

# **Table of Contents**

Chapter 1: Exploring the startup sphere	<b>4</b>
I. The Rwandan entrepreneurial ecosystem	5
1. Startup definition ······	5
2. Promising sectors in Rwanda ·····	6
3. Rwanda startup scene	7
Chapter 2: Beginning your entrepreneurial journey	···· 8
I. Guiding steps to launch a startup in Rwanda	9
1. Country specific legal structures	9
2. Legal steps	10
II. Other country specific considerations	17
1. Considerations for foreign investors	17
2. Tax regime	18
3. Tax compliance requirements	20
4. Financial reporting and auditing regulations	20
Chapter 3: Navigating startup regulations and incentives	····· <b>21</b>
I. Government incentives	22
1. Tax incentives	22
2. Non-tax financial incentives	23
3. Special Economic Zones	24
II. Labor and immigration regulations and facilitations	25
1. Business Visa (V6)	25
2. W1 investor visa in information technology and related activities	26
3. W2 Entrepreneur visa in information technology and related activities	27
III. Data protection	28
IV. Intellectual property	29
1. Patents	29
2. Trademarks	30
3. Industrial designs	31
V. Key support organizations and initiatives (not exhaustive)	33
Reference list	35
Appendix	
Appendix 1: Launching your startup: key success factors	37
Appendix 2: What type of support to expect at each stage of a startup lifecycle	38

Disclaimer



## Disclaimer

The Digital Cooperation Organization, hereinafter "DCO" has prepared this Startup Guide as a resource for entrepreneurs and business owners seeking information and guidance in the early stages of establishing a new venture. While every effort has been made to ensure accuracy and relevance of the information provided, DCO makes no representation or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability, or availability of the information contained in this guide.

The information provided in this guide is intended for general informational purposes only and should not be considered as professional advice. Readers are advised to consult with qualified professionals, such as legal, financial, or business advisors, to obtain specific advice tailored to their individual circumstances. DCO disclaims any liability for any actions taken or not taken based on the information provided in this guide.

This start-up guide may include references to third-party websites, tools, products, or services. DCO does not endorse, control, or guarantee the accuracy, relevance, or availability of such external resources. Users are encouraged to independently verify the information and use their discretion when engaging with third-party services.

DCO reserves the right to update, modify or remove content from this guide without prior notice. The publication of this guide does not create a consultant-client relationship between DCO and the user.

The use of this guide is at the user's sole risk. Under no circumstances shall DCO be liable for any loss, damage, including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from the use of this guide.

Unless expressly stated otherwise, the findings, interpretations and conclusions expressed in this guide do not necessarily represent the views of the Digital Cooperation Organization or its member states.

By accessing and using this start-up guide, the reader acknowledges and agrees to the terms of this disclaimer, which is subject to change without notice, and any updates will be effective upon posting.





## I. The Rwandan entrepreneurial ecosystem

Rwanda's remarkable transformation, from a nation on the verge of collapse to one of Africa's most prosperous and well-organized economies, serves as an inspiring model.

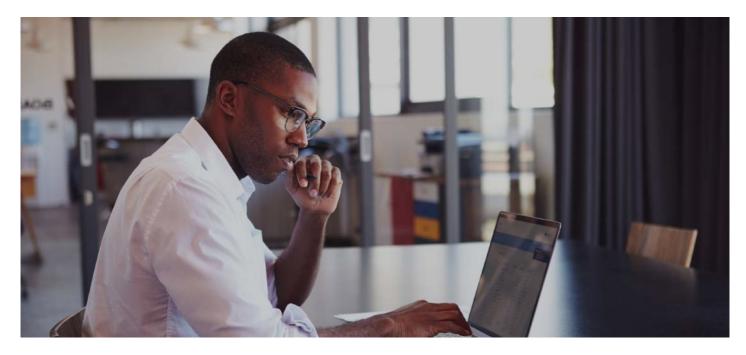
According to Rwanda's Vision 2050, the plans launched by the government, the private sector is the driving force of growth and development. The government recognizes the critical role of startups in the future of the local economy and has implemented one of the most independent and strategically considered efforts in Africa to support them through several key programs. For example, investor and entrepreneur visas for Information and technology (IT)-related activities have made Rwanda an appealing relocation destination for entrepreneurs in the region.

To elevate the entrepreneurial landscape within Rwanda, the national government has launched the Entrepreneurship Development Policy (EDP) in 2020. The EDP aims to foster an entrepreneurship support ecosystem that activates entrepreneurs' potential and cultivates dynamic, competitive businesses that contribute to economic growth and job creation.

Another initiative that promoted tech talents is the Smart Rwanda 2020 Master Plan. The initiative aims to increase the number of digitally skilled workers. Thanks to the Rwanda Development Board's initiatives, the country can provide business support in areas such as financial incentives for national and international investors and a one-day business registration process. The ecosystem will become even more appealing to startups soon. Rwanda's burgeoning startup ecosystem is gaining traction not only domestically but also internationally.

## 1. Startup definition

In Rwanda, a startup is defined as a nascent, technology-driven enterprise with high growth potential, operating within the Information and Communication Technologies (ICT) sector, an annual turnover less than 50 Million Rwandan Franc (RWF) and less than one hundred (100) employees. These ventures are characterized by a functional prototype, a scalable and replicable business model, established to delve into innovative problem-solving, frequently centered on technological advancements, while simultaneously capitalizing on emerging market opportunities.





## 2. Promising sectors in Rwanda

#### Software and Data

The software industry in Rwanda has seen a significant surge in growth, with numerous companies springing up to provide a diverse array of software development services. These services encompass web development, mobile application creation, software testing, quality assurance, as well as ongoing maintenance and support.

The Rwandan government has played a pivotal role in fostering this growth by offering incentives and cultivating an environment conducive to the flourishing of tech startups. As the need for digital solutions escalates, Rwanda's software sector stands on the brink of sustained expansion and prosperity.



#### ->> HealthTech

Rwanda has transformed into a pivotal destination, serving as a proof-of-concept innovation hub for healthtech startups, providing them the opportunity to test, develop and launch their digital solutions within Rwanda before scaling them to other countries. This is exemplified by successful startups like Zipline and BioNTech.

The World Health Organization has shortlisted Rwanda as one of the few African countries to make effective use of information and communication technologies, and to have a high probability of achieving the sustainable development goals for health through specific interventions in the country.

Among the support programs is the HealthTech Hub Africa, a pan-African hybrid health technology accelerator, with a physical co-working and community space in Kigali which works to stimulate the development of health technologies in Africa and accelerate these innovations in public health systems through collaboration with government partners and global health funders.



## FinTech

The National Bank of Rwanda has identified Fintech as one of the fastest-growing sectors in the country. Government and private sector efforts are effectively shaping the Fintech landscape. As part of a five-year FinTech strategy (2022-2027), the government aims to foster and promote the Fintech ecosystem, maximizing its potential for economic growth and socio-economic transformation.

In line with this, the National Bank of Rwanda set up a regulatory sandbox that enables fintech innovators to test their products and enable regulators and policymakers to adapt to the latest developments driving financial services innovation further.

In 2020, the FinTecHub, a cohort-based virtual accelerator, was launched by UNCDF in partnership with the Rwanda ICT Chamber, Kigali Innovation City (KIC), the Ministry of ICT and Innovation (MINICT), and the Ministry of Trade and Industry (MINICOM). Its aim is to support selected Rwandan fintech startup companies to scale by addressing their needs for skills, partnerships, access to capital and markets, and navigating the regulatory environment.

Furthermore, in December 2021, the Fintech Innovation Program was introduced by Co-creation Hub in association with Google, and Mojaloop Foundation. The Rwandan government pledged to provide a USD 10,000 grant to each of the fifteen (15) startups in every cohort throughout the year.



# 3. Rwanda startup scene

#### Rwanda's top startup industry sectors by number of startups

- FinTech
- · Software & data
- HealthTech

#### Rwanda's top startup industry sectors by funding to startups

- E-Health
- Transport

#### Startup ecosystem in numbers

- Funding raised by startups: USD 44 Million
- Number of incubators and accelerators: 22
- Number of coworking spaces: 15

## Entrepreneurship and innovation in Rwanda: Indexes and Rankings (2023)

Index	Ranking
Business environment <sup>5</sup>	8
Economic freedom of the world overall score <sup>6</sup>	139
Global innovation⁵	103
Global Knowledge <sup>7</sup>	102
ICT access <sup>5</sup>	115
Innovation linkages <sup>5</sup>	55

Index	Ranking
Knowledge workers <sup>5</sup>	115
Mobile app creation <sup>5</sup>	108
Operational stability for businesses <sup>5</sup>	39
Regulatory environment⁵	66
State of cluster development⁵	72





# I. Guiding steps to launch a startup in Rwanda

## 1. Country specific legal structures

In Rwanda, most entrepreneurs choose among the following legal structures for companies. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- Sole proprietorship
- · A company limited by shares
- · A company limited by guarantee
- · A company limited by shares and by guarantee
- · An unlimited company
- · A protected cell company
- · A public company
- A subsidy
- A branch

When establishing a startup in Rwanda, it is crucial to select a legal structure that provides advantages such as limited liability for shareholders, adaptable organizational structures, straightforward setup, and a reduced minimum share capital for early-stage companies. For startups' incorporation, a company limited by shares emerges as an ideal choice due to its flexible company rules, accommodation of single and multiple shareholders, and the absence of a minimum initial share capital requirement. For companies seeking expansion into Rwanda, subsidiary and branch legal forms offer suitable frameworks.

For more details on legal structures, visit the following page from the Rwanda Development Board website.





## 2. Legal steps

Rwanda's business environment is remarkably conducive to entrepreneurial ventures, boasting a streamlined registration process that typically takes one (1) day and is conducted entirely online via the <u>Rwanda</u> Development Board (RDB).

RDB is a government institution mandated to accelerate Rwanda's economic development by enabling private sector growth. RDB is governed by the Board of Directors made up of global entrepreneurs and experts. It provides a one-stop-shop for <u>business registration and licensing</u>, which significantly reduces the time and cost of starting a business. This efficiency, coupled with the government's comprehensive tax and non-tax incentives, creates an attractive landscape for startups and established businesses alike. A detailed exploration of legal steps and incentives will follow in subsequent sections.



## Step 1: Create your e-signature

The e-signature contains the username and password required to log into the system of business registration. The e-signature used to apply for business registration must be of the managing director of one of the shareholders of the company being formed or of an authorized representative with power of attorney.



- 1 Visit the following <u>portal</u> of the Rwanda Development Board (RDB).
- 2 Complete the required fields and fill out the form.
- 3 Once the account is set up, a registration number is generated and sent to you via email.

## **Documents**

Proof of identity (scanned copy of the ID or passport)

### **Ouration**

Less than one (1) day

#### **S** Cost

Free

## Step 2: Choose and reserve a business name

Selecting a business name constitutes the initial phase in the business establishment process. It is of paramount importance to ascertain the uniqueness of the chosen name, ensuring its absence in use by any other enterprise operating within Rwanda. To verify the name's availability, a preliminary search, commonly referred to as an anteriority search, should be conducted. Subsequently, reservation of the selected name can be accomplished via an online application on the RDB portal.

## Steps

1 Visit the <u>log in</u> page of the RDB website and access your account.



- 2 Select 'Register your business' followed by 'Name reservation'.
- 3 Fill in the company information.
- 4 Receive a notification as soon as your business name is approved.

## **Duration**

Less than one (1) day

## **S** Cost

Free

## Step 3: Register your business with the RDB

This service is provided at no cost and encompasses both business registration and the procurement of an electronic copy of the registration certificate. It is essential to acknowledge that the company code indicated on the incorporation certificate also functions as the tax identification number (TIN) and social security number.

## Steps Step

- 1 Log into the online business registration <u>portal</u>.
- 2 Select 'Register your business.
- Select 'Domestic' as the type of the business (for more details around company types, refer to the following <u>link</u>) and fill in the information required.
- Receive a text message and your Taxpayer Identification Number (TIN) once as soon as your business is registered.
- Download the incorporation and registration certificates from the <u>RDB portal</u>.

## **Documents**

- Proof of identity for each signatory of the Memorandum of Association form.



- Memorandum of association.
- Power of attorney, if applicable.
- Documents needed in case one of the shareholders is a company:
  - An authentic copy of the certificate of incorporation of the holding company from the country of origin if the company is foreign.
  - An authentic copy of the memorandum of association of the holding company from the country of origin if the company is foreign.
  - An authentic copy of the board resolution to subscribe to the company to be formed from the country of origin if the company is foreign.

## **Ouration**

Up to one (1) day

## **S** Cost

Free

## Step 4: Register for Value-Added Tax (VAT)

The taxpayer is automatically registered for income tax. However, any business that carries out taxable activities exceeding a turnover of RWF 20 Million for any period of twelve (12) months or RWF 5 Million in three (3) consecutive months in the preceding quarter is required to register for VAT within a period of seven (7) days from the end of that year or quarter. A separate registration procedure should be performed.

## Steps

- 1 Visit the online business registration <u>portal</u>.
- 2 Select 'Request for VAT certificate.
- 3 Fill in the information required in each tab.
- 4 Download the VAT certificate from the <u>RDB portal</u>.
- 5 Obtain VAT registration certificate.
- 6 Obtain and install a software for VAT invoicing.



- Board resolution to subscribe to the company to be formed.
- <sup>-</sup> Certificate of domestic company registration.
- Certificate of incorporation of the holding company.
- Memorandum of association form.
- Memorandum of association of the holding company.
- Passport / Proof of identity.
- Power of attorney (for authorized representative).
- VAT registration Form

## Requirements

- <sup>-</sup> The company code and stamp must be included with the signature of the company representative.
- As a VAT registered taxpayer, you must clearly display the VAT registration certificate in a plain view at the entrance of their place of business for their clients to see.
- <sup>-</sup> You must issue VAT invoices to their customers every time they purchase goods or services from them.
- You must file a monthly or quarterly VAT return on the appropriate form (UNG11).
- You must be available at all times to receive VAT officers and to make available to the officers books of accounts ascertaining to the business. ust use an Electronic Billing Machine in invoice issuing.



Free

## ( Duration

From forty-five (45) minutes to six (6) hours.

## Step 5: Obtain and install software for VAT invoices

To generate invoices, VAT-registered taxpayers must procure an electronic billing machine, as indicated in the Ministerial Order No. 002/13/10TC. To simplify this process, from March 2018, taxpayers have the option to use an approved software provided by the Rwandan Revenue Authority. This software enables them to print VAT invoices from any printer.





Certificate of domestic company registration



Free

## **Ouration**

The time frame is from five (5) minutes to sixty (60) minutes.

## Step 6: Register employees at the Social Security Office

Registering employees at the Social Security Office is a mandated legal requirement. All business including startups must register their employees for pension scheme and occupational hazards with Rwanda Social Security Board (RSSB) within the first eight (8) days of work, whether they are permanent or temporary staff. The registration process is conducted online.



Free

## **O** Duration

Less than one (1) day

## Step 7: Register for Trading License Tax

Businesses, including startups, are required to register for the Local Government Tax (LGT), including trading license tax, immediately after registering their business with RDB. Trading License Tax is a tax imposed on individuals or businesses engaged in prescribed profit-oriented activities by the concerned district. Therefore, it is mandatory to declare and pay this tax for each business branch or premises.

This tax, in addition to other taxes such as income tax and VAT, is imposed by the federal government. The primary purpose of Trading License Tax is to regulate businesses, promote accountability, and enforce compliance with established commercial, employment, and health and safety standards. More details on eligibility and tax trade rates are in the following link.



## Steps

- 1 Visit any <u>tax center</u> or Rwanda Revenue Authority (RRA) office.
- 2 Register for the trading license, and under the Local Government Tax (LGT).
- 3 Receive your credentials for the LGT system, including your TIN.

## **Documents**

- <sup>-</sup> A valid Rwandan ID or passport.
- <sup>-</sup> A physical address.
- <sup>-</sup> A mobile phone number.

## **Ouration**

Thirty (30) minutes





# II. Other country specific considerations

## 1. Considerations for foreign investors

Currently, Rwanda has double tax treaties with thirteen (13) countries. Under these agreements, residents of Rwanda who are subject to taxes in thirteen (13) countries are exempted from double taxation. A foreign incorporated legal entity is allowed under the law to become a shareholder and establish a branch in Rwanda.

Furthermore, in accordance with Rwandan investment legislation, 100% foreign ownership is permissible to foreign entities, and they must follow the identical process for registration, and tax payments as outlined in the preceding legal procedures. However, for inclusion as a shareholder during the registration process, it is imperative for a legal entity to furnish supplementary documentation.

## **Documents**

- A scanned copy of the Memorandum of Association signed by all shareholders or their legal representative.
- List of directors residing in Rwanda.
- Proof of identity for each signatory of the Memorandum of Association (scans of passports for foreigners and national IDs for Rwandans).
- The board resolution to subscribe to the company to be formed from the country of origin needs to be translated into French, English, or Kinyarwanda when one of the shareholders is a company. The translated copy must bear the stamp of the Rwandan foreign embassy.
- The certificate of incorporation of the holding company from the country of origin translated into French, English, or Kinyarwanda when one of the shareholders is a company. The translated copy must bear the stamp of the Rwandan foreign embassy.
- Memorandum of Association of the holding company from country of origin needs to be translated into French, English, or Kinyarwanda. The translated copy must bear the stamp of the Rwandan foreign embassy.

#### Investment certificate

Investors are required to initially secure an investment certificate from the Rwanda Development Board (RDB) in order to be eligible for investment incentives delineated below. Application for the certificate should follow the process outlined in this <u>link</u>.

## Steps Ste

- 1 Create user account and submit application for investment certificate via this <u>link</u>
- 2 Pay investment certificate fee
- 3 Obtain an approval message



- A business plan or feasibility study.
- An application letter (Address a formal application letter to the CEO of RDB, clearly stating your intention to register your investment).
- A certificate of domestic company registration.
- A payment slip.
- A power of attorney (optional).
- A proof of identity.
- A proof of payment, i.e., payment receipt.
- Shareholding structure sheet.

## Requirements

Your investment business plan or feasibility study should clearly indicate the profile of the project promoter(s), the project background, the market study or market analysis, the investment plan over five (5) year period, the level of loan and equity financing, the projected statement of income and expenditure over the same period, the projected balance sheet over the same period, the projected statement of cash flows over the same period, the payback period, NPV and IRR, the loan amortization schedule for the bank loan (if any), the project implementation plan/ schedule, and the notes on assumption made in the business plan.

## **S** Cost

500 USD or equivalent in RWF

## O Duration

One (1) to two (2) days

## 2. Tax regime

#### Brief overview of Rwanda's tax regime

Rwanda's economy has been strengthened over the years and is on a growth path. An entity is considered to be resident in Rwanda during a tax year if it satisfies either of the following conditions:

- It is a company, or an association established according to Rwandan laws.
- It has its place of effective management in Rwanda at any time during the tax year.



Here are some of the main tax components of Rwanda's regime:

#### **Capital gains**

Rwanda imposes a tax on capital gains of 5% arising from the transfer of shares (direct or indirect). Gains from the disposal of shares listed on the Rwanda Stock Exchange or units of a collective-investment scheme are exempt from capital gains tax. Capital gains derived from the transfer of assets other than shares are included in taxable income and taxed at the normal CIT rate 28%.

#### Withholding Tax (WHT)

WHT of 15% of the total amount, excluding VAT, is required to be accounted for on payments made by resident individuals, including tax-exempt entities. A WHT rate of 15% is applicable to the following:

- Dividends, except dividends paid between resident companies and income distributed to the holders of shares or units in collective investment schemes.
- Financial interests, except interests on deposits in financial institutions for at least a period of one year; interests on loans granted by a foreign development financial institution exempted from income tax under applicable law in the country of origin; and interests paid by banks or deposittaking micro-finance institutions operating in Rwanda to banks or other foreign financial institutions.
- · Royalties.
- Service fees, including management and technical service fees, except transport services.
- · Goods sold in Rwanda.
- Payments made in cash or in kind by a resident person in Rwanda on behalf of a non-resident in Rwanda.

There is also a WHT of 5% that is applicable on goods imported for commercial use, paid at customs before goods are released.

#### **Social security contributions**

All people working in Rwanda, both nationals and foreigners, are required to contribute to a national social security contribution fund managed by the Rwanda Social Security Board (RSSB). The employer is required to contribute 5% of the employee's gross salary to the scheme, while the employee's contribution is 3%.

#### Trading license fee

Districts charge a trading license fee, which is paid by any person who commences a profit-oriented activity in Rwanda.

#### Value-Added Tax (VAT)

VAT is levied on the supply of taxable goods and services, including online services, and the taxable goods and services imported to Rwanda. The standard rate of VAT is fixed at 18% and applies to goods and services that are neither exempt from VAT nor zero-rated.

#### Payroll taxes

Employers are required to withhold tax on payments to employees in respect of employment services that they have rendered. The tax is withheld through the Pay-As-You-Earn (PAYE) system. The tax deducted should be remitted to the RRA by the 15<sup>th</sup> day of the following month.

#### **Corporate income tax**

Corporate income tax is payable by companies and any other business entities that engage in for-profit business activities. Resident entities are subject to corporate income tax on worldwide income. Non-resident entities are subject to corporate income tax on income derived through a Permanent Establishment (PE). Non-resident entities are subject to corporate income tax on income derived through a permanent establishment. Nonresident entities without a PE in Rwanda are not subject to CIT but they may be subject to other taxes in Rwanda.

An entity is considered to be resident in Rwanda during a tax year if it satisfies either of the following conditions:

- It is a company, or an association established according to Rwandan laws.
- It has its place of effective management in Rwanda at any time during the tax year.

The corporate tax rate is 28%.



## 3. Tax compliance requirements

#### Tax year

A company's year of assessment is the calendar year. A company wishing to maintain a tax year other than the calendar year must obtain prior approval from the Minister of Finance.

#### Corporate income tax return

An annual tax return must be filed within three (3) months following the end of the tax period (31 March for calendar-year taxpayer). This declaration must include audited financial statements, transfer pricing documentation, and any other documents requested by the tax administration. The company calculates the tax payable on the tax return form. The tax due equals the tax payable minus installments and recoverable withholding tax paid. Any tax due must be paid with the return.

#### **Installment payments**

Companies must make installment payments, which are calculated by multiplying the current annual turnover by a fraction that has the tax paid for the previous annual tax period, as the numerator, and the turnover of the same tax period, as the denominator. The payment dates are 30<sup>th</sup> of June, 30<sup>th</sup> of September and 31<sup>st</sup> of December. The installment payments are subtracted from tax due at the end of the financial year.

#### **Trading license**

All taxpayers must submit their trading license tax declaration to the tax administration by January 31<sup>st</sup> of the corresponding tax year. Taxpayers with branches must file separate declarations for the head office and each branch, based on their respective turnovers. Rates related to trading license tax are subject to the turnover of the business and its registration to VAT.

#### Value-Added Tax (VAT)

The VAT tax period is either one month or calendar quarter. Returns must be filed after fifteen (15) days following the end of the tax period, regardless of whether there is a tax balance to pay or a credit in favor of the taxpayer. Taxpayers with an annual turnover of RWF 200,000,000 or less may opt for quarterly VAT declarations, which are due within fifteen (15) days following the end of the quarter.

#### Withholding tax

The WHT is paid by the withholding agent within fifteen (15) days following the end of the month in which the payments were made.

## 4. Financial reporting and auditing regulations

The Companies Act, 2018 establishes comprehensive financial reporting requirements for companies incorporated under its jurisdiction. These requirements encompass the preparation, presentation, and publication of financial statements, along with relevant disclosures and auditing procedures. The Act outlines the fundamental elements and format of financial statements and mandates the application of International Financial Reporting Standards (IFRSs) and International Standards on Auditing (ISAs).

Rwanda's Company Law requires businesses to prepare statutory accounts that have been independently audited. Companies Law Article 239 mandates that every company appoints an auditor and have its books of account audited. The auditor must be a person authorized (for more information visit <a href="https://doi.org/10.1016/jhtml.companies.com/prepared-to-undergo-audito-undergo-aud





## I. Government incentives

## 1. Tax incentives

Below are some of the main tax concessions offered to startups and investors based and operating in Rwanda:

- Small and Medium Enterprises (SMEs), including startups, are not subject to the trading license tax during the first twenty-four (24) months following their establishment, if they fulfill at least two (2) of the three (3) following conditions:
  - Net capital investment of up to RWF 70 Million.
  - Annual turnover of up to RWF 50 Million.
  - Up to a hundred (100) employees.
- The Corporate Income Tax (CIT) rate is effectively reduced to 0% for international companies that establish regional offices in Rwanda.
- Small businesses generating annual turnovers falling within the range of RWF 12 Million and RWF 20 Million are subject to a fixed lump-sum tax at a rate of 3% of their total turnover.
- The CIT rate is fixed at 15% for companies engaged in specific sectors including, but not limited to, energy generation transmission, and distribution, transportation, information and communications technology (ICT), financial services, research and development (R&D), electric mobility, and tourism and any another priority economic sector as may be determined by an Order of the Minister of Finance.
- Micro-enterprise companies, with a turnover not exceeding RWF 12 Million within a tax period, are subject to a flat tax assessment based on their respective turnover levels.
- Withholding Tax (WHT) rate is adjusted to 0% for entities that qualify for the 3% CIT rate, as well as for collective investment schemes, financial services providers, and corporate service providers that meet the criteria for the 15% CIT rate.
- Foreign specialized services procured are subject to a WHT rate of 0%.
- Registered investors involved in strategic investment projects may qualify for financing through the Rwanda Innovation Fund.
- New or used assets are entitled to a flat accelerated depreciation rate of 50% for the initial year.





## 2. Non-tax financial incentives

This section explores the diverse range of non-tax incentives in Rwanda, mainly those supporting promoting innovation and investment, and contributing to the nation's economic vitality and global competitiveness:

#### **Business Development Fund (BDF)**

As part of the financial efforts to promote SMEs, BDF was established in 2011 as a wholly owned subsidiary of the Development Bank of Rwanda (BRD). Its goal is to assist SMEs in accessing finance, particularly those without sufficient collateral to obtain credit from traditional financial institutions at reasonable rates. This includes:

- Guarantee for long term investment loans for SMEs, individual entrepreneurs, and companies limited to RWF 500 Million in all sectors.
- Guarantee for working capital loans for SMEs, individual entrepreneurs and companies limited to RWF 500 Million in agriculture and limited to RWF 20 Million for working for capital loans.

# National Industrial Research and Development Agency

The National Industrial Research and Development Agency is a government institution that has been mandated with a mission to enable generation of industrial innovators to become competitive through technology monitoring, acquisition, development, transfer, and applied research. This agency enables SMEs in the industrial sector to acquire new modern machinery, through open call competitions, at zero interest rate loans. Also, it provides SMEs with incubation programs, offers access to technical infrastructure and facilities via STEM (a hub service), delivers technical assistance and advisory services, and conducts capacity building and training programs.

#### Hanga Growth programs

The program aims at supporting more High growth startups in Rwanda's ecosystem. Through the program training, the program will equip startups with skills and capacity to achieve high Market Growth, investment readiness and Access to Funding.

#### SMEs capacity building and skills development

This support is offered free of charge by the Rwanda Development Board (RDB). As part of this, RDB conducts needs assessment for SMEs with high export potential. RDB conducts tailored capacity-building and business advisory services to address identified gaps.

#### Financial linkages

RDB connects prospective investors with local SMEs where finance can be injected in the form of loans and/or equity. The RDB also carries out workshops on the availability of financial products that aim to catalyze SMEs' growth. These workshops bring together different financial institutions and SMEs whereby the various financial products are displayed and ways to access them.

#### **Rwanda innovation fund**

The Rwanda Innovation Fund (RIF) is a venture capital fund that provides financing to tech-enabled companies mainly operating in ESG-friendly sectors, including but not limited to: fintech, edtech, agritech, healthcare, clean mobility, SME productivity and digitization and clean energy within Rwanda and the wider East African region.

To be eligible for the equity financing, tech-enabled companies should exhibit annual revenues ranging from USD 50,000 to USD 5 Million and demonstrate momentum in revenue growth, regulatory approvals, and noteworthy awards with unique validations, intellectual property, or patented innovations. Moreover, they must possess the capacity for cross-border scalability, reflecting the fund's focus on fostering regional growth and innovation.



#### **MEA Innovation Fund**

The fund aims to address the financing gap that techenabled companies face at different growth stages in Rwanda and in the Middle-East African region. To address the financing gap, the project establishes affordable funding mechanisms for companies at growth mainly operating in HealthTech, Agritech, EdTech and smart logistics. The project provides equity financing for tech-enabled SMEs. The fund also tech-oriented entrepreneurs in business planning and management and increases awareness towards intellectual property rights.

#### Standard certification Support

To facilitate acquiring certifications, RDB offers SMEs a 50% cost-sharing initiative on product certification, which includes the Standardization Mark (S-Mark) for various goods, enabling easier access to international markets without the need for retesting.

## 3. Special Eonomic Zones

The Special Economic Zones Authority of Rwanda (SEZAR) is responsible for the approval or rejection of zone user licenses. This decision is typically reached within a three (3) working day timeframe from the date of submission of a complete application. It's worth noting that an SEZ user must possess SEZ status in the form of a license issued by SEZAR.

Land acquisition within the KSEZ is facilitated through a <u>developer</u> (private company) and operates under government regulations. The price per square meter for land is fixed at USD 62, with a minimum land size of one (1) hectare that can be acquired. Following the land acquisition, all requisite licenses and permits must be obtained from the Rwanda Development Board (RDB) through SEZAR.

Businesses operating in SEZs in Rwanda can enjoy various benefits, such as:

- Exemptions on corporate income tax, import duties, value-added tax, and other incentives.
- Access to reliable infrastructure.

- Streamlined administrative procedures for licensing and permits.
- · Proximity to a skilled workforce.

For more details on how to obtain a user license please visit this page from the RDB website.





# II. Labor and immigration regulations and facilitations

## 1. Business visa (V6)

The V6 visa is designed for foreign prospective investors, entrepreneurs, or traders who wish to explore business opportunities in Rwanda. It can be obtained online, at a Rwandan diplomatic mission in the applicant's country of residence, or at the immigration and emigration office.

This visa is valid for ninety (90) days, renewable once, and can be granted for single or multiple entries. However, V6 does not allow the holder to work in Rwanda. Once business operations commence, a temporary resident permit aligned with the specific activity must be obtained. To learn more about the permits available please visit this <u>page</u>.

## Steps Ste

- 1 Visit the website of <u>Rwanda Directorate General of Immigration and Emigration</u>.
- 2 Select 'Visitor's visa' followed by 'Visa business survey'.
- Fill in the <u>application form for visa application</u>, or this <u>application form to renew your visa</u> and proceed to payment.

## **Documents**

- An application letter.
- <sup>-</sup> A copy of passport biodata page.
- <sup>-</sup> A photo with white background.

## © Cost

- Single entry: 50 USD.

- Multiple entries: 70 USD.

#### Ouration

Up to seven (7) days.



# 2. W1 investor visa in information technology and related activities

This visa is specifically issued to foreign individuals classified as investors who are either planning to engage or are already involved in information technology and associated activities within Rwanda. To be eligible for this visa, the investor must have received certification from the Rwanda Development Board.



## ≤ Steps

- Pay temporary resident permit fees at the Rwanda Revenue Authority (RRA) branch.
- Submit temporary resident permit application at the Directorate general of immigration and emigration office (Address).

## **Documents**

- A Curriculum Vitae.
- A Photo with a white background.
- A police clearance.
- Certificate of domestic company registration.
- A Complete filled application form.
- Original receipt note.
- Permit application form.
- RDB's investment certificate.
- Resident Permit application tracking number.
- <sup>-</sup> Trading license.

## O Duration

Up to seven (7) days.



100,000 RWF



# 3. W2 Entrepreneur visa in information technology and related activities

This visa is specifically issued to foreign individuals classified as entrepreneurs who are either planning to engage or are already involved in information technology and associated activities within Rwanda. Visa applicants are not required to have an investment certificate to apply for this visa type.

## Steps Ste

- 1 Pay temporary resident permit fees at any Rwanda Revenue Authority (RRA) Branch.
- Submit temporary resident permit application at the Directorate general of immigration and emigration office (Address).

## **Documents**

- <sup>-</sup> A certificate of domestic company registration.
- A complete filled application form.
- <sup>-</sup> A Permit application form.
- A photo with a white background.
- A trading license.
- A Curriculum Vitae (CV).
- Original receipt note.
- A police clearance.

#### O Duration

Up to seven (7) days

#### **S** Cost

100,000 RWF



# III. Data protection

The African Union adopted the convention on cybersecurity and the protection of personal data in 2014. Rwanda has transposed this convention by adopting law no. 058/2021 of 13 October 2021 on the protection of personal data and privacy. This law applies to:

- The processing of personal data by electronic or other means using personal data through an automated or non-automated platform.
- A data controller, data processor or a third party who is established or resides in Rwanda and processes personal data while in Rwanda.
- A data controller, data processor or a third party who is neither established nor resides in Rwanda, but processes the personal data of data subjects located in Rwanda.

It is mandatory for any natural person, public or private corporate body intending to be a data controller or a data processor to register with the data protection and privacy office under the National Cyber Security Authority (NCSA). Following registration, data controllers receive a registration certificate. Operating without a registration certificate is an administrative misconduct.

For compliance, read the registration <u>guide</u> of data controllers and processors, or visit the <u>website</u> of the data protection office.





# IV. Intellectual property

As a startup, providing innovative services or products, you can claim ownership over the creation of an invention, a design, a distinctive mark, or an artistic work etc. The protection of these creations gives you an exclusive or unique right of exploitation. It gives you the right to take judicial and other measures for their protection in case of unlawful unauthorized copying and use by third parties.

There are generally five (5) types of intellectual property rights recognized in Rwanda: patents, trademarks, industrial designs, copyrights and utility model. In the section below, we will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups

The protection includes availability, acquisition, scope, maintenance, and use of the rights. It is achieved through a system of transfer of rights or licensing them to other people than the inventor, or the innovator. The protection also includes the interest of the public for third parties to make use of the inventions or innovations for developing innovative ideas without violating the rights of the creators.

## 1. Patents

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period. It is a key element of intellectual property (IP) protection.

## Steps Ste

- 1 Pay for patent registration.
- 2 Submit patent rights registration documents at the RDB office.
- 3 Obtain acceptance notice for formal examination.
- 4 Pay fees for substantive examination.
- 5 Obtain examination report.
- 6 Pay fee for patent publication.
- 7 Obtain patent rights registration certificate.

## Requirements

- To Obtain acceptance notice for formal examination and for the examination report, physical presence is required, the authorized representative must have a notarized power of attorney.
- Fees can be paid to RDB account 00040-00281460-96 (RWF) held at any Bank of Kigali Branches. Applicants outside Rwanda, must go through a local law firm to process payment on the company's behalf.



- An abstract.
- Application letter Patent.
- Certificate of domestic company registration.
- Description of the invention.
- <sup>-</sup> Drawing, models, or samples.
- Journal receipt notice.
- Patent and utility model Application form.
- Payment receipts.
- Power of attorney, if applicable.
- Proof of identity.

## **S** Cost

- Patent with provisional specifications: 10,000 RWF.
- Patent for a final specification: 30,000 RWF.
- Publication of patents: 20,000 RWF.

## 2. Trademarks

A trademark is a symbol, word, or phrase legally registered or established by use as representing a company or product. It distinguishes goods or services of one entity from those of others and provides exclusive usage rights to the owner. Each company should consider registering its trademark to protect its name, logo, slogan, domain name, shape, colour, or sound.

## Steps Ste

- 1 Pay the fee for trademark search.
- 2 Request search for trademark.
- 3 Pay for trademark registration.
- 4 Submit the trademark registration documents at the RDB office.
- 5 Obtain trade mark registration certificate.



- <sup>-</sup> A certificate of domestic company registration.
- A journal receipt slip.
- A payment receipt.
- A power of attorney.
- <sup>-</sup> A Trademark application form.
- <sup>-</sup> A <u>Trademark search form</u> in case you want to conduct a trademark search.
- An application letter.
- A proof of identity.
- <sup>-</sup> Two (2) copies of the reproduction of the mark.

### **S** Cost

<sup>-</sup> Trademark search: 5,000 RWF.

- Filing one class: 35,000 RWF.

- Each additional class: 3,000 RWF.

#### Ouration

Between thirty (30) days and one half (1/2) day to ninety-three (93) days and one half (1/2) day.

## 3. Industrial designs

If your startup is involved in the design of products, you can protect the appearance design of these products by registering the correspondent industrial designs. An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation.

## Steps

- 1 Pay and submit for industrial design registration at the RDB office.
- 2 Submit industrial design registration documents.
- 3 Substantive examination.



- 4 Obtain acceptance.
- 5 Obtain industrial design registration certificate.

- <sup>-</sup> A Certificate of domestic company registration.
- A Description of the design.
- A <u>Journal receipt notice</u>.
- <sup>-</sup> A payment receipt.
- <sup>-</sup> A payment slip.
- <sup>-</sup> A power of attorney.
- A Proof of identity.
- An Abstract of the industrial design.
- An Application letter.
- An Industrial design application form.
- Four (4) simple copies of the specimen.

## © Cost

30,000 RWF.

## **Ouration**

Up to six (6) months.





# V. Key support organizations and initiatives (not exhaustive)

**Accelerators** 

Accelerate 2030

FinTech4U Accelerator Programme

**IAccelerator** 

Inkomoko

Startup Africa Roadtrip - Next Generation Africa

Startup Wise Guys

Westerwelle Startup Haus Kigali

Funding programs/institutions

**Business Development Fund (BDF)** 

Co-creation Hub - Startup Funding

**DOT Rwanda** 

**IAccelerator** 

KCB Group - BPR Bank Rwanda

Roselake ventures

Rwanda Development Bank (BRD)

Rwanda Innovation Fund

**Competitions and Awards** 

**DOT Rwanda Youth Business Competition** 

Global Startups Awards Africa

**Incubators** 

250STARTUPS

Co-creation Hub - Fintech Incubation Programme

Impact Hub Kigali

Iris Innovation Incubation Center

KLab Rwanda

Rwanda Build Program

Simcubator

The Digital Transformation Center Rwanda

**Think** 

**Coworking spaces** 

Collaborate Kigali Coworking

Envision

Imizi Workspace

Impact Hub Kigali

**OfficePhase** 

Westerwelle Startup Hauz

## **Events**

Cybertech Africa

**Global Entrepreneurship Week** 

Inclusive FinTech Forum

Mobile World Congress Africa

Norrsken Africa Week

**UNLEASH Rwanda** 



Reference list 35

## Reference list

1. StartupBlink. (n.d.). Startup Ecosystem of Rwanda, from <a href="https://www.startupblink.com/startup-ecosystem/">https://www.startupblink.com/startup-ecosystem/</a> rwanda

- 2. Disrupt Africa. (2023). The African Tech Startups Funding Report 2023, from <a href="https://disruptafrica.com/wp-content/uploads/2024/01/The-African-Tech-Startups-Funding-Report-2023.pdf">https://disruptafrica.com/wp-content/uploads/2024/01/The-African-Tech-Startups-Funding-Report-2023.pdf</a>
- 3. Briter Bridges Intelligence. (n.d.). Hubs, from <a href="https://intelligence.briterbridges.com/hubs?tab=2">https://intelligence.briterbridges.com/hubs?tab=2</a>
- 4. Africa Tech Schools. (n.d.). City Rank: Coworking, from <a href="https://www.africatechschools.com/city-rank/coworking/">https://www.africatechschools.com/city-rank/coworking/</a>
- 5. World Intellectual Property Organization. (2023). Global Innovation Index 2023: Innovation in the face of uncertainty, from <a href="https://www.wipo.int/">https://www.wipo.int/</a>
- 6. TheGlobalEconomy.com. (2023.). Economic freedom, overall index by country, around the world, from https://www.theglobaleconomy.com/
- 7. Knowledge For All. (2023). Ranking | Knowledge For All, from <a href="https://www.knowledge4all.org/">https://www.knowledge4all.org/</a>





37 Appendix

## Appendix 1: Launching your startup: key success factors



#### Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.



#### Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.



### Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.



#### Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.



#### **Analyzing the competition**

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.



#### **Legal Flexibility**

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.



Appendix

# Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul> <li>Idea formation</li> <li>Problem validation</li> <li>Team establishment</li> </ul>	<ul> <li>Promote entrepreneurship education</li> <li>Facilitate Ideation: Hackathons, startup Weekends, etc.</li> <li>Promote innovation and entrepreneurship culture</li> </ul>	<ul> <li>Financial literacy and entrepreneurship awareness programs</li> <li>Networking opportunities to connect with potential mentors, advisors, and industry experts</li> </ul>	<ul> <li>Access to         experienced         mentors who         provide guidance         and advice on         various aspects         of startups</li> <li>Provision of         office space,         shared facilities,         and         infrastructure to         support the         early-stage         development of         the business</li> </ul>
Pre start	<ul> <li>Idea development</li> <li>Business modeling</li> <li>Problem/Solution fit: prototyping</li> <li>Team Formation: access to training and mentorship</li> </ul>	<ul> <li>Offer entrepreneurship training and education</li> <li>Facilitate Proof of concept and proof of Business</li> <li>Facilitate Business Modeling</li> <li>Validate MVP</li> </ul>	<ul> <li>Seed funding for idea validation and product development</li> <li>Coaching to refine business ideas and plans</li> <li>Access to incubators or accelerators providing resources, infrastructure, and networking opportunities</li> </ul>	<ul> <li>Assistance in refining the product/service, pricing strategies, and go-to-market plans</li> <li>Support in conducting market research and understanding the target market, customer needs, and competitors</li> </ul>



Appendix 39

	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul> <li>Business         Creation</li> <li>Early-stage         fundraising</li> <li>Initial Go-To         market: MVP         development</li> </ul>	<ul> <li>Provide Early-Stage Financing</li> <li>Facilitate access to client and Go-To -Market</li> <li>Strategic partnerships</li> <li>Housing</li> <li>Operation set up and labeling</li> </ul>	<ul> <li>Seed funding to launch the business</li> <li>Cover initial operational costs</li> <li>Access to angel investors or venture capital firms</li> <li>Guidance on legal and regulatory compliance</li> <li>Support in building a strong founding team and advisory board</li> </ul>	<ul> <li>Guidance on company registration, intellectual property protection, and legal compliance</li> <li>Support in identifying funding sources, preparing investor pitches</li> <li>Connecting with potential investors</li> </ul>
Growth	<ul> <li>Product/Market         Fit</li> <li>International Go-         To-market</li> <li>Expansion and         scaling</li> </ul>	<ul> <li>Facilitate access to Finance</li> <li>Facilitate internationalizat ion via events, strategic partnership, etc.</li> <li>Provide operational support</li> </ul>	<ul> <li>Series A, B, or C funding rounds for scaling operations and market expansion</li> <li>Strategic guidance and industry insights from investors</li> <li>Assistance in negotiating partnerships and strategic alliances</li> <li>Exit strategies and assistance with mergers, acquisitions, or public offering</li> </ul>	<ul> <li>Assistance in scaling operations, managing growth, and overcoming operational challenges</li> <li>Access to industry experts</li> <li>Provide sectorspecific knowledge and guidance</li> </ul>











