NSP

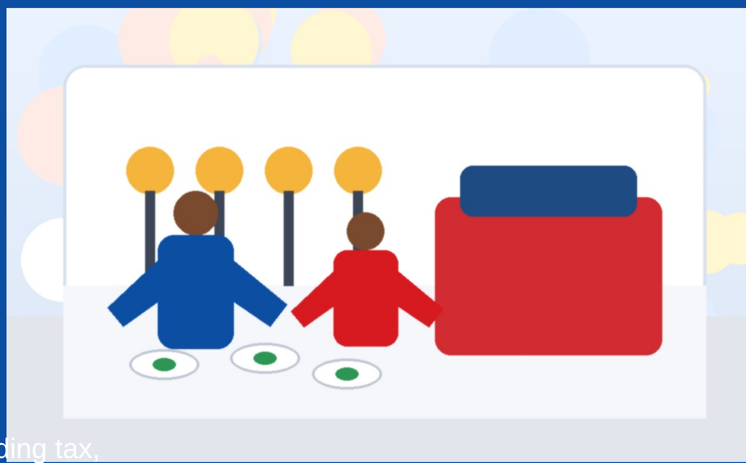
ASSOCIATES LTD

FREE TAX GUIDE

FOR RESTAURANT

BUSINESSES

IN RWANDA



A practical guide on VAT, EBM, PAYE, withholding tax,

stock control, documentation, and monthly compliance.

VAT 18%

EBM Daily

PAYE Payroll

WHT Review

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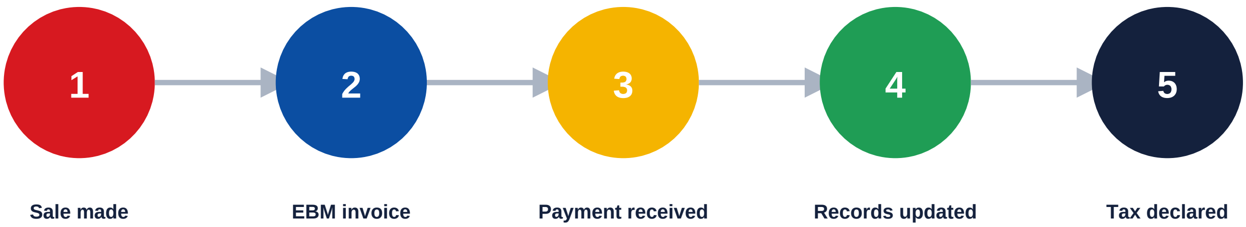
About this guide

This e-book is designed for restaurant owners, managers, cashiers, accountants, and operations teams in Rwanda. It explains tax matters in the language of restaurant operations: sales, food cost, wastage, staff, delivery orders, stock, cash, mobile money, POS, EBM invoices, and monthly reporting.

USE	**How to use this guide** Read it chapter by chapter, then use the monthly checklist near the end as your internal control tool before submitting tax returns.



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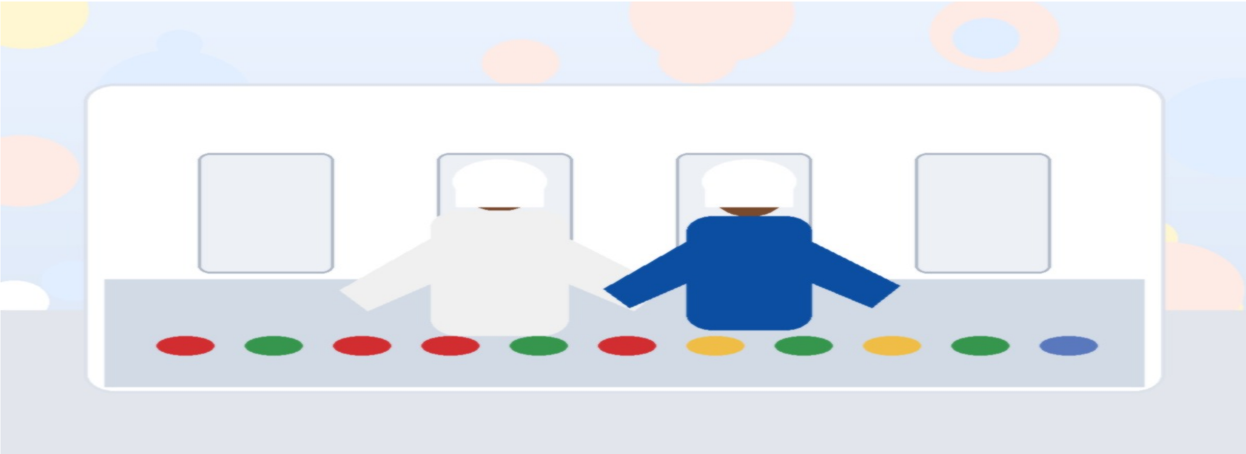
Restaurant business model and key terms

Understand how money enters and leaves the restaurant before tax is calculated.



A restaurant business earns income by preparing and selling food, drinks, and related services. Sales may happen through dine-in service, takeaway, delivery, catering, corporate orders, event packages, or hotel restaurant operations. For tax purposes, the restaurant must be able to prove the sales made, the money received, and the expenses incurred to earn that income.

Common restaurant income sources

Income source	Practical meaning
Food sales	Meals, snacks, buffet services, breakfast, lunch, dinner, and set menus.
Beverage sales	Water, soft drinks, juice, coffee, tea, beers, wines, and other drinks where applicable.
Takeaway and delivery	Orders packed or delivered to customers directly or through platforms.
Catering services	Food and drinks supplied for meetings, weddings, trainings, and corporate events.
Event hosting	Income from rooms, packages, decorations, or service charges linked to events.

Important terms used in restaurant accounting

Term	Meaning
Gross sales	Total sales before deducting discounts, cancellations, or refunds.
Cost of food sold	Cost of ingredients used to prepare meals sold.
Gross profit	Sales minus direct food and beverage costs.
Wastage	Food or drinks lost through expiry, spoilage, breakage, or poor preparation.
Input VAT	VAT paid on eligible business purchases.
Output VAT	VAT charged on taxable sales.

02

Main taxes that may apply to restaurants

Different tax obligations may apply depending on size, registration, activities, and transactions.

Restaurant owners should not treat tax compliance as one annual event. In practice, taxes are affected by daily sales, purchase invoices, payroll, supplier payments, rent, delivery commissions, imported equipment, and local licences.

Tax area	What it generally relates to	Restaurant example
Income tax / CIT	Tax on taxable profit	Profit from food, drinks, delivery, and catering activities.
VAT	Tax on taxable supplies	VAT on taxable meals, beverages, and catering services.
PAYE	Tax deducted from employment income	Chefs, waiters, cashiers, cleaners, supervisors, and managers.
Withholding tax	Tax deducted at source on certain payments	Rent, professional services, commissions, and non-resident payments.
Local taxes and fees	District-level obligations	Trading licence and other applicable local fees.
Customs and import taxes	Taxes on imported goods	Kitchen equipment, fittings, imported ingredients, or beverages.

NOTE

Professional note
The exact tax treatment depends on the legal form of the business, turnover, VAT registration status, contracts, and actual transactions. Restaurants should review their tax position before filing, not after receiving RRA queries.

Corporate Income Tax in simple terms

Corporate Income Tax applies to taxable profit. Taxable profit is generally calculated as taxable income minus allowable expenses. A restaurant should therefore maintain strong support for both sales and costs. Unsupported costs can be rejected even when the restaurant actually spent the money.

Deductible cost category	Examples
Food and beverage inputs	Meat, fish, vegetables, rice, flour, spices, drinks, coffee, tea, and water.
Operating costs	Rent, utilities, internet, cleaning, repairs, security, waste collection, and marketing.
Staff costs	Salaries, overtime, allowances, staff meals where properly documented.
Professional services	Accounting, tax advisory, legal, audit, and system support.
Delivery and payment costs	Rider costs, platform commissions, POS charges, bank charges, mobile money charges.

03

VAT and EBM compliance

Restaurants must connect sales, EBM invoices, payments, and accounting records.

VAT is charged on taxable sales and collected from customers on behalf of Government. A VAT-registered restaurant should correctly separate output VAT from sales, claim only eligible input VAT, and keep proper invoices.

VAT-inclusive sales example

RWF 1,180,000
Customer pays

=

RWF 1,000,000
Sales excl. VAT

=

RWF 180,000
Output VAT

Formula: VAT = VAT-inclusive amount x 18 / 118

Key VAT controls

Control	Why it matters
Issue EBM invoices for sales	Sales not supported by EBM may be treated as undeclared revenue.
Validate purchase invoices	Input VAT may be rejected when invoices are missing or invalid.
Reconcile EBM to payments	Cash, POS, mobile money, and delivery receipts should agree to recorded sales.
Review cancelled invoices	Frequent cancellations may create audit questions.
Separate personal and business costs	Personal expenses are not valid restaurant expenses.

Common VAT mistakes

Mistake	Possible result
Declaring VAT using only bank deposits	Cash and mobile money sales may be omitted.

Mistake	Possible result
Claiming input VAT without valid support	Input VAT may be disallowed.
Recording only net delivery platform payouts	Gross sales may be understated.
No daily cashier reconciliation	Errors, theft, or missing sales may go unnoticed.

EBM

EBM daily discipline
At closing time, the cashier and manager should compare EBM sales to cash, POS, mobile money, delivery platform reports, and approved cancellations. This is one of the strongest controls for restaurants.

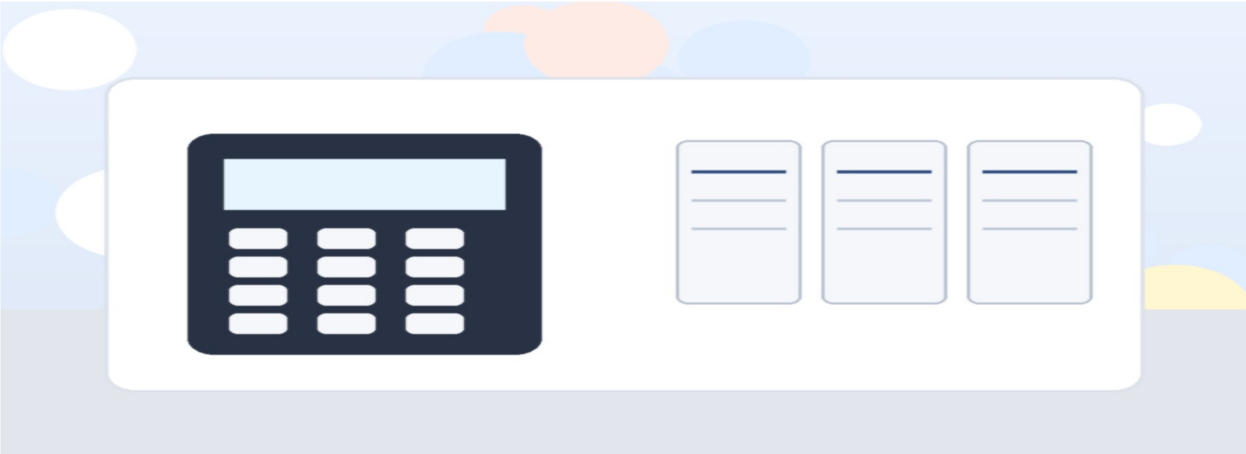
Minimum documents for VAT support

Sales support	Purchase support
EBM invoice, daily sales report, POS settlement, mobile money statement, delivery platform report.	Supplier invoice, valid EBM purchase invoice where applicable, delivery note, proof of payment, goods received note.

04

Payroll, PAYE, and staff records

Restaurant payroll is sensitive because staffing is operationally complex.



Restaurants commonly employ chefs, waiters, cashiers, cleaners, guards, delivery riders, supervisors, managers, and accountants. Where a person works as an employee, the restaurant should keep payroll records and comply with PAYE and social security obligations.

Staff category	Examples of documents to keep
Kitchen staff	Contract, attendance sheet, payroll record, payslip, proof of salary payment.
Service staff	Shift schedules, tips policy if applicable, overtime approvals, payroll record.
Management staff	Contract, allowances, bonuses, performance-related payments.
Casual or temporary staff	Attendance list, work performed, payment acknowledgement, ID details, approval.
Delivery staff	Employment or service arrangement, trip records, payment support.

RISK

Payroll risk to avoid

Do not rely on verbal arrangements only. During a tax review, the restaurant should be able to show who worked, how much was paid, why it was paid, and whether payroll taxes were considered.

Common payroll mistakes

Mistake	Risk
Paying staff in cash without records	PAYE exposure and weak expense support.
Treating full-time staff as casual workers	Reclassification risk.
No payslips or payroll register	Difficult to support salary expenses.
Ignoring allowances, bonuses, and benefits	Possible under-declaration of employment income.

05 Withholding tax on restaurant payments

Check tax before paying suppliers, landlords, consultants, and non-residents.

Withholding tax may apply when a restaurant pays certain suppliers or service providers. If the restaurant is required to withhold and fails to do so, the tax exposure may remain with the restaurant.

Payment type	Restaurant example	Action before payment
Rent	Restaurant premises, storage space, event area	Review WHT treatment and keep lease agreement.
Professional services	Accountant, tax advisor, lawyer, consultant	Review WHT and keep invoice/contract.
Marketing services	Influencer, photographer, designer, ads management	Keep contract, invoice, proof of service.
Commissions	Sales agent, event promoter, delivery partner	Review whether commission payment triggers WHT.
Repairs and technical services	Kitchen equipment technician, maintenance contractor	Keep service report and payment proof.
Non-resident payments	Foreign consultant, franchise fee, software provider	Review WHT, VAT reverse charge, and DTA implications where relevant.

Restaurant tax risk meter

Low	Medium	High
Good records	Gaps in support	Missing invoices

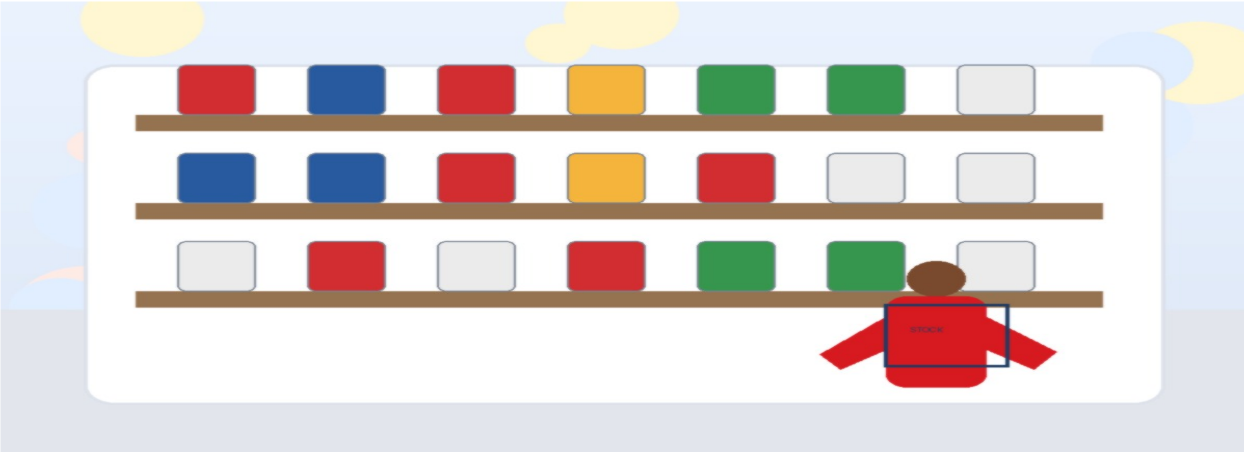
CTRL

Payment control
Before releasing supplier payments, the accountant should ask: Is there an invoice? Is the service genuine? Is withholding tax applicable? Is VAT treatment clear? Is payment proof available?

06

Stock, purchases, wastage, and restaurant logistics

Food cost control is both a profitability matter and a tax documentation matter.



Restaurants deal with fast-moving stock. Ingredients are purchased, received, stored, issued to kitchen, cooked, sold, wasted, or spoiled. Poor stock records can make the restaurant appear to have unsupported purchases, missing sales, or unexplained losses.

Stock category	Examples	Documents to keep
Food ingredients	Meat, fish, vegetables, rice, flour, cooking oil, spices	Supplier invoice, delivery note, goods received note, payment proof.
Beverages	Water, soda, juice, beer, wine, coffee, tea	Invoice, EBM invoice where applicable, stock card, stock count sheet.
Packaging	Takeaway boxes, cups, paper bags, napkins	Invoice, issue record, stock count.
Cleaning materials	Detergents, sanitizers, pest control materials	Invoice and usage record.
Kitchen consumables	Gas, charcoal, gloves, foil, tissue	Invoice, receipt, approval record.

Wastage and spoilage

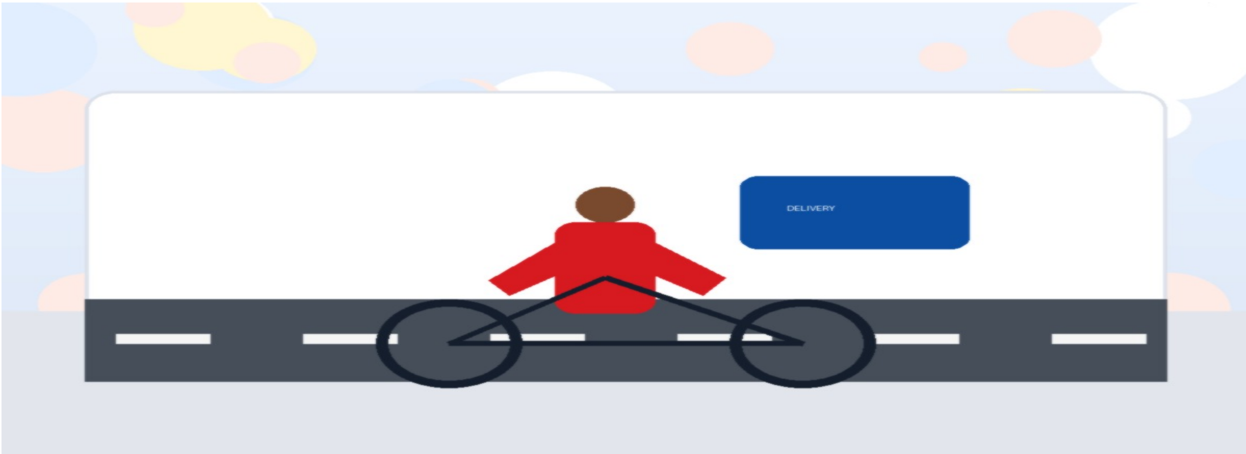
Wastage is normal in restaurants, but it must be documented. Examples include expired food, broken bottles, wrongly prepared meals, returned meals, spoiled vegetables, or buffet overproduction.

Wastage report field	Purpose
Date and item	Shows when and what was wasted.
Quantity and estimated cost	Measures financial impact.
Reason for wastage	Explains whether it was expiry, damage, spoilage, or operational error.
Responsible person and approval	Creates accountability and audit trail.

07

Payments, delivery platforms, and reconciliations

Tax records should follow the full transaction, not only the cash received.



Restaurants receive money through cash, mobile money, POS/card machines, bank transfers, delivery platforms, corporate accounts, and sometimes advance deposits for events. Each channel must be reconciled with EBM invoices and accounting records.

Collection channel	What to reconcile
Cash	Daily cash count, cashier report, EBM sales, cash banked.
Mobile money	Mobile money statement, customer payments, EBM invoices.
POS/card payments	POS settlement report, bank credits, EBM invoices.
Bank transfers	Customer name, invoice number, bank receipt, accounting entry.
Delivery platforms	Gross order value, platform commission, net payout, EBM invoice, bank receipt.
Corporate credit sales	Contract, LPO, invoice, delivery note, payment follow-up.

EX

Delivery platform example
If customers pay RWF 1,000,000 through a delivery platform and the platform deducts RWF 100,000 commission before remitting RWF 900,000, the restaurant should review whether gross sales and commission expense have been recorded correctly.

Daily reconciliation routine

Step	Daily action
1	Download or print EBM sales report.
2	Count cash and compare with cashier report.
3	Export mobile money and POS settlement reports.
4	Compare delivery platform orders with EBM invoices and payouts.
5	List approved discounts, refunds, and cancelled invoices.
6	File all reports by date for easy review.

08 Monthly compliance checklist and red flags

A simple monthly review can prevent expensive tax problems.

Before filing monthly tax returns, the restaurant should complete a compliance review. This is not only for RRA purposes; it also helps management understand profitability, leakages, and operational weaknesses.

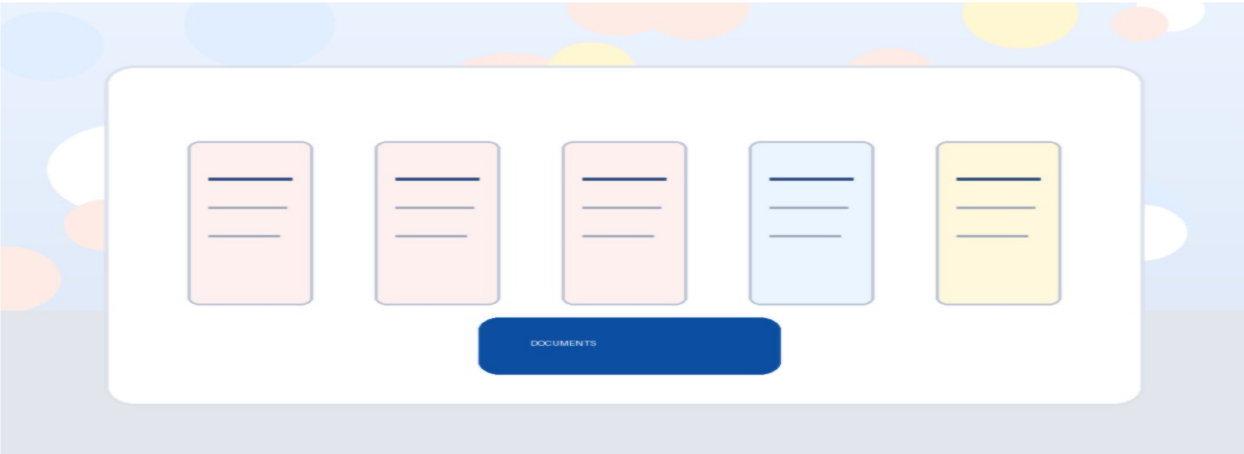
Monthly task	Completed?
Reconcile EBM sales with accounting sales	[ ]
Reconcile cash, POS, mobile money, and bank collections	[ ]
Review discounts, cancellations, and refunds	[ ]
Confirm all purchase invoices are available	[ ]
Review input VAT before claiming	[ ]
Prepare payroll and review PAYE/RSSB obligations	[ ]
Review supplier payments for withholding tax	[ ]
Reconcile stock purchases, usage, wastage, and closing stock	[ ]
Update accounting records	[ ]
File tax returns and payment receipts	[ ]
Follow up missing supplier documents	[ ]

Red flags that may attract tax questions

Red flag	Why it matters
High purchases but low sales	May indicate missing sales, wastage, theft, or poor pricing.
Bank deposits higher than EBM sales	May indicate sales not invoiced through EBM.
Large input VAT claims	Requires strong purchase documents.
Repeated cancelled invoices	May suggest manipulation or weak controls.
Staff paid outside payroll	May create PAYE and expense support exposure.
Delivery income not recorded properly	Gross sales may be understated.

09 Documents to keep and when to seek support

Good records are the best tax defense.



A restaurant may have genuine transactions, but if documents are missing, the tax position becomes weak. Filing documents properly is therefore part of tax compliance and internal control.

Area	Documents to keep
Sales	EBM invoices, daily sales reports, POS reports, mobile money statements, bank deposits, delivery platform reports, catering contracts.
Purchases	Supplier invoices, EBM purchase invoices, purchase orders, delivery notes, goods received notes, payment proof.
Payroll	Contracts, attendance sheets, payroll schedules, payslips, PAYE declarations, RSSB declarations, salary payment proof.
Tax	VAT returns, WHT returns, PAYE returns, income tax declarations, trading licence proof, RRA correspondence.
Operations	Stock counts, wastage reports, supplier contracts, lease agreement, licences, permits, insurance records.

When to seek professional support

Situation	Why support is useful
New restaurant registration	To set up correct tax registration, accounting structure, and EBM process.
VAT registration or VAT issues	To reduce errors in output VAT and input VAT claims.
RRA notice or audit	To respond with proper records and technical position.
Missing records or messy accounts	To clean up records before filing or audit.
Opening a new branch	To design branch sales and stock controls.
Importing equipment or goods	To review customs, VAT, and documentation implications.

Final message to restaurant owners

A restaurant can be busy every day and still lose money if sales, stock, payroll, expenses, and taxes are not properly controlled.

Good tax compliance is not only about avoiding penalties. It helps restaurant owners understand real performance, reduce leakage, improve cash flow, and make better decisions. The best restaurants are not only good at serving customers; they also keep strong records, issue proper invoices, control stock, manage staff, and review tax obligations on time.

NSP	**NSP Associates Ltd can help** Tax registration and compliance review; VAT declaration and reconciliation; EBM compliance support; payroll, PAYE and RSSB support; withholding tax review; accounting and bookkeeping; monthly management accounts; stock and expense control advisory; RRA audit support; and tax health checks.

NSP ASSOCIATES LTD
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Technical note and sources

This guide is for general educational purposes. Restaurant owners should confirm the current law and obtain advice based on their specific facts before making tax decisions. Key tax points were cross-checked with Rwanda Revenue Authority public guidance on VAT, CIT, withholding tax, penalties, and the RRA VAT calculator as available in June 2026.

Sources: Rwanda Revenue Authority - Corporate Income Tax; VAT guidance and VAT calculator; Withholding Tax guidance; penalties for non-filing. Accessed June 2026.