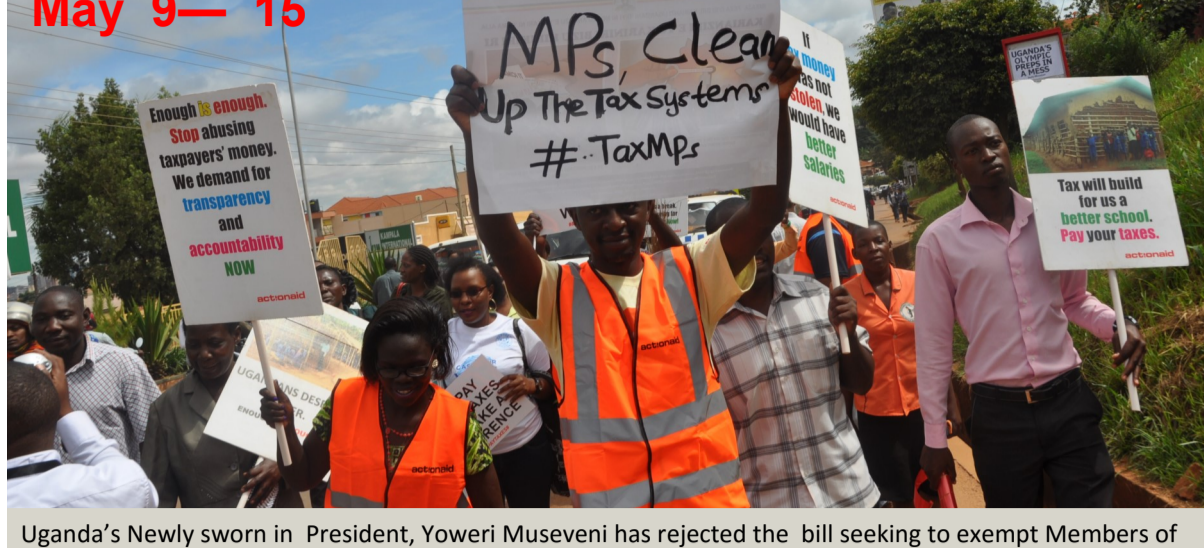


## Weekly

May 9— 15



Uganda's Newly sworn in President, Yoweri Museveni has rejected the bill seeking to exempt Members of Parliament from paying taxes on their allowances. Museveni wrote that the decision by Ugandan MPs to grant themselves a tax exemption status is injurious to his government's effort to increase revenue and therefore politically and morally incorrect. In this edition, we track our five million signature campaign!

### The Bill is Politically and morally incorrect-Museveni



(Left) President Museveni in Parliament recently. Looking on is Speaker Rebecca Kadaga. Right are some of the citizens who took to the streets to protest against the Tax Injustice in the country. They swept the road, demanding for the cleaning up of the Tax system where every one pays their fair share. No wonder the president listened.

Politically and Morally incorrect is how President Yoweri Museveni described the Income Tax (Amendment) Bill 2016 in which Members of Parliament passed a law exempting themselves from paying tax. While rejecting the bill, the President said that the decision by Parliament does not promote good practice because it risks to undermine the integrity of both the Courts and Parliament.

"I do not support the decision of Parliament and am accordingly returning the Income Tax (Amendment) Bill for reconsideration by the House," he said, adding that he will not be compromised into passing a law that is not tuned towards developing Uganda.

In a letter to the Speaker of Parliament Hon. Rebecca Kadaga, President Museveni details his reasons for rejecting the bill. These include the need to enhance revenue collection to improve the quantity and quality of social service delivery but to also transform Uganda into a middle income country by 2020.

"The decision by Parliament to grant themselves a tax exemption status is not only injurious to our revenue effort, but it is not politically and morally correct," he said, "pointing out that small income earners like teachers, nurses and other public employees cannot be expected to pay income tax on their consolidated meagre salaries and yet Members of Parliament who earn considerably well are exempted.", it partly reads.

"As a principle, salaries for all employees were consolidated to minimise abuse which was hitherto rampant through disguise of salaries in form of allowances. This was part of our efforts to change the tax paying culture in the country and improve tax effort," the President said, adding, "What moral authority can parliament or government have to encourage the public to comply with their tax obligations when Members of Parliament have granted themselves special status? This would tantamount to applying double standards," he wrote.

But MPs-furious with Mr Museveni's rebuttal, insisted they will again pass the Income Tax Amendment Bill with the clause that exempts their emoluments from income tax, saying the President "is not a lawmaker" and that their welfare is "non-negotiable".

ActionAid and the Tax justice network have computed that Uganda will lose more than Shs41.58b in additional revenue if the move by MPs succeeds.

Recently Parliament passed the Income Tax (Amendment) Bill 2016, in which it 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 and projected government in bad light as not being sensitive to the priorities of the country and the general economic condition of the citizenry.

### The Five million signature campaign Journey



Hon Sarah Opendi, the only opposer of the bill

On the evening of April 15<sup>th</sup>, the Ugandan Legislators passed the Income Tax Amendment Bill 2016 that exempts them from paying taxes on their allowances if assented to by the President.

The legislators overwhelmingly agreed to the exemptions within seconds after Speaker Rebecca Kadaga put the question to the House. Tororo Woman MP, also Minister of State for Primary Health Care, Sarah Opendi stood as the lone voice against the amendment.

The development came barely two months after Justice Henry Adonyo of the Commercial Court ordered that MPs' allowances, including mileage and constituency allowances, sitting allowances for committee sessions, town running allowances, basic pay and car purchase allowances, among others be taxed.

Francis Byamugisha, a concerned citizen, petitioned the court arguing that not taxing MPs' allowances caused a deficit in tax collections.

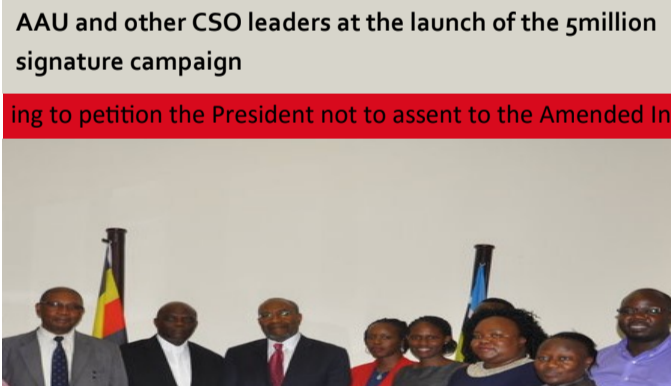


AAU and other CSO leaders at the launch of the 5million signature campaign

ActionAid and the civil society organisations under the Tax Justice network together with the Uganda Law Society and the Kampala City Traders Association reacted by launching a campaign to collect five million signatures to ensure that MPs are taxed. The campaign was launched during the National Stakeholders' dialogue on 20<sup>th</sup> April 2016.

Harriet Gimbo, the AG Country Director at ActionAid noted that with the legislators seeking a tax exemption on their allowances, Uganda risks becoming a Highly Indebted Poor Country (HIPC) if the law makers get away with tax evasion. She called upon all Ugandans to demand for Tax Justice by signing to petition the President not to assent to the Amended Income Tax Bill.

In just two weeks, 4.2 million signatures had been collected. These were delivered to the Prime Minister of Uganda, who promised to deliver them to the President. He promised that the voice of the 4.2m Ugandans would be respected.



CSO leaders deliver the 4.2m signatures to Uganda's Prime Minister.

President Museveni last Tuesday listened to the millions of Ugandans and returned the Amended Income Tax Bill to Parliament for reconsideration. By the time of the production of the Weekly publication, unconfirmed reports indicated that the President had retracted his stand on the issue. The weekly will keep you updated with any related developments. For now, its flowers for president Museveni and a standing ovation to all Ugandans to signed to petition the president.

### ELBAG Training ignites budget advocacy!



AAU program officers and partner staff during the training last week

ActionAid conducted a five days training on Economic Literacy and Budget Accountability for Governance (ELBAG) for AAU Program Officers and all partner staff. According to Benjamin Tukei, the Katakwi Cluster Program Officer, the training was organized to build the capacity of staff and partners in budgetary advocacy and citizen participation in service delivery monitoring work.

Increasingly, planning and budgeting processes are excluding citizens which makes accountability impossible. The jargon used is often complicated and this leaves the citizens, including leaders disinterested in the process.

"It is therefore important that we are knowledgeable in the utilization of local tools for building accountability and local empowerment where citizens can freely participate and hold the government accountable", he said.

Linking the ActionAid vision, mission and values to the ELBAG approach, the participants examined why ActionAid and its partners exist and the kind of change they are working towards. This enabled them to deeply reflect on the various program approaches and how the various interventions can be reworked to attain the change that we all aspire to see.

The team later went out for a community engagement for a practical application of one of the social accountability tools. They visited Oseera Village. Together with the community members, they scored the Health services delivered at Ongino Health Centre ii.

### ActionAid in the Media

Two weeks ago, ActionAid commissioned a team of journalists to travel to Northern Uganda and comprehensively report on the status of Service delivery in the region. This week, we bring to you the different accounts as published by the different media houses. It's a sad tale.

#### The Sad Tale at Kumi Hospital- where even the Morgue is dead!

There are not enough drugs to cater for all the malaria patients. Currently, there is a stock-out of artemesunate, a first-line malaria treatment for children; hence we have gone back to usage of phased-out quinine," states Fred Malinga, the Hospital Administrator. Read this story by Racheal Ninsiima [Here](#)

#### Lunch: Many Learners are still going hungry

While the Minister of Education and Sports Hon Jesca Alupo urged schools to find ways to ensure learners are fed at lunch time, our journalist visited schools in Kumi recently and found that many children are studying on empty stomachs with only a few schools struggling to maintain midday meals. Yudaya Nangonzi tells this sad tale [Here](#)

More updates on the status of social service delivery in our next publications.

### WEEK AHEAD:

- The Policy and Campaigns Manager and the Communications Officer will be in Tanzania for the inception of the Fair, Green and Global Project.