

BLACK MONDAY

Newsletter

Citizen Action Against theft of our money without SHAME!

EDITORIAL

Tax and taxation are vital for development and governance of any country. By paying taxes, citizens contribute to building sovereign states and good governments in return offer the services expected of them.

Paying tax is a patriotic duty and as Ugandans we should be proud tax payers. We should celebrate when we see greater dependence on domestic taxes as opposed to foreign aid through donors. This strengthens our sovereignty as a nation and prosperity as a people. At 13.5%, Uganda's tax to GDP ratio is one of the lowest in Africa. We all should therefore be working towards increasing this ratio as a national goal.

However, many Ugandans feel there is a tax burden already and would rather do without any more taxes. This feeling is understandable for when we pay taxes; we expect quality services and a caring government. However, in present day Uganda, these appear all to be a luxury.

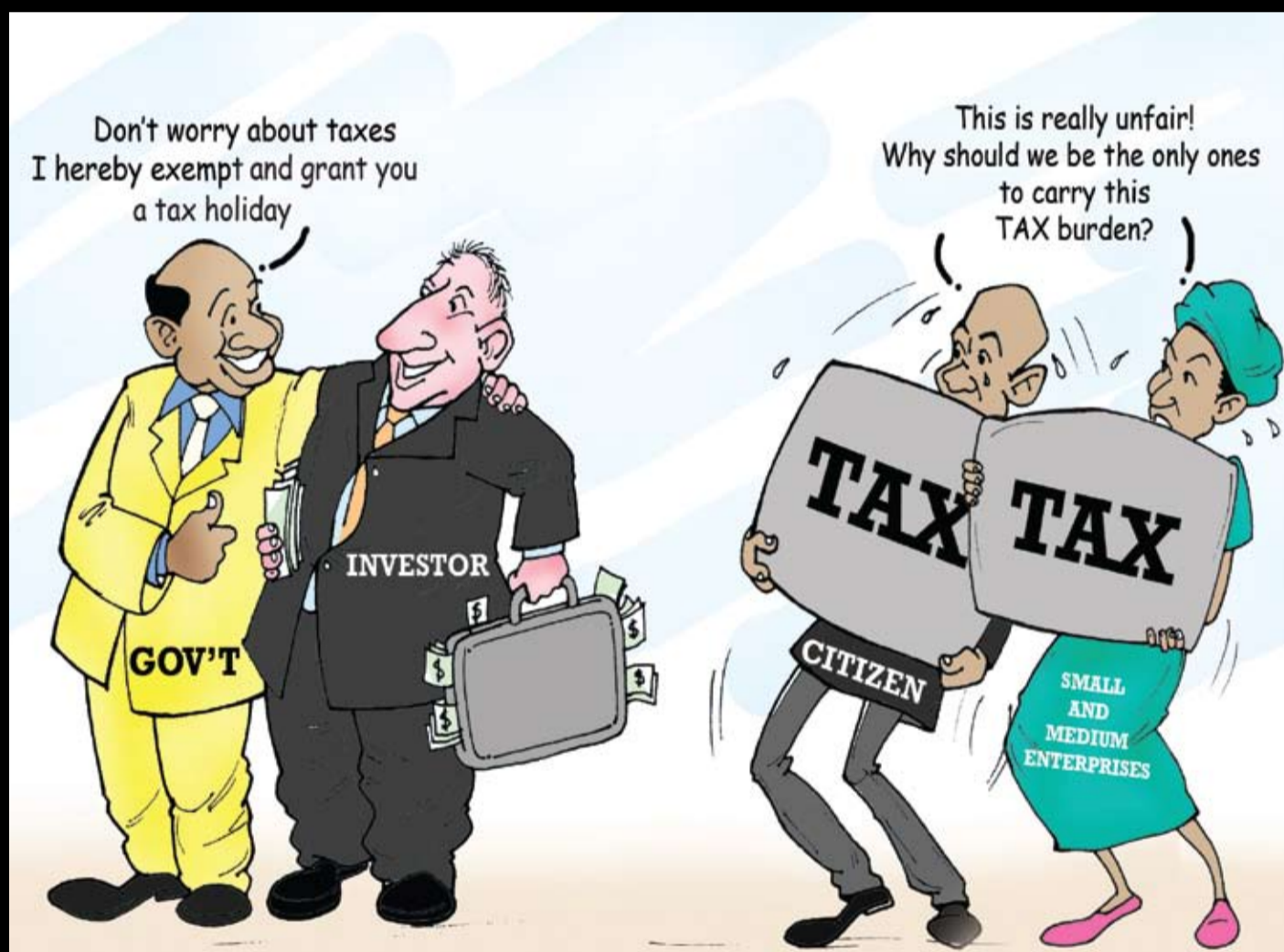
While Ugandans pay more taxes (direct and indirect) today than 3 decades ago, public services remain very poor across all sectors. One of the major reasons for declining services is that money meant for service delivery is stolen by public officials and the cost of quality services is then passed on to citizens in what appears like a second round of tax.

Corruption negatively impacts on the entire taxation chain from revenue generation, allocation to utilization and with no value for money, tax is at the moment is seen as a burden!

While we advocate for the duty to pay tax, Ugandans should reject corruption and wasteful expenditure by government. This is THE cause that Black Monday is championing and we call upon all Ugandans to join in and fight theft of our taxes, WITHOUT SHAME!

— Arthur.Larok@actionaid.org

Tax Injustice!!



All Ugandans are tax payers through paying direct taxes like PAYE (Pay As You Earn) and income taxes; and through indirect taxes like VAT. This fact is important to note since with the abolition of graduated tax in 2006 many Ugandans, especially those in the informal employment, do not consider themselves as tax payers. Citizens pay their taxes to enable government to get revenue to provide essential social services (schools, hospitals) and infrastructure. This is the foundation of democracy and good governance because it forms the basis of the social contract between the government and its citizenry; i.e. citizens pay taxes and government provides the public goods and services.

Whether willingly, unknowingly or under duress the citizens have kept their

side of the contract, they have paid their taxes. Government on the other hand, as a result of the rampant corruption has to a large extent failed to fulfil its part of the bargain. Evidence of poor health facilities, lack of medicines in hospitals, deprived UPE schools, bad roads abound all over the country, are pushing citizens especially the poor into deeper impoverishment. Since the poor cannot afford to pay for private social services like health, they have sometimes paid the ultimate price - death.

As if that is not enough, the tax payer is again going to shoulder a heavier tax burden. As a result of the rampant corruption, many donors have withdrawn their budgetary support. External support to

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NOT FOR SALE

Tax Injustice...



For almost everything you purchase, you make a contribution to the taxes to the government.

FROM PAGE 1

the budget is projected to decline by 93% from 749 billion this year to 50 billion during the financial year 2013/2014. In order to fill this gap, government has made a number of proposals including increase on motor cycle registration fee, additional excise duty on fuel, and reinstatement of VAT on supply of water for domestic use (National Budget Framework paper FY 2013/14-2017/18). These proposals will further increase the amount of tax on citizens. In particular the poor will suffer the most since additional taxes on fuel will increase overall cost of goods and services, while the increase of taxes on water will exacerbate the already precarious situation of the urban poor, especially the women. Once again the tax payers, the poor and the vulnerable are going to pay for the iniquities and greed of the corrupt.

Something has to give. This circle of injustice has to be broken. Broad-

ening the tax base through increased domestic resources is not bad, as reduction in the dependence on foreign aid will strengthen the legitimacy of the state and also deepen the social contract between government and its citizenry. However the broadening of the tax base should be done fairly and equitably. Government should consider other viable sources of revenue, i.e. the real estate, the informal sector and the agricultural sector.

Government should also plug the tax leakages through tax evasion and avoidance. Tax evasion is failure to pay taxes when they are due which is illegal; while tax avoidance involves exploiting loopholes in the law and system to dodge paying some taxes. Both tax evasion and avoidance are rampant as taxpayers wilfully do it as they see their taxes being embezzled. Large corporates also use lawyers and big audit firms to do it, and a case in point is MTN which is faced charges of tax evasion of US\$35m.

The tax justice principles also

provides for a good way forward for Uganda. Tax justice, which is built on the basis of mutual obligation from the taxpayer and the state obliges the taxpayer to declare all their incomes fairly and openly and to pay all taxes owed as defined by the law. On the other hand, the state is obliged to create a fair and just tax system that requires a person to pay according to their means and to ensure that all government expenditures and taxes received are openly and transparently budgeted and accounted for through democratic and transparent processes. Tax justice further imposes a duty on the tax payers to demand for accountability from government on how their taxes are being utilized.

In order to check the rampant corruption which leads to poor service delivery, the citizens as tax payers must have a say in the way taxes are mobilized, allocated and utilized.

— Jnalunga09@gmail.com



WHY MUST I PAY TAX?

Why must I pay tax?

I ask

When all I see is -
Garbage overflowing
Potholes growing
Teachers yawning
Kids not learning
Doctors frowning
Nurses striking
Districts multiplying
Services dying
State House budget rising
While the shilling is falling

Why must I pay tax?

I ask

When what I pay is stolen
Court cases are stalling
The thieves keep rolling
As they go on boasting
About
'Falling into things'

Why must I pay tax?

I ask

Can someone Please answer...

— jacqueline.asiimwe@gmail.com



NATIONAL CSO FAIR

"OUR COUNTRY, OUR DIGNITY, MY DUTY"

4th - 5th JULY 2013, HOTEL AFRICANA, KAMPALA

Contact: info@ngoforum.or.ug; Tel: 0414 510 272, 0700784498

Small businesses are losing because of unfair tax regime

A Q&A with Issa Ssekitto, founder member and spokesperson of Kampala City Traders Association (KACITA Uganda) - a sector that contributes over 30% of Tax in Uganda

Q: How is Uganda's tax policy affecting your members and other small and medium enterprises in the country?

A: We have just concluded a report on the Informal Sector taxation in Uganda with Uganda Debt Network whose findings present gaps as to whether current tax policy meets needs of small and medium enterprises that are unfairly taxed. Uganda's tax policy, starting from formulation, implementation and administration favors mainly large and multi-national companies in terms of incentives. These companies also benefit from exemptions granted by government to produce or import those products. You just need to review the list of companies benefiting from incentives and exemption, and will hardly find any small businesses.

Abuse of exemptions has increased unfairness of tax law to us. The East African Community Customs Management has provided for exemptions on raw materials, plant and machinery. Companies need to be vetted in Arusha which process has selected 111 companies, yet Uganda Revenue Authority (URA) now has a list of over 200 companies.

East Africa Community Custom Procedure Code exempts companies importing raw materials to promote industrialization, which many big companies are using to connive with URA Senior Officials, to import goods for sale. URA internal audit report for 2010/2011 suggests losses of over 800billion to this. Most of these goods find their way on the market and not in industries – the factories being established from this are not there.

There is favouritism in tax policy implementation

Q: How is KACITA and the members contributing to Uganda's tax revenue?

A: Uganda's tax contribution to GDP is 13.5% to which small and medium enterprises contribute not less than 30%. But the government recognises only big companies as the biggest tax payers,

yet these are only tax collectors getting taxes on sales. The situation is worse with multi-national Companies whose boards of directors are mainly foreigners sharing dividends for repatriation back to their countries. We need a local content policy in Uganda so that most of the profits are retained in the country.

A small trader importing a container of electronics will be charged Import duty 25%, Withholding tax 8%, domestic Value Added Tax (VAT) 15% and official VAT 18%. On the other hand, the bigger companies who are definitely VAT (Value Added Tax) registered, pay only Import duty 25% and official VAT of 18% and exempt from 23% (withholding tax 8%, domestic VAT 15%)

that we pay. Where is the Fairness here? It is sad that my members continue to pay domestic VAT with no legislation backing this, based on the Commissioner General's directive in the mid 2000 but not a requirement by law! 90% of our members are businesses that are not registered for VAT but have to continue paying all these taxes. It is sad that after paying all these taxes, URA knocks at our doors asking for the 30% income tax.

Q: What is your perception of public service delivery in relation to their contribution to the tax revenue in Uganda?

A: (laughs). You do not need to be a researcher in Uganda to know the poor service. Do not ask people. Just look around. When KACITA was carrying out a research on the same issue of public service delivery in the different districts,

community members told us not to ask them questions on quality of services but just drive around as the surrounding makes this clear. A woman in Masaka refused to answer this question saying it was a rhetoric question. "People pay a lot of taxes, but look at the roads they are very impassable, come and I take you around to see for yourself if you haven't seen so that such a question will not be asked again." She took me to her banana plantation that had a number of bunches ready for harvest with no accessible market.

Q: What recommendations do you have for government to improve on tax policy and practice for small and medium enterprises in Uganda?

A: Ministry of Finance, Planning and Economic Development needs to improve on monitoring URA which is working with impunity. URA has written requesting for self-accounting status that should not be accepted. I do not support it because rot still exists in URA. They need to be strictly monitored by the ministry. URA should invest in sensitization of tax payers segmented into their areas of specialty to increase confidence, sustain business and increase tax base and re-instate the tax awareness campaigns to reduce ignorance among traders. Overall, government needs to review the current position on incentives for big companies. And avoid politicization of tax administration in Uganda which creates a lot of suspicion, encouraging smuggling, tax avoidance and evasion among traders. Tax is not a problem but abuse of the law and unfair implementation is. Last but not the least, government should be accountable to citizens and improve on service delivery in the country.



Fact box

Kampala City Traders Association (KACITA), started as a non-profit making organization in 2002 to offer a platform for small traders voice on their rights and obligations in response to challenges that were being faced by traders, especially refusal of street vendors to get off the street which was suffocating traders in the shops and had killed the trade order in the city. KACITA has since expanded its membership beyond Kampala, currently known as KACITA Uganda with regional presence in Eastern, North and North Western Uganda including members operating in Southern Sudan. KACITA has over 200,000 members with identity cards. The majority of whom are small and medium enterprises (SMEs).

THE STORY OF THE



Mr. Mukasa earns 700,000/= per month
 6:00 AM

If this alarm clock was manufactured and imported from China; the importer paid import duty (25%), VAT (18%) and Withholding tax (6%) on the alarm clock and on the batteries too.

FACT:

All taxes incurred here are embedded in the price that the consumer pays for the clock and the batteries.

- » If your alarm clock cost 5,000/=, then 1,644/= was tax
- » If your batteries cost 1500/=, then 493/= was tax



If this Radio was manufactured from Asia; the importer paid import duty (25%), VAT (18%), and Withholding tax (6%).

UMEME Ltd charges VAT (18%) for consumption of electricity as part of the bill.

FACT:

These taxes are passed on to the buyer of the radio as part of the price.

- » If your radio cost 150,000/=, then 49,329/= was tax



The phone was probably manufactured and imported from China. The importer paid import duty (25%), VAT (18%) and Withholding tax (6%).

Loads air time; no matter the network, pays VAT (18%) and Local excise duty (12%).

FACT:

A phone user that buys an airtime scratch card of Shs 10,000 pays Shs 3,000 as tax on airtime.

- » If your Mobile phone cost 200,000/=, then 65,772/= was tax



If the tooth paste was manufactured say in Kenya, import duty (0%), VAT (18%) and Withholding tax (6%) was paid at importation and these forms part of its price.

However, if the tooth paste is manufactured from outside EAC, the taxes would have been import duty (25%), VAT (18%) and Withholding tax (6%).

FACT:

- » If the toothpaste from Kenya cost 2,000/=, then 387/= was tax



If the sugar, was manufactured locally say by Kakira, no matter its price, will include local excise duty of shs. 25 per kg. If the Sugar was imported; import duty (72%), and withholding tax (6%)

The cereal, having been imported, the price paid by the consumer includes import duty (25%), VAT (18%) and Withholding tax (6%).

FACT:

- » If cereals cost 20,000/= then 6,577/= was tax.



If one uses their own car to work, they probably paid the following taxes at the importation of the Toyota 'kikumi' 1994 model.

- Import duty (25%)
- VAT (18%)
- Withholding tax (6%)
- Environmental levy (20% paid on all vehicles older than 8yrs from the year of manufacture
- Registration fees Shs. 1,000,000
- Only excise duty is charged on fuel and the rates are as below:
 - Petrol- shs.850 per liter
 - Diesel- shs. 530 per liter

FACT:

In the case of use of public transport, the above taxes form part of the fare.

- » If your car cost 10 million shillings, then 5.9 million was tax.



Most of the tools one uses while at work are imported e.g. Furniture, telephones computers, printers, photocopiers, paper etc.

Apart from computers on which only withholding tax (6%) is paid, all the others attract import duty (25%), VAT (18%) and Withholding tax (6%)

For the phone calls (mobile- prepaid), VAT (18%) and Local excise duty (12%) is paid on each air time card. For the case of landlines/ fixed- post paid VAT (18%) and Local excise duty (5%).

Cheque for Monthly Salary:

| Monthly Pay (Ushs) | PAYE Monthly Deduction |
|---|--|
| Not exceeding 235,000 | NIL |
| Exceeding shs. 235,000 but not exceeding shs. 335,000 | 10% of the amount by which chargeable income exceeds shs. 235,000 |
| Exceeding shs. 335,000 but not exceeding shs. 410,000 | 10,000 plus 20% of the amount by which chargeable income exceeds shs. 335,000 |
| Exceeding shs. 410,000 | A. 25,000 plus 30% of the amount by which chargeable income exceeds shs. 410,000 and B. Where the chargeable income of an individual exceeds shs. 10,000,000 an additional 10% is charged on the amount by which chargeable income exceeds shs. 10,000,000. |

» A salary of 700,000/= attracts PAYE of 112,000/=



The taxes of beer and spirits include:

- VAT (18%)
 - Local excise duty (LED) (20% for non malt and (60% for malt beer or 70% for spirits. E.g. someone who buys and drinks a bottle of Tusker malt beer at shs 4,000 will pay about 78% in taxes
- For soft drinks:
- VAT (18%)
 - LED 13% for sodas and other juices or 10% for mineral water

Un processed food items (agricultural products) are generally exempt from taxes. So onions, tomatoes and other vegetables will not attract any tax. However, the price may constitute transport costs from the gardens to the market which may be determined by the fuel taxes (price)

Other groceries in supermarkets will normally attract import duty (25%), VAT (18%) and Withholding tax (6%) (in the price) if they were imported

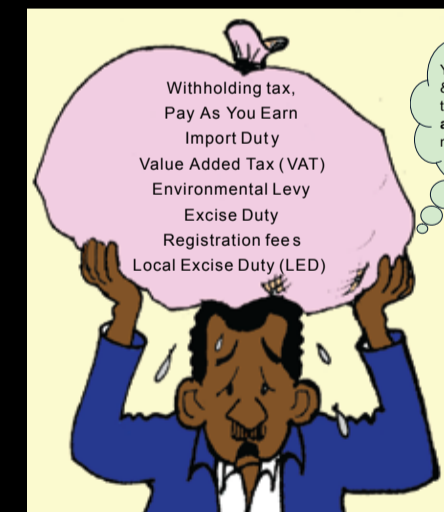


The TV was probably manufactured and imported from China. The importer paid import duty (25%), VAT (18%) and Withholding tax (6%).

Umeme Ltd charges VAT (18%) for consumption of electricity for cooking, ironing etc as part of the bill

FACT:

- » If the TV cost 400,000/=, then 131,544/= was tax
- » If Electricity bill for the month was 50,000/=, then 9,000/= was VAT



Withholding tax,
 Pay As You Earn
 Import Duty
 Value Added Tax (VAT)
 Environmental Levy
 Excise Duty
 Registration fees
 Local Excise Duty (LED)

You are the **Tax Payer** & you have the right to know **How, Where and When** your money is used.

And this is what we get...



Impassable roads



The situation at Mulago National Referral Hospital



Makeshift classrooms in UPE schools

UGANDAN TAXPAYER

Mr and Mrs Matovu are small holder farmers from Kalangala District who earn Shs 500,000 per month from their Agricultural activities.

6:00 O'clock in the morning



The tax payer wakes up in the morning to a phone call about the day's program. If the phone imported from China cost US\$ 75,000, the applicable taxes were: **Import Duty-25%, VAT-18%, WHT-6%.**

FACT

» If phone cost US\$ 75,000, then you paid total taxes worth US\$ 23,955

If she uses airtime worth US\$ 10,000; The applicable taxes were: **VAT-18%, Excise Duty-12%.**

FACT

» If airtime worth US\$ 10,000 is used on phone, then US\$ 2,597 were taxes.



The husband goes fishing at the nearby lake. If the fishing rods cost US\$ 100,000, the applicable taxes are: **Import Duty-25%, VAT-18%, WHT-6%.**

FACT:

» If the fishing rods cost US\$ 100,000 then you paid US\$ 31,940 as taxes.

If the fishnets cost US\$ 300,000, the applicable taxes are: **Import Duty-10%, VAT-18%, WHT-6%.**

FACT:

» If the fishnets cost US\$ 300,000 then you paid US\$ 64,119 as taxes.

The tax payer has breakfast (which constitutes sugar and tea leaves) before leaving for the day's work.

The applicable taxes for the sugar are: **VAT-18%, Excise Duty-US\$ 25 per Kilogram.**

FACT

» If the sugar costs US\$ 3,000 per Kilo, then you paid total taxes worth Shs. 483

The tealeaves cost US\$ 1,500 a packet. The applicable taxes are: **VAT-18%.**

FACT

» If the tealeaves costs US\$ 1,500 a pack, then you paid total taxes worth US\$ 167.



Mrs Matovu takes her produce to the market. If this bicycle cost US\$ 180,000, the applicable taxes are: **Import Duty-25%, VAT-18%, WHT-6%.**

FACT

» If your bicycle cost US\$ 180,000, then you paid US\$ 57,493 as taxes.



The tax payer returns home and prepares a meal for the family. If the lamp cost US\$ 15,000, the applicable taxes are: **Import Duty-25%, VAT-18%, WHT-6%.**

FACT

» If the Lamp cost US\$ 15,000, then you paid US\$ 4,797 as taxes

The salt and cooking oil are taxed as follows: **Import Duty-25%, VAT-18%, WHT-6%.**

FACT

» If the cooking oil cost US\$ 500, then you paid US\$ 160 as taxes.

» If the salt cost US\$ 200, then you paid US\$ 64 as taxes.



At the market, she will pay dues from US\$ 500 to US\$ 1000 or more depending on the quantity of her produce on that day.



- » Import Duty
- » Excise Duty
- » Value Added Tax (VAT)
- » With Holding Tax (WHT)

At the end of the day, Mr and Mrs Matovu pay a total of US\$ 186,263 in taxes and dues.

You are the **TAX PAYER** & you have the right to know **How, Where and When** your money is used.

And this is what we get...



chools



Pothole-filled City roads



Dilapidated operation theaters in referral hospitals

Tax Incentives and Exemptions in Uganda

The country loses twice the health budget in giveaways

Whilst the Ugandan Government tells us time and again of struggles to find enough money to provide decent public services and other development interventions to end poverty and inequality, the country is in fact suffering huge losses of potential tax revenues. This is because the government unnecessarily is offering tax incentives and exemptions to some of the biggest and richest companies operating here. Furthermore, the little collected is stolen by some government officials, during service delivery implementation, and the lost tax money could fund school, health centres and road for millions of us and our families.

According to the 2011 East African study on Tax Competition by Tax Justice Network and ActionAid, our country lost up to twice the country's entire health budget of 2008/2009 due to tax giveaways by government. The amount of tax Uganda collects is currently the lowest in East Africa, and an end to unnecessary tax breaks could bring huge amounts of money to fill the government's empty coffers.

It is hard to tell if the tax breaks have brought any benefit to the country because our government has almost no monitoring and evaluation mechanisms for incentives, exemptions and tax holidays already granted. When given there is no way to reverse them if they are not working.

The government actually has taken steps to improve the way tax breaks are given since 1997 by limiting how easy it is for politicians to give companies exemptions from their tax bill without scrutiny. However, Uganda's Constitution and Investment Code Act have provisions which still empower the Minister of Finance to grant tax breaks. Also, the Minister in many cases pays the taxes on behalf of an exempt company. This situation is dangerous for the country, as it is not transparent and unaccountable.

The evidence shows that tax incentives have only been of benefit to very few countries and only when strictly controlled and targeted. More frequently, tax incentives cost countries money, distort foreign investment into short-lived projects, create a burden on the tax-man to administer them, and are prone to abuse by companies.

The African Development Bank in a 2010 study says that overall effectiveness has been limited in Uganda due to abuse of tax incentives, thus undermining tax administration, facilitating evasion and encouraging corruption.



Pupils of Ayila community primary school, Amuru district

In Acholi sub region – one of the poorest areas in Uganda - almost half of primary schools are community schools lacking school buildings, desks and books and trained teachers for quality learning. Yet Uganda Revenue Authority (URA) Audit for 2010/2011 reported losses of up to 850 billion shillings due to abuse of tax exemption on plant and machinery, robbing Uganda of 850 billion that should be spent on education for our children.

This has left the Ugandan Government struggling to provide economic and social rights to adequate public services.

In fact, a study by the World Bank on what makes companies invest in East Africa showed that companies are more likely to invest in countries with good infrastructure, raw products and a trained workforce than because of tax breaks. The conclusion is that a government that uses tax money to build these things would be more likely to get foreign investment.

The national budget framework paper 2013/2014 reports a huge 92-93 per cent reduction in aid from foreign donors, due to accusations of corruption. In response to this significant hole

created in the budget, the government is proposing increasing taxes on the ordinary Ugandan, while companies continue to be given tax breaks. This complete injustice will likely increase

Tax incentives

(breaks, holidays, or exemptions): When governments allow big companies to escape some of their tax bill, thinking this will create more investment, but often competing against other countries in a "race to the bottom".

inequality between rich and poor in the country.

Take primary teachers who are struggling to sustain family needs, paying more for all household products together with the ever increasing tax on fuel. It is socially indefensible for teachers and other low income earners to pay the proposed tax on mobile money transactions which is mostly aid from family and friends bridging the gap left by the unsustainable government salary. At the same time, some companies do not pay tax on their income. For instance, Barclays bank was granted an exemption in October 2008 that could have paid 1000 teacher's salary for a month with their desired increment.

Could the Tullow vs Heritage oil case be suggesting a possibility of an exemption having granted to rob Uganda of 780 billion in capital gains tax? This is twice the value of revenue projected in proposals for improving tax revenue in 2013/2014, and could have potentially upgraded all existing Health Centre IV's to hospital status, constructed and equipped 487 maternity and paediatric wards, and operating theatres robbing Uganda of quality health services.

To boost industrial growth, encourage investment and create jobs, East Africa Community Customs Management Act provides for exemption on plant and machinery (VAT Deferment). Already established big companies; including multi-national corporations, access this exemptions but not the micro, small and medium enterprises that need these most, which if not abused, could have already transformed Uganda into an industrialised middle income country. Instead, the small enterprises are left to suffocate and die in a highly distorted market. As a result, Uganda is reported to be among the world's leading countries in entrepreneurship and many people start businesses, yet the majority collapse at infancy (World Bank 2010).

Uganda's future for quality education, health and roads, lies in increasing revenue and adequately allocating and utilising this on public health, agriculture and education services. This requires identifying and closing loopholes that encourage theft of public funds, abuse of tax incentives, exemptions and holidays with transparent accountability mechanisms in revenue generation, allocation and utilisation.

— Irene.kharono@actionaid.org

How much do NGOs pay in tax?

A global civil society study on dimensions of the non-profit sector established in 1998 that the civil society sector in Uganda, for which the NGO sub-sector is part, represented a sizeable economic force in the country. It estimated then that Ugandan civil society accounted for \$89million expenditure, an amount equivalent to 1.4% of Uganda's Gross Domestic Product (GDP), that the sector was a significant employer, accounting for 2.3% of the country's economically active population, and 10.9% of Uganda's non-agricultural employment. It was also discovered, that the civil society sector was roughly 1 ½ times that of the public sector workforce.

Given the above background, this article focuses on an estimation of the contribution NGOs make to taxes in Uganda. Using ActionAid International Uganda (AAIU) as a case, the article reveals that NGOs looked at collectively, are a major tax payer in Uganda. In the table below, we show how much AAIU, a national NGO employing about 110 Ugandans, contributes to 5 key areas of tax PAYE, WHT, VAT, LST and the statutory contributory scheme - NSSF.

In 2007 alone, AAIU paid taxes (PAYE) of over UGX. 600 million, about 15% of our income then and UGX 1 billion in 2012, which is 26% on average for the period 2007- 2012. It shows an increment of 74% in the taxes that have been remitted to URA in terms of PAYE since 2007.

In the period 2008- 2012, AAIU paid Withholding tax of approximately 223 million, an average of 4.4% and 22.5% of our annual revenue in 2008 and 2012 respectively and a 4% increment for the last 5 years.

According to a Performance of the Economy Report by the Ministry of Finance for 2012, direct domestic tax collections amounted to 391 billion in June 2012 and 225 billion in March 2007, and this performance was largely attributed to strong collections from the largest items in the tax head, which include PAYE, WHT, which were 27.9% & 19.5% in 2012 and 2.7% in 2007 above their targets. This performance was attributed to improved efficiency and tax payer compliance.

That means AAIU in 2012 contributed 0.3% to the revenue of this country. 10 other NGOs con-

tributing close to this or more would mean a whole 10 billion revenue received by URA from the NGO sector in domestic taxes alone.

In terms of VAT, which is a tax charged on goods and services like Hotel services, water, Airtime, Furniture, Electricity and other supplies, in the first few months of 2013 (January to April), AAIU has paid VAT of about UGX. 71 million, and in 2012 alone a total of Shs.39million was paid. This shows an increment of 81% in just a period of one year. The UGX. 576 million in total for VAT for the past years represents an increment of 54% from 2007 to April 2013.

The table below is an example of how much participants in a workshop pay in taxes by just attending a meeting. It comes to about UGX 135,000 per participant!

| ITEM | People | Days | Rate per day | Total |
|--------------------------|--------|------|--------------|----------------|
| Full Board Accommodation | 20 | 3 | 250,000 | 15,000,000 |
| VAT | | | 18% | 2,700,000 |
| | | | | UGX 17,700,000 |

Again, the Performance of the Economy Report of June 2012 showed that indirect tax collections (VAT, excise duties) were UGX 23 billion! VAT collections alone were UGX 3.7billion.

Assuming an NGO holds 2 workshops per quarter, about Shs. 21 million would be paid in a year and in just 5 years a total of about Shs.108million would be raised by URA. Putting about 50 NGOs together, this would be a huge amount to improve the economy of this country.

For the past financial years since 2008, AAIU has paid Shs.30million in Local Service Tax to Local Government and according to the Local Government Finance Commission, Annual Report 2009, in the fiscal year 2008/2009, the Local Government collected UGX 3.9 billion and Shs.9billion in the fiscal year 2009/2010.

The above statistics therefore show that AAIU's contributions alone were 0.25% in 2008/09 and 0.08% in 2009/2010 of the country's collections. With the wide operational area of this organisation, the Local Government has received a lot of money to be able to improve the services of those different

areas in the country.

In terms of NSSF, a provident savings scheme, AAIU's NSSF contributions since 2007 shows that out of the total of UGX 2 billion shillings for the 6 year period to 2012, 16% was for 2007 and 23% for 2012, an increment in the savings of 44%. An employee who starts saving at 25 years of age will have saved UGX 72,000,000/= by the time they are 45, assuming they save 300,000 per month! While NSSF is not a tax per se, that money is often available to aid the economy either through treasury bills or Real Estate Investments. When it gets wasted as we have seen in botched transactions like temangalo, the Pensions Towers and others, we lose as contributors.

From all the foregoing analysis, AAIU which could be among the top 10% of the NGO sector in terms of size does contribute significant amounts in taxes. UGX 7.6 Billion from the different forms of taxes and remittances is quite sizeable. Out of the 10,000 (2010 estimates) NGOs in Uganda, if there are 1,000 other NGOs of AAIU's size, they could have made a contribution in excess of UGX 7,627,427,134,000 (over the last 5 years), that is, an approximate of 1.2 trillion per year. If Uganda's annual budget is 12 trillion, then the 1,000 NGOs could be contributing about 10% of the budget in direct and indirect taxes!

It is for this reason that NGOs are an active part of the Black Monday Movement, and have every right to demand for accountability from the Government, and be angered by the wanton abuse of tax payers' money.

— Jamilah.kagoya@actionaid.org

'I ate the Road! The story of 2 African Ministers

One time, a Nigerian Minister of Works and Transport visited the home of his counterpart in Kenya after a workshop. The Kenyan Minister had a splashy house and so the Nigerian Minister asked how he was able to build it. "Come to the balcony comrade," the Kenyan Minister responded. "You see that road over there... it was supposed to be a six carrier, but as you can see, it is only two... that is how I was able build this mansion."

Six months later, the Kenyan Minister visited his Nigerian counterpart and the host quickly ushered his guest to his roof top with a swimming pool, a bar and a table tennis court! It was the Kenyan minister's turn to ask, "...how did you build this wonderful spectacle?" "Come over to this side my brother, you see that road across the stream over there...?" the Nigerian host asked his guest. "No!" his Kenyan counterpart responded. "Oga, you mean you can't see the road in between those two trees?" "No," the Kenyan Minister responded again. "Oga oooo!! The truth is, I was in charge of constructing a 4-Way Carrier road, but I ate all of it." They both laughed and did their champagne!

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How AAIU, a national NGO employing about 110 Ugandans, contributes to PAYE, WHT, VAT, LST and NSSF

| YEAR(S) | PAYE | NSSF | WHT | LST | VAT | TOTAL |
|---------|------------------|------------------|----------------|---------------|----------------|------------------|
| 2013 | 370,809,926 | 169,976,372 | 9,017,978 | - | 71,533,890.04 | 621,338,166 |
| 2012 | 1,095,489,908.30 | 473,815,653.00 | 50,306,532.38 | 6,120,000.00 | 39,489,283.92 | 1,665,221,377.6 |
| 2011 | 859,657,728.68 | 358,814,704.45 | 31,386,655.49 | 7,230,000.00 | 126,194,261.31 | 1,257,089,088.62 |
| 2010 | 663,851,453.00 | 298,403,854.00 | 26,555,753.00 | 7,232,500.00 | 90,699,468.79 | 996,043,560.00 |
| 2009 | 641,324,151.00 | 259,116,448.00 | 105,509,973.00 | 9,750,000.00 | 89,697,667.25 | 1,015,700,572.00 |
| 2008 | 325,740,995.00 | 312,321,024.00 | 9,970,200.00 | - | 112,161,694.05 | 760,193,913.05 |
| 2007 | 628,665,506.00 | 330,173,352.00 | - | - | 46,410,201.69 | 1,005,249,059.69 |
| | 4,585,539,667.98 | 2,202,621,407.45 | 232,747,019.87 | 30,332,500.00 | 576,186,467.05 | 7,627,427,134.35 |

SUMMARY OF CORRUPTION SCANDALS TO LOOK BACK AT



What must we do to get our money back?

Wear only black clothes every Monday to show you are tired of theft.

Demand political action from the President

Isolate every thief implicated in a theft scandal. Don't invite them to your burials, weddings.

Do not buy goods or services from businesses owned by thieves. Support Ugandans working honestly to make a living.

Until all the thieves have returned our money.