



RWANDA – January 2020

TAXATION: KNOW HOW MUCH YOU’LL PAY FOR YOUR PLOT OF LAND 1

Taxation: Know how much you’ll pay for your plot of land

A newly released Ministerial Order has set standard rates and criteria to determine the tax rate applicable to plots of land, in accordance with the law determining the sources of revenue and property of decentralised entities.

The law, that was passed in 2018, had sparked controversy that culminated in a petition by lawyer Edward Murangwa, who challenged some of its provisions.

As a result, article 19 of the law was invalidated by the Supreme Court because it was found to be against the Constitution’s provision on equal treatment of people.

It stipulated an additional 50 per cent tax on land in excess of the standard plot size of 300 square meters, and at the same time provided that such additional tax rate does not apply to land acquired before the commencement of the law.

The Ministerial Order comes to direct district councils on what to base on while determining the tax rate on a square metre of parcel of land in their respective districts.

The criteria provided by the Order include the class of the city, land use category, and level of servicing (if the land is already determined in the master plan and for which all necessary services were provided to allow its appropriate use by its owner).

Land use criteria is categorized in industrial, commercial, residential and tourism and recreational, among others.

Plots of land located in City of Kigali’s CBD (Central Business Districts in the City of Kigali and in some district satellite towns) in commercial area that are serviced with basic infrastructure will have to pay Rwf250 to 300 per square metre.

For serviced land in a CBD’s commercial area without basic infrastructures, the tax is between Rwf125 and 150 per square metre.

The tax rate for plots of land in residential area in the City’s CBD serviced land with basic infrastructure ranges between 200 and 250. For serviced land without basic infrastructure, their tax rate is 0 Rwf.

Upcountry

For plots in the districts of Muhanga, Rubavu, Musanze, Huye, Nyagatare, Karongi, Rusizi, Bugesera, Kamonyi and Rwamagana, their tax rate falls between Rwf100 and 140 in commercial area serviced with basic infrastructure.

Those with no basic infrastructure will be paying between Rwf50 and 70 per square metre.

Nyabihu, Gicumbi, Rulindo, Kayanza, Ngoma, Kirehe, Gatsibo, Ruhango, Nyanza, Burera, Ngororero, Gakenke, Nyaruguru, Gisagara, Nyamagabe, Rutsiro and Nyamasheke districts are also combined in one group.

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CBDs of these districts' commercial and industrial areas where basic infrastructure are serviced are subject to a tax rate between Rwf10 and 20 per square metre, and Rwf 2 to 10 per square metre in serviced land with no basic infrastructure.

Residential areas serviced with basic infrastructure in the above districts are subject to a tax rate between Rwf50 and 100 per square metre, whereas where there are no basic infrastructure; the owner of the land pays no tax.

This Order came into force in January this year and land owners have been given until January 30 to have declared their pieces of land.

Currently, districts heavily rely on central government funding that accounts for more than 90 per cent of their finances, and the law intends to help districts generate their own revenue.

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