

**ANALYSIS OF TAX BUOYANCY IN UGANDA  
(1991-2016).**

**BY**

**NAKATO DOREEN**

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## **ABSTRACT**

The main objective of this study was to analyze responsiveness of tax revenue to changes in national income in Uganda for the period 1991 to 2016. The data was obtained from Uganda Revenue Authority website and World Bank website (development indicators) and were annual secondary time series. Variables used in this study were mainly the different forms of taxes in Uganda i.e. direct and indirect taxes, VAT, government taxes and taxes on international trade, other variables included National income (GDP), imports of goods and services, government expenditure and value addition by industry and agriculture.

The study findings from the estimated the Error Correction models revealed that Taxes are not wholly reactive to changes in income as most buoyancy estimates are below unity. Buoyancy coefficients of individual taxes were varied. Taxes on international trade had the highest buoyancy of 13.16, followed by value added tax with buoyancy of 1.62.

This study recommended broadening the tax base and bringing new tax payers in to tax net, eliminating tax exemptions, creating economic environment that increases revenue and decreases overall budget deficit and foreign reliance are the timely fiscal policy issues that the study would like to raise to the concerned bodies based on the implications of the analyses.