



RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

BASIC INFORMATION ON TAXATION BEFORE STARTING ANY BUSINESS



OCTOBER 2023

Notes:

1. Information contained in this document does not replace the law;
2. If you need legal terms and details, you should read laws mentioned on page number 3 of this document.

CONTENT

	2
1. INTRODUCTION	4
2. MEANING OF DUTIES AND TAXES.....	4
3. TAXPAYER'S RIGHTS	5
4. OBLIGATION OF TAXPAYERS	5
5. INCOME TAX	6
6. DECLARATION AND PAYMENT OF INCOME TAX	8
7. WITHHOLDING TAXES.....	9
8. VALUE ADDED TAX (VAT)	10
9. INTEREST FOR LATE PAYMENT	11
10. ADMINISTRATIVE FINE AND PUNISHED WRONGFUL ACTS	12
11. FAILURE TO COMPLY WITH MODALITIES AND CONDITIONS FOR THE USE OF ELECTRONIC INVOICING SYSTEM.....	16
12. OFFENCES AND PENALTIES	18
13. TAXES AND FEES LEVIED BY DECENTRALIZED ENTITIES.....	19
14. EXCISE DUTY.....	24

1. INTRODUCTION

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

Information contained in this document was extracted from the following laws:

1. Law N° 027/2022 of 20/10/2022 establishing taxes on income;
2. Law n° 020/2023 of 31/03/2023 on tax procedures;
3. Law n° 048/2023 of 05/09/2023 determining the sources of revenue and property of decentralized entities;
4. Law n° 049/2023 of 05/09/2023 establishing value added tax;
5. Law n° 050/2023 of 05/09/2023 establishing the excise duty;
6. Law n° 051/2023 of 05/09/2023 amending Law n° 027/2022 of 20/10/2022 establishing taxes on income.

2. MEANING OF DUTIES AND TAXES

- A tax is a compulsory financial charge or some other type of levy imposed on a taxpayer by a governmental organization to fund public expenditure. Taxes are binding and not voluntary, so an individual is bound to pay tax, and failing to do so is punishable.
- Duties are an indirect tax imposed by the government on the consumer and they applied to financial transactions and commodities. Duties are imposed on both goods that are imported and goods manufactured locally. This includes excise duties and Customs duties.

These duties and taxes have the following functions:

- ✓ Financial function, to resemble funds to be used in financing government works;
- ✓ Social function, due to its redistributive nature through the creation of public services of an administrative nature, most often free;
- ✓ incentive and dissuasive functions, in the sense that it makes it possible to guide the behavior of economic agents – individuals or companies.

3. TAXPAYER'S RIGHTS

The taxpayer has the right to:

- Calculate taxes by referring to the provisions provided for by the laws and the decrees of these laws;
- Be heard on a draft rectification note;
- Lodge an appeal with the Commissioner General;
- Request for amicable settlement;
- File his or her case with the court if the two parties cannot resolve the dispute amicably;
- File a claim before the court with relevant jurisdiction in case he or she is not satisfied with the procedure of publication of public auction;
- Be represented by a qualified professional during any communication with the Tax administration.

4. OBLIGATION OF TAXPAYERS

4.1 Registration duty

- A person who sets up a business registers the business with the Registrar General within the period of seven (7) days from the beginning of the business or activity or the establishment of the company. Now the company registration is done at RDB.
- The Registrar General assigns a taxpayer identification number (TIN) to a taxpayer to be used for payment of any tax.
- A person who carries out non-commercial activities which can generate tax has the responsibility to register with tax Administration.
- When you receive a TIN indicated on your "commercial register", you become a taxpayer and you must make a declaration in accordance with the provisions of the tax law.
- Every taxpayer puts a taxpayer identification number (TIN) on tax declaration documents and on other correspondences provided for by tax law and on any other commercial documents or other proofs he or she files with the Tax administration.
- A fiscal year is a period of twelve (12) months which begins on 1st January and ends on 31st December;

- When you obtain a TIN, you must file a tax return using technology or by approaching the management of the nearest tax office on or before 31st March of the year following the taxable period according to the procedures specified by the Tax administration.
- This protects you from penalties provided for by tax laws.
- Any person who carries out a taxable activity issues an invoice issued by an electronic invoicing system approved by the Tax Administration (EBM).

4.2 Categories of taxpayers registered on income tax

Taxpayers registered on income tax are divided into two (2) categories:

- Taxpayers registered on Personal Income Tax (PIT)
- Taxpayers registered on corporate income tax

5. INCOME TAX

5.1 Personal Income Tax (PIT)

- The personal income tax is levied on an individual annual income. Each tax period, a resident taxpayer is liable to personal income tax from all domestic and foreign sources.
- Once the annual tax has been paid, A taxpayer begins to pay the quarterly prepayment declared and paid to the account of the Tax Administration before and not later than 30 June, 30 September and 31 December of the year of taxable business activities.

5.1.1 Rate for personal income tax

Micro-enterprises, a business activity which results into a turnover equal to or of less than Frw 12,000,000 per each tax period, pay the flat amount of tax as per the following table:

Annual turnover in Frw		Annual flat amount of tax due in Frw	Quarterly tax in Frw
From	To		
0	2,000,000	No tax	No tax
2,000,000	4,000,000	60,000	The tax is based on quarterly turnover
4,000,000	7,000,000	120,000	The tax is based on quarterly turnover

7,000,000	10,000,000	210,000	The tax is based on quarterly turnover
10,000,000	12,000,000	300,000	The tax is based on quarterly turnover

A quarterly prepayment tax calculated from tax paid for the previous annual tax period divided by the turnover of the same tax period, times the current quarterly turnover.

5.1.2 Flat-rate tax regime

- A person who operates a small enterprise, a business activity which results into a turnover ranging between Frw 12,000,001 and Frw 20,000,000 per each tax period, pays a lumpsum tax of three percent (3%) of his or her annual turnover.
- A person who operates a small enterprise may apply to be allowed to opt out of the flat-rate lumpsum taxation scheme, and choose to be subject to actual taxation scheme when he or she decides to carry out accounting in compliance with relevant laws.
- When he or she opt for the real regime, he or she must inform the Tax Administration and this decision is irrevocable for a period of three (3) years starting from the date he or she has informed the Tax Administration.

5.1.3 The real regime

Taxable income is taxed following the real profit according to the following tables:

For the year 2023		Tax rate
Annual Taxable Profit in Frw		
From	To	
0	720,000	0%
720,001	1,200,000	20%
1,200,001	More	30%

From 2024		Tax rate
Annual Taxable Profit in Frw		
From	To	
0	720,000	0%
720,001	1,200,000	10%
1,200,001	2.400.000	20%
2,400,001	More	30%

5.2 Corporate income tax rate

- Corporate income tax is income tax imposed on profit of a taxpayer other than
- an individual
- The Taxable Business profit is taxable at a rate of 28%;
- However, a newly listed company on capital market in Rwanda is taxed for a period of five (5) years starting from the date of listing on the following rates:
 - ✓ 20% if that company sells at least 40% of its shares to the public;
 - ✓ 25% if that company sells at least 30% of its shares to the public.

6. DECLARATION AND PAYMENT OF INCOME TAX

- Income tax is declared and paid not later than 31st March of the following tax period.
- After the first annual tax payment, the taxpayer declares and pays the quarterly installments to the account of the Tax Administration before and not later than 30 June, 30 September and 31 December of the year of taxable business activities.
- A quarterly prepayment tax calculated from tax paid for the previous annual tax period divided by the turnover of the same tax period, times the current quarterly turnover. This amount is reduced by the tax withheld in that quarter, unless the taxable income is not included in the total taxable income.
- **Quarters are considered as follows:**

Quarter	Months containing quarter
First quarter	From 1 st January to 31 st March
Second quarter	From 1 st April to 30 June
Third quarter	From 1 st July to 30 September
Fourth quarter	From 1 st October to 31 December

- Annual tax is paid after deduction of tax paid quarterly.

7. WITHHOLDING TAXES

7.1 Withholding tax on importations and public tenders

- On importations it is five percent (5%) of the value of goods imported for commercial use and paid at custom on the cost insurance and freight (CIF) value before the goods are released by customs.it is deducted from the income tax when it is declared and paid.
- On public tenders is three percent (3%) of the sum of invoice, excluding the Value Added Tax (VAT), and retained when successful bidders of public tenders are paid.
- A tax of fifteen per cent (15%) is withheld by a company that carries out gaming activities on the difference between winnings of the player and amount invested by the player.
- Taxpayers who have tax clearance certificate issued by the Tax Administration are exempted from withholding taxes.
- Tax withheld at source on payment made to a person registered with the Tax Administration is deducted from income tax when declared and paid
- The person who withholds taxes is required to file a tax declaration and make payment in accordance with the procedures prescribed by the Tax Administration within period of fifteen (15) days after the month in which the taxes were withheld.

7.2 Withholding tax on Employment Income

The withholding tax on employment income is paid according to the rates provided in the following table:

Monthly Taxable Income in Frw		Tax Rate
From	to	
0	60.000	0%
60.001	100.000	10%
100.001	200.000	20%
200.001	More	30%

- Income from a casual labourer is subject to tax on the special rate of fifteen percent (15%). However, in computing casual labourer's tax, an income not exceeding sixty thousand Rwandan francs (60,000 FRW) per month is rated at zero percent (0%).
- Casual labourer is an employee who performs labour that does not require special skills and who is employed for an aggregate period not exceeding thirty (30) days during a twelve (12) months period.
- Employers declare and pay the withholding tax on employment income within fifteen (15) days following the end of each month on quarter depending on the relevant laws.
- An employer who is not the first employer shall withhold tax on employment income at the rate of thirty percent (30%).

7.3 Other withhold tax

- Withholding tax on allowance allocated to a member of the Board of directors and any other member of a similar organ, is taxable at a rate of thirty percent (30%).
- A withholding tax of fifteen percent (15%) of the total amount excluding value added tax, if possible, is levied on different payments such as dividends, financial interest, royalties, repatriated profits, etc. except in exceptional cases provided for by tax law.
- The fifteen per cent (15%) tax is withheld by a company that carries out gaming activities on the difference between winnings of the player and amount invested by the player.

8. Value Added Tax (VAT)

- Value added tax is tax charged on taxable goods and services, including online supplies, and taxable imported goods and services.
- The rate of value added tax is 0% of the value of taxable goods or services that are zero-rated, or 18% for other goods and services supplied in Rwanda or imported.

8.1 Who must register for Value Added Tax

- Any person carrying out taxable activities whose turnover exceeds twenty million Rwandan francs (20,000,000 Frw) in the previous fiscal year or five million Rwandan francs (5,000,000 Frw) during the previous quarter is

required to register for value added tax within a period not exceeding seven (7) days from the end of said financial year or three preceding months unless all its activities are exempt from value added tax.

- A person who is not subject to value added tax can register voluntarily.

8.2 Obligations of the VAT registered taxpayer

- Display a copy of the VAT certificate at the place where the activities are carried out;
- Use the electronic invoicing system known as EBM;
- Issue an electronic invoice (EBM) to each buyer, without considering his or her request

8.3 Declaration and payment of VAT

- The value added tax is declared after the end of a month or after a quarter of three months.
- A taxpayer whose annual turnover is equal to or less than FRW 200,000,000, declares the value added tax quarterly within 15 days after the end of each quarter.
- A taxpayer whose annual turnover is more than FRW 200,000,000 declares the value added tax monthly within 15 days after the end of the month.
- However, a taxpayer whose annual turnover is equal to or less than FRW 200,000,000 and who intends to opt for a monthly value added tax declaration is authorised to do so.
- A taxpayer must file a value added tax declaration in the periods relevant to his or her category, regardless of whether he or she made sales or not, whether he or she has to pay a tax or he or she is requesting a refund, or even if the difference is zero.
- The value added tax declared by a taxpayer must be paid within 15 days following each month or each quarter of declaration.
- The value added tax payable by an importer is due when the imported goods enter the customs point, in accordance with customs law.

9. INTEREST FOR LATE PAYMENT

A taxpayer who fails to pay tax within the period provided for by the Law pays late payment interests on the amount of principal tax.

The rate of interests for late payment is fixed as follows:

Delayed period	Interest rate
A delay not exceeding six (6) months with respect to the time limit for payment	0.5%
A delay of six (6) months in tax payment but not more than twelve (12) months	1%
A delay of more than twelve (12) months	1.5%

- Interests for late payment are non-compounding and calculated on a monthly basis counting from the first day following the day on which the tax would have been paid until the day of payment inclusive. Every month that begins is considered as a complete month.
- Interests for late payment cannot exceed one hundred percent (100%) of the amount of tax.
- Interests for late payment are always payable, even when the taxpayer has lodged an administrative or judicial appeal against the assessment.
- When the taxpayer pays, that payment offsets the tax liability in the following order:
 1. principal tax;
 2. administrative fine;
 3. interests for late payment.

10. ADMINISTRATIVE FINE AND PUNISHED WRONGFUL ACTS

10.1 Wrongful acts punished with fixed administrative fine

A taxpayer or any other person is subject to an administrative fine if he or she commits one of the following faults:

- failure to submit a tax declaration on time, except micro-enterprises having an annual turnover below two million of Rwandan francs (FRW 2,000,000);
- failure to submit a withholding tax declaration on time;
- failure to withhold tax;
- failure to provide proofs required by the Tax administration;
- failure to cooperate or not to provide information during a tax audit;

- not to comply with the obligation to register;
- failure to keep books and records of controlled transactions;
- to obstruct or attempt to obstruct the activities or duties of the Tax administration;
- failure to submit financial statements by a person with obligation to submit its financial statements for taxation purpose;
- failure to comply with any requirements provided for in specific laws governing taxes if no provision of such laws provides for a sanction;
- failure to provide on due time, fail to provide information or provide incomplete, incorrect or misleading information following a request of the Tax administration.

10.2 Fixed Administrative fine

The administrative fine relating to the above-mentioned faults is set as follows:

Concerned taxpayer	Amount of fine in Frw
a natural person not engaged in any commercial activity or a taxpayer whose annual turnover is more than two million Rwandan francs (FRW 2,000,000) but not exceeding twenty million Rwandan francs (FRW 20,000,000)	50.000
The taxpayer is a public institution or a non-profit making organization and the taxpayer's annual turnover exceeds twenty million Rwandan francs (FRW 20,000,000)	300.000
Taxpayer was informed by the Tax Administration that he or she is in the category of large taxpayers	500.000
the taxpayer fails to submit his or her certified annual financial statements as required by law	500.000 every month until he or she submits them

Any person who fails to provide information on time, one who does not provide information or who provides incomplete, incorrect or misleading information following a request of the Tax Administration is liable to a penalty fixed as follows:

Concerned taxpayer	Amount of fine in Frw
For Person having an annual turnover equal to or less than twenty million Rwandan francs (FRW 20,000,000)	500.000
for a person having an annual turnover exceeding twenty million Rwandan francs (FRW 20,000,000) but less than two hundred million Rwandan francs (FRW 200,000,000)	2.000.000
For a person who has an annual turnover equal to or more than two hundred million Rwandan francs (FRW 200,000,000) but less than six hundred million Rwandan francs (FRW 600,000,000)	3.000.000
For the person with an annual turnover equal to or more than six hundred million Rwandan francs (FRW 600,000,000)	5.000.000

- If a person commits the same fault for the second time in two (2) years counted from the day of receipt of notification of fine for the first fault, the basic fine is doubled.
- In case the fault is committed for the third time in that period, the fine is four (4) times the basic administrative fine.
- A qualified professional approved by the Tax Administration who obstructs the activities of the Tax Administration is liable to an administrative fine of two hundred thousand Rwandan francs (FRW 200,000).
- The qualified professional approved by the Tax Administration may also be suspended from his or her duties by the Commissioner General for a period of two (2) years.
- Without prejudice to the penalty provided for by this Law with regard to tax evasion, any person who evades whole or part of taxes is liable to an administrative fine equivalent to the evaded tax.

10. 3 non-fixed administrative fines

Administrative fine for non-declaration and non-payment of tax on time

Taxpayer who fails to declare and pay tax within the time limit provided by law pays such a tax and is liable to an administrative fine as follows:

Delayed period	Fine rate of due tax
if the time limit for payment extends for a period of time not exceeding thirty (30) days	20 %

if the taxpayer paid within a period ranging from the thirty-first day (31st) to sixtieth (60th) day from the final date of payment;	40 %
if the taxpayer exceeds the time limit for payment by more than sixty (60) days	60 %

A taxpayer who declares tax due within the time limit provided by law but who does not pay that tax in the prescribed time limit, pays the principal tax and an administrative fine as follows :

Delayed period	Fine rate of due tax
when the taxpayer exceeds the time limit for payment for a period not exceeding thirty (30) days from the final date of payment	5 %
if the taxpayer paid within a period ranging from the thirty-first (31st) day to sixtieth (60th) day from the final date of payment	10 %
if the taxpayer paid within a period ranging from the thirty-first (31st) day to sixtieth (60th) day from the final date of payment	30 %

A taxpayer to whom the Commissioner General granted extension for submitting tax declaration is not subject to administrative fine referred to in this Article unless the taxpayer failed to respect the extension period.

10.4 Administrative fine for understatement of tax

- If an audit or investigation shows that there is an understatement of the amount on a tax declaration of at least ten percent (10%) but which does not exceed twenty percent (20%) of the tax liability, the taxpayer pays the unpaid tax and also be subject to an administrative fine of ten percent (10%) of the amount of the understatement.
- The administrative fine referred above doubles if the understatement rate exceeds twenty percent (20%) of the principal tax liability the taxpayer ought to have paid.
- However, a taxpayer who rectifies his or her tax declaration and pays relevant tax before he or she is notified of imminent audit of his or her tax is not subject to the administrative fine for understatement but he or she is liable to late payment fines.

11. FAILURE TO COMPLY WITH MODALITIES AND CONDITIONS FOR THE USE OF ELECTRONIC INVOICING SYSTEM

11.1 Non-compliance with billing conditions

- Except for taxpayers registered for the Value Added Tax, any person who is required to issue an invoice generated by an electronic invoicing system recognized by the Tax Administration who fails to do so is liable to an administrative fine of two (2) times the value of the transaction.
- Any Value Added Tax unregistered person who carries out a taxable transaction and delivers an electronic invoice with under-valued price or quantity of goods or services is liable to an administrative fine of two (2) times the value of the under-valued transaction.
- The persons mentioned above are liable to two (2) times the respective fine in case they repeat the fault in a period not exceeding two (2) years.

11.2 Aiding, abetting and conspiracy with a taxpayer

Without prejudice to the provisions of other laws, any qualified professional authorized by the Tax Administration who aids, abets or conspires with the taxpayer in order to contravene fiscal laws commits a fault punishable by an administrative fine equal to that imposed to the taxpayer.

11.3 Failure to provide information related to controlled transactions

Without prejudice to the sanctions provided for under other laws, a taxpayer who fails to provide information, who provides incomplete, incorrect or misleading information, in relation to controlled transactions, is subject to an administrative fine equivalent to five percent (5%) of the value of the concerned controlled transaction.

11.4 Special administrative fine related to the Value Added Tax

a) Value Added Tax violations

A person who does not comply with legal provisions on Value Added Tax is subject to an administrative fine as follows:

- If a person carried out business activities without being registered on Value Added Tax where it was so required, he or she is liable to an administrative fine of fifty percent (50%) of the amount of Value Added Tax due for the entire period of operation of the business.

- If a non-Value Added Tax registered person issues a Value Added Tax invoice, he or she is liable to an administrative fine of one hundred percent (100%) of the Value Added Tax imposed and pays the tax indicated on that invoice;
- If a person issues an incorrect Value Added Tax invoice with intention to decrease the amount of Value Added Tax payable or to increase the Value Added Tax input credit, he or she is liable to an administrative fine of one hundred percent (100%) of the amount of the Value Added Tax payable.

A public entity and a taxpayer authorized to withhold the Value Added Tax that fail to withhold the Value Added Tax or that withheld Value Added Tax and failed to pay the tax withheld to the Tax Administration pay the Tax not withheld or not paid plus fines and interests for late payment.

b) Failure to use electronic invoicing system by a person registered for the VAT

- A VAT registered who sells goods or services without issuing an electronic invoice is liable to an administrative fine of ten (10) times the value of the evaded VAT.
- In case the fault is repeated within a period of two (2) years, the defaulter is liable to an administrative fine of twenty (20) times the value of the evaded VAT.

c) Non-compliance with obligations of the user of electronic invoicing system

- Failure to comply with obligations of the user of the electronic invoicing system is liable to an administrative fine of Frw 200,000.
- In case the fault is repeated within a period of two (2) years, the administrative fine is increased to Frw 400,000.
- A VAT registered who carries out a taxable transaction and who delivers an electronic invoice with under-valued price or quantity of goods or services is liable to an administrative fine of ten (10) times the value of the evaded VAT.
- In case the fault is repeated within a period of two (2) years, the administrative fine is increased to twenty (20) times the value of the Value Added Tax evaded.

12. OFFENCES AND PENALTIES

12.1 Offense of tax evasion

A person who, while intending tax evasion, commits one of the following acts:

- Use of forged documents in his or her accounts;
- Counterfeit and use of documents or materials of the Tax Administration used for taxation;
- Hiding taxable goods or assets related to business;
- Making a declaration indicating that the taxpayer has not made sales;
- Changing the trade name by a person prosecuted in relation to tax
- Fraudulent registration of trade under the name of another person;
- Hiding accounting documents from the Tax Administration or damaging them;
- Use of forged accounting records;

Commits an offence of tax evasion. Upon conviction, he or she is liable to imprisonment for a term of not less than two (2) years and not more than five (5) years.

12.2 Fraudulent request for refund of tax

A taxpayer who fraudulently claims tax refund commits an offence. If convicted, the taxpayer is liable to imprisonment of a term of not less than two (2) years and not more than five (5) years and to a fine equivalent to one hundred percent (100%) of the amount unduly claimed.

12.3 Accessories sanctions

Any person who commits a fault or an offence provided for by tax Law may be liable to the following accessories sanctions:

- Closure of business activities for a period not exceeding thirty (30) days depending on the seriousness of the fault
- To be barred from bidding for public tenders;
- Withdrawal of a business register;
- To be published in the media

12.3 Waiver of interests for late payment and penalties due to voluntary disclosure

- The interests for late payment and penalties related to the non-payment and non-declaration of tax do not apply to the taxpayer who voluntarily discloses to the Tax Administration and pays due taxes that he or she didn't pay before being notified of imminent audit.
- The voluntary disclosure leads to waiver of interests for late payment and penalties only if it is done by a taxpayer not registered with the Tax Administration or by a registered taxpayer who voluntarily discloses and pays tax after the time limit for audit.

12.4 Suspension of accrual of interests for late payment and penalties

- A taxpayer with accounts receivable from the Tax Administration is entitled to suspension of penalties and accrual of late payment interests on the total outstanding amount owed by the Tax Administration. The suspension of the accrual of interests for late payment and penalties takes effect from the day the debt due by the Tax Administration comes into existence.
- Interests for late payment and penalties to be incurred by the taxpayer on principal tax cannot cumulatively exceed one hundred per cent (100%) of related principal tax.

13. TAXES AND FEES LEVIED BY DECENTRALIZED ENTITIES

13.1 Immovable property tax

- The immovable property tax is assessed and paid by the owner, the usufructuary or any other person considered to be the owner.
- Immovable property tax is levied basing on the market value of a building and related plot; the surface of land designated for construction but without any construction, and the surface of land not designated for residential use.
- If the immovable property consists of a plot of land, a building and its improvements, the tax on immovable property is calculated on the market value of both the building and the related plot of land if the two are subject to tax.
- The date of valuation of immovable property is 1st January of the first taxable year.
- The value of immovable property is determined for a cyclical period of five years. It includes the market value of the building and the plot of land.

- The tax rate on immovable property is determined as follows;
 - ✓ zero to FRW 80 per square meter of the surface of land
 - ✓ 0.5% of the market value of both the building and related plot of land for residential use;
 - ✓ 0.3% of the market value of both building and related plot of land for commercial use;
 - ✓ 0.1% of the market value of both the building and related plot of land for industrial use, building and plot belonging to micro-enterprises and small business.
- The special consideration on tax rate is given to the following:
 - ✓ A plot and a building for residential use of three floors are taxed at the rate of 0.25% of their market value.
 - ✓ A plot and a building for residential use with more than three floors are taxed at the rate of 0.1% of their market value.
- Tax on sale of immovable property is determined as follows:
 - ✓ A rate of 2% is levied on the sale value of an immovable property for commercial use if the seller is a taxpayer registered for income tax;
 - ✓ A rate of 2.5% is levied on the sale value of an immovable property sold by a person not registered for income tax.
 - ✓ The tax sale of immovable property is levied on the balance of the sale value of the property after deduction of FRW 5,000,000 which is not subject to tax.
- Not later than 31st December of the year that corresponds to the first tax period, the taxpayer files to the tax administration his/her declaration of the immovable property tax.

13. 2. TRADING LICENCE TAX

a) Person liable for the trading license and tax period of that tax

- The trading licence tax is paid by any person that opens a business activity within a district
- The tax period for the trading licence tax starts on January 1st and end on December 31st.
- If taxable trading activities start after January, the taxpayer pays trading licence tax equivalent to the remaining months of the year including the one in which the activities started.

b) Determination of trading license tax

The trading license tax is calculated in accordance with turnover as indicated in the following table:

I. Profit-oriented activities basing their tax on turnover			
Turnover		Tax due	
From	to	Per year	Per quarter
50.000.000.000	And above	2.000.000	500.000
25.000.000.000	50.000.000.000	1.500.000	375.000
1.000.000.000	25.000.000.000	1.000.000	250.000
200.000.000	1.000.000.000	500.000	125.000
20.000.000	200.000.000	280.000	70.000
12.000.000	20.000.000	160.000	40.000
7.000.000	12.000.000	120.000	30.000
2.000.000	7.000.000	100.000	25.000
II. Other profit-oriented activities			
Profit-oriented activities not registered on income tax, in urban zone		60.000	15.000
Profit-oriented activities not registered on income tax, in rural zone		30.000	7.500
Individual transport activities by vehicle		40.000	10.000
Transport activities by boat		20.000	5.000
Transport activities by motor cycle		8.000	2.000

c) Trading licence tax declaration

- If a taxpayer has a head office and branches in districts, a trading licence 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 licence tax is declared based on the turnover of the head office.
- 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.
- If a taxpayer carries out different business activities in different buildings, he/she files a trading licence 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 licence tax calculated basing on the general turnover of those business activities.
- In case a business activity is spread across more than one district, the taxpayer files his/her declaration of trade licence tax in each district where he/she operates.

d) Trading licence tax payment

- The trading licence tax assessed by a taxpayer himself/herself is paid to the tax administration not later than 31st January of the tax year.
- If the trading licence tax is not paid by the due date, the taxpayer is not allowed to start or to continue his/her business activities without having paid such tax.

e) Persons exempted from the trading license tax

The following persons are exempted from the trading license tax:

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

13.3 Rental income tax

- The rental income tax is charged on income generated by an individual or any other person who is not subject to corporate tax from a rented immovable property located in Rwanda.
- The taxable rental income is obtained by deducting from the gross rental income 50% considered as the expenses incurred by the taxpayer on maintenance and upkeep of the rented property.

- When the taxpayer produces the proof of bank interest payments on a loan for the construction or purchase of a rented property, the taxable rental income is determined by deducting from gross rental income 50% considered as the expenses incurred for upkeep of the property plus actual bank interest paid from the beginning of the rental period within the tax period.
- A person who earns a taxable rental income files a rental income tax declaration not later than 31st January each year.
- The rental income tax rate is determined as follows:

Annual rental income		Tax rate
From	to	
0	180,000	0 %
180,001	1,000,000	20 %
1,000,001	Above	30%

13.4 Fees levied on services rendered

Without prejudice to the provisions of other laws in force, the Council of the decentralized entity, basing on the provisions of the Presidential Order charges fees on public services rendered by that decentralized entity within its jurisdiction.

13.5 Interests and penalties for late payment of decentralized taxes

- Monthly interest of 1.5% of tax due: The interest is calculated on a monthly basis, non-compounding, counting from the first day after the date the tax should have been paid until the day of payment, which is included. Every month started will count as a complete month.
- A surcharge of 10% of tax due that cannot exceed an amount of Frw100,000.
- Failure to file a tax declaration on time and filing a false declaration, a taxpayer is liable to a penalty of 40% of the tax due.

14. EXCISE DUTY

The excise duty is levied on some of the imported products and products manufactured in Rwanda.

14.1 Time for taxation

The tax is payable when:

- A taxable product is cleared out of the factory, in case of products manufactured in Rwanda;
- Product is under the customs control in case of imported products;
- Service is sold, for telephone communications.

14.2 Tax period

- The tax period is the calendar month divided into the following three periods:
 - ✓ From 1st date to 10th date of the month;
 - ✓ From 11th date to 20th date of every month;
 - ✓ From 21st date towards end of the month.
- Within five days following periods mentioned above, the taxpayer declares and pays the excise duty.
- The consumption tax on imports is paid concurrently with customs duties.

14.3 Products and corresponding rates

The excise duty is levied on the following products at the corresponding rates:

Products	Rate
Natural juice	5 %
Lemonade, Soda and non-natural juices	39 %
Beer whose local raw material content, excluding water is at least 70% by weight of its constituents	30 %
Other beer	60 %
Wine whose local raw material content, excluding water, is at least 70% by weight of its constituents	30 %
Other Wines excluding grape must listed under heading 22.04. of the Structure of the East Africa Community Common External Tariff	70% of the value of a litre Not exceeding FRW 40,000

Brandies, liquors and whisky whose local raw material content, excluding water, is at least 70% by weight of its constituents	60 %
Other brandies, liquors and whisky	70% of the value of a litre not exceeding FRW 150,000
Cigarettes	36% of retail price of a pack of 20 rods plus FRW 130 per pack
Cigars and similar products containing tobacco or tobacco substitutes	160 %
Electronic cigarette	FRW 30,000 per unit
cartridge with liquid for use in electronic cigarette	FRW 24,400 per unit
Premium (excluding benzene)	FRW 183/litre
Gaz oil	FRW 150/litre
Lubricants	37 %
Vehicles with an engine capacity of less than 1500cc	5 %
Vehicles with an engine capacity of between 1500 and 2500 cc	10 %
Vehicles with an engine capacity of above 2500 cc	15 %
Sweets and Chewing gum	FRW 322/kg
Chocolate	FRW 1,930/kg
Telephone communications	10 %

- The natural juice is the product resulting from the pressing or blending of fruit, vegetable or any other plant without adding any chemical or industrial product or ingredient.

14.4 Exemption on excise duty

The following goods are exempt from the excise duty:

- Goods for charitable organizations;
- Vehicles assembled in Rwanda;
- One personal vehicle of a former diplomat returning from a foreign diplomatic mission or an international organization;

- One vehicle of a Rwandan returnee or any other person returning back from a foreign country who fulfils exemption conditions set forth under the Customs Law.
- Vehicles of the following categories: minibus and bus that can carry not less than 14 persons, lorries and single cabin pickups manufactured to carry goods, refrigerating vehicles, tourist vehicles, ambulances and vehicles designed for persons with disabilities.
- Products specifically manufactured for export.
- Products sold to duty free shops and other specific persons legally determined.

14.5 Faults, Offences and administrative sanctions for the usage of tax stamps

A domestic manufacturer or importer of products subject to the excise duty who performs one of the following acts:

- Failing to keep tax stamp registers, records or any other related documents;
- Failing to submit tax stamp reconciliation statements within the prescribed period;

Is liable to an administrative fine of not less than 1,000,000 Rwandan francs and not more than 2,000,000 Rwandan francs.

A domestic manufacturer or importer of products subject to the excise duty who performs one of the following acts:

- Failing to affix tax stamps to products;
- Affixing tax stamps to products in a manner contrary to the provisions of Article 13 of excise duty Law;
- Making an overprint or defacing tax stamps;
- Submitting an incorrect or incomplete tax stamp reconciliation statement
- Using tax stamps on products for which they are not intended;
- Selling products subject to the excise duty without tax stamps

Kicukiro - Sonatubes, Silverback Mall
P.O.Box 3987 Kigali Rwanda