

RWANDA / JUDGMENT

RWANDA REVENUE AUTHORITY v. THE WORLD EXPRESS LTD

RCOMA 0586/13/HCC

COURT

Commercial High Court

DECIDED

7 March 2014

CASE / FILE NUMBER

RCOMA 0586/13/HCC

Source: amategeko.gov.rw · Research copy typeset by Esheria. Not court-issued or certified.

RWANDA REVENUE AUTHORITY v. THE WORLD EXPRESS LTD

- Source: Amategeko
- Section: Decisions (Judgements)
- Date: 2014-03-07
- Case/document no.: RCOMA 0586/13/HCC
- Collection: Commercial High Court

Text**Page 1**

RWANDA REVENUE AUTHORITY v. THE WORLD EXPRESS LTD. [Rwanda COMMERCIAL HIGH COURT –RCOMA 0586/13/HCC – (Niwemugeni, J.)March 07, 2014] Tax laws – To determine the value of the imported goods – In determining the value of the imported good , the imposition cannot be determined based on goods which seems to be similar or look alike and coming from the same country while the taxpayer has shown the value of the paid amount – Law n° 15/2004 of 12/06/ 2004, relating to evidence and its production, article 3. Contract laws – Loss of opportunities – Damages for expected income to be earned by a vehicle affected in transportation – They are granted if the claimant prove without any doubt that the vehicle was supposed to be used for transportation – procedural fees – For procedural fees to be granted the applicant shall provide evidence that they have been really spend, failing to do so they are determined by court discretion – Law n° 45/2011 of 25/11/2011 governing Contracts, article 142. Contracts or obligations law – Procedural fees – Damages for case's expenses are granted when the claim has merit. Facts: The World Express imported a vehicle, and when vehicle arrived in the customs, it

informed the price that the vehicle was bought for being used as basis for levying tax. But Rwanda Revenue Authority refused to agreed with that price, and instead put it to another price higher rather than the declared price. Then World Express took the decision of filing a claim to the Commercial Court requesting the Court to determine based to the Contract and to the payment documents. Rwanda Revenue Authority explained that it doubted on the price of 4300usd of a vehicle called Combi, transport cost included, and thus, he determined the priced based to another KIA Combi of the same year(1999) bought at 6500usd without including carrier costs from Korea the imported country as it was done for this one. The Court decided that, Rwanda Revenue Authority was based on insufficient information. Ruled that, Second hand vehicles can have different price according to their technical state on the selling day. Rwanda Revenue Authority appealed against the ruling to the Commercial High Court claiming that : The Court has based its decision according to the appendix 4, part one, paragraph 3 and 4 (Transaction value on identical goods and Transaction value on similar goods) Which is not true, The Court's decision also was confusing, and the requested damages have no basis World Express replied that: The Concerned vehicle was brought with another of Istana's brand bought at 4200\$ CIF and Combi at 4300usd CIF , as evidenced by the sales contract that was used for purchase at the internet, It also explained that judge wanted to show the prices of the vehicle as used in the evidences during the trial in order to highlight the true of the subject matter, Concerning damages it explained that they have merit. World Express cross appealed requesting damages for income that it was supposed to earn in respect of public transport per year, financial damages with procedural fees at the instance of appeal.

Page 2

Held: 1. In determining the value of imported goods for tax purpose, the imposition shall be based on the price of the imported goods shown by the taxpayer and especially when the tax administration failed to provide evidence which contradict the shown price. Therefore the price shown by the taxpayer for the imported vehicle cannot be changed by the tax administration based on goods which seems to be similar or look alike and coming from the same country

2. The fact that The World Express's claim had merit, Damages which were charged to Rwanda Revenue Authority remains.
3. There is no where that The World Express should request income it was supposed to earn if it failed to show activities that the vehicle was supposed to be performing in the country, and For procedural fees, the applicant shall provide evidence on how these fees were spent, failing to do so, these fees are determined at the Court discretion. Appeal without merit; Court's fee and procedural fees are charged to the appellant. Statutes and statutory instruments referred to: Law n° 15/2004 of 12/06/ 2004, relating to evidence and its production, article 3; Law n° 45/2011 of 25/11/2011 governing Contracts, article 142. No case referred to.

Judgment

I. BACKGROUND OF THE CASE [1] The World Express says that it ordered a vehicle abroad and when it was delivered, it informed the customs administration about the price but customs administration refuses the price and fixed a high price which is not correct. The World Express filed the claim to the Commercial Court of Nyarugenge requesting the court to determine the value basing on the contract and the receipt. [2] RRA says that it has doubted on the price of the vehicle of 4300\$ including the transportation fees and has determined the real price basing on the price of another vehicle of the same nature KIA Combi manufactured in the same year (1999) and bought in Korea as the one of World Express. That one was bought at the price of 6500\$ without the transportation fees. RRA asks the court to uphold that tax and not consider the damages claimed by the World Express because RRA has the power to determine taxes and customs duties. [3] The court decided that, in determining the price, RRA has based on insufficient information because the fact that those two vehicles came from a same country does not mean that they are the same. It says that the used cars may have different price according their characteristics at the time of sell. RRA was not pleased with that court ruling and appealed against it in this Court. The ground of appeal was that the Court ruled that RRA has based on the Appendix 4, part 3, paragraphs 3 and 4 of EACMA (transaction value on identical goods and

Page 3

transaction value on similar goods), but it is not true. RRA states that there is doubt in the court ruling where it said that there is a reason to doubt on the price of the World Express and on the imposed damages. The Court is going to assess the validity of these grounds of appeal. II.

ANALYSIS OF LEGAL ISSUES

1. Is it true that RRA did not based on the Appendix 4, part 3, paragraphs 3 and 4 of EACMA (transaction value on identical goods and transaction value on similar goods) when it determined the price of the concerned vehicle? [4] Rwanda Revenue Authority (RRA) allege that the Court ruled that it has based on the Appendix 4, part 3, paragraphs 3 and 4 of EACMA (Transaction value on identical goods and Transaction value on similar goods) in determination of the price of World Express Ltd's vehicle but relied on two different goods because of the following reasons: -The vehicle Kia Combi is different from KIA Combi which was ordered by The World Express because they do not have the same names and the originated companies are not the same. -The price of these vehicles when they are new was not shown. -Coming from the same country does not mean that the vehicles are the same. - The used cars cannot have the same price. [5] RRA says that in the determination of the value of the vehicle it did not base on the said appendix, but on the appendix eight, part one, paragraph eight (Fall back method) which provides that "when the value of goods cannot be determined basing on the methods provided for in the previous paragraph, it shall be determined basing on the methods recognized by the principles and general provisions provided for in this appendix 4 and information available in a member State". [6] The World Express in its submissions says that the concerned vehicle has been bought online together

with another one, Istana brand at 8500\$ including transportation fees (CIF). The price of Istana 4200\$ while the one of Combi was 4300\$ including transport. This is proven by the sale contract done on internet. [7] The Court considers that on this ground of appeal, RRA misreads the court's ruling because after having quoted that appendix in the paragraphs 8 and 9 of the judgment, the Court said this: "Basing on legal provisions mentioned in the previous paragraphs, the court considers that RRA did not base on the same goods or the similar goods in determination of the value of the vehicle, but on the almost the same or almost similar vehicles from the same country. Unlike what is said by RRA, the court did not say that RRA has based on the appendix 4, part 1, paragraph 3 and 4 (Transaction value on identical goods and Transaction value on similar goods) of EACMA but it said that RRA did not base on that appendix. The argument of having based on the Fall Back Method is baseless because the court considers that this method can be used only when the value of the goods cannot be known, while for that Combi it has been shown that it has been bought at 4300\$. Therefore, this ground of appeal is baseless.

Page 4

2. Has the Court really doubted in its decision? [8] Rwanda Revenue Authority (RRA) allege that, the Court decided that World Express Ltd should pay tax based on price it purchased amounting to 4.300\$ despites that it agrees that there is a reason of doubting on that value on page three paragraph 12 of the ruling. [9] The World Express Ltd allege that on that paragraph, the judge wanted to show the prices of the vehicle as used in the evidences during the trial in order to highlight the true of the subject matter and it is in that regard that on paragraph 13 the court found that the grounds of uncertainty as raised by RRA are unfounded and ordered that the World Express has to pay taxes based on transaction value of 4.300\$. It says that additionally in the paragraph 14, the World Express presented the corroborating and doubtless evidence proving that the taxable value of the concerned vehicle is 4300\$. [10] Basing on the art.3 of the Law on evidence, the Court finds that Rwanda Revenue Authority take one part of the paragraph 12 mentioned by RRA which is favorable to it, however RRA does not mention the whole sentence because the court has said that the fact that those three vehicles from Korea have different prices is a reason of doubting on the value declared by the World Express Ltd, however saying that this price is not correct and determining another one needs more concrete and accurate information. In paragraph 13,the Court allege that it finds the reason of trusting so much and relying on information concerning the mere price of 6500usd freight not included, is not comprehensible while there others prices of vehicle imported from korea as stated above, whose their prices are low compare to that one and freight up to Dar Es Salaam or Kigali not included, in Paragraph 14,The Court ruled that the value provided by World Express Ltd has to be considered as true as long as there is no sufficient evidence contradicting the declared value of 4300 usd for the vehicle Combi and, thus, that value has to be confirmed. [11] It is now established that Rwanda Revenue Authority (RRA) is showing a small element explained by the judge and favorable to RRA,but does not want see the whole explanations provided by the judge and

which led to the Court's decision. The East African Community Customs Management Act, Fourth schedule (ss 122 (1) provide that in the determination of the value of imported items, the basis which is taken into consideration is the price those imported items have been paid for. This Court finds that in the appealed case, The Court failed to establish that having doubt on the price of the vehicle of The World Express could lead it to be taxed based on a value which is higher than the price that has bought it, Instead, the Court established that this could be the reason why the basis of taxation should be the price whose the vehicle had been bought and this in a situation where there is no other evidence contradicting the price that was shown, thus, this grounds of appeal is baseless.

3. Are, Damages charged to Rwanda Revenue Authority were not necessary? [12] Rwanda Revenue Authority(RRA) allege having charged damages of 600.000frs as procedural fees and found them as baseless because even the claim has no basis This Court finds that this not true because it is established that, The World Express's claim was valid.
4. Are Damages requested by The World Express Ltd susceptible to be granted?

Page 5

[13] The World Express Ltd is requesting damages for the amount expected to be earn in transporting persons (public transport)per year amounting to 7.200.000 Rwfrs, Financial damages of 2.000.000 Rwfrs, procedural fees at the instance of appeal of 500.000 Rwfrs. [14] Article 142 of the law governing contract provides that "Damages shall not be granted for loss greater than what the aggrieved party can establish with certainty" This Court finds, The World Express does not established with certainty if that vehicle was going to be used for public transport leading it to lose that amount of money which it is now requesting and does not even provide any explanations on financial damages that it is also requesting, and thus, for procedural fees, they will be determined at the Court discretion, because there is no proof that 500.000 Rwfrs have been used at the instance of appeal. III. THE DECISION OF THE COURT The High Court of Commerce: [15] Decides to receive the appeal filed by Rwanda Revenue Authority (RRA). [16] Decides that it has no basis. [17] Rules that, The World Express Ltd won AND Rwanda Revenue Authority (RRA) loss. [18] Orders Rwanda Revenue Authority (RRA) to pay to The World Express Ltd 200.000 Rwfrs as equivalent to procedural fees at the instance of appeal which shall be paid within fifteen days, failing to do so, the amount shall be raised on its properties by forced execution. [19] Orders Rwanda Revenue Authority (RRA) to pay 9700 Rwfrs as expenses incurred in this case, to be paid within eight day failing to do so, the amount shall be raised on its properties by forced execution [20] Orders the implementation of the ruling of the case, R Com 0870/13/TC/Nyge on others

issues.

Source & reproduction note

Judgment wording, source notices and original paragraph numbers are retained. Esheria supplies the layout and this PDF's page numbers; these are not the source pagination. This is a research copy, not an official or certified court document. Check quotations, citations and publication restrictions against the original source before relying on it.

ORIGINAL SOURCE <https://www.amategeko.gov.rw/view/doc/7398/7676>

CASE PAGE <https://chat.esheria.ai/case-law/rwanda/rwanda-revenue-authority-v-the-world-express-ltd-customsvaluation-commercial-high-court-2014>

Prepared on 13 October 2026 · Esheria