Weekly Edition

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REVENUE SHORTFALL DUE TO UNCOLLECTED GOLD TAXES: AUDITOR GENERALS REPORT 2023 REVEALS

INTRODUCTION

From the Auditor General's report for the Financial Year 2022/23, Uganda is counting losses in uncollected revenue from gold exportation. This comes after Uganda Revenue Authority (URA) failed to collect UGX52.238 billion in taxes from gold exports.

The Mining and Minerals (Export Levy on Refined Gold) Regulation, 2023 imposes a levy of USD 200 per kilogram, on processed gold to be exported outside Uganda. These regulations were valid from July 01, 2021 to June 30, 2023.

For the period of validity of the regulations, the exports weighed 70,837.91 kilograms on which the outstanding levy at the rate of USD200 was expected. This translates to USD14,167,582 equivalent to UGX52.238 billion that was not collected contrary to the Mining and Minerals (Export Levy on Refined Gold) Regulations, 2023.

URA explained that this was because of an interim order that was issued by the High Court restraining it from enforcing the Statutory Instrument thus preventing the collection of taxes on gold exports.

The exports in 2021/2022 weighed 30,189.71 Kilograms and those in 2022/2023 were 40,648.2 kilograms, totaling to 70,837.91 kilograms. This translates into USD.14,167,582 equivalent to UGX.52.238Bn that was not collected, contrary to the Mining and Minerals (Export Levy on Refined Gold) Regulations, 2023. The uncollected revenue denies Government resources to deliver services.

The interim order followed complaints of exporters on the 5% tax levy of the value of a kilogram of processed gold exported out of Uganda that is provided for under The Mining and Minerals Act, 2021.

The Auditor General advised government to track all gold exports to ensure accuracy of the records to facilitate tax assessment and collection pending the disposal of the case.

The revenue performance as at December 8, 2023, indicated that URA had realized a domestic revenue shortfall of Shs120 billion against its expected revenue collections of Shs2.251 trillion for November, 2023. Could failure to collect revenue from such potential sources be one of the reasons why there are shortfalls in revenue?

Gold remains Uganda's leading export that, if taxed, could contribute to domestic revenue. With the government's strategy of generating more domestic revenue and relying less on external financing, cases like this stifle its ability to equitably deliver services and service debt. Therefore, government should ensure that the statutory instrument is enforced and the tax arrears collected.

Through collaborative dialogue, the exporters, parliament, and the Ministry of Energy and Mineral Development can navigate this issue by determining a fair and acceptable levy percentage, thereby bolstering national resource revenue and enabling sustained investment in debt management and public services.

Upcoming EVENT 2024

EVENT: MPS TRAINING ON ON SDRS AND PUBLIC DEBT, AND THE AFRICAN BORROWING CHARTER IN UGANDA

DATE: 19TH - 22 ND FEB 2024

VENUE: IMPERIAL BOTANICAL BEACH HOTEL-ENTEBBE

UDN IN PICTURES

Capturing vootage of the Voice of the Indebtedness Documentary: in Picture Alice Tibenda, a resident of Butaaya village in Bulange parish, Namwendwa being interviewed.

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