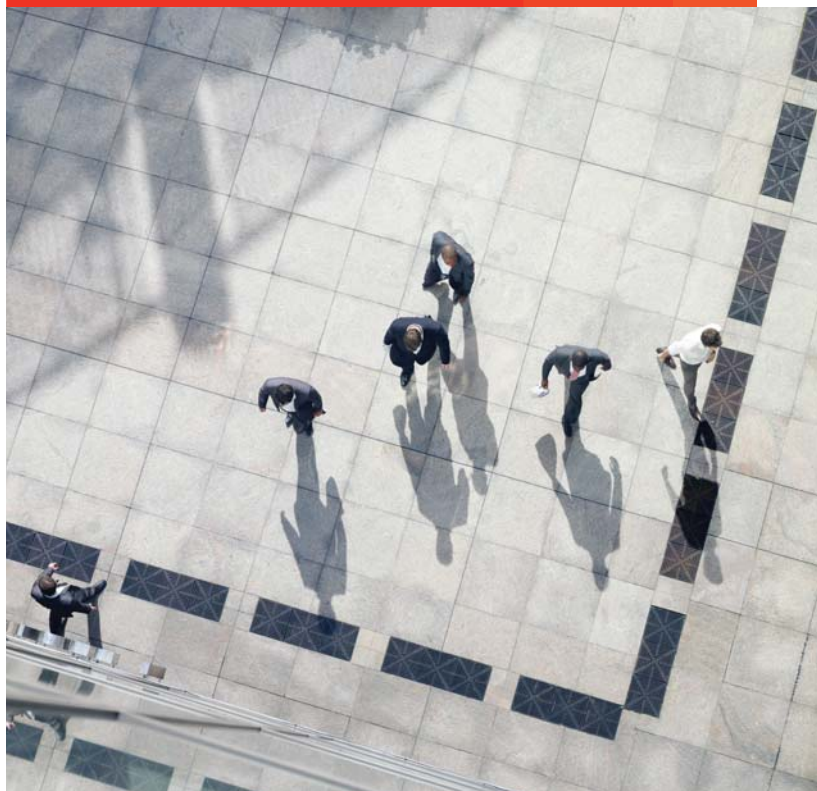


Doing business: Know your Taxes

East Africa Tax Guide
2012/2013

March 2013



Although we have taken reasonable care in compiling the publication, we do not accept any responsibilities for any errors or inaccuracies that it may contain. This date has been prepared for a quick reference. The publication has been based on the 2012 Finance Acts for the different territories. Action should not be taken on the strength of the information contained herein without obtaining specific advice from the firm.

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East African Community Common Market

(2012 - 2013)

The future of the East African Community (EAC) is on course after the operationalisation of the EA Common Markets in July 2010. The move is expected to boost trade and movement of factors of production across the EAC region.

The Double Tax Treaty between Uganda, Kenya, Rwanda, Tanzania and Burundi will be implemented after every country ratifies the treaty.

The establishment of the East African Community Common Market is in line with the provisions of the EAC Treaty. It provides for “Four Freedoms”, namely: the free movement of goods; labour; services; and capital. These will significantly boost trade and investments and make the region more productive and prosperous

Tax harmonisation is part of the EAC integration agenda where Partner States agreed to harmonise their monetary and fiscal policies with the key objective to eliminate tax distortions to effect a more efficient allocation of resources in the common market and enhance trade. These has lead to the EAC undertaking the following roles;

- The EAC seeks to establish a single customs territory to facilitate free movement of goods within the region.
- The EAC has a collective resolve to deliver a Protocol on Monetary Union for the people of East Africa and in many respects lower the cost of doing business in the region.

Goods imported into the EAC are subject to Common External Tariffs (CET). Some of the proposals made by the member states in respect of these tariffs in 2012/2013 are as follows:

- Removal of import duty on set top boxes, to facilitate migration to digital television signals
- Zero rating of import duty on food supplements and mineral premix used in fortification of food supplements for feeding infants
- Duty remission to producers of nutritious food or products for feeding infants and persons suffering from HIV/AIDS
- Zero rating of import duty on imported software
- Exemption of duty on inputs used in the manufacture of medical diagnostic kits
- Exemption of import duty on beekeeping equipment
- Extension of the stay of application of CET rate of 35% on wheat grain for a period of one year
- Continued application of the CET rate of 25% on cement for a period of one year
- Increase in import duty on galvanized wire from 0% to 10%

Some of other changes that are unique to the respective East Africa Community countries are outlined in this guide under each country taxes with exception of Burundi.



Income Tax

Corporations (2012 - 2013)

Kenya

Corporation rate	Rate
Resident corporation	30%
Non-resident corporation	37.5%
Export Processing Zone	
first 10 years	NIL
next 10 years	25%
Registered Unit Trusts/Collective Investment schemes	Exempt subject to conditions

Newly listed companies approved under the Capital Markets Act:

with 20% issued shares listed	first 3 years after listing	27%
with 30% issued shares listed	first 5 years after listing	25%
with 40% issued shares listed	first 5 years after listing	20%

Rates on gross income of non-residents derived in Kenya:

Transmission of messages	5%
Ownership or operation of a ship	2.5%

Income Tax

Corporations (2012 - 2013)

Small Business Taxpayers – Turnover tax

A resident taxpayer whose annual gross turnover does not exceed KShs 5 million will be taxed at the rate of 3%. In such a case, the taxpayer will not be required to register for VAT.

Turnover tax does not apply to rental income, management or professional fees or training fees, income subject to withholding tax as a final tax and income of incorporated companies.

Loss making businesses are allowed to make an election to be exempted from Turnover tax. A written application for exemption has to be made to the Commissioner and there is a procedure to be followed.

Tax exemption process and status reviewed

Application to be approved by the Commissioner within 60 days upon receipt of the application.

The exemptions certificates to be valid for five years.

Income Tax

Corporations (2012 - 2013)

Kenya

Capital deductions	Rate
Investment deduction:	
Qualifying investment exceeding Kshs 200 million (outside Nairobi, or the Municipalities of Mombasa or Kisumu)	150%
Other qualifying investment	100%
Industrial building allowance:*	
Hostels and certified education buildings (straight line)	50%
Qualifying rental residential or commercial buildings (straight line)	25%
Other qualifying buildings (including hotels, straight line)	10%
Wear and tear allowance:	
Plant and machinery (reducing balance)	
Class 1	37.5%
Class 2	30%
Class 3	25%
Class 4	12.5%
Telecommunication equipment (straight line)	20%
Other allowances:	
Computer software (straight line)	20%
Capital expenditure under a concessionairing arrangement	Equal proportions over the period of the concession
Mining specified minerals	Year one 40%
	Year two to seven 10%
Farm works (straight line)**	100%

* Different percentages apply for previous years

Clarification on commercial buildings: Certainty on building structures that constitute commercial buildings. Subject to IBA at 25% per year effective 1 Jan 2013.

Income Tax

Corporations (2012 - 2013)

Tanzania

Corporation rate	Rate
Resident corporation	30%
Non-resident corporation*	30%
Newly listed companies – reduced rate for 3 years**	25%
Alternative minimum tax***	0.3%

Capital deductions	Rate
Buildings (straight line)	
Used in Agriculture or livestock/ fish farming	20%
Other	5%
Plant and machinery (initial allowance)	
Used in Manufacturing (first year allowance)	50%
Used in Agriculture	100%
Plant & machinery (reducing balance)	
Class 1	37.5%
Class 2	25%
Class 3	12.5%
Intangible assets (straight line)	Over useful life
Agriculture - improvements/research and development	100%
Mining exploration and development	100%

* A non-resident corporation with a permanent establishment also has to account for tax of 10% “repatriated income”

** Provided at least 30% of shares are publicly issued

*** Charged on turnover where a corporation makes tax losses for 3 consecutive years

Income Tax

Corporations (2012 - 2013)

Uganda

Corporation rate	Rate
Resident corporation	30%
Non-resident corporation	30%
Repatriated income of a branch	15%
Collective Investment Schemes	Exempt
Non-resident shipping, air and road transport operators and embarking goods in Uganda	2%
Direct-to-home pay television services and internet broadcasting	5%
Operation of aircraft in domestic and international traffic or leasing of aircraft	Exempt

Exporters of at least 80% finished consumer and capital goods

The income derived from exportation of at least 80% of finished consumer or capital goods out of the East African Partner States is exempt from tax. The tax payer has to apply for the exemption and be issued with a certificate of exemption. The exemption runs for a period of ten years. Terms and conditions apply.

Agro-processing Investors

The income derived by a new investor who invests new plant and machinery to process agricultural products and processes agricultural products which are grown or produced in Uganda for final consumption is exempt from tax. The new plant and machinery should not have been previously used in Uganda in agro processing and upon commencement of the agro-processing, the new investor must apply to the Commissioner for a certificate of exemption at the beginning of the investment and the exemption only applies if a certificate of exemption is issued. The Commissioner may issue a Certificate of exemption within 60 days of receiving the application. A certificate of exemption is valid for one year.

Education institutions

There is an exemption from tax for the business income derived by a person from managing or running an educational institution.

Income Tax

Corporations (2012 - 2013)

Uganda

Small Business Taxpayers

A resident taxpayer whose annual gross turnover is less than US\$ 50 million, but more than US\$ 5 million per annum is taxed under the presumptive system unless:

- The taxpayer has opted to file the annual income tax return.
- The taxpayer is in the business of providing medical, dental, architectural, engineering, accounting, legal or other professional services, public entertainment services, public utility services or construction services.

Presumptive tax is the final tax for the taxpayer

Gross turnover	Rates
Less than US\$ 5 million	Nil
Between US\$ 5 million and US\$ 20 million	US\$ 100,000
Between US\$ 20 million and US\$ 30 million	Lower of US\$ 250,000 or 1% of gross turnover
Between US\$ 30 million and US\$ 40 million	Lower of US\$ 350,000 or 1% of gross turnover
Between US\$ 40 million and US\$ 50 million	Lower of US\$ 450,000 or 1% of gross turnover

Electronic filing of returns and payment of tax

All large and medium taxpayers as well as taxpayers located in Kampala Central, Jinja, Gulu, Mbale and Mbarara are required to file their corporation tax, VAT, withholding tax, PAYE, Gaming and Pool betting returns online. Also all payments in respect of the returns should be made online.

Income Tax

Corporations (2011 - 2012)

Uganda

Capital deductions	Rate
Industrial Buildings/Hotels/Hospitals	
Initial allowance	20%
Annual write-down allowance (straight line)	5%
Plant and machinery (Initial allowance)	
Entebbe, Jinja, Kampala, Namanve, Njeru	50%
Other areas	75%
Plant, machinery and Vehicles	
(annual allowance, on reducing balance)	20%, 30%, 35% and 40%
Commercial Buildings (Annual allowance on straight basis)	5%

Note 1 - Person engaged in mining operations

Mining companies are charged at income tax rates ranging from 25% to 45% depending on the company's ratio of chargeable income to gross revenue in the year of income.

Note 2 - Petroleum Operations

There are detailed guidelines to follow on the taxation of petroleum companies in respect to determining petroleum revenue and expenditure, filing income tax returns as well as the withholding taxes applicable.



Income Tax

Corporations (2012- 2013)

Rwanda

Corporation tax rates	Rate
The general corporate tax rate for resident companies	30%

However a registered investment entity that operates in a Free Trade Zone and foreign companies with headquarters in Rwanda who fulfill the requirements stipulated in the Investment code of Rwanda is entitled to the following preferential tax rates:

- Pay corporate income tax at the rate of 0%
- Exemption from withholding tax
- Tax free repatriation of profits

Companies that carry out micro finance activities pay corporate income tax at the rate of 0% for a period of five years. The period is renewable by the order of the minister.

A registered investor is entitled to a profit tax discount of:

- 2% if investor employees between 100 and 200 Rwandans
- 5% if investor employees between 201 and 400 Rwandans
- 6% if investor employees between 400 and 900 Rwandans
- 7% if investor employees more than 900 Rwandans

The discount is granted to investors only if:

- they maintain the employees for a period of at least six months during a tax period; and
- the category of employees are not those who pay PAYE at zero percent (0%)

Newly listed companies

Newly listed companies on capital market shall be taxed for a period of 5 years on the following rates:

- i. 20% if those companies they sell at least 40% of their shares to the public;
- ii. 25% if those companies sell at least 30% of their shares to the public;
- iii. 28% if those companies sell at least 20% of their shares to the public.

Venture capital companies registered with the capital markets Authority in Rwanda benefit from a corporate income tax of zero percent (0%) for a period of five (5) years from the date the decision has been taken.

Exports-Tax discount

Export of commodities and services that bring to the county revenue of:

- Between US\$3m and US \$5m qualify for a tax discount of 3%

Income Tax

Corporations (2012 - 2013)

- More than US \$5m qualify for a tax discount of 5%

A new tax regime for SMEs in the form of a flat tax rate has been introduced. The new SME tax regime groups SMEs in two categories with the following tax rates;

1. SMEs with turnover of 12 million to Rwf 50 Million, now pay a flat tax rate of 3% instead of 4%
2. Micro enterprises with turnover of Rwf 12 million or less are now grouped into four bands with tax amounts payable as follows:
From 10- 12(Million) will pay Rwf 300,000
7-10 Million will pay Rwf 210,000
4-7 Million will pay Rwf 120,000
2-7 Million will pay Rwf 60,000
3. Taxpayers with annual turnover equal to rwf 200 Million can opt to declare and pay PAYE on a quarterly basis

Capital deductions	Rate
Buildings, Plant and equipment (each asset on its own on a straight line basis)	5%
Intangible assets including goodwill (each asset on its own on a straight line)	10%
Computers and accessories, information and communication systems, software products and data equipment (under a pooling system on straight line basis)	50%
All other business assets (under a pooling system on straight line basis)	25%
Investment allowance*	
• If registered business is located in Kigali	40%
• If registered business is located outside Kigali or falls within the priority sectors determined by the Investment Code of Rwanda	50%

* To qualify for the investment allowance:

The amount of business assets invested should equal to thirty million (30,000,000)RWF (approximately US \$51,000) excluding motor vehicles that carry eight persons except those exclusively used in tourism business; and,

The business assets should be held at the establishment for at least three (3) tax periods after the tax period in which the investment allowance was taken into consideration.

Transfer Pricing

Kenya

The Income Tax Act requires transactions between resident companies and their related non-residents to be at arm's length. The Minister for Finance in the 2006 budget introduced the Income Tax (Transfer Pricing) Rules. The range of transactions which are subject to an adjustment include the sale, purchase and leasing of goods, other tangible and intangible assets, the provision of services and interest on loans. These transactions should comply with the arm's length principle.

TP assessments are subject to late payment penalty and interest just like any other taxes.

The Finance Act 2012 has enacted provisions to give effect to Tax Information Exchange Agreements (TIEA) which the Kenyan government intends to enter with other governments.

The TIEA will allow the KRA to exchange information which will enable them to enforce domestic tax laws more effectively especially as regards to Transfer Pricing.

The Income Tax Act has given the Commissioner powers to issue Transfer Pricing guidelines.

Tanzania

The Income Tax Act 2004 contains a provision which deals with transfer pricing. The provision refers to the arm's length principle, a requirement which applies not only to transactions with non-resident associates but also to transactions with resident associates.

Uganda

Transfer pricing regulations have now been published and are effective 1 July 2011. The regulations are modeled on the OECD Model Tax Convention. Businesses in Uganda are now required to determine their income and expenditures arising from transactions with related parties in a manner that reflects the arms' length principle. Documentation showing the evidence of the arms' length principle should be in place at the time of filing the company's income tax return for the year in which the transactions were conducted.

“ The URA issued guidelines on what should be contained in the TP the documentation that is required by the regulations. The guidelines which were issued in a practice

note dated 14 May 2012 are consistent with the Organisation for Economic Development Transfer Pricing Guidelines for Multinationals (“the OECD Guidelines”) and include:

- a description of the controlled transactions that have been entered into;
- the name of the participants, the scope, type, timing, frequency and value of the transactions;
- Identification of internal data relevant to the controlled transactions;
- terms and conditions of the transactions, including copies of relevant inter-company agreements;
- a description of the method selected and why it was selected; and
- searches and criteria used in the selection of comparables.

Rwanda

The Rwandan law on direct taxes on income stipulates that where conditions are made or imposed between related persons carrying out their commercial relationship which differ from those which would be applied between independent persons, the Commissioner General, may direct that the income of one or more of those related persons be adjusted to include profits that would have been made if they operated as independent persons.

The tax legislation empowers Commissioner General to make arrangements in advance with persons carrying out business with related persons to ensure efficient application of the Transfer Pricing provision.

Income Tax

Individual Rates (2012 - 2013)

Kenya

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	KShs	KShs	%	KShs	KShs
First	10,164	10,164	10	1,016	1,016
Next	9,576	19,740	15	1,436	2,452
Next	9,576	29,316	20	1,915	4,368
Next	9,576	38,892	25	2,394	6,762
Over	38,892		30		

Resident's Personal relief KShs 13,944 per annum

Tax free income threshold of KShs 11,135 per month

Income Tax

Individual Rates (2012 - 2013)

Tanzania

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	TShs	TShs	%	TShs	TShs
First	170,000	170,000	0	0	0
Next	190,000	360,000	14	26,600	26,600
Next	180,000	540,000	20	36,000	62,600
Next	180,000	720,000	25	45,000	107,600
Over	720,000		30		

The above rates apply in Mainland Tanzania. The Government of Zanzibar has separate powers to determine personal income tax rates applicable in Zanzibar and therefore the rates in Zanzibar may differ from those in Mainland Tanzania.”

Business - Presumptive Income Tax

For individuals with business turnover not exceeding TShs 20m, specific presumptive income tax rates apply.

Rwanda

Individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	RWF	RWF	%	RWF	RWF
First	0-30,000	30,000	0	0	0
Next	30,001-100,00	70,000	20	14,000	14,000
Over	100,000		30		

Income Tax

Individual Rates (2012 - 2013)

Uganda

Resident individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	UShs	UShs	%	UShs	UShs
First	235,000	235,000	0	0	0
Next	100,000	335,000	10	10,000	10,000
Next	75,000	410,000	20	15,000	25,000
Over	410,000		30 Plus 25,000*		

- * (a) UShs. 25,000 plus 30% of the amount by which chargeable income exceeds UShs. 410,000 and
(b) Where chargeable income of an individual exceeds UShs 10,000,000 an additional 10% charged on the amount by which chargeable income exceeds UShs. 10,000,000

Non-Resident individual rate-monthly

	Bands of taxable income	Taxable income	Tax	Tax on bands	Cumulative tax on income
	UShs	UShs	%	UShs	UShs
First	335,000	335,000	10	33,500	33,500
Next	75,000	410,000	20	15,000	48,500
Over	410,000		30 Plus 48,500**		

- ** (a) UShs. 48,500 plus 30% of the amount by which chargeable income exceeds UShs. 410,000 and
(b) Where chargeable income of an individual exceeds UShs 10,000,000 an additional 10% charged on the amount by which chargeable income exceeds UShs. 10,000,000

Income Tax

Individual Taxable Benefits (2012 - 2013)

Kenya

Employee benefits

Housing benefit

For directors – the taxable value of the benefit is: where the housing is owned by the employer - the fair market rental value, where rent is paid at arm's length - the higher of 15% of the taxable employment income (excluding the value of housing provided), the market rental value, the actual rent paid by the employer. Where the rent is not at arm's length - the higher of the fair market rental value or the rent paid by the employer.

For employees other than directors – the taxable value of the benefit is: where the housing is owned by the employer - the fair market rental value, where rent is paid at arm's length - the higher of 15% of the taxable employment income (excluding the value of housing provided) or the rent paid by the employer. Where the rent is not at arm's length - the higher of the fair market rental value or the actual rent paid by the employer.

For agricultural employees required to be housed by the employer on a plantation or farm – the taxable value of the benefit is computed at 10% of the taxable emoluments subject to approval by the KRA Commissioner.

Car benefit

Taxed on the higher of Commissioner's fixed scale rate and the annual prescribed rate, which is calculated as 24% p.a. (2% per month) of initial cost of the vehicle to the employer.

Where an employee has been provided with a hired or leased vehicle, the taxable value of the car benefit is the lease or hire charges.

However, the Commissioner may determine a lower rate for the benefit where the employee can demonstrate and provide proof of restricted usage of the company car.

Loans

Fringe Benefit Tax (FBT) is payable on interest free or low interest loan granted to employees. FBT is paid by the employer, whether exempted from tax or not, at the resident corporate tax rate currently 30%. The benefit is the difference between actual interest charged and the interest computed using the Commissioner's prescribed rate published quarterly.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Kenya

Per diems

Employees working outside their normal duty station will be required to account for per diems received in excess of the tax free threshold of KShs 2,000 or be taxed on the unsupported amount. The first KShs 2,000 per day spent while away on business trips is tax free. Employers are required to maintain a formal per diem policy in line with the Commissioner's guidelines.

Other employee benefits

Taxed at the higher of the cost to the employer of providing the benefit or the fair market value. The Commissioner's current prescribed rates for some utilities are:

Monthly Rate	KShs
Water (where provided communally)	500 (200 for agricultural employee)
Electricity (where provided communally)	1,500 (900 for agricultural employee)
Furniture (where owned by employer is a separate benefit from housing)	1% of cost to employer
Telephone including mobile phone usage	30% of cost to employer

Employer pension contributions

Employees of employers who are tax exempt are liable to tax on all employer pension contributions to an unregistered scheme or contributions to a registered scheme in excess of the tax deductible limit. In the case of taxable employers, no benefits arise but the contributions in excess of the statutory limit by the employee are not a tax deductible expense to the employer.

Employee share ownership plans (ESOPs)

Registered ESOPs qualify for beneficial taxation. The taxable benefit shall be the difference between the offer price and the fair market value of the shares at the date of grant. The benefit will be taxable upon vesting of shares. Benefits from unregistered ESOPs are subject to the general rules on taxation of other employment benefits.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Kenya

Employee staff meals

Staff meals provided by employers to low income employees are tax free.

Note: A low income employee is defined as an employee whose marginal rate of tax on income does not exceed the rate of 20% (i.e. below the 3rd tax band).

Employee medical plans

Employees including beneficiaries medical costs incurred by the employer, are not taxable on full time employees. This is provided the insurance provider has been approved by the Commissioner of Insurance. Special rules apply for company directors. Non-executive directors can enjoy a tax-free medical benefit of up to a maximum value of 1,000,000 per annum.

Medical costs of up to KShs 1 million pa. are tax deductible for sole proprietors in sole proprietorships and partners in partnerships.

A beneficiary as per the Finance Act 2011 shall include any employee's spouse and not more than four children whose age should not exceed 21 years. For those with more than one spouse and four children they will have to bear the tax burden of additional beneficiaries under the medical cover. Effective 9 June 2011.

Not exempt from paying taxes

President, Speaker, Vice President, Ministers and MPs now taxable, , the previous removal of the tax exemption in 2008 not effective due to an exemption in the National Assembly Remuneration Act. This has now been harmonised/deleted.

Effective 15 June 2012.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Tanzania

Employee benefits

Housing benefit

Lower of:

- (a) market value rental of the premises; and
- (b) the higher of the following:
 - i. 15% of employee's total annual income and
 - ii. the expenditure claimed as deduction by the employer in respect of the premises

Car benefit

Taxed according to engine size and vehicle age on the following annual values:

Engine size	up to 5 years old TShs	> 5 years old Tshs
<= 1,000 cc:	250,000	125,000
1,001 - 2,000 cc:	500,000	250,000
2,001 - 3,000 cc:	1,000,000	500,000
>3,000 cc:	1,500,000	750,000

Note:

Not chargeable where employer does not claim deduction in respect of the ownership, maintenance, or operation of the vehicle.

Loans:

The taxable benefit on interest free or low interest loans is computed by reference to the excess of prevailing rate determined by the Bank of Tanzania over actual interest rate applied.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Uganda

Employee benefits

Housing benefit

Lower of:

- a) 15% of emoluments (including market rent of housing); and
- b) Market rent of house provided

Car benefit

Taxable value of car benefit is calculated using the formula:

$(20\% \times A \times B / C) - D$ where

- A - is the market value of the motor vehicle at the time when it is first provided for the private use of the employee
- B - is the number of days in the year of income during which the motor vehicle was used or available for use for the private purposes by the employee for all or a part of the day
- C - is the number of days in the year of income; and
- D - is any payment made by the employee for the benefit

Loan benefit

Where an employee is provided with a loan which exceeds US\$ 1 million in total, at a rate of interest below the statutory rate, the value of the loan benefit is the difference between the interest paid during the year of income (if any) and the interest which would have been paid if the loan had been made at the statutory rate for the year of income. Bank of Uganda discount rate as at 1 July 2012 was 19% p.a.

Short term loans (which expire and are repaid within 3 months of being provided they are not rolled –over or replaced by other loans) do not constitute a benefit on the employee.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Uganda

Domestic servants

Where the employer provides such benefit, the value of the benefit is the aggregate amount of remuneration to the individual domestic servant's employer meets on behalf of the employee. Employer's provision of security guards to the employee is not a taxable benefit.

Meals, refreshment and entertainment

Where an employer provides meals, refreshments and entertainment to an employee, the total cost to the employer is the value of the benefit, reduced by the employee's contribution.

Meals or refreshments provided to the employees in premises operated by or on behalf of the employer do not constitute a benefit on the employee if they provided to all full-time employees on equal terms.

Medical

The employment income of an employee does not include any reimbursement or discharge of the employee's medical expenses.

Employee share option scheme

The employment income of any employee now includes any amount by which the value of shares issued to an employee under an employee share acquisition scheme at the date of issue exceeds the consideration, if any, given by the employee for the shares given as consideration for the grant of a right or option to acquire the shares.

However, the employment income of the employee does not include the value of a right to acquire the shares granted to the employee under the scheme..

Any capital gains derived by an individual on the disposal of shares in a private limited company are taxable.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Rwanda

Employee benefits

Housing benefit

Housing allowance in cash is taxable in full like other allowances. Where the housing benefit is given in kind, the benefit is determined as 20% of the total income from employment excluding benefits in kind.

Car benefit

Where an employee has been provided with a motor vehicle by the employer whether for personal use or for both personal and official use, the car benefit is determined as 10% of the total employment income excluding benefits in kind.

Loans

Tax is payable on interest free or low interest loan including salary advance not exceeding three months granted to employees. The benefit is the difference between actual interest charged and the interest computed using the rate of interest offered to commercial banks by the National Bank of Rwanda.

Per diems

The discharge or reimbursement of expenses incurred by the employee is excluded from taxable income provided the expenses are wholly and exclusively for business activities of the employer.

Other employee benefits

Any other benefits are taxable in consideration of the market value of the benefits in kind. Benefits provided by an employer to a person related to an employee when there is no services rendered, are treated as if provided to the employee.

Income Tax

Individual Taxable Benefits (2012 - 2013)

Rwanda

Retirement contributions

Retirement contribution made by the employer on behalf of the employee and or contributions made by the employee to a qualified pension fund to a maximum of 10% of the employee's employment income or 1,200,000 Rwf (Approximately US \$2,100), whichever is the lowest is excluded from taxable income resulting from employment.

Employee medical plans

Medical expenses for the treatment of employees, that is paid by an employer to a licensed medical provider and is universally available to all employees, is not subject to PAYE, provided the employer makes available the following information: the Name, Taxpayer Identification Number, medical prescriptions signed and stamped by a physician as well as signature and stamp of the provider, amount paid for the services, invoice and any other document to justify that expenses are incurred. The medical expenses described above shall be exempt from PAYE only if the employee receives his/her treatment in Rwanda.

Medical expenses incurred by employer for an employee who receives treatment outside Rwanda is exempt from tax provided the Medical Commission of Rwanda approves the treatment in a foreign country and provides supporting evidence as outlined above for effecting the payment to the medical service provider are also availed.

Income Tax

Individual Deductions and Reliefs (2012 - 2013)

Kenya

Allowable deductions for Individuals

Mortgage interest paid to qualifying financial institutions available on owner occupied residential property (maximum) - where paid to qualifying financial institutions	KShs 150,000 p.a.
Home Ownership Savings Plan – maximum	KShs 48,000 p.a.

Pension payments

Registered pension / Provident fund - the lowest of:

- (a) The actual contribution
- (b) KShs 240,000 p.a.
- (c) 30% of taxable employment income

Pension income

The monthly and lump sum pension payments received by a pensioner who has attained 65 years of age are exempt from tax.

For lump sum amounts commuted from a registered pension or individual retirement funds the first KShs 60,000 per full year of pensionable service is tax free.

The tax free monthly pension KShs 25,000 per month.

Tax Reliefs

Insurance relief

Insurance relief granted is 15% of premiums paid subject to a maximum of KShs 60,000 p.a.

Applies to life insurance policies effective 1 January 2003 including premiums paid under a mortgage arrangement, education policies effective 1 January 2003 and health policies effective 1 January 2007.

Personal relief

The amount of personal relief for a Resident person is KShs 13,944 per annum.

Income Tax

Individual Non-Taxable Income and Benefits (2012 - 2013)

Kenya

Tax free benefit threshold

Non-cash benefits of a value not exceeding KShs 36,000 per annum in aggregate are tax exempt.

Dependant's education

This benefit is not taxable on the employee where the employer disallows the cost for corporate tax purposes.

Exempt Income

For first time purchasers of residential housing, any interest income earned on deposits of up to a maximum of KShs 3,000,000 with a Home ownership Savings Plan is exempt from tax.

Tax free gratuities

Effective 1 January 2011, Gratuities due to an employee will be tax free for the employee when paid directly to a registered pension fund by the employer. The tax free amount is limited to KShs 240,000 per annum.

Income Tax

Employer's Payroll Obligations (2012 - 2013)

Kenya

Employer's payroll obligation

PAYE (employee)	see page 14
National Social Security Fund (employee standard)	KShs 200 p.m
National Social Security Fund (employer maximum)	KShs 200 p.m
National Hospital Insurance (employee maximum)*	Graduated scale with a maximum of KShs 2,000 p.m

* Newly gazetted NHIF contribution rates were supposed to take effect from 1 September 2010. However, the matter has not yet been concluded by the court.

Individual returns

All individuals whose tax is paid under the PAYE system will now be required to file their individual returns. The effective date is 18 July 2013. Thus individuals (whose year of income is 31 December) will be expected to file their income tax returns for the year of income 2013 for which the filing date will be 30 June 2014.

PAYE on directors – due dates

Effective 11 June 2009, the due date for payment of PAYE on directors' income is the earlier of the following dates:

- The 9th day of the month following the month in which payment of remuneration is made and
- The 9th day of the month following the 4th month after the accounting period

Tanzania

Employer's payroll obligation

PAYE (employee)	see page 17
Social Security: NSSF / PPF (see note 1)	20%
Skills and Development Levy (employer – see note 2)	6%

Note:

1. For employers contributing to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), up to half (10%) of the contribution can be deducted from the employee.
2. Employment in agricultural farming is exempted from Skills and Development Levy.

Income Tax

Employer's Payroll Obligations (2012 - 2013)

Uganda

Employer's payroll obligation

PAYE (employee)	see page 15
National Social Security Fund (employee)	5%
National Social Security Fund (employer)	10%
Local Services Tax	see below

Note 1 – Local Service Tax

Local Service Tax is a deductible expense in deriving employment income effective 1 July 2008. The tax is assessed and determined for each employee or person in gainful employment and earning a salary by the employer.

	Amount of monthly income earned – Net pay (UShs)	Rate of local service tax (UShs) per annum
1	Exceeding 100,000 but not exceeding 200,000	5,000
2	Exceeding 200,000 but not exceeding 300,000	10,000
3	Exceeding 300,000 but not exceeding 400,000	20,000
4	Exceeding 400,000 but not exceeding 500,000	30,000
5	Exceeding 500,000 but not exceeding 600,000	40,000
6	Exceeding 600,000 but not exceeding 700,000	60,000
7	Exceeding 700,000 but not exceeding 800,000	70,000
8	Exceeding 800,000 but not exceeding 900,000	80,000
9	Exceeding 900,000 but not exceeding 1,000,000	90,000
10	Exceeding 1,000,000 and above	100,000

Income Tax

Employer's Payroll Obligations (2012 - 2013)

Note 2 – Per Diems and allowances

Per diems and allowances given to employees to cater for their accommodation, meals, refreshments and travel expenses while on company business are not taxable on employees as employment income

Note 3 – Persons with disability

The 15% tax deduction that was available to employees who employ 10 or more persons with disability was removed. Effective 1 July 2009, 2% of income tax payable by private employers who prove to the URA that 5% of their employees on full time basis are persons with disabilities is allowed as a deduction for a year of income.

Rwanda

Employer's payroll obligation

PAYE (employee)	See page 15
RAMA (employee)	7.5% p.m
RAMA (employer)	7.5% p.m
CSR (employee)	3%
CSR (employer)	5%

Employers are required to withhold, declare and pay the PAYE tax to the Rwandan Revenue Authority within 15 days following the end of the month for which the tax was due after making payment of employment income to an employee.

RAMA ("La Rwandaise D'Assurance Maladie") is the country's medical insurance scheme.

Withholding Tax

(2012 - 2013)

Kenya

General		Resident %	Non-resident %
Dividend >12.5% voting power		Exempt	10
Dividend <12.5% voting power		5	10
Interest	Bearer instruments	25	25
	Government bearer bonds 2yrs or more	15	15
Other interest (other than qualifying)		15	15
Qualifying Interest			
	Housing bonds	10	N/A
	Bearer instruments	20	N/A
	Other	15	N/A
Royalty		5	20
Management & professional fees		5	20
Consultancy fees - Citizens of East African Community			15
Training (including incidental costs)		5	20
Contractual fee		3	20
Rent/Leasing	Immovable	N/A	30
	Other	N/A	15
Appearances e.g. an entertainment, sporting including organising		N/A	20
Pension/retirement annuity		Applicable bands depending on circumstances	
			5
Insurance commission			
	Brokers	5	20
	Others	10	20

Withholding Tax

(2012 - 2013)

Kenya

Guidelines for deemed interest provision

This year's Finance Act has clarified two issues that had arisen in respect of the implementation of deemed interest introduced in 2010 Finance Act:

- The Commissioner will now prescribe the rules of calculating deemed interest rather than the previous 91 day T Bill rate.
- Enabling provisions on withholding tax have been enacted to allow the KRA to collect withholding tax on deemed interest.
- The Finance Act has further tightened the rules by providing that the deemed interest shall be deemed to be income which accrued in or was derived from Kenya. The amendment is effective 9 June 2012

Real Estate Investment Trusts (REIT)

A REIT that is registered by the Commissioner offers the following incentives to investors:

- The income of REIT is exempt from corporate tax. However any interest or dividend income earned by the REIT will be subject to withholding tax.
- The income earned by the investor of a REIT and sale of shares by the unit holders of the REIT will be subject to withholding tax.

Changes to taxation of income from transmission of messages

Recipients of this service required to withhold tax from payments made to the non-resident service provider at 5% (sec 9(2)) ITA. Effective 15 June 2012

Changes to withholding tax in the extractive industry.

Withholding tax on consideration from sale of property or shares in respect to oil and mining companies including mineral prospecting companies. Residents and Non-residents at a rate of 10% and 20% respectively. Effective 9 January 2013

NB:

- Lower rates may apply where there is a tax treaty in force
- Dividends paid to citizens of the East African Community taxed at 5%

Tax Treaties

In force: Canada, Denmark, India, Norway, Sweden, Zambia, United Kingdom, France, Germany. Treaties awaiting conclusion and or ratification: Mauritius, UAE, South Africa, Singapore, Seychelles, Iran, Thailand, Malaysia and Kuwait.

Withholding Tax

(2012 - 2013)

Tanzania

General	Resident %	Non-resident %
Dividend		
to company controlling 25% or more	5	10
from DSE listed company	5	5
otherwise	10	10
Interest	10	10
Rent		
land and buildings	10	15
aircraft lease	0	0
other assets	0	15
Royalty	15	15
Natural resource payment	15	15
Service fees	0	15
Technical services to mining companies	5	15
Insurance premium	0	5
Payments to resident persons without a TIN certificate	2	N/A

Note:

Withholding tax reliefs may apply to SEZ/EPZ investors or TIC “strategic investors”.

Tax Treaties

In force: Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, Zambia.

Awaiting conclusion: EA Double Tax Agreement.

Withholding Tax

(2012 - 2013)

Uganda

General	Resident %	Non-resident %
Dividends		
To company controlling 25% or more	0	15
From companies listed on the Ugandan securities exchange to individuals	10	15
Others	15	15
Interest	15	15
Interest from government securities	20	15
Repatriated branch profits	N/A	15
Payment by a Government institution, local authority, Company controlled by Government, or by a designated person	6	N/A
Public entertainers, sports persons	N/A	15
Contractors or professionals	6	15
Importation of goods into Uganda	6	6
Rent	N/A	15
Management charge	N/A	15
Natural resource payment	N/A	15
Royalty	N/A	15
Ship, air or road transport operator	6	2
Transmitting messages by cable, radio, optical fiber, satellite communication or internet connectivity	6	5
Petroleum sub-contractor	N/A	15

Note:

The above rates are subject to exemptions under the Ugandan law and lower rates where there is a tax treaty in force.

Tax Treaties

In force: United Kingdom, Zambia, Denmark, Norway, South Africa, India, Italy, Netherlands and Mauritius. Treaties awaiting conclusion and/or ratification: Egypt, China, Belgium, UAE, Seychelles and The East African Double Tax Agreement.

Withholding Tax

(2012 - 2013)

Rwanda

A withholding tax of fifteen (15%) percent is levied on payments made by resident individuals or resident entities including tax exempt entities. The withholding tax rate of 15% is subject to favourable Double Taxation Agreements (DTA) between Rwanda and other treaty partners.

The payments include:

1. Dividends
2. Interests
3. Royalties
4. Service fees including management and technical service fees
5. Performance payments made to an artist, musician or an athlete irrespective of mode of payment
6. Lottery and other gambling proceeds
7. Goods supplied by companies or physical persons not registered in tax administration

Item no. 1 and 2 are applicable in the case of non-resident individuals and non-resident entities for such payments that can be allocated to a permanent establishment which that person maintains in Rwanda.

The withholding agent is required to file a tax declaration and transmit the tax withheld to the tax administration within fifteen working days after the tax is withheld.

A withholding tax of 5% of value of goods imported for commercial use is payable at the customs on the CIF (cost, insurance and freight) value before the goods are released by customs. A withholding tax of 3% on the sum invoice (excluding VAT) is retained by public institutions to supply of goods and services made to them based on public tenders.

However, the following taxpayers are exempt from the above withholding tax:

- Those whose business profit is exempt from tax
- Those with tax clearance certificate issued by the Commissioner General

The Commissioner General issues a tax clearance certificate to taxpayers who have filed their tax declarations paid the tax due on a regular basis, and have no tax arrears. The certificate is valid in the year in which it was issued.

Rwanda currently has three DTAs in force. These include:

- 1) Belgium- Rwanda: 2007 Income and Capital gains tax convention and final protocol. This convention has been amended by a pending protocol signed on 17 May 2010.
- 2) Mauritius- Rwanda: 2001 Income tax agreement
- 3) South Africa- Rwanda: 2002 Income Tax Agreement and final Protocol.
- 4) Awaiting conclusion: EA Double Tax Agreement.



Capital Gains Tax/Income from Investment

(2012 - 2013)

Kenya

Capital Gains Tax suspended with effect from 14 June 1985.

Tanzania

Disposal of Investment	Tanzanian asset	Overseas asset
Tax Rates	%	%
<i>Individual</i>		
Resident	10	30
Non-resident	20	N/A
<i>Company</i>		
Resident	30	30
Non-resident	30	N/A

Exemptions

1. Private Residence - Gains of TShs 15m or less
2. Agricultural land - Market value of less than TShs 10m
3. Units in an approved collective investment scheme
4. Shares
 - (i) DSE shares held by resident
 - (ii) Shares held by non - resident with shareholding of less than 25%

Single Instalment Tax

	%
Sale of land, buildings and shares by resident	10*
Sale of land, buildings and shares by non- resident	20*
Non-resident transport operator/charterer without permanent establishment	5**

*applied to gain, credit against final tax liability

**applied to gross payment

Capital Gains Tax/Income from Investment

(2012 - 2013)

Uganda

Tax on Capital Gains	%
Capital gains accrued prior to 1 April 1998 are not taxable	30

Chargeable assets

Non depreciable business assets

No capital gains on private assets

Gains arising from sale of shares in a private limited company- this applies even though such shares are not business assets (e.g for individuals)

Chargeable gain

Disposal proceeds less cost base. Cost base is defined as the amount paid or incurred by the taxpayer in respect of the asset including incidental expenditure of a capital nature incurred in acquiring the asset and includes any consideration in kind given for the asset. In the case of any asset acquired prior to 31 March 1998, the cost base is the indexed cost or the market value as at 31 March 1998 determined using a pre-determined formula.

Note:

The Income Tax Act defines a business asset as an asset which is used or held ready for use in a business, and includes any asset held for sale in a business and any asset of a partnership or company.

A taxpayer is treated as having disposed of an asset when the asset has been sold, exchanged, redeemed, or distributed by the taxpayer, transferred by the taxpayer by way of gift, or destroyed or lost.

Capital Gains Tax/Income from Investment

(2012 - 2013)

Rwanda

Capital gain resulting from sale or cession of commercial immovable property is taxed at a rate of 30%.

Capital gain on secondary market transaction on listed security shall be exempt from capital gain tax.

However in case of corporate reorganisation, the transferring company is exempt from tax in respect of capital gains and losses realised on reorganisation.

Reorganisations means:

1. A merger of two or more resident companies
2. The acquisition or takeover of 50% or more of shares or voting rights, by number or value in a resident company in exchange for shares of purchasing company;
3. The acquisition of 50% or more of assets and liabilities of a resident company by another resident company solely in exchange of shares in the purchasing company;
4. Splitting of a resident company into two or more resident companies



Value Added Tax

(2012 - 2013)

Kenya

Overhaul of the Value Added Tax (VAT) Act is in progress. It is expected to simplify compliance and administration of VAT.

Taxable Supplies	Rate
Supply and import of taxable goods and services other than electrical energy and fuel oils	16%
Export of goods and taxable services*	0%
Supply and import of electricity energy and fuel oils	12%

Subject to Treasury approval certain capital goods may qualify for VAT remission.

*Subject to prescribed conditions, which if not met, will be deemed to be supplied in Kenya and will thus attract VAT at the rate of 16%.

Aircraft landing and parking fees exempt from tax.

Several solar energy and fishing goods exempted from VAT.

Recovery of VAT

Recovery of VAT on some items e.g. passenger cars, repairs and maintenance of passenger cars, restaurant and hotel accommodation services, entertainment services and certain furniture and fittings is restricted.

Registration threshold - Gross Turnover	KShs 5m p.a
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Pre-registration VAT

The period within which to lodge a claim for VAT incurred before registration for VAT has been extended from thirty days to three months.

Value Added Tax

(2012 - 2013)

Exemption from Withholding VAT

Taxpayers subject to Turnover tax shall be exempt from Withholding VAT upon presentation of a valid turnover tax certificate. Withholding VAT agents must issue withholding VAT certificates at the point of payment.

Tax paid on stock, assets, buildings, etc on change of use from exempt to taxable

A person who changes from an exempt person to a registered person qualifies to claim relief from any tax shown to have been paid from the above goods or assets provided that such goods or assets are purchased within 12 months immediately preceding registration, or within such period, not exceeding 24 months as the Commissioner may allow.

This claim needs to be lodged within three months.

Installing GPRS enabled ETR Machines

The Finance Act has given the Commissioner powers to require a registered person to install GPRS enabled ETR machines. This move will ensure that KRA can access the ETR machines online. The KRA is yet to provide guidelines on how this requirement will be implemented and the tax treatment to be accorded to the extra cost incurred by the tax payers.

Effective date is 2 May 2012.

Zero rating supplies to the Rural Electrical Authority

The Finance Act has zero rated all goods, including materials, supplies, equipment and machinery procured or sourced by the Rural Electrification Authority for the implementation of the Rural Electrification Programme.

Effective 2 May 2012.

Changes to Tariff classification

The Finance Act 2012 has made changes to the tariff classification of goods in both the Second Schedule (exempt goods) and Fifth Schedule (zero rated goods) to the VAT Act. This is in line with the updated version of the Common External Tariff (CET), 2012 on tariff classification of goods.

Value Added Tax

(2012 - 2013)

Tanzania

Taxable Supplies	Rate*
Supply of goods & services in Mainland Tanzania	18%
Import of goods & services into Mainland Tanzania	18%
Export of goods & certain services from the United Republic of Tanzania	0%

Registration threshold - Gross Turnover	TShs 40m p.a.
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Payment	Due Date
Monthly VAT returns and any payments due	last working day of following month
VAT on the importation of goods	when customs duty is payable

*Note: Entities entitled to special relief either pay VAT at 10% or benefit from full relief

Refunds claims

Standard

Six months after the due date of the tax returns on which the refund became due or the submission of the last VAT returns for that six month period, whichever is later.

“Regular repayment”

Businesses in a constant refund position may apply for authorisation to lodge claims on a monthly basis.

Value Added Tax

(2012 - 2013)

Uganda

Taxable Supplies	Rate
Supply and import of goods and services	18%
Export of goods and services outside Uganda	0%
Sale, lease or letting of residential houses	Exempt
Registration threshold - Gross Turnover	UShs 50m p.a.

NB: Professionals are required to register irrespective of the above threshold.

Goods and services exempt from VAT

The following goods and services were added onto the list of supplies exempt from VAT, include the supply of:

- Specialized vehicles, plant & machinery related to agriculture, education and health sectors
- Insurance brokerage services
- Software license fees
- Power generated by solar.
- Ambulances
- Betting, lotteries and games of chance

Effective 1 July 2011, the following supplies are no longer exempt from VAT

- The sale of immoveable property including the sale of residential property
- The supply of motor vehicles or trailers with a carrying capacity of 3.5 tones or more designed for the carrying of goods
- The supply of biodegradable packaging materials

Value Added Tax

(2012 - 2013)

Credit allowed to a taxable person

A credit is allowed to a taxable person on becoming registered for input tax paid or payable in respect of all taxable supplies of goods, including capital assets, or all import of goods, including capital assets, made by the person prior to becoming registered, where the supply or import was for use in the business of the taxable person, provided the goods are on hand at the date of registration and provided that the supply or import occurred not more than six months prior to the date of registration.

Items no longer zero-rated

- Supply of water excluding mineral water and aerated water containing sweetening matter or flavour
- Supply of mobile toilet, ekoloo toilets and components made from polythene

Reverse VAT on imported services not claimable

Effective 1 July 2011, taxpayers are no longer required to prepare self billed invoices in respect to imported services. Therefore, VAT accounted for on imported services is not claimable as input VAT.

Introduction of e-registration

With effect from June 2009, the Uganda Revenue Authority (URA) introduced e-registration to match with current global technology. Under this project, new ten numeric digit Tax Identification Number s (TIN) were automatically allocated to all taxpayers whose registration data was up to date as well as new applicants. Tax payers are able to access the application forms online.

Value Added Tax

(2012 - 2013)

Rwanda

Taxable Supplies	Rate
Supply and import of taxable goods and services	18%
Export of goods and services* outside Rwanda	0%
Investors qualify for VAT exemption on imported capital goods	

*Services are considered to be exported if they are physically rendered outside Rwanda. Therefore for services rendered within Rwanda although consumed outside Rwanda will be subject to VAT at the rate of 18%.

Registration threshold - Gross Turnover	20,000,000 RWF (approximately US \$34,500)
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Withholding VAT system

Government entities to withhold VAT on payments made to VAT registered suppliers.
Introduction of the Electronic Transaction devices.

Introduction of ETD starting from July 2011 and is done through a phased approach beginning with the 2,500 large and medium sized retailers.

E-filing and payment

Introduction of e-filing and payment for the small and medium enterprises in the fiscal year 2011/2012.

Excise Duty

(2012 - 2013)

Kenya

Category	Class	Excise Duty Rates
Beer	Malted	Kshs 70.00 per litre or 50% of EFSP*
	Stout and porter	Kshs 70.00 per litre or 50% of EFSP*
	Opaque beer	Kshs 70.00 per litre or 50% of EFSP*
	Other fermented beverages	Kshs 70.00 per litre or 50% of EFSP*
Other alcoholic beverages	Cider	Kshs 70.00 per litre or 50%
	Spirits, Whisky, Rum, Gin & Vodka	Kshs 120 per litre or 65% of the value (whichever is higher)
	Undenatured ethyl alcohol strength by volume of 80% or higher	Kshs 120 per litre or 35% (whichever is higher)
	Premixed alcoholic beverages of strength not exceeding 10% by alcohol content (RTDS)	Kshs 70 per litre or 50% EFSP
	Sparkling wine of fresh grapes including fortified wines)	Kshs 80 per litre or 50% of EFSP*
	Other wine in containers holding 2 litres	Kshs 80 per litre or 50% of EFSP*
	Other wine in containers holding more than 2 litres	Kshs 80 per litre or 50% of RSP*
	Other wine grape must	Kshs 80 per litre or 50% of RSP*
	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances in containers of 2 litres or less	Kshs 80 per litre or 50% of EFSP*
	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances in containers of more than 2 litres	Kshs 80 per litre or 50% of EFSP*

EFSP: Ex factory selling pricing)

Excise Duty

(2012 - 2013)

Kenya

Category	Class	Excise Duty Rates
Tobacco & tobacco products	Cigarettes	Kshs 1,200.00 per mile or 35% of RSP
Soft drinks	Carbonated drinks	7%
	Juices of cranberry fruit, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	7%
	Bottled water	Kshs 3 per litre or 5% (whichever is higher)
	Water pipe tobacco	130%
Other excisable products	Plastic bags#	50%
	Motor vehicles	20%
	Cosmetic products	5%
	Imported used computers (more than 3 years from date of manufacture)	25%
	Food supplements	7%
Excisable services	Mobile cellular phone services	10%
	Other wireless telephone services	10%
	Plastic shopping bags	50%
	Fees charged for money transfer services by cellular phone service providers, banks, money transfer agencies and other financial services providers	10%

#Manufacturers who use plastic bags for packing their products will now be entitled to claim excise duty paid on their plastic bags from the Kenya Revenue Authority.

*Whichever is higher

Excise Duty

(2012 - 2013)

Kenya

Item	Current Rate	Proposed Rate	Remarks
Rice	35%	35%	Extension of lower duty rate by another one year after which the rate reverts to 75%
Wheat Grain	10%	0%	Reduction of duty rate and extension by another one year
Maize Grain	50%	0%	Remission of duty for 6 months

In order to alleviate food shortage, the minister proposed to adjust duty as follows effective 9 June 2011.

Inflationary adjustment of the specific rate of excise duty.

Through the Customs and Excise Act prohibits the Minister from increasing or decreasing the rate of excise duty by more than 30%(and 100% for maize, sugar, wheat, milk, rice and used clothing) of the rate set out in the Schedules to the Act.

The Finance Act now allows the Minister to adjust the specific rate of duty to take into account inflation. Effective 1 January 2012.

Ad valorem duty on beer and wine to be charged on ex factory selling price.

The Finance Act has changed the basis of determining the excisable value of locally manufactured beer and wines from the retail selling price (RSP) to the ex factory selling price. Effective 9 January 2013.

The Finance Act 2012 has introduced regulations for determining Retail selling price for ad valorem excise duty on beer and wine. The Commissioner to determine the RSP on a quarterly basis. Effective 15 June 2012.

Finance Act 2012 now requires tax payers to pay part of the assessed duty not in dispute and 30% of duty in dispute when making an appeal to the Tribunal.

Excise Duty

(2012 - 2013)

Kenya

The Finance Act 2012 now requires the President to pay customs duty on importation of goods. Effective 15 June 2012.

Export duty on raw hides and skins has been increased. Effective 9 January 2013.

Time Limit for issuance of licenses to manufacture excisable goods.

Commissioner to now communicate in 30 days his decision on an application for license lodged with him by a manufacturer of excisable goods, failure to which the application shall be deemed to have been granted.

Remission on Water

The Finance Act has introduced excise duty remission on water, but to such extent as the Minister May in a Gazette notice specify. Effective 1 January 2012.

Excise license application

The Finance Act 2012 now compels the Commissioner to respond within 30 days time on the application else the licence will be deemed to have been granted.

Items exempt from import duty

Inputs for use in manufacture of medical diagnostic kits and inputs for use in bee keeping.

Duty on Imported Second Hand Clothes

Finance Act 2012 reduced the minimum duty payable on imported second hand clothes from KShs 1.9 million per 20 Foot container to KShs 1.1 million per 20 Foot Container.

The Finance Bill 2012 has proposed the following changes in the import duty

- Galvanized wire - 10%
- Set top boxes -0%
- Imported computer software -0%

Excise Duty

(2012 - 2013)

Kenya

Petroleum Products

Petroleum Product	Excise Duty Rate	EDR**			
	Rates @ KShs per litre				
Super	19.895	(0.45)	0.05	9.0	0.4
Regular	19.505	(0.45)	0.05	9.0	0.4
Automotive diesel	7.215	(0.45)	N/A	9.0	0.4
Jet fuel (Spirit type)	19.895	(0.45)	N/A	N/A	0.4
Jet fuel (Kerosene type)	5.755	(0.45)	N/A	N/A	0.4
Kerosene	Nil	(0.45)	0.05	N/A	N/A
Industrial Diesel	3.7	(0.30)	0.04	N/A	0.4
Fuel Oils	0.6	(0.30)	0.05	N/A	0.4
Liquified Petroleum Gas	N/A	N/A	N/A	N/A	0.4
Bitumen & Asphalt	N/A	N/A	N/A	N/A	0.4

* EDR (Excise duty remission) is available on products that are refined at the Kipevu Oil Refinery

*** PRL (Petroleum Regulation Levy)

± RML (Road Maintenance Levy)

† PDL (Petroleum Development Levy)



Excise Duty

(2012 - 2013)

Tanzania

Item	Rates
Petroleum Products*	
Motor spirit (gasoline) premium	Tshs 339/= per litre
Motor spirit (gasoline) regular	Tshs 339/= per litre
Gas oil (diesel)	Tshs 215/= per litre
Illuminated kerosene	Tshs 52/= per litre
Other medium oil and preparation	Tshs 9.32/= per litre
Industrial diesel oil	Tshs 392/= per litre
Heavy furnace oil	Nil
Lubrication oil	Tshs 500/= per cubic metre
Lubrication greases	Tshs 0.75 per kg
Natural gas for industrial use	0.35/= per cubic feet

Alcohol and beverages

Malt beer	Tshs 525/= per litre
Clear beer (from unmalted barley)	Tshs 310/= per litre
Wine with more than 25% imported grapes	Tshs 1,614/= per litre
Wine with domestic grapes content exceeding 75%	Tshs 145/= per litre
Spirits	Tshs 2,392/= per litre
Sugared mineral water and sugared aerated waters	Tshs 83/= per litre
Mineral water, aerated and bottled water	Tshs 69/= per litre
Carbonated soft drinks	Tshs 83/= per litre
Locally produced fruit and vegetable juices	Tshs 8/= per litre
Imported fruit and vegetable juices	Tshs 100/= per litre

* In addition Road Toll of Tshs 200/litre is charged on petrol and diesel

Excise Duty

(2012 - 2013)

Tanzania

Cigarettes

Cigarettes without filter containing more than 75% domestic tobacco	Tshs 8,210/= per 1,000
Cigarettes with filter containing more than 75% domestic tobacco	Tshs 19,410/= per 1,000
Other cigarettes not mentioned above	Tshs 35,117/= per 1,000
Cut rag/filler	Tshs 17,736/= per kg
Cigars	30%

Other excisable goods and services

Satellite and cable television broadcasting	5%
Airtime (including free airtime) for mobile phones	12%
Disposable plastic bags	50%
Motor car with cylinder capacity exceeding 1000cc but not exceeding 2000cc	5%
Motor vehicle with engine size greater than 2000cc	10%
Old motor vehicles (8 years or more)	20%
Music and Film Products (DVD, VCD, CD, Video Tape and Audio Tape)*	Tshs 40/= per unit

* Effective from 1 January 2013

Finance Act proposes that the annual fixed excise duty rates may be annually adjusted in accordance with the project inflation rate and other key macroeconomic indicators.

Excise Duty

(2012 - 2013)

Uganda

Excise Duty-Rates	Rate
Beer (from at least 75% local materials (excluding water))	60%
Beer (from imported materials)	60%
Beer produced from barley grown and malted in Uganda	60%

Wine

- Made from locally produced materials	20%
- Other	70%

Spirits

- Made from locally produced materials	60%
- Other	70%
Undenatured spirits at Ushs 200 per litre or 80% whichever is higher	

Cigarettes

- Cigars, cheroots cigarillos containing tobacco	150%
- Soft cup with more than 70% local content	UShs 22,000 per 1000 sticks
- Other soft cup	UShs 25,000 per 1000 sticks
- Hinge Lid	UShs 55,000 per 1000 sticks
- Others	160%

Excise Duty

(2012 - 2013)

Uganda

Fuel

- Motor spirit (gasoline)	UShs 850 per litre
- Gas oil (automotive, light, amber for high speed engine)	UShs 530 per litre
- Other gas oils	UShs 520 per litre
- Gas oil for thermal power generation to national grid	Nil
- Illuminating kerosene	Nil
- Jet A1 and aviation fuel	UShs 530 per litre
- Jet A1 and aviation fuel imported by registered airlines, companies with designated storage facilities or with contracts with airlines	Nil

Other excisable goods and services

- Usage of mobile cellular phone service	12%
- Landlines and public payphones	5%
- Cane or beet sugar and chemically pure sucrose in solid form	UShs 25 per kg
- Sacks and bags of polymers of ethylene	120%
- Cement	UShs 500 per 50kg
Cosmetics and perfumes at	10%

Excise Duty

(2012 - 2013)

Rwanda

Category	Rate
Juice from fruits	5%
Soda and lemonade	39%
Mineral Water	10%
Beer	60%
Brandies, liquors and whisky and wine	70%
Cigarettes	150%
Telephone Communication	8%
Lubricants (of CIF Kigali)	37%
Powdered milk	10%
Vehicles with an engine capacity of above 2500cc	15%
Vehicles with an engine capacity of between 1500 and 2500cc	10%
Vehicles with an engine capacity of less than 1500cc	5%

Tax on fuel reduced by Rwf 100 per litre for both Petrol and Gasoline. The changes is implemented in two stages:

- a reduction of Rwf 50 per litre in June-December 2011 period
- a further Rwf 50 per litre to be effected in January 2012
- Premium (excluding benzene) Rwf 183/litre
- Gas oil Rwf 150/litre

Customs Duty

(2012 - 2013)

Customs Duty – East Africa

The implementation of the East African Community Customs Union started on 1 January 2005 and affects the importation of goods into the partner states.

The protocol establishing the East African Community Customs Union provides for the following:

- *The application of the principle of asymmetry;*
- *The elimination of internal tariffs and other charges of equivalent effect*
- *The elimination of non-tariffs barriers;*
- *Establishment of a common external tariff;*
- *Rules of origin;*
- *Anti-dumping measures;*
- *Subsidies and countervailing duties;*
- *Security and other restriction to trade;*
- *Competition;*
- *Duty drawback, refund and remission of duties and taxes;*
- *Customs co-operation;*
- *Re-exportation of goods;*
- *Simplification and harmonisation of trade documentation and procedures;*
- *Exemption regimes;*
- *Harmonised commodity description and coding system; and*
- *Freeport's*

Common External Tariffs (CET)

New forces of CET enacted 1 July 2012

The customs duty rates applicable under the CET are as follows

Category	Rate
Raw materials, capital goods, agricultural inputs, pure-bred animals, medicines	0%
Semi-finished goods	10%
Finished final consumer goods	25%

Customs Duty

(2012 - 2013)

Certain “sensitive goods” (including most cereals, milk, jute bags, cement, sugar and second hand clothes (mitumba)) attract rates higher than 25% CET rate.

The East African Community Customs Management Act (EACCMA) provides for duty remission scheme whereby gazetted manufacturers enjoy reduced CET rates on their raw material imports where these are used to manufacture goods for export or certain essential goods for the domestic market.

Certain industries and items are also entitled to exemptions under the EACCMA e.g assemblers of bicycles and motor cycle kits, importers of gas cylinders, certain hotel equipment, refrigerators, solar equipment and energy saving bulbs.

Where goods are currently subject to a lower rate of duty from the other trade blocs of COMESA and SADC, the applicable lower rate will supersede the EAC rates up to a time when the trading arrangement between the three trading blocs are harmonized.

Internal Tariffs

The preferential internal tariffs can be summarised as follows:

- *Imports of Tanzanian, Ugandan and Burundian goods are free of import duty*
- *Imports of Kenyan goods will enjoy preferential community tariffs of 0%*

Goods will enjoy the preferential community tariffs if they meet the EAC Customs Union Non-tariff Barriers and Rules of Origin as per Articles 13 and 14 respectively as set out in the Protocol establishing the East African Community Customs Union.

Kenya

Finance Act 2012 has introduced; Zero duty on the following items:

- *Removal of import duty on set top boxes, to facilitate migration to digital television signals*
- *Zero rating of import duty on food supplements and mineral premix used in fortification of food supplements for feeding infants*
- *Duty remission to producers of nutritious food or products for feeding infants and persons suffering from HIV/AIDS*
- *Zero rating of import duty on imported software*
- *Exemption of duty on inputs used in the manufacture of medical diagnostic kits*
- *Exemption of import duty on beekeeping equipment*

Customs Duty

(2012 - 2013)

- *Extension of the stay of application of CET rate of 35% on wheat grain for a period of one year*
- *Continued application of the CET rate of 25% on cement for a period of one year*
- *Increase in import duty on galvanized wire from 0% to 10%*

Rwanda

The CET on a number of items have been provided for another year.

Products	CET Rates
Rice	35%
Tractors (Carrying capacity of 10 tons and above)	10%
Trucks (carrying capacity of 20 tons)	10%
Road tractors and semi trailers	10%
Wheat grain	0%
Wheat flour	35%
Construction materials	5% *
Aluminium conductors	10%
Telecommunication equipment	0%
Electricity and energy	0%

* This applies to construction materials for investors with projects of at least USD 1.8million

Stamp Duty and Other Taxes

Kenya

Stamp duty	%
Transfer of immovable property	
within a municipality	4
outside a municipality	2
Issue of debentures or mortgage	
primary security	0.1
auxiliary security	0.1
transfers	0.05
Transfer of unquoted stock of marketable security	1
Transfer of quoted stock of marketable security	0
Creation or increase of share capital	1
Lease of period of 0 to 3 years	1
Lease of period over 3 years	2

Tanzania

Stamp duty	%
Conveyance/transfer	1
Transfer of shares or debentures	1
Lease agreements	1

Note: Stamp duty on conveyance of agricultural land is restricted to TShs 500

Mineral Royalties under Mining Act 2010	%
Diamonds, Gemstones, Uranium	5
Metallic minerals (inc copper, gold, silver & platinum group minerals)	4
General Rate	3
Gems	1
N/A	0

Stamp Duty and Other Taxes

Uganda

Stamp Duty	Ushs/%
Conveyance/transfer	1
Issue of debentures	0.5
Transfer of shares or debentures	1
Lease agreements	1
Authorised share capital	0.5 (of nominal value)
Customs bond of the total value	0.05%
Insurance performance bond	UShs 5000
Transfer of assets to special purpose vehicles for purposes of issuing asset backed securities	Nil
Loan not exceeding UShs 2 million	Nil

Other highlights

Environmental Levy	
Motor vehicles (excluding goods vehicles) which are S8 years old and above	20% of CIF value
Cookers, radios and other household appliances	UShs 50,000
Used motorcycles, scooters, mopeds, bicycles and used parts of motor vehicles or of any of these items	20%
Worn clothing, worn shoes and other worn articles	10% of CIF value

Banned

Item	Effective date of ban
Importation of used refrigerators, freezers, computers and television sets	1 October 2009
Importation, local manufacture, sale or use of Plastic bags. Includes sacks and bags of ethylene, polyethylene and other plastics, other than woven bags for the packaging of goods including liquids	1 January 2010
Exportation of scrap of all kinds of metals	1 July 2009
Exportation of sugar - for a period of 6 months	1 July 2011

Deadlines and Penalties

(2012 - 2013)

Kenya

Tax	Deadline/obligation	Penalty	Interest
Income tax			
Instalment tax payment	Four instalments due by 20th of the 4th, 6th 9th and 12th month of the accounting period	20% of the amount due	
Final tax payment	4 months after accounting period	20% of the amount due	2% per month
Filing of the self assessment tax return	6 months after accounting period	5% of the normal tax min. Kshs 10,000	
Withholding tax	Within 20 days from the end of month in which tax was deducted	10% of the amount due to a maximum of Kshs 1million	2% per month
Payroll related			
PAYE	Within 9 days from the end of month in which tax was deducted	25% of the amount due	2% per month
NSSF	Within 15 days from end of month in which relevant wages are paid	5% of the contribution	
NHIF	Within 1 day (concession granted for 9 days) from end of the month in which relevant wages are paid	5 times of the contribution due	
VAT			
Payment on supply of taxable goods and services	20 days from end of the month		2% interest compounded monthly
Import of goods	At the time customs duty is payable		

Note:

For Income Tax purposes, 2% interest per month will only apply to principal tax. This change is effective 11 June 2010.

Deadlines and Penalties

(2012 - 2013)

Kenya

Tax	Deadline/obligation	Penalty	Interest
VAT			
Fraudulent refund claims		2 times the amount of the fraudulent claim and up to 3 years imprisonment	
Late filing returns		Kshs 10,000 or 5% of tax due	
Improper access to a tax register		Kshs 400,000 or 2 years imprisonment Body corporate fine-Kshs 1,000,000	
Falsification of data stored in an ETR		Fine not exceeding KShs 800,000 or 3 years Imprisonment	
Excise Duty			
Monthly Excise duty returns & payments	Within 20 days from the end of the month	2% per month or part thereof	
Customs Duty			
Customs duty returns and payments			2% per month or part thereof

Note:

Induplum rule for income tax and VAT – Interest charged on outstanding principal tax shall not exceed the principal tax amount

Remission of penalties on underpayment or late payment of tax.

The Commissioner can now remit penalties of up to KES 1,500,000 (up from KES 500,000).

Currency and language

Tax returns or records should now be prepared in either English or Kiswahili and only in Kenya Shillings.

Deadlines and Penalties

(2012 - 2013)

Tanzania

Tax	Deadline/obligation	Immediate penalty	Monthly penalty
Income tax			
Instalment tax/return			
Payment	instalment at end of each quarter		Stat + 5%
Filing of return	end of 1st quarter		2.5%*
Underestimation			Stat
Final tax/return			
Payment	6 months after accounting period		Stat + 5%
Filing of return	6 months after accounting period		2.5%*
Withholding tax			
Payment	7 days after month of deduction		Stat + 5%
Return	30 days after each 6 month period		Stat**
Payroll***			
Payment			
PAYE	7 days after month of deduction		Stat + 5%
Skills and Devt. Levy	7 days after month end		Stat + 5%
NSSF	1 month after month end		5%
PPF	30 days after month end	5%	5%
Excise duty payment	Last working day of the following month		Stat + 5%

Deadlines and Penalties

(2012 - 2013)

Tanzania

Tax	Deadline/obligation	Immediate penalty	Monthly penalty
VAT			
Filing/Payment	Last working day of the following month	1%	2%****
Interest chargeable on late payment			CBL + 5%
Interest due to taxpayer on late payment of VAT refunds			CBL
Stamp duty			
Payment/Stamping	30 days after execution/entry of instrument	25 -1000	N/A

Key

Stat Statutory Rate (prevailing discount rate determined by the Bank of Tanzania), compounded monthly

CBL Central Bank commercial bank lending rate

* Subject to minimum of TShs 10,000 (individuals) and Tshs 100,000 (corporates)

** Subject to a minimum of TShs 100,000,

**** PAYE and SDL returns due 30 days after each 6 month period

**** Minimum penalty is TShs 50,000 for the first month and TShs 100,000 per Month thereafter

Deadlines and Penalties

(2012 - 2013)

Uganda

Tax	Deadline/obligation	Immediate penalty %	Monthly penalty%/Interest
Income tax			
Filing of 1 st Provisional tax	6 months after beginning of the accounting period		
Filing of 2 nd Provisional return	At the accounting period end		
Final tax payment	6 months after accounting period		2%
Final tax tax return	6 months after accounting period		Greater of: -2% of tax outstanding or -Ushs 200,000 per month
Withholding tax	Within 15 days from the end of the month		2%
Payroll			
PAYE	Within 15 days from end of the month in which tax was deducted		2%
NSSF	Within 15 days from end of the month in which the relevant wages are paid	10% of contribution outstanding	A further 10% per month
Local Services Tax	Payable in four equal installments within 15 days from the end of the month in which the tax was deducted. Remitted to the appropriate local Government		Surcharge of 50% of the amount paid
VAT			
Supply of taxable goods and services	15 days from the end of the month of the supply		2% compounded
Import of goods	At the time customs duty becomes payable		

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Income tax			
Instalment tax payments	Instalment taxes are due on the last day of the 6th, 9th, and 12th month following the tax period	10% of the tax payable; 50% of tax due if a tax declaration was submitted but tax was not paid; or 60% of tax due if both tax declaration and tax payment were not done***	1.5% non-compounding per month
Filing of annual tax declaration	Not later than 31 march of the following tax period	<ul style="list-style-type: none"> • Rwf 100,000 (US \$170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US \$ 33,900)* • Rwf 300,000 (US \$510) if the taxpayer's annual turnover exceeds Rwf 20m (US \$ 33,900)*; • Rwf 500,000 (US \$848) for large taxpayer category* 	

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Income tax			
Filing certified financial statements	Taxpayers with an annual turnover equal to or above four hundred million Rwandan francs (Rwf 400,000,000) are obliged to have their annual tax declarations and financial statements certified by qualified professionals. Exception is made for distributors of beers and lemonades, distributors of cement and owners of Forex bureau.	Rwf 500,000 (US \$848) per month until he/she submits them**	
Withholding tax	Within 15 working days after the tax is withheld	<p>100% of the tax withheld but not paid</p> <ul style="list-style-type: none"> • Rwf 100,000 (US \$170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US \$ 33,900)* • Rwf 300,000 (US \$510) if the taxpayer's annual turnover exceeds Rwf 20m (US \$ 33,900)*; • Rwf 500,000 (US \$848) for large taxpayer category* 	1.5% non-compounding per month

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Payroll			
PAYE	<p>Within 15 days following the end of the month for which the tax was due</p> <p>For taxpayers whose annual turnover is equal or less than Rwf 200 million, the tax declaration of PAYE is done on quarterly basis. Tax declaration and payment are due within 15 days after the end of the quarter to which the PAYE is referred.</p>	<ul style="list-style-type: none"> • Rwf 100,000 (US \$170) if the taxpayer's annual turnover is equal to or less than Rwf 20m (US \$ 33,900)* • Rwf 300,000 (US \$510) if the taxpayer's annual turnover exceeds Rwf 20m (US \$ 33,900)*; • Rwf 500,000 (US \$848) for large taxpayer category* 	
Failure to file and/or to pay PAYE on time	<p>Within 15 days following the end of the month for which the tax was due</p> <p>For taxpayers whose annual turnover is equal or less than Rwf 200 million, the tax declaration of PAYE is done on quarterly basis. Tax declaration and payment are due within 15 days after the end of the quarter to which the PAYE is referred.</p>	<ul style="list-style-type: none"> • Late payment fine of 10% of the amount payable ; • 50% of tax due if a tax declaration was submitted but tax was not paid; or 60% of tax due if both tax declaration and tax payment were not done*** 	1.5% non-compounding per month

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Value added tax			
Operating without VAT registration		50% of the amount of VAT payable for the entire period of operation without VAT registration	
Incorrect issuance or failure to issue a VAT invoice		100% of the amount of VAT on the invoice or on the transaction	
Issuing of VAT invoice by a person who is not VAT registered		100% of the VAT which is indicated in the VAT invoice	
VAT returns	Not later than the 15th day of the month following the month in which the taxable supplies For taxpayers whose annual turnover is equal or less than Rwf 200million, the tax declaration of VAT is quarterly is deposited with payment of the tax due within 15 days after the end of the quarter to which the VAT is referred.		
Late payment		Late payment of VAT is subject to a fine of 10% of the tax payable	Inter-bank offered rate of National Bank of Rwanda rate plus 2% per month

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Deadline/obligation	Penalty/Fines	Interest
Excise duty			
Declaration and payment of excise duty	<ul style="list-style-type: none"> Factories making beer, lemonades, cigarettes, wines, spirits, juices and mineral water are required to file, for each period of ten days a statement concerning excisable goods cleared out of the factory for consumer use. For the purpose of implementing the excise duty law, a month is divided into three period. <ol style="list-style-type: none"> From 1st to 10th every month From 11th to 20th of every month and; From 21st to the end of the month <p>Payment of the duty should be made within five days following the declaration period</p>	<p>Any tax payer who fails to remit the tax due within the prescribed period is liable to a fine of 500 penalty units* together with late payment penalty of 10%.</p> <p>Late declaration of zero tariffs is subject to a fine of 500 penalty units.</p> <p><i>*One penalty unit is equivalent to Rwf 400</i></p>	

Deadlines and Penalties

(2012 - 2013)

Rwanda

Tax	Penalty/Fines
General rules	
Understatement of tax line	<ul style="list-style-type: none">• 5% of the amount of the understatement if the understatement is equal to more than 5% but less than 10% of the tax liability• 10% of the amount of the understatement if the understatement is equal to or more than 10% but less than 20% of the tax liability ought to have been paid• 20% of the amount of the understatement if the understatement is 20% or more but less than 50% of the tax liability ought to have been paid.• 50% of the amount of the understatement if the understatement is 50% or more of the tax liability ought to have been paid.
Tax fraud	A taxpayer who commits fraud is subject to an administrative fine of 100% of the evaded tax

Note: Induplum rule – Interest accrued cannot exceed 100% of the amount of tax
The late payment fine does not apply to interest or administrative fines

Deadlines and Penalties

(2012 - 2013)

Rwanda

*Administrative fixed penalties apply when taxpayers commit any of following offences:

- Failure to file a tax declaration on time;
- Failure to file a withholding declaration on time
- Failure to withhold tax;
- Failure to provide proofs required by the Tax Administration;
- Failure to cooperate with a tax audit;
- Failure to communicate on time the power or time given as described in the Paragraph 2 of Article 7 of this Law;
- Failure to register as described in the law;
- Failure to pay on time the profit tax advance;
- Failure to comply with any requirements provided for in tax laws governing taxes mentioned the law on tax procedures.

** The new law (Law No. 01/2012 of 30/02/2012) set a new penalty provision which states that a taxpayer who fails to submit 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 Rwf 500,000 per month until he/she submit them. The penalty is multiplied by the months the submission was late.

*** For late filing and/or payment of any tax (CIT, VAT, and PAYE), the new law (Law No. 01/2012 of 30/02/2012) set new administrative penalties as follows:

- a. 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.
- b. 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.

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