

**DECENTRALIZED REVENUE COLLECTION AND PROJECT DEVELOPMENT IN
LOCAL ADMINISTRATIVE LEVEL
A CASE STUDY OF COMMON DEVELOPMENT FUND PROJECTS AT GASABO
DISTRICT**

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ABSTRACT

Taxation is a legal transfer of money from public to government revenue. Taxes collected by the government are intended to facilitate the development of projects that benefits the citizens and also supporting the activities of the government. Tax collection and tax management is a field that has a contention since majority of tax payers don't trust the tax collectors even during the ancient days of Jesus as the bible states. The main objective of the study was to assess the challenges of decentralized revenue collection and its effects on local administration. The study aimed to establish the extent in which decentralization of revenue collection can promote community participation in the decision-making process by devolving powers and resources to the local level, strengthen responsibility and transparency by requiring that local authorities be directly accountable to the communities they serve by establishing a clear link between taxes paid and service delivery, enhance the response capacity and sensitivity of public administration to the local environment by placing the planning, financing, and management of service delivery at the delivery point, enhance and sustain local planning and management capacity as a means to promote economic development and poverty reduction and strengthen the efficacy and efficiency of service delivery. It was evident that there is a strong, and quite well-founded belief, that a large part of the tax collected will not be spent on the welfare of the public at large, but rather on the politicians' personal needs/wants, or the needs/wants of these politicians' favourites. Due to the above problem, people simply do not expect that paying taxes will lead to any increase in the quantity and quality of public goods and services provided by the state. Hence, they have nothing to gain from paying taxes. The researcher recommended that the government should make clear, credible promises for improvements and increases in public goods and services: infrastructure, public transportation, education, health, social security. It should show people that if they pay more through taxation, then their expenses will be reduced by the state, in some way, through cheaper education or healthcare, for example. Second, governments should be more transparent about how much tax is collected, from whom it is collected (geography, profession-wise), and where it is eventually spent. Third, ensure that filing in taxes is easy, and that help is available for those finding it difficult. Make tax evasion hard in the first place. Fourth, reduce the tax burden on the lower and middle classes. Fifth, increase the tax net to include untaxed and low