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Walugembe: Get workspaces for small businesses

A woman walks down town in Kampala on April 22, 2026. The Tax Procedures Code (Amendment) Bill, 2026 introduces a penal tax for businesses that fail to use an electronic fiscal device or fail to issue an e-invoice or e-receipt, equivalent to double the tax due on goods or services, or Shs 200,000. PHOTO/MICHAEL KAKUMIRIZI

Businesses face tougher penalties over EFRIS

Businesses that fail to use an electronic fiscal device or issue e-receipts will attract a penalty of double tax or Shs200,000.

BUDGET SERIES 2026/27

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EFRIS

DOROTHY NAKAWEESI & ISMAIL M. LADU

The tension over the Electronic Fiscal Receipting and Invoicing System (EFRIS) continues to linger and remains a growing concern. The trading community's reluctant acceptance of the system was based on concessions that the government appears to be cleverly eroding.

As a result, the leadership of Kampala City Traders Association (KACITA) is critical of some of the 2026/27 tax proposals introducing additional penalties on players who might not be within the VAT threshold but are required to use the system – EFRIS.

According to KACITA chairman Hajj Issa Ssekitto, proposals to introduce additional fines, even for compliant businesses, ignore the realities of the trade, wholesale and retail sector, which the Uganda Bureau of Statistics (UBOS) cites as the largest employer outside agriculture

According to the Ministry of Trade data, the wholesale and retail trade sector is one of the most dominant economic sectors, constituting 32 percent of all businesses. These MSMEs employ over 2.5 million people in various sectors, with trade leading the sector distribution.

The contest

The proposed tax measures for 2026/27 currently in Parliament for scrutiny are looking at amending the penalty for not using EFRIS, with a penalty for non-compliance to double the tax due on the goods or services.

According to the government proposal, the penalty for not using an electronic fiscal device or not issuing an e-invoice or e-receipt should be revised to double the tax due on the goods or services or Shs200,000 whichever is higher. The proposed amendment, going by the joint BDO East Africa and SM & Co. Advocates analysis, aims to drive compliance and provide URA with a workable enforcement mechanism, and it is proportionate to the compliance obligation.

When contacted last week, the director, tax and Regulatory Services, BDO East Africa, Mr John Jet Tusabe, explained that amendment is targeting sectors that are mandated to issue e-invoices/e-receipts.

This, Mr Tusabe adds, applies regardless of whether the transaction includes Value Added Tax (VAT), advising businesses in newly gazetted EFRIS sectors to prioritise compliance to avoid penalties.

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