Unmasking the secrecy behind shell companies

Beneficial owners’ information helps to know the ultimate owners behind a certain investment or transaction, thus fighting financial secrecy.

BY IOAN SALMON

Beneficial ownership: Navuga adds that BO information also shines a light on who has the ultimate control to make decisions in the company. Some of these are politically exposed persons (PEPs) and with the information, it is easy to establish who these are. But it’s not a straight-looking process. People with insider information, such as a procurement officer have fronted companies.

A man counts Shs50,000, showing notes. Without a beneficial ownership registry, companies can register in tax havens or countries with whom Uganda has a Double Tax Agreement.

The information in this registry will help the government and Civil Society Organisations (CSOs) to understand several strategies companies use to conceal information, more so the wrong ones.

Benefits of registry

The information is critical for solving money laundering cases because government then can follow the money trail helping it to establish the origin of the money usually established to the company. Then we can easily solve puzzled people who are out of the black start businesses without proven legitimate money source. Regina Navuga, the magistrate, is the person in charge of financial development programmes at SEATIN Uganda.

Revenue will also be gathered easily because with such information, the beneficial owner can now be taxed.

"Previously, only the company was taxed because the person receiving the money from its activities was unknown. That meant revenue loss," Ms Kagswa says.

Navuga adds that BO information also shines a light on who has the ultimate control to make decisions in the company. Some of these are politically exposed persons (PEPs) and with the information, it is easy to establish those benefiting are not directly linked to those supposed in control. Having a registry will ease cleaning up the procurement system because it provides a platform to list out all the cases known for a specific number of years.

Navuga says that in the registry, only some cases are listed because it is dependent on who is mandated to list them. There is a need to have some cases known for a specific number of years.

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