

# Sage in Rwanda

## Payroll Taxes 2020

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### 1. General Information

#### Official currency

Rwandese Franc (RWF)

#### Tax year end

Rwanda tax year is the calendar year.

#### Revenue service

Rwanda Revenue Authority

[www.rra.gov.rw](http://www.rra.gov.rw)

### 2. Employment Income

Employment income includes all payments paid to an employee by his/her employer in cash or in kind in relation to the work performed. Those payments are composed of the following:

- Wages, salary, leave pay, sick pay and medical allowance, payment in lieu of leave for an employee who stops working before benefiting from his/her annual leave, sitting allowances, commissions, bonuses and gratuity;
- allowances relating to the cost of living, subsistence allowances, housing allowances, and entertainment or travel allowances;
- any discharge or reimbursement of expenses incurred by the employee or an associate;
- payments to the employee working in exceptional conditions of employment;

- payments for redundancy or loss or termination of contract;
- pension payments;
- other payments made in respect of previous, current or future employment.

### 3. Tax rates

#### Tax Tables

Monthly tax tables for 2020 tax year

Tax Bracket (RWF)	Taxable income (RWF)	Tax rate (%)	Cumulative Tax on income (RWF)
0 to 30 000	30 000	0	0
30 001 to 100 000	70 000	20	14 000
Over 100 000		30	

#### Casual Workers

In the case of engaging a casual worker for less than 30 days during a particular tax year, the employer shall withhold 15% of the taxable employment income of the casual worker. Income not exceeding 30 000 per month is rated at 0%.

#### Secondary employment

An employee who works for more than one employer is obliged to inform his/her employers specifying which one is his/her first employer.

An employer who is not the first employer of an employee must withhold PAYE at the marginal top tax rate of **30%**.

#### Board of Directors

Sitting allowances allocated to the members of the Board of Directors are taxable at a rate of 30%.

### 4. Fringe Benefits

Benefits in kind received by an employee are included in taxable employment income in consideration of market value as follows:

#### Housing benefit

Use or availability for use of premises including or excluding any household equipment of other contents by an employer for residential occupation by an employee during a tax period is valued at 20% of the employment income excluding benefits in kind.

### **Car benefit**

An amount meant for the availability and use of a motor vehicle to an employee during a tax period is valued at 10% of the employment income excluding benefits in kind.

### **Loans**

Benefit on a loan including advance on a salary exceeding a three (3) months' salary given to an employee is valued at a difference between:

- the interest on loan, which would have been paid by the employee during the month in which the loan was received, calculated at a rate of interest offered to commercial banks by the National Bank of Rwanda;
- and the actual interest paid by the employee in that month;

### **Other employee benefits**

The following benefits in kind are considered in the same manner as benefits an employer gives to an employee:

- benefits in kind provided by an employer to a person related to an employee when there is no service rendered;
- benefits in kind provided by a company to one of its members.

## **5. Exempt Income**

### **Reimbursement of expenses**

The discharge or reimbursement of expenses incurred by the employee or his/her associate:

- wholly for business activities of the employer;
- those that are deducted or would be deductible in calculating the employee's income from all his/her business activities;

### **Contributions to RSSB**

Contributions made by the employer for the employee to the public institution in charge of social security;

### **Pension payments**

Pension payment from the public institution in charge of social security or from a qualified pension fund;

## 6. COVID-19 Measures

On 14 May 2020, the Rwanda Revenue Service made a public announcement to all private schools and taxpayers operating in tourism and hotel sector, registered on Pay As You Earn (PAYE).

The PAYE tax for employees earning up to FRW150 000 net salary\* is exempted.

- For the teaching and non-teaching staff of private schools earning PAYE will be waived for a period of 6 months from April 2020 to September 2020.
- For employees of companies operating in tourism and hotel sector, this waiver will apply for 3 months from April 2020 to June 2020.

Effective April 2020.

## 7. Rwanda Social Security Board (RSSB)

### Pension Scheme

The contribution rates are 3% of salary paid by the employer and 3% of salary by the employee.

### Medical Scheme

The contributions paid to RSSB represents 15% of employee's **basic salary**. It is paid by both the employer and the employee at the rate of 7.5% each.

### Occupational Hazards

A contribution of 2% of salary is paid on behalf of mandatory members by employers. There is no employee contribution towards this benefit.

### Maternity Leave Benefits Scheme.

All employees in Rwanda (both male and female) and all the employers (private and public) must contribute to the scheme.

The total contribution is 0.6% of the employee's gross salary. Both the employer and employee contribute each contribute 0.3%.

<http://www.rssb.rw/>

## 8. Community-Based Health Insurance Scheme(CBHIS)

According to Article 2, Paragraph 10 of the Prime Minister's Order, 0.5% is deducted by an employer from the net salary of the employee for the CBHIS.

Net salary X 0.5% = CBHIS contribution by employer.

Effective 13 February 2020.

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