



CSOs Call on MPs to Urgently Pass the Delayed Tax Amendment Bills for the FY 2020/21

Yesterday, on the 19th of October 2020, Civil Society Organisations (CSOs) under the Tax Justice Alliance Uganda (TJAU) held a press conference and expressed their concerns over the delay by Parliament to pass the Tax Amendment Bills for the Financial Year (FY) 2020/21.

In a bid to revive the economy following the COVID 19 pandemic and its attendant effects, the Government of Uganda had earlier on committed to putting in place a number of measures to support COVID 19 economic recovery. These were put forward during the Budget Speech for FY2020/21 in which the Minister of Finance committed to; Defer payment of Corporate Income Tax or Presumptive Tax for Corporations and Small, Medium Enterprises (SMEs); Defer payment of Pay as You Earn (PAYE) by sectors affected; Waive interest on tax arrears; and Provide for Tax Deductibility of Donations for the Corona Virus Response. These tax relief measures were subsequently translated into the subsequent Tax Bills. However, to date, one quarter into the financial year, these measures are yet to be passed by Members of Parliament.

CSOs observed that Members of Parliament were slow and uninterested in passing these tax measures that would benefit the rest of Ugandans and their businesses. Moreover, Parliament is breaching the Section 14(1) of the Public Finance Management Act of 2015 which requires it to consider and approve any new tax laws by the 31st of May of each year. It is worth considering that the deferral of tax payments for some business sectors under these bills was meant to run till September, but has however not been achieved as the necessary laws were not in place. CSOs therefore questioned the relevance of these Tax Bills given that their implementation period had already passed and therefore called on Parliament to consider extending expediting the process of passing these Tax Bills.

CSOs also noted that the failure to pass the Tax Bills has negatively impacted businesses which have had to incur expenses towards PAYE, Corporate Income Tax and Interest on penalties despite their deferral and suspension. This has strapped businesses of the much needed cash for their revival amidst the COVID 19 pandemic. The failure to approve the proposed tax measures to date raises a question on planning and whether the relevant agencies were coordinated. This therefore raises a credibility question on both Parliament and the Government.

CSOs further noted that the deferment would obligate businesses to pay taxes in the near term at the time when they are just recovering from the pandemic driven crisis with business activity at its lowest. Hence, the deferment of tax would only shift the burden to the near future. The consideration of the deferment as a loan to business by the Government is an ineffective measure as their cash flows are still weak hence would be unable to clear their tax arrears. They therefore called for a total tax waiver that spans a broad range of sectors including SMEs as these were hit hardest by the crisis.

CSOs also indicated that although Uganda Revenue Authority (URA) had registered a surplus of 1 trillion UGX in the revenue collected during the first quarter of the FY 2020/21, it was worth noting that URA would have to refund some of the money to the taxpayers after the proposed bills have been passed into law. This is likely to negatively impact the future revenue targets during the current financial year.

CSOs therefore called on Parliament to heed to the concerns raised above and with immediate effect discuss the Tax Bills and forward them to the President for his ascent. This would go a long way in ensuring that there is a fair, just and accountable tax system in Uganda.



Following the call from Civil Society, Members of Parliament today (20th October 2020) debated the Income Tax Amendment Bill (2020) and the Excise Duty (Amendment) Bill 2020 which had been returned by the President to Parliament for reconsideration. The debate for the Tax Procedures Code (Amendment) Bill 2020 was deferred to tomorrow.

The Tax Justice Alliance Uganda Secretariat will keep you posted on the developments around the Tax Bills for FY 2020/2021.