

# Revenue Magazine

A PUBLICATION OF RWANDA REVENUE AUTHORITY

ISSUE #9 - MAY 2019



*Good relationship between media and the tax administrations can take Africa to another level*

**HERE FOR YOU**  
TO SERVE

**PAY TAX,  
BUILD A  
BETTER  
RWANDA**



**RWANDA REVENUE AUTHORITY**  
TAXES FOR GROWTH AND DEVELOPMENT

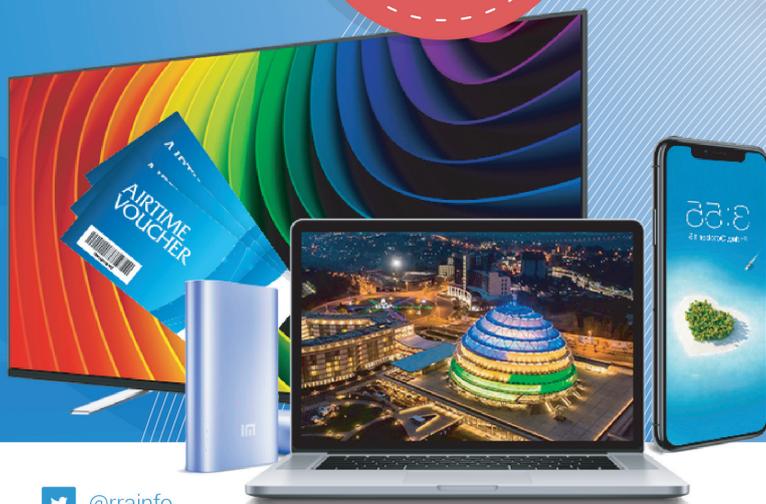
# EBM LOTTERY

ASK FOR EBM RECEIPT AND  
STAND A CHANCE TO WIN.

## HOW TO PLAY

1. Ask the merchant to record your phone number on the receipt
2. Then you can win Laptops, Airtime, TV Screens, Phones & many more

MY RECEIPT,  
MY DIGNITY,  
MY DEVELOPMENT



TOLL FREE: 3004  
SMS: 4152

(Start your message with the word RRA)

 @rrainfo

 Rwanda revenue

 @Rwanda Revenue Authority



**RWANDA REVENUE AUTHORITY**  
TAXES FOR GROWTH AND DEVELOPMENT

# Content:

- 04** Commissioner General's Foreword
- 05** Media's role in building a better continent
- 06** Aspirant Tax Advisors Trained
- 07** Kigali hosts 6<sup>th</sup> Africa Initiative Meeting
- 08** The future of tax research in Africa
- 09** ICTD Announced New Training Program with Uganda and Rwanda Revenue Authorities
- 12** New Doing Business Reforms to Ease Tax Payment
- 12** New Law: Trading License Tax Exempted for SMEs
- 13** Hospitality, Construction and ICT Sectors Lag Behind in Tax Compliance
- 16** All about Rental Income Tax
- 17** Global Money Week- an opportunity for students to acquire tax lessons
- 18** Churches and taxes

## Commissioner General's Foreword



*RRA's Commissioner General, BIZIMANA Ruganintwali Pascal*

We are glad to welcome you once again to this new edition of Revenue Magazine!

I would like to express my appreciation for your continuous contribution in building national economy through taxes.

In 20 years of existence, RRA has registered significant progress, with a positive growing and learning curve, and every day we endeavor to keep improving our services and ease doing business here.

This year, a new law came into force and it exempts SMEs from trading license for the first two years of business from the date of their establishment, this is a big step in encouraging entrepreneurs to start business.

Again this year we have started the timely payment of VAT refunds: Today VAT refund claims are processed and paid within 30 days! This is a big leap as it used to take months, the progress is enabled by

the use of technology: the claims are submitted and processed online through the E-tax portal.

We have made every effort to provide needed information about taxes, your obligations and your rights. You can visit our website [www.rra.gov.rw](http://www.rra.gov.rw) to access all information and chat with us through our web live chat. We also use social media platforms to be able to interact with you in real time, please follow us on Twitter, Facebook and Instagram.

Rwanda Revenue Authority recognizes and highly values the commitment of private sector federation in voluntary tax compliance, through forming sectors of activities in chambers, which helps identify their specific needs and find adequate solutions yielding positive results in tax to GDP.

We remain dedicated to offering more conducive environment and facilities required to boost businesses and ease paying taxes.

Enjoy the read.

## Media's role in building a better continent



*Journalists and communications officers of revenue authorities from across Africa in an open discussion on the role they can play to build a better continent*

Over 60 selected media practitioners from across Africa have converged in Rwanda from 06-08 March, 2019, to discuss their role in addressing emerging tax issues that affect the continent's development.

Organised by the African Tax Administration Forum (ATAF) and hosted by Rwanda Revenue Authority (RRA). This second meeting media training and engagement, underscored media's critical role in unpacking the benefits of tax on citizens and in holding governments accountable when it comes to corruption and public funds misuse. Participants also discussed the impact of the fourth industrial revolution on Africa's growth.

ATAF's Media engagement workshops gather yearly seeking to promote media involvement, strengthen the capacities of African journalists in taxation, and facilitate exchange of knowledge on tax-related matters.

Aimable H. KAYIGI, RRA's Commissioner of Domestic Taxes, said that Rwanda Revenue Authority is honoured to host the 2nd media engagement and training as ATAF's member of the council.

"Rwanda shares with ATAF the common vision of building strong revenue authorities in Africa as a key strategy towards domestic resource mobilisation.

Through many capacity-building initiatives, ATAF has helped several African tax administrations, improve their revenue collection performance over the years." Aimable Kayigi said.

Taxing the digital economy remains one of the unresolved issues. According to Mary BAINE, Director of Tax Programmes at ATAF: "The era of digitalisation is upon us, and we can no longer ignore the fact that Africa's much-needed tax base is being eroded simply through unrecorded revenue. Our continent, now more than ever, needs all the resources if it is to promote its socio-economic growth and the wellbeing of its populations. We see the media as partners in our journey to advance the discourse on tax and development."

The participants drawn from both public and private media delved into conversations around how media can unpack the significance of tax issues and how simplifying these matters can allow citizens to better understand their obligations and their contribution to development in their countries as well as their role in holding states accountable.

They also identified ways through which authorities can work with the media in making citizens more active in terms of holding states accountable.



RUTAGENGWA Eugene, a group leader in Audit division at RRA, giving a lecture to aspirant tax advisors

## Aspirant Tax Advisors Trained on New Tax Laws and Procedures for Accreditation

100+ professional accountants were equipped with specialized knowledge on tax laws and procedures that govern taxation in Rwanda. The trainees were called to practice their profession with integrity and honesty.

The week long training covered the provisions of Rwandan tax law regarding Value Added Tax, Income Tax, Property Tax and Procedure Law. The Commissioner for Domestic Taxes, Mr. KAYIGI H. Aimable insisted on Tax Advisors role on Rwanda Revenue Authority and the country at large.

“Your career is fascinating and imperative to both the taxpayers and RRA, because taxpayers will count on your skills to comply with their tax obligations but also RRA will count on your expertise in the enhancement of tax compliance”

Upon the completion of the training the aspirant tax advisors sit for a test and acquire a certificate and badge from the tax administration which allows them to practice the profession with recognition from RRA.

The accreditation process is in line with the purpose of constructing professional tax advisory and tries to stop nonchalant and unprofessional advisers who lead taxpayers in fiscal problems.

Christian Munyabitabo, a CPA qualified who attends the training for tax consultants highlighted the importance of training for professional advisers, saying that it adds more

value to knowledge acquired at school.

“We expect to have more practical knowledge to add on what we already studied in different courses. Being certified by Rwanda Revenue is also another asset and qualification that can help gain market and increase confidence in our profession of tax consultation.

Taxpayers expect from us advice as professionals so we need to make the difference, and I think this training is a suitable way to do just that.”

Speaking about tax consultants who use their knowledge to help taxpayers evade taxes, Munyabitabo pointed out that: “We come to change mindsets of some taxpayers who strive for riches by evading taxes. This is to deal with greed of personal benefits and we are here to promote businesses through proper taxation.”

Faustin Ngendahayo, another tax adviser said “There is a lot that we need to change. Many people abuse taxes. This training will equip us with vast knowledge that will enable us to help taxpayers comply with their tax obligations.

At this point, both advisers and the advised were not well equipped with sufficient knowledge thus those who are after their personal gains would take advantage of ignorance. But this time round, people should exercise their knowledge”

# Kigali hosts 6<sup>th</sup> Africa Initiative Meeting



*Amina Rwakunda, the government chief economist (3rd from left) during the Africa Initiative meeting*

Rwanda hosted the 6th Africa Initiative meeting on Tax Transparency and tax exchange of information, which was organized by the Global Forum in collaboration with the Ministry of Finance and Economic Planning and Rwanda Revenue Authority.

Amina Rwakunda, the government chief economist, who officially opened the meeting called upon all delegates to work hand in hand in implementing tax transparency and information sharing to be able to fight cross border tax evasion in Africa.

The meeting reported African countries' progress in the fight against tax evasion and illicit financial flows. This report highlights tremendous progress achieved by 29 countries, member of the Global Forum, in implementing tax transparency and exchange of information. Most African members have implemented the requirements needed to use Exchange of Information and many of them have started to request it from their partners and to convert this into revenue gains.

Africa Initiative was launched in 2014 by the OECD-hosted Global Forum with the aim of ensuring that African countries can realize their full potentials through the implementation of tax transparency and international tax cooperation.

Delegates also discussed challenge encountered in the implementation of international standards of beneficial ownership requirements. They welcomed the development of a new toolkit on beneficial ownership information which was presented during the meeting and is intended to inform policy and speed up implementation discussion in developing countries. They also welcomed the emergence of some new pathways on how to make automatic exchange of information more accessible for them.

29 African countries participated in Africa Initiative meeting of the Global Form. Rwanda fall under the same bracket with other countries who are at a phase of implementing international standards for tax transparency in order to fully participate and enjoy the fruits of this initiative.





*The CEO of the ICTD, Prof Mick Moore, RRA's Commissioner General, BIZIMANA Ruganintwali Pascal and other officials at Tax research meeting*

## Tax Research Essential to Bolster African Revenue Administrations

The International Centre for Tax and Development (ICTD) held the seventh annual meeting in association with the Rwanda Revenue Authority (RRA). This comes at a time when taxation is high on the agenda for policymakers as a central means of financing sustainable development.

The meeting brought together over 130 researchers and officials from 26 countries from different parts of the world to present, discuss and draw roadmaps for the future of tax research in Africa in accordance to the theme of the meeting: "What Next for Tax Research in Africa?"

In line with Rwanda's self-reliance policy, the government has prioritised strengthening tax collection in order to reduce dependency on foreign aid and increase public spending on key areas including infrastructure, education, agriculture, and health. While ten years ago, nearly half of Rwanda's revenue was composed of grants, this year the government plans to finance 68% of the budget from domestic resources and only 16% from grants.

To meet this vision, RRA in collaboration with other policymakers revised tax laws to address loopholes found out in the old law, to widen the tax base and make use of new technologies such as including e-tax, mobile phone declaration, electronic billing machines, and electronic single window. More importantly, it has invested in research to inform improvements in tax policy and administration.

Since 2015, the RRA and the ICTD have collaborated closely on several research projects. The organisations jointly conducted the first large-scale tax experiment in Africa, which brought in an additional Rwf8.7 billion in revenue in 2016. The RRA and the ICTD are conducting further joint research on value-added tax compliance and the effectiveness of taxpayer education programs.

The CEO of the ICTD, Prof Mick Moore, said: "Rigorous research is crucial for governments seeking to increase tax revenue in a manner that is efficient, equitable, and conducive to economic growth and good governance. We've been very impressed by the RRA's commitment to research, and hope that its success will inspire other African revenue administrations to increase their focus on analysing their own data and generating evidence to inform policy and practice."

The meeting covered a range of topics including taxation and accountability, the use of technology in tax administration, and the taxation of multinational business, wealth, property, and the extractive industries.

RRA's Commissioner General, BIZIMANA Ruganintwali Pascal, who opened the meeting said: "We are proud to host this meeting brings together researchers and policymakers from across the continent and beyond. We are eager to engage on the latest research findings in tax and development, as well as to contribute to the ICTD's research agenda for the next five years."

The International Centre for Tax and Development (ICTD) is a global policy research network, devoted to improving the quality of tax policy and administration in developing countries, with a special focus on sub-Saharan Africa. The ICTD is funded by UK Aid from the UK government and the Bill & Melinda Gates Foundation.

Rwanda's tax to GDP ratio has increased from below 10% in 2000 to almost 15% in 2016, the amount considered necessary to fund adequate public services. In 2009, 48% of Rwanda's revenue came from grants, while 50% came from taxes. In 2016, grants had decreased to 25% and tax revenue had increased to 66%.

## ICTD Announced New Training Program with Uganda and Rwanda Revenue Authorities



Denis Mukama, the Acting Deputy Commissioner for Research and Planning at RRA

The announcement was made at the beginning of the ICTD's second "African Tax Administration Day" in Kigali, featuring presentations of research by tax officials from Ghana, Zimbabwe, Botswana, Malawi, Rwanda, Uganda, and Kenya.

The ICTD's Capacity Building Manager Dr. Jalia Kangave, said "We would like to encourage and support useful research by Africans directly involved in tax policy and administration.

The goal of this day is to provide the presenters with constructive feedback from the members of our network, so that they can improve their research studies and hopefully develop them into published papers."

The new capacity building program will be a year-long pilot of workshops and collaborative research between researchers from the ICTD and staff from the revenue authorities in Rwanda and Uganda.

Denis Mukama, the Acting Deputy Commissioner for Research and Planning from the Rwanda Revenue Authority said, "We see this as an opportunity to take the work we have done with the ICTD a step further; to undertake further research that really speaks to tax administration, and to improve upon how we work with our data."

Milly Nalukwago Isingoma, the Assistant Commissioner of the Research Department at the Uganda Revenue Authority said, "Our policymakers want to know the impact of what their decisions will be, and we have many research questions. Funds are not all that you need, you also need the support, commitment and resilience to be able to deliver research, so we are very glad to have the opportunity to participate in this pilot."

# IT'S TIME TO PAY THE QUARTERLY PRE-PAYMENT

Pay a quarter of the total income tax you accrued in 2018..

DEADLINE IS 30/06/2019



# IT TAKES JUST AN INVOICE TO CONTRIBUTE TO THE DEVELOPMENT OF RWANDA

Ask for EBM receipt at every purchase



**HERE** BY **YOU**  
TO SERVE

Rwanda Revenue Authority  
KG 4 Ave B, Kimihurura. P.O Box: 3987 Kigali, Rwanda.  
Website: [www.rra.gov.rw](http://www.rra.gov.rw)

 @Rwanda Revenue Authority  @rrainfo



**RWANDA REVENUE AUTHORITY**  
TAXES FOR GROWTH AND DEVELOPMENT

# New Doing Business Reforms to Ease Tax Payment

Rwanda Revenue Authority, RRA, launched robust technological reforms in the recent past that brought tax filing and payment solutions to Rwandan taxpayers. The tax administration claims that the journey of providing enhanced solutions still continues.

The tax administration moved from old-fashion taxation procedures and rules to an updated way of processes. Among other technological reforms that were set up by the RRA, we can mention: e-tax, Mobile Declaration, Electronic Billing Machine which was recently upgraded to a more efficient software (EBMv2); Electronic Cargo tracking system, Single Customs territory.

In last year's Ease of Doing Business report of the World Bank, Rwanda was ranked the 29th easiest place to do business in the world. On the paying taxes indicator in particular, Rwanda was ranked 35th globally and 3rd on the African continent.

This year RRA is implementing more reforms to continuously reduce the cost of doing business in taxation matters. The first reform being implemented this year is the timely payment of VAT refunds; today all VAT refund claims are processed and paid within 30 days.

This has largely been enabled by the use of technology in tax administration. VAT refund claims are now submitted through the E-Tax Portal which has significantly led to reductions in the time required to comply with VAT declarations and issuance of VAT refunds to taxpayers.

RRA is also implementing a single unified declaration form which combines Pay As You Earn (PAYE), Pension, and Maternity leave and Medical Insurance scheme contributions all in one. This will tremendously reduce the time it used to take taxpayers to make separate payments and declarations for these different contributions.

Another major reform being implemented this year is the "Automated Audit Case" selection process. This is a risk based case selection process that is implemented through RRA's Business Intelligence system every fiscal year. The system uses a risk rules engine to identify and select taxpayers that will be subjected to audit based on their declarations and compliance history.

The automated audit case selection assesses taxpayer data against a combination of the major risk parameters as follows:

Risk rules are built based on the key functions of taxpayers:

- a) Registration risk rules
- b) Filing risk rules
- c) Accurate reporting risk rules
- d) Payment risk rules

This reform will greatly enhance transparency and efficiency in the tax audit selection and administration processes ensuring that only truly risky cases are subjected to audits. RRA remains committed to making it easier for taxpayers to meet their obligations and boost the trust and confidence of the public in the tax administration processes.

## New Law: Trading License Tax Exempted for SMEs

The new tax law exempts trading license tax for Small and Medium Enterprises for their first two years of business starting from January 2019.

The new law n°75/2018 of 07/09/2018 determining the sources of revenue and property of decentralized entities came into force starting this year 2019 and

it brought many positive changes compared to the abolished law.

Trading license tax is declared and paid yearly in the timeframe provided by the law which is January 31 of every year. The amount to be paid varies depending on the location and the kind of business as shown in the table below.

Type of Activity	Rural area/ Frw	Town area/Frw	City of Kigali/Frw
Vendors without shops, small scale technicians	4,000	6,000	8,000
Transporters of people and goods on motorcycle	8,000	8,000	8,000
All other vehicles besides bicycles	40,000 each vehicle	40,000 each vehicle	40,000 each vehicle
For transport activities by motor boat	20,000 each boat	20,000 each boat	20,000 each boat
Others profit-oriented activities	20,000	30,000	40,000

The basis for the calculation of trading license tax for VAT registered profit-oriented activities is done depending on their turnover as follow:

Turnover (Frw)	Tax Due (Frw)
From 1 to 40.000.000	60,000
From 40.000.001 to 60.000.000	90,000
From 60.000.001 to 150.000.000	150,000
Above 150.000.000	250,000

However, even traders whose goods are VAT exempted but with a turnover of 20 million Rwandan Francs or above, will also pay the trading license like the VAT registered ones. Trading license is to be paid for every branch of the business a trader operates in.

## Hospitality, Construction and ICT Sectors Lag Behind in Tax Compliance

RRA's department of risk management identified hospitality, construction and communication sectors to lead tax compliance slackers through its research function thus became priority for engagement to present issues affecting the sectors in tax matters.

The Deputy Commissioner for Corporate Risk and Modernization Department at RRA, Mr. Gadi MUNYENTWALI said that voluntary compliance is considered to be the most effective way of reaching RRA's targets in lieu of compliance by enforcement. Therefore, the institution's system generates a compliance improvement plan on a yearly basis to build a relationship of mutual trust and respect between the tax administration and taxpayers.

In 2018/19 fiscal year, RRA's risk management system screened domestic taxes and customs to find out prevailing issues that hinder compliance. "We will continue to strengthen our relationship with

business community to solve all issues affecting compliance," Munyentwali said.

Risks pertaining to non-compliance in construction sector include pervasive use of informal employment arrangements, significant number fictitious companies, significant number of labor force not registered, late filing and large number of missing return, literacy obstacle with many informal employees, taxpayers conducting off-books transactions both on expenses and income, large construction firms implementing aggressive tax planning, purchases and expenses being redirected for other projects or personal use, evasion on importations by investment certificate holders, Inflated investment expenses and continual losses, informal tax advisory services are advocating aggressive planning, pervasive transfer pricing.



*Ronald Niwenshuti, Head of Compliance Risk Management for Operational Departments in a compliance improvement plan dialogue*

In the Information and Communication Sector, risks include under reporting of income, overstatement of imports on exempted goods, falsification of books and records, transfer pricing arrangements, treaty shopping and misuse of DTAs, Non-declaration of VAT reverse charge, underreporting of excise duty, underreporting of PAYE mainly on foreigners, staff loans, non-declaration of WHT on imported services, non-issuance of EBM invoices, overstating of expenses using provisions.

Hotels, bars and restaurants risks identified include significant number of inaccurate registrations, big number of bars and restaurants not register as taxpayers, many hotels not registering all business activities, pervasive use of informal employment arrangements, late filing, large number of missing returns, underreporting of PAYE from informal employment, pervasive inflation of expenses (e.g staff food), significant declaration of continual losses, consistent off-book transaction and under declaration of losses, Non-issuance of EBM invoices, non-application of WHT on purchases from non-registered taxpayers, non-justified complementary expenses, non-deduction of VAT reverse charge.

RRA reminds taxpayers that they have obligations that include:

- declaration of all sales invoices /Revenue and issue EBM invoices on all your transactions,
- pay tax on remuneration (PAYE) for all your employees correctly even off book payments,
- report real expenses incurred on goods and services substantiated invoices (EBM),
- avoid overstating the imported goods more especially by investors who have investment allowances,
- WHT on all imported services with appropriate rates,

- withhold VAT reverse charge on imported services that are available in the country,
- share information on all non-registered businesses to RRA,
- declare all sales invoices /Revenue,
- pay tax on remuneration (PAYE), report real expenses incurred on goods and services,
- issue EBM invoices, among others

Esther Mukakigeri, The Finance Manager from Hotel Chez Lando said that the hospitality sector has informal businesses that have added competitive advantages thus are causing formal business experience some loss.

“You can’t compete with someone who doesn’t pay taxes, they are likely to be more affordable and the clientele will choose them instead, yet we have invested in our services and paid taxes, it is unfair” she said.

Ronald Niwenshuti, Head of Compliance Risk Management for Operational Departments, in response to Esther’s complaint assured that RRA is doing its best to bring onboard informal businesses and reduce unfair competition. Moreover, the revised tax law entails articles regarding informal businesses in order to ensure fairness in business practices.

Lambert Bicombyuma from China Road and Bridge Construction appreciated the good initiative from RRA to approach them and educate them, “We used to see RRA as the punisher only. But now they are engaging us sector by sector in consultative meetings, it encourages us to be more compliant.”

# REGISTER YOUR IMMOVABLE PROPERTY NOW



# All About Rental Income Tax

Rental income tax is charged on income gained from rented immovable properties like residential houses, commercial building, etc. and it bases on a written and signed rental contract or agreement.

Rental Income Tax is paid by the landlord who has an obligation of registering his/her property, declaring and paying his/her tax dues in the time stipulated by the law on income tax which is January 31st of every year.



## How is Rental income tax calculated?

The taxable rental income is obtained by deducting from the gross rental income fifty percent (50%) considered as the expenses incurred by the property owner on maintenance and upkeep of the rented property. Also When the taxpayer produces the proof of bank interest payments on a loan for the construction or purchase of a rented property, the taxable rental income is determined by deducting from gross rental income fifty percent (50%) considered as the expenses incurred for upkeep of the property plus actual bank interest paid from the beginning of the rental period within the tax period.

The remaining amount after the above deductions is the one you calculate tax rate on as follow:

- 1° zero percent (0 %) for an annual rental income from one Rwandan franc (FRW 1) to one hundred eighty thousand Rwandan francs (FRW 180,000)
- 2° twenty percent (20 %) for an annual rental income from one hundred eighty thousand and one Rwandan francs (FRW 180,001) to one million Rwandan francs (FRW 1,000,000);
- Thirty percent (30 %) for an annual rental income above one million Rwandan francs (FRW 1,000,000).

The rental income tax declaration must show details of any rented immovable property located in Rwanda including the tax due assessed by a taxpayer himself/herself. Except for electronic tax declaration, the rental income tax declaration is signed by the taxpayer or his/her proxy.



## Students Learn Taxation during Global Money Week



*Drocelle Mukashyaka, Deputy Commissioner for Taxpayer' services department giving a tax lesson to students*

Green Hills Academy and Adventist University of Central Africa students paid a visit to Rwanda Revenue Authority to learn about the contribution of taxes in Rwandan economy as part of Global Money Week.

Economic Policy Research Network (EPRN) in collaboration with AIESEC, a youth international organization that focuses on developing leadership potential, set a theme: “learn, earn and save.” Through which these students got an opportunity to learn about the importance of the money collected through taxes on economic development of a nation at RRA.

Drocelle Mukashyaka, Deputy Commissioner for Taxpayer' services department at RRA, told the students that taxes are pivotal in the development of the nation because they are the most reliable source of revenue to fund national needs. She went on telling them to learn and acquire important knowledge about taxes.

Jeanne Uwigoroye, the acting Head of Taxpayer Education Division at RRA, instructed the students to save the little money they get from their parents to train themselves to save when they grow up in the times when they will be working for their own money.

David NIYONSABA, a staff of EPRN said: “we believe that tax is very essential in economic development

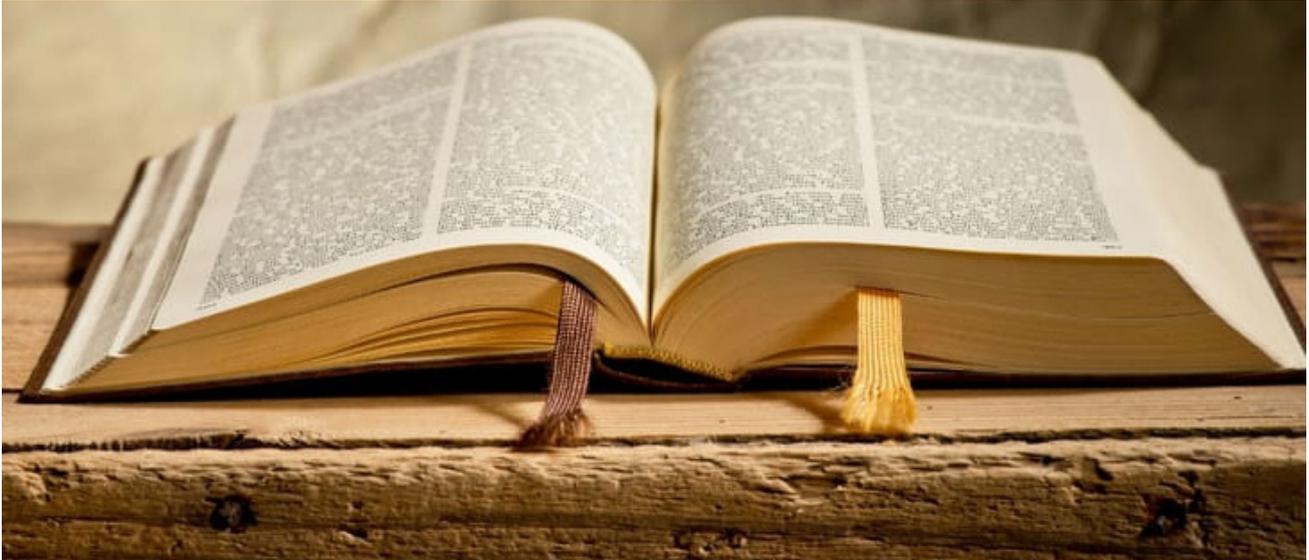
of the country and the role of young people is equally important so their understanding of taxation is fundamental in building sustainable economic development”

Stacy BANAMWANA, a student from Green Hills Academy commended organizers of the Global Money Week and the presentation on taxes, highlighting the importance of paying taxes. She said:” We need to pay tax to build the development of our country...I need to pay the tax, it's a duty not a choice, I know it now.”

Robert BIHOZAGARA, a student from the Adventist University of Central Africa also applauded the organizers of the event for including tax education on agenda, noting that acquiring tax skills at a young age helps them become a promising future leaders and business persons that will build a greater Rwanda and the world.

Global Money Week started in 2012 is organized in 169 countries worldwide with the purpose of educating the next economic citizens of the world about their contribution on what money means in the economy. Global Money Week targets students from primary to tertiary levels and the expectation is to reach 10,000 students in 32 Rwandan schools participating this global money week events.

# Local churches requested to submit their financial statements to RRA



Non-government organizations including churches have been requested to submit their financial statements to Rwanda Revenue Authority on annual basis.

Mandatory submission of financial statement is a requirement to all NGO including faith based organizations though they may not pay taxes depending on their nature of activities. The statement will show the amount received and the expenditures.

For the non income generated activities, NGOs are not taxable but Rwanda Revenue Authority still finds appropriate to hold them accountable and transparent what the amount received and their real expenditures are.

For instance, churches and other religious groups receive money from their members in forms of donations, offerings and tithes that are meant to be used in their ministry, the assistance to the poor in nutrition, education, construction of their temples, paying their permanent staff, to name a few.

The tax administration will not go into business of taxing tithe and offerings but will need to know what the church leaders do with the money they receive from their members who are also a concern

of the government because their members are the citizens.

Commenting on this, Drocelle Mukashyaka, Deputy Commissioner for Taxpayer's Services said: "What the law says is to submit their financial books of accounts so that they can show the administration what they planned to do, the expected budget and the way they spent that amount in all these specific activities."

In case there is a surplus in the amount received which was not used at full, the money not spent will be taxable because the surplus is considered as profit.

Another reason of holding NGOs accountable through financial books of accounts is that in their charitable works, NGOs work with business operators to acquire some goods and services. Through financial statements, RRA will be able to identify businesses that work with these organizations and their level of tax compliance.

The decision of the law as adopted after engaging these NGOs who also endorsed the idea and suggested ways of doing it. In order to assist churches comply with that obligation, RRA has designed a form to fill their annual financial statement in an easy way.

## Contributors:

MWEMA Bahati  
BENIMANA Gloria  
NSABIYAREMYE Jean Bosco  
NSHIMIYIMANA FIKIRI

## Editor:

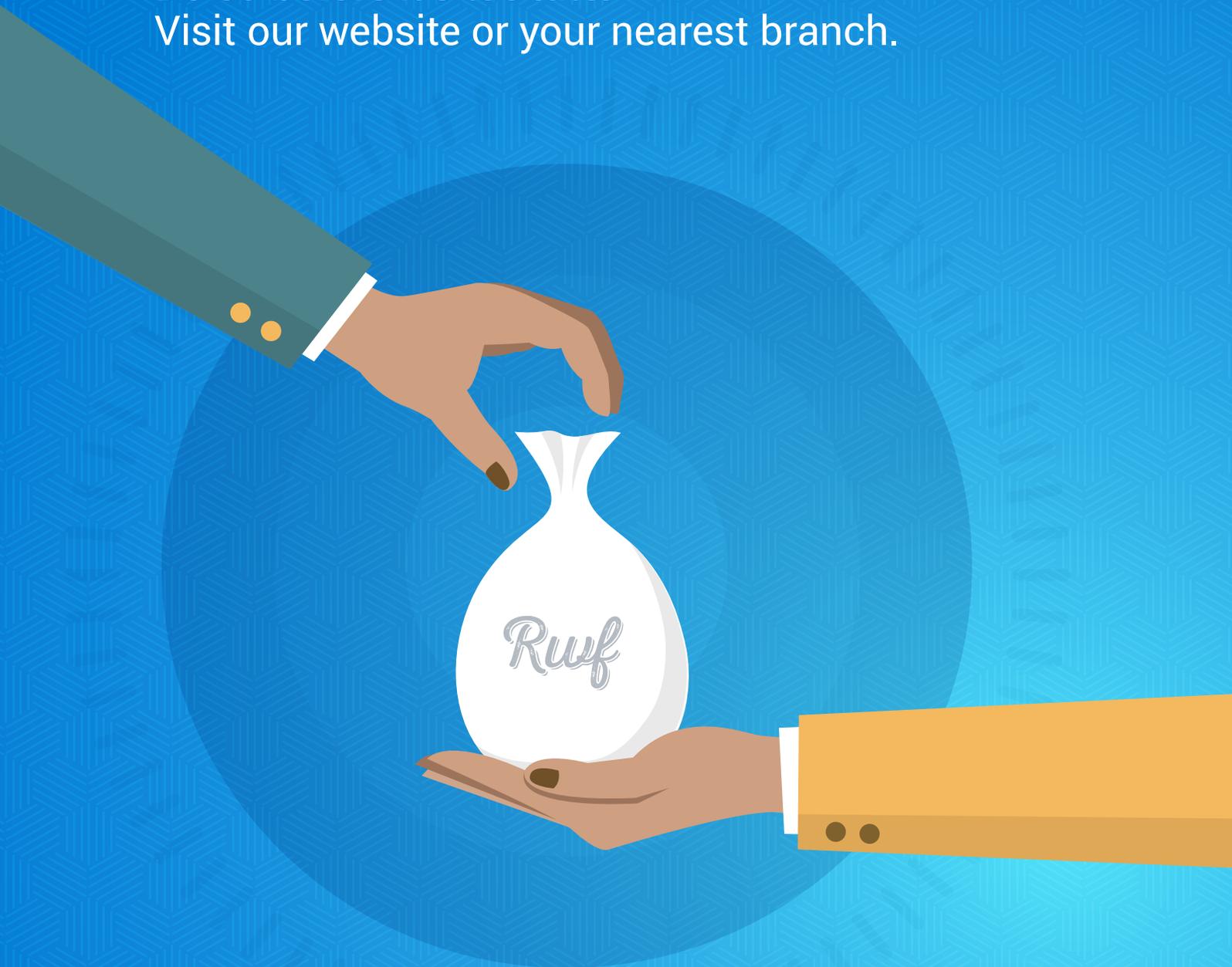
UWITONZE Jean Paulin

## Head of Publication:

MUKASHYAKA Drocelle

# IT'S TIME TO SUBMIT YOUR N.G.O OR RELIGIOUS ORGANISATION FINANCIAL STATEMENT

Do so before it's too late.  
Visit our website or your nearest branch.





We're  
here to  
assist



Get in  
touch



 [rra.gov.rw](http://rra.gov.rw)

 [info@rra.gov.rw](mailto:info@rra.gov.rw)

 Rwanda Revenue Authority

 [@rrainfo](https://twitter.com/rrainfo)

 [@rwandarevenue](https://www.instagram.com/rwandarevenue)

 [Rwanda Revenue Authority](https://www.youtube.com/Rwanda Revenue Authority)

**HERE FOR YOU**  
TO SERVE

[www.rra.gov.rw](http://www.rra.gov.rw)



**RWANDA REVENUE AUTHORITY**  
TAXES FOR GROWTH AND DEVELOPMENT