



RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

PAY AS YOU EARN (PAYE)

HERE FOR YOU TO SERVE

What is PAYE?

PAYE is a tax on employment income that is withheld by employers on behalf of their employees. This is to save employees having to each declare their own income. Instead, the employers are required to declare and pay PAYE on behalf of their employees.

Which types of employment income are taxable?

Payments in cash refer to monetary payments in notes or electronically in any currency. Payments in kind refer to non-monetary payments of goods or services.

Taxable employment income includes all payments to an employee in cash or in kind such as ALL payments made in respect of current, previous or future employment.

Which types of employment income are exempted?

Employment income that is exempt from taxation includes:

The discharge or reimbursement of expenses incurred by the employee or his/her associate:

- a. Wholly for business activities of the employer;
- b. Those that are deducted or would be deductible in calculating the employee's income from all his/her business activities;

1. contributions made by the employer for the employee to the public institution in charge of social security;
2. pension payment from the public institution in charge of social security or from a qualified pension fund;
3. employment income received by an employee who is not a Rwandan citizen from a foreign Government or a non-governmental organization under an agreement signed by the Government of Rwanda, when the income is received for the performance of aid services in Rwanda;
4. employment income received from an employer who is not a resident in Rwanda by a non-resident individual for the performance of services in Rwanda, unless such services are related to a permanent establishment of the employer in Rwanda.

What is the valuation method for benefits in kind?

Benefits in kind can be more difficult to value than regular employment income. As a result, the valuation of benefits in kind includes:

- Providing an employee with access to and use of a motor vehicle during a tax period shall be valued at 10% of the employment income, excluding benefits in kind,
- Providing an employee with a Housing in kind during a tax period shall be valued at 20% of the employment income, excluding benefits in kind.

What are the different types of employees?

There are three types of employees for the purposes of declaring PAYE. These are:

1. Permanent employees
2. Casual labourers
3. Employees with more than one employer

All employees are regarded as permanent employees unless they fulfil the criteria for casual labourers or employees with more than one employer.

A casual labourer is an employee who performs labour that does not require special skills and who is employed for an aggregate period not exceeding thirty (30) days during a twelve (12) months period;

What are the tax rates for 'permanent' employees?

There are different tax rates for permanent employees depending upon their taxable employment income;

From November 2022(11/2022)

No	Employment Income (in Frw)	Tax Rates
1	Less than 60.000 Frw	0%
2	60.001 Frw-100.000Frw	20%
3	More than100.000 Frw	30%
4	Casual labourer	15%
5	Second employer	30%

From November 2023(11/2023) going forward;

No	Employment Income (in Frw)	Tax Rates
1	Less than 60.000 Frw	0%
2	60.001 Frw-100.000Frw	10%

3	100.001 Frw-200.000Frw	20%
4	More than 200.000Frw	30%
5	Casual labourer	15%
6	Second employer	30%

What are the tax rates for 'casual labourers'?

From November 2023(11/2022) going forward

No	Employment Income (in Frw)	Tax Rates
1	Frw 0 to Frw60,000	0%
2	Above Frw60,001	15%

What are the tax rates for 'employees with more than one employer'?

The first employer declares the employee as a 'permanent employee' as normal. Any additional employers must withhold PAYE at the rate of 30% on all taxable income.

Summarized table of PAYE Quarters is here below

Quarter	Tax period	Declaration and Payment period
1	January 1 st to March 31 st	April 1 st to 15 th April
2	April 1 st to June 30 th	July 1 st to 15 th July
3	July 1 st to September 30 th	October 1 st to 30 th October
4	October 1 st to December 31 st	January 1 st to 15 th January

For more information, please contact us on Following address:

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