

PARLIAMENT OF UGANDA



REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE HIDES & SKINS (EXPORT DUTY) (AMENDMENT) BILL, 2025

Office of the Clerk to Parliament

11th Parliament

May, 2025

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1.0 INTRODUCTION

The Hides and Skins (Export Duty) (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 Hides and Skins (Export Duty) Act, Cap. 337 to repeal Section 2(3), Section 4(2) and Schedule 2 of the Act, thus removing all exemptions from the hides and skins export levy.

3.0 METHODOLOGY

While considering the Hides and Skins (Export Duty) (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;

- viii. American Chamber of Commerce, French Chamber of Commerce, British Chamber of Commerce and Netherlands Trade and Industrial Platform;
- ix. Qura Quality Pronmo Limited;
- x. Uganda Leather and Allied Industries Association; and
- xi. Uganda Tanners Association.

3.2 Written submissions

The Committee received written submissions from the following:

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

3.3 Document review

The Committee reviewed and made reference to the following documents:

- i. Submissions from the stakeholders mentioned above;
- ii. The Hides and Skins (Export Duty) (Amendment) Bill, 2025 – Explanatory Notes; and
- iii. The Value Added Tax Act, Cap. 344.

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 tabled a Certificate of Financial Implications indicating among others the following:

- i. the implementation of the Bill would attract budgetary implications to be funded through overall Government allocations to Uganda Revenue Authority;
- ii. expected revenue gain from the Bill is UGX 10 billion annually;
- iii. the proposed changes in the Hides and Skins (Export Duty) (Amendment) Bill will impact business, consumption and welfare positively;
- 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 Imposition of levy on raw and semi-processed hides and skins

Clause 2 of the Bill amends the Hides and Skins (Export Duty) Act, Cap. 337 by repealing section 2(3), section 4(2) and Schedule 2 to the Act.

Currently, the Act exempts certain items from the export levy, including:

- i. Pickled, partly or wholly tanned hides and skins;
- ii. Cattle masks, pizzles and sinews;
- iii. Glue-stock (hides, skins); and
- iv. Any game hide obtained under a licence issued under the Uganda Wildlife Act.

Clause 2(1) of the Hides and Skins (Export Duty) Act, Cap. 337 provides for the imposition of levy on raw hides and skins exported out of Uganda at a rate of USD 0.80 per kg. This includes raw hides and skins exported for processing.

Clause 2(3) of the Act provides that no levy shall be payable for any item in Schedule 2 to the Act. Schedule 2 provides for exemptions from export duty.

The Committee was informed that the removal of these exemptions is driven by the following key policy recommendations:

- i. a surge in glue-stock exports which has contributed to depletion of raw materials for local industries;
- ii. a shortage of raw materials for tannery industries, undermining their productivity and growth; and
- iii. promotion of import substitution and export-oriented industrialisation, in line with Government's policy of encouraging local value addition and strengthening domestic manufacturing.

By eliminating these exemptions, the amendment seeks to enhance availability of raw materials for Uganda's tannery industry, support local value addition and align with broader economic strategies aimed at industrial growth and export orientation.

The Committee observed that:

- i. *the proposed amendment seeks to limit export of raw hides and skins which are inputs for local industries to produce leather products;*
- ii. *there is an innovation to process hides and skins as processed food for export (Ponmo). This value addition enterprise has benefitted from the tax exemptions and promoted value addition in Uganda's local industry. The rejected hides and skins from tanneries are transformed into processed food. URA has categorised Ponmo under glue-stock and has not assigned it*

separate product category.

The Committee recommends that:

- i. **the proposal to charge USD 0.80 per kilogramme of raw hides and skins exported out of the country be adopted; and**
- ii. **URA should exempt this category (Ponmo) from export duty.**

5.0 CONCLUSION

The Committee recommends that the Hides and Skins (Export Levy) (Amendment) Bill, 2025 be passed subject to the proposed amendments.

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**PROPOSED AMENDMENTS TO THE HIDES AND SKINS (EXPORT DUTY)
(AMENDMENT) BILL, 2025**

Clause 2: Amendment of the Hides and Skins (Export Duty) Act

Clause 2 is substituted for the following-

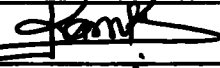
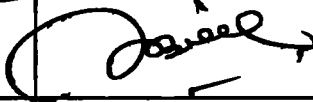
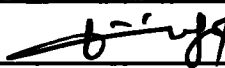





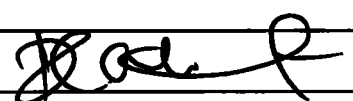

"2. Amendment of the Hides and Skins (Export Duty) Act



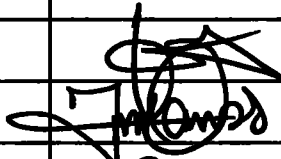
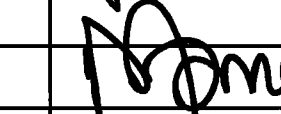
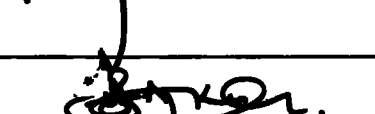
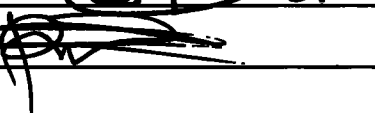
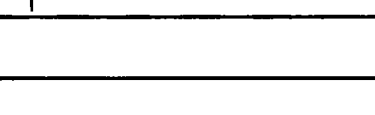
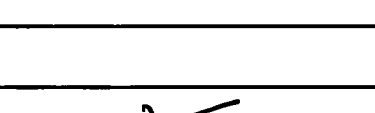


The Hides and Skins (Export Duty) Act is amended in Schedule 2 by deleting paragraphs 1, 2, 3 (b), 3 (c) and 4."

Justification

To exempt glue stock from export levy in order to promote the innovation to process hides and skins as processed food for export (*Ponmo*). This value addition enterprise, categorised as glue stock has benefitted from the tax exemptions and promoted value addition in Uganda's local industry.

**COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT -
ENDORSEMENT OF THE REPORT ON THE HIDES & SKINS (EXPORT
DUTY) (AMENDMENT) BILL, 2025**

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