

LEGAL ALERT

**EXTENSION OF UGANDA'S VOLUNTARY
DISCLOSURE PROGRAMME (VDP) FOR
FOREIGN INCOME AND ASSETS
2026/2027**

September 2026

EXTENSION OF UGANDA'S VOLUNTARY DISCLOSURE PROGRAMME (VDP) FOR FOREIGN INCOME AND ASSETS 2026/2027

Introduction

On 07 September 2026, the Uganda Revenue Authority (URA) issued a public notice in which it communicated an extension of the Voluntary Disclosure Programme (VDP) to facilitate the voluntary disclosure of foreign income and assets derived in the years 2024 and 2025. The VDP is a form of tax amnesty premised on the URA Commissioner's powers to compound tax offences. These powers are exercised where a taxpayer voluntarily discloses the commission of a tax offence and agrees with URA to pay the unpaid tax without being required to pay any interest or fine due. The programme gives Uganda – tax resident taxpayers with un-declared or under-declared foreign income an opportunity to regularise their tax affairs by disclosing the income and paying the taxes (if any) before URA undertakes any audits, investigations or enforcement action to recover the taxes. A taxpayer who makes full and accurate disclosures of foreign incomes before any URA enforcement measures stands to benefit from a waiver of penalties and interest, immunity from prosecution and flexible payment arrangements (where required). The amnesty runs from July 2026 to June 2027.

Application of the VDP

The VDP applies to tax residents of Uganda with un-declared or under-declared foreign income in the years 2024 and 2025. For example, an individual will qualify as a tax resident of Uganda for a given year of income if he or she has a permanent home in Uganda or is physically present in Uganda for a period or periods in aggregate of 186 days, among other criteria under the Income Tax Act of Uganda. A tax resident in Uganda is required to report and / or account for income taxes in Uganda on their gross income which should include all incomes sourced from all geographical sources (world – wide), unless the income is exempt from tax. For example, foreign income of a “short – term” tax resident is exempt from Uganda taxes.

The amnesty also applies as a “fore – warning” and voluntary compliance that precedes the enforcement of tax compliance (involuntary compliance) on foreign incomes under the automatic exchange of information protocols. In Uganda, the protocols arise under the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act, Cap. 335 which domesticates the application of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the Standard for Automatic Exchange of Financial Account Information in Tax Matters. This framework facilitates the automatic and mandatory exchange of financial account information between participating countries including Uganda. The URA is expected to receive financial account information in respect of Uganda tax residents from other jurisdictions.

Some Practical Considerations and Way Forward:

It is recommended that the taxpayers with any foreign incomes received in 2024 and 2025 should examine their foreign income tax compliance status. The specific tax treatment applicable to each

character or type of foreign income received should be ascertained. Where there is undeclared or under-declared foreign incomes, the taxpayers should accurately complete and submit the Voluntary Disclosure of Foreign Income and Assets Form (available on the URA Portal), as well as amend the relevant income tax returns for the period. If any additional taxes arise, these should be promptly settled to activate the relief from interest or penalties.

However, the existence of tax reporting obligations for the foreign incomes by the tax resident may not necessarily trigger Uganda taxes in all cases or may be subject to other tax considerations. These include instances of a foreign – held investment asset which by nature is not necessarily classifiable as taxable income received during the year.

Also, where the foreign income received is exempt from income tax in Uganda, no Uganda taxes would apply, for example, the foreign-source employment income of a tax resident or the foreign – source income of a “short – term tax resident individual” who is a non – citizen present in Uganda for period(s) not exceeding 2 years are exempted from Uganda income taxes. The other consideration is that all Uganda tax residents are entitled to foreign tax credits for foreign taxes already paid on the same income in the foreign country, which should reduce any additional Uganda taxes subject to the applicable rules. In some cases where a double tax treaty between Uganda and a foreign country applies, Uganda may or may not have taxing rights over a specific character of foreign income received.

Conclusion

The VDP will help affected taxpayers to voluntarily comply with their tax obligations on foreign incomes, and enjoy relief from penalties and interests, ahead of tax enforcement measures and related disadvantages. Under the automatic exchange of information protocols, URA is expected to have access to foreign financial account information of tax residents to be exchanged from foreign jurisdictions. Accurate disclosures under VDP should therefore be embraced. The need for professional tax advice during the compliance process can not be overemphasised.

This Alert is for information purposes only. The MMAKS Tax Team is available should you require any further discussion or support services.

Should you have any questions regarding the information in this legal alert, please do not hesitate to contact:



Edward Balaba

Partner, Tax

balaba@ug.aln.africa



Dalton Kisuule

Legal Trainee, Tax

Kisuule@ug.aln.africa

This alert is for general information only and does not constitute legal advice. For advice on your specific circumstances, please contact the authors.