EAC FY 2024/25 POST-BUDGET DIALOGUE ON TAX AND DEBT

Date: Wednesday, 26 June 2024
Venue: Hotel Africana, Kampala

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The following are the key recommendations on tax harmonisation, sustainable debt management, and other economic development issues in the EAC made during the dialogue.

a. ***Finance Ministries should enhance internal governance mechanisms for addressing the debt crisis***: This can be done through curbing revenue leakages, ending corruption, deepening local revenue sources, and widening the tax base.

b. ***Revenue Authorities; should work towards tax harmonization and cross-border rules***: despite variations in EAC partner states' priorities, revenue sources, and internal fiscal and monetary policy dynamics.

c. ***Continuous Tax Education/and awareness creation should be extended to the taxpayers. Uganda Revenue Authorities should ensure timely communication of new tax proposals, policies and practices***: In addition to other tax education and awareness strategies, URA shou leverage on the National Budget Initiative a platform to engage the policymakers, and taxpayers. This will reduce misunderstandings and enhance tax compliance among others.

d. ***Improve the linkage between tax and service delivery. Uganda Revenue Authority (URA) and Ministry of Finance Planning and Economic Development (MoFPED).*** Public services like roads, especially in the urban areas (Wakiso and Kampala) should work to show value for money and increase voluntary tax compliance.

e. ***Expand and deepen efforts at national and regional transport networks to improve infrastructure development***: these include construction of roads, railways and waterways to ease transportation and doing business.

f. ***Continue strengthening States' institutional capacity and autonomy***: There is consensus that building the state capacity of various MDAs is vital in countering aggressive and sophisticated tax planning schemes that have facilitated tax avoidance and evasion and profit shifting leading to revenue loss through tax and trade related IFFs. To track and trace these tax malpractices, and related economic malpractices, states across the EAC need to prioritize capacity building, institutional autonomy, strengthen collaboration for and beyond information exchanges, efficiency, and accountability.

g. ***Root for policy-level convergence***: Varying levels of political goodwill [and bureaucratic commitment] within the Community mean that states are not at the same level of conviction about certain tax rates, debt obligations, and budget priorities. It is however important to work toward engaging our political leaders on some convergence issues and adherence to fiscal rules as agreed upon in the EAC Protocols.

h. ***Maximise efficiency in the utilization of borrowed funds***: While borrowing is not a problem, borrowed money should be spent efficiently. It should not be wasted on corruption, extravagance, and project mismanagement. The concern among CSOs and citizens, is that the Auditor General and CSO research studies continue to reveal mismanagement of these resource. For instance, borrowing for projects that are not ready. Due to this negligence, the EAC governments have continued to pay interest on borrowed funds that have not been utilized, for instance, over UGX. 21.7 billion was paid for commitment fees in FY 2022/23.

i. ***Invest in post-harvest handling and agro-processing infrastructure***: The MoFPED, should work with the Ministry of Agriculture and Trade, towards a broader and deeper commercialization of agriculture and ensure a complete cycle of value chain. For instance, the government has invested resource in the Parish Development Model (PDM) where people have done some production, but the value chain is disjointed due to lack of market and value addition, investment in post-harvest handling, storage, and processing. Investing in those chains will enable the government to recover/recoup the investments in the PDM.

j. ***MDAs, Research Institutions, should carry out more research on how many workers are in the country***: Uganda's working population remains unclear. No reliable statistics are in place. Some employers record few workers in their systems/payrolls and keep a large number as casual labourers. The government accepted the casualization of labour which has created a loophole in the tax system where workers who are not registered in payrolls and they are earning more than those formally registered they do not pay taxes and NSSF benefits. Carrying out workers' census can be a starting point for understanding the breadth and depth of taxable employment.

11. INTRODUCTION

On 26th June 2024, the National Budget Month Partners (NBMPs) including Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)-Uganda, Ministry of Finance Planning and Economic Development (MoFPED), Uganda Revenue Authority (URA), and Ministry of East African Community Affairs (MEACA) organised a high-level Post-EAC Budget Dialogue FY 2024/25 on Tax and Debt. The dialogue underscored the importance of balancing revenue collection and management, on the one hand, and debt sustainability as it relates to borrowing for development of EAC economies on the other. The Dialogue was both hybrid and physical held at Hotel Africana, Kampala, Uganda. The dialogue was televised and on NTV Uganda, Smart24, and URA TV, and mainstreamed live across different social media platforms such as YouTube, Zoom, and Facebook. The dialogue brought together 215 persons (135 male and 90 females) and 49 participants via the zoom platform (14 females and 34 males) including the representatives of the from EAC Secretariat, relevant Government Ministries, Departments and Agencies (MDAs), academic and research institutions, media, civil society, and business community across the region.

12. BACKGROUND

The East African Community (EAC) is a regional intergovernmental organisation of eight Partner States, comprising Burundi, the Democratic Republic of Congo, Kenya, Rwanda, South Sudan, Tanzania, Somalia, and Uganda. The EAC operates under the guidance of its Treaty, which established the community and came into force on July 7, 2000, following ratification by the original three Partner States: Kenya, Tanzania, and Uganda. The EAC envisions creating a prosperous, competitive, secure, and politically united East Africa. It aims to widen and deepen economic, political, social, and cultural integration to improve the quality of life of the people of East Africa through increased competitiveness, value-added production, trade, and investments.

Following the 2007 resolution, (reference needed) annually, the EAC states have been reading their national Budgets within the same time frame. For the last three financial years, Rwanda, Uganda, Kenya, and Tanzania have endeavoured to have their National Budgets presented on the same day. This is premised on the need to harmonize the EAC Budget reading as part of the efforts towards harnessing regional integration demonstrating the commitment of the EAC to synchronized economic policies and regional unity while eliminating the risk of policy leaks and unfair business practices. The move has a great stride towards harmonization of the monetary and fiscal policy formulation processes and information sharing on fiscal policy. The harmonisation of fiscal and monetary policies is a significant achievement among the EAC Member states and a critical milestone towards the attainment of the East African Monetary Union.

It is from that background that SEATINI-Uganda and the Budget Month Partners organised the Post-Budget Dialogue on Tax and Debt to creating awareness among citizens about Government priorities within the National Budget for FY 2024/25.

Specific Objectives of the Dialogue

1. Understand the various measures passed by the EAC council of ministers in FY 2024/25 and their implication on regional integration process.
2. Equip citizens with relevant knowledge and information on Tax, Debt, Trade and other related issues to inspire informed debates and effective citizens' participation.
3. Heighten transparency and accountability in mobilisation, allocation, and utilisation of public resources.
4. Document key commitments from duty bearers on strategies towards prudent debt management in the EAC region.

Some of the problems highlighted during the dialogue

a) The revenues collected within EAC economies remain incommensurate with budget needs, rendering EAC economies dependent on borrowing.

b) Recurrent borrowing has increased the debt burdens of EAC Partner States.

c) EAC Partner States continue to witness low revenue collection, thus failing to achieve regional commitments like the attainment of tax-to-GDP ratio of 25%, despite the measures/strategies being put in place to improve domestic resource mobilisation.

d) The failure to reach targeted 25% of the tat-to-GDP ratio has been partly attributed to weak laws, limited tax harmonisation efforts by Partner States, harmful tax incentives, loopholes in tax laws that have facilitated tax avoidance and evasion, Illicit Financial flows (IFFs) that erode the tax base, and corruption.

e) Massive debt acquisition both domestic and external to finance EAC respective budgets amidst the continued polycrisis. Public debt in nominal terms in some EAC member states has increased by more than 50 percent, 76.9 percent, 52.3 percent, and 88.6 percent, for Kenya, Tanzania and Uganda respectively over the period FY 2018/19–FY 2022/23. This is largely due to increased borrowing on non-concessional terms.

f) Some EAC Partner States have deviated from key fiscal rules including the ceiling on gross public debt of 50% of GDP in Net Present Value terms which is a precursor to macroeconomic convergence.

g) Debt-servicing obligations have continued to crowd out other budgetary spending priorities, including expenditure on critical social sectors like health and education. For instance, interest payments and principal repayments are exerting elevated pressure on tax revenues to the extent that for every 100 Uganda Shillings collected, Shs 32 is used for debt repayments in Uganda.[1] In Kenya, the cumulative interest and other charges on domestic and external debt increased by 16.1 percent and 27.7 percent respectively, between FY 2021/22 and FY2022/23 compared to the 5.9% projected increase in revenue over the same period.[2]

1 Quarterly State of the Economy Report, December 2024

2 Republic of Kenya, Annual Report And Financial Statements 2022/2023 (Nairobi: Central Bank of Kenya), Jan 2023.

I. Dialogue Proceedings

I. **Welcome Remarks**

Mr. Herbert Kafeero, Programs Manager, SEATINI delivers welcome remarks at the dialogue

Mr. Herbert Kafeero, Programs Manager, SEATINI, welcomed all dignitaries and participants to the 4th edition of the EAC Post-Budget Dialogue FY2024/25 on Tax and Debt. He underscored that the dialogue has been jointly organized by several Budget Month Partners also referred to as Budget Transparency Initiative Partners and was aimed at providing a platform for EAC citizens and key stakeholders to enhance citizen's awareness and effective engagement in tax, trade, debt, and other related issues in the East African Region, and fostering and strengthening the EAC regional integration through tax harmonization and prudent debt management.

He expressed SEATINI's gratitude to the President of the Republic of Uganda, H.E Yoweri Kaguta Museveni for his commitment towards pushing for the EAC regional integration agenda and the region to be more integrated than divided. He also recognized the continued collaboration between the Government of Uganda, especially the MoFPED and Uganda Revenue Authority and Civil Society Organisations, for instance, SEATINI and other National Budget Partners towards deepening citizens' awareness and understanding of the government priorities as set out in the National Budget for Financial Year 2024/25.

He applauded the government, especially the MoFPED for identifying the drivers of the economy – ATMS (Agro-Industrialisation; Tourism Development, Mineral Development, and Science, Technology and Innovation). He called upon the government to allocate sufficient resources to these drivers – because **"a driver without fuel cannot do a good job in accelerating development".**

The State of the EAC region

SEATINI's Programme Manager recognized the Ministry of Eastern Africa Community Affairs (MEACA) for working closely with the Budget Month Partners towards organizing the dialogue, and further recognized that the EAC economic outlook is promising, with a projected increase in Economic growth of 5.1% in 2024 and 5.7% in 2025. However, there are several challenges that are slowing down the region's development aspirations. He emphasized the need to address the various challenges inorder to make the EAC regional integration work for the people and for the benefit of all EAC Partner States."

The Community has about 302.2 million citizens, comprising 8 partners states. This population gives us a better market and as Uganda, we can position ourselves accordingly because other markets have challenges. Uganda has witnesses' rejection of her products, for instance, on the EU market among other export markets: "but the EAC is a sure market for Uganda's products." For instance, commodities like plastics can only be traded in the EAC than in European Market.

Debt distress: the EAC partner states are faced with pressing challenges of debt distress, climate change and its reality, and Uganda and the world at larger are facing their negative consequences. Debt and fiscal challenges around the world are real and the EAC is not an exception. However, we observe ever increasing indebtedness and debt increasingly exerting pressure on the nation budgets.

In Uganda, by the end of 2023/24, interest repayment on debt will account UGX 6.5 Tn from the planned Ugx. 6.1 trillion and spending on interest payment is expected to increase from Ugx9.6 in the 4th coming year FY2024/25 reflecting a 48% increase, increasing pressure on other budgetary spending on other social services

He revealed that borrowing is inevitable due to constraining resource mobilisation, however, the continuing debt burden is likely to worsen the economic situation, and this have a direct impact on the people. We cannot talk about tax, and we forget to talk about the ongoing public protests in Kenya. The public protest is partly linked to the increased debt situation, and it is likely to worsen the situation across the EAC partner states. Furthermore, public protest is linked to lack of public consultation. He noted that, the consultation around tax is not given adequate time, in Uganda, for instance, sometime is given two weeks which are not adequate to allow for adequate consultation. Furthermore, the protest among the traders in Uganda was also linked to inadequate consultation among other things

Key asks

a) Consultations around Tax Bills should be accorded enough time to allow for substantial input from all key stakeholders.

b) There is a need to rethink how best we can address the debt problem/situation by equitably enhancing Domestic Resource Mobilization, curbing revenue leakages, including addressing corruption that has become a national concern and challenge.

c) There is a need to widen the tax base by tapping into the untapped sources of revenue and casting the net wider to bring those outside the net into the taxable net.

d) There is a need to expedite the conclusion of tax harmonization agenda at the EAC region. The slow progress towards tax harmonization is distorting trade across the East African Community.

e) EAC member states should expedite the review of the East African Treaty. This will address various issues such as recurrent Non-Tariff Barriers and Settlement of Disputes among others. The increase in number of EAC member states, comprised of 8 partner states and the context has changed since the treaty came into force. Issues of retaliation, non-tariff barriers (NTBs) on borders, indicates the need for strong institutional mechanisms to review the EAC Treaty. EAC integration, he insisted, is not an option but an imperative. However, some members were admitted by convenience, they want to remain when it is convenient and exit when they achieved certain objectives, for instance, DRC which indicated that it may not renew its membership with the EAC. Therefore, as we expand the EAC membership, we need to assess whether it delivers on the intended objectives. More coherence is needed rather than broadening membership.

f) There is a need for a strong Dispute Settlement Mechanism (DSM) to address recurrent trade wars, NTBs among other issues among East African Community member states.

g) The EAC member states need to exploit the available opportunities in the other regional blocks, for instance, COMESA and SADC under the Tripartite.

Catherine Donovan Kyokunda, Commissioner Legal Services and Board Affairs, URA: Ms. Kyokunda.

The Commissioner recognized all dignitaries present and appreciated fellow conveners and National Budget Month Partners (SEATINI, MoFPED, URA and MEACA) for organizing the EAC Post-Budget Dialogue for the FY 2024/25 on Tax and Debt.

Key Issues highlighted in her statement on the context surrounding fiscal policy including Budget, Tax and Debt in Uganda with relation to the EAC.

The post-budget engagements are aimed at sensitising the public about the national budget, tax policy measures to create awareness and promote the culture of voluntary compliance among taxpayers. This budget month is always dedicated to dissecting tax policies and tax amendments as passed by the Parliament of Uganda and read by the Ministry of Finance during the National Budget Speech read on 13th June 2024.

The National Budget is merely a collection in numbers and figures, but a blueprint that outlines Uganda's priorities, aspirations and commitments to the country. The budget of UGX 72.136 Tn, URA is faced with the task of collecting UGX.31.98 trillion to fund a substantial part of the national budget. Although it is a tough task, it is feasible and achievable. It is also imperative to note that, every item represents a decision aimed at shaping our collective future, for URA, this means that we going to work with diverse perspectives including policymakers, trader, business communities and industrial leaders. For Uganda to fully monetise, through commercial agriculture, industrialisation, expanding and broadening services, digital transformation and market access, URA shall complement the effort of domestic revenue collection through enhanced tax administration.

The key priority areas for FY 2024/2025 aimed at strengthening Domestic Revenue Mobilisation (DRM) include the tax measures that were approved by the Parliament of Uganda to raise more revenue such as Excise Duty, VAT and Income Tax amendments.

URA commitments to make emphases towards tax administration measures, enhance compliance through expanding URA's presence, strengthening enforcement and use of Electronic Fiscal Receipting and Invoicing Solution (EFRIS), Digital Tax Stamps and rental solutions, strengthening the exchange of information with other tax authorities and strengthening the existing enforcement interventions to realise domestic revenue contributions to Uganda's total resource envelope.

URA is committed to fostering economic growth and transformation that is inclusive and sustainable. The Commissioner noted that, "with the new challenges comes with opportunities for URA to explore, how to move towards the finished line as Uganda is approaching the end of June/end of the Financial Year".

The bible says proverbs 14, 23, "in all toils there, is profit but mere talks tend only to poverty" This emphasis of putting the efforts in hard work to achieve success, without delegacy and work hard we expect to attain a fruitful outcome. She spoke.

East African Community (EAC) level

Uganda Revenue Authority (URA) is cognisant of the efforts taken by the EAC partner states regards to harmonisation of tax policies within the EAC region. URA is also cognisant of the major reasons be hide the EAC regional arrangement which are to create large investment areas and enlargement of markets that would be beneficial to the entire EAC region.

The EAC has prioritised harmonisation of the regimes of its member states, to promote coordination of the tax systems of the member states for the purpose of preventing any national tax measures that could have a negative effect of the EAC planned common market arrangement. URA appreciate the strides undertaken to harmonise the tax policy within the region, including but not limited to EAC unified tax procedures directives; the EAC Model Double Taxation Treaty; and the EAC Multilateral Double Taxation Agreement and harmonisation of Excise duty among others.

In her conclusion, she stated, the Budget is more than a financial plan; it reflects shared values and aspirations. It is a promise to citizens, a promise of progress, prosperity and a better future for generations to come. "We should embrace the opportunities presented by this budget with optimism and determination in order to realise its full potential for transforming the nation." URA appreciates the cooperation of all stakeholders in facilitating its work.

Hon. Sarah Opendi-Member of Parliament, Tororo District

She recognized all the protocols and the delegates and appreciated the organizer SEATINI, MoFPED, URA and the budget month partners for organizing the EAC Poat-Budget Dialogue on Tax and debt. She noted that, it is "unfortunate that we are meeting just one day after losing some lives in one of the partners states on the process we are here to dialogue over".

The post-budget dialogue on tax and debt is very import for the government to listen to their citizens as the budgets are financed through domestic revenue largely paid by the citizens, partners and donations.

Uganda, as a country, is well resourced, she argued: it is rich in minerals, favourable climate, fertile soils, and, therefore, reliance on agriculture, tourism, and minerals sector, and trying to ensure that there is adequate resources allocated to these areas would be a game changer.

The 11th Parliament passed the Mining and Minerals Act and Uganda is endowered, if only Uganda can organise the sector, the government would be getting substantial revenue from this sector. Unfortunately, this is not the case, the sector is faced with illegal mining activities, individual enriching themselves without paying taxes to the government. She called for the effective implementation of the Mining and Minerals Act. As the government looks for revenue, all loopholes in the sector should be closed and ensure that whoever mines in Uganda is licensed and pays the necessary taxes they are supposed to pay.

Debt servicing. Government would have able to reduce on Uganda's public debt if the resource/ or revenue loses was controlled. Therefore, we need to tighten those loose ends and deal with all other Illicit Financial Flows (IFFs) including corruption

The Key drivers of the Economy, she said that "you cannot neglect road maintenance in this country since we are heavily reliant on road network as a means of transport in this country" She indicated that without funds for maintenance, all what the government is doing is in vain. For instance, beautiful roads constructed are now dilapidated. She called upon government to operationalize the Road Fund, which was created by an Act of Parliament – "but to-date that Road Fund has never been operationalised." Linking infrastructure to current programs, she revealed that Ugandans cannot talk about PDM and investment in agricultural without improving feeder roads.

In her conclusion, she indicated that "the biggest challenge of today, is corruption." and called upon every Ugandan to rise and fight corruption: "we are doing our part as legislators, but Ugandans should do their part." Ugandans should desist from being facilitators of Illicit Financial Flows.

II.Official Opening

Rt. Hon Rebecca A. Kadaga, the 1st Deputy Prime Minister and Minister for EAC Affairs

She recognised Members of Parliament (MPs) present, SEATINI, URA, "taxpayers and other distinguished stakeholders." She thanked SEATINI for the long-standing partnership with Parliament of Uganda and providing backstopping technical assistance and information to the MPs towards enabling them to appreciate and understand the Budget National and other policy documents and agreements to deliver on their duties effectively. She thanked URA for dialogue for meeting and discuss with the taxpayer.

Reaction on the issues raised by SEATINI on the state of EAC Regional Integration.

a) **A retreat** for the EAC Council of Ministers and Foreign Affairs Officials of respective EAC governments will be held to discuss the State of EAC Integration and interstate relations (including issue-related to NTBs, closure of borders among others) is scheduled July 2024, to review the situation and see how we can improve it. This meeting will also involve the Ministries of Foreign Affairs of all EAC partner states.

b) **Mining and Minerals Act:** we are cognizant of the fact that the mining sector has been left behind due to much concentration on Oil, yet the entire Uganda is endowed with minerals resources. Therefore, it is important to position ourselves to exploit it. Unfortunately, exploration is very expensive, and the sector is being occupied by Asia. We need to found ways to facilitate Ugandans to conduct exploration at a reasonable rate.

c) **Transport:** one of the areas that has been neglected is water transport. Uganda has a lot of water bodies which are navigable. However, they are not at effective use, thus a prioritize water as well as railway transport to ease and quick movement of people and goods.

d) **The treaty:** EAC member states are very far behind the amendments later for over 3 (three) to 4 (four) years. This is because the Attorney Generals of East Africa have failed to meet in the last three (3) years. Thus, being unbale to amend the treaties, for instance, amending the treaty for languages, the number of judges, Board of Trustees due to the increase in the number of EAC member states standing at 8, with a board comprised of 40 people. This has made work difficult. The hope is that during the retreat, they will put pressure on the Attorney Generals to ensure that they do their work to enable the EAC to have the necessary amendments to treaty to achieve the real integration.

Key issues raised by Rt. Hon Rebecca A. Kadaga as part of her remarks.

There is need to discuss and dissect the implications and opportunities arising from the recently announced budget. The post-budget dialogue on Tax and Debt is a critical platform for stakeholders from various sectors to come together, share insights, reflect on Uganda's fiscal policies and forge way forward to ensure sustainable economic growth and development of the EAC region.

We need to be cognizant of the fact that, the National Budget is not just a financial plan, but a blueprint for our nations and regional future, outlining our priorities, allocate resources, development and social wellbeing. Therefore, it a reflection of our shared commitments for shaping a prosperous and equitable future.

The topics of tax and debt are core component of our economic land scape, they are not only fundamental for the functioning of the government but also pivotal in shaping the welfares of our citizens. Therefore, it is imperative to discuss the strategies, discuss innovative solutions to help us address those challenges.

Taxation is a lifeblood of our government as it helps the government to fund social services, invest in infrastructures, promote social welfare. Therefore, it is imperative that the tax policies are made equitable and conducive to economic growth. Uganda must have tax regime that encourage investment, support business development, ensure that the tax burden is fairly distributed to all segments of the society. She noted that, the recent seat down strikes by the traders is a clear indication that the tax burden is felt by a selected sectors but not others. Therefore, URA should investigate the trader's call critically.

Borrowing is a critical tool for development, but it must be managed prudently to avoid unsustainable debt levels that can hinder Uganda's economic progress. Effective management of debt strategies are necessary to maintain fiscal stability, protect Uganda's credit rating and ensure that future generations are not overburdened by today's financial decisions. The EAC member states, Kenya Uganda, Tanzania and Rwanda presented their Budgets for FY 2024/25 on the same day of 13th June 2024 in the bid to harmonise the fiscal measures that affect each country's economy. The African Bank project regional's growth to come from estimated 3.5 percent in 2023 to 5.5% in 2024 and 5.7% in 2025 boosted by infrastructure development and increased regional trade.

EAC Budgets FY 2024/25

Burundi	Uganda	Kenya	Tanzania
1.5b	19.2b	1 billion	18'9b

The partner states budgets outline various new fiscal rules and monetary interventions amidst other measures aimed at realising required resource towards expenditure while improving the welfare of the citizens. There is a general increase among EAC partner state expenditure, for instance, Uganda' expenditure allocations have increased from **52.753 trillion** for FY 2023/24 to **72.13 trillion** for FY2024/25. Kenya's expenditure of about **Ksh.4 trillion** is up from **Ksh. 3.58 trillion** for FY 2023/2024. The republic of Tanzania it has risen from **47.2 trillion** to about **50 trillion** for the current fiscal year. This has several implications against various sectors of the ECA partner states economies.

The key consideration

Economic growth and development; increase public expenditure. A larger budget indicates an increase in public investment in infrastructure such as roads, bridges, schools and hospitals. This can stimulate economic growth by improving productivity and connectivity, and employment generation. Fair budget allocations can lead to job creation both directly through public sector employment and indirectly through the private sector because of public procurement and infrastructure development. All government should consider the need to improve both the young people and the women to participate in the infrastructure projects.

Fiscal policy and debt management to support a large budget, *revenue generation;* the government need to improved revenue collection through improved tax administration or by introducing new taxes. This could have implication for business and consumers. For ***debt sustainability:*** It is crucial to consider the impact of national debt levels as the increasing debt could lead to increasing debt servicing costs which might cloud out other critical expenditures.

Inflation and Monetary policy; inflationary pressure, a substantial increase in government spending can lead to higher inflation if do not match with increase in goods and services. The Central bank may need to adjust monetary policy to manage the inflation measures through measure like management of interest rates to control inflation. The central bank can reduce on the borrowing cost for businesses and consumers.

Social Service and welfare; especially health care and education. Higher budget allocations can potentially enhance quality health services such as health care, education leading to improved human capital development.

Social protection: increased funding for social protection programme can help to reduce poverty and inequality and ensure that vulnerable population have access to essential services, for instance, access to water, access to health services, ensure that children of our voters go to school, they eat? all those are the question we need to answer.

Private sector response; business confidence. She noted that private sector may react positively if the increased budget is perceived to be well managed and directed towards productive investments. They are always concerned about fiscal sustainability. Those who have access to resources lawfully or not should not spend lavishly in face of poverty, shortage and difficult lives of many Ugandan.

Investment climate: improved infrastructures and public service can create a more favourable environment attracting both domestic and foreign investors.

Governance and accountability: transparency and efficiency are essential, and swift increase in budget there is increased need for transparency and efficient use of public funds, therefore, there is a need to strengthen the institution responsible for auditing and monitoring government expenditures becomes crucial.

Corruption risks: larger budget can also increase risks of corruption if not managed properly. Robust public measure and greater accountability are essential to ensure funds are used effectively.

External relations: Donor confidence, a well-structured budget increase can increase confidence among international donor and financial institutions, potentially increase foreign aid and investments.

Regional influence: enhanced fiscal capacity can strengthen Uganda's position in any regional organisation like the EAC, allow for greater influence on economic and political matters. As we engage in this dialogue, we should be mindful to foster a resilient and prosperous East African Community.

The discussion should be guided by commitment, transparency, accountability and collaboration. By sharing our experiences and best practices can led to development of comprehensive strategies to enhance our fiscal policies and promote sustainable economic growth.

In conclusion, she encouraged all the stakeholders to engage actively and see how the FY2024/25 budget can stimulate innovation and productivity to attain sustainable economic growth, address social challenges and pave the way for inclusive and resilient society. She called upon the Ministry of Finance to listen when the stakeholders are expressing their views about the tax measures, the impact of tax on the population. She noted that the MoFEPD most of the time is driven by the need to collect money without looking at the impact of tax on the taxpayers. For instance, the battle over tax on dippers/ sanitary bads. She therefore recommended the need to increase tax on sin items, for instance, beers and other alcoholic drinks. She reiterated that MoFPED should desist from imposing discriminatory taxes.

She noted that, together, we should seize this opportunity, identify synergies and contribute the realisation of the full potential of our nations, she was optimistic that the deliberation today will yield good insights, actionable strategies, to guid our journey towards a greater tomorrow.

She noted that the dialogue contributes towards the realisation of the EAC integration agender by bridging the gap between the architecture and actual intended beneficiaries of the EAC integration. Uganda should strategically position herself to exploit the opportunities provided by the EAC integration.

Expansion of the market exponentially with 8 members trade from Indian Ocean to Atlantic Ocean and adding on Somalia has given us an addition of 300 kilometres available to us if we create to common markets with freedoms like Capital, goods, labour, services and rights to residence and rights of establishments. The MEACA is making a lot of efforts towards aggressing NTBs. For instance, Kenya is Uganda's biggest market, and a meeting was organised between Kenya and Uganda in which they agreed to desist from quotas, price differentials but full implementation of the Common Market Protocol and President William Ruto agreed. The MEACA is going to monitor and see whether his staff will follow what was agreed upon. The MEACA will also look at reviewing the treaty delayed by the failure by the autonomy generals to meet and they hope that things will change.

"Is the budget speaking to the people's needs based on what we see happening in Kenya"

III. Keynote Address:

I. Speaker's information

Moses Kaggwa (Director of Economic Affairs, MoFPED), on behalf of Minister Amos Lugoloobi. "EAC Council of Ministers' Decisions for FY 2024/2025"

Mr Moses Kaggwa, the Acting Director, Economic Affairs, Ministry of Finance, Planning and Economic Development (MoFPED), recognized the dignitaries and indicated that the Minister of state for Finance (Planning), He welcomed everyone to the post-2024/2025 budget dialogue, and thanked the organizers of the EAC post-budget dialogue for the FY 2024/25. The dialogue is timely as it enhance awareness about the EAC regional issues including decisions made by the EAC Council of Ministers, and the debt strategies for the next year.

Key issues that transpired form his speech

As government, we will enhance and embrace opportunities to dialogue with Civil Society and the wider citizenry to increase participation in the processes in policy formulation and to better inform policy making.

As a result of our fiscal consolidation agenda, which is intended to enhance revenue collection, reduce borrowing for only critical and strategic investments and control government expenditure. He noted that the government fiscal deficit has reduced to 4.5% of GDP this FY, and the government is expected it go to 3.8% from 5.5% last Financial Year.

Debt-in nominal terms, Uganda's public debt to GDP was estimated at 46.9% by June 2023 and is expected to be 47.9% this FY ending June 2024. However, this is still below the 52.4% provided for in the Charter for Fiscal of Responsibility for the FY 2023/24 and less than 50% of GDP government policy target for debt sustainability.

The size of the Ugandan's economy has expanded or is estimated to expand by 6% from 5% last Financial Year, projected to reach Ugx.202 Tn (US$ 53.3bn) up from Ugx.184.3 billion (US$.48.9) last year.

Uganda being an EAC member state, it is required of us to participate in the various processes of the community as well as enhance decisions of the community.

Key highlights from the EAC Council of Ministers decisions for FY 2024/25

He indicated that the Budget for financial year 2024/25, focusses on ***"Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access"***

The EAC has deepened her regional integrational agenda, for instance, the intra-ECA Total trade has grown by 13.1% to 12.1 billion in 2023 up from 10.6 billion in 2022. The percentage shares of intra-EAC trade in EAC Total trade was 15% in 2023. Intra-EAC exports increased by 3.78% to 6.55b in 2023 from 6.32b in 2022 while intra EAC import grew by 26.7% to 5.55b in 2023 up from 4.4b in 2022. He called up the private sector, public sector and

CSOs to exploit the benefit of the expanded markets both at regional and global levels. He indicated that the government would enhance coordination of public and private sector actors to leverage regional and international cooperation with the view of maximizing all the available market opportunities.

The EAC partner states finalized the comprehensive review of the Common External Tariffs (CET) and agreed on the four band structure with a minimum of rate of 0% levied on imports of raw materials and capital goods, 10% charged on import of intermediaries, 25% charged on import of finished goods, not readily available in the region and a maximum rate of 35% charged on import of finished goods readily available in the region and import duty rate above 35% to 100% reserved for sensitive products where Uganda or the region has completive advantage such as, agricultural products.

The implementation of the new CET, ready commenced in respect of all products imported in the community or EAC. He noted that the objective of the comprehensive review of the ECT was to mitigate distortion in the structure of the previous common external tariffs and the economies and to eliminate barriers in the regional trade, provide protection for he EAC industries, increase social welfare and enhance competitiveness of the EAC partner state industries.

In addition, it provides an effective rate of protection to nascent industries, create a level playing field, create a favorable tariff environment to support investment in higher value chain, promotion of welfare through creation of employment, increase government revenue through and enhance regional industrial development.

Nevertheless, there are some challenges that are encountered such as dynamics in industrial development, needs for import substitution and specific sectors development for protection. He noted that, this why the **EAC partner states were allowed to either stay application of the CET in some respect, or apply different country specific rates,** he said. It was within this context that Uganda proposed modest measures for FY 2024/25 that were approved and adopted by the EAC Council of Ministers for effective implementation come 1st July 2024. The measures related mostly to continuation of the current application under the CET duty remission for raw materials imports for production of goods, amendment of the EAC Customs Management Act to facilitate regional trade and some new request for either a reduction in rate or higher rate for FY2024/25.

Key budget highlights include:

a) An application import duty rate of 35% for rubber products where we have the capacity to produce them.

b) An import duty of 25% on fully build unites of hybrid vehicles (Electric vehicles and electric motorcycles (last was 0% but they returned to 25% because Uganda have the capacity to produce the vehicles through Kira motors) the measure is intended to protect the local assembly and manufacture of hybrid vehicles.

c) Application of 0% on postpartum mesh paints for medical purposes only. The intent is to reduce on the cost of medicine in Uganda – no tax is applied.

d) Rate of 35% on spades and shovels because Uganda have industries that manufacture them locally.

e) Uganda was also allowed to apply a rate of 35% or a specific duty rate of $1.1 per liter whichever is higher for undenatured ethyl alcohol of alcohol strength of 20% or higher and denature ethyl alcohol and other spirits, denatured of any strength. This is because the Local manufacturer in the ECA region have invested in the local production of both undenatured and denature ethanol with sufficient capacity. He noted this will resolve the issue of undervaluation.

He indicated that, for most products, Uganda has continued to apply the rates that were in place, thus maintaining the status to provide certainty and predictability to manufacturers and the business communities while applying tariff bands of 0%, 10%, 25%, and 35% on specific products. Other rates, for instance, on agricultural products to protect farmers and manufacture are still applicable, for instance, on meat and edible meat offal, potatoes fresh for chill, sausages and chewing games, sugar confectionaries, biscuits, honey, etc.

There also duty remission schemes, specifically where the duty rates are high. This is some time reduced 10% or 0% for manufacturers as they use it as an input other than a finished product. He noted that, this practice is going to continue this year. To assist Uganda manufactures and reduce on the cost of doing business in Uganda.

The EAC Council of Ministers urged the member states to expedite the elimination of discrimination levies, fees and charges to facilitate trade across borders and deepen the regional integration. The commissioner indicated that the NTBs affecting Uganda were targeted on the republic of Kenya. In the recent EAC member states meeting, we agreed to eliminate all tariffs and non-tariff barriers and fully implement the provisions of the EAC Customs Union Protocol and the EAC Common Market Protocol which means that the intra-EAC Trade will be without tariff barriers.

EAC has substantially institutional and regulatory mechanisms in place to eliminate NTBs which include the EAC treaty with the provisions that prohibit NTBs as well as the EAC elimination of NTB Act of 2017 which provides a clear process for the identification, reporting and monitoring the resolution of NTBs.

The EAC Council of Ministers agreed to fast track the full implementation of the single Customs Territory. This is aimed at facilitating regional integration and trade regarding exports and imports, inter-regional transfers and transit. In addition, the Single Customs territory was developed to reduce restrictive regulations and to minimize internal border controls in goods moving among partner states with ultimate objective of free circulation of goods within the EAC. This aimed at reducing the cost of doing business, reduce administrative cost related to enforcement and promote the EAC as a single market.

The EAC Council of Ministers considered the need to have a mechanism that partner states are granted preferential treatment for goods originating from COMESA and SADC while undertaking the necessary amendments procedures of the EAC Customs Management Act.

The Minsters agreed to extend the period of COMESA products entering EAC duty free from 1st July 2024 to 30th to June 2025 to allow partner states respect their commitments in respect of other multilateral organization to which they belong that is EAC and SADC. Being in a customs union requires us to have single duty rate for all the goods coming outside the EAC, however, member states took exception that as we enter the EAC we had other obligations in COMESA and SADC where EAC member states had duty free entrance. Member states are undertaking various strategies to resolve this by considering the tripartite arrangement of SADC, COMESA and EAC, or EAC member especially focusing on goods traded among states under the tripartite arrangement.

Work has started on the EAC manufacturing and assembling of product regulation to promote use of raw materials and goods manufactured in the community in the assembly and manufacturing of products. The framework is also intended to regulate the assembly of motorcycles and moto vehicles and items that should be excluded from imported knock down kits.

Regulations for Special Economic Zones (SEZ) are being worked on which are yet to be finalized and partner states were requested to undertake national consultation on the same. These are intended to harmonize the special economic zone programme in the EAC and provides for the establishment of other Special Economic Zones (SEZ) in addition to what we currently have, for instance, the Free Zones, Special Processing Zones and Free Port Zones provided under the Free Zones Act. He noted that, the harminisation of this policy will increase Uganda's competitiveness and enable manufactured goods in Free Zones to access the African Continental Free Trade Area (ACFTA) markets and others.

EAC ratified the agreement establishing the Africa Continental Free Trade Area (ACFTA), the AFCTA is set to be the world free trade area bringing together the 52 countries of the African Union (AU) and the 8 (eight) Regional Economic Communities (RECs) to create a single market for the continent. The aim is to enable the free flow of goods and services across the continent and boost the trading position of Africa in the global market. It is important to note that most of the Trade has been liberalized und the ACFTA. In the case of Uganda and most of the EAC countries, large market, support more trade in goods and services thus generating more income and more employment opportunities.

The commissioner called upon the private sector to adequately prepare to take advantage of the opportunities under the Continental Free Trade Area (CFTA).

In conclusion, the Commissioner, indicated that, this address presents the major decision by the EAC Council of Ministers and therefore, urge the relevant Ministries Departments and Agencies and the private sector that are supposed to implement these decisions to expedite their implementation. He noted that Ministry also welcome more ideas that can contribute to Ugandan's effective participation in regional integration initiatives

IV. Panels

I. Panel I: Experience Sharing on Tax Harmonisation and Revenue Leakages in the EAC Region.

Speaker information

a. **Robert Suuna,** an independent Consultant on Tax, Trade and Investments: with interest in IFFs, International Taxation, and Domestic Resource Mobilisation (DRM).

b. **Ms. Mariam Babu,** Chairperson, Busia, Women's Cross-Border Traders' Cooperative Cooperative and Chairperson Women Cross Border Trade Union Society.

c. **Mr. Abel Kagumire,** Commissioner Customs, Uganda Revenue Authority (URA), was Mr. Alexander Lubanga.

This session brought together various stakeholders to shed light on the current context, highlighting some of the challenges and disruptions posed by the polycrisis, in international trade dynamics, and East Africa's economic landscape. Panellists presented on the recommendations on strengthening regional integration in the EAC through collaboration among EAC Partner States to harmonize tax policies and share best practices to jointly address common challenges in tax administration Uganda is facing.

Robert Suuna, an independent Consultant on Tax, Trade and Investments: with interest in IFFs, International Taxation, and Domestic Resource Mobilisation (DRM).

Key issues that transpired from his submission

Shared ideas on implication of changes in Tax administration in the EAC and how they are poised to close the revenue leakages and curb Illicit Financial Flows (IFFs).

He indicated that, there has been effort across the EAC in trying to promote tax transparency but also address revenue leakages. He indicated that it is important for the stakeholders to understand IFFs, as illegal money that crosses borders through many mechanisms which may include, inter alia, Money laundering, Tax evasion, agree, aggressive tax planning practices by Multinational Corporations (MNCs), corruption, terrorist financing. These impact on our revenue mobilisation strategies in the way that, such practices have continued to take away the required resources that can address issues of budget deficits and for promotion of service delivery to the public.

Globally, the estimates indicate that Africa is losing about US$ 88bn in IFFs through Money laundering, Tax evasion, agree, aggressive tax planning practices among others (these account to about 2.82% of Africa's GDP) these estimate can cover Africa's Foreign Direct Investment (FDI) as in Africa we attract annually about USD.83 billion in terms of FDIs.

Africa has a funding gap of USD.200b. If African can close the leakage and recover the resource lost through IFFs, Africa can be able to fund her own budget at least to 45% and African may not taking up FDIs as it will have enough resources to generate domestic investments with potential to finance our Budgets. It is important to note that almost all the EAC member states, 50% of their GDP goes to debt domestic and public debt.

The importance of using tax as a tool to address this burden, and address IFFs. Uganda, Kenya and Tanzania are implementing revisions in their domestic laws aimed at promoting tax transparency. One of the kind is the promotion of the Beneficial Ownership registers. The

Register General required companies to declare the owners of the equities in the different companies. These revision have been made in the Tax Laws, for instance, the Income Tax Act, the Value Added Tax (VAT) among others.

Uganda as well as Kenya are implementing the Exchange of Information Act, which requires seamless acquisition of information across the operations of all MNC in the different jurisdictions. He also noted that, Uganda, Kenya and Rwanda, are members of the global initiative on tax transparency which enable member countries to exchange tax information regarding the operation of different MNCs. These all aimed at addressing Tax leakages. In the recent Tax Amendments, under the Income Tax Act, Uganda expanded the definition of branch to define what a permanent establishment is for tax purposes.

Uganda estimates to be losing around USD.382m to tax abuses by MNEs and by individuals. This means that almost 12% of what is collected on an annual basis goes unaccounted for.

Beyond tax policies, there are other initiatives administratively by the URA which have be initiated by the country to address concerns related to money laundering. In 2023, for instance, Uganda was part of the Grey lit by Financial Action Task Force (FATF). Being on the grey list has an implication on Uganda's investment regime. However, Uganda was able to address the concerns highlighted by the FATF hence being lifted of the grey list, nevertheless, the EAC counterparts, for instance, Tanzania is still on the grey list. For Financial purposes, if one of the Member States is on the grey list, it can be ease to launder money or support terrorism financing through other member countries. Therefore, there is a need for collaboration with the community members, knowledge and best practices among the member countries.

Ms. Mariam Babu, Chairperson Busia, Women's Cross-Border Traders' Cooperative and Chairperson Women Cross Border Trade Union.

Key issues that transpired from her submission

She appreciated the East African Community (EAC) for putting in place policies that are favorable for the small-scale traders who the majority are women. For instance, the simplified trade regime which is the Customs Rule of Origin which states that goods below USD. 2000 which originate within the region and on the list of the common goods agreed on by the partner states are exempted from paying import duties, but they can pay other tax like Value Added Tax (VAT) and Withholding Tax as they are doing cross border trade.

She thank the Ministry of East Africa Community Affairs (MEACA) for supporting the Uganda Women Cross Border Trader's Union through sensitization which have empowered women traders with information regarding taxes. The leadership of Hon. Kadaga has provided a listening ear to the women traders whenever they report trade barriers and has been able to take actions.

She thank URA for providing spaces for women desks at the One Stop Border Post across the country where women get information on trade procedure, required documents, etc..... URA has created space by adopting the Women cross border traders in the border management committees, and the joint committee meeting where non-tariff barriers and cross border-related issues are being discussed.

Tax, as women cross border traders, they have raised awareness on the importance of paying taxes. However, the traders get discouraged and they hear and see what is going on in Uganda where funds are being misappropriated while the infrastructure like roads are in poor state, and no drugs in health facilities. This discourages traders and some have resorted to tax avoidance.

a. She thank the President of Uganda for having a dialogue with President Ruto of Kenya, she said, for the last two years, they were denied access to market Ugandan eggs in Kenay yet, Kenya is Uganda's major market. In the FY 2024/25, Kenya proposed to remove the excise duty on eggs, it is good news for the traders in Busia who are dealing in eggs.

b. Request from the traders. Traders are requesting the government to take part in the tax processes as the taxes affect the trades.

Challenges Cross border women traders encounter.

Double Taxation: specially, their goods are taxed both by the exporting and importing states.

Informal fees and charges; these are paid by the women cross border traders. 80% of the cross-border traders are women, theses have increased the cost of doing trade and affected their businesses.

Lack of access to timely and accurate information; especially about their tax obligations and changes in laws. The lack of information has led to unintentional non-compliance.

Noted that efforts at the EAC to remove NTBs are ongoing but they have not yet addressed the needs of Small-Scale

Traders. Trader have lost their money due to closure of borders, immediate bans, and restrictions, for instance, the ban of Sugar canes by Kenya which made traders loss their money.

Trader's Recommendations.

a) Harmonization Value Added Tax (VAT); Uganda and Kenya have 18% and 16% respectively; the government should ensure that new tax proposals are timely communicated to educate traders on new tax proposals; improving accountability for the use of taxpayers' money ("We really feel bad; after paying taxes and we do not get services in hospitals and also moving on bad roads!"); consistent application of cross-border rules for small scale traders.

b) There is a need for continuous dialogue between policymakers and business community is needed to help reach convergences (e.g. regular discussions with URA on tax policies).

Representing Mr. Abel Kagumire, Commissioner Customs, Uganda Revenue Authority (URA), was Mr. Alexander Lubanga. How Uganda is Prepared to Implement the Regional Changes without Compromising Trade Facilitation Relations. He thanked SEATINI for jointly holding the dialogue and welcomed participants who turned up.

Key issues that transpired from his discussion

a) The Uganda Revenue Authority work is to collect and implement the tax measures being put in place. The Customs is privileged to be positioned well to implement the measure within the region. This is done mainly through their mandate as customs. When you are handling international trade, all the goods must pass through the borders, trade also happens through border, goods must be cleared, declared and most of these goods are cleared based on different regulations, policy measures that have been put in place. As customs, they have an obligation to implement tax measures that have been put in place by the EAC member states, and the instruments that are there within the EAC.

b) The decisions made by the Council of Ministers within the EAC, all the measures EAC members states take must be agreed and approved by the partner states. For instance, the Common External Tariffs (CETs) that was reviewed the four bands are one of the guidelines the customs is supposed to implement. These will be implemented based on the instruments within the EAC, including inter alia, the Rules of Origin, both under the simplified trade regime and the formal trade regime where goods below UDS. 2000 are treated. URA issues Certificate of Origin and this is one of the requirement URA put in consideration to promote intra-trade EAC trade, especially for goods that are qualifying, also to promote legitimate trade. Legitimate trade means, the goods that are cleared must confirm to originate from the partner states.

c) Other decision that led to the introduction of stay of application of the EAC-CET. EAC member states have a four-band structure, however, the policy space that was given to the partner states allows them based on strategic economic consideration, based on the level of development, among others to apply the stay of application. The stay of application Uganda requested for is to protect infant industries and support them to grow and they are implemented through customs.

d) When EAC policies are passed, customs ensure that they are configured in the customs operation systems and when declarations are made, they comply with the declarations are made. For instance, for car tyre, Uganda increased from 25% to 35%, this help in championing government policies. While reflecting on the YF 2024/24 of "Full Monetization of the Economy through commercialization of Agriculture, industrialization, broadening and Widening Services, Digital Transformation and Market Access". The question is, how are we going to industrialize, there incentives that are provided for under the EAC Trade Regime, for instance, remittance of duties where countries are allowed to reduce the rates varies as some can apply the CET rates of either 10% or 0%. This allow manufacturers who are importing raw materials to be able to bring these raw materials cheaply thus stand competitive. This is also in line with the government policy of import substitution and export promotion. All those are the thing customs implements.

e) The EAC Customs Management Act provides for exemptions under the Fifth Schedule. These are exemptions approved by the Council of Ministers. This helps customs to support certain sectors of the economy, for instance, under agriculture, the exemptions for inputs imported by the person engaged in agriculture, fertilizers is exempted. Apart from agriculture, there are several exemption regimes that are provided for, and these also support attracting Foreign Direct Investment (FDI) .

f) Rules of Origine, the Council of Ministers extended the provisions that allows the partner states to grant preference to COMESA originating goods and SADC. In the case of Uganda, we are members of COMESA which makes us bound to implement and fulfill our obligations to COMESA. That is why goods that come from Egypt are allowed under the COMESA rate applicable. This to help the economy and the traders

g) There also some protection measures that are put in place for some goods under the sensitive list where tariffs are above 35% to support the agricultural sector. The sensitive list to protect the EAC region from competition from outside.

h) One Stop Border Point (OSBPs), a model which was introduced mainly to reduce the time taken in clearing goods and check on several duplications and wastage of time for traders both importers and exporters. Customs use the One Stop Border Point under the OSPB App. This is the facility that allow smooth flow of goods and facilitate trade seamlessly. There are more than 5 OSBPs in Uganda one in Elegu, Busia, Malaba, Mutukula and Katuna and Goli and in Mpondwe is being established.

i) Single Customs Territory Regime, the EAC is implementing a destination model whereby when goods land (for instance, in Mombasa or Der es Salaam) they are deemed to have arrived in Uganda. From there, trades can clear them. The customs team is stationed in Mombasa, Kisumu, Nairobi Dar es Salaam. This helps the traders in clearing the goods seamlessly.

j) Digital transformation, URA and Customs have embraced technology in their work, for instance, they have introduced non-intrusive inspections which trade facilitating measures, which are also intended to integrate the integration agenda thus reducing the cost of doing business by the traders. With the machines, there is no need to open the container but just scanning the goods. URA/Customs have introduced Electronic Cargo Tracking. This helps to track cargos for tax purposes in real time. These are implementation measures that are facilitative in addition to the tax measures. They also help in leveraging in implementation of the tax measures to see that as a country and as a region we grow, access the market within the EAC and beyond.

k) URA/Customs have been participating actively in all the engagements and discussions at the EAC level while working together with partners, the private sector, sensitizing the public to enable them to be aware. for example, they took through the Uganda Manufacturing Association the new duty remissions, advising them on the expression of interest, advising them on whatever obtainable and available. The gazette for all the measure is expected to come out at the end of June 2024

Responses and Reactions to the Panel

a) Julius Mukunda, CSBAG: the ease of paying tax; and the cost of paying tax. Why does one need a third party to process taxes on a fridge or car imported from abroad? Addressing these issues ease of paying tax at the border. What incentives are provided for Withholding Agent, for instance, CSOs? Is there a possibility for URA to partner with the with the private sector to make it less costly to pay taxes?

b) Josephine, ULGA: There is a need to work with the local government revenue mobilization especially at the border districts and ensure that we minimize the leakages and tax evasion across the border, they can support in boosting revenue collection ahead of the projected (UGX 31.98Tn) and improved service delivery in Uganda, 2) Uganda's Tax Base. Tourism can boost Domestic and Local Revenue Mobilisation, are there strategies for empowering the Tourism sector, especially within Local Government to ensure that they boost tourism as a source of revenue for LGs, through opening the road sector and providing resource for maintain the roads.

c) Jjemba Mulondo, KACITA: Digitalisation, EFRIS is part of digitization, and trade have a problem with it not only in Kampala or Uganda but also in Dar es Salaam because of EFRIS. As we digitize, we should be mindful of what it has done globally – it has promoted economies but at the same time it has also driven economic recess of 2010. We look forward to digitalizing for increased revenue collection and ease of doing business, “we shouldn’t forget the disadvantages of digitalization” without doing much sensitization and educating Ugandan to achieve the necessary goals.

d) East Africa needs to develop national and regional infrastructure even more; not only roads and bridges for growing industries and others but without railways system in the country we will end up having a costly business, especially when it comes to transportation. Uganda needs to develop further the railways system and waterways to increase the crisscrossing of doing business within the EAC.

e) Fast-tracking on single customs: we should give consideration to both regimes not taking one where taxes are paid at Mombasa or Dar es Salaam but maintain a warehouse regime that promotes more business, especially, since 65% of goods that come into Uganda are not consumed by Ugandans but other neighboring states. Therefore, we should not insist on one regime and neglect others.

f) Free Trade Areas (FTAs), especially the exporting and processing Center. These are some of the areas governments should put more emphasis on if we are to see importers and other Ugandans transforming from one area to another when it comes to exportation. Without these facilities we will keep lamenting. There is a need to aggregate sector players for more production and productivity and monetization of the economy through commercial agriculture and other areas or sector development can take tall within the shortest time. These arrangements can help Uganda to realise the NDP IV within the shortest time.

g) Ms. Babu: The Free Trade Area in the EAC region and the Continental Free Trade. There is free movement of goods, services, and persons in the EAC region and in the CFTA. However, insecurity remains a barrier to free movement of persons, goods and services at the EAC and at continual level. The request is that the EAC and the departments responsible should promote maximum cross border cooperation to support the protocol such free movement.

h) Mr. Suuna: WE have made substantial progress as a community and as a country in terms of legislative approaches and institutions to try addressing tax leakages. However, few challenges remain. The Global economy is evolving especially when it comes to complexities in financial transactions, specifically, with the introduction of virtual/digital currencies. The question how we are prepared are our countries in terms of taxation involving use of digital currency Bitcoin and among others. The Capacity of our revenue administration is very critical. As the economy evolves, even those who are operating and actors become wiser. We need to empower our auditors and revenue administrators to be able to track and trace tax malpractices. Therefore, there is a need to address the capacity of revenue administration both in numbers and competence. At the EAC, we have varying levels of political will, for instance, some time member states agree on harmonization and, but sometime partner states introduces something contrary to what was agreed upon. Nonetheless, political will is critical in closing the losses that facilitate IFFs.

Panel II: Maximizing Taxation and Managing Public Debt for Inclusive Growth and Sustainable Development in East Africa

Speakers’ Brief Profiles:

- Hilda Mukuru. Program Officer, Debt and Aid, SEATINI Uganda
- Sameul Timothy Acting, Manager Rulings and Interpretation from Domestic Tax Department Uganda Revenue Authority.
- Mr Moses Kaggwa, Acting Director, Economic Affairs, Ministry of Finance, Planning & Economic Development (MoFPED).

This panel discussed the steps taken by EAC Partner States to address challenges of limited domestic revenue mobilization and the growing debt burden amidst the quest for attaining sustainable financing for inclusive growth and sustainable development. Why do we have low tax revenues?

Hilda Tumuhe, Program Officer, Debt and Aid, SEATINI.

The question of whether we can sustain our debt vs provision of services as a Uganda. We do need to worry; do we need to worry anyway as a country? When we look at our resource envelope is it clearly disaggregated into parts where we have the upper and the lower part where the government has allocated resource to various programme, and down, we have memo items that clearly shows the obligations government is supposed to meet in each financial year.

Increasingly, we have seen this position of the budget growing day-by-day, year after year, and some time it is not reflected in the increase revenue. Good work has been done by URA and the Ministry of finance in domestic resource mobilization but as a developing country, we have not seen it match with the country's expenditure needs due to several priorities.

Why does debt become a problem and why do need to worry?

Even though the finance team indicate that our debt is sustainable, we clearly see that the increasing debt burden is affecting the ability of the government to finance the various programmes and other priorities as a nation. We have clear plans and goals as a country arranging from our Vision as a country which is implemented over the five (5) year development plan. However, the budget allocation to the various programmes vs what was anticipated in NDPIII this has not been matched. We are cognizant of the impact of COVID-19 to the country, but largely, there are things that have not gone well when it comes to debt management.

In the FY 2024/25, the share of domestic is growing high and sometime government does not have enough cash to pay off the existing maturity debt thus opting to rollover. This comprises of government going back to renegotiate with the creditor on the domestic market or borrow from other creditors to pay off the existing domestic debt.

Our concern as Civil Society, according to the Auditor General report and in our research papers, we have found out that what we have borrowed we do not utilize it well. Uganda has also increasingly borrowed for the projects when we are not ready to use it. This has made the government continue to issue commitment fees for debt funds that have been borrowed and not been utilized.

In FY2022/23, the government incurred more than Ugx. 9 trillion towards commitment fees. Such funds can fund the entire Human Capital Development Programme when you related to FY 2024/25 budget. Though it is slightly higher, World Bank has been indicating that Uganda's Capital Index is very low at about 38% implying that with the current state of education and health in Uganda meaning that our children are likely to be product at rate of 35%. We are cognizant of the Uganda's willingness to invest in human capital development, but the debt repayment and servicing obligations are increasingly widening thus affecting resource allocation towards the critical sectors.

The background to the budget for FY2024/25, for every Ugx. 100/= collected, 40% of the domestic revenue will be channeled to debt servicing implying that we are left with only 60% to spend on other sectors. It is important to note that the figures does not include maturing domestic debt or the redemptions that are going to occur. Those are the reason why citizens need to warry.

As we pay the fair share of the taxes and call upon the citizens and other stakeholders. We have the obligation to pay the taxes. We need to be cognizant the government borrow because we do not have money to provide the required services thus opt to borrow to pay in future using taxes. This call for monitoring of the debt funded project to ensure value for money. For instance, in the Month of May 2024, Moody's Ratings (Moody's) downgraded the Government of Uganda's long-term foreign-currency and local-currency issuer ratings to B3 from B2 due to greater reliance than in the past on comparatively costly domestic and non-concessional sources of external financing

The frameworks and laws that govern public debt management they are very clear on the threshold we should not surpluses as a nation but increasingly, some of the thresholds have been breached. The public management framework had a threshold of payment as a percentage of revenue not to exceed 12% but by the end of the framework period, Uganda had reached about 18.2 %. This clearly shows the impact of debt on revenue we collect.

Failure to monitor the debt funded project, and do not task our government to make sure that debt is only acquired to ready funded project, the kind of debt we borrow, for instance, there has been an increase in borrowing on non-concessional terms, something which is not bad, but the question is for what projects are borrowing for (non-concessional)? We need to effectively increase domestic resource revenue mobilization. We need to be cognizant of the human rights approach to debt looking at what burden has the debt caused on our nation.

At regional levels, in the EACMU there are threshold informed by the fiscal rules in the protocol, but many members state have diverted, for instance, in Kenya. Kenya's debt to GDP ratio in real terms is over 68%, Uganda is not yet beyond 50% but with increasing debt burden it will be a problem.

Samuel Timothy, Acting Manager Rulings and Interpretation from Domestic Tax Department, Uganda Revenue Authority

The new tax policy measures are provided for under the Income Tax Act, Value Added Tax Act, Stamp Duty Act, Tax procedure Code Act Excise Duty Act and in the Stamp Duty Act. It is important to note that, these amendments have been assented to by the President, but he will assent to them very soon. One of the objectives for the amendments are to broaden the tax base, incentive trade by facilitating the movement of capacity, and person across the borders.

Under the Income Tax Act (ITA),

a) The government have expanded the definition of the Retirement Fund to include other funds that were not previously catered for. This is intended to attract more players in the pension fund including the fund set up to include a terminal benefit to members and other agreements were not catered for.
b) The government have introduced an exemption on the income of private Equity and Venture Capital to encourage growth of alternative sources of funding for private investment.
c) The Government introduced an exemption on the disposal of Government Securities on the secondary market to encourage buying and selling of government securities

To mitigate the impact of climate change, and as a major concern in the EAC is Climate Change, the government introduced a 10-year exemption for manufacturers of electric vehicles, electric buttery charging equipment and the fabricators of the bodies of the electric vehicles. There are different bands for exemptions, for instance, an investors who is a foreigner they will be required to invest USD.10m and for the citizen, (and the Citizen of EAC) they are expected to invest at least USD. 300,000 with Kampala and upcountry USD. 150,000. They are expected to use at least 70% of raw materials sourced locally subject to availability, employ at least 70% of the citizens earning 70% of the wage bill. This is to create employment for the citizens of the EAC partner states.

Another exemption introduced, is a 10-year exemption for developers of specialised hospitals. The conditions for income tax are the same condition as for the manufactures of motor vehicles.

The government of Uganda replaced the "branch concept" with a "Permanent Establishment" (PE) concept. PE in relation to taxation of active income of non-resident, with intent to widen the scope and check on the aggressive tax planning. Defining what qualifies and a branch and what does not qualify as a branch.

The government introduced 10% of Withholding tax on the commission earned by the agents. After the introduction National Payment Act. Prior, there was Withholding tax on income for mobile money but for other agents like wave and other payment platforms there was no withholding tax. The introduction is to try and level the ground

Value Added Tax

They introduced the government introduced an obligation for the person who receives proceeds from an auction to account for VAT on the proceeds not the auctioneer as it was in 2023 but the receipt on the proceed is the one to account for VAT. To facilitate this process, URA is adjusting the EFRIS and e-Tax, the return template for VAT will have a provision for both registered and non-registered persons to account for the VAT from auctions.

An employer will be required to account for VAT on goods that are donated to their employees (just a clarification) that if you donate or if you have a warehouse and dealing in taxable supplies, for instance, Cement and decide to donate a bag of cement to your employee, the employer will be required to account for VAT on that donation.

The government introduced VAT on postage stamps, supply of software and equipment installation services to manufactures, services incidental to telemedicine and royalties paid in respect of agricultural technologies. Prior, they were exempted but, in the bid, to raise revenue they have introduced VAT on them.

The removal of an exemption to supplies to contractors, and sub-contractors of hydropower, geothermal wind and biogas projects. However, there was an abuse as the importation of domestic items, for example, boxers liquor which had nothing to do with the project. Therefore, the provision the FY2024/25 is to clarify that VAT will apply to such supplies.

The threshold for claiming a refund for VAT was uplifted from 5m to 10m with hope that this will relieve the small taxpayers. The practice is that if you apply for a refund, URA audit the client but with uplifting of the threshold the small taxpayer will have relieve.

Supply electric vehicles, electric charging buttery and the supply of the frame locally manufactured will also be exempted from VAT and this to promote industrialisation but also support the technologies to support the country to move away from fossil fuel.

Supply of safety guard, there is an exemption on supply of safety guard, supply of cooking stoves that use ethanol, there is a VAT exemption, but the exemption will expire on 30th June 2028

The manufacturers of electric vehicles have an exemption in VAT on supply of feasibility studies, supply of locally produced construction materials, supply of locally produced inputs and this is in line with the government policy on Build Uganda Buy Uganda (BUBU). The conditions are provided for under the income tax.

Excise Duty Amendments.

Excisable Good or Services	Duty Rates	Comments
Opaque Beer (kibuku beer)	From 12% or shs. 230 to 12 or 150/= per litre whichever is higher	This is to encourage consumption but also the lower rate is presumed that the manufactures will use locally raw materials. This is expected that it will boost the income of the farmers by encourage consumption of locally produced raw materials
Powder for reconstitution into beer	Shs 2500 per kg”	This is finished product. The consumer purchases the product and take it home and add water give it 24hrs to concentrate ready to drink
Un-denature spirits of alcohol spirits of alcohol strength by volume of 80% or more made from locally produced raw materials	60% 0r shs. 1,500/= per litre whichever is higher.	
Un- denatured spirits of alcohol strength by volume of 80% or more made from imported raw materials;	100% or shs. 2500/= per litre, whichever is higher	
Any other undenatured spirits (formerly ready to drink i). That are locally produced of alcohol strength by volume of less than 80%	80% or Shs. 1700/= per litre whichever is higher:	Undenatured means alcohol is fit for consumption For instance, Uganda waragi, john walkers
or ii). That are imported of alcohol strength by volume of less than 80%	100% or shs. 10000/= per litre whichever is higher	
For juices that are made up of at least 30% pulp or at least by weight or volume of the total composition from locally fruits and vegetables		They are exempt from Excise duty, and for those that do not meet the conditions they will pay Excise duty of 10% or shs. 250/= per litre whichever is high”

Taxpays can take advantage of the waiver on interest and penalties outstanding as of 30th June 2023, waived if the taxpayers pay their outstanding tax by 31st December 2024.

Uganda Revenue Authority (URA) has put in place systems to aid in tax collection, include among other the Electronic Fiscal Invoicing and Receipt Solution (EFRIS). EFRIS can be used by both registered and non-VAT registered taxpayers and the URA will continue implementing the system; the Digital Tracking Solution-the track and trace solution for excisable products (give insights on how much has been produced, ascertain that declaration being made are aculeate); e-Tax and integrated Tax Administration System- there are changes to facilitate taxpayers to register in the bid to expand the tax base to make it easier for taxpayers to register by simplifying the tax registration processes; there is a web based forms taxpayers can use; URA is going to amend the rates in the system to reflect the changes that have come with the new laws.

An interlude Q&A Session followed, in which more issues were raised:

Asuman Mwanje (Tailor and Fashion Designers Association): The Tailor and Fashion Designers Association raised concerns about the tax regime through which they are paying import duty because it is a specific tax rate which has been at 35% since FY2020/21. According to the URA statistics traders paid over Ugx.43b in taxes which has continued to be dropped over the years and of 2023, traders pay only Ugx. 23b in taxes. The trader indicated, before the introduction of 35%, Uganda Revenue Authority was collecting a tune of shs. 43b but it has dropped by Ugx. 19b which can be used to construct, for intense, 7 to 10 Seed Schools. Request: given that the government is pending a lot of taxpayer's money to train girls in fashion designing, the association should be given a special consideration in terms of importation of fabric. He indicated that the existing Uganda Textile manufacture needs more time to put up the quality of production as the quality of produced fabric is still low. Uganda needs to reflect on the impact of imposing new specific tax on the sector players.

Dr. Emma Musoke, Private Assistant Secretary, Office of the President/Value Addition, Innovation & Sector Promotion: Uganda needs more and more interventions to widen the tax base. It is surprising that only about 30,000 taxpayers are registered in URA's Electronic Receipting and Invoicing System (EFRIS) when the country has about one million boda-boda riders, then carpenters, restaurants, welders, and brokers. How do these contribute to tax revenues? Other companies, like Jiji Uganda, owned by a Ukrainian online trader, receive payments from Uganda customers and take the money without paying taxes! How can Uganda realign these different categories of potential revenue sources to widen and deepen the tax base? He also stressed the importance of mass sensitization about tax payments, so that citizens can understand the importance of tax revenues on service delivery.

The government needs to be cognizant of the ongoing war/demonstration of the traders which likely to go on. This calls for rethink of the different intervention of widening the tax base because is the problem for the country. Currently, the taxpayers on VAT-EFRIS is around 30000 taxpayers. How to widen the taxbase, there sectors Uganda must bring on board, for instance, there million boda bodas, who are potential taxpayers, however, they are not contributing to the resource envelop. Therefore, clear strategies are needed to organise that sector, the carpenters, welders, brokers (land and car brokers) these are not contributing to the national treasurer. Companies like Jiji trading online and they take the money through digital platforms, but they are not paying taxes to the government. But pressure is being put on the few taxpayers, there is a need to organise the informal sector from the different categories to see that we increase the tax base to reduce on the tax burden imposed on the few taxpayers. There is also a need to increase the budget for massive sensitisation of the citizen on taxation and this should be done in the different local languages for them to understand their obligation and ensure that there is a linkage between tax and service delivery.

Questions.

Simon Seth, Mbarara City Traders' Association: Tax education; several traders need to understand the thresholds, the turnovers, the VAT input and Output but they are not sensitised on those concepts. Therefore, there is s a need to increase on the budget for tax education; TREP-Taxpayer Register Expansion Program, what changes or impact has been made under TRAP in terms of registering an increase in number of potential taxpayers to reduce on the tax burden on the few? The president should call off the tax waiver or exemption on boda boda and Taxi sectors.

Polly Kagaba, MUBS: Mineral development being a big source of wealth for Uganda. The tax burden on the existing taxable source is overstretched as the government is still taxing the same people. Government should allocate more resources in the tourism sector. A non-resident pays USD.80 per person to visit gorillas per one hour in Mgahinga, Bwindi national parks among others. "The tourism sector is a game change and needs to be empower the sector players" to increase the revenue for the government to address issues if debt crisis.

Hon Isaac Joakino Etuka: URA needs to have a human face while collecting tax and reduce on harsh measurement applied in tax collection. A case in point is on the boda boda, DRC is a member of the EAC, why don't the government come up with the measures to register the motorcycles coming to Uganda through DRC. The Uganda debt, several loans have acquired by the government of Uganda, but they are not utilised. For instance, there almost 8 loan for Kalamoja borrowed but they are not utilised, and their periods have expired. Why should the government borrow money when it is not ready to utilise it? The Uganda Secondary Expansion Project, the Ministry of Finance claim that the resources are available but, the expiration date is to come to an end and yet the government has not implemented any single project. Furthermore, across the country there are several stalled projects on loan, and some have expired, for instance, the agriculture cluster development project, this loan has never transformed in this country. What plans are in place to complete such projects even when the government have the money? He also called for regional balance in national-resource allocation.

Hon Emmanuel O. Jor, MP Janam: The Tax Bills; as members of the EAC, we expect tax harmonisation. This should applicable even at the tax bill level to consider consistence. Every year, tax bills are tabled at the floor of parliament. Is there any way the technical people within the ministry of Finance in Uganda and those at the EAC level meet to look at the tax bills? So that when member states like Uganda is processing the tax bills take into consideration of harmonisation to have some similarity because across the EAC, for instance, the riots in Kenay and Uganda due to tax.

Hon Philips Ilukol Lokwang, Karenga district/ Karamoja: URA and tax administration, tenders are given to entities to collect tax on behalf based the targets of the amount some time they surplus the targets, what happens to the extra, is it declared to government or otherwise?

Reactions

Tax is not bad, as SEATINI we call upon the citizens to follow up on their revenue because when the government borrow, they money which paid back comes from the domestic revenue. The way Uganda utilises borrowed funds; in 2015 the World Bank told Uganda that for every dollar we invest in Uganda, only 0.7 is recovered: implying that even the money we have invested we have recovered it, sighting issues of poor project management, corruption and several other Public Investment Management problem. The government come up with Public Investment Management System (PIMS) which look at debt borrowed for only ready projects. We are cognizant of the existence of the frameworks that govern borrowing, for instance the Public Management Framework spells out how we borrow and from whom and why we should borrow and there are several principles on domestic borrowing as well as external borrowing. This requires that all projects should undergo the PIM system and debt should be acquired for only ready projects that have gone through feasibility announces.

On incomplete projects, we need to ask ourselves, were the stakeholders consulted? For instance, market structures were constructed in various cities and municipalities, including Wandegeya, on borrowed funds, but some of their spaces are not utilised or put to use! Thus, loopholes in the PIMS system need to be plugged and joint monitoring of projects strengthened, and it should be inclusive. With the exemption of specialised hospitals, we cannot desist from lessons learnt from the Lubowa Hospital project, still Uganda is experiencing media tourism. As the measures is coming up citizens need to monitor who are the investors to benefit from such tax exemptions as the government is losing a lot of money through harmful tax expenditures that have not yielded much yet were grappling with debt.

Mr. Lubanga; Ease of paying taxes, accountability to taxpayers is very important. Within the EAC framework, there is a provision that we need to have clearing agents. It is the mandate of the commissioner to license someone for the purpose of clearing. This is for the purpose of establishing certainty, and monitoring of the clearance, however, as a traveller, at the borders there is a simplified trading regime, for instance, if some purchased one or two item or are allowed to clear them individually without an agent.

The URA official apologised on behalf of the URA over the deaths and injuries in West Nile. He said that the URA has been building bridges, sensitising and engaging communities – but revealed that the UPDF personnel who are responsible were being brought to book. He also revealed that political leaders have a big role to play in sensitizing the masses about taxes and avoidance of smuggling – instead of them insisting that smuggling has been part of their livelihoods and that it cannot be eliminated (which borders on sabotaging URA work). As government and political leaders need to work together and sensitize our citizens of their tax obligations.

Moses Kaggwa (Director of Economic Affairs, MoFPED), on behalf of Minister Amos Lugoloobi.

Double Taxation, informal fees and the need to harmonise taxes with the region. We need to form an association with cross border traders with who we can talk to. The government cannot talk to every single trader to generate your issues and see how they can be resolved.

Tax harmonization, for instance, VAT rates is 18% or 16% across, this depends on the tax base within the country and what the country wants to achieve, for example, the Republic of Tanzania tax rate is 20%, Kenya is 16% VAT but also Kenya have training levy of 2% which makes it 18% VAT for goods manufactured in Kenya and there other which Uganda do not apply. For Import, Kenya charges 1.5 infrastructure levy, 0.5 declaration fees among others levies. It is important for EAC Member states to reach an agreement, but it is going to be difficult. A EAC member state we agree on the rates to charge on good that are coming outside the region. Although member states agreed on 0%, 10%, 25% ,35% we do not apply that regime. We also agreed to apply stays of application where countries decide not to apply 25%, for instance, for a particular product but applying 10%. It is anticipated that 3 to 4 year an agreement will be reached where EAC member states can harmonise the tax regime with EAC but currently, it is still difficult to done.

Uganda's current commitment fees status: Uganda paid 21.7 billion for commitment fees. What are we using this money for, 29% of the borrowed funds was used in transport infrastructure, 28% in energy infrastructure, for backbone infrastructures like internet, agro-industrialisation, industrial parks and it has done some good work. There is money Uganda borrowed before which not utilised but there several reasons why for instance legacy issues the ministry is grappling with, and the government is committed to resolve them.

On textile, the ministry is discussing at the highest level, the president promised to meet with the traders, and we are waiting for an agreement that will be reached on between the traders and the president. For textile manufactures, there is a remission where they cannot pay that tax. You can investigate it and see if they fit on that remission and a lot of textile manufactures have taken that remission scheme

Strategies for boosting Tourism by local government; the government is going to finance, Kisoro-Bunyonyo Road, Kisoro-Mgahinga Road Kalenga-Kidepo Road those are the budget and government is going to rehabilitate them 1000 kilometres of national and access roads

The ministry will continue to engage the Local government to see how they can collect revenue applying the principle called "Tax Farming" to how LG can collect tax on behalf of URA on commission basis as URA cannot reach every lower local government. The tourism sector has indicated the respective local governments are over taxing them, for instance they pay licence for operation, hotel, food, swimming pool, inspection fees and other license. The ministry of finance is trying to see how these can be amalgamated. The ministry will continue working with local government through the local government finance commission

Taxpayer's education the government has provided funding. URA is designing property taxpayer education programmes. Taxpayers should stop delegating staff during taxpayer's education system. This was the same thing with EFRIS, the trainings were attended by managers, accountants not by the owners of the business. Therefore, taxpayers should attend if you called for these trainings.

Closing Session: Key Dialogue Highlights and Way Forward

In her closing remarks, the Hon Agnes Kunihira thanked organisers and, the participants as it shows how important issues of taxation in the country are. On Illicit Financial Flows (IFFs), what can be done on money within our houses generated from proceed of corruption. The ministry of Finance to propose the change in national currency and the minimum to be retuned should exceed Ugx. 20m and the extra should be put on account. That will help the country to know the businesspeople do to generate those funds.

Agricultural commercialisation, what is the ministry of finance planning, the government has given people money including PDM money and people have tried to invest. However, consumption is law. What other plans are in place to market the product produced, in general, but also under the government initiatives, storage facilities if these are not planned for, government may never recover the money being injected in PDM.

Pay as You Earn (PAYE); URA has concentrated on taxing the fewer taxpayer on the payroll from Companies and government. Uganda has continued to have industries coming, has the MoFPED done the research to know how many works are there? For every company they visited they have found out they have only 50 workers on the taxable payroll, they have 1000, 500 or 2000 workers who not anywhere in their system. There is a need to fund solution for instance, use of EFRIS to ensure that every employee is on the payroll. Several workers are earning more that UGX.500,000/= but they are termed as casual labourers making it difficult to tax them because they are casual workers, yet URA is taxing the lower income earner who receives UGX.235,000/=. As it is, due to that arrange, URA is leaving out the biggest number of potential taxpayers as the government has continue to encourage casualisation as the employers have taking that opportunity.

Taxing only those on the payroll is a fair tax policy where you tax those earning UGX. 235,000/= and leaving the others earning a million because they are terms casual.

In her conclusion, she thanked the organiser, especially SEATINI-Uganda for bringing on bord the legislature. She also thanks URA for tax administration and called the authority to ensure value for money by linking tax to service delivery, but as it stands, the public is not appreciating due to that poor linkage, people pay taxes but expected services are poor, for instance, Wakiso and Kampala Roads are worse.

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