Ugandans to shoulder 52% of Shs84.2 trillion Budget

The new local revenue targets imply that the URA will be tasked to collect an additional Shs7.3 trillion from the current Shs37.2 trillion.

BY BUSEIN SAMILU

Ugandans will have to cough up Shs44.5 trillion to bankroll 52.8 percent of next financial year's Budget, Junior Minister for Finance in-charge of General Duties Henry Musasizi has revealed.

Part of this funding - amounting to Shs1.7 trillion - will be raised through proposed tax reforms tabled before Parliament yesterday. The government also expects to rake in Shs2.5 trillion from traffic fines and other Uganda Revenue Authority (URA) administrative measures.

"The projected total draft annual Budget for the Financial Year (FY)2026/2027 is Shs84.2 trillion...the Budget has been prepared in line with the fourth National Development Plan, the tenfold growth strategy, and will be the first Budget to implement the next National Resistance Movement (NRM) manifesto," he said.

He added: "The Budget has accordingly prioritised investment in agro-industrialisation, tourism development, mineral based industrialisation, and science, technology and innovation (STI), including ICT, creative industry and the enablers."

Mr Musasizi explained that under agro-industrialisation, government will prioritise research, irrigation, inputs, extension, value addition, post-harvest handling, storage, and enforcing standards for market actors.

"On tourism development, we are planning to promote Uganda through branding, infrastructure upgrades, sanitation facilities, hospitality standards, enforcement, and investment in specialised facilities, including health tourism. On mineral based development our priorities are quantification, strengthening the Uganda Mining Company, transparent markets and projects like the East African Crude Oil Pipeline," he said.

The government will in the next financial year invest in commercialisation of STI products such as Kira Motors, Dei Biopharma, establish a hi-tech city, e-commerce, business processing and outsourcing, and promote copyright and neighbouring rights to protect creators. "The enablers of these include security and rule of law, transport infrastructure (roads, railway, & water), electricity, industrial park development, human capital development, water, irrigation, wealth creation funds," he said.



State Minister for Finance in-charge of General Duties Henry Musasizi says Ugandans will cough up to Shs44.5 trillion to bankroll 52.8 percent of next financial year's Budget . PHOTO/FILE

"We have proposed a tax measure amounting to Sh1.7 trillion to finance the budget and I will expound more for critical government intervention and critical expenditure during the budget speech on Thursday June 11, 2026," he said.

URA target

The new local revenue targets imply that the URA will be tasked to collect an additional Shs7.3 trillion from the current Shs37.2 trillion.

- Although the number of taxpayers increased from 4.5 million in 2025 to 5.25 million in early 2026, the Auditor General highlighted in his report that this number constituted only 20 percent of the eligible taxpayers.

> Enablers. The budget has accordingly prioritised investment in agro-industrialisation, tourism development, mineral based industrialisation, and science, technology and innovation (STI), including ICT, creative industry and the enablers," Junior Minister of Finance in-charge of General Duties Henry Musasizi

Economic experts warn that increasingly burdening a small fraction of taxpayers with heavy levies is kicking many out of business, leaving the economy limping.

Annually, the government has been raising URA's revenue collection targets, but actual collections have been a mixed bag over the last four financial years.

For example, in FY2021/22, URA overshot its Shs21.6 trillion target by collecting Shs22.3 trillion. The same happened in FY2022/23 when it collected Shs25.2 trillion against a target of Shs25.1 trillion.

The tide turned in FY2023/24 when the taxman fell short, collecting only Shs27.7 trillion against a Shs29.6 trillion target. Things picked up last financial year when URA collected Shs31.6 trillion against a target of Shs31.3 trillion.

Despite this rebound, the tax-to-GDP ratio has stagnated at 13 percent, a sore point that has repeatedly angered both the Finance Minister and the President.

Speaking to taxpayers at URA in December 2021, Mr Kasaija pleaded with Ugandans to willingly pay their dues and save him from the shame of borrowing.

"I am not proud to be a borrower and these days in Parliament and Cabinet, they call me Minister of Borrowing. It's not interesting because every week or two I am forced to go to Cabinet or Parliament to seek permission to borrow," he said.

His remarks came weeks after President Museveni scoffed at his ministry and URA officials for failing to raise the tax-to-GDP ratio.

A tax-to-GDP ratio compares tax collection to the size of the economy.

Kasaija said, "If we can raise our rate to 20 percent, the situation will be slightly different. In business if you borrow, you are in serious trouble because if you fail to pay, the business will be taken away. Do you want me to borrow [so] that if I fail to pay, people start taking our Assets?" he asked.

By financing 52 percent of the budget locally, government will still have to borrow about Shs47 trillion.

Tax Bills

Mr Musasizi has tabled a raft of tax Bills aimed at amending the Excise Duty, Value Added Tax, Tax Procedures Code, Income Tax, Stamp Duty, Lotteries and Gaming, External Trade, and Traffic and Road Safety Acts. He also tabled the Appropriation Bill, 2026.

Under the Income Tax proposals, government intends to raise Shs410 billion by charging all income earners whose salaries exceed Shs10m a Pay As You Earn (PAYE) rate of 40 percent, up from the current 30 percent.

To cushion low-income earners, the PAYE threshold will be raised from Shs235,000 to Shs335,000 per month.

Taxes on diesel and petrol will also be revised upwards by Shs200 per litre. This measure, expected to collect Shs450 billion, will see petrol taxed at Shs1,750 per litre (up from Shs1,550) and diesel at Shs1,430 (up from Shs1,230).

Current pump prices average Shs5,000 per litre, and government insists the increment will not rock the boat since prices will remain relatively stable.

Alcohol consumers will feel the pinch as taxes on a litre of un-denatured spirits below 80 percent strength rise from Shs1,700 to Shs3,500.

Juice, tea, and coffee lovers will also be hit, with excise duty on sugar tripling from Shs100 per kg to Shs300. Government argues that the tax has lost real value since 2015 due to inflation and market shifts, and the hike will restore its bite.

Excise duty on motorcycles at first registration will jump from Shs200,000 to Shs500,000.

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