

## **COMMISSIONER GENERAL'S RULES No 02/2002 OF 30/12/2002 GOVERNING VALUE ADDED TAX**

Given Law no 06/2001 of 20/01/2001 on the code of Value Added Tax articles 28(a) and (b), 36(ii), 64(3), 79(2) and 80(i);

Given the Decree-Law no 19/78 of 14/08/1978 on the creation of the National Accounting standards;

Given Ministerial Order no 006/FIN.10.07 of 22/06/1983 on the application of the Decree-law no 19/78 of 14/08/1978 on the creation of the National accounting standards article 26;

The commissioner General hereby issues the following rules:

### **CHAPTER ONE : SIMPLIFIED GUIDELINES FOR VAT ACCOUNTING**

#### **Article one:**

For the purposes of these rules and unless otherwise specified, the meaning ascribed to the above cited Law, the ministerial orders and the Commissioner General's rules made there under, shall carry the same meaning.

#### **Article 2: small and Medium scale trading activities**

For the purposes of these rules:

a) Small scale trading activities shall be deemed as those having an annual turnover not likely to exceed or not likely to exceed 10.000.000 (Ten Million Francs).

b) Medium scale trading activities shall be deemed as those having an annual turnover not exceeding or not likely to exceed 20.000.000 ( Twenty Millions Francs).

#### **Article 3:**

The following are the basis records for keeping VAT related information:

Registered traders falling under the categories mentioned in article 2 of these rules are bound to keep at least such records in the manner prescribed herein:

a) Record of such daily business transactions as sales, purchases, hire-purchase and any other transaction connected with, or materially similar to trading transaction.

b) A record of assets and liabilities of the business.

#### **Article 4:**

The records mentioned under article 3 above shall be organized and summarized at the end of every month such that the following information is clearly and precisely documented:

i) A record of all sales (cash and credit);

ii) A record of all purchases (cash and credit);

iii) A record of transaction through bank account;

iv) A record of stock movement.

#### **Article 5:**

For purposes of these rules the following meaning are ascribed to the types of records referred to under article 4 of these rules:

i) Daily sales: Refers to the documented information made in a form prescribed in Appendix A to these rules. Such information concerns all trading transactions involving goods or services exchanged for a consideration, in a way that the law no 06/2001 Of 20<sup>th</sup> January 2001 on the code of value added tax, and any other or rule made thereunder, has an effect.

ii) A record of all purchases: Refers to documented information made in a form prescribed in Appendix b to these rules. Such information concerns goods or services acquired so as to:

- a) Constitute a stock in trade; or
- b) Constitute a necessary expenditure; wholly and exclusively incurred for a VAT registered trading activity.

Such goods or services acquired in a way that the law no 06/22001 of 20<sup>th</sup> January, 2001 on the code of value added tax, and any other order or rule made thereunder, has an effect.

iii) A record of cash transactions: Refers to the documented information made in a form prescribed in Appendix C to these rules. The information concerns the sale of goods or services for which payment is made in cash, the transaction being a proportion of total sales in a given period of time. Such a transaction made in a way that the law no 06/2001 of 20<sup>th</sup> January 2001 on the code of value added tax, and any other order or rule made thereunder, has an effect.

iv) A record of transactions through bank account: Refers to the documentation made in a form prescribed in appendix D to these rules. The information concerns all transactions taking place through bank account. Such a transaction made in a way that the law no 06/2001 of 20<sup>th</sup> January 2001 on the code of value added tax, and any other order or rule made hereunder, has an effect.

v) A record of stock movement: Refers to documented information made in a form prescribed in Appendix E to these rules. The information concerns the receipts and issues of goods in and out of the business. This document is to be updated on daily basis and a monthly report of the same should be attached on the monthly VAT declaration form. Such a transaction made in a way that the law no 06/2001 of 20<sup>th</sup> January, 2001 on the code of code of value added tax, and any other order or rule made thereunder, has an effect.

**Article 6:**

Non-compliance with the rules.

i) Any act or omission that is contrary to these rules vitiates the right to self-assessment as provided for under article 57 of the law no 06/2001 of 20/01/2001 on the code of value added tax, and

ii) Such act or omission shall constitute a sufficient and justifiable ground for the Commissioner General, or any other authorized officer delegated by him in assessing the tax due and payable under the provisions of article 50 of the law no 06/2001 of 20/01/2001.

**Article 7:**

In any such case as referred to under article 6 above, a revised assessment may be ordered, the results of which shall rescind and replace any prior assessment in accordance with article 61 of law no 06/2001 of 20/01/2001 where:

i) The assessment has been raised and notice thereto has been issued to the taxable supplier; and

ii) The taxable supplier has raised an objection to the assessment made by way of an appeal or otherwise, and

iii) The objection to the assessment made is based on grounds that, in the opinion of the Commissioner General, appear to be sufficient and justifiable, and

iv) It is within the appeal period, or within seven days after the decision on the appeal has been made.

**Article 8:**

In all cases where the provisions of these rules apply, the taxable supplier shall maintain the primary evidenced in support of the accounts submitted under these rules.

Such primary evidence may include but not limited to the following:

- a) Cash book.
- b) Bank account
- c) VAT invoices.
- d) Delivery notes.
- e) Debit and credit notes
- f) Promissory notes.
- g) Any customs documents.

**CHAPTER II :  
SPECIAL VAT TREATMENT FOR DIFFERENT GOODS AND SERVICES SUPPLIED TO  
GOVERNMENT PROJECT FUNDED BY DONORS.**

**Article 9:**

Contractors undertaking works funded by projects ( as provides for under article 87(2-b, c and d) of the VAT who make purchases at prices including VAT in line with the said works should present their invoices to the project co-ordination office, which in turn should present the same to the VAT department for a refund.

**Article 10:**

The refund mentioned in the preceding article shall accrue on the following conditions:

- i) the invoices must be in projects name,
- ii) the invoices must be proper VAT invoices,
- iii) the purchases is clearly provided for in the works' bills of quantities (BoQ),
- iv) the project operates under a written agreement between the government of Rwanda and the donor,
- v) the project is operating in the period reflected in the contract.

**Article 11:**

VAT liability of contractors and other service providers in respect of services rendered to projects referred to in article (9) above shall be off set by the VAT department by affixing a stamp and signature to the corresponding VAT invoice.

**Article 12 :**

Machinery and other capital equipment purchased or imported by service providers under contract to the projects may enjoy special treatment as referred to under article (9) above. In all such cases, the following conditions must be fulfilled:

- i) the said machinery or equipment must be in the projects' name,
- ii) the said machinery must have been included in the works' bills of quantities,
- iii) the value of machinery or equipment must be established at the end of the project or works and the incumbent VAT payable as per the law by the party that over the ownership.

**Article 13:**

Purchases for works funded by projects that do not clearly appear in the tender documents, especially in the bills of quantities do not quantify for this special treatment.

**Article 14:**

Treatment of cases or files under this scheme shall be studied and handled in the way as in the case of privileged persons.

**CHAPTER III:  
IMPORTATION OF GOODS IN SMALL QUANTITIES**

**Article 15:**

For purposes of VAT, any one who imports goods into Rwanda shall be deemed as a taxable supplier and liable for registration if:

- i) the importations are on a regular basis and;
- ii) the value of the imported goods exceed, or is likely to exceed 20.000 frw per each consignment.
- iii) the importations are not a regular and frequent basis, but in a manner suggesting that goods are not imported for personal use and the value of the goods imported exceeds or is likely to exceed 60.000 frw.

**Article 16:**

For those who do not have business address in Rwanda:

- a) they must declare the goods in the names of their consignee(s).
- b) an importer who is not registered shall not be allowed to supply the goods to a non-registered consignee.

**Article 17:**

No one is supposed to import the goods unless;

- i) he (she) has a business address, or,
- ii) he gives full particulars of the consignee;
- iii) the consignee is registered for VAT, and
- iv) the items constituting one consignment are destined for one registered trader only.

**Article 18:**

Regular or frequent basis occurs when a person imports more than once in six months.

**Article 19:**

Any act contrary to these rules shall be punishable under article 68(3) of the VAT law.

**Article 20:**

These rules shall be in force from the day of their publication in Official Gazette of the Republic of Rwanda Done in Kigali, on 30/12/2002

**Commissioner General Rwanda Revenue Authority**

**MUSONI James**  
(sé)