

## Parliament commission wants tax Bill returned to the President



Members of Parliament in plenary debate. Photo credit: New Vision

**“The Parliamentary commission has rejected the Income tax (amendment) Bill 2016, saying it should be returned to President Yoweri Museveni, without amendment”**

On May 2<sup>nd</sup>, 2016, the President wrote a letter to speaker of Parliament Rt. Hon. Rebecca Kadaga, rejecting the Income Tax (Amendment) Bill 2016 in which MPs exempted themselves from paying tax.

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 appearing before the Parliamentary committee on finance, planning and economic development on Thursday, and the commission said amending the Act would mean double taxation, to the legislators.

“Our position as the commission is that the Bill is sent back to the President the way it is. As MPs we pay taxes on our salaries, even on the fuel facilitation, there is already a tax component,” Arinaitwe Rwakajara, a parliament commissioner told the MPs.

The commissioners, who included Peter Ogwang and Arinaitwe Rwakajara, told the committee which is currently examining the Bill that each member of Parliament is taxed Sh3.5m monthly by the Uganda Revenue Authority (URA). Commissioner Ogwang, who is also the MP for Usuk County, told the Members of Parliament that the commission was against having the income tax Act 2016 amended, saying the tax levied on the MPs’ salaries is enough. “The assertion that MPs don’t pay taxes is not true. There is no way you can give me money for fuel, and you again want to tax it. It would be double taxation. MPs pay taxes, and these returns are with URA,” Ogwang said.

In reaction to this Development, CSBAG Coordinator, Julius Mukunda stated that, one of the principles of a good tax system is equity and fairness. We strongly believe that every Uganda should pay their fair share of taxes. In a situation where the country is struggling to widen the revenue base we still call on every Ugandan to pay the tax due to them depending on their income.

In his letter to Parliament, the President noted that tax exemption for MPs would affect revenue collection if the government is to meet its ambition of transforming Uganda into a middle income country by 2020 as well as meeting the short term demands for infrastructure development and social services. “I do not support the decision of Parliament and am accordingly returning the Income Tax (Amendment) Bill for reconsideration by the House,” Museveni noted in the letter.

The decision by MPs to exempt themselves from taxation stirred public outcry where many accused the MPs of being insensitive to the priorities of the country and the general economic condition of the citizenry. It is upon this backdrop that the civil society movement, through their umbrella body, civil society budget advocacy group, (CSBAG) collected over four million signatures, asking the President not to assent to the Bill.

Re-introducing the Bill formally before the committee for re-consideration today, the ministry of finance which had been summoned by the committee to speak to the Bill, appealed for more time to study the Bill.

Representing the minister for finance Matia Kasaija, the state minister for finance in charge of planning David Bahati told the MPs that “It is our opinion that you give us more time, the amendment of this Bill, was from the President not us, so we ask that you give us more time, to consider it”.

However before the committee could allow the minister more time, the MPs expressed concern that the ministry had been given enough time already adding that the Bill was not strange to the ministry.

“The President wrote to Parliament and a copy of his letter was given to finance, so how much time is finance seeking,” James Kaberuka, the MP Kinkinza West asked.

The MPs stuck to their guns saying their facilitation should not be taxed and the taxes levied off their salaries is enough.