**TaxDev Tax Expenditure Workshop**

**Session 2: Benchmarking Session: Group Exercise**

Listed below are 10 provisions in the tax laws.

*Discuss in groups whether you think these constitute tax expenditures.*

*Provide reasoning why or why not.*

*Do some appear to fit the criteria of a structural relief?*

1. Employees earning below $500 per month face 0% Personal Income Tax. All other personal income is taxed at graduated rates.
2. Locally grown rice is exempted from VAT, whilst all imported rice is subject to standard VAT rate of 18%.
3. Imports of solar batteries (e.g., into Uganda) from overseas are charged 0% customs duty. The EAC common external tariff is 25%.
4. Imported items for use in aid-funded projects are exempt from all taxes.
5. Staff of overseas embassies do not pay income tax on their salaries whilst resident in Uganda.
6. Firms investing in plant and machinery for use in mining operations are allowed a 100% tax deduction in the year in which the asset is purchased. All other assets are depreciated at 20% annually on a Straight-Line basis.
7. Customs duty exemption on import of nonfiction books.
8. Formally employed individuals (whose salaries are subject to the standard rates of income tax through PAYE) receive a $10 per month tax credit per dependent child.
9. Firms producing goods for export pay a lower CIT rate.
10. Children aged 0-6yrs are exempt from paying air passenger duty on outgoing flights.