



CSBAG BUDGET NEWS BRIEF



220th EDITION | 14th -20th November 2016

Advocating for a People Centered Budget that Dignifies Humanity



MPs allowances must be taxed! CSOs insist

Civil Society Organizations (CSOs) have implored President Yoweri Museveni not to retreat his earlier position on MPs' taxation, insisting that their allowances should be taxed, to help in closing the funding gaps by the government.

According to the CSOs under their umbrella body Tax Justice Alliance Uganda, the exemption of MPs' allowances from tax, would lead to an annual loss of Sh49.4b in revenue collection.

"This move by the MPs to exempt themselves from taxation is discriminatory, all other citizens pay taxes on their allowances including the medical workers, teachers and the private sector entities. Lunch allowances for medical workers and sitting allowances for district councillors are taxed why not MPs," Julius Mukunda, the Coordinator Civil Society Budget Advocacy Group (CSBAG) asked.

In a joint press statement, the CSOs faulted the legislators for being selfish, adding that they should have prioritized pushing for a more equitable tax justice system that seeks to increase revenue for the country, to address challenges facing the country's economy.

Despite the President rejecting the Income Tax (Amendment) Bill 2016 in May this year, on November 15, 2016 Parliament defied the President, and returned the Bill to Museveni, with a proposal to exempt the MPs' allowances from taxation. In his May 2, 2016 letter to the speaker of Parliament Rebecca Kadaga, the President rejected the Bill and returned it to Parliament for amendment saying the move by MPs to exempt themselves from taxation was not politically and morally correct.

In April, Parliament passed the Income Tax (Amendment) Bill 2016 and decided to amend Section 21 (1) of the Income Tax Act, Cap 340, to exempt the employment income of members of Parliament, except salary, a decision that provoked public outrage. However, considering the motion for a resolution of parliament to reconsider the Bill on Tuesday November 15, the MPs across the political divide rejected the amendment of section 21 (1) of the Bill, saying their salaries are already being taxed, thus no need for further taxation.

Describing the MPs' move to exempt themselves from tax as unconstitutional, the CSOs who were addressing journalists at SEATINI offices in Bukoto on Sunday noted that it is unfair for the MPs' allowances not to be taxed, when the country is grappling with paying domestic arrears, pension arrears, as well as buying cars for the over 427 MPs.



Imelda Namagga-UDN, Julius Mukunda-CSBAG, Cissy Kagaba-ACCU, Nelly Busingye -SEATINI and Joseph Olweny- OXFAM in Uganda addressing the media today 20th November 2016 at SEATINI Offices. | © CSBAG 2016

when the rest of the Ugandans are being taxed heavily," Nelly Busingye, the programs officer Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) said.

Data by the Tax Justice Alliance Uganda indicates that the average basic pay of an MP for tax purposes is Sh11.8m. The MPs' average contribution to tax is Sh3.374m. It should be noted that an MP in Uganda, earns between Sh20 to Sh27m, including allowances such as fuel and sitting allowances.

"MPs are saying they need the money because of the demands by their electorate. But it is not the MPs' role to buy medicine or take the electorate' children to school, it is the role of the Government. No one has put them on gunpoint to do this," Cissy Kagaba, the Executive Director Anti- Corruption Coalition Uganda.

We have previously been approached by Members of Parliament branding us as enemies of Parliament and some individuals have boycotted our work. What we are emphasizing today is that this campaign is not meant to cause friction between Members of Parliament and the other citizens but we should all consider tax justice first and we call on our MPs to come out and do the right thing". Stated Nelly Busingye Programme officer SEATINI.

"It is not right for MPs to say they are not going to pay tax, where do they expect Government to get money to pay them, when they don't want to pay their taxes, if they don't want to pay, we are also going to do the same,"

Christopher Opio Ateker, LCV Gulu District Councilor.

The CSOs noted that the over sh49b which Uganda Revenue Authority risks losing as a result of MPs' allowances being exempted from taxation, can be used to close the funding gaps of Sh4.4b, for hiring 250 science and 100 arts teachers. They further noted that out of the Sh49b, Government can use sh3.35b, to start the National Health IS as well as using Sh36b, to hire 3,542 health workers. According to the CSOs, the remaining sh2b can be used to revitalize cooperatives.

Way forward:

As a way forward to have MPs' emoluments taxed, the CSOs have embarked on a national campaign, to support President Museveni' original stand, which is against MPs exempting themselves from paying tax.

"We are going to mobilize masses to say no to this move by the MPs, if they insist they are not paying taxes, it should cut across, even doctors, teachers, local leaders to have their allowances not taxed," Imelda Namagga, a Senior Programs Officer Uganda debt network said.

"I appeal to the MPs to pay tax, because people like teachers, councillors who get very little money are taxed, if they are saying they are not paying, we are also not going to pay,"

Pauline Namijubi, the Kibale District Councilor,

In the CSO campaign, which is targeting all citizens including local leaders and the youth, the CSOs want the youth, local council leaders and all taxpaying Ugandans to petition the President and the Prime Minister Ruhakana Rugunda, about the tax injustice by the MPs.

Some of the district leaders that attended the Press conference, vowed to protest the move by the MPs, which they said was unfair.

"It is not right for MPs to say they are not going to pay tax, where do they expect Government to get money to pay them, when they don't want to pay their taxes, if they don't want to pay, we are also going to do the same," Christopher Opio Ateker, the Gulu District Councilor said.

Marion Tuwheyo, a secondary school teacher in Kibale district also expressed surprise at the MPs move saying it was embarrassing for MPs whose payment cannot be compared to that of the teachers, to be evading tax. "I appeal to the MPs to pay tax, because people like teachers, councillors who get very little money are taxed, if they are saying they are not paying, we are also not going to pay," Pauline Namijubi, the Kibale district councilor, added.

The CSOs called upon the Attorney General to reign against the move by the MPs which they said will set a wrong precedence if the Bill is Okayed by the President.

Early this year the CSOs through their umbrella body Civil Society Budget Advocacy Group (CSBAG) collected over four million signatures, asking the president not to assent to the Bill, which he did. Per the parliamentary rules of procedure, if the president rejects the Bill for the second time, the rules empower the House, to pass the Bill into law during the third time of consideration, without the President assenting to it.