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Rwanda Budget Highlights 2018

Understand. Reflect. Respond.

Preamble

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Preamble

Our Budget highlights presents an overview of tax measures and other proposals presented in the 2018/19 Budget speech. Some changes may arise when the Amendment Acts are published. We will present a more detailed analysis, incorporating our views, as soon as the acts are published.

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Tax Measures

VAT

- The VAT regulations on Electronic Billing Machines will be amended. Although the specific regulations have not been released, it is anticipated that these regulations are intended to widen the tax base through the use of the newly introduced internet-based machine client software (EBM-V2).

Customs Duties

- Rwanda has been granted stay of duty on importation of the following items:

Road tractors	0%
Transport vehicles with carriage capacity between 5-20 tons	10%
Transport vehicles with carriage capacity above 20 tons	0%
Public transport vehicles that carry between 25-50 persons	10%
Public transport vehicles that carry above 50 persons	0%
Processing machines and other materials to be used in textile and hides manufacture	0%
ICT equipment	0%
Manufacturing raw materials	0%
Equipment used by banks in money circulation (ATM cards, PoS, etc.)	0%

Second hand clothes	\$4/Kg
Second hand shoes	\$5/Kg
Imported rice	45% or \$345/Ton
Imported sugar	25%
Imported products designated for army shops	0%

- The Minister has proposed a reduction in duty on bicycles used for championships from 20% to 0%.

Excise Duties

- The Minister has proposed the amendment of the Law determining and establishing consumption tax with a view to increase consumption tax on cigarettes and alcoholic beverages. Specific measures have not yet been released.

Sectoral Highlights

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Agriculture

- The Government has allocated Rwf 124.7 Billion to this sector that will see farmers' access free fertilizers and promotion of local fruit production, among others.

Financial sector

Banking

- Increase of ATM and point of sale machines (POS) to ease payment processes and promote the cashless economy in Rwanda. The Minister has granted a stay of duty on ATMs and POS machines.

Education

- The allocation of Rwf 272.8 billion to education is intended to be invested in training of school teachers, expansion of capacity through construction of new schools, focus on science based education and increase in the number of smart classrooms.

Infrastructure

- The Government targets to supply electricity to 113,605 households in the financial year 2018/19. This is an increase from 96,648 households that were supplied with electricity in 2017/18.
- The Government targets to supply solar electricity via solar panels to 80,475 households in financial year 2018/19.

- It is targeted that 98.5% of the hydro-electric projects (HEP) will be completed in FY 2018/19.
- Water supply will be availed to 58,665 households in urban areas and 33,245 households in rural areas.
- There will be reconstruction of roads in different districts including border districts.
- The ongoing construction of the Bugesera international airport.

Health

- Provision of subsidised medical services through a medical scheme known as "Mutuelle de sante" to vulnerable citizens depending on the classes determined by the scheme.
- Training of health care workers to improve health care services.
- Construction of hospitals and health centres.

Real estate sector

- The Minister proposes to amend the law on immovable properties to increase the tax rates on immovable property. Some of the measures contemplated include an increase in taxes on immovable property relating to residential houses (from 0.1% to 1% of the market value), commercial buildings (from 0.1% to 0.5%) while tax on industrial buildings is expected to remain at 0.1%.

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Poverty alleviation

- Poverty reduction through creation of jobs and cash payments to 107,000 households through the VUP (Vision Umurenge Program) in FY 2017/18.
- 40,000 cows will be provided through the GIRINKA munyarwanda (one cow per poor family) project.
- Provision of special direct support to vulnerable groups such as genocide survivors.

Job creation

- To address the issue of job creation, a key theme in this year's budget, Rwf 46.7 billion will be allocated towards job creation. The allocations will be distributed between:
 - Vocational training schools;
 - Industrial based training and apprenticeship; and
 - Facilitation of loans to SMEs.

Industrialisation and tourism

- Rwf 253.5 billion has been allocated towards promotion of exports (goods and services) from Rwanda:
 - Renovation of industrial areas across the country;
 - Construction of four ports around Lake Kivu;
 - Construction of the Bugesera Airport;
 - Expansion of Rwandair's operations; and
 - Promotion of tourism through international conferences.

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