



INVESTMENT INCENTIVES FOR REGISTERED INVESTORS



August, 2023

**HERE FOR YOU
TO SERVE**



INVESTMENT INCENTIVES FOR REGISTERED INVESTORS



Basis of this publication is the investment code N°006/2021
Official Gazette N°4 bis of 08/02/2021.

CONTENT

O. Disclaimer	4
I. Preferential corporate income tax rate of zero percent (0%).....	4
II. Preferential corporate income tax rate of three percent (3%).....	5
III. Preferential tax incentives for a philanthropic investor.....	8
IV. Preferential corporate income tax rate of fifteen percent (15%).....	8
V. Preferential corporate income tax rate for export investments.....	10
VI. Corporate income tax holiday for up to seven (7) years.....	10
VII. Preferential withholding tax of zero percent (0%).....	11
VIII. Preferential withholding tax of five percent (5%).....	11
IX. Preferential withholding tax of ten percent (10%).....	11
X. Incentives for specialized innovation and industrial park developers...12	
XI. Incentives for Start-ups.....	13
XII. Incentives for the mining sector.....	13
XIII. Preferential tax incentives for film industry investors.....	14
XIV. Exemption from the capital gains tax.....	15
XV. Value-added tax refund.....	15
XVI. Accelerated depreciation.....	15
XVII. Talent attraction incentives.....	16

0. DISCLAIMER

1. This info does not replace the law
2. For legal terminologies and further accuracy refer to Law N°020/2023 on tax procedure

Executive summary

Rwanda recently gazettes the Investment Promotion and Facilitation Law N° 006/2021 (8 February 2021) which effectively repealed the Investment Promotion and Facilitation Law N° 06/2015.

In a bid to improve Rwanda's competitiveness as an investment destination, the new Investment law (the law) expands the list of eligible investors and incentives available to registered investors meeting the necessary requirements.

I. Preferential corporate income tax rate of zero percent (0%)

A preferential corporate income tax rate of zero percent (0%) is granted to the following registered investors:

- ❖ An international company which has its headquarters or regional office in Rwanda and fulfills 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 experienced in the sector within which it operates;
 - To spend 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:
 - i. Procurement of raw materials components or finished products;
 - ii. Strategic planning and business development

- iii. Marketing and sales promotion planning;
 - iv. Information management and services; data
 - v. Treasury management services;
 - vi. Research and development work;
 - vii. Training and personnel management;
- ❖ An entity registered in Rwanda by a philanthropic investor, upon approval by the Private Investment Committee.

II. Preferential corporate income tax rate of three percent (3%)

A preferential corporate income tax rate of three percent (3%) is granted to:

- ❖ a registered investor licensed to operate as a pure holding company if he or she fulfills the following requirements:
 - Total net assets consolidated in Rwanda not less than one million United States Dollars (USD 1,000,000);
 - Annual expenditure in Rwanda of at least fifteen thousand United States Dollars (USD 15,000);
 - A physical office of the company in Rwanda;
 - At least thirty percent (30%) of the professional staff are Rwandan;
 - At least twenty-five percent (25%) of the directors reside in Rwanda;
 - At least fifty percent (50%) of the Board of Directors members are physically present in Rwanda for the meetings of the Board of Directors, in circumstances where physical presence is rendered impossible, the Board Directors participate in the meeting through the use of, means of communication by which they can simultaneously hear each other. A meeting held by this means is deemed valid if at least fifty percent (50%) of the Board Directors are in attendance; meetings of the Board of Directors for strategic decisions are held in Rwanda; resolutions of the Board of Directors are kept in Rwanda for safe keeping; at least two (2) professional or qualified Rwandan resident members of the Board of Directors.
- ❖ a special purpose vehicle registered for investment purposes if it fulfills the following requirements:

- Registered for investment purposes in projects, which are meant to last for more than two (2) years;
 - Assets consolidated in Rwanda not less than one million United States Dollars (USD 1,000,000);
 - Annual expenditure in Rwanda of at least fifteen thousand United States Dollars (USD 15,000);
 - A physical office of the company in Rwanda; at least thirty percent (30%) of the professional staff are Rwandan; at least twenty-five percent (25%) of the directors reside in Rwanda; at least fifty percent (50%) of the Board of Directors members are physically present in Rwanda for the meetings of the Board of meetings of the Board of Directors for strategic decisions are held in Rwanda; resolutions of the Board of Directors are kept in Rwanda for safekeeping; at least two (2) professional or qualified Rwandan resident members of the Board of Directors.
- ❖ a registered investor licensed as a Collective Investment Scheme if he or she fulfills the following requirements:
- Minimum fund size not less than one million United States Dollars (USD 1,000,000) within the first three (3) years;
 - Minimum expenditure in Rwanda of fifty thousand United States Dollars (USD 50,000) per year;
 - Collective Investment Scheme manager, custodian, and operator established in Rwanda;
 - At least thirty percent (30%) of professional staff are Rwandan;
 - At least twenty-five percent (25%) of directors reside in Rwanda;
 - At least fifty percent (50%) of Board of Directors members are in Rwanda for the meetings of the Board of Directors. In circumstances where physical presence is rendered impossible, the Board Directors participate in the meeting through the use of, means of communication by which they can simultaneously hear each other;
 - Board of Directors meetings for strategic decisions are held in Rwanda;
 - Board of Directors resolutions are stored in Rwanda for safekeeping;
 - at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

- ❖ on foreign-sourced trading income it is granted to a registered investor operating as a global trader or paper trading who fulfills the following requirements:
 - Annual turnover or trade volume of not less than ten million United States Dollars (USD 10,000,000);
 - Annual expenditure in Rwanda of at least fifty thousand United
 - Minimum fund size not less than one million United States Dollars (USD 1,000,000) within the first three (3) years;
 - Minimum expenditure in Rwanda States Dollars (USD 50.000);
 - At least thirty percent (30%) of professional staff are Rwandan;
 - At least twenty-five percent (25%) of directors reside in Rwanda;
 - At least fifty percent (50%) of Board of Directors members who are in Rwanda for the meetings of the Board of Directors;
 - A physical office of the company in Rwanda;
 - Meetings of the Board of Directors for strategic decisions are held in Rwanda;
 - Resolutions of the Board of Directors are kept in Rwanda for safekeeping;
 - At least two (2) professional or qualified Rwandan resident members of the Board of Directors.

- ❖ on foreign-sourced royalties it is granted to a registered investor operating as an intellectual property company who fulfills the following requirements:
 - Annual expenditure in Rwanda of at least ten thousand United States Dollars (USD 10.000);
 - A physical office in Rwanda;
 - To have a bank account in a bank operating in Rwanda;
 - At least thirty percent (30%) or three (3) of the staff are Rwandan residents, whichever is higher;
 - At least one (1) or twenty-five percent (25%) of directors reside in Rwanda, whichever is higher;
 - At least fifty percent (50%) of Board of Directors members are in Rwanda for the meetings of the Board of Directors. In

circumstances where physical presence is rendered impossible, the Directors participate in the meeting through the use of, means of communication by which they can simultaneously hear each other;

- Meetings of the Board of Directors for strategic decisions are held in Rwanda;
- Resolutions of the Board of Directors are kept in Rwanda for safekeeping;
- At least two (2) professional or qualified Rwandan resident members of the Board of Directors

III. Preferential tax incentives for a philanthropic investor

An entity established by a philanthropic investor and upon approval by the Private Investment Committee is granted the following incentives:

- Grants and funds transferred to the entity to finance its social impact activities are not deemed revenues and are therefore exempted from value-added tax and corporate income tax charges.
- Goods and services procured locally by the entity are value-added tax zero-rated. A substantive list of goods and services to be procured locally is submitted to the Tax Administration;
- An exemption of employment income tax is applied to foreign nationals recruited by the entity who ordinarily reside in Rwanda, provided that foreign employees do not exceed thirty percent (30%) of the professional staff of the entity. Foreign employees of the entity are entitled to a refund of social security contributions paid, upon their permanent departure from Rwanda.

IV. Preferential corporate income tax rate of fifteen percent (15%)

A preferential corporate income tax rate of fifteen percent (15%) is granted to the following investors:

- A registered investor undertaking one of the following operations: energy generation, transmission, and distribution from peat, solar, geothermal, hydro, biomass, methane, and wind. This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda;

- 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 apparel, 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;
- A registered investor in the information and communication technology sector with an investment involving one of the following activities: information and communication technology and knowledge-based services, manufacturing, or assembly. This incentive excludes information and communication technology retail and wholesale trade and information and communication technology repair industries and telecommunications;
- A registered investor that establishes an innovation research and development facility, information and communication technology training center, software build, and test lab, information and communication technology and innovation specialized institution of higher learning, business incubation center, and related activities in the area of information and communication technology and innovation sector;
- 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, a reinsurance company, trust, and corporate service providers.
- A registered investor involved in the construction of affordable houses and upon fulfilling the criteria provided for by relevant laws;

- A registered investor with an investment involved in electric mobility and upon fulfilling the criteria provided for by relevant laws;
- A registered investor with an investment project involved in adventure tourism and agriculture tourism and upon fulfilling the criteria provided for by relevant laws;

V. Preferential corporate income tax rate for export investments

The following preferential corporate income tax rates for export investments apply to registered investors exporting goods and services:

- 25% of corporate income tax is applied to a registered investor with at least thirty percent (30%) of the total of goods and services are exported and less than fifty percent (50%) of total turnover coming from the export of goods and services;
- 15% of corporate income tax is applied to a registered investor with at least fifty percent (50%) of total turnover coming from the export of goods and services.

The above investment incentive applies to eligible investors for a maximum of five (5) years commencing from the first year of exporting at least thirty percent (30%) of the total turnover of goods and services. Eligibility in any given year is determined by exports in that year.

VI. Corporate income tax holiday for up to seven (7) years

A registered investor, except for investors in private equity and venture capital, 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 amount in the form of equity in the sectors specified below is granted to a maximum of seven (7) year corporate income tax holiday. The fifty million United States Dollars (USD 50,000,000) are fully invested within a maximum period of seven (7) years. The corporate income tax holiday commences from the first year following the year in which the fifty million United States Dollars (USD 50,000,000) has been fully invested in:

- Energy projects producing at least twenty-five megawatts (25 MW). This incentive excludes a registered 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 with an investment involving manufacturing, assembly, and service. This incentive excludes communication, information and communication technology retail and wholesale trade and information and communication technology repair companies or enterprises and telecommunication companies;
- Export-related investment projects;

Corporate income tax holiday of up to five (5) years

A specialized innovation park developer or a specialized industrial park developer is entitled to a corporate income tax holiday of a period of five (5) years maximum from the first year that the project makes a positive net income.

Licensed microfinance institutions are entitled to a corporate income tax holiday for 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.

VII. Preferential withholding tax of zero percent (0%)

A preferential withholding tax of zero percent (0%) applies to dividends, interest, and royalties paid by investors benefiting from preferential corporate income tax of fifteen percent (15%) and three percent (3%) under sections II and IV paragraph 7 of this annex.

VIII. Preferential withholding tax of five percent (5%)

A preferential withholding tax of five percent (5%) applies to dividends and interest income paid to an investor investing in a company listed on the Rwanda Stock Exchange.

IX. Preferential withholding tax of ten percent (10%)

A preferential withholding tax of ten percent (10%) applies to specialized innovation park developers or specialized industrial park developers on interest on foreign loans, dividends, royalties, and service fees, including management and technical service fees.

X. Incentives for specialized innovation and industrial park developers

A specialized innovation park developer or a specialized industrial park developer is exempted from paying property tax for a period of five (5) years from the date of issuance of the construction permit.

A specialized innovation park developer or a specialized industrial park developer is exempted from paying land transfer fees provided that the transferor holds shares equivalent to the value of the immovable property transferred.

A specialized innovation park developer or a specialized industrial park developer is allowed to carry forward accumulated tax losses in the event of a change of ownership of share capital or voting rights amounting to more than twenty-five percent (25%) in a given year. This incentive is applicable under the following conditions:

- Change of ownership occurs during the construction phase before the asset is operationalized and generating revenue; the first change of ownership of share capital or voting rights amounting to more than twenty-five percent (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 percent (25%) do not benefit from this incentive. The Minister in charge of information communication and technology and innovation may provide additional guidelines determining qualifying investments.
- A specialized innovation park developer or a specialized industrial park developer is entitled to 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 by the relevant laws.
- A specialized innovation park developer or a specialized industrial park developer is eligible for accelerated depreciation of fifty percent (50%) in respect of capital expenditures incurred for a period of one (1) year from the date on which construction works were started.

- For professional and technical services procured outside Rwanda by specialized innovation park developers or specialized industrial park developers, the Tax Administration provides expedited pre-approval and value-added tax refunds.
- Value-added tax is zero-rated (0%) for construction materials and finished goods at investment for construction projects within specialized innovation parks or specialized industrial parks.
- A specialized innovation park developer or a specialized industrial park developer is exempted from paying domestic taxes including withholding tax and excise duty, if applicable, on the importation of construction materials and finished goods

XI. Incentives for Start-ups

- Except for private equity and venture capital funds, angel investors investing a maximum of five hundred thousand United States Dollars (USD 500,000) 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. Investments remain in the start-up for a minimum period of two (2) years. An Order of the Minister in charge of information communication and technology and innovation may provide for additional guidelines determining qualifying investments.

XII. Incentives for the mining sector

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 percent (50%) of the investor's total expenditure during the years in which losses were made.

XIII. Preferential tax incentives for film industry investors

A registered film investor involved in the following activities is entitled to the following incentives:

- Value-added tax is zero-rated (0%) for goods and services procured locally by the investor;
- A preferential withholding tax of zero percent (0%) applies 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.

The following film investors are eligible for the above incentives:

- A domestic film investor registered as an investor with an investment project involved in the production of an eligible film, animation, or television series;
- A domestic film investor registered as an investor with an investment project involved in the post-production of an eligible film, animation, or television series, and spending at least one hundred and fifty thousand United States Dollars (USD 150,000) on the activities;

A domestic film investor registered as an investor with an investment project involved in the co-production or co-post-production of an eligible film, animation, or television series in partnership with a foreign investor, if the following requirements are met:

- The co-production receives majority funding from a foreign investor;
- The film investor spends at least five hundred thousand United States Dollars (USD 500,000) on activities in Rwanda; at least fifty percent (50%) of the principal photography schedule is filmed in Rwanda, for a minimum of four (4) weeks, as certified by the Rwanda Film Office.

Qualifying production and post-production activities are the following:

- Costs of goods and services purchased in Rwanda about activities of production or post-production;
- Salaries and wages paid to Rwandan tax residents, both cast and crew for services carried out in Rwanda.

XIV. Exemption from the capital gains tax

A registered investor does not pay capital gains tax. However, income derived from the sale of a commercial immovable property is included in the taxable income of the investor.

XV. Value-added tax refund

The refund of the value-added tax paid by investors is made within a period not exceeding fifteen (15) days upon receipt of the relevant documents by the Tax Administration. However, this does not reply to any registered investors who are in value-added tax-exempted sectors of business.

XVI. Accelerated depreciation

A registered investor is entitled to a flat accelerated depreciation rate of fifty percent (50%) for the first year for new or used assets if he or she meets the following criteria:

- To invest in business assets worth at least fifty thousand United States Dollars (USD 50,000) each;
- To operate in at least one of the following sectors:
 - a) Export projects;
 - b) Manufacturing;
 - c) Telecommunications;
 - d) Agro-processing;
 - e) Education,
 - f) Health.;
 - g) Transport excluding passenger vehicles with less than nine (9) people seats;
 - h) Tourism investments worth at least one million eight hundred thousand United States Dollars (USD 1,800,000);
 - i) Construction projects worth at least one million eight hundred thousand United States dollars (USD 1,800,000);
 - j) Ather sectors if the investment is worth at least one hundred thousand United States Dollars (USD 100,000).

XVII. Talent Attraction Incentives

- Start-up founders and innovative entrepreneurs who are foreigners and their dependents are eligible for a two (2) year entrepreneurship visa to start a business in Rwanda;
- Qualifying international students from qualifying higher institutions of learning are eligible for a two (2) year talent visa commencing from the date of completion of their studies;
- Qualifying remote workers in priority professional fields are eligible for a two (2) year visa allowing them to live in Rwanda and legally work for an employer registered abroad or their own company;
- A 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, provided that it continues to meet the requirements provided for by this Law and the following requirements:
 - i. the company is a talent intensive business operating in a high value sector such as information and communication and technology, innovation and related sectors;
 - ii. at least 30% of the company's professional staff are Rwandan.

.....END.....

For further simplified explanation contact:

* RRA's Taxpayer Engagement unit on 0788515545 or

email : taxpayerseducation@rra.gov.rw

facebook : Rwanda Revenue Authority



Twitter : @rrainfo

Instagram : [rwandarevenue](https://www.instagram.com/rwandarevenue)

Youtube channel: Rwanda Revenue Authority

 **Kicukiro; RRA Sonatube Silverback mall**
P.O.Box 3987 Kigali, Rwanda

 **3004**

 **www.rra.gov.rw**

 **@rrainfo**