



TAX ALERT: Global Automatic Exchange of Information in Tax Matters; Enforcement and Compliance in Uganda.

A. Is there a reason to panic?

By a public notice dated 25th November 2025, the Uganda Revenue Authority (URA) alerted resident tax payers of the risks of failing to disclose income earned outside Uganda. The message was that with the new Automatic Exchange of Information framework (AEOI), URA gained access to information previously unavailable.

An olive branch was therefore extended to such taxpayers who heeded the call to voluntarily disclose any foreign income earned and assets held that were previously not declared in their returns. Through the Voluntary Disclosure Programme, taxpayers were encouraged to rectify their tax returns so as to benefit from reduced penalties and interest, immunity from prosecution, and flexible payment options.

The notice appears to have generated interest in the taxpaying public, many of whom are worried whether they are exposed, and if so, what options they have.

This article offers some insights as to who is at risk, and what should be done by those at risk.

B. Background.

The Automatic Exchange of Information framework (AEOI), is one of the initiatives in the global trend of cooperation between states towards tax transparency and reduction of tax evasion.

The framework was developed by the Organisation for Economic Co-operation and Development (OECD) and the G20 after governments around the world recognized that individuals and corporations were increasingly and quietly shifting income across borders, beyond the reach of national tax authorities.

In Uganda, the framework was implemented under the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act, 335 (MAAC), which authorizes URA to lawfully receive information about Ugandan tax residents holding financial accounts in other countries, while also sharing relevant information with tax authorities in those jurisdictions.

C. Enforcement of the Law.

Uganda's tax law has long required residents to declare all their income, whether earned locally or outside Uganda.

While the MAAC came into force on 1st July 2023, URA began implementation through a series of Public Notices;

- a) The notice of 20th December 2024, initiated the Voluntary Disclosure Program where it was to the effect, a final chance to come clean without any punishment.
- b) On 23rd May 2025, URA notified financial institutions for purposes of AEOI to submit their returns for the period of 1st January to 31st December 2024. This same notice gave and ultimatum to financial institutions to start filing these returns with effect from 1st June 2025.
- c) On 25th November 2025, URA further informed the general public that it had started receiving financial information from overseas through the AEOI framework.
- d) On 13th January 2026, URA shared a detailed guidance on the process for making full disclosures.

In accordance with URA's tax waiver mandate, taxpayers are urged to rectify their tax affairs and correct their returns in order to receive the specified benefits by 30th June 2026. The next automatic exchange of information is expected to occur on 1st September, 2026.

D . How the Law Operates.

Over 125 countries have already implemented or committed to implement AEOI. Financial institutions in those jurisdictions are required to submit details of account balances, interest, dividends, and other income that is determined to belong to reportable persons who are residents of the different member countries.

For example, a financial institution in country A detects that a royalty payment is made on an account in country A, but the beneficiary is a tax resident of country B, that financial institution shall forward the information to the tax regulator in Country A who will be required to share the information with the tax regulator in country B.

i) Common Reporting Standard (CRS)

The CRS provides the operational framework for AEOI. It sets out guidelines for financial institutions on the checks they must perform, the information they must collect, and the timelines within which such information must be shared with tax authorities.

Under CRS, financial institutions are required to determine who holds an account and where that person is tax resident. Institutions rely on information provided by account holders, such as self-certification forms and identity documents, as well as practical indicators including physical addresses, telephone numbers, instructions to transfer money to another jurisdiction, or third-party mandate to operate the account. When these indicators point to another country, the account is treated as reportable.

Once an account meets the CRS reporting criteria, the information may be exchanged even if no tax is ultimately payable. The primary objective of the CRS is transparency. Tax assessments, inquiries, or enforcement may follow later, based on the information received.

ii) Competent Authority

Under the Mutual Administrative Assistance in Tax Matters (Implementation) Act Cap 335, URA is designated as Uganda's "competent authority". It is responsible for receiving, collecting, safeguarding and exchanging financial information with tax authorities in other jurisdictions.

The information is exchanged through secure, internationally agreed systems. Upon receipt, URA is authorized to use the information to assess compliance with Uganda's tax laws and to follow up where discrepancies arise.

Information may be exchanged;

1. Upon request between states for specific persons or transactions.
2. Automatically, based on categories and procedures agreed in mutual arrangements.
3. Spontaneously, if there are indications of potential tax losses, artificial profit transfers, or other relevant circumstances.
4. Simultaneously, where multiple jurisdictions consult to coordinate tax examinations.

iii) Financial Institutions

Financial Institutions which include commercial banks, investment entities, depository institutions, insurance companies and similar financial institutions (but exclude central banks, broad participation retirement funds and government entities), are required to perform due diligence checks to determine which accounts qualify to be reportable accounts.

A reporting financial institution is required to submit a return to the competent authority providing the information on the account held by a non-resident person.

The information to be exchanged is in respect of each reportable account of another jurisdiction detailing:

- The name, address, TIN, date and place of birth of reportable persons;
- Account numbers;
- Information on controlling persons in entities where applicable;
- Details of the reporting institution.

Due diligence obligations may be outsourced to service providers with CRS expertise.

iv) Reportable Person

The terms “reportable person and reportable account” go hand in hand. A reportable person should have a qualifying account in the financial institution. The details of the reportable person are shared by a financial institution in one jurisdiction through the Competent authority to another competent authority in another jurisdiction

E. The Cost of Non-Compliance

i) Financial institutions

Under the AEOI framework, financial institutions are the first line of compliance. The offences by financial institutions for failure to file returns, failure to maintain information, making false statements, range from a fine of UGX 5 million for each day of default, up to a fine of UGX 50 million and/or imprisonment for a term not exceeding 10 years or both.

ii) Tax payers

Whereas the majority of taxpayers will not fall in the bracket of reportable persons, those who do need to pay special attention to the warnings in the public notices that have been issued by URA.

F. What Should Taxpayers Do?

Taxpayers with foreign income should review their tax returns and where they are exposed, apply to amend their tax returns through the voluntary disclosure program so as to benefit from penalty waivers.

G. What are the Financial Institutions Expected to do?

Financial institutions are faced with a challenging regulatory framework quite different from their traditional mandate. The reporting obligations under AEOI and the CRS are detailed and involve the collection, verification, storage and secure transmission of large volumes of customer information in prescribed formats.

H. URA as the Competent Authority.

As the Competent Authority under the AEOI framework, the Uganda Revenue Authority has a responsibility that extends beyond enforcement. It must invest in sustained and targeted tax education, especially for financial institutions, large taxpayers and tax agents who sit at the centre of the compliance chain. Clear guidance on reporting obligations, due diligence requirements, tax residence rules and voluntary disclosure procedures will be critical to ensure consistent and accurate compliance.

Regular engagement with stakeholders through trainings, published guidelines and timely clarifications will not only reduce unintentional non compliance but also build confidence in the new tax regime.



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