



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



Our perspective on Taxing Mivumba

We have taken note of the reaction directed against the proposal to tax used clothes and shoes. This debate in our view is healthy because it ignites the country's thinking to the direction that as Ugandans we can aspire to have a society that does opt to buy used items such as clothes as the first option.

From the onset it should be understood that Mivumba (Used items) have always been taxed and for the financial year 2016/17, East African countries through the East African Community (EAC) Summit agreed to outlaw importation of used clothes by 2019. They resolved to give a grace period of three years. In response, Ministry of Finance is proposing to increase the tax rate from 15% to 20% of the CIF value for both used shoes and clothes.

What is undisputed is the fact that this is a tax measure as well as an industry management policy measure based on the deliberations of EAC as evidence by the EAC Communiqué from the said summit signed 2nd March 2016.



Owino, Uganda's largest market. (Photo: Amy Fallon)

Across scenarios where used clothes/shoes are more expensive than new and durable clothes/shoes and the question is who has capacity to regulate the excesses with Mivumba? Can UNBS technically handle them? Is it only about affordability?

Zimbabwe Association of Doctors for Human Rights chairperson and fellow of the Geneva Foundation of Medical Education and Research, Rutendo Bonde has conducted research that points to the fact that use of old clothes may transmit certain diseases and has warned that such clothing could fuel diseases and infections, which are passed on contact. "If one has a fungal infection from these clothes, when they bath, they leave the fungal spore on the floor of communal bathrooms and the infection spreads that way"

According Environmental Health Services branch, which is part of Health Department in Malaysia, second-hand goods do carry a health risks such as infestations from scabies, fungi among others. We appreciate the fact that no wide research has been conducted in this area in Uganda but the overriding question on Mivumba has a moral component. Is proper to wear Mivumba? NO why do people wear it? To the majority it is affordable or perhaps people have limited alternatives. So should our governments resign on the idea of promoting a better practice because this trade has been around for some time?

The sector employs many people and that is true but the same people can maintain their jobs in vibrant trade involving clothes if alternatives were available. Many other proposals in this regard were fronted such as:

- Consider reducing production costs for instance electricity for home industries making clothes and other essentials

- Impose a higher tax on imported cheap textiles.
- Provision of tax incentives for local manufacturers to produce these essentials and increase the quantities required for consumption.
- In addition government in the meantime to prioritize supporting strategic intervention aimed at having an East African local market with capacity to supply locally made clothes by 2019.

It would be welcomed if this thinking is understood in the wider East African market dimension for the need to rejuvenate our local industries that can contribute to enhancing the dignity of all East Africans. Debate is welcome on this matter on how to make the once vibrant textiles and shoe industries resurrect in the region.

CSOs had an opportunity to address government on the need to enlarge the tax base rather than increase taxes on same items from one year to the other and we hope that other proposals we fronted will be debated by Parliament and Ministry of Finance with a view of forging a way forward on enhancing revenue mobilization.

Related articles: [Ban Mivumba to grow local industry](#)



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UPCOMING CSO BUDGET ENGAGEMENTS #UGBUDGET16

Event: Presenting CSO position on Health Sector Ministerial Policy Statement, 2016.

Date: 4th April 2016

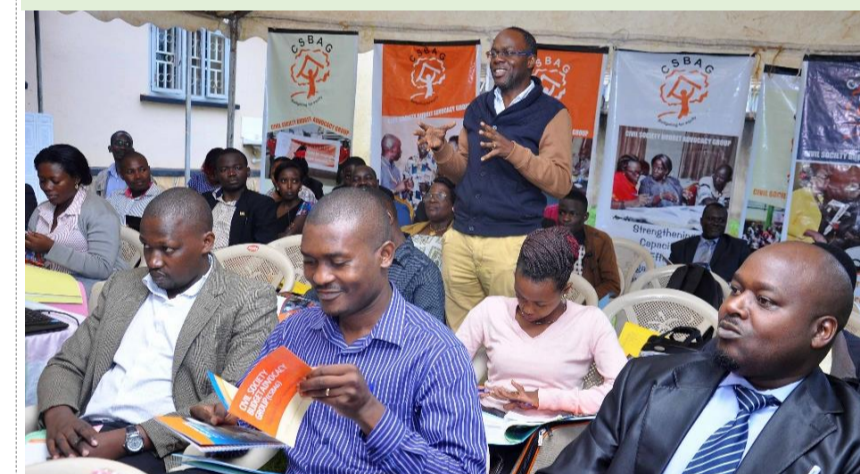
Convener : Parliament Health Committee

Event: Presenting CSO position on Social Development Sector Ministerial Policy Statement, 2016

Date: 5th April 2016

Convener : Parliament Social Development Committee

OUR WEEK IN PICTURES



CSBAG members during the just concluded Annual General Meeting held on 1st April 2016 at the CSBAG offices. At the AGM, the 2015 financial and program progress was discussed and also a full CSBAG Board was instituted consisting of 7 members



CSBAG members presenting CSO taxation proposals FY 2016/17 to the Parliament Finance committee at Parliament, on 30th March 2016