



THE IMPACT OF TAXATION ON UGANDAN UNIVERSITIES/INSTITUTIONS

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PRESENTATION OVERVIEW

- The Role Of Universities/Institutions In National Development
- The Role Of Taxation In National Development
- URA Revenue Performance
- Contribution Of Universities/Institutions To Tax Revenue
- Challenges Faced By Universities/Institutions Regarding Taxation
- Tax Compliance And Exemptions
- Conclusion

THE ROLE OF UNIVERSITIES/INSTITUTIONS IN NATIONAL DEVELOPMENT

Importance of Universities:

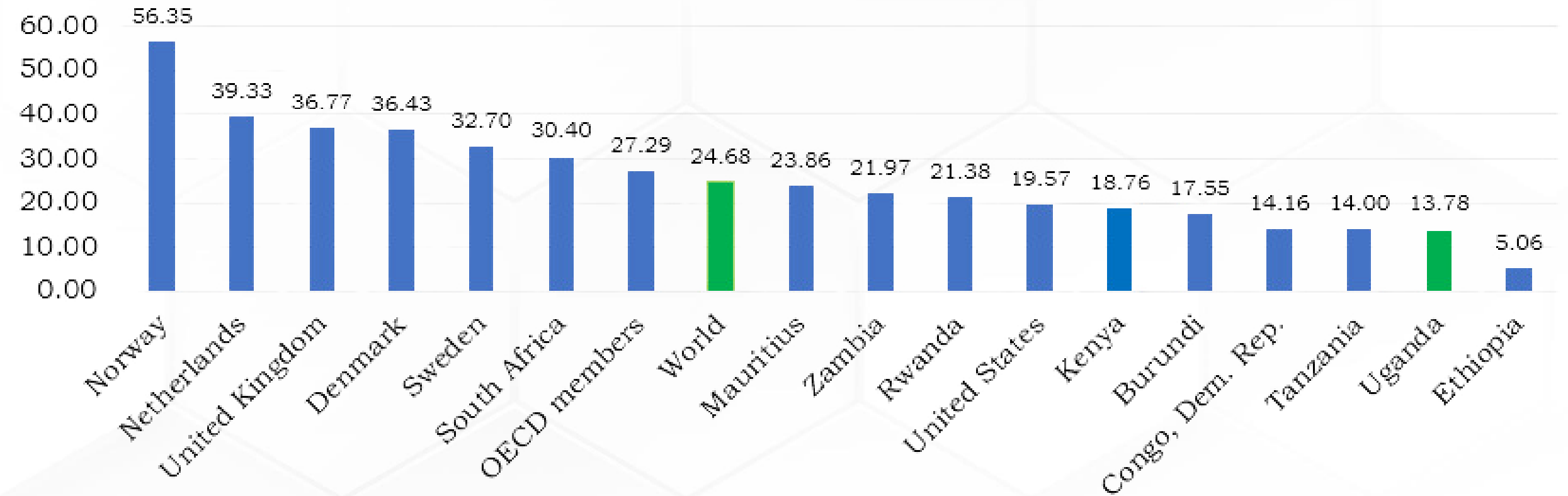
- Shaping Uganda's future workforce.
- Hubs of innovation, research, and societal advancement.
- Critical contributors to national development goals like Vision 2040.

Partnerships with URA

- Collaboration in advancing education and fiscal policy.



Recent Tax to GDP (2023)



THE ROLE OF TAXATION IN NATIONAL DEVELOPMENT

Why Taxation Matters:

- Taxes fund essential services such as infrastructure, security, healthcare, and education.
- A fair and equitable tax system is crucial for national progress.
- Uganda's tax-to-GDP ratio is 13.78%, below the sub-Saharan average (18%) and global average (25%).
- Increasing tax-to-GDP ratio to 18% by 2025 is essential for Uganda's Vision 2040.

URA REVENUE PERFORMANCE

Revenue Growth (2019-2024):

- Significant increase in revenue collection (62.98%) from UGX 16,751.64 billion in 2019/20 to UGX 27,301.22 billion in 2023/24.
- URA performance targets and achievements over the last five years.

Category	FY2019/20 (UGX Bn)	FY2020/21 (UGX Bn)	FY2021/22 (UGX Bn)	FY2022/23 (UGX Bn)	FY2023/24 (UGX Bn)
Target	20,344.13	21,638.65	22,363.51	25,151.57	29,218.98
Actual	16,751.64	19,262.99	21,658.01	25,209.05	27,301.22
Variance	(3,592.49)	(2,375.66)	(705.50)	57.48	(1,917.76)
Achievement	82.34%	89.02%	96.85%	100.23%	93.44%
Growth (%)	0.81%	14.99%	12.43%	16.40%	8.30%
Growth (UGX Bn)	133.20	2,511.35	2,395.02	3,551.05	2,092.17

CONTRIBUTION OF UNIVERSITIES/INSTITUTIONS TO TAX REVENUE



Tax Type	2020-2021	2021-2022	2022-2023	2023-2024	2020 - 2024
PAYE	188,975,966,117	167,472,994,031	176,891,200,812	235,940,450,958	769,280,611,918
WITHHOLDING TAX	8,157,897,886	7,383,690,878	6,729,462,136	8,407,351,062	30,678,401,962
CUSTOMS TAXES	442,244,012	522,713,908	434,853,202	1,035,016,520	2,434,827,642
VALUE ADDED TAX	278,551,521	1,261,536,686	332,485,620	393,183,433	2,265,757,260
INCOME TAX	135,001,139	238,685,361	623,997,713	533,766,527	1,531,450,740
VAT WITHHELD	288,600	60,597,439	405,372,961	463,771,068	930,030,068
STAMP DUTY	53,313,000	48,260,000	240,878,280	181,382,850	523,834,130
IT RENTAL	10,505,328	11,762,396	214,515,488	148,722,663	385,505,875
VAT ON IMPORTED SERVICES	31,009,177	56,588,607	50,620,413	222,207,779	360,425,976
MOTOR VEHICLE	3,418,000	3,351,000	3,810,000	7,361,000	17,940,000
VAT-DIGITAL SERVICE TAX				100,000	100,000
LOCAL EXCISE DUTY		72,000			72,000
	198,088,194,780	177,060,252,306	185,927,196,625	247,333,313,860	808,408,957,571

CONTRIBUTION OF UNIVERSITIES/INSTITUTIONS TO TAX REVENUE



Explanations to the tax types

- Corporate Income Tax: UGX 21.413 billion.
- Pay As You Earn (PAYE): UGX 421.236 billion.
- Value Added Tax (VAT): UGX 2.946 billion.
- Withholding Tax: UGX 39.035 billion.
- Customs Taxes: Contributions via imported goods.

CHALLENGES FACED BY UNIVERSITIES/INSTITUTIONS REGARDING TAXATION

Private Universities:

- Balancing taxation and the high cost of delivering quality education.
- Tax obligations affecting the affordability of education.

Public Universities:

- Struggles with limited government grants and compliance with tax regulations.
- Impact on expansion and research initiatives.

TAX COMPLIANCE AND EXEMPTIONS

URA's Supportive Role:

- Providing tax exemptions on essential educational materials (e.g., textbooks, research equipment). And by doing so, we alleviate financial pressure to help universities focus on their core mission.

CHALLENGES FACED BY UNIVERSITIES/INSTITUTIONS REGARDING TAXATION



Failure to Properly Declare Income from Non-Core Activities

- Rental income from university properties like conference halls, student hostels, and university land.
- Commercial activities, such as running cafeterias, bookshops, or offering consulting services to external entities.
- Sometimes, these sources of income are not fully declared, leading to underreporting of tax liabilities.

Non-Compliance with PAYE Regulations

- Incorrect Remittance of PAYE: Universities may underreport employee salaries and allowances to reduce their PAYE liabilities. For example, failing to include certain benefits (housing, transport, etc.) in the taxable income of employees.
- Delayed or Non-Remittance: Universities may delay or fail to remit PAYE collected from employees to URA, which can result in penalties and interest charges.

CHALLENGES FACED BY UNIVERSITIES/INSTITUTIONS REGARDING TAXATION



Non-compliance with VAT

- Failure to Register for VAT: Universities may engage in taxable activities and exceed the VAT threshold without registering for VAT with URA.
- Incorrect Application of VAT: For VAT-registered institutions, failing to charge VAT on taxable services (e.g., rental income, consultancy services, or conference hosting) is a common compliance gap.
- Failure to Claim Input VAT: In cases where universities make VAT-able supplies, some institutions fail to claim the input VAT on expenses related to their taxable business, leading to compliance gaps.

Delayed or Inaccurate Submission of Tax Returns

- Submit returns on time, resulting in penalties.
- Accurately report income and expenses, leading to underpayment of taxes and potential audits.

COMPLIANCE AND TAX SYSTEM IMPROVEMENT

Improvement Strategies

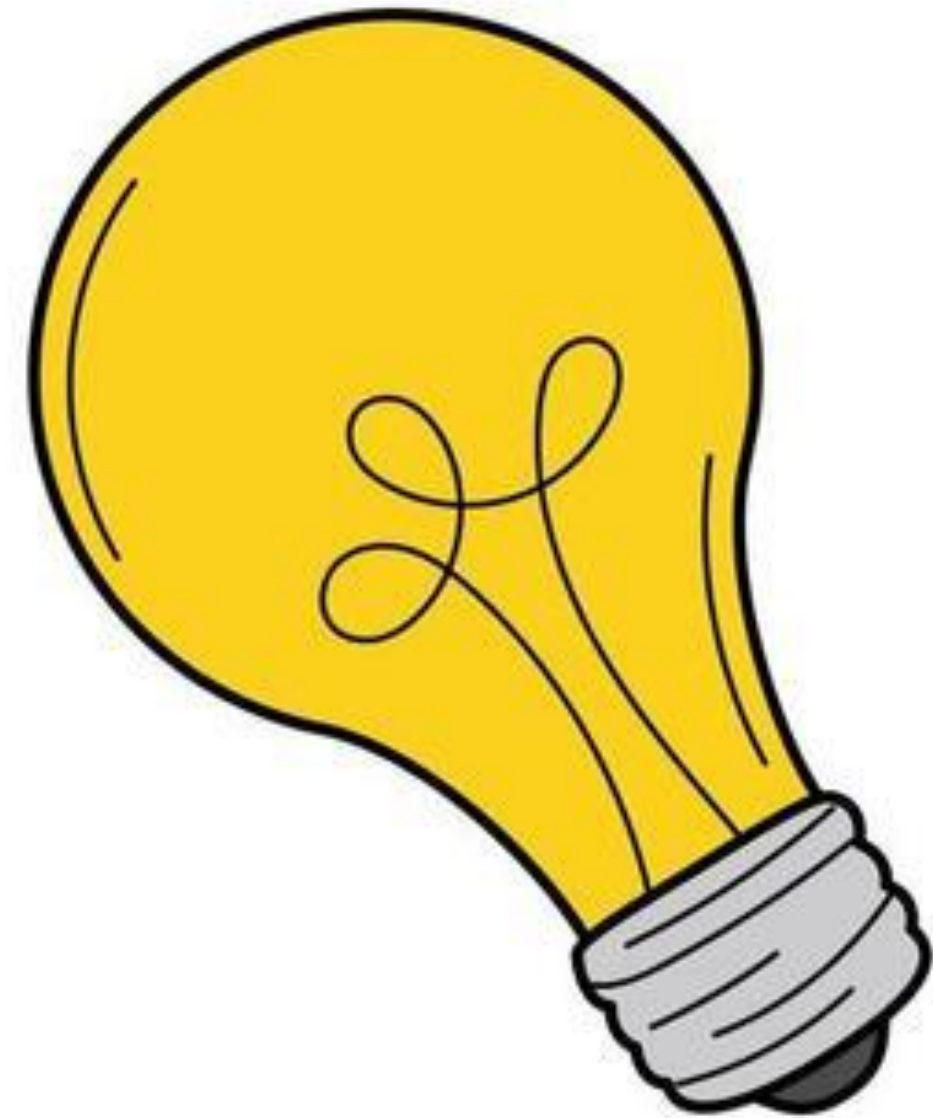
- Proper documentation and financial reporting.
- Ensuring compliance with PAYE, VAT, and corporate income tax regulations.
- Addressing compliance gaps related to employee benefits and capital gains.

CONCLUSION



Closing Remarks

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- URA's commitment to engaging with academic institutions to ensure a supportive tax environment.
 - Continuous dialogue to balance tax compliance with the growth of Uganda's universities.
 - Appreciation for the opportunity to participate in the forum and contribute to shaping Uganda's academic and fiscal landscape.



THANK YOU

