

Karamoja leaders, CSOs reject proposal for 1% tax on mobile money transaction



Some of the community leaders and members of Civil Society organisations from Karamoja at the campaign activity at Lavender Inn, Moroto district on Tuesday, 8th May, 2018. Inset above is CSBAG vice chairperson, Elliot Orizaarwa (centre) addressing participants together with other officials. |@CSBAG2018

“The Mobile Money business is not a luxury business. Government should remember that this is an essential service and they should reconsider”

Local government leaders and Civil Society Organisations (CSOs) from the Karamoja subregion have rejected the proposal to levy a 1% tax on mobile money transactions, arguing that the tax is regressive and is set to worsen the living conditions of the people they represent.

Spearheaded by Civil Society Budget Advocacy Group (CSBAG) and the Moroto Nakapiriprit Religious Leaders Peace Initiative (MONARLIP), the leaders also launched a campaign that is aimed at rallying the public to reject the Government’s proposed 1% tax on mobile money transactions.

In her opening remarks, the Vice chairperson of CSBAG, Elliot Orizaarwa told members present that the proposed 1% tax on mobile money is going to impact on government’s financial inclusion efforts. “Increasing fees on mobile money transactions could make adoption of mobile money difficult especially among the lower income segments of the population,” Orizaarwa told participants at the Lavender Inn in Moroto district.

She urged citizens to put pressure on MPs not to pass the tax proposal. She argued that the CSO alternative proposal of increasing excise duty from 10% to 17.5% on withdrawal fees, will generate UGX122b for government among other alternative revenue measures.

Orizaarwa clarified that civil society is not against government’s efforts to mobilise revenue and expand the tax. She however argued that the principles of taxation such as equity and fairness should be adhered to. The District Vice Chairperson, Hon Akot Christine commended the civil society for coming up with enlightening and empowering information on how the 1% tax proposal is going to impact on households. “Thank you for coming up with this fact sheet and for the very good presentation, it’s going to guide us and empower our people. We are going use it to use this information to convince our MPs to ensure that this tax proposal is not passed,” she said.

This tax is going to increase poverty instead of helping to improve the living standards of our people, said Nangiyo Simon Peter from Riam Riam civil society network in Moroto. He added that if this tax is passed, it will again bring into question the morality of our legislators. “This would be equivalent to making us slaves in our own country,” he said. “Let’s ensure that this 1% tax proposal on mobile money is not passed because it is going to hurt us at the household level,” Nangiyo told participants who included members of civil society from Moroto, Napak, Kotido Abim and Amudat.

The impact

Explaining the impact of the tax proposal, Ms Orizaarwa, said the proposed tax is set to the economic growth and job creation because it will be taking money away especially from poor and vulnerable citizens. Moroto District Speaker, Lomilo Joseph said he is in support of the campaign because the proposed tax on mobile money is regressive and unfair. “It will affect us here in Karamoja considering that it is difficult for people to reach us. Karamoja will be worse with this tax,” he said.

“The Mobile Money business is not a luxury business. Government should remember that this is an essential and they should be considerate because letting that tax pass will not only hurt our income but also those of most Ugandans, said a Mobile money dealer who was present at the campaign launch. It’s not a good tax for our country,” he said.

Ms Dorcus Angom a CSO member from Moroto said the proposed 1% tax on mobile money transactions is equivalent to double taxation because the existing charges are more than sufficient. “I think this is exploitation in some other way. In fact this proposed tax will violate my right to earn a living as a citizen because it will be taking away the opportunities that mobile money had created for me,” she said.

A representative from Napak Civil Society said it is government’s responsibility to protect consumers from exploitation and as such government should be sensitive to the public outcry, especially the poor and vulnerable who are the majority that are bound to bear the heaviest impact of the proposed tax on mobile money transactions.

As part of the activities to launch the campaign against the proposed tax, all the CSOs and local government leaders signed a pledge card as a public declaration of their rejection of the proposed 1% tax on mobile money transactions. The members present also participated in an exercise to call and send text messages to their respective area Members of Parliament informing their resolution to say no to the proposed tax on mobile money transactions.