

## SEATINI-UG WEEKLY NEWSLETTER

### MEETING TO PRESENT ALTERNATIVE CSO TAX PROPOSALS TO THE PARLIAMENTARY COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT.

Uganda is currently implementing a number of policy and administrative measures to generate revenues to finance service delivery and development projects. Whereas the resource envelope for the FY2017/2018 includes a number of sources of revenue e.g. domestic revenue, domestic financing, budget and project support, there is need to have healthy and vibrant domestic revenue sources as the main contributor to the resource envelop. In the FY2017/2018, the domestic revenue projection of UGX 14,506.86bn will contribute about 48% to the total response envelope of UGX 30,231.54bn.

Advocacy Group and OXFAM, there is evidence that taxing rich individuals more can lead to significant boosts in revenue.

**“FY2017/2018, THE DOMESTIC REVENUE PROJECTION OF UGX 14,506.86BN WILL CONTRIBUTE ABOUT 48% TO THE TOTAL RESPONSE ENVELOPE OF UGX 30.231.54BN”**



**Hon Henry Musasizi Mp Rubanda East and SEATINI-Ug Country Director Jane Nalunga**

According to the Southern and Eastern Africa Trade, Information and Negotiations Institute (SEATINI-Uganda), Civil Society Budget

Speaking in a meeting where the CSOs presented alternative tax proposals to the parliamentary committee on finance, SEATINI-Uganda country director Jane Nalunga said the wealthy should contribute more in terms of taxes than it is currently the case.

She said: “We need development but the question is where the money will come from. I think we must mobilise it domestically and we should begin by having the rich pay more and the poor pay less taxes.” She continued: “We must be fair and equitable and not having those who can pay more pays less.”

In his submission, the committee chairperson Hon Henry Musasizi Ariganyira, who is also the Member of Parliament for Rubanda, said currently, the process to change the tax law with view of accommodating some of the CSOs proposals is underway. He also noted that property tax is not enforced as it should be, saying most property moguls in the country are out of the tax man radar.

Hon Lawrence Bategeka, the MP for Hoima Municipality, and also the vice chairperson of the committee, on national economy said that taxing the rich is a good proposal that will be difficult to enforce unless a parameter and a data base of who is rich has been instituted. However, for the beginning he said: “Most of these rich people invest in properties so their properties should be directly taxed irrespective of how they acquired it.”



Mr Johnson Gumisiriza , a local government official stated that local governments are responsible for approximately 70% of government service provision and with enough funding have the potential to increase the domestic revenue of the country.

A working paper, produced in January 2016, titled: ‘Boosting Revenue Collection through Taxing High Net Worth Individuals (HNWIs): The Case of Uganda,’ authored by a group of tax researchers, including; Jalia Kangave, Suzan

Nakato, Ronald Waiswa and Patrick Lumala Zzimbe, collectively, argued that there is a need to tax more wealthy/rich people in Uganda because they are not contributing adequately in this cause despite earning huge incomes in Uganda. According to the researchers, personal income taxes of the rich Ugandan remain largely untapped. “We believe that the extremely low level of individual contributions to domestic taxes is partly explained by an emphasis being placed on the taxation of companies, at the expense of taxing individuals,” the report reads in part.

The meeting came as a follow up to the CSO proposals that had earlier been presented to the Ministry of finance, Planning and Economic Development which then advised them to share with the Parliamentary Committee on Finance for consideration in preparation for governments submission of tax bills for the FY2017/2018 with the objective of sharing the alternative revenue proposals for FY2017/2018 and provide a platform for stakeholders to discuss the revenue proposals as well as come up with strategies on how to enhance domestic revenue mobilization.

### **Follow-ups /Proposals**

- Government needs to start taxing the rich more and the poor less.
- A strategy for miners to pay royalties to the government should be put in place.
- Graduated tax should be revived as a way of making people become more productive.
- Need for government to increase the local government fund allocation to increase local service delivery.

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