

## Mobile money tax is being reviewed by Gov't, says Prime Minister Rugunda



Prime Minister Ruhakana Rugunda speaking recently. He said today in Parliament that Government is committed to ensuring that the tax on mobile money is designed to take into account public concerns while balancing the need to raise revenue. CSBAG2018

**“Government is committed to ensuring that the tax on mobile money and OTT are designed taking into account the public concerns...”**

Following public outcry and protests, Prime Minister Dr Ruhakana Rugunda has said government is reviewing the new mobile money taxes to take into consideration the concerns of the public and the implications of the new taxes on the budget. Speaking to Parliament today, Wednesday, 11<sup>th</sup> July 2018, Mr Rugunda told MPs that the review is being expedited to ensure that government presents an Amendment of the Excise Duty (Amendment) Act 2018 to the House for debate on July 19, 2018.

“Honourable members will therefore have the opportunity to debate and consult widely to guide Parliament during the consideration and debate of the Amendment Bill,” said Rugunda. He added that President Museveni has provided guidance on the matter and encouraged further discussion with a view to reaching consensus on how we (Government) should raise the much needed revenue to finance our budget and undertake the development agenda we have set for ourselves without causing unbearable burden to the citizens.

“Rt Hon. Speaker and Hon Colleagues, I would like to assure this Parliament that Government is committed to ensuring that the tax on mobile money and OTT are designed taking into account the public concerns and balancing the need to raise revenue to finance our development agenda,” said Rugunda

On 1<sup>st</sup> July, telecom companies started effecting the one percent tax deduction on all mobile money transactions. However, the effecting of the tax and the subsequent deductions has drawn protests from mobile money users accusing government of double taxation among others.

Finance state minister David Bahati recently said that the tax isn't applicable on deposits on personal mobile money accounts. Besides removing the tax on personal deposits, Bahati says the tax will be enforced as it was passed by parliament. He however said that government would review the new tax where necessary.

The implementation of the Excise Duty (Amendment) Bill, 2018, has also among others seen the imposition of a daily Shs200 tax on social media.

The tax implementation has seen some members of the public resort to the use of Virtual Private Networks (VPNs) to avoid paying the social media tax on Over The Top (OTT) services such as Facebook and Twitter among others.

Early this month, a group of lawyers, led by Kiiza Eron, asked the Constitutional Court Monday to reverse the new tax for accessing social media, arguing that it limits freedom of expression and assembly online.

### Challenging the tax

Following Parliament's decision to pass the 1% tax on mobile money transactions on 19<sup>th</sup> May 2018 to generate revenue of UGX155 bn, the Civil Society Budget Advocacy Group (CSBAG) challenged Government for not embracing their better alternative tax proposals that have the potential to generate UGX252bn without hurting the poor.

While addressing the Finance Minister, Matia Kasaija, Mr Julius Mukunda, the Executive Director of CSBAG mentioned that the action by Parliament to pass the 1% tax on mobile money transactions to generate revenue of UGX115 bn had generated public outcry as many have viewed this as a highly regressive tax.

“The nation is still in shock that Parliament ignored our alternatives which had potential to generate more revenue when compared to what the 1% transaction tax on mobile money is projected to generate,” Mukunda stated. The Executive Director made remarks during the Budget Week press conference at the Ministry of Finance Headquarters in Kampala on Monday June 4, 2018.

The CSBAG Executive Director was supported by Ronald Mulondo a Legal Officer of FIDA-Uganda based in Mbale who advocated that the youth are going to lose jobs after Parliament passed 1% tax on mobile money. “The youth have been relying on mobile money first as an employment and then transacting business but the 1% tax might have brought some shocks,” Mulondo said.

Responding to Civil society concerns then, the Finance Minister Kasaija expressed shock about the 1% levy on mobile money transactions saying the Cabinet and NRM Caucus had deliberated on it and agreed on 0.5% tax on mobile money.

“I don't know how Parliament passed it. In any case, time is still there - we are going to review it,” Kasaija told journalists, finance officials and Members of Civil Society who included those from Kampala, Kabale, Mbale, Pader and Arua. He explained then that he would give comprehensive details before June 14 when the National Budget speech for financial year 2018/19 would be delivered.