



## PRESS STATEMENT ON THE INCOME TAX BILL 2016

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The Income Tax Bill 2016 was signed into law on 19<sup>th</sup> November, 2016 by H.E Yoweri Kaguta Museveni the president of Uganda.

The new Insertion under the Income Tax bill by MPs under Sec.21 “(qa) now reads *“employment income of person as a Member of Parliament, except salary”* and thus grants a tax exemption on MPs’ emoluments and allowances, adding them to the list of special groups including Police men, soldiers and prisons officers, that are exempt from paying tax on their allowances.

This move by MPs’ to exempt themselves from paying tax on their allowances goes against the principles of tax justice. The sustainability of any economy requires that the state has sufficient revenue to fund service delivery needs essential to economic welfare and enable a degree of equity. This exemption totalling to over UGX 49billion will affect revenue generation at a critical time when the budget 2017/18 is projected to have shortfall of over UGX 4483.44bn. In any case parliament is already a huge financial burden on the Ugandan taxpayer estimated at over UGX 138bn annually. This move will set a precedent where other members of the public will also demand for an exemption on their allowances

SEATINI Uganda finds it very unfair that the President of Uganda has accepted that MPs exempt themselves from taxes on their allowances despite the low tax base. This means that the burden will be shifted to the already burdened population who are earning very low incomes. This does not in anyway rhyme with the Income Tax Law which is progressive in nature; the more you earn, the more you pay.

MPs should be exemplary for they were chosen by their people to serve and not to maximize opportunities available for their personal benefit.

Therefore, we urge all citizens of Uganda to continue their quest to demand for tax justice. We also urge Ugandans to hold their area MP accountable since the MPs have justified the exemption to enable them have more engagements in their constituencies.

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