

Report for the Sensitization workshop on the Common Market protocol (CMP) for Masaka business women; which took place at St. Jude Training Centre Busense, on 29th May 2014.

The workshop was opened with a word of prayer, anthems and self introductions.

Types of Businesses of women present in the workshop.

1. Farmers – coffee, bananas, cattle, beans, vegetables, green pepper, aubergines, fruits, fish, tomatoes, passion fruits
2. Poultry rearing
3. Piggery,
4. Baking
5. Consultancy in café,
6. Stationery
7. Soap and Vaseline making
8. Beer brewing
9. Trade in Backcloth
10. Wine from bananas
11. Briquettes,
12. Photography.

Participants' Expectations

- To get markets for coffee, bananas, -
- Elimination of business men
- Improving quality of agricultural products,
- Expand on businesses
- Business skills
- To get markets locally and regionally
- To get better markets outside my district
- How to change to a better business
- How to improve and add value to products.
- Grace period 2-3 months.

Workshop Objectives

- To enhance participants' understanding of the EAC integration and its accrued benefits to women traders,
- To explain the concepts of the Common Market Protocol

Welcome remarks

Mrs. Kizza thanked participants for coming and encouraged them to keep time if they are to improve on their economic standards. She thanked AWEAPON for choosing Masaka as a target area for this project.

Presentation by Florence Kasule,



Background to the EAC Integration (USE FLIP CHARTS)

In 1905 a currency board was established between Uganda and Kenya. In 1917 a customs board was formed, TZ joined in 1927. (Refer to Presentation).

When EAC broke down in 1984, Kenya took all planes, TZ took all ships.

Revival of the EAC – In 1993 – Museveni, Nyerere and Moi restarted the EAC idea.

1997 – Permanent Tripartite commission was established currently the EAC offices in Arusha.

1999 – EAC Treaty was signed but not implemented until 2000. Current members- Kenya, Uganda, Tanzania, Rwanda, Burundi (South Sudan and Somalia applied- still under consideration).

Benefits of EAC Integration

- Expanded Common Market,
- For the EAC not to break up – decided to involve CS and PS and consult.

Brief analysis of the 4 stages

1. **Customs Union – established in 2005**, but became operation in 2010. Objectives was to decide on a common tariff / taxes at the boarder posts– but since all countries are not same a common external tariff is not yet implemented (Currently it is 18%) but not fully operation).

Customs Union established

- a. Rules of Origin prohibit traders to pay taxes on good manufactured in a local country.
- b. Non Tariff Barriers – e.g. weigh bridges were standardized but police and other officers still terrorize traders (Evidences are needed to curb these tendencies), - there is therefore there is need to work with police and URA Officers.

One participant queried that tax and revenue officers still harass traders even between the boarder and Kampala. Women were advised to report such incidences.

One stop border posts (Goods should be checked only once), one window system and regional integration centers have been opened at Busia and other boarder centers to receive reports, for cargo tracking systems and reduced time of clearance.

She requested women to learn about these one stop border posts and use them.

2. **Business has increased- reduction of time, bond(??)**

The common market

- Explains customs procedures

- Explains standards of goods (e.g. Sanitary and phyto sanitary (SPS) for agric. And fish Products), Promotes / emphasizes quality

The CMP Promotes

1. **Free movement of goods** (Has a committee – led by Ministry of Trade), it promotes quality, efficiency, and completion Ref. Annex 5 of treaty.
2. **Free movement of persons and labor** (Some countries e.g. Rwanda Uganda and Kenya have removed work permit fees. For employment a mutual recognition agreement is in place which promotes acceptance of academia and professionals to be employed equally.
3. **Free movement of Capital** – e.g. if one wants to establish businesses in other countries e.g. funeral services already opened in Rwanda (but must satisfy conditions and rules in that particular country). (Ref. Annex 6), the advantage is that it promotes bilateral investments, - taxation is still an issue and interest rates are still too high.

Linking women traders to financial Institutions

Presentation by Finance trust Bank by Ms. Rita Bazabyabwe.



Finance trust Started as cash round by 5 women. They were joined by others including men and became a MDI. It is now fully grown and is the first women Bank in Uganda. However, its major focus is women to access finance.

Special products for women offered by Finance Trust.

The bank has several products including the youth, men, women and men.

Mama's Safe.

This Bank account targets women who are above 18 years.

Benefits of Mama's Safe account.

- Opening Balance is 5,000/=.
- No charges while banking or withdrawing,
- Offers ATM Cards which can work with other banks e.g. Centenary, DFCU and Stan Bic Banks,
- Account earns interest,
- Enables access to an individual or group loan,
- Offers health insurance for women through AAR and other hospitals as highlighted by the Bank.

Medical Insurance - operation

- Age limit 18 – 60 years.
- If Account holder pays 360,000/= per year, and in case account holder suffers from any of diseases mentioned in pamphlet, the bank pays up to 7,200,000/= for the treatment for a whole year. (This is for light diseases e.g. malaria, cough, etc.)
- If Account holder pays 390,000/= per year. (This is for acute diseases e.g. HIV, cancer, diabetes, etc.), the bank pays up to 10,000,000/= for the treatment for a whole year.
- Each Child or husband is paid for differently at 360,000/=
- To benefit from health insurance, you must be an account holder of Mama's safe account with the Finance bank, and then apply for the medical card. Only the 360,000/= is debited after agreeing between customer and bank.

She requested the participants to share this information with other women who may need the services. This medical insurance of Mama's cash is only offered by Finance Bank.

Q. In case the hospital doesn't have the drugs I need.

A. you purchase the drugs and a refund is made – through the Bank processes.

Q. In case I am already banking with Finance Trust but am now over 60 years, can I benefit from this service?

A. You can approach the manager of your branch for more advice on this.

Q. AAR delays patients with such cards.

Q. In case I don't fall sick, is this money refunded?

A. No! But you can go for medical check- up.

Q. Referral hospitals are free; can I go to the private wing of that hospital?

A. Yes.

Q. In case I die, what happens?

A. In case you die in one of the hospitals mentioned, the bank organizes transport to your burial place and burial arrangements and also pays 500,000/= cash for burial logistics.

Account opening requirements:

- 5,000/=
- Any of these voters card, pass port, driving permit, LC ID, Office ID or finance card.

Loans

Individual loan;

- Must have Mama's safe account,
- Offers working capital – must have been with business, with experience – not beginners, because you are supplementing not offering start up capital.

Requirements to access this loan:

- Land title,
- Land sales agreement,
- Functional household assets (Not bedroom assets),
- Monthly repayments,
- 2 guarantees (One an account holder in Finance Trust, and not tenants – respectable people.)
- LC letter.
- Financial Card.
- Loan repayment is 6 months.
- Pay 10% of loan amount (To carter for other costs e.g. commission, financial card,

Can offer from 500,000/= up to 1 billion.

Interest rate 18%.

Example.

In case one borrows 500,000/=

Monthly installment is	90,000/=
Monthly interest repayment is	15,000/=
Monthly loan repayment is	83,333/=
Total to be paid monthly	98,400/=

Challenges

- Excess taxes for importers and locally as well,

Group Loan Requirements;

- Financial Card,
- No basic requirements as individual loans – group guarantees,
- Bimonthly loan repayments,
- Loans from 200,000 – 500,000/= for beginners.

Introducing women to taxation as a requirement in trade.

Presentation on Taxation and non tax barriers faced by traders within EAC – by Mr. Ephraim Sentamu Kaddu.

What is tax?

Income Tax- It is money paid to government when you get money.

Direct tax: deducted directly from income e.g. PAYE.

Indirect tax – Levied on goods.

Others indirect taxes include;

- Import duty – Levied on all imports , but Some imports are exempted e.g pharmaceuticals,
- Excise duty – Levied on non – essential commodities e.g cigarettes
- VAT – is calculated according to value of the product (Agricultural products are not taxed).
- With holding tax – Levied according to your books of accounts. 6% on imports is deducted as tax.
- Environmental levy – Levied on imports of old items e.g old cars, kettles etc (Items like old fridges and computers are no longer allowed to be imported – it is good to ask before importation.

- f. Domestic Vat – Paid by those not registered for VAT. Any one with capital above 5m/= is expected to pay VAT.

VAT is paid by the consumer not the seller. It is collected by govt. to run govt. business.

If someone keeps good books of account, this VAT is paid back to the owner of business.

Domestic Taxes

Income Tax Levied on individuals e.g. salary earner or self owned rentals.

Tax on rentals:

If this rental is to be taxed – In case you rent out at 300,000/= per month, annual income is 3,600,000/=,

Government leaves you with 20% annual house maintenance p.a = (720,000/=)

Out of the balance, a threshold of 235,000/= is left to owner as income ; which is 2,820,000/=p.a

the balance of this which is 60,000/= after deducting the above, is the tax revenue to be paid to government per month.

Penalty for unpaid tax is 200,000/= per month.

Corporation tax – levied on businesses registered as companies.(?????????????)

As business women how does tax affect me?

Informed that all imports are taxed. Exports are not taxed but people do not export.

First ask: What to imports which do not need to pay tax – e.g. fertilizers, ex. Books, chalk are tax free.

- Machines for adding value e.g. pineapple driers, and making items like exercise books will not be taxed import and withholding tax. VAT will be paid after operating the machine.
- Yet import of old clothes are taxed 53%.

Tax Identification Number (TIN) – is your number for paying taxes in URA. Required for example during transfers of cars, land titles, stamp duty for bank mortgages, getting passport, driving permit etc.

Having a TIN number makes you access better customers due to trust.

Books of accounts.

It is important to keep books of accounts.

Types of records that should be kept:

- Receipts and payments (Income statements)
- Balance sheets

- Pay role
- Import records
- Contracts
- Bank statements
- Water and electricity bills
- Appointment letters of employees
- Stock records

Note: To succeed in business.

- Take stock and assets regularly,
- Know your business – morning and evening
- Keep an eye on the Cash – in and out, debtors, creditors etc.
- Never trust anyone fully
- Keep invoices.

Facilitator advised participants to invite tax officers from Masaka to educate them more.

Knowing right Tax to pay:

Note: Without keeping books of accounts, tax officials just estimate tax to be paid.

In annual gross sells are less than 5m/- - no tax is to be paid.

Between 5 and 10m/= you pay 100,000/= p.m

20 – 30 m/ pay 250,000/= or 20 % p.m

30 – 40 m/= pay 350,000/= or 1% p.m

40 – 50 m/= pay 450,000/= or 1% p.m.

Taxes by URA are sent to a consolidated fund of government.

It is also good to ask because loans pay taxes but share holding income into business attracts no tax. Therefore it is better to get share holders in your business than getting loans.

Formation of the AWEAPON Kampala Business women Coalition.

30 members agreed to become members of AWEAPON as a coalition. The following were elected as the leaders:

Chairperson: Nakiwala Roslen – 0703722628 /0774711336

Vice Chair: Sarah Nakato: 0701 677101

Secretary: Esther Kabengano – 0772365744

