

## Excise Duty (amendment) Bill;

**The Ministry of Finance, Planning and Economic Development** has proposed amendments to the Excise Duty Act, Cap 336, aimed at enhancing tax efficiency, boosting domestic revenue, and encouraging healthier consumption patterns. The Excise Duty (amendment) Bill introduces significant changes that will affect key sectors including, tobacco, alcohol, fuel and plastics.

### Remission for Damaged or Expired Goods

Under the proposed Section 13A, businesses will be allowed to apply for remission of excise duty paid on goods that are damaged, expired, or obsolete. To qualify, applicants must provide proof of tax payment, delivery documentation, and a certified damage report.

The implication of this is that businesses stand to gain substantial relief, especially those dealing with fragile or perishable goods. The measure is expected to improve compliance and record keeping. Consumers may see a slight price stability if companies pass down the saving made.

### Cigarettes: Sharp increase in Excise duty.

Duties on both locally produced and imported cigarettes are set to raise sharply. For instance, Imported Hinge lid cigarettes will be taxed at Ushs 200,000 per 1000 sticks. This is double the previous rate that was at Ushs 100,000.

This is likely to reduce consumption, especially among lower-income smokers, and promote public health. Local producers may gain a competitive advantage, although the risk of licit trade remains.

This is because there is already a group of consumers addicted to tobacco and nicotine and the alternatives to cigarettes are not easily accessible to them.

### Beers and Beverages.

Excise Duty on beer will increase to Ushs 900 per litre or 30% of its value. Meanwhile Fresh juice will see a slight tax reduction from 12% to 10%, although the Ushs 250 per litre remains.

This will affect breweries as there may be a slight reduction in demand, with small producers feeling the pinch the most. However, the reduced rate on fresh juice could encourage a healthier consumption and boost local juice production.

### Fuel Prices on the rise.

The most impactful changes is the proposed hike in fuel excise duty. Motor spirit will rise from Ushs 1450 to Ushs 1650 per litre, while Gas oil will rise from Ushs 1130 to Ushs 1380.

The ripple effects will likely be felt across the economy. Transport costs, production expenses, and consumer goods prices may all rise. For the average Ugandan, this could lead to an increased cost of living.

### Plastics: clearer definitions, same rates.

Though the excise duty remains unchanged, the bill now clearly defines the applicable products under the HS codes 3923.21.00 and 3923.29.00. Exemptions fall on packaging for food, juices, and sanitary products. The Businesses dealing in exempt products will be

exempt, while others may face higher operational costs. For consumers, essential items remain protected, hence easing the potential burden.

The Bill is clearly aiming to do more than just collect taxes, it is trying to shape behaviour. This is by taxing harmful and luxury items, giving relief where its due, the government hopes to encourage healthier choices and protect essential goods. However, it's a delicate balance between raising revenue and protecting the public. How all this is implemented will make all the difference.

### Prepared By:



**BIRUNGYI  
CEPHAS KAGYENDA**

Managing Partner

[cbirungyi@taxconsultants.co.ug](mailto:cbirungyi@taxconsultants.co.ug)



**TRACY  
AINEBYONNA**

Legal Assistant



**GLORIA  
MAINUKA**

Intern

### Contact us to discuss your matters

Plot 14, Archer Road Kololo  
P.O. Box 21086, Kampala, Uganda

+256 414 348 669

[info@taxconsultants.co.ug](mailto:info@taxconsultants.co.ug)

[www.taxconsultants.co.ug](http://www.taxconsultants.co.ug)



**BELINDA  
LUTAYA NAKIGANDA**

Partner

[bnakiganda@taxconsultants.co.ug](mailto:bnakiganda@taxconsultants.co.ug)