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Tax Bargains

Understanding the Role Played by Public and Private Actors in Influencing Tax Policy Reform in Uganda

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prepared for the UNRISD project on
Politics of Domestic Resource Mobilization

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This paper is part of a series of outputs from the research project on The Politics of Domestic Resource Mobilization for Social Development.

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Acronyms

CSOs	Civil Society Organizations
DRB	Domestic Relations Bill
FOWODE	Forum for Women in Democracy
GDP	Gross Domestic Product
IFIs	International Financial Institutions
IMF	International Monetary Fund
ITA	Income Tax Act
KACITA	Kampala City Traders Association
LRC	Law Reform Commission
MOFPED	Ministry of Finance Planning and Economic Development
MPs	Members of Parliament
OECD	Organisation for Economic Cooperation and Development
PAYE	Pay As You Earn
PSA	Production Sharing Agreement
PSF	Private Sector Foundation
PVOC	Pre-import Verification of Conformity to Standards Programme
SAP	Structural Adjustment Programme
SEATINI	Southern and Eastern African Trade Information and Negotiations Institute
UGIETA	Uganda Import and Export and Traders Association
UMA	Uganda Manufacturers Association
URA	Uganda Revenue Authority
VAT	Value Added Tax

Summary

With the exception of the role played by International Financial Institutions (IFIs) such as the International Monetary Fund, there is little documentation of the role, if any, played by actors other than the state in influencing tax policy reform in Uganda. This paper conducts an investigation into the extent to which actors such as IFIs, members of parliament, the private sector, civil society organizations (CSOs) and non-institutionalized actors write their voices into tax legislation. We also seek to understand the mechanisms used by these actors to influence tax policy reform. Our findings reveal that more organized and economically powerful actors have more opportunities for contributing to the authoring of tax laws. These actors frequently use institutional channels, even though the technologies employed are rarely publicized. There is another group of institutionalized actors (particularly CSOs) who have not traditionally engaged with tax matters but who are increasingly seeking audience in tax debates. CSOs have the potential to influence legislation but their interaction with tax issues is too recent to result in any visible reforms. Non-institutionalized groups for their part use less formal (or extra-legal) means to engage with tax issues. As a result, their bargaining processes are often less coordinated, more reactionary and less sustainable.

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