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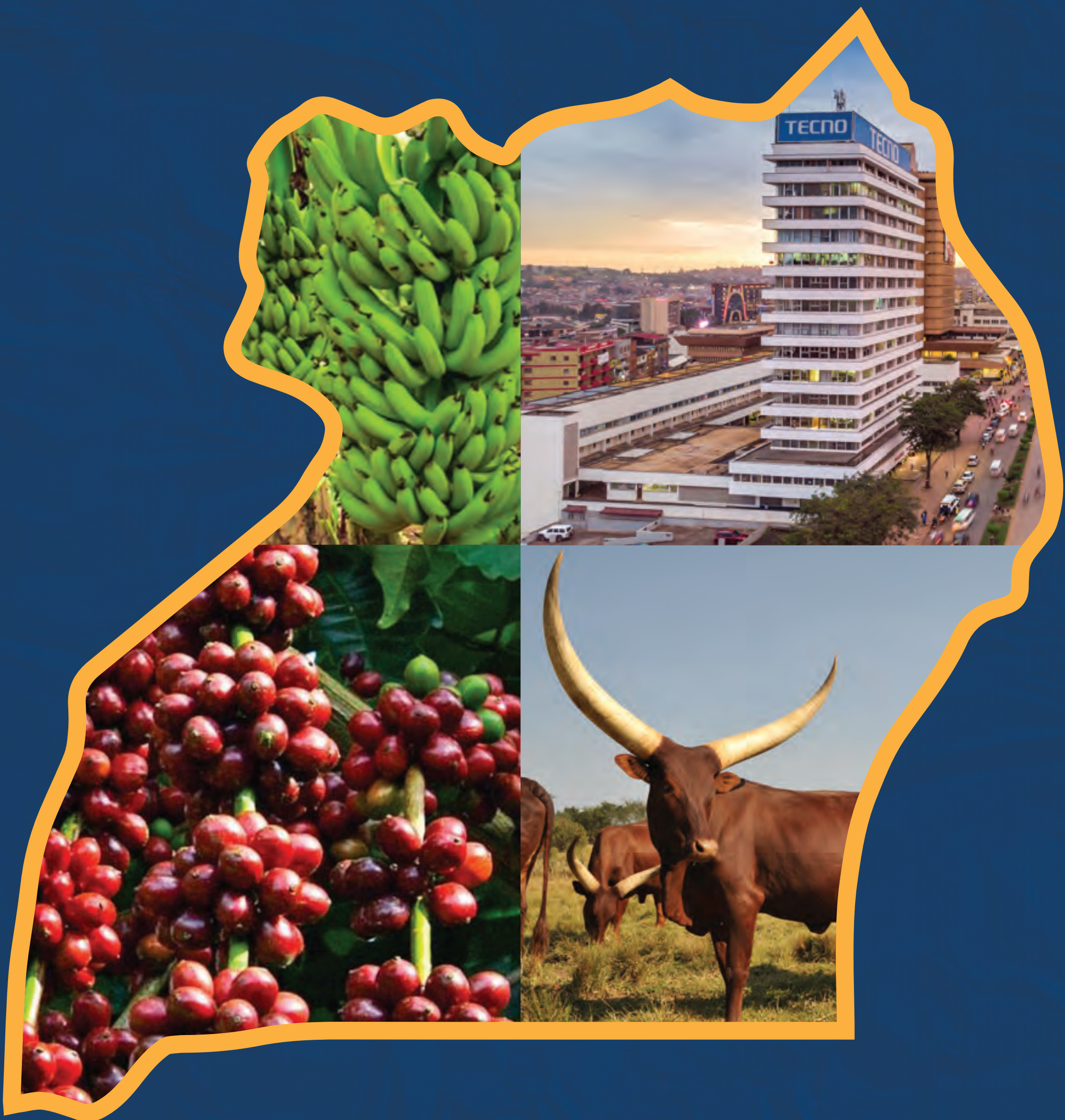
DOMESTIC REVENUE MOBILIZATION IN UGANDA



May 2024

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Disclaimer

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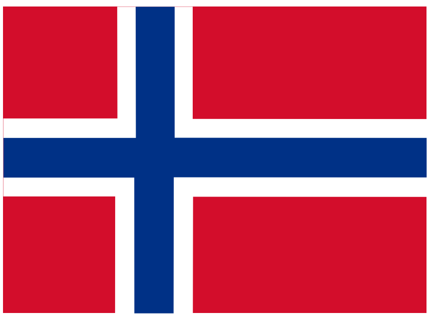

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Design:

Dennis Kabia
(Communications Associate East & Southern Africa, GFI)

Images

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ABBREVIATIONS

ACODE	- Advocates Coalition for Development and Environment
AU	- African Union
CIT	- Corporate Income Tax
COMESA	- Common Market for Eastern and Southern Africa
DRM	- Domestic Revenue Mobilization
DRMS	- Domestic Revenue Mobilization Strategy
DTA	- Double Taxation Agreements
EAC	- East African Community
ECA	- Economic Commission for Africa
EITI	- Extractive Industries Transparency Initiative
FY	- Financial Year
GDP	- Gross Domestic Product
GFI	- Global Financial Integrity
ICT	- Information and Communication Technology
IFFs	- Illicit Financial Flows
KCCA	- Kampala Capital City Authority
MoFPED	- Ministry of Finance, Planning and Economic Development
NGO	- Governmental Organization
NPA	- National Planning Authority
PBO	- Parliamentary Budget Office
TPD	- The Tax Policy Department
UBOS	- Uganda Bureau of Statistics
UGEITI	- Uganda Extractives Industries Transparency Initiative
UGX	- Uganda Shillings
URA	- Uganda Revenue Authority
URSB	- Uganda Registration Services Bureau
USAID	- United States Agency for International Development
VAT	- Value Added Tax
WHT	- Withholding Tax
WTO	- World Trade Organization

1 | THE CONCEPT OF DOMESTIC REVENUE MOBILIZATION (DRM)

Global Financial Integrity and ACODE wish to thank the Government of Norway for supporting the project under which this Fact Sheet was produced Domestic revenue mobilization (DRM) describes the method by which a nation locally raises financial resources to meet its demands for public service delivery and development. DRM has emerged as a central focus of the agenda for sustainable development. It is revenue comprised of both tax and non-tax revenue.[1] Mobilizing domestic revenue is essential for each country's poverty reduction strategies, long-term economic growth, and financing of vital social programs.[2]

[1] https://www.eca.europa.eu/lists/ecadocuments/sr16_35/sr_revenue_in_africa_en.pdf
[2] United States Agency for International Development(USAID)

2 | RATIONALE FOR DOMESTIC REVENUE MOBILIZATION

Developing countries face significant challenges in domestic revenue mobilization due to factors like poverty and illiteracy, hard-to-tax groups in subsistence agriculture, the enormous size of the informal sector, gaps in tax administration and policies, and inadequate legal framework, as well as widespread corruption.[3] This is reflected in the countries' tax-to-gross Domestic Product (GDP) ratios that range from 10% to 20% compared to 25% to 40% in developed countries.[4] The tax-to-GDP ratio is a key indicator in assessing a nation's efforts to raise domestic revenue. It shows how much of a country's tax money contributes to its GDP. Intuitively, it is a measure of the size of the economy. In other words, GDP shows how much a nation's economic output contributes to its tax income. A low tax-to-GDP ratio suggests that fewer actors are contributing to the nation's tax income and that a sizeable portion of the economy is untaxed.[5]

Therefore, strengthening Domestic Revenue Mobilization efforts is crucial for Uganda to raise the much-needed revenue necessary for financing essential public services, infrastructure development, and poverty reduction programs. Through DRM, the country can reduce its reliance on external financing, making it more self-sufficient and less vulnerable to external economic shocks. An effective domestic revenue mobilisation strategy ideally enables the government to implement policies in line with national priorities and development goals. It is the only sustainable way to increase revenue for sustainable budget expenditures, foster national ownership and reduce dependency on external assistance.[6]

Currently, Uganda's tax-to-GDP ratio stands at 13.9%, which is still well below the Sub-Saharan average of 16%.[7] Whereas Uganda has made significant efforts over the years to generate domestic revenues, these efforts are still not sufficient to enable the country to meet its budgetary requirements. For instance, in FY 2023/24; out of the total budget of UGX 57.2 trillion, domestic revenues were projected to amount to UGX 29.7 trillion, of which UGX 27.4 trillion was to be from tax revenue and UGX 2.3 trillion was to be from non-tax revenues.

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[3] https://ieg.worldbankgroup.org/sites/default/files/Data/ap_domesticrevenue.pdf
[4] https://www.pwc.com/ug/en/press-room/low-tax-to-gdp-ratio-reflects-small-tax-base.html
[5] https://www.pwc.com/ug/en/press-room/low-tax-to-gdp-ratio-reflects-small-tax-base.html
[6] MoFPED. (October 2019). Domestic Revenue Mobilization Strategy FY2019/20 – 2023/24
[7] https://www.monitor.co.ug/uganda/business/prosper/low-tax-to-gdp-ratio-reflects-small-tax-base-4298988

Figure 1: Uganda's Tax Revenue (% of GDP)

Source: World Bank[8]

Uganda's GDP heavily relies on the exploitation of natural resources, with the entire agricultural sector, encompassing cash and food crops, livestock, fisheries, and forestry, being intricately tied to the utilization or extraction of these resources. Mineral products stand out as Uganda's primary export commodity, constituting 42.7% of total earnings, followed by coffee at 10.5%.[9] The discovery of commercial petroleum resources also created a huge potential for Uganda's export earnings. The annual revenues from oil production are expected to be US$1.5 billion to US$2 billion at peak production.[10]

[8] https://tradingeconomics.com/uganda/tax-revenue-percent-of-gdp-wb-data.html
[9] See Adjusted Macroeconomic Indicators (AMI) Report - Uganda, "Going Beyond GDP." Available at https://mepd.finance.go.ug/reports.html
[10] https://theconversation.com/uganda-will-soon-be-exporting-oil-an-energy-economist-outlines-3-keys-to-success-217814

3 | POLICY AND LEGAL FRAMEWORK ON DRM IN UGANDA

In 2019, the government of Uganda prepared a five-year Domestic Revenue Mobilisation Strategy (DRMS) 2019/20-2023/24, which was meant to be a transparent tax policy-making tool to maximise domestic revenue mobilisation and strengthen the administrative effort to support the necessary policy reforms. The core objective of the DRMS was and still is to improve revenue collection and raise Uganda's tax-to-GDP ratio from 12.5% to 16-18% within five financial years. In the strategy, emphasis is given to strengthening administrative efforts to narrow the gap between current and potential revenue performance.[11]

Taxes in Uganda are centrally assessed and collected by the Uganda Revenue Authority (URA) governed by a set of various domestic tax laws namely: The Income Tax Act Cap 340 (as amended), Value Added Tax Act Cap 349 (as amended), and the Excise Duty Act 2014 (as amended).[12] The income tax law applies generally to all types of persons who derive income, whether an individual, bodies of individuals, or corporate entities. Resident persons are taxed on worldwide income, while non-resident persons are taxed only on income derived from sources in Uganda. The Value Added Tax (VAT) (also referred to as Goods and Services Tax in other jurisdictions) is a consumption tax charged at a rate of 18% on all supplies made by taxable persons i.e. persons registered or required to register for VAT purposes.[13] Excise duty is applied on a range of goods and services including cigarettes, alcohol, soft drinks, telecommunications services, and bank charges.[14]

[11] MoFPED. (October 2019). Domestic Revenue Mobilization Strategy FY2019/20 – 2023/24
[12] See, Laws, Acts and Regulations available at https://ura.go.ug/download-category/laws-and-acts/
[13] https://www.gtuganda.co.ug/globalassets/_markets_/uga/media/doing_business_in_uganda_taxation.pdf
[14] https://cof.org/sites/default/files/documents/files/Uganda/VAT%20Act,%20Cap%20349.pdf

4 | THE ROLE OF DIFFERENT ACTORS IN UGANDA'S DRMS IMPLEMENTATION

The Domestic Revenue Mobilisation Strategy highlights several key government institutions that are critical to guide the implementation of the Strategy and coordination of various interventions targeting domestic revenue mobilization. These institutions are summarised in Table 1.

Table 1: Main Actors implementing DRM in Uganda

Actors in Ensuring DRM in Uganda	Role
The Tax Policy Department (TPD), Ministry of Finance, Planning and Economic Development (MoFPED)	TPD has a mandate covering a wide range of areas, including: a) Initiate, formulate, and evaluate tax policies to achieve economic policy objectives and raise domestic revenues to finance the budget b) Evaluate the impact of tax policy on citizens and the economy c) Forecast annual and medium-term recurrent revenue and produce revenue performance reports d) Coordinate and monitor URA operations to ensure effective implementation of tax policy and achievement of revenue targets e) Identify avenues for widening the tax base f) Coordinate with organisations including the Bank of Uganda, the Uganda Investment Authority, and the Private Sector Foundation on tax matters g) Draw up appropriate legal requirements for revenue collection and related legislation h) Participate in EAC negotiations, as well as COMESA and WTO activities i) Negotiate Double Taxation and Investment Promotion Agreements, as well as other international tax treaties.[15]
Parliamentary Budget Office (PBO)	PBO was established by the Budget Act, 2001 to provide technical support to the Parliament of Uganda in its role of ensuring transparency, fairness and accountability in the national budget process.[16]
Parliament Committee on Finance, Planning and Economic Development (Finance Committee)	The Finance Committee is responsible for reviewing tax policy measures and providing parliamentary oversight of the revenue mobilisation role of the Ministry of Finance and URA.
National Planning Authority (NPA)	NPA was established by the NPA Act (15 of 2002) to produce comprehensive economic development plans for the country. NPA is also mandated to coordinate development planning in the entire country and to advise the executive branch on the best policies and strategies for the development of the country.[17]
Uganda Revenue Authority (URA)	URA is established by the URA Act (1991) as *"an agency of government under the general supervision of the Minister of Finance"* for the assessment and

[15] MoFPED. (October 2019). Domestic Revenue Mobilization Strategy FY2019/20 – 2023/24

[16] https://www.parliament.go.ug/page/parliamentary-budget-office

[17] http://www.npa.go.ug/

	collection of specified revenue and to administer and enforce the laws relating to such revenue.[18]
Local Government Authorities	Under section 80 of the Local Governments Act, local governments have the power to levy taxes, including rates, rents, royalties, stamp duties, personal graduated tax, registration and licensing fees and the fees and taxes that are specified in the Act.
Uganda Tax Agents Association	This is a body that brings together tax agents in Uganda. Tax agents play a crucial role in guiding and aiding taxpayers in their compliance with tax laws.
Extractive Industries Transparency Initiative (EITI) Secretariat	The Secretariat coordinates the implementation of EITI activities in Uganda. Uganda was admitted as an EITI-implementing country in August 2020. Uganda aims to use EITI membership to strengthen efforts in ensuring overall transparency in the sector, strengthen tax collection, promote public debate, improve the investment climate, build trust and create lasting value from petroleum and mineral resources.[19]

[18] Ibid
[19] https://eiti.org/countries/uganda

5 | CHALLENGES IN DOMESTIC REVENUE MOBILIZATION IN UGANDA

Despite efforts to increase domestic revenue collection, Uganda still faces several challenges in domestic revenue mobilization. The Domestic Revenue Mobilization Strategy highlights some of the key challenges as summarized in the text box below.

A large informal sector with limited tax compliance: Almost half of all economic activities in Uganda are informal, a major structural constraint on domestic revenue growth. Many Ugandans conduct business wholly or partially outside the tax system. The informal sector costs Uganda's economy over 40 percent of GDP annually due to tax evasion. Uganda loses approximately UGX 474 billion in potential tax revenue by operating in legally or fiscally informal ways.

Weaknesses in tax laws and policy: Frequent and ad hoc adjustments have created an unpredictable tax policy environment. As the Domestic Revenue Mobilisation Strategy acknowledges, Uganda's tax policy is responsive to short-term pressures, with little alignment to a clear, overarching long-term strategy. The frequent and piecemeal changes imply high compliance adjustment costs for the taxpayer and therefore erode confidence. In addition, the level of analysis and consultation undertaken in the course of policy development is often insufficient.

A weak fiscal-social contract: The fiscal social contract suggests that citizens should pay tax for the government to execute programs for the collective good as a reciprocal arrangement between citizens and those to whom governance has been assigned. In this arrangement, citizens pay taxes and, in turn, receive public goods and services. Citizens assent to pay taxes only as long as they value what they gain from it. The current weaknesses in democratic accountability in Uganda negatively affect revenue collection and tax compliance due to the perception of widespread corruption.

Revenue administration: Several key areas of challenge were highlighted such as URA performance being affected by governance challenges, including the lack of a clear reporting framework between URA management and MoFPED, structural weaknesses, and a narrow performance monitoring framework, focussing almost exclusively on revenue targets. First, there are extensive human resource challenges, with gaps in both staff numbers and capacities, particularly in data analysis, specialised areas of taxation such as international tax, and audit and enforcement. Second, the ICT infrastructure was no longer meeting URA's needs at the time. Third, Poor third-party data access and internal data management limit the ability of the organisation to capture potential taxpayers and validate taxpayer declarations. Fourth, the taxpayer register does not capture the full potential tax base. Fifth, taxpayer services and education programmes are poorly targeted, sixth under- and non-declaration is widespread, audit and enforcement action has had only limited success, and finally, overdue tax arrears have increased very significantly over the past financial years.

There are other challenges beyond those highlighted by the Domestic Revenue Mobilization Strategy. These include include:

Illicit Financial Flows(IFFs):

IFFs deprive governments of essential revenues needed for development and trust in the fairness of Uganda's tax system. IFFs typically originate from three sources: First is commercial tax evasion that includes trade misinvoicing and abusive transfer pricing; second is criminal activities that are constituted by drug trade, human trafficking, illegal arms dealing, smuggling of contraband; and bribery and lastly corruption. IFFs are estimated to account for revenue loss ranging between 5-7% of Uganda's GDP.[20] In 2018, Global Financial Integrity (GFI) estimated the total losses from trade mis-invoicing at US$ 4.9 billion for imports and US$ 1.7 billion for exports between 2006-2015, which is 18 per cent of total Ugandan trade over the ten years.[21] Through corruption, Uganda is estimated to be losing UGX 9.144 trillion per year, an equivalent of 44% of total government revenue in 2019.[22] Uganda's extractive sector is particularly vulnerable to IFFs largely due to players intentionally mispricing the value of the natural resource, disguising the volume or quality of the resource extracted, and manipulating the prices of inputs to artificially reduce revenues in the country. The sector is vulnerable to harmful practices such as the use of tax havens, transfer pricing, money laundering, preferential tax regimes, tax fraud, corporate loss through aggressive tax planning, bribery, corruption and exploitation of local communities.[23]

Ineffective tax exemptions and incentives given to investors:

The government typically offers various tax exemptions to attract investors, which lowers tax revenues and yet these exemptions do not appear to result in higher investment but loss of revenues. The other challenge is that tax exemptions are often used for political reasons and consequently, risk being linked with corruption. For example, in 2022, Uganda lost UGX160 billion as a result of foregone corporate income tax mostly from multinational companies as a result of tax holidays.[24] The abundance of favourable tax incentives contributes to lower effective tax rates and lower corporate income tax receipts. Multinational corporations are granted tax holidays with the understanding that they will use those funds, investments, and revenue growth to recover their costs. Even though they don't submit tax returns, these tax holidays don't significantly boost their revenue, which further hurts the economy.[25]

[20] See AU/ECA Report of the High-Level Panel on Illicit Financial Flows from Africa. Available at https://www.unodc.org/documents/NGO/AU_ECA_Illicit_Financial_Flows_report_EN.pdf

[21] Ibid

[22] https://www.igg.go.ug/media/files/publications/IG__cost_of_corruption_flier.pdf

[23] See GFI. (September 2018). A Scoping Study on Illicit Financial Flows Impacting Uganda. Available at https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

[24] https://www.monitor.co.ug/uganda/business/markets/tax-holidays-wipe-out-shs160b-in-corporate-tax-4436562

[25] ibid

Bilateral tax treaties and the resulting loss of the right to tax multinational companies:

The government of Uganda has essentially signed away its rights to tax a number of multinational companies operating within its borders through unfavourable bilateral tax treaties. For example, the existing Double Taxation Agreements (DTAs) with Mauritius and the Netherlands are such treaties that provide unfair advantages to multinational companies particularly those in the extractives sector.[26]

Reliance on a narrow tax base, leading to vulnerability to external shocks:

Uganda is relying on a narrow tax base, cash-based, and informal market structure which makes it difficult to raise domestic revenue. The economy is also heavily dependent on agriculture dominated by subsistence farmers which makes it difficult for the government to include this area of the informal sector in the tax bracket to widen its tax base.[27]

[26] https://assets.publishing.service.gov.uk/media/5b9b914de5274a138c0a0b20/K4D_HDR_Tax_capacity_barriers_.pdf
[27] https://assets.publishing.service.gov.uk/media/5b9b914de5274a138c0a0b20/K4D_HDR_Tax_capacity_barriers_.pdf

6 Government Strategies and Reforms to Enhance Domestic Revenue Mobilization

The Ugandan government has undertaken various programs and reforms to enhance domestic revenue mobilization. Key among them include the following:

Rationalization of tax exemptions:

The government has started to rationalize tax exemptions in order to lessen the revenue losses resulting from these exemptions. The following exemptions are no longer available under the corresponding provisions of the tax laws: deductions allowed for accelerated wear and tear on plant and machinery; inputs for processing hides and skins into finished leather; and inputs into iron ore smelting into billets.[28]

Tax law reforms:

To ensure fairness and enhance the tax system, a number of tax laws have been amended. The amended tax laws include the Income Tax, Value Added Tax, Excise Duty Act, and the Tax Procedures Code Act. [29]

Renegotiation of problematic tax treaties:

The Government of Uganda through the Tax Policy Department supported by the International Tax Unit in Uganda Revenue Authority has embarked on the renegotiation of the Double Taxation Treaties with Mauritius and the Netherlands. These two agreements have contributed to revenue leakages whereby some multinationals have arranged their affairs in a manner that results in double non-taxation.[30]

Improving tax dispute resolution mechanisms by expanding the membership of the Tax Appeals Tribunal:

In 2022 the number of members of the Tax Appeals Tribunal was increased from 5 to 9 to allow for simultaneous sitting of three panels. This aids in dealing with case backlogs. Quicker resolution of tax disputes also results in faster collection of revenues.[31] In 2021 the Tax Procedures Code Act was amended to introduce the Alternative Dispute Resolution Mechanism which allows taxpayers to benefit from a less complicated system of resolution of disputes. Similarly, the promotion of the Voluntary Disclosure Mechanism by URA in recent months encourages taxpayers to voluntarily disclose prior non-compliance to benefit from a waiver of penalty and interest.[32] Tax Amnesties have also been introduced for outstanding penalties and interest in 2020 and 2023 in order to ease compliance for taxpayers dealing with the COVID-19 pandemic and its aftereffects. These support revenue mobilisations by showing the tax system to be fair thereby growing tax morale and by reducing the tax liabilities to manageable amounts which the taxpayers quickly pay.[33]

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[28] MoFPED. (June 2023). Budget Speech: Financial Year 2023/2024.
[29] Ibid
[30] https://uganda.actionaid.org/sites/uganda/files/dtt_in_uganda.pdf; For risk of abuse see: White Sapphire & Crane Bank v URA HCCS No.465/15
[31] Tax Appeals Tribunal (Amendment) Act 2022
[32] https://www.independent.co.ug/ura-rolls-out-voluntary-disclosure-of-offshore-interests/
[33] https://eagle.co.ug/2023/08/30/ura-announces-waiver-of-interest-and-penalty-outstanding.html

Ratification of the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act.

In order to strengthen collaboration among tax authorities in the participating nations to combat tax avoidance and cross-border tax evasion, the government has also ratified the Convention on Mutual Administrative Assistance in Tax Matters by passing the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act 2023. This will make it easier for URA to get accurate information, which will help discourage illegal financial transactions, which are said to cost the nation billions of dollars every year.[34]

Tax Administration Reforms:

Sustainable revenue collection requires efficiency in the management and administration of the tax system. In the Budget Speech for FY 2023/24, a raft of measures were projected to be undertaken which include strengthening the taxpayer register expansion programme framework, bringing together the Uganda Registration Services Bureau (URSB), Kampala Capital City Authority (KCCA) and local governments to identify taxpayers and collect taxes from small businesses that are difficult to reach by the URA. This framework targets to improve the environment for business formalization and growth; supporting Local Governments to enhance their revenue effort, including using electronic systems. The government has also initiated VAT field audits and complex audits and put in place efforts to strengthen debt recovery. URA has also embarked on capacity building with every officer required to complete the integrated tax revenue administration training. Other staff training programs have also been introduced which are both local and international.[35]

There are also efforts to improve taxpayer awareness to know their rights and obligations and enhance stakeholder engagements by educating people about taxes in all regions, sectors, and gender. Increasing URA staff adherence to policies, processes, and standards to prevent corruption and reduce revenue leaks, including placing employees in high-risk regions for revenue collection. To prevent delays in the resolution of tax issues, using the Alternative Dispute Resolution mechanism and engaging in negotiations with taxpayers to settle disputes outside of the court system.[36]

Using ICT, such as digital tracking systems, tax stamps, rental tax solutions, and electronic fiscal receipt and invoicing systems, as well as telecom sector activities; leveraging ICT to analyse data and integrating with other Government systems to properly identify taxable transactions and taxpayers. Focus on intensifying intelligence-focused operations using drones and body cameras to monitor porous borders and curb smuggling. Maintaining the integrity campaign to fight corruption and other vices that are necessary to increase revenue collection. This has also contributed to the simplification of tax compliance by enabling pre-filled tax returns.[37]

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[34] https://uganda.actionaid.org/sites/uganda/files/dtt_in_uganda.pdf; For risk of abuse see: White Sapphire & Crane Bank v URA HCCS No.465/15

[35] MoFPED. (June 2023). Budget Speech: Financial Year 2023/2024

[36] MoFPED. (June 2023). Budget Speech: Financial Year 2023/2024

[37] MoFPED. (June 2023). Budget Speech: Financial Year 2023/2024

Enhanced transparency and accountability in revenue collection in the Extractives sector.

August 2020 saw Uganda's admission as an EITI implementing nation to strengthen efforts in ensuring overall transparency in the sector, strengthen tax collection, promote public debate, improve the investment climate, build trust and create lasting value from petroleum and mineral resources.[38]

[38] https://eiti.org/countries/uganda

7 Future Outlook

Role of the Extractive Sector in Domestic Revenue Mobilization

The Domestic Revenue Mobilisation Strategy for Uganda recognises the role of extractives in revenue generation. Uganda ranks high among the countries in Africa with the greatest mineral deposits. If managed well, the sector can boost domestic revenue for the country's development.[39]

Furthermore, the discovery of crude oil brings significant economic opportunities to Uganda. The country will potentially benefit from oil exports, leading to increased government revenue and foreign exchange earnings. The country is expected to produce 230,000 barrels of crude oil a day from 2025, which will generate substantial revenue. The country's crude reserves are estimated at 6.5 billion barrels, of which 1.4 billion barrels are recoverable.[40] The government has committed, in both the National Oil and Gas Policy of 2018 and the Oil and Gas Revenue Management Policy of 2012, to use the country's oil and gas resources to contribute to the early achievement of poverty eradication and create lasting value for citizens.

Under the five-year Domestic Revenue Mobilisation Strategy, the government has committed to review the fiscal regime to fully capture revenue streams and the full value chain of the extractive sector. A strong fiscal regime will ensure that government revenues from the sector such as bonuses, royalties, profit oil share, state participation, and taxes such as Capital Gains Tax (CGT), Corporate Income Tax (CIT), Withholding Tax (WHT), and Value Added Tax (VAT) are collected.

The UGEITI FY2020/21 report[41] , which covers payments from extractive entities and revenues received by government, reveals that total revenues from the extractive sector in Uganda amounted to UGX 241,349 million. Notably, 95.72% of these revenues were collected by the Uganda Revenue Authority as shown in Table 2.

Table 2: Total extractive revenues by Government Agency for the fiscal year 2020-21

	Oil & Gas (UGX million)	Mining (UGX million)	Total (UGX million)	% of total payment
Uganda Revenue Authority (URA)	171,511	59,518	231,029	95.72%
Social and environmental expenditure	8,710	614	9,324	3.86%
Subnational Payments	48	949	997	0.41%
Total	**180,268**	**61,081**	**241,349**	**100.00%**

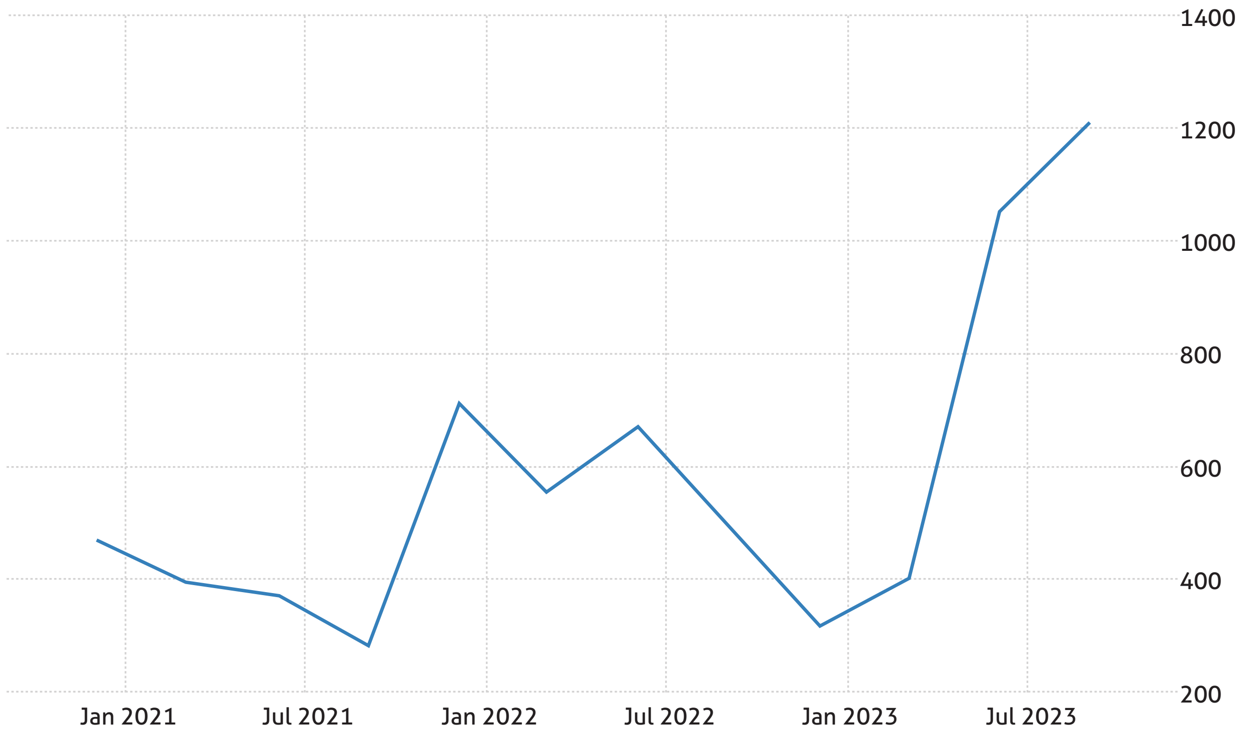
Source: UGEITI Report June 2023[42]

[39] MoFPED. (October 2019). Domestic Revenue Mobilization Strategy FY2019/20 – 2023/24
[40] https://www.aljazeera.com/news/2023/1/24/uganda-to-unveil-first-commercial-oil-production-drilling-programme#:~:text=At%20peak%2C%20Uganda%20plans%20to,1.4%20billion%20barrels%20are%20recoverable.
[41] See Uganda Extractive Industries Transparency Initiative Report for Fiscal Year 2020-21. Available at https://acode-u.org/goTo.php?id=575&type=publications

[42] See Uganda Extractive Industries Transparency Initiative Report for Fiscal Year 2020-21. Available at https://acode-u.org/goTo.php?id=575&type=publications Page 10

According to macroeconomic data from the Uganda Bureau of Statistics (UBOS), the mining and quarrying sector contributed UGX 2,626.60 billion to the FY2020/21 GDP, representing 1.8% of current basic prices. This contribution included 1.35% from formal sector activity and 0.4% from informal sector activities.

Figure 3: Trends in Uganda's GDP from Mining



Source: Uganda Bureau of Statistics

8 | Conclusion

The government of Uganda continues to strengthen its domestic revenue mobilization framework as a means to foster national ownership and reduce dependency on external aid. Building a robust and inclusive revenue collection system will be vital to overcoming the challenges and achieving long-term economic growth. For the Domestic Revenue Mobilisation Strategy to yield results, the government will need to demonstrate that the taxes collected are for the common good which is the expectation of every citizen. It is also expected that the government will use the resources responsibly, equitably and justifiably.

For any enquires or more information, kindly contact us at

GFI
Edith Nyabicha
Policy Analyst
enyabicha@gfintegrity.org

Denis Kabia
Communication Associate
dkabia@gfintegrity.org

ACODE
Onemsus Mugyenyi
Research Fellow
Deputy Executive Director
omugyenyi@acode-u.org

Phoebe Atukunda
Research Fellow
Phoebe.atukunda@acode-u.org

Global Financial Integrity
www.gfintegrity.org
@illicitflows
Comms@gfintegrity.org
Global Financial Integrity

ACODE
Advocates Coalition for Development and Environment
Plot 96, Kanjokya Street Kampala Uganda
+256 312 812 150
acode@acode-u.org