COMMISSIONER GENERAL GUIDELINES FOR THE IMPLEMENTATION OF THE VAT DEFERRAL FACILITY

1. INTRODUCTION

1.1 Purpose

These Guidelines provide for the implementation of the VAT Deferral Facility as a transitional measure following the withdrawal of the Value Added Tax (VAT) exemption on eligible capital goods and machinery, provided for by Article One, para (3) (b) of Law Nº 009/2025 of 27/05/2025 amending Law Nº 049/2023 of 05/09/2023 establishing Value Added Tax.

Under the Facility, eligible taxpayers may defer the payment of import VAT on qualifying capital goods and machinery, subject to these guidelines.

1.2 Scope

The VAT Deferral Facility shall apply only to taxpayers engaged in one or more of the following sectors:

- Manufacturing;
- Mining;
- Mineral exploration or exploitation; or
- Natural gas extraction for energy generation.

2. ELIGIBILITY REQUIREMENTS

2.1 Eligibility Criteria

(a) Existing Businesses

An existing business shall satisfy at least one of the following conditions:

- At least ninety percent (90%) of the applicant's annual turnover is derived from the production and supply of taxable goods or services; or

19

- Where the applicant is an export-oriented business, at least eighty percent (80%) of its annual turnover is derived from exports.

(b) New Investors

A new investor that has not commenced commercial production shall:

- Be registered for Value Added Tax (VAT);
- Submit an investment registration certificate or investment license issued by the relevant authority;
- Submit an investment or business plan demonstrating that the imported capital goods and machinery will be used exclusively for eligible business activities; and
- Demonstrate that the investment is reasonably expected to satisfy the applicable turnover or export requirements within a reasonable period after commencing commercial operations.

2.2 Eligible Capital Goods

Only capital goods and machinery classified under Chapters 84 and 85 of the East African Community Common External Tariff (EAC CET) shall qualify for the VAT Deferral Facility.

The imported goods shall:

- Be imported exclusively for use in the approved business activities;
- Not be intended for resale; and
- Not include passenger motor vehicles, office furniture, office equipment, consumables, or spare parts, unless otherwise approved by the Commissioner for Customs Services.

2.3 Minimum Consignment Threshold

Each import consignment shall qualify only where the import VAT payable is at least **RWF 10,000,000.**

2.4 Tax Compliance Requirements

Applicants shall satisfy all of the following requirements:

2.4.1 VAT Registration

The applicant shall be registered for Value Added Tax (VAT) in accordance with the applicable tax legislation.

2.4.2 Tax Compliance History

The applicant shall:

- Have complied with all tax filing and payment obligations for at least twelve (12) months immediately preceding the date of application;
- Have a satisfactory record of timely submission of all required tax returns; and
- Have a satisfactory record of timely payment of tax obligations.

This requirement shall not apply to new investors that satisfy the conditions set out under Section 2.1(b).

2.4.3 Outstanding Tax Liabilities

The applicant shall have no outstanding tax liabilities under either Domestic Taxes or Customs.

However, a taxpayer with an approved payment arrangement shall remain eligible, provided that the taxpayer continues to comply fully with the agreed payment schedule.

3. APPLICATION AND APPROVAL

3.1 Application Before Importation

An eligible taxpayer shall submit an application to the Commissioner for Customs Services before the arrival of the goods at the port of entry.

The application shall specify:

- The installation site of the imported machinery or capital goods;
- The intended use of the machinery or capital goods; and
- The project for which the machinery or capital goods will be used.

The application shall be accompanied by:

- A pro forma invoice or commercial invoice;
- A detailed packing list;
- A Bill of Lading, Air Waybill, or Road Consignment Note;
- An investment registration certificate or investment licence, where applicable;
- A Rwanda Mining Board licence or certificate, where applicable; and
- Any other supporting documents required by the Rwanda Revenue Authority.

3.2 Approval

D

The Commissioner for Customs Services may approve or reject an application after verifying that the applicant satisfies the eligibility requirements set out in these guidelines.

The approval shall apply only to the approved import consignment unless otherwise specified by the Commissioner.

4. DECLARATION AND RECONCILIATION OF DEFERRED VAT

A beneficiary shall declare and reconcile the deferred import VAT in the monthly VAT return for the tax period immediately following the month in which the imported goods are released by Customs.

Failure to comply with this requirement may result in the suspension or withdrawal of approval under the VAT Deferral Facility.

Where the deferred VAT is not declared and reconciled within the prescribed period, the deferred VAT shall immediately become due and payable together with any applicable interest and penalties in accordance with the relevant tax legislation.

5. COMPLIANCE OBLIGATIONS

A beneficiary approved under the VAT Deferral Facility shall:

- Use the imported machinery and capital goods solely for the approved business activities;
- Install and put the imported machinery into use within the approved business operations;
- Maintain complete records relating to the importation, installation, maintenance, and use of the imported machinery and capital goods;
- Retain such records for the period prescribed under the applicable tax legislation and make them available to the Rwanda Revenue Authority upon request;
- Declare the deferred VAT in accordance with the applicable VAT legislation;
- Permit post-clearance inspections, verification visits, compliance reviews, and risk-based audits conducted by the Rwanda Revenue Authority;
- Notify the Rwanda Revenue Authority in writing before any relocation, transfer, lease, disposal, or change in the use of machinery imported under the VAT Deferral Facility; and
- Notify the Rwanda Revenue Authority of any material change that may affect eligibility under the Facility.

6. MONITORING AND VERIFICATION

The Rwanda Revenue Authority may, at any time:

- Conduct post-clearance inspections to verify the installation and use of imported machinery;
- Carry out compliance reviews and risk-based audits;
- Verify that the imported machinery continues to be used for the approved business activities; and
- Request any records or supporting documentation necessary to confirm compliance with these Guidelines.

Where a new investor has benefited from the VAT Deferral Facility, the Rwanda Revenue Authority may review the investment after the commencement of commercial operations to verify that the approved investment has been implemented and that the imported machinery is being used for its intended purpose.

7. REVOCATION OF APPROVAL

The Commissioner for Customs Services may revoke approval where the beneficiary:

- No longer satisfies the eligibility requirements;
- Provides false, misleading, or incomplete information during the application process;
- Fails to declare the deferred VAT within the prescribed period;
- Uses the imported machinery or capital goods for purposes other than those approved;
- Sells, transfers, leases, disposes of, or otherwise diverts the imported machinery or capital goods without the prior written approval of the Rwanda Revenue Authority;
- Fails to maintain the required records or refuses to provide them upon request;
- Obstructs post-clearance inspections or compliance verification activities; or
- Breaches any condition governing the VAT Deferral Facility.

Upon revocation:

- The deferred VAT shall immediately become due and payable;
- Interest and penalties shall be imposed in accordance with the applicable tax legislation; and
- The taxpayer may be disqualified from benefiting from the VAT Deferral Facility for a period determined by the Commissioner for Customs Services, having regard to the nature and gravity of the non-compliance.

8. ANTI-ABUSE PROVISION

A person who obtains approval under the VAT Deferral Facility through fraud, misrepresentation, concealment of material facts, or any other unlawful means shall be liable to:

- Immediate payment of the deferred VAT;

20

- Payment of applicable interest and penalties in accordance with the applicable tax legislation;
- Revocation of the approval; and
- Disqualification from future participation in the VAT Deferral Facility, without prejudice to any civil or criminal proceedings that may be instituted under the applicable laws.

9. EFFECTIVE DATE

These Guidelines shall come into force on **1st August 2026**.

Done at Kigali on ...30th - July - 2026.

RWANDA REVENUE AUTHORITY
RRA
C.G
C.G
P.O. BOX 3987 KIGALI

NIWENSHUTI Ronald
Commissioner General
Rwanda Revenue Authority