



* To ensure the highly technical provisions of the Implementation Act and the CRS are relatable and understandable to the general public, the original legal wording of several sections has been simplified and modified for use within this article.

URA's Post Exchange Voluntary disclosure of foreign assets and income;

Legally, what exactly is going
on and who exactly should be
concerned.



BACKGROUND

As part of its readiness and preparedness to implement the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act (here in referred to as 'the Act'), the Uganda Revenue Authority (URA) issued an initial notice on November 24, 2024, and subsequently issued a follow-up notice on November 25, 2025.

Under the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the Common Reporting Standard* (herein referred to as 'the standard') which are both contained in the Act as schedules, Uganda commenced exchange of Financial Account Information in September 2025 with 126 other countries party to the Agreement.

In the public notices, URA calls upon individuals and entities with undeclared/under-declared assets or incomes which are held in foreign countries, to voluntarily declare them to URA and regularize their tax affairs to receive benefits including full waiver of penalties and interest on taxes declared and paid before September 1, 2025 and immunity from prosecution amongst others.

Any notice from the URA carrying the prospect of penalties, interest charges, and criminal prosecution warrants immediate and serious attention from parties that may suspect to be affected.

The purpose of this article is to distil the technical requirements of the Act and the Common Reporting Standard (CRS). It provides practical guidance by clearly differentiating between the individuals who are affected by the URA's public notice and those who are not subject to the new financial account information sharing framework.

A.

THE COMMON REPORTING STANDARD (CRS) 'THE STANDARD'

The CRS, developed in response to a request from the G20, and approved by the OECD Council in 2014, calls on jurisdictions to obtain information from their financial institutions and conduct an Automatic Exchange of Information (AEOI) with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, and common due diligence procedures to be followed by financial institutions.

¹Read our second part of this article that comprehensively elaborates on the global framework behind the tax transparency and exchange of information to combat tax avoidance and tax evasion

The CRS or the standard is premised on the international standard on exchange of information contained in the Convention on Mutual Administrative Assistance in Tax Matters (commonly referred to as the MAAC) developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 to allow access to the MAAC to a wider number of States outside those organizations. In 2015, Uganda signed the Convention (ratified in May 2016). In 2023, as the CRS is effected through domestic law, we saw the entire framework, the MAAC and the standard become an Act of Parliament of Uganda.

1. What is going to happen?

Uganda has committed to share financial account information with participating jurisdictions in excess of 125 countries as of today.

Financial Institutions resident in Uganda (referred to as Reporting Financial Institutions or RFIs) shall identify reportable accounts and report the prescribed information on those accounts to the Competent Authority, URA in the case of Uganda, who will subsequently exchange this information on an automatic basis with the jurisdiction to which the account holders are tax resident.

Conversely, under the principle of reciprocity, Uganda shall receive equivalent financial information from all participating jurisdictions regarding accounts held abroad by Ugandan tax residents, thus completing the reciprocal exchange.

Many questions have arisen, concerning the practical implementation of the framework such as:

- How will a foreign financial institution determine if its client is a tax resident of Uganda?
- Does being a Ugandan citizen automatically mandate a foreign financial institution to send an individual's information to the URA?
- Is the legal definition of 'tax resident' the same as the common, everyday use of 'resident'?
- If an individual has ceased being a tax resident in Uganda and is paying taxes in another jurisdiction, will the URA still receive their information, and would the URA attempt to assess additional taxes?





2. What information shall foreign reporting financial institutions exchange with URA?

- a) The name, address, TIN(s), date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder;
- b) The account number;
- c) The account balance or value;
- d) The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year **amongst others**.

3. Which persons will Reporting Financial Institutions report on?

(Reportable accounts and reportable persons)

It is crucial to exercise care while adhering to the public notice by URA to ensure that individuals whose information will not be reported by Financial Institutions do not undertake unnecessary costly compliance measures.

First and foremost, no historical financial account information is subject to this reporting framework. Foreign account details are only shared starting from the date an account is identified as belonging to a foreign tax resident, based on the prescribed resident identification criteria (due diligence) contained within the standard elaborated below. For Ugandan tax residents, this reporting obligation will largely cover periods beginning in 2023 and subsequently.

A Reporting Financial Institution must undertake procedures to determine if it maintains a reportable account for a reportable person i.e. a person who is tax resident in a foreign jurisdiction. Reportable person means an individual or Entity who holds a reportable account.

For purposes of this particular article, focus is placed on individuals.

According to the standard, individuals accounts are divided into Lower-Value and High-Value Accounts with separate procedures in place for

Preexisting and New individual accounts. These categorisations have an impact on the procedures a Reporting Financial institution must undertake in identifying whether an account is reportable or not and in determining the tax residency of the account holder.

Unlike entities which have a USD 250,000 threshold for an account to be reported, it should be noted that there is no threshold for individual.

a). What is a reportable account

As noted above, an account is a reportable account where such an account is held by a reportable person (individual for purposes of this article).

b. Who is a Reportable Person

A reportable person means a tax resident of a foreign participating jurisdiction. (an individual or Entity that is resident in a Reportable Jurisdiction under the tax laws of such jurisdiction)

4. What criteria do foreign Reporting Financial Institutions use to determine where you are tax resident and whether to share financial account information or not.



It is also vital to understand that your primary concern should not only be URA, but rather the other jurisdictions where the Reporting Financial Institution may flag you as a tax resident.

It is important to note that the Standard (Act) streamlines the process by not burdening Reporting Financial Institutions with the complex, technical determination of an individual's tax residency under the different tax laws of different jurisdictions.

The Standard devises proxy, practicable mechanisms for Reporting Financial Institutions to determine tax residency, applying these procedures differently to the different account categories i.e. High-Value or Low-Value, and Preexisting or New. It is particularly important that Ugandans abroad pay close attention to these procedures, as Reporting Financial Institutions determination should generally align with where they are currently factually tax resident. (This should trigger updating your registration details with URA to reflect where you are factually tax resident).

It is also vital to understand that your primary concern should not only be URA, but rather the other jurisdictions where the Reporting Financial Institution may flag you as a tax resident. Under the standard, your financial account information is automatically shared with these jurisdictions, which will then use that data to assess tax on your worldwide income.

To determine the jurisdiction (tax residency) of the account holder for Lower Value Pre-existing Accounts the Reporting Financial Institution, can apply either a residence-address test or an electronic-record search.

a). Residence- address test;

The Reporting Financial institution must have policies and procedures in place to verify the current residence address based on Documentary Evidence (e.g. identity card, driving license, voting card, or certificate of residence). The jurisdiction in which this address is located shall be treated as being where the individual is tax resident. E.g. a bank in Cayman checks and notes the address of a Ugandan national is Cayman, then this person shall be taken to be a Cayman tax resident and not a Ugandan tax resident and financial account information shall be shared to URA.

b. Electronic Record Search;

Where the address is not reliable, the Reporting Financial Institution must review electronically searchable data maintained by the Reporting Financial Institution for any of the following indicia (current mailing or residence address, one or more telephone numbers in a Reportable Jurisdiction and no telephone number in the jurisdiction of the Reporting Financial Institution (e.g. a Ugandan Telephone on record but not a Cayman number); **standing instructions in a foreign bank to transfer funds to an account maintained in a Reportable Jurisdiction (Uganda)** amongst others.

To determine the jurisdiction (tax residency) of the account holder for a High Value Account the Reporting Financial institutions starts with an electronic record search and then continue, where appropriate, with a paper record search and a relationship-manager inquiry.

Please note a jurisdiction may allow a Reporting Financial Institution to apply high value account and New account procedures to low value account.

5. Example to illustrate the above;

A Ugandan leaves Uganda and undertakes work/employment in Bermuda. Upon establishing residence and employment in Bermuda, the Ugandan citizen obtains a Bermuda driving license and opens an account with a local Bermuda bank, providing the bank with both the license and their Bermuda residential address.

Consequently, the Bermuda Bank (Reporting Financial Institution) will flag the account holder as a tax resident of Bermuda based on the documentary evidence, meaning no financial account information will be automatically reported to (URA).

However, if the Ugandan's documentary evidence supplied to the Bermuda bank (such as a passport or identity card) indicates an issuance from Uganda or there is a standing order sending money to a Uganda account, the Bermuda bank will flag the individual as a tax resident of Uganda. This designation requires the bank to report the financial account information to the Bermuda tax authority for sharing with the URA.

6. Ugandans who have addresses in different jurisdictions and use multiple addresses to open foreign bank accounts.

If a Ugandan maintains social or economic affairs in different countries and has supplied corresponding identification or address details to foreign financial institutions, they must immediately check the domestic tax residency rules of each jurisdiction that a foreign financial institution may have as their address. If they ascertain they do not meet tax residency requirements in those countries, they should formally register as a non-resident with the respective tax authority to prevent complicated tax disputes once your financial account information is automatically shared with those foreign jurisdictions.

This is because if you open foreign accounts using different foreign residential addresses, your financial account information is likely to be shared with every jurisdiction associated with those addresses. Once shared, each jurisdiction can potentially use that information to unilaterally register you for taxes and issue assessments on your income, leading to dual taxation unless a Double Tax Agreement (DTA) can resolve the conflict (Please note the Uganda – UK DTA does not cover UK overseas territories such as Cayman Islands or Bermuda).

7. Our thoughts



The majority of Ugandans working abroad are likely to have low-value preexisting accounts and would have supplied the Reporting Financial Institution with the residence address details of their host jurisdiction e.g. Bermuda or Cayman. It is highly improbable for an individual staying overseas for employment or business to use their Ugandan address for bank registration in their overseas host jurisdiction. Therefore, for most Ugandans in foreign employment residing overseas, the address shared with their foreign financial institution will be an accurate and practical indicator of their current tax residence being the jurisdiction where they currently stay e.g. Bermuda or Cayman. This alignment strongly suggests that no financial account information will be automatically exchanged with URA for the majority of Ugandans who fall under this category of overseas employment.



B.

TAX RESIDENCY
STATUS IN
UGANDA

Once URA receives your foreign account data, why does your Tax Residency status in Uganda become critically Relevant?

Up to this point, the procedures highlighted above for identifying the tax residency of an account holder are for the Reporting Financial Institution to determine where an account holder is tax resident and hence determine whether to share information or not.

Should an individual satisfy the criteria for being a foreign tax resident (Uganda, in this case) and the Reporting Financial Institution proceeds to share your financial account information, the second level of consideration focuses on how the Uganda Revenue Authority (URA) will utilize the shared financial data.

It is essential to understand that the tax resident identification procedure performed by a Reporting Financial Institution is an administrative and simplified mechanism rather than a final legal determination. This mechanism may not accurately reflect your definitive tax residency under the domestic laws or relevant Double Taxation Agreements (DTAs). Therefore, financial account information being shared with the URA does not automatically mean the individual is a tax resident of Uganda.

The ultimate legal determination of an individual's tax residency status rests exclusively with the definitions and criteria outlined in the Uganda Income Tax Act.

1. Non-Tax/ non-resident under the Uganda Income Tax Act

If you are determined to be a non-resident under the Income Tax Act, and the URA is notified accordingly, the sharing of your financial account information does not create a tax obligation in Uganda, as your tax liability is based solely on Uganda-sourced income.

However, many Ugandans have not updated their tax profiles to reflect that they are non residents.

Uganda doesn't have a clear rule on when a person becomes a non resident. The current provision in the law provides that a person is a non-resident person for a year of income if a person is not a resident person for that year. This should

follow that when you cease to meet the **residency tests** (i.e., not staying in Uganda for 183+ days, ceasing to have a permanent home, or averaging 122+ days over 3 years outside Uganda) and to aid the **matter it is demonstratable a person left Uganda, such a person should be considered** a non-resident for Ugandan tax purposes.

It is also important to note that for tax purposes a permanent home is not necessarily a traditional brick-and-mortar structure. Instead, it is defined by the continuity of one's stay: it is a dwelling that an individual has arranged and retained for their settled, continuous use, as opposed to a place occupied only for short or temporary durations. A continued stay at a hotel makes that hotel a permanent home for tax purposes.



The determination of an individual's tax residence or non-residence status is a fiscal distinction that is separate and independent of their rights, privileges, and legal standing as a Ugandan citizen or resident. This clarification is essential to address the common concern that declaring non-residence for tax purposes might negatively impact other non-tax related aspects of their life as Ugandans.

It is important for individuals who may consider changing their tax status to non-residence to be aware of the Deemed Disposal rule. The law stipulates that, upon becoming a non-resident, the individual is deemed to have disposed of all assets (excluding taxable assets), potentially triggering Capital Gains Tax (CGT). While this may not be a concern for individuals who are not asset-heavy, those holding

significant non-taxable assets should understand that notifying the URA of a change in tax residence will formally initiate this deemed disposal and the resulting CGT obligation.

2. Tax resident in Uganda under the Income Tax Act

However, if an individual is, in fact, a tax resident of Uganda (either factually or due to a failure to update their tax registration), they are legally obligated to determine and declare all global income and assets to the URA. Failure to comply means that once the URA obtains the shared financial account information, default or additional tax assessments will be automatically raised, inevitably accompanied by statutory penalties and interest.

3. Multiple tax residencies

Since most jurisdictions assess tax residency based on the number of days one is present often using the 183-day threshold and most Ugandans working abroad also retain their tax residency in Uganda, this scenario creates a high likelihood of dual (multiple) jurisdiction tax residency for mobile individuals.



C.

SOURCING RULES AND THEIR IMPACT

Income falling within Uganda’s scope of income taxation is restricted to Property, Business, and Employment Income, while internationally, a jurisdiction primarily taxes non-residents only on income sourced within its borders; consequently, the source jurisdiction has the initial taxing right, and the resident jurisdiction must grant relief (either by tax credit or exemption) to avoid double taxation.

What this means is that income has to be clearly categorised, as also the tax rules on sourcing the different types of income have a significant bearing on which jurisdiction shall assess the tax.

1. Employment Income

In cross-border taxation, the principle governing employment income is that it is primarily taxed in the jurisdiction where the physical employment activity takes place. Consequently, most Ugandan tax residents working in foreign locations such as the UK, its Overseas Territories like Bermuda or the Cayman Islands, or Mauritius will have already satisfied their tax obligations on that employment income

at the source in those jurisdictions (no tax on employment income may have different implications).

This is true even if they are considered non-residents for local tax purposes in that foreign state. The key takeaway is that when financial account information is shared with the Uganda Revenue Authority (URA) from those jurisdictions, and the aggregated deposits on the account relate to this taxed employment income, there is generally no additional tax liability arising in Uganda.

This protection against double taxation is explicitly supported by Ugandan domestic law. It grants an exemption for foreign-source employment income derived by a resident individual, provided that the individual can demonstrate that foreign income tax has already been paid on that income.

2. Business Income

Ugandan residents who conduct business in foreign jurisdictions will typically do so in one of three ways: either through entities resident in those jurisdictions, or through a Permanent Establishment

(PE) in those jurisdictions. Alternatively, if they undertake the business as individuals, they will most likely have become tax residents of that foreign jurisdiction due to the requirement for the active physical presence (activity-based) necessary to generate the business income.

Uganda’s domestic tax law does not consider for tax purposes business income sourced from foreign jurisdictions by a resident, to the extent that it is attributable to a business carried on by the person through a Permanent Establishment (PE) outside Uganda. Where the business is done through a foreign registered company or the individual is physically in a foreign jurisdiction then the income is clearly earned by a resident of a foreign jurisdiction.

Therefore, even if the financial account information is shared with the URA, to the extent that the aggregated deposits on the account relate to business income carried on outside Uganda (through a Permanent Establishment or a foreign entity or an individual based overseas), there will generally be no additional tax liability arising in Uganda, as the URA has no legal basis to include that income within the taxable income of the Ugandan resident or tax the business income of a non resident.



3 Property Income

Property income covers incomes such as dividends, interest, annuities, rents and royalties.



These income streams are highly mobile and easily detached from the person earning them, which has historically allowed wealthy persons to keep and spend such offshore income without reporting it in their country of residence.

Consequently, these incomes are the main focus of compliance efforts designed to counter tax avoidance including the Common Reporting Standard. Once an individual is flagged as a tax resident of Uganda, all such income is legally subject to taxation within Uganda. Fundamentally, both international and domestic tax rules affirm the principle that these non-employment, non-business incomes are taxed where the individual is a tax resident.

Therefore, any Ugandan tax resident earning property income abroad must assume that their foreign financial institution will share their aggregated account details with the URA and URA shall proceed to assessment tax on any undeclared income. If you have previously failed to report this income, it is imperative that you immediately take advantage of the URA's Voluntary Disclosure (VD) mechanism to avoid interest and penalties.

IN CONCLUSION

For Ugandan tax residents especially with foreign property income it is imperative that you heed the URA's notice by declaring all your worldwide incomes and assets and immediately taking advantage of the benefits embedded within the voluntary disclosure provisions.

If based on the procedures above (residence address test and electronic search) a foreign bank (Reporting Financial Institution) comes to a conclusion that you are not a tax resident of Uganda (highly likely for persons in employment and individually doing business overseas as your address will often times be in the jurisdiction you stay and work in, and not Uganda), no financial account information shall be transmitted to the URA and hence no need to panic.

Where there is an indication that you are tied to Uganda through your address or other aspects such as phone number, bank standing instructions attached to your financial account, then the foreign bank (Reporting Financial Institution) shall come to a conclusion that you are a tax resident of Uganda and your financial account information shall be transmitted to the URA. Once obtained, URA shall in turn follow residency and sourcing rules as cross border income is significantly affected by these rules.

For a Ugandan tax resident earning property income from overseas (such as dividends, interest, annuities, rents, and royalties), it is virtually certain that the URA will raise additional assessments if the received financial account information exceeds the self-declared income. Therefore, it is imperative that you heed the URA's notice by declaring all your worldwide incomes and assets and immediately taking advantage of the benefits embedded within the voluntary disclosure provisions.

If you are a resident who earns employment or business income from overseas you may need to update your registration details with URA, as chances are that you no longer meet Uganda residency rules by the nature of the activities you undertake overseas.

Nonetheless should you remain a resident, and your primary overseas income is employment or business income, under international tax there are stringent sourcing rules that may bar taxation in Uganda.

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Parting shot; (our overall thought)

The exchange of financial account information is not merely an administrative exercise, but a complex interaction of international and domestic tax law, global tax evasion, avoidance, and harmful tax practices. Given that affected persons often deal in significant transactions where non-compliance can result in hefty statutory penalties, it is crucial that they consult with experienced, skilled professionals before taking any action. This professional guidance is essential because the URA has significantly enhanced its capacity in this area and is now fully prepared to enforce tax compliance on cross-border transactions.



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