

# **LAW N° 06/2001 OF 20/01/2001 ON THE CODE OF VALUE ADDED TAX**

## **CHAPTER ONE:**

### **A. SHORT TITLE AND PRELIMINARY PROVISIONS.**

#### **Article One:**

This Law is enacted to govern the Code of Value Added Tax.

#### **Article 2:**

The law referred to under article I shall:

a) Impose tax on transactions involving the supply of goods and services in Rwanda and the importation of the Same into Rwanda;

b) Repeal ICHA (tax on turnover);

c) Provide for matters connected with or incidental to the foregoing provisions (a) and (b).

#### **Article 3:**

Without prejudice to the generality of articles 16 and 20 of this law, and for the avoidance of doubt, the following meaning is ascribed to the term supply whenever it is applied under this law;

a) As for goods; the supply of goods shall mean a disposition of the goods for a consideration.

b) As for services; the supply of service shall mean the performance of the service for a consideration.

Any thing which is not a supply of goods but is done for a consideration (including; lease, hire, assignment or surrender of any right or interest) is a supply of service.

c) i) Exception Supply of services made by a person in performing the duties of his office or employment is not a supply made within the meaning of this law.

(ii) Supply of exempt goods or services mentioned under article 86 to this law shall not be treated as supply.

### **B. FIELD OF APPLICATION**

#### **Section 1: Territorial jurisdiction**

##### **Sub-section 1: Goods supplied in Rwanda**

#### **Article 4:**

(1) Save for what is stated under paragraph (2)(a) and (b) of this article, goods shall be regarded as supplied in Rwanda if the supply is made in the ordinary course of business as defined under article 85(26°) of this law.

(2) Without prejudice to any supply made in the ordinary course of business, for the purpose of this Law, goods shall be regarded as being supplied in Rwanda if:

a) they are exported or temporarily exported from Rwanda;

b) their supply involves their installation, processing or assembly at a place in Rwanda from which they are removed.

#### **Article 5:**

Subject to the foregoing provision of article 4(2)(a) or any other provision of this law, goods shall be regarded as being exported if: their supply involves delivery to a place outside Rwanda for purposes of their installation, processing, assembly or any other purpose whatsoever.

#### **Article 6:**

Subject to the preceding provisions of article 5; where goods, in the course of their supply in Rwanda, delivery is made from a place to another place in Rwanda, where in so doing the goods leave and re-enter Rwanda, the delivery shall not be regarded as involving export from, or import to, Rwanda.

Where the Minister is of the opinion that, in relation to any case or class of cases:

a) the place at which goods are regarded, for taxation purposes, as supplied is uncertain: or

b) the application of the provisions of this article gives rise to inequity or anomaly, whether because of the taxation laws of any other country or for any other reason appearing to the Minister to be significant; he may make provisions, by order, in relation to that case or class of cases, for or with respect to the proper determination of the place of supply, for the purposes of this law. Such provisions shall be made in a manner calculated to avoid the inequity, ambiguity or anomaly; and -any provision so made shall have effect in the relevant case or cases to the extent as provided for under article 4 of this law.

#### **Sub-section 2 : Services supplied in Rwanda**

##### **Article 7 :**

Where a service consisting of the lease, hire or loan of any goods, or real property, that does not involve the delivery of the goods from or to Rwanda, as the case may be, the service shall be regarded as supplied in Rwanda.

##### **Article 8 :**

For the purpose of article 7, where goods, in the course of their delivery from a place in Rwanda to another place in Rwanda, leave and re-enter Rwanda, the delivery shall not be regarded as export from or importation to Rwanda.

##### **Article 9 :**

Services shall be regarded as supplied in Rwanda if the supplier of the services:

- a) has a place of business in Rwanda and no place of business elsewhere;
- b) has no place of business in Rwanda or elsewhere but his usual place of residence is in Rwanda,
- c) has places of business in Rwanda and elsewhere but the place of business most directly concerned with the supply of the services in question is the one in Rwanda; or
- d) has no place of business in Rwanda, has place of business elsewhere but the recipient of the services uses or obtains the benefit of the services in Rwanda.

##### **Article 10 :**

Where the Minister, is of the opinion that, in relation to any case or class of cases:

- a) the place at which services are regarded, for taxation purposes, as supplied is uncertain; or
- b) the application of the provisions of article 9 gives rise to inequity, doubt, ambiguity or anomaly, whether because of the taxation laws of any other country or for any other reason appearing to the Minister to be significant; he may make provisions, by order, in relation to that case or class of cases, for or with respect to the proper determination of the place of supply for the purposes of this Law. Such provisions shall be made in a manner calculated to avoid any such doubt, ambiguity, anomaly or rectify or mitigate the same, and any provision so made shall have effect in the relevant case or cases, to the extent as provided for under article 9 of this Law.

Subject to such exceptions and adaptations as the Minister may prescribe, by order, and except where the contrary intention appears; the provision made in relation to duties of customs and consumption taxes, charged on the importation of goods into Rwanda shall apply (so far as relevant) in the same manner, to any value added tax chargeable on the importation of goods into Rwanda.

Such provisions may be made under the Customs law or any other law and subordinate legislation in existence at the time of importation.

#### **Section 2: Taxable supplies.**

##### **Article 11:**

This Law applies to goods and services supplied in Rwanda and importation or exportation thereof save for exempt goods and services

#### **Sub-section 1 : Taxable supplies.**

##### **Article 12 :**

(1) Goods or services shall be deemed as taxable supplies when the supply of the same is made by a taxable person, a partner or agent, for consideration, under the conditions set forth in articles 4 and 9 of this law.

(2) Where a person ceases to be a taxable person, any goods then forming part of the assets of a business carried on by him shall be deemed to be supplied by him in the course of or furtherance of his business immediately before he ceases to be a taxable person, unless the business is transferred as a going concern to another taxable person.

This sub-article shall not apply to any supply in the case of which the taxable person can show to the satisfaction of the Commissioner General:

- a) that no credit for input tax has been allowed to him in respect of the supply ; or
- b) that as in the case of goods; they did not become his as part of the assets of the business transferred to him as a going concern by another taxable person

**Article 13 :**

The zero-rated goods and services set forth under article 87 to this Law shall be deemed as taxable supplies for the purposes of this law.

**Article 14 :**

This law shall apply concurrently with the consumption taxes as amended from time to time.

The rates of consumption taxes shall be adjusted against the value added tax standard rate by virtue of article 85(26°) of this Law, so as to avoid an overall increase in the incidence of taxation.

**[Sub-section 2: Exemptions and zero-rating](#)**

**Article 15 :**

The Minister may, by order, provide for a list of items provided for under articles 86 and 87 of this law.

Without prejudice to the interests of the treasury, in the event that any supply falls under the provisions of articles 86 and 87 to this Law the inclusion into article 87 providing for zero-rated supplies shall take precedence.

**[Sub-section 3: Taxable value of supplies and tax imposition](#)**

**Article 16 :**

The taxable value of each supply shall be, for the purpose of this Law, determined as follows:

- a) The taxable value of a taxable supply is the consideration paid in money or kind by all persons for that supply, except as otherwise provided by or under this Law.
- b) the taxable value of the taxable supply is the open market value of the supply, exclusive of the tax, where goods or services are supplied:
  - i) for a non-monetary consideration; or
  - ii) for both a monetary and non-monetary consideration; or
  - iii) for consideration that is less than the open market value of the goods or services.

c) Where the supply is not the only matter to which consideration in monetary terms relates, the value of the supply shall be deemed to be that part of the consideration as is properly attributable to it.

**Article 17 :**

For the purpose of article 16, open market value means the price at which the goods or services concerned would have been supplied in the ordinary course of business to a person who is independent of the supplier.

Where, in any case, the Commissioner General considers that the value of a taxable supply made by a taxable person is less than its open market value and the person making the supply and the person to whom it is made are connected, he may direct, by a notice in writing, that the value of the supply be taken to be its open market value.

The notice of mentioned under the preceding paragraph of this article shall be valid if given within a period of three years from when the supply was made.

**Article 18 :**

The taxable value of imported goods shall be determined as for a duty of customs, but shall be taken to include the amount of any duty or other import duties payable otherwise than under this Law in respect of the importation.

Subject to the provisions of article 16 and 17 of this law, the taxable value of imported services is the consideration in money for the service rendered.

**Article 19:**

Where goods or services are supplied for a consideration in money and on terms allowing a discount for prompt payment, the consideration shall be taken, for the purposes of article 16, as reduced by the discount. This shall not apply where the terms include any provision for payment by instalment.

**C. THE TIME FOR TAX IMPOSITION.**

**Article 20 :**

The tax is due and payable at the time when goods or services are regarded as supplied. The time for imposition shall be whichever is the earliest of the following:

a) in the case of a supply of goods

i) the time when goods are removed from the premises of the supplier;

ii) if the goods are not to be removed , at the time when they are made available to the person to whom they are supplied;

b) in the case of services a supply shall be treated as taking place at the time when the services are performed;

Where services are supplied for a continuous period under any enactment or agreement which provides for periodic payments, the services are treated as successively supplied for successive parts of the period as determined by the enactment or agreement and each successive supply shall be deemed to take place:

i) at the time an invoice or a VAT invoice in respect of that supply is issued by the supplier; or

ii) at the time payment for the supply is received by the supplier, whichever is the earlier.

c) if, before the time applicable under (a) and (b) above the person making the supply issues a tax invoice or receives a payment in respect of it, the supply, to the extent covered by the invoice or payment, shall be treated as taking place at the time the invoice is issued or payment is received.

**Article 21:**

The supply of any goods, or of any service referred to under article 3, 16 and 20 shall not be taken to preclude the supply within the meaning of articles 28(2) (b) of this Law.

**Article 22 :**

In the case of electricity, water or any other supplies measured by meter or any other calibration, the time of supply shall be the time when the meter or any other calibration is next read after consumption of the supply, subject to the provisions of paragraph c) of article 20) above, in respect of the supply.

**Article 23:**

The provisions of article 20(b) shall equally apply to the supply of services consisting of the lease, hire loan or treatment of, or other activity in relation to any goods. This includes, but not limited to, the service made under contracts of hire-purchase, lease or hire of immovable and movable properties, respectively.

**Article 24 :**

Where the Commissioner General is of the opinion that, in relation to any case or class of cases, the time at which goods or services are regarded, for taxation purposes, as supplied is uncertain; or the application of the provisions of articles 20, 21, 22 and 23 gives rise to inequity or anomaly; he may make provisions, by administrative rule, to ascertain or specify the time of supply, in a manner that puts into effect the provisions of articles 20, 21, 22, and 23.

**Article 25 :**

1. An importation of goods occurs:

a) where the goods require clearance under the customs law, on the time when clearance is made; or

b) in any other case, on the date the goods are brought into Rwanda.

2. An importation of services occurs on the earliest of:

a) the time on which the performance of the services is completed;

b) the time on which the invoice for the services is issued; or

c) the time on which the payment for the services is made.

**Article 26:**

The Minister may, by order, make provision for ascertaining the circumstances and specifying the description of the goods that ; once taken possession of or consumed by a taxable person in the course of furtherance of a business carried on by him and :

a) are neither supplied to another person nor incorporated in other goods produced in the course of or furtherance of that business; but

b) are used by him for the purpose of the business carried on by him ; and

c) subject to certain exceptions that may be specified in the order; the goods are treated for the purpose of this law as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it. The tax accrued there-from shall be accounted for according to the provisions of chapter 2 of this law

**Article 27 :**

Subject to certain exceptions which may be set out by the Commissioner General, in an administrative rule; where the taxable supplies are shown to have been taken for private use by the taxable person, the application of chapter 2 of this Law shall apply and tax is to be accounted for and paid accordingly

**CHAPTER II: ACCOUNTING FOR, AND PAYMENT OF TAX**

**Section 1. Imposition and scope of tax**

**Article 28 :**

(1) Subject to the law, value added tax is imposed on:

a) every taxable supply in Rwanda; and

b) every taxable import of goods or services;  
That takes place on or after the commencement day.

(2) For the purposes of paragraph (1) above, a taxable import includes:

- a) an import of goods by anyone; and
- b) an import of services delivered to a consumer in Rwanda by a supplier whose place of business is not in Rwanda.

The reference to supply includes a reference to a supply that, by virtue of article 12. of this law, or of any rule made under this law, is to be deemed as taking place in Rwanda.

**Article 29:**

(1) Subject to any other provision made by or under this Law or any other law in relation to accounting, tax on a supply of goods and services is due and payable by the supplier, his agent or partner, at the time of supply.

(2) Subject to the provisions of articles 9 (d), 10 (2) and any other provision of this Law Payment of tax for imported services shall be made by a consumer by reverse charge. It shall be due and payable at the time specified under article 20 of this law. The Commissioner General may issue an administrative rule, in relation to any particular case or class of cases to ensure effective application of the provisions of this paragraph.

(3) Value added tax due from any person, shall be recoverable as a debt due to the Government of Rwanda.

(4) Where an invoice shows a supply of goods or services as taking place with value added tax chargeable on it, there shall be recoverable from the person who issued it, an amount equal to that which is shown on the invoice as value added tax, or, if VAT is not separately shown, to so much of the total amount shown as payable as is to be taken as representing VAT on the supply.

(5) Sub-article (4) above shall apply whether or not:

- a) the invoice is a VAT invoice issued in pursuance of article 65 below; or
- b) the supply shown on the invoice actually takes place or has taken place, or the amount shown as VAT, or any amount of VAT, is or was chargeable on the supply; or

c) the person issuing the invoice is a taxable person.

**Article 30:**

Without prejudice to what is stated under the second paragraph to article 29 tax on importation of supplies shall be charged in the same way as for a duty of customs under the existing customs law, and it shall be payable accordingly.

**Article 31:**

The net tax liability for each prescribed accounting period is the tax payable on taxable supplies for that period, less any allowable input tax deductions or credits, adjusted as provided for under this law.

**Section 2. Tax rates**

**Article 32 :**

Tax on a taxable supply of goods or services shall be charged on their taxable value, at the standard rate of tax.

**Article 33 :**

Tax on a taxable importation of goods shall be charged on their taxable value, at the standard rate of tax.

**Article 34:**

*(As modified and completed by article one of the law n° 23/2002 of 10/07/2002 modifying and completing the law n°06 of 20/01/2001 on the code of Value Added Tax ):*

“The standard rate of tax shall be eighteen percent(18 %).”

**Article 35:**

For the purpose of any provision of this Law, or of the orders or rules made under this Law, the standard rate of tax specified in article 32 shall exclude the rate ascribed to supplies appearing on article 87 of this law. Such supplies shall have their tax rate fixed at zero percent.

**Section 3. Tax Returns**

**Article 36 :**

In respect of each accounting period prescribed under article 37, in a form specified in the administrative rule, every taxable supplier shall:

- i) lodge with the Commissioner General, a return in a form to be prescribed by administrative rule;
- ii) maintain the books of account as the Commissioner General may direct and in conformity with the requirements set forth under the Decree of 14th August 1978 governing the national accounting standard;
- iii) provide such information as the return form requires in relation to the supply by him of goods or services, and the importation thereof, if any, tax deductions or credits and any other matter concerning his business, for the prescribed period.

**Article37 :**

The return shall be lodged together with any tax due within fifteen days after the end of the prescribed accounting period to which it relates or within such other time as the Commissioner General may determine by notice.

The fact of not submitting in time returns together with any due leads to the payment of 1,5 % default interest per month.

From the period prescribed in the first paragraph of this law, value added tax due and payable shall be deemed as a debt due to the government and the provisions on distress proceedings set forth under article 56 shall apply.

**Article 38 :**

For the purpose of this Law, the prescribed accounting period, for a taxable supplier, shall be the month next succeeding the month in which he was registered and each succeeding calendar month, unless the Commissioner General, for a reasonable cause, issues a notice in writing to determine another prescribed accounting period for that supplier.

**Article 39:**

A form specified by the Commissioner General for the purpose of this section shall, on request, be made available to any taxable supplier.

**Section 4. Assessment**

**Article 40 :**

An assessment shall be conducted in the manner and during the period prescribed in the Ministerial Orders and as the Commissioner General may, by administrative rule, direct. Such assessment shall culminate into action for recovery of the tax due, interest and penalties.

Conditions calling for such assessment include, but not limited to, any of the following:

- a) failure to register;
- b) non-submission of returns;
- c) returns found to be incorrect, inadequate, or intended to conceal some basic data.

Notwithstanding the foregoing provisions of this article, a tax return filed at any stage of conducting the assessment shall supersede any result of the assessment being made.

**Section 5. Tax deductions and refunds.**

**Sub-section 1: Input-tax deductions**

**Article 41:**

Input tax, in relation to a taxable person means:

- a) tax payable in respect of the supply of taxable goods or services supplied to a registered supplier during a prescribed accounting period for the purpose of a business carried on or to be carried on by him; and
- b) tax paid by a registered supplier on the importation, during a prescribed accounting period, of any taxable goods used or to be used for the purposes of a business carried on or to be carried on by him;

and may, so far as not previously deducted, and subject to the exceptions contained in or prescribed under this section, be deducted from his tax liability or otherwise credited to him in respect of that prescribed accounting period or a later prescribed accounting period.

The provisions of paragraph (b) of this article, shall not extend to cover any element of the flat rate fee paid on importation under the second paragraph of Article 25 of law<sup>o</sup> 14/98 of 18<sup>h</sup> December 1998 establishing the Rwanda Investment Promotion Agency.

**Article 42 :**

Subject to the exceptions prescribed under this section the input tax that may be deducted by, or credited to, a registered supplier shall be:

- a) the whole of that tax, if all the supplies effected by the taxable supplier in the course of his business are taxable; or
- b) such proportion of that tax as in accordance with the administrative rules made by the Commissioner General, is attributable to taxable supplies made by the supplier in the course of his business that is taxable.

Any value-added tax paid on goods or services that were used in setting-up a taxable business may be claimed subject to production of the documents required by article 65 below.

**Article 43 :**

Input tax may not be deducted or credited after a period of three years, or another longer period provided by any other relevant law, from the date of the relevant tax invoice or other evidence referred to in paragraph ( 2) of article 44(2).

**Article 44:**

(1) The Minister may, by order, determine cases in which a deduction or credit of input tax may not be allowed, any such determination being made by reference to:

- a) the goods or services supplied or imported; or
  - b) the supplier or importer, or the person supplied; or
- such other factors as the orders may prescribe.

(2) Subject to article 41, a deduction or credit of input tax may not be claimed until the tax period in which the taxable supplier has;

- a) a value added tax invoice; or



b) a bill of entry or other customs document covering an import; evidencing the amount of input tax paid or payable.

**Article 45 :**

Without prejudice to the generality of paragraph (b) of article 42, rules made by the Commissioner General for the purpose of that paragraph may:

- a) determine the proportion of supplies in any prescribed accounting period, which is to be taken as consisting of taxable supplies; and
- b) provisionally attribute input tax in accordance with the proportion so determined and adjust the attribution over two or more prescribed accounting periods.

**Article 46:**

A taxable supplier shall be entitled to such relief from tax under this law as may be determined by the Minister, by order, in respect of goods that were imported or were in stock on during the period prescribed in article 84 and that were in stock on the tax commencement day.

**Sub-section 2. Payment of tax or refunds**

**Article 47:**

A taxable supplier whose tax liabilities in respect of a particular prescribed accounting period output tax is not exhausted by allowable deductions shall, within the time allowed for lodgement of his tax returns for that period, remit the net amount of tax due to the Commissioner General.

Subject to the foregoing provisions of this article, or any other provision of this law, failure to remit the net amount of tax due to the Commissioner General within the prescribed period shall attract an interest at a rate of 1.5% per month. This shall be imposed together with sanctions set forth under article 68 of this Law.

**Article 48 :**

Where in respect of a particular prescribed accounting period, a registered supplier's output tax is exhausted by allowable deductions within the time allowed for lodgement of his tax return for that period, he shall declare a nil balance.

**Article 49 :**

Where, in respect of a particular prescribed accounting period a registered supplier's allowable credits exceed what would have been his tax liabilities, if any, for the period, the Commissioner General, shall remit to him the amount to which he stands in credit by reason of the excess; on receipt of the relevant return, within thirty days after:

- a) the end of the prescribed period for filing return; and
- b) receipt of the last outstanding tax return due, whichever is later between a) and b).

Notwithstanding the foregoing provisions of this article, or any other provision of this Law, or any other law in force for the time being, in the event that the Commissioner General has raised reasonable doubt on the authenticity of the claim, he shall order for verification, prior to payment, of the claim for refund or deduction submitted to him.

In any such case, the period for the response to be communicated shall not exceed 3 months from the date when the claim was lodged.

**Article 50 :** This article was repealed by the law n° 25/2005 of 04/12/2005 on tax procedures

**Sub-section 4. Adjustment to tax**

**Article 51 :**

Where after the making of contract for the supply of goods and services and before the goods or services are supplied:

- a) there is a change in the tax charged on the supply;
- (b) tax chargeable on the supply is introduced or abolished;

Unless the contract otherwise provides, there shall be added to or deducted from the consideration for the supply, an amount equal to the tax change.

**Article 52 - 78:** These articles were repealed by the law n° 25/2005 of 04/12/2005 on tax procedures

**CHAPTER V. MISCELLANEOUS, TRANSITIONAL AND FINAL PROVISIONS**

**Article 79 :**

1)Orders :

The Minister may make orders for or with respect to:

- i) any matter that, by this Law, is required or permitted to be prescribed; or
- ii) that is necessary or expedient to be prescribed for carrying out, or
- iii) giving effect to this Law; or any other law having effect on value added tax implementation.

2)Rules:

The Commissioner General may make rules for giving effect to this Law or any order of the Minister made under this Law.

**Article 80 :**

Without prejudice to the generality of article 79, orders and administrative rules may be made for or with respect to:

(a)the application of this law in relation to supplies in the ordinary course of business conducted by the administrator of bankrupt or deceased estate;

(b)de-registration of suppliers;

(c) the transfer of business from one supplier to another;

(d) the imposition, in prescribed circumstances, of liability for taxes and charges on taxation to agents;

(e) the issue and display of certificate of registration;

(f) relief from taxation on account of bad debts;

(g) the service of notices or other documents for the purpose of this Law ;

(h) the principal-agent relationship for tax purposes;

(i) any other matter that would enhance a smooth administration or that would improve compliance.

**Article 81 :**

(1)An advertisement made or published in respect of imports or the supply by taxable supplier of any goods or services shall, if it mentions the price at which such goods or services may be obtained, state the price inclusive of tax pursuant to article 65 of this Law.

(2) In this article, "advertisement" includes any label attached to the goods and any sign displayed in connection with the goods or services and any quotation of their price.

**Article 82 :** This article was repealed by the law n° 25/2005 of 04/12/2005 on tax procedures

**Article 83 :**

A registered supplier who, immediately before the VAT commencement day;

(i) has goods in stock for which ICHA has been paid; and

(ii) has held them for not more than three months prior to the effective date; shall be entitled to such relief from tax, as may be determined by the Minister, by order, in respect of goods in stock immediately before that day, that were eligible for tax relief under that law. Such relief shall be claimed in the first return. The registered supplier shall be required to prove the payment effected against ICHA and the amount paid shall be taken as a deductible input tax under this law.

**Article 84 :**

On the tax commencement day, the law on the code of ICHA (turnover tax) shall stand repealed, provided that:

i) powers and provisions of that code as they relate to collection and enforcement of that tax shall remain in force; and

ii) they are not inconsistent or repugnant with this Law or any other regulation or rule made there under.

In case of any inconsistency or repugnance between the law on the code of ICHA and any provision of this Law, the provisions of this Law shall stand.

**Article 85:**

For application of the present law the following expressions are hereby defined:

1 °)"administrative rules" refer to directives issued by the Commissioner General of Rwanda Revenue Authority, issued in the government gazette;

2° "authorised officer" means a person appointed under article 54 of this Law to be an authorised officer;

3° "authority" refers to Rwanda Revenue Authority;

4° "bona fide business purposes" refers to the purposes that are qualified by and under this Law and any other law, as justified and founded on good cause, but it does not include the obtaining of a tax benefit;

5° "capital goods" means any asset, or any component of any asset, which is of a character subject to an allowance for depreciation for income tax purposes, and which is used in the ordinary course of a taxable activity;

6° "consideration" in relation to a supply or import, means the total amount in money or its equivalent paid or payable for the supply or import by any person, directly or indirectly. It includes any duties, levies, fees, or charges paid or payable on, or by reason of, the supply or import, other than value added tax, reduced by any price discounts or rebates for prompt payment, allowed and accounted for at the time of supply or import;

7° "exempt supplies" mean a supply of goods or services described under article 86 of this Law;

8°) "goods" means tangible movable property, buildings and other real property developments, and items treated as goods under this Law, but does not include money;

9°) "input tax" has the meaning ascribed to it under Article 41 of this Law;

10°) "importation" means:

- a) in the case of goods, to bring or cause to be brought into Rwanda from a foreign country or place; or
- b) in the case of services, a supply of services by i) a non-resident; or ii) a resident of Rwanda in the ordinary course of business carried on outside Rwanda, where the services are supplied for use or consumption in Rwanda;

11°) "importer" in relation to an import of goods, includes any person who owns the goods at the time of the import, or any other person who, at the time, is possessed of or beneficially interested in the goods; and, in relation to an import of services, the person to whom the services are provided;

12°) "Minister" means Minister responsible for Finance;

13°) "money" means:

- a) any coins and notes that are legal tender in Rwanda;
- b) any bill of exchange, bank draft promissory note, postal order, or money order;
- c) any stamp, form or card that has a money value and has been sold or issued by the Republic of Rwanda; save for where the coin, note, stamp, form, or card is disposed of as a tax collector's piece;

14°) "orders" refer to ministerial orders issued by the Minister for the purpose of this law;

15°) "output tax" in relation to a taxable supply, means the tax imposed on a supply of goods or services made by the person;

16°) "ordinary course of business" refers to supplies made by the taxable supplier as part of, or incidental to, any independent economic activity of the taxable supplier, whatever the purposes that is bona fide, or results of that activity;

17°) "penalty unit" means RWF 300 or such value prescribed by the Minister by Order;

18°) "person" means any legal or natural person subject to the relevant provision of this Law;

19°) "processed foodstuffs" reference to processed foodstuffs shall be reference to transformation of food into a new form and value, as the Minister may prescribe by order, to produce the goods in commercial quantities and meant for commercial purposes;

20°) "registered supplier" means any person who has registered for value added tax and possesses a registration certificate;

21°) "reverse charge" means and refers to tax payable by the consumer or importer, as the case may be, under second paragraph of article 29, on imported services delivered to the consumer in Rwanda by the supplier whose place of business is not in Rwanda;

22°) "services " includes any rights, benefits, privileges, or facilities, other than goods or money

23°) "tax (or value added tax)" means and refers to tax imposed under this Law;

24°) "taxable supply" means goods or services ascribed in Chapter 1 of this Law;

25°) "taxable supplier " means a person who is required by this Law to be registered;

26°) "tax adjustment" shall refer to upward or downward adjustment, made of value added tax, in accordance with the provisions of article 14, on other consumption taxes;

27°) "tax return" refers to a return required to be lodged by a taxable supplier as required under article 36 of the Law;

28°) "tax invoice" means an invoice showing such particulars as the Minister may, by rule, prescribe relating to taxable supply of goods or services for the purpose of this Law;

29°) "threshold" means the level of taxable supplier's business turnover that is prescribed, for registration purposes, under this Law;

30°) "time of supply" means the period of time at which goods or services supplied are subject to tax, the same refers to the time of importation, as provided for under articles 20 to 27 of this Law;

31°) "Appeals Board" refers to the quasi-judicial organ established for purposes of resolving disputes arising out of this tax, unless the Minister directs otherwise.

32°) "undue tax benefits" means and includes:

a) any avoidance or reductions in the liability of any person to pay tax;

b) any increase in entitlement of any registered supplier to a refund of tax;

c) any reduction in the consideration payable by any person in respect of any supplies of goods or services or importation thereof;

d) any other avoidance or postponement of liability for payment of any tax;

33°) "zero rated supplies" means a supply of goods or services specified under article 87 of this law.

#### **Article 86 :**

*(As modified and completed by article one of the law n°21/2003 of 07/8/2003, O. G n° 11 of 1st June 2003) :*

“Notwithstanding the powers vested into the Minister by the provisions of article 15 of this law, the following supplies are exempt from Value Added tax:

1. Water supply services.

The supply of mains water and sewerage services made for non-profit motive, excluding sewerage pump out services.

2. Health supplies.

- a) The supply of health and medical services.
- b) Articles designed for use by the blind or disabled.
- c) The supply or importation by, eligible persons, of equipment and drugs to hospitals and health centres.
- d) Supply or importation of drugs and medical equipment made by persons recognised by Rwandan laws, for medical use, by patients and disabled persons.

The eligible bodies for the exemption under paragraph b) of this item shall be those recognised by the laws of Rwanda as public institutions, not for profit social organisations and any other form of voluntary or charity institution.

3. Educational services.

- a) Educational services provided to pre-primary, primary or secondary students.
- b) Educational services provided by social organisations, to students and other youths, meant for promoting the social, physical, educational or spiritual development of the members otherwise than for profit.
- c) Educational services provided to vocational and to other tertiary institutions.
- d) Educational materials supplied directly to learning institutions.

The eligible bodies for this exemption shall be those recognised by the laws of Rwanda as public institutions, not for profit social organisations and any other form of voluntary or charitable institution.

4. Books, newspapers, journals, cassettes and diskettes used as educational materials.

5. Transport Services.

- a) Transportation of persons by road in a bus or coach licensed under the Roads and Road Traffic Law and having a seating capacity for fourteen or more adult persons.
- b) Transportation of persons by air or any scheduled flight.
- c) Transportation by railway.
- d) Transportation of persons or vehicles by boat.

6. Transfer of property.

- a) The sale or lease of an interest in land.
- b) Sale or transfer of a building or part of a building, flat or tenement meant for residential purposes.
- c) The renting of, or other grant of the right to use, accommodation in a building used - predominantly as a place of residence of any person and his family, if the period of accommodation for a continuous term exceeds 90 days.

7. Financial and Insurance Services.

- (a) The premium charged on the provision of life and medical insurance services.
- (b) Fees charged on the operation of personal accounts.

8. Metals.

The supply of gold to a Bank in bullion form.

9. Funeral Services.

The supply of any goods or services in the course of a person's burial or cremation, including the provision of any licence or certificate.

10. Kerosene (paraffin) intended for domestic use

11. Trade Union Subscriptions. “

12. i) *(As modified and completed by article one of the law n°21/2003 of 07/8/2003 modifying and completing the law n°06 Of 20/01/2001 on the code of Value Added Tax , O. G n° 11 of 1st June 2003):*

“All Agricultural and Livestock products, except for those processed, are exempted from VAT. However, the milk which is processed in local industries is exempted from this tax”.

ii) Agricultural inputs and equipments.

13. *(As modified and completed by article one of the law n° 24/2006 of 16/05/2006 modifying and completing the law n°06 Of 20/01/2001 on the code of Value Added Tax , O. G n° 13 ter of 1st July 2006):*

“The following goods and services imported by persons with investment certificate are exempted from value added tax:

1° machinery for industries;

2° raw materials for industries;

3° building and finishing materials imported by an investor fulfilling the requirements determined by an order of the Minister in charge of Finance;

4° refrigerating vehicles, tourist vehicles, ambulances, fire-extinguishing vehicles, hearses;

5° vehicle and movable property and equipments for foreign and Rwanda’s diaspora investors and their expatriate staff;

6° equipment for tourism and hotel industry and relaxation places appearing on the list determined by an order of the Minister in charge of finance;

7° goods and services meant for free economic zone;

8° medical equipment, medicinal products, agricultural equipment, livestock, fishing and agricultural inputs;

9° equipment in education field;

10° tourist chartered aeroplanes.

The exemptions referred to under points 1°, 8° and 9° concern all investors even those not possessing the investment certificate.”

14) *(Added by article one of the law n° 26/2004 of 03/12/2004 modifying and completing the law n°06 Of 20/01/2001 on the code of Value Added Tax) :*

“Equipments of information, communication and technology as they appear on annex B of this law are exempted from the value added tax”.

**Article 87 :**

Notwithstanding the powers vested into the Minister by the provisions of article 15 of this law, the Following supplies are zero-rated:

1.Exports:

a) Export of goods from Rwanda by or on behalf of a taxable supplier, where such evidence of exportation is produced as the Commissioner General may, by administrative rule, require.

- b) The supply of services, including transport and ancillary services, which are directly linked to the export of goods under sub item 1(a).
- c) The supply of freight transport services from or to Rwanda, including transshipment and ancillary services that are directly linked to the transit of goods through Rwanda to destinations outside Rwanda.
- d) The supply of goods by a duty free shop, approved under the [Customs and Excise Law], for export by passengers on flights to destinations outside Rwanda.
- e) The supply of goods for use in aircraft stores on flights to destinations outside Rwanda.
- f) The supply of aviation fuel as classified by the Harmonised Systems Code.
- g) The supply of services which are physically rendered outside Rwanda.
- h) The supply, by a tour operator or travel agent, licensed as such, to a tourist of an inclusive tour, subject to such conditions as the Commissioner General may require.

## 2. Supplies to Privileged Persons

Ministerial orders will provide for arrangements to be made to remove the effect of any charge to value added tax subject to such conditions and the production of such acceptable evidence as the orders shall specify in the following cases.

- a) Goods imported for the official purposes of a diplomatic mission accredited by the Republic of Rwanda, but only to the extent that, where there is a diplomatic mission of Rwanda in the country of the diplomat or the diplomatic mission, the foreign country grants reciprocal privileges to the diplomats and diplomatic mission, or consulates of Rwanda.
- b) Supplies made under the agreement entered between the government of Rwanda and the donor(s). The supply:
  - i) funded by the project under the agreement
  - ii) provided by the donor through the Agreement, where the evidence indicate that the supply is made pursuant to the terms of the agreement, as the Commissioner General may prescribe.
- c) Supplies made to the donor in Rwanda, in the course of implementing donor funded projects.
- d) Supplies or importation made under technical aid Agreement, which are exempted under other laws of the country:
  - i) Whether the agreement was entered before or after the effective date of this law; or
  - i i) As it may be prescribed by the Minister.

### **Article 88:**

Any provision of any other Law in existence that is inconsistent with the provisions of this Law is hereby repealed.

### **Article 89 :**

This Law becomes enforceable at the date of its public publication in the Official Gazette of the Republic of Rwanda.