

By Benon Ojiambo

During the first year of inception, Uganda Revenue Authority's (URA)

customs department collected sh100.58b in taxes, contributing 55.74% and 51.95% to the total net collections and the national budget respectively.

According to Dickson Kateshumbwa, URA's commissioner of customs, this was possible due to several factors, including a narrow tax base and manual operations. "Customs used to be highly manual," he said in an interview with the *New Vision* on Tuesday.

He explained that there used to exist what was known as the 'long room' through which goods could be cleared after several hours and days.

However, along the way there have been changes in technological advancements and several reforms have been undertaken to suit that changing climate in which business is done as well as improving on efficiency.

Reforms undertaken included massive transformation in infrastructural set up, automation of the taxman's systems and capacity building to improve effectiveness. Systems automation also

How URA increased revenue collection



The volume of goods handled by URA at border points such as Malaba keeps growing

paved way for the faster clearance of goods — both imports and exports at the border points.

"Implementation of various versions of Automated System for Customs Data (ASYCUDA) to replace heavily manual systems of customs declarations, evolution of the Customs Enforcement

from the militarised Anti-Smuggling Unit, and the Revenue Protection Services to the current civilian and intelligence based Customs Enforcement function and introduction of the Single Customs Territory (SCT) procedure reduced clearance time from 18 days to four to six days from Mombasa to

Malaba/Busia," Doris Akol, the URA commissioner general, said recently.

Systems automation

"Through our systems automation, we have put in place a web-based system from which one can make a declaration and cleared online. Operations have transitioned from manual to automatic systems," Kateshumbwa said.

Michael Otonga, commissioner for corporate services, recently disclosed that over the last 10 years, over sh33b (\$10m) has been invested in automation of the taxman's systems like revenue collection and ASYCUDA.

"90% of our processes have been re-engineered and automated during the 25 years. The re-engineered processes resulted in transparency and enabled free and smooth flow of operations," Akol also said during the launch of celebrations to mark 25 years of URA's existence recently.

Cargo monitoring

Facilitated with technological advancements URA has also paved way for the introduction of the online cargo monitoring and tracking.

She explained that because Uganda is a major transit hub, goods destined for other countries are not supposed to pay taxes. This posed a challenge of ensuring that cargo transporters did not offload within the country after passing at the various check points.

Before, a 'convoy' system in which trucks headed to other countries were organized into a group and escorted with the help of the army was used to avoid such incidences.

Infrastructure

There has been tremendous improvement in infrastructure

development mostly at the one-stop border posts of Mutukula, Malaba, Busia and Mirama hills that eased movement of goods across the region.

We are also looking at funding other border points to further

A number of our staff have been trained and accredited by the World Customs Organisation and this has made us appoint of reference in the region and across the continent especially in reforms like cargo tracking, OSBP.

"Through capacity building, our standing in the international has significantly risen making us a point of reference in benchmarking by other synonymous organisations.

This has also paved way for me to sit on the Policy Commission of the World Customs Organisation," he said.

THERE HAS BEEN TREMENDOUS IMPROVEMENT IN INFRASTRUCTURE DEVELOPMENT MOSTLY AT THE ONE-STOP BORDER POSTS OF MUTUKULA, MALABA, BUSIA AND MIRAMA HILLS

Single customs territory

Kateshumbwa said for long, Ugandans had been complaining of delays of their cargo in Kenya, where it could take between 15 and 19 days for a container to be transported from Mombasa to Uganda.

In October 2013, East African Community members of Uganda, Rwanda and Kenya agreed to implement a single customs territory between them, while Tanzania and Burundi later followed suit.

The agreement removed multiple weighbridges, police and customs checks along the Mombasa-Kampala-Kigali route and introduced computerised clearance and electronic tracking and other innovations that have

overturned many of the hurdles to free trade or Non-Tariff Barriers (NTBs).

This saw reduction in the number of days goods take from Mombasa to either Malaba or Busia, from about 18 days to between four and five days.

"The single customs territory that looks at the East African Community (EAC) as a single territory has allowed us to deploy our staff and integrated systems at the different ports to clear cargo from anywhere within the EAC," Kateshumbwa said.

The journey moved

Ten years later after inception in financial year 2000/01, the department collected sh611b, contributing 56.8% and 54.9% to net URA collections and national budget from sh100.58b collected in the financial year 1991/12, contributing 55.74% and 51.95% to the total net collections and the national budget respectively.

It should be noted that the taxman's statistics show that net revenue collected has grown from sh180.46b in 1991/92 to sh11.23 trillion in 2015/16.

During last financial year, 2015/16, the department made a contribution of sh4.832 trillion in taxes, representing 43% and 41.5% to the net URA collections and national budget respectively.

Though contribution of the customs department to the national budget has been slumping slowly from about 52% in 1991/92 to 41.5% in 2015/16, Kateshumbwa says this is a sign that the country is shifting its reliance on foreign sources to domestic taxes through tax base widening by developing local industries.

"This calls for more emphasis on trade facilitation through faster clearance of exports," he said.

Challenges

Though the department and the organisation in general has registered such achievements, Kateshumbwa said they are still experiencing a major challenge of understaffing as the customs department alone needs 500 more workers to fully execute their duties.

"We have so many porous borders mostly in western Uganda, where there is not even a single station in the Albertine region. On Lake Victoria, we only have three marine stations on Lake Victoria."

He said currently, a customs staff handles between three to four containers a day, which may not be appropriate in efficiency. He said to operate effectively, a worker there is need to heavily invest in technology because about 40% of the transactions that come in are not checked. As technology develops, the risks associated with the

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