INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA

POLICY PROPOSALS TO THE GOVERNMENT OF UGANDA

PROPOSED STRATEGIES TO REVIVE THE ECONOMY FROM DISRUPTIONS CAUSED BY THE CORONAVIRUS (COVID-19) PANDEMIC

15 APRIL 2020

1.0 A GLOBAL PANDEMIC

The Council of the Institute of Certified Public Accountants of Uganda (ICPAU) has keenly observed developments around the Coronavirus (COVID-19) pandemic.The pneumonia-like disease declared a world-wide pandemic by the World Health Organization has become a global crisis with far reaching implications on the global economy. Governments and policy makers around the world are grasping for levers that could be pulled to help economies muddle through the COVID-19 pandemic.

Whereas the pandemic introduced scores of health concerns; businesses are equally suffering from lost revenue and disrupted supply. As the pandemic moves from a health crisis to an economic crisis, we are trying to anticipate how economies around the world will weather this storm and where Government of Uganda needs to focus its efforts.

2.0 IMPACT OF COVID-19 ON THE GLOBAL ECONOMY

According to the Organisation for Economic Co-operation and Development (OECD), the impact of the Covid-19 outbreak on economic prospects is severe.

Restrictions on movement of people, goods and services, and containment measures such as factory closures have cut manufacturing and domestic demand sharply in China. The impact on the rest of the world through business travel and tourism, supply chains, commodities and lower confidence is growing.

Economic Commission for Africa (ECA) estimates billions worth of losses in Africa due to COVID-19 impact. The ECA has warned that the unfolding coronavirus crisis could seriously dent Africa’s growth with oil exporting nations losing up to USD 65 billion in revenues as crude oil prices continue to tumble. According to ECA, having already strongly hit Africa’s major trading partner, China, COVID-19 was inevitably impacting Africa’s trade. “Africa may lose half of its GDP with growth falling from 3.2% to about 2 % due to a number of reasons which include the disruption of global supply chains". The Continent's interconnectedness to affected economies of the European Union, China and the United States is also causing ripple effects.

3.0 ECONOMIC IMPACT OF COVID-19 ON UGANDA'S ECONOMY

According to the Bank of Uganda Monetary Policy Statement issued for April 2020, the pandemic has led to a severe contraction in economic activity due to a combination of global supply chain disruptions, travel restrictions, measures to limit contact between persons, and the sudden decline in consumer demand. Trade, investment, growth, and employment have all been affected by the crisis.

While the Services sector has been severely affected by the social distancing measures and the general stall in business activity, the trade and manufacturing sectors have declined on account of disruptions to the inflow of raw materials, decline in external demand and supply chain disruptions.

The Central Bank has also reported deterioration of the global financial conditions and an appreciation of the US dollar against other major currencies, resulting in the volatility in the domestic foreign exchange market. The Uganda shilling has depreciated against the US dollar by 2.2 percent between February and March 2020.

The pandemic also bears severe consequences on Uganda's external position as a result of restrictions on the flow of international trade, tourism, workers' remittances and foreign direct investment among others. All this is set to have an impact on the economy and government's revenue collection targets. The Central Bank predicts that markets and supply chains interruptions might cut Uganda's Gross Domestic Product growth from the projected 6 percent to about 3 - 4 per cent in this financial year, the lowest economic growth in more than five years.

While very little is known about what life after Covid-19 will be like, it is not too early to start planning for the post Covid-19 era by unveiling an economic stimulus package to support Uganda' economic recovery process.

4.0 GOVERNMENT OF UGANDA'S REPSONSE

Social and health safety measures

To suppress the spread of coronavirus, the government on 31 March 2020 declared a two-week lockdown just as the population was trying to adjust to life under the partial lockdown that had earlier on been instituted. This has been further extended for another 21 days, until 5 May 2020.

The government is looking to defend the population from the Coronavirus (Covid-19) pandemic by encouraging among other interventions social distancing, closure of border points, increased testing, quarantining and stay-home measures to prevent the spread of the virus.

Central Bank measures

Bank of Uganda (BOU) issued a Monetary Policy Statement for April 2020 in which;

a. The Central Bank Rate (CBR) was lowered by 1 per cent point to 8 percent to counter the deteriorating economy, ensure adequate access to credit and smooth functioning of the financial markets in a bid to ease monetary policy.
b. BoU has also directed Supervised Financial Institutions (SFIs) to defer the payments of all discretionary distributions such as dividends and bonus payments for at least 90 days effective March 2020, depending on the evolution of the pandemic to ensure that they have adequate capital buffers, while supporting the real economy.
c. BoU has worked with mobile money providers and commercial banks to ensure they reduce charges on mobile money transactions and other digital payment charges.
d. BoU pledged to ensure that the contingency plans of the supervised financial institutions guarantee the safety of customers and staff.
e. BoU has also committed to;
    - Provide exceptional liquidity assistance to commercial banks that are in liquidity distress for a period of up to one year;
    - Provision of liquidity to commercial banks for a longer period through issuance of Reverse Repurchase Agreements (REPOs) of up to 60 days at the CBR, with opportunity to roll over;
    - Purchase Treasury Bonds held by Microfinance Deposit taking Institutions (MDIs) and Credit Institutions (CIs) in order to ease their liquidity distress whenever it arises; and
    - Grant exceptional permission to SFIs to restructure loans of corporate and individual customersthat have been affected by the pandemic, on a case by case basis effective April 2020.

Fiscal Policy Measures

The Ministry of Finance, has put together fiscal policy measures to boost businesses and resuscitate the economy that is expected to dip to worrying levels as a result of the impact of Covid-19. These include;

a. Distribution of food in Kampala and Wakiso to vulnerable people. This is hoped to support domestic aggregate demand for agricultural products while addressing dire needs of those living hand to mouth.

b. Government borrowing-over Shs760 billion as budget support from the International Monetary Fund, and committing Shs284 billion to fight Covid-19.
c. Payment of domestic arrears - Government to avail about Shs400 billion to pay off some domestic arrears (out of a total owed to local suppliers of about Shs1.2trillion) in the hope to rejuvenate local Small and Medium Enterprises (SMEs) and keep them in business.
d. Utilization of part of Contingency Fund in the FY2019/20 budget to finance approximately 1/5 of the Ministry of Health Preparedness and Response Plan from January to June 2020 (about USD1.3 million from a total of USD7 million).
e. Seeking of a supplementary budget of US$80 million to support critical sectors such as health and security at the frontline of this pandemic.
f. URA has also instituted Business Continuity Measures of a tax administration nature to support taxpayers in meeting their obligations for example grant of extension on tax paying deadlines.
g. Close collaboration and support measures in cash and kind are ongoing with the private sector, intergovernmental agencies and other stakeholders.

5.0 POLICY PROPOSALS TO GOVERNMENT

ICPAU recommends that increasingly, measures must also be introduced to mitigate the economic impact of the coronavirus on the wider economy, but also on the smaller businesses exposed to a sharp downturn resulting from the Covid-19 crisis. Such policies will take various shapes:

5.1 Small and Medium Enterprises.

ICPAU recommends the following;

a. Deploying emergency finance/refinance interventions to support ALL directly affected businesses and persons. SMEs are already or will soon face a liquidity crisis, which could wipe out whole segments of the economy if no interventions are introduced. These refinance options would strictly be utilized in paying salaries to workers and other fixed overheads during the disruption period. The amount for each business or person can be determined through an evaluation that takes into account effect, size and nature of the respective businesses. Such loans could be made accessible to the public via banks, the Microfinance Support Centre & SACCOS;
b. Call on providers of finance (banks and other financial institutions) to stay their demands until businesses or other economic activities have resumed normally;
c. Institute compensation plans for loss of business, especially as a result of the restrictions put in place by government;

d. Guiding financial institutions to work with borrowers affected by the outbreak; to provide cheap credit or interest free loans during this crisis to support SMEs in the worst-hit sectors like hospitality, travel, and tourism.
e. GoU expedites the settlement of amounts owed by government to SMEs and individuals (directing that all government suppliers be paid pending bills in 21 days) to help improve liquidity in the economy.
f. The government should also reduce its domestic borrowing during this period (the amount of money raised from the local market) to allow businesses access loans from the commercial banks.
g. Put in place a mechanism to minimise the likelihood of sound businesses going into insolvency due to lack of credit.

5.2 Trade and Retail Sector

Trade contributes about 70 per cent of Uganda's total tax contribution (in customs taxes). Save for those dealing in food and agricultural items, the rest of the business community have literally shut down, especially with the closure of China where many Ugandan traders source their goods and raw materials. ICPAU recommends that the government;

a. Institutes measures, incentives and tax relief for sustaining production of essential locally-made goods and support other import-substitution initiatives.
b. The Government should expedite measures to recapitalize the Uganda Development Bank so it can provide financing for manufacturing and import substitution.
c. Reviving buffer stock and stabilisation fund policies to avoid economic depression.

5.3 Financial Services Sector

ICPAU recommends that;

a. The Central Bank provides targeted cuts to reserve requirements for banks and other financial institutions. The CBR should be lowered by 3 per cent points to 6 percent in order to address the issue of loan default.
b. Commercial banks also adjust lending rates to borrowers to allow them access cheaper capital.
c. Restructuring of the loans and mortgages should exceed the earlier requirement of three times to four times and a grace period of about three to six months should be considered. The Central Bank needs to engage the Uganda Bankers Association and other stakeholders on these issues and not leave the restructuring at the discretion of the relevant commercial bank. This will cushion borrowers facing financial challenges occasioned by the pandemic.

d. Flexibility on repayment terms by commercial banks over the next12 months to ease borrowing.
e. The Central bank should also be ready to provide ample liquidity to banks and other financial institutions to incentivize them to lend to small and medium-sized entities.

5.4 Tax Measures

ICPAU recommends the following tax compliance strategies for this period to help businesses maintain reasonable cash flows to keep them afloat, prevent job losses and lessen the impact of Covid-19 on businesses and the economy:

a. Corporation tax (leverage fiscal policies to boost business and investment)

- A temporary reduction in the corporation tax rate from 30 per cent to 25 per cent for this period.
- Defer filing and actual payment of corporation tax payable in June 2020 for a period of 2 months as businesses have been operating at zero or very low turnover since March.
- Tax relief (offering tax waivers) or deferrals to affected businesses for a minimum period of three months, to help them recover.

b. **PAYE, NSSF & Other Statutory Deductions** (provide more disposable income to employees and cushion them from the impact of the pandemic)

- For the period of the pandemic, PAYE should only be payable on actual salaries paid and not on accrued salaries.
- Reduce the PAYE tax rate from 30 to 25 per cent. It should be noted that employers are sending workers home implying reduced productivity of such employees.
- Increasing the PAYE threshold to at least UGX 410,000 per month which is just about USD 1.79 (the international poverty line). The second band should start at about UGX 710,000, the third band should start at UGX 1,010,000, while the 40% highest rate should start at UGX 7,000,000 per month. This should benefit the most vulnerable households in the formal employment sector and the spillover effect in the informal sector.
- Consider deferring PAYE, NSSF and other deductions applicable for an initial period of three (3) months especially for the most affected sectors (industry, tourism, and hospitality) provided the beneficiaries undertake not to render redundant their current employees. During this period, the deferred payments must not incur any penalty.

c. **VAT**

- Reduce the VAT standard rate from 18 per cent to 16 per cent.

- Provide outstanding VAT refunds (payment VAT refunds) within 21 days or allow offsets against withholding tax or other tax liabilities.

d. Import Duty

- Delay payment of import duty for 30 days to enable manufacturers access industrial inputs on relaxed terms.

e. Rental Tax

- Provide rental tax exemptions on account of rent-free periods to tenants for the periods of March, April and May 2020 which will be pro-rated and deducted off the annual amount, since these are paid annually. This proposed intervention would only benefit those who are tax compliant and can prove this with evidence of filed tax returns for the last 6 months.

5.5 Other Macro-Economic Policy Interventions

i) Revisit the priorities in the FY 2019/20 Budget Framework Paper to ensure that priority is given to the most essential sectors of the economy; health, agriculture, trade and industry, as well as interventions for the informal sector which produced over 60% of Uganda's total GDP in the last financial year and employs 70% of Uganda's the young population.

ii) Review and revise the FY 2020/2021 Budget estimates to take into account the disruptions of the pandemic. The proposed amendments in the Income Tax (Amendment) Bill, The Value Added Tax (Amendment) Bill, The Excise Duty (Amendment) Bill, and Stamps Duty (Amendment) Bill have disregarded the disruptions that have been caused by Covid-19 and will only increase the suffering of Ugandans by increasing taxes on rent, fuel and other soft parts of a struggling economy.

iii) The discussions on merging government ministries, departments and state agencies should be revived to feed into the recovery and rebuilding of resilience of the economy.

5.6 Government PFM Systems

Government PFM Systems need to be responsive and flexible, while ensuring value for money and minimizing possible fraud. The time is now for MOFPED to make several quick fixes as required to ensure that the PFM systems best support COVID-19 responses. ICPAU recommends the following;

a. More frequent/ interim financial reporting on the specific budget lines created for COVID-19 response for timely assurance and quick decision-making;

b. Efficient and accountable procurement, making use of pre-existing contracts and the e-government procurement portal to mitigate the risk of fraud and enhance transparency and trust;
c. Re-orientation of controls related to COVID-19 to allow for delegation of authority and expedite implementation of emergency plans.
d. That both the internal audit function and external auditors of government focus on the audit of emergency transactions rather than systems to provide broader reassurance on the value for money spent during emergency operations and help identify actions to strengthen PFM systems for future.

6.0 FUNDING THE PROPOSED COVID -19 ECONOMIC STIMULUS PACKAGE

The Institute acknowledges that the cost of Government effort to slow or halt the spread of the coronavirus, and its impact in the short, medium and long term coupled with the proposed stimulus and incentive package may be very onerous.

However, the cost of inaction may have an even greater effect on macroeconomic stability. The need to deploy heavy fiscal firepower for a “whatever-it-takes” economic response to the COVID-19 crisis would be an ideal tactic if the economy is to stay buoyant.

We thus propose the following measures to enable government raise the required funding. The Government should:

- Leverage the NSSF resources to increase investment in the manufacturing and agricultural sectors.
- Explore Public-Private-Partnerships for investments.
- Revise the FY2020/21 budget estimates for non-essential outputs to support economic recovery initiatives.
- Seek a moratorium of national debts that are due to development partners and other sovereign nations such as China during the period of the pandemic and a further 6 months to allow the cash that would have gone to debt service to be directed to protecting the local economy.
- Seek for any grants that are available from international bodies such as the World Bank, IMF and WHO.

7.0 COMMUNICATION AND MOBILISATION

The Government is commended for the way it is currently responding to the pandemic; communicating reliable information, updating citizens on the current state in the country and providing advice to the public on what they need to do to stay safe. ICPAU urges government to provide;

a. Coherent, coordinated, and credible policy responses by all government ministries, departments and agencies;
b. Continuous, consistent health sensitization and awareness of the general public by preferably distributing information translated in local languages.

About ICPAU

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by an Act of Parliament now the Accountants Act, 2013. The functions of the Institute, as prescribed by the Act, are:

(i) To regulate and maintain the standard of accountancy in Uganda.
(ii) To prescribe and regulate the conduct of accountants and practicing accountants in Uganda.

Section 12(r) of the Accountants Act mandates the Council of the Institute to advise Government on matters of financial accountability and management in all sectors of the economy.

APPENDIX A - COMPARATIVE ANALYSIS - COUNTRY SPECIFIC RESPONSES TO COVID-19

Key Policy Responses as of April 9, 2020 in a few selected jurisdictions include;

S/N	COUNTRY	MEASURES TAKEN TO DATE
1	Kenya	1. The government has earmarked Ksh40 billion (0.4 percent of GDP) in funds for additional health expenditure. 2. A package of tax measures has been proposed by the government, including full income tax relief for persons earning below the equivalent of $225 per month, reduction of the top pay-as you earn rate from 30 to 25 percent, reduction of the base corporate income tax rate from 30 to 25 percent, reduction of the turnover tax rate on small businesses from 3 to 1 percent, and a reduction of the standard VAT rate from 16 to 14 percent. 3. The central bank lowered its policy rate to 7.25 percent; lowered banks' cash reserve ratio to 4.25 percent; and announced flexibility to banks regarding loan classification and provisioning for loans that were restructured due to the pandemic. 4. The central bank has also encouraged banks to extend flexibility to borrowers' loan terms and encouraged the waiving or reducing of charges on mobile money transactions.
2.	Sudan	1. The government has prepared a Multi-hazard Emergency Health Preparedness Plan guided by the WHO, which identifies priority areas and estimates the needed budget to carry out these activities. According to the plan, the financial needs to cope with COVID-19 related health care is about $100 million. So far, domestic private sector pledged to contribute $ 2 million to help the government, the government reallocated $3 million and UN and international partners will donate $9 million. The US government also announced to donate $8 million to Sudan. On April 9, the Islamic Development Bank was reported to provide $10 million to Sudan. 2. To mitigate the negative impact on households and enterprises, the government is considering boosting social safety net by increasing direct cash transfer, providing unemployment benefits and delivering basic food baskets to poor families at discounted prices. These measures could cost about $1.5 billion in three months. 3. The government is preparing to freeze loan repayment and services for three months to ease the pressure on private sector.
3.	Rwanda	1. The government's emergency response plan, including scaled-up health spending, is estimated at about 1.5 percent of GDP. 2. Support to vulnerable households has started in the form of regular in-kind transfers of basic food stuffs (door-to-door provision of rice, beans, and flour every three days). 3. Suspension of Tax Audit: Effective 18th March, post - clearance and comprehensive tax audits have been put on hold for a period of 30 days,

		exception is made to desk audits which remain as planned. 4. Extension of Financial Statements Certification: The revenue authority has provided a relief to taxpayers required to submit certified financial statements on 31 March 2020 by granting an extension to file the certified accounts by 31 May 2020. 5. For taxpayers seeking for amicable settlements of their tax obligations arising from audits, the Tax Authority has waived the down payment requirement of 25% of the outstanding tax liability that ought to be paid before the case is accepted by the RRA. 6. Larger taxpayers filing deadline has been extended by fifteen (15) days and these taxpayers will be expected to file the returns and pay Corporate Income Tax due by 15th April 2020. Small and Medium Taxpayers have been granted an extension of one month and they will be expected to file the tax returns as well as pay their Corporate Income tax by 30th April 2020. 7. The central bank announced liquidity support measures including extended lending facility; Treasury bond purchases through the rediscount window for the next six months; and lowering of the reserve requirement ratio from 5 to 4 percent, effective from April 1.
4.	Egypt	1. The government has announced stimulus policies in the USD 6.13billion package to mitigate the economic impact of COVID-19. Pensions have been increased by 14 percent. 2. A targeted support initiative for irregular workers in most severely hit sectors has been announced, which will entail EGP 500 in monthly grants for 3 months. 3. To support the healthcare sector, EGP 3.8 billion has been allocated for medical supplies and bonuses for medical staff, plus a 75 percent allowance over the wages has been announced. 4. Energy costs have been lowered for the entire industrial sector; real estate tax relief has been provided for industrial and tourism sectors; and subsidy pay-out for exporters has been stepped up. 5. As part of the EGP 100 billion stimulus, EGP 50 billion has been announced for the tourism sector. 6. The moratorium on the tax law on agricultural land has been extended for 2 years. The stamp duty on transactions and tax on dividends have been reduced. Capital gains tax has been postponed until further notice. 7. The central bank has reduced the policy rate by 300bps. The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families, has been reduced from 10 percent to 8 percent. 8. Loans with a two-year grace period will be made available to aviation sector firms. 9. Support has been announced for small projects harmed by covid-19, especially in the industrial and labor-intensive sectors, through the

		availability of short-term loans of up to a year, to secure the necessary liquidity for operational expenses until the crisis is over. 10. The limit for electronic payments via mobile phones has been raised to EGP 30,000/day and EGP 100,000/month for individuals, and to EGP 40,000/day and EGP 200,000/per week for corporations. 11. A new debt relief initiative for individuals at risk of default has also been announced, that will waive marginal interest on debt under EGP 1 million if customers make a 50 percent payment. 12. Micro lenders have been instructed to also consider delays on a case-by-case basis, of up to 50 percent of the value of monthly installments for struggling clients. The regulations issued last year requiring banks to obtain detailed information of borrowers have been relaxed. 13. Suspension of credit score blacklists for irregular clients and waiver of court cases for defaulted customers have been announced. 14. The central bank has also launched an EGP 20 billion stock-purchase program. 15. A temporary daily limit has been set for deposits and cash withdrawals for individuals and companies.
5.	Nigeria	1. Contingency funds of N984 million have been released to Nigeria's Center for Disease Control, and an additional N6.5 billion was distributed for purchasing more testing kits, opening isolation centers and training medical personnel. 2. The government is reviewing its 2020 budget and, given the expected large fall in oil revenues, announced plans to cut/delay non-essential capital spending by N1.5 trillion (close to 1 percent of GDP). 3. A fiscal stimulus package in the form of a COVID-19 intervention fund of N500 billion has been approved to support healthcare facilities, provide relief for taxpayers, and incentivize employers to retain and recruit staff during the downturn. 4. Import duty waivers for pharmaceutical firms will be introduced. 5. Regulated fuel prices have been reduced, and an automatic fuel price formula introduced to ensure fuel subsidies are eliminated. 6. The Central Bank of Nigeria introduced additional measures, including: reducing interest rates from 9 to 5 percent; created a N50 billion targeted credit facility; and liquidity injection of 3.6 trillion into the banking system, to support the health sector, manufacturing sector, and the impacted industries. 7. Regulatory forbearance was also introduced to restructure loans in impacted sectors. 8. The official exchange rate has been adjusted by 15 percent.
6.	South Africa	1. The government is assisting companies facing distress through the Unemployment Insurance Fund and special programs from the Industrial Development Corporation. 2. Within the realm of the budget, workers with an income below a certain threshold will receive a small tax subsidy during the next four months.

		3. Funds are available to assist SMEs under stress, mainly in the tourism and hospitality sectors, and small-scale farmers operating in the poultry, livestock, and vegetables sectors. 4. Allocations are also being made to a solidarity fund to help combat the spread of the virus, with assistance of private contributions. 5. The revenue administration is accelerating reimbursements and tax credits, allowing SMEs to defer certain tax liabilities, and has issued a list of essential goods for a full rebate of customs duty and import VAT exemption. 6. The central bank (SARB) reduced the policy rate to 5.25 percent and announced measures to ease liquidity conditions by: increasing the number of repo auctions to two to provide intraday liquidity support to clearing banks at the policy rate; reducing the upper and lower limits of the standing facility to lend at repo-rate and borrow at repo-rate less 200 bps; and raising the size of the main weekly refinancing operations as needed.
7.	China	1. Tax relief measures introduced by banks for corporate customers, retail customers, SMEs, insurance companies. 2. VAT exempt on a wide range of customer services (medical services, catering, accommodation, public transport, delivery services, some personal services) for an unlimited period. 3. CIT and VAT incentives for companies producing medical supplies, used in relation with COVID-19. 4. Longer tax loss carry-forward period (from five to eight years) for severely affected companies.
8.	United Kingdom	Key measures include: 1. Additional funding for the NHS, public services and charities. 2. Deferral of VAT payments due between 20 March 2020 and 30 June 2020 3. July 2020 Income Tax payment deferral to 31 January 2021. 4. To support the international response, the government has made available £150 million to the IMF's Catastrophe Containment and Relief Trust. 5. Reducing Bank Rate to 0.1 percent; expanding the central bank's holding of UK government bonds and non-financial corporate bonds 6. Business rates reliefs 7. Waiver ofimport taxes on vital medical supplies
9.	United States of America	Key Policy Responses include; 1. On 27 March 2020, President Trump signed the CARES Act, a bill that includes numerous tax provisions. 2. Federal tax filing and payment deadline extensions 3. Delay in employer and self-employment payroll taxes 4. Employee retention tax credit 5. Modification of charitable contribution limit for corporations

APPENDIX B – ICPAU MEMBERS CONSULTATION ON COVID-19

CONSULTATION ON THE LIKELY IMPACT OF COVID-19 ON UGANDA'S ECONOMY

1.0 INTRODUCTION

The Institute of Certified Public Accountants of Uganda (ICPAU) conducted a survey among its general membership on "the likely impact of Covid-19 on Uganda's economy". The survey was sent out on 18 March 2020 for a period of 5 days. The objective of the consultation was to obtain members' views and input to a Policy Statement ICPAU was preparing to submit to government on how to manage the disruptions caused by the pandemic.

2.0 RESPONSES FROM MEMBERS

A total of 178 respondents took the survey questionnaire. Outlined below is a summary of members' responses;

3.0 How worried are you about the impact of the pandemic on Uganda?

Answer Choices	Response Percent	Responses
Extremely worried	40.11%	71
Very worried	41.81%	74
Somewhat worried	11.30%	20
Not so worried	5.65%	10
Not at all worried	1.13%	2
	Answered	177
	Skipped	1

Over 80% of the members indicated that they were very worried about the likely impact of the pandemic on Uganda.

3.1 How worried are you about the impact of the pandemic on Uganda?

As illustrated in the graph below, majority of the respondents (over 80%) were equally worried about the impact of the pandemic on their organisations/ businesses.

3.2 What emergency plans can government put in place right now to manage the effects of the pandemic?

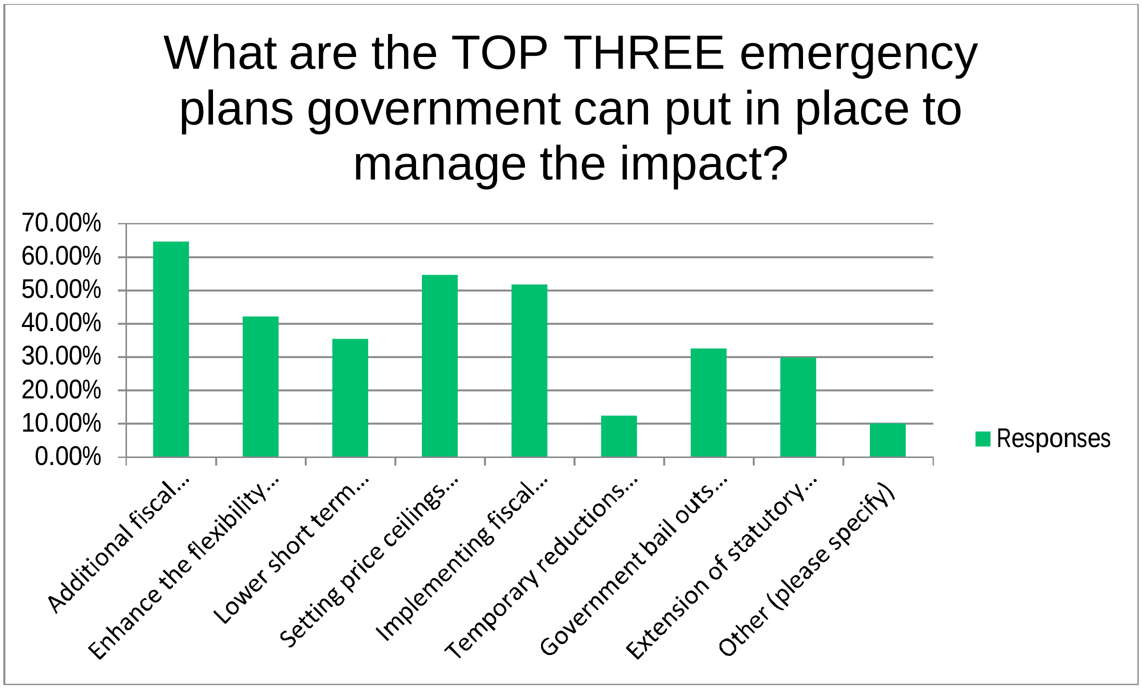
Members provided the following responses to this question;

- Coherent, coordinated, and credible policy responses from all government ministries, departments and agencies.
- Continuous and consistent sensitization and awareness creation from government, and preferably distribution of information translated in local languages.
- A temporary boost to emergency health spending – with free care for those affected by Covid-19. Health spending must occur regardless of how much room the government has in the budget.
- Separation of older people from the younger people, because the virus is way more deadly for old people than it is for young people, and take care of them separately.
- Leveraging on the resources and partnerships available from the WHO, which is working actively to support health systems globally. Personal protective equipment has created extreme difficulties for health workers and the organization is working on arrangements to ensure health workers across the globe have access to the equipment they need to do their jobs safely and effectively (access to masks, gloves, gowns and tests).
- Increasing the supply of diagnostic tests to support its call to test every suspected case, from the swabs used to take samples to the large machines needed to process them.

- Putting aside emergency finance/refinance interventions to support businesses which may struggle with meeting their financial commitments (rent, fees, etc); these can be made accessible to the public via banks & SACCOS through cheap loans;
- Call on providers of business premises and finance (banks, landlords, employers) to stay their demands until businesses or other economic activities have resumed normally;
- Compensation plans for loss of business especially due to the restrictions to halt businesses put in place by government.
- Put policies in place to ensure cheap data and internet services are available to all income groups including students for easy accessibility of online services. Promote online transactions (e-payments and e-sourcing) to minimise physical contact and handling. This would be in line with WHO guidelines on 'social distancing'.
- Revive buffer stock and stablisation fund policies to avoid economic depression.
- Regulating prices for essential goods and services to avoid panic buying and selling (e.g. for foods, grains, transport etc) as hoarding is likely to take place;
- Instituting tax relief measures/ incentives for sustaining production of locally made goods (e.g tax adjustments).
- Urging domestic wholesalers and retailers to pass the benefit of these reductions to the consumers.
- Supporting local industries that produce essential products as substitutes for imports.
- Guiding banks to work with borrowers affected by the outbreak; to provide cheap credit/ interest free loans during this crisis to support businesses particularly for SMEs in the worst-hit sectors like hospitality, travel, and tourism sectors.
- Providing relief for loan customers and cushion those in business that have running loans from closure by giving grace period for repayment and also consider interest wavier.
- Extending the timelines for filing the tax and various other returns without any penalties
- Government to reduce CBR to boost the economy - providing targeted cuts to reserve requirements for banks
- The Central bank to be ready to provide ample liquidity to banks and nonbank finance companies, particularly to those lending to small- and medium-sized enterprises to incentivize them to lend to smaller firms.

3.3 What are the TOP THREE emergency plans government can put in place to manage the impact?

Over 60% of the respondents indicated the need for additional fiscal support for health care services as the top most emergency plan that government needed to work on. Setting price ceilings for essential consumer products and instituting measures to support businesses in hard-hit sectors came in as number 2 and 3 respectively, as plans that government must put in place to try and manage the effects of the pandemic. The graph below gives an illustration of these responses.



4.0 OTHER RECOMMENDATIONS

Tax collections

The pandemic has also presented major challenges for tax agencies globally. Consequently, the tax agency will be encountering emerging compliance problems and greater demands for taxpayer support in the face of prospective budget cuts. To help address these challenges, URA is encouraged to develop a tax compliance strategy for the crisis by:

(1) Expanding assistance to taxpayers, and improving communication programs.

(2) Working with government and other local authorities to extend tax deadlines and other reporting requirements (filing and payment of taxes) for affected businesses during this period.

(3) Providing tax relief for people and businesses who can’t afford to pay.