



Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

ANNUAL PRESS BRIEF

Period: July 2020 to June 2021

**Theme: 30years of Developing Uganda
Together**

1. Introduction

I greet you all and take the opportunity to welcome you to this press conference.

As URA, we condole and stand with all Ugandans who have lost loved ones during this difficult period. We also commiserate with the business community upon the loss of two key leaders namely; **Mr Gideon Badagawa (PSFU)** and **Mr Evaristo Kayondo (KACITA-U)** who provided stewardship to the business community through very difficult times. There is no family, company or institution that has not been affected in one way or another by this pandemic.

Let's observe a moment of silence in respect of all the departed souls. **May their souls rest in eternal peace.**

In this press conference, we will focus on the revenue performance for the financial year 2020/21, **the factors behind the performance** and **the outlook for the FY 2021/22**, the year when we will be celebrating 30 years of existence as Uganda Revenue Authority (URA).

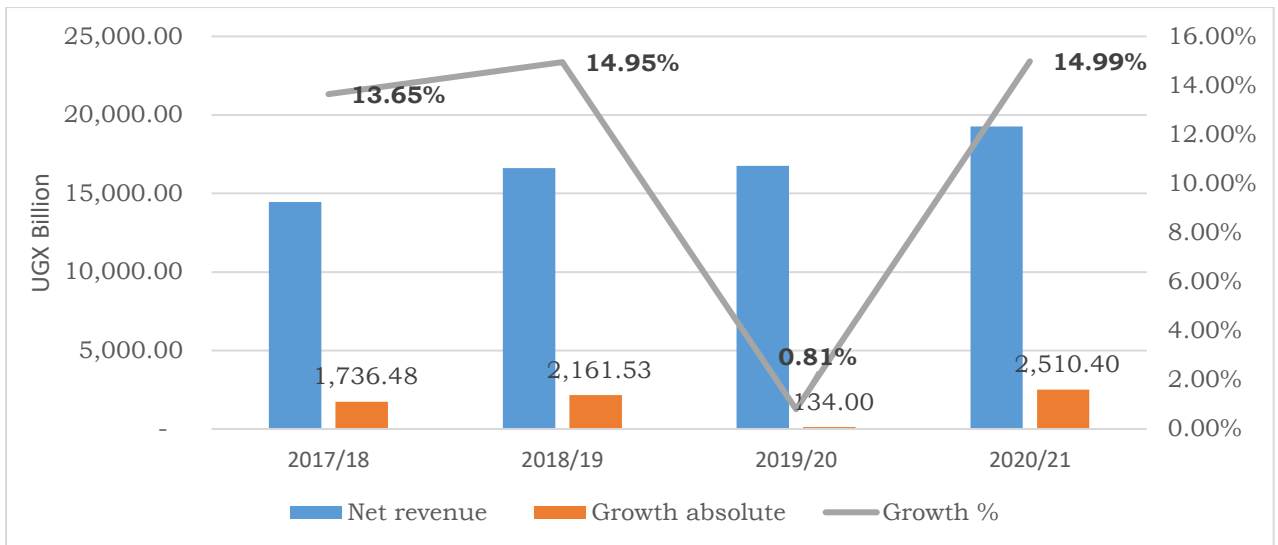
2. Performance Overview

2.1 Overall revenue performance

In the **FY 2020/21**, URA collected net revenue of **UGX 19,263.00 billion** and posted a growth in revenue of **14.99%** in comparison to the FY 2019/20 and an estimated **tax to GDP ratio of 12.99 percent**¹. In real terms, this reflects **a growth in revenue of UGX 2,511.36 billion** and a growth in the Tax to GDP ratio by **1%**. This the highest growth registered in the last four years as shown in Figure 1.

Figure 1: Revenue collections (UGX Bn) in the last four years

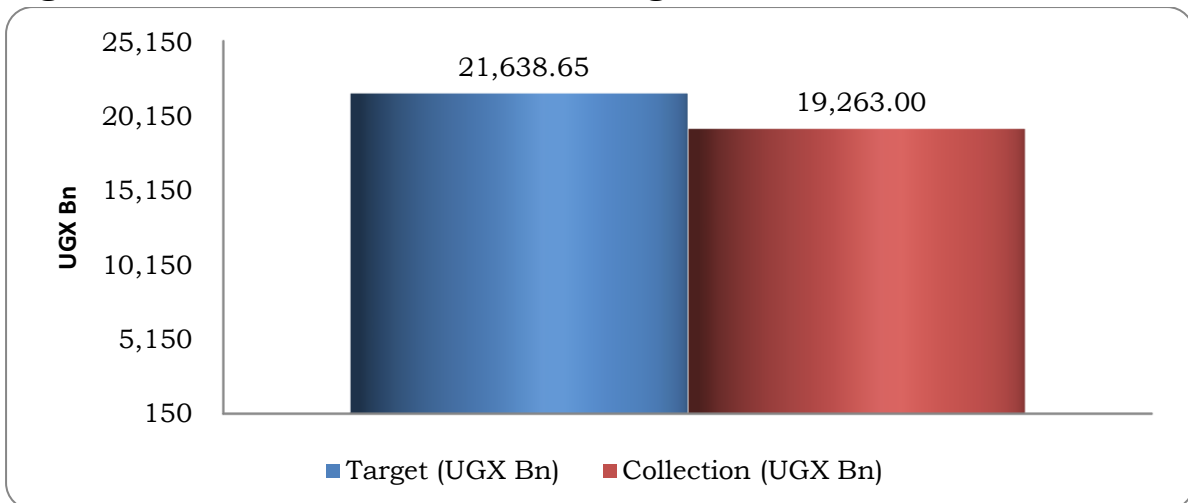
¹ Tax to GDP = Net Tax UGX 19,263 Bn / 148,278 Bn GDP at market prices (sourced from background to budget FY 2021/2022). Compared to FY 2019/20 using new GDP from BB 2021/22 we have a growth of 1% in Tax to GDP from 11.99% to 12.99%.



Source: URA database

It should however be noted that, the outturn of the FY 2020/21 is short of the target of UGX 21,638.65 billion by UGX 2,375.65 billion. It is important to note that this was the target approved by Parliament before the impact of Covid-19 set in and macroeconomic variables that affect revenue such as GDP growth were projected at 6% yet by the end of the financial year GDP growth was at 3%.

Figure 2: Net revenue collection to target in the FY 2020/21



Source: URA Database

2.2 Domestic revenue performance

The domestic revenue collections in the FY 2020/21 were **UGX 12,144.01 billion**, registering a growth of **13.71%** (UGX 1,464.19 billion in real terms) in comparison to the FY 2019/20. However, the collections were below the target of UGX 14,038.18 billion by UGX 1,894.18 billion.

Table 1: Breakdown of domestic revenue collections in the FY 2020/21

	Tax head	Collections UGX Billion
1	Pay As You Earn (PAYE)	3,109.14
2	Value Added Tax (VAT)	2,992.92
3	Corporate Tax	1,567.65
4	Local Excise Duty (LED)	1,479.98
5	Withholding tax	1,118.99
6	Others ²	1,875.33

Source: URA database

2.3 Customs revenue performance

In the FY 2020/21, customs revenue collections were **UGX 7,505.86 billion** against a target of UGX 8,001.35 billion, registering a significant growth of 16.43% (UGX 1,059.27 billion) in comparison to FY 2019/20. However, the collections were UGX 495.48 billion below target.

Table 2: Breakdown of Customs revenue collections in the FY 2020/21

	Tax head	Collections UGX Billion
1	VAT on Imports	2,832.47
2	Petroleum Duty	2,453.38
3	Import Duty	1,403.12
4	Others ³	816.89

Source: URA database

2.4 Sectoral contribution to revenue

In FY 2020/21, **71%** of the revenue was generated from the **top 4 sectors**. The **wholesale and retail trade sector** had the biggest contribution, which amounted to **UGX 5,783.69 billion** (29.43%). The **manufacturing sector** followed with a contribution of **UGX 4,461.29 billion** (22.70%). The **Information and communication sector** contributed UGX 2,059.83 billion (10.48%), while UGX 1,643.54 billion (8.39%) was generated from the **financial and insurance services sector**.

² Such as ; Rental income tax , tax on bank interest, treasury bills, casino tax , individual income tax , presumptive, non-tax revenue (NTR)

³ Such as: Excise duty, withholding tax, temporary road licenses, infrastructure levy, hides & skin levy

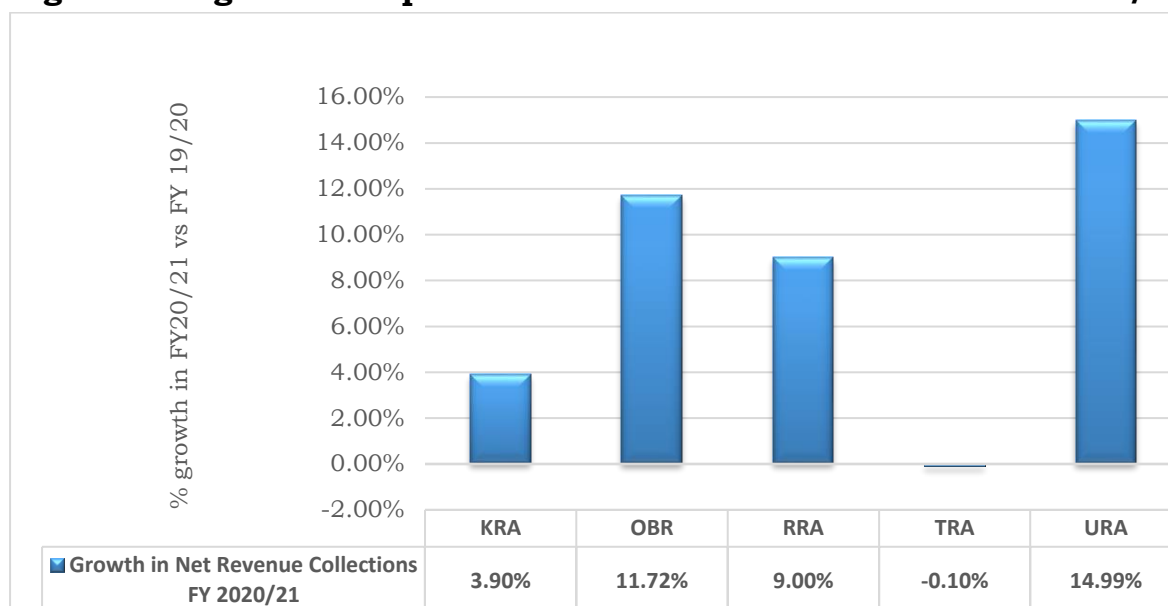
There was a growth in revenue from key sectors like manufacturing which grew by **27.52%**, Information and communication by **25.73%**, wholesale and retail by **19.13%** and financial and insurance services by **5.55%**.

On the other hand, there was a decline in revenue collected from some sectors in the FY 2020/21, compared to 2019/20. Revenue from **Accommodation and food service activities** declined by **37.38%**, **Education sector** by **10.35%**, **Arts entertainment and recreation** by **31.39%**. The decline is attributed to slow down in business in these sectors resulting from COVID-19 pandemic impact.

2.5 Regional comparison

In regards to the EAC region, URA had the highest **year on year revenue** growth (14.99%). Tanzania collection in FY 2020/21 was less than that collected in FY 2019/20 by 0.1%. Kenya, Burundi and Rwanda Revenue Authorities met their targets in the FY 2020/21, but it should however be noted that these were set in consideration of the Covid-19 impact.

Figure 3: Regional Comparative of Growth in Net Revenue FY 2020/21



2.6 Reasons for Revenue Performance in the FY 2020/21

2.6.1 The significant growth of 14.99% in revenue can be explained by the following.

Debt recovery of UGX **1,024.38 billion** mainly attributed to Alternative dispute resolution (**ADR**) which contributed over **UGX 365 billion**, the voluntary disclosure initiative, close monitoring of Memorandum of

Understanding (MOUs) for installment payment, and enforcement mechanisms among others.

The implementation of the **Digital Tracking Solutions (DTS)** and the **Electronic Fiscal Receipting Solution (EFRIS)** boosted performance. **DTS** contributed to the 16.89 percentage growth in **Excise Duty collections** by aiding the enforcement and tracking of locally manufactured and imported goods. EFRIS contributed to the 14.73 percentage growth in VAT collections, through relaying real-time taxpayer transaction details to URA, thereby minimizing underreporting of VAT collected from consumers. It should be noted that both technologies are still being rolled out and not yet fully enforced.

Further on the tax administration front the growth in revenue is attributed to the quick response by revamping the online services to taxpayers such as different payment modes, online taxpayer education campaigns (KAKASA), improved contact center (IVR⁴) (**Toll free lines 0800-117000 / 0800-217000**), faster clearance of refunds⁵, introduction of a bonded warehouse information management system (BWIMS), simplification of the TIN application process, automation of the WHT exemption and Tax clearance certificate (TCC) issuance and many others.

Customs revenue collections grew by 16.43% mainly due to a growth in **imports by 37.38%** in the FY 2020/21 compared to FY 2019/20. It should also be noted that **only about 23% of total imports are dutiable**. In the FY 2020/21, there was global re-opening of economies and supply chains.

New tax administration measures announced through the budget speech of FY 2020/21 that included EFRIS, DTS, scanners, debt recovery, use of GPS and data analysis among others yielded revenue of **UGX 1,111.01 billion** against a target of **UGX 548.00 billion**, performing at 202.74%.

While new tax policy measures implemented in the FY 2020/21 yielded net revenue of **UGX 260.35 billion**. The measures were majorly under; Income tax, Local Excise Duty, VAT, and Customs.

⁴ IVR – Interactive Voice Response

⁵ UGX 386.87 billion refunded in FY 2020/21

2.6.2 On the other hand, the shortfall in revenue is mainly attributed to the following.

The adverse impact of COVID-19 pandemic, which led to a slowdown in activities in some key sectors like education, accommodation and food services, among others. **PAYE** was one of the major tax heads affected leading to shortfall of **UGX 315.51 billion**, mainly due to scale down in number of employees by some organizations. The **corporate tax** collections were also below target by **UGX 239.93 billion**, owing to losses made in the adversely affected sectors.

Tax administration interventions such as audits, taxpayer compliance visits, debt enforcement were all slowed down and for some months stopped because of the observation of SOPS.

3 Other key performance highlights in 2020/21

Expansion of the taxpayer register

During the FY 2020/21, **189,377 new taxpayers** were added to the taxpayer register. By the end of the FY 2020/21, the taxpayer register had **1,783,493 taxpayers**. In addition, process improvements were undertaken like the Tax Identification Number (TIN) registration which has been simplified, from excel templates into a simple single web form to facilitate taxpayer registration. This has further been linked with the NIRA database to make it easier to register for tax once you have a NIN.

Customs and trade facilitation

- ❖ URA has initiated the second phase of the Customs Business Systems Enhancement. The aim is to harmonize customs procedures and systems to improve cross border trade, collaboration between Government agencies, clearance time, reduce cost of doing business
- ❖ Implementation of the Uganda Electronic Single Window (UESW). A Single Transaction Portal developed and rolled out/deployed. The benefit of the single window is that traders submit once, documents and or information to all border regulatory agencies. This reduces transactional time and cost.
- ❖ With the outbreak of COVID-19 in 2020, URA improved the Regional Electronic Cargo Tracking System (RECTS) by enabling it with the driver tracking module. URA is able to monitor 72 percent of the goods being processed from the port of Mombasa and also support driver tracking and their contacts as we fight the COVID-19 pandemic.

Enforcement interventions.

❖ Customs enforcement operations;

During the FY 2020/21 these led to a recovery of **UGX 67.73 billion** as a consequence of **5,823 seizures**. 4,843 seizures were issued on dutiable goods and 980 seizures were issued on non-dutiable goods. Major offences were due to under-declaration at 59.39 percent, mis-declaration at 18.38 percent, other offences [Inclusive of; temporary road violations, transit violations,] among others.

❖ Litigation

A total of over **259 cases were filed** of which 231 were civil and 28 criminal cases. During the financial year 2020/21, **65 cases were ruled in favor of URA** while **20** were in favor of the **taxpayers**.

In addition, we have introduced the **Alternative Dispute Resolution (ADR)** mechanism where cases are amicably resolved outside court. This initiative yielded UGX 365 billion in revenue collected since the beginning of the Financial Year 2020/2021 thus unlocking revenue that had been locked in some of the Court cases with some of our Large Taxpayers. We intend to continue pursuing this approach in the **FY 2021/22, since it provides a win-win solution to the taxpayers and URA.**

Table 3: Summary of Litigation cases in the FY 2020/21

Case status	Number of cases
New Cases received/filed	
Civil	231
Criminal	28
Criminal convictions	28
Acquittals	1
Criminal dismissals	5
Cases ruled in favour of URA	65
Cases ruled in favour of taxpayers	20
Split decisions	3
Withdrawal	
Civil	26
Criminal	-
Settlements/ Consents ⁶	
Civil	42
Criminal	1

⁶ These are settlements initiated by court or Tax Appeals Tribunal (TAT) and most times end up in vacating of the assessment (no revenue collected).

Source: URA Database

❖ Tax Investigation

A total of 158 cases were investigated in the respective categories realising revenue of over UGX 219.00 billion.

Table 4: Investigation cases during the FY 2020/21

Area	Number of cases	Revenue identified UGX billion
Financial Crime Investigations	52	203.06
VAT Fraud Investigations	42	5.92
Corporation Tax campaign	23	4.00
Science Investigations	20	5.35
Tax Crime	21	0.67
Total	158	219.00

Source: URA Database

4. Outlook and key initiatives for the FY 2021/22

Of the revenue target approved by Parliament for **FY 2021/22 of UGX 22,425.37 billion**, Uganda Revenue Authority has a task of mobilising **UGX 22,363.51 billion**. This is an **increase of UGX 3,100.51 billion** compared to the revenue collected in FY 2020/21.

URAs new transformation journey sets the premise for which this great institution shall endeavor to boost her revenue mobilization efforts in a strive to free our Country from donor dependency, encourage a healthy flow of investment, and address fairness and transparency in the tax administration system.

This transformational journey shall be guided by the following Strategic elements:

New Vision: **“A Transformational Revenue Service for Uganda’s Economic Independence”**

New Mission: **“Mobilize Revenue for National Development in a Transparent and Efficient Manner”**

For us to be able to effectively deliver on our Mandate as spelt out in the Mission Statement and ultimately achieve our Vision i.e.

Uganda's Economic Independence, we must religiously embrace the following values.

New Values: **Patriotism | Integrity | Professionalism**

In light of this journey, we call upon all our valued stakeholders to join us so that together we can set our country free economic dependence.

On 15th September 2021, Uganda Revenue Authority (URA) will be marking 30 years, having been established by an act of Parliament on 15th September 1991. This financial year we shall utilize the 30 years anniversary celebrations as an opportunity to galvanize the new strategic direction on which we have set ourselves as an institution to deliver Uganda to economic independence.

Some of the key initiatives we intend to focus on during the F/Y 2021/22 include;

A. Taxpayer Education and Services:

- We are focusing on simplifying access to tax information through multi-faceted platforms.
- Comprehensive Tax education programs on radios, televisions and URA TV and other digital platforms like YouTube, Webinars and print media.
- Targeting the different sectors, audiences of our taxpayers.
- Modern Contact Centre to answer all your queries
- Two mobile bus offices that will making regular visits to key localities across the country where we don't have presence to Tax Educate, register, receive tax payments and offer all other URA compliance services.
- We will continue translating simplified tax information in our key local languages and make it available in our offices and with our partners through business associations and other public areas

B. Stakeholder Engagement:

- Implement the stakeholder engagement strategy through consistent engagements to gather feedback on URA services and processes.
- We will build trust relationships and exchange honest feedback with all our key stakeholders namely; our valued Taxpayers, Leaders both National and Local, MDAs, Tax Agents and other Intermediaries, Media, Professional Firms, Academia, the Security Forces, Technology Providers and all other strategic partners.

C. Process Improvements:

- Process re-engineering, establish and remove non-value adding processes, automate the manual process and integrate our systems.
- The intention is to make our key processes simple and user friendly. Targeted processes for simplification include Refunds, Filing, Assessments, Objections, Registration.
- Stop working in silos – one URA – multi approaches to our taxpayers as DT, Customs and TID must stop.
- Enhance the experience of our taxpayers

D. Leverage Technology and Data:

- Enhancing our IT infrastructure capacity.
- Improve availability of online services.
- Enhance data security
- Deepening our data analytics
- All our decisions will be guided by data and research

E. Corporate Governance

- Focusing on addressing **integrity** challenges
- Building a **New URA Culture** of enhanced accountability and client-centered service offering.
- Staff capacity building to enhance professionalism.
- Reviewing our structure, alignment and recruiting more staff to reach more of our taxpayers and serve them better.

5. Conclusion

I wish to thank the Government for entrusting us with this sacred mandate of collecting revenue to build our nation and all the support.

The Ministry, Ministry of Finance and Economic Planning (MOFPED) for all the support and guidance we have received during the FY 2020/21 and going forward.

In a special way I thank all our valued Taxpayers that have contributed to the revenues collected in FY 2020/21 despite the impact of the Covid-19 pandemic. May God continue to bless you, your families and businesses and cause them to prosper.

I call upon all our stakeholders and all Ugandans to support URA in executing our mandate as we work towards Uganda's economic independence.

I would like to thank the media for the continued support in the noble journey of mobilizing revenue for national development.

I thank the URA staff for the excellent job done in a very difficult year 2020/21.

I encourage all of us to observe the Covid-19 SOPs, go for vaccination when the opportunity arises and try to stay safe from Covid-19. The future is bright!

For God and my Country.

John R. Musinguzi
COMMISSIONER GENERAL