



VALUE ADDED TAX (VAT)

What is Value Added Tax (VAT)?

Value Added Tax (VAT) is a consumption tax charged on:

- Taxable goods and services, including online supplies
- Taxable imported goods and services

Purpose of VAT

- Ensures fair contribution to public revenue
- Enhances transparency in business transactions
- Supports national development by funding public services

VAT Rates in Rwanda:

- **0% VAT (Zero-rated):** Certain goods/services
- **18% VAT:** All other taxable goods and services supplied in Rwanda or imported

Taxable goods and services in Rwanda

All goods and services supplied by a taxpayer in Rwanda are taxable except the ones which are exempted, click on the following link to know the list of goods and services exempted from VAT : https://www.rra.gov.rw/fileadmin/user_upload/Law_amending_the_2023_VAT_law__May_2025.pdf

Examples of VAT Application

- Buying electronics from a local store: 18% VAT
- Importing professional software: 18% VAT
- Local transport services of goods on land: 18% VAT
- Exported goods and services: 0% VAT (zero-rated)
- Locally assembled electric automotive vehicles, hybrid automotive vehicles, relevant batteries and their electric charging station equipment: 0 % (Zero rated)

- books, newspapers and journals are VAT exempted
- Agricultural and livestock products, except processed ones. However, processed maize, rice and milk, excluding powdered milk and milk-derived products, are exempted from this tax;

Who Should Register for VAT?

Mandatory Registration

You **must register** for VAT if:

- Your turnover exceeded RWF 20,000,000 in the previous fiscal year, or
- Your turnover exceeded RWF 5,000,000 in the previous quarter (This must be done within 7 days from the end of the relevant period)

Exemption: If all your activities are VAT-exempt, registration is not required.

Voluntary Registration

You may **register voluntarily** even if you don't meet the turnover threshold. This can offer benefits such as:

- Enhancing your business credibility
- Enabling VAT refund claims on business inputs
- Bidding on public tenders

How to Register

- The taxpayer, who takes the initiative to register for the Value Added Tax at any time of his commercial activity, registers with the Registrar General. However,
- The registration is done by the Tax Administration if the taxpayer meets the required registration turnover but fails to register. The Tax Administration immediately notifies the taxpayer of such a registration.

Value added tax point

- (1) The tax point for the supply of goods and services is the one that is the earliest among the following:
- (a) The date on which the invoice is issued;
 - (b) The date on which payment of goods and services is made, including partial payment. However, provisions of this subparagraph do not apply to advance payment made in construction services;
 - (c) The date on which goods are either removed from the premises of the supplier or given to the recipient;
 - (d) The date on which the service is delivered;
 - (e) The date on which a taxpayer applies for deregistration from the value added tax.

Penalties for Non-Compliance:

Failure to register on time may result in:

- Fines
- Interest charges
- Possible audit or legal action

VAT Declaration & Payment

When to Declare VAT:

- **Quarterly Declaration:**

If your annual turnover is less than RWF 200,000,000

Deadline: Within 15 days after each quarter ends

- **Monthly Declaration:**

If your **annual turnover is more than RWF 200,000,000**

Deadline: **Within 15 days** after each month ends

Optionally, businesses with annual turnover less than RWF 200M/year can **choose monthly declarations**.

- **VAT on Imports:** Payable **immediately upon entry** at customs, in line with customs law

How to Pay VAT

- Pay online via **RRA e-tax portal**
- Use authorized banks or mobile platforms
- Ensure payment is made **within 15 days** of the end of your tax period

Taxable value

Taxable value on goods and services:

The taxable value of each good or service is determined as follows:

- The taxable value is a consideration paid in money by the recipient on good or service;
- for goods or services supplied for a non-monetary consideration, the taxable value is the fair Market value exclusive of the value added tax.

Basic Value for taxation of imported goods:

For taxation of imported goods, the basic value is the sum of:

- The value of the goods as determined by customs law
- The cost of insurance and freight incurred in bringing the goods to Rwanda
- The cost for services which facilitated the import of goods
- The amount of customs duty, excise, port charges or other fiscal charges other than value added tax payable in respect of imported goods

If goods are re-imported after being exported for repair, renovation or improvement, the value of the import is the amount of the increase in value of the goods as a result of such repair, renovation or improvement.

Important information:

Declarations must be made **even if:**

- No sales were made
- No VAT is due
- You're claiming a refund
- Your tax payable is zero

Complying with tax law is important, File your tax timely and Pay on Time.

