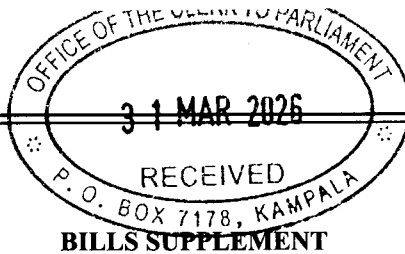

BILLS
SUPPLEMENT No. 2



27th March, 2026

BILLS SUPPLEMENT

to The Uganda Gazette No. 33, Volume CXIX, dated 27th March, 2026

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Bill No. 8

Value Added Tax (Amendment) Bill

2026

THE VALUE ADDED TAX (AMENDMENT) BILL, 2026

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap. 344, to exempt the application of VAT withholding to a designated person who pays for taxable supplies and is issued with an e-invoice or e-receipt; to increase the VAT registration threshold from one hundred fifty million shillings to two hundred fifty million shillings; to amend Schedule 2 to provide for the Arab Bank for Economic Development in Africa (BADEA) as a Public International Organisation; to amend Schedule 3 to exempt the supply of goods or services to contractors and subcontractors of nuclear energy projects and for related matters.

MATIA KASAIJA (MP),

Minister of Finance, Planning and Economic Development.

A Bill for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) ACT, 2026

An Act to amend the Value Added Tax Act, Cap. 344, to exempt the application of VAT withholding to a designated person who pays for taxable supplies and is issued with an e-invoice or e-receipt; to increase the VAT registration threshold from one hundred fifty million shillings to two hundred fifty million shillings; to amend Schedule 2 to provide for the Arab Bank for Economic Development in Africa (BADEA) as a Public International Organisation; to amend Schedule 3 to exempt the supply of goods or services to contractors and subcontractors of nuclear energy projects and for related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on 1st July, 2026.

2. Amendment of Cap. 344

The Value Added Tax Act, in this Act referred to as the principal Act, is amended in section 5, by inserting immediately after subsection (6) the following—

“(7) This section shall not apply to a designated person under subsection (2) where the designated person pays for taxable supplies and is issued with an e-invoice or e-receipt in accordance with section 92 of the Tax Procedures Code Act.”

3. Amendment of section 7 of principal Act

Section 7 of the principal Act is amended in subsection (2), by substituting for the words “one hundred fifty” the words “two hundred fifty”.

4. Amendment of section 28 of principal Act

Section 28 of the principal Act is amended-

- (a) by inserting immediately after subsection (3) the following –

“(3a) A credit is allowed to a taxable person who develops a hotel or tourism facility and invests at least ten million United States Dollars for a foreigner and five million United States Dollars for a citizen, provided that the supply of services or goods referred to in subsection (3b), occurred not more than two years, prior to the date of commissioning of the hotel or tourism facility.

(3b) Subsection (3a) shall apply to a taxable person for the tax payable in respect of –

- (a) civil works;
- (b) services to conduct a feasibility study, design, construction services; or
- (c) locally produced materials for construction of premises, infrastructure, machinery and equipment or furnishings and fittings which are not available on the local market.”;

(3c) For purposes of subsection (3a) and (3b) developing a hotel or tourism facility applies only to that specific hotel or tourism facility and does not apply to other developments or businesses of the taxable person.”

(b) in subsection (4), by inserting immediately after paragraph (c) the following—

“(d) under subsection (3a), arises on the date of commissioning the hotel or tourism facility.”; and

(c) in subsection (6), by inserting immediately after paragraph (e) the following—

“(f) a software.”

(d) by inserting immediately after subsection 6 the following—

“(6a) Subsection (6)(f) shall only apply to imported software.”

5. Amendment of section 32 of principal Act

Section 32 of the principal Act is amended by substituting for subsection (7), the following—

“(7) Notwithstanding subsection (1), the Minister may, by regulations, prescribe the terms and conditions of payment of tax on—

- (a) plant and machinery;
- (b) the inputs for the mining sector.”

6. Amendment of section 36 of principal Act

Section 36 of the principal Act is amended in subsection (3), by substituting for the words “fifty thousand shillings” the words “five percent of the total amount of the tax refund claimed”;

7. Amendment of section 38 of principal Act

Section 38 of the principal Act is amended by substituting for the words “five million” the words “two million”.

8. Amendment of Schedule 2 to principal Act

The principal Act is amended in Schedule 2—

- (a) by inserting immediately before “Austrian Development Agency (ADA)” the following—

“Arab Bank for Economic Development in Africa (BADEA); and

- (b) by substituting for the words “Medical Research Council” the words “Medical Research Council or Uganda Virus Research Institute and London School of Hygiene and Tropical Medicine (MRC/UVRI and LSHTM) Uganda Research Unit.”

9. Amendment of Schedule 3 to principal Act

The principal Act is amended in Schedule 3 in paragraph 1 (z), by inserting after the words “bio-gas” the words “,nuclear energy”;

Cross Reference

The Tax Procedures Code Act, Cap. 343.