RRA Tax Handbook

1st Edition

December 2017

Disclaimer

This information is strictly for the purpose of guidance to our stakeholders and is subject to change on amendment of tax legislation and any other regulations governing tax administration.

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Foreword by the Commissioner General

It gives me great pleasure to present to you the inaugural edition of the Rwanda Revenue Authority (RRA) Tax Handbook. This Tax Handbook is a very important demonstration of RRA's strong commitment to be 'Here For You, To Serve'. This means that at RRA we are striving to provide the best possible service to you, our taxpayers.

This Tax Handbook attempts to answer any questions that taxpayers might have about how, when, where, which taxes, what amount and even why they pay taxes.

This covers all aspects of domestic taxes, local government taxes and fees, and customs duties. This means that for the first time, all of Rwanda's tax laws, processes and procedures are summarised in one place for the benefit of all taxpayers.

Another important aim of this Handbook is to show taxpayers the ease with which they can declare and pay taxes online or on their mobile phones. Simple step-by-step guides illustrate how to declare taxes using E-Tax, M-Declaration and the Local Government Taxes (LGT) system. After declaring, taxes can then easily be paid using systems such as E-Payment, Online Banking, MTN Mobile Money and Mobicash. All of these systems mean that it has never been easier, and never taken less time, to comply with your tax obligations.

In addition, the sections on general RRA information are very important to show taxpayers the processes by which RRA monitors tax compliance, negotiates payment of unpaid due taxes, allows for fair hearings and penalises non-compliance.

Finally, the ultimate aim of this Tax Handbook is to help taxpayers. We want taxpayers to understand fully their tax obligations. We want taxpayers to know that RRA is working for them. We want taxpayers to tell their friends, suppliers, customers and competitors that paying their taxes has never been easier and has never been more important in financing the development of our country.

Richard TUSABE
Commissioner General

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Introduction

"We cannot rely on foreign aid forever. We are a population of 11 million people and those paying taxes are doing a good thing; however, … if the national budget is to be fully supported by Rwandans, then we must… carry on sensitizing people on their role of contributing to the country's development.

If we work hard and ensure that our budget is fully funded by domestic resources, then we shall have only one master – our people."

His Excellency Paul Kagame, President of Rwanda speaking at the 2013 Taxpayers Appreciation Day

"I like paying taxes. With them, I buy civilisation."

Oliver Wendell Holmes Jr, Associate Justice of the Supreme Court of the United States of America in 1938

Introduction

Taxes are the mandatory contribution from citizens to a government in order to fund public expenditures.

Since 1997, Rwanda Revenue Authority (RRA) has been legally mandated by the Government of Rwanda with the task of assessing, collecting and accounting for taxes, customs duties, local government taxes and fees and non-tax revenues.

RRA's vision is "to become a world-class efficient and modern revenue agency, fully financing national needs" and RRA's mission statement is to "mobilise revenue for economic development through efficient and equitable services that promote business growth."

Purpose of the RRA Tax Handbook

The RRA Tax Handbook is intended as a simplified guide to understand the tax laws and procedures for all tax types in Rwanda. It covers how to register, declare and pay each of the domestic taxes, Local Government Taxes (LGT) and fees, and customs duties.

This Tax Handbook will be updated periodically. If there are any tax policy or administration changes in the interim, RRA uses the media, the RRA website and seminars to try and reach all taxpayers and ensure they are made aware of the new policies and procedures.

However, it is important to note that this Tax Handbook is intended for the purpose of guidance only. It does not override the tax laws, and in the case of any uncertainty, please refer to these laws, ministerial orders and rulings available on the RRA website at:

http://www.rra.gov.rw/index.php?id=38.

The Tax Handbook explains the process of registering, declaring domestic taxes, LGT and fees, and customs duties, and paying all taxes in turn. Summary pages are at the end of the Tax Handbook for easy reference.

Benefits of Taxes

Taxes are a vital and hugely beneficial requirement of modern society. Taxes are necessary to pay for public goods and services, which provide benefits to all members of the population. Some of these are more tangible such as:

- Infrastructure
- Education
- National security
- Healthcare
- Access to utilities such as water and electricity

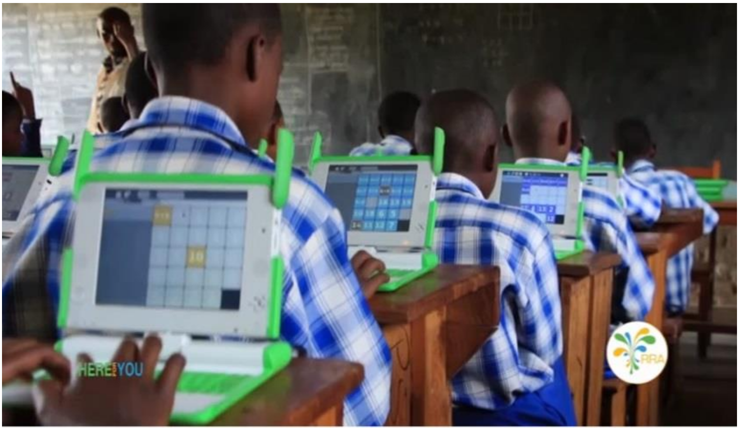
There are also a range of less tangible benefits that arise from taxes, such as:

- Good governance – when citizens are paying taxes, the government is held more responsible for improving public services
- Social responsibility – citizens are more likely to protect those public services, and can be proud of contributing to Rwanda's development
- Self-reliance – tax revenues are the backbone of national self-reliance, reducing the country's dependency on unpredictable foreign aid and donors

The following pages illustrate some of the many ways in which revenues from taxes are immediately and transparently benefiting social and economic development across Rwanda:

Agricultural productivity, food security and rural incomes benefiting from agricultural infrastructure

Safe, secure and peaceful society ensured by the Rwandan Defence Force and the Rwanda National Police



More schools, teachers and technology improving education experiences and outcomes

Trained nurses and doctors in modern hospitals increasing life expectancies and quality of life

Principles of Taxation

There are four key principles of good taxation systems, which RRA strives to attain and uphold:

- Equity – taxes are fair such that the tax system does not discriminate between taxpayers, but that those with higher incomes, and who are more able to, pay a higher proportion of taxes.

- Certainty – taxpayers should know how much, when, where, how and why they have to pay. This increases trust with the taxpayer and enables them to manage their income and expenditure.

- Convenience – tax authorities should make every effort to reduce the difficulties of paying taxes, taking into account locations, methods and times of tax declarations and payment.

- Economy – tax authorities should try to minimise the administrative costs of collecting taxes to ensure the greatest benefits to the government and taxpayers.

This Tax Handbook is an example of RRA's efforts to uphold both the Certainty and Convenience principles, by clearly explaining the laws and procedures of paying taxes and the new convenient methods of declaring and paying taxes over the internet or on mobile phones.

History of Taxes in Rwanda

The formal, monetary tax system in Rwanda has been in effect for more than one hundred years, when the first property tax was implemented in August 1912. This was joined by a profit tax established in June 1925.

After independence, taxes were formally inducted into Rwandan law in the June 1964 law on profit tax, and the July 1968 law on customs and excise duties.

Up to this point, administration of taxes had been carried out by the Ministry of Finance and Economic Planning (MINECOFIN). However, after the traumatic 1994 Genocide against the Tutsi, the ambitious new government identified the benefits of improved tax administration to a growing economy, leading to the creation of the semi-autonomous Rwanda Revenue Authority (RRA) in November 1997.

RRA Modernisation and Reforms

Since its creation, RRA has implemented a wide range of reforms, and the Government of Rwanda has introduced new tax types, to bring Rwandan tax policy and administration in line with 21st century best practices. The introduction of Value Added Tax (VAT) in 2001 and the introduction of the E-Tax system in 2012 are two notable examples of this dedication to improve and modernise revenue collections.

A further milestone was reached in 2009 when Rwanda joined the East African Community (EAC) customs union. Allowing duty free trade within the EAC, and a common external tariff with trade from outside the EAC, has benefited Rwanda greatly through the increase in trade, regional integration and larger export markets. RRA continues to facilitate trade through Northern and Central Corridor Integration projects, one-stop border posts, Rwanda electronic Single Window (ReSW) system, Authorised Economic Operator (AEO) and the Rwanda electronic Cargo Tracking System (ReCTS) amongst other initiatives.

RRA's focus on facilitating taxpayers for voluntary tax compliance has been highlighted in the launch of the "Here For You, To Serve" campaign in 2016. The focus of the campaign is a promise to serve taxpayers in a friendly, helpful and professional manner. The long-term intention of RRA is to increase revenue collections through reducing the costs of compliance and making it as easy as possible to declare and pay taxes. This Tax Handbook is intended to support this "Here For You, To Serve" promise and further promote voluntary tax compliance.

Overview of Tax Types

In Rwanda, the types of domestic taxes are:

- Income Tax, including
    - Personal Income Tax (PIT)
    - Corporate Income Tax (CIT)
- Pay as You Earn (PAYE)
- Value Added Tax (VAT)
- Excise Duty
- Withholding Taxes (WHT 15% and WHT 3%)
- Gaming Tax
- Capital Gains Tax
- Tax on Minerals

The types of local government taxes and fees are:

- Fixed Asset Tax
- Trading License Tax
- Rental Income Tax
- Local Government Fees

The types of Customs Duties are:

- Value Added Tax (VAT)
- Excise Duty
- Import Duty
- Withholding Tax of 5% (WHT 5%)
- Infrastructure Development Levy (IDL)
- Strategic Reserves Levy (SRL)
- African Union Levy (AUL)
- Export Duty on Raw Hides and Skins
- Computer Processing Fee
- Quality Inspection Fee (QIF)

RRA Structure

RRA is a semi-autonomous revenue authority accountable to the Ministry of Finance and Economic Planning (MINECOFIN). RRA collects tax revenues on behalf of the Government of Rwanda. RRA is also responsible for advising the Government of Rwanda on matters relating to tax policy and revenue collections.

The RRA is governed by a Board of Directors under a Board Chairperson who is appointed by the Cabinet. The Board is responsible for the formulation and monitoring the implementation of the corporate strategy of RRA.

The Commissioner General is the head of the authority and is responsible for its daily management. The Deputy Commissioner General and Commissioner for Corporate Services assists the Commissioner General in his everyday duties and coordinates activities of all support departments.

The Commissioner General and Deputy Commissioner General and Commissioner for Corporate Services are appointed by the Cabinet, upon approval by the Senate, and published through a Presidential Order.

The departments within RRA are categorised in terms of operational departments and support departments. The operational departments directly collect taxes. The support departments provide a range of services to facilitate the operational departments and taxpayers.

The operational departments are disaggregated into Customs Services Department (CSD) and Domestic Taxes Department (DTD). The Domestic Taxes department further disaggregates into:

- Large Taxpayers Office (LTO)
- Small and Medium Taxpayers Office (SMTO)
- Regions and Decentralized Taxes Office

The support departments include:

- Revenue Investigation and Enforcement Department
- Quality Assurance Department
- Taxpayer Services Department
- Planning and Research Department
- Legal and Board Secretariat Department
- Human Resource Department
- Information Technology Department
- Finance Department
- Training Department
- Corporate Risk Management and Modernisation Department
- Administration and Logistics Department

For more details on the mission statement, strategic objectives and contact details for each department, visit the 'About Us' section of the RRA website at:

http://www.rra.gov.rw/index.php?id=4

RRA Service Charter

The RRA Service Charter contains details on taxpayers' rights, taxpayers' obligations and the range of services offered by RRA. Some of these services, such as issuance of tax clearance certificates or motor vehicle number plates, charge a cost. The RRA Service Charter contains the requirements, timelines and costs of each of these services. To view the RRA Service Charter, visit the 'Publication' section of the RRA website at:

http://www.rra.gov.rw/index.php?id=345

RRA Contact Details

RRA is "Here For You, To Serve" and is available to be contacted in many ways.

By telephone:

RRA Call Centre: 3004

RRA Headquarters: +250 (0) 788 185 516

By email:

info@rra.gov.rw

On the RRA website 'Contact Us' section at:

http://www.rra.gov.rw/index.php?id=8

By post:

Rwanda Revenue Authority,
No. 8, KG 4 Ave
Kimihurura
Kigali
Rwanda
P. O. Box 3987

By social media:

https://www.facebook.com/RwandaRevenueAuthority

https://twitter.com/rrainfo

https://www.youtube.com/channel/UC8lkgHoN5CoowH1DjoV10GA

By departments:

The contact details for the Commissioner General, Deputy Commissioner General and Commissioner for Corporate Services as well as for each operational or support department are listed on the RRA website. Visit the visit the 'About Us' section of the RRA website at:

http://www.rra.gov.rw/index.php?id=4.

In particular, the contact details for the Commissioner for Customs Services Department (CSD) are:

Commissioner for Customs Services Department,
Rwanda Revenue Authority
MAGERWA Building
Gikondo
Kigali
Rwanda
P. O. Box 3987

At Domestic Tax Centres:

Domestic Tax Centres can be used to register and declare both domestic taxes and local government taxes and fees. In addition, domestic tax offices are available to help with a wide range of issues facing taxpayers.

There is at least one Domestic Tax Centre in every District. The opening hours of each domestic tax centre is 07:00 to 17:00 on Monday to Friday, excluding national holidays.

The contact details of Domestic Tax Centres are listed by province below:

City of Kigali

- RRA Headquarters - 078818 5516
- Gasabo - 078818 5784
- Kicukiro - 078818 5579
- Nyarugenge - 078818 5515

Eastern Province:

- Bugesera - 078818 5781
- Gatsibo - 078818 5606
- Kayonza - 078818 5806
- Kirehe - 078818 5805
- Ngoma - 078818 5821
- Nyagatare - 078818 5542
- Rwamagana - 078818 5569

Southern Province:

- Gisagara - 078818 5815
- Huye - 078818 5604
- Kamonyi - 078818 5810
- Nyamagabe - 078818 5533
- Nyanza - 078818 5536
- Nyaruguru - 078818 5666
- Ruhango - 078818 5535

Western Province:

- Karongi - 078818 5532
- Ngororero - 078818 5811
- Nyabihu - 078818 5838
- Nyamasheke - 078818 5549
- Rubavu - 078818 5629
- Rusizi - 078818 5537
- Rutsiro - 078818 5813

Northern Province:

- Burera - 078818 5812
- Gakenke - 078818 5808
- Gicumbi - 078818 5568
- Musanze - 078818 5628
- Rulindo - 078818 5832

At Border Posts and Dry Ports:

RRA Border Posts and Dry Ports can be used for imports, exports and other customs processes. The contact details of RRA Border Posts and Dry Ports are listed on page 349.

At Local Government Tax Centres

Local Government Tax Centres can be used to register and declare Local Government Taxes (LGT) and fees. The contact details of Local Government Tax Centres are listed on page 298.

General RRA Information

Definitions

Taxpayer – any individual, legal entity (e.g. company, organisation or institution) or association of individuals (e.g. cooperative) that is subjected to tax according to the Rwandan tax laws. Each taxpayer must have a TIN.

TIN – 'TIN' refers to the Taxpayer Identification Number. This is a unique reference number to be used in all interactions with RRA. No taxpayer should ever have more than one TIN for the same business.

Registration – There are two types of 'registration' concerning RRA. Firstly, taxpayers must register their business, or register as an individual, and receive their unique Taxpayer Identification Number (TIN). Secondly, taxpayers must also register for each relevant tax type, as soon as they fulfil the requirements for that tax type.

Declaration – Taxpayers must submit a tax 'declaration' each tax period for each tax type for which they are registered. Declaring is also referred to as 'tax filing'. The tax declaration contains all the information, including annexures and declaration forms, required by RRA to determine the amount of tax due for that tax period.

Payment – After submitting a tax declaration, the taxpayer must then pay any tax due to the correct RRA account. The RRA reference number received after declaring ensures each payment is to the correct account.

Tax period – The ‘tax period’ refers to the period of time that the declaration refers to, which varies by tax type. The declaration concerns the taxable activities during the tax period. Note that the tax period is often not the same as the deadline or the date at the time of declaration.

Deadline – The deadline refers to the date that tax declarations and payments must be submitted by in order to avoid penalties and fines. Taxes can be declared and paid at any time between the end of the tax period and the deadline. This is referred to as the ‘filing period’.

Transaction – A ‘transaction’ refers to any payment or exchange of goods or services being bought or sold.

Annexures – During the declaration process, many tax types require additional information to be submitted in ‘annexures’. Typically, annexures are spreadsheets, with separate ‘tabs’ for different aspects, and are completed for every relevant transaction during the tax period.

Declaration Form – During the declaration process, each tax type also requires the key information to be submitted in a ‘declaration form’. This requires the total of all relevant transactions during the tax period.

Turnover – ‘Turnover’ refers to the total value of sales made by a taxpayer in a tax period. This may also be referred to as revenue, business income or total sales.

Note that turnover is not the same as profit, as profit takes into account the taxpayer's business costs.

Compliance – 'Compliance' refers to the extent to which taxpayers fulfil all their tax obligations, including registering, declaring accurately and paying taxes on time. Businesses or individuals that are 'non-compliant' may face penalties, fines and other enforcement measures.

Arrears – 'Arrears' refers to any amount owed by taxpayers to RRA. This includes any unpaid taxes after the deadline, and unpaid penalties, fines and interest.

Refunds – 'Refunds' refers to any amount owed by RRA to taxpayers. These are also referred to as 'tax credits'. 'Refunds' can be received by taxpayers in the form of 'credit notes' that can be deducted against future taxes, or cash.

Consignment – A 'consignment' refers to any group of goods that is declared together when importing or exporting. Typically, this refers to the 'container load' or 'truck load' that is being transported together.

FRW – 'FRW' refers to Rwandan Francs. This is the currency of Rwanda and the currency that all declarations and payments must be made in unless otherwise specified.

Acronyms

AEO	Authorised Economic Operator
AUL	African Union Levy
BDF	Business Development Fund
BNR	National Bank of Rwanda
BRD	Development Bank of Rwanda
CET	Common External Tariff
CG	Commissioner General
CIF	Cost, Insurance and Freight
CIT	Corporate Income Tax
CMA	Customs Management Act
COMESA	Common Market of Eastern and Southern Africa
CSD	Customs Services Department
DC	Deputy Commissioner
DCG	Deputy Commissioner General
DRC	Democratic Republic of Congo
DTD	Domestic Taxes Department
EAC	East African Community
EBM	Electronic Billing Machine
FOB	Free On Board
FRW	Rwandan Francs
HF	Handling Fee
IDL	Infrastructure Development Levy
IGO	Inter-Governmental Organisation
KVCS	Kigali Veterans Cooperative Society
LGT	Local Government Taxes
LTO	Large Taxpayers Office
MINAFFET	Ministry of Foreign Affairs, Cooperation and East African Community

MINECOFIN	Ministry of Finance and Economic Planning
MINICOM	Ministry of Trade and Industry
MININFRA	Ministry of Infrastructure
MINIRENA	Ministry of Natural Resources
MVF	Motor Vehicle Registration Fee
NGO	Non-Governmental Organisation
NISR	National Institute of Statistics Rwanda
ORG	Office of the Registrar General
OSBP	One-Stop Border Post
PAYE	Pay As You Earn
PCA	Post-Clearance Audit
PIT	Personal Income Tax
PSF	Private Sector Federation
QIF	Quality Inspection Fee
RCA	Rwanda Cooperatives Authority
RDB	Rwanda Development Board
RECTS	Rwanda Electronic Cargo Tracking System
ReSW	Rwanda electronic Single Window
RGB	Rwanda Governance Board
RMF	Road Maintenance Fund
RPD	Revenue Protection Department
RRA	Rwanda Revenue Authority
SMTO	Small and Medium Taxpayers Office
SRL	Strategic Reserves Levy
TCC	Tax Clearance Certificates
TIN	Taxpayer Identification Number
USD	United States Dollars
VAT	Value Added Tax
WHT	Withholding Tax

Laws, Ministerial Orders and Rulings

Where are the laws, ministerial orders and rulings governing tax administration published?

All laws, ministerial orders, Commissioner General (CG) rulings, public rulings and ruling cases governing tax administration are available on the RRA website at:

http://www.rra.gov.rw/index.php?id=38.

How can taxpayers ask for rulings if anything is unclear?

If there are any aspects that are unclear, or not covered, by the existing laws, ministerial orders or previous rulings then taxpayers may ask for an official clarification or ruling to be made by RRA.

In order to request a ruling, taxpayers must write a letter addressed to the Commissioner General of RRA. This letter should:

- Identify the taxpayer's name and TIN.
- Identify the relevant sections of laws, ministerial orders or previous rulings.
- State the reason(s) that a ruling is required.

RRA will consider the request and inform the taxpayer of the official ruling directly. In the event that the ruling is considered to be useful to taxpayers more generally, this will also be published as an official ruling on the RRA website on the link above.

Obligations and Bookkeeping

What are the obligations of taxpayers?

The general obligations of all taxpayers include:

- Keeping RRA informed of any changes in contact details or physical address. Any changes must be reported to RRA within seven (7) days.
- Keeping books of account, see below.
- Submitting tax declarations and paying due taxes
- Cooperating fully with all RRA officers and correspondence.

For additional obligations of taxpayers that are registered for specific tax types, see the relevant chapters of this Tax Handbook.

What are 'Books of Account' and what bookkeeping is required of taxpayers?

Books of account are very helpful for businesses to keep track of their cashflow and profitability. The minimum information required by RRA is for taxpayers to record each sale transaction, with the date, client, nature of goods and amount recorded.

Taxpayers with annual turnover above FRW 20,000,000 must register for VAT and follow the additional bookkeeping requirements, see page 178 for details.

Similarly, taxpayers with annual turnover above FRW 50,000,000 must declare Real Regime Income Tax and follow the additional bookkeeping requirements, see page 107 for details.

How long must taxpayers keep relevant tax documents?

Taxpayers are required to keep all documents and invoices relating to all tax declarations and payments for at least ten years.

Audits

What is an audit?

An audit is one of the methods RRA uses to ensure that taxpayers are correctly declaring and paying their taxes. Audits involve RRA checking the relevant documents concerning a taxpayer's tax obligations for any tax period(s) within the past five years.

If there is evidence of non-compliance, the taxpayer will be issued with an assessment notice. This contains details of the offence(s), and the unpaid tax due, as well as additional penalties or fines that must be paid.

It is important to note that being selected for an audit does not necessarily mean that RRA suspects the taxpayer of non-compliance. Instead, it simply means that RRA wishes to check a taxpayer's declarations and payments in more detail, to encourage a high level of compliance across all taxpayers.

The processes for audits is similar for domestic taxes, Local Government Taxes (LGT) and fees, and for Post-Clearance Audits (PCAs) regarding customs duties.

What are the different types of audit?

There are three main types of audit:

- Desk audit
- Issue audit
- Comprehensive audit

Desk audits are conducted by RRA staff using information that has already been submitted to RRA.

Issue audits are usually focussed on a single tax type, single aspect or single tax period. Refund audits are a type of issue audit, focused on tax declarations claiming refunds from RRA. Issue audits may be desk-based or involve visits to the taxpayer's business premises.

Comprehensive audits are more in-depth and time-intensive. These are usually conducted by RRA staff whilst visiting the taxpayer's business premises and reviewing all relevant documents.

When are taxpayers informed about audits?

In the case of desk audits, taxpayers may not be informed about the audit unless a specific problem is identified. Taxpayers will always be invited to offer explanations before being issued with assessment notices.

In the case of issue audits, taxpayers will be notified at least three days beforehand.

In the case of comprehensive audits, taxpayers will be notified at least seven days beforehand. If the taxpayer is not ready, they may write to RRA requesting an extension, up to a maximum of fifteen days.

Taxpayers will be informed of what is required of them, the documents required by RRA, their rights, the anticipated timeframe, and the process of the audit during the notification of the audit or the initial meeting.

Any unpaid taxes or additional penalties or fines must be paid within seven days of receipt of the assessment notice.

Refunds

What are the different types of refunds?

There are situations where it is possible for taxpayers to have overpaid the amount of taxes due, and require refunds. These situations occur most frequently for:

- VAT – where the VAT paid on inputs exceeds the output VAT, particularly in the case of zero-rated products and exports.
- Income Tax – where the Instalment Quarterly Prepayments paid by the taxpayer and the Withholding Taxes withheld and paid on behalf of the taxpayer exceed the Income Tax due.
- Audits – where the result of an audit finds that the taxpayer has over declared and over paid.
- Appeals – where the taxpayer pays the taxes due, and is subsequently successful in their appeal.
- Any accidental overpayment.

There is also a special allowance of VAT Refunds for Privileged Persons, see page 188 for more details.

What is the process for taxpayers to receive refunds?

In the case of VAT refunds, the refund process requires no initial action from the taxpayer. For higher value refunds, the claims are refunded to the taxpayer’s bank account. For lower value refunds, the claims may be deducted against future payments. See page 186 for more details on VAT refunds.

In the case of refunds due to successful appeals, the refund process requires no additional action from the taxpayer.

For all other types of refunds, the taxpayer must write a letter addressed to the Deputy Commissioner of their respective tax office. This means either addressed to the 'Deputy Commissioner of Small and Medium Taxpayers Office (SMTO)', or the 'Deputy Commissioner of Large Taxpayers Office (LTO)'. Note that unless informed otherwise, taxpayers are within SMTO. This letter should:

- Identify the taxpayer's name and TIN.
- Identify the tax period and tax type(s) concerned.
- State the reason(s) for the refund request.
- State the amount of refund claimed.
- Be signed by the taxpayer or legal representative.

RRA will provide the taxpayer with a Refund Claim Notification reply, informing them whether their refund claim has been accepted, adjusted or rejected and the reason for this decision.

Appeals

When can taxpayers appeal?

Taxpayers may appeal to RRA against decisions within 30 days following the conclusion of audits and/or receiving any assessment notices of taxes or penalties.

Do taxes and fines still have to be paid when appealing?

It is important to note that taxpayers are still required to pay any taxes or penalties within the original deadlines. Failure to do so will result in penalties and interest applying as normal. If the appeals are successful, taxpayers will receive refunds or credit notes.

What is the process, timeframe and level of appeal?

In order to appeal, taxpayers must write a letter addressed to the Commissioner General of RRA within 30 days of receiving notice of the decision they wish to appeal. This letter should:

- Identify the taxpayer’s name and TIN.
- Identify the tax period and tax type(s) concerned.
- State the decision that is being appealed.
- State the reason(s) for the appeal.
- Contain all supporting documents, proofs and legal arguments against the assessment.
- Be signed by the taxpayer or legal representative.

RRA is required to confirm receipt of the appeal, and inform the taxpayer of the next step in the process within

30 days. RRA will then either accept the appeal, invite the taxpayer to come to RRA offices to further explain the reasons for their appeal or request an addition 30 days to consider the appeal.

If the taxpayer is not satisfied with the result of the appeal, they may apply to RRA to reach an 'amicable agreement'. If an agreement cannot be reached, the taxpayer may take the appeal further to the Commercial Court, the High Court and the Supreme Court in turn.

What is the cost of appeal?

There is no cost of appealing to RRA. However, there may be fees incurred when appealing to the Courts.

What documents might be used to support an appeal?

The types of supporting documents may vary depending upon the circumstances of the appeal, but typically include: invoices, proof of payment, books of account, financial statements and similar.

It is important to note any documents used to support appeals following the conclusion of audits must have also been provided at the time of the audit.

Can appeals make assessments worse for the taxpayer?

There is no penalty or fine for making unsuccessful appeals. However, appeals could potentially lead to further assessment of the case and the uncovering of new information leading to additional penalties or fines.

Instalments, Waivers and Seizures

What is the procedure for paying taxes in instalments?

Taxpayers who are unable to pay tax arrears or assessment notices at once may apply to pay in instalments. This is available for domestic taxes and local government taxes only.

In order to apply to pay in instalments, the taxpayer must pay at least 25% of the tax due before applying. The payment plan must show an intention to pay the full amount within a maximum period of 12 months. The taxpayer should also offer, and provide evidence of, a guarantee, typically in the form of an asset that could be seized by RRA in the event of non-compliance with the approved payment plan.

Taxpayers must then write a letter addressed to the Commissioner General of RRA. This letter should:

- Identify the taxpayer's name and TIN
- Identify the tax period and tax type(s) concerned
- State the amount of tax due
- State the reason(s) for not being able to pay the whole amount of tax due at once
- Contain their instalment payment plan
- Contain proof of payment of at least 25% of the tax due
- Contain evidence of a guarantee
- Be signed by the taxpayer or legal representative

If the instalment payment plan is approved, the taxpayer and RRA will sign an official agreement detailing the instalment payment plan. Any failure to comply with the payment plan results in the immediate enforcement of the total amount due, and may result in the seizure of the guarantee.

What is the procedure for waivers of any taxes due?

In special circumstances, taxpayers may also request for taxes or penalties to be waived or dropped. Although these requests must be made to RRA, the decision to grant any waivers waive any taxes, fines or interest due is the responsibility of the Ministry of Finance and Economic Planning (MINECOFIN).

In order to request a waiver, taxpayers must write a letter addressed to the Commissioner General of RRA. This letter should:

- Identify the taxpayer's name and TIN.
- Identify the tax period and tax type(s) concerned.
- State the amount of tax due.
- State the reason(s) for the waiver request.
- Contain any supporting evidence as required.
- Be signed by the taxpayer or legal representative.

RRA will acknowledge receipt of the letter, but the timeline, result and communication of the decision is the responsibility of MINECOFIN.

What is the procedure for the enforcement of arrears?

There are many enforcement actions legally available to RRA for the collection of unpaid tax arrears. The typical process is in three steps. Firstly, the taxpayer receives a warning letter from RRA, requesting they visit RRA offices to discuss the arrears situation and repayment options.

If there is no response within fifteen days, RRA may begin ‘garnishment’. This means that RRA may work with third parties, such as banks, to freeze the taxpayers’ accounts. Finally, RRA may begin search and seizure of movable and immovable assets and may sell these at public auction within eight days of notification to the taxpayer.

Certificates – VAT, Quitus Fiscal and Tax Clearance Certificates (TCCs)

What are the different certificates available from RRA?

There are five main types of certificates available from RRA. These are:

- Value Added Tax (VAT) certificate
- Tax Clearance Certificates (TCCs)
- Quitus Fiscal certificate
- Foreign Tax Credit certificate
- Trading License Tax certificate

The Foreign Tax Credit certificate is available for taxpayers to prove that they have paid taxes in Rwanda. The Foreign Tax Credit certificate must be requested from RRA offices, and is processed on a case-by-case basis.

The Trading License Tax certificate is discussed in more detail in the Local Government Taxes (LGT) and fees chapter on page 280.

The remaining three types of certificates are discussed in this chapter below.

What are Value Added Tax (VAT) certificates?

VAT certificates certify that the taxpayer is registered for VAT. All VAT registered taxpayers are required to clearly display the VAT registration certificate in plain view at their main place of business. See page 178 for the details of registering for VAT and the obligations of VAT-registered taxpayers.

VAT certificates are available free of charge. They can be obtained through three channels:

- The Rwanda Development Board (RDB) system during business registration, see page 67.
- Through the E-Tax homepage, see page 71 for details on logging into E-Tax. After clicking on 'TCC Request', the process is the same as described on page 48 below.
- Through the RRA website, see page 48 below for more details.

What are Quitus Fiscal certificates?

Quitus Fiscal is a privileged status available, upon request, to taxpayers who have a good compliance record with RRA. Quitus Fiscal certificates are proof of this status. There are two types of Quitus Fiscal, for withholding tax on public tenders of 3% (WHT 3%) and for withholding tax on imports of 5% (WHT 5%). For more details on the interaction of Quitus Fiscal on WHT 3% and WHT 5%, see pages 232 and 359 respectively.

Taxpayers with Quitus Fiscal certificates are not required to pay WHT 5%, or have WHT 3% withheld and paid on their behalf, depending upon the type of Quitus Fiscal certificate. This does not reduce the overall tax payable by the taxpayer, as any income from imports or public tenders are required to be declared in the annual Income Tax (PIT or CIT) declarations. However, Quitus Fiscal certificates benefit their cash flow as the taxes do not have to be paid up front.

The cost of applying for Quitus Fiscal certificates is FRW 10,000. The process of applying for Quitus Fiscal certificates is described on page 48 below.

There is a distinction between Quitus Fiscal certificates and Tax Clearance Certificates, as described below.

What are Tax Clearance Certificates (TCCs)?

Tax Clearance Certificates (TCCs) are available, upon the request, to prove that taxpayers have no unpaid arrears with RRA. This may be needed in order to bid for public tenders, apply for bank loans or a range of other reasons.

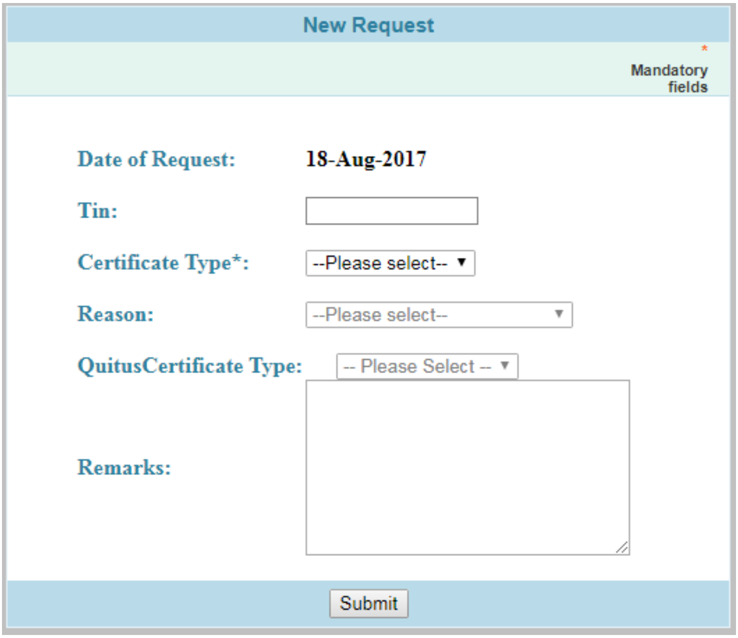
The cost of applying for TCCs is FRW 5,000. The process of applying for TCCs is described on page 48 below.

What is the process of applying for and obtaining Certificates through the RRA website?

Taxpayers wishing to apply and obtain VAT, Quitus Fiscal or Tax Clearance Certificates (TCCs) should first visit the RRA website at: http://www.rra.gov.rw and click on 'Tax Clearance Certificate' on the right of the screen. This loads the following screen, the Certificates portal.

The taxpayer can submit the request for the certificate, check the progress, and download the certificate from this page.

The first step is to click 'Request'. This loads the following screen.



The taxpayer must enter their TIN, then select the 'Certificate Type'. The certificate type option contains three options for each of the certificate types listed above: 'QUITUS', 'TCC' or 'VAT'.

If the taxpayer selects 'QUITUS', they must also select '3%' or '5%' from the 'Quitus Certificate Type' drop down menu. This refers to the type of Withholding Tax from which they wish to be exempted, see page 47 for details. If the taxpayer selects 'TCC', they must also select from the 'Reason' drop down menu. This contains a range of reasons for which TCCs might be requested. If the taxpayer selects 'VAT', no other selection is required.

For any of the certificates, if the taxpayer wishes to add any additional or supporting information, these can be typed in the 'Remarks' text box. After all required information has been entered, click 'Submit' to confirm the certificate application.

In the case of Quitus Fiscal and TCC applications, an Acknowledgement Receipt will be generated with an RRA Reference Number, allowing the taxpayer to pay for their application. This needs to be paid before the application is considered by RRA staff. See page 374 for more details on paying taxes and fees. Taxpayers do not need to return to RRA to prove they have paid. Taxpayers can view the status of their application by clicking 'Checking' on the Certificates portal.

Finally, if the application is successful, the taxpayer can download and print the certificate by clicking 'Download' on the Certificates portal.

Motor Vehicle Registration Transfer

When must motor vehicles registration be transferred?

Registration transfer of motor vehicles is required when the ownership of the vehicle changes.

What is the cost of motor vehicle registration transfer?

The Registration Transfer Fee is FRW 5,000 for motorcycles and FRW 10,000 for all other motor vehicles.

For registration transfer of motor vehicles with number plates that begin 'IT', 'CD' or 'UN' to new owners who do not have that status, see page 370 for details on the customs duties that must also be paid.

What documents are required for motor vehicle registration transfer?

The documents required for registration transfer are:

- Revenue Protection Department (RPD) safety certificate, see page 52 for details
- Sale Contract (containing the date, location, value and the names, phone numbers and signatures of both the buyer and seller).
- Registration Transfer Fee payment receipt
- Latest Yellow Card for the motor vehicle
- The buyer's TIN, see page 52 for details
- Passport photo of the buyer
- Historical insurance information (only required if vehicle will be used as a business such as a taxi).

What is the motor vehicle registration transfer process?

Step 1: In Kigali, take the motor vehicle to RPD office at KK 705 St. Gikondo, Kigali for a physical check of the car to ensure it passes all necessary safety requirements. Outside Kigali, contact the local RRA office for details on the nearest RPD office. This service is provided for free.

Step 2: In Kigali, go to the Motor Vehicles Division at RRA Headquarters in Kimihurura. Outside Kigali, go to the local RRA office. RRA staff first will check that the seller of the motor vehicle has no outstanding tax arrears. The RRA staff will then provide the taxpayer with an assessment notice for the Registration Transfer Fee.

Step 3: The taxpayer pays the Registration Transfer Fee.

Step 4: If the buyer of the motor vehicle does not have a unique Taxpayer Identification Number (TIN), they must provide RRA staff with a valid Identity Document (ID) or Passport. The TIN and certificate are provided for free.

Step 5: The buyer must provide RRA staff with all the required documents.

Step 6: If all required documents are valid, RRA staff will provide the buyer of the motor vehicle with the updated Yellow Card containing the buyer's details.

Step 7: The process is finished and the buyer is now the legal owner of the motor vehicle.

Registration

Explanation of Registration

Which institution registers taxpayers?

Taxpayers receive a unique Taxpayer Identification Number (TIN) when registering their business with Rwanda Development Board (RDB).

However, there are also circumstances where RRA registers taxpayers and provides them with TINs directly:

- Local Government Taxes (LGT) and fees
- Non-business registration, for example for:
  - Motor vehicle ownership
  - Tax Clearance Certificates (TCCs)
  - Non-governmental organisations (NGOs), after approval from Rwanda Governance Board (RGB)
  - Cooperatives, after approval from Rwanda Cooperatives Authority (RCA)
  - Government institutions and projects

As the processes are separate, this Tax Handbook focuses on business registration with RDB in this section. For more details on registering for Local Government Taxes (LGT) and fees, see page 303.

For all non-business registration purposes, visit any RRA offices with a Rwanda National ID or a Passport.

How can businesses register as taxpayers and get a TIN?

Business registration in Rwanda is carried out by the Office of the Registrar General (ORG) within the Rwanda Development Board (RDB). This is carried out by RDB rather than RRA in order to facilitate the aftercare and investment promotion facilities that RDB offers. The RDB and RRA computer systems are integrated to ensure a smooth registration process that provides a single, unique Taxpayer Identification Number (TIN) and a clear understanding of the taxpayer's obligations.

According to the World Bank Ease of Doing Business Index 2017, Rwanda is the simplest and fastest country in East Africa in which to start a business. This Tax Handbook tries to promote this further, with a basic guide to business registration, for further questions visit the RDB website at http://www.rdb.rw/home.html or contact RDB directly at:

Rwanda Development Board (RDB)
KN 5 Rd, KG 9 Ave, Kigali, Rwanda
P.O. Box 6239
Tel (Local): 1415
Tel (International): +250 727775170
Email: info@rdb.rw

What are the benefits of business registration?

As well as being a legal requirement, there are many advantages to registering as a business. These include:

- Ensuring the business benefits from the protections provided by business laws, such as limited liability
- Improving access to credit from financial institutions
- Inspiring trust in customers with proof of being a registered business

What is limited liability?

Liability refers to the responsibility for any debts that are owed by the business. One of the advantages of registering a business as a company, as opposed to an individual enterprise, is that all debts incurred by the company are the responsibility of the company, they are not the legal liability of the shareholders or the directors. In this way, the liability of the people who run the company is said to be 'limited'. They are not responsible for all the debts of the company, only to the extent of the stake they have in the company, see page 57 for more details.

When must be a business be registered?

A taxpayer must register within seven days of beginning the business activity or establishing the business.

What is the RDB Business Registration system?

RDB has developed the business registration system to make it easier for taxpayers to register their business.

The RDB system is an online portal through which all businesses are registered.

It is important to note that although all business registrations go through the RDB system, this can still be done with the help of RDB staff at RDB offices. Similarly, Business Development Fund (BDF) staff are also trained to help taxpayers register their businesses at BDF offices.

Nevertheless, there are many advantages for taxpayers to register online. This Tax Handbook aims to provide all the information necessary for taxpayers to be able to register online.

Any questions during the registration process can be answered by calling the RDB call centre toll-free on 1415.

How much does it cost to register a business?

It is free to register a business in Rwanda. It is free to register online and at RDB and BDF offices. However, some private internet cafés also offer assistance with business registration and can charge a fee for this service.

What are the different categories of businesses?

There are three categories of business that can be registered. On the RDB business registration system these are: ‘Domestic’ company, individual ‘Enterprise’ and ‘Foreign’ company.

Registering as ‘Domestic’ is for domestic companies or for subsidiaries of foreign companies.

Registering as an ‘Enterprise’ is for sole traders or partnerships and is the simplest way to start and conduct business in Rwanda. ‘Enterprise’ typically refers to a business whose turnover is less than FRW 10,000 per day.

Registering as ‘Foreign’ is for companies which already exist and are registered in a foreign country that are undertaking business in Rwanda. It is important to note that this does not include domestic subsidiaries of foreign companies.

What are the different types of ‘Domestic’ company?

Within the ‘Domestic’ company business category, the Rwanda Companies Act recognises four legal types of companies. These are: limited by shares, limited by guarantee, limited by shares and guarantee or unlimited.

Limited by shares is the most common business type, and is suitable for most profit oriented businesses. Limited by guarantee is suitable for non-profit organisations and charities. Limited by shares and guarantee, and unlimited, are rare business types and should not be selected without consultation with RDB.

These four types of companies all follow the same registration procedure, although requirements vary.

Companies limited by shares must register a chairman of the board, a managing director and at least one shareholder. However, these can all be the same person.

What documents are needed to register a business?

The requirements for registering vary depending on the category of business. These must be scanned and attached whilst completing the business registration application. The documents that are required for each business category are listed below:

'Domestic' company:

- Rwanda National ID or Passport (for all shareholders, directors, company secretaries, accountants)
- Notarised articles of association (if applicable)
- Notarised company resolution to open a subsidiary company (if a subsidiary)
- Notarised certificate of incorporation issued by the registration company in the country of incorporation (if a foreign subsidiary)

Individual 'Enterprise':

- Rwanda National ID or Passport

'Foreign' company:

- Rwanda National ID or Passport (for all shareholders, directors, company secretaries, accountants residing in Rwanda)
- Notarised power of attorney to present the company in Rwanda
- Notarised articles of association

- Notarised certificate of incorporation issued by the registration institution in the country of incorporation
- Notarised company resolution to open a branch in Rwanda

How should the type of ‘Business Activity’ be chosen?

The RDB business registration system asks taxpayers to identify the type of business activities that they plan to conduct. This is not binding, taxpayers can at any time carry out business activities that they do not include here.

However, it is important that this ‘Business Activity’ category is completed as accurately as possible when registering. This uses the International Standard Industrial Classification (ISIC), also used by the National Institute of Statistics (NISR) and the Ministry of Finance (MINECOFIN) to improve statistics and policy making.

The RDB system is designed to make it easier for taxpayers to choose their business activities, by first choosing the broad sector, and then choosing the more specific activity within that sector.

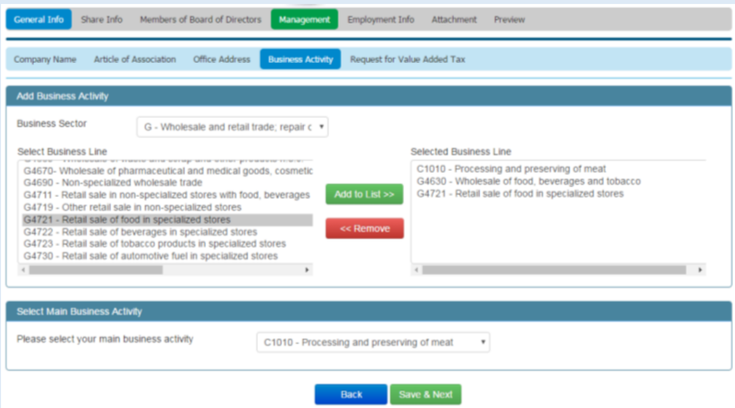
The RDB system allows taxpayers to choose as many different activities as they intend to carry out, and then requests that they choose one of these to designate as their main business activity. This should be the business activity that they expect will contribute the largest share of their value added, i.e. to the selling price of their products, compared to the price of their inputs.

Example 1

Amahoro is starting a butchery business. She intends to buy livestock and process the meat. She expects to sell to other shops as well as directly to consumers.

Processing meat is within the 'manufacture' sector. Selling to other shops refers to 'wholesale'. Selling directly to customers refers to 'retail sale'. Amahoro selects 'C1010 - Processing and preserving of meat', 'G4630 – Wholesale of food, beverages and tobacco' and 'G4721 – Retail sale of food in specialised stores'.

Of these three activities, Amahoro expects her greatest value added to be from the processing of the meat so she chooses this as her main business activity.



How do taxpayers register for different tax types?

All businesses are immediately registered for Income Tax during business registration. This is either Personal Income Tax (PIT) or Corporate Income Tax (CIT) depending upon the number of shareholders that have been registered. If there is only one shareholder, the taxpayer is registered for Personal Income Tax (PIT). If there is more than one shareholder, the taxpayer is registered for Corporate Income Tax (CIT).

All businesses must also register for Trading License Tax and Public Cleaning Fees at LGT tax centres immediately after business registration. See page 303 for more details on registering for Local Government Taxes (LGT) and fees.

The Trading License Tax certificate, available after declaring and paying Trading License Tax, is required for all profit oriented activities, see page 280 for details. Taxpayers registered for Trading License Tax must also declare and pay Public Cleaning Fees on a monthly basis, see page 294 for details.

In addition, when registering, certain questions prompt the registration of tax accounts for other tax types. These include:

VAT: 'General Info' → 'Request for Value Added Tax' → 'Would you like to request for VAT Certificate?' → 'Yes' → Enter expected turnover amount.

PAYE: 'Employment Info' → 'Does the company have employees?' → 'Yes' → Enter required details.

To register for any other tax types, or to register for any additional tax types in the future, call the RRA call centre on 3004 or visit any RRA offices.

When must taxpayers start declaring and paying taxes?

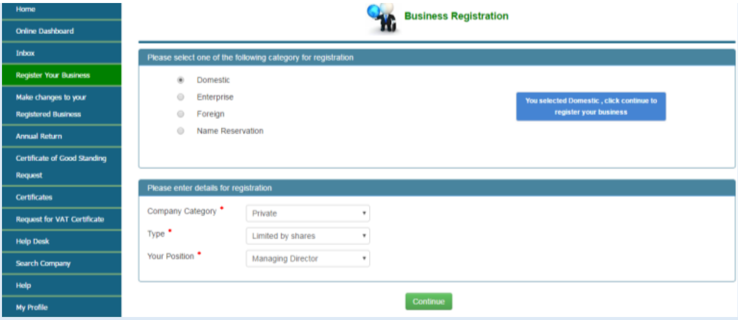
Tax declarations for all registered tax types must be submitted for tax periods from the date the taxpayer was registered.

Even if there is no business activity within the first, or subsequent, tax periods, the declarations must still be submitted to avoid penalties. This includes domestic taxes such as Income Tax and also Local Government Taxes such as Trading License Tax and Public Cleaning Fees, see page 9 for a summary of tax deadlines.

Example 2

Rukundo is starting a private business of a retail shop. He is starting the business himself using his own capital and with no staff, partners or shareholders. He expects a daily turnover of approximately FRW 20,000, equivalent to an annual turnover of approximately FRW 8,000,000.

He wants to be protected by limited liability. Rukundo selects a 'domestic' business, with the company category 'private', the type 'limited by shares' and his position as 'managing director'. As shown below:



On the share info tab, he lists himself as the only shareholder. On the members of the board tab, he enters himself as the only member of the board. On the business activity tab, he enters the business sector as 'G – Wholesale or Retail Trade; Repair of Motor Vehicles and Motorcycles' and then chooses 'G4711 – Retail sale in non-specialised stores with food, beverages or tobacco predominating'.

As his annual turnover is expected to be below FRW 20,000,000, he does not have to request for a VAT certificate. As he has no employees, he does not register for PAYE.

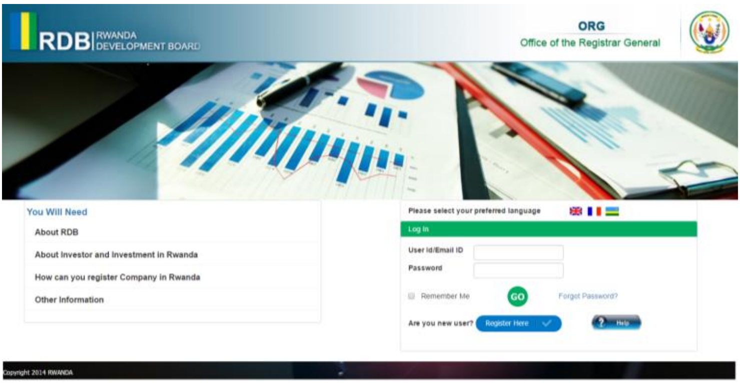
Rukundo is automatically registered for Personal Income Tax (PIT), which must be declared and paid on an annual basis by 31st March of the following year, Trading License Tax which must be declared and paid before beginning taxable activities, and must register for Public Cleaning Fees which must be declared and paid on a monthly basis by the 5th of the following month.

Step-by-Step Guide to Business Registration

Step 1: Register on the RDB business registration system

Access the RDB business registration system at http://org.rdb.rw/busregonline or through the RDB website http://www.rdb.rw/home.html and clicking on 'Business Registration' in the 'quick links' section on the right of the screen.

The RDB business registration login page is shown below.



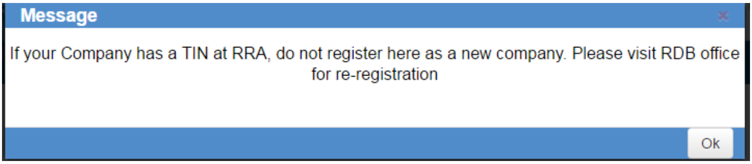
New users must first register an account by clicking on 'Register Here'. This leads to the 'Create New Online User' screen. Enter the required personal details and click submit to register an account.

The RDB system will then send an email to the given email address containing a website link. Click on the link provided to validate and activate this account.

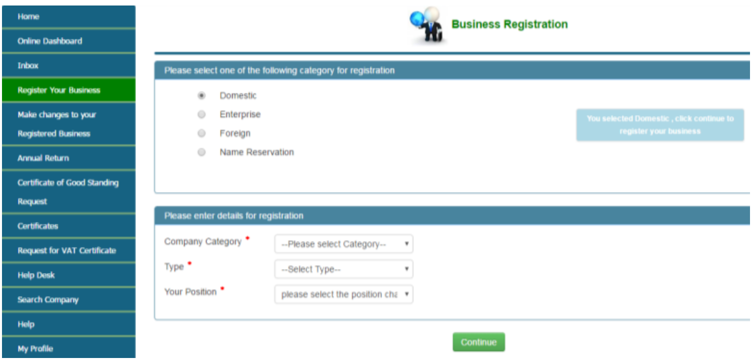
Once the account has been activated, return to the RDB business registration system and enter the chosen login details to begin the business registration process.

Step 2: Choose the business category to be registered

Once logged in, an initial message advises that if the company already has a unique Taxpayer Identification Number (TIN), then do not use this system to register.



If the company does not yet have a TIN, click OK to continue to the business registration system screen below.



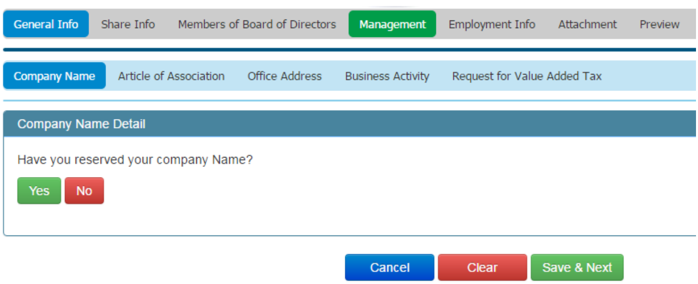
The business registration system first requires selection of the type of business being registered. See page 56 for more details.

Note that the 'Name Reservation' option does not register a business, but can be used to reserve a business name for registration in the future.

For each of the categories, 'Your Position' within the business must be noted. In addition, 'Domestic' requires a choice of 'Company Category' which can be public or private and 'Type'. For more details on each of these business types, see pages 56.

Step 3: Complete the business registration application

Depending upon the business type selected, the details that must be completed differ slightly. The screen below shows the tabs after selecting a domestic, private, limited by shares company registration.



Note that each of the major tabs ('General Info', 'Share Info' etc.) has separate minor tabs ('Company Name', 'Articles of Association' etc.) Ensure to complete all tabs before submitting the registration.

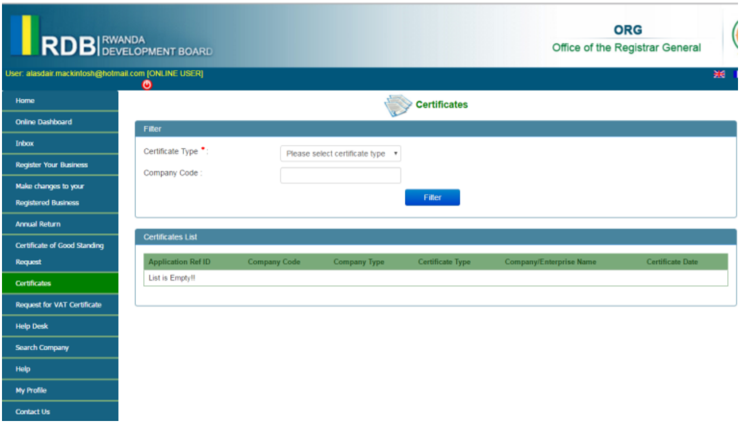
Once all tabs are completed, click the 'Preview' tab to check that all the details entered are correct, before clicking 'Submit' to submit the business registration application.

After submitting, RDB will validate that the information entered is correct. If this is approved, an SMS will be sent to inform the taxpayer that the application has been sent to RRA to issue a Taxpayer Identification Number (TIN). Once the TIN is issued, another SMS will be sent to inform the taxpayer that their business has been registered.

Step 4: Print Certificates

After receiving the second SMS, confirming that RDB has validated the business registration application and RRA has issued a TIN, the taxpayer must log back in to the RDB Business Registration system.

Once logged in, click on the 'Certificates' option on the left hand side. There are two certificates that must be printed and kept securely.



Firstly, choose the 'Certificate Type' that matches the application type, for example 'Domestic' if the business type that was registered was a domestic company. Once selected, download and print this certificate. Secondly, choose the 'Certificate Type' titled 'Memorandum' and also download and print this certificate. If there are any other applicable certificates, for example a 'Value Added Tax' certificate, then these should also be printed at this stage, see page 46 for more details on certificates.

Once registered, the business can operate and declare and pay taxes as normal. The immediate obligations of the taxpayer are explained on page 62.

Step 5: Register, declare and pay all required taxes

The taxpayer is automatically registered for Income Tax. Visit RRA offices to register for any additional required taxes, including visiting LGT tax centres immediately to register for Trading License Tax and Public Cleaning Fees.

Domestic Taxes and E-Tax

Explanation of Domestic Taxes and E-Tax

What are domestic taxes?

Domestic taxes include the following tax types which can each be declared in a similar manner using E-Tax:

- Income Tax, including:
    - Personal Income Tax (PIT)
    - Corporate Income Tax (CIT)
- Pay As You Earn (PAYE)
- Value Added Tax (VAT)
- Excise Duty
- Withholding Taxes (WHT), including:
    - Withholding Tax of 15% (WHT 15%)
    - Withholding Tax of 3% (WHT 3%)
- Gaming Tax
- Tax on Minerals
- Capital Gains Tax

Domestic taxes progressively tax income (PIT, CIT, PAYE and Capital Gains Tax), ensure compliance (WHT), efficiently tax consumption (VAT), deter consumption with negative social impacts (Excise Duty and Gaming Tax), and ensure that all Rwandans share the benefit from the country's natural resources (Tax on Minerals).

For more details on the rates and bases of each domestic tax, see their respective chapters in this Tax Handbook.

What is E-Tax?

E-Tax is an online portal through which all domestic tax types can be declared. This can be done online or with the help of staff at RRA offices. RRA has developed the E-Tax system to make it easier for taxpayers to declare and pay domestic taxes.

The process of declaring online is the same as the process of declaring with the help of staff at RRA offices. However, there are many advantages for taxpayers to declare online. This Tax Handbook aims to provide all the information necessary for taxpayers to be able declare online.

The only domestic tax type which could cannot be declared online is Capital Gains Tax. This can only be declared with the help of RRA staff at RRA offices. For more details on Capital Gains Tax, see page 256.

What is M-Declaration?

In certain cases, Income Tax can also be declared on mobile phones using M-Declaration, see page 102 for more details on declaring Income Tax using M-Declaration.

However, the majority of domestic taxes can only be declared using E-Tax. Therefore, this chapter focuses on the E-Tax process.

What are the benefits of declaring online using E-Tax or on mobile phones using M-Declaration?

Although the process is the same, there are many advantages to declaring online or on mobile phones rather than with the help of staff at RRA offices. The advantages of declaring online or on mobile phones include being able to:

- Declare taxes anytime, from anywhere.
- Avoid travel costs of visiting RRA offices.
- Avoid queuing times at RRA offices.

How do taxpayers register and login to E-Tax?

Access the E-Tax website at https://etax.rra.gov.rw or through the RRA website http://www.rra.gov.rw and click 'Pay Domestic taxes here' on the right of the screen.

Taxpayers are automatically registered for E-Tax when their business is registered with RDB. Taxpayers are informed of their unique Taxpayer Identification Number (TIN) and E-Tax password by SMS and email using the contact details given when they registered.

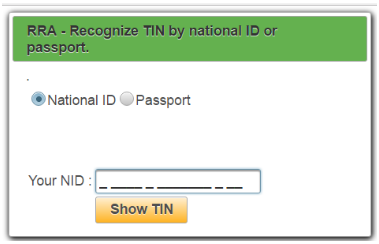
Once logged in, the E-Tax password can be changed by the taxpayer by clicking 'Change Password' on the left of the E-Tax home screen.

What if taxpayers do not know their TIN?

If a taxpayer does not know their TIN, they can visit RRA offices or call the RRA call centre toll-free on 3004.

In addition, if an individual taxpayer (i.e. not a company) does not know their TIN, they can visit the RRA website at http://www.rra.gov.rw and click 'Search for TIN using National ID' under the 'Other online services' heading.

This leads to the following screen asking whether the taxpayer registered their TIN using a Rwandan National ID or a Passport. After clicking on the relevant choice, the National ID or Passport Number can be entered, and the associated TIN is displayed by clicking 'Show TIN'.



What are the common problems when using E-Tax?

There are three main types of problems faced by taxpayers when using E-Tax, these concern: annexures not validating, particular tax types or tax periods not being available on the 'Document Details' screen or declarations not submitting. Potential solutions to these problems are discussed in turn below.

What are the causes of an annexure not validating?

When completing annexures, ensure to:

- ‘enable content’ after opening the spreadsheet.
- use the required date format (dd/mm/yyyy) for the dates entered and the computer’s settings.
- avoid blank cells for rows that have been started
- try using a Windows computer instead of a Mac.
- click to ‘Validate’ and save the annexure.

See page 76 for more details on solving these problems.

What if the particular tax type or tax period is not available for declaration?

If the tax type and tax period for the relevant declaration is not available on the ‘Document Details’ screen, the taxpayer can request for it by calling the RRA call centre toll-free or visiting RRA offices.

What are the causes of a declaration not submitting?

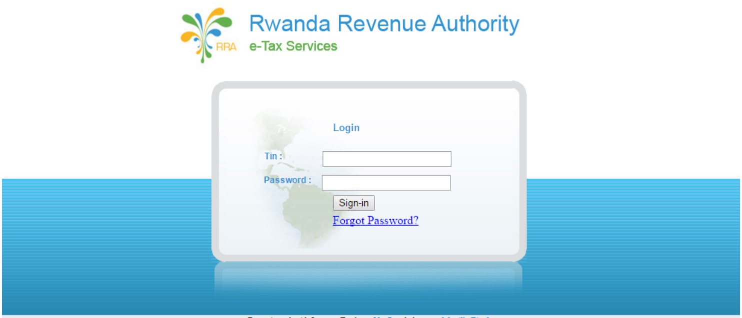
When submitting declarations: the annexures must be uploaded, equal to the declaration form, and all certified.

If the declaration and annexures are not equal, either the declaration or the annexures must then be changed until they are equal and accurate, see page 86 for details.

Step-by-Step guide to declaring domestic taxes using E-Tax

Step 1: Log-in to E-Tax

Access the E-Tax website at https://etax.rra.gov.rw or through the RRA website http://www.rra.gov.rw and clicking on 'Pay Domestic taxes here' on the right of the screen. This loads the following login screen:

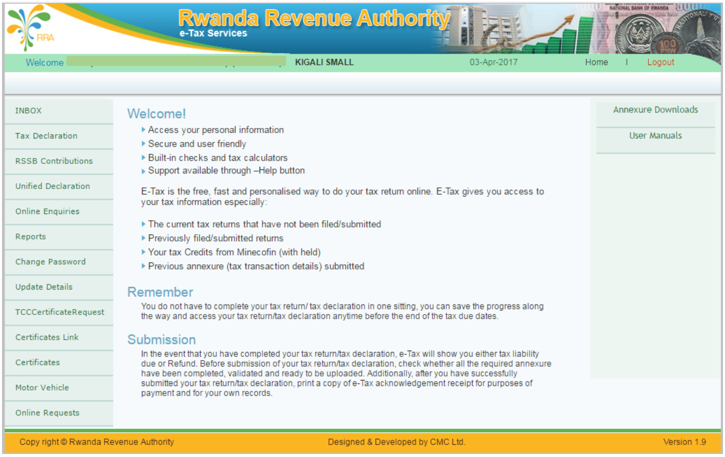


Login using the TIN and E-Tax password.

See page 71 if the TIN is not known. If a taxpayer does not know their password, it can be reset by clicking 'Forgot Password' on the E-Tax system login and receiving a new password by email to the address used when registering.

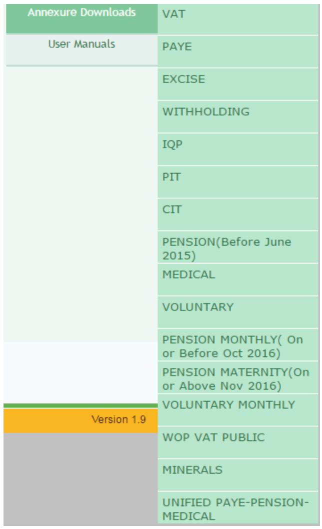
Step 2: Download, complete, validate and save annexures

After logging in, the E-Tax home page is loaded as shown below.



The first step of declaring domestic taxes is to download, complete and save the annexures of that tax type.

To download annexures, hover the mouse over 'Annexure Downloads' on the top-right hand side of the E-Tax homepage, and click on the applicable tax type to download the annexures.



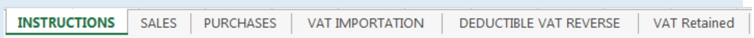
This will start a download of a spreadsheet file which can be opened in Microsoft Excel or other spreadsheet software.

The annexures differ depending upon the tax type. For details on a specific tax type, view the relevant chapter of this Tax Handbook.

Annexures have an 'Instructions' tab and at least one other tab to be completed. Only the tabs that are relevant to the taxpayer in that tax period need to be completed. Each relevant tab must be completed, validated and saved separately.

Example 3

For VAT, the annexure is titled 'VatAnnexure_1.1.xlsm'. The VAT annexure has six tabs: Instructions, Sales, Purchases, VAT Importation, Deductible VAT Reverse and VAT Retained.



There are five important things to note when completing the annexures of all domestic taxes. These concern:

- Enabling Content
- Date Format
- Blank Cells
- Mac computers
- Validating and Saving

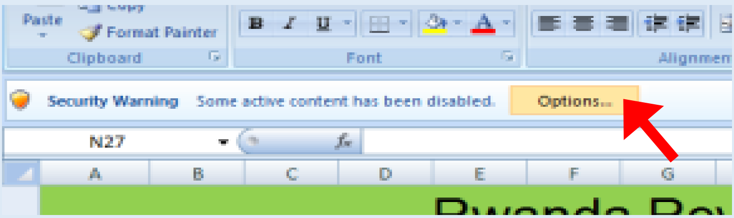
Enabling Content

The first thing that must always be done after opening the spreadsheet is to enable the active content. Without enabling content, it is not possible to validate or save the annexures. The process of enabling content varies depending upon the spreadsheet software.

Example 4

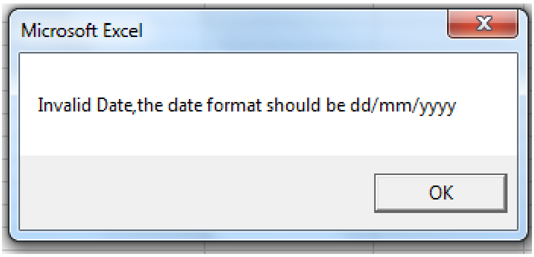
To enable content using Microsoft Excel 2007, when the document opens click 'Options' on the 'Security Warning' at the top of the screen.

In the resulting 'Security Alert – Macros & ActiveX' box that opens, click to 'Enable this content' then 'OK'. These steps are shown below.



Date Format

In order to validate the annexure, all dates must be entered in the required format of dd/mm/yyyy. However, it is also important to note that the annexures will not validate if the date settings of the *computer* are also not in the format of dd/mm/yyyy. This may show the following error message, even if the dates entered in the cells are in the correct format.



The process of changing the date format of the computer varies depending on the computer operating system. Date formats are often linked to the language settings of the operating system; E-Tax is set to English (UK).

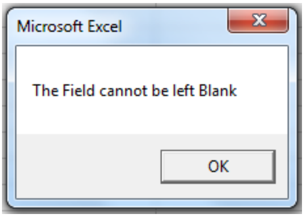
Example 5

To change the date settings on Windows 7, click:

Control Panel → Clock, Language and Region → Region and Language → Change the date, time or number format → Format: English (United Kingdom) → Short Date: dd/MM/yyyy.

Blank Cells

If any data is entered in a row, then that row must be completed before validating. In addition, the majority of columns cannot be left empty. This may show the following error message.



Example 6

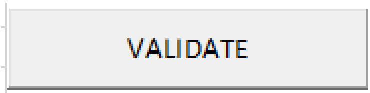
Rukundo is completing the Sales tab of the VAT Annexure. In one particular transaction, there are no Exempt Sales. In order to validate and save correctly, Rukundo must enter '0' in the 'Exempted Sales Amount' column instead of leaving it empty.

Mac computers

The E-Tax system is not yet fully compatible with Apple Mac computers. If the taxpayer is using a Mac computer and the annexure is failing to validate and save, despite enabling the content, using the correct date format and avoiding blank cells, there may be an issue with compatibility. Try again using a Windows computer.

Validating and Saving

Annexures are saved in a different way to other spreadsheets. For each tab, once all data is entered for the tax period, click the validate button within the excel spreadsheet.



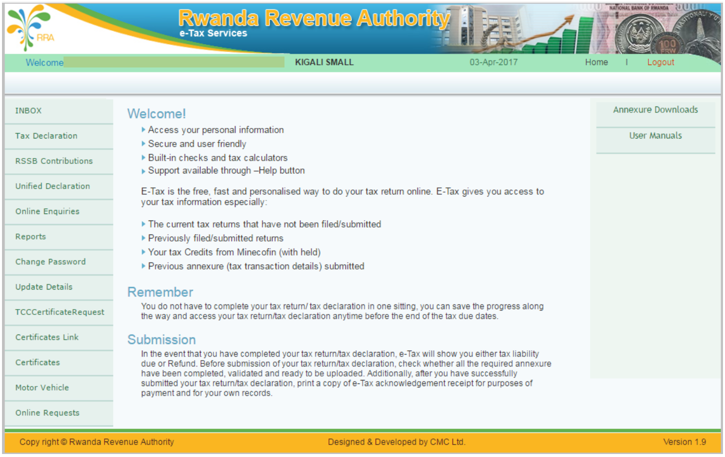
This will check that all data is entered in the required formats. If this is the case, it will automatically save a text file under the folder C:/RRA in the user's local machine.

If any of the format rules are violated, it will alert an error message and the file will not be created. The error message explains what needs to be corrected.

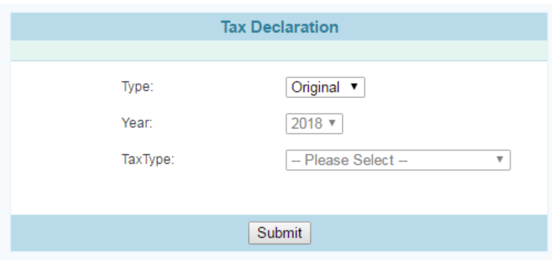
Even after the file is created, any changes can still be made. Clicking validate, this will save over and replace the previous file.

Step 3: Select and complete the declaration form

After all the relevant annexures have been downloaded, completed, validated and saved, the declaration form can be completed. This requires logging back into E-Tax and accessing the homepage.



Hover the mouse over ‘Tax Declaration’ in the left side of the E-Tax homepage, and then click on ‘New Declaration’ from the list that appears. To revise previously submitted declarations, click on ‘Submitted Declarations’. Clicking ‘New Declaration’ leads to the following screen.



Without changing the type, year or tax type, click ‘Submit’ to continue to the ‘Document Details’ page.

Document Details

TIN: [illegible] | Business Name: [illegible] | TaxCentre Name: GICUMBI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Due Date	Payment DueDate	Decade	Month	Year	Return Type	Status
11	3656657	WOP-PUBLIC SUPPLIES	01-Sep-2012 to 30-Sep-2012	15-Oct-2012	15-Oct-2012	NA	September	2012	Original	In Progress
12	6139401	TREASURY BONDS	01-Nov-2014 to 30-Nov-2014	15-Dec-2014	15-Dec-2014	NA	November	2014	Original	Pending
13	40457816	CIT-CORP. INCOME TAX	01-Feb-2016 to 31-Dec-2016	31-Mar-2017	31-Mar-2017	NA	December	2016	Original	In Progress
14	40711419	WOP-IMPÔT MOBILIER	01-Apr-2016 to 30-Apr-2016	16-May-2016	16-May-2016	NA	April	2016	Original	In Progress
15	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	15-Nov-2016	15-Nov-2016	NA	October	2016	Original	In Progress
16	40739562	VAT-VALUE ADDED TAX	01-Dec-2016 to 31-Dec-2016	15-Jan-2017	15-Jan-2017	NA	December	2016	Original	Pending
17	40758446	PAYE	01-Nov-2016 to 30-Nov-2016	15-Dec-2016	15-Dec-2016	NA	November	2016	Original	Pending
18	41025642	PAYE	01-Jan-2017 to 31-Jan-2017	15-Feb-2017	15-Feb-2017	NA	January	2017	Original	Pending
19	41060770	VAT-VALUE ADDED TAX	01-Jan-2017 to 31-Jan-2017	15-Feb-2017	15-Feb-2017	NA	January	2017	Original	Pending
20	41068081	VAT-VALUE ADDED TAX	01-Feb-2017 to 28-Feb-2017	15-Mar-2017	15-Mar-2017	NA	February	2017	Original	Pending
21	41075396	VAT-VALUE ADDED TAX	01-Apr-2017 to 30-Apr-2017	15-May-2017	15-May-2017	NA	April	2017	Original	Pending
22	41082710	VAT-VALUE ADDED TAX	28-Feb-2017 to 31-Mar-2017	05-Apr-2017	05-Apr-2017	NA	March	2017	Original	Pending

The 'Document Details' page lists all un-submitted tax declarations. The status column is set to 'In progress' if any declaration details have been entered, or 'pending' if no details have yet been entered. Once a declaration has been submitted, it is no longer accessible on this screen.

To enter a tax declaration, click on the document number of the relevant tax type and tax period. Ensure the correct tax type and tax period is chosen.

If a taxpayer wishes to declare for a particular tax type, or tax period, and this is not available on the 'Document Details' screen, the taxpayer can request for it to be added by visiting RRA offices or calling the RRA Call Centre toll-free on 3004.

Having clicked on the document number of the relevant tax type and tax period, the screen now focuses on that particular declaration, as seen below. The first step is to click on 'Enter Declaration'.

Tax Declaration

TIN: [illegible] | Business Name: [illegible] | TaxCentre Name: GICUMBI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Due Date	Payment DueDate	Decade	Month	Year	Return Type	Status
1.	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	15-Nov-2016	15-Nov-2016	NA	October	2016	Original	In Progress

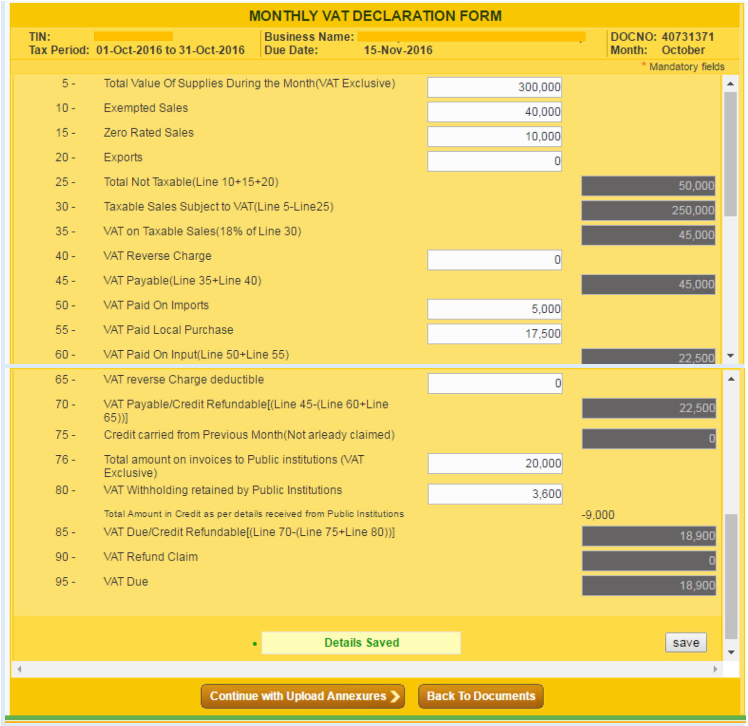
Enter Declaration | Upload Annexures | Back To Documents

This opens the declaration form. The white boxes are entry fields where numbers must be entered (or left as zero). After all the necessary fields are entered, click to 'save' and automatically calculate the grey calculation boxes, including the tax due.

Many of the rows in the declaration form are similar to the columns of the annexures that have previously been completed. The important distinction is that in the declaration form, the total combined values for all rows during that tax period must be entered.

Example 7

Amahoro enters the details of her monthly VAT declaration, shown below. After entering the details in the white boxes, she clicks 'save' and the VAT due for Amahoro this tax period is calculated automatically.



MONTHLY VAT DECLARATION FORM

TIN:
Tax Period: 01-Oct-2016 to 31-Oct-2016
Business Name:
Due Date: 15-Nov-2016
DOCNO: 40731371
Month: October

* Mandatory fields

5 -	Total Value Of Supplies During the Month(VAT Exclusive)	300,000	
10 -	Exempted Sales	40,000	
15 -	Zero Rated Sales	10,000	
20 -	Exports	0	
25 -	Total Not Taxable(Line 10+15+20)		50,000
30 -	Taxable Sales Subject to VAT(Line 5-Line25)		250,000
35 -	VAT on Taxable Sales(18% of Line 30)		45,000
40 -	VAT Reverse Charge	0	
45 -	VAT Payable(Line 35+Line 40)		45,000
50 -	VAT Paid On Imports	5,000	
55 -	VAT Paid Local Purchase	17,500	
60 -	VAT Paid On Input(Line 50+Line 55)		22,500
65 -	VAT reverse Charge deductible	0	
70 -	VAT Payable/Credit Refundable[(Line 45-(Line 60+Line 65))]		22,500
75 -	Credit carried from Previous Month(Not arleady claimed)		0
76 -	Total amount on invoices to Public institutions (VAT Exclusive)	20,000	
80 -	VAT Withholding retained by Public Institutions	3,600	
	Total Amount in Credit as per details received from Public Institutions		-9,000
85 -	VAT Due/Credit Refundable[(Line 70-(Line 75+Line 80))]		18,900
90 -	VAT Refund Claim		0
95 -	VAT Due		18,900

Details Saved

save

Continue with Upload Annexures

Back To Documents

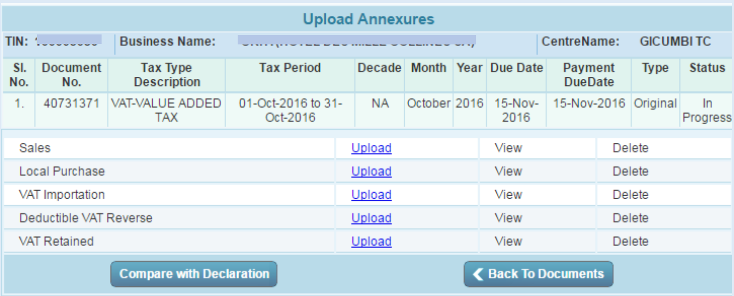
After saving the declaration form and checking that the fields entered were correct, click 'Continue with Upload Annexures'.

Step 4: Upload annexures, compare with the declaration form and submit the declaration

To support the declaration form, the previously validated and saved annexures must also be uploaded as evidence. The annexures that can be uploaded depend upon the tax type that is being declared. Each annexures tab is uploaded separately.

Example 8

Amahoro continues her VAT declaration as saved above. She uploads ‘Sales’, ‘Local Purchase’, ‘VAT Importation’ and ‘VAT Retained’ annexures as required. She has no ‘Deductible VAT Reverse’ to declare in this tax period, so this annexure is not uploaded.



Upload Annexures

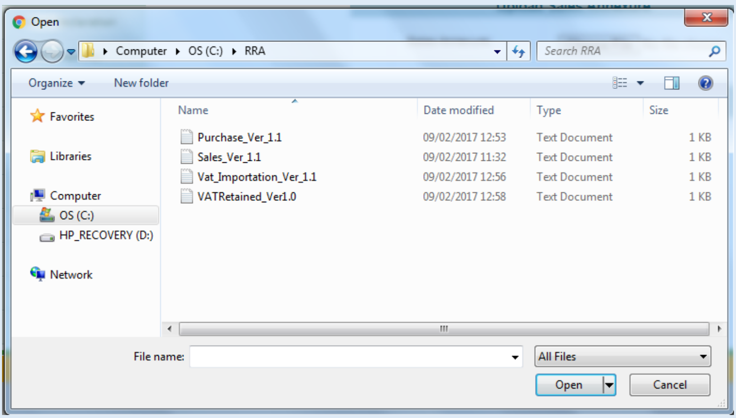
TIN: | Business Name: | CentreName: GICUMBI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	NA	October	2016	15-Nov-2016	15-Nov-2016	Original	In Progress

Sales	Upload	View	Delete
Local Purchase	Upload	View	Delete
VAT Importation	Upload	View	Delete
Deductible VAT Reverse	Upload	View	Delete
VAT Retained	Upload	View	Delete

Compare with Declaration | Back To Documents

For each of the applicable annexures, she clicks ‘Upload’, then ‘Choose File’. All annexures are automatically saved in the C: drive, in the ‘RRA’ folder. Once selected, she clicks submit, and repeats for all relevant annexures.



After annexures have been uploaded, they can be checked by clicking on ‘view’, and changed by clicking on ‘delete’ and then re-uploading. Once all relevant annexures are uploaded and correct, click on ‘Compare with Declaration’.

This allows comparison between the declaration and the annexures. If these are equal, then certify that the entries on this declaration are true and correct and confirm understanding that a false declaration may result in prosecution by clicking on ‘I accept’. Then submit the declaration by clicking ‘Submit’.

If the declaration and annexures are not equal, it is not possible to submit the declaration. Either the declaration or the annexures must then be changed until they are equal and accurate. To change the declaration form, click ‘Modify Declaration’. To change the annexures, click ‘Delete’ on the relevant annexure, make necessary changes in the annexures spreadsheet, validate and save as before, and then re-upload the revised annexures. Then follow the same steps as before to certify and submit the declaration.

Example 9

Amahoro checks that the values of the declaration form and annexures are equal, certifies that the values are true and correct, then submits the VAT declaration.

Upload Annexures

TIN: [illegible]	Business Name: [illegible]	CentreName: GICUMBI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	NA	October	2016	15-Nov-2016	15-Nov-2016	Original	In Progress

Sales	Upload	View	Delete
Local Purchase	Upload	View	Delete
VAT Importation	Upload	View	Delete
Deductible VAT Reverse	Upload	View	Delete
VAT Retained	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

Sales	Total Sales Value (Col:5 in declaration)	300000	Total Sales Amount (Col:F in Sales Excel Annexure)	300000
Sales	VAT on Taxable Sales (Col:35 in declaration)	45000	VAT Total (Col:K in Sales Excel Annexure)	45000
Local Purchase	VAT on Local Purchase (Col:55 in declaration)	17500	VAT Total (Col:G in Local Purchase Excel Annexure)	17500
VAT Importation	VAT on Import (Col:50 in declaration)	5000	VAT Total (Col:G in VAT Importation Excel Annexure)	5000
Deductible Vat Reverse	VAT reverse Charge deductible (Col:65 in declaration)	0	Vat Reverse charge Deductable Amount(Col:F in Deductable Vat Reverse Excel Annexure)	0
VAT Retained	Total amount on invoices to Public institutions (Col:76 in declaration)	20000	Total amount on invoices to Public institutions (Col:G in VAT Retained Excel Annexure)	20000
VAT Retained	VAT Withholding retained by MINECOFIN(Col:80 in declaration)	3600	Withheld Amount (Col:H in VAT Retained Excel Annexure)	3600

Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

There may be a slight delay as the declaration is submitted. If the declaration is submitted successfully, the following screen is loaded.

Declaration has been accepted. Please View the Acknowledgement Receipt

View Acknowledgement Receipt | Back To Documents | Epayment

For more details on acknowledgement receipts and paying taxes due, see page 374.

Domestic Taxes Penalties and Fines

There are penalties and fines for certain offences that are similar for the majority of domestic taxes, with the exception of Excise Duty. The penalties and fines for these offenses are explained in turn below. For penalties and fines that are relevant to specific tax types, see their respective chapters in this Tax Handbook.

What are the penalties for late declaration?

A taxpayer who has failed to submit a tax declaration within the required deadline must still declare and pay, and is subject to an additional four penalties:

- 70% of the tax due, made up of 60% as an administrative penalty and 10% for late payment
- 1.5% interest on a monthly basis
- Fixed administrative fine of:
    - FRW 100,000 for taxpayers with annual turnover below FRW 20,000,000
    - FRW 300,000 for taxpayers with annual turnover above FRW 20,000,000
    - FRW 500,000 for taxpayers who have been informed by RRA that they are in the category of 'large' taxpayers

Example 10

Ubumwe declared his monthly Value Added Tax (VAT) for the tax period of January 2017 late. Instead of declaring by the 15th February 2017, he declared and paid on 25th

February 2017. The VAT Due for this tax period was FRW 80,000. Ubumwe is a small taxpayer. This was the first time that Ubumwe had declared late.

Ubumwe's penalty for declaring late is:

- *FRW 80,000 * 70% = FRW 56,000*
- *FRW 80,000 * 1.5% * 1 month = FRW 1,200 interest*
- *FRW 100,000 administrative fine*

In addition to the FRW 80,000 tax due, Ubumwe must pay:

FRW 56,000 + FRW 1,200 + FRW 100,000 = FRW 157,200.

What are the penalties for late payment or paying less than the tax due declared?

A taxpayer who has submitted a tax declaration, but failed to pay any or all of tax due within the required deadline must still pay the unpaid tax due, and is subject to two additional penalties:

- 60% of the unpaid tax due, made up of 50% as an administrative penalty and 10% for late payment
- 1.5% interest on a monthly basis

What are the penalties for a taxpayer who declares less than the correct tax due?

A taxpayer who submits a declaration, but realises that they have declared lower tax due than the correct amount and conducts self-reassessment, must still pay the difference, and is subject to two additional penalties:

- 10% of the unpaid tax due
- 1.5% interest on a monthly basis

A taxpayer who submits a declaration, but is found by RRA to have declared lower tax due than the correct amount, must pay the difference, is subject to the two penalties listed above, and one additional penalty depending upon the extent of the understatement of tax. The rate of the additional penalty is equal to:

- 5% of the correct tax due if the understatement was between 5% - 10% of the correct tax due.
- 10% of the correct tax due if the understatement was between 10% - 20% of the correct tax due.
- 20% of the correct tax due if the understatement was between 20% - 50% of the correct tax due.
- 50% of the correct tax due if the understatement was more than 50% of the correct tax due.

Example 11

Immaculée declares Pay As You Earn (PAYE) due of FRW 125,000 for a tax period. However, during an audit four months later RRA discovers that she should have declared PAYE due of FRW 165,000. The understatement is:

- *1 – (FRW 125,000 / FRW 165,000) = 24.2%.*

Immaculée has to pay the FRW 40,000 difference and the penalty of:

- *FRW 40,000 * 10% = FRW 4,000*
- *FRW 40,000 * 1.5% * 4 months = FRW 2,400*
- *FRW 165,000 * 20% = FRW 33,000*

In addition to paying the FRW 40,000 difference, Immaculée must pay FRW 4,000 + FRW 2,400 + 33,000 = FRW 39,400.

What are the rules concerning interest, fixed administrative fines and repeat offenders?

Interest is non-compounding. This means that interest is always on the principal amount, i.e. the tax due, there is no interest charged on interest. Interest is charged from the first day after the tax should have been paid until the day of payment, which is included. Every month that begins is considered as a complete month. The interest cannot exceed 100% of the original tax due.

If an offence is repeated on another occasion within five years, the fixed administrative fine is doubled. If the offence is repeated on any other occasions within five years, the fixed administrative fine is quadrupled. Taxpayers are informed by RRA whether they are categorised as small, medium or large taxpayers.

Income Tax (PIT and CIT)

Explanation of Income Tax

What is Income Tax?

Income Tax is a tax on income resulting from business, self-employment and investment activities. Income Tax ensures that all businesses benefiting from Rwanda's infrastructure, security and prosperity contribute their fair share towards the nation's development.

Income Tax includes both Personal Income Tax (PIT) and Corporate Income Tax (CIT). The process of declaring these two tax types are similar so they are combined in this chapter of the Tax Handbook. A taxpayer only has to declare one of these two tax types.

Income Tax has different 'regimes' available for taxpayers of different levels of income. There is also Motor Vehicle Income Tax available to taxpayers who receive motor vehicle transport income. These options make the process of declaring and paying Income Tax simpler for lower Income taxpayers, including being able to declare on mobile phones using M-Declaration.

The main declaration of Income Tax is submitted on an annual basis. Instalment Quarterly Prepayments (IQP) are also declared and paid each quarter based on the annual declaration. This helps taxpayers to smooth out their tax obligations over the year.

What are the differences between PIT and CIT?

PIT is for sole traders, partnerships and unincorporated businesses, whilst CIT is for companies. The rates of PIT and CIT are the same for all types of Income Tax with the exception of 'Real Regime', see page 98 for more details.

This Tax Handbook will refer to 'Income Tax' if the information applies to both PIT and CIT. If the information is specific to only one tax type, the Tax Handbook will refer to 'PIT' or 'CIT' separately.

Who must register for Income Tax?

Any taxpayer who receives taxable income during the tax period must register for Income Tax. Taxpayers are automatically registered for the relevant tax type when registering their business with RDB.

Taxpayers must register their business with RDB within seven days of beginning taxable activities or establishing the company, see page 98 for more details on business registration. Whether they are registered for PIT or CIT depends upon the type of business.

What is taxable income?

Taxable income includes all income sourced in Rwanda resulting from business, employment or investment activities. This includes:

- Income generated from goods sold in Rwanda and services performed in Rwanda, including income generated from employment.
- Income generated by artists, musicians or crafts persons from performances in Rwanda.
- Income generated from activities carried out by a non-resident through a permanent establishment in Rwanda.
- Income generated from movable or immovable assets, livestock and inventory generated from agriculture and forestry or the sale of such assets.
- Dividends distributed by a resident company.
- Direct or indirect sale or transfer of shares.

Which taxpayers are exempt from Income Tax?

Taxpayers that are exempt from Income Tax are not required to register, declare or pay Income Tax. Taxpayers that are exempt from Income Tax includes:

- Public Institutions including District Offices, National Bank of Rwanda (BNR), Rwanda Social Security Board (RSSB) and the Development Bank of Rwanda (BRD).
- Organisations that carry out only activities of a religious, humanitarian, charitable, scientific or educational character, unless the revenue received during a tax period exceeds their expenses and the organisation makes a profit.

- Inter-Governmental Organisations (IGOs) and agencies of technical cooperation, if exemption is provided for by international agreements.

What are the exemptions for agricultural income?

Income below FRW 12,000,000 resulting from agricultural and livestock activities is exempt from Income Tax. It is important to note that this is marginal, this means that only the income above the threshold is taxable.

Example 12

Amahoro is a farmer. In one tax period, she earns income of FRW 25,000,000 resulting from agricultural and livestock activities. Only the income above the threshold is taxable. Therefore, Amahoro's taxable income is:

FRW 25,000,000 – FRW 12,000,000 = FRW 13,000,000

Amahoro must declare and pay Income Tax on this FRW 13,000,000 as normal.

What other incentives are available for Income Tax?

There are additional exemptions or discounts that can be applied if the taxpayer fulfils certain criteria. The types of tax discounts allowed are subject to the Investment Code and Law on Direct Taxes on Income, see the Rwanda Development Board (RDB) and RRA websites respectively for the latest versions of these laws.

What are the different Income Tax regimes?

Income Tax has three 'regimes' available for taxpayers of different amounts of annual turnover. These make the process of declaring and paying Income Tax simpler for lower income taxpayers. The regimes, and their corresponding turnover categories, are displayed below:

Annual Turnover	Regime
FRW 2,000,000 – FRW 12,000,000	Flat Tax
FRW 12,000,001 – FRW 50,000,000	Lump Sum
Above FRW 50,000,000	Real Regime

In addition to these regimes, there is also a different option available for taxpayers earning motor vehicle transport income. This is referred to as Motor Vehicle Income Tax, see page 99 for more details.

What is the Flat Tax Income Tax?

The Flat Tax regime is available to taxpayers with an annual turnover between FRW 2,000,000 and FRW 12,000,000. The taxpayer must pay a specific 'Flat' amount of annual tax due depending upon their annual turnover, as displayed below.

Annual Turnover	Annual Tax Due
FRW 2,000,000 – FRW 4,000,000	FRW 60,000
FRW 4,000,001 – FRW 7,000,000	FRW 120,000
FRW 7,000,001 – FRW 10,000,000	FRW 210,000
FRW 10,000,001 – FRW 12,000,000	FRW 300,000

Note that taxpayers with annual turnover below FRW 2,000,000 are required to submit their Income Tax declaration, but are not required to pay any Income Tax.

Flat Tax regime can be declared using M-Declaration or E-Tax, see page 114 and 119 respectively for details.

Example 13

Rukundo has a business fixing bikes. His annual turnover between January 1st and December 31st was FRW 8,750,500. This is within the third annual turnover category and so his annual 'Flat Tax' Income Tax due is FRW 210,000.

What is the Lump Sum Income Tax?

The Lump Sum regime is available to taxpayers with an annual turnover between FRW 12,000,001 and FRW 50,000,000. The taxpayer must pay a specific 'Lump Sum' tax due equal to 3% of their annual turnover.

Lump Sum regime can be declared using M-Declaration or E-Tax, see page 114 and 121 respectively for details.

Example 14

Ubumwe Ltd is a carpentry business making furniture. Their annual turnover between January 1st and December 31st was FRW 37,400,200. Their annual 'Lump Sum' Income Tax due is:

*FRW 37,400,200 * 3% = FRW 1,122,006.*

What is the Real Regime Income Tax?

The Real Regime is required for all taxpayers with an annual turnover above FRW 50,000,000. In addition, any taxpayer may choose to use the Real Regime, but cannot then change this decision for a period of three years from the date that RRA is informed of this choice.

The most important distinction of Real Regime is the rate applies to profit, not to turnover. This allows taxpayers to deduct expenses allowances against the income. For more details on the additional differences of Real Regime, see page 107.

In addition, it is important to note that unlike the other Income Tax regimes, the tax rate for Real Regime is slightly different for PIT and for CIT.

The tax rate for CIT is a uniform rate of 30% on the profit.

The tax rate for PIT is progressive, as shown below:

Annual taxable income (profit)	Marginal PIT Rate
FRW 0 – FRW 360,000	0%
FRW 360,001 – FRW 1,200,000	20%
Above FRW 1,200,001	30%

It is important to note that these tax rates are marginal. This means that for each Real Regime PIT taxpayer each year, the first FRW 360,000 that they earn is taxed at 0%, the next FRW 840,000 is taxed at 20% and any remaining income is taxed at 30%. This means that no taxpayer is made worse off by receiving income in a higher tax bracket.

Example 15

Amahoro is the owner of a supermarket. Her annual turnover between January 1st and December 31st was FRW 62,000,000. Her deductible expenses, depreciation and allowances total FRW 54,000,000.

Her annual taxable profit is therefore:

FRW 62,000,000 – FRW 54,000,000 = FRW 8,000,000

Her annual Real Regime PIT due is:

*(FRW 360,000 * 0%) + (FRW 840,000 * 20%) + (FRW 6,800,000 * 30%) = FRW 0 + FRW 168,000 + FRW 2,040,000 = FRW 2,208,000.*

See page 150 for a more comprehensive display of the formulas calculating Real Regime Income Tax.

Real Regime can only be declared using E-Tax, see page 129 for more details on the process.

What is the Motor Vehicle Income Tax?

The Motor Vehicle Income Tax is available to taxpayers who receive motor vehicle transport income. This means that taxpayers who receive income for transporting goods or passengers may declare and pay a specific rate per quarter depending upon the type of motor vehicle.

Motor Vehicle Income Tax must be declared on a mobile phone using M-Declaration or with the help of staff at RRA offices. This is intended to make it easier for self-employed moto/taxi/bus/truck drivers to declare and pay their taxes. See page 117 for the process on declaring Motor Vehicle Income Tax using M-Declaration.

This process is the same as for declaring Motor Vehicle Instalment Quarterly Prepayments (IQP). Taxpayers can declare and pay Motor Vehicle IQPs from as soon as the taxable activities start, therefore the tax rate below is described per quarter.

If the taxpayer receives additional income that is not from motor vehicle transport, this must be declared separately.

Example 16

Rukundo has a small shop, and owns a twelve-seater bus used for transport income. Rukundo earns annual income of FRW 15,000,000 from the shop, and FRW 5,000,000 from the bus. Therefore, he declares the FRW 15,000,000 as Lump Sum, and declares Motor Vehicle Income Tax on the bus.

The tax rate per quarter for the different types of motor vehicle are displayed below.

Type of Motor Vehicle	Tax Rate per Quarter
Motorcycle cc below 100	FRW 9,000
Motorcycle cc above 100	FRW 18,000
Car	FRW 22,050
Bus/Minibus	FRW 3,000 per seat capacity
Pick-up/Truck with maximum load capacity below 7 tonnes	FRW 15,000 per tonne of capacity, rounded to the nearest half-tonne
Pick-up/Truck with maximum load capacity between 7 - 15 tonnes	FRW 19,500 per tonne of capacity, rounded to the nearest half-tonne
Truck/Semi-Trailer with maximum load capacity between 15 - 30 tonnes	FRW 585,000
Private Ambulance/ Hearse	FRW 25,000
Wheeled construction/ breakdown/ towing vehicle	FRW 76,800
Caterpillar-tracked vehicle	FRW 195,000

Example 17

Continuing the example above, Rukundo owns a twelve-seater bus used for transport income. Regardless of the *actual income received, Rukundo is required to declare and pay FRW 3,000 per seat capacity per quarter.*

Therefore, Rukundo's Motor Vehicle Income Tax due is:

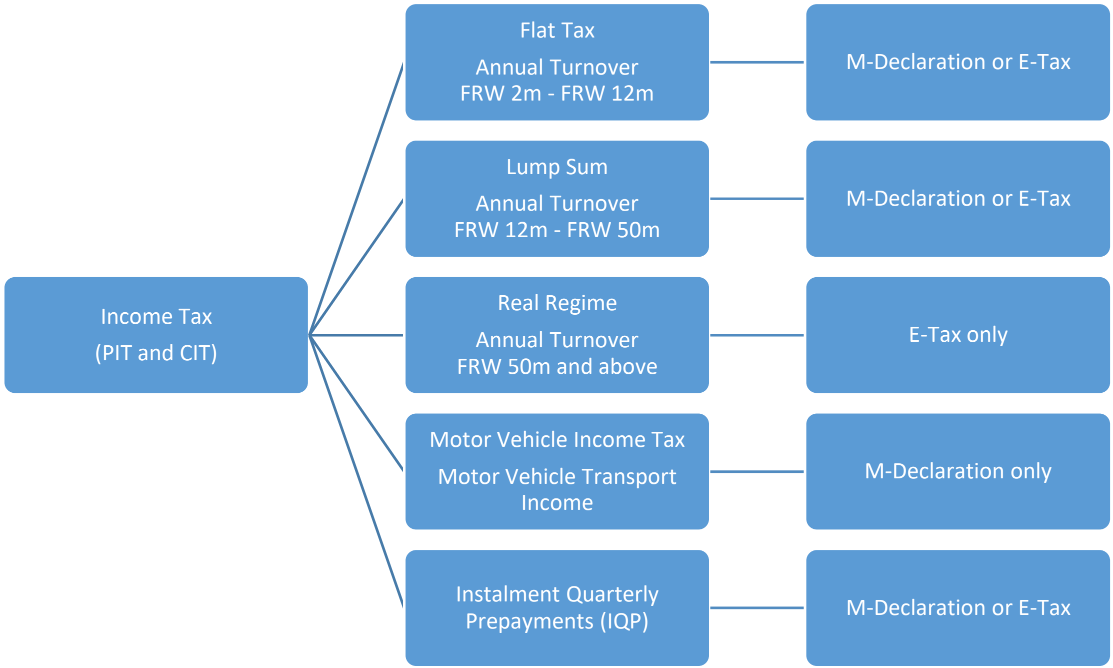
*FRW 3,000 per seat * 12 seats = FRW 36,000 per quarter.*

What is M-Declaration?

M-Declaration is a system designed to allow certain types of taxpayers to declare Income Tax through their mobile phones. This is particularly focused at lower-income taxpayers, declaring Flat Tax or Lump Sum regimes, or taxpayers declaring Motor Vehicle Income Tax. The types Income Tax that can be declared using M-Declaration are displayed diagrammatically on page 103.

The process for declaring using M-Declaration is slightly different when declaring Flat Tax or Lump Sum Income Tax compared to Motor Vehicle Income Tax, see pages 114 and 117 respectively for more details.

Which types of Income Tax are declared using E-Tax or M-Declaration?



When is the deadline to declare and pay Income Tax?

Income Tax is required to be declared and paid on an annual basis. The tax period is the calendar year, from 1st January until 31st December. The deadline to declare and pay Income Tax by is 31st March of the following year.

Example 18

Rukundo must declare and pay his annual PIT declaration for the 2016 tax period, from 1st January 2016 until 31st December 2016, by the deadline of 31st March 2017.

If they have strong reasons, a CIT registered taxpayer may request to change their tax period to any other twelve (12) month period. The taxpayer must continue to declare and pay as normal until the request is approved.

In addition, Instalment Quarterly Prepayments (IQPs) are required to be declared and paid within three months by the deadlines of the following 30th June, 30th September and 31st December. IQPs are explained in more detail below.

What are Instalment Quarterly Prepayments (IQPs)?

In addition to the annual Income Tax declaration, Instalment Quarterly Prepayments (IQPs) are required to be declared and paid equal to one-quarter (¼) of the annual tax payable by the deadlines of the following 30th June, 30th September and 31st December. All IQP Income

Tax that is paid can then claimed back in the following year's annual Income Tax declarations.

IQP declarations can be declared using M-Declaration or E-Tax, see page 114 and 147 respectively for more details. It is important to note that only declarations using E-Tax can deduct withholding taxes paid on behalf of the taxpayer within the preceding quarter, see page 147 for more details.

Example 19

Jean-Baptiste declares Income Tax payable of FRW 120,000 in March 2017. His IQP is calculated by:

FRW 120,000 / 4 = FRW 30,000

Jean-Baptiste must declare and pay IQP of FRW 30,000 each quarter by the deadline of 30th June 2017, 30th September 2017 and 31st December 2017.

However, in August 2017 he pays WHT 5% of FRW 18,000. This is deducted against the IQP of the following quarter. Therefore, his IQP due by 31st December 2017 is equal to:

FRW 30,000 – FRW 18,000 = FRW 12,000.

Overall, Jean-Baptiste has paid IQP of FRW 30,000 + FRW 30,000 + FRW 12,000 = FRW 72,000.

In the March 2018 annual Income Tax declaration Jean-Baptiste deducts FRW 72,000 of IQP and FRW 18,000 WHT 5% paid during the tax period.

What if tax is withheld on behalf of the taxpayer?

A taxpayer may have had tax withheld and paid on their behalf from the following tax types:

- Withholding tax of 15% (WHT 15%)
- Withholding tax of 3% (WHT 3%)
- Withholding tax on imports of 5% (WHT 5%)
- Pay As You Earn (PAYE)
- Gaming Tax
- Tax on Minerals

If any of those tax types have been withheld and paid on behalf of the taxpayer during the tax period, the tax paid may be claimed back in their Income Tax declarations. This can only be claimed when declaring using E-Tax, see page 122 for more details on the withholding annexures.

If this results in a refund situation, see page 39 for details.

When do taxpayers declare Capital Gains Tax instead?

Capital gains refers to the sale or transfer of commercial immovable property, or profit from the sale of shares.

If a taxpayer receives taxable capital gains, and is registered for Income Tax, the taxpayer must declare these as income within the Income Tax declarations.

If a taxpayer receives taxable capital gains and is not registered for Income Tax, nor required to register for Income Tax, the taxpayer must register and declare Capital Gains Tax at RRA offices, see page 266 for details.

Real Regime Details

There are aspects of Real Regime Income Tax that do not apply to the other regimes. These are discussed in turn below. The process of declaring Real Regime Income Tax is described on page 129. The formula for calculation of Real Regime Income Tax is summarised on page 146.

What expenses can be deducted in Real Regime?

Expenses are allowed to be deducted in Real Regime if they meet all of the following criteria:

- They are incurred for the direct purpose of the business and are directly chargeable to the income.
- They correspond to a real expense and can be substantiated with proper documents.
- They lead to a decrease in the net assets of the business.
- They are used for activities related to the tax period in which they are incurred.

For example, this includes employee expenses and RSSB contributions on behalf of the employee, office supplies, rent costs, utility costs, advertising costs, insurance costs and legal fees.

The types of expenses that are not tax deductible include:

- Dividends declared and paid-out profit shares.

- Fines and similar penalties.
- Donations and gifts exceeding 1% of the turnover as well as all donations given to profit oriented persons or enterprises.
- Any taxes paid.
- Personal consumption expenses.
- Entertainment expenses.

What is the basis of depreciation in Real Regime?

Depreciation reflects the reduction of the value of an asset over time, in particular because of wear and tear.

Assets purchased with the value below FRW 500,000 are considered as expenses and cannot be depreciated. Depreciation of all other business assets can be deducted in Real Regime on the basis described below.

The cost of purchasing, constructing and improving buildings, equipment and heavy machinery that is fixed in walls depreciates by 5% annually of the cost price.

The cost of purchasing, constructing and improving intangible assets that have been purchased from a third party depreciates by 10% annually of the cost price.

The assets in the following two categories are depreciated in a pooling system on the basis of the following rates:

- Computers and accessories, information and communication systems, software products and data equipment depreciates at the rate of 50%.
- All other business assets (that have not otherwise been mentioned) depreciate at the rate of 25%.

The pooling system means that all similar items of these categories can be aggregated and the cost depreciated as single items.

Land, fine arts, antiquities, jewellery and any other assets that are not subject to wear and tear and cannot become outdated or obsolete are not depreciated.

What is the investment allowance in Real Regime for registered investors?

A registered investor, as designated by Rwanda Development Board (RDB), may deduct 40% of the investment amount in new or used assets if:

- the amount of business assets invested is more than FRW 30,000,000.
- the business assets are held at the establishment for at least three (3) tax periods.

The investment allowance becomes 50% if the registered business is located outside Kigali or falls within the priority sectors determined by the Investment Code of Rwanda.

The investment allowance reduces the acquisition or construction cost, as well as the basic depreciation value of pooled business assets.

What other incentives are available for Real Regime?

There are additional exemptions or discounts that can be applied if the taxpayer fulfils certain criteria. The types of tax discounts allowed are subject to the Investment Code and Law on Direct Taxes on Income, see the Rwanda Development Board (RDB) and RRA websites respectively for the latest versions of these laws.

What if a Real Regime taxpayer does not make a profit?

If a taxpayer's taxable income (as calculated on page 146) is less than zero, this is referred to as a net loss. If a taxpayer declares a net loss in an Income Tax declaration, this loss may be carried forward and deducted from the Income Tax declarations of the next five tax periods, with earlier losses being deducted before later losses.

In addition, a taxpayer who declares a net loss in their Income Tax declaration is not required to declare and pay IQP for that tax period.

What are the related persons and transfer pricing requirements?

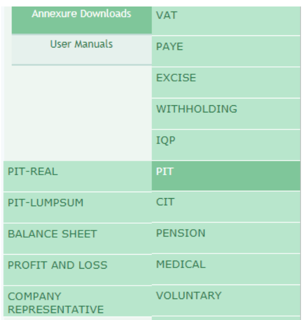
A 'related person' refers to any individual(s) who acts or is likely to act in accordance with the directive, opinions or wishes, communicated or not communicated, of other individual(s). This includes:

- An individual and their spouse, direct lineal ascendants (i.e. parents or grandparents) or descendants (i.e. children or grandchildren).
- A company and any individual or company who owns directly or indirectly 50% or more, by value or number, of the voting rights in the company.

Any transactions between related persons is required to be entered into the Transfer Pricing tab. This tab is required to be completed and uploaded with all Real Regime declarations, regardless of whether the taxpayer transacted with related persons, see page 134 for details.

What are the additional documents required for declaring Real Regime?

As well as the Real Regime annexures, three additional documents are required to be submitted for Real Regime declarations. This means that when downloading annexures for Real Regime PIT or CIT declarations, the taxpayer must download the following annexures:



- PIT/CIT – Real
- Balance Sheet
- Profit and Loss
- Company Representative

These annexures can each be downloaded as normal. See page 74 for more details on downloading annexures.

The process of completing, validating and saving is different for the balance sheet, profit and loss statement and the company representative and is described in more detail below.

The balance sheet and profit and loss statements typically require the expertise of trained accountants. However, the taxpayer is ultimately responsible for the accurate completion of these documents.

Balance Sheet

A balance sheet is a financial statement summarising the assets, liabilities and capital at the end of the tax period.

In order to upload this annexure, the balance sheet spreadsheet must be saved as ‘Balance_sheet_1.1.xlsm’.

Profit and Loss

A profit and loss statement is a financial statement summarising the revenues, costs and expenses incurred during a tax period.

In order to upload this annexure, the profit and loss spreadsheet must be saved as ‘PL_STMT_1.1.xlsm.

Company Representative

The taxpayer must nominate at least one individual to represent the company. The nominated individual(s) should be available for contact, and be able to stand for the company in any correspondence or tax matters.

The nominated individual(s) can be the owner, shareholder or employee within the company, or even external to the company, such as private tax advisors.

Taxpayers are encouraged to provide more than one company representative to ensure that any important communication between RRA and the taxpayer can be quickly transmitted.

What are the additional requirements for 'Certified Financial Statements'?

A taxpayer with annual turnover of equal to or above FRW 400,000,000 is also required to submit 'Certified Financial Statements'.

To submit certified financial statements, the balance sheet and profit and loss statement, as well as any supporting documents, must be validated by qualified accounting professionals recognised by the Institute of Certified Public Accountants Rwanda (ICPAR) and approved by RRA.

After validation, the certified financial statements must be scanned and uploaded with the other annexures and documents.

Declaring Flat Tax, Lump Sum and IQP Income Tax using M-Declaration

If Income Tax is the taxpayer's only registered domestic tax type, and if the taxpayer has a Rwandan ID in the case of PIT, the taxpayer may declare Flat Tax or Lump Sum using M-Declaration. If not, Flat Tax and Lump Sum Income Tax can always be declared using E-Tax.

The process for declaring Flat Tax, Lump Sum and IQP Income Tax on a mobile phone using M-Declaration is explained below.

M-Declaration Process

The first time a taxpayer uses M-Declaration from that specific mobile phone, the taxpayer must first register.

The M-Declaration system for both registering and declaring is accessed by dialling *800#. The M-Declaration system has a series of screens, with number options, that are navigated by entering and sending the relevant number.

The first screen requests the taxpayer to select a language, either English or Kinyarwanda. The next screen requests to select which M-Declaration service is required. To declare Flat Tax, Lump Sum and IQP Income Tax select '2. Other Business Activities'.

The next screen shows the 'Welcome to Domestic Taxes' menu. This menu offers three options:

- 1. Registration
- 2. Declaration
- 3. Change Mobile Number

Register for M-Declaration

From the 'Welcome to Domestic Taxes' menu, select '1. Registration' to begin the registration process.

The details required for registration are:

- Taxpayer Identification Number (TIN)
- Rwanda National ID number

For PIT registered taxpayers, their Rwanda National ID number is required. It is not currently possible to use passports to declare PIT using M-Declaration, E-Tax must be used instead.

For CIT registered taxpayers (of any nationality), the Rwanda National ID number can be entered as '9999999999999999' (sixteen '9's).

Submit the required details in the relevant screens to register for M-Declaration of Flat Tax, Lump Sum and IQP Income Tax.

M-Declaration of Income Tax

From the 'Welcome to Domestic Taxes' menu, select '2. Declaration' to begin the declaration process.

The taxpayer must have already registered the TIN with mobile phone that they are declaring from. In addition, they must select:

- Whether they are a new taxpayer, meaning if this is their first Income Tax declaration of any kind.
- The business turnover or total sales during the tax period being declared.
- The year and quarter for the tax period which is being declared.
    - For example, for annual declarations that are due by 31st March 2017 are for the year of ‘2016’ and quarter ‘annual’.
    - For example, for IQP declarations that are due by 30th June 2017 for the preceding quarter are for the year of ‘2017’ and quarter ‘1’.

Based on this turnover, the system calculates the tax to be paid, and generates the RRA Reference Number required for paying taxes. For more details on paying taxes, see page 374.

Declaring Motor Vehicle Income Tax using M-Declaration

Taxpayers who receive income from motor vehicle transportation of passengers or goods are able to declare this separately for each motor vehicle. This can only be done on a mobile phone using M-Declaration or with the help of staff at RRA offices.

The process for declaring Motor Vehicle Income Tax using M-Declaration is described below.

M-Declaration of Motor Vehicle Income Tax

The M-Declaration system for declaring Motor Vehicle Income Tax is accessed by dialling *800#. The M-Declaration has a series of screens, with number options, that are navigated by entering and sending the relevant number.

The first screen requests to select a language, either English or Kinyarwanda. After selecting a language, the next screen requests to select which M-Declaration service, to declare Motor Vehicle Income Tax, select '1. Motor Cycles/Vehicles'.

The taxpayer must then select:

- The unique Taxpayer Identification Number (TIN).
- The number plate of the motor vehicle.
- Whether they are a new taxpayer, meaning if this is their first Income Tax declaration of any kind.

- The tax year and quarter for the period which is being declared.
    - For example, for annual declarations that are due by 31st March 2017 are for the tax year of '2016' and quarter '4'.
    - For example, for IQP declarations that are due by 30th June 2017 are for the tax year of '2017' and quarter '1'.

Based on the type of motor vehicle registered to the number plate, the system then selects the Income Tax to be paid, and generates the RRA Reference Number required for paying taxes. For more details on paying taxes, see page 374.

Declaring Flat Tax Income Tax using E-Tax

Flat Tax regime Income Tax can be declared using E-Tax or M-Declaration. If the taxpayer is registered for other domestic tax types as well as Income Tax, then Flat Tax regime must be declared using E-Tax, instead of M-Declaration.

The declaration process for Flat Tax regime using E-Tax is similar to other domestic taxes, see page 74 for details.

However, the process of declaring Flat Tax regime is even simpler as there are no annexures. The taxpayer only has to complete the declaration form and submit the declaration.

Flat Tax Declaration Form

Firstly, this requires logging into E-Tax and entering the declaration form, see page 74 for more details on choosing the applicable declaration.

The Flat Tax regime declaration form for PIT or CIT has five fields. The only field that must be entered is:

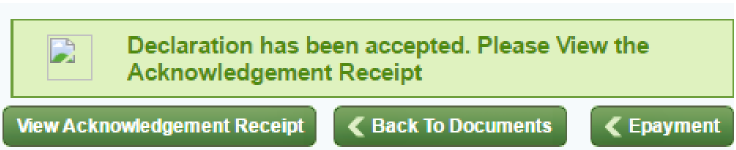
Annual Turnover - Enter the turnover of the business during the tax year.

The other fields are automatically filled by the system, where applicable. After entering the required information, click save to calculate the 'Annual Flat Amount of Tax Due' automatically.

Example 20

An example Flat Tax Income Tax declaration is entered below. The annual amount of Flat Tax due for this taxpayer in this tax period is FRW 210,000.

After checking that the fields entered are correct, click 'Submit without Annexures' to submit the declaration. After successfully submitting, this screen will load.



Click to 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Declaring Lump Sum Income Tax using E-Tax

Lump Sum regime Income Tax can be declared using E-Tax or M-Declaration. If the taxpayer is registered for other domestic tax types as well as Income Tax, then Lump Sum regime must be declared using E-Tax, instead of M-Declaration.

The declaration process for Lump Sum regime using E-Tax is similar to other domestic taxes, see page 74 for details.

Firstly, if the taxpayer has had any tax withheld and paid on their behalf during the tax period, they must download the Lump Sum annexures from the E-Tax website, see page 74 for more details on downloading annexures. The taxpayer must choose the relevant PIT or CIT annexure, but the details required are the same.

If the taxpayer has not had any tax withheld and paid on their behalf during the tax period, they can continue straight to the Lump Sum declaration, see page 124.

Annexures

The Lump Sum regime annexure has two tabs. Only the tabs that are applicable in that tax period need to be completed, validated and saved. See page 76 if there are any problems when validating annexures.

Withholding 5% Tab

This tab is applicable to any taxpayer who has paid withholding tax on imports of 5% (WHT 5%) during the tax period. This does not include any other types of withholding tax, which must be declared in the 'Withholding' tab.

Customs Station - Enter the border post where the goods or services were imported. This is listed under the 'Office of Destination' in the top right of the customs declaration.

Customs Declaration (DD COM No) – Enter the unique customs declaration number, for example: 'C39012'. This is listed under the 'Customs Reference' in the top right of the customs declaration.

Customs Declaration Date (dd/mm/yyyy) – Enter the date of the importation, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted. This is listed next to the 'Customs Reference' in the top right of the customs declaration.

Nature of Goods – Enter a brief description of the goods that have been imported. This is listed in the 'Packages and descriptions of goods' section in the middle of the customs declaration.

Origin – Enter the name of the country where the goods or services first came from. This means that if a product first comes from the United Kingdom but arrives via boat to Kenya and lorry through Uganda to the Gatuna border, the origin country is United Kingdom. This is listed under the 'Country of Origin' or 'Cty. orig. Code' in the middle of the customs declaration.

Customs Value (CIF) – Enter the value of the goods or services upon entering Rwanda. CIF stands for Cost, Insurance and Freight which means that this value includes the cost of the goods and services from when they originated, but also includes the costs of insurance and freight or transport in getting the goods to Rwanda. This is listed in Rwandan Francs under the 'Statistical Value' in the middle-right of the customs declaration.

5 Withheld in Custom – Enter the tax withheld on the imports. This is equal to the 'W01' Amount in the 'Calculation of Taxes' section in the middle of the customs declaration.

Withholding Tab

This tab is applicable to any taxpayers who have had tax withheld and paid on their behalf during the tax period. This includes WHT 15%, WHT 3%, Gaming Tax and Tax on Minerals. This does not include WHT 5% on imports which is included in the 'Withholding 5%' tab.

Withholdee's TIN – Enter the TIN of the *withholding taxpayer* who has withheld and paid tax on behalf of the declaring taxpayer.

Withholdee's Name – Enter the taxpayer name of the *withholding taxpayer*.

Invoice/Transaction No – Enter the unique invoice number of the transaction that the tax was withheld on.

Date of Withholding (dd/mm/yyyy) – Enter the date of the invoice, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Nature of Goods/Services – Enter a brief description of the goods or services on which the tax was withheld.

Amount on Which to Withhold – Enter the amount of the invoice on which withholding was applied, excluding taxes.

Rate Used – Enter the rate of tax that was withheld, without the percentage symbol. For example, withholding tax of 3% should be entered as '3'.

Amount Withheld – Enter the amount of tax that was withheld. This should equal 'Amount on Which to Withhold' multiplied by 'Rate Used'%.

Lump Sum Declaration

After all applicable Lump Sum annexures (if any) have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the Lump Sum declaration, see page 80 for more detail on selecting the relevant declaration. The taxpayer must choose the relevant PIT or CIT declaration, but the details required are the same.

The Lump Sum declaration form requires data on:

Business income/sales – Enter the turnover of the business during the tax year.

Transport Income – Enter the total motor vehicle transport income, excluding any that has been declared separately through M-Declaration. See page 117 for more details on declaring motor vehicle transport income through M-Declaration.

Quarterly Prepayments – This field is automatically filled with the Instalment Quarterly Prepayments (IQP) that the taxpayer has paid in advance of this declaration.

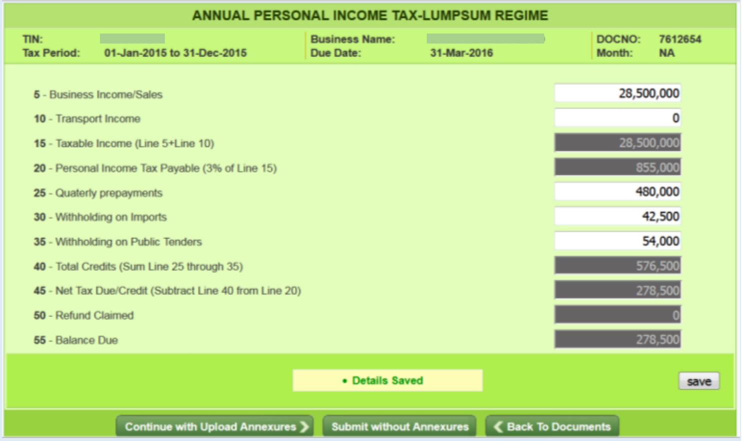
Withholding on Imports – Enter the amount of WHT 5% that has been withheld on behalf of the taxpayer. This should equal the total combined values in the 'Withholding 5%' annexure.

Withholding on Public Tenders – Enter the amount of all other types of withholding that has been withheld on behalf of the taxpayer. This should equal the total combined values in the 'Withholding' annexure.

Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 21

An example Lump Sum regime PIT declaration is entered below. The Income Tax due for this taxpayer in this tax period is FRW 278,500.



ANNUAL PERSONAL INCOME TAX-LUMPSUM REGIME

TIN:		Business Name:		DOCNO:	7612654
Tax Period:	01-Jan-2015 to 31-Dec-2015	Due Date:	31-Mar-2016	Month:	NA

5 - Business Income/Sales	28,500,000
10 - Transport Income	0
15 - Taxable Income (Line 5+Line 10)	28,500,000
20 - Personal Income Tax Payable (3% of Line 15)	855,000
25 - Quaterly prepayments	480,000
30 - Withholding on Imports	42,500
35 - Withholding on Public Tenders	54,000
40 - Total Credits (Sum Line 25 through 35)	576,500
45 - Net Tax Due/Credit (Subtract Line 40 from Line 20)	278,500
50 - Refund Claimed	0
55 - Balance Due	278,500

• Details Saved

save

Continue with Upload Annexures | Submit without Annexures | Back To Documents

After saving the Lump Sum regime declaration form, if the taxpayer has not had any tax withheld and paid on their behalf during the tax period, click 'Submit without Annexures' to submit the declaration.

If the taxpayer has had tax withheld and paid on their behalf during the tax period, click 'Continue with Upload Annexures'. Upload the annexures and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

Example 22

Continuing the example of the Lump Sum PIT declaration above, the comparison between this declaration form and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.

Upload Annexures

TIN: [redacted] | Business Name: [redacted] | CentreName: KAMONYI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Type	Status
1.	7612654	ANNUAL PIT-LUMP SUM REGIME	01-Jan-2015 to 31-Dec-2015	NA	NA	2015	31-Mar-2016	Original	In Progress

WithHoldings	Upload	View	Delete
FivePercentWithHoldings	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

WithHoldings	Withholding on Public Tenders (Line:35 in declaration)	54000	Amount WithHeld (Col:H in WithHoldings Excel Annexure)	54000
5%WithHoldings	Withholding on Imports(Line 80 of Annex A)(Line:30 in declaration)	42500	Amount WithHeld (Col:G in 5WithHoldings Excel Annexure)	42500

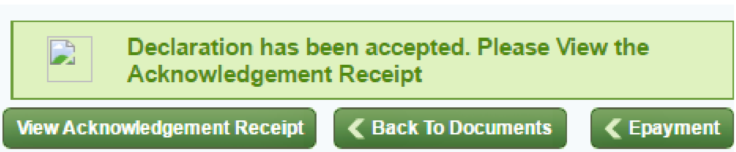
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT | Submit

Once all the annexures and declaration values are equal, correct and certified, click to ‘Submit’ the declaration. After successfully submitting, this screen will load.



Click to 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Declaring Real Regime Income Tax using E-Tax

Real Regime Income Tax must be declared using E-Tax.

The declaration process for Real Regime using E-Tax is similar to other domestic taxes, as explained on page 74. The process is similar whether the tax type is PIT or CIT.

Firstly, download the Real Regime annexures from the E-Tax website, see page 74 for more detail on downloading annexures. The taxpayer must choose the relevant PIT or CIT annexure, but the details required are the same.

However, in addition to the annexures, three additional documents are required to be submitted. These are the:

- Profit and Loss Account
- Balance Sheet
- Company Representative

In addition, if the taxpayer's annual turnover is above FRW 400,000,000, the 'Certified Financial Statements' annexure must also be uploaded. For more details on these additional documents, see page 111.

Annexures

The Real Regime annexure file has seven tabs. The 'Transfer Pricing' tab must always be completed, even if there are no applicable transactions, see page 134 for more details. The other tabs only need to completed, validated and saved if applicable to the taxpayer in that tax period. See page 77 if there are any problems when validating annexures.

Depreciation Table Tab

This tab refers to the depreciation that is allowed to be deducted, see page 108 for more details.

Buildings, equipment, heavy machinery and intangible assets that have been purchased from a third party must be listed as individual rows.

Computers and accessories, information and communication systems, software products and data equipment can be pooled and entered as a single row.

All other depreciable business assets (that have not otherwise been mentioned) can be pooled and entered as a single row.

Description – Enter a description of the depreciable assets owned by the business.

Book Value Beginning of Period – Enter the book value of any assets that were already owned by the business at the beginning of the tax period. The book value includes any depreciation from previous tax periods.

Acquisition During the Period – Enter the cost price of any assets that were purchased by the business during the tax period.

Disposition During the Period – Enter the book value of any assets that were sold or disposed of by the business during the tax period.

Rate – Enter the rate of depreciation for the type of business assets, without the percentage symbol. For example, depreciation of 10% should be entered as ‘10’.

Depreciation Allowance for the Period – Enter the value of depreciation allowed to be deducted. This should equal (‘Book Value Beginning of Period’ + ‘Acquisition During the Period’ – ‘Disposition During the Period’) multiplied by ‘Rate’.

Book Value End of the Period – Enter the book value of any assets at the end of the tax period. This should equal (‘Book Value Beginning of Period’ + ‘Acquisition During the Period’ – ‘Disposition During the Period’) – ‘Depreciation Allowance for the Period’.

Tax Discounts Tab

This tab refers to tax discounts allowed for within the Rwanda Investment Code and Income Tax law. Each type of tax discount requires a separate row.

Allowance Type – Enter the type of tax discount.

Amount on which to Apply Allowances – Enter the amount on which the discount is applied.

Rate Used – Enter the rate of the tax discount.

Amount of Allowance – Enter the amount of the discount allowed to be deducted. This should equal 'Amount on which to Apply Allowances' multiplied by 'Rate Used'%.

Withholding Tab

This tab is applicable to any taxpayers who have had tax withheld and paid on their behalf during the tax period. This includes WHT 15%, WHT 3%, Gaming Tax and Tax on Minerals. This does not include WHT 5% on imports which is included in the 'Withholding 5%' tab.

The details required to enter the withholding tab are the same as described on page 123.

Withholding 5% Tab

This tab is applicable to any taxpayer who has paid withholding tax on imports of 5% (WHT 5%) during the tax period. This does not include any other types of withholding tax, which must be declared in the 'Withholding' tab.

The details required to enter the withholding 5% tab are the same as described on page 122.

Debtors Tab

This tab refers to any debts or loans that are owed *to* the taxpayer in terms of their business. This does not include personal debts owed to the taxpayer as an individual. Each debt requires a separate row.

Tin of the Debtor – Enter the TIN of the taxpayer who owes the debt, if applicable.

Debtor's Name – Enter the taxpayer name who owes the debt, if applicable, or the name of the individual if not.

Description – Enter a brief description of the context and terms of the debt.

Date of Liability (dd/mm/yyyy) – Enter the date that the debt began, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Amount Owed – Enter the amount of the debt that is owed by the debtor, including any interest.

Creditors Tab

This tab refers to any debts or loans that are owed *by* the taxpayer in terms of their business. This does not include personal debts owed by the taxpayer as an individual. Each credit requires a separate row.

TIN of the Creditor – Enter the TIN of the taxpayer who is owed the debt, if applicable.

Creditor's Name – Enter the taxpayer name, if applicable, or the name of the individual who is owed the debt.

Description – Enter a brief description of the context and terms of the debt.

Date of Liability (dd/mm/yyyy) – Enter the date that the debt began, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Amount Owed – Enter the amount of the debt that is owed to the creditor, including any interest.

Transfer Pricing Tab

This tab must be completed, saved and uploaded by all taxpayers. This is particularly applicable to any taxpayer who has made transactions with any 'related persons', see page 110 for more details. Each transaction requires a separate row.

It is important to note that this tab must be completed, saved and uploaded even if there are no applicable transactions. If this is the case, complete a single row entering 'None' for all columns, with the exception of 'Date of transaction (dd/mm/yyyy)' and 'Amount paid' where the final date of the tax year, eg. '31/12/2017' and '0' should be entered respectively.

Name of the company transacted with – Enter the name of the company of the 'related persons' transacted with.

Location – Enter the registered country of the company of the 'related persons' transacted with.

Nature of transaction (goods or services) – Enter whether the transaction was for 'goods' or 'services'.

Type of goods or service supplied – Enter a brief description of the goods or services that have been transacted.

Date of transaction (dd/mm/yyyy) – Enter the date of the transaction in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Invoice number – Enter the unique invoice number of the transaction.

Amount paid – Enter the amount paid in the transaction, excluding any taxes.

Real Regime Declaration Form

After all applicable and required Real Regime Annexures been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the Real Regime declaration, see page 80 for more detail on selecting the relevant declaration. The taxpayer must choose the relevant PIT or CIT declaration, but the details required are similar.

The Real Regime declaration form requires data on:

Business Income – Enter the total income generated by activities within the core operating activities of the business, i.e. the turnover or total sales.

Cost of Goods Sold – Enter the total of all costs used to produce goods or services which gave been sold. This can be calculated as:

Cost of Goods Sold = Opening Stock + Purchases – Closing Stock.

> Opening Stock – Enter the cost of inventory at the start of the tax period.
>
> Purchases – Enter the cost of all inventory purchased during the tax period.
>
> Closing Stock – Enter the cost of all inventory at the end of the tax period.
>
> Where 'inventory' is defined as assets that are intended to be used or sold in the ordinary course of business, including inputs and finished products.

Operating Expenses – *CIT only* – Enter the total of all expenses associated with the general, sales, and administrative functions of an entity. See page 107 for more details on deductible and not tax deductible expenses.

Depreciation – *CIT only* – Enter the total depreciation on business assets during the tax period. See page 108 for the calculation of depreciation.

Expenses – *PIT only* – Enter the total of both 'Operating Expenses' and 'Depreciation' as described above.

Employment Income – *PIT only* – Enter the total employment income received by the taxpayer.

Investment Income – Enter the total investment income. This includes all payments in cash or in kind in the form of interest, dividends or royalties. In the majority of cases, this will already have been paid as a Withholding Tax, but must still be declared, and then claimed back.

Transport Income – *PIT only* – Enter the total motor vehicle transport income, excluding any that has been declared separately through M-Declaration. See page 117 for more details on declaring motor vehicle transport income through M-Declaration.

Non-Operating and Extraordinary Income – Enter the total income generated by activities outside of the core operating activities of a business and that are unlikely to recur in the foreseeable future.

Rental Income – *CIT only* – Enter the total income received in cash or in kind from the rental or leasing of machinery, equipment, land, buildings and livestock.

> It is important to note that rental income for land and buildings received by PIT taxpayers must be declared separately as Local Government Taxes (LGT) and Fees, see page 287 for more details.
>
> Rental income that from other assets received by PIT taxpayers must be entered in the 'Business Income/Sales' field.

Employment Deductions – *PIT only* – Enter any exempt employment income, if this amount has also been included in the 'Employment Income' field. See page 155 for more details on exempt employment income.

Investment Expenses – Enter any expenses relating to maintenance or ownership with the objective of earning future investment income in the form of interest, dividend, royalty or rent. This includes carrying charges and interest expenses.

Transport Expenses – *PIT only* – Enter any expenses relating to motor vehicle transport income, if they have not been included in the 'Expenses' field.

Non-Operating and Extraordinary Expenses – Enter the total expenses incurred by activities outside of the core operating activities of a business and that are unlikely to recur in the foreseeable future.

Training and Research Expenses – Enter the total training and research expenses that are incurred for the direct purpose of the business. This does not include any purchases or improvements of immovable property or exploration assets.

Investment Allowances – Enter the total investment allowances available to registered investors only. See page 109 for more details on investment allowances.

Bad Debts – Enter the total deduction allowed for bad debts. A deduction is only allowed if the following criteria are all met:

- an amount corresponding to the debt was previously declared as income.
- the debt is written off in the books of the taxpayer.
- the taxpayer has taken all possible steps in pursing payment and has shown proof that the debtor is insolvent.

Rental Expenses – *CIT only* – Enter the total deduction allowed for rental income from machinery, equipment, land and livestock. The deduction can include:

- 10% of the rental income as wear-and-tear expense.
- Interest paid on loans to purchase the rented items.
- Depreciation expenses equivalent to 5% annually of the cost price of the rented items.

Tax Paid on Minerals – Enter any Tax on Minerals paid during the tax period. See page 256 for more details on Tax on Minerals.

Reintegration of Expenses Not Tax Deductible – Enter any expenses that are not tax deductible, if this amount has also been included in the ‘Expenses’ field. See page 107 for more details for the types of expenses that are not tax deductible.

Depreciation Adjustments – Enter the difference between the depreciation entered in the 'Depreciation' field, and the depreciation basis allowed, if applicable. See page 108 for more details on the depreciation basis.

Fiscal Loss Carried Forward – Enter the total deduction allowed for losses declared, but not yet deducted, in the previous five (5) tax periods. Losses can be deducted against profits, with earlier losses being deducted before later losses.

Non Taxable Dividends Received – *CIT only* – Enter the total income of dividends received by the taxpayer, that have already had tax withheld and paid on their behalf.

Tax Discounts – Enter any tax discounts allowed for the taxpayer. The types of tax discounts allowed are subject to change in the Investment Code and Law on Direct Taxes on Income, see the Rwanda Development Board (RDB) and RRA websites respectively for the latest versions of these laws.

Foreign Tax Credit – Enter any tax that has been paid on income derived from taxable activities performed abroad that can be substantiated with proof.

Quarterly Prepayments – This field is automatically filled with the Instalment Quarterly Prepayments (IQP) that the taxpayer has already paid corresponding to this tax period.

Withholding on Imports – Enter any tax that has been withheld on imports (WHT 5%) and paid on behalf of the taxpayer during the tax period.

Withholding on Public Supplies – Enter any tax that has been withheld on public supplies (WHT 3%) and paid on behalf of the taxpayer during the tax period.

Withholding on Other Payments – Enter any tax that has been withheld on other payments and paid on behalf of the taxpayer during the tax period.

Withholding on payments (PAYE) – *PIT only* – Enter any Pay As You Earn (PAYE) that has been withheld and paid on behalf of the taxpayer during the tax period.

Overpayment from Previous Periods – Enter if any previous tax declarations have been found to have been overpaid.

Once all relevant white boxes have been entered, click ‘save’ to calculate the grey boxes automatically.

Example 23

An example Real Regime PIT declaration form is entered below. The total PIT due to be paid with this declaration is FRW 2,325,515.

5 - Business Income/Sales	37,750,400
6 - Opening Stock	8,250,600
7 - Purchases	26,750,200
8 - Closing Stock	13,500,450
10 - Cost of Goods/Services Sold	21,500,350
15 - Gross Profit (Line 5-Line 10)	16,250,050
20 - Expenses	6,950,000
25 - Net Operating Income(deduct Line 20 from Line 15)	9,300,050
30 - Employment Income	0
35 - Investment Income	0
40 - Transport Income	0
45 - Non Operating and Extra Ordinary Income	0
50 - Total Income(Sum of Line 25 through 45)	9,300,050
55 - Employment Deductions	0
60 - Investment Expenses	0
65 - Transport Expenses	0
70 - Non Operating and Extra Ordinary Expenses	0
75 - Training and Research Expenses	0
80 - Investment Allowance	0
85 - Bad Debts	0
88 - Tax paid on Minerals	0
90 - Total Deductions(Sum of Line 55 through Line 88)	0
95 - Net Income(Subtract Line 90 from Line 50)	9,300,050
100 - Reintegration of Non Deductible Expenses	0
105 - Depreciation Adjustments(+/-)	0
110 - Loss Carried Forward from previous five tax periods	200,000
115 - Taxable Income [(Add Line 95 and Line 100 and +/- Line 105) minus Line 110]	9,100,050
120 - Personal Income Tax	2,538,015
125 - Tax Discounts from Employment	0
130 - Tax Discount from Exports	0
135 - Tax Discoounts from Free Trade Zone	0
140 - Foreign Tax Credit	0
145 - Personnal Income Tax Payable [Line 120-(Line 125+130+135+140)]	2,538,015
150 - Quarterly Prepayments	0
155 - Withholding on Imports	212,500
160 - Withholding on Public Supplies(WithHoloding Credit Amount:0)	0
165 - Withholding on Other Payments (OtherWithLoding Credit Amount:0)	0
170 - Withholding on Payments (PAYE)	0
175 - Total Credits (Sum Line 150 through 170)	212,500
180 - OverPayments from Previous Periods	0
185 - Net Tax Due/Credit (Subtract Line 175 and Line 180 from Line 145)	2,325,515
190 - Refund Claimed	0
195 - Balance Due	2,325,515

save

Continue with Upload Annexures › ‹ Back To Documents

After saving the declaration form, upload the annexures and then compare with the Real Regime declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

It is important to note that the following annexures must be uploaded with all Real Regime declarations:

- Balance Sheet Annexure
- Profit&Loss A/c Annexure
- Company Representative
- Related Party Transactions (Transfer Pricing tab)

In addition, if the taxpayer's annual turnover is above FRW 400,000,000, the 'Certified Financial Statements' annexure must also be uploaded. See page 111 for more details on these documents. Finally, all relevant annexures must also be uploaded.

Example 24

Continuing the example of the declaration above, the comparison between this declaration form and the uploaded annexures is shown below. As all the comparison values are equal, and all the mandatory annexures uploaded, the declaration can be certified and submitted.

Upload Annexures

TIN:		Business Name:		CentreName:	KIGALI MEDIUM

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Type	Status
1.	5137592	ANNUAL PIT-REAL REGIME	01-Jan-2013 to 31-Dec-2013	NA	NA	2013	31-Mar-2014	Original	In Progress

Certified financial statements	Upload	DownLoad	Delete
Balance Sheet Annexure	Upload	View	Delete
DepriciationTable	Upload	View	Delete
TaxDiscounts	Upload	View	Delete
Profit&Loss A/c	Upload	DownLoad	Delete
Profit&Loss A/c Annexure	Upload	View	Delete
Company Representative	Upload	View	Delete
WithHolding	Upload	View	Delete
FivePercentWithHolding	Upload	View	Delete
Creditors	Upload	View	Delete
Debtors	Upload	View	Delete
Related Party Transactions	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

WithHoldings	Total Credits (Line:(160+165+170) in declaration)	0	Amount WithHeld (Col:H in WithHoldings Excel Annexure)	0
5%WithHoldings	Withholding on Imports (Line:(155) in declaration)	212500	5% withheld in Custom (Col:G in WithHoldings5% Excel Annexure)	212500
TaxDiscounts	Total Discounts (Line: (125+130+135) in declaration)	0	Amount of Allowance (Col:D in TaxDiscounts Excel Annexure)	0

Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Once all the annexures and declaration values are equal, correct and certified, click to ‘Submit’ the declaration. After successfully submitting, this screen will load.

Declaration has been accepted. Please View the Acknowledgement Receipt

View Acknowledgement Receipt | Back To Documents | Epayment

Click to ‘View Acknowledgement Receipt’ to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Real Regime Declaration Form Calculation Summary

Gross Profit	= Business Income/Sales – Cost of Goods Sold
Net Operating Income or Loss	= Gross Profit – Total Expenses and Depreciation
Total Income	= Net Operating Income or Loss + Additional Income
Total Deductions	= Additional Expenses + Investment Allowance + Bad Debts + Tax Paid on Minerals
Net Income	= Total Income - Total Deductions
Taxable Income	= Net Income + Reintegration of Non-Deductible Expenses + Depreciation Adjustments + Loss Carried Forward From Previous Five Tax Periods + Non Taxable Dividend Received
CIT / PIT payable	= (Taxable Income * CIT / PIT tax rates) – All Tax Discounts
Total Credits	= Foreign Tax Credit + Quarterly Prepayments + All Withholdings
Net Tax Due	= CIT / PIT Payable – Total Credits – Overpayments from Previous Periods

Declaring Instalment Quarterly Prepayment (IQP) Income Tax

IQP Income Tax can be declared using M-Declaration or using E-Tax. An important consideration is that any withholding tax that has been withheld and paid on behalf of the taxpayer during the tax period can only be claimed back when using E-Tax.

Declaring IQP using M-Declaration

The process for declaring IQP using M-Declaration is explained on page 114. In addition, the process of declaring Motor Vehicle IQP using M-Declaration is explained on page 117.

Declaring IQP using E-Tax

The declaration process for IQP using E-Tax is similar to other domestic taxes, as explained on page 74. The process is the same whether declaring the tax type is PIT or CIT and for each of the regimes.

Firstly, if the taxpayer has had any tax withheld and paid on their behalf during the tax period, they must download the IQP Annexures from the E-Tax website, see page 74 for more detail on downloading annexures. The taxpayer must choose the relevant PIT or CIT annexure, but the details required are the same.

If the taxpayer has not had any tax withheld and paid on their behalf during the tax period, they can continue straight to the IQP declaration form below.

Annexures

The IQP annexure has two tabs. Only the tabs that are applicable in that tax period need to be completed, validated and saved. See page 76 if the taxpayer has any problems when validating annexures.

5% Withholding Tab

This tab is applicable to any taxpayer who has paid withholding tax on imports of 5% (WHT 5%) during the tax period. This does not include any other types of withholding tax, which must be declared in the 'Withholding' tab.

The details required to enter the withholding tab are the same as described on page 122.

Withholding Tab

This tab is applicable to any taxpayers who have had tax withheld and paid on their behalf during the tax period. This includes WHT 15%, WHT 3%, Gaming Tax and Tax on Minerals. This does not include WHT 5% on imports which is included in the 'Withholding 5%' tab.

The details required to enter the withholding tab are the same as described on page 123.

IQP Declaration Form

After all applicable IQP annexures (if any) have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the IQP declaration, see page 80 for more detail on selecting the relevant declaration. The taxpayer must choose the relevant PIT or CIT declaration, but the details required are the same.

The IQP declaration form requires data on:

Income Tax Payable – Enter the 'Income Tax Payable' declared in the previous annual Income Tax declaration.

Total Withholding on Payments (3%) – Enter the amount of WHT 3% that has been withheld on behalf of the taxpayer.

Total Withholding on Imports (5%) – Enter the amount of WHT 5% that has been withheld on behalf of the taxpayer. This should equal the total combined values in the 'Withholding 5%' annexure.

Total Withholding on other Payments (15% and/or 10%) – Enter the amount of all other withholdings that have been withheld on behalf of the taxpayer. This includes WHT 15%, Gaming Tax and Tax on Minerals. This does not include WHT 5% or WHT 3%.

Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 25

An example IQP declaration is entered below. The IQP due for this taxpayer in this tax period is FRW 26,550.

CORPORATE INCOME TAX IQP QUART PREPAY

TIN:	[illegible]	Business Name:	[illegible]	DOCNO:	4378413
Tax Period:	01-Apr-2013 to 30-Jun-2013	Due Date:	02-Jul-2013	Month:	June

5 - Fiscal Year IQP is based(Format AAAA,Example 2005)	2012
10 - Income Tax Payable	855,000
15 - Total prepayment due(Multiply Line 10 by the rate of 25%)	213,750
20 - Total withholding on payments(3%) paid during the quarter	187,200
25 - Total withholding on Imports(5%) paid during the quarter	0
30 - Total withholding on other payments(15% and/or 10%)	0
35 - Net Prepayment due[Line 15- (Line 20+Line 25+Line 30)]	26,550
40 - Credit of prepayment from previous quarter	0
45 - Balance due(Line 35-Line 40)	26,550
50 - Credit of prepayment for next quarter	0

Details Saved save

Continue with Upload Annexures | Submit without Annexures | Back To Documents

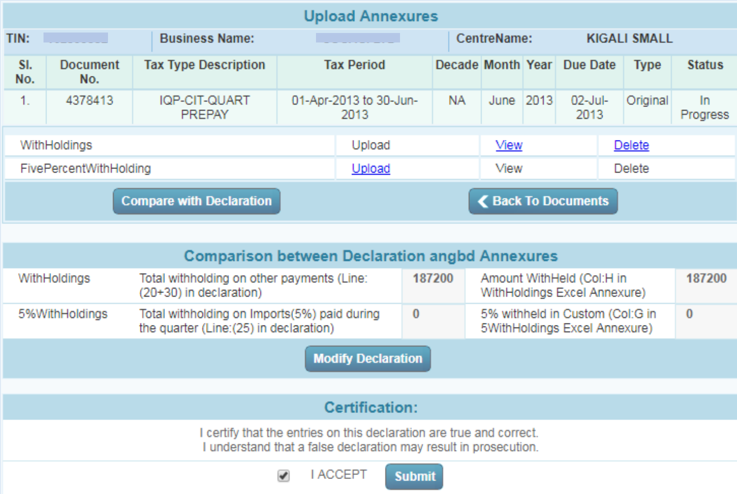
After saving the IQP regime declaration form, if the taxpayer has not had any tax withheld and paid on their behalf during the tax period, click 'Submit without Annexures' to submit the declaration.

If the taxpayer has had any tax withheld and paid on their behalf during the tax period, upload the IQP annexures and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

Example 26

Continuing the example of the IQP declaration above, the taxpayer has had tax withheld and paid on their behalf during the tax period, and the comparison between this

IQP declaration and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.



Upload Annexures

TIN: | Business Name: | CentreName: KIGALI SMALL

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Type	Status
1.	4378413	IQP-CIT-QUART PREPAY	01-Apr-2013 to 30-Jun-2013	NA	June	2013	02-Jul-2013	Original	In Progress

WithHoldings	Upload	View	Delete
FivePercentWithHolding	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration angbd Annexures

WithHoldings	Total withholding on other payments (Line:(20+30) in declaration)	187200	Amount WithHeld (Col:H in WithHoldings Excel Annexure)	187200
5%WithHoldings	Total withholding on Imports(5%) paid during the quarter (Line:(25) in declaration)	0	5% withheld in Custom (Col:G in 5WithHoldings Excel Annexure)	0

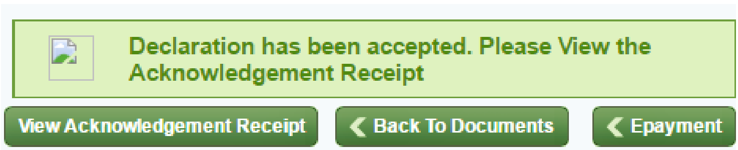
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, this screen will load.



Click to 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Income Tax (PIT and CIT) Penalties and Fines

The penalties and fines for Income Tax are similar to other domestic taxes, as explained on page 88. These apply equally to PIT or CIT and annual or IQP declarations. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

There are no additional penalties or fines specifically applicable to Income Tax.

Pay As You Earn (PAYE)

Explanation of PAYE

What is PAYE?

PAYE is tax on employment income. PAYE is an efficient way of collecting taxes on income earned by employees.

PAYE is required to be withheld by employers on behalf of their employees. This is to save employees having to each declare their own income. Instead, the employers must declare and pay PAYE on behalf of their employees.

Similar to PAYE, Rwanda Social Security Board (RSSB) contributions must be paid on employment income, see page 162 for more details.

Who must register for PAYE?

Any taxpayer who pays its employees in cash, benefits-in-kind or allowances is required to register for PAYE and declare and pay PAYE on their employees' behalf.

Example 27

Amahoro owns a small shop. She has one employee, Ubumwe. Amahoro must withhold, declare and pay PAYE on Ubumwe's employment income. This is done by Amahoro on behalf of Ubumwe so Ubumwe does not need to declare or pay any further taxes on this income.

In the event that an employer has special authorisation from the Government of Rwanda that they are not required to declare and pay taxes on income, see page 94, their employees are required to register with RRA, and declare and pay PAYE on their own behalf.

What are the obligations of PAYE registered taxpayers?

Employers are required to provide each employee with a statement each tax period showing:

- The employee's name.
- The amount and type(s) of income received.
- The amount of PAYE and RSSB contributions that have been withheld and paid on their behalf.

Which types of employment income are taxable?

Payments in cash refer to monetary payments in notes or electronically in any currency. Payments in kind refer to non-monetary payments of goods or services.

Taxable employment income includes all payments to an employee in cash or in kind such as:

- Wages, salary, leave pay, sick pay and medical allowance, payment in lieu of leave, fees, commissions, bonuses, gratuity and incentives.
- Allowances including any cost of living, subsistence, entertainment, accommodation, rent, or travel allowance.

- Payments to the employee for their acceptance to work in any conditions of employment.
- Payments for redundancy, loss or termination of employment.
- Other payments made in respect of current, previous or future employment.

Which types of employment income are exempt?

Employment income that is exempt from taxation includes:

- Reimbursement of expenses incurred by the employee if wholly and exclusively for business activities of the employer.
- Retirement contributions or pension payments made by the employer on behalf of the employee to Rwanda Social Security Board (RSSB).
- Retirement contributions made by the employer on behalf of the employee and/or contributions made by the employee to a qualified pension fund to a maximum of 10% of the employee’s employment income or FRW 1,200,000 per year, whichever is lower.
- Employment income received by an employee who is not a citizen of Rwanda from a foreign government or NGO under an agreement signed by the Government of Rwanda and when the income is received in performance of aid services in Rwanda.

What is the valuation method for benefits in kind?

Benefits in kind can be more difficult to value than regular employment income. As a result, the valuation of benefits in kind includes:

- Providing an employee with access to and use of a motor vehicle during a tax period is valued at 10% of the employment income, excluding benefits in kind.
- Providing an employee with accommodation during a tax period is valued at 20% of the employment income, excluding benefits in kind.

Example 28

Innocent employs one employee called Ubumwe. In one tax period, Innocent pays Ubumwe FRW 35,000 in salary, a transport allowance of FRW 5,000 and provides Ubumwe with accommodation to live in.

The FRW 35,000 salary and the FRW 5,000 transport allowance are fully taxable. The accommodation benefit in kind that Ubumwe is provided with is valued at 20% of the taxable employment income. This is calculated as:

*(FRW 35,000 + FRW 5,000) * 20% = FRW 8,000.*

Therefore, the total taxable income that Innocent must declare PAYE for on behalf of Ubumwe is:

FRW 35,000 + FRW 5,000 + FRW 8,000 = FRW 48,000

What are the different types of employees?

There are three types of employees for the purposes of declaring PAYE. These are: permanent employees, casual labourers and employees with more than one employer.

All employees are regarded as permanent employees unless they fulfil the criteria for casual labourers or employees with more than one employer.

A casual labourer is an employee who performs unskilled labour activities, who does not use machinery or equipment requiring special skills, and who is engaged by an employer for not longer than thirty days during a tax period.

If an employee is employed by more than one employer, the employer who pays them the highest taxable income is referred to as the ’first employer’.

What are the tax rates for ‘permanent’ employees?

There are different marginal tax rates for permanent employees depending upon their taxable employment income. The groupings of income are called tax brackets. The tax rates for each tax bracket are:

Monthly taxable income	Marginal Tax Rate
FRW 0 to FRW 30,000	0%
FRW 30,001 to FRW 100,000	20%
Above FRW 100,001	30%

It is important to note that these tax rates are marginal. This means that for each person each month, the first FRW 30,000 that they earn is taxed at 0%, the next FRW 70,000 they earn is taxed at 20% and any remaining income is taxed at 30%. This means that no taxpayer is made worse off by receiving income in a higher tax bracket.

Example 29

Amahoro employs two full-time employees, Rukundo and Lucie. Rukundo's monthly taxable income is FRW 40,000. Lucie's monthly taxable income is FRW 160,000. Amahoro declares PAYE on their behalf.

Rukundo's FRW 40,000 taxable income is in the second tax bracket. The first FRW 30,000 is taxed at 0%, the remaining FRW 10,000 is taxed at 20%. The monthly PAYE tax due on behalf of Rukundo is:

*(FRW 30,000 * 0)+ (FRW 10,000 * 20%) = FRW 0 + FRW 2,000 = FRW 2,000.*

Lucie's FRW 160,000 taxable income is in the third tax bracket. The first FRW 30,000 is taxed at 0%, the next FRW 70,000 is taxed at 20%, the remaining FRW 60,000 is taxed at 30%. The monthly PAYE tax due on behalf of Lucie is:

*(FRW 30,000 * 0)+ (FRW 70,000 * 20%) + (FRW 60,000 * 30%) = FRW 0 + FRW 14,000 + FRW 18,000 = FRW 32,000.*

What are the tax rates for 'casual labourers'?

Similarly, there are different marginal tax rates for casual employees depending upon their taxable employment income. The groupings of income are called tax brackets. The tax rates for each tax bracket are:

Monthly taxable income	Marginal Tax Rate
FRW 0 to FRW 30,000	0%
Above FRW 30,001	15%

Example 30

Lucie employs Roy in an unskilled role on a temporary basis. Roy works for less than thirty days and Lucie pays him taxable income of FRW 36,000. As Roy is a casual labourer, the first FRW 30,000 is taxed at a rate of 0%, and the remaining FRW 6,000 is taxed at a rate of 15%.

The PAYE due on behalf of Roy is:

*(FRW 30,000 * 0) + (FRW 6,000 * 15%) = FRW 0 + FRW 900 = FRW 900.*

What are the tax rates for 'employees with more than one employer'?

The first employer declares the employee as a 'permanent employee' as normal. Any additional employers must withhold PAYE at the rate of 30% on all taxable income.

This may mean that the employee pays a higher amount of tax than would normally be expected if the income had come from just one employer. Resident individuals in Rwanda are able to claim a refund for excess Income Tax paid if the tax refund payable exceeds FRW 5,000.

Example 31

Charles works separately for two employers, Lucie and Fred. Charles receives monthly taxable income of FRW 45,000 from Lucie and FRW 50,000 from Fred. As he pays Charles the higher amount, Fred is the first employer who declares PAYE as normal on behalf of Charles. The PAYE due declared by Fred on behalf of Charles is:

*(FRW 30,000 * 0) + (FRW 20,000 * 20%) = FRW 0 + FRW 4,000 = FRW 4,000*

*As Lucie is not the first employer of Charles, she withholds PAYE of 30% on Charles' monthly taxable income. Lucie withholds FRW 45,000 * 30% = FRW 13,500.*

This is a higher marginal rate than if the income had come from just one employer. Charles is entitled to submit a Personal Income Tax (PIT) declaration to claim a tax refund if the tax refund payable is more than FRW 5,000.

When is the deadline to declare and pay PAYE?

PAYE is declared and paid on a monthly basis. Alternatively, taxpayers with annual turnover below FRW 200,000,000 may request to declare on a quarterly basis.

Whether monthly or quarterly, the PAYE declaration must be submitted and any tax paid by the 15th of the month following the end of the tax period.

For monthly, this means that PAYE monthly declarations concerning the tax period between March 1^{st} and March 31^{st} must be declared and paid by April 15^{th}. Then declarations concerning the tax period between April 1^{st} and April 30^{th} must be declared and paid by May 15^{th} and so on throughout the year.

The quarters for taxpayers declaring PAYE on a quarterly basis concern the tax period between:

- March 1^{st} to May 31^{st} must be declared and paid by 15^{th} June.
- June 1^{st} to August 31^{st} must be declared and paid by 15^{th} September.
- September 1^{st} to November 30^{th} must be declared and paid by 15^{th} December.
- December 1^{st} to February 28^{th} (or 29^{th} if a leap year), must be declared and paid by 15^{th} March.

However, it is important to note that even if PAYE is declared quarterly, RSSB contributions must still be declared on a monthly basis.

Are PAYE and RSSB contributions declared together?

PAYE and RSSB contributions can be declared together in a ‘Unified PAYE declaration’, or declared separately, see page 168 for more details.

Explanation of RSSB Contributions

What are RSSB contributions?

RSSB contributions are paid by all employees and employers and go towards providing social security schemes such as pensions, cover for work related accidents, diseases, medical services or disease compensation, or to provide maternity leave benefits.

This Tax Handbook focuses on how to register, declare and pay RSSB contributions. For more details on social security contributions, and how to claim the benefits, visit the RSSB website at: http://www.rssb.rw/.

Who collects RSSB contributions?

RRA is mandated to collect social security contributions on behalf of Rwanda Social Security Board (RSSB). This is because social security contributions are also paid on the basis of employment income. Therefore, it makes it easier for taxpayers to declare PAYE and social security contributions on one portal at the same time. RRA then transfers all social security contributions directly to RSSB.

Who must register for RSSB Contributions?

All employers must register for the Pension Scheme, Occupational Hazards and Maternity Leave. Public institutions must also register for the Medical Scheme.

In addition, private enterprises may also voluntarily apply to register for the Medical Scheme. Individuals may also voluntarily apply to join the Pension Scheme if they are not currently paying into the Pension Scheme.

When must a taxpayer register?

An employer is required to register with RSSB within seven (7) working days of starting a business.

All businesses are initially registered with RSSB when they register their business with RDB, see page 51 for more details on registering a business with RDB. This account is initially inactive, until the taxpayer hires any employees.

An employer is required to activate their RSSB account and register any employees within seven (7) working days of employing any new employee.

Employers can activate this account and register employees by visiting any RSSB offices. There is an RSSB office in each of the 30 districts in Rwanda. For the addresses of RSSB offices, see the RSSB website at: http://www.rssb.rw/.

What are the rates of the Pension Scheme?

The Pension Scheme totals a rate of 8%. This is made up of 3% withheld from the employee and 5% paid by the employer, including payments to the Occupational Hazards Scheme. This is charged on all employment income except for transport allowances and transport benefits in kind. Therefore, the Pension Base is equal to:

Pension Base = Basic Salary + Benefit in Kind House + Benefit in Kind Others + Cash Allowance House + Cash Allowance Others.

There is also a voluntary Pension Scheme for individuals not already paying in, see page 166 for more details.

For more details on the Pension Scheme and Occupational Hazards Scheme, see the RSSB website at:

http://www.rssb.rw/content/pension-scheme-0.

http://www.rssb.rw/content/occupational-hazards.

What are the rates of the Maternity Leave Scheme?

The Maternity Leave scheme totals a rate of 0.6%. This is made up of 0.3% withheld from the employee and 0.3% paid by the employer. This is charged on all employment income except for transport allowances and transport benefits in kind. Therefore, the Pension Base is equal to:

Pension Base = Basic Salary + Benefit in Kind House + Benefit in Kind Others + Cash Allowance House + Cash Allowance Others.

Example 32

Amahoro employs Innocent and pays him a basic salary of FRW 57,000 and a cash allowance of FRW 2,000 for transport and FRW 3,000 for airtime related to calls on behalf of the business.

Excluding the transport allowance, the pension base is:

- *FRW 57,000 + FRW 3,000 = FRW 60,000*

The compulsory pension contributions include:

- *FRW 60,000 * 3% = FRW 1,800 withheld on behalf of Innocent by Amahoro*
- *FRW 60,000 * 5% = FRW 3,000 paid by Amahoro*

The maternity leave contributions include:

- *FRW 60,000 * 0.3% = FRW 180 withheld on behalf of Innocent by Amahoro*
- *FRW 60,000 * 0.3% = FRW 180 paid by Amahoro*

In total, Amahoro pays RSSB contributions of FRW 5,160 on behalf of Innocent. Of this, FRW 1,980 is withheld from Innocent's gross salary, whilst FRW 3,180 is directly paid by Amahoro.

For more details on the benefits and requirements of the Maternity Leave Scheme, see the RSSB website at:

http://www.rssb.rw/content/maternity-leave.

What are the rates of the Medical Scheme?

The Medical Scheme totals a rate of 15%. This is made up of 7.5% withheld from the employee and 7.5% paid by the employer. This is charged on the 'Basic Salary'.

For more details on the benefits and requirements of the Medical Scheme, see the RSSB website at:

http://www.rssb.rw/content/medical-scheme.

What are the rates of the voluntary Pension Scheme?

The rate of the voluntary Pension Scheme is 6% of the fixed salary. For self-employed people, the salary can be fixed at any level. For people who have previously paid into the Pension Scheme, the salary can be fixed not more than 130% of the previous Pension base. The fixed salary cannot increase by more than 30% every three years.

Example 33

Rukundo was previously employed and had been paying into the pension scheme. Rukundo was previously earning a total Pension Base of FRW 85,000 per month.

When his contract finished, Rukundo chooses to keep paying into his pension scheme. Rukundo can choose at what rate to set a fixed salary. The upper bound is:

*FRW 85,000 * 130% = FRW 110,500.*

Therefore, the fixed salary must be set below FRW 110,500. Rukundo chooses to set the fixed salary at FRW 70,000 and from then on is required to pay a monthly pension of:

*FRW 70,000 * 6% = FRW 4,200*

When is the deadline for declaring and paying RSSB Contributions?

RSSB contributions must always be declared and paid on a monthly basis. The RSSB contributions relating to a 'tax period', must be declared and paid within fifteen (15) days of the end of the month.

This means that declarations concerning the employment income earned between March 1st and March 31st must be declared and paid by April 15th. Then declarations concerning the tax period between April 1st and April 30th must be declared and paid by May 15th and so on throughout the year.

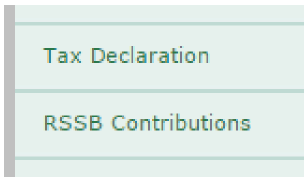
Declaring PAYE and RSSB Contributions

To facilitate taxpayers, RRA and Rwanda Social Security Board (RSSB) have introduced a unified declaration, where PAYE and all RSSB contributions (except for voluntary Pension Scheme) can be declared together.

The original method of declaring PAYE and each of the RSSB contributions separately is still available. However, RRA is encouraging the use of the unified declaration, and recommends that any newly declaring taxpayers should use the unified declaration.

Therefore, this tax handbook focuses on the declaration process for the Unified PAYE and RSSB declaration.

The process for the original method is very similar, but must be repeated for each of the separate tax types and RSSB contributions. However, when selecting the declaration, instead click 'Tax Declaration' for PAYE and 'RSSSB Contributions' for RSSB Contributions. This is also the case when declaring voluntary Pension Scheme contributions.



As with other tax types, taxpayers must first register to declare the Unified PAYE and RSSB declaration by calling the RRA call centre on 3004 or visiting RRA offices.

The declaration process for Unified PAYE and RSSB is similar to other domestic taxes, see the guide to

Declaring Domestic Taxes using E-Tax on page 74 for more details.

Unified PAYE-PENSION-MEDICAL Annexures

Firstly, download the Unified PAYE Annexures from the E-Tax website, see page 74 for more detail on downloading annexures.

The Unified PAYE Annexure file has three tabs. Only the tabs that are applicable in that tax period need to be completed, validated and saved. See page 76 if the taxpayer has any problems when validating annexures.

PAYE Permanent Employees Tab

This tab is applicable for any employer of permanent employees, or for the main employer if an employee has more than one employer.

The PAYE Permanent Employees tab has 30 columns. However, the final 12 columns are calculated automatically when validating. Each row is for a separate employee. For each employee, enter details on:

Employee TIN – Enter the TIN of the employee, If applicable.

Employee SSN Number – Enter the employee's Social Security Number (SSN) from RSSB.

Employee National ID – Enter the employee's National Identity Document (ID) number.

Employee Last Name – Enter the family name of the employee.

Employee First Name – Enter the given name(s) of the employee.

Return Type, O – Original, R - Revised – Enter 'O' if the declaration has not yet been submitted, enter 'R' if this declaration is being revised after submitting.

Sex, M – Male, F – Female – Enter the gender of the employee. Enter 'M' if they are male, 'F' if female.

Medical Member "Y" or "N" – If the taxpayer is a registered Medical Insurance scheme member, enter 'Y' for all employees. If not, enter 'N' for all employees.

Start Date (dd/mm/yyyy) – Enter the date that the employee started working. This must be entered in the format dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

End Date (dd/mm/yyyy) – If the employee stopped working within this tax period, enter the date that the employee stopped working using the same date format as above. If the employee did not stop working within the tax period, and is still employed, leave this column blank.

Birth Date (dd/mm/yyyy) – Enter the date of birth of the employee. This must be entered in the format dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Basic Salary – Enter the basic salary of the employee in Rwandan francs during the tax period.

Benefit in Kind Transport – If the employee benefits from access to and use of a motor vehicle provided by the employer during the tax period, enter 10% of the taxable income in FRW, excluding other benefits in kind.

Benefit in Kind House – If the employee benefits from accommodation provided by the employer during the tax period, enter 20% of the taxable income in FRW, excluding other benefits in kind.

Benefit in Kind Others – If the employee benefits from any benefits in kind from the employer other than transport or accommodation during the tax period, these are entered at market value in FRW.

Cash Allowance Transport – If the employee benefited from a cash allowance for transport from the employer during the tax period, enter the allowance amount.

Cash Allowance House – If the employee benefited from a cash allowance for accommodation from the employer during the tax period, enter the allowance amount.

Cash Allowance Others – If the employee benefited from a cash allowance for purposes other than transport or accommodation from the employer during the tax period, enter allowance amount.

Only the columns up to ‘Cash Allowance Others’ need to be entered. The remaining twelve columns are calculated automatically when validating.

PAYE Casual Employees Tab

This tab is applicable for any employer of casual employees. The ‘PAYE Casual Employees’ tab is very similar to the ‘PAYE Permanent Employees’ tab except that it refers to casual employees. The ‘Job Type’ column should enter ‘C’ for casual employees.

There is also no specific columns for ‘Basic Salary’, ‘Benefits in Kind…’ or ‘Cash Allowances…’. Instead, enter all taxable income within ‘Casual Employees Income’. ‘PAYE Taxable Base’ should equal ‘Casual Employees Income’. There are no columns for RAMA contributions.

Only the columns up to ‘PAYE Taxable Base’ need to be entered. The remaining twelve columns are calculated automatically when validating.

PAYE Second Employer Tab

This tab is applicable for any second or additional employers who are not the main employer of a particular employee. The ‘PAYE Second Employer’ tab is very similar to the ‘PAYE Permanent Employees’ tab except that it refers to employees who have a different main employer.

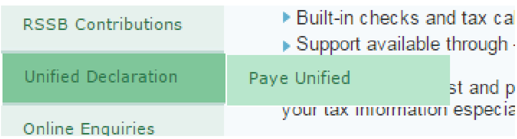
Only the columns up to 'Cash Allowance Others' need to be entered. The remaining twelve columns are automatically calculated when validating.

Once all the PAYE annexures have been completed and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the declaration.

Unified PAYE Declaration

Once all the Unified PAYE annexures have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the Unified PAYE declaration, see page 80 for more detail on selecting the relevant declaration.

Note however, that unlike other tax types, the Unified PAYE declaration is selected from 'Unified Declaration' instead of 'Tax Declaration' on the left hand side of the E-Tax Homepage, as shown below.



The Unified PAYE declaration form requires similar data to the Unified PAYE Annexures that have previously been completed. The important distinction is that in the Unified PAYE declaration form, the total combined values for all employees during that tax period must be entered. Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 34

An example Unified PAYE declaration form is entered below. The final PAYE due for this taxpayer in this tax period is FRW 16,800. The total RSSB Contribution for this taxpayer is FRW 12,814.

UNIFIED PAYEE, PENSION, MEDICAL DECLARATION FORM

TIN:	[illegible]	Business Name:	[illegible]	DOCNO:	40736512
Tax Period:	01-Feb-2016 to 29-Feb-2016	Due Date:	15-Mar-2016	Month:	February

1.	**Permanent staff excluding employee(s) with a second employer**	
5 -	Number Of Employees	2
10 -	Total Basic Pay	120,000
15 -	Total allowance in cash Paid	10,000
20 -	Total benefits in Kind	14,000
25 -	Other taxable payments	0
30 -	NSF contribution by employees	4,422
35 -	NSF contribution by employer	7,102
40 -	Non-taxable deductions (Exempted)	0
45 -	Taxable pay (Line 10+Line 15+Line 20+Line 25-Line 40)	144,000
50 -	Tax due (Apply rate of the law to each employee and sum up)	16,800
2.	**Casual Employees**	
55 -	Number Of Casual Employees	1
60 -	Total renumeration Paid	15,000
65 -	Tax Due (apply rate of the law to each employee and sum up)	0
3.	**Employees with second employer(More than one employer)**	
70 -	Number of employees	0
75 -	Total remuneration paid	0
80 -	PAYE withheld (Apply top marginal rate)	0
85 -	Total PAYE due **(Line 50+Line 65+Line 80)**	16,800
90 -	Total Calculation Base for Pension	149,000
95 -	Total Calculation Base for Medical	0
	Pension Declaration	
5 -	Number of Employees	3
40 -	Total Pension Contribution (8.6%)	12,814

Details Saved

save

Continue with Upload Annexures

Back To Documents

After saving the declaration form, upload the annexures and then compare with the declaration form. See page

84 for more detail on uploading annexures and comparing with declaration forms.

Example 35

Continuing the example of the Unified PAYE declaration above, the comparison between this Unified PAYE declaration form and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.

Upload Annexures

TIN:	[redacted]	Business Name:	[redacted]	CentreName:	KIGALI MEDIUM

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Type	Status
1.	40736512	PAYE UNIFIED	01-Feb-2016 to 29-Feb-2016	NA	February	2016	15-Mar-2016	Original	In Progress

UNIFIED PAYE Permanent Employees	Upload	View	Delete
UNIFIED PAYE Casual Employees	Upload	View	Delete
UNIFIED PAYE Second Employees	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

		PAYE Taxable Base (Col:S in PAYE Permanent Employees Excel Annexure)	144000
		PAYE Taxable Base (Col:M in PAYE Casual Employees Excel Annexure)	15000
		PAYE Taxable Base (Col:S in PAYE Second Employees Excel Annexure)	0
Total Taxable Pay / Remuneration (Cols: 45 + 60 + 75 in declaration)	159000	Total PAYE Taxable Base (Sum of above)	159000
		PAYE Due (Col:T in PAYE Permanent Employees)	16800
		PAYE Due (Col:N in PAYE Casual Employees Excel Annexure)	0
		PAYE Due (Col:T in PAYE Second Employees Excel Annexure)	0
Total Payroll Due (Col:85 in declaration)	16800	Total PAYE Due(Sum of above)	16800
Number Of Permanent Employees(Col:5 in declaration)	2	Total Permanent Employees in annexure	2
Number Of Casual Employees (Col:55 in declaration)	1	Total Casual Employees in annexure	1
Number Of Second Employees (Col:70 in declaration)	0	Total Second Employees in annexure	0
Total Pension (Col:90 in declaration)	149000	Total Pension Remuneration in annexure (Col:U in Permanent + Col:O in Casual + Col:U in Second)	149000
Total Pension Contribution (Col:40 of Pension declaration)	12814	Total Pension in annexure (Col:AA in Permanent + Col:U in Casual + Col:AA in Second)	12814

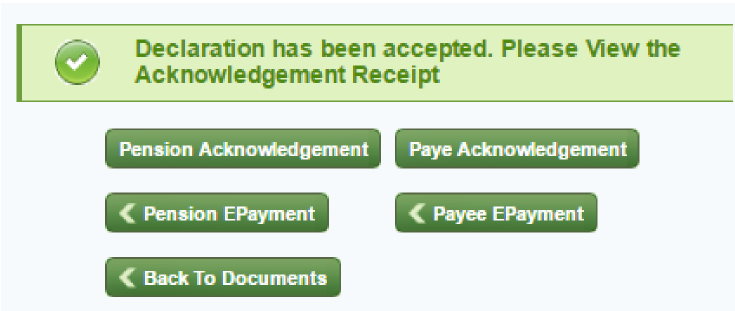
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, the screen below will load. Note that there is more than one acknowledgment receipt. Each acknowledgement receipt has a different RRA Reference Number and must be paid separately.



Click 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

PAYE and RSSB Contributions Penalties and Fines

The penalties and fines for PAYE are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

What are the penalties for not declaring or paying RSSB contributions?

An RSSB registered taxpayer who pays RSSB contributions after the deadline is charged 3% interest on a monthly basis. This penalty is the same whether the taxpayer has submitted the RSSB declaration or not.

As RSSB Contributions are required to be paid on behalf of employees, employers that do not pay the contributions on time may be subject to a procedure of forced recovery in conformity with the law.

For more details on RSSB penalties, see the RSSB website at: http://www.rssb.rw/content/declarations.

Value Added Tax (VAT)

Explanation of VAT

What is VAT?

VAT is a tax on the consumption of goods and services. It is indirectly paid by the final consumer of the goods or service. However, it is paid on their behalf by taxpayers on the value added at each stage of production.

VAT is applied to as wide a range of products as possible to ensure fairness across business sectors. However, there are some goods and services that are exempt or zero-rated for VAT. This is usually because tax on these goods and services may be unfairly burdensome on the poor or because those goods and services have benefits to efficiency across the rest of the economy.

VAT registered taxpayers are required to have at least one Electronic Billing Machine (EBM) at each of their sales locations, and use these to provide EBM invoices for all sales transactions, see page 200 for details on EBMs.

Who must register for VAT?

A taxpayer must register for VAT if their turnover is above FRW 20,000,000 for any twelve month period, or above FRW 5,000,000 for three consecutive quarters. This includes all taxable, exempt and zero-rated sales.

In addition, any taxpayer may choose to register for VAT.

What are the obligations of VAT registered taxpayers?

VAT registered taxpayers must:

- Display clearly the VAT registration certificate in plain view at the place of business, see page 48 for how to obtain a VAT certificate.
- Use an Electronic Billing Machine (EBM) to issue VAT invoices.
- Issue an EBM invoice to all customers with every transaction.
- Submit a monthly or quarterly VAT declaration within fifteen days after the end of the tax period.
- Be available at all times to receive RRA officers and to make available books of accounts.

What is the tax rate of VAT?

The normal rate of VAT is 18%. There is also a zero-rate (0%) and exemptions applicable for certain types of goods and services, see page 182 for more details.

Who pays VAT?

VAT is indirectly paid by the final consumer of the goods or service. However, taxpayers pay on their behalf on the value added at each stage of production.

This means that taxpayers charge VAT on their sales, output VAT, whilst claiming back VAT paid on their inputs, input VAT. The amount each taxpayer pays is therefore equal to output VAT minus input VAT.

Supplier

- Sells product for VAT exclusive price of FRW 1,000.
- Frw 0 Input VAT. FRW 1,000 * 18% = 180 Output VAT.
- Decoares and pays VAT of Frw 180 - Frw 0 = Frw 180.

Manufacturer

- Sells product for VAT exclusive price of FRW 3,500.
- FRW 180 Input VAT. FRW 3,500 * 18% = 630 Output VAT.
- Declares and pays VAT of FRW 630 - FRW 180 = FRW 450.

Retailer

- Sells product for VAT exclusive price of FRW 5,000.
- FRW 630 Input VAT. FRW 5,000 * 18% = 900 Output VAT.
- Declares and pays VAT of FRW 900 - FRW 630 = FRW 270.

Consumer

- Buys product for VAT inclusive price of FRW 5,900.
- Does not declare, but pays VAT indirectly because VAT was paid on their behalf at each stage of production.

What do VAT inclusive and VAT exclusive prices mean?

The VAT inclusive price means the price of the goods or service including VAT. The VAT exclusive price means the price of the goods or service that is not the final cost, to which VAT has not yet been added.

Goods and services supplied by VAT registered taxpayers must always be sold at the VAT inclusive price. However, when completing the VAT declaration form, the total VAT exclusive price of all sales is entered, see page 190. The invoice supplied to the customer must show the VAT exclusive price, amount of VAT and VAT inclusive price.

To calculate the VAT inclusive or VAT exclusive price of taxable goods and services:

VAT exclusive price * 1.18 = VAT inclusive price.

VAT inclusive price / 1.18 = VAT exclusive price.

Which goods and services are taxable for VAT?

All goods and services supplied in Rwanda are considered taxable unless they are zero-rated or exempt.

Services are considered to be supplied in Rwanda if the services provider:

- Has their headquarters in Rwanda.
- Is usually resident in Rwanda.
- Or if the recipient of the services benefits from it within Rwanda, for further details see the VAT Reverse Charge section on page 185.

Which goods and services are zero-rated for VAT?

Zero-rated for VAT purposes means that no output VAT is charged on the goods or services, but input VAT can still be claimed.

The list of zero-rated goods and services, detailed in Article 5 of Law N°37/2012 of 09/11/2012, includes:

- Exported goods and services
- Goods and services intended for diplomats accredited to Rwanda that are used in their diplomatic missions provided those countries give the same privileges to Rwandan diplomats
- Goods and services intended for international organisations that have signed agreements with Rwanda
- Goods and services intended for projects funded by partners that have signed agreements with the Government of Rwanda.

Example 36

Innocent designs and manufactures clothes. He sells within Rwanda but also exports some to Uganda. The goods sold within Rwanda are subject to VAT as normal. The goods exported to Uganda are zero-rated. He pays input VAT on the material used in the manufacturing.

He sells FRW 236,000 (VAT inclusive) within Rwanda, with VAT paid on inputs of FRW 10,000. He exports FRW

300,000 (VAT exclusive) to Uganda, with VAT paid on inputs of FRW 30,000.

The total (VAT exclusive) sales is therefore:

(FRW 236,000 / 1.18) + FRW 300,000 = FRW 200,000 + FRW 300,000 = FRW 500,000.

The taxable sales exclude the exports so is FRW 200,000. The output VAT is therefore:

*FRW 200,000 * 18% = FRW 36,000.*

The input VAT includes the VAT paid for the taxable sales, as well as the zero-rated sales. The input VAT is therefore:

FRW 10,000 + FRW 30,000 = FRW 40,000

Therefore, Innocent's VAT due is equal to:

FRW 36,000 – FRW 40,000 = FRW -4,000.

Innocent requests a VAT refund from RRA of FRW 4,000.

Which goods and services are exempt for VAT?

Exempt for VAT purposes means that no output VAT is charged on the goods or services, and no input VAT can be claimed. The list of exempt goods and services, detailed in Article 6 of Law N°37/2012 of 09/11/2012, includes:

- Goods and services related to health purposes
- Educational materials and services
- Books, newspapers and magazines
- Transportation services

- Financial and insurance services
- Energy supply equipment
- Unprocessed agricultural and livestock products
- Locally processed milk
- Industrial machinery
- Mobile telephones and SIM cards.

If it is not possible to distinguish whether the VAT paid on inputs directly, or indirectly, contributed to taxable sales or exempted sales, then the allowable input VAT can be equal to the ratio of taxable (or zero-rated) sales to total sales multiplied by the total input VAT.

Example 37

Lucie sells processed and unprocessed agricultural products. The processed agricultural products are subject to VAT as normal. The unprocessed agricultural products are exempt.

She sells FRW 3,540,000 (VAT inclusive) of processed agricultural products. She sells FRW 1,000,000 (VAT exclusive) of unprocessed agricultural products.

The total (VAT exclusive) sales is therefore:

(FRW 3,540,000 / 1.18) + FRW 1,000,000 = FRW 3,000,000 + FRW 1,000,000 = FRW 4,000,000.

The taxable sales exclude the exempt sales so is FRW 3,000,000. The output VAT is therefore:

*FRW 3,000,000 * 18% = FRW 540,000.*

She paid VAT on inputs of FRW 500,000 but cannot distinguish between which inputs contributed to which sales Therefore, the allowable input VAT is equal to:

*(FRW 3,000,000 / FRW 4,000,000) * FRW 500,000 = 0.75 * FRW 500,000 = FRW 375,000*

Therefore, Amahoro's VAT due is equal to:

FRW 540,000 – FRW 375,000 = FRW 165,000.

Can taxpayers that only sell exempt or zero-rated goods and services be exempted from VAT registration?

Taxpayers exclusively making exempt or zero-rated sales may write to the Commissioner General of RRA requesting exemption from the requirement to register for VAT. This letter should:

- Identify the taxpayer's name and TIN.
- State the request to be exempted from the requirement to register for VAT.
- Contain all supporting documents proving the taxpayer does not make any taxable sales.

This exemption from the requirement to register for VAT is only valid when confirmed in writing by the Commissioner General and may be rescinded, also in a letter from the Commissioner General, at any time.

What is VAT Reverse Charge?

If a local taxpayer is the recipient of services from a foreign supplier, the local taxpayer is required to pay the

VAT on this service. The local taxpayer must declare and pay 18% of the value of the services received.

This VAT may be offset as an input tax only if the services recieved are not available in the local market. Services are considered not to be available in Rwanda if there is no one who can deliver identical or similar services on the local market.

If the services are available on the local market, then the VAT may not be offset as an input tax. This is to encourage taxpayers to work with domestic businesses.

What is VAT Retained by Public Institutions?

Government and public institutions must withhold 18% VAT on all taxable supplies within public tenders. The taxpayer who has won the tender is required to declare the taxable supplies as output VAT, but can offset the VAT Retained by Public Institutions. The VAT is paid by the public institution on behalf of the taxpayer.

The taxpayer must keep proof that this VAT was withheld. The public institution must pay the VAT to RRA by the fifteenth day of the following month, from the date of the invoice, as with regular VAT payments.

What is a VAT refund?

It is possible for the final VAT due of a taxpayer to be negative. In this case, the taxpayer is due a VAT refund. There is no further action required of the taxpayer.

An example of what this may look like on the tax declaration is shown below.

85 -	VAT Due/Credit Refundable[(Line 70-(Line 75+Line 80))]	-22,500
90 -	VAT Refund Claim	22,500
95 -	VAT Due	0

If the VAT refund claimed is a small amount relative to the size of the business, as decided by RRA, this will be carried forward and will automatically be used to offset against future VAT payments.

If the VAT refund claimed is a large amount relative to the size of the business, as decided by RRA, RRA will audit the refund and may contact the taxpayer for further evidence. If the refund is correct and accurate, RRA will contact the taxpayer and provide a bank cheque for the refund amount.

When is the deadline to declare and pay VAT?

VAT is declared and paid on a monthly basis. Alternatively, taxpayers with annual turnover below FRW 200,000,000 may request to declare on a quarterly basis.

Whether monthly or quarterly, the VAT declaration must be submitted and paid by the 15th of the month following the end of the tax period.

This means that monthly declarations concerning the tax period between March 1st and March 31st must be declared to RRA and paid by April 15th. Then declarations concerning the tax period between April 1st and April 30th

must be declared to RRA and paid by May 15th and so on throughout the year.

The quarters for taxpayers declaring VAT on a quarterly basis concern the tax period between:

- March 1st to May 31st must be declared and paid by 15th June.
- June 1st to August 31st must be declared and paid by 15th September.
- September 1st to November 30th must be declared and paid by 15th December.
- December 1st to February 28th (or 29th if a leap year), must be declared and paid by 15th March.

What is a VAT Refund for Privileged Persons?

VAT Refund for 'privileged persons' refers to the refund available to certain consumers on the VAT paid on their goods or services. Where 'privileged persons' refers to:

- diplomats or individuals on diplomatic missions.
- non-governmental organisations (NGOs), inter-governmental organisations (IGOs) or donor-funded projects.

In both cases, these 'privileged persons' should visit RRA Headquarters with evidence to verify their status, receive the VAT Refund Claim form and be informed of the requirements and processes to receive VAT Refunds for Privileged Persons.

Declaring VAT

The declaration process for VAT is similar to other domestic taxes, see the guide to Declaring Domestic Taxes using E-Tax on page 74 for more details.

Annexures

Firstly, download the VAT Annexures from the E-Tax website, see page 74 for more details on downloading annexures.

The VAT Annexure file has five tabs. Only the tabs that are applicable in that tax period need to be completed, validated and saved. See page 76 if the taxpayer has any problems when validating annexures.

Sales Tab

This tab is applicable for taxpayer who has made sales during the tax period. These must be entered regardless of whether the sales were taxable, exempt, zero-rated or exported.

This sales data can be entered manually, or can be copied from the Electronic Billing Machine (EBM) Back Office and pasted into the Sales tab. For more information on copying sales data from the EBM Back Office, see the EBM section on page 207.

The 'Sales' tab has 11 columns. Each row is for a separate transaction. For each transaction, enter details on:

Buyer TIN – For sales to other businesses, enter the Taxpayer Identification Number (TIN) of the buyer. For sales to final consumers, this can be left empty, where the system will convert it to '999999999' (nine '9's).

Buyer Name – As above, for sales to other businesses, enter the name of the buyer. For sales to final consumers, this can be left empty.

Nature of Goods – Enter a brief description of the goods or services that have been sold.

Invoice Number – Enter the unique invoice number of the transaction.

Invoice Date (dd/mm/yyyy) – Enter the date of the transaction in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Total Amount of Sales (VAT Exclusive) – Enter the value of the transaction, excluding VAT.

Exempted Sales Amount – Enter the value of sales of goods or services that were exempt from VAT.

Zero Rated Sales Amount – Enter the value of sales of goods or services that were zero-rated for VAT purposes. Although exports are also zero-rated, do not include these in this column, instead enter exports in the 'Exports Amount column'.

Exports Amount – Enter the value of sales of goods or services that were exported and sold outside Rwanda and therefore zero-rated for VAT purposes.

Taxable Sales – Enter the total value of taxable sales. This is equal to 'Total Amount of Sales (VAT Exclusive)' minus ('Exempted Sales Amount' + 'Zero Rated Sales Amount' + 'Exports Amount').

VAT – Enter the total output VAT. This is equal to 'Taxable Sales' * 18%.

Purchases Tab

This tab is applicable to any taxpayer who has purchased inputs from within Rwanda during the tax period for use in their goods and services sold.

The 'Purchases' tab is very similar to the 'Sales' tab except that it refers to the locally purchased inputs that have gone into the goods and services listed in 'Sales'.

Fill in the details in the same manner as before, except that it is now the Supplier TIN and Supplier Name that is required. In addition, there is no longer differentiation for exempt, zero-rated or exports, just the 'Amount without VAT' and the 'VAT' paid on local purchases.

VAT Importation Tab

This tab is applicable for any taxpayer who has imported inputs during the tax period for use in their goods and services sold. This tab uses information from the customs declaration of the imported inputs.

The 'VAT Importation' tab has 7 columns. Each row is for a separate import transaction. For each transaction, enter details on:

Customs Station – Enter the border post where the goods or services were imported. This is listed under the 'Office of Destination' in the top right of the customs declaration.

Customs Declaration (DD COM) Number – Enter the unique customs declaration number, for example: 'C39012'. This is listed under the 'Customs Reference' in the top right of the customs declaration.

Customs Declaration Date – Enter the date of the importation, which must be entered in the format of DD/MM/YYYY such that 10^{th} April 2017 is entered as 10/04/2017. Any other date format will not be accepted. This is listed next to the 'Customs Reference' in the top right of the customs declaration.

Nature of Goods – Enter a brief description of the goods that have been imported. This is listed in the 'Packages and descriptions of goods' section in the middle of the customs declaration.

Origin – Enter the name of the country where the goods or services first come from. This means that if a product first comes from the United Kingdom but arrives via boat to Kenya and lorry through Uganda to the Gatuna border, the origin country is United Kingdom. This is listed under the 'Country of Origin' or 'Cty. orig. Code' in the middle of the customs declaration.

Customs Value (CIF) – Enter the value of the goods or services upon entering Rwanda in Rwandan Francs. CIF stands for Cost, Insurance and Freight which means that this value includes the cost of the goods and services from when they originated, but also includes the costs of insurance and freight or transport in getting the goods to Rwanda. The value in RWF is under the 'Statistical Value' in the middle right of the customs declaration.

VAT Paid – Enter the VAT paid on the imports. This is equal to the 'V02' Amount in the 'Calculation of Taxes' section in the middle of the customs declaration.

Deductible VAT Reverse Tab

This tab is applicable to any taxpayer who has received services from foreign suppliers during the tax period. This tab must be completed only if the services are not available in the local market.

The 'Deductible VAT Reverse' tab has 6 columns. Each row is for a separate transaction. For each transaction, enter details on:

Suppliers Name – Enter the name of the foreign supplier who provided the services. Note: the Taxpayer Identification Number (TIN) is not required as VAT

Reverse Charge is only required from taxpayers who received services from non-resident suppliers who are not registered in Rwanda.

Nature of Services Supplied – Described above.

Invoice Number – Described above.

Invoice Date (dd/mm/yyyy) – Described above.

Total Invoice Amount – Enter the total amount paid for the services to the foreign supplier, excluding VAT.

VAT Reverse Charge Amount – Enter the VAT to be paid by the taxpayer. If all services are taxable, this is equal to 'Total Invoice Amount' * 18%.

VAT Retained Tab

This tab is applicable to any taxpayer who has sold goods or services to public institutions and had the VAT withheld and paid on their behalf by the public institution.

The 'VAT Retained' tab has 8 columns. Each row is for a separate import transaction. For each transaction, enter details on:

Public Institution's TIN – Enter the Taxpayer Identification Number (TIN) of the public institution to which the goods or service were sold.

Public Institution's Name – Enter the name of the public institution to which the goods or service were sold.

Nature of Goods or Services – Described above.

Invoice Number – Described above.

Date of Invoice – Described above.

Date Delivered – Enter the date the goods or services were delivered or completed, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Invoice (VAT Exclusive) – Enter the amount of the invoice, excluding VAT.

Withheld Amount (18%) – Enter the amount of VAT that was withheld and paid on the taxpayers' behalf by the public institution, typically Invoice (VAT Exclusive) * 18%.

VAT Declaration

After all the applicable annexures have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the declaration, see page 80 for more detail on selecting the relevant declaration.

The declaration form requires similar data to the annexures that have previously been completed. The important distinction is that in the declaration form, the total combined values for all transactions during that tax period must be entered. Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 38

An example VAT declaration form is entered below. The final VAT due for this taxpayer in this tax period is FRW 18,900.

MONTHLY VAT DECLARATION FORM

TIN:	Business Name:	DOCNO: 40731371
Tax Period: 01-Oct-2016 to 31-Oct-2016	Due Date: 15-Nov-2016	Month: October

* Mandatory fields

5 -	Total Value Of Supplies During the Month(VAT Exclusive)	300,000	
10 -	Exempted Sales	40,000	
15 -	Zero Rated Sales	10,000	
20 -	Exports	0	
25 -	Total Not Taxable(Line 10+15+20)		50,000
30 -	Taxable Sales Subject to VAT(Line 5-Line25)		250,000
35 -	VAT on Taxable Sales(18% of Line 30)		45,000
40 -	VAT Reverse Charge	0	
45 -	VAT Payable(Line 35+Line 40)		45,000
50 -	VAT Paid On Imports	5,000	
55 -	VAT Paid Local Purchase	17,500	
60 -	VAT Paid On Input(Line 50+Line 55)		22,500
65 -	VAT reverse Charge deductible	0	
70 -	VAT Payable/Credit Refundable[(Line 45-(Line 60+Line 65))]		22,500
75 -	Credit carried from Previous Month(Not arleady claimed)		0
76 -	Total amount on invoices to Public institutions (VAT Exclusive)	20,000	
80 -	VAT Withholding retained by Public Institutions	3,600	
	Total Amount in Credit as per details received from Public Institutions		-9,000
85 -	VAT Due/Credit Refundable[(Line 70-(Line 75+Line 80))]		18,900
90 -	VAT Refund Claim		0
95 -	VAT Due		18,900

Details Saved   save

Continue with Upload Annexures   Back To Documents

After saving the declaration form, upload the annexures and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

Example 39

Continuing the example of the VAT declaration form above, the comparison between this VAT declaration form and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.

Upload Annexures

TIN: | Business Name: | CentreName: GICUMBI TC

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	NA	October	2016	15-Nov-2016	15-Nov-2016	Original	In Progress

Sales	Upload	View	Delete
Local Purchase	Upload	View	Delete
VAT Importation	Upload	View	Delete
Deductible VAT Reverse	Upload	View	Delete
VAT Retained	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

Sales	Total Sales Value (Col:5 in declaration)	300000	Total Sales Amount (Col:F in Sales Excel Annexure)	300000
Sales	VAT on Taxable Sales (Col:35 in declaration)	45000	VAT Total (Col:K in Sales Excel Annexure)	45000
Local Purchase	VAT on Local Purchase (Col:55 in declaration)	17500	VAT Total (Col:G in Local Purchase Excel Annexure)	17500
VAT Importation	VAT on Import (Col:50 in declaration)	5000	VAT Total (Col:G in VAT Importation Excel Annexure)	5000
Deductible Vat Reverse	VAT reverse Charge deductible (Col:65 in declaration)	0	Vat Reverse charge Deductable Amount(Col:F in Deductable Vat Reverse Excel Annexure)	0
VAT Retained	Total amount on invoices to Public institutions (Col:76 in declaration)	20000	Total amount on invoices to Public institutions (Col:G in VAT Retained Excel Annexure)	20000
VAT Retained	VAT Withholding retained by MINECOFIN(Col:80 in declaration)	3600	Withheld Amount (Col:H in VAT Retained Excel Annexure)	3600

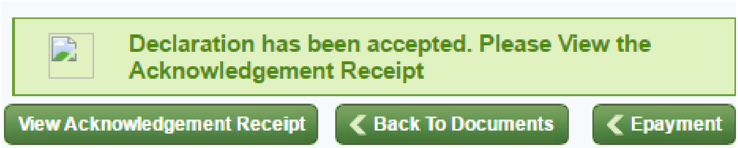
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT | Submit

Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, this screen will load.



Click 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

VAT Penalties and Fines

The penalties and fines for PAYE are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91. For penalties directly relating to EBMs, see page 210.

What are the penalties for a taxpayer who is not registered for VAT, but is required to be?

A taxpayer who is not registered for VAT but is required to be registered for VAT is subject to a penalty of:

- Administrative fine of FRW 500,000.

Electronic Billing Machines (EBMs)

Explanation of EBMs

What are EBMs?

EBMs are electronic devices that print RRA certified invoices and send sales data to RRA in real-time. EBMs are not a type of tax, but help improve bookkeeping and Value Added Tax (VAT) collection. EBM invoices are required to be provided to consumers for every sales transaction by every VAT registered taxpayer.

EBMs have proven benefits to tax administration and RRA is committed to increasing and enforcing the uptake and use of EBMs. EBMs have also been introduced in many other countries around the world and are a key priority in RRA's vision of becoming "a world-class efficient and modern revenue agency".

There are two versions of EBMs. The original version of EBM uses specific EBM hardware, made up of two components, a Certified Invoicing System (CIS) and a Sales Data Controller (SDC). These can be integrated into one item, or kept separate but connected by cable.

The new EBM version 2.0 (v2.0) is a form of software now available for taxpayers to download onto desktop or laptop computers, see page 208 for more details.

This Tax Handbook will refer to 'EBM' if the information applies to both the original version of EBM and EBM v2.0.

If the information is specific to only one version, the Tax Handbook will refer to 'the original EBM' or 'v2.0' separately.

For any questions regarding EBMs, contact the EBM Division within RRA directly by calling 078818 5702.

What are the benefits of EBMs?

There are numerous benefits of EBMs, both to compliant taxpayers and to the tax administration. These benefits to the taxpayer, to RRA and to Rwanda include:

- EBM sales data can be copied and pasted into the 'Sales' tab when completing the VAT annexures, making it quicker and easier for taxpayers to declare and pay VAT, see page 207 for more details on this process.
- Improving bookkeeping and stocktaking for taxpayers through using EBMs to record the exact items and prices being sold.
- Simplifying the audit process, reducing the time and interruption of taxpayer's daily operations
- Reducing the potential for tax evasion, ensuring that taxpayers can compete fairly, and increasing the tax revenues for public spending.

Which taxpayers must have EBMs?

Every VAT-registered taxpayer is required to have at least one EBM at each of their sales locations.

A taxpayer must register for VAT if their turnover is above FRW 20,000,000 for any twelve month period, or above FRW 5,000,000 for three consecutive quarters. In addition, taxpayers may also choose to register for VAT. See page 178 for more details on VAT registration.

Where can you buy original EBMs?

There are three licensed suppliers of original EBMs in Rwanda. These suppliers are trained to help taxpayers choose the most suitable type of EBM for their needs, and to explain to taxpayers exactly how to set up and use their EBM, including providing step-by-step training for using the relevant type of EBM. The licensed suppliers and their contact numbers are displayed below:

- Pergamon Group Rwanda Ltd
  - +250 (0) 786 665 151
  - info.rwanda@pergamongroup.com
  - http://rwanda.pergamongroup.com

- Inzonvou Technologies Limited
  - +250 (0) 788 555 779
  - info@inzonvoutech.com
  - http://inzonvoutech.com

- AA UNI Rwanda Ltd
  - +250 (0) 784 652 116
  - info@aaunirwanda.com
  - http://aaunirwanda.com

How much do original EBMs cost?

Original EBMs vary in price depending upon the supplier and the type of EBM configuration. RRA is working hard with suppliers to reduce the price of EBMs, which currently start from approximately FRW 180,000.

It is important to note that EBM SIM cards must also be loaded with sufficient airtime, at a rate of FRW 1,000 per month. Also note that EBMs can be entered as ‘assets’ in the taxpayer’s balance sheets and therefore deducted as business expenses in Income Tax declarations.

After purchasing an EBM, this must be taken to RRA offices for registration and activation. The taxpayer must also inform RRA of any changes to the EBM sales location.

How is airtime loaded onto original EBM SIM cards?

It is the taxpayer’s responsibility to ensure that their EBM is loaded with sufficient airtime. Airtime for original EBMs is available at a subsidised rate of FRW 1,000 per month. Airtime can be uploaded up to two months in advance at a time.

To check the airtime status of the EBM SIM card, dial:

*183*SIM Card Number#

To load airtime onto the EBM SIM card, dial:

*746*Voucher Number*SIM Card Number#

How can original EBMs be programmed?

Once the original EBM is activated, taxpayers can program the full list of the products, including both goods and services, and the current prices. These prices do not have to be final and can be changed for each sale. Additional products can be added at any time.

The taxpayer can program the products themselves, or can take a spreadsheet on a USB flash or hard drive to the licensed suppliers to be uploaded all at once. This spreadsheet should take the form, for example:

Code	Item Name	Typical Price	VAT Status
1	Water 500ml	FRW 300	Normal Rate – 18%
2	Water 1.5l	FRW 700	Normal Rate – 18%
3	Locally Processed Milk 1l	Rwf 1,200	Exempt

How do taxpayers use EBMs to provide EBM invoices?

EBMs must be used to produce EBM invoices for every sales transaction, whether to other businesses or to final consumers. The exact process varies slightly for different types of EBM. The licensed suppliers are trained to help show taxpayers how to use their EBMs.

This typical process for using original EBMs is to enter the quantity, price and code of each item that is being sold. For sales to other businesses, the taxpayer can enter the client's TIN number at the beginning of the transaction.

Once all items in a transaction have been entered, the taxpayer must print the EBM invoice and give this to the consumer. The taxpayer should also print a duplicate EBM invoice of every transaction for their records. Alternatively, at the end of the business day, the taxpayer can print a daily report of all EBM invoices.

Example 40

An example all-in-one EBM used is displayed below.

In order to make a sale on this particular type of EBM:

Step 1: Press 'MODE' until the EBM is set to 'Registration Mode', then press 'TOTAL' to confirm the mode.

Step 2: If the client has a TIN, first enter the TIN Number and then press 'PY1'. If the client does not have a TIN or is the final consumer, ignore this step.

Step 3: Enter the number of the particular items/services being sold and then press 'QTY'.

Step 4: Enter the value of each of the particular item/service being sold and then press 'PRC'.

Step 5: Enter the item code that has been programmed for that particular product and then press 'PLU'.

Step 6: Repeat steps 3 to 5 for each type of item/service being sold, then press 'TOTAL' to print the EBM invoice.

Step 7: Press 'SH' then 'TOTAL' in order to print out a duplicate EBM invoice for your own records.

What if the taxpayer enters an EBM invoice incorrectly, or wishes to cancel, refund or discount a transaction?

If the taxpayer wishes to refund a consumer, or makes a mistake when entering a transaction, they can cancel a specific item, or the whole receipt. Alternatively, if the taxpayer wishes to enter any discount, this can be done at the end of the transaction, before printing the invoice.

How can taxpayers copy sales data into the VAT Sales Annexure?

One of the advantages to using EBMs is that a monthly report containing all sales is available to be accessed online, and can be copied and pasted directly into the Sales tab of the VAT annexure when declaring. This reduces the time taken to complete the VAT annexures.

To view and download the EBM monthly reports, visit: www.ebm.rra.gov.rw, follow the link and login to the EBM back office using the username (TIN) and password. If a taxpayer does not know their EBM back office password, they should call the RRA call centre on 3004.

Once logged in, the taxpayer can click 'Documents', select the relevant month, and click 'Download'. This can then be copied and pasted into the sales tab of the VAT annexures, see page 207 for more details.

What should taxpayers do if the EBM is not working?

If there is any period where the EBM is not working, for whatever reason, taxpayers must notify RRA, handwrite invoices for the consumer, and keep a duplicate, until the EBM is working again. Once the EBM is working again, enter all the hand-written invoices into the EBM.

Further actions depend upon the type of problem, explained in turn below.

What should taxpayers do if the EBM is out of airtime?

RRA sends reminder messages, but ultimately it is the taxpayer's responsibility to ensure that their EBM is loaded with sufficient airtime. See page 203 for details on how to check and load airtime onto EBM sim cards.

What should taxpayers do if there is a power cut?

EBMs are able to store a certain amount of battery charge that can power the EBM for a number of hours. Therefore, EBMs should not often fully run out of power.

What should taxpayers do if the EBM is stolen?

If an EBM is stolen, or damaged in an event considered force majeure (unforeseeable circumstances), a taxpayer must notify RRA in writing within twelve (12) hours and provide an accompanying copy of the police report.

What should taxpayers do if the EBM is broken?

If the EBM is broken, the taxpayer is required to notify RRA within six (6) hours. They should then take the EBM back to the licensed supplier for consultation and repair. If the problem cannot be solved, a replacement EBM must be purchased by the taxpayer within eight days.

What is EBM Version 2.0 (v2.0)?

EBM v2.0 is an upgraded software version of EBM now available to all taxpayers. EBM v2.0 is available for free, however, taxpayers must have a desktop or laptop computer to download and use the software. EBM v2.0

is available directly from RRA Headquarters. EBM v2.0 is not available from the licensed suppliers listed on page 202 as these supply only the original EBM. RRA will also train the taxpayer in the use of EBM v2.0 for free.

The advantages of EBM v2.0 include:

- Extracting data automatically from suppliers also with EBM v2.0 and Customs, allowing the taxpayer to also copy and paste into the ‘Purchases’ and ‘VAT Importation’ tabs when completing the VAT annexures, making it quicker and easier for taxpayers to declare and pay VAT.
- Providing the taxpayer with greater information over their own stock and supply chain.
- The ‘Team View’ function allowing the taxpayer and RRA to work remotely together to fix any problems, without needing to visit RRA offices.
- Using the taxpayer’s existing internet connection. If not, the taxpayer can use a modem at the subsidised rate of FRW 3,000 per month for 3.2 GB, by dialing *456*2*3000#.

As EBM v2.0 is a new initiative, taxpayers are encouraged to contact RRA directly for more information about v2.0. This Tax Handbook focuses more on the original EBM.

EBMs Penalties and Fines

The penalties and fines relating to the lack of or misuse of EBMs are explained below. These may be applied separately, or in addition to, any penalties and fines relating to Value Added Tax (VAT) explained on page 199.

What are the penalties for a taxpayer who does not have an EBM, but is required to have?

A taxpayer who does not have an EBM for a sales location that requires an EBM is subject to a penalty of:

- FRW 200,000 for a first time offence.
- FRW 400,000 for any repeat offences.

What are the penalties for a taxpayer who fails to comply with any other EBM user obligations?

A taxpayer who fails to comply with any other EBM user obligations, including reporting changes of sales locations, ensuring the EBM is loaded with sufficient airtime and notifying RRA if the EBM is stolen or damaged, is subject to a penalty of:

- FRW 200,000 for a first time offence.
- FRW 400,000 for any repeat offences.

What are the penalties for a taxpayer who has an EBM but fails to issue an EBM invoice?

A taxpayer who has an operational EBM but fails to issue an EBM invoice when required is subject to a penalty of:

- Ten (10) times the value of the evaded VAT for a first time offence.
- Twenty (20) times the value of the evaded VAT for any repeat offences.

Example 41

Lucie is caught not issuing an EBM invoice for a FRW 59,000 transaction with VAT evaded of FRW 9,000. As it is her first offence, Lucie is subject to a penalty of:

*FRW 9,000 * 10 = FRW 90,000.*

What are the penalties for a taxpayer who has an EBM but issues an undervalued EBM invoice?

A taxpayer who has an operational EBM but issues an undervalued EBM invoice is subject to a penalty of:

- Ten (10) times the value of the evaded VAT for a first time offence.
- Twenty (20) times the value of the evaded VAT for any repeat offences.

What other penalties can taxpayers be subject to for non-compliance with EBM requirements?

Additional penalties available to RRA for non-compliance with EBM requirements can include:

- Closure of business activities for a period of thirty (30) days.
- Being barred from bidding for public tenders.
- Being named in nationwide newspapers.

Excise Duty

Explanation of Excise Duty

What is Excise Duty?

Excise Duty is a tax applied to specific products. This means that it is able to discourage consumption with negative social impacts. This can reduce the costs of healthcare and policing, whilst raising significant revenues for further government spending. As Excise Duties are charged on the consumption of certain products, it is also referred to as a ‘consumption tax’.

Who must register for Excise Duty?

Any manufacturer of a product that is subject to Excise Duty is required to declare and pay Excise Duty. There is no threshold on company size for Excise Duty. A taxpayer who manufactures taxable products must declare and pay Excise Duty regardless of the size of the business.

What are the obligations of taxpayers registered for Excise Duty?

The obligations of Excise Duty registered taxpayers are detailed in Section 2 of Law N° 26/2006 of 27/05/2006. Excise Duty registered taxpayers must:

- Submit an Excise Duty declaration and pay tax due within 5 days after the end of the tax period.

- Keep a register of inventory of the taxable products manufactured. The inventory register shall indicate the quantity exported, sold for domestic consumption, and destroyed, discarded or burnt, so that at any time, the quantities within the factory can be established and verified.
- Keep a register of the sales of all taxable products manufactured. The sales register shall indicate the price and quantity sold to every customer as well as the customer's name and address.
- Keep a register of raw materials to be used in manufacturing of taxable products.
- Keep a register of the activities of the manufacturer. The activities register shall indicate the date and time of starting and ending work, the type names and the nature of the equipment used, the type and quantity of the raw materials used and the batch number of production, the quantity of the goods produced.
- Notify RRA of any changes to business premises.

What are the additional obligations of oil product dealers?

Oil product dealers have additional obligations in addition to the obligations of Excise Duty registered taxpayers. These additional obligations, detailed in Article 32 of Law N° 26/2006 of 27/05/2006, include:

- Notifying RRA before any petrol station is opened so its premises can be inspected and approved before use.
- Notifying RRA beforehand in writing of any changes, damage, increase or decrease of tanks and pumps so that they can be inspected and approved before use.

Who pays Excise Duty?

Excise Duty is paid by the manufacturer of the taxable products. However, it is expected that these costs will be passed onto consumers in the form of higher prices.

What are the valuation methods of Excise Duty?

The rates of excise duties can be charged on a ‘specific’, ‘ad valorem’ or ‘mixed’ basis. A specific Excise Duty charges a certain amount of tax per unit of the product. For example, Excise Duty is charged on premium oil in Rwanda at a rate of FRW 183 per litre.

An ad valorem Excise Duty charges a percentage of the taxable value of the product. For example, Excise Duty is charged on beer in Rwanda at 60% of the taxable value.

A mixed Excise Duty charges both a certain amount of tax per unit and as a percentage of the taxable value of the product. For example, Excise Duty is charged on cigarettes in Rwanda at a rate of 36% of the retail price in addition to FRW 30 per pack of 20 individual cigarettes.

What are the taxable products and rates of Excise Duty?

The tax rates for Excise Duty vary depending upon the product. The taxable products and tax rates are:

Products	**Tax Rate**
Fruit juice	5%
Lemonade, soda and other juices	39%
Mineral water	10%
Beer	60%
Wine	70%
Brandies, liquors and whiskey	70%
Cigarettes	36% of retail price and FRW 30 per pack of 20 cigarettes
Premium oil (excluding benzene)	FRW 183 per litre
Gas oil	FRW 150 per litre
Lubricants	37%
Vehicles with an engine capacity of less than 1500cc	5%
Vehicles with an engine capacity of between 1500cc and 2500cc	10%
Vehicles with an engine capacity of more than 2500cc	15%
Powdered milk	10%
Telephone communications	10%

The taxable base for ad valorem Excise Duty on locally manufactured products is calculated according to the selling price, excluding all other taxes.

The rates of Excise Duty are the same for both domestic and imported products. For more details on the taxable value of Excise Duty on imported products, see page 333.

Example 42

Amahoro produces fruit juice. In one tax period she manufactures and sells 10,000 small bottles for a pre-tax selling price of FRW 400 each for a total taxable sales during that tax period of FRW 4,000,000. Amahoro must pay ad valorem Excise Duty of:

*FRW 4,000,000 * 5% = FRW 200,000.*

Example 43

Ubumwe produces cigarettes. In one tax period he manufactures and sells 400 packs (of 20 cigarettes) for a pre-tax selling price of FRW 300 each for a total taxable sales during that tax period of FRW 120,000. Ubumwe must pay mixed Excise Duty of:

*(FRW 120,000 * 36%) + (400 * FRW 30) = FRW 55,200.*

Example 44

Lucie produces banana wine. In one tax period she manufactures and sells 200 bottles for a pre-tax selling price of FRW 850 each for a total taxable sales during that *period of FRW 170,000. Lucie must pay ad valorem Excise Duty of:*

*FRW 170,000 * 70% = FRW 119,000.*

When is the deadline to declare and pay Excise Duty?

For the purposes of Excise Duty declaration, each month is divided into three tax periods:

- Tax Period 1 – From 1^{st} to 10^{th} of each month
- Tax Period 2 – From 11^{th} to 20^{th} of each month
- Tax Period 3 – From 21^{st} to the end of each month

Excise Duty must be declared and paid within five days of the end of each tax period. This means it must be declared and paid by the 15^{th}, 25^{th} of that month and 5^{th} of the following month.

For example, declarations concerning the tax period between March 1^{st} and March 10^{th} must be declared to RRA and paid by March 15^{th}. Then declarations concerning the tax period between March 11^{th} and March 20^{th} must be declared to RRA and paid by March 25^{th}. Then declarations concerning the tax period between March 21^{st} and March 31^{st} must be declared to RRA and paid by April 5^{th} and so on throughout the year.

Should Excise Duty be paid on exports?

Taxable products are exempt from Excise Duty if they are exported outside Rwanda. However, proof is required that the products were actually exported.

In terms of the declaration, exports are included in the 'Tax Due' calculation but then *refunded* in the 'Tax Payable' calculation. This is an implied refund, on the presumption that proof of export will be provided.

What are tax stamps?

A tax stamp is a sign affixed on a product subject to Excise Duty to show retailers and consumers that tax has been paid. The products requiring tax stamps are cigarettes (each pack of 20 cigarettes), wines and liquors (each bottle). Tax stamps can be purchased (at cost price) from RRA. Call 078818 5571 for details on purchasing tax stamps.

Declaring Excise Duty

The declaration process for Excise Duty is similar to other domestic taxes, see the guide to Declaring Domestic Taxes using E-Tax on page 74 for more details.

Annexures

Firstly, download the Excise Duty Annexures from the E-Tax website, see page 74 for more detail on downloading annexures. The Excise Annexure file has two tabs.

Raw Materials Tab

This tab is applicable for all taxpayers to record their register of raw materials used in the manufacturing of taxable products during the tax period.

Each raw material used for production of each product on each date is required to have its own row in the annex. For example, if two raw materials are used to produce two separate products on eight days of production, then (2 * 2 * 8 = 32) 32 rows are required in the annexure.

Product Name – Enter the type or brand of product that is being produced. This does not have to specify amounts or unit sizes.

Production Date – Enter the date of production, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Raw Materials Used – Enter the name or description of the raw material used in the production.

Opening Stock – Enter the opening stock (in given units) of the raw material at the beginning of that day's production.

Note: The units that are used can be chosen by the taxpayer, i.e. grams, kilograms or tonnes, but should remain consistent for that raw material. The units that are used are not written in the annexure, only numbers.

Quantities Used for Production – Enter the amount of stock (in given units) of the raw material during that day's production.

Quantities Spoiled – Enter the amount of stock (in given units) of the raw material that was spoiled during that day's production.

Closing Stock – Enter the amount of stock (in given units) of the raw material remaining at the end of that day's production. This should equal Opening Stock – Quantities Used for Production – Quantities Spoiled.

Excise Tab

This tab is applicable for all taxpayers to record their sales of taxable products sold during the tax period.

Each product type sold on each date for each specific unit price is required to have its own row in the annex. For example, if two different sized products of the same brand are sold on the same day, these are required to have two separate rows.

Product name – Enter the name or brand of product that is being produced. Unlike the 'Raw Materials' tab, this should specify the amounts or unit sizes.

Production Date – Enter the date of sale (not production), which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Factory Units – Enter the number of units of each product that were sold and left the factory that day.

Note: The units that are used can be chosen by the taxpayer, i.e. individual items or multipacks, but should remain consistent.

Adjustment – Enter the number of units that have previously been sold and left the factory that have since been refunded and returned, or any other valid adjustments (proof required).

Exports – Enter the number of units that are sold with the express purpose of being exported outside Rwanda.

Total Taxable Units – Is equal to 'Factory Units' minus 'Adjustment'.

Unit Price – Enter the selling price (excluding tax) of each unit.

Total Taxable Value – Enter the total selling price (excluding tax) of all units sold, including exports. This should equal 'Total Taxable Units' multiplied by 'Unit Price'.

Tax Due – Enter the total tax due of all units sold (including exports). This should equal Total Taxable Value multiplied by the excise tax rate for that product.

Tax Refunded on Exports – Enter the tax that is not required from the units that are exported. This should equal 'Exports' multiplied by 'Unit Price' multiplied by the excise tax rate for that product.

Tax Payable – Enter the tax that is required to be paid. This should equal to 'Tax Due' minus 'Tax Refunded on Exports'.

Quantities of Products Exported – This column uses different units to the rest of the annexure. Enter the number of units that are sold with the strict purpose of being exported. This is required to be in litres (for all liquids) or individual cigarettes. Leave this cell empty in the case of airtime.

Quantities for Local Consumption – This column uses different units to the rest of the annexure. Enter the number of units that are sold with the purpose of being consumed within Rwanda. This is required to be in litres (for all liquids) or individual cigarettes. Leave this cell empty in the case of airtime.

Products Remaining in Stock – Enter the number of units that are not yet sold and remain in the factory.

Excise Declaration

Once all the Excise Duty annexures have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the Excise Duty declaration, see page 80 for more detail on selecting the relevant declaration.

The Excise Duty declaration requires similar data to the Excise Duty Annexures that have previously been completed. The important distinction is that in the Excise Duty declaration, the total combined values for all transactions during that tax period must be entered. Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 45

An example Excise declaration is entered below. The Excise Duty due for this taxpayer in this tax period is FRW 1,350,000.

LOCAL CONSUMPTION TAX DECADAL DECLARATION FORM

TIN:	[illegible]	Business Name:	[illegible]	DOCNO:	40711405
Tax Period:	01-Aug-2016 to 31-Aug-2016	Due Date:	15-Sep-2016	Month:	August

5.	**Calculation of Tax Due**		
5 -	Total Units out of Factory	1,000	
10 -	Total Adjustments of Units	0	
15 -	Total Exports of Units	250	
20 -	Total Taxable Units(Line5-10)	1,000	
25 -	Total Taxable Value	3,000,000	
30 -	Local Consumption Tax Rate	60	Fruit Juice:5% Other Juice:39% Beers:60% Cigarettes:150% Lemonades:39% Telephones:8% Water:10% Wines:70%
35 -	**Total Consumption Tax Due**	1,800,000	Multiply Line 25 by the rate on line 30
40 -	Tax Refunded on Exports	450,000	
45 -	Tax Due(Line35-40)	1,350,000	
2.	**STATISTICAL INFORMATION**		
50 -	Number of Taxable Products	1,000	
55 -	Total volume of exportation	250	Cigarette in sticks,liquids in Litre
60 -	Total volume of local consumption	750	Cigarette in sticks,liquids in Litre
65 -	Total volume of production	1,000	Cigarette in sticks,liquids in Litre

Details Saved

save

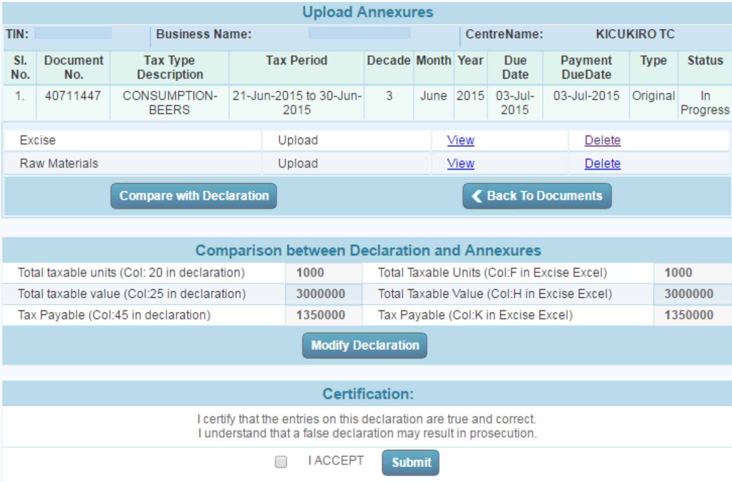
Continue with Upload Annexures

Back To Documents

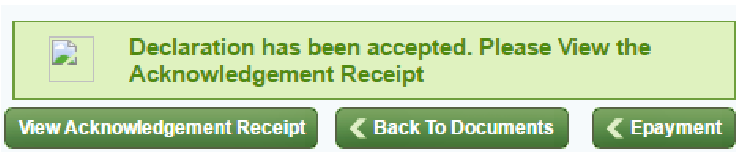
After saving the Excise Duty declaration form, upload the Excise Duty annexures and then compare with the Excise Duty declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

Example 46

Continuing the example of the Excise Duty declaration form above, the comparison between this Excise Duty declaration form and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.



Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, this screen will load.



Click 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Excise Duty Penalties and Fines

Excise Duty uses a different method of penalties to other tax types. Excise Duty sets the rate of penalties in terms of ‘penalty units’.

What is a penalty unit?

Each penalty unit is equal to FRW 400. For example, 500 penalty units is equal to:

500 * FRW 400 = FRW 200,000.

What are the penalties for late declaration?

An Excise Duty registered taxpayer who has failed to submit a tax declaration within the required time must still declare and is subject to an additional penalty:

- 500 penalty units (FRW 200,000).

What are the penalties for late payment?

An Excise Duty registered taxpayer who has failed to pay any tax due within the required time must still pay, and is subject to two additional penalties:

- 500 penalty units (FRW 200,000).
- 1.5% interest on a tax period basis.

This is in addition to the penalties for late declaration. For example, if a taxpayer both fails to submit a tax declaration and fails to pay the tax due within the required time must still declare and pay and is subject to two additional penalties:

- 1,000 penalty units (FRW 400,000).
- 1.5% interest on a tax period basis.

Example 47

ABC Soda Company declared its Excise Duty for the tax period of 1st January 2017 to 10th January 2017 late. Instead of declaring by 15th January, it finally declared and paid on 5th February, two tax periods later. The Excise Duty due for this tax period was FRW 200,000.

ABC Soda Company's penalty for declaring late is:

- *1,000 * FRW 400 = FRW 400,000*
- *FRW 200,000 * 1.5% * 2 = FRW 6,000 interest*

In addition to the FRW 200,000 tax due, ABC Soda Company must pay FRW 400,000 + FRW 6,000 = FRW 406,000.

What are the penalties for a taxpayer who is not registered for Excise Duty, but is required to be?

A taxpayer who is not registered for Excise Duty but is required to be registered for Excise Duty is subject to the penalty of:

- 5,000 penalty units (FRW 2,000,000).

What are the penalties for a taxpayer who declares less than the correct Excise Duty due?

An Excise Duty registered taxpayer who submits a declaration but is found to have declared lower Excise Duty due than the correct amount of tax due must pay the difference and is subject to an additional penalty:

- 500 penalty units (FRW 200,000).
- 1.5% interest on a tax period basis.

Example 48

XYZ Whisky Ltd declares Excise Duty due of FRW 120,000. However, during an audit five tax periods later it is discovered that it should have declared Excise Duty due of FRW 260,000. XYZ Whisky Ltd has to pay the FRW 40,000 difference and the penalty of:

- *500 * FRW 400 = FRW 200,000*
- *FRW 40,000 * 1.5% * 5 = FRW 3,000*

In addition to paying the FRW 140,000 difference, XYZ Whisky Ltd must pay FRW 200,000 + FRW 3,000 = FRW 203,000.

What are the penalties for a taxpayer who pays less than the Excise Duty due they have declared?

An Excise Duty registered taxpayer who submits a declaration but pays a lower amount of Excise Duty due than they have declared must pay the difference and is subject to an additional two penalties:

- 500 penalty units (FRW 200,000).
- 1.5% interest on a tax period basis.

What are the penalties for a taxpayer who has failed to fulfil the obligations required of Excise Duty registered taxpayers?

An Excise Duty registered taxpayer is subject to a penalty if they have failed to notify RRA of changes to their factory, failed to conduct correct treatment of tax stamps or failed to keep the required registers of: taxable products manufactured, taxable products sold, raw materials used and production activities. The taxpayer is subject to a penalty of:

- 5,000 penalty units (FRW 2,000,000).
- Potential imprisonment.

What are the specific penalties for oil product dealers?

A taxpayer who does not comply with the additional obligations of oil product dealers, see page 213, is subject to a penalty of:

- Up to 2,500 penalty units (up to FRW 1,000,000).

An oil products dealer who fails to pay the correct amount of tax due must pay the difference in addition to a fine ranging between one (1) and ten (10) times the difference.

What are the rules concerning interest?

The rules concerning interest are the same as for other domestic taxes, see page 91 for details.

Withholding Taxes (WHT 15% and WHT 3%)

Explanation of Withholding Taxes

Which tax types are included in this chapter?

This chapter focuses on withholding tax of 15% (WHT 15%) and withholding tax of 3% (WHT 3%). The process of declaring and paying each of these tax types are similar. The use of the phrase 'withholding taxes' in this chapter refers to WHT 15% and WHT 3%.

It is important to note that although they are also technically types of withholding tax, this chapter does not concern Withholding tax on imports of 5% (WHT 5%), Pay As You Earn (PAYE), Gaming Tax or Tax on Minerals as these are declared and paid differently. For more details on these tax types, see their respective chapters in this Tax Handbook.

Finally, withholding tax of 15% on gambling proceeds is a type of WHT 15%, but the process of declaring is more similar to that of Gaming Tax. Therefore, this particular type of WHT 15% is mentioned briefly, but is covered in more detail in the Gaming Tax chapter on page 245.

What are Withholding Taxes (WHT 15% and WHT 3%)?

Withholding taxes are paid on transactions on particular types of income. Withholding taxes are declared and paid by the taxpayer who is the source of the transaction, but on behalf of the recipient. The recipient is then able to claim the tax paid back in their Income Tax declarations.

Withholding taxes are very important tax types. Withholding taxes ensure compliance by withholding tax on sources of income that might otherwise be difficult to trace. This increases the fairness of the tax system.

The different types withholding taxes (WHT 15% and WHT 3%) concern different types of income with different tax rates, explained in turn below.

What is Withholding Tax of 15% (WHT 15%)?

WHT 15% is required to be withheld and paid on transactions of the following types of income:

- Interest income
- Dividend income
- Royalty income
- Service fees
- Performance payments
- Gambling proceeds
- Payments for goods and services supplied by non-registered businesses

The definitions of each of these types of income are discussed in more detail on page 233.

It is important to note that there are specific circumstances where some of these transactions may be subject to reduced withholding tax rates instead of 15%. Although the tax rate might be different, these are still referred to as WHT 15% in this Tax Handbook.

What is Withholding Tax of 3% (WHT 3%)?

WHT 3% is required to be withheld and paid by public institutions on payments to the winners of public tenders.

What is a Quitus Fiscal certificate?

A Quitus Fiscal certificate is available, upon request, to taxpayers who have demonstrated a history of correct tax compliance. The benefit of Quitus Fiscal is that certified taxpayers are not required to have WHT 3% withheld and paid on their behalf.

The procedure and requirements for applying for a Quitus Fiscal certificate are listed in more detail on page 47.

Who must register for Withholding Taxes?

Any taxpayer making payments of taxable income, of the types listed for each specific tax type above, must register for the relevant withholding taxes.

How are Withholding Taxes calculated?

Withholding taxes are required to be calculated *before* transmitting transactions of taxable income. The net amount of income that is actually transmitted is therefore equal to:

Net Amount = Taxable Income – Tax Due

Where 'Tax Due' is equal to:

Tax Due = Taxable Income * Tax Rate

Note that the taxable income excludes any other taxes due on the transaction, such as Value Added Tax (VAT).

What is 'interest income'?

Interest income is subject to withholding tax of 15%. Interest income includes any income from loans, deposits, guarantees, current accounts, government securities, bonds and negotiable securities.

However, interest income on securities listed on capital markets and interest arising from investments in listed bonds with a maturity of three years and above can be withheld from Rwandan or EAC citizen registered taxpayers at the rate of 5%.

Example 49

Amahoro has a current account with Gorilla Bank Ltd. Gorilla Bank Ltd pays her a gross interest of FRW 40,000 on her savings. As the source of this income, Gorilla Bank Ltd must declare and pay withholding tax on this interest of:

*FRW 40,000 * 15% = FRW 6,000*

This FRW 6,000 is declared and paid to RRA by Gorilla Bank Ltd. Therefore, the net amount that is transmitted by Gorilla Bank Ltd to Amahoro is:

FRW 40,000 – FRW 6,000 = FRW 34,000

The FRW 6,000 withholding tax was withheld by Gorilla Bank Ltd on behalf of Amahoro. Therefore, Amahoro can claim back this amount in Income Tax declarations.

What is 'dividend income'?

Dividend income is subject to withholding tax of 15%. Dividend income includes any income from shares and similar income distributed by companies.

However, dividend income can be withheld from registered Rwandan or EAC citizen registered taxpayers at the rate of 10%.

Example 50

ABC Ltd pays a gross dividend of FRW 125,000 to its shareholder, Lucie. As the source of this income, ABC Ltd must declare and pay withholding tax on this dividend of:

*FRW 125,000 * 15% = FRW 18,750*

This FRW 18,750 is declared and paid to RRA by ABC Ltd. Therefore, the net amount that is transmitted by ABC Ltd to Lucie is:

FRW 125,000 – FRW 18,750 = FRW 106,250

The FRW 18,750 withholding tax was withheld by ABC Ltd on behalf of Lucie. Therefore, Lucie can claim back this amount in Income Tax declarations.

What is ‘royalty income’?

Royalty income is subject to withholding tax of 15%. Royalty income includes all payments of any kind received for the use of, or the right to use:

- any copyright of literary, craftsmanship or scientific work including films, TV and radio broadcasting.
- any trademark, design or model, computer application, plan, formula or process.
- industrial, commercial or scientific equipment or for any information or experience of an industrial, commercial or scientific nature.
- natural resource payments.

What are ‘service fees’?

Service fees are subject to withholding tax of 15%. Service fees includes payments of any kind to any person other than to an employee, in consideration for any service of a managerial, technical or consultancy nature.

Managerial services involve activities related to scoping or improving how a business is run, as opposed to the actual day-to-day activities involved in running the business.

Technical services involve activities where skills or knowledge related to a technical field are required for the provision of goods and services.

Consultancy services involve the provision of advice by experts, professionals or consultants in particular fields, typically of a short term nature of less than one year. This can overlap with managerial and technical services as these can also be provided by a consultant.

The rates of withholding tax on service fees can be affected by Double Taxation Agreements (DTAs) signed with other countries.

Example 51

Innocent is hired by XYZ Business Ltd as a technical consultant on a short term contract. Innocent's gross income for this contract is FRW 3,500,000. As the source of this income, XYZ Business Ltd must declare and pay withholding tax on this income of:

*FRW 3,500,000 * 15% = FRW 525,000*

This FRW 525,000 is declared and paid to RRA by XYZ Business Ltd. Therefore, the net amount transmitted by XYZ Business Ltd to Innocent is:

FRW 3,500,000 – FRW 525,000 = FRW 2,975,000

The FRW 525,000 withholding tax was withheld by XYZ Business Ltd on behalf of Innocent. Therefore, Innocent can claim back this amount in Income Tax declarations.

What are 'performance payments'?

Performance payments are subject to withholding tax of 15%. Performance payments includes payments of any kind made to an artist, musician or sportsperson for a performance in Rwanda. This is irrespective of whether the payments are made directly or through an entity that is not resident in Rwanda.

What are 'payments for goods and services supplied by non-registered taxpayers'?

Payments of any kind for any goods and services supplied by non-registered taxpayers are subject to withholding tax of 15%. 'Non-registered taxpayers' refers to any individual or business without a unique Taxpayer Identification Number (TIN). This includes payments made for goods and services supplied by companies or individuals outside Rwanda that are not registered with RRA.

What are 'gambling proceeds'?

Gambling proceeds won by the player during gaming activities are subject to withholding tax of 15%. Gambling proceeds are defined as the difference between the winnings of a player and the amount of money invested by the player from the start until the end of the game.

The declaration process for Withholding Tax of 15% on gambling proceeds is similar to Gaming Tax. Therefore, this is covered in the Gaming Taxes chapter on page 245.

When is the deadline to declare and pay Withholding Taxes?

Withholding taxes (WHT 15% and WHT 3%) are each declared and paid on a monthly basis. The declaration must be submitted and any tax paid within fifteen (15) days of the end of the tax period in which the payment was made. A separate declaration is required for each type of withholding tax (including the different types of income subject to Withholding 15%). Declarations are not required if no taxable payments were made during the tax period.

This means that declarations concerning the tax period between March 1^{st} and March 31^{st} must be declared to RRA and paid by April 15^{th}. Then declarations concerning the tax period between April 1^{st} and April 30^{th} must be declared to RRA and paid by May 15^{th} and so on throughout the year.

Can Withholding Taxes be claimed back in Income Tax?

Taxpayers may claim back Withholding taxes that have been withheld and paid on their behalf in Income Tax declarations, see page 106 for more details.

Declaring Withholding Taxes (WHT 15% and WHT 3%)

The declaration process for withholding taxes is similar to other domestic taxes, see the guide to Declaring Domestic Taxes using E-Tax on page 74 for more details.

Annexures

Firstly, download the Withholding Annexures from the E-Tax website, see page 74 for more detail on downloading annexures.

It is important to note that each type of withholding tax (including the different types of income subject to Withholding 15%) must complete their own annexure and declaration separately. The whole declaration process should be completed for each type of withholding tax before beginning the next type.

The Withholding Annexure file has three tabs. Only the 'Withholdings' Tab needs to be completed. validated and saved for withholding taxes, the other tabs are for Gaming Taxes, see page 245 for more details on Gaming Taxes. See page 76 if the taxpayer has any problems when validating annexures.

Withholdings Tab

This tab is applicable for any taxpayer who has withheld tax of 15% (except on gambling proceeds) or 3%.

The ‘Withholdings’ tab has 11 columns. Each row is for a separate transaction where tax has been withheld. For each transaction, enter details on:

Withholdee’s TIN – Enter the Taxpayer Identification Number (TIN) of the taxpayer receiving the income, from whom tax is being withheld and paid on their behalf. If they do not have a TIN, enter ‘999999999’ (nine ‘9’s).

Withholdee’s Name – Enter the name of the taxpayer receiving the income, from whom tax is being withheld and paid on their behalf.

Invoice/Transaction Number - Enter the unique invoice number of the transaction.

Date of Withholding (dd/mm/yyyy) – Enter the date of the transaction, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Nature of Goods/Services - Enter a brief description of the goods or services for which income is being withheld.

Amount on which to Withhold – Enter the total amount of income which is subject to withholding tax, excluding other taxes.

Rate Used – Enter the rate of tax withheld, without the percentage symbol. For example, withholding tax of 3% should be entered as ‘3’.

Amount – Enter the amount of tax withheld. This should equal 'Amount on Which to Withhold' multiplied by 'Rate Used'%.

Withholding Taxes declaration

Once the relevant annexures have been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the declaration, see page 80 for more detail on selecting the relevant declaration.

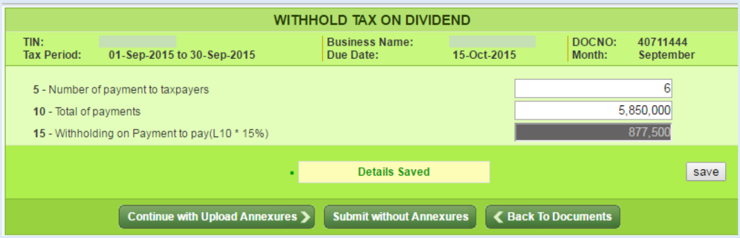
However, as previously mentioned it is important to note that each type of withholding tax, including the different types of income subject to withholding 15%, must be declared separately.

In addition, it is important to select the correct type of withholding tax, with the different types of income subject to WHT 15% listed as 'WOP – INTEREST', 'WOP – DIVIDEND' and so on. Withholding tax of 15% on payments for goods and services supplied by non-registered taxpayers is listed as 'WOP – SERVICES'. Finally, WHT 3% is listed as 'WOP – PUBLIC SUPPLIES'. WOP refers to 'Withholding On Payments'.

The withholding taxes declaration forms require similar data to the annexures that have previously been completed. The important distinction is that in the withholding taxes declaration forms, the total combined values for all transactions for the withholding type during that tax period must be entered. Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 52

An example WHT 15% declaration form is entered below. This is a withholding tax of 15% on dividends. The WHT 15% due for this taxpayer in this tax period is FRW 877,500.



WITHHOLD TAX ON DIVIDEND

TIN:
Tax Period: 01-Sep-2015 to 30-Sep-2015
Business Name:
Due Date: 15-Oct-2015
DOCNO: 40711444
Month: September

5 - Number of payment to taxpayers	6
10 - Total of payments	5,850,000
15 - Withholding on Payment to pay(L10 * 15%)	877,500

Details Saved

save

Continue with Upload Annexures

Submit without Annexures

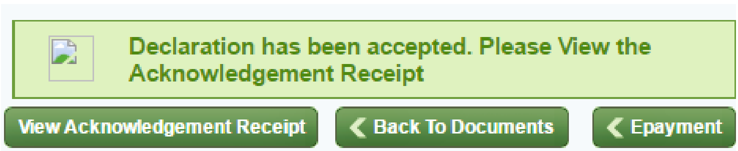
Back To Documents

After saving the declaration form, upload the annexures and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declarations.

Example 53

Continuing the example of the WHT 15% declaration above, the comparison between this WHT 15% declaration and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.

Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, this screen will load.



Click 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Withholding Taxes (WHT 15% and WHT 3%) Penalties and Fines

The penalties and fines for withholding taxes are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

Note that taxpayers do not have to submit withholding declarations for tax periods without taxable payments.

Who must pay withholding taxes penalties and fines?

Any penalties and fines are the liability of the 'withholding agent', where the withholding agent is defined as the source of the taxable income who is required to declare and pay the withholding tax.

What if the withholding agent fails to withhold tax?

A withholding agent who fails to withhold tax at the point of transaction, is still liable to declare and pay the withholding tax, including any penalties and fines.

However, the withholding agent is entitled to recover the principal amount from the recipient of the income.

Gaming Taxes

Explanation of Gaming Taxes

What are Gaming Taxes?

Gaming taxes includes Gaming Tax and Withholding Tax of 15% on Gambling Proceeds, also referred to as Withholding On Payments (WOP) on Gaming or 'WOP-Gaming'. These taxes are applied on the proceeds of gambling activities and can therefore help to reduce the negative social impacts associated with gambling.

What are the differences between Gaming Tax and WOP-Gaming?

These tax types are both types of withholding taxes. In both cases, they are withheld and paid by the betting company, referred to as the taxpayer. However, Gaming Tax is paid by the taxpayer on their income from gaming activities, whilst WOP-Gaming is withheld on behalf of the player on the player's gambling proceeds. In each case, the taxpayer or player who is withheld from is then able to claim the tax paid back in income declarations.

There is also a difference in the rates and thresholds of Gaming Tax and WOP-Gaming, see page 246 for details.

Who must register for Gaming Taxes?

Any operator of gaming activities is required to register for both Gaming Tax and WOP-Gaming.

Gaming activities refers to any game played with cards, dices, tickets, equipment or any machine where the result depends upon the skill of the player or operator, the element of chance, or both, and is played for money or any representative of value.

What are 'gambling proceeds'?

Gambling proceeds are defined as the difference between the winnings of a player and the amount of money invested by the player from the start until the end of the game.

If this amount is negative, i.e. the taxpayer received more money than they paid out, then the gambling proceeds are subject to Gaming Tax.

If this amount is positive, i.e. the player received more money than they paid out, then the gambling proceeds are subject to WOP-Gaming.

What is the rate of Gaming Tax?

All gambling proceeds to the taxpayer are subject to Gaming Tax of 13%.

Example 54

Rukundo places a bet of FRW 24,000 with ABC Betting Ltd. He loses the bet. Therefore, his gambling proceeds are equal to:

Rwf 0 (winnings) – Rwf 24,000 (amount invested) = Rwf -24,000

As the gambling proceeds are negative, the taxpayer is required to declare and pay Gaming Tax. ABC Betting Ltd is required to pay Gaming Tax of:

*FRW 24,000 * 13% = FRW 3,120*

This FRW 3,120 is declared and paid by ABC Betting Ltd. ABC Betting Ltd can claim back this amount in their Income Tax declarations.

What is the rate of WOP-Gaming?

Gambling proceeds to the player of more than FRW 30,000 are also subject to WOP-Gaming of 15%. It is important to note that this is not marginal, this means that all the gambling proceeds are taxed at 15%.

Example 55

Lucie cashes in FRW 160,000 with Rwanda Casinos Ltd. She plays blackjack and cashes out FRW 280,000 (including her initial buy-in). Therefore, her gambling proceeds are equal to:

FRW 280,000 – FRW 160,000 = FRW 120,000

As the gambling proceeds are positive and more than FRW 30,000, the taxpayer is required to declare and pay WOP-Gaming. Rwanda Casinos Ltd is required to withhold WOP-Gaming of:

*FRW 120,000 * 15% = FRW 18,000*

Therefore, the net amount that is transmitted by Rwanda Casinos Ltd to Lucie is:

FRW 280,000 – FRW 18,000 = FRW 262,000

The FRW 18,000 WOP-Gaming was withheld by Rwanda Casinos Ltd on behalf of Lucie. Therefore, Lucie can claim back this amount in Income Tax declarations.

When is the deadline to declare and pay Gaming Taxes?

Both Gaming Tax and WOP-Gaming are declared and paid on a monthly basis. The declaration must be submitted and any tax paid within fifteen (15) days of the end of the tax period in which the payment was made.

This means that declarations concerning the tax period between March 1st and March 31st must be declared to RRA and paid by April 15th. Then declarations concerning the tax period between April 1st and April 30th must be declared to RRA and paid by May 15th and so on throughout the year.

Declaring Gaming Taxes

Gaming Tax and Withholding Tax of 15% on Gambling Proceeds (WOP-Gaming) must each be declared separately, but in a similar manner.

The declaration process for gaming taxes is similar to other domestic taxes, see the guide to Declaring Domestic Taxes using E-Tax on page 74 for more details.

Annexures

Firstly, for both types of gaming taxes, download the Withholding Annexures from the E-Tax website, see page 74 for more detail on downloading annexures.

However, it is important to note that both Gaming Tax and WOP-Gaming must complete their own annexure and declaration separately.

Withholding on Gaming 13% Tab

This tab refers to the Gaming Tax and is applicable to any transaction or game where the gambling proceeds are negative, i.e. where the betting company wins.

The ‘Withholding on Gaming 13%’ tab has 9 columns. Each row is for a separate transaction or game for which tax has been paid. For each transaction, enter details on:

Withholdee’s Name - Enter the name of the player who lost the money.

Betting Number by Withholdees – Enter the number of individual bets made during the course of the game.

Transaction Number – Enter the unique invoice number of the transaction.

Date of Withholding (dd/mm/yyyy) – Enter the date of the transaction, which must be entered in the format of dd/mm/yyyy such that 10th April 2017 is entered as 10/04/2017. Any other date format will not be accepted.

Nature of Bet – Enter a brief description of the type of bet, eg. 'Casino', 'Slots', or 'Sports Betting'.

Total Output – Enter the total amount won by the betting company.

Total Input – Enter the total amount wagered by the betting company.

Difference Subjected to Tax – Enter the gambling proceeds as defined on page 237. This should equal 'Total Output minus 'Total Input'.

Rate Used – Enter the rate of tax that is withheld. This should always be entered on '13' without including the percentage symbol.

Tax Due – Enter the amount of tax that was withheld. This should equal 'Difference Subjected to Tax' multiplied the 'Rate Used'%.

Withholding on Gaming 15% Tab

This tab refers to the WOP-Gaming and is applicable to any taxpayer who has paid out gambling proceeds to the player of more than FRW 30,000 in a transaction or game.

The ‘Withholding on Gaming 15%’ tab is very similar to the ‘Withholding on Gaming 13%’ tab discussed above, with the exception of:

Total Payment Received – Enter the total winnings of the player.

Total Amount Betted – Enter the total amount wagered by the player.

Rate Used – Enter the rate of Withholding Tax. This should always be entered as ‘15’ without including the percentage symbol.

Tax Due – Enter the amount of tax that was withheld. This should equal (‘Total Payment Received’ minus ‘Total Amount Betted’) multiplied ‘Rate Used’%.

Gaming Taxes declaration

Once both the relevant annexures have been completed, validated and saved in the folder C:/RRA in the user’s local machine, the taxpayer can return to E-Tax to complete the declarations, see page 80 for more detail on selecting the relevant declarations.

The withholding taxes or gaming tax declaration forms require similar data to the annexures that have previously been completed. The important distinction is that in the withholding taxes or gaming tax declaration forms, the total combined values for all transactions during that tax period must be entered. Once all relevant white boxes have been entered, click ‘save’ to calculate the grey boxes automatically.

Example 56

An example Gaming Tax declaration form is entered below. The Gaming Tax due for this taxpayer in this tax period is FRW 87,750.


WITHHOLD TAX ON GAMING

TIN:
Tax Period: 01-Mar-2013 to 31-Mar-2013
Business Name:
Due Date: 15-Apr-2013
DOCNO: 4293431
Month: March

5 - TOTAL WINNINGS AWARDED/TOTAL BUY IN/ TOTAL IN	1,375,000
10 - TOTAL AMOUNT WAGERED/TOTAL CASH OUT/TOTAL OUT	700,000
15 - DIFFERENCE AMOUNT (LINE 5-LINE10)	675,000
20 - TAX DUE	87,750

Details Saved

save

Continue with Upload Annexures
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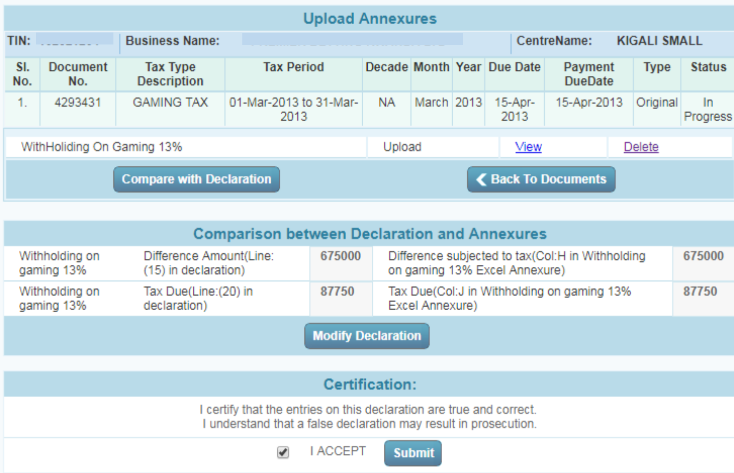
After saving the declaration form, upload the annexures and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declarations.

Example 57

Continuing the example of the Gaming Tax declaration above, the comparison between this Gaming Tax declaration and the uploaded annexures is shown below.

As all the comparison values are equal, the declaration can be certified and submitted.



Upload Annexures

TIN: [illegible] | Business Name: [illegible] | CentreName: KIGALI SMALL

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	4293431	GAMING TAX	01-Mar-2013 to 31-Mar-2013	NA	March	2013	15-Apr-2013	15-Apr-2013	Original	In Progress

WithHoliding On Gaming 13%	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

Withholding on gaming 13%	Difference Amount(Line:(15) in declaration)	675000	Difference subjected to tax(Col:H in Withholding on gaming 13% Excel Annexure)	675000
Withholding on gaming 13%	Tax Due(Line:(20) in declaration)	87750	Tax Due(Col:J in Withholding on gaming 13% Excel Annexure)	87750

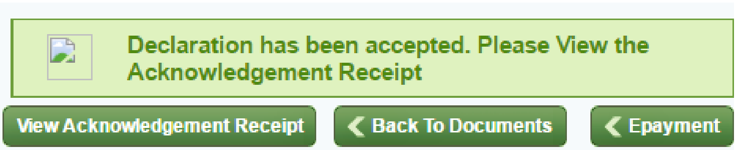
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Once all the annexures and declaration values are equal, correct and certified, click to ‘Submit’ the declaration. After successfully submitting, this screen will load.

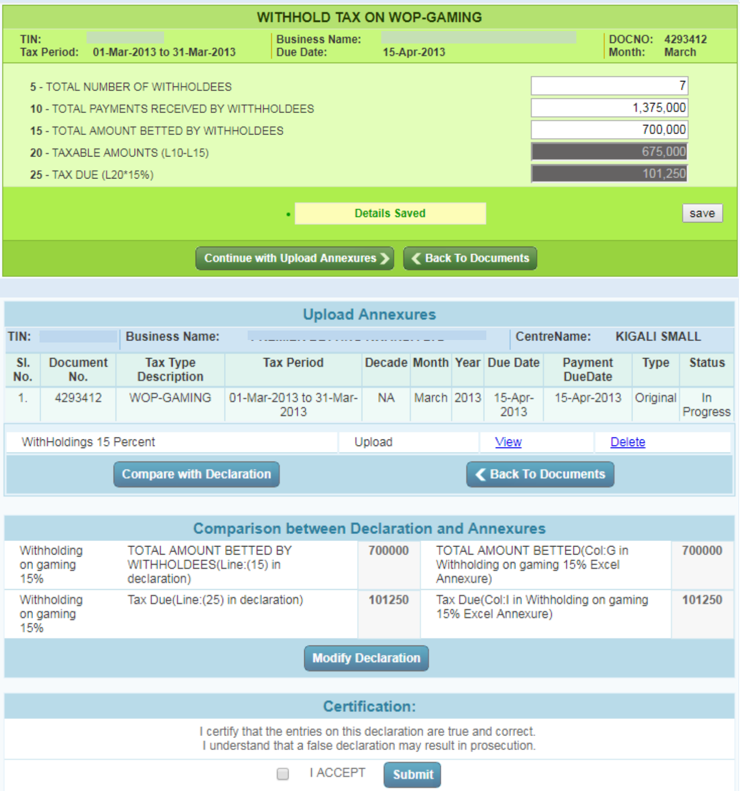


Click ‘View Acknowledgement Receipt’ to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

After submitting the Gaming Tax declaration and viewing the acknowledgement receipt, repeat the above process for WOP-Gaming.

Example 58

Continuing the example of the Gaming Tax declaration above, the similar steps are carried out for the WOP-Gaming declaration. The WOP-Gaming due for this taxpayer in this tax period is FRW 101,250.



WITHHOLD TAX ON WOP-GAMING

TIN:		Business Name:		DOCNO:	4293412
Tax Period:	01-Mar-2013 to 31-Mar-2013	Due Date:	15-Apr-2013	Month:	March

5 - TOTAL NUMBER OF WITHHOLDEES	7
10 - TOTAL PAYMENTS RECEIVED BY WITTHHOLDEES	1,375,000
15 - TOTAL AMOUNT BETTED BY WITHHOLDEES	700,000
20 - TAXABLE AMOUNTS (L10-L15)	675,000
25 - TAX DUE (L20*15%)	101,250

Details Saved save

Continue with Upload Annexures › ‹ Back To Documents

Upload Annexures

TIN: Business Name: CentreName: KIGALI SMALL

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	4293412	WOP-GAMING	01-Mar-2013 to 31-Mar-2013	NA	March	2013	15-Apr-2013	15-Apr-2013	Original	In Progress

WithHoldings 15 Percent	Upload	View	Delete

Compare with Declaration ‹ Back To Documents

Comparison between Declaration and Annexures

Withholding on gaming 15%	TOTAL AMOUNT BETTED BY WITHHOLDEES(Line:(15) in declaration)	700000	TOTAL AMOUNT BETTED(Col:G in Withholding on gaming 15% Excel Annexure)	700000
Withholding on gaming 15%	Tax Due(Line:(25) in declaration)	101250	Tax Due(Col:I in Withholding on gaming 15% Excel Annexure)	101250

Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Gaming Taxes Penalties and Fines

The penalties and fines for gaming taxes are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

The additional penalties and fines applicable to Gaming Taxes are the same as those concerning other types of withholding taxes, see page 88 for more details.

It is important to note that these penalties apply separately to both Gaming Tax and Withholding Tax of 15% on Gambling Proceeds. Failure to declare or pay any one tax type will result in penalties and fines applying to only that particular tax type. Failure to declare or pay both tax types will result in penalties and fines applying to both tax types.

Tax on Minerals

Explanation of Tax on Minerals

What is Tax on Minerals?

Tax on Minerals, also known as Mining Royalties or Mining Tax, is a tax on the export of minerals. Tax on Minerals ensures that all Rwandans share in the benefits from the country's natural resources when these are taken out of Rwanda.

Tax on Minerals is a type of withholding tax and can be claimed back in Income Tax declarations.

Who must register for Tax on Minerals?

Any taxpayer who exports minerals must register for Tax on Minerals. The definition of minerals includes any kinds of base or precious metals, including diamonds, gemstones and gold.

It is important to note that all mining companies operating in Rwanda are required to have valid licenses and be certified by the Ministry of Trade and Industry (MINICOM).

What if the minerals are not exported?

A taxpayer who sells minerals domestically within Rwanda does not have to pay Tax on Minerals, but must declare and pay Income Tax (CIT or PIT) on these sales as normal, see page 92 for more details on Income Tax.

What are the different types of minerals?

For the purposes of Tax on Minerals, RRA considers three different types of minerals:

- base metals
- precious metals of gold category
- precious stones of diamond category

Base metals includes metals that oxidise or corrode easily when exposed to air or moisture.

Precious metals of gold category include rare naturally occurring metallic chemical elements of high value.

Precious stones of diamond category include gemstones, diamonds and other minerals of that nature.

What is the valuation method of Tax on Minerals?

There are two types of valuation method for Tax on Minerals: norm value and gross value.

Base metals and precious metals of gold category are required to use the norm value. Norm value uses the monthly average cash price per measuring unit of the London Metal Exchange, Metal Bulletin or other internationally recognised exchange market approved by MINICOM.

Precious stones of diamond category are required to use the gross value. Gross Value is equivalent to market value and means the estimated amount for which a certain mineral would be exchanged competitively between a buyer and a seller in an arm's length transaction.

Taxpayers wishing to export precious stones of diamond category are required to bring the minerals to the Ministry of Natural Resources (MINIRENA) for calculation of the gross value before declaring and paying Tax on Minerals.

What is the rate of Tax on Minerals?

The rates of Tax on Minerals depends upon the type of minerals:

- 4% of the norm value for base metals
- 6% of the norm value for precious metals of gold category
- 6% of the gross value for precious stones of diamond category

Example 59

ABC Mining Ltd exported 340kg of tin. The monthly average London Metal Exchange price at the date of exportation is equivalent to FRW 16,000 per kg. Therefore, the norm value is:

*340 kg * FRW 16,000 per kg = FRW 5,440,000*

The tax rate for base metals is 4% of the norm value. Therefore, the Tax on Minerals due is:

*FRW 5,440,000 * 4% = FRW 217,600.*

ABC Mining Ltd can claim back this FRW 217,600 in Income Tax declarations.

Example 60

XYZ Mining Ltd is exporting 50kg of gemstones. These are taken to MINIRENA before exporting, where the gross value is calculated at FRW 4,200,000. The tax rate for precious stones of diamond category is 6% of the gross value. Therefore, the Tax on Minerals Due is:

*FRW 4,200,000 * 6% = FRW 252,000*

XYZ Mining Ltd can claim back this FRW 252,000 in Income Tax declarations. After declaring and paying the Tax on Minerals, XYZ Mining Ltd returns to MINIRENA for signed authorisation to export.

When is the deadline to declare and pay Tax on Minerals for base metals and precious metals of gold category?

For base metals and precious metals of gold category, tax on Minerals are declared and paid on a monthly basis. The date of the customs export declaration should be considered for the inclusion in the relevant tax period. The declaration must be submitted and any tax paid within fifteen (15) days of the end of the month.

This means that declarations concerning the tax period between March 1st and March 31st must be declared to RRA and paid by April 15th. Then declarations concerning the tax period between April 1st and April 30th must be declared to RRA and paid by May 15th and so on throughout the year.

When is the deadline to declare and pay Tax on Minerals for precious stones of diamond category?

For precious stones of diamond category, Tax on Minerals must be paid *before* exporting, after valuation at MINIRENA offices, see page 261 for more details.

What are the contact details for MINIRENA?

The valuation process for precious stones of diamond category is carried out at MINIRENA offices, located at:

Ministry of Natural Resources (MINIRENA)
Nyarugenge Pension Plaza,
KN 3 Rd, Kigali, Rwanda
P.O Box 3502
Tel (Local): 4010
Tel (International): +250 252 582 628
Email: info@minirena.gov.rw

Declaring Tax on Minerals

The declaration process for Tax on Minerals is similar to other domestic taxes, see the guide to Declaring Domestic Taxes using E-Tax on page 74 for more details.

For base metals and precious metals of gold category, Tax on Minerals is declared and paid *after* exporting.

For precious stones of diamond category, Tax on Minerals is declared and paid *before* exporting. In this case, taxpayers must visit the Ministry of Natural Resources (MINIRENA) for valuation of the minerals before declaring and paying, and return with proof of payment after to receive signed authorisation to export. See page 260 for MINIRENA contact details.

Annexures

The next step requires the taxpayer to download Minerals Annexures from the E-Tax website, see page 74 for more detail on downloading annexures.

The Minerals Annexure file has one tab that must be completed, validated and saved. See page 76 if the taxpayer has any problems when validating annexures.

Mineral Tax Type Tab

The ‘Minerals Tax Type’ tab has 11 columns. Each row is for a separate type of mineral, and should contain all the aggregated data for that type of mineral exported during the tax period. For each type of mineral, enter details on:

Quantity Exported (in kg) – Enter the total mass of that type of mineral being exported, in kilograms

Gross Value – Enter the total gross value of the mineral being exported, as calculated by MINIRENA. This column is only required for precious stones of diamond category.

Market Value – This column is not required unless specified by MINICOM during the validation stage.

Norm Value – Enter the total norm value of the mineral being exported. This column is only required for base metals and precious metals of gold category.

Tax Due – Enter the amount of Tax on Minerals to be paid. This should equal 'Gross Value' or 'Norm Value' multiplied by the automatically completed 'Tax Rate' column, depending upon the type of mineral being exported.

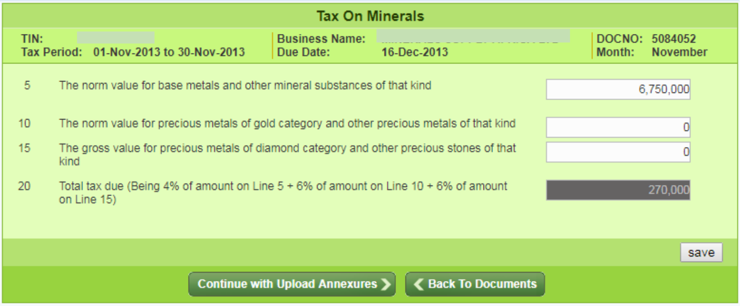
Tax on Minerals Declaration

After the applicable Tax on Minerals annexure has been completed, validated and saved in the folder C:/RRA in the user's local machine, the taxpayer can return to E-Tax to complete the Tax on Minerals declaration, see page 80 for more detail on selecting the relevant declaration.

The declaration form requires similar data to the Minerals annexure that has previously been completed. Once all relevant white boxes have been entered, click 'save' to calculate the grey boxes automatically.

Example 61

An example Tax on Minerals declaration form is entered below. The tax due for this taxpayer in this tax period is FRW 270,000.



Tax On Minerals

TIN:
Tax Period: 01-Nov-2013 to 30-Nov-2013
Business Name:
Due Date: 16-Dec-2013
DOCNO: 5084052
Month: November

5	The norm value for base metals and other mineral substances of that kind	6,750,000
10	The norm value for precious metals of gold category and other precious metals of that kind	0
15	The gross value for precious metals of diamond category and other precious stones of that kind	0
20	Total tax due (Being 4% of amount on Line 5 + 6% of amount on Line 10 + 6% of amount on Line 15)	270,000

save

Continue with Upload Annexures

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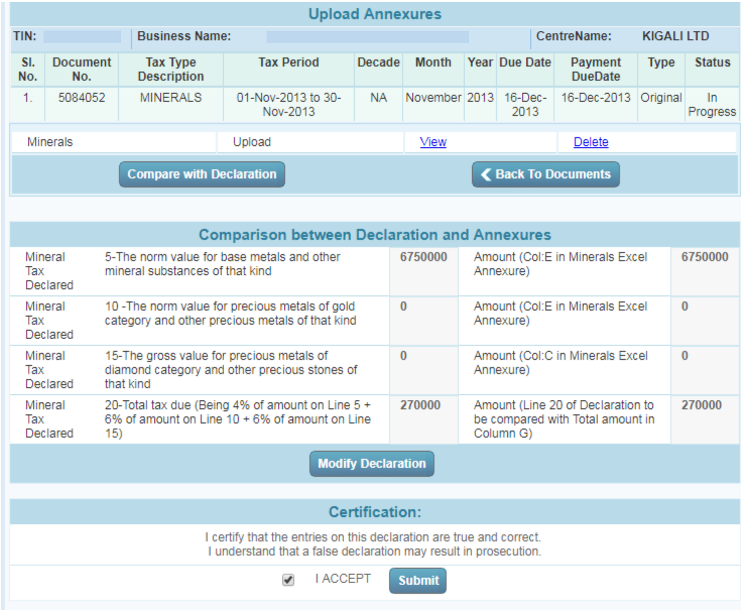
After saving the declaration form, upload the Minerals annexure and then compare with the declaration form, see page 84 for more detail on uploading annexures and comparing with declaration forms.

Example 62

Continuing the example of the Tax on Minerals declaration form above, the comparison between this declaration form and the uploaded annexures is shown below. As all the comparison values are equal, the declaration can be certified and submitted.



Upload Annexures

TIN:	Business Name:	CentreName: KIGALI LTD

Sl. No.	Document No.	Tax Type Description	Tax Period	Decade	Month	Year	Due Date	Payment DueDate	Type	Status
1.	5084052	MINERALS	01-Nov-2013 to 30-Nov-2013	NA	November	2013	16-Dec-2013	16-Dec-2013	Original	In Progress

Minerals	Upload	View	Delete

Compare with Declaration | Back To Documents

Comparison between Declaration and Annexures

Mineral Tax Declared	5-The norm value for base metals and other mineral substances of that kind	6750000	Amount (Col:E in Minerals Excel Annexure)	6750000
Mineral Tax Declared	10 -The norm value for precious metals of gold category and other precious metals of that kind	0	Amount (Col:E in Minerals Excel Annexure)	0
Mineral Tax Declared	15-The gross value for precious metals of diamond category and other precious stones of that kind	0	Amount (Col:C in Minerals Excel Annexure)	0
Mineral Tax Declared	20-Total tax due (Being 4% of amount on Line 5 + 6% of amount on Line 10 + 6% of amount on Line 15)	270000	Amount (Line 20 of Declaration to be compared with Total amount in Column G)	270000

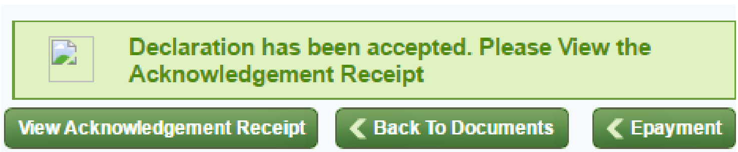
Modify Declaration

Certification:

I certify that the entries on this declaration are true and correct.
I understand that a false declaration may result in prosecution.

I ACCEPT Submit

Once all the annexures and declaration values are equal, correct and certified, click to 'Submit' the declaration. After successfully submitting, this screen will load.



Click 'View Acknowledgement Receipt' to view the RRA reference number and the total tax due that are required for payment. See page 374 for more details on paying taxes. Remember that payment must also be made before the deadline to avoid penalties and fines.

Tax on Minerals Penalties and Fines

The penalties and fines for Tax on Minerals are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

There are no additional penalties or fines specifically applicable to Tax on Minerals.

Note that due to the nature of their industry, mining companies have been informed that penalties and fines relating to withholding tax of 15% on payments for goods and services supplied by non-registered businesses are waived. However, it is important to note that the principal amount of tax due must still be paid.

Capital Gains Tax

Explanation of Capital Gains Tax

What is Capital Gains Tax?

There are two types of Capital Gains Tax. This includes a tax on the sale or transfer of commercial immovable property, and a tax on the profit from the sale of shares. These are both referred to as Capital Gains Tax, and the process of declaring these tax types are similar, so are combined in this chapter of the Tax Handbook.

Capital Gains Tax ensures that commercial immovable property owners and shareholders pay tax on the income gained at the point of sale of these assets.

Who must register for Capital Gains Tax?

Any taxpayer who receives taxable capital gains is required to declare and pay capital gains tax. However, if the taxpayer is registered for Income Tax, the income can be declared in the Income Tax declarations instead.

Any taxpayer who receives taxable capital gains but is not registered for Income Tax is required to register and declare Capital Gains Tax at RRA offices. A taxpayer registers for Capital Gains Tax on a case by case basis, and is not required to make regular declarations.

What is the tax rate of Capital Gains Tax?

The tax rate of Capital Gains Tax is 30%. This is charged on the basis of:

- The valuation price of the commercial property, set by an approved National Land Centre valuer
- The profit from the sale of shares, where profit equals sale price minus purchase price

What are the exemptions to Capital Gains Tax?

The sale of shares on the secondary capital market, i.e. the Rwanda Stock Exchange (RSE), are exempt from Capital Gains Tax.

What documents are required when declaring Capital Gains Tax?

The required documents when declaring Capital Gains Tax on the sale or transfer of commercial immovable property include:

- The sales contract, validated by the land notary
- The valuation report, showing the official price, from an approved National Land Centre valuer
- The title deed of the property, and the Unique Parcel Identifier (UPI)
- Invoices of any major works done to the property since purchasing the property

The required documents when declaring Capital Gains Tax on the profit from the sale of shares include:

- Invoice(s) showing the purchase price, date and quantity of the shares when they were bought
- Invoice(s) showing the sale price, date and quantity of the shares when they were sold
- Any other purchase or sales expenses supported by documents

When is the deadline to declare and pay Capital Gains Tax?

It is important to note that the two types of Capital Gains Tax have different tax periods, as well as different deadlines for declaration and payment.

The tax period for Capital Gains tax on the sale or transfer of commercial immovable property is the calendar year. This must be declared and paid by March 31st of the following year.

The tax period for Capital Gains Tax on the profit from the sale of shares is on a monthly basis. This must be declared and paid by the 15th of the following month.

However, as Capital Gains Tax is declared on a case by case basis, taxpayers do not have to wait for the end of the tax period, or the deadline, to declare and pay. It is recommended to declare and pay Capital Gains Tax as soon as possible after receiving the taxable capital gains.

Declaring Capital Gains Tax

The declaration process for Capital Gains Tax is different to other domestic taxes. Capital Gains Tax can only be declared by visiting any RRA offices.

The documents required when declaring the two different types of Capital Gains Tax are listed on page 267, these must be provided to the RRA staff.

The RRA staff will submit the Capital Gains Tax declaration on behalf of the taxpayer, and print the Acknowledgment Receipt. It is advisable to pay any tax due as soon as possible after declaring, see page 374 for more detail on paying taxes.

Capital Gains Tax Penalties and Fines

The penalties and fines for Capital Gains Tax are similar to other domestic taxes, as explained on page 88. This includes penalties and fines for:

- Late declaration
- Late payment
- Declaring less than the correct tax due
- Paying less than the tax due declared

The rules concerning interest, administrative fines and repeat offenders are also as explained on page 91.

There are no additional penalties or fines specifically applicable to Capital Gains Tax. The only difference compared to other domestic taxes is that as Capital Gains Tax is declared and paid on a case by case basis, there is no need to submit regular Capital Gains Tax declarations if no taxable capital gains have been received.

Local Government Taxes (LGT) and Fees

Introduction to LGT and Fees

What are Local Government Taxes (LGT) and Fees?

Local Government Taxes (LGT) and fees are revenues collected by RRA on behalf of the District authorities. LGT ensure that landowners, landlords and business owners contribute towards the good governance and improvement of their local communities. In addition, local government fees ensure that taxpayers occupying public areas, or taxpayers requiring certain services, pay fair and consistent fees wherever they are in the country.

Combined, LGT and fees provide revenues for local government to deliver valuable community development and social protection projects.

There are three types of LGT:

- Fixed Asset Tax, see page 274 for details.
- Trading License Tax, see page 280 for details.
- Rental Income Tax, see page 287 for details.

There are also a wide range of local government fees. These can be for taxpayers who lease land, conduct profit oriented activities or who require services or authorisations from District Offices. See page 291 for details of local government fees.

The process of declaring each type of LGT and fees on the LGT system is explained on page 304.

What is the relationship between RRA and the Districts?

The mandate for collecting LGT and fees was transferred from the District authorities themselves to RRA in 2014. Within RRA, LGT and Fees are administered by the Regions and Decentralized Taxes Department. The mandate was changed because of the greater experience and capacity of RRA in collecting revenues, facilitating taxpayers and modernising processes, which means that LGT and fees can be collected more fairly and efficiently by RRA than by the Districts themselves. The collected revenues are subsequently transferred back to the Districts by RRA.

How do taxpayers declare Local Government Taxes (LGT) and Fees?

Taxpayers must declare each of the LGT and the majority of local government fees using the Rwanda Automated Local Government Taxes Management System, hereafter referred to as the LGT system. This can be done online or with the help of staff at LGT tax centres or RRA offices. For more details on LGT tax centres, see page 298.

The process of declaring online is the same as the process of declaring with the help of staff at RRA offices. However, there are many advantages for taxpayers to declare online. This Tax Handbook aims to provide all the information necessary for taxpayers to be able declare online.

What are the advantages of declaring online using the LGT system?

The LGT system has been designed with taxpayers in mind to make it as easy as possible to declare the required taxes and fees. The advantages of declaring online using the LGT system are:

- Declare taxes anytime, from anywhere.
- Avoid travel costs of visiting RRA offices.
- Avoid queuing times at RRA offices.

How do taxpayers register and login to the LGT system?

Taxpayers must visit an RRA office to register with the LGT system. After registering, declarations of LGT and fees can be done online, or with the help of staff at RRA offices. See page 304 for more details.

Fixed Asset Tax

What is Fixed Asset Tax?

Fixed Asset Tax is a tax levied on the market value of land and buildings. The land and buildings are referred to as the 'Fixed Asset'. In order to facilitate taxpayers, the market value of the Fixed Asset only needs to be assessed every four years, unless significant improvement or damage to the property occurs.

Who must register for Fixed Asset Tax?

The owner of any land and/or buildings is required to register for Fixed Asset Tax. The owner of any land and/or buildings is deemed to be:

- The registered holder of the title deed of the property.
- The holder of the property if a title deed has not yet been registered in the name of the owner.
- A person who occupies or deals with a property for at least two years if the identity of the legally recognised owner is not known.
- A proxy who represents an owner who lives outside Rwanda. It is important to note that any misrepresentation by a proxy is deemed to be misrepresentation by the owner.
- A usufructuary, where a person has the right to use and profit from the use of a property, but not the right to damage or sell the property.

Apart from in the case of a married couple, if any land or properties is owned by more than one co-owner, the co-owners shall appoint and authorise one of them or any other person as a proxy to represent them collectively as a group. If no proxy is authorised, the District Council reserves the right to select any one of the co-owners as the proxy.

What is the taxable value of the Fixed Asset?

The taxable value of the fixed asset is the market value of the land and the market value of any buildings or improvements. In the case of buildings that are being constructed, the value of the buildings is considered from when they become inhabited or used in any other way. In the case of a usufruct, as defined above, the value of the usufruct is considered.

The valuation of a fixed asset or of a usufructuary must be carried out by a valuer or surveyor approved by the Institute of Real Property Valuers in Rwanda (IRPV). The approved list of valuers is displayed on the IRPV website at: http://www.irpv.rw/, or call on +250 (0)788 788 122.

When must the Fixed Asset be valued?

Each fixed asset is required to be valued on a four-year cycle basis. This means that the fixed asset must be valued in the first taxable year, and unless significant improvement or damage to the property occurs, then does not need to be valued for another four years. This means that the property should be valued during the fifth taxable year and then during the ninth taxable year and so on. Note that although the valuation only occurs every four years, declaration and payment must be made every year.

This four-year cycle can be disturbed if the property is sold. In this case, the purchase price is taken as the taxable value, unless it is patently clear that the purchase price is below the normal market value.

This four-year cycle can also be disturbed if, due to improvements or damage, the value of the fixed asset increases or decreases by more than 20% within an assessment cycle. It is important to note that it is only due to physical changes in a fixed asset that revaluation is necessary. Examples of physical changes requiring revaluation include: new buildings or improvements, general renovation and damage or demolition.

In the event of such improvements or damage increasing or decreasing the value by more than 20% within an assessment cycle, the taxpayer must submit a tax declaration detailing this change within one month.

What are the exemptions for Fixed Asset Tax?

The following fixed assets are exempted from declaring or paying Fixed Asset Tax:

- Fixed assets used exclusively medical purposes and caring for the vulnerable

- Fixed assets used only for the purposes of the following non-profit making activities:
    - Research
    - Education
    - Sport
    - Government and Public Institutions, unless used for profit-making activities
    - Religion
    - Charity
    - Foreign diplomatic missions (only if the country reciprocates for Rwanda's diplomatic missions)
- The first 20,000 metres squared of land used for agriculture, livestock or forestry by each taxpayer
- The first FRW 3,000,000 of fixed assets used for residential purposes

It is important to note that the final two exemptions are marginal. This means that for each taxpayer using their land for agriculture, livestock or forestry, the first 20,000 metres squared is exempt and only any remaining land is taxable. The same principle applies for the first FRW 3,000,000 of fixed assets used for residential purposes.

Example 63

Amahoro is a farmer and lives in a small house on her 30,000m^2 farm. As the land is used for agriculture, the first 20,000m^2 of land are exempted. Therefore, Amahoro is only required to pay Fixed Asset Tax on the remaining 10,000m^2 of land.

What is the rate of Fixed Asset Tax?

The rate of Fixed Asset Tax is 0.1% (one-thousandth) of the taxable value per year.

Example 64

Rukundo owns and lives in a house valued at FRW 9,500,000. As the house is used for residential purposes, the first FRW 3,000,000 is exempted, therefore the taxable value of the property is:

FRW 9,500,000 – FRW 3,000,000 = FRW 6,500,000

The amount of Fixed Asset Tax due is therefore:

*FRW 6,500,000 * 0.1% = FRW 6,500 per year.*

When is the deadline to declare and pay Fixed Asset Tax?

Fixed Asset Tax is required to be declared and paid on an annual basis. The tax period is the calendar year, from 1st January until 31st December. The deadline to declare and pay Fixed Asset Tax by is 31st March of the same year.

Example 65

Rukundo must declare and pay his annual Fixed Asset Tax declaration for the 2016 tax period, from 1^{st} January 2016 until 31^{st} December 2016, by the deadline of 31^{st} March 2016.

What happens if the Fixed Asset changes ownership during the tax period?

If fixed assets are purchased between 1^{st} January and 31^{st} March of a given calendar year tax period, the new owner must declare and pay the amount of Fixed Asset Tax due for the whole calendar year tax period.

If fixed assets are purchased between 1^{st} April and 31^{st} December, the previous owner must declare and pay the amount of Fixed Asset Tax due for the whole calendar year period.

No transfer of ownership of a fixed asset can take place without all due taxes having been paid to RRA.

Trading License Tax

What is Trading License Tax?

Trading License Tax, also known as 'patente', is a tax levied on any person or business conducting profit oriented activities. Trading License Tax must be declared and paid for each business branch or premises.

Trading License Tax enables the regulation of businesses, ensuring accountability and the enforcement of proper commercial, employment and health and safety standards. Trading License Tax is required to be paid each year to receive the Trading License Tax certificate that must be displayed by all business branches.

Who must register for Trading License Tax?

Any person or business conducting profit oriented activities in Rwanda is required to register for Trading License Tax. It is important to note that the Trading License Tax must be declared and paid regardless of whether the taxpayer actually makes a profit, as long as it is the intention to do so.

It is illegal to conduct profit oriented activities of any kind without a Trading License Tax certificate.

Taxpayers registered for Trading License Tax must also declare and pay cleaning fees on a monthly basis, see page 294 for more details. This excludes taxpayers using motor vehicles or working in public markets.

How many times must Trading License Tax be paid by the same taxpayer?

Trading License Tax is based on the locations of the profit oriented activities. If a taxpayer has multiple business branches, even of the same business, Trading License Tax must be paid for each of the branches.

This principle also applies to motor vehicles, including motorcycles, and motorboats. If a taxpayer has multiple motor vehicles and motorboats used for profit oriented activities, Trading License Tax must be paid for each.

On the other hand, if a taxpayer carries out multiple activities by the same company at the same premises, Trading License Tax is only paid once for that premises.

Example 66

Lucie has a supermarket business. She has a warehouse where goods are kept, two shops where goods are sold and a delivery truck that consumers can pay an additional fee to have the goods delivered. Lucie does not have to declare and pay Trading License Tax for the warehouse, but is required to declare and pay Trading License Tax for each of the two shops and the delivery truck.

What are the rates for Trading License Tax?

There are two different schedules for calculating the rates of Trading License Tax, depending upon whether the taxpayer is also registered for Value Added Tax (VAT).

If the taxpayer is registered for VAT, the tax due depends upon the previous calendar year tax period turnover, as shown below.

Annual Turnover	Trading License Tax Due
Below FRW 40,000,000	FRW 60,000
Between FRW 40,000,001 to FRW 60,000,000	FRW 90,000
Between FRW 60,000,001 to FRW 150,000,000	FRW 150,000
Above FRW 150,000,001	FRW 250,000

Note that as each separate branch must pay Trading License Tax, the annual turnover should relate to that branch. Therefore, a taxpayer may pay different rates of Trading License Tax for different branches.

Secondly, if the taxpayer is not registered for VAT, the tax due depends upon the type of business and the location, as shown below.

Type of profit-making activity	**Rural Area**	**Urban Area**	**City of Kigali**
Traders without shops, and technicians who do not use machines	FRW 4,000	FRW 6,000	FRW 8,000
Transport activities on motorcycles	FRW 4,000	FRW 6,000	FRW 8,000
Traders with shops, and technicians who do use machines	FRW 20,000	FRW 30,000	FRW 40,000
Transport activities on all motor vehicles except motorcycles	FRW 40,000	FRW 40,000	FRW 40,000
Transport activities on motor boats	FRW 20,000	FRW 20,000	FRW 20,000
Other profit oriented activities	FRW 20,000	FRW 30,000	FRW 40,000

It is important to note that the location – rural area, urban area or City of Kigali – is decided on an annual basis at the village-level by the District Council. Moreover, not all of Kigali City province is designated as ‘City of Kigali’ for Trading License Tax purposes. Taxpayers should contact RRA if their location designation is not known. In the LGT system, the location designation when declaring is referred to as 'Category Type'.

Example 67

Rukundo is a moto driver based in Remera, Kigali. The tax due for the full tax year for 'Transport activities on motorcycles' in the City of Kigali is FRW 8,000.

When is the deadline to declare and pay Trading License Tax?

Trading License Tax is required to be declared and paid on an annual basis. The tax period is the calendar year, from 1st January until 31st December. The deadline to declare and pay Trading License Tax by is 31st March of the same year.

Example 68

Amahoro must declare and pay Trading License Tax to authorise her profit oriented activities during the 2017 tax period, from 1st January 2017 until 31st December 2017, by the deadline of 31st March 2017.

What happens if the profit-making activities start or end during the tax period?

If taxable activities begin during a calendar year tax period, the taxpayer may pay Trading License Tax equivalent to the remaining months including the month in which the taxable activities began. This must be declared and paid before beginning the taxable activities.

Example 69

Ubumwe opens a small shop in Ruhengeri in March 2016. The tax due for the full tax year for 'traders with shops' in an urban area is FRW 30,000. However, as Ubumwe is only in business for nine out of the twelve months that year, his Trading License Tax due is:

*FRW 30,000 * 9 / 12 = FRW 22,500*

If taxable activities end during a calendar year tax period, and the full rate Trading License Tax has been paid for the whole calendar year tax period, the taxpayer may be entitled to a refund, subject to an audit, equivalent to the remaining months excluding the month in which the taxable activities ended or changed.

Similarly, if taxable activities change during a calendar year, the taxpayer may be entitled to a refund, or be required to pay additional tax, depending upon the nature of the change in taxable activities.

However, taxpayers conducting regular seasonal or periodic activities must pay the full rate Trading License Tax for the whole calendar year tax period, even if the taxable activities do not occur throughout the whole calendar year tax period.

What is the Trading License Tax Certificate?

After declaring and paying Trading License Tax for each branch, taxpayers can print a Trading License Tax certificate for each branch. This can be done on the LGT system, see page 271 for more details.

The Trading License Tax Certificates must be clearly displayed at the entrance of the business branch or clearly attached to the motor vehicle (including motorcycles) or motorboat for which the tax was declared and paid. The taxpayer must also be able to present the Trading License Tax Certificate at all times upon request.

Rental Income Tax

What is Rental Income Tax?

Rental Income Tax is a tax levied on the income generated from rented land and buildings. The land and buildings are referred to as the 'Fixed Asset' and Rental Income Tax must be declared and paid on rented fixed assets in addition to Fixed Asset Tax.

Who must register for Rental Income Tax?

Any person or business receiving income from rented fixed assets that are located in Rwanda is required to register for Rental Income Tax.

What is the taxable income for Rental Income Tax?

Rental Income Tax is not charged on the total (gross) rental income. Rental Income Tax allows for exemptions for expenses. This is intended to encourage landlords to provide high quality and well maintained properties for their tenants.

There are different methods of calculating Rental Income Tax, depending upon whether the taxpayer has taken out bank loans to fund the construction of purchase of the rented fixed asset.

Firstly, if the taxpayer has no loans relating to the fixed asset, the taxable income is calculated by:

Taxable Income = gross rental income * 50%

Secondly, if the taxpayer does have loans relating to the fixed asset, the taxable income is calculated by:

Taxable Income = gross rental income – exemption

Where the exemption is calculated by:

Exemption = (gross rental income * 30%) + interest paid

What are the rates of Rental Income Tax?

Rental Income Tax is a progressive tax. This means that there are different tax rates depending on taxpayer's taxable income, as described above. The groupings of taxable rental income are called tax brackets. The tax rates for each tax bracket are:

Annual taxable income	Marginal tax rate
Below FRW 180,000	0%
Between FRW 180,001 to FRW 1,000,000	20%
Above FRW 1,000,001	30%

It is important to note that these tax rates are marginal. This means that for each taxpayer each year, the first FRW 180,000 that they earn is taxed at 0%, the next FRW 820,000 they earn is taxed at 20% and any remaining income is taxed at 30%. This means that no taxpayer is made worse off by receiving income in a higher tax bracket.

Example 70

Lucie rents a house to tenants. She receives gross rental income of FRW 4,800,000 during the tax year. She does not have a bank loan for that house. Her taxable income is therefore:

*FRW 4,8000,000 * 50% = FRW 2,400,000.*

Her Rental Income Tax due can be calculated as:

*(FRW 180,000 * 0%) + (FRW 820,000 * 20%) + (FRW 1,400,000 * 30%) = FRW 0 + FRW 164,000 + FRW 420,000 = FRW 584,000.*

Example 71

Rukundo rents a house to tenants. He receives gross rental income of FRW 6,000,000 during the tax year. He has a bank loan for that house, and paid FRW 1,320,000 interest during the tax year. Therefore, his exemption is:

*(FRW 6,000,000 * 30%) + FRW 1,320,000 = (FRW 1,800,000) + FRW 1,320,000 = FRW 3,120,000.*

And his taxable income during the tax year is:

FRW 6,000,000 – FRW 3,120,000 = FRW 2,880,000.

His Income Tax due can be calculated as:

*(FRW 180,000 * 0%) + (FRW 820,000 * 20%) + (FRW 1,880,000 * 30%) = FRW 0 + FRW 164,000 + FRW 564,000 = FRW 728,000.*

When is the deadline to declare and pay Rental Income Tax?

Rental Income Tax is required to be declared and paid on an annual basis. The tax period is the calendar year, from 1st January until 31st December. The deadline to declare and pay Rental Income Tax by is 31st March of the following year.

Example 72

Lucie must declare and pay her annual Rental Income Tax declaration for the 2016 tax period, from 1st January 2016 until 31st December 2016, by the deadline of 31st March 2017.

Is it required to submit rental contracts to RRA?

The taxpayer is required to submit the rental contract, signed by the taxpayer and the tenant, to RRA within fifteen (15) days of the date the contract was signed.

In the event of any amendment or termination of the rental contract, the taxpayer is required to notify RRA within thirty days, and submit the amended rental contract if applicable.

There is no obligation of the tenant to submit the rental contract, however, tenants can help to ensure the tax compliance of their landlords by submitting their rental contracts to RRA at any time. Rental contracts can be submitted by the tenant to any RRA office or tax centre.

Local Government Fees

What are local government fees?

There are a wide range of local government fees. These can be for taxpayers who lease land, conduct profit oriented activities or who require services or authorisations from District Offices. The full list and details of local government fees is displayed on page 292.

Which third parties also collect local government fees?

Ngali Holdings Ltd is mandated to support RRA in collecting all local government fees. Kigali Veterans Cooperative Society (KVCS) also collects parking fees.

In addition, the declaration and payment of the following local government fees is now processed through the e-Government platform known as Irembo or Rwanda Online:

- Civil status certificates, including Birth, Marriage and Death certificates.
- Transfer of land titles.

When are the deadlines to declare and pay different types of local government fees?

The deadline to declare and pay local government fees depends upon the basis of the fee. Fees charged for a service, such as fees on official certificates and documents to be notified by the public notary, must be declared and paid before the service is delivered.

Fees payable on a monthly basis, such as Public Cleaning Fees, must be declared and paid no later than the 5th of the following month. Fees payable on an annual basis, such as Land Lease fees, must be declared and paid no later than 31st December of that year.

What are the different local government fees and rates?

The rates of many local government fees are variable, within certain thresholds, depending upon certain factors such as the location, i.e. urban, trading centre or rural, or the vehicle details. The exact rate, within the thresholds, is determined by the District Council on an annual basis by the 30th June.

The list of local government fees, detailed in the Presidential Order N°25/01 of 09/07/2012 included in Official Gazette nº Special of 27/07/2012, are displayed below. However, it is also important to note that additional local government fees may be levied by Districts as necessary, after consultation and approval from the Minister of Finance.

The processes for declaring these fees varies depending upon the type of fee. These different processes for declaring are explained in more detail on page 304.

Market fees

- For traders in designated market areas.
- Up to FRW 10,000 per month.

- Depend upon the type of market place, and the location of the market.

Fees charged on public cemeteries

- For entombing a corpse in a public cemetery.
- FRW 500 – FRW 5,000 per tomb.
- Depend upon the cemetery.

Fees charged on parking

- For motor vehicles parking in lots under the authority of the District.
- FRW 100 per hour – FRW 20,000 per month
- Depend upon the size of the vehicle and duration of the parking.
- Collected by Kigali Veterans Cooperative Society (KVCS).

Fees charged on public parking

- For transport vehicles (buses and taxis) entering public bus/taxi parks.
- FRW 500 – FRW 10,000 per day, multiple entry.
- Depend upon the size of the transport vehicle.

Parking fees on boats

- For boats used for profit making activities.
- FRW 100 per day – FRW 5,000 per month.
- Depend upon the carrying capacity of the boat in tonnes, and whether it has an engine.

Land Lease Fees including land used for agriculture and livestock activities and land reserved for quarries exploitation

- Must be paid by any person owning land and holding a land lease title (i.e. 20 years lease)
    - It is important to note that this is different to the holders of title deeds who must instead pay Fixed Asset Tax, see page 274.
- FRW 5 – FRW 80 per square metre per year.
- Depend upon the location of the land.
- If land is used for agriculture and livestock activities:
    - First 20,000 metre squared are exempt.
    - FRW 0.4 for each additional metre squared per year.
- If land is reserved for quarries exploitation, for which land titles have not yet been issued:
    - FRW 10 – FRW 30 per square metre.

Public Cleaning Fees

- Payable by each branch of a business or institution, excluding:
    - Households
    - Orphanages / vulnerable persons' houses
    - Government institutions which are not profit oriented
    - Churches and faith-based organisations not involved in profit oriented activities

    - United Nations institutions and embassies
    - People carrying out their activities in market places paying market fees
- FRW 500 – FRW 10,000 per month.
- Depends upon the location and nature of activity.

Fees on civil marriage done not on official business days

- Up to FRW 10,000 per marriage.
- District Council determines the official business days for civil marriage.

Fees on services related to the documents of immovable property

- A range of services including changing official ownership, map requests and building permits.
- FRW 1,200 – FRW 60,000.
- Depend upon the service requested. Building permits depend upon the floor area in square metres.
- Vulnerable people may request to be exempted from building permit fees by the District Council.

Fees on official certificates and documents to be notified by the public notary

- For official certificates (such as civil status, birth or death) or the notification of documents.
- FRW 500 – FRW 5,000.
- Depends upon the type of certificate or document to be notified.

Fees on authorisation to make or burn bricks and tiles

- Any person intending to make or burn bricks and tiles must request authorisation from the District.
- FRW 10,000 per year.

Fees on advertising billboards and banners

- Any person putting up advertising billboards and banners must request authorisation from the District.
- FRW 10,000 – FRW 20,000 per square metre for each side of regular billboards per year.
- FRW 60,000 – FRW 100,000 for billboards using information technology per year.
- FRW 5,000 – FRW 10,000 per day for banners
- Exemptions include:
    - Advertising on buildings and vehicles owned by a company.
    - Billboards or signposts showing the direction of a given activity but no other commercial advertising message.

Fees on boat number plates

- For the number plate required to operate a boat.
- FRW 5,000 – FRW 15,000 per number plate.
- Depend upon whether the boat has an engine.

Fees on bicycle number plates

- For bicycles used for profit making activities.

- FRW 1,000 per number plate.

Fees on communication towers

- For erected communication towers.
- FRW 2,000 per verticle metre per year.
- FRW 1,000 per verticle metre per year for any underlying building or structure.

Fees on transport of materials from quarries and forests

- For transport of materials from quarries and forests.
- FRW 1,000 per tonne, payable on every loading.

Tax Centres

In order to facilitate taxpayers, RRA has a widespread network of more than 130 tax centres spread across the country. Taxpayers can register and declare LGT and Fees at each of these tax centres. The opening hours of each tax centres is 07:00 to 17:00 on Monday to Friday, excluding national holidays.

If there are any difficulties in finding a tax centre, or any problems of access or service, please contact the regional coordinator listed for each province. The list of tax centres by province and sector are displayed below:

Kigali City Province

Region Coordinator Contact Number: +250 788185802

Gasabo

- Gatsata
- Kabuga
- Remera
- RRA HQ, Kimihurura

Kicukiro

- Gikondo
- Kicukiro
- Nyarugunga

Nyarugenge

- Gitega
- Nyakabanda
- Nyarugenge
- Nyabugogo

Eastern Province

Region Coordinator Contact Number: +250 78818 5777

Bugesera

- Batima
- Gashora
- Nyabagendwa
- Ruhuha
- Kabukuba

Kayonza

- Gahini
- Kabarondo
- Murundi
- Rukara
- Rwinkwavu

Nyagatare

- Karama
- Gatunda
- Matimba
- Mimuri
- Nyagatare
- Tabagwe
- Karangazi

Gatsibo

- Kiramuruzi
- Muhura
- Ngarama
- Kabarore

Kirehe

- Kiyanzi
- Nganda
- Nyakarambi

Ngoma

- Gashanda
- Rukira
- Sake
- Ngoma
- Zaza

Rwamagana

- Karenge
- Muyumbu
- Ntunga
- Rubona
- Rwamagana

Southern Province

Region Coordinator Contact Number: +250 78818 5580

Gisagara

- Mugombwa
- Musha
- Ndora
- Save

Huye

- Ngoma
- Simbi
- Ruhashya
- Rusatira

Ruhango

- Byimana
- Kinazi
- Kabagari
- Ruhango

Nyamagabe

- Kaduha
- Mushubi
- Tare
- Gasaka

Nyanza

- Ntyazo
- Rurangazi
- Busoro
- Butantsinda
- Busasamana

Nyaruguru

- Busanze
- Kiyonza
- Nyagisozi
- Muganza
- Kibeho

Kamonyi

- Gacurabwenge
- Kayenzi
- Mugina
- Musambira
- Rukomo
- Runda

Western Province

Region Coordinator Contact Number: +250 78818 5782

Nyamasheke

- Bushenge
- Gatare
- Karengera
- Rangiro
- Ruharambuga
- Tyazo

Rutsiro

- Gakeri
- Gihango
- Gisiza
- Mukura
- Muyira
- Nkora

Ngororero

- Birembo
- Gatega
- Kabaya
- Nyange
- Ngororero
- Rusumo

Nyabihu

- Gasiza
- Kora
- Mukamira
- Vunga

Rubavu

- Busasamana
- Gisenyi
- Kabumba
- Kanama
- Kanzenze
- Nyamyumba
- Rugerero

Karongi

- Gashali
- Mubuga
- Mukungu
- Murambi
- Rubengera
- Twumba

Rusizi

- Bugarama
- Giheke
- Kamembe
- Muganza
- Nyakabuye
- Nyakarenzo
- Rwimbogo

Northern Province

Region Coordinator Contact Number: +250 78818 5787

Musanze

- Busogo
- Cyuve
- Kinigi
- Muhoza
- Nkotsi

Rulindo

- Buyoga
- Kinihira
- Kiyanza
- Murambi
- Shyorongi

Gakenke

- Gakenke
- Kivuruga
- Muzo
- Ruli
- Rushashi

Burera

- Butaro
- Cyanika
- Cyeru
- Gahunga
- Rugengabale

Gicumbi

- Byumba
- Bukure
- Kaniga
- Miyove
- Rutare
- Ruvune

Registering for LGT and Fees

Taxpayers must register for LGT and fees with the help of staff at local government tax centres, listed on page 298.

Businesses are required to register for the LGT system, Trading License Tax and Public Cleaning Fees immediately after registering their business with RDB.

In order to register on the LGT system, bring identification, either a Rwandan ID or Passport. The taxpayer must also provide their address and a mobile phone number. The taxpayer will be registered on the LGT system, and tax accounts will be set up for the relevant LGT and fees by RRA staff.

In addition, when registering for Rental Income Tax or Fixed Asset Tax, taxpayers must provide the Unique Plot Identifier (UPI) for each of their properties.

Once registered, the taxpayer will be provided with a username, TIN and a password for the LGT system. The taxpayer will also receive an SMS and/or email confirming the registration.

If the taxpayer later is required to pay any additional LGT and fees for which they are not yet registered for, the taxpayer must return to any tax centre or RRA offices to set up the accounts for each of those LGT and fees.

Declaring LGT and Fees using the LGT system

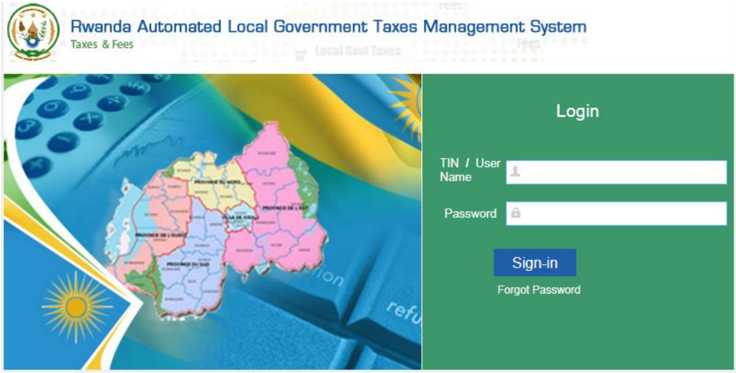
The three types of LGT, Rental Income Tax, Trading License Tax and Fixed Asset Tax, and the majority of local government fees can each be declared using the LGT system. The process of declaring each is similar, and described below.

Step 1: Login to the LGT System

Access the LGT system at https://localgov.rra.gov.rw or through the RRA website at http://www.rra.gov.rw and clicking on ‘Pay District taxes here’ on the right of the screen. This loads the following login screen:

The language can be changed by clicking on the flag icons in the top right corner, respectively English, Kinyarwanda and French.

Click ‘Taxes’ for the following LGT system login screen:

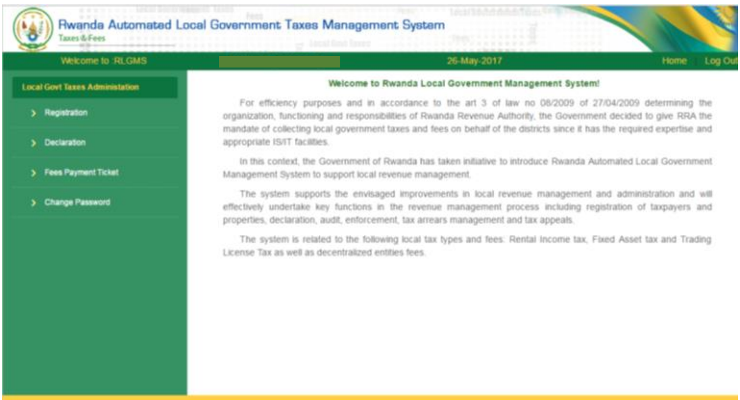


If a taxpayer does not know their TIN, see page 71.

If a taxpayer does not know their password, it can be reset by clicking ‘Forgot Password’ on the LGT system login and receiving a new password by SMS or email.

Step 2: Select the correct LGT or fee to declare

After logging in, the LGT system home page is loaded.



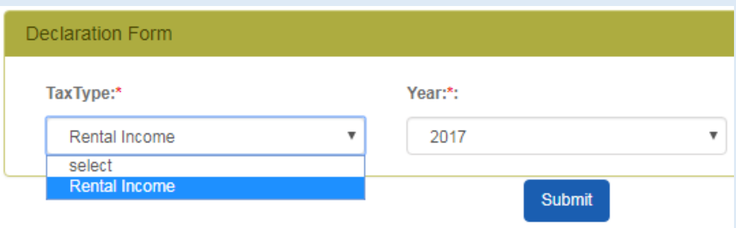
There are four modules available on the left of the screen: 'Registration', 'Declaration', 'Fee Payment Ticket' and 'Change Password'. Each of these modules is discussed in turn.

As taxpayers must first register with LGT staff, see page 303, the 'Registration' module cannot actually be used to register. However, it does display confirmation of registration, and allows for printing of Trading License Tax Certificates.

The 'Declaration' module is where the three types of LGT are declared. Click 'Declaration' and the drop down 'Taxes' option. Then choose the tax type and tax period that is being declared and click 'Submit'. Finally, click on the document number of the applicable declaration.

Example 73

An taxpayer clicks 'Declaration' then 'Taxes' and sees the following screen. The only LGT the taxpayer is registered for is 'Rental Income'. They select this tax type and the tax year that is being declared, and click 'Submit'.



This loads the following screen. This displays each of the properties registered by that taxpayer for Rental Income Tax, for this taxpayer only one. For each property, the taxpayer clicks the 'Document No' to begin the declaration.

Tin: [redacted] Business Name: [redacted] Tax Type Description Rental Income

SL No	Document No	Declaration For	Tax Period	Due Date	Year	Status	Acknowledgement
1	88528735	[redacted]	01/01/2017 - 31/12/2017	31/12/2017	2017	Pending	

The 'Fees Payment Ticket' module is where fees can be declared. Click 'Fees Payment Ticket' and the drop down provides the choice of:

- Service to Citizens
    - To declare a range of fees from the following drop-down menu:

select
Gushyingirwa ku munsi wagenwe
Others
Fees paid on documents notarized by a notary in land related matters
Civil Marriage done on the days other than those officially fixed by the Council
Registration, cancellation, review or assignment of debt mortgage
Changing names or shares certificates in companies
Charged on Official Certificates and Documents to be notified by Public Notary

- Service for Public Domain
    - To declare a range of fees from the following drop-down menu:

select
LAND LEASE
FEES CHARGED FOR SERVICES REALATED TO THE DOCUMENTS OF IMMOVABLE PROPERTY
FEE ADVERTISIG ON BANNERS
FEES CHARGED ON AUTHORIZATION TO BURN FIREWOOD,CLAY BRICKS AND ROOF TILES
FEES CHARGED ON BICYCLE NUMBER PLATES

- Other services
    - To declare two types of fees, that require the taxpayer to register for:

The 'Change Password' module requires the taxpayer to enter the previous password, and the new password. The taxpayer is automatically required to change their password when first logging in to the LGT system with the RRA provided password.

Step 3: Complete declaration form and submit

Having selected the correct LGT or fee, enter the required information in the declaration form. The information that is required depends upon the type of LGT or fee. These are displayed in turn below.

Fixed Asset Tax

The taxpayer must enter the current fixed asset value of the property. Once the required information has been entered, click 'Calculate Tax' and then 'Continue with Annexure'.

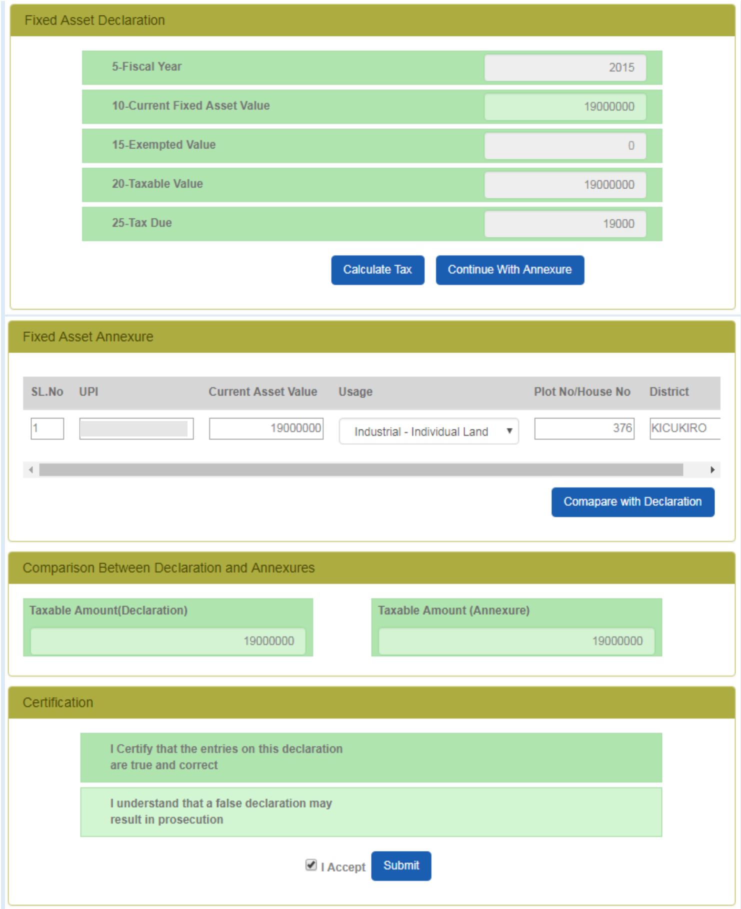
This generates an additional 'Fixed Asset Annexure' section. Again, this requires the taxpayer to enter the current fixed asset value of the property. If all the information is correct, click 'Compare with Declaration'.

This generates the two additional ‘Comparison Between Declaration and Annexures’ and ‘Certification’ sections. This allows comparison between the declaration and the annexures. If these are equal, then certify that the entries on this declaration are true and correct and confirm understanding that a false declaration may result in prosecution by clicking on ‘I accept’. Then submit the declaration by clicking ‘Submit’.

If the declaration and annexures are not equal, it is not possible to submit the declaration. Either the declaration or the annexures must then be changed until they are equal and accurate. After making the necessary changes, click ‘Calculate Tax’, ‘Continue with Annexures’ and ‘Compare with Declaration’ again before submitting.

Example 74

An example fixed asset tax declaration form is entered below. The total fixed asset tax due to be paid with this declaration is FRW 19,000.



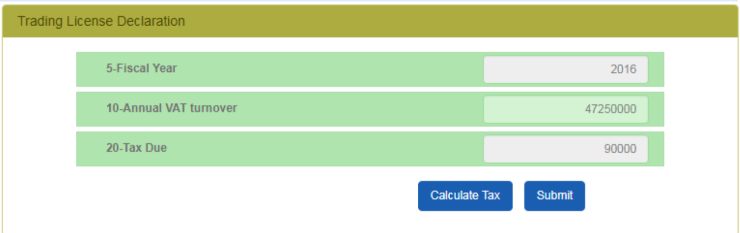
Trading License Tax

The declaration form for Trading License Tax differs slightly depending upon whether the taxpayer is registered for Value Added Tax (VAT).

The declaration form if the taxpayer is VAT registered requires the taxpayer to enter the 'Amount VAT Turnover', which is the total business income and sales declared during the previous tax year. If all the information is correct, click 'Calculate Tax' to display the tax due, and click to 'Submit' the declaration.

Example 75

An example Trading License Tax declaration form for a taxpayer that is registered for VAT is entered below. The total Trading License Tax due to be paid with this declaration is FRW 90,000.


Trading License Declaration

5-Fiscal Year	2016
10-Annual VAT turnover	47250000
20-Tax Due	90000

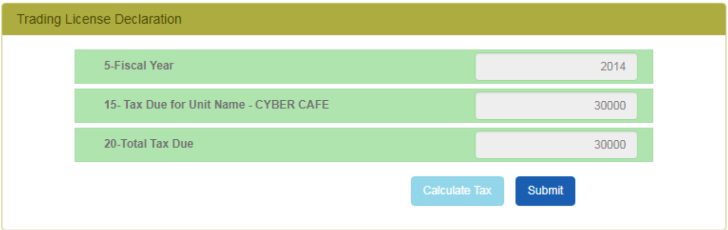
Calculate Tax Submit

The declaration form if the taxpayer is not VAT registered is displayed below. The type and location of business is already confirmed when registering, so no further details are required. If all the information is correct, click to 'Submit' the declaration.

Example 76

An example Trading License Tax declaration form for a taxpayer that is not registered for VAT is entered below.

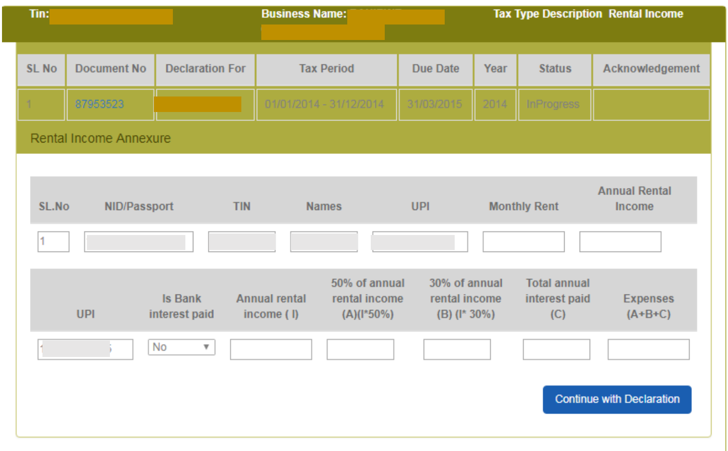
The total Trading License Tax due to be paid with this declaration is FRW 30,000.



Taxpayers registered for Trading License Tax are reminded to also declare and pay Public Cleaning Fees, see page 294 for more details.

Rental Income Tax

Having clicked on the document number of the relevant property for the tax type and tax period that is being declared, the following declaration form is displayed for Rental Income Tax.

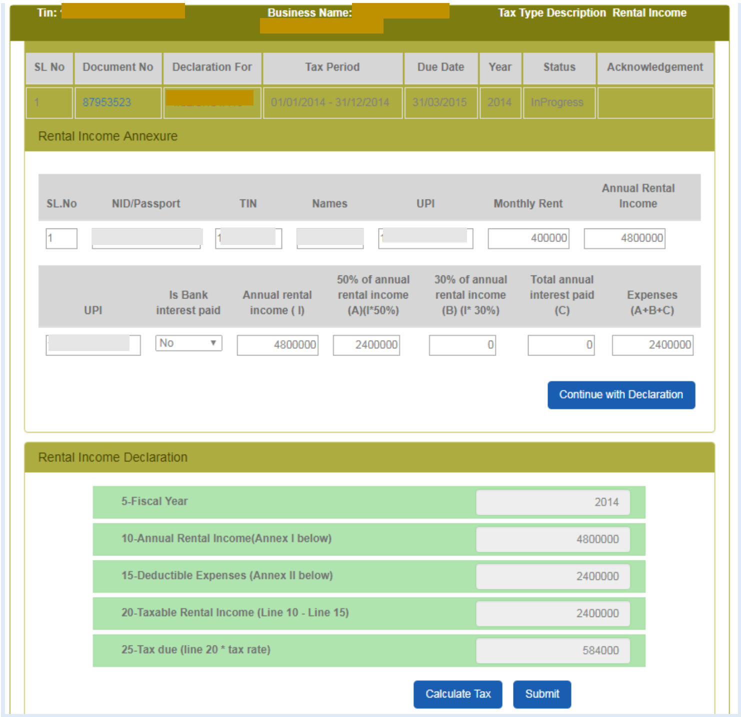


The taxpayer must enter the monthly rent and the total amount of rental income received during the tax year. In addition, if bank interest is being paid on this property, the taxpayer must change ‘Is Bank Interest paid’ to ‘Yes’ and enter the additional required details.

Once all required information has been entered, click ‘Continue with Declaration’. This generates an additional ‘Rental Income Declaration’ section. If all the information is correct, click ‘Calculate Tax’ to display the tax due, and click to ‘Submit’ the declaration.

Example 77

An example Rental Income Tax declaration form is entered below. The total Rental Income Tax due to be paid with this declaration is FRW 584,000.



Tin: [redacted] Business Name: [redacted] Tax Type Description Rental Income

SL No	Document No	Declaration For	Tax Period	Due Date	Year	Status	Acknowledgement
1	87953523	[redacted]	01/01/2014 - 31/12/2014	31/03/2015	2014	InProgress	

Rental Income Annexure

SL.No	NID/Passport	TIN	Names	UPI	Monthly Rent	Annual Rental Income
1		1		1	400000	4800000

UPI	Is Bank interest paid	Annual rental income (I)	50% of annual rental income (A)(I*50%)	30% of annual rental income (B) (I* 30%)	Total annual interest paid (C)	Expenses (A+B+C)
	No	4800000	2400000	0	0	2400000

Continue with Declaration

Rental Income Declaration

5-Fiscal Year	2014
10-Annual Rental Income(Annex I below)	4800000
15-Deductible Expenses (Annex II below)	2400000
20-Taxable Rental Income (Line 10 - Line 15)	2400000
25-Tax due (line 20 * tax rate)	584000

Calculate Tax Submit

Local Government Fees

The process of declaring local government fees varies depending upon the type of fee. In general, having selected the correct type of 'Fee Payment Ticket', enter the required information, and click 'Submit'. This Tax Handbook uses three examples to demonstrate the general processes of declaring local government fees.

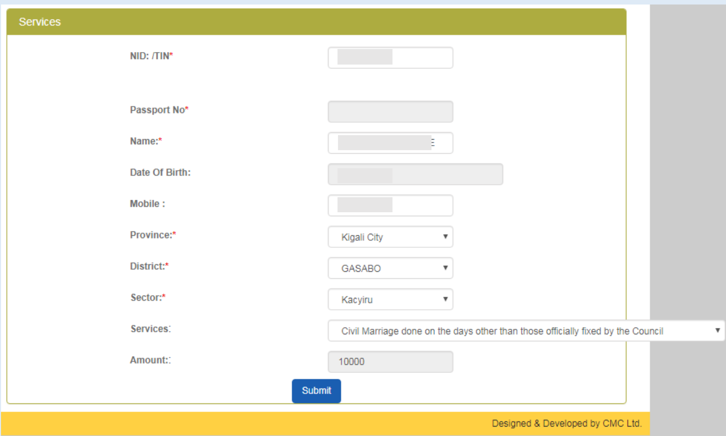
Service to citizen – such as fees for civil marriage done not on official business days

The taxpayer must enter their personal details including their national ID number or passport number, name, date of birth, mobile number and the province, district and sector where they live. Some of these details may be automatically generated after entering the ID number.

The taxpayer can then choose the type of service that is required. This may include further drop-down options. Once selected, this automatically generates the correct amount that must be paid for that service, and the taxpayer can click to 'Submit' the fee declaration.

Example 78

An example fee declaration to pay for civil marriage done not on official business days is entered below. The amount that must be paid for this service is FRW 10,000.

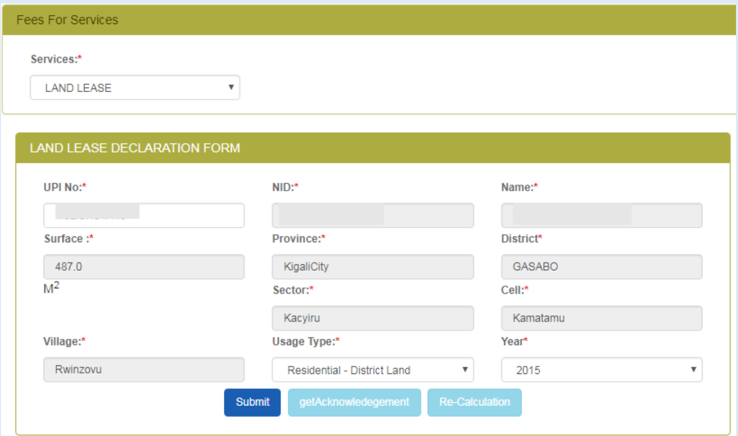


Service for public domain – such as Land Lease Fees

The taxpayer can choose the type of service that is required. Depending upon the type of service, further information is required. Once all required information has been entered, click to 'Submit' the fee declaration.

Example 79

An example Land Lease Fee declaration is entered below. The 'Usage Type' is automatically set to the correct choice for that Unique Parcel Identifier (UPI). The amount of tax that must be paid by this taxpayer is displayed after submitting the Land Lease Fee declaration.



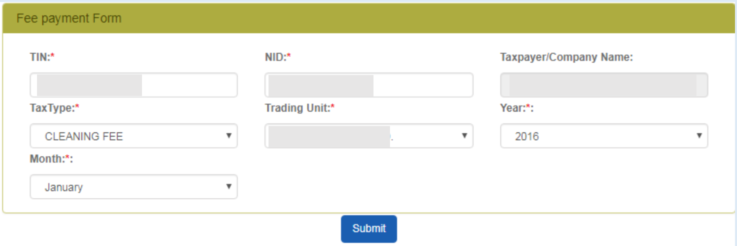
Other services – such as Public Cleaning Fees

The taxpayer can choose the type of service that is required. The drop-down menu only displays the types of local government fees that the taxpayer is registered for.

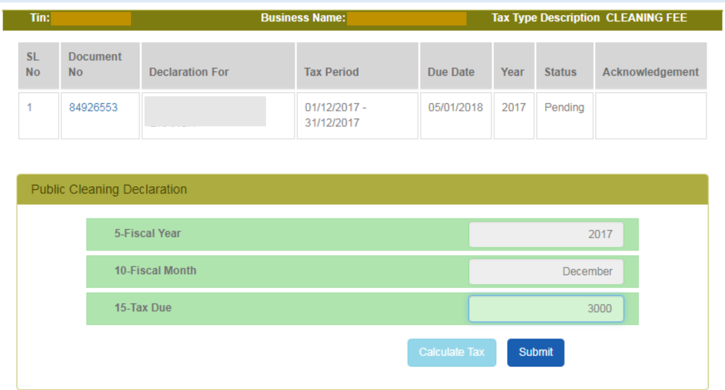
Depending upon the type of service, further information is required. Once all required information has been correctly entered, click to 'Submit' the fee declaration.

Example 80

An example Public Cleaning Fee declaration is entered below. The Public Cleaning Fee must be declared and paid for each trading unit (branch of a business or institution) every month.

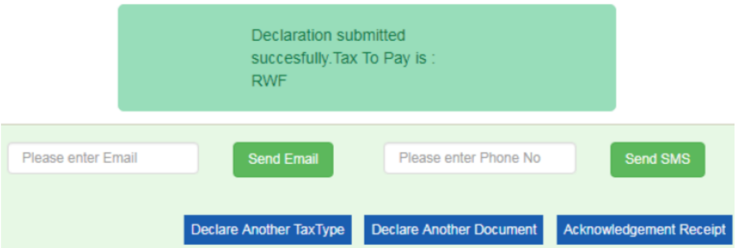


After clicking 'Submit', the following screen is loaded. Taxpayers must enter the amount specified by the District for the location and nature of activity, then click 'Submit'.



Step 4: View payment details via the Acknowledgement Receipt, email or SMS, and pay the total amount due

After successfully submitting the declaration, click to view the Acknowledgement Receipt. Alternatively, receive the payment details by email or SMS by entering an email address or phone number and clicking ‘Send Email’ or ‘Send SMS’.



Use the RRA Reference Number to pay the total amount due. This must be paid before the deadline to avoid penalties and fines, see page 374 for more details on paying taxes.

Local Government Taxes (LGT) and Fees Penalties and Fines

What are the penalties for late declaration of LGT?

A LGT registered taxpayer who has failed to submit a tax declaration within the required time must still declare and pay, and is subject to an additional three penalties:

- 1.5% interest of the unpaid tax due per month
- A fine equal to:
    - 10% of the tax due if the declaration is submitted less than one month late
    - 20% of the tax due if the declaration is submitted less than two months late
    - 30% of the tax due if the declaration is submitted less than three months late
    - 40% of the tax due if the declaration is submitted more than three months late
- An additional fine for late payment of 10% of the tax due, up to a maximum of FRW 10,000

Example 81

Amahoro declared her Rental Income Tax for the 2016 tax period late. Instead of declaring by the 31st March 2017, she finally declared and paid on 18th May 2017 (within two months late). The tax due for this tax period was FRW 157,000.

Amahoro's penalty for declaring late is:

- *FRW 157,000 * 1.5% * 2 = FRW 4,710*
- *FRW 157,000 * 20% = FRW 31,400*
- *FRW 157,000 * 10% = FRW 15,700, but limited to FRW 10,000*

In addition to the FRW 157,000 tax due, Amahoro must pay FRW 4,710 + FRW 31,400 + FRW 10,000 = FRW 46,110.

What are the penalties for late payment of LGT and fees?

A LGT registered taxpayer who has submitted a tax declaration, but failed to pay the full amount of taxes due within the required time must still pay the full amount of taxes due, and is subject to two additional penalties:

- 1.5% interest of the unpaid tax due per month
- 10% of the unpaid tax due, up to a maximum of FRW 10,000

The same penalties also apply to late payment of local government fees.

What are the penalties for not registering for Trading License Tax or not presenting a Trading License Tax certificate when requested?

It is illegal to conduct profit oriented activities without having declared and paid Trading License Tax for the concerned tax period. Failure to present a valid Trading

License Tax certificate when requested is subject to a penalty of FRW 10,000. In addition, the District has the right to shut down any taxable activities immediately.

What are the penalties for a taxpayer who declares incomplete, incorrect or fraudulent information?

A taxpayer who submits a declaration, but is found to have declared incomplete, incorrect or fraudulent information, must pay the unpaid tax due and is subject to an additional penalty of:

- 20% of the tax due for first-time offenders
- 40% of the tax due for repeated offences

What are the rules concerning interest?

The rules concerning interest are the same as for interest on domestic taxes, as explained on page 91.

What are the rights of Districts over seizure and sale of property in the event of unpaid LGT and fees?

In the event of unpaid LGT and fees, the Districts have the right over all the taxpayer's income and movable property, wherever it might be located. In addition, the Districts have the right to seize, and sell by public auction, immovable property after all other enforcement mechanisms have been reasonably exhausted and not before a period of three years from when the due date of payment has lapsed.

Customs

Explanation of Customs

What is importing and exporting?

Importing is when goods are brought into Rwanda from an external country. Exporting is when goods are taken from Rwanda into an external country.

This Tax Handbooks aims to provide all the information required for taxpayers to import or export any goods. However, as taxes are often required on imports, there is a greater focus in this Tax Handbook on importing.

For a greater focus on exporting, see the Export Handbook developed by Kigali based research firm, Laterite, and commissioned by Trade Mark East Africa (TMEA) and the Private Sector Federation (PSF). The Export Handbook is available at:

http://www.laterite.com/laterite-publishes-export-handbook-for-rwanda/.

Who can import or export?

Any taxpayer may import or export goods. No additional registration is required, but individuals or businesses without TINs must register with RDB or RRA as normal.

The majority of importing and exporting procedures are carried out by licensed companies called Clearing Agents on behalf of the taxpayers, see page 343 for more details.

What are Customs Duties?

In this Tax Handbook, customs duties are defined as all taxes, duties, levies and fees that are required to be paid to RRA on imported or exported goods.

Therefore, customs duties include:

- Taxes paid on imports that are also paid on domestic goods
    - Value Added Tax (VAT)
    - Excise Duty
- Taxes that are specifically paid on imports
    - Import Duty
    - Withholding Tax of 5% (WHT 5%)
    - Infrastructure Development Levy (IDL)
    - Strategic Reserves Levy (SRL)
    - African Union Levy (AUL).
- Taxes that are specifically paid on exports
    - Export Duty on Raw Hides and Skins
- Small fees on imports and exports
    - Computer Processing Fee
    - Quality Inspection Fee (QIF)

Customs duties ensure that local and foreign business can compete fairly, by ensuring a level playing field (VAT and Excise Duty), encouraging intra-regional trade (Import Duty), ensuring compliance of Income Tax (WHT 5%), funding beneficial projects (IDL, SRL and AUL) and supporting domestic manufacturing industries (Export

Duty on Raw Hides and Skins). For more details on all types of customs duties, see page 332.

What is the East African Community Customs Union?

The East African Community (EAC) Customs Union is formed of Kenya, Tanzania, Uganda, Burundi, South Sudan and Rwanda. The main features of the EAC Customs Union are:

- A shared set of import duties applied on goods from countries outside the EAC. This is referred to as the Common External Tariff (CET), see page 332 for details.
- Zero rate of import duty, and no quotas, applied on goods from countries within the EAC with valid Certificates of Origin, see page 328 for details.
- Shared procedures, safety measures, valuation methods, trade policy and terminology governed by the EAC Customs Management Act (CMA).

Rwanda is also a member of the Common Market for Eastern and Southern Africa (COMESA) free trade area.

What is the Rwanda electronic Single Window (ReSW)?

The ReSW is an online portal aimed at facilitating trade by ensuring all trade related information required by government institutions is submitted only once. This reduces the compliance burden and time taken when importing or exporting goods. The ReSW also increases transparency by clearly showing when information was submitted, changed or approved, and by whom.

The ReSW is used by Clearing Agents, Customs Officials and other government institutions as required. Clearing Agents use the ReSW on behalf of taxpayers during the importing and exporting process. For more details on Clearing Agents, see page 343.

How are imported and exported goods valued?

Imports are valued as Cost, Insurance and Freight (CIF). This is equal to the cost of the goods, the cost of any insurance paid on the goods and the freight costs of transporting the goods to the first point of entry of the EAC. Exports are valued as Free On Board (FOB). This is equal to the cost of the goods only.

Whether using the CIF or FOB valuation, the declared value must be supported by commercial invoices, as well as insurance and freight invoices where applicable.

If goods have been purchased in a foreign currency, declare the value in the currency of the invoice. The ReSW system then uses the National Bank of Rwanda (BNR) exchange rate to convert this into Rwandan francs.

Example 82

Rukundo is importing a consignment of mobile phones from Japan. The cost of the mobile phones was USD 30,000 (thirty thousand US dollars). He paid an additional

USD 400 (four hundred US dollars) to transport the consignment to the first point of entry of the EAC, in this case, the port of Mombasa in Kenya. He also paid USD 150 to insure the goods during transportation to the port of Mombasa. On the day of declaration, the exchange rate is USD 1 : 850 FRW. Therefore, the CIF value of his import declaration is:

*CIF = (USD 30,000 + USD 400 + USD 150) * 850 = FRW 25,967,500.*

What are Harmonised System (HS) Codes?

Harmonised System (HS) Codes is an internationally standardised to classify traded products. The taxpayer provides a description of the type of goods to the Clearing Agent, who is trained to select the correct HS Code. Selecting the correct HS Code is important for ensuring the correct amount of tax is declared and paid.

Example 83

Amahoro is importing scotch whisky of 40% alcoholic volume from the United Kingdom. She describes this to the Clearing Agent who correctly selects the HS Code:

2208.30.00 – 'Whiskies' within the 'Beverages, Spirits and Vinegar' chapter.

What documents are required when importing or exporting?

The importing or exporting taxpayer must provide the Clearing Agent with valid documents proving the value and authenticity of their consignment.

The mandatory documents that taxpayers importing goods originating from within the EAC must provide are:

- Commercial Invoice or equivalent document
    - Showing the value and description of all goods within the consignment.
- Packing List
    - Lists the goods being transported within the consignment.

There are two additional mandatory documents that taxpayers importing goods originating from outside the EAC must provide to RRA:

- Freight Invoice
    - Showing the cost of transport and insurance for the consignment, if not included in the commercial invoice.
- Bill of Lading / Airway Bill
    - A contract between the owner of the ship / plane transporting the consignment and the importing taxpayer.

The only mandatory document that taxpayers exporting goods must provide to RRA:

- Commercial Invoice or equivalent document
    - Showing the value and description of all goods within the consignment.

Additional documents that taxpayers may be required to provide when importing or exporting depend upon the type of goods and their origin. Clearing Agents are trained to inform taxpayers which documents are necessary for their consignment. Without the required documents, Customs Officials will not permit the goods to be imported or exported. Examples of goods that may require additional documents include:

- Goods produced within the EAC or COMESA
- Agricultural goods and inputs including food
- Chemicals and cosmetics
- Medical equipment and pharmaceuticals
- Worn clothes

What documents are required to prove that goods being imported were produced in the EAC or COMESA?

Imported goods that are produced within the EAC or COMESA can be subject to exemptions. In addition, imported goods that are produced within the EAC only are granted automatic access to the pre-clearance facility, see page 360 for details. These benefits require a Certificate of Origin delivered by the exporting country.

The EAC Rules of Origin document explains the criteria that goods should meet to be considered as originating from EAC partner states. This Tax Handbook does not include all details or exceptions. The EAC Rules of Origin document is on the RRA website at:

http://www.rra.gov.rw/index.php?id=244.

Similarly, the COMESA Rules of Origin document is available at:

http://www.comesa.int/wp-content/uploads/2016/06/Protocol-on-Rules-of-Origin-2015.pdf.

How do Rwandan exporters certify that goods being exported were produced in Rwanda?

Rwandan exporters can apply for a Certificate of Origin through their Clearing Agent. The Clearing Agent applies on the Rwanda electronic Single Window (ReSW) and provides the required evidence at any Border Post or Dry Port. There are different fees and requirements depending upon the country to which the goods are exported. There is also a Simplified Certificate of Origin available for smaller value consignments, see page 357 for more details.

There are many incentives that Rwandan exporters can benefit from, depending on the country being exported to. This includes EAC, COMESA, the European Union (EU) and the United States of America (USA), see the Export Handbook, referenced on page 322, for more details.

What are the different Customs channels?

After import or export declarations have been submitted and paid, the Rwanda electronic Single Window (ReSW) system assigns the consignment to a Customs channel. The Customs channel refers to the level of verification from Customs Officers required for that consignment.

The ReSW uses a risk management system to assign Customs channels depending upon the past history of the taxpayer and the types of goods amongst other factors. However, Customs Officers are authorised to carry out surprise checks or additional verifications regardless of the assigned Customs channel.

The Customs channels are:

Green – No verification, immediate release of goods

Blue – No verification, immediate release of goods, available to taxpayers with history of correct compliance

Yellow – Documentary verification

Red – Documentary and physical verification

Documentary verification requires Customs Officers to check declarations and supplementary documentation. Physical verification requires Customs Officers to check the actual consignment.

If there are any problems with verification, the Customs Officers will lodge a 'query' which may require a second assessment notice, additional taxes to be paid or further actions to be taken. See page 371 for more details on Customs penalties.

If there are no problems with verification, the Customs Official changes the Customs channel to 'Green' in the ReSW system and gives the taxpayer a release order.

What is a Post-Clearance Audit (PCA)?

In addition to documentary and physical verification at border posts, importing or exporting taxpayers may also be subject to Post-Clearance Audits (PCAs). PCAs are explained in more detail on the EAC website at:

http://www.eac.int/resources/documents/customs-post-clearance-audit-manual

The different types and processes for PCAs is similar to other RRA audits, see page 31 for details.

What is a Stay of Application?

A 'stay of application' is a different rate of import duty from the Common External Tariff (CET) available for specific products. These are negotiated on a country-by-country basis, but once agreed are available for all importing taxpayers. The stay of application rate can be higher or lower than the CET rate. Stay of applications apply on annual fiscal year, 1^{st} July to 30^{th} June, basis.

Once approved, the stay of applications are published by product (using HS Codes) in EAC gazettes, available at: http://www.rra.gov.rw/index.php?id=349&L=0.

Customs Duties

What are the different Customs Duties?

The full list of customs duties is displayed on page 323. The rates and bases of each type are described below.

Import Duty

Import Duty is a tax paid specifically on imported goods originating from outside of the EAC and COMESA. The EAC Customs Union ensures a zero (0%) rate of Import Duty on all imports on goods originating from within the EAC and COMESA, see page 328 for details.

The EAC Customs Union means that the rates of import duty are agreed in the Common External Tariff (CET). The CET sets Import Duty rates on a product-by-product basis for each HS Code. The CET is available on the RRA website at: http://www.rra.gov.rw/index.php?id=243.

The different Import Duty rates also allow for certain types of goods to be prioritised. In general, CET rates are:

- Capital goods and raw materials = 0%
- Intermediate goods = 10%
- Finished goods = 25%
- Sensitive Goods = Varying rate

There are two exceptions: ‘Stay of Applications’ and the ‘Duty Remission Scheme’. For more details see page 331 and 361 respectively.

The amount of Import Duty to be paid is calculated by:

Import Duty = CIF * Import Duty rate

In import declarations and assessment notices, Import Duty is referred to under code ‘C’, for example ‘C02’.

Handling Fees (HF)

Handling Fees are not actually paid, but are included in VAT and Excise Duty calculations. HF is calculated by:

Handling Fees (HF) = Gross Weight (kg) * FRW 10

Gross Weight (kg) refers to the weight of the goods in the consignment in kilograms, including the weight of the containers or transporting equipment.

Excise Duty

Excise Duty is paid on specific products, regardless of whether they are produced domestically or imported. For more details on the products subject to Excise Duty, the basis and the rates, see page 215.

The Excise Duty to be paid on a specific basis is calculated by an amount of tax per unit of the product. The Excise Duty to be paid on an ad valorem basis is calculated by:

Excise Duty = (CIF + Import Duty + HF) * Excise Rate

In import declarations and assessment notices, Excise Duty is referred to under code ‘E’, for example ‘E01’.

Value Added Tax (VAT)

VAT is paid on the majority of products, regardless of whether they are produced domestically or imported. The normal rate of VAT in Rwanda is 18%. For details on products that are exempted or zero-rated, see page 181.

Therefore, the VAT to be paid on imported goods is calculated by:

VAT = (CIF + Import Duty + Excise Duty + HF) * VAT rate

Any VAT previously paid in a foreign country is not offset when calculating the VAT that is to be paid at Customs. This is expected to be refunded at the country of origin.

Once VAT has been paid on imports at Customs, this amount can be claimed back in subsequent domestic VAT declarations. See page 191 for the information required when claiming back VAT paid on imports.

In import declarations and assessment notices, VAT is referred to under code ‘V’, for example ‘V02’.

Withholding Tax of 5% (WHT 5%)

WHT 5% is a tax paid specifically on imported goods. WHT 5% is paid by all taxpayers except for taxpayers with a valid Quitus Fiscal certificate, see page 47.

The WHT 5% to be paid on imported goods is calculated by:

Withholding Tax of 5% (WHT 5%) = CIF * 5%

Once WHT 5% has been paid at Customs, this amount can be claimed back in subsequent domestic Income Tax (PIT or CIT) declarations by the importing taxpayers. This can be claimed back in either the annual or Instalment Quarterly Prepayment (IQP) declarations. See page 122 for the information required when claiming back WHT 5% paid on imports.

In import declarations and assessment notices, WHT 5% is referred to under code ‘W’, for example ‘W01’.

Infrastructure Development Levy (IDL)

IDL is a tax paid specifically on imported goods from outside of the EAC. IDL contributes to regional trade-facilitation infrastructure projects. IDL is paid on all imported goods, with the exception of those detailed in Article 5 of Law N°34/2015 of 30/06/2015, including:

- Goods originating from within the EAC
- Reproductive animals and plants
- Pharmaceuticals
- Veterinary products
- Medical equipment
- Industrial machinery
- Solar energy equipment
- Duty Remission products

The IDL to be paid on imported goods is calculated by:

Infrastructure Development Levy (IDL) = CIF * 1.5%

Strategic Reserves Levy (SRL)

SRL is a tax paid specifically on imported fuel and petroleum products. SRL funds the purchase and safe maintenance of greater reserves of fuel. The SRL is paid at a specific rate per litre of fuel, calculated by:

Strategic Reserves Levy (SRL) = FRW 32.73 per litre of fuel

African Union Levy (AUL)

AUL is a tax paid specifically on imported goods. AUL contributes to the financing of African Union activities. AUL is paid on all imported goods, except for those subject to exemptions by the 5th Schedule of the EAC CMA, Duty Remission or VAT.

The AUL paid on imported goods is calculated by:

African Union Levy (AUL) = CIF * 0.2%

In import declarations and assessment notices, AUL is referred to under code ‘AU’, for example ‘AU0’.

Motor Vehicle Registration Fees (MVF)

MVF are paid specifically on imported motor vehicles. MVF must be paid regardless of the type of vehicle or the exemptions available to the importing taxpayer. For more details on importing motor vehicles see page 364.

MVF vary depending upon the engine capacity of the vehicle as measured in cubic centimetres (cc):

Engine Capacity (cc) between	Motor Vehicle Fees (MVF) for all Motor Vehicles
0 to 1,000	FRW 75,000
1,001 to 1,500	FRW 160,000
1,501 to 3,000	FRW 250,000
3,001 to 4,500	FRW 420,000
4,501 and above	FRW 560,000
Special Engine	FRW 640,000

The special engine category includes semi-trailers, construction vehicles and other very heavy vehicles.

Road Toll

Road Toll is a tax paid specifically on foreign registered trucks entering Rwanda. Road Toll contributes to the Road Maintenance Fund (RMF) in Rwanda.

It is important to note that the Road Toll is paid per truck entering Rwanda, not per declaration. Therefore, this is paid separately to other Customs Duties.

The Road Toll has two different rates, depending on the size of the trucks. The Road Toll must be paid by trucks every time they enter Rwanda. The rate of Road Toll is:

- $76 USD for simple trucks
- $152 USD for heavy commercial trucks

Road Toll is referred to as ‘FER’ in assessment notices.

Fuel Levy

Fuel Levy is a tax paid specifically on imported fuel and petroleum products. Fuel Levy contributes to the Road Maintenance Fund (RMF) in Rwanda. The Fuel Levy is paid at a specific rate per litre of fuel. The Fuel Levy to be paid on imported fuel is calculated by:

Fuel Levy = FRW 115 per litre of fuel

As with the Fuel Levy, Road Toll is referred to as ‘FER’ in import declarations and assessment notices.

Export Duty on Raw Hides and Skins

Export Duty on Raw Hides and Skins is paid on all exports of unprocessed hides and skins to outside of the EAC. The rate of Export Duty on Raw Hides and Skins is either:

- 80% of FOB, or $0.52 per Kg, whichever is higher

In export declarations and assessment notices, Export Duty on Raw Hides and Skins is referred to as code ‘EX1’.

Computer Processing Fee

The Computer Processing Fee is a fee paid for every import or export declaration that is submitted.

The Computer Processing Fee is:

- FRW 3,000 per regular declaration
- FRW 500 per simplified declaration, see page 357 for more details on simplified declarations

Computer Processing Fee is listed as a ‘global fee’ in import/export declarations and assessment notices.

Quality Inspection Fees (QIF)

Quality Inspection Fees (QIF) are fees paid on specific imported products. Rwanda Standards Board (RSB) is the institution which both designates which products are required to be inspected and carries out the inspections. RRA collects QIF on behalf of RSB. The QIF to be paid on imported goods is calculated by:

Quality Inspection Fees (QIF) = FOB * 0.2%

In import declarations and assessment notices, QIF are referred to under code ‘QIF’.

Warehousing Fees

Warehousing Fees are paid when storing consignments in warehouses. It is important to note that these are paid directly to the warehouses and not to RRA. Rates may vary according to the warehouse, the size and weight of the consignment and how long it has been stored for.

Example 84

Rukundo is importing a consignment of sports shoes from the United Kingdom. The HS Code is 6404.11.00 'Sports footwear…'. The net weight of the consignment is 75kg. The CIF value of the consignment is:

- *Cost = FRW 2,800,000*
- *Insurance = FRW 75,000*
- *Freight = FRW 350,000*
- *CIF (Cost + Insurance + Freight) = FRW 3,225,000*

The Customs Duties that must be paid are:

- *Import Duty = FRW 3,225,000 * 25% = FRW 806,250*
- *Handling Fees (not paid) = FRW 10/kg * 75kg = FRW 750*
- *VAT = (FRW 3,225,000 + FRW 806,250 + FRW 750) * 18% = FRW 725,760*
- *WHT 5% = FRW 3,225,000 * 5% = FRW 161,250*
- *IDL = FRW 3,225,000 * 1.5% = FRW 48,375*
- *AUL = FRW 3,225,000 * 0.2% = FRW 6,450*
- *Computer Processing Fee = FRW 3,000*

Therefore, the total duties to be paid are FRW 1,751,835.

Of this, the VAT of FRW 725,760 can be claimed back in domestic VAT declarations (as Rukundo is not the final consumer), and the WHT 5% of FRW 161,250 can be claimed back in domestic Income Tax declarations.

Example 85

Ubumwe is importing a consignment of Tusker beer from Kenya. The HS Code is 2203.00.90 'Beer made from malt'. The net weight of the consignment is 1,400kg. The CIF value of the consignment is:

- *Cost = FRW 1,100,000*
- *Insurance = FRW 55,000*
- *Freight = FRW 450,000*
- *CIF (Cost + Insurance + Freight) = FRW 1,605,000*

The customs duties that must be paid are:

- *Import Duty = FRW 1,605,000 * 25% = FRW 401,250*
- *Handling Fee (not paid) = FRW 10/kg * 1,400kg = FRW 14,000*
- *Excise Duty = (FRW 1,605,000 + FRW 401,250 + FRW 14,000) * 60% = FRW 1,212,150*
- *VAT = (FRW 1,605,000 + FRW 401,250 + FRW 14,000 + FRW 1,212,150) * 18% = FRW 581,832*
- *WHT 5% = FRW 1,605,000 * 5% = FRW 80,250*
- *Computer Processing Fee = FRW 3,000*
- *QIF = (FRW 1,100,000) * 0.2% = FRW 2,200*

Therefore, the total duties to be paid are FRW 2,280,682.

Of this, the VAT of FRW 581,832 can be claimed back in domestic VAT declarations (as Ubumwe is not the final consumer), and the WHT 5% of FRW 80,250 can be claimed back in domestic Income Tax declarations.

Example 86

Amahoro is importing a consignment of petrol from the United States of America. The HS Code is 2710.12.10 'Motor Spirit (gasoline) regular'. The consignment is 9,000 litres being transported in a semi-trailer truck. The CIF value of the consignment is:

- *Cost = FRW 6,500,000*
- *Insurance = FRW 400,000*
- *Freight = FRW 600,000*
- *CIF (Cost + Insurance + Freight) = FRW 7,500,000*

The Customs Duties that must be paid are:

- *Excise Duty = FRW 183/litre * 9,000 litres = FRW 1,647,000*
- *WHT 5% = FRW 7,500,000 * 5% = FRW 375,000*
- *IDL = FRW 7,500,000 * 1.5% = FRW 172,500*
- *SRL = FRW 32.73/litre * 9,000 litres = FRW 112,500*
- *Road Toll = $152 * FRW 832/$ = FRW 126,464*
- *Fuel Levy = FRW 115/litre * 9,000 litres = FRW 1,035,000*
- *AUL= FRW 6,500,000 * 0.2% = FRW 13,000*
- *Computer Processing Fee = FRW 3,000*

Therefore, the total duties to be paid are FRW 3,539,534.

Of this, the WHT 5% of FRW 375,000 can be claimed back in domestic Income Tax declarations.

Clearing Agents

What are Clearing Agents?

A clearing agent (or customs agent) is a company licensed to transact any business related to the import or export of goods. Clearing agents interact with the revenue authority on behalf of the taxpayer. Clearing agents are trained and licensed by the revenue authority ensuring that all customs procedures are followed correctly.

There are more than 150 clearing agents licensed to operate by RRA. For the full list, see the RRA website at: http://www.rra.gov.rw/index.php?id=57.

Who needs to contract Clearing Agents?

Any taxpayer wishing to import or export goods valued at more than FRW 500,000 is required to contract a clearing agent to carry out the importation or exportation process on their behalf.

What are the roles of taxpayers and Clearing Agents?

The importing or exporting taxpayers must contract clearing agents. The taxpayers may contract different clearing agents to conduct the foreign country and Rwandan import/export procedures.

The taxpayer is responsible for providing the clearing agent with all required documents (see page 327 for the documents required for imports and exports) and for paying all due taxes and fees. These can be paid by the taxpayer directly, or through the clearing agent.

The clearing agent is responsible for exercising due diligence in ensuring the documentation provided by the taxpayer is valid and accurate, correctly identifying the HS Codes, submitting import or export declarations, printing assessment notices and if necessary paying Customs Duties on the taxpayers' behalf, facilitating any queries or verification by Customs staff and awaiting and receiving release orders.

What is the licensing process of Clearing Agents?

Clearing agents must apply for a license from RRA in order to operate. If approved, clearing agents are licensed for a period of at least one year, before they must be renewed. RRA may also suspend or revoke a license in the event of a breach of procedure, negligence or unsatisfactory conduct.

Who is responsible in the event of penalties and fines?

Both taxpayers and clearing agents are jointly liable in the event of penalties and fines. Contracts between the taxpayers and the clearing agents should make clear the responsibilities of each party in such cases.

Border Posts and Dry Ports

What are Border Posts and Dry Ports?

Importing and exporting of goods can only be done at authorised RRA border posts and dry ports. Border posts are RRA offices at the border with a neighbouring country, whilst dry ports are inland RRA offices.

The list of currently operating RRA border posts and dry ports is displayed on page 348. However, RRA is receptive to taxpayers' behaviour, and may open or close border posts depending upon demand and the frequency of trade. Taxpayers may contact RRA to request to import or export through other potential border posts.

Border Posts

Rwanda borders Uganda to the north, Tanzania to the East, Burundi to the south and the Democratic Republic of Congo (DRC) to the west. The border posts for each of the neighbouring countries are:

- Uganda
    - Buziba, Gatuna, Kagitumba, Cyanika
- Tanzania
    - Rusumo
- Burundi
    - Akanyaru-Haut, Rutete / Nemba, Ruhwa
- DRC
    - Gisenyi Corniche, Gisenyi Poids-Lourds, Bugarama, Rusizi 1, Rusizi 2 / Mururu

Dry Ports

Not all imports and exports are processed at Border Posts, some consignments are declared and processed at dry ports. This is typically because of the nature of the products, the value or the entry. There are three main types of inland border post:

- Dry ports capable of handling high-value consignments, with associated warehouses
    - Gikondo / Customs HQ, Rubavu Inland Office, Mutara and Raha Warehouse
- Airports
    - Kigali Airport and Rusizi Airport
- Oil Depots
    - Such as Gatsata, Kabuye, Rusororo and Jabana Oil Depots

When are imports declared at Dry Ports?

There are three situations when imports must be declared at inland border posts.

Firstly, dry ports must be used when importing at a border goods above a certain value. The import value threshold varies depending upon the capacity of the border post, see the list of border posts on page 348.

The main dry port for this use is Gikondo / Customs HQ in Kigali. However, Rubavu Inland Office and Mutara can be also be used for this purpose for imports into Gisenyi and Rusizi border posts respectively.

Dry ports must also be used for processing and declaring imports when goods are imported by airplane to an airport. The goods must be declared at the airport they land at. The process is the same as at Border Posts.

Finally, imported fuel and petroleum products must be processed and declared at oil depot dry ports. The importer can choose whichever oil depot to use.

When are Dry Ports used for exports?

There is no threshold of value for declaring exports at a border. The taxpayer may choose whether to declare at a Border Post or a Dry Port.

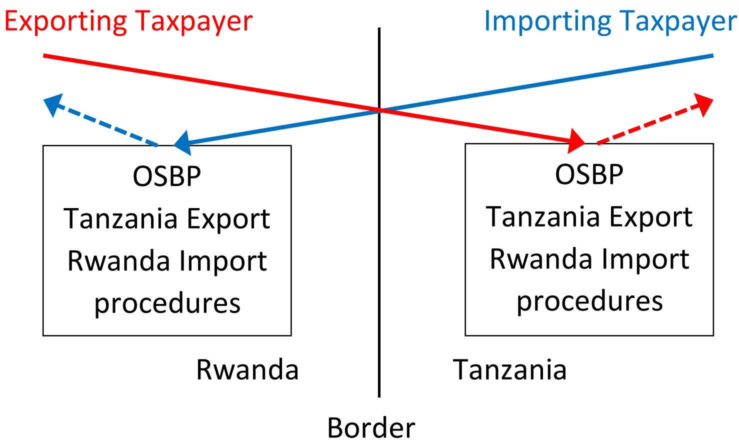
What are One Stop Border Posts (OSBPs)?

One Stop Border Posts (OSBPs) are border posts where RRA Customs Officials work in the same building as the neighbouring country Customs Officials. This allows the export procedures of the neighbouring country, and the import procedures of RRA (or vice versa) to be conducted in one place at one time, reducing the time taken when importing or exporting goods.

Note that borders with OSBPs still have border posts on each side of the border. However, the Clearing Agent only needs to visit the border post in the country they are importing into, as displayed in the example below.

Exporting goods from Rwanda and importing into Tanzania

Exporting goods from Tanzania and importing into Rwanda



List of Border Posts and Dry Ports

The list of currently operational RRA Border Posts and Dry Ports is displayed below, including details of the border country, opening hours, manager contact details, import declaration value threshold (FRW) and notes such as if the Border Post is a One Stop Border Post (OSBP).

The import value threshold (FRW) refers to the value of imports that can be processed directly at that border post. It is important to note that higher value consignments are still able to pass through this border post, but must be declared and processed at a Dry Port, see page 346 for more details.

Code	Name of Border Post or Dry Port	Border Country	Opening Hours	Contact Number	Import Value Threshold (FRW)	Notes
11AH	Akanyaru-Haut	Burundi	06:00 - 18:00	078818 5739	500,000	OSBP in process
11BZ	Buziba	Uganda	06:00 - 18:00	078818 5763	500,000	
11GA	Gatuna	Uganda	24 hours	078818 5731	2,500,000	OSBP
11GI/ HQ01	Gikondo / Customs HQ	Dry Port	07:00 - 24:00	078818 5712 077818 5713		
11GT	Gatsata Oil Depots	Dry Port	07:00 - 24:00	078818 5668		

Code	Name of Border Post or Dry Port	Border Country	Opening Hours	Contact Number	Import Value Threshold (FRW)	Notes
11KA	Kagitumba	Uganda	06:00 - 20:00	078818 5732	3,000,000	OSBP
11KB	Kabuye Oil Depots	Dry Port	24 hours	078818 5599		
11RS	Rusororo Oil Depots	Dry Port	07:00 - 24:00	078818 5912		
11RE	Rutete / Nemba	Burundi	04:00 - 22:00	078818 5578	2,000,000	OSBP
11RU	Rusumo	Tanzania	24 hours	078818 5735	2,500,000	OSBP

Code	Name of Border Post or Dry Port	Border Country	Opening Hours	Contact Number	Import Value Threshold (FRW)	Notes
12KP	Kigali Poste	Dry Port	07:00 - 19:00	078818 5547		
21KA	Kigali Airport (Freight)	Dry Port	07:00 - 24:00	078818 5717		
22AE	Kigali Airport (Passengers)	Dry Port	24 hours	078818 5724		
31CY	Cyanika	Uganda	06:00 - 19:00	078818 5737	3,000,000	OSBP in process
31GC	Gisenyi Corniche	DRC	06:00 - 18:00	078818 5738	1,000,000	DRC closes earlier

Code	Name of Border Post or Dry Port	Border Country	Opening Hours	Contact Number	Import Value Threshold (FRW)	Notes
32PL	Gisenyi Poids-Lourds	DRC	06:00 - 18:00	078818 5667	1,000,000	DRC closes earlier
32RB	Rubavu Inland Office	Dry Port	06:00 - 18:00	078818 5738		
41BU	Bugarama	DRC	06:00 - 18:00	078818 5746	1,000,000	
41MT	Mutara	Dry Port	07:00 - 17:00	078818 5729		
41CY	Rusizi 1	DRC	06:00 - 22:00	078818 5744	1,000,000	

Code	Name of Border Post or Dry Port	Border Country	Opening Hours	Contact Number	Import Value Threshold (FRW)	Notes
41MU	Rusizi 2 / Mururu	DRC	06:00 - 18:00	078818 5745	1,000,000	
41KA	Rusizi Airport	Dry Port	06:00 - 16:30	078818 5829		
41RZ	Raha Warehouse	Dry Port	07:00 - 17:00	078818 5829		
41RU	Ruhwa	Burundi	06:00 - 18:00	078818 5728	1,000,000	OSBP
11JB	Jabana Oil Depots	Dry Port	07:00 - 24:00	078818 5768		

Declaring Imports and Exports

What is the general procedure when declaring imports or exports at Border Posts or at Dry Ports?

Step 1: Taxpayer prepares all necessary documents and contracts a Clearing Agent.

Step 2: The Clearing Agent prepares and submits an import or export declaration to RRA using the Rwanda electronic Single Window (ReSW).

Step 3: The Clearing Agent receives assessment notices, containing the amounts of customs duties due. The taxpayer pays all customs duties due, either directly or through the Clearing Agent. The assessment notice may contain different 'Doc IDs' for different tax types. If so, these must each be paid separately.

Step 4: The ReSW system allocates the consignment to a certain Customs channel. If verification is required, Customs Officers will request the necessary documents and/or access to the consignment. If there are any problems, further action may be required.

Step 5: After successful verification, the Customs Officer provides the taxpayer with a release order.

Step 6: The taxpayer pays any due warehousing fees, if applicable, to the warehouse owner.

Step 7: The taxpayer receives an exit note and may leave with their consignment.

When consignments are continuing to Dry Ports for declaration, what is the procedure at Border Posts?

When declaring at Dry Ports except airports, see page 346, there are three steps to be fulfilled at the Border Posts whilst on the way to the Dry Ports. These are:

- The consignment is sealed to ensure the it is not opened or altered before reaching the Dry Port.
- The Customs Officer generates a Warehousing Document on the Rwanda electronic Single Window (ReSW) system. This is provided for free.
- The consignment may continue to the Dry Port and begin declaration as explained on page 354.

What is the procedure at the ports of Dar es Salaam or Mombasa when importing?

There are two options available to taxpayers when importing through the Dar Es Salaam or Mombasa ports.

Firstly, the full declaration process as explained on page 354 can be carried out at the port, including payment of Customs Duties and all necessary verifications.

Alternatively, the process for when consignments are continuing to Dry Ports for declaration as explained above can be carried out at the port, including sealing the consignment and generating a Warehousing Document. The seals and document are then checked again at the Border Post on the way to the Dry Port.

Facilitation Schemes

What are the available taxpayer facilitation schemes?

RRA recognises the importance of trade to Rwanda's development. Therefore, RRA has implemented many additional schemes to facilitate taxpayers in the import and export process. Each of these are discussed in more detail below, and include:

- For small scale traders:
  - Simplified Trade Regime
- For frequent, compliant traders:
  - Gold Card Scheme
  - Authorised Economic Operator
  - Pre-payment facility
  - Quitus Fiscal
- For certain types of goods:
  - Pre-clearance facility
  - Immediate Release of Goods
  - Duty Remission scheme
- For any taxpayers:
  - Cargo Tracking System
  - Mobile Cargo Scanners

Taxpayers may benefit from many of these facilitation schemes at the same time. It is important to note that the majority of these facilitation schemes require the taxpayer or their clearing agent to apply, see each of the explanations in turn below.

What is the Simplified Trade Regime?

The simplified trade regime is available to taxpayers and small scale traders importing or exporting goods valued at less than FRW 500,000 per consignment. This is automatic for consignments of this nature, no application is necessary.

It is important to note that traders using the simplified trade regime are still required to pay any due Customs Duties as normal.

However, they are not required to contract a Clearing Agent or to have a Taxpayer Identification Number (TIN). Instead, the traders can provide all necessary documents to Customs officials at the border, who will submit the declarations on their behalf. Finally, these small scale traders are permitted to submit a Simplified Import Declaration and Simplified Export Declaration which require less details and cost a lower computer processing fee (FRW 500) than the regular declarations (FRW 3,000).

In addition, taxpayers and small scale traders exporting goods valued at less than USD 2,000 (two thousand US dollars) can apply for a Simplified Certificate of Origin, see page 328.

What is the Gold Card Scheme?

The Gold Card Scheme is a privileged status available to taxpayers who have a good compliance record with RRA. Members of the Gold Card Scheme gain many benefits including priority clearance of consignments during the importing and exporting process. Taxpayers must apply for Gold Card Scheme membership, which requires:

- Good history of compliance with all RRA departments.
- Imported or exported goods with the total CIF value above FRW 200,000,000 during the year.

For more details on the benefits and application process for the Gold Card Scheme, see the RRA website at: http://www.rra.gov.rw/fileadmin/user_upload/gold_card_scheme_applicant_information_pamphlet.pdf.

What is the Authorised Economic Operator (AEO)?

The AEO is a privileged status available to taxpayers who have a good compliance record with all applicable EAC tax administrations. The benefits available to AEOs are similar in nature and even greater than for the Gold Card Scheme, described above, and are available throughout the EAC, but have even stricter application requirements.

For more details on the benefits and application process to be certified as an AEO, see the RRA website at:

http://www.rra.gov.rw/index.php?id=354.

What is the pre-payment facility?

The pre-payment facility allows taxpayers to apply to set up accounts with RRA to pay in advance for any due Customs Duties, reducing the time taken when importing or exporting. Taxpayers must apply for the pre-payment facility, and approval is based upon their frequency of imports and previous tax compliance.

In order to apply for the pre-payment facility, taxpayers must request the Prepayment Account Application Form. The application form is submitted to the Commissioner for Customs Services Department. Once approved, there is no limit to the amount that can be paid into the pre-payment account, and the taxpayer receives notification each time the account is used.

What is a Quitus Fiscal certificate?

A Quitus Fiscal certificate is available, upon request, to taxpayers who have demonstrated a history of correct tax compliance. The benefit of Quitus Fiscal is that certified taxpayers are not required to pay WHT 5%.

The procedure and requirements for applying for a Quitus Fiscal certificate are listed in more detail on page 47, but in terms of Customs, the taxpayer is required to have:

- Imported at least 4 times during the year.
- Imported goods with the total CIF value above FRW 20,000,000 during the year.
- A physical business address in Rwanda.

What is the pre-clearance facility?

The pre-clearance facility allows the clearing agent to begin the declaration process for certain goods before they arrive at a border post. The types of goods that are allowed pre-clearance include:

- Imported goods produced within the EAC, also referred to as Intra-Regional Trade.
- Perishable goods, such as:
  - Food
  - Medicine
  - Live animals
- Fragile or difficult to unload goods.
- Government institution or project materials.

For Intra-Regional Trade, this facility is granted automatically and no application is required. The clearing agent can immediately begin the declaration process.

For other consignments, of goods produced outside the EAC, the clearing agent can apply for pre-clearance in the Rwanda electronic Single Window (ReSW) system. If the request for pre-clearance is approved, the clearing agent can begin the declaration process and pay any due taxes and fees as normal before reaching the border post or dry port.

What is the Immediate Release of Goods?

The Immediate Release of Goods facility, also referred to as Dédouanement À Domicile (DAD), allows the customs procedures for certain goods to be carried out at a taxpayer's premises rather than at border posts or dry port, subject to approval. The types of goods that are allowed pre-clearance include:

- Perishable goods, such as:
    - Food
    - Medicine
    - Live animals
- Fragile or difficult to unload goods.
- Government institution or project materials.

For consignments of this nature, the clearing agent can apply for Immediate Release in the Rwanda electronic Single Window (ReSW) system. If the request for Immediate Release is approved, the consignment can be immediately released form the border post and dry port, and then kept at a taxpayers premises until Customs Officials have completed the declaration process.

What is the Duty Remission scheme?

The Duty Remission scheme is an exemption from import duty available to taxpayers who are importing goods to be used as inputs in the production of goods for export, or in the production of particular goods for home consumption. The list of particular goods for home consumption that the Duty Remission scheme can apply to is contained within EAC gazettes, available at: http://www.rra.gov.rw/index.php?id=349&L=0

Taxpayers must apply for the Duty Remission scheme by writing a letter to the Commissioner for Customs Services Department (CSD), explaining the reasons for application. If approved, the Duty Remission is valid for a period of twelve (12) months.

There are conditions attached to the Duty Remission scheme. A taxpayer must:

- Pay Import Duty on any imported goods not used in the production of goods for export or particular goods for home consumption.
    - Any Import Duty that is liable is subject to a penalty of 10% of the dutiable value.
- Submit quarterly returns to the Commissioner for Customs Services Department (CSD) giving relevant information as required.
    - A taxpayer who does not submit a return as required is liable to a fine of USD 2,000 (two thousand US Dollars).

What is the Regional Electronic Cargo Tracking System?

The Regional Electronic Cargo Tracking System (RECTS) is a facilitation scheme aimed at increasing the security of consignments by electronically sealing and monitoring the trucks from regional ports to Rwanda. Any tampering with the seal, or unexpected deviations from the transit path, can be instantly detected and responded to by Rapid Response Units (RRUs).

Currently in an early stage of implementation, the RECTS is only available for consignments using the Northern Corridor, i.e. from the port of Mombasa in Kenya to Rwanda. In addition, there is currently no fee or application process for the RECTS, but the allocation and arming of electronic seals is decided by RRA staff at the Port of Mombasa.

What are Mobile Cargo Scanners?

RRA has three mobile cargo scanners, situated at Customs HQ / Gikondo Dry Port and Gatuna and Rusumo Border Posts. The mobile cargo scanners are able to carry out physical verification of medium risk consignments with reduced intrusion and time. Taxpayers can request for mobile cargo scanners to be used at these locations free of charge through their Clearing Agent.

Importing Motor Vehicles

What is the process for importing motor vehicles?

Imported motor vehicles must be declared at 'Gikondo / Customs HQ' Dry Port. See page 347 for the process at Border Posts when declaring at Dry Ports. If the motor vehicle does not have a number plate, they will receive a transit number plate until the process is completed.

Once at Gikondo / Customs HQ, the process for declaring imported motor vehicles is similar to declarations of other types of goods, see page 354. The only difference is the additional step of registration of the motor vehicle.

Registration of the motor vehicle first requires the owner to have a unique Taxpayer Identification Number (TIN). If they do not already have a TIN, they are provided with one. Secondly, the owner must provide a passport photo and either a Rwandan ID card or passport.

Finally, they are registered as owner of the motor vehicle, and provided with a Rwandan number plate and 'Yellow Card' logbook. This initial registration service and the provision of the number plate has already been paid for within the Motor Vehicle Registration Fee (MVF).

How are imported brand new motor vehicles valued?

Brand new imported motor vehicles are valued at Cost, Insurance and Freight (CIF) using the transaction price invoices or equivalent documents as normal.

How are imported used motor vehicles valued?

Used or second hand imported motor vehicles are valued using the depreciation method. The transaction price may also be used in special circumstances.

The first step of the depreciation method is to download the valuation database. The link to the spreadsheet is available on the RRA website at:

http://www.rra.gov.rw/index.php?id=219.

The valuation database contains details on the brand, mark, engine, drive, year and body style. Identify the exact description of the motor vehicle, and then note the 'When New Price ($)'. This price, in US Dollars, is the base of the depreciation. Contact RRA if you cannot identify the appropriate motor vehicle. An example view of the valuation database is shown below.

	A	B	C	D	E	F	G
1	BRAND	MARK	ENGINE	DRIVE	YEAR	WHEN NEW PRICES($)	BODY STYLE
2	AUDI	A1 (TFSI 122)	1.4TC/4	FWD	2015	28279	3-DOOR HATCHBACK
3	AUDI	A1 (TFSI 185)	1.4TSC/4	FWD	2015	40847	3-DOOR HATCHBACK
4	AUDI	A3 SEDAN (1.4 TFSI 30)	1.4TC/4	FWD	2015	28907	4-DOOR SEDAN
5	AUDI	A3 SEDAN (1.8 TFSI 40 QUATTRO)	1.8TC/4	FWD/AWD	2015	37548	4-DOOR SEDAN
6	AUDI	A3 SEDAN (1.8 TFSI 40)	1.8TC/4	FWD/AWD	2015	34406	4-DOOR SEDAN
7	AUDI	A4 (1.8T 120)	1.8TC/4	FWD	2015	36417	4-DOOR SEDAN
8	AUDI	A4 (1.8T 170)	1.8TC/4	FWD	2015	43989	4-DOOR SEDAN
9	AUDI	A4 (2.0T QUATTRO)	2.0TC/4	4WD	2015	50273	4-DOOR SEDAN
10	AUDI	A4 (3.0T QUATTRTO)	3.0SC V6	4WD	2015	55615	4-DOOR SEDAN
11	AUDI	A5 CABRIOLET (TFSI)	1.8TC/4	FWD	2015	61428	2-DOOR CONVERTIBLE
12	AUDI	A5 CABRIOLET (TFSI)	2.0TC/4	4WD	2015	67240	2-DOOR CONVERTIBLE
13	AUDI	A5 CABRIOLET (TFSI)	3.0SC V6	4WD	2015	75316	2-DOOR CONVERTIBLE
14	AUDI	A5 COUPE	1.8 TC/4	FWD	2015	55143	2-DOOR COUPE
15	AUDI	A5 COUPE	2.0TC/4	4WD	2015	61585	2-DOOR COUPE
16	AUDI	A5 COUPE	3.0SC V6	4WD	2015	70602	2-DOOR COUPE
17	AUDI	A5 SPORTBACK	1.8TC/4	FWD	2015	51970	5-DOOR LIFTBACK
18	AUDI	A5 SPORTBACK	2.0TC/4	4WD	2015	57814	5-DOOR LIFTBACK
19	AUDI	A5 SPORTBACK	3.0SC V6	4WD	2015	65858	5-DOOR LIFTBACK

... 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 ...

Ready 120%

The depreciation method then uses a standardised depreciation rate depending upon the age of the car. The depreciation schedule is shown below:

Date of Manufacture	Depreciation
Less than 1 year ago	0%
Between 1 and 2 years ago	20%
Between 2 and 3 years ago	30%
Between 3 and 4 years ago	40%
Between 4 and 5 years ago	50%
Between 5 and 6 years ago	55%
Between 6 and 7 years ago	60%
Between 7 and 8 years ago	65%
Between 8 and 9 years ago	70%
Between 9 and 10 years ago	75%
More than 10 years ago	80%

What are the Customs Duties on imported motor vehicles?

The rates of Customs Duties on imported motor vehicles are summarised on page 368 below. In addition, a flat rate Motor Vehicle Registration Fee (MVF) is charged upon all imported motor vehicles without any exemptions. This depends upon the capacity or displacement of the engine in cubic centimetres (cc) and is displayed on page 336.

The final tab of the depreciation method spreadsheet, titled 'Depreciation Schedule' can be used to estimate the Customs Duties due for imported motor vehicles.

Example 87

Rukundo is importing a 1997 Rav4 with a 1.8 litre engine, 2 Wheel Drive (2WD) and three doors. In the valuation database, the listed Price When New ($) is USD 13,200.

BRAND	MARK	ENGINE	DRIVE	YEAR	EW PRICE ($)	BODY STYLE
TOYOTA	RAV4	1.8	2WD	1997	13,200	3 DOOR WAGON

In the 'Depreciation Schedule' tab, Rukundo enters the necessary details in the yellow boxes as shown below. The Customs Duties due can be estimated as:

DESCRIPTION	
Mark	RAV4
Model	TOYOTA
Year of Manufucture	1997
Price when new	13,200 USD
Amortisation Period	20 Year(s)
Current (Residual) Value	2,640.00 USD
Freight	1,000.00 USD
Insurance	200.00 USD
Other charges	0.00 USD
CIF Kigali	3,840.00 USD
Exchange rate (USD)	819.4776
Current Value in Rfw	3,146,794 Rfw
Weight	750 Kg
Vehicle Category (Column E)	B
Quitus fiscal? (YES or NO)	NO
Engine Capacity (CC)	1,600
Import Duty	786,698 Rfw
Excise Duty	394,099 Rfw
VAT	780,317 Rfw
Withholding Tax	157,340 Rfw
IDL	47,202 Rfw
Plate	250,000 Rfw
Total Duties and Taxes	2,415,656 Rfw

Vehicles	Cate-gory	Import Duty	Excise Duty	VAT	IDL	WHT 5%	AUL
Non-utility motor vehicles							
Engine capacity less than 1,500cc	A	25%	5%	18%	1.5%	5%	0.2%
Engine capacity between 1,501cc and 2,500cc	B	25%	10%	18%	1.5%	5%	0.2%
Engine capacity more than 2,501cc	C	25%	15%	18%	1.5%	5%	0.2%
Utility motor vehicles							
Tractors	D	0%	0%	18%	1.5%	5%	0.2%
Minibuses (with less than 25 seats)	E	25%	0%	18%	1.5%	5%	0.2%
Buses (with 25 seats or more)	F	10%	0%	18%	1.5%	5%	0.2%
Pick-up truck	G	25%	0%	18%	1.5%	5%	0.2%
Truck (carrying capacity below 20 tonnes)	H	10%	0%	18%	1.5%	5%	0.2%
Truck (carrying capacity 20 tonnes and above)	I	0%	0%	18%	1.5%	5%	0.2%

What are the requirements for receiving special number plates and exemption from certain Customs Duties when importing motor vehicles?

The normal number plate provided for Rwandan motor vehicles begins with 'RA'. There are also public institution number plates such as 'RDF', 'RNP' or 'GR'. These vehicles must have all customs duties due paid as normal.

On the other hand, some international institutions and foreign investors are exempt from all customs duties, except for Motor Vehicle Registration Fees (MVF). The number plates are issued by RRA, but require supporting documents from other public institutions. These include:

- 'IT' Foreign Investors

This requires a letter from Rwanda Development Board (RDB) to the Commissioner for Customs Services Department (CSD) of RRA, highlighting their foreign investor status, and a reciprocal letter of approval. This is only valid for one year, before requiring renewal.

- 'CD' Diplomatic and Consular staff

This requires a letter from the Ministry of Foreign Affairs and Cooperation (MINAFFET) to the Commissioner for CSD of RRA, highlighting their diplomatic status and a reciprocal letter of approval.

- 'UN' United Nations agencies

This requires a letter from the Ministry of Foreign Affairs and Cooperation (MINAFFET) to the Commissioner for CSD of RRA, highlighting their UN status, and a reciprocal letter of approval.

Which customs duties must be paid when transferring registration of motor vehicles with IT, CD or UN number plates to a buyer without the same status?

When transferring registration of any motor vehicles with IT, CD or UN number plates to a buyer who is not also subject to the same privileges, the buyer must pay all Customs Duties due on imported motor vehicles, see page 368, except for Motor Vehicle Registration Fees (MVF) that have already been paid for that motor vehicle.

Can Right-Hand Drive motor vehicles be imported?

Right-Hand Drive (RHD) motor vehicles, where the steering wheel is on the right-hand side of the car, are not allowed to be imported into Rwanda, except for:

- Diplomats or drivers with a medical condition. In both these cases, this requires permission from the Ministry of Infrastructure (MININFRA).
- Trucks with a carrying capacity above 20 tonnes

Customs Penalties and Fines

What law governs Customs Penalties?

Penalties for Customs offences concerning both imports and exports are listed in Articles 93 to 218 of the EAC Customs Management Act (CMA). This Tax Handbook gives some examples of the offences and penalties. The latest version of the EAC CMA is available on the RRA website at: http://www.rra.gov.rw/index.php?id=194.

Note that penalties described as 'not exceeding' may be reduced through amicable agreement with the taxpayer.

When can goods be seized by RRA?

RRA has the right to forfeiture (seize without compensation) any of the following types of goods:

- Prohibited goods.
- Restricted goods dealt with contrary to regulations.
- Uncustomed goods, where goods have not followed full and correct customs procedures.
- Concealed goods, or goods mislabelled or contained in any way likely to deceive any officer.
- Smuggled goods.
- Falsely documented or declared goods.
- Goods subject to Customs control which are without authorisation moved, altered or interfered with.

What are the penalties for concealing, smuggling or mislabelling goods?

Anyone who is found concealing or smuggling any goods, or which are mislabelled or contained in anyway likely to deceive any officer is liable on conviction to:

- Pay any unpaid Customs duties.
- Imprisonment not exceeding five years.
- Fine not exceeding 50% of the dutiable value (CIF) of the goods.
- Additional fines provided under VAT and Excise Duty laws may also apply.

What are the penalties for submitting false documents or declarations?

Anyone who submits any documents that are found to be false or incorrect is liable on conviction to:

- Pay any unpaid Customs duties.
- Imprisonment not exceeding three years.
- Fine not exceeding USD 10,000 (ten thousand US dollars).
- Additional fines provided under VAT and Excise Duty laws may also apply.

What are the penalties for interfering with goods subject to Customs control without authorisation?

Anyone who moves, alters, interferes with goods subject to Customs control without authorisation is liable on conviction to:

- Pay any unpaid Customs duties.
- Imprisonment not exceeding three years.
- Fine not exceeding USD 10,000 (ten thousand US dollars).

What is the penalty for aiding or abetting any offences?

Anyone who aids, abets, counsels or procures the commission of an offence is liable to the same penalty prescribed for that offence.

Paying Taxes

Methods of Paying Taxes

How can taxes and fees be paid?

Taxpayers should submit tax declarations before paying taxes. Tax declarations provide the necessary information to calculate the correct amount of tax due.

The process of submitting the relevant tax declarations is different for each tax type, and is discussed in greater detail in their respective chapters of the Tax Handbook.

However, after declaring, the methods of paying taxes are the same for all types of domestic taxes, customs duties and local government taxes and fees. There are four possible methods of paying all types of taxes and fees:

- Online using Internet Banking and E-Payment.
- On mobile phones or through agents using MTN Mobile Money.
- Through Mobicash agents.
- In person at a bank.

It is important to note that it is not possible to pay taxes in cash at RRA offices.

The details needed each method of paying taxes are the same. However, there are many advantages for taxpayers to paying taxes online, on mobile phones or through licensed agents. This Tax Handbook aims to provide the information necessary for all methods of paying taxes.

For all methods of paying taxes, it is important to save any receipts confirming the payment.

What are the advantages of paying taxes using Internet Banking, E-Payment, MTN Mobile Money or Mobicash?

The benefits of paying online, on mobile phones or through licensed agents are:

- Pay taxes anytime, anywhere.
- Avoid travel costs of visiting a bank.
- Avoid queuing times at banks.
- Avoid safety risks of carrying cash.

What details are needed when paying taxes?

There are two main details needed when paying taxes. The first detail needed is the 'RRA Reference Number' of the declaration that has been submitted. The second detail needed is the amount of tax due to be paid. Note that the amount due may also include any penalties and fines referring to that declaration.

Both these details are in the 'Acknowledgement Receipts' generated after submitting all tax declarations.

Acknowledgement Receipts

What are Acknowledgement receipts?

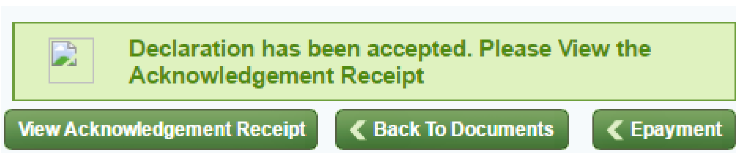
After submitting a declaration, for all types of taxes and fees, there is an option to download and view the acknowledgement receipt.

Acknowledgement receipts confirm the details of the taxpayer, contain details of the taxes and fees that must be paid, and provide the RRA Reference Number for the account the tax must be paid into. This RRA Reference Number is also known as the 'Doc ID', 'Doc No' or 'Assessment Number'.

The RRA Reference Number is very important to ensure that the taxes are paid into the correct RRA tax account, and that the payment is attributed to the correct taxpayer. The RRA Reference Number and total tax due is highlighted in the examples for each broad tax type below.

Domestic Taxes

In the case of domestic taxes on the E-Tax system, acknowledgement receipts can be viewed by clicking on 'View Acknowledgement Receipt' immediately after submitting the declaration, as seen below.



Alternatively, from the E-Tax homepage, hover the mouse on 'Tax Declaration' and click on 'Submitted Declarations'. Choose the year of the tax period, and optionally the tax type, then click submit. Find the relevant submitted tax declaration, click on the Document Number, and the following options appear. Again, click on 'View Acknowledgement Receipt'.

											10:02:04
19	40731371	VAT-VALUE ADDED TAX	01-Oct-2016 to 31-Oct-2016	15-Nov-2016	15-Nov-2016	NA	October	2016	Original	Submitted	16-Feb-2017 10:42:28

View Declaration | View Annexures | View Acknowledgement Receipt | Epayment

An example acknowledgement receipt for domestic tax declarations is displayed below. The associated RRA Reference Number and total tax due are highlighted.

Republic Of Rwanda   **E-Filing Tax Acknowledgement**   ***Rwanda Revenue Authority***

Full Name :   Tax Center:

TIN: Tax Type: PAYE   Doc No: 0074570280

From Date : 01-Jan-2016   To Date : 31-Jan-2016   Submitted Date: 15-Feb-2016

Assess No: 10380040   Declaration Due Date: 15-Feb-2016   Payment Due Date: 15-Feb-2016

Tax To Pay: 28,526,264   Penalty To Pay: 0   Interest To Pay: 0

Tax Paid: 28,526,264   Penalty Paid: 0   Interest Paid: 0

Credit Claimed: 0   Total Tax Due: 0

Authorised RRA Officer: ONLINE ONLINE

Signature

Customs Duties

In the case of customs duties, the acknowledgement receipt is more commonly referred as the 'Assessment Notice'. This can be accessed by Clearing Agents through the Rwanda electronic Single Window (ReSW) system. The Clearing Agent then provides the taxpayer with the assessment notice in order to pay the taxes and fees due.

Different types of customs duties can be required to be paid to different accounts. Therefore, each assessment notice may have multiple RRA Reference Numbers with different amounts of tax due. The associated RRA Reference Numbers and amounts of tax due are highlighted in different colours in the example below.

Rwanda Revenue Authority
Customs Services Department

Assessment Notice

Customs office: 11GI - Gikondo

Declaration reference

Model	Customs reference	Declarant reference	Assessment reference	Packages
IM 4	19/06/2017 C 15566		20/06/2017 L 22389	867

Declarant

Consignee

Global taxes

Tax code	Tax description	Tax code
PRF	Computer Processing Fee	3,000
	Total Global taxes	3,000

Item taxes

Tax code	Tax description	Tax value
C02	Customs duty non petroleum products	662,498
V02	Value Added Tax non petroleum prods	1,861,939
W01	Withholding tax	0
QIF	Quality Inspection Fees	14,454
IDL	Infrastructure Development Levy	75,213
	Total Item taxes	2,614,104

0025654-11-65 Receveur des Douanes **BCR**

Tax code	Tax description	Tax value
C02	Customs duty non petroleum products	662,498.00
QIF	Quality Inspection Fees	14,454.00
	Total 0025654-11-65	676,952.00

005551087588000

0025654-12-62 Receveur TVA **BCR**

Tax code	Tax description	Tax value
V02	Value Added Tax non petroleum prods	1,861,939.00
	Total 0025654-12-62	1,861,939.00

005551087588100

Office stamp

Signature

Printed on: 20/06/2017 10:40 Page 1 / 2

Customs office: 11GI - Gikondo

Declaration reference

Model	Customs reference	Declarant reference	Assessment reference	Packages
IM 4	19/06/2017 C 15566		20/06/2017 L 22389	867

Declarant

Consignee

0025654-16-50 Redevance Informatique BCR

Tax code	Tax description	Tax value
PRF	Computer Processing Fee	3,000.00

Total 0025654-16-50 3,000.00

005551087588300

50470780164 Infrastructure Development Levy BCR

Tax code	Tax description	Tax value
IDL	Infrastructure Development Levy	75,213.00

Total 50470780164 75,213.00

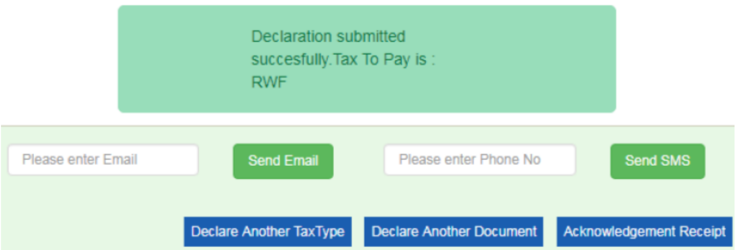
055510875810000

Total assessed amount for the declaration 2,617,104

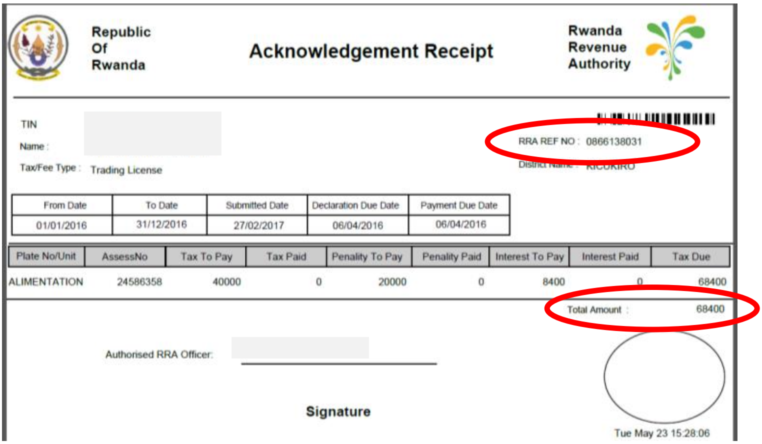
Total amount to be paid 2,617,104

Local Government Taxes and Fees

In the case of Local Government Taxes (LGT) and Fees on the LGT system, this can vary slightly for the type of tax or fee. Typically, acknowledgement receipts can be viewed by clicking 'Get Acknowledgement' immediately after submitting the declaration, as seen below.



The taxpayer can also enter their email address or phone number to receive the RRA Reference Number and tax due. An example acknowledgement receipt for LGT and fees declarations is displayed below. The associated RRA Reference Number and total tax due are highlighted.



Republic Of Rwanda

Acknowledgement Receipt

Rwanda Revenue Authority

TIN

Name :

Tax/Fee Type : Trading License

RRA REF NO : 0866138031

District Name : KICUKIRO

From Date	To Date	Submitted Date	Declaration Due Date	Payment Due Date
01/01/2016	31/12/2016	27/02/2017	06/04/2016	06/04/2016

Plate No/Unit	AssessNo	Tax To Pay	Tax Paid	Penality To Pay	Penality Paid	Interest To Pay	Interest Paid	Tax Due
ALIMENTATION	24586358	40000	0	20000	0	8400	0	68400

Total Amount : 68400

Authorised RRA Officer:

Signature

Tue May 23 15:28:06

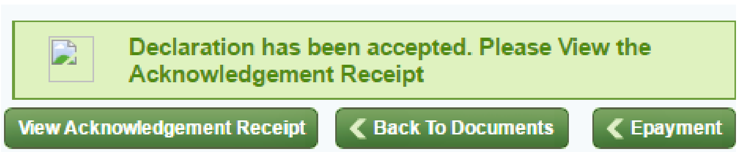
Paying Taxes online using Internet Banking and E-Payment

Option 1: Using the banks' internet banking systems

All commercial banks in Rwanda now offer internet banking services. However, the process of using these internet banking systems varies depending on the bank. It is not possible to cover each system in this Tax Handbook, but bank staff will be able to assist with registering and using internet banking, including explaining how to pay taxes.

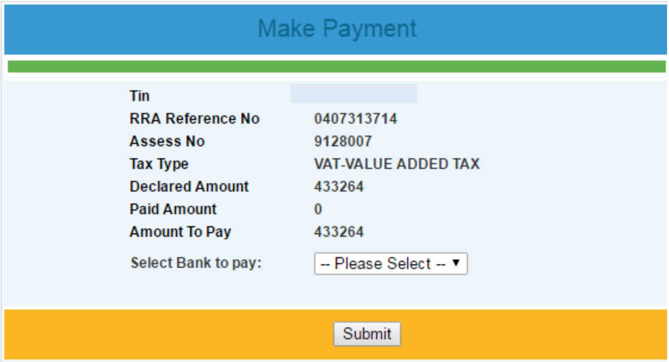
Option 2: Using the Domestic Taxes E-Payment system

In the case of domestic taxes, after submitting the declaration it is possible to directly access the domestic taxes E-Payment system, by clicking 'Epayment'.



This shows the following screen. Clicking on the 'Select Bank to Pay' drop down menu lists the banks that are linked with the domestic taxes E-Payment system.

It is important to note that taxpayers may need to register for internet banking directly with their bank before paying taxes on the E-Payment system.



Make Payment

Tin	
RRA Reference No	0407313714
Assess No	9128007
Tax Type	VAT-VALUE ADDED TAX
Declared Amount	433264
Paid Amount	0
Amount To Pay	433264
Select Bank to pay:	-- Please Select --

Submit

After the taxpayer has selected their bank from the drop down menu and clicked ‘submit’, they will be directed to the online banking system of their bank. Follow the bank instructions to complete the payment. The exact steps may vary by bank.

Paying taxes on mobile phones using MTN Mobile Money

Paying taxes through mobile money is currently only available on MTN Mobile Money. This can be done individually, or through an MTN Mobile Money agent. To pay taxes individually, register on MTN Mobile Money requires an MTN SIM-card, and registering an account at any MTN Mobile Money agent. The taxpayer does not need to register with MTN to pay taxes through an agent.

It is important to note that there are small additional transaction fees payable to MTN that vary depending upon the amount of tax being paid.

Once registered, and with sufficient funds in the account to cover the amount payable, including transaction fees, follow these steps to pay taxes individually:

- Dial *182# to enter the mobile money platform.
- Choose the Language.
- Choose the ‘Pay Bill’ option.
- Choose the ‘RRA’ payment option.
- Enter the RRA Reference Number from the Acknowledgement Receipt.
- This will then show the Amount and Taxpayer Name. If these details are correct, enter ‘1’ to proceed with payment.
- Enter Mobile Money PIN to confirm the payment.

To pay through an MTN Mobile Money agent, provide the agent with the RRA Reference Number from the Acknowledgement Receipt and sufficient funds to cover the amount payable, including transaction fees.

Paying taxes through agents with Mobicash

Paying taxes with Mobicash is currently only available through Mobicash agents. The taxpayer does not need to register with Mobicash to pay taxes through an agent.

It is important to note that there are small additional transaction fees payable to Mobicash that vary depending upon the amount of tax being paid.

To pay through a Mobicash agent, provide the agent with the RRA Reference Number from the Acknowledgement Receipt and sufficient funds to cover the amount payable, including transaction fees.

Paying taxes at a Bank

Taxes can be paid at all registered commercial banks in Rwanda. This can be done using a cash deposit slip or by bank cheque. Any payments of FRW 500,000 (five hundred thousand Rwandan francs) or more must be paid by bank cheque only.

When writing a bank cheque, make it out to 'Rwanda Revenue Authority', making sure to include the RRA Reference Number, total tax due and tax type.

On the Cash Deposit Slip, enter the following details:

- Beneficiary:
    - Account Number – Write the RRA Reference Number from the Acknowledgement Receipt.
    - Of – Write 'Rwanda Revenue Authority'.
- Amount – write the 'Total Tax Due'.
- Paid in by:
    - Name – Write the Taxpayer Name.
    - Address – Write the address of the business or the PO Box number if applicable.
- Comment: Write the tax type, eg. 'VAT'.

De-Registration

What documents are needed for de-registration?

In the cases of both de-registration of a specific tax type and full de-registration, RRA may request any documents of proof as necessary. The documents that are required may differ depending upon the nature of the request.

When can a taxpayer de-register for a specific tax type?

If a taxpayer is no longer required to declare a specific tax type, they may request for de-registration from that tax type. This can be due to a permanent or temporary change in circumstances of the taxpayer.

It is important to note that a taxpayer must continue to submit declarations until they receive confirmation that RRA has approved the de-registration. In addition, a taxpayer cannot be de-registered for a tax type if they still have arrears due for that tax type.

How can a taxpayer de-register for a specific tax type?

A taxpayer may apply for de-registration by completing the RRA De-Registration Form. There are separate De-Registration forms available for domestic taxes, and for LGT and fees. Each of these forms are also slightly different for individuals and for companies.

This form can be obtained from RRA offices and should be submitted back to RRA offices once completed.

This form contains the taxpayer's contact details, business details, tax situation, reason(s) for de-registration, the tax types requiring de-registration and other related information.

When can a taxpayer fully de-register?

A taxpayer, or concerned parties, may request for full de-registration if the taxpayer has:

- Permanently ceased all business activities
- Permanently departed Rwanda
- Deceased

It is important to note that declarations must continue to be submitted until they receive confirmation that RRA has approved the de-registration. In addition, the taxpayer cannot be de-registered if they still have arrears due. However, some considerations can be made by RRA in the event of a taxpayer's death.

How can a taxpayer fully de-register?

The process of fully de-registering is the same as de-registering for a specific tax type as described on page 388 above. However, the taxpayer must request on the form to be de-registered from all registered tax types.

It is important to note that there is a separate de-registration form for domestic taxes and for LGT and fees, that must each be completed, if applicable. The information required for each form is similar.

What is the process of de-registration?

Once de-registration has been requested by a taxpayer, or concerned parties, there are four steps to de-registration:

- RRA checks the information and reasons.
- RRA checks if the taxpayer has any arrears.
- If the reasons are approved, and there are no arrears, RRA may de-register the taxpayers. At this time, RRA will provide a letter to the taxpayer confirming the de-registration and stating they no longer need to submit declarations.
- RRA may audit the taxpayer at any time, taxpayers should keep all relevant documents for a minimum of ten (10) years.

Summary Pages

Registration Summary

How can businesses and individuals get a TIN?

All businesses in Rwanda must register at Rwanda Development Board (RDB). The RDB and RRA systems link to issue a unique Taxpayer Identification Number (TIN).

However, RRA also registers and gives TINs for: Local Government Taxes (LGT) and fees and non-businesses.

When must be a taxpayer register their business?

A taxpayer must register their business with RDB within seven days of the beginning of the business activity.

How much does it cost to register a business?

It is free to register a business in Rwanda.

How do you register a business?

Taxpayers must register their business on the RDB business registration system. This is an online portal that makes it easier for taxpayers to register a business. This can be done online, or with the help of staff at RDB or Business Development Fund (BDF) offices.

How do taxpayers register for specific tax types?

Taxpayers are automatically registered for some tax types when registering their business. Call the RRA call centre or visit RRA offices to register for other tax types.

Step-by-Step guide to registering as a business getting a TIN with RDB

Step 1: Register and login on the RDB system

Access the RDB business registration system at http://org.rdb.rw/busregonline and click on 'Register Here'. Submit the required details. Click the link in the validation email. Return to the RDB system to login.

Step 2: Choose the business category to be registered

The taxpayer must register as a 'Domestic' company, individual 'Enterprise' or 'Foreign' company.

Step 3: Complete the business registration application

Enter all the required business information, including attaching scanned versions of any required documents. Submit the application to register the business and receive the Taxpayer Identification Number (TIN) by SMS.

Step 4: Print Certificates

Login to the RDB system to print the required certificates, including the business certificate and memorandum. The taxpayer is registered and must fulfil all tax obligations.

Step 5: Register, declare and pay all required taxes

The taxpayer is automatically registered for Income Tax. Visit RRA offices to register for any additional required taxes, including visiting LGT tax centres immediately to register for Trading License Tax and Public Cleaning Fees.

Domestic Taxes and E-Tax Summary

Which tax types are included in Domestic Taxes?

Domestic taxes include the following tax types:

- Income Tax, including:
  - Personal Income Tax (PIT)
  - Corporate Income Tax (CIT)
- Pay As You Earn (PAYE)
- Value Added Tax (VAT)
- Excise Duty
- Withholding Taxes (WHT)
- Gaming Tax
- Tax on Minerals
- Capital Gains Tax (only declared at RRA offices)

What is E-Tax?

Each of the domestic taxes can be declared using E-Tax. This is an online portal that makes it easier for taxpayers to declare domestic taxes. This can be done online or with the help of staff at RRA offices. The process of declaring using E-Tax is similar for all domestic taxes.

What is M-Declaration?

The ‘Flat Tax’, ‘Lump Sum’ and ‘motor vehicle’ regimes of Income Tax (PIT and CIT) can be declared on mobile phones using M-Declaration.

Domestic Taxes and E-Tax Summary

How do taxpayers register for E-Tax?

Taxpayers are automatically registered for E-Tax when their business is registered with RDB.

What if taxpayers do not know their E-Tax password?

If a taxpayer does not know their E-Tax password, reset it by calling the RRA call centre or visiting RRA offices.

What are the causes of an annexure not validating?

When completing annexures, ensure to:

- ‘enable content’ after opening the spreadsheet.
- use the required date format (dd/mm/yyyy) for the dates entered and the computer’s settings.
- avoid blank cells for rows that have been started
- click to ‘Validate’ and save the annexure.

What if the particular tax type or tax period is not available for declaration?

If the tax type and tax period for the relevant declaration is not available on the ‘Document Details’ screen, the taxpayer can request for it by calling the RRA call centre toll-free or visiting RRA offices.

What are the causes of a declaration not submitting?

When submitting declarations: the annexures must be uploaded, equal to the declaration form, and all certified.

Step-by-Step guide to using E-Tax to declare and pay domestic taxes

Step 1: Log-in to E-Tax

Access the E-Tax website at https://etax.rra.gov.rw and login to the E-Tax system using your TIN and password.

Step 2: Download, complete and save annexures

In E-Tax, hover the mouse over ‘Annexure Downloads’, and click a tax type to download the relevant annexures.

Enter the required information and click ‘Validate’ to save each annexure tab separately in the C:/RRA folder.

Step 3: Complete the declaration form

In E-Tax, choose the applicable declaration and enter the required aggregated values for the tax period. Click to ‘save’ the declaration and automatically calculate the grey calculation boxes, including the tax due.

Step 4: Upload annexures, compare with the declaration form and submit the declaration

Upload the annexures from the C:/RRA folder and compare the values with the declaration form. If these are equal and correct, certify and submit the declaration.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Income Tax (PIT and CIT) Summary

What are the two types of Income Tax?

There are two types of Income Tax. Personal Income Tax (PIT) is for sole traders, partnerships and unincorporated businesses. Corporate Income Tax (CIT) is for companies.

Who must register for Income Tax?

Taxpayers are automatically registered for the correct type of Income Tax, either PIT or CIT, when registering their business with RDB.

When is the deadline to declare and pay Income Tax?

The tax period for Income Tax is the calendar year, from 1^{st} January until 31^{st} December. The deadline for declaring and paying is March 31^{st} of the following year.

What are Instalment Quarterly Prepayments (IQP)?

In addition, taxpayers are required to declare and pay Instalment Quarterly Prepayments (IQP) equal to ¼ of the annual tax payable by the deadlines of the following: 30^{th} June, 30^{th} September and 31^{st} December.

All IQPs that are paid can then be claimed back in that tax year's annual Income Tax declarations.

Income Tax (PIT and CIT) Summary

What are the tax regimes and rates for Income Tax?

Income Tax has three 'regimes' available for taxpayers:

Annual Turnover	Tax Regime
FRW 2,000,000 – FRW 12,000,000	Flat Tax
FRW 12,000,001 – FRW 50,000,000	Lump Sum
Above FRW 50,000,001	Real Regime

Taxpayers earning motor vehicle transport income may also separately declare Motor Vehicle Income Tax.

Flat Tax

Annual Turnover	Annual Tax Due
FRW 2,000,000 – FRW 4,000,000	FRW 60,000
FRW 4,000,001 – FRW 7,000,000	FRW 120,000
FRW 7,000,001 – FRW 10,000,000	FRW 210,000
FRW 10,000,001 – FRW 12,000,000	FRW 300,000

Lump Sum

Annual Turnover	Income Tax Rate
FRW 12,000,001 – FRW 50,000,000	3% of Turnover

Real Regime

Annual taxable income (profit)	PIT Rate	CIT Rate
FRW 0 – FRW 360,000	0%	30%
FRW 360,001 – FRW 1,200,000	20%	30%
Above FRW 1,200,000	30%	30%

Income Tax (PIT and CIT) Summary

What are the rates for Motor Vehicle Income Tax?

Type of Vehicle	Tax Rate per Quarter
Motorcycle cc below 100	FRW 9,000
Motorcycle cc above 100	FRW 18,000
Car	FRW 22,050
Bus/Minibus	FRW 3,000 per seat capacity
Pick-up/Truck with maximum load capacity below 7 tonnes	FRW 15,000 per tonne of capacity, rounded to the nearest half-tonne
Pick-up/Truck with maximum load capacity between 7 - 15 tonnes	FRW 19,500 per tonne of capacity, rounded to the nearest half-tonne
Truck/Semi-Trailer with maximum load capacity between 15 - 30 tonnes	FRW 585,000
Private Ambulance/ Hearse	FRW 25,000
Wheeled construction/ breakdown/ towing vehicle	FRW 76,800
Caterpillar-tracked vehicle	FRW 195,000

Step-by-Step guide to declaring and paying Flat Tax or Lump Sum regime or IQP using M-Declaration

Flat Tax, Lump Sum or Instalment Quarterly Prepayments (IQP) Income Tax can be declared on mobile phones using M-Declaration.

Step 1: Keep records of all income

Keep records of all income to calculate annual turnover.

Step 2: Register for M-Declaration

Using the mobile phone, dial *800#. Select a language, '2. Other Business Activities' and then '1. Registration'. Enter the TIN and Rwanda National ID number. This step is only required the first time using M-Declaration.

Step 3: M-Declaration of Income Tax

Using the mobile phone, dial *800#. Select a language, '2. Other Business Activities' and then '2. Declaration. Enter the tax period, whether the taxpayer is 'new' or 'usual' to M-Declaration and the tax period business income.

Step 4: Receive payment details and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Step-by-Step guide to declaring and paying Motor Vehicle Income Tax or IQP using M-Declaration

Motor Vehicle Income Tax must be declared on mobile phones using M-Declaration. The process is the same when declaring Motor Vehicle Income Tax Instalment Quarterly Prepayments (IQP).

Step 1: Register Motor Vehicle for Transport Income use

Visit any RRA offices and register the motor vehicle for transport income use. This use also requires specific insurance to be purchased for the motor vehicle. This step is only required the first time using M-Declaration.

Step 2: M-Declaration of Income Tax

Using your mobile phone, dial *800#. Select a language, ‘1. Motor Cycles/Vehicles’. Enter the TIN, number plate of the motor vehicle, tax period and whether you are a ‘new’ taxpayer or a ‘usual taxpayer’.

Step 3: Receive payment details and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Step-by-Step guide to declaring and paying Flat Tax regime using E-Tax

Flat Tax Income Tax can be declared online or with the help of staff at RRA offices with E-Tax.

Step 1: Keep records of all income

Keep records of all income to calculate annual turnover.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Complete form and submit

Complete the declaration form and submit the Income Tax declaration.

Step 4: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Step-by-Step guide to declaring and paying Lump Sum regime using E-Tax

Lump Sum regime PIT or CIT can be declared online or with the help of staff at RRA offices with E-Tax.

Step 1: Keep records of all income

Keep records of all income to calculate annual turnover.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete and save any applicable Lump Sum Annexures.

This step is only required if the taxpayer has had any tax withheld and paid on their behalf during the tax period.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the Income Tax declaration.

Only upload annexures if the taxpayer has had any tax withheld and paid on their behalf during the tax period.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Step-by-Step guide to declaring and paying Real Regime using E-Tax

Step 1: Bookkeeping

Ensure accurate bookkeeping of all business matters.

Step 2: Certify the financial statements

Submit the financial statements to ICPAR for validation.

This step is only required if the taxpayer had annual turnover of more than Rwf 400,000,000.

Step 3: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 4: Download, complete and save annexures

Download, complete and save the applicable Real Regime annexures, including the Balance Sheet, Profit and Loss Statement and Company Representative annexures.

Step 5: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the Income Tax declaration.

Step 6: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Step-by-Step guide to declaring and paying Instalment Quarterly Prepayments (IQP) using E-Tax

Lump Sum regime PIT or CIT can be declared online or with the help of staff at RRA offices with E-Tax.

If the taxpayer has had any tax withheld and paid on their behalf during the tax period, also follow the italics steps.

Step 1: Bookkeeping

Keep records of all tax withheld and paid on their behalf.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete and save any applicable IQP Annexures.

Step 4: Complete form*, upload annexures* and submit

Complete the declaration form, *upload annexures,* confirm accuracy and submit the IQP declaration.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Pay As You Earn (PAYE) Summary

Who pays PAYE?

PAYE is a tax on employees' income. It is withheld, declared and paid on their behalf by their employers.

Who must register for PAYE?

Any taxpayer who pays its employees in cash, benefits-in-kind or allowances is required to register for PAYE.

What is the rate of PAYE for permanent employees?

Monthly taxable income	Marginal Tax Rate
FRW 0 to FRW 30,000	0%
FRW 30,001 to FRW 100,000	20%
Above FRW 100,000	30%

When is the deadline to declare and pay PAYE?

PAYE is declared and paid on a monthly basis. Alternatively, taxpayers with annual turnover below FRW 200,000,000 may choose to declare on a quarterly basis.

Whether monthly or quarterly, the PAYE declaration must be submitted and paid by the 15th of the month following the end of the tax period.

Are PAYE and RSSB contributions declared together?

PAYE and RSSB contributions can be declared together in a 'Unified PAYE declaration', or declared separately.

RSSB Contributions Summary

Who pays RSSB contributions?

RSSB contributions are based on employees' income. These are withheld, declared and (jointly) paid on their behalf by their employers.

Who must register for RSSB Contributions?

All employers must register for the Pension Scheme, Occupational Hazards and Maternity Leave. Public institutions must also register for the Medical Scheme.

What are the rates of RSSB contributions?

Pension Scheme totals a rate of 8%, made up of:

- 3% withheld from the employee and 5% paid by the employer, including Occupational Hazards.

Maternity Leave scheme totals a rate of 0.6%, made up of:

- 0.3% withheld from the employee and 0.3% paid by the employer.

Medical Scheme totals a rate of 15%, made up of:

- 7.5% withheld from employees and 7.5% paid by the employer.

When is the deadline to declare and pay RSSB?

All RSSB contributions must be paid on a monthly basis, by the 15^{th} of the following month, regardless of PAYE.

Step-by-Step guide to declaring and paying Unified PAYE and RSSB

Step 1: Record employee data and income

Ensure accurate records of all employees and any income, benefits or allowances paid to employees.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete, and save the Unified PAYE Annexures. This includes tabs for permanent employees, casual employees and employees with more than one employer.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, verify and submit the Unified PAYE and RSSB declaration.

Step 5: View the acknowledgement receipts and pay each of the PAYE and RSSB contributions

Note the RRA reference numbers and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Value Added Tax (VAT) Summary

What is VAT?

VAT is a tax on the consumption of goods and services. It is indirectly paid by the final consumer of the goods or service. However, it is paid on their behalf by taxpayers on the value added at each stage of production.

Who must register for VAT?

A taxpayer must register for VAT if their turnover is above FRW 20,000,000 for any twelve month period, or above FRW 5,000,000 for three consecutive quarters. This includes all taxable, exempt and zero-rated sales.

In addition, any taxpayer may choose to register for VAT.

What is the rate of VAT?

The normal rate of VAT is 18%. There is also a zero-rate (0%) and exemptions applicable for certain types of goods and services. VAT is charged on the value added at each stage of production.

When is the deadline to declare and pay VAT?

VAT is declared and paid on a monthly basis. Alternatively, taxpayers with annual turnover below FRW 200,000,000 may choose to declare on a quarterly basis.

Whether monthly or quarterly, the VAT declaration must be submitted and any tax paid by the 15th of the month following the end of the tax period.

Step-by-step guide to declaring and paying VAT

Step 1: Bookkeeping and issuing EBM invoices.

Ensure accurate bookkeeping including retaining all VAT invoices for inputs and using Electronic Billing Machines (EBMs) to issue EBM invoices for all sales.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete and save the applicable Annexures. This includes tabs for sales, locally purchased inputs, imported inputs, VAT reverse charge and VAT retained by public institutions.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the VAT declaration.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Electronic Billing Machines (EBMs) Summary

What are EBMs?

EBMs are electronic devices that print RRA-certified invoices and send sales data to RRA in real-time. EBMs are not a type of tax, but help improve VAT compliance.

Who needs to have EBMs?

Every VAT-registered taxpayer is required to have at least one EBM at each of their sales locations.

A taxpayer must register for VAT if their turnover is above FRW 20,000,000 for any twelve month period, or above FRW 5,000,000 for the preceding quarter. In addition, any taxpayer may choose to register for VAT.

Where can EBMs be purchased?

There are three licensed suppliers of EBMs in Rwanda:

- Pergamon Group Ltd
- Inzonvou Technologies Limited
- AA UNI Rwanda Ltd

EBMs vary in price depending upon the supplier and the type of EBM configuration. The licensed suppliers are trained to help taxpayers choose the most suitable types of EBM for their needs. After purchasing an EBM, it must be taken to RRA offices for registration and activation.

Electronic Billing Machines (EBMs) Summary

How do taxpayers use EBMs?

EBMs must be used to produce EBM invoices for every sales transaction, both to other businesses and final consumers. The licensed suppliers are trained to show taxpayers how to set up, program and use their EBMs.

The typical process for using EBMs is to enter the quantity, price and code of each item that is being sold. The taxpayer must then print the EBM invoice, give this to the consumer and keep a duplicate EBM invoice.

How do taxpayers load airtime onto EBM sim cards?

Taxpayers must ensure that EBMs have airtime at all times. Airtime for EBM sim cards costs FRW 1,000 per month. To load airtime onto the EBM SIM card, dial:

*746*Voucher Number*SIM Card Number#

What if the EBM is not working for any reason?

If there is any period where the EBM is not working, for whatever reason, taxpayers must notify RRA and hand-write invoices for the consumer, and keep a duplicate, until the EBM is working again. Further actions depend upon the type of problem. Once the EBM is working again, enter all the hand-written invoices into the EBM.

Excise Duty Summary

What products pay Excise Duty and what is the rate?

Products	**Tax Rate**
Fruit juice	5%
Lemonade, soda and other juices	39%
Mineral water	10%
Beer	60%
Wine	70%
Brandies, liquors and whiskey	70%
Cigarettes	36% of the retail price and FRW 30 per pack of 20 cigarettes
Premium oil (excluding benzene)	FRW 183 per litre
Gas oil	FRW 150 per litre
Lubricants	37%
Vehicles with an engine capacity of less than 1500cc	5%
Vehicles with an engine capacity of between 1500cc and 2500cc	10%
Vehicles with an engine capacity of more than 2500cc	15%
Powdered milk	10%
Telephone communications	10%

Excise Duty Summary

Who must register for Excise Duty?

Any manufacturer of a product that is subject to Excise Duty is required to register for Excise Duty.

What information must registered taxpayers record?

Registered taxpayers must keep daily registers of all: taxable products manufactured, taxable products sold, raw materials used and production activities.

When is the deadline to declare and pay Excise Duty?

For the purposes of Excise Duty, each month is divided into three tax periods:

- Tax Period 1 – From 1st to 10th of each month
- Tax Period 2 – From 11th to 20th of each month
- Tax Period 3 – From 21st to the end of each month

Excise Duty must be declared and paid within five days of the end of each tax period. This means it must be declared and paid by the 15th, 25th of that month and 5th of the following month.

What are tax stamps?

A tax stamp is a sign affixed on a product subject to Excise Duty to show retailers and consumers that tax has been paid. The products requiring tax stamps are cigarettes (each pack of 20 individual cigarettes), wines and liquors (each bottle).

Step-by-step guide to declaring and paying Excise Duty

Step 1: Bookkeeping and issuing EBM invoices

Ensure accurate daily registers of: taxable products manufactured, taxable products sold, raw materials used and production activities. Affix tax stamps to required products.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete, validate and save the Annexures. This includes tabs for raw materials and taxable sales.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the Excise Duty declaration.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Withholding Taxes (WHT 15% and WHT 3%) Summary

Who must register for Withholding Taxes?

Any taxpayer making payments of types of income that require withholding must register for withholding taxes.

Who pays Withholding Taxes?

Withholding taxes are declared and paid by the source of the transaction, on behalf of the recipient. The recipient can deduct the tax paid when declaring Income Tax.

What is Withholding Tax of 15% (WHT 15%)?

WHT 15% must be withheld and paid on transactions of the following types of income: interest income, dividend income, royalty income, service fees, performance payments, gambling proceeds and payments for goods and services supplied by non-registered taxpayers.

What is Withholding Tax of 3% (WHT 3%)?

WHT 3% must be withheld and paid by public institutions on payments to the winners of public tenders.

When is the deadline to declare and pay Withholding Taxes?

Withholding taxes are declared on a monthly basis. The declaration must be submitted and paid, for each type of income separately, by the 15th of the following month.

Step-by-Step guide to declaring and paying Withholding Taxes (WHT 15% and WHT 3%) Tax

Taxpayers must declare and pay withholding taxes on each type of taxable income separately.

Step 1: Withhold tax on taxable payment transactions

Before making payments subject to withholding taxes, withhold the tax due and retain the transaction invoices.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete and save the applicable Annexures.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the Withholding Tax declaration.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Gaming Taxes Summary

What are Gaming Taxes?

Gaming taxes are paid on transactions of gambling proceeds. This includes Gaming Tax and Withholding Tax of 15% on Gambling Proceeds (WOP-Gaming).

These are declared and paid by the source of the betting company, on behalf of the player. The player is able to claim the tax paid back in their Income Tax declarations.

Who must register for Gaming Taxes?

Any taxpayer making payments of gambling proceeds must register for both Gaming Tax and WOP-Gaming.

Gambling proceeds are the difference between the winnings of a player and the amount of money invested by the player from the start until the end of the game.

What are the rates of Gaming Tax and WOP-Gaming?

All gambling proceeds are subject to Gaming Tax of 13%. In addition to Gaming Tax, gambling proceeds of more than FRW 30,000 are also subject to WOP-Gaming of 15%.

When is the deadline to declare and pay Gaming Taxes?

Gaming Tax and WOP-Gaming are declared on a monthly basis. These declarations must each be submitted and any tax due paid by the 15th of the following month.

Step-by-Step guide to declaring and paying Gaming Taxes

Step 1: Withhold taxes on gambling proceeds payments

Before making payments of gambling proceeds, withhold the Gaming Tax and the Withholding Tax of 15% on Gambling Proceeds and retain the transaction invoices.

Step 2: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 3: Download, complete and save annexures

Download, complete and save the applicable Annexures.

Step 4: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit for each of the Gaming Tax.

Step 5: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Tax on Minerals Summary

Who must register for Tax on Minerals?

Any taxpayer who exports minerals must register for Tax on Minerals. Any Tax on Minerals paid can be claimed back in their annual Income Tax declarations.

What is the rate of Tax on Minerals?

The rates of Tax on Minerals are:

- 4% of the norm value for base metals.
- 6% of the norm value for precious metals of gold category.
- 6% of the gross value for precious stones of diamond category.

What is the valuation method of Tax on Minerals?

The norm value refers to the price per measuring unit of the London Metal Exchange, Metal Bulletin or other approved internationally recognised exchange market.

The gross value refers to the price specifically estimated by the Ministry of Natural Resources (MINIRENA).

When must Tax on Minerals be declared and paid?

For precious stones of diamond category, Tax on Minerals must be paid *before* exporting. For other mineral types, Tax on Minerals is declared on a monthly basis. These declarations must each be submitted and any tax due paid by the 15th of the following month.

Step-by-Step guide to declaring and paying Tax on Minerals

For base metals and precious metals of gold category, Tax on Minerals is declared and paid *after* exporting.

For precious stones of diamond category, Tax on Minerals is declared and paid *before* exporting. In this case, taxpayers must visit MINIRENA for valuation of the minerals before Step 1, and return with proof of payment to receive signed authorisation to export after Step 4.

Step 1: Login to E-Tax or visit any RRA offices

Login at https://etax.rra.gov.rw or visit any RRA offices.

Step 2: Download, complete and save annexures

Download, complete and save the applicable Annexures.

Step 3: Complete form, upload annexures and submit

Complete the declaration form, upload annexures, confirm accuracy and submit the tax declaration.

Step 4: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Capital Gains Tax Summary

What is Capital Gains Tax?

There are two types of Capital Gains Tax. This includes a tax on the sale or transfer of commercial immovable property, and a tax on the profit from the sale of shares.

Who must register for Capital Gains Tax?

Any taxpayer who receives taxable capital gains but is not registered for Income Tax (PIT or CIT) is required to register and declare Capital Gains Tax at RRA offices.

What is the tax rate of Capital Gains Tax?

The tax rate of Capital Gains Tax is 30%, on the basis of:

- The valuation price of the commercial property, set by an approved National Land Centre valuer.
- The profit from the sale of shares, where profit equals sale price minus purchase price.

When are the Capital Gains Tax periods and deadlines?

Capital Gains Tax on the sale or transfer of commercial immovable property is on a calendar year basis and must be declared and paid by March 31st of the following year.

Capital Gains Tax on the profit from the sale of shares is on a monthly basis. This must be declared and paid by the 15th of the month following the end of the tax period.

Step-by-Step guide to declaring and paying Capital Gains Tax

Step 1: Prepare required documents

Prepare the documents required for declaring Capital Gains Tax.

Step 2: Declare at any RRA offices

Visit RRA offices and request to declare Capital Gains Tax. The RRA staff will submit the declaration on your behalf and print the Acknowledgement Receipt.

Step 3: View acknowledgement receipt and pay taxes

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Local Government Taxes (LGT) and Fees Summary

Which tax types are included in LGT and fees?

There are three types of Local Government Taxes (LGT):

- Fixed Asset Tax
- Trading License Tax
- Rental Income Tax

There are also a wide range of local government fees including Land Lease Fees, Public Cleaning Fees and fees for a range of services or authorisations required from Districts.

Who must register for LGT and Fees?

Any person or company who owns or leases land or property, who owns a profit oriented business of any size, receives rental income from land or property, or fulfils any of the criteria required for local government fees is required to register for LGT and fees.

What is the LGT system?

Each of the LGT listed above, and many of the local government fees, must be declared using the Local Government Taxes (LGT) system. The LGT system is an online portal designed to make it easier for taxpayers to declare LGT and fees. This can be done online, or at RRA offices.

Local Government Taxes (LGT) and Fees Summary

How do taxpayers register and login to the LGT system?

Taxpayers must visit any RRA offices with either a Rwandan ID or Passport to register with the LGT system.

Access the LGT system at https://localgov.rra.gov.rw and login using the TIN/Username and LGT system password.

What if taxpayers do not know their LGT system password?

If a taxpayer does not know their password, it can be reset by clicking 'Forgot Password' on the LGT system login and receiving a new password by SMS or email.

What if the taxpayer cannot find the correct LGT or fee on the LGT system?

If a taxpayer wishes to declare a particular LGT or fee, or tax period, and they cannot find it or are not registered for that LGT or fee, the taxpayer can request for it by calling the RRA Call Centre for free on 3004.

Which third parties also collect local government fees?

Ngali Holdings Ltd is mandated to support RRA in collecting all local government fees. Kigali Veterans Cooperative Society (KVCS) also collects parking fees.

Local Government Taxes (LGT) and Fees Summary

What is the rate for Fixed Asset Tax?

Any owner of land and buildings with a title deed must register for Fixed Asset Tax. The taxable value of the fixed asset is the market value of the land and buildings. The tax rate is 0.1% (one-thousandth) of the taxable value each year. The first 20,000m^2 of land used for agriculture, livestock or forestry, and the first FRW 3,000,000 of fixed assets used for residential purposes are exempt.

What is the rate for Trading License Tax?

Any person or business conducting profit oriented activities must register for Trading License Tax. Depending upon the type, turnover and location, each business branch or motor vehicle must pay between FRW 4,000 – FRW 250,000 per year for the Trading License Tax Certificate that must be displayed at each branch.

What is the rate for Rental Income Tax?

Any person receiving rental income on fixed assets must register for Rental Income Tax. 50% of income is exempt.

Annual taxable rental income	Marginal tax rate
FRW 0 – FRW 180,000	0%
FRW 180,001 – FRW 1,000,000	20%
Above FRW 1,000,001	30%

Local Government Taxes (LGT) and Fees Summary

What does the list of local government fees include?

- Market fees.
- Fees charged on public cemeteries.
- Fees charged on parking.
- Fees charged on public parking.
- Parking fees on boats.
- Land lease fees including land used for agriculture and livestock activities and land reserved for quarries exploitation.
- Public Cleaning Fees.
- Fees on civil marriage done on official business days or not on official business days.
- Fees on services related to the documents of immovable property.
- Fees on official certificates and documents to be notified by the public notary.
- Fees on authorisation to make or burn bricks and tiles.
- Fees on advertising billboards and banners.
- Fees on boat number plates.
- Fees on bicycle number plates.
- Fees on communication towers.
- Fees on transport of materials from quarries and forests.

Step-by-step guide to declaring and paying Local Government Taxes (LGT) and fees

Step 1: Login to the LGT System

Access the LGT system at https://localgov.rra.gov.rw and login using the TIN/Username and LGT system password.

Step 2: Select the correct LGT or fee to declare

For LGT, click 'Declaration' and the drop down taxes option. Then choose the tax type and tax period that is being declared and click 'Submit'. Finally, click on the document number of the applicable declaration.

For fees, click 'Fee Payment Ticket' and the service type, and select the correct fee from the drop down menus.

Step 3: Complete declaration form and submit

Enter the required information in the declaration form. Where necessary, click 'Calculate Tax', 'Continue with Annexure' or 'Compare with Declaration' then 'Submit'.

Step 4: View payment details via the Acknowledgement Receipt, email or SMS, and pay all taxes and fees due

Note the RRA reference number and pay all tax due with E-Payment, MTN Mobile Money, Mobicash, or at a bank.

Customs Summary

Who must pay Customs Duties?

Customs duties are taxes and fees paid on imported goods. There is only a nominal processing fee for exports. Customs duties are paid by the importer or exporter of the goods, typically through a Clearing Agent.

What are Clearing Agents?

Clearing Agents are companies licensed by RRA to transact any business related to the import or export of goods. Clearing Agents act as a broker between the taxpayers and the revenue authority. Clearing Agents are required to be contracted by any taxpayer wishing to import or export goods valued at FRW 500,000 or above.

How are imported and exported goods valued?

Imports are valued as Cost, Insurance & Freight (CIF). This is equal to the cost of the goods, the cost of any insurance paid on the goods and the freight costs of transporting the goods to Rwanda. Exports are valued as Free On Board (FOB). This is equal to the cost of the goods only.

What is the Import Duty rate?

The Import Duty rate is 0% for imports from within the EAC or COMESA, or the Common External Tariff (CET) rate for imports from outside, typically 0%, 10% or 25%. The current version of the CET is available on the RRA website at: http://www.rra.gov.rw/index.php?id=243.

Customs Summary

How are Customs Duties calculated?

Import Duty = CIF * Import Duty Rate

Excise Duty = (CIF + Import Duty + HF) * Excise Rate

> *Note that Handling Fee (HF) is not actually paid to RRA, but is included in Excise Duty and VAT calculations, where: HF = FRW 10 per kg.*

VAT = (CIF + Import Duty + Excise Duty + HF) * 18%

Withholding Tax of 5% (WHT 5%) = CIF * 5%

Infrastructure Development Levy (IDL) = CIF * 1.5%

Strategic Reserves Levy (SRL) = FRW 32.73 per litre of fuel

African Union Levy (AUL) = CIF * 0.2%

Motor Vehicle Fees (MVF) – Between FRW 75,000 and FRW 640,000 depending upon the vehicle engine capacity (cc)

Road Toll = $76 USD for simple trucks, or $152 USD for heavy commercial trucks

Fuel Levy = FRW 115 per litre of fuel

Export Duty on Raw Hides and Skins = FOB * 80%, or $0.52 per Kg, whichever is higher.

Computer Processing Fee = FRW 3,000 per declaration

Quality Inspection Fees (QIF) = (FOB) * 0.2%

Step-by-Step Guide to importing or exporting

Step 1: Taxpayer prepares all necessary documents and contracts a Clearing Agent.

Step 2: The Clearing Agent prepares and submits an import or export declaration to RRA using the Rwanda electronic Single Window (ReSW).

Step 3: The Clearing Agent receives assessment notices, containing the amounts of customs duties due. The taxpayer pays all customs duties due, either directly or through the Clearing Agent. The assessment notice may contain different 'Doc IDs' for different tax types. If so, these must each be paid separately.

Step 4: The ReSW system allocates the consignment to a certain Customs channel. If verification is required, Customs Officers will request the necessary documents and/or access to the consignment. If there are any problems, further action may be required.

Step 5: After successful verification, the Customs Officer provides the taxpayer with a release order.

Step 6: The taxpayer pays any due warehousing fees, if applicable, to the warehouse owner.

Step 7: The taxpayer receives an exit note and may leave with their consignment.

Step-by-Step Guide to Motor Vehicle Registration Transfer

Step 1: Safety check by RPD

The motor vehicle must be taken to a Revenue Protection Department (RPD) office for a free physical safety check.

Step 2: Visit RRA offices and pay the transfer fee

Visit any RRA offices. If the seller of the motor vehicle has no outstanding tax arrears, RRA staff will provide an assessment notice for the Registration Transfer Fee. This must be paid by either the buyer or the seller.

Step 3: Register the buyer with RRA

If the buyer on the motor vehicle does not yet have a unique Taxpayer Identification Number (TIN), provide RRA staff with a valid Identity Document (ID) or Passport.

Step 4: Provide all required documents

The buyer must provide RRA staff with all the required documents.

Step 5: Updated Yellow Card is provided to the buyer

RRA staff will provide the buyer of the motor vehicle with the updated Yellow Card containing the buyer's details. The process is now finished and the buyer is now the legal owner of the motor vehicle.

Paying Taxes Summary

How can taxes and fees be paid?

After declaring, all types of taxes and fees can be paid:

- Online using Internet Banking and E-Payment.
- On mobile phones or through agents using MTN Mobile Money.
- Through Mobicash agents.
- In person at a bank.

Why are the advantages of paying taxes using Internet Banking, E-Payment, MTN Mobile Money or Mobicash?

The benefits of paying online or on mobile phones are:

- Pay taxes anytime, anywhere.
- Avoid travel costs of visiting a bank.
- Avoid queuing times at banks.
- Avoid safety risks of carrying cash.

What details are needed when paying taxes?

There are two main details needed when paying taxes. These are: the RRA Reference Number, also referred to as the 'Doc No', 'Doc ID' or 'RRA Ref No', and the total amount of tax due to be paid.

These are both found in the 'acknowledgement receipts' that are generated after submitting a tax declaration.

Paying Taxes Summary

How can taxes be paid using Internet Banking or E-Payment?

For Internet Banking, the registration and use varies for each bank. Always enter the RRA Reference Number and the amount due from the Acknowledgement Receipt.

For E-Payment of domestic taxes, after submitting a declaration, click ‘E-Payment’ and then select the bank to enter their Internet banking platform as above.

How can taxes be paid using MTN Mobile Money?

After registering for MTN Mobile Money, dial *182# to enter the platform. Select the language, then ‘Pay Bill’, and ‘RRA’. Enter the RRA Reference Number from the Acknowledgement Receipt. Enter the Mobile Money PIN to pay the amount due, including transaction fees.

How can taxes be paid through MTN Mobile Money or Mobicash agents?

Provide the agent with the RRA Reference Number and the amount due from the Acknowledgement Receipt including transaction fees.

How can taxes be paid at a bank?

When paying by Bank Cheque or Cash Deposit Slip, ensure to make the payment to ‘RRA’ and write the RRA Reference Number, the tax type and the amount due.

Tax Types Summary

Description	Tax Type(s)	Declaration and Payment Deadlines	Page
For all businesses…	Income Tax (PIT or CIT), *including Instalment Quarterly Prepayments (IQP)* Trading License Tax Public Cleaning Fees	31st March of following year *30th June, 31st September and 31st December of current year* 31st March of current year 5th of following month	92 104 280 294
… with employees	Pay As You Earn (PAYE) RSSB contributions	15th of following month 15th of following month	153 162
… with annual turnover above FRW 20,000,000	Value Added Tax (VAT)	15th of following month	178
… which import or export goods	Customs Duties	when importing or exporting	322

Description	Tax Type(s)	Declaration and Payment Deadlines	Page
… which manufacture juices, sodas, mineral waters, beers, wines, spirits, oils, lubricants, motor vehicles, powdered milk or airtime	Excise Duty	5th, 10th and 15th of following month	212
… which make payments of interest, dividends, royalties, service or consultancy fees, for performances, or to non-registered businesses	Withholding Taxes	15th of following month	230
… which pay out gambling proceeds	Gaming Taxes	15th of following month	245
… which export minerals	Tax on Mining	15th of following month	256

Description	Tax Type(s)	Declaration and Payment Deadlines	Page
For all landowners…	Fixed Asset Tax *or* *Land Lease Fee*	31st March of that year *or* *31st December of that year*	274 294
… renting out property	Rental Income Tax	31st March of following year	287
For all individuals…			
… who have sold commercial immovable property or shares	Capital Gains Tax	31st March of following year	266
For anyone…			
… importing a car	Importing Motor Vehicles	when importing	364
… buying a car locally	Motor Vehicle Registration Transfer	when buying the car	51
… requiring District's services or authorisation	Local Government Fees	before the service or authorisation is provided	291

Quick Reference Contents