

1. collective investment schemes, captive insurance schemes, venture capital, and asset backed securities. This incentive excludes locally oriented fund and wealth management, retail banking and insurance activities.
2. An investor registered in building low-cost housing and upon fulfilling the criteria provided under the instructions of the Minister in charge of housing.
3. An investor registered in any another priority economic sector as may be determined by an Order of the Minister in charge of finance.

III. CORPORATE INCOME TAX HOLIDAY OF UP TO SEVEN (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 seven (7) year corporate income tax holiday:

1. 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;
2. Manufacturing;
3. Tourism;
4. Health;
5. 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;
6. Export related investment projects;
7. An investor registered in another priority economic sector as may be determined by an Order of the Minister in charge of finance.

IV. CORPORATE INCOME TAX HOLIDAY OF UP TO FIVE (5) YEARS

Microfinance institutions approved by competent authorities will be entitled to a tax holiday of a period of five years (5

years) from the time of their approval. However, this period may be renewed upon fulfilling conditions prescribed in the Order of the Minister in charge of finance.

V. EXEMPTION OF CUSTOMS TAX FOR PRODUCTS USED IN EXPORT PROCESSING ZONES

A registered investor investing in products used in Export Processing Zones shall be exempted from customs taxes and duties according to the provisions of customs rules and regulations of the East African Community.

VI. EXEMPTION OF CAPITAL GAINS TAX

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

VII. VALUE ADDED TAX REFUND

The refund of the Value Added Tax paid by investors shall be made within a period not exceeding fifteen (15) days upon receipt of the relevant documents by the tax administration authority.

VIII. ACCELERATED DEPRECIATION

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

1. Invest in business assets worth at least fifty thousand US dollars (USD 50,000) each;
2. operate in at least one of the sectors below and meet the requirements:
 - 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 seating capacity;
 - 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) Any other sectors provided the investment is worth at least one hundred thousand United States dollars (USD 100,000);
 - k) Any other priority sector as may be determined by an Order of the Minister in charge of finance;
3. Meet the obligations defined below:
- a) Keep the assets for at least three (3) years after benefiting from the accelerated depreciation;
 - b) Inform the Commissioner General of the Rwanda Revenue Authority of the disposal of the business assets in case such disposal is made before three (3) years. Where an investor makes the disposal of such assets before the expiration of three (3) years, he/she shall pay the difference from the reduction of corporate income tax caused by the accelerated depreciation as well as any applicable penalties and interests. However, the investor shall not be liable to pay any amount where it is determined that such disposal was the effect of natural calamities, hazards or any other involuntary reason.

IX. IMMIGRATION INCENTIVES

1. A registered investor and his/her dependants shall be issued with a residence permit in accordance with relevant laws.
2. 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.



RWANDA REVENUE AUTHORITY
TAXES FOR GROWTH AND DEVELOPMENT

Kimihurura, KG 4 Ave 8
P.O.Box 3987 Kigali, Rwanda



HERE FOR YOU
TO SERVE

RWANDA REVENUE AUTHORITY



INVESTMENT PROMOTION AND FACILITATION IN RWANDA



June, 2018

INVESTMENT PROMOTION AND FACILITATION IN RWANDA

Having reviewed Law n° 26/2005 of 17/12/2005 relating to investment and export promotion and facilitation, here is the new Law N° 06/2015 of 28/03/2015 relating to investment promotion and facilitation in Rwanda.

DEFINITIONS OF TERM

- **Export processing zone (EPZ):** a protected area used for processing goods that are subject to control for export purposes;
- **Business process outsourcing:** an agreement by which a foreign company outsources the implementation of some of its business functions to an enterprise in Rwanda;
- **Global business activities:** management of transactions across borders for foreign-based clients;
- **Investment certificate:** a document that the Board issues to an investor who fulfils the requirements set out in this law. The document clearly describes the facilitations the investor is entitled to depending on the investment made;
- **Regional office:** a place in Rwanda where an international company has relocated its regional general management and the coordination of its main operational activities in the region;
- **Headquarters:** a place in Rwanda where an international company has relocated its general management and the coordination of its main operational activities ;
- **Incentive:** any tax or non-tax inducement extended to an investor to facilitate and support investment;
- **Capital:** any wealth in the form of tangible or intangible assets used for investment purposes;
- **Mutual fund:** a professionally managed fund which pools money collected from many investors for the purpose of purchasing securities;
- **Investment enterprise:** an enterprise using tangible or intangible assets for profit-making purposes in accordance with the provisions of this law;
- **Private equity:** funds invested in a private company by an investor approved by the competent authority in

order to acquire controlling rights and receive dividends as a shareholder;

- **Fund management:** a service provided by a financial professional authorized by the competent authority in order to attain goals set by the clients by optimizing the profitability of their funds;
- **Wealth management:** investment and advisory services provided by investment professionals to high-net-worth individuals with the aim of maximizing returns;
- **Asset-backed securities:** financial securities whose accessories derived from assets are used for payment;
- **value addition:** product processing which increases its value by at least thirty-five percent (35%) as defined by the rules of origin in terms of manufacturing;
- **Investment:** use of tangible or intangible assets for profit-making purposes with the exception of all retail and wholesale trade;
- **Collective investment scheme:** an arrangement in which several investors form a group and work together for the purpose of improving their common interest and reducing risk;
- **Venture capital:** money provided by an investor in the launch of a start-up company, a company in its infancy stage or one which is expanding into a new field of business activities with perceived long- term growth potential;
- **International company:** a business company that owns or controls production or service facilities in one or more countries besides the home country;
- **Export:** selling goods and services outside member countries of the East African Community;
- **Captive insurance scheme:** insurance taken out by a business company in Rwanda that is restricted exclusively to risks emanating from outside Rwanda in connection with a company to which a company in Rwanda is affiliated;
- **Investor:** natural or legal person that invests in an investment enterprise in Rwanda;
- **Registered investor:** an investor who holds an investment certificate;
- **Foreign investor:**

- a. a natural person who is not a citizen of Rwanda or of a member State of the East African Community (EAC) or the Common Market for Eastern and Southern Africa (COMESA);
 - b. a business company or a partnership not registered in Rwanda, a member state of the East African Community (EAC) or Common Market for Eastern and Southern Africa (COMESA);
 - c. a business company or a partnership registered in Rwanda whose foreign capital from countries other than East African Community (EAC) or Common Market for Eastern and Southern Africa (COMESA) member States is at least fifty-one percent (51%) of the invested capital;
- **Board:** organ in charge of investment promotion in Rwanda;
 - **Competent authority:** any competent public organ.

INVESTMENT PROMOTION

I. PREFERENTIAL CORPORATE INCOME TAX RATE OF ZERO PER CENT (0%)

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:

1. To invest the equivalent of at least ten million United States Dollars (USD10,000,000) in both tangible or intangible assets in Rwanda;
2. To provide employment and training to Rwandans;
3. 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;
4. To be well established in the sector within which it operates;
5. to use the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
6. 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:

- a) procurement of raw materials, components or finished products;
- b) market control and sales promotion planning;
- c) information and data management services;
- d) Treasury management services;
- e) Research and development work;
- f) Training and personnel management.

II. PREFERENTIAL CORPORATE INCOME TAX RATE OF FIFTEEN PERCENT (15%)

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

1. A registered investor, exporting at least fifty percent (50%) of turnover of goods and services produced in Rwanda; including business processing outsourcing. This incentive excludes unprocessed minerals, tea and coffee without value addition according to the provisions of this Law.
2. 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.
3. 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.
4. 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.
5. 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.
6. A registered investor operating in the following financial services: global business activities, private equity funds, fund management, wealth management; mutual funds,