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Tax Bargains

Understanding the Role Played by Public and Private Actors in Influencing Tax Policy Reform in Uganda

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Mesharch W. Katusiimeh*

prepared for the UNRISD project on
Politics of Domestic Resource Mobilization

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This paper is part of a series of outputs from the research project on The Politics of Domestic Resource Mobilization for Social Development.

The project seeks to contribute to global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. It examines the processes and mechanisms that connect the politics of resource mobilization and demands for social provision; changes in state-citizen and donor-recipient relations associated with resource mobilization and allocation; and governance reforms that can lead to improved and sustainable revenue yields and services. For further information on the project visit www.unrisd.org/pdrm.

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Acronyms

| | |
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| CSOs | Civil Society Organizations |
| DRB | Domestic Relations Bill |
| FWODE | Forum for Women in Democracy |
| GDP | Gross Domestic Product |
| IFIs | International Financial Institutions |
| IMF | International Monetary Fund |
| ITA | Income Tax Act |
| KACITA | Kampala City Traders Association |
| LRC | Law Reform Commission |
| MOFPED | Ministry of Finance Planning and Economic Development |
| MPs | Members of Parliament |
| OECD | Organisation for Economic Cooperation and Development |
| PAYE | Pay As You Earn |
| PSA | Production Sharing Agreement |
| PSF | Private Sector Foundation |
| PVOC | Pre-import Verification of Conformity to Standards Programme |
| SAP | Structural Adjustment Programme |
| SEATINI | Southern and Eastern African Trade Information and Negotiations Institute |
| UGIETA | Uganda Import and Export and Traders Association |
| UMA | Uganda Manufacturers Association |
| URA | Uganda Revenue Authority |
| VAT | Value Added Tax |

Summary

With the exception of the role played by International Financial Institutions (IFIs) such as the International Monetary Fund, there is little documentation of the role, if any, played by actors other than the state in influencing tax policy reform in Uganda. This paper conducts an investigation into the extent to which actors such as IFIs, members of parliament, the private sector, civil society organizations (CSOs) and non-institutionalized actors write their voices into tax legislation. We also seek to understand the mechanisms used by these actors to influence tax policy reform. Our findings reveal that more organized and economically powerful actors have more opportunities for contributing to the authoring of tax laws. These actors frequently use institutional channels, even though the technologies employed are rarely publicized. There is another group of institutionalized actors (particularly CSOs) who have not traditionally engaged with tax matters but who are increasingly seeking audience in tax debates. CSOs have the potential to influence legislation but their interaction with tax issues is too recent to result in any visible reforms. Non-institutionalized groups for their part use less formal (or extra-legal) means to engage with tax issues. As a result, their bargaining processes are often less coordinated, more reactionary and less sustainable.

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