



ALERT



THE REQUIREMENT TO SUBMIT BENEFICIAL OWNER'S INFORMATION

Introduction

International beneficial ownership standards from the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ES-AAMLG) have fed into national efforts to strengthen beneficial ownership transparency. In Uganda, the requirements to submit beneficial ownership information have been spread across multiple pieces of legislation.

Uganda's main law on beneficial ownership is the Anti-Money Laundering (AML) Act, its implementing Regulations from 2015, and amendments to the AML Act passed in 2017. In addition, references to beneficial ownership can now also be found in The Companies (Amendment) Act 2022, The Partnership (Amendment) Act 2022, The Income Tax Amendment Act 2022 (among others

This law requires accountable persons under the AML Act who include NGO's, Churches and other Charitable Organisations, Advocates, Casinos, Financial Institutions, Registrars of Companies, Registrar's of Land and Insurance Companies, licensing Authorities, real estate agents among others to identify beneficial owners of their clients (such as Companies and Partnerships among others) for the purpose of money laundering prevention. Information on beneficial owners, which is essential for the prevention of money laundering and terrorist financing, has so far not been recorded. The identification of beneficial owners is intended to make it more difficult for criminal persons and organizations to participate in real economic life with the criminally obtained assets.

For a long time, the lack of information on company ownership has handicapped the Ugandan govern-

ment's ability to successfully tackle money laundering. Globally, beneficial ownership transparency has emerged as a critical tool to curb the use of anonymous companies as vehicles for illicit activity.

In the bid to create a central legal requirement to collect Beneficial Ownership information for companies created in Uganda, the Ugandan Parliament passed an amendment to The Companies Act 2012 and created a central register for all beneficial owners. The minister has also consequently enacted the; The Companies (Beneficial Owners) Regulations, 2023, The Partnerships (Beneficial Owners) Regulations, 2023 and "the Trustees Incorporation (Beneficial Owners) Regulations, 2023".

Who is a beneficial owner?

A Beneficial Owner is a natural person who ultimately owns or controls a company or a natural person on whose behalf a transaction is conducted in a company, and includes a natural person who exercises ultimate control over a company.

It is important to note that in Uganda before the amendment of the Companies Act 2012, the requirements to submit Beneficial ownership information have been spread across multiple pieces of legislation, all with differing definitions of the term 'beneficial owner. These include Uganda's Anti Money Laundering (AML) Act, Mining and Minerals Act and the Income Tax Amendment Act, 2021.

Why is it important to identify the beneficial owner

Identifying the real person that beneficially owns the company can help fight corruption tax evasion, terrorist financing and money laundering. Therefore, collecting beneficial ownership information provides greater financial transparency and helps law enforcement with investigations incase of embezzlement of money, among others.

Requirement to submit a beneficial owner's information

The Companies (Amendment) Act 2022 and the Partnership (Amendment) Act 2022 require Companies and Partnerships to verify, and record information about the beneficial owners of the legal entity. As a result of the Amendments, every company and limited liability partnership registered in Uganda is required to keep a register of its beneficial owners. The register shall contain information such as:

- Name, National Identification Number and postal address of beneficial owner;
- 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
- Adress including postal address and email address; mobile telephone number;
- The Tax Identification Number;
- Summary of nature of business activities the person is engaged in;
- Immigration status, passport and work permit or visa details where applicable, among others

The law requires that the notice of the creation of the register be given to the Registrar of Companies within 14 days.

The format of the notices and information required to be filled are elaborated in the Companies (Beneficial Owner) Regulations, 2023, and the Partnership (Beneficial Owner) Regulations, 2023.

Notice to submit beneficial owner's Information

Uganda Registration Service Bureau (URSB) issued out a notice on 11 January 2023 requiring all companies and Limited Liability Partnerships to file their beneficial owner's information with the Registrar of Companies by filing the form accessible on their website www.ursb.go.ug within 30 days from the date of the notice. It was further stated that companies or Partnerships will not be allowed to make any other registrations unless they have provided beneficial owner's information; and all applications for incorporation of companies and Limited liability Partnerships will only be processed upon submission of the beneficial owner's information.

Change in Particulars of Beneficial Owner's information

Where there is change in the particulars of the Beneficial Owner, the Company or Limited Liability Partnership shall amend the register of beneficial owners to reflect the change. The Company is required to give notice to the Registrar of any change.

Conclusion

All companies(which include companies Limited by guarantee) and Limited Liability Partnerships must submit beneficial owner's information within 30 days from the date of the notice from URSB.

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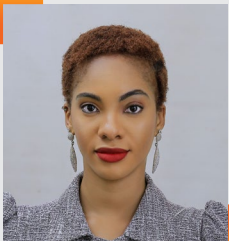
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About TASLAF Advocates

TASLAF Advocates provides blended legal and tax services to the most impactful entities operating in Uganda & East Africa. We are driven by a desire to create social impact and harness the interconnectedness of the African eco-system in our provision of blended legal & tax services. Our clients include leading private equity/impact funds, construction and oil & gas companies, tech companies, leading NGOs and social enterprises looking to set up or expand in Uganda and East Africa.

Our team combines a breadth of experience, education, and training in the best institutions in the world. We are always on the lookout for the most talented and ambitious professionals to join the team. With a mix of lawyers and accountants across the board, our service offerings are unequalled in both tax & legal assignments.

Our pro-bono arm provides free legal services to leading SME's and social enterprises in Uganda helping them to save legal fees and create impact in their areas of operation.

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