricultural Credit Facility	Government has invested a total of Shs 47.68 billion in the facility, as co-financing with participating financial institutions. The facility has cumulatively disbursed Shs 1.35 trillion to more than 14,000 beneficiaries.
v. Large-Scale Commercial Farmers Financing Scheme	In FY 2025/26, Shs 41 billion was provided for interest payments on behalf of the large-scale farmers cultivating over 50 acres of grains and animal feeds. This support has so far enabled 186 farmers to access a total of Shs 169.1 billion from Government-owned commercial banks. The farmers are expected to repay the principal while Government pays the interest on their behalf. An additional Shs 41 billion has been allocated for FY 2026/27.
vi. Uganda Development Bank (UDB)	Shs 442.2 billion has been allocated in FY 2026/27 to further capitalize UDB.
vii. GROW and other women funds	Through the World Bank-financed GROW Project, Shs 75.93 billion in soft loans has been extended to 6,584 women-owned businesses to support their transition from informality. This complements Shs 153.5 billion previously disbursed under the Uganda Women Entrepreneurship Programme (UWEP), which has benefited 244,805 women.
viii. Youth empowerment programmes	The Youth Livelihood Programme has financed 24,859 projects benefiting 275,034 youths at a cost of Shs 58.5 billion , while 57,849 youths have benefited from the Youth Venture Capital Fund.
ix. Revolving fund for the creative artists	Government has provided Shs 33 billion to establish a revolving fund for musicians and other creatives to promote enterprise growth and job creation.
x. Support to Teachers' SACCOs	Government released Shs 20 billion to private teachers' unions to strengthen teachers' welfare through improved access to affordable credit. This is in addition to the earlier Shs 25 billion that was provided to Walimu SACCO umbrella.

Accelerating tenfold growth through ATMS

3.1 Agro-Industrialisation

The programme was allocated a total of **Shs 2.26 trillion** towards the following interventions:

- i. Agricultural research and innovation;
- ii. Irrigation and water for production;
- iii. Extension services—more extension workers and their facilitation to reach farmers;
- iv. Provision of good quality agricultural inputs; post-harvest handling and storage;
- v. Agro-processing and value addition;
- vi. Quality assurance and certification;
- vii. Expanding market access.



Shs 2.26 trillion

3.2 Tourism Development

The Programme has been allocated **Shs 567.32 billion to continue developing the tourism sector next financial year. Priority interventions will include:**

- i. Branding and marketing of Uganda as a tourism and investment destination;
- ii. Tourism infrastructure development;
- iii. Construction of highway sanitation facilities and tourism site refreshment centers;
- iv. Improving and enforcing hospitality standards and training;
- v. Conservation and wildlife protection to increase wildlife population across the National Parks;
- vi. Health tourism;
- vii. Economic and commercial diplomacy.



Shs 567.32 billion

3.3 Mineral-Based Industrial Development including Oil and Gas

The programme was allocated **Shs 473.51 billion** for the following interventions:

- i. Continued mineral exploration, quantification and certification;
- ii. Continue capitalization of the Uganda National Mining Company;
- iii. Establishment of mineral markets and buying centers;
- iv. Operationalization of EACOP;
- v. Development of the oil refinery.

3.4 Science, Technology and Innovation including ICT and Creative Industry

The programme has been provided **Shs 1.140 trillion** in the new budget for Science, Technology and Innovation, ICT and the creative industries. The interventions next financial year include:

- ii. Commercialization of innovations especially Kiira motor vehicles, coffee, Dei BioPharma drugs and vaccines, and banana products;
- ii. Establishment of a Hi-Tech City;
- ii. Additional investment in scientific research (R&D) and innovation;
- ii. Expansion of digital infrastructure to increase coverage, reliability and affordability of internet, Government services and e-commerce;
- ii. Growth of Business Process Outsourcing (BPO) for job creation;
- ii. Expanding the free-to-air TV signal;
- ii. Strengthening intellectual property protection.

BUDGET AVAILED



Shs 473.51 billion



Shs 1.140 trillion

BUDGET AVAILED


Ush. 13.56 trillion


**Health
Shs 5.23 trillion**


**Education
Shs 6.66 trillion**


**Social Protection
Shs 173.55 trillion**


**WASH
Shs 1.013 trillion**

Enablers

3.5 Human Capital Development

Shs 13.56 trillion has been allocated next financial year to invest directly in the people of Uganda through health, education, social protection, and water and sanitation. This investment reflects Government's conviction that people are Uganda's greatest asset.



Health sub programme

Government has allocated **Shs 5.23 trillion** to the health sector in FY 2026/27. The funding will focus on:

- i. Maternal and child health;
- ii. Nutrition improvement;
- iii. Expanded immunization;
- iv. Prevention and treatment of non-communicable diseases;
- v. Provision of essential medicines;
- vi. Strengthening specialized healthcare services;
- vii. Improving emergency response systems; and
- viii. Exploring feasible pathways towards Universal Health Coverage.



Education sub programme

Government has allocated **Shs 6.66 trillion** to further improve education of Ugandans. Priorities will include:

- i. Expanding access to quality UPE and USE;
- ii. Strengthening STEM and vocational education;
- iii. Improving teacher welfare and training, with emphasis on pre-primary teachers;
- iv. Curriculum reform;

- v. Strengthening public universities and research institutions; and
- vi. Completing critical sports infrastructure for AFCON 27.

An additional **Shs 568.65 billion** has been allocated to enhance salaries for primary school teachers and arts teachers in secondary schools and BTVET institutions

- i. and preparatory activities for the CHAN 2026 and African Cup of Nations; and,
- ii. Improving access to education through recruitment of teaching and non-teaching staff to operationalize the last batch and establishing 116 new seed secondary schools, and improving facilities for special needs education, among others.



Social Protection

Government has allocated **Shs 173.55 billion** for social protection, which will focus on:

- i. Expanding economic empowerment programmes;
- ii. Strengthening labor standards;
- iii. Supporting youth employment initiatives;
- iv. Promoting women's economic participation;
- v. Enhancing social protection systems;
- vi. Establishing a robust Labor Market Information System.



Water, Sanitation and Environmental Protection

Government has allocated **Shs 1.013 trillion** in FY 2026/27 to further expand access to safe water and sanitation services across the country. The objective is to ensure universal access to safe water and sanitation services:

BUDGET AVAILED



Shs 568.65 billion
to enhance salaries
of primary school
and arts secondary
school teachers



Shs 8.79 trillion

3.6 Intergrated Transport Infrastructure and Services

Government has allocated **Shs 8.79 trillion** next financial year for transport infrastructure development. This includes Roads and bridges, water transport, railway transport, and air transport. Priority areas will include:

- i. Construction of the Malaba–Kampala Standard Gauge Railway and competition of rehabilitation of the Meter Gauge Railway;
- ii. Construction, upgrade and maintenance of national, city, district, urban, and community Access roads;
- iii. Construction and maintenance of strategic bridges;
- iv. Development of water transport systems such as ferries and ports;
- v. Operationalization of Kabalega International Airport, and continue upgrade of regional aerodromes; and
- vi. Expansion of Uganda Airlines.



Shs 2.07 trillion

3.7 sustainable energy development

Government has allocated **Shs 2.07 trillion** to energy development. Priority interventions include:

- i. Expansion of generation capacity by commencing the 380-megawatt Kiba hydro electricity plant, a floating solar plant at Isimba, and 500 megawatts of utilityscale solar in the Elgon and Acholi regions;
- ii. Preparatory work for nuclear energy generation at Buyende;
- iii. Expansion of transmission and associated substation infrastructure;
- iv. Rural electrification; and
- v. Industrial power connections.

3.8 Industrial Development and Manufacturing

Government has allocated **Shs 1.03 trillion** to the manufacturing programme for FY 2026/27. Priority interventions include:

- i. Additional capitalization of UDC to drive industrial development;
- ii. Industrial infrastructure development, particularly in industrial parks, including new fully serviced plugandplay parks;
- iii. Value addition to agricultural raw materials and minerals;
- iv. Supporting market access for Ugandan manufactured products;
- v. Strengthening the functionality of Special Economic Zones; and
- vi. Industrial research, including the establishment of regional industrial incubation hubs.

BUDGET AVAILED



Shs 1.03 trillion

3.9 Security, Good Governance and Rule of Law

Government has allocated **Shs 10.21 trillion** to security, governance and rule of law institutions for FY 2026/27. Priority interventions include:

- i. Continued modernization, training, and welfare of the UPDF.
- ii. Full equipping of the National Referral Military Hospital, and completion of the UPDF Headquarters.
- iii. Strengthening of border security, counterterrorism, and regional Peace Support Operations.
- iv. Enhance community policing, crime intelligence, forensics, and CCTV coverage.
- v. Cybersecurity and protection of critical national infrastructure.
- vi. Improve immigration services, NIN/ID enrolment, and epassport issuance.
- vii. Fight against corruption;
- viii. Continue cattle restocking in Acholi, Lango, Teso sub-regions.



Ush. 10.21 trillion



Shs 666.55 billion

3.10 Administration of Justice

Government has allocated **Shs 666.55 billion** under this programme for FY 2026/27 to:

- i. Expand access to justice and further decentralise appellate services;
- ii. Recruit and deploy judicial officers;
- iii. Reduce case backlog through alternative dispute resolution and mobile courts;
- iv. Digitise courts, case management, and efililing;
- v. Strengthen prosecution, forensic services, and anticorruption efforts; and
- vi. Upgrade court infrastructure and circuit operations.



Shs 494.08 trillion

3.11 Environmental Protection and Disaster Management

To safeguard our environment and adapt to climate change, Government has allocated **Shs 494.08 billion** next financial year. These funds will protect 1.26 million hectares of forest reserves and wetlands; restore 10,000 hectares of degraded wetlands; demarcate critical riverbanks and lakeshores—particularly along the Nile. We will also upgrade meteorological services and earlywarning systems to deliver accurate forecasts for agriculture, aviation, and climate monitoring.

In addition, **Shs 361.88 billion** has been allocated to the Contingency Fund to strengthen our national disaster response next financial year

CHAPTER

4.0

ECONOMIC
PERFORMANCE
AND OUTLOOK



4.0 ECONOMIC PERFORMANCE AND OUTLOOK



The size of the economy is projected to increase to approximately **USD 69.3 billion**



Inflation $\approx$ **3.8%**
(FY 2025/26)



Foreign Direct Investment increased significantly **USD 3.2 billion**

4.1 Economic Growth

Uganda's economy continues to demonstrate remarkable resilience and dynamism. Economic growth for FY 2025/26 is estimated at 6.4 percent, up from 6.3 percent in FY 2024/25. The size of the economy is projected to increase to approximately **USD 69.3 billion**, equivalent to Shs 250.4 trillion, by the end of June 2026. In purchasing power parity (PPP) terms, Uganda's GDP is estimated to be USD 197.1 billion. GDP per capita is projected to increase to **USD 1,420** equivalent to approximately Shs 5.1 million per person.

4.2 Inflation

Inflation remains low and stable. Average inflation during FY 2025/26 is estimated at 3.8 percent, compared to 3.5 percent recorded the previous financial year. This stability has been supported by effective coordination between fiscal and monetary policy, stable food prices and improved management of fuel supply. Low inflation protects household incomes, supports business planning and strengthens investor confidence. Government remains committed to maintaining price stability as a cornerstone of sustained economic growth.

4.3 Investor, Citizen and Visitor Confidence

Confidence in Uganda's economy continues to grow. Foreign Direct Investment increased significantly to **USD 3.2 billion** in the twelve months ending March 2026. This reflects growing investor confidence in Uganda's economy.

Of even greater significance, investors are increasingly expressing interest in Uganda's small and medium enterprises (SMEs). Kampala-based start-ups attracted about **USD 30 million** in 2025, up from just **USD 4 million** the year before. This surge signals growing confidence in Uganda's innovation ecosystem and affirms our emergence as a destination for entrepreneurship, technology, and investment.

Remittances from Ugandans working abroad have significantly increased to **USD 2.8 billion** in the twelve months to March 2026 from USD 1.9 billion a year before. Remittances provide an important source of foreign exchange, investment capital and household income.

Tourism has fully recovered from the effects of the COVID-19 pandemic. Tourism receipts increased to **USD 1.86 billion** in 2025 compared to **USD 1.4 billion** in 2018/19 before the pandemic. This remarkable recovery from the lowest receipts of USD 562 million recorded in 2020, demonstrates growing international confidence in Uganda as a destination for business, investment and leisure.

4.4 Exchange Rate Stability

Uganda Shilling remains one of Africa's best-performing freely floating currencies. This stability reflects prudent macroeconomic management, a liberalized foreign exchange regime and strong foreign exchange inflows from exports, tourism, FDI, portfolio inflows and remittances. As a result, Uganda's foreign exchange reserves are now at USD 6 billion in the twelve months to March 2026, up from USD 3.6 billion a year before.

Government's decision to directly import petroleum products through the Uganda National Oil Company (UNOC) has further strengthened supply stability and reduced speculative pressures in the foreign exchange market. We expect the exchange rate to remain broadly stable despite ongoing global uncertainties.

4.5 External Sector

Uganda's export performance has been exceptional. Over the last five years, exports of goods and services have increased by approximately **204 percent**. Total export earnings reached **USD 18.04 billion** in the twelve months to March 2026 from **USD 5.93 billion** in the twelve months to March 2022. The leading exports include gold, coffee, cocoa, fish products, steel products, sugar and a growing range of manufactured goods. Our coffee exports reached USD 2.46 billion for the year ending March 2026, up from USD 1.84 billion a year before.

Uganda's exports mainly go to the Middle East (USD 6.3 billion), Africa (USD 4.1 billion), Asia (USD 2.0 billion), the European Union (USD 2.5 billion) and rest of the world (USD 3.1 billion).



Remittances from
Ugandans working abroad
increased significantly
USD 2.8 billion



Uganda's foreign
exchange reserves
are now at
USD 6 billion



Total export
earnings reached
USD 18.04 billion



The services sector
now accounts for
50.5 %
of total employment



As of December 2025,
Uganda's total
public debt stood at
USD 34.86 billion

4.6 Employment Creation

The ultimate test of economic policy is whether it improves the livelihoods of our people through productive employment. Uganda's economy is gradually undergoing structural transformation. The services sector now accounts for **50.5 percent** of total employment, up from 47 percent previously, while the share of employment in agriculture has declined from 40 percent to 37.1 percent. On the other hand, industry accounts for approximately 12.4 percent of total employment.

The capacity of the economy to generate formal employment continues to improve. Employment in private formal establishments has increased by **245 percent** from approximately 672,300 workers in FY 2016/17 to over **2,319,683 workers** in FY 2024/25. This is in addition to the 503,738 public sector jobs and 10,513,014 informal jobs reported in April 2026.

4.7 Public Debt

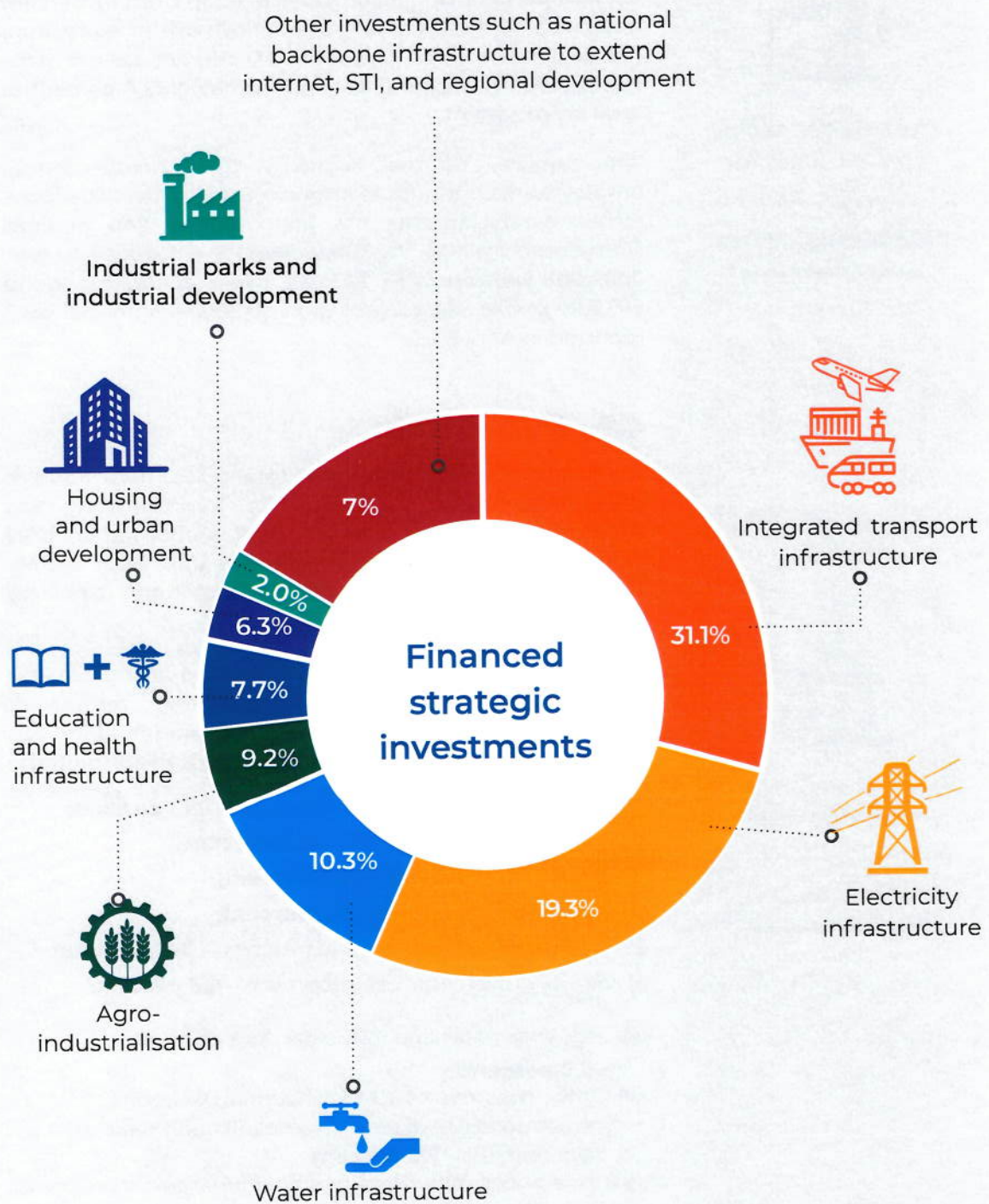
As of December 2025, Uganda's total public debt stood at USD 34.86 billion, equivalent to approximately Shs 126.19 trillion. Of this, external debt amounted to **USD 15.84 billion** while domestic debt was **USD 19.02 billion**. This translates into a debt-to-GDP ratio of approximately 53 percent.

Public debt should always be assessed alongside the assets it finances and the economic returns it generates. Over the past 10 years, Uganda's debt has financed strategic investments that are transforming the productive capacity of our economy. These investments include:

- i) Integrated transport infrastructure – **31.1 percent;**
- ii) Electricity infrastructure – **19.3 percent;**
- iii) Water infrastructure – **10.3 percent;**
- iv) Agro-industrialisation – **9.2 percent;**
- v) Education and health infrastructure – **7.7 percent;**
- vi) Housing and urban development – **6.3 percent;**
and
- vii) Industrial parks and industrial development
– **2.0 percent.**
- viii) Other investments such as national backbone infrastructure to extend internet, STI, and regional development – **7.0 percent**

Uganda's public debt remains sustainable and is projected to stay so over the medium and long term.

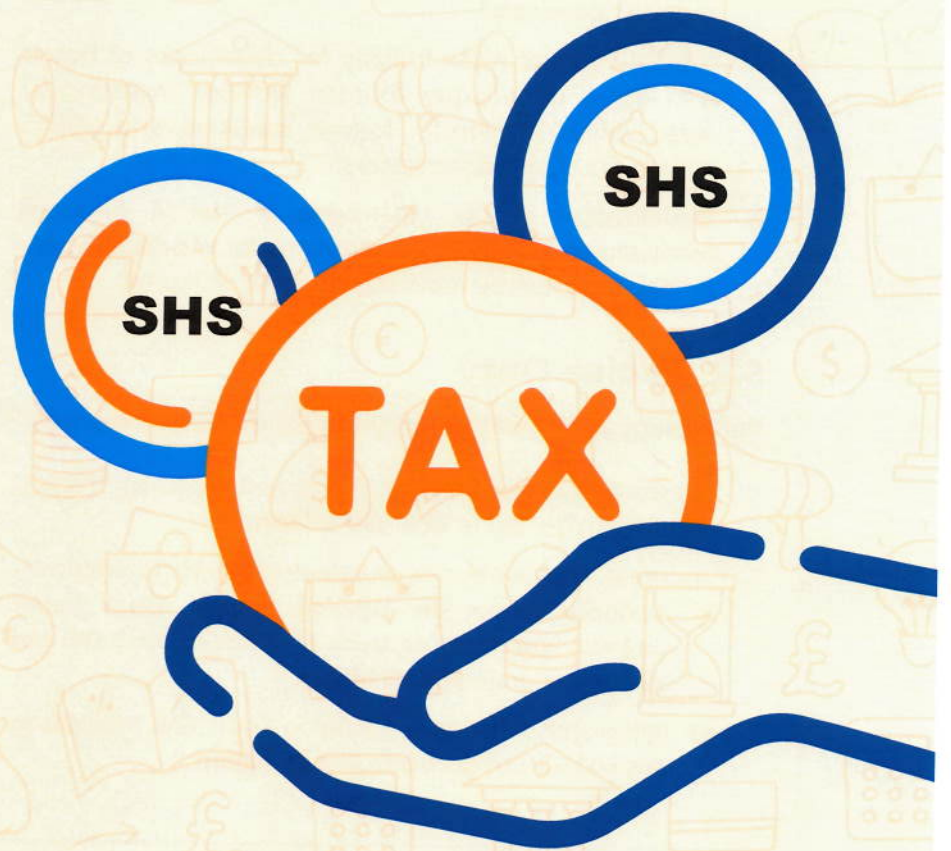
STRATEGIC INVESTMENTS FINANCED BY UGANDA'S DEBT



CHAPTER

1.0

INTRODUCTION



5.0 TAX MEASURES FY 2026/27

5.1 Income Tax

Parliament approved the following income tax measures:

- i. Extension of Income Tax Exemption for Bujagali Energy Limited until 2032 to support affordable electricity tariffs, at an estimated revenue cost of **Shs 115 billion** per annum.
- ii. Increase in the PAYE tax threshold from Shs 235,000 to Shs 335,000 per month to raise take-home pay for low-income workers, at an estimated revenue cost of Shs 96 billion.
- iii. Introduction of a 5% withholding tax on payment of interest to a foreign lending institution to ensure equitable taxation of interest income.
- iv. Provision for individuals to file and pay rental income tax monthly to improve voluntary compliance and reduce tax arrears.
- v. Introduction of a tax holiday for developers of hotels and other ultra-luxury tourism facilities investing at least USD 10 million for foreign investors, and USD 5 million for Ugandan investors.
- vi. Equalization of tax treatment of Tier 4 financial institutions by allowing deductions for provisioning for bad debts, thereby reducing the cost of capital.

5.2 Excise Duty

Parliament approved the following Excise Duty measures:

- i. Increase in Excise Duty on Diesel and Petrol by Shs 200 per litre to generate **Shs 450 billion**.
- ii. Increase in excise duties on selected products as follows:
 - a) Alcoholic drinks like Uganda Waragi, Black Label, Cognac, and Amarula from Shs1,700 to Shs3,500 per litre, to generate **Shs 85 billion**;
 - b) Motorcycles at first registration from Shs 200,000 to Shs 500,000, to generate **Shs 26 billion**;



increase in PAYE tax
threshold from
Shs 235,000
to Shs 335,000
per month



Increase in Excise Duty
on diesel and petrol by
Shs 200 per litre



Increase in excise duty
on cement from
Shs 500
to Shs 750
per 50-kilogram bag



Increase in annual
VAT threshold
Shs 150 m
to Shs 300 m



Environmental levy
on imported used
clothing increased from
15 to 30%

- c) Single-use plastics from 2.5% or USD 70 per ton to 25% or USD 1,500 per ton to protect the environment and raise **Shs 10 billion**;
 - d) Cooking oil from Shs200 to Shs400 per litre to generate **Shs 25 billion**
 - e) Cement from Shs500 to Shs750 per 50-kilogram bag to generate **Shs 15 billion**; and
 - f) Sugar from Shs100 to Shs200 per kilogram to generate **Shs 25 billion**.
- iii. Introduction of Excise Duty on selected products as follows:
- a) Locally manufactured paints and varnishes at 3% or Shs50 per liter or kilogram, whichever is higher and imported paints and vanishes at 10% or Shs2,000 per liter whichever is higher to generate **Shs 24 billion**; and
 - b) Cooking fat at Shs 500 per liter or kilogram to generate **Shs15 billion**.

5.3 Value Added Tax (VAT)

Parliament approved the following VAT measures:

- i. Increase in the annual VAT threshold from Shs 150 million to Shs 300 million to ease compliance for small businesses and improve tax administration efficiency. This measure is projected to generate **Shs 349 billion**.
- ii. Extension of VAT deferment to inputs used in iron ore processing to support mineral value addition and industrialization.

5.4 External Trade

Parliament approved increase in the environmental levy on imported used clothing from 15 percent to 30 percent of CIF value to support local manufacturing and support local manufacturing and generate **Shs 40 billion**.

5.5 Stamp Duty

A modest stamp duty has been introduced on the first registration and transfer of motor vehicles and motorcycles to generate **Shs 30 billion**.

5.6 Tax Procedures Code Act

Parliament approved the following tax relief measures:

- i. Waiver of principal tax, penalty and interest owed by a taxpayer to URA as at 30th June 2016.
- ii. Extension of the waiver of interest and penalties outstanding as at 30th June 2025, provided the Principal Tax is paid by 30th June 2027.

5.7 Lotteries and Gaming

Parliament approved increase of the tax for betting from 20 percent to 30 percent to harmonize taxation across gaming activities and generate **Shs 24 billion**.



30% increase
of the tax for betting

GLOSSARY OF SELECTED TERMS

Appropriation Act: authorizes Government Ministries and Agencies to allocate and spend funds on selected programmes and projects.

Approved Budget: this is the appropriated budget and statutory expenditure by the Parliament of the Republic of Uganda, for a financial year from 1st July to 30th June.

Budget: This is an estimation of revenue and expenditure for specified future period of time usually a year.

Budget Deficit this refers to the difference between what Government Collects and what Government it spends.

Chart of Accounts: this is a complete list of items against which budgets allocations are made and appropriated through the Integrated Financial Management System (IFMS). This forms basis of the detailed Budget Estimates.

Concessional loans: loans extended on terms substantially more generous than market loans. The concessional can be achieved either through interest rates below those on the market or by grace periods, or a combination of these. Concessional loans usually have long grace periods. These are usually provided by multilateral agencies e.g World Bank.

Development Partner: a country that helps in form of funds, machinery, experts and several others to another country.

Domestic Financing: is the amount of money raised by Government, in local currency and from its own residents mostly through the commercial banks and issuing

Government securities.

Economic Growth: increase in the amount of goods and services produced in a country over a period of time, usually one year. Economic growth is measured using the Gross Domestic Product (GDP).

External Financing (External Fin.): this refers to the category of expenditure that was previously referred to as donor in the budget documents. The change in name is ensure conformity in the international nomenclature.

GoU: This refers to the category of expenditure on domestic development funded by the Government of Uganda.

Grants: are non-payable funds or products disbursed by one party often a Government Department, Cooperation, Foundation or Trust. These are provided for mostly by bi-lateral development partners.

Grants and subsidies (Outputs Funded): these are services funded by the Vote but delivered by another institution. They relate to expenditures on grants and transfers in the chart of accounts.

Gross Domestic Product (GDP): Is the monetary value of all finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis.

IFMS: this is an IT based budgeting and accounting system that manages spending, payment processing, budgeting and reporting for Governments and other entities.

Inflation: is a sustained increase in the general price level of goods and services in an economy over a given period of time.

Inflation: refers to the increase in the general price of goods and services.

Investment (capital purchases): these relate to purchase of capital assets in the chart of accounts.

Item: these are the lowest operational level of the budget and represent and represent the resources necessary to carry out activities e.g staff salaries, travel inland, printing and stationery etc.

MTEF: is an annual plan that shows the amount of money that Government intends to spend in the next five years.

Non-Tax Revenue: is revenue from other sources apart from taxes collected and sent to the consolidated fund. These include fees and licenses.

Programme Budgeting System (PBS): is the online budgeting system that describes and gives the detailed costs of every activity that is to be carried out with a given budget.

Project: these represent the result or set of activities implemented by the vote which contribute to the achievement of the set objectives. They primarily involve capital purchases and maybe financed by the Government of Uganda and Development

Partners e.g Emergency constructions of primary school classrooms.

Programmes: this represent a result or set of activities implemented by the vote which contribute to the achievement of set objectives. These are recurrent in nature.

Public Debt: is the debt owed by a central Government.

Release: Central Government transfer of funds to MDAs (including supplementary schedule) from the consolidated fund.

Trade Deficit is an economic measure of a negative balance of trade in which a country's imports exceeds the exports. A trade deficit represents an outflow of domestic currency to foreign markets.

Taxes: these are financial charges or other levies imposed upon a tax payer (an individual or legal entity) by a state or the functional equivalent of the state to fund various public expenditures. In Uganda, tax revenues are collected by URA these include income tax, VAT, excise duty, custom duties among others.

Vote: these are institutions (Ministries, Departments, Agencies and the Local Governments) which are the basis for accountability e.g Ministry of Education, Ministry of Public Service etc.

Vision

A Uganda with a people centered
budget
that dignifies humanity.

Mission

Working to ensure that resource
mobilization, allocation and utilization
is inclusive for a transformed Uganda.



Civil Society Budget Advocacy Group [CSBAG]

Plot 11 Vubya Close, Ntinda Nakawa Rd

P.O. BOX 660, Ntinda

Fixed line: +256 755 202154

Website: www.csbag.org

@CSBAGUGANDA

CSBAG/Facebook.com