

MAGAZINE

# REVENUE

A PUBLICATION OF RWANDA REVENUE AUTHORITY

Issue #4

## Electronic cargo tracking brings efficiency in cross-border trade



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



# REMEMBER TO ASK FOR AN EBM INVOICE EVERY TIME YOU SHOP



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## FOREWORD



*Richard TUSABE  
Commissioner General*

This edition of the RRA magazine, is an exciting one specially packaged to continue advancing our agenda of supporting the taxpayer through provision of information and trade facilitation.

In packaging of this publication we have been mindful of that. To begin with, we have elaborated the tax calendar to enable good planning in finances and encourage declaration and payment of tax in time.

Yet that would have been incomplete if we did not take you through the e-tax process, I encourage you to read about that. You are not meant to get tied between making money and paying taxes, these tools are here to make tax transactions hustle free.

This year, the Rwanda Electronic Single Window turns five years old. Five years of eased clearing process, reduced time and financial costs. We bring you real experiences of how the system has impacted international trade.

We explain in detail what the newly commissioned Regional Electronic Cargo Tracking System means in cross border trade, the pictorial of the commissioning and who said what at the commissioning exercise, all that in this edition.

As consumers of goods and services in Rwanda, did you know you are a key performer in tax revenue collection through VAT, and this becomes more effective if they insist on getting an EBM invoice every time they shop.

I invite you to read about these and many more in the inside pages. It is my hope that you enjoy the reading this magazine like we enjoyed putting it together.

**Mr. TUSABE Richard**  
**RRA Commissioner General**

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# Use VAT input validation controls system to reduce filing mistakes

Mwema Bahati

**V**AT input tax validation control system enables a taxpayer to file VAT at a zero rate of mistakes. It enhances efficiency in the filing of VAT.

It helps verify validity of TIN by identifying; client TIN (Filer), VAT tax account, black listing EBM fraudsters, EBM exempted sectors.

Under the system, all utilised EBM invoices are flagged through E-Tax, Cancelled-EBM invoices should not be used in E-Tax; invoice date should not exceed two years.

The system rejects filling whenever an error occurs and this serves a mitigation mechanism against false declaration.

Mr. Kayigi H. Aimable, Commissioner for Domestic Taxes explains that the system is a great incentive in RRA online services as it is a response to erroneous filing for VAT.

He says: “The system reduces errors and removes disputes between RRA and taxpayers hence increases revenue collection.”

It has improved transparency in VAT declaration and reduced the input claims from transporters in customs.

The system helps to assess and verify information declared

hence boosts business and revenue collection as potential errors are corrected early before they come into effect.

For example, EBM invoices claimed from blacklisted companies which used to print fictitious invoices won't be admitted.

Andre Bitwayiki, PSF chairman in the City of Kigali commends the tax administration for new system which allows them to avoid unnecessary errors in declaration which result in penalties.

**“We used to file and later on be called by Rwanda Revenue Authority to explain for errors, this comes with penalties. People used to spend the whole year believing that they have done declaration and get surprised to be told that you didn't declare,” says Bitwayiki.**

The tax administration recommends all VAT registered taxpayers to use e-payment as a safer payment model in the new system. The chairman of PSF at the City of Kigali indicated that the e-payment guarantees more



Mr. Andre BITWAYIKI, PSF

safety to the business people as it reduces the risks of theft.

The e-payment is also better for Revenue Authority as it eases traceability of transaction and payment and can easily help whenever there is a fictitious invoice or other kinds of fiscal theft.

The VAT input tax validation controls serves about 18,000 filers registered in VAT.

**This system is one of the factors which contributed to an increase of 21% of VAT in domestic taxes in January to March 2017, compared to an increase of -3.4% in July to December 2016.**

## Editor's pick



Ms. MUKASHYAKA Drocelle

This March, the Regional Electronic Cargo Tracking System (RECTS) was commissioned in Kigali, which completes the automation of cargo tracking on the northern corridor.

The system replaces an old one which was physical and cumbersome. Physical inspections largely explain the presence of weigh bridges, which are a hindrance to a seamless trade on the corridor.

The old situation was laborious yet inaccurate in the tracking of cargo; our dealers in mineral sector can possibly attest to this better than anyone else, several times their high value consignments went missing without trace.

In such a scenario, losses are crosscutting; the tax administration misses out on taxes, insurance companies count losses, banks suffer as assets deteriorate, jobs are negatively affected in the directly affected sector and in the chain of cross border trade - all this brings emotional stress at individual level.

The RECTS which has come to fruition, thanks to a far sighted political leadership and kind support by our development partners is meant to remove such a bad situation and significantly improve trade.

Thus, I encourage our stakeholders in particular those in the business sector to embrace this system. It is a trade facilitation tool that reduces on time waste and expenses on transit cargo.

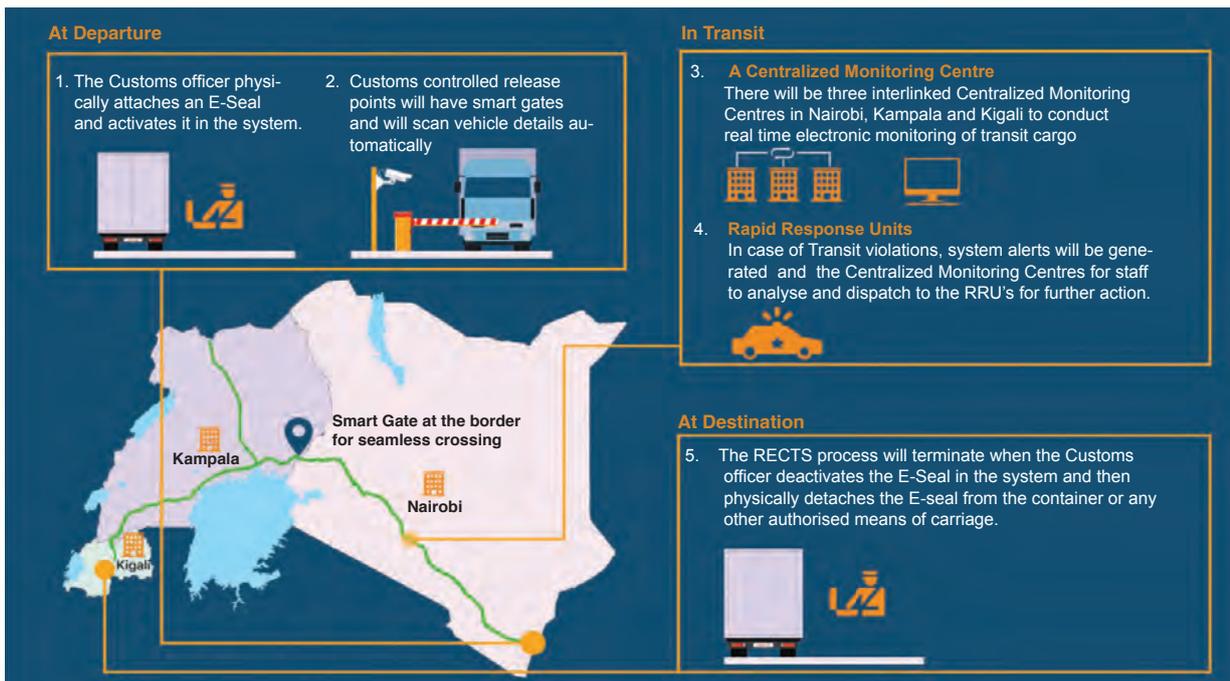
The RECTS places the importer in their right place and in charge of his/her cargo as it is being transported.

When the system works, like losses, rewards are crosscutting. Since transit cargo is electronically tracked it means weigh bridges and physical inspections become useless because tax authorities have no reason to suspect that the cargo has been tampered with.

It is a win-win situation that warrants our support.

**Mrs. MUKASHYAKA Drocelle**  
*RRA Deputy Commissioner for Taxpayer Services*

### RECTS at work





# The eventful Cargo Tracking System commssioning

Rwanda has commissioned the Regional Electronic Cargo Tracking System (RECTS), joining Uganda and Kenya in the effort to make trade along the northern corridor efficient.

The guest of honour at the commissioning event, Minister of Trade, Industry & EAC Affairs, Francois Kanimba encouraged the partners in cross boarder trade chain to embrace the system.

RRA Commissioner General, Richard Tusabe, told stakeholders that the facility is an addition to other helpful undertaking meant to support trade by the tax body with the help of supportive partners such as TMEA and UKaid.

He said the upgrades are meant to improve on tax collections while facilitating trade.

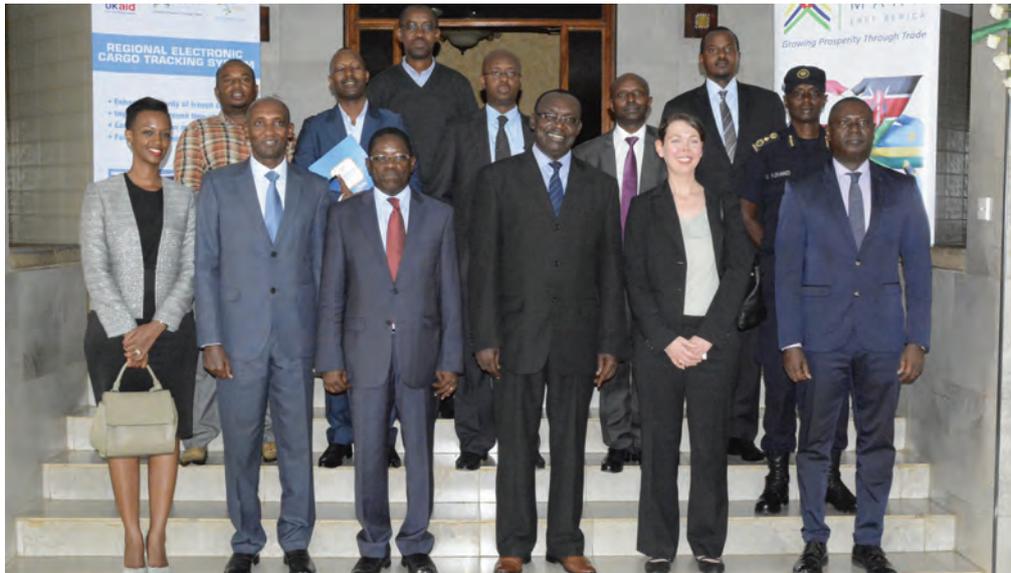
The pictures show how the event was as eventful as the facility.



Minister Kanimba flags off a Kenyan registered truck at the commissioning ceremony. RECTS speaks well to the EAC integration agenda.



Hon. Minister Kanimba speaks in the CMC room as Mr. Tusabe of RRA and PSF Board Chairman, Mr. Benjamin Gasamagera listen.



Some of stakeholders in a group photo



Control Monitoring Center (CMC) at RRA where cargo tracking is done.



TMEA's Richard Kamajugo speaking at the event. He said the project improves competitiveness for markets that are far from the port like Rwanda.



Ms. Patience Mutesi of TMEA listening attentively during the event.



Stakeholders listen to speeches at the event



# Interview with the Commissioner General on RECTS

On 24th March 2017, The RECTS was commissioned in Rwanda. MWEMA BAHATI interviewed Mr. TUSABE Richard Tusabe Commissioner General RRA on the significance of this project that covers the norther corridor. Below are excerpts.

## What is this facility about?

The ECTS is a system that is going to be, first of all give the actors in the supply chain namely insurance companies, transporters, importers and exporters, border communities, chance to track across the corridors and see where the cargo or the consignments have reached.

*Another thing is just to call on the business community to embrace the technology and the platform, and ensure that the uptake is really high because the moment they do that is the only way we can realize the benefits that have been explained about. So it's a shared, mutual benefit investment for the business community, for the government, all stakeholders are beneficiaries in this.*

## What value does this facility add to businesses?

The moment you have visibility of the consignment it gives business the community confidence of where the driver has reached with the cargo that is coming to or getting out of our country to Mombasa and Dar-Es-Salaam ports respective. Again on other actors like insurance companies because most of these cargos are insured. This gives them visibility to the cargo, and a chance to see if there are no malpractices or people who have been abusing the insurance covers that they have been taking.

So we believe that it's going to reduce the cost of premiums to the traders, hence efficiency



and effectiveness trade. For instance if you've been doing three to four round trips maybe because the driver decided to sleep at one of the borders, you'll have a chance to say hey! Please proceed to Kigali; I am waiting for you to get that delivery to the merchant that is here.

So those are some of the benefits that we envisage in terms of improving time, reducing cost and definitely as a way of improving competitiveness in the region.

## What are the rewards to the tax administrations?

The rewards on tax administration are really enormous. Again we've seen lack of trust and confidence in the supply chain. This has caused the tax administrations in our respective countries within the region to use manual and handy approaches whereby trying to physically verify each and every consignment.

However, that has not stopped the dumping. Dumping is where cargo

is actually offloaded in jurisdiction or in a country that was not supposed to be offloaded under the pretext that it is actually still proceeding to its country of destination.

So from tax administration perspective, we are going to see improved revenues because the revenue leakage is going to be mitigated but also it's going to allow us to give more confidence to the business community to trade with ease without the manual processes that we've been trying to apply to ensure that the revenue is not leaked within the supply chain.

**How will the ordinary people benefit from this project?**

Yes, I the ordinary people will benefit again, in sense that we've reduced the cost of doing business, as you reduce the cost of doing business the final price to the consumer will be coming down, but also there's another big component from the health perspective where some goods could even get manipulated or contaminated along the way hence compromising the standards of these goods.

So this time we are going to see if it is cooking oil coming from the port, if it is fuel that's coming to our depots there are minimal risks of these products being contaminated hence protecting the consumers, the environment and other beneficiaries across the chain.

**How does this push the integration agenda to another level ?**

Well, when you see how this initiative came up, it came up under the northern corridor initiative under the three heads of states with the aim to improve trade, transparency, predictability and certainty within the clearance process and this was picked as one tool that can be leveraged on.

So how does it speak to the integration agenda, one; it's a shared vision at regional level, two; we are leveraging on a shared infrastructure, it's the same system that we are using but we have visibility across the corridor, so our respective citizens are going to be having a chance to use the system in their respective countries and again integration about the people having common processes and procedures sharing the same investments and also benefitting from economies of scale where investments are costing less

compared to where each country would be working on this platform alone. To answer to your question, I strongly believe that it is going to enhance and extrude the integration agenda of the EAC.

**Any message to the stakeholders?**

Another thing is just to call on the business community to embrace the technology and the platform, and ensure that the uptake is really high because the moment they do that is the only way we can realize the benefits that have been explained about. So it's a shared, mutual benefit investment for the business community, for the government, civil society all the stakeholders are beneficiaries in this, again when it's time to utilize the system we all need to embrace the system and ensure that we get the benefits that are envisaged.



*Officers monitoring cargo from a control room at RRA*

## What they say about RECTS



*The RECTS increases security and eases doing business hence promoting development of trade within EAC. There is no more fear of considering Rwanda as a landlocked country as we have easy access to ports.”*

**François Kanimba, Minister for Commerce and East African Community Affairs (MINEACOM)**

*“It is innovations like the RECTS that will help new trade partnerships to flourish by reducing the cost of doing business. We are truly excited about the role that the RECTS will have in reducing the cost of doing business across East Africa and harnessing Rwanda’s trade potential.”* **Sally Waples, DFID Head of Office, Rwanda**



*“The RECTS is a hell to heaven facility for business operators in Rwanda. It is like coming from darkness to brightness. It is really special because every business person can logon on the system and track their goods second by second every time 24/24. This is incomparable as we will be having all information on our finger tips in office or at home.”* **Benjamin Gasamagera, Chairman of Private Sector Federation.**

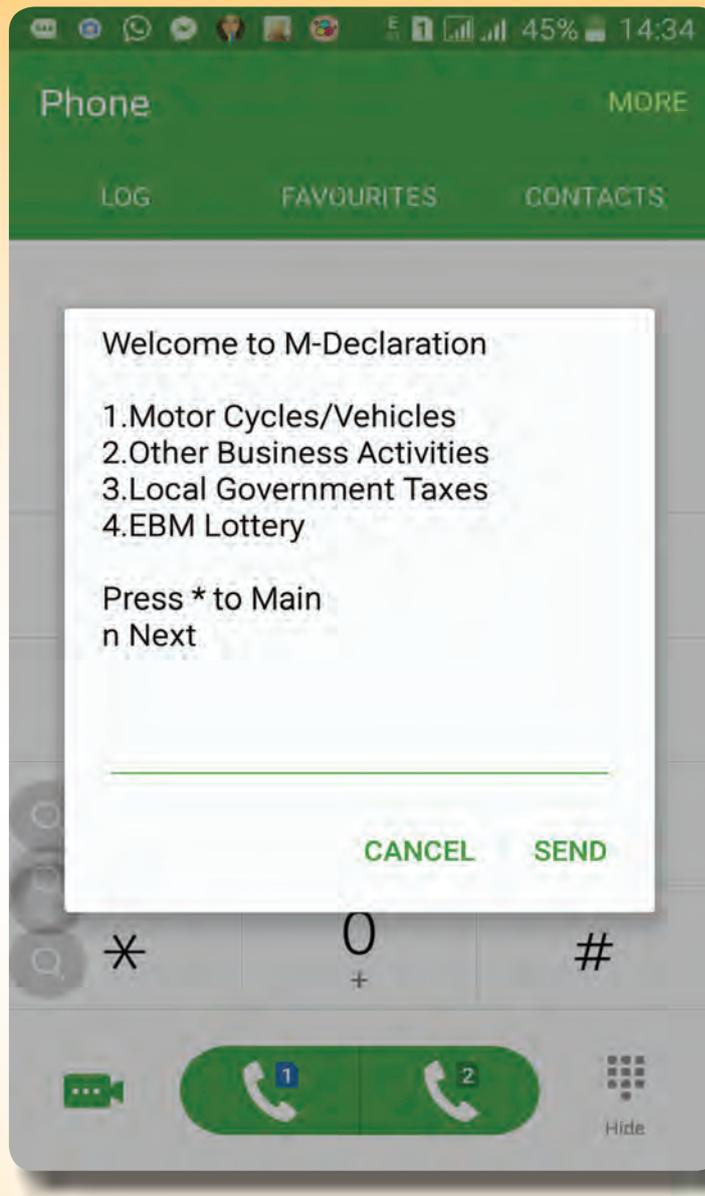
*Trademark is committed to trade facilitation across the region. We believe that RECTS is one of the solutions to problems faced by cross-border business community in the region. The system gives more assurance to safety of trade.”* **Patience Mutesi, Country Director of Trademark East Africa/ Rwanda.**



*We have seen lack of trust and confidence in the supply chain make tax administrations in our respective countries try to physically verify each and every consignment. RECTS removes mistrust, enhances trade and protects tax revenues.*

**Tusabe Richard, Commissioner General RRA**

# USE YOUR MOBILE PHONE TO DECLARE TAX



## DIAL \*800#

## FOLLOW INSTRUCTIONS



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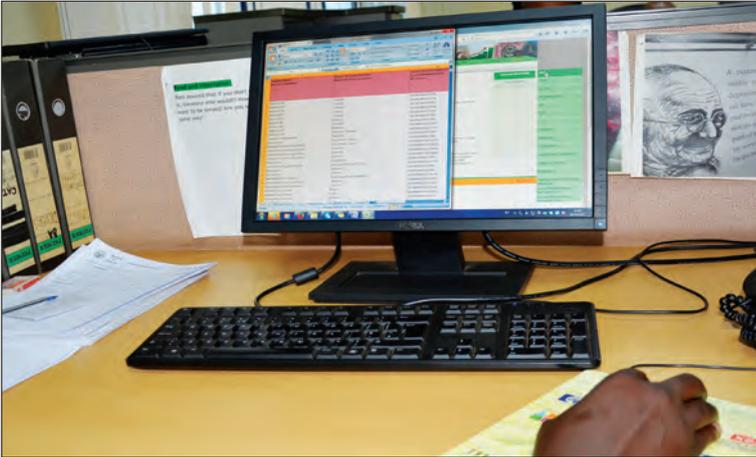


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# The coming of unified declaration for PAYE, Social & Medical Security



Rwanda Revenue Authority (RRA) and Rwanda Social Security Board (RSSB) feature to implement a Unified declaration system, which consists of a single declaration for Pay As You Earn (PAYE), Medical contributions,

Pension subscription and Maternity leave for their taxpayers and contributors.

PAYE, an income tax paid by salaried employees collected by employers will be declared in a single declaration form with RSSB's contributions on pension, medical and

maternity leave schemes on monthly basis.

The unified declaration will improve taxpayers and contributors' compliance, taking advantage of using the same database for both taxes and contributions with a strategy of widening the tax base as well as contributions base.

The two institutions also find the system as an effective way of collecting these contributions and taxes, expecting a growth in revenues and contributions collection.

This declaration form is accessed through E-tax portal and shall be used by all taxpayers and contributors to PAYE, Pension and Medical insurance scheme. Declaration and payment is done at any commercial bank or online.



## EBM as a business management tool

Mwema Bahati

David Bisengimana, manages Aleluya Kiosk, a family kiosk selling general merchandise such as foodstuffs, drinks, cosmetics and other products people need in daily life.

The kiosk which is located in Kicukiro, Sonatube, is 10 years old and Mr. Bisengimana



attributes this prolonged stay in business to adhering to good practices in business management such as proper stock management.

When EBM was introduced, the family saw a good opportunity for proper record keeping on top of managing VAT.

“The EBM is a facility to accurately track taxes and in doing that it gives us a true position on the stock and

sales, which is important for a business.”

Mr. Bisengimana says his family business complies with the issuance of EBM invoices but to his disappointment many of his clients do not know the importance of getting an electronic invoice, and quite often they rush without it.

“I urge consumers to insist on getting these invoices,” he adds.

Bisengimana says: “for those

who still invoice manually, they should stop the bad behaviour. Personally, I don’t see a problem in issuing EBM invoices and I think there isn’t any.”

EBM helps in collection of 18% VAT which is always in the service or good taxable. It is paid by the consumer of the good or service. A VAT registered taxpayer is entrusted and tasked to collect it on behalf of the government through the tax administration.



## Know your tax calendar, plan better, pay taxes in time

As a taxpayer, it is important to know and take note of different kinds of taxes and their respective dates.

Not knowing or not observing this important information in tax, results into poor planning in finances and time. Like any other activity done on the last minute, filing and

paying taxes on the last day can be a nightmare, yet this is avoidable.

Take an example of VAT, you have 15 days to file and pay

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### TAXES DUE AND THEIR RESPECTIVE DEADLINES

May	June	July
15th PAYE	15th PAYE	17th PAYE
15th VAT	15th VAT	17th VAT
	30th IQP	

this tax, which is ample time to fulfill your tax obligations.

Value Added Tax (VAT) and Pay As you Earn (PAYE) are monthly taxes paid by 15th of every month unless in the event of public holidays.

Please note some businesses can file and pay VAT on a quarterly basis.

PAYE is collected from employees by the employers while VAT is collected from consumers by the trader who must remit it to RRA.

As a consumer it is important you get an EBM invoice for goods or services you consume because this is the only guarantee that your tax

has reached its legitimate destination.

All businesses with a turnover of Twenty Million Rwanda Francs (Rwf 20 million) per year or Five Million (Rwf 5 million) on a quarter are legally eligible to register for VAT and not doing so attracts penalties.

Also, given the nature of your business or choice you can register for VAT.

Rental Income Tax, Trading License Tax and Fixed Assets Tax are declared and paid on annual basis by 31st March.

Also, Income Tax or Profit Tax is declared and paid by 31st March of the following year

after that the tax has been collected.

Those paying on a quarterly basis have deadline at the end of each quarter; first quarter is 30th June; second is 30th September and the third is due on 31st December while the fourth falls on 31st March of the following year, the same date for annual declarations.

Over the years RRA has invested heavily in technological infrastructure so that as a taxpayer you are not tied between making money and paying taxes.

Therefore, please do your tax transactions via mobile telephone money transfers and banking.



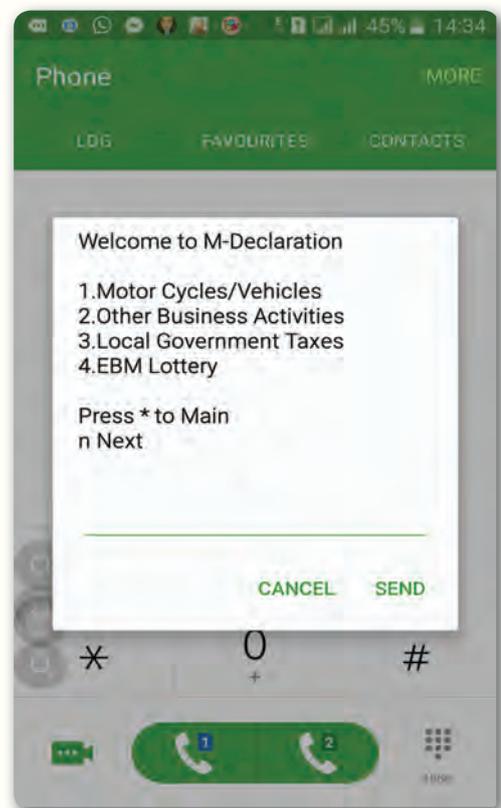
## E-solutions for easy tax management

During the concluded income tax payment and declaration for the year 2016 of which deadline was 31 March 2017, statistics indicate that there is an advance in using m-declaration and internet web application known as e-tax.

Generally, a taxpayer can execute up to 98% of tax transactions via e-tax.

The tax administration notices the improvement in using IT solutions to comply with tax obligations mainly declaration and payment as mobile and internet penetration go high in the country of thousand hills.

Many motorcyclists commend the injection of mobile declaration as a facility to complete their tax obligations



because they are always at work and queuing at revenue offices would cause harm to their business.

“M-declaration is now very easy. For me it didn’t take even one minute to complete. It didn’t disturb my business as we used to queue for a long time at RRA offices,” says Muhayimana Jean Bosco, one of the motorcyclists.

Munyentwari Jerome, another taxpayer commends the tax administration for the online facilities put in place for their benefits. He says without e-tax he should have

been messed up with queuing while rushing to meet with deadline during peak period.

He explains: “It’s now really easy to comply with tax obligations with the facilities like e-tax and M-declaration. It’s no longer necessary to move to RRA we can serve ourselves with a phone!”

Though there is an increase in online and mobile filing, there is still big number of people who still go to banks for payment of their declared payable taxes while there is a facility for e-payment which is more convenient.

The tax administration calls all taxpayers to embrace equally this facility as it quickens their businesses in a more convenient way.

As Rwanda is moving from agrarian to knowledge based economy taking information communication technology as the key enabler, Rwanda Revenue authority also goes hand in hand to provide quality service to taxpayers and help them boost the national economy by voluntary compliance through IT facilities.



## RRA builds houses for genocide survivors in Rukumberi

Mwema Bahati



As part of activities to commemorate the genocide against the Tutsi for the 23rd time, RRA as an organisation and its staff contributed to provision of decent housing to genocide survivors in Rukumberi Sector of Ngoma district.

The support included better housing units and equipment like furniture and utilities such as electricity and water.



Ms. MUKABERA Alvera

Mukabera Alvera 67 is one of those that benefited from the support. She expressed gratitude at being given by

RRA. She lives with her daughter and four grand children in the house.

The support by the tax administration was designed to assist survivors of the genocide against the Tutsi in critical conditions in Rukumberi sector.

RRA Commissioner General Tusabe Richard said the support is to afford the survivors better living conditions

RRA managed to renovate 25 houses in bad conditions and built three new ones

for homeless survivors of genocide against Tutsi in that area.

“I always wondered how I will get a decent house. But like wonders happen, RRA set in. Here is our new home. We are happy. We thankful to RRA,” Ms. Mukabera

“Thank you RRA staff for this noble cause you have supported. It helps uplift housing conditions of some survivors,” Mr. Tusabe reconising RRA staff contribution to the activity.

## The hand over in pictures



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