



Rwanda

Fiscal Guide 2015/2016

Tax





INTRODUCTION

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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

Resident companies	
Corporation tax	30%*
Capital gains is taxed together with business income	- 30% (capital gain resulting from sale or cession of commercial immovable property); and - Exempt (capital gain on secondary market transactions on listed securities)*
Dividends	15%**
Interest excluding interest on government securities	15%**
Interest on government securities	5%** The withholding tax (WHT) on dividends and interest income on securities listed on capital markets and interest 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%**

Non-resident companies	
Corporation tax	30%*
Capital gains is taxed together with business income	- 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%**
Interest excluding interest on government securities	15%**
Interest on government securities	15%**
Royalties	15%**



Non-resident companies (continued)	
Proceeds from sale of commercial buildings to resident persons	30% **
Repatriation of branch profits	N/A **

Resident individuals	
Income tax	0% - 30% *
Rental income	20% of gross revenue as deemed expense *
Dividends	15% **
Interest excluding interest on government securities	15% **
Interest on government securities	5% for residents and East African citizens, 15% for others **
Royalties	15% **
Management and professional fees	15% **
Capital gains tax	- 30% (capital gains resulting from sale or cession of commercial immovable property); and - Exempt (capital gains on secondary 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	30% *

Non-resident individual annual chargeable income (Rwf)	Rate of tax
Up to 360000	0% *
Exceeding 360001 to 1,2 million	20% *
Exceeding 1200001	30% *

*Final tax

**Final tax and withheld at source

Capital gains tax (CGT)

There is no separate CGT legislation. However, CGT from business is taxable under the provisions of the Income Tax Act. Capital gains resulting from the sale or cession of commercial immovable property is taxed at a rate of 30%.

Capital gains arising from secondary market transactions on listed securities are exempt from CGT.

Transfer pricing and thin capitalisation rules

There are no specific rules for transfer pricing. However, the income tax law provides guidance on transfer pricing. Transactions 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. This excludes reserves and retained earnings.

Double tax treaties and applicable withholding tax rates

Country	Dividends	Interest	Royalties	Technical
Belgium	15	10	10	10
Mauritius	10	10	10	12
South Africa	10	10	10	10
Barbados	7.5	10	10	10
Singapore	7.5	10	10	10
Jersey	10	10	10	10

*10% if the beneficial owner is a company which holds at least 25% of the company paying the dividends. In all other cases the withholding tax will be a maximum of 15%

**Final tax and withheld at source

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.
- 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 fulfils 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.

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

Category A (prospecting and mining)	Rwf 100 000
Category B (agriculture and related activities)	Rwf 100 000
Class C (prescribed professionals)	Rwf 100 000
Class D (diplomats)	No charge
Class E (government and parastatal)	Rwf 100 000
Class F (manufacturing)	Rwf 100 000
Class G1 & G2 (specific trade, business and services)	Rwf 20 000 and 100 000

The fees payable for a work permit depend on the class (continued)

Category A (prospecting and mining)	Rwf 100 000
Class H (specific employment by specific employer)	Rwf 100 000
Class J (Approved Religious activities)	Rwf 100 000
Class K (Hospitality industry)	Rwf 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 USA, Germany, Netherlands and Switzerland.

Economic statistic

Prime Interest Rate (January 2014)	16.93%
US\$ Exchange Rate (February 2014)	Rwf 667.328
Inflation (November 2013)	4.58
GDP (2012)	US\$7.103 billion

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, Brazaville and Dubai.

Currency

The Rwandan Francs (Frw) which equals 100 centimes.

Languages

The official language is Kinyarwanda. 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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