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Gold earnings rise by 28.85%: Gold earnings rose in December, according to data from Bank of Uganda. Revenue rose from $639.26m in November to $823.68m, an absolute gain of $184.42m. That jump translated into a robust 28.85 percent increase, reflecting stronger demand, higher prices, and renewed confidence.



Digital economy.

Tech giants' taxes grow to Shs29b, but Auditor General wants more

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When government introduced taxes on non-resident digital services, expectations were modest.

In 2021, government amended the VAT Act to require non-resident providers of electronic services, such as streaming platforms, cloud service providers, online advertisers, and betting companies, to charge 18 percent VAT on services consumed in Uganda.

The amendments required tech giants, especially foreign-based social media companies, to remit prescribed taxes quarterly to the Uganda Revenue Authority (URA).

At the time, URA projected that the new regime would generate about Shs5b in additional revenue in its first year of implementation.

Four years later, the numbers tell a more complex story.

The Auditor General's report for the year ended December 31, 2025, shows that URA collected Shs29.5b from 82 non-resident digital service providers through Income Tax and VAT during the 2024/25 financial year.

This is a remarkable improvement, with the amount collected almost six times higher than the Shs5b initially projected when VAT on electronic services was fully implemented in 2023.

It also demonstrates that Uganda has succeeded in bringing major global digital firms into the tax net.

URA's own records show that companies such as Amazon, Apple, and Bolt were among the first to register for VAT, with others such as Meta, Netflix, Microsoft, Google, Zoom and Spotify, which had registered some delays, following in tow.

On paper, URA appears to be doing what many developing countries are still struggling to do: taxing the digital economy.

But the gains notwithstanding, the Auditor General says the Shs29.5b is far below the true revenue potential of Uganda's digital economy, given the scale and diversity of digital services consumed in the country, from online betting and music streaming to cloud storage, software subscriptions, and digital advertising.

Crucially, the Auditor General notes that the list of 82 non-resident digital service providers from whom the revenue was collected is not exhaustive and excludes many known providers operating in Uganda.

However, the Auditor General does not name which companies are compliant and which are not.

This means that while collections have increased, a significant portion of the digital economy is operating outside the tax net.

This, the Auditor General says, results from the fact that URA currently has no independent mechanism to verify the accuracy or completeness of declarations made by non-resident digital service providers.

Instead, URA relies almost entirely on self-declared returns submitted by companies themselves.

Unlike domestic businesses, whose transactions are visible through systems such as EFRIS, withholding tax, and banking data, payments for digital services often flow through offshore platforms, international card networks, or foreign payment gateways that URA cannot see.

This lack of payment visibility exposes government to revenue leakage, especially from sectors such as betting, streaming, and cloud services, which are big sectors, but with thin oversight

The Auditor General argues that sectors like online betting and gaming platforms, music and movie streaming services, cloud computing and software subscriptions, online advertising and search-engine services, and remote data storage, hosting, and digital education services have high transaction volumes, but remain the least visible to tax authorities.

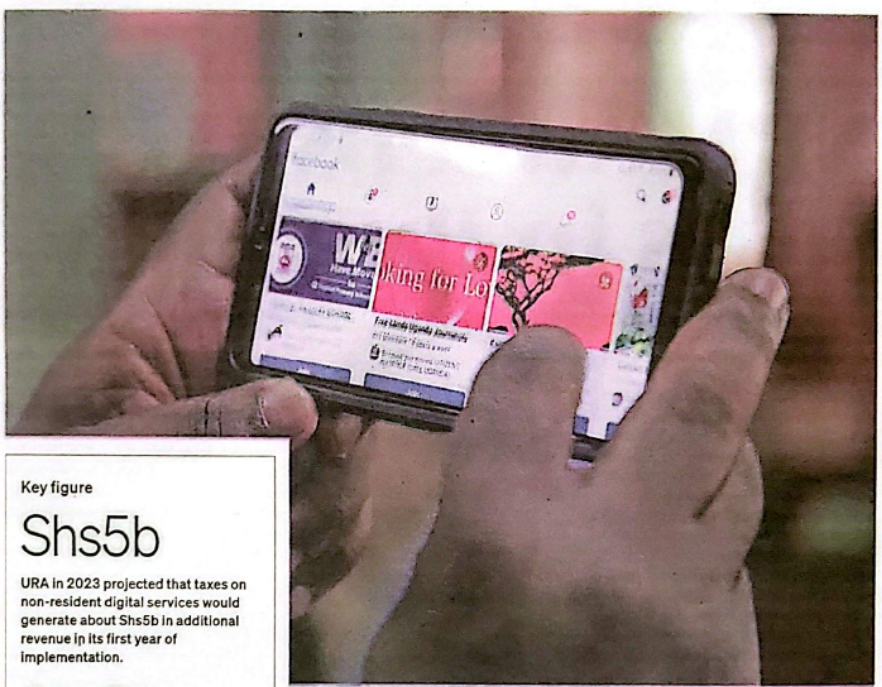
As a result, the Auditor General notes that while URA can report improved collections, it cannot confidently say how much revenue is actually being generated, how much tax should be paid, or how large the compliance gap really is.

However, URA has, according to the Auditor General, demonstrated awareness of the challenge and indicated that Bank of Uganda is in the process of procuring a single national payment gateway system, to give URA timely access to transaction data involving non-resident digital service providers.

Digital services tax is envisioned as part of Uganda's efforts to lift the country's low tax-to-GDP ratio that currently stands at 13.4 percent, below the 15 percent benchmark recommended for developing countries.

Services, including digital services, are among the largest contributors to GDP, yet remain comparatively under-taxed due to weak oversight.

Whereas URA has outperformed its initial targets, far above what was expected in the first year of implementation, the Auditor General wants current success to be measured against the true scale of economic activity taking place.



Tax collected from foreign digital giants has surged to Shs29.5b, beating earlier projections, but the Auditor General warns weak oversight leaves much of the booming digital economy largely still untaxed. PHOTO/FILE

Key figure

Shs5b

URA in 2023 projected that taxes on non-resident digital services would generate about Shs5b in additional revenue in its first year of implementation.

Shs5b

The Auditor General's report for the year ended December 31, 2025, shows that URA collected Shs29.5b from 82 non-resident digital service providers through Income Tax and VAT during the 2024/25 financial year, almost a sixfold increase from Shs5b.

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