



# **TAXES IN AFRICA & MIDDLE EAST**

**2025**

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# Rwanda



**Capital city :**  
Kigali



**Area :**  
26,338 km<sup>2</sup>



**Population :**  
14,254,354



**Languages :**  
Kinyarwanda,  
English, French  
and Swahili



**Political system :**  
Republic



**GDP/capita**  
**2023 :**  
USD 2,793



**Currency :**  
Rwandian franc  
(RWF)



**ISO Code :**  
RWA



**Telephone code :**  
+250



**National day :**  
1 July



## 1. Corporation tax

### 1.1 Tax base

Companies and entities liable for corporation tax pay tax on their profit (taxable income).

Differences between the taxable income and the book profit before tax are very limited.

### 1.2 Residence and non-residence

A company is liable for corporation tax in Rwanda if it has a permanent establishment in Rwanda (resident entity).

To do so, it must have the following in Rwanda:

- its registered office;
- or a permanent establishment;
- a fixed place of business.

Some entities are however exempted from corporation tax, such as:

- entities that fulfil the conditions required by the law on the promotion of investment;
- entities operating in free trade zones;
- social security funds;
- qualified pension funds;
- miscellaneous other funds specified by law;
- the National Bank of Rwanda;
- the Development Bank of Rwanda;
- religious, charitable or humanitarian entities unless it is found that their revenue exceeds their expenditure, or that they carry out commercial activities.

Exempted entities must however submit a tax declaration, no later than on 31 March after the close of the tax period.

## 1.3 Tax year and filing

Annual tax declarations of companies cover periods identical to that of their financial periods, that is generally 12 months.

The tax return must be filed with the tax authorities no later than on 31 March following the close of the fiscal period.

The balance of tax owed is paid when the annual declaration is filed.

Instalments equal to 25% of the tax of the previous year are paid on 30 June, 30 September and 31 December of the year in progress.

## 1.4 Taxable income

The taxable profit is very close to the book result of the company. However, some adjustments need to be made.

There are limits on the deduction of charges concerning:

- the personal share in mixed expenses, estimated at 20% (use of vehicles, telephone costs etc.);
- fines and penalties;
- private and entertainment expenditure, except that relating to the sporting activities of employees;
- gifts to non-profit organisations that exceed 1% of turnover and any gifts to a for-profit organisation;
- fees and technical costs paid to a non-resident, which exceed 2% of the turnover.

Provisions are only deductible when the entity can demonstrate that the asset has become fully unrecoverable. Only banks and credit institutions are allowed to make deductible provisions without providing evidence other than the proper application of central bank regulations.

Entities that operate in free trade zones or sectors identified by the authorities may be exempted from corporation tax, after approval of a special application.

## 1.5 Group income and grouping arrangements

There is no specific regime for groups of companies in Rwanda.

Each entity is taxed separately. On the other hand, dividend received from a resident company is totally exempted, providing it has led to the payment of a final withholding of 15%.

## 1.6 Capital gains

Capital gains, whether derived from the disposal of immovable property or the disposal of securities, attract corporation tax at the normal rate, along with other income.

## 1.7 Losses

Tax losses are deductible over the five following financial years.

If the number or value of the capital of a company is modified by 25% or more, outside a Rwandan stock market, losses are lost.

## 1.8 Exemptions

Financial income (dividend and assimilated income) from subsidiaries is exempted (providing the distributing company has opted for the 15% final withholding). There is no condition of percentage or time of holding of capital.

## 1.9 Rates

The tax rate has been reduced from 30% to 28% for 2023 income (declared on 31 March 2024). Companies that have recently registered with the capital market benefit from low tax rates for 5 years:

- 20% rate for companies that sell at least 40% of their shares to the public;
- 25% rate for companies that sell at least 30% of their shares to the public;

Small companies with turnover set by the law are liable for a standard rate of 3% of the turnover.

The profits of microfinance institutions are subject to a 0% rate for a period of 5 years.

## 1.10 Relief for double taxation

Rwanda has signed agreements to avoid double taxation of the income of resident companies, essentially with countries belonging to the East African Community.

Tax paid abroad on income derived from other countries may be deducted from the tax payable in Rwanda providing the income is included in the tax base applicable in Rwanda.

## 2. Tax on the income of natural persons

### 2.1 Tax base

Natural persons are liable for tax on income derived from Rwanda or other countries, including:

- income from salaried employment;
- business income;
- capital gains;
- other investment income.

Tax agreements between countries limit double taxation of income derived from outside Rwanda.

### 2.2 Residence and non-residence

The natural persons liable for income tax are:

- those who are tax residents in Rwanda;
- those whose principal occupation is in Rwanda;
- those who have invested capital in Rwanda.

### 2.3 Tax year and filing

The tax declaration of natural persons is to be sent to the tax authorities no later than on 31 March following the tax period.

The declaration is not required for taxpayers who have only received income liable to withholding tax (income from salaried employment, dividend etc.).

### 2.4 Taxable income of natural persons

**Income is divided into two broad categories:**

- income from salaried employment;
- income from investment, including capital gains and dividend;

Income tax is owed on the net amounts of salaries.

Capital income includes two main categories:

- Dividend from shares and earnings from fixed-yield investment products, re-

munerated by interest (bank investment, treasury bonds etc.) which attract a 15% final withholding;

- Capital gains made from the disposal buildings and shares: such income is also liable to tax at the rate of 15%, except the shares held by employees in mutual investment funds, which are exempted.

Note that a reduced rate applies to:

- Dividend and financial income from securities listed in the capital market are liable for a 5% withholding if the beneficiary resides in Rwanda or in an East African Community country;
- Interest on treasury bonds with a maturity of at least three years is also liable for final withholding of 5%.

## 2.5 Capital gains

Rwandan law defines the capital gains made by natural persons as the difference between the price at which shares are sold and their cost price. The disposal of immovable property devoted to trade is taxed at a progressive rate, like any other business profit.

The rate of taxation of capital gains on the disposal of shares by natural persons is 5%.

Note the exemption of capital gains on shares held by the employees of a company as part of a mutual fund, and capital gains from securities listed in the capital market.

## 2.6 Losses

Business losses (commercial activity) are carried forward over the next five years.

## 2.7 Exemptions

Exemptions mainly apply to small incomes, and to capital gains made in the financial market by natural persons, and those made from the disposal of securities in a mutual investment fund.



## 2.8 Reductions and rates

The taxation rate applicable to annual employment income:

- 0% up to RWF 720,000;
- 10% for the income bracket from RWF 720,001 to RWF 1,200,000
- 20% for the income bracket from RWF 1,200,001 to RWF 24,00,000;
- 30% for the income bracket above RWF 24,000,000.

A person running a small business is subject to a flat rate of tax of three per cent (3%) of their annual turnover.

Income tax is withheld at source from employees.

## 2.9 Social security

Welfare contributions are only owed on employment income (salaries), to the exclusion of business income received by natural persons.

- Retirement contributions: the withholding applied by the employer as retirement contribution is calculated by applying a 3% rate on the salary. The employer contributes the same 3% rate of the salary.
- Sickness and maternity cover: all employers are required to withhold 7.5% of the basic salary, to which they are required to add an equivalent contribution, i.e. a total of 15% of the basic salary.

## 2.10 Expatriates

There is no special tax regime for expatriates.

## 2.11 Stock options

Capital gains and other income made by employees through a mutual investment fund are exempted. and employee shares in a company are exempt. This exemption does not apply to an employee whose share of the company's capital exceeds 10%.

The other gains are liable to 5% final withholding.

## 2.12 Associations and partnerships

- Non-profit organisations are not taxed.

- Organisations with for-profit activities are taxed like companies.
- De facto companies with for-profit activities are taxed in the name of the shareholders.

## 2.13 Pensions

Pensions paid by a public institution where social security is part of its duties and by qualified pension funds are exempted from income tax.

# 3. Taxes on successions and gifts

## 3.1 Residence and non-residence

Successions and gifts are the subject of very light regulation in Rwanda. Only transfers of the ownership of immovable property give rise to the payment of registration fees, which are not very significant. However, it must be noted that gifts to individuals other than descendants of the owner of the assets are assimilated with transfers when the assets are located in Rwanda, whether or not the beneficiary and/or donor resides in Rwanda.

## 3.2 Tax base & rates

Registration fees are owed on the value of the immovable property located in Rwanda. These are standard amounts based on built zones and areas.

# 4. Value-added tax

## 4.1 Rates

The VAT rates applied are as follows:

- 18% on ordinary goods and services;
- 0% on exports, mineral sales, tourist package sales, etc.

Exemptions:

- financial transactions (interest from investment and transfers of movable assets) and insurance income;
- medical care and medical tests;

- educational material and services;
- books, newspapers and magazines;
- industrial machinery;
- farming products;
- locally produced milk;
- passenger transport services in vehicles with 14 or more passengers;
- air transport of passengers, and transport of passengers and goods by boat;
- land transport of goods ;
- sale and lease-purchase of landed property;
- mobile telephones and SIM cards;

## 4.2 Declaration and payment

Declarations are monthly, to be filed by the 15<sup>th</sup> day of the month following the VAT collection period. A quarterly declaration may be permitted for taxpayers whose annual turnover is below RWF 200,000,000. Payment is to be made when the declaration is filed. VAT on imports is paid at the time when the goods are released for consumption, as are customs duties.

## 4.3 Remote sales

These forms of sale are not addressed by the legislation of Rwanda.

# 5. Other taxes

These mainly include local and municipal taxes:

## 5.1 Land tax

Land tax is to be declared voluntarily to the Rwandan income authority on behalf of municipalities. The tax is calculated based on built and unbuilt areas, and also based on the urban or non-urban nature of the properties, the number of levels (floors etc.). The rates are very low.

## 5.2 Rental tax

This is a municipal tax, but is collected by the tax authorities.

The tax base is determined after deducting costs (actual or standard rate) with allowances depending on the status of the beneficiary (minors, widows, widowers, individuals with disability, pensioners etc.).

The rates applied differ depending on whether the rented property belongs to a natural person, a company or a non-resident:

- For natural persons, progressive rates are applied after standard 50% deduction for miscellaneous expenses, after deducting any interest paid for the related loans: 0% up to RWF 180,000; 20% from RWF 180,001 to RWF 1,000,000; 30% from RWF 1,000,001);
- For companies, net rental income is taxable at the rate of 30% applicable to other income;

### 5.3 Business tax

This is a tax paid by all parties engaging in profitable activities. Small companies are exempted from business tax in the first 24 months of activity.

Business tax is paid as many times as there are locations (number of establishments).

The tax is determined on the basis of the turnover of each establishment, and varies depending on whether the business is carried out in rural areas, urban areas or the city of Kigali.

## 6. Foreign income

Taxes paid in other countries by a taxpayer taxable in Rwanda may be deducted from the amounts owed to the tax authorities. The deduction may not be greater than the amount that would have been used if the foreign income had been taxed in Rwanda.

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