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Interviewee: Aimable Kayigi

Interviewer: Leon Schreiber

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SCHREIBER: Let's begin with a little personal introduction just about yourself, how long you've been working here, sort of the general background.

KAYIGI: *Yes, very good. Thank you so much for the visit. First, I'm Kayigi Habiyambere Aimable. Those and I am serving currently as Commissioner Domestic Taxes, Rwanda Revenue Authority (RRA). So, I've served in this capacity since 2014, yes, since 2014. But prior to that, I was serving as Deputy Commissioner in charge of Large Taxpayers. Yes, Deputy Commissioner in charge of Large Taxpayers. And I served as Deputy Commissioner of Large Taxpayers since 2011, up to the beginning of 2014.*

So, prior to that, I was heading the other division within Large Taxpayers, for a couple of years, also, for four years. Yeah, for four years. Basically, without taking too long, I've been working with the Institution, it's now eighteen years.

SCHREIBER: Okay.

KAYIGI: *Yeah, I started as a Junior Officer but—*

SCHREIBER: So, going back to the time when you joined eighteen years ago, that's the year 2000 so, that's just after it began right?

KAYIGI: Yes.

SCHREIBER: So, when you joined, did you study tax administration or finance or something in Rwanda before you joined the RRA?

KAYIGI: *Yes, before I joined RRA, I was just a young graduate. Yes, I had graduated from university by then.*

SCHREIBER: University of Rwanda?

KAYIGI: *No, Independent University of Kigali.*

SCHREIBER: Oh, of Kigali, okay.

KAYIGI: *Yes, but I was here in Rwanda.*

SCHREIBER: Right. So, I don't know how much you can remember, it's eighteen years ago. But if you had to describe to me the challenges of the RRA and maybe specifically, as you saw them when you joined. I mean, I imagine it was a very different situation from today. What were the challenges?

KAYIGI: *A very different one. A very different one because when I joined, by then—maybe before I talk about that, since I joined... To start, the taxes themselves before 1998, because Rwanda Revenue itself as a board was created in 1998.*

So, before that, taxes were administered under the Ministry of Finance. Yeah, having again two directors, one in charge of Customs and another one in charge of Income Tax.

So, the government decided—of course, it was after the war, also, or the genocide of Tutsi. It was really a very difficult situation by then. So, the government had the

long-term ambition of growing the economy, on one hand, but also, collecting revenues. Because revenue is really a very essential part in financing government initiatives.

So, the Finance Minister that we had then, Donald Kaberuka, had this idea of having an independent body that can collect the taxes for the government. It's INDECIPHERABLE [00:04:35], of course, which is there to collect taxes.

So, basically, I think that's how Rwanda Revenue was created. I think by then, it was wanted also to leverage from having an independent body, which can advise on policy matters, concentrating only on collecting taxes, enforcing the laws, which is, in my view, very different from the way the Ministry was working by then. Having one ministry with different directors and somebody—of course, a director for Income Tax, the other one only on Customs. It was really that long-term vision which was missing then.

I think he really worked very hard, very hard, towards that agenda. So, of course, convincing the peers with very strong support from the government and then, that's how basically Rwanda Revenue as a body was set up. Then, we started that way.

Then, there was another challenge, which they wanted to really address. During the career of the staff, yes? They had to work on integrity issues of the staff. So, it was also an opportunity of recruiting qualified staff and getting away from staff by then that were not qualified but also, was really—they started fighting all the corruption tendencies then.

So, the institution was created with a board—a board of directors, which was appointed. The board of directors was actually overseas, the institution, because the Commissioner General is reporting to the board and to the Minister of Finance, of course. But there is a board which is appointed, which has, also, members from the private sector. It's very important because members of the private sector play a very big role in sharing private sector missions and the challenges. At the same time, of course, being part of the board, they are automatically talking to the highest level of the RRA where all decisions are made.

SCHREIBER: And this board was created back then already—'98 already...

KAYIGI: *Back then, '98 already. Yes, the first board, '98. Even the Chair, the Chair himself by then was directly coming from the private sector, yes.*

SCHREIBER: And this board has a lot of power. It's not like the Finance Ministry controls the RRA. The board is the one that's in charge.

KAYIGI: *No, no, no. It's the board's in charge of having the full powers.*

SCHREIBER: Yes.

KAYIGI: *Yes, having the full powers over decision making. However, the Minister of Finance is also represented.*

SCHREIBER: I see.

- KAYIGI:* Since the Permanent Secretary is always the Vice Chair of the board.
- SCHREIBER: Very smart.
- KAYIGI:* And why the presence of the Permanent Secretary? I think the presence of the permanent Secretary is motivated by two objectives. On one hand, he's there because at the end, at the ministerial level, they are the ones – actually, who–RRA can initiate a policy, but they are the ones actually to make sure that these policies get approved by different government levels.
- SCHREIBER: Yeah. So, would it be fair to say–sorry–that if you think about the RRA as standing here, somewhat separate from the rest of government, most of its functions and policies must be approved by the board.
- KAYIGI:* Yes.
- SCHREIBER: But it also needs at least this one link with the Finance Ministry–
- KAYIGI:* Why the Finance Ministry?
- SCHREIBER: Because it has to approve policies.
- KAYIGI:* It has to approve policies, on one hand. But it has also to approve the budget. Because there is an institution there, there is no way this institution can operate with budget problems. So, it is an arm for the government, yes, to collect revenues. But on the other hand, that arm has to be empowered.
- SCHREIBER: Right.
- KAYIGI:* Yeah, empowered. They have to get resources, including financial resources, in order to operate.
- SCHREIBER: Yeah. But I saw that the RRA is able to keep 3% of the revenues it collects. Is that right?
- KAYIGI:* That actually came in–was approved–a little bit late. And I think that is one of the enablers of the institution itself. But having the PS (Permanent Secretary) person there, who can talk to his ministry, to his Minister, immediately, yes, that link, even when it comes to budget approvals, funding. I think it is – even that decision is triggered by his presence.
- SCHREIBER: I see–
- KAYIGI:* Yes, yes. Getting it onboard is one thing. But approving it is another thing.
- SCHREIBER: Yeah. I guess the key question is the Finance Minister cannot overrule a decision of the board.
- KAYIGI:* The Finance Minister, no. But since he is represented, there is that consultation. That is always–yes–that is always there.

The Minister of Commerce, also, is represented because the Permanent Secretary of the Minister of Commerce, is also a member of the board.

SCHREIBER: Okay.

KAYIGI: *Yeah, he's a member of the board, basically, because he's representing not only the Ministry, but he's also there for policy issues.*

SCHREIBER: Right.

KAYIGI: *Yes. On policy – I remember one day, we were struggling with taxation of SMEs (Small and Medium Enterprises). And they really pushed, and it plays a tremendous role in engaging these small taxpayers for compliance purposes. I will come to that one in—later, yes, in the discussion.*

SCHREIBER: Right, right.

KAYIGI: Yes, yes.

SCHREIBER: Just as a final question on the funding. So, since the RRA got this 3% funding, do you still need the Finance Ministry to approve your budget? Or is that—or let me ask this. Are you completely self-funding at this point? Or do you still get money from the government? Is the 3% enough?

KAYIGI: *I think the 3%, really, is currently enough. There is that low that—we need to get the 3%. But we still have negotiation, budget negotiations, with the Ministry of Finance. Because we need to present like—let me take an example of what we are doing currently.*

SCHREIBER: Yeah?

KAYIGI: *As senior management, we had at first, a retreat to prepare our action plan. Of course, everybody has to engage the staff, because it comes from the bottom to—*

SCHREIBER: Yes.

KAYIGI: *Yes. So, we create our action plan. Then, the team forms the budgeting site. So, that's how we can come up with a budget. And if we think that the 3% is not enough, then we have to go back to the Ministry and say that this—the percentage, yes, of the collection but it's not enough because of these issues, these issues, this, this—we want the Ministry to—*

SCHREIBER: And I imagine the budget – the things you want to spend on must also still be approved by the Finance Ministry.

KAYIGI: *Yes, yes. Because they're approved by the board but it goes to Finance just for discussion. But it is approved by the board.*

SCHREIBER: By the board.

KAYIGI: *But since the permanent Secretary is a member of the board—*

SCHREIBER: Yes, they should be informed.

KAYIGI: They come very easy – yes, yes, to negotiate...

SCHREIBER: Well, it's a very interesting structure, yeah.

KAYIGI: ... with the Ministry. That's why, basically, it's one of the reasons why he's sitting on the RRA board.

SCHREIBER: Right, right.

KAYIGI: Yeah. Maybe the other important part I want to mention is the importance of the internal audit function. The internal audit function, it is there, it has its' head with the Commissioner, like me, but who is reporting directly to the board. Not to the Commissioner–

SCHREIBER: That's key.

KAYIGI: Yes. He's reporting to the board.

SCHREIBER: That makes it much more difficult to cover up any problems.

KAYIGI: Yes, yes. So, he's reporting to the board. He's an eye of the board. He conducts his audit and reports back to the board. So, indeed, the Commissioner General is a member of the board, but you can understand from that perspective, when it comes to implementation of the audit, the recommendations, he has an organ up there to whom he has to report to.

SCHREIBER: Yes.

KAYIGI: So, he's audited–seriously audited. And whenever there is any issue or an implementation plan of the audit recommendations, then, the body has to implement. You have to report to the board of directors.

SCHREIBER: Right, right.

KAYIGI: Yes.

SCHREIBER: I think that's key. Thank you for mentioning that.

KAYIGI: Yes, it's very, very important.

SCHREIBER: Yes. So, you mentioned building staff careers at the beginning as being a big challenge. What were some of the measures to do that?

KAYIGI: It was really–it was really challenging. Because the board had a number of strategies to implement and it was really one of the biggest challenges. But since we had that very strong support from the government itself, from the Ministry and the PS being a member of the board, they approved to have a dedicated institute. So, we have an RRA dedicated institute.

SCHREIBER: Training institute?

KAYIGI: Training institute, located in the second city of Rwanda in Huye (district).

SCHREIBER: And that's also going back to 2000. It's an old institute now?

KAYIGI: *I think it's – I can confirm but I think it started in the reform, 2003? Something like that.*

SCHREIBER: Okay, alright.

KAYIGI: *Yeah, like that.*

SCHREIBER: I can check that.

KAYIGI: *Yes. So, training for the staff is much easier. We still have challenges, yes, but it's much easier since after the development of the training plan, then, there is a location there in a very good environment where we can go and get trained.*

SCHREIBER: Right.

KAYIGI: *Yeah. It's not that big but at least it is really sufficient.*

SCHREIBER: And the people initially who were giving the training, were they senior RRA officials or outsiders?

KAYIGI: *Depends. For trainings, we do have the training program. So, from that point, we do identify trainers. So, we have internal trainers but we have also outsiders from different bodies, depending on the need, yes.*

SCHREIBER: Right. Great, so, that's all very sort of establishing–

KAYIGI: *Establishing, yes.*

SCHREIBER: In the very beginning?

KAYIGI: Yes.

SCHREIBER: As we move forward a little bit, you know, after some of the basic–

KAYIGI: *Let me–sorry, I forgot to mention that. That internal audit plays also a bigger role in integrity.*

SCHREIBER: Oh, yes, of course.

KAYIGI: *Integrity. Everybody is – everybody on the staff is required to declare his assets each year.*

SCHREIBER: To the internal audit.

KAYIGI: *Yes, to the internal audit. So, they've got a whole division that analyzes all the assets declared. And whenever they want to question everybody from that angle, they can question it. But they've got also a very good program. We've got a–*

KAYIGI: So, we've got a code of conduct for the employees that everybody has – on the board—and integrity and the anti-corruption strategy—

SCHREIBER: Fantastic.

KAYIGI: –that they are also implementing. And the whistleblower policy.

SCHREIBER: Wow.

KAYIGI: Yes.

KAYIGI: That's what I just wanted to mention.

SCHREIBER: And these policies, obviously, they've changed over the years. But they were originally created back then already.

KAYIGI: No, no, some of them were created recently like this one. The whistleblower policy started with October 2016. But this one, also, June, this one, April –

SCHREIBER: But I imagine these are updates probably.

KAYIGI: This is an update, basically, yes.

SCHREIBER: Yes, yes, yes.

KAYIGI: The code of conduct is an update.

SCHREIBER: Okay, so, you know—as we move forward a bit, I'm curious about how the challenges change. Because you mentioned compliance. You know, I think in the beginning, it makes sense that the focus was on the basics – getting the structure right, getting employees, fighting corruption.

But then, maybe 2003 onwards, the focus really becomes okay, now, how do we improve compliance, right?

KAYIGI: Yes, how do you improve compliance? Because compliance was one of the biggest challenges.

SCHREIBER: Yes.

KAYIGI: So, for the compliance, we still have compliance challenges if you think of it today. I have to admit that we still have compliance challenges. But if you compare, if you look at the journey that we went through, I think that there is really a very positive change that happened.

So, then, maybe to leverage a little bit on that issue, the body itself was created, of course, with some policy changes that came in like introduction of VAT (value-added tax) by then, of the altered structure and employees, yes. Introduction of VAT was still manual then.

But we had even to look at the structure itself. How do we engage taxpayers? Are we ready? So, that's how we started. We started with a dedicated department Customs and a dedicated department of Income Tax. When the VAT came, we had also a separate and dedicated department managing that separate—

SCHREIBER: So, all separate taxes.

KAYIGI: *All separate taxes.*

SCHREIBER: Yes.

KAYIGI: *But you can imagine the challenges that we were going through.*

SCHREIBER: Yeah. No single file.

KAYIGI: *No single file. No single file. That was the main challenge that we had by then. No single file.*

SCHREIBER: Yeah.

KAYIGI: *Somebody will be cheating on Customs' side. It may be that he is one of the best taxpayers on the Income side.*

SCHREIBER: Right, right, yeah.

KAYIGI: *Yeah, yeah. You see, those kinds of challenges. But the biggest challenge is no single file. 2003, now, that's when we decided to restructure ourselves and have a dedicated Domestic Taxes department.*

SCHREIBER: I see.

KAYIGI: *Yeah, a dedicated Domestic Taxes department, which combines the former Income Tax, the VAT department, in order to have at least a single file domestic-wise.*

SCHREIBER: Right.

KAYIGI: *Yes. Then, from that, after creating a Domestic Taxes department, then, we started now looking at the nature of the challenges that we were facing, and addressed them. And one of the challenges that was addressed by then was having a single identifier of the taxpayer, which is tax identification number.*

SCHREIBER: Right. So, previously, did you have separate TIN (tax identification) numbers for that, for income tax?

KAYIGI: *Yes, yes, yes, we had separate numbers for VAT, for income tax, yeah, yeah, even for customs. So, the TIN – the tax identification number – we have a single TIN generated by the Domestic Tax department, which has a full view of the taxpayer. But the Customs use it, also, the same—*

SCHREIBER: The same number.

- KAYIGI: –for imports’ purposes.*
- SCHREIBER: I see.
- KAYIGI: Yes, yes, so, they can have all the details related to a taxpayer.*
- SCHREIBER: So, if I import something and I go through Customs, I must use my same TIN number that comes from you.
- KAYIGI: Yes, sure, same TIN.*
- SCHREIBER: Yes, wow. Right, and how did this restructuring and you know, the TIN, how did it help you? How did compliance—what did it make easier or better?
- KAYIGI: Yes. It keeps us a lot because we have that single view of a taxpayer. That single view of the taxpayer whereby you can manage now the compliance of the taxpayer, once you have a single view of the taxpayer, yes. And one tax account, of course.*
- Now, from that, we – even if we have a Domestic Taxes department that I have by now, but I’ve got three Deputy Commissioners. I’ve got one in charge of large taxpayers and – large taxpayers; the other one in managing small and medium taxpayers in Kigali; and the other one managing regions and decentralized taxes since we are collecting—*
- SCHREIBER: For them, as well.
- KAYIGI: For them as well, yes. Yes, we are collecting for them, as well.*
- SCHREIBER: So, you said the small and medium office is only for taxpayers in Kigali? Or for the whole country?
- KAYIGI: For medium, we have a small and medium taxpayers’ offices for Kigali. But for regions also, they’ve got that setup, even if it is called regions. But the medium taxpayers are known and the small taxpayers are known.*
- SCHREIBER: So, also, divided—
- KAYIGI: They are also divided into the two categories.*
- SCHREIBER: Okay.
- KAYIGI: Yeah. They are also divided into the two categories.*
- SCHREIBER: Part of the restructuring to create the Domestic Tax Commissioner, was that also the time when you created the large, medium, small—this framework you’re describing now? Has it come from then or was it more recent?
- KAYIGI: We had the two departments, maybe to give you a full history. We had the two departments, one in Customs and Income Tax.*
- SCHREIBER: Right.

- KAYIGI:** *Then, we had a third one, the VAT department, okay? We had three separate departments. Now, we decided to merge the VAT department with the Income Tax department. The view that we had was that we were trying to fight the challenge of having a single view of the taxpayer. I made the point that a taxpayer could have two TINs, for example. Registered as VAT, at the same time, at Income Tax—two completely different views.*
- So, we wanted to—we had that vision of having one single view of the taxpayer. But by then, we did not have a Domestic Tax department. When we merged the two, we ended up having a Large Taxpayers department and Small and Medium department.*
- SCHREIBER:** Okay. But it was not yet called “Domestic Tax.”
- KAYIGI:** *No, no, it was not yet called “Domestic Taxes,” yes.*
- SCHREIBER:** Okay.
- KAYIGI:** *Yes, having a large taxpayer department and a small and medium domestic—small and medium taxpayers, yes, department.*
- But the view, the ultimate purpose of that merger and the creation of Large and Medium was first, to have that single view of the taxpayer. If you are rich, that is a large taxpayer, you are managed under Large Taxpayers.*
- Or if you are registered as medium or small, you are managed under Medium and Small Taxpayers.*
- But later, when we decided to have a Domestic Tax department. Why this time? We realized that even if we have that single view, procedures were implemented differently within Large Taxpayers and Small and Medium Taxpayers.*
- SCHREIBER:** I see.
- KAYIGI:** *Yes. That’s how we have that idea of having one Domestic Tax department, overseeing the whole taxpayers, even if, when you go down, there is that special consideration of taxpayers. Anyway, they are like our VIPs. So, they contribute 70%, our large taxpayers. We need to monitor them very closely, whether they are filing regularly, paying regularly. Anyway, treat them like our VIPs. So, that’s why we have a dedicated focus, the Deputy Commissioner in charge of large taxpayers.*
- SCHREIBER:** Right. But that office is underneath your—
- KAYIGI:** Yes, under—
- SCHREIBER:** Your supervision.
- KAYIGI:** So, yes, I’m the one overseeing that.
- SCHREIBER:** So, you mentioned that there were differences in the procedures. Can you give an example maybe of what was the difference between large and small and medium taxpayers?

KAYIGI: *Yeah. The differences over the procedures then, between Large and Medium, was much more related to the practice. To the practice and the service delivery.*

You will see like, if a large taxpayer requests for a clearance certificate, let me give that example, he will take like four days. If you requested – if you are a small taxpayer, it will be requested like ten days or double.

SCHREIBER: I see.

KAYIGI: *So, it was not harmonized.*

SCHREIBER: Yes, and there's a kind of inequality.

KAYIGI: *Yes, and that kind of inequality.*

SCHREIBER: Yes.

KAYIGI: *Yeah. So, now, yes, we treat large taxpayers as our special VIPs. But when it comes to service delivery, if you request for clearance certificate, it's two days.*

SCHREIBER: Simple, yeah.

KAYIGI: *Thirty minutes for them, they're the same, those kinds of issues. Even if there are some facilities that were being given to large taxpayers, that also extended to medium.*

SCHREIBER: Okay. Like what? I'm sorry for asking but I always like the examples.

KAYIGI: *Let me just, again, pick very quickly, the issue of like VAT refunds.*

SCHREIBER: Right.

KAYIGI: *VAT refunds were, then, expedited very quickly, the VAT refunds, for large taxpayers. And they take a very long time for medium and small. But currently, we still have some challenges across there. But at least we want to treat them in the same way so that we do facilitate them and get back their VAT refund as quick as possible.*

SCHREIBER: Right.

KAYIGI: Yes.

SCHREIBER: No, those are great examples, thank you. And around what time was the second change, the creation of this office?

KAYIGI: *It was—well, it was two years, two years and a half.*

SCHREIBER: Ago?

KAYIGI: *No, this one—*

SCHREIBER: So, 2003, you created—

KAYIGI: 2003, we created—

SCHREIBER: Large.

KAYIGI: *The large, yes. Now, the domestic taxes were created in 2005.*

SCHREIBER: 2005, two years later.

KAYIGI: *Yeah. Two years later, yeah.*

SCHREIBER: I see, okay.

KAYIGI: *End of 2005.*

SCHREIBER: Okay.

KAYIGI: Yes.

SCHREIBER: Alright. And since then, it's been following basically the same structure.

KAYIGI: *Yes, basically, the same structure.*

SCHREIBER: Right. Which maybe means it's working.

KAYIGI: *Yes, it's working, yes. It's been up to now.*

SCHREIBER: Yes, okay.

KAYIGI: *Yeah.*

SCHREIBER: So, the other quick thing—and I'm afraid I'm running a bit out of time—but maybe to ask your view on it, the IT side of the story is probably key, as well.

KAYIGI: *Right. The IT side of the story is extremely important. I don't know where to start about this but it's extremely important. Maybe to elaborate more on the compliance, again, one of the factors that was seriously affecting taxpayers was even the facilities that were given in submitting returns. All returns, from large taxpayers to small taxpayers, were manual.*

SCHREIBER: Papers.

KAYIGI: *Papers. It was manual, purely manual. It was really a headache, yes. We are now in the peak period. You can see clans that are coming here—*

SCHREIBER: I saw a lot of people.

KAYIGI: *Yeah, yeah, a lot of people. But by then, we used to have three tents – one tent in the front, the other one in front of there, the other one—so, you have to accommodate taxpayers, because it was really a headache. A taxpayer would come here, get a printed declaration, go back home, fill it. After filling it, bring it back here to capture it, to stamp it. Then, they go to the bank to make a payment.*

SCHREIBER: Wow.

KAYIGI: *It was cumbersome.*

SCHREIBER: And I even heard stories of people showing up with bags of cash to pay their taxes.

KAYIGI: *Yes, yes, yes, yes. Paying more taxes—we used to even have a bank down here.*

SCHREIBER: Right.

KAYIGI: *Yes, we used to have—we started out with a bank but later on, had a bank down here. Yes, we had the bank down here.*

SCHREIBER: Wow.

KAYIGI: *At least each and everything is automated. Returns are submitted online so each and every taxpayer can declare online. And the payments, there is a lot of facilities related to payments.*

Of course, it follows categories of taxpayers. When it comes to filing, returns are submitted automatically. No manual return here. However—

SCHREIBER: In the whole country?

KAYIGI: *In the whole country.*

SCHREIBER: You cannot submit the paper anymore?

KAYIGI: *You cannot submit the paper anymore.*

SCHREIBER: Okay, okay.

KAYIGI: *It's really 100%.*

SCHREIBER: Okay.

KAYIGI: *However, there is a process. We started doing with large taxpayers because large taxpayers have got facilities. They have computers, they can easily access internet—large and medium taxpayers.*

But we had to find a different solution for small and micro taxpayers. Yes, they were not complying with this since, for them, they were even having that knowledge—

SCHREIBER: Or having internet, yes.

KAYIGI: *—not having the internet, it was somehow very difficult.*

SCHREIBER: Yeah, yeah.

KAYIGI: So, somewhere you go on an internet café and submit your return. But for small taxpayers, they use their mobile telephones.

SCHREIBER: Exactly, yes, yes, yes.

KAYIGI: So, you just dial 800, then you follow, you follow the process.

SCHREIBER: You dial 800.

KAYIGI: 800.

SCHREIBER: Wow.

KAYIGI: Yes. 800, you follow the process. You can submit, you are able to make a return, you can submit, you have flat return, you can submit. So, there is the whole policy behind that, that we had to work on in order to make it easy for small taxpayers.

SCHREIBER: Right. When did that one start with the mobile phones?

KAYIGI: Well, it started in 2013.

SCHREIBER: '13?

KAYIGI: '13. Yes.

SCHREIBER: So, I think the first E-filing was in 2009.

KAYIGI: It was in 2009 with the large taxpayers.

SCHREIBER: The large taxpayers.

KAYIGI: Then, 2010 with the medium taxpayers, yes. But we were having serious challenges with these small and micro—with small and micro taxpayers. So, we managed to find a solution in 2013 with the mobile.

SCHREIBER: So, I think that's amazing. So, does it need to be a smartphone? Or can it even be the so-called, the dumb phone, the old phones, you know, before this?

KAYIGI: Even the old phone.

SCHREIBER: Yes?

KAYIGI: Yes.

SCHREIBER: So, you phone 800 and then?

KAYIGI: Then, you follow the procedure.

SCHREIBER: So, it's telling you, you know, something like, "How much money did you earn this year," something like that?

- KAYIGI: Now, that's why I said there is a whole policy behind that to enable that. So, there is a study that we conducted jointly with the World Bank. And the challenge was how do we make it easy for small and micro taxpayers to comply?*
- SCHREIBER: Yeah.*
- KAYIGI: And one of the findings of that study was that the micro taxpayers mainly, they are those who only did primary school. So, if you fail at school, then you start a small—a very small—business.*
- SCHREIBER: Yes, yes.*
- KAYIGI: So, if you don't make it easy for such a person with a lower level of education, then you stand a chance of this guy only operating in the informal sector.*
- So, how do you get him onboard? It's making it easy for him. So, there is that study that was conducted. When we do—if you are in the second range of turnover, you just put in your turnover, then there is a certain amount that you have to pay.*
- SCHREIBER: Okay. But on—during this, is it on the phone? Or are we pushing buttons?*
- KAYIGI: You're just pushing buttons. In fact, it's really very easy.*
- SCHREIBER: And then, at the end, it will calculate how much tax you owe, I guess?*
- KAYIGI: No, no. You get a message because you are already in a certain category.*
- SCHREIBER: Oh, right. So, you know already how much you need to pay?*
- KAYIGI: Yes.*
- SCHREIBER: I see.*
- KAYIGI: Yes, yes. You are already in a certain category of taxpayers. You see when I dial, I dialed 800—*
- SCHREIBER: Oh, okay.*
- KAYIGI: And it is that. So, you dial 800...then you get this message. You want to use here in Rwanda because many of them use it here in Rwandan.*
- SCHREIBER: Yes, of course.*
- KAYIGI: Or English. So, if you want to use English, so, you only follow that process.*
- SCHREIBER: I see.*
- KAYIGI: Yes, you see? You want to file your motor vehicle as a business activity?*
- SCHREIBER: Local government taxes.*

KAYIGI: Local government taxes? You want to go to EBM (electronic billing machine) lottery? So, if I enter number 1 or number 2, automatically, they're requesting me to enter my TIN.

SCHREIBER: I see.

KAYIGI: Yes, I can't continue that process. Since I enter my TIN, I will file immediately.

SCHREIBER: I see. And you can—

KAYIGI: So, when you enter your TIN, then immediately, you get the amount of tax that you have to pay.

SCHREIBER: Including income tax?

KAYIGI: Yes, including income tax.

SCHREIBER: Okay, okay.

KAYIGI: Yeah, including income tax, yes, yes. Basically, for small and micro taxpayers.

SCHREIBER: And I assume for people – what about VAT? Even VAT?

KAYIGI: For VAT, there is a set threshold. You will have to get registered for VAT.

SCHREIBER: That's what I was – so, most of those people would not pay VAT anyway

KAYIGI: Most of these people don't pay VAT. So, for VAT, then you reach – when you reach that threshold, then you reach a certain level, yes, you can pay an accountant. Yeah, then, you still have to file online using your computer. If you directly have access to the internet. If not, you can go to an internet café and submit your return.

SCHREIBER: Right. So, this application is really for small taxpayers to pay income tax and local government taxes, motor vehicle fees.

KAYIGI: Yes, motor vehicle. Even for the lottery.

SCHREIBER: I saw that, yeah.

KAYIGI: The lottery. Yeah, I know that we encourage some taxpayers to request for the electronic billing machines receipts.

SCHREIBER: Oh, smart.

KAYIGI: So, when we get your telephone number, we process the lottery, then you stand a chance of winning a prize—a TV, mobile phone, those kinds of things.

SCHREIBER: But then, you have their details. That's the trick.

KAYIGI: Yes, yes, yes, sure. But then, you have the details.

SCHREIBER: I'm afraid I have another meeting coming up.

KAYIGI: *Oh, my God, yes.*

SCHREIBER: Let me ask you. Please take a look, I see you've made some notes there. What are some of the other things that you've wanted us to talk about before I go?

KAYIGI: *Maybe the things that I wanted to talk is one, systems. Systems, they are extremely important. Because it is that long journey that we made, moving from manual declaration to automated declaration. It helps a lot in terms of compliance, it helps taxpayers. It reduces costs for the taxpayers so they can comply because of that. I'm just talking from the point of view not only—even from the tax organization's point of view—then, you can risk assess taxpayers, their compliance, easily by building rules.*

So, we manage to—that's why we have now, a risk department. And that risk department was introduced, actually, because of that. The huge data that we are getting, someone who can analyze it, and show us, "Oh, there is this red light."

SCHREIBER: When was that introduced?

KAYIGI: *It was introduced in 2005.*

SCHREIBER: Okay. Oh, that long ago?

KAYIGI: *No, no, 2015.*

SCHREIBER: '15, okay, okay.

KAYIGI: *Sorry, I think 2015.*

SCHREIBER: So, does it fall under your office?

KAYIGI: *No, no, under Commissioner General. Yeah, because it looks at the risk at the corporate level.*

SCHREIBER: Right, right.

KAYIGI: *The other thing that I wanted to mention here about systems, something extremely important. I always ask myself, "How does a tax organization manage?" Like VAT is one of the biggest contributors. VAT contributes 36%. So, it's a tax that is paid by final consumers. How do you collect this? Whenever somebody is not issuing an invoice, then they are automatically, they're cheaters on the VAT.*

SCHREIBER: Right, right.

KAYIGI: *So, it's one of the policy issues that has to be addressed by especially developing countries, tax administrations. But it's possible, since we managed, also, to do it.*

SCHREIBER: Yes. No, exactly.

KAYIGI: *I strongly believe that it's possible. We introduced these electronic billing machines. At least a taxpayer makes an invoice. We automatically have access to his data. So, it's not easy for him to cheat on VAT.*

So, we saw our VAT growing and growing and growing, keep growing, because—

SCHREIBER: Because of these billing machines.

KAYIGI: *Yes, yes, of the billing machines. This policy is major. The other thing that I wanted to talk about is the way, also, we are monitored. Because basically, we are given a target in the tax administration, that we need to achieve. Because if we don't achieve it, as management, we are in trouble.*

Because then, there are some activities for people that are not implemented. If there is a certain hospital that is supposed to be new, if there is a road, there is electricity for people, there is water somewhere, we are denying to a second one, the possibility of accessing that facility.

So, the target is extremely important.

SCHREIBER: Who sets the target?

KAYIGI: *The Minister of Finance.*

SCHREIBER: Minister of Finance, yes.

KAYIGI: *The Minister of Finance. In addition to that, there's this target to budget, collection to budget. Because we need to review this gap. We know that that journey will be independent and not rely only on the donors and funding.*

SCHREIBER: Yes.

KAYIGI: *But there is that link at the senior management level, there's that link between us and the Ministry. We do have regular sessions. We have the Ministry show it's clearly—they make sure that we understand the bigger picture. "This is the way to go within five years. We've got these key projects to implement. We expect the tax administration to contribute this much."*

So, everybody is mindful. If you don't work towards that, if you don't achieve that, you know that you denied the right to a Rwandan somewhere.

SCHREIBER: Yes, yes.

KAYIGI: *Yes, yes. It's really, to me, a very powerful message we need to work seriously in order to achieve—*

SCHREIBER: And to keep you in the loop so that you understand five years from now, we want to build a big new hospital. But if we don't get the money right, this project will fail. So, that's, you know, it's a motivation.

KAYIGI: *It's really a motivation. Something else is we do have very strong political support to be here. Very strong political support from the Head of State himself. We do*

organize a Taxpayers Appreciation Day each year. He's always there. If he's not there, it's because of other reasons, but the Prime Minister, he's always there.

SCHREIBER: He's at the National Taxpayer Appreciation Day?

KAYIGI: *At the national level. It is that in all the regions.*

SCHREIBER: I know that. That's why I'm asking.

KAYIGI: *Yes, but at the national level, also, yes. Where we do share with taxpayers their contribution, what they've—*

It's extremely important to give them that feedback so that they always keep engaged. But it's another part, another important part. Because we also spend the whole month going in the regions, at each of the regions, gathering the problems of the taxpayers, where we need like a policy issue to address a certain problem, where taxpayers need a certain number of facilities in their own businesses that we needed to work on. And then, we draw an action plan so that we start implementing that action plan and avoid— when we come up with that, another celebration, we need at least to make sure that we've implemented all the requests, yes.

SCHREIBER: Does that month have a name? You have the Taxpayer Appreciation Day.

KAYIGI: Yes.

SCHREIBER: This month where you're going around getting – is it the same month every year?

KAYIGI: *No, no, it's not a—I say "month every year" but generally, we do it in July, August, yeah, September, after the fiscal year.*

SCHREIBER: Oh, okay.

KAYIGI: *Yeah. Generally, it's after the fiscal year. Because we need to give back, also, and whether we achieve the target, whether we did not, which kind of challenges did we meet. But also, we have to listen them if they have a certain number of issues.*

SCHREIBER: Meetings with local business forums, civil society organizations, yes?

KAYIGI: Yes, yes. *And always, those meetings are chaired by the Minister of Finance.*

SCHREIBER: Oh, really?

KAYIGI: *Commerce, Commissioner General.*

SCHREIBER: All these senior people, they go to the region for a month.

KAYIGI: *They have to go there, they have to go there. Each and every meeting is chaired by a Minister, yes.*

SCHREIBER: Wow, that's huge, yes.

- KAYIGI:* Yes, yes, yes. *In order to give it really–*
- SCHREIBER:* Yes, make it feel important.
- KAYIGI:* *Yeah, yeah. So, that part of the stakeholder’s engagement, clients, taxpayers’ engagement, is really extremely important.*
- SCHREIBER:* Yes, that’s really a big deal.
- KAYIGI:* *Yes. Last thing, maybe, from the institutional point of view. We do have that framework of identifying risks that we are facing as an institution. I do have a set of risks from each and every function that I do chair with mitigations, to get mitigations. So, that exercise is extremely important for us because at least, I can have that full picture of the kinds of challenges that I have, and for each, I have to find solutions. If I am unable to mitigate them, then I do escalate them to my Commissioner General or to the board.*
- SCHREIBER:* Yes, these risks are identified by the risk department.
- KAYIGI:* *Yes, yes, by the department – but by myself. They can put–they’ve got also a way–if somebody identifies a risk, he can submit it online.*
- KAYIGI:* *I think, “Oh, I’m seeing this risk. I think we need to define the risk and propose some mitigations.” So, you do work on it that way, yes.*
- SCHREIBER:* Wonderful. I wish I could talk another hour but I’m afraid I have to run now just to the next meeting.
- KAYIGI:* Yes, sure, yes.