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Implementation of Tax Policy Reform in Uganda: The Case Study of Uganda Revenue Authority (URA)

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DEDICATION

I dedicate this work to the almighty God for fulfilling my prayer to study my Master's Degree in Europe and for his guidance, wisdom and protection during my high and low moments in Norway. *Colossians 3:16*

I also dedicate this work to my beloved mother, Mrs. Norah Kagambirwe for her endless encouragements, care and selfless efforts towards enabling me to acquire quality education right from nursery school to the University level. Special dedications go to my brothers and sisters, Dr Gerald Karyeija Kagambirwe, his wife, Mrs Faustine Nakazibwe, my twin brother Kakuru Samson Kagambirwe and lastly my sister Geraldine Kagambirwe Emiau and her husband. May God bless you endlessly for standing with me during the course of this study

Lastly I dedicate this work to my late brother Daudi Byaruhanga Kagambirwe who passed on while I was in Bergen. Your humble attitude towards life and wise counsel left a very big gap in the family. May the good Lord grant you a peaceful rest

ABREVIATIONS

COMESA	Common Market East and Southern Africa
EAC	East African Community
E-TAX	Electronic taxation
GDP	Gross Domestic Product
MFPED	Ministry of Finance Planning and Economic Development
PAYE	Pay as You Earn
PTA	Preferential Trade Agreement
TIN	Taxpayer Identification Number
URA	Uganda Revenue Authority
VAT	Value Added Tax
NRM	National Resistance Movement
DCS	Developing countries
ASYCUDA	Automated System for Customs Data

ACKNOWLEDGMENTS

ABSTRACT

In this study I examined the implementation of tax policy reforms at Uganda Revenue Authority. In particular, I examined the impact of the tax policy reforms implemented since the restructuring of Uganda Revenue Authority in 2005. Although Uganda's taxation system is a vital area of study, it has not gotten enough attention from researchers. This is because, in the Ugandan and generally African developing countries context, taxation involves vital and, to a large extent, sensitive issues which relate to auditing and accountability which all contribute to the healthy being of the state, both socially, politically and economically. This study was therefore aimed at assessing the extent at which implementation of tax policy reforms has been successful since URAs restructuring in 2005.

In this study I employed the implementation theory advanced by Van Horn & Van Meter (1975) and Winter's intergovernmental model to provide a framework of analysis as I engaged the impact of tax policy reforms at URA against a number of challenges related to the very essence of implementing tax reforms. The main variables I used in my analysis are policy standards and objectives, resources, social economic and political conditions, disposition of implementers, inter organization communication and enforcement activity.

The major findings of this study show that URA employees have adequate knowledge of the goals and objectives of implementation of tax policy reforms in comparison to the situation before 2005; due to continuous professional training of staff. Also, policy standards and objectives, resources, social economic and political conditions, provide a higher explanatory power in affecting the dependent variable, the implementation of tax policy reform, better than disposition of implementers, inter organization communication and enforcement activity. However, the study further established that the major challenges which affect effective implementation of tax reform at URA are lack of enough skilled manpower, poor internet connection at URA, low literacy levels of taxpayers, poor motivation of staff, limited funds to effectively implement tax reforms and low levels of tax compliance by taxpayers.

The overall finding of this study is that for effective implementation of tax policy reforms, URA as an organization must be committed to fulfilling its main goals and objectives. URA ought to be free from political influence and its management and general staff must work within the prescribed legal framework so as to realize effective implementation of the reforms. In line with the preceding findings, the study established that since 2005 URA has to

a significant extent been steadily operating outside mostly political influence and militarism, thus limiting the level of corruption, impunity and tax avoidance. The overall impact is that URA has realized a steady growth since its restructuring in 2005

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examines the impact of implementing tax reforms at Uganda Revenue Authority (URA). The Ugandan tax system has been under review since its inception in the early 1990s mainly due to poor domestic revenue mobilization as a percentage of GDP to public expenditure 4.2%-17% in 1987. Due to the above deficit, the government of Uganda decided to come up with major tax reforms to address the anomaly. The most significant of the reforms were the establishment of Uganda Revenue Authority, restructuring the tax system, recruiting and training new personnel. The government of Uganda, in pursuit of further reforms, enacted the Income Tax Act into law in 1997, and introduced the Value Added Tax (VAT).For instance, GDP grew at an average of 7% to more than 10% annually (Cited in Turyakira, 2011: p. 1, Background to the Budget 1998/99).

Since URA restructuring in 2005, there has been a progressive implementation of other reforms as I give a detailed discussion in chapter five of this thesis. As a result the GDP annual growth rate in Uganda averaged 6.89% from 2005 until 2013. The GDP has also expanded from 6.90% from the fourth quarter of 2013 over the same quarter of the previous year. (As reported by Uganda Bureau of Statistics website)

This study is also a continuation of previous Phd and master's studies on policy implementation such as Dan Kipo and Harold Sougato Baroi in comparison to other policy implementation research studies carried out in the department of Administration and Organisation Theory at the University of Bergen. The uniqueness of this study is that it focuses on Uganda tax reform where there are previously very limited studies. As a former URA policy implementer for three years, I was able to whiteness a few concerns that I can address, particularly with regard to the impact of the reforms on the performance of URA in matters related to implementation of tax reforms. I identified a gap on availing literature that seeks to address the tax reforms at URA. For example, there was limited literature on tax

reforms at URA. This information is limited to budget speeches, newspapers, policy statements and open forums and debates.

While working at URA, I was based at the licensing front desk, based in Nakawa Division of the capital city Kampala. This office is the main implementer of tax reforms related to licensing in the domestic taxes department. The major tax reforms at URA are motor vehicle registration, road licence, issuing of duplicate number plates, log books and caveating of motor vehicles. It is not until the 2005 restructuring that a review of the above mentioned reforms was made. This review came with major reforms such as abolishing road licence and shifting the tax to motor vehicle fuel. It was also recommended that there should be a shift on manual motor vehicle registration, caveating of logbooks and issuing of duplicate number plates to an electronic registration system. The overall aim was to help the organization to enhance revenue collection. It is against the background of my experience at URA that I was able to identify the challenges of implementing tax reforms at URA that I was motivated to carry out this study.

1.2   Historical background

The establishment of Uganda Revenue Authority is perhaps the most significant of the tax reforms which the Uganda government has put in place in the last three decades. The Uganda Revenue Authority, which henceforth I will refer to as URA, was established in September 1991 as an autonomous organization within the Ugandan Ministry of Finance, responsible for administering all issues related to taxation in Uganda. In addition, the URA was mandated to institute any tax reforms that the organization deemed beneficial to the country. Before the establishment of URA, the assessment, collection, tax reforms and the overall administration of taxes in Uganda fell squarely under the jurisdiction of Ministry of Finance (Holmgren & Kasekende, 1999). There were three separate departments within the ministry which were responsible for handling all matters related to taxation. These include the Income Tax department, the Customs and Excise department and the Inland Revenue department.

Since its inception in 1991, URA itself had its organizational structure as well as its operational departments revised with the view of strengthening its performance especially with regard to domestic and international revenue mobilization. In 1991, URA comprised of five departments, namely; Internal Revenue, Customs and Excise, VAT, Large Taxpayers and the Expansion and Collection departments. Between 1994 and 1998 URA made some

internal reforms and by 2005 the original five departments were modified and expanded into six departments. These are Domestic Taxes, Customs, Corporate, Tax Investigations, Internal Audit and Compliance and the Legal and Board Affairs departments. Through these reforms in the structure of URA as well as other operational innovations within the six departments, the organization aimed at improving revenue mobilization through enhanced autonomy, recruitment of personnel with professional skills related to taxation, continuous training and motivation of staff as embedded practices. Specifically, through these structural reforms, URA expected to achieve the following a sustainable increase in revenue. Furthermore, URA introduced measures aimed at increasing tax compliance through a vigorous taxpayer education regime. In particular, the Domestic taxes department introduced Tax Identification Numbers (TIN) to reduce the time taxpayers spend as they pay taxes and to assist URA monitor the progress of revenue collection and compliance. The large taxpayers department, set up in 1998 was to offer corporate service on all domestic taxes to top taxpayers and their subsidiaries. The Tax Appeal Tribunal, also introduced in August 1998, was to provide an independent mechanism through which tax payers can seek redress of their grievances whenever they arose. Other measures include computerization of the Income Tax section in 1994, automation of URA operation using ASYCUDA[1] system in Customs, Electronic Tax system in the VAT and the introduction of small and medium taxpayers department in April 2000. Finally, the Anti-Smuggling Unit was set up to crack down on smuggling and minimize tax evasion.

To meet the main objective of Uganda Revenue Authority, it sets monthly and yearly revenue collection targets to its employees. These targets are a result of a strict enforcement of carrying out URA business by employees through emphasizing strict verification by URA staff on imports and exports. Also there is a regular enforcement on business entities and companies. More so URA has a tax investigation department that is responsible for gathering intelligence information so as to be able to investigate all matters related to tax fraud.

Uganda revenue authority (URA) has shown encouraging trends in domestic revenue mobilization growth in recent years, enormous challenges still remain (World Bank, 2002). High taxes, which encourage tax evasion and other loopholes which undermine, tax revenue collection. Complex tax legislation which is difficult to understand even by the educated tax payers and discretion on the part of tax officials which leads to corruption, Weak

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[1] It refers to the newly introduced electronic governance to improve services at URA.

administrative systems and organizational capacities, scarce and poor quality data as a result of widespread informal activities. Limited reporting and low levels of education in the general population and seemingly a general culture of non-compliance which accounts for the low domestic revenue mobilization.

The reforms I have outlined in the preceding paragraphs have evidently had an impact on the economy of Uganda especially since 1987. Perhaps most notable is that the Uganda government has since 1987 initiated a sequence of tax reforms in line with the reforms at URA to address the fiscal challenges facing the country. Uganda's fiscal policy has focused on strengthening tax administration and raising tax revenue as core means of stimulating economic growth in the country.

1.3   Statement of the problem

In this study I examine the impact of implementing tax reforms at Uganda Revenue Authority as part of innovative public management reforms in Uganda; particularly with regard to enhancing domestic and external revenue mobilisation. In Uganda, and other different African countries, restructuring of government has been a constant theme over the last three decades as governments have sought to deliver services more effectively and at a lower cost to its citizens. Kidd & Crandall (2006: p.10) argues that since the restructuring of URA in 2005, the government of Uganda has been introducing a number of tax reforms to ensure that higher revenue collections can take years.

Available literature on taxation in Uganda seems to be mainly limited to newspapers, budget speeches, and forums such as talk shows, campaign manifestos and policy statements. In all the literature I consulted, it is indicated that studies on tax policy and administration in Uganda so far do not focus on implementation of tax reforms. Most of these studies have largely been generalized and have dwelt on issues such as effect of corruption, loss of staff from recruitment overall negatively effects in taxation. None of the studies addresses the main effects of the implementation of tax policy reforms at URA and whether the tax reforms that have already been implemented were productive or not; and whether the reforms are necessary.

Using both quantitative and qualitative research methodologies of documentary analysis, interviews and direct observations, I examine both the general strengths and shortfalls of the implementation of tax reforms at Uganda Revenue Authority.

1.4 Objectives of the study

The general objective of the study is to examine the impact of implementation of tax reforms by Uganda Revenue Authority (URA). Specifically, I attempt to address factors responsible for achieving the following study objectives namely: To determine the factors which affect the implementation of tax reforms by URA, to identify the specific effects of the implementation of tax reforms by URA and lastly is to assess the extent to which the implementation of tax reforms has fulfilled the objective of enhancing domestic and external revenue mobilisation in Uganda.

1.5 Research Questions

The main research question of this study is whether the implementation of tax reforms has fulfilled the objective of enhancing domestic and external revenue mobilisation in Uganda. However, the research questions are the following:

  i.   What has URA done in order to increase revenue collection after its restructuring in 2005?
 ii.   What specific tax reforms has URA initiated and implemented in Uganda since 2005?
iii.   What are the factors affecting the implementation of tax reforms at URA?
 iv.   What are the resources necessary for URA to effectively implement tax reforms?
  v.   How best can tax reforms be implemented so as to increase tax revenue?

1.6 Significance of the study

The significance of this study is two-fold. First, as I pointed out in the problem statement, that there is limited literature on tax reforms in Uganda, and in particular reference to the reforms at URA since its inception in 1991. Although literature on policy implementation is available, none of this literature addresses implementation of taxi reforms. The uniqueness of this study, therefore, is that it focuses on the implementation of taxi reforms at Uganda Revenue Authority.

Secondly, while working at URA as a records clerk between January 2009 and January 2012, I participated in the implementation process of tax reform in that organisation. In the process

I identified a number of challenges faced by URA in the implementation of taxi reforms. For instance, in the process of shifting from manual to electronic processing of motor vehicle registration, URA faced a number of challenges although now the whole process was moving on smoothly. It is these challenges that this study addresses.

Since this study is based on implementation of tax reforms, the study findings can serve as recommendations by the tax reform makers so as to strengthen implementation of tax reforms in Uganda as a whole.

I am therefore hopeful that the findings of this study may significantly contribute to the existing literature on tax reforms both at URA and Uganda in general. More so, findings of this research can generate questions for future research studies.

1.7   Theoretical Framework

This study examines the impact of the implementation of tax reforms in Uganda. It also seeks to explore the influence of the policy standards and objectives, policy resources, inter organization communication and enforcement activity**,** characteristics of implementing agencies, economic social and political conditions, and disposition of implementers has on tax reform output. I rest my analysis on one theory and one model: the Van Horn and Van Meter theory (1975) and Winters Intergovernmental model. In particular, Winter's variables of the inter-governmental model takes into consideration policy standards and objectives as well as policy implementation. Winter's intergovernmental model identifies six factors that influence effective implementation of tax reform at URA. They include the character of the policy formation process prior to the law or decision to be implemented, the inter organization communication and enforcement activity and response of target groups and other changes in society and socio-economic conditions. The six factors were analyzed in the study. The details on theoretical framework and variables of this study are discussed in the theoretical framework of this study.

1.8   Research Methods

Using both quantitative and qualitative research methodologies the data collected was both from primary and secondary sources. These sources include documentary analysis, interviews and direct observations. Other secondary sources used include, newspapers, internet, and books from the URA library. To answer my research questions, I examined both the strengths

and shortfalls of the implementation of tax reforms at Uganda Revenue Authority. Data was then analyzed using both qualitative and quantitative techniques.

1.9   Organization of the thesis

I have organized this study in six chapters namely:

In Chapter One I present the introduction, the historical background, statement of the problem, research objectives, research questions, significance of the study and a brief introduction to the theoretical framework and methodology |I used.

In Chapter Two I discuss in detail the theoretical framework of the study in relation to policy implementation based on the Van Horn and Van Meter (1975) and Winter Intergovernmental models. The discussion in this chapter relates to the variables in the context of Uganda Revenue Authority (URA).

Chapter Three covers a detailed discussion of the research methodology. It covers the relevance of my choice of methodology used, tools of data collection from primary and secondary sources, the nature of data collected, sample size, units of analysis, why I chose particular respondents, the validity and reliability of the tools I used.

Chapter Four covers an overview of Uganda's tax reforms and the bottlenecks associated with implementing tax reforms since the restructuring of URA in 2005. I also examine the efforts of Uganda Revenue Authority in implementing tax reforms that aim at enhancing revenue collection in Uganda.

In Chapter Five I discuss findings on actors involved in the implementation process at URA. It also analyzes findings on discussions of key findings in relation to the main research questions, the roles of key actors play in effective implementation of tax reforms at URA There after I analyze all the key findings based on both of the available qualitative and quantitative data by supplementing my discussion with figures, which include but are not limited to tables, in order to graphically present my findings. Lastly, I conclude, by demonstrating how independent variables affect the dependent variable of my study.

Chapter six covers presentation of a short summary of this study followed by the main objectives of the study and theoretical implication of major findings, the theoretical implications of the study, key findings of this study, the key variables found to be appropriate

in this study, indentified research gap, the research gap covered by this study, generalization of findings according to African context and finally the conclusion.

All the above mentioned chapters attempt to answer the research questions namely ,What are the highlights of tax reforms between 2005 to date at URA, What are the main factors affecting the implementation of tax reforms the implementation of tax reforms at URA?, What challenges does URA face in the process of implementing of tax reforms?, What is the relationship between tax reforms and revenue mobilization, both domestic and external, at URA?, What practical suggestions are available for better implementation of tax reforms at URA?

CHAPTER TWO

THEORETICAL FRAMEWORK

2.1   Introduction

This study examines the impact of implementing tax reforms at Uganda Revenue Authority. In this chapter, I discuss one theory and one model which I used to explain the impact of implementing tax reforms in Uganda by analyzing the factors and actors responsible for effective tax reforms. I also discuss the policy implementation theory of Van Horn & Van Meter (1975) and winter's Intergovernmental model as I used them and also discuss their relevance and application in the Ugandan context. In this chapter, I discuss dominating approaches related to policy implementation research so as to guide me in arriving at reliable answers to the research questions. After the discussion of the theory and the model used, I develop a framework that helps me to analyze the factors and actors responsible for effective implementation of tax reforms at Uganda Revenue Authority.

2.2   Van Horn & Van Meter Theory (1975)

According to King et. al. (1994: p.29) no empirical investigation can be successful without theory to guide its choice of question. King et. al. argue that theories in research are inevitably used to guide the researcher to exclusively study a particular phenomenon to help him/her in critically describing the problems being investigated. In this study, I used both Van Horn & Van Meter (1975) theory and Winter's Intergovernmental model to explain the variables of this study.

2.2.1   Concepts Related to Policy Implementation

The concepts I discuss here are the meaning of public policy, policy implementation and policy cycle stages in effective policy making.

2.2.2   Meaning of Public Policy

With regard to the nature of public policy Dye cited in Howlett, et al., (2009: p.10) explains that "public policy is a complex phenomenon consisting of numerous decision made by many individuals and organizations inside government, and these decisions are influenced by others operating within and outside of the state». Ramesh and Howlett et al., (2009: p.1) also contend in the simplest terms that a policy is what the government chooses to do or not to do. In regard to implementation of tax reform at URA, the reforms applied are reforms URA and

the ministry of finance think are most urgent and relevant to the prevailing situations. In other words due to very many challenges like luck of enough resources and quality of workforce, some reforms are delayed thus affecting effectiveness of revenue mobilization.

2.2.3 Concept of Policy implementation

The complex nature of public policy emanates from the interaction of three important dimensions involved in the making of public policy, namely the involvement of different policy actors, the structure and institutions they use and the set of ideas and knowledge that dictate the process.

In the Ugandan context, practitioners have viewed public policy as "the process by which governments translate their political vision into program's and actions to deliver 'outcomes' or the desired change in the real world" (Guide to policy development and management in Uganda, June 2009) .This thus helps the state to set out key principles of implementation of tax reforms that have been tested and developed globally

2.2.4 Policy Cycle stages in effective policy making

I rest my discussion on Howlett et al., 2009, who point out five stages in the policy cycle. The **first stage** of public policy process is agenda-setting. Howlett et al. (2009) define agenda setting as the process by which problems come to the attention of government. In this stage, the identification of policy problem comes through demand from individuals and group of government action. Agenda setting is characterized as the politics of selecting issues for active consideration Cobb and Ross (1997: p.3). It is through this stage, that policy makers, interest groups, politicians and civil society organizations lobby and persuade each other in having problems being adopted on the government agenda.

The second stage is policy formulation. It is defined as the "the process of generating options on what to do about a public problem" Howlett, et al., (2009: p.110). Particularly, in this second, "stage policy options that might help resolve issues and problems recognized at the agenda setting stage identified, refined and formalized" (ibid.). In this case the key actors in this process are URA employees that have technical knowledge on the procuring situation at URA. These technical people work hand in hand with the Ministry of Finance and then they formulate polices which are latter tabled in parliament for approval

Third stage of the policy making process is decision making. It is a process "where one or more, or none, of the many options that have been debated and examined during the previous two stages of the policy cycle is approved as an official course of action"(ibid: p, 139). As already mentioned above, the main actors make thorough scrutiny of the policies that they feel are most fundamental. In this case they prioritize the major policy according to need and then once they are passed by parliament as it is the case in Uganda they are implemented.

The fourth stage is policy implementation. It is the "implementation of policies through government bureaucracies, public expenditure, regulations, and other activities of executive agencies" Dye, (2011: p.14). URA is the implementation agency of all tax reform policies. It is their fore taxed to ensure that there is maximum facilitation for policy implementations, resources and supervision. Also URA board supervises and monitors the policies being implemented. .

The fifth stage of policy process is the policy evaluation. This stage is about the "evaluation of policies by government agencies themselves, outside consultants, the media, and the general public" Dye, (2011: p.14). In the case of Uganda Revenue Authority, the evaluation stage is very fundamental because it is what is used to measure whether the expected tax targets have been achieved. For example the currently introduced electronic governance system is intended to boast the quality of services save time and also curbs corruption. In due course the expected outcome would be whether it has had an impact on increasing the revenue collected.

2.3   The stage I consider most important in the implementation process of tax reforms at URA

In all the five stages, as a researcher I am mainly interested in studying the agenda setting stage. In relation to implementation of tax reforms, the agenda setting stage ensures that problems are put on table for discussion. . Agenda setting is characterized as the politics of selecting issues for active consideration Cobb and Ross (1997: p.3). This stage is extremely crucial because it involves key players that have great influence on the policies going to be implemented. These actors usually include policy makers, interest groups, politicians and civil society organizations. It therefore requires a lot of lobbying and technical advice to members that where some are pushing for reforms from an uninformed perspective. These reforms can be based on gaining political capital by politicians rather than solving immediate challenges associated with the implementation of tax reform. I am therefore hopeful that as a

public administrator emphasizing more study of this stage will equip me with technical strategies of lobbying and coming up with viable reforms that will cause effective implementation of tax reforms at URA.

2.4   Conclusion

I conclude by pointing out that implementation of tax reforms public significantly revolves around decision making by the various actors involved in the process so as to expedite the implementation process. Implementation of tax reforms is therefore regarded a complex venture that requires accuracy and informed and technical decision making. So as to understand the nature and complexity involved in any policy making. Howlett, et al., (2009: p.10) argues that:

> Public policy is a complex phenomenon consisting of numerous decision made by many individuals and organizations inside government, and this decisions influenced by others operating within and outside of the state. Policy outcomes are seen being shaped by the structures within which these actors operates and the ideas they hold-forces that also affected earlier polices and related decisions in previous interactions of policy making process

In the case of URA, the actors in policy making need to be decisive because some policies work well within a certain context and time frame For instance certain policies need to be formulated with basic input by key Ugandan budget funders and in this case mainly the World Bank and International Monetary Fund (IMF)

2.5   Developing a framework for my Study

To guide the analysis of this study, I developed a framework so as to enable me get reliable findings in relation to the research questions and study objectives. I employed the Implementation Theory of Van Horn & Van Meter (1975) because it can be used to explain power relations and the implementation process right from the top level bueorocrats to street level bureaucrats in any organization and specifically at Uganda Revenue Authority (URA).This theory also is associated with the top-down approaches that are very vital in identifying factors and actors responsible for implementation of tax reforms at Uganda Revenue Authority (URA).I also chose Winter's Intergovernmental model because of its relevance to policy implementation as indicated by its variables. These explanatory variables

are easy to operationalize in the Ugandan context thus leading to reliable findings. These variables are: policy standards and objectives, policy resources, inter organization communication and enforcement activity, characteristics of implementing agencies, economic social and political conditions, and finally disposition of implementers**.**

2.6   Theoretical Framework

In my theoretical framework I used the implementation theory advanced by Van Horn and Van Meter (1975) and the intergovernmental model as the basis of my analysis. I find this model of Van Horn and Meter 1975, applicable for the implementation of tax reform at Uganda Revenue Authority because it encompasses comprehensive elements related to the top down distribution of responsibilities depending on the legitimate distribution of power that can be used to analyze for the effectiveness of implementing policy as I discuss them in the following pages.

2.6.1   Justifications for Van Horn & Van Meter (1975) implementation theory

I employed the implementation theory of Van Horn and Van Meter (1975); which involves the top-down and bottom up factors that may contribute to the realization of policy objectives that vary from one policy to another. In explaining implementation of tax reform, I outlined six variable policy standards and objectives. These are available resources, the economic, social and political environment, the disposition of implementers, characteristics of the implementing agencies and the quality of inter-organizational relationships of which interrelate to produce an outcome. My choice for the theory of Van Horn & Van Metre (1975) was based on three basic reasons.

First, my study which is on tax reform is related to the theory of Van Horn & Van Metre, especially when applied in terms of top-down approach. It is a theory that helps focus on examining legitimate issues, power relations and roles of actors in any organization. I find that these concerns fit well within the Ugandan context in evaluating the effectiveness of implementing tax reforms.

Secondly, this theory provides useful understanding and knowledge in its intergovernmental model, about the factors that explain challenges associated with effective policy implementation. Van Horn and Van Meter (1975) look at the implementation of public policies as a process that begins with policy decisions and thus entailing actions by the

private and public individuals that are focused at attaining the objectives set forth in prior policy decisions.

Finally, during my search for related literature materials, I observed that, globally, a number of prominent empirical studies on implementation of tax reform have successfully used this theory. For example, the most recent policy implementation studies in my faculty which demonstrated that even though the theory was advanced over four decades ago, it is still viable in analysing the effectiveness of tax reforms. This to me is an indicator that in spite of being one of the oldest theories, perhaps one of the oldest in the of the 21st century, researchers and scholars still use it as a guide to arrive at competent and reliable research findings.

2.6.2   Application of Van Horn& Van Metre (1975) implementation theory to the context of URA

Van Meter and Van Horn (1975) argue that public policy mainly originates from top and flows downwards. Some studies describe policy implementation to be most successful as a top down process whereby the policy implementers do their job effectively by keeping the original intention of the policy maker. Eugene Bardach emphasizes that the policy implementation process needs to be seen as involving games and he describes the variety of games that can be applied. He further emphasizes that implementation is a political process and the successful implementation from top to downward must involve a full follow-through (Hill and Hupe, 2009).

 In the case of URA, power and responsibilities essentially work from top to bottom the policy initiator of which is the Ministry of Finance Planning and Economic Development (MFPED) and some URA representatives, is mandated with the formulation of tax and non-tax policies, of which it later proposes to parliament to fulfill a legitimate process of approval. The amendment power of parliament on taxation policy depends on the effectiveness of the committee of finance, planning and economic development in Parliament (Ugandan taxation report, 2008). The Committee suggests amendments to the house. After these policies have been passed by parliament, the policy implementer URA then puts measures to ensure that the policies passed are fully implemented. These measures include emphasizing enforcement activities at URA so as to increase high levels of compliance by

both URA staff and clients. Once the above policies have been implemented, URA is tasked to give a report to the policy initiator MFPED on whether the policies implemented have achieved their prime objective.

The organizational structure of URA is an illustration of how the implementation theory is applied in the activities of URA and how it affects successful tax reform at URA. Also for successful implementation of tax reforms, URA needs human resources that are cooperative and answerable to each other. The structure thus demonstrates how power comes from top to bottom whereby the commissioner general heads the corporate organization and power is then distributed to the commissioners who then distribute it in form of shared responsibilities to the assistant commissioners. As indicated, in the diagram below, the person at the lowest rank according to the URA organizational structure is a driver.

THE NEW URA STRUCTURE
THE CORPORATE ORGANOGRAM

COMMISSIONER GENERAL (1)

COMMISSIONER CORPORATE SERVICES	COMMISSIONER DOMESTIC TAXES	COMMISSIONER TAX INVESTIGATIONS	COMMISSIONER CUSTOMS	COMMISSIONER INTERNAL AUDIT & COMPLIANCE	COMMISSIONER LEGAL SERVICES & BOARD AFFAIRS	COMMISSIONER GENERAL'S OFFICE
ASSISTANT COMMISSIONER	ASSISTANT COMMISSIONER	ASSISTANT COMMISSIONER	ASSISTANT COMMISSIONER	ASSIATANT COMMISSIONER	ASSIATANT COMMISSIONER	ASSIATANT COMMISSIONER
MANAGER	MANAGER	MANAGER	MANAGER	MANAGER	MANAGER	MANAGER
SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR
OFFICER	OFFICER	OFFICER	OFFICER	OFFICER	OFFICER	OFFICER
DRIVER O/A	DRIVER O/A	DRIVER O/A	DRIVER O/A	DRIVER O/A	DRIVER O/A	DRIVER O/A

Figure 1: Organizational structure of URA
Source: Uganda Revenue Authority website (www.ura.go.ug accessed on 12th January 2014)

2.6.3   Winters Inter-governmental model
I have also used Winter's intergovernmental model because it attempts to synthesize key variables of my proposed study (discussed below). Most importantly, Winter's intergovernmental model appreciates the views of the bottom-up approach thus providing a

clear analysis about implementation of tax reform at URA. This is to enable me focus on lower staff (implementers) by looking at generally the results, views and challenges while implementing these policies.

2.6.4   Van Horn and Van Meter (1975) Intergovernmental model

I employed the variables of the inter-governmental model so as to explain the changes in the dependent variable, which is the implementation of tax reform at URA. The implementation theory attempts to ascertain that when variables are met in any policy being implemented, most likely the objectives of the implementation process will be achieved. This is because independent variables usually steer changes in the dependent variable. Factors like the amount of change involved and the extent to which there is goal consensus between MFPED and URA in the Implementation process, as well as the resources available to the URA count a lot on the success of policy.

2.7   Variables and their Measurements

Implementation of tax reforms at URA is the dependent variable in this study. The independent variables are policy standards and objectives, inter-organization communication and enforcement activity, policy resources, economic social and political conditions and, finally, the disposition of implementers. In the next chapter I discuss each of these variables in detail and in relation to the research objectives and research questions of the study.

2.8   Dependent Variable

As pointed out in the preceding paragraph, the dependent variable in this study is the implementation of tax reforms at URA. The prime objective of tax reform is to enhance both domestic and foreign revenue mobilization so as to fully finance the government's budget. The Uganda Revenue Authority (URA) is the central body responsible for the assessment and collection of specific taxes, administration and enforcement of the laws. Its broad legal framework as laid out in the Constitution of the Republic of Uganda mandates Parliament of Uganda to impose taxes but this may be subject to a presidential veto.

This section gives an outline of how I operationalized my variables. The elaborations are discussed in the findings and discussions part of this essay. To operationalize my dependent variable, I based myself on examining how the independent variables affect implementation of tax reforms at URA. The basis of my argument is based on the emphasis on enforcement

activities, tax compliance strategies and motivation of URA staff helped enhance revenue collection. I also accessed whether key tax mobilization challenges like fraud, tax evasion and avoidance, under-valuation, under-declaration of income and poor revenue management and administration has reduced as elaborated.

To realize effective implementation of tax reforms at URA, there are many vital factors that have to be considered, these factors include the quality of workforce and motivation of staff, enough skilled labour and increased tax compliance levels. The implementers of tax reform at URA are mainly the employees of URA and some hired and consultants. In this case, I operationalized to see whether the working conditions at URA were favourable for the best output by the staff. These conditions should include realistic remunerations, respect and good working relationships, team work and transparency.

This study established that for clear implementation of tax reforms, URA employees in comparison with the past have been exhibiting high levels of integrity, excellence, teamwork and respect. The URA staff under the human resource department has for instance been undergoing several trainings so as to enhance the quality of workforce and improve all services at URA. These trainings include trainings on upgraded software, customer care and principles of taxation in Uganda. It was therefore realized that the Implementation of tax reforms at URA has steadily been registering good performance thus enhancing the main objective of URA which is to enhance both external and revenue collection.

2.8.1   Independent Variables

In the following discussion, I concur with Creswell (2009: p.50) who states that independent variables are the factors that cause, influence, or affect outcomes. I also agree with the view that independent variables can be called treatment, manipulated, antecedent, or predicator variables advanced by Van Horn and Van Meter. According to Van Horn and Van Meter (1975) successful implementation of any policy reform depends on variables in the inter-governmental policy implementation model that are discussed in this thesis. Van Horn and Van Meter point out five of them, as I briefly discuss them below.

2.8.2   Policy Standards and Objectives

This independent variable is perhaps one of the most fundamental variables in analyzing the implementation of tax reforms at URA. Policy Standards and objectives refer to the overall

objective of the policy and to what extent it is realized Meter and Horn, (1975).The most fundamental objective of URA through the board   is to enhance revenue collection through ensuring that competent strategies and reforms are put in place. These reforms are steered towards collecting enough revenue that will fully finance the economic activities of the state.

The main standards and objectives at URA therefore, are to ensure successful policy implementation that will enhance revenue mobilization. The main objectives to be met in this case are, the URA core values such as: excellence, integrity, teamwork and respect. Also as the URA vision states "To be model for best practice and Innovation in revenue service's", It is expected to ensure best practice and innovation so as to maintain the policy standards and objectives.

I therefore operationalized this variable by measuring whether the above mentioned values and standards have been achieved by URA staff and whether the board has been free from external influence in carrying out its activities. This is through ensuring that the policy implementers have high levels of trust and integrity. They should not involve in issues related to corruption and immoral acts, absconding from duty, dishonesty and arrogance amongst themselves or even to the clients.

My findings in this case realized that since restructuring in 2005, there has been a progressive record towards achieving these goals. URA as an institution has tried to measure up to the set standards by, transforming its processes, data systems and people towards corporate excellence. The following are the measures. First is interfacing and sharing of information by revenue authorities in the region using the regional Authorities Digital data exchange system (RADEX). Second is the implementation of Integrated Tax Administration System (e-tax) that provides online services to the taxpayer on 24 hour basis so as to register taxpayers, filing of returns, assessments and payment of Taxes. Third is to enable the taxpayers to lodge their applications online through the web portal (www.ura.go.ug) from any part of the globe as long as they have access to internet. Finally is the rolling out of full time, day and night hour operations at the main border points of Malaba, Busia and Katuna points as well as Entebbe International. (Power point Presentation on The Role of URA in the development of Private sector in Uganda " by Mr. Katungwensi John Tinka Manager South Western Region (Domestic Taxes department).

The success of these tax reforms at URA are usually measured by URA meeting or even going above the revenue collection targets. (I have presented a table of all revenue collected from 2004 to 2013 in chapter five of this study). As a former employee when the targets are met, then it means the URA staff has done a good job, it exhibits high levels of commitment by URA staff at work. Also the motivation of staff through constant trainings and workshops lead to positive results and high compliance levels by both the URA staff and other stakeholders.

2.8.3   Resources

Undoubtedly resources is seen as a key independent variable in implementing any given policy, In order to facilitate adequate facilitation of policies, adequate resources must be made available Van Horn & Van Meter (1975).Policy resources are considered fundamental inputs and essential factors in effectiveness of policy implementation Van Horn & Van Meter (1975,p.460-461).It is extremely difficult to implement policies at URA without adequate resources especially funds and yet the success of tax reforms are determined by the availability of the adequate resources used in the implementation process. I operationalized this variable by looking at the level at which resources affect policy implementation at URA and whether there is political will in addressing this issue.

The budget of URA is mainly funded by the ministry of finance. It is therefore the responsibility of URA to convince ministry of finance on the finances required in implementing policies. However, it should be noted that policy resources are not limited only to finances. These resources include Human resources, Finances and Physical logistics.

i. **Human Resources at URA**

Having been a former employee of URA and in this case a tax reform policy implementer, I was very particular in choosing the research questions of my study. In this case, I used questions that I knew were extremely relevant to this study and that I am confident that the answers of these research question will be useful in relation to adding knowledge about tax reforms at Uganda Revenue Authority.

So as to address the concern of my research questions, that seek to find out whether human resources have a great impact on tax reform, I endeavored to find out whether the URA staff had enough employees in relation to the work load, adequate academic education, adequate training and the relationship between the staff and various stakeholders e.g. the tax payers,

clients and clearing agents. My other concern was to find out whether the employees of URA were free from political influence in as far as their operations and activities were concerned. I also found out whether I URA had enough resources to help them in implementing URA actives.

During face to face interviews with one of the managers of a prominent clearing company called Transit Windows limited called Mr. Ntare Jackson that has been working with URA for over three years, he pointed out three necessary resources that are vital in aiding the staff of URA thus leading to effective implementation of tax reforms. These resources are, increasing modern computers and scanners and weighbridges at URA, maximum and effective cooperation of reliable partners such as, Uganda National bureau of standards (UNBS), National Drug Authority (NDA) among others. The current state at URA is that there is still limited machinery and advanced technology to handle the heavy work load at URA. Also to a large extent, the number of URA employees does not tally with the nature and heavy workload at URA main service centers

ii.   **Finances**

Much as URA is responsible to collecting all revenue, it does not retain any money to itself. Its role is to collect and hand over to all revenue collected to the Uganda ministry of finance**.** The ministry of finance is responsible for funding the budget of URA, this URA presents its budget to the ministry so that it can approve it .The content of this budget involves all activities of URA. Issues related to capacity building/training, recruitment of new staff, tax policy implementation are mainly determined by funds made available by ministry of Finance. However of recent, the ministry of finance has been giving targets for URA to meet. It is then that usually when those targets are met by the policy implementers, the remaining money is given as a token of appreciation and motivation to URA staff in forms of bonus. However URAs budget for its operations is usually not fully financed by the ministry of finance thus affecting URA programs related to training of staff, purchasing advanced machinery and hiring of technical staff thus negatively impacting the implementation process of tax reforms.

2.8.4   Social Economic and Political Conditions

For policy implementation to be successful in any organization or government parastatals there should be sound social economic and political conditions. However, changes in socio economic conditions can have specific impact on a program Sabatier and Mazmanian, (1980, p.542). For instance, Uganda had drastically declined economically compared to other African developing country states before President Yoweri Kaguta Museveni came into power in 1986.The economic and political conditions then were very appalling. For instance, during the regimes of Idi Amin Dada, there was no rule of law, very limited educated workforce, several governance dilemmas and a lot of political insecurity. This led to a very limited tax base thus affecting revenue mobilization. The Uganda today compared to the past regimes has registered a commendable success basing of various reasons such as improved security, giving tax holidays to foreign investors and formulation of better governance policies. In this case I operationalized this variable based on the elaborated reasons that affect policy implementation at URA.

i.   **Political will**

During my study I attempted to find out whether the 1991 URA act of parliament was functional enough. The roles and responsibilities of URA and other stockholders are clearly stipulated in the act. The prescribed legal frame work from which URA management carries out its programs to a large extent protects the management from political influence. I therefore sought to find out whether URA staff are protected from politicians who would want to use their political power to influence URA staff for example in recruitment process, tax evasion and decision making. My observation, response from key respondents and as discussed in the analysis part of this thesis, it that the current status at URA much as there is a very small level of impunity or favoring some staff above others, there has been a tremendous improvement and URA is less corrupt and free from political influence like previously it was before the restructuring in 2005.However important to note is that like any other developing African country, URA is a strong pillar to the economy of Uganda and in this case can never be totally free from political influence.

ii.   **Economic conditions**

The role of URA is to collect taxes that will fully finance the Uganda budget**.** All tax reforms in this case are for ensuring that there is effective revenue mobilization enhancement. I operationalized this variable by investigating whether the revenue collections have been increasing from year to year in relation to the reforms. My other emphasis was whether there is stakeholder's confidence and relationship. Also the prevailing economic conditions must ensure that there is a relevant atmosphere for foreign investors. In some cases these investors are given tax holidays. In the long run issues like unemployment are addressed thus enhancing the revenue tax base by enabling the raising of more taxes through PAYEE from all the Ugandan legally recognized employees. This study therefore established that the Ugandan economy in terms of increasing it tax base by attracting foreign investors, limiting political influence on evading taxes has positively had a great impact on the implementation of tax reforms at URA.This can be evidenced by the decrease of donor dependency on funding to the Ugandan budget since 2005

2.8.5   Deposition of Implementers

The policy implementers in this case are URA staff .My choice of theory which is the implementation theory Van Horn and Van Meter (1975) explains how power is distributed from top to bottom. The organizational structure of URA in this case helps in stipulating what position one holds. So as to address issues of discipline and competence the human resource manual has underlined the roles and responsibilities of each employee and what are expected of them.

According to Hill and Hupe (2002, p. 46) policy implementers may fail to execute policies faithfully because they reject the goals in them and will struggle to achieve standards and objectives of accepted policies. It is therefore extremely important that the policy implementer's at URA are part of the decision making process so that that they can take responsibility of their actions. In this case I operationalize this variable by finding out whether there is discrimination of junior staff in the decision making process of some of this tax policies. My observation was that there is a commendable representation of the junior staff in some of these decision making process. This has therefore led to effective implementation of some of these policies such as the electronic governance system.

2.8.6 Inter Organization Communication and Enforcement Activity

Inter organizational communication (IOC) emphasizes relationships organizations have with external constituents as opposed to relationships that occur internally.IOC research considers issues like competition, coalition building and power. IOC theoretically developments are substantially multidisciplinary. This variable was operationalized in relation to how the above mention factors of IOC had effect on implementation of tax policy reform. During the interviews from respondents, I directly interviewed people who were directly involved in handling the relevant issues. These issues include, whether URA had a good relationship with its stakeholders such as key stakeholders in this case are World Bank, government and business community.

Independent variables   **Dependent variable**

| Policy standards and objectives |

| Policy resources |

| Inter organization communication and enforcement |

| Economic social and political conditions |

| Dispositions of Implementers |

Implementation of Tax Reforms at URA
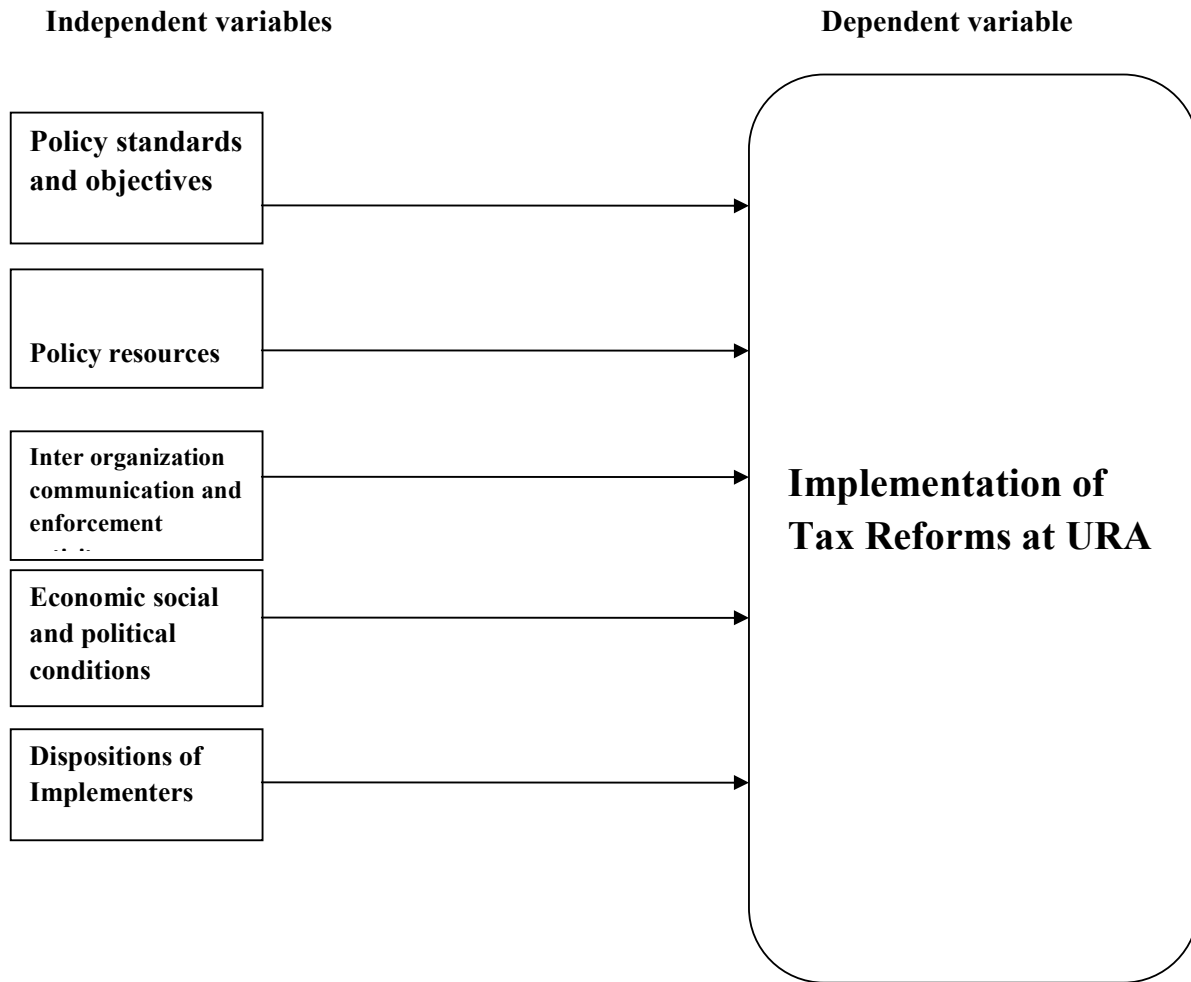
Figure 2: The relationship between dependent and independent variables

2.9   Analytical Framework

In the analytical framework of this study, I present an overview of the variables applied in this study. I also identify the various causal links between the variables. I developed this framework, from the various literatures that I have indicated in this study. First and foremost, as a former employee at URA, in spite the lack of efficient tax administration at URA that may lead to inefficiency in implementation of tax reform there are other factors that affect the achievement or failure of attaining URA's policy standards and objectives. These factors include inadequate resource such as financial, logistic and human resources to facilitate policy implementation process – which include the electronic governance reforms, training and recruiting of staff.

Largely, Implementation of tax reform by the implementers is intended to mainly increase revenue being collected. As the URA motto states, Taxes *for National Development'*, this is to help in addressing the core issue of resources needed to facilitate these reforms and more essentially to facilitate government programmes. The vigorous nature, response and good will of actors involved such as the URA technocrats, helps the targeted groups understand the main policy standards and objectives and its merits. More so, the policy implementer which is URA has to ensure that the quality of services provided are good enough so as not to lose taxes, this has been done through constant training of staff, fighting impunity amongst staff by punishing the corrupt and most importantly motivating the staff to work better through giving good remuneration bonuses after collecting revenue above targets and favorable working conditions. The impact of such is also essentially determined by the social, economic conditions and political will and behavior of the tax base.

The taxpayers need to understand that paying Taxes is their obligation and therefore they need not to evading taxes leads to weak and inefficient government services. Also the state needs to build confidence in to its citizens by being transparent and showing value for the money the citizens have paid. This involves improving infrastructure, security services among others. In due course, this leads to stakeholder confidence thus enhancing the relationship between all the concerned.

In the Ugandan context, the ministry of Finance, and a few selected URA officials will assess how much revenue has been collected per year .it is from that assessment that that they will make a comparison with the amount of revenue that was collected in previous years and then if URA hits above its targets, it will be given a bonus. This is intended to facilitate and fund

better the operationalization of tax reforms such as enforcement thus enhancing revenue mobilization.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

In this chapter I describe the research design, study area, selection of respondents, rationale for choice of methodology used, sample size, rationale for sample size, source of data, data collection methods, types of collected data, information got from each categories of respondents, relevant study observations, data processing and presentation, data analysis, study limitations, ethical considerations and assessing quality of research and finally conclusion. I also explain the various tools and instruments that I used to collect process and analyze data. These include questionnaires, interview schedules and checklists for possible respondents and informants. I used all these methods in the period of three months between 1st of June 2013 to the 27th of August 2013.

3.2   Research Design

The research design is a logical sequence that corrects empirical data to the research questions and this guides the researcher in collecting, interpreting, and analyzing data (Yin, 2003: p, 3).It can also be referred to as a research design that is able to help the investigator in the process of analyzing, and interpreting observations or a logical model of proof that allows the researcher to draw inferences concerning casual relations among the variables under investigation. Nachmias & Nachmias, (1992: p, 77-78) Furthermore, as King et al states, perhaps one of the most empirical part in any research is the research design.

In this study, I used cross sectional research design was used to examine the implementation of tax policy reforms in Uganda. Using a descriptive research design I examined tax reform implementation by Uganda Revenue Authority (URA). In due course, this strategy helped me in relating facts, reality, the research questions and concepts while analyzing my data (Wieviorka 1992: p, 160). This research design also helped me to establish the causal relationship, amongst the variables that I investigated. Furthermore, qualitative methods are helpful while studying non-statistical data such as social and cultural issues. For example, the prevailing power relations between policy makers and an organization management hence URA in my case is not an exception.

3.3   Study Area

In deciding the study area, I followed Yin (2003:p.22-24) who argues that clarification of unit of analysis should include, the definition of the case, geographical area, time boundaries and context of case to accurately answer the research question. In my case, the unit of analysis in this study is the Uganda Revenue Authority (URA). I chose URA because according to URA Act 1991, it is the body responsible for administering all matters of taxation in Uganda.

The Uganda Revenue Authority has headquarters in Kampala, the capital city of Uganda. However it has offices distributed in various zones. The zones are Kampala central zone, Kampala east and Kampala south. It is from these zones that I selected URA employees and tax clearing agents as my respondents. I then held face to face interviews with them, as one of the methods to get a broader insight on key tax reform issues. I also got carried out interviews with respondents from URA upcountry offices. These offices include Kabale district domestic taxes office and the Katuna customs offices. My motivation for selecting these areas as my field of study is that I sought a variety of answers to the research questions which I asked directly from reliable, professional and experienced respondents that were directly involved in the implementation process of tax reform at URA.

3.4   Selection of Respondents

I targeted three categories in the selection of respondents: Uganda Revenue Authority (URA), tax clearing agents and ordinary tax payers. I based the selection of respondents' mainly targeted three categories .These categories include, Uganda Revenue Authority officials (URA), tax clearing agents, and ordinary tax payers. The selection of the above mentioned respondents on their level of experience, tax obligations and the level of professionalism on implementation of tax reforms at URA. The mentioned categories of respondents are vital because they are part and partial of implementation of tax policy reforms process at URA. In this study, the snow ball method of sampling was used due to non-familiarity with some of the employees of URA due new staff recruitment and transfers at various work stations. This meant that the first respondent gave direction to the next respondent with required attributes needed for the research. Also, willing participants took part in the interview

I selected the respondents from Kampala which is the capital city of Uganda. For purposes of getting a broader perspective of the research questions being asked, I decided to interview some respondents from upcountry offices. These offices include Kabale district domestic

taxes office, Katuna customs offices all situated in the western part of Uganda. I utilized my being in my home town of Kabale district; by interviewing URA respond ants and tax payers. The non-familiarity of the respondents was caused by various transfers while away.

3.5 Rationale for choice of selection methodology

I used a mixed-methods approach and specifically qualitative and quantitative methodology so as to get reliable answers in relation to my research questions and study objectives. My justification for using a mixed method approach is twofold. First, the mixed-methods approach makes it easier for one to understand own findings. Quantitative data can show that change occurred and how much change took place, while qualitative data can help you understand why the change took place. During my study, the use of mixed methods approach helped me to understand the hows and whys related to the implementation of tax reforms at URA. The primary information I got from face to face interviews with URA staff gave me and in-depth understanding about why there was a high labour turn over at URA. The secondary sources like newspapers and information got from URA website indicated how tax reforms at URA were being implemented.

Secondly, a mixed method approach helps the researcher understand his findings better mainly because it encourages looking at different data sources. This process is commonly referred to as triangulation and is regarded the biggest advantage of a mixed method approach. In this study, I used various sources of data so as to overcome the problems related to using one source. King et al (1994:p.23).This gave me a variety of information to crosscheck with so as to be able to have competent findings.

3.6 Sample Size

The study covered a total of 35 respondents with 20 employees and 15 non employees (Tax agents/clearing agents) at URA main and other branches. The employees included, commissioners, managers and lower level employees. Simple random sampling was used to give employees of Uganda Revenue Authority (URA) equal chance of being selected. This meant that the first respondent gave direction to the next respondent with required attributes needed for the research. Self-selected methods of sampling was used where by willing participants took part in the interview.

3.6.1   Rationale for choice of sample size

Since this study sought to examine the implementation of tax policy reform at URA. The legitimate players and actors right from the top-bottom have been interviewed. In this case, I chose each category depending on the level of its representation to the particular targeted group. The mixture was also intended to facilitate original and unbiased theorization about tax policy reform at Uganda Revenue Authority (URA).

3.7   Source of data

In this study, both primary and secondary data were used**.** Primary data was obtained through carrying out field study and questionnaires were administered to respondents identified. I also made direct observations as elaborated below. This was to help me overcome the weaknesses that are inherent in using one source of data King et al (1994:p.23).In secondary data, information which already existed and was prepared for some other purpose rather than this particular research problem were obtained through consulting past relevant research projects, newspapers, power point presentations, YouTube videos on URA taxation and other relevant materials. I consider this source one of the most reliable source as it presents visual and primary information represented by key URA staff during high profile and international debates, workshops and intellectual discussions. The use of qualitative approach helped me to collect data from participants where collecting data can be analyzed and intercepted Creswell, (2009, p.4)

Table 1: Work titles and number of interviewed respondents

POSITION	NUMBER
Commissioners	2
General staff at URA	18
Tax agents	15
Total	**35**

3.8 Information from each category of Respondents

The data I collected was both qualitative and quantitative data. As already mentioned in the methodology section of this essay, I categorized the respondents of this study into five categories namely: commissioners, managers, supervisors and other URA staff, tax payers and tax clearing agents.

In this section I would like to demonstrate how I applied the framework implementation as advanced by Van Horn and Van Meter (1975), and how relevant it was in clarifying the implementation of tax reform in the Uganda Revenue Authority. Van Meter and Van Horn (1975) look at implementation of policy as a process that begins from the policy decisions and ends with implementation of tax policy at URA. This process incorporates both one-time efforts to convert decision into reality as well as a continuous attempt to fulfill the objectives of the policy decisions. (Ibid. 1975: p, 447).

For effective policy implementation, there must be an effective organizational structure with prescribed rules and regulations. Further, policies are influenced and guided by three main literature bodies that include the impact on public policies and particularly impact on the judicial decisions, studies on intergovernmental relations and organizational theory and work on organizational change with emphasis on the organizational control resistance to change and forms of compliance. I have addressed the effects and expected outcomes of this assumption in the following sections of this chapter. I based the categories of respondents on the various roles each plays towards implementation of tax policy reform at URA. In the case of the employees at URA, I mainly looked at the commissioners, managers and ordinary URA staff. Having worked at URA for three years I am convinced that the under mentioned categories would be the most relevant respondents in as far as this study is concerned. The main data I needed to get from each category is and the roles and responsibilities are outlined below.

3.8.2 URA Commissioners

In the URA administrative hierarchy, the Commissioner General comes first, closely followed by the commissioners. At the time of my research, the incumbent Commissioner General was Ms. Allen Kagina assisted me to get a clearance letter for my study. With the assistant of the executive assistant commissioner general Mr. Charles Obadi, I proceeded to

obtain from on-spot respondents that aided me to arrive at first-hand information from both primary and secondary sources related to implementation of tax reforms at URA. It also became easy for me to clarify from the commissioners about the information got from junior staff.

I sought the commissioner's answers to my research questions that are related to key factors that affect implementation of tax reforms at Uganda Revenue Authority. These factors include smuggling and tax avoidance issues, poor working conditions of staff and what is being done, availability of political will and the role of political interference in carrying our URA activities, the challenges associated with implementation of tax reforms and the current impact of implementation of tax reforms with regard to revenue collection. The other information that I got from the commissioners was information related to enhancing revenue collection in relation to URA's main objectives since its restructuring in 2005.

3.8.3 URA Managers

The information that I got from the managers in relation to my study objectives and research questions was related to the following three highlights. First was to establish the extent to which tax reforms affect effective implementation of tax reforms at URA and also whether URA staff has a good working relationship with their clients. Second was to identify the key challenges associated with tax policy implementation; while the third was to establish whether URA has enough resources to facilitate policy implementation and whether there is confidence between URA and other stake holders. The information I received from the managers at URA clarified on the above mentioned concerns. For instance, I discovered that there was more need for research studies on the impact of the electronic governance system so as to manage the reforms at URA better.

I sought the manager's input because managers in URA act as the main link of URA staff activities to the URA commissioners. Some managers have a vital role in determining which policies should be proposed because they are far much in touch with the staff and ordinary tax payers. The management of URA came up with a policy of having open offices so as to combat corruption and also for easy and effective monitoring of staff. It is only the commissioners and commissioner general that have closed offices, however the commissioners also have open door policies thus leading to enhancing transparency and effective at URA.

3.8.4 URA Supervisors and Ordinary Staff

URA is a result-oriented organization. Each station has a manager and a supervisor. The role of the supervisor is to monitor the compliance of staff with URA objectives. The supervisor is also mandated by the URA regulations to recommend transfers of staff. In line with effective implementation of tax reform at URA, the supervisor of the station of who directly deals with the main policy implementers and other stakeholders ensures that the main revenue collection targets set by the organization are met. He should also ensure that there is good working condition of his staff and enough motivation.

The main areas of my research question in regards to this category of respondents revolved around motivation of staff, if they have good remuneration, good work rewards and generally the working conditions so as to enable them address effective URA tax reform implementation. The other factors are whether URA staff had knowledge about the reforms being implemented and whether there is no political interference in implementing URA reforms. Finally, I was interested in the level of training of staff in relation to tax reforms such as electronic governance.

3.8.5 Tax agents and taxpayers

To get an overview of how effective some of new URA reforms have been, I sought to updates from clearing agents on tax reforms issues related to discipline of URA staff in tax reform implementation and the knowledge of newly introduced taxes, such as Pay As You Earn (PAYE), Value Added Tax (VAT). Furthermore, I sought clarification on some of the new policies that were introduced in form of taxes and whether they are consulted when formulating some policies, the accessibility of key URA staff such as the Commissioner General in case of shortcomings that may require the intervention of such offices. Therefore, I consulted the main departments responsible for revenue mobilization at URA. These are the domestic taxes or Internal taxes Department and the Customs taxes Department.

3.9 Data Collection Methods

For a researcher to come up with good research findings he or she must use dependable, reliable and relevant research methods of data collection. This is because the quality of the research findings a researcher gets are to a very big extent determined by the methods of data collection the researcher uses. King et al (1994) defines data as a "systematically collected

elements of information about the world" (1994: p, 23). In connection to the data Yin (2009) also mentioned "documentation, archival records, interviews, direct observation, participant observations and physical artifacts" (2009: p, 101) as the most commonly used source of data

Data collection methods are also key elements in carrying out research. This is because they involve the tools that guide the researcher especially through the data collection and data analysis process. More so these methods of data collection and analysis play a vital role in determining the quality of research or study.

In this study, various sources of data were identified and various categories of respondents were selected. The main method of data collection used was mixed methods approach and specifically qualitative and quantitative methodology. I thus collected data using questionnaires which were administered to URA employees and tax agents using face to face interviews in order to obtain greater accuracy, adequate explanation and minimize non-response. Both open and close ended questions were used. In the open ended the respondents provided their own answers to the questions. While in the closed ended, respondents choose answers from various options provided by the researcher.

3.10   Types of data Collection Methods

For primary sources, I used face to face interviews and direct observation to collect the necessary data. For data from secondary sources, I focused on review of documents; both in print form and on-line.

3.10.1 Interviews

Face to face Interviews was one of the major techniques used to collect the required information. Quantitative research questions inquire about the relationship amongst variables that the investigator seeks to know about. King et al (p.132).To fulfill this requirement, both open and close ended questions were used. In the open ended the respondents provided their own answers to the questions. While in the closed ended, respondents choose answers from various options provided by the researcher.

In some cases I used in-depth face to face interviews with some selected respondents. During the process of carrying out these interviews, my major consideration was focused on the roles and responsibilities these respondents had in as far as implementation of tax policy reform is

concerned. This enabled me to get relevant and first-hand information that I would have not been able to get had I not met theses respondents physically. During these key informant interviews, I got first hand views from primary respondent's that are part and partial of the policy formulation and implementation process at URA. Also, the interviews helped me to get relevant answers to the research objectives and research questions. These are discussed in the data analysis part of this thesis.

3.10.2 Direct Observation

In order to understand conditions and settings of the tax reforms being implemented such as, electronic governance, enforcement, service delivery and revenue collection reforms. I decided to physically go to some of the key Uganda Revenue Authority (URA) service delivery centers such as the organization's headquarters within Kampala, the capital city of Uganda and observe what kind of services are being delivered to the URA clients. This I did in line with Yin's argument that observation helps us to reveal some relevant behaviors and conditions (Yin: 2003). Doing so would further help me to discover the complex interactions in the natural settings of the implementation of tax reforms at URA. Consequently, I made my observations based on three main principles that I believe have a significant contribution as far as this study is concerned.

The first principle is the quality of services being implemented. If, for example, reforms like electronic government were effective in terms of having reliable and first internet. Also if the targeted taxpayers had relevant knowledge of using internet facilities.This I did by moving around the offices and seeing the reactions of the clients to the URA employees. More details are elaborated in the data analysis part of this thesis. The second one is vigilance and time management of the staff at URA. I made observations of the staff .In some incidences I would come at the specified opening hours which are 8:00p.m to 5:00 p.m. and then wait to see if the long queues that had been waiting were being served according to the authority's time schedule. This is one of the key areas I had keen interest in because services at URA are centralized so some people come from upcountry offices and have to wait for a long time thus incurring URA loss of obtaining revenue in time. The third principle is consumer ignorance amongst taxpayers. I observed that the level of knowledge obtained by the tax payers who would come to renew their log books, driving permit licenses and to order for new number plates was limited. My observation in this case was that most of the taxpayers had no prior

knowledge on the tax reforms and thus were being misled by the clearing agents who would exaggerate prices and thus cheat them, even in incidences where URA services were free.

3.10.3 Document review

In addition to interviews and direct observation, the secondary sources of data were obtained from secondary documents. Yin proposes use of, reports, records, articles, media publications like newspapers among others (Yin, 2009: p,103).During the data collection process was granted ,permission to work with the research department/library at URA to access key documentary evidence related to URA tax reforms such as, budget speeches, the URA Corporate Plan, URA Business Plan, and URA Human Resource Manual. Another useful source consulted was the internet and particularly URA website www.ura.go.ug these documents helped me in review and relate the first hand information that I had got from the face to face interviews. The helped me especially in comparative analysis with what I had obtained in the primary sources thus giving me appropriate answers to the research questions.

3.11   Presentation and Analysis of Data

Data analysis involves making meaning out of the text and data collected, making interpretation of the meaning of data (Creswell 2009: p, 183). In this case, the data collected were arranged into similar groups, presented in table of frequencies and percentages for easy interpretation of findings. To check accuracy and consistency of responses I also used editing and tabulation for the sake of clarity of narration. This reduced misinterpretation of findings because of the many data collected. More so, content analysis was used to analyze the secondary data that I had obtained such as budget speeches, journals and books so as to enable me get meaningful interpretation of data.

3.12   Categories of respondents

I targeted respondents selected from the Uganda Revenue Authority Kampala central zonal office, the Western and Northern branches; as well as tax agents operating in the vicinity of those areas. In the western part of the country, I interviewed two from Mbarara district, and six from each of Kabale central district and Katuna branch. I categorized these respondents according to their employment positions as shown in the table below.

Table 2: The categories and number of interviewed respondents

POSITION	NUMBER
Commissioners	2
General staff at URA	18
Tax agents	15
Total	**35**

3.13   Additional Observations during the study

The following are the significant observations I made during the study. The staff of URA was very much willing to respond to the questions asked but rather scared to have their names mentioned because some of the questions I asked were mainly targeting their opinions. In most cases almost all the respondents refused to release the names and in some cases work titles sighting security reasons.

Having been a former employee of URA for three years, the sensitivity and political rhetoric of the topic I was researching on led to a lot of suspicion and assumptions amongst some staff members, clearing agents, tax payers and other government stakeholders about whether I was carrying out the research as an individual or whether I was hired to carry out an investigation on behalf of both or either Uganda and Norwegian states. Also my former positions as a URA front desk officer and a former national student leader exposed me to so many people thus leading to unfounded reasoning and ignorance based speculation by both my well-wishers and former contemporaries.

I also observed that Ugandans in general hold University of Bergen in high esteem, especially in terms of producing quality researchers and education in general. I witnessed through the many influential positions occupied by various former University of Bergen students in academia, research, nongovernmental organizations and public service.

3.14   Limitations during the Study

Perhaps as expected, this study had its limitations. The major ones included time constraints, non-response from some target respondents, financial constraints and non-cooperation by some of low level staff at URA who seemed to suspect that I was spying on them and feared for the safety of their jobs.

3.14.1 Time constraint

The time allocated to the study seemed to be limited especially during the period when I was administering the questionnaires. To compound matters, my respondents had very tight schedules; hence I had to literary wait for long before getting their audience. Moreover, I received the clearance letter for data collection effective 5th of August 2013 to 5th October 2013, which was way behind schedule according to my former field study plan. Fortunately I had begun the interviews of clearing agents and taxpayers earlier thus reducing on the workload.

3.14.2 Non-response

Some respondents could not provide the necessary information, due to the sensitivity of the subject under study and the confidential nature of the data. I dealt with this constraint by availing the URA research acceptance letter to those who were in doubt and also by asking the key and very influential respondents for their advice on the research questions and what they felt were considered sensitive so that I was able to remove them from my questions.

3.14.3 Financial constraint

I was financially constrained due to various activities such as movement to and from respondents, typing, printing, and binding which require substantial amount of funds. I dealt with this situation by reducing on the number of trips to and from respondents by distributing questionnaires to respondents and collecting them at once. I did the typing, printing and binding from the cheapest but merit able source in Kampala.

3.14.4 Non-cooperation by some of low level staff

Some of the low level staff such as receptionists and librarians was a big hindrance in regard to booking appointments with top managers and commissioners so as to get clearance for data collection. To overcome this hindrance, I made a phone call to the executive assistant of the commissioner general who admitted that they had not received any correspondence or

information of my wanting to meet them and thus was quick to respond to my request by expediting the pursuit of the URA clearance letter.

3.14.5 Limitation in obtaining relevant literature

The available literature on taxation in Uganda seems to be mainly limited to newspapers, budget speeches, power point presentations and forums such as talk shows, campaign manifestos and policy statements. More so, much as I got a clearance letter from URA to carry out this study, in the Ugandan context, this study is seen by most of the respondents as a study of taxation matters involving around very vital and, to a large extent, sensitive matters which relate to auditing and accountability. This thus led to fear from respondents to give me key URA taxation literature for this study.

Also, in all the literature I consulted at the library in the University of Bergen, none focused on implementation of tax reforms in Uganda but rather focused on broader studies related to tax policy and administration in Uganda. Further still, most of these studies have largely been generalized and have dwelt on issues such as effect of corruption, loss of staff from recruitment overall negatively effects in taxation.

3.15   Ethical considerations

In this study, I rested on ethical principles of social science research which put the following ethical considerations at the centre of investigation. In my case, therefore, in regard to procedure of getting information from URA, I wrote a letter requesting for permission to carry out my research. I also availed my department introductory letter to Uganda Revenue Authority (URA) human resource department for clearance to collect both primary and secondary data. Furthermore, as required by the ethical principles of social science research, I am using all the data I collected for only academic purposes of this particular study. I am treating the information I shared with the respondents with utmost confidentiality. Lastly, I maintain respect for other ethical concerns such as, gaining agreement of individuals in authority such as gate keepers, receptionists Creswell, (2009), personal discipline, integrity and obtaining respondents.

3.16 Assessing the quality of research

According to King et. al., (1994) two major questions about the validity and reliability of the research findings should be addressed. Validity aims at maximizing accurateness in research Gube & Lincoln, (1998). In order to address issues of quality of research, I present here below a discussion of how I intend to address the question of reliability and validity of my study.

3.16.1 Validity and Reliability

Yin (2009) briefly explains reliability as demonstrating that the operations of a study-such as the data collection procedures can be repeated, with the same results to ensure reliability of study. He also defines validity the measuring of what one thinks is measuring. (King et al., 1994).Validity as a concept is therefore divided into three namely: construct validity, internal validity and external validity. In line with Yin's view, I maximized the originality of data I obtained in the field and maintained a clear and detailed description of the data collection methods I used. This will allow room for other researchers with similar research interests as mine in this study to adopt the same methodological approaches that I employ.

Furthermore, as Creswell (2009: p, 190) argues, an accurate transcription of respondents' views must be done line with a combination of different sources of evidence. Similarly, I had my data verified by different participants using instruments like in-depth interviews, direct observations, and documentary review. To achieve this end, I employed one research assistant so as to be able to compare notes after every interview and have easy access to some targeted respondents that he was familiar with.

However, in some cases, I sought the respondents' consent to use recorders so as to later review the information provided and hence take note of key relevant information. I also used triangulation, which is the use of multiple sources of data collection, so as to overcome the weaknesses that are inherent in using few sources. Triangulation offers in depth investigation of the phenomenon since more than one method is used to gather data. I also used the case studies approach that use multiple source of evidence in data collection is usually rated highly in terms of overall quality compared to those relied on single source of evidence (Yin, 2003).

3.16.2 Construct validity

According to Yin, he argues that in order to use correct operational measurements, It is important that the researchers uses multiple sources of data. In this study, I ensured that I use multiple sources of data such as in-depth interview, direct observation and documentary review so as to overcome the challenges that are inherent of using few sources of data. More so this helped me arrive at reliable findings

3.16.3 Internal validity

Yin (2009: p.42).argues that an internally valid research design is one which is able to identify numerous threats to validity. He further argues that internal validity is the establishment of the causal relationship between variables, the condition in a certain variable leads to changes in another. I the theoretical chapter of this study, I analyze my variables by indicating the influence the dependent variables have on the dependent variable (Implementation of tax reforms)More so The relationship between independent variables, policy standards and objectives, resources, social economic and political conditions, disposition of implementers, inter organization communication and enforcement activity and the dependent variable Implementation of tax reforms was established.

3.16.4 External validity

Yin, (2009: p, 40) defines external validity the domain to which the findings of a study can be generalised. This can be done through use of theory in single case studies and replication in multiple case studies.

In this study, I used the implementation theory by Van Meter and Van Horn (1975) to guide me while analyzing the factors independent variables that may engineer changes in the dependent variable. I further elaborated the overall goals of policy decision to provide concrete and more specific standards for assessment so as to assess what is being pursued. By explaining how policy standards and objectives emphasize the need to establish performance indicators of implementation of tax reforms were measured as hence strengthening the validity of this study.

3.17   Conclusion

In conclusion, the purpose of this chapter is to provide an understanding on the research methods used in this study; and also focuses on components of research design including unit of analysis, theoretical framework, and methods of data collection, data analysis and study area. The chapter has also covered the sample size, nature of information got from respondents, rationale why I chose the mixed method approach, study limitations, study observations, ethical considerations; and validity and reliability, construct validity, internal and external validity of this study.

CHAPTER FOUR

UGANDA REVENUE AUTHORITY IN THE CONTEXT OF UGANDA'S TAX SYSTEM

4.1 Introduction

As I pointed out in the historical background of this study, an act of parliament was enacted in 1991 (URA Act) to establish and institutionalise the Uganda Revenue Authority as a central body responsible for the assessment and collection of tax revenue, to administer and enforce laws related to collecting revenue and to account for all revenue to which those laws apply. URA Act, (1991: p, 2). In this Act, URA is tasked to cause swift revenue mobilization and effective tax implementation based on three core values. These values are excellence, integrity, teamwork and respect. These values have been pillars in implementing effective tax reform at URA. In the following sections I explain the three core values as they relate to the implementation of tax reforms at URA

4.1.1 Excellence

The first core value of URA is excellence. As URA mission statement, which is "To provide excellent revenue services with purpose and passion", firstly URA as an organization is tasked to provide quality services to its citizens. This is expected to be done with purpose and passion especially by the URA staff. Even when sometimes professional training by URA to its staff has led to URA losing its staff to private companies that pay higher wages, URA has endeavored to ensure that their staff is trained so as to enhance organizational performance and quality of services. (The Uganda News Vision, Aug.06, 2013). The other Human resource measures that have been taken to promote excellence and quality services in tax reform implementation at URA are appropriate remuneration for all staff for services rendered, fair hearing for all staff for services rendered, equal employment opportunities and a healthy working environment.

4.1.2 Integrity

Secondly in orders to enhance organizational performance at URA, integrity according to Wikipedia's referred to as a concept of consistency of actions, values, methods, measures, principles, expectations, and outcomes. To register successfully policy implementation, the policy implementers and in this case URA staff ought to exhibit a high level of integrity. For example they are not expected to take bribes in any form from their clients. They ought to be

honest, respect their clients and committed to their work. Misdemeanors, misconduct and gross misconduct shall constitute offences and shall make the staff liable to disciplinary action as specified in section 11.3 of the URA human resource manual (URA human resource manual p.27)However the accused are given a fair hearing before disciplinary measures are taken.

4.1.3   Teamwork and Respect

A team consists of two or more people with different tasks that work to further adaptively to achieve specified and shared goals. Brannick et al (1997).Teamwork is a human process involving human feelings, attitudes and actions (Dyer et al 1987).It also includes self-awareness as a team member, acceptance of team norms, level of group closeness and importance of team membership.

Most teams go through a painful metamorphosis to change their attitudes and behavior and not every group of multi skilled well intended people can or should function as a team. Dickinson et al (1992). In this case, during the implementation process there must be Corporation amongst the URA staff so that the targets as a team are met. Also, most fundamentally as former employee, a team's success will always be determined by the leadership skills of the leader. In this case, URA has supervisors who lead a team of over ten staff. Their role is to ensure that the staffs are disciplined, hardworking and also their grievances are looked into.

4.2   Actors involved in Uganda's tax reform structural Process

Over the years, the Ugandan taxation system has met the targets. Like any other developing countries Uganda still faces tax policy difficulties when they attempt to establish efficient tax systems.

Uganda's tax structure has been greatly improved in recent years, and it appears to mirror the tax system in other in terms of the types of taxes and rates. This structure follows systematic criteria that are legal hence addressing various governance dilemmas. The structural tax policy procedure begins with URA Board administration, it is then followed by the Ministry of finance and economic development, finance then proposals policies to parliament and then parliament approves or disapproves and then sends them to the executive for assessment by and signing of the president. Below is an elaborate discussion of each party in the tax policy structural process:

4.2.3   Uganda Revenue Authority (URA) Board and Administration

The Uganda Revenue Authority board and administration is perhaps the strongest arm of government that is responsible for the day to day operations and services of URA. The board according to the 1991 URA act of parliament is composed of the Finance minister, a representative from the ministry of trade and industry a representative from the Uganda manufactures association and finally the Commissioner General of URA.

The URA administration and the relevant board members are to ensure that they assess the performance of URA and ensure that good policies are put in place. In due course, their prime role is to advise the Minister on Revenue Implications, tax administration and aspects of policy changes. These policies are essentially for ensuring that URA collects sufficient revenue through the various taxes and reforms that have been put in place. This is done through the two main revenue collection departments which are the Domestic taxes department and the Customs department.

Tax policy implementation is highly upheld at the customs department. This department is basically for external revenue mobilization The URA staff and ministry of finance officials are always lying strategies and coming up with policies that they think that they can help them increase revenue mobilization.

The most recent is the introducing of the electronic governance system thus leading to improvement of quality services. The customs department taxes are, VAT value added tax, on imports, import duty tax, WHT on imports, and finally trade regulations.

The domestic taxes department is a key avenue for domestic policy reforms and implementation. Amongst the most notable ones are key administrative reforms in 2005 after the restructuring. This department is primarily responsible for raising revenue domestically. The taxes levied involved in this department are, Value added tax (VAT), income tax, rental tax, and finally exercise duty.

4.2.4   Ministry of Finance Planning and Economic development (MOFPED)

The Uganda Revenue Authority (URA) is the implementation agency of all tax policies formulated and passed by parliament. It is therefore the responsibility of   Ministry   of finance to work hand in hand with URA and then find a way on how URAs operational budget is financed.

The Ministry of Finance Planning and Economic Development (MOFPED) as a mother ministry and in fact to all ministries in Uganda formulates sufficient economic policies that will enhance internal and external revenue mobilization, and ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development.

In the ministry of finance is responsible for, a) Representing the executive arm in tax administration b) drafts government tax policies and finally funds the operations of URA. It she be noted that URA just collets revenue and then hands over to ministry of finance. It does not take any money from the revenue collected.

One of the key prerequisites to achieving the ministry's mandate is through utilization of credible economic statistics to facilitate effective and efficient policy formulation, planning and implementation. It is therefore of paramount importance that the statistics are of high quality.

4.2.5   The Parliament of Uganda

The Ugandan parliament is the most funder mental arm of governance concerned with any policy that is proposed or implemented by the state. This is because the Ugandan parliament debates and passes laws that they feel are of national concern. It is also an arm of government that puts all government parastatal bodies to prove accountability of their day to day activities. In as far as are responsibilities are concerned I have mentioned bellow what the legally recognized functions are the functions of the Parliament of Uganda are:

i.   To pass laws for the good governance of Uganda.

ii.   To provide, by giving legislative sanctions taxation and acquisition of loans, the means of carrying out the work of Government.

iii. To scrutinise Government policy and administration through the following:

    a.   pre-legislative scrutiny of bills referred to the Parliamentary committees by Parliament

    b.   scrutinising of the various objects of expenditure and the sums to be spent on each

    c.   assuring transparency and accountability in the application of public funds

d. monitoring the implementation of Government programmes and projects

iv. To debate matters of topical interest usually highlighted in the President's State of the Nation address.

v. To vet the appointment of persons nominated by the President under the Constitution or any other enactment.(Extracted from the Ugandan Parliament website)

After the above mentioned functions of parliament, the roles are very essay and that is to enact laws that guide URA and also to approve policies. When all this has been done then the laws passed are sent to the executive to be passed and signed by the president.

4.2.6 The Executive

The power of the Executive Branch is vested in the President of Uganda, who also acts as head of state and Commander-in-Chief of the armed forces. The President is responsible for implementing and enforcing the laws written by Parliament and, also appoints the Cabinet. The Vice President is also part of the Executive Branch, ready to assume the Presidency should the need arise. (www.statehouse.go.ug/government/executive accessed on 9th January 2014)

The executive arm of government is the final and most fundamental stage in as far as tax policy reforms are concerned, once the bill is assented to by the president, the implementation process starts. In some cases the president might invite technical people to advise him on the demerits and merits of these policies. However because the executive is mainly political, in some cases it might consider not assenting to the bill for political mileage.

EXECUTIVE

. President assents to Parliaments Bills.

PARLIAMENT

Enacts laws that guide URA

.Approves policy

MINISTRY OF FINANCE PLANNING AND ECONOMIC DEVELOPMENT

.Represents the Executive arm in Tax administration

• Drafts government Tax policies.

• Funds operations of URA

URA BOARD AND ADMINISTRATION

.Advises the Minister on Revenue Implications, tax administration and aspects of policy changes relating to all the Taxes.

CUSTOMS DEPARTMENT

Import duty

VAT on imports

WHT on imports

Trade regulations

DOMESTIC TAXES DEPARTMENT

tax

Rental tax VAT

Income

Excise duty

Figure 3: The Structure of the Ugandan Taxation Policy

4.3 Understanding URA tax model and its impact on implementation of tax reforms in Uganda

Tax collection as a percentage of GDP grew significantly from 1992 by 1.7%, soon after Uganda Revenue Authority started various tax reforms such as reduction of import duties, establishment of revenue protection service this led to reduction of smuggling of goods across border, tremendous rise in collection of pay as you earn (PAYE) since enactment of income tax act 1997. Since then, Uganda Revenue Authority have been implementing various tax reforms mostly geared towards broadening tax bases, rationalizing taxes to improve the investment climate enhancing compliance and improving other aspects of tax revenue administration. Despite tremendous Uganda's macroeconomic stability over the recent years, poor domestic revenue mobilization is a major budget constraint, that's why 30% of the total budget is financed by our development partners (Maxwell Stamp 2003).

In Uganda the tax systems are structured on the British tax model and most of the reforms are derived from the British norms. Uganda like any other developing country would be increasing its domestic tax revenue in order to provide public goods, develop infrastructures needed to speed up national development (Annett, Bristow, Mahler &Terkper, 2000). There has been a declining trend over the last five years in domestic revenue mobilization estimated at an average of 0.6% annually. In 2009/2010 URA revenue collections amounted to Ugandan shillings (Ugshs) 4.3 trillion lower than the estimated target by shs.159 billion, representing a performance of 96.5% and equivalent to 12.5% of GDP. This percentage is very low compared to other East African Community and Sub-Saharan African countries which are at 20% of GDP on average. (Back ground to the budget 2010/2011).

Studies have showed that with the exception of some excise taxes and graduated personal tax, tax reforms have largely been progressive (Chen et al., 2001). It was found that excise tax on kerosene which is highly consumed by the poor was highly regressive and that the tax burden incurred by large and medium-size regular taxable firms was significantly reduced due to the 1997 income tax reform.

Taxes can broadly be divided into two categories: direct and indirect taxes. The major direct taxes for 2005/2006 in Uganda were: Pay as you earn (PAYE), corporate taxes, and withholding taxes. Indirect taxes include the Value Added Tax (VAT), which are a consumption tax, (URA, 2006) as well as import duties and excise taxes imposed on international trade and locally manufactured goods. All these taxes were introduced to meet

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Uganda's broad tax policy objectives that include: establishment of a semi-autonomous revenue authority, enacting new laws, and rationalizing the overall tax structure.

In Uganda, all tax implementation are imposed by Act of Parliament in accordance with Article 152 of the constitution of Uganda (1995 constitution). There are statutes and laws for imposing the different taxes also enacted by Acts of Parliament, for example; Local Governments Act 1997 (for Local Government Revenues); Income Tax Act Capital 340(for Income Tax) and East African Community Customs Management Act 2005 (for management of import duty).

The establishment of the URA in 1991 have had a marginal increase in domestic revenue mobilization as a percentage of GDP from 11.3% 1995/96 to 13.1% in 2001/02, an indication that the tax base is not widened. Uganda's revenue mobilization is among the lowest in East Africa region. The low revenue mobilization is attributed to the structure of Uganda's economy. Uganda has a significantly large agricultural sector accounting for 21.4% of GDP in 2001/02 (Mutambi, 2004).

Uganda has shown encouraging trends in domestic revenue mobilization growth in recent years, enormous challenges still remain (World Bank, 2002). High taxes, which encourage tax evasion and other loopholes which undermine, tax revenue collection. Complex tax legislation which is difficult to understand even by the educated tax payers and discretion on the part of tax officials which leads to corruption, Weak administrative systems and organizational capacities, scarce and poor quality data as a result of widespread informal activities. Limited reporting and low levels of education in the general population and seemingly a general culture of non-compliance which accounts for the low domestic revenue mobilization.

In this age of globalization, most developing countries want to become integrated with the international economy. However, they face significant challenges in this pursuit, including the need to increase tax revenues. Hence tax policy makers have to analyze the prevailing conditions in the country and determine the relevant mix of taxes that can raise sufficient revenue. Many developing countries, Uganda included, have increasingly begun to restructure their tax systems for this specific purpose. Despite numerous tax reforms that were intended to improve the economic and social situation by supporting infrastructure and increasing the quality of public goods provided by the government, the situation in Uganda

remains fragile, and the country remains among the poorest in the world. Based on the current approved budget for the financial year 2005/2006, a widening budget deficit of 9.2% compared to the previous financial year of 8.6% was reported.(Background to the Budget for Financial Year 2005/06). The problem faced by all developing countries -- and this of course includes Uganda -- is that developing countries face many generic and specific obstacles in implementing tax systems that can meet their unique needs and that will also finance the necessary level of public spending in the most efficient way (Tanzi&Zee, 2000).

4.4 Challenges of effective tax reform in Uganda Revenue Authority (URA)

Basing on the secondary documents consulted, this study revealed a number of challenges in the implementation of tax reforms at URA. In the following section I explain the challenges as mentioned below

4.4.1 Limited tax base

Developing countries still face formidable challenges generating revenue because workers in these countries are typically employed in agriculture or in small and informal enterprises thus relying on foreign budget dependency. (Uganda taxation policy report, 2008).This has led to modern means of raising revenue such as income tax and consumption tax to play a diminished role. In this case, Uganda has had to rely on foreign aid to facilitate most of its public expenditure thus leading to foreign intervention on the nature of tax policies, even when they seem not to be favouring the Ugandan taxation system.

To address the above problem, and fully finance domestic public expenditure, Uganda needs a high tax level. This can be realized through promoting industrialization, ensuring good governance (political stability) and encouraging foreign investors. However, this entirely lies in the hands of the policy makers. They need to make their priorities right and have the political will to implement the necessary reforms.

4.4.2 Inadequate Revenue Administration

A Uganda Revenue Authority taxation and revenue administration still remains a formidable challenge due to a number of factors, the most outstanding are a general public resistance to taxation, inadequate public knowledge of advantages for taxation, ignorance about the taxation framework, a large informal sector and corruption; all which lower the quantities and quality of revenue collections.

Despite the fact that there has been a registered progress in terms of revenue collection and administration, it is still rendered difficult to create an efficient tax reform administration without a well-educated and well-trained staff. Yet it is true to say that due to inadequate funds to pay good remuneration to skilled and highly qualified staff and to computerize the operation or even to provide efficient telephone and mail services (SEATINI, 2010). As a result, URA has a high labor turn over as evidenced by the monthly Human Resource reports 2010/11. For instance URA has 521members of staff from 1st July 2008 to 30th June 2012.Therefore if nothing is done, URA will overspend its recruitment budget, and this will negatively impact performance of the organization. While URA is developing computerized systems of operation for example the electronic tax, such operations are still not widely appreciated by the public.

4.4.3 Tax evasion

The other challenges to tax reform are low revenue collections. It is a challenge attributed to low compliance levels, high taxes, difficulties in enforcement, political interference, poor revenue management and administration. The most notable and common about tax avoidance is revenue fraud. This involves, and is mainly encouraged by connivance by smugglers with some URA enforcement staff, under-evaluation, under-declaration of income and taxable goods, and misclassification of goods. There is also the problem of importation of second-hand commodities, which is bound to adversely affect the environment, employment, local production, household incomes, and investments, which are important for revenue generation.

4.4.4 Inefficient Tax Appeals Tribunal (TAT)

The Uganda Revenue Authority (URA) is the central body responsible for the assessment and collection of specific tax revenues, administration and enforcement of the laws. The Tax Appeals Tribunal (TAT) handles the tax disputes that arise between URA and taxpayers. The tax disputes are large in number and always projected to increase; which is a reflection of persistent problems in tax reform management. URA and TAT have been battling tax conflict for the better part of 2007/2008 (scribed, com).This could be a sign that the activities of the Tax Appeals Tribunal (TAT) need a review. Besides, complaints from the business community about their impounded goods take long to be addressed, thus leading to loss of government revenue on the side of government and there is also loss of profit and business on the client's side. On the contrary lack of adequate staff has always led a slow process of

addressing disputes thus encouraging corruption in the end. In fig no..I present the tax appeals process.

Table 3: URA tax appeals tribunal

1.Begins with taxpayers objects
2.Tax payer appeals to Commissioner General of URA
3.Then the appeal is passed to tax tribunal
4.Then if all is not resolved the case is taken to high court-

4.4.5   Inexperienced parliamentary finance committee

The broad legal framework is laid out in the Constitution of the Republic of Uganda mandates Parliament of Uganda to impose taxes but this may be subject to a presidential veto. Parliament's powers are restricted in financial matters. The amendment power of Parliament on taxation policy depends on the effectiveness of the Committee of Finance, Planning and Economic Development in Parliament. The committee suggests amendments to the House. This committee's oversight and scrutiny function on taxation is not well developed and in most cases it is performed on ad hoc basis (p, 45.ibid). It was established that Uganda's tax laws are structured in a manner that is not easy to understand.

4.4.6   Marginal participation of public and civil society organization in tax policy issues

On corporate social responsibility and public relations, participation of the general public and opinion leaders remains inadequate. Apart from Uganda Manufacturers Association (UMA), civil society organisations (CSOs) have not been involved in tax policy issues especially at the legislative level. Civil society organizations could compliment both the URA in tax education and Parliamentary staff in providing technical information (scribd.com).It is generally recognizable that the current tax regime has made some significant progress towards tax reform implementation. The URA has since 1991 adopted and implemented rigorous reforms aimed at improving not only the tax body's public image, but also rising tax collections.

4.4.7 Political interference

Political interferences create additional challenges in implementing tax reform policies for developing countries. Lack of political will to support tax reforms in developing countries has oftentimes led to unsuccessful reforms. Lessons learned from successful reform programs suggest that the key factor is strong political will, demonstrated by a commitment from leaders at all levels of government (Sahr J. Kpunden, "Political Will in Fighting Corruption," online: UNDP <http;//mirror.undp.org/magnet/Docs/efa/corruption/chapters06.pdf>.) Additionally, most developing countries suffer from military dictatorships, corruption, civil wars, underdevelopment, deep poverty, disease, and famine. All these challenges have inevitably led to low tax revenue yields in developing countries

It's also noted that, the slowing of revenue growth is partly explained by the erosion of institutional autonomy on account of political interference and deficiencies in URA's governance and management structures. This was most strikingly evident in politically motivated appointments and transfers which contributed to the resurfacing of corruption and organizational inefficiency Therkildsen (2004, p. 2).

One of the expected benefits of the URA's semi-autonomous status was insulation from political interests. Cutting off responsibility for tax administration from the parent ministry was seen as a device to limit direct involvement on the part of politicians in tax affairs, as a means of seeking preferential treatment for clients such as family and kin members, friends, and political, supporters in tax assessment and payment, and in exerting influence over appointments.

But experience over the past 13 years demonstrates that political interference has not been moderated by URA's semi-autonomous status. There is evidence of systematic political involvement in URA affairs, especially in the form of influence over the recruitment, promotion and transfer of staff. Ministers, family members with political connections, and political advisers in State House (Office of the President) have all sought to exert influence in this manner.

4.5   Conclusion

In this chapter I was to shade light on the taxation policy at URA. The criterion followed in addressing most of these issues is guided by a legally binding process, by means of an act of parliament. In this chapter also describes how the core values and mission of URA and very fundamental in the implementation of tax reforms at URA. This is because Uganda for a long time had been affected with poor organizational performance thus affecting successful policy implementation. The measurement of a weak organizational performance at URA is basically determined by the revenue collected other factors withheld constant. This is because the pillars of successful revenue mobilization and policy implementation have to a large extent been addressed by the current regime by enacting an act of parliament that effectively empowers URA to carry out its tax reform activities.

CHAPTER FIVE

PRESENTATION, DISCUSSION OF RESEARCH FINDINGS AND DATA ANALYSIS

5.1 Introduction

In this chapter, I present and analyse the data which I collected during my field research. First, I discuss the role of key actors in effective implementation of tax reform at URA. Then, I analyse the impact of tax reforms, basing the analysis on the respondents that I engaged. Therefore, much of the qualitative data I present is from comments and remarks by respondents. As for quantitative data, I supplement my discussion with figures, which include but are not limited to tables, in order to graphically present my findings. In the conclusion, I demonstrate how independent variables affect the dependent variable of my study.

5.2 Roles of key actors in effective implementation of tax reforms at URA

As I pointed out in chapter the methodology chapter, the key actors in effective implementation of tax reforms at URA which I identified during my research are URA employees, tax clearing agents and URA clients. Each of the actors has had an impact on the implementation of tax reform at URA in a specific way. However, as I show in the proceeding discussion, some of the outcomes of the reforms are a result of the collective inputs of all the actors that I engaged

Based on primary and secondary data, I present the actors and the roles they play in the implementation process of tax reforms at Uganda Revenue Authority. I outline the factors responsible for implementing tax reforms by each respondent and thereafter I examine the challenges experienced by each actor in relation to the stated study objectives and research questions. The objectives of this study are to determine the factors which affect the implementation of tax policy reforms in URA, to identify the specific effects of the implementation of tax policy reforms by URA, and to assess the extent to which the implementation of tax reforms has fulfilled the objective of enhancing domestic and external revenue mobilisation in Uganda. The research questions for which I sought answers from the targeted respondents are what has URA done in order to increase revenue collection after its restructuring in 2005? What specific tax reforms has URA initiated and implemented in Uganda since 2005? What are the factors affecting the implementation of tax reforms at URA? What are the resources necessary for URA to effectively implement tax reforms? Finally, how best can tax reforms be implemented so as to increase tax revenue?

5.2.1 Uganda Revenue Authority employees

The respondents at Uganda Revenue Authority were commissioners, managers and low level employees who totaled up to 15 respondents. The questionnaires I used in having in-depth face to face interviews were uniform for all the URA respondents irrespective of the rank of each employee because of the nature of the information I needed. This approach of using uniform questionnaires helped me in crosschecking the information obtained from respondents at lower ranks such as officers by clarifying on information I felt was unclear from more experienced and senior URA respondents. For instance, in relation to the study objectives, understanding specific challenges of effective implementation of tax reforms varies from one department to another. However the high level and medium employees such as commissioners and managers that have risen through the ranks helped me understand why some challenges have been there for so long and yet various tax reforms have been implemented to curb them. The most common among these are smuggling and high labor turnover of URA employees.

5.2.1.1 Tax reform perspective according to URA respondents

The assistant commissioner for field services explained that before 2005 URA had adopted a militaristic approach in collecting taxes. However, this instead was perceived as a very unfriendly approach as it portrayed URA as a military organization, thus creating a wrong image to URA stakeholders. The commissioner further contends in her speech at the trade and investment expo in the United Kingdom on the 15[th]September 2012 (www.youtube.com; accessed on 10th January 2014 at 12:00 p. m), new reforms were introduced so as to facilitate and enhance effective revenue collections. These reforms include enhancing voluntary compliance from tax payers, introducing high technology equipment at URA so as to modernize and fasten services. For instance the electronic governance system helps a tax payer to pay taxes at any time. The other tax reforms are tax exemptions on agro processing, exporting finished goods, education and no tax on scientific research. These reforms aim to enhance revenue collection by attracting both local and foreign investors thus increasing tax base in many forms.

5.2.1.2 Analysis on tax reforms according to URA respondents

As a researcher, my analysis on the implementation of tax reforms mentioned above leans on the study objectives and the research question. The URA tax reforms that have been applied in phases since 2005, to a large extent have achieved URA main objective of enhancing its revenue collection. For instance, revenue collection has been increasing since 2005 and most of the set targets have been met. During this study, I also observed various improvements in relation to the services offered at URA. For instance the long lines by the clients at the centralized URA offices such as the licensing department where I previously worked have drastically reduced due to the introduction of electronic governance system where the clients can pay taxes online at any time of their choice.

The human resource department under the cooperate services   at URA, puts so much emphasis of training of staff so as to improve the quality of workforce. During my in-depth face to face interview with the manager in charge of research and planning at URA, he states that URA as an institution is obliged to ensure quality services to its clients. By carrying out comparative research with other revenue collection bodies, URA is able to effectively train its staff on taxation issues so as to meet the required standards. For instance he further states that regular seminars are held so as to keep in touch with other stakeholders and to get a broader perspective of what is on ground. To ascertain this, the creation of the East African community is one reason why there is need to have effective implementation of tax reforms that favor the standards of the East African economic partners. I present details of the data analysis in chapter six of this thesis.

5.2.2 Tax clearing agents and URA taxpayers

In this study I carried out in-depth interviews from officially recognized Uganda Revenue Authority clearing agents. Amongst the clearing agents interviewed were two mangers of a clearing company; Transit Windows Uganda limited. Both of these respondents were positive to questions that were contained in the questionnaire though in some cases they chose to have the questions reformulated in the context of their roles and responsibilities in relation to tax reforms. The questions that these respondents were mainly interested in are:

  i.   What has URA done in order to increase revenue collection after its restructuring in 2005?
  ii.   What specific tax reforms has URA initiated and implemented in Uganda since 2005?
  iii. What are the factors affecting the implementation of tax reforms at URA?

iv.   What are the resources necessary for URA to effectively implement tax reforms?

v.   How best can tax reforms be implemented so as to increase tax revenue?

I give credit to these interviewed respondents, for they accepted to give me face to face interviews and thereafter they took questionnaires to which they responded to the research questions in writing. It is the results of their response to the questionnaires that for the part of the basis of my analysis in the latter sections of this thesis.

5.2.2.1 Analysis on tax reform according to clearing agents and taxpayers
All the respondents l interviewed were giving similar answers as to the roles they played in ensuring effective implementation of tax reforms. Through face to face in-depth interviews, all the respondents outlined their role on tax reforms at URA as the following. The main roles of clearing agents are to prepare trade transactions documents. They are also obliged to complete due taxes, make customs declarations and generate assessment of which they thereafter use for payments in designated banks. The clearing agents and tax payers are regarded key partners in the implementation of tax reforms at URA. For effective implementation f tax policies, URA is obliged to cooperate with their clients so as to have smooth operations at URA. For instance during the formulation of tax policies at URA, consultative meetings are conducted between URA and other government stakeholders including the clients and tax clearing agents. Also the clearing agents and tax payers can evaluate URA staff and pass on their complaints to the administration so as t o take measures that will address effectiveness of tax reforms at URA.

5.3   General discussions of key findings in relation to the main research questions
The main research question of this study was to assess whether the implementation of tax reforms has fulfilled its main objective of enhancing external and domestic revenue mobilization of Uganda. During this study I followed the research questions I had prepared in my research proposal and thus got responses that would later be used in the analysis part of this study. Below are the questions addressed and the answers I got from the respondents

5.3.1   What has URA done in order to increase revenue collection after its restructuring in 2005?
The main respondents during this study include URA staff, clearing and tax agents and some members of other government stakeholders. According to all respondents that were interviewed, they evaluate   2005 restructuring as the turning point to solving all taxation

challenges at URA. Most importantly, the2005 restructuring led to the demilitarization of Uganda Revenue Authority of whom the vacancies were later replaced with ordinary civilians. The respondents in URA, such as URA officers and one commissioner emphasized that before 2005,URA was filled with military trained soldiers of whom some did not have adequate training in as far as managing the taxation issues at URA is concerned.

The other highlight was the recruitment of trained and competent civilians in the organization so as to attract a visible organizational growth .For instance people that were deemed to be of high integrity, knowledgeable on tax issues and experience were headhunted and employed at Uganda Revenue Authority. In due course, the pay of URA staff was also reviewed and this led to good pay according to Ugandan standards thus leading to decrease in the previously high corruption levels at the organization.

Also the restructuring of URA led to the existence of a new organizational structure. According to the responses got from the respondents and especially URA staff, this structure was put in place so as to improve services at URA. It was also put in place so as to help solve administration gaps that lead to inefficiency and also encourage corruption; these can be connected to legal issues and also delegation of excessive powers by URA to some staff.

The Uganda Revenue Authority under the leadership of Madam Allen Kagina has been registering are commendable success in relation to the main objective of URA.The main objective of URA is to enhance revenue collection that will fully finance the budget of Uganda.URA since 2005 as indicated in the analysis part of this essay has been exceeding the targets set while collecting taxes. As a result, Uganda has been able to revamp its economy by improving infrastructure, security and general welfare of its citizens. This is extremely important because there is value for money paid to URA in form of its citizens and thus acts as a catalyst in encouraging the tax payers to pay taxes.

5.3.2   What are the factors affecting the implementation of tax reforms at URA?

The implementation of any policy followers a procedure that usually involves technical people that advises the policy makers on technical issues involving the policy or reform being implemented .At the agenda setting stage in policy implementation, it involves a lot of people and in most cases that are has no competence in formulating policies and yet they yield a lot of power in deciding what policy should be implemented. In this case these people are politicians and persons representing certain groups and interests.

In the case of Uganda Revenue Authority, the implementation of tax reforms is not that smooth. According to the respondents interviewed, the implementation of tax reforms involve resources in terms of human, financial and logistical resources and of which in some cases are not readily available. For instance so as to ease URA operations at weigh bridges URA needs advanced technology to carry out this activity in a much faster and convenient manner. However there are not readily enough finances to purchase these equipment thus leading to loss of taxes.

On a more general level, the respondents interviewed pointed out factors like the need to improve further the tax administration so as to ease the process of revenue collection. Twenty out of the 35 respondents interviewed were in general agreement that much as there has been a general improvement in tax administration there is still more need on improving administration by recruiting more young and energetic staff, and also upgrading the data base system from a much manual to an easily and manageable electronic system.

The other factors that were emphasized by the respondents is the lobbying and involvement of other global forces such as world trade organization, the united nations charter on trade and development (UNCTAD) that seeks to harmonize world trade order. Lastly the other factor behind the implementation of these tax reforms is increased pressure from donor community urging URA to cover more of our national budget other than depending on foreign aid.

5.3.3   What challenges does URA face in the process of implementing of tax reforms?

The implementation of tax reforms at URA from a broader perspective has generally led to great improvement in line with the organizations main objective of enhancing revenue collection irrespective of challenges. For several years after the 2005 restructuring, URA has been collecting revenue that has been exceeding the targets set for collections of each particular year. However since last year URA has been struggling to reach its targets thus failing to meet the expected targets. The main challenges that the respondents both from URA staff and clearing and tax agents are:

Then majority of the respondents emphasize that URA still lacks sufficient data on business activities and services in the country. Some companies are targeted and subjected to periodical audits and reviews making them to pay absolute taxes yet those who do not deal or

interact with URA those that don't deal with URA however much they make profits continue to invade taxes.

Much as URA has been improving its human resources, through training and recruiting competent staff, URA still lacks competent and professional staff in elations to the reforms being implemented. Most of the staff at URA are still adamant or lack sufficient knowledge on customs procedures and systems. For instance the introduction of electronic governance system is still facing some technical challenges mainly because most of the staff is not yet conversant on how to implement this reform. Furthermore, there is need for URA to always prepare adequate staff by training them before they implement a policy other than apprenticeship which wastes time and leads to loss of taxes.

Tax payer Apathy; The majority of the tax payers interviewed still emphasize that they have not realized the value of the taxes they pay. The tax payers who have business in Uganda and who claim to be regular tax payers claimed that there are no corresponding services on the ground to reflect value for their taxes. The significant thing that they feel government has done well is to provide a conducive environment amongst which business is carried out with ought any insecurity.

The other challenge that is a major problem to implementation of tax reforms is the high levels of poverty of some people in the rural areas. The majority of Ugandans that stay in rural areas of Uganda have no stable income amongst which the government can tax them. This thus leads to having a very limited domestic tax base amongst which URA can tax its citizens. It also limits the informal taxes such as Value Added Tax (VAT) income tax and pay as you earn (PAYEE) because the level of consumption of these commodities is low. Also the level of unemployment is so high thus limiting the citizens in earning money amongst which they can be taxed in form of pay as you earn (PAYEE).The respondents also point out that some tax policies are circumstantially biased for or against some sectors or sections. The tax policies target the formal sector, ignoring a wide tax base in the informal sector.

5.3.4 What is the relationship between tax reforms and revenue mobilization, both domestic and external, at URA?

As already mentioned, the main reason of implementing tax reforms at Uganda Revenue Authority, is to enable URA achieve its main objective of enhancing domestic and external revenue collection. The respondents in this case argue that for tax reforms to be implemented at URA there must be a framework put in place to ensure that URA is prepared to give quality services to its clients during the implementation process of any tax reform.

The main relationship between tax reforms and revenue mobilization at URA is that tax reforms, are strategies put in place to support the policy implementers in addressing taxation issues that promote effective revenue collection. Policies like setting revenue collection targets, introducing new taxes e.g. T.V tax, creating law enforcement urgencies within URA such as the tax investigation department are intended to boast and increase both domestic and external revenue collection.

5.3.5 What are the practical resources available for better implementation of tax reforms at URA?

During the interview process and in regards to this particular question I realized that respondents working within URA had different answers for this question unlike other respondents. The main practical suggestions for better implementation of tax reforms are there is need for more technical knowhow skilled manpower at URA; also other suggestions include the introduction of modern technology such as computers, scanners, and weighbridges so as to save time and also increase on revenue collection. URA also needs to strengthen its relationship with effective partners like Uganda National Bureau of Standards (UNBS), National Drug Authority (NDA) and many others. It is believed by the respondents interviewed that once this is achieved this will help URA decrease on its reform implementation costs by sharing certain responsibilities, strategies and reforms with key stakeholders

5.4 Analysis of key findings

I categorised the respondents I engaged in the following manner. First, there were URA employees. Second was the category of tax clearing agents and, finally, other URA clients. For each category, I analyse the comments and remarks, as well as the documentary data I got from them using both qualitative and quantitative methodology. In order to present my discussion in a more graphic way, I augment my discussion with the use of figures, especially

tables and graphs as I analyze the data I collected according to the objectives, research questions and the theoretical framework.

5.4.1 URA employees

During the face to face interviews, most of the employees pointed out that the greatest concern involved with deployment were risky deployments. The respondents revealed that at URA there are many jobs that mainly suit men and not women and above all require a minimum age limits just in case URA is to realize positive results of the tax reforms. The age of respondents ranged from 25 to 60 and the mean age was 39 years. The study revealed that there was a significant influence on age limit and training on the implementing tax policy reforms

These jobs include trailing suspected smugglers and apprehending them with the help of police or the army. They also include very demanding jobs across borders of neighboring countries that require long hours and attending to hostile and uncivilized clients. During the interview process from some of the respondents, some women confided in me about how risky some jobs are depending on the area and nature of job, in fact some said that they would have to resign if they were deployed in the risky areas. These they noted include Busia, Malaba boarder and Katuna boarder amongst others.

Secondly, their other concern was about the knowledge of tax reforms being implemented by URA. This concern was particularly aired by respondents in the Tax Administration department. This means that they were concerned with human and financial factors in the implementation of tax reforms at URA.The interviewed respondents expressed the level of knowledge on tax reforms being implemented and generally the knowledge they had on taxation issues at URA as indicated in the pie chart below.
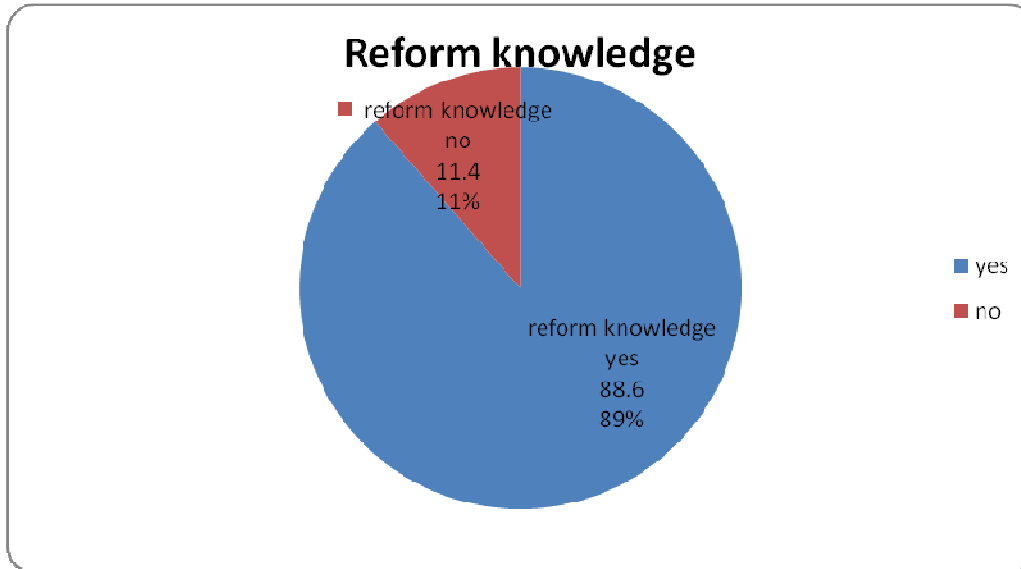
Figure 4: A pie chart showing percentage of respondents with knowledge about tax reforms

As the pie chart shows, 11% did not know of tax reforms being implemented by the organization while 88.6% of respondents expressed knowledge of the reforms being implemented. Therefore, I concluded that the majority of the respondents interviewed are in general agreement that URA has done a lot in as far as educating the tax payers and is employees about issues related to taxation at Uganda Revenue Authority.

Furthermore, the respondents listed a number of reforms being implemented by URA since 2005. 28.6% (10) of respondents indicated e-tax as a major reform at URA followed by institutional restructuring and computerization of revenue management at 17.1% (6) respectively while, 14.3% (5) mentioned the establishment of taxpayer dialogue forum among the reforms.11.4% (4) listed VAT as one of the reforms being implemented while 5.7% (2) of respondents mentioned the establishment of a customs business center in Kampala and establishment of tax appeals tribunal as new reforms being implemented respectively. All respondents (100%) totally agreed that the tax policy reforms implemented by URA have affected revenue collection in the country

5.5   Resources required for implementation of tax reforms

In order to implement tax reforms at URA, the tax reform implementation process requires resources so as to register efficient results of the applied tax reforms. All the respondents I interviewed pointed out major resources amongst which must be available in the

implementation process of tax reforms at URA.The main agreement amongst by the majority of all the 35 interviewed respondents I interviewed, at 34%,indicated that the most important resource needed to help in the implementation process of tax policy reforms is skilled human resources. Those who pointed out enough funds as the most needed in order to support the implementation process were at 28.6% as indicated in the table below. From these respondents, I can deduce that there is a significant interplay between skilled human resources, adequate finances and successful implementation of tax reforms at URA. I summarize the respondents' views as to what they considered were the most critical resources in the successful implementation of tax reforms at URA in the table below.

Table 4: The resources required for the implementation of tax reforms

Resources Required	Frequency	Percent
Skilled human resource	12	34.3
Finances	10	28.6
Infrastructure	7	20
Machinery/equipment	6	17.1
Total	**35**	**100**

5.5.1   Skilled human resources

One major reform at URA since the restructuring process in 2005 has been the continuous recruitment and staff training process. Two of the interviewed respondents in the licensing department of URA were in agreement that the human resource department at URA emphasizes on training of staff in the department. The staff in this department is continuously trained in the basics of ASCUDA, the new electronic reform software that is applied and which affects all services at URA. However, the biggest problem pointed out by the respondents is that the workforce at URA in terms of expertise is still inadequate in comparison with the nature of their work descriptions. Also the clearing agents that I interviewed, in relation to the work force, pointed out that in most cases when URA members of staff are taken for training, they are not are not given stand-ins and yet work has to

continue as usual, thus leading to URA losing on taxes and also leading to less client satisfaction.

On the other hand, the four out of fifteen clearing agents and URA clients I interviewed indicated that there is need to put an age limit on URA employees who work in certain areas. The respondents argue that URA has been undergoing an electronic technological upgrading system that is gradually replacing the manual system of operations at URA. Therefore, recruitment of young and fresh graduates who are knowledgeable in these technologies is perceived by these respondents as the best method to facilitate effective implementation of tax reforms since they can easily adapt to advanced technology. They also pointed out that some offices, especially in the customs department, lack competent and professional staff in terms of having efficient knowledge on customs procedures and systems. In the table below, I present all the respondents views on whether URA has enough and competent staff in order to implement tax reforms effectively.

Table 5: The views as to whether URA has enough staff

	Frequency	Percent
Yes	3	8.6
No	32	91.4
Total	35	100.0

In line with one of the resources being skilled human resource, the study found out that out of the 35 people who participated in the interviews, 91% revealed that there is not enough staff to carry out implementation of tax reforms URA. According to these respondents, shortage of staff creates an adverse effect on revenue collection. As a matter of fact one of the respondents said that it was revealed in the Background to the Budget for Financial Year 2005/06 financial report that because of shortage of skilled URA employees, URA failed to meet the set target revenue collection.

5.5.2   Finances

According to the majority of the respondents- 28.6 percent - one of the biggest challenges associated with the implementation of tax reforms is the availability of enough resources and whether those resources come in the specified time so as to enable a timely implementation

process. To justify this statement, the respondents and mainly URA respondents argued that, URA has peak seasons during the year amongst which they collect more taxes than they usually do. It is therefore important that to implement a tax reform like upgrading technological operations at URA and especially at the boarder points, URA requires timely finances to purchase equipment like scanners, hire technocrats to train personnel, buy advanced weigh bridges and software that will help accelerate the revenue collection process and help reduce the manual process of implementation of tax reforms; hence promoting effective revenue mobilization by saving time, and increasing on efficiency at work.

5.5.3   Infrastructure

To effectively implement tax reforms at URA, URA requires relevant infrastructure as pointed out by the respondents. These resources include ware houses, office space and plain land to facilitate cargo handling. As for office space, URA still spends a lot of finances in renting office space across the country. However effective utilization of the hired infrastructure has helped find long lasting solutions to some of the major problems that have been affecting URA for a very long time. For instance problems like corruption, absenteeism at work by URA staff, luck of transparency at place of work and accountability have to a large extent been decreased by effective utilization of infrastructure as discussed below.

According to the 15 tax clearing agents and URA clients that were interviewed, they contend that since 2005 restructuring, one of the major tax reforms was to reorganize the nature and utilization of office space at URA. In the past URA had closed offices. However, after the restructuring URA applied a new strategy of utilizing office space by making offices in terms of furniture and other staff equipment placed in an open and all-accessible space so as to mainly fight corruption. To enable effective implementation of tax reforms, URA has been continuously opening new URA field offices across the country so that there is easy access to revenue services by URA clients. To a large extent, the URA clients and tax clearing agents I interviewed were satisfied with the storage of the goods at the ware houses, which imported goods are awaiting clearing of taxes. On the contrary, two URA staff that work with motor vehicle registration and clearing department noted that some of the clients that import goods take long to clear their goods. This delay, leads to goods occupying of ware house space that is used to keep in-coming clients imported goods. This applies especially to clearing of motor vehicles at Malaba and Busia URA offices

Figure 5: Customs Business Centre at URA headquarters in Kampala Uganda

5.5.4 Equipment

As URA continues to develop its technological power, it has purchased new and advanced equipment so as to facilitate the implementation of tax reforms. The new and advanced equipment has helped reduce doing work manually at the URA, thereby achieving a faster rate of implementing tax reforms. For instance, the automation of customs systems also allows an accurate and easy access of information in the data base. As my respondents pointed out, machinery and equipment are some of the most critical resources needed for an effective implementation of tax reforms.

The respondents stated that buying equipment per se is not what is important but rather buying equipment that is of advanced technology and which meet the required operational standards. One of the managers at Transit Windows Limited, a tax clearing company, stated that most of the equipment that URA has is not efficient enough to facilitate a quick process of implementing tax reforms. Some of the equipment such as computers at the URA Nakawa offices which are used to print receipts and carry out other transactions at URA, are few compared to the work required. He further explained that shortage of computers leads to slowing the process and thus delaying the operations at URA. All respondents proposed that URA should purchase more modern computers, scanners, weighbridges and motor vehicles

so as to facilitate the implementation of tax reforms. The respondents believed that once the required equipment and machinery is acquired, URA will enhance its revenue collection through creating a more reliable and efficient URA data base to enable the organization to monitor all its tax reforms operations. It will also create a more dependable and reliable tax payers tracking system and also, hopefully, improve on tax payer compliance levels.

5.6   Motivation of staff

One of the best methods of realizing effective implementation of tax reforms at URA is, perhaps, to ensure that the staff is well motivated. According to URA respondents, salary increment, cooperation between high level staff and low level staff, tax incentives and bonuses after meeting targets; and free medical insurance are some of the privileges URA staff have benefited from so far. However, in association with the nature of work required of the staff as well as the ever rising cost of living, the respondents contended that URA needs to do better so as to avoid losing its staff to other companies. In the table below, I present a tally of the respondents' views about motivation of staff at URA.

Table 6: Motivation of staff

	FREQUENCY	PERCENT
Low	28	80.0
High	7	20.0
Total	35	100.0

As indicated in the table above, 80% of the respondents argued that the level of motivation at work is still low. I also found out that there is poor remuneration and this has caused URA to lose its skilled staff to other organizations that pay better. The staff indicated that their salaries were not enough, in comparison to the hard and sensitive work required of them; and the high cost of living today. Hence, low pay reduces the morale of staff and leads to their poor performances in the implementation of tax reforms and revenue collection process.

In her statement while appearing before the committee of Finance Planning and Economic Development of the Ugandan Parliament to present URA's budget framework and policy statements for the financial year 2013/2014, the Commissioner General said that Uganda Revenue Authority (URA) loses over 100 members of staff to highly paying private

companies (The New Vision, Aug. 06, 2013). She attributed the high staff turnover to private companies that offer higher salaries compared to what URA offers. She said most staffers quit URA after having attained professional training in auditing, accounting, tax and revenue management, financial accounting, business management migrate to oil companies, banks, auditing, accounting firms and private businesses. On the other hand, URA does not attract similar caliber of staff to its ranks. Further, the URA Commissioner General presented a list of staffers who left URA in the financial year 2010-2011. The list shows 101 revenue officers, 12 assistant revenue officers, 12 revenue supervisors, two commissioners and two support staff who quit. (The New vision, AUG.06, 2013)

5.7   Literacy levels of tax payers

So as to have effective implementation of tax reforms, the policy implementers, partners and URA clients to some extent have to be literate on the reforms being implemented and what they entail. During this study, I realized that it is extremely important to know the literacy levels of the respondents on taxation issues at URA. 25 of the 35 respondents indicated that the level of literacy on taxation issues is low. For instance, reforms being implemented are advertised only in urban areas and yet the tax base extends to rural areas as well. This emphasis on urban areas, according to the respondents, proves that there is an adverse effect by low levels of literacy about tax issues, on the implementation of the tax reforms as well as on the revenue collection. The respondents also noted that some tax payers are ignorant of tax such as E-Tax that requires the use of internet. In the table below I present the literacy levels of tax payers as revealed from my respondents' views.

Table 7: Literacy levels of tax payers

	FREQUENCY	PERCENT
High	10	28.6
Low	25	71.4
Total	35	100.0

5.7.1 Effect of low literacy levels on implementation of tax reforms at URA

Literacy levels being low, 40% of respondent indicated a big challenge of adopting to some reforms; such as e-tax and Tax Identification Number (TIN) registration which must be done online. It was noted that most tax payers are illiterate and ignorant about their obligation to pay taxes and tend to have natural resistance whenever they are told to pay. To a large extent, tax payers are computer illiterate and they resort to use agents who in the long run charge them highly for the services that are. A case in point is TIN registration. It was revealed that most taxpayers are conned by unscrupulous persons pretending to be URA employees or tax agent. In the end, URA loses a significant amount of tax.

Table 8: How low literacy levels impact the implementation of tax reforms

IMPACT	FREQUENCY	PERCENT
Difficult in adopting to some reforms e.g. e-tax, TIN registration	14	40
Limited revenue collection due to uninformed society on compliance and tax reforms	5	14.3
High costs of tax collection	6	17.1
Poor assessment and record keeping by taxpayer	10	28.6
Total	35	100

On the use of Information Technology (IT), upgrading of software has been part of virtually all reform programs at UR, in the hope of improving data management, tax assessment and analysis, lowering compliance costs, reducing the scope for corruption and collusion and improving monitoring. While there is great potential and there have been notable successes in the use of upgraded IT software, many URA ambitious projects have ultimately performed unsatisfactorily due to low internet knowledge, poor internet connection, power shortages and computer illiteracy of tax payers. The study revealed that 91.4% of taxpayer's internet knowledge levels are low as indicated in table 11 below. The study reveals that most of the reforms are electronically implemented.

Table 9: Level of internet knowledge by taxpayers

	FREQUENCY	PERCENT
High	3	8.6
Low	32	91.4
Total	35	100.0

5.8   Level of community sensitization on URA taxation issues

Taxpayer services have gained greater prominence since 2005, with a focus on improving taxpayer education and awareness, reducing compliance costs and adopting a 'customer' orientation through consultations with taxpayers. The study revealed that there has been concerted effort to create public awareness for taxpayers to appreciate their responsibility in supporting tax reforms. As indicated in the table below, 68.6% of respondents said that URA engages in sensitizing and creating awareness to increase tax collection through the already established taxpayer's education services centers at each of URA stations.

Table 10: Level of community sensitization

	FREQUENCY	PERCENT
Yes	24	68.6
No	11	31.4
Total	35	100.0

5.9   Mediums used to sensitize the public about tax reforms

So as to strengthen the implementation of tax reform URA ensures that information about reforms and tax issues, in general, is disseminated to the public through very many ways. During this study, the respondents revealed the various mediums which URA uses to sensitize the public: radio, television, workshops and newspapers. During the face to face interviews with 35 respondents, 29% of the respondents indicated radio as the most effective medium of sensitization; 25% mentioned use of newspapers, while 21% both indicated television and workshops as the most effective mediums. The mediums used to disseminate information play a vital role in the implementation of tax reforms especially in educating people on the benefits of the reforms and also on certain procedures to be followed during the process of paying taxes. One of the respondents said that various talk shows are organized

whereby selected URA personnel respond to taxpayers' queries, clarify on URA issues and even drums up tax payers' morale. Basing on the findings I got, I analyze the finding got from the respondents below.

5.9.1   Radio programs

According to 29 respondents, the use of radio programs was the best medium to use because it covers a wide tax base and also is a cheaper medium that can be afforded by everyone; as it caters for even the illiterate tax payers. Also, radio programs on taxation help the taxpayers to clarify on tax issues since they are debated live. The respondents further argued that the URA advertisements which are kept running on radio waves act as reminders to URA clients and other government stakeholders on the progress and programs being managed by URA. To these respondents, radio programs are the most effective mainly because of their spontaneity and their accessibility to a wider audience of actual and potential tax payers. It is like the tax payers are in constant conversation with URA staffers who are on radio.

5.9.1   Newspapers and internet

The other medium that is very vital according to 21 respondents are newspapers and the internet. The respondents argue that newspapers are physical materials that can be kept and always referred to clarify on the information that would have been put in the papers by URA. Also the use of internet is one other medium used by URA to help in the implementation of tax reforms. The employees at URA emphasized that since there has been upgrading of URA services to e-tax and ASYCUDA World, the internet is one of the most vital mediums to sensitize the public about the reforms.

Through the URA website, the taxpayers are now able to make self-assessment, track progress of their goods being cleared and also clarify on taxation issues without any much hindrance. The internet, after all, can be accessed any time anywhere there is a networked and functioning computer. However, the biggest challenge with this medium is that the biggest numbers of tax payers are computer illiterate and thus resort to clearing agents who charge them highly for what would have been free URA services and even cheat them at times. Also, at a general level, Internet accessibility in Uganda is still very slow and not so much reliable.

5.9.2   Television

The other medium that is used by URA is television programs and workshops. This medium of communication was considered by 21 respondents as a medium that is largely for urban

areas. It was therefore pointed out as one of the best medium related to the category of large tax payers, investors, and literate taxpayers. The respondents also argued that adverts by URA before the news give a visual perception about what URA is all about, the progress in terms of improving infrastructure and education on the new tax reforms especially through debates and URA programs.

5.9.3 Workshops

21 of the respondents argued that workshops and seminars strengthen the relationship between URA and the key stakeholders as they create an avenue to interact and exchange ideas that promote effectiveness of the implementation of tax reforms in a face to face context. The respondents also argued that workshops helped in evaluating the performance of some of the departments of URA. The respondents reported that when the heads of departments presented the progress of tax reforms at URA at workshops, there was evidence that the participant in the workshops appreciated the work at URA

Series1; Internet; 4; 4 %
Series1; Workshops; 21; 21%
Series1; News peppers; 25; 25 %
Series1; Television; 21; 21 %
Series1; Radio; 29; 29 %
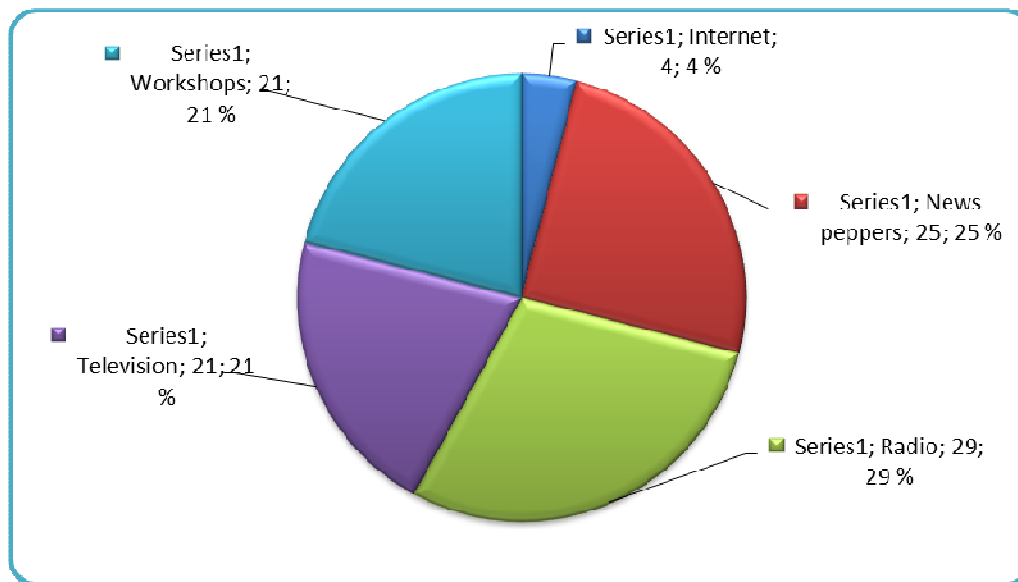
Figure 6: Mediums used to sensitize the public about tax reforms

5.10   Benefits of tax reforms in revenue collection

Since the restructuring of URA in 2005, the implementation of tax reforms has progressively been registering improvement in line with its main objective of enhancing revenue collection. At a general level, according to all the respondents I interviewed, the introduction of tax reforms such as migration from ASYCUDA information technology to e-tax , and eventually to ASYCUDA world, migration from URA tax assessment to individual self-assessment,

such as Data Trader Input (DTI) where the tax payer is able to track progress of their goods and transactions, has to a large extent helped address key challenges that have been adversely affecting the implementation of tax reforms at URA. Some of these challenges are URA limited workforce, corruption such as bribing of URA employees and use of a lot of time to carry out URA transactions, that is, manual record keeping and management. What the 35 respondents pointed out as the key indicators of tax reforms are indicated in the table below.

Table 11: Indicators of positive impact of tax reforms at URA

IMPACT	FREQUENCY	PERCENT
Increased revenue collection	10	28.6
Improved URA-Taxpayer relationship	5	14.3
Reduced inconveniences to taxpayers	2	5.7
Reduced smuggling of goods	7	20
Reduced tax avoidance and evasion	6	17.1
Established taxpayers education services centre	5	14.3
Total	35	100

5.10.1 Increased revenue collection

The major impact of tax reforms implemented by URA is a steady rise in revenue collection. 28.6% of respondents indicated that revenue collection has increased tremendously since 2005. The main indicator of the tremendous improvement is the constant progress of tax being collected. The Manager of the research section at URA Nakawa office, who was one of my key respondents, availed me statistical data showing the steady rise of revenue collection by URA from 2004 to 2013. I present the data here below.

Table 12: URA revenue collections from 2004 to 2013

PERIOD	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2012/13
Net URA collections (Shs Billions)	1923.519	2,231.05	2,625.74	3,161.70	3,662.32	4,205.69	5,114.20	7,149.48
Net URA Targets (Shs Billions)	1,830.26	2,230.23	2,555.38	3,076.10	3,850.70	4,474.23	5,034.37	7,284.67
Achievement rates	105.1%	100.0%	102.8%	102.8%	95.1%	94.0%	101.6%	98.1%
Tax revenue as a Percent of GDP								
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2012/13
Net URA collections	12.00%	12.28%	12.38%	12.91%	12.17%	12.05%	13.08%	13.10%
GDP (Shs. Billion)	16,026.00	18,172.00	21,212.00	24,497.00	30,101.00	34,908.00	39,086.00	54,688.00
Government Expenditure	3,274.70	3,019.86	4,210.00	5,057.60	5,175	6,831.10	8,972.50	10,926.50
tax revenue to National Budget ratio	58.7%	73.9%	62.4%	62.5%	70.8%	61.6%	57.0%	65.4%
Growth rates (Net URA colletions)		16%	18%	20%	16%	15%	22%	15%

Source: Mr Ronald Nyenje Makumbi; Manager Research. URA Nakawa office 8/19/13

The data represented in the table above indicates that since 2005, tax collection has been improving and in many cases URA has hit its targets set by the Ministry of Finance.

5.10.2 Reduced smuggling of goods

Secondly, tax reform at URA has led to reduction on smuggling of goods. Out of the 35 respondents, 20% argued that the reforms have helped in reducing smuggling of goods by taxpayers, yet one of the major problems of implementing tax reforms has been smuggling. The respondents affirmed that the reduction in smuggling has been achieved through strengthening security at the boarder points and also the swiftness and alertness of tax investigators in the tax investigations department who gather information about smuggled goods and then recommend their findings to the enforcement department at URA for follow up. The other reason why smuggling has reduced is because URA has been partnering with the Ugandan army and the police so as to have culprits, some of whom are armed, trailed and apprehended.

Figure 7: Seized smuggled ivory destined for China in October 2013 the latest major URA enforcement.

5.10.3 Reduced tax avoidance and evasion

17.1% of the respondents indicated that the reforms have reduced tax avoidance and evasion. In the past URA did not have a sophisticated data keeping assessment and tracking system; which was a loophole which some of the URA staff would take advantage of and connive with and aid tax payers to evade taxes or even have the goods undervalued; which all led to loss of taxes. After creating the Tax Investigations and the Audit and Compliance departments, there has been notable improvement as the URA employees are always monitored and the cases which need clarification are investigated. This move has ensured discipline among URA staff. Further, the introduction of electronic governance has reduced the face to face interactions with taxpayer's thus helping to curb tax evasion or undervaluing of goods.

5.10.4 Improved URA-Taxpayer relationship

Thirdly, reform at URA has achieved better customer care relationship. 14.3% of the respondents said that tax reforms have improved URA's relationship with taxpayers, especially because of the establishment of tax payers' education service centers to boost the relationship. Also, 5.7% of the respondents indicated that the reforms such as the introduction

of e-tax reduced taxpayers' inconveniences of having to line for long hours in order to get. Now the clients can easily access e-tax services and TIN registration on-line, so long as they have a connected and functioning computer. Therefore, using the electronic media the tax payer is able to make self-assessment and also monitor their transactions on-line.

5.11 Main challenges faced during the implementation of tax reforms at URA

In chapter four of this thesis, I explained the key challenges associated with implementation of tax reforms at URA since 2005. In this section I analyze the key findings on the challenges associated with the implementation of tax forms at URA in relation to the research questions and study objectives. I base my analysis on the face to face interviews with the 35 respondents I interviewed. First, I summarize the challenges in the table below.

Table 13: Major challenges faced at URA in implementation of tax reform

CHALLENGES	FREQUENCY	PERCENTAGE
Awareness and sensitization of taxpayers	5	14.3%
Computer illiterate by taxpayers	4	11.4%
Corruption in the system	3	8.6%
Employees are less motivated	6	17.1%
Inadequate staff at URA	5	14.3%
Limited funds to strengthen infrastructure	3	8.6%
Low levels of tax compliancy	3	8.6%
Political interference in recruitment	2	5.7%
Poor internet connections	4	11.4%
Total	35	100%

5.11.1 Awareness and sensitization of taxpayers

14.3% out of the 35 respondents argue that the Implementation of tax reforms still faces a formidable challenge of awareness and sensitization of taxpayers. The respondents further contend that tax awareness and sensitization of taxpayers helps in enhancing the revenue collection because it helps the taxpayers in understand all matters related to paying taxes in

Uganda. This thus leads to saving time on both the side of taxpayers and URA and also enables enhancement of revenue collection. To address this challenge, Uganda revenue authority has come up with various mechanisms that promote taxpayers awareness. As already pointed out by the respondents in this chapter, the mediums of communications used are categorized as. Radio programs, television programs, internet, newspapers and workshop. However, URA has also created a taxpayers education services center to mainly handle all clarifications from taxpayers.

5.11.2 Poor motivation of staff

As indicated in the table above this study established that 17% of the respondents reported poor motivation of staff as earlier noted. Poor motivation reduces the morale of staff hence poor performances in the implementation of tax reforms and revenue collection. The respondents and especially URA employees argued that much as their salary wage is relatively reasonable compared to other government orgainzations, it does not tally with the nature of work they do. The nature of jobs they do requires them working overtime and also some of the jobs such as enforcement and working on boarders are extremely risky. The main motivation they feel should be addressed is increment of wages.

5.11.3 Unstable internet connections

This study also established that 11.4% of respondents pointed out unstable internet connections and computer illiteracy of taxpayers both at 11.4%. These challenges slow down the process of implementation of tax reforms since most of the work is done on-line. For instance the URA respondents argued that sometimes the internet goes off for two or three hours a day thus affecting all work at URA stations. This challenge negatively affects the relations between the taxpayers and URA employees of which in most cases, tax payers get annoyed at the URA employees and start insulting them. On the other hand Uganda generally has poor internet facilities and yet URA is emphasizing the use of internet use by tax payers to do self-assessment and carry out all taxpayers transactions electronically. Most importantly, this reform is still a big problem because the majority of the tax payers are still computer illiterate thus negatively affecting the implication of tax reforms at URA.

5.11.4 Corruption

The interviewed taxpayers were the main respondents that emphasized corruption at URA. The main argument was that some of the URA services like motor vehicle registration, caveating of logbooks, and manufacturing of duplicate number plates and use of manual

record keeping system are still centralized. Out of experience, the taxpayers claimed that this affect's the efficiency of implementing tax reforms because first of all work is slowed down and then some URA employees have to be bribed so as to fasten the process or give priority to their cases. Also this leads to clearing agents who have a good working relationship with the URA employees to connive with URA staff to inflate prices of certain services. The services the respondents pointed out are especially related to driving permits section, tax clearing of imported goods and the tax investigations department.

5.11.5 Inadequate staff at URA

Perhaps one of the main hindrances of implementation of tax reforms in Uganda is inadequate staff at URA. This study established that for URA to realize its main objective of enhancing revenue collection, they need to increase on the number of staff in the orgainizations. The interviewed respondents further pointed out that the present URA workforce is not enough thus leading to customer un satisfaction in providing them services. This has led to loss of taxes by URA in terms of time, increased corruption and creating a sour relationship between URA staff and taxpayers. More so the advancement of URA from manual and ancient technology to advancement and efficient technology requests URA to employ highly skilled staff so that they replace much older staff that are not able to adopt to new technology in a faster and much effective manner.

5.11.6 Political interference in recruitment

According to 5.7% of the 35 interviewed respondents, they pointed out that there is still some level of political lobbying and interference in the recruitment exercise at URA. However they were quick to argue that since 2005 political influence has been decreasing a lot and are therefore contented that very soon it will be no more. The respondents argued that previously the commissioners and some URA staff would shortlist candidates to seat interviews thus leading to conflict of interest. In most cases this would lead to recruiting incompetent and uncommitted staff thus affecting the implementation of tax reforms at URA. Also this further led to loss of URA staff because the incompetent staff would later fail to perform and they either leave or they were dismissed by the human resource department. However very recently URA has employed an electronic process on their website where interested persons can apply for jobs without necessarily getting in touch with URA staff.

6.6   Research gap covered by this study

While working at URA as records clerk between January 2009 and January 2012, I participated in the implementation process of tax reform at URA. In the process I identified a number of challenges faced by URA in the implementation of taxi reforms. For instance, in the process of shifting from manual to electronic processing of motor vehicle registration, URA faced a number of challenges, like poor internet connection, limited skilled workforce thus leading to massive loss of taxes although now the whole the process was moving on smoothly.

In Uganda basing on the respondents views and renowned Ugandan researchers, they perceive the studying of policy implementation and particularly at URA as a very sensitive area to carry out research. This is because policy implementation at URA involves various sensitive components like auditing and tax investigations among others.

The research gaps that this study covered is basically related to the components embedded in the implementation of tax reforms. The uniqueness of this study, therefore, is that it focuses on the implementation of taxi reforms at Uganda Revenue Authority.

These components are, assessing the level of effectiveness of client's knowledge of tax reforms at URA. This study also established the best medium of communication used to reach majority of tax payers out of the five mediums namely, radio programms, television programs, internet, newspapers and workshops. The other research gap that I covered by this study is to access the extent at which the use internet by clients to do self assessment, track records and make payments has impacted the effectiveness of implementation of tax reforms.

Lastly as I earlier pointed out in the problem statement, there is limited literature on tax reforms in Uganda, and in particular reference to the reforms at URA since its inception in 1991. Although literature on policy implementation is available, none of this literature addresses implementation of taxi reforms. The uniqueness of this study, therefore, is that it focuses on the implementation of taxi reforms at Uganda Revenue Authority thus very relevant in adding to literature on taxation in Uganda.

6.7   Research gap

As URA continues to computerize its services in a bid for better their service delivery platform, there is need for a study on how easily taxpayers access internet for e-tax services. This is in line with getting answers to unresolved policy implementation problems. The implementation of tax reforms is also best applied when there are clear guidelines on the identified gaps. These gaps can for example include tax illiteracy amongst tax payers and also very poor in ternate services both with URA and other places.

There is also need to review the extent at which URA employees are adapting to the current technology such as operating high-tech scanners computers and software. My experience while I was working with URA is that it old URA employees however much they are trained take long to adopt to new technology thus leading to wastage of time and loss of taxes.

Primarily, if this study is considered, the research gap will help the policy makers and actors in being more decisive on addressing issues related to the implementation of tax reform thus saving time. Also the formulation of tax policies in that arena will be based on founded findings that will help in eliminating possible hindrances or weak policy making.

5.12   Conclusion

From the preceding discussion I have demonstrated that the independent variables affect the dependent variable in the implementation of tax reforms at URA. First, referring to the theoretical framework of this thesis, I explained how the performance of the independent variable which is implementation of tax reforms at URA is largely affected by the independent variables. These independent variables are policy standards and objectives, resources, social economic and political conditions, disposition of implementers, inter-organization communication and enforcement activity. Against policy standards and objectives I assess the extent to which URA employees values such as integrity, excellence and hard work do impact on implementation of tax reforms.

CHAPTER SIX

INTRODUCTION, SUMMARY, MAIN OBJECTIVES, THEORETICAL IMPLICATIONS, KEY FINDINGS, RESEARCH GAP COVERED, IDENTIFIED RESEARCH GAP, GENERALIZATION OF FINDINGS IN AFRICAN CONTEXT AND CONCLUSION

6.1   Introduction

In this study I examined the impact of implementing of tax reforms at URA. My major aim was to access how effective the implementation of tax reforms has been since its restructuring in 2005. These reforms include introduction of the electronic governance system that includes electronic motor vehicle registration and record keeping and the 2005 administrative reforms. This study also indicated the factors affecting implementation of tax reforms at Uganda Revenue Authority. The most significant amongst these factors were smuggling, impunity by URA staff, quality of work force and stakeholder confidence

The main objective of which all these reforms are applied at URA is to ensure that revenue mobilization is enhanced both domestically and externally. The main departments for these operations are domestic taxes department and customs department. The staff of URA in this case works hand in hand with ministry of Finance to ensure that they come up with good policies that will enhance revenue mobilization. As already mentioned, it is the obligation of every Ugandan citizen to pay tax. This is because it is through taxes that shortcomings related to social economic conditions are addressed.

6.2   Summary

The study involved 35 respondents; 20 employees of URA and 15 tax agents and tax payers. I collected data by use of a questionnaire, use of secondary data and observation at URA centers where I carried out the study.

6.3   Main objectives of the study and theoretical implication of major findings

To get competent and reliable data from the respondents, I based my research questions on the main objectives of this study namely; a) To determine the factors which affect the implementation of tax policy reforms by URA, b) to identify the specific effects of the

implementation of tax policy reforms by URA and lastly c) is to assess the extent to which the implementation of tax reforms has fulfilled the objective of enhancing domestic and external revenue mobilisation in Uganda. Also combined elements from Van Horn & Van Meter (1975) and winters inter-governmental model, was a major factor in helping me to explain and later justify my study objectives. This helped the respondents understand better what my study was all about thus leading to arriving at relevant answers to the research questions in the shortest time possible. Also making my study objectives clear to the respondents further helped me to put clarity on some of the questions asked by the respondents about this study. In general the overall findings of this study to a large extent addressed the concerns of my study objectives

6.3.1   Theoretical Implications

As already indicated in the theoretical part of this thesis, I used Van Horn & Van Meter (1975) Implementation theory as my theory for this thesis. This implementation theory was basically applied because its suits in the Ugandan context by attempting to explain the implementation of tax reforms at URA by stipulating the top-down approach in explaining the power relations and how roles and responsibilities are distributed right from the policy formulation stage to policy implementation stage.

To synthesize the key variables of this study, I also used winters intergovernmental model. This model attempts to appreciate the views of the bottom up approach thus providing a clear analysis about implementation of tax reforms at URA. The model also encompasses variables that I used as the independent variables of my study namely; ,policy standards and objectives, resources, deposition of implementers, and inter organization, communication and enforcement activity .

Also this study came in timely because currently URA is undergoing several tax reforms and thus I believe my study will help decrease on the research gap that URA is still experiencing due to a lot of workload and limited resources. Being a former employee of URA gave me the motivation to conduct this study so as to enhance my knowledge on taxation in Uganda.

The major decision for using these theories was based on the studies that were earlier conducted on policy implementation both in Ghana and Bangladesh. These policy implementation studies were conducted by former master's students Dan Kipo and Harold

Sougato Baroi respectively at the University of Bergen (department of administration and organizational theory).

6.4 Key findings of this study

After analyzing data from all the respondents, I came up with findings that this study considered extremely important to the implementation of tax reforms at URA. This study established that the findings I got have a very big effect on the implementation of tax reforms at URA and once they are effectively applied, then the implementation process will be more effective. The major findings are, URA needs to recruit more skilled staff, more measures should be taken to reduce corruption, taxpayers education on URA highly affects implementation of tax reforms. Introduction of effective automated system should be expedited. Below, I briefly discuss the key findings of this study. Details of the key findings have been thoroughly discussed in the data analysis part of this thesis

6.4.1 Need for more URA skilled employees

One of the major findings in this study was that Uganda Revenue Authority should recruit more skilled staff. This will help a lot in reducing the workload, smooth implementation of tax reforms and increase tax revenue collection. The majority of the respondents argued that for effective implementation of tax reforms, efforts should be directed to improving human resource management and capability. They further pointed out that the institution should strive to maintain its well trained staff through paying them highly because the cost of recruiting and training new staff becomes expensive after losing their well trained staff to other well-paying companies such as MTN. In addition to recruiting staff, the institution should aim at retaining them by motivating them which makes them feel part of the system.

6.4.2 Poor motivation of staff

The study also found out that there is poor motivation of staff at the Uganda Revenue Authority (URA). Motivation of staff influences the ability to implement tax reforms. Due to low morale of URA staff, some officers' resort to soliciting bribes from taxpayers hence leading to corruption. This has rendered the implementation of tax policy reforms less effective, thus leading to low revenue collection and failure to meet the set URA revenue collection targets.

6.4.3 Low literacy levels of taxpayers

This study established that the low literacy levels and computer illiteracy by taxpayers had much influence on the implementation of tax reforms at URA. With the computerization of most of the services at URA, low literacy levels and computer illiterate by taxpayers found it difficult to adopt to some of the reforms like electronic tax system, TIN (Tax Identification Numbers) registration self assessment and others that requires to be done on-line and in the process, these tax payers are being cheated by scrupulous staff and individuals who exploit their ignorance to extort a lot of money, for free URA online services hence promoting corruption.

6.4.5 Very poor internet connection at URA and Uganda at large

The study also revealed that the quality of internet connection is poor at URA and yet information technology upgrading has been part of virtually all tax reform programs at URA This is intended to improve data management, tax assessment and analysis, lowering compliance costs, reducing the scope for corruption and collusion and improving monitoring. While there is great potential, and there have been notable successes, many highly ambitious projects have ultimately been affected due to poor internet connection, power shortages and computer illiteracy of tax payers.

6.4.6 Introduction of effective automated system

Effective use of automated systems is one of the most effective way of collecting taxes at URA.URA has therefore been training staff and improving their automated system hence addressing problems related to slow manual record keeping, online tax assessment by tax payers and motor vehicle registration. However this automated system is still being affected by hindrances like internet hackers and lack of a reliable internet connection in the institution (URA).Therefore; the institution should aim at stabilizing the network and make sure there is constant power for continuity when electricity goes off.

6.4.7 Need for better strategies to fight corruption

According to all the interviewed respondents, they pointed out that much as there has been a commendable success in reducing corruption, it is still a challenge in some offices within URA. The respondents thus proposed that URA should effectively use the available well organized organizational structure and look at measures that could be undertaken to reduce corruption and these include; the effective use of corporate and public affairs office to win

public confidence through improved service delivery and tax education to taxpayers, making the tax procedures more simple to adapt to by taxpayers, using the tax investigation office more effectively to investigate tax evaders and corrupt URA staff and decentralize most of the centralized services of URA.

6.4.8   Taxpayer's education

The other finding was about taxpayer's education. This study established that since 2005 URA has been doing a lot to ensure that they reach every tax payers using all the available mediums of communication. These mediums include radios, televisions programs workshops and the internet. The respondents pointed that URA should continue to improve on taxpayers' education to create more awareness. Public sensitization of the tax payers to appreciate their responsibility in supporting own budget becomes more vital than before. Taxpayers should be sensitized on the need to pay tax and finance its own budget other than looking at external donors.

6.4.9   Limited funds to implement tax reforms

Lack of enough funds to carry out implementation of tax reforms. The study established that there is a great influence between adequate fund, skilled human resource, and implementation of tax policy reforms. This study established that the budget of URA as an organization is not approved by the organization but the ministry of finance. This in most cases has led to underfunding of URA budget thus affecting the availability of finances that would have been used to effectively implement tax reforms at URA by having certain projects delayed.

6.5   Key variables that affect the dependent Variable

During this study, I found winter's inter-governmental modal the most appropriate in helping me to explain what affects the dependent variable (implementation of tax reforms) and also to form a basis of analyzing the data collected. Out of the five variables, I found out that three variables, policy standards and objectives, resources, and lastly social economic and political conditions had the biggest influence on the dependent variable as discussed below.

6.5.1   Policy standards and objectives

In this study, policy standards and objectives is a variable that I considered the most appropriate amongst all variables in explaining the dependent variable. According to Van Horn & Van Meter (1975) policy standards and objectives refers to the overall objective of the policy and to what extent is realized.(Van Horn & Van Meter, 1975: 464).Still in line

with the variable affecting the independent variable, The study established that the clear understanding of the main objective of URA by all stakeholders in URA is a great factor in the implementation process of tax reforms at URA. This study established that there was clear understanding of the main objectives and thus instigated collective responsibility on either side. According to the respondents URA staff has been trying to uphold URA values such as excellence integrity teamwork and respect thus positively affecting the dependent variable (implementation of tax reform) and reducing tax reform challenges such as corruption, tax evasion, absenteeism at work and impunity.

6.5.2   Resources

Basing on the data obtained I also realized that resources as a variable comes second after policy standards and objectives in positively affecting the dependent implementation of tax reform. In order to facilitate adequate facilitation of policies, adequate resources must be made available (Van Horn & Van Meter, 1975).According to the data obtained from the respondents they all agreed that resources like financial resources, human resources and at URA contribute a lot on successful implementation of tax reforms at URA .However the current state at URA is that there is still inadequate resources such as finances, human resources, physical resources such as computers, weighbridges and scanners to facilitate tax reforms as earlier discussed in the data analysis part of this thesis

6.5.3   Social economic and political conditions

In Uganda, the social economic and political conditions are entirely determined by the revenue collected at URA. Having interviewed most of the respondents, they stated that, the services being rendered by the state such as infrastructure, security and tax holidays to its citizens have to a very large extent helped improve the implementation of tax reforms at URA.This is because it creates value for taxes being paid thus leading to cooperation from tax payers. This study established that before the 2005 restructuring, the organizational structure of URA was weakly structured thus creating room for the employees to easily be compromised by politicians. Today there is very limited political influence on the day to day operations of URA.The current executive headed by the president have demonstrated political will on ensuring that tax reforms like merit recruitments, trainings, upgrading of URA data base system from a manual system yield much success. This has thus led to enhancing revenue collection at URA and improving on the general welfare of the Ugandan system since NRM came into power.

6.7   Identified research gap at URA

As URA continues to computerize its services in a bid for better their service delivery platform, there is need for a study on how easily the majority of the taxpayer's access internet for e-tax services without being manipulated by tax clearing agents. This is in line with getting answers to unresolved policy implementation problems. The implementation of tax reforms is also best applied when there are clear guidelines on the identified gaps. These gaps for instance include tax illiteracy amongst tax payers and also very poor internet services both with URA and other places.

There is also need to review the extent at which URA employees are adapting to the current technology such as operating high-tech scanners computers and software. My experience while I was working with URA is that old URA employees however much they are trained take long to adapt to new technology thus leading to wastage of time and loss of taxes.

Primarily, if this study is considered, the research gap will help the policy makers and actors in being more decisive on addressing issues related to the implementation of tax reform thus saving time. Also the formulation of tax policies in that arena will be based on founded findings that will help in eliminating possible hindrances or weak policy making.

6.8   Research gap covered by this study

While working at URA as records clerk between January 2009 and January 2012, I participated in the implementation process of tax reform at URA. In the process I identified a number of challenges faced by URA during the implementation of taxi reforms. For instance, in the process of shifting from manual to electronic processing of motor vehicle registration, URA faced a number of challenges, like poor internet connection, limited skilled workforce thus leading to massive loss of taxes although now the whole the process was moving on smoothly.

In Uganda basing on the respondents views and renowned Ugandan researchers, they perceive the studying of policy implementation and particularly at URA as a very sensitive area to carry out research. This is because policy implementation at URA involves various sensitive components like auditing and tax investigations among others.

The research gaps that this study covered is basically related to the components embedded in the implementation of tax reforms. These components are, assessing the level of effectiveness of client's knowledge of tax reforms at URA, tax compliance levels by taxpayers, the rate at

which the new ASYCUDA system is getting taxpayers response towards effective implementation of tax reforms and whether the nature of work tallies with the skilled staff at URA. This study also established the best mediums of communication used to reach majority of tax payers out of the five mediums namely, radio programs, television programs, internet, newspapers and workshops. The other research gap that I covered by this study is to access the extent at which the use internet by clients to do self assessment, track records and make payments has impacted the effectiveness of implementation of tax reforms.

Lastly as I earlier pointed out in the problem statement, there is limited literature on tax reforms in Uganda, and in particular reference to the reforms at URA since its inception in 1991. Although literature on policy implementation is available, none of this literature addresses implementation of taxi reforms. The uniqueness of this study, therefore, is that it focuses on the implementation of taxi reforms at Uganda Revenue Authority thus very relevant in adding to literature on taxation in Uganda.

6.9   Generalizations of findings in the African context

The majority of African countries have carried out similar tax reforms and the main outcomes are: formation of semi automation authorities' functional based org, structures, introduction of VAT, reduction of import duties, abolition of export taxes, business process review, and introduction of information systems. integration of domestic tax administration processes and systems, segmentation of taxpayers population; Large, medium, small, micro taxpayers, training and sensitization of public in tax matters human resource , change and communication management for integrity and professionalism. The major hindrances for the implementation of tax reforms in Africa mainly starts with lack of capacity to properly analyze implications of tax policies, the need for address of transfer pricing, thin capitalization and other leakages that are still complex for developing countries. Basing on the study findings, I established that the majority of the findings can be generalized in relation to other African countries as discussed below.

6.6.1   Tax payer's education

According to the commissioner general of Uganda revenue authority and the majority of the interviewed URA employees, they argue that, in Africa and particularly in developing countries, there is generally a high skill gap in areas of tax policy analysis, research, audit, legal, risk management, information technology. Globally, new knowledge and technology has been discovered so there is need by developing countries to be up-to-date so as to realize

effective implementation of tax reforms. The majority of developing countries like Burundi, Southern Sudan and Congo mainly use the manual process of collecting revenue and clearing goods thus leading to loss of revenue and wastage of time. Also the nature of such operations encourages corruption amongst staff and also over works the revenue authority employees. It was therefore concluded in this study that tax education in developing countries is still very high thus leading to non compliance by tax payers and loss of revenue.

6.6.2 Limited tax base

According to the commissioner general URA in her PowerPoint presentation she states one of the major problems developing countries has is a limited tax base. The URA interviewed respondents further contended that much as URA has been improving in collecting taxes apart from the informal sector in sub Saharan Africa that has increased in last 15 years from 2/3 to ¾ of non agriculture employment. (Schneider: 2010), workers in these countries are typically employed in agriculture or in small and informal enterprises thus leading to limitation in revenue collection. The average size of informal sector in developing is approximately 32.7% of GDP (Schneider: 2010).Statistics also show that tax evasion and avoidance is calculated to cost DC's $385 billion each year (A Cobham: 2005)

6.6.3 Very poor internet connection

Generally in most developing countries, internet connection is still very poor and yet Information technology upgrading has been a part of virtually all reform programs, in hopes of improving data management, tax assessment and analysis, lowering compliance costs, reducing the scope for corruption and collusion and improving monitoring. While there is great potential, and there have been notable successes, many highly ambitious projects have ultimately disappointed due to poor internet connection, power shortages and computer illiteracy of tax payers.

6.6.4 Political interference

Political interferences create additional challenges in implementing tax reform policies for developing countries. Lack of political will to support tax reforms in developing countries has oftentimes led to unsuccessful reforms. Lessons learned from successful reform programs suggest that the key factor is strong political will, demonstrated by a commitment from leaders at all levels of government (Sahr J. Kpunden, "Political Will in Fighting Corruption," online: UNDP <http;//mirror.undp.org/magnet/Docs/efa/corruption/chapters06.pdf>.) Additionally, most developing countries suffer from military dictatorships, corruption, civil

wars, underdevelopment, deep poverty, disease, and famine. All these challenges have inevitably led to low tax revenue yields in developing countries

It's also noted that, the slowing of revenue growth is partly explained by the erosion of institutional autonomy on account of political interference and deficiencies in URA's governance and management structures. This was most strikingly evident in politically motivated appointments and transfers which contributed to the resurfacing of corruption and organizational inefficiency Therkildsen (2004: p. 2).

One of the expected benefits of the URA's semi-autonomous status was insulation from political interests. Cutting off responsibility for tax administration from the parent ministry was seen as a device to limit direct involvement on the part of politicians in tax affairs, as a means of seeking preferential treatment for clients such as family and kin members, friends, and political, supporters in tax assessment and payment, and in exerting influence over appointments.

But experience over the past 13 years demonstrates that political interference has not been moderated by URA's semi-autonomous status. There is evidence of systematic political involvement in URA affairs, especially in the form of influence over the recruitment, promotion and transfer of staff. Ministers, family members with political connections, and political advisers in State House (Office of the President) have all sought to exert influence in this manner

6.6.5   Need for more skilled employees
One of the major findings in this study was that Uganda Revenue Authority should recruit more skilled staff. This will help a lot in reducing the workload, smooth implementation of tax reforms and increase tax revenue collection. The majority of the respondents argued that for effective implementation of tax reforms, efforts should be directed to improving human resource management and capability. They further pointed out that the institution should strive to maintain its well trained staff through paying them highly because the cost of recruiting and training new staff becomes expensive after losing their well trained staff to other well-paying companies. In addition to recruiting staff, the institution should aim at retaining them by motivating them which makes them feel part of the system.

In relation with generalization in developing countries context, revenue authorities are still finding a problem in creating an efficient tax reform administration with a well-educated and well-trained employee. This is due to inadequate funds to pay good remuneration to skilled and highly qualified staff and to computerize the operation or even to provide efficient telephone and mail services (SEATINI, 2010).

6.9   Conclusion

The study presents major findings, some of which are related to the previous research studies. It is also a big compliment to the quantitative and qualitative data. The study findings indicated that, Uganda revenue Authority is understaffed and yet there is a great influence between the skilled human resource, motivation and implementation of tax policy reforms. The human resource had much influence on the implementation of tax policy reforms. The study revealed that due to staff shortage, there is too much workload in the institution and this limits smooth implementation of reforms. Generally, much as there are still many shortcomings to address, to a large extent there has been a big improvement in the implementation process of tax reforms since 2005. This is because collecting more revenue means improvement of government services in terms of the citizens welfare such as improving infrastructure, creating more employment opportunities and generally improving the economy of the state. This can be evidenced by the increased levels of GDP in Uganda thus enhancing the tax base as presented in the figure below

Figure 8: Uganda's GDP annual rate since January 2011 to January 2014

The study also found out that there is poor motivation of staff at the Uganda Revenue Authority (URA). Motivation of staff influences the ability to implement tax reforms. Due to low morale of the staff, some officers' resort to soliciting bribes from taxpayers hence leading to corruption. This has rendered the implementation of tax policy reforms as a failure, and in turn this leads to low revenue collection and failure to meet its targets.

Low literacy levels and computer illiterate had much influence on the implementation of tax reforms. With the computerization of most of the services at URA, low literacy levels and computer illiterate taxpayers found it difficult to adopt to some of the reforms like electronic tax system, TIN (Tax Identification Numbers) registration and others that requires to be done on-line and in the process, these tax payers are being cheated by scrupulous staff and individuals who exploit their ignorance to extort a lot of money, hence corruption.

The study also revealed that the quality of internet connection is poor at URA and yet Information technology upgrading has been a part of virtually all reform programs, in hopes of improving data management, tax assessment and analysis, lowering compliance costs, reducing the scope for corruption and collusion and improving monitoring. While there is great potential, and there have been notable successes, many highly ambitious projects have ultimately disappointed due to poor internet connection, power shortages and computer illiteracy of tax payers.

The study revealed that there is a great influence between adequate fund, skilled human resource, and implementation of tax policy reforms. On creating awareness and sensitizing the public on compliance and the need to for the population to finance its budget, the study revealed influence between creating awareness and sensitizing taxpayers and tax policy reform implementation.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondent, I am a student of Bergen University, Norway carrying out research to fulfill the requirements for the master's degree award and the topic is examining the implementation of tax policy reforms at Uganda Revenue Authority (URA). The questionnaire is designed with a view of collecting reliable data to analyze above variables. Please assist me by responding to these questions and your response will be treated with highest level of confidentiality as the research is purely academic.

SECTION A

Respondent characteristics

Name	Sex	Age	Educational level (codes)	Position in the Organization	Income/salary codes
	Male 1 Female 2		Certificate 1 Diploma 2 Degree 3 Masters 4		500,000–800,000 1 800,000-1.000,000 2 1,000,000-1,500,000 3 Others 4
A1	**A2**	**A3**	**A4**	**A5**	**A6**

Section B: Tax reforms

7a). Do you have sufficient knowledge of all tax reforms implemented by URA since 2005? (tick.)   Yes 1………………, No 2 ---------------

7b). If yes, what are the reforms?.............……………………………………………………..

…………………………………………………………………………………………………

…………………………………………………………………………………………………

8a). Do you feel tax policy reforms implemented by URA have impacted on revenue collection in the country? (Tick)

Yes 1…………..   No 2………….

8b). how has it impacted on the revenue collection? (Don't read the options, tick appropriate)

    A) Increase revenue collection

    B) Reduced smuggling of goods

    C) Reduced tax avoidance

    D) Reduced inconveniences to customers(lining up)

    E) Delay in service delivery

    F) Improved URA/Taxpayer relationship.

    G) Taxpayers education services established

9). what are resources required for the implementation of tax reforms at Uganda Revenue Authority? (Tick, Don't read options)

    H) a). Skilled human resource

    I) b).infrastructure

    J) c). funds

    K) d). machinery/equipment

    L) e). power

10a). does the institution (URA) have enough skilled man power to implement these reforms? (tick)

 Yes 1………………..No 2……………

10b). How do you rate the level of motivation of staff at Uganda Revenue Authority?(tick)

a). High……….. b). Low……….

SECTION C:

11a). what are literacy levels of tax payers in the community? (tick)

a). High………. (b)Low………….

11b). how does this impact on the implementation process of tax policy reforms at URA?

……………………………………………………………………………………………………

……………………………………………………………………………………………………

12a). how do you rate the level of internet accessibility and computer literacy by tax payers in implementing e-tax and acquiring tax identification numbers (TIN) as new reforms at URA? (tick)

a). High………………….. b)Low……………………

12b). do you carry out community sensitization on tax policy reforms?

Yes 1…………….No 2………………..

12c). if yes how? (tick)

a). Radio,

b).News peppers

c). Television

d). Workshops

c). internet

13. How has the business community/tax payers responded to these reforms?

(a). Positive…………………………(b). Negative…………………(c) Not sure………

14. In your opinion, what are challenges that affect effective implementation of tax reforms at Uganda   Revenue   Authority?

…………………………………………………………………………………………

15. How best do you think tax reforms can be implemented / enforced to increase tax revenue in Uganda? ……………………...

………………………………………………………………………………………………

………………………………………………………………………………………………

Appendix 2 Location and political map of the republic of Uganda (excluding new districts)

Appendix 3: University of Bergen letter of recommendation to carry out research

UNIVERSITY OF BERGEN
Department of Administration and Organization Theory

LETTER OF RECOMMENDATION

Bergen, 10.06.2013

To Whom It May Concern

This is to introduce Kato Simon who is a student of mine. He is pursuing a MPhil degree in Public Administration at the Department of Administration and Organisation Theory, University of Bergen, Norway.

Kato Simon has completed one year of course work and is now doing research for his thesis on the topic:

"Implementation of Tax reform at Uganda Revenue Authority"

He is conducting the research on this topic in his home country Uganda. As an important part of this exercise he has to interview various persons and collect relevant documents. I hope you may assist him in the research. The information provided to him is for academic purposes only. Any assistance given to him is highly appreciated.

Yours sincerely,

Professor Ishtiaq Jamil
Supervisor and Coordinator of the MPA Programme

University of Bergen
DEPARTMENT OF ADMINISTRATION
AND ORGANIZATION THEORY
Christiesgt. 17
5007 Bergen

Appendix 4 Showing URA letter of offer to carry out research

Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER
URA

Head Office: Plot M193 /M 194 Nakawa Industrial Area
P.O.Box 7279, Kampala, Uganda
Tel: (256) 41 7440000
Fax: (256) 41 4334419
Toll Free Line: 0800 117 000
E-mail: info@ura.go.ug

05th August 2013

Our Ref: URA/HR/IND/T/44

Kato Simon Kagambirwe,
P.O. Box,
Kampala-Uganda

Dear Sir,

RE: **LETTER OF OFFER**

Please refer to your request to carry out research on **"Examining the Implementation of Tax policy reform in Uganda"** Case study of URA.

This is to inform you that your request has been granted on the following terms;

a) Your research will be guided by the heads of station where you will issue questionnaires and you are obliged to agree on how the research will be conducted.
b) Your research period shall not exceed two months. If you require more time than this, then you shall formally request the Assistant Commissioner Human Resource.
c) You will also avail a copy of the research results in a bound book to the Manager Human Resource Development after completion of the research.
d) You will sign an Oath of Secrecy to maintain confidentiality of the information received in the course of the research.

I wish you success in your endeavors.

Kasule Ronald
MANAGER HUMAN RESOURCE DEVELOPMENT