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Perspectives of Women and Men on Revenue Generation Policies

Equity in revenue generation is achieved if the burden of maintaining public expenditure is borne by the taxable corporate and individual entities in proportion to their ability to pay. A system is considered to be horizontally equitable when individuals of the same economic capacity pay the same amount of taxes per year or over a lifetime. Vertical equity is achieved when individuals of differing economic ability pay different amounts of taxes. The efficiency of the system is assessed at two levels. A system is considered efficient if it yields maximum revenue. At the same time, it should not disturb, or should disturb only minimally, production and consumption patterns.

All the above commonly understood meanings of equity and efficiency ignore the fact that individuals do not exist in isolation. They also play multiple roles as members of households, families and communities. As regards gender relations, women occupy a disadvantaged position relative to men in society. These social relations result in differential impacts of revenue generation on women and men across all socio-economic groups. The following sections present women's and men's perspectives on the value for money, efficiency and fairness of revenue generation measures as they relate to individuals, businesses and economic growth.

Value for money

All those interviewed, women and men alike, appreciate the importance of paying taxes and believe that this should be a quid-pro-quo where the types and amounts of taxes paid are commensurate to the services delivered by the Government. The general feeling is that the Government has failed to deliver on its part of the fiscal contract.

The market women interviewed feel that by paying daily market dues, they trade off taking a sick child to hospital, buying scholastic materials for their school-going children and generally taking care of their homes. Many women have no alternative when they are forced to choose between going to the market to work (and pay taxes) and paying for their children's health care, for instance.

Women get less value for the taxes they pay compared to men. This is because the focus of government spending is on the market rather than the care economy.

Some people feel that the lack of reciprocal linkages between revenue collected and services delivered legitimises tax evasion. However, women argue that they are too 'cowardly' to evade taxes. Further, many of them are engaged in sub-sectors such as the market, where it is difficult to avoid taxes.

Box 5.1. Key informants' perceptions of value for taxes paid

'If I pay taxes but do not see a change in the things that can make my life as a woman better, why should I continue paying? Most of women's labour is in the private realm; it is invisible, not monetised and therefore unlikely to benefit from the budget. For instance, why should women pay market dues when their goods are not sheltered from the rain?' *Female women's activist*

'It isn't that I don't want to pay taxes but I don't see the benefits of doing so. There is a big pothole right outside my home and the road to our office is impassable. It's therefore difficult for me to think positively about revenue generation because I know that government is very corrupt. Instead of thinking of how government can raise revenue, I would rather advocate for it to drop taxes on some goods and services.'
Male CSO officer

'Taxpayers in Wakiso District were very willing to pay the US\$2,000 we levied as a development tax. They felt a return for their money when they were informed that we had used their money to buy a grader and to construct this administrative unit.'
Male local government officer

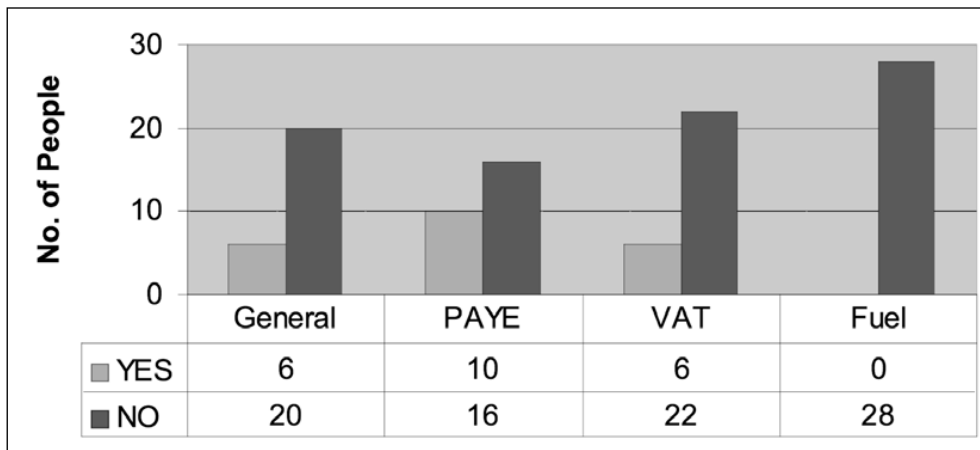
'I don't see any tangible services and benefits. Our roads are almost impassable, there are no drugs in the hospitals and the quality of all "free" services is poor. This makes me think that my 30 per cent (income tax) is being stolen. Why pay taxes when there are no matching services?' *Male informant, national level*

Efficiency of the revenue system

The general view among citizens is that taxes, especially fuel tax, affect the pattern of production and consumption negatively thus causing inefficiencies in the economy and a reduction in growth. Iganga women farmers argue that: 'Whenever the budget is read, the prices of things go up. But the prices of our produce never go up on any meaningful basis'. Market men in Wakiso District said: 'We do not understand the budget so well because they use technical language. But it is the way government determines the prices of goods and services. Government always increases the cost of things'.

The business community is also seen as taking advantage of high fuel prices to 'cheat' people. Farmers are underpaid by buyers for their produce, which serves as a disincentive for increased production. Whereas the Government offers incentives to stimulate production, these benefit only a few large taxpayers, many of whom are male. The high rates of business failure are attributed to the relatively high operational costs, many of which are related to taxes, especially fuel tax (see Figure 5.1).

Figure 5.1. Key informants' perceptions of the efficiency of the revenue system



Box 5.2. Perceptions on the efficiency of the revenue system

Men's focus group, Wakiso

Increased fuel prices have led to increases in prices of goods and services. Everybody argues that fuel costs are high and they use that as the basis of overpricing everything. The lower class suffers the most because they are poor. In our community, the poor make a profit of USh3,000 or less so how does one meet the costs of all the household needs?

Women's focus group, Wakiso

The poor have been affected a lot by the high taxes. Their income-generating capacities are very limited, they live from hand to mouth and have low or no savings. Food prices have gone up and people can no longer afford two meals a day.

Men's focus group, Iganga

Taxes are so high that we are almost moving around naked. Whenever taxes go up, the cost of second-hand shirts more than doubles.

Male CSO officer

When the cost of fuel goes up, consumption costs go up too. Some 98 per cent of the population uses paraffin for lighting. Many can no longer afford it. The impact? People now live in darkness and the implications of this are many – the fertility rate may go up and education is affected. With no lighting, schoolchildren cannot do their homework or study at night, thus affecting their performance.

As regards personal income tax, this is known not to be as high as in other countries, where people pay up to 50 per cent of their earnings. The issue here is that because people are paid very little to start off with, their disposable income is insufficient to cater for their basic needs. The majority are left with no savings and therefore no opportunities for investment. However, some informants believed that payment of taxes has the potential to alert people to their citizenship and to sharpen their sensitivity to civic rights and responsibility, and that indirect taxes in particular ‘force’ citizens to make pragmatic choices resulting in efficiency as they give up what they cannot afford. The actual burden of the tax depends on the extent to which one good or service cannot substitute for another good or service that has the same utility but has less tax. This option is, however, not available to the poor in general, and women in particular, because they have no choice to start off with.

Female and male local government informants as well as other citizens argued that whereas privatisation resulted in higher revenue collection, a large proportion of this was being shared between the mostly male politicians and the tenderers.

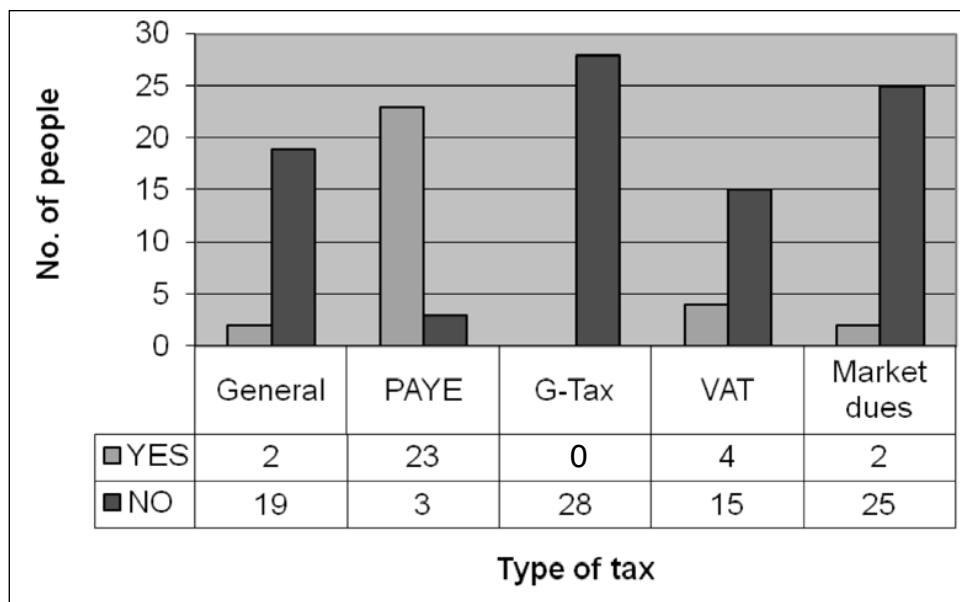
Fairness of the revenue system

‘Government revenue generation is unfair.’ This is the view held by local government informants as well as ordinary female and male citizens (Figure 5.2). They believe that the poor pay a higher proportion of their income in tax than the better off. All the key informants stated that before being suspended, G-tax was the most regressive followed by market dues, VAT and PAYE. On PAYE, it was argued that the formally employed bear a heavier burden and yet they are not necessarily the most highly paid. Further, that many people, especially in the private sector, earn very high incomes but due to political and other connections pay minimal taxes. It is reported that some firms manipulate their records, especially the payrolls, in order to remit low taxes to the URA.

Informants also argue that mobile vendors, especially those dealing in perishable products such as sweet bananas and roasted/cooked maize (the majority of whom are women) bear the brunt of revenue enforcers. Many of these vendors are unregulated and occasionally the officials, on the pretext of clearing them off the streets, demand unaffordable sums of money. Those who do not comply end up losing their goods and/or being imprisoned.

Key informants also argued that indirect taxes such as VAT affect the poor more than the rich. ‘They are easy to pass over’ to users of goods and services and there is evidence of a higher incidence of passing on the tax burden to the unintended person. By taxing things commonly used by the poor such as soap, sugar, paraffin, second-hand clothes, etc., VAT does not follow the principles of equity (see Box 5.3).

Figure 5.2. Key informants' perceptions of the fairness of revenue generation



Box 5.3. Perceptions of the fairness of revenue generation

‘Direct taxes fall on the actual target – they are fair and equitable – the burden falls on the income earner. PAYE is an equitable tax because the more you earn, the more you pay.’ *Male key informant, central government*

‘There is unequal tax categorisation. PAYE, for instance, presumes that all women and men are equal – i.e. that they receive the same amount of money – but the reality is that men and women have different revenue bases due to the differences in access to other sources of income such as land and business. So a woman and a man may be earning the same salary but have very different incomes. These two should be treated differently.’ *Male key informant, central government*

‘There are so many individuals and companies operating informally. A high proportion of the operations of many of the big companies are not in the books and some of these have “godfathers” who protect them.’ *Male key informant, central government*

‘Tax waivers are good because they encourage investment, but who is benefiting? Not the poor, not the women.’ *Male key informant, central government*

‘Income tax, PAYE and corporation tax, property/rental tax would be the best types of tax because they are charged on something you have in the first place, but the problem is that some people can avoid them. For example, in terms of property tax, most properties are owned by MPs, ministers and people in influential positions, but MPs have resisted the law ferociously.’ *Male key informant, local government*

As noted above, women's contribution to the tax base in the form of their work in the care economy is enormous. This, however, remains largely invisible to and unrecognised by the policy makers, whereas the social tax imposed on women's labour should be reflected in resource generation strategies.

Suspension of the G-tax

All the people interviewed agreed that whereas the G-tax did not espouse the principles of equity and that its administration was unfair, its suspension has resulted in undesirable outcomes particularly at the local government level. The common view is that local governments have been disempowered, compromising service delivery, undermining decentralisation and reversing gender equity gains. There is also a fear that citizens are losing their agency and the motivation to participate in governance (see Box 5.4).

Box 5.4. Perceived impact of suspension of the G-tax

'Gender budgeting is meeting a fundamental challenge. We cannot talk of gender budgeting to local governments right now because they do not have locally raised revenue.' *Male CSO staff*

'We can't come up with the requisite forum to make decisions. We cannot afford sitting allowances for the councillors. The technical staff are getting demoralised because they don't get allowances and this is affecting service delivery.' *Male local government councillor*

'All G-tax payers used to pay USh2,000 and 1,000 extra as development and education taxes, respectively. We supplemented the Universal Primary Education programme through providing scholarships for the needy. We had also embarked on building a database of our sources of revenue. All these initiatives have been abandoned...it is no longer cost effective to continue with them.' *Female councillor, Wakiso District*

'Decentralisation means economic independence...where is the independence? If all the money is coming from the centre, where is the sense of ownership of anything, ... of programmes and projects? Where is the autonomy?' *Female councillor, Iganga District*

'Now women think they are equal to men...since we all don't pay tax.' *Man in focus group, Iganga District*

At the personal level, the interviews also revealed that whereas the majority of the women were not liable to pay G-tax, many, especially in the rural areas, bore the burden: 'Many of us women used to pay directly or indirectly for our husbands because it is very shameful if your husband is arrested'.

While men felt that they used to be held in temporary captivity because they would

sometimes not leave home for fear of falling into the 'net' of the collectors, they also believed that G-tax was a 'push' factor that forced them to be gainfully employed. Citizens also argue that the suspension of G-tax has resulted in increasing indirect taxes/consumption taxes that are disproportionately shouldered by women, the poor and the elderly who were not otherwise liable to pay the tax.