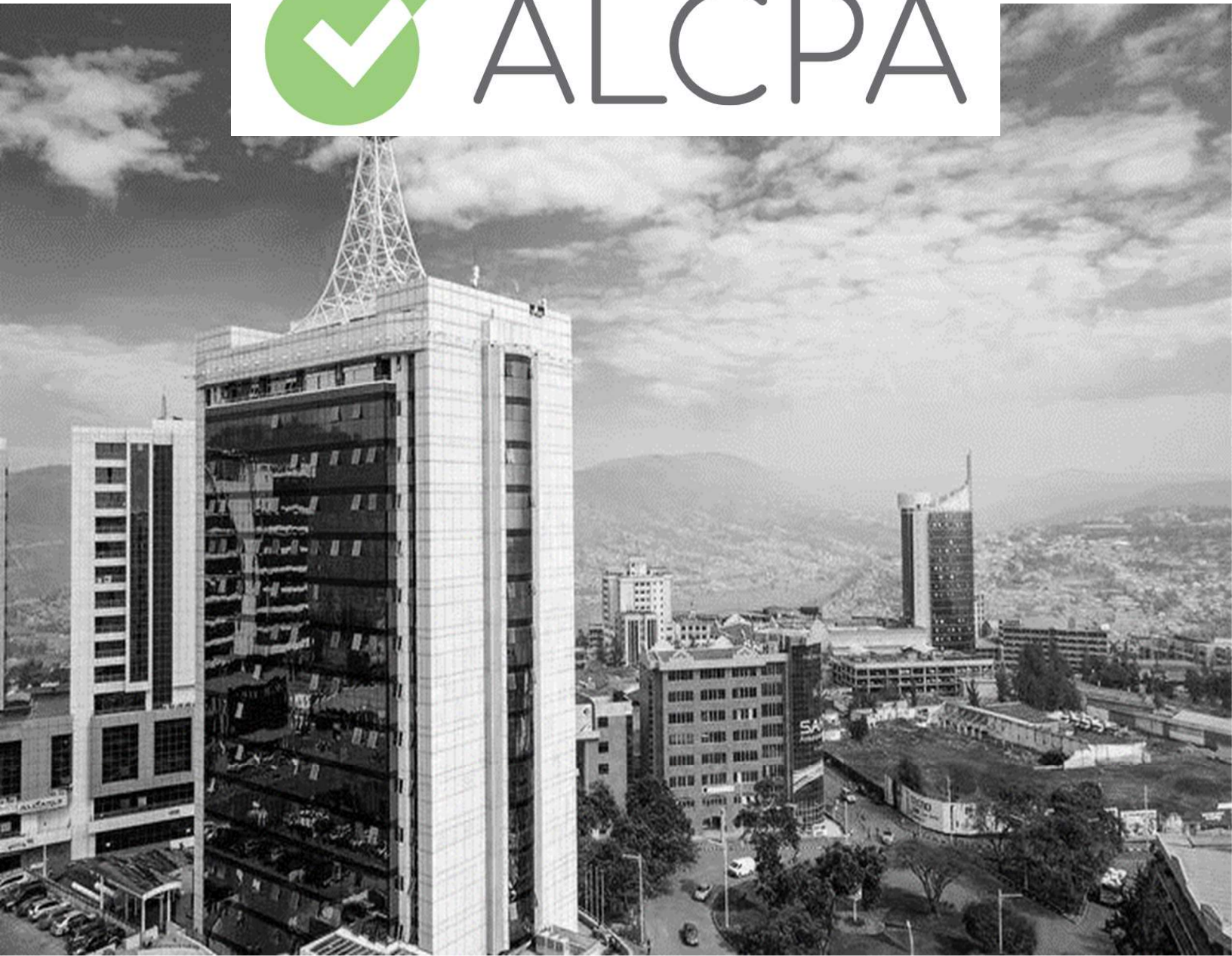




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**TAX
GUIDE**

**IMMOVABLE
PROPERTY IN
RWANDA**

Immovable property is Land, buildings and improvements (structures/amenities which increase value of asset).

What are the Taxes on Immovable property?

1. Immovable Property tax	Tax on market value of Immovable property
2. Tax on Rental Income	RIT (Rental income tax) – Rental income of Individuals <i>OR</i> CIT (Corporate income tax) – Rental income of Incorporated entities

Who has liable to pay taxes on Immovable property?

The owner of any land and/or buildings is required to pay taxes on immovable property. Owner living abroad can appoint a Proxy in Rwanda.

1. How is Immovable Property Tax (PT) assessed?

Immovable Property Tax = Tax Base X Property Tax Rate

Land = Whole Surface area of plot X Standard Rates set by District Council

Building = Market Value x Property Tax Rate

Tax Base

Land	Whole surface area of the plot of land (in square meters)
Building	<ul style="list-style-type: none"> Market Value of Building If Property is acquired within 5 years, acquisition value can be treated as market value (subject to conditions). The market value of each immovable property is required to be valued on the basis of a five-year cycle. Valuation is done by a certified valuer or by computerized mass valuation system.

Property Tax Rate

Land	Std Rate
Land (<=standard size)	Frw 0-300 per sq.mt.
Land (>standard size)	150% of Std Rate
Undeveloped land	200% of Std Rate

Buildings	2020	2021	2022
Residential building	0.5%	0.75%	1%
>=4 floors Residential	0.25%	0.375%	0.5%
Commercial building	0.3%	0.4%	0.5%
Other Special buildings	0.1%	0.1%	0.1%

Note:

- Standard size of plot of land are determined by an Order of the Minister in charge of housing
- Other Special building = Industrial building and buildings belonging to SMEs
- One building whose owner intends to use for dwelling purposes is exempt from property tax

Timelines for Taxpayer

Declare and pay Property Tax	Every year before 31 Dec
Change in valuation by > 20%	Within 1 month declare and pay as per new value

2. How is Tax on Rental Income Assessed?

RIT (Rental Income Tax)

Rental income NOT taxed as business income under CIT (Corporate income tax) is taxed as RIT.

$$\text{RIT} = \text{Taxable Rental Income} \times \text{RIT tax rate}$$

$$\begin{aligned} \text{Taxable Rental Income} = & \text{Gross Rental Income} \\ & \text{(less) Maintenance} \\ & \text{(less) Interest on loan} \end{aligned}$$

Gross Rental Income	Rents income from buildings, improvements or any other immovable property
Maintenance	Flat 50% of Gross Rental Income (No Supporting Documents Required)
Interest on bank loan	Interest on loan for purchase and construction of asset - supported by proof of payment

RIT tax rate

Annual Taxable Rental Income (Frw)	RIT tax rate (Marginal)
0-180,000	0%
180,000- 1,000,000	20%
> 1,000,000	30%

Timelines for Taxpayer

Declare and pay RIT	Every year before 31 Jan of following year
Submit rental contracts to RRA	Within 15 days
Notify RRA amendment and termination of contract	Within 15 days

Rental income taxed as CIT (Corporate Income Tax)

Rental income for incorporated entities is consolidated with other business income while filing CIT. Any person or business who is not subject to corporate income tax and who receives income from a rented immovable property located in Rwanda, is required to register for Rental Income Tax.

$$\text{CIT} = \text{Business Profit} \times 30\% \text{ (Flat)}$$

$$\begin{aligned} \text{Business Profit} = & \text{Income from all business activities (including rentals)} \\ & \text{(less) Deductible Business expenses (including expenses related to immovable assets)} \end{aligned}$$

Deductible Business expenses -Expenses for direct purpose of the business and directly chargeable to the income

- Real expenses, substantiated with proper purchase receipts
- Depreciation allowance = 5% of cost of Building only
(no depreciation allowance on land)



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