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URA rolls out new tax waiver

Uganda Revenue Authority (URA) has announced a new tax waiver, offering taxpayers with outstanding domestic tax arrears the opportunity to settle their liabilities without incurring the burden of accumulated interest and penalties.

The waiver, URA said in a statement, applies to outstanding principal tax liabilities as of June 30, 2024, provided a taxpayer settles the principal by June 30, 2026, noting that once the principal is paid within the stipulated period, all related interest and penalties will be automatically waived.

Speaking on the new measure, URA Commissioner General John Rujoki Musinguzi said the waiver is designed to help taxpayers recover and re-enter full compliance.

"The new waiver is another opportunity government has given to taxpayers who have tax arrears to settle their liabilities without worrying about the burden of interest and penalties," he said, explaining that government introduced the waiver after recognising the financial challenges many taxpayers continue to face, particularly those who missed out on previous waivers

due to cash flow constraints. Most taxpayers had missed out on the previous two waivers due to cash constraints. We have now granted one full financial year, from July 2025 to June 2026, to enable taxpayers to plan better," he noted.

URA noted that all taxpayers with outstanding principal tax under domestic taxes as of June 30, 2024, qualify with the relief covering a wide range of domestic taxes, including income tax, value-added tax (VAT), local excise duty, rental tax, and gaming tax, among others.

However, URA noted the waiver does

not apply to customs taxes and duties.

URA also indicated that certain deterrent penalties, such as penalties related to digital tax stamps, EFRIS non-compliance, failure to register, failure to provide information, as well as court-imposed penalties and interest, are not covered by the waiver.

The process, URA also noted that taxpayers do not need to apply, noting that the waiver is automatic upon payment of the qualifying principal tax.

Mr Musinguzi also indicated that taxpayers who fully settle their principal liability by June 30, 2026, will receive a

100 percent waiver of interest and penalties, while those who make partial payments will benefit from a pro-rata waiver, in which interest and penalties will be waived in proportion to the amount of principal tax paid.

URA expects the waiver to significantly improve voluntary tax compliance, support business recovery, and stimulate broader economic activity.

By easing the burden of accumulated penalties and interest, URA said businesses struggling with cash flow will find it easier to regularise their tax affairs, freeing resources for growth and investment. The waiver runs until June 30, 2026, after which all unpaid principal tax obligations will again attract full interest and penalties.