THE EXCISE DUTY (AMENDMENT) ACT, 2026

POPULAR VERSION

What You Need To Know!

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1. ABOUT ADVOCACY COALITION FOR SUSTAINABLE AGRICULTURE (ACSA)

ACSA is a legally registered national network of Civil Society Organizations (CSOs) which works with smallholder farmers to promote sustainable agriculture, agricultural market development, and environmental conservation and undertakes research and advocacy. ACSA has membership of 31 CSOs spread country wide in 55 districts with Mission "to Empower civil society organizations (both Church and church actors) working with smallholder farmers to advocate for favorable agrarian policy environment for sustainable communities" and a Vision of "Smallholder farmers living in a Sustainable Environment". ACSA's focus areas are; Advocacy and Lobbying, Research and documentation, Capacity building of member organizations, Capacity building of ACSA secretariat, Networking and partnership Building, which are undertaken under the overall Goal of: "Relevant agriculture policies and services for Small Holder Farmers (SHFs) are implemented to foster profitable sustainable agriculture enterprises.

2. ABOUT THE EXCISE DUTY (AMENDMENT) ACT, 2026

Excise duty is a form of tax imposed by government on specific goods and services that are either produced locally or imported into the country. These goods are usually selected because they are considered luxury items, harmful to health, environmentally sensitive or important revenue sources for the government. In Uganda, excise duty is governed under the Excise Duty Act, Cap. 336, which sets out the products and services that are taxable and the rates at which they are charged.

Over time, the rates of excise duty are reviewed and adjusted to reflect changes in the economy, government revenue needs, inflation, consumption patterns and policy priorities. These adjustments are usually done through amendment bills presented to Parliament.

The Excise Duty (Amendment) Bill, 2026 has been introduced to revise the rates of excise duty on selected goods and services listed under Schedule 2 of the Act. The Bill is part of government's broader effort to strengthen domestic revenue collection, support national development financing, and align taxation with current economic conditions.

The Bill proposes changes to excise duty on a range of products including fuel, alcohol, sugar, plastics, cooking oil, cement, motorcycles and other consumer goods. These products are commonly used in households and businesses, meaning any adjustment in tax rates is likely to have a direct impact on prices and the cost of living.

The amendment is expected to take effect from 1st July 2026, once approved by Parliament and signed into law. From that date, the revised excise duty rates will apply to the affected goods and services, influencing production costs, market prices and consumer spending patterns across the country.

3. PROPOSED AMENDMENTS TO SCHEDULE 2, (CAP 336) OF THE EXCISE DUTY AMENDMENT BILL 2026

Proposed Amendment	Description	What this means
Increase in Taxes on Alcohol	The Bill proposes higher taxes on imported spirits and alcoholic drinks with alcohol content below 80%. The tax will become: • 80% of the value of the product, or • UGX 3,500 per liter, whichever amount is higher. **Simple Example** If a liter of imported whiskey is worth UGX 10,000: • 80% of UGX 10,000 = UGX 8,000 • Fixed tax per liter = UGX 3,500 • Since UGX 8,000 is higher than UGX 3,500, the importer will pay UGX 8,000 tax.	Imported alcoholic drinks such as spirits, gin, vodka, and whiskey may become more expensive. Government says this is intended to raise revenue and discourage excessive alcohol consumption
New Taxes on Cement and Construction Materials	The Bill proposes a tax of UGX 1,000 per 50kg bag of cement, adhesives, grout, white cement or lime.	Construction costs for materials may rise. This could affect builders, contractors, people constructing homes and infrastructure projects.
Higher Taxes on Plastics	The Bill increases taxes on several plastic products including plastic bags, disposable cups and plates, straws, plastic bottles, sachets, cling films, jars and lids. The tax proposed is: • 25% of the product value, or • USD 1,500 per ton, • whichever is higher. Some packaging materials used directly for food, tea, coffee and sanitary pads are exempted.	Plastic products may become more expensive. Government intends this measure to reduce plastic waste, protect the environment and encourage alternative packaging materials. However, businesses that depend on plastics may face increased production costs.
New Tax on Fuel	The Bill proposes new excise duty rates on fuel: • Petrol (motor spirit/gasoline): UGX 1,750 per liter • Diesel (gas oil): UGX 1,430 per liter	Transport costs may increase because fuel affects public transport fares, movement of goods, agricultural transport and general business costs. This may eventually increase the prices of food and other commodities

Proposed Amendment	Description	What this means
Tax on Sugar	The Bill proposes: • UGX 300 tax per kilogram of sugar.	Sugar prices may increase. This could affect households, bakeries, beverage producers, and small businesses that use sugar daily.
Tax on Cooking Oil	The Bill proposes: • UGX 400 is added as tax per liter.	Cooking oil prices may increase, which would affect households, restaurants, schools, food vendors, shops etc.
Tax on Cooking Fat	The Bill also introduces: • UGX 500 tax per liter or kilogram of cooking fat.	Cooking oil and cooking fat are basic household commodities used by many families. The increase may raise the cost of food preparation both at household level and in restaurants, schools, and food businesses.
Tax on Motorcycles	The Bill introduces: • UGX 500,000 excise duty on motorcycles at first registration.	Motorcycles, including boda bodas, may become more expensive to register and purchase. This could affect youth employment, boda boda operators, transport businesses and delivery services.
Taxes on Paints and Varnishes	The Bill proposes taxes on paints, varnishes and lacquers. For locally made products: • 3% tax or UGX 50 per liter/kg. For imported products: • 10% tax or UGX 2,000 per liter/kg.	Paint prices may increase, affecting construction, furniture making, vehicle painting and manufacturing industries.

4. WHY THE AMENDMENT?

The Excise Duty (Amendment) Bill, 2026 is being introduced to update and improve the current tax system under the Excise Duty Act, Cap. 336.

- Government is amending the law because the existing tax rates are seen as outdated and no longer fully match current economic conditions. Prices of goods, production costs and consumption patterns have changed over time, so government wants to adjust the taxes to reflect today's realities.
- To increase domestic revenue. Uganda needs more money to fund national development projects such as roads, health services, education and infrastructure. By revising excise duty rates, the government expects to collect more funds locally instead of relying heavily on borrowing or external aid.
- The Bill is also being amended to align taxation with current policy goals. This includes encouraging the use of locally produced goods, reducing harmful consumption such as excessive alcohol use and addressing environmental concerns like plastic pollution.

5. CONSIDERATIONS FOR KEY STAKE HOLDERS

Farmers: Farmers should consider how the Bill may indirectly affect them through increased costs of fuel, transport and agricultural inputs. Higher fuel prices can increase the cost of moving produce to markets, while increased prices of goods like cooking oil and plastics can also affect rural households. Farmers should also think about opportunities to strengthen cooperatives, reduce transport costs through bulk marketing and improve efficiency in production to cope with rising costs.

Private Sector (Businesses and Traders): The private sector needs to assess how changes in excise duty will affect production costs, pricing and competitiveness. Businesses dealing in fuel, construction materials, plastics, beverages and consumer goods may face higher taxes, which could reduce profit margins or increase prices for consumers. Companies should also consider compliance requirements, possible changes in demand and the need to adjust business strategies to remain competitive.

Government agencies: Government institutions should consider how to effectively implement, monitor and enforce the new tax rates without creating unnecessary bureaucracy or duplication of roles. Agencies must also balance revenue collection goals with economic stability, ensuring that taxation does not negatively affect investment, employment or essential services. Coordination between regulatory bodies will be important to avoid confusion and overlap.

Financial institutions (Banks, Mobile Money, Insurance, etc.): Financial institutions should consider how the new tax framework may affect financial flows. But it is important to ensure that financial services remain accessible and efficient, even under changing tax conditions, while maintaining stability in the financial system.

Institutions like schools, universities and hospitals: These institutions may need to revise their budgets to account for increased input costs and explore ways to use resources more efficiently, including bulk purchasing, cost-sharing arrangements or supplier negotiations.

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