QUOTE OF THE DAY

Archbishop Stephen Kazii

Luwum: "Some people have app
I can make an impact by being killed

EDITORIAL

Ensure the rich too pull their weight

As the House Finance Committee ratchets up the processing of tax Bills ahead of the Fiscal Year (FY) 2026/2027, the hints that have been dropped are that the Budget that awaits Uganda is anything but pro-poor. Not that it ever has been. Even when the Government of Uganda (GoU) created fiscal space that could have been used for public good, tax reliefs that benefited the rich were a mainstay. Now, with budgetary support from development partners ominously dipping amid growing public debt, the GoU is chasing the small comforts of taxing the poor. We join other voices in contending that these developments are unsettling. It would be understating things a bit if one came to the conclusion, as we are tempted to, that lower-income households will continue to hold the short end of the stick.

A study by the Civil Society Budget Advocacy Group (CSBAG) shows how some of the tax policies that have given government a bad rap are hard to reconcile. In its new policy paper, CSBAG captures a complex mix of contradictions insofar as the government's digital transformation agenda is concerned. The government's taxation policies look out of kilter with the National Development Plan IV's Internet penetration (45 percent) and mobile money usage (71 percent) targets by 2029.

The issue: Budgetary process.

Our view: There is a widening chasm between the haves and have-nots in Uganda, and the budgetary processes in the House have greatly contributed to this status quo

An excise duty of 0.5 percent on mobile money withdrawals attracts full transaction value fees that are five times more expensive than what Automated Teller Machines charge. This, unsurprisingly, works to the detriment of the lower-income households. Ditto the cumulative taxes on entry-level smart phones, including a Value Added Tax of 18 percent and a 10 percent import duty. For lower-income households, whose usage of mobile money has increased from 56 percent in 2018 to 64 percent in the current financial year, suspicions of ill-will from government loom suffocatingly large.

Lamentably, the second and third readings of the tax Bills in the House yesterday, and the movement of the same at an almost inconceivable pace, was pursued with a theological sense of conviction. Consequently, the sledgehammer impact on lower-income households has a sense that is indispensable to the trade of the tax policies. Taxes on fuel, cement, boda bodas, and the like will inflict the damage they are expected to.

During yesterday's plenary session, government made it clear that its hands are tied. The question we hasten to pose is: how are the rich pulling their weight? If the rich are deemed, real or imagined, not to be pulling their weight, the risks of rising inequality will, inevitably, erode public trust and fracture social stability. There is a widening chasm between the haves and have-nots in Uganda, and the budgetary processes in the House have greatly contributed to this status quo. The have-nots have every right to believe that the tax policies passed by the House have led to property speculation and tax avoidance schemes whose outcomes are known to line the pockets of the rich.

If the rich are getting richer because political leaders protect their wealth gotten out of extraction from lower-income households rather than innovation, a rethink is due. The Opposition, which was conspicuously absent during yesterday's second and third readings of the tax Bills, will have to pull up their socks if a scintilla of success is to be realised.

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