

Regional News

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Farmers argue that the sugar tax will disproportionately burden them despite being imposed at the processing level.

BY ISMAIL BATEGEKA

Sugarcane farmers from the Bunyoro and Tooro Sub-regions have rejected the newly passed tax on sugar, warning it will hurt their livelihoods and destabilise the industry.

The farmers, operating under the Bunyoro Tooro Sugarcane Farmers Association (BUTOS), say the increase in excise duty from Shs100 to Shs300 per kilogramme of sugar, approved under the Excise Duty (Amendment) Act, 2026 will have far-reaching consequences, especially for producers at the grassroots.

Between April 21 and 23, 2026, Parliament passed a series of tax amendment Bills for the 2026/27 financial year aimed at raising additional domestic revenue.

However, farmers argue that the sugar tax, like others introduced, will disproportionately burden them despite being imposed at the processing level.

Farmers from districts including Masindi, Kikuube, Kyenjojo, Kiryandongo, and Hoima say they were not adequately consulted and are now mobilising to challenge the decision.

BUTOS Chairperson Patrick Byamukama said the tax increase will inevitably be passed down to farmers through reduced sugarcane prices.

'Many anomalies'

Bunyoro, Tooro sugarcane farmers reject new tax



Members of sugar council inspecting a sugarcane garden in Kagadi District, last week. PHOTO / BYOMUGABI SEGUJJA

EXISTENT PAINS

Farmers are already grappling with high production costs, including transport, labour, and agricultural inputs, and warned that the new tax could push many out of sugarcane farming.

"While the tax is placed on processed sugar, the reality is that millers will transfer this cost to farmers by lowering the price of sugarcane," he said.

"We are already indirectly affected by

taxes such as the 18 percent VAT. With this additional burden, farmers will gain nothing while the government increases its revenue," he added.

Byamukama warned that if the policy is not reviewed, it could lead to reduced production and eventual collapse of parts of the sugar value chain.

"We are going to petition the Speaker of Parliament to reconsider this tax. Government should be cautious when introducing policies that affect primary producers," he said.

Robert Atugonza, the Bunyoro-Tooro representative to the Uganda Sugar Industry Stakeholders Council and Chairperson of the Masindi District Sugarcane Outgrowers Association Limited (MASGAL), also criticised the move, saying government is misleading the public about who will bear the cost.

"They say the tax is on sugar, but it is the farmer who suffers most. I have interacted with farmers across the country, and there is unanimous rejection of this tax," Atugonza said.

He urged government to instead widen the tax base by targeting other sectors.

Atugonza further warned that farmers may resort to drastic measures, including suspending supply of sugarcane to factories if their concerns are ignored.

"This industry employs thousands of

Ugandans directly and indirectly. Any disruption will lead to job losses and economic decline in these regions," he said.

He also called on government to seal revenue leakages within the sector, accusing some millers of under-declaring production and evading taxes.

Mr Barwane Batinire from Kyenjojo Sugarcane Growers Association said farmers must speak with one voice. "We need to come together and fight this tax as one group. If we are divided, we shall lose," he said.

Call for dialogue

Phinehas Kyotasobora, the vice chairperson of MASGAL, emphasised the need for dialogue involving the finance and trade ministries to address the farmers' concerns.

Farmers also used the platform to highlight gaps in the implementation of the Sugar Act, particularly the failure to operationalise the cane pricing formula.

Kyotasobora added that the pricing mechanism should consider all by-products of sugarcane, including electricity, bagasse, fertilisers, and spirits, as these add value to the crop.

"The benefits from these by-products should be reflected in what farmers are paid," he said.



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