



THE REPUBLIC OF UGANDA
SEMBABULE DISTRICT LOCAL GOVERNMENT
OFFICE OF THE DISTRICT REVENUE OFFICER
P.O. BOX 1388, MASAKA

11th July, 2016

The Chief Administrative Officer
Sembabule District

Thru: Chief Finance Officer
Sembabule District

RE: LOCAL REVENUE MIDTERM PERFORMANCE 2016/2017 JULY-DECEMBER 2016

1.0 **Background;** Reference is made from local revenue Advert dated 24th March 2016 inviting service providers to offer revenue collection services through tendering come July 2016/2017 see (**annex 1**).

However, other revenue sources that did not appear in the same advert (notice) contain other collection modalities and methods through direct deduction on employee salaries (LST), direct receipting on business owners by Government employees (Business licenses), cash receiving from land fees, other fees and charges at all authorized collection points of sub-county/District cash offices, direct banking of non-refundable fees by intending service providers among others.

2.0 **Revenues:**

These include details of tendered sources with subsequent statutory sharing percentages, un tendered and un tapped revenues for the period in question where collection methods, strategies and areas will differ.

2:1.0 Tendered revenues

No	Revenue source	Collection Area	Target	Actual
1	Livestock markets	Lwemiyaga	17,629,000	17,629,000
		Ntuusi	27,000,000	35,000,000
		Lugusuulu	27,984,534	31,500,000
		Mijwala	2,100,000	2,100,000
		Lwebitakuli	6,000,000	6,000,000
2	Goods markets	Lwemiyaga	3,000,000	3,050,000
		Ntuusi	1,250,000	1,250,000
		Lugusuulu	300,000	-
		Mijwala	720,000	730,000
		Lwebitakuli	900,000	900,000
		Mateete S/C	60,000	60,000
		Mateete T/C	1,800,000	1,800,000

3	Daily Markets	Mateete T/C	720,000	720,000
		Sembabule T/C	2,250,000	1,500,000
4	Milk coolers	Lugusuulu	3,000,000	3,000,000
		Kitahira	3,000,000	3,210,000
		Kyamenya	3,000,000	3,300,000
		Ntuusi	3,000,000	3,048,000
		Lwebitakuli	-	-
5	Meat stalls	Mateete	140,000	140,000
		Lwemiyaga	300,000	350,000
		Mijwala	780,000	-
		Ntuusi	180,000	-
		Lugusuulu	300,000	-
		Lwebitakuli	360,000	360,000
6	Sand quarrying	Lwemiyaga	300,000	300,000
		Mijwala	600,000	-
7	Taxi park	Sembabule T/C	5,400,000	5,400,000
		Mateete T/C	3,127,200	3,127,000
		Lwebitakuli	360,000	360,000
		Ntuusi	180,000	-
	Sub total		115,740,734	124,834,000

2:1.1 Revenue sharing:

N o	Sub-county	Source	Actual a	18% vat b	Sharable a/m c=a-b	d=35% c	e=65% c
1	Lwemiyaga	Trading license	2,526,000	(386,848)			
		Livestock mkts	17,629,000	2,689,170			
		Goods mkts	3,000,000	457,627			
		Meat stalls	350,000	53,390			
		Sub-total	23,515,000	3,200,187	20,314,813	7,110,185	13,204,628
2	Ntuusi	Trading license	3,068,000	(468,000)			
		Livestock mkts	35,060,000	5,348,137			
		Goods mkts	1,250,000	190,678			
		Milk cooler	3,048,000	464,949			
		Sub-total	42,426,000	6,003,764	36,954,236	12,747,783	24,206,453
3	Lugusuulu	Trading license	80,000	(12,203)			
		Livestock	31,500,000	4,805,086			

		mkts					
		Goods mkts	-	-			
		Milk cooler -Kitahira	3,210,000	489,661			
		-Lugusuulu	3,000,000	457,627			
		-Kyamenya	3,300,000	503,390			
		Sub-total	41,090,000	6,255,764	34,834,236	12,191,983	22,642,253
4	Mijwala	Trading license	1,500,500	(228,890)			
		Livestock mkts	2,100,000	320,339			
		Goods mkts	730,000	111,356			
		Sub-total	4,330,500	431,694	3,898,806	1,364,582	2,534,224
5	Lwebitakuli	Trading license	1,264,000	(192,814)			
		Livestock mkts	6,000,000	915,254			
		Goods mkts	900,000	137,288			
		Meatstall s	360,000	54,915			
		Taxi park	360,000	54,915			
		Sub-total	8,884,000	1,162,949	7,721,628	2,702,570	5,019,058
6	Mateete	Trading license	2,200,000	(335,593)			
		Goods Mkts	60,000	9153			
		Meat stalls	140,000	21,356			
		Sub-total	2,400,000	30,509	2,369,491	829,322	1,540,169
	Total		122,645,500	17,084,867	106,093,210	36,946,425	69,146,785

2:1.2 Total tax liability/obligation

No	Sub-county	Tax	Deductions	Net payable to URA
1	Lwemiyaga	3,587,035	386,848	3,200,187
2	Ntuusi	6,471,764	468,000	6,003,764
3	Lugusuulu	6,267,967	12,203	6,255,764
4	Mijwala	660,584	228,890	431,694
5	Lwebitakuli	1,355,186	192,814	1,162,372
6	Mateete	366,102	335,593	30,509
	Total	18,708,638	1,624,348	17,084,290

2:1.3 Arrears of remittances,

Shs 2,689,170 as 18% VAT and Shs 5,228,941 as 35% expected to be remitted to SDLG is due by Lwemiyaga Sub-county since the total amount collected of Shs 17,629,000 compensated land owners to enable extension of rural piped water to Lwemiyaga Trading center a major requirement as per the Memorandum Of Understanding signed and the valuation report submitted by the sub-county chief Lwemiyaga.

2:2.0 Non Tendered revenues:

No	Sub-county	Target	Actual Collection	Balance
1	Trading license-Direct collection			
	i. Mijwala	7,363,400	1,500,500	5,862,900
	ii. Lwemiyaga	8,160,000	2,536,000	5,624,000
	iii. Ntuusi	8,650,000	3,068,000	5,582,000
	iv. Lwebitakuli	13,226,000	1,264,000	11,962,000
	v. Lugusuulu	10,924,400	80,000	10,844,400
	vi. Mateete	5,645,000	2,200,000	3,445,000
	vii. Mateete T/C	-	-	-
	viii. Sembabule T/C	23,657,000	-	23,657,000
	Sub total	77,625,800	10,648,500	66,977,300
2	Local Service Tax			
	i. PIGE	-	-	No returns
	ii. SEA	-	-	No returns
	iii. SEP	-	-	No returns
	iv. BMW	-	-	No returns
3	Local Hotel Tax	-	-	No returns
4	Meat stalls			
	i. Lugusuulu	300,000	-	To be re-tendered
	ii. Mijwala	780,000	-	To be re-tendered
	iii. Ntuusi	300,000	-	To be re-tendered
	iv. Mateete T/C	-	-	Not submitted
5	Land fees			
	i. Ground rent	10,000,000	-	No returns
	ii. Lease offers	35,000,000	-	No returns
	iii. Survey fees	5,000,000	-	No returns
	iv. Transfer of titles	10,000,000	-	No returns
	v. Approval of Titles/Plans	10,000,000	-	No returns
	Sub total	70,000,000	-	70,000,000
6	Forest fees			
	i. Charcoal burning	-	-	No returns
	ii. Charcoal selling	-	-	No returns
	iii. Charcoal	-	-	No returns

	transportation			
	iv. Tree planting	-	-	No returns
	v. Sale of Tree seedlings	-	-	No returns
	vi. Sale of trees	-	-	No returns
	Subtotal			

2:3.0 Untapped revenues

1	Loan application fees	-	-	No returns
2	Fishing permits			
	i. Application fees	-	-	No returns
3	CBO's certificates			
	i. Applications	-	-	No returns
	ii. Renewal	-	-	No returns
4	Births/Deaths certificates	-	-	
5	Marriage fees	-	-	No returns
6	Property		-	No returns
	i. Mapping charges	-	-	No returns
	ii. Valuation fees	-	-	No returns
	iii. Rental fees	-	-	No returns
	iv. Ownership of	-	-	No returns
	v. Transfer of ownership	-	-	No returns
7	Disposal assets			
	i. Sale of old plant	-	-	No returns
	ii. Sale of equipment	-	-	No returns
	iii. Sale of land	-	-	
8	Stage plays entertainment fees			
	i. Hire of District play ground	-	-	No returns
	ii. Hire of other public grounds	-	-	No returns
9	Cess on produce	-	-	No returns
10	Sand and stone quarrying	-	-	No returns

3.0 Observations:

Other pertinent revenue collection, management and accountability issues to be addressed for tendered revenues include.

3.1 **Performance:** UGX Shs124, 834,000 was realized out the tendered revenues considering the targeted and the actual collections. A total increase of 8% was therefore attained.. Awareness was extended to national advert (red pepper) as normally preferred to local adverts for small and medium tenderers.

3.2 **Business Licenses:** 14% of the collected revenues from licenses since Jan2016 were realized. First half of the calendar year 2016 was witnessed by national & local elections and the revenue source collection was highly politized.

3.3 **For un returned sources:** whether un tendered or un tapped , modalities should be in place to capture the proceeds among others;

- a) Consolidation of revenue data bank by respective generating departments.
- b) All concerned sections/departments be called to order to harmonize the collection by use of an approved collection policy.
- c) Submission of collected data to revenue office for further enhancement in the District Revenue enhancement Plan come 2017/18 financial year.
- d) Those sectors that may fall short of the above (a-c); the authority can preside over and take administrative action among others.

3.4 Sand mining: Sand and stone quarrying was not tendered out as per the letter dated 27th June 2016 see (annex 3) .However , depletion of the said wetland have been undergoing for the last decade and the sector can take measures to intervene and control the buffer zone from the hands of the encroachers. **see annex 2**

3.5 Agreements

- i) For awarded contracts of successful bidders three areas must be emphasized
 - Terms and conditions for both parties be spelt clearly.
 - Commencement and expiry dates are mentioned to avoid losses.
 - Stating of charging policy as approved by the District council to ease enforcement.
 - Use of accountable stationery to improve controls and future assessment.
- ii) 3 copies of signed agreements must be availed to the following parties;
 - Contractor-Service provider
 - Contractee - Sembabule District Authority
 - Contract manager-Supervisor
- iii) Identification - Copies of :

Each agreement must possess photos of service provider(s) for ease of identification and follow up by supervisors.

Each service provider should be provided with a revenue collection tag/card/ cloth but uniformity should be emphasized.
- iv) Acceptance: There must be offer and acceptance for any valid contract. In case of violation of any clause(s) of the contract, the service provider must be guided at the time of signature for un called for issues that may lead to termination of the contract.

3.6 Reports

- Every contractor must have a contract performance file during the course of contract execution.
- A performance analysis (checklist) of service providers shall be regularly recorded and reported to authority for further informed decision making before the expiry of the same contract (**see annex 3**).

- All reporting levels and channels must be adhered to and on a timely basis particularly monthly, quarterly, midterm as well as annual by all LLG's.
- Recommendations and observations highlighted for quality assurance; the authority should implement timely decisions as and when communicated.

3.7 Accountability

- All collected revenues in form of **Bank drafts** of the successful bidders to be deposited on respective sub county bank accounts.
- Sharing of the said revenues is as per statutory percentages and remittances.
- There is increased substantial linkages of revenue collection with service delivery in regard to infrastructure put in place as result of revenue collection as implemented by LLG'S say;
 - ✓ Rural water extension to Lwemiyaga town to be commissioned, given and known to tax payers at a time of completion and hand over in the presence of both technical and social political mobilisers.
 - ✓ Budgeted staff house construction in Lugusuulu should equally be campaigned to tax payers at a time of hand over of the facility by the contractor or at times during transparency meetings annually conducted by office of the Prime Minister (OPM).
 - ✓ More capital investments be thought for in regard to direct apportionment of revenue collection as service delivery indicators for subsequent attainment of global millennium development goals (MDGs).

4.0 Recommendations

- 4.1** Continuity of social mobilization campaigns to increase tax payment awareness on mass media.
- 4.2** Always to have stakeholders meetings to iron out irregularities of collection, management and accountability gaps.
- 4.3** Re-tendering of items that did not attract bidders.
- 4.4** Re-allocation of Lwebitakuli Milk cooler to another Milk producing Sub County as the same facility has been redundant since installation by CAAIP in 2011.
- 4.5** All remittances be banked intact by LLG's to avoid penalties especially from tax authority.
- 4.6** Placement of the District charging policies on public notice boards and access areas by tax payers particularly market gates and on farm loading sites for livestock and merchandise.
- 4.7** Fees charged in livestock markets by un authorized numerous collectors say local council 1s, Kabaka fund and parish chiefs should be stopped forth with as there is no policy to that effect. An official circular be issued for immediate implementation and enforcement.

4.8 LLG's and other revenue collection sectors /points should strictly be prepare and submit monthly reports to ease integration of their data into one consolidated quarterly report for informed decision making. This will not only help to analyze performance district wide but strengthen reporting and accountability mechanisms as well as attainment of revenue collection targets among other best practices of revenue management and enhancement.

Thanks

Katumuhimbise Alex

District Revenue Officer/Sembabule

CC .District Chairperson/Sembabule

CC .Resident District Commissioner/Sembabule

CC Head of Internal Audit /Sembabule

CC Head of Procurement/Sembabule

CC File

