



THE REPUBLIC OF UGANDA

LOCAL GOVERNMENT FINANCE COMMISSION



PRACTICAL GUIDE FOR IMPLEMENTATION OF LOCAL SERVICE TAX AND LOCAL GOVERNMENT HOTEL TAX

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FOREWORD

The Government of the Republic of Uganda devolved functions, powers and responsibilities to Local Governments through its decentralization policy, legally provided for in the Constitution and operationalised by the Local Government Act, cap 243. Article 176(2) (d) of the Uganda Constitution provides that: there shall be established for each local government unit a sound financial base with reliable sources of revenue. Also Article 191 (1) of the same Constitution provides that: Local Governments shall have power to levy, charge and collect appropriate fees and taxes in accordance with any law enacted by Parliament. These sources of revenue for the Local Governments are echoed in the Fifth Schedule of the Local Government Act Cap 243.

The Local Governments Act operationalises and enhances these provisions and section 80 provides that: Local Governments may levy, charge and collect fees and taxes, including rates, rents, royalties, stamp duties and registration and licensing fees and the fees and taxes that are specified in the Fifth Schedule to this Act.

The major sources of local revenues collected and utilized by Local Governments are either of low yields or not fully exploited. They include: property rates, market gate charges, business licenses etc. Therefore Local Governments continue to be constrained and are not able to finance critical services such as:

- a) Meeting Council sitting expenses.
- b) Council Committee sittings.
- c) Office operational expenses at the various levels of local governments & Administrative Units.
- d) Supervision and Monitoring of local government projects/investments and other priority activities.
- e) Repair and maintenance of local government facilities and infrastructure.
- f) Co-funding of donor funded projects in Local governments.
- g) Supplementing salaries and wages
- h) Other local development programmes.

They face difficulties to pay the salaries of their staff in post leading to accumulation of salary arrears. The approved structures of the Local Governments are also not fully filled leaving out critical skills and expertise.

It is therefore my humble wish that local government officials and other practitioners will find these practical aspects of how to manage Local Service Tax and Local Government Hotel Tax, useful in implementation of the taxes for increased local revenue collection.



Johnson Bitarabeho

CHAIRPERSON, LOCAL GOVERNMENT FINANCE COMMISSION

1.0 INTRODUCTION

In an attempt to relieve Local Governments out of the dilemma of low local revenue collections, and reverse the tendency of failure to finance their mandated functions, the Parliament of Uganda passed the Local Governments (Amendment) Bill, 2008 which later became law, introducing new taxes for Local Governments thus; Local Service Tax and Local Government Hotel Tax.

The Bill introducing new taxes (i.e. Local Service Tax and Hotel Tax) was passed by Parliament in April 2008. It was then assented to into law by H.E the President on 24 June 2008. The implementation of the collection of these taxes was to commence from 1st July 2008. However, Local Governments could not immediately implement these taxes without appropriate guidelines in place.

2.0 LOCAL SERVICE TAX

The Local Service Tax (LST) is to be levied on the wealth and income of the following categories of people and the assessment is to be fair, equitable and non-regressive: Persons in gainful employment, self-employed and practicing professionals, self-employed artisans, businessmen and businesswomen. However, the salaries of the following categories of people are exempted from LST; Members of the Uganda Police Force, Members of the Uganda Prisons Service, Members of the Uganda People's Defense Forces, unemployed persons, peasants (people living in poverty and unable to earn a minimum income to access basic necessities of life), and Members of the Diplomatic Missions Accredited to Uganda.

The management processes towards collection of this tax requires all Sub- Counties, Municipal Division, Town Councils and City Divisions to form three Committees i.e. Enumeration and Registration Committee (ERC), Assessment Committee (AC) and Appeal Tribunal Committee (ATC).

2.1 General Guide

Table for the composition of Enumeration and Registration Committee (ERC)

Sub-County	Division
Sub-County Chief	Assistant Town Clerk
Sub-Accountant	
Agricultural Extension Officer	
Community Development Officers	

The role of the ERC is to plan and carry out a general registration of possible taxpayers in the LG using the form designed below.

Table for the composition of Assessment Committee (AC)

Sub-County	Division

The Assessment Committee will then extract from the GERP persons of same category of LST and subject their earnings to given schedules to determine LST accruing to each of them. The LG can then, using the address of the location of the employer plan to meet the employer and to confirm level of monthly earnings and determine amount to be paid as LST and agree on the mode of payment. If the location of the employer is in another district, Municipal etc, the

claimant LG writes to the employer of its resident through its mother district, Municipal etc, seeking appointment to discuss these issues.

Table for the composition of Appeal Tribunal Committee (ATC)

Sub-County	Division

Sample of the GERF form for LST

Employee/Business Entity	Nature of job/venture	LST Class	Particulars of Employer/Business	Income details	Gross Monthly income	Net monthly income
Martin Odama	Dental Practitioner	SEP	Ms Odama Dental Services Ltd. Plot 1024 Rubaga Division.	Receipt of 4 patients per day and each pays 10,000. Working days are from Monday to Friday.	800,000	400,000
Martin Odama	Dentist	PGES	The Director Mulago Hospital	Government Scale	678,900	500,000
Kandimaite Mark	Teacher	PGES	The DEO, Nakawa Division Education Committee P. O Box ----- Tel..... Fax.....	Government scale	120,000	90,000
James Atibu	Welder	PGES	The Manager Susco Engineering Works Ltd.	Susco Engineering Works deals in Building the bodies and Welding Heavy Trucks. Artibu being employed and earning a monthly salary is classified under PGES instead of SEA	400,000	350,000
Josephine Apolot	'Kitenge' sales dealer	BM& WN	SE	Purchase of 'Kitenge' roles from DRC Congo for sale in Uganda making a net profit of 40,000/ per week.	160,000	145,000
Pius Yang	Plumber	SEA	SE	He is not a salary earner. Walks places looking for plumbing works which after finding one (average pay of 850,000) may take an average of two weeks before landing on another.	170,000	156,000
Begawan Chris	Dramatist	SEP	SE	Drama Clubs do hire the services of Mr. Bagawa on a needs-basis not routine. He is only sure to be hired during festive seasons of Christmas and Easter where he acts drama on the birth and death of Jesus Christ respectively. At each of these two seasons he earns on average 120,000/, which amounts to 240,000/ in a year.	20,000	11,000
Maloba John	Grinding Mill	BM& WN	SE	Maloba is operating a private grinding mill on his compound. His earnings from this business are seasonal (maize and millet harvesting periods). At high peak he can get 50,000/ profits in a week and during poor periods this figure falls to 10,000/ profit per week.	Average earnings per month is 240,000/	210,000
Wasswa Francis	Radio Repairer	SEA	Uganda Broadcasting Corporation, Kampala	Waswa is hired as a radio repairer by a government institution on a needs-basis. He does not appear on the pay roll. Radio Repair is only required when there is default.	456,900	300,000

Employee/Business Entity	Nature of job/venture	LST Class	Particulars of Employer/Business	Income details	Gross Monthly income	Net monthly income
Otunu Richard	Customs Agent	PGES	The Manager, URA Busia Branch P.O Box 23 Busia. Tel. Fax.	URA Salary scale	987,456	840,000
Douglas Kyeyune	Cattle sales	BM&WN	SE		1,200,000	1,000,500
Sylvia Among	Journalist	SEP	Orumuri Newspaper P.O Box 23412 Kampala. Tel. +256 414 123432	Gathers information on topical issues, presenting articles and advertisements. For every 20cm X 30 cm space piece, she is paid 60,000/-. She can make on average 3 of 20cm X 30cm piece per week	720,000	610,000

LEGEND:

SE	Self- employed
PE	Private Employee
SEP	Self Employed Professional
PGES	People in Gainful Employment and earning a Monthly Salary
BMBW	Businessmen and Businesswomen
GE	Government Employee
SEA	Self Employed Artisans
GERF	General Enumeration and Registration Form
ERC	Enumeration and Registration Committee
ERHL&GH	Enumeration and Registration of Hotels, Lodges and Guest Houses

Note:

Depending on whether a person is on salaried employment by private or public institutions, the list of persons as categorized under the different groups above is not final e.g. although James Atibu is a welder (SEA), his salaried employment with Susco Engineering Works makes him fall within PGES.

Martin Odama is working in Mulago Hospital as a dentist but he also operates a dental service in a private clinic in Rubaga Division. The law permits him to be paying LST on his salary as a dentist in Mulago Hospital only. Taxing his earnings from the private clinic legalizes operation of the private clinics against the law. Although Mr. Bagawa seems to be earning well, his earning source is scanty (only twice in a year). Averaging his income per month put him in the exempted group.

Notes on the table

Column	Explanation
1	Is the numbering of the residents in their order systematically carried out to avoid missing out some people?
2	Captures information on the true name of the person as indicated in his/her identity card. The selection of who must register, deemed to be earning income and does not fall within exempted category, is the responsibility of the LG concerned
3	Captures the detail information on the type/nature of job/venture, as it appears to be from the view of the Committee. This must be filled at that instant
4	The information in this column informs the Committee on the classification of the job/venture into the categories as highlighted under LST. The purpose is to know which schedule the employee should be subjected to. This can be filled at deskwork not necessarily in the field as it requires ranking of the data in column three to the categories given in the Act.
5	<p>Employers may be Government Ministries, Agencies, Departments, Local Governments, Public institutions/Companies, Private Institutions/Companies and NGOs etc. Payment for salaried taxpayers is made in the first four months in the year (i.e. July. – October). The name of the employer from whom information on the employee earning levels are to be corroborated is obtained is indicated.</p> <p>For public employees, LG contact with the employer shall permit accurate payment instructions to relevant authorities with respect to individual name, amount deducted as LST, Name of beneficiary LG where the employee resides. Transfers can then be in form of cheques, EFT Bank Drafts etc but not in cash form. The employer should send the list to MoFPED with deductions of LST and the list is copied to the respective Local Governments.</p> <p>For employees in the private sector, the contact of the LG with employers shall lead to an agreement for them to deduct and transfer the fund to the Local Governments concerned.</p>
6	Provides the details of the earning sources and the processes used in arriving at the estimated monthly earnings in column seven. These processes can then be re-examined by the Assessment Committee where they are not satisfied with the estimated figures.
7	<p>This provides for an estimate of the employee's monthly earnings. If the level of the earning as given by the employees satisfies the Committee, then it taken as given for the compilation of the tax. Otherwise further consultation with employer, employee and persons in paid similar jobs, shall be carried out by the Committee to corroborate the figures given. The Assessment Committee may use all or some of the following attributes in order to arrive at a fair estimate of monthly earnings of BMBW, SEA, and SEP:</p> <ul style="list-style-type: none"> • Size of stock dealt with <p>The size of stock gives a fair estimate of how much the dealer earns. This may involve physical counting and valuation of existing stock.</p>

Column	Explanation
	<ul style="list-style-type: none"> Rate of return (daily return on good days and bad days then average for working days in a week). <p>This may depend on the location of the venture e.g. Similar Restaurants in Pader District and Kampala District may not have same monthly earnings. Pader Restaurant may earn what Kampala Restaurant earns in a month in three months.</p>

2.2 Persons in Gainful Employment

2.2.1 Enumeration and Registration

The Registration Committee, using the GERF above will carry out the enumeration and registration exercise and submits filled forms to Assessment Committee.

For an employee with multiple residences, LST is due to Local Governments in whose area the employee resides during his working days. The Act defines place of residence as a continuous residence for at least six months. The obligation is on the employee to inform his/her employer one place of residence where he/she stays that has not broken by reason of any absence of less than five working weeks. In this case two or more Local Governments, having registered the different residences of an individual employee within their jurisdiction, may converge at the employer who then decides according to the interest of the employee which LG should receive his LST.

2.2.2 Assessment

The Assessment Committee will estimate values as given in the general form as final when satisfied so. Otherwise the committee may inquire to confirm the figures from Payroll, Pay sheet used by the employers when dissatisfied with given figures at registration. The outcome of the Assessment committee consultations in establishing the fair income earnings is jointly arrived at with the taxpayer. Where the taxpayer objects the decision of the AS, he/she is advised to appeal to the ATC. When consensus is established the figure is subjected to the schedule below and LST is accordingly determined for each employer.

For those in Public Service, LST should be paid on income net of PAYE. The schedule form the payment of PAYE is as tabulated below.

	Earnings per Month	PAYE
1	<130,000	Exempted
2	130,000 – 235,000	$(x - 130,000) * 10\%$
3	235,000 – 410,000	$(x - 235,000) * 20\% + 10,500$
4	410,000 and above	$(x - 410,000) * 30\% + 45,500$

Assume that a worker earns shs.420, 000 per month. The LG Act would require that the earner should be subjected to payment of PAYE first as in the table below:

(a)	(b)	(c)	(d)	(e)
Monthly Salary	PAYE	Disposable Income after PAYE	LST	Disposable Income after PAYE and LST
420,000	48,500	371,500	20,000	351,500

The Income Tax Amendment Act would treat LST deductible from gross income as indicated in the table below:

(a)	(b)	(c)	(d)	(e)
Monthly Salary	LST	Disposable Income after LST	PAYE	Disposable Income after PAYE and LST
420,000	30,000	390,000	41,500	348,500

The result from this scenario is that the available income to a taxpayer after payment of both taxes is less than the first scenario.

However in both scenarios, figures in column (d) are calculated based on figures in column (c). Obtaining column (d) from column (a) would amount to double taxation.

Schedule for LST from PGES

	Amount of monthly income earned (shs)	Rate of LST (in shs) per year
1	Exceeding 100,000 but not exceeding 200,000	5,000
2	Exceeding 200,000 but not exceeding 300,000	10,000
3	Exceeding 300,000 but not exceeding 400,000	20,000
4	Exceeding 400,000 but not exceeding 500,000	30,000
5	Exceeding 500,000 but not exceeding 600,000	40,000
6	Exceeding 600,000 but not exceeding 700,000	60,000
7	Exceeding 700,000 but not exceeding 800,000	70,000
8	Exceeding 800,000 but not exceeding 900,000	80,000
9	Exceeding 900,000 but not exceeding 1,000,000	90,000
10	1,000,001 onwards	100,000

2.2.3 Collection

A suitable method of collection will be agreed upon between the employer and the LGs concerned. These may be by use of Bank cheques, Bank Drafts and EFT system but not in cash form. Whereas the use of EFT may be applicable to Government/Public employees, employers in the private sector, the other means mentioned can be applied.

2.2.4 Enforcement

Subject to this regulation, any person who without lawful excuse, the proof of which shall lie on him or her, refuses, neglects or fails to pay the tax to which he or she is liable under these Regulations, four months from the date the tax is due, commits an offence and is liable on conviction to imprisonment for a term not exceeding double the amount of the tax due.

2.3 Self-employed Professionals

Every district or urban local council shall levy an annual LST on every person in gainful employment. The tax here by is payable to the Local Government where the payer resides.

2.3.1 Assessment

The information obtained during the Enumeration and Registration as captured in the General Enumeration and Registration Form (GERF), can be used to determine appropriate estimates of their earnings. Although, the AC may liaise with representatives from each of the professional lines, if any, e.g. legal services, medical for confirmation of appropriate figures, a combination of taxpayer's indicative figure, size of stock, rate of turn over should provide a fair estimate of his/her presumed monthly earnings. A confirmed figure can then be subjected to the schedule below.

	Monthly income (shs)	LST (shs) per year
1	0 – 499,999	Exempted
2	500,000 – 999,999	50,000
3	1,000,000 and above	100,000

The above schedules shall be applied by the LGs on the following categories of professionals in the various fields.

	Category of Professionals	Monthly income (shs)	LST (shs) per year
1	Medical Doctors		
2	Dental Practitioners		
3	Pharmacists		
4	Veterinary Doctors		
5	Engineers		
6	Accountants		
7	Auditors		
8	Financial Consultants		
9	Economic Consultants		
10	Technicians		
11	Lawyers		
12	Architects		
13	Fine Artists		
14	Journalists		

	Category of Professionals	Monthly income (shs)	LST (shs) per year
15	Writers		
16	Agricultural scientists		
17	Land Surveyors		
18	Quantity Surveyors		
19	Valuation Surveyors		
20	Physical Planners		
21	Land Management Consultants		
22	Scientists		
23	Photographers		
24	Counselors		
25	Clergymen and Women		
26	Dramatists/ actors		
27	Singers		
28	Sportsmen and Women		
29	ICT Specialists		
30	Any other self-employed professionals not mentioned		

2.3.2 Collection

After appropriate mechanisms to establish a fair level of earning have been pursued, the AC shall then write a ‘demand note’ to the concerned individuals or Companies (where applicable), detailing the amount of LST, means of payment (bank deposit) and dead-line for payment.

2.3.3 Enforcement

Tax tickets issued to individuals should bear their photographs taken at the time of enumeration and registration. This avoids impersonation, fraud and avoidance of tax payment. Defaulting or delayed payments should be penalized as prescribed in the law.

2.4 Self-employed Artisans

These include craftsmen, plumbers, builders, electricians, painters, mechanics, carpenters etc.

	Monthly income earned in shillings	Rate of LST (SHS) per year (shs)
1	0 – 199,999	Exempted
2	200,000 – 299,999	10,000
3	300,000 and above	20,000

Professionals who are self-employed (artisans) in various fields

	Type	Amount of monthly income earned (SHS)	Rate of LST (SHS) per year
1	Craftsmen		
2	Plumbers		
3	Builders		
4	Electricians		
5	Masons		
6	Carpenters		
7	Mechanics		
8	Blacksmiths		
9	Painters		
10	Welders		
11	Bakers		
12	Furniture makers		
13	Florists		
14	Tailors		
15	Radio/TV repairers		
16	Hairdressers		
17	Cobblers		
18	Watch Repairers		
19	Car washers		
20	Semiskilled Artisans and any others not mentioned.		

2.4.1 Assessment

For those operators who are organized in workshops, garages or groups, their leaders will be required to submit detailed information on all their employees and wage earnings so as to compute monthly income accruing to each individual. However, for those operating on individual accounts, assessment shall be taken on a case-by-case basis.

Note that for categories of producers who make and sell their products, they should be categorized under craftsmen. But when one buys and sells s/he should be grouped under businessmen and women. No practitioner in this category shall be allowed to undertake any work within the LG without proof of LST payment.

2.4.2 Collection

The AC shall issue a 'demand note' following assessment detailing who pays what, where, deadline for payment plus LST tickets to the leadership of a group, who then is responsible to issue the tickets to their members on payment of the tax.

2.4.3 Enforcement

The enforcement measures as provided in the law shall apply but may include withdrawal of operational permits and/or confiscation of items of equivalent value to the tax.

2.5 Businessmen and Businesswomen

Included under this category are owners of shops, fuel stations, restaurants, bars, furniture workshops, printery workshops, food vendors, communication agents, insurance brokers, directors and shareholders of business companies (e.g. private school, hospitals, etc), real estate service providers, owners of road construction firms, outside catering service providers, coffee millers, maize millers, fish mongers, timber merchants, garage owners, shoe makers, and others not mentioned.

2.5.1 Assessment

Since all the above businesses are registered under Local Government, in addition to data on GERF, the AC should acquire details from trading license registers, so as to minimize on the cost of attaining this information and ease the assessment exercise. Already this category is paying Business License and Presumptive Tax to LG and Central Government respectively.

While Business license may be regulatory (encouraging/discouraging production, consumption and location of certain products), presumptive tax is paid according to the schedule below. In order to avoid 'double taxation', LST should be paid on income net of Presumptive Tax the same approach when dealing with LST and PAYE.

Note that the difference here is that while LST exempts earners of shs. 500,000 and below, Presumptive Tax (PT) exempts earners of shs. 5,000,000 and below. Earners within second, third and fourth bands for PT pay flat LST rate of shs. 100,000

Schedule for the Payment of Presumptive Tax (PT)

Band	Sales (Turnover) shs.	Presumptive Tax Rate shs
1	5,000,000 - 20,000,000	100,000
2	20,000,000 - 30,000,000	(x*0.01) or 250,000/ whichever is lower
3	30,000,000 - 40,000,000	(x*0.01) or 350,000/ whichever is lower
4	40,000,000 - 50,000,000	(x*0.01) or 450,000/ whichever is lower

A process of granting a grace period ranging from two to twelve months (depending on the nature of businesses) of operation is recommended. This will give assessors opportunity to gauge individual tax payer-income earnings from businesses to use in assignment of LST levels as prescribed in the Act as below and notified to the entrepreneurs in time.

Attempts by the AC should be made to determine appropriate level of income using the physical approaches hinted above.

Schedule for the Payment of LST by Businessmen/Women

	Monthly turnover (in shs.)	Rate of local service tax (in shs) per year
1	500,000 but not exceeding 1,000,000	5,000
2	Exceeding 1,000,000 but not exceeding 2,000,000	10,000
3	Exceeding 2,000,000 but not exceeding 3,000,000	20,000
4	Exceeding 3,000,000 but not exceeding 4,000,000	30,000
5	Exceeding 4,000,000 but not exceeding 5,000,000	40,000
6	Exceeding 5,000,000 but not exceeding 6,000,000	50,000
7	Exceeding 6,000,000 but not exceeding 7,000,000	60,000
8	Exceeding 7,000,000 but not exceeding 8,000,000	70,000
9	Exceeding 8,000,000 but not exceeding 9,000,000	80,000
10	Exceeding 9,000,000 but not exceeding 10,000,000	90,000
11	Exceeding 10,000,000 onwards	100,000

2.5.2 Collection

The AC should issue a 'demand note' to the BMBW following assessment detailing what to pay, where, deadline for payment plus LST tickets to the entrepreneur.

2.5.3 Enforcement

It is the onus of the local government to privatize or not the collection of unpaid revenues whichever method shall appear cheaper. The penalties are as prescribed by the law. No license for any business shall be renewed without:

- Presentation of a list of its employees and their incomes respectively.
- Proof of payment of LST

2.6 Illustrations/Examples:

2.6.1 Place of Residence

Where a person operates in more than one Local Government e.g. Ms. Nanyunja resides in Nakawa Division. She operates a saloon in Kawempe Division, a washing bay in Rubaga Division, and a bakery in Makindye Division. The situation can be illustrated as in the table below.

	Business venture	Division	Net monthly earning	LST
1	Super unisex saloon	Kawempe	650,000	5,000
2	C&C car wash	Rubaga	1,850,000	10,000
3	Hot Pastries Bakery	Makindye	1,020,000	10,000
	Total earnings		3,520,000	25,000

Option 1:

The LGs hosting each of the business entities benefit from the trading licenses charged when opening the business within its jurisdiction. The LST so derived should therefore benefit the LG of the residence of the proprietor. In this case Nakawa Division takes LST accruing from all the ventures above and leaves Kawempe, Rubaga and Makindye to charge business licenses on entities within its boundaries.

Option 2:

The total LST accruing from all the entities shall be shared as 35% to the residential LG and the remaining 65% to all LGs hosting the venture in proportion to the contribution to the total revenue of the proprietor.

2.6.2 Maximum Amount to be Paid as Tax

There is a rule that the total amount to be paid as tax (excluding user charges) should not exceed shs. 100,000. A situation may arise where a person operates many activities in same or different Local Governments. Examples are given below.

	Business venture	Division	Net monthly earning	LST	Division apportionment of LST
1	Super unisex saloon	Kawempe	650,000	5,000	4,808
2	C&C Health club	Rubaga	7,850,000	70,000	58,062
3	One cart events planners	Makindye	5,020,000	50,000	37,130
	Total earnings		13,520,000	125,000	100,000

In this situation, it is only fair that the businessperson pays 100,000/ in total but the amount is apportioned to the LGs according to the proportion of the total earning accruing from the venture in each LG.

E.g. The LST to be paid to Kawempe Division shall be noted by $(650,000/13,520,000) * 100,000 = 4,808$. Similarly the LST to be paid to Makindye Division equals $[5,020,000/13,520,000] * 100,000 = 37,130$.

3.0 LOCAL GOVERNMENT HOTEL TAX (HT)

3.1 Enumeration and Registration

At the exercise for general enumeration and registration, the ERC should include and carry out a survey to register all the hotels, guesthouses and lodges (if any) in a given local government. In addition to the GERF, the ERC should fill ERHL&GH form to capture relevant data for this purpose.

Sample ERHL&GH form

	Hotel/Lodge	Location	No of Beds	Occupancy (high season)	Occupancy (low season)	Other Facilities	Charge per Bed/Night	Estimated LST
	Afronika Bar & Lodgings	Kiira TC	120	90	10	Swimming, Pool Game, Meal	30,000	

Notes on table

Column	Explanation
1	All the hotels, lodges and guesthouses operating within a LG should be registered and assigned serial numbers for the purpose of ensuring all are captured.
2	Registered name of Hotel/Lodge/Guest House is important especially in handing banking transactions with the LGs.
3	LG Act, Cap 243 provides for the sharing of locally generated revenues between the LLGs and the HLG. Therefore the indication of the LLG in whose jurisdiction if found the Hotel, Lodge, and Guest House is important for this purpose.
4	The total number of beds in a hotel can provide a guess of the maximum possible earnings in a month.
5&6	Although not all beds can be occupied at any one moment in time, the highest possible number used during peak days can be obtained. Combined with least possible occupancy days used, the AC can average the two to obtain daily data on occupancy.
7	Certain Hotels and Lodges provide other facilities that provide additional earnings to management. Institutions do occasionally hire the facilities e.g. Swimming Gala, Pool table Tournament for a week or so. This makes adjustments to the average level necessary to accommodate the changes.
8	The classification of the hotels and lodges should be done by amount charged per room occupant in order to use the schedule given in the Act.
9	The estimation of the expected LST from a Hotel can be given by the Hotel Management. If the AC

Column	Explanation
	approves the figure, then it is taken as such, otherwise this figure can be corroborated with the estimate by the AC as derived using data in the 5 th , 6 th , 7 th , and 8 th columns.

3.2 Assessment

This can be attained from reception registers, which clearly stipulates time of arrival and departure, the room type (ordinary/presidential suite) and the amount paid by the clients. The AC has a role to device an appropriate method for the documentation of lodge users.

3.3 Collection

When satisfied with the average earning level of a Hotel, the AC shall issue a 'Demand Note' to its management detailing where (Bank Account No.) the tax is to be paid, and dead-line for payment. The management of the hotel should collect this tax by using the same receipts for payments to the hotel and the carbon copies delivered with payments to the local governments on monthly basis.

3.4 Enforcement

The enforcement mechanisms as prescribed in the law will apply but may include non-renewal of business license for those not compliance with this requirement.