RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

ANNUAL ACTIVITY REPORT
2024/25

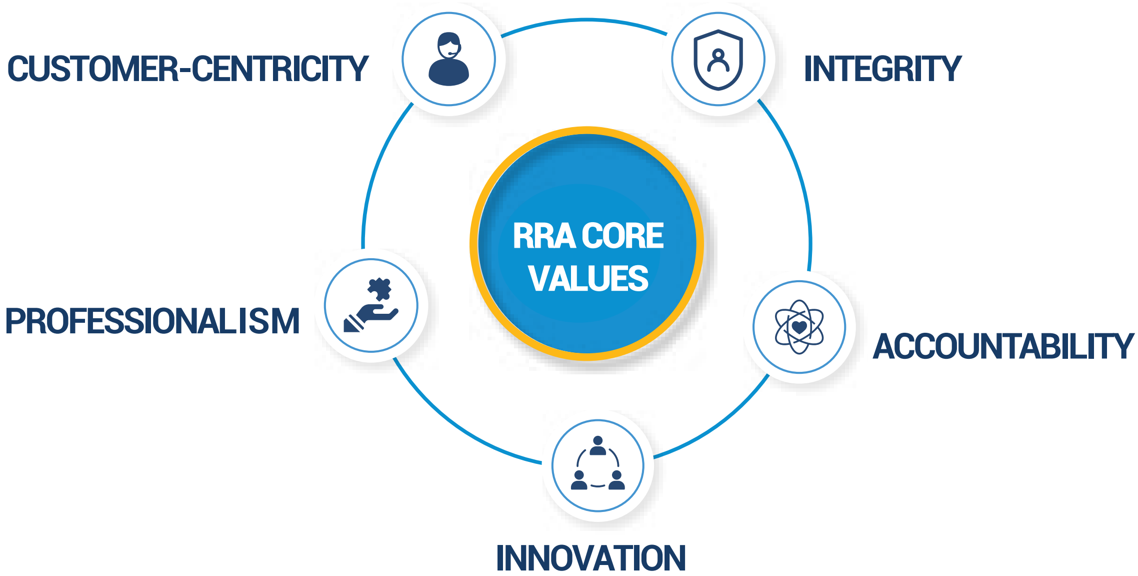
OCTOBER 2025

RRA VISION

"To be a **model revenue** administration **optimally financing** national needs."

RRA MISSION

"To efficiently **mobilize revenue** and **facilitate trade** through **transparent** and **innovative** services to drive economic growth."



HERE FOR YOU TO SERVE

RWANDA REVENUE AUTHORITY

TAXES FOR GROWTH AND DEVELOPMENT

CUSTOMER-CENTRICITY

- We **treat** our **customers** with **fairness** and **equity**,
- We **tailor** our services to our customers' needs
- We are **considerate** of customer concerns, ideas and criticism for **continuous improvement.**

ACCOUNTABILITY

- We take **responsibility** for our decisions and actions
- We demonstrate **commitment** to achieving **set results**
- We are **open, reliable** and **transparent** in dealings with our customers.

PROFESSIONALISM

- We exercise **confidentiality** and **privacy** while dealing with our stakeholders
- We are **impartial** and **fair** in our engagement with customers
- We work as a **team**.

INTEGRITY

- We are **honest,** sincere and exhibit high ethical standards
- We are **open** and **work** with **clarity** and **consistency** in dealing with our customers
- We treat our customers with **utmost respect.**

INNOVATION

- We actively **explore** and **embrace** emerging technologies
- We are adaptive and resilient to changes
- We promote continuous **learning.**

FOREWORD BY THE COMMISSIONER GENERAL

It is with great pleasure that I present the Rwanda Revenue Authority (RRA) Annual Activity Report for the fiscal year 2024/25. RRA successfully achieved its set targets driven by a 6.3% growth in the economy, coupled with effective administrative measures implemented during the year.

The tax administration surpassed the target performing at **101.9%** for total revenue collection (both tax and non-tax, excluding local government collections) which equates to year-on-year growth of 17.4%.

During the period under review, RRA made significant progress in strengthening domestic revenue mobilization through innovation, efficiency, and trust-based engagement. Building on earlier digital reforms such as e-filing and e-invoicing, the Authority advanced toward a more data-driven and intelligence-led administration. The deployment of real-time monitoring systems, expanded use of data analytics, and targeted compliance interventions has enhanced our capacity to detect risks, close reporting gaps, and reduce leakages.

Notable initiatives launched during the year included the **Voluntary Disclosure Scheme**, which encouraged taxpayers to regularize their affairs in good faith, and the **VAT rebate scheme**, which promoted a culture of compliance by rewarding transparent transactions. Alongside these, continuous **staff capacity development, policy and administrative reforms,** and administrative measure and the refinement of **taxpayer segmentation** have contributed to a more balanced and risk-based compliance framework.

Furthermore, the expansion of **end-to-end online services**—covering registration, filing, payments, and refunds—has further reduced compliance time and costs, improving the overall taxpayer experience. These achievements reflect the Authority's unwavering commitment to transparency, service excellence, and innovation.

All these efforts are anchored in the **RRA Strategic Plan 2024–2029,** developed through extensive stakeholder engagement to guide our collective journey toward a modern, data-informed, and trusted tax administration that supports Rwanda's sustainable development goals.

In conclusion, I wish to express my sincere appreciation to the Government of Rwanda, the RRA Senior Management Team and all RRA staff for their dedication and contributions to the achievements presented in this annual report. I equally extend my gratitude to the taxpaying community and our stakeholders for their invaluable support to RRA's success. Together, we remain committed to optimizing revenue collection in order to build a stronger and better Rwanda.

NIWENSHUTI Ronald
Commissioner General.

EXECUTIVE SUMMARY

The Rwanda Revenue Authority (RRA) continued to make significant progress in domestic revenue mobilization and institutional strengthening during the **Fiscal Year 2024/2025**. The performance reflects the Authority's commitment to efficient tax administration, enhanced compliance, and modernization in line with the **RRA Action Plan 2024/2025** and the **Strategic Plan 2024–2029.**

Overall Revenue Performance

In the FY 2024/25, RRA collected **FRW 3,099.0 billion** against a target of FRW 3**,041.2 billion** for central government revenue, representing **101.9% performance** and a **17.4% growth** compared to FY 2023/24. Domestic taxes contributed **FRW 2,185.3billion**, customs taxes yielded **FRW 865.6 billion**, while **local government taxes** amounted to **FRW 107.5 billion**, exceeding the annual target of FRW 102.8 billion.

This performance was underpinned by continued economic growth, stronger compliance management, enhanced digital systems such as EBM and e-Tax, and enhanced taxpayer engagement. The overall **tax-to-GDP ratio improved** from 14.1% in FY 2023/24 to 14.3% in FY 2024/25, demonstrating progress toward national revenue mobilization goals.

Administrative Measures and Policy Reforms

Several administrative measures contributed to this achievement:

- Expansion of the **Electronic Billing Machine (EBM)** system integration and simplified digital filing for small taxpayers;
- Strengthened **audit and compliance enforcement programs** guided by risk-based approaches;
- Improved **taxpayer education and service delivery** through digital platforms and regional outreach;
- Enhanced **debt management** and recovery strategies; and
- Implementation of targeted **policy adjustments** to support compliance and minimize revenue leakage.

These initiatives collectively improved filing compliance rates and enhanced the overall efficiency of tax administration.

Implementation of Key Projects

During the year, RRA made notable progress in the implementation of institutional modernization projects. The rollout of EBM v2.1, E-tax system enhancement, Electronic Cargo Tracking system, Electronic Single Window System, have contributed to advancement of RRA's digital transformation agenda.

RRA made the improvements on regular tax system version updates to ensure that all enhancements made to the EBM interface are also reflected on the taxpayer/client interface and VAT refund processing have contributed to quick recovery of outstanding tax arrears.

Overall, more than **80% of planned project milestones** were achieved, contributing to greater operational efficiency, data-driven decision-making, and improved taxpayer compliance.

Strengthening Internal Capacity

RRA continued to strengthen both institutional and human capacity, with 88.5% of staff benefiting from professional training programs in areas such as tax administration, risk management, data and business analytics, internal auditing, and ethics and integrity. The institution also enhanced internal audit functions, integrity management, and risk mitigation systems. In addition, RRA successfully implemented a Quality Management System (QMS) and achieved ISO 9001:2015 certification, demonstrating its commitment to service excellence and continuous improvement.

Key Challenges

The Authority faced several challenges, including delays in ICT system integrations, persistent tax arrears, the impact of rising tax expenditures on potential revenues and continued existence of a cash-based economy hinders the effective tracing of taxable transactions. Resource constraints and compliance gaps among hard-to-tax sectors also remained concerns. Mitigation measures have been initiated through stronger inter-agency collaboration, enhanced monitoring systems, and continuous policy review.

Future Outlook

In FY 2025/26, RRA will focus on consolidating digital transformation gains, expanding the tax base through data-driven compliance approaches, and strengthening taxpayer services. Key priorities will include operationalizing advanced data analytics tools, integrating systems across institutions, and enhancing voluntary compliance through simplified processes.

These efforts are aligned with the Strategic Plan 2024–2029, which seeks to foster a modern, efficient, and transparent revenue administration that supports Rwanda's sustainable growth and fiscal resilience.

OUR YEAR IN NUMBERS

Our performance
at a glance

Rwf 3,099.0bn
Total central government revenue collected (**101.9%** of target)

Rwf 107.5bn
Total Local government revenue (104.6% of target)

14.3%
Tax to GDP ratio

55.1%
Total fiscal and non-fiscal revenues as % of national budget

Target outcome 1: Improved Customer Service

92%
Call center survey recommandations implemented

24
Online services automated and enhanced

1
Tax compliance improvement plan developed

120
Sessions, meetings, seminars, and workshops conducted to improve tax education

Target outcome 2: Enhanced Tax Compliance

9.5%
Increase in taxpayers registry

2,756
Central taxes Audits completed

78,552
LGT Audits completed

440
Anti-smuggling operations conducted

95%
Implementation of the annual compliance improvement plan

95.0%
of VAT registered have EBM

141
Investigation cases conducted

Target outcome 3: Improved Employee Engagement

109 Staff completed the effective supervisory Management courses

205 RRA staff studying professional courses

13 RRA staff Completed professional courses CPA and CAT

Target outcome 4: Strengthen Organizational Capacity

Rwf 2.1
Spent to collect each 100 Rwf in tax revenue

12
Internal audits completed

87.5%
Of risk mitigation strategies implemented

66
Staff received displinary sanctions

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LIST OF ABBREVIATIONS AND ACRONYMS

AEO	Authorised Economic Operators
Billion	Billion
CIF	Cost Insurance and Freight
CIT	Corporate Income Tax
CSD	Customs Services Department
DTD	Domestic Tax Department
EAC	East African Community
EBM	Electronic Billing Machine
EBM V.2	Electronic Billing Machine Version Two
ESW	Electronic Single Window
FDA	Food and Drug Authority
FRW	Rwandan Francs
FY	Fiscal Year
GDP	Gross Domestic Product
ICPAR	Institute of Certified Public Accountants of Rwanda
Int'l	International
IQP	Income Tax Quarterly Payment
LG	Local Government
LGT	Local Government Taxes
MINECOFIN	Ministry of Finance and Economic Planning
NAEB	National Agricultural and Export Development
NID	National ID
NVRT	Non-VAT registered taxpayers
NST-1	National Strategy for Transformation 1
PAYE	Pay As You Earn
PIT	Personal Income Tax
Q	Quarter
QMS	Quality Management System
RAB	Rwanda Agricultural Board
RICA	Rwanda Institute for Conservation Agriculture
RRA	Rwanda Revenue Authority
SDC	Sales Data Controller
SMS	Short Message Service
SMT	Small and Medium Taxpayers Office

TCC	Tax Credit Cheque
TIN	Tax Identification Number
USD	United State Dollar
VAT	Value Added Tax
WHT	Withholding Tax

1. OVERALL REVENUE PERFORMANCE FOR 2024/25 FISCAL YEAR

1.1. REVENUE PERFORMANCE FOR FISCAL YEAR 2024/25

Table 1 summarises the revenue performance of RRA against its targets for the FY 2024/25. The key figures are:

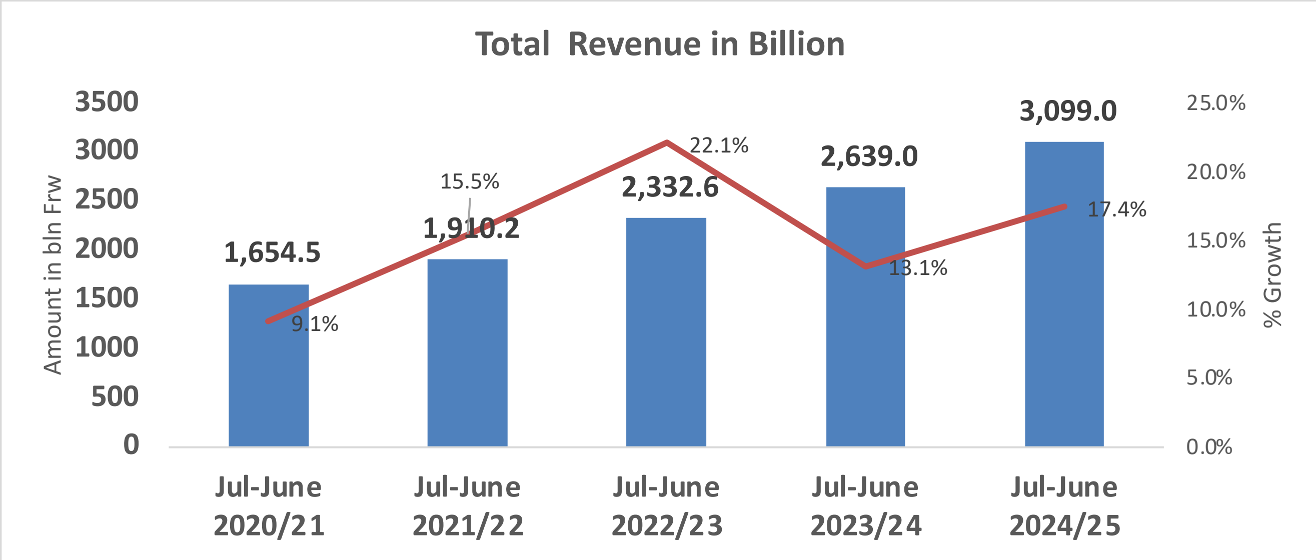
1. The total revenue collection (both tax and non-tax, excluding local government collections) for FY 2024/25 amounted to **FRW 3,099.0 billion** against the target of **FRW 3,041.2 billion** which is an achievement of **101.9%** and a surplus of FRW 57.8 billion above the target.
2. **Total tax revenue**, which includes both central and local government taxes, amounted to FRW 3,068.8 billion against a target of FRW 3,022.9 billion, achieving **101.5%** and an excess of FRW 45.8 billion. This represents an annual growth of **18.7%,** which is above the projected growth rate of **16.9%.**
3. Revenue from Local Government (LG) taxes and fees totalled **FRW 107.5 billion,** achieving **104.6%** of the target (FRW 102.8 billion), resulting in a surplus of FRW **4.7 billion**. This represents a nominal increase of **FRW 17.8** billion and year-on-year growth of **19.8%,** exceeding the projected growth of **14.5%.**

Table 1: RRA Revenue performance against targets for FY 2024/25 (billion FRW)

Categories of tax	Target FY 2024/25	Actual FY 2024/25	Variance	Perfor-mance rate	Actual FY 2023/24	Growth in FY 2024/25	Nominal increase	Proj. Growth
Total revenue	**3,041.2**	**3,099.0**	**57.8**	**101.9%**	**2,639.0**	**17.4%**	**460.1**	**15.2%**
Other Revenue	90.8	105.5	14.7	116.1%	104.2	1.3%	1.3	-12.8%
Total tax revenue	**2,950.4**	**2,993.6**	**43.2**	**101.5%**	**2,534.8**	**18.1%**	**458.8**	**16.4%**
* Direct taxes	1,360.6	1,350.3	-10.3	99.2%	1,161.5	16.3%	188.8	17.1%
* Taxes on G & S	1,380.6	1,417.9	37.3	102.7%	1,181.2	20.0%	236.7	16.9%
* Taxes on Int'l Trade	209.2	225.4	16.2	107.7%	192.1	17.3%	33.2	8.9%
L.G tax and fees	**102.8**	**107.5**	**4.7**	**104.6%**	**89.8**	**19.8%**	**17.8**	**14.5%**
LG Tax	72.6	75.2	2.6	103.6%	50.4	49.1%	24.8	44.0%
LG Fees	30.3	32.4	2.1	106.9%	39.4	-17.8%	-7.0	-23.1%
Central & L.G tax revenue	**3,022.9**	**3,068.8**	**45.8**	**101.5%**	**2,585.2**	**18.7%**	**483.5**	**16.9%**

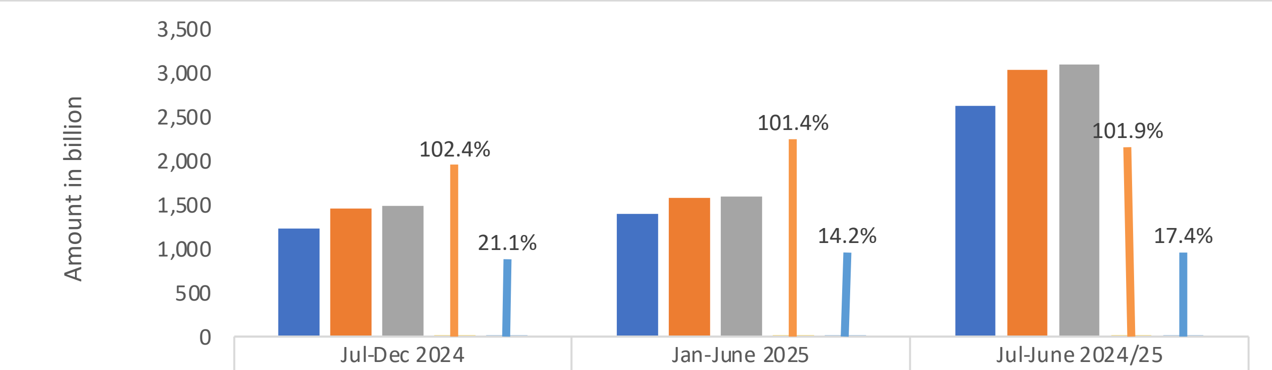
Collections for FY 2024/25 continued to grow compared to the previous five years, as shown in Figure 1. Annual revenue collection increased by 17.4% this fiscal year compared to the previous fiscal year; surpassing both the projected growth of 15.2% and the previous year's growth of 13.1%.

Figure 1: Total Revenue Collection and Annual Growth, FY2020/21 – FY2024/25



In terms of revenue performance by semester, semester one achieved 102.4% of its target with a growth rate of 21.1%, resulting in an excess of FRW 35.3 billion while semester two achieved 101.4%, with a 14.2% growth and an excess of FRW 22.5 billion. Overall, the annual performance achieved at 101.9%, with a total surplus of FRW 57.8 billion.

Figure 2 : Revenue Performance by Semester – FY2024/25



	Jul-Dec 2024	Jan-June 2025	Jul-June 2024/25
2023/24 Collections	1,237.0	1,401.9	2,639.0
2024/25 Target	1,462.6	1,578.6	3,041.2
2024/25 Collections	1,497.9	1,601.1	3,099.0
% Achv 2024/25	102.4%	101.4%	101.9%
% Growth 2024/25	21.1%	14.2%	17.4%

1.2. MAJOR FACTORS THAT AFFECTED THE PERFORMANCE OF FY 2024/25

Economic Growth: 6.3%
Less than projected: 6.8%

Inflation: 5.7%
Higher than projected: 5.0%

Import growth: 18.1%
Higher than projected: : 10.5%

Administrative reforms (Voluntary disclosure & VAT reward): estimated impact of additional Frw 16.8 billion revenue (details below)

Policy changes: estimated impact of Frw 212.3 billion revenue foregone (details below)

1.2.1. Macroeconomic Factors

Tax revenue collections are influenced by both the real economic growth rate and the inflation rate. Fluctuations in either of the indicators typically lead to corresponding changes in tax revenue collection.

The overall economic performance remained strong during most of FY2024/25. Real GDP grew by **6.3 percent**, slightly below the **projected 6.8 percent**, yet still reflecting robust activity in key taxable sectors such as **public administration, ICT, financial services, and mining**. These sectors, which recorded growth rates well above the national average, contributed significantly to the strong performance of **Withholding Tax, VAT, and Mining Royalties**. The overall **tax buoyancy of 1.02** indicates that tax revenues grew slightly faster than the economy, demonstrating a **stable and responsive revenue system** aligned with underlying economic activity.

Inflation effect; the average rate stood at 5.7% in 2024/25, slightly above the projected 5.0%. While this higher-than-expected inflation supported VAT over performance, excise revenues underperformed, likely due to reduced demand, as shown in table 2 below.

Table 2: Inflation and Revenue Growth for FY 2019/20 to FY 2024/25

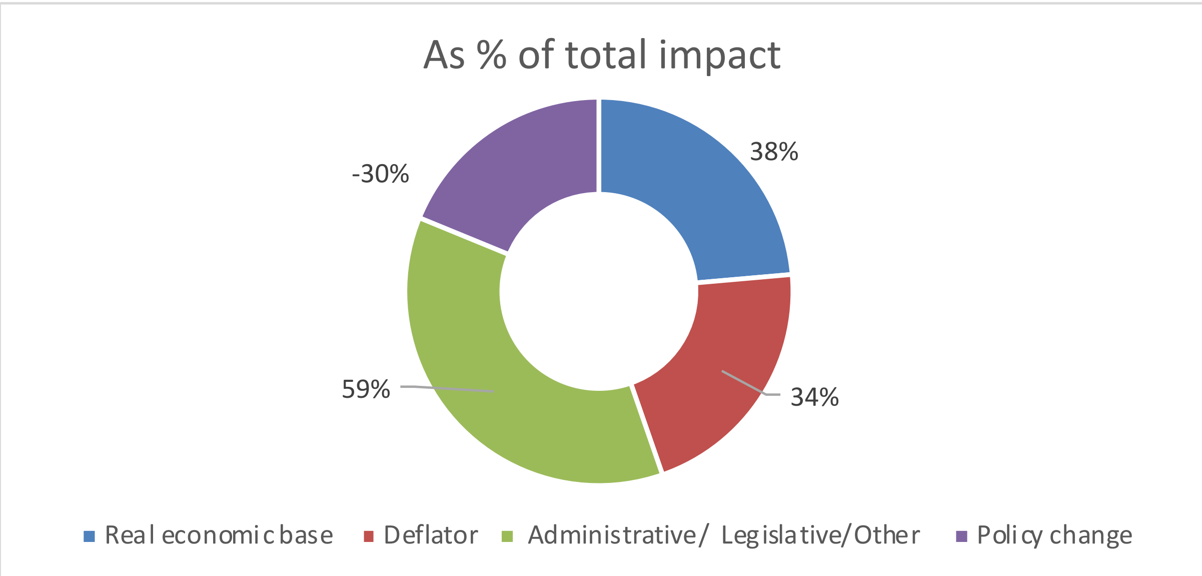
July-Jun	Total Revenue in Billion	Nominal Revenue Growth	Inflation Rate	Real Revenue Growth
2024/25	3,099.0	17.4%	5.7%	11.1%
2023/24	2,639.0	13.1%	7.9%	4.9%
2022/23	2,332.6	22.1%	18.2%	3.3%
2021/22	1,910.2	15.5%	4.6%	10.4%
2020/21	1,654.5	9.1%	4.2%	4.7%
2019/20	1,516.3	6.6%	6.3%	0.2%

Source: RRA and NISR

Sources of Revenue Change and Tax-to-GDP Trend

During FY 2024/25, the total change in tax revenue amounted to FRW 615.7 billion compared to the previous year. Decomposition of this change shows that 38% of the growth originated from real economic expansion, 34% from inflationary effects (deflator), and 59% from administrative and legislative measures, while tax policy changes mainly relief measures, reduced collections by around 30%. The continued modernization of tax administration, including enforcement of e-invoicing, improved audit coverage, and digital compliance monitoring, contributed substantially to this over performance. Consequently, the tax-to-GDP ratio rose from 14.1% to 14.3%, signaling steady progress toward Medium-Term Revenue Strategy (MTRS) targets and reflecting improvements in tax administration efficiency and taxpayer compliance.

Figure 3: Tax revenue source of change distribution



1.2.2. Administrative measures that supported performance

In FY 2024/25, key administrative measures that contributed to revenue performance include:

a) **Customs Procedures:** Enhanced detection of undervaluation of products, misclassification, and other custom related frauds. As a result, FRW 57.0 billion was recovered from this initiative;

b) **VAT Refund Verification:** Rejected inappropriate refund claims totaling FRW 26.2 billion, saving revenue;

c) **Tax Arrears Collection:** Automation of garnishment orders and improved warning/reminder systems boosted arrears recovery to FRW 308.2 billion in FY2024/25, a 59.6% increase from FRW 193 billion the previous year;

d) **Stock Analysis and Supply Chain Audits:** Covered 218 invoices worth FRW 26.7 billion, recovering FRW 2.9 billion in VAT;

e) **Taxpayer Registration and Base Expansion:** Registered 118,478 new taxpayers via data matching, third-party sources, and field outreach, contributing FRW 8.2 billion to revenue;

f) **Tax Compliance and Audit:** Conducted 2,111 desk audits, 117 comprehensive audits and 528 issued oriented audits;

g) **Voluntary Disclosure Scheme:** Engaged 5,328 taxpayers, recovering FRW 15.8 billion;

h) **On-Time Filing and Payment Enforcement:** Strengthened enforcement through SMS reminders, targeted notices, and conducted 174 taxpayer awareness sessions;

i) **Risk Management and Intelligence:** Completed 135 compliance risk reports, 141 investigations, and 440 anti-smuggling operations;

j) **EBM enhancement, enforcement, and VAT rewards:** EBM was enforced across 13 districts, with seven new business requirements developed to improve system functionality. The VAT reward scheme gained traction, with 83,356 consumers claiming over FRW 1 billion;

k) **Customs and Trade Facilitation:** Developed six Single Transaction Portal modules and initiated system integrations with Rwanda FDA, NAEB, and RAB, despite some implementation challenges;

l) **Revenue Control and Excise Enforcement:** Conducted 351 factory visits, registered 24 new excise taxpayers and introduced five compliance controls (NID and phone verification during EBM setup, controls for detecting informality in adoption of EBM, controls to enable visibility of customs declaration regimes for purposes of domestic tax compliance; controls to compare customs value with domestic market price for taxpayers with facilitation schemes, controls to enhance management of VAT reward);

m) **Taxpayer Education:** Conducted 171 taxpayer engagement programs, reaching 25,850 participants. The engagements included tax workshops, customs and EBM awareness sessions, tax education initiatives, and targeted trainings .

n) **Integration of gaming companies' systems with RRA's tax administration platform** significantly broadened the withholding tax base within the Arts, Recreation, and Entertainment sector. This led to an exceptional 1,021% increase in payments subject to withholding, rising from FRW 76.9 billion for preceding fiscal year to Frw 862.6 billion.

1.2.3. Impact of policy change on Revenue collection:

During FY2024/25, the overall revenue performance was influenced by several policy changes and tax expenditures that either delayed or reduced expected collections. The value of revenue foregone through tax incentives, exemptions, and other revenue-reducing measures continued to rise, reflecting the Government's efforts to promote strategic investments and economic recovery, while also constraining the immediate revenue base.

Delayed Implementation of Tax Reforms

The delayed implementation of selected tax reform measures in FY2024/25 reduced the expected revenue gain from **FRW 19 billion** to **FRW 5 billion**. Key components included **motor vehicle registration fees (FRW 1.9 billion)**, **fuel levy (FRW 2.2 billion)**, **strategic reserve levy (FRW 0.86 billion)**, and **excise duties on cosmetics (FRW 0.34 billion)**. In addition, aligning the excise tax period with the calendar year shifted some collections from June to July 2025, thereby affecting FY2024/25 revenue performance.

Increased Tax Expenditures and Incentive Policies

The value of revenue foregone due to tax expenditures rose sharply in FY2024/25, driven by expanded exemptions under strategic government programs. Between July 2024 and June 2025, major policy measures and their fiscal impacts were as follows:

- **E-mobility Incentives:** The Government granted exemptions from **import duty, excise tax, customs withholding, and import VAT** on **electric and hybrid vehicles** and their spare parts. This measure resulted in **FRW 119.4 billion** in foregone revenue in FY2024/25, compared to **FRW 40.4 billion** in FY2023/24, reflecting Rwanda's strong commitment to promoting sustainable transport solutions.
- **Manufacture and Build to Recover Program (MBRP):** Exemptions under the MBRP amounted to **FRW 10.3 billion** between July and December 2024, bringing cumulative foregone revenue to **FRW 43.6 billion** since the program's inception in July 2021. The program continues to support industrialization and post-pandemic recovery initiatives.
- **PAYE Tax Bracket Adjustment (Phase II):** The second phase of revised **PAYE tax brackets**, implemented in November 2023, reduced PAYE collections by **FRW 16.9 billion** between July and November 2024. Although smaller than the impact observed under Phase I (**FRW 39.8 billion**), the combined effect reached **FRW 56.7 billion**, indicating continued moderation of PAYE growth as disposable incomes improved for lower-income earners.
- **VAT Exemption on Rice and Maize Flour:** The VAT exemption on essential food items such as rice and maize flour led to **FRW 39.0 billion** in foregone revenue during FY2024/25, up slightly from **FRW 38.3 billion** in FY2023/24. Since its introduction in March 2023, the measure has cumulatively resulted in **FRW 81.9 billion** in foregone VAT, contributing to food price stability and household welfare.

Overall Impact

Overall, tax exemptions and delayed policy measures significantly narrowed the taxable base and constrained domestic revenue growth. The total revenue foregone increased by **17.4 percent** in FY2024/25, mainly driven by the surge in exemptions related to e-mobility imports. While these measures advance broader policy objectives such as green investment, industrialization, and social protection, they continue to exert downward pressure on revenue performance and underscore the importance of strengthening the **tax expenditure management framework** to ensure efficiency and sustainability.

1.3. TAX REVENUE PERFORMANCE BY TAX HEADS

Most of the tax heads surpassed their targets and recorded strong year-on-year growth rates, as shown in Table 3

Table 3: Tax revenue performance by tax heads for FY 2024/25

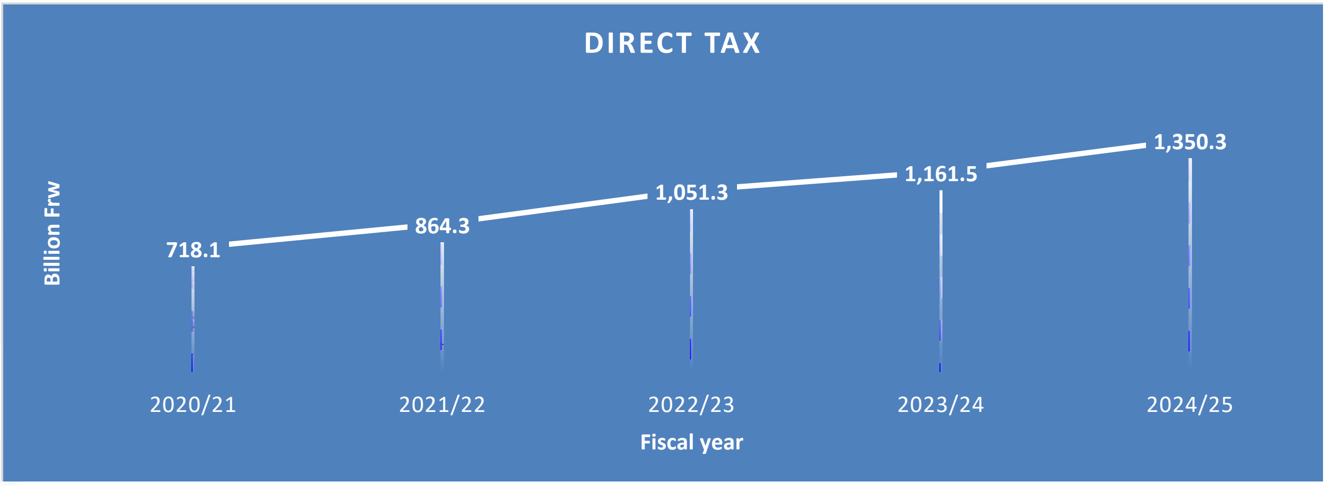
Tax heads	Target FY 2024/25 (FRW bn)	Actual FY 2024/25 (FRW bn)	Performance rate	Growth rate FY 2024/25
PAYE	623.7	639.6	102.6%	12.1%
Profit Taxes (CIT, PIT & WHT)	729.8	701.2	96.1%	19.9%
Value Added Tax (VAT)	924.2	962.1	104.1%	21.5%
Excise	358.8	347.2	96.8%	13.0%
Import Duty	176.0	188.1	106.9%	18.1%
Royalty Tax on Mining	15.7	26.4	167.5%	148.8%
Fuel levy	64.0	63.8	99.7%	15.1%
Vehicle Registration	7.1	9.5	133.9%	55.9%
Strategic reserve Petroleum Levy	17.8	18.4	103.5%	16.9%
Infrastructure Development Levy	29.4	32.9	112.0%	12.8%
African Union Levy	3.8	4.3	113.7%	16.5%
Total Tax Revenues	**2,950.4**	**2993.6**	**101.5%**	**18.1%**
Other Revenue	47.5	57.3	120.7%	8.9%
• Road Toll	27.6	24.2	87.7%	-5.1%
• Other Customs Revenues	8.8	16.5	187.3%	25.7%
• Interest and penalties	11.1	16.7	149.9%	18.6%
Total Tax and Other Revenue	**2,997.9**	**3,050.9**	**101.8%**	**17.9%**
Non-fiscal collected by RRA	43.3	48.1	111.1%	-6.6%
Total RRA Revenue	3,041.2	3,099.0	101.9%	17.4%

Source: RRA Revenue Performance

1.3.1. DIRECT TAXES

Direct taxes, which include CIT & PIT, PAYE, and WHT categories, performed at 99.2% in FY 2024/25. Annual growth was 16.3%, below the 17.1% projected.

Figure 3: Trend of direct taxes over the last 5 years



The following sections describe and analyse revenue performance by tax head for direct taxes

1.3.1.1. Profit Taxes

Collection: Frw 701.2 billion Target: Frw 729.8 billion	Performance: 96.1% Annual Growth: 19.9%	**Key factors:** Increase in the ratio of Bussiness expenses and unpaid tax declaration

Profit taxes consist of CIT and PIT, and Withholding Taxes (WHT). WHT are retained by a paying agency, such as public institutions, which then remit it to the tax administration. The original payer, if they are registered in the RRA tax system, can offset the WHT against their CIT and PIT payable.

1.3.1.1.1. Corporate Income Tax (CIT) and Personal Income Tax (PIT)

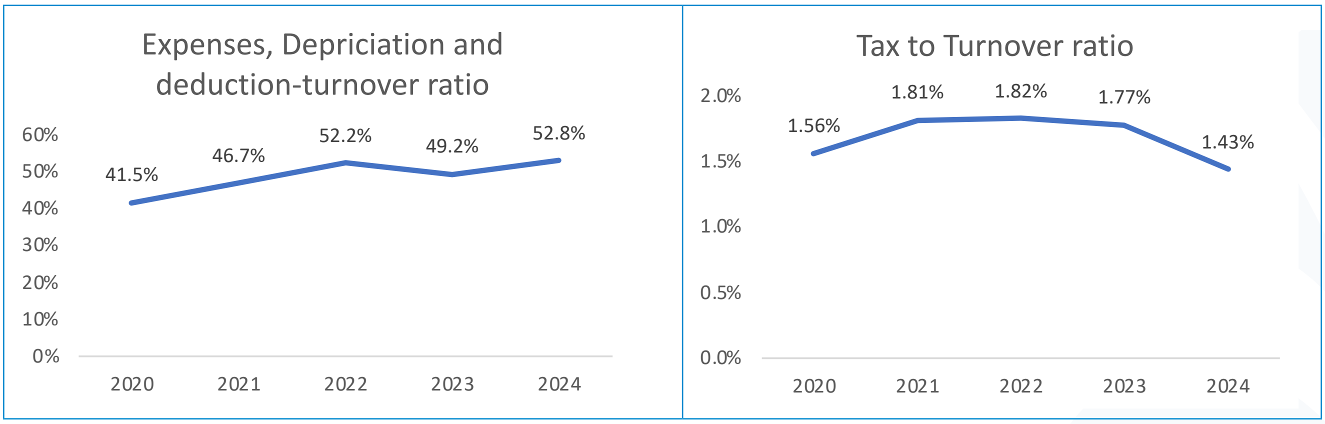
Collection: Frw 347.2 billion Target: Frw 387.3 billion	Performance: 89.6% Annual Growth: 16.8%	**Key factors:** - Increase in the ratio of business expenses; depreciation; - Deductions in income tax to turnover ratio

During FY2024/25, CIT and PIT collections totalled FRW 347.2 billion, falling short of the FRW 387.3 billion target by FRW 40.1 billion. However, this performance reflects a growth rate of 16.8%, falling below the projected 29.4%.

The underperformance was primarily attributed to the following factors:

- An increase in the ratio of business expenses, depreciation, and deductions to turnover from 49.2% in 2023 to 52.8% in 2024, which reduced the taxable base and, consequently, the income tax, declared in March 2025.
- A reduced income tax to turnover ratio in 2024 (1.43%) lowered the annual income tax declared in March 2025. Both IQP projections and payments were based on the higher 2023 ratio (1.77%), meaning most of the liability had already been settled through prepayments, leaving only a small balance.
- Unpaid tax declarations totalling FRW 4.7 billion by 1,465 taxpayers from IQP June 2025.

Figure 4: Trend of Business Expenses-to-Turnover Ratio and Income Tax-to-Turnover Ratio



1.3.1.1.2. Withholding Taxes (WHT)

Total collection: Frw 305.1 billion

Target: Frw 294.6 billion

Performance: 103.6%

Annual growth: 24.3%

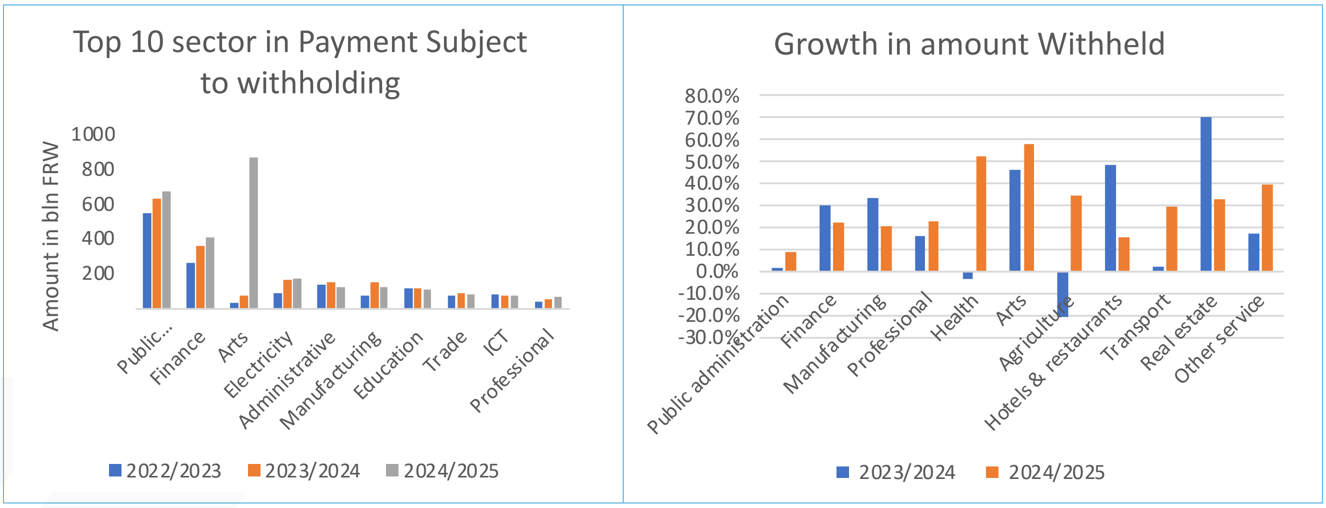
Key factors:

Strong performance driven by a sharp increase in payments subject to the 15% rate

In FY 2024/25, the strong performance was primarily driven by a sharp increase in payments subject to the 15% rate, while collections under the 3% rate fell below their targets/ expectation.

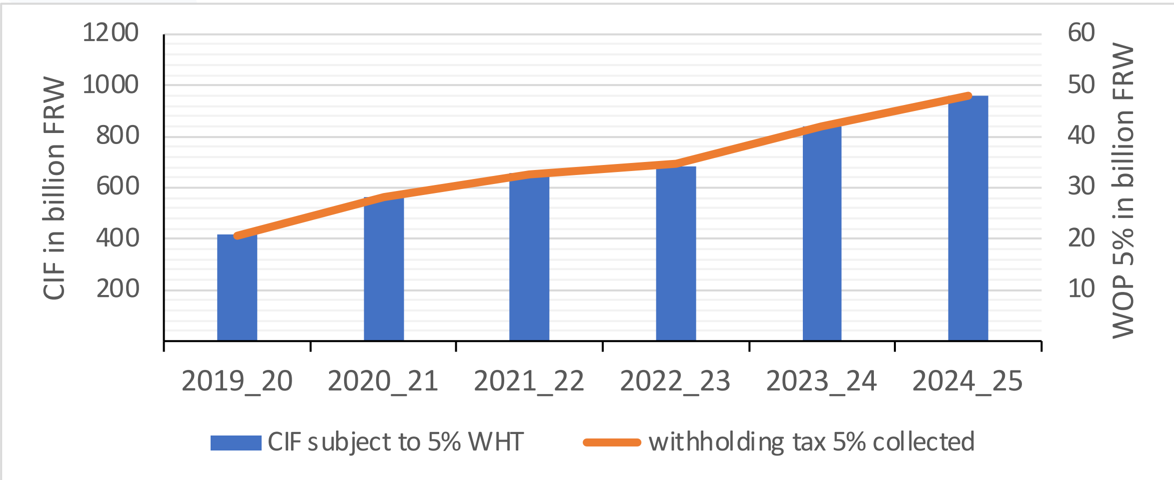
Some sectors such as Trade, Administrative Services, Manufacturing, and Education recorded declines, growth in the remaining top 10 sectors helped sustain overall performance. This sectoral expansion contributed an additional FRW 19.2 billion in 15% withholding tax collections, reflecting improved compliance and heightened economic activity particularly in the second half of the fiscal year.

Figure 5: Trends in Payments Subject to 15% and 3% Withholding Tax and Growth in Amount Withheld by Top Sectors, FY2022/23 – FY2024/25



Similarly, the 5% Withholding Tax collection reached FRW 48.9 billion, exceeding the FRW 48.0 billion target with a performance rate of 101.9%. This marks a 16.3% growth, surpassing the projected 14.2%. The strong performance was largely due to a slower increase in the number of taxpayers obtaining Quitus Fiscal certificates, growing by only 33.3% in FY2024/25, compared to 46.7% in the previous year, shown in Figure 7.

Figure 6: Withholding 5% and CIF with no Quitus or exemption on WHT 5% (2019/20-2024/25)



1.3.1.2. Pay as You Earn (PAYE)

Total collection: Frw 639.6 billion

Target: Frw 623.7 billion

Performance: 102.6%

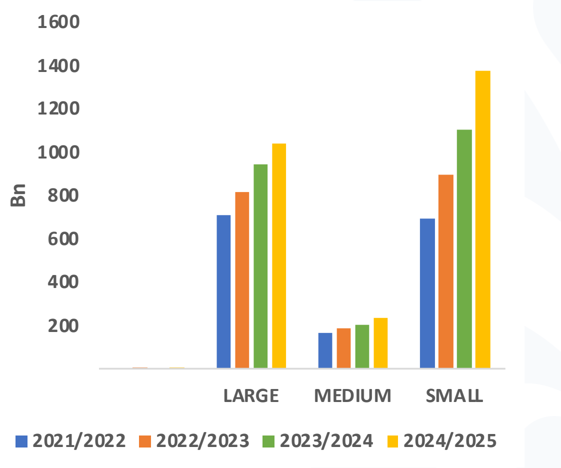
Annual growth: 12.1%

Key performance factors:

- Enhanced taxpayer education
- Bonus payments
- Employment growth

Figure 7: Trends in Employee Growth and Taxable Income Growth, June–May FY2021/22 to FY2024/25

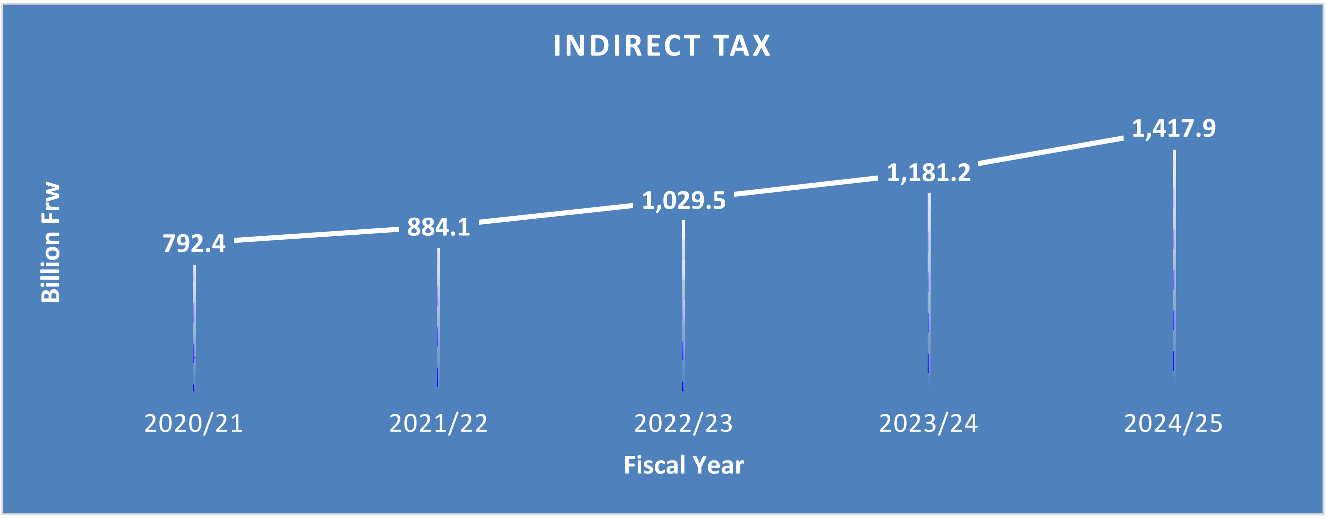
	2021/2022	2022/2023	2023/2024	2024/2025
Permanent employees	13.8%	10.5%	5.9%	12.3%
Casual employees	-31.5%	-14.5%	-11.1%	-3.6%
Second employees	-119%	534%	-88%	119%



1.3.2. INDIRECT TAXES

Indirect taxes encompass taxes on goods and services, as well as taxes on international trade. Figure 8 illustrated the upward trend in Indirect tax collections over the past 5 years.

Figure 8: Trend of indirect taxes over the last 5 years



1.3.2.1. TAXES ON GOODS AND SERVICES

Taxes on goods and services include net VAT and Excise taxes, and smaller categories, like the Fuel Levy, mining royalties, and the Strategic Reserves Levy. These taxes raised FRW 1,417.9 billion, exceeding the target of FRW 1,380.5 billion, resulting in a performance rate of 102.7%.

1.3.2.1.1. Value Added Tax (VAT)

Total collection: Frw 962.1 billion

Target: Frw 924.2 billion

Performance104.1%

Annual growth: 21.5%

Key factors:

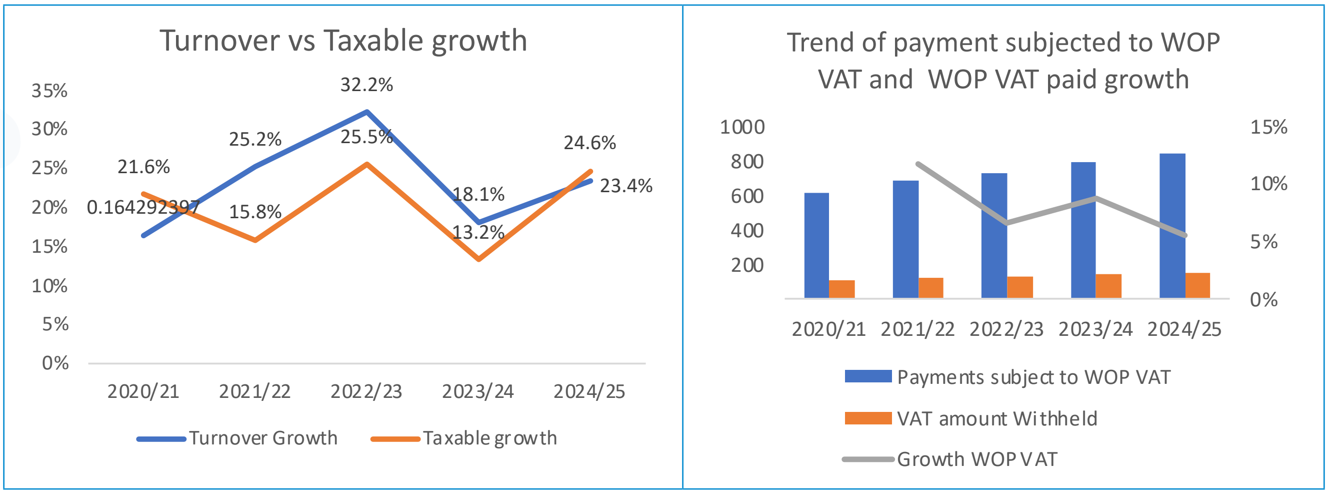
Strategic administrative measures (like enforcement of EBM, etc)

This performance was largely driven by increased contributions from both Domestic VAT and Import VAT. RRA's enhanced data analysis capabilities increased compliance with VAT, with particular improvement in scrutinising false input claims and stock analysis.

Domestic VAT

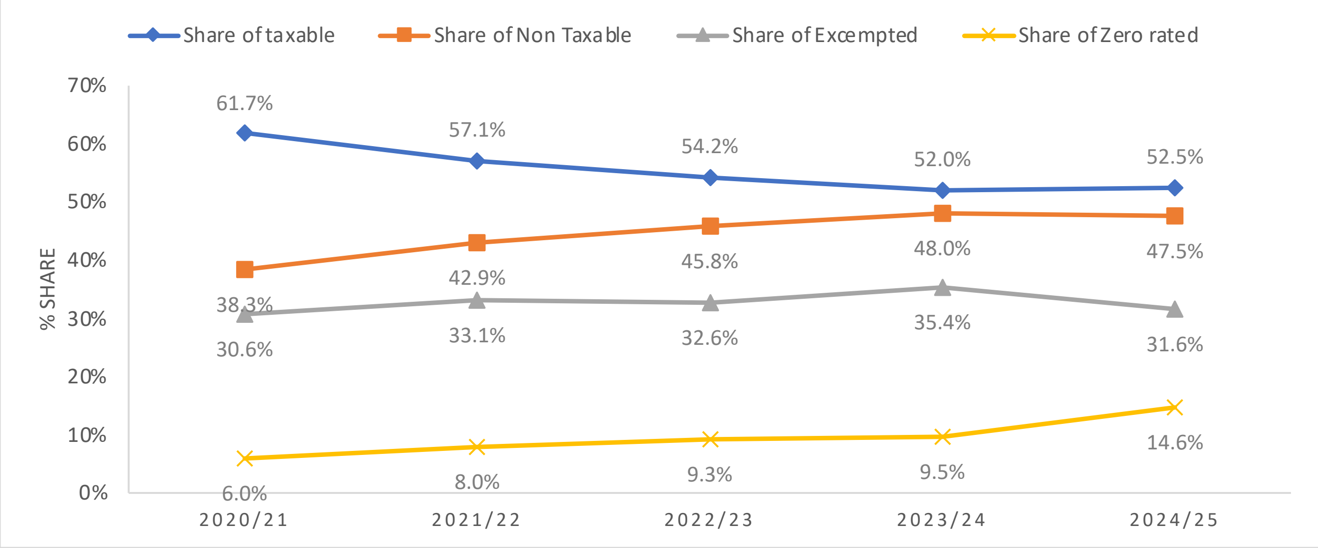
Domestic VAT collections for FY2024/25 totaled FRW 665.3 billion, exceeding the target of FRW 657.6 billion by 101.2%. This marks a 20.3% year-on-year growth, surpassing the projected 18.4%. The good performance was driven by a 23.4% increase in turnover (up from 18.1% in 2023/24), a 24.6% rise in taxable sales (compared to 13.2% previously), and a 5.6% increase in VAT withholding payments (Figure 10, right).

Figure 9: Trends in VAT Turnover and Taxable Sales Growth, Alongside WOP VAT, FY2020/21 to FY2024/25



An analysis of the proportion of taxable versus non-taxable sales shows that taxable sales maintain a slightly higher share, rising to 52.5% from 52% in the same reporting period, as illustrated in Figure below. Conversely, the share of non-taxable sales (including exempted sales, exports, and zero-rated sales) decreased from 48% to 47.5%.

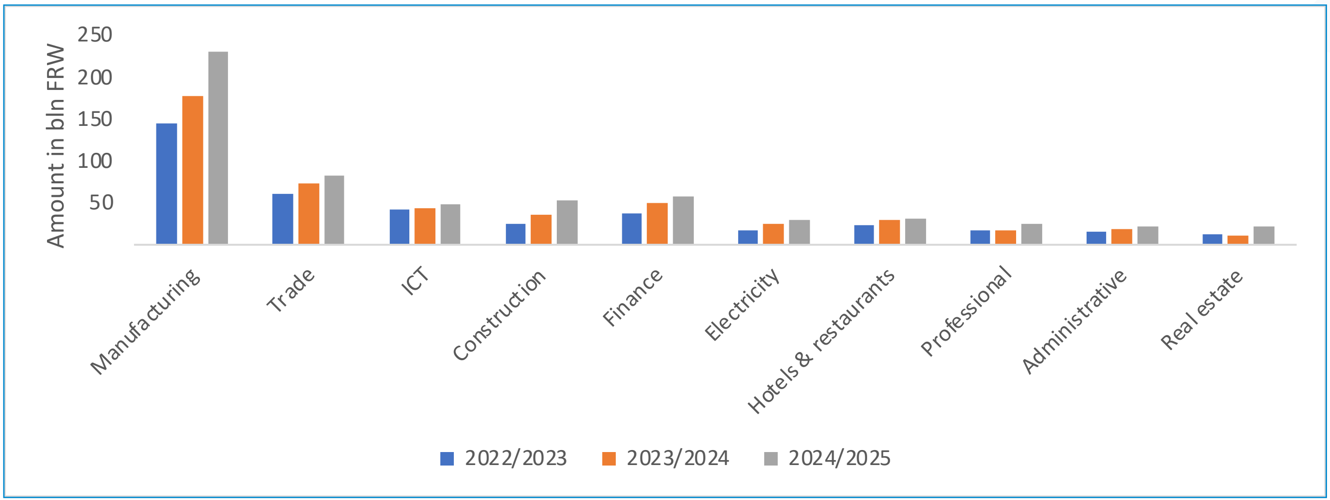
Figure 10: Taxable and Non-Taxable Sales as Percentage of Turnover, 2020/21 -- 2024/25



The increase in VAT collections, along with the growth in turnover and taxable sales, can be attributed to a combination of strategic administrative measures. Key initiatives included the rigorous enforcement of Electronic Billing Machines (EBMs) across all districts in Rwanda through field inspections or compliance checks, as well as the VAT reward program.

Total and taxable sales showed a consistent upward trend, supported by key administrative measures. These included the registration of 4,123 new taxpayers 2,834 of whom paid VAT, contributing FRW 2.7 billion; EBM enforcement across 13 districts; a VAT reward program resulted in 83,356 consumers claim over FRW 1 billion. Additionally, 1,024 taxpayers across sectors such as manufacturing, SMEs, mining, hospitality, transport, agri-business, and rentals participated in targeted engagement sessions. As a result, sectors like Manufacturing, Trade, ICT, Construction, Finance, and Hotels & Restaurants significantly boosted VAT collections.

Figure 11: Performance Trends of the Top 10 Economic Sectors

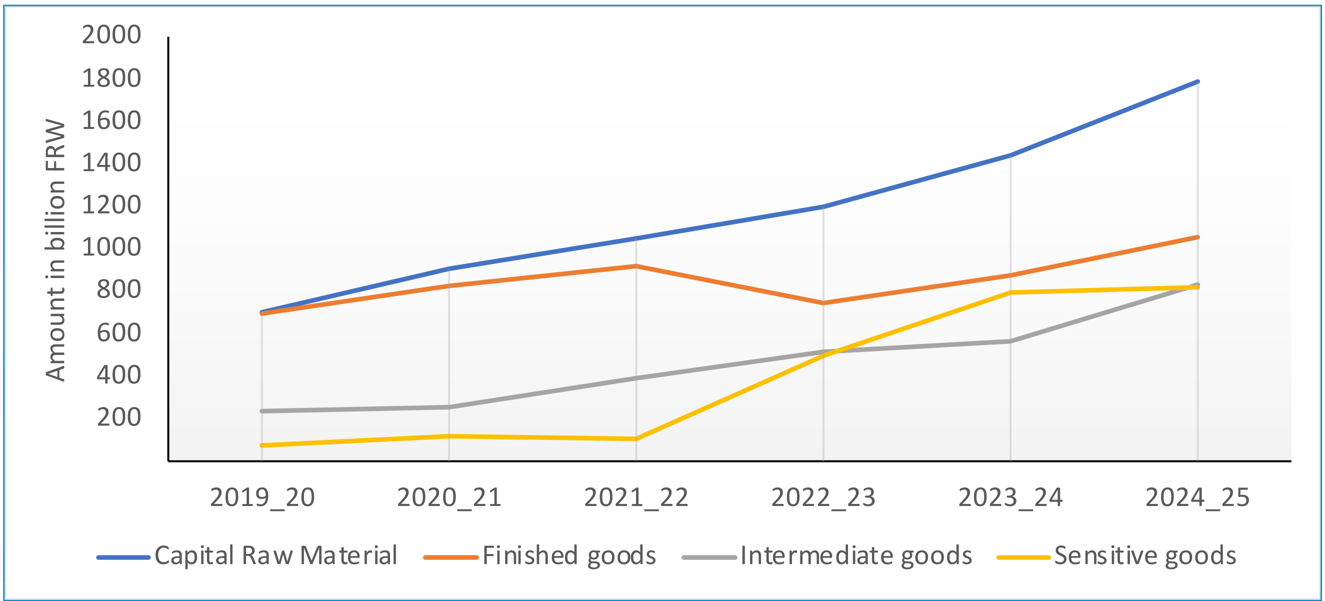


Import VAT

Import VAT collections reached 111.3% of the target, totalling FRW 296.8 billion, an excess of FRW 266.6 billion. This represents a 24.2% growth compared to last fiscal year, surpassing the projected growth of 11.5%.

Breaking down the import composition, capital raw materials remain the largest category, accounting for 39.8% of total CIF in July–June 2024/25, slightly up from 39.1% in 2023/24. In contrast, finished goods saw significant growth, rising by 20.4% compared to 17.6% last year. The CIF Share of Intermediate goods also grew substantially, increasing from 15.5% to 18.5%. Conversely, the share of sensitive items dropped from 21.6% in 2023/24 to 18.2% in 2024/25. These trends and their corresponding rates are shown below.

Figure 12: Trend in CIF Amount by Import Category: July–June (2019/20–2024/25)



The strong performance of import duty had a positive spill over effect on other tax revenues, notably excise and VAT on imports. While the growth of imports from the EAC slowed from 50.6% in 2023/24 to 20.7% in 2024/25, imports from the Rest of the World (ROW) increased from 20.2% to 23.5%. Additionally, the ROW's share of total imports rose from 75.5% to 76.3%, contributing significantly to the improved performance of other customs-related taxes.

1.3.2.1.2. Excise Duties

Total: Frw 347.2 billion
Target: Frw 358.8 billion

Performance: 96.8%, Annual growth 13.0%

Key factors driven underperformnce for:
- Airtime excise decline the taxable base
- The persistent liquor underperformance
- Shift in Petroleum Consumption Patterns
- etc

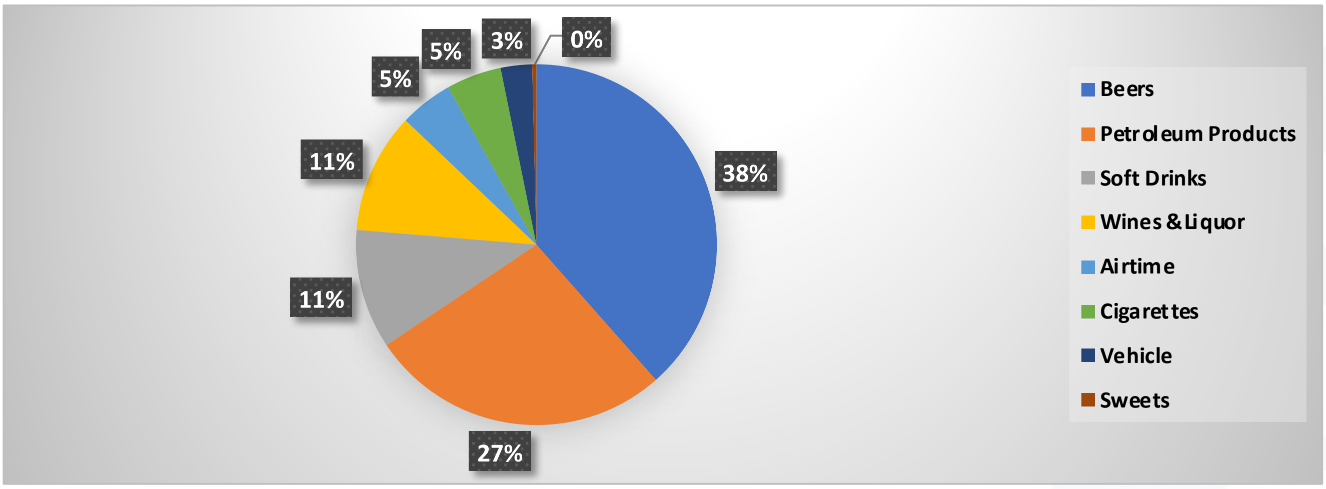
Table 4: Excise duty collections by product for FY 2024/25

Products	July-June Actual 2024/25	July-June Target 2024/25	% of Achievement 2024/25	July-June Actual 2023/24	July-June Growth
Beers	133.5	132.5	100.8%	115.3	15.8%
Petroleum Products	93.6	92.7	101.1%	84.4	10.9%
Soft Drinks	37.3	36.7	101.6%	31.6	18.0%

Wines &Liquor	37.4	42.1	88.0%	33.1	13.0%
Airtime	16.5	24.7	66.8%	17.7	-6.8%
Cigarettes	17.9	21.2	84.0%	17	5.3%
Vehicle	9.7	7.7	126.0%	8.3	16.9%
Sweets	1.3	1.2	108.3%		
Total	**347.2**	**358.8**	**96.8%**	**307.4**	**13.0%**

Source: RRA

Figure 13: Proportion of individual share of excise tax by product: July-June 2024/25

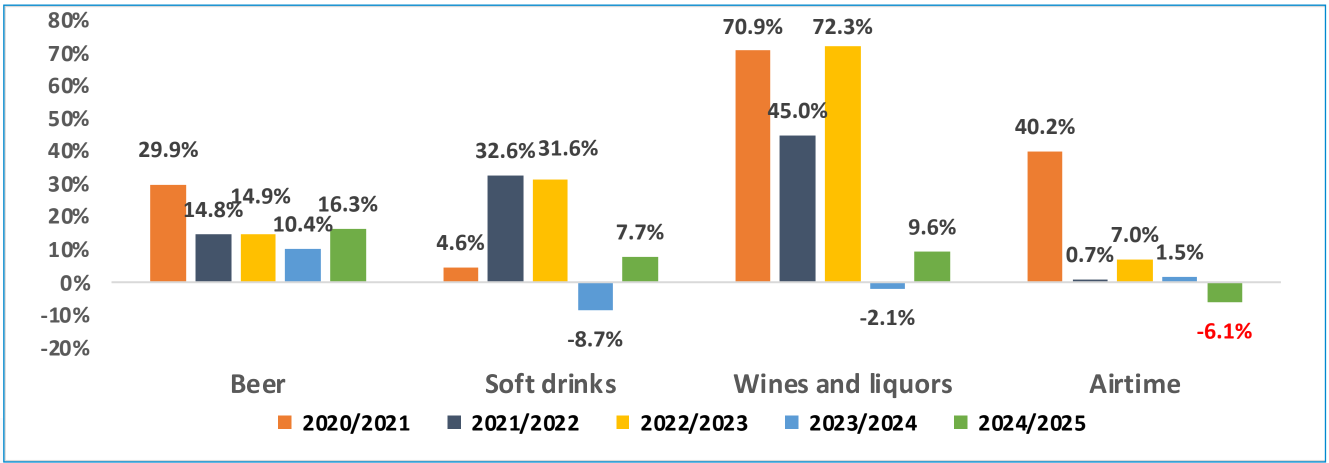


Domestic Excise

Domestic excise tax collections reached FRW 197.0 billion, falling short of the FRW 207.3 billion target by FRW 9.7 billion. This represents a performance rate of 95.0% and reflects a 13.2% year-on-year growth compared to FY2023/24. This underperformance was driven by the following factors:

- **Airtime Excise:** Performance stood at 66.6% of the target, mainly due to a 6.1% decline in the taxable base, compared to 1.5% growth in the previous fiscal year
- **The persistent liquor underperformance,** This, which accounts for 38.6% of the overall excise shortfall, was mainly due to a major taxpayer whose declining sales volumes have significantly impacted revenues, resulting in a 26.6% decrease in 2024/25, following a 57.1% decline in 2023/24.
- **The excise tax period alignment with the calendar year** following a recent tax reform, shifting some collections from June to July 2025 and thereby affecting the FY2024/25 totals.

Figure 14: Change in Taxable Sales of Excisable Products

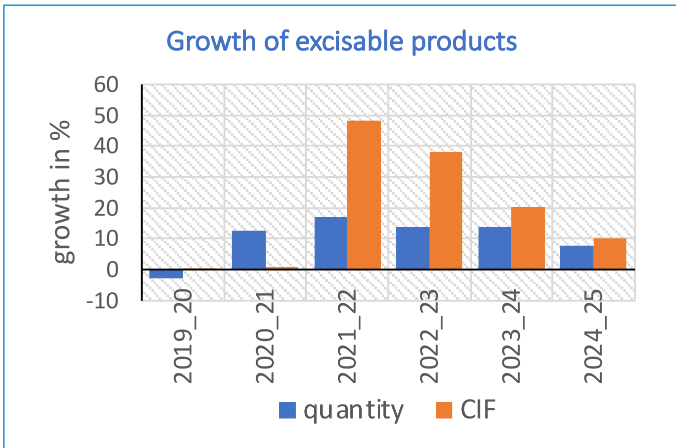


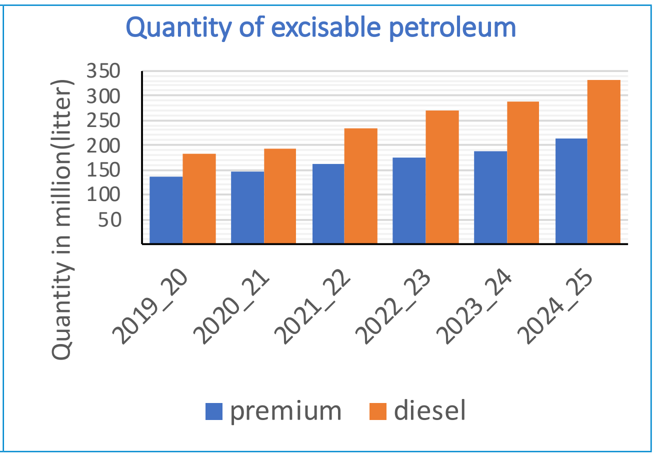
Excise duty on imports

Customs excise collections totaled FRW 150.2 billion, reaching 99.2% of the FRW 151.5 billion target and reflecting a 12.7% increase compared to 2023/24. The slight shortfall was due to a significant drop in the quantity of excisable products, with growth slowing from 13.6% in FY 2023/24 to 7.7% in FY 2024/25. Similarly, the growth in the corresponding CIF value decreased from 20.2% to 10.0%. The main contributors to this underperformance include:

- **Shift in Petroleum Consumption Patterns:** The share of premium petroleum declined slightly from 39.4% to 39.1%, while diesel's share increased from 60.6% to 60.9%. Given its higher excise rate, the reduced consumption of premium petroleum impacted overall excise collections.
- **Decline in wine and liquor:** The CIF growth for wine and liquor slowed from 30.2% for previous year to 16.2%.
- **Decline in soft drink:** The CIF growth for soft drink decreased from 32.8% to 27.5%, with its quantity share of excisable products decreasing from 15.6% to 10.7%.
- **Decline of excisable vehicles:** The CIF share of excisable vehicles to total CIF of excisable products decreased from 20.1% to 19.2% and its growth decreased from 52.8% to 5.2%.

Figure 15: Imported Quantities of Excisable Products and Petroleum, July–June 2019/20–2024/25





Note: Excisable products are composed of imported: beer, chocolate, soft drink, wine & liquor, sweets, cigarette, vehicles, and petroleum.

1.3.2.1.3. Other Taxes on Goods and Service

Total collection: Frw 108.6 billion Target of Frw 97.5 billion	Performance: 111.4%, Annual growth: 32.8%	Key factor: - Implementation of new law on Mineral taxes - The increase of of petroleum import volumes.

Other taxes on goods and services comprise the **Fuel Levy, Mining Royalties**, and the **Strategic Reserves Petroleum Levy**. During FY2024/25, collections under this category **exceeded the target**, achieving an overall **performance rate of 111.4 percent.**

The **overperformance** was primarily driven by Mining Royalties, which generated **Frw 26.4 billion** against a target of **Frw 15.7 billion**, representing 1**67.5 percent performance.** This strong outturn was mainly attributed to the **implementation of the new mineral tax law,** which broadened the taxable base and enhanced compliance within the mining sector.

1.3.3. TAXES ON INTERNATIONAL TRADE

Figure 16: Trend of taxes on international trade over the last 5 years

Taxes on international trade include import duties, the infrastructure development levy and the African Union levy.

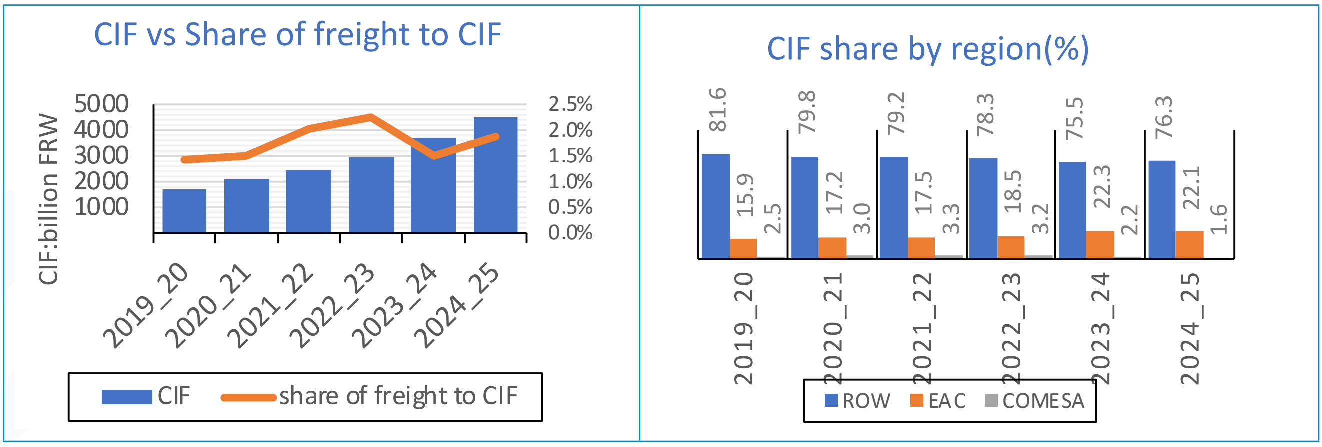
1.3.3.1. Import duty collections

Import duty collections reached FRW 188.1 billion, which is 106.9% of the target. This represents a growth of 18.1%, outpacing the projected 10.5%. The strong performance is largely attributed to a 21.9% increase in the total CIF value of imports, which reached FRW 4,037.8 billion up from 20.0% growth in the previous year. Key contributing factors include:

- **Regional Shift:** The CIF growth of imports from the (ROW) grew 23.5%, up from 20.2% in 2023/24, increasing its CIF share from 75.5% to 76.3%. Meanwhile, the share of imports from the EAC declined from 22.3% to 22.1%, and COMESA's share fell from 2.2% to 1.6%.
- **Freight Costs:** Freight costs surged by 52.9%, increasing their share of CIF from 1.5% to 1.9%.

- **Finished Goods:** The CIF share of finished goods from ROW rose by 17.1%, up from 17.0%, contributing significantly due to higher import duty rates.
- **Tariff rate composition:** The share of imports (by CIF value) subject to a 10% tariff rose slightly from 5.1% in 2023/24 to 5.3% in 2024/25 and its growth increased from 16.4% to 28.3%.

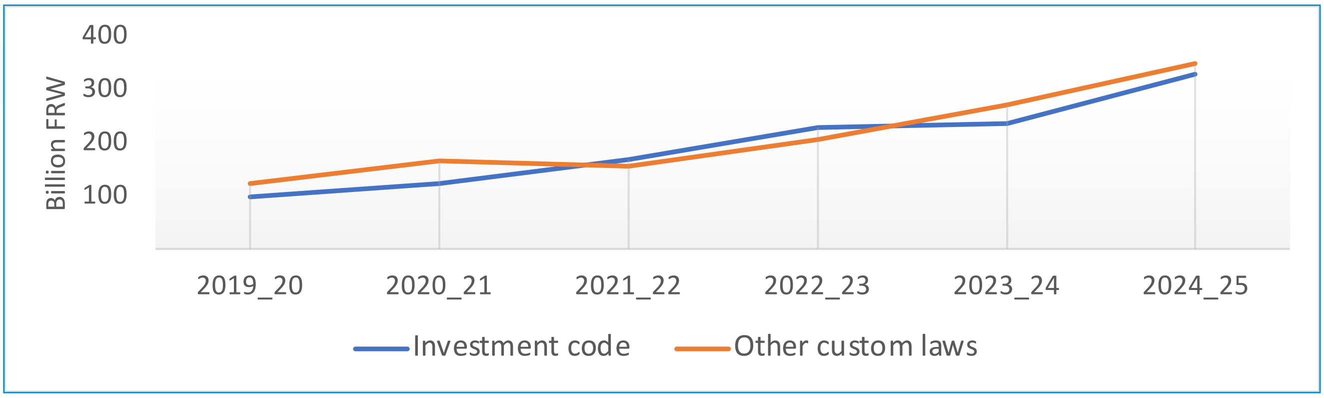
Figure 17: Total CIF vs Freight and CIF growth by Agreement, July-June (2019/20-2024/25)



1.3.3.2. Exemptions on Imports duty

The Government of Rwanda provides various exemptions on import duty, excise, and import VAT. The total revenue foregone due to exemptions rose from FRW 508.4 billion in 2023/24 to FRW 682.7 billion in 2024/25, marking a 34.3% increase, higher than 16.2% growth recorded in 2023/24. This growth was primarily driven by exemptions under other customs laws, including the E-mobility scheme and exemptions on rice and maize flour; Further details are illustrated in Figure 18 below.

Figure 18: Revenue foregone by exemption type 2019/20–2024/25



1.3.3.3. E-Mobility exemption Scheme

The E-Mobility Exemption Scheme, designed to promote electric and hybrid vehicle adoption, led to revenue foregone of FRW 119.4 billion in 2024/25, up from FRW 40.4 billion in 2023/24. Since its launch in July 2021, the scheme has accounted for FRW 179.6 billion in total revenue foregone. This rise is linked to an increase in imported quantity under the scheme, from 7,583 in 2023/24 to 19,860 in 2024/25. The table below summarizes the import volumes and revenue foregone for 2024/25, compared to 2023/24, as well as cumulative totals from July 2021 to June 2025.

Table 5: Quantity and Revenue Foregone on E-mobility, July 2021- June 2025

	2024/25		2023/24		Cumulative Jul 2021-June 2025	
E-mobility Category	Quantity	Revenue Foregone (bn)	Quantity	Revenue Foregone (bn)	Quantity	Revenue Foregone(bn)
Hybrid or Electric Vehicle	8,839	115.7	3,675	38.5	14,381	172.8
Hybrid Motorcycle	10,984	3.7	3,900	1.9	16,250	6.7
Hybrid Spare Parts	37	0.0	8	0.0	111	0.1
Total	**19,860**	**119.4**	**7,583**	**40.4**	**30,742**	**179.6**

Source: RRA

1.3.3.4. Infrastructure development levy and African Union Levy

The infrastructure development levy, a 1.5% tax on the CIF value of most imported goods from outside the EAC, exempting goods related to health and infrastructure. The good performance was driven by an increase in non-EAC imports, with the growth in CIF value for this category rising from 18.8% in 2023/24 to 22.5% in 2024/25. Collections totalled FRW 32.9 billion, achieving 112.0% of the target.

In contrast, the African Union Levy, a 0.2% levy on the CIF value of imports not exempted from import duty and VAT, performed due to a rise in CIF subjected to AUL. The growth of CIF subjected to African Union Levy increased from 18.0% to 18.2%, positively impacting AUL collections. Collections amounted to FRW 4.3 billion and 113.7% of the target.

1.3.4. OTHER REVUENUES

Total collection: Frw 48.1 billion

Target of Frw 43.3 billion

Performance: 111.1%,

Annual growth: -6.6%

Key factor:

New revenues from public institutions.
More drivers licenses and visas

The strong performance in other revenues was driven by Non-Fiscal Revenue (NFR) and Interest & Penalties, which achieved performance rates of 111.1%. This improvement was largely due to the expansion of services generating non-fiscal revenue—from 69 services in FY2023/24 to 100 in FY2024/25. The addition of 31 new services significantly boosted NFR collections.

2. ADMINISTRATIVE MEASURES THAT SUPPORTED REVENUE COLLECTION ACHIEVEMENT

Indicators

2.1. Widening Tax Base through taxpayer Registration

- New taxpayers registered
- Taxpayers who paid tax
- Tax revenue from new taxpayers
- Contribution to total domestic revenue
- Active taxpayers (June 2025) including PIT-Moto vehicle
- LGT active taxpayers (June 2025)
- Deregistration & deactivation

2.2. Combating Tax Evasion

- Total investigation cases completed
- Additional revenue from investigations
- Anti-smuggling operations
- Statements of offense
- Fraud cases sent for prosecution

Results 2024/2025

- **118,478 taxpayers**
- **6,196 taxpayers**
- **Frw 8.2 billion**
- **0.4%**
- **420,172** (↑ 9.5% vs 2024)
- **1,528,990** (↑ 13.4%)
- **86,399** total

- **141** (↑ from 132)
- **Frw 5.5 billion**
- **440 Operations**
- **26,435 worth Frw 16.4 billion**
- **21 cases**

2.3. Strengthening Use of Electronic Invoicing System (EBM)

EBM Type	FY 2024/2025 EBM Users	Change vs 2023/24
EBM Software	66,685	↑ 35.1%
EBM Mobile	65,338	↑ 49.2%
Online EBM	13,859	↑ 41.6%
Virtual Sales Data Controller	1,798	↑ 12.4%
Total EBM users	**146,529**	↑ 46.6%
NVRT EBM users	**109,138 vs 67,729**	↑ 61% approx.

Indicators	Results 2024/2025
2.4. Taxpayer Service, Education & Information	
Calls handled	**142,554 (77% answered)**
Tax education workshops	**171 (exceeded target 160)**
Communication campaigns	**16**
Social media followers	**208,066 (7.02% engagement rate)**
Taxpayer Appreciation Month	**Celebrated nationwide**
2.5. Dispute Resolution	
Total cases received	**760**
Appeals completed within 30 days	**561** (91.9% completion)
Amicable cases completed within 90 days	**82** (54.7% completion)
Court cases heard	**52** (↓ from 67)
Court rulings in favor of RRA	**45** (86.5%)
Tax discharged by the appeals and Amicable committees	**Frw 13.3 billion total** (↑original assessment 61.8 billion)
2.6. Reviewing and drafting legal instruments	
Tax laws revised and published	7 Laws
Ministerial Orders published	4 Ministerial orders
Commissioner General Directives	1 CG Directive
Double Tax Agreements	Concluded with Zimbabwe, initiated with Bahrain
Public rulings & practice notes	1 Public rulings & 1 Practice note (Issued on VAT, income tax reforms)

2.7. Tax Audits & Post-Clearance Audits

Audit Area	Completed	% of Target	Additional revenues after audit
Domestic audits	2,756	78%	57.6billion
LGT audits	78,552	98.4%	8.9 billion
Customs post-clearance audits	361	94%	2.3 billion

2.8. Recovery of Tax Arrears

Recovery of Tax Arrears	Results 2024-2025
Total tax arrears (June 2025)	**Frw 754.4 billion (↑ 14.2%)**
Total tax arrears recovery (June 2025)	**Frw 308.2 billion (↑ 59.6%)**
Domestic arrears share	**96.1% (725.3 billion)**
Arrears recovered (Domestic)	**Frw 271.3 billion (↑ 53.2%)**
Arrears recovered (Customs)	**Frw 36.9 billion (↑ 132%)**
Share of arrears >12 months	**75.5% (547.3 billion)**

Key initiatives undertaken to reduce the stock of arrears:

- Operationalized the new Commissioner General Rule No. 001/2024 of 31/05/2024, which sets out modalities and conditions for paying tax arrears in instalments. This framework has facilitated structured repayment arrangements and improved compliance.
- **Additional measures to strengthening recovery operations:**

- **Enhanced monitoring of Instalment Payment Agreements (IPA):** A dedicated team was established to closely track taxpayers under IPAs, ensuring timely adherence to commitments. Prompt actions were taken in cases of non-compliance.
- **Proactive taxpayer engagement:** Monthly SMS reminders were sent to taxpayers with active IPAs, encouraging them to comply with their agreed instalments.
- **Targeted field recovery operations:** Recovery teams regularly conducted operations focused on groups of active tax debtors, with the aim of verifying their status and enforcing timely collections.
- **Immediate CRB listing:** Taxpayers with newly accrued arrears were promptly reported to the Credit Reference Bureau (CRB), limiting access to financial facilities until compliance is achieved.
- **Regular communication with CRB-listed taxpayers:** Periodic SMS notifications were sent to inform affected taxpayers of measures they can take to reduce their arrears and secure removal from the CRB list.

3. KEY PERFORMANCE INDICATORS

The revenue mobilization targets for 2024/2025 were achieved in terms of total revenue as a percentage of the national budget, which increased by 2.8%. However, tax revenue as a percentage of GDP fell below the target by 0.8%. According to the Medium-Term Revenue Strategy (MTRS) of 2022, the target of 2024/2025 was to increase tax revenue by 1% of GDP; however, in the current fiscal year, the actual increase was only 0.2%.

Regarding tax compliance performance as of June 2025, payment compliance remains strong, while filing compliance has significantly declined for core taxes compared to the planned targets.

Table 6: Selected Key performance indicators 2023/24 until 2024/25

Performance Indicators	Tax Categories	Target FY 2024/25	Actual FY 2024/25	Variance	Actual FY 2023/24	Nominal increase/ decrease
Tax revenue as % of GDP		15.1%	14.3%	-0.8%	14.1%	0.2%
Revenue as % of national budget.		52.3%	55.1%	2.8%	53.3%	1.8%
On time filing rate by number of declarations for core taxes	CIT/PIT	80.0%	76.0%	-4.0 %	85.1%	-9.1%
	VAT	95.0%	87.6%	-7.4%	92.3%	-4.7%
	PAYE	95.0%	91.7%	-3.3%	92.7%	-1.0%
On-time time payment rate by amount for core taxes	CIT/PIT	93.0%	96.2%	3.2%	95.4%	0.8%
	VAT	93.0%	96.4%	3.4%	97.4%	-1.0%
	PAYE	93.0%	97.1%	4.1%	98.6%	-1.5%

3.1. TAX TO GDP RATIO

The tax to GDP ratio calculated by dividing tax revenue collected by a country's GDP, expressed as a percentage. A high ratio indicates financial independence and sustainability.

The tax to GDP ratio increased by 0.2%, from 14.1% in 2023/24 to 14.3% in FY 2024/25.

Table 7: Trend of tax to GDP ratio in Rwanda (2020/21-2024/25)

Fiscal Year	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Tax Revenue (billion FRW)[1]	1,672.4	1,887.7	2,291.9	2,585.2[2]	3,068.8
Nominal GDP (billion FRW)	10,499	12,359	15,800	18,371	21,512
Tax to GDP ratio	**15.9%**	**15.3%**	**14.5%**	**14.1%**	**14.3%**

3.2. PERCENTAGE CONTRIBUTION OF TOTAL REVENUE COLLECTION TO NATIONAL BUDGET

This measures the total revenue collected by RRA as a percentage of the total national budget.

The percentage contribution increased from 53.3% in 2023/24 to 55.1% in 2024/25.

Table 8: Percentage of total revenue to national budget (in FRW billions)

Fiscal year	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Total revenues (billion RWF)[2]	1,732.3	1,985.1	2,419.1	2,728.8	3,206.6
National Budget (billion FRW)	3,464.8	4,441	4,764.8	5,115.6	5,816.4
Tax as % of Budget	**50.0%**	**44.7%**	**50.8%**	**53.3%**	**55.1%**

Source: MINECOFIN and RRA, 2025

1 Includes central taxes and LGT according to the GFSM 2014 standards.

2 Total revenue collection including Central and LG Revenue collections

3.3. USE OF ELECTRONIC FILING FACILITIES.

This indicator measures the extent to which tax declarations are submitted electronically without direct intervention from the tax administration.

Table 9: Use of electric filing (% of all declarations)

Tax type	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
EXCISE	100.0%	99.9%	100%	99.9%
CIT	98.7%	99.9%	99.7%	99.0%
PAYE	99.9%	100%	100%	100%
PIT	99.4%	100%	100%	100.0%
VAT	96.1%	98%	96.6%	94.4%

The lower use of e-filing for VAT, compared to other tax types, is mainly due to the large number of small taxpayers, the strict input control requirements, and the fact that some taxpayers receive assistance from RRA staff, which disqualifies them from using electronic filing.

4. IMPLEMENTATION PROGRESS OF RRA MAIN PROJECTS.

The projects implemented in FY 2024-2025 are part of the measures to facilitate revenue mobilization, enhance tax compliance, improve service delivery and facilitate the flow of international trade.

Overall, more than 80% of planned project milestones were achieved, contributing to greater operational efficiency, data-driven decision-making, and improved taxpayer compliance.

Table 10: Key projects implemented in FY 2024/2025

S/N	Project name	Project objective	Key achievement	Challenges	Future plans 2025/26	Impact on digital transformation
1	Rwanda Electronic Single Window Phase III	The project focuses on finalizing the integration of the Single Transaction Portal (STP) with key Government Agencies, including NAEB, RICA, Rwanda FDA, RMB, and RAB.	• Single Transaction Portal (STP) integrated with Other Government Agencies systems (NAEB, RICA, Rwanda FDA, RMB and RAB) at 90%; • Bonded Warehouse Monitoring Information System developed at 80%. • Enhancement of Specialized Economic Zone Services Digitalization at 75%	Suspension of USAID program support	• Engage the Single Transaction Portal (STP) consultant to complete the pending integration activities under the STP project, • Integrate the developers into RRA structure under contract to complete the pending activities	Improved efficiency in the Customs Clearance processes and service delivery and trade facilitation

2	Electronic Cargo Tracking System (ECTS)	Enhance tracking of cargo along the corridors of the East African Region in order to have real time information of cargo destined to Rwanda.	• Migration of ECTS from cold fusion to Hypertext Preprocessor (PHP) completed;	Delays in the migration of ECTS from Cold Fusion to PHP due to the pending payment and nothing to do with the infrastructure.	• Engage consultant to complete the project, • Upgrade the ECTS system	Improved control, security and reduced tax evasion.
3	Electronic Billing Machine (EBM)	Increase transparency in business transactions	A total of 146,529 taxpayers are using EBM.	Resistance from some taxpayers to comply with EBM requirements	Continue with tax control enhancement	Improved compliance levels for Value Added Tax (VAT), Corporate Income Tax (CIT), and Personal Income Tax (PIT).
4	E-tax enhancement	Simplify and modernize tax administration by enabling online registration, filing, and payment of taxes.	Integrated end-to-end digitalization of tax lifecycle such as e-filing for registered taxpayers (VAT, PAYE, Personal Income tax, withholding taxes, corporate tax)	• Keeping up with regulatory changes and feature requests. • Growing taxpayer base, data volume, and more complex tax rules.	• Continue with E-tax enhancement; • Start the domestic tax system revamp project.	• Reduced the cost of paying taxes and improved tax compliance and accessibility; • Reduced turn-around time for tax payers and improved service delivery through automation.

5	Exchange of Information (EOI):	Promotes global tax cooperation to combat tax evasion and enhance compliance	The AEOI portal was successfully deployed, and six financial institutions began registering and submitting reports; The overall achievement was at 95% of system development.	Slowness by some institutions to registers in EOI	Continued engagement of concerned institutions; Submit the Financial Institutions (FI) reports to the Global forum CTS by the set timelines of September 2025.	Usage of the system is at still at initial stage

5. ACHIEVEMENTS TOWARDS STRENGTHENING INTERNAL CAPACITY

Figure 19: Strengthening internal capacity

HR Training and capacity building program

23 out of 26 planned courses were delivered (88.5%), with total staff attendance of **2,808** compared to **2,245** planned

Categorisation of courses
- Orientation and Onboarding Courses
- 17 Technical Courses
- 2 Specialized Courses
- 2 Managerial Courses
- Professional Workshops/Conferences

Proffessional courses (205 RRA staff were enrolled)

Staff under taking Proffessional courses
- ACCA: 13 staff,
- CPA: 162 staff, 12 staff qualified
- CAT: 13 staff, 1 staff qualified
- PMP: 16 staff

Integrity and Investigation

- Conducted 33 integrity and anti-corruption campaigns.
- Managed 14 investigation cases;

Audit Achievements

Audit recommandations (140 out of 242 recommandations were implemented at 58%)

Categories of audit Recommandations
- OAG Recommandation.status; 67% fully implemented, 21% partially, 12% not implemented.
- Internal audit; Recommandation; 54% fully implemented, 19% partially, 27% not implemented.
- QMS Issues; 62% fully implemented, 8% partially implemented and 30% not implemented

Overall Audits : 97.4% (81,527 out of 83,696) of planned Audits were completed

Achievement by audit type
- 88.5% (177 /200 planned cases) of comprehensive autit completed;
- 100% (820 /820 planned cases) of Issue autit completed;
- 97.4% (80,530 of 82,676 cases) of Desk autit completed

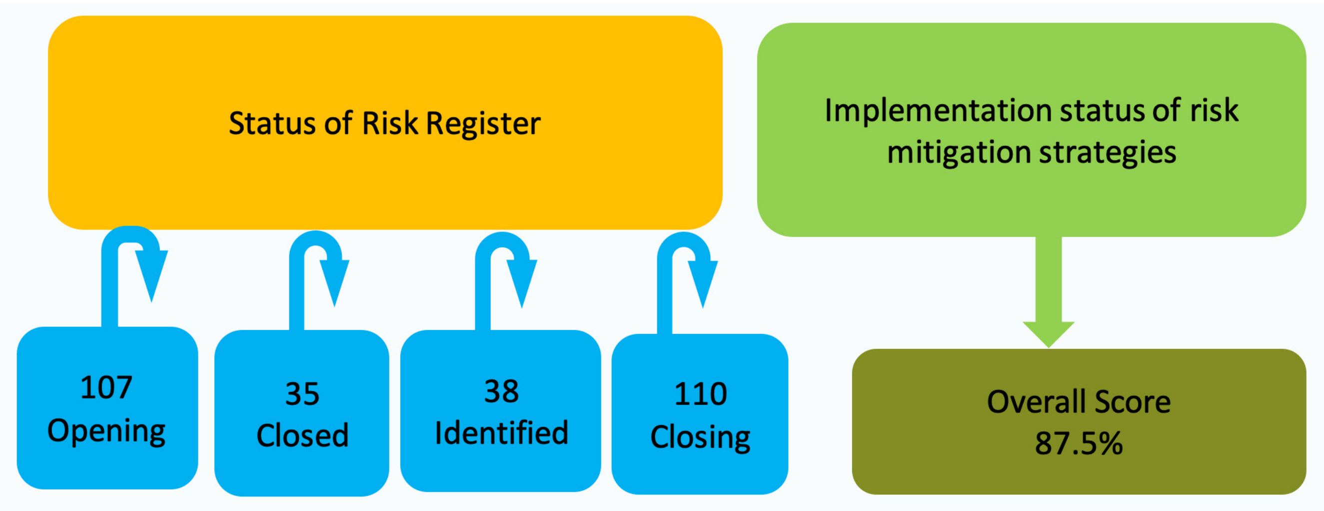
Key Human Resource Initiatives
- RRA established MoU with ILPD to facilitate training program in Postgraduate Diploma in Tax Investigation Training Program
- Implemented a coaching and mentoring program for 156 staff trained;
- Implemented a Knowledge Management Strategy initiatives
- Implemented talent pipeline model as a result, a pool of 76 potential successors were identified

In 2024–2025, RRA complied with QMS/ISO standards and was certified with the ISO 9001:2015 Quality Management System certificate.

5.1. RRA Risk Management Approaches

5.1.1. The Status of Risk mitigation implementation:

Figure 20: Risk mitigation implementation status for FY 2024-2025



5.1.2. Compliance Improvement Plan (CIP) 2024- 2025.

The aims of the taxpayer Compliance Improvement Plan are to pinpoint and address the most notable risks within the tax system by employing various strategies aimed at tackling the root causes of non-compliance. Our CIP for FY 2024/25 had 78 compliance actions planned to be implemented of which 69 (88.5%) were fully implemented, 7 (8.9%) partially, and 2 (2.6%) not implemented.

The overall implementation status was 95%, which is slightly higher than the targeted implementation rate of 92.5%.

5.2. Strengthening RRA Technology Systems.

In 2024/25, RRA focused on system integration and automation to enhance service delivery. Out of 21 planned systems, 24 were automated and enhanced, including 13 online services that were automated and 11 online services enhanced and integrated with existing RRA systems.

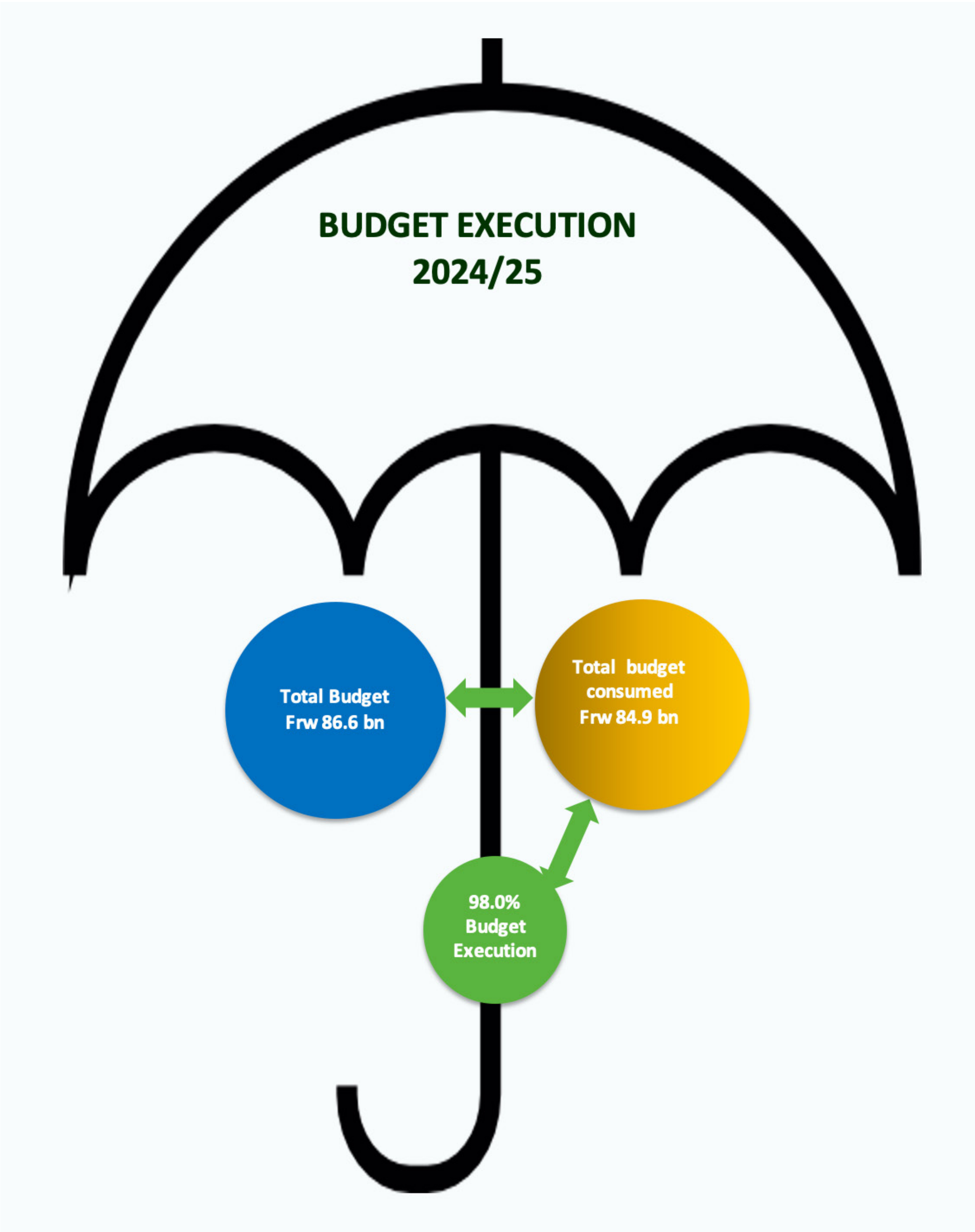
The purpose of establishing internal mechanisms is to improve organizational efficiency and to build a professional, performance-driven, and ethical workforce capable of delivering the RRA mandate.

6. RRA KEY FINANCIAL INFORMATION FOR FINANCIAL YEAR 2024/25

6.1. RRA Budget execution status.

RRA's expenditure for FY 2024/25 totalled FRW 86.6 billion out of which Frw84.9 billion consumed equivalent to 98.0% budget execution.

Figure 21: RRA Budget and Expenditure (in billions FRW)



5.2. RRA Total Assets from financial statements FY 2024/2025 and 2023/2024.

Rwf 51.4 bn — Total Assets of 2024-2025

Rwf 22.0 bn — Audited total assets of 2023/24

RRA Financial statements were prepared in compliance with the International Public Sector Accounting Standards (IPSASs) under the accrual basis of accounting. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period

6.3. Audit Opinion from external auditors (Office of Auditor General)

Table 11: RRA external audit opinions of 5 years (2019/20 to 2023/24)

Areas of Audit	2019/20	2020/21	2021/22	2022/23	2023/24
Financial statements	Unmodified	Unmodified	Unmodified	Unmodified	Unmodified
Compliance with laws governing public spending	Unmodified	Unmodified	Unmodified	Unmodified	Unmodified
Realization of Value for Money in utilization of public funds	Unmodified	Unmodified	Unmodified	Unmodified	Unmodified

7. KEY CHALLENGES FACED BY RRA DURING 2024/25 FISCAL YEAR

Despite achieving the revenue target, RRA continues to face several challenges that hinder our efforts to fulfil our mandate. The main challenges are detailed in the table below:

Table 12: Key Challenges in 2024/25

Challenge	Root Cause	Impact	Mitigation Steps
Low Tax Compliance Culture	**Psychological factors:** • Personal values: Paying tax is not a priority for many people. Just don't want to pay tax; • Taking a wait-and-see approach before complying; • Attitude to risk and fear.	• Reduced domestic revenue mobilization, limiting government capacity to fund development programs; • Higher enforcement and administrative costs to the tax administration.	• Expand taxpayer education and awareness programs (193 programs targeted in 2025/26); • Enhance risk-based compliance in high-risk sectors in line with Compliance Improvement Plan; • Incentivize compliance through Voluntary Disclosure Scheme and VAT reward scheme.
Persistent smuggling and tax fraud	• Weak enforcement at borders; • Informal trading; • Manipulation of Electronic Billing Machines (EBMs); • Undervaluation/ misdeclaration of goods; tax evasion schemes	• Leads to revenue loss. Smuggling interventions recovered Rwf 14.6 billion in FY 2024/25.	• Identify, profile and report tax fraud cases. • Strengthen measures to detect fraud such as acquisition of cargo scanners and joint anti-smuggling operations. • Scale digital billing (EBM) compliance tracking and audits. • Public sensitization campaigns on legal tax requirements. • Increase prosecutions and deterrent sanctions

Persistent Tax Arrears	• Taxpayer non-compliance and financial constraints	The stock of unrecovered tax arrears remains high, leading to revenue shortfalls and increased risk of debt becoming irrecoverable.	• Expand proactive taxpayer engagement through frequent communication and automatic reminders; • Strengthen adoption and monitoring of flexible instalment payment plans; • Enhance risk-based monitoring and revenue control systems (96 compliance risk analysis reports and 4 new revenue control measures targeted in 2025/26); • Strengthen enforcement through automated garnishment orders, CRB listings, and targeted field recovery.
Delays in Tax Reform Implementation	• Regulatory and operational obstacles	The anticipated revenue impact of new tax reforms was reduced.	Ensure effective and timely implementation of upcoming tax reforms in 2025/26-2029/30.
System Limitations	• ICT infrastructure gaps	• ICT system limitations can lead to delays in system integrations and other planned technical enhancements designed to boost revenue collection and compliance.	• Invest in stronger ICT infrastructure and IT skills among staff in line with data science strategy; • Prioritize data system integration with internal and third-party sources (10 systems enhancements/ integrations targeted in 2025/26); • Ensure alignment with Data Governance Framework.
Frequent Global Economic Shocks	• Unexpected shocks	Global shocks affecting supply chains and commodity prices create tax base uncertainty and revenue volatility, complicating forecasting and compliance.	• Strengthen dynamic revenue forecasting systems • Leverage Monitoring & Evaluation tools to understand revenue trends and their causes, in line with M&E Framework

8. CONCLUSIONS AND FUTURE OUTLOOK

This report highlights RRA's continued progress in domestic revenue mobilization, modernization, and institutional capacity building. The Authority achieved strong performance in revenue collection and compliance indicators, supported by effective administrative measures and project implementation.

In FY 2025/26, RRA will focus on consolidating these gains through technology-driven reforms, taxpayer engagement, and risk-based compliance. The following initiatives, outlined in RRA's ongoing technology agenda, will shape the next phase of digital transformation:

- VAT Gamification and Optimization Program – a reward-based system encouraging consumers to request EBM invoices, launching in FY 2025/26.
- Automation and Expansion of the Excise Stamp System – to cover beer, lemonades, and juices, enhancing traceability.
- Deployment of Non-Intrusive Cargo Scanners – to strengthen border management and detect mis-declarations.
- CAMA System for Property Tax Administration – integrating data from multiple institutions for accurate property valuation.
- Fuel Marking Program – tracking fuel authenticity across the supply chain to prevent smuggling.
- Enhancements to EBM and Domestic Tax Systems – integrating data analytics and compliance monitoring.
- Customs Controls for Overpriced Imports – applying analytical tools to detect artificial valuation.
- IT Structure Review – ensuring RRA's IT Department has sufficient expertise and resources to sustain digital transformation.

Collectively, these initiatives will enhance compliance, minimize fraud, and improve operational efficiency. Through continued collaboration with domestic and international partners, RRA aims to strengthen innovation, transparency, and taxpayer-centric service delivery in the coming years.

Annexes

ANNEX: SUMMARY OF KEY PERFORMANCE INDICATOR

A summary of Key Performance Indicators from 2022/23 to 2024/25

Performance Indicators	***Status FY 2022/23***	***Status FY 2023/24***	***Status FY 2024/25***
Tax revenue (excl. LG taxes) as percentage of national budget.	47.2%	49.6%	51.5%
VAT collections as a percentage of total tax collections.	30.7%	31.3%	32.1%
% Change in the net total number of active taxpayers in RRA tax register.	22.2%	13.9%	9.5%
Proportion of newly registered taxpayers to net total number of active taxpayers in RRA tax register.	20.6%	0.6%	28.2%
Total tax arrears as a percentage of total tax revenue collections.	DTD:42.3%	DTD:32.6%	DTD:33.3%
	CSD:20.5%	CSD:7.6%	CSD:6.8%
	Total: 35.7%	Total: 25.8%	Total: 35.5%
Tax arrears more than 12 months old as a percentage of the value of all tax arrears.	DTD: 83.7%	DTD: 77.9%	DTD: 75.4%
	CSD: 10.7%	CSD: 31.4%	CSD: 74.8%
	Total: 72.0%	Total: 74.2%	Total: 75.4%
Number of tax appeal's cases ruled by courts in favour of tax administration as a percentage of total number of tax appeal's cases ruled by courts.	83.8%	85%	95%
Number of VAT registered taxpayers having an electronic invoicing system certified by the Tax administration as percentage of total VAT registered taxpayers.	84.6%	99.2%	95%
Staff turnover rate (only staff who left the institution voluntarily e.g., leave of absence and resignation).	2.8%	2.7%	2.8%
Percentage of fully implemented audit recommendations that are at least 12 months old.	AG:61%	AG:50%	AG:67%
	IA:61%	IA:66%	IA:54%
	QMS:75%	QMS:71%	QMS:62%
	Total:64.1%	Total:62%	Total:58%
Cost of collection ratio.	2.5%	2.3%	2.1%

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