Rwanda revises its transfer pricing framework

Key developments under the 2026 Ministerial Order

Rwanda has issued Ministerial Order N° 003/26/10/TC of 29 April 2026 consolidating rules previously contained in separate Ministerial Orders relating to transfer pricing, simplified accounting methods and authorisation to carry forward tax losses beyond five tax periods.

The Order replaces:

1. Ministerial Order N° 003/20/10/TC of 11/12/2020 establishing general rules on transfer pricing;
2. Ministerial Order N° 005/19/10/TC of 29/04/2019 governing the simplified accounting method for small businesses; and
3. Ministerial Order N° 006/19/10/TC of 29/04/2019 governing authorisation to carry forward losses beyond five tax periods.

All three predecessor Orders were issued under Law N° 016/2018 establishing taxes on income. The 2026 Order is instead issued under Law N°. 027/2022 relating to income tax.

Set out below are some of the more notable changes introduced by the 2026 Order compared to the previous Ministerial Orders.

1. APAs now have a defined framework

The 2022 Income Tax Law introduced the concept of Advance Pricing Agreements ("APAs"). The 2026 Order now establishes the operational framework.

The rules allow unilateral APAs with RRA, bilateral APAs and multilateral APAs where a tax treaty exists.

To qualify, taxpayers must generally have:

- controlled transactions of at least Rwf 100 million; and
- annual turnover of at least Rwf 600 million.

A non-refundable fee of Rwf 6 million applies.

Key features of the framework include:

- a validity period of three years;
- one renewal possible;
- rollback of up to two prior tax years;
- annual compliance reporting; and
- a 30-day deadline to sign once invited by RRA.

The framework also sets out cancellation grounds and requires RRA to establish an APA portal within three months.

The route is closed once the relevant transactions are under audit, investigation, objection or court proceedings. For taxpayers with recurring or material intercompany flows, APAs are now a practical option for obtaining upfront certainty on transfer pricing methodologies before disputes arise.

2. Broader categories of transactions now fall within clearer transfer pricing scrutiny

While the 2020 Order already covered a broad range of controlled transactions between related persons, the 2026 Order expands certain categories in greater detail, particularly financing arrangements, and expressly introduces cost contribution arrangements and business restructurings within the transfer pricing framework.

The revised financing category now extends beyond simple lending and borrowing arrangements to expressly include guarantees, marketable securities, advances, deferred payments, receivables and other debt arising in the course of business.

The effect is to place greater emphasis on guarantees, long-outstanding intercompany balances, funding support arrangements and deferred settlement arrangements within transfer pricing documentation

This is particularly relevant where:

- guarantees are provided without compensation;
- intercompany balances remain outstanding beyond ordinary commercial terms;
- funding support is provided without clear pricing support; or
- trading balances begin to operate economically like financing arrangements.

The 2026 Order also now expressly refers to:

- cost contribution arrangements; and
- business restructurings or reorganisations between related parties.

These provisions are likely to be especially important for groups operating:

- shared service arrangements;
- regional procurement or management platforms;
- centralised operating structures;
- changes in distribution models;
- function or risk transfers; or
- reorganisations involving assets or intangible assets.

In short, RRA now expects to see these arrangements specifically analysed and supported in transfer pricing documentation.

3. Beneficial tax regime threshold reduced from 20% to 15%

Rwanda's transfer pricing rules continue to apply to certain transactions involving persons located in jurisdictions regarded as providing a beneficial tax regime, even where the parties are not related.

The threshold used in determining whether a jurisdiction constitutes a beneficial tax regime has been reduced from 20% to 15%.

This means some jurisdictions previously caught under the rate-based test may now fall outside it.

The broader framework remains largely unchanged, including criteria relating to preferential treatment for non-residents, lack of substantial economic activity requirements, non-taxation of foreign-sourced income and limited transparency around ownership or transactions.

The reduction in the rate threshold does not automatically remove a counterparty from the transfer pricing framework. The assessment still needs to be performed against the broader beneficial tax regime criteria and should be considered on a counterparty-by-counterparty basis.

4. Documentation requirements have expanded significantly

The previous Order primarily referred to a transfer pricing policy. The 2026 Order now expressly introduces the concepts of a TP policy, a Local File and a Master File, aligning the framework more closely with the OECD-style three-tier transfer pricing documentation approach.

The Local File requirements have also expanded considerably.

New expectations include:

- more detailed functional and comparability analysis;
- explanation of allocation keys and the basis for their selection;
- local financial statements;
- disclosure of APAs or similar arrangements entered into in other jurisdictions; and
- retention of underlying third-party contracts and invoices where intermediary arrangements are used.

The bar has moved from simply having documentation in place to being able to defend the analytical basis for the pricing adopted.

In practice, this is likely to expose areas where:

- benchmarking analysis was relatively light;
- allocation methodologies were poorly supported;
- the functional analysis was generic across transaction categories; or
- the Rwanda file relied heavily on regional or group-level support with limited local analysis.

RRA retains the requirement that taxpayers should be able to furnish the transfer pricing documentation within seven days upon request. What has changed is what that documentation must now contain.

A regional transfer pricing study with limited Rwanda-specific analysis may therefore no longer be sufficient on its own. Taxpayers should reassess whether existing documentation adequately supports the specific transactions, pricing methodologies and allocation approaches applied in Rwanda.

5. Intermediary arrangements will require greater support

The 2026 Order specifically targets transactions routed through related-party intermediaries.

Where goods or services are procured from an unrelated third party through a related-party intermediary, taxpayers must now retain the underlying third-party contracts and invoices, not just the related party recharge invoice.

This gives RRA a clearer basis to test the underlying cost base, assess the commercial rationale for the structure and evaluate whether the intermediary margin is supportable.

Groups operating procurement hubs, regional service centres or similar structures should ensure that underlying third-party documentation is consistently obtainable and centrally retained. The related party's onward invoice alone may no longer be sufficient support for the arrangement.

6. Domestic corresponding adjustments are now discretionary

Under the previous Order, corresponding adjustments in domestic transfer pricing cases were framed as mandatory.

The 2026 Order now states that RRA may make the corresponding adjustment.

This creates a clearer risk of domestic economic double taxation, where one side of a controlled transaction is adjusted upward but no matching relief is granted at the counterparty.

The exposure may become more significant where related entities operate under different tax positions, including tax holidays or preferential tax regimes.

7. Simplified accounting and loss carry-forward rules remain largely unchanged

The simplified accounting framework and the rules governing carry-forward of losses beyond five years are not new regimes. Both largely carry forward the previous 2019 frameworks.

Two operational points worth noting:

- introduction of a withholding tax register under the simplified accounting rules; and
- a requirement for applications to extend loss carry-forward beyond five years to be filed at least 60 days before year-end.

What taxpayers should do now

- Test existing arrangements against the categories that the 2026 Order now expressly names: intercompany financing (including guarantees and long-outstanding balances), cost contribution arrangements, and any business restructurings carried out in the last two years.
- Revisit any counterparty jurisdiction previously caught by the 20% rate-based test and reassess on a per-counterparty basis against the full beneficial tax regime criteria.
- Restructure existing documentation around the TP policy, Local File and Master File framework, and benchmark content against the expanded Article 17 list.
- Put a process in place to obtain and retain underlying third-party contracts and invoices wherever a related-party intermediary sits between the Rwandan taxpayer and the third-party supplier.
- Identify recurring or material intercompany flows where the pricing position is methodologically contested or audit-prone, and assess whether an APA is commercially worthwhile while the route remains open.
- Review intra-group transactions within Rwanda carefully, as the revised corresponding-adjustment wording increases the possibility of one-sided transfer pricing adjustments without matching relief for the counterparty.

Final observations

The changes mainly expand the level of detail expected within transfer pricing analysis and documentation.

The revised framework places greater emphasis not only on the existence of transfer pricing documentation, but also on the quality and depth of the supporting analysis behind the position taken.

How we can help

We can assist with:

- transfer pricing health checks;
- documentation upgrades;
- benchmarking studies;
- APA readiness assessments;
- financing and restructuring reviews; and
- transfer pricing audit support.

Please feel free to get in touch with us:

Erick Njuguna
Managing Partner Rwanda
enjuguna@rw.pkfea.com

David Nzioki
Director - Audit
dnzioki@rw.pkfea.com

Michal Olande
Assistant Manager - Tax
molande@rw.pkfea.com

Disclaimer

This information is prepared for guidance only and is not a substitute for professional advice. Whilst every care has been taken to ensure accuracy of information contained herein, PKF Consulting (R) Limited and its directors or associates cannot accept responsibility for any action taken without appropriate professional advice.

KENYA

Nairobi
Kalamu House,
Grevillea Grove
Westlands
P. O. Box 14077 - 00800
Nairobi, Kenya
Tel: (+254) 207 766 400
Cell: (+254) 732 144 000

E-mail: pkfnbi@ke.pkfea.com

Mombasa
Pereira Building, 1st Floor
Pramukh Swami,
Maharaj Road
P. O. Box 90553 - 80100
Mombasa, Kenya
Tel: (+254 41) 2226 422/3
Cell: (+254) 724 563 668
(+254) 733 563 668

E-mail: pkfmsa@ke.pkfea.com

Malindi
Malindi Complex Building, !st Floor
Lamu Road
P. O. Box 5572 - 80200
Malindi, Kenya
Cell: (+254) 722 209 620

E-mail: pkfmld@ke.pkfea.com

Nakuru
Westside Mall, Fourth floor
Junction of Kenyatta Avenue & West Road
P. O. Box 1236 - 20100
Nakuru, Kenya
Tel: (+254 51) 2211 906
Cell: (+254) 796 015 656

Email: pkfnku@ke.pkfea.com

UGANDA

Kampala
Kalamu House
Plot 1B
Kira Road
P. O. Box 24544
Kampala, Uganda
Tel: (+256 312) 305 800

E-mail: pkfkam@ug.pkfea.com

TANZANIA

Dar es Salaam
Girl Guides Bldg, 1st Floor, Tower B
Kibasila Street, Upanga
P. O. Box 7323 - 11102
Dar es Salaam, Tanzania
Tel: (+255 22) 2152 501/3/4
Cell: (+255) 784 520 097

E-mail: info@pkfea.co.tz

RWANDA

Kigali
KG 5 Avenue 44, Kacyiru
P. O. Box 341
Kigali, Rwanda
Cell: (+250) 788 454 746
(+250) 788 386 565

E-mail: pkfkgl@rw.pkfea.com

SOUTH SUDAN

Juba
C/O PKF Kenya LLP
Kalamu House, Grevillea Grove
Westlands, Off Brookside Drive
P.O. Box 14077 - 00800
Nairobi
Tel: (+254 20) 4270 000
Cell: (+254) 732 144 000

E-mail: pkfnbi@ke.pkfea.com

KENYA UGANDA TANZANIA RWANDA SOUTH SUDAN