

FINANCE MINISTRY LAUNCHES DOMESTIC REVENUE MOBILISATION STRATEGY

21st February, 2020

The Minister of State for Finance (General Duties), Gabriel Ajedra has launched the domestic revenue mobilisation strategy which he said will bring transparency to the direction of tax policy-making in Uganda for the next five years and also strengthen tax administration.

Launching the strategy, Ajedra said Government will be able take greater control of its budget with more freedom to plan its resource allocation and also reduce the risk of Government borrowing more extensively from international and domestic lenders to fund much-needed infrastructure investments and social policy spending.

The Minister said the NRM Government is committed to maintaining sustainable revenue collection with the medium term to finance Government Programs.

“I call upon the key stakeholders to work together in ensuring a coordinated approach towards implementation of Domestic Revenue Mobilization as prerequisites for private sector-led growth,” said Ajedra.

The Permanent Secretary/Secretary to Treasury, Keith Muhakanizi said the domestic revenue mobilisation strategy aims at raising the ratio of revenue to GDP from between 18-20% over the next five years.

He said over the past decade, revenue collections have been growing at an average growth of 16.6%, adding that the revenue to GDP ratio is currently at 12.9% in FY 2018/19 based on the rebased GDP.

Muhakanizi noted that some of the tax policy initiatives the Ministry of Finance will implement over the next financial year include: Reforming the tax policy making process, establishing and publishing a comprehensive tax expenditure framework as well as addressing the informal economy while preserving Uganda's entrepreneurial spirit.

He said the tax administration initiatives will include enhancing the human resource capacity of URA, modernising URA's technology, expanding the tax register and strengthening focus on tax and customs compliance.

The Domestic Revenue Mobilization Strategy (DRMS) is a result of a long period of collaborative working, by the Ministry of Finance, Planning and Economic Development (MFPED), Uganda Revenue Authority (URA), Development Partners (such as; EU, DFID, USAID, World Bank, KFW, Danida, Ireland and Norway, in addition to contributions from MDAs, private sector and civil society.

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