

Chapter 23

Rwanda: Celebrating the taxpayer

Rwanda Revenue Authority

This chapter presents Rwanda's taxpayer education programme. It first gives an overview of the whole programme and its objectives, followed by a focus on specific elements – the Taxpayers' Day, tax friends clubs and tax advisory councils. It finally looks at the impacts and lessons learnt of those initiatives.

In 1997, the government of Rwanda carried out a programme of reforms to restore and strengthen the main economic institutions of the country in the aftermath of the devastating 1994 genocide. Amongst other areas, the reforms set out to revive the tax administration; restore processes for budget preparation, execution and accountability; and build capacity for budget and economic management. The Rwanda Revenue Authority (RRA; see Box 23.2) was established as part of this process, to rebuild the nation’s capacity for collecting revenue.

Rwanda’s taxpayer education

The main responsibility for taxpayer education falls to the RRA’s Taxpayer Services Department, which seeks to foster mutually beneficial relationships with external stakeholders through a variety of taxpayer services (Box 23.1). These include customer education and public relations, primarily organised through the department’s Taxpayer Education and Media Divisions. The RRA’s administration also extends all the way down to district level to make it easy and convenient to pay taxes locally.

Box 23.1. Objectives of taxpayer education in Rwanda

- Foster voluntary taxpayer compliance through effective taxpayer education programmes and high-quality customer service.
- Optimise service delivery through cross-departmental, team-based working processes.
- Raise taxpayers’ awareness of RRA facilities and incentives through strategic public relations activities and a culture of customer care.

Source: Rwanda Revenue Authority.

The first challenge for the RRA, after its establishment in 1997, was to build people’s confidence in their government to collect taxes fairly and effectively – and to invest this revenue in the population’s best interests. Under the slogan “Taxes for Growth and Development”, from 1998 the RRA undertook a series of initiatives to inform and engage Rwandans on the importance of taxes for national development. They highlighted the government’s development-related investments to show how taxes provide the resources for public services and infrastructure that benefits the public.

This campaign has changed focus three times since 1998:

Stage 1 (1998-2001): Early efforts focused on capacity building within the RRA itself, establishing the RRA brand and building trust and confidence among taxpayers and the wider population. At this stage, the RRA used conventional approaches such as brochures and leaflets, as well as novel initiatives such as talk shows (on television and radio), town hall meetings and the introduction of the popular Taxpayer’s Day (featured below). Activities and events were scheduled both nationally and regionally.

Stage 2 (2002-06): One of the major landmarks in the RRA’s evolution was the launch of its modernisation programme in 2003. The RRA was originally structured around departments based on tax types, but in 2003 it changed to a more functional approach that clustered taxpayer services and introduced a “one-stop shop” system. To improve public tax literacy, the RRA designed more interactive initiatives with a greater focus on dialogue with citizens and taxpayers. For example, tax friends clubs (featured

later) were started in educational institutions in high schools in order to instil a culture of tax awareness early on in people's lives.

Stage 3 (2006-present): This stage has involved a drive to improve people's access to tax services, strengthening relationships with different categories of taxpayers and reinforcing the idea of growing a tax culture among young people. To this end, the Ministry of Education created a tax curriculum in partnership with the RRA and the National University of Rwanda (NUR). The partnership is guided by a memorandum of understanding with the NUR on co-operation and capacity building.

Today tax education activities include:

- disseminating legal and technical tax information in a way that is easily understood, for instance through tax clinics tailored to meet the specific needs of customers; participation in public events such as shows and exhibitions; as well as an annual Taxpayers' Day (see below)
- designing and conducting comprehensive taxpayer education programmes on the importance of tax, the role of taxpayers, tax incentives and taxpayer registration
- improving the image of the RRA through increased corporate social responsibility
- finalising the establishment of tax advisory councils (TAC; see below) at the district level
- generating written information and guidelines for taxpayers and the general public in simple, clear language, including on tax reforms
- producing promotional radio and television programmes, using drama as a tool to raise the general public's awareness of tax issues
- channelling taxpayers' and partners' complaints through the use of suggestion boxes
- following up tax friend clubs activities in secondary schools, and creating more of these in institutions of higher education
- improving staff skills in the Taxpayer Services Department
- speeding up management complaints and information feedback through a call centre and website
- monitoring customer handling within the RRA Operational Department and other departments.

The Private Sector Federation is a key partner in taxpayer education. A Tax Issue Forum has also been created to enable the business community and the tax administration to discuss issues that need particular attention from both sides.

Focus on: Taxpayers' Day, tax friends clubs and tax advisory councils

Taxpayers' Day is a one-day celebration held every year across Rwanda. Recognising that consistent, high-level political engagement is a critical element of tax education, the President of the Republic of Rwanda officiates at this event. This serves to strengthen links between taxation and national development, promote tax compliance and build trust in the RRA. As guest of honour, the Rwandan President gives awards to the country's best taxpayers – such as those who pay on time and those who provide correct

payments – from among those in the highest income brackets, as well as taxpayers on small and medium incomes. During the week leading up to Taxpayer’s Day there are various activities geared towards corporate social responsibility, including consultations with taxpayers and stakeholders. A report is published for the event outlining tax revenue amounts and the achievements and challenges faced by the RRA. This initiative has been very successful, and the idea is now being adopted by other countries in the East African Community and beyond.

Tax friends clubs were originally designed for high schools, but are now targeting higher educational institutions such as universities. For this programme, RRA officials visit schools for two-hour sessions to speak and answer questions on how the country spends tax revenue, how students benefit and on Rwanda’s various taxation laws. The RRA officials encourage the students to tell their friends, family and businesses about the issues discussed. The RRA also offers internships at the Revenue Authority as prizes to students, gives out research grants and holds essay competitions. These initiatives all help to develop a taxpaying culture in the younger generation, as well as instilling greater tax and personal financial knowledge in young people.

Tax advisory councils were introduced in 2000 and have since been expanded to cover Rwanda’s 30 districts. The councils meet on a quarterly basis and involve sector-based opinion leaders at *Umudugudu* level (neighbourhood or village level of administration), chaired by the local mayor. These tax advisory councils have been successful at encouraging citizens to play their part in fighting corruption and smuggling; at educating taxpayers on the need to pay taxes on time and the role that taxes play in development; and in widening the tax base. By working with local administrations, the councils help support the process of fiscal decentralisation and broaden the range of citizens who take part to ensure that business interests do not dominate.

Impacts

- Increase in tax revenue. Tax revenue has improved considerably over the past decade, from below 10% of gross domestic product (GDP) in 2000 to a projected 14% for 2013 (ADB, 2011). Whether or not a causal link can be drawn between tax education and tax revenue, it seems that both tax compliance and the RRA’s legitimacy among the population are increasing.
- More positive perceptions. The RRA recognises that its capacity to perform is determined in part by external factors, notably taxpayers’ perceptions (Land, 2004). However, it has some degree of influence over these perceptions. The government of Rwanda’s commitment to development spending is helping to overcome citizens’ reluctance to pay tax. Good examples of popular programmes are the “one cow per poor household” and “one laptop per child”. The positive attitudes instilled by these programmes in turn helps to generate revenue for more such investments.

Lessons learnt

The RRA sees tax education as a work in progress, and is consistently trying out new approaches and expanding on those that prove to be effective. Other activities besides those listed above include developing cartoon books (based on a South African Revenue Authority project) and a Tax Issues Forum, in which the RRA and private sector executives meet to discuss tax issues of common interest. There are challenges, however,

notably in engaging key stakeholders, including business and civil society; outreach to rural areas; and engaging small and medium enterprises, given the size of the informal sector in Rwanda (Land, 2004).

Box 23.2. Rwanda Revenue Authority (RRA)

The RRA was established as a quasi-autonomous body in 1997. Its mission is to mobilise revenue for economic development through efficient and equitable services that promote business growth. Its vision is to become a world-class, efficient and modern revenue agency that can fully finance the nation's needs.

Its responsibilities are to:

- assess, collect and account for tax, customs and other specified revenues through effective administration and enforcement of tax laws
- collect non-tax revenues
- advise the government on tax policy relating to revenue collection
- perform other duties in relation to tax administration as directed by the Cabinet
- assist taxpayers in understanding and meeting their tax obligations.

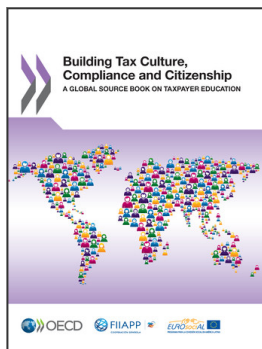
The RRA's new logo – a rose in green, blue and orange – symbolises the authority's three main values: unity and equity; growth and development; and prosperity. This logo reflects the tax administrators' renewal of attitude and approaches towards taxpayers in their service delivery, opportunities and best practices.

For more information, see: www.rta.gov.rw.

Source: Rwanda Revenue Authority.

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