

# PARLIAMENT OF UGANDA



## REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2026

Office of the Clerk to Parliament

11<sup>th</sup> Parliament

April, 2026

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## 1.0 INTRODUCTION

The Tax Procedures Code (Amendment) Bill, 2026 was read for the first time on Wednesday 1<sup>st</sup> April 2026 by the Minister responsible for Finance, Planning and Economic Development. The Minister also laid a certificate of financial implications indicating that no net revenue gain or loss is expected from the Bill.

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 the Bill is to amend the Tax Procedures Code Act, Cap. 343 to:

- i. revise the penalties for penal tax relating to tax stamps, electronic receipting and electronic invoicing; and
- ii. provide for the waiver of tax outstanding as at 30<sup>th</sup> June 2016.

## 3.0 METHODOLOGY

While considering the Tax Procedures Code (Amendment) Bill, 2026, the Committee utilised the following methods:

### 3.1 Meetings

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

- i. Ministry of Finance, Planning and Economic Development (MoFPED);
- ii. Uganda Revenue Authority (URA);
- iii. PricewaterhouseCoopers (PwC);
- iv. Institute of Certified Public Accountants of Uganda (ICPA-U);

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- v. Private Sector Foundation Uganda (PSFU);
- vi. Uganda Manufacturers Association (UMA);
- vii. Tax Justice Alliance Uganda (TJAU);
- viii. Uganda National Traders Alliance (UNATA);
- ix. Kampala City Traders Association (KACITA);
- x. Uganda Hotel Owners' Association (UHOA); and
- xi. Uganda Bankers Association (UBA).

### 3.2 Document review

The Committee reviewed and made reference to the following documents:

- i. The Tax Procedures Code (Amendment) Bill, 2026 – Explanatory Notes from the MoFPED; and
- ii. The Tax Procedures Code Act, Cap. 343

## 4.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

### 4.1 Penal tax for tax stamps

Clause 2 of the Bill proposes to reduce the penalty for tax stamps to one hundred currency points (Ushs 2,000,000) from two thousand five hundred currency points (Ushs. 50,000,000). This penalty applies where a person is found in possession of goods on which a tax stamp is required but has not been affixed.

The Ministry indicated that the current penalty of UGX 50 million although deterrent has been found difficult to pay especially for

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businesses with small transactions. In such cases, the existing penalty can be disproportionate and may exceed the capital of the business. The proposed amendment introduces a more proportionate penalty for possession of unstamped goods, while maintaining strict penalties for manufacturers who fail to stamp their products. The penalty for manufacturers remains unchanged at Ugshs 50 million.

*The Committee observed that:*

- i. although the current penalty of 50m has a strong deterrent effect, it has proven difficult for businesses with small value transactions to pay. In such cases, the penalty maybe disproportionate and may exceed the working capital of the affected business; and*
- ii. the reduction will introduce a more proportionate and enforceable penalty regime particularly for small medium sized enterprises while maintaining the same penalty for manufacturers.*

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

#### **4.2 Waiver of interest and penalty upon payment of principal tax**

Clause 3 of the Bill proposes an insertion to section 47C in the Tax Procedures Code Act which provides that any interest and penalty outstanding as at 30<sup>th</sup> June, 2016 and is outstanding at the commencement of this Act is waived. On 13<sup>th</sup> May 2025, Parliament considered the Tax Procedures(Amendment) Bill, 2025. The Committee report indicated that a similar provision was introduced in 2023 and 2024 by the Ministry of Finance, Planning and Economic Development and passed by Parliament. The proposal was aimed at providing

taxpayers with additional time to resolve outstanding tax issues, stabilise their cash flows, and settle obligations.

The Committee observed that many taxpayers have not benefited from the 2023 and 2024 amendments because of the outstanding issues with their respective URA ledger reconciliations. Therefore, the Committee recommended that the proposed amendment to extend the waiver of interest and penalty upon payment of principal tax be adopted and encouraged URA to clean up tax ledgers to address the numerous taxpayer complaints. Parliament adopted the above amendment as such, it formed part of the Tax Procedures Code(Amendment) Act, 2025.

The Ministry informed the Committee that the waiver is intended to restore the integrity of taxpayer ledgers and reduce ongoing disputes, including litigation where URA has faced challenges. By clearing these legacy balances, URA can focus on current and enforceable tax liabilities, which are easier to manage and collect. The measure will also improve the functioning of electronic tax systems by removing outdated and disputed entries, resulting in cleaner and more reliable taxpayer records. This is expected to enhance compliance and build greater trust between taxpayers and the tax authority.

*The Committee observed that:*

- i. many tax payers were unable to realise the benefits of prior legislative amendments due to persistent discrepancies in their URA ledger reconciliations; and*
- ii. the proposed amendment under Clause 3 of the Bill will enable these tax payers to benefit from the amendment for the specified period.*

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

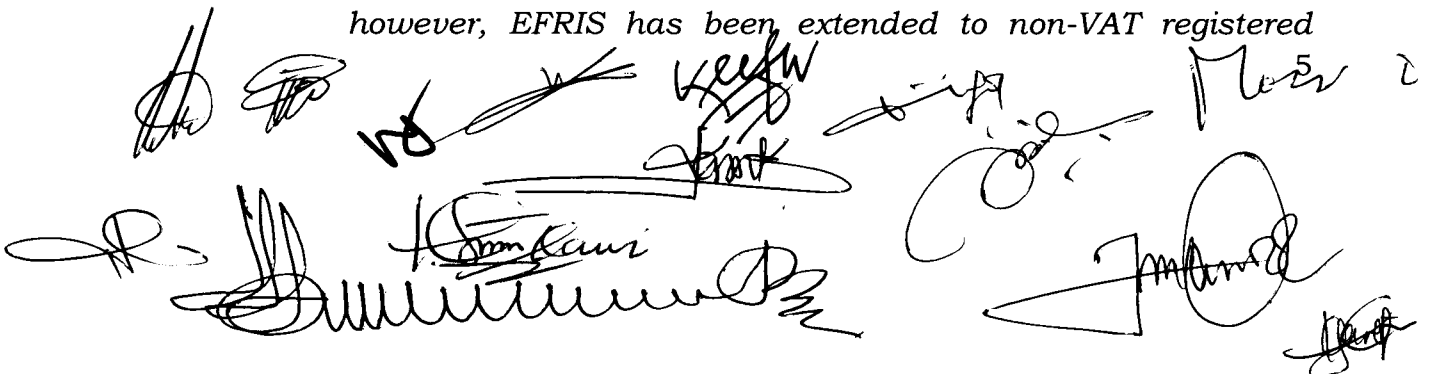
**4.3 Revision of penalties for non-compliance with electronic fiscal devices**

Clause 4 of the Bill proposes an amendment to section 93 of the principal Act to revise the penalties for non-compliance with electronic fiscal devices. It is imperative to note that this section was amended in the Tax Procedures Code (Amendment) Act, 2025 by imposing a penalty of double the tax due on the goods or services. The amendment is changing the penalty to double the tax due on the goods or services or ten currency points, whichever is higher for both non-use of the EFRIS device or for non-issuance of an e-invoice or e-receipt or tampering with an electronic fiscal device.

The Committee was informed by MoFPED that under the current law, the penalty is tied to "double the tax due on the goods or services." This approach worked when EFRIS applied mainly to VAT registered businesses, where the tax due was VAT. However, EFRIS has now been extended to businesses that are not VAT registered. In these cases, there may be no identifiable tax on the transaction, making it difficult or impossible to apply a penalty based on "tax due." This creates legal uncertainty and inconsistent enforcement. The amendment addresses this gap by introducing a minimum fixed penalty through the currency points threshold. This ensures that the penalty can be applied consistently across all businesses, including those outside the VAT system.

*The Committee observed that;*

- i. *the penalty was set at double the tax due on goods and services, this worked well for VAT registered businesses, however, EFRIS has been extended to non-VAT registered*



businesses and in this case, there is a challenge in identifying the “tax due” on the transaction. This makes it difficult for URA to calculate and apply the penalty consistently. It has also led to legal uncertainty and uneven enforcement; and

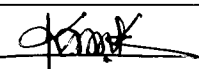
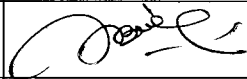



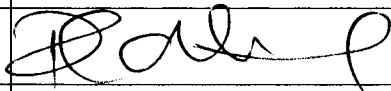
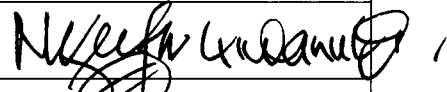
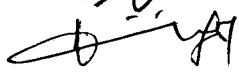

- ii. this amendment introduces a clear penalty which can be applied to all businesses, whether VAT registered or not ensuring consistent enforcement. The amendment will thus ensure compliance with EFRIS.

**The Committee recommends that Clause 4 be adopted.**


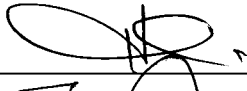
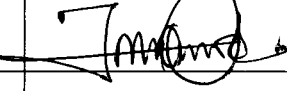
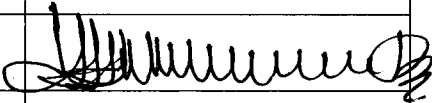
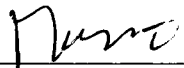
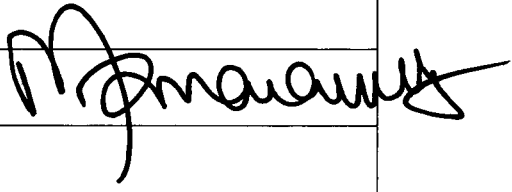
### 5.0 CONCLUSION

The Committee recommends that The Tax Procedures Code (Amendment) Bill, 2026 be passed.

**ENDORSEMENT OF THE REPORT ON THE TAX PROCEDURES CODE  
(AMENDMENT) BILL, 2026**

NO	MEMBER	CONSTITUENCY	SIGNATURE
1	Hon. KANKUNDA AMOS	Rwampara County	
2	Hon. ALEPER MOSES	Chekwii 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	Byanja 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	