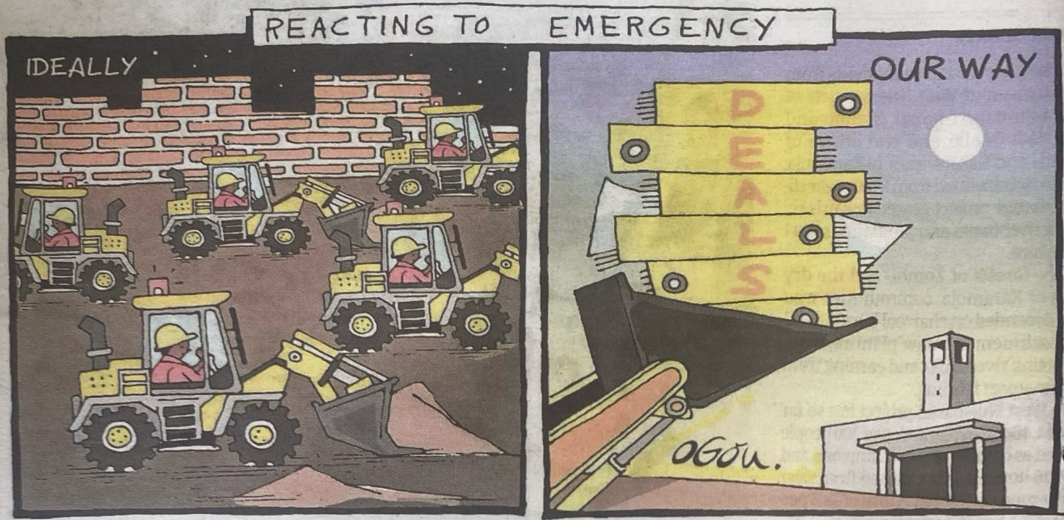
Cartoon. Newly elected Speaker of Parliament Jacob Marksons Oboth Oboth has promised to lead a corruption-free Parliament



Why 2% disability tax break has failed PWDs

In 2009, Parliament made a decision that appeared justified at the time. Lawmakers reduced the tax incentive for private employers hiring persons with disabilities from 15 to just two percent. The justification was simple: some companies were allegedly abusing the system by offering token jobs to persons with disabilities merely to qualify for the rebate.

At the time, disability inclusion in Uganda's labour market was still poorly understood. Workplace accessibility was rare. Enforcement mechanisms were weak. In many cases, persons with disabilities were hired symbolically rather than meaningfully. But 2026 is not 2009. Uganda has changed. The economy has changed. The disability rights movement has evolved.

A two percent tax deduction is too insignificant to influence corporate hiring decisions. It does not motivate employers to invest in accessible workplaces, assistive technologies, sign language interpretation, ramps, screen-reading software, or inclusive recruitment systems. It does not offset the cost of workplace adjustments required to ensure employees with disabilities can thrive and progress professionally. When the 15 percent deduction existed under the earlier disability framework, private sector hiring of persons with disabilities showed noticeable growth. Employers had a genuine financial incentive to move beyond symbolic inclusion. However, once the deduction was reduced to two percent in 2009, much of that momentum disappeared.

This is not speculation. Employers themselves acknowledge that a two percent rebate does not come close to covering the cost of reasonable accommodation. Disability organisations have consistently documented the limited uptake of the current arrangement. The Uganda Revenue Authority already possesses systems capable of verifying tax claims and monitoring compliance.

Restoring a stronger incentive would, therefore, not be a reckless giveaway. It

> Bring back the 15 percent incentive.

Tonny Mulenzi
Tax

would be a strategic economic investment. Other countries have already demonstrated what is possible when governments use fiscal policy to support inclusive employment.

In Germany, employers receive substantial subsidies to support workplace accommodation and training for employees with disabilities. South Africa allows generous deductions for reasonable accommodation costs under its employment equity framework. India provides disability-related tax incentives tied to employment and corporate social responsibility obligations.

These countries did not weaken their economies by investing in inclusion. They strengthened them. By bringing more persons with disabilities into formal employment, they expanded productivity, reduced dependency on social protection programmes, and increased tax contributions through formal income systems. Uganda can do the same. Restoring the 15 percent tax deduction does not mean returning to an unregulated system vulnerable to abuse. Safeguards can and should be built into the framework. Government could require employers to demonstrate meaningful workplace accommodation, maintain minimum salary standards, provide retention and promotion data, and undergo periodic compliance audits. Disability organisations could also play a formal role in verifying implementation and preventing tokenism.

The legal foundation for stronger action already exists. Uganda's disability legislation provides room for deductions related to disability inclusion. Yet implementation remains weak and disconnected from the realities of today's labour market.

Parliament and the Ministry of Finance should now take the next step by amending the Income Tax framework to restore a meaningful incentive for companies that employ persons with disabilities in substantive roles. A tiered system could even be considered: maintaining a lower incentive for small enterprises while granting higher deductions to companies that demonstrate significant inclusion targets and long-term retention.

The bigger question, however, is not whether Uganda can afford stronger disability employment incentives. It is whether Uganda can afford the cost of continued exclusion.

Every year, skilled graduates with disabilities remain unemployed despite years of public investment in education and training. Every year, the country loses productivity, innovation, and economic participation because qualified citizens are denied opportunity. Every year, Uganda falls short of its constitutional commitments and international obligations on disability inclusion.

The 2009 amendment was shaped by the realities and assumptions of its time. But policymaking must evolve with evidence and experience. Uganda now has a generation of educated and ambitious persons with disabilities demanding equal opportunity, as opposed to charity, sympathy, and certainly not symbolic inclusion.

Government has long used tax incentives to stimulate investment in manufacturing, agriculture, and industry. It is time to apply that same logic to human inclusion, especially for persons with disability. Because investing in persons with disabilities is not social welfare. It is economic policy. And Uganda's economy will be stronger when every citizen has a fair opportunity to contribute. Bring back the 15 percent incentive. Uganda's graduates with disabilities are ready.

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