

EXPOSE DE MOTIF

Après l'approbation de la politique nationale de décentralisation par le gouvernement de l'Unité Nationale en date du 26 Mai 2000, au niveau des Districts et des Villes la population a élu les autorités de ces entités administratives. Ces entités sont dotées de la personnalité juridique et de l'autonomie financière.

Après cette période le Conseil des Ministres a demandé à son excellence le Premier Ministre de mettre en place une équipe de travail chargée d'élaborer la politique fiscale et financière permettant aux entités administratives de base d'avoir des ressources en vue d'assurer leur autonomie et l'accomplissement des attributions qui leur sont confiées. En date du 14 juin 2000 l'équipe a été mise en place et elle a élaboré le document de politique fiscale et financière approuvé par le Conseil des Ministres en date du 20 mars 2001.

*Ensuite sur base du document de politique, la même équipe a initié l'élaboration d'un certain nombre des projets de loi dans le but de rendre applicables les principes qui y sont contenus. **Parmi ces projets figure le projet de loi Portant organisation et fonctionnement du fond commun de développement.** Dans le souci d'harmoniser ce projet de loi avec les lois existantes, le Conseil des Ministres a demandé au Ministre ayant l'administration locale dans ses attributions et au Ministre ayant les finances dans ses attributions d'analyser le fonctionnement et l'organisation du CDF, sa liquidation en ressortissant l'intérêt de le modifier et les procédures existantes. Cette analyse a été faite et il s'est révélé que son fonctionnement ne cadrerait pas avec la politique de décentralisation entreprise dans le Pays. *Le projet de loi Portant organisation et fonctionnement du fond commun de développement a été préparé en prenant en compte toutes ces considérations.**

Il est important que ce projet de loi soit approuvé par le Conseil des Ministres pour que son contenu ne soit pas ignoré dans les préparatifs de l'exercice budgétaire de l'Etat de l'année 2001. De plus s'il est approuvé il permettra aux entités administratives de base de satisfaire les besoins de la population et de remplir les nombreuses attributions leur confiées par la politique de décentralisation.

L'approbation de ce projet de loi permettra l'application effective de la de la politique de décentralisation en vigueur dans notre pays.

Ce projet de loi comporte 41 articles contenus dans six chapitres libellés de la manière suivante :

Chapitre premier : Des dispositions générales

Chapitre 2 : Des ressources du "CDF"

Chapitre 3: Du Financement et du partage des fonds destinés aux projets de développement entre les Districts, Villes et Ville de Kigali.

Chapitre 4 : De l'organisation et du fonctionnement

Chapitre 5 : De la tutelle et du contrôle

Chapitre 6 : Des dispositions diverses et finales

*Le Ministre de l'Administration Locale
et des Affaires sociales*

NYANDWI J.Désiré

**PROJET DE LOIDU.....PORTANT
ORGANISATION ET FONCTIONNEMENT DU FONDS
COMMUN DE DEVELOPPEMENT DES DISTRICTS, VILLES
ET VILLE DE KIGALI.**

**Nous Paul KAGAME
Président de la République;**

**L'ASSEMBLEE NATIONALE DE TRANSITION A ADOPTE ET NOUS
SANCTIONNONS, PROMULGUONS LA LOI, DECLAREE
CONFORME A LA LOI FONDAMENTALE PAR LA COUR SUPREME,
SECTION COUR CONSTITUTIONNELLE, DANS SON
ARRET....., RENDU EN SON AUDIENCE DU
....., ET ORDONNONS QU'ELLE SOIT PUBLIEE AU
JOURNAL OFFICIEL DE LA REPUBLIQUE RWANDAISE.**

L'Assemblée Nationale de Transition réunie en sa séance du
..... ;

Vu la Loi Fondamentale de la République Rwandaise, spécialement l'Accord de Paix d'Arusha dans sa partie relative au Partage du Pouvoir, en ses articles 40, 72 et 73 et la Constitution du 10 juin 1991 telle que modifiée et complétée à ce jour spécialement en ses articles 69 et 97 ;

Revu la loi n° 04/2001 du 13 janvier 2001 portant organisation et fonctionnement des Districts spécialement en ses articles 140, 141 et 142 ;

Revu loi n° 05/2001 du 18 janvier 2001 portant organisation et fonctionnement des Villes au Rwanda spécialement en ses articles 114 et 115;

Revu loi n° 07/2001 du 19 janvier 2001 portant organisation et fonctionnement de la Ville de Kigali spécialement en son article 169;

Revu loi n° 48/1988 du 14 décembre 1988 portant création du Crédit intercommunal de développement ;

Revu l'arrêté Présidentiel n° 984/04 du 25 octobre 1991 portant création et organisation du fonds de solidarité communale.

Considérant qu'il est indispensable de disponibiliser des ressources aux entités administratives de base en vue d'assurer une mise en œuvre effective de la politique nationale de décentralisation.

ADOPTE:

Chapitre premier: Des dispositions générales

Article premier:

Il est créé un fonds de développement des Districts, villes et ville de Kigali appelé "Common Development Fund" en abrégé "CDF". Ce fonds fonctionne sous la tutelle du Ministère ayant l'administration Locale dans ses attributions.

Article 2 :

Le "CDF" est dotée de l'autonomie financière. Il a entre autres la capacité de contracter, d'acquérir des biens meubles et immeubles à titre gratuit ou onéreux et d'accomplir tous actes en rapport avec la réalisation de son objectif.

Article 3 :

Le "CDF" a pour objet de :

- Suivre auprès des instances compétentes les fonds destinés à financer les projets de développement des Districts, Villes et Ville de Kigali et s'assurer de leur disponibilité au moment opportun.
- Financer les projets de développement, partager entre Districts, Villes et Ville de Kigali des fonds leur destinés et assurer la péréquation entre ces entités.
- Contrôler que les fonds ont été affectés et utilisés conformément aux prévisions.
- Servir d'intermédiaire entre les Districts, Villes et Ville de Kigali et les bailleurs de fonds engagés spécialement dans les actions de développement de ces entités.

Article 4 :

Le "CDF" a son siège dans les bâtiments du Ministère ayant l'Administration Locale dans ces attributions. Il peut avoir des démembrements ou des bureaux partout dans le Pays où il s'avère nécessaire.

Chapitre 2 : Des ressources du "CDF"

Article 5 :

Les ressources du "CDF" sont constitués notamment par:

- Le capital de base souscrit par l'Etat à concurrence d'au moins 10% des recettes nationales. Ce montant est calculé à partir des recettes enregistrées au budget national de l'année précédente;
- Les dons, legs et subsides de l'Etat ou des bailleurs de fonds;
- 6% des recettes provenant de l'impôt sur la valeur ajoutée. Ces recettes se calculent en fonction de celles enregistrées l'année précédente, sont déposées sur un compte spécial et sont partagés entre les Districts, Villes et Ville de Kigali conformément aux dispositions de la loi n°..... du portant finances des collectivités locales et leur utilisation en son article 91.

Article 6 :

A l'exception des fonds obtenus dans le cadre de jumelage-coopération, les fonds des bailleurs peuvent transiter par le "CDF" qui en assure la gestion et le partage entre les Districts, Villes et Ville de Kigali considération faite des priorités.

Chapitre 3 : Du financement et du partage des fonds destinés aux projets de développements entre les Districts, Villes et Ville de Kigali.

Article 7 :

Les projets de développements des Districts et Villes sont financés par le "CDF" après sélection et approbation par le Comité de Coordination de la Province. La décision du Comité de Coordination de la Province doit faire objet d'un procès verbal et montrer les projets approuvés par ordre d'importance et de priorité.

Article 8 :

En ce qui concerne la Ville de Kigali et ses Districts les projets sont financés par le "CDF" après sélection et approbation par le Conseil de la Ville de Kigali.

Article 9 :

La procédure de répartition des fonds alloués aux projets de développements des Districts, Villes et Ville de Kigali est déterminée par arrêté du Ministre ayant l'Administration Locale dans ses attributions.

Chapitre 4 : De l'organisation et du fonctionnement

Section première: De l'Assemblée Générale

Article 10 :

L'Assemblée Générale du "CDF" est composée des personnes ci-après:

- Un représentant du Ministère ayant l'Administration Locale dans ses attributions;
- Un représentant du Ministère ayant les Finances dans ses attributions;
- Un représentant du Ministère ayant la Santé dans ses attributions;
- Un représentant du Ministère ayant l'Education dans ses attributions;
- Un représentant du Ministère ayant le Genre et la Promotion Féminine dans ses attributions;
- Un représentant du Ministère ayant la jeunesse dans ses attributions;
- Onze représentants des Districts et Villes;
- Le Maire de la Ville de Kigali;
- Le Coordinateur du "CDF" qui en est le rapporteur. Il ne participe pas au vote lors de la prise de décision.

Article 11 :

Les représentants des Districts et Villes sont élus par les membres des Comités Exécutifs des Districts et Villes de chaque Province parmi les maires de Districts et Villes qui se portent candidats.

Chaque Province élit une seule personne. Est élu celui qui a obtenu la majorité absolue des électeurs.

Article 12 :

Les représentants des Districts et Villes de l'Assemblée Générale du "CDF" sont élus pour un mandat de trois ans. A l'expiration de ce mandat, ils peuvent encore se faire élire mais ne peuvent pas briguer deux mandats successifs.

Article 13 :

L'Assemblée Générale une fois dans les six mois et chaque fois que de besoin. Elle se réunit au siège du "CDF" ou à toute autre endroit approuvé par l'Assemblée à la majorité de deux tiers (2/3) de ses membres.

Article 14 :

L'Assemblée Générale est valablement constituée lorsque ceux qui assistent à la réunion représentent au moins deux tiers (2/3) des membres. Lorsque cette condition n'est pas remplie, une nouvelle convocation est nécessaire et cette seconde Assemblée délibère valablement lorsque un tiers (1/3) de ses membres sont présents.

Article 15 :

Le Président de l'Assemblée Générale est élu à la majorité absolue des membres présents lors de la première séance de cette Assemblée.

Article 16 :

Le Règlement d'ordre intérieur du "CDF" est adopté par l'Assemblée Générale.

Article 17 :

Le jeton de présence des membres réunis en Assemblée Générale est déterminé par arrêté du Ministre ayant l'Administration Locale dans ses attributions.

Article 18 :

L'Assemblée Générale a les attributions suivantes:

- Déterminer et mettre en place des mécanismes adéquats pour soutenir, appuyer les projets de développement et assurer le partage des fonds entre les Districts, Villes et la Ville de Kigali;
- Prendre toutes les mesures nécessaires pour assurer l'augmentation des ressources du "CDF" en vue de l'accomplissement de ses objectifs.
- Superviser le fonctionnement du "CDF" et les activités de ses responsables.
- Approuver les plans et rapports d'activités du "CDF";
- Assurer le suivi des fonds alloués au "CDF" aussi bien par l'Etat que par d'autres bailleurs;
- Toute autre tâche lui confiée par l'Assemblée Nationale.

Article 19 :

L'Assemblée Générale fixe le montant du jeton de présence des membres du Comité de Pilotage.

Article 20 :

Les activités de l'Assemblée Générale sont consignées dans un procès verbal signé par son président et son rapporteur.

Section 2 : Du Comité de Pilotage

Article 21 :

Le comité de pilotage est composé des personnes ci-après:

- Le secrétaire Général du Ministère ayant l'Administration Locale dans ses attributions et qui en est le président;
- Le secrétaire Général du Ministère ayant les Finances dans ses attributions et qui en est le vice- président;
- Le secrétaire Général du Ministère ayant le genre et la promotion féminine dans ses attributions;
- Un représentant des bailleurs de fonds;
- Un représentant du secteur privé;
- Un représentant des Organisations non gouvernementales;
- Le coordinateur du "CDF" qui en est le rapporteur. Il ne participe pas au vote lors de la prise de décision.

Article 22 :

A l'exception des membres du "CDF" de par leur fonction, les autres membres sont élus pour un mandat de trois ans renouvelables.

Article 23 :

Le comité de pilotage ne peut se réunir valablement que lorsque au moins deux tiers (2/3) de ses membres sont présents.

Article 24 :

Le comité de pilotage se réunit chaque trois mois et chaque fois que de besoin dans l'intérêt du "CDF". Les réunions se tiennent au siège du "CDF".

Article 25 :

Les décisions du comité de pilotage sont prises à la majorité absolue des membres présents. En cas d'égalité des voix, le vote est repris et au second tour, lorsque l'égalité persiste la voix du président est prépondérante.

Article 26 :

Le comité de pilotage est chargé de suivre la mise en exécution des résolutions de l'Assemblée Générale.

Il a les pouvoirs étendus tant de dispositions que de l'administration pour agir au nom du "CDF" et faire toutes opérations relatives à son objet.

Tout ce qui n'est pas expressément réservé par la présente loi à l'Assemblée Générale est de la compétence du comité de pilotage.

Section 3 : Du Comité de Coordination

Article 27 :

La gestion journalière du "CDF" est confiée à un coordinateur.
Le coordinateur du "CDF" a deux conseillers-adjoints à savoir :

- Un chargé des projets de développement;
- Un chargé des affaires juridiques, administratives et de l'inspection.

Le coordinateur et ses adjoints sont chargés de l'exécution des décisions du comité de pilotage.

Article 28 :

Le coordinateur du "CDF" et ses adjoints sont nommés par arrêté du Premier Ministre sur proposition du Ministre ayant l'Administration Locale dans ses attributions.

Le coordinateur a le rang de directeur de l'Administration Centrale et ses adjoints sont commis chefs de division. Les autres avantages inhérents au service sont fixés par l'Assemblée Générale du "CDF".

Article 29 :

Le statut et le cadre organique du personnel du "CDF", l'organisation et le fonctionnement de ses services sont déterminés par arrêté du Ministre ayant l'Administration Locale dans ses attributions après avis du Comité de Pilotage.

Section 4 : De la gestion des finances et des ressources du "CDF"

Article 30 :

A la fin de chaque exercice, il est dressé par les soins du Comité de coordination, le bilan du "CDF".

Ce bilan doit ressortir les valeurs mobilières et immobilières et toutes les dettes, avec une annexe contenant, en résumé, tous ses engagements. Il est également établi un inventaire de tout ce qui a été fait dans le but d'atteindre les objectifs du "CDF" prévus par la loi.

Article 31 :

Les rapports sur la gestion et l'utilisation des ressources du "CDF" sont adressés à l'Assemblée Générale avant le 31 Décembre de chaque année pour approbation et prise de nouvelles stratégies pour corriger les imperfections. L'Assemblée Générale décide en dernier lieu de ce qui doit être fait pour assurer la bonne gestion des ressources et des finances du "CDF".

Chapitre 5 : De la tutelle et contrôle

Article 32 :

Le "CDF" fonctionne sous la tutelle du Ministère ayant l'Administration Locale dans ses attributions.

Cette tutelle consiste en un contrôle de la conformité des activités du "CDF" aux lois et règlements et qu'elles ne vont à l'encontre de l'objet du "CDF".

Article 33 :

Le contrôle des activités du "CDF" s'exerce au moins une fois par trimestre et chaque fois que de besoin sur demande du Ministre ayant l'Administration Locale dans ses attributions.

Chapitre 6 : Des dispositions diverses et finales

Article 34 :

Le "CDF" est exonéré des impôts et taxes.

Article 35 :

Le crédit intercommunal de développement en sigle "CID" et le fonds de solidarité communale en sigle "FOSOC" sont dissous.

La procédure de dissolution est déterminée par arrêté du Président de la République.

Article 36 :

L'actif et le passif du crédit intercommunal de développement et du fonds de solidarité communale sont cédés au "CDF".

Article 37 :

La dissolution du "CDF" ne peut être prononcée que par une loi.

Article 38 :

En cas de dissolution du "CDF", la liquidation est assurée par la Banque Nationale du Rwanda.

Article 39 :

La présente loi est d'application à partir du premier Janvier 2002.

Article 40 :

Toutes les dispositions antérieures contraires à la présente loi sont abrogées.

Article 41 :

La présente loi entre en vigueur le jour de sa publication au journal officiel de la République Rwandaise.

Kigali, le/...../.....

**Le Président de la République
Paul KAGAME**

**Le Premier Ministre
Bernard MAKUZA**

**Le Ministre des Finances et de la Planification Economique
Donald KABERUKA**

**Le Ministre de l'Administration Locale et des Affaires Sociales
Désiré NYANDWI**

**Vu et scelle au Sceau de la République :
Le Ministre de la Justice et des Relations Institutionnelles
Jean de Dieu MUCYO**

PREAMBLE

After the decentralization policy and its implementation strategy were approved by cabinet on 26th May 2000, people in Districts and towns, elected their leaders and also establishment administrative structures with autonomy and independence in the management of their finances.

With the establishment of those structures, the cabinet requested the honourable Prime Minister to institute a task force charged with designing a policy that would ensure local governments mobilize their own resources and are enabled to maintain their autonomy while at the same time, meeting their responsibilities.

The task force was thus established on 14th June 2000 and immediately started work which resulted into the production of a policy paper "Fiscal and Financial decentralization Policy" which was approved by cabinet in its meeting of 20th march 2001.

After that, the same task force prepared a bill of law to implement the "Fiscal and Financial Decentralization Policy". This bill of law has been presented to members of District/Urban executive Committees and Council members in the Country as a way of gathering ideas from the people and hence make the whole process participatory. It is therefore important to note that in preparing and polishing this bill, people's contributions in form of ideas were included.

Currently, there is a draft bill of law establishing the source of revenue for Districts, towns, City and municipalities which is the same bill we are requesting the cabinet to study as soon as possible so that its adoption can give impetus to the national Budget preparation for 2002. It is paramount that this bill is studied so that the lower administrative tiers can be in position to get access to resources to enable them accomplish the responsibilities assigned to them by the decentralization policy and various Laws supporting Decentralization process.

This bill of law consists of 109 articles grouped in three chapters as follows:

- Chapter one : General provisions
- Chapter two: Sources of funds for Districts and Towns.
- Chapter Three: Miscellaneous and concluding provisions.

The first chapter emphasizes the legal recognition and autonomy of Districts / Towns already mentioned above. It also pin points who, in the Districts, Towns City and Municipality administration is responsible for the collection of taxes and fees.

The second chapter which contains the most important points, shows taxes currently collected by the central government but which shall be decentralized to Local Governments administrative tiers. It also harmonizes the former Districts, Towns, City and municipality taxes with the Principles spelt out in the decentralization policy.

The following central Government taxes shall be decentralized to districts, Towns, City and Municipalities:

- Personal (Property) tax
- Trading License
- Tax on profits of rented property (article 6 in the draft bill). (Tax on rent).

A new concept portrayed in this draft bill is that, tax is fixed by the District, Town, or Municipality Councils, the Central Government only fixes the lower and upper levels of the tax (refer to articles 12,13,15 for property tax, articles 50 and 51 for trading licences and article 65 for tax on rented property).

Looking at the former District taxes, one can say that taxes have been raised but again within limits prescribed by the law, the council being the only one to determine taxes according to the capacity of each Districts, Towns, City and Municipalities (Refer to article 73 for poll tax and article 86 for tax on livestock).

Equally important to note is the fact that the tax base has been widened . For example formerly tax on livestock was levied only on cattle but in this draft bill, both big and small domestic animals shall pay tax.

(Refer to articles 83 and 84)

These are the major points contained in this draft bill for their consideration.

**Minister of Local Government and Social Affairs
NYANDWI J. Désiré.**

**BILL OF LAW N° OF.....
ESTABLISHING THE SOURCE OF
REVENUE FOR DISTRICTS, CITIES,
TOWNS AND MUNICIPALITIES AND ITS
MANAGEMENT.**

We, Paul KAGAME,
President of the Republic,

**THE TRANSITIONAL NATIONAL ASSEMBLY HAS
ADOPTED, AND WE SANCTION, PROMULGATE THE
FOLLOWING LAW ADOPTED BY THE SUPREME
COURT, CONSTITUTIONAL COURT DEPARTMENT
THAT IT IS NOT CONTRARY TO THE FUNDAMENTAL
LAW IN CASE N°.....
SETTLED ON....., AND WE ORDER FOR ITS
PUBLICATION IN THE OFFICIAL GAZETTE OF THE
REPUBLIC OF RWANDA.**

The National Assembly in its session of.....

Considering the Fundamental Law, especially the Arusha Peace Agreement on power sharing articles 40, 72, and 73 and the Constitution of 10th June 1991 as modified and completed up to now, especially articles 69 and 97 ;

Reviewing the law n° 16/1985 of 31st July 1985 establishing the Commune's income as modified and completed up to now ;

Reviewing the law decree of 28th October 1973 on personal tax as modified and completed up to now ;

Reviewing the law of 2nd June 1964 on interest tax as modified and completed up to now ;

Reviewing the law of 19th June 1981 on professional tax as modified and completed up to now ;

Reviewing the law of 28 February 1968 fixing individual tax as modified and completed up to now ;

Reviewing the law of 28 February 1968 fixing tax on domestic animals as modified and completed up to now ;

Review the law of 23rd November 1963 regarding the administration of Communes, as modified and completed up now ;

ADOPTS :

CHAPTER ONE : GENERAL PROVISIONS

Article 1 :

As provided for by the law, the District, City, Town and Municipality are autonomous administrative structures with independence in the management of their finances. For that independence to be exercised , the District, City, Towns and Municipalities have their own budget and income.

Article 2 :

The District, City, Town or Municipality Councils are responsible for the management and control of the District, City, Town or Municipality property and income.

The executive Committee of the District, City, Town or Municipality is answerable for the management and utilization of the District, City, Town or Municipality property and income.

Article 3 :

The District, City, Town or Municipal Executive Committee keeps track of the collection of taxes and fees in the District, City, Town or Municipality as provided for by this law. The Executive Secretary is responsible for putting in place mechanisms for the collection of taxes and fees of the District, City, Town or Municipality

**CHAPTER TWO : THE SOURCE OF DISTRICTS, CITY,
TOWNS AND MUNICIPALITIES
REVENUE.****Article 4 :**

Districts, City, Towns and Municipalities' source of revenue is are categorized as follows:

- Taxes and fees of the District, City, Town or Municipality;
- Loans;
- Grants and inheritances .
- Profits and interest, dividends from their own shares investments and trade;
- Fines and deposits as imposed by the District Courts;
- Transfers (aid) from the central Government.
- All the fund in the District, City, Town or Municipal Coffers must be reflected every year in the District, City, Town or Municipality budget in a clear manner.

**SECTION ONE : TAXES AND FEES OF THE
DISTRICTS, CITY, TOWNS AND
MUNICIPALITIES.**

PART ONE : TAXES

**Sub section one : central Government taxes transferred to the Districts,
City, Towns and Municipalities :**

Article 5 :

Taxes that were formerly collected by Communes are transferred to the Districts or towns in Communes that have become towns taxes that were formerly collected by Kigali Prefecture are transferred to the City of Kigali and Districts within the City of Kigali. The modalities of sharing money collected from taxes between the City of Kigali and District within the City of Kigali are established by law.

Article 6 :

The following taxes that were formerly collected by Central Government are now transferred to the Districts, Cities, Towns or Municipalities.

- Property tax;
- Trading licence tax;
- Tax on rent

Article 7 :

The term "Property tax" is now replaced by the term .

A. Land tax

1. Taxable property

Article 8 :

Land tax is levied every year on the following properties:

- The floor residential houses.
- The area of unused registered plots
- The area of the land reserved for research or mining.

All other matters relating to property tax and not mentioned here in are governed by specific laws and remain under the jurisdiction of Central Government administration.

2. The base and estimation of tax

a. Land tax of the first source: *The floor of residential houses.*

Article 9 :

Except where provided for by specific Laws and decrees, the tax on the floor of residential houses is fixed according to square meters.

Article 10 :

The taxable surface is that enclosed by the house's outer walls. The taxable surface also includes the verandahs and the corridors.

Under ground floor and storied floors are all considered when calculating the entire surface of a storied house.

Article 11 :

The following houses or parts of houses are exempted from the tax of the first source:

1. Those intended for medical purposes, caring for vulnerable groups (handicapped, old people), and those meant for non commercial educational purposes.
2. Those intended only for professional or technical training on non profit basis.
3. Government houses not used for commercial purposes.
4. Personal houses registered in the names of the owner and when self occupied
5. Houses used for religious activities recognized the law with exception of those houses used for (Commercial purposes).
6. Land used by foreign diplomats in Rwanda

Article 12 :

Land tax of the first source is calculated as follows:

- In the City of Kigali; not less than 50Frw and not more than 300 Frw per square metre .
- In other Towns and Municipalities: not less than 50frw and not more than 200 Frw per square metre.
- Houses in trading centers and those which are not in towns or Municipalities occupied by societies and other organizations are taxed not less than 25Frw and not more than 100 Frw per square meter.
- Houses found elsewhere other than the areas mentioned above: not less than 20Frw and not more than 50 Frw per square meter.
- Without contradicting what was said in paragraph one of these articles, it is the District, City, Town or Municipal Council that fixes the actual tax rate of the tax, how it is collected and when it is collected. This is done according to the particularity of each locality.

Article 13 :

If one builds a storied house or an underground house he/she will have his/her tax of the first source reduce by 50% for the first house constructed and from the 2nd house upwards his/her tax of the first source will be reduced by 75% while for each house built his/her tax of the first source will be reduced by 100%

**B. LAND TAX OF THE SECOND SOURCE:
AREA OF UNUSED REGISTERED PLOTS**

Article 14 :

Tax on unused registered plots whether personal or rented is calculated on the basis of square meters. basis. As regards Land with some houses built on it, the taxable surface is obtained by subtracting three times the area covered by houses from the total area of the whole Land.

Article 15 :

Tax on plots without buildings is fixed by the City, Town or Municipal, Council in the following manner :

- In the City of Kigali from 20 francs to 50 francs per square meter.
 - In other towns and municipalities from 10 franc up to 20 francs per square meter
 - In trading Centres from 0 franc to 10 francs per square meter.
- Fractions are not included in the calculations.
- In rural areas tax on un constructed land is determined by the district, town or municipal council but it should not exceed one thousand(1000)per hectare.

The first hectare is exempted from tax. If the tax payer owns more than 20 hectares he/she is taxed at a rate of 2000 francs per hectare for every additional hectare.

Article 16 :

The following land is exempted from the from tax of the second source::

- Land that is exclusively used for educational, research and sporting activities which are not profit driven;
- Government land District and Town's Land.
- Land used for charitable activities;

Article 17 :

Land tax of the second source is paid by the owners of land or the users. It is also paid by employers who own land over which they have constructed structures to accommodate their employees. In this case the taxable land is the one surrounding employees' houses.

c. Land tax of the third source : *The area of the land reserved for mining or prospecting purposes:*

Article 18 :

Land tax of the third source, is calculated per square meter. This tax is paid by those who are given the right to mine or prospect for minerals. It is also paid by those who own quarries.

Article 19 :

Tax on an area offered for prospecting or mining is fixed by the Council in the following manner :

- The area offered for mining is taxed at arate ranging from 2.5Frw to 5 francs per square meter.
- The area offered for prospecting for one type or many types of minerals is taxed at arate ranging from 2.5Frw to 3 francs per square meter.

Article 20 :

Exemption on land taxis determined by the District, City, Town or Municipal Council without contravening the existing laws and decrees.

Article 21 :

Government houses and Parastatals located on District, City, Town or Municipal land are exempted from tax the Government pays every year the money replacing land tax to the District, City, Town or Municipality fund. The way that money is calculated is determined by decree of the Minister responsible for finance's.

However, the Government pays some money to a District, Town, City or Municipality as compensation for the loss of tax on Land

3. Period for tax collection**Article 22 :**

Land tax of all sources is paid for a whole year if the taxable items exist on the 1st of January or if they are found in that month.

If the taxable items are found after January, 1/12 of the whole tax is paid every month starting from the date the items is become available; it should be noted that half a month is considered as a full month.

4. Declaration of Taxable Property**Article 23 :**

All taxpayers in respect of one or more sources, of land tax of land must declare their property annually stating all the taxable items under this law.

Article 24 :

The declaration by the taxpayer or his/her agent must conform to the declaration form designed by the Ministry responsible for finance in consultation with the Ministry responsible for local administration as well as the Ministry responsible for lands. The declaration form is issued free of charge by the District, City, Town or Municipality, to the tax collector.

Article 25 :

After the declaration form is filled, endorsed as true, dated and signed, and starting the existing taxable items on the 1st of January, it must be submitted to the tax collector of the District, City, Town or Municipality where the taxable property is located before 1st of April . That declaration is accompanied by the payment of the tax as per declarations made by the tax payer.

Article 26 :

When the taxable items are not available at the beginning of the year, the declaration form must be submitted within 15 days from the date the property is due for taxation.

5 Inspection of tax Declaration**Article 27 :**

Inspectors are appointed by the District, City, Town or Municipality Council where the taxable items are located, they verify the authenticity of the declarations made by the taxpayers and point out irregularities. After this inspection, a correct declaration of property is made and this forms the basis of levying and collecting the tax.

Article 28 :

The Inspectors mentioned in the above article levy the tax without delay if the taxpayers have not filled the declaration forms in time. They correct all the errors immediately, be it errors intendeds to cheat genuine mistakes or incomplete declarations, or mistakes or incomplete forms.

Article 29 :

In that case they determine the sources of taxes according to what they know without necessarily making an inquiries or inspecting the property. The tax that is fixed in that way is recorded in the declaration forms and signed by those inspectors.

6. Authority to remind taxpayers to pay their taxes**Article 30 :**

If the declaration is not made or is , made late, fraudulent or incomplete, the unpaid tax can be traced and collectedlevied within five years beginning with the first of January of the year the tax was due.

7. Recording taxes and their collection**Article 31 :**

Tax on Land in all its sources is recorded in the register meant for that purpose by the tax collector of the District, City, Town or Municipality where the taxable items are located.

The record in that register becomes authentic if it is signed by the District, City, Town or Municipal Executive Secretary where the taxable items are located.

Article 32 :

Every taxpayer receives a tax assessment voucher showing the amount to pay on each source of land tax

Article 33 :

Land tax of all types must reach the tax collector not later than the last day of the second month following the day the tax payer received the form indicating the amount levied.

Article 34 :

If a taxpayer wants to leave Rwanda without leaving behind enough collected security to pay all taxes and interest there on, or he/she becomes bankrupt in the event of selling his/her property, the tax is recovered immediately. This also happens when a breach of this law is discovered and is minuted.

Article 35 :

Taxes not paid in the specified time must carry a fine for the e District, City, Town or Municipality which is determined by Council. However the fine cannot exceed 15% and must be calculated from the day the taxes were due up to the day they are paid.

If the taxpayer, pays excess tax, he/she must be paid interest accruing to the excess amount paid starting from the day of payment to the day of refund. Interest on late payment calculated as follows:

- Days that are less than one month are not considered
- Interest which is less than 1000 franc is also not considered.
- Interest on tax is calculated and expressed in percentage terms
- The interest is started in Rwandese Francs

Article 36 :

Collection of taxes is done by authorized employees appointed by the district, City, Town or Municipality Council where the taxable items are located. Those employees are authorized to issue authoritative reminders for payment, confiscating property and auctioning them save the fixed assets which are auctioned by a government solicitor.

Article 37 :

Tax recovery is persued on request by the district, City, Town or Municipal Cashier and approved by the district, City, Town or Municipal Executive Committee, where the taxable items are located.

All complaints regarding payment of taxes and their recovery are handled by the district, city, town or Municipal Council where the items are located.

Except where there are specific legal provisions and decrees, the district, City, Town or Municipal Council where the taxable items are located is confiscate property and their auctioning for purposes of tax recovery.

If the taxpayer is not satisfied with the decision taken by the Council he/she appeals to the courts. In that case confiscation property items is suspended until the courts have given their verdict.

Article 38 :

Any taxpayer can be tracked and reminded if he/she has not paid the tax in the stipulated time. In that case the authorized employee sends the taxpayer a warning letter reminding him/her to pay within 15 days.

Article 39 :

At the expiry of that period, or if the tax collector finds it not necessary to keep waiting they order the taxpayer is ordered to pay within 8 days, failure to which his/her property is confiscated.

At the expiry of allotted period the tax collector confiscates all the property he/she thinks shall cover the tax arrears if auctioned.

The modalities of auctioning the confiscated property are determined done by the district, City, Town or Municipal determined according to the instructions by the district, City, Town or Municipality Council where the property is located.

Article 40 :

Laws governing confiscation and auctioning of property used by the judicial department in charge of commercial disputes are also used in confiscating and auctioning property for the purpose of recovering taxes for the district, city, town or Municipality.

Article 41 :

Tax on land expires after 10 years from the first date the tax payer was instructed to pay.

The 10 year period, however can be nullified in the manner prescribed by the laws governing the settlement of commercial disputes by giving up the past period over which tax is already late and reactivating the tax once more.

After reactivation the tax remains in force for another period of 10 years starting from the date it was reactivated. It is important to note however, that this happens if settlement has been out of court.

Article 42 :

The District, Town, City or Municipality where the taxable items are located has the right over all interest of the taxpayer and over his movable assets wherever they may be for the purpose of tax recovery fines, interest and compensation that normally go with tax recovery. This right is exercised before any other party can exercise it. It is also exercised within two years starting from the date the taxpayer was instructed to pay tax. As Long as the two year period has not yet expired the District, Town, City or Municipal Council's right over the confiscated property still holds until the property is auctioned.

Article 43 :

District, Town, City or Municipality is also empowered by law to confiscate the tax payers' houses in an effort to recover taxes, fines, interest and compensation that normally go with tax recovery.

Article 44 :

If the taxpayers are non residents their agents in Rwanda must comply with the provisions of this law.

8. Complaint and appeal.**Article 45 :**

Taxpayers or their agents can complain to the district, city, town or Municipal Council where the taxable property located in writing disputing the amount they are requested to pay. For a complaint to be considered it must be genuine, and must be forwarded before expiry three months starting from the day the taxpayer received the tax assessment form, or on the day the tax was due for payment. If the taxpayer has been over taxed the Council orders that he/she be refunded the surcharge.

Article 46 :

In case the taxpayers are not satisfied with the decision taken by the district, city, town or Municipal Council, they resort to the courts for final arbitration.

Article 47 :

Except where there are specific laws governing each tax, the provisions of articles 22 to 43 regarding the declaration of property, inspection, tax collection, power to remind, complaints and appeals regarding landtax, are applicable to the taxes mentioned in this law.

B. Trading licence**1. People and activities liable for taxation****Article 48 :**

Trading licence is a tax which must be paid by any body who has decided to undertake one or several activities mentioned in this law.

That tax is paid every year by people in the private sector in Rwanda with profit making activities, except the salaried people, registered organizations or organizations that usually pay society tax. The tax must be paid in full before starting the activity for which it is paid. The tax is fixed according to where the taxpayer operating.

2. Exemptions**Article 49 :**

The following are exempted from paying trading licence

1. The Government of Rwanda, its provinces and districts.
2. Organizations and organizations that are exempted from society tax according to article 5 of the law establishing the laws governing unspecified taxes on various types of interest and rewards.
3. People in private sector and organizations involved in agriculture and livestock production.

3. Fixing of Trading Licence

Article 50 :

The basic trading fee tax "P" is the one paid by traders in District, Towns, City and Municipalities who have no shops, small scale technicians who don't use machines, and transporters of people and property on motor-cycles.

The basic professional tax is fixed every year by the district, city, town or Municipal Council where the taxpayers are based however it cannot be more than 5000 francs. The actual trading fee is fixed basing on the basic trading fee tax the type of work and where it is done.

Article 51 :

Trading Licence for the following activities is determined as follows :

Type activity	Rural area	Town, Municipality	City of Kigali
A) Vendors without shops, small scale technicians who don't use machines, transporters of people and property on motorcycles	P	2P	2P
B) Traders and, technicians who use machines	5P	10P	20P
C) Any transporter not mentioned in A.	10P on each car	10P on each car	10P on each car
D) Hotels Self employed	5P	30P	100P
E) Professional taxpayer is services rendered to others and the like	10P	20P	20P
F) Industries, import and export Businesses	120P	120P	120P
G) Insurance, banking and the like	30P	100P	100P

Every organization must pay trading licence for activities that can not be classified under transportation in category "C" of this table, the tax is increased by 10 P on each car that is engine powered and used for profit making activities.

Numerous activities carried out in the same company and activities performed in a few isolated locations are taxed at a higher rate than other activities.

4. Period for paying tax

Article 52 :

If the activity starts in January, the trading fee tax must be paid for a whole year. If it started after January, the taxpayer must pay tax equivalent to the remaining months including the one in which the activity started.

However, as regards some activities carried out in particular periods (Seasons) periods of the year, a whole year's tax must be paid, even if the taxed activities did last for the whole year.

5. Declaration of tax and mode of payment

Article 53 :

In the first quarter of the year, every person or company that must pay trading licence, must submit to the District, City, Town or Municipal tax collector where the taxable articles are located, a form showing the taxable items. The design of that form is determined by a decree from the Minister responsible for finance.

Trading licence must be paid before engaging in the activity liable for taxation in case activities started in the first quarter of the year, the tax must be paid before April of that year.

A declaration form to that effect must be signed by the person who shall receive the trading certificate. In the case of a registered company, the form is signed by its representatives.

Article 54 :

The form declaring the taxable items is accompanied by a proof to show that the taxpayer paid the tax equivalent to the one he/she calculated him/herself on the declaration form. The District, City, Town or Municipality administration where the taxable items are located issues a trading certificate, showing that the tax has been paid.

A trading certificate is issued for every taxable activity. This certificate must conform to the sample approved by the District, Town, City or Municipal Council.

Article 55 :

The certificate must be displayed clearly at the entrance of business premises or stuck on the car for which the tax was paid, similarly the cashier keep it hear by so that it is easily seen. In other cases the certificate is produced when requested for by tax inspectors in the District, City, Town or Municipality.

The certificate bearer must always be able to explain his/her identity and responsibility in the organization.

Article 56 :

In case the taxpayer terminated his activities or changes them, he/she is refunded the balance on the tax already paid, if there is any, depending on the remaining months to the end of that year provided he/she has fulfilled the laws governing all other taxes. If the certificate is lost, the issuing authority issues another one at a price. fixed by the District, City, Town or Municipal Council.

Article 57 :

Penalties, sanctions, disputes and recovery regarding trading fee are handled according to the provisions of article 45 of this law.

C. Tax on rent

1. Tax base :

Article 58 :

Tax on rent is charged on rented property, irrespective of where the taxpayer resides as long as there exists profits accruing to rented.

Self occupied house allowance give to employees is regarded as income on rent and is therefore taxed.

Article 59 :

Tax on rent is charged on:

1. Profit on rented houses and land.
2. Profit of a person who rents out any property or part of it.

The actual profit from rented property comes from rent of movable property, domestic animals and any other property that can generate profit.

2. Taxable income

Article 60 :

Tax is fixed every year by the District, City, Town and Municipality Council basing to the profit of the previous year. In case the owner of the taxable fixed assets no longer owns them, a special tax is fixed basing on to the profits received from the first date of the month in which he/she ceased to own them. The tax is considered as accrued income for the year in which he/she stopped renting the property.

Article 61 :

The net profit obtained is after deducting from the gross profit expenses incurred by the owner on maintenance expenses can not exceed 20% of the gross profit. The expenses on rented items cannot be more than 20% of the grass income.

Article 62 :

Total profit is composed of money from the following:

1. Tented houses
2. All types of taxes paid by the tenant, on behalf of the landlord.
3. Expenses incurred, other than repairs, by the tenant on behalf of the landlord as may or may not be indicated in the terms of the agreement signed at the time renting of the house. Money spent on repairs is deducted from rent.

Article 63 :

The actual profit mentioned in article 60, 2 is the difference between the total money receipts and expenditure on rented items..

3. Those liable to pay tax on rent**Article 64 :**

The following people must pay tax on rent :

- The owner, his agent or the caretaker of the fixed asset.
- He who receives the actual profits accruing from houses or land rented

4. Taxation Rates**Article 65 :**

Each District, City, Town or Municipality is empowered to determine its tax rates on income from rented property.

The estimates are fixed by the Council but can not exceed the rates show below::

- The first part of income from 0 to 60.000 is not taxed.
- 10% of the part of income from 60.001 to 180.000
- 15% of the part of income from 180.001 to 300.000.
- 25% of the part of income from 300.001 to 600.000.
- 30% of the part of income from 600.001 to 1.000.000

- 40% of the income above 1.000.000.

5. Exemption

Article 66 :

The District, town Municipal or City Councils have powers to decide which items to exempt from rental tax depending on the particularities of each districts town municipality or City where the items are located

6. Mode of declaration and payment

Article 67 :

Without contradicting the provisions of article 45 of this law, the mode of declaration, payment and complaints regarding rental tax is determined by the District, City, Town or Municipal Council where the taxable items are located.

Sub section 2 : TAXES FORMERLY COLLECTED BY COMMUNES

Personal tax (Poll Tax)

Those liable to pay the tax.

1. Taxpayers

Article 68 :

Personal tax (Bill tax) must be paid by Who have attained the age stipulated by law and residing in Rwanda. Those residing in Rwanda are considered to include the following:

1. Anybody regardless of status residing in Rwanda in an official and legal manner.
2. A person whose property is located and managed in Rwanda

Article 69 :

A person who is recognized by law as a poll tax payer is any one with at least 18 complete years of age by the 1st of January of the Fiscal year.

2. Period for paying tax

Article 70 :

Always poll tax is paid on yearly basis and is collected any time from the 1st of January of the fiscal year .

Article 71 :

Poll tax is paid and fixed in the year it is supposed to be collected. It is paid in person and once in a year

Article 72 :

The taxpayer pays tax to the district, city, town or Municipality of his/her residence.

3. Tax estimate :

Article 73 :

The amount of money demanded on polltax is fixed by the district, city, town or Municipal Council where the taxpayers reside, but it cannot be more than 1.000 Frw

4. Exemption

Article 74 :

The people exempted from paying poll tax fall in the following categories::

- The handicapped,
- Full time students soldiers and policemen still in service
- The elderly people heaving attained retirement age.
- Those that have been sick and bed ridden for six months with a medical certificate as a proof.
- Destitutes with a certificate from the District, Town, City or Municipal authorities.
- Women that are not salaried workers.
- Women who are not in

Except those mentioned above, the District, City, Town or Municipal Council where the taxpayers reside decides who to exempt from paying pool tax.

5 Mode of Collecting poll tax

Article 75 :

The tax collector appointed by the District, City, Town or Municipal Council where the taxpayers reside is the one who collects the tax payment. Money collected from poll tax is recorded in a specific book and in to the manner determined by the District, City, Town or Municipal Council.

Article 76 :

The tax certificate is a receipt by the Minister responsible for local Government after consultation with the Minister of finance.

All those who have paid tax must show the receipt on demand by authorized persons.

Article 77 :

If poll tax is not paid in time, the defaulter is reminded and the exercise of collection is persuade even in the proceeding year starting from January of that year.

Article 78 :

When approved by the District, City, Town or Municipality Council, the tax defaulter's property may property be confiscated.

Article 79 :

Payment and hence collection of poll tax expires after two years starting from the date the tax was due.

6. Appeals and Complaints

Article 80 :

All complaints about poll personal tax: the time and mode of payment are presented in writing to the District, Town City or Municipal Council where the taxpayers reside. For any complaint to be considered it must be submitted within a period not exceeding 6 months effective from the date the tax was due and it must be genuine

Article 81 :

All the complaints and appeals submitted to the Council must be examined in its first meeting following the lodging of the complaint or the appeal and clear decisions must be taken.

Article 82 :

If the taxpayer is not satisfied with the decision of the Council he/she can appeal to the court of the 1st instance within 15 days effective from the day the Council made the decision.

A. Tax on Livestock

Article 83 :

A tax is here by established on all domestic animals big and small in the District, City, Town or Municipality where the animals are found.

Article 84 :

Tax on domestic animals is paid with effect from the first of January of the fiscal year.

Article 85 :

Tax on domestic animals tax on domestic animals is levied for a period of one year and is paid any once.

Article 86 :

Tax on big animals is fixed by the Council but it cannot exceed 500 francs per animal.
Tax on small animals is also fixed by the Council

But can not exceed 50 francs. However has not paid tax for his animal by 31st October pays a fine on top of the tax. The fine is determined by the Council but cannot exceed 50% of the tax.

Article 87 :

Tax is not levied on an animal below six (6) months of age unless the animal starts yielding income before that period .

Article 88 :

The owner of the animal is required to pay tax for his/her animal in the District, City, Town or Municipality where the animal is kept. However, the District, Town or Municipal Council is free to levy tax on Cows found within its boundaries as long as there is no proof to show tax on them has paid.

Article 89 :

The mode of paying tax, collection appeal complaints in case tax payers are not satisfied are determined by the Council instructions as long as those instructions do not contradict the existing laws and decrees.

Article 90:

Government animals and those of Districts, Towns, City or municipalities meant for research are exempted from livestock tax.

SECTION 2 : VALUE ADDED TAX.**Article 91:**

Revenue from value added tax (VAT) shared between Districts, Towns, City and Municipalities on one hand and Central Governments on the other as follows:

- Out of 15% of on VAT, Districts, City, Towns and Municipalities 6%

Article 92 :

The 6% is shared between District, City, Towns and Municipalities according to the following criterion:

- 3% is shared between Districts, City, Towns and Municipalities on per capita basis. The area that has more people gets more money.
- 1% goes to the locality of origin.
- 2% is shared between Districts, Towns, City and Municipalities on equalization basis,: The modalities of sharing are determined by a decree authenticated by the Minister responsible for local Government in consultation with the Minister of finance.

SECTION 3 : FEES**Article 93 :**

The District, City, Town or Municipal Council charges a fee on services by the council as long as it does not contradict existing laws and decrees.

Article 94 :

Fees are charged on public services rendered by the council on behalf such services may be established by free will of the people or by law. However, fees for such services can not exceed the actual or estimated cost incurred in the process of services delivery.

Article 95 :

Without contravening the existing laws the Government allows the District, City, Town or Municipality to collect the fees and other service charges for services rendered by the reward for the services the District, City Town or Municipality demand on behalf of the Government, if all those services or part of them have been by the District, City, Town or Municipality.

Article 96 :

Services over which the Government charges and collects fees cannot be charged service fees by Districts, Towns, City and Municipalities

Article 97:

Any decision to fix fees by the District, Town or Municipal council is made basing on all laws governing : the methods of collection how much to fix and procedures of lodging complaints and appealing in case one is not satisfied. The laws fixing fees can also fix fines for defaulter and even stipulate their punishment

Article 98 :

Fees charged on all kinds of certificates and testimonials issued by the District, City, Town or Municipal administration are fixed by the Council as long as it does not contravene the laws and decrees existing in the country.

SECTION 4 : OTHER SOURCES OF REVENUE FOR THE DISTRICT, CITY, TOWNS OR MUNICIPALITIES:**PART ONE : LOANS****Article 99 :**

The district, City, Town or Municipality can borrow money from within the country or outside the country.

Article 100.:

The decision to borrow is taken by the District, City, Town or Municipal Council. In case the loan exceeds 50.000.000 francs of Districts, and ordinary towns except the City of Kigali, must seek approval from the Provincial Coordination Committee before borrowing is undertaken.

Regarding the City of Kigali the decision to borrow is taken by the City Council. However, if the loan exceeds 500.000.000 it must be approved by the Cabinet.

Article 101:

Borrowing must be accompanied by putting in place modalities of payments, when to pay and any other specific and relevant conditions.

Article 102 :

Borrowing from outside the country is done through international cooperation and it be done only after the approval from the Ministries having local administration in his attributions.

PART 2 : GRANTS AND INHERITANCE**Article 103 :**

A district, City, Town or Municipality can receive grants or inheritance of fixed assets or movable property. However this must first be approved by the District, City, Town or Municipal Council.

PART 3 : miscellaneous SOURCES Of REVENUE .**Article 104 :**

A district, City, town or Municipality can invest in Companies Commercial banks, , and other autonomous societies or Parastatals.

The decision to invest, amount to invest and other matters pertaing investmentto are approved by the District, City, Town or Municipal Council.

PART 4 : GOVERNMENT GRANTS AND TRANSFERS**Article 105:**

The Government can extend financial aid or material support to a District, City, Town or Municipality with the aim of promoting development activities in these entities. The Government can also solicit funds for a District, City, Town or Municipality in from abroad by standing as surety for such entities a broad.

CHAPTER 3 : TRANSITIONAL AND FINAL CLAUSES**Article 106 :**

This law comes into force in the fiscal year 2002.

Article 107 :

All provisions of laws in force before this law are hereby a abrogated which contravene it .

Article 108 :

This law comes into force on the day of its publication in the official Gazette of the Republic of Rwanda.

Kigali on.....

The President of the Republic
Paul KAGAME

The Prime Minister
Bernard MAKUZA

The Minister of Local Government and Social Affairs
Desire NYANDWI

The Minister of Finance and Economic Planning
Donald KABERUKA.

Seen and Sealed with the Seal of the Republic :
The Minister of Justice and Institutional Relations
Jean de Dieu MUCYO