



# Global Insolvency: 2025 Reflections and 2026 Projections

Uganda



# Uganda

# Uganda: A Look at the Insolvency Scene in 2025

## A Snapshot of Insolvency Trends in 2025

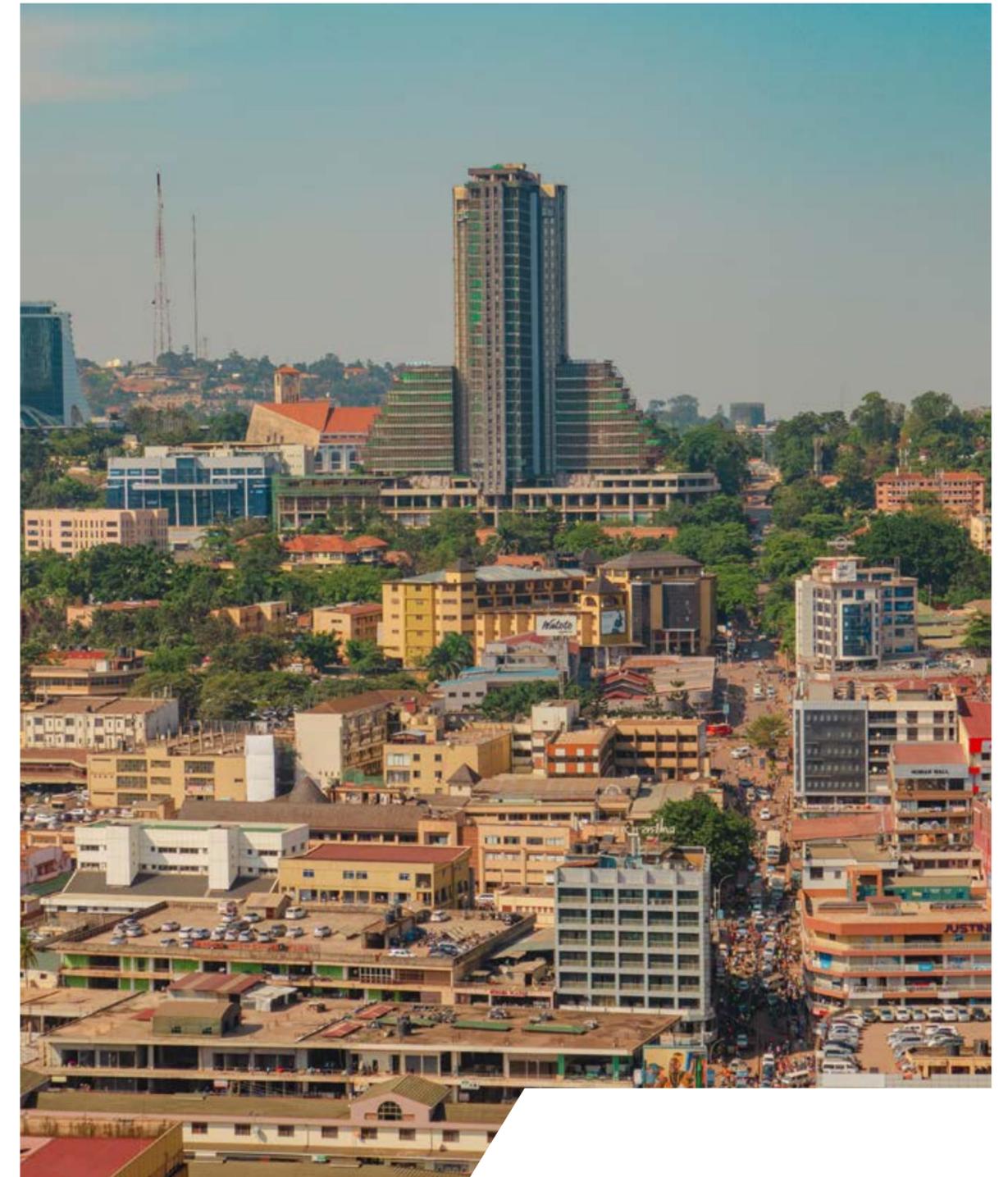
In 2025, Uganda saw a continuation of low formal insolvency activities, especially those driven by courts or creditors. Most business closures were voluntary, often part of administrative clean-ups by the Companies' Registry, rather than due to financial struggles or debt issues.

According to the Uganda Registration Services Bureau (URSB), 90–95% of company closures were voluntary. These often involved businesses that never started trading or had stopped operations without significant liabilities. The simplified dissolution procedures from the Insolvency (Amendment) Act, 2022, played a key role in enhancing register accuracy and cutting down administrative delays.

Traditional insolvency processes were rarely used, as shown by the few formal proceedings:

- Three bankruptcy petitions were filed with the Official Receiver.
- One company entered administration under the Insolvency Act, overseen by a licensed insolvency practitioner.
- Four receivership appointments occurred, mostly managed by private practitioners outside URSB's direct oversight.

While the total number of dissolutions rose compared to previous years, they weren't due to insolvency, meaning companies weren't unable to meet their financial obligations.



## Sectors Impacted, Business Profiles, and Insolvency Approaches

While the URSB hasn't yet released a detailed sectoral breakdown of insolvency filings, insights from registry officials suggest that company exits in 2025 were spread across consumer-focused sectors, rather than being concentrated in capital-heavy or critical industries.

The sectors most affected were:



Retail and Trade



Pharmaceuticals



Hospitality



Education



General Services

These businesses were mainly small to medium-sized enterprises, often run by their owners, with limited assets.

Reflecting the "haves" and "have-nots" theme seen elsewhere, large corporations and regulated financial institutions were mostly absent from formal insolvency statistics. This absence highlights their greater resilience and preference for alternative restructuring methods to address financial challenges.

While Members Voluntary Liquidations (MVLs) are the most frequently used process, especially for dormant companies, rescue-focused processes like administration and Company Voluntary Arrangements (CVAs) are underused in Uganda, despite being available under the Insolvency Act, Cap 108. Informal negotiations and settlements with creditors, particularly tax authorities, remain the favored path for businesses that are distressed but still viable.



### Major insolvency cases and market developments

In 2025, while formal insolvency cases were few, several high-profile corporate cases significantly influenced legal and professional discussions, especially concerning the evidentiary threshold for insolvency and public-interest considerations.

Key developments included:

- A debtor's petition against a telecom retailer was dismissed due to non-compliance with insolvency procedures, particularly regarding public notice and proper service of the statutory demand. The Court underscored the importance of adhering strictly to insolvency procedures.
- In a unique move, the High Court paused the final dissolution of a deregistered retail motor vehicle trading company, allowing the Uganda Revenue Authority (URA) to investigate alleged large-scale tax evasion. This case underscored the growing link between insolvency law and tax enforcement.

- The Supreme Court revisited a long-standing dispute from a members' voluntary liquidation that began in 2005, involving the sale of a textile company's mortgaged property by the liquidator. The Court overturned its 2018 decision, reinstating the Court of Appeal's ruling that the sale to a third-party purchaser was lawful. The Court clarified that the transaction was part of a mortgagee's realisation outside the insolvency regime, not requiring a special resolution under the repealed Companies Act. This decision clarifies the boundary between secured creditor enforcement and insolvency processes, affirming the autonomy of mortgage realisations during ongoing liquidation.

These cases collectively reflect a judiciary that is increasingly deliberate and principled in insolvency adjudication, balancing creditor protection, debtor rights, and public-interest considerations.

## Implications for Insolvency Rates in 2026

As we look to 2026, Uganda doesn't foresee a significant rise in formal insolvency filings. Instead, voluntary exits and registry clean-ups are set to continue leading dissolution statistics, driven by the URSB's ongoing data-sanitisation efforts.

Macroeconomic indicators paint a picture of cautious optimism, especially with anticipated milestones in oil and gas production that could bolster economic activity. Yet, fiscal pressures, high interest rates, and stringent tax enforcement might still challenge smaller enterprises, potentially leading to more voluntary closures.

Officials have highlighted the importance of not mischaracterising voluntary exits as insolvencies, as this could exaggerate economic distress. From a policy and advisory standpoint, distinguishing between insolvency, business failure, and strategic exit will be crucial in 2026.

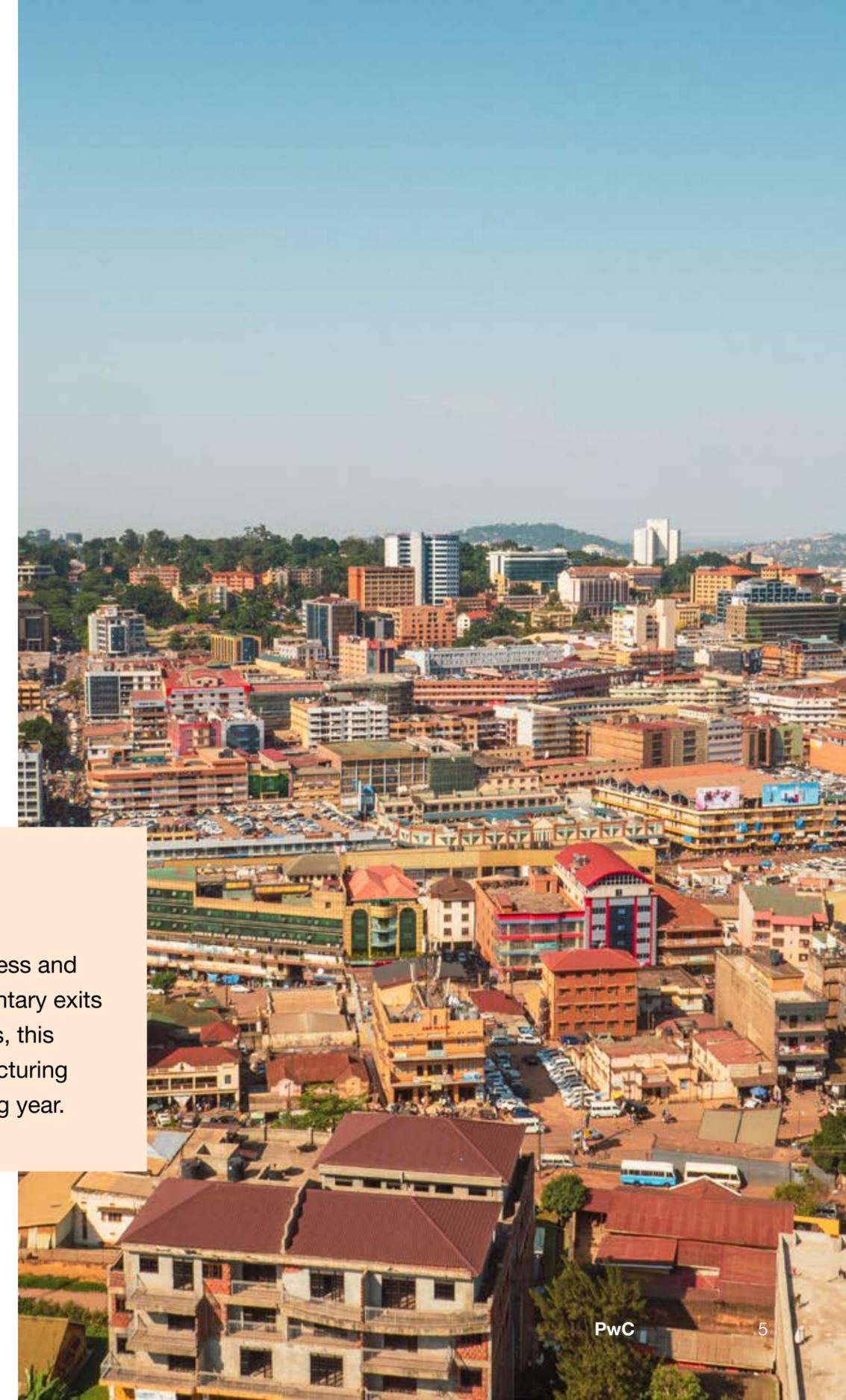
## Legislative and Regulatory Outlook

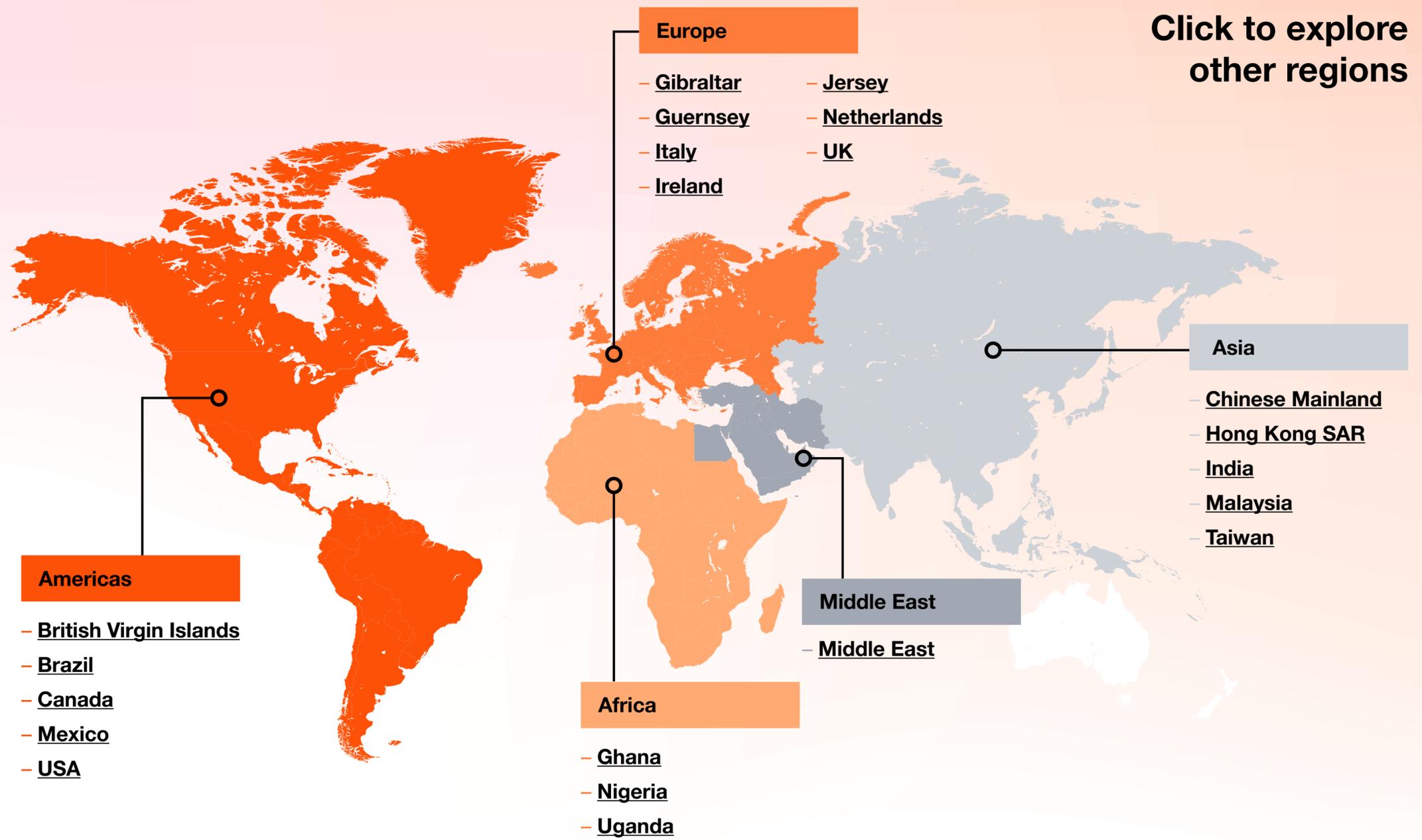
In 2026, no major insolvency-specific legislative reforms are on the horizon. Instead, the focus will be on consolidating and implementing recent reforms, including:

- The Insolvency (Amendment) Act, 2022, which streamlined liquidation procedures, bolstered creditor rights, and introduced simplified exit mechanisms for dormant companies.
- The Insolvency Regulations, 2023, which brought these changes to life by setting clearer procedural timelines, documentation requirements, and practitioner processes to enhance efficiency and predictability in insolvency administration.
- Complementary amendments to the Companies Act aimed at business rescue and streamlined exits.

## Concluding Observations

In 2025, Uganda's insolvency landscape was less about systemic distress and more about structural housekeeping, regulatory enforcement, and voluntary exits across various industries. For restructuring and insolvency practitioners, this highlights a market where advisory, compliance, and early-stage restructuring skills are likely to be as vital as traditional insolvency roles in the coming year.





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