



RWANDA REVENUE AUTHORITY  
TAXES FOR GROWTH AND DEVELOPMENT

## TAX COMPLIANCE FOR SALE OF SPARE PARTS AND MAINTENANCE OF MOTO VEHICLES/MOTORCYCLES CLASS

HERE FOR YOU TO SERVE

The Sale of spare parts and maintenance of moto vehicles/motorcycles class represents a small percentage of the tax base. The key considerable tax compliance risks are prevalent in the key Taxpayer obligations; registration, 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 registered in some tax heads but not registered in other taxes 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 that the majority of arrears are associated with small & micro taxpayers.

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:

- Inappropriate usage of EBM:
  - Non issuance of EBM;
  - Understatement of EBM invoice;
  - Cancellation of EBM sales without original invoices.
- Expensing fines, interest and penalties;
- Wrong amount of losses carried forward;
- Understatement of stock;
- Understatement of sales;
- Declaration of non-deductible expenses;
- Not charging VAT reverse charge on services available locally;
- Difference between input VAT claimed and purchase reported in EBM.

#### 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 class 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.

