

A senior Finance ministry official says the government wants more people to pay taxes and address other challenges such as tax evasion and bribery.

BY SHABIBAH NAKIRIGYA

The government has launched a comprehensive review of Uganda's tax policy aimed at widening the tax base, improving compliance, and supporting increased investment in infrastructure, particularly in regional cities.

Speaking to the media at the ruling National Resistance Movement (NRM) party head offices in Kampala yesterday, the Finance ministry's Permanent Secretary and Secretary to the Treasury (PS/ST), Mr Ramathan Ggoobi, said Cabinet has already approved the review, clearing the way for reforms intended to ensure fairer contribution to national revenue.

Mr Ggoobi said the review comes at a time the government is scaling up infrastructure investment as a key driver of economic growth, noting that the current tax system relies heavily on a

Govt reviewing tax policy to broaden revenue base

small pool of compliant taxpayers.

"What we are looking at is how to design a tax system in such a way that every Ugandan pays a little so that none of us feels the pinch, but the country ends up collecting more revenue," he said.

Tax evasion

Mr Ggoobi said tax evasion remains a major challenge, with some taxpayers avoiding obligations through falsification of documents, bribery of tax officials, and deliberate non-compliance.

"The challenge we have today is that a few people pay taxes while others dodge. Some evade by falsifying their documents, others by bribing tax officials. These are the gaps we are going to address," he said.

According to the Finance ministry, a key pillar of the review will be expanding the tax net to include sectors that have historically paid little or nothing, with the aim of spreading the burden more evenly while easing pressure on existing taxpayers.

REVENUE OUTLOOK

Mr Ramathan Ggoobi, the Finance Ministry's Permanent Secretary and Secretary to the Treasury, yesterday said Uganda collected about Shs32 trillion last financial year and expects to raise about Shs37 trillion in the current financial year. Of this, roughly Shs22 trillion will go to discretionary spending, including security, health, and education. "We now have enough revenue to pay salaries, support our security forces, and ensure health workers treat Ugandans," he said.

Mr Ggoobi added that Uganda anticipates to earn about Shs7 trillion (about \$1.94b) annually from oil production, with the funds earmarked for infrastructure development through a petroleum fund managed at Bank of Uganda.

"We want to see how everybody can pay a small amount. When everyone contributes something, we end up collecting more, and each person carries a manageable tax expense," he said.

Mr Ggoobi cautioned against the belief that tax evasion can be sustained indefinitely, saying the State's capacity to monitor economic activity has significantly improved.

"Do not attempt to think you can hide from the government. A state is like a camera that records the entire population. Even the person who cheats on taxes today is still within the system," the PS/ST said.

Infrastructure focus

Mr Ggoobi said the tax policy review is closely linked to the government's broader development agenda, which places strong emphasis on infrastructure as a catalyst for growth.

He said the government has earmarked Shs2.1 trillion (about \$585m) for infrastructure development in regional cities in the coming financial

years.

"This is not new. We have been investing in some cities and are now scaling up similar investments to other regional cities," he said.

Under the plan, the government will upgrade road networks, tarmac city roads, improve drainage, expand urban water supply, upgrade markets, and invest in electricity and street lighting. The aim, the Finance ministry's Permanent Secretary and Secretary to the Treasury said, is to create safer, cleaner, and more productive urban centres where businesses can operate beyond daytime hours.

"We want no more mud and ponds in the cities. We want well-lit roads so people can work even at night without challenges. We are also investing in ICT so people in these cities can access good digital services," Mr Ggoobi said.

He stressed that infrastructure funds will not be used to finance salaries or other recurrent expenditures, adding that wages are already covered through existing tax revenues.