

Govt banks on new tax measures to boost revenues

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Domestic revenues in FY 2026/27 are projected at Shs 40.090 trillion up from Shs 37.227 trillion in FY 2025/26, according to Uganda's National Budget Framework Paper for FY 2026/27. This represents a nominal increase of Shs 2.863 trillion. The anticipated growth is attributed to higher economic expansion, a widening tax base, improved administrative tax collection measures and reforms in non-tax

revenue collection.

Over the medium term, government expects domestic revenues to grow significantly, the paper notes. This will be driven by the introduction of new tax policy measures, enhanced tax administration, improved tax compliance and stricter accountability for tax holidays, the paper, which was released early this year, points out.

Authorities also plan to eliminate exemptions that do not support the industrialization agenda while revenues from the oil and gas sector

are expected to rise as the country moves into production. Uganda has scheduled commercial oil production to start in July 2026.

On the expenditure side, government spending and net lending in FY 2026/27 are projected at Shs 54.013 trillion. This is slightly lower than the Shs 56.541 trillion approved for FY 2025/26, signaling a more cautious spending approach. The reduction suggests an effort to balance fiscal discipline with development priorities.

External borrowing is also set to decline. Net external financing is projected at Shs 4.044 trillion in FY 2026/27, down from Shs 5.679 trillion in FY 2025/26. Total project loans are estimated at Shs 8.877 trillion, of which Shs 2.949 trillion will be concessional. The decrease in external financing reflects government's broader strategy to reduce dependence on debt while strengthening domestic revenue mobilization.