

Charges. A customer will pay Shs200 extra for every litre of cooking oil purchased.

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PARLIAMENT. The government has introduced new taxes and increased rates of existing ones, including for cooking oil and motorcycle registration.

But there has been public outcry, especially against the Shs200 tax on social media use.

The government, among other reasons, says its move was forced by the need to enhance and amend taxes on telecommunications services and to introduce others on cooking oil and on motorcycles at first registration.

But what do these taxes mean for the ordinary taxpayers? For social media, users will have to part with Shs200 daily to access Skype, WhatsApp, or Facebook, either for voice calls or texting.

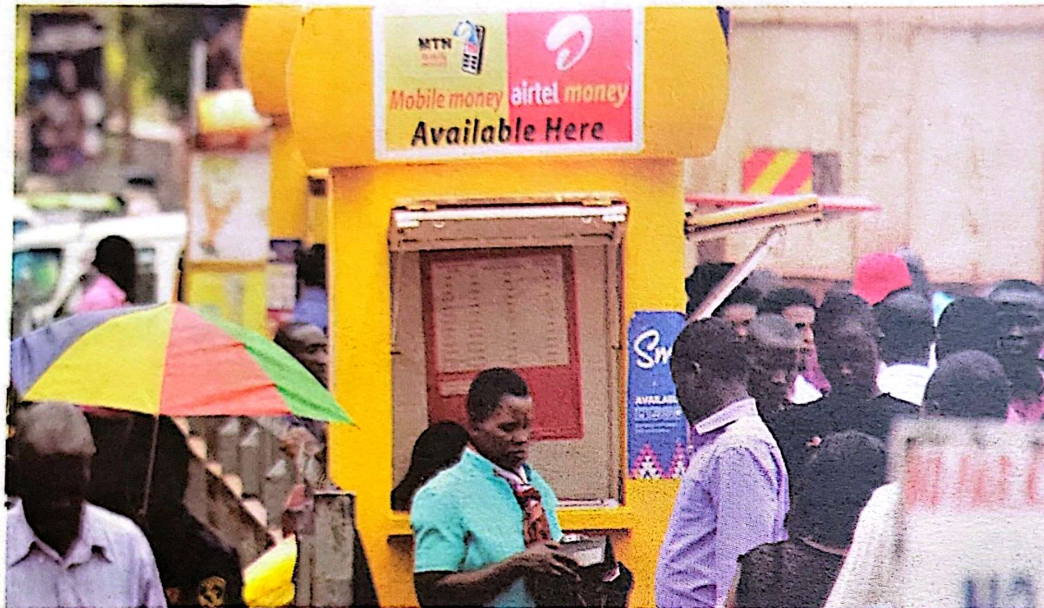
"This will ensure that when the performance of the service is completed or paid for or the invoice is issued, excise duty is due and payable irrespective of whether the service is used," reads part of the Committee report adopted by Parliament on Wednesday.

The taxes will be charged for the amount of business done for the services. This means the charges are not merely about using but for as long as your WhatsApp and other social media platforms are kept active on one's phone.

For mobile money, the one per cent tax applies on every transaction; depositing, withdrawing, and sending money.

A report by MPs on the Committee of Finance, Planning and Economic Development, adopted on Wednesday imposes the obligation on tele-

How new taxes will affect you



To be affected. Subscribers make mobile money transactions in Kampala recently. Government has introduced a 1 per cent new taxes on mobile money transactions. PHOTO BY ABUBAKER LUBOWA

communications service operators providing data for accessing over the top services to account for and pay excise duty on access of "over the top service".

The taxes in figures

"A person providing an excisable service becomes liable to pay excise duty on that service on the date of provision of the service. This is meant to clarify when a person providing an excisable service becomes liable to pay excise duty," the MPs recommended.

The government plans to raise up to Shs115 billion from mobile money transactions and another Shs240 billion from Social media use.

The government says it targets

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CHAIRPERSON FINANCE COMMITTEE

Shs240b from social media, implying that it projects to collect the tax from only 10,000 subscribers.

But the Shs240b projection leaves unanswered questions regarding government's commitment to declare revenue collections.

For cooking oil, the charge of Shs200 per a litre would mean that a 20-litre jerry will fetch Shs4,000 tax.

This will now mean a litre of cooking oil, which currently costs Shs7,000 is likely to shoot up to Shs10,000 or higher according to Mr Albert Mbaine, the managing director of Global Taxa-

tion Services Ltd.

This new burden will definitely be shifted to the final consumer of the good.

Mr Mbaine argues that the new levy on cooking oil and mobile money are the worst tax regime he has witnessed and will push many people out of business.

"The most unfortunate challenge is that people do not see where the money goes, our service sector is limping," he said.

Mr Mbaine also said the tax on mobile money is discriminatory to low income earners since those with huge incomes will not feel the pinch.

He also said those who load smaller data bundles will be charged unfairly as they will have to pay equal taxes on the service with those who use huge data.

Mr Henry Musasizi (NRM, Rubanda East), who also chairs Parliament's Committee on Finance, told *Daily Monitor* yesterday that social media was taxed because it does not operate from Uganda.

"The tax intends to capture the service accessed through this Internet Service Providers rather than have it freely available," he said.

Mr Musasizi dismissed fears of double taxation and said taxation comes with growth levels.

"I am an advocate of financial inclusion, but at the same time, when these services spread across the country, they imply growth, which will definitely attract taxation," he said.

Mr Musasizi said globally, people are opposed to taxation but it is the only way government can render services to its ever growing population.