



RWANDA REVENUE AUTHORITY  
TAXES FOR GROWTH AND DEVELOPMENT

# RENTAL INCOME TAX

HERE FOR YOU TO SERVE

## WHAT IS RENTAL INCOME TAX

Rental income tax is a tax levied on income derived from rented immovable property to be paid to decentralized entities.

## RENTAL INCOME TAX BASE

The rental income tax is charged on income generated by an individual or any other person who is not subject to corporate income tax from a rented immovable property located in Rwanda.

## TAXABLE RENTAL INCOME

Rental income tax is charged to the following:

- Income from rented buildings in whole or in part;
- Income from rented improvements in whole or in part;
- Income from any other rented immovable property located in Rwanda.

## RENTAL CONTRACT

The agreement for renting an immovable property is written and signed by the parties involved in the contract.

A copy of this contact must be provided to the tax administration within 15 days from the date of its signing.

## RENTAL INCOME TAX RATE

The rental income tax rate is determined as follows:

Taxable amount (in FRW)	Tax Rate
0 - 180,000	0%
180,001 – 1,000,000	20%
Above 1,000,000	30%

## WHAT TO INCLUDE IN RENTAL INCOME TAX DECLARATION

- The rental income tax declaration must show details of any rented immovable property located in Rwanda including the tax due assessed by a taxpayer himself/herself.
- Except for electronic tax declaration, the rental income tax declaration is signed by the taxpayer or his/her proxy.

## RENTAL INCOME TAX COMPUTATION METHOD

The taxable rental income is calculated by subtracting 50% of the gross rental income for expenses made by the taxpayer on maintenance and upkeep of rented property.

When a taxpayer shows proof of bank interest payments on a loan for constructing or purchasing a rented property, the taxable rental income is calculated by deducting 50% of the gross rental income for property maintenance expenses and actual bank interest paid from the start of the rental period within the tax period.

**Example:**

Mrs. Jane has residential house located in City of Kigali, Kicukiro District, Kagarama sector. This house has generated a rental income totaling FRW4,800,000 in the year 2023. This year she paid FRW500,000 as bank interests related to the construction loan of this house under rent contract. Determine the rental income tax to be paid by Mrs. Jane.

**Answer:**

Taxable amount:  $(4,800,000/2) - 500,000 = 1,900,000$

Taxable amount (in FRW)	Tax rates	Tax to be paid
0 - 180,000	0%	$(180,000 * 0\%) = 0$
180,001 – 1,000,000	20%	$(1,000,000 - 180,000) * 20\% = 164,000$
Above 1,000,000	30%	$(1,900,000 - 1,000,000) * 30\% = 270,000$
Total tax due		$0 + 164,000 + 270,000 = \mathbf{434,000}$

**RENTAL INCOME TAX DECLARATION AND PAYMENT DEADLINE**

A person who earns a taxable rental income files a rental income tax declaration not later than 31st January of the following year.



**For more information, please contact us on Following address:**

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