



## UGANDA

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### Supporting tax compliance initiatives through Exchange of Information - a perspective on Uganda

Without the deliberate global efforts towards achieving tax transparency through Exchange of Information (EOI), opaque and complex extraterritorial ownership and control structures and networks would continue to thrive as conduits through which tax evasion and Illicit Financial Flows (IFFs) fester and deprive jurisdictions of the much needed tax revenue to sustain their development objectives. However, this has been thwarted by the increased cooperation between key international tax bodies like the OECD Global Forum (OECD GF), African Tax Administration Forum (ATAF), East African Community (EAC) Secretariat, development partners and tax administrations. This concerted effort has brought to life the international standards and practice on EOI in Africa and the world over.

Uganda has been part of this drive since 2012 when the country committed to the implementation of the global standards on tax transparency and exchange of information. Uganda has since increased her treaty network by signing and ratifying the OECD Multilateral Convention on Mutual Administrative in Tax Matters<sup>1</sup> and the ATAF Mutual Administrative Assistance in Tax Matters (AMAATM).

The country has also registered success in setting up an independent EOI office, obtaining information through her treaty network, use of the same to raise assessments and tracking the value chain arising from the information obtained. Between 2014 to 2016, Uganda obtained information from her treaty partners under the EOI framework that gave rise to nine million dollars (USD 9,000,000) in tax revenues<sup>2</sup>.

However, the road to achieving efficiency in tax enforcement and raising tax compliance to the desired levels does not end there. Tax evasion and avoidance schemes and structures evolve over time and as such the EOI principles and practice should evolve to match the growing information needs of tax administrations. As a result of this, Uganda has constantly reviewed its legal framework and practical

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<sup>1</sup> [http://www.oecd.org/tax/exchange-of-tax-information/Status\\_of\\_convention.pdf](http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf)

<sup>2</sup> The OECD 2016 Tax Transparency Report on Progress

implementation to meet the international standards on EOI and achieve a very good compliance rating by her peers<sup>3</sup>.

EOI mechanisms are just the jig in the puzzle. All these efforts come to fruition through adequate training of auditors and investigators in the tax administration on the proper use of information obtained by way of tax treaties in the assessment and collection of tax. It is for this reason that Uganda has sought out opportunities for technical assistance on the same.

OECD GF, ATAF and GIZ with support of development partners run international, regional and in-country programs to build technical capacity in this area. Uganda has also joined the Ask-A-Peer project run by Her Majesty Revenue and Customs (HMRC) as an additional tool to build and strengthen audit capacity through remote, real-time technical assistance on complex audits from tax experts in participating countries around the world.

All the above efforts can be strengthened if every jurisdiction is on board. As such, Uganda is working towards influencing EOI in Africa. Uganda is one of the first mover countries that have committed and met all the concrete targets set under OECD Africa Initiative program designed to promote the use of EOI in supporting tax compliance on the African continent. Uganda also chairs the ATAF Technical Committee on EOI in Africa.

Looking ahead, Uganda is now focusing her efforts on the implementation of Automatic Exchange of Information under the OECD Common Reporting Standards (OECD CRS)<sup>4</sup>. This, as the country committed to redouble the effort to substantially reduce IFFs through international tax cooperation and transparency at the recently concluded 10<sup>th</sup> OECD GF Plenary session in Yaoundé, Cameroon<sup>5</sup>.

It is noteworthy that a number of legal reforms and policy measures have to be undertaken in order for a jurisdiction to realize the above initiatives in a timely and effective manner. This underscores the dire need for tax administrations to involve their respective departments responsible for formulation and analysis of tax policy at every stage of the process. Other critical stakeholders are the custodians of information like company registrar, financial institutions and regulators and tax advisors.

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<sup>3</sup> Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews: Uganda 2016

<sup>4</sup> <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/>

<sup>5</sup> <https://www.oecd.org/tax/transparency/yaounde-declaration.pdf>