

TAX REFORMS AND DOMESTIC REVENUE MOBILIZATION: A CASE STUDY OF UGANDA REVENUE AUTHORITY KABALE BRANCH.

BY

**NIWAMANYA HILLARY
16/A/MBA/113/W**

ABSTRACT

This study was conducted on tax reforms and domestic revenue mobilization using a case study of Uganda Revenue Authority, Kabale Office. For the study, 103 respondents were involved to provide relevant data. The study was carried out under the objectives; to assess different tax reforms established by URA, to find out the impact of tax reforms on domestic revenue mobilization and to establish the challenges faced by tax authorities during domestic revenue mobilization in URA. Despite the failure of the tax reforms to contribute to effective domestic revenue mobilization in Uganda, there is incontrovertible evidence that tax reforms can contribute to domestic revenue mobilization. The study was carried out using both quantitative and qualitative methods. Questionnaires and interviews were used to collect the data. The findings of the study from 83% of the respondents revealed that there were different tax reforms established by Uganda Revenue Authority. These tax reforms included; income tax reform, reduction of import duty, simplifying the structure of domestic taxes and administrative reforms. Study findings from 87% of the total respondents found out that the impacts of tax reforms on domestic revenue mobilization include that; tax reforms assists in the stabilization of the economy, tax reforms help in raising revenue to finance government expenditure, an efficient tax system is critical to promote investment and long-term growth and to increase employment and that corporate and personal income taxes create distortion. It was found out from 82% of the respondents that the challenges faced by tax authorities during domestic revenue mobilization in URA include; taxpayer compliance burden, lack of adequate resources to sustain and facilitate the operation of tax authorities, lack of modern technology, high levels of illiteracy and the problem of tax evasion and default. The study recommended that government efforts should be directed towards improving tax collection and reducing corruption, improving welfare through employment generation and other poverty reduction strategies. Action needs to be undertaken to support the economy and revenue authorities in tax policy, administration, and reforms including the fight against tax evasion and other illicit practices. Supporting existing regional tax administration frameworks with a particular emphasis on supporting demand driven reforms and enhanced donors coordination.