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PARLIAMENT OF UGANDA



**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE EXTERNAL TRADE (AMENDMENT) BILL, 2026**

Office of the Clerk to Parliament

11th Parliament

April, 2026

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1.0 INTRODUCTION

The External Trade (Amendment) Bill, 2026 was read for the first time on Wednesday 1st April 2026 by the Minister responsible for Finance, Planning and Economic Development. The Minister also laid a certificate of financial implications indicating that the expected revenue gain is Shs. 40 billion annually.

The Committee scrutinised the Bill in accordance with Rule 135 (2), (3) and (4) of the Rules of Procedure and now begs to report.

2.0 OBJECT OF THE BILL

The object of this Bill is to amend the External Trade Act, Cap. 69;

- i. to exempt imports of vaccines, medicines, medical supplies, pesticides, rodenticides, acaricides and insecticides from the infrastructure levy and import declaration fee; and
- ii. to impose an environmental levy on worn clothing and other worn articles.

3.0 METHODOLOGY

While considering the External Trade (Amendment) Bill, 2026, the Committee utilised the following methods:

3.1 Meetings

The Committee held meetings and received written memoranda from the following entities:

- i. Ministry of Finance, Planning and Economic Development (MoFPED);
- ii. Uganda Revenue Authority (URA);
- iii. PricewaterhouseCoopers (PwC);

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Section 3B was part of the amendments in the External Trade(Amendment) Act, 2025 which introduced an import declaration fee of 1% on goods imported into Uganda for home use.

The MoFPED informed the Committee that this amendment intends to remedy the omission of key items such as medicines and agricultural pest control inputs as part of the exemptions under the infrastructure levy.

The Committee observed that;

- i. the proposed amendment intends to ensure that vaccines, medicines and medical supplies, pesticides, rodenticides, acaricides and insecticides are not subjected to 1.5% infrastructure levy and 1% import declaration fee;*
- ii. this move is intended to ensure that access to vaccines, medicines and medical supplies by Ugandans is not curtailed since imposing an infrastructure levy and import declaration fee will have an effect on their cost;*
- iii. the provision will promote agricultural productivity given that agriculture still remains the backbone of the Ugandan economy.*

The Committee recommends that Clause 2 and 3 of the Bill be adopted.

4.2 Environmental levy

Clause 4 of the Bill is to the effect that there shall be charged an environmental levy on worn clothing and other worn articles at the rate of 30% of the CIF value.

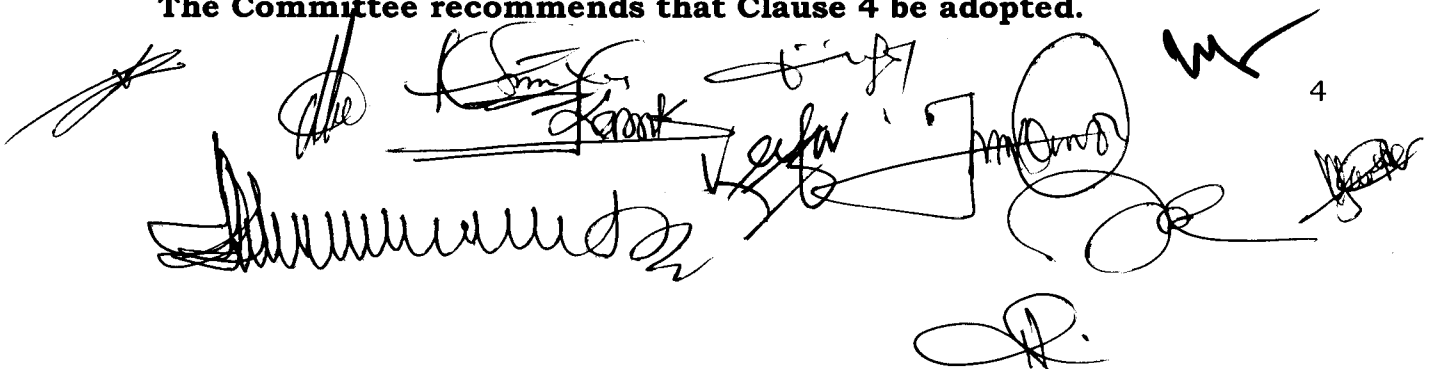
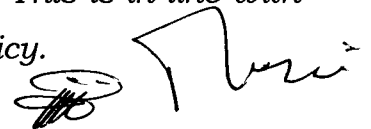
The proposal creates a third import levy alongside the infrastructure levy of 1.5% and import declaration fee of 1%. Importers of worn clothing and other worn articles (“mivumba”) will now face customs duty, 1.5% infrastructure levy, 1% import declaration fee, 18% VAT and 30% environmental levy, making it a cumulative levy burden of 32.5%.

The Committee was informed by the Ministry of Finance that the measure is intended to address environmental concerns associated with the importation of second-hand clothing, much of which quickly becomes waste and contributes to landfill pressure and pollution. By increasing the cost of these imports, the levy is expected to reduce the volume of low quality clothing entering the country and promote more sustainable consumption. The amendment will also support domestic textile and garment industries by reducing unfair competition from cheap imports, thereby encouraging local production, job creation, and value addition.

The Committee observed that:

- i. the amendment stems from the proposal by the East African Community (EAC) Heads of State in 2016 to phase out importation of second-hand clothing by 2019 to promote domestic textile industries; and*
- ii. the proposal seeks to achieve a dual objective of protecting the environment by reducing waste and pollution while promoting the local textile manufacturers and job creation through reduced competition from low cost imports. This is in line with the Buy Uganda, Build Uganda (BUBU) policy.*

The Committee recommends that Clause 4 be adopted.



5.0 CONCLUSION

The External Trade (Amendment) Bill, 2026 be passed.

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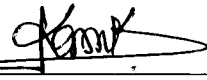
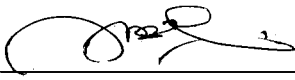


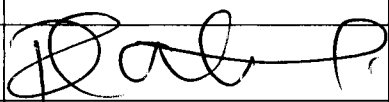
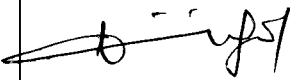

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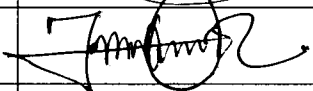
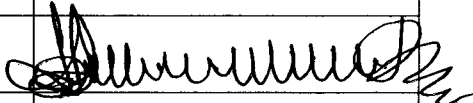
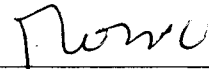
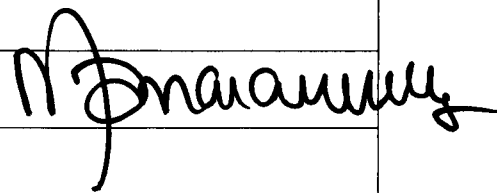
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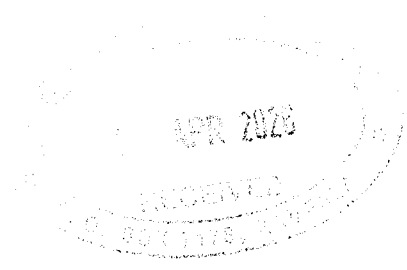
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**ENDORSEMENT OF THE REPORT ON THE EXTERNAL TRADE
(AMENDMENT) BILL, 2026**

NO	MEMBER	CONSTITUENCY	SIGNATURE
1	Hon. KANKUNDA AMOS	Rwampara County	
2	Hon. ALEPER MOSES	Chekwi County (Kadam)	
3	Hon. ACIRO PASKA MENYA	District Woman Pader	
4	Hon. ADEKE ANNA EBAJU	District Woman Soroti	
5	Hon. AKOL ANTHONY	Kilak North County	
6	Hon. ASIIMWE ENOS	Kabula County	
7	Hon. ATIM AGNES APEA	District Woman Amolatar	
8	Hon. ATIMA LEE BUTI JACKSON	Arua Central Division	
9	Hon. AVUR PACUTO JANE	District Woman Pakwach	
10	Hon. AYUME CHARLES	Koboko Municipality	
11	Hon. BATARINGAYA BASIL	Kashari North County	
12	Hon. EKANYA GEOFFREY	Tororo North County	
13	Hon. KAMBALE FERIGO	Kasese Municipality	
14	Hon. KATESHUMBWA DICKSONS	Sheema Municipality	
15	Hon. KATWESIGYE KOYEKYENGA OLIVER	District Woman Buhweju	
16	Hon. KINSHABA NKUNDA PATIENCE	District Woman Kanungu	
17	Hon. KIWANUKA KEEFA	Kiboga East County	
18	Hon. KUGONZA EMELY	Buganda East County	
19	Hon. KYOOMA AKAMPURIRA XAVIER	Ibanda County North	

20	Hon. LUBEGA SSEMPA BASHIR	Mubende Municipality	
21	Hon. MASABA KARIM	Mbale Industrial Division	
22	Hon. MBABAZI JANEPHER KYOMUHENDO	District Woman Kagadi	
23	Hon. MPINDI BUMALI	PWD Representative	
24	Hon. MUWANGA KIVUMBI MUHAMMAD	Butambala County	
25	Hon. NABAGABE KALULE FLAVIA	District Woman Kassanda	
26	Hon. NABUKEERA HANIFA	District Woman Mukono	
27	Hon. NABUKENYA BRENDA	District Woman Luweero	
28	Hon. NAKUT FAITH LORU	District Woman Napak	
29	Hon. NANDALA MAFABI NATHAN	Budadiri County West	
30	Hon. NANGOLI GERALD	Elgon North County	
31	Hon. OCAN PATRICK	Apac Municipality	
32	Hon. OCHAI MAXIMUS	West Budama County North	
33	Hon. OCHWA DAVID	Agule County	
34	Hon. OGWAL MOSES	Dokolo North County	
35	Hon. OKOT JOHN AMOS	Agago North County	
36	Hon. OKOT MOSES JUNIOR	Kioga County	
37	Hon. OMARA PAUL	Otuke County	
38	Hon. OPOLOT ISIAGI PATRICK	Kachumbala County	
39	Hon. SSEMUJJU IBRAHIM	Kira Municipality	
40	Hon. TAYEBWA HERBERT	Kashongi County	

41	Hon. WAMAKUYU MUDIMI IGNATIUS	Elgon County	
42	Hon. WANDA RICHARD	Bungokho Central County	



PARLIAMENT OF UGANDA

MINORITY REPORT ON THE EXTERNAL TRADE (AMENDMENT) BILL, 2026

APRIL, 2026

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1. Non-Compliance with the law.

Failure to carry out a study before imposition of a tax.

Rt.Hon. Speaker, the law requires that before government introduces any tax measure, it needed to carry out a study to Inform its issuance of the certificate of financial implication. According to the PFM Act, CAP,171, section 74 (1), (2) and (3) states;

- (1) Every Bill Introduced in Parliament shall be accompanied by a certificate of financial implication issued by the Minister.
- (2) The certificate of financial implication issued under subsection (1) shall indicate the estimates of revenue and expenditure over the period of not less than two years after the coming into effect of the Bill when passed.
- (3) In addition to the requirements under subsection (2) the certificate of financial implication shall indicate the impact of the Bill on the economy.
- (4) Notwithstanding subsections (1), (2) and (3), a certificate of financial implication shall be deemed to have been issued after 60 days from the date of request for the certificate.

The reason why this certificate is needed is to enable Parliament make informed decisions. So when the Minister issues a certificate of Financial Implication without the required information is a problem. The absence of a Comprehensive Study informing the certificate of financial implication issued by the Minister of Finance severely undermined our ability as a Committee to make informed decisions regarding the External Trade (Amendment) Bill, 2026.

We need to remind Parliament that the certificate of financial implication as put in the Public Finance Management Act CAP,171, serves as a critical tool for assessing the potential benefits and costs associated with tax bills.

However, without substantiated data and analysis outlining these implications, and by failing to provide a thorough examination of the financial implications, the Ministry of Finance leaves the committee and lawmakers without the essential information needed to weigh the potential benefits against the costs of the proposed legislation.

Therefore, it is imperative that the Ministry of Finance fulfills its obligation to conduct thorough studies and provide accurate assessments to ensure that the certificate of financial implication truly serves its intended purpose of guiding informed decision-making in Parliament.



2.0. THERE IS NO COMPREHENSIVE TAXATION POLICY IN UGANDA.

Rt.Hon. Speaker and Members, this is to re-echo the concerns of Hon. Gyaviira Ssemwanga on May 5th, 2022, when Hon. Gyaviira Ssemwanga Member of Parliament for Buyamba County, regarding the absence of a comprehensive taxation policy in Uganda. On that day 5th May 2022, **Parliament, passed a motion urging the Government to develop such a Comprehensive Policy on Taxation.**

Unfortunately, Rt.Hon. Speaker, up to now, this government every Financial year introduces tax bills without a Taxation Policy in place. This approach, Hon. Speaker grants the government unchecked discretion in determining which taxes to impose, their amounts, timing, and the targets of taxation. Often, this leads to unfair taxation systems that disproportionately burden the impoverished citizenry.

Hon. Members we need to be reminded that even one of the present member s on the finance Committee Hon. Kateshumbwa, who was then a Commissioner for Domestic Taxes at the Uganda Revenue Authority (URA) emphasized the necessity of making tax decisions in accordance with a clearly defined policy framework. In his words, he stated, "We need to base our tax decisions on a structured policy rather than relying on ad-hoc negotiations.

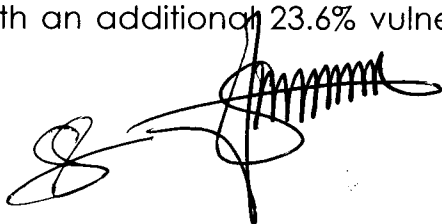
Rt.Hon. Speaker, in the absence of such a Comprehensive Taxation Policy to-date, we argue this Parliament to reject these tax bills that are framed to exploit innocent citizens by subjecting them to excessive taxation.

3.0 We object to increasing tax on Second hand clothes by 100% (from 15%-30%)

Government wants to insert section 3C in principal Act to impose an Environmental levy on worn clothing and other worn articles at a rate of 30% of the CIF value. Government projects to raise more revenue from the poor people who buy these second hand items not by choice but by necessity. The second idea of protecting the local textile industry without due consideration for their limited capacity/ volume to dress the entire population at an affordable fee is very unrealistic.

We want to make the record clear, that the second-hand clothing popularly referred to as " *Mivumba*" is an essential good, not luxury. Increasing taxes on essentials affects the poor.

According to the Uganda Bureau of Statistics (UBOS) 2024 Census and UNDP 2025 reports, approximately 57.2% of Ugandans are suffering from multidimensional poverty, with an additional 23.6% vulnerable to falling into poverty. This means



that, almost 80% (57.2 % plus 23.6 %) are poor. To put this into perspective, for an average wage of UGX. 500,000 (Approx.\$131), a new blazer or suit from a simple shop goes for over UGX. 200,000, nearly half their monthly income. In contrast, a high-quality second-hand blazer at Owino market costs roughly UGX. 40,000.

Doubling the tax from 15% to 30% is placing a heavy burden to the very poor who rely on these items for school uniforms, work attire, and basic dignity.

Secondly, Hon. Speaker, the government goal of protecting the local industry is premature and doesn't hold water because the domestic textile infrastructure we have as of now cannot support the national demand. For your information Hon. Speaker and Members, Statistics show that Uganda still exports a vast majority of its cotton lint rather than processing it into finished garments locally. This means, increasing taxes on the only affordable alternative before the local industry has the capacity, variety, and price-competitiveness to replace it creates a clothing vacuum.

Thirdly, Hon. Speaker and Members, second-hand clothing trade employs very people in Uganda's urban Centres like Kampala (Owino, Shauriyako etc). These are not just traders, they are youths, and women who rely on small scale retail trade for survival. An attempt to increase tax by 100% is an attempt to close their businesses.

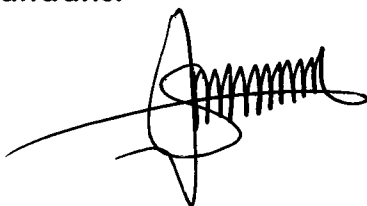
While we support, " Buy Uganda Build Uganda" (BUBU), the proposed section 3c Environment levy is ignoring the current 80 % poverty and vulnerability rate. This tax increase penalizes, the poor for their lack of purchasing power without offering a functional, affordable local alternative.

KACITA (a Multi-sectoral business support association while appearing before the Committee on Finance, Planning and Economic Development, expressed serious concerns against doubling the tax from 15% to 30%, maintaining that already traders are subjected to multiple taxes, including; import Duty-35%, VAT-18%, Withholding Tax – 6%, and currently 15% surcharge.

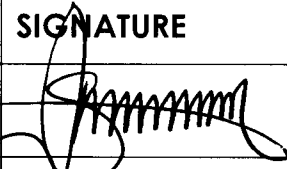
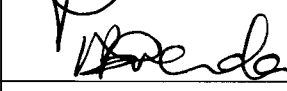
We therefore urge Government to stay this proposal until it provides incentives for local textile manufacturers to lower costs before imposing a punitive levy on clothing.

We object to doubling the Environmental Levy on Worn second hand clothing that make up the vast majority of the clothes purchased by the middle and low-income Ugandans.

I submit.



**Members of the Committee on Finance, Planning and Economic Development
Dissenting from the views of the Majority.**

SN	MEMBER	SIGNATURE
1.	S Semujou Abahim	
2.	BRENDA NABUKENYA	
3.	KARIM MASABA	