



**PARLIAMENT OF UGANDA**

**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND  
ECONOMIC DEVELOPMENT ON THE EXCISE DUTY (AMENDMENT)  
(NO.2) BILL, 2018**

OFFICE OF THE CLERK TO PARLIAMENT  
September 2018

# REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE EXCISE DUTY (AMENDMENT) (NO.2) BILL, 2018

## 1.0 Introduction

The Excise Duty (Amendment) (No.2) Bill, 2018 was read for the first time on 19<sup>th</sup> July 2018 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 18 of the Rules of Procedure of Parliament.

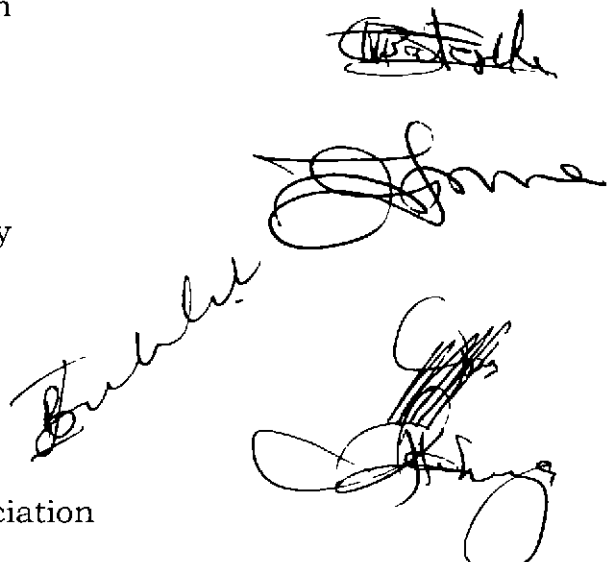
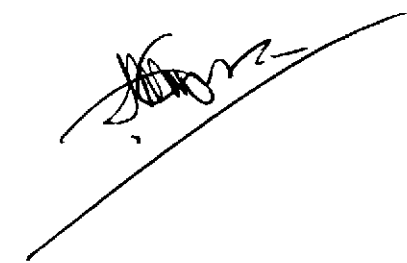
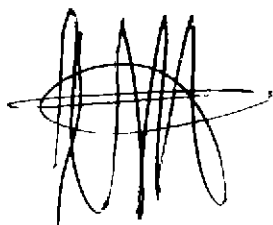
## 2.0 Object of the Bill

The object of the Bill is to amend the Excise Duty, 2014 to limit the taxable mobile money transactions to withdrawal and reduce the duty payable.

## 3.0 Methodology

The Committee held meetings and received memoranda from the following:


- (i) Minister of Finance, Planning and Economic Development
- (ii) Bank of Uganda
- (iii) Uganda Communications Commission
- (iv) Private Sector Foundation
- (v) Airtel Uganda
- (vi) MTN Uganda
- (vii) Hon. Akamba Paul, MP Busiki County
- (viii) Uganda Bankers Association
- (ix) Muwema & Company Advocates
- (x) Tax Justice Alliance
- (xi) Mobile Money Operators Association
- (xii) Kampala Mobile Money Dealers Association
- (xiii) SEATINI Uganda
- (xiv) Civil Society Budget Advocacy Group
- (xv) GSMA


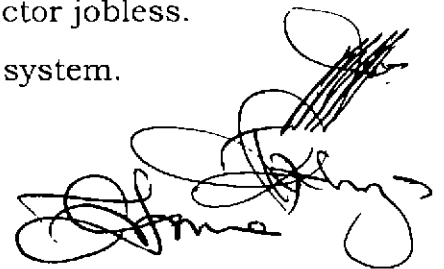
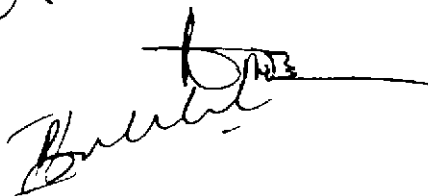


(xvi) Initiative for Social and Economic Rights

#### 4.0 Observations/Justifications by the Committee

The Committee observed from the submissions made by the stakeholders mentioned in paragraph 3.0 and observed that:

- (i) Public debt to GDP is on the rise and now close to 40% in nominal terms for the FY 2017/18. In addition, government paid UGX 2,586bn in interest payments in the FY 2017/18. These developments are a result of low revenue collections (about 14.1% of GDP) against expenditure pressures of about 22% of GDP leading to a fiscal deficit of about 5.6%. In order to manage this increasing debt burden pressures, its paramount to increase our revenue mobilization efforts through widening the tax base.
- (ii) The current budget of shs.32.7 trillion that was approved by Parliament in May 2018 was premised on national priorities and financing framework which includes tax measures. This therefore implies that any negative effect on tax revenue will jeopardize the implementation of the budget. It is important to note that government cannot borrow anymore from the domestic market beyond the shs.1,936.4bn. 
- (iii) The Excise Duty (Amendment) Act, 2018 imposed a 1% levy on receiving, withdraw and payments of mobile money transactions. The effect of this tax was:
  - A decline in total turnover in mobile money transactions by 30% which directly affects the withholding tax collection
  - Mobile money agents dropped by 40%. This has rendered majority of the people employed in the sector jobless.
  - Loss of public trust in the mobile money system.



- Principally since the bank transactions are not taxed makes it discriminatory among others.

Additionally implementation of the 1% tax on mobile money transactions was met with some challenges which include misinterpretation of the excise duty law which resulted in the taxation of deposits, which was not the intention of the law. Government worked with Uganda Revenue Authority to inform the public and telecom companies not to collect the tax on deposits and use of mobile money for payment of taxes.

- (iv) The transactions fees charged by telecom companies are shared with government, agents and part of it is retained by the telecom companies to meet operational cost and profit margins. 10% of the transaction fees is paid to government as tax, 50% is paid to commissions agents and 40% retained by the telecom operator respectively.
- (v) The proposed 0.5% tax will be charged on withdraw of cash transactions only through mobile money. Its main objective is to generate revenue to finance the budget. The projection from this measure is shs. 115bn.
- (vi) Despite Uganda having a free market economy where prices of goods and services are determined by the forces of demand and supply, the committee noted that transaction fees on mobile money platform were high compared to other service providers in similar business. This is partly due to lack of consumer protection laws that have left citizens exposed to multinationals. For example, telecom companies charge 19,800/= to withdraw 1million shillings. The 0.5% tax on shs.1 million will amount to shs. 5000/= of the principal amount.
- (vii) There is no comprehensive legal framework regulating mobile money payments in Uganda. Sector or industry regulation is based on the

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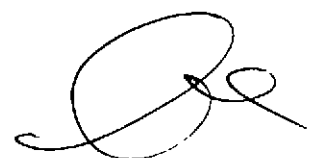
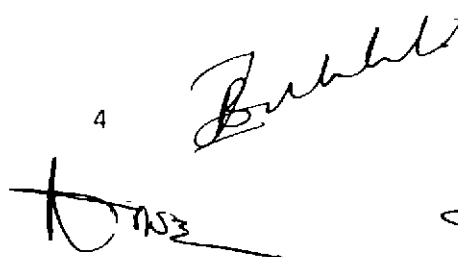
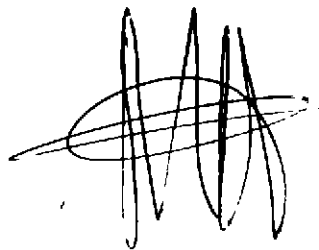
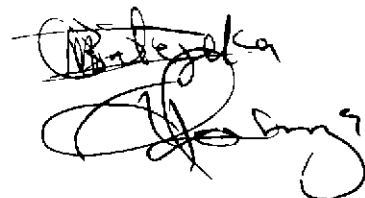
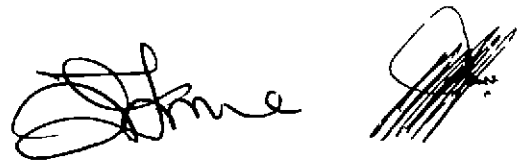
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guidelines issued by Bank of Uganda in 2013. These do not address issues like next of kin on dormant accounts, accrued daily interest payments among others. Government should enact a law to regulate mobile money payments.

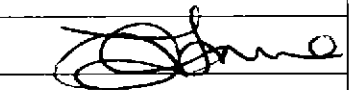

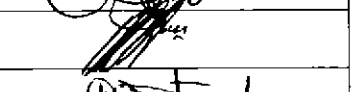
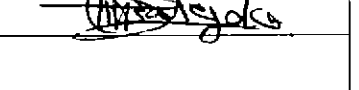

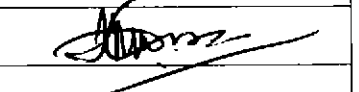
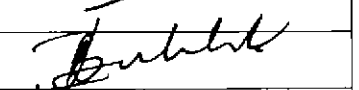
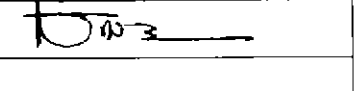

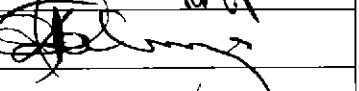
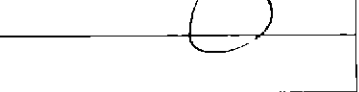
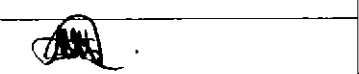
## 6.0 Recommendations

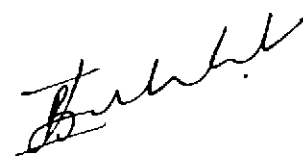
The Committee recommends that:

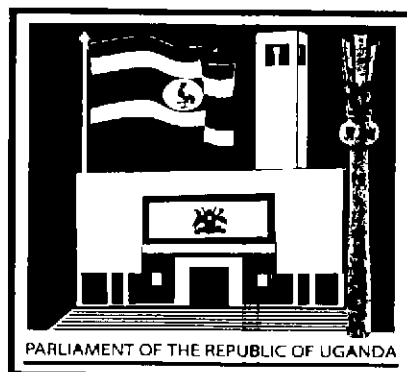
- (i) A Law to regulate mobile money payments be put in place.
- (ii) Consumer protection laws be enacted to protect citizens from high costs charged by multinationals.
- (iii) Uganda Communications Commission should analyse the components and formula used to determine the transaction charges with the aim of reducing them.
- (iv) The Excise Duty (Amendment) (No.2) Bill, 2018 be passed into law.



**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE EXCISE DUTY (AMENDMENT) (NO.2) BILL, 2018**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Avur Jane Pacuto	DWR Pakwach	
3	Hon. Lugoloobi Amos	Ntenjeru North	
4	Hon. Asiku Elly Elias	Koboko North	
5	Hon. Bategeka Lawrence N	Hoima Municipality	
6	Hon. Kamateeka Jovah	DWR Mitooma	
7	Hon. Katoto Hatwib	Katerera County	
8	Hon. Opolot Isiagi Patrick	Kachumbala County	
9	Hon. Tumuranye Genensio	Kashongi County	
10	Hon. Naigaga Mariam	DWR Namutumba	
11	Hon. Ilukor Charles	Kumi county	
12	Hon. Okello Anthony	Kioga County	
13	Hon. Walyomu Muwanika Moses	Kagoma County	
14	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
15	Hon. Odur Jack Lutanywa	Kibanda South	
16	Hon. Achia Remigio	Pian County	
17	Hon. Mukula Francis	Agule Pallisa	
18	Hon. Kakooza James	Kabula County	
19	Hon. Bagoole John Ngobi	Luuka County	
20	Hon. Nathan Nandala-Mafabi	Budadiri West	
21	Hon. Akol Anthony	Kilak North	
22	Hon. Mukoda Julie Zabwe	DWR Mayuge	
23	Hon. Luttamaguzi Semakula	Nakaseke South	
24	Hon. Akello Judith Franca	Agago District	





**COMMITTEE ON FINANCE PLANNING AND ECONOMIC  
DEVELOPMENT**

**MINORITY REPORT**

**ON**

**EXCISE DUTY (AMENDMENT) (NO.2) BILL OF 2018**

**SEPTEMBER, 2018**

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## Introduction

Rt. Hon Speaker, Parliament in May 2018 passed the Excise duty (Amendment) 2018 bill that was assented to by the President on 21 June 2018 that introduced excise duty of 1% on the value of mobile money transactions of receiving, payments and with draws.

This tax however, met serious criticisms by the masses thus H.E President responded and advised that the duty should not be levied on transfer and payment transactions. He further promised Ugandans that the excise duty of 1% will be reduced to 0.5%. It is against background that the Minister presented Excise duty (Amendment) Bill No.2 to Parliament which seeks to amend schedule 2, part 1 of the principal Act by substituting paragraph (f) of item 13 with a levy of 0.5 of the value of mobile money withdrawal of cash.

This Bill was referred to the committee on Finance, Planning and Economic Development in accordance with rule 177 of the Rules of procedure of Parliament.

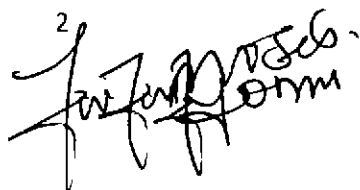
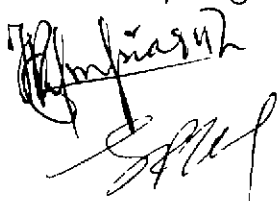
Rt. Hon Speaker, Pursuant to Rule 202 of the Rules of Procedure of the Parliament of Uganda, we hereby present a dissenting opinion from the opinion of the majority of the members of the Finance, Planning and Economic Development committee.

### 2.0 Areas of dissent

Levying of excise duty of 0.5% on the value of mobile money transaction on withdrawal of cash

### 3.0 Dissenting observations

The Committee interfaced with various stakeholders from Ministry of Finance Planning and Economic Development, banking sector, telecommunication operators, civil society organizations, and a member of the Law fraternity,





Private Sector Foundation, mobile money dealers and a Member of Parliament from Busiki County Constituency, Hon Akamba Paul. Their submissions are summarized below:

**Stakeholder's submissions to the Committee:**

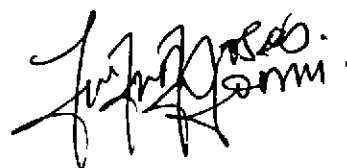
**1. Bank of Uganda (BoU)**

The Governor informed the Committee that the Bank of Uganda Act 2000 and the Financial Institutions Act 2014 currently have limitations in regard to the regulation and regulation of payment systems including mobile money services. Section 4 of the Bank of Uganda Act is silent on the regulation and supervision of payment systems including mobile money.

In addition the provisions in the Financial Institutions Act 2004 pose limitations on the licensing of mobile money services since the Financial Institutions Act applies to deposit taking institutions only. On the other hand, Mobile Money service is a money transmission service requiring a separate legislation as observed in other jurisdictions.

In their submission, they highlighted that the tax is neither neutral nor equitable between businesses engaged in similar forms of activities. The same tax does not apply to withdrawals from banks and microfinance institutions or SACCOs. Equity is an important consideration within a tax frame work. Equity suggests that tax payers in similar circumstances bear a similar tax burden.

They further informed the committee that the value of mobile money transactions declined by shs 672 billion in the first two weeks of July 2018 compared to the first two weeks of June 2018 in part following the announcement of the Excise duty Amendment Act 2018 introducing a tax of 1 percent of the value of transaction that would apply on mobile money transactions.



Based on these considerations even though the proposed bill reduces the tax to 0.5% and limits it to withdraws, it is still not neutral, fair equitable and has additional dangers of retarding growth of financial inclusion.

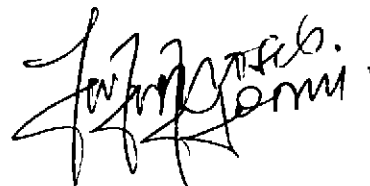
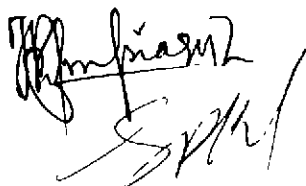
## 2. Ministry of Finance, Planning and Economic Development

The Minister of Finance, Planning and Economic Development submitted that the main objective of 0.5% tax on mobile money transactions is to generate revenue to finance the budget. The revenue projected from this measure is UGX 115 billion.

The justification for the tax is to capture the majority of the unbanked Ugandans who are largely in the informal sector but using the mobile money platform to conduct their business and financial transactions. This in a way will help government expand the tax base.

While the value of transactions on the mobile money platform has significantly increased over years from 18.6 trillion in 2013 to 63 trillion in 2017, the revenue generated from imposing tax on transactional fees has been minimal. The revenues from the tax on transactional fees charged by telecom companies have risen from 37.7 billion in FY 2015/16 to a paltry figure of 57.2 billion in the FY 2017/18. As a portion of GDP, the velocity of mobile money transactions now stands at 63% of GDP.

The tax does not apply on alternative payment platforms such as Easy Money, PayWay, and Agency Banking which poses a challenge of equity. This may lead to people opting for such services instead of mobile money, which may negatively impact on the growth of mobile money platform and eventually the tax yield from this measure.



### 3. Telecommunication Operators

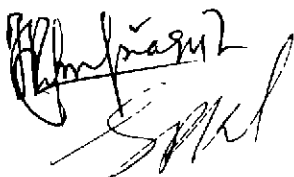
Officials from MTN Uganda Limited and Airtel Uganda Limited while appearing before the committee argued that the tax burden on the telecom sector is already high and any increase in taxation will discourage consumption, stifle growth and have the net effect of reducing revenue to Government. FY 2018 came with increase in Excise Duty on mobile money transactional fees from 10% to 15% on transactional fees charged by the operator; introduction of 1% levy on the value of the Transaction; 10% withholding tax as a final tax on commission to mobile money and airtime agents, increase in Excise Duty from 5% to 12% of Airtime purchase for landlines and payphones. Higher taxation of the sector negatively affects the growth of tele-density with a resultant reduction in investment and the sector's contribution to government. It ought to be noted that 2017 registered a drop in tele-density from 51.9% to 51.6%

The proposed 0.5% tax on Mobile Money Services is discriminative considering that the same tax has not been imposed on financial services and other payment channels which serve the same purpose as the Mobile Money Service or any service that allows flow of money from one person/business to another including business to person or person to business.

They submitted that the tax should be dropped because of the negative effects it has had on the sector.

### 4. Kampala Mobile Money Dealers Association

Kampala Mobile Money Operators Association submitted that the proposed 0.5% was a double taxation since government already charges Excise duty of 15% on transaction fees and 10% withholding tax on agent commissions. This tax is not on income nor value addition but a charge for withdrawing money hence being against tax canons. They further argue that this proposed 0.5% tax on



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withdraw of value is discriminatory in nature as other forms of payments like agency banking or money transfers like Money gram of western union are not charged the same tax on transactional values.

They proposed that the tax be dropped because it has negatively affected small and medium enterprises who are the key users of mobile money.

### **3. Initiative for social and economic rights (ISER)**

The Initiative for Social and Economic Rights submitted that the proposed 0.5% tax on the transactional values of mobile money does not conform to the canons of taxation and human rights. The canon of equity requires tax to be levied on citizens on the basis of equality.

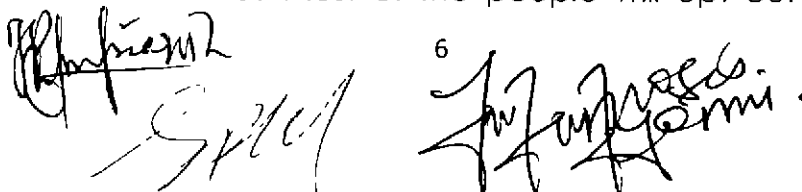
The mobile money usage is predominately by the poor with 61% of the transactions less than 45,000/= indicating that majority of the users are low income earners. More so those in rural areas where banks are less attracted due to low deposits and revenue amidst the high administrative costs. With 54% of the population having access to mobile money services within 1km compared to 16% for the banking services, the proposed tax is discriminatory of the rural and poor folk as well as those that transact on mobile money since in the banks and SACCOs there is no levy on transactional value.

Mobile money services have enabled easy payment for goods and services with convenience with a number of utility companies, insurance companies, schools and health centers receiving payments through mobile money.

They proposed that the tax be dropped.

### **5. Tax Justice Alliance Uganda**

Tax Justice Alliance submitted that the proposed tax on mobile money will cause financial exclusion as most of the people will opt out of the payment



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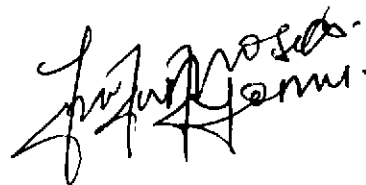
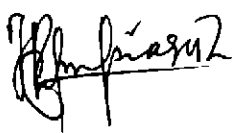
system. In 2013, Bank of Uganda attributed the increase to access of formal financial services from 28% to 54% to access and use of mobile money. As of June 2017, there were 22.9 million registered mobile money accounts, 147,146 mobile money agents, 1,111 million transactions with the value of those transactions being 52.4 trillion as compared to 546 bank branches, 818 combined ATMs and the transactional value of 217 billion on the combined inter switch bank network (Bank of Uganda Financial Stability Report, June 2017).

One of the reasons for mobile money success is that it is cheap, affordable and accessible. The increase in the cost of using the service has already negatively affected the demand of mobile money services with bank of Uganda reporting that there was a reduction in the value of transactions with a drop of 30%.

The mobile money sector has provided over 147,146 direct jobs for young people as mobile money agents and an estimated 1 million indirect jobs for people that rent agents space, those who sell them food while at work, those employed to respond to customer inquiries, among other who risk losing their source of income.

The proposed tax will cause multiple taxation. This is in addition to an increase from 10% to 15% excise duty tax on charges imposed for use of mobile money services and a new 10% excise duty on commission for mobile money and airtime agents. It further proposed that the customer pay another 0.5% tax on every withdraw transaction that he or she makes. It is important to note that the income from which transactional charges are imposed (which charges are being taxed at 15% per charge) is the same income that the proposed 0.5% tax is intended to tax. This is double taxation that is now discouraging people from using the service since the tax was imposed on withdraw.

They proposed that the tax be dropped.



## 6. Civil society budget advocacy group

Civil society budget advocacy group submitted that they has conducted a quick market survey in August 2018 and found that there was a noticeable drop in sales, volumes of money transacted, and profits realised by the mobile money proprietors. From the survey, it was revealed that out of the 48 respondents 17 (35%) reported an average drop in transaction volumes of 75%. 43 out of the 48 res In terms of profitability, 36 (75%) out of the 48 respondents also had a 74.5% average reduction in profits. In terms of profitability, 36 (75%) out of the 48 respondents also had a 74.5% average reduction in profits

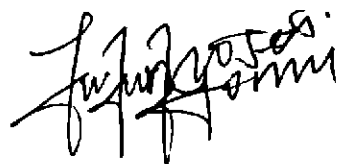
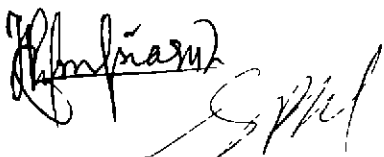
Reducing the tax rate on transaction value to 0.5% only serves to reduce the impact on profits and transaction volumes by 50% to about 37.3%. Thirty five percent of the interviewed proprietors had laid off some workers, 33% reported to have closed business due to failure to meet some overhead costs like rent and facilitation of the people they employ in mobile money kiosks. while 11% had resorted to other businesses like pay way and easy load only. This indicates that the tax on mobile transactional value is regressive.

Proposed that the tax should be dropped

## 7. MTN Dealers' Forum Limited

MTN dealers' Forum submitted that from 1st July 2018 at least 100,000 customers served daily have reduced by 40% to date and continues to go down by the day. There are no customers anymore transacting over 1 million shillings. Urban to rural cash transfers have dropped by 40% affecting customer's cash out negatively.

Proposed that the tax should be dropped

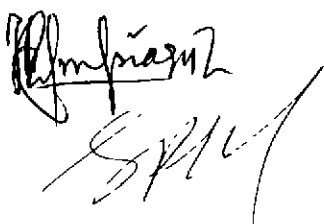


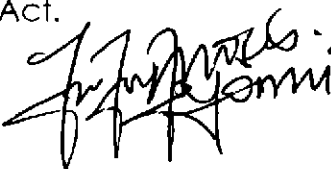
## 8. Hon. Akamba Paul, MP Busiki County

Hon. Akamba Paul submitted that there is no legal framework to regulate mobile money business in Uganda. The Bank of Uganda Act did not provide the regulator with the general authority to regulate the payments sector. Uganda did not and still does not have a payments law that can be used by the Central Bank to issue licenses to electronic money issuers. At the same time, only banks and other institutions regulated by the Financial Institutions Act, 2004 are permitted to provide retail services. Suffice to say that the guidelines issued by Bank of Uganda in 2013 do not and cannot purport to be addressing a problem of lack of mobile money framework.

As a result of not having a legal framework, the consumers of mobile money services are facing a number of problems which can't be addressed. For example in instances of mobile money fraud, deposit protection for balances on the mobile money wallet, in case of death, how to deal with deceased's balance on the mobile money account, how to deal with unclaimed balances/dormant accounts to mention but a few. Mobile money service consumers are vulnerable hence need to be protected by a law.

A reading of section 4 of the Excise Duty Act 2014 indicates that the responsibility to pay excise duty for the mobile money in this case (excisable service) squarely lies with the service provider in our case the telecommunications companies. Currently the telecom companies charge excise duty separate from the price. This message appears on your phone: "you have withdrawn 50,000/= from Owino Company Ltd at a fee of Ugx 1500/= on your mobile account and you have paid a tax of ugx.500" This example shows that the tax this individual has paid for the service and the service fee yet in accordance with the Act, this tax is meant to be part of the price for the service. This is therefore not in conformity with the Act.



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The Hon. Member proposed to drop the tax since it does not conform to the cardinal principles of taxation and is affecting heavily the poor.

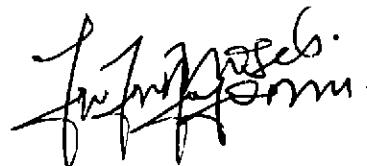
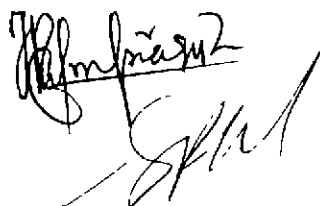
### 9. Uganda Bankers Association

Uganda Bankers Association submitted that they hold the opinion that the specific taxes on mobile money transactions as had originally been proposed work against the objectives of financial inclusion and would reverse the gains that had so far been realized on this front. Mobile money services complement banking services and play an important role in extending access to financial services through digital payment platforms.

Bank services including agent banking and ATM transactions are taxed via the existing excise duty applicable to fees charged on transactions. These taxes were increased from 10% to 15%.

An escrow account held in trust to mirror and support the electronic value of transactions happening in the digital space. It is a control account, a security, a risk mitigation framework not a transaction account per se. it plays the role of safeguarding the equivalent of deposits. Any recommendation to apply any form of tax is a complete misunderstanding of escrow accounts and is a very misplaced recommendation on account of a knowledge gap.

Any interest earned by banks arising from such escrow accounts like all bank income streams attract direct income/corporate or withholding taxes in line with existing tax practices and as such any proposition to levy additional taxes is again misplaced and intended to make the mobile money tax issue appear like an issue between banks and telecoms where alternatives have to be pointed at one industry against another.





Uganda Bankers Association supports any reconsideration of the tax bearing in mind that the intention of government is to generate revenue to support economic growth and development of the country.

**10. Private sector foundation**

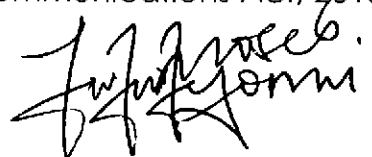
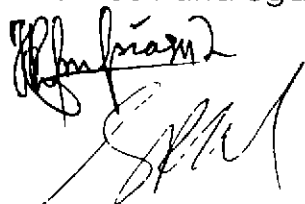
Private sector foundation submitted that all direct taxes scare away users to mobile money. There is already a reduction by 60% experienced. This has directly affected all businesses which use mobile money as a mode of payment. This will affect the tax revue target and reduce the financial inclusion gains made through mobile money.

They proposed that the tax should be removed and advised government to concentrate on taxing incomes from the businesses and data.

**11. Ms. Muwema & Company Advocates**

Muwema & Company Advocates submitted that it is telecoms and other companies conducting the business of mobile money, which in itself is a financial service (financial institutions business) supposed to be conducted by the banks under the law. A mobile money transaction constitutes money transmission under the Financial Institutions act, 2004 which is the business of banks and the telecoms or other companies. This presents both a legal and structural problem because there is now a distortion and illegal mix of financial and telecommunication services which lacks a supportive and licensing legal regime.

Without a proper cross-licensing regulatory framework of mobile money services, the telecoms and other mobile money service providers are, strictly speaking caught by an illegality of conducting banking business contrary to both the Financial Institutions Act 2004 and Uganda Communications Act, 2013



They requested Parliament to direct the Minister of Finance to prepare without delay, a comprehensive Bill on National Payment Systems so that mobile money and other E-Money Payment Systems can be controlled and regulated properly for the benefit of government and other stakeholders.

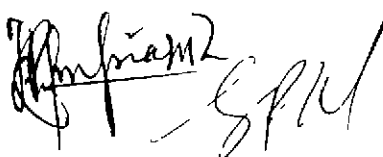

### **Members' observations**

From these submissions we observed:

There is no legal framework regulating payment systems in Uganda including mobile money.

Taxation should produce the right amount of tax at the right time, while avoiding both double taxation and unintentional non-taxation. The potential for evasion and avoidance should be minimized. To the extent that imposing this tax to mobile money withdrawals may be the most preferred option to adopt at the moment, it could create various forms of avoidance and evasion including use of informal methods of sending money. Indeed, the value of mobile money transactions declined by shs.672bn in the first two weeks of July 2018 compared to the first two weeks of June 2018 in part following the commencement of the Excise Duty (Amendment) Bill, 2018 introducing a tax of 1% of the value of the transaction that would apply on mobile money transactions.

With the introduction of the tax some Ugandans have been discouraged from using mobile money services. This will affect the financial inclusion program as highlighted in the National Financial Inclusion Strategy 2017-2022. Financial inclusion efforts have been aimed at getting individuals to access financial services that are appropriate and effective in improving their lives. As a result of these efforts, access to financial services increased to 55% in 2016 up from about 28% in 2010 due to continued growth in population that uses mobile money services evidenced by increasing registered mobile money accounts. The

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average monthly mobile money transactions were valued at 6 trillion (6% of GDP) in 2017/18, an increase of 2 trillion in a period of 1 year. The number of registered users currently is estimated at 23 million (62% of the population). Imposing additional tax on mobile money transactions has a danger of undermining this progress.

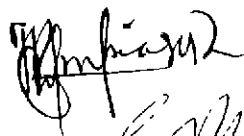
The tax defeats the principle of taxation of equity and fairness. The same tax is not imposed on clients if they withdraw their money from the bank. This duty is therefore discriminatory in that it does not apply equally to the bank or other money transfer transactions. The tax does not apply on the alternative payment platforms such as EasyMoney, PayWay, and Agency banking which poses a challenge of equity. This will lead to change in the behavior of citizens who do not have access to the formal banks to revert to their old system of transacting in cash. This may lead to people opting for such services instead of mobile money platform and eventually affecting the tax yield from this tax measure.

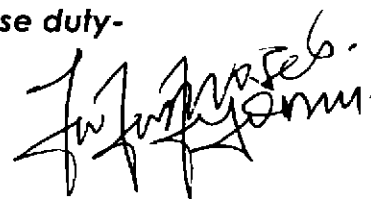
We believe this 0.5% tax on money withdrawn via mobile money is inequitable. It is very punitive to the citizens of Uganda who have embraced mobile money platforms as a means of movement of funds in their day to day business and private transactions. The widespread adoption of mobile money has helped to improve financial inclusion in Uganda.

Section 4 of the Excise duty Act 2014(the Act) imposes excise duty on excisable goods and services. ***It states:***

***(1) Subject to this Act, the excisable goods and excisable services specified in schedule shall be chargeable with excise duty specified in the schedule***

***(2) Unless otherwise provided in this Act excise duty-***

  
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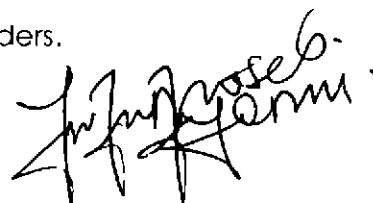
**(a) In the case of the excisable service, is to be paid by the person providing the service**

A reading of section 4 of the Act above indicates that the responsibility to pay excise duty for mobile money in this case (excisable service) squarely lies with the service provider. By contrast, the 0.5% duty applies to the transaction value and not on the provision of any service. This duty therefore should not be imposed under the Excise Duty Act 2014.

Transferring money by mobile money is the most popular way of sending money to people who do not have bank accounts especially in rural areas. This is also a convenient way for small traders to transfer money and also keeping their money.

**Recommendations**

1. The Excise duty (Amendment) (No2) Bill of 2018 be passed with an amendment that the entire excise duty on mobile money transactions be removed.
2. Mobile Money transactions legal framework be put in place
3. Taxes on mobile money services should be imposed on the transaction fees charged by the operator and not on the value of the transactions. Therefore the 0.5% levy on the transaction value should be dropped in its entirety.
4. Parliament directs the Minister of Finance, Planning and Economic Development to expedite the bill on National Payment Systems so that Mobile money and other E-money payments can be controlled and regulated properly for the benefit of government and other stakeholders.



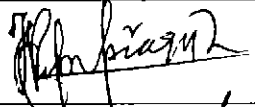

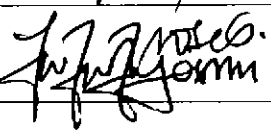
#### 4.0 Conclusion

The committee received submissions from 15 (fifteen) stakeholders. Only three supported excise duty of 0.5 % on the value of the transaction. It can be appreciated that those who supported this tax are tax collectors. They do not carry the tax burden as consumers. Thus their view cannot be persuasive.

The banking sector has had its limitations in covering the entire population with only 5 million in a population of 34.5 million (UBOS 2014 National Population and Housing Census) having access to formal banking.

Mobile money is one of the most innovative ideas developed in recent times in Uganda. This has facilitated easy movement of money across regions and individuals. However, a tax on these services is likely to reverse all the benefits brought by mobile money. It is therefore necessary for Government to salvage the economy and drop this tax.

#### MEMBERS IN SUPPORT OF THE MINORITY REPORT

NO	NAME	CONSTITUENCY	PARTY	SIGNATURE
1	OPOLOT ISIAGI PAIRICK	KACHUMBALA	NRM	
2.	LUTTAMAGUZIS	NAKASEKE SOUTH	DP	
3.	KIAL TOMM-M. MUSEKE	KAEOMA COUNTY	NRM	
4.				
5.				