

Electronic Billing Machine (EBM)

The VAT law No. 37/2012 of 09/11/2012, article 24 obliges all VAT registered taxpayers in Rwanda to acquire and use EBM to issue tax invoices to their customers on every transaction they make. Failure to comply is a tax crime that attracts penalties.

Any business that carried out taxable activities exceeding a turnover of Rwf20m in the previous fiscal year or Rwf5m in the last quarter is required to register for VAT within a period of seven (7) days from the end of that year or quarter.

Also, motivated by the nature of business or for voluntary reasons, businesses below the above mentioned turnover may register for VAT.

The use of EBM, which is in force in Rwanda since 2013 is not a new form of tax but a simplified and accurate method of collecting VAT.

This system is meant to deal with evasion of VAT, help businesses to keep proper records, enhance revenue protection and protect honest taxpayers from unfair competition.

It also helps you to reduce the operative and administrative burdens of a business, while ensuring the highest security standards for safekeeping your tax information.

Users of an EBM are subject to the following main obligations:

1. To purchase a certified set of Electronic Billing Machine from a licensed supplier
2. To install a certified Electronic Billing Machine at the sales location
3. To issue a receipt printed from EBM to every customer who purchases items or pays for a service; regardless whether the customer requires or rejects to take it
4. To ensure that the EBM is placed where it is accessible and visible to customers
5. To ensure that all items or services sold through EBM have a clearly defined name and appropriate tax rate
6. To post a visible notice with the following information where the EBM is installed:
 - a. Name of the Taxpayer (user), Address and the Tax Identification Number (TIN)
 - b. Machine registration code
 - c. Sales data controller (SDC) serial number
 - d. A statement “***DO NOT PAY IF A RECEIPT IS NOT ISSUED***”
7. To keep copies of invoices printed by the certified Electronic Billing Machine for ten (10) years
8. To ensure that the EBM user manual is received at the time of purchase of EBM

9. To report to RRA of a change/s in sales location through the procedures determined by the Commissioner General
10. To report to RRA malfunctions of the EBM within six (6) hours
11. To keep the sales data controller (SDC) in Rwanda while it is working or not working.
12. To have a valid purchase contract for the EBM from an authorized supplier
13. To report to RRA about replacement of EBM in twelve (12) days after it is replaced or removed from the registered sales outlet for any reason
14. To submit a request to RRA de-activate the EBM in case of cessation of business activity
15. To issue invoices written by hand in two specimens in case there is no certified Electronic Billing Machine functioning properly at the sales location and keep for at least ten (10) years the second specimen of a handwritten invoice together with original certified receipt printed after the certified Electronic Billing Machine is recovered.
16. To make a certified refund receipt printed by EBM and keep the document relating to the refund in accordance with refund procedures determined by Commissioner General's instructions;
17. To notify RRA in writing about cessation of EBM operation in twelve (12) hours due to theft or damage by force majeure and this notification is accompanied by a copy of report from the Rwanda National Police.
18. If there is a failure of EBM, a taxpayer must purchase a new one within eight (8) working days.

Punishable Acts and Penalties to avoid:

S/N	PUNISHABLE ACTS	PENALTIES

1.	Any person required to use EBM but sells goods or services without issuing an electronic invoice	Administrative fine of ten (10) times the value of the evaded VAT
2.	In case he/she is a second time offender	Administrative fine of twenty (20) times the value of the evaded VAT
3.	Any person who fails to comply with other EBM users obligations	Administrative fine of two hundred thousand Rwandan francs (FRW 200,000)
4.	In case of repetition of noncompliance with other EBM users obligations	Administrative fine of four hundred thousand Rwandan francs (FRW 400,000)
5.	Any person who issues underpriced EBM invoice/s	Administrative fine of ten (10) times the value of the evaded VAT
6.	In case that person repeats the offence of giving underpriced EBM invoices	Administrative fine of twenty (20) times the value of the evaded value added tax
7.	<i>Additional penalties include the closure of business activities for a period of thirty (30) days, being barred from bidding for public tenders; withdrawal of a business register and being published in nationwide newspapers</i>	

For more information on this and other tax matters please contact us on: info@rra.gov.rw, Twitter: @rrainfo Facebook: Rwanda Revenue Authority, Instagram: rwandarevenue, Toll Free: 3004
