The causes of low tax revenue collections in Kasese District, Uganda

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ABSTRACT
This study investigated the causes of low tax collection Kasese district for 2008/2009 to 2010/2011 periods. This was in line with the 1993 implemented decentralization policy that was meant to improve and better the methods of administration and service delivery as well as reduce tax collection shortfalls in local governments. This study covered 100 respondents selected from the 10 sub counties of Kasese district. The methods used to collect data included questionnaires, personal interviews and document or report reviews. The causes for low tax collection were critically analyzed and interpreted.

Empirical results of this study showed that administrative inefficiencies significantly caused low tax collections in Kasese district. This especially included lack of regular and consistent tax enumeration and assessment of the tax payers, lack of a systematic approach of identifying people liable to pay taxes. In addition to the above, it was found by the researcher that there was no an up-to-date tax revenue register, no systematic tax record keeping process, lack of imputation values and non-remittance of tax revenue by the sub counties to the district.

It was further found that there is limited or lack of tax payers’ education about the taxes, negative political interference by both the local and national politicians in tax collection process and then finally tax payer migration in Kasese district led to low tax collections.

Based on the above findings, it was recommended that, to help on the low tax revenue collection in Kasese district, and all other local governments in Uganda, record keeping should improve at both sub county and district level, tax revenue registers should be updated to generate accurate and complete information, tax education and tax appeal tribunals should be provided to the tax payers. Additionally, comparable imputation values should be used, auditing of tax revenue returns and drafts should be instituted and serious disciplinary action should be taken against corrupt staff and politicians who interfere with tax collection processes.