



Using Revenue Administrative Data for Research – Practical Experiences and research in the Ugandan Context

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TALKING POINTS

Introduction

Why Admin data in Research?

URA Data & Systems

Third Party information & Issues

Research studies & Impact

Research Strategy

Lessons Learnt





Introduction

Revenue Administrative data

- ✓ Is Information collected by both URA & LGs
 - central & local government revenues respectively.
- LGs data sets like in many other MDAs are poorly managed, un-updated, Manual.
- URA is doing well with data management



Is this data applicable in Research?

For the case of URA,

- It has disaggregated data that allows researchers to do analysis at taxpayer level
- Aggregated series for time series analysis (1991 to date). Available by tax type.
- It is more accurate & Reliable than any other source of tax data. With surveys, respondents often do not provide honest or accurate answers about their income, so it is often underreported.

For LGs, aggregated series are available preferably from 2000 to be extracted from their reports.



URA Data & Systems

There are Four main electronic systems used by the URA to manage information:

- a) e-tax system
 - For Domestic taxes
 - Captures many fields from taxpayers (Individuals and companies)
 - Registration form (tax demographics, source of income, sector, taxes registered for, tax agents etc)- over 1 million records
 - Filing returns data (IT, Rental, VAT, PAYE, WHT, GPBT)
 - Tax Payments
 - Audits data (Case assignment, work plans, assessments etc)
 - Objections and appeals
 - Stump duty/ NTR; Motor vehicle, Debt collections, Refunds etc



URA Data & Systems

- b) ASYCUDA World
 - Customs data- Importers' and Exporters' details, details of exports-commodity name, quantity, values, taxes paid etc
- c) Sun Systems. Expenditures, payments to suppliers
- d) E-Hub/DWH- Decision support, links both DT and Customs data.
- e) ERP-Still under development- for CSD functions such as HR data, procurement, Staff payments, Integrates all databases across business units into a single database that can be accessed by all employees
 - HR data on over 2500 staff is available but some manually



Third Party Information

- URA has signed many MOUs with various agencies both in Uganda and abroad
- Valuable information but little has been achieved from this.

Why?

- Disjointed systems with no unique identifier
- Different levels of automation
- Institutional confidentiality clauses
- Poor management of MOUs
- Non-implementation of MOU provisions



Research studies & Impact

a) HNWI study (URA & ICTD)

- i. Categorizing and identifying potential HNWIs in Uganda;
- ii. Analyzing the legal and URA administrative strengths and weaknesses in taxing HNWIs;
- iii. Set a criteria for identification of a HNWIs
- iv. Document a frame work for taxing HNWIs in Uganda

Findings

- i. Many potential HNWIs- in all sectors both public and private
- ii. PIT remain largely un tapped in Uganda (<1% in DT annually)
- iii. 88.52 % individuals purchased land of above 500Mn but paid no income taxes in 3 financial years
- iv. Politicians and civil servants: Out of 71 officials studied, only one remitted income tax. Companies they are associated with also largely non-compliant;



Research studies & Impact

- With the exception of employees, only 13% of the remaining individuals on tax register paid taxes;
- Mismatch between customs duties(8%) and income taxes(<1%).
- 4 individuals paid over UGX 1 billion in customs duties but only two paid income taxes. 12 paid over UGX 500m in CT but none remitted income taxes;
- Sound legal frame work
- Administrative structure strong but with a number of gaps

Achievements

- i. A HNWI & intelligence units established
- ii. Research capacity greatly boosted
- iii. From only 7 individuals in LTO to 118
- iv. Other agencies (KRA, GRA TZ), the press
- v. Revenue collection from these individuals has grown sharply



Improving their compliance

Tax head	Before the HNWI Unit(UGX) FY2014/15	After HNWI Unit was formed (UGX) FY2015/16	Growth rate
Income tax - Rental	17,492,000	9,678,619,886.00	55,232%
Income Tax	492,075,754	5,833,116,720.00	1,085%
Value Added Tax	742,204,952	3,297,085,469.00	344%
Pay as you earn (PAYE)	121,414,041	370,331,167.00	205%
Total	<u>1,373,186,747</u>	<u>19,179,153,242*</u>	1,297%



Research studies & Impact

a) Tax to GDP comparative study (URA & MOFPED)

Problem: Why a low tax to GDP ratio in comparison to regional peers

Results

- The major differences lie in how other countries calculate the ratios (methodologies), exceptional tax handles to generate more revenue, design of some major tax handles like VAT, PIT and CIT to enhance their productivity, economic structures in countries which are more formal and unique administrative initiatives in some countries which enhance the effectiveness of tax administration.

Achievements: Majority recommendations have been adopted

- Rental income ring fenced to allow taxation on rental income separately from Business income.
- VAT threshold raised from UGX50M to UGX 150m
- Excise duty on Bank transfers
- Sector based trainings done
- DWH operationalized



Research studies & Impact

c) Compliance studies (URA)

-Tax head compliance analyses, (PAYE, IT, VAT, DVAT)

Done at sector and station levels

Includes Registration, filing and tax payment compliance analysis

Achievements

- ✓ URA adopted a sector based approach to tax compliance
- ✓ All initiatives are sector focused
- ✓ Automated in the DWH/ E-Hub

d) Fiscal Capacity and Tax Revenue in Uganda (URA/IGC)

- ✓ An analysis of discrepancies in tax declarations submitted under Value-Added Tax in Uganda
- ✓ Its aim is to reduce VAT misreporting and increase the tax revenues.
- ✓ An on-going pilot that seeks to evaluate the compliance behavior of taxpayers and how they respond to a specific interventions from URA



Research studies & Impact

d) Regional reports

1. Africa Tax Outlook/ATAF Report

- ✓ Compares 21 countries in terms of tax base, tax structure, revenue performance, & tax administration.
- ✓ Raised awareness on tax issues at different levels.
- ✓ Results raise many questions for policy makers and researchers

2. EARATC Report

- ✓ Repository of regional statistics for 5 RAs (UG, KE, TZ, RWD, BRD)
- ✓ Have made regional comparisons easy
- ✓ Bench mark for establishments of ATO Report
- ✓ CGs meet to discuss the report at their bi-annual meetings



Research Strategy

a) Research collaborations

Internal collaborations

- RPD & Other Departments- Research Club
- URA management role

External collaborations

- Inclusive Research (staff participation in the entire process)

b) Administrative and policy briefs

c) Weekly messages/ Strategy corner

d) Departmental research dissemination meetings

e) Publish annual research bulletins



Lessons learnt

- Data is a strong asset for RAs in Africa but **extremely under utilized**
 - Capacity gap among the immediate data users (Auditors/compliance officers)
 - **RPD Human resources**
 - Results from data analysis are always a shock to many.
- Collaborative researches with ICTD **have done is great**-Skills and Revenue impact
- **Research uptake still low**
 - Involve RA staff in the whole research process including Decision makers
 - Policy & Administrative Briefs
 - Research recommendations included in Departmental Business plans
 - A research study initiated from senior management is highly likely to be adopted

THANK YOU!!!!!!