

# **Performance Assessment Report**

**Wakiso District Local Government,  
Uganda**

**Damacrine Masira Nyandigisi, Justine Nanziri,  
Miria - Blenda Nakkazi, Henry Odongo  
Abunyang Emoiti, Mary Gorreti Nalwanga and  
John Odabo.**

**June 2022**

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June 2022

TADAT is a collaborative undertaking of the following partners:



BMZ  
Federal Ministry  
for Economic Cooperation  
and Development



Ministry of Foreign Affairs of the  
Netherlands

Norwegian Ministry  
of Foreign Affairs

Schweizerische Eidgenossenschaft  
Confédération suisse  
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WORLD BANK GROUP

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## **PREFACE**

A virtual assessment of the system of the tax administration of Wakiso District Local Government (WDLG), Uganda, was undertaken during the period March 16<sup>th</sup> – April 1<sup>st</sup>, 2022, using the Tax Administration Diagnostic Assessment Tool (TADAT) Subnational Supplement Field Guide.

TADAT provides an assessment baseline of tax administration performance that can be used to determine reform priorities and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised the following: Damacrine M. Nyandigisi (Assessment Team Leader), Justine Nanziri (TADAT Assessor), Miria - Blenda Nakkazi (TADAT Assessor), Henry Odongo Abunyang Emoiti (TADAT Assessor), Mary Gorreti Nalwanga (TADAT Assessor) and John Odabo (TADAT Assessor).

The assessment team met with Mr. Byamukana Alfred-Deputy Chief Administrative Officer, Mr. Michael Ssekandi- the Chief Financial Officer, Mr. Busulwa Simon Peter-the Principal Internal Auditor, Mr. Katamba Mathias - Senior Human Resource Officer, Mr. Byekwatso Emmanuel - Finance Officer - Kyengera Town Council, Ms. Nakiganda Susan - Tax Officer, Mr. Kaggwa Michael - Senior Treasurer, Ms. Naggayi Agnes - Tax Officer - Kakiri, Ms. Bukenya Juliet - Finance Officer, and Mr. Sserunkuma Bryan - Tax Officer, Kyengera Town Council, A meeting was also held with the following external stakeholders; Mr. James Ogwang' representative from Local Government Finance Commission, Commissioner Yasin Sendaula representing Director Local Government, representatives from the Office of the Auditor General and Director SH Family Hardware.

The assessment team expresses its appreciation to the senior management team and staff of the WDLG for their active engagement and participation during the TADAT assessment. The team thanks Mr. Michael Ssekandi- the Chief Financial Officer and Ms. Nakiganda Susan- Tax Officer for all the assistance provided.

A draft performance assessment report was presented to WDLG senior management at the close of the subnational jurisdiction assessment.

## **ABBREVIATIONS AND ACRONYMS**

BIA	Business Impact Analysis
CAO	Chief Administrative Officer
CFO	Chief Finance Officer
DISO	District Internal Security Officer
DPAC	District Public Accountability Committee
GDP	Gross Domestic Product
HR	Human Resource
IFMS	Integrated Finance Management System
IGG	Inspector General of Government
IPPS	Integrated Personnel Payroll System
IT	Information Technology
KCCA	Kampala Capital City Authority
KPM	Key Performance Measures
LG	Local Government
LLG	Lower Local Government
LST	Local Service Tax
MoFPED	Ministry of Finance Planning and Economic Development
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
OAG	Office of the Auditor General
PAC	Parliamentary Accountability Committee
PAR	Performance Assessment Report
PAYE	Pay As You Earn
PEFA	Public Expenditure and Financial Accountability
PIA	Principal Internal Auditor
POA	Performance Outcome Area
PPDA	Public Procurement and Disposal of Public Assets Authority
TADAT	Tax Administration and Diagnostic Assessment Tool
TREP	Taxpayer Registration Expansion Programme
UBOS	Uganda Bureau of Statistics
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
WDLG	Wakiso District Local Government

## EXECUTIVE SUMMARY

The results of the TADAT assessment for Wakiso District Local Government follow, including the identification of the main strengths and weaknesses.

### Strengths

- Contribution to government tax revenue forecasting and estimates
- Independent external oversight of WDLG operational and financial performance.

### Weaknesses

- Use of manual systems to manage taxpayer information resulting in unreliable, inaccurate and incomplete taxpayer information – the number of active and inactive taxpayers is uncertain thereby hampering effective compliance management.
- Absence of a structured risk assessment process to identify, assess, prioritize compliance and institutional risks.
- The level of taxpayer services is low.
- Filing and payment information is not monitored.
- The extent of inaccurate reporting is unknown.
- Taxpayers are not made aware of the tax dispute process, and it is rarely used.
- Internal assurance mechanisms are low.
- No publication of key documents that promote accountability and transparency.

**Absence of documented standard operating procedures in all functions have negatively impacted tax administration operations.** The assessment team observed strength in the contribution to government tax revenue forecasting and estimates and independent external oversight of WDLG operational and financial performance.

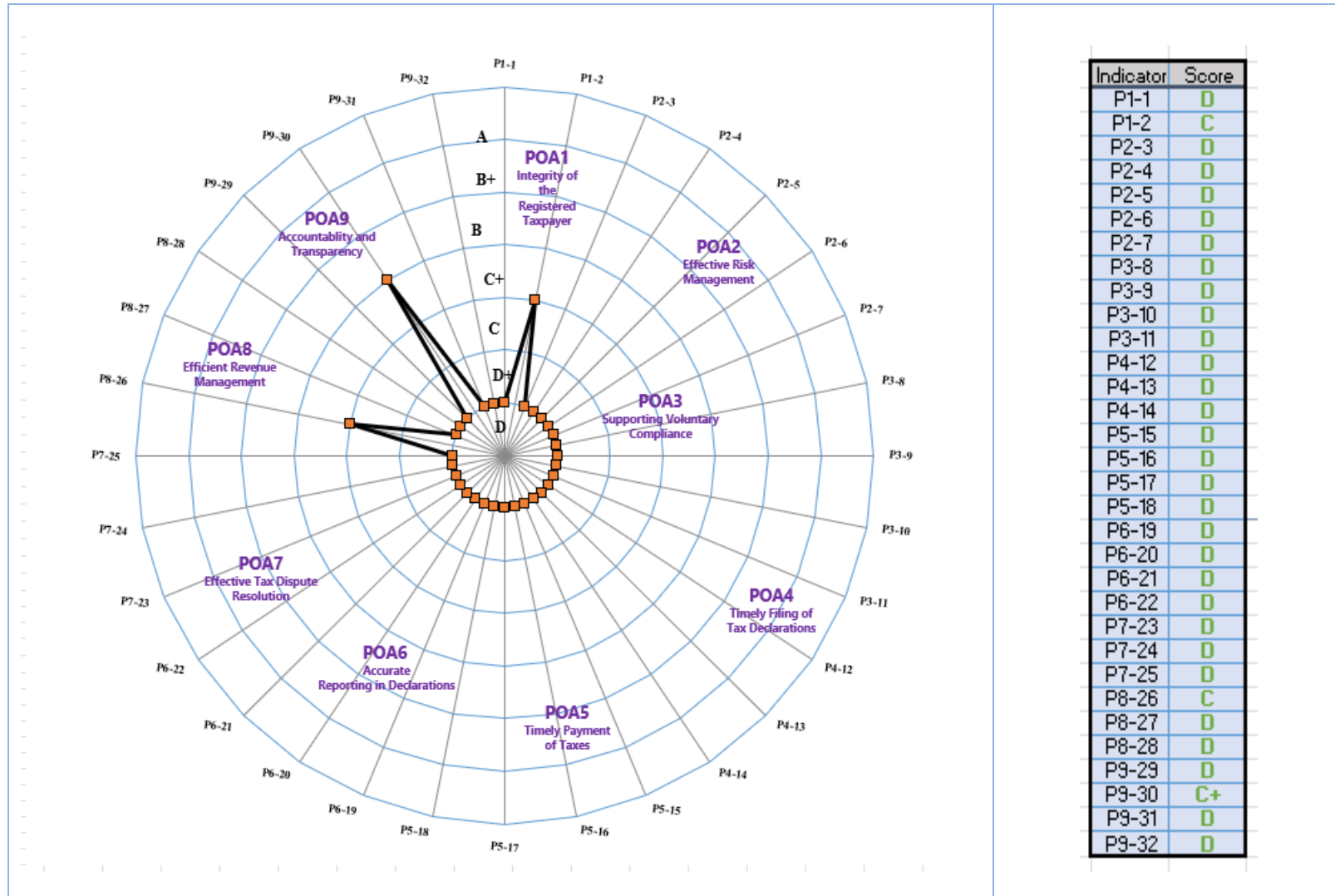
However, weaknesses in other areas undermine the WDLG's ability to execute its mandate. For example, the use of manual systems to manage taxpayer information results in inaccurate, incomplete and unreliable information. This has a pass-through effect on several outcomes such as the inability to determine with certainty the level of taxpayer filing of declaration, taxpayer payment of taxes, tax arrears, and reconciliation of the taxpayer ledgers.

The impact of these weaknesses is further exacerbated by: (i) the absence of documented processes and procedures that undermine consistency in working practices; (ii) lack of mechanism to monitor and evaluate most of the tax administration key functional areas.



Table 1 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework's nine performance outcome areas (POAs) and 32 high level indicators critical to tax administration performance. An 'ABCD' Likert scale is used to score each indicator, with 'A' representing the highest level of performance and 'D' the lowest level of performance.

Figure 1. [Wakiso District Local Government]: Distribution of Performance Scores



**Table 1. WDLG District Local Government: Summary of TADAT Performance Assessment**

Indicator	Scores 2022	Summary Explanation of Assessment
<b>POA 1: Integrity of the Registered Taxpayer Base</b>		
P1-1. Accurate and reliable taxpayer information.	<b>D</b>	There exists some information that is held in the registration database to support effective interactions with taxpayers and tax intermediaries. The information is inadequate. The accuracy of information held in the WDLG registration database could not be ascertained.
P1-2. Knowledge of the potential taxpayer base.	<b>C</b>	WDLG undertakes ad hoc initiatives to detect unregistered businesses and individuals.
<b>POA 2: Effective Risk Management</b>		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<b>D</b>	It is not usual for WDLG Local Government to gather intelligence designed to identify compliance risks. There is no structured process in place to assess, rank, and quantify taxpayer compliance risks.
P2-4. Mitigation of risks through a compliance improvement plan.	<b>D</b>	There is no compliance improvement plan to guide the administration in mitigating the identified risks.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<b>D</b>	The tax administration does not monitor and evaluate the impact of compliance risk mitigation activities.
P2-6. Management of operational risks.	<b>D</b>	WDLG does not have a process to identify, assess and mitigate operational risks. Operational risks are managed in an ad-hoc manner. WDLG has no documented Business Continuity Management Program in place.
P2-7. Management of human capital risks.	<b>D</b>	WDLG has inadequate capacity and structures to manage human capital risks (HCRs).  No formal evaluation of the HCR and related mitigation interventions has been conducted.
<b>POA 3: Supporting Voluntary Compliance</b>		
P3-8. Scope, currency, and accessibility of information.	<b>D</b>	The WDLG provides a limited range of information on some main taxpayer obligations.  Taxpayers can only obtain limited information through physical visits to the WDLG offices. There is no evidence to indicate availability of information.
P3-9. Time taken to respond to information requests.	<b>D</b>	The WDLG does not monitor the time taken to respond to taxpayers and intermediaries' queries.
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	<b>D</b>	WDLG has implemented some initiatives to reduce taxpayers' compliance costs.

Indicator	Scores 2022	Summary Explanation of Assessment
		However, WDLG does not have a systematic and simplified record keeping mechanism for its taxpayers.
P3-11. Obtaining taxpayer feedback on products and services.	D	WDLG holds ad hoc forums with taxpayers to educate them however no evidence is provided in regard to obtaining feedback on the District's performance. There is no evidence of taxpayers' involvement in developing laws as WDLG.
<b>POA 4: Timely Filing of Tax Declarations</b>		
P4-12. On-time filing rate.	D	WDLG does not monitor timely filing of declarations by Taxpayers.
P4-13. Management of non-filers.	D	Actions taken to follow up non-filers are inadequate.
P4-14. Use of electronic filing facilities.	D	WDLG does not have an electronic platform for filing tax declarations and demand notes are issued manually.
<b>POA 5: Timely Payment of Taxes</b>		
P5-15. Use of electronic payment methods.	D	Electronic payment Platforms do not exist at WDLG.
P5-16. Use of efficient collection systems.	D	There exists Withholding at source arrangements for one core tax but no advance payment arrangements for all the core taxes.
P5-17. Timeliness of payments.	D	The timelines of payments cannot be determined due to lack of data.
P5-18. Stock and flow of tax arrears.	D	The management of tax arrears cannot be assessed due to the unavailability of data.
<b>POA 6: Accurate Reporting in Declarations</b>		
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	D	The tax administration has an insufficient tax audit program with limited coverage and approaches to detect and deter inaccurate reporting.  WDLG utilizes the Local Governments Financial and Accounting Regulations audit manual, although systematized around uniform practices, provides limited guidance to auditors.  The quality of the taxpayer audits at WDLG is not monitored efficiently by its senior management team.  The key performance measures (KPM) of the audit function that the Principal Internal Auditor (PIA) monitors are insufficient.

Indicator	Scores 2022	Summary Explanation of Assessment
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	D	WDLG does not use large-scale automated cross-matching to detect inaccurate reporting. Initiatives to encourage accurate reporting are not in place.
P6-21. Initiatives undertaken to encourage accurate reporting.	D	The key performance measures (KPM) of the audit function that the Principal Internal Auditor (PIA) monitors are insufficient.
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	D	WDLG does not monitor the tax gap to assess and monitor inaccurate reporting.
<b>POA 7: Effective Tax Dispute Resolution</b>		
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	D	A tiered review system is in place but is rarely used. WDLG Local Government does not have administrative review procedures. WDLG does not provide nor publish the dispute process.
P7-24. Time taken to resolve disputes.	D	WDLG does not monitor the time taken to complete administrative reviews.
P7-25. Degree to which dispute outcomes are acted upon.	D	WDLG does not monitor or analyze dispute outcomes.
<b>POA 8: Efficient Revenue Management</b>		
P8-26. Contribution to government tax revenue forecasting process.	C	WDLG provides input to the government budgeting process for tax revenue forecasting and estimation. Although WDLG monitors tax revenue collections against budgeted revenue forecasts, it neither monitors tax revenue foregone due to tax expenditures nor forecasts tax refund levels.
P8-27. Adequacy of the tax revenue accounting system.	D	WDLG's accounting process is inadequate.
P8-28. Adequacy of tax refund processing.	D	Tax refund processing is conducted in an ad hoc manner and is not document in WDLG.
<b>POA 9: Accountability and Transparency</b>		
P9-29. Internal assurance mechanisms.	D	The assurance provided by the internal audit of the WDLG is insufficient. WDLG has an insufficient assurance mechanism in place.
P9-30. External oversight of the tax administration.	C+	The District has independent external oversight of its operations and financial performance by the Office of the Auditor General (OAG). An investigation process for suspected wrongdoing and maladministration exists at WDLG and this is headed by the Inspector General of Government (IGG).

Indicator	Scores 2022	Summary Explanation of Assessment
		However, it does not oversee the tax administration anti-corruption policies.
P9-31. Public perception of integrity.	D	WDLG has not put in place a mechanism for monitoring public confidence and therefore no surveys have been done accordingly.
P9-32. Publication of activities, results and plans.	D	The financial and operational performance of WDLG is made public through the district website. The District has a five (5) year strategic plan of 2019/2020 – 2024/2025 that has been developed but not yet communicated.

## I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in WDLG District Local Government during the period March 16, 2022 to April 1, 2022 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of nine POAs and 32 high level indicators critical to tax administration performance that is linked to the POAs. Fifty-three measurement dimensions are considered in arriving at each indicator score. A four-point 'ABCD' scale is used to score each dimension and indicator:

- 'A' denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered 'good practice', it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- 'B' represents sound performance (i.e. a healthy level of performance but a rung below international good practice).
- 'C' means weak performance relative to international good practice.
- 'D' denotes inadequate performance and is applied when the requirements for a 'C' rating or higher are not met. Furthermore, a 'D' score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a 'D' score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

For further details on the TADAT framework, see Attachment I.

Some points to note about the TADAT diagnostic approach are:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to subnational government revenues. By assessing outcomes in relation to administration of identified core taxes, a picture can be developed of the relative strengths and weaknesses of the tax administration.
- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of Wakiso District Local Government).

- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector. Nor does it assess customs administration.
- TADAT provides an assessment within the existing revenue policy framework, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

The aim of TADAT is to provide an objective assessment of the health of key components of the system of tax administration, the extent of reform required, and the relative priorities for attention. TADAT assessments are particularly helpful in:

- Identifying the relative strengths and weaknesses in tax administration.
- Facilitating a shared view among all stakeholders (subnational jurisdiction authorities, international organizations, donor countries, and technical assistance providers).
- Setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing).
- Facilitating management and coordination of external support for reforms and achieving faster and more efficient implementation.
- Monitoring and evaluating reform progress by way of subsequent repeat assessments.

## **SUBNATIONAL JURISDICTION BACKGROUND INFORMATION**

### **Subnational Entity Profile**

General background information on WDLG and the environment in which its tax system operates are provided in the subnational jurisdiction snapshot in Attachment II.

### **Data Tables**

Numerical data gathered from the authorities and used in this TADAT performance assessment is contained in the tables comprising Attachment III.

### **Economic Situation**

Wakiso District's GDP as per the latest statistic of 2019 is USD 4.2 million (National was USD 35,17 USD) which is approximately 12.2 percent of the National GDP. Wakiso is the richest district in Uganda with the highest GDP per capita standing at \$3, 250 GDP per capita. Estimations are based on UBOS 2014 data.



The sectoral priorities for FY 2020/2021 included the following: (i) Increased household incomes and improved quality of life. (ii) Enhance value addition in key growth opportunities. (iii) Strengthen the private sector capacity to drive growth and create jobs. (iv) Strengthen our role in development. (v) Efficient and sustained exploitation of the productive sector. (vi) Consolidating and increasing the stock and quality of productive infrastructure to support trade, industrialization and efficient urbanization. (vii) Increasing the productivity, inclusiveness and well-being of the population. (viii) Enhancing the effectiveness of both fiscal and administrative governance

The revenue outturn of Locally Raised Revenue for the FY 2020/21 was projected at UGX 2,302,874,872 as of 30th June 2021 which represented 78 percent compared to the budget of UGX. 2,954,539,964. This was majorly attributed to poor performance in business licenses, Hotel Tax, Park fees, registration of businesses and education levies because these sources of revenue have been greatly affected by COVID – 19.

### **Main Taxes**

Wakiso District Local Government main sources of revenue are Local Service Tax, Business/Trading License, Property Rate Tax contributing 19 percent, 16 percent and 5 percent of total revenues respectively in the financial year 2020/21. Other revenues contribute up to 60 percent of the Local Governments total tax revenue collections.

Further details on tax revenue collections are provided in Table 1 of Attachment III.

### **Institutional Framework**

Wakiso District Local Government URA is responsible for developing, managing and administering human resource, district policies and systems, for efficient and effective service delivery of the community of Wakiso.

The District is under the supervision of the Ministry of Local Government. As a District, it is also responsible for collection of local revenue to support the national and local priorities in line with sustainable and social-economic development.

The District supervised by Council elected every five years and is led by A District Chairperson and a team of Councilors representing various gazette areas by the National Electoral Commission. The District also has a Management team led by the Chief Administrative Officer appointed by the Uganda Public Service Commission, he leads a team of other Heads of Departments, Town Clerks, Sub county Chiefs among others (refer to the Organogram attached)

As regards to the Revenue Management Function of WDLG, the Chief Finance Officer is responsible for ensuring that revenue is promptly collected in the approved manner and banked intact as per the Local Government (financial and accounting) regulations of 2007 and reports to the Chief Administrative Officer (CAO).

To facilitate the revenue collection function, every sub county is managed by senior accounts assistant and Tax officers in town councils who overlook the performance of parish chiefs /town agents who are the revenue officers in the lower local government units.

The following achievements were realized in FY202/21: 1. Monitoring and Evaluation of National and Local Government policies through the District Executive Committee; 2. Coordination of monthly District Technical Planning Committee meetings; 3. Formulation of the District Budget Framework Paper, Annual Performance Contract, Budgets, Work plans and mandatory reports for timely submission; 4. Alignment of the Third 5-year District Development Plan (DDP III) to the Third 5-year National Development Plan (NDP III); 5. Recruitment and deployment of Economic Planners in all the 9 Town Councils 6. Facilitation of Parish Chiefs/Town Agents (10% of LLGs DDEG) to monitor and report on all government programs at Parish levels.

An organizational chart of the tax administration is provided in Attachment IV.

### **Current Status of Tax Administration Reform**

WDLG has encountered decline in the revenue for main sources from FY 2019/20 to 2020/21. Core revenue sources of tax declined from 53 percent to 40 percent in FY 2020/21. The revenue streams declined due to COVID-19 pandemic as the whole nation was under lockdown for the F/Y 2020/2021. Other systemic challenges include the lack of an automated system to track critical revenue data like taxpayers' registration, taxpayer payments, assessments among others

In an effort to revamp the declining revenue performance, a number of initiatives are being undertaken these include:

- a. WDLG is currently working with the ministry of local government to enroll **ELOGREV** which is an automated local government revenue collection and management information system for registration, assessing, e-payments, reconciliation, enforcement, reporting.
- b. The District Council approved a revenue enhancement plan for FY 2021/22 to specifically address:
  - i. Upgrade and harmonize plan fees with those chargeable by neighboring LGs by the end of September of this year.
  - ii. Identify and supervise collection of sufficient revenue to ensure that the planned revenue is realized, and service delivery standards are met.
  - iii. Develop and update a revenue database for the district revenue sources annually.
  - iv. Build capacity for revenue collection by providing logistics and training of key staff.
  - v. Mobilize and sensitize stakeholders on revenue enhancement activities

### **Exchange of Information**

WDLG does not have any exchange of information initiatives with the Uganda Revenue Authority.

## II. ASSESSMENT OF PERFORMANCE OUTCOME AREAS

### POA 1: Integrity of the Registered Taxpayer Base

A fundamental initial step in administering taxes is taxpayer registration and numbering. Tax administrations must compile and maintain a complete database of businesses and individuals that are required by law to register; these will include taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

- P1-1—Accurate and reliable taxpayer information.
- P1-2—Knowledge of the potential taxpayer base.

#### P1-1: Accurate and reliable taxpayer information

For this indicator two measurement dimensions assess: (1) the adequacy of information held in the tax administration's registration database and the extent to which it supports effective interactions with taxpayers and tax intermediaries (i.e. tax advisors and accountants); and (2) the accuracy of information held in the database. Assessed scores are shown in Table 2 followed by an explanation of reasons underlying the assessment.

**Table 2. P1-1 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	D	D
P1-1-2. The accuracy of information held in the registration database.		D	

**There exists some information that is held in the registration database to support effective interactions with taxpayers and tax intermediaries.** WDLG captures taxpayers' information manually and in a decentralized manner using assessment forms and demand notices issued by revenue officers. The information captured are; Taxpayers' name, physical address, business category, phone number, bank details, due date for payments amongst others.

Separate serial numbers are used as identification numbers for the three core taxes: Property Taxes, LST and Trading License. These serial numbers are further not linked. The serial numbers are changed each year for Trading licenses and LST, however for property taxes this is changed when

the valuation roll is reviewed.

**The accuracy of information held in the WDLG registration database could not be ascertained.** The taxpayer registers are managed in excel sheets and updated after payments are done using bank statements. The authenticity and proof of checks on the registration database are only conducted during assessments and field visits which take place once a quarter. There are no documented procedures for maintaining the accuracy of data. Due to the manual process of registration, WDLG has been unable to validate the inactive and active taxpayers. Coupled to this, is the inability to undertake deactivation and deregistration exercises. Large scale cross checking of data against the taxpayer database is not conducted. The internal audit team conducts audits on the taxpayer register however there is no specific report on the accuracy of the taxpayer register.

### **P1-2: Knowledge of the potential taxpayer base**

This indicator measures the extent of tax administration efforts to detect unregistered businesses and individuals. The assessed score is shown in Table 3 followed by an explanation of reasons underlying the assessment.

**Table 3. P1-2 Assessment**

Measurement dimension	Scoring Method	Score 2022
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	C

**WDLG undertakes ad hoc initiatives to detect unregistered businesses and individuals.** The tax administration develops Technical Planning Reports, Revenue Enhancement Plans and further conducts inspection checks to detect unregistered individuals and businesses. The local Parish teams are also recruited to assist in the identification of unregistered taxpayers. However, these checks are generally conducted once a year after the due dates. Also, there is no use of third-party data to identify unregistered businesses.

## **POA 2: Effective Risk Management**

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- Compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e. registration in the tax system; filing of tax declarations; payment of taxes on time; and complete and accurate reporting of information in declarations); and

- Institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of IT system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration). For TADAT purposes, institutional risk is divided into two components. These are:
  - *Operational risk*—refers to disruptive actions that destroy or affect part or all of the administration’s assets and resources, such as buildings, IT, and other equipment, data and records; and
  - *Human capital risk*—refers to interruptions that affect the tax administration arising out of capability, capacity, compliance, cost and connection (engagement) gaps of and by its employees.

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning.

Five performance indicators are used to assess POA 2:

- P2-3—Identification, assessment, ranking, and quantification of compliance risks.
- P2-4—Mitigation of risks through a compliance improvement plan.
- P2-5—Monitoring and evaluation of compliance risk mitigation activities.
- P2-6—Management of operational (i.e., systems and processes) risks.
- P2-7—Management of human capital risks.

### **P2-3: Identification, assessment, ranking, and quantification of compliance risks**

For this indicator two measurement dimensions assess: (1) the scope of intelligence gathering and research to identify risks to the tax system; and (2) the process used to assess, rank, and quantify compliance risks. Assessed scores are shown in Table 4 followed by an explanation of reasons underlying the assessment.

**Table 4. P2-3 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations.	M1	D	D

P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		D	
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**It is not usual for WDLG to gather intelligence designed to identify compliance risks.** The administration's main source of intelligence, across main tax obligations, comes from leads and local knowledge through the Local Government officials, parish chiefs, local councilors, and village chairpersons. The Local Government also identifies risks through meetings of the Finance Committee of the Council. External data is received upon request – for example the administration receives information about Local Services Tax by writing to Human Resources of companies and schools. The administration also gathers information by writing to the District Internal Security Officer (DISO). However, evidence on how this information is used to build knowledge on compliance levels was not available.

**There is no structured process in place to assess, rank, and quantify taxpayer compliance risks.** There is no department responsible for managing tax compliance risks. However, the assessment team was advised that a risk management policy is under development.

#### **P2-4: Mitigation of risks through a compliance improvement plan**

This indicator examines the extent to which the tax administration has formulated a compliance improvement plan to address identified risks. The assessed score is shown in Table 5 followed by an explanation of reasons underlying the assessment.

**Table 5. P2-4 Assessment**

Measurement dimension	Scoring Method	Score 2022
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	D

**There is no compliance improvement plan to guide the administration in mitigating the identified risks.** There is no single document that identifies the most significant compliance risks—in the main taxpayer compliance obligation areas and core taxes—and explains how the administration intends to respond to those risks.

#### **P2-5: Monitoring and evaluation of compliance risk mitigation activities**

This indicator looks at the process used to monitor and evaluate compliance mitigation activities. The assessed score is shown in Table 6 followed by an explanation of reasons underlying the assessment.

**Table 6. P2-5 Assessment**

Measurement dimension	Scoring Method	Score 2022
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	D

**The tax administration does not monitor and evaluate the impact of compliance risk mitigation activities.** There is no evidence of formal governance arrangements at senior management level to approve and evaluate the impact of compliance risk mitigation activities. The lack of a tax compliance risk management plan therefore means there are no identified compliance mitigation activities that can be evaluated.

#### **P2-6: Management of operational risks**

This indicator examines how the tax administration manages operational risks other than those related to human resources. The assessed score is shown in Table 7 followed by an explanation of reasons underlying the assessment.

**Table 7. P2-6 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P2-6-1. The process used to identify, assess and mitigate operational risks.	M1	D	D
P2-6-2. The extent to which the effectiveness of the business continuity program is tested, monitored and evaluated.		D	

**WDLG does not have a process to identify, assess and mitigate operational risks. Operational risks are managed in an ad-hoc manner.** There exists a Disaster Risk Management Committee, ICT Policy, Asset Policy and Organizational Health and Safety Management Policy, however, the Disaster Risk Management Committee has not been operational in the past three years and there does not exist a risk register to document and analyze operational risks. WDLG does not have a Business Continuity Plan nor does it conduct Business Impact Analysis (BIA) for the operational risks. Due to this the Recovery Time Objective and Response Point Objective are not determined. Staff are not trained on operational risk management and roles. Business continuity exercises are further not conducted apart from ad hoc training on COVID-19 pandemic management.

**WDLG has no documented Business Continuity Management Program in place.** WDLG relies on the centrally managed Integrated Personnel Payroll System (IPPS) and Integrated Financial Management System (IFMS) for personnel and finance management respectively. There is no

documented Business Continuity Management Program hence implementation of business continuity cannot be monitored by the Top Management and audited.

## P2-7: Management of human capital risks

This indicator examines how the tax administration manages human capital risks. The assessed score is shown in Table 8 followed by an explanation of reasons underlying the assessment.

**Table 8. P2-7 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P2-7-1. The extent to which the tax administration has in place the capacity and structures to manage human capital risks.	M1	D	D
P2-7-2. The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.		D	

**WDLG has inadequate capacity and structures to manage human capital risks (HCRs).** There exists a human resource unit and manual that provides guidelines on staff training and capacity building. The HR manual also stipulates that all staff must agree on performance with line managers. However, there is no evidence to show that the staff has been trained to understand HRR and its potential impact on operations. Further, the tax administration has no formal strategy and process for identifying, assessing, prioritizing, and mitigating HCRs. No evidence exists to indicate that the human resources management staff has the training, understanding, and experience in human resource risk (HRR). Also, WDLG has no operational governance structure comprising a senior management team responsible for reviewing HRR and providing direction on mitigation measures. No review of the HR operations and systems has been conducted by an independent third party. There is no governance committee to review HRR issues.

**No formal evaluation of the HCR and related mitigation interventions has been conducted.** Annual external audits by the Office of the Auditor General and inspections by the Ministry of Public Service are conducted however these are not specific to the human capital risks.

## POA 3: Supporting Voluntary Compliance

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law. Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.



Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping and reporting requirements. Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements and systems that eliminate the need to file.

Four performance indicators are used to assess POA 3:

- P3-8—Scope, currency, and accessibility of information.
- P3-9—Time taken to respond to information requests.
- P3-10—Scope of initiatives to reduce taxpayer compliance costs.
- P3-11—Obtaining taxpayer feedback on products and services.

### **P3-8: Scope, currency, and accessibility of information**

For this indicator three measurement dimensions assess: (1) whether taxpayers have the information they need to meet their obligations; (2) whether the information available to taxpayers reflects the current law and administrative policy; (3) how easy it is for taxpayers to obtain information. Assessed scores are shown in Table 9 followed by an explanation of reasons underlying the assessment.

**Table 9. P3-8 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P3-8-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	M1	D	D
P3-8-2. The degree to which information is current in terms of the law and administrative policy.		C	
P3-8-3. The ease by which taxpayers obtain information from the tax administration.		D	

### **The WDLG provides a limited range of information on some main taxpayer obligations.**

WDLG appoints Parish chiefs / Town Agents as revenue officers to relay information on tax matters to the taxpayers. It further provides information to taxpayers on their payment deadlines on all core taxes. This is mostly done during spot checks and upon visits by taxpayers to the offices. However, information on other obligations such as registration, filing, and record-keeping is not readily available. Furthermore, the taxpayer education information is not targeted to the needs of the key taxpayer segments, industry groups, intermediaries, and disadvantaged groups.

**The Local Government ACT is current and available to taxpayers at WDLG public notice board, concerning the main tax obligations and core taxes at WDLG and its lower local government units.** However, there is no evidence of dedicated technical staff in place to ensure that available information is updated.

**Taxpayers can only obtain limited information through physical visits to the WDLG offices. There is no evidence to indicate availability of information** to taxpayers using several avenues such as the website, walk-ins and electronic media, information is majorly disseminated through face-to-face interactions at no cost.

### **P3-9: The time taken to respond to requests for information.**

This indicator examines how quickly the tax administration responds to requests by taxpayers and tax intermediaries for information (for this dimension, waiting time for telephone enquiry calls is used as a proxy for measuring a tax administration's performance in information requests generally). Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

**Table 10. P3-9 Assessment**

Measurement dimension	Scoring Method	Score 2022
P3-9: The time taken to respond to taxpayers and tax intermediaries' requests for information.	M1	D

**The WDLG does not monitor the time taken to respond to taxpayers and intermediaries' queries.** There is no evidence to objectively assess this dimension since WDLG lacks a dedicated call center. Taxpayers do call individual numbers of revenue administrators in case of any tax enquiry, but response time isn't available.

### **P3-10: Scope of initiatives to reduce taxpayer compliance costs**

This indicator examines the tax administration's efforts to reduce taxpayer compliance costs. Assessed scores are shown in Table 11 followed by an explanation of reasons underlying the assessment.

**Table 11. P3-10 Assessment**

Measurement dimension	Scoring Method	Score 2022
P3-10. The extent of initiatives to reduce taxpayer compliance costs.	M1	D

**WDLG has implemented some initiatives to reduce taxpayers' compliance costs.** Assessment forms are free, and these are delivered to taxpayers by revenue officers. Electronic payment platforms are also available in only one of the sub counties—Kyengera town council but not all.

Taxpayer records are in physical registers and excel spread sheets. Assessments are also handled manually for the core taxes and manual receipts issued after payment. Forms are not pre-filled. Coupled to this, there does not exist Frequently Asked Questions in WDLG. Taxpayer's enquiries are handled verbally; (1) through interactions with revenue officers when they are out for assessment and enforcement, (2) during meetings with Local council one chairpersons and at revenue offices. WDLG does not conduct an analysis on common misunderstandings of the tax law. There is no secure taxpayer portal and there is no evidence to indicate review of assessment forms is done.

### **P3-11: Obtaining taxpayer feedback on products and services**

For this indicator, two measurement dimensions assess: (1) the extent to which the tax administration seeks taxpayer and other stakeholder views of service delivery; and (2) the degree to which taxpayer feedback is taken into account in the design of administrative processes and products. Assessed scores are shown in Table 12 followed by an explanation of reasons underlying the assessment.

**Table 12. P3-11 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P3-11-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	D	D
P3-11-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		D	

**WDLG holds ad hoc forums with taxpayers to educate them however no evidence was provided in regard to obtaining feedback on the WDLG's performance.** During an external stakeholder's meeting with the Director SH Family Hardware also a member of the Traders Association of the District, the taxpayer indicated that there have been no formal education or public participation forums in the last four years. , Further, no analysis is conducted to draw out insights from the feedback and no independent 3<sup>rd</sup> party is in place to carry out the Survey. Surveys have neither been conducted by the tax administration.

**There is no evidence of taxpayers' involvement in developing laws as WDLG.** The key taxpayers are not consulted in development of tax laws for the core taxes apart from property tax whose stakeholder meetings are held on an annual basis. However, taxpayers and intermediaries are not involved in designing forms, webpage content.

## POA 4: Timely Filing of Tax Declarations

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer's tax liability is established and becomes due and payable. As noted in POA 3, however, there is a trend towards streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through pre-filing tax declarations). Moreover, several countries treat income tax withheld at source as a final tax, thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations. There is also a strong trend towards electronic filing of declarations for all core taxes. Declarations may be filed by taxpayers themselves or via tax intermediaries.

It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the amount owed, and then secure payment through the enforcement and other measures covered in POA 5).

Three performance indicators are used to assess POA 4:

- P4-12—On-time filing rate.
- P4-13—Management of non-filers
- P4-14—Use of electronic filing facilities.

### P4-12: On-time filing rate

A single performance indicator, with three measurement dimensions, is used to assess the on-time filing rate for declarations for the three most important direct and/or indirect taxes administered by the subnational entity. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing facilities), simplified declarations forms, and enforcement action against those who fail to file on time. Assessed scores are shown in Table 13 followed by an explanation of reasons underlying the assessment.

**Table 13. P4-12 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P4-12-1. The number of declarations for the most important tax (T1) filed by the statutory due date as a percentage of the number of declarations expected from registered T1 taxpayers.	M2	D	D
P4-12-2. The number of declarations for the second most important tax (T2) filed by the statutory due date as a percentage of the number of declarations expected from registered T2 taxpayers.		D	

P4-12-3. The number of declarations for the third most important tax (T3) filed by the statutory due date as a percentage of the number of declarations expected from registered T3 taxpayers.		<b>D</b>	
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**WDLG does not monitor timely filing of declarations by Taxpayers.** WDLG maintains a manual taxpayer register which makes it difficult to effectively monitor on-time filing by taxpayers. There is no credible evidence on mechanisms for monitoring filing declarations by taxpayers, thus the inability to obtain numerical data in Tables 4 to 10 in Attachment III].

### **P4-13: Management of non-filers**

This indicator measures the extent to taxpayers who have failed to file declarations when due are managed. The assessed score is shown in Table 14 followed by an explanation of reasons underlying the assessment.

**Table 14. P4-13 Assessment**

Measurement dimension	Scoring Method	Score 2022
P4-13. Action taken to follow up non-filers.	<b>M1</b>	<b>D</b>

**Actions taken to follow up non-filers are inadequate.** WDLG has Law Enforcement Officers to enforce tax payments. However, there is no automated system in place to identify and follow up non-filers, therefore, there is no automatic generation of penalties for non-filers. There are no dedicated staff to enforce filing by taxpayers as assessment is done by the Tax Administrators. Additionally, there are no documented enforcement procedures (including filing enforcement) and the manual taxpayer registers are not updated using outcomes of non-filer enforcement.

### **P4-14: Use of electronic filing facilities**

This indicator measures the extent to which declarations, for all core taxes, are filed electronically. Assessed scores are shown in Table 15 followed by an explanation of reasons underlying the assessment.

**Table 15. P4-14 Assessment**

Measurement dimension	Scoring Method	Score 2022
P4-14. The extent to which tax declarations are filed electronically.	<b>M1</b>	<b>D</b>

**WDLG does not have an electronic platform for filing tax declarations and demand notes are issued manually.** Revenue Officers issue manual demand notes at premises for Property Rates. Assessment Forms (serving as invoices) are issued for Local Service Tax and Trading Licenses at business premises before the expiry of the ongoing license.

## POA 5: Timely Payment of Taxes

Taxpayers are expected to pay taxes on time. Tax laws and administrative procedures specify payment requirements, including deadlines (due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, payments due will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and, for some taxpayers, legal debt recovery action. The aim of the tax administration should be to achieve high rates of voluntary on-time payment and low incidence of tax arrears. Four performance indicators are used to assess POA 5:

- P5-15—Use of electronic payment methods.
- P5-16—Use of efficient collection systems.
- P5-17—Timeliness of payments
- P5-18—Stock and flow of tax arrears.

### P5-15: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means without the direct intervention of bank staff or tax administration, including through electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Government's account), credit cards, and debit cards. Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

**Table 16. P5-15 Assessment**

Measurement dimension	Scoring Method	Score 2022
P5-15. The extent to which core taxes are paid electronically.	M1	D

**Electronic payment Platforms do exist in WDLG however this has only been rolled out in Kyengera Town Council.** Taxpayers can make payments through direct bank deposits (including deposits through bank agents) as government bank details are printed on the assessment forms. In Kyengera, mobile money platform is available for payment of taxes. However, during the field visit conducted at Wakiso Town Council, it was verified that a taxpayer has to submit banking slips to WDLG offices for capture after payment.

### P5-16: Use of efficient collection systems

This indicator assesses the extent to which acknowledged efficient collection systems—especially withholding at source and advance payment systems—are used. Assessed scores are shown in Table 17 followed by an explanation of reasons underlying the assessment.

**Table 17. P5-16 Assessment**

Measurement dimension	Scoring Method	Score 2022
P5-16. The extent to which withholding at source and advance payment systems are used.	M1	D

**There exists withholding at source arrangements for one core tax but no advance payment arrangements for all the core taxes.** LST, the main core tax head is withheld by employers and remitted to WDLG. However, there are no advance payment systems for any taxes.

### **P5-17: Timeliness of payments**

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, the most important tax (T1) payment performance is used as a proxy for on-time payment performance of core taxes generally. A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts. Assessed scores are shown in Table 18 followed by an explanation of reasons underlying the assessment.

**Table 18. P5-17 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P5-17-1. The number of payments for Local Service Tax made by the statutory due date in percent of the total number of payments due.	M1	D	D
P5-17-2. The value of payments for Local Service Tax made by the statutory due date in percent of the total value of T1 payments due.		D	

**The timelines of payments cannot be determined due to lack of data.** Due to the manual process of collection of the LST, the assessment team was unable to assess the payments made on-time.

### **P5-18: Stock and flow of tax arrears**

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions are used to gauge the size of the administration's tax arrears inventory: (1) the ratio of end-year tax arrears to the denominator of annual tax collections; and (2) the more refined ratio of end-year 'collectible tax arrears' to annual collections.<sup>1</sup> A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor

<sup>1</sup> For purposes of this ratio, 'collectible' tax arrears is defined as total domestic tax arrears excluding: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older). Assessed scores are shown in Table 19 followed by an explanation of reasons underlying the assessment.

**Table 19. P5-18 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P5-18-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D
P5-18-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-18-3. The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears.		D	

**The management of tax arrears cannot be assessed due to the unavailability of data.** WDLG is only able to establish tax arrears for Property Taxes. For the other core taxes, the value of the tax arrears is not known.

## **POA 6: Accurate Reporting in Declarations**

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

If well designed and managed, tax audit programs can have a far wider impact than simply raising additional revenue from discrepancies detected by tax audits. Detecting and penalizing serious offenders serve to remind all taxpayers of the consequences of inaccurate reporting.

Also prominent in modern tax administration is high-volume automated cross checking of amounts reported in tax declarations with third-party information. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using technology to screen large numbers of taxpayer records to detect discrepancies and encourage correct reporting.

Proactive initiatives also play an important role in addressing risks of inaccurate reporting. These include adoption of cooperative compliance approaches to build collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or



before a transaction is actually entered into. A system of binding tax rulings can play an important role here.

Finally, on the issue of monitoring the extent of inaccurate reporting across the taxpayer population generally, a variety of approaches are being used, including: use of tax compliance gap estimating models, both for direct and indirect taxes; advanced analytics using large data sets (e.g., predictive models, clustering techniques, and scoring models) to determine the likelihood of taxpayers making full and accurate disclosures of income; and surveys to monitor taxpayer attitudes towards accurate reporting of income.

Against this background, four performance indicators are used to assess POA 6:

- P6-19—Scope of verification actions taken to detect and deter inaccurate reporting.
- P6-20—Use of large-scale data-matching systems to detect inaccurate reporting.
- P6-21—Initiatives undertaken to encourage accurate reporting.
- P6-22—Monitoring the tax gap to assess inaccuracy of reporting levels.

#### **P6-19: Scope of verification actions taken to detect and deter inaccurate reporting**

For this indicator, four measurement dimensions provide an indication of the nature and scope of the tax administration's verification program. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

**Table 20. P6-19 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P6-19-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M1	D	D
P6-19-2. The extent to which the audit program is systematized around uniform practices.		D	
P6-19-3. The degree to which the quality of taxpayer audits is monitored.		D	
P6-19-4. The degree to which the tax administration monitors the effectiveness of the taxpayer audit function.		D	

**The tax administration has an insufficient tax audit program with limited coverage and approaches to detect and deter inaccurate reporting.** The tax administration's audit program covers all core taxes, run ad hoc taxpayer segments and economic sectors. Both direct and indirect methods are used in carrying out audits. However, the audit program does not cover key taxpayer segments, and audit case selection is decentralized. WDLG does not routinely evaluate the impact of audits on levels of taxpayer compliance.

**WDLG utilizes the Local Governments Financial and Accounting Regulations audit manual, although systematized around uniform practices, provides limited guidance to auditors.** The audit manual is neither customized to the specific audits for WDLG nor is it regularly updated. It does not provide guidelines to auditors on some of the following key processes, creation taxpayer profiles, informing taxpayers about dispute resolution rights and procedures, preparation of an audit case plan, examination the records of taxpayers and determine any changes to the scope or periods covered by the audit, amongst others. Coupled to this, the tax administration does not have special audit manuals for any of the major economic sectors.

**The quality of the taxpayer audits at WDLG is not monitored efficiently by its senior management team.** The District Public Accounting Committee (DPAC), a sub-committee to the Parliamentary Accounting Committee (PAC) is the designated committee in place that monitors the general audit quality of the WDLG including taxpayer audits, ensure adherence to the documented audit procedures and that findings are acted upon. The committee comprises the chairman of the district, or the mayor and selected members of the public who are heads of audit firms that regularly meet. The DPAC generates reports with recommendations for the improvement of the audit program. This committee however uses experience as they review the quality of the audit program with no documented checklist.

**The key performance measures (KPM) of the audit function that the Principal Internal Auditor (PIA) monitors are insufficient.** The PIA assesses the effectiveness of the taxpayer audit function through quarterly performance reports that include narrative and quantitative analysis on compliance trends and anomalies revealed through audit results and the time taken to complete audits. However, WDLG does not monitor the following KPM: (i) audit outputs-assessments versus collections, (ii) the percent of audit closures without adjustments, c) the percent of audit closures where additional tax is payable, (iii) average and/or median audit yield from settled audit cases (includes positive, nil and reduced assessment cases), (iv) the rate of audit adjustments accepted without objection or appeal. No surveys are conducted to audited taxpayers to review the professionalism and competence in the performance of audits. The only KPMs, the tax administration monitor, includes the following: audit output assessment, inputs and time used for each type of audit, the percentage of audit closures without adjustments, and the average elapsed time for cases where no additional tax is due.

#### **P6-20: Use of large-scale data-matching systems to detect inaccurate reporting.**

For this indicator, one measurement dimension provides an indication of the extent to which the tax administration leverages technology to screen large numbers of taxpayer records against third-party information to detect discrepancies and encourage correct reporting. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

**Table 21. P6-20 Assessment**

Measurement dimension	Scoring Method	Score 2022
P6-20. The extent of large-scale automated cross checking to verify information reported in tax declarations.	M1	D

**WDLG does not use large-scale automated cross-matching to detect inaccurate reporting.** Utilization of large-scale automated cross checking of third party and internal information (i.e., other tax declarations) to verify information reported in tax declaration is not in place.

#### **P6-21: Initiatives undertaken to encourage accurate reporting**

This indicator assesses the nature and scope of cooperative compliance and other proactive initiatives undertaken to encourage accurate reporting. Assessed scores are shown in Table 22 followed by an explanation of reasons underlying the assessment.

**Table 22. P6-21 Assessment**

Measurement dimension	Scoring Method	Score 2022
P6-21. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	<b>M1</b>	<b>D</b>

**Initiatives to encourage accurate reporting are not in place.** There is no system of public and private binding rulings. Coupled with this, WDLG does not have any cooperative compliance arrangements with qualifying taxpayers.

#### **P6-22: Monitoring the tax gap to assess inaccuracy of reporting levels**

This indicator examines the soundness of methods used by the tax administration to monitor the extent of inaccurate reporting in declarations. The assessed score is shown in Table 23 followed by an explanation of reasons underlying the assessment.

**Table 23. P6-22 Assessment**

Measurement dimensions	Scoring Method	Score 2022
P6-22. The soundness of tax gap analysis method/s used by the tax administration to monitor the extent of inaccurate reporting.	<b>M1</b>	<b>D</b>

**WDLG does not monitor the tax gap to assess and monitor inaccurate reporting.** The tax administration does not use any methodologies to assess and monitor inaccuracies in reporting. Consequently, there are no credibility tests as the tax gap is not undertaken, and no results can be used to design interventions to improve accuracy in reporting.

### **POA 7: Effective Tax Dispute Resolution**

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be known and understood by

taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

- P7-23—Existence of an independent, workable, and graduated dispute resolution process.
- P7-24—Time taken to resolve disputes.
- P7-25—Degree to which dispute outcomes are acted upon.

### **P7-23: Existence of an independent, workable, and graduated resolution process**

For this indicator three measurement dimensions assess: (1) the extent to which a dispute may be escalated to an independent external tribunal or court where a taxpayer is dissatisfied with the result of the tax administration's review process; (2) the extent to which the tax administration's review process is truly independent; and (3) the extent to which taxpayers are informed of their rights and avenues of review. Assessed scores are shown in Table 24 followed by an explanation of reasons underlying the assessment.

**Table 24. P7-23 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P7-23-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	D	D
P7-23-2. Whether the administrative review mechanism is independent of the audit process.		D	
P7-23-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		D	

**A tiered review system is in place but is rarely used.** Section 13 of the Local Governments (Amendment) Act<sup>2</sup> provides for a Tax Assessment Appeals Tribunal in every sub county or urban council.

At the district level, a taxpayer who is dissatisfied with an assessment may appeal, in writing, to the Tax Assessment Appeals Committee<sup>3</sup>, which will conduct a hearing and issue a decision, a similar independent committee<sup>4</sup> is present at the town council. Section 13 (5) of the Act allows the

<sup>2</sup> There shall be a tax assessment appeals tribunal in every sub county or urban council which shall be constituted in the manner prescribed by the Minister by statutory instrument.

<sup>3</sup> Committee headed by town clerk as secretary, chairperson Finance as chairperson and three other members appointed by the Council

<sup>4</sup> Committee has the Deputy Town Clerk as the head, Development Community Officer, Ward Agent, Senior Vet Officer as members.

taxpayer to appeal to the Minister if aggrieved by the decision of the tax assessment appeals tribunal. In the case of Property Tax, the tax administrator writes to the Judiciary requesting for a magistrate who will hear property valuation disputes. Though the second and third stages of the tiered review are available, the taxpayers rarely use it<sup>5</sup>.

**WDLG Local Government does not have administrative review procedures.** The WDLG Local Government and the town councils have separate independent Tax Assessment Appeals tribunal committees where a revenue officer is an ex-official member with no voting rights. However, there are no documented administrative review procedures.

**WDLG does not provide nor publish the dispute process.** Information on the dispute process is availed only to the affected taxpayers. There is no information relating to the dispute process in demand notice assessment or published by WDLG on its website, newspapers or other media. Revenue officers are not required to explicitly inform taxpayers of their right to appeal and the associated dispute procedures.

#### **P7-24: Time taken to resolve disputes**

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

**Table 25. P7-24 Assessment**

Measurement dimensions	Scoring Method	Score 2022
P7-24. The time taken to complete administrative reviews.	M1	D

**WDLG does not monitor the time taken to complete administrative reviews.**

#### **P7-25: Degree to which dispute outcomes are acted upon**

This indicator looks at the extent to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure. The assessed score is shown in Table 25 followed by an explanation of reasons underlying the assessment.

**Table 26. P7-25 Assessment**

Measurement dimension	Scoring Method	Score 2022
P7-25. The extent to which the tax administration responds to dispute outcomes.	M1	D

<sup>5</sup> This is because of: (i) the information gap – taxpayers are not aware of their right to appeal and dispute processes and (ii) several disputes are settled out of court

**WDLG does not monitor or analyze dispute outcomes.** There was no evidence of analysis of dispute outcomes in the formulation and adjustment of policy, legislation, or administrative procedures.

## POA 8: Efficient Revenue Management

This POA focuses on three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising the government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)<sup>6</sup>
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-26—Contribution to government tax revenue forecasting process.
- P8-27—Adequacy of the tax revenue accounting system.
- P8-28—Adequacy of tax refund processing.

### P8-26: Contribution to government tax revenue forecasting process

This indicator assesses the extent of tax administration input to government tax revenue forecasting and estimating. The assessed score is shown in Table 26 followed by an explanation of reasons underlying the assessment.

**Table 27. P8-26 Assessment**

Measurement dimensions	Scoring Method	Score 2022
P8-26. The extent of tax administration input to government tax revenue forecasting and estimating.	M1	C

<sup>6</sup> It is common for Ministries of Finance to review budget revenue forecasts and related tax collection targets during the fiscal year (particularly mid-year) to take account of changes in forecasting assumptions, especially changes in the macroeconomic environment.

**WDLG provides input to the government budgeting process for tax revenue forecasting and estimation.** The CAO and the Planning technical staff are responsible for providing input to the Ministry of Finance for use in government tax revenue forecasting and estimation.

The District handles tax refunds in an ad hoc manner and on a case-by-case basis.

#### **P8-27: Adequacy of the tax revenue accounting system**

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 28 followed by an explanation of reasons underlying the assessment.

**Table 28. P8-27 Assessment**

Measurement dimension	Scoring Method	Score 2022
P8-27. Adequacy of the tax administration's revenue accounting system.	<b>M1</b>	<b>D</b>

**WDLG's accounting process is inadequate.** The tax administration does not have an automated accounting system but uses a manual revenue accounting process. It is therefore not interfaced with the Ministry of Finance accounting systems or various payment platforms to allow for seamless transfer of payment information made by taxpayers. The payment information is captured when the taxpayer submits the pay-in-slip. Also, the system does not have taxpayer ledgers that contain all the individual taxpayer's liabilities and related payments. Coupled to this, taxpayers do not have access to their ledgers. The time taken to post payments to ledgers cannot be ascertained due to the manual process.

#### **P8-28: Adequacy of tax refund processing**

For this indicator, two measurement dimensions assess the tax administration's system of processing tax refund claims. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

**Table 29. P8-28 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P8-28-1. Adequacy of the tax refund system.	<b>M2</b>	<b>D</b>	<b>D</b>
P8-28-2. The time taken to pay (or offset) tax refunds.		<b>D</b>	

**Tax refund processing is conducted in an ad hoc manner and is not document in WDLG.** The district has deals with cases of overpayments on a case-by-case basis. In the case of overpayments,

the taxpayer does not receive any refunds however the amount is used to offset any future liabilities. These processes are not documented.

## POA 9: Accountability and Transparency

Accountability and transparency are central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, government, legislature, and the general public.

Four performance indicators are used to assess POA 9:

- P9-29—Internal assurance mechanisms.
- P9-30—External oversight of the tax administration.
- P9-31—Public perception of integrity.
- P9-32—Publication of activities, results, and plans.

### P9-29: Internal assurance mechanisms

For this indicator, two measurement dimensions assess the internal assurance mechanisms in place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 30 followed by an explanation of reasons underlying the assessment.

**Table 30. P9-29 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P9-29-1. Assurance provided by internal audit.	M2	D	D
P9-29-2. Staff integrity assurance mechanisms.		D	

**The assurance provided by the internal audit of the WDLG is insufficient.** The unit is headed by the Principal Internal Auditor<sup>7</sup>. The unit has an annual internal audit plan however it does not look at information systems audit. The district does not have a central repository of internal control policies, processes and procedures as well as IT system controls in place. The district relies on the centralized policies/regulations by the Ministry of Public Service and Ministry of Local Government. On an annual basis the internal auditors are trained.

<sup>7</sup> The Principal Internal Auditor reports to the CAO, Speaker of the Council, Chairperson of the district and the District Public Accounting Committee (DPAC).



**WDLG has an insufficient assurance mechanism in place.** The public service standing orders are used as the guide for professional conduct in the WDLG and staff are furnished with a copy at the time of appointment. They are also expected to sign an oath of secrecy. These are however not frequently communicated. The HR unit, which is responsible for the staff disciplinary matters, elevates disciplinary cases to the CAO that require his action. The CAO thereafter forwards cases to the District Police Commander for investigation and /or the Inspector General of Government where necessary. The report is however not publicized.

### **P9-30: External oversight of the tax administration**

Two measurement dimensions of this indicator assess: (1) the extent of independent external oversight of the tax administration's operations and financial performance; and (2) the investigation process for suspected wrongdoing and maladministration. Assessed scores are shown in Table 31 followed by an explanation of reasons underlying the assessment.

**Table 31. P9-30 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P9-30-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	A	C+
P9-30-2. The investigation process for suspected wrongdoing and maladministration.		D	

**The district has independent external oversight of its operations and financial performance by the Office of the Auditor General (OAG).** The annual program of operational performance audits by the OAG exists and the review findings are responded to by the tax administration. The OAG report for FY 2019/20, 2020/21 are publicly available in the OAG website.

**An investigation process for suspected wrongdoing and maladministration exists at WDLG and this is headed by the Inspector General of Government (IGG).** The IGG however does not routinely investigate complaints from taxpayers about the treatment they have received from WDLG. An anti-corruption unit exists under the Office of the President. However, there is neither evidence to show that it handles tax matters nor oversees the development of tax administration anti-corruption policies.

### **P9-31: Public perception of integrity**

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 32 followed by an explanation of reasons underlying the assessment.

**Table 32. P9-31 Assessment**

Measurement dimension	Scoring Method	Score 2022
P9-31. The mechanism for monitoring public confidence in the tax administration.	M1	D

**WDLG has not put in place a mechanism for monitoring public confidence and therefore no surveys have been done accordingly.**

#### **P9-32: Publication of activities, results, and plans**

Two measurement dimensions of this indicator assess the extent of: (1) public reporting of financial and operational performance; and (2) publication of future directions and plans. Assessed scores are shown in Table 33 followed by an explanation of reasons underlying the assessment.

**Table 33. P9-32 Assessment**

Measurement dimensions	Scoring Method	Score 2022	
P9-32-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	D	D
P9-32-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		D	

**The financial and operational performance of WDLG is made public through the district website.** It however does not exist on the Ministry of Finance Planning and Economic Development website although it has been listed as one of the documents that should be available. One however cannot tell when the document was uploaded on the website.

**The district has a five (5) year strategic plan of 2019/ 2020 – 2024/2025 that has been developed.** This is however not yet published since it was developed.

## Attachment I. TADAT Framework

### Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:

1. **Integrity of the registered taxpayer**

**base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.

2. **Effective risk management:**

Performance improves when risks to revenue and tax administration operations are identified and systematically managed.

3. **Supporting voluntary compliance:**

Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.

4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.

5. **On-time payment of taxes:** Non-payment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.

6. **Accurate reporting in declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities, and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.

7. **Effective Tax Dispute Resolution:** Independent, accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.

8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.



9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

### **Indicators and associated measurement dimensions**

A set of 32 high-level indicators critical to tax administration performance are linked to the performance outcome areas. It is these indicators that are scored and reported on. A total of 53 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and five measurement dimensions.

Repeated assessments will provide information on the extent to which a country's tax administration is improving.

### **Scoring methodology**

The assessment of indicators follows the same approach followed in the Public Expenditure and Financial Accountability (PEFA) diagnostic tool so as to aid comparability where both tools are used.

Each of TADAT's 53 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. Combining the scores for dimensions into an overall score for an indicator is done using one of two methods: Method 1 (M1) or Method 2 (M2). For both M1 and M2, the four-point 'ABCD' scale is used to score each dimension and indicator.

**Method M1** is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator).

**Method M2** is based on averaging the scores for individual dimensions of an indicator. It is used for selected multidimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator.

## Attachment II. [WDLG]: subnational entity Snapshot

<b>Geography</b>	<p>WDLG District is a district in the Central Region of Uganda that partly encircles Kampala, Uganda's capital city. The town of WDLG is the site of the district headquarters. Kira, the country's second-largest city and a suburb of Kampala, is in the district.</p> <p>WDLG District lies in the Central Region of the country, bordering with Nakaseke District and Luweero District to the north, Mukono District to the east, Kalangala District in Lake Victoria to the south, Mpigi District to the southwest and Mityana District to the northwest. [2] WDLG, where the district headquarters are located, lies approximately 20 kilometers (12 mi), by road, northwest of Kampala, the capital of Uganda and the largest city in the country.</p>
<b>Population</b>	1,997,418 million [2014]] census. (Source: UBOS)
<b>Adult literacy rate</b>	90.7 percent of persons aged 10 and over can read and write. (Source: e.g., UBOS)
<b>Gross Domestic Product</b>	2018 nominal GDP: \$4.3 Million. (Source: e.g., WDLG District Investment Profile)
<b>Per capita GDP</b>	US\$ 3,250. (Source: e.g., WDLG District Investment Profile)
<b>Main industries</b>	foods & beverages, cosmetics, confectionery, plastics, packaging materials, furniture and wood products, chemicals, paint and foam products.
<b>Communications</b>	<ul style="list-style-type: none"> <li>- Internet users per 100 people:24.6.</li> <li>- Mobile 'phone subscribers per 100 people: 69.8.</li> </ul> (Source: e.g., National Population and Housing Census 2014)
<b>Main taxes</b>	Property Tax, Local Service Tax and Trading License
<b>Tax-to-GDP</b>	The GDP figures available for the District are not up to date and can therefore not be used.
<b>Number of taxpayers</b>	FY (2021) Local Service Tax (T1) 1,651,719, Property Taxes (T2) 413,892, Trading License (T3) 1,3181,193
<b>Main collection agency</b>	Finance Department
<b>Number of staff in the main collection agency</b>	49
<b>Financial Year</b>	2021/2022

## Attachment III. Data Tables

### A. Tax Revenue Collections

**Table 1. Tax Revenue Collections,** [insert 3 most recent complete fiscal years, e.g., <sup>1</sup>

	[2018/19]	[2019/20]	[2020/21]
<b>In local currency</b>			
<b>Budgeted tax revenue forecast of subnational entity<sup>2</sup></b>	1,866,456	12,123,414	13,395,518
<b>Total tax revenue collections</b>	2,140,042	10,516,530	8,521,563
Main source of tax revenue T1 – Local Service Tax	742,347	1,779,067	1,651,719
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	204,337	1,712,486	413,892
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	123,028	2,096,663	1,381,193
Other sub-national taxes	1,070,330	4,928,315	5,074,759
	1,866,456	12,123,414	13,395,518
Tax refunds	( )	( )	( )
<b>In percent of total tax revenue collections</b>			
<b>Budgeted tax revenue forecast of subnational entity<sup>2</sup></b>	100.0	100.0	100.0
<b>Total tax revenue collections</b>			
Main source of tax revenue T1 – Local Service Tax	35	17	19
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	6	20	16
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	10	16	5
Other sub-national taxes	50	47	60
Tax refunds	( )	( )	( )
<b>In percent of GDP (Wakiso District GDP values were not up to date and could therefore not be used)</b>			
<b>Budgeted tax revenue forecast of subnational entity<sup>2</sup></b>	-	-	-
<b>Total tax revenue collections</b>	-	-	-
Main source of tax revenue T1 – Local Service Tax	-	-	-
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	-	-	-
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	-	-	-
Other sub-national taxes	-	-	-
Tax refunds	( )	( )	( )
Nominal GDP in local currency			

#### Explanatory notes:

<sup>1</sup> This table gathers data for three fiscal years (e.g. 2016-18) in respect of all subnational tax revenues collected by the tax administration.

<sup>2</sup> This forecast is normally set by the Ministry of Finance (or equivalent) with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table. The final budgeted forecast, as adjusted through any mid-year review process, should be used.

<sup>3</sup> 'Other subnational taxes collected by the tax administration may include variety of local taxes, levies, duties, or charges but individually do not represent a main source of revenue.

## B. Movements in the Taxpayer Register

**Table 2. Movements in the Taxpayer Register**, [insert 3 most recent complete fiscal years, e.g., 2018-21]

(Ref: POA1)

	Registered taxpayers¹ [A]	Taxpayers otherwise not required to file² [B]	Taxpayers Expected to File [C] = [(A) – (B)]³	Memorandum items⁴ [D]	
				New Registrations [D1]	Taxpayers deregistered during year [D2]
[2018/19]					
Main source of tax revenue T1 – Local Service Tax	-	-	-	-	
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	-	-	-	-	
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	-	-	-	-	
Other taxpayers	-	-	-	-	
[2019/20]					
Main source of tax revenue T1 – Local Service Tax	-	-	-	-	
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	-	-	-	-	
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	-	-	-	-	
Other taxpayers	-	-	-	-	
[2020/21]					
Main source of tax revenue T1 – Local Service Tax	16,425	-	-	-	
2 <sup>nd</sup> main source of tax revenue T2 – Property Tax	25,948	-	-	-	
3 <sup>rd</sup> main source of tax revenue T3 – Trading License	31,318	-	-	-	
Other taxpayers	62,671	-	-	-	
	136, 362				

**Explanatory Notes:**

<sup>1</sup> A registered taxpayer who is in the tax administration's taxpayer database. For any core tax that does not require formal registration this figure will represent the number of taxpayers who were subject to the tax. Such taxes may also not have an associated filing obligation so figures for columns B, C and D may not be relevant.

<sup>2</sup> Taxpayers not required to file declarations' means taxpayers who are registered but are currently not required to file by law or regulation and are explicitly flagged in the automated tax administration system.

<sup>3</sup> Expected filing calculations to be used in Indicator P4-12.

<sup>4</sup> Taxpayer register activity information.

## C. Telephone Enquiries

(Ref: POA 3)

Table 3. Telephone Enquiry Call Waiting Time (for the most recent 12-month period)			
Month	Total number of telephone enquiry calls received	Telephone enquiry calls answered within 6 minutes' waiting time	
		Number	In percent of total calls
January, 2021	-	-	-
February, 2021	-	-	-
March, 2021	-	-	-
April, 2021	-	-	-
May, 2021	-	-	-
June, 2021	-	-	-
July, 2021	-	-	-
August, 2021	-	-	-
September, 2021	-	-	-
October, 2021	-	-	-
November, 2021	-	-	-
December, 2021	-	-	-
12-month total	-	-	-

## D. Filing of Tax Declarations

(Ref: POA 4)

Table 4. On-time Filing of Local Service Tax Declarations for [insert most recently completed year, e.g., 2018]			
	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
All taxpayers	-	-	-
Large taxpayers only	-	-	-
<p><b>Explanatory notes:</b></p> <p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of T1 declarations that the tax administration expected to receive from registered T1 taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p> $\frac{\text{Number of T1 declarations filed by the due date}}{\text{Number of declarations expected from active T1 taxpayers}} \times 100$			



**Table 5. On-time Filing of Property Taxes Declarations for** [insert most recently completed year, e.g., 2018]

Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
-	-	-

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of T2 declarations that the tax administration expected to receive from registered T2 taxpayers that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of T2 declarations filed by the due date}}{\text{Number of T2 declarations expected from active T2 taxpayers}} \times 100$$

**Table 6. On-time Filing of Trading License Declarations—All taxpayers**  
(for the most recent 12-month period)

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
January, 2021	-	-	-
February, 2021	-	-	-
March, 2021	-	-	-
April, 2021	-	-	-
May, 2021	-	-	-
June, 2021	-	-	-
July, 2021	-	-	-
August, 2021	-	-	-
September, 2021	-	-	-
October, 2021	-	-	-
November, 2021	-	-	-
December, 2021	-	-	-
<b>12-month total</b>	-	-	-

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of T3 declarations that the tax administration expected to receive from registered T3 taxpayers that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of T3 declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered T3 taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of T3 tax declarations filed by the due date}}{\text{Number of T3 declarations expected from active T3 taxpayers}} \times 100$$

**Table 7. On-time Filing of Core Tax with Monthly or Quarterly Filing Requirement —Large taxpayers only**  
(for the most recent 12-month period)

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
January, 2021	-	-	-
February, 2021	-	-	-
March, 2021	-	-	-
April, 2021	-	-	-
May, 2021	-	-	-
June, 2021	-	-	-
July, 2021	-	-	-
August, 2021	-	-	-
September, 2021	-	-	-
October, 2021	-	-	-
November, 2021	-	-	-
December, 2021	-	-	-
	-	-	-
<b>12-month total</b>	-	-	-

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of core tax declarations that the tax administration expected to receive from large taxpayers that were required by law to file core tax declarations.

<sup>3</sup> The 'on-time filing rate' is the number of core tax declarations filed by large taxpayers by the statutory due date as a percentage of the total number of core tax declarations expected from large taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of tax declarations filed by the due date by large taxpayers}}{\text{Number of tax declarations expected from active large taxpayers}} \times 100$$

## E. Electronic Services

(Ref: POAs 4 and 5)

Table 8. Use of Electronic Services, [insert 3 most recent complete fiscal years, e.g., 2018-21] <sup>1</sup>			
	[2018/19]	[2019/20]	[2020/21]
	<b>Electronic filing<sup>2</sup></b> (In percent of all declarations filed for each tax type)		
1st main source of tax revenue T1 (Local Service Tax)	-	-	-
2nd main source of tax revenue T2 (Property Tax)	-	-	-
3rd main source of tax revenue T3 (Trading License)	-	-	-
	<b>Electronic payments<sup>3</sup></b> (In percent of total <b>number</b> of payments received for each tax type)		
1st main source of tax revenue T1 (Local Service Tax)	-	-	-
2nd main source of tax revenue T2 (Property Tax)	-	-	-
3rd main source of tax revenue T3 (Trading License)	-	-	-
	<b>Electronic payments</b> (In percent of total <b>value</b> of payments received for each tax type)		
1st main source of tax revenue T1 (Local Service Tax)	-	-	-
2nd main source of tax revenue T2 (Property Tax)	-	-	-
3rd main source of tax revenue T3 (Trading License)	-	-	-

**Explanatory notes:**

<sup>1</sup> Data in this table will provide an indicator of the extent to which the tax administration is using modern technology to transform operations, namely in areas of filing and payment.

<sup>2</sup> For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.

<sup>3</sup> An electronic payment is a payment made from one bank account to another via electronic means without the direct intervention of bank staff instead of using cash or check, in person or by mail. Methods of electronic payment include credit cards, debit cards, and electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Treasury account). Electronic payments may be made, for example, by mobile telephone where technology is used to turn mobile phones into an Internet terminal from which payments can be made.

## F. Payments

(Ref: POA 5)

**Table 9. Total Main Core Tax T1 Payments Made During** [insert most recent completed fiscal year, e.g., **2018**]

	Main core tax payments made on-time <sup>1</sup>		Main core tax payments due <sup>2</sup>		On-time payment rate <sup>3</sup> (In percent)	
	All taxpayers	Large taxpayers	All taxpayers	Large taxpayers	All taxpayers	Large taxpayers
Number of payments	-	-	-	-	-	-
Value of payments	-	-	-	-	-	-

### **Explanatory notes:**

<sup>1</sup> 'On-time' payment means paid on or before the statutory due date for payment (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit).

<sup>3</sup> The 'on-time payment rate' is the number (or value) of T1 payments made by the statutory due date in percent of the total number (or value) of T1 payments due, i.e. expressed as ratios:

- The on-time payment rate by number is:  $\frac{\text{Number of T1 payments made by the due date}}{\text{Total number of T1 payments due}} \times 100$
- The on-time payment rate by value is:  $\frac{\text{Value of T1 payments made by the due date}}{\text{Total value of T1 payments due}} \times 100$

## G. Domestic Tax Arrears

(Ref: POA 5)

Table 10. Value of Tax Arrears, [insert 3 most recent complete fiscal years (FY), e.g., 2018-21] <sup>1</sup>			
	[2018/19]	[2019/20]	[2020/21]
In local currency			
Total core tax revenue collections (from Table 1) <b>(A)</b>	-	-	-
Total core tax arrears at end of fiscal year <sup>2</sup> <b>(B)</b>	-	-	-
Of which: Collectible <sup>3</sup> <b>(C)</b>	-	-	-
Of which: More than 12 months' old <b>(D)</b>	-	-	-
In percent			
Ratio of (B) to (A) <sup>4</sup>	-	-	-
Ratio of (C) to (A) <sup>5</sup>	-	-	-
Ratio of (D) to (B) <sup>6</sup>	-	-	-
<p><b>Explanatory notes:</b></p> <p><sup>1</sup> Data in this table will be used in assessing the value of core tax arrears relative to annual collections and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).</p> <p><sup>2</sup> For purposes of this Table, total core tax revenue collections includes only T1, T2, and T3.</p> <p><sup>3</sup> 'Collectible' core tax arrears is defined as the total amount of tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible core tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).</p> <p><sup>4</sup> i.e. <math>\frac{\text{Value of total core tax arrears at end of fiscal year (B)}}{\text{Total core tax collected for fiscal year (A)}} \times 100</math></p> <p><sup>5</sup> i.e. <math>\frac{\text{Value of collectible core tax arrears at end of fiscal year (C)}}{\text{Total core tax collected for fiscal year (A)}} \times 100</math></p> <p><sup>6</sup> i.e. <math>\frac{\text{Value of core tax arrears &gt;12 months' old at end of year (D)}}{\text{Value of total core tax arrears at end of fiscal year (B)}} \times 100</math></p>			

## H. Tax Dispute Resolution

(Ref: POA 7)

**Table 11. Finalization of Administrative Reviews**  
(for the most recent 12-month period)

Month	Number of administrative review cases				Finalized within 30 days		Finalized within 60 days		Finalized within 90 days	
	Stock at beginning of month [A]	Received during the month [B]	Finalized during the month [C]	Stock at end of month [D] = [A + B - C]	Number [E]	In percent of total [F] = [E/D]	Number [G]	In percent of total [H] = [G/F]	Number [I]	In percent of total [J] = [I/D]
January, 2021	-	-	-	-	-	-	-	-	-	-
February, 2021	-	-	-	-	-	-	-	-	-	-
March, 2021	-	-	-	-	-	-	-	-	-	-
April, 2021	-	-	-	-	-	-	-	-	-	-
May, 2021	-	-	-	-	-	-	-	-	-	-
June, 2021	-	-	-	-	-	-	-	-	-	-
July, 2021	-	-	-	-	-	-	-	-	-	-
August, 2021	-	-	-	-	-	-	-	-	-	-
September, 2021	-	-	-	-	-	-	-	-	-	-
October, 2021	-	-	-	-	-	-	-	-	-	-
November, 2021	-	-	-	-	-	-	-	-	-	-
December, 2021	-	-	-	-	-	-	-	-	-	-
<b>12-month total</b>										

## I. Payment of Tax Refunds

(Ref: POA 8)

**Table 12. Tax Refunds**  
(for the most recent 12-month period)

	Number of cases	Value in local currency
Total core tax refund claims received <b>(A)</b>	-	-
Total core tax refunds paid <sup>1</sup>	-	-
Of which: paid within 30 days <b>(B)</b> <sup>2</sup>	-	-
Of which: paid outside 30 days	-	-
Total core tax refund claims declined <sup>3</sup>	-	-
Of which: declined within 30 days <b>(C)</b>	-	-
Of which: declined outside 30 days	-	-
Total core tax refund claims not processed <sup>4</sup>	-	-
Of which: no decision taken to decline refund	-	-
Of which: approved but not yet paid or offset	-	-
In percent		
Ratio of (B+C) to (A) <sup>5</sup>		

**Explanatory note:**

<sup>1</sup> Include all refunds paid, as well as refunds offset against other tax liabilities.

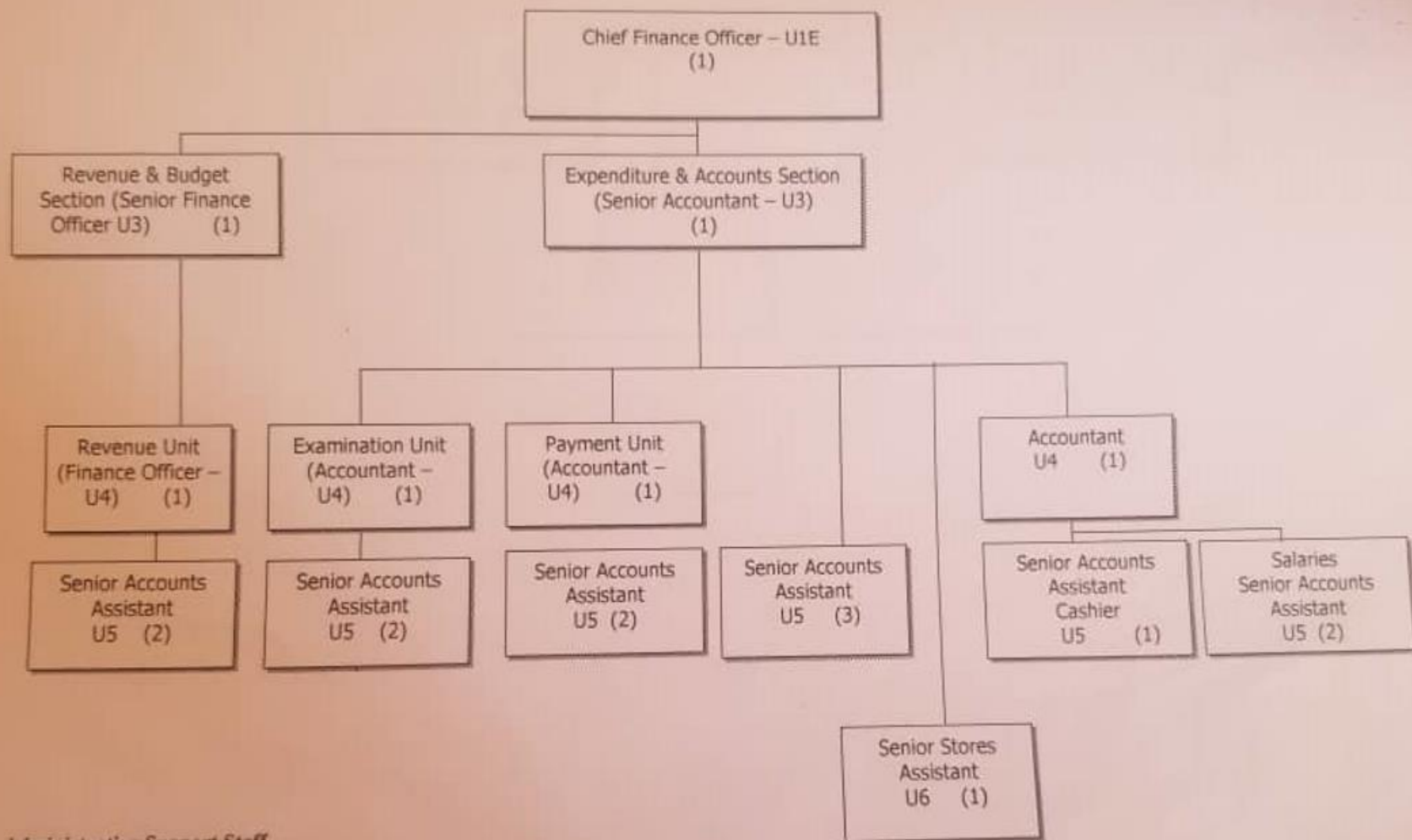
<sup>2</sup> TADAT measures performance against a 30-day standard.

<sup>3</sup> Include cases where a formal decision has been taken to decline (refuse) the taxpayer's claim for refund (e.g., where the legal requirements for refund have not been met).

<sup>4</sup> Include all cases where refund processing is incomplete—i.e. where (a) the formal decision has not been taken to decline the refund claim; or (b) the refund has been approved but not paid or offset.

<sup>5</sup> i.e.  $\frac{\text{Tax refunds paid within 30 days (B)} + \text{tax refunds declined within 30 days (C)}}{\text{Total tax refund claims received (A)}} \times 100$

## Attachment IV. Organizational Chart



### Administrative Support Staff

Stenographer Secretary	U5	1
Office Attendant	U8	1
Driver	U8	1



## Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> <li>E1-local government rating Act 2005</li> <li>E2-Local-Governments-Amendment-No.-2-Act-No.-8-of-2008(LST act)E3 Trading License ACT Uganda</li> <li>E3-Trading License Act Uganda</li> <li>E8 Local Governments(Financial and Accounting)Regulations2007</li> <li>General Tax Assessment Form (including Trading License)</li> <li>Demand Notice for Property Tax</li> <li>E15 Organization Structure</li> <li>E8-WDLG Charging Policy FY 21-22 i.e. accounting policy</li> </ul>
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> <li>E16 Technical Planning Committee minutes</li> <li>E9 minutes of the District revenue mobilization committee meeting of 13th August 2021</li> </ul>
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> <li>E7 Wakiso District draft risk management policy</li> <li>E15 Organization Structure</li> </ul>
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> <li>Discussions with WDLG officials</li> </ul>
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> <li>Discussions with WDLG officials.</li> </ul>
P2-6. Management of operational (i.e. systems and processes) risks.	<ul style="list-style-type: none"> <li>E17 Wakiso 3rd Final Draft DDPIII 2021-2025_ Reviewed strategic Plan</li> <li>E10 Audited Wakiso final accounts 18-19 2</li> <li>E10 Audited Wakiso financial report FY 20-21</li> <li>E10 Wakiso audited accounts 19-20</li> </ul>
P2-7. Management of human capital risks.	<ul style="list-style-type: none"> <li>E18 Standing Orders</li> <li>E19 Local Government Job Description</li> </ul>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>E15 Organization Structure</li> </ul>
P3-8. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> <li>E5 Local Revenue Enhancement Plan 2021-2022</li> </ul>
P3-9. Time taken to respond to information requests.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P3-11. Obtaining taxpayer feedback on products and services.	<ul style="list-style-type: none"> <li>E20 WAKISO budget Conference report</li> </ul>
P4-12. On-time filing rate.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P4-13 Management of non-filers.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P4-14. Use of electronic filing facilities.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P5-15. Use of electronic payment methods.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P5-16. Use of efficient collection systems.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P5-17. Timeliness of payments.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P5-18. Stock and flow of tax arrears.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P6-21. Initiatives undertaken to encourage accurate reporting.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	<ul style="list-style-type: none"> <li>Not provided</li> </ul>
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	<ul style="list-style-type: none"> <li></li> </ul>
P7-24. Time taken to resolve disputes.	<ul style="list-style-type: none"> <li></li> </ul>
P7-25. Degree to which dispute outcomes are acted upon.	<ul style="list-style-type: none"> <li></li> </ul>
P8-26. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> <li>Audited Final Financial Accounts for FY 2018/19, 2019/20 &amp; 2020/21</li> <li>Report of the Auditor General FY 2019/20</li> </ul>

Indicators	Sources of Evidence
P8-27. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> <li>•</li> </ul>
P8-28. Adequacy of tax refund processing.	<ul style="list-style-type: none"> <li>•</li> </ul>
P9-29. Internal assurance mechanisms.	<ul style="list-style-type: none"> <li>• Audit Manual</li> </ul>
P9-30. External oversight of the tax administration.	<ul style="list-style-type: none"> <li>• Litigation against Wakiso District</li> <li>• Management letter with Operational issues from the financial statement FY 2020/21</li> <li>• Report of the Auditor General FY 2019/20</li> <li>• <a href="http://www.oag.go.ug">http://www.oag.go.ug</a></li> <li>• <a href="http://www.oag.go.ug/wp-content/uploads/2022/02/Consolidated-Auditor-Generals-Report-FY-2021_signed_compressed.pdf">http://www.oag.go.ug/wp-content/uploads/2022/02/Consolidated-Auditor-Generals-Report-FY-2021_signed_compressed.pdf</a></li> </ul>
P9-31. Public perception of integrity.	<ul style="list-style-type: none"> <li>• ...</li> </ul>
P9-32. Publication of activities, results and plans.	<ul style="list-style-type: none"> <li>• ...</li> </ul>

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<http://www.TADAT.org> • [secretariat@tadat.org](mailto:secretariat@tadat.org) • +1.202.623.0429