



## Uganda's FY 2026/27 Budget: What Businesses Should Be Watching

## **Uganda's FY 2026/27 Budget: A New Financial Year, A New Compliance Reality**

As Uganda enters the Financial Year 2026/27, the national budget reflects a clear policy direction: strengthening domestic revenue mobilisation while reducing reliance on external financing. This approach is intended to support fiscal independence and long-term economic stability, but it also presents practical implications for businesses, employers and individual taxpayers.

The FY 2026/27 budget comes at a time when businesses are already navigating rising operating costs, cash flow constraints, access-to-credit challenges and increased compliance expectations. In this context, the new tax measures should not be viewed in isolation. They form part of a broader fiscal strategy that places greater responsibility on domestic taxpayers and local enterprises to support national revenue objectives.

### **A stronger push for domestic revenue**

A central feature of the FY 2026/27 budget is the government's focus on raising more revenue domestically. The budget framework highlights increased tax collection as a key pillar in financing public expenditure, especially against the backdrop of reduced external support.

From a business perspective, this points to a more demanding tax and compliance environment. Organisations may experience increased scrutiny in areas such as payroll taxes, withholding tax, VAT compliance, documentation, invoices and timely filing of returns.

The Uganda Revenue Authority has indicated that the FY 2026/27 tax amendments cover several tax laws, including Income Tax, VAT, Local Excise Duty, Stamp Duty, Tax Procedures, Lotteries and Gaming, and External Trade.

### **Key tax changes businesses and taxpayers should note**

Several tax amendments are expected to affect employers, individuals and businesses from 1 July 2026. These include changes to PAYE, withholding tax and sector-specific obligations.

#### **1. PAYE and high-income earners**

One of the notable changes is the revision of the PAYE structure. The monthly tax-free threshold has increased to UGX 335,000, while the additional charge on income above UGX 10 million per month remains relevant for high-income earners, resulting in an effective top marginal rate of 40%.

For employers, this means payroll systems should be reviewed and updated to reflect the new PAYE bands. It is also advisable for finance and HR teams to run checks on July payroll calculations to ensure correct deductions and avoid future penalties.

#### **2. Gaming and betting**

The tax amendments reintroduce withholding tax on betting winnings at a rate of 15%. This is particularly relevant for operators in the gaming and betting sector, as well as taxpayers receiving such winnings.

Businesses in this sector should ensure that systems are configured to withhold and remit the correct tax amounts in line with the new requirements.

### **3. Telecommunications and mobile money commissions**

The amendments also expand withholding tax obligations on commissions paid in relation to telecommunication retail services, mobile network services and mobile money services.

This development is important for telecom operators, agents, aggregators and businesses involved in commission-based service arrangements. Proper documentation and withholding processes will be critical.

### **4. Non-Business assets and property transactions**

The taxation of gains and payments relating to certain non-business assets, including personal land or property transactions, has also been tightened.

Individuals and businesses involved in real estate transactions should seek guidance before completing property disposals or purchases to understand the applicable tax treatment and documentation requirements.

### **5. VAT and other compliance changes**

The FY 2026/27 tax amendments also include VAT-related changes, including an increase in the VAT registration threshold and changes affecting VAT withholding where e-invoices or e-receipts are issued.

For businesses, this creates both opportunities and obligations. Some smaller businesses may fall outside the VAT registration threshold, while VAT-registered entities will need to ensure that invoicing systems, tax codes and EFRIS-related processes are up to date.

### **The bigger business concern: credit, cash flow and arrears**

While the tax amendments are important, they are only one part of the FY 2026/27 story.

The budget also points to continued reliance on domestic borrowing. This may place pressure on the availability and cost of credit for the private sector, particularly for small and medium-sized enterprises that depend on affordable financing for working capital and expansion.

Another key concern is the accumulation and delayed settlement of domestic arrears. In the attached budget analysis, delayed government payments are identified as a major liquidity challenge for businesses that supply goods and services to government entities. When payments are delayed, businesses may struggle to meet their own obligations, including salaries, loan repayments, supplier payments and tax liabilities.

This creates a difficult operating environment: businesses are expected to meet tax and compliance obligations promptly, while also managing cash flow constraints and potentially limited access to credit.

## What should businesses do now?

In light of the FY 2026/27 budget and tax amendments, businesses should take a proactive approach. Key actions include:

- **Review payroll systems** to ensure PAYE calculations reflect the new thresholds and rates starting July.
- **Assess withholding tax obligations** on commissions, betting winnings, payments to entertainers, software-related payments and relevant asset transactions.
- **Review contracts and payment processes** to ensure tax clauses, invoicing and withholding responsibilities are clearly addressed.
- **Strengthen cash flow planning**, especially for businesses that rely on government contracts or delayed receivables.
- **Update VAT and EFRIS processes** to align with changes relating to invoicing, VAT registration thresholds and VAT withholding.
- **Seek professional tax advice** before completing significant transactions, especially property disposals, cross-border payments and commission-based arrangements.

Uganda's FY 2026/27 budget reflects a country seeking greater fiscal self-reliance. However, for businesses, this shift comes with increased compliance expectations, a broader tax base and continued pressure on liquidity and credit access.

The key message is compliance can no longer be treated as a back-office function. It must be integrated into strategic planning, cash flow management, payroll administration and business decision-making.

As the new financial year unfolds, businesses that remain informed, compliant and agile will be better positioned to navigate the evolving fiscal landscape.