

# Widen the tax base, not the pain

Uganda's debate on taxation has reached a sensitive point. For many Ugandans in formal employment, taxation no longer feels like a shared civic duty but a persistent strain on personal progress. Pay As You Earn (PAYE), Value Added Tax (VAT), Excise Duties, fuel levies and a growing list of indirect taxes mean that by the time a salaried worker is paid, a substantial portion of their income has already been claimed by the State.

Yet this pressure exists alongside an uncomfortable contradiction; Uganda is endowed with vast natural resources, particularly minerals, that remain under-utilised as a source of public revenue.

Widening the tax base must come with relief. There is a reasonable and just expectation that when the tax base is widened, those who have long carried the heaviest burden should feel tangible relief.

If sectors with high revenue potential such as mining are properly taxed and regulated, government should be able to ease pressure on salaried workers and small businesses, leaving citizens with disposable income to invest in education, housing, skills, health and entrepreneurship among others.

A government that truly cares for its people should not be uncomfortable with this logic. Development is not only about collecting revenue; it is also about allowing citizens the financial space to improve their own lives.

Uganda is said to have more than 50 different mineral types, including gold, iron ore, copper, cobalt, phosphates, limestone and rare earth elements.

Despite this abundance, the mining sector currently contributes below two percent to Uganda's GDP, a figure that raises serious questions about policy priorities, enforcement capacity and value capture. In the 1950s and 1960s, the mining sector was contribut-

A state that truly works for its people does not only know how to collect revenue....

“

**Oscord Mark Otile**

Tax



ing about 30 percent to Uganda's GDP. One wonders what went wrong over the years and yet, there is more mining taking place now compared to back then.

This is not an argument for reckless extraction. It is an argument for competent governance of a sector that should already be easing Uganda's fiscal stress.

Relevant institutions must look beyond the soft target taxpayer. The relevant government ministry with the core mandate to generate domestic revenue, particularly the Ministry of Finance, Planning and Economic Development and its agency, the Uganda Revenue Authority have made notable strides in improving tax administration.

But much of this effort continues to fall on predictable, compliant taxpayers (formal workers and registered businesses).

Mining presents a different opportunity for revenue. It is a sector with fewer actors, high values, and clearer audit trails when properly regulated.

Strengthening royalties, closing loopholes, enforcing mineral traceability, promoting beneficiation, and tackling under-declaration could yield far more than incremental increases in PAYE rates ever will.

On the African continent, Uganda is uniquely advantaged compared to other countries in terms of endowment with different mineral types.

Several African countries with far fewer domestic revenue options rely heavily on mining to fund their national budgets.

Countries like Botswana, whose economy is anchored in diamonds, or Zambia, long dependent on copper, demonstrate that mining when governed with discipline can fund infrastructure, health and education without over-taxing ordinary citizens.

Ghana has also steadily improved revenue collection from gold while maintaining a broader tax mix.

These countries show that mineral dependence is not the issue; mismanagement is.

At its core, this is a fairness debate. Ugandans are not refusing to pay tax. They are asking for equity.

Why should a teacher, nurse or a start up business surrender most of their earnings while high-value natural resources remain marginal in the revenue conversation?

The government must be pressed to confront this imbalance honestly. Mining and petroleum should not remain footnotes in campaign speeches.

They are central to answering one of the most pressing questions of our time: How does Uganda fund development without impoverishing its workers?

Because a state that truly works for its people does not only know how to collect revenue. It knows when to let its citizens keep some of it.

The writer is a research officer at the Advocates Coalition for Development and Environment (ACODE). oscord.otile@acode-u.org | oscord.otile@gmail.com