CERTIFIED PUBLIC ACCOUNTANT

OPERATIONAL LEVEL EXAMINATION

AT2.5 ADVANCED TAXATION

DATE: MONDAY 24, AUGUST 2026

INSTRUCTIONS:

1. Time allowed: **3 hours and 15 minutes**
2. The examination has three sections: A, B and C
3. Section A consists of 15 compulsory multiple-choice questions, 2 marks each.
4. Section B has 3 compulsory questions,10 Marks each.
5. Section C has 2 compulsory questions, 20 Marks each.
6. Questions Marked **"select all that apply**" have multiple correct answers. Candidates must choose all correct options in order to be awarded 2 Marks.
7. The question paper should not be taken out of the examination room.

TAX RATES AND ALLOWANCES:

The following rates of tax and allowances are to be used when answering the questions

Personal Income Tax Rates (PIT)

Monthly Taxable Income		**Tax Rate**	**Annual Taxable Income**		**Tax Rate**
From (FRW**)**	**To (**FRW**)**	%	**From (**FRW**)**	**To (**FRW**)**	%
0	60,000	0	0	720,000	0
60,001	100,000	10	720,001	1,200,000	10
100,001	200,000	20	1,200,001	2,400,000	20
200,001	And above	30	2,400,001	And above	30

Individual's housing benefit: 20% of the employment income excluding benefits in kind
Individual's Car benefit: 10% of the employment income excluding benefits in Kind.

RSSB contribution - Pension

Employer's contribution	6%
Employee's contribution	8%

RSSB contribution – Maternity leave

Employer's contribution	0.3%
Employee's contribution	0.3%

Corporate Income Tax Rate: 28%

Capital gains tax

Net aggregate gains are taxable at the company rate of tax
Gains on sale of shares are taxable at the rate of 5%

Value Added Tax (VAT) Rate: 18%

Withholding tax

Standard	15%
Government securities	5%
Import	5%
Public Tender	3%

Gaming tax: 13%

Capital allowance

Description	**Rate**
Accelerated depreciation	50%
Wear & Tear Allowance	
Buildings, heavy industrial equipment and Machineries	5%
Intangible assets	10%
Information and communication systems whose life is over ten (10) years	10%
Computers and accessories, information, and communication systems whose life is under ten (10) years	50%
Other business asset	25%

Your answers should be based on:

- Law Nº 027/2022 of 20/10/2022 and its amendment Law Nº 048/2023 of 05/09/2023 Establishing Taxes on Income where applicable.
- Law Nº 049/2023 of 05/09/2023 establishing value added tax.
- Law n° 020/2023 of 31/03/2023 on tax procedures.
- Law nº 015/2025 of 27/05/2025 on tourism tax

SECTION A

QUESTION ONE

Ms. Aurelie is a French national who does not have a permanent home in Rwanda. Her periods of physical presence in Rwanda were as follows: 100 days in 2023, 150 days in 2024, and 95 days in 2025.**In which tax year does she first qualify as a resident of Rwanda for income tax purposes?**

A She never becomes tax resident, because she has no permanent home in Rwanda.

B She never becomes tax resident, because no single year reaches the 183 days physical presence threshold and she has no permanent home.

C 2025, because her average physical presence in Rwanda during 2023 and 2024 was 125 days per year, which exceeds 122 days, and she was also present in Rwanda in 2025.

D 2024, because her average physical presence in the two years immediately preceding 2024 exceeds 122 days. **(2 Marks)**

QUESTION TWO

During 2025, Mugisha carried on two separate activities: livestock and dairy farming, generating turnover of FRW 16,000,000; and a private veterinary consultancy practice, generating turnover of FRW 8,000,000. **Which of the following correctly identifies the tax treatment applicable to these two activities for the 2025 tax period?**

A The farming activity is taxed at 3% of FRW 4,000,000 (the excess turnover over FRW 12,000,000 under the turnover tax regime, while the veterinary consultancy is taxed under the real regime regardless of its turnover, because it is a liberal profession.

B Both activities are taxed under the turnover tax regime, since Mugisha's combined turnover of FRW 24,000,000 falls within the turnover tax band.

C The farming activity is taxed at 3% of the full FRW 16,000,000 turnover under the turnover tax regime, while the veterinary consultancy qualifies for the micro-enterprise flat tax because its own turnover is below FRW 12,000,000.

D Both activities are taxed under the micro-enterprise flat tax regime, since each activity's turnover, considered separately, is treated independently under Rwandan tax law. **(2 Marks)**

QUESTION THREE

Consider the following two independent transactions during 2025. Transaction 1: an outside investor acquires 55% of the shares of Q Ltd (a resident company) directly from Q Ltd.'s existing individual shareholders for FRW 200,000,000; those shares had originally cost the selling shareholders FRW 120,000,000. Transaction 2: R Ltd is voluntarily wound up; after settling all liabilities, FRW 90,000,000 is distributed to its sole individual shareholder, who had originally subscribed FRW 10,000,000 in paid-up share capital. **What capital gains tax and/or withholding tax arises from each transaction?**

A FRW 0 on Transaction 1 since the sale of shared is always exempt, and FRW 13,500,000 withholding tax on Transaction 2

B FRW 10,000,000 capital gains tax on Transaction, and FRW0 on Transaction 2, since liquidation distributions are always exempt.

C FRW 4,000,000 capital gains tax on Transaction 1, and FRW 12,000,000 withholding tax on Transaction 2.

D FRW 0 on Transaction 1, because the acquisition of 50% or more of the shares of a resident entity is a qualifying re-organisation exempt from capital gains tax, and FRW 12,000,000 withholding tax on Transaction 2. **(2 Marks)**

QUESTION FOUR

S Ltd has paid-up equity of FRW 80,000,000. Throughout 2025 it had two loans outstanding: FRW 150,000,000 from its non-resident parent company at 12% interest per annum, and FRW 200,000,000 from a local commercial bank at 14% interest per annum. **What amount of interest is disallowed for corporate income tax purposes for 2025?**

A FRW0

B FRW 3,600,000

C FRW 4,200,000

D FRW 18,000,000 **(2 Marks)**

QUESTION FIVE

A clinic and pharmacy business had in the last 12 months, turnover of FRW 16,000,000 from pharmacy sales (a taxable supply) and FRW 10,000,000 from exempt medical consultation services. **Is the business required to compulsorily register for VAT?**

A No, because turnover from taxable supplies alone does not exceed the FRW 20,000,000 compulsory registration threshold; turnover from exempt supplies is not taken into account for this purpose.

B Yes, because its total turnover of FRW 26,000,000, combining both taxable and exempt supplies, exceeds the FRW 20,000,000 thresholds.

C Yes, because turnover from taxable supplies alone already exceeds the FRW 12,000,000 micro-enterprise threshold.

D No, because a business that makes both taxable and exempt supplies can never be required to register for VAT. **(2 Marks)**

QUESTION SIX

During February 2026, a company operating in Bugesera free zone made three separate supplies of goods VAT exclusive: FRW 20,000,000 to a customer located outside Rwanda; FRW 15,000,000 to another company also located within the same free zone; and FRW 25,000,000 to a customer located in Kigali, outside the free zone. **What is the total output VAT due on these three supplies?**

A FRW0

B FRW 2,700,000

C FRW 4,500,000

D FRW 8,100,000 **(2 Marks)**

QUESTION SEVEN

Furaha is employed simultaneously by two employers during March 2025. Her primary employer pays her a monthly taxable salary of FRW 450,000, and her secondary employer separately pays her FRW 200,000 for part-time work performed during the same month. **What is the total PAYE withheld by both employers combined for March 2025?**

A FRW 99,000

B FRW 123,000

C FRW 159,000

D FRW 195,000 **(2 Marks)**

QUESTION EIGHT

XYZ Ltd accrued a board sitting allowance of FRW 2,000,000 payables to a non-executive director on 30 June 2025, but had still not actually paid it in cash by 31 December 2025. **What is the correct withholding tax treatment?**

A No withholding tax is due until the allowance is actually paid in cash, regardless of how long it remains outstanding.

B The allowance is exempt from withholding tax entirely, since it was only accrued and never actually paid.

C Withholding tax is only triggered once the amount is paid, but the related deduction for corporate income tax purposes must in any event be deferred until the following tax period.

D Because the allowance has remained unpaid for more than six months, it is deemed to have been paid, triggering an obligation to withhold and remit withholding tax on it.

(2 Marks)

QUESTION NINE

Rugali Hotel operates a registered guesthouse in Musanze. On 20 August 2025, it received FRW 2,000,000 (VAT-inclusive) for accommodation services provided to guest during the month, and earned FRW 500,000 from meals served at its restaurant. Under the tourism tax introduced by Law Nº 015/2025 of 27/05/2025, **what is the correct tourism tax due for August 2025, and by when must it be declared and paid?**

A FRW 60,000, declared and paid by 15 September 2025

B FRW 50,847, declared and paid by 15 September 2025

C FRW 65,847, declared and paid by 15 September 2025

D FRW 63,559, declared and paid by 15 September 2025 **(2 Marks)**

QUESTION 10

An employee's pay details for the month are basic salary FRW 1,200,000; transport allowance FRW 150,000; and car benefit FRW 80,000; her net salary after statutory deductions is FRW 857,600. Her employer operates the optional private-sector medical scheme. Applying the correct contribution base to each scheme, **what is the total of Pension benefit, Maternity leave benefit, CBHI, and the medical scheme contribution (employer and employee combined) payable for the month.**

A FRW 103,200

B FRW 360,450

C FRW 387,088

D FRW 322,950 **(2 Marks)**

QUESTION 11

Ms. Keza owns two titled properties in Kigali. Property 1 is a residential apartment building with three floors, combined building-and-land Market value FRW 150,000,000. Property 2 is a small industrial workshop, owned by a business classified as a small enterprise, combined building-and-land Market value FRW 40,000,000. **What is the total immovable property tax payable on both properties for the year?**

A FRW 190,000

B FRW 415,000

C FRW 790,000

D FRW 950,000 **(2 Marks)**

QUESTION 12

An individual disposes of two share portfolios in the same tax period: shares in an unlisted private company sold for FRW 60,000,000, having been acquired for FRW 35,000,000; and shares listed on the Rwanda Stock Exchange sold for FRW 40,000,000, having been acquired for FRW 22,000,000. **What are the total capital gains tax payable on these two disposals?**

A FRW 900,000

B FRW 1,250,000

C FRW 2,150,000

D FRW 5,000,000 **(2 Marks)**

QUESTION 13

An importer receives specialized medical equipment from its overseas parent company at a declared invoice price of USD 8,000 per unit; customs officials determine that this related-party price does not reflect an arm's-length value and that no reliable adjustment can establish one. Around the same time, identical equipment was sold for export to Rwanda by an unrelated supplier at USD 11,500 per unit, and similar (but not identical) equipment was sold for export to Rwanda at USD 10,800 per unit. By that time exchange rate was USD1 = FRW 1,300. **What is the customs value per unit?**

A FRW 10,400,000

B FRW 12,545,000

C FRW 14,040,000

D FRW 14,950,000 **(2 Marks)**

QUESTION 14

A Rwandan resident company earns foreign source income from two countries, neither of which has a double taxation treaty with Rwanda: Country X, where it earns FRW 40,000,000 and pays foreign tax of FRW 13,000,000; and Country Y, where he earns FRW 20,000,000 and pays foreign tax of FRW 2,000,000. **What is the total foreign tax credit available for the period?**

A FRW 11,200,000

B FRW 13,200,000

C FRW 15,000,000

D FRW 16,800,000 **(2 Marks)**

QUESTION 15

A Collective Investment Scheme registered (CIS) in Rwanda has, 18 months into operation, reached a fund size of USD 1,200,000, incurs annual expenditure in Rwanda of USD 40,000, has its manager, custodian and operator all established in Tanzania, and has 25% of its professional staff being Rwandan. **Which of the following correctly explains whether the CIS currently qualifies for the 3% preferential corporate income tax rate available to Collective Investment Schemes?**

A It does not currently qualify, because its annual Rwanda expenditure of USD 40,000 is below the required USD 50,000 minimum, and only 25% of its professional staff are Rwandan against the required 30% minimum.

B It does not qualify, solely because its annual Rwanda expenditure of USD 40,000 is below the required USD 50,000 minimum.

C It does not qualify, solely because its manager, custodian and operator are not established in Rwanda.

D It fully qualifies for the 3% preferential rate, since it already meets the fund-size condition and has a physical presence in Rwanda.

(2 Marks)

SECTION B

QUESTION 16

Isoko Ltd is a Rwandan resident company incorporated in 2018, providing technical, engineering and management consultancy services to both private-sector and government clients across East Africa. The company is 60% owned by Rwandan individual shareholders and 40% owned by a Rwandan-resident holding company. It employs 45 staff and its annual turnover for 2025 was FRW 340,000,000, well above the FRW 200,000,000 threshold that would otherwise allow it to remit PAYE quarterly, so it remains on monthly PAYE and VAT declarations. The following information relates to the year ended 31 December 2025.

During the year, Isoko Ltd invoiced three private-sector clients a combined FRW 120,000,000 for consultancy assignments completed and delivered during the year (Client A: FRW 55,000,000 invoiced in April 2025; Client B: FRW 40,000,000 invoiced in August 2025; Client C: FRW 25,000,000 invoiced in November 2025). Each client withheld tax at 15% on the gross invoice value before paying Isoko Ltd, and issued Isoko Ltd with the corresponding withholding certificates. The total corporate income tax liability for the 2025 tax period, before withholding tax credits, is FRW 40,000,000.

As part of its normal operations, Isoko Ltd made the following payments, none of which had any withholding tax withheld at the point of payment unless stated otherwise:

- A royalty of FRW 8,000,000 paid in May 2025 to a non-resident licensor resident in a country with no double taxation treaty with Rwanda, for the right to use proprietary structural-design software.
- Interest of FRW 3,000,000 paid to a resident individual, Mr. Kalisa, in respect of a short-term working-capital loan he personally advanced to the company.
- FRW 10,000,000 paid to Kigali Office Supplies Ltd, a local supplier of office furniture and IT equipment that is registered with the tax administration and has made its recent income tax declarations.
- A board sitting allowance of FRW 1,000,000 paid to Ms. Mukamana, a non-executive director of Isoko Ltd who attends quarterly board meetings.
- A dividend of FRW 5,000,000 paid to Isoko Ltd.'s 40%-shareholder, the Rwandan-resident holding company referred to above.
- A logistics and haulage fee of FRW 6,000,000 paid to a locally registered, licensed transport operator for moving site equipment between project locations.
- A reinsurance premium of FRW 5,000,000 paid to a non-resident reinsurer that has not signed any agreement with the Government of Rwanda.
- FRW 7,000,000 of after-tax branch profit repatriated during the year to Isoko Ltd.'s non-resident parent entity, which operates through a permanent establishment structure abroad.

Required:

a) Compute the withholding tax due on each of the payments made by Isoko Ltd during the year listed above, clearly stating where no withholding tax applies and why. (4 Marks)

b) Explain any TWO circumstances or types of payment that are wholly exempt from the 15% withholding tax. (2 Marks)

c) Compute the withholding tax credit available to Isoko Ltd in respect of the consultancy fees it received from Clients A, B and C, and the net corporate income tax payable by Isoko Ltd for the 2025 tax period. (4 Marks)

(Total: 10 Marks)

QUESTION 17

Mr. Rugamba is the founder and majority shareholder of Kigali Breweries & Distillers Ltd (KBD), a company that manufactures beer and spirits at its factory in Nyanza District. The following information relates to KBD and to Mr. Rugamba personally for the 2025 tax year.

- In addition to the Nyanza factory, KBD owns a commercial distribution depot and retail outlet in Kigali, together with the plot of land on which it stands; a certified valuer assessed the combined Market value of this depot and land at FRW 320,000,000 as at 1 January 2025. Separately, Mr. Rugamba and his family lives in the single-family owned by KBD, located on a residential plot in Kicukiro, which he does not rent from the company.
- For the month of March 2025, KBD pays one of its production supervisors at the Nyanza factory, Mr. Habimana, a basic salary of FRW 900,000, a transport allowance of FRW100,000, and provides him with the use of a company pickup truck for both business and limited personal use. Mr. Habimana is also enrolled on a purely voluntary basis, in KBD's optional private medical insurance scheme, to which the company separately contributes.
- KBD has recently been notified that a routine compliance inspection of its factory records will take place next month, focused on its registers and its use of tax stamps on the beer and spirits it manufactures.

Required:

a) Briefly state, with a reason, whether Mr. Rugamba's family home is subject to immovable property tax; compute the immovable property tax payable by KBD on its Kigali distribution depot for the 2025 tax year. (3 Marks)

b) Compute the total pension and maternity leave benefit payable to the Rwanda Social Security Board (employer and employee contributions) in respect of Mr. Habimana for March 2025. (5 Marks)

c) State any TWO administrative obligations imposed on manufacturers of excisable products, such as KBD, in relation to the maintenance of registers and the use of tax stamps. (2 Marks)

QUESTION 18

Kivu Traders Ltd is a Rwandan company that imports industrial machinery and spare parts for resale to manufacturers across the country. It is a wholly-owned subsidiary of a holding company resident in Mauritius, which also controls a group financing entity resident in Belgium and maintains a trade-finance banking relationship with a lender resident in Qatar. Assume an exchange rate of USD1 = FRW 1,300.

The following information relates to Kivu Traders Ltd for the 2025 tax year.

1. In October 2025, Kivu Traders Ltd imported a single consignment from a supplier in Germany, shipped through the port of Dar es Salaam and transported to Rwanda by road under the Northern Corridor arrangements comprising two categories of goods invoiced together: (i) unassembled component parts for local assembly, with a CIF value of USD 10,000 which qualify as raw material inputs attracting a duty-free (0%) rate under the East African Community Common External Tariff;

and (ii) fully assembled packaging machinery units for direct resale, with a CIF value of USD 5,000, attracting the standard 10% import duty rate applicable to finished goods of this kind. Neither category is subject to excise duty.

2. Kivu Traders Ltd wishes to procure specialized cybersecurity penetration-testing services for its new import-documentation system, costing USD 50,000, from a company based in Bengaluru, India, having run a public tender in Rwanda for the same services which attracted no qualified local bidders, and having obtained a letter from the ministry of ICT confirming that no local provider currently offers this specific service.

3. During 2025, Kivu Traders Ltd pays a management fee of FRW 40,000,000 to its Mauritian parent company, in return for centralized group finance and strategic-planning services; interest of FRW 20,000,000 to the group's Belgian financing entity, in respect of a term loan used to finance its warehouse expansion; and interest of FRW 10,000,000 to its Qatar trade-finance lender, in respect of a short-term facility used to fund the machinery import described above. The Rwanda-Mauritius double tax treaty sets the withholding tax rate on technical/management fees at 12%, the Rwanda-Belgium double tax treaty sets the withholding tax rate on interest at 10%, and the Rwanda-Qatar double tax treaty sets the withholding tax rate on interest at 10%. The Mauritian and Belgian recipients have each provided Kivu Traders Ltd with a valid tax residency certificate confirming their treaty eligibility; the Qatar lender has not provided any such certificate, despite having been asked to do so.

Required:

a) **Compute the import duty, VAT, withholding tax on imports, Infrastructure Development Levy (IDL) on the imported consignment.** (4 Marks)
b) **Explain the conditions Kivu Traders Ltd must satisfy in order to apply the VAT reverse charge mechanism and recover the input VAT on the imported cybersecurity services.** (3 Marks)
c) **Compute the withholding tax due on each of the three payments to the related party companies.** (3 Marks)

SECTION C

QUESTION 19

Gasabo Construction & Investments Ltd (GCI) is a Rwandan resident company incorporated in 2015, engaged in road construction and commercial real estate development. GCI had 180 employees as at 31 December 2025. The following information relates to GCI for the year ended 31 December 2025.

1. GCI's tax-adjusted trading profit for 2025, before taking into account any of the matters described below, is FRW 200,000,000.
2. During the year, GCI sold one of its office buildings for FRW 180,000,000. The building had originally cost FRW 90,000,000 and had a tax written-down value of FRW 60,000,000 at the date of sale. GCI also disposed of a fleet of ageing delivery vehicles during the year for FRW 12,000,000; the vehicles had a tax written-down value of FRW 15,000,000 at the date of sale.
3. GCI purchased new heavy construction machinery during the year for USD 70,000 (USD1 = FRW 1,300); as a registered investor. Separately, GCI's tax written-down value brought forward on its general pool of other business assets (excluding the new machinery and the assets disposed of above) was FRW 40,000,000 at the start of the year.
4. GCI is undertaking a three-year, FRW 6,000,000,000 road-construction contract for a Rwandan government agency, which commenced on 1 January 2024. Total estimated contract costs are FRW 4,500,000,000. Costs incurred were FRW 900,000,000 up to 31 December 2024 and FRW 2,250,000,000 up to 31 December 2025; GCI recognized taxable income on this contract for the 2024 tax period consistently with the percentage-of-completion method.
5. GCI had unutilized trading losses brought forward of FRW 300,000,000 from earlier tax periods. During 2025, one of GCI's shareholders, holding 40% of the shares, sold its entire stake to a new institutional investor; the remaining shareholders' holdings were unchanged, and GCI's shares are not listed on any stock exchange.
6. GCI earned foreign-source income from two countries with which Rwanda has no double taxation treaty: FRW 80,000,000 from a road-maintenance contract in Uganda, on which Ugandan withholding tax of 22.5% was deducted; and FRW 50,000,000 from a similar contract in Tanzania, on which Tanzanian withholding tax 32% was deducted. Both amounts are evidenced by the respective foreign tax authorities' certificates.
7. GCI separately incurred FRW 10,000,000 of qualifying market-entry expenditure during the year (tender preparation, market research and certification costs for new East African regional infrastructure projects), which is included in the FRW 200,000,000 tax-adjusted trading profit figure above at its actual cost, and which qualifies for the enhanced 150% tax deduction available for this category of expenditure.

Required:

a) Compute the balancing charge arising on the disposal of the office building and the balancing allowance (or charge) arising on the disposal of the delivery vehicles. (4 Marks)

b) Compute the total capital allowances available to GCI for 2025 in respect of the new machinery and the general pool of other business assets. (3 Marks)

c) Compute the amount of profit from the road-construction contract that GCI should recognize in its taxable income for the 2025 tax period. (4 Marks)

d) Determine with reasoning, whether GCI's FRW 300,000,000 loss brought forward remains available for relief in 2025 following the change in shareholding described above. (2 Marks)

e) **Compute the foreign tax credit available to GCI for 2025 in respect of the Ugandan and Tanzanian income.** (4 Marks)

f) **Compute GCI's total taxable income and its net corporate income tax payable for the 2025 tax period.** (3 Marks)

(Total: 20 Marks)

QUESTION 20

Kivu Valley Enterprises Ltd is a VAT-registered company headquartered in Rubavu, Rwanda, filing monthly VAT returns. It operates across five business segments: textile manufacturing and export; importing and distributing motor vehicle spare parts; insurance brokerage services; a private hospital; and an events and conference centre with an attached guesthouse.

The following relates to November 2024. All amounts are exclusive of VAT unless stated otherwise.

Kivu Valley exported finished textiles worth FRW 54,000,000 to a buyer in Kenya. The goods were physically loaded and left the factory on 26 October, but the export invoice was issued on 2 November, and payment was not received until 15 November. Separately, the company sold textiles worth FRW 36,000,000 to a Rwandan retail chain; the invoice was issued and the goods delivered on 20 November, although the retailer had already paid a 30% deposit on 5 November, before the goods were even ready.

The spare parts segment recorded local sales of FRW 47,500,000 to garages and individual customers, while the insurance brokerage segment earned commission of FRW 12,300,000 on policies placed with underwriters during the month. The hospital brought in FRW 38,000,000 from patient consultations, surgeries, and inpatient care, and its in-house pharmacy separately sold FRW 6,400,000 worth of over-the-counter medicines to walk in customers who were not admitted patients. The guesthouse earned FRW 15,000,000 in accommodation revenue; and the conference hall brought in FRW 11,000,000 in hire fees, a figure that includes a FRW 4,000,000 booking deposit received in November for an event that will only take place in January 2025.

A UK based textile design consultancy, which has no fixed establishment in Rwanda, invoiced Kivu Valley FRW 18,000,000 for pattern design work. The work was carried out remotely from London, and the finished designs were simply emailed to and used entirely by the Rwanda factory. No VAT was charged on the UK firm's invoice.

Two bad debts were written off during the month. The first, of FRW 9,440,000 (VAT-inclusive), related to a textile customer from a sale made in July 2021, written off after an unsuccessful two-year recovery effort. The second, of FRW 2,360,000 (VAT-inclusive), related to a spare-parts customer from a sale made in March 2024, written off after that customer's business was liquidated.

Kivu Valley imported finished spare parts with a customs value (CIF) of FRW 22,000,000, on which customs duty of FRW 3,300,000 was also paid. It bought hospital diagnostic scanning equipment for FRW 16,000,000, used wholly in patient care; and a 7-seater double-cabin vehicle for FRW 13,500,000 used to ferry hospital specimens between the hospital and an external laboratory. The company also hosted a cocktail dinner for insurance underwriters at a cost of FRW 3,800,000 to strengthen broker relationships.

A textile customer returned goods worth FRW 4,200,000 (VAT-exclusive) in November. The original sale on which output VAT had already been charged, had been made and invoiced back in September. Head-office costs of FRW 21,000,000 covering legal, audit, and general administration for the business as a whole, could not be attributed to any single segment. The company also renovated the guesthouse reception area at a cost of FRW 8,000,000 of which 65% related to guesthouse rooms and 35% related to a hospital staff rest area. Separately, a saloon car costing FRW 19,000,000 was purchased for the Managing Director used partly for business and partly for personal errands.

The company's EBM system was offline for four days in November because of a software fault. During that period, Kivu Valley issued handwritten receipts for FRW 6,500,000 of spare-parts sales, and these have not yet been re-entered into the EBM system.

Required:

As the tax manager preparing Kivu Valley Enterprises Ltd.'s November 2024 VAT working papers:

a) **Determine the correct VAT tax point for the export sale to the Kenyan buyer and the local sale to the Rwandan retail chain, and advise on the compliance exposure arising from the unrecorded EBM sales.** (2 Marks)
b) **Classify the Kivu Valley Enterprise's Revenues as zero-rated, exempt, or standard-rated, and compute the output VAT arising for November, addressing correctly the tax point on the conference booking deposit and the treatment of the returned textile goods.** (8 Marks)
c) **Advise on the correct VAT treatment of the UK design consultancy's invoice, including who is liable to account for any VAT due and how this affects Kivu Valley's net VAT position for the month.** (3 Marks)
d) **Determine, with reasons, whether the two written-off debts qualify for VAT bad debt relief, computing the relief available for any debt that does qualify.** (3 Marks)
e) **Compute the input VAT and VAT payable or refundable for the month of November 2024 by Kivu Valley Enterprises Ltd.** (4 Marks)

(Total: 20 Marks)