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TAX GUIDE

2026 - 2027

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DISCLAIMER



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The document is not intended to replace the need of an expert/legal opinion and companies or individuals wishing to act on the basis of this information should first seek professional/expert/legal opinion on the interpretation, application and consequences of the relevant legal, technical or regulatory provisions.

Area	Recently Changed	Effective
Capital Gains	5% to 10%; withholding extended to all parties	29 May 2025
Gaming Activities	CIT exemption; new 40% tax on wagers less winnings (was 13%)	30 August 2025
Digital Services	New 1.5% tax on gross Rwanda-sourced digital revenue	29 May 2025
VAT exemptions withdrawn	Hybrid vehicles, fuel, goods transport; passenger transport narrowed	29 May – 1 June 2025
VAT exemptions extended	EVs & energy equipment to 2028; capital assets/raw materials to Jun 2026	29 May 2025 / 29 April 2026
VAT on online services	New registration, withholding & tax-point regime for digital supplies	29 April 2026
Tourism Tax on Accommodation	New: 3% of accommodation value	1 July 2025
Environmental Levy	New: 2% of customs value on plastic-packaged imports	1 July 2025
Strategic Petroleum Reserve Levy	New: FRW 50/litre on petrol & diesel	29 May 2025
Mandatory pension	6% to 12% of gross salary; phased rise to 20% by 2030	1 January 2025
Transfer pricing	New arm's-length methods and Advance Pricing Agreements	29 April 2026



1 INCOME TAX

Key Updates

The income tax law of 2022, was amended in May 2025 affecting the taxation of gaming activities, capital gains tax and withholding tax.

The law establishing tax on income deals with Corporate Income Tax, Personal Income Tax, Capital Gains Tax, Withholding Tax and Tax on Gaming activities.

The Main Features In the Income Tax;

1. Corporate Income Tax for businesses under the real regime is 28%
2. Micro businesses with revenue below 2m Rwf a year are Exempted from Income Tax
3. Micro businesses with revenue below 20m Rwf can pay flat rates based on turnover
4. Exempt income for individuals under Personal Income Tax, or Pay As You Earn (PAYE) is 60,000 Rwf monthly (720,000 Rwf annually)
5. The first 12m Rwf income from agriculture is exempt



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Residence

Each tax period, a resident taxpayer is liable to personal income tax from all domestic and foreign sources.

Resident entities are liable to corporate income tax on business profit per tax period whether from domestic or foreign operations.

1. For Individuals;

An individual is considered to be a resident in Rwanda if;

- Has a permanent residence in Rwanda
- Has a habitual abode in Rwanda
- A Rwandan representing Rwanda abroad
- Present in Rwanda for an aggregate 183 days or more in a year
- Present in Rwanda for an average of 122 days in each of the preceding two year

2. For Entities;

- Registered in Rwanda
- A place of effective management in Rwanda

Permanent Establishment

Non-resident entities are liable to corporate income tax on business profit equivalent to the income tax applicable to resident entities through their permanent establishments in the country.

Permanent Establishment Includes at Least One of the Following Places:

- A place of management
- A branch
- A factory or workshop
- A mine, quarry or any place for exploitation of natural resources
- A site set for construction
- A place for provision of services with support of employees for more than 90 days

A person with authority to negotiate and conclude contracts, or play substantial role in concluding contracts on behalf of the entity is considered a permanent establishment.





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Exemptions

1. Income from collective investment schemes
2. Income from Rwandan employee's shares within a company
3. Revenue from agricultural activities up to 12m

Corporate Income Tax (CIT)

Entities Subjected to CIT

1. Domestic & foreign companies registered in Rwanda
2. Co-operative societies
3. State owned companies
4. Trusts – trustee, enforcer or protector of a trust
5. Foundations
6. Non-residents with a permanent establishment
7. Entities established by districts or the City of Kigali for income generating activities
8. An association or entity that is established to realise profits regardless of its nature

Entities Exempted from CIT

1. The Government of Rwanda
2. The City of Kigali

3. The district
4. The National Bank of Rwanda
5. Public institution in charge of social security (RSSB)
6. Development Bank of Rwanda
7. Agaciro Development Fund Corporate Trust
8. Business Development Fund limited, "BDF Ltd"
9. Qualified pension funds
10. Organisations that carry out only faith-oriented activities, humanitarian, charitable, scientific or educational character unless those entities conduct a business
11. International organisations or agencies of technical cooperation where exemption is provided for by international agreements or an agreement with the Government of Rwanda
12. Common benefit foundations
13. Special purpose vehicle, unless the revenue received exceeds the corresponding expenses
14. Resident trustee for income earned by a foreign trust
15. Gaming activities

Allowable Expense

Conditions for Deductible Expenses

1. Incurred wholly and exclusively for the purpose of business and they are directly chargeable to the income
2. Correspond to a real expense and can be substantiated with proper invoice or receipts accepted by the tax administration (EBM receipts)
3. Lead to a decrease in the net assets of the business (e.g depreciation)
4. Used for activities related to the tax period in which they are incurred

Depreciation Rates

Asset Type	Rate	Basis	Comments
Buildings, heavy industrial equipment and machineries	5%	Straight line	Each asset
Intangible assets purchased from a third party	10%	Straight line	Each asset
ICT systems with at least 10 years useful live	10%	Straight line	Each asset
Computers, accessories & ICT systems with less than 10 years useful life	50%	Declining balance	Pooling
All other assets (Motor vehicles, equipment, furniture & fittings)	25%	Declining balance	Pooling

Non Deductible Expenses

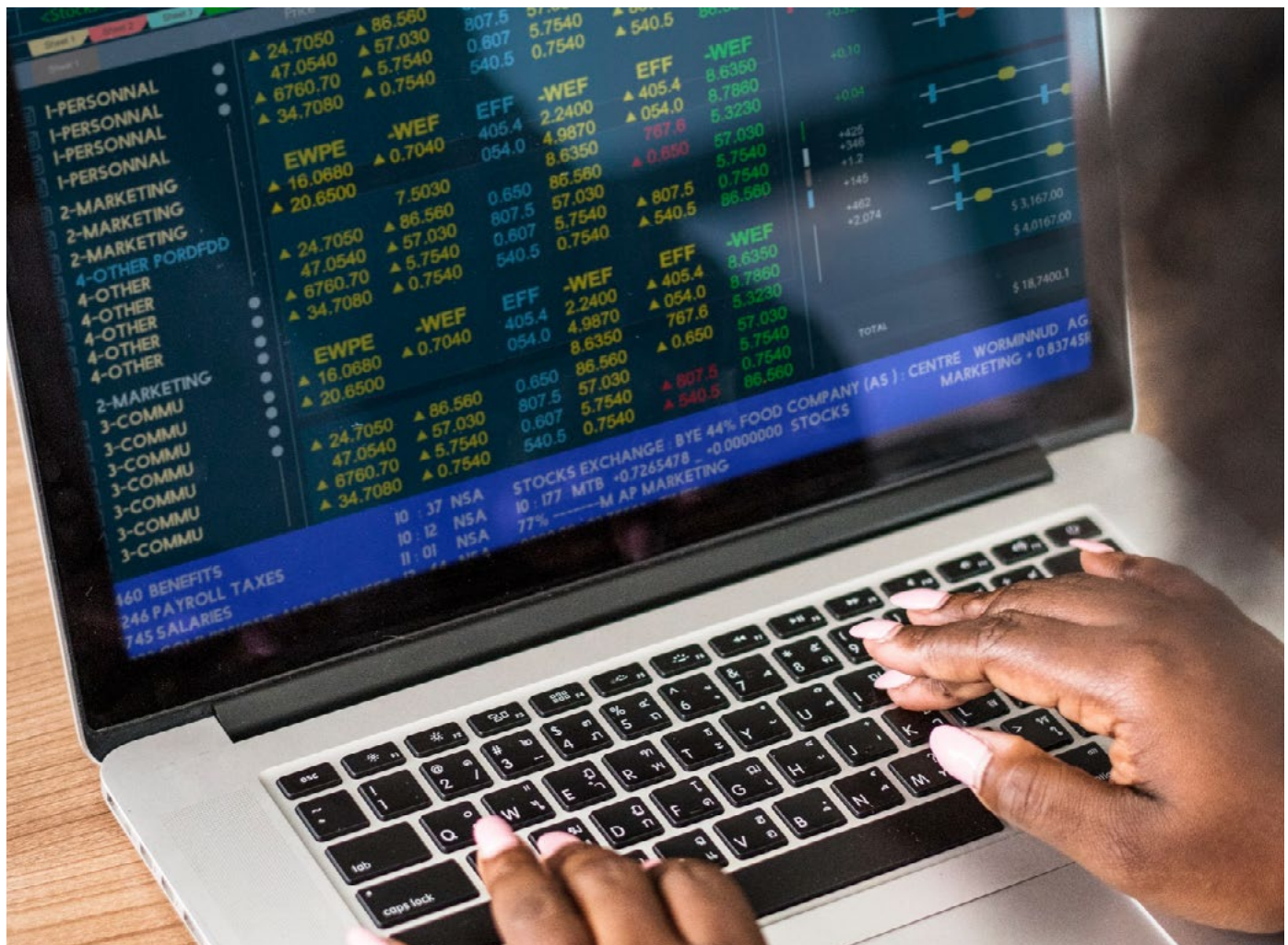
1. Fine and penalties
2. Donations, except those given to non-profit making organisations not exceeding 1% of turnover
3. Personal consumption expenses
4. Entertainment expenses
5. 20% of expenses paid on business overheads whose private and business use cannot be practically separable
6. Unrealised foreign exchange losses
7. Aggregate of management, technical and royalty fees paid to non-resident related person exceeding 2%
8. Interest from loans between related persons on total loans in excess of four (4) times of the amount of paid-up equity
9. Realised foreign exchange loss arising from total loans between related persons in excess of four (4) times of the amount of paid-up equity

Rates

Tax	Rate	Comments
1. Real Regime/Tax on Profit		
Businesses: Revenue above 20m Rwf	28% on profit	- Voluntary for small business with turnover below 20m Rwf - Rate discounts or special rates are provided for under the Investment Law
2. Lumpsum Regime/Turnover Tax		
Small Businesses: Revenue between 12m and 20m	3% on turnover	- Default registration for small businesses - Not applicable to Liberal professionals, Professionals in practice must keep accounts and pay tax on profit
3. Flat Tax Regime		
Micro Businesses Revenue 2m to 4m	60,000 Rwf	Requires request with RRA after business registration from the default designation
Micro Businesses Revenue above 4m to 7m	120,000 Rwf	
Micro Businesses Revenue above 7m to 10m	210,000 Rwf	
Micro Businesses Revenue above 10m to 12m	300,000 Rwf	
Road Transport Operators; (Motorbikes, Taxis, Buses, Vehicle hires, Trucks, Earth movers)	Flat tax per vehicle/equipment according to type and engine size	- Requires registration for each vehicle/equipment - Tax is due quarterly - Suspension or deregistration possible when vehicle not in use

Special Rates

Benefitting Entity	Rate	Comment
Licensed Deposit Taking Microfinance Institutions	0% (First 5 years)	Renewable subject to conditions
Newly Listed Companies at RSE	20% (First 5 years from date of listing)	Sells at least 40% of shares to the public
	25% (First 5 years from date of listing)	Sells at least 30% of shares to the public



Personal Income Tax

Taxable Sources of Income

- Employment
- Business activities
- Investments
- Capital gain
- Use, sale and transfer of immovable property allocated to the business
- Use, sale or free transfer of movable property allocated to the business

Exemption from Declaration of Income Tax

A person is not required to file his or her annual tax declaration if the person;

1. Has an annual turnover of less than 2,000,000 Rwandan francs
2. Receives only employment income, or

3. Receives only income on investment that is subject to withholding tax

Employment Income

Employment income includes all payments paid to an employee by his/her employer in cash or in kind in relation to the work performed.

These include;

- Salaries and wages including commissions, bonuses, gratuity and leave payments
- Allowances – subsistence, entertainment, travel, hardship/exceptional conditions (benefits in cash)
- Payments for redundancy, loss or termination of contract
- Pension payments
- Payments made in respect of previous, current or future employment

Benefits in Kind

Transport	Availability and use of a motor vehicle to an employee	10% of basic salary
Housing	Use or availability for use of premises including or excluding any household equipment	20% of basic salary
Loans & Advances	Amount exceeding 3 months' salary	Interest at BNR rate minus interest paid by employee

Rates

PAYE & PIT Rates			
Monthly Bands (Rwf)	Annual Bands (Rwf)	Rate	• Applies to employees under PAYE • Applies to businesses registered as Sole Proprietorships • Applies to natural persons in a partnership
0 – 60,000	0 – 720,000	0%	
60,001 – 100,000	720,001 – 1,200,000	10%	
100,001 – 200,000	1,200,001 – 2,400,000	20%	
> 200,000	>2,400,000	30%	
Casual Employees			
0 – 60,000		0%	• Employee that performs labour with no special skills, and • Not engaged for more than 30 days in a year in aggregate
> 60,000		15%	

Withholding Taxes

Payments Subject to withholding Tax

- Dividends
- Financial interest
- Royalties
- Service fees, including management and technical fees
- Performance payments
- Goods sold in Rwanda
- Profit after tax or retained earnings converted into shares
- Profits repatriated from Rwanda

Exceptions

- Interest
 - a. Deposits for more than 1 year
 - b. Loans from foreign development institutions exempted from tax in the country of origin
 - c. Loans from foreign banks for to local banks and deposit taking MFIs
- Dividends to resident companies
- Note that although withholding taxes are due after payment, withholding tax must be paid within six months after year end if no payment has been made to the supplier or beneficiary.

Rates

Payment	Rate
Goods imported for commercial use	5% of CIF value, at customs
Public tenders — successful bidder	3% of invoice value excl. VAT
Public tenders — recipient not registered with RRA	15%
Dividends, interest, royalties, management/technical fees (general rate)	15%
Board member allowances	30%
Gaming winnings (net of stake)	25%
Capital gains	10% (was 5%) — see Section 3.2
Dividends & interest on RSE-listed instruments	5%
Treasury bonds, 3+ years maturity	5%

Persons Exempted from Withholding Tax

- Those whose business profit is exempted from taxation
- Those who have tax clearance certificate issued by the Tax Administration (QUITUS Fiscal)
- Those who are newly registered during the concerned annual tax period

Double Taxation Treaties

The withholding tax rates applicable for recipients from countries that have signed double taxation treaties with Rwanda:

Recipient	WHT (%)			
	Dividends	Interest	Royalty	Management or Professional Fees
Non-treaty:	15	15	15	15
Treaty:				
Barbados	7.5	10	10	15
Belgium	0/15	10	10	10
China, the People's Republic of	7.5	8	10	10
Congo, Democratic Republic of the	10	10	10	14
Jersey	10	10	10	12
Luxembourg	10	10	10	10
Mauritius	10	10	10	12
Morocco	8	10	10	10
Qatar	5/10	10	10	10
Singapore	7.5	10	10	10
South Africa	10/20	10	10	10
Turkey	10	10	10	10
United Arab Emirates	7.5	10	10	10



2 VALUE ADDED TAX (VAT)

Taxable Supplies

Taxable Goods

VAT is charged on All goods supplied by a taxpayer in Rwanda except the ones which are exempted.

Taxable Services

Services supplied are taxable if the services provider is a Resident of Rwanda and the service is useful to the recipient in Rwanda.

Service Supplied in Rwanda

A service is supplied in Rwanda if any of these conditions apply:

1. The supplier is a resident in Rwanda
2. The supplier has headquarters in Rwanda only
3. The supplier has headquarters in Rwanda and elsewhere, but the HQ most directly concerned with the supply is the one in Rwanda
4. The recipient of the service needs it, or benefit from it in Rwanda where the supplier has no headquarters in Rwanda



VAT is charged on All goods supplied by a taxpayer in Rwanda except the ones which are exempted.

Exported Service

A service provided for use or consumption outside Rwanda whether the service is supplied in Rwanda or both inside and outside Rwanda but which does not have any impact on the recipient's interest in Rwanda.

Rates of Valued Added Tax

- 0% - For Zero-rated goods & services
- 18% - All other goods & services supplied in Rwanda or Imported

Zero Rate Goods and Services

1. Exported goods including those that are already exempted

2. Exported services
3. Minerals sold in the domestic market
4. International transportation of goods
5. Commissions charged for all-inclusive tour package booking services
6. Goods sold in shops that are exempted under law relating to customs
7. Locally assembled electric vehicles, hybrid vehicles, related batteries and charging equipment
8. Goods and services supplied to accredited diplomats and exempted organizations or projects according to agreements signed with the government.

Exemptions Withdrawn

Item	Status	Effective
Hybrid vehicles	Exemption ended	29 May 2025
Transport of goods	Exemption ended	1 June 2025
Fuel (petrol & diesel)	Exemption ended	1 June 2025
Passenger transport	Narrowed to 14+ seats	29 May 2025
Capital assets & raw materials for industries	Exemption ended	30 Jun 2026

Exemptions Extended or Renewed

Item	Status	Extended to
Electric vehicles, batteries, charging equipment	Extended	June 2028
Energy supply equipment	Extended	June 2028

Zero - Rated and Exempt Goods

When a good or service is zero rated and exempted at the same time, it will be considered as zero-rated.

Value Added Tax Point

The tax point for the supply of goods and services is the one that is the earliest among the following;

- a. The date of the invoice
- b. The date of payment, including partial payment
- c. The date of delivery of goods to the customer or removed from store/premises
- d. The date of delivery of the service

Acquisition of Foreign Services

Recipients of foreign services which are not available in Rwanda are allowed to deduct input tax from output tax.

However, to be allowed input deduction, the taxpayer importing the foreign services must request for authorisation from the Minister at least 2 months before importing the service.



Recipients of foreign services which are not available in Rwanda are allowed to deduct input tax from output tax.

Modalities to Apply for Authorization

1. An application letter with supporting documents
2. Show prove that a tender was called with no successful bidder in Rwanda

3. A recommendation letter issued by a competent regulator organ certifying that;
 - a. there are no providers of the service in Rwanda or
 - b. those existing do not have a satisfactory standard to provide the service

VAT on Online Services

- Scope: Applies to software, streaming, online gaming, ride-hailing/marketplace platforms, cloud hosting, digital ads, e-learning, and data monetisation providers
- Foreign suppliers selling to Rwandan customers must register for Rwandan VAT or appoint a locally registered representative
- Collection mechanism:
 - a. Registered Suppliers: (directly or through a representative) withholds and remits VAT itself
 - b. Unregistered suppliers: the payment institution processing the transaction (bank, card provider, or mobile money operator) must withhold and remit the VAT

Taxes and Fees levied by Decentralised Entities

Decentralised entities refer to local administrative entities having legal personality and enjoying administrative and financial autonomy.

They include the administrative districts and the city of Kigali.

Taxes

Taxes to be paid to decentralized entities are as follows:

- a. Trading License tax
- b. Immovable Property tax
- c. Rental Income tax



Trading License

The trading license tax is paid by any person that opens a business activity within a district.

Tax Period: January to December.

Tax Declaration: By 31st January of the tax period. In the case of quarterly declaration, by the end of first month of the Quarter.

Tax Bands and Rate

Profit Oriented Activities by Turnover	
Turnover	Annual Tax
50 Billion Rwf and Above	2,000,000
25 Billion Rwf to 50 Billion	1,500,000
1 Billion Rwf to 25 Billion Rwf	1,000,000
200 Million to 1 Billion Rwf	500,000
20 Million to 200 Million Rwf	280,000
12 Million to 20 Million Rwf	160,000
7 Million to 12 Million Rwf	120,000
2 Million to 7 Million Rwf	100,000

- Turnover basis is that of the previous year
- 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

Exemptions from Trading License

- a. Non-commercial public institutions
- b. micro-enterprises and small businesses during the first two years following their establishment

3 TAX PROCEDURES

Requirement to Keep Books

Books of accounts and records referred to in shall be kept for a period of ten (10) years.

Business Type	Turnover (Rwf)	Requirement
Micro-Enterprise	2m to 12m	Sales records only
Small Business	12m to 20m	Sales, purchases, stock, cash book, debtors and creditors, Tax liability records
Business	20m and above	Books of accounts according to IFRSs and transfer pricing documentation
	600m and above	Certified (audited) accounts

Fines, Penalties and Interest

Interest for Late Payments

Rate	Period of Delay
0.5%	First six months
1%	Six to 12 months
1.5%	Above 12 Months

Fines for Failure to Declare and Pay on Time

Rate	Period of Delay and Payment
20%	1 to 30 days
40%	31 to 60 days
60%	Above 60 days

Fines for Late Payment when Declaration was Done on Time

Rate	Period of Delay and Payment
5%	1 to 30 days
10%	31 to 60 days
30%	Above 60 days

Transfer Pricing Fines

Rate	Comments
5% value of transaction	- Failure to provide information - Providing incomplete, incorrect or misleading information, in relation to controlled transactions

Fixed Administrative Fines

Category	Fixed Fine (Rwf)	Comments
Natural person	50,000	- Failure to submit tax declaration on time - Failure to co-operate with RRA - Failure to keep books of accounts - Failure to comply with any requirements
Turnover between 2m and 20m	50,000	
Public institution	300,000	
Non-profit organisation	300,000	
Turnover above 20m	300,000	
Large taxpayer	500,000	

Fines for Failure to Provide Information to RRA

Category	Fixed Fine (Rwf)
Turnover between 2m and 20m	500,000
Turnover between 20m and 200m	2,000,000
Turnover between 200m and 600m	3,000,000
Turnover above 600m	5,000,000
Failure to submit certified financial statements when required	500,000 monthly



4 TRANSFER PRICING RULES

Transfer pricing (TP) refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. They provide the basis for adjustment of prices that differ from what would have been charged by unrelated enterprises dealing at arm's length (the arm's-length principle).

Controlled Transaction

Transactions with related parties where one party or its representative is subject to tax in Rwanda, and a related party residing in or out of Rwanda.

Deemed Controlled Transaction

Transactions with parties that are not related where one party or its representative is subject to tax in Rwanda and any other party operating in a country considered to offer beneficial tax regime.

Beneficial Tax Regime

A country that;

- Income tax is at a maximum of 20%
- Grants tax breaks to non-residents
- Has no requirement for substantial

economic activity within its jurisdiction, or

- Does not allow access to information on corporate structure of legal entities

Transactions Subject to Adjustment of Prices

- Sale, purchase or transfer for free of goods, or lease of tangible assets,
- Sale, purchase, transfer for free, or licensing of intangible assets
- Provision of services
- Lending or borrowing of money
- Any transaction that affects profit or loss

Threshold for Preparation of Transfer Pricing Documentation

- Annual turnover above six hundred million Rwf
- For persons with turnover below 600m:
 - A single controlled transaction with the value of ten million Rwandan francs or more, or
 - An aggregate controlled transactions of one hundred million Rwandan francs or more

Documentation Requirements

- Develop a transfer pricing policy, and
- Prepare and keep the documentation that verifies that the conditions of its controlled transactions for a tax period are consistent with the arm's length principle

Advanced Pricing Agreements

Taxpayers may request an Advance Pricing Agreement (APA) with RRA.

- A fee of 6 million Rwanda Francs
- Approved APA valid for 3 years, with option for renewal
- Option to roll back agreed terms up to two prior years

Tax Declarations Calendar

Date	Tax	Comments
Every 15th of the month	PAYE, WHT, RSSB, VAT	There is an option for quarterly declarations for small businesses with turnover below 200m (except for WHT)
31 st January	Trading Licence	For annual or quarterly declaration
31 st January	Rental Income tax	For individuals not registered for income tax
31 st March	Corporate Income Tax, (Real & Lumpsum & Flat regimes)	Submission of audited/certified accounts may be extended on application for 3 months
April 30 th	Trading Licence (Quarter 2)	
June 30 th	IQP Q1(Quarterly CIT prepayment)	Based on Quarter turnover: Dates assume a calendar FY: If FY differs, IQP dates shift to the taxpayer's own quarter
July 30 th	Trading Licence (Quarter 3)	
July 30 th	RDB Annual Return	Annual Accounts, companies with turnover above 600m must be file audited accounts
September 30 th	IQP Q2 (Quarterly CIT prepayment)	
October 30 th	Trading Licence (Quarter 4)	
December 31 st	Property Tax	
December 31 st	IQP Q3 (Quarterly CIT prepayment)	



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