

## Parliament defies President and Citizens, passes tax Bill without amendment



MPs across the political divide have rejected the amendment of section 21 (1) of the Bill, saying their salaries are already being taxed, adding that there is no need for further taxation.

**Parliament has today 15<sup>th</sup> November 2016 defied President Yoweri Museveni's directive to have the Income Tax (Amendment) Bill, 2016 amended, to allow MPs' allowances taxed, and passed the Bill without amendment.**

On May 2, 2016, the President wrote a letter to speaker of Parliament Rebecca Kadaga, rejecting the Income Tax (Amendment) Bill 2016 in which MPs exempted themselves from paying tax.

In April, Parliament passed the Income Tax (Amendment) Bill 2016 and decided to amend Section 21 (1) of the

Income Tax Act, Cap 340, to exempt the employment income of members of Parliament, except salary, a decision that provoked public outrage.

However considering the motion for a resolution of parliament to reconsider the Bill on Tuesday, 15<sup>th</sup> November 2016 the MPs across the political divide rejected the amendment of section 21 (1) of the Bill, saying their salaries are already being taxed, adding that there is no need for further taxation.

"The Committee recommends that the tax Bill, be passed in its current form, and be sent back to the president for assent," Henry Musasizi, the chairperson Parliament committee on finance stated in his report to the House, chaired by speaker Rebecca Kadaga.

In their report to the House, the committee observed that there is a misconception by the public that MPs don't pay taxes, which he said is not true, adding that MPs are heavily taxed.

Appearing before the committee recently, during consultations on the Bill, the Parliamentary Commission recommended that the Bill is rejected by the House, and be returned to the President without any amendment.

The Commissioners, who included Peter Ogwang and Arinaitwe Rwakajara, told the committee that each MP is taxed Sh3.5m monthly by the Uganda Revenue Authority (URA).

"The assertion that MPs don't pay taxes is not true. There is no way you can give me money for fuel, and you again want to tax it. It would be double taxation. MPs pay taxes, and these returns are with URA," Peter Ogwang said.

In his letter to Parliament, the President noted that tax exemption for MPs would affect revenue collection if the government is to meet its ambition of transforming Uganda into a middle income country by 2020 as well as meeting the short term demands for infrastructure development and social services.

"I do not support the decision of Parliament and I am accordingly returning the Income Tax (Amendment) Bill for reconsideration by the House," Museveni noted in the letter.

The decision by MPs to exempt themselves from taxation stirred public outcry where many accused the MPs of being insensitive to the priorities of the country and the general economic condition of the citizenry. It is upon this background that the civil society organisations, through their umbrella body, Civil Society Budget Advocacy Group, (CSBAG) collected over four million signatures, asking the President not to assent to the Bill.

Letting the Bill pass, Speaker Kadaga, said the Bill had been fully debated by the House during its initial consideration by parliament.