



RWANDA REVENUE AUTHORITY

TAXES FOR GROWTH AND DEVELOPMENT

PRESS RELEASE

For immediate release

SUBJECT: RRA announces revenue performance for July-December 2015

- Rwanda Revenue Authority (RRA) collects Tax and Non-tax revenues for Central Government and Local Government Tax and Fees on behalf of Districts. Total Revenue collections for July-December 2015 (excluding local government tax and fees) was **Rwf 470.6 billion** against a target of **Rwf 460.3 billion**; which was a performance of **102.2%**.
- **The Tax revenue** collection for July-December 2015 was **Rwf 463.5 billion** against a set target of **Rwf 455.0 billion** which is an achievement of **101.9%**, exceeding the target by **Rwf 8.4 billion**. Tax revenue grew by **13.9%** during this period.
- In addition, **non-tax revenues** collected by RRA were **Rwf 7.1 billion** against a target of **Rwf 5.2 billion**, registering a surplus of **Rwf 1.9 billion** or **35.6%** over the target.
- Provisional collections from Local Government Taxes and fees (trading license, property tax, rental income tax and fees) for July-December 2015 amounted to **Rwf 13.4 billion** against a target of **Rwf 14.9 billion** which is an achievement of **89.9%**.
- **Total central government revenue** collections by RRA during July-December 2015 grew by **14.2%** in comparison with July-December 2014 collections.

Some measures that enabled us to achieve this performance

1. **Registration:** Activities targeting broadening of the tax base through taxpayer registration were carried out focusing on specific sectors. These included commercial houses (for VAT on rental income), garages, car washing bays, private schools and driving schools. As a result, the total number of taxpayers increased by 9,726 (7.4%) by December 2015 when compared to June 2015.

2. Intensified EBM monitoring and usage. By December 2015, a total of 9,966 VAT registered taxpayers had Electronic Billing Machines. There was an increase of 23.1% in a period of 6 months from 8,096 by June 2015. This was a result of a number of actions undertaken to encourage taxpayers to use electronic billing machines; that included putting in place a strong EBM monitoring team and field visits, identifying VAT registered taxpayers who had declared a positive turnover but did not have EBM, implementing the EBM lottery, monitoring big importers, restaurants, bars and supermarkets to ensure that merchandise leaving has the EBM receipts.
3. Conducted sensitization and education to various sectors and the general public to improve their understanding on tax matters and improve taxpayers' compliance.
4. Enforcement of tax arrears: the **total tax arrears** collected during July-December 2015 was **Rwf 19.8bn** compared to **Rwf 11.3bn** collected in July-December 2014, representing an increase of **75.9%** or **Rwf 8.6bn**.

Performance by major tax type in July-December 2015:

- **Pay as You Earn (PAYE)** exceeded the target by **Rwf 2.7 billion** or **2.6%** and recorded a growth of **11.6%** when compared with July-December 2014.
- **Excise taxes** recorded a surplus of **Rwf 4.5 billion** over the set target and realised an achievement of **106.8%** and a growth of **15.1%**.
- **VAT collections** totalled **Rwf 151.8 billion** against a target of **Rwf 148.2 billion**; this is an achievement of **102.4%** (a surplus of **Rwf 3.6 billion**) and realised a growth of **11.0%** (**Rwf 15.1 billion** nominal increase).
- **The increase in demand for imports from Non EAC/COMESA countries:** CIF value of imports from Non EAC/COMESA countries which are liable to import duty grew by **9.8%** year-on-year, whilst imports from within the EAC/ COMESA countries, which are not liable to import duty, grew by **4.2%**. This particularly benefited import duty.
- The higher than expected increase in CIF values in July-December 2015, boosted by the exchange rate depreciation, led to higher than expected growth of taxes on international taxes in general: **8.1%** growth in CIF of imports higher than the growth of **6.1%** recorded in July-December 2014.
- The fall in global mineral prices has led to much lower taxes from the mining sector than the same period of 2014/15. Revenue collection from **mining royalties** amounted to **Rwf 1.7 billion** against a target of **Rwf 2.6 billion**; this is an achievement of **65.9%** (a shortfall of **Rwf 0.9 billion**). Compared to July-December 2014, there was a decrease of **25.2%**

- **The overall PROFIT TAX** amounted to **Rwf 65.7 billion** against a target of **Rwf 75.3 billion**, a shortfall of **Rwf 9.5 billion**, with a performance rate of **87.4%**. Compared with Jul-December 2014, overall profit tax collections increased by **1.4%**.

Key challenges

1. Resistance by some taxpayers to use Electronic Billing Machines as required by Law. This affected and still affects the amount of VAT collected. For example, there are cases of understatement of prices on most of the goods sold by taxpayers that use EBM, non issuance of EBM receipts and fraudulent refund claims.
2. There is still existence of non compliant taxpayers where they declare/file tax returns, but refuse to pay taxes due, until they are enforced.
3. Some business operators still undervalue their goods during import clearance process, which in turn negatively impacts on revenue collection.

Key priorities for 2nd Semester: 2015/16

The tax revenue target for the **2nd Semester 2015/16** is **Rwf 507.46 billion**: This includes Central Government Tax Revenue equivalent to **Rwf 494.16 billion** and the Local Government Tax of **Rwf 13.3 billion**.

In addition, non-tax revenue target for S2, 2015/16 is **Rwf 23.5 billion** consisting of RRA non-tax revenues of **Rwf 5.88 billion** and Local Government Fees equivalent to **Rwf 17.6 billion**.

To achieve this target, RRA will focus on the following priorities:

1. Continue taxpayer registration process bringing more taxpayers who are informally involved in business into the tax net, with the aim of widening the tax base.
2. Enhance EBM monitoring.
 - Conduct enforcement for all VAT registered taxpayers in order to mobilize them to use EBM as required and to encourage buyers to always request for EBM receipts at every point of purchase.
 - Organize periodical VAT lottery (Tombola) as another approach to encourage buyers to request for EBM receipts whenever they buy a product or service. Various attractive prizes will be awarded to lucky winners.
3. Continue enforcement measures of tax arrears.

4. Continue with sensitization and education campaigns reminding taxpayers to fulfill their obligations relating to tax information, especially, the use of online facilities available for registration, filing and payment of tax and non tax revenues, local government taxes and fees.
5. Carry out taxpayer registration for local government tax by identifying unregistered businesses on this type of taxes.
6. Enhance automated system for local government tax management.

For further information please contact Ms. MUKASHYAKA Drocelle, the Deputy Commissioner for Taxpayer Services Department on drocella.mukashyaka@rra.gov.rw
Telephone: 0788351001



TUSABE Richard
Commissioner General

