



Special Incentives

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➤ Preferential Corporate Income Tax

Preferential corporate income
tax rate of 0%

Preferential corporate income
tax rate of 3%

Preferential corporate income
tax rate of 15%

Corporate income tax holiday of
7 years

An international company which has its headquarters or regional office in Rwanda will be entitled to a preferential corporate income tax rate of zero per cent (0%) if it fulfils the following requirements

- To invest the equivalent of at least ten million United States Dollars (USD 10,000,000), in both tangible or intangible assets, in Rwanda;
- To provide employment and training to Rwandans;
- To conduct international financial transactions equivalent to at least five million United States Dollars (USD 5,000,000) a year for commercial operations through a licensed commercial bank in Rwanda;
- To be well established in the sector within which it operates;
- To use the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
- To set up actual and effective administration and coordination of operations in Rwanda and perform at least three (3) of the following services in Rwanda
 - Procurement of raw materials, components or finished products;
 - Market control and sales promotion planning;
 - Information and data management services;
 - Treasury management services;
 - Research and development work;
 - Training and personnel management

Preferential corporate income tax rate of 0%

Preferential corporate income tax rate of 3%

Preferential corporate income tax rate of 15%

Corporate income tax holiday of 7 years

A preferential corporate income tax rate of 3% is granted to **Pure Holding Companies, SPVs, Collective Investment Schemes, Global Trading, and IP companies** that have:

- physical company office in Rwanda
- At least 30% of the professional staff are Rwandan
- At least 25% of directors reside in Rwanda
- At least 50% of board are physically present in Rwanda for board meetings
- Board meetings are held in Rwanda
- Board meeting resolutions are held in Rwanda
- At least 2 members of the board are Rwandan residents

Investors to fulfil the following specific requirements;

1. Pure holding company

- With total net assets >\$1M
- Annual expenditure in Rwanda of at least \$15k

2. special purpose vehicle registered for investment purpose

- Registered for investment meant to last for more than 2years
- With total net assets >\$1M
- Annual expenditure in Rwanda of at least \$15k

3. Collective investment scheme

- minimum fund size not less than USD 1M within the first 3 years
- Annual expenditure in Rwanda of at least \$50k
- Scheme manager, custodian and operator established in Rwanda

4. Global trading or paper trading

- an annual turnover or trade volume of not less than \$10M
- an annual expenditure in Rwanda of at least \$50k

5. Intellectual property company

- an annual expenditure in Rwanda of at least \$10K
- A physical office in Rwanda
- Has a bank account in a bank operating in Rwanda;

Preferential corporate income tax rate of 0%

Preferential corporate income tax rate of 3%

Preferential corporate income tax rate of 15%

Corporate income tax holiday of 7 years

A preferential corporate income tax rate of 15%) shall be accorded to:

- A registered investor undertaking one of the following operations: energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind.
- A registered investor in the sector of transport of goods and related activities whose business is operating a fleet of at least five (5) trucks registered in the investor's name, each with a capacity of at least twenty (20) tons
- A registered investor operating in mass transportation of passengers and goods with a fleet of at least ten (10) buses registered in the investor's name, each with a capacity of at least twenty five (25) seats;
- A registered investor involved in manufacturing within the sub-sectors of textiles and apparels, electronics information, and communication technology equipment, large scale agricultural operations, processing in wood, glass and ceramics, value addition and professional operations in mining and agricultural equipment. **(New)**
- A registered investor in the Information and Communication Technology (ICT) Sector with an investment involving one of the following activities: service, manufacturing or assembly. This incentive excludes ICT retail and wholesale trade as well as ICT repair industries and telecommunications;
- a registered investor licensed to operate as a fund management entity, collective investment scheme, wealth management services, financial advisory commercial entity, family office services, fund administrator, financial technology commercial entity, Captive Insurance Schemes, private bank, mortgage finance institution, finance lease commercial entity, Asset Backed Securities, reinsurance company, trust and corporate service providers **(Amended)**

Preferential corporate income
tax rate of 0%

Preferential corporate income
tax rate of 3%

Preferential corporate income
tax rate of 15%

Corporate income tax holiday of
7 years

A preferential corporate income tax rate of 15% shall be accorded to:

- registered investor involved in the construction of affordable houses and upon fulfilling the criteria provided for by relevant laws
- registered investor with an investment involved in electric mobility and upon fulfilling the criteria provided for by relevant laws **(New)**
- a registered investor with an investment project involved in adventure tourism and agriculture tourism and upon fulfilling the criteria provided for by relevant laws **(New)**
- Investor registered in any other priority sector as may be determined by the Minister in charge of finance

Preferential corporate income tax rate of 0%

Preferential corporate income tax rate of 3%

Preferential corporate income tax rate of 15%

Corporate income tax holiday of 7 years

- A registered investor investing an equivalent of at least fifty million United States Dollars (USD 50,000,000) and contributing at least thirty percent (30%) of this investment in form of equity in the sectors specified below will be entitled to a maximum of **7 year corporate income tax holiday**
 - Energy projects producing at least twenty five megawatts (25 MW). This incentive exclude an investor having an engineering procurement contract executed on behalf of the Government of Rwanda and fuel produced energy;
 - Manufacturing; Tourism; Health
 - Information and Communication Technology (ICT) Sector with an investment involving manufacturing, assembly and service. This incentive excludes communication, ICT retail and wholesale trade as well as ICT repair companies or enterprises and Telecommunications
 - Export Related Investment Projects
 - Economic sector as may be determined by an Order of the Minister in charge of finance
- specialized innovation park developer or a specialized industrial park developer is entitled to a corporate income tax holiday of a period of **5 years maximum. (New)**
- Licensed microfinance institutions are entitled to **a corporate income tax holiday of a period of five 5 years** from the date of their license. However, this period may be renewed upon fulfilling conditions prescribed in the Order of the Minister in charge of finance

Preferential Withholding Tax

- A preferential withholding tax of zero per cent (0%) is applicable to dividends, interest and royalties paid by investors benefiting from preferential corporate income tax of 15% and 3%
- A preferential withholding tax of 5% is applicable to dividends and interest income paid to an investor investing in a company listed on the Rwanda Stock Exchange
- A preferential withholding tax of 10% is applicable to specialized innovation park developers or specialized industrial park developers on interest on foreign loans, dividends, royalties, and a service fees, including management and technical service fees.

Export incentives

Investors exporting goods and services are granted the following preferential income taxes:

- 25% CIT if at least 30% of total turnover of goods and services and less than 50% of total turnover comes from export. (applicable for the first 5 year of achieving 30%)
- 15% corporate income tax if at least 50% of total turnover comes from export
- registered investor investing in products used in export processing zones is exempted from customs taxes and duties in accordance with provisions of the East African Community Customs Management Act.
- A small and medium investor or emerging investor is entitled to 150% tax deduction of all qualifying expenditures relating to internationalization;
 - Overseas marketing
 - participation in overseas trade fairs not supported by another existing initiative
 - Overseas business development costs
 - market entry and research costs such as costs of establishing a legal entity in a foreign market, salary costs of employees stationed in foreign market, analysis of market opportunities, supply chain and entry requirements.

*Pre- approval by RRA & MINICOM is required and claim should not exceed \$100M

philanthropic investors Incentives

- A preferential income tax of 0% upon the approval of the philanthropic investor by the Private Investment committee.
- VAT and CIT exemption on funds transferred to the entity for the purposes of financing its social impact activities.
- Employment income tax exemption to foreigners residing in Rwanda provided they do not exceed 30% of the professional staff.
- Refund of Paid social security contributions to foreign staff upon permanent departure from Rwanda

Innovation parks & Industrial parks incentives

- 5 year property tax exemption for developers of specialized innovation park or special industrial park
- Land transfer fee exemption if the transferor holds shares equivalent to the value of immovable properties
- carry forward accumulated tax losses in the event of a change of ownership of share capital or voting rights amounting to 25% in a given year if;
 - change of ownership occurs during the construction phase prior to the asset being operationalized and generating revenue
 - first change of ownership of share capital or voting rights amounting to more than twenty-five per cent (25%) in a given tax period upon operationalization of the asset. Subsequent changes of ownership of share capital or voting rights amounting to more than twenty-five per cent (25%) do not benefit from this incentive.
- carry forward losses for a period of seven (7) years from the first year of making the loss, by deducting losses in the order in which they incurred. After this period, the developer may request the Tax Administration for an extension in accordance with the relevant laws
- 50% accelerated depreciation in respect of capital expenditures incurred for a period of one (1) year from the date on which construction works were started
- Expedited pre approval and value added tax refunds for professional and technical services procured outside Rwanda
- 0% VAT for construction materials and finished goods at investment for construction projects within specialized innovation parks or specialized industrial parks.
- Domestic taxes(withholding tax and excise duty) exemption if applicable, on importation of construction materials and finished goods.

Mining Incentives

Registered investors holding a valid exploration license are entitled to carry forward losses for a period of ten (10) years from the first year of making the loss, by deducting losses in the order in which they incurred

This incentive is applicable if the mineral exploration expenditure has accounted for at least fifty per cent (50%) of the investor's total expenditure during the years in which losses were made.

With the exception of private equity and venture capital funds, angel investors investing a maximum of \$ 500K in a **start-up** is eligible for:

- exemption from capital gains tax upon the sale of shares, provided the shares were initially purchased as a primary equity issuance by the start-up
- exemption from withholding tax applicable to dividends paid for five (5) dividend issuances by the start-up.

*Investment to remain in the start up for at least 2 years.

The Seed Innovation Fund provides a variety of instruments including convertible grants, equity and debt for the following qualifying activities:

- qualifying manpower costs
- training costs
- costs for materials, equipment, software and technology acquisition;
- professional services engaged
- costs incurred on intellectual property rights.

A registered **film investor** is entitled to the following incentives;

- Zero rated VAT for goods and services procured locally
- Zero rated Withholding Tax to foreign specialized services procured by the investor. A list of the qualifying foreign specialized services is jointly approved by the Rwanda Film Office and the Rwanda Revenue Authority.

Start up, R&D and film Industry Incentives

Talent Attraction incentives

- 2 year entrepreneurship visa for Start-up founders and innovative entrepreneurs who are foreigners and their dependents to start business in Rwanda in accordance with relevant laws
- 2 year talent visa for Qualifying international students from qualifying higher institutions of learning commencing from the date of completion of their studies.
- Qualifying remote workers in priority professional fields are eligible for a 2 year visa allowing them to live in Rwanda and legally work for an employer registered abroad or their own company. The eligibility criteria are determined by relevant laws.
- company, which has established its headquarters or regional office in Rwanda, is entitled to recruit any required managerial, professional and technical foreign employees who will be eligible to be issued with work permits if they meet the following requirements:
 - the company is a talent intensive business operating in a high value sector such as information and communication and technology, innovation and related sectors;
 - at least thirty per cent (30%) of the company's professional staff are Rwandan
- Visas to be issued in line with talent attraction incentives is processed in a period not exceeding 2 weeks.
- High net worth individuals are eligible to be granted permanent residence status upon fulfilling eligibility criteria determined by the relevant laws.
- High net worth individuals may also be granted Rwandan nationality by acquisition upon application following five (5) years from the date of receipt of permanent residence status, and if they continue to meet any of the requirements of this category as follows:
 - to invest at least one million United States Dollars (USD 1,000,000) in an investment activity in Rwanda
 - to own a luxury property in Rwanda valued at least five hundred thousand United States Dollars (500,000 USD).

Immigration incentives

A registered investor and his/her dependents shall be issued with a residence permit in accordance with relevant laws (**check if it is still Applicable**)

A registered investor who invests an equivalent of at least two hundred fifty thousand United States Dollars (USD 250,000) may recruit three (3) foreign employees without necessarily demonstrating that their skills are lacking or insufficient on the labour market in Rwanda

Non-fiscal incentives

Upon fulfilling all tax obligations in Rwanda, an investor shall be allowed to repatriate the following

- Capital; profits derived from business activities; debt and interest on foreign loans; proceeds from the liquidation of investment
- Any other assets of an investor

Quick business and investment online registration

Assistance with tax-related services and exemptions

Assistance with access to utilities (water & electricity)

Assistance with obtaining visas and work permits

One stop Center that provides notary services, migration, etc

Provision of aftercare services to fast-track project implementation

Regardless of the origin of investor, all business sectors are open to private investment