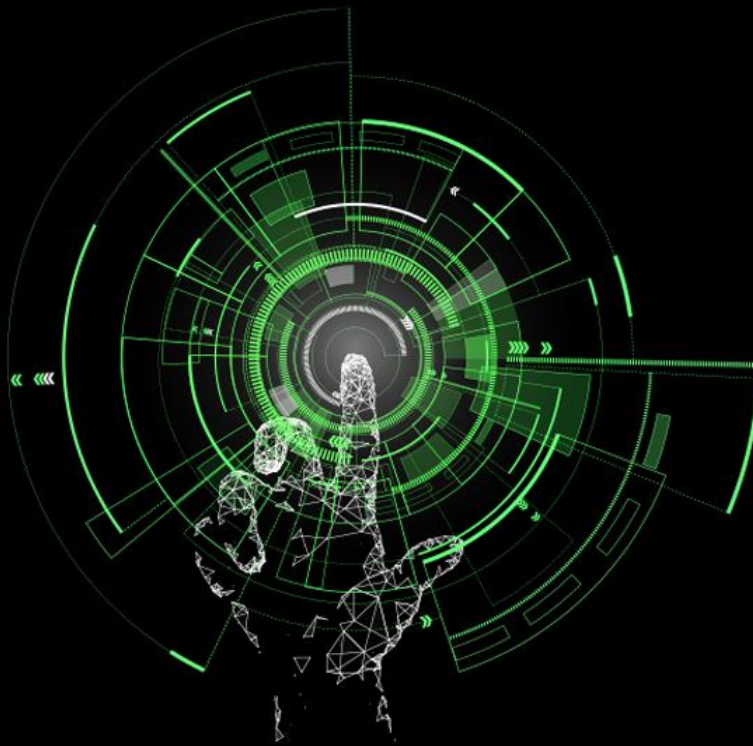


Tax & Legal Alert
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Keeping you in the loop

Requirement to furnish audited financial statements

Uganda Revenue Authority recently updated the web portal and included a feature that requires taxpayers to upload their signed audited financial statements when submitting the final income tax return. This requirement is in line with Section 16(5) of the Tax Procedures Code Act.

This article highlights a brief overview on this requirement.

Uganda Revenue Authority (URA) issued a public notice on 4th October 2024 informing taxpayers about changes in the submission of final income tax returns effective 1st September 2024.

Pursuant to section 16(5) of the Tax procedures code Act (TPCA), a person with an annual turnover of UGX.500,000,000 or more is required to furnish their tax return with audited financial statements prepared by a registered member of the Institute of Certified Public Accountants of Uganda (ICPAU).

URA has updated the income tax return to require any person with an annual turnover of UGX.500,000,000 or more to submit their annual income tax return along with a copy of the audited financial statements as per section 16(5) of the TPCA.

Who will be affected

- Non-individuals (Companies)
- Individuals
- Partnerships

Our view

The URA has in recent times made various changes to its e-system to make it more user friendly and to enable the authority have enhanced visibility with respect to filings which also makes data analytics easier for them.

With this requirement, all taxpayers preparing to submit their final income tax returns from when the notice was issued, are expected to furnish their audited financial statements too. This requirement shall impact both original and amended final returns.

With tax returns filed based on financial statements prepared by a registered member of the ICPAU, the tax authority will be in possession of credible financial information to carry on compliance reviews efficiently and issue compliance advisories to taxpayers that are effective.

In the event the URA is in doubt of the financial statements that accompany the tax return, the member of ICPAU that audited the financial information could be held liable.

Since the final tax return is filed six months after year end, taxpayers will be expected to finalize their audits and sign-off accounts before the 6-month filing deadline.

The current practice of taxpayers filing returns based on unaudited financial statements and then filing amended returns when the financial statements have been audited will most likely lead to imposition of penalties by the URA for non-compliance with this requirement.

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