

2. FIXED ASSET TAX

Fixed asset tax is levied on:

- The market value of parcels of land
- The market value of buildings and all improvement registered
- The value land exploited for quarry purposes
- The market value of usufruct with a title deed

It is paid before starting activities. It is declared and paid not later than **31st March**

3. RENTAL INCOME TAX

- Rental income tax shall be charged on income generated by individuals from rented fixed assets located in Rwanda
- The income taxable year calculating the tax shall start on January 1st and end on December 31st of the previous year which shall be the income taxable year.
- Income from rented buildings in all or part
- Income from rented improvements in whole or in parts
- Any other to which rental income may be accrued

It is paid before starting activities. It is declared and paid not later than **31st March**

4. FEES ON LAND LEASE

Any person owning land and holding a land lease certificate issued by the competent institution **shall pay an annual land lease fee based on square meter or hectare.**

The Council of a concerned decentralized entity shall determine the fees to be paid annually on land lease based on the infrastructure on the area where the land is located and its use.

It is declared and paid not later than **31st December** each year.



RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

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BASIC INFORMATION BEFORE YOU BEGIN ANY BUSINESS



INTRODUCTION

For the sake of improving tax compliance, RRA has prepared a simplified tax information brochure on taxes collected by RRA and decentralized taxes and fees collected by RRA on behalf of District and City of Kigali. It is mainly target newly opened profitable business helping them to know obligations and comply with tax provision.

DEFINITION OF TAXES AND FEES

Tax is a compulsory contribution levied by the Government on income, business profits, property, sales, in order to finance the Government activities/expenditure, it has legal basis, paid according to the contributive capacity of each one, it does not have immediate counterpart.

REGISTRATION

Any person who sets up a business or other activities that may be taxable is obliged to register with the Tax Administration within a period of seven (7) days from the beginning of the business or activity or the establishment of the company and get a TIN. Now the company registration is done at RDB.

1. INCOME TAX

Types of income taxes

A. PERSONAL INCOME TAXES (PIT):

- Flat tax regime: 2 million to 12 million of turnover
- Lumpsum tax regime : 3% of the turnover from 12 million to 20 million of turnover
- Real tax regime

PIT- Flat tax regime

Annual turnover	Annual Tax to pay	Quarterly tax to pay
Below 2,000,000 Rwf	No tax	No tax
2,000,000 Rwf - 4,000,000 Rwf	60,000 Rwf	15,000 Rwf
4,000,001 Rwf - 7,000,000 Rwf	120,000 Rwf	30,000 Rwf
7,000,001 Rwf - 10,000,000 Rwf	210,000 Rwf	52,500 Rwf
10,000,000 Rwf - 12,000,000 Rwf	300,000 Rwf	75,000 Rwf

PIT-Lump sum tax regime

Apply 3% of the turnover (12,000,001 Frw up to 20,000,000 Frw) or apply accounting practice

Annual profit on income in Frw	Tax rate
0- 360,000	0%
360,001- 1,200,000	20%
Above 1,200,000	30%

B. CORPORATE INCOME TAX (CIT)

30% of the income for companies

Declaration, tax payment

- **Annually** (not later than 31st March) for the first year;
- **Quarterly**(not later than **30th June, 30th September, 31st December and 31st of March**)

2. WITHHOLDING TAXES

- **5%** of CIF on imports through customs if no Quitus fiscal
- **3%** on public tenders if no Quitus fiscal
- **15%** for consultancies and non registered
- **15%** on net income in case of dividends payments

Declared and paid within 15 days following the month the tax was withheld.

3. PAY-AS-YOU EARN (PAYE)

The PAYE is a tax paid on employment income which includes all payments to an employee in cash or/and in kind. The employer has the responsibility to withhold PAYE before salary payment

- Within **15 days** , the employer must declare and pay PAYE withheld tax on the previous month/Quarter

INCOME	TAX RATES
0 – 30,000	0%
30,001– 100,000	20%
Above 100,000	30%
Casual laborer (> 30,000)	15%

4. VALUE ADDED TAX (VAT)

A taxpayer to register on Value Added Tax (VAT) should:

- Have realized a turnover of **20,000,000Frw** per year or **5,000,000 Frw** per quarter or register **voluntarily**.
- Have VAT registration certificate
- Have and use Electronic Billing Machine (EBM)

VAT is at 18% and paid by **the final consumer**.

VAT is declared and paid within **15 days** following the month/quarter in which tax was collected.

VAT mechanism:

- **Payment position:** input VAT < output VAT
- **VAT refund:** input VAT > output VAT
- **Null:** input VAT = output VAT

DECENTRALIZED TAXES COLLECTED

1. TRADING LICENSE TAX

The trading license tax shall be paid by any person who commences a profit-oriented activity in Rwanda. It is paid before starting activities

It is paid before starting activities. It is declared and paid not later than **31st March** and considers the following:

- Location (rural area, town or city of Kigali)
- Business being carried out
- Be a VAT registered or not.