

ABSTRACT

Many of Small and Medium Enterprises (SMEs) in Rwanda produce goods and service which needs to be exported outside the country, but some of those institutions are not encouraged and facilitated in exporting their products (RDB Report, 2010) and this has left the level of exports from Rwanda to E.A.C members countries less as compared to the imports entering Rwanda. The general objective of the study was to show how the effectiveness of tax exemptions of the exchange promotion of originated EAC's commodities in Rwandan's SMEs. The specific objectives of this study are: to find out what tax exemptions are available for originated EAC's commodities in Rwandan's SMEs; to examine the extent to which the companies utilize the tax exemption in its exchange promotions of their business; to establish the relationship between tax 12 exemptions and exchange promotion; to determine the challenges faced by the tax exemptions in Rwandan' SMEs. Data was collected using questionnaire. The design used was descriptive, cross sectional and correlational designs. The total population was 250 representatives of registered SMEs and the sample size was 58 respondents using a formula. The majority of respondents are at secondary level of education at the percentage of 54%. The findings revealed that 38% of the SMEs owners accept that tax allowance is an important factor that affect the EAC's originated commodities exchange and revealed that it has a big impact on the turn over of SMEs in Rwanda. It was also found that it is important to have tax allowance because it helps in the economic growth of the country. This was justified by it aids different people to start business within the country by starting new projects and it helps in reduction of unemployment in creating new jobs in the country. Generally, we may conclude by saying that the tax allowance has the positive impact on the exchange promotion of originated EAC's commodities in Rwandan's SMEs. But the Rwanda through its institution in charge of business should simplify the process of business and give less pressure to the business people and the tax exemptions should be increased depending on the nature of business and the revenue forgone. This study will bridge the gap in the policy framework deserving information regarding cross boarder trade among E.A.C members. In order to find a lasting solution, some recommendation are formulated not only to Business person but also to the RRA. (The Rwanda through its institution in charge of business should simplify the process of business and give less pressure to the business people.