

PARLIAMENT OF UGANDA



REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE EXTERNAL TRADE (AMENDMENT) BILL, 2025

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Office of the Clerk to Parliament

11th Parliament

May, 2025

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1.0 INTRODUCTION

The External Trade (Amendment) Bill, 2025 was read for the First Time on 27th March, 2025 and referred to the Committee on Finance, Planning and Economic Development for consideration in accordance with Rule 135 (1) of the Rules of Procedure of Parliament.

The Committee scrutinised the Bill in accordance with Rule 135 (2), (3) and (4) of the Rules of Procedure and now begs to report.

2.0 OBJECT OF THE BILL

The object of the Bill is to amend the External Trade (Amendment) Bill, 2025 to:

- i. impose an infrastructure levy on imports which are for home use;
- ii. provide for import declaration fee on imports which are for home use; and
- iii. impose an export levy on wheat bran, cotton cake and maize bran.

3.0 METHODOLOGY

While considering the External Trade (Amendment) Bill, 2025, the Committee utilised the following methods:

3.1 Meetings

The Committee held meetings with the following entities:

- i. Ministry of Finance, Planning and Economic Development (MoFPED);
- ii. Uganda Revenue Authority (URA);

- iii. PricewaterhouseCoopers (PwC);
- iv. Certified Public Accountants of Uganda (CPA-U);
- v. Private Sector Foundation Uganda (PSFU);
- vi. Uganda Manufacturers Association (UMA);
- vii. Birungyi, Baraata and Associates; and
- viii. American Chamber of Commerce, French Chamber of Commerce, British Chamber of Commerce and Netherlands Trade and Industrial Platform.

3.2 Written submissions

The Committee received written submissions from the following:

- i. The Attorney General of the Republic of Uganda;
- ii. Kikuubo Entrepreneurs Initiative; and
- iii. Bawunha & Badebye Certified Public Accountants.

3.3 Document review

The Committee reviewed and made reference to the following documents:

- i. Submissions from the stakeholders;
- ii. The External Trade Act, Cap. 69; and
- iii. The External Trade (Amendment) Bill, 2025 – Explanatory Notes.

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4.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

4.1 Certificate of Financial Implications

Section 74 (2) of the Public Finance Management Act, Cap. 171 necessitates that the CFI indicates the estimates of revenue and expenditure over a period of not less than two (2) years after coming into effect of the Bill when passed. The Minister of Finance, Planning and Economic Development tabled a Certificate of Financial Implications indicating, among others, the following;

- i. the implementation of the Bill will attract budgetary implications to be funded through overall Government allocations to URA;
- ii. expected revenue gain from the Bill is estimated to be UGX 117.8 billion annually;
- iii. the proposed changes in the External Trade (Amendment) Bill, 2025 will impact business, consumption and welfare positively; and
- iv. the revenue yield from the Bill will be allocated to areas that generate economic output, which will contribute to sustainable economic growth from 6.4% in FY 2024/2025 to 7.0% in FY 2025/2026 and to at least 7.0% over the medium term.

4.2 Infrastructure Levy

Clause 2 of the Bill proposes to amend The External Trade Act, Cap. 69 by inserting Section 3A which introduces an infrastructure levy on goods imported into Uganda for home use. The levy is set at 1.5% of the customs value of the

goods and is payable by the importer at the time of entry. The infrastructure levy will not be applied to:

- i. Goods and products prescribed in the Fifth Schedule to the East African Community Customs Management Act, 2004;
- ii. Plant and machinery as prescribed under chapters 84 and 85 of the East African Community Common External Trade harmonised commodity description and coding system; and
- iii. Goods under a special operating framework with the Government of Uganda specified in the approved measures on import duty rates in the East African Community Common External Tariff (EAC CET).

The MoFPED informed the Committee that this amendment aims to generate revenue for infrastructure development while maintaining exemptions on strategic imports.

The Committee observed that the proposed infrastructure levy is part of the East African Community framework. This is by virtue of the decision of the Council of Ministers who decided to impose an infrastructure levy of 1.5% of the customs value of goods imported into the community and determined under Section 122 of the EAC Customs Management Act, 2004. The proposed Bill is thus domesticating the decision in tandem with the practice in other East African countries. It is pertinent to note that URA has been collecting this tax under the customs territory and therefore, it is not a new measure.

The Committee further observed that whereas the provision uses the term home use, the Bill does not define the term home use. This has the likely effect of posing challenges in the interpretation of the provision.

The term home use should be defined to mean a declaration made for goods that are intended for use or consumption within Uganda.

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The Committee recommends that the infrastructure levy be passed with the proposal to define the term home use.

4.3 Import Declaration Fee

Clause 2 of the Bill proposes to amend The External Trade Act, Cap. 69 by inserting Section 3B which provides that an Import Declaration Fee shall be paid on all goods imported into the country for home use. The Import Declaration Fee shall be at a rate of 1% of the customs value of the goods and shall be paid by the importer of the goods at the time of entry of the goods into the country for home use. The clause also provides for the same exemptions as those under the proposed Section 3A on the Infrastructure Levy.

The MoFPED informed the Committee that this measure aims to raise revenue and promote import substitution to support local industries. Other East African countries are already implementing this practice as follows:

- i. Kenya imposes a 2% charge on the Cost, Insurance and Freight (CIF) value of imports;
- ii. Tanzania applies a 0.6% Customs Processing Fee;
- iii. Burundi charges 15,000 BIF (about 5 USD); and
- iv. Rwanda imposes a 3,000 RWF (about 2.17 USD).

 *The Committee observed that the proposed 1% import declaration fee is within the range charged by other East African Community partner states.*

The Committee recommends that the import declaration fee be levied as proposed in the Bill.

4.4 Export levy

Clause 3 of the Bill provides for an export levy to be charged on wheat bran, cotton cake and maize bran at the rate of USD10 per metric tonne consigned out of Uganda. The levy shall be paid by the consigner to URA at the time when the wheat bran, cotton cake or maize bran is consigned out of Uganda.

The Committee was informed that the primary objective of the levy is to promote domestic production of animal feeds and reduce foreign exchange expenditure on imported feed.

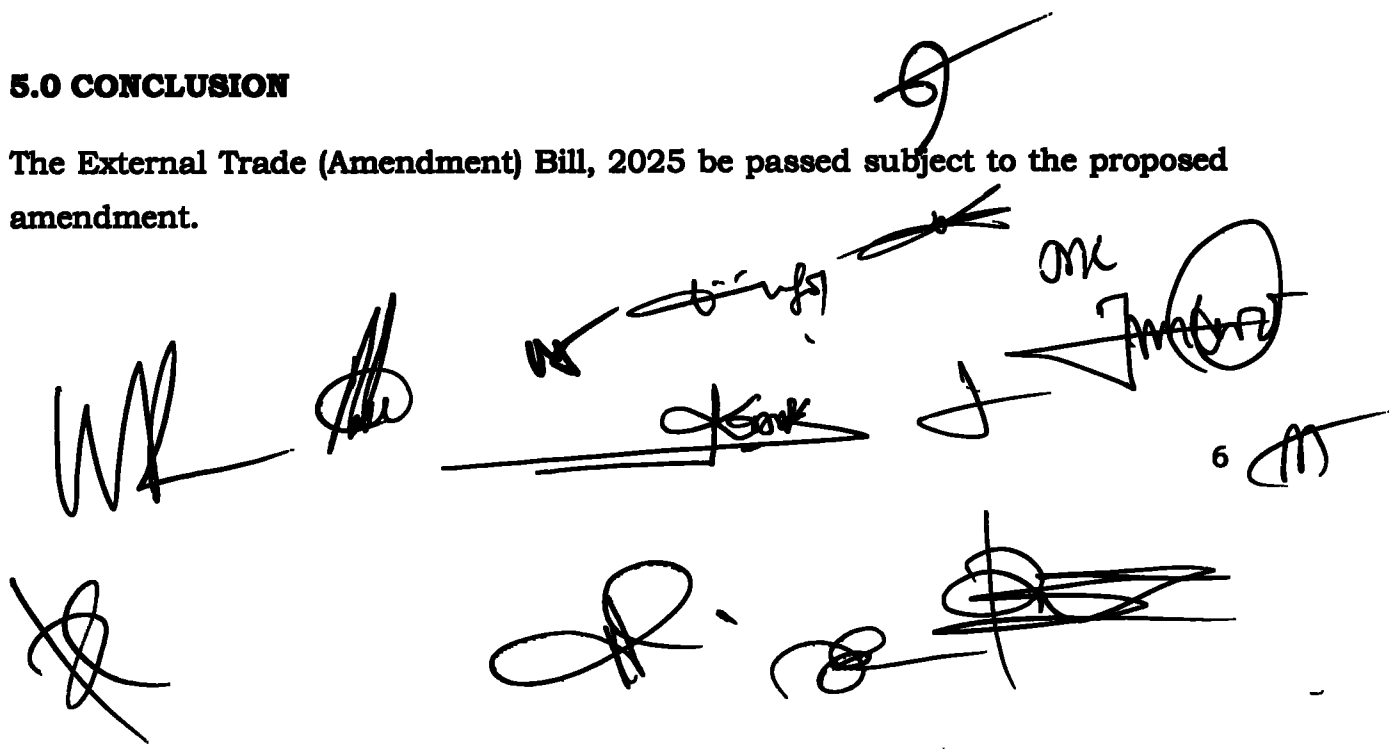
The Committee observed that:

- i. the USD \$10 per metric tonne of wheat bran, cotton cake or maize bran is intended to increase the cost of animal feeds and thus promote the Government policy of import substitution; and*
- ii. the imposition of export levy on wheat bran, cotton cake and maize bran will minimise shortage of raw materials for local industries manufacturing animal feeds, encourage value addition, increase production and reduce importation of animal feeds.*

The Committee recommends that the USD 10 export levy per metric tonne be levied as proposed in the Bill.

5.0 CONCLUSION

The External Trade (Amendment) Bill, 2025 be passed subject to the proposed amendment.

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**PROPOSED AMENDMENTS TO THE EXTERNAL TRADE (AMENDMENT)
BILL, 2025**

Insertion of new clause

The Bill is amended by inserting immediately after clause 1 the following-

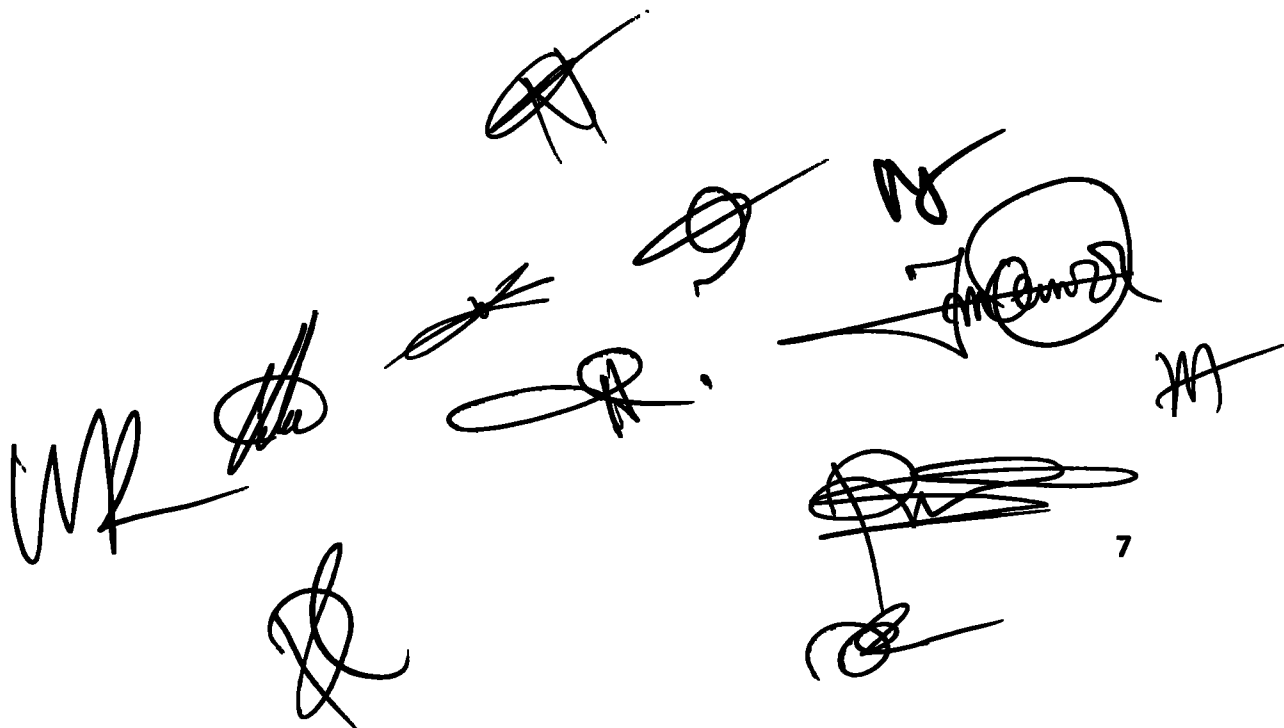
"Amendment of External Trade Act

The External Trade Act, in this Act referred to as the principal Act is amended in section 1 by inserting the definition of the word "home use" immediately after the definition of the word "goods" as follows-

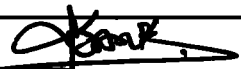






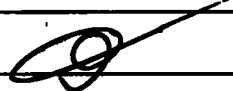
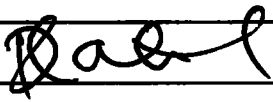

"home use" means goods imported into a customs territory for free circulation and do not include goods for re-export or goods in transit;"


Justification

To provide a definition for the word "home use" which is used in the proposed section 3A and 3B in the Bill.

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**COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT -
ENDORSEMENT OF THE REPORT ON THE EXTERNAL TRADE
(AMENDMENT) BILL, 2025**

NO	NAME	SIGNATURE
1.	HON. KANKUNDA AMOS K. (Chairperson)	
2.	HON. ALEPER MOSES (Deputy Chairperson)	
3.	HON. OGWAL MOSES GOLI	
4.	HON. DR. KUGONZA EMELY	
5.	HON. BATARINGANYA BASIL RWANKENE	
6.	HON. TAYEBWA HERBERT	
7.	HON. NANGOLI GERALD	
8.	HON. WAMAKUYU IGNATIUS MUDIMI	
9.	HON. ATIMA JACKSON LEE	
10.	HON. KAMBALE FERIGO	
11.	HON. OCHAI MAXIMUS	
12.	HON. WANDA RICHARD	
13.	HON. OKOT JOHN AMOS	
14.	HON. ASIIMWE .K. ENOSI	
15.	HON. OPOLOT PATRICK ISIAGI	
16.	HON. KATWESIGYE OLIVER KOYEKYENGA	
17.	HON. KATESHUMBWA DICKSON S	
18.	HON. LUBEGA BASHIR SSEMPA	
19.	HON. KINSHEBA PATIENCE NKUNDA	
20.	HON. NAKUT FAITH LORU	

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23.	HON. MUWANGA KIVUMBI MUHAMED	
24.	HON. NABUKENYA BRENDAAH	
25.	HON. NABAGABE FLAVIA	
26.	HON. NANDALA MAFABI	
27.	HON. AKOL ANTHONY	
28.	HON. OGUZU DENIS LEE	
29.	HON. SSEMURJU IBRAHIM	
30.	HON. EKANYA GEOFFREY	
31.	HON. OCHAN PATRICK	
32.	HON. SEBALAMA RICHARD	
33.	HON. PAUL OMARA	
34.	HON. MPINDI BUMALI	
35.	HON. MASABA KARIM	
36.	HON. ACIRO PASKA MENYA	
37.	HON. NDYOMUGENYI ROLAND	
38.	HON. KEEFA KIWANUKA	
39.	HON. OCWA DAVID	
40.	HON. AVUR JANE PACUTO	
41.	HON. DR. CHARLES AYUME	
42.	HON. MBABAZI JENNIFFER KYOMUHENDO	
43.	HON. DR. AGNES APEA	