Rwanda

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Business Tax Advisory

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A. At a glance

Corporate Income Tax Rate (%)	30
Capital Gains Tax Rate (%)	30
Branch Tax Rate (%)	30
Withholding Tax (%)	
Dividends	5/15 (a)(b)
Interest	15 (a)
Royalties	15
Management Fees	15
Technical Fees	15
Service Fees	15
Sports and Entertainment Fees	15
Lottery and Gambling Proceeds	15
Imports	5 (c)
Public Procurement	3 (d)
Net Operating Losses (Years)	
Carryback	5 (e)
Carryforward	5

(a) This tax is a final tax.
(b) A reduced 5% rate applies to dividends received by Rwandan and East African Community citizens from entities listed on the Rwanda Stock Exchange.
(c) This is a recoverable advance tax that applies to taxpayers without a tax clearance certificate issued by the Rwanda Revenue Authority.
(d) This is a recoverable advance tax that applies to suppliers of goods and services to public institutions.
(e) This applies only to construction projects.

B. Taxes on corporate income and gains

Corporate income tax. Corporate income tax is payable by companies, cooperative societies, foreign companies or their branches, autonomous public enterprises, associations and any other business entities that engage in for-profit business activities. Resident entities are subject to corporate income tax on worldwide income. Nonresident entities are subject to corporate income tax on income derived through a permanent establishment. Nonresident entities without a permanent establishment in Rwanda are not subject to corporate income tax, but they may be subject to other taxes in Rwanda.

An entity is considered to be resident in Rwanda during a tax year if it satisfies any of the following conditions:
- It is a company or an association established according to Rwandan laws.
- It has its place of effective management in Rwanda at any time during the tax year.
- It is a Rwandan government company.

Rates of corporate tax. The corporate tax rate is 30%.

Capital gains. Rwanda introduced a separate tax on capital gains arising from the disposal of immovable commercial property in the last quarter of 2010. Gains derived from disposals of other business assets are aggregated with other income and are taxed at the normal corporate income tax rate. Gains from disposal of shares listed on the Rwanda Stock Exchange are exempt from tax.

Administration. A company's year of assessment (tax year) is the calendar year. A company wishing to maintain a tax year other than the calendar year must obtain prior approval from the Minister of Finance.

Companies must make installment payments, which are each equal to 25% of the tax due for the preceding tax year. The payment dates are 30 June, 30 September and 31 December. The installment payments are subtracted from tax due at the end of the financial year. Any overpayment is generally treated as a prepayment of future income tax liabilities or other tax liabilities. However, a company may seek a refund of the overpayment by a written request to the Commissioner General of Rwanda Revenue Authority.

Companies must file a final tax return accompanied by proof of payment of tax provided by the tax administration within three months after the end of the tax year (31 March for calendar-year taxpayers). The company calculates the tax payable on the tax return form. The tax due equals the tax payable minus installments and recoverable withholding tax paid. Any tax due must be paid with the return.

Dividends. Dividends are subject to a final withholding tax at a rate of 15%. However, a reduced 5% rate applies to dividends received by Rwandan and East African Community citizens from entities listed on the Rwanda Stock Exchange.

Foreign tax relief. Relief for foreign taxes paid is granted in accordance with tax treaties with other countries. If foreign tax is paid to a country that does not have a tax treaty with Rwanda, the tax paid may be subtracted from tax payable in Rwanda, subject to certain restrictions.

C. Determination of trading income

General. Taxable income is accounting income adjusted for nontaxable income and for nondeductible expenses. Expenses are deductible if they are incurred wholly and exclusively in the production of income.

Provisions. General and specific provisions, which are reflected in the computation of financial accounting income, are generally not deductible for tax purposes. However, banks and financial institutions may deduct specific provisions for bad and doubtful debts in accordance with the prudential guidelines issued by Rwanda's central bank.

Tax depreciation. Depreciation charged in the financial statements is deductible for tax purposes, subject to limits that are set forth in the tax law or are determined by the Minister of Finance from time to time. The following are the current allowable depreciation rates:

Asset class	Rate (%)
Buildings (excluding land) including built-in equipment and plant	5
Intangible assets	10
Computer equipment and accessories	50
All other business assets	25

Groups of companies. The income tax law does not allow the filing of consolidated returns, the combining of profits and losses of affiliated companies or the transfer of losses from loss companies to profitable members of the same group of companies.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate
Value-added tax, on the supply of goods and services in Rwanda and on imports of goods and services	
Standard rate	18%
Other rate	0%
Social security contributions; paid by	
Employer	5%
Employee	3%
Trade licenses; varies by nature and location of business; maximum amount	RWF240,000

E. Miscellaneous matters

Foreign-exchange controls. The currency in Rwanda is the Rwandese franc (RWF). Rwanda does not impose foreign-exchange controls.

Debt-to-equity rules. Interest paid on related-party loans exceeding four times equity does not qualify as a deductible expense for companies other than commercial banks and insurance companies.

F. Tax treaties

Rwanda has entered into double tax treaties with Mauritius and South Africa. Its treaty with Mauritius was cancelled in January 2013. However, subsequently in 2013, Rwanda signed a new tax treaty with Mauritius, but this treaty has not yet been ratified.