

## Rwanda

### Summary of CbC Reporting and Transfer Pricing Documentation Rules

#### Country-by-Country Report

A Rwandan constituent entity must submit a CbC report within 12 months after the last day of the MNE's reporting fiscal year where the ultimate parent entity is required to prepare a CbC report in another jurisdiction. While there are no specific transfer pricing penalties, general tax penalties for non-compliance may apply.

#### Master File

There are no OECD Master File requirements in Rwanda.

#### Local File

There are no OECD Local File requirements in Rwanda.

#### Transfer Pricing Documentation

- *Effective Date*: From December 14, 2020 (date [Ministerial Order Number 003/20/10/TC](#) came into force).
- *Scope*: Persons involved in controlled transactions are required to develop and prepare a transfer pricing policy and transfer pricing documentation. The rules apply to domestic and cross-border controlled transactions (including transactions involving a permanent establishment of a foreign entity in Rwanda). In addition, the rules apply to deemed controlled transactions, i.e., transactions in which one of the parties is resident in a jurisdiction with a beneficial tax regime.<sup>1</sup>
- *Filing Threshold*: Taxpayers with annual turnover below RWF 600 million are not required to prepare transfer pricing documentation if the individual value of a controlled transaction is below RWF 10 million or the aggregate value is below RWF 100 million.
- *Information Reported – Transfer Pricing Policy*: In general, the transfer pricing policy includes: (i) an overview of the taxpayer's business operations and organization; (ii) a description of the global organizational structure and operational structure of the group; (iii) a general description of the MNE's business (including important business profit drivers and the group's supply chain); (iv) a detailed description of the taxpayer's business strategy (including recent business restructurings and intangible transfers); (v) a list of the taxpayer's key competitors in Rwanda for each material category of controlled transactions; (vi) a description of the controlled transactions and the context in which they occurred (including an analysis of the comparability factors); (vii) detailed comparability and functional analyses of the related persons in relation to the controlled

---

<sup>1</sup> A beneficial regime is a regime that does not tax income or taxes it at a maximum rate of 20%; grants tax breaks to non-resident individuals or companies; does not require a taxpayer to perform substantial economic activities within the jurisdiction; does not tax foreign-sourced income or taxes it at a maximum rate of 20%; or does not allow access to information about the corporate structure of legal entities, the ownership of assets, other rights or economic transactions.

transaction; (viii) an explanation of important assumptions made in the analysis; (ix) a summary of the financial information used in the applying the transfer pricing method; (x) reasons for performing a multi-year analysis (if any); (xi) a comparability analysis; (xii) details of any industry analysis, economic analysis, budgets or projections relied on; (xiii) conclusion with regard to compliance with the arm's length principle (including details of any adjustments made); (xiv) information reconciling the financial data used in the analysis to the annual financial statements; and (xv) a summary of relevant financial data for the comparables used in the analysis and the source of such data.

- **Information Reported – Documentation:** In general, the documentation includes (i) copies of all material intercompany agreements; (ii) the CbC report where the ultimate parent entity is required to prepare such a report (see CbC Report discussion above); (iii) the Controlled Transactions Schedule (see Transfer Pricing Disclosure discussion below) and (iv) any other documentation or information necessary to support the taxpayer's compliance with the arm's length principle.
- **Language:** Any of the official languages of the Republic of Rwanda (i.e., English, French or Kinyarwanda).
- **Deadline for Preparation/Submission of Documentation:** Prepared by the deadline for filing the income tax declaration for the relevant tax year and submitted to the tax authorities within 7 days of a written request.

Documents related to the global organizational structure of the corporate group (indicating all related persons, their shareholding, and their management structure) must be submitted to the tax authorities with the first income tax declaration of the taxpayer. An updated version must be re-submitted if there are changes.

From March 31, 2023 (date [Law No. 020/2023](#) came into force), taxpayers with related party transactions and in the Real regime must submit the transfer pricing documentation (prepared in accordance with relevant legislation) with the annual income tax declaration (Article 16).

- **Penalties:** From March 31, 2023 (date [Law No. 020/2023](#) came into force), a taxpayer who fails to provide information, provides incomplete, incorrect or misleading information, in relation to controlled transactions, is subject to an administrative fine equal to 5% of the value of the relevant controlled transaction (Article 86). In addition, the applicable fixed administrative fine is doubled in case of failure to keep books and records of controlled transactions (Article 81).

## **Transfer Pricing Disclosure**

From December 14, 2020 (date [Ministerial Order Number 003/20/10/TC](#) came into force), taxpayers subject to the transfer pricing rules must submit a Controlled Transactions Schedule with the annual income tax declaration (which is generally due within 3 months after the end of the tax period). A [Model Form](#) is provided in the Annex of the Ministerial Order. The schedule includes the identification of the related parties and countries of tax residence; description of controlled transactions; value of controlled transactions; transfer pricing method; transfer pricing adjustments; other key financial items; etc. While there are no specific transfer pricing penalties, general tax penalties for non-compliance may apply.

From March 31, 2023 (date [Law No. 020/2023](#) came into force), taxpayers with related party transactions and in the Real regime must submit the transfer pricing documentation (prepared in accordance with relevant legislation) with the annual income tax declaration (Article 16).