

The new tax leadership standard for CFOs

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In many boardrooms, tax is still treated as a compliance obligation—something to be managed after financial performance, strategy, and growth decisions have already been made. That mindset is becoming outdated.

In 2026, tax has evolved from a back-office function to a strategic risk—one that directly affects cash flow, governance, reputation, and personal accountability for Chief Financial Officers (CFOs) and senior leaders. Recent developments, including the rollout of Electronic Fiscal Receipting and Invoicing Solution (EFRIS) Phase II, have reinforced one clear message: Tax visibility is no longer selective. It is systemic. Many businesses that appear compliant on paper are now exposed because their systems, documentation, and assumptions have not caught up with enforcement realities.

Illusion of "We are fine"

One of the most common statements from CFOs and business owners is: "We have an accountant. We file returns. We should be fine." But tax readiness is not about filing returns. It is about whether your tax positions can withstand scrutiny when systems are cross-checked.

In 2026, silence from the tax authority no longer means comfort. It often means your data has not yet been reconciled. With Uganda Revenue Authority (URA) increasingly relying on integrated data—EFRIS, banking information, customs records, and third-party disclosures—false confidence has become one of the biggest tax risks.

2026 has changed risk landscape

Three structural shifts define today's environment:

1. Data has replaced discretion. Tax compliance is now largely system-driven. Numbers must align across platforms. Inconsistencies are flagged automatically, often before any physical engagement occurs.
2. Desk audits are faster and broader.



A client reads financial results for a company. In 2026, silence from the tax authority means your data has not yet been reconciled. PHOTO/MICHAEL KAKUMIRIZI

More assessments are raised without on-site visits, giving finance teams less time to react and correct positions.

3. Accountability has shifted upward. Tax exposure is increasingly viewed as a governance issue, not merely an accounting one. CFOs and directors are expected to understand tax risk—not discover it when assessments arise. For business leaders, this has changed the rules of engagement.

EFRIS Phase II: A new reality CFOs must internalise

The rollout of EFRIS Phase II, which brought an additional 12 sectors into mandatory EFRIS usage, represents more than regulatory expansion. It represents a structural change in how business activity is validated.

EFRIS is no longer just about issuing sales invoices. It is becoming the reference point for business legitimacy.

Three implications matter most to CFOs and business leaders:

- First, revenue visibility is real-time. Sales data captured through EFRIS is expected to reconcile with Value Added Tax (VAT) returns and income declarations. Variances are no longer abstract—they are visible immediately.

Expense deductibility redefined

Secondly, expense deductibility is being redefined. A growing reality in audits is the expectation that business expenses should be supported by fiscalised documents. Invoices that are not EFRIS-compliant increasingly attract scrutiny, particularly where VAT or significant deductions are claimed. This means expense legitimacy is now tied to supplier compliance, poor supplier discipline creates downstream risk and documentation standards are tightening, not loosening.

Third, EFRIS has shifted from an IT issue to a risk issue. EFRIS compliance is no longer something to be delegated to system vendors or junior staff. It affects revenue recognition, VAT credibility, expense deductibility and audit defensibility. For CFOs, this requires active oversight, not passive reporting.

Across sectors—especially those newly brought under EFRIS Phase II—several risk areas continue to surface repeatedly:

VAT and EFRIS misalignment

EFRIS sales data does not always reconcile with VAT returns. Differences that once passed unnoticed now raise immediate questions.

Withholding tax leakages

Payments to consultants, contractors, and professionals are still made without withholding tax—creating liabilities that cannot be recovered later.

Payroll and director benefits

Allowances, benefits, and personal expenses embedded in business costs remain a high-risk area, particularly in owner-managed entities. Customs risk remains a delayed threat. Post-clearance audits increasingly link import data with domestic sales and profitability.

ty trends. In most cases, the issue is not fraud. It is fragmented systems and outdated assumptions.

Why CFOs are under pressure

For CFOs, tax readiness in 2026 is no longer about technical accuracy alone. It is about anticipation, alignment, and judgment. You are expected to understand how EFRIS affects your sector, ensure fiscalised documentation supports both revenue and expenses, challenge assumptions within your teams and brief leadership on exposure early. Also ensure systems tell one consistent story.

When assessments arise, the question is no longer: "What happened?"

It is: "Why was this not identified earlier?" Delayed action often costs far more than early correction.

What tax readiness means

Tax readiness does not mean perfection. It means clarity, control, and defensibility. A tax-ready organisation today understands its EFRIS obligations by sector, reconciles EFRIS data with VAT and income tax returns regularly and reviews expense documentation.

It manages withholding tax and payroll exposure. It treats tax as part of enterprise risk management. Most importantly, tax readiness allows leadership to make decisions without hidden exposure.

The most important question is no longer: "Are we compliant?" It is: "If URA reviewed our EFRIS data, VAT returns, expense documentation, and bank activity together today—would our position be defensible?"

That question separates reactive organisations from resilient ones. So, waiting is no longer neutral. EFRIS Phase II has not created new obligations. It has made existing ones visible.

Businesses fail because tax issues ruin cashflow, undermine trust with banks and partners and distract leadership at critical moments. For CFOs and business leaders, tax readiness in 2026 is strategic leadership.

Compliance is cheaper than penalties. Clarity is cheaper than crisis.

Preparation is cheaper than defence.

The question is no longer whether tax risk exists—but whether you will manage it early, or explain it later.

The writer is a tax advisor.

Preparation
'Preparation is cheaper than defence.'

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