

FACTORS AFFECTING LOCAL GOVERNMENT REVENUE COLLECTION: CASE
STUDY OF SOROTI MUNICIPALITY

BY
OGEATUM JULIUS
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Abstract.

The main aim of this study was to examine the factors affecting local government revenue collection with a case study of Soroti municipality. The study included 150 participants in Soroti Municipality including taxpayers and tax administration officers. The study employed a cross sectional design and the variables that were investigated included sources of revenue, challenges faced in revenue collection as well as sources of income.

Summary statistics and frequency distribution were used in order to show the distribution of the respondents by the different variables that have been listed above. The findings revealed that the main source of income for the residents of Soroti Municipality was formal employment. The study also revealed that the main source of revenue in Soroti Municipal Council are the trade licenses.

The main challenges faced in tax collection included poor perception and low revenue collection. It particularly revealed that there are some major causes of low revenue collections and these include administrative inefficiencies, lack of general sensitization, political interference, corruption, tax evasion, absence of enough relevant information about taxes, lack of auditing of tax revenue returns and drafts and lack of enough tax education. Further investigations to establish why these factors significantly caused low revenue collections revealed that there was lack of monitoring and supervision which resulted into a number of problems alongside absence of proper sensitization and publicity both of which are critical issues to boosting revenue collection for the municipal council. It further revealed that lack of monitoring and supervision led to failure in sensitization and educating tax payers, local politicians to interfere negatively in tax matters.

The researcher recommends that; taxes should have adequate publicity before they are levied while the staff to give tax education and listen to taxpayers" appeals should be trained and competent enough in order to guide tax payers during sensitization seminars and workshops.