

Vote:141 URA

VI: Vote Overview

(i) Snapshot of Medium Term Budget Allocations

Table V1.1: Overview of Vote Expenditures

Billion Uganda Shillings	FY2017/18 Outturn	FY2018/19		FY2019/20 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2020/21	2021/22	2022/23	2023/24
Recurrent Wage	133.544	133.964	33.491	133.964	140.662	147.696	155.080	162.834
Non Wage	172.785	163.325	43.659	163.325	187.823	225.388	270.466	324.559
Devt. GoU	52.640	34.640	5.434	34.640	41.568	41.568	41.568	41.568
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	358.969	331.929	82.585	331.929	370.053	414.651	467.114	528.961
Total GoU+Ext Fin (MTEF)	358.969	331.929	82.585	331.929	370.053	414.651	467.114	528.961
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	358.969	331.929	82.585	331.929	370.053	414.651	467.114	528.961

(ii) Vote Strategic Objective

Cultivate a taxpaying culture through provision of reliable services, leadership development and building strategic Partnerships.

V2: Past Vote Performance and Medium Term Plans

Performance for Previous Year FY 2017/18

1. Revenue collection to target was 96.01% (Gross 14,659.76 Bn) with UGX. 8,448.92 Bn from Domestic Tax and UGX. 6,210.84 Bn as Customs Revenue from across the region and gender groups
2. Filing ratio of taxpayers across the regions was at 80.61%(VAT & PAYE)
3. 28.3% growth in Tax register with a total of 291,149 new taxpayers added on the tax register and 166,820 of these were value clients that generated UGX 20.92 billion in revenue.
4. 2.11% Tax administration cost as percentage of revenue
5. Unqualified Auditor General's rating
6. 98.00% Audit and compliance review findings adopted by the client against a target of 70.00%
7. 100% budget absorption rate
8. 82 out of 98 cases were judged/settled in favor of URA hence posting a performance of 83.67%
9. UGX 105.72 Bn collected from debt against a target of 75Bn posting a performance of 140.73%
10. 108 cases investigated to conclusion with a total of UGX 253.95 billion
11. 291 Customs post clearance audits were completed against a target of 250 hence performing at 114.40%. Total assessments were UGX 82.51 billion and UGX 58.43 billion was recovered
12. Electronic Cargo Tracking System was fully rolled out at Mombasa
13. Joint Taxpayer appreciation initiatives with MDAs held across the country. Free yellow fever vaccination worth UGX 10Bn was provided.
14. Regional post budget engagements attracted over 4,000 taxpayers across all categories of people
Corporate Social Responsibility held in Kasese & Mpondwe trading communities attracted over 3500 people . 100 PWDs were reached Soroti school of the blind
15. 9 researches carried out to support compliance initiatives

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Performance as of BFP FY 2018/19 (Performance as of BFP)

1. Net Revenue collection to target was 103.55% (3,707.85 Bn)
2. 81.61% Average filing Ratio (VAT & PAYE)
3. 42% growth in Tax register(45,122 new taxpayers added to the tax register; stands at 1,365,813 as at 30th Sep 2018) against target of 2.5%
4. 2.04%. Tax administration cost as percentage of revenue
5. Compliance level was at 68.5%
6. 244 Tax audits & returns examinations completed which yielded 12.39 Bn
7. Management of tax arrears yielded UGX 177.70 billion
8. 62 Customs audits were completed with a total assessment of UGX 25.61 of which UGX 2.54 billion revenue was agreed.
9. 2,192 seizure notices done Of which 1,717 were for dutiable goods and 475 were for non-dutiable goods.
10. Enforcement intervention led to a recovery of UGX 16.04 billion
11. 82% cases won and settled in URA's favour against a target of 65%.
12. UGX 24.38 billion was recovered from debt against a target of UGX 20 billion.
13. 10 cases were investigated to conclusion and total tax identified was UGX 2.49 billion. In addition, the VAT fraud task force resulted into revenue worth UGX 22.53 billion.
14. 34 Financial Literacy engagements/katales held across gender groups and a total of 13,887 stakeholders were reached.
15. 92 Tax clinics/hubs/engagements held across regions and gender groups and studies
16. Final Accounts for FY 2017/18 prepared and delivered according to PFM Act 2015

FY 2019/20 Planned Outputs

1. 100% revenue collection to target
2. Compliance level of 80%
3. Administration cost as percentage of revenue 2.3%
4. Percentage growth in taxpayer register 10%
6. Collection of UGX 80Bn from debt
7. 65% of cases won and settled in URA's favor
8. Complete 250 Post clearance audits
9. 3,012 Tax Audit actions (Returns examinations, compliance audits, refunds audits, offset verification)
10. 7,151 Compliance inspection actions (Compliance advisories, compliance visits, self health reviews, spot inventory checks)
11. 1,800 intelligence focused operations
12. 20% of electronic cargo tracked
13. 85 scheme and sector/industry based investigations to conclusion

Medium Term Plans

- 1.Implement risk based compliance improvement programs
- 2.Implement Tax register expansion programs
- 3.Implement Service enhancement programs
- 4.Strengthen the assessment and mobilization of Rental tax especially in LGs
- 5.Implement Tax education programs
- 6.Implement eTAX 2, Digital Tax Stamps and Electronic Fiscal Devices(EFDs/ E-invoicing)
- 7.Trade facilitation initiatives
- 8.Participate in the finalizing and implementation of the DRM Strategy.
- 9.Strengthen Debt recovery and litigation
- 10.Implement Business Process Management Programs;
- 11.Develop Systems to support revenue collection and all government agencies.
- 12.Develop Non Tax Revenue collection strategy , financial literacy strategy and communication strategy
- 13.Participate in the capacity building of Local Governments in tax administration
- 14.Participate in the development of a strategy on mandatory association membership for informal sector players
15. Improve Human Resources including staff maintenance & capacity development structural alignment Programs
16. Carry out equal opportunity activities i.e gender, environment and HIV initiatives
17. Support revenue collection in local governments

Efficiency of Vote Budget Allocations

Despite the lower than needed funding URA has tried their best to fit initiatives within the available funds to deliver the revenue needed by government.

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Vote Investment Plans

1. URA Head quarter building
2. New Headquarter Data center
3. Enterprise Resource Planning (ERP)
4. Motor vehicles (Lease)
5. Office equipment, furniture & fittings
6. Computer equipment
7. Disaster recovery system and IT licenses.

Major Expenditure Allocations in the Vote for FY 2019/20

A: OPERATIONAL BUDGET

The recurrent expenditure for the financial year 2019/20 of UGX 297.25 Billion has been allocated as follows:

Staff costs (60.43%)

This will cover the staff salary and related benefits (NSSF, Workman's compensation, Group Life Assurance, medical expenses, Retirement Benefit Scheme contribution, death benefits, gratuity and service award).

Transport and Travel (4.36%)

This will cover the costs of transport and travel, including motor vehicles repairs and insurance, fuel, public transport, subsistence allowances, regional and international travel and transfer expenses.

Repairs and Maintenance Costs (20.54%)

This covers maintenance of building, office equipment including computer equipment, ICT software & licences like ECTS, e-Tax, MS office, parking yards & roads, and furniture maintenance.

Other Charges/staff development & Board Expenses (14.68%)

This covers items like URANET, rent & utility charges, tax payer education, publicity, property rates, staff recruitment costs, staff training costs, legal costs, printing and stationery and program costs among others.

B: THE CAPITAL AND STRATEGIC BUDGET (10.43%)

10.43% of the total budget has been allocated to capital costs to cater for URA Headquarter Building, ERP Implementation, Computer equipment, Disaster Recovery Solution and Vehicle Finance Lease etc.

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Table V3.1: Programme Outcome and Outcome Indicators

Programme :	18 Administration and Support Services						
Programme Objective :	Improve institutional performance						
Responsible Officer:	Doris Akol						
Programme Outcome:	Efficient and effective institutional performance						
<i>Sector Outcomes contributed to by the Programme Outcome</i>							
1. Fiscal Credibility and Sustainability							
Programme Performance Indicators (Output)	Performance Targets						
	2017/18 Actual	2018/19 Target	Base year	Baseline	2019/20 Target	2020/21 Target	2021/22 Target
• Level of Strategic plan delivered	85.77%	80%			80%	80%	80%
• Annual Auditor General rating of institutions	Unqualified	unqualified			unqualified	unqualified	unqualified
Programme :	54 Revenue Collection & Administration						

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Programme Objective : Maximise Revenue							
Responsible Officer: Doris Akol							
Programme Outcome: Maximum revenue							
<i>Sector Outcomes contributed to by the Programme Outcome</i>							
1. Fiscal Credibility and Sustainability							
Programme Performance Indicators (Output)	Performance Targets						
	2017/18 Actual	2018/19 Target	Base year	Baseline	2019/20 Target	2020/21 Target	2021/22 Target
• Revenue collection to target	96.02%	100%			100%	100%	100%
• Compliance level	66.40%	77%			80%	80%	80%
• Tax Administration cost as % of revenue	2.07%	2.3%			2.3%	2.3%	2.3%

Table V3.2: Past Expenditure Outturns and Medium Term Projections by Programme

<i>Billion Uganda shillings</i>	2017/18	2018/19		2019-20	MTEF Budget Projections			
	Outturn	Approved Budget	Spent By End Q1	Proposed Budget	2020-21	2021-22	2022-23	2023-24
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18 Administration and Support Services	169.045	163.323	40.387	163.323	186.569	210.881	239.821	274.302
54 Revenue Collection & Administration	189.385	168.606	42.085	168.606	183.485	203.771	227.293	254.659
Total for the Vote	358.430	331.929	82.472	331.929	370.053	414.651	467.114	528.961

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS

Table V4.1: Past Expenditure Outturns and Medium Term Projections by SubProgramme

<i>Billion Uganda shillings</i>	2017/18	FY 2018/19		2019-20	Medium Term Projections			
	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2020-21	2021-22	2022-23	2023-24
<i>Programme: 18 Administration and Support Services</i>								
02 Internal Audit and Compliance	5.042	5.344	1.336	5.344	5.812	6.370	7.102	7.954
03 Corporate services	93.493	106.197	29.538	106.197	120.347	141.776	167.177	197.512
04 Legal Services	6.603	6.288	1.377	6.288	6.931	7.810	8.879	10.138
0653 Support to URA Projects	52.590	34.640	5.422	34.640	41.568	41.568	41.568	41.568
08 Research & Planning, Public Awareness and Tax Education	11.457	10.853	2.713	10.853	11.912	13.358	15.094	17.130
Total For the Programme : 18	169.184	163.323	40.387	163.323	186.569	210.881	239.821	274.302
<i>Programme: 54 Revenue Collection & Administration</i>								
Total For the Programme : 54	189.635	168.606	42.085	168.606	183.485	203.771	227.293	254.659
Total for the Vote :141	358.819	331.929	82.472	331.929	370.053	414.651	467.114	528.961

Table V4.2: Key Changes in Vote Resource Allocation

Major changes in resource allocation over and above the previous financial year	Justification for proposed Changes in Expenditure and Outputs
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<i>Programme : 18 URA</i>	
Output: 72 Government Buildings and Administrative Infrastructure	
Change in Allocation (UShs Bn) : (10.400)	The building is in its final stages which requires 2.5Bn. The 10.4 Bn has been redistributed to enhance compute and storage for EFD implementation
Output: 76 Purchase of Office and ICT Equipment, including software	
Change in Allocation (UShs Bn) : 10.400	Expanding server compute and storage to support Electronic Fiscal Devices

Table V4.3: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

FY 2018/19		FY 2019/20	
Appr. Budget and Planned Outputs	Expenditures and Achievements by end Sep	Proposed Budget and Planned Outputs	
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Programme : 18 Administration and Support Services			
Project : 0653 Support to URA Projects			
Output: 72 Government Buildings and Administrative Infrastructure			
Completion of the Construction of the URA HQ Building . Site hand over is expected in August 2018 and then the commencement of the defects liability period	Overall physical work progress is 94.00% and actual period-wise progress is 100% as at 30th Sep 2018. Actual cost wise progress is 69.10% of total project cost. Internal final finishes i.e. tiles, granite, epoxy, partitions, balustrades and railing, doors, ceiling and joinery fittings, painting are at 95%.	Snug list activities executed Post project implementation review report	
Total Output Cost(UShs Thousand):	12.900	0.000	2.500
Gou Dev't:	12.900	0.000	2.500
Ext Fin:	0.000	0.000	0.000
A.I.A:	0.000	0.000	0.000
Output: 75 Purchase of Motor Vehicles and Other Transport Equipment			
Acquire 90 vehicles by finance lease.	Monthly lease payments were made to DfCU Bank for 90 vehicles.	Lease for Motor vehicles	
Total Output Cost(UShs Thousand):	3.022	0.756	3.022
Gou Dev't:	3.022	0.756	3.022
Ext Fin:	0.000	0.000	0.000
A.I.A:	0.000	0.000	0.000

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Output: 76 Purchase of Office and ICT Equipment, including software

Acquire new computers for staff	Call off orders for delivery of 420 desktop computers and 22 projectors were completed in first quarter.	New Computers acquired (0.20Bn)	
Annual maintenance of the Disaster Recovery (DR) System & related IT licences	Renewal of Disaster Recovery (DR) support contracts in first quarter.	Disaster recovery system and related IT licences 10.414Bn	
Final implementation of the Enterprise Resource Planning (ERP) system	Renewed software licenses, & IT contracts.	Data Center memory enhanced for EFD support (10.40Bn)	
	Rolled out e-performance module on 5th July 2018.	Enterprise Resource Planning 8Bn of which 3Bn is for informal sector initiatives	
	Trained 294 staff on the e-performance module and planning for 2018/19 was done accordingly.	Office equipment 0.050Bn	
Total Output Cost(Ushs Thousand):	18.617	4.654	29.017
Gou Dev't:	18.617	4.654	29.017
Ext Fin:	0.000	0.000	0.000
A.I.A:	0.000	0.000	0.000

V5: VOTE CHALLENGES FOR 2019/20 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2019/20

1. Policy measures that have not yet been fully implemented such as Withholding VAT, 0.5% excise on Mobile money transactions, 1% tax on Agriculture.
2. Delayed financing which would support compliance management efficiency in areas such as e.g Electronic Fiscal Devices, staff capacity in Natural resources management for tax (Oil and Gas),
3. URA is required to collect Government fees but inadequate budget for staff structure and IT resources for this.
4. Increasing globalisation that lead to aggressive transfer pricing strategies by multinational companies
5. Obsolete IT equipment eg E-tax 1
- 6.No integration between eTAX and the Ministry of Finance (IFMIS) and the Bank of Uganda (BOU) systems

Table V5.1: Additional Funding Requests

Additional requirements for funding and outputs in 2019/20	Justification of requirement for additional outputs and funding
Vote : 141 URA	
Programme : 18 Administration and Support Services	
OutPut : 04 Public Awareness and Tax Education/Modernization	
Funding requirement US\$ Bn : 12.571	Operation & strategic tax education and outreaches, research and risk management, ATAF conference, Unified contact centres and Taxpayer appreciation initiatives are all geared towards improving the Tax to GDP ratio as per NDP objectives.
OutPut : 19 Human Resource Management Services	

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Funding requirement US\$ Bn : 65.162	This is in relation to Human Capital Development as stated in NDP II. The improved staff structure would facilitate implementation of the sector undertakings and ultimately increase domestic revenue mobilisation
OutPut : 72 Government Buildings and Administrative Infrastructure	
Funding requirement US\$ Bn : 5.669	Pay URA rent and utilities arrears to CAA and rent for 2019/20
OutPut : 75 Purchase of Motor Vehicles and Other Transport Equipment	
Funding requirement US\$ Bn : 5.000	Vehicle purchase and lease enhancement
OutPut : 76 Purchase of Office and ICT Equipment, including software	
Funding requirement US\$ Bn : 32.508	There is critical shortage of storage space and most of the environment related equipment have reached the end of their life cycle, it is becoming unreliable for our service needs and anticipated growth. A new datacentre is urgently required to host numerous services that are now lined up such as DTS, EFD/ e-invoicing
Programme : 54 Revenue Collection & Administration	
OutPut : 01 Customs Tax Collection	
Funding requirement US\$ Bn : 2.527	The One Stop Border Posts management will facilitate trade and improved turnaround times for businesses in Uganda and the region at large. The increased efficiency will improve the sector performance and contribute to improved domestic revenue mobilization and Tax to GDP ratio as per NDP II objectives.
OutPut : 03 Tax Investigations	
Funding requirement US\$ Bn : 6.074	Enhance the role of Forensics & Scientific application in Tax administration. • The equipment at the URA science lab is configured, customized and the test methods are specialized to perform pre-determined analysis relevant to the tax authority mandate of classification of goods on a recurrent basis. This provides equipment efficiencies in terms of test turnaround times, test result accuracy, less wear and tear and equipment failures (down time).
OutPut : 04 Internal Audit and Compliance	
Funding requirement US\$ Bn : 0.629	Resource internal audit to eliminate corruption and enhance URA staff integrity
OutPut : 05 URA Legal and Administrative Support Services	
Funding requirement US\$ Bn : 13.550	Budget cuts in 2018/19 affected advertising and public relations, workshops and seminars, welfare and entertainment , staff training and advertising