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Policy Brief - #2.28 Case study – Uganda

The impact of tax abuses on Determinants of Health
and Mortality rates in Uganda



GRADE
Government Revenue and
Development Estimation

The consequences of tax abuse

Tax abuse (evasion and avoidance) is increasingly being recognised as a significant barrier to development. Government revenue in low and middle -income-countries relies more heavily on corporate tax than in high-income-countries, and tax abuses by international players can have a much more significant impact on their ability to accrue government revenue and invest in healthcare and education ([Moore, 2015](#)). African countries particularly suffer from the consequences of tax abuse. Many countries have signed unfavourable double tax agreements, which deprive the countries of their rights to accrue revenue from taxes ([Tax Justice Network Africa, 2020](#)). Our [peer-reviewed research on Government Revenue and Development \(GRADE\)](#) has demonstrated that an increase in government revenue in low-income-countries (e.g. through curtailing losses to tax abuse) can have a significant impact on their ability to provide Determinants of Health (e.g. sanitation and drinking water) and reduce under-5 (U5) and maternal survival rates.

The impact of tax abuses on Uganda

In 2020, the Tax Justice Network released [a report on the State of Tax Justice \(SOTJ\)](#). For the first time, the report revealed an account of how much each country loses annually to tax abuses. From the SOTJ report, we know that Uganda suffers annual tax losses of \$115 US Million. We deflated this value into 2017 US Dollars (\$109 US Million), as this was the most recent year for which total government revenue figures were available, then converted this value into percentage of government revenue (2.5%). We then ran this percentage through our visualization tool as an increase of percentage of government revenue per capita to estimate the impact that curtailing these losses would have on Uganda's ability to provide health determinants and increase survival rates. The figures we provided are analysed from 2003-2017, with the assumption that effects on health determinants and survival rates are not accrued for the first 5 years following an increase in revenue. This means that the results are projected over a ten-year period from 2007-2017.

Impact on drinking water in Uganda

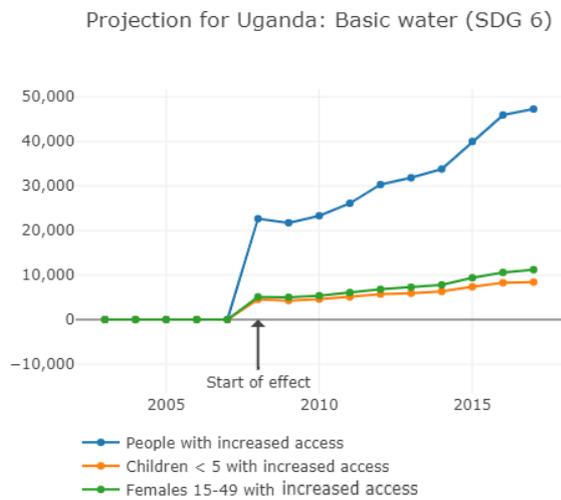


Figure 1 Projection for Uganda: Basic Water

Using our GRADE tool, we can demonstrate that over a ten-year period, on average 83,488 people (of which 15,629 are children and 19,286 are women of reproductive age) would have access to basic drinking water if the revenue lost to tax abuses in Uganda were curtailed.

Impact on sanitation in Uganda

Using our GRADE tool, we can demonstrate that over a ten-year period, on average 157,642 people (29,497 of which are children and 36,422 are women of reproductive age) would have access to basic sanitation if the revenue lost to tax abuses in Uganda were curtailed.

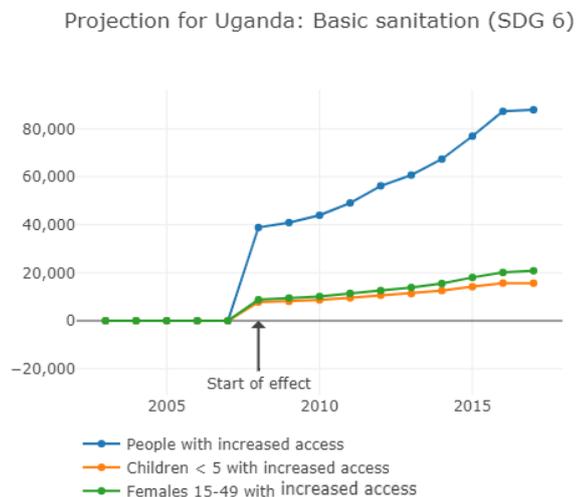
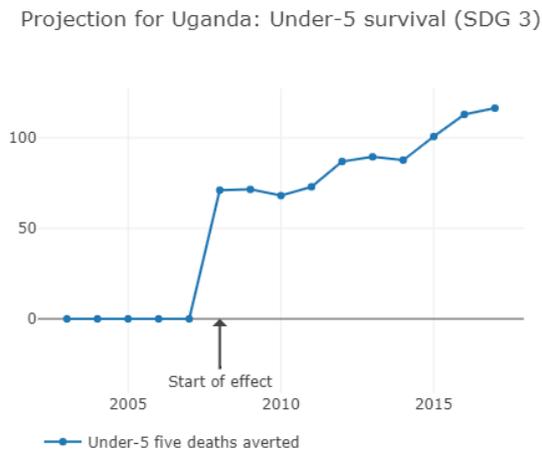


Figure 2 Projection for Uganda: Basic sanitation

Impact on child survival in Uganda



Using our GRADE tool, we can demonstrate that over a ten-year period, 2,270 child deaths could be averted if the revenue lost to tax abuses in Uganda were curtailed.

Figure 3 Projection for Uganda: Under-5 survival

Impact on maternal survival in Uganda

Using our GRADE tool, we can demonstrate that over a ten-year period, 279 maternal deaths could be averted if the revenue lost to tax abuses in Uganda were curtailed.

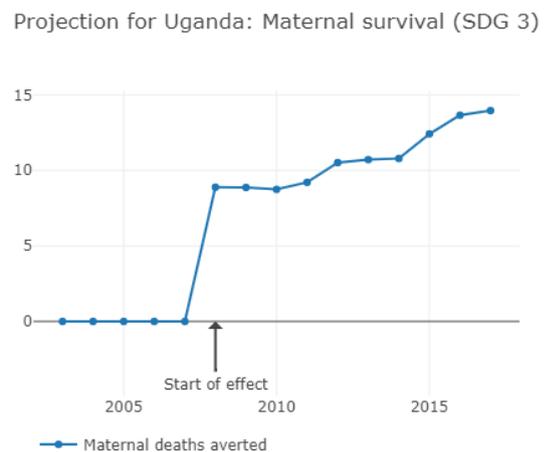


Figure 4 Projection for Uganda: Maternal survival

Total harm caused to Uganda through tax abuses

To summarise, we estimate that over a ten-year period, 2,270 Under-5 deaths and 279 maternal deaths would be averted, 83,488 people (of which 15,629 are children and 19,286 are women of reproductive age) would have access to basic drinking water and 157,642 people (29,497 of which are children and 36,422 are women of reproductive age) would have access to basic sanitation. These figures demonstrate that tax abuses have significant human consequences for people in Uganda and must be carefully reconsidered and validate the huge potential for children if these policies are reviewed.

The impact of curtailing these losses could make a great difference in Uganda's ability to provide healthcare and education and reduce mortality rates. A minor increase in government revenue within low- and middle-income- countries will assist in the promotion of fundamental human rights, a condition of treaties such as the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child, it is vital that the impact of tax abuses is recognised.

Call for Action

These figures demonstrate that tax abuses come with a serious human cost and impact the right to health for many children in Uganda. It is essential that governments worldwide recognise the impact tax abuses have on the Determinants of Health and mortality rates, particularly within low-income-countries. Allowing tax abuses to continue actively undermines fundamental human rights, which stands in direct opposition to the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child. We are calling for action from leaders worldwide to take measures to prevent policies which allow tax abuses to continue.

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