Uganda Extractive Industries Transparency Initiative

OXFAM

SEATINI
Strengthening Africa in World Trade

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

# THE REVENUE POTENTIAL OF UGANDA'S MINING SECTOR

JUNE 2026

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# Foreword by Oxfam in Uganda Country Director

Uganda's mining sector continues to develop as a strategic pillar for economic transformation, industrialization and domestic revenue mobilization. As this study highlights, the country is endowed with a wide range of mineral resources whose effective exploitation has the potential to significantly contribute to gross domestic product (GDP) growth, job creation and foreign exchange earnings. The increasing recognition of the sector within national development frameworks such as Uganda Vision 2040 and National Development Plan IV underscores its importance in achieving Uganda's long-term development aspirations.

This report presents a comprehensive assessment of the revenue potential of Uganda's mining sector, focusing on trends in mineral production, revenue performance, tax expenditures and the effectiveness of existing legal and institutional frameworks. It further highlights critical gaps in revenue collection, including compliance challenges, data inconsistencies and the implications of tax incentives. By examining both the gains and losses associated with current fiscal regimes, the study provides a balanced and evidence-based analysis to inform policy and practice for prudent management of Uganda's Mining Sector.

The findings and recommendations contained in this report are intended to support government, development partners and stakeholders in strengthening revenue mobilization, enhancing transparency and promoting sustainable exploitation of mineral resources. It is our expectation that this study will contribute to ongoing reforms aimed at maximizing the benefits of the mining sector for inclusive and sustainable development in Uganda.

**Francis Shanty Odokorach**
**Country Director, Oxfam in Uganda**

# Foreword by the Permanent Secretary, Ministry of Energy and Mineral Development

Uganda is richly endowed with a wide range of mineral resources, including metallic minerals such as gold, copper, cobalt, tin, tungsten, and iron ore as well as industrial minerals such as limestone, phosphates, rare earth elements and marble. Found across the country, these resources offer significant potential for economic transformation, industrialization and domestic revenue generation.

The Ministry of Energy and Mineral Development has continued to work closely with a wide range of stakeholders to promote the sustainable development of Uganda's mineral resources. This includes facilitating responsible investment through the issuance of licenses and other regulatory approvals, engaging civil society and local communities to enhance awareness of the opportunities and benefits associated with mineral development and collaborating with other Ministries, Departments and Agencies, Local Governments and regulatory institutions such as the National Environment Management Authority (NEMA). While considerable progress has been made in strengthening the governance of the mining sector, challenges remain in ensuring that Uganda fully realizes the sector's revenue potential.

As global demand for critical minerals continues to rise, driven by the energy transition and rapid digital transformation, Uganda is well positioned to harness its mineral wealth to support sustainable development in line with the Government's Ten-Fold Growth Strategy, particularly the objective of promoting mineral-based industrialization.

I want to commend Oxfam in Uganda in partnership with SEATINI Uganda and the Uganda Extractive Industries Transparency Initiative (UGEITI), for undertaking this important study on Uganda's mining revenue potential. The report provides valuable evidence and analysis on opportunities to strengthen revenue generation from the mining sector while highlighting policy and institutional actions that can help the government maximize the benefits of the country's mineral wealth. Its recommendations will further guide the Ministry and other stakeholders in advancing reforms that enhance transparency, accountability, and effective management of Uganda's resources.

I hope that this report will serve as a valuable resource for policymakers, investors, civil society organizations, and all stakeholders working to ensure that Uganda's mineral wealth delivers lasting and equitable benefits for all Ugandans. The Ministry of Energy and Mineral Development remains firmly committed to ensuring that Uganda's mineral and petroleum resources are developed and utilized in a manner that delivers lasting social and economic benefits for all citizens.

**Eng. Irene Pauline Bateebe**
**Permanent Secretary**
**Ministry of Energy and Mineral Development**

# Acknowledgements

This study was made possible through the collaborative efforts of several institutions and individuals who contributed their time, expertise and insights throughout the research. We extend our sincere appreciation to Oxfam in Uganda, in partnership with the Southern and Eastern Africa Trade Information and Negotiation Institute (SEATINI) Uganda and the Uganda Extractive Industries Transparency Initiative (UGEITI), for commissioning and supporting this study.

We are grateful to the Government of Uganda institutions that participated in this study, particularly the Ministry of Finance, Planning and Economic Development, the Ministry of Energy and Mineral Development and the Uganda Revenue Authority, for providing valuable data, policy insights and technical guidance. Appreciation is also extended to Local Government Officials in mining districts, whose practical experiences enriched the analysis.

Special thanks go to the mining companies, mineral dealers, artisanal and small-scale miners and community representatives whose willingness to share experiences and perspectives provided critical insights into the realities of mining operations and revenue systems in Uganda.

We also acknowledge the contributions of Civil Society Organizations, academia and development partners who provided constructive feedback that enriched the study.

Finally, we commend dedication, professionalism and commitment of the team that undertook this study, led by consultant Dr Stephen Mayende, Aloysious Kittengo from SEATINI Uganda, Sophie Nampewo Njuba from Oxfam in Uganda and Kanakulya Edwin Kavuma from UGEITI.

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# Abbreviations

| | |
|---|---|
| **AMV** | Africa Mining Vision |
| **CET** | Common External Tariff |
| **CIT** | Corporate Income Tax |
| **EACCMA** | East Africa Community Customs Management Act |
| **ESIA** | Environmental Social impact Assessment |
| **FY** | Financial Year |
| **GDP** | Gross Domestic Product |
| **LST** | Local Service Tax |
| **MEMD** | Ministry of Energy and Mineral Development |
| **MoFPED** | Ministry of Finance, Planning and Economic Development |
| **NTR** | Non-Tax Revenue |
| **PAYE** | Pay as you earn |
| **SEATINI** | Southern Eastern Tarde and Information Negotiations Institute |
| **UGEITI** | Uganda Extractive Industries Transparency Initiative |
| **UGX** | Uganda Shilling |
| **UNMC** | Uganda National Mining Company |
| **URA** | Uganda Revenue Authority |
| **US$** | United States dollars |
| **VAT** | Value Added Tax |

# Executive Summary

## Background

Uganda's mining sector is increasingly recognized as an important contributor to economic growth due to the country's rich endowment of minerals such as gold, iron ore, copper, cobalt, limestone, phosphates and graphite. According to the Uganda Bureau of Statistics, the sector contributed about 2.2% to Uganda's gross domestic product (GDP) in the 2022/23 financial year. Its strategic importance is emphasized in national development frameworks such as Uganda Vision 2040, the Tenfold Growth Strategy and National Development Plan IV (2025/26 - 2029/30), which identify mining as a key driver of industrialization, structural transformation, employment and increased domestic revenue mobilization. Ongoing geological surveys as part of a project to support Uganda's industrialization have revealed new mineral potential across several regions, highlighting opportunities for expanding investment and future growth of the sector.

Given this potential, Oxfam, in partnership with the Southern and Eastern Africa Trade Information and Negotiation Institute (SEATINI) Uganda and the Uganda Extractive Industries Transparency Initiative (UGEITI), commissioned a study to assess the revenue potential of Uganda's mining sector, evaluate the sector's current and future contribution to government revenue and identify strategies to improve revenue mobilization.

## Analysis and Methodology

The study analysed legal and regulatory frameworks governing revenue collection in the mining sector (Fiscal regime); tracked tax and non-tax revenue and revenue losses from mineral activities over the period between financial year (FY) 2019/20 and FY 2023/24; assessed potential gains and losses associated with tax expenditures granted to mining companies; and assessed mineral beneficiation/value addition in line with the African Mining Vision and the Tenfold Growth Strategy. It provides policy recommendations to enhance revenue collection and promote sustainable development in Uganda's mining sector.

A mixed-methods approach was used. Quantitative data was collected using structured questionnaires to analyse trends in mining activities, revenue performance and compliance levels, while qualitative insights were obtained through key informant interviews, focus group discussions, documentary reviews and field observations. The participatory and inclusive approach engaged key stakeholders including government institutions such as the Ministry of Finance, Planning and Economic Development, the Ministry of Energy and Mineral Development (MEMD) and the Uganda Revenue Authority (URA) as well as mining companies, civil society organisations, local government officials, mineral dealers and artisanal miners across major mining districts in Uganda. Data collection involved reviewing key policies and regulatory documents related to mining governance and revenue mobilisation. The data was analysed to identify trends, policy gaps, revenue leakages and opportunities for improving mineral revenue mobilisation.

Key laws and policies reviewed included the Constitution of the Republic of Uganda, the Mining and Mineral Policy 2018 and the Mining and Minerals Act Cap. 159, which collectively establish the foundation for mineral resource management, licensing, revenue generation and stakeholder participation. Supporting legislation such as the Income Tax Act, Cap 338, National Environmental Management Act, Cap 153, East African Community Customs Management Act, Cap 349, Water Act, Cap. 152, and Occupational Health and Safety Act Cap. 231 provide guidelines for mineral licensing, environmental protection, taxation and occupational safety. The study identified administrative gaps which include weak mechanisms for mineral revenue management, limited enforcement and risks of revenue loss through illicit financial flows. These gaps highlight the need for stronger institutional coordination and improved monitoring systems.

## Key Findings

The study analysed mineral production trends, revenues collected and revenue foregone in the mining sector for the five-year period between FY 2019/20 and FY 2023/24. Over this period, total mineral production reached about 14.24m tonnes, although annual production declined from about 4.94m tonnes in FY 2019/20 to 2.71m tonnes in FY 2023/24, largely due to a sharp reduction in limestone output. Pozzolana, limestone and iron ore remained the dominant minerals in terms of production volume, while gold recorded the highest value per tonne despite low output levels. In value terms, iron ore and other industrial minerals such as vermiculite and pozzolana saw notable increases, reflecting growing industrial demand and expanding mineral exploitation.

Total revenue collection from the sector increased from Ugandan shillings (UGX) 13.2bn in FY 2019/20 to about UGX 78.1bn in FY 2023/24, driven mainly by export levies on gold, value added tax (VAT), pay as you earn (PAYE), income tax (corporate income tax – CIT) and withholding tax from mining activities. Non-tax revenues, including royalties, mineral rents and licensing fees, increased steadily, with royalties accounting for the largest share of non-tax revenue. However, the study identified challenges such as inconsistencies in non-tax revenue data between government institutions (i.e. MEMD and URA) and cases of mineral exports occurring without proper clearance from MEMD, which undermines effective revenue collection and transparency in the sector.

Revenue foregone through tax expenditures was analysed using the benchmark tax system based on four key criteria – tax unit, tax base, tax rate and tax period. According to the Tax Expenditures Report, FY 2023/24, total revenue foregone across tax categories reached about UGX 3,609bn, representing 13% of total tax revenue. These expenditures arose mainly from CIT incentives, VAT exemptions, customs duty reliefs on mining equipment and accelerated depreciation provisions for mining investments.

Forgone revenue in terms of CIT increased from UGX 11.22bn in 2019/20 to UGX 50.25bn in 2023/24, an upward trend due to the increase in the number of companies benefiting from tax incentives. Tax expenditure under VAT declined from UGX 418.54bn to UGX 244.1bn over the same period, a 41.7% decline, due to automation of VAT deeming processes. Inconsistencies were found in royalty payments for minerals such as pozzolana, limestone and marble, indicating under-collection in some years and overpayment in others. Overall, while revenue from the mining sector is increasing, Uganda continues to capture only a portion of its potential revenue due to tax incentives, compliance gaps and challenges in harmonizing the non-tax revenue collection system.

Tax expenditures in the mining sector offer significant potential gains, including attracting foreign direct investment, creating direct, indirect and induced employment, fostering backward and forward industrial linkages, supporting infrastructure development, and enabling knowledge and skills transfer to local professionals. These incentives help the country to overcome the high capital intensity and risk of mining, promote local content and facilitate broader economic benefits. However, there are notable potential losses, such as revenue forgone where there is no value for money, fiscal risks from poorly designed or overly long tax holidays, inefficiencies and misallocation of resources, avenues for illicit financial flows through transfer mispricing, and undermining equity by favouring large multinationals over local operators. While tax expenditures stimulate investment, their net benefit to an economy depends on robust, transparent and regularly audited criteria to ensure they deliver their intended economic outcomes.

Mineral beneficiation/ value addition is central to Uganda's industrialization and economic transformation agenda, aiming to move the country from reliance on raw mineral exports towards domestic processing, manufacturing and value addition. This approach, aligned with the African Mining Vision and Uganda's Tenfold Growth Strategy, emphasizes the development of upstream, downstream and side-stream linkages to maximize industrial growth across the economy and supports diversification. These include the Simba, Millennium, Euro Gold and African Gold refineries.

The government has taken significant steps to operationalize this strategy, including banning the export of unprocessed minerals, establishing beneficiation centres and mineral markets for mining and integrating processing, smelting, refining and licences under the Mining and Minerals Act, Cap 159. Early progress is evident through operational gold refineries, steel and cement plants, and strategic investment by the Uganda National Mining Company (UNMC), which will hold shares for the government in the mining companies.

## Key Policy Recommendations

The study recommends that the government establish a fully integrated digital mineral tracking system that connects mineral licensing, production reporting, mineral testing, export verification and tax administration across all responsible institutions. The system should include a digital mineral cadastre, electronic production reporting, certified weighbridge data, mineral tagging and tracking mechanisms, and export certification systems. There is need to expedite the implementation of the Africa industrial development strategy.

The government should strengthen the technical, institutional and enforcement capacity of agencies responsible for regulating the mining sector. This includes increasing funding for regulatory institutions, recruiting additional geologists, inspectors and environmental officers, and establishing decentralized inspection units in major mining areas. Stronger coordination among institutions responsible for mining governance (MEMD, URA, the National Environment Management Authority, Ministry of Lands, Housing and Urban Development and the Ministry of Gender, Labour and Social Development) is key. Enforcement mechanisms should be strengthened through regular inspections, independent audits, operationalization of decommission funds and strict penalties for non-compliance.

## Conclusion

The mining sector holds significant potential as a driver of economic growth, industrialization and revenue mobilization, underpinned by its rich mineral endowment and strategic alignment with national and continental development frameworks. The sector recorded substantial mineral production and revenue growth. Although it faces challenges, the sector holds considerable potential for growth, employment generation, foreign exchange earnings and tax and non-tax revenue. Uganda's implementation of EITI, the establishment of UNMC and automation of operations in the sector will enhance its potential growth.

# 1. Introduction

## 1.1. Background of Mining in Uganda

The mining sector plays an increasingly significant role in Uganda's economy. Uganda has 27 mineral types in commercially viable quantities, including iron ore, gold, copper, cobalt, uranium, marble, limestone, phosphates and graphite. In the 2022/23 financial year (FY), mining contributed 2.2% to the national gross domestic product (GDP), according to the Uganda Bureau of Statistics.[1] The sector holds considerable potential for growth, employment generation, foreign exchange earnings and tax and non-tax revenue. Its importance is highlighted in Uganda Vision 2040 and National Development Plan IV, and attainment of the Tenfold Growth Strategy by 2040, as well as for industrialization and structural transformation.

**2022/23**
FINANCIALYEAR (FY)

mining contribution to the national gross domestic product (GDP) was

**2.2%**

1. Uganda Bureau of Statistics. (2023). *Revised Annual GDP, 2022/23*. Accessed 18th November 2025. https://www.ubos.org/revised-annual-gdp-22-23

In 2023, the government commenced extensive geological, geochemical and airborne geophysical surveys, which are now 80% complete. The preliminary results show new mineral potential in nickel and platinum group metals (PGMs) in the Iganga gabbro intrusion; gold in Moroto, Zeu-Zombo, Kitaka-Buhweju, Kaliro-Ivukula and Aboke-Aloi; and marble in Moroto. Additionally, kimberlite with diamond potential was found in Kidera, southeast of Uganda, while chromite was identified in Nakiloro, Moroto. Other significant potential was found for copper, cobalt and some rare earth elements in Naigobya; phosphates in Bukusu, iron ore in Mayuge and Bukusu; tantalite and tungsten in southwest Uganda; diatomite in Pakwach; kaolin and bentonite clay in Kaiso-Tonya, Hoima; and uranium in Mukuutu. The discoveries are anticipated to attract substantial investment and enhance the country's mineral sector.

Based on this, Oxfam, in partnership with the Southern and Eastern Africa Trade Information and Negotiation Institute (SEATINI) Uganda and the Uganda Extractive Industries Transparency Initiative (UGEITI), commissioned a comprehensive study into the revenue potential of Uganda's mining sector. The study assessed the current contribution, prospects and strategic interventions needed to fully realize the fiscal potential of the sector.

## 1.2. Study Objectives

The study assessed the revenue potential of Uganda's mining sector and proposes actionable strategies to enhance optimum revenue collection from the sector for inclusive and sustainable development. Specifically, it:

1. analysed existing legal and regulatory frameworks and practices hindering effective revenue collection from Uganda's mining sector.
2. tracked tax and non-tax revenues collected and forgone from minerals and related activities for the last five years (2019/20–2023/24).
3. identified potential gains and losses in case of tax expenditure being awarded to mining companies in line with the criteria agreed upon in Uganda's domestic tax laws, international good practices and Uganda's local content policy.
4. assessed Uganda's mineral beneficiation/value addition in line with African Mining Vision and attainment of the National Tenfold Growth Strategy.
5. provides policy and practice recommendations for enhancing mineral tax and non-tax revenue mobilization and reducing revenue loss.

# 2. Study Approach and Methodology

This section details the methodology used, outlining the study design, scope of work, data collection and analysis, respondents and ethical consideration.

## 2.1. Study Design

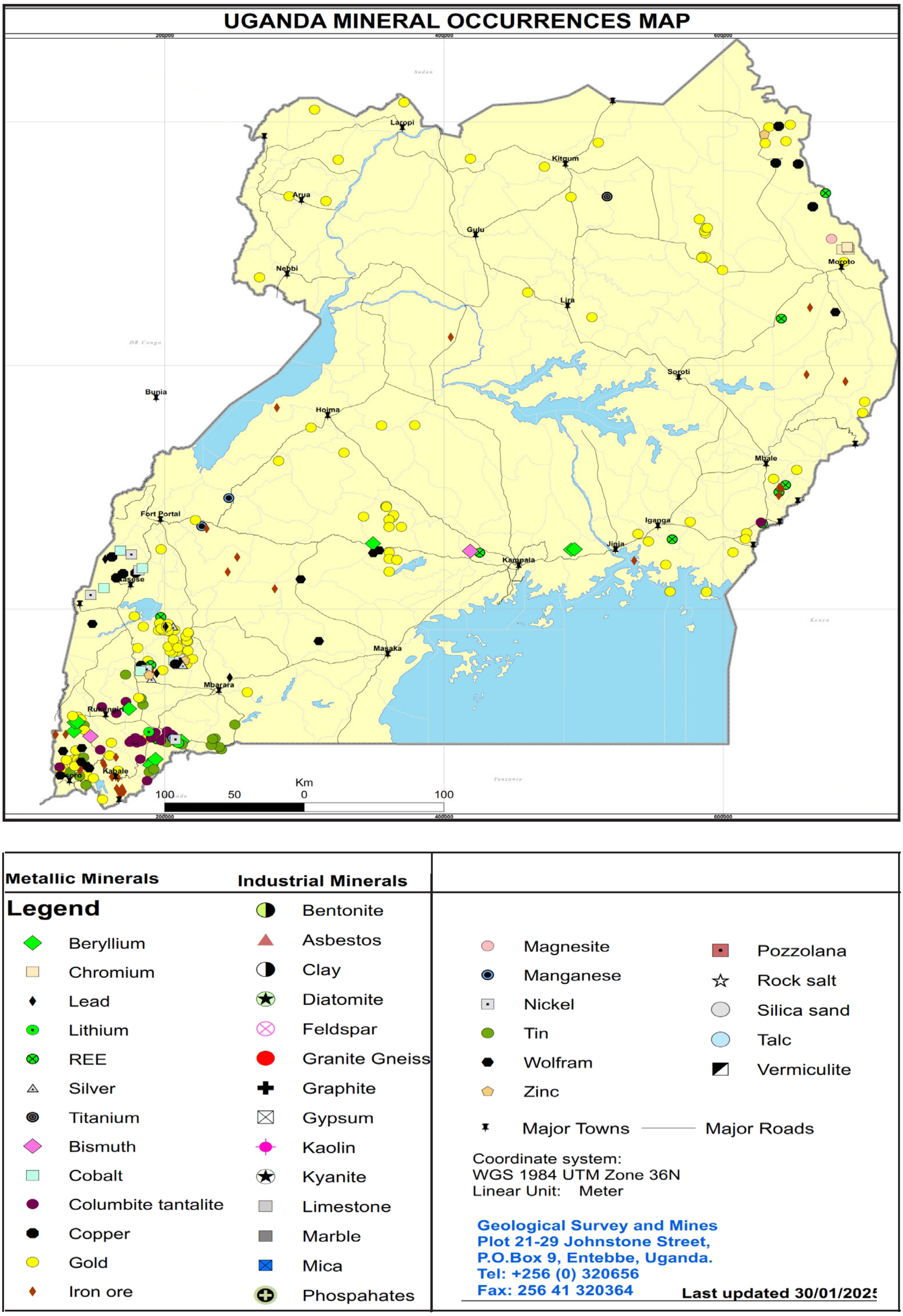
A mixed-methods design was applied, combining quantitative and qualitative approaches. Analysis of existing quantitative data was undertaken to identify trends, revenue performance levels, outcome achievements and implementation gaps. Quantitative data was collected through structured questionnaires. Qualitative insights were gathered through key informant interviews, focus group discussions and document reviews.

## 2.2. Study Approach and Scope

The study was participatory, inclusive and learning-oriented, ensuring that stakeholders contribute meaningfully to the process. The approach integrated key principles of equity, gender responsiveness and disability inclusion in both data collection and analysis.

Geographically, the study focused on mining areas across the country. The mineral sites are shown in Figure 1, while Table 1 details the local governments with active mineral sites.

## Figure 1. Distribution of mineral sites across Uganda




*Source: Directorate of Geological Survey and Mines, MEMD*

**Table 1. List of local governments with active mining areas and the categories of minerals**

| Mineral | Local government |
|---|---|
| Limestone/marble | Kotido, Napak Bukusu, Kasese, Moroto, Tororo and Amudat |
| Phosphate | Tororo |
| Vermiculite | Manafwa |
| Pozzolan | Mbale Bulambuli and Kapchorwa |
| Copper and cobalt | Kasese and Nayigobya |
| Gold | Kasanda, Busia, Moroto, Karenga, Kabongo, Namayingo, Zombo, Kaliro, Buhweju and Kole (Aboke Aloi) |
| Nickel and platinum group metals | Iganga |
| Kimberlite and diamonds | Buyende (Kidera) |
| Chromite | Moroto (Nakiloro) |
| Iron ore | Kabale, Kisoro, Rubanda, Rukingiri and Tororo |
| niobium, columbite-tantalite | Kakanena and Ntugamo District |
| Wolfram/tungsten | Rubanda, Kisoro and Kabale |
| Diatamite | Pakwach and Buliisa |
| Graphite | Kitigum and Paderi |
| Uranium | Mukuutu |
| Kaolin and bentonite clay | Kasio-Tonya and Hoima |
| Rare earth elements | Makuutu, Bugweri and Bugiri |
| Tin | Ntungamo, Kabale, Kisoro, Rubanda, and a smelting facility in Mbarara |

## 2.3. Respondents

Responses were captured from key relevant stakeholders in the mining sector, including, policymakers, officials from the Ministry of Energy and Mineral Development (MEMD), Ministry of Finance, Planning and Economic Development (MoFPED), Uganda Revenue Authority (URA) and, civil society actors (advocacy groups), mining companies and local government officials in mining districts..

## 2.4. SamplingTechnique and Sample Size

Stratified random sampling was used to sample miners, mineral traders and communities in mining regions. To ensure representativeness across gender, location and type of mining activity, a total qualitative sample of 67 respondents was selected and engaged through key informant interviews and focus group discussions (Table 2).

**Table 2. Study respondents**

| Category of respondents | Sample | Method used |
|---|---|---|
| *Miners* | | |
| Mineral traders and dealers | 2 | Focus group discussions |
| Artisanal and small-scale miners | 2 | Focus group discussions |
| *Other respondents* | | |
| Ministry of Finance, Planning and Economic Development | 4 | Key informant interviews |
| Ministry of Energy and Mineral Development | 5 | key informant interviews |
| Uganda Revenue Authority | 2 | Key informant interviews |
| District local government officials (mining districts) | 2 | key informant interviews |
| Civil society organizations | 30 | Key informant interviews |
| Private mining companies | 20 | Key informant interviews |
| **Total** | **67** | |

Purposive sampling was used for expert respondents based on knowledge and expertise in relation to mining taxation and governance.

### 2.4.1. Document Review

Secondary data collection involved reviewing official and non-official documents, including revenue reports, sector policies, tax laws and academic studies. A structured review matrix was applied to systematically extract data relevant to study objectives. Key documents reviewed included the Mining and Mineral Act, Cap 159, Mineral Policy 2, Mining and Mineral (Licensing) Regulations, 2023, Background to the Budget 2024/25, Tax Expenditures Report, FY 2023/24, UGEITI reports from 2023, Income Tax Act, Cap 338, Value Added Tax Act, Cap 344, Uganda Vision 2040, National Development Plan IV, Domestic Revenue Mobilization Strategy, East African Community Customs Management Act, Cap. 324, Uganda National Bureau of Statistics Statistical Abstract, Bank of Uganda annual reports, MEMD annual mineral production reports, Financial

Intelligence Authority strategic and annual reports, World Bank mining sector studies and country reports and International Monetary Fund country reports.

## 2.5. Data Analysis

Different approaches were used to gather information and data.

### 2.5.1. Structured Questionnaires

Standardized questionnaires were administered to miners, mineral dealers and government officials. These captured demographic characteristics, mining activities, revenues and taxes paid, compliance challenges, and perceptions of value addition.

### 2.5.2. Key Informant Interviews

Semi-structured interviews were conducted with MoFPED, MEMD, local government and URA officials (Figure 2). These focused on the effectiveness of mining taxation frameworks, revenue leakages, compliance enforcement and policy gaps. Interviews were conducted face-to-face or online (where appropriate) and detailed notes taken, with consent obtained for audio recording where possible.

**Figure 2.** *Key informant interviews at Wagagai Mining (U) Ltd (left) and Greenwood Resources Ltd (right)*

### 2.5.3. Focus Group Discussions

Focus group discussions were conducted in selected mining districts, especially with artisanal miners (Figure 3). Discussions explored their experiences with mining revenues, benefits, tax challenges and perceptions of local value addition.

**Figure 3.** *Focus group with Mubende United Artisanal Miners Association (MUAMA) in Kasanda District*

### 2.5.4 Observation

Field teams supplemented these methods with direct observation of mining activities, infrastructure and revenue collection practices. Structured checklists guided observation and visual evidence (photographs) was collected with consent (Figure 4)

**Figure 4.** *Artisanal miners washing to get gold milling at Tiira in Busia*

# 3. Legal and Regulatory Framework

This section analyses the existing legal and regulatory frameworks and practices hindering effective revenue collection from Uganda's mining sector, reviewing the frameworks that are essential for establishing clear guidelines, protecting rights and facilitating the smooth functioning of the sector.

## 3.1. Laws, Policies and Regulations

The Ugandan government has put in place laws and policies to govern the management of the country's minerals. These have been reviewed and revised over the years to constrain waste and revenue losses, especially through illicit financial flows, which are high in the mining sector. The key laws and policies are laid out below.

### 3.1.1. The Constitution of the Republic of Uganda (1995)

National Objective XIII commits the state to protect important natural resources, including land, water, wetlands, minerals, oil, fauna and flora, on behalf of the people of Uganda. Article 244 details the management of Uganda's mineral deposits, with specific focus on parliament passing laws and regulations on the exploitation of minerals and sharing of royalties arising from mineral exploitation. Article 244 further provides the conditions for payment of indemnities arising out of exploitation of minerals and regarding the restoration of derelict lands.

The Constitution further makes consideration of different stakeholders, outlining that minerals and mineral ores shall be exploited considering the interests of individual landowners, local governments and the government. To an extent, these have been realized with laws and policies in place to guide the exploitation, management and use of minerals.

### 3.1.2. Mining and Mineral Policy 2018

This provides direction and strategies for managing the exploitation of the country's mineral resources and paves way for more progressive and comprehensive mining legislation. Its key objective is to increase the development of Uganda's minerals and mining sub-sector in a cost effective and efficient manner, through increased investment, value addition, national participation and revenue generation to contribute significantly to the eradication of poverty and promote socioeconomic transformation in line with Uganda Vision 2040.

The policy does not explicitly provide robust mechanisms for mineral revenue management, unlike sectors such as oil and gas. This creates ambiguity around how mining revenues should be collected, recorded and managed.

### 3.1.3. The Mining and Minerals Act Cap. 159

This repealed the Mining Act, 2003 to consolidate and reform legislation relating to mineral resources, giving effect to Article 244 of the Constitution. The Act sets out the legal framework governing all activities, operations and transactions related to the prospecting, exploration, mining, development, exploitation, research and beneficiation of minerals, including the processing, smelting and refining of minerals and trading of mineral substances; and the extraction of geothermal resources for direct use. The Act strengthens the administrative structures of the mineral subsector, providing for the acquisition, management and dissemination of geological information, regulating the licensing and participation of commercial entities in mining operations, providing for government participation in mining operations, and providing for value addition with a view to promote local growth by reaping benefits across the whole value chain.

The Act lays out guidelines for an open, transparent and competitive process of licensing, creating a conducive environment for the promotion of exploitation of Uganda's mineral potential, and for sustainable mineral marketing strategies by establishing buying and auctioning centres. It also provides for the formalization of artisanal and small-scale mining, and for national development in the regulation and management of geothermal resources and efficient and safe mining operations. The Act also enforces the decommissioning of mining infrastructure and provision of payments arising from mining operations. Key areas identified under the Act include:

- **Mineral Agreements** between investors and government relating to operations to stabilize the legal, social and economic obligations of either party for the purpose of carrying out prospecting, exploration and mining rights.
- **Prospecting Licence**, granted for one year, non-renewable to the holder to prospect for minerals as outlined in Section 37 (see Sections 35 to 40 for full details). It currently costs UGX 200,000.
- **Exploration Licence**, giving the holder the exclusive right to carry on exploration operations on land (maximum of 250km$^2$) for a duration of four years, renewable for not more than three years. (see Sections 41 to 52). It currently costs UGX 2m.
- **Retention Licence,** granted to the holder of an exploration licence in cases when the identified mineral deposit cannot be exploited within the exploration period due to economic reasons. The licence application is submitted at least three months before the expiry of the exploration licence and given within a period of three years from the date of the application, for three years, and only renewable once for two years (see Sections 53 to 58). This licence costs the holder UGX 7m.
- **Mining Lease**, giving the holder the exclusive right to carry out exploration and mining operations in their mining area. The licence is categorized as either large scale (for 21 years and renewable for not more than 15 years), medium scale (for 10 years), small scale (valid for five years) or artisanal (valid for three years and renewable for two years) (see Sections 59 to 103 for full details of obligations and fees).
- **Goldsmith's Licence**, giving the holder the right to manufacture products from any precious minerals, obtained upon payment of the prescribed fee. Goldsmiths are required to keep a register of all purchases and sales of articles of commerce containing precious minerals; the nature, weight, price paid or received and the date of each purchase or sale, and details of the vendor and purchaser (see Sections 143 to 146). The annual cost of this licence is UGX 500,000.
- **Mineral Dealer's Licence**, giving the holder the right to buy, sell and deal in minerals. Section 141 makes the dealer liable for the payment of all royalties due on any minerals bought, received or exported by the holder. The dealer should keep records of all purchases and sales and the nature and weight of the minerals; the price paid or received for the minerals and the date of each purchase or sale; and details of the vendor and place of origin of the minerals (see Section 139 to 142 for full details).
- Section 169 places restrictions on exercising of mineral rights except with the written consent of the duly authorized agent of the registered owner. This applies to forests, wetlands and national parks, among others, where consent is provided by the respective government ministry, department or agency.
- **Decommissioning Plan:** Section 217 requires the holder of a mineral right, licence or permit to submit a decommissioning plan to the Minister of Energy and Mineral Development before it expires. This should be done four years at the earliest before the expiry of the permit, right or licence, and 12 months before the beginning of

the process of closing or abandoning the mine or operation at the latest.

In addition, Section 218 requires that a decommissioning fund be established for each large-scale, medium-scale, small-scale or artisanal mining licence or other facilities operated in relation to a licence for beneficiation for the purpose of meeting the implementation costs of a decommissioning plan, including post-mine closure transition measures as may be prescribed by regulations.

Annex 1 summarizes all the fees associated with each licence.

#### 3.1.3.1. Revenue Opportunities in the Mining and Mineral Act, Cap 159

Licences are non-tax revenue (NTR) and are key in regulating the Uganda’s mining and mineral sector. Apart from permitting an interested body/person to do business in the mining sector, they are also a source of revenue alongside the other primary domestic tax laws, such as the Income Tax Act and Customs Management Act.

The Act also provides for incentives for exploration, development, processing, trade and transport. Section 93 provides for the minister responsible for finance to provide for fiscal, tax, financial and other instruments to, among other aspects, encourage the formalisation of small-scale and artisanal mining. This indicates that there is potential revenue foregone under this Act or within the mining sector.

Section 178 of the Act grants the state free carry of up to 15% ownership in any large-scale or medium-scale mining licence equity, not exceeding 35%. Any additional equity share above 15% is to be bought by government.

Sections 179 to 189 provide details on the management of royalties,[1] subjecting all minerals explored to the payment of royalties on the gross value of the minerals produced based on the prevailing market price. The rates paid are prescribed by the energy minister in collaboration with the minister responsible for finance by statutory instrument.

Sections 190 to 193 permit taxation on the mining sector in accordance with the tax laws of Uganda, which include the Income Tax Act, Value Added Tax Act and Income Tax (Transfer Pricing) Regulations, 2015.

1 Mining royalties are paid to the government and landowners for mineral extraction rights to ensure that the wealth generated from natural resources benefits the country and its people.

### 3.1.4. The Mining and Minerals (Licensing) Regulations, 2023

These were established to regulate mining activities, guaranteeing investors' security of tenure, repatriation of capital and profits, and providing transparency in the issuance and administration of mineral rights. They replaced the Mining Regulations, 2019.

### 3.1.5. The Income Tax Act Cap. 338

Section 90 of the Act provides guidelines on the taxation of mining licensees, focusing on a licensee in relation to mining operations. The Act details the rate of income tax applicable to a licensee in respect of mining operations specified under paragraph 1 of Part VII of Schedule 4. The Act subjects non-resident persons in the mining industry to 15% withholding tax on the gross amount received.

Further revenue opportunities in laws related to the mining sector are laid out in the following sections.

### 3.1.6. National Environmental Management Act Cap. 150

The Act addresses emerging environmental issues, including climate change, management of hazardous chemicals and environmental concerns. Section 117(4)(h) prevents or restricts the scope of any activity on burdened land[2] related to the mining and working of minerals or aggregates. Schedule 5, sub-section 17 provides for mandatory environmental and social impact assessments (ESIAs) for projects including mineral exploration, mining of metal and non-metal minerals, and processing of minerals, including smelting and refining of ores.

### 3.1.7. East African Community Customs Management Act Cap. 349

This exempts all machinery and inputs imported by licensed mining companies and their sub-contractors for direct and exclusive use in mining exploration and development from import duty. As part of the East African Community, Uganda implemented the East African Community Customs Union and therefore adheres to this legislation.

### 3.1.8. Water Act Cap. 152

Part II, Division 1 of the Act provides for rights in water and water resources, where Section 6(20) guides that no person shall sink any well or use any water pursuant to Section 31 of the Mining Act without a permit to undertake works or a water permit as may be required by the environment minister or regulations made under the Act.

2. Burdened land is land that has an environmental easement, such as a requirement to protect a specific habitat, or is restricted in its usage.

### 3.1.9. Occupational Health and Safety Act Cap. 231

The Act provides guidelines for harmonized occupational safety and health for workers, including those in the mining industry. It gives the general legal basis for workplace safety, covering hazard identification, risk assessment and welfare.

## 3.2. Institutions in the Mining Sector

### 3.2.1. Ministry of Energy and Mineral Development (MEMD)

MEMD is mandated under the Act to provide administration, management and regulation of the mineral subsector under the Directorate of Geological Survey and Mines, subject to the overall policy guidance of the minister. MEMD coordinates with other government ministries, departments, agencies and local governments responsible for infrastructure development to earmark areas for the development of integrated public infrastructure projects that promote mining.

### 3.2.2. Uganda National Mining Company (UNMC)

The UNMC is a statutory company wholly owned by the Government of Uganda, established in 2024 under the Mining and Minerals Act, [Cap 159], to manage Uganda's commercial holding and participation in the mineral industry. UNMC operates under the oversight of MEMD, with 51% shareholding, and MoFPED, with 49% shareholding.

UNMC manages and optimizes the state's commercial interests in the mining sector, partnering with the private sector to maximize revenue, ensure sustainable development and undertake strategic exploration, mining and infrastructure projects, both locally and internationally. UNMC plays a key role in managing state equity, marketing mineral resources, developing industry expertise and driving innovation while contributing to economic growth and societal benefits. Currently, under the law, the government has interests in copper, iron ore, gold and building substances, in which UNMC holds shares in mining licences up to a maximum of 15% at no cost, while any share above 15% is paid for by the government.

### 3.2.3. Local Governments

These integrate publicly available mineral deposit information provided by the Directorate into their development plans and participate in the implementation of mining policies, laws and mineral related activities in collaboration with the Directorate. Local governments coordinate, support and provide an oversight role in the mining sector. They also monitor and regulate the exploitation of minerals in collaboration with the Directorate in a manner prescribed by regulations.

### 3.2.4. Uganda Revenue Authority (URA)

The URA is mandated to assess, collect and administer all central government taxes and NTR, including royalties on produced minerals, corporate income tax (CIT), capital gains tax (CGT), VAT, import and export duties on mining equipment and minerals, and annual mineral rents and licence application fees. The URA is the main agency responsible for ensuring financial compliance within the sector.

### 3.2.5. National Environment Management Authority (NEMA)

NEMA ensures that all mining operations adhere to environmental laws and promote sustainable development, including approval of all environmental impact assessments (EIAs) undertaken.

### 3.2.6. Ministry of Finance, Planning and Economic Development (MoFPED)

MoFPED plays a coordinating, resource mobilization and oversight role in Uganda's mining sector, rather than directly managing the technical aspects of mining operations. The Ministry formulates sound economic and fiscal policies, including those for natural resource revenue management, to ensure sustainable growth and development in the sector. The Uganda Extractive Industries Transparency Initiative is hosted by this Ministry following the Ministry's recognition of EITI as a tool in the Domestic Revenue Mobilisation Strategy aimed at enhancing domestic revenue..

### 3.2.7. Ministry of Water and Environment

This manages and protects water, environment and natural resources. The Ministry ensures that mining activities comply with environmental standards and regulations to minimize negative impacts and oversee the sustainable use and management of water sources that may be affected by mining operations.

### 3.2.8. Ministry of Lands, Housing and Urban Development

This ensures the rational, sustainable and effective use and management of the land on which mining activities occur, rather than directly managing the mineral extraction itself. The Ministry ensures land tenure security for host communities in mineral-rich areas, which are often under customary tenure and susceptible to land grabbing. Interventions include issuing certificates of customary ownership (CCOs) and creating communal land associations (CLAs).

### 3.2.9. Ministry of Trade, Industry and Cooperatives

This drives industrial development through value addition, processing raw materials into higher-value goods (mineral beneficiation), rather than the direct regulation or exploration of mineral resources. This aligns with the government's goal of transforming the economy from a peasant to a modern and industrial country.

## 3.3. Gaps in the Legal and Regulatory Framework and Practices hindering Effective Revenue Collection from Uganda's Mining Industry

> *There are no legal and regulatory gaps affecting the effective collection of revenue in the mining sector. However, there are weaknesses in the enforcement of the regulations.' (Key informant interview with MEMD legal department)*

> *Policies are quite good and adequate in addressing gaps affecting the effective collection of revenue in the mining sector. Taxes to be paid by those intending to or engaged in the mining sector are well spelt out in the Mining and Mineral Act, 2022 and the mining and mineral regulations.' (Key informant interview with MEMD officials)*

*Several issues were observed during the analysis of the legal and regulatory framework.*

### 3.3. 1. Limited Transparency on the Records of Minerals Explored and Produced

Section 50 of the Mining Act obliges a licence holder to keep records and submit them to the MEMD monthly. During interviews, some mining companies could not provide records for their monthly productions, indicating a gap in record keeping. In addition, there is poor coordination and data sharing between government agencies (MEMD, URA and MoFPED) responsible for licensing, production oversight and revenue collection, leading to conflicting information and lost revenue. Delayed or incomplete disclosure of contracts, royalty receipts and sector data undermines public and institutional oversight that could help curb revenue loss.

'We don't have records for our production as well as records of taxes paid. All records are maintained by our partner, Pearl.' (Focus group discussion with artisanal mining association in Busia)

*We don't have records for our production as well as records of taxes paid. All records are maintained by our partner, Pearl.' (Focus group discussion with artisanal mining association in Busia)*

### 3.3.2. Inability to Decommission explored space according to the law

Section 50 requires decommissioning of the mining site within 60 days of the licence expiration date, with a fund put in place and resources deposited by the licence holder to the MEMD to undertake this. However, decommissioning has still to been undertaken at several sites, negatively affecting the environment (Figure 5). The decommissioning fund provided for under Section 219 of the Mining and Mineral Act, Cap 159 is non-operational. Some of these sites have caused floods which have affected neighbouring communities.

**Figure 5.** *A deep hole created at Tiira gold mine in Busia*

### 3.3.3. Unclear records on the exportation of minerals

Section 149 of the Mining and Mineral Act, Cap 159 provides clear guidelines on the exportation of minerals, with records required on the quantities and income generated. However, Uganda has continuously seen gaps in the declaration of quantities, with limited verification of records on the amounts exported and income generated. This creates a vacuum that unscrupulous tax planners can exploit to move their profit out of the country. There is therefore a need to close this loophole.

Mining companies often submit mineral production reports with little or no independent verification. The MEMD and URA lack consistent mechanisms such as weighbridges and permanent mine inspectors to verify actual extraction volumes. This under-reporting directly reduces royalty and tax liabilities, leaving significant revenue uncollected.

'Many companies are exporting minerals without export permits provided by the MEMD.' (Focus group discussion with MEMD officials)

### 3.3.4. Loss of revenue due to exemption of gold, from paying royalties

The government provides tax incentives to attract investors into the mining sector, as shown by the waiver of charging royalties on gold production.

> ***'Royalty on gold was waived to incentivize artisanal and small-scale miners to take their gold to refineries. The waiver was in accordance with the Mining and Minerals Act Cap. 159 which allows such a waiver with the approval of Cabinet. That waiver is reflected in the Mining and Minerals (Licensing) Regulations, 2023 (as amended) fees schedule.' (Key informant interview with MEMD officials)***

Gold smuggling and laundering exists through unofficial channels, resulting in revenue losses for the government.

'I have been here in Uganda for five years to refine gold, but it was only in July 2025 that I managed to refine and export 2kg of gold**.**' (Key informant interview with a mineral processor in Kampala**)**

### 3.3.5. High levels of informality in the mining industry

Over 90 mining operations are informal, operating outside official oversight and taxation systems. This means that much output goes untaxed or undertaxed, with production quantities either under-declared or not declared at all. This lack of formalization facilitates tax evasion, smuggling and illicit operations in the sector, including exports. This undermines legal collections which the mineral policy does not address.

### 3.3.6. Delays in environmental and social impact assessments

The National Environment Management Authority Act, Cap 181 provides that mining projects, including artisanal, small-scale and large-scale operations, undertake ESIAs and develop environmental management plans before approval. While this is a legitimate environmental safeguard, in practice, the costs and complexity of ESIA compliance are high, especially for small and artisanal miners who struggle to afford consultants or technical expertise. This pushes operations towards informality, reducing registration, licensing and tax/revenue compliance.

In addition, there are delays in ESIA approval due to the limited number of environmentalists available to undertake the assessments, which slow down formal licensing and production reporting, thereby affecting the government's ability to monitor mineral output and tax liabilities.

There is also limited integration of environmental permitting and fiscal revenue systems; environmental permits or audits are not automatically linked to licensing or mineral export systems, so violations or non-compliance in environmental processes do not necessarily trigger fiscal sanctions or suspension of revenue privileges. As a result, some mining operators continue operating despite environmental non-compliance, without corresponding fees or taxes being enforced.

### 3.3.7. Lack of regional mineral traceability and verification systems

The East African Community Customs Management Act (EACCMA), 2004 provides for export declarations and customs controls but does not establish mineral-specific traceability systems or real-time production verification mechanisms. Minerals (especially gold and the 3Ts – tin, tungsten and tantalum) are under-declared, misclassified and smuggled through porous borders. Customs officers rely heavily on exporter declarations rather than independent production verification, which leads to loss of export levies, royalty verification gaps and under-valuation.

There is also limited integration of the EACCMA with the mining policy. For instance, clinker is imported yet Uganda has limestone deposits for clinker production. The EACCMA does not integrate customs controls with domestic mining production monitoring, industrial policy objectives and royalty systems. This makes the imported clinker cheaper and discourages local mineral extraction, indirectly negatively affecting mining royalties and other taxes such as income tax.

### 3.3.8. Lack of water metering systems in mining sites

The Water Act, Cap 152 requires permits for water abstraction, wastewater discharge and construction in water bodies. However, many mining operators (especially artisanal and small-scale miners) operate without valid water permits and monitoring of actual water abstraction volumes is limited due to inadequate metering systems. This leads to loss of government tax and non-tax revenue and informal use of water, creating an inability to link production volumes to water usage.

### 3.3.9. Limited inspection of mining sites to observe operational health and safety

The Occupational Health and Safety Act, 2006 empowers labour inspectors to conduct workplace inspections, enforce safety standards and prosecute non-compliance. However, there are limited inspections due to the remoteness of mining areas. This leads to informal and unsafe mining operations.

Furthermore, due to limited inspection of the mining sector, it has enabled informality where several operators remain outside the formal regulatory framework, thus affecting not only health safety, but also tax and non-tax revenue generation and compliance. For instance, the government, over the years, losing tax revenue like Pay As You Earn (PAYE) from employees working with mining companies earning beyond UGX 235,000/=, Local Government Service Tax (LST), CIT and licensing fees, especially for those that have expired.

# 4. Revenue Collected and Foregone in the Mining Sector (FY 2019/20 - 2023/24)

**Mineral Production Increased for the last five years**

**FY 2019/20 to FY 2023/24**

***Total tonnage of 14,240,825.5 tns***

**Minerals with Largest share of production were**

*Limestone = 1,090,689*
*Iron ore = 466,547,8*
*Syenitic aggregate = 207,853*

**122 COMPANIES** engaged in Production

This section first presents mineral production trends and corresponding value trends, then revenues collected and foregone, both tax and non-tax, from minerals and related activities for the last five years – from FY 2019/20 to FY 2023/24. The data analysed was obtained from MoFPED, URA, MEMD and Bank of Uganda reports.

## 4.1. Mineral ProductionTrends in Uganda

Uganda's mineral production has increased for the last five years, as shown in Table 3. The total tonnage of minerals produced in the last five years was 14,240,825.5 tonnes, with 122 companies engaged in production. Total production, however, decreased by 45.2% from 4,942,326 tonnes in FY 2019/20 to 2,709,252 tonnes in FY 2023/24, mainly due to a decrease in the production of limestone, from 3,817,986 tonnes in FY 2019/20 to 843,840 tonnes in FY 2023/24 (-77.9%). Limestone, iron ore and pozzolana are the backbone of Uganda's mineral output, accounting for the largest share of production. Limestone was the highest contributor, followed by pozzolana with an increase of 11% from 981,9112.5 tonnes in FY 20291/20 to 1,090,689 tonnes in FY 2023/24. Iron ore had the third-highest mineral production, with an increase from 2,810 tonnes in 2019/20 to 466,547,8 tonnes in FY 2023/24. Syenitic aggregate increased by 116%, from 95,833 tonnes in 2019/20 to 207,853 tonnes in FY 2023/24.

On the other hand, gold production reduced from 0.035 tonnes in 2019/20 to 0.026 tonnes in FY 2023/24. Minerals such as coltan and niobium have inconsistent records, with production only recorded in one or two years. For the years where coltan/tantalite was also realized, production was low, at only 0.2 tonnes, and 0.1 tonnes for niobium in FY 2019/20. Cassiterite/tin, wolfram, kaolin, vermiculite, marble and feldspar contributed to the total production over the years in varying quantities. Table 3 indicates that there has been no production of mica, lithium, manganese and graphite, primarily due to miners undertaking exploration.

## Table 3. Mineral Production Trends, FY 2019/20 to FY 2023/24 (tonnes)

| Mineral | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | Total |
|---|---|---|---|---|---|---|
| Bentonite | | 37.0 | 31.6 | | 37.0 | 105.6 |
| Cassiterite/tin | 13.0 | 33.0 | 2.8 | - | 33.0 | 81.8 |
| Coltan/tantalite | 0.2 | - | - | - | - | 0.2 |
| Diatomite | 248.2 | - | 249.5 | - | - | 497.7 |
| Dimension stone | 488.2 | 228.5 | 237.0 | 382.9 | 228.5 | 1,565.1 |
| Feldspar | 271.2 | 469.2 | 1,109.1 | 931.8 | 469.2 | 3,250.5 |
| Gold | 0.035 | 0.019 | 0.009 | 0.034 | 0.026 | 0.122 |
| Granite | 234.1 | 112.5 | 184.0 | 140.9 | 112.5 | 784.0 |
| Graphite | - | - | - | - | - | - |
| Iron ore | 2,810.0 | 466,547.8 | 142,545.0 | 163,200.0 | 466,547.8 | 1,241,650.6 |
| Kaolin | 1,943.4 | 7,074.6 | 6,648.4 | 4,467.3 | 7,074.6 | 27,208.3 |
| Limestone | 3,817,986.6 | 843,840.1 | 584,016.0 | 799,417.5 | 843,840.1 | 6,889,100.3 |
| Lithium | - | - | - | - | - | - |
| Manganese | - | - | - | - | - | - |
| Marble | 27,273.2 | 1,297.0 | 1,466.0 | 11,108.4 | 1,297.0 | 42,441.7 |
| Mica | - | - | - | - | - | - |
| Niobium | 0.1 | - | - | - | - | 0.1 |
| Phosphates | 2,810.0 | 2,349.1 | - | - | 2,349.1 | 7,508.3 |
| Pozzolana | 981,912.5 | 1,090,689.0 | 713,231.2 | 882,591.9 | 1,090,689.0 | 4,759,113.6 |
| Syenite aggregate | 95,833.1 | 207,853.9 | 81,201.1 | 182,428.7 | 207,853.9 | 775,170.6 |
| Vermiculite | 10,452.5 | 25,558.9 | 22,729.1 | 20,940.3 | 25,558.9 | 105,239.6 |
| Volcanic ash | - | 63,144.3 | 58,826.9 | 201,749.5 | 63,144.3 | 386,865.0 |
| Wolfram | 50.3 | 17.1 | 94.8 | 63.1 | 17.1 | 242.4 |
| **Total** | **4,942,326.7** | **2,709,251.9** | **1,612,572.5** | **2,267,422.4** | **2,709,251.9** | **14,240,825.5** |

***Source: Directorate of Geological Survey and Mines, MEMD[1]***

### 4.1.1. Annual Value of Mineral Production, 2019–2023

The MEMD has defined criteria, drawn from the Mining and Minerals Act, 2022, for evaluating mineral resources, granting licences and monitoring and inspection of mining operations. Only legally defined minerals can be assessed, licenced and commercially exploited. It uses the production data submitted in the cadastre system and multiplies this by the commodity prices to determine the value of mineral produced.

For gold, the price applied is obtained from Kitco,[2] while for other metals the price is obtained from the London Metal Exchange.[3] For industrial minerals, the market price in Uganda is used. Table 4 provides the values of various minerals produced in Uganda between 2019/20 and 2023/24.

2. Kitco is the global precious metals authority and retailer of bullion products, recognized as the leading voice in commodities information and providing best-in-class news, data and insights. See http://www.kitco.com.

3. The London Metal Exchange is the world centre for the trading of industrial metals; where most of all non-ferrous metal futures business is transacted. See https://www.lme.com.

## Table 4. Annual Value of Mineral Production, FY 2019/20 to FY 2023/24 (UGX '000)

| Year | | FY 2019/20 | | FY 2020/21 | | FY 2021/22 | | FY 2022/23 | | | FY2023/24 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mineral** | **Average price per tonne** | **Production in tonnes** | **Average value** | **Production in tonnes** | **Average value** | **Production in tonnes** | **Average value** | **Average price** | **Production in tonnes** | **Average value** | **Production in Tonnes** | **Average** |
| Bentonite | - | - | - | 37.00 | 13,678,283.32 | 31.59 | **5,783.02** | - | - | - | 37.00 | **13,678,283.32** |
| Berrylium | **279.22** | - | - | - | **27,225.04** | - | - | **279.22** | - | - | - | **27,225.04** |
| Cassiterite/tin | **115,355.81** | 12.98 | **1,496,972.39** | 33.00 | **397,374.98** | 2.81 | **323,573.06** | **115,355.81** | - | - | 33.00 | **397,374.98** |
| Coltan/tantalite | **125,648.52** | 0.20 | **25,129.70** | - | - | - | - | **125,648.52** | - | - | - | - |
| Diatomite | **30.59** | 248.23 | **7,593.36** | - | - | 249.50 | **7,632.21** | **30.59** | - | - | - | - |
| Dimension stone | **69.59** | 488.19 | **33,973.21** | 228.50 | **15,901.32** | 237.00 | **16,492.83** | **69.59** | 382.90 | **26,646.01** | 228.50 | **15,901.32** |
| Feldspar | **186.11** | 271.16 | **50,465.50** | 469.18 | **87,318.25** | 1,109.11 | **206,415.35** | **186.11** | 931.82 | **173,420.65** | 469.18 | **87,318.25** |
| Gold | **192,499,200.00** | 0.04 | **6,775,971.84** | 0.00 | **785,396.74** | 0.01 | **1,953,424.35** | **192,499,200.00** | 0.00 | **702,102.33** | 0.00 | **785,396.74** |
| Granite | **50.60** | 234.13 | **11,846.88** | 112.50 | **5,692.50** | 184.00 | **9,310.40** | **50.60** | 140.90 | **7,129.54** | 112.50 | **5,692.50** |
| Graphite | **3,476.28** | - | - | - | - | - | - | **3,476.28** | - | - | - | - |
| Iron ore | **558.44** | 2,810.00 | **1,569,207.97** | 466,547.82 | **260,537,564.96** | 142,545 | **79,602,402.17** | **558.44** | 163,200.00 | **91,136,918.40** | 466,547.82 | **260,537,564.96** |
| Kaolin | **506.08** | 1,943.40 | **983,523.65** | 7,074.62 | **3,580,353.51** | 6,648.40 | **3,364,648.87** | **506.08** | 4,467.30 | **2,260,829.05** | 7,074.62 | **3,580,353.51** |
| Limestone | **122.00** | 3,817,986.63 | **465,794,369.06** | 843,840.07 | **102,948,488.54** | 584,016.01 | **71,249,953.22** | **122.00** | 799,417.53 | **97,528,938.97** | 843,840.07 | **102,948,488.54** |
| Marble | **150.63** | 27,273.22 | **4,108,028.61** | 1,297.04 | **195,366.80** | 1,466.00 | **22,906.25** | **150.63** | 11,108.42 | **1,673,205.46** | 1,297.04 | **195,366.80** |
| Mica | **829.84** | - | - | - | - | - | - | | - | - | - | - |
| Niobium | **22.50** | 0.08 | **1.85** | - | - | - | - | - | - | - | - | - |
| Phosphates | **740.00** | 2,810.00 | **2,079,400.00** | 2,349.14 | **1,738,365.08** | - | - | - | - | - | 2,349.14 | **1,738,365.08** |
| Pozzolana | **21.29** | 981,912.49 | **20,904,916.91** | 1,090,689.00 | **23,220,768.81** | 713,231.24 | **15,184,693.05** | **21.29** | 882,591.90 | **18,790,381.53** | 1,090,689.00 | **23,220,768.81** |
| Syenitic aggregate | **30.59** | 95,833.12 | **2,931,535.14** | 207,853.87 | **6,358,249.88** | 81,201.06 | **2,483,940.43** | **30.59** | 182,428.68 | **5,580,493.32** | 207,853.87 | **6,358,249.88** |
| Vermiculite | **1,038.35** | 10,452.50 | **10,853,301.11** | 25,558.85 | **26,538,904.10** | 22,729.10 | **23,600,647.34** | **1,038.35** | 20,940.30 | **21,743,255.80** | 25,558.85 | **26,538,904.10** |
| Volcanic ash | - | - | - | 63,144.25 | **1,344,341.08** | 58,826.94 | **1,252,425.55** | **21.29** | 201,749.54 | **4,295,247.77** | 63,144.25 | **1,344,341.08** |
| Wolfram | **71,912.84** | 50.33 | **3,619,229.21** | 17.10 | **1,229,637.58** | 94.78 | **6,815,539.03** | **71,912.84** | 63.11 | **4,538,419.08** | 17.10 | **1,229,637.58** |
| **Total** | | | **521,245,466.38** | | **429,010,949.16** | | **206,094,004.10** | | | **248,456,987.92** | | **429,010,949.16** |

***Source: Directorate of Geological Survey and Mines, MEMD***

Gold has the highest price on the world market, with an average of Uganda shillings (UGX) 192bn per tonne. Gold production in Uganda in terms of value decreased from UGX 6.8bn in FY 2019/20 to UGX 0.79bn in FY 2023/24. The growth in gold exports and value addition driven by the increasing refining capacity in the country.

Iron ore is the second-largest contributor in terms of production value. In FY 2019/20 this was UGX 1.56bn, which rose to UGX 260bn in FY 2023/24. Although limestone is one of the most highly produced minerals, its value decreased from UGX 465bn in FY 2019/20 to UGX 102bn in FY 2013/24. This can be attributed to an increase in clinker imports,[4] a substitute in cement production. Other minerals with a positive increase in value include vermiculite, pozzolana and bentonite.

A growing value reflects the higher production of industrial minerals such as limestone, syenite, volcanic ash, iron ore and formalized outputs, even though some traditional minerals (e.g. gold and wolfram) saw slower growth or declines in the period.

## 4.2. Revenue from the Mining Sector

The mining sector generates several sources of revenue. These include tax (export taxes (levy), CIT and VAT) and non-tax (fees, levies, royalties and rent) revenue, paid by mining companies and individuals under Uganda's taxation laws.

Revenue collection from Uganda's mineral sector has seen a significant upward trend, driven by the enforcement of the Mining and Minerals Act, Cap 159, which focuses on value addition. The increment has been in both tax revenue and non-tax revenue (NTR). Revenue collection from mining rose from UGX 13.530bn in FY 2019/20 to UGX 78.318bn in FY 2023/24 (478.8%), as shown in Table 5. The ratio of revenue collected from the mining sector to total revenue rose from 0.078% in FY 2019/20 to 2023/24 to 0.275% in FY 2023/24. Total revenue from the mining sector as a percentage of GDP rose from 0.01% to 0.039%. This growth is driven by increased mineral production (especially gold), improved regulation and tax administration, and expansion of formal sector activities.

4. The essential component in producing cement, which is made by sintering limestone.

### Table 5. Revenue Collection in the Mining Sector (UGX bn)

| Tax Category | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|---|---|
| Income tax (bn) | 0.268 | 0.645 | 3.141 | 1.441 | 2.940 |
| PAYE (bn) | 3.757 | 3.057 | 5.836 | 6.055 | 7.808 |
| VAT (bn) | 4.367 | 7.588 | 9.135 | 16.447 | 20.957 |
| VAT on imported services (bn) | - | - | - | - | - |
| VAT withheld (bn) | - | - | 0.016 | 0.046 | 0.006 |
| Withholding tax (bn) | 1.678 | 2.288 | 1.513 | 4.702 | 3.733 |
| Export duty (bn) | - | - | 2.324 | 12.122 | 34.831 |
| Stamp duty (bn) | 0.329 | 0.273 | 0.235 | 0.147 | 0.229 |
| **Sub-total tax (bn)** | **10.399** | **13.851** | **22.201** | **40.961** | **70.504** |
| NTR (bn) | 3.131 | 3.284 | 2.961 | 4.576 | 7.814 |
| **Grand total (bn)** | **13.530** | **17.135** | **25.162** | **45.537** | **78.318** |
| **Overall total (bn)** | **17,285.90** | **19,838.80** | **21,830.30** | **25,567.10** | **28,518.30** |
| % contribution from mineral sector to total revenue | 0.078% | 0.086% | 0.115% | 0.178% | 0.275% |
| GDP (bn) | 139,689 | 148,310 | 162,750 | 183,004 | 202,131 |
| Total revenue (% GDP) | 12.375% | 13.377% | 13.413% | 13.971% | 14.109% |
| Total revenue from mining sector (% GDP) | 0.010% | 0.012% | 0.015% | 0.025% | 0.039% |

***Source: Research and Innovation Department, URA***

### 4.2.1. Tax Revenue

#### 4.2.1.1. Export Levy

Tax revenue collection from minerals rose from UGX 10.070bn in FY 2019/20 to UGX 70.275bn in FY 2023/24 (597%), with the export levy and VAT being the main contributors. Export duty shows an upward trend from UGX 2.324bn (0.001% of GDP) to UGX 34.831bn (0.02%). This was because of the discouragement of the export of unprocessed minerals and promotion of local refining and value addition; for example, in 2021, the government introduced a levy of US$200 per kg of processed gold exports.[5]

5. PricewaterhouseCoopers. (n.d.). Tax Alert: Highlights of the Tax Amendment Bills, 2021 – Other Taxes. Accessed 20 April 2026. https://www.pwc.com/ug/en/assets/pdf/tax-alert-highlights-of-tax-amendment-bills-2021-other-taxes.pdf

However, it was observed that many firms are exporting minerals without clearance from the MEMD, which is illegal under the Mineral Act. This also undermines regulations which are designed to ensure safe, transparent and traceable mineral trade, and discourages investors who prefer jurisdictions with clear and enforced rules. Exports without a licence deprive the government of export levies, royalties, taxes and other fees that are legally due.

#### 4.2.1.2. Value Added Tax (VAT)

VAT increased from UGX 4.367bn in FY 2019/20 to UGX 20.9bn in FY 2023/24, while VAT withheld reduced from UGX 0.016bn in FY 2021/22 to 0.006bn in 2023/24. The increment in VAT collection can be attributed to more taxable economic activities in the sector, which naturally raises VAT paid on sales of goods and services tied to mining activities.

#### 4.2.1.3. Pay As You Earn (PAYE)

PAYE increased from UGX 3.757bn in FY 2019/20 to UGX 7.808bn in FY 2023/24. This indicates that due to value addition in the sector and formalization of artisanal miners, the sector has created more job opportunities.

#### 4.2.1.4. Income Tax

The government collects income tax equating to 30% from each mining company on net profits after deductions, except for companies where an exemption is provided. Income tax increased from UGX 268m in FY 2019/20 to UGX 2.940bn in 2023/24. This indicates investment in the mineral sector is a profitable venture worth undertaking. This can be seen in the increase in mining licences, which brings more formally employed workers into the sector, thus increasing the base for PAYE. Artisanal miners are being gradually formalized, meaning salaries and wages are increasingly captured under the tax system.

#### 4.2.1.5. Withholding Tax

As Table 5 shows, withholding tax collection from the mining sector has been increasing. It rose from UGX 1.678bn in FY 2019/20 to UGX 3.733bn in 2023/24 (an increase of 122%). In FY 2022/23, UGX 4.702bn was collected which later dropped in FY 2023/24 to UGX 3.733bn. The increase in withholding tax can be attributed to bringing more mining firms and mineral transactions into the formal tax system, which raises reported income and withholding tax collections as companies comply with legal obligations. Both URA and MEMD are reducing leaks from smuggling, under-reporting and informal trade that previously deprived the state of tax on mining receipts.

Withholding tax is 15% on payments such as dividends, interest and natural resource payments payable to non-residents and other resident payments. The total tax-to-GDP-ratio for the mining sector was stable for the period FY 2019/20 to FY 2020/21 with a constant value of 0.01%, then rose to 0.02% in FY 2022/23 and increased to 0.04% in FY 2023/24.

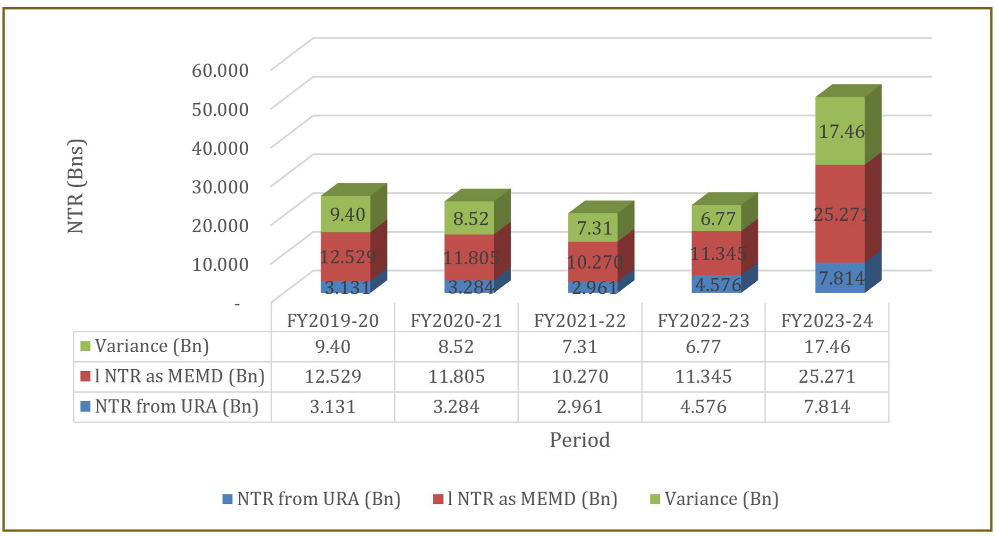
#### 4.2.1.6. Stamp Duty

Stamp duty reduced from UGX 0.329bn in FY 2019/20 to UGX 0.229bn in FY 2023/24 (a decrease of 30%). In the mining sector, stamp duty applies to mineral rights agreements (licenses, concessions, transfers); joint venture agreements; financing and investment contracts, equipment leasing and procurement agreements; and land access and compensation agreements, among others. The reduction in revenue collection can be attributed to a decrease in volume and formalization of mining investments and transactions.

### 4.2.2. Non-Tax Revenue (NTR)

NTR from the mineral sector in Uganda has been growing steadily, doubling or more each year in recent budget cycles. According to URA data, there has been a 150% increase of NTR collected from UGX 3.131bn in FY 2019/20 to UGX 7.814bn in FY 2023/24, as indicated in Table 5. However, it was observed that there are variations in NTR data between URA and MEMD, as shown in Figure 6.

**Figure 6. Variation in Non-Tax Revenue Data Between URA and MEMD (UGX bn)**




***Sources: Compilation of data from Research and Innovation Department, URA and Directorate of Geological Mines and Survey, MEMD***

The NTR collected in the mineral sector was much higher in the MEMD data than that from URA, indicating non-harmonization of the two systems which needs to be rectified to provide accurate figures.

#### 4.2.2.1. Royalties

Table 6, based on data from MEMD, indicates a 103% increase in NTR collected, from UGX 12bn in FY 2019/20 to UGX 25bn in FY 2023/24, where royalties is the main contributor, contributing 80% of NTR collected. Assessment of royalties is based upon submission of returns by mining companies. The royalty payable is often calculated by applying the prescribed royalty rate for the specific mineral commodity to the gross value of production or disposal. In certain cases, reference market prices or exchange rates determined by the minister may be used to standardize valuation. The royalty is then payable to the URA within the statutory period, and proof of payment must be provided before export permits are issued or minerals are otherwise lawfully disposed of. Failure to submit returns or to pay royalties within the prescribed timelines attracts penalties, interest and possible enforcement action, as guided by the Mining and Mineral Act, Cap 159.

#### 4.2.2.2. Annual Mineral Rent Exploration Licence

The annual mineral rent exploration licence[6] has seen an increase in revenue generated from UGX 1.3m in FY 2019/20 to UGX 1.96bn FY 2023/24, with a high of UGX 2.8bn in FY 2021/22, implying an increase in firms exploring minerals in Uganda. However, there was no data for payments in FY 2020/21 and FY 2022/23, attributable to the transition of the mining legal framework which created uncertainty on applicable rates and enforcement mechanisms and delays in operationalizing regulations and systems.

#### 4.2.2.3. Annual Mineral Rent other than for Prospecting Licences

Annual mineral rents other than for prospecting licences reduced to UGX 2.7bn in FY 2023/24 from UGX 5.2bn in FY 2019/20 due to the growing number of active mining companies and larger production volumes, which implies more rent accruals each year.

#### 4.2.2.4. Mineral Dealers' Licence

Mineral dealers' licence rose from UGX 386m in FY 2019/20 to UGX 1bn in FY 2023/24, indicating an increase in formal operators and strengthened regulation of mineral trading. Table 6 provides a summary of NTR collected per category.

6. Annual mineral rent is a mandatory, recurring fee paid by holders of mineral rights (exploration or mining licences) to the government for holding a licence over a specific area, distinct from royalties which are based on production.

## Table 6. Uganda's Mining Sector Non-Tax Revenue, FY 2019/20 to FY 2023/24

| Tax head name | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|---|---|
| Annual fees for goldsmith's licence | 30,000,000 | 81,000,000 | 60,000,000 | 44,000,000 | 4,000,000 |
| Annual mineral rent exploration licence | 1,300,000 | - | 2,843,270,000 | - | 1,964,955,000 |
| Annual mineral rents (other than for prospecting licence) | 5,215,545,000 | 3,527,556,500 | 53,000,000 | 2,759,352,855 | 1,205,950,000 |
| Application and preparation of a retention licence | 45,000,000 | 10,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Application for a location licence | 29,400,000 | 38,400,000 | 24,800,000 | 4,000,000 | 915,500,000 |
| Application for a mining lease | 20,000,000 | 25,000,000 | 20,000,000 | 10,000,000 | 106,000,000 |
| Application for a prospecting licence | 57,500,000 | 75,000,000 | 63,000,000 | 51,500,000 | 0 |
| Application for exploration licence | 116,000,000 | 136,000,000 | 172,000,000 | 137,000,000 | 9,000,000 |
| Application for renewal of a location licence | 12,000,000 | 29,000,000 | 12,000,000 | 20,000,000 | 0 |
| Application for renewal of exploration licence | 42,000,000 | 74,000,000 | 104,000,000 | 87,000,000 | 12,000,000 |
| Application for renewal of retention licence | 5,000,000 | 10,000,000 | - | - | 0 |
| Application for renewal of a mining lease | - | - | - | 5,000,000 | 0 |
| Blasting certificate | 500,000 | - | - | 4,500,000 | 0 |
| Certificate of surrender in the area covered by a mineral right | 3,000,000 | 10,000,000 | 3,000,000 | 4,500,000 | 2,000,000 |
| Issue of notice of amendment of exploration programme | 2,500,000 | - | - | - | 0 |
| Late lodgement fees and late lodgement period | 5,325,000 | - | - | | 0 |
| Mineral dealer's licence | 386,000,000 | 255,000,000 | 290,000,000 | 352,000,000 | 1,050,300,000 |
| Preparation of a location licence | 5,600,000 | | - | 0 | 0 |
| Registration of mining instruments | 41,600,000 | 126,500,000 | 58,000,000 | 15,000,000 | 34,300,000 |
| Royalties paid by holders of mineral rights or mineral dealers | 6,509,424,694 | 7,362,269,064 | 6,490,703,393 | 7,815,927,490 | 19,686,415,864 |
| Surrender of exploration licence | 500,000 | - | - | - | |

| Tax head name | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|---|---|
| Surrender of exploration licence | 500,000 | - | - | - | |
| Tender documents | 500,000 | 880,342 | - | - | 34,821,558 |
| Application fees in respect of an import permit | | 10,909,449 | - | - | 3,779,100 |
| Copy issued for lost or destroyed certificates | | 1,000,000 | 1,500,000 | 500,000 | 4,000,000 |
| Export levy for gold | - | - | - | - | 9,175,484 |
| Application fee for artisanal mining licence | - | - | - | - | 4,000,000 |
| Application fee for mineral processing licence | - | - | - | - | 300,000 |
| Application fee for small scale mining licence | - | - | - | - | 100,000,000 |
| Suspension of working obligation fees | | 800,000 | - | - | 0 |
| Transfer of mineral right or of share of the right in respect of | | 32,000,000 | 70,000,000 | 30,000,000 | 120,000,000 |
| **Grand total** | **12,528,694,694** | **11,805,315,355** | **10,270,273,393** | **11,345,280,345** | **25,271,497,006** |

***Source: Research and Innovation Department, URA***

Table 7, utilizing MEMD data, outlines the mineral sector's contribution to total revenue and GDP changes. The mineral sector's contribution to total revenue rose from 0.13% in FY 2019/20 to 0.34% in FY 2023/24. The total NTR rose from UGX 12.529bn in FY 2019/20 to UGX 25.271bn in FY 2023/24. These are higher amounts than those in the URA data, implying that there is need to synchronize the two systems (MEMD and URA) to harmonize NTR figures.

## Table 7. Revenue Collection with Data for Non-Tax Revenue from MEMD

| Tax category | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|---|---|
| Income tax (bn) | 0.268 | 0.645 | 3.141 | 1.441 | 2.940 |
| PAYE (bn) | 3.757 | 3.057 | 5.836 | 6.055 | 7.808 |
| VAT (bn) | 4.367 | 7.588 | 9.135 | 16.447 | 20.957 |
| VAT on imported services (bn) | - | - | - | - | - |
| VAT withheld (bn) | - | - | 0.016 | 0.046 | 0.006 |
| Withholding tax (bn) | 1.678 | 2.288 | 1.513 | 4.702 | 3.733 |
| Export duty (bn) | - | - | 2.324 | 12.122 | 34.831 |
| Stamp duty (bn) | 0.329 | 0.273 | 0.235 | 0.147 | 0.229 |
| **Sub-total tax** | **10.399** | **13.851** | **22.201** | **40.961** | **70.504** |
| NTR (bn) | 12.529 | 11.805 | 10.270 | 11.345 | 25.271 |
| **Total revenue from mineral sector (bn)** | **22.928** | **25.656** | **32.472** | **52.306** | **95.776** |
| Overall total (bn) | **17,285.9** | **19,838.8** | **21,830.3** | **25,567.1** | **28,518.3** |
| % contribution from mineral sector to total revenue | 0.133% | 0.129% | 0.149% | 0.205% | 0.336% |
| GDP (bn) | 139,689.0 | 148,310.0 | 162,750.0 | 183,004.0 | 202,131.0 |
| Total revenue (% GDP) | 12.375% | 13.377% | 13.413% | 13.971% | 14.109% |
| Revenue contribution from mining sector (% GDP) | 0.016% | 0.017% | 0.020% | 0.029% | 0.047% |

***Sources: Directorate of Geological Survey and Mines, MEMD for non-tax revenue and Research and Innovation Department, URA for taxes***

Several factors have contributed to the increase in NTR in the mineral sector. These include:

- Growth in mineral production, both in value and volume, where the government earns higher royalties and rents from mining leases and mineral rights**.** This is, especially, true where the extraction of higher-value minerals has picked up, such as in iron ore, limestone and gold.
- The Mining and Minerals Act, 2022, and related regulations which aim to strengthen revenue collection frameworks and reduce loopholes, making NTR streams more predictable and enforceable.
- Efforts by the URA and partner agencies to track and collect payments better, for example, through improved compliance and reporting, has enabled the consolidation of fees, rents and royalties, which were previously unaccounted for, into official NTR figures.

## 4.3. Revenue Foregone (Tax Expenditures)

Tax expenditures are special provisions within the tax laws that benefit specific activities or groups of taxpayers. They can take the form of rate reliefs, exemptions, tax exclusions, rate reductions, for instance zero ratings, deductions, credits, preferential tax rates allowances and deferrals. Tax expenditures have often been used to provide subsidies to influence or incentivize engagement in certain activities, including increased investment in key sectors which can create forward and backward linkages, job creation and increased revenue in the long run.

Under a standard benchmark tax system,[7] tax expenditures are not granted; that is, they are deviations from the system. These tax expenditures are introduced for several reasons, such as promoting investment, supporting local manufacturing, creating jobs, achieving social objectives or addressing difficulties in taxing specific sectors.

There are several tax reliefs in Uganda that qualify as tax expenditures in the mining sector, including:

a. **Full eductibility of Key Costs:** Mineral exploration costs can be fully deducted (100%) in the year incurred, together with scientific research and training expenditures used in mining, which reduces taxable income for mining firms, lowering their tax bills.
b. **VAT and Customs Duty Exemptions** and sometimes deferrals apply on mining equipment, inputs and supplies used solely for mining operations. Import duties on machinery, spare parts and specialized mining equipment are often exempt, lowering upfront investment costs.
c. **Accelerated/Extra Depreciation**: Mining assets and exploration equipment can benefit from faster depreciation allowances, reducing taxable profits early in a project's life.
d. **Carry forward of Losses**: Mining companies can carry forward losses from unprofitable years and deduct those in future profitable years, reducing future tax obligations.
e. **Tax Holidays**: Some investors in export-oriented activities, including mining exports in particular contexts, may qualify for long tax holidays (e.g. up to 5 to 10 years under special provisions).

7. K. McNabb. (2022). *Session 2: Establishing a Benchmark*. The Centre for Tax Analysis in Developing Countries (TaxDev). Accessed 20 April 2026. https://www.taxdev.org/sites/default/files/2022-11/BTS.pdf

Other examples of tax relief include:

- deductions for contributions to rehabilitation funds.
- exemption of amounts drawn from rehabilitation funds to meet expenditure incurred in approved rehabilitation plan.
- deduction of social infrastructure costs incurred in accordance with the mining lease.
- contractors to licensees undertaking mining/petroleum operations have VAT deemed paid.

In the Tax Expenditures Report, FY 2023/24, the benchmark tax system is defined based on four key criteria: tax unit, tax base, tax rate and tax period.[8] Any tax provision that changes the tax unit (e.g. an exemption), modifies the tax base (e.g. a deduction), adjusts the tax rate (e.g. a reduced rate), or alters the tax period (e.g. a deferral) is considered tax expenditure.

Table 8 provides a detailed breakdown of the revenue forgone by tax category, both in UGX and as a percentage of GDP. It indicates that revenue foregone due to tax expenditures in FY 2023/24 amounted to UGX 3,609bn, equivalent to 13% of the total tax collected during the period.

**Table 8. Estimates of Revenue forgone by Tax Category, FY 2019/20 to FY 2023/24 (UGX bn)**

| | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 |
|---|---|---|---|---|---|
| Total tax expenditure (UGX bn) | 2.467 | 2,860 | 3,180 | 3,665 | 3,609 |
| Total tax expenditure (% GDP) | 1.76% | 1.93% | 1.95% | 2.00% | 1.78% |
| | | | | | |
| Personal income tax, tax expenditure (UGX bn) | 500.57 | 580.74 | 588.28 | 666.01 | 715.65 |
| Personal income tax, tax expenditure (% GDP) | 0.36% | 0.39% | 0.36% | 0.36% | 0.35% |
| | | | | | |
| CIT tax expenditure (UGX bn) | 253.94 | 222.81 | 229.13 | 295.82 | 326 |
| CIT tax expenditure (% GDP) | 0.18% | 0.15% | 0.14% | 0.16% | 0.16% |
| | | | | | |

8. Ministry of Finance, Planning and Economic Development (MFPED). (2025). *Tax Expenditures Report, FY 2023/24*. Accessed 18th November2025. https://www.finance.go.ug/sites/default/files/reports/Revised%20Tax%20Expenditure%20Report%202023_24%20Final%20Version%20-%2001.04.25.pdf

| | | | | | |
|---|---|---|---|---|---|
| VAT tax expenditure (UGX bn) | 592.95 | 728.82 | 944.62 | 1113.21 | 677.27 |
| VAT tax expenditure (% GDP) | 0.42% | 0.49% | 0.58% | 0.61% | 0.34% |
| | | | | | |
| Customs tax expenditure (UGX bn) | 549.43 | 676.2 | 784.87 | 855.6 | 1,137.31 |
| Customs tax expenditure (% GDP) | 0.395 | 0.46% | 0.48% | 0.47% | 0.56% |
| | | | | | |
| Excise tax expenditure (UGX bn) | 570.44 | 651.41 | 633.3 | 734.35 | 752.97 |
| Excise tax expenditure (% GDP) | 0.41% | 0.44% | 0.39% | 0.40% | 0.37% |

***Source: : Tax Expenditure Report 2024, Tax Policy Department, MFPED (2025)***[9]

Over the past five financial years, the value of revenue forgone increased in nominal terms, from UGX 2,467bn in FY 2019/20 to UGX 3,609bn in FY 2023/24, a 46% growth. As a percentage of GDP, revenue forgone rose from 1.76% in FY 2019/20 to 2.0% in FY 2022/23 before declining to 1.78% in FY 2023/24. This recent decrease is mainly attributed to a reduction in the revenue foregone through VAT deeming provisions. As a percentage of GDP, foregone revenue has generally remained stable over the past five years, while the recent decrease in foregone revenue from VAT has been accompanied by an increase from customs duties.

### 4.3.1. Tax Expenditure under Corporate Income Tax (CIT)

The current standard CIT rate is 30% of chargeable business income, calculated as pre-tax profit minus allowable deductions plus non-allowable deductions. Resident companies with an annual turnover of less than UGX 150m are subject to the presumptive tax unless the Commissioner General approves their application to elect otherwise.

Capital gains are included in determining business income and are not taxed separately. Income from dividends, interest and royalties are subject to withholding tax at 15%, creditable against the CIT liability.

Partnerships and trusts are not considered separate tax units; their income is taxed at the recipient level. For non-resident corporations, branch profit repatriation tax is applied to income earned from business activities in Uganda at a rate of 15% unless a different rate is specified in an applicable treaty (double taxation treaty/agreement). Capital gains are treated as business income upon realization and only include gains or losses from the sale of non-depreciable business assets, shares and commercial buildings. Table 9 indicates revenue forgone under CIT by type of tax expenditure.

9. Ibid.

### Table 9. Tax Expenditure under CIT by type (UGX bn)

| Tax expenditure type | FY 2019/20 | FYFY 20/21 | FYFY 21/22 | FYFY 22/23 | FYFY 23/24 |
|---|---|---|---|---|---|
| Exemptions | 185.18 | 152.43 | 136.4 | 190.7 | 241.83 |
| Rate reliefs | 54.37 | 62.97 | 43.03 | 26.34 | 23.87 |
| Allowances | 14.38 | 7.41 | 49.71 | 78.79 | 60.3 |
| Total (UGX bn) | 253.94 | 222.81 | 229.13 | 295.82 | 326.00 |
| CIT foregone (% GDP) | 0.18% | 0.15% | 0.14% | 0.16% | 0.16% |
| Total (% of CIT collected) | 19.5% | 14.20% | 14.00% | 14.20% | 14.50% |

***Source: : Tax Expenditure Report 2024, Tax Policy Department, MFPED (2025)***[10]

Revenue foregone from CIT tax expenditures increased from UGX 253.94bn in FY 2019/20 to UGX 326bn in FY 2023/24, reflecting a 28% growth. However, as a percentage of GDP, revenue foregone decreased from 0.18% to 0.16% over the same period, representing 11.1% decrease.

### 4.3.2. Tax Expenditures under CIT in the Mining Sector

In the mining sector, tax expenditure under CIT falls under the adjustment of the **tax rate** (Table 10).

### Table 10. Provision Level Tax Expenditures under CIT in the Mining Sector

| Rate reliefs | Legal reference | Rationale | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 |
|---|---|---|---|---|---|---|---|
| Payment of service fees by mining and petroleum licensees<br><br>Relief on withholding tax from 15% to 10% | Section 103 (1) and Paragraph 3 of Part VII of Schedule 4 of Income Tax Act | Administrative: the provision ensures that a non-resident contractor who is paid service fees by a mining or petroleum licensee is liable to a non-resident contractor tax | 11.22 | 6.25 | 49.16 | 71.89 | 50.25 |

***Source: Tax Expenditure Report 2024, Tax Policy Department, MFPED (2025)***[11]

10. Ibid.
11. Ibid.

Table 10 indicates that the forgone revenue in terms of CIT under the mining sector increased from UGX 11.22bn in FY 2019/20 to UGX 71.89bn in FY 2023/24, an upward trend.

#### 4.3.33. Tax Expenditure under Value Added Tax (VAT)

The benchmark tax unit for VAT in Uganda is incurred by the final consumer. The tax base includes the total value of the supply, along with any applicable taxes, such as customs (import) duty and excise duty. VAT is currently charged at a standard rate of 18% and is filed monthly. Uganda's VAT system offers various exemptions, rate reliefs (all set to 0%, as no other VAT rates apply) and allowances. Many of these provisions qualify as tax expenditures, as shown in Table 11.

**Table 11. Tax expenditure under VAT by type**

| Tax expenditure type | Revenue foregone estimates (UGX bn) | | | | |
|---|---|---|---|---|---|
| | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 |
| Exemptions | 107.28 | 161.03 | 177.21 | 207.03 | 325.03 |
| Rate reliefs | 67.13 | 77.24 | 75.87 | 118.68 | 108.23 |
| Allowances | 418.54 | 490.55 | 691.53 | 787.49 | 244.01 |
| Total (UGX bn) | 592.95 | 728.82 | 944.62 | 1113.21 | 677.26 |
| Total (% GDP) | 0.42% | 0.49% | 0.58% | 0.61% | 0.34% |
| Total (% of VAT collected) | 11.6% | 12.50% | 14.30% | 14.90% | 8.60% |

***Source: Tax Expenditure Report for FY 2023/24, Tax Policy Department, MFPED***

Table 11 indicates that revenue foregone under VAT increased from UGX 592.95bn in FY 2019/20 to UGX 1,113.21bn in FY 202/24,23, an 87.5% increase, and declined to UGX 677.26bn in FY 2023/24. However, this amount declined as a share of GDP, from 0.42% to 0.34%, during the same period.

According to the Tax Expenditures Report for FY 2023/24, until the most recent financial year, the largest source of revenue foregone was deemed VAT (classified under allowances). However, in FY 2023/24, exemptions accounted for the highest revenue forgone, amounting to UGX 325bn.

Tax expenditure under VAT dropped from 0.61% of GDP in FY 2022/23 to 0.34% in FY 2023/24, mainly due to a significant reduction in revenue forgone through VAT deeming. This decline resulted from tighter controls implemented by the URA, including:

- **new VAT deeming controls** (March 2023): Taxpayers can now claim deemed VAT only if they issue deemed invoices through the Electronic Fiscal Receipting and Invoicing System (EFRIS).
- **automation of VAT deeming processes**: URA approvals for deemed VAT are now linked to suppliers' invoicing and filing returns. This control ensures that deemed VAT invoices are capped to the approved quantities and amounts.

There has been a modest increase in VAT foregone from exemptions, driven by the inclusion in the tax expenditure repository of VAT-exempt supplies that are also exempt from customs duty under Schedule 5 of the EACCMA (Section 20(1)(a) of the VAT Act). This category saw a sharp rise in FY 2023/24, from UGX 40bn to UGX 136bn, primarily due to hefty import volumes for energy and infrastructure projects, including those in the oil, gas and mining sectors.

In terms of tax expenditures under VAT in the mining sector, the Tax Expenditures Report, FY 2023/24 does not specify the actual tax expenditure. The report calculates deemed VAT on payment for supplies by a contractor to a licence under mining of petroleum operations; deemed VAT on supplies to a contractor executing an aid-funded project; and deemed VAT on supplies by contractors executing aid-funded projects to a government ministry, department or agency (Table 12).

## Table 12. Allowances under VAT

<table>
<tr><th>Allowances</th><th>Legal reference (VAT Act)</th><th>Rationale</th><th>FY 19/20</th><th>FY 20/21</th><th>FY 21/22</th><th>FY 22/23</th><th>FY 23/24</th></tr>
<tr><td>Deemed VAT payment on supplies by a contractor to a licensee under mining or petroleum operations</td><td>Section 24(5)</td><td>To support inward investment into the oil and gas sector, as well as the mining sector. Designed to relieve burden on the government to pay tax on behalf of taxpayer.</td><td rowspan="2">418.54</td><td rowspan="3">490.55</td><td rowspan="3">691.53</td><td rowspan="3">787.49</td><td rowspan="3">244.1</td></tr>
<tr><td>Deemed VAT on supplies to a contractor executing an aid-funded project</td><td>Section 24(6)</td><td>To encourage donor coordination and support inward contributions of aid, while reducing the financial burden of the recipient and donor.</td></tr>
<tr><td>Deemed VAT on supplies by contractors executing aid-funded projects to a government ministry, department or agency</td><td>Section 24(6)</td><td>To encourage donor coordination and support inward contributions of aid, while reducing the financial burden of the recipient, donor and sub-contractors.</td><td></td></tr>
<tr><td colspan="3">Total from VAT allowances (UGX bn)</td><td>418.54</td><td>490.55</td><td>691.53</td><td>787.49</td><td>244.1</td></tr>
<tr><td colspan="3">Total from VAT allowances (% GDP)</td><td>0.30%</td><td>0.33%</td><td>0.42%</td><td>0.43%</td><td>0.12%</td></tr>
</table>

***Source: Tax Expenditure Report for FY 2023/24, Tax Policy Department, MFPED (2025)***[12]

Table 12 indicates a decrease of tax expenditure under VAT from UGX 418.54bn in FY 2019/20 to UGX 244.1bn in FY 2023/24, representing a 41.7% decline.

12 Ibid.

### 4.3.4. Tax Expenditure under Customs Duty

Customs duties are imposed on the customs, insurance and freight (CIF) value of imported goods. The Common External Tariff (CET) provides benchmark tariff rates (0%, 10%, 25% or 35%) or higher rates for sensitive goods. Preferential tariff treatments, such as exemptions listed under Schedule 5 of EACCMA, stays of application (Articles 12(3) and 39(c) of the Protocol on the Establishment of the East African Community Customs Union), and duty remissions (Section 140 of EACCMA) constitute tax expenditures when applied to imports originating outside the East African Community. The items qualifying under the stay of application and duty remission schemes are often published in the East African Community Gazette.

The benchmark customs system grants duty-free treatment to goods originating within the East African Community and offers preferential tariff treatment in CET rates for imports from other COMESA (Common Market for Eastern and Southern Africa) countries. Duty relief schemes – such as temporary importation, duty drawback, manufacturing under bond, bonded warehousing and export processing zones (EPZs)/free zones – form part of the benchmark customs tax system. Table 13 provides revenue forgone from customs tax expenditures by type.

**Table 13. Tax Expenditure under Customs Duty by Type (UGX bn)**

| Tax expenditure type | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 |
|---|---|---|---|---|---|
| Exemptions | 22.44 | 21.74 | 16.62 | 39.17 | 75.74 |
| Rate reliefs | 526.99 | 654.46 | 768.24 | 816.43 | 1061.57 |
| **Total (UGX bn)** | **549.43** | **676.2** | **784.87** | **855.6** | **1137.31** |
| **Total (% GDP)** | **0.39%** | **0.46%** | **0.48%** | **0.47%** | **0.56%** |
| Total (% of customs duty collected) | 45.5% | 48.20% | 50.40% | 43.20% | 58.00% |

***Source: Tax Expenditure Report for FY 2023/24, Tax Policy Department, MFPED (2025)***[13]

Revenue forgone from customs duties increased from UGX 549.43bn in FY 2019/20 to UGX 1,137bn in FY 2023/24, reflecting a 107% rise. As a percentage of GDP, foregone revenue rose from 0.39% to 0.56% over the same period. In FY 2023/24, 93% of the foregone revenue from customs duties resulted from rate reliefs provided through the stay of application of the CET and duty remission schemes.

13. Ibid.

In the mining sector, according to the Tax Expenditures Report for FY 2023/24, no specific data was captured on tax expenditure under customs.

## 4.4. Revenue Loss on Royalties

The study tracked royalties generated from three minerals (pozzolana, limestone and marble), as shown in Table 14. The calculation assumed a royalty rate of UGX 500 per tonne for FY 2019/20 to FY 2022/23, and UGX 5,000 for FY 2023/24, for both marble and limestone. The royalty rate for pozzolana was UGX 3,000 per tonne for FY 2019/20 to FY 2022/23 and UGX 20,000 for FY 2023/24 after the enactment of the Mining and Mineral Act, Cap 159. Table 14 shows that there was inconsistency in the payment of royalties compared to the expected production output.

### Table 14. Annual payment of Royalties for Selected Minerals

| Period | Mineral | Production (tonnes) | Expected royalties | Actual payment | Variance |
|---|---|---|---|---|---|
| 2019/20 | **Pozzolana** | 926,889 | 463,444,390 | **6,509,424,694** | **(6,045,980,304)** |
| 2020/21 | 1,913,484 | 956,742,248 | **1,633,616,410** | **(676,874,162)** | |
| 2021/22 | 833,846 | 416,922,824 | **1,293,926,610** | **(877,003,786)** | |
| 2022/23 | 900,078 | 450,039,000 | **1,389,618,082** | **(939,579,082)** | |
| 2023/24 | 1,090,689 | 5,453,445,000 | **121,969,800** | **5,331,475,200** | |
| **Total** | | **5,664,986** | **7,740,593,462** | **10,948,555,596** | **(3,207,962,134)** |
| **2019/20** | **Limestone** | 392,936.5 | 1,178,809,514 | 4,861,229,901 | **(3,682,420,387)** |
| **2020/21** | | 1,036,135.3 | 3,108,405,780 | 3,752,300,000 | **(643,894,220)** |
| **2021/22** | | 765,112.0 | 2,295,336,075 | 4,252,828,055 | **(1,957,491,980)** |
| **2022/23** | | 798,261.5 | 2,394,784,598 | 4,512,281,550 | **(2,117,496,953)** |
| **2023/24** | | 843,574.6 | 16,871,491,400 | 646,750,960 | **16,224,740,440** |
| **Total** | | **3,836,019.9** | **25,848,827,366** | **18,025,390,466** | **7,823,436,900** |
| **2019/20** | **Marble** | 10,188.5 | 30,565,500 | 37,916,000 | **(7,350,500)** |
| **2020/21** | | 12,764.2 | 38,292,465 | 33,250,000 | **5,042,465** |
| **2021/22** | | 5,596.2 | 16,788,600 | 113,688,700 | **(96,900,100)** |
| **2022/23** | | 15,281.4 | 45,844,254 | 77,105,455 | **(31,261,201)** |
| **2023/24** | | 19,436.0 | 388,720,820 | 14,653,000 | **374,067,820** |
| **Total** | | **63,266.3** | **189,798,942** | **276,613,155** | **(86,814,213)** |

*Source: Directorate of Geology and Mines, MEMD*

There was over-payment of royalties on pozzolana, primarily for FY 2019/20 through to FY 2022/23. This may indicate an arears of royalties or possible under-declaration of production levels. In FY 2023/24, there was under-payment of UGX 5.3bn, indicating a high default rate or over-declaration of production.

The revenue forgone through informality and uncollected levies therefore suggests that Uganda may be capturing only a fraction of the potential revenue from its minerals.

## 4.5. Gains and Losses in cases ofTax Expenditure Awards in the Mining Sector

### 4.5.1. Potential gains of awarding Tax Expenditure

The potential gains from awarding tax expenditures are largely centred on overcoming the significant barriers to entry into the mining sector and leveraging private capital for public goods. Key gains are outlined below.

#### 4.5.1.1. Attracting Foreign Direct Investment (Fdi)

The mining industry is inherently capital-intensive and high-risk, especially during the long exploration and development phases. Multinational mining corporations have a global portfolio of potential projects and operate in a competitive market for investment capital. The fiscal regime of a host country is a primary factor in determining where that capital goes, once the geological prospectively is confirmed.

A competitive tax incentive package signals to investors that Uganda is a stable and financially attractive destination. Incentives such as accelerated depreciation allowances (which allow companies to write off capital costs faster against profits, thereby reducing immediate tax liability) or reduced CIT rates directly improve the internal rate of return for a project. By using these mechanisms, the country aims to secure the initial commitment of capital that a purely standard tax regime might fail to capture.

#### 4.5.1.2. Job Creation and Employment

The jobs created encompass a range of employment types. There is the direct employment of geologists, engineers, heavy machinery operators and safety personnel working directly for the mining company. (Figure 7). In addition, indirect employment occurs via jobs created in the supply chain, such as catering services, logistics providers, security firms and local construction companies. Finally, there is induced employment of the jobs created in the broader economy as direct and indirect employees spend their wages on local goods and services (such as retail, housing and entertainment).

Uganda's local content policy is critical here, as it legally mandates minimum thresholds for local employment and procurement of local goods and services. By ensuring that 'at least 70% Ugandan citizens' are employed, the policy aims to maximize the *domestication* of these employment benefits, preventing a scenario where highly specialized foreign labour dominates the sector and repatriates most of their earnings.

**Figure 7. Employees at work at Tiira Gold Mine in Busia**

#### 4.5.1.3. Economic Diversification and Linkages

A successful mining sector can serve as an anchor industry for broader industrialization. The gains from linkages can foster an ecosystem that supports mining operations:

- **Backward Linkages:** Demand for inputs such as steel fabrication, chemicals, safety equipment and specialized engineering services creates opportunities for local manufacturing and service industries to expand and meet international standards. For example, iron ore tailings from Sino Mining Company are used as aggregates or raw materials in the manufacture of concrete, cement and bricks, improving their strength and durability.

- **Forward Linkages:** Once minerals are extracted, they can serve as raw materials for domestic processing industries such as steel manufacturing or fertilizer production, adding significant value within the country before export. This moves Uganda up the value chain from simply exporting raw commodities. For example, iron ore supplied by Sino Mining Company to Tembo Steel Company is used to manufacture iron products such as iron bars and nails.

#### 4.5.1.4. Infrastructure Development

The substantial infrastructure requirements of major mining operations often necessitate investments that the state might not prioritize in the short term. Mining companies often construct or upgrade power generation and transmission lines to run energy-intensive operations, while the government has extended power lines to mine sites such Rupa in Moroto District. Road networks have also been rehabilitated, such as the Soroti–Moroto, Moroto–Nakapiripirit and Nakapiripirit–Muyembe routes for transporting bulk materials (limestone, pozzolana and marble) to processing facilities in Tororo and Kampala.

While the primary beneficiary is the mine itself, these assets often become part of the national infrastructure network over time, providing lasting benefits to surrounding communities and facilitating regional trade and access to markets.

#### 4.5.1.5. Knowledge and Skills transfer

This gain is a long-term human capital investment. Multinational corporations operating high-tech mines bring proprietary technology, specialized software and rigorous international safety and environmental standards. Through training programmes mandated by local content requirements and day-to-day operations, local engineers, technicians and managers acquire these skills. This transfer builds Uganda's overall technical capacity, potentially allowing local professionals to manage future projects independently or even export their expertise globally.

Additionally, mining companies have sponsored students within the mining community to study abroad; for instance, Sunbelt Mining is sponsoring 40 students from Karamoja to study various mining courses.

### 4.5.2. Potential Losses of awarding Tax Expenditure

Potential losses exist which are primarily financial and regulatory, representing the significant trade-offs and risks assumed by the host government when offering these incentives.

#### 4.5.2.1. Significant Revenue Forgone

This is perhaps the most tangible and immediate loss. Every tax credit, exemption or holiday granted is a direct reduction in the money flowing to the national treasury. The value of this foregone revenue can be enormous.

A 2022 study by the Initiative for Social and Economic Rights (ISER) indicated that Uganda has consistently highlighted large tax expenditures related to various sectors, including extractive industries. This lost revenue has a high opportunity cost, whereby funds could have been directed towards funding social services such as teacher salaries, buying essential drugs for health centres or improving rural sanitation. The example of the relief on withholding tax for service fees demonstrates how specific, technical tax provisions can quietly siphon off millions in potential revenue.

#### 4.5.2.2. Fiscal Risk and Uncertainty

Poorly designed tax incentives create long-term fiscal rigidity. The study observed discrimination in the application of royalty rates; for instance, some companies pay UGX 5,000 per tonne, while others pay UGX 20,000. Such tax holidays are often provided to some companies without clear criteria. These create periods where no corporate tax is paid, often when the company is most profitable after recovering its initial investment. These agreements introduce substantial uncertainty into long-term national planning, making the government a passive, rather than active, manager of its own economy.

#### 4.5.2.3. Inefficiency and misallocation of Resources

Research from organizations such as the International Monetary Fund (IMF) and the World Bank indicates that resource-specific tax incentives are often an inefficient policy.[14] The primary factor for investment in mining is the presence and quality of the mineral deposit, not a marginal difference in the tax rate.

By offering incentives to a company that would invest anyway, the government essentially gives away public wealth.

14. IMF. (2019); World Bank. (2017).

This misallocation means that capital and efforts are potentially diverted from sectors where incentives might be more genuinely effective at stimulating new, needed activity.

#### 4.5.2.4. Avenues for Illicit Financial Flows

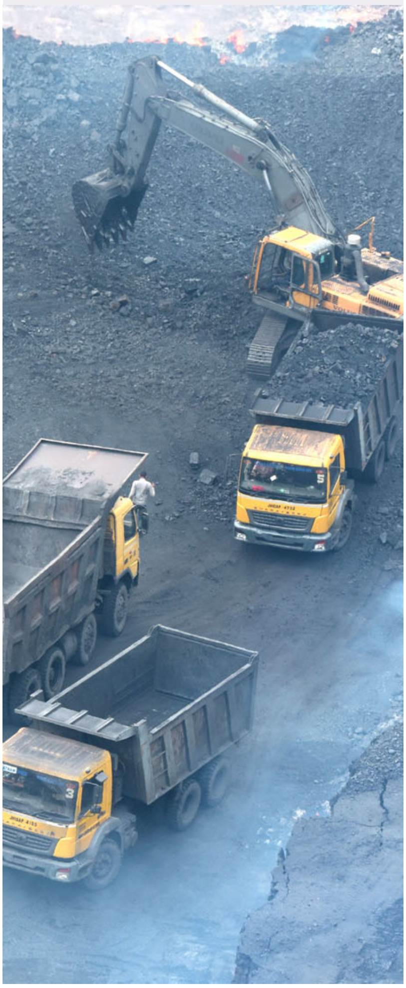
The complex corporate structures of multinational mining companies can be exploited to move profits out of Uganda and to no or lower-tax jurisdictions (tax havens) through illicit financial flows via:

- **transfer mispricing:** A company might artificially inflate the price it pays to a related offshore entity for equipment or services, reducing its taxable profit in Uganda. This is mainly seen in the export of processed minerals such as gold.
- **undermining equity and fairness**: Tax systems rely on voluntary compliance and a shared belief in fairness. When citizens and small domestic businesses see highly profitable international corporations paying minimal or no corporate tax due to specific exemptions, this erodes the social contract. This perceived unfairness can lead to reduced tax morale among other taxpayers. It also creates an uneven playing field; a local Ugandan mining entrepreneur who does not qualify for the same generous incentives is at a significant competitive disadvantage.

Artisanal miners and small-scale Ugandan mineral traders lack the capacity to apply and receive incentives and therefore end up paying taxes, licensing fees and royalties. This creates a situation where large international firms benefit from favourable tax treatment while smaller local operators face higher tax burdens.

The analysis demonstrates that while tax expenditures in the mining sector are powerful tools for attracting capital and fostering economic activity, they are double-edged swords. To ensure net gains for Uganda, the criteria agreed upon must be exceptionally robust, transparent and regularly audited to ensure compliance with both domestic law and internationally accepted best practices for fiscal management in the extractives industry.

# 5. Mineral Beneficiation



Mineral beneficiation or value addition constitutes a central pillar of Uganda's long-term industrialization and economic transformation agenda. Beneficiation refers to the process of transforming raw minerals into intermediate or finished products through processing, smelting, refining, manufacturing, cutting or polishing, thereby increasing their economic value.[1] For resource-rich developing countries such as Uganda, mineral value addition is essential for maximizing domestic revenue, creating employment, stimulating industrial linkages and reducing dependence on exports of unprocessed raw materials.

This section examines mineral beneficiation within the context of the African Mining Vision (AMV),[2] Uganda's Tenfold Growth Strategy (2025–2040)[3] and the Mining and Minerals Act, 2022. It analyses implementation gaps and presents policy recommendations to strengthen Uganda's mineral-based industrialization pathway.

1. International Conference on the Great Lakes Region (ICGLR). (2025). Regional Guidelines on Mineral Beneficiation, Value Addition and Cross-Border Trade in the Great Lakes Region. Accessed 20 February 2026. https://icglr.org/wp-content/uploads/2020/07/2025-02-03-Mineral-Value-Addition-Guidelines_ENG_Final.pdf?x14827
2. African Union. (2009). *Africa Mining Vision*. Accessed 20 April 2026. https://au.int/sites/default/files/documents/30995-doc-africa_mining_vision_english_1.pdf
3. Ministry of Finance, Planning and Economic Development. (2025). *Tenfold Growth Strategy*. Accessed 20 April 2026. https://create.finance.go.ug/sites/default/files/2025-06/TENFOLD%20GROWTH%20STRATEGY.pdf

## 5.1. Conceptual Framework – Mineral Beneficiation and Economic Transformation

Mineral beneficiation extends the mining value chain beyond extraction into processing and manufacturing activities that embed minerals within the domestic economy. International experience demonstrates that countries that invest in mineral value addition generate higher export earnings, develop industrial skills and foster technological learning. Beneficiation also enables the development of backward (upstream), forward (downstream) and side-stream linkages, ensuring that mining contributes broadly to economic development rather than operating as an isolated enclave.

This approach is strongly endorsed by continental and national policy frameworks, particularly the AMV and Uganda's Tenfold Growth Strategy, both of which emphasize mineral-based industrialization as a driver of structural transformation.

### 5.1.1. African Mining Vision (AMV) and Mineral Beneficiation

The AMV, adopted by African Union heads of state, provides the overarching continental framework for transforming Africa's mining sector into a knowledge-driven, value-adding and inclusive engine for sustainable development. A core principle of the AMV is the deliberate shift away from the export of raw mineral commodities towards domestic beneficiation, industrialization and value retention.

The AMV envisions a mining sector that is fully integrated into national and regional development strategies; promotes mineral beneficiation and manufacturing; builds strong upstream and downstream linkages; operates under transparent, accountable and well-governed institutional frameworks; and contributes to environmental sustainability, social inclusion and community development.

The AMV emphasizes three mutually reinforcing types of linkages that are critical for successful mineral beneficiation.

- **Downstream Linkages** involving processing, smelting, refining and manufacturing industries such as cement, steel, fertilizers and mineral-based products.
- **Upstream Linkages** which include industries supplying mining inputs such as machinery, equipment, consumables, engineering services and logistics.
- **Side-stream Linkages** comprising enabling sectors such as power generation, transport infrastructure, information and communication technology (ICT), skills development, research and development and financial services.

  The development of these linkages ensures that mining stimulates industrial growth across the economy and supports diversification.

In Uganda, the implementation of the beneficiation/value addition strategy has involved:

- The government banning the export of unprocessed minerals in April 2022.[4]
- Government plans to establish mineral beneficiation centres in Ntungamo, Fort Portal, Busia and Moroto purposely for artisanal and small-scale miners to process minerals and upgrade them before sale.
- MEMD plans to establish mineral markets in Uganda to act as official trading centres where minerals are bought, sold, graded and prepared for export or local processing.

The government has taken significant steps to align its legal framework with AMV principles through the Mining and Minerals Act, Cap 159 and its associated regulations. The Act provides for licences covering mineral processing, smelting, refining, cutting, polishing and trading, either as integrated projects or as stand-alone beneficiation activities. Individuals or companies intending to undertake mineral beneficiation are required to obtain a licence. However, holders of large-, medium- or small-scale or artisanal mining licences are not required to obtain a separate beneficiation licence, thereby encouraging vertical integration within the mining sector. The key beneficiation licences include the mineral processing licence, mineral smelting licence and mineral refining licence.

The legal framework facilitates domestic value addition while maintaining regulatory oversight, environmental protection and social accountability.

### 5.1.2. Uganda's Tenfold Growth Strategy and Mineral-based industrialization

In June 2025, Uganda adopted its Tenfold Growth Strategy, aiming to expand the economy from approximately US$50bn to US$500bn by 2040. The strategy is anchored in four pillars: agro-industrialization; tourism development; mineral-based industrialization; and science, technology and innovation.

Mineral-based industrialization directly operationalizes the AMV at the national level by prioritizing the beneficiation, processing and manufacturing of mineral resources. The strategy identifies 12 priority minerals, including gold, iron ore, limestone, graphite, phosphates and rare minerals. Market studies have already been conducted for limestone, iron ore and gold, with commercial operations established, demonstrating early progress in domestic value addition.

4. The Voice of Africa. (13 July 2025). *Uganda bans raw mineral exports: what it means for the mining sector*. Accessed 25 February 2026. https://thevoiceofafrica.com/2025/07/11/uganda-bans-raw-mineral-exports-what-it-means-for-the-mining-sector

Mineral-based industrialization has been implemented through several measures, such as:

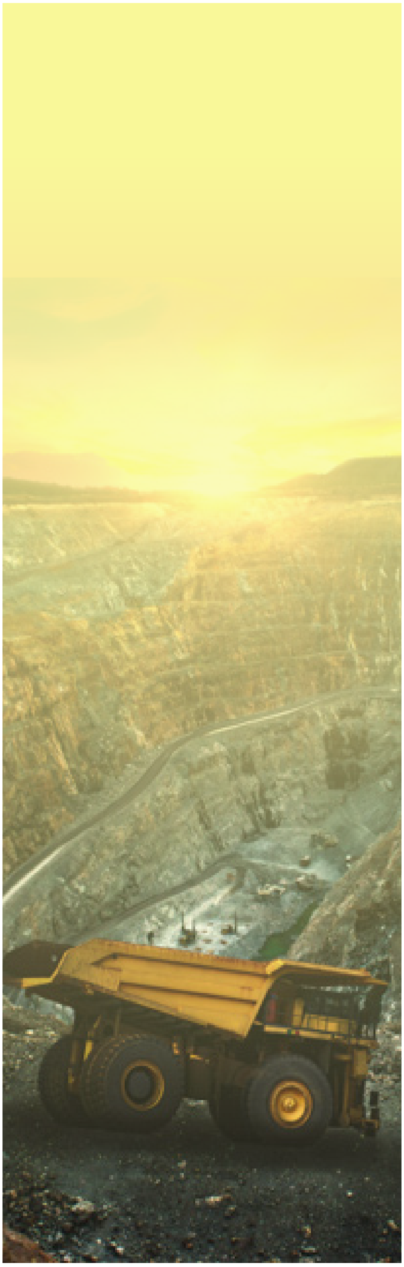
- mining law reforms and digitized licensing systems to formalize the sector and attract investment.
- a ban on exporting unprocessed minerals, pushing companies to add value locally.
- operational gold refineries, tin smelting plant and multiple cement and steel plants processing local minerals.
- the establishment and capitalization of the UNMC to participate in strategic operations and ensure benefits accrue domestically.
- increased formalization of artisanal miners and registration by the Bank of Uganda under government programmes.

## 5.2. Enablers for Mineral Value Addition

Despite strong policy and legal alignment, the effective implementation of mineral beneficiation in Uganda will depend on several enabling conditions.

- **Infrastructure Development:** Reliable and affordable power, transport networks, industrial parks and logistics systems which are essential for energy-intensive processing industries.
- **Finance and Investment:** Beneficiation projects require substantial capital investment, necessitating blended finance models, public–private partnerships and targeted fiscal incentives.
- **Skills and Technology**: There is a need to strengthen technical and vocational education, metallurgy training and applied research to support advanced mineral processing.
- **Institutional Coordination:** Effective beneficiation requires coordination among ministries responsible for mining, finance, trade, energy, environment and education.
- **Environmental and Social Safeguards:** Strong enforcement of environmental regulations and community engagement is essential to ensure sustainable and socially responsible mineral development.

# 6. Key Challenges faced in the Mining Sector



The mining sector in Uganda has significant potential due to deposits of minerals such as gold, iron ore, marble, limestone and pozzolana. However, despite recent reforms under the Mining and Minerals Act, 2022, the sector still faces multiple structural, institutional and economic challenges.

a. High informality among artisanal and small-scale mining leading to low production records: Many mining activities, especially for gold, are carried out informally without licenses or production records and operate outside tax and regulatory systems. The lack of records leads to low royalty and tax collection, environmental degradation, poor safety standards and such miners having limited access to finance.

> ***We have not been trained on record keeping, production and taxation; when we get a dealer, he becomes responsible for keeping records. Right now, our mining licence is expired.' (Artisanal miners in Busia and Mubende during a focus group discussion)***

> *When we apply for loans as Artisanal Miners' Association, credit institutions don't honour our request.' (Artisanal miners in Busia during a focus group discussion)"*

b. Surface rights: In Uganda, mineral rights belong to the state, but land may be privately owned under customary, freehold or leasehold tenure systems. Landowners may refuse access to mining companies mainly due to compensation disputes and unclear valuation of land or overlapping land titles which create legal uncertainty. These have made it difficult for investors to secure exploration and mining rights.

c. Limited technical staff: Government institutions such as MEMD and mining companies face shortages in technical expertise, including geologists, mining engineers and mine inspectors. There are additional shortages in mineral economists, lawyers, financial and economic analysts, workers at stop points and weighbridges, and revenue collectors to value minerals and undertake forecasts. This results in weak monitoring of mining operations, delayed licensing, poor enforcement of regulations, and smuggling.

d. High transport costs: Mining sites are often located in remote regions with poor road networks which leads to high fuel and vehicle maintenance costs. These result in costly, yet low, production and therefore low profit margins, discouraging investment in the sector.

e. Monopoly of selected mineral processors: Currently, Uganda has only one company that processes iron ore (Tembo Steels), which has reduced miners' bargaining power and increased the risk of price manipulation.

f. Limited geological information: Uganda lacks comprehensive mineral mapping, which has contributed to high exploration risks, low investor confidence and underutilization of the country's mineral potential.

g. Competition of iron ore miners with scrap dealers: Iron ore is sometimes substituted with scrap metal in steel production, which has seen companies such as U-tube

Steel Company Ltd and Roofings Ltd using scrap to process iron products. This has created low demand for locally mined iron ore, price suppression and market distortion.

h. Lack of standard laboratories for testing minerals: Few certified mineral testing labs exist in Uganda. Most miners take their samples and products for testing in South Africa, which has resulted in inaccurate valuation of minerals, royalty under-calculation and disputes over quality.

i. Inadequate awareness of taxation in the sector: Many miners lack understanding of royalty obligations, export levies and VAT requirements. The URA and MEMD struggle with compliance in the sector; coupled with smuggling and under-declaration, this leads to low voluntary compliance and revenue leakages.

j. High levels of fraud, especially in gold mining: Fraud is common in gold trading in Uganda, with many fake gold deals, false export documents and scams targeting foreign buyers. This has tarnished the country's reputation, reduced investor trust and increased legal disputes.

k. Unreliable power supply: Mining and mineral processing require stable electricity for production. Wagagai Company Ltd and Namekale Company Ltd in eastern Uganda experienced daily power outages, which resulted in the use of diesel generators and increased operational costs, reduced productivity and discouraged industrial processing.

l. Delays in approval of ESIAs and artisanal miners unable to afford the process: ESIAs are mandatory to acquire a mining licence, yet the ESIA process is very slow and expensive. NEMA has a limited number of environmentalists to undertake the consultations, and the high cost of the approved consultants delays the process further. Some miners, especially artisanal and small-scale miners, are unable to meet the costs required to complete ESIAs, which results in delayed investment and illegal informal operations continuing.

m. Non-refund of accumulated VAT: Mining companies often accumulate VAT credits due to exports and output services; however, this is not refunded in time when claimed. The delayed VAT refunds affect the companies' cash flows and reduces their reinvestment capacity.

n. Delay in the approval of mining leases: There are lengthy bureaucratic processes at the MEMD for approval of mining licences, partly due to delays in ESIAs, which lead to frustration on the part of investors and results in capital flight and slow sector growth.

o. Under-declaration of mineral production: This is manifested through: under-reporting of quantities of minerals produced by mining companies or artisanal and small-scale miners, with smaller quantities of minerals produced reported than the actual output and since there is a limited number of inspectors, verification is patchy; under-valuation, where exporters deliberately declare lower mineral grades or lower international prices to reduce royalty payments and export taxes; smuggling and informal trade, where minerals are exported informally without passing through official channels, meaning they are not declared at all; and manipulation of mineral weighing and assaying before official reporting, due to limited accredited laboratories and weak monitoring systems.

These under-declarations have resulted in the loss of government revenue, distorted production statistics that affect policy planning and economic forecasting, and reduced investor confidence. Under-declaration of mineral production encourages illicit financial flows such as money laundering, tax evasion and capital flight.

Overall, these challenges collectively result in low government revenue from the mining industry, promoting weak industrialization, persistent informality, reduced foreign direct investment, environmental degradation and community conflicts.

# 7. Policy Recommendations and Conclusions

## 7.1. Recommendations

This section presents policy recommendations to address the challenges facing Uganda's mining sector and affecting revenue collection (Table 15). These are aligned with the institutions responsible for implementation, such as the Directorate of Geological Survey and Mines, MEMD, the NEMA and URA.

**Table 15. Recommendations**

| Issue | Recommendations | Responsible institutions |
|---|---|---|
| **Legal and regulatory framework** | | |
| Limited transparency on records of minerals explored and produced | Establish an integrated digital mineral information management system that links production data, licences, export records and revenue payments across the responsible institutions. | MEMD, URA, MoFPED, UGEITI and local governments |
| Inability to decommission mining according to the law | Operationalize the decommissioning fund, enforce mandatory environmental bonds before licensing and impose penalties on companies that fail to restore mining sites within the legally prescribed period. | MEMD, NEMA and local governments |
| Unclear records on mineral exports and under-reporting of production | Improve periodic inspection of mining sites, introduce certified weighbridges and establish mineral tracking system from production up to export level. | MEMD, URA and Finance Intelligence Authority (FIA) |
| Delayed ESIAs and mining lease approvals | Reduce delays in ESIAs and mining lease approvals, set statutory timelines for ESIA review, introduce simplified ESIAs for small-scale miners, digitize mining lease applications and create a one-stop licensing centre. | NEMA and MEMD |

| | | |
|---|---|---|
| Weak traceability and customs enforcement under the East African Community customs framework | Strengthen mineral-specific customs control procedures, including mineral certification, export verification systems and cross-border traceability mechanisms.<br><br>Customs regulations should be aligned with domestic mining policy to support local mineral-processing industries and reduce dependency on imports such as clinker. | East African Community Secretariat, MEMD and URA |
| Limited occupational health and safety inspections in mining areas | Expand the capacity of the labour inspectorate through additional staffing, logistics and decentralized inspection units in major mining regions. | Ministry of Gender, Labour and Social Development, MEMD, MoFPED and local governments |
| Unclear surface rights policy | Harmonize land and mineral laws to clarify compensation procedures, establish a standardized compensation formula for land access, create district-level land and mining dispute resolution committees and introduce community development agreements (CDAs) for large-scale projects. | MEMD, Ministry of Lands, Housing and Urban Development and Parliament |
| Tax administration and delayed VAT refunds | Conduct nationwide tax education campaigns, publish simplified mining taxation guidelines, introduce automated VAT refund systems with fixed timelines and enhance coordination between regulatory bodies and the URA. | MEMD, URA and FIA |
| **Revenues collected and foregone** | | |
| Limited technical capacity and staffing | Increase funding for the Directorate of Geological Survey and Mines to recruit and train more geologists, mining engineers and inspectors and introduce continuous professional development for regulatory officers.<br><br>Mining companies need to recruit staff with appropriate technical skills and equip them with modern surveillance machines for inspections. | MoFPED, MEMD, Public Service Commission and mining companies |

| | | |
|---|---|---|
| Poor infrastructure and energy | To address high transport costs, unreliable power supply and poor infrastructure, introduce policy on prioritizing mining corridors in national infrastructure plans, developing public–private partnerships for roads and railway expansion, and expanding rural electrification to mining areas by establishing nearby mini power stations. The VAT deferment on electricity should also be extended in mining areas. | Ministry of Works and Transport and MEMD |
| Limited geological information and transparency | To address limited access to mining information, digitize and modernize the mining cadastre system, publish geological data online for investors, adopt transparent licensing procedures and strengthen public disclosure of mining contracts and payments. | MEMD, Directorate of Geological Survey and Mines and UGEITI |
| Limited mineral testing laboratories | Currently there is a standard testing laboratory at MEMD Entebbe. There is a need to establish more internationally accredited mineral laboratories, partner with the private sector for certification services and standardize mineral grading and export certification processes. | MEMD, URA and private sector |
| Lack of formalization and limited support of artisanal and small-scale miners | To address unregulated artisanal mining, lack of equipment and environmental degradation, simplify licensing procedures for artisanal and small-scale miners, establish cooperatives, provide subsidized ESIA procedures, facilitate access to microcredit and equipment leasing schemes and introduce mercury-free and environmentally friendly technologies. | MEMD, NEMA, MoFPED, mining companies and financial institutions |
| High levels of corruption and fraud | To address mineral scams, especially for gold, and political interference, establish certified mineral trading centres (mineral markets), create a public registry of licensed dealers and exporters, strengthen anti-fraud units within the sector and enhance parliamentary and civil society oversight.<br><br>There is also a need to introduce independent audits, public disclosure of mineral contracts, beneficial ownership transparency and whistleblower protection mechanisms. | MEMD, URA and FIA |

| | | |
|---|---|---|
| Under-declaration and under-valuation | There is a need to:<br>• establish a digital mineral tracking system, including mineral tagging systems, and electronic production reporting.<br>• strengthen inspection capacity.<br>• establish accredited assay laboratories.<br>• set up internationally certified laboratories to standardize mineral grading and valuation.<br>• enhance inter-agency coordination between MEMD, URA, UGEITI, civil society organizations and security agencies, among others.<br><br>There is also a need to strengthen anti-corruption measures and improve cross-border monitoring.<br><br>The government is planning to establish weighbridges to ascertain quantities declared by miners. The government, through UNMC, is to acquire state equity in mining companies. It has succeeded in Kilembe mines and this should be expanded to other mines. | MEMD, URA, UGEITI, UNMC and FIA |
| **Gains and losses in cases of tax expenditure awards** | | |
| Loss of revenue due to zero-rating of gold and changing tax policy | There is a need to review the tax incentives to the mineral sector periodically to avoid losses and establish a stable fiscal regime that balances investment promotion with revenue mobilization. | MEMD, URA, MoFPED and civil society organizations |
| **Mineral beneficiation or value addition** | | |
| Competitive and value-added processing | To reduce monopoly power in iron ore processing and limited value addition, there is a need to provide tax incentives for new mineral processing plants, support the establishment of iron and steel industrial parks and encourage local beneficiation before export. | MoFPED, MEMD, Ministry of Trade, Industries and Cooperatives and mining companies |

## 7.2. Conclusion

Uganda's mining sector is an increasingly significant contributor to national economic growth, providing strategic opportunities for industrialization, employment creation and domestic revenue mobilization. Over the period between FY 2019/20 to FY 2023/24, the sector experienced fluctuations in mineral production, particularly due to declining limestone output, while revenues increased from UGX 13.2bn to UGX 78.1bn, driven by tax and non-tax revenues such as royalties and licensing fees. Despite this growth, the government continues to capture only a portion of the sector's potential revenue due to tax expenditures, compliance gaps, inconsistencies in royalty collection and mineral exports occurring without proper clearance.

Tax expenditures have generated gains by attracting foreign direct investment, creating direct, indirect and induced employment, fostering upstream and downstream industrial linkages, supporting infrastructure development and enabling knowledge and skills transfer. However, poorly designed tax expenditures carry risks, including revenue forgone, fiscal uncertainty, resource misallocation, avenues for illicit financial flows, and inequities that favour multinational companies over local operators.

Mineral beneficiation/value addition, aligned with the AMV and Uganda's Tenfold Growth Strategy, have started to operationalize industrialization by promoting domestic processing, refineries, steel and cement plants and the integration of upstream, downstream and side-stream linkages. The sector's long-term contribution, however, depends on enabling conditions such as reliable infrastructure, investment support, technical skills development, institutional coordination and strong environmental and social safeguards.

Uganda's mining sector holds substantial potential for economic transformation, but realizing this potential requires careful management of fiscal incentives, strengthened governance and effective implementation of value addition strategies.

# Annexes

## Annex 1. Revenue opportunities/potential in the Mining and Mineral Act, Cap 159

| A | Part IV – Mineral agreements and application for mineral rights (non-tax revenue) | | | |
|---|---|---|---|---|
| | **Licence applied for** | **Provision in the Act** | **Explanation** | **Amount (UGX)** |
| | Prospective licence | Section 35 (1) | An application for a prospective licence shall be made to the Minister. | 200,000 |
| | Exploration licence | Section 41 (1) | | 2,000,000 |
| | Mining licence | Section 52 | The holder of a large-scale licence shall apply for a small, medium or large-scale mining licence at least 60 days before the expiry of the exploration licence or retention licence in accordance with this Act. | 1,000,000 |
| | Retention licence | Subsection 53 (1) (a) and (b) | The holder of an exploration licence may apply to the Minister for the grant of a retention licence on the grounds that Subsection 53(1)(a) and (b) state that: retention license granted to the holder of an exploration in cases when the identified mineral deposit cannot be exploited within the exploration period due to economic reasons. The license is submitted at least three months before the expiry of the exploration license and given within a period of three years from the date of the application, for three years, and only renewable once for two years. | 7,000,000 |
| | Large-scale mining licence | Section 59 (1) | An application for a large-scale mining licence shall be made to the Minister in a manner prescribed by regulations. | 20,000,000 |

| | | | | |
|---|---|---|---|---|
| | Medium-scale mining licence | Section 74 (1) and (2) | A person who wishes to carry on medium-scale mining operations shall apply to the Minister for a medium-scale mining licence.<br><br>Subsection (2): an application for a medium-scale mining licence under Subsection (1), shall be made to the Minister in a manner prescribed by regulations and shall be accompanied by the prescribed fee. | 15,000,000 |
| | Small-scale mining licence | Section 85 (1) and (2) | A person who wishes to carry on small-scale mining operations shall apply to the Minister for a small-scale mining licence.<br><br>Subsection (2): an application for a small-scale mining licence under Subsection (1), shall be made to the Minister in a manner prescribed by regulations and accompanied by the prescribed fee. | 10,000,000 |
| | Artisanal mining license | Section 96 (1) | A person who intends to carry on artisanal mining operations shall apply to the Minister for an artisanal mining licence in a manner prescribed by the regulation and pay the prescribed fees. | 1,000,0000 |
| **B** | **Part V – Exploration, extraction and direct use of geothermal resources** | | | |
| 10. | Prospecting licence for geothermal resources<br><br>for direct use | Section 105 | The procedure for application and grant of a prospecting licence contained in Sections 35 to 40 shall apply to the application and grant of a prospecting licence for geothermal resources for direct use. | 10,000,000 |

| | | | | |
|---|---|---|---|---|
| 11. | Exploration licence for geothermal resources for direct use | Section 106 (1) | The procedure for application and grant of an exploration licence contained in Sections 41 to 52 shall apply to the application and grant of an exploration licence for geothermal resources for direct use. | 10,000,000 |
| 12. | Licence for extraction of geothermal resources for direct use | Section 107 (1) | A person who intends to extract geothermal resources for direct use shall apply to the Minister for a licence for extraction of geothermal resources for direct use in a manner prescribed by regulations. | 10,000,000 |
| **C** | **Part VI – Value addition and beneficiation of minerals** | | | |
| 13. | Mineral processing licence | Section 23 (1) | An application for a mineral processing licence shall be made to the Minister in a manner prescribed by regulations. | 300,000 |
| 14. | Mineral smelting licence | Section 124 (1) | An application for a mineral smelting licence shall be made to the Minister in a manner prescribed by regulations. | 5,000,000 |
| 15. | Mineral refining licence | Section 127 (1) | An application for a mineral refining licence shall be made to the Minister in a manner prescribed by regulations. | 1,000,000 |
| **D** | **Part VII – Buying, selling and dealing in minerals** | | | |
| 16. | Mineral dealers' licence | Section 140 (1) | An application for a mineral dealer's licence shall be made to the Minister in a manner prescribed by regulation. | 500,000 |
| 17. | Goldsmith's licence | Section 14 (1) | A person shall not manufacture any article from any precious mineral or from any substance containing any precious mineral unless the person has obtained a goldsmith's licence under this Act. | 500,000 |

| | | | | |
|---|---|---|---|---|
| 18. | Export of minerals | Section 149 (1) | A person shall not export any minerals from Uganda without an export permit issued under this Act. | 0 |
| 19. | Import of minerals | Section 150 (1) | A person shall not import any minerals into Uganda without an import license. | 1,000,000 |
| 20. | Permit for research and scientific investigations | Section 151 (1) | Notwithstanding the provisions of this Act, the Minister may, in the public interest and for research purposes, authorise any person to undertake non-commercial investigations into the geological resource of Uganda. | Nil |
| 21. | Blasting certificate | Section 152 (1) | The Minister may grant to any person a certificate to blast rocks as a method of extraction of minerals on conditions determined by or under this Act, the National Environment Act, 2019 and conditions specified in the certificate. | 300,000 |
| **E** | **Part XI – Financial provisions** | | | |
| 22. | State equity participation | Section 178 (1) and (4)(1) | Upon coming into force of this Act, the grant by the Minister of a large-scale or medium-scale mining licence may give the state an ownership interest, at no cost, of up to a maximum of 15% in a large-scale mining licence or medium scale mining licence.<br><br>Notwithstanding Subsection (1), the state may acquire supplementary participation, in cash, according to the terms agreed with each relevant mineral rights holder within the scope of a mineral agreement. | 15% |

| | | | | |
|---|---|---|---|---|
| 23. | Royalties | Section 179 (1) | All minerals obtained or mined while prospecting, exploration or mining operations shall be subject to the payment of royalties on the gross value of the minerals produced based on the prevailing market price of the minerals at such rates as shall be prescribed by the Minister in collaboration with the Minister responsible for finance by statutory instrument. | Annex 1 |
| 24. | Collection of royalties and taxes | Section 180 | The Income Tax Act shall apply to the assessment, collection and enforcement of and right of appeal with respect to administration of any royalty, tax or charge imposed under Part VI of the Act.<br><br>What some of the income tax applied or applicable or charged for those in the mining sector, for instance VAT. | 18% |
| 25. | Annual mineral rents | Section 189 (1) | There shall be payable to the government by an applicant for, or the holder of, a large-scale mining licence, a medium-scale mining licence, a small-scale mining licence, an artisanal mining licence, a retention licence or an exploration licence, an annual mineral rent of such amount as shall be prescribed by the Minister by regulations. | 18,000,000 |

| | | | | |
|---|---|---|---|---|
| 26. | Payment of tax and other fees | Section 190 (1), (2) and (3) | (1) Taxation of mining operations shall be in accordance with the tax laws of Uganda.<br><br>a) PAYE paid by employer by the employee.<br><br>b) Local Service Tax (LST) paid by the employer for the employee.<br><br>Corporate Income Tax (CIT)<br><br>a) Capital Gains Tax (CGT)<br><br>(2) An applicant or holder of a mineral right, licence or permit under this Act shall pay such fees or charges at such time as may be prescribed by the Minister by regulations.<br><br>(3) The fees and charges prescribed under Subsection (2) may include: | Annex 2 |
| | | | application fees; | Annex 5 |
| | | | report filing fees; | 50,000 |
| | | | fees for access to geological data; | 10,000 – 25,000 per search |
| | | | fees for access to public registers; and | 20,000 per search<br><br>25,000 per document |
| | | e) | any other fees that may be prescribed by regulations. | .............. |

## Annex 2. Royalties' Assessment Criteria

The applicable royalty rates are prescribed in Schedule 2 of the Mining and Minerals (Licensing) Regulations, 2023, and are summarized below.

| Mineral commodity | Royalty rate/basis |
|---|---|
| Precious metals except gold | 5% of gross value |
| Precious stones | 10% of gross value |
| Base metals and ores except iron ore | 5% of gross value |
| Rare earth elements | 5% of gross value |
| Graphite | 5% of gross value |
| Vermiculite | UGX 20,000 per tonne |
| Coal and peat | UGX 10,000 per tonne |
| Kaolin, limestone, chalk and gypsum | UGX 20,000 per tonne |
| Marble, granite and other dimension stones | UGX 20,000 per tonne |
| Pozzolanic materials | UGX 2,000 per tonne |
| Phosphates | UGX 20,000 per tonne |
| Salt | UGX 5,000 per tonne |

## Annex 3. Annual Local Service Tax (LST) Rates (Salaried Employees)

For FY 2024/25, the following rates apply based on the monthly income after PAYE deduction.

| Monthly income net of PAYE (UGX) | Annual LST rate (UGX) |
|---|---|
| 0 to 100,000 | Nil |
| Exceeding 100,000 to 200,000 | 5,000 |
| Exceeding 200,000 to 300,000 | 10,000 |
| Exceeding 300,000 to 400,000 | 20,000 |

| | |
|---|---|
| Exceeding 400,000 to 500,000 | 30,000 |
| Exceeding 500,000 to 600,000 | 40,000 |
| Exceeding 600,000 to 700,000 | 60,000 |
| Exceeding 700,000 to 800,000 | 70,000 |
| Exceeding 800,000 to 900,000 | 80,000 |
| Exceeding 900,000 to 1,000,000 | 90,000 |
| Exceeding 1,000,000 onwards | 100,000 |

***Source: Wakiso District LST Circular***[1]

## Employer Responsibilities and Calculation

**Assessment Period**: Employers must deduct and remit the total annual LST within the first four months of the financial year (July to October), or no later than 15 November.

**Installment Option**: The employer may choose to deduct the annual amount from the employee's salary in four equal monthly installments during this period.

**Calculation Logic**:

1. Determine the employee's gross salary.
2. Subtract the PAYE (as calculated in Part A).
3. Find the corresponding annual LST from the table above based on that net figure.

**Non-Compliance**: Failure to submit by the deadline results in a 50% surcharge on the unpaid amount.

1. Wakiso District LST Circular

## Annex 4. Corporate Income Tax (CIT)

In Uganda, CIT is generally charged at a standard flat rate of 30% on the chargeable income (gross income minus allowable deductions) of both resident and non-resident companies. The primary variations to this standard rate include simplified regimes for small businesses and additional taxes for foreign branches.

### Standard Corporate Tax Rates

| Entity type | Tax rate | Basis of assessment |
|---|---|---|
| Resident company | 30% | Worldwide income |
| | | |
| Foreign branch | 30% + 15% | Standard 30% on profits + 15% on repatriated income |

### Small Business Presumptive Tax

Resident companies with an annual turnover between UGX 10m and UGX 150m may qualify for this regime. This acts as a final tax, meaning no further deductions are allowed.

| Annual turnover (UGX) | Tax with records (UGX) | Tax without records (UGX) |
|---|---|---|
| 10m to 50m | 0.4% of turnover | Fixed amounts (UGX 80k - 450k) |
| 50m to 80m | UGX 160,000 + 0.6% of turnover > 50m | UGX 500,000 |
| 80m to 150m | UGX 340,000 + 0.7% of turnover > 80m | UGX 900,000 |

Professional services (legal, medical, etc.) are excluded from this simplified regime and must pay the standard 30% rate.

### Other Specialized Rates and Fees

- **Rental Income**: Companies must disclose rental income separately. Net rental income is taxed at 30%, with deductible expenses capped at 50% of gross rent.
- **Capital Gains**: There is no separate capital gains tax; gains from selling business assets are included in business income and taxed at the standard 30% rate.
- **Gaming/Casinos**: Licensed operators are subject to a 20% tax on gaming revenue.
- **Mining and Petroleum**: Subject to specific ring-fencing rules where costs from one project area cannot offset income from another.

# Annex 5. Standard Capital Gains Rates (2024/25)

In Uganda, there is no separate capital gains tax legislation; instead, capital gains are treated as part of gross income and taxed under the Income Tax Act, Cap 340.

Capital gains generally arise from the disposal of business assets (such as land, commercial buildings, machinery or private shares).

| Taxpayer category | Applicable rate | Basis |
|---|---|---|
| Companies | 30% | Added to other business income |
| Individuals | 0% – 40% | Added to annual income and taxed at progressive PAYE rates |
| Non-business assets | 5% (proposed) | A final 5% tax on gross payment for specific personal assets (e.g. non-primary land in cities) was proposed in the Income Tax (Amendment) Bill 2024[2] |

### Calculation formula

The gain is calculated by subtracting the cost base from the consideration received (sale price).

- **Cost Base**: Original purchase price + allowable costs (legal fees, stamp duty, transfer costs and documented improvements).
- **Indexation**: If you held the asset for more than 12 months, you can adjust the cost base for inflation using the Consumer Price Index (CPI) to reduce the taxable gain.

### Key Exemptions and Non-Recognition

Certain transfers do not trigger a taxable capital gain:

- **Primary residence**: Disposal of your main home (subject to specific usage conditions).
- **Family transfers**: Transfers between spouses or former spouses (divorce settlements).
- **Inheritance**: Transmission of an asset to a beneficiary upon death (tax only applies when the beneficiary later sells it).
- **Involuntary disposal**: If proceeds are reinvested in a similar asset within one year.
- **Venture capital**: Gains from registered venture capital funds if at least 50% is reinvested within the year.

2. H&G Advocates. (15 April 2024). *Tax alert: the 2024 tax amendments*. Accessed 16th November 2025. https://handgadvocates.com/insights/tax-alert-the-2024-tax-amendments

## Annex 6. Application Filing Fees

These are non-refundable fees paid at the time of submitting an application for a specific mineral right.

| Licence/permit type | Application fee (UGX) | Registration fee (UGX) |
|---|---|---|
| Prospecting Licence (PL) | 200,000 | – |
| Exploration Licence (EL) | 2,000,000 | 1,000,000 |
| Retention Licence (RL) | 7,000,000 | 1,000,000 |
| Artisanal Mining Licence (AML) | 1,000,000 | 1,000,000 |
| Small-Scale Mining Licence (SML) | 10,000,000 | 1,000,000 |
| Medium-Scale Mining Licence (MML) | 15,000,000 | 1,000,000 |
| Large-Scale Mining Licence (LML) | 20,000,000 | 1,000,000 |
| Mineral Dealers' Licence (MDL) | 500,000 | — |

## Annex 7. List of Respondents

| S/N | Name | Organization | Title |
|---|---|---|---|
| 1 | Munanura Brian | Sino Mining Co. | Deputy Manager |
| 2 | Mugaga David | Hima Cement Co. Ltd | Head of Regulation |
| 3 | Nkoyoyo Rashid | Sunbelt Mining Co. Ltd | Assistant Manager |
| 4 | Carlos | Feldstein Co. Ltd | Director |
| 5 | Abaho George | Raremet | Director |
| 6 | Binskaran Teyaraman | Greenstone Co. Ltd | Administrator |
| 7 | Idea Kufahakurambwi | Namekara Mining Co. Ltd | General Manager |
| 8 | Sajjabi | Namekara Mining Co. Ltd | Accountant |
| 9 | Weko Bernard | Tororo Cement | Deputy Finance |

| | | | |
|---|---|---|---|
| 10 | Owere John Steven | Tororo Cement | Mines Laison Officer |
| 11 | Nakku Grace Matovu | MEMD | Senior Inspector |
| 12 | Opiyo Kennedy | MEMD | Inspector |
| 13 | Amina Kiiza | MEMD | Inspector |
| 14 | Kedi Vicent | MEMD | Assistant Commissioner |
| 15 | Matsiko Ham | MEMD | Finance Department |
| 16 | Loyola Karobwa | MEMD | Legal Department |
| 17 | Solomon Rukundo | MoFPED | Tax Policy |
| 18 | Mbabazi Recheal | URA | Oil and Mineral Department |
| 19 | Kwemboi George | Tisma | Chairperson |
| 20 | Kana Hasahya | Tisma | Vice Chairperson |
| 21 | Aroba Mathias | Tisma | Treasurer |
| 22 | Nampaye Patrick | Tisma | Member |
| 23 | Tumukunde Vicent | Tisma | Member |
| 24 | Achieng Josephine | Tisma | Member |
| 25 | Sasirwe Jonny | Kisita Mining Co. Ltd | Worker |
| 26 | Sefuma Edward | Kisita Mining Co. Ltd | Worker |
| 27 | Assimwe Douglas | Kisita Mining Co. Ltd | Manager |
| 28 | Kwagonza Alex | Mubende United Artisanal Miners Association (MUAMA) | Secretary |
| 29 | Kyomugisha Jackline | MUAMA | Member |
| 30 | Rwakaramye Muhamad | MUAMA | Member |
| 31 | Wasswa John | MUAMA | Member |
| 32 | Bagonza Asraf | MUAMA | Member |
| 33 | Dr Kwatampora Alex Binego | Uganda National Mining Company (UNMC) | |

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