CSBAG

BREAKING NEWS

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Civil Society ask Gov't to cut appetite on luxury expenditure to improve service delivery

CSBAG Executive Director, Julius Mukunda (centre) explains to the audience during a panel discussion organized by World Bank today, 15th May, 2018. On the left is Daniel Birungi, ED, Uganda Manufacturers Association. On the right is Ishak Lukenge, Chairman of Africa Fine Coffees Association. |@CSBAG2018

"If I can't access quality healthcare and I pay an MP UGX20m and you (Gov't) refuse to pay a medical doctor UGX5m …"

Civil society organizations under the umbrella of Civil Society Budget Advocacy Group (CSBAG) have piled pressure on government to cut appetite on luxurious expenditure and stop creating more districts and municipalities in order for citizens to receive quality service delivery.

"Government has increased allowances for politicians and civil servants by 400%. The level of tax compliance should be in tandem with how government spends money on quality service delivery. Government needs to cut appetite on luxurious expenditure," Julius Mukunda the executive director of CSBAG said drawing applause from the audience.

He went on to argue that there is need to reduce mushrooming districts and municipalities and political appointees and instead increase more money on audit investigation if the citizens are to realize quality service delivery. Mukunda made the remarks during a panel discussion on mobilizing finances for development, which was organized by World Bank at Uganda Manufacturers Association (UMA) conference Hall in Kampala on May 15, 2018.

He pointed out that citizens' willingness to pay taxes should be reciprocated by government giving quality service delivery. "Citizens willingness to pay taxes should be in tandem with what government gives us in terms of service delivery," he said.

Discriminatory policies

He emphasized that it's important for everybody to pay taxes and he criticized discriminatory policies such as tax holidays which are granted to a certain class of people, especially the rich/foreign companies. "It's those who are rich who benefit from these policies. There is need to balance so that a local man is also able to do business," he told the audience in a fully parked hall.

He also lashed out at the informal sector especially those operating in the central business district popularly known as Kikuubo where according to him money is stashed and is not in circulation. He called for taxation of milk coolers and rapped Uganda Revenue Authority (URA) for failure to collect rental tax, save for the recent efforts in some divisions around Kampala. He stressed the need to open up the space for collecting taxes from the informal sector without hindrance from the political class.

Mukunda was backed by an activist Proscovia Vivian who pointed out that distribution of wealth in the country is not proportionate to what taxpayers receive in terms of service delivery. "You can't milk the cow you are not feeding. It's not fair…if I can't access quality healthcare and I pay an MP UGX20m and you (government) refuse to pay a medical doctor UGX5m…," Proscovia said.

The activist was also critical of tax holidays given to foreigners. "Why not indigenous/local companies?" she asked adding that government tends to frustrate local companies.

Commitment to dialogue

Moses Kaggwa, the acting director of economic affairs in the ministry of finance, planning and economic development (MOFPED) praised civil society for being proactive about the unfair tax regime. He said government is committed to dialogue with all stakeholders in order to improve on revenue collection. Kaggwa emphasized that tax compliance should be voluntary and advised citizens to talk to MPs because they are the ones who make laws.

Daniel Birungi the executive director of Uganda Manufacturers Association proposed that there is need to open up mortgage facilities and utilize the money that is locked in real estate so that more revenue is collected.

Ishak Lukenge, the chairman of Africa Fine Coffees Association told the audience that government needs to invest into taxpayers. He cited the modernization of landing sites so that fishermen pay more taxes. He also underscored the need to build infrastructure to enable farmers transport their produce to the markets so that they can pay more tax.

In his remarks the permanent secretary and secretary to treasury, Keith Muhakanizi revealed that his ministry is under pressure to collect tax. He added that there is political commitment to raise more tax compared to the past. He told participants that civil servants and political leaders who earn high pay must pay taxes. "We must be the first people to pay tax. If you are earning more pay you must pay tax,"Muhakanizi said.

Regarding service delivery he said more needs to be done. On his part the state minister of finance, David Bahati said government gives tax incentives to strategic companies in order to promote investment, citing the palm oil sector in Kalangala district. About revenue collected he said concerted efforts are required to mobilize domestic revenue and donor funding is declining.