

**THE EFFECT OF TAX REFORMS ON CUSTOMS TAX PRODUCTIVITY
IN UGANDA**

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**A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENT FOR THE AWARD OF A MASTERS DEGREE OF
ECONOMIC POLICY AND PLANNING OF MAKERERE UNIVERSITY**

Abstract

This study was based on customs taxation in Uganda and its response to customs tax reforms. Also, the response of customs tax revenue to economic growth was assessed. The study carried out an empirical analysis in order to assess the effects of tax reforms and effects of economic growth on customs tax productivity in Uganda. The first objective was to examine the effect of tax reforms on customs tax revenue in Uganda. The second objective was to evaluate the response of customs tax revenue to economic growth in Uganda. Time series data ranging from 1991 to 2015 was used in the study. A vector error correction model, with customs tax revenue as the dependent variable and GDP and a dummy variable for Tax reforms as independent variables, were used in the analysis. Before estimation of the model, unit root testing and consequently, tests for co-integration were carried out. An error correction model was thereafter adopted in estimation because the variables were found to be co-integrated. The analysis results indicated that the GDP was insignificant in influencing the custom tax revenues in the country. The policies recommended were; the improvement in custom tax administration in the country, review of tax reforms and review of custom tax base.