Manufacturer cries out over proposed excise duty

Mr Tony Gadhoke says increased excise duty on household items will greatly increase the cost of living and cost of doing business.

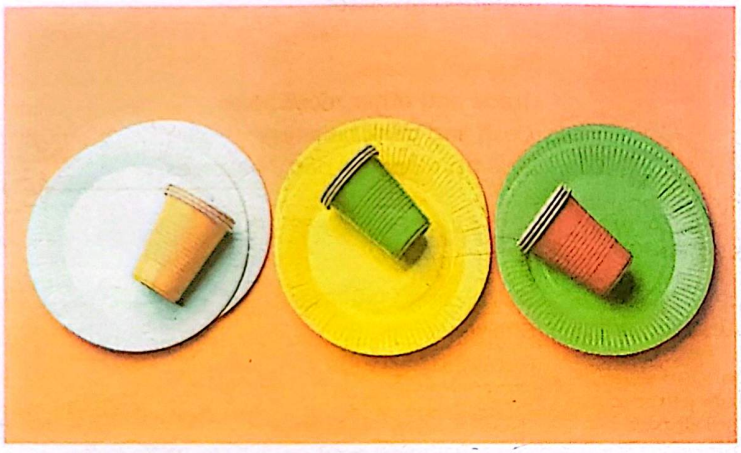
BY PHILIP WAFULA

A manufacturer has expressed dissatisfaction with the proposed Excise Duty (Amendment) Bill, 2026, where the government expects to generate Shs722b in revenue annually.

Mr Tony Gadhoke, the Mukwano Industries chief executive officer, in an interview with this newspaper yesterday, warned that the proposal will invite the dumping of plastics across Uganda's porous borders and encourage importation from neighbouring countries, which shall become "explosive" and a "nuisance".

"Levying an Excise Duty of $1,500 per tonne is onerous and a disincentive. The public will not afford basic products like bread, and so on, as the packaging costs will become too high."

He added: "While the government may increase Excise Duty on cooking oil, it must first remove the duties on imported oil as a raw material. Raw material must not be taxed.



Disposable plastic tableware. These are some of the items that the excise duty will affect, regarding pricing. PHOTO/SHUTTERSTOCK

"The government is not only giving tax holidays to some investors, but duty remission; what about the old investors who have developed Uganda? Simply remove duties for all manufacturers importing cooking oil raw material and impose excise duty," Mr Gadhoke said.

The Bill was read for the first time on April 1 by the State Minister for Finance, Planning and Economic Development in-charge of General Duties, who also laid a Certificate of Financial Implications before the Parliamentary Committee on Finance in accordance with Rule 135 (2), (3) and (a) of the Rules of Procedure.

Investment.
Companies like mine have invested heavily in plastic recycling technology and are converting over 100,000kgs of post-consumer waste plastic into reusable raw material used internally, and sold locally, while the bulk is exported, earning the country forex.
– Mr Tony Gadhoke, chief executive officer, Mukwano Industries.

The Bill proposes an amendment to change the parameters for plastics, after the current provision specified the types of plastics under codes, which have been removed under the proposed provision. It also seeks to tax disposable plastic cups, lids, plates, cutlery, bags, sachets, bottles, straws and stirrers, cling films and wraps, jars and lids.

With the tax rate increasing from $70 to $1,500 per tonne, the MoFPED indicated that the proposed amendment expands the scope to cover most single use plastics, "which are a major source of environmental pollution, contribute to waste accumulation and have been linked to flooding, particularly in urban areas".

The proposal also seeks to harmonise Uganda's tax treatment of plastics with other EAC countries by applying a higher and more consistent rate across major plastic pollutants and discourage the use of non-essential and single-use plastics while protecting critical uses.

Among other key recommendations of the Bill are to increase excise duty on any other un-denatured spirits to discourage importation of relatively cheap spirits which compete with locally produced alternatives.

The amendment does not, however, cover plastic products and granules, but manufacturers who recycle plastics need to be incentivised provided they meet recycling standards and verification requirements.

Mr Gadhoke further explained that the current US/Israel-Iran standoff has pushed the prices of almost everything up, and led to the scarcity of most raw materials. That includes plastics, which he says went up by between 40 percent and 80 percent, a reality he wishes the government doesn't subject the common man to.

Minority

Members of the Finance Committee, who appended their signatures to the minority report on the Excise Duty (Amendment) Bill, 2026, said their primary concern, among others, is that the amendments target goods such as sugar, cooking oil, cement and petroleum that are essential and directly affect the lives of ordinary Ugandans.

According to the Committee, the new tax proposals will increase the cost of living and doing business, and members re-echoed their concerns over a no-comprehensive tax policy in Uganda. The legislators also rejected imposing Shs1,750 per litre on motor spirit (gasoline) and Shs1,430 per litre on gas oil for high speed engines. That also includes the proposal to levy an increased tax of Shs1,000 per 50kg on cement, adhesives, white cement or lime, saying it will slow down the construction sector.

The legislators want the government to reconsider the Excise Duty on motorcycles, saying it will increase the cost of acquiring the assets and limit business expansion.

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