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Govt Launches System to Optimize Land-Related Revenue Collection

A new ICT based system that interconnects land-related data from Rwanda Land Management and Use Authority (RLMUA), Rwanda Housing Authority alongside Rwanda Revenue Authority is expected to improve land-related revenue collection, officials have said.

Ernest Karasira, Rwanda Revenue Authority (RRA) Deputy Commissioner for regional and decentralized taxes, told Sunday Times that the system will increase tax collection.

"The system will help us improve property tax collection. The information we use to collect decentralized taxes is available in the land management authority but in RRA we were not easily accessing this information. So by linking the information systems with our Local Government Management Tax system, it will be easy to collect land-related taxes," he said.

The ICT-based system interconnects three institutions; Land Administration Information System (LAIS) of Rwanda Land Management and Use Authority, Building Permit Information Management System (BPIMIS) of Rwanda Housing Authority and Local Government Management Tax system of Rwanda Revenue Authority.

He explained that the system will be constantly updating the Revenue Authority with any changes on land properties and thus update chargeable taxes.

It links the Unique Parcel Identifier (UPI) or land titles to TIN numbers of taxpayers.

"For example, if someone sells their property, the information will immediately be in the system accessible by RRA so as to tax the new property owner without taking time to trace the person," he said.

The system will also incorporate an estimated value of the land, houses on the land which will ease RRA task to tax them.

Karasira said that with the new move, RRA will be able to increase regional and decentralized taxes to over Rwf67 billion this fiscal year from Rwf61.5 billion last fiscal year.

"Of this target, Rwf10 billion will be land property-related taxes. Last fiscal year we collected Rwf7 billion even though we are still at the beginning of the year and we will start to collect land-based revenues in December, we hope that the new system will help us even in tracking tax arrears," he said.

In the interconnected system, officials said, there is a list of all taxable lands from every district across the country.

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The program was developed by the Institute of Applied Sciences (INES Ruhengeri) in partnership with German Development Cooperation (GIZ) after a bidding competition.

Dr. Fabien Hagenimana, the Vice-Chancellor of INES-Ruhengeri said that the system development was based on the fact some information on land properties would expire and become a challenge for Rwanda Revenue Authority to charge taxes due to lack of connectivity between land management information system and tax collection system.

Espérance Mukamana, the Director-General of Rwanda Land Management and Use Authority (RLMUA) said that there are over 12 million land parcels across the country.

"The system shows taxable and non-taxable land. This helps Rwanda Revenue Authority to easily collect taxes," she said.

However, she said that there are some land parcels with no information.

"We tell owners of these land parcels to rush and register them. Otherwise, they will be registered as state land," she said.

She added that they also want to go paperless whereby people will be paying taxes and accessing other services by presenting electronic land titles instead of hard copies.

"We are finalizing the study so that very soon, people will be accessing all services without necessarily using land titles in hard copies. For example, if there is land transfer, people can get their land titles online.

Property owners will be able to apply for any services such as paying taxes, requesting bank loans online using electronic land titles. This will solve the issue of high cost in printing these land titles we have been incurring," she explained.

Lawyer petitions Supreme Court over property tax law

The Supreme Court on Friday heard a petition filed by Edward Murangwa, a Rwandan lawyer who is challenging the new law on immovable property that was enacted last year in September, saying it was unconstitutional.

The case, heard by a panel of justices led by Chief Justice Prof Sam Rugege, challenges the law establishing the sources of revenue and property of decentralised entities and governing their management.

According to the petitioner, who was represented by lawyer Jean Marie Vianney Rugemintwaza, land and other private property such as a house are inviolable fundamental human rights as set out in articles 34, and 35 of the Constitution.

He particularly singled out the provision that imposes a 100 per cent increase of taxes on undeveloped land which, he said, is not only unfair but is also in contravention of the supreme law of the land.

"A lucky university graduate buys a plot of land from the savings accumulated over time, and expects to set up a house on it once they get more financial means. Penalising them through prohibitive taxes on their plot because they have not built a house on it is unfair," he said.

"The article 20 of this law stampedes fundamental rights enshrined in article 34 and 35 of the Constitution," he said, adding that if a person is not able to pay tax for the land, it is later confiscated which greatly infringes on fundamental human rights.

Murangwa also challenged article 16 of the same law, saying that it oppresses the category of residential buildings by imposing a higher tax on it, which is up to 1 per cent of the market value of the property compared to up to 0.5 per cent for commercial buildings, and 0.1 per cent for industrial buildings.

This tax is paid annually and, in the case of residential houses, it is imposed on any other property owned by the proprietor save for one they use as their own domicile.

"Yet, the residential property is the one which fetches less income compared to the industrial and commercial component which are naturally business-oriented," he said.

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However, the case was adjourned after Senior State Attorney Fiat Cyubahiro, who represented the Government of Rwanda, said that he needed more time to go through a brief that was filed by the University of Rwanda School of Law, which sought to join the case as an *amicus curiae* (friend of court).

The Government of Rwanda is the respondent in the case.

According to Cyubahiro, they did not know about the UR brief, asking court to be given more time to go through it and share with his colleagues in the Office of Attorney General, before the law dons could come to make their oral submissions.

The brief by the School of Law, of which Saturday Times has obtained a copy, in part states four principles they say were infringed upon by the new law; on immovable property; equality before the law, protection from discrimination, right to private property and right to private ownership of land.

During the hearing, Chief Justice Rugege said the submission by the School of Law was relevant to the case which he described as “complicated”.

He also granted the request by the respondent, saying that all litigants needed to have enough time to go through the submission before the case could resume, and adjourned the case to November 1.

“Other people who want to join the case as Friends of the Court are free to file their briefs not later than October 25,” Rugege ruled.

On his part, Murangwa said that court was free to consider the submissions by the law school and any other third parties, as long as they can help the case.

RRA steps up bid to enforce property tax

Do you own a residential property in Rwanda? If you do, Rwanda Revenue Authority (RRA) is seeking your attention.

RRA is stepping up efforts to ensure compliance in property tax registration and declaration.

Tax registration and declaration are resultant to a 2018 law determining the sources of revenue and property of decentralised entities.

As per the law, Rwandans who own more than one residential houses are subject to property tax for each extra housing unit as part of new efforts to broaden sources for district revenues.

The law only exempts homeowners with one house that they live in.

To enforce the law, RRA is currently rolling out a property registration exercise in readiness for declarations by the end of the year.

Despite opening the registration process months back, the agency notes that turnout in response to the registration has somewhat fallen short of expectations.

Ernest Karasira, RRA Deputy Commissioner for regional and decentralised taxes told The New Times that in response, they have put in place multiple mechanisms to improve compliance.

On Thursday, the agency introduced an online property registration portal to improve the convenience of property owners.

Karasira said that the portal will among others ensure compliance by Rwandans in the Diaspora or based out of the country.

Beyond the portal, the agency has also rolled out deployed temporary staff in every cell office in Kigali to ease the process and ensure compliance.

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RRA offices across the country have also set up specific registration desks and are also working closely with local authorities to step up awareness.

He said that the temporary staff in cell offices could also be deployed to other parts of the country to fast track the process.

On registration, the property owners are issued with a Tax Identification Number which they will use on declaration and payment of taxes ahead of the December 31 deadline.

If taxes on a certain property are not declared and paid after December 31st, the owner(s) will be deemed as a tax evader and be subjected to legal consequences.

Like in other registration processes, Karasira said that it is possible that majority of homeowners are waiting for last days to the deadline to spring into action.

The authorities have however called on the public to ensure that their property is registered by the end of October.

Proceeds of the taxes will go to district coffers. Currently, districts heavily rely on central government funding that accounts for more than 90 per cent of their finances.

Homeowners who spoke to The New Times said that their reasons for having not registered their properties were not as a result of lack of information about the process but rather inconvenience to long queues at the registration desk.

They welcomed RRA's move to introduce an online portal to ease the process making it more convenient for them.

Philbert Bigirumwami, a Kigali landlord said that the registration process was fairly easy and fast and did not require him to pay anything. he said that he learned about the registration requirement during Umuganda a few weeks back.

The new legal instrument was informed by resolutions from the 12th National Leadership Retreat in 2015, which proposed the review of land tax law to promote efficient land use and help increase district revenues to enable them to provide basic infrastructure and other services to citizens.

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