

APPENDIX I: Findings of the Inventory of Best Practices	District (DLG), Kampala City (KCC) Municipal Council (MC) or Town (TC)
<p>Graduated Tax (GT)</p> <p>Registration – Best Practices</p> <ul style="list-style-type: none"> ?? The parish Development Committee and LC1 executives are involved in the process ?? The registration exercise involves LC1 chairpersons and parish chiefs who know the taxpayers in their jurisdictions ?? Up to date tax register and taxpayer databases exist at district/urban Headquarters, sub-county/divisions, parishes/wards and villages/cells. Most were manually updated but there were few where the registers were computerised ?? A GT register is maintained for a period of 3 to 5 years. This improves accuracy, monitoring and control of tax records and reduces print costs ?? Every taxpayer is allocated a life-long tax identification number (TIN) ?? Registration and enumeration happens at the same time to ensure cost effectiveness <p>Constraints</p> <ul style="list-style-type: none"> ?? Political interference both at central and local level ?? Lack of motivation on the part of revenue collectors ?? Some chiefs lack the skills to keep records of collections ?? Some administrative units are too large to ensure effective coverage <p>Recommendations</p> <ul style="list-style-type: none"> ?? Registration should involve LCs who are familiar with the community and the technocrats who have the technical knowledge 	<p>Arua DLG and Adjumani DLG</p> <p>Bushenyi DLG and Moyo TC</p> <p>Pallisa DLG, Bushenyi TC, KCC, Ntungamo DLG, Arua MC, Kibaale DLG, Rukungiri DLG</p> <p>All</p> <p>Arua MC and Jinja DLG</p> <p>Arua DLG & MC, Koboko TC</p>

<p>Enumeration – Best Practices</p> <ul style="list-style-type: none"> ?? Enumerators are trained in March/April annually to build capacity ?? Enumerators follow a programme for the exercise to ensure systematic coverage ?? The enumeration and assessment exercise is done within the prescribed time to enable the taxpayer to plan ahead for the payment ?? Enumeration done by a team of Local Government staff and LC 1s on the prescribed enumeration/ assessment forms and the taxpayer given the counterfoil indicating the amount of tax payable ?? Enumeration guides who are non-partisan, are recruited and sensitised on the objectives and purpose of the enumeration exercise ?? Enumerators are paid a daily allowance <p>Constraints</p> <ul style="list-style-type: none"> ?? Lack of awareness of the reasons for enumeration among taxpayers ?? Under-declaration of taxable income by taxpayers ?? Delays in the timing of the enumeration exercise in some LGs ?? Some chiefs at sub- county and some LC officials are corrupt (practising nepotism, favouritism, and bribery) ?? The general poverty of the public, in some cases due to cattle raiding and natural disasters ?? Parish chiefs and LC 1 chairmen sometimes connive with the taxpayer to under-declare property ?? Political interference at both central and local level (see under political interference for examples) ?? Lack of facilitation (transport, allowances, computers, assessment forms) ?? Enumeration does not usually coincide with peak economic activity ?? Some taxpayers register in different names in order to avoid follow up by the county officials ?? Insecurity and instability brought about by raiders in some parts of the district, causing movement of communities ?? Shortage of manpower 	<p>Bushenyi DLG Bushenyi DLG and Ntungamo DLG, Tororo MC, Lira MC, Bushenyi DLG, Ntungamo DLG and Rukungiri DLG, KCC All Mbarara DLG Ntungamo DLG, Bushenyi DLG</p>
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<p>Enumeration – Recommendations</p> <ul style="list-style-type: none"> ?? There is a need for community sensitisation by top officials in respect of revenue enhancement ?? An enumeration Committee should be guided by planners/economists of the LG during the process ?? Assessment should be done at parish level not sub-county level 	
<p>Assessment – Best Practices</p> <ul style="list-style-type: none"> ?? Assessment teams are trained in April and May to enable assessment of the taxpayer in time ?? A pre-assessment meeting with sub-county chiefs and LC111 chairpersons is held at the district to inform and share knowledge ?? The assessment exercise is done by town agents/parish chiefs, LC 1 chairpersons and at times staff from Treasury department ?? Proper assessment of tax is carried out in relation to the properties stated in the enumeration forms ?? The assessment is witnessed and monitored by LC officials ?? Assessors are paid a daily allowance to motivate them ?? To ensure compliance, on a sample basis, enumeration results are compared with the amounts assessed on the taxpayer (After the assessment, the taxpayer is given the assessment certificate/notice indicating the amount of tax payable) <p>Constraints</p> <ul style="list-style-type: none"> ?? Poor turn-out for assessment ?? Assessors are subject to local pressures ?? Every taxpayer wants to pay the minimum amount of Shs3,000 ?? Poor methods of imputing values ?? Taxpayers tend to move in search of the lowest rates of tax in other LGs ?? Lack of assessment forms from the district ?? In some areas like Pallisa and Arua, taxpayers migrate and return after assessments are over 	<p>Bushenyi DLG</p> <p>Bushenyi DLG</p> <p>Bushenyi TC</p> <p>Bushenyi DLG</p> <p>Arua MC Tororo MC Mbarara DLG</p>

<p>Assessment – Constraints (contd.)</p> <ul style="list-style-type: none"> ?? Failure of the auditors to make regular visits the sub-counties ?? The wide area that has to be covered during the assessment means that some people are left out ?? Insecurity in some parts of the district caused by the LRA conflict (sub-counties of Autuke and Eruti in Lira District) ?? There are disparities in assessments between neighbouring LGs <p>Recommendations</p> <ul style="list-style-type: none"> ?? An assessment result meeting should be convened to inform taxpayers ?? Capacity building programmes for all LGs especially at sub county level ?? Imputation values should be up dated regularly ?? The minimum qualification for a parish chief should be ‘O’ level ?? Parish chiefs should sometimes be transferred to other sub-counties ?? Increase the salaries of those involved in revenue collection <p>Graduated tax tickets control –Best Practices</p> <ul style="list-style-type: none"> ?? Timely printing and distribution of GT tickets to enable collection of tax to be made ?? Tickets are printed by a reputable company ?? Requisitions for tax tickets are made by the sub-counties after checking the books of the sub-accountant ?? Every GT ticket issued is recorded in the GT register and this is reconciled with the number of tickets sold ?? A register of taxpayers who have paid is maintained and compared with the number of tickets in each grade <p>Constraint</p> <ul style="list-style-type: none"> ?? Late receipt of GT tickets from districts and urban councils by sub-counties/divisions. 	<p>Bushenyi TC</p> <p>KCC</p> <p>All LGs</p> <p>Mbarara MC</p> <p>Mbarara MC</p>
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<p>Collection and Enforcement – Best Practices</p> <ul style="list-style-type: none"> ?? GT tickets are available at the beginning of the financial year ?? Tax collection centres are established close to the tax paying community ?? Uniform road blocks are used throughout sub-counties at the same time to limit the defaulters’ ability to escape from one sub-county to another ?? Regular monthly meetings between sub-county chiefs and parish chiefs to establish strategies for collection of graduated tax in the ensuing month ?? All councillors are assessed according to their income, including the income from district coffers, to set a good example of compliance by leaders ?? Publishing tax defaulters’ names in newspapers, especially prominent defaulters ?? Target opinion leaders who default and arrest them to instil in their followers that no one is above the law ?? The enforcement of GT is contracted out ?? A taskforce made up of chiefs, enforcement officers and LCs used to collect revenue ?? Personalised, laminated GT tax tickets <p>Constraints</p> <ul style="list-style-type: none"> ?? The negative attitude and resentment of taxpayers against GT ?? Negative political pronouncements regarding the minimum GT eg most Taxpayers insist on paying the Shs3,000 minimum tax payable ?? Inflammatory statements made by politicians to undermine tax collection ?? Some tax collectors lack the basic skills and commitment in the revenue collection process ?? Taxpayers tend to pay at the last moment i.e in the last quarter of the financial year - which affects planning ?? Low morale among revenue collectors due to poor remuneration and in some cases the non-payment of salaries or allowances ?? The taxpayer is confused by the requirement that GT has to be paid in the first six months of the financial year instead of the calendar year 	<p>Kapchorwa TC, Mukono DLG and Bushenyi DLG Ntungamo DLG, Masindi DLG and Wakiso DLG, Mukono DLG Bushenyi DLG, Wakiso DLG and Masindi DLG</p> <p>Rukingiri DLG</p> <p>Tororo DLG</p> <p>Tororo DLG</p> <p>Mbarara MC</p> <p>Several LGs Lira DLG</p> <p>Kibaale DLG</p>
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<p>?? Late printing or delivery of GT tickets</p> <p>?? The failure to link the payment of taxes with benefits to the taxpayer</p> <p>?? Interference from national programmes eg elections</p> <p>?? Some parishes do not have parish chiefs (Pallisa)</p> <p>?? Some LCs mobilise taxpayers to pay tax in divisions with lower taxes</p> <p>?? Some revenue collectors, eg parish chiefs, have been politically intimidated</p> <p>?? Lack of markets for their produce, denies farmers the capacity to generate income with which to pay taxes</p> <p>?? The enforcement department is not well equipped to handle the work due to financial constraints</p> <p>Recommendations</p> <p>?? Tax collection centres should be established nearer to the taxpayers</p> <p>?? Provision of loan facilities to enable revenue collectors to buy motor-cycles</p> <p>?? The upper limit of GT should be open especially for private sector employees who do not pay PAYE</p> <p>?? The best time to pay graduated tax would be during Nov and Feb (during The cotton season) or between May and Aug (harvest time)</p> <p>?? LGs should have similar programmes for enumeration, assessment and increase manpower in some sub-counties for collection of GT</p> <p>Motivation of tax collection and taxpayers – Best Practices</p> <p>Some LGs motivate their revenue collectors, offering a reward or commission based on the amount collected from taxpayers;</p> <p>Reward for parish chiefs, sub-county chiefs and LC1s, collecting over 90% of the expected revenue</p> <p>Best parish chief per sub-county is given a bicycle</p> <p>Best taxpayer is rewarded with a prize</p> <p>5%-10% commission is given to revenue collectors</p> <p>1% commission to council agents</p> <p>3% commission is given to parish chiefs</p> <p>Shs 100,000 to town agents and LCs in 2000/2001 only</p>	<p>Bushenyi DLG</p> <p>Ntungamo and Luwero DLG</p> <p>Ngora Sub-county, Kumi DLG</p> <p>Tororo MC</p> <p>KCC</p> <p>Kibale DLG</p> <p>Bushenyi TC</p>
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<p>Best revenue collectors were given bicycles and radios 10% of GT collected to LC1 chair/secretaries for finance and security 15 bicycles provided for tax collectors First parish to complete collection of revenues in the district Posting on notice boards, a breakdown of the monthly graduated tax collected by parish, village and employees Ensuring that the taxpayers appreciate the benefits of the money paid in taxes by remitting the 25% and 5% promptly to villages and parishes respectively and the use of that money to fund projects</p>	<p>Masindi and Kumi DLG Kumi DLG Soroti MC Buntuntumula sub-county, Luwero DLG Kapchorwa TC and Kyenjojo DLG</p> <p>Mbarara DLG</p>
<p>Effective Sensitisation of Taxpayers Best Practices ?? A breakdown of the monthly GT collected by parish, village and employees ?? The revenue sharing amounts e.g 25% and 5% to the lower councils are posted on the notice board ?? LCs and council officials are used to sensitise the community on the importance of paying taxes and the services that have been funded by their taxes during rallies and meetings ?? Use of mass media (radios and newspapers) ?? Public notices, brochures in English and the local vernacular and newsletters ?? Sensitisation using workshops and seminars ?? Tax enhancement team carries out regular sensitisation workshops/seminars ?? Tax tribunals are in place to hear appeals ?? Publicising tax defaulters in newspapers, especially prominent defaulters ?? Training of revenue collectors, chiefs and LCs on tax administration ?? Encouraging the taxpayer to form groups for income generating purposes ?? Use of megaphones on vehicles to mobilise taxpayers ?? Relate revenues to development projects like schools, feeder roads and bore-holes ?? Inform the community about issues affecting them e.g. appearance of CAO or other LG official before the PAC</p>	<p>Kapchorwa TC, Kyenjojo DLG All</p> <p>Lira MC, Mbarara MC, Lira DLG, Arua MC,</p> <p>Lira MC, Mbarara MC, Soroti MC Lira MC, Mbarara MC, Soroti MC, KCC, Entebbe MC All KCC, Kasese DLG, Kyenjojo DLG, Mukono TC, Arua DLG, Bushenyi DLG Mukono DLG Ntungamo DLG Soroti MC, Moyo DLG Kumi DLG, Masindi DLG, Jinja, Pallisa and Arua DLGs Moyo TC, sKumi DLG, Soroti DLG</p> <p>Pallisa DLG</p>

<p>Constraints</p> <ul style="list-style-type: none"> ?? The lack of funds ?? The apathy of taxpayers towards taxation issues ?? The negative attitude of LGs towards the taxpayer's inability to pay taxes ?? The political climate may not be conducive to sensitisation programmes, especially during election campaigns ?? The authorities' attitude towards donor funding and government transfers, which may lead to low interest in the sensitisation programmes; ?? A not very literate public that may not be able to read publications ?? Inaccessible Tax Assessment Appeals Tribunals <p>Recommendations</p> <ul style="list-style-type: none"> ?? Public notices should be posted in strategic places on the running of LGs ?? Council newsletters should be publicised to put across strategies and policies ?? Tax education should be made part of the curriculum of schools 	
<p>Trade Licences</p> <p>Best Practices</p> <ul style="list-style-type: none"> ?? Up-dated computerised register ?? The deregulation project in Entebbe MC is working on the reduction of the time it takes to obtain a trade licence ?? Debt collectors are used to collect fees from defaulters. A 10% commission is payable to the collectors ?? Sensitisation programme in the form of brochures ?? A customer-friendly approach to collections ?? Door to door collection of trade licence fees by contractors ?? Defaulters' names are published in ETOP newspaper ?? Regular visit by revenue officers and internal auditors to the sub-counties and divisions and privatised revenue sources ?? Quarterly consultative meetings with all contractors managing markets ?? All contractors must pay by cheque 	<p>Entebbe MC, Mukono DLG Entebbe MC</p> <p>Mbarara MC</p> <p>Entebbe MC Entebbe MC Entebbe MC, Bushenyi TC, Jinja MC, Mbarara MC, KCC Soroti MC</p> <p>Nearly all Rukungiri DLG, Bushenyi DLG Jinja MC</p>

<p>?? Group licences are issued to small businesses</p> <p>?? Contractors receive revenue receipts from the LG to avoid counterfeits</p> <p>?? Fees to be paid for licences are pre-printed on the licence itself and counterfoils are used instead of loose carbon paper</p> <p>?? Contractors pay directly to the bank instead of to the sub-county chief</p> <p>Constraints</p> <p>?? The licence is based on the calendar year and not on the financial year or 12 months from the date of issue</p> <p>?? Out of date business registers</p> <p>?? Poor flow of information</p> <p>?? Fraud on the part of cashiers and other LGs officials</p> <p>?? Tax avoidance by politicians</p> <p>Recommendation</p> <p>?? Operating permits/fees should be introduced to enhance revenue from professionals e.g Doctors, Lawyers, Bankers etc</p>	<p>Arua DLG, Paidah TC, Lira MC</p> <p>Lira DLG</p> <p>Kotido TC</p> <p>Nearly all</p>
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<p>Property Tax</p> <p>Best Practices</p> <ul style="list-style-type: none"> ?? There is a computerised system which generates demand notes, payments and debtors for property tax ?? Register of properties, even at old valuations to collect at some revenue ?? Tenders and the performance of contractors are reviewed quarterly ?? Privatisation of collection ?? Valuations are carried out every five years ?? Reminders are sent to contractors who are late remitting payments ?? The employment of full-time officer to work on property tax, using out of date values in order to collect at least some revenue ?? Property payments are made direct to the bank ?? Debt collectors are engaged to handle property rates defaulters ?? Sensitisation through the publishing of brochures ?? Rigorous, legal enforcement methods used ?? Delivering services such as street lighting from the revenue collected <p>Constraints</p> <ul style="list-style-type: none"> ?? Lack of qualified valuers to carry out property valuations ?? The office of the Chief Government Valuer is centralised ?? Ignorance of legal and procedural provisions ?? Poor service delivery ?? Poor tax administration <p>Recommendations</p> <ul style="list-style-type: none"> ?? In the absence of property values, LGs should pass bye-laws to charge a flat rate for different categories of properties ?? Decentralise valuation to district or regional level 	<p>Mbale MC, KCC</p> <p>Soroti MC, Arua MC Jinja MC KCC, Jinja MC Jinja MC Jinja MC</p> <p>Soroti MC, Arua MC</p> <p>Arua MC Jinja MC KCC, Tororo MC</p>
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<p>Tendering procedures</p> <p>Best Practices</p> <p>?? Competitive tendering system</p> <p>?? A market master is stationed at the privatised markets</p> <p>?? Photographs of the directors of the company submitting the bid are attached to application forms</p> <p>?? Contractors are required to deposit a performance bond (equivalent to three month's payments) in addition to a month's payment in advance</p> <p>Reserve price setting</p> <p>?? Market surveys are carried out during the peak and low periods and an average is determined</p> <p>?? The relevant parameters for each source are documented and an assessment of the potential collection made</p> <p>?? Price is set by the Technical Evaluation Committee</p> <p>?? Price is set using previous collections</p> <p>?? A lower and upper limit of the reserve price are set and kept confidential</p> <p>?? By testing the market e.g running the taxi park, checking the actual number of vehicles</p> <p>?? The reserve price is approved by Council</p> <p>?? Audit and Treasury make independent assessments and an average price is adopted</p> <p>?? LCs and technical staff survey the market to assess the market's potential</p> <p>?? LC1 and LC3 chairs make recommendations</p> <p>?? Those submitting tenders are requested to give evidence of G tax payment</p> <p>Constraints</p> <p>?? Dishonesty of some contractors</p> <p>?? Political interference in the awarding of tenders, setting of the reserve price and in complying with the terms of the tender</p> <p>?? High default rate by contractors, usually due to political interference</p> <p>?? Reserve prices based on unreliable data</p>	<p>Jinja MC, Kibaale DLG Rukungiri DLG Mukono DLG</p> <p>Jinja MC</p> <p>Ntungamo DLG, Luwero DLG, Masindi DLG, Arua DLG Jinja DLG Moyo TC</p> <p>Bushenyi DLG Moyo TC</p> <p>Bushenyi DLG, Jinja MC Jinja MC Arua MC Mukono DLG Moyo TC Jinja MC All Rukungiri DLG, Masindi DLG</p>
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<p>Service Delivery</p> <p>Best Practices in provision of services from local income</p> <p>?? 75% goes to service delivery e.g. health, works, education etc</p> <p>?? 70% is spent on health, works, education</p> <p>?? There are programmes for the urban poor, the youth, women and the elderly</p> <p>?? Local revenue is only sufficient to pay salaries</p> <p>?? Less than 10% is spent on service delivery</p> <p>?? Have built roads, schools, health centres with 10% matching of LGDP funds</p> <p>?? Nearly all LGs reported that local revenue collected is too small to fund any services. The 10% co-funding contribution has funded some projects</p> <p>?? Projects are officially commissioned, linking taxes paid with service delivery. Taxpayers witness the signing of contracts at the site for development and this keeps the public informed of developments</p> <p>?? Feedback is encouraged from service consumers as a way of soliciting their views and suggestions on services rendered and encouraging communication between taxpayers and tax collectors</p> <p>?? Taxpayers are encouraged to form groups in order to participate in income generating activities</p> <p>Constraints</p> <p>?? Political interference</p> <p>?? Inadequate funds</p> <p>?? Poor linkages of service delivery to tax compliance</p> <p>?? Lack of sensitization</p>	<p>Ntungamo DLG Bushenyi DLG KCC, Tororo MC</p> <p>Rukungiri DLG</p> <p>Arua DLG</p> <p>Entebbe MC</p> <p>Kumi DLG, Luweero DLG, Arua DLG</p>
<p>Budgeting process</p> <p>Best Practices</p> <p>?? Budgeting is based on past trends</p> <p>?? Involvement of LC3 chairperson, secretary for finance, sub-county chiefs, sub-accountants, opinion leaders, NGOs, LC5, technocrats and standing committee</p>	<p>Mukono TC All</p>

<p>Financial Reporting</p> <p>Findings</p> <p>?? Quarterly reports to LCV/Mayor, TC/CAO, RDC, PAC, LC3 – by auditors</p> <p>?? On some occasions, the senior auditor reports to CAO</p> <p>Financial Reporting – Findings (contd.)</p> <p>?? Monthly to TC/ CAO from CFO and sub-county chiefs</p> <p>?? Monthly to CFO from revenue officer</p> <p>?? Monthly to Secretary for Finance from CFO</p> <p>?? Weekly reports to TC/ CAO, from CFO, sub county chiefs /divisions</p> <p>?? Special reports to TC/CAO from auditors</p> <p>?? Annually, final accounts are sent for auditing</p> <p>?? 2001/2002 final accounts sent to auditor general on time</p> <p>Constraints</p> <p>?? The auditor general deals with the director of finance/CFO, but not with the internal auditors</p> <p>?? The auditors report to the LC5/Mayor or CAO and LC3 instead of council</p> <p>Recommendations</p> <p>?? The system should be streamlined</p> <p>?? Proper guidelines should be given (note: these were sometimes stated when it was later found they did not adhere to the Financial and Accounting Regulations)</p>	
<p>Effective Internal Controls</p> <p>Best Practices</p> <p>?? Regular review of the internal control systems by the audit department</p> <p>?? Reports to MoLG every month</p>	<p>All Tororo MC</p>

<p>Revenue collections– Best Practices</p> <p>?? Setting monthly and quarterly targets for chiefs</p> <p>?? Comparisons made between budgeted and actual revenue and variances computed</p> <p>?? Weekly and monthly revenue meetings involving stakeholders such as District Planner, Chief Finance Officer, Sub County chairpersons, Chiefs and sub accountants to review performance and set monthly targets</p> <p>?? Quarterly field visits to monitor revenue sources by combined force of administration, finance, audit and politicians</p> <p>?? All revenue collected are banked on the sub-county’s collection account intact</p> <p>?? Double locking system for the safes</p> <p>?? Segregation of duties to ensure that the function of receiving cash/banking is separate from recording</p> <p>?? Surprise audit checks carried out at cash offices and revenue collecting centres/stations</p> <p>?? Monitoring of projects and activities in progress by staff and LCs</p> <p>?? Revenue officer/market officer checks all returns</p> <p>?? Regular visit by revenue officers and internal auditors to the divisions/sub counties and privatised revenue sources</p> <p>?? An imprest is kept at sub-counties so that collections can be banked intact.</p> <p>?? Carbonised receipts are used to avoid forgeries</p> <p>Expenditure – Best Practices</p> <p>?? Regular budget reviews by the Executive, both at head office and divisional levels</p> <p>?? Receipts are centrally procured and distributed to the sub counties/divisions</p> <p>?? Counterfoils are returned when collecting new receipts/tickets</p> <p>?? Value of money audits are carried out to advise the council on the efficient utilisation of resources</p> <p>?? Audits are carried out on the use of the 65% funds left at the sub counties</p> <p>General Revenue – Best Practices</p> <p>?? Enforcing tender contract terms on collections</p>	<p>Wakiso DLG</p> <p>Masindi DLG</p> <p>Masindi DLG</p> <p>Rukingiri DLG</p> <p>Ntungamo DLG</p> <p>Mbarara MC and DLG, KCC</p> <p>Arua MC, Masindi TC</p> <p>Kapchorwa TC</p> <p>Mukono TC</p> <p>Ntungamo DLG, Bushenyi DLG, Tororo MC, All Kapchorwa DLG</p> <p>Kampala CC, Kasese DLG</p> <p>Jinja MC</p>
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<p>?? Monitoring of projects and activities in progress by staff and LCs</p> <p>General Revenue – Constraints</p> <p>?? Lack of transport, computers and adequate office space</p>	<p>Rukungiri DLG</p> <p>Tororo MC</p>
<p>Political Interference – Constraints</p> <p>?? De-campaigning of taxes by some politicians both at central and LGs</p> <p>?? Collection of taxes is banned during political campaigns</p> <p>?? Politicians shelter people they know during tax enforcement</p> <p>?? Politicians find it difficult to enforce the law on friends and relatives</p> <p>?? Statements to win votes during campaigning includes promises to reduce taxes and increase services, so there is a contradiction</p> <p>?? Interference in the awarding of tenders</p> <p>?? Taxes are linked to political groups so those supporting the leadership pay others do not</p> <p>?? Campaigning remarks are taken as law and make law enforcement difficult</p> <p>Recommendations</p> <p>?? Punitive measures should be imposed on politicians who interfere in tax collection</p> <p>?? Those politicians who de-campaign taxes should be involved in the sensitisation programme (joint workshops and seminars)</p>	
<p>Networking: sharing of experiences with other LGs</p> <p>?? Study tours to and from abroad</p> <p>?? Meetings, seminars and informally</p> <p>?? Trips to other LGs by councillors</p> <p>?? Twinning arrangement between LGs and other countries and within</p> <p>?? Exchange of reports</p> <p>?? Visits and workshops locally</p>	<p>Arua MC, Soroti DLG</p> <p>Nearly all</p> <p>Lira MC, Soroti DLG</p> <p>Masindi DLG</p> <p>All</p>

<p>District/LGs relationship</p> <p>?? Often there are delays in the remittance of graduated tax collected from employees of other LGs</p> <p>?? Sub-county taxes people near the boundary and therefore are assessed twice</p> <p>?? There are on going discussions on how the district is to remit property rates collected to the town</p> <p>?? 20M shillings in GT at the district and capacity building grant has not been transferred to town to date</p> <p>?? Delays in remitting grants to the urban councils</p> <p>?? The district would like to pay town councils 35% like the sub-counties because the council is represented in the district council</p> <p>?? Some taxpayers from the rural LGs pay in the urban areas where taxes are lower and vice versa</p> <p>?? There is a conflict between the district and the urban council because of the district taking all land based income</p> <p>?? Delays in the remittance of GT collected from employees</p> <p>?? The district is holding on to capacity building grant belonging to the TC</p> <p>?? Lack of transparency and efficiency in the transfer of funds to/from the districts</p> <p>?? Failure of urban authorities to pay to the district rent for the offices it occupies</p> <p>?? District's reluctance to share plant and equipment with urban councils</p> <p>?? Some taxpayers are taxed both in the Urban Council and in the District</p> <p>?? Disputes exist between Kasese district and Katwe/Kabatoro TC on collection of salt dues</p> <p>?? Town council receives grants from central government through the districts</p>	<p>Masindi DLG</p> <p>Moyo TC Moyo TC</p> <p>Kapchorwa TC</p> <p>Kapchorwa DLG</p> <p>Bushenyi TC, Mukono TC</p>
<p>Investment Opportunities</p> <p>?? Land has been zoned for tourism (hotels)</p> <p>?? Lower licence rates for traders coming into the area</p> <p>?? Deliberate marketing of Jinja as the best tourist destination in the country</p>	<p>Entebbe MC</p> <p>Arua MC</p> <p>Jinja DLG & MC</p>

<p>?? Direct lobbying with investors</p> <p>?? Microfinance scheme for income generating activities</p> <p>?? Offer of attractive land at a reasonable price; establishment of industrial land</p> <p>?? Placing district profiles in the mass media</p> <p>?? Designing a web-site to attract investors</p> <p>?? Putting a supplement in the Monitor newspaper on Sipi Falls as a tourist destination</p> <p>?? Programmes in place for water and rural electrification</p> <p>?? Negotiate with land owners for investors e.g. MTN, Radio and TV Boosters</p> <p>Constraints to Potential Investors</p> <p>?? Lack of infrastructure</p> <p>?? No surplus land</p> <p>?? TCs cannot allocate land</p> <p>?? No provision of land for investment</p> <p>Innovations in the last three years</p> <p>?? Introduction of a charcoal production scheme</p> <p>?? Movement permits for fisheries department</p> <p>?? Introduction of laminated graduated tax tickets</p> <p>?? Contract farming in the rice and tobacco</p> <p>?? New cash crops e.g. vanilla, moringa, rice and tobacco</p> <p>?? Processing of tomato and pineapple through UMA</p> <p>?? Planning rural growth centres</p> <p>?? Introduction of fees on passports, bill boards, ordinances e.g. cess</p> <p>?? Improving infrastructure (installing street lights two kms from the town)</p> <p>?? Garbage disposal fines</p> <p>?? Identity cards</p> <p>?? Re-planned a residential area and sold the plots at higher prices</p> <p>?? Developed a revenue data bank</p> <p>?? Revenue from fish landing sites, fish transportation and creation of new markets</p> <p>?? Expanded revenue bases by introducing payment of royalties by UEDC</p> <p>?? Exclusion of old people from the tax register</p>	<p>Rukungiri DLG</p> <p>Moyo DLG</p> <p>Arua DLG</p> <p>Masindi DLG</p> <p>Jinja DLG</p> <p>Kapchorwa TC</p> <p>Arua DLG and Mukono DLG</p> <p>Kapchorwa TC</p> <p>Ntungamo DLG</p> <p>KCC</p> <p>Luwero DLG</p> <p>Luwero DLG</p> <p>Luwero DLG</p> <p>Luwero DLG</p> <p>Masindi DLG</p> <p>All the below are in Jinja DLG</p>
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The Legal Framework

Problems identified from questionnaires: The Local Governments Act 1997

- ?? Implementation of the many requirements is a problem
- ?? No responsibilities given for LC1s and LC3s
- ?? The duties of the lower councils e.g. villages and parishes are not stipulated
- ?? Section 2 (2) requires payment of graduated tax in the first six months of the financial year and this conflicts with the calendar year
- ?? Section 2 (3) requires a person to pay tax at his place of residence. This is difficult to establish. Most taxpayers have a home in town and in the village
- ?? There is a tendency to interpret the Act's provisions in isolation to other local laws for example the Financial and Accounting Regulations
- ?? The percentage sharing provisions are unrealistic and cause revenue to be fragmented into very small amounts. The sharing should take place after the minimum has been collected
- ?? The 25% borrowing powers is frustrated since MOLG approval is required for the 10% borrowing and is dependent on the Auditor General's certificates
- ?? The 20% to the village and 5% to the parish waters down the effectiveness of service delivery at sub county level
- ?? Section 81 (3) is not operational and affects the ability of LCs to manage local revenue
- ?? Politicians empowered to get involved in enumeration and assessment of GT
- ?? Allows councillors to determine their allowances
- ?? Grants are not remitted to Urban Authorities directly as stated in Section 84(6) of the act
- ?? The law does not provide an arbitration mechanism in cases where Central Government interferes with revenue collections in LGs
- ?? There is no punishment for LCs who violate the law by awarding themselves tenders then defaulting
- ?? The process of passing ordinances is too lengthy (could take up to 2 years)

The Legal Framework – Recommendations

- ?? Reduce the revenue sharing percentage of the divisions to 25% to match their responsibilities
- ?? Where Central Government interferes with local revenue, compensation should be paid to them
- ?? A clause should be included to prohibit politicians from interfering with tax collection
- ?? Local Governments should be allowed to keep a fair share of the taxes collected by Central Government e.g. PAYE
- ?? Taxpayers pay at their places of residence and deny Urban Authorities revenue
- ?? Employers do not follow the law on graduated tax and there is no provision for the surcharge to be imposed

The Graduated Tax Laws

- ?? The minimum Shs3,000 rate confuses people who all want to pay the minimum
- ?? The tax is subject to political manipulation and interpretation to satisfy political interests of the day
- ?? The regulations are not comprehensive
- ?? The appeals committee is being abused and needs reform
- ?? Employers have no obligation to deduct tax and to pay it to the appropriate residential areas
- ?? The GT scales are a problem
- ?? The taxpayer has failed to adjust to the timing of July to October for the payment of taxes
- ?? Most taxpayers do not have birth certificates, therefore it is difficult to prove one's age

Recommendations

- ?? Taxes from employees should be deducted in July
- ?? The law should be clear on the age for exemption from the tax
- ?? Magistrates should adhere to the law and charge defaulters

<p>The Trade Licensing Act 1969 – Constraints</p> <ul style="list-style-type: none"> ?? It is outdated and needs amendment ?? Professionals do not pay for operational licences ?? There is no distinction between annual and daily licences ?? The land board established by the Act favours the district and is unfair to urban councils. This is because money collected from ground rent goes to the district and yet the services are provided by the urban councils ?? The Act follows the calendar year and not the financial year so funds come in at the wrong time ?? Multiple licences make assessment and management difficult ?? Collection of revenue from agriculture and dairy products is prohibited <p>Recommendation</p> <ul style="list-style-type: none"> ?? The Act should be amended <p>The Land Act 1998</p> <ul style="list-style-type: none"> ?? LGs have difficulties planning for services because landowners demand compensation for their land ?? People do not want to pay ground rent because they own the land ?? Power has been taken away from urban councils ?? There is no guidance for development, because land is managed by three different entities i.e the people own the land, the LG plans for the land and the District Land Board allocates land ?? KCC no longer has automatic reversal of ownership to land whose leases have expired and this has made it difficult for Council to plan and control development ?? The Land Tribunals are inactive ?? The Act provides landowners with too much power especially on used land and this affects investors ?? Freehold and Mailo land do not pay taxes ?? The process of leasing land through the land board is too long ?? S91(1) and (2) states that all revenue accrues to the board and this is unfair 	
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<p>Recommendation</p> <ul style="list-style-type: none"> ?? The Act needs urgent reviewing ?? The property roll update should be 5 instead of 10 <p>The Local Government (Rating) Decree 1979</p> <ul style="list-style-type: none"> ?? The amendment to the Act is long overdue ?? The decree is out of date. Even then it affects Urban Authorities more than Districts ?? People are uninformed due to changes in politics. The penalty should allow for imprisonment not just recovery from rent. ?? It is not understood by local people who are not renting, but live in their own homes ?? Vesting the authority to value all properties for all LGs in the hands of the Chief Government Valuer means there is a lack of capacity to handle valuations. For example, it took Tororo MC 13 years to have a valuation carried out <p>Recommendation</p> <ul style="list-style-type: none"> ?? The Act urgently needs amendment <p>The Town and Country Planning Act 1964</p> <ul style="list-style-type: none"> ?? No standard plan applicable nation-wide ?? It is based on master plans, which are out of date. ?? In conflict with the Land Act 1998 regarding ownership of land by Urban Authorities ?? Lacks ‘teeth’ in non-compliance measures, as the penalty is only Shs 500 <p>Recommendations</p> <ul style="list-style-type: none"> ?? The board should be decentralised to regional levels ?? It should allow for the demolition of buildings 	
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<p>The Public Health Act 1964</p> <ul style="list-style-type: none"> ?? This Act needs updating to fit in with the health bye-laws passed e.g. certificates of health to those serving food is an international requirement and has no bye-law ?? Affects licensing and denies LGs revenue ?? The fines are far too low for non-compliance ?? Puts more emphasis on control rather than promotion of revenue generating activities <p>Recommendations</p> <ul style="list-style-type: none"> ?? Needs updating to fit with the health bye-laws passed e.g. certificates of health to those serving food. ?? There should be simplification of the bye-laws for enforcement ?? No longer applicable e.g. the keeping of animals and growing of crops in town goes unchecked <p>The Environmental Act 1998</p> <ul style="list-style-type: none"> ?? This Act needs reviewing <p>The Penal Code</p> <ul style="list-style-type: none"> ?? Section 50B deals with punishment of those who incite others to refuse to pay or delay payment of taxes. The section states that such people can only be prosecuted after obtaining written consent from the Director of Public Prosecutions 	
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