



RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

TAX COMPLIANCE FOR REAL ESTATE SECTOR

HERE FOR YOU TO SERVE

The real estate sector represents a small percentage of the tax base. The key considerable tax compliance risks are prevalent in the key Taxpayer obligations; 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 that;

- Some Taxpayers register in certain 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 for;
- 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 that the majority of arrears are associated with small enterprises.

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:

- Income from disposal of asset not declared on VAT;
- Not withholding 15% on payments made to unregistered suppliers;
- Non declaration of gains from disposal (sale) of assets;
- Understatement of sales;
- Wrong application of depreciation rates on assets;
- Not charging VAT reverse charge on services available locally;
- Expenses without supporting documents;
- Benefit in kind not declared in PAYE;
- Difference between turnover declared for VAT and turnover declared for CIT;
- Inappropriate usage of EBM:
 - Non issuance of EBM;
 - Understatement of EBM invoice;
 - Cancellation of EBM sales without original invoices.

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 acquire EBM and always issue EBM invoices with the correct amount, description of the product and the buyer's TIN or telephone number. 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.

