

With exception to that penalty, the Tax Administration refers the case to the Prosecution service if the taxpayer voluntarily evaded such tax, like use of false accounts, falsified documents or any other act punishable by law. In case of conviction, the taxpayer can be imprisoned for a period between six (6) months and two (2) years.

### VIII. FAILURE TO PAY TAX WITHHELD

In case a person intentionally fails to deliver the tax withheld to the Tax Administration, he or she is subject to a fine of one hundred percent (100%) of the unpaid tax. In addition, the Tax Administration refers the case to the Prosecution service. In case of conviction, the taxpayer can be imprisoned for a period between three (3) months and two (2) years.

### IX. OBSTRUCTING, AIDING AND ABETTING

A person who obstructs or attempts to obstruct the activities or duties of the Tax Administration in the exercise of its powers under this Law, who aids, abets or conspires with another person to commit a violation against the Law, is subject to penalties as those provided to the taxpayer.

### X. ADDITIONAL PENALTIES

With exception to penalties in the preceding articles, any person who commits offences provided for by the law may be subject to the following additional sanctions:

- 1° Closure of business activities for a period of thirty (30) days;
- 2° Being barred from bidding for public tenders;
- 3° Withdrawal of a business register;
- 4° Being published in nationwide newspapers.

### XI. PENALTIES RELATED TO EBM

S/N	PUNISHABLE ACTS	PENALTIES
1.	Any person required to use electronic billing machine who sells goods or services without issuing an electronic invoice	Administrative fine of ten (10) times the value of the evaded value added tax
2.	In case of repetition of selling goods or services without issuing an electronic invoice	Administrative fine of twenty (20) times the value of the evaded value added tax

3.	Any person who fails to comply with other EBM users obligations	Administrative fine of two hundred thousand Rwandan francs (FRW 200,000)
4.	In case of repetition of non compliance with other EBM users obligations	Administrative fine of two hundred thousand Rwandan francs (FRW 200,000)
5.	Any person who makes a taxable transaction and delivers an electronic invoice with under-valued price	Administrative fine of ten (10) times the value of the evaded value added tax
6.	In case the person repeats making a taxable transaction and delivers an electronic invoice with under-valued price	Administrative fine of ten (10) times the value of the evaded value added tax
7.	<b><i>Additional penalties include the closure of business activities for a period of thirty (30) days, being barred from bidding for public tenders; withdrawal of a business register and being published in nationwide newspapers</i></b>	

## RWANDA REVENUE AUTHORITY



## INTEREST AND FINES



**RWANDA REVENUE AUTHORITY**  
TAXES FOR GROWTH AND DEVELOPMENT

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TO SERVE

January, 2017



## INTEREST AND FINES

### I. INTEREST

#### Interest for late payment

In the event the taxpayer fails to pay tax within the period set by Tax Law, he/she shall be required to pay interest on the amount of tax.

The interest rate is fixed at 1.5%. Interest is calculated on a monthly basis, non-compounding, counting from the first day after the tax should have been paid until the day of payment, which is included. Every month that begins shall be considered as a complete month.

Interest shall always be payable, even when the taxpayer has lodged an administrative or judicial appeal against the assessment.

Interest accrues cannot exceed one hundred percent (100%) of the amount of tax.

When the taxpayer pays, the payment shall be used in paying taxes by deducting interest, penalties and tax liability”.

### II. FINES

#### Administrative fixed penalties

“A taxpayer or any person is subject to an administrative penalty if he/she fails to:

- 1° File a tax declaration on time;
- 2° File a withholding declaration on time;
- 3° Withhold tax;
- 4° Provide proofs required by the Tax Administration;
- 5° Cooperate with a tax audit;
- 6° Communicate on time the power or time given as described in the Paragraph 2 of Article 7 of this Law;
- 7° Register as required;
- 8° Comply with records and bookkeeping, VAT invoice
- 9° Pay on time the profit tax advance;
- 10° Comply with any requirements provided for in tax Laws governing taxes.

### III. ADMINISTRATIVE PENALTIES

- 1° One hundred thousand (100,000) Rwandan francs for a natural person not engaged in any commercial activity and

a taxpayer’s annual turnover equal to or less than twenty million (20,000,000) Rwandan francs;

2° Three hundred thousand (300,000) Rwandan francs if the taxpayer is a public institution or a non profit making organization and if the taxpayer’s annual turnover exceeds twenty million (20,000,000) Rwandan francs;

3° Five hundred thousand (500,000) Rwandan francs if the taxpayer was informed by the Tax Administration that he/she is in the category of large taxpayers.

#### Notice

√ In case the concerned taxpayer fails to submit his/her certified annual tax declarations and financial statements while he/she has a legal requirement to do so, he/she is subjected to a fixed administrative penalty of five hundred thousand (500,000) Rwandan francs per month until he/she submits them.

√ In case the same violation is committed twice within five (5) years, the penalty is twice the original penalty. In case the same violation is committed again within such five (5) years, the penalty is four times the original penalty.

### IV. LATE PAYMENT FINE

If the amount of tax shown on a tax declaration or the amount of tax which is the result of an adjusted assessment by the Tax Administration is not paid in time, the taxpayer is subject to a fine of ten percent (10%) of the tax payable. The taxpayer is not subject to this fine if the Commissioner General provided an extension for filing the tax declaration.

*The late payment fine does not apply to interest or administrative fines.*

### V. PENALTIES FOR UNDERSTATEMENT OF TAXES, FOR NON PAYMENT AND FOR NON DECLARATION

If an audit or investigation shows that the amount on a tax declaration is less than the tax liability the taxpayer ought to have paid, he/she shall pay the non paid tax and also be subject to the following administrative penalties:

- 1° Five percent (5%) of the amount of the understatement if the understatement is equal to or more than five percent (5%) but less than ten percent (10 %) of the tax liability he/she ought to have paid;

2° Ten percent (10%) of the amount of the understatement if the understatement is equal to or more than ten percent (10%) but less than twenty percent (20 %) of the tax liability he/she ought to have paid;

3° Twenty percent (20%) of the amount of the understatement if the understatement is twenty percent (20%) or more but less than fifty percent (50%) of the tax liability he/she ought to have paid;

4° Fifty percent (50%) of the amount of the understatement if the understatement is fifty percent (50%) or more of the tax liability he/she ought to have paid

5° The taxpayer who has declared due taxes in the required time limits provided by the Law but did not pay those taxes in that time limits, shall pay the principal tax and an administrative penalty of 50% of due taxes.

6° A taxpayer who has not declared taxes in the required time limits provided by Law, shall pay the due taxes and an administrative penalty of 60% of due taxes.

### VI. VALUE ADDED TAX VIOLATIONS

The following administrative fines are imposed to persons who do not comply with provisions of Value Added Tax:

1° In the event of operation without VAT registration where VAT registration is required, fifty percent (50%) of the amount of VAT payable for the entire period of operation without VAT registration;

2° In the event of the incorrect issuance of a VAT invoice resulting in a decrease in the amount of VAT payable or in an increase of the VAT input credit or in the event of the failure to issue a VAT invoice, one hundred percent (100%) of the amount of VAT for the invoice or on the transaction;

3° For issuing of a VAT invoice by a person who is not registered for VAT is assessed a penalty of one hundred percent (100%) of the VAT which is indicated in that VAT invoice and is due to pay the VAT as indicated on that VAT invoice.

### VII. TAX FRAUD

A taxpayer who commits fraud is subject to an administrative fine of one hundred percent (100%) of the evaded tax.