

In a bid to strengthen its fiscal capacity and promote sustainable economic development, the Rwandan government has unveiled a comprehensive set of tax policy reforms. These measures aim to increase domestic revenue and reduce the country's reliance on foreign aid.

The reforms, approved by President Paul Kagame's Cabinet, target a range of sectors including gambling, vehicles, personal care products, and the digital economy. Yusuf Murangwa, the Minister of Finance and Economic Planning (MINECOFIN), stated that the government's goal is to broaden the tax base and mobilize resources to fund the Second National Strategy for Transformation (NST2) and drive economic growth.

One of the most notable changes is the reinstatement of the Value Added Tax (VAT) on phones and ICT equipment, with some specific items remaining exempt. This move is expected to boost government revenue from the rapidly growing digital sector. Additionally, the tax on gambling revenue will increase sharply from 13% to 40%, a measure aimed at controlling the sector while generating more income for the government.

Vehicle registration fees will rise across all categories, including for electric vehicles, while the fuel levy will transition from a fixed rate to 15% of the cost, insurance, and freight (CIF) value to enhance road maintenance funding. The government will also impose a 15% excise duty on the CIF value of makeup, body lotions, and hair products, with certain pharmaceutical items remaining exempt.

To further support the tourism and hospitality sectors, a new 3% levy on accommodation services will be introduced. The government is continuing its efforts to encourage environmentally friendly transportation by maintaining a 25% import duty exemption on hybrid vehicles and fully exempting electric vehicles from taxes.

Excise duties on cigarettes and beer will also increase, while airtime excise duties will gradually rise from 10% to 15% by 2026.

To facilitate the implementation of these tax reforms, the government will launch a nationwide awareness campaign to educate taxpayers on the changes. The Ministry of Finance has emphasized that these reforms are critical for sustaining Rwanda's economic growth and ensuring the country remains on track to meet its long-term development goals.