



Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

**REVENUE PERFORMANCE BRIEF REPORT
FOR JULY-SEPTEMBER
FOR FY 2022/2023**

INTRODUCTION

Members of the media, the staff of URA and everyone present, Good Afternoon!

I take this opportunity to welcome you to this press conference, where I will share our performance for the first quarter of this financial year (July – September).

On behalf of URA and myself, I recognise and appreciate every taxpayer who has contributed their fair share of tax and supported the efforts of nation building. It is because of these patriotic citizens that the revenue collections are growing to enable the Government to provide the much needed social services amidst the challenging economic times. We are also doing all we can as URA to support businesses and listen to their plight as they push for greater tax compliance.

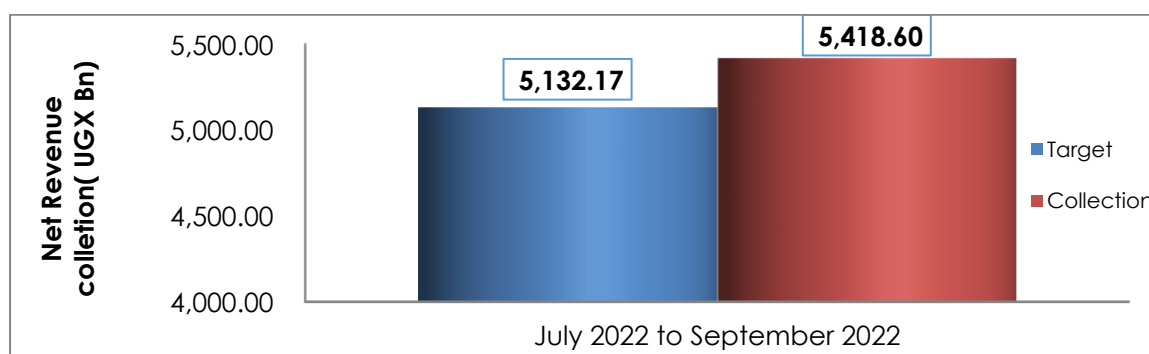
This financial year 2022/23 (July 2022 to June 2023), URA is expected to collect UGX 25,550.69 Billion.

Today's press conference focuses on the revenue performance for the first quarter of this financial year July-September 2022/23, and administrative and policy measures that have enabled us to mobilise the revenue collected.

PERFORMANCE REVIEW

From July to September, net revenue collections were UGX 5,418.60 billion against a target of UGX 5,132.17 billion, resulting in a **UGX 286.44 billion surplus**. This represents a 105.58% improved performance and a revenue increase of UGX 957.80 billion (21.47%) compared to the same period in the previous financial year (July to September 2021).

Figure 1: Net revenue collection to target (UGX Billion)



DOMESTIC TAXES PERFORMANCE

Domestic revenue net collections were **UGX 3,178.77 billion** against a **target of UGX 3,043.66 billion**, resulting in a **surplus of UGX 135.10 billion**. This represents a 104.44% performance and a revenue growth of UGX 581.58 billion (22.39%) compared to the same period in the previous financial year (July to September 2021).

Direct domestic taxes registered a surplus of UGX 37.49 billion, Non-tax revenue posted a surplus of UGX 146.86 billion, while indirect domestic taxes posted a deficit of UGX 51.41 billion.



Breakdown of Domestic Revenue Collections in July-September FY 2022/23

Tax Head		Collections (UGX Billion)
1	Pay As You Earn (PAYE)	901.13
2	Value Added Tax (VAT)	761.69
3	Local Excise Duty (LED)	451.76
4	Withholding Tax	307.55
5	Corporate Tax	114.93
6	Non-Tax Revenues (NTR)	380.09
7	Others ¹	261.62

¹ These include; Tax on Bank interest, Treasury Bills, Casino Tax, Individual Income Tax and Presumptive plus all DT taxes

The major surpluses were registered in PAYE (UGX 85.89 billion), casino tax (UGX 17.34 billion), Corporate tax (UGX 14.99 billion), tax on bank interest (UGX 4.69 billion) and rental tax (UGX 1.46 billion).

On the other hand, slight shortfalls were incurred in withholding (UGX 63.29 billion), VAT (UGX 41.28 billion), Local Excise Duty (LED) (UGX 10.13 billion) and treasury bills (UGX 7.51 billion).

Reasons for the Domestic Taxes performance:

1. The PAYE surplus is attributed to growth in the wage bill witnessed by companies whose PAYE increased due to increased staff numbers.
2. The increase in Domestic Taxes can also be attributed to the operational teams' intensive focused field activities, stakeholder management, improved tax compliance support.
3. The shortfall in Withholding tax is partly attributed to reduced budget releases for the various Government entities for Quarter one, preventing them from paying some of their suppliers.
4. We observed increased capital expenditure due to capital investments among our clients as a result of improved economic performance. Furthermore, the high inflation, which has risen from 6.8% in June 2022 to 10% by the end of September 2022, has resulted in an increase in the cost of doing business, and, thus, high input costs. This has had an impact on taxpayer VAT revenue realised during the period under review.

INTERNATIONAL TRADE TAX COLLECTIONS

International trade net taxes were **UGX 2,239.83 billion** against a target of **UGX 2,088.50 billion**, resulting in a **surplus of 151.33 billion**. This represents a 107.25% performance.

Breakdown of Customs Revenue collections

	Tax Head	Collections (UGX Billion)
1	VAT on imports	892.10
2	Petroleum Duty	685.05

3	Import Duty	415.24
4	Surcharge on imports	70.82
5	Excise Duty	68.18
6	Withholding	53.33
7	Others ²	55.11

The major surpluses were registered in; import duty (UGX 52.59 billion), VAT on imports (UGX 49.14 billion), petroleum duty (UGX 45.70 billion), surcharge on imports (UGX 6.63 billion), excise duty (UGX 3.34 billion) and infrastructure levy (UGX 0.30 billion).

However, shortfalls were incurred in; withholding tax (UGX 3.43 billion), temporary road license (UGX 2.43 billion) and export levy (UGX 0.61 billion).

Key highlights and reasons for Customs Revenue Performance

1. **Growth in dry import value:** The import value of dry cargo increased by 28.42% (UGX 1,720.27 billion) particularly vatable goods imports and dutiable goods imports. This translated into more revenue collected and partly explaining the cumulative surplus of UGX 151.24 billion in international trade tax collections. This is partly because the economy is recovering, and businesses are picking up.
2. **Increase in fuel import volumes** by 88.41 million litres (18.06%) compared to the same period last financial year. This is majorly explained by the increase in volumes of petrol by 71.56 million litres (33.34%) and kerosene by 2.20 million litres (20.73%). *This partly explains why we are seeing a drop in the pump prices now.*

However, Diesel import volumes reduced by 5.80 million litres (2.39%) which was insignificant to revenue collection hence a surplus of UGX 45.70 billion in petroleum duty.

3. **Increase in tax yield:** Tax yield from top imported items increased during the period under review compared to the same period last financial year. These include; persons motor vehicles (UGX 27.73 billion), palm oil (UGX 25.80 billion), wheat/meslin (UGX 21.79 billion), worn clothing by (UGX

² These include; Temporary road licenses, Infrastructure levy and Export levy

20.55 billion), polyether's by (UGX 11.30 billion), polymers by (UGX 10.62 billion), motorcycles (UGX 8.53 billion), petroleum oils by (UGX 8.16 billion), plastic footwear by (UGX 8.04 billion) and hot rolled iron/non-alloy steel by (UGX 7.59 billion).

Sectoral contribution to revenue in the quarter

1. The wholesale and retail trade sector had the biggest contribution, which amounted to UGX 1,604.01 billion (28.93%).
2. The manufacturing sector followed with a contribution of UGX 1,279.17 billion (23.07%).
3. The financial activities contributed UGX 493.55 billion (8.90%),
4. The Information and communication sector contributed UGX 337.78 billion (6.09%)
5. Public administration, defence, and social security contributed UGX 243.86 billion (4.40 per cent)

Twenty sectors registered growth in revenue compared to the same period last year, as shown below.

- a) Wholesale and retail trade, repair of motor vehicles and motorcycles, and Manufacturing registered the highest growth of UGX 241.29 billion (17.71%) and UGX 212.65 billion (19.94%), respectively.
- b) The Arts, entertainment and recreation sector had the highest proportionate growth of UGX26.07billion (130.96%).
- c) Accommodation and food service activities sector with UGX 30.07 billion (121.38%).
- d) Construction sector with UGX61.77billion (79.78%).
- e) The biggest decline was observed in the Mining and quarrying, with UGX14.99 billion (14.76%).

With the recovery of the economy from the global COVID-19 pandemic, the Arts, entertainment and recreation sector, accommodation and food service activities sector and Construction sector have continued to register significant growth.

The growth in the Accommodation and food service activities sector is mainly from short-term accommodation activities that grew by UGX18.11 billion (138.53%), Restaurants and mobile food service activities with UGX9.77Bn (112.47%) during the period July to September 2022 compared to the same period last year.

In addition, the growth in the Arts, entertainment, and recreation sector, was mainly due to gambling and betting activities that grew by 121.43 per cent (UGX19.52 billion) and Creative, Arts & entertainment activities by 138.36 per cent (UGX3.03 billion).

The construction sector, on the other hand, grew at a rate of 366.88% (UGX36.18 billion) due to progress in road and railway construction and 42.31% in building construction (UGX14.89 billion).

Administrative Interventions for the period under review.

Revenue collection is managed using approaches that influence taxpayer compliance behaviour in order to improve compliance, improve processes, and increase tax administration efficiency.

These include; taxpayer segmentation, taxpayer register expansion initiatives, filing ratio monitoring, arrears/debt management, litigation, tax compliance investigations, and enforcement operations, as further discussed below.

1 - Expansion of the Taxpayer register

At least 147,892 new taxpayers were added to the taxpayer register during the period under review, representing a growth of 5.65%. As at the end of September 2022, the taxpayer register had 2,765,900 taxpayers. Of these, 174,020 are non-individuals, and 2,591,880 are individual taxpayers.

The registration performance is attributed to key initiatives like Tax Education and sensitisation, Taxpayer Register Expansion Program (TREP), Data analysis from third-party data, stakeholder engagements and using our mobile taxpayer office, which we call the Tujenge bus to reach our taxpayers where we don't have permanent offices.

2 – Consistent Arrears Management

This compliance strategy mainly involves ledger reconciliation, taxpayer clearance certificate verification and agency notice issuance.

As of the end of September 30, 2022, the total arrears stock was UGX 3,288.47 billion, of which UGX 3,113.92 billion were domestic tax arrears and UGX 174.55 billion were customs tax arrears. The total recoveries from July to September 2022 were UGX 246.40 billion.

3 - Enforcement Interventions

Customs countrywide enforcement operations during the period of July to September 2022 led to a recovery of UGX 23.32 billion as a consequence of 2,564 seizures. 2,005 seizures were from dutiable goods, and 559 seizures were from non-dutiable goods.

Revenue recovered from specific offences was as follows:

- under-declaration 40.07 percent;
- other offences 34.64 per cent;
- mis-description/false documentation 11.40 percent;
- undervaluation 5.77 per cent;
- outright smuggling 6.25 per cent;
- misclassification at 1.67 per cent
- concealment 0.21 per cent.

The riskiest goods during the period under review were: assorted items, textiles, garments, footwear, bags, used Items, motor vehicle spares, hardware and network cables.

4 - Tax dispute resolution

During the period under review, UGX 26.98 billion was collected from tax dispute resolution mechanisms.

The performance of new cases filed/received, judgements and rulings, settled cases and convictions secured during the period are summarised below;

Summary of Litigation cases from July to September 2022

Case status	Number of cases
Cases won in favour of URA	40
• Civil cases	28
• Criminal convictions	6
• Withdrawals in URA's favour	6

Cases ruled in favour of taxpayers	4
Split decisions	-

Source: URA Databases

5 - Tax Investigation compliance initiatives

During this period, numerous compliance enhancement initiatives were implemented. These included intelligences, investigation, exchange of information, scientific analysis and forensic document examination to identify and avert tax fraud and systematic non-compliance tendencies while also looking out for revenue enhancement opportunities.

Tax investigation efforts resulted in the completion of 32 cases with recoverable revenue worth UGX 45.50 billion, as analysed below;

Analysis of investigation cases from July to September 2022

Area	Number of cases	Revenue identified (UGX Bn)
Tax Crime Investigations	19	27.28
Financial Crime Investigations	1	5.87
Science Investigations	5	10.48
Prosecution cases	7	1.87
Total	32	45.50

Sources: URA Databases

6 - Implementation of EFRIS & DTS

With the full implementation of the Digital Tax Solution/Stamps (DTS) and increased enforcement activities, URA has been able to onboard some new taxpayers and improve taxpayer declarations. The DTS register currently has 894 clients, and more inspections are being conducted to bring in more clients. This implies more Local Excise Duty (LED) registration and, thus, better declarations.

Implementing the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) and making its use mandatory among taxpayers has improved taxpayer declarations and VAT compliance. It has also improved URA's ability to cross-reference taxpayer declarations and take corrective action when anomalies are discovered.

OUTLOOK FOR THE SECOND QUARTER – (OCTOBER-DECEMBER)

The second quarter revenue target is UGX 6,632.67 billion, accounting for 26.37% of the annual target. Below are the key initiatives that we will continue to pursue;

1 - Continued roll out of EFRIS & DTS

We will continue to sensitise, monitor and enforce, especially non-compliant clients, do spot inventory checks, and crack down in-voice trading schemes, among others.

Improve system monitoring for DTS; we have begun regional stamp distribution to ensure stamps are closer to the manufacturers.

2 - Tax education & sensitization

We have implemented a comprehensive, long-term, and needs-based tax education strategy that informs taxpayers about their rights and obligations, tax laws, opportunities, and the costs of noncompliance. We achieve this through dynamic communication channels tailored to specific audiences, such as URA TV, radio stations, tax bazaars, and sector-based outreach programmes.

The most recent approach is the *Tujenge* Uganda buses, which take Taxpayer Education and Registration to hard-to-reach areas. The URA currently operates two buses for tax education and outreach services, with plans to purchase two more.

3 - Intensify surveillance at porous borders:

Under this measure, URA intends to intensify surveillance of wider coverage of porous borders through speed boats, drones and intelligence

4 - Conduct Non-intrusive inspection of Goods:

We shall continue to deploy NII across the six major border posts of Busia, Mutukula, Malaba, Mirama hills, Katuna, and Elegu. Based on previous experience where scanners have been deployed, an extra UGX 11.00 billion has been realised per scanner.

5 - Roll out the automated Integrated Warehousing Information Management System (BWIMS)

This solution will improve cargo supply chain visibility, and information sharing, ease stock management and facilitate cargo clearance in Bonded warehouses. BWIMS is a win-win situation for Bond operators, Bond Keepers, the Business Community and URA, who will all benefit from the modern warehousing operations that ensure a safe and secure supply chain process at all clearance stages.

6 - Stakeholder collaboration and engagements

We shall continue engaging various stakeholders in the private sector and government to leverage each other's strengths in achieving our objectives. Key areas of collaboration are information exchange, system integrations and capacity development.

CONCLUSION:

While mobilising UGX 25.55 trillion is an uphill task, we are confident that this goal is attainable with the help of every tax-paying citizen and economic player.

I, therefore, appeal to all Ugandans to collaborate with us as we journey towards our national economic independence.

For God and My Country

**John R. Musinguzi,
Commissioner General**