

Uganda 2025 Budget Highlights

*Propelling progress
Unlocking possibilities.*

Contacts



Paul Ssali
Country Managing Partner
pssali@deloitte.co.ug



Patronella Namubiru
Director, Tax & Legal
pnamubiru@deloitte.co.ug



Joseph Ssekabira
Associate Director, Audit & Assurance
jssekabira@deloitte.co.ug



John Mbure
Associate Director, Audit & Assurance
jimbure@deloitte.co.ug

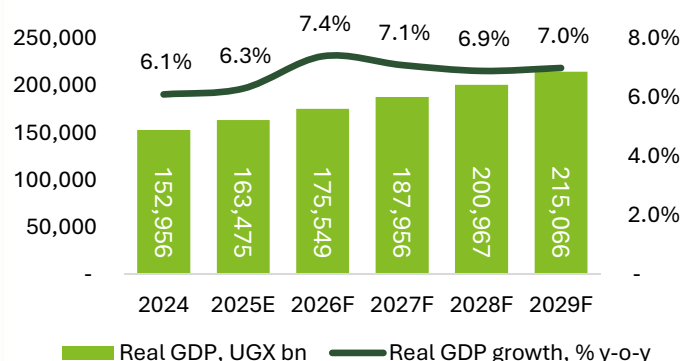
Budget overview

- **Total expenditure in FY25/26 is projected to increase to UGX 72.4tn from UGX 72.1tn in FY24/25.** However, only **UGX 51.53 tn** of that is available for government spending as the rest is earmarked for debt refinancing.
- Similar to prior years, this is a deficient budget with this year's deficit estimated at 7.6% of GDP.
- **Development expenditure is projected to increase to UGX 18.2tn in FY25/26 from UGX 15.2tn in FY24/25.** Key infrastructure projects expected to benefit from this budget include the Standard Gauge Railway, the Meter Gauge Railway rehabilitation, EACOP and Tilenga oil project.
- **Recurrent expenditure is expected to increase to UGX 36.9tn in FY25/26 from UGX 35.5tn in FY24/25.**

GDP Growth

- Uganda's economy has remained resilient despite global economic challenges, reporting a **GDP growth of 6.1% in 2024**.
- This growth was broad-based, spanning the services sector, agriculture and industry, and was mainly driven by government interventions and sound fiscal and monetary policies that supported private sector investment.
- **GDP is expected to grow by a further 6.3% in 2025**, owing to stronger regional trade as global supply chains normalise.
- **The country's GDP is projected to grow steadily to 7.4% in 2026**, driven by investments in the oil sector before dropping marginally to 7.1% in 2027 as oil production plateaus.
- As construction slows towards completion of the large oil projects, GDP growth is expected to increase supported by a rise in oil exports in 2028 and 2029.

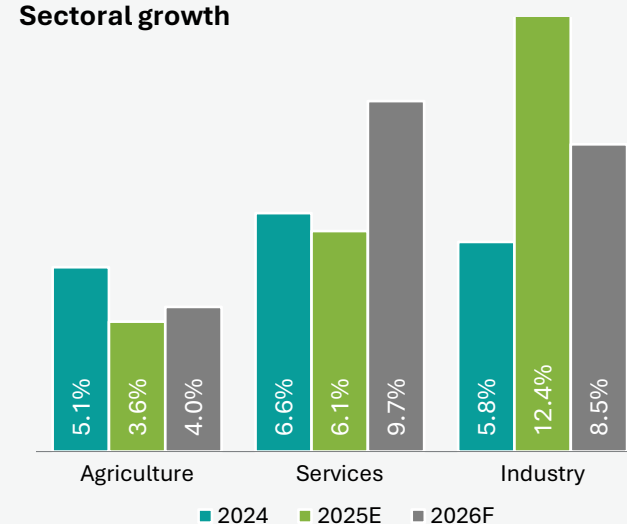
Real GDP and growth rates, 2024-2029F



Source: EIU, Deloitte Analysis

Sectoral growth

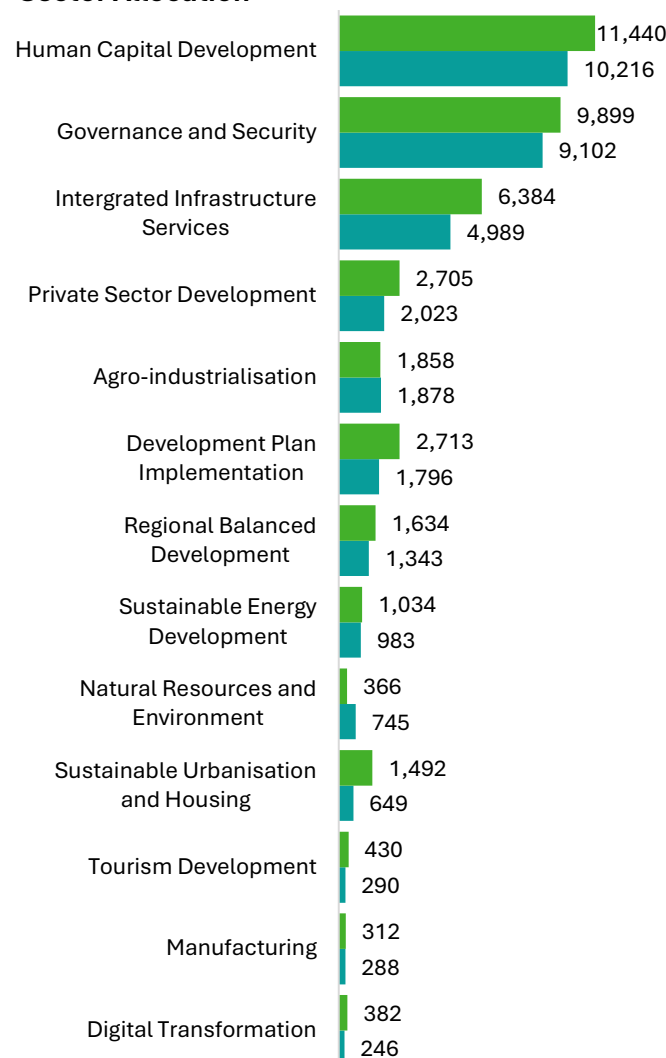
Sectoral growth



Source: Bank of Uganda, EIU

Sector allocation

Sector Allocation



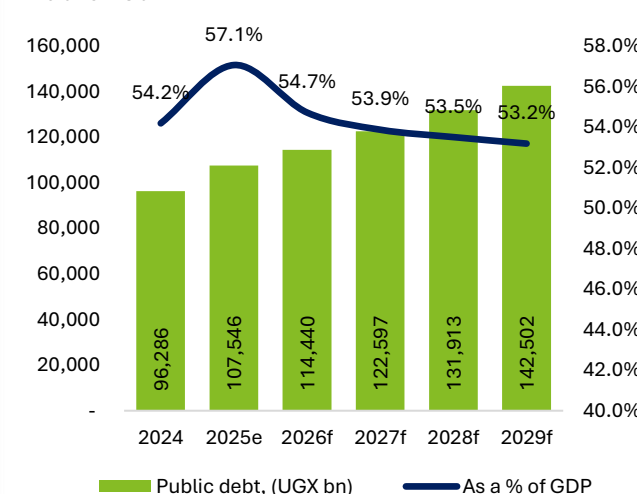
■ FY25/26 ■ FY24/25
Source: Bank of Uganda

Other sector allocations not included in the graph above amount to UGX 2,850bn comprising; mineral development, sustainable petroleum development, innovation technology development and transfer, public sector transformation, community mobilisation and mindset change, administration of justice, legislation oversight and representation, sustainable extractives industry development, and debt expenditure.

Public Debt

- Uganda's public debt has continued to grow and is currently at 54.2% of GDP.
- Public debt is projected at **UGX 116tn**, by end June 2025. External debt accounts for about **UGX 56.3tn** while domestic debt accounts for about **UGX 59.77tn**.
- Prospectively, the country's public debt is projected to remain sustainable in the medium to long term with a moderate risk of debt distress. However, the country only has a limited capacity to absorb shocks.
- Key vulnerabilities include a high cost of credit and its associated debt service burden, alongside slow export growth.

Public Debt



Source: EIU, Deloitte Analysis

Inflation

- The country reported subdued inflation in 2024, averaging 3.3% supported by falling food prices, tightening of monetary policy, a relatively stable exchange rate and reducing global oil prices.
- Inflation remained low, at an average of 3.5%, going into the first quarter of 2025 and is expected to remain below the central bank's target of 5% in the medium term.
- The Economist Intelligence Unit (EIU) projects a steady rise in inflation to 4.2% in 2026 and 4.6% in 2027, as a result of demand-side factors stemming from strong economic growth.
- Subsequently, imported inflation from rising global food prices is projected to increase marginally. This would be curtailed by a tight monetary policy enforced by the Bank of Uganda (BoU) to keep consumer inflation steady at 5.0% in 2028.

Key Proposed Tax Changes

Trade

- Introduction of a 1% of customs value Import Declaration Fee on imported Items

Excise

- Remission of duty paid on damaged, expired or obsolete upon confirmation from the URA.
- Removal of excise duty on for beer made from locally grown and malted barley
- Increase in duty rates for specific items like cigarettes

VAT

- Change in application of penalty for non-compliance with EFRIS from a fixed amount per invoice to double the tax in the invoice
- Expansion of Public International Organisation list to include United Nations-related Agencies and specialised agencies
- Removing the supply of billets from exempt supplies and adding the supply of biomass pellets as an exempt supply.

Income Tax

- Extension of income tax exemption for the Bujagali hydro power project from 30th June 2024 to 30th June 2032.
- Exempting income derived by a business established by a citizen after 1 July 2025 for a period of 3 years if the business has an investment capital not exceeding UGX 500m, the citizen or their associate has not previously benefited from the exemption, and the citizen is filing tax returns including business information.
- Exclusion from DST income of a non-resident person providing digital services to an associate in Uganda.

Tax Procedure Code

- Introduction of the use of the National Identification Number (NIN), and the URSB registration number for companies as an alternative to Tax Identification Numbers (TINs).
- Waiver of interest and penalty on payment of principal tax as at 30 June 2024, where the taxpayer pays the principal tax by 30 June 2026.