



**Rwanda Budget Highlights 2017**

Navigating headwinds



**Preamble**

Income Tax

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# Preamble

Our publication incorporates changes based on the 2017 Budget speech. Some changes may arise when the Amendment Acts are published.

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# Tax Measures

## Income Tax

- Amendment of existing property tax law to include provisions meant to improve tax collection by the local authorities.

## VAT

- VAT collections to be improved with the use of EBM's from October 2017 with the aim of reaching 10,000 new taxpayers within one year.

## Customs

- Introduction of the cargo tracking system on the Northern corridor to reduce tax fraud and under declaration of goods by the importers;
- Duty removed on ATMs, Smart Cards and POS from a rate of 25%; and
- Duty stayed for the following goods imported into Rwanda:

Imported goods	Old rate%	New applicable rate%
Road tractors	0	0
Transport vehicles that carry between 5-20 tons	10	10
Transport vehicles that carry above 20 tons	0	0
Public transport vehicles that carry between 25-50 persons	10	10
Public transport vehicles that carry above 50	0	0
Imported sugar from outside the EAC	25 (less than 70 tons)	25
Wheat and hard grain	0	0
Rwanda Armed Forces shop	0	0
Raw materials for ICT equipment	0	0

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### Other tax measures

- Continued intensification of RRA's administrative measures aimed at broadening the tax base;
- Measures to be put in place to improve collection of tax arrears;
- Focus on capacity building for RRA staff to be up to international standards; and
- Introduction of the data matching system to assist RRA in identification of high-risk taxpayers for tax audit profiling purposes.

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# Sectorial Highlights

## Financial sector

- Degree of liquidity in banking sector stood at 42.5% compared to the minimum of 20% set by BNR;
- Basel I/III regulations on new capital requirements issued in 2016 and to come into effect in the second half of 2017;
- Increase in broad money by 7.6% at the end 2016; and
- Development of capital market to offer more long-term domestic financing instruments even though treasury bills will continue to be issued for cash flow purposes.

## Agriculture

- Agriculture production to increase by 4.6% for FY 2017/2018;
- Emphasis to be on land consolidation, irrigation, fertilizers, prevent crops disease and research on improved seeds; and

- Budget allocation of RWF 110.5 billion with the following as priorities:
  - Scaling up of irrigation to combat climate changes;
  - Increase in land space for tea plantation;
  - Implementation of Gako Integrated beef farm Project; and
  - Continued research on improving seeds and fertilizers.

## Energy and Resources

- Budget allocation is RWF 84 billion to be used for expansion of the power grid.

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