

RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

TAX COMPLIANCE FOR EDUCATION SECTOR

HERE FOR YOU TO SERVE

The education sector represents a small percentage of the tax base. The key considerable tax compliance risks are filing, payment and reporting.

1. Registration risk:

Any person who sets up a business or other activities that may be taxable is obliged to register with Rwanda Development Board (RDB) within a period of seven (7) days from the beginning of the business or activity or the establishment of the company.

From the analysis, it was found out that;

- Some Taxpayers register in some tax heads but not register in other taxes for which they are eligible.

During business registration the owner must:

- Specify his/her business activity
- Specify address of the business (district, sector, cell, village, street number etc.)
- Indicate types of taxes to register to
- Specify whether he/she is doing business as individual or a company
- Indicate identification of the business owner/ shareholders (names, ID/passport, telephone numbers, email addresses)

2. Filing risk:

From the analysis, it was found out that the following are the most practices:

- Late filing of tax returns
- Missing tax returns

To avoid this, Taxpayers should regularly file their tax returns on time

3. Payment risk:

From the analysis it was found out that there are huge tax arrears associated with the sector.

In order to avoid this, Taxpayers should:

- Make all payments on time
- Make a follow up of their business transactions to record all payments

4. Underreporting risk:

From RRA analysis, it was found out that the following are the most practices:

- Understatement of business revenues;
- Understatement of gross salary;
- Non declaration of PAYE for some staff;
- Benefits in kind not charged PAYE;
- Charging withholding tax of 15% instead of charging PAYE;
- Not withholding 15% on payments made to unregistered suppliers;
- Non-declaration of 3% withholding tax on public supplies;
- Non declaration of tax on sitting allowance of 30%;
- Expenses without supporting documents;
- Declaration of non-deductible expenses:
  - Expensing fines, interest and penalties
  - Expenses for personal use

What must be reported?

- All incomes/revenues/sales
- Employees' remuneration and corresponding tax (PAYE)
- Real expenses incurred on goods and services

Conclusion

Taxpayers in this sector are requested to comply with tax laws and regulations to address issues mentioned above. Taxpayers are requested to trade with suppliers with EBM to be able to declare expenses. RRA is extremely willing and prepared to assist taxpayers comply with tax laws and regulations.

