

BENEFICIAL OWNERSHIP INFORMATION DISCLOSURE IN UGANDA



GLOBAL FINANCIAL INTEGRITY



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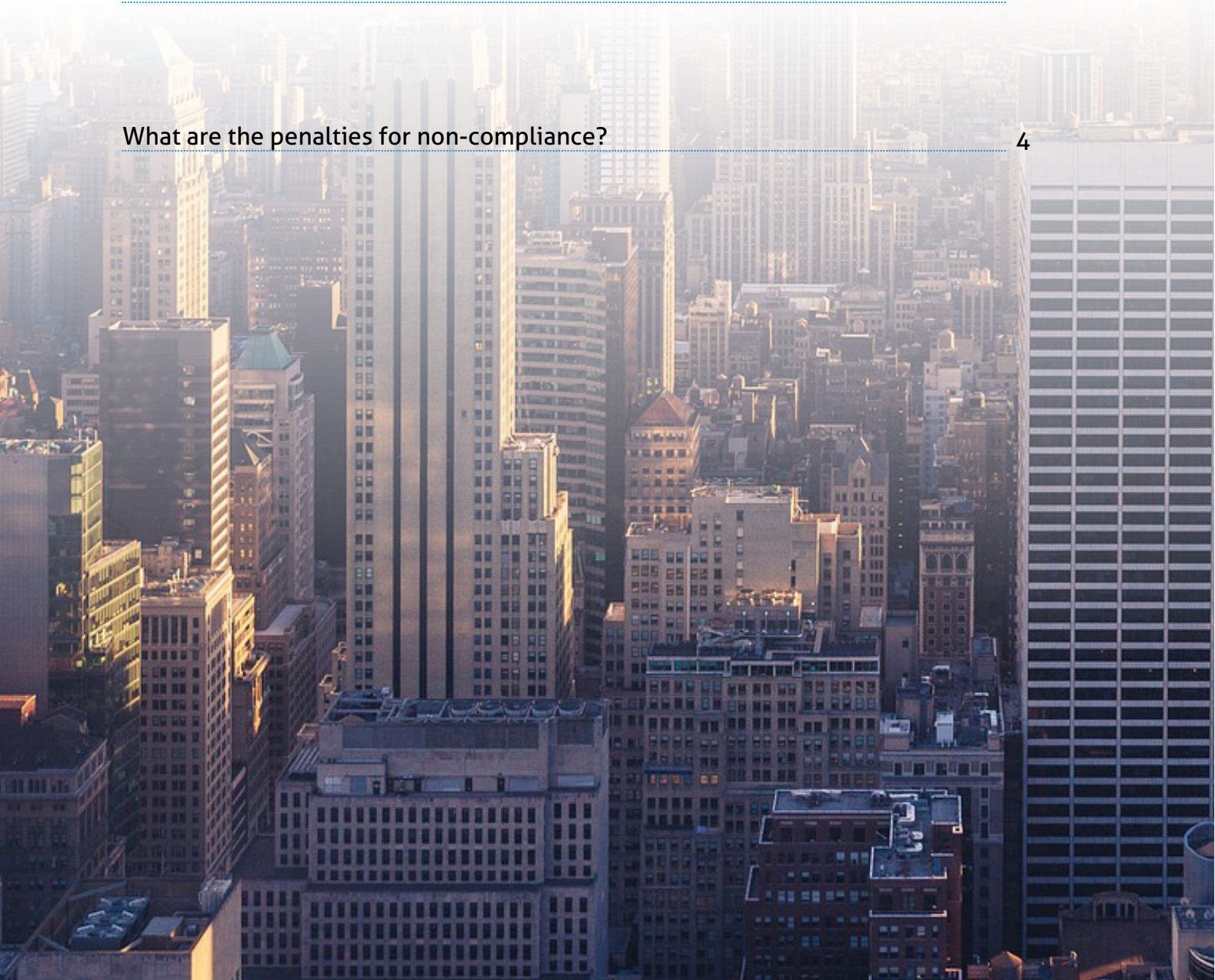
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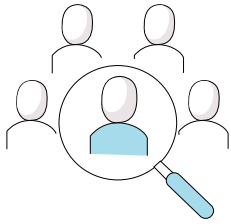
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Who is a beneficial owner?



The Ugandan law defines a beneficial owner as “a natural person who has final ownership or control of a company/partnership or a natural person on whose behalf a transaction is conducted in a company/partnership and includes a natural person who exercises ultimate control over a company/partnership.” Simply put, a beneficial owner is an individual (or individuals) who has/have final ownership or who exercises ultimate control over a company or legal arrangement.

What is a beneficial ownership register?



A beneficial ownership register is a list of the beneficial owner(s) of a legal entity (i.e. a company, limited liability partnership or cooperative society) or arrangement (i.e. a trust). Section 21 of the Companies (Amendment) Act, 2022 requires every registered entity/arrangement in Uganda to record their beneficial owner(s) in a beneficial ownership (BO) register. This register contains i) certain personal information of the beneficial owner(s) of the entity/arrangement, ii) the nature of ownership or control they have in the entity/arrangement, and iii) the date they became or ceased to be beneficial owners. The law requires that notice of the creation of the register be given to the Registrar of Companies within 14 days.

What is a beneficial ownership registry?



A beneficial ownership registry is a central repository for the personal information of the beneficial owners of the obligated legal entities and/or arrangements in a particular jurisdiction. For Uganda, all legal entities and arrangements must submit their beneficial ownership register to the Registrar of Companies. The collection of beneficial ownership registers represent Uganda’s beneficial ownership registry. By law, a government ministry, department or agency can access the beneficial ownership registry in the performance of its functions. On the other hand, an individual or non-government entity can apply to the Registrar to inspect the particulars of beneficial owners upon payment of a prescribed fee.

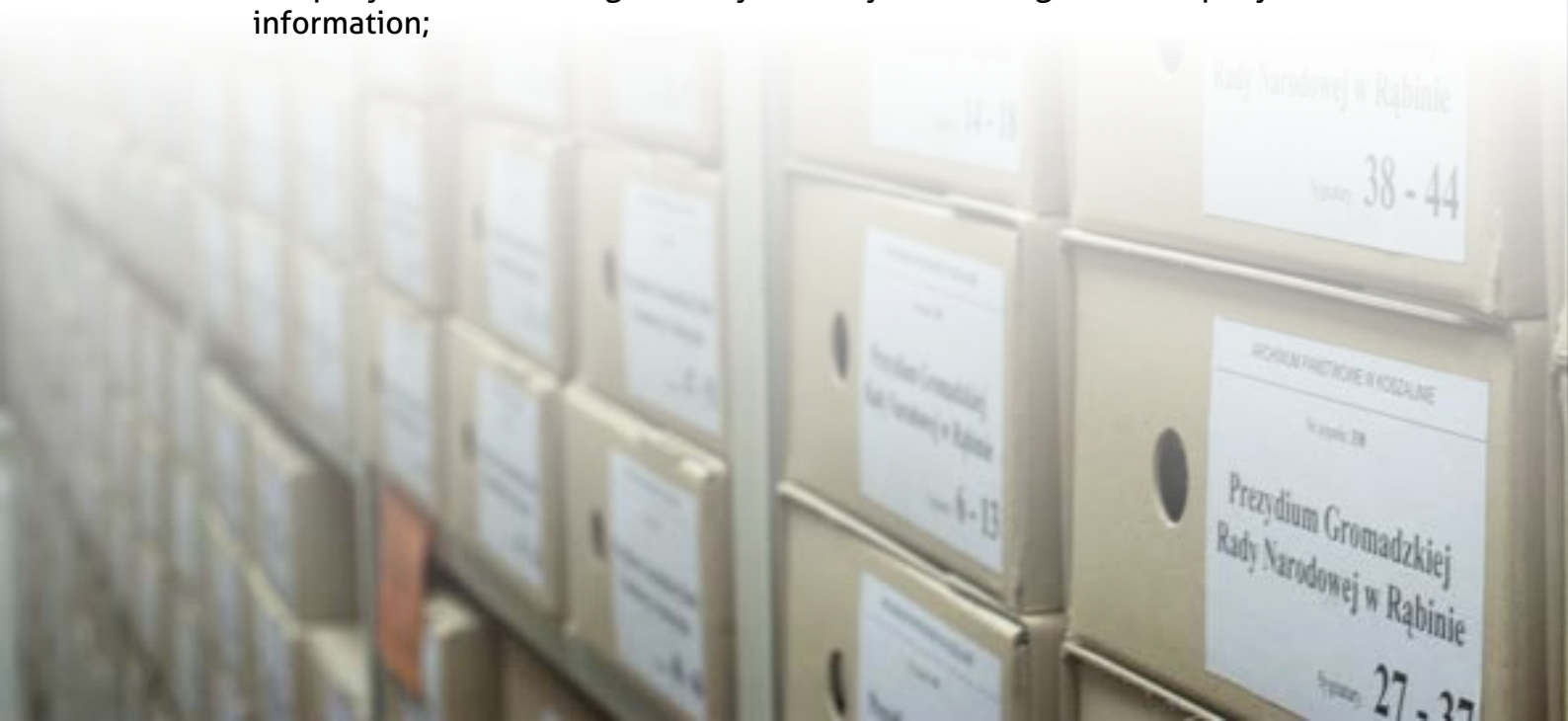
What information must be included in the beneficial ownership register?

Section 21 of the Companies (Amendment) Act, 2022 requires all entities and arrangements to provide the following information that must be included in the BO register:

- » The names, National Identification Number and postal addresses of the beneficial owner. In the case of a company having a share capital, a statement of shares held by each beneficial owner if any, distinguishing each share by its number, if the share has a number and of the amount paid or agreed to be considered as paid on the shares of each beneficial owner;
- » The date on which each beneficial owner was entered in the register as a beneficial owner;
- » The date on which any person ceased to be a beneficial owner; except that where the company has converted any of its shares into stock, the register shall show the amount and class of stock held by each beneficial owner instead of the amount of shares and the particulars relating to shares.
- » The address including the postal address and e-mail address; mobile telephone number;
- » The tax identification number;
- » A summary of the nature of business activities the person is engaged in; and
- » The immigration status, passport and visa details and work permit status, where applicable, if the beneficial owner is a foreigner.

Why is a beneficial ownership registry important?

- **It provides effective use of, and access to, BO data:** By providing standardized data from a single source, law enforcement, tax authorities and other authorized stakeholders do not have to depend on obtaining data from different decentralized registries, entities with anti-money laundering/countering the financing of terrorism (AML/CFT) obligations, or the companies themselves – all of whom might record the data in different formats. A central registry provides all user groups, including government authorities, with faster access to BO data in a more cost-effective manner;
- **It streamlines the customer due diligence process of AML/CFT-obligated entities:** If entities with AML/CFT obligations are granted access to the BO registry, it enhances their customer due diligence process by allowing them to check and verify whether the information they collected from their customer(s) is accurate. This also offers an additional verification mechanism for the BO data;
- **It facilitates the work of AML/CFT supervisory authorities:** A central registry offers supervisory authorities an efficient way to check and ensure that AML/CFT-obligated entities are complying with their legal obligation to collect BO information and to check whether they filed updates on any change in BO information in a timely fashion;
- **It improves inter-agency coordination:** Having one lead public agency in charge of the BO registry eliminates challenges related to inter-agency coordination, competition and overlapping and/or conflicting mandates from different government agencies involved in BO transparency;
- **It makes it easier for authorities to investigate the use of companies to hide illicit proceeds:** By allowing government authorities access to the BO registry, they can discretely obtain a company's BO information without alerting the company to an investigation by directly contacting the company for this information;



What are the offences and penalties for non-compliance?

Beneficial ownership laws and regulations provide for penalties for non-compliance as indicated in the table below.

Offences	Penalties
<i>Failure to keep a register of beneficial owners</i>	Daily default fine of twenty-five currency points (approximately USD 135).
<i>Failure to notify the Registrar of Companies of any changes in the beneficial owners or the place where the register is kept.</i>	Daily default fine of twenty-five currency points (approximately USD 135).
<i>Making false statements</i>	Daily default fine of twenty-five currency points (approximately USD 135).



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ACODE is an independent public policy research and advocacy think tank based in Uganda, working on a wide range of public policy issues. ACODE has for the last seven consecutive years been ranked in the Global go to Thinktanks index report as one of the best think tanks in Uganda and globally.

Global Financial Integrity (GFI) is a Washington, DC-based think tank focused on illicit financial flows, corruption, illicit trade and money laundering.

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