#### Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

41<sup>st</sup> SESSION 6 – 8 November 2024

Friday, 8 November 2024

Agenda item 5 (a). Updates on implementation of technical cooperation projects

Presented by

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Experiences from Uganda's Informality Management for Compliance and Revenue Mobilization (IMCORE) Program

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- **1. Introduction**
- **2. UNCTAD Technical Assistance**
- 3. Uganda's E- Accounting Tool
- 4. Relevance of the E-Accounting tool
- **5. Screen shorts of the Tool**
- **6.** Conclusion



# Introduction of IMCORE Program

- 1. To ease formalization of SMEs, Government conceived the Informality Management for Compliance and Revenue Mobilization (IMCORE) Program.
- 2. This program was designed as a Long term Study to appreciate motivations and challenges of informal operations within start-ups and small informal entities.
- 3. Focuses on boosting internal capacities of small informal businesses as well as equiping Business owners with practical business management skills, Apprenticeship opportunities to ease formalization.



# **UNCTAD Technical Assistance**

- 1. The first phase of the Technical Assistance from UNCTAD focused on;
- (i) assessing the institutional, regulatory and administrative frameworks for accounting and reporting in the country

(ii) Supported development of tools to ease SME formalization and compliance.



## **Uganda e-Accounting Tool Process**

- 1. Local consultant hired to support development of the eaccounting tool.
- 2. Benchmarked existing digital platforms for the SMEs accounting to check structure, functionalities, etc. April 2023
- 3. Several stakeholder engagements held to inform the Conceptualization of the e-accounting tool.
- 4. Testing of the pilot version, collecting feedback from key stakeholders.
- 5. First e-accounting tool validation held during the National Workshop in Uganda in June 2023.
- 6. Uganda E-Accounting tool's practical training of trainers' session for SMEs held in June, 2023.
- Conducted technical feasibility, usefulness and readiness of the tool by selected SMEs provided by Empretec Centre Uganda – August / September 2023.
- 8. Presentation of the tool to Ministry of Finance Top management for endorsement and ownership July 2024.
- 9. Second national validation of the tool held in July 2024, attended by MDAs, SMEs and researchers.

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#### **E-Accounting Tool Advantages**

- **1. Easy to understand** instructions, Tutorials and Training manuals)
- 2. Free Access to Small Informal Businesses; its online and can be accessed from anywhere in the world. Ugandans requested for offline options and translation into key local dialects
- **3. Simplicity;** Simplified accounting, all purpose financial statements and comprehensive performance analysis just in one click !
- **4. Reliability;** Data is safely and confidentially kept on-line and also has an off-line functionality.
- 5. Domesticated/ Tailored to Uganda's Micro small businesses needs regardless of entrepreneur's financial literacy levels.

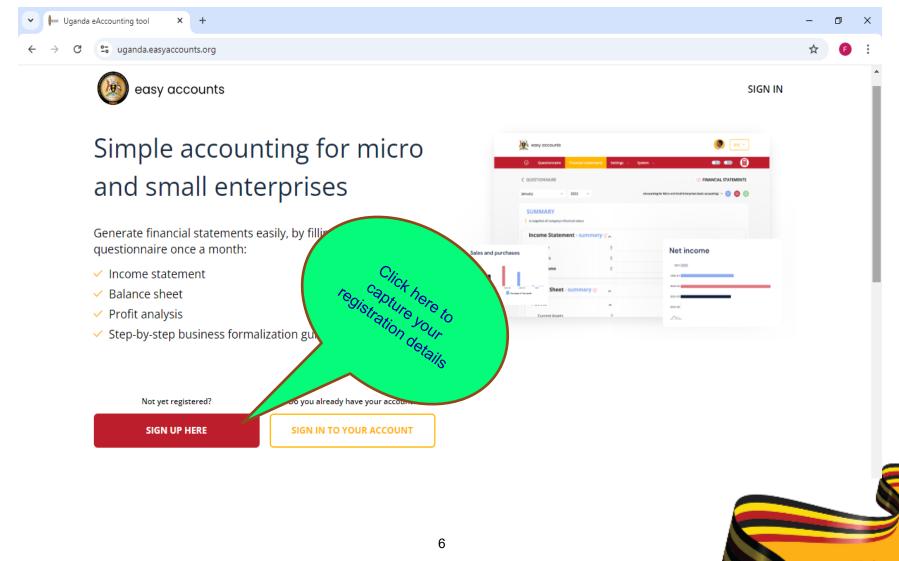
**Thanks to UNCTAD**, all SMEs involved in the project will access the e-accounting tool to be used for recording of transactions, reporting and producing financial statements.

This will ease SME formalization, compliance and Competitiveness in Uganda.





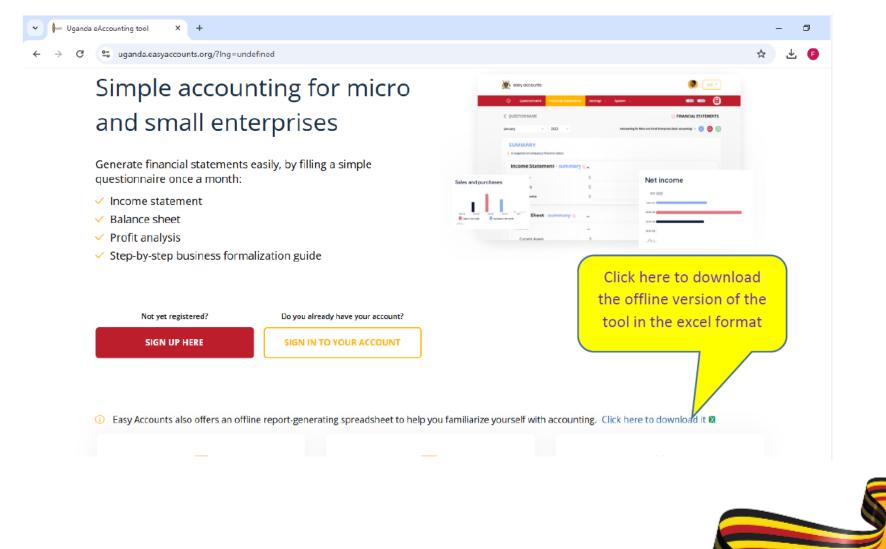
### 1. Signing into the tool



#### 2. You can Capture your transactions using the web-based Tool



#### 3. Offline Tool version available in case of unreliable internet.



### 4. Formulas in grey cells help in auto populating the tool

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## 5. Formalisation and Tax information

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2024

#### Step-by-step guide to formalizing a business in Uganda

Business formalization refers to the process of legally registering and structuring a business to ensure it operates within the Ugandan legal framework.

A formal business is one that has registered with Uganda Registration Services Bureau (URBS) and obtained a business or Company name, registered for taxes with Uganda Revenue Authority (URA) and obtained a Tax Identification Number (TIN) and has secured permission to trade in any desired area/place through obtaining a Trading License

The business formalization process begins with the LIDSP, where one gets a Certificate of Pegistration (for a business) or a Certificate of Incorporation (for a company). Businesses

#### Why do I need to register my business?

- Growth and continuity: Enhanced business reputation leads to a broader and loyal clientele, which is essential for business expansion and growth.
- Better access to financial services: Such as bank loans and other Government financial interventions that are essential for business expansion.
- Attracting investors: Formally registered businesses are more attractive to investors who may want to buy into your establishment.
- Acquiring a TIN: Helps you process land transactions and eases the payment of stamp duty on land transfers and motor vehicle applications.
- Claim tax refunds: Formalization helps you claim tax refunds where you could have paid excess taxes.

#### **Business Formalization Process**

Step 1 – Business/Company Registration with URSB

Insights from recent implementation of the Accounting Development - Uganda

# Conclusion

- 1. All stakeholders have high expectations for this program
- 2. UNCTAD continues to provide global best practices to supplement local knowledge and expertise for the success of this program.
- 3. Government is committed to implement this program to;
  - a) Pilot and study this tool as we appreciate the motivations for informal operations
  - b) Establish the most appropriate incentive framework for formalising the SMEs in Uganda
  - c) Share lessons from the National rollout of this program



# **Thank You For Listening**

