

CSOs, economists propose new tax avenues for better revenue mobilization



Tax consultant, Musa Mayanja Lwanga (Right) presenting findings on Widening Uganda's tax base at Hotel Africana today. On the left is Nelly Businge, Programme Officer at SEATINI | @CSBAG2017

“Corruption is taking the little we have put in and collected, Government should deal with the leakages and blockages of our tax base...”

Economists and members of Civil Society Organisations (CSOs) have implored the Government to consider introduction of the Property tax and other tax avenues for increased domestic revenue mobilization and widening of the country's tax base.

According to the tax advocates, effective execution of the budget requires efficient and effective management of revenue mobilization for better service delivery for the citizens.

On Thursday, the CSOs under their body, Civil Society Budget Advocacy Group (CSBAG), held a dissemination meeting under the theme: “Widening Uganda's Tax base: what is at stake and what should government do...” The meeting attended by member of the CSOs, economists and the academia, urged the Government to consider taxing idle property such as land, buildings among others.

Potential growth areas

“In Uganda, we don't pay property tax, but this is a potential area for revenue growth. You find that most of the land in Uganda is idle, however the challenge is who is going to tax this land because most of the idle property such as land, is owned by people in the government who are supposed to enforce these tax measures,” Ramathan Ggoobi an economist from the academia said.

Discussing the study findings on “widening Uganda's tax Base; what is at stake and what should Government do”, tax advocates noted that sectors like the services and Industry are not enough to support the national budget. For increased domestic revenue mobilization, members of the CSOs and the academia also advised the Government to tax more ventures in the informal sector, saying it had concentrated more on the formal sector which captures a very limited section of the population.

They also noted that there is need for the tax body, the Uganda revenue Authority, to compel Ugandans to pay tax for improved service delivery.

“We should find ways of compelling people to pay tax, in Uganda, paying tax is more of a laissez-faire, people don't want to pay tax so in the end, URA goes for salary earners,” noted Ggoobi.

Presenting findings on widening Uganda's tax base, Musa Lwanga, a tax consultant noted that about 74% of Ugandans evade tax payment.

The corruption challenge

The activists also pointed out political interference and corruption as some of the major factors that have hindered revenue growth in the country.

“Corruption is taking the little we have put in and collected, Government should deal with the leakages and blockages of our tax base. We should get value for our taxes. If taxes are not being fed into the areas that grow the economy, there is a big problem. We should use the little we have to grow the economy,” Dr. Fred Muhumuza said.

They also called upon the government to ensure independence of the Uganda Revenue Authority, to enable it collect taxes without political interference.

They noted that the would-be tax payers, are exempted from tax and the burden is left to the poor Ugandans.

“URA should be left to do its work, how do you get tax from people who make phone calls to the powers that be, when it comes to paying tax? Some people in government are doing business but don't want to pay tax,” Samantha Byarugaba from the Uganda Debt Network said.

Political interference

In his presentation on the tax findings, Lwanga pointed out tax evasion, political interference, and high levels of importation as some of the key hindrances to the widening of the tax base. CSOs also called for increased capacity building for URA and local governments on how to improve on local revenue mobilization.

Representing ministry of finance, planning and economic development, Gerald Namoma, an economist in the ministry, noted that the ministry was in the process of developing a domestic revenue mobilization strategy, to widen the tax base. “We want to make it very risky for people to evade tax. Compliance still remains a very big challenge for us,” he said.

On tax incentives, he noted that the Government is considering developing a law on who gets what kind of incentive, adding that it is hard for the Government to get rid of them.