

Rwanda

Law on investment promotion and facilitation - N° 006/2021 of 05/02/2021 (2021)

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LAW N° 006/2021 OF 05/02/2021 ON INVESTMENT PROMOTION AND FACILITATION

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LAW N° 006/2021 OF 05/02/2021 ON

INVESTMENT PROMOTION AND FACILITATION

We, KAGAME Paul,

President of the Republic;

THE PARLIAMENT HAS ADOPTED AND WE SANCTION, PROMULGATE THE FOLLOWING LAW AND ORDER IT BE PUBLISHED IN THE OFFICIAL GAZETTE OF THE REPUBLIC OF RWANDA

THE PARLIAMENT:

The Chamber of Deputies, in its sitting of 20 January 2021;

Pursuant to the Constitution of the Republic of Rwanda of 2003 revised in 2015, especially in Articles 64, 69, 70, 88, 90, 91, 93, 106, 120, 122, 164 and 176;

Having reviewed Law n° 06/2015 of 28/03/2015 relating to investment promotion and facilitation;

ADOPTS:

CHAPTER ONE: GENERAL PROVISIONS

Article One: Purpose of this Law

The purpose of this Law is to promote and facilitate investment in Rwanda.

Article 2: Definitions

In this Law, the following terms are defined as follows:

1° angel investor: an individual who provides financial backing for start-ups in exchange for ownership equity or quasi equity in the company;

2° asset-backed securities: financial securities whose accessories derived from assets are used for payment;

3° Board: organ in charge of investment promotion in Rwanda;

4° business process outsourcing: an agreement where a foreign company outsources in Rwanda some of its business functions to a company operating in Rwanda;

5° capital: a wealth in the form of tangible or intangible assets used for investment purposes;

6° captive insurance scheme: a business aimed at undertaking liability solely to the risks of the parent company and entities within the same group structure in accordance with relevant laws;

7° Collective Investment Scheme: a type of scheme where there is an arrangement for collecting and pooling funds from investors or participants for the purpose of investment in the interest of each participant or investor represented by his or her proportional ownership in the pool;

8° developer: an individual, a company, commercial partnership or any other legal entity that is involved in the construction or operations of the real estate of a specialised innovation park or specialised industrial park;

9° electric mobility: a vehicle which is fully or partly powered electrically;

10° export: sending goods or services outside Rwanda for sale;

11° export processing zone: a predetermined and controlled area used for processing goods that are subject to control for export purposes;

12° family office services: services that include managing family investments or providing financial professional support to the family;

13° financial advisory commercial entity: a commercial entity that provides advice or marketing on capital markets products, securities,

life policies, collective investment scheme including unit trusts, future contracts, or foreign exchange transactions;

14° finance lease commercial entity: a commercial entity that offers lending services against the right of an asset;

15° financial technology commercial entity: a commercial entity that provides or develops technology solution to support financial services;

16° foreign investor:

a) an individual who is not a Rwandan national or a resident of a Partner State of the East African

Community or of a member State of the Common Market for Eastern and Southern Africa or of a member State of any other Common Market Protocol that the Government of Rwanda enters into;

b) an individual, a company or a partnership not registered in Rwanda, in a Partner State of the East African Community or in a member State of the Common Market for Eastern and Southern

Africa or of a member State of any other Common Market Protocol that the Government of Rwanda enters into;

c) a company or a partnership registered in Rwanda whose foreign capital is from countries other than Partner States of the East African Community or member States of the Common Market for Eastern and Southern Africa or of a member State of any other Common Market Protocol that the Government of Rwanda enters into and is at least fifty-one per cent (51%) of the invested capital following an agreement between Rwanda and their country of origin;

17° fund: a collective investment scheme;

18° fund manager: an entity licenced by relevant authority to provide professional fund management services to the clients to optimize profitability of their funds;

19° operator of a collective investment scheme: an entity in charge of:

a) creating and maintaining a register of participants in the scheme;

b) keeping proper accounts and records;

c) ensuring that assets of the scheme are held by and registered with the custodian of collective investment scheme;

d) ensure that assets of the scheme are identified as the assets of the scheme and are held by a trustee or depositary separately from the assets of the operator and from the assets of other collective investment schemes operated by the same operator and from other clients of the operator or the trustee or depositary or custodian;

e) determining the value of the scheme and calculating the net asset value of the scheme and the net asset value units, shares or other form of participation in the scheme and where relevant the

price per units, share or other form of participation for purposes for sales and redemption;

20° global trading or paper trading: a commercial entity making deposits in financial entities in Rwanda to finance its trading activities outside Rwanda and not authorised to import or export goods in Rwanda;

21° headquarters: a place in Rwanda where an international commercial entity, a partnership or any other legal entity has established its general management and the coordination of its main operational activities which include but not limited to; strategic planning, business development, marketing training and shared services;

22° high net worth individual: an individual who invests at least one million United States Dollars (USD 1,000,000) in an investment project registered in Rwanda in any of the priority sectors provided for in this Law or who acquires a high-end property in Rwanda at the value of at least five hundred thousand United States Dollars (USD 500,000);

23° innovative foreign entrepreneur: a foreigner who starts a business in Rwanda that introduces to the market a new or improved product, a new method of production, a new market, a new source of supply or the reorganisation of management;

24° intellectual property company: a commercial entity that is established for the sole purpose of owning intellectual property rights;

25° investment: use of tangible or intangible assets for profit-making purposes with the exception of retail and wholesale activities;

26° investment certificate: a document that the Board issues to a registered investor, which describes the facilitations the investor is entitled to depending on the investment made;

27° international commercial entity: a business company that owns or controls production or service facilities in one or more countries besides the home country;

28° investment entity: an entity established by a registered investor using tangible or intangible assets for profit-making purposes in accordance with the provisions of this Law;

29° investor: an individual or a commercial entity that makes investments in Rwanda;

30° large scale agricultural operations:

investment operations in agriculture carried out as follows:

a) mechanised crop production on at least two hundred hectares (200 ha);

b) livestock production of at least five thousand (5000) chickens and at least five hundred (500) for other animals;

c) fish production of at least five hundred (500) metric tonnes per year;

31° manufacturing: making or altering the form or process that alters the form or function of materials or elements of the product in a manner that transforms those materials or elements so that they represent a new end product with a different classification, character and use from that which would result from mere assembly of elements or materials and such elements or materials are made or processed in Rwanda;

32° Minister: the Minister in charge of finance;

33° mortgage finance institution: an institution that offers lending services for the acquisition or construction of residential and commercial activity;

34° mutual fund: a professionally managed fund which pools money collected from many investors for the purpose of purchasing securities;

35° philanthropic investor: an investor who invests at least twenty million United States Dollars (20.000.000 USD) in an entity he or she establishes in Rwanda which is primarily aimed at making social impact in the specific sector or purpose for which it was established and who fulfils any guidelines provided by the Private Investment Committee;

36° private equity: capital invested in a private company by an investor in order to acquire controlling rights and receive dividends as a shareholder;

37° private bank: an institution which offers banking services only to institutions and high net-worth individuals;

38° pure holding company: a company that only owns assets or subsidiary and that company is not involved in any other commercial activities;

39° regional office: a place in Rwanda where an international company has established its regional general management and the coordination of its main operational activities in the region;

40° re-insurance company: a regulated company providing protection to other insurance companies by taking on all or part of the risk covered under a policy issued by an insurance company in consideration of a premium payment;

41° registered investor: an investor who holds an investment certificate;

42° small and medium investor or emerging investor: an autonomous investor that meets the following criteria:

a) generates an annual turn-over of less than one hundred million Rwandan francs (FRW 100,000,000);

b) has net capital investments of less than seventy-five million Rwandan francs (FRW 75,000,000);

c) employs between ten (10) to one hundred (100) workers;

43° special purpose vehicle: a separate legal entity created by another existing entity with its own balance sheet and with a specific objective;

44° specialised innovation park developer: a domiciled commercial entity, a partnership or an entity that is involved in the construction or operations of the real estate of a licensed specialised innovation park;

45° specialised industrial park developer: a domiciled commercial entity, a partnership or an entity that is involved in the construction or operations of the real estate of a licensed industrial park designated for a specialised purpose;

46° start-up: an infancy stage private company involved in creating, improving and expanding a scalable, innovative product or service, and which complies with provisions of relevant laws;

47° trust and corporate service provider: an individual or a commercial entity undertaking any of the following activities in relation to global business:

a) acting as a corporate or partnership formation agent;

b) acting as or arranging for another person to act as a director, secretary or senior manager of a company or a partner of a partnership or as a foundation senior manager;

c) providing administration or management of a trust, company, partnership, foundation or for any other legal person or legal arrangement;

d) providing registered office, business address for accommodation, correspondence for administrative address for a company, partnership, foundation or for another person;

e) acting as a resident agent for the purposes of meeting requirements to hold beneficial ownership or interest information;

f) acting as or arranging for another person to act as a trustee of an express trust; and

g) acting as or arranging for another person to act as a nominee shareholder for another legal person;

48° wealth management services:

professional financial services provided by investment professionals to maximize returns on investments;

49° value addition: product processing which increases its value by at least the reference rate as defined by the rules of origin in terms of manufacturing issued by the East African Community;

50° venture capital: money provided by an investor in the launch of a start-up, a company in its infancy stage or one which is expanding into a new field of business activities with perceived long- term growth potential.

51° investment incentives: tax or non-tax inducement extended to a registered investor following his or her contribution to the national development in order to facilitate and support his or her investment.

CHAPTER II: INVESTMENT FACILITATION

Section One: Guarantees to the investor

Article 3: Openness to investment

All business sectors are open to private investment regardless of the origin of the investor.

However, an investor is encouraged to invest in priority economic sectors.

Article 4: Priority economic sectors

The priority economic sectors that benefit from investment incentives are the following:

1° export;

2° manufacturing in the textiles and apparel, electronics, information communication and technology equipment, large scale agricultural operations excluding coffee and tea, pharmaceuticals, processing in wood, glass and ceramics, processing and value addition in mining, agricultural equipment and other related industries that fall in these categories;

3° energy generation, transmission and distribution;

4° information and communication technologies, business process outsourcing and financial services;

5° mining activities relating to mineral exploration;

6° transport, logistics and electric mobility;

7° construction or operations of specialised innovation parks or specialised industrial parks;

8° affordable housing;

9° tourism that includes hotels, adventure tourism and agro-tourism;

10° horticulture and cultivation of other high-value plants included on the list approved by the Board;

11° creative arts in the subsector of the film industry;

12° skills development in areas where the country has limited skills and capacity as determined by the Board.

An Order of the Minister can determine other priority economic sectors.

Article 5: Strategic investment projects

Strategic investment projects are investment projects of national importance, which have a strategic impact on the development of the country and which meet one of the following criteria:

- a) an anchor investment with first-mover demonstration effects;
- b) to create a significant impact on the value chain in its sector;
- c) to develop a proof of concept established in Rwanda for Rwanda, the rest of Africa or global markets to validate the feasibility of a new way of doing things, either to solve existing problems or to execute new strategies;
- d) to develop market-creating innovations which make essential products simple and affordable and improve livelihoods of the broader population;
- e) an investment of significant scale in terms of the investment amount, production outputs and number of jobs created;
- f) other criteria as determined by the Private Investment Committee.

Article 6: Investment incentives

Investment incentives provided for in Annex to this Law are granted to a registered investor fulfilling requirements. However, a registered investor is entitled to other investment incentives in addition to those provided for by this Law. An Order of the Minister may determine other investment incentives corresponding to additional priority economic sectors.

Article 7: Investment incentives granted by the Cabinet

The Cabinet may grant to a registered investor for strategic investment projects additional investment incentives to the incentives provided for by this Law.

Article 8: Approval of strategic investment projects and corresponding additional investment incentives

Strategic investment projects that meet qualifying criteria and corresponding additional investment incentives are approved by the Cabinet upon proposal of the Private Investment Committee.

The proposal to approve strategic investment projects and corresponding additional investment incentives indicates the following:

- 1 ° sector of the investment;
- 2 ° estimated investment amount;
- 3 ° estimated number of jobs to be created;
- 4 ° corresponding additional investment incentives necessary for the successful implementation of the project;
- 5 ° commercial and economic impact of the investment and where applicable, a cost-benefit analysis of the investment incentives to be granted.

Upon approval of strategic investment projects and their corresponding additional investment incentives, an agreement is negotiated between the registered investor and the Government.

Article 9: Foreign investor treatment in the country

A foreign investor is authorized to invest and purchase shares in an investment entity in Rwanda and is given equal treatment with Rwandan investors with regard to investment incentives and investment facilitation.

Article 10: Protection of the investor's capital and assets

An investor has right to own private property, whether individually or collectively. Private property, whether individually or collectively owned, is inviolable.

Investment, interest in or right over a property forming part of the investment cannot be seized or confiscated, except where provided for by relevant laws.

Action to expropriate an investor's property in public interest is taken after the investor is given fair compensation in accordance with relevant laws.

Article 11: Protection of intellectual property rights in relation to investment

The investor's intellectual property rights and legitimate rights related to technology transfer are protected in accordance with relevant laws.

Article 12: Repatriation of capital and assets

Upon fulfilling tax obligations in Rwanda, an investor is allowed to repatriate the following:

- 1 ° the capital;
- 2 ° profits derived from business activities;
- 3 ° debt and interest on foreign loans;
- 4 ° proceeds from the liquidation of investment;
- 5 ° other assets of an investor.

Article 13: Dispute settlement

A dispute that arises between an investor and a State organ in connection with a registered investment is amicably settled. If an amicable settlement cannot be reached, parties refer the dispute to an agreed arbitration institution or to any other dispute settlement procedure provided for under an agreement between both parties. If no dispute settlement procedure is provided under a written agreement, both parties refer the dispute to the competent court.

Article 14: Other guarantees to an investor

The Board ensures day-to-day facilitation to an investor in the implementation of his or her project and also facilitates him or her in the following:

- 1° acquiring visas and work permits;
- 2° water and electricity connection;
- 3° being granted a licence by the business sector in which he or she intends to operate, where applicable;
- 4° getting an environmental impact assessment certificate;
- 5° other investment-related support that may be required.

Section 2: Institutional arrangement in investment facilitation

Article 15: Private Investment Committee

There is established the Private Investment Committee. It has the following duties:

1° to review and approve proposed strategic investment projects for negotiation of an agreement with the Government;

2° to review and approve proposed additional investment incentives to be granted to strategic investment projects;

3° to discuss investors' issues and propose acceleration measures to resolve them;

4° to identify other priority economic sectors to be approved by the Cabinet;

5° to provide fast-track measures to increase competitiveness and private sector growth.

An Order of the Prime Minister determines other duties of the Private Investment Committee, its composition and functioning.

Article 16: Role of the Board in investment promotion and facilitation

The role of the Board in investment promotion and facilitation is as follows:

1 ° ensure regular monitoring of registered investor's operations;

2 ° keep records related to investment certificates, work permits, visas and other documents pertaining to the registered investment enterprise;

3 ° carry out monitoring of investment projects in order to ensure that incentives are directed to the projects which adhere to the requirements and the investor's submitted business plan;

4 ° facilitate amicable settlement of disputes that may arise between an investor and a State organ;

5 ° represent the Government in negotiating investment agreements;

6 ° avoid disclosing confidential information provided by an investor.

CHAPTER III: INVESTMENT REGISTRATION AND INVESTMENT CERTIFICATE

Section One: Investment registration

Article 17: Application for investment registration

A commercial entity wishing to register an investment files an application thereof with the Board.

The application for registration of investment contains the following documents:

1 ° a filled investment registration application form;

2 ° a certificate of incorporation;

3 ° a business plan that includes at least the following:

- a) the name of the project and detailed information on the project in which investment is or will be made;
- b) an action plan;
- c) date of commencement of operations;
- d) detailed information on raw materials sourced in Rwanda or in the locality where the investment is operating;
- e) detailed information on financing or assets to be sourced abroad, including the timeframe in which the finance or assets are invested;
- f) a market survey;
- g) details of the projected technology and knowledge transfer;
- h) a table that indicates five-year income projections for the investment project;

4 ° a project environmental impact assessment certificate;

5 ° the projected number of employees and categories of employments;

6 ° a proof of payment of non-refundable registration fee;

7 ° a license granted by the business sector in which the investor intends to operate.

An Order of the Minister determines investment registration application form and non-refundable registration fee.

Article 18: Consideration of an application for investment registration

The Board considers the documents contained in the application file for registration of an investment and makes a decision thereon. If the application file for registration of the investment is complete, the Board registers investment, and issues an investment certificate to the registered investor within two (2) working days from the date of receipt of the application. If the application file for registration of an investment is not complete, the Board rejects the application and informs, in writing, the registered investor, of reasons for rejection within two (2) working days from the date of receipt of the application.

Section 2: Investment certificate

Article 19: Validity of an investment certificate

An investment certificate is valid for a period of five (5) years from the date of its issuance.

However, an investment certificate can be renewed on request by a registered investor.

The period of renewal is five (5) years renewable.

An application for renewal of an investment certificate is filed with the Board and is subject to payment of a non-refundable renewal fee.

An Order of the Minister determines a non-refundable renewal fee.

Article 20: Content of an application file for renewal of an investment certificate

An application file for renewal of an investment certificate contains the following documents:

- 1° an application letter to the Head of the Board;
- 2° a certificate of incorporation;
- 3° a five-year investment plan that includes at least the following:
 - a) an estimated investment amount and number of employees;
 - b) detailed information on raw materials sourced in Rwanda or in the locality where the investment is operating;
 - c) detailed information on financing or assets to be sourced abroad, and the timeframe in which the financing or assets will be used;
- 4° a report on the implementation of the investment project from the date of issuance of the investment certificate submitted to the Board and a notarized copy of the latest financial report;
- 5° contact details of the project including physical office and identification and contact details of the registered investor;
- 6° a notarised copy of the registered investor's passport or identity card.

Article 21: Consideration of an application for an investment certificate renewal

The Board considers the application for an investment certificate renewal and makes a decision thereon.

When the application file is complete, the Board renews an investment certificate and provides a registered investor with an investment certificate indicating the renewal duration, within two (2) working days from the date of receipt of the application.

When the application file is not complete, the Board rejects the application and informs, in writing, the registered investor, of reasons for rejection within two (2) working days from the date of receipt of the application.

Article 22: Grounds for cancellation of an investment certificate

An investment certificate is cancelled on one of the following grounds:

- 1 ° if it was issued on the basis of false or fraudulent declarations of the holder;
- 2 ° if there occur material changes detrimental to investment occurred in investment operations;
- 3 ° if the registered investor fails to fulfil his or her obligations provided for by this Law.

Article 23: Procedure for the cancellation of an investment certificate

Prior to cancellation of an investment certificate, the Board issues to the registered investor a written notice providing details of grounds for the proposed cancellation and requesting him or her to provide the Board with explanations on these grounds.

The registered investor provides, in writing, requested explanations within ten (10) working days from the date of receipt of the notice.

If the registered investor fails to provide explanations within due time or if the Board is not satisfied with the explanations provided, the Board cancels the investment certificate.

Article 24: Appeal against a decision of cancellation of an investment certificate

A registered investor may appeal against a decision of cancellation of an investment certificate to the Head of the Board within ten (10) working days from the date of notification of the decision.

The Head of the Board decides on the appeal within ten (10) working days from the date of receipt of the appeal.

Article 25: Effects of cancellation of an investment certificate

If an investment certificate is cancelled on the ground of being issued on the basis of false or fraudulent declarations of the holder, the investor is liable to a refund of an amount of money equivalent to the investment incentives he or she was accorded in his or her capacity as a registered investor.

CHAPTER IV: OBLIGATIONS OF A REGISTERED INVESTOR

Article 26: Obligations of a registered investor A registered investor has the following obligations:

- 1° to implement his or her proposal in accordance with the business plan submitted in the application file for registration of investment;
- 2° to keep financial and accounting records of the investment enterprise and submit a copy of a financial report to the Board within three (3) months following the preceding financial year;
- 3° to keep data relating to operations of the investment entity for a period of five (5) years;
- 4° to facilitate employees of the Board in the performance of their monitoring duties;
- 5° to respond in a period prescribed by written notice to query from the Board in connection with operations of the investment entity;
- 6° to register with the Tax Administration and file tax returns even in case of entitlement to tax exemptions.

CHAPTER V: CHANGE, SUSPENSION AND TERMINATION OF INVESTMENT OPERATIONS

Article 27: Notification to the Board of change, suspension or termination of investment operations

A registered investor, within thirty (30) days, informs, in writing, the Board before:

- 1 ° he or she changes the nature of investment operations;
- 2 ° he or she suspends investment operations. In this case, the investor also indicates the duration of the suspension;
- 3 ° he or she terminates investment operations.

However, notification of suspension or termination of investment operations to the Board may also be made by an interested person, who is affected by the suspension or termination of investment operations.

Article 28: Measures taken by the Board after notification of change of investment operations

If notified changes materially alter the investment but are not detrimental to the investment and criteria for investment incentives qualification, the Board amends the investment certificate to reflect the changes.

If changes in the nature of operations do not materially alter the commitments made by an investor, the changes are only recorded in the investor's file.

CHAPTER VI: TRANSITIONAL AND FINAL PROVISIONS

Article 29: Period for continuing to benefit from investment incentives

Without prejudice to investment promotion and facilitation measures provided for in this Law, investment incentives that were granted to an investor in accordance with Law no 06/2015 of 28/03/2015 relating to investment promotion and facilitation, which are not provided for by this Law or whose period of validity has not been fixed, remain valid for a twelve (12) months period from the date of the publication of this Law in the Official Gazette of the Republic of Rwanda.

However, agreements concluded between the Government of Rwanda and an investor for investment promotion purposes whose period of validity has been fixed, remain valid until the expiry of their period of validity.

Article 30: Drafting, consideration and adoption of this Law

This Law was drafted in English, considered and adopted in Ikingyarwanda.

Article 31: Repealing provision

Law n° 06/2015 of 28/03/2015 relating to investment promotion and facilitation and all prior legal provisions contrary to this Law are repealed

Article 32: Commencement

This Law comes into force on the date of its publication in the Official Gazette of the Republic of Rwanda.

Official Gazette n° 04 bis of 08/02/2021

Kigali, 05/02/2021

KAGAME Paul

President of the Republic

Dr NGIRENTE Edouard

Seen to be sealed with the Seal of the Republic:

BUSINGYE Johnston

Minister of Justice and Attorney General

ANNEX TO LAW N° 006/2021 OF 05/02/2021 ON INVESTMENT PROMOTION AND FACILITATION

INVESTMENT INCENTIVES FOR REGISTERED INVESTORS

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

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

1° an international company, which has its headquarters or regional office in Rwanda, if it fulfils the following requirements:

- a) to invest the equivalent of at least ten million United States Dollars (USD 10,000,000) in both tangible or intangible assets in Rwanda;
- b) to provide employment and training to Rwandans;
- c) 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;
- d) to be well experienced in the sector within which it operates;
- e) to spend the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
- f) 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 and data management services;
 - v. treasury management services;
 - vi. research and development work;
 - vii. training and personnel management;
 - viii. other shared services.

2° an entity registered in Rwanda by a philanthropic investor, upon approval by the Private Investment Committee.

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

1 ° A preferential corporate income tax rate of three per cent (3%) is granted to a registered investor licensed to operate as a pure holding company, if he or she fulfils the following requirements:

- a) total net assets consolidated in Rwanda not less than one million United States Dollars (USD 1,000,000);

- b) annual expenditure in Rwanda of at least fifteen thousand United States Dollars (USD 15,000);
- c) a physical office of the company in Rwanda;
- d) at least thirty per cent (30%) of the professional staff are Rwandan;
- e) at least twenty-five per cent (25%) of the directors reside in Rwanda;
- f) at least fifty per cent (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 per cent (50%) of the Board Directors are in attendance;
- g) meetings of the Board of Directors for strategic decisions are held in Rwanda;
- h) resolutions of the Board of Directors are kept in Rwanda for safe keeping;
- i) at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

2 ° A preferential corporate income tax rate of three per cent (3%) is granted to a special purpose vehicle registered for investment purpose, if it fulfils the following requirements:

- a) registered for investment purpose in projects, which are meant to last for more than two (2) years;
- b) assets consolidated in Rwanda not less than one million United States Dollars (USD 1,000,000);
- c) annual expenditure in Rwanda of at least fifteen thousand United States Dollars (USD 15,000);
- d) a physical office of the company in Rwanda;
- e) at least thirty per cent (30%) of the professional staff are Rwandan;
- f) at least twenty-five per cent (25%) of the directors reside in Rwanda;
- g) at least fifty per cent (50%) of the Board of Directors members are physically present in Rwanda for the meetings of the Board of Directors;
- h) meetings of the Board of Directors for strategic decisions are held in Rwanda;
- i) resolutions of the Board of Directors are kept in Rwanda for safe keeping;
- j) at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

3 ° A preferential corporate income tax rate of three per cent (3%) is granted to a registered investor licensed as a Collective Investment Scheme, if he or she fulfils the following requirements:

- a) minimum fund size not less than one million United States Dollars (USD 1,000,000) within the first three (3) years;

- b) minimum expenditure in Rwanda of fifty thousand United States Dollars (USD 50,000) per year;
- c) Collective Investment Scheme manager, custodian and operator established in Rwanda;
- d) at least thirty per cent (30%) of professional staff are Rwandan;
- e) at least twenty-five per cent (25%) of directors reside in Rwanda;
- f) at least fifty per cent (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.
- g) Board of Directors meetings for strategic decisions are held in Rwanda;
- h) Board of Directors resolutions are stored in Rwanda for safe keeping;
- i) at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

4 ° A preferential corporate income tax rate of three per cent (3%) on foreign sourced trading income is granted to a registered investor operating as a global trading or paper trading, if it fulfils the following requirements:

- a) an annual turnover or trade volume of not less than ten million United States Dollars (USD 10,000,000);
- b) an annual expenditure in Rwanda of at least fifty thousand United States Dollars (USD 50.000);
- c) at least thirty per cent (30%) of professional staff are Rwandan;
- d) at least twenty-five per cent (25%) of directors reside in Rwanda;
- e) at least fifty per cent (50%) of Board of Directors members who are in Rwanda for the meetings of the Board of Directors;
- f) a physical office of the company in Rwanda;
- g) meetings of the Board of Directors for strategic decisions are held in Rwanda;
- h) resolutions of the Board of Directors are kept in Rwanda for safe keeping;
- i) at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

5 ° A preferential corporate income tax rate of three per cent (3%) on foreign sourced royalties is granted to a registered investor operating as an intellectual property company, if he or she fulfils the following requirements:

- a) annual expenditure in Rwanda of at least ten thousand United States Dollars (USD 10.000);
- b) a physical office in Rwanda;
- c) to have a bank account in a bank operating in Rwanda;

- d) at least thirty per cent (30%) or three (3) of the staff are Rwandan residents, whichever is higher;
- e) at least one (1) or twenty-five per cent (25%) of directors reside in Rwanda, whichever is higher;
- f) at least fifty per cent (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;
- g) meetings of the Board of Directors for strategic decisions are held in Rwanda;
- h) resolutions of the Board of Directors are kept in Rwanda for safe keeping;
- i) at least two (2) professional or qualified Rwandan resident members of the Board of Directors.

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:

1 ° grants and funds transferred to the entity for the purposes of financing its social impact activities are not deemed revenues and are therefore exempted from value added tax and corporate income tax charges.

2 ° 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;

3 ° 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 per cent (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 per cent (15%)

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

1 ° 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;

2 ° 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;

3 ° 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;

4° 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;

5° 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;

6° a registered investor that establishes an innovation research and development facility, information and communication technology training centre, software build and test lab, information and communication technology and innovation specialized institution of higher learning, business incubation centre and related activities in the area of information and communication technology and innovation sector;

7° 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;

8° a registered investor involved in the construction of affordable houses and upon fulfilling the criteria provided for by relevant laws;

9° a registered investor with an investment involved in electric mobility and upon fulfilling the criteria provided for by relevant laws;

10° a registered investor with an investment project involved in adventure tourism and agriculture tourism and upon fulfilling the criteria provided for by relevant laws;

11° an investor registered in another priority sector as may be determined by an Order of the Minister.

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:

1 ° twenty-five per cent (25%) corporate income tax is applied to a registered investor with at least thirty per cent (30%) of total turnover of goods and services and less than fifty per cent (50%) of total turnover coming from export of goods and services;

2 ° fifteen per cent (15%) corporate income tax is applied to a registered investor with at least fifty per cent (50%) of total turnover coming from export of goods and services.

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

The rates stated in points 10 and 20 do not apply to exporters of unprocessed minerals, tea and coffee without value addition.

VI. Exemption from customs taxes and duties for products used in export processing zones

A 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.

VII. Incentives for internationalization

A small and medium investor or emerging investor registered as an investor with an investment project involved in export is entitled to a one hundred and fifty percent (150%) tax deduction of all qualifying expenditures relating to internationalization including:

- 1 ° overseas marketing and public relations activities including launch of in-store promotions, road shows, overseas business or trade conferences;
- 2 ° participation in overseas trade fairs not supported by another existing initiative;
- 3 ° overseas business development costs;
- 4 ° 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.

The Commissioner General of Rwanda Revenue Authority in consultation with the Head of the Board approves qualifying expenditures relating to internationalisation.

Eligible registered investors receive pre-approval of qualifying expenditures through a joint review process administered by the Rwanda Revenue Authority, the Board, and the Ministry in charge of trade.

An eligible registered investor may claim the tax deduction on a maximum of one hundred thousand United States Dollars (USD 100,000) of qualifying expenditures in each year.

VIII. Corporate income tax holiday of 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 per cent (30%) of this investment amount in 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:

- 1 ° 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;
- 2 ° manufacturing;
- 3 ° tourism;
- 4 ° health;
- 5 ° 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;

6 ° export related investment projects;

7 ° an investor registered in another priority sector as may be determined by an Order of the Minister.

IX. 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 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.

X. Preferential withholding tax of zero per cent (0%)

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 fifteen per cent (15%) and three per cent (3%) pursuant to section II and IV paragraph 7 of this annex.

XI. Preferential withholding tax of five per cent (5%)

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

XII. Preferential withholding tax of ten per cent (10%)

A preferential withholding tax of ten per cent (10%) is applicable to specialised innovation park developers or specialised industrial park developers on interest on foreign loans, dividends, royalties, and a service fees, including management and technical service fees.

XIII. Incentives for specialized innovation park developers and specialized industrial park developers

1 ° A specialised innovation park developer or a specialised 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.

2 ° A specialised innovation park developer or a specialised industrial park developer is exempted from paying land transfer fees provided that the transferor holds shares equivalent to the value of immovable property transferred.

3 ° A specialised innovation park developer or a specialised 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 per cent (25%) in a given year. This incentive is applicable under the following conditions:

a) change of ownership occurs during the construction phase prior to the asset being operationalised and generating revenue;

b) 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 operationalisation 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.

4 ° A specialised innovation park developer or a specialised 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 in accordance with the relevant laws.

5 ° A specialised innovation park developer or a specialised industrial park developer is eligible for accelerated depreciation of fifty per cent (50%) in respect of capital expenditures incurred for a period of one (1) year from the date on which construction works were started.

6 ° For professional and technical services procured outside Rwanda by specialised innovation park developers or specialised industrial park developers, the Tax Administration provides expedited pre-approval and value added tax refunds.

7 ° Value added tax is zero-rated (0%) for construction materials and finished goods at investment for construction projects within specialised innovation parks or specialised industrial parks.

8 ° A specialised innovation park developer or a specialised industrial park developer is exempted from paying domestic taxes including withholding tax and excise duty, if applicable, on importation of construction materials and finished goods.

XIV. Incentives for Start-ups

With the exception of 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:

- a) 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;
- b) exemption from withholding tax applicable to dividends paid for five (5) dividend issuances by the start-up.

Investments remains 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.

XV. Research and development incentives Strategic investment projects or small and medium investors or emerging investors may be eligible to financing under the Seed Innovation Fund. The fund provides a variety of instruments including convertible grants, equity and debt for the following qualifying activities:

- 1 ° qualifying manpower costs;
- 2 ° training costs;
- 3 ° costs for materials, equipment, software and technology acquisition;
- 4 ° professional services engaged;
- 5 ° costs incurred on intellectual property rights.

An Order of the Minister in charge of information and communication technology and innovation provides for modalities of the fund to the eligibility criteria and process for qualifying beneficiaries.

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

XVII. Preferential tax incentives for film industry investors

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

- 1° value added tax is zero-rated (0%) for goods and services procured locally by the investor;
- 2° a preferential withholding tax zero per cent (0%) is applicable to foreign specialised services procured by the investor. A list of the qualifying foreign specialised services is jointly approved by the Rwanda Film Office and the Rwanda Revenue Authority.

The following film investors are eligible for the above incentives:

- 1 ° a domestic film investor registered as an investor with an investment project involved in the production of an eligible film, animation, or television series;
- 2 ° 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;
- 3 ° 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:
 - a) the co-production receives majority funding from a foreign investor;
 - b) the film investor spends at least five hundred thousand United States Dollars (USD 500,000) on activities in Rwanda;
 - c) at least fifty per cent (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:

- 1 ° costs of goods and services purchased in Rwanda in relation to activities of production or post-production;
- 2 ° salaries and wages paid to Rwandan tax residents, both cast and crew for services carried out in Rwanda.

XVIII. Exemption from 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.

XIX. 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.

XX. Accelerated depreciation

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

1 ° to invest in business assets worth at least fifty thousand United States Dollars (USD 50,000) each;

2 ° to 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 seats;
- h) tourism investments worth at least one million eight hundred thousand United States Dollars (USD1,800,000);
- i) construction projects worth at least one million eight hundred thousand United States dollars (USD1,800,000);
- j) other sectors if the investment is worth at least one hundred thousand United States Dollars (USD 100,000);
- k) other priority sector as may be determined by an Order of the Minister;
- l) to meet the obligations defined below:
 - i. to keep the assets for at least three (3) years after benefiting from the accelerated depreciation;
 - ii. to inform the Commissioner General of the Rwanda Revenue Authority of the disposal of the business assets in case the disposal is made before three (3) years. If an investor makes the disposal of the assets before the expiration of three (3) years, he or she pays the difference from the reduction of corporate income tax caused by the accelerated depreciation and applicable penalties and interests. However, the investor is not liable to pay any amount if it is determined that the disposal was the effect of natural calamities, hazards or any other involuntary reason.

XXI. 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 in accordance with the relevant laws.

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. The eligibility criteria for students and institutions is determined by relevant laws.

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. The eligibility criteria are determined by relevant laws.

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:

1° the company is a talent intensive business operating in a high value sector such as information and communication and technology, innovation and related sectors;

2° 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 two (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:

1° to invest at least one million United States Dollars (USD 1,000,000) in an investment activity in Rwanda;

2° to own a luxury property in Rwanda valued at least five hundred thousand United States Dollars (500,000 USD).

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.

Seen to be annexed to Law n° 006/2021 of 05/02/2021 on investment promotion and facilitation

Kigali, 05/02/2021

KAGAME Paul

President of the Republic

Dr NGIRENTE Edouard

Prime Minister

Seen and sealed with the Seal of the Republic:

BUSINGYE Johnston

Minister of Justice and Attorney General