



How to open and close a business in Rwanda

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1 | Introduction

The main purpose of this report is to explain the business registration and deregistration process to Dutch businesses operating in Rwanda. This report seeks to improve access of Dutch businesses to information regarding Rwanda Development Board (RDB), Rwanda Revenue Authority (RRA) and Rwanda Social Security Board (RSSB) procedures and policies. Moreover, it can prevent Dutch businesses in Rwanda from being penalized by RDB, RRA or RSSB for failing to meet their legal obligations. In this report, both registration and deregistration procedures at RDB, RRA and RSSB will be explained.

Generally, (foreign) businesses usually do not encounter issues when seeking to register a business in Rwanda. The RDB business registration process can easily be completed online via the RDB website or at the RDB one stop centre. The business registration process at RRA is completed at the RRA headquarters for centralised taxes and at the RRA district office or decentralised department at the RRA headquarters for decentralised taxes. Finally, businesses also register at Rwanda Social Security Board (RSSB) for the payment of pension and maternity taxes. Explaining registration procedures will help businesses understand conditions for deregistration.

The deregistration procedure for any business is more complex. Deregistration of a business involves separate procedures at different government organisations. The procedures follow a strict sequence. Firstly, a clearance certificate needs to be obtained from RRA.¹ Secondly, deregistration for centralised taxes is completed at the headquarters of RRA. Thirdly, deregistration for decentralised taxes is done at the decentralised tax department at RRA headquarters or the district office of RRA where your business was registered. Moreover, deregistration for decentralised taxes requires a visit to the sector office of the local government. Fourthly, businesses should deregister at RSSB for social security contributions. Finally, businesses can proceed to RDB for the completion of the deregistration procedure after obtaining deregistration approval of RRA.²

Conditions for deregistration are the following:

- RRA, RDB and RSSB accounts of the company must be clean or at zero balance.
- Taxpayer must be up to date with filing of tax returns. Business owners are advised to consult their accountant or visit the RRA office where the business is registered in order to know the status of their tax account and possible tax arrears.
- Deregistration procedure can only start when a business is non-operational. Business owner has to stop all operational activities prior to starting the deregistration process.

LISTS OF ACRONYMS

BRC	Business Registration Certificate
CIT	Corporate Income Tax
MoMo	Mobile Money
PAYE	Pay As You Earn
PIT	Personal Income Tax
RLGMS	Rwanda Automated Local Government Taxes Management System
RDB	Rwanda Development Board
RRA	Rwanda Revenue Authority
RSSB	Rwanda Social Security Board
TCC	Tax Clearance Certificate
TIN	Tax Identification Number
VAT	Value Added Tax

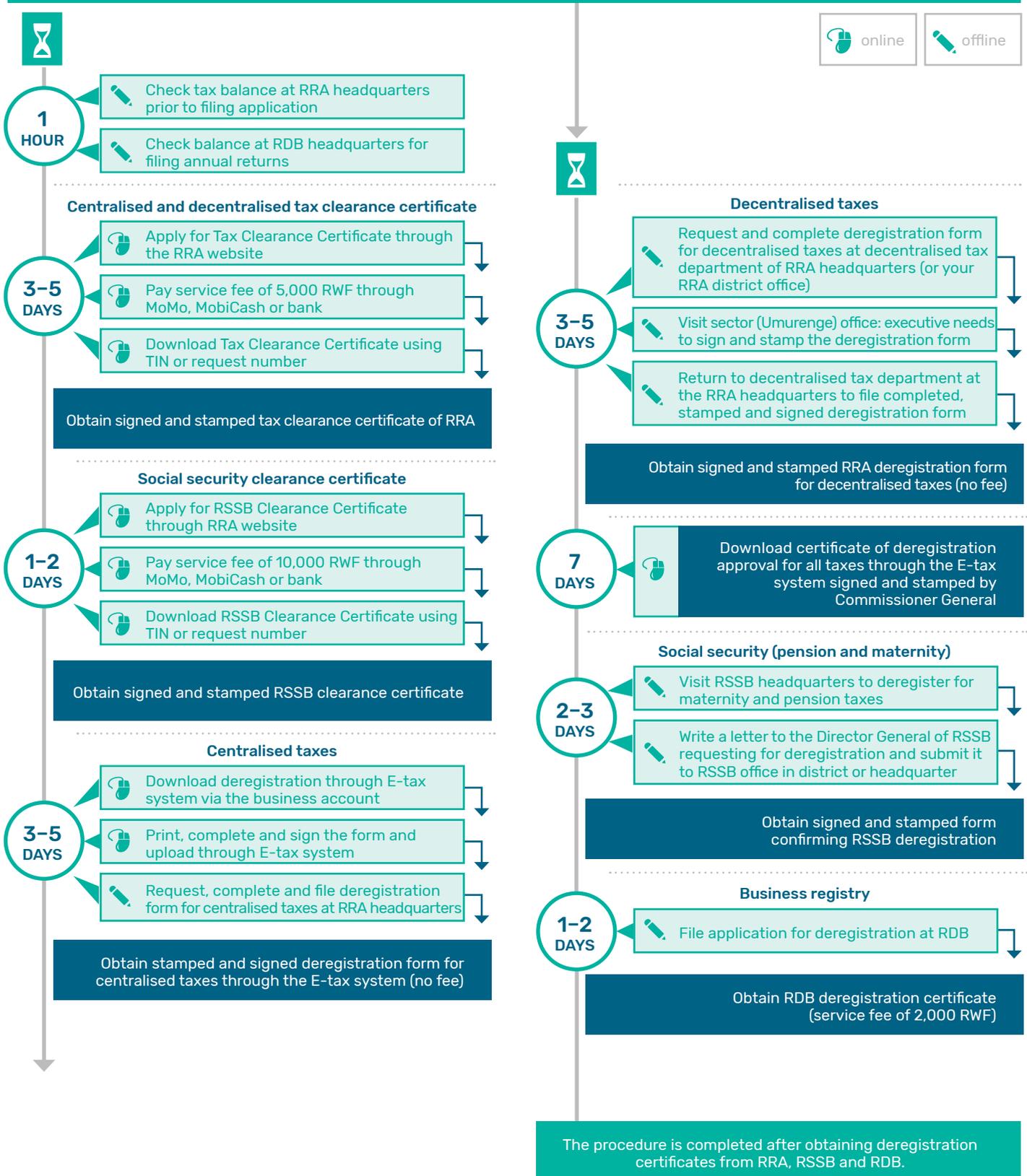
¹ Clearance certificates from RDB and RSSB are recommended but not obligatory.

² Deregistration at RSSB is recommended to avoid penalties but not obligatory to proceed with deregistration at RDB.

2 | Overview of registration and deregistration procedure



2. DEREGISTRATION



3 | Business Registration at RDB, RRA and RSSB

RWANDA DEVELOPMENT BOARD

Business registration is done at RDB.³ After successful business registration at RDB, one obtains a Business Registration Certificate and a Tax Identification Number (TIN). The TIN indicates that business registration at RDB equals registration for (Corporate) Income Tax at RRA. All businesses registered at RDB are obliged to file centralised and decentralised taxes at RRA as well as annual returns at RDB.

After registration at RDB, which takes 6–24 hours, you get a Business Registration Certificate (BRC) which has a unique enterprise code that acts as your business unique identifier in its dealings. The Enterprise/Company code is also the 'Tax Identification Number' (TIN) of the company required for two separate registration procedures at the RRA firstly for centralised and secondly, decentralised taxes. Please review Annex 1 for an overview of required documents.

Filing annual returns at RDB is done annually before the deadline of March 31 via the online business registration system of RDB. It makes no difference whether a business has generated income or not. You can file zeroes if there were no profits or company revenues.

RWANDA REVENUE AUTHORITY

Registration for centralised taxes is done at the RRA headquarters.⁴ You only need your business registration certificate or Tax Identification Number (TIN). Centralised taxes are: Personal Income Tax (PIT), Corporate Income Tax (CIT), VAT (for those registered for VAT), PAYE (for those qualifying), Consumption Tax (for those qualifying), Withholding Tax of 3% and 15% for those qualifying. Each tax declared must be paid immediately as provided by the law. Centralised taxes can be paid online via E-payment. Please review Annex 2 for an overview of centralised taxes.

Registration for decentralised taxes is done at the RRA district office where your business is registered. Alternatively, you can visit the decentralised tax department at the RRA headquarters. Decentralised taxes are trading license fees and cleaning fees. You need your Tax Identification Number (TIN) to register as well as a mobile phone number. More information regarding RDB and RRA procedures and requirements is available in the separate RDB and RRA checklist documents produced by the TRAIDE program.

All businesses registered at RDB need to file tax declarations (for income tax) at RRA. It makes no difference whether a business has generated income or not. You can declare zero if there were no profits or company

revenues. Annual declaration must be done not later than March 31 of the following tax declaration for the first year of registration. In the following years, centralised taxes are declared and paid on a quarterly basis before the deadlines of June 30, September 30, December 31 and March 31. If one fails to declare taxes before the deadline, a penalty will be imposed by RRA.

RWANDA SOCIAL SECURITY BOARD

In addition to the company TIN, the RDB system will also automatically generate a RSSB number for the payment of social security. This number is sent to the email address used for registration at RDB. When you did not receive an email, it is necessary to return to RDB to obtain the number before visiting RSSB. The staff at RDB will resend the email.

Contrary to the company TIN, the RSSB number is not automatically activated. Business owners need to activate the number at the RSSB headquarters themselves once they commence business activities and start hiring staff.⁵ Activation can be completed by submitting a request letter addressed to the Director General requesting at the RSSB district office. Subsequently, all employees paid on a monthly basis need to be registered by their employers at RSSB using the company RSSB number.⁶ Foreign managing directors who are taxpayers in Rwanda also need to register themselves at RSSB obtaining a personal RSSB number.

After activation of the RSSB number, declaration and remittance of pension contributions need to be declared and paid. Declarations and payments are made on a monthly basis no later than 15th day of the month following the month. The declaration of pension and maternity contributions is done through the RRA E-tax system.

³ Any person who sets up a business is obliged to register with the RDB and RRA within a period of seven days when starting the business or activity and establishing the company.

⁴ With the exception of (Corporate) Income Tax that is done immediately after registration at RDB.

⁵ Please note that businesses that do not start operating within a period of one month after the business registration at RDB, will need a letter from district labour inspector to prove that you have not been operating in order to activate your RSSB number.

⁶ Legally, employers are responsible to register their employees at RSSB. However, for SMEs with no HR staff in charge of the company payroll and social security payments, employers can request their employees to register themselves using the company RSSB number.

4 | Deregistration at RRA

The process starts with an application for a Tax Clearance Certificate (TCC). A TCC shows that your tax account is clean, meaning you filed and paid all required taxes. The certificate can be requested via the RRA website paying a service fee of 5,000 RWF through MoMo, MobiCash or bank. After the payment, the RRA will check if there are no arrears. It is not possible to obtain a TCC if a tax account still has arrears. If your tax account is clean, the procedure takes 3 days. It is recommended to visit the RRA prior to applying and making the non-refundable payment. In this way, you can make sure your account is clean beforehand.

Applications for a Tax Clearance Certificate are made online via the RRA website.

- Visit the RRA website: www.rra.gov.rw
- Click on **RRA clearance certificate** (on the right side).
- Click on request.
- Write your TIN and reason for clearance application.
- Submit the request.
- Pay service fee of 5,000 RWF using Mobile Money, MobiCash or bank payment.
- Download RRA Clearance Certificate using TIN or request number – signed and stamped after 2 or 3 working days.

DEREGISTRATION FOR CENTRALISED TAXES

After obtaining clearance, a taxpayer starts with deregistration. Deregistration for centralised taxes at RRA is done first and can be completed online. It is possible to deregister the entire business at once or to deregister for a specific type of centralised taxes. For example, a taxpayer could remain registered for PAYE while being deregistered for VAT.

Required documents for deregistration at RRA:

- Submission of annual tax declaration and payment receipt.
- RRA tax clearance certificate. A tax clearance certificate is valid for three months.
- Copy of ID card or Passport (for foreign investors).
- Download the de-registration form on RRA website.

How to get the deregistration form on RRA website:

- Visit the RRA website: www.rra.gov.rw
- Click on domestic tax services.
- Click on registration and deregistration.
- Click on forms and print as a hard copy is required.
- Complete the form.

Deregistration process at RRA:

- Visit the RRA website: www.rra.gov.rw
- Click on **pay domestic taxes** here.
- Write your TIN and Password.
- Click on online requests (on the left side).
- You will see online services and then click on Deregistration request.
- Click on Deregistration request status.
- Select tax type: if you want to close the business you select all tax types that your business is registered for. Alternatively, you select the specific type of tax you want to deregister for. For example, a taxpayer is registered for PAYE and VAT and wants to remain registered on PAYE whilst deregistering for VAT. In this case a taxpayer will only select VAT and will not select PAYE.
- Click on retrieve.
- Attach the deregistration form completed with all the requested information plus a copy of your ID or passport. Married people also need to attach a copy of the ID or passport of their partner.

DEREGISTRATION FOR DECENTRALISED TAXES

Deregistration for the two types of decentralised taxes, cleaning fees and trading license, is done simultaneously. A taxpayer cannot choose to deregister for a trading license and remain registered on cleaning fees. The business has to be deregistered for centralised taxes before it is possible to deregister for decentralised taxes. Subsequently, you can proceed by following these steps:

- Visit decentralised tax department at the RRA headquarters. Alternatively, you can visit the RRA district office where your company is registered: RRA at MIC building, RRA at Remera or RRA at Kicukiro.
- Ask for a deregistration form for decentralised taxes. It is currently not possible to get the form online.
- Complete the form.
- Take the completed form to the local government office: the sector (Umurenge) where your company is registered.
- Request the Executive of the sector (Umurenge) to sign and stamp the form.
- Return to the decentralised tax department at the RRA headquarters and file signed and stamped form.
- Await approval; the process can take three up to five working days.
- Download certificate of deregistration approval for all taxes through the E-tax system signed and stamped by Commissioner General.

5 | Deregistration at RSSB

After obtaining a deregistration approval of RRA, a taxpayer can proceed to deregister for social security contributions. It is recommended to apply for a RSSB clearance certificate online prior to visiting the office. Applications for RSSB Clearance Certificates are made online via the RRA website.

- Visit the RRA website: www.rra.gov.rw
- Click on **RSSB clearance certificate** (on the right side).
- Click on request.
- Write your TIN and reason for clearance application.
- Submit the request.
- Pay service fee of 10,000 RWF through MoMo, MobiCash or bank payment.
- Download RSSB Clearance Certificate using TIN or request number – signed and stamped after 2 or 3 working days.

Subsequently, businesses can visit the RSSB headquarters to deregister for pension and maternity contributions. This process generally takes 1–2 working days. The deregistration is only completed once you have received a deregistration approval from RSSB. The approval needs to be collected at the RSSB office where the request was submitted.

Required documents for business deregistration at RSSB:

- Write a stamped and signed letter addressed to the Director General of RSSB requesting for deregistration for pension and maternity contributions.
- Submit letter at RSSB district office or headquarters.
- Collect deregistration RSSB approval at the RSSB office where the request was submitted.

6 | Deregistration at RDB

After obtaining deregistration approval of the RRA, a taxpayer can proceed to RDB for the completion of the deregistration procedure. Final deregistration at RDB takes 1–2 working days and requires the payment of a service fee of 2,000 RWF. The deregistration of a business is completed once one has received two deregistration certificates from both RRA and RDB.

Required documents for business deregistration at RDB:

- Signed and stamped deregistration certificate approval for all taxes from RRA.
- Business Registration Certificate retrieved via RDB online portal.
- In case of multiple shareholders: notarized minutes of shareholders meeting authorizing business closure.

Additionally, owners of individual enterprises need to write a letter requesting business closure to the RDB Registrar General.

7 | Recommendations for foreign businesses

- Monitor how your accountant is filing taxes.
It turns out many companies are penalized by RRA because of the negligence of their accountants. Therefore, it is important to monitor the work of your accountant. Nonetheless, it is recommended to work with an accountant as companies without accountants usually struggle to understand the Rwandan tax system.
- File annual returns and declare taxes also when revenue or profits are zero.
Many businesses do not submit their tax declaration when they are not operating. However, as long as you are registered at RRA and RDB, you are legally obliged to file tax declarations at RRA and annual returns at RDB. If you fail to do so, both RRA and RDB will impose penalties. Non-filing of annual returns does not lead to deregistration of a business.
- Deregistration procedures at RDB, RRA and RSSB are separate processes.
After deregistering a business at RRA, deregistration needs to be completed at RSSB and RDB. Deregistration is only finalised upon receiving written confirmations (deregistration certificates) from all three organisations. If either RRA, RSSB or RDB has not confirmed the deregistration, one might face penalties.
- Filing an application for deregistration does not equal deregistration.
The deregistration procedure has been completed after receiving three confirmation letters of RRA, RSSB and RDB. After submitting the different deregistration forms for RRA, RSSB and RDB, you need to wait for approval of your request. Moreover, clearance certificates from RRA, RSSB and RDB also do not equal deregistration. These documents show your account is clean and hence, they will support your application for deregistration.
- Start by applying for RRA, RDB and RSSB clearance certificates.
It is possible to apply online for clearance certificates of RRA, RDB and RSSB paying a (small) service fee. These certificates will speed up the deregistration process for all organisations. A clearance certificate (which is valid for 3 months) will allow staff to deregister the business and hence, the timelines will be shorter. It is recommended to apply for a clearance certificate before starting to visit organisations and starting the process.
- Reopening a business is possible.
If one wants to reopen the deregistered business, it is possible to request the reactivation of your TIN at RRA.

Annex 1 | Registration at RDB

Documents and information required for domestic company registration:

- Company name (approved)
- Company address in Rwanda
- Description/categorisation of business activities
- Email address of the managing director, a shareholder or an authorised representative
- Phone number of the managing director, a shareholder or an authorised representative
- Managing director's personal contact information (address and phone number)
- Board members' personal and contact information
- Passport copy/scan of the managing director or of one of the shareholders of the company being formed or of an authorised representative

More information: <https://businessprocedures.rdb.rw/procedure/4/5/step/749?l=en>

Additional documents and information required for companies with multiple shareholders:

- Shareholder(s)'s personal and contact information
- Notarised Memorandum of Association form according to the business category (scanned copy signed by all shareholders or their legal representative)

Additional documents required for Non-Governmental Organizations (NGOs), associations or cooperatives registering a business:

- Evidence of registration at the Rwanda Governance Board or Rwanda Cooperatives Agency
- Notarised board resolution with the decision to register a business

Documents and information required for registration of foreign companies or branches:

- Notarised certificate of incorporation issued by the registration authority in the country of headquarters
- Notarised articles of association for corporate entity shareholder(s)
- Notarised shareholder/board resolution with the decision to open up a branch and the appointment of a branch representative residing in Rwanda
- List with director(s) residing in Rwanda (minimum is one resident)
- Passport copies of the shareholders/directors.
- Memorandum of Association form according to the business category (scanned copy of the original signed by all shareholders or their legal representative)
- Notarised power of attorney to represent the company in Rwanda
- Notarised power of attorney for company registration
- Articles of association of the holding company

More information: <https://businessprocedures.rdb.rw/procedure/11/7?l=en>

Documents and information required for enterprise registration

- Company name
- Email address of the managing director or of an authorize representative
- Contact details (phone number) of the managing director or of an authorize representative
- Passport copy/scanned of the managing director or of an authorize representative
- Scanned passport size photo
- Description/categorization of business activities

More information: <https://businessprocedures.rdb.rw/procedure/8/6/step/13?l=en>

Annex 2 | Type of centralized and decentralized taxes

Type of Centralized Taxes	Rate	Notes
CORPORATE INCOME TAX (CIT) REAL REGIME		
Any company registered in RDB or individual person registered in RDB with a turnover exceeding 20,000,000 RWF	30%	<p>CIT is levied to profits earned by all entities performing businesses activities in Rwanda.</p> <p>Declaration and payment: For the first year of registration, CIT is declared and paid no later than March 31 of the following year. Subsequently, CIT is declared and paid on a quarterly basis prior to the deadlines of June 30, September 30, December 31 and March 31.</p>
PERSONAL INCOME TAX (PIT) LAMP SUM REGIME		
Medium-size businesses	0%	Monthly taxable income 0–360,000 RWF
Percentage-based regime paid by businesses with turnover ranging from 12,000,000 RWF to 20,000,000 RWF	20%	Monthly taxable income 360,001 RWF–1,200,000 RWF
	30%	<p>Monthly taxable income >1,200,000 RWF</p> <p>Or Apply 3% of the turnover (12,000,000 RWF up to 20,000,000 RWF)</p> <p>Declaration and payment: For the first year of registration, PIT is declared and paid no later than March 31 of the following year. Subsequently, CIT is declared and paid on a quarterly basis before the deadlines of June 30, September 30, December 31 and March 31.</p>
Small-size businesses	No tax	< 2,000,000 RWF annual turnover
Flat tax regime paid by businesses with turnover ranging from 2,000,000 RWF to 12,000,000 RWF	60,000 RWF	2,000,000 RWF–4,000,000 RWF annual turnover
	120,000 RWF	4,000,000 RWF–7,000,000 RWF annual turnover
	210,000 RWF	7,000,000 RWF–10,000,000 RWF annual turnover
	300,000 RWF	10,000,000 RWF–12,000,000 RWF annual turnover
		<p>Declaration and payment: For the first year of registration, PIT is declared and paid no later than March 31 of the following year. Subsequently, CIT is declared and paid on a quarterly basis before the deadlines of June 30, September 30, December 31 and March 31.</p>
PAY AS YOU EARN (PAYE)		
Tax paid by businesses employing one or more employees		<p>Every employer is legally responsible to register employees at the RRA office for PAYE after seven days of signing an employment contract.</p> <p>When paying a monthly salary to an employee, the employer is legally obliged to withhold, declare, and pay PAYE tax before the 15th day of the following month.</p> <p>In the case of engaging casual labour for less than 30 days during a particular tax year, the employer shall withhold 15% of the taxable employment income of the casual labourer. The first 30,000 RWF of the income earned is taxed at 0%.</p> <p>Monthly deduction</p> <p>0% 0–30,000 RWF</p> <p>20% 30,001 RWF–100,000 RWF</p> <p>30% RWF >100,000 RWF</p> <p>Allowances paid (in cash) are added to the basic income and will be subject to taxation as well.</p>

WITHHOLDING TAX

15%	Withholding tax on other payments Withholding tax of 15% is also paid on 'imported' services provided by non-residents in Rwanda. Exemptions are rarely granted in case one proves such services cannot be provided by Rwandan residents.
5%	Withholding tax of 5% levied on the value of goods imported for commercial use needs to be paid at customs on the Cost Insurance Freight value (CIF) value before clearance.
3%	Withholding tax of 3% on the sum of invoice based on public tenders, excluding VAT, is retained on payments by public or private institutions to those who supply goods and services.
	Withholding tax of 15% is also levied on the following payments made by resident individuals or entities including: <ul style="list-style-type: none"> • Dividends, interests and royalties • Entertainment or performance payments made to an artist, a musician or an athlete irrespective of whether paid directly or through an entity that is not resident in Rwanda. • Services provided by non-registered person at RRA or RDB meaning they do not pay VAT and are part of the informal economy. • Lottery prizes and other gambling income.
	Declaration: Withholding tax is declared and paid within 15 days following the month the tax was withheld.

VALUE ADDED TAX (VAT)

18%	VAT is generally designed as tax on final consumption. Every person who consumes taxable goods or services imported or locally produced must pay VAT. VAT-registered companies can retrieve the VAT at the RRA office upon providing VAT receipts with their TIN number. Hence, it is very important to mention your TIN number when making payments, so receipts will be accepted by RRA. Declaration: VAT is declared and paid within 15 days following the month/ quarter during which tax was collected.
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INFRASTRUCTURE DEVELOPMENT LEVY

1.5%	All imported goods are subject to a levy of 1.5% on the customs value of imported goods. However, the following goods are exempted from this levy: <ul style="list-style-type: none"> • Goods imported certifying the East African Community Rules of Origin • Imported goods exempted from taxes as provided for in East African Community and industrial goods imported in Rwanda entitled to remission • Pharmaceutical products • Veterinary phytosanitary products • Reproductive animals and reproductive plants • Industrial machinery and equipment for energy and water sectors, as well as for investment projects with investment certificate.
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CAPITAL GAIN

30%	Sale or cession of commercial immovable property.
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EXCISE DUTY

Mineral water	10%	Excise duty is levied on the following locally manufactured products namely, beers, lemonades, cigarettes, wines, spirits and mineral water, as well as telephone communication provided by telephone communication companies operating in Rwanda.
Fruit juice	5%	
Soda or lemonade	39%	
Beer	60%	
Wine	70%	
Brandies, liquors and whisky	70%	
Cigarettes	150%	
Vehicles with an engine of 1500 cc	5%	
Vehicle with an engine of 1500 cc–2500 cc	10%	
Vehicles with an engine capacity above 2500 cc	15%	
Fuel and lubricants	76%	
Powder milk	10%	

Type of Decentralized Taxes	Rate	Notes
TRADING LICENSE		
	Non-VAT registered 40,000 RWF– 240,000 RWF	The basic trading license is provided by the council of the district, town or Kigali city where taxpayers are based and depends on type of activity. The trading license fee for VAT-registered businesses depends on the company turnover.
	VAT registered 60,000 RWF– 250,000 RWF	The duty sticker issued shall be posted in plain view at the entrance to the establishment where the operations which it relates are carried on. Declaration: The tax period for the trading license tax starts on January 1st and ends on December 31st. If taxable trading activities start after January, the taxpayer pays trading license tax equivalent to the remaining months of the year including the one in which the activities started.
CLEANING FEES		
	Depends on district office and type of activity	Cleaning fees are paid by any person who commences a profit-oriented activity in Rwanda. Declaration: It must be paid before the 15th day of every month at the RRA district office in the district where the business is registered.