RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

TRADING LICENSE TAX

HERE FOR YOU TO SERVE

The basis of this publication is the law **nº 048/2023 of 05/09/2023** determining the sources of revenue and property of decentralized entities.

DEFINITION OF TRADING LICENSE

The trading license means a tax levied on business activities carried out in defined boundaries of decentralized entities.

TAX PERIOD FOR THE TRADING LICENSE TAX

The tax period for the trading license tax starts on January 1st and ends on December 31st.

If taxable trading activities start after January, the taxpayer pays trading license tax equivalent to the remaining months of the year including the one in which the activities started.

For the taxpayers conducting seasonal or periodic trading activities, the trading license tax is paid for a whole year, even though the taxable trading activities do not occur throughout the whole year.

PERSONS EXEMPTED FROM THE TRADING LICENSE TAX

- Non-commercial public institutions;
- Micro-enterprises and small businesses during the first two years following their establishment.

TRADING LICENSE TAX DECLARATION

- **Contents of a trading license tax declaration**

The trading license tax declaration shows details of the taxable business activities including the tax due assessed by a taxpayer himself/herself.

The taxpayer signs the trading license tax declaration or his/her legally authorized representative.

- **Trading license tax declaration for the head office and operating branches**

If a taxpayer has a head office and branches in Districts, a trading license tax declaration is required for the head office as well as for each branch of his or her business activities basing on the turnover of the previous year for the head office and for each branch.

In case a branch does not have or cannot determine its turnover, the trading license tax is declared based on the turnover of the head office.

However, if all the branches are located in the same district as the head office, the taxpayer pays the trading license tax according to the turnover of the head office. If the branches are located in a district other than that of the head office, the trading license tax is unique and calculated basing on the turnover of the branch with the highest turnover.

- **Trading license tax declaration basing on different business activities**

If a taxpayer carries out different business activities in different buildings, he/she files a trading license tax declaration for each business activity.

When a business activity is comprised of various activities carried out by one person in the same building, all of them are subject to a single trading license tax calculated basing on the general turnover of those business activities.

A vehicle registered in the name of a taxpayer engaged in various activities and used in the business of that taxpayer is not separately subject to the trading license tax. The taxpayer pays the trading license tax in accordance with the provisions of this Law.

- **Trading license tax declaration for business in more than one District**

In case a business activity is spread across more than one District, the taxpayer files his/her declaration of trade license tax in each district where he/she operate.

THE BASIS FOR THE CALCULATION OF TRADING LICENSE TAX

- **Profit-oriented activities basing their tax on turnover**

Turnover	Annual tax due/per quarter (in Rwf)
50.000.000.000 and above	2.000.000/500.000
From 25.000.000.000 to 50.000.000.000	1.500.000/375.000
From 1.000.000.000 to 25.000.000.000	1.000.000/250.000
From 200.000.000 to 1.000.000.000	500.000/125.00
From 20.000.000 to 200.000.000	280.000/70.000
From 12.000.000 to 20.000.000	160.000/40.000
From 7.000.000 to 12.000.000	120.000/30.000
From 2.000.000 to 7.000.000	100.000/25.000

The turnover given as the basis for calculating the trading license is for the previous year.

The taxpayer who opens a business activity declares and pays the trading license tax basing on the starting capital.

- **Other profit-oriented activities**

Activities	Amount to be paid (in Rwf)
Profit-oriented activities not registered on income tax, in rural zone.	60.000/15.000
Profit-oriented activities not registered on income tax, in urban zone.	30.000/7.500
Individual transport activities by vehicles.	40.000/10.000 per vehicle
Transport activities by boat.	20.000/5.000 per boat
Transport activities by motor cycle	8.000/2.000 per moto

DATE OF TRADING LICENSE TAX DECLARATION AND PAYMENT

Any taxpayer files a tax declaration to the tax administration not later than 31st January of the year that corresponds to the tax period.

For more information, please contact us on Following address:
Call Center: 3004
Website: www.rra.gov.rw

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