



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



CSOs, Gov't agree on strengthening URA auditing function



CSBAG members while attending the question and answer session between CSOs and the Ministry of Finance, Planning and Economic Development (MFPED) at Ministry of Finance Conference hall on 10th February 2016.

Civil Society Organizations while meeting with the Director Economic of Affairs at Ministry of Finance on 10th February 2016, agreed on strengthening auditing by URA and enforcement of tax laws as in order to reduce tax evasions.

Under the umbrella of Civil Society Budget Group CSBAG the CSOs raised a concern of some companies under declaring their profits and choose to give figures of losses so as to avoid corporation tax. "Many firms manipulate their book accounts and declare losses to URA in order to evade payment of corporation tax," Julius Mukunda the Coordinator CSBAG said.

CSBAG while at a question and answer session between CSOs and the Ministry of Finance, Planning and Economic Development (MFPED) officials proposed that any company that reports losses for three consecutive years should pay a turn over tax as it is done some countries like Tanzania. In response to the concerns brought by civil society group the Director of Economic Policy in the MFPED, Lawrence Kiiza argued that there is need to balance the equation between those who are making genuine losses and those who are cheating.

"You can't use one mechanism to deal with this vise otherwise Government in this matter would be unfair to companies genuinely making business losses," Kiiza cautioned.

He emphasized that there is need to improve audit function and enforcement. He explained that if URA is doing audit properly then tax evasion can be minimized.

On his part Moses Kaggwa the Head of the Tax Policy Department in Ministry of Finance underscored the need to do due diligence without hurting some companies. "We need to do due diligence without exaggerating. We need to be careful and don't create conflict within the fragile tax paying population which is increasingly coming into the tax bracket," Kaggwa said.

The other sticking issue raised by CSOs was the tax exemption and incentives given by Government to some investors saying it is not beneficial to the economy.

Kiiza advised civil society actors to be mindful about need to attracting investors in order to grow investments. "You can't say no incentives and tax exemption. We have to balance our sector. We are living in a global environment and we need to create a competitive environment that attracts investments in Uganda in order to earn more revenue as well as create employment and mitigate the unemployment challenge Uganda is dealing." The Director pointed out that incentives are not bad per se but the challenge would be why favour one company against the other. He suggested a review of the criteria of the companies that

qualify to be given incentives

He was supported by Kaggwa who said without investment growth the country can never grow revenue.

CSOs also called for review of the penalties on income tax which according to the Income Tax law do not exceed the twenty five currency points which is an equivalent of UGX 500,000 or USD 137. And to this Ministry of Finance agreed that there is need to review the penalty as well as enforcing this provision of the Income Tax law.

CSOs are also calling for enhancing revenue mobilization through electronic transactions to reduce the cost of administration as well as broaden the tax base. Whereas Kiiza the official from Ministry of Finance, he confirmed to CSOs that Government is still challenged by the financing for such a venture which countries like Ethiopia and Kenya have making it mandatory for very business to issue electronic receipts that are directly communicated to country revenue services which are equivalent to Uganda's URA

Ministry of Finance also reiterated CSOs demand for constant review rates of key statutory instruments like land title, court order to depict current economic conditions but also to enhance revenue.

A number of on debt managements were not discussed and together with Ministry Of Finance it was agreed to have another engagement but also ministry of finance agreed on tax literacy session with CSOs and this led to the resolution of a another follow up engagement on revenue mobilization in February 2016 .

Present at this meeting were members from, Uganda Debt Network (UDN), Forum For Women In Democracy (FOWODE), East And Southern African Farmers' Federation (ESAFF), Uganda Roads Support Sector Initiatives (URSSI) , Institute of Social And Economic Rights (ISER), African Center For Trade And Development (ACTADE), National Union Of Disabled Persons in Uganda (NUDIPU) , Asha Rayzn Foundation, Advocates Coalition For Development And Environment (ACODE), Southern And Eastern African Trade, Information And Negotiations Institute (SEATINI)-Uganda

OTHER

NEWS HIGHLIGHTS



Ann Sinzomu of DSW discussing during the CSBAG –Parliament Budget Office strategic meeting held on 9th February 2016 in Kampala



CSBAG members at a CSO meeting to review the CSO matrix with ministry f finance and review of the CSO budget advocacy roadman held on 12th February 2016 at CSBAG offices

UPCOMING EVENTS

Theme: Meeting Director Budget-Ministry of Finance to discuss CSO matrix on the budget FY 2016/17

Venue: Ministry of Finance | **Date:** 19th February 2016