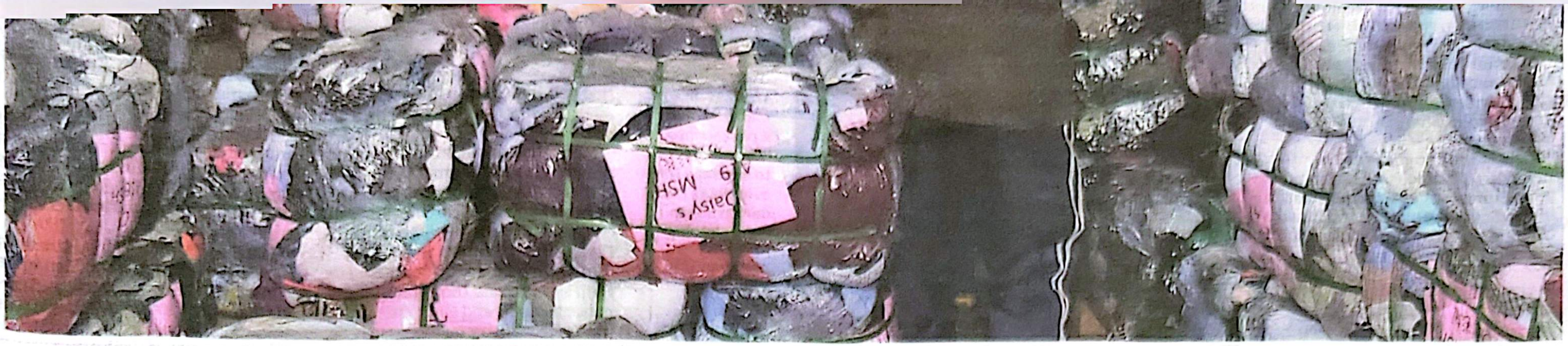

Bales of secondhand clothes in Kampala. The proposed 30 percent tax on secondhand clothes is expected to curb the influx of second hand clothing. PHOTO/MICHAEL KAKUMIRIZI

New tax on used clothes hits importers

Government wants to revive the textile industry with a proposal to slap a 30 percent environmental levy on worn clothing and other second-hand articles.

BUDGET SERIES 2026/27

USED CLOTHES

ISMAIL MUSA LADU & DOROTHY NAKAWEESI

For many Ugandans, a frequent trip to Owino or local markets to snag a bargain on secondhand clothes is a normal ritual. For decades, used apparel from across the world has dressed nearly 80 percent of the population, according to sector statistics.

Almost every Ugandan has worn used clothes, locally known as mivumba or is heavily reliant on this imported apparel. But the government is trying to revive the textile industry with a proposal to slap a 30 percent environmental levy on worn clothing and other second-hand articles.

Early this month, the Finance Ministry released the Tax (Amendment) Bills for 2026, among them, the Excise Duty (Amendment) Bill, which proposes to introduce an environmental levy on worn clothing and other second-hand articles.

If enacted, the levy will apply at a rate of 30 per cent on the cost, insurance and freight (CIF) value of imported second-hand clothes.

While presenting the proposal to Parliament, the Minister of State for Finance, Planning and Economic Development (General Duties), Henry Musasizi, explained that the measure is intended to curb the influx of second-hand clothing, which the government says has adverse environmental consequences.

The Minister noted that a significant portion of imported garments ends up as waste shortly after entering the market, placing additional strain on already stretched waste-management systems.

Government has also previously linked similar measures to broader policy objectives, including protecting local manufacturers, encouraging domestic production and reducing dependence on what it has termed "foreign waste."

The proposed levy is expected to be debated in Parliament, with potential implications for Uganda's economy and consumers. While it may benefit local manufacturers, critics argue it could hurt low-income earners who rely on affordable second-hand clothes.

This levy, if passed into law, is expected to increase the overall tax burden on second hand clothing. When combined with existing customs duties, the total tax effective tax burden will rise sharply from the current 58 per cent to as high as 93 per cent of the customs value. This sharp increase mainly results from the environmental levy being included in the VAT base, substantially raising the total amount payable at importation.