

Tax experts call for integration of women's concerns in fiscal policies



Rama Omonya OXFAM Uganda, Julius Kapwepwe CSBAG Board Chair, Lydia Namuli, FIDA Board Member and Ogwapus Moses, Ministry of Finance during the parallel session on Women and Tax on Friday 21st October 2016

“It is increasingly important to integrate gender considerations when drafting tax policies to promote a fair and equitable tax system,” Sarah Chelangat Senior Manager Tax Ernst and Young said.

The tax expert was speaking during the parallel session on women and taxation at Hotel Africana on Friday 21st October 2016 organised by the Civil Society Budget Advocacy Group and SEATINI Uganda

The informal sector is the primary source of employment for women in Uganda. Yet is characterised by poor tax planning and poor record keeping and is often taxed under the presumptive tax mechanism. “Even when women are engaged in formal employment, they still have long hours in unpaid work compared to men and yet tax practices and policies do not take the above perspective into consideration”. Sarah mentioned.

She warned that having women work in the informal sector falls outside the tax net and this leads to less revenue to government which consequently affects the provision of care services, as women are the most vulnerable. She highlighted the need to review some of the items indirect tax is levied on in order not to further gender inequalities. “Indirect tax is regressive in nature since it is levied regardless of levels of income. Some countries like India exempt taxes on milk, rice and sugar? Why can't we adopt this in our country? The tax expert warned.

In respect to who benefits from tax incentives/holidays, Sarah the Tax expert mentioned that these are mainly granted to foreign investors and rarely to the local investors (women inclusive) and the fact that most Ugandan women are employed in low income, informal and discontinuing businesses, they rarely benefit from such exemptions.

Furthermore, Sarah mentioned most tax policies favour large business set ups where women are not key players. “The lack of collateral by women to source financing keeps them in the informal sector and hinders them from expanding their businesses. She called for review of financing laws to provide for women sensitive credit policies to enable women access cheap credit to boost their business.

Sarah was supported by Lydia Namuli the Board Member of FIDA-Uganda who called on Government to examine the current tax regime in respect to promoting women's economic rights. She shared that unfair taxes are great hindrance for women's access to justice. “Especially at litigation stage, women often can't afford some of the levies charged in the justice system. This causes many to abandon their search for justice, so we hope that Ministry of Finance, the drafter of these policies can review some of the taxes imposed especially stamp duty. Lydia asked.

She encouraged CSOs to hold government accountable on taxation and stressed that since the latter is a signatory to international gender equality conventions then taxation policies that promotes, fairness, is equitable and progressive is paramount.

In his presentation Rama Omonya, the Governance Thematic Manager Oxam Uganda stressed the need for Government to invest in data collection to inform planning and resource allocation. He also called for women involvement in decision making processes so that they can influence tax policy. “If women are not involved in decision making process they might not have opportunities to influence the fiscal policies to promote women's economic rights. It's incumbent upon all stakeholders to bring women on decision making table.” Omonya said.

Moses Ogwapus Assistant Commissioner Tax at the Ministry of Finance appreciated civil society for bringing the tax discussions among ordinary citizens. He agreed with the CSOs on the need to engage a wide spectrum of stakeholders in tax policy formulation process and assured civil society that Government is open to interact with them in guiding tax and public policy. He highlighted some of the measures Government has taken to promote fairness and equity in its taxation policies. “Government has deliberately exempted tax on some items consequently making them affordable even for the poorest. Renewable energy accessories are tax free. This is to encourage women in remote areas to access these services. Some other items include medicines, sanitary pads and scholastic materials among others. Mentioned Ogwapus.

Annet Nakawaje a Councillor at Wakiso pointed out the complaints of women in informal sectors about the illegal rates where they operate from, landlords hiking rent which drives women away from the business. “If a woman is filing returns then government should give such woman special incentive like tax holiday,” Nakawaje said.

Juliana from Constitutional Governance called for scrapping of VAT on water so as to increase house hold income. This money will help the woman to develop her family. Responding to concerns raised Ogwapus advocated for tax reforms at Local Government and disagreed on scrapping VAT on water because Government gets revenue from bottled water.

David Walakira CSBAG budget policy specialist pointed out that there is a knowledge gap in regards to taxation. He called on URA to encourage women acquire Tax Identification Numbers as one sure way of including women in the tax bracket. In addition, women should be supported in proper business book keeping to protect them from presumptive tax often imposed unfairly.

Also present at this session were legislators including Beatrice Anywar, Kitgum municipality, Sarah Nakawunde, Fred Baseke, Christopher Baseke, Betty Achan, Lucy Acira among others.

POLICY RECOMMENDATIONS

URA should develop policies for assisting women entrepreneurs, through tax clinics and open discussions.

More research and analysis of the gendered nature of Ugandan Tax policy is needed.

Further considerations should be given to the extension of zero rating to more basic goods and services.

Taxes on pesticides, fertilizers, fuel and seeds should be made very minimal or removed

Propose introduction of tax allowances to women participating in unpaid labour

Deliberate fiscal policies through targeted expenditure for the poorest – improving children nutrition, school attendance and overall wellbeing of families – to promote dual earner and dual career models