

How to improve tax compliance by wealthy individuals? Evidence from Uganda

Fabrizio Santoro¹  | Ronald Waiswa²

¹Institute of Development Studies and the International Centre for Tax and Development, UK

²Uganda Revenue Authority, Uganda

Correspondence

Fabrizio Santoro, Institute of Development Studies, UK.

Email: f.santoro@ids.ac.uk

Funding information

Bill and Melinda Gates Foundation, Grant/Award Number: GV/18011

Abstract

Motivation: Appropriately taxing the richest is a priority for African governments, which need tax revenues to invest and pay for public services. In Uganda, the revenue authority launched a unit in 2015 to monitor the tax affairs of high-net-worth individuals (HNWIs) and very important persons (VIPs), 393 individuals in all. The unit combined persuasion, assistance, and enforcement.

Purpose: To establish the extent to which the unit was able to improve tax compliance by the rich.

Methods and approach: In collaboration with the Uganda Revenue Authority, this study builds on taxpayer-level data on tax filing and payment. The analysis employs a standard difference-in-difference framework, exploiting the timing of the launch of the unit (September 2015). It also makes use of the existence of the target group of 393 wealthy individuals and a group of another 1,731 potentially wealthy individuals who have been identified but never included in the unit's operations owing to limited resources. We match the groups using a propensity score algorithm.

Findings: The unit has been only partially successful. While the unit increased the probability of filing a return, especially by VIPs, taxpayers declared less on different measures, with no impacts on tax liability. On tax payments, only a small and significant positive impact was found, again due to complex offsetting responses across tax categories. This study also measures the spillover effect on companies controlled by the richest—again documenting complex compensating reactions and no meaningful impacts on tax take. Lastly, while deterrence is more effective for HNWIs, taxpayer assistance and public shaming are more relevant for VIPs.

Policy implications: This case shows that the rich can be identified and their tax monitored. It also shows the limits of what can be achieved. The Uganda unit lacked staff; it needed twice as many people to monitor the tax of wealthy persons adequately. Moreover, it was hamstrung by the difficulties of sharing data between different departments of the Tax Authority, among government agencies, and between government and key agents such as banks. Ultimately, the unit did not have the staff and data to challenge the tax avoidance schemes deployed by wealthy people and the companies they own.

KEYWORDS

inequality, tax administration, tax compliance, Uganda

1 | INTRODUCTION

Taxes remitted by a country's wealthiest individuals are important for a number of reasons. First, their contributions are disproportionately important to boosting national revenue for development. In the United States, for example, the top 1% of taxpayers contribute an estimated 37% of all income tax revenue despite avoidance and evasion via international tax havens (Tanzi, 2018). As Wildasin (2006) puts it, high-income taxpayers may be literally "worth their weight in gold." Taxing them would, at least partially, satisfy the need for low-income countries (LICs) to collect the tax revenue they need for development. There is strong evidence that large amounts of financial wealth are held overseas by the richest individuals in LIC (Zucman, 2017). Second, social inequality and unfairness perceptions are likely to rise when the richest are not seen as contributing enough in taxes; in other words, taxpayers are less likely to trust the tax system if they do not feel that everyone pays their "fair share" (Dom et al., 2022). Lastly, thanks to the high profile that the richest usually have in a society, their tax evasion is likely to be replicated. Therefore, a dangerous culture of illegality risks being promoted.

Although most of the debate focuses on high-income countries (HICs),¹ the African continent is no exception. It is believed that the wealthy in Africa, including Uganda, either exploit tax avoidance schemes or more blatantly hide their wealth, contributing very little to the public purse. The lack of stable revenue from the richest severely impairs domestic revenue mobilization in a continent in urgent need of resources. The tax-to-GDP ratio in sub-Saharan Africa (SSA) has hovered around 15%, compared to 25% to 30% in HICs, for the last few decades (Akitoby et al., 2019). In addition, personal income tax (PIT) collection in SSA averages about 2% of gross domestic product (GDP), compared to closer to 10% in rich countries. Property tax collection, arguably the most important source of wealth taxation across countries, is also largely underperforming in SSA (Goodfellow, 2017).

Against this background, how to improve tax compliance of the richest in a weak state capacity context? This study explores this question in the context of the creation of a specialized tax office in the Uganda Revenue Authority (URA), which aimed to improve the compliance of the richest in the country. These consist of high-net-worth individuals (HNWIs), the wealthiest individuals in terms of capital, equity, and property, and very important persons (VIPs), prestigious and popular figures in the political, religious, and social environment, and often important backers of political groups with access to the high levels of government. The intervention consisted of an exogenous increase in the monitoring and scrutiny the wealthy received from the URA, especially through more targeted client relationships and taxpayer assistance. The unit was built mainly on persuasion and sensitization, prioritizing these over the strict enforcement of tax laws. The PIT progressive rate structure, as well as other taxes on the wealthy, remained constant.

Thanks to a collaboration with the URA and access to administrative tax data in 2012–2019, this study captures the response by the richest to the URA strategy. The identification strategy relies on a difference-in-difference design which exploits the timing of the launch of the unit (September 2015), the panel structure of the data, and the fact that the URA identified an additional group of potentially wealthy individuals. The latter, however, were not assigned to the unit due to resource constraints and hence were untreated. The analysis pays particular attention to the difference in response from the two groups (HNWIs and VIPs) who, despite being exposed to the same intervention, are likely to react differently due to their structurally different profiles. Importantly, this study also measures impacts on the reporting behaviour of companies owned by the treated wealthy; crucially, the intervention did not extend to them and did not subject them to additional scrutiny. Furthermore, the quantitative analysis is complemented by a more qualitative approach obtained by conducting a series of in-depth interviews with senior tax officials who have been directly involved in the intervention.

¹Research evidence mostly come from Europe and the USA, both in terms of considering tax evasion strategies and capital flights to tax havens (Alstadsæter et al., 2017; Agrawal et al., 2020), and also when examining tax progressivity and pre-tax income distribution (Frey & Schaltegger, 2016; Piketty et al., 2014; Saez, 2017; Slemrod, 1996).

Our results are mixed. They tell a story of limited impacts of the unit, centred on a few, more observable margins, while significant offsetting shifts in reporting hint at sophisticated tax avoidance strategies, curbing the revenue impact of the unit. First, the unit positively impacts the likelihood of filing a return (+37%), even if only for VIPs. However, when considering what is declared in those tax returns, this study documents a perverse filing response of the wealthy. After the unit launch, these taxpayers substantially reduce their business income, expenses, and final tax liability. This negative effect is found for both income tax and VAT returns, and is more pronounced for HNWI, who significantly report less tax due (-27%). This response is just an example of important offsetting responses through which taxpayers end up avoiding taxes in less blatant ways (Saka & Waiswa, 2019).

Furthermore, the programme produces quite disconnected impacts on payments. Total domestic tax payments increase slightly, but only for HNWI. The composition of total tax paid also indicates that taxpayers, again in the spirit of strategic offsetting, compensate an increase in a specific tax payment with a decrease in another tax remitted. On the one hand, HNWI reduce their income tax payment while increasing payments on other taxes. On the other hand, VIPs pay more income tax, but cut down on final withholding taxes. Such payment responses, mirroring the strategic response with filing, seem to confirm the trend of wealthy individuals now exploring tax planning schemes as opposed to engaging in outright evasion.

Finally, the unit causes interesting spillover effects on companies owned by treated wealthy individuals, despite the fact that the unit did not target corporate accounts directly. On the one hand, treated companies are less likely to file a corporate income tax (CIT) return. On the other hand, they are less likely to nil-file, meaning the reporting of zero turnover, taxable income, and tax liability.² As with individuals, responses in tax payments are negligible, and compensate each other across tax heads and individual/corporate account. For instance, while rental income tax payments fall at the individual level, they increase at the company level. Such transmission mechanisms from individual to corporate tax accounts are complex and require more in-depth exploration in future research.

This study also tries to unravel the key mechanisms at play. On the one hand, tax audits are limited to HNWI, as being of greater value with higher revenue potential. Most of the impact on HNWI's filing behaviour does indeed come from audited taxpayers. At the same time, taxpayer education and assistance seem to be more crucial to improving VIP compliance. VIPs, by their very nature (most of them are not business people as such), are much less likely to know their tax obligations and seem to benefit from the intervention. Similarly, it can be argued that they respond on the most visible margin (filing a return) out of fear of public disapproval and shaming for being non-compliant. This increase in visibility through filing takes place in a context where only a third of the untreated wealthy submit their returns. Taxpayer education and shaming are, however, ineffective with HNWI.

This study contributes to policy by participating in the global debate around the inequality of tax systems in less developed regions of the world. The focus on HNWI can help tax systems in SSA to rely more on a progressive tax like PIT, which is largely underperforming in the region at the moment. Moore et al. (2018), for example, estimate that less than 5% of the African population pays PIT, compared to about 50% in HICs. Even more alarmingly, a negligible share of PIT is extracted from sources other than PAYE, which is remitted at source by employers. Much more revenue could be extracted from progressive taxation on individuals' business income and wealth.

Additionally, policy recommendations are formulated according to the evidence produced. First, the URA should boost its staff capacity, both in terms of numbers and skills. More specialized and experienced tax officials are needed to better monitor the often complex tax avoidance schemes put in place by the wealthy. Further, enforcement on the richest could be performed using a more holistic approach, encompassing both individual and corporate tax accounts simultaneously. Lastly, the mixed evidence on the unit calls for more third-party data, which could be crucial to cross-check the amounts declared by the wealthy.

²Nil-filing is a widespread phenomenon in African tax systems, as reviewed in Moore (2022) and Santoro (2022).

The article is structured as follows. Section 2 describes the Ugandan context and the HNWI audit strategy under study. Section 3 delineates the research methodology. The results are provided in Section 4, while additional evidence on the underlying mechanisms is given in Section 5. Section 6 concludes.

2 | TAX ENFORCEMENT IN UGANDA

2.1 | Tax system

Uganda's tax system is composed of direct taxes like income tax and indirect taxes like excise duty and VAT. It also comprises a series of non-tax revenues like stamp duty, such as on the transfer of land ownership. The Income Tax Act (Uganda, Ministry of Finance, Planning and Economic Development, 1997) imposes a tax on every person earning rental income, business income, employment income and property income. Individuals, the wealthy included, are therefore liable to pay PIT, rental income tax, PAYE, and VAT. In addition, a tax (CIT) is imposed on the profits of incorporated businesses.

2.2 | Tax enforcement on individual taxpayers

Non-compliance is widespread among the wealthy in Uganda (Kangave et al., 2018). For the financial year (FY) 2013/14, for example, only 5% of directors of the top taxpaying companies were paying income taxes, with some paying as little as USD 5. Similarly, a sample of the top 60 lawyers in the country revealed that less than a third were remitting PIT between FY 2011/12 and FY 2013/14 (Kangave et al., 2018).

To improve the compliance of the country's wealthy individuals, the URA set up a specialized unit in the Domestic Taxes Department in September 2015. The unit managed 157 individuals that mostly comprised owners of large companies and individuals who were publicly known to be rich: the so-called HNWIs. In parallel, the URA also launched a specialized office to manage tax affairs of the country's VIPs, including high-ranking government officials, such as the president, the vice president, cabinet ministers, as well as influential non-governmental officials, such as heads of kingdoms, heads of professional and business associations, famous religious leaders, and public figures. In terms of both offices, there were 393 individuals on the URA's priority list by the end of 2021 (157 HNWIs and 236 VIPs). The costs of setting up this unit were minimal, as it involved reallocation of existing staff to the new team and no extra resources have been hired.

Specific criteria were followed in identifying the richest, as discussed in Kangave et al. (2018). These consist in multiple income and wealth thresholds, comprising both core and non-core parameters—a core parameter being an indicator which is sufficient to classify a taxpayer as wealthy. Among the core parameters, there are land transactions above USD 285,715 over five years; annual rental income above USD 142,858; getting a loan larger than USD 1.5 million over 5 years or performing bank transactions larger than USD 1 million in a year; shareholding in large companies with high turnover—above USD 14.3 million for single companies or between USD 4.3 million and 14.3 million as the sum of companies' turnover for multiple shareholding. Non-core parameters refer to high value farming, imports and exports, vehicle ownership, or being publicly known as wealthy (Kangave et al., 2018).

To improve the compliance of HNWIs and VIPs, the unit team mainly employs soft compliance improvement measures to gain their commitment to remit some taxes. Soft measures included taxpayer education, advisory services, and direct support with managing tax issues, such as clearing imported goods and registering motor vehicles. For most VIPs, the unit supports them in filing their tax returns and generating payment registration slips. Harsh enforcement actions, such as audits and penalties for non-compliance, remain limited. This is mostly due to the poor audit capacity specifically fit for wealthy taxpayers, as well as to the historically limited effectiveness of deterrent action on such taxpayer category, difficult to be intimidated.

Despite strong senior management support when the unit was launched, such support has not been consistent over time, especially with regard to adequately resourcing the unit and increasing the number of wealthy under the unit. At the unit's inception in 2015, there were five officials (four tax officers and a supervisor) who managed the affairs of 117 HNWI. Adding the VIPs, the number of individuals increased to almost 400, but the number of staff was only increased by one tax officer. Similarly, excluding the supervisor who has served in the unit since the inception, all the officers were new. Other challenges are worth mentioning. First, the high turnover of staff affects the unit. Second, the migration of new taxpayers resulting from the wealthy according to the criteria is often slow and politically sensitive. Furthermore, the intervention did not target companies owned by HNWI/VIPs, thus leaving them under a status quo of limited enforcement and more room for tax avoidance.

3 | RESEARCH DESIGN

3.1 | Data sources and descriptive statistics

We recur to two main data sources: administrative data and in-depth interviews with tax officials. Regarding administrative data, we have access to a range of detailed taxpayer records. First, the taxpayer registry is used to identify the target sample of HNWI and VIP. The target sample consists of 393 individuals: 157 HNWI and 236 VIP. On top of that, we also observed a group of 1,731 potential HNWI and VIP whom the URA identified as candidates to be included in the treatment, but who were never actually exposed to it. This exclusion was due to a mix of factors, from budget and resource constraints to the need to “start small” and develop experience, and to some reluctance from management to approve the newly created list. Crucial to our study, these potential wealthy individuals have never been assigned to the new unit, but belonged to other, separate departments in URA, throughout the study period. Interviews with the URA confirmed that potential wealthy have not been contacted by the unit in the performance of its tasks and largely remained unaware of the existence of it.

Second, we have access to the universe of tax returns submitted over a seven-year period, from 2012/13 to 2018/19. The taxes covered are PIT, rental income tax, VAT, stamp duty on land transactions, and custom taxes. The range of taxes covered is crucial to understanding tax avoidance schemes and spillover effects across tax types that may take place after the intervention. We exploited this granularity of information to capture the behavioural response after the unit launch.

Third, we consider tax payments over an eight-year period, from 2012/2013 to 2019/2020.³ Much of the enforcement capacity of the new URA office prioritizes compliance with payments rather than with accurate reporting, given the need to meet tax collection targets and address budget constraints. Importantly, we observe payments of all types of national taxes: PIT, rental tax, VAT, and withholding taxes. For PIT, we observe payments of the different components: final withholding taxes, income tax on business, and income tax advance for motor vehicles (see Section 3).

Fourth, we are able to link both the treated and potential wealthy to the companies they own. Within the treated group, we find a total of 847 companies. The 157 HNWI appear to be directors of up to 564 companies—an average of 3.6 companies per individual. A total of 283 companies are found to be owners by the 236 VIPs—just one company per VIP. The difference in company ownership is consistent with the fact that HNWI are much more relevant as economic players and much richer and, hence, more likely to hold multiple companies when compared to VIPs, who enjoy a higher status due to their political roles. At the same time, we identify 1,903

³For both tax returns and payments data, we exclude the tax period likely to be affected by the COVID-19 pandemic, namely from FY 2020/2021 onwards. Consequently, our impact estimates are unaffected by the pandemic.

control companies connected to the 1,731 potential HNWI/VIPs. These companies will serve as a control group. For all these companies, we observe both their filing and payment behaviour. The structure of these datasets is the same as that of individual data sets.

Lastly, along the lines of the preliminary exploratory work of Kangave et al. (2016, 2018), we conducted seven in person, in-depth interviews with senior management officials at the URA. In 2021 and 2022, we interviewed the head of the HNWI unit and the senior officers working in it. Similarly, we ran interviews with the audit and risk departments, the research and planning and business intelligence units, the domestic tax management, and the large taxpayer office, including the public sector office. A semi-structured interview form was followed, which aimed to capture the first-hand experience and views of officers involved in the unit. On average, the interviews lasted an hour and a half. Qualitative data thus gathered are used to add a more nuanced interpretation of the quantitative findings produced with the administrative data.

Preliminary descriptive tables are presented in the Appendices. First, it is worth stressing that the treated group is dramatically different from the remaining taxpayer population (Table A1). The richest are all based in Kampala, registered much earlier, and are much more present in the real estate sector (on top of trade). Interestingly, the treatment group is much more likely to be registered for import/export, stamp duty, and VAT. Unsurprisingly, the treatment group is dramatically larger in sales, profits, tax due, and assets when considering the tax year before the intervention. Similar differences are observed when considering treatment group companies and the broader population of companies (Table A2).

However, some differences persist when comparing the treatment group with the potential HNWI/VIP category (see Table A3). The latter group is present outside the capital city, registered a bit later, and is a little more present in the transport sector. Differences in the types of taxes the two groups registered for remain, as well as in their sizes as businesses. The corresponding findings for companies are reported in Table A4.

As a last consideration, Table A5 shows how the two sub-groups treated—HNWIs and VIPs—are structurally different from each other. Being more market oriented, HNWIs are more likely to be in business and registered for PAYE and VAT. Instead, VIPs are more likely to be productive in agriculture and managing motor vehicles, lands, and property. As might be expected, HNWIs are considerably larger than VIPs in terms of sales, tax due, assets, and similar margins. Table A6 compares companies connected to HNWIs with those connected to VIPs. Inexplicably, only a minority of HNWIs and VIPs are connected to a large/medium company—though significantly more HNWIs (27%) than VIPs (12%). This finding is intriguing as it may indicate that the richest taxpayers may be explicitly appearing small with the companies they own in order to reduce their tax liability.

3.2 | Estimation strategy

To produce causal estimates of the implementation of the unit across time, we exploit the fact that the office was launched in September 2015 and affected all the targeted HNWIs and VIPs to the same extent. We then recur to the following generalised difference-in-difference framework:

$$Y_{it} = \gamma_t POST_t + \gamma_i TREAT_i + \delta POST_t \times TREAT_i + \epsilon_{it} \quad (1)$$

In this equation, Y_{it} is the tax outcome of taxpayer i in time t , described in detail below. $Treat_i$ equals 1 if the taxpayer i is assigned to the HNWI-VIP office and 0 otherwise. $Post$ indicates whether the filing or payments of taxes took place after the launch of the office in September 2015. The interaction term $Post \times Treat$ captures the difference-in-differences (DiD) coefficient of interest, delta. This exercise measures the averaged effect across all post-reform periods, from September 2015 to 2020. To increase statistical precision, we also add time-invariant controls. These are gender, location, registration year, and sector. The error term e is clustered at the taxpayer level.

As a suitable control group, we use those 1,731 taxpayers classified as potential HNWI/VIPs but never actually treated by the authority, as described in the previous section. For them, the *Treat* indicator equals 0. We disregard all other taxpayers, largely medium and small. As discussed in the previous section, the broader population of taxpayers is inherently and substantially different from the treated group. In contrast, the potential HNWI/VIPs are more similar to the treated group. Potential wealthy serve to show the counterfactual pattern of tax filing and payment to which the treated taxpayers are compared.

As we are also interested in spillover effects on companies, we replicate the analysis above by considering the sample of treated and control companies. The former are incorporated entities owned by treated HNWI/VIPs, while the latter are those owned by potential wealthy.

The underlying assumption for the DiD approach is that the treatment and control groups would have similar trends over time in the absence of the treatment. The parallel trend assumption can be tested only indirectly, and we do so in two ways. First, we visually show whether filing trends are similar for treated and control HNWI/VIPs. Figure 1 below reports the trend both for the filing (filing probability, tax payable) and payment (income

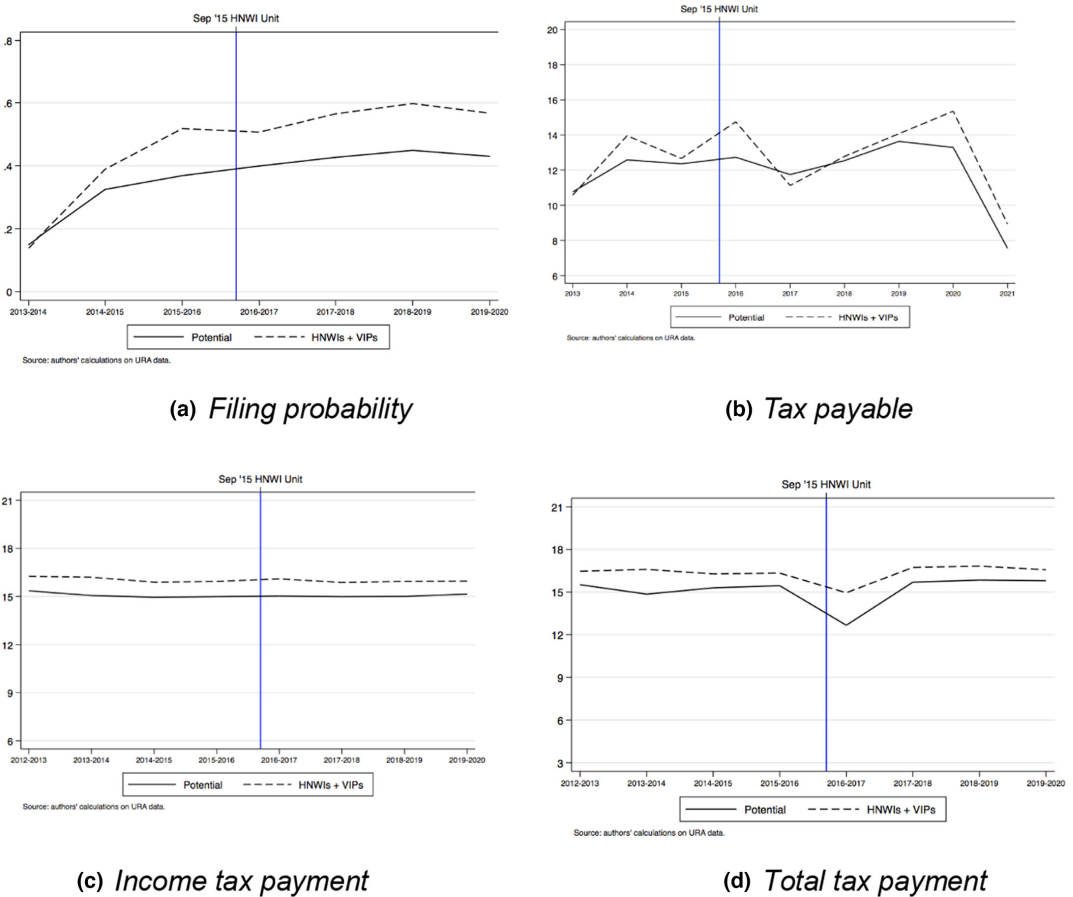


FIGURE 1 Trends in filing and payment.

Note: The panels show descriptive trends in outcomes over time, from 2013 to 2020, for filing outcomes, and from 2012 to 2020 for payment outcomes. The vertical line indicates September 2015, when the HNWI-VIP unit was officially launched. The outcomes are: a 0–1 indicator variable for the probability of filing a return (panel a), the log amount of PIT payable declared (panel b), the log amount of PIT paid (panel c), and the log amount of total domestic taxes paid (panel d).

Source: Administrative data from URA.

and total tax) margins, considering the main outcomes of our analysis. No significant effect emerges between treatment and control before the reform, indicated by the vertical blue line. This indicates that the control group is comparable to the treatment group as presenting a similar behavioural trend before the unit launch. A similar visualization of trends for companies filing is presented in Appendix [Figure A1](#), which shows that the parallel trend assumption seems to hold. Second, we test the parallel trend assumption by estimating the treatment effect for the pre-reform period through a placebo test, fixing the launch of the unit in September 2014, one year before the actual implementation. We run our main specification on earlier time periods, from 2012 to August 2015, just before the intervention. As shown in Appendix [Table A7](#), the indicator for the placebo treatment is never significant in our key outcomes, either for individuals or companies. The only exception is with the filing probability of HNWIs' companies, and we take into account such occurrence when presenting the results in Section 4.

In the attempt to improve comparability between treated and control taxpayers (which seems to be already high by a visual inspection of pre-trends in [Figure 1](#)), we enhance the DiD approach by first running a propensity score matching (PSM) on the two groups and then implementing the DiD equation above on the matched sample. The basic intention behind PSM is to pair each treatment group taxpayer with one or more relatively similar control group taxpayers. The key goal of PSM is to restrict the sample to a subset of observationally comparable treatment and control taxpayers to reduce the imbalance in covariates and confounders between the two groups. Matching is based on the propensity score, defined as the conditional probability of assignment to a treatment given a vector of covariates (Rosenbaum & Rubin, 1983).⁴ We recur to a Kernel PSM, which produces a weighted average for each treated individual of all control group ones, giving more weight to those controls more comparable to that specific treated individual. Matching successfully improves the balance of covariates between groups ([Figure A2](#)). Likewise, matching makes the two groups remarkably comparable in terms of the probability of getting the treatment ([Figure A3](#)).

We consider a range of different tax outcomes. First, we focus on filing behaviour with income tax. We focus both on the extensive margin of compliance, represented by the probability of filing a return, and the intensive margin. The latter is studied by looking at the probability of nil-filing and the amount of tax declared. We also explore changes in total income, sales, operating, and administrative expenses (as well as the cost of sales and total purchases), and depreciation. We complement the analysis of income tax returns with a similar analysis on VAT returns. Second, we turn to payment behaviour and rerun our main specification for all different taxes included in tax payments data. The same analysis is then run on the sample of companies. Finally, to control for the high skewness in amounts data, we adopted the log transformation of all amounts, presenting results in log points. For completeness, we also present results in absolute values whenever significant, and report descriptive trends of the key outcomes over time in Appendix [Table A8](#).

4 | RESULTS

4.1 | Filing behaviour

As a first step, we explore whether the unit launch impacted the extensive margin of compliance, i.e. the probability of filing a tax return. [Table 1](#) panel (a) reports our DiD estimates on the probability of filing. Column 1 pools both HNWIs and VIPs together, while we also present results split by category, focusing on HNWIs in column 2 and VIPs in column 3. We replicate this approach in all result tables in this article.

⁴In building the score, we use information on taxpayers as derived from administrative data. Specifically, we consider sectors, registration year, type of tax the taxpayer is registered for and pre-intervention outcomes, such as total sales, gross profit, rental income, operational expenses, income tax amount.

TABLE 1 DiD estimates of the HNWI-VIP unit on filing behaviour.

	(1)	(2)	(3)
	All	HNWIs	VIPs
<i>(a) Probability of filing a personal income tax return</i>			
HNWI/VIP *Post	0.04	-0.01	0.12***
	(0.04)	(0.04)	(0.04)
Controls	Yes	Yes	Yes
Control Mean	0.375	0.375	0.375
R-sq.	0.049	0.058	0.071
Observations	5751	5077	4955
<i>(b) Log amount of personal income tax declared</i>			
HNWI/VIP *Post	-3.48***	-2.40*	-3.63
	(1.22)	(1.24)	(2.58)
Controls	Yes	Yes	Yes
Control Mean	12.612	12.612	12.612
R-sq.	0.130	0.108	0.158
Observations	1148	1071	895

Note: Standard errors are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. The table shows the DiD coefficients on the matched sample using a kernel matching algorithm. In panel (a), the outcome variable is a 0–1 indicator variable for the probability of filing a return. In panel (b), the outcome variable is the logarithmic amount of PIT payable declared. Column 1 indicates impact estimates for both HNWIs and VIPs, column 2 restricts to HNWIs, and column 3 focuses on VIPs.

Source: administrative data from URA.

Table 1 shows that the impact of DiD on filing probability on the pooled treatment sample is not significant in column 1. However, when comparing HNWIs and VIPs, it transpires that a positive effect is experienced by VIPs, who increase their probability of filing by 12 percentage points (henceforth pp) or a hefty 37% over the control group mean after being exposed to the new strategy. HNWIs, however, do not respond to the intervention. These results are only the first in a long sequence of evidence that indicates the differing responses of the two categories along different margins.

Having shown that the programme is impactful at the extensive margin, at least for VIPs, we now turn to the intensive margin, considering the amounts disclosed in the tax return. We document a consistent perverse response, according to which most of the key amounts in the return consistently decrease. Starting from total income, Appendix Table A9 panel (a) shows that this significantly reduces by 1.78pp, or a striking 38% of the control mean. Along the same lines, total sales decrease even more, by 2.3pp or 65% (panel b). In absolute values, the reduction in amounts corresponds to USD 40,500 and USD 66,300 for total income and sales, respectively. While the sign is negative for both HNWIs and VIPs, heterogeneity analysis for sales suggests that HNWIs could reduce this margin more aggressively. The treated HNWI–VIPs also significantly reduce their operational expenses by 1.5 log points. That is about 47% of the control group mean or USD 2,300 less (panel c) and depreciation by 3 log points, amounting to 50% of the control group mean or USD 18,500 less (panel d). A consistent pattern emerges when we consider the cost of sales (–1.8 log points or –65%) and total purchases (–2.1 log points –98%).⁵

The end result of the large cuts above is that the final tax payable decreases as well (Table 1 panel b). Tax payable falls by 3.48 log points, which translates to a sizeable 27% decrease compared to the control group mean. In absolute values, this corresponds to about USD 2,300 less declared by each treated wealthy individual. Impact

⁵Tables omitted for brevity. They are available upon request.

estimates by category are only partially and weakly significant, but may indicate that HNWI's response is driving the result. This evidence adds to what is found in similar studies: that taxpayers strategically reduce different margins of their returns to end up paying the same or less tax, both in developing (Carrillo et al., 2017; Mascagni & Nell, 2022; Santoro, 2022) and more developed economies (Slemrod et al., 2000). Combined with the results shown in Table A7, it indicates an inconclusive assessment of the effectiveness of the programme. HNWI, who are generally more tax savvy and better equipped to navigate the tax system and its loopholes, seem particularly stuck in their filing decisions. Compliance improves for VIPs, at least at the extensive margin, but does not translate into higher tax remitted.

As a last note, no meaningful impact is found on VAT due, nor on other VAT-related margins, such as VAT on output, input, and VAT offset.⁶ Likewise, the programme is ineffective in improving compliance with land transactions and stamp duty. Although this is a key field in which it is believed that the wealthy operate, the programme does not improve revenue with this tax. The unit launch did not change in the number of land transactions declared and the corresponding stamp duty imposed on them.⁷ Anecdotal evidence suggests that this is because the process for declaring land and assets is largely ineffective, plagued by missing information on land buyers and sellers, and collusion between land registry officials and buyers to report lower purchase amounts.

Evidence from the in-depth interviews helps us to better understand these results. First, there is a consensus that aggressive tax planning gained relevance just after the launch of the unit. The wealthy who were targeted apparently sought advice from professional tax firms and reacted along often less verifiable margins. Second, it is believed that lack of credibility in the unit due to the limited resources available is another explanation for the negative response. On the one hand, HNWI do not believe the authority has the enforcement capabilities to threaten them. On the other hand, VIPs react on more visible margins (such as filing a return due), while they just file rather small amounts to please the URA, in what has been called a "throw us a bone" strategy.

4.2 | Payment behaviour

Regarding tax payments of the treated wealthy, the results are inconclusive. First, we observe an inconsistent response pattern compared to that of the tax filing discussed above. This aspect reinforces our claim that paying taxes in Uganda is administered largely in disjunction with filing; as confirmed by URA interviewees, payments data in a given year are not reconciled with the corresponding tax filing year, and hence they might include payment arrears. Second, we again document a significant number of compensating payment strategies, whereby some tax payments rise while others are reduced.

More specifically, Table 2 below shows DiD impacts on payment behaviour. In panel (a) for PIT, the results on the pool treatment group are insignificant (column 1). However, when disaggregating by category, it emerges that, on the one hand, HNWI reduce their payments. On the other hand, VIPs pay significantly more in income tax, equivalent to about 2.8 log points or 20% of the control group mean. In absolute terms, each VIP ends up paying about USD 1,000 more. This finding mirrors the large differences in the responses of the two categories described above. The fact that VIPs did not increase their tax payable in their declarations (Table 1) and yet ended up paying more taxes may indicate that the URA unit directed efforts to extract payments rather than induce correct reporting. This strategy may have been more effective with VIPs, but it seems to have backfired with HNWI.

For the other tax types, it emerges that rental income tax payments decrease, despite it being a crucial tax that the wealthy are expected to pay in Uganda (Table A10 panel a). Stronger offsetting responses take place when it comes to final withholding taxes. As shown in Table A10 panel (b), payments for these taxes sizably and

⁶Tables omitted for brevity. They are available upon request.

⁷Tables omitted for brevity. They are available upon request.

TABLE 2 DiD estimates of the HNWI-VIP unit on payment behaviour.

	(1)	(2)	(3)
	All	HNWIs	VIPs
<i>(a) Log personal income tax paid</i>			
HNWI/VIP *Post	-0.04 (0.48)	-0.76 (0.48)	2.79*** (0.89)
Controls	Yes	Yes	Yes
Control Mean	13.740	13.740	13.740
R-sq.	0.133	0.138	0.205
Observations	3107	2933	2622
<i>(b) Log total domestic tax paid</i>			
HNWI/VIP *Post	-0.08 (0.20)	0.37* (0.21)	0.22 (0.30)
Controls	Yes	Yes	Yes
Control Mean	14.997	14.997	14.997
R-sq.	0.121	0.161	0.147
Observations	4465	4089	3791

Note: Standard errors are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. The table shows the DiD coefficients on the matched sample using a kernel matching algorithm. In panel (a), the outcome variable is the log amount of personal income tax paid. In panel (b), the outcome variable is the log amount of total domestic taxes paid. Column 1 indicates impact estimates for both HNWIs and VIPs, column 2 restricts to HNWIs, and column 3 focuses on VIPs.

Source: administrative data from URA.

significantly decrease for VIPs (while no effect is found on HNWIs). Negative impacts are also found with the payment of income tax advance for motor vehicles (panel c).

In conclusion, total domestic tax payments do not change for the pooled treatment group, as shown in Table 2 panel (b) above.⁸ If anything, an increase is observed for HNWIs, even if by a small magnitude (0.37 log points, that is 2.5% of the control group mean or about USD 230 more for each HNWI). The total payments of VIPs remain unaffected, mostly due to the compensation mechanisms above. About the positive impact on HNWIs, no meaningful evidence emerges on which tax type drives this slight increase. When we run our specification on tax types and further disaggregate by category (focusing on HNWIs), estimates lose statistical power, as a smaller group of taxpayers usually pay those specific components. Therefore, we cannot understand what drives this impact on HNWIs.

4.3 | Spillover effects on companies

At this stage, we rerun our main specification on companies, comparing those owned by the wealthy individuals treated and controls. As stated above, companies were not targeted by the intervention and were thus left with more room for tax avoidance. We present two sets of results on the trends in filing and payments.

Firstly, regarding filing behaviour in Table 3 panel (a) below, we document an opposite, negative response in filing probability than when considering individual filings. Companies owned by the wealthy are 6pp or about 10% less likely to file a CIT return in response to the treatment. Such a backfiring effect is largely driven by VIPs' companies—also because HNWIs' companies seem not to respect pre-trend assumptions (Section 3). When

⁸Impacts on customs payments are not significant either, so the table has been omitted for brevity and is available on request.

TABLE 3 DiD estimates of the HNWI-VIP unit on file and payment behaviour—Companies.

	(1)	(2)	(3)
	All	HNWIs	VIPs
<i>(a) Probability of filing a corporate income tax return</i>			
HNWI/VIP *Post	-0.06*** (0.02)	-0.04* (0.02)	-0.07** (0.03)
Controls	Yes	Yes	Yes
Control Mean	0.652	0.652	0.652
R-sq.	0.062	0.064	0.073
Observations	15479	13951	12056
<i>(b) Log total domestic tax payments</i>			
HNWI/VIP *Post	-0.31** (0.15)	-0.38** (0.16)	-0.03 (0.28)
Controls	Yes	Yes	Yes
Control Mean	18.206	18.206	18.206
R-sq.	0.200	0.187	0.216
Observations	12298	11271	9551

Note: Standard errors are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. The table shows the DiD coefficients on the matched sample using a kernel matching algorithm. In panel (a), the outcome variable is a 0–1 indicator variable for the probability of filing a return. In panel (b), the outcome variable is the log amount of total domestic taxes paid. Column 1 indicates impact estimates on both HNWIs and VIPs, column 2 restricts to HNWIs, and column 3 focuses on VIPs.

Source: administrative data from URA.

considering the intensive margin, it is true that, on the one hand, treated companies are less likely to nil-file, in particular those owned by HNWIs (Table A11 panel a). However, the CIT liability does not change significantly (panel b). Along the other key margins, companies do not report more business income (panel c) but do report more expenses and depreciation (panels d–e).

Secondly, we look at the payments data in Table 3 panel (b). When considering total payments, the results are inconclusive, if not negative. This indicates once again the disjunction between filing and payment patterns. Table 3 reports a slight decrease in total domestic tax payments of 0.31 log points or about 1.5%, that is, USD 8,558 (column 1), which seems to be completely due to HNWIs' companies (Column 2). However, this result hides a great deal of heterogeneity among tax types and resonates with the compensating strategies presented at the individual level (Section 4.2). On the one hand, HNWIs' companies end up paying less CIT (–0.9 log points or –7%, corresponding to about USD 10,100) and less VAT (–1.2 log points or –6%, which is about USD 16,300). On the other, VIPs' entities tend to pay more CIT (+1.64 log points or +9.5%, that is USD 13,800 more) but less withholding tax (–1.25 log points or –12%, corresponding to a decrease of USD 14,170). All results for specific tax types are reported in Appendix Table A12. A key take-away from such analysis is that wealthy individuals' tax returns should be considered holistically, cross-checking personal and corporate tax accounts. As consistent compensating strategies also take place within wealthy individuals' companies, the unit is urged to consider these in conjunction with personal tax accounts. We elaborate more on this in the conclusion.

5 | POTENTIAL MECHANISMS

What mechanisms could explain this evidence? We consider whether deterrence or taxpayer assistance play a role in explaining the impacts of the unit. For deterrence, data indicate that the audit function remains largely limited.

Descriptively, in 2012–2021, only 44 out of the 393 wealthy individuals were officially audited, and, of these, 38 underwent an audit after the unit was launched. Although this indicates a significant jump in enforcement from a baseline of very limited action, only about 10% of the targeted wealthy have been audited since the unit was launched. However, compared to other groups of taxpayers, such as the general population of small/medium/large taxpayers or the other potential HNWI/VIPs, enforcement levels are higher for the targeted wealthy individuals, as shown in [Figure A4](#).

Important for the analysis, only four out of those 44 audited wealthy consist of VIPs, while the majority are HNWIs. This is expected because the URA prioritizes audits with higher revenue generation potential, focusing on larger entities, such as HNWIs. Therefore, we restrict our analysis to HNWI, comparing persons who received an audit with those who did not after the launch of the unit. On filings, results indicate that most of the impact comes from audited taxpayers, while non-audited ones are largely unresponsive. Although audits increase income and expenses, they leave the final tax liability unchanged ([Table A13](#)). On payments, however, audits seem only marginally impactful, and we omit the result tables for the sake of brevity. It could well be that audits focused most on filing compliance, while payments were left to other forms of engagements, not officially recorded as audits, but relying mostly on personal communication and persuasion, as in-depth interviews tend to hint.

When it comes to facilitation, we focus again on the probability of filing a return and produce new evidence on the probability of filing on time, considering them both as proxies for taxpayer compliance costs, which the unit was meant to alleviate. Feedback from URA consistently indicated that ignorance persisted among the wealthy around how to file a return and which deadlines to respect, consistent with recent evidence from Africa (Mascagni et al., 2019; Santoro, 2021). The positive evidence on the probability of VIPs filing shown in [Table 1](#) resonates with the in-depth interviews, as it suggests that VIPs have larger margins to improve their compliance. On the one hand, VIPs are characterized by poorer knowledge of tax obligations (including filing) and are historically less used to being compliant before the experiment; hence the unit is particularly effective in sensitizing and assisting them in filing. Data indicate that VIPs had lower filing rates before the experiment (about 23% in 2013–2015), much lower than HNWIs (46%) and potential/controls (33%).

On the other hand, and connecting with the enforcement function discussed above, interviewees agree that VIPs may be responding out of fear of public opinion and shaming, as the URA routinely publishes a list of tax defaulters for public interest. Such a strategy could well replace traditional VIP audits, which, as described above, were negligible. Against this context, [Table 1](#)'s results gain economic relevance and show that the programme effectively pushed this specific category of wealthy taxpayers under the radar of the URA, through filing. At the same time, [Table 1](#) indicates that the same motivational factors and compliance approach that work with VIPs are largely ineffective with HNWIs—interviewees believe that such a category is much more knowledgeable about the flaws of Ugandan tax systems and not threatened by the unit.

As a second proxy for compliance costs, we study the impacts on the probability of filing on time. The evidence is not conclusive. The unit did not improve on-time filing for either of the two categories.⁹ As gathered from the interviews, this can be explained by the fact that the unit was already satisfied with the wealthy submitting a return, instead of improving compliance with other rules, such as timely filing.

6 | CONCLUSION

In this article, we evaluate the impacts of a compliance strategy for the wealthy in Uganda. Our findings indicate a rather inconclusive story. The central problem does not seem to be about identification of the richest, but that these taxpayers remain resistant to comply, and the tax authority remains unable to enforce their compliance. As shown in this study, positive effects are only marginal and around more observable measures, like filing a return.

⁹Tables omitted for brevity. They are available upon request.

Significant offsetting responses, both at the filing and payment level, and at the individual and corporate account level, curb the revenue potential of the unit.

This evidence suggests a range of policy recommendations. First, there was an almost unanimous consensus among interviewees about the lack of adequate staffing and technical capacity within the unit. Each tax official is assigned about 60 taxpayers, while the ideal scenario, as unveiled in our interviews, would be one in which each staff targets 30 taxpayers, twice the current size of the unit. Furthermore, staff skills do not seem to be adequate. After the unit was formed, wealthy taxpayers seem to have shifted to complex and aggressive tax minimization and avoidance schemes, by reducing declared income and expenses, as well as the final tax payable (Tables 1 and A9). The small HNWI-VIP unit appears to be unfit to capture such strategies. If anything, the unit tends to prioritize tax payments (Table 2) which offer a quicker proof of impact, but do not improve overall tax compliance.

A second recommendation is to embrace a more holistic approach to monitoring filing and payment behaviour and to consider the individual and corporate tax profiles as highly intertwined. However, data and administrative limitations severely hamper such an aim. From one perspective, payment data, due to the way they are stored (by year of payment and not by filing year), are difficult to match with tax returns data. In this context, the unit focuses on extracting tax payments as best it can, without a clear connection to tax filings (Table 2). In contrast, monitoring spillover effects on controlled companies implies constant collaboration and data sharing across URA departments, which rarely occurs in practice. There are also challenges in unambiguously identifying ownership, directorship, and control, again due to data limitations regarding companies' boards. With such constraints, it is not surprising to see limited spillover effects on the companies of wealthy persons who use tax avoidance schemes similar to those for their individual tax accounts (Table 3).

A last policy consideration hints at the broader set of challenges around access to data, data sharing, political will, and legal capacity to win tax cases against the wealthy. On the data side, key barriers to inter-institutional data sharing persist, limiting the URA's ability to gain sensitive information from third parties, such as banks and other financial institutions. In 2018, for instance, the URA lost an important battle to access financial transaction information from banks (Busuulwa, 2018) after vehement protests from the industry (Waswa, 2018). In that case, the government quickly blocked this attempt, stressing the political element around inter-institutional data sharing. If such barriers exist within Uganda, getting information on wealth kept offshore is even more daunting. On the political side, significant barriers persist as HNWIs and VIPs are often publicly known, but, because of their economic and political influence, high-level political and administrative support is needed to enforce their tax compliance. In this sense, civil society organizations could play an important role in raising awareness.

Despite such mixed considerations, it is also worth mentioning the potential inherent in such a strategy for taxing wealth. This case study demonstrates that identifying the richest taxpayers is indeed possible, even if not comprehensively so. The URA is among the few institutions in Africa that plans to tap into available data to better tax the wealthy. Particularly relevant is the careful relationship management and appropriate communication put in place when launching the unit, while leaving aggressive enforcement to a secondary role. Other tax administrations could potentially follow such an approach, with the caveat that identification of the richest is often not enough, if these remain unwilling to comply, and if the tax administration remains unable to compel them to do so.

ACKNOWLEDGEMENTS

This article was prepared with the support of the International Centre for Tax and Development (ICTD) and Uganda Revenue Authority (URA). We thank URA for institutionally supporting the study and for access to data. We are grateful to the URA officials who participated in the study through interviews. The authors thank the participants of ICTD seminars, a World Bank conference, CSAE Oxford, and the Society for the Advancement of Socio-Economics (SASE) Brazil conferences for their invaluable comments. We also thank the four anonymous reviewers for their helpful feedback. Any errors are our own.

FUNDING INFORMATION

The authors acknowledge funding from the Department of International Development (UK).

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

ETHICS STATEMENT

This article reports analysis of secondary sources.

ORCID

Fabrizio Santoro  <https://orcid.org/0000-0002-8351-9611>

REFERENCES

- Agrawal, D. R., Foremny, D., & Martínez-Toledano, C. (2020). *Paraísos fiscales, wealth taxation, and mobility* (IEB Working Paper No. 2020/15). Institut d'Economia de Barcelona. <https://ieb.ub.edu/wp-content/uploads/2020/12/Doc2020-15-1.pdf>
- Akitoby, B., Honda, J., Miyamoto, H., Primus, K., & Sy, M. (2019). *Case studies in tax revenue mobilization in low-income countries* (IMF Working Paper No. 19/104). <https://doi.org/10.5089/9781498314565.001>
- Alstadsæter, A., Johannesen, N., & Zucman, G. (2017). *Tax evasion and inequality* (NBER Working Paper No. 23772). National Bureau of Economic Research. <https://doi.org/10.3386/w23772>
- Busuulwa, B. (2018, April 14). URA loses battle to go after bank customer details. *The East African*. <https://www.theeastafrican.co.ke/tea/business/ura-loses-battle-to-go-after-bank-customer-details--1388246>
- Carrillo, P., Pomeranz, D., & Singhal, M. (2017). Dodging the taxman: Firm misreporting and limits to tax enforcement. *American Economic Journal: Applied Economics*, 9(2), 144–164. <https://doi.org/10.1257/app.20140495>
- Dom, R., Custers, A., Stephen, R., & Prichard, W. (2022). *Innovations in tax compliance: Building trust, navigating politics, and tailoring reform*. World Bank. <https://doi.org/10.1596/978-1-4648-1755-7>
- Frey, C., & Schaltegger, C. A. (2016). Progressive taxes and top income shares: A historical perspective on pre- and post-tax income concentration in Switzerland. *Economics Letters*, 148, 5–9. <https://doi.org/10.1016/j.econlet.2016.08.041>
- Goodfellow, T. (2017). Taxing property in a neo-developmental state: The politics of urban land value capture in Rwanda and Ethiopia. *African Affairs*, 116(465), 549–572. <https://doi.org/10.1093/afraf/adx020>
- Kangave, J., Nakato, S., Waiswa, R., & Lumala Zzimbe, P. (2016). *Boosting revenue collection through taxing high net worth individuals: The case of Uganda* (ICTD Working Paper No. 45). International Centre for Tax and Development, University of Birmingham. <https://www.ictd.ac/publication/boosting-revenue-collection-through-taxing-high-net-worth-individuals-the-case-of-uganda/>
- Kangave, J., Nakato, S., Waiswa, R., Nalukwago, M., & Lumala Zzimbe, P. (2018). *What can we learn from the Uganda Revenue Authority's approach to taxing high net worth individuals?* (ICTD Working Paper No. 72). International Centre for Tax and Development, University of Birmingham. <https://www.ictd.ac/publication/what-can-we-learn-from-the-uganda-revenue-authoritys-approach-to-taxing-high-net-worth-individuals/>
- Mascagni, G., & Nell, C. (2022). Tax compliance in Rwanda: Evidence from a message field experiment. *Economic Development and Cultural Change*, 70(2). <https://doi.org/10.1086/713929>
- Mascagni, G., Santoro, F., & Mukama, D. (2019). *Teach to Comply? Evidence from a Taxpayer Education Programme in Rwanda* (Working Paper 91). Institute of Development Studies.
- Moore, M. (2022). Tax obsessions: Taxpayer registration and the “informal sector” in sub-Saharan Africa. *Development Policy Review*, 41(1), e12649. <https://doi.org/10.1111/dpr.12649>
- Moore, M., Prichard, W., & Fjedlstad, O.-H. (2018). *Taxing Africa: Coercion, reform and development*. Zed Books.
- Piketty, T., Saez, E., & Stantcheva, S. (2014). Optimal taxation of top labor incomes: A tale of three elasticities. *American Economic Journal*, 6(1), 230–271. <https://doi.org/10.1257/pol.6.1.230>
- Rosenbaum, P. R., & Rubin, D. B. (1983). The central role of the propensity score in observational studies for causal effects. *Biometrika*, 70(1), 41–55. <https://doi.org/10.1093/biomet/70.1.41>
- Saez, E. (2017). Taxing the rich more: Preliminary evidence from the 2013 tax increase. *Tax Policy and the Economy*, 31(1), 71–120. <https://doi.org/10.1086/691084>

- Saka, H., & Waiswa, R. (2019, February 5). *Taxing the rich and VIPs: An update from Uganda* [Paper presentation]. Seventh ICTD Annual Meeting in Kigali, Rwanda.
- Santoro, F. (2021). To file or not to file? Another dimension of tax compliance - the Eswatini Taxpayers' survey. *Journal of Behavioral and Experimental Economics*, 95, 101760. <https://doi.org/10.1016/j.socec.2021.101760>
- Santoro, F. (2022). Income tax payers are not all the same: A behavioral letter experiment in Eswatini. *Economic Development and Cultural Change*, 70(4). Advance online publication. <https://doi.org/10.1086/722332>
- Slemrod, J. (1996). High income families and the tax changes of the 1980s: The anatomy of behavioral response. In M. Feldstein & J. Poterba (Eds.), *Empirical foundations of household taxation*. University of Chicago Press. <https://doi.org/10.7208/chicago/9780226241906.001.0001>
- Slemrod, J., Blumenthal, M., & Christian, C. (2000). Taxpayer response to an increased probability of audit: Evidence from a controlled experiment in Minnesota. *Journal of Public Economics*, 79(3), 455–483. [https://doi.org/10.1016/S0047-2727\(99\)00107-3](https://doi.org/10.1016/S0047-2727(99)00107-3)
- Tanzi, A. (2018, 16 October). Top 3% of U.S. Taxpayers paid majority of income tax in 2016. Bloomberg. <https://www.bloomberg.com/news/articles/2018-10-14/top-3-of-u-s-taxpayers-paid-majority-of-income-taxes-in-2016>
- Waswa, S. (2018, April 6). Banks protest as URA demands account details of all banked Ugandans. Chimp Reports. <https://chimpreports.com/banks-protest-as-ura-demands-account-details-of-all-banked-ugandans/>
- Wildasin, D. E. (2006). Global competition for mobile resources: Implications for equity, efficiency, and political economy. *CESifo Economic Studies*, 52(1), 61–110. <https://doi.org/10.1093/cesifo/ifj003>
- Zucman, G. (2017). Global Wealth Inequality. *Annual Review Economics*, 11(1), 109–138. <https://doi.org/10.1146/annurev-economics-080218-025852>

SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

How to cite this article: Santoro, F. & Waiswa, R. (2024). How to improve tax compliance by wealthy individuals? Evidence from Uganda. *Development Policy Review*, 42, e12754. <https://doi.org/10.1111/dpr.12754>