



Rwanda Fiscal Guide 2019

Income tax

Basis of taxation

Income tax is levied on both companies and individuals. Under the income tax laws, tax is charged on the taxable income accruing worldwide for all residents and on the income of non-residents from sources in Rwanda. An entity is regarded as a resident if it is a company or an association established according to law, or has its place of effective management in Rwanda at any time during that tax period, or is a government company.

An individual is resident in Rwanda, if the individual has a permanent residence, has a habitual abode, is a citizen representing the country abroad, stays in Rwanda for more than 183 days in any 12-month period (either continuously or intermittently) and is resident for the tax period in which the 12 month period ends.

Rates of tax

Resident companies	
Corporation tax	30%
Capital gains	<ul style="list-style-type: none"> — 30% together with business income (capital gain resulting from sale or cession of commercial immovable property); — 5% on Sale or transfer of shares — Exempt (capital gain on shares traded in a capital market)*
Dividends	15%
Interest excluding interest on government securities	15% Exemption is granted to : <ul style="list-style-type: none"> — interests on deposits for at least a period of one year; — interests paid by banks operating in Rwanda to banks or other foreign financial institutions.
Interest on government securities	15%. However, The withholding tax (WHT) interest income arising from investments in listed bonds with a maturity of three years and above shall be reduced to 5% when the person who withholds is a resident taxpayer or of the East African Community
Royalties	15%

Rates of tax

Non-resident companies	
Corporation tax	30%
Capital gains is taxed together with business income	<ul style="list-style-type: none"> — 30% (capital gains resulting from sale or cession of commercial immovable property); and — Exempt (capital gains on secondary market transactions on listed securities)
Dividends	15%. Except dividends received from investment listed on Capital market : the applicable WHT is discounted to 5%.
Interest excluding interest on government securities	15% Exemption is granted to : <ul style="list-style-type: none"> — Interests on loans granted by a foreign development financial institution exempted from income tax under applicable law in the country of origin;

Non-resident companies	
	— interests on deposits for at least a period of one year
Interest on government securities	15%
Royalties	15%
Proceeds from sale of commercial buildings to resident persons	30%
Repatriation of branch profits	N/A

Resident individuals	
Income tax	<p>0% - 30% **..</p> <ul style="list-style-type: none"> — Companies with an annual turnover between FRW 12Million and 20Million are taxed at a rate of 3% on the turnover — Corporates with an annual turnover of more than FRW 20Million are taxed at a rate of 30% on the Profit after deducting companies expenses. — Companies with investment certificate can benefit from discounted corporate income tax rate of 0% and 15% depending on the invested amount and the sector invested in. — Companies newly listed on the Capital market also benefit from discounted tax rate at 20,25, and 28% depending on the issued number of shares on Rwanda Stock Exchange.
Rental income	<p>30% but reduced by :</p> <p>1° 10% of gross revenue as deemed expense;</p> <p>2° interest paid on loans (if any);</p> <p>3° Depreciation expenses</p>
Dividends	15% **
Interest excluding interest on government securities	15% **.Exception is on interests received on deposits of at least a period of one year .They are exempted;
Interest on government securities	5% for residents and East African citizens, 15% for others** Exemption is granted on deposits for more than one year
Royalties	15% **
Management and professional fees	15% **
Capital gains tax	<ul style="list-style-type: none"> — 30% (capital gains resulting from sale or cession of commercial immovable property); and — Exempt (capital gains on stock market transactions on listed securities).

Non-resident individuals	
Income tax	0% - 30%
Non-resident shareholders' tax on dividends (NRST)	15% **
Non-residents' tax on interest (NRTI)	15% **
Royalties	15% **
Management fees	15% **
Proceeds from sale of commercial buildings to resident persons	0% *

Resident individual annual chargeable income (Frw)	
Up to 360,000	0% *
Exceeding 360,001 to 1.2 million	20% *
Exceeding 1,200,001	30% *

Non-resident individual annual chargeable income (Frw)	
Any income	15% as withholding Tax

*Final tax

**Final tax and withheld at source

Capital gains tax (CGT)

A CGT of 5% is applicable on sale or transfer of shares not listed on capital market. Capital gain from the sale or transfer of shares on the capital market and capital gain from the sale or transfer of units of the collective investment schemes, is exempted from capital gain tax.

Transfer pricing and thin capitalisation rules

The income tax law provides guidance on transfer pricing. Transactions between related entities should take place at arm's length.

Interest expenses paid to related entities are non-deductible for tax purposes if the debt-to-equity ratio exceeds 4:1. The equity excludes reserves and retained earnings.

Management fees cap

Management fees are only allowed as an expense for tax purposes if they do not exceed 2% of the company's annual turnover. The term management fees includes technical fees, royalty fees and any service fee paid by a resident entity to a non resident related entity.

Losses Carried forward

Tax losses can only be utilized for a period not exceeding 5 years. However, through an application in writing, an extension for the period for the utilization of the tax losses can be granted

Inheritances and donations

Donation and gifts are taxed at 30%.

Transaction taxes

The standard rate of value added tax (VAT) is 18%. However, there are some services and goods which are either zero-rated or exempt.

Stamp and transfer duty

There is no stamp duty in Rwanda.

Customs taxes

General external tariff (for goods not originating from East Africa) under the East African Customs Union stipulates import duty rates of 0% for raw materials, 10% for semi-finished goods and 25% for finished goods.

Double tax treaties and applicable withholding tax rates

	Belgium	Mauritius	South Africa	Barbados	Singapore	Jersey	Morocco	Turkey	UAE
Dividends	15%	10%	10* %	7.5%	7.5%	10%	8%	10%	7.5%
Interest	10%	10%	10%	10%	10%	10%	10%	10%	10%
Royalties	10%	10%	10%	10%	10%	10%	10%	10%	10%
Technical	10%	12%	10%	10%	10%	12%	10%	10%	10%

*10% if the beneficial owner is a company is a resident of the other Contracting State

**Final tax and withheld at source

Permanent Establishment(PE)

The Rwandan income tax law defines PE as a known fixed place of business through which the business gives rise to income. The Business may be wholly or partially carried in Rwanda.

A foreign company will trigger a tax presence in Rwanda if their activities in Rwanda exceed ninety (90) days in a twelve (12) month period, either continuously or intermittently.

Investment information

Investment rules

Rwanda has a positive attitude towards foreign private investment and aims to protect and attract foreign investment. Generally, foreign and local investors may engage in any type of business activity. Foreign investors are required to first obtain an investment certificate (licence) from the Rwanda Development Board (RDB).

Investment incentives

- Incentives – An investment allowance of 50% for the first year for new or used assets if the investor, invest in business assets worth at least fifty thousand US dollars (USD 50,000) each and operate in at least one of the priority sectors provided by the Rwandan Government.
- If the business profit results in a loss in a tax period, the loss may be deducted from the business profit in the next five (5) tax periods, earlier losses being deducted before later losses. Losses may be carried for longer than 5 years if the tax authority allows this after the taxpayer justifies the existence of the loss.
- A registered investor investing in products used in Export Processing Zones are exempted from customs taxes and duties

- A Preferential Corporate Income tax rate of Zero per cent (0%) is provided for an international company with its headquarters or regional office in Rwanda if it fulfills provided legal requirements.
- A Preferential corporate income tax rate of fifteen percent (15%) is provided to investors who fulfill the all legal requirements
- Corporate Income Tax holiday of up to seven (7) years is entitled to an investor who fulfills the requirements in Government priority sectors.
- Companies that carry out micro finance activities approved by competent authorities pay corporate income tax at the rate of 0% for a period of 5 years from the time of the approval of the activity;
- Duty exemption on raw materials, plant and machinery and other inputs;
- Stamp duty exemption;
- Value added Tax (VAT) is refunded within 15 days
- Immigration Incentives for registered Investors to recruit 3 foreign employees
- Duty drawback to apply on input of goods from domestic tariff area; or
- No export tax.

Exchange controls

Exchange control is administered by the Bank of Rwanda and is governed by Exchange Control. Both the current account and capital account have been liberalised. All residents and non-residents are free to bring in and take out capital with minimal restriction.

After fulfilling all tax obligations in Rwanda, an investor is allowed to repatriate the following:

- Capital
- profits derived from business activities
- debt and interest on foreign loans
- proceeds from the liquidation of investment
- any other assets of an investor

Residence and work permits

All persons undertaking employment must have a valid visa which is renewable after a year.

Application fee: Frw 100 000 (can vary depending on specific work activity).

Licence fee: no fee

Police clearance required from the country where the applicant has lived for the last six months.

Category A permit: Frw 50 000 (\$83) workers earning a gross salary of at least Frw 500 000 (\$830)

Category B permit: Frw 10 000 (\$17) workers earning a gross salary less than Frw 500 000(\$830)

The fees payable for a work permit depend on the class and they are as follows:

Class	
Category A (prospecting and mining)	Frw 100 000
Category B (agriculture and related activities)	Frw 100 000
Class C (prescribed professionals)	Frw 100 000
Class D (diplomats)	No charge
Class E (government and parastatal)	Frw 100 000

Class	
Class F (manufacturing)	Frw 100 000
Class G1 & G2 (specific trade, business and services)	Frw 20 000 and 100 000
Class H (specific employment by specific employer)	Frw 100 000
Class J (Approved Religious activities)	Frw 100 000
Class K (Hospitality industry)	Frw 100 000

Annual budget announcement

The Minister of Finance announces the annual Budget and Taxation Proposals in June of each year for the tax year commencing on 1 July thereafter.

Bilateral trade and agreements

Membership – WTO, ACP-EU Partnership Agreement, COMESA and East African Customs Union.
Trade agreements concluded with Germany, Netherlands and Switzerland.

Economic statistics*

Prime Interest Rate (January 2014)	17.19%
US\$ Exchange Rate (February 2019)	Frw 885.663
Inflation (2017)	4.9
GDP (2015)	US\$ 10.084 billion

*Source : National Institute of Statistics of Rwanda (NISR)

Travel information

Visa requirements	Visas are issued at the country's missions or embassies abroad and also at entry and exit points such as Kanombe, Kagitumba, Gatuna, Gisenyi, Rusizi and Rusumo. The underlying policy with visas is the principle of reciprocity – all countries that require visas for Rwandans are also visa prone in Rwanda.
Flights	A number of international airlines fly into Rwanda and there are regular flights between regional and certain European hubs. Daily flights are available to neighbouring countries, as well as Johannesburg, Nigeria, Ghana, Brazzaville, DRC, Dubai, London and India.

Currency

The Rwandan Francs (Frw) which equals 100 centimes.

Languages

The official language is Kinyarwanda. Swahili, English and French are also spoken.

Official holidays

- 1 January (New Year's Day)
- 2 January (Holiday by Presidential Order)
- 1 February (National Heroes' Day)
- Variable (Good Friday)
- 7 April (Tutsi Genocide Memorial Day)
- 1 May (Labour Day)
- 1 July (Independence Day)
- 4 July (Liberation Day)
- First Friday of August (Umuganura or National Harvest Day)
- 15 August (Assumption Day)
- Variable (Eid al Fitr)
- Variable (Eid al-Adha)
- 25 December (Christmas Day)
- 26 December (Boxing Day)

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