

URA must tap informal sector to boost revenue

THE Uganda Revenue Authority (URA) has released its second-quarter revenue collection figures for the 2025/26 financial year, and the results are a mixed bag.

On the one hand, the authority collected a substantial sh16.84 trillion, representing a 93.69% performance against a set target of sh17.978 trillion.

However, this shortfall of sh1.134 trillion is a cause for concern, and URA's explanation that slowed activity during the election period and limited integration between its systems and other government platforms is understandable, but not entirely acceptable.

The challenges faced by URA are not unique, but they do require urgent attention.

The election period did indeed impact revenue collection, but it is the underlying issues that need to be addressed. The limited integration between URA systems and other government platforms is a long-standing problem that has hindered effective revenue collection. It is high time URA worked with other government agencies to resolve this issue.

On a more positive note, URA enrolled 236,673 new



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taxpayers during the period, representing a 4.5% growth in the taxpayer registry.

This is a welcome development, but it is a drop in the ocean, given Uganda's huge informal sector.

The fact that few Ugandans in the formal sector are shouldering the tax burden is unsustainable and unfair. It is a stark reminder that much work needs to be done to

bring more people into the tax net.

URA needs to up its game in tapping into the informal sector, which is a significant contributor to Uganda's economy. This can be achieved through innovative approaches, such as leveraging technology to identify and register informal businesses.

The authority should also focus on improving tax compliance and reducing tax evasion.

The Government must also play its part by providing an enabling environment for URA to do its job effectively. This includes investing in infrastructure, such as modernising URA's systems and integrating them with other government platforms.

The Government should also consider implementing policies that encourage formalisation of businesses and increase the tax base.

Indeed, while URA's revenue collection performance is commendable, there is no room for complacency. The authority, Government, and taxpayers must work together to address the challenges and ensure that Uganda's revenue body is equipped to meet its targets.