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INFORMATION TECHNOLOGY SYSTEM FOR PROPERTY TAX ADMINISTRATION IN RWANDA

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1. Background

- Revenues from property tax collection are an important source of revenue for Rwandan local governments as they rely largely on this source of funding.
- Its mobilization increased year after year and in the previous eight years, property tax revenue collection has more than doubled.
- In 2015, efforts were made to boost collection and administration by adopting an IT system for property tax management and administration.
- The share of property tax in total local government collection is now around 30%.



1. Background.....

2018 and before, the property tax was composed by:

- **Land lease fees** that was paid based on the size of the land and its usage
- **Fixed asset tax** for those who have free hold titles and was paid based on market value of land and building (*First 3million Frw was exempted*).

From 2019, Land Lease Fee and Fixed asset tax were merged and became property tax that has also two parts:

- **Land tax** which is based on land size and usage
- **Building tax** which is based on the market value of building

To manage property tax in a modern and efficient way, the Tax administration acquired a system called Rwanda Automated Local Government Tax Management (LGT) system.



2. IT(LGT) System modules available to manage Property Tax

Property registration modules	Online declaration and payment of property tax modules	Audit and enforcement modules	Various reports
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3. Property Registration

All properties are identified and registered with the IT system of National Land Authority (NLA), which is in charge of land registration. Property has the following characteristics:

- ✓ Unique plot Identifier (UPI)
- ✓ UPI has property ownership records from which to assess the tax liabilities such as: Owner details, NID, Land size, Land usage, and Land location from Provincial/City of Kigali level to the Village level.
- ✓ The two systems are integrated and data sharing is done in real time.

When a property owner is registered on property tax, the system generates a unique Taxpayer Identification Number (TIN).



4. Data Management

Data on property tax are secured and kept electronically which is easy to access anytime and anywhere

RRA IT system LGT is integrated with the stakeholders' systems for easy automatic information sharing, such as Land Information System (LAIS); National ID Agency (NIDA); BANKS,...

After every due date, LGT system is able to generate the list of taxpayers who filed and paid their taxes, the list of taxpayers who have filed but haven't yet paid (non-payers) their tax liabilities as well as the list of taxpayers who haven't filed at all.

Taxpayers can file their property tax declarations online from anywhere at anytime



5. Payments and Enforcement

Taxpayers can pay online their property tax by using different platforms in place (mobile Money, e-banking, bank transfers, Mobile banking,...)

Possibility of filing and immediately pay property tax on the same page

Existence of Geographical Information System (GIS) as a tool to link properties to their respective owners and their tax account. GIS helps identify property locations in case of compliance checks or enforcement of property tax arrears.

Property owners can access tax administration system to view their property tax information and this improves tax compliance



6. Key Challenges

When stakeholders' systems are down, it affects LGT system because they are the source of data for property taxation-taxpayer can not access the system.

In case all taxpayers login in the system on the last day, the system becomes overloaded

Sometimes, the banks send late payment notification to the systems (when they have system issues); this affects property tax payment. Therefore, the reconciliation can not be done on time.

The automatic registration of property tax is not achieved because there are some information to be provided by taxpayer.



6. Key Challenges....

Property market value is currently estimated by the property owners themselves which is easy to taxpayers to have tendency to lower their property value.

The level of computer literacy of some taxpayers is still low which has a negative impact in their tax compliance level.



7. Improving the Systems

Business Intelligence (BI) tool helps for data analytics and reporting. This tool is integrated with LGT system specifically on property tax.

There is automated SMS system to remind taxpayers and encourage them to file and pay their property tax before the due date.

There is a tool to detect downtimes of the integration with our stakeholders with regular checks to make sure that the service is available 24/7.



7. Improving the Systems

RRA has been conducting awareness campaigns with taxpayers on IT issues through workshops, meetings and delivering guidance on tax declaration and payment process; use of social media...

In collaboration with GIZ, RRA is introducing Computer Assisted Mass Appraisal (CAMA) System to estimate property values based on standardized valuation models and data. CAMA will improve valuation accuracy and consistency in the determination of property tax to pay.



8. Conclusion

- The adoption of IT systems in property tax administration in Rwanda enabled the implementation of a centralized property data system, online filing, online payments etc.
- RRA, as an organization which want to be IT-driven, it is important to continue to align IT systems with existing local laws, regulations and operational process and procedures in general and improve property tax administration in particular.
- Conduct regular IT system upgrades is also key to ensure the continued effectiveness and efficiency of the property tax administration.
- This will be more effective when there is a proper system integration between all players: government agencies, taxpayers, tax administration and other stakeholders.



THANK YOU

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