



Secondhand cars in a bond. By discouraging the importation of older, polluting vehicles, the government hopes to improve air quality and meet its environmental commitments. PHOTO/MICHAEL KAKUMIRIZI

Bumpy ride for used car importers

Government has proposed a 50% environmental levy on the importation of vehicles older than 13 years.

CAR IMPORTS

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Uganda's car market is shifting gears, and motorists are on the edge.

The government plans to reduce the maximum allowable age for imported vehicles from 15 years to 13 years, while imposing steep environmental levies on older cars. The 50 percent environmental levy on the importation of vehicles older than 13 years, is part of the Revenue Enhancement and Compliance measures for the 2026/27 financial year. According to the tax proposal, importing cars older than 13 years will become a costly affair, with steep environmental levies slapped on them. This means that anyone looking to bring in an older vehicle will have to shell out more cash, making it less attractive for importers and potentially driving up prices for used cars.

For motorists in Uganda, this translates to higher costs of owning and maintaining a vehicle. Yet, those eyeing cheaper, older models might find themselves priced out, while those with existing older cars might see their resale value take a hit.

The move is part of government's plan to promote cleaner transportation and reduce carbon emissions. By discouraging the importation of older, polluting vehi-

cles, the government hopes to improve air quality and meet its environmental commitments.

For car buyers, this means prices are likely to soar. Dealers like Hajji Mustapha Ssemulindde of Ssemu Motors located at Kyambogo-Banda Mart, predict that the average price for a simple saloon car could jump from Shs20m to Shs25m to Shs35m to Shs45m, pricing out many first-time drivers.

This is not the first time the government has tinkered with taxes on vehicles – this started back in 2018, when a levy was introduced, to boost revenue and promote cleaner transportation. But the impact on low-income households and the used car market could be significant.

On average, according to Uganda Revenue Authority, more than 5,000 cars are imported into the country per month, majority of which are older than 15 years. This particular amendment is bound to make cars unaffordable to many Ugandans.

Many of these cars cost an average of \$7,000 (Shs26m). With the amendment, this figure is likely to shoot up between \$12,000 (Shs45m) and \$16,000 (Shs59m).

With costs piling up, dealers are caught between a rock and a hard place. They will have to pass on the increased costs to customers, making cars more expensive. →

Bumpy ride for secondhand car importers with 50% levy



Dark fumes from the exhaust of an old car. Importing cars older than 13 years will become a costly affair, with the steep environmental levies slapped on them.
PHOTO/ MICHAEL KAKUMIRIZI

Gilbert Wavamunno, managing director of Spear Motors says the new levy will reduce pollution.
PHOTO/ DOROTHY NAKAWEESI

Impact

'The proposal means importers will have to bring in slightly newer cars. However, this may negatively impact the market, as importers can still sell cars already in the country.'

← "Yet we have to keep the prices at market rate," Ssemulindde says, emphasizing the tough spot dealers are in.

For the economy, it could mean slower sales, impacting businesses and jobs. So, what is the deal? Cheaper older cars might disappear, but will cleaner air be the trade-off?

New car importers

But for Gilbert Wavamunno, managing director of Spear Motors, in an interview with BD Life, expressed optimism about Uganda's proposal to reduce the allowable import age for cars from 15 to 13 years and introduce environmental levies on older vehicles.

He believes this move is a step in the right direction for reducing pollution, as it'll get rid of older, more polluting vehicles.

"The proposal means importers will have to bring in slightly newer cars. However, this may negatively impact the market, as importers can still sell cars already in the country."

Wavamunno argues that reducing the age limit won't suddenly make people buy new cars, but encourage the removal of very old, polluting ones. He notes that pollution is a significant issue in Kampala, especially during early mornings, and believes the proposal addresses this problem.

Spear Motors' Wavamunno is advocating for cleaner mobility and working with the Uganda Motor Industry Association to push for tax incentives and charging infrastructure for electric vehicles.

Paul Bazibwe, head of sales and marketing at Victoria Motors, warns that the government's proposal to reduce the allowable import age for cars and introduce environmental levies will lead to higher prices in the used car market.

"This will leave the used car market with higher prices, which will affect their sales," he says.

Bazibwe notes that if used cars lose their price advantage, buyers may be compelled to consider brand-new vehicles, which come with benefits such as pristine condition, warranty coverage, and the latest technology.

"If used cars offer no significant price advantage, then buyers will have to look at the brand new options. People will also hold onto their old cars longer," he adds, predicting a potential slowdown in car sales.

Given Uganda's per capita GDP of \$1,206 (Shs4.5m) as of 2025, the average citizen may never be able to afford a car in their lifetime. Even for those who already own vehicles, the prospect of upgrading is increasingly unlikely, forcing many to rely instead on the nearest public service van.

Reactions

Experts agree that government proposals to limit the importation of vehicles older than 13 years are a prudent step.

The imposition of a levy on older vehi-

cles entering the country has also been generally lauded by sector experts.

Weighing in on the budget proposals for the 2026/27 financial year, restricting the age limit for imported cars to 13 years while raising the environmental levy on older vehicles to 50 percent, the experts interviewed for this article disagree, while acknowledging the urgency to curb pollution.

According to Mr Kenneth Asiimwe, a budget analyst with the focus on resource utilisation and revenue mobilisation, any government proposals and related measures should always bear in mind the cost factor.

He says: "It will be expensive for many Ugandans to buy a car in their lifetime. These proposals look to compel people to buy new vehicles, but how many Ugandans can afford a brand-new car?"

Mr Asiimwe's argument is anchored on Uganda Bureau of Statistics 2021 National Labour Force Survey, corroborated by Economic Policy Resource Centre indicating that more than half of Uganda's working population earns Shs200,000 (about \$55) or less per month.

According to Uganda Revenue Authority data, nearly 85 percent of vehicles imported into the country are old or used, indicating that most Ugandans do not drive brand new vehicles.

With increased environmental levy and restricting importation of old cars, Mr Asiimwe believes many Ugandans will not afford used cars anymore.

Going forward, he recommends developing a public mode of transport as an alternative considering that the proposals largely affect private transportation.

"Once public mode of transport is efficient, then not many people will care about buying or driving old cars," says Mr Asiimwe, who is currently an economist with Civil Society Budget Advocacy Group (CSBAG).

Environmentalists views

In an interview with Mr John Robert

Turyakira, a climate advocate and award-winning environmentalist, defender, it didn't take long to applaud the government proposal.

He says: "One of the biggest challenges our country faces is the influx of vehicles that are not only old but also in dangerous mechanical condition.

"These cars emit significant pollutants, contributing to poor air quality, a problem Kampala city is currently grappling with.

"Every harmful emission exacerbates this crisis. The government's proposal to introduce a higher environmental levy is a welcome step towards raising air quality standards and reducing pollution.

He continues: "Air pollution is a primary cause of respiratory conditions, according to the World Health Organisation. Beyond vehicle emissions like smoking and road dust, so pose serious health risks to pedestrians. We must prioritise regulations that improve the situation rather than letting it deteriorate. Regulating cars is a crucial part of that mission."

Uganda's air pollution levels are higher than World Health Organisation (WHO) guidelines with over 10 times the recommended safe limit.

This is, according to Mr Turyakira, who is also the founder and executive director of African Green Health Network (AGHNET), driven by rapid urbanisation, unpaved roads, and vehicle emissions, prompting the National Environment Act of 2019 and the City Standards Regulations, 2024 to force stricter controls.

"Issues concerning environmental health shouldn't be compromised under the guise of growing the economy," concludes Mr Turyakira.

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