

## Close loopholes in tax administration, Civil Society Organizations tell Government



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Civil Society Organisations have told government to close loopholes in tax administration if efficient service delivery in the country is to be realized.

He cited Uganda Revenue Authority (URA) reports which indicate, that the country has lost over UGX.0.5 trillion (a half a trillion Uganda shillings) to tax evasion.

“Fix loopholes in tax administration then we should be able to put that money in service delivery and realize economic growth,” Julius Mukunda, the executive director of Civil Society Budget Advocacy Group (CSBAG) said.

CSBAG Executive Director, Julius Mukunda addressing the audience during the National Budget Conference at the Kampala Serena Hotel today – Thursday, September 13, 2018. Inset is a cross section of development partners and other members of the audience who attended the event. | CSBAG2018

Mukunda was presenting the civil society organizations’ position paper on the FY2019/2020 national budget strategy during the national budget conference and economic growth forum at the Kampala Serena Hotel today - Thursday September 13, 2018.

He reiterated civil society commitment to broadening the tax base but urged government not to “kill” the economy through repressive tax such as mobile money tax of 1% that was slapped in the 2017/18 national budget which caused uproar among the populace.

He pointed out that the determination of tax policy is only reserve of government officials saying open discussion with the citizenry should be encouraged.

“In future we demand for open discussion on tax policy; that component is still closed. We need all to be engaged,” Mukunda stated.

The other concern the civil society raised was about loans for projects; warning that government should not sign for more projects if the ongoing projects are not yet completed.

### Reduce wastage

“You can do more. Don’t shy away because the process would reduce the wastage of government resources,” he said drawing laughter from the audience seated in the conference that was hall full to its capacity.

The executive director underscored the need for government to give clear a roadmap regarding the exercise of affected government agencies that have been scrapped and aligned to main ministries, so that Ugandans know when the public expenditure wastage should stop.

He told the delegates who included government ministers, resident district commissioners, LC5 chiefs, development partners, members of civil society and the private sector that poverty has increased from 19% to 21% and therefore there is need to finance social sectors such as agriculture, health and education as well as water and sanitation.

He said allocation of funds to the social sectors should be aligned to the national development plans.

On domestic resource mobilization (DRM) Mukunda said the country has the potential to achieve the 23% target of tax to GDP ratio from 14%. Regarding the national debt he cautioned government to go slow although the current debt is below the threshold of 50%.

He commended government for exercising budget transparency which has led to the country being ranked the second in the continent and the first in East Africa as far as the budget transparency process is concerned.

### Local government budget

The Uganda Local Government Association (ULGA) president George Mutabaazi supported Mukunda’s perspective on decentralization saying the Local Government budgets should be increased to say 20% or 35% from the current 12% of the national budget.

“We can’t do much with little funding which has now reduced to 11%,” Mutabaazi told the audience.

He said the decentralization policy has weakened them and this has led to poor service delivery as the central government wants to control all the finances. We need more money to implement programmes and if we fail put us in Prison,” he said.

Mutaabazi stressed that grants managed by the MDAs should be removed from them so that Local Governments also manage them. The head of Local Development Partners Group (LDPG), Jannie Barugh stressed that boosting domestic resource mobilization requires a budget which can deliver growth by exploring new options of DRM.

Barugh advised government to manage competing priorities so that inclusive growth is attained and poverty is reduced.