



INVESTING IN SADC REGION

Practical Guide



ACRONYMS

| | | | |
|---------|---|-------|--|
| ABCEC | Association of Building and Civil Engineering Contractors | DTA | Double Taxation Avoidance |
| ADeP | Aquaculture Development and enhancement Programme | DTAAs | Double Taxation Avoidance Agreements |
| AfCFTA | African Continental Free Trade Area | EAC | East African Community |
| APDP | Automotive Production and Development Program | EBA | Everything but Arms |
| APIEX | Agency for Promotion of Investments and Exports | EDB | Economic Development Board |
| APSS | Agro - Processing Support Scheme | EDBM | Economic Development Board of Madagascar |
| ATS | Antarctic Treaty System | EEZ | Exclusive Economic Zone |
| AU | African Union | EFT | Electronic Fund Transfer |
| BAS | Business Activity Statement | EFTA | European Free Trade Association |
| BICA | Botswana Institute of Chartered Accountants | EIA | Environmental Impact Assessment |
| BIPA | Business and Intellectual Property Authority | EIPA | Eswatini Investment Promotion Authority |
| BIS | Black Industrialist Scheme | EPA | Economic Partnership Agreement |
| BIT | Bilateral Investment Treaties | EPZ | Export Processing Zone |
| BITC | Botswana Investment and Trade Centre | EPZA | Export Processing Zones Authority |
| BOOT | Build, Own, Operate, and Transfer | ERB | Engineers Registration Board |
| BOSSC | Botswana One Stop Service Centre | ESCOM | Electricity Supply Corporation of Malawi |
| BOT | Build, Operate, and Transfer | EU | European Union |
| BPN | Business Partner Number | EUR | Euro |
| BPO | Business Process Outsourcing | EV | Electric Vehicle |
| BPO & O | Business Process Outsourcing & Off-Shoring | FDH | BANK First Discount House Financial Holdings Limited |
| BQA | Botswana Qualification Authority | FDI | Foreign Direct Investments |
| BR | Boletim da República | FSA | Financial Services Authority |
| BRELA | Business Registration and Licensing Agency | FSC | Financial Services Commission |
| BRICS | Brazil, Russia, India, China and South Africa | FTA | Free Trade Agreement |
| BWP | Botswana Pula | FTA | Free Trade Area |
| CAE | Classification of Economic Activities | GBL | Global Business Licence |
| CAGR | Compound Annual Growth | GBP | Great Britain Pound |
| CBM | Coal-Bed Methane | GDP | Gross Domestic Product |
| CBRIS | Companies and Business Registration Integrated | GHG | Greenhouse gas |
| CCA | Common Customs Area | GMT | Greenwich Mean Time |
| CDE | Capital Development Expenditure | GOL | Government of Lesotho |
| CFTA | Continental Free Trade area | GOP | Gainful occupation permits |
| CGT | Capital Gains Tax | GOZ | Government of Zimbabwe |
| CIF | Cost Insurance and Freight | GSP | Generalized System of Preference |
| CINEA | Creative Industries and National Events Agency | GTIP | Green Tourism Incentive Programme |
| CIPA | Companies and Intellectual Property Authority | HEC | Higher Education Commission |
| CIPC | Companies and Intellectual Properties Commission | ICSID | International Centre for Settlement of Investment |
| CIT | Corporate Income Tax | ICT | Information and Communications Technology |
| CIU | Collective Investment Undertakings | ID | Identity Card |
| CMA | Common Monetary Area | IFC | International Financial Centre |
| COMESA | Common Market for Eastern and Southern Africa | IFRS | International Financial Reporting Standard |
| COVID | Coronavirus Disease | IFSC | International Finance Service Centre |
| CPFP | Capital Projects Feasibility Programme | IFZ | Industrial Free Zone |
| CRB | Contractors Registration Board | IMF | International Monetary Fund |
| CREL | Legal Entities Registry | INSS | National Institute of Social Security |
| CV | Curriculum vitae | IOC | Indian Ocean Commission |
| DHA | Department of Home Affairs | IORA | Indian Ocean Rim Association. |
| DSE | Dare Salaam Stock Exchange | IPPs | Investment Promotion and Protection Agreements |
| | | ITZ | International Trade Zone |
| | | KYC | Know Your Customer |
| | | LATRA | Land Transport Regulatory Authority |
| | | LDC | Least Developed Country |
| | | LLC | Limited Liability Companies |

| | | | |
|---------|---|--------|--|
| LNDC | Lesotho National Development Corporation | RSL | Revenue Services Lesotho |
| M | Loti, Maloti (Lesotho currency) | SA | Public limited companies |
| MDAs | Ministries, Departments and Agencies | SACU | Southern African Customs Union |
| METISS | MeltingPot Indian Ocean Submarine System | SAICA | South African Institute of Chartered Accountants |
| MFEZ | Multi-Facility Economic Zones | SAQA | South African Qualifications Authority |
| MGA | Malagasy Ariary | SARL | Limited Liability Companies |
| MIC | Ministry of Industry and Commerce | SARS | South African Revenue Service |
| MIGA | Multilateral Investment Guarantee Agency | SCR | Seychelles Rupee |
| MITC | Malawi Investment and Trade Centre | SCS | Simple Limited Partnership |
| MK | Malawian Kwacha | SENAMI | National Migration Service |
| MLIRET | Ministry of Labour, Industrial Relations, Employment and Training | SEZ | Special Economic Zones |
| MOI | Memorandum of Incorporation | SIB | Seychelles Investment Board |
| MRA | Malawi Revenue Authority | SITZ | Seychelles International Trade Zone |
| MSME | Medium Small and Micro Enterprise | SLA | Seychelles Licensing Authority |
| MTL | Malawi Telecommunications Limited | SMSA | Seychelles Maritime Safety Authority |
| MUR | Mauritian Rupee | SPC | Segregated Portfolio Company |
| MZN | Mozambican metical | SPEDU | Selibi Phikwe Economic Diversification Unit |
| NAMFISA | Namibia Financial Institutions Supervisory Authority | SQ | Sociedades por Quotas (Private limited company) |
| NBAA | National Board of Accountants and Auditors | SQA | Seychelles Qualifications Authority |
| NELS | National Electronic Licensing System | SRC | Seychelles Revenue Commission |
| NEMC | National Environment Management Council | SSAS | Sector Specific Assistance Scheme |
| NEPAD | New Partnership for Africa's Development | TASAC | Tanzania Shipping Agencies Cooperation |
| NGO | Non-Governmental Organization | TBS | Tanzania Bureau of Standards |
| NIPDB | Namibia Investment Promotion and Development Board | TCAA | Tanzania Civil Aviation Authority |
| NPO | Non-Profit Organizations | TFDA | Tanzania Foods and Drugs Authority |
| NQA | Namibian Qualification Authority | TIC | Tanzania Investment Centre |
| NRC | National Registration Card | TIFA | Trade and Investment Facilitation Agreement |
| NRST | Non-Resident Speculation Tax | TIN | Tax Identification Number |
| NRST | Non-Resident Shareholders Tax | TMDA | Tanzania Medicine and Medical Devices Authority |
| NSC | National Sports Council | TMS | Tax Management System |
| NSSF | National Social Security Fund | TRA | Tanzania Revenue Authority |
| NUIT | Tax Identification Number | TZS | Tanzanian Shilling |
| OBFC | One Stop Business Facilitation Centre | UAE | United Arab Emirates |
| OBRS | Online Business Registration System | UK | United Kingdom |
| OMFIF | Official Monetary and Financial Institutions Forum | UN | United Nations |
| OP | Occupation Permit | UNESCO | United Nations Educational, Scientific and Cultural Organization |
| ORS | Online Registration System | USD | United States Dollar |
| OSHA | Occupational Safety and Health Authority | VAT | Value Added Tax |
| OSISC | One Stop Investment Services Centre | VFS | Visa Facilitation Services |
| OSSC | One Stop Service Centre | WCF | Workers Compensation Fund |
| OTEC | Ocean Thermal Energy Conversion | WHT | Withholding Tax |
| PACRA | Patent and Companies Registration Agency | WIPO | World Intellectual Property Organisation |
| PAYE | Pay as You Earn | WTO | World Trade Organization |
| PCC | Protected Cell Company | WTTC | World Travel and Tourism Council |
| PE | Permanent Establishment | ZAR | Rand |
| PGM | Platinum Group Metals | ZDA | Zambia Development Agency |
| PGMs | Platinum Group Metals | ZICA | Zambia Institute of Chartered Accountants |
| PLC | Private Limited Company | ZIDA | Zimbabwe Investment and Development Agency |
| PPP | Public Private Partnership | ZIPA | Zanzibar Investment and Promotion Agency |
| PRP | Permanent Residence Permit | ZMW | Zambian Kwacha |
| PTA | Preferential Trade Agreement | ZPCSA | South Atlantic Peace and Cooperation Zone |
| PV | Photovoltaic | ZWL | Zimbabwe Dollar |
| PVV | Physical Verification Visit | | |
| PWC | Pricewaterhousecoopers | | |
| QSAPE | Qualifying South African Production Expenditure | | |

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EXECUTIVE SUMMARY

SADC Investment Practical guide was developed through the Support to Improving the Investment and Business Environment (SIBE), programme and the SADC Secretariat. The Investment Practical guide outlines the attractiveness of investing in the SADC region and how to invest in the Member States.

To develop the guide, both primary and secondary data were used. Secondary data was obtained online through: review of existing policies, legal and regulatory frameworks, institutional setups related to investment such as the Investment Promotion Agencies, Tax Revenue Agencies, Immigration Agencies, Business Registration Agencies and National and International Statistics Agencies among others. Primary data involved virtual meetings, sharing of questionnaires, email and telephone conversations with stakeholders from the Member States.

The developed Guide at a glance shows the investor journey from the point of an investment idea to the point of actualizing the investment. It includes information on Country profiles, Investment incentives, Investment opportunities, Starting a business, Taxation, and Immigration procedures. Through publishing this information, investors are able to make informed decisions on where to invest. Further, this information creates transparency in doing business and reduces the costs and time the investor would have to incur moving from one institution/website to the other to obtain the various requirements for setting up; Therefore, reducing the complexities of investing in the Member States.

The guide also contains a directory of useful contacts which link investors directly with the relevant persons/institutions who offer investment facilitation services in Members States. Every Member State has an Investment Promotion Agency that function as the entry point for investors wishing to invest.

1.0 INVESTING IN SADC REGION



The Southern African Development Community (SADC), was formed in 1980 and has 16 Member States namely: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia, Malawi and Zimbabwe. The Community has a combined population of approximately 380 million and a Gross Domestic Product (GDP) of more than US\$780 billion (2021).

The principal executive institution of SADC is the Secretariat whose responsibility is strategic planning, coordination and management of SADC programmes. It is also responsible for the implementation of decisions of SADC policy and institutions. It is headed by an Executive Secretary and has its headquarters in Gaborone, Botswana.

1.1 VISION

SADC Vision 2050 envisions a peaceful, inclusive, competitive, middle- to high-income industrialised region, where all citizens enjoy sustainable economic well-being, justice and freedom. The long-term SADC Vision is to be a regional community that has a common future that will ensure socioeconomic well-being, improved standards of living and quality of life, freedom and social justice, and peace and security for the people of Southern Africa, (SADC Treaty).

This Vision is complementary to the United Nations' 2030 Agenda for Sustainable Development, and the African Union's (AU) Agenda 2063 and its flagship projects and continental frameworks and is expressed in three pillars:

- i. Industrial Development and Market Integration;
- ii. Infrastructure Development in Support of Regional Integration;
- iii. Social and Human Capital Development.

1.2 MISSION

In order to realise SADC Vision 2050 for the Community, SADC aspires to:

- i. Create a conducive environment to foster regional cooperation and integration and uphold free movement of goods, labour, capital, and services;
- ii. Accelerate the mobilisation of resources from within the Community and external sources;
- iii. Improve implementation of SADC policies and programmes through the effective realisation of roles and responsibilities undertaken by various actors and entities through institutional reforms;
- iv. Strengthen compliance by Member States through the implementation of effective compliance monitoring and assurance mechanisms to track progress in implementation of SADC programmes and compliance with its protocols and legal instruments; and

- v. Magnify visibility and awareness as a means to trigger and maintain the interest, awareness, and participation of SADC citizens in driving the regional integration agenda.

1.3 WHY INVEST IN SADC REGION?

The SADC Region is one of the eight recognized building blocks of the African Union and is one of the most stable and peaceful region. Peace and security are well established as an integral component of development planning in Southern Africa, due to the understanding that economic cooperation and integration requires a peaceful environment in which people can grow and contribute to their full potential. Through the appropriate structures and mechanisms, SADC continues to play a pivotal role in the area of preventive diplomacy, mediation, conflict prevention and resolution, in a proactive manner. Therefore, issues of peace and security remain a top priority for SADC and are clearly articulated and demonstrated in the proliferation of declarations, treaties and protocols aimed at preventing and containing conflicts in the region.

The region has abundant resources, ranging from its people with a rich historical and cultural heritage to stunning natural features, including several World Heritage Sites such as Tsodilo Hills in Botswana, Virunga National Park in the Democratic Republic of Congo, Lake Malawi National Park, the Island of Mozambique, the Ngorongoro Conservation Area, Kilimanjaro National Park and Zanzibar Stone Town in the United Republic of Tanzania, the Greater St. Lucia Wetlands Park and Robben Island in South Africa, Victoria Falls in Zambia and Zimbabwe, Great Zimbabwe National Monument and Mana Pools National Park in Zimbabwe and many more.

It is also well endowed with mineral resources that provide considerable potential for industrial development including precious and base metals, industrial minerals and precious stones. The SADC region is a major reservoir of some of the world's most valuable minerals, many of which have not been exploited to the full. The region also has over 900 million hectares landmass of which 147 million hectares is arable land and has borders with two oceans, namely the Indian Ocean and the Atlantic Ocean.

Further, the ongoing consistent efforts towards investment facilitation, Investment protection, aftercare services, advocacy and investment confidence building at both regional and country levels are contributing to achieve the agenda of transforming the region into a SADC investment zone. The business and investment policy, legal and regulatory frameworks in place have largely contributed to creating a conducive business and Investment climate in the region.

In the following sections, reference will be made to SADC key business and investment Policy and regulatory frameworks at regional level and practical guide for investing in each SADC Member States.



2.0 BUSINESS AND INVESTMENT POLICY AND REGULATORY FRAMEWORKS



Attracting FDI and intra SADC investment has been placed at the core of the SADC developmental integration agenda. SADC recognizes that to improve the levels of investment in the region there is a need for creating a favourable investment climate that is responsive to the needs of investors and private sector whilst remaining competitive. Several strategies, policies and reforms have been made to ensure a conducive investment/business climate.

a) Protocol on Finance and Investment

In order to foster investment in the region, SADC established the Protocol on Finance and Investment in 2006. This Protocol outlines SADC policy on investment, encouraging Member States to enact strategies to attract investors and implement legislation that creates a favourable environment for investment, such as tax incentives that ease financial burdens for private firms seeking to invest in the region. The Protocol highlights the importance of FDI and encourages Member States to promote entrepreneurship in industries that specifically attract FDI. This Protocol also seeks to foster harmonisation of the financial and investment policies of the Member States in order to make them consistent with objectives of SADC and ensure that any changes to financial and investment policies in one Member State do not necessitate undesirable adjustments in other Member States.

b) Protocol on Trade in Services

The Protocol on Trade in Services was signed in 2012 and marked the beginning of negotiations on the liberalization of the priority sectors (communication services, construction services, energy-related services, financial services, tourism services, and transport services). The Protocol sets out general obligations for all State Parties with regard to the treatment of services and service suppliers from other State Parties. While it does not contain liberalization obligations, it provides for a mandate to progressively negotiate removal of barriers to the free movement of services.

c) Regional Indicative Strategic Development Plan (RISDP)

The Regional Indicative Strategic Development Plan (RISDP) which among other things, outlines factors that investors consider when assessing a region for its suitability for business, including a stable political and macroeconomic environment as well as favourable regulations, quality economic infrastructure, qualified human resources, and a transparent and predictable legal system; integration of the national markets into an expanded regional market with a higher level of liquidity; and a harmonized investment regime and business environment.

d) SADC Industrialisation Strategy and Roadmap

The SADC Industrialisation Strategy and Roadmap 2015–2063 aims to promote industrialisation, enhance competitiveness, and deepen regional integration through structural transformation, leading to an increase in manufactured goods and exports. This strategy calls on Member States to implement investment friendly policies to attract FDI resources to increase productive capacity and facilitate technological and skills transfers.

The Strategy is designed as a modernization scheme, and is predicated on maximum exploitation of comparative advantage and creating enduring conditions for competitive advantage at enterprise level. This requires earnest efforts aimed at enhancing technological setups and readiness, changes in the way of doing business, scaling-up productive capacity and enhancing economic interlinkages to unlock regional potential.

e) Regional Action Programme on Investment (RAPI)

To improve the investment and business environment in the region, SADC is implementing, the Regional Action Programme on Investment (RAPI) which has the following components:

- Developing and harmonizing the relevant policies and frameworks for attracting and promoting both domestic investment and FDI;
- Investment promotion initiatives in the region;
- Developing relevant platforms for sharing information which is relevant to investors.
- RAPI helps Member States to identify opportunities to attract investments into supply chains that can help advance the industrialization process of the region and promote sustainable development.

f) Investment Policy Framework (IPF) and National Action Programmes on Investment (NAPI).

IPF guides Member States in developing their National Action Plans for Investment (NAPI). It identifies five policy action areas to help Members States to improve business and investment climate:

- (i) Promoting a coherent and transparent investment environment;
- (ii) Ensuring market access and competition;
- (iii) Providing security and protection of investor's rights;
- (iv) Ensuring responsible and inclusive investment for development; and
- (v) Promoting regional and international integration.



Through the IPF SADC has helped Member States to meet their growth challenge by placing transparent and accountable institutions, market access and competition, inclusiveness, and economic integration at the centre of the region's strategy for attracting sustainable private investment.

To domesticate the SADC IPF, following Member States have developed their National Action Programmes on Investment: Eswatini, Lesotho, Madagascar, Malawi, Namibia, Seychelles, Tanzania, Zambia and Zimbabwe.

In addition, following Member States are reviewing and/or developing their National Investment Policy to align it to the agenda of Sustainable Development Goals (SDGs) to meet emerging development needs. To date, these are: Lesotho, Eswatini and Namibia.

g) Business and Investment promotion strategy (BIPS)

The core principles of BIPS are anchored on the SADC regional IPF. Its main objectives are to complement the IPAs Investment Promotion Strategy, to present and promote SADC as an FDI destination and to create and maintain the visibility of SADC as a regional investment destination.

USEFUL CONTACTS

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3.0 INVESTING IN SADC MEMBER STATES



3.1 ANGOLA PRACTICAL GUIDE

3.1.1. COUNTRY PROFILE

Angola is the seventh largest country in Africa with a size of 1,246,700 sq. km. It is located in the Atlantic coast of southern Africa to the south of Equator and borders Namibia, Botswana, Zambia, and the Democratic Republic of the Congo.

Angola has a 1650 km long coastline with three main ports (Luanda, Lobito and Namibe). The port of Lobito is connected to the Benguela railway which links the Atlantic coast of Angola to the DRC and Zambia. Other ports include Porto Amboim, Port of Cabinda, and Port of Soyo.

The capital city of Angola is Luanda on the north coast that blends Portuguese-style with traditional African housing styles and modern industrial complexes. Angola has an estimated population of 37.8 million (2024). The official language is Portuguese, with Umbundu, Kimbundu, Kikongo, and Chokwe being some of the locally used languages.

ECONOMIC OVERVIEW

Macroeconomic stability in Angola has been enhanced through a more flexible exchange rate regime, central bank autonomy, sound monetary policy, and fiscal consolidation. Laws have been introduced to allow greater private sector participation in the economy, increasing the stability of the financial sector.

In 2022, GDP Growth accelerated to 3% thanks to expansion in non-oil sectors and a small rebound in oil production. Higher oil prices allowed for fiscal expansion, especially in public investments, and appreciation of the domestic currency, underpinning strengthening domestic demand and generating a 7% growth in private consumption.

LEGAL AND POLITICAL SYSTEM

Angola has a multiparty democracy with an Executive Presidency composed of the following State bodies: The President of the Republic, the National Assembly, the Government and the Courts.

With a unicameral legislative system, Angola's National Assembly has 223 seats. Its members are elected under a system of proportional representation by universal suffrage for a five-year term.

Angola's legal system is based on Portuguese civil law system and customary law; recently modified to accommodate political pluralism.

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Official name | Republic of Angola |
| Capital | Luanda |
| Area: | 1,246,700 sq. km (World data) |
| Population (2024) | 37.8 million (World meter) |
| Languages | Portuguese, Umbundu, Kikongo Kimbundu, Chokwe |
| Currency | Angolan Kwanza (Kz) |
| GDP (2022) | 106.78billion (World bank) |
| GDP per capita (current US\$) 2022 | 3,000.4 (World bank) |
| GDP growth (annual %) 2022 | 3 ((World bank) |
| Main Exports 2021 | Crude Petroleum, Petroleum gas, Diamonds, Refined petroleum and Asphalt mixtures (OEC) |
| Main imports 2021 | Refined petroleum, Wheat, Poultry Meat, Rice, and Cars (OEC) |

3.1.2 WHY INVEST IN ANGOLA?

a) Wide Market access

Angola has ratified the African Continental Free Trade Area Agreement (AfCFTA) which aims to facilitate imports and exports among member countries with lower or no tariffs, free access to the market and market information, and the elimination of trade barriers. The AfCFTA is the world's largest free trade agreement with 55 member states, comprising a population of 2.67 billion.

Angola is also a member of the Southern African Development Community (SADC) which has 16 Member States comprising 381 million consumers. Further, Angola has a trade and investment framework agreement with the United States, as well as agreements with Argentina, Cuba and Ecuador. In Europe, agreements exist with Spain, Russia, Hungary, Portugal, Germany, the Czech Republic, and Romania. Agreements in Asia are with South Korea, India, China and Vietnam. Israel is the only Middle Eastern country with a trade agreement with Angola.

Angola also has bilateral investment agreements in force with Cabo Verde, Germany, Italy, and Russia.

b) Well established Infrastructure

Angola has a large road network, especially around Luanda and in the coast. The total size of the Angola road network is around 76,000 km. The classified network is around 43,655 km in length or 58% of the total road network. This classified road network includes around 26,000 km of fundamental roads which connect the capital to the 18 provinces and the main cities to each other and to around 17,500 km of complementary roads.

Angola's aviation system consists of 52 airports with paved runways. The Quatro de Fevereiro International Airport just outside Luanda is the country's busiest airport and serves international and domestic airlines. TAAG Angola Airlines is the national flag-carrying airline of Angola and one of the most successful airlines in Africa.

The Angolan rail network stretches over approximately 2 700 kilometres and connect the Atlantic coast to the interior of the country. The three separate rail lines are the Luanda Railways (located in the north), Benguela Railways (located in the central part of Angola), and Mocamedes Railways (located in the south).

c) Availability of mineral resources

Angola is one of the richest states in terms of natural resources. It has abundant untapped mineral deposits of Petroleum, diamonds, iron ore, phosphates, bauxite, uranium, gold, granite, copper, magnesium, feldspar and ornamental rocks.

d) Availability of labour

Angola's workforce is estimated around 16 million people available for the labour market, representing an activity rate of 89.8%.

e) Culture

The country has a very rich culture and extremely friendly people. The food in Angola is delicious which is a mix of different Portuguese, Brazilian and African dishes.

f) Electronic Private Investment Processing System

Angola has an electronic tool SETIP that serves to automate the process of processing private investment proposals and the interaction between investors and public administration bodies with influence on the private investment procedure. Through this platform, investors can:

- Submit investment proposals from anywhere in the world;
- Complete the application in stages and submit only when they wish;
- Make corrections to the application without having to contact APEX;
- Monitor the progress of the application online;
- Be notified via email about the status of the application;
- Access the services provided by APEX.

3.1.3 ANGOLA'S PRIVATE INVESTMENT AND EXPORT PROMOTION AGENCY (APEX)

APEX was created under Presidential Decree nº 81/18, resulting from the merger of the Technical Unit for Private Investment (UTIP) and the Agency for Investment and Export Promotion of Angola (APEX).

It is dedicated to promoting exports, attracting private investment, registering investment proposals, institutional support and monitoring the execution of investment projects and internationalization of Angolan companies.

Its main responsibilities are:

- Promote and attract private investments of internal and external origin capable of contributing to the socio-economic development of Angola;
- Ensure the reception and monitoring of private investment proposals to be made in Angola;
- Promote the attraction of foreign direct investment for strategic sectors of the national economy;
- Promote the increase and diversification of exports of products and services from Angola;
- Contribute to the creation of favourable conditions for private investment in Angola;
- Supervise and control the execution of approved private investment projects;
- Execute policies and programs to replace imports and increase exports.

APEX is the investor's sole interlocutor at all stages of the investment process. Through institutional coordination, it supports investors, monitors investment proposals and ensures the conditions for the successful execution of investment projects.

3.1.4 INVESTMENT INCENTIVES

PRIVATE INVESTMENT LAW

The Private Investment Law of 2021 seeks to incentivize incoming investment. The incentives include:

- Elimination of the minimum investment value and the value required to qualify for incentives in foreign and local investments, previously set at USD 1,000,000 and USD 500,000 respectively. There is no lower limit to invest and qualify for incentives;
- Elimination of the obligation for foreign investors to establish a partnership with an Angolan entity with at least a 35 percent stake in the capital structure of investments in the electricity and water, tourism, transport and logistics, construction, media, telecommunications and IT sectors. Under the new law, investors will decide on their capital structure and origin;
- Granting to foreign investors “the right and guarantee to transfer abroad” dividends or distributed profits, the proceeds of the liquidation of their investments, capital gains, the proceeds of indemnities and royalties, or other income from remuneration of indirect investments related to technology transfer after proof of implementation of the project and payment of all tax dues;
- Allows for negotiations of tax incentives between state and potential investors.

Investment incentives are now granted by AIPEX, the State’s investment agency; the president had that responsibility under the 2015 investment law. Companies need to apply for such incentives when submitting an investment application to AIPEX and the relevant ministry.

FREE TRADE ZONES

The Free Trade Zones Law (FTZL) was passed in October 12, 2020. The FTZL establishes benefits to be offered to investors by the Angolan Government in exchange for meeting specific monetary, job creation, or other investment requirements on a per contract basis. Investors are granted use of the Free Zone for 25 years and can receive industrial tax and VAT benefits, customs rights, as well as land and capital benefits for investing in a Free Zone. Investments made in Free Zones must consider environmental protection interests.

Investors are allowed to carry out industrial activities, agriculture, technology activities, as well as commercial and service activities. It is possible to carry out other activities which are not specified by the FTZL, provided that such activities target an international market and relevant authorities authorize the activities. Industrial activities should use Angolan raw materials and be focused on exports).

TAX BENEFITS UNDER THE PRIOR DECLARATION REGIME

This regime includes investment proposals framed in non-priority sectors. The tax benefits in this regime include



SPECIAL DIET REGIME

| Type of Tax | Period | Reduction |
|--|---------|-----------|
| Property for the Acquisition of Properties | AT | 50% |
| Industrial •General at 25% •Agriculture at 10% •Provisional at 2% | 2 years | 20% |
| Tax without capital investment | 2 years | 25% |

| Tax | Zone A | Zone B | Zone C | Zone D |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Acquisition of properties intended for investment (Property) (two%) | 50% for a period of 2 years | 75% | 85% | 92.5% |
| Industrial Tax (General, Agriculture, Provisional) (25%;10%,2%) | 20% for a period of 2 years | 60% for a period of 4 years | 80% for a period of 8 years | 90% for a period of 8 years |
| Application of capital (10%) | 25% for a period of 2 years | 60% for a period of 4 years | 80% for a period of 8 years | 90% for a period of 8 years |
| Ownership of properties intended for investment (Property) (0.5% < AKZ 5 million) | AT | 50% for a period of 4 years | 75% for a period of 8 years | 82.5% for a period of 8 years |

This includes Investment proposals framed in priority sectors. The benefits include:

TAX BENEFITS UNDER THE SPECIAL REGIME

CONTRACTUAL REGIME

Projects with a structural impact on the country's economic development are entitled to incentives upon negotiation of benefits and incentives between the Investor and the Angolan Government which include:

- Reduction of industrial tax rates (final and provisional), Urban Property Tax, Capital Investment Tax and Stamp Tax, for a period of up to 15 years;
- Tax credit of up to 50% of the investment value, for a period of up to 10 years;
- Increase in amortization and reinstatement rates of up to 80%, for a maximum period of 10 years, for projects located in development zones B, C and D.
- Deferral in tax payment time;
- Consider as a cost 80% of the value of investment expenses intended for the creation of infrastructure, necessary for the execution of the project, which by its nature must be provided by the state;
- Exemption from paying customs duties on the import of goods and equipment necessary for the execution of the project, with the exception of VAT;
- Exemption from paying taxes and fees due for any service requested, including customs, by a non-business public entity, only for projects covered by the special regime;
- Assistance in the implementation of projects at all stages of the investment process through the Single Investor Window.

3.1.5 INVESTMENT OPPORTUNITIES

a) Energy

Angola is a major oil-exporting country and an OPEC member. Increasing the access to electric power is a high priority for the Government of Angola, which has set targets of 9.9 gigawatts (GW) of installed generation capacity and a 60% electrification rate by 2025.

Opportunities exist in:

- Hydropower generation;
- Green hydrogen production;
- Wind energy production;
- Natural Gas exploitation;
- Rural electrification
- Solar Energy production.

b) Agriculture

Angola has an abundance of arable land and a diversity of climatic conditions that are suitable for producing a variety of agricultural products.

Investment opportunities exist in production of:

- Wheat;
- Poultry;
- Cassava;
- Bananas;
- Potatoes;
- Corn;
- Sweet potatoes;
- Citrus fruits;
- Pineapples;
- Avocado;
- Fisheries (shrimps, crabs, tuna).

c) Infrastructure

Angola's government seeks to modernize transportation and telecommunication networks.

Opportunities exist in:

- Road construction;
- Rail development;
- Airports management;
- Marine technologies;
- Ports development and management
- Cyber security;
- Cloud computing;
- Data centres;
- Internet service providers.

d) Manufacturing

Manufacturing industry in Angola is characterized by heavy and light manufacturing. The development of a comprehensive industrialisation programme is a key priority of Angola's National Development Plan.

Opportunities exist in:

- Clothing and Textiles;
- Leather processing;
- Edible oils processing;
- Coffee value addition;
- Animal feeds processing;
- Food processing;
- Automotive;
- Pharmaceutical equipment and products.

e) Mining

Angola is rich in mineral resources such as diamonds, iron, gold, copper petroleum, phosphates, bauxite, uranium, granite, magnesium, feldspar and ornamental rocks.

Opportunities exist in:

- Exploration;
- Development;
- Processing.

3.1.6 STARTING A BUSINESS

FORMS OF BUSINESS

When setting up a company in Angola, one has the following options:

SOLE TRADER

A person can carry out a commercial activity on their own, being classified as a trader. Under this form of business, the business is inseparable from the person who constitutes it.

LIMITED LIABILITY COMPANY

In this form of business, the liability of the members is limited to the number of shares issued.

BRANCH OFFICE

This is a foreign company registered in Angola as a branch office.

COMPANY REGISTRATION PROCEDURE

Business registrations in Angola can be done in person at the GUE offices and online through the single window portal.

For online registrations via the Single Window portal applicants are required to create a user account, apply for company registration by filling the online forms, upload the necessary documents and pay the required fees.

COMPANY REGISTRATION REQUIREMENTS

INDIVIDUALS:

- ✓ Valid identity card;
- ✓ Passport with valid visa and NIF (for non-resident foreigners); or
- ✓ Passport and residence permit (resident foreigners);
- ✓ Email and telephone contact for each member.

LEGAL ENTITY:

- ✓ Updated commercial registration certificate;
- ✓ Copy of Taxpayer Number (NIF);
- ✓ Deliberative minutes or decision of management/administration, authorizing participation in the company to be formed;
- ✓ Email and telephone contact (of the legal representative, if applicable).

BRANCH OFFICE:

- ✓ Documents from the parent company (commercial certificate, publication);
- ✓ Deliberative minutes of the parent company (containing the decision to open the Branch or Representative Office);
- ✓ Power of attorney for the representative.

FEES

- ✓ Limited liability company 11,000 Kz;
- ✓ Public limited company 41,000Kz.

DEED FEES WHERE APPLICABLE

- ✓ Limited liability company 3250 Kz;
- ✓ Public limited company 13,250 Kz.

OTHER REGISTRATIONS

Various licences will be issued to the registered business depending on the business activity via the single window portal.

3.1.7. TAXATION

a) Corporate income tax (CIT)

Levied, currently at a 25% rate, on the profits deriving from business activities carried out in Angola by resident entities or non-resident entities with a tax permanent establishment (PE), as defined by Angolan domestic legislation.

b) Withholding tax

WHT is applicable on payments of services (some exemptions apply) at the rate of 6.5%. For Angolan taxpayers, the tax is regarded as an advanced payment of the CIT due at the year-end; the deduction of these WHTs against CIT payable is subject to acceptance by the Angola tax authorities. For non-resident companies, this is a final tax.

c) Individual - Taxes on personal income

The Personal Income Tax (PIT) Code foresees, with the respective specificities, the segmentation of income into Groups, namely:

Group A: Generally applicable to the income earned by employees.

Group B: Income earned by self-employed workers.

Group C: Income earned by individuals carrying out an industrial or commercial activity listed in the minimum profits table in force.

For Group A, there are progressive income tax rates up to 25%, as follows:

| Income (AOA) | Payable tax (AOA) |
|----------------------------------|--|
| Up to 70,000 | Exempt |
| Between 70,001 and 100,000 | 3,000 + 10% upon the excess of 70,000 |
| Between 100,001 and 150,000 | 6,000 + 13% upon the excess of 100,000 |
| Between 150,001 and 200,000 | 12,500 + 16% upon the excess of 150,000 |
| Between 200,001 and 300,000 | 31,250 + 18% upon the excess of 200,000 |
| Between 300,001 and 500,000 | 49,250 + 19% upon the excess of 300,000 |
| Between 500,001 and 1,000,000 | 87,250 + 20% upon the excess of 500,000 |
| Between 1,000,001 and 1,500,000 | 187,250 + 21% upon the excess of 1,000,000 |
| Between 1,500,001 and 2,000,000 | 292,250 + 22% upon the excess of 1,500,000 |
| Between 2,000,001 and 2,500,000 | 402,250 + 23% upon the excess of 2,000,000 |
| Between 2,500,001 and 5,000,000 | 517,250 + 24% upon the excess of 2,500,000 |
| Between 5,000,001 and 10,000,000 | 1,117,250 + 24.5% upon the excess of 5,000,000 |
| More than 10,000,001 | 2,342,250 + 25% upon the excess of 10,000,000 |

d) Value Added Tax

The standard VAT rate is 14%, and VAT has a broad tax base.

3.1.8 IMMIGRATION PROCEDURES

VISAS

Visas are obtained online via the visa portal. Upon approval the e-visa is email led to the applicant.

TYPES OF VISAS

A) TOURIST VISA

The tourist visa is granted by the Angolan diplomatic and consular missions to foreign citizens who wish to enter the Republic of Angola, on a recreational, sporting or cultural visit.

B) ORDINARY VISA

Granted by the Angolan diplomatic and consular missions to foreign citizens and is intended to allow entry into Angola for family reasons and business prospecting. This visa must be used within 60 days, following the date of its granting and allows the holder to stay for up to 30 days and can be extended twice, for the same period of time.

C) PRIVILEGED VISA

This is granted to the foreign citizen investor, representative or attorney of an investing company, by the Angolan diplomatic and consular missions and is intended to allow the entry of its holder into Angola, for the purposes of implementing and executing the approved investment proposal, under the terms of the Private Investment Law. This visa must be used within 60 days following the date of its granting and allows its holder multiple entries and a stay of up to 2 years, extendable for equal periods of time.

VISA REQUIREMENTS:

- ✓ Completed application form bearing your details and signature;
- ✓ Valid passport;
- ✓ Recent passport photograph;
- ✓ Proof of accommodation;
- ✓ Health insurance;
- ✓ Bank statement;
- ✓ Travel itinerary;
- ✓ Letter of invitation from the host;
- ✓ Civil status documents, where applicable;
- ✓ Medical certificate;
- ✓ Two-way plane ticket showing entry and exit dates.

WORK VISA

An Angola work visa is issued to foreign citizens who are willing to work in the country. The various types of work visa include:

- Type A work visa which is granted for carrying out professional activity at the service of a public institution or company;
- Type B work visa which is granted for carrying out independent professional activities, providing services, sports and culture;
- Type C work visa which is granted for carrying out professional activity in the oil, mining and civil construction sectors;
- Type D work visa which is granted for carrying out professional activity in the commerce, industry, fisheries, maritime and aeronautical sectors;
- Type E work visa which is granted to carry out activities within the scope of cooperation agreements;
- Type F work visa which is granted for carrying out professional activity in any other sector not provided for in the previous paragraphs.

WORK VISA REQUIREMENTS:

- A letter issued from the company that requested the visa;
- An academic and professional certificate;
- A work contract from a company that is in Angola;
- A Curriculum vitae;
- A letter of approval from the Ministry of Public Administration, Employment, and Social Security;
- A copy of the permit for the authorized economy activity;
- Document evidence of compliance with tax obligations;
- A copy of the Official Gazette of the Republic, publishing the company's by-laws.

Note: All the documents mentioned above must be translated into Portuguese.

RESIDENCE PERMIT

An Angola residence permit allows one to stay in the country for longer than one year. To apply for an Angola residence permit, one must submit the requested documents to the Angola Immigrant department or the embassy of Angola. There are two types of residence permits in Angola you can apply for depending on how long you plan on staying in the country:

TEMPORARY RESIDENCE PERMIT

A temporary residence permit is issued to applicants who are planning to stay in the country from one to three years.

PERMANENT RESIDENCE PERMIT

A permanent residence permit is issued to applicants who have stayed in the country for ten years with a temporary residence permit.

FEES

| Visa type | Visa fee (\$) |
|---------------------------------|---------------|
| Transit visa | 50 |
| Tourist Visa | 70 |
| Short term visa | 80 |
| Ordinary visa | 100 |
| Business visa | 100 |
| Privileged visa | 250 |
| Work Visa | 250 |
| Temporary stay visa | 150 |
| Visa for establishing residence | 200 |
| Student visa | 150 |

3.1.9. USEFUL CONTACTS

- AIPEX <https://www.aipex.gov.ao/PortalAIPEX/#/>
KN10, R. Kwame Nkrumah 10,
Luanda - Angola
Município de Belas - Luanda
geral@aipex.gov.ao
+244 222 39 14 34
+244 222 33 12 52
- Guiché Único da Empresa
Avenida Dr. Agostinho Neto, Nova Marginal
Ingombota AAA Building - RC & 2nd Floor
+244 222 760 684 | +244 222 760 685
+244 222 760 681 (Call Centre)
+244 938 717 940 (WhatsApp)
support@gue-sede.ao
- Ministry of Justice and Human and Rights
Rua 17 de setembro, Luanda- Angola
Portal.dse.contactos@gmail.com
SME – Migration and Foreigners Service
Amílcar Cabral Street – Maianga District –
Luanda Municipality
Luanda, Angola

3.1.10 REFERENCES

- <https://2009-2017.state.gov/outofdate/bgn/angola/121389.htm>
- <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AO>
- <https://msgbcoilgasandpower.com/now-is-the-time-to-invest-in-angolan-oil-and-gas/>
- <https://oec.world/en/profile/country/ago>
- <https://taxsummaries.pwc.com/angola/>
- <https://taxsummaries.pwc.com/angola/corporate/other-taxes>
- <https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/024/index.html>
- <https://visaguide.world/africa/angola-visa/>
- <https://www.aipex.gov.ao/>
- <https://www.embangola.at/dados.php?ref=visto-trabalho>
- <https://www.embangola.at/home.php?lang=EN>
- <https://www.sme.gov.ao/>
- <https://www.smevisa.gov.ao/>
- https://www.stanbicbank.co.ke/static_file/StandardBankGroup/filedownloads/ÃfCFTA/FAQsonAfCFTA.pdf
- <https://www.state.gov/reports/2021-investment-climate-statements/angola/>
- <https://www.un.int/angola/angola/government>
- <https://www.worlddata.info/africa/angola/index.php#:~:text=The%20land%20has%20a%20total,23rd%20biggest%20in%20the%20world.>
- <https://www.worldometers.info/world-population/angola-population/>
- Single Window portal



3.2 BOTSWANA PRACTICAL GUIDE

3.2.1 COUNTRY PROFILE

Botswana is a land-linked country at the heart of Southern Africa. The country lies between longitudes 20 and 30 degrees East of Greenwich and between the latitudes 18 and 27 degrees approximately South of the Equator. Botswana is bordered by Zambia and Zimbabwe to the Northeast, Namibia to the North and West, and South Africa to the South and Southeast. At Kazungula, four countries - Botswana, Zimbabwe, Zambia and Namibia - meet at a single point mid-stream in the Zambezi River.

Botswana's climate is semi-arid. Though it is hot and dry for much of the year, there is a rainy season, which runs through the summer months. Rainfall tends to be erratic, unpredictable and highly regional. Often a heavy downpour may occur in one area while 10 or 15 kilometres away there is no rain at all. Showers are often followed by strong sunshine so that a good deal of the rainfall does not penetrate the ground but is lost to evaporation and transpiration.

ECONOMIC OVERVIEW

Botswana's strong economy is the hallmark of its success. The country's economic stability has been the result of the prudent management of its diamond wealth which in the early years of its independence, fuelled the country's rapid growth and robust infrastructural development, rapidly changing Botswana into a modern African metropolis. Botswana has over many years maintained a high economic growth rate, (real GDP growth rate was 5.8% in 2022), resulting in the accumulation of substantial foreign reserves and investment in the development of its people.

Botswana presents a low operational risk environment for FDI. Operational Risk Index provides a country-comparative evaluation of the labour, logistics, trade and investment and crime and security risks to business operations. The country has fewer labour market unrests and lower security risks than competitor FDI destinations in Sub Saharan Africa.

LEGAL AND POLITICAL OVERVIEW

Botswana's stable political environment includes a multi-party democratic tradition, with general elections held every five years. Its legal system is dual comprising of the Roman Dutch Law existing and the Customary Law.

Botswana Constitution establishes the 3 arms of government (the Executive, the Legislature and the Judiciary). The judiciary is an independent body with the mandate of adjudication of both civil and criminal cases involving citizens and the state.

| General Facts | |
|---------------------------------|---|
| Area | 582,000 km ² |
| Population (2024) | 2.699 million (World meter) |
| Capital | Gaborone |
| Form of Government | Parliamentary |
| Head of State | His Excellency, President, Dr. Mokgweetsi E. K. Masisi. |
| Official Language | English and Setswana |
| Gross Domestic Product (2022) | 20.36 USD Billion (World Bank) |
| Per Capita GDP (2022): | 7738.00 USD (World Bank) |
| GDP Real Growth Rate for (2022) | 5.8% (World Bank) |
| Currency | ISO code is BWP, One Pula = 100 Thebe |
| Weights & Measures | Metric system |
| Trading across borders | Trans-regional highways, railways, airports and efficient border control mechanisms all contribute to Botswana's competitive trading position |

3.2.2 WHY BOTSWANA?

a) Peace, stability and transparency

Botswana is stable, peaceful and transparent. It provides a peaceful and stable environment to its citizens and investors and has maintained peace since Independence in 1966. Further, Botswana has zero tolerance for corruption, and boasts of a sound legal system and adherence to the rule of law rating consistently as the second least corrupt country in Africa by Transparency International.

b) Sound fiscal policy and economic freedom

Botswana has very low debt levels, a robust institutional framework, strong governance and a balanced economic concentration in mining and related activities, as well as very low susceptibility to political, liquidity and banking-related event risks. Moody's Investors Service ranked the country at "A3" with a "stable Outlook" for 2023.

c) Commitment to continued growth

Botswana is consistently investing in new and improved core infrastructure such as power plants, fibre-optic networks, roads, railways and international banking institutions. It is establishing itself as a centre for Innovation and Research and Development (R&D) via the Botswana Innovation Hub.

d) Quality workforce

Botswana's workforce is well educated with 90% literacy levels with English being the most spoken language. The people are peaceful and humble, and the different communities maintain harmonious relations. Further, there are no labour tensions.

e) Rich in Natural Resources

Minerals, energy, protected environmental areas, agriculture, pastureland, and non-timber forest products give Botswana natural capital that amounts to one-third of its total wealth.

f) Wide market access via FTAS

Botswana provides investors with preferential access to the Southern African Development Community's (SADC) entire marketplace which has over 393 million people. Further it provides duty-free access to South Africa, Namibia, Lesotho and Eswatini (Southern African Customs Union (SACU)). It also provides duty-free and quota-free access to the European Union (EU) market. Further, it is a member of African Continental Free Trade Area (AfCFTA) with a population of 1.3 billion people with an estimate GDP of USD 3.4 billion.

g) Business friendly environment

The government of Botswana is committed to make investments work for investors. Currently, there are no foreign exchange controls or restrictions on business ownership. Taxes are competitive with manufacturing and International Finance Service Centre (IFSC) companies attracting 15% while other businesses attract 22% and 25% for individuals. Botswana also allows remittance and full repatriation of profits and dividends.

3.2.3. BOTSWANA INVESTMENT AND TRADE CENTRE (BITC)

BITC plays a critical role in driving Botswana's economic growth through the attraction of Foreign Direct Investment (FDI), domestic investment, and facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets.

BITC operates an Investment Facilitation Centre (BOSSC) which houses relevant government agencies as a single cohesive structure that provides prompt, efficient and transparent services to investors. BOSSC has made available shortened and simple administrative procedures and guidelines for issuance of business approvals, permits and licenses, thereby removing bottlenecks faced by investors in establishing and running businesses in Botswana. It provides the following services:

- Company and business registration;
- Trade and business license applications;
- Entry visas, work and residence permits;
- Work permit exemptions;
- Connection of utilities e.g., power, telecommunications and water;
- Income Tax and VAT registration;
- Access to land;
- Allocation of BITC factory space (subject to availability);
- Environmental Impact Assessment (EIA) compliance;
- Provide business advisory services;
- Opening a bank account;
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities.

3.2.4 INVESTMENT INCENTIVES

a) Liberal tax regime

- Company tax at 22% of the taxable income and the general rate of withholding tax is 7.5% on all dividends distributed. 25% personal tax;
- Negotiable tax holiday up to ten (10) years (lowest taxes in the SADC region);
- No restrictions on business ownership;
- Duty rebates on raw material imported;
- Duty rebate on importation of machinery;
- 10 years negotiable tax holiday up to maximum;
- No foreign exchange controls; remittance and full repatriation of profits and dividends;
- Deductible training rebate of 200%;
- Operational double taxation avoidance agreements with South Africa, United Kingdom, Sweden, France, Mauritius, Namibia, Zimbabwe and Russia;
- Companies accredited by the Innovation Hub pay tax at 15% of profit;
- There are no foreign exchange controls in Botswana – hence free repatriation of profits, dividends and capital.

b) Incentives for IFSC Accredited Companies

- Access to a growing network of Double Taxation Avoidance (DTA) Treaties;
- A competitive corporate tax incentive framework;
- Denomination of share capital in any major convertible currency;
- Exemption from Capital Gains Tax (CGT) and Withholding Tax (WHT);
- Flat Corporate Tax rate at 15%;
- No withholding tax on dividends, interest, royalties, management fees;
- Specified Collective Investment Undertakings (CIUs) managed by IFSC companies are tax exempt;
- Zero-rate for Value-Added-Tax;
- Access to growing network of Double Taxation Avoidance (DTA) treaties

c) SPEDU Incentives

The SPEDU Region has the following incentives:

- 5% corporate tax for the first five (5) years, thereafter 10%;
- Duty rebates on raw material imported. Provide rebate of customs duties and value;
- Added tax under schedule 4 – rebate item 470.03
- VAT Act third Schedule – item 470. 03 for manufacturing done exclusively for Export outside Common Customs Area (CCA);
- Provides rebate for customs duties and value added tax for Importation of raw materials under schedule 3 of the Customs Tariff and VAT Act.

d) Special Economic Zones (SEZ) incentives

- Duty-free imports of specialist plant and machinery for manufacturing purposes;
- Waiver on transfer duty on land and property and property tax exemption for five (5) years;
- Zero-rated VAT on raw materials for manufacturing for export;
- Fast-tracked land allocation and long-term renewable land leases;
- 5% corporate tax for the first 10 years then 10% corporate tax thereafter;
- Exemption from payment of transfer duty for purchase of land in Special Economic Zones.

3.2.5 INVESTMENT OPPORTUNITIES

a) Agriculture

Botswana has a surface area of 581,730 km² of which 45.63 percent has been zoned for agricultural production as agriculture is deemed vital to the livelihood of many citizens who operate subsistence farms. Livestock production, especially cattle, contributes an estimated 80% to the agricultural GDP.

Opportunities abound in:

- Grain, fruit and vegetables production;
- Irrigation;
- Dairy farming;
- Horticulture;Leather (raw hides and skins);
- Pork and beef products.
- Primary production and supply of mixed feed and fodder.

b) Manufacturing

The manufacturing sector is one of the sectors that Government of Botswana has chosen to diversify the economy. Investment in the sector is not only expected to increase its contribution to GDP, but to also create employment and reduce the high unemployment rate in the country.

Opportunities exist in:

- Glass manufacturing;
- Soaps and detergents production;
- Pulp and paper;
- Pet food processing;
- Leather Processing.

c) Automotive

Botswana is one of the most promising and fastest-growing automobile markets in the region. The automobile industry is supported by multiple factors such as labour availability, R&D efforts, geographic advantage and government support. With a positive outlook for the economy and greater household purchasing power, automobile sales in the country are set to witness a strong surge in sales by 2030.

Opportunities exist in:

- Supply of parts and components to South Africa's and Africa's automotive sector;
- Supply of replacement parts for vehicles of large-scale projects;
- Expansion of existing component manufacturing industries;
- Research and development services;
- Diversification of aftersales services for private and commercial vehicles;
- Establishment of skills development / training facilities for auto mechanics and technicians;
- E-mobility, specifically manufacturing of EV-batteries.

d) Cargo, Freight & Logistics

Centrally located in SADC, Botswana offers land-linked access to seven fast-growing markets and serves as the perfect location to leverage regional trade growth, with intra-regional transport volumes expected to more than double within the next two decades.

Opportunities exist in:

- Consolidation, deconsolidation, distribution, transport services, and handling of cargo;
- Warehouse management and integrated systems.

e) Education

Botswana's education system comprises of seven years of primary education, three years of junior secondary education, and two years of senior secondary education and the university. The system also incorporates pre-vocational preparation in the junior and senior secondary schools.

Opportunities exist in establishments of:

- Photographic safari tourism training;
- Mining and energy technical schools;
- Medical and health sciences institutions
- Business schools;
- Lifelong training institutions and education services for special needs students.

f) Financial & Business Services

Botswana hopes to spur economic prosperity by supporting such sectors as financial and business services among others. As of Oct 2022, the banking sector comprised of 10 commercial banks and three statutory banks.

Opportunities exist in:

- Provision of Banking, insurance and investment funds.

g) Health

Healthcare in Botswana is organized based on a publicly-funded primary healthcare. The government is committed to increasing health access to the entire population of over 2.699 million people.

Opportunities exist in:

- Diagnostic facilities (imaging and laboratory);
- Pharmaceutical manufacturing;
- Manufacturing of biomedical equipment;
- Medical tourism.
- Veterinary medicines production

h) Information Communication Technology

The ICT sector realized an annual growth rate of 4.6 percent and the sector contributed around 1.6 billion to the economy during the fourth quarter of 2022 (Statistics Botswana).

Opportunities in the sector include:

- Innovative money operations;
- e-Waste;
- TV White Space;
- TV Broadcasting;
- e-Health;
- BPO;
- Call Centres and e-Commerce;
- Software and app development and ICT in agriculture.

i) Mining and mineral beneficiation

Botswana's mining industry, and particularly diamond mining, remains one of the best in the world. As a matter of fact, Botswana is the world's leading producer of diamonds in terms of value. As a result, the mining industry has largely contributed to Botswana's Gross Domestic Product (GDP).

In order to diversify the mining sector and lessen its reliance on diamond mining, the Ministry of Energy and Minerals ("Ministry of Minerals") is aggressively encouraging more investment in the sector through the discovery and exploitation of non-diamond minerals.

Opportunities exist in:

- Mining and base metals, such as gold, uranium, copper, nickel, coal, manganese and mining services;
- Prospecting of minerals;
- Expansion of existing mining projects;
- Beneficiation of minerals and business opportunities relating to links with other sectors;
- Diamond trading, cutting and polishing;
- Jewellery manufacturing;
- Diamond related services such as security, banking, insurance, and certification and brokerage services.

j) Tourism

Tourism is a major contributor to the national economy and has tremendous potential for growth. The sector began to rebound in 2022 due to more relaxed travel restrictions and more tourism activities. Botswana seeks to broaden its tourism base by adding more products and increasing the geographic spread of tourism. The government encourages new investments and joint ventures in tourism and continues to play a major role in developing tourism projects.

Opportunities exist in:

- Kasane Waterfront, Central tourism Hub and Marina;
- Kazungula Waterfront tourism Leisure Hub;
- Conference & Events Centre;
- Residential Eco-estate and Spa Hotel.

3.2.6. STARTING A BUSINESS

The Companies and Intellectual Property Authority (CIPA) facilitates registration of businesses as per the Companies Act and the Registration of Business Names Act.

FORMS OF BUSINESSES

There are two structures for businesses in Botswana – business names and companies.

A. BUSINESS NAMES

A business name entails sole proprietorships and partnerships.

B. COMPANIES

There are four company types one can establish in Botswana:

- Private company – formed with the aim of creating a profit, and has a maximum of 25 shareholders; does not offer shares to the public; the name ends with (Proprietary) Limited;
- Public company – has an unlimited number of shareholders, usually listed with Botswana Stock Exchange; sells shares to the public; the name ends with Limited;
- A close company – formed by 1-5 members only; each member makes an initial contribution; not expected to meet international financial reporting standard (IFRS) requirements but expected to keep books of accounts; name ends with 'CC';
- A company limited by guarantee (typically used by NGOs, etc) – does not declare dividends or share profits among members; one should state its mandate, donors, projects being undertaken; any profit is to be used for the same objectives not earned for personal benefit.

BUSINESS REGISTRATION PROCESS

Botswana's Companies And Intellectual Property Authority (CIPA) has automated the registration of businesses through the Online Business Registration System (OBRS). To register a company, an applicant is first required to create a profile with the OBRS and then proceed to reserve a business/company name. After submitting a name for review, one should expect feedback on the state of the request within 24 hours. The cost for this process is P20.

Once the name has been reserved successfully, the applicant will proceed to register the company by filling the online form and attaching the required documents. These include;

- National Identity card (Omang)/passport;
- Director consent form;
- Shareholder consent form;
- Secretary certificate;
- Tax agent certificate.

Please note that one can upload the secretary and tax agent certificates at a later date after incorporating the company.

Once these documents are uploaded, one will be required to pay the company registration fees. This can either be made via credit/debit or via cash.

COSTS

| | |
|---|---------|
| Register a Private or Public Company | P 360 |
| Register an External Company | P 4,600 |
| Register a Company Limited by Guarantee | P 4,600 |
| Register a Close Company | P 360 |

The application will be approved within 24 hours once the payment is done. The applicant is notified via an SMS, as well as an email with the certificate of incorporation attached. The PDF certificate can also be downloaded from the portal.



3.2.7 TAXATION

The following categories of taxes are applicable to individuals and businesses in Botswana

a) Individual taxes

The Botswana tax system operates on a territorial basis, and income is taxable in Botswana if the source is within Botswana. Income for services performed outside Botswana is deemed to be from a Botswana source if the services are incidental to employment in Botswana.

A resident is taxable on all income from a Botswana source in accordance with the PIT rates.

A non-resident is taxable on earned income in accordance with the PIT rates, but pays withholding tax (WHT) only at the rate of 15% for interest, commercial royalties, and management and consultancy fees, 10% for dividends, and 10% for entertainment fees, where such income is of Botswana origin.

RESIDENT INDIVIDUAL TAXPAYERS

| Taxable income (BWP) | | Tax on column 1 (BWP) | Tax on excess (%) |
|----------------------|----------|-----------------------|-------------------|
| Over | Not over | | |
| 0 | 48,000 | 0 | 0 |
| 48,000 | 84,000 | 0 | 5 |
| 84,000 | 120,000 | 1,800 | 12.5 |
| 120,000 | 156,000 | 6,300 | 18.75 |
| 156,000 | | 13,050 | 25 |

NON-RESIDENT TAXPAYERS

| Taxable income (BWP) | | Tax on column 1 (BWP) | Tax on excess (%) |
|----------------------|----------|-----------------------|-------------------|
| Over | Not over | | |
| 0 | 84,000 | | 5 |
| 84,000 | 120,000 | 4,200 | 12.5 |
| 120,000 | 156,000 | 8,700 | 18.75 |
| 156,000 | | 15,450 | 25 |

b) Corporate tax

A company is liable to tax on its income like any other person. In broad terms a company is taxed on its income after deducting expenses that are “wholly, exclusively and necessarily incurred” for the production of that income. The income is then subject to tax at the rate of 22% for resident companies and 30% for non-resident companies, except for;

- Approved manufacturing companies – 15%;
- IFSC Companies – 15% and;
- Pension and Provident funds not approved by the Commissioner – 7.5%;
- Mining profits, other than profits from diamond mining are taxed according to the formula: Annual tax rate = 70 minus (1,500/x), where x is taxable income as a percentage of gross income. The tax rate shall not be less than the flat CIT rate of 22%;
- Diamond mining is usually taxed in terms of an agreement with the government of Botswana.
- Value Added Tax

VAT is an indirect tax levied on the supply of goods and services consumed within Botswana. Any person making taxable supplies with a value of more than 1 million Botswana pula (BWP) per annum must register for VAT purposes. The standard VAT rate of 14% applies to all supplies that do not qualify for an exemption or are not zero-rated.

d) Withholding Tax (WHT)

WHT, must be deducted from payments to residents and non-residents unless a DTA exists.

| Residents | WHT rate (%) |
|--|--------------|
| Dividends | 10 |
| Interest | 10 |
| Payments due under certain construction contracts | 3 |
| Payments made for livestock purchased for purposes of slaughter or feeding for slaughter | 4 |
| Non-residents | WHT rate (%) |
| Dividends | 10 |
| Interest | 15 |
| Payments due under certain construction contracts | 3 |
| Payments made for livestock purchased for purposes of slaughter or feeding for slaughter | 4 |
| Payments for royalties, management, or consultancy fees | 15 |
| Payments for entertainment fees | 10 |

All rent and commission or brokerage payments to residents or non-residents are subject to WHT at 5% and 10%, respectively, where the total payment is BWP 48,000 per annum or more.

e) Customs and excise duties

Customs and excise duties are charged on importation of goods (including currencies) into or exported out of Botswana. The import duties may also include anti-dumping and countervailing duties. No customs duties and excise duties are charged on trade between Botswana and South Africa, Lesotho, Namibia, and Eswatini (SACU). In terms of the Botswana, Zimbabwe Trade Agreement, goods originating from either of the trading partners are exempted from payment of customs duties under the condition that the goods meet a minimum of 25% local content. Excise duty and local taxes, such as VAT, are due and payable where applicable.

3.2.8 IMMIGRATION PROCEDURES

VISAS

Foreigners wishing to visit Botswana are required to apply for a visa. Countries with visa abolishment agreements with Botswana are however exempted from applying for the visa. Investors can check whether they are exempted from visa here: <https://evisa.gov.bw/#/needvisa>.

VISA APPLICATION PROCESS

Application for a visa is done online through the Botswana E-visa portal <https://evisa.gov.bw/#/newvisa>. An applicant is required to create an account with the portal then fill the online form, make payments and then upload the required documents. The e-visa will then be issued within 1-7 days.

GENERAL REQUIREMENTS FOR VISA

- Valid Passport. The passport must have left validity of at least six months and more with at least three or more unused pages;
- Recently taken photo in JPG format not bigger than 30Kb in size;
- All supporting documents must be in English and uploaded as one pdf file not bigger than 5Mb in size;
- Copies of required documents must be certified.

NB

- Visa fee is non-refundable. Payment does not guarantee approval;
- Any visa granted will be subject to compliance with the Immigration Regulations of the Republic of Botswana;
- Payment is made via VISA/MasterCard.

ADDITIONAL REQUIREMENTS:

a) Business Visa

This is issued to prospective investors, entrepreneurs or traders to visit and explore business opportunities in Botswana.

REQUIREMENTS

- Business profile/Invitation letter from the host or facilitator in Botswana;
- Meeting schedule (If coming to attend or organize a meeting);
- Certified copies of trade license, certificate of incorporation, share certificate of host if operating a business;
- 500 Botswana Pula for single entry for a period up to 3 months;
- 1000 Botswana Pula for multiple entry for a period up to 3 months;
- 1500 Botswana Pula for multiple entry for a period up to 1 year.

b) Employment Visa

This is issued to individuals who wish to travel to Botswana for purposes of employment, internship, research, work, or voluntary services. This visa is issued with a validity period of six months and is extendable with justification.

REQUIREMENTS

- Work and residence permit/approval letter;
- No payment (gratis).

c) Investor's visa

This visa is issued to business people who regularly visit Botswana as directors of companies based in the country. It is also issued to individuals who have investment projects in Botswana. The visa authorizes the holder to enter Botswana for investment purposes for a period of up to five (5) years.

REQUIREMENTS

- Copies of work and residence permits;
- Certificate of incorporation, trade license, share certificate & list of directors;
- 1000 Botswana Pula for multiple entry for a period up to 6 months;
- 2500 Botswana Pula for multiple entry for a period up to 5 years.

WORK PERMITS

Foreigners wishing to do business in Botswana are required to obtain work permits. This service gives a non-citizen permission to work in Botswana for a reward or to invest in Botswana for profit.

WORK PERMIT APPLICATION PROCESS

Download, complete the Work permit application form and submit with supporting documents to the nearest Immigration Office for processing and approval. If approved, the Department of Immigration will send a notification of approval after which the applicant can collect the work permit.

REQUIREMENTS

- Copy of job advert not older than six months old;
- Contract of employment;
- Application letter for work (signed);
- Letter of offer or appointment letter;
- Applicants' Curriculum vitae (CV);
- Certified copies of educational certificates. Please note that all certificates in foreign languages must be translated to English and be confirmed by Botswana Qualification Authority;
- Certified copy of a valid passport – biographic data page (picture, passport number, date of birth, birth place, expiry, etc.);
- 2 x Passport-size photos (with a white background);
- Clearance from relevant professional regulatory bodies;
- Letter from the patient's doctor (nurse aid/ care taker);
- Supporting letter from relevant Ministries for Government projects;
- CV for understudies.

ADDITIONAL REQUIREMENTS UNIQUE TO CERTAIN PROFESSIONS

- Extra heavy-duty driver - Copy of Botswana Driver's License or copy of classifications from the Department of Transport, Motor Vehicle Registration Book for vehicles and trailers, B A permits for trucks, P A permits for public transport and list of vehicles and transport permit numbers;
- Farm Worker - farm certificate/title deed/ lease agreement, brand certificate and proof of livestock ownership, employer's copy of certified national identity card (omang);
- Seasonal agricultural worker for a period not exceeding 6 months - farm certificate/title deed/ lease agreement, brand certificate and proof of livestock ownership, employer's copy of certified national identity card.
- Professional or regulatory bodies (attach as annexure)

- Medical field - permission from the Botswana Nursing Council, the Midwifery Council of Botswana, Botswana Health Profession Council or the Ministry of Health;
- Teaching field - permission to teach from the Ministry of Education, qualification evaluation from the Botswana Qualification Authority (BQA);
- Accountants - clearance from the Botswana Institute of Chartered Accountants (BICA);
- Footballer - clearance from the Botswana Football Association or Premier League;
- Pilot - clearance from the Civil Aviation Authority of Botswana;
- Engineers - membership from Engineers Registration Board.

Investors

- Proof of investment by provision of bank statement;
- Lease agreement/ proof of place of operation;
- Company registration documents;
- List of employees and their identifications, national identity card (Oman) for citizens and certified copies of work and residence permits for non- citizens;
- List of valued assets (attach certified copies of registration books for vehicles);
- Copy of certified valid trade licence;
- Certified copies of valid passport, biographic data page (picture, passport number, date of birth, birthplace, expiry, etc.);
- Company profile;
- Current bank statement certified by the bank;
- 2 x Passport-size photos (with a white background).

PROCESSING DURATION

Fourteen (14) working days

COST

Work Permit fee - BWP 1,500.00;

Work Permit renewal fee - BWP 1,500.00;

Work Permit Replacement/ Duplicate fee - BWP 1,500.00;

Late renewal submission fee - BWP 500.00 + BWP 20.00 each day after expiry of permits.

RESIDENCE PERMIT

All non-citizens who wish to stay in Botswana should apply for a residence permit to allow them to live in the country. Persons who are above 18 are required to apply separately if they wish to stay in Botswana and their applications should be supported by the person(s) upon whom they will depend on while in Botswana.

ELIGIBILITY

Any non-citizen who wishes to stay in Botswana beyond the visitation period is eligible for this service.

APPLICATION PROCESS

Applicants are required to complete the following steps.

1. Complete an application form for residence permit;
2. Submit the application form to any Immigration office and pay the applicable fees;
3. If application is successful the residence permit sticker will be stamped in the passport.

REQUIREMENTS FOR INVESTORS

- Two recent coloured passport size photos;
- Certified copy of birth certificate. If the applicant is unable to provide such proof of birth, a statement setting out the reasons must be attached;
- Certified copy of marriage certificate for each applicant if applicable;
- A medical report of full physical examination.
- Name of business;
- Location of business;
- Service provided or goods sold;
- Number of employees hired;
- Shares held;
- Value of property owned or copy of lease agreement;
- Type of trading license held;
- Tax returns;
- Company bank statement.

PROCESSING DURATION

Thirty (30) working days to complete.

COST

The cost to apply for the residence permit is BWP 1500.00.

PERMANENT RESIDENCE PERMIT

This service provides applicants with an opportunity to be granted permanent residence status.

ELIGIBILITY

Non-citizens who meet the following criteria are eligible for this service.

- Resided lawfully in Botswana continuously for at least 5 years;
- Be of good character;
- Have made significant contributions to Botswana;
- Be of good standing in the society;
- Have enough means to support oneself and dependents.

APPLICATION PROCESS

Visit any Immigration and Citizenship Office and Complete Form 21. Submit required documents and pay the prescribed fees to the Department of Immigration and Citizenship. Once approved, the applicant will be notified to collect the permit

REQUIREMENTS

APPLICABLE TO ALL

- Covering letter from the applicant;
- Two copies of valid certified passport;
- Two recent coloured passport size photos per applicant;
- Certified marriage certificate if applicable.

EMPLOYEES

- Curriculum Vitae;
- Certified educational certificates of the highest level of education obtained;
- Reference letter from employer;
- Letter of job offer from employer.

INVESTORS

- Wages sheet of employees which indicates the duration of employment of employees;
- Certified copies of identity cards for citizen employees;
- Submit valid and certified copies of the following:
 - Valuation of shares;
 - Share certificate;
 - Certificate of incorporation;
 - Form 2 - List of directors;
 - Current year's financial statements;
 - Title deed/lease agreement of business premise(s);
 - Trading license;
 - Most recent year's tax return.

PROCESSING DURATION

This service takes six months.

COST

The cost associated with this service is BWP 3000.00 per applicant.

3.2.9 USEFUL CONTACTS

- Botswana Investment and Trade Centre
Gaborone Office, BITC Head Office
Plot 54351, Off PG Matante Road,
Central Business District (CBD)
Exponential Building, Gaborone
Tel: +267 363 3300
Fax: +267 318 1941/ +267 317 0452
Email: enquiries@bitc.co.bw
- Botswana Unified Revenue Services
McCarthy's rust
P/Bag 10, Tshabong
653 0056/ 653 0055
(+267) 363 9777
efilingsupport@burs.org.bw
- Companies and Intellectual Property Authority
Plot 54358, Prime Plaza, CBD,
Gaborone, Botswana
+267 367 3700 Fax: +267 318 8130
info@cipa.co.bw
- Ministry of Nationality, Immigration and Gender Affairs
Block 8, Government Enclave, Khama Crescent
Private Bag 002, Gaborone, Botswana
Tel: (+267)3611115 / 3611234 / 3611132
Fax: (+267) 3907426
Email:mnig-pro@gov.bw
- Ministry of Investment, Trade and Industry
Private Bag 004
Gaborone
Botswana
Plot 54380, Central Business District
Tel. (+267) 3601200
Fax. (+267) 3971539
Email. Mitipru@gov.bw
Website. www.mti.gov.bw
Call Centre Number – 0800 600 777
- Departmental HQ, Regional Immigration Offices and District Immigration Offices.
Ministry of Nationality, Immigration and Gender Affairs
Department of Immigration and Citizenship Migration and Visa Division
Head Office, Block 8, Government Enclave Khama Crescent
Gaborone, Botswana
Private Bag 002
Tel. (+267) 361 1300
Toll Free. 0800 600 777
All Regional Immigration Offices, District Immigration Offices and Missions

3.2.10 REFERENCES

- BITC investor guide 2023
- Business Names Re-Rrgistration Act 2018
- Business Regulations 2019
- Cargo, Freight & Logistics in Botswana Investor Factsheet
- Companies Act CAP 42-01
- Companies Amendment Act 2018
- Companies Re-registration Act
- <http://www.unido.or.jp/files/SEZ-Incentives.pdf>
- <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=BW>
- <https://evisa.gov.bw/#/needvisa>
- <https://gcratings.com/publication/botswana-banking-industry-overview-oct-2022/>
- <https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3806/botswana-offers-tax-incentives-in-special-economic-zones>
- <https://practiceguides.chambers.com/practice-guides/mining-2023/botswana>
- <https://taxsummaries.pwc.com/botswana>
- <https://www.bitc.co.bw>
- <https://www.bitc.co.bw/Views/areas/main/invest/investment-areas/media/pdf/Logistics2.pdf>
- <https://www.burs.org.bw>
- https://www.ceda.co.bw/sites/default/files/Publications/ASSESSMENT_OF_INVESTMENT_OPPORTUNITIES_WITH_THE_MANUFACTURING_SECTOR_IN_BOTSWANA-JUNE_2020.pdf
- <https://www.chop.edu/news/building-healthy-future-medical-education-botswana>
- <https://www.cipa.co.bw>
- <https://www.cipa.co.bw/ng-cipa-security/ui/XP-N3dSIsRyhGcvtv-fmkE8FGqYUgKlhwSDKN5hAV18Xe14kOmKTUuohoLTQE-OsL77fA2911WxRoGEtNrQM6mCUx4Ibds2YN4rqIXvGLcKv0w-SS>
- https://www.fitchsolutions.com/sites/default/files/2021-08/DC-6326-FS_OP-Risk-Methodology-Doc-Update.pdf
- <https://www.gov.bw/immigration-civil-registration?txterm=97>
- <https://www.gov.bw/legal/background-judiciary>
- <https://www.hcigaborone.gov.in/page/education-in-botswana/>
- <https://www.spedu.co.bw/images/downloads/SPEDU%20FACILITATION%20DOCUMENT2.pdf>
- <https://www.state.gov/reports/2021-investment-climate-statements/botswana/>
- <https://www.trade.gov/country-commercial-guides/botswana-agricultural-sectors>
- <https://www.worldbank.org/en/country/botswana/overview>
- Moody's Investor ranking 2023
- Registration of Business Names Act 2018



3.3 DR CONGO PRACTICAL GUIDE

3.3.1 COUNTRY PROFILE

The Democratic Republic of the Congo (DRC), located in Central Africa, is the second-largest country on the continent measuring 2 345 410 km². The Country is in the heart of Africa located on the Equator. It is surrounded by 9 neighbouring countries: Central African Republic, South Sudan, Angola, Zambia, Republic of Congo, Enclave of Cabinda, Uganda, Rwanda, Burundi, and Tanzania.

With a population of over 102 million, the DRC is culturally diverse and rich in natural resources. The economy relies heavily on the mining sector, with abundant reserves of cobalt, copper, and diamonds.

| | |
|---|--|
| Official Name | Democratic Republic of the Congo (DRC) |
| Political system | Semi-presidential |
| Form of State | Unitary and highly decentralized |
| President | Son Excellence Felix Tshisekedi |
| Capital | Kinshasa (City-Province) |
| Population (2023) | 102,262,808 |
| Time Zone | GMT +1, Kinshasa and Mbandaka time GMT +2, time of Lubumbashi, Kisangani and Goma |
| Official Languages | French (business official), Lingala, Tshiluba, Swahili and Kikongo |
| Measures | Metric System |
| Currency unit | Congolese Franc (CDF) |
| Currencies used in business transactions | Free circulation of all foreign currencies with the Congolese Franc |
| GDP (current US\$) 2022 | 64.72 billion (World Bank) |
| GDP growth % 2022 | 8.9 (World Bank) |
| GDP/Capita 2022 | 657.3 USD (World Bank) |
| Volume of FDI entering in 2022 | USD 1.846 billion USD (UNCTAD World Investment Report 2023) |
| Internet penetration rate in 2021 | 26 % |
| Mobile telephone penetration rate in 2023 | 52,70 % |
| Number of Commercial Banks in 2023 | 15 |

GEOGRAPHICAL OVERVIEW

DRC has 80 million hectares of arable land and 4 million hectares of irrigable land and a fishing potential of 700,000 tons of fish per year. Democratic Republic of Congo has an important hydrographic network covering about 77,810 km², including the Congo River (about 4,320 km long), lakes and rivers constituting about 52% of the total surface area of water reserves on the African continent.

The Congo River represents a very important hydrographic potential, with a basin of nearly 3.75 million Km², which places it in 2nd position in the world, just after the Amazon. It is also the second longest river in Africa after the Nile and the fifth longest in the world (after the Nile, the Amazon, the Mississippi and the Gyang-Tse). The flow of the Congo River is regular and powerful (40,000 m³/d) due to its proximity to the Equator.

The availability of renewable water resources is estimated at over 300 billion m³ per year. The DRC not only abounds in splendid sites (1,156 sites), a majestic river dotted with numerous tributaries, with escarpments and numerous waterfalls, an Atlantic coastline (+ 40 km), lakes, but also an important and diversified tourist potential due to its biodiversity, the predominance of reliefs (volcanoes), its climatic variety and its important ethnic and cultural diversity (+ 400).

In addition, the DRC has about 1000 forest species, 480 species of mammals, 1139 species of birds, 13,000 species of fish, 350 species of reptiles, 220 species of amphibians and more than 11007 angiosperms which allow it to occupy the 5th rank of the mega biodiversity in the world. Some of the nine national parks in the DRC are on the World Heritage List, including Virunga National Park, Garamba National Park, Kahuzi-Biega National Park and Salonga National Park.

ECONOMIC OVERVIEW

DRC Real GDP grew by 8.9% in 2022 (World Bank), up from 6.2% in 2021 due to momentum in the extractive sector (which grew 20.8%) and recovery in the non-extractive sector (which grew 3.2%), driven by services. Economic growth was driven on the demand side by robust exports (which grew 23.8%) and investment (which grew 18.6%), despite a global energy crisis. Inflation reached 9.1% in 2022 due to high food and imported energy prices.

The Democratic Republic of the Congo (DRC) has a diverse yet challenging economy. The country possesses immense natural resources (1,100 minerals), including cobalt, copper, diamonds, nickel-chromium, tin and gold, making the mining sector a significant contributor to GDP. Agriculture, though promising, remains largely subsistence-based.

LEGAL AND POLITICAL SYSTEM

DRC's Constitution, approved by referendum in 2005, establishes a:

- Unitarian republic;
- Multi-party-political system;
- Separation of powers between the government, the parliament and the judiciary.

The Democratic Republic of the Congo is a semi-presidential republic. The President is directly elected through a First-Past-the-Post (FPTP) system for a 5-year term that is renewable only once. The Prime Minister is appointed by the President, usually from the majority party or coalition in the National Assembly.

Further, it has bicameral parliament composed of the National Assembly) and the Senate. In the Senate 108 members are indirectly elected by provincial assemblies through an open-list proportional representation system to serve 5-year terms. In the National Assembly (Assemblée Nationale), there are 62 single member constituencies and 438 multi-member constituencies. In single-member constituencies, the winner is decided by simple majority via FPTP. In multi-member constituencies (two or more seats), a single vote is cast for open proportional representation lists. All members of the National Assembly serve 5-year terms.

The DRC legal system is based on civil law and is comprised of independent courts and tribunals including:

- The Constitutional Court;
- The Council of State (Conseil d'état);
- The Court of Cassation;
- Appeal courts;
- Tribunals.

3.3.2. WHY INVEST IN CONGO

a) Availability of a huge consumer market

DRC has the largest resource portfolio in the world and a population close to 102 million people which comprises of a young, skilled and growing population, who offer significant potential for labour. Further, its strategic geographic position favours the expansion of its market to the 9 neighbouring countries with around 250 million potential consumers.

b) Member to Trade Agreements

DRC is a member to several trade agreements which gives goods origination from the region preferential trade preferences. For example, in 2021 the DRC government became eligible for preferential trade preferences under the Africa Growth and Opportunity Act (AGOA). DRC also has bilateral trade agreements with over 50 countries and is a member of several regional economic blocks, including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), and the Economic Community of the Great Lakes Countries (ECGLC), World Trade Organization, Nile Basin Initiative (NBI), Communauté Economique des Pays des Grands Lacs (CPGL) and Organization for harmonization of the business law in Africa (OHADA).

c) Investment guarantees

The Constitution and Investment code provides for the following guarantees to investors wishing to invest in DR Congo:

- Protection of Individual or collective property rights acquired by an investor;
- No nationalization or expropriation except in the public interest and upon payment of just and fair compensation;
- Equal treatment of all investors, national and foreign;
- Freedom to transfer abroad dividends and generated income, royalties, principal, interest and related charges;
- Non-withdrawal by a subsequent provision of the guarantees and benefits granted.

DR Congo is also a member of ICSID (International Centre for Settlement of Investment Disputes) which provides means of conciliation and arbitration to settle investment disputes between contracting states and nationals of other contracting states.

Further DR Congo is party to MIGA (Multilateral Investment Guarantee Agency) and ACA (African Trade and Insurance Agency) which covers risks incurred by foreign direct investors and domestic investors including commercial risks.

The New York Convention, which DR Congo is party to allows for the recognition and enforcement of Foreign Arbitral Awards. It also emphasizes the resolution of disputes arising from commercial relations through arbitration, given its speed, neutrality and efficiency.

d) Availability of mineral resources

The Democratic Republic of Congo is extremely rich in precious minerals and has an estimated US\$24 trillion in untapped deposits of raw minerals, including the world's largest reserves of cobalt (60% of known reserves) and significant quantities of diamonds, gold and copper.

e) Single window for business registration

DRC government has created a “one-stop shop” for foreign investors, the Guichet Unique (<https://www.guichetunique.cd/>), brings together all the government entities involved in the registration of a company in the DRC.

3.3.3 NATIONAL AGENCY FOR INVESTMENT PROMOTION (ANAPI)

The National Agency for Investment Promotion (ANAPI), provides investment facilitation services for initial investments over \$200,000 and is mandated to simplify the investment process, make procedures more transparent, assist new foreign investors and improve the image of the DRC as an investment destination.

As part of the facilitation, ANAPI provides various services to investors before, during and after their establishment.

These services include:

- Accompaniment in Kinshasa and provinces in prospecting mission;
- Facilitations to investors seeking land (premises) and connection to water and electricity network;
- Assistance in obtaining settlement visas;
- Support to obtain special licenses (mines, banks, telecommunications, air transport, etc.);
- Support for the setting up of companies;
- Granting of customs, fiscal and para-fiscal benefits;
- Customs, fiscal and para-fiscal benefits;
- Advocacy with state departments;
- Information on tenders issued by the Government;
- Intervention in case of difficulties with the Congolese authorities

3.3.4 INCENTIVES

a) Investment Code Benefits

The Investment Code provides for attractive customs and tax exemptions for the benefit of investors who present to ANAPI their investment projects (business plan), once the project is approved by ANAPI within a period not exceeding 30 days, the investor benefits from the customs, tax and parafiscal advantages hereafter:

- Exemption from import duties and taxes on machinery, materials and equipment (excluding the administrative tax of 2% and VAT (to be paid upstream by the promoter, but to be reimbursed by the Tax Administration);
- Exemption from corporate income tax;
- Exemption from property tax;
- Exemption from proportional rights when creating SARLs or increasing their share capital;
- Exemption of entry fees for equipment and materials.

The duration of the advantages granted is 3, 4 or 5 years depending on the economic region where the investment is located:

- 3 years: economic region A (Kinshasa, the Capital);
- 4 years: economic region B (Bas-Congo, cities of Lubumbashi, Likasi, Kolwezi);
- 5 years: economic region C (everywhere else).

The conditions for accessing the benefits of the Investment Code are as follows:

1. Constitute an economic entity under Congolese law;
2. The overall cost of the planned investment (all expenses included) must be at least USD 200,000 (or at least USD 10,000 for SMEs);
3. Commitment to respect environmental regulations;
4. Commitment to comply with labour regulations;
5. The investment must guarantee a rate of added value of at least 35%.

b) Special Economic Zones Benefits

Decree n° 20/004 of 5 March 2020 of DRC, provides for the benefits granted to investors operating in the Special Economic Zones in the DRC. These include:

FOR PLANNERS

- Total exemption from property, furniture and business tax on profits for 10 years, renewable once after evaluation;
- 50% reduction of the tax rate set from the 21st year;
- Total exemption from import duties and taxes on machinery, tools and equipment, new or used, capital goods for 10 years;
- Total exemption from personal income tax for 10 years renewable once after evaluation.
- For companies
- Total exemption from property, furniture and business tax on profits for 5 years, renewable once after evaluation;
- 50% reduction of the tax rate set from the 11th year;
- Application of the exceptional depreciation system;
- Total exemption from import duties and taxes on machinery, tools and equipment, new or used, capital goods for 10 years;
- Exemption from export duties and taxes on finished products for 10 years.

c) Agricultural Law

Law No. 11/022 of 24th December 2011 on the fundamental principles relating to Agriculture

Incentives

- Expenses related to the maintenance of the section of road linking the farmer's concession to the public highway are deductible from the taxable base;
- Farmers benefit from a preferential rate in the consumption of water, electrical energy and petroleum products;
- The consumption for farming purposes of water and energy produced by the farmer himself is exempt from all duties and taxes;
- The industrial farmer is allowed to set up a tax-exempt provision not exceeding 3% of the turnover of the financial year for the rehabilitation of arable land, the prevention of major risks and agricultural disasters. This provision shall be used within two years; failing this, it shall be reintegrated into the taxable base of the year following the expiry of the period defined above;
- With the exception of administrative charges, imported agricultural inputs intended exclusively for agricultural activities are exempt from import duties and taxes;
- Agricultural products are exempt from export duties and taxes;
- Fees and charges for services rendered by public bodies operating at border crossings may not exceed 0.25% of the value of the exported products;
- Built-up and unbuilt areas used exclusively for farming are exempt from property tax;
- Exemption from tax of all rolling stock used exclusively for farming.
- The benefits granted under the Agricultural Code extend throughout the duration of the agricultural project.
- Law No. 14/023 of July 07, 2014 laying down the rules relating to the conditions and modalities of rescue of the industrial enterprise in difficulty
- Total exemption on import of inputs, except for the relevant administrative fee;
- Total exemption from import duties and taxes for new machinery, tools and equipment, spare parts of first endowment not exceeding 10% of the CIF value of the said equipment;
- Application of declining balance depreciation, the rate of which is determined in the programme contract, for capital goods acquired;
- The duration of the benefits granted under this Act shall be one year.
- Law No. 13/005 of 11 February 2014 on the tax, customs, parafiscal, non- tax revenue and exchange regime applicable to collaboration agreements and cooperation projects
- Exemption from national, provincial and municipal taxes, duties, levies, fees, direct or indirect, domestic, import or export;
- Suspension of the collection of customs duties and value added tax on the import of capital goods, equipment, tools and spare parts intended exclusively for the production of electrical energy;
- Suspension of the collection of customs duties and value added tax on the import of electrical energy;
- Payment of a 1% export duty on electrical energy.

d) Electricity Incentives

Decree No. 18/054 of December 27, 2018 on tax and customs relief measures applicable to the production, import and export of electrical energy

- Electrical energy, capital goods, equipment, tools and spare parts imported and intended exclusively for the production, transmission, distribution and marketing of electricity as well as for the exploitation of solar energy and any other renewable energy source are subject to the tariff of import and export duties and taxes instituted by Ordinance-Laws No. 011/2012 and 012/2012 of September 21, 2012;
- By way of derogation from the above-mentioned provisions, the following electrical energy and goods shall benefit from the suspension of the collection of customs duties and import VAT:
 - Imported energy to ensure the public service of electricity and to cover the needs of local industry;
 - Materials, equipment, tools as well as spare and replacement parts imported and intended for the development and maintenance of the infrastructure of the activities of production, transmission and distribution of electrical energy defined by Law No. 14/011 of June 17, 2014 on the electricity sector;
 - Materials and equipment for saving electrical energy, especially reactive energy compensation equipment, harmonic filters and electrical energy meters;
 - Materials and equipment for the exploitation of solar energy and those adapted to other renewable energies;
 - Inputs intended for the manufacture and local assembly of the materials and equipment concerned by this decree;
 - The export of electrical energy is subject to the payment of customs duties at the rate of 1%;
 - In addition to the advantages guaranteed by the Investment Code, the suspension of VAT collection is granted to the sale of the above materials and equipment produced locally;
 - Duration of benefits: 4 years renewable, if necessary, after evaluation, except for the import and export of electrical energy, which is 5 years.

e) Incentives for entrepreneurship and start ups

Ordinance Law No. 22/0030 of September 8, 2022 on the promotion of entrepreneurship and start ups

- Micro, small and medium enterprises and start-ups benefit from all the tax advantages provided for by the tax legislation in force and by the investment code;
- Without prejudice to the tax legislation in force, the public authorities shall implement, over time and in accordance with conditions to be defined, the appropriate incentives, particularly in the area of taxation and the business climate;
- Total or partial exemption to the payment of charges for water consumption, electricity and internet provided by the public sector;
- Total or partial exemption from taxes, duties and various taxes for the benefit of entrepreneurs or start-ups incubated in the training and coaching infrastructures;
- Tax amnesty, for one year following the entry into force of this Ordinance-Law, for the benefit of micro, small and medium-sized enterprises and start-ups in the informal sector that have made an irrevocable formal commitment to migrate from the informal to the formal sector;
- Introduction of moratoriums on the payment of taxes on the profits and earnings of micro, small and medium-sized enterprises and start-ups;
- Simplification of tax and non-tax procedures;
- Establishment of Single Tax Counters throughout the country;
- Tax relief for micro, small and medium-sized enterprises and start-ups.

f) Mining incentives

Law n°18/001 of March 09, 2018 amending and supplementing law n°007/2002 of July 11, 2002 on the mining code

- Goods and equipment used exclusively for mining purposes prior to the actual mining operation are subject to a 2% tax;
- Equipment entry fee of five percent rate;
- Fuels and lubricants for mining activities: 5%;
- All intermediate products and other consumables: 10% DDI;
- The benefit of the privileged customs regime at the preferential rate in case of importation in the framework of extension works, provided that the production capacity of the mine or of the processing entity and/or of the approved transformation in question is increased by at least 30% and for very precise and limited works (Art 233);
- Exemption from customs duties and other taxes on exports;
- Exemption from customs duty on the export of samples intended for industrial analyses and tests on the condition that the export tax is paid by the exporter;
- Exemption from tax on vehicles used exclusively within the mining perimeter;
- Exemption from property tax on interest paid by the holder to affiliates under loans contracted in foreign currencies abroad, provided that the interest rate does not exceed the annual average of the effective rates charged by credit institutions in the country where the lending company is established according to data provided by the Central Bank of Congo;
- 10% property tax must be paid on dividends and other distributions paid to shareholders by the holder.

g) Collaboration agreements and cooperation projects incentives

Law No. 13/005 of February 11, 2014 on the tax, customs, parafiscal, non-tax revenue and foreign exchange regime applicable to collaboration agreements and cooperation projects

- Exemption from taxes, duties, fees, customs duties and royalties. Linked to the convention and cooperation projects;
- Exemption from import duties and taxes;
- Duration: These benefits are granted for the duration of the project.

3.3.5 INVESTMENT OPPORTUNITIES

The Democratic Republic of the Congo (DRC) offers substantial investment opportunities across various sectors.

a) Mining

The mining industry, abundant in cobalt, copper, tin, nickel-chromium, diamonds, and gold, presents avenues for exploration, extraction, and value-added processing projects. Other opportunities entail:

- Setting up of processing units of the transformation of mining products;
- Setting up of diamond hewing, gold refinery and tin ores smelting;
- Existence of geological research zones for exploration works and development of deposits and convincing indices of cassiterites, wolfram, coltan, gold, diamond and copper.

Note: Prospecting is open to investors through a certificate issued by the Mining Registry.

b) Agriculture

The agricultural sector holds potential for investment in commercial farming, agribusiness, and food processing. Specific opportunities entail;

- Fish farming;
- Production of fertilizer, herbicides, pesticides, and fungicides;
- Farm equipment leasing and financing;
- Development of Agricultural industrial parks;
- Commercial farming in of maize, manioc, rice and soya;
- Value addition industries in coffee, cocoa, tea, cinchona, rubber, sugar, pam oil, cattle and poultry.

c) Energy

The DRC immense energy potential consists of non-renewable resources such as oil, natural gas, uranium, and renewable energy sources including hydroelectric, biomass, solar, wind, and geothermal power. The government's vision is to increase the level of service up to 32% in 2030.

The Congo River, which is the second largest river in the world with its basin astride the Equator provides an energy potential estimated at 100,000 MW spread across 780 sites in 145 territories and 76 000 villages. This potential represents approximately 37% of the African overall potential and about 6% of the global potential.

Of the total installed capacity in DRC estimated at 2,516 MW, Societe Nationale d'Electricite (SNEL) has a generation capacity of about 2,416 MW or 96% of Hydroelectric power which accounts of domestic power generation and is generated by the Inga I and Inga II dams that are located in Kongo Central province. Current production is only 6,000 to 7,000 Gwh.

Investment opportunities entail:

- Construction of hydroelectric dams;
- Construction of 4 Pan African energy;
- Construction of hydroelectric plants Wanie of Rukula (688 MW) of Sombwe (186 MW) of Kalengwe (204 MW), Kamimbi / FUTA (53 MW), and Nepoko (400 Mw);
- Rehabilitation and modernization of G16 and G13 groups of Inga I and G24 Inga II;
- Construction of Inga III low head (4800 MW);
- Construction of Inga III high head (3000MW);
- 780 hydroelectric sites identified for construction of hydroelectric power plants;
- Production Potential estimated at 44000MW;

TRANSPORTATION, DISTRIBUTION AND MARKETING POTENTIALS.

d) Forestry

Opportunities entail:

- Investment in Agro forestry;
- Development of production industries for paper pasta;
- Industrial transformation of wood: sawing, cutting, plywood, beam and rafters;
- Production of wooden poles for electric lines;
- Production and transportation of logs.

e) Tourism Sector

DRC offers a wide range of tourist attractions in different provinces ranging from the seaside to the safaris and cultural structures. Wildlife reserves, indigenous cultures, and geological wonders makes it a perfect country for those who seek to connect to nature and mankind.

Opportunities include:

- Rehabilitation and construction of hotels, restaurants, protected areas and other touristic infrastructure;
- Designing new touristic sites;
- Modernization of national parks and joint management opportunity;
- Development of eco-tourism;
- Construction of hotel in the Virunga Park and a tourist site;
- Rehabilitation of the botanical EALE Botanical Garden in Equator;
- Creation of fluvial boating touristic transportation;
- Creation of a marina, lakeside transportation and hiking;
- Setting up of a cable car in the Virunga Mountains and in the volcanic site with accommodation and catering;
- Creation of seaside resorts with beaches, shoreline access and camping equipment.

f) Banking and Finance

DRC's banking system is comprised of the BCC and 15 commercial banks as well as savings/credit cooperatives, microfinance institutions, financial transfer services, and one development bank, SOFIDE. A postal checking system and several credit cooperatives exist.

Opportunities abound in:

- Creation of business specialized banks: development bank, settlement bank, farming bank, etc;
- Creation of a structured financial market;
- Creation of micro-finance institutions in the countryside, where more than 70% of the population live are excluded from the formal banking system;
- Setting up leasing company;
- Creation of insurance companies, reinsurance, health insurance and intermediary in private insurance.

g) Transport and Infrastructure Sector

Opportunities entail:

- Development of a new public transport policy joining efficiency / profitability and social and setting up incentives to attract private investment in the sector, particularly in mass transport systems such as urban train, tramway and urban river transport;
- Improvement of the state of urban roads to reduce the cost of depreciation of vehicles and fluidity traffic;
- Increase the automotive cartage of public transport portfolio companies;
- Encourage private operators to invest in the sector through public-private partnerships, particularly in mass transport systems;
- Strengthening the capacity in rolling stock and spare parts of public carriers with around 1,500 buses in 5 years, at a rate of 300 buses per year;
- Create a national fund to promote public transport, funded by the toll roads and some public car parks in major cities;
- Rehabilitate and modernize the SCTP urban train and ports;
- Establish urban river transport system of the SCTP to ease surface transport;
- Extending the railway Kin-Matadi until Banana for the implementation of the deep-water port, etc;
- Construction of a deep-water port at Banana;
- Construction of railroads, including the Banana-Matadi-Kinshasa- Ilebo railway;
- Modernization of SNCC railroads;
- The modernization and equipment of the maritime ports of Matadi and Boma.

3.3.6 STARTING A BUSINESS

FORMS OF BUSINESS

According to the provisions of Article 6 of the Uniform Act of 30 January 2014 relating to the law on commercial companies and economic interest grouping, the legal forms of companies recognized in the DRC are as follows:

- Establishment (or sole proprietorship or individual trader);
- The Limited Liability Company (SARL);
- The Public Limited Company (SA);
- The Simplified Joint Stock Company (SAS);
- Collectively Owned Company (SNC);
- The Limited Partnership (SCS);
- The Economic Interest Grouping (EIG).

BUSINESS REGISTRATION PROCESS

Any investor, who would like to create their company in the DRC, saves time by contacting the Single Window for business creation.

A. Documents to be filed with the “Single Window for Business creation” (www.guichetunique.cd) are as follows:

CORPORATE ENTITY

- Letter of request for the creation of a company addressed to the Managing Director of the Single Window;
- Articles of Association of the company in 4 copies + the electronic version of the articles of association for publication in the Official Journal;
- Specimen of the manager's signature (plus the photocopy of the validity of the visa in case the manager is a foreigner);
- Declaration of subscription to and payment of the share capital;
- Proof of payment of the share capital (Paying-in slip or Certificate issued by a banking or micro-finance institution duly approved in the State Party of the registered office). For the Limited Liability Company (SARL), there is no requirement for the amount of the minimum capital even though the nominal value of the contributions should not be less than the equivalent of FCFA 5,000 each (USD 10);
- For the Public Limited Company (SA), the share capital should be the equivalent of at least 10,000,000 FCFA (USD 20,000) when it does not go public and 100,000,000 FCFA (USD 200,000) otherwise. In addition to this amount of share capital, in accordance with Congolese tax legislation, a proportional duty of 1% of the value of the share capital (at the creation, and possibly at the increase of the share capital or the extension of the duration of the company) is added;
- Proof of payment of administrative fees.

Natural person for the constitution of an establishment

- Letter of request for the creation of a company addressed to the Managing Director of the Single Window;
- Title deed or lease contract or occupancy title;
- Recognized identity document;
- Extract from the criminal record or sworn statement valid for 75 days;
- Residence permit -visa (for foreigners);
- Marriage contract (for foreigners if necessary);
- Mandate or Power of Attorney (in case of absence of the manager to start the procedure).

B. Documents provided by administrations and the GUCE

Acknowledgement of receipt for company registration;

- Collection note from the General Directorate of State Revenue and Participation (DGRAD);
- Articles of Association and Notarial Deeds;
- Trade and Personal Property Credit Register (RCCM);
- Deed of deposit;
- National Identification No.;
- Tax No. Directorate General of Taxes, DGI;
- INPP No.;
- CNSS No.;
- Certificate of registration from the National Employment Office (ONEM).
- Acknowledgement of receipt of the environment.

C. Cost of setting up the business (legal and natural person):

- Physical person: 40 USD
- Legal Person (SARL, SNC, SCS): 100 USD when the applicant firm presents the notarized articles of association and 90 USD in case of private sub-sexed articles of association presented to the Single Window for Business Creation (GUCE).
- SA: 110 USD

D. File processing time: 3 days.

E. Constituent requirements for a representative office, subsidiary and branch office (Articles 116-120 and 179-180 of the Uniform Act relating to the law on commercial companies and economic interest grouping).

Requirements

- Deed of decision to create the Office, Branch, Parent Company or Subsidiary, legalized and stamped by the Embassy of the DRC in the country where the applicant is located;
- Physical address;
- Name of the person in charge;
- Identity document;
- Filing and opening of the file;
- Statutes;
- Extract of "K bis" from the Register.

The representative or liaison office may be the establishment of a foreign company, but is also subject to the law of the State Party in which it is located and is registered in the Trade and Personal Property Credit Register (RCCM) in accordance with the provisions in force.

If the activity of the representative office justifies its conversion into a branch, a request for rectification to the RCCM must be made within thirty (30) days following such change of situation. If the status is not authenticated, this cost is reduced from 100 to 90 USD.

3.3.7 TAXATION

TAX PAYER REGISTRATION

Every company must register with the Regional Revenue & Customs Office (RRCO) within 3 months the date of incorporation. Registration is done online (<http://ramis.drc.gov.bt/taxpayerRegistrationHome.html>) where the applicant is able to apply and obtain the Taxpayer Number (TPN).

Requirements for taxpayer registration

- Company incorporation documents;
- Identity documents.

| TAXATION REGIME | | |
|---|---|--|
| Tax | Material or taxable base | Rate |
| Corporate income tax | Profit made in Congo | 30 % |
| Rental income tax (Provincial Edits and Ordinance-Law N° 69/009) | Renting buildings in Congo | 20 - 22 % |
| Tax on income from movable property | (Dividend, Interest, Royalties) paid to Congo | 20 % |
| Taxes on the surface area of land concessions | Surface area of properties located in Congo | Depending on the location of the dealership |
| Value Added Tax (Order-Law no. 10/001 of 20 August 2010 instituting VAT (Amended and supplemented) Several times) | Liability for the supply of goods, services and imports; - Applicable to all taxable transactions excluding transactions subject to the reduced rate or zero; | 16 % |
| Value Added Tax (Public Finance Act 2022) | Applicable to the following products: horse mackerel, salted fish (herring, cod, anchovy, tilapia), other salted fish, meat of bovine animals, pigs, and offal of poultry (Fresh, chilled or frozen), husked rice (cargo or brown). | 8% |
| Value Added Tax (Public Finance Act 2022) | Applicable to exports and similar operations. | 0% |
| Business tax on remuneration | Gross salary of national and expatriate employees. It is dependent on the employee. | The rate is progressive and cannot exceed 30% of the gross salary. |

SPECIAL TAX AND CUSTOMS REGIMES

| Tax and customs regime for the mining sector | | | |
|--|--|---------------------------|--|
| Tax | Material or taxable base | Rate | Other advantages |
| Tax on the surface area of mining concessions | Mining Research Titles - For the first 2 years - After the first 2 years Mining titles | 2.5USD 26USD 425USD | |
| Corporate income tax | Profit made in Congo | 30 % | Exceptional depreciation foreign currency bookkeeping |
| Tax on interest | Interest on foreign loans | 0 % | |
| Dividend tax | Dividend paid | 10 % | |
| TVA | Domestic sale: - to a processing company - to another entity Domestic Purchasing of Services | | |
| 1st (Exceptional Tax on Expatriate Remuneration) | | 10 % | Tax deductible from profit |
| Mining royalty | Sale of Mineral Products Abroad | 4 % | Calculated on the sales price minus sales and distribution costs |

INVESTMENT CODE REGIME

| Tax | Rate | Observations |
|---|------|--|
| Duties and taxes on imports of machinery, plant and equipment | 0 % | Excluding the 2% administrative tax and VAT (refundable) |
| Export duties and taxes | 0 % | |
| Income tax | 0 % | For a period of 3, 4 or 5 years. |
| Proportional rights when creating SARLs or increasing their share | | |

3.3.8 IMMIGRATION PROCEDURES

To enter DRC, any foreigner must have the documents hereafter:

- A national or international passport in the process of validity or any other travel certificate bearing one of the visas provided for by the law;
- An airport visa;
- A travel or tourist visa;
- An individual pass (IP) for the border countries;
- An international vaccination certificate required by the health police rules.

NOTE:

Any foreigner who does not live in the DRC should have a valid transport ticket when returning or when they desire to continue their travel outside the DRC.

VISA

Any foreigner visiting DRC is required to obtain a visa. Before applying for a visa, investors should check the visa exemption regime link.

Visa application is done online through the DGM portal (<https://evisa.gouv.cd/>) where applicants are able to apply, pay and download their visa within 72 hours (if all conditions are met).

The cost of the e-Visa is 300 USD of which \$50 is the administrative fee and the \$250 is the price of the e-Visa itself.

Types of Visas

Travel Visa (or tourist)

It is issued by the diplomatic and consular missions of the DRC abroad.

Conditions:

- Be the holder of a valid passport,
- Have sufficient means of subsistence,
- Be supported by a legal or natural person regularly established in the DRC.

Note: The Travel Visa does not authorize the exercise of a paid activity in the DRC. The validity of this visa is 6 months maximum. This visa can be extended by the General Directorate of Migration for a period of one, two or three months in order to total the completed six months.

AIRPORT VISA AND FLYING VISA

These visas are provided to foreigners from countries where the DRC is not diplomatically represented or on discretion decision from the Managing Director.

FLYING VISA

Authorization granted by the Director General to a foreigner coming from a country where the DRC does not have diplomatic or consular representation. This authorization allows the Interested Person to arrive at the border and benefit from an airport or port visa to access Congolese territory. It is also granted to guests of the Congolese Government.

NB: Visa prices are set by interministerial decree (Ministry of Finance, Budget and Interior, Decentralization & Security).

Conditions to benefit from a flying visa:

- Letter of request addressed by the applicant to the Director General of Migration;
- Photocopy of the applicant's passport;
- Photocopy of the identity of the caregiver, if he is Congolese or of the passport, if he is a foreigner.

AIRPORT/ PORT VISA

It is provided to a flying visa holder at Entry post. It is valid for seven days. It is also granted to any person authorized to go to the borders of DR Congo.

ESTABLISHMENT VISA

It is Issued to foreigners wishing to settle in the DRC. It confers to the latter, not only the status of resident, but also the possibility of carrying out professional or economic activities under the conditions set by the Law

Types of Establishment Visas

- Ordinary Establishment Visa;
- Work Establishment Visa;
- Specific Work Establishment Visa;
- Establishment Visa for Studies;
- Establishment Visa for foreign spouses of nationals (marital);
- Special Establishment Visa;
- Permanent Establishment Visa.

General conditions for all establishment visas

- Be legally staying in the DRC;
- Have stayed for at least six months in the DRC;
- Valid passport (at least six months);
- Registration form;
- 4 recent and identical passport-sized photos;
- International vaccination card;
- Certificate of good conduct from resident country (dated less than 3 months);
- Certificate of residence issued by the municipality of residence (dated less than 3 months);
- Original and copy of the consular certificate or registration;
- Evidence of sufficient means of subsistence.

WORK PERMITS

To take up employment in the Democratic Republic of Congo, any foreigner must obtain a work permit. Any employer wishing to hire or retain a foreign worker under an employment contract must apply for and obtain a work card for the benefit of that worker.

SHORT TERM WORK PERMIT VISA

A short-term work permit visa is designed for foreign nationals intended to work for six (6) months or more. A short-term work permit is valid for a maximum period of a year and is non-renewable.

Requirements

- A valid entry visa to the DRC;
- Medical certificate;
- A DRC residence certificate;
- A DRC police clearance certificate no more than 3 months old.

LONG TERM WORK PERMIT VISA

A long-term work permit visa is designed for foreign workers intending to work in the Democratic Republic of Congo for a period that exceeds 12 months up to 2 years. The long-term work permit visa is issued with an initial period of 2 years and is renewable in-country. The long-term work permit process for the DRC is multi-step.

Applicants must first obtain a work card with the National Commission for Foreign Employment and thereafter apply for the long-term work permit with the DRC Migration Authority.

To obtain this card, the employer must submit a file to the National Commission for Foreign Employment (CNEE), containing the following information:

a. Case of recruitment

- Card request form;
- Transmittal letter form;
- Nominal roll form for foreign personnel;
- Draft employment contract;
- Work Curriculum Vitae;
- Documents establishing the worker's professional qualification (education credentials or any other supporting documents);
- Passport photo;
- Detailed company organogram;
- Professional development or adjustment training program;
- Job description;
- Proof of payment of contributions due to CNSS and INPP;
- Photocopies of all pages of the passport.

b. Case of partners and owners/managers of establishment

- Application for a work card;
- Company's notarized articles of association;
- Trade register;
- Passport photo;
- Proof of payment of contributions due to CNSS and INPP;
- Photocopies of all pages of the passport;

c. Case of card renewal

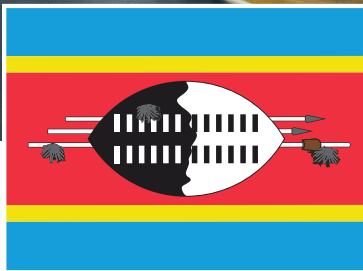
- Application for work card;
- Transmittal letter;
- Nominal roll for foreign personnel;
- Card subject to renewal; Passport photo;
- Proof of payment of contributions due to CNSS and INPP;
- Articles of association and trade register for shareholders;
- Minutes and Memorandum of Understanding issued at the time of card renewal Agence Nationale pour la Promotion des Investissements (ANAPI)

3.3.9 USEFUL CONTACTS

- Agence Nationale pour la Promotion des Investissements (ANAPI)
Adresse: Croisement boulevard du 30 juin et l'avenue 1erMall (ex. TSF), n°33c, C/Gombe
Tél: +243 999 925 026/ Tel.: +243 822 284 008.
E-mail: secretariatdg@investindrc.com
Site web: www.investindrc.cd
Department of Revenue and Customs
Toll Free: 3999Fixed line: 333771 and 328391
Chone Lhamo, 17512397
clhamo@drc.gov.bt
- Tax Administration Section (BETA/BIT/CIT)
Chimi Namgye , Tel: 77284727
cnamgyel@drc.gov.bt
- Regional Director
Sherab Chogyel
77406722, schogyel@drc.gov.bt
- CIT section
funlakedema6@gmail.com
- GUCE (Single window) support contacts
Kinshasa Gombe, RDC
Tel +243 82 22 84 008
Email:guichetuniquerdc@yahoo.fr; guce@guichetunique.cd
- Ministère du Plan : 4155 Rue des Coteaux, Q/Petit Pont, Kinshasa/Gombe
Tel : +243 825 002 290 / +243 991 756 412
E-mail : vpm.plan2019@gmail.com
- Direction Generale De Migration
Contact us
E-mail: support@evisa.gouv.cd /support@dgm.cd
Call: +243 97 296 3195
Call and WhatsApp: +243 84 030 4237

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- Uniform Act of 30 January 2014
- www.investindrc.cd



3.4 ESWATINI PRACTICAL GUIDE

3.4.1 COUNTRY PROFILE

Eswatini, officially Kingdom of Eswatini, was formally known as Swaziland. It is a land linked country in the eastern flank of South Africa, where it adjoins Mozambique. It extends about 110 miles (175 km) from North to South and about 80 miles (130 km) from west to east at its largest dimensions.

The country's capital city is Mbabane. Strategically situated between South Africa and Mozambique, the Kingdom of Eswatini offers a safe and peaceful atmosphere for business. The Kingdom boasts of natural advantages including exquisite landscape, rich natural resources, and relatively well-developed infrastructure in Africa. Its natural beauty and preserved culture coupled with a contemporary lifestyle make living and working in the country an enjoyable experience.

The country has an estimated population of 1.2 million people with its official languages being Siswati and English.

POLITICAL AND LEGAL OVERVIEW

Eswatini is a monarchy with a bicameral parliament consisting of the Senate and House of Assembly, each composed of appointed and elected members. The king appoints the prime minister and political power is largely vested with the king and his traditional advisors.

Eswatini operates a dual legal system based on common law and customary law with two distinct court systems i.e., traditional courts and common law courts. The court system includes the Supreme Court, a High Court and specialised subordinate and courts or tribunals exercising judicial function.

GENERAL INFORMATION

| Capital | Mbabane |
|-------------------------------|------------------------------------|
| Area | 17,364 sq. km |
| Official Languages | Siswati and English |
| Population | 1.217 million (2024) (World meter) |
| Currency | Swazi Lilangeni |
| GDP (current US\$) | 4.85 billion (2022) (Macrotrends) |
| GDP per capita (current US\$) | 4040 (2022) (Macrotrends) |
| GDP growth (annual %) | 3.91 (2022) (Macrotrends) |

3.4.2 WHY ESWATINI?

Eswatini offers a competitive cost base for value - added manufacturing coupled with an educated and trainable workforce. Trade among the Southern African Development Community (SADC), which Eswatini is a member, allows 85% trade in goods duty-free between Member States. Other benefits in the SADC free trade area include the reduction and elimination of tariffs and non-tariff barriers, easy cross-border trade, increased market opportunities, the creation of a value chain across the region, the lowering of input costs, and the creation of regional competition to reduce consumer price index. Its strategic linkage to leading regional and international markets including SACU, COMESA, SADC, AGOA, EPA, SACU Mercosur, EFTA, and the CFTA makes Eswatini the investors' preference for export-oriented manufacturing as it gives them access to over 1 billion preferential, market through regional and overseas markets.

Eswatini has its own currency, the Lilangeni, but it is also a member of the Southern African Common Monetary Union (CMAU), which pegs the Swazi Lilangeni one-to-one with the South African Rand. This ensures that funds move fluidly between the Member States.

Eswatini has quality roads, rail, and communication infrastructure. Its railway provides links to the South African rail network in both the north and the south of the country and even to Mozambique. Eswatini is known for her peaceful and welcoming nature for all, thus it is a low-risk country (politically and socially stable).

3.4.3 ESWATINI INVESTMENT PROMOTION AUTHORITY (EIPA)

EIPA's mandate is to attract, encourage, facilitate, and promote local and foreign direct investment and trade in Eswatini for economic development. It also facilitates the implementation of Government policies and strategies on investment and trade in the country. Furthermore, it advises the Minister on trade and investment policies, strategies, proposals, and suitable incentives.

EIPA's mandate is sub-divided into the following distinct functions;

- Trade promotion – to promote and stimulate local and foreign trade in and out of Eswatini by encouraging export development and marketing as well as import substitution. It conducts registration and profiling of all existing and potential exporters on the online trade portal www.buyeswatini.com.
- Investment Promotion Services – to attract and facilitate investment generation while marketing Eswatini as a viable and attractive investment destination. It operates as a one stop shop trade and investment partner by providing one stop shop services to investors and traders e.g., permit applications, legislative support, registration and licensing among others. It assists companies to ensure they are operating in a favourable business environment, to ensure local and foreign business retention, expansion, and diversification.
- Mavuso Exhibition and Trade Centre – host exhibitions of any magnitude, class and category in different markets and industry specifications.

3.4.4 INCENTIVES

a) General Fiscal Incentives

- Developmental Approval Order which is a corporate tax concession at the maximum rate of 10% for ten years, applicable only in Manufacturing, Mining, Tourism and International Services;
- Duty free access for capital goods (machinery and equipment) imported into the country for productive investments are exempt from import duties;
- Duty free access on raw materials to manufacture goods to be exported outside the Southern African Customs Union (SACU);
- Machinery initial allowance is 50% of the total cost of machinery or plant brought for the first time to be used in manufacturing and a 10% annual allowance on the reducing balance method over the lifetime of the asset;
- Building initial allowance of 50% of the actual cost of Industrial building, for the first year and 4% thereafter;
- Infrastructure initial allowance is 50% of the cost incurred of infrastructural machinery, plant or facilities, to be used in the provision of infrastructural services;
- Immovable property initial allowance of 20% during the first year the expenditure is incurred and 10% for the next succeeding years for the erection of any dwelling to be occupied solely by employees (applicable in manufacturing).

b) General Non-Fiscal Incentives

- Foreign exchange mechanisms allow full repatriation of profits and dividends of enterprises operating in the country;
- Fully serviced industrial sites and provision of purpose-built factory shells at subsidized rates, provided they are in partnership with the private sector;
- Five-year work permits available for directors.

c) Special Economic Zones Incentives

The Government of Eswatini has development Special Economic Zones with an aim of attracting investments. To reduce the cost of doing business, the following incentives are offered to investors interested in locating in the zones:

- Exemption from payment of corporate tax for 20 years and thereafter the corporate tax shall be charged at 5%;
- Remission of customs duty, value added tax, and any other tax payable in respect of goods purchased for use as raw material, equipment, machinery, and services directly related to manufacturing in the special economic zones;
- Exemption from foreign exchange control and restriction on operation carried in a special economic zone;
- Entitlement to unrestricted repatriation of profits;
- Entitlement to allowance on constructed buildings;
- Entitlement to Research and Development allowance;
- Exemption from training levy for an investor who has trained local employees;
- Entitlement to Green technology allowance.

d) Sectoral Incentives

i. Tourism

- Reduction of corporate tax from 27.5% to a maximum rate of 10% for ten years;
- In respect of capital expenditure in connection with the erection or beneficial improvement of a hotel during the year of assessment for the first use of the hotel or beneficial improvements on an existing one, the allowance shall be at the rate of 50% of the actual cost incurred and 4% annual allowance given for the succeeding years.

ii. Mining

- Reduction of corporate tax from 27.5% to a maximum rate of 10% for ten years;
- The Income tax Order provides for the immediate deduction of the amounts from the income derived by a taxpayer from mining operations such as shift sinking building, works or equipment including any renewals or replacement of equipment. Development, general administration and management (including any interest payable on loans utilized for mining purposes) prior to the commencement of production or during any period of non-production but excluding the cost of acquiring mineral rights.

iii. Agriculture

The Capital Development Expenditure (CDE) is allowed as an incentive for agriculture. The CDE may be allowed on the listed farming implements; dipping tanks, dams, irrigation schemes, wells and boreholes, pumping machineries, erection of or additions or improvements to farm buildings, including dwellings for employees, establishment of orchards and vineyards, and building of roads and bridges used in farming operations.

e) Investment Guarantees

Key guarantees in terms of investment protection include:

| | |
|--|---|
| ✓ Non-discriminatory treatment of foreign investments; | ✓ Guarantees against expropriation and government interference; |
| ✓ 100% foreign ownership of foreign investments; | ✓ Double taxation avoidance agreements applicable to countries who have ratified with Eswatini. |
| ✓ Guaranteed repatriation of funds; | |

3.4.5 INVESTMENT OPPORTUNITIES

a) Information and Communications Technology

The role played by ICT in the economy extends through the various sectors of the economy from agriculture, education, health to trade, industry and entrepreneurship.

Opportunities exist in:

- Telemedicine, education and socio-economic development;
- Accessible and affordable internet infrastructure;
- Broadcasting service and local content development;
- E-commerce and online services;
- Strategic partnerships: Network modernization, financial online services.

b) Mining

Eswatini is endowed with numerous minerals which include coal, gold, diamond, iron ore, asbestos, quarry stone, kaolin, green chert, talc and silica. This sector is characterised by investor friendly legal and policy framework hence the need to explore its opportunities which include:

- Mineral's explorations and mining
- Beneficiation such as steel manufacturing from iron ore,
- Jewellery manufacturing from the precious stones.
- Manufacture primary iron products, like pig iron ore pellets, up to the stage of steel products

c) Agribusiness

Agribusiness seek to explore various ways of adding value to agricultural products through creating wealth in agricultural production and creating food security.

Opportunities exist in:

- Increased local production of targeted products such as dairy, fruits, vegetables, meat and other agricultural produce;
- Value addition of agricultural produce (e.g., tomatoes, peppers, sweet corn, citrus, meat etc.);
- To establish within the agribusiness special economic zone at the King Mswati III International Airport;
- Establishment of small and large agro-processing facilities;
- Dairy production – increase milk production and dairy products.

d) Manufacturing

Some of Eswatini's main industries include sugar, textiles and apparel, soft drinks, and wood pulp production.

Opportunities exist in:

- Local manufacturing of essential medicines;
- Anti-snake venom manufacturing;
- Integrated waste management (green, non-burn technologies);
- High-end fashion textile manufacturing;
- Wood processing;
- Automotive components;
- Packaging materials;
- Building materials;
- Value addition of agricultural produce(sugar, tomatoes, peppers, sweet corn, and citrus).

d) Tourism

Eswatini is a gem of African tourism with its warm-natured people, serene landscapes, game parks, festivals and cultural richness providing the most beautiful and safe tourist destination. Opportunities exist in:

- Hotels;
- Casinos;
- Housing estates;
- Water theme parks;
- Cable motors;
- Bungee jumping.

e) Energy

Energy development in Eswatini is guided by the National Energy Policy of 2018 which since its implementation the country's energy sector has been undergoing rapid transformation with the liberalization of the electricity sector to encourage private sector investment. The Government's desire is to improve energy security, access to reliable, adequate, and affordable electricity, and the mitigation of potential detrimental impacts on the environment because of the growing energy demand. Opportunities exist in:

- Biomass;
- Solar;
- Hydro power generation.

3.4.6 STARTING A BUSINESS

It's essential to decide on the type of business structure one wants to establish before commencing the registration process. Below are the business structures In Eswatini:

- a) Sole Proprietorship: an unincorporated business owned and operated by an individual.
- b) Partnership: an entity or an arrangement where parties, known as business partners, agree to cooperate to advance their mutual interests.
- c) Private Limited Company: is an entity held under private ownership. Private companies may issue stock and have shareholders, but their shares do not trade on public exchanges (Eswatini Stock Exchange). A private company should have at least one director.
- d) Public Limited Company: A company with shares available for the public to purchase. It's an entity that may offer its shares to the public, but it's restricted in its rights to make pre-emptive share offers. Public companies must have at least two directors.
- e) Non-Governmental Organization (NGO): A non-profit organization pursuing social, cultural, or humanitarian objectives. This entity prohibits the payment of any dividend to its members but rather intends to apply its profits or other income in promoting its said main objectives.

COMPANY REGISTRATION PROCESS

A private limited company, public limited company, and an NGO require registration through the office of the Registrar of Companies in Eswatini in order for such entity to acquire legal capacity.

Formation and incorporation of company memorandums and articles of association shall be done in compliance with The Companies Act No 8 of 2009. Anyone who will formulate the objectives of a company and compile company documents must also be in compliance with the Act.

No person other than a legal practitioner or a registered consultancy may prepare company documents for registration in expectation of a fee, gain, reward direct or indirect to himself or to any other person. However, an individual is not prohibited to lodge with the Registrar of Companies documents of an entity in which they are a shareholder or a director.

PRIVATE LIMITED COMPANY PROCEDURE

Firstly, a unique company name has to be reserved in the company register before registration of the company free of charge. This involves searching from the Registrar of Companies (manual or automated) if the name is available and free for use. This process is done over the counter and available online. If the chosen name is free for registration, an acknowledgment of company name reservation shall be issued over the counter or online. The name shall be reserved for a period of three months after which it will expire and may be reserved by another person or entity.

Once this process has been done, Memorandum and Articles of Association will then be lodged with the office of the Registrar of Companies. The following comprehensive list of documents are lodged for the registration and incorporation of a company:

a) Memorandum of association

- The memorandum of the company shall reflect the following:
- The name of the company;
- The objects of the company;
- That the liability of the members is limited.

The memorandum shall be signed and dated by each subscriber in the presence of at least one attesting witness and there shall be written in legible characters, their full name, occupation and full residential or business address.

b) Articles of association

The articles shall be in the form prescribed by section 48 of the Companies Act. The articles shall be signed and dated by each director in the presence of at least one attesting witness and there shall be written in legible characters, their full name, occupation and full residential or business address.

c) Payment receipt of registration fees

Payment receipts for company registration is dependent on the company's Nominal Capital as follows:

- 100 – 10 000 = E645.00;
- 10 000- 30 000 = E945.00;
- 30 000- 50 000 = E1245.00;
- 50 000 and above = E1845.00.

- d) Acknowledgment of company name reservation;
- e) Form E/TF 42 (notice of company registered office);
- f) Directors Identity Documents;
- g) Declaration of compliance;
- h) Certificate of collation.

FOREIGN COMPANIES TO BE REGISTERED LOCALLY

A foreign company shall within 3 (three) days after establishing a place of business in Eswatini lodge the following documents with the office of the Registrar of Companies in compliance with the Companies Act:

- A certified copy of the memorandum and Certificate of Incorporation of the company in English and if not written in English, a certified translation in English from the country of origin;
- A notice of a registered office in Eswatini;
- A registered postal address to which all mail notices may be served to;
- The name and addresses of the auditor of the company in Eswatini;
- Each director full names, nationality, occupation, relevant qualifications, residential, business, and postal address, proof of compliance with the immigration laws and date of appointment in the company if permanently employed;
- Full names, nationality, occupation, relevant qualifications, residential, business and postal addresses, proof of compliance with immigration laws and date of appointment in the company for the local manager, secretaries and any other member of the executive.

Note: Company registration payment fees for foreign companies are the same as those for local companies. Company registration takes up to 48 hours. A Form J shall be lodged within 21 days from the date of Incorporation of the company. This is a form for confirmation or alterations for company directors and members of the company which, failure to comply attracts a penalty of E60.00.

COMPANY RENEWALS

Every company including a foreign company shall not earlier than the 1st of June or later than 31st August of any calendar year make annual returns in the prescribed Form C accompanied by the prescribed fee. The annual return shall be signed by one of the directors or secretaries of the company and a copy shall be lodged with the office of the Registrar of Companies accompanied by a receipt of payment of the prescribed fees.

Payment of fees can either be done at the government revenue or through mobile money (Momo payments). Public Companies and Associations not for gain shall send to the Registrar of Companies a copy of the companies and associations annual financial statements.

TRADE LICENSE

Requirements

- Trading License Application Form;
- Lease agreement or title deed for premises to operate in;
- Company formation documents certified by the registrar of companies (Memorandum and Articles of Association, Form J and Certificate of Incorporation);
- Copy of advert;
- Director's work permit and certified copy of passport;
- Applicable fees. The costs associated with the application for the trading license will be communicated by EIPA.

3.4.7 TAXATION

Residence is not specifically defined, but effectively anyone in employment or business in Eswatini will be regarded as resident for tax purposes. Work permits are required for non-citizens to take up employment in Eswatini, and, as such, expatriates who work under a permit held by their employers or who are self-employed are deemed to be resident for tax purposes.

The rates of Income Tax applicable are as follows:

INDIVIDUAL TAX RATES

| Taxable Income | | Rates |
|----------------|-----------------|---|
| Exceeds | Does not exceed | |
| E0 | E100 000 | 0 + 20% of the excess of E0 |
| E100 000 | E150 000 | E20 000 + 25% of the excess of E100 000 |
| E150 000 | E200 000 | E32 500 + 30% of the excess of E150 000 |
| E200 000 | | E47 500 + 33% of the excess of E200 000 |

When applying the above rates, the following should be taken into account:

1. Tax payable by a natural person will be reduced by a tax rebate amount not exceeding E8 200 per tax year;
2. The rates are applicable on the amount exceeding E41 000;
3. The tax rebate does not apply in the case of redundant or retiring individuals.

TAX RATE FOR COMPANIES

CORPORATE INCOME TAX

The effective tax rate for companies (since the 1st July 2013) is 27.5% of taxable income.

Value Added Tax (VAT)

VAT is charged at the standard rate of 15%.

Withholding Tax

| Payments to Non-Residents | | |
|--|-------|---|
| Interest | 10% | Due 14 days after the date of accrual |
| Dividends for companies in Botswana, Lesotho, Namibia and South Africa | 12.5% | 30 days after the date on which the dividend is payable |
| Dividends - for other countries | 15% | 30 days after the date on which the dividend is payable |
| Sportsmen and entertainers | 15% | Within 15 days from the date of payment |
| Contractors | 15% | Within 15 days from the date of payment |
| Royalty and management fees | 15% | Within 15 days from the date of payment |
| Repatriated branch profits to neighbouring countries (Botswana, Lesotho, Mozambique, Namibia and South Africa) | 12.5% | Within 15 days from the date of payment |
| Repatriated branch profits to other countries | 15% | Within 15 days from the date of payment |
| Payments to persons | 15% | Within 15 days from the date of payment |

NB: The above stated rates are influenced by Double Tax Agreements applicable.

| Payments to Residents | | |
|-----------------------|-----|---|
| Interest | 10% | Within 15 days from the end of the month in which interest was paid |
| Rental | 10% | Within 15 days from the date of payment |
| Dividends | 10% | Within 15 days from the date of payment |
| Trusts | 33% | Within 15 days from the date of payment |

3.4.8 VISAS AND RESIDENCE PERMITS

The Eswatini Investment Promotion Authority (EIPA), through its Investor Facilitation and Aftercare Department, provides investment information and support to local and foreign direct investors who decide to establish business in Eswatini. The department provides amongst others information and assistance on visas, work and residence permits.

ESWATINI VISAS

The processing time for an Eswatini visa is between one to five business days. The processing time can sometimes be longer since the application form must be sent to the Royal Eswatini Police Service for vetting. After the Police Service, the application is taken to the Chief Immigration Officer for approval.

DURATION AND FEES OF ESWATINI VISAS

The duration of an Eswatini visa is one to three months. However, applicants who want to enter Eswatini for study or work must apply for a Temporary Eswatini Permit instead of an entry visa. The temporary residence permit will allow applicants to stay longer than three months in the country.

| Visa Types | Duration | Visa Fee |
|------------------|--------------|----------|
| Single entry | Three months | E80 |
| Multiple entries | Three months | E300 |
| Multiple entries | Six months | E700 |
| Multiple entries | Nine months | E1000 |
| Multiple entries | One year | E1300 |

VISA REQUIREMENTS

Ministry of Home Affairs consider improving the standards by requiring clients to provide the following information together with the application forms:

- Passports must contain at least 2 (one) unused pages for entry/departure endorsements (sometimes referred to as visa page);
- Payment of the prescribed fee, if applicable;
- Signed statement and/or documentation confirming purpose and duration of visit;
- Two (2) identity photographs;
- Proof of financial means in the form of:
 - a) Bank statements;
 - b) Salary advices;
 - c) Undertaking(s) by the host(s) in the Kingdom of Eswatini;
 - d) Medical cover;
 - e) Support letter from hosts;
 - f) Or cash available, including credit cards or travellers' cheque (to cover the living expenses during the sojourn in the Kingdom of Eswatini).
- Applicants traveling by air must be in possession of:
 - a) A return or onward ticket; or
 - b) Proof of sufficient funds; or
 - c) Lodge a cash deposit of equivalent value to such a ticket.

The department of immigration/ foreign mission representative or representative requires the original passport but will accept applications by third parties such as travel agents, immigration practitioners or courier services.

ESWATINI RESIDENCE PERMIT

A residence permit is issued to applicants who want to stay longer than three months in Eswatini. Applicants who intend to enter the country for study, work, or investment purposes must apply for an Eswatini temporary residence permit. To apply for an Eswatini temporary residence permit, applicants must submit their residence permit application at the Chief Immigration Office in Eswatini.

Here are all the residence permits the applicant can apply for and their requirements:

a) Businessperson / Directors Permit

Cost Structure (Payable on Approval)

| Type | Cost (E) |
|-----------------|----------|
| Application fee | 300 |
| 5 years | 6,000 |
| 24 months | 2,400 |
| 12 months | 1,200 |
| 6 months | 600 |

REQUIREMENTS

- Application Form (Form 3);
- Memorandum of Association;
- Two Passport photos;
- Covering Letter of Application;
- Original Police Clearance from Country of origin not older than 6 months;
- Lease Agreement;
- Medical Certificate;
- Certificate of Incorporation Form J & Form C;
- Certified Passport Copy

Note: All copies to be certified

a) Employees

Cost Structure (Payable After Approval)

| Type | Cost (E) |
|-----------------|----------|
| Application fee | 300 |
| 24 months | 2,400 |
| 12 months | 1,200 |
| 6 months | 600 |

REQUIREMENTS

- Complete Application Form (Form 3);
- Two Passport Size Photos;
- Covering Letter of Application from employer;
- Proof of Advert of post (Full Page);
- Original Police Clearance from Country of Origin;
- Qualification Certificates (Copies);
- Medical Certificate;
- Certificate of Incorporation Form J. & Form C;
- Certified passport copy.

a) Special pass

- Complete Application Form (Form10);
- Copy of Recent Appeal;
- Application Letter; T
- wo photos;
- Passport Copy.

Note: All copies to be certified.

3.4.9 USEFUL CONTACTS

- Eswatini Investment Promotion Authority
EIPA Office
1st Floor, Building 1
Sibekelo Building
Mhlambanyatsi Road
Mbabane, Swaziland
P.O. Box 4194 Mbabane,
H100
2404 0470/2/3/4
info@sipa.org.sz / enquiries@sipa.org.sz
Call us: (+268)2404 0470
www.investeswatini.org.sz
- Ministry of Commerce Industry and Trade
Mhlambanyatsi Road
Justice Building 3rd floor
P.O Box 451 Mbabane
Phone: +268 2404 2372
Fax: +268 2404 471
- ERS Contact Centre
For all your tax related enquiries call or email the
ERS Contact Centre on
[+268] 2406 4050
[+268] 2406 4000
WhatsApp 7606 3735
info@ers.org.sz
- Ministry of Home affairs
Home Affairs & Justice Building
Mhlambanyatsi Usuthu Link Road
P.O. Box 432 Mbabane Swaziland
Phone: +268 2404 2941/2404 5880/2
Facsimile: +268 2404 4303
URL: <http://www.gov.sz>
- Eswatini Revenue Service
Headquarters
Portion 419 of Farm 50, Along MR103 Ezulwini
[+268] 2406 400

3.4.10 REFERENCES

- <https://investeswatini.org.sz/>
- <https://taxsummaries.pwc.com/eswatini>
- <https://www.cia.gov/the-world-factbook/countries/eswatini/>
- <https://www.ers.org.sz/>
- <https://www.ers.org.sz/>
- https://www.esccom.org.sz/publications/reports/docs/ICT_REPORT_2022.pdf
- <https://www.gov.sz/>
- <https://www.hcimbabane.gov.in/docs/Quick%20Fack%20Sheet%20on%20Eswatini.docx>
- <https://www.macrotrends.net/countries/SWZ/eswatini/gdp-gross-domestic-product>
- <https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/eswatini/>
- <https://www.usaid.gov/powerafrica/eswatini>
- <https://www.worldometers.info/world-population/swaziland-population/>





3.5 LESOTHO PRACTICAL GUIDE

3.5.1 COUNTRY OVERVIEW

The Kingdom of Lesotho is a constitutional monarchy. His Majesty King Letsie III is the Head of State. It is affectionately known as the “Kingdom in the Sky” – also the “Mountain Kingdom”. The Government of Lesotho (GOL) is elected every five years and is headed by a Prime Minister who recommends ministers to Cabinet. The Right Honourable The Prime Minister has executive authority as the King serves a largely ceremonial function and is prohibited from actively participating in political initiatives. The parliament is made up of two houses; the upper house of parliament, called the Senate, composed of 22 principal chiefs whose membership is hereditary, and eleven appointees of the King, acting on the advice of the prime minister and the National Assembly composed of politically elected Members of Parliament. The political landscape is stable with numerous political party participation. Its people are called Basotho (singular Mosotho) and make a population of 2.344 Million living in the country and the Diaspora. The official languages are Sesotho and English.

The Kingdom of Lesotho is a member of many regional economic organizations, including the Southern African Development Community (SADC), the African Union and the Southern African Customs Union (SACU). It is also active in the United Nations (UN) and its organs, the World Trade Organisation, the International Labour Organisation, the Non-Aligned Movement, the Commonwealth, and many other international organizations. It is signatory to international treaties and agreements.

ECONOMIC OVERVIEW

The economy of Lesotho is based on subsistence farming and animal husbandry, as well as small-scale industries that include clothing, footwear, textiles, food processing and construction. The small manufacturing base depends largely on farm products to support the milling, canning, leather and jute industries.

To attain its macroeconomic objectives, the Government of Lesotho is continuing to place high priority on parastatal privatisation and private sector development, with this strategy forming the primary source of growth and employment creation. Based on free market principles and private ownership of property, the Lesotho economy presents a relatively open economic and business climate.

GENERAL INFORMATION

| Capital | Maseru |
|-------------------------------|-----------------------------|
| Area | 30,355sq km (World data) |
| Languages | Sesotho and English |
| Population (2024) | 2.344 Million (World meter) |
| Currency | Lesotho loti (M) |
| GDP | 2373 M (2022) (UNCTADstats) |
| GDP per capita (current US\$) | 1029 (2022) (UNCTADstats) |
| GDP growth (annual %) | 2.10 (2022) (UNCTADstats) |

3.5.2 WHY LESOTHO?

a) Stability

- Lesotho offers a stable social and political environment which is investor friendly. Further, it has a free enterprise and free market economic system, which forms the basis for sustained development and growth.

b) Skilled Labour

Lesotho has a young, abundant, predominantly English speaking, literate, well-motivated labour force with a tradition of manual dexterity at competitive wage rates.

c) Market access

Lesotho enjoys preferential market access under the following Agreements/arrangements:

- The 2002 SACU Agreement which provides for free movement for all domestic products within the common customs area;
- Member of the World Trade Organization (WTO) and as an LDC benefits from Special and Differential Treatment;
- Membership in Free Trade Area at the SADC level where 100% of all tradeable goods are tariff free; at the Tripartite level (COMESA_EAC_SADC) where 90% of all tradeable goods are liberalised and at the continent level under the AfCFTA where 97% of all tradeable goods are liberalized;
- AGOA – duty free quota free market access for over 6000 products;
- SADC- EPA and SACU-UK – Duty free Quota free market access to the EU and the UK;
- Canada – special preference market access.

d) Protection of property rights

The right to private property is protected under the law. Property rights and interests are enforced, and owners of property enjoy protection under the Lesotho Constitution of 1993. All foreign and domestic private entities may freely establish, acquire, and dispose of interests in business enterprises.

e) Dispute resolution

Lesotho is a member of the ICSID Convention and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Lesotho readily accepts binding international arbitration of investment disputes. Further, Lesotho has entered into a number of bilateral investment agreements that provide for international arbitration.

3.5.3 LESOTHO NATIONAL DEVELOPMENT CORPORATION (LNDC)

LNDC is the main parastatal of the Government of Lesotho charged with the implementation of the country's industrial development policies. Established by an Act of Parliament No. 20 of 1967 as amended by Order No. 13 of 1990 and Amendment Act No. 7 of 2000, the Corporation promotes Lesotho as an attractive investment location for both foreign and indigenous investors.

The corporation provides investment promotion, investment facilitation and after care services to investors. Some of the services include:

- Provision of information on investment opportunities and doing business in Lesotho;
- Hosting of site visits for potential investors;
- Provision of guidance to investors for preparation of business plans and project briefs for the Environment Impact Assessment Certification (EIA);
- Sorting out problems with government agencies and other service providers (over licences, permits, utilities etc) to ensure smooth start up and smooth operations of the business;
- Facilitating investors in obtaining business registration, visas and work permits, and sectoral licences and permits;
- Advocating for creation of a conducive climate for investment in the country through review of policies;
- Securing markets for investors through coordination and participation in trade shows as well as hosting buyer's visits;
- Liaising with investors and government departments/service providers to ensure that investors' grievances and complaints are addressed;
- Identification of joint venture partners for existing investors who require joint venture partners.

ONE STOP BUSINESS FACILITATION CENTRE (OBFC)

Launched in 2016, the OBFC makes it easier to do business in Lesotho and to facilitate FDI. It places all services required for the issuance of licenses, permits, and imports and exports clearances under one roof. This provides transparency and predictability to trade transactions and reduces the time and cost of trading.

3.5.4 INCENTIVES

Lesotho offers the following fiscal incentives:

- 10% corporate income tax on manufacturing profits;
- No withholding tax on dividends distributed by manufacturing firms to local or foreign shareholders;
- Low WHT rate of 15% on management charge, royalty and interest, incurred to generate manufacturing income. The lower rate may apply to residents of the country to which Lesotho has signed the tax treaty (usually 10% or 7.5% in Lesotho tax treaties depending on a specific treaty).
- Training costs are allowable at 125% for tax purposes;

3.5.5 INVESTMENT OPPORTUNITIES

a) Agriculture

Lesotho's population largely depends on subsistence agriculture for their livelihoods. The Government of Lesotho has made it part of its priorities to advance commercial agriculture as one of the growth poles. In alignment with the national strategy, LNDC has also intensified its efforts to promote investment in this area.

Investment opportunities in the sector entail:

- Crop farming;
- Aquaculture;
- Horticulture;
- Livestock farming;
- Food processing (fruit and vegetables).

b) Manufacturing

The manufacturing industry in Lesotho is mainly focused on textile and clothing, and is an important source of employment and income for the country.

Opportunities in the sector include manufacturing of:

- Textiles and garments;
- Garment accessories such as zippers and buttons;
- Leather and footwear
- Automotive components;
- Plastic products;
- Consumer electrical and electronic appliances;
- Packaging material.

c) Energy

Lesotho produces 80 megawatts of electricity and the demand in winter goes as high as 120 megawatts. Investment opportunities lie in:

- Generation of solar energy;
- Setting up of wind power plants;
- Setting up of hydro power plants.

d) Infrastructure and construction

Construction was a major driver of economic growth in Lesotho which saw it grow by 1.8 % in 2022.

Opportunities lie in:

- Development of shared broadband infrastructure companies to support the ICT services industry;
- Construction of industrial sites;
- Setting up eco-lodges with conference facilities and outdoor entertainments.

e) Mining sector

Historically Lesotho's mining and resource-based industries focused mainly on diamond mining and sandstone quarrying. The mountains of Lesotho are heavy with some of the world's best value diamonds as discovered through the mining activities of the last two decades. The current direction focuses on exploring the mining value chain to seize opportunities for more investment, productivity of the sector and wealth creation for Basotho through both public and private investment.

Opportunities in the sector include:

- ✓ Exploration and mining of diamonds;
- ✓ Diamond polishing;
- ✓ Sandstone mining and quarrying;
- ✓ Harnessing water resources;
- ✓ Development of a mining supplier park to service the emerging mining industry;
- ✓ Ceramic ware and brick making.

f) ICT and Finance

The demand for ICT and financial services has increased with increasing industrial activity in Lesotho. Multinational companies present in Lesotho require cost effective ICT infrastructure and services to link their production centres with headquarters and logistics companies in order to be efficient. Demand for business financing has also grown with new opportunities opening in the market; with a ripple effect that has increased demand for competitive personal banking services.

Opportunities lie in:

- ✓ Development of requisite infrastructure to support the ICT services;
- ✓ Design and development of an innovation hub to harness local talent and create employment for youth; Development of call centres and data banks;
- ✓ Provision of business and personal banking services.

g) Tourism

Lesotho has spectacular scenery and potential for eco-tourism. The rugged countryside makes Lesotho ideal for off-road sports. The country hosts the Roof of Africa motorcycle rally annually and has introduced other annual events such as Maletsunyane braai festival and Lesotho sky cycling event. Lesotho is home to the world's longest commercial single-drop abseil and Sub-Saharan Africa's only ski resort.

Opportunities lie in:

- ✓ Setting up of high-altitude training facilities;
- ✓ Water-based sporting and recreational activities;
- ✓ Setting up health spas and wellness resorts;
- ✓ Setting up of accommodation facilities.

3.5.6 STARTING A BUSINESS

TYPES OF COMPANIES

The Companies Act provides for the incorporation of:

- A public company, which may offer its shares to the public and may or may not be quoted on a stock exchange;
- A private company, which may not offer its shares to the public and may not have more than 50 members. The members of both types of company have limited liability;
- A non-profit company is a public company which operates in the interests of the public or a section of the public and which prohibits the payment of a dividend to its members. A non-profit company may be excused from the requirement to have 'limited' at the end of its name.
- An External company is a company incorporated elsewhere and operating in Lesotho.

Company registration process

Company registration is automated and conducted through <https://www.companies.org.ls/> where an applicant creates a user account and then proceeds to apply for company registration by filling the online application form and paying fees. Once the application is processed, the applicant will obtain Company registration certificate and Tax Identification Number (TIN).

REQUIREMENTS

- Form 8 Consent to act as a company director;
- Form 1 details for tax purposes;
- Form 1A list of shareholders;
- Own articles of incorporation if not adopting the standard model article;
- Certified National ID Card - for the director(s) and the shareholder(s); or
- Passport for the director(s) and the shareholder(s); or Certified Driver's license - certified for the director(s) and the shareholder(s);
- Certified Ante-nuptial contract for the director(s) if married
- Affidavit if a shareholder is under 18 years old;
- Certificate of incorporation if a shareholder is an active company;
- Power of attorney when the incorporation is done by an attorney on behalf of directors and shareholders.

COST

- M 500 incorporation fees for a local company;
- M 1000 incorporation fees for an external company;
- M 30 for name reservation.

DURATION

1-2 days.

OTHER REGISTRATIONS

a) Business permit

This permit authorises a foreign business to engage in a business in Lesotho.

Requirements

- Business plan;
- Capital resource of not less than M2million;
- Employment resources if not less than 6 employees;
- Business account maintained at a financial institution in Lesotho;
- Corporate Social Responsibility plan;
- Transfer of skills and technology plan;
- Advancement of existing business undertakings;

b) Business Identification card

All businesses are required to obtain a business identification card in order to operate in Lesotho. The Business ID is issued for a determined period, i.e., 3 years for nationals or locals and 1 year for foreign enterprises. Applications are made online through <https://www.lesotho.elicenses.org>

Requirements

- Business plan;
- Capital resource of not less than M2million in local financial institution.

c) Trading licence

Depending on the type of activity, an applicant is required to obtain a trade licence. Licences are issued online through <https://www.lesotho.elicenses.org>. A Capital resource of not less than M2million in local financial institution is required.

d) Manufacturing License (Small Scale Industry)

Manufacturing licenses are processed online through <https://www.lesotho.elicenses.org>.

Requirements

- A minimum of USD 250,000;
- Health Inspection certificate;
- Environment impact assessment certificate (original);
- Certified copies of Passport or any form of identity document recognized and approved by government of Lesotho;
- Certified copies of certificate of incorporation, Particulars of the company and Articles of incorporation.

3.5.7 TAXATION

TAX REGISTRATION

Registration entails providing the Revenue Services Lesotho (RSL) with personal details such as full names, address and details of income earned. These details are provided through a registration form available in all the RSL Digital Service Centres. The effect of registration is, first, to allow the RSL to allocate a specific taxpayer identification number (TIN).

REQUIREMENTS FOR TIN REGISTRATION

BUSINESSES

- Business taxpayer registration form.
- Certificate of registration/certificate of incorporation;
- Memorandum of association/Charter/Constitution;
- Business taxpayer registration form

RESIDENT INDIVIDUALS:

- Trader's license and;
- Certified copy of National ID or passport of the owner.

NON-RESIDENT INDIVIDUALS:

- Trader's license;
- Copy of National ID or passport of the owner;
- Certified copy of a valid work permit should also be submitted when registering.

Taxes

Below are the taxes applicable in Lesotho.

a) Individual Income Tax

It is a tax imposed on an individual's (natural person's) taxable income. An individual who derives income in Lesotho is expected by law to file an income tax return and pay tax due in Lesotho. The income tax return must be filed for each year of assessment not later than 30th June every year. The following should register for individual income tax:

- Employees;
- Partners in partnerships; Sole Traders;
- Directors;
- Members of associations.

TAXATION OF INDIVIDUAL INCOME

Taxable Income of a resident individual is taxed in accordance with progressive two rate structures of 20% and 30%. These rates are subject to change according to an amendment by the parliament.

The tax structure for the financial year 2023/2024 is as follows:

- Any chargeable income from M 1.00 to M 69, 120.00 or less per year is taxed at the rate of 20%;
- Any amount in excess of M69, 120.00 is taxed at the rate of 30%;
- The non-refundable personal tax credit of M 10, 824.00 is allowed in favour of a resident individual.

b) Corporate Income Tax

Corporate Income Tax is a tax that is charged on profits generated by the company and other corporate bodies in a given year of assessment. It is a direct tax administered under the Income Tax Act of 1993. Every company is required to file its annual income tax return on or before 30th June every year.

A corporate body is subject to corporate tax at the following rates:

INCOME TAX RATES FOR COMPANIES

| Nature of income | Rate |
|---|------|
| Manufacturing income | 10% |
| Income from commercial farming operations | 10% |
| Other Income | 25% |

c) Withholding Tax

Withholding Tax (WHT) are levied on supply of services and are applicable to both resident and non-resident suppliers. The tax is collected monthly or whenever there has been tax withheld, and the accounting thereof is performed annually upon the submission of the income tax return by the payee or the person to whose income the WHT had been deducted.

The applicable rates for WHT are classified as follows:

- Resident contractors: 5%;
- A lower rate of WHT may apply to residents of the country to which Lesotho has signed the tax treaty. Example, 7.5% for residents of South Africa according to Lesotho – Republic of South Africa treaty.

d) Value Added Tax

Value Added Tax (VAT) is a form of an indirect tax levied on goods and services consumed in Lesotho, regardless of whether supplied in and outside Lesotho. Rates for VAT are as follows:

- 0% - Exports and basic commodities;
- 10% - Electricity;
- 15% - Other goods and services.

3.5.8 IMMIGRATION PROCEDURES

The Department of Immigration Services, under the Ministry of Home Affairs, is mandated to control movement of people into and out of the country. It also regulates and monitors the stay of non-citizens within the country through the issuance of residence permits and regular inspection for compliance. The Department also facilitates citizenship acquisition to the qualifying applicants.

VISA

Every citizen of a foreign country who wishes to visit the Kingdom of Lesotho must first obtain a visa from the Ministry Of Home Affairs. Citizens of countries that have visa abolition agreements with Lesotho and citizens of some Commonwealth countries are exempt from this rule. Investors can check whether their country is exempted from visa requirement through this link: <http://evisalesotho.com/visa-exemptions/>

VISA APPLICATION PROCESS

Visas are currently issued manually at Immigration Headquarters in Maseru and no longer in Lesotho missions abroad. Foreigners living abroad can apply for the visa through visa-applications.immigration@gov.ls

There are two types of visas offered, namely;

- Single entry visa; It is meant for a single journey and is valid for three months;
- Multiple entry visa; It is meant for multiple journeys and is valid for six months.

Visa application requirements depend on the purpose of visit (such as business, Tourism etc.) and the response on the application takes at least five working days.

REQUIREMENTS FOR BUSINESS VISA

- Passport valid for travel with a validity date of at least six months;
- Invitation letter from sponsor;
- Trader's License of the sponsor;
- Tax Clearance of the sponsor;
- Declaration taken under oath by the sponsor;
- Residence permit of the sponsor (where applicable);
- Work permit of the sponsor verified from source (where applicable);
- Proof of work permit application/ letter of employment offer
- 3 Months bank statement of sponsor (showing economic activities);
- Passport copy of applicant;
- Educational certificates and transcripts translated into English & certified by the embassy or equivalent (where applicable);
- Return ticket;
- Medical Insurance;
- Medical report;
- South African transit visa (where applicable).

VISA FEES

- Multiple Entry Visa M 2000;
- Single Entry Visa M 1000.

Residence permits

The Department of Immigration Services is mandated to issue residence permits to non-citizens residing in the country. Applicants can upload their applications at www.homeaffairslesotho.com or to get any additional information about the application process.

Types of residence permits offered are as follows;

- Temporary residence permit valid for 90 days;
- Two years residence permit valid for 2 years and renewable;
- Study permit issued to applicant who is currently enrolled at an educational institution within the Kingdom of Lesotho;
- Indefinite residence permit issued to applicants who have been residents in Lesotho for at least two years.

The residence permits are further categorized into.

- a) Business Permit;
- b) Teachers Permit;
- c) Doctor's Permit;
- d) Volunteers Permit;
- e) Missionary Permit;
- f) Joining relative Permit;
- g) Joining spouse and married woman permit;
- h) Returning Citizens Permit etc.

Business people permit

A Business people permit category falls under the residence permit and is issued to an applicant that currently has a business in The Kingdom of Lesotho or for applicant that wish to open a business within the Kingdom of Lesotho. The permit is applied online via <https://www.homeaffairslesotho.com/Complete-Online-Form.html>

REQUIREMENTS

- Duly completed online form;
- Medical Certificate (To be filled by a Government Medical Practitioner within Lesotho);
- Police clearance from Lesotho;
- Police clearance from country of origin for 1st time applicants;
- Work permit (certified by department of Labour & Employment);
- Letter from employer;
- Personal tax clearance (Certified from RSL);
- Company tax clearance (certified from RSL); Trader's license (certified from trade and industry);
- Employment contract;
- Memorandum (for directors only and director's fees);
- Copy of passport;
- Copy of previous permit (for renewal applications);
- Bank Statement of a fixed deposit equivalent to air ticket to home Country.
- Medical Insurance;
- Documentary proof of financial circumstances:
 - 6 months bank statement showing economic activities and monthly deposits of not less than M50, 000.00;
 - Personal Bank statement.

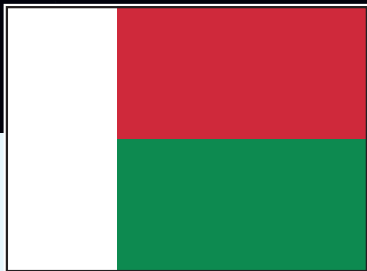
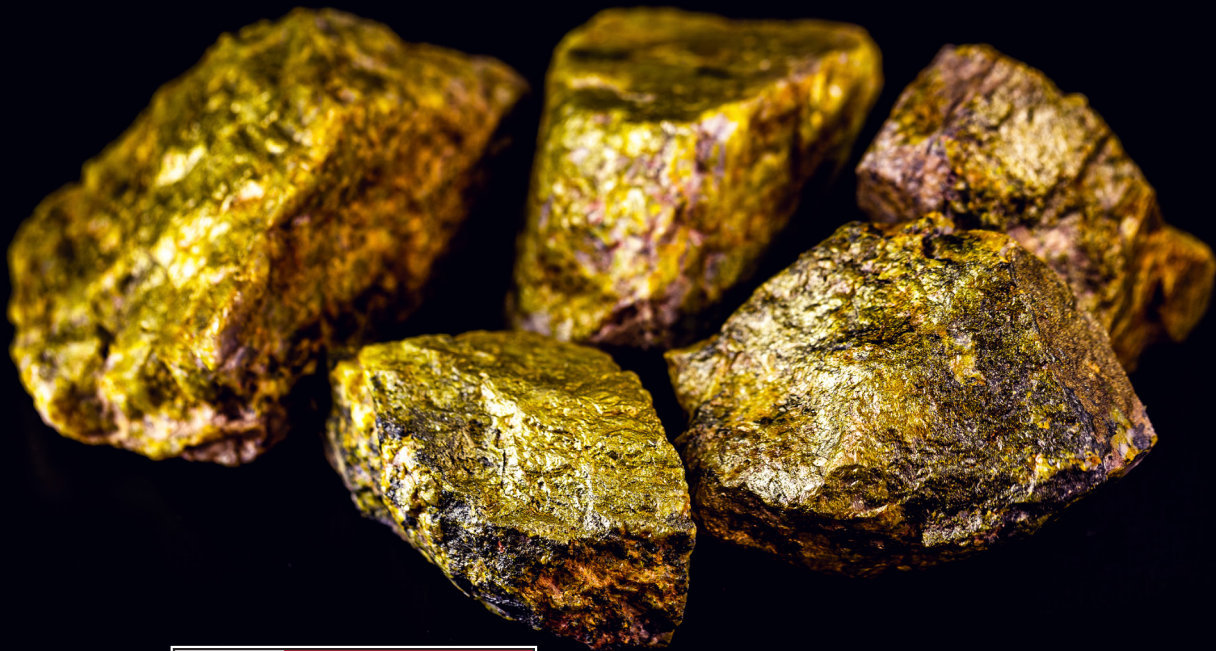
Payment of the relevant fees is made via First National Bank (FNB) Lesotho branches.

3.5.9 USEFUL CONTACTS

- Lesotho National Development Corporation
Block A Development House, Kingsway Road, Maseru
Postal Address: Development House | P/Bag A96 |
Kingsway Rd | Maseru 100 | Lesotho
Email: ip@lndc.org.ls/info@lndc.org.ls/ce@lndc.org.ls
Tel: +266 22 312 012
Website: www.lndc.org.ls
- Revenue Services Lesotho
Ground Floor, Finance House Building, Government
Office Complex, Kingsway Road, Maseru
+266 22 313796
info@rsl.org.ls / <https://www.rsl.org.ls>
- One-Stop Business Facilitation Centre (OBFC)
Kingsway Road LNDC Phase II 1st floor, Maseru 100
Tel: +266 223 246 67
FLORENCE MOTOA
Deputy Registrar of Companies
Email: florence.motoa@obfc.org.ls
Website: www.obfc.org.ls
- Ministry of Home Affairs Public Safety
For visas and residence permits under Immigrations
Department Director Immigrations
P.O. Box 363 Maseru 100
Tel: (+266) 22215105/ +266 22321110
info.lrp@homeaffairslesotho.com
- Ministry of Home Affairs Public Safety
For visas and residence permits under Immigrations
Department Director Immigrations
P.O. Box 363, Maseru 100
Tel: (+266) 22215105/ +266 22321110
info.lrp@homeaffairslesotho.com

3.5.10 REFERENCES

- Aliens Control Act, 1966
- Aliens Control Regulations, 1968
- Companies Act 2011
- Companies Regulations 2012
- Constitution of 1993, Lesotho
- <http://evisalesotho.com/visa-requirements-and-fees/>
- <http://ww1.lesothovisaapp.com>
- <http://www.obfc.org.ls/home/>
- <https://homeaffairslesotho.com>
- <https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/426/index.html>
- <https://www.companies.org.ls/>
- <https://www.gov.ls/economy/#:~:text=The%20economy%20of%20Lesotho%20is,canning%2C%20leather%20and%20jute%20industries.>
- <https://www.lndc.org.ls>
- <https://www.lndc.org.ls/services#>
- <https://www.rsl.org.ls>
- <https://www.sacu.int/about/traden/bilateral.html>
- <https://www.worldbank.org/en/country/lesotho/overview>
- <https://www.worldometers.info/world-population/lesotho-population/#:~:text=The%20current%20population%20of%20Lesotho,latest%20United%20Nations%20data%201.>
- Income Tax Act of 1993



3.6 MADAGASCAR PRACTICAL GUIDE

3.6.1 COUNTRY PROFILE

Madagascar is Africa's largest island which is located in the Indian Ocean, about 420 km (260 miles) east of the coast of Mozambique and is separated from the African continent by the Mozambique Channel. Madagascar shares maritime borders with Comoros, France (Mayotte and Réunion), Mauritius, Mozambique and Seychelles.

With an area of 587,000 km², the island is slightly larger than France, or twice the size of the US state of Arizona. The island has a subtropical to tropical maritime climate and a population of 29.6 million (2022) people. The capital and largest city is Antananarivo and the spoken languages are Malagasy and French. Christianity is the predominant religion with more than 80% of the population being Christians, but traditional beliefs are deeply rooted in society. The Malagasy Ariary (MGA) is the local currency of Madagascar with Euro being the most accepted foreign currency, but US dollars and Great Britain Pound can easily be changed.

Madagascar is a semi parliamentary republic with a popularly elected president, a bicameral legislature (Senate and National Assembly), prime minister, and cabinet. Madagascar has a constitution dating from 11 December 2010 and a civil law system based on the old French civil code, with customary law in matters of marriage, family, and obligation.

a) Key facts

| | |
|--------------------|---|
| Capital city | Antananarivo |
| | 01 international airport in the capital city |
| | 10 hours from the international port of the city of Toamasina |
| | First industrial city |
| | 02 centres that can host international conferences |
| | Headquarters of international companies |
| | Administration central office |
| Population | 29.6 million (2022) of which 50% is comprised of under 30 years old |
| Currency (Nov 23) | 1 USD = 4 505 MGA. Madagascar is part of the international SWIFT system |
| Exports | Textiles, Mining products, Fishing products, crops, Essential oils |
| Priority sectors | Agribusiness, Textile, Tourism, ICT, Energy, Mining |
| Surface | 587 000 sqm with 23 regions, 119 districts. It has 36 Million Ha of cultivable surfaces and 7.6 Million Ha of protected areas and 1,140,000 sqm of Exclusive Economic Zones |
| Official languages | Malagasy and French |
| Political system | Semi-parliamentary Republic |

b) Macroeconomic indicators

| Madagascar Macroeconomic Indicator | 2021 | 2022 | 2023 |
|---|----------|----------|----------|
| GDP PER CAPITA (USD) | 516.53 | 523.08 | 529.56 |
| Nominal GDP (in billion MGA from current USD) | 66 026.5 | 68 702.1 | 71 468.4 |
| Real GDP growth (last 5 years) | 5.7% | 4.0% | 4.0% |
| Trade balance (as a percentage of GDP) | -6.60% | -6.50% | -5.10% |
| National savings (as a percentage of GDP) | 10.20% | 15.90% | 20.30%* |
| Inflation Rate (average period) | 5.80% | 8.20% | 10.50% |

c) Contribution of key sectors to GDP

| Sectors | 2021 | 2022 |
|------------------------|-------|--------|
| Construction | 11.2% | 9.68% |
| Industry | 13.5% | 14.42% |
| Agriculture | 16.1% | 16.06% |
| Industries extractives | 55,4% | 23,6 % |
| Tourism | 1.3% | 0.79% |

3.6.2 WHY MADAGASCAR?

a) Wide Market access

Madagascar has signed several international agreements which offer a wide market of more than 1 billion potential consumers through:

- ZLECAF (African Continental Free Trade Zone);
- SADC (Southern African Community Development Community);
- COMESA (Common Market for Eastern and Southern Africa);
- IORA (Indian Ocean Rim Association);
- IOC (Indian Ocean Commission);
- WTO Generalized System of Preferences
- Free trade Agreement;
- EU (Economic Partnership Agreement);
- AGOA (African Growth Opportunities Act);
- UK (Economic Partnership Agreement);
- Everything except weapons.

b) Qualified and bilingual labour

Madagascar has readily available skilled workers, particularly in the textile and clothing and craft sectors attracting a low cost of salary. Training is also available at any level of positions (from junior to executive).

c) Ready infrastructure

Madagascar has a well-established infrastructure which include:

International ports

- The Port of Toamasina is considered as one of the most efficient container ports in Africa and will soon become the maritime hub of the Indian Ocean and Southern Africa;
- The Port of Ehoala, Taolagnaro, grants direct access to the North American market.

INTERNATIONAL AIRPORTS

- Ivato International Airport located in the capital Antananarivo is served by the companies such as Air France, Air Austral, Ethiopian Airlines, Kenya Airways, Air Mauritius, Turkish Airlines, Airlink among others;
- Nosy Be international airport is served in particular by Polish Airlines and Airlink.

RAILWAYS AND NATIONAL ROADS

The Madarail transports different types of products (mineral ores, construction materials, quarry products, agricultural and food products, containerized products, etc) through the North Network. The commercial fleet includes 17 locomotives and 260 wagons of different types.

The Malagasy Road network is currently estimated at 31,640 km of roads and the Government is committed to the construction of roads to open up territories and increase agricultural production.

GOOD INTERNET INFRASTRUCTURE

Madagascar has good internet speed, approaching those of industrialized countries and above its peers in the region. In the past decade, due to the availability of low-cost, high-quality labour and higher than average internet speed, more and more call centres and business outsourcing companies have set up shop in Madagascar, while services have also diversified to keep pace.

The internet infrastructure includes:

- LION Indian Oceanic Network (LION);
- LION Indian Oceanic Network 2 (LION 2);
- Eastern African Submarine System (Eassy);
- Meltingpot Indian Oceanic Submarine System (METISS).

d) Investment regulatory framework

Madagascar has implemented significant legal, procedural and administrative reforms aimed at facilitating business practices and encouraging local and foreign investment. These reforms include: the Investment Law, Cooperative Societies Act, Agricultural Aggregation Law, Organic Agriculture Law, Mining Code, Electricity Code and total liberalization of the telecommunications sector. Other important regulatory frameworks include the Public-Private Partnership; Law on Large Mining Investments, Free Zones and Special Economic Zones. The government is also committed to maintaining a tax system that is simple, fair and pro-growth for investors.

NEW INVESTMENT LAW

The main principles of the investment law are:

- Freedom to invest for any natural or legal person, Malagasy or foreign;
- Equal treatment between local and foreign investors (with the possibility for foreign investors to hold 100% of the capital);
- Protection of investors' property rights against nationalization, direct or indirect expropriation and requisition;
- Free transfer, without prior authorization, of after-tax profits, dividends, salary income, remuneration and savings of expatriate employees.

e) An abundant endemic natural resource

Madagascar is one of the most renowned areas of biological diversity in the world, with more than 80% of the planet's endemic plant and living animal species. Further, Madagascar offers a particularly dense and varied array of resources for agriculture, mining, energy, fishing and tourism.

f) Strategic location of the island

The island of Madagascar is a vital location for operations in the Western Indian Ocean. The island along with Comoros borders the Mozambique Channel, a crucial trading route between Asia, Europe, and the America. This trade route allows trade flow towards the southern tip of South Africa via Cape of Good Hope.

3.6.3 EDBM ECONOMIC DEVELOPMENT BOARD OF MADAGASCAR

EDBM is the national investment promotion agency of Madagascar whose objective is strengthening the competitiveness of the private sector, increasing direct foreign investment, making improvements in the business environment and facilitating the business climate in the country.

It offers dedicated aftercare services for investments and end-to-end investor support services which include:

- Expertized investment managers per sector;
- Advisory service for investment projects;
- Connecting with public and private sector;
- Support and facilitation from the pre-establishment to post-establishment or aftercare phase.

EDBM has a one-stop shop for investment facilitation which aims to ease the costs of doing business. It brings together ten ministerial services and offers the following services in one place:

- Formalities for creating and modifying a business;
- Issuance of authorizations for tourist establishments;
- Granting of employment authorizations for foreign employees;
- Issuance of long-stay visas for investors, workers and their families;
- Granting of Transformable Visas;
- Granting of approval for free zones and companies;
- Information on land acquisitions.

3.6.4 INVESTMENT OPPORTUNITIES

a) Infrastructure

Opportunities in this sector include:

- i. Antananarivo: Tana-masoandro (189 Ha)

DEDICATED AREAS

| | |
|------------------|--|
| Housing areas | 143.47 Ha with 30-storey housing towers, 12-storey housing blocks and villas |
| Business areas | 28.7 ha with cinemas, hall, catering, pharmacy, terraces, stores and hypermarkets and parking lots |
| Industrial areas | 6.9 Ha |
| Hotel areas | 10.4 Ha with 2-to-5-star hotels, catering establishments and conference rooms |

BENEFITS

- ✓ Serviced and developed land with access to: energy, drinking water and VRD;
- ✓ Strategic location;
- ✓ State support and facilitation at all stages of the project;
- ✓ Access to quality equipment;
- ✓ Competitive investment conditions.

Estimated cost

Under study

FINANCING PLAN

PPP, State - Bank - VEFA Promoter Partnership, Acquiring credit with banks

- ii. Mahajanga: Amparemahitsy (86 Ha)

Dedicated areas

| | |
|------------|--|
| Residence | 24 Ha for housing |
| Commercial | 16.4 Ha of the new city will be occupied by shopping malls, supermarkets and commercial parks |
| Industrial | 28.8 Ha will include a non-polluting industrial zone |
| Hotelière | 16.91 Ha will be occupied by 2-to-5-star hotels, catering establishments as well as conference rooms |

In addition to the more than 52 hectares dedicated to economic activities in the private sector, other components of the city will require mixed investment, such as the educational and health zones.

b) Agriculture

Priority crops in agricultural development areas

i. Corn

- A deficit of 300,000 tonnes per year to meet national needs;
- Intended to supply the local food industries;
- Allocation of 80,000 ha of ZEA in 15 Regions;
- Project needs estimated at 77 million USD in investment.

ii. Rice

- Rice is the staple food in Madagascar, as in many other African countries;
- A deficit of 700,000 tonnes per year for the country;
- Allocation of 17,500 ha of ZEA in 11 Regions;
- Project needs of 15.5 million USD in investment.

iii. Groundnut

- Exported and supplied for both artisanal food oil mills and larger units;
- Allocation of 80,000 Ha of ZEA in 10 Regions;
- Project needs estimated: USD 32 million in investments.

iv. Soybean

- Most of the country's soybean requirements for animal feed are imported;
- The government's goal is to produce 50,400 tonnes of soy by 2028. The project aims to revive a virtually extinct industry;
- Allocation of 6,500 Ha of ZEA in 2 regions of the country;
- Project needs estimated 32 million USD in investment.

v. Sorghum

- Sorghum is the cereal of the future, adapted to the climate of the south of the country. It is an alternative for food security in the south;
- Allocation of 3,200 Ha of ZEA in the Ihorombe Region;
- Project needs estimated: 4.5 million USD in investment.

vi. Viticulture

- A fairly resilient sector despite competition from imported products;
- The industry stagnates around 3,000 hectares of plantations;
- The project aims to create an investment model to promote this promising sector.



Distribution of agricultural development areas by region

Ambassadors: Oso farming, Havamad, Robert, Tozzi green

- 220,000 Ha of agricultural development areas

| Regions | Surface | Sectors |
|-------------------|----------|---|
| Diana | 4.200Ha | Corn, cassava, peanuts, local chicken farming |
| Sofia | 27.800Ha | Black eyes, corn, cassava, groundnut, rice, cuma, vanilla |
| Boeny | 2.450Ha | Rice, sorghum, vegetables, small ruminants |
| Melaky | 6.450Ha | Rice, cassava, groundnut, corn |
| Bongolava | 16.000Ha | Upland rice, corn, groundnut, wheat |
| Itasy | 1.000Ha | Rice, groundnuts, corn |
| Menabe | 69.100Ha | Groundnuts (potential), corn, cassava |
| Atsimo andrefana | 4.080 Ha | Rainfed cultivation and irrigated cultivation: Rice, groundnut |
| Androy | 12.000Ha | Vegetables, sorghum, small ruminants, Cassava, Sweet potato |
| Sava | 2.000Ha | Vanilla, rice, corn, palm oil |
| Analanjirofo | 1.500Ha | Rice, poultry farming |
| Betsiboka | 3.000Ha | Rainfed rice, corn, groundnut |
| Alaotra mangoro | 500Ha | Corn, beans and local chicken |
| Analamanga | 1.000Ha | Vegetables, rice, beans, groundnut, corn, pink pepper (Anjozorobe), wheat |
| Atsinanana | 7.000Ha | Corn, cassava, cloves, pepper, cuma, fruits, dairy cow, rice |
| Vakinankaratra | 13.200Ha | Wheat, upland rice, corn, cassava, soy |
| Matsiatra ambony | 3.458 Ha | Rice, corn, groundnut |
| Vatovavy | 20.128Ha | Cinnamon, coffee, pepper, vanilla, rice |
| Fito vinany | 2.024Ha | Coffee, pepper, vanilla, rice |
| Amoron'i mania | 6.125Ha | Coffee, pepper, vanilla, rice |
| Ihorombe | 12.984Ha | Irrigated rice, corn, cassava, groundnut |
| Atsimo atsinanana | 4.000Ha | Food crops, cash crops, livestock (poultry and dairy cows) |
| Anosy | 2.000Ha | Cassava, sorghum |

- Allocation of 1,000 Ha of ZEA in the Haute Matsiatra region
- Project needs estimated: 2 million USD in investment
- 110,000 Ha of Territory for Organic Agriculture to be created within the framework of PPP

| Regions | Surface |
|------------------|----------|
| Diana | 12.500Ha |
| Atsimo andrefana | 15.000Ha |
| Analanjirofo | 12.500Ha |
| Alaotra mangoro | 10.000Ha |
| Atsinanana | 10.000Ha |
| Analamanga | 12.500Ha |
| Vakinankaratra | 12.500Ha |
| Androy | 15.000Ha |

- 68,945 Ha of private land

| Regions | Surface | Sectors |
|------------------|----------|--|
| Sofia | 18.000Ha | Soya, Sunflower, Oil mill, Sugar cane, Tilapia |
| Boeny | 8.000Ha | Rice, fish farming |
| Betsiboka | 7.796Ha | Rice |
| Bongolava | 16.000Ha | Corn, rice, soy, groundnut, white bambara peas, banana, coffee and ginger |
| Itasy | 573Ha | Corn, soy, onion, spices, fruit trees and essential oils |
| Amoron'i Mania | 100Ha | Groundnut and corn |
| Haute Matsiatra | 2.450Ha | Rice, corn, groundnuts and beans |
| Atsimo Andrefana | 4.905Ha | Rice, dried cereals, oilseeds, spices, fruits, fish farming, peas, beans, lentils, onions and sugar cane |
| Diana | 95Ha | Cashew nuts, lemon, orange, cassava and cinnamon |
| Analanjirofo | 230Ha | Spice, fruit tree and essential oils |
| Alaotra Mangoro | 7.464Ha | Plants with essential oils, spices (Pili-pili, organic paprika) and corn |
| Atsinanana | 1.882Ha | Oilseed plants (peanut, soya, sunflower, etc.) |
| Analamanga | 1.528Ha | Oil palm, corn, rice, orange tree, coffee, spices, tree fruits and essential oils |
| Vakinankaratra | 450Ha | Rice, soy, corn, groundnuts, organic fertilizers and potatoes |
| Vatovavy | 3.975Ha | Groundnut and coffee |
| Fitovinany | 450Ha | Spice, fruit tree, essential oils |

- Fertilizer plants and community greenhouse centres

| Types | Production potential | Cost | Regions |
|------------------------------|--|----------------|---|
| Chemical fertilizer plants | 40,000T/in the NPK 30,000T/year of urea 46% | 9M USD (PPP) | Atsinanana, Alaotra Mangoro |
| Organic fertilizer plants | 30,000T/year of organic fertilizer | 3,5M USD (PPP) | Vakinankatra, Boeny |
| Greenhouse Community Centres | | 59,79M USD | Anosy, Diana, Alaotra Mangoro, Analamanga, Vakinankaratra, Bongolava, Amoron'i Mania, Haute Matsiatra |

c) Industry

The ambassadors: Ciel textile, aquarelle group, ultramaille, epsilon, accord knits, mklen international, groupe socota

| Key figures | Observations |
|-------------|---|
| 14,42% | Contribution of the sector to GDP |
| 136.392 | Workers contributing to employment (CNAPS) 10% of total employment (Source: World Bank 2022) |
| 622 | Industries created at EDBM from 2016 to 2022 |
| ODOF | Implementation of the One District One Factory Industrial Incubation Zone program |
| 1,5B USD/an | Additional investment needed to reach the 25% contribution of FDI to GDP. The current level of investment is 1 billion USD per year. |

- Investment projects

| Projects | Estimated costs | Observations | Localisation |
|-------------------------------------|-------------------------|--|--|
| One District One Factory (ODOF/ZPI) | 49M USD | 245 local agricultural product processing units | All 119 districts of Madagascar |
| Industrial Parks | 765M USD | 4 agro-industrial parks of 15ha/park Phase 1 (2023-2028): Arivonimamo, Ambatolampy, Fianarantsoa, Manakara Phase 2 (2029-2038): 19 parcs 25,500 jobs per park | Arivonimamo, Ambatolampy, Fianarantsoa, Manakara |
| Special Economic Zones | 4B USD (Start-up phase) | 4 economic hubs: Andrakaka (Diana) 260ha Ptaso (Toliara) 120ha (Southwest) Ehoala park (Anosy) 400ha in Taolagnaro Moramanga (Alaotra Mangoro) 680Ha 47,500 jobs per zone | |

d) Mining

Ambassadors: Rio tinto, Ambatovy

- Contribution of the mining sector to GDP (M USD)

| Years | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|-------|
| Total GDP | 6521,3 | 6286,4 | 6046,4 | 5318 |
| Contribution of the mining sector to the GDP | 416,9 | 318,6 | 387,6 | 190,4 |

- Minerals available

| Minerals | Localisation | Potential |
|------------|--|--|
| Graphite | Fotadrevo | 120M tons |
| Gold | Maevatanana, Bestiaka and Dabolava | |
| Coal | Sakoa, Imaloto | 1.3 billion tons |
| Bauxite | Manantenina | 60M tonnes at 42% alumina |
| Ilmenite | Ranobe | 1.4B tonnes of sand at 4.4% |
| Copper | Ambatovarahina, Ambodilafa and Besakoa | 315K tonnes |
| Iron | Solala | 800M tonnes |
| Uranium | Morafeno, Andranokolo | 70K tonnes of around 5% to 8% |
| Chrome | | 150K tonnes/an |
| Rare earth | Ampasindava | 10M tonnes at a concentration of 0.08% |

- Current projects

| Promoters | Amount | Minerals | Potential | Localisation |
|----------------|----------|-------------------|--------------|----------------|
| TOLIARA BASE | 700M USD | Ilmenite | 1.29B tonnes | Ranobe Toliara |
| PAM SAKOA COAL | 500M USD | Coal | 870M tonnes | Sako to Tolia |
| TERRIBLY | 160M USD | Graphite | 22.4M tonnes | |
| BLACK EARTH | 100M USD | Graphite and coal | 260M tonnes | |

- Projects awaiting or renewing operating permits

| Promoters | Potential | Status of operating permit |
|------------------------------|---------------|----------------------------|
| Soalala Iron deposit | 600M tonnes | Waiting for renewal |
| Ampasindava EE depot/REENOVA | 130M tonnes | On hold |
| Hope for bauxite | 1,215B tonnes | On hold |

- Gold potential of Madagascar

Madagascar has 04 potential gold districts and more than 10 tonnes of gold officially exported between 2016 and 2019.

e) Technologies and innovations

The top 4 in the TIC market: Intelcia, Webhelp, Teleperformance, Konecna Madagascar

- High quality internet infrastructure
 - LION Indian Oceanic Network (LION)
 - LION Indian Oceanic Network 2 (LION 2)
 - Eastern African Submarine System (Eassy)
 - Melting Pot Indian Oceanic Submarine System (METISS)

- Comparative advantages

| Comparative advantages | Observations |
|------------------------|-------------------------------|
| 100% urban 82% rural | National 3G coverage rate |
| 98% urban 61% rural | National 4G coverage rate |
| 66 % | Mobile phone penetration rate |
| 17,1% | Internet penetration rate |

- Public projects

OPENNESS AND INCLUSION

- Facilitate access to the internet in remote areas;
- Strengthen sector regulation;
- Stimulate pooling;
- Facilitate access to finance for economic actors;
- Promoting digital education, entrepreneurship and employability for all.

MODERNIZATION OF THE ADMINISTRATION

- Promote citizens' access to information on their rights and duties in all areas;
- Bringing administration closer to citizens;
- Guarantee the transparency of decisions and actions;
- Rationalization and acceleration of decision-making.

RESILIENT DIGITAL ECOSYSTEM

- Reform of the legal and institutional framework of the telecommunications sector;
- Connectivity of municipalities;
- Decim;
- MRTAM;
- Reform of civil status and single identity card.

DEVELOP HUMAN CAPITAL

- National Institute of Digital and Posts (in progress);
- Intelligence Centre for Inclusive Digital Training;
- Develop advanced digital skills;
- Incubator and Technopôle centre (in progress).

DEVELOP DIGITAL AND FINANCIAL INCLUSION

- Payment digitization;
- Postal bank;
- Village intelligent;
- One stop shop;
- TIC BUS;
- Hotspot;
- E-ariary.

INVESTMENT OPPORTUNITIES

- Mobile application and software development;
- Website development;
- Data digitalization;
- Call centre.



f) Tourism

Ambassadors: Groupe Accor, Time & Tide, Radisson

- The number of visitors is approaching pre-pandemic performance

| Months | Year 2019 | Year 2022 | Year 2023 |
|-----------|-----------|-----------|-----------|
| January | 43100 | 1898 | 10157 |
| February | 33248 | 1950 | 9191 |
| Mars | 33252 | 2578 | 12442 |
| April | 26763 | 5044 | 18657 |
| May | 23347 | 8733 | 18831 |
| June | 22006 | 8119 | 16674 |
| July | 29582 | 11194 | 25353 |
| August | 27303 | 11895 | 23288 |
| September | 28861 | 14189 | 22975 |
| October | 30712 | 22023 | |
| November | 45085 | 20481 | |
| December | 40458 | 23914 | |
| TOTAL | 383717 | 132018 | |

- 600,000 tourists expected by 2026 and 1,000,000 by 2028

| 2019 | 2023 | 2026 | 2028 |
|-----------------------------|----------------------------|--|-----------------------|
| 380.000 registered tourists | Return to 2019 performance | 760.000 Tourists, aim to double the number of tourists in 2019 | 1.000.000 Of tourists |

MADAGASCAR TOURISM RANKING

- Indian Ocean's Leading Green Destination 2023 (World Travel Awards);
- World's Leading Beach Resort 2022 (World Travel Awards);
- Indian Ocean's Leading Beach Resort 2022 (World Travel Awards);
- Safe travels stamp 2021 (WTTC);
- Madagascar: Top 5 destinations for 2023 (Forbes);
- Sainte-Marie Island, 4th best travel destination in the world in 2023 (Travel Lemm T);
- Madagascar: Top 5 destinations to put on your travel list in 2023 (Lonely Planet);
- Madagascar in the Top 10 most attractive African countries for the 2022-2023 season (Bloom Consulting);
- Miavana by Time & Tide in the top 50 luxury hotels in the world for 2023 (Robb Report).

INVESTMENT OPPORTUNITIES

- 15 hotel and restaurant projects

| Order | Projects | Localisation | Surface | Activities |
|-------|-------------------------------|--------------------------|---------|--|
| 1 | Ehoala Park | You are tall | 12,6Ha | • Hotel Club , • Beach Resort |
| 2 | Lava Island | Morombe | 29,7Ha | |
| 3 | Andafiröi Lodge | Amparilava, Mistinjo | 1.4 Ha | • Ecolodge |
| 4 | North | Ambilobe | 30,8Ha | • Hotel Club, • High end ecolodge |
| 5 | Begavo Village | Manambato, Brickaville | 72Ha | • Ecolodge, • Marina, • Water activities |
| 6 | Harena II, Jeremy III & IV | The Dyke, Mahajanga II | 30ha | • Hotel Club, • Beach Resort |
| 7 | Hart & Mia I | Katsepy, Mistinjo | 1,8Ha | • High-end ecolodges |
| 8 | Hart & Mia II & III | The Dyke, Mahajanga II | 40,5Ha | • Eco-resort, • Marina • Attraction and amusement parks |
| 9 | Isabella & Isabelle | Evatraha, Taolagnaro | 47,6Ha | • High-end ecolodges |
| 10 | The Blue Lagoon | Mahambo, Fénérive Est | | • Extension or improvement of existing hotel • Marina • Water activities |
| 11 | Makomba I & II | Evatraha, Taolagnaro | 23,2Ha | • High-end ecolodge • Heliport |
| 12 | Manambina | Marofarihi, Toamasina II | 34Ha | • Hotel Club • Beach Resort |
| 13 | Nosy Arenas | Below | 80 Ha | • Beach resort • High-end ecolodge |
| 14 | Bora Island Project | Nosy Boraha | 2.67Ha | • Beach ecolodge |
| 15 | Hotel restaurant Nice view | Toliara | 6Ha | • Hotel takeover |

- Marina Project

| Projects | Estimated costs | Investment Opportunities |
|-----------------------|-----------------|--|
| Jasmine Port Port | 2,8M USD | <ul style="list-style-type: none"> • Marina • Maintenance workshop and wintering shed • Shopping centre (stores, restaurants, bars, etc.) • Hotels, • Administrative offices • Leisure centres (casino, nightclub, gym) |
| Crater Port Nosy Be | 5,4M USD | <ul style="list-style-type: none"> • Marina • Maintenance workshop and wintering shed • Centre commercial, • Hotels, • Administrative offices |
| Vieux Port Taolagnaro | 3.7 Million USD | <ul style="list-style-type: none"> • Marina • Maintenance workshop and wintering shed • Cabotage port, • Navy station • Centre commercial, • Hotels • Administrative offices |

CRUISE PROJECT ON THE PANGALANES CANAL

i. Description

Canal with a depth of 1.4 m to 5 m, composed of a series of natural rivers, waterways and artificial lakes, which extends for more than 641 km and runs along the east coast of Madagascar from Mahavelona to Farafangana. There are 41 embarkation points, 8 main ports and around 20 resorts, including eco-lodges, along the canal.

ii. Proposed project

River cruises offering flat-bottomed boats with a maximum draft of 1 m

iii. Accessibility

- By road and rail (FCE, Manakara);
- By boat from ports and piers located along the canal;
- By plane (Toamasina and Mananjary airports).

iv. Partnership

- Investment;
- Ship charter.

v. Tourist attraction

- Naturally luxuriant;
- Seaside and village tourism;
- Water activities.

h) Renewable energy

Ambassadors: Axian, FILATEX Group, Tozzi Green

- Investment Opportunities

Quantified objectives for 2030

| 15% Electrification rate in 2022 including: | 70% Electrification objective for 2030 of which |
|--|---|
| <ul style="list-style-type: none"> • 25% hydroelectric • 75% thermal | <ul style="list-style-type: none"> • 85% of renewable energies |

- Government projects

| Projects | Costs |
|--|------------|
| Development of hydroelectric plants | USD 1.8Mds |
| Construction of a 100m waste treatment unit ³ | USD 85M |

- Current hydroelectric projects

| Project | Power supplied |
|----------|----------------|
| Hairy | 750 GWH/an |
| Sahofika | 1,500 GWH/year |

- Electrification rurale
- Investment needs \$ 390 509 888*;
- To build power plants distributed across 12 out of 23 regions (Diana, Analanjirifo, Betsiboka, Analamanga, Atsinana, Itasy, Vakankaratra, Amoron'i Mania, Vatovavy, Fitovinany, Ihorombe, Atsimo Eastinanana)

For the private party

- Possibility of reinjecting and selling surplus production on the network;
- Company commitment against global warming (if Renewable Energy);
- Guarantee of a quantity of energy at a fixed price, stable and predictable over time;
- Continuity of productivity.

For the Public part

- Development of renewable energies;
- Reduction in the use of fossil fuels;
- Reduces losses from farm operations thermal power plants.

3.6.5 STARTING A BUSINESS

FORMS OF BUSINESSES

The following can be registered in Madagascar:

- 1) Public limited companies (SA)
- 2) Limited Liability Companies (SARL)
- 3) General partnership (SNC)
- 4) Simple Limited Partnership (SCS).

a) Public limited company (SA)

- May be constituted by one or more natural or legal persons;
- The rights of shareholders are represented by shares;
- Partners are only liable for social debts up to the amount of their contributions.

Share Capital Threshold:

- If Sole Proprietorship (maximum 3 shareholders): minimum 2,000,000 MGA, with General Administration;
- If Company with several Partners: minimum 1,000,000 MGA, with Board of Directors.

NB. Control by Statutory Auditor (CAC)

b) Limited Liability Company (SARL)

- May be constituted by one or more natural or legal persons;
- The rights of shareholders are represented by shares;
- The partners are only liable for the company's debts up to the amount of their contributions;
- Protected from possible seizures of personal belongings by creditors.

Share Capital Threshold:

- If single-person company (SARLU): minimum 1,000,000 MGA;
- If Company has several Partners: minimum 2,000,000 MGA.

NB. Control by Statutory Auditor (CAC) if:

- Share Capital exceeds 20,000,000 MGA
- Turnover (CA) > 200,000,000 MGA, > 50 people permanently employed

General partnership (SNC)

- All partners are traders
- Held indefinitely and jointly and severally for debts;
- All decisions must be taken unanimously;
- Legal form of company suitable for family businesses and small businesses.

Simple Limited Partnership (SCS):

- Can be set up by one or more partners with unlimited and joint liability for company debts - general partners
- With one or more partners responsible for the social debts within the limit of their named contributions - limited partners or general partners
- Capital is divided into shares.

The company registration process is done through EDBM which provides facilitation services.

3.6.6 IMMIGRATION PROCEDURES

LONG STAY VISA

Procedures for obtaining a long stay visa for investors, workers and family reunification



FEES

| Length of stay obtained | Residence visa fees | Fees for issuing resident cards |
|-------------------------|---------------------|---------------------------------|
| + 3 months – 1 year | 33 € | 300 € |
| 1 -2 years | 33 € | 400 € |
| 2 - 3 years | 33 € | 533, 57 € |
| 3 - 5 years | 44 € | 609, 80 € |
| 5 - 10 years | 55 € | 838, 47 € |
| Definitive stay | 55 € | 300 € |
| Duplicata | 33 € | 300 € |

Payment is to be made in MGA.

INVESTORS VISA

Requirements

- 04 Recent ID photo;
- 01 Request letter signed by the interested party addressed to the Ministry of the Interior;
- 01 Information notice properly completed, signed and dated;
- 01 Sworn statement;
- 01 Copy of the passport (3 first pages);
- 01 Certificate of residence in Madagascar;
- 01 Certificate of registration at the register to be requested from the Police Prefecture or at District;
- 01 Photocopy of the company's statutes;
- 01 Photocopy of statistic card;
- 01 Extract from registration in the Trade and Companies Register (RCS);
- 01 Photocopy of the Tax Card (tax situation);
- 01 Bank certificate issued by a local bank attesting to the existence of an account;
- 01 Opening balance sheet of the company or activity balance sheet certified by "Contribution Directe" if the company has already existed and is in activity
- 01 Original criminal record extract issued by his country of origin less than six months old;
- 01 Copy of the convertible visa with clear and legible entry stamp.

EMPLOYEES VISA

Requirements

- 04 Recent ID photo;
- 01 Request letter signed by the interested party addressed to the Ministry of the Interior;
- 01 Information notice properly completed, signed and dated;
- 01 Sworn statement;
- 01 Copy of the passport (3 first pages);
- 01 Certificate of residence in Madagascar;
- 01 Certificat of registration at the register to be requested from the Police Prefecture or at District;
- 01 Photocopy of the Tax Card (tax situation), certified by the competent authority (Tax General Director);
- 01 Employment contract;
- 01 Employment authorization issued by the Ministry of Labour;
- 01 Original criminal record extract issued by his country of origin less than six months old;
- 01 Copy of the convertible visa with clear and legible entry stamp;
- 01 Return ticket.

Application for the visas is through EDBM.

WORK PERMIT

Procedure for obtaining work permit



Processing fee per file: 100€

REQUIREMENTS

- Request letters (motivated and nominative) addressed to the Minister of Labour, Public Service Employment and Social Laws (including ONE (01) original specifying the name and position of the Company Manager responsible for submitting and withdrawing the file);
- 04 Original employment contract subject to Malagasy labour legislation;
- 01 Information sheet relating to the worker subject of the employment application to be completed and signed by the worker and the employer + company stamp;
- 01 Company information sheet to be completed and signed by the company manager + company stamp;
- 01 Sworn statement of the worker;
- 01 Sworn statement of the employing company.

ADDITIONAL REQUIREMENTS FOR COMMON LAW BUSINESS ≤ 20 WORKERS

- 01 Copy of tax card;
- 01 Opening declaration form for companies less than two years old or;
- 01 Annual periodic information sheet on the workforce situation;
- 01 Certificate of residence < 1month of the employing company delivered by the Fokontany of its headquarter.

ADDITIONAL REQUIREMENTS FOR COMMON LAW BUSINESS ≥ 20 WORKERS

- 01 opening declaration form for companies less than two years old or;
- 01 Annual periodic information sheet on the workforce situation.

3.6.7 USEFUL CONTACTS

- EDBM
Economic Development Board of
Madagascar
Tel: +261 20 22 670 40
edbm@edbm.mg
communication@edbm.mg
www.edbm.mg

3.6.8 REFERENCES

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- <https://www.submarinenetworks.com/en/systems/asia-europe-africa/lion-2>
- <https://www.trade.gov/country-commercial-guides/madagascar-information-and-telecommunications-technology>
- Law 2017-020 establishing the electricity code in Madagascar
- Law n°62-006 of June 6, 1962 establishing the organization and control of immigration-emigration;
- New Energy Policy (NPE)
- Order No. 20027/2022/MEH bringing into force the codes of electric energy transmission and distribution networks in Madagascar
- Order No. 26766/2022-MEH relating to requests for declarations and authorization of self-production of energy



3.7 MALAWI PRACTICAL GUIDE

3.7.1 COUNTRY OVERVIEW

Malawi is a land-linked country located in southern central Africa along the western side of part of the Great Rift Valley of Africa. Covering a total area of 118,484 sq.km, it stretches some 900 kilometres north to south and between 90 and 161 kilometres east to west.

The prominent feature of Malawi is Lake Malawi which is the third largest freshwater lake in Africa being 568 kilometres long while covering about 20 % of the country's total land area. The terrain of Malawi is breath-taking comprising plateaus, plains, hills and mountains. These include Nyika and Viphya plateaus and Misuku hills to the North, Dedza and Kirk range mountains in the Centre. In southern Malawi, the terrain is equally varied with escarpments, highlands and mountains and low marshy lands along the Shire River which is an outlet of Lake Malawi. The Mulanje Mountain which is home to the rare Mulanje cedar, is the highest mountain in Central Africa, with the highest point, Sapitwa peak rising to 3, 050 meters above sea level.

a) The People

The population of Malawi constitutes predominantly Bantu speaking black African people. There are 8 major tribes in Malawi: the Chewa, Nyanja, Tumbuka Lomwe, Sena, Tonga, Ngoni and Ngonde. Although these tribes speak their ethnic languages, especially those living in the rural areas, Chichewa is the official local language. Asians and a few Europeans also constitute a sizable number of Malawi's 21.2 million people (2024).

b) Climate

MAY TO AUGUST

Cool and dry, July being the coldest month, with temperatures ranging from 15.5 to 18.0 degrees Celsius in the plateau and 20.0 to 24.5 degrees Celsius in the rift valley areas. There is little rain in this season; most of it falling in the high southeast facing slopes.

SEPTEMBER TO MID-NOVEMBER.

Hot and dry, with temperatures ranging from 22 to 25 end 27 to 30 degrees Celsius in the plateau areas and the rift valley respectively.

MID-NOVEMBER TO APRIL

Hot and rainy, with 90% of the annual rainfall being received. December and January are the wettest months. Total annual rainfall averages 760 to 1,015mm with some areas in the plateau recording over 1,525mm.

c) Economy

Malawi's economic growth is projected to slightly increase in 2023 with the GDP growth projected to rebound to 2.0% in 2023 and 3.5% in 2024, driven by a recovery in agriculture, tourism and exports, and foreign direct investment (World Bank).

Malawi has an agro-based economy with the agriculture sector accounting for 22.1 per cent of GDP in 2022, followed by wholesale and retail trade (12.6%) and real estate and construction (6.5%). Agriculture is characterized by a dual structure consisting of commercial estates that grow cash crops and a large smallholder sub-sector that is mainly engaged in mixed subsistence farming. Maize, the staple food, accounts for 80 percent of cultivated land in the small-holder sub-sector. The main agricultural export crop is tobacco, followed by tea, sugar and coffee.

The manufacturing sector accounts for 12.7 percent of GDP and comprises mainly agro-processing activities in the tobacco, tea and sugar industries. Malawi has a significant potential for natural resource extraction. Minerals that can be found include uranium, coal, bauxite, phosphates, graphite, granite, black granite, vermilite, aquamarine, tourmaline, rubies, sapphire and rare earths.

d) Legal and political overview

Malawi Constitution provides for three arms of government (the Executive, Judiciary and legislature). The Executive arm of Government comprises of the Presidency (President and Vice) and Cabinet Ministers and Deputy Ministers and is headed by the President, who is also the commander-in-chief of the Malawi Defence Force and Malawi Police Service.

The justice system is divided into; the magistrate Courts, the High Court and the Supreme Court, and other special courts. The chief justice is the president of the Supreme Court and the legal system is based on English law.

Malawi legislature is unicameral and has 193 Members of Parliament (MPs) who are directly elected in single-member constituencies using the simple majority system and serve five-year terms.

GENERAL INFORMATION

| Capital | Lilongwe |
|-------------------------------|-----------------------------------|
| Area | 118,484 km ² |
| Languages | English and Chichewa |
| Population (2024) | 21.2 million (World meter) |
| Currency | Malawian Kwacha (MK) |
| GDP | 13.16 billion (2022) (World Bank) |
| GDP per capita (current US\$) | 645.2 (2022) (World Bank) |
| GDP growth (annual %) | 0.9 (2022) (World Bank) |

3.7.2 WHY MALAWI?

a) Liberalised Economy, Political Stability and Commitment

Malawi has a liberalised economy with market-determined interest rates and floating exchange rate. The government is supportive towards private sector growth and development through reforms and strategic co-investments and turn-key projects. Further, the country has no history of civil war and has a vibrant democracy.

b) Preferential Access to Markets

Malawi is signatory to a number of multilateral and bilateral trade agreements as part of its trade policy. Malawi enjoys:

- Preferential trade agreement with China;
- Bilateral agreements with Zimbabwe, Mozambique and South Africa;
- SADC;
- COMESA;
- AGOA;
- Everything But Arms (EBA);
- African Continental Free Trade Area (AfCFTA).

c) Untapped Investment Opportunities

Malawi is a gold mine, flooded with untapped economic opportunities waiting to be explored. Potential opportunities for investment abound, particularly in the following sectors: agriculture/agro-processing, energy, mining, manufacturing, infrastructure development, ICT, and tourism.

d) Competitive Labour Market

Malawi prides itself on its large, highly educated, skilled, hardworking, trainable English-speaking workforce trained within the country and in institutions around the world with literacy level of 67.3 percent.

e) Investor-Friendly Climate

Malawi is open to foreign and domestic investment. Foreign investors may invest in any sector and may access government investment incentives. There are no restrictions on ownership, size of investment, source of funds, investment sector, or whether the products are destined for export or for domestic market. The source of funds in this case pertains to the geographic origin of the capital, and not the method through which funds were procured.

f) Infrastructure

Malawi has seen tremendous infrastructure development in the last ten years in sectors such as transport, property development and ICT. These facilitate ease in business operational activities and they include: reasonably priced and reliable utilities, road networks, modern banking facilities and insurance facilities.

g) Water utility

The major five water boards in Malawi; Blantyre Water Board, Southern Region Water Board, Lilongwe Water Board, Central Region Water Board and Northern Region Water Board provide reliable water supply to businesses and households. Water in Malawi is affordable.

h) Electricity supply

The Electricity Supply Corporation of Malawi- ESCOM procures, operates, transmits, distributes and supply's electricity in the country. However, the Government of Malawi has taken proactive measures in establishing frameworks to welcome Independent Power Producers (IPPs), a strategic move aimed at enhancing the nation's power generation capabilities.

i) Telecommunications

The Malawi Telecommunications Limited (MTL) offers a wide range of ICT based products together with other private companies.

j) Roads

Malawi handles more than 70% of internal freight traffic and 99% of passengers' traffic. The road network in Malawi is composed of 15,451 KM.

k) Financial Services Sector

Malawi's financial sector has undergone a significant reform programme aimed at building a more inclusive financial sector, liberalizing and modernizing the financial system and opening up the sector to new entrants. This has resulted in an increase in the number of commercial banks from two to nine, the number of microfinance institutions/lenders to fifteen, market-based interest rates, unrestricted access to financing facilities for both local and foreign investors and a managed floating exchange rate.

3.7.3 MALAWI INVESTMENT AND TRADE CENTRE (MITC)

The Malawi Investment and Trade Centre (MITC) acts as a trade and inward investment promotion agency, and promotes Malawi as an ideal destination for trade and investment in Africa and beyond. MITC operates as a One-Stop Service Centre (One-Door OSSC) for investors as mandated by the Investment and Export Promotion Act of 2012. The "One-Door" OSSC hosts officials from Malawi Investment and Trade Centre, Department of Immigration and Citizenship Services, Ministry of Lands, Housing and Urban Development and Malawi Revenue Authority. These dedicated and experienced officials assist investors on the national investment process; business registration; information on incentives for all taxes; accessing immigration permits and accessing land.

3.7.4 INCENTIVES

Malawi offers a wide range of tax incentives for investments which fall under two main categories: Customs & Excise and Domestic Taxes.

Customs & Excise are taxes imposed at a rate percent of the Cost, Insurance and Freight (CIF) value of imported goods while the Domestic Taxes are taxes collected from income generated within the geographical confines of the country.

CUSTOMS & EXCISE

GENERAL INCENTIVES

- Import duty and import VAT exemption on importation of most machinery;
- Import duty exemption while VAT remains payable at 16.5% on importation of specific type of machinery.

SPECIFIC INCENTIVES

- Import duty and import VAT exemption on importation of special purpose motor vehicles other than those principally designed for transport of persons or goods;
- Solar products are imported duty free while VAT remains payable at 16.5%. Examples of such solar products include solar batteries and solar energy lamps.

DOMESTIC TAXES

GENERAL INCENTIVES

- Losses are carried forward up to 6 years for businesses;
- Initial and annual allowances at various rates are granted besides the depreciation (annual) allowances;
- Commercial buildings with a construction cost of MK 100 million or above, are subject to an annual allowance of 2.5%;
- A claim of 50% allowance of social contributions paid directly into the building of a public hospital, school, or the sponsoring of youth sporting development activities.

INCENTIVES FOR PRIORITY INDUSTRIES

Currently, there are two designated priority industries: agro-processing and electricity generation, transmission and distribution. The companies that are accorded the Priority Industry status are given either 0% Corporate Income Tax rates for a period not exceeding 10 years or an exemption on duty for importation of capital goods and building materials.

However, under Priority Industry, there are gazetted lists of items that can be allowed duty free and that anything outside those lists cannot be allowed.

INDUSTRY SPECIFIC INCENTIVES

| Agriculture | Manufacturing | Energy | Tourism | Construction | Mining | Exports |
|--|---|--|---|--|--|---|
| Import duty and VAT free on importation of livestock meant for breeding | For projects that qualify for Industrial Rebate Scheme, import and excise duty exemption of raw materials for designated manufacturing industries, but VAT is payable at 16.5% Import and VAT free for raw materials for the manufacture of fertilizer, medicaments and pharmaceuticals | Duty free importation but VAT payable at 16.5% on electricity generation and solar equipment | Free import duty, free import excise and VAT free importation on specialized equipment and building materials | Duty and VAT free importation of crane lorries, concrete mixer lorries, mobile drilling derricks and track laying tractors | Duty free and VAT free on importation of specialized goods for use in mining | 25% export allowance for non-traditional exports |
| Import duty, import excise and VAT free on importation of irrigation equipment | Pre-business expenses of up to 18 months are allowable expenses | | | | | 25% international transport allowance for non-traditional exports |
| Exemption of duty, import excise and VAT free on importation of equipment for horticultural production | Losses are carried forward for six years to encourage investment in profitable business ventures | | | | | Exports are zero-rated for purpose of VAT |
| Import duty, import excise and import VAT free on importation of equipment for fishing industry | Capital allowances are allowable on various capital items for the manufacturing sector | | | | | |
| Duty free and VAT free importation of agricultural goods and equipment used for farming | | | | | | |
| Some capital expenses are treated as acceptable expenses | | | | | | |

3.7.5 INVESTMENT OPPORTUNITIES

With government strategy being to diversify the economy away from agriculture, policy has been towards provision of incentives for private sector investment that would achieve this strategy. Investment opportunities available range from agriculture, agro-processing, manufacturing, energy, mining, ICT and tourism sectors with agencies like the Malawi Investment and Trade Centre on hand with detailed information on possible investment avenues.

a) Agriculture

Malawi's agriculture sector continues to drive the country's economy contributing around 30 percent to the Gross Domestic Product. The country has over 3.5 million hectares of arable land and rich fertile soils that support production of a wide range of crops such as tobacco (accounting for 60 percent of export revenues), maize (staple food), cassava, coffee, soya beans, tea, sugar cane, beans, sweet potatoes, macadamia nuts, horticultural foods, fruits. Over 80 percent of the labour force is in the agriculture sector which guarantees a ready and affordable work-force.

However, the sector still has a lot of opportunities for further investments. The sector is largely characterised by subsistence farming, low productivity, use of conventional methods of production and traditional technologies, heavy reliance on un-processed traditional crops, limited drought resilience, and limited access to funds and poor infrastructure.

To improve the performance of the sectors, the Government has designated the agriculture and agro-processing sectors as priority industries. This means all investments in this sector enjoy zero rated corporate tax for a period of up to 10 years.

POTENTIAL AREAS OF INVESTMENTS IN MALAWI'S AGRICULTURE SECTOR INCLUDE:

- Large-scale farming;
- Agro-processing;
- Agriculture financing services;
- Agriculture infrastructural development including irrigation, and
- Technology advancement.

b) Manufacturing

Malawi has a developing manufacturing sector which is currently dominated by agro-processing (food and beverages, tea and sugar), chemical industries, pharmaceuticals, cement and light electronic manufacturing. The sector contributes about 12 percent to GDP and is estimated to grow by an average of 4.2 percent per annum. Most manufactured consumer goods in Malawi are imported while exports are largely unprocessed or semi-processed. The imported goods include; clothing and footwear, cement, fertilizer, plastics and food products. There is need to diversify the country's exports to include value added non-agricultural commodities.

The Government realizes that a growing and outward-oriented manufacturing sector can significantly contribute to Malawi's job creation and export diversification. The government therefore introduced incentives for the sector including:

- Loss carry forward for six years;
- 100 percent capital allowance on new and unused plant and machinery and industrial building, and
- A 40 percent capital allowance on used plant and machinery and industrial building.

Key opportunities for investment include; textiles and garments manufacturing, farm input production, fertilizer manufacturing, bicycle assembly and supply of building materials.

c) Tourism

Malawi, also known as the Warm Heart of Africa boasts of beautiful landscapes, variety of wildlife and a rich and diverse culture that make this small country an ideal place to invest in. From the tip of Lake Malawi through the exciting towns and cities, to the Peak of Mulanje Mountain, tourists and business people are constantly flooding the country all year round. In order to realize the tourism potential, the government of Malawi is formulating a Tourism Investment Master Plan to ensure that the sector is well planned and monitored. Further, the government offers attractive investment incentives in this sector. Investors interested to invest in Malawi's tourism sector are eligible for exemption of various import excise duty on various goods at construction and operational stage.

In 2022, Malawi was declared as one of the top 10 best in travel countries by Lonely Planet alongside countries like Norway, Mauritius, Egypt, Nepal, Oman, Anguilla, Slovenia, Belize, and Cook Islands.

The country is inviting new investments and creating new opportunities in the tourism sector. Some of the opportunities include; Ecotourism; Construction of hotels, lodges and cottage, conference facilities and water-based sports facilities.

d) Mining

Mining contributes only 3 percent to GDP but it is one sector that is under-explored. An airborne geophysical survey conducted in 2015 revealed an abundance of mineral deposits including rare earth minerals, bauxite, uranium, graphite, vermiculite coal, gemstones, alluvial gold, monazite, limestone, phosphate, pyrite, glass sands, dimension stone and titanium heavy bearing mineral sands. Formal mining activity are happening for coal, and lime while gemstones are extracted by small-scale miners.

In order to cultivate and sustain a conducive environment for growth of investments in the sector, the Government of Malawi reviewed and endorsed the Mines and Minerals Act in 2018 and the mining and fiscal regime was reviewed in 2016. The Government grants duty free and VAT free importation of mining equipment to investors in the mining sector. In order to access the incentives, an investor is required to obtain a mining license from the Ministry of Mining. Furthermore, the Department of Geological Survey set up a geo-data management platform to ease information access by investors and other stakeholders.

e) Energy

Malawi continues to witness a growing demand for energy following increased industrial activities and population growth. The demand will continue to grow owing to expanding manufacturing, mining and agricultural activities in the medium to long term. According to the Power Demand Forecast of the Integrated Resource Plan (IRP) of 2017, Malawi's demand will reach 2,500 megawatts by 2035.

Several initiatives have been undertaken in the energy sector in order to improve power supply: the Millennium Challenge Corporation invested US\$350.7 million into improving the capacity, efficiency and stability of the national electricity grid, and the capacity and sustainability of Nkula A hydro plant; Government completed the construction of Kapichira Hydropower plant in order to enhance power generation capacity. The Government has also opened up the power sector to allow participation of Independent Power Producers in enhancing power generation. In this regard, there is an IPP Framework that guides IPP investments.

Currently most industrial activities depend on hydropower which contributes around 76 percent to the generation mix. Cognizant of climatic shocks and high operational costs associated with hydro power, the Government of Malawi is promoting a balanced mix of renewable energy sources at industry and household level.

The presence of year-round sunlight and strong winds presents opportunities to invest in solar or wind energy projects. In addition, geological reports indicate the presence of gas, coal and geothermal resources that can also be used to generate electricity. The availability of waste presents another opportunity for a waste-to-energy generation.

3.7.6 STARTING A BUSINESS

Investors wishing to invest in Malawi need to comply with business registration requirements, taxpayer registration, work permit and visa requirements among others.

FORMS OF BUSINESSES

a) Business Names

These are in the form of sole proprietorships and partnerships. Once registered these are renewable every three years as is required by the law.

b) Companies

There are four types of limited liability companies that are registered under the Companies Act (Cap 46:03). These are private limited liability companies, public limited liability companies, companies limited by guarantee and state-owned companies.

c) Non-Profit Organisations

The Registrar General is responsible for the registration and the administration of non-profit entities under the Trustees Incorporation Act Cap. 5:03.

COMPANY REGISTRATION PROCESS

Company registration is done online through Malawi Business Registry portal <https://mbrs.gov.mw> where an applicant is required to create an account. Once they create an account, they are able to do the following

- Business registration;
- Company incorporation;
- Trustees' incorporation;
- Reservation of a name.

To register the company, an applicant is required to fill the required online fields and to upload a soft copy of their national identity card or passport. Once this is done, the system auto generates a pdf document for the applicant to sign and upload it back to the system. The system will then issue the applicant with an application number which the applicant takes to FDH Bank at the registration office and pays the registration fee.

REGISTRATION FEES

| Form of business | Cost |
|---|-----------|
| Sole proprietorships | MK10,000 |
| Partnership | MK10,000 |
| Limited company | MK75,000 |
| Foreign companies | MK250,000 |
| Trustees | MK50,000 |
| Renewal of name before 30 days from expiry date | MK10,000 |

Once this payment is done, the registrar changes the application status to “registered” and the applicant is able to download their certificate.

If an applicant is not ready to register immediately, they have an option of reserving the name of the company so that no one can take it. It is worth noting that company names that are already in use cannot be registered and those that have ‘MALAWI’ in the company name have to get approval from the Office of President and Cabinet.

DURATION

Registration takes 36 hours.

3.7.7 TAXATION

TAX PAYER REGISTRATION

The Taxation Act require owners of businesses, both individuals and companies, to register for tax purposes regardless of the size of business, nature of business or location.

Registration for taxes is free and can be done at any nearest Malawi Revenue Authority (MRA) office. MRA issues a Taxpayer Identification Number (TIN) on registration that should be used on any correspondence with the Authority.

When registering for tax, a business registration certificate and valid ID/passport are required.

TAXES APPLICABLE

All registered companies in Malawi are required to pay taxes. Below are three taxes that are relevant to all businesses in Malawi.

a) Value Added Tax (VAT)

VAT is a tax on consumption expenditure, imposed on the “value added” generated at various stages of the production and distribution chain. Any person who makes taxable supplies of goods or services and whose business turnover is estimated or exceeds MK 10 million annually is obliged to register for VAT. The standard VAT rate in Malawi is 16.5%.

b) PAYE (Pay As You Earn)

PAYE is a method of collecting income tax on an employee’s earnings. Employers deduct PAYE when the payments are made.

Effective 5th April 2023, the PAYE rates are as follows:

| | |
|-------------------|------|
| First MK 100,000 | 0%, |
| Next MK 350,000 | 25%, |
| Next MK 2,050,000 | 30%, |
| Next MK 2,500,000 | 35% |

c) Corporate Tax

The Corporate income tax rates are as follows:

| Entity | Income tax rate (%) |
|---|---------------------|
| Locally incorporated companies | 30 |
| Branches of companies not incorporated in Malawi | 35 |
| Companies in Export Processing Zones | 30 |
| Companies in priority industries (2): For a period not exceeding ten years | 0 |
| In all other cases for companies incorporated in Malawi | 15 |
| In all other cases for Malawi branches of external companies | 20 |

d) Withholding Tax

Withholding tax is an advance payment of income tax that is deducted from certain payments. The withholding tax rates are as below:

| Nature of payment | Deduction rate of Withholding Tax on gross payment |
|---|--|
| (a) Royalties | 20% |
| (b) Rent | 20% |
| c) Payment for any supply to traders and institutions | 3% |
| (I) Food stuff | 3% |
| (II) Other supplies other than food stuff | |
| (d) Commission | 20% |
| (e) Payment for carriage and haulage | 10% |
| (f) Payment for tobacco and other farm products | |
| (iii) Sale of farm produce | 1% final tax |
| (g) Payment to contractors in the building industry | 10% |
| (h) Payment for public entertainment | 20% |
| (i) Payment for casual labour: | |
| (i) Payment of up to K35,000.00 | 0% |
| (ii) Payment in excess of K35,000.00 | 20% |
| (j) Payment of services | 20% |
| (k) Interest | 20% |
| (l) Fees | 20% |
| (m) Winnings | |
| Lottery | 0% |
| i. First K500,000 | |
| ii. Excess of K500,000 | 5% final tax |
| Betting | 0% |
| First 100,000 | |
| Excess of K100,000 | 5% final tax |

3.7.8 IMMIGRATION PROCEDURES

The Department of Immigration and Citizenship Services, under the Ministry of Homeland Security, is mandated to provide quality services to the general public in areas of border control, issuance of travel documents, residential and work permits, visas and citizenship to eligible persons.

VISA

The Malawi e-Visa is an official document which permits entry within Malawi.

Types of visas

a) Tourist Visa

It is a visa which is strictly issued to persons intending to enter Malawi for visits, residence or business.

b) Official Visa

It is a visa issued to a person holding an official or a service passport on an official business visit to Malawi.

c) Transit Visa

It is a visa which is strictly issued to persons intending to transit through Malawi within a period of seven days.

d) Diplomatic Visa

It is a visa which is issued to a person holding a diplomatic passport for an official visit or mission to Malawi.

e) Courtesy Visa

It is a visa issued to a person visiting Malawi with an invitation sent by the Government, but is not entitled to a diplomatic passport. It enables them to enter Malawi for the purpose of paying courtesy calls.

The above-mentioned types of visas are further classified into single entry, multiple entry and transit entry depending on the nature of the visit.

The single-entry visa is valid for three months and can be used once upon entry into Malawi while the multiple entry visa is valid for six or twelve months and can be used for multiple entries within the validity period. The transit visa is valid for a period not exceeding seven days and can be used once.

VISA APPLICATION PROCESS

Travelers who wish to travel to Malawi can apply for the visa through the Portal. The applicant is required to create an account and then complete the online e-Visa application form.

REQUIREMENTS

- Passport showing the bio- data page;
- Travel itinerary;
- Passport photo;
- Host permit or company registration certificate.

Once the applicant completes the visa application form, they will be required to make online payment for the visa fee and convenience fee. Payment can be done via credit card or debit card Visa/Master.

COST

- Transit Visa US\$50;
- Single entry US\$50;
- Multiple entry for 6 months US\$150;
- Multiple entry for 12 months US\$250.

Once payment is successful, the applicant receives a confirmation email notification from the e-visa system that their visa application has been submitted successfully. The Department of Immigration and Citizenship Services will then review and process the application. Once the visa application is approved, the applicant receives an email and approval letter. They will be required to download the e-Visa and print it out. The Visa approval letter must be shown to the Passport control counter at ports of entry for verification.

DURATION

E-Visa applications are processed within three (3) working days.

WORK PERMITS

Any foreigner wishing to work in Malawi is required to obtain a work permit. The type of work permit differs with the activity one wishes to engage in. The processing time for work permits is 14-30 working days.

a) Temporary Residence Permit

This permit is issued to a visitor with a valid visitors permit who has resided in Malawi for the maximum of 90 days but has a legitimate and justifiable reason for continued residence. Application is done online through the Malawi e permit portal.

REQUIREMENTS

- Copy of visitor / business permit;
- Copy of passport showing data page;
- Covering letter from the applicant / sponsor;
- Copies of Visitor's Permit Extension (Optional)
- Return or onward air ticket / Temporary Importation permit (Optional)
- Copy of Registration Certificates, Certificate of incorporation of all companies (Optional).

PERMIT FEE

Prescribed Fee 100.00 USD (Payment needs to be done right after approval of the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi).

Things to note in regards to this permit

- Dependants are not allowed;
- Renewal for another 6 months period may be allowed;
- Employment is strictly prohibited.

b) Temporary Employment Permit

This permit is issued to a qualified foreigner who wishes to engage in temporary employment for the period of 6 months maximum. One should apply for this permit while staying outside Malawi, or within Malawi after entering Malawi on business visa and would like to stay longer).

REQUIREMENTS

- Covering Letter from the employer;
- Copy of passport showing photograph & personal details;
- Copy of registration certificates, certificate of incorporation of all companies;
- Copy of visitor / business permit.

PERMIT FEE:

- There is no processing fee. However, a prescribed fee of 500.00 USD is to be made right after approval of the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi.

THINGS TO NOTE

- Dependants are not allowed;
- The permit is not renewable;
- Extension for another 6 months period is allowed.

c) Employment Permit

This permit is issued to a foreigner who has been offered employment by any organization in Malawi. The organization has the responsibility to apply for the permit on behalf of the applicant. The validity period of this permit is 2years once issued and the applicant is required to work in the job and place they have been offered for the employer who offered it.

REQUIREMENTS

- Certified copy of Passport showing photograph & personal details;
- Passport photos;
- Covering Letter from the employer;
- Copy of Registration Certificates or Certificate of incorporation for companies;
- Police clearance letter from country of origin;
- Medical certificate;
- Curriculum vitae;
- Certified professional certificates;
- Certified academic certificates;
- Copy of evidence of the post advertised in local press (for time post);
- No Objection Certificate from previous employer in case of change of employment;
- Company structure.

PERMIT FEES

- Processing Fee 100.00 USD (Payment needs to be done right after submitting the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi);
- Prescribed Fee 2000.00 USD (Payment needs to be done right after approval of the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi).

NB/

- One should apply while the person is outside Malawi;
- One can include dependants in the permit application;
- The permit is renewable for successive periods of 2 years subject to post type and limitations.

d) Business Residence Permit (Trading)

For investment purposes in all sectors, this permit authorizes a person to reside in Malawi for the purpose of carrying on, practicing or engaging in Trading Business Purpose only. The minimum funds to be invested is \$50,000.00 and should originate from a legal source outside Malawi. The permit is renewable for successive periods of 5 years.

REQUIREMENTS

- Copy of passport showing photograph & personal details;
- Police clearance letter from country of origin;
- Company profile & structure;
- Covering letter from the applicant;
- Copy of Registration Certificates, Certificate of incorporation of all companies;
- Medical Certificate;
- Bank Statement showing FDI (Not less than USD 50000.00).

PERMIT FEES

- Processing Fee of 100.00 USD (Payment needs to be done right after submitting the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi);
- Prescribed permit Fee of 7500.00 USD (Payment needs to be done right after approval of the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi).

e) Permanent Residence Permit

This permit applies to a foreign national who wishes to reside in Malawi permanently, foreign wives of Malawians, elderly people who would wish to spend their life after retirement in Malawi, (people of assured income) over aged dependents of permanent resident permit holder, any person who has been ordinarily resident in Malawi for a period not less than five years for Commonwealth countries and not less than seven years for other countries.

REQUIREMENTS

- Copy of Passport showing photograph & personal details;
- Covering letter from the applicant;
- Police clearance certificate issued by Malawi police;
- Bank statement showing that applicant is financially stable;
- Medical certificate;
- MRA certificate if the applicant has been on Business Residence Permit (BRP);
- Evidence of ownership of assets in Malawi (If any) (Optional).

NB/

- 1) You can include dependants in the permit application;
- 2) There is no expiry for this permit;
- 3) Permit will be cancelled if a holder fails to return to Malawi once in 12 months' time.

PERMIT FEES

- Processing Fee 100.00 USD (Payment needs to be done right after submitting the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi);
- Prescribed Fee 10000.00 USD (Payment needs to be done right after approval of the application by visiting FDH Bank Counter located at any of the Immigration offices in Malawi).

f) Technical Assistant Permit

This permit is issued to a qualified technical personal who will be undertaking any development activities in Malawi on behalf of any foreign international organization / country for the government of Malawi.

REQUIREMENTS

- Authorization letter from Secretary of Treasury;
- Authorization form issued by the Malawi Ministry of Foreign Affairs;
- Copy of passport showing data page;
- Copy of visitor / business permit.

Cost: Free
Duration: Specified period.

3.7.9. USEFUL CONTACTS

- Malawi Investment and Trade Centre
First Floor, Aquarius House City Centre
Private Bag 302, Capital City, Lilongwe 3, Malawi
Tel: +265 (0) 986 531 131 / +265 (0) 885 568 571
Email: info@mitc.mw / ceo@mitc.mw /
investment@mitc.mw
Website: www.mitc.mw / trade.mitc.mw Malawi
Department of Immigration and Citizenship Services
P.O. Box 331 Blantyre
Westwing Government Building
Along Victoria Avenue,
Next to Bible Society of Malawi
Telephone Number: 01823777
Email: evisa.support@immigration.gov.mw
- e-Visa Portal <https://evisa.gov.mw/Account/Login?ReturnUrl=%2FAApplyVisa%2FAApplication>
Main immigration Website: www.immigration.gov.mw
- Malawi Revenue Authority
Msonkho House
Independence Drive, Blantyre, Malawi
Tel: +265 1 822 588/ +265999921234 feedback@mra.mw / dmataya@mra.mw
Department of the Registrar General
3rd and 4th Floor Fatima Arcade
Haile Selassie Road
P. O Box 100, Blantyre, Malawi
mbrs@registrargeneral.gov.mw

3.7.10 REFERENCES

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- <https://data.worldbank.org/country/MW>
- <https://epermit.gov.mw/Account/Login>
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- <https://leap.unep.org/en/countries/mw/national-legislation/mines-and-minerals-act-no-8-2018#:~:text=This%20Act%20is%20made%20with,provide%20an%20attractive%20and%20conductive>
- <https://mbrs.gov.mw>
- https://pdf.usaid.gov/pdf_docs/PA00TFTM.pdf
- <https://taxsummaries.pwc.com/malawi/individual/sample-personal-income-tax-calculation#:~:text=The%20monthly%20PAYE%20is%20taxed,will%20be%20taxed%20at%2030%25>
- [https://visitmalawi.mw/index.php/about-malawi/#:~:text=Malawi%20spans%20over%20118%2C484%20km2,\(as%20of%20January%202021\)](https://visitmalawi.mw/index.php/about-malawi/#:~:text=Malawi%20spans%20over%20118%2C484%20km2,(as%20of%20January%202021))
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- <https://www.worldbank.org/en/country/malawi/overview>
- <https://www.worldometers.info/world-population/malawi-population/#:~:text=The%20current%20population%20of%20Malawi,20%2C931%2C751%20people%20at%20mid%20year.>
- Malawi Constitution
- Power Demand Forecast of the Integrated Resource Plan (IRP) of 2017



3.8 MAURITIUS PRACTICAL GUIDE

3.8.1 COUNTRY PROFILE

The Republic of Mauritius is an island located in the Indian Ocean in eastern Southern Africa. The island is situated about 900 km east of Madagascar and 180 km northeast of French Réunion.

The country includes several islands of volcanic origin. Besides the main island of Mauritius, there is Rodrigues Island 600 km away to the east and two outer islands, Agaléga, 1065 km to the north, and the uninhabited archipelago of the Cargados Carajos Shoals (Saint Brandon), 430 km to the northeast.

Mauritius, Rodrigues, and Réunion belong to the Mascarene Islands, with Reunion Island being the largest with 2,512 km². Spoken languages in Mauritius are Morisien, English, and French. Morisien is a Creole language based on French and is used by almost the entire population in everyday life.

Mauritius is a constitutional republic with a unicameral parliamentary system. The head of state is the president, who is indirectly elected by parliament for a five-year term.

ECONOMIC OVERVIEW

The Republic has experienced remarkable growth since its independence and reached high-income country status in 2020 and is seeking to become a high-income country within the next decade. It has made substantial progress in its campaign for social equality and poverty reduction and represents an exemplary model of development.

GENERAL INFORMATION

| | |
|-------------------------------|---|
| Capital | Port Louis |
| Area | 2,040 km ² sq. km (World data) |
| Languages | French, English and Creole |
| Population | 1.301 million (2024) |
| Currency | Mauritian Rupee (MUR) |
| GDP (current US\$) | 12.9 billion (2022) (Statista) |
| GDP per capita (current US\$) | 10,256.2 (20220) (World bank) |
| GDP growth (annual %) | 8.9% (2022) (World bank) |

3.8.2 WHY INVEST IN MAURITIUS?

a) Favourable Tax System

Mauritius's tax system is competitive with a low corporate tax rate of 15%

b) Strategic Location

Mauritius is located in the Indian Ocean, making it an ideal investment, trade, and tourism hub for companies doing business in Africa, Asia, and the Middle East. Mauritius is in the GMT+4 time zone, allowing it to do business with Asia in the morning and Europe and Africa in the afternoon.

c) Business Friendly Environment

The government of Mauritius has taken many steps to create a friendly regulatory environment, including reducing bureaucracy and streamlining the process of registering and operating a company. Mauritius has signed Investment Promotion and Protection Agreements with many African Member States making it a promising destination for investors.

d) Political Stability

Mauritius provides a sense of security for investors and businesses. The modern system of law is a combination of French civil law and common law, the country has consistently been ranked as one of Africa's most politically stable countries.

e) Double Taxation Avoidance Agreements (DTAAs)

Mauritius has signed double taxation treaties with over 54 countries (2023). Under the DTAAs, residents of the contracting states are provided relief from double taxation in the form of tax credits, exemptions, or reduced tax rates.

f) Reputation

Mauritius is recognized as a well-regulated and transparent financial centre, with a robust regulatory framework and a commitment to preventing money laundering and terrorist financing. The jurisdiction is famous for its high level of confidentiality in business and financial operations.

3.8.3 ECONOMIC DEVELOPMENT BOARD (EDB)

The Economic Development Board (EDB) is a corporate body, set up under the Economic Development Board Act 2017 and operates under the aegis of the Ministry of Finance, Economic Planning & Development. It is the leading Government Agency mandated to provide strong institutional support for strategic economic planning and to promote Mauritius as an attractive investment and business centre, a competitive export platform as well as an International Financial Centre (IFC). The overarching objective of the EDB is to ensure greater coherence and effectiveness in implementing policies and draw the vision for the economic development path to be adopted to reach a high-income economy status. The EDB also acts as the main institution responsible for country branding for investment promotion, to facilitate both inward and outward investment and ensure a conducive business environment.

As an apex statutory body, the EDB synergizes efforts across all ministries and with private stakeholders to meet the set goals. The EDB is responsible to drive research projects and lead initiatives with other stakeholders. The business facilitation agenda of the EDB on the other hand, ensures that projects are swiftly implemented. The EDB ensures that no undue delay is caused due to unnecessary and overly burdensome administrative procedures. The national e-licensing platform is being implemented to curtail inefficiencies and provide more certainty to the business community. Finally, the EDB through its 8 representative offices in France, South Africa, Kenya, UAE, India, China, Singapore, and Japan strives to facilitate companies through their business expansion, thereby boosting FDI and exports.

3.8.4 INVESTMENT INCENTIVES

General Investment incentives

- No custom duty or sales tax on raw materials and equipment;
- No tax on dividends;
- No capital gains tax;
- Free repatriation of profits, dividends and capital;
- 50 % relief on personal income tax for expatriate staff;
- The sector combined with these incentives presents a very lucrative opportunity for investment.

Further, in a quest to attract foreign investments, the following noteworthy measures have been taken:

- A non-citizen is entitled to a resident permit for themselves and their dependents upon the acquisition of an apartment in a building with at least two floors for USD 375 000 (a lower threshold than the previous one of USD 500 000);
- The minimum investment threshold for an investor to obtain an occupation permit has been halved to USD 50 000 whilst the maximum duration of occupation permits for professionals has been extended to 10 years (previously three years);
- A family occupation permit has been introduced to allow investors to bring their parents and any other person working exclusively for the family unit to the country provided that they make a donation of USD 250 000 to the COVID-19 Projects Development Fund. In addition, there is no longer any requirement for a dependent to be younger than 24 years, provided the dependent is unmarried, not involved in any gainful activity and wholly dependent on the investor;
- The duration of a permanent resident permit has also been extended from 10 to 20 years.

INVESTMENT SCHEMES

Various schemes have been introduced to attract investment in certain sectors as follows:

a) Premium Investor Scheme

The premium investor scheme promotes the emergence of pioneering industries, innovative sectors and first movers. The scheme allows companies involved in the manufacture of pharmaceuticals and medical devices and companies investing at least MUR 500 million to benefit from bespoke incentives, upon recommendation of a Technical Committee and approval by the Minister. Examples of possible incentives include rebates, exemptions and preferential rates in relation to taxes, duties, fees, charges and levies under any enactment.

b) Investment Scheme

A set of incentives are available to enterprises in eligible sectors (such as aquaculture, industrial fishing, seafood processing, high tech manufacturing, pharmaceutical research and manufacturing, agro-processing, food processing, health-care, biotechnology and life sciences, nursing and residential care, digital technology and innovation, marina, tertiary education, and seeds production). These include an eight-year income tax holiday, exemption from registration duty and land transfer tax on acquisition of immovable property, and exemption from VAT on selected items.

c) Export Development Scheme

The export development scheme provides incentives to export enterprises under various sub-schemes. These includes:

- i. Export Credit Guarantee Insurance Scheme - provides refunds on export credit insurance premiums to eligible exporters.
- ii. Freight Rebate Scheme - provides rebates on the ocean freight cost of exporting eligible products to eligible ports in eligible countries or through eligible ports to landlocked countries, to eligible beneficiaries.
- iii. Trade Promotion and Marketing Scheme - provides rebates on the air freight costs of exporting an eligible product to an eligible market, to eligible beneficiaries. Export enterprises also benefit from a reduced tax rate of 3% on chargeable income attributable to export of goods.

3.8.5 INVESTMENT OPPORTUNITIES IN MAURITIUS

a) Blue Economy

Mauritius is a subtropical island country in the Indian Ocean surrounded by a vast Exclusive Economic Zone of 2.3 million square kilometres. The Mauritius blue economy activities excluding coastal tourism represent 10% of the Growth Domestic Product (GDP) and employ around 7,000 people. Opportunities exist in:

- Mineral resources;
- Shipbuilding;
- Sustainable energy;
- Coastal tourism;
- Fishing and aquaculture;
- Sea food processing.

b) Agro-Business

The government's goal is to reduce the dependency on imported food by promoting local crops, inputs, agro-processing, and smart agriculture. In the 2022-2023 budget, the finance minister announced funding for an agro-processing park and a fruit processing cluster. Opportunities exist in:

- Sugar processing;
- Dairy processing;
- Fruit processing;
- Honey production;
- Value addition in livestock products;
- Seafood Processing.

c) Research

The Mauritian government has identified life sciences and clinical trial as a promising sector for Mauritius and appropriate legislation has been introduced with a view to encourage the development of this sector. Opportunities exist in:

- Biomedical research;
- Academic research.

d) Real Estate and Construction

Real estate and construction activities contribute 10.5 percent to GDP. Moreover, new property developments influence employment opportunities in sales and marketing, and creative services too. The Mauritian construction industry employs an estimated 40,000 workers. Opportunities exist in:

- Commercial malls;
- Hotels and luxury villas;
- Roads construction;
- Port development;
- Public utilities.

e) Financial Services

The Mauritius IFC boasts more than two decades' track record in cross-border investment and finance and offers an unparalleled well-regulated and transparent platform. As an internationally recognised jurisdiction of repute, the Mauritius IFC is home to a number of international banks, legal firms, corporate services, investment funds and private equity funds. Opportunities exist in:

- Offshore banking (private banking, investment banking etc.);
- Insurance and reinsurance services.

f) Information and Communication Technology

Information and Communication Technologies coupled with Innovation are major enablers towards the transformation of Mauritius into a high-income, inclusive and green economy. Opportunities exist in:

- Software development;
- BPO services;
- Communication cables.

g) Renewable Energy

Mauritius emits 0.01% of the global carbon dioxide emissions and the government is committed to holding to its international commitment of reducing by 40% the GHG emissions by 2030. In order to achieve this target, one of the initiatives is increasing the contribution of renewable energy to 60% of the electricity mix by 2030. Opportunities exist in:

- Wind energy farms;
- Solar power farms.

h) Manufacturing

The manufacturing industry in Mauritius has played an instrumental role in the economic diversification and transformation of Mauritius. It contributes 13,8% (2022) to the GDP, exporting 2,500 product lines to 142 countries worldwide and provides employment to nearly 83,000 persons. Opportunities exist in:

- Light engineering goods;
- Garment manufacturing;
- Pharmaceutical Manufacturing.

i) Health Care Services

The health sector in Mauritius is developed. The sector is served by both public and private sectors. The public sector meets 73% of the health needs of the population while private healthcare facilities meet 23%.

Opportunities exist in:

- Multi-specialty hospital and specialty centre for local and foreign patients;
- Plastic reconstructive and cosmetic surgery clinics;
- Dental clinics and dental laboratories;
- Allied health services to carry out back-office activities etc.

3.8.6 STARTING A BUSINESS IN MAURITIUS

FORMS OF BUSINESSES

There are different ways of structuring a business in Mauritius. Some of the commonly used structures are:

- ✓ Companies;
- ✓ Partnerships/Societies;
- ✓ Limited partnership.

TYPES OF COMPANIES

a) Domestic Company

Domiciled companies that operate its business in Mauritius often used for conducting business with Mauritius residents.

b) Authorised Companies

This company is licensed by the FSC of Mauritius and majority of shares/voting rights/legal/beneficial interest is held by a non-citizen of Mauritius and carries out its activities principally outside of Mauritius, and is centrally managed and controlled outside of Mauritius.

c) Global Business Company

This is a company incorporated in Mauritius for the purpose of doing business primarily outside Mauritius. This offshore entity allows foreign citizens to obtain unique taxation and protection advantages while offering their services mainly outside of Mauritius.

d) Protected Cell Company

Protected Cell Company (PCC) or (Segregated Portfolio Company (SPC) is a single legal entity within which may be established various cells. The assets and liabilities of each cell are legally separate from those of the other cells. The PCC is a single legal entity and the cells are not independent legal entities separate from it.

A PCC operates in two distinct parts. These distinct parts are the Core and the Cells. There is (and must only be) one Core, but there may be an infinite number of Cells;

Cellular shares are issued, as required, under different names or numbers so as to identify, and to represent, the particular Cells to which they are attributable. Alternatively, each Cell may be given an identifying number, rather than a name.

Where assets have been allocated to a particular Cell, those assets are held exclusively for the benefit of the owners of the particular Cell and any counterparty to a transaction linked to this Cell. Only persons who have entered into transactions with the Cell, or who otherwise have become creditors of the Cell concerned, will have recourse to that Cell's assets. Any asset which attaches to a particular Cell is not available to meet liabilities of the PCC or any of the other Cells.

These companies may be:

i. Limited by shares

Company limited by shares means a company formed on the principle of having the liability of its shareholders limited to any amount unpaid on the shares respectively held by the shareholder.

ii. Limited by guarantee

These are companies formed on the principle of having the liability of its members limited by its constitution to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.

iii. Limited by both shares and guarantee

Company limited by shares and by guarantee means a company formed on the principle of having the liability of its members (1) who are shareholders, limited to the amount unpaid, if any, (2) to those who have given guarantee, limited to the amount they have undertaken to contribute.

iv. Limited Life Company

This is a company whose constitution limits its life to a period not exceeding 50 years from the date of its incorporation. However, this period may be extended to a maximum of 150 years. Its constitution contains the specific matters as laid down in the law.

COMPANY REGISTRATION IN MAURITIUS

Incorporation of companies is made online via Companies and Business Registration Integrated System (CBRIS). No reservation of name is required. Name is chosen at time of incorporation and applicant is notified if name is not available.

APPLICATION PROCESS

Fill the online form and upload all the relevant requirements.

The application form shall state:

- Name of proposed company;
- The present full name, any former name and the usual residential address and the service address of every director and any secretary of the company;
- Particulars of any business occupation and directorships in any public company or subsidiary of a public company held by each director. Should the proposed director be director of several subsidiaries of a single group, it shall suffice to state the name of the holding company with the addition of the word 'group';
- The full name, the usual residential address and the service address of every shareholder, the number of shares to be taken and the amount to be paid;
- Whether the company is limited or unlimited;
- Whether the company is a private or a public company;
- The registered office address of the company;
- In the case of a one-person company, the full name, the usual residential address and the service address of the person nominated by the proposed director to act as secretary who will call a meeting of heirs in the event of death of the sole director;
- The business activities, location of the business as per the Business Registration Act;
- That the information provided in the application is true and correct;
- The full name of the applicant.

The following documents shall accompany the application form:

- Photocopy of Passport for non-residents;
- Copy of residence permit if the only director is a foreigner;
- Proof of director's address (Ex: Utility Bill);
- Proof of address of secretary in case of one person company.
- Where the company has a constitution, a copy of that constitution certified by at least one applicant to be the company's constitution;
- The signed consent of every proposed director or secretary that they are not disqualified to hold office as such;
- The signed consent of every proposed shareholder containing the number and class of shares taken and the amount paid for those shares;
- In the case of a company limited by guarantee, a document signed by each member, signifying their consent to be member and the amount which such persons undertake to contribute in the event of the company's winding up;
- If the documents are signed by an agent representing the shareholder or member, a form of proxy authorising the agent to so act;
- Proof that the application for incorporation complies with the Act and payment of the prescribed fee.

Upon incorporation, the Registrar will issue an online certificate of incorporation and a business registration card.

PLEASE NOTE:

Incorporation of GBL and authorised companies is effected only after the appropriate global licence has been obtained from FSC. Application is generally made by the management company. If the company is doing other licenced activities, application for individual licences/ permits shall be made after incorporation and it is the onus of the applicant to ensure that all the required licences have been obtained prior to start of business.

COMPANY REGISTRATION FEES

| | |
|---|--|
| Public Company holding a Global Business Licence | MUR 13,500 |
| Private Company holding a Global Business Licence | MUR 3,500 |
| Authorised Company | MUR 100 |
| Foreign Company - Registration | MUR 13,500 + MUR 200 for the certificate |

(Source: Corporate and Business Registration Department, August 2022)
*USD/MUR 45

Please note:

There are no incorporation fees for a domestic private or public company. No fee is applicable for the registration by continuation of a domestic private or public company as well as for the registration of a domestic foreign company. (A domestic foreign company is incorporated and registered in Mauritius with foreign shareholding).

FOREIGN COMPANY

A foreign company is company not originally incorporated in Mauritius. Within one month of establishing a place of business in Mauritius, the company must register a branch.

The documents required prior to registration are:

- An authenticated copy of its Certificate of Incorporation or document of similar effect;
- An authenticated copy of its constitution or memo and articles;
- List of directors containing full names, residential address, occupation;
- Memorandum of appointment or power of attorney executed by the foreign company;
- Appointment of two local authorised agents to the branch, who shall signify their consent in writing;
- Notice of its registered office in Mauritius;
- Any change in the constitution, directors, authorised agents or their addresses, registered office and name shall be notified to the Registrar within one month of the change.

Company registration is conducted online via Companies and Business Registration Integrated System (CBRIS). A foreign company must within three months of its annual meeting of shareholders, file with the Registrar, a copy of its last accounts as well as a copy of the last financial statements of the local branch within six months of the end of the accounting period.

Where the branch of the foreign company ceases to have a place of business in Mauritius, it must within 7 days of the date of cessation, file with the Registrar a notice to that effect.

3.8.7 TAXATION

TAXES

CORPORATE TAX

Companies engaged in export of goods pay corporate tax at the rate 3% (w.e.f 01 July 2017). Export of goods” includes international buying and selling of goods by an entity in its own name, whereby the shipment of such goods is made directly by the shipper, in the original exporting country, without the goods being physically landed in Mauritius.

Other companies pay a corporate tax rate of 15%.

VALUE-ADDED TAX (VAT)

VAT is charged at the standard rate of 15% on all goods and services supplied by VAT-registered entities in Mauritius (except those taxed at 0% or exempt). An entity should register for VAT if turnover exceeds MUR 6 million a year. However, certain service providers (e.g., accountants and auditors, attorneys and solicitors, consultants, surveyors, valuers) should register for VAT irrespective of their turnover.

PERSONAL INCOME TAX RATES

As of 1 July 2023, a progressive tax system has been introduced. The annual chargeable income of an individual will be taxed as follows:

| Chargeable income | | Tax rate |
|-----------------------------|------------------|----------|
| 0 - Rs 390,000 | First Rs 390,000 | 0% |
| Rs 390,001 – Rs 430,000 | Next Rs 40,000 | 2% |
| Rs 430,001 – Rs 470,000 | Next Rs 40,000 | 4% |
| Rs 470,001 – Rs 530,000 | Next Rs 60,000 | 6% |
| Rs 530,001 – Rs 590,000 | Next Rs 60,000 | 8% |
| Rs 590,001 – Rs 890,000 | Next Rs 300,000 | 10% |
| Rs 890,001 – Rs 1,190,000 | Next Rs 300,000 | 12% |
| Rs 1,190,001 – Rs 1,490,000 | Next Rs 300,000 | 14% |
| Rs 1,490,001 – Rs 1,890,000 | Next Rs 400,000 | 16% |
| Rs 1,890,001 – Rs 2,390,000 | Next Rs 500,000 | 18% |
| Above Rs 2,390,000 | Remainder | 20% |

3.8.8 WORK APPROVALS

OCCUPATION/RESIDENCE PERMIT

The Occupation Permit (OP) is a combined work and residence permit which allows foreign nationals to work and reside in Mauritius under 3 specific categories namely:

1. Investor including Investor for innovative start-ups;
2. Professional;
3. Self-Employed.

Foreign nationals, above the age of 50 years, may also choose to retire in Mauritius as retired non-citizens. Such nationals shall be issued with a Residence Permit as Retired Non-Citizens.

An Occupation Permit (Investor and Self-employed) and Residence Permit as Retired Non-Citizen shall be issued for a maximum period of ten years renewable thereafter as per established criteria.

An Occupation Permit under the Professional category shall be issued for a maximum period of ten years depending on the duration of the contract of employment.

Dependents of OP holders or Retired Non-Citizens may also apply for residence permit for a duration not exceeding that of the main holder.

a) Occupation Permit

Application for an Occupation Permit is made through the National Electronic Licensing System where one is able to apply and obtain the permit online.

REQUIREMENTS FOR ALL CATEGORIES OF OP

- Copy of passport details (personal data and visa pages);
- Copy of birth certificate (If not in English or French, an authorised translate copy to be produced);
- Four recent passport sized photographs;
- A medical certificate issued by a doctor in Mauritius, together with reports of HIV test, Hepatitis B Surface Antigen and chest x-ray;
- Evidence of investment (Transfer of USD 50, 000 or its equivalent from abroad to a local bank account of the company or net asset value of at least USD 50,000 or high technology machines and equipment of USD 25,000 and a cash transfer of at least 25,000 to a local bank account of the company or its equivalent);
- Detailed Business Plan;
- Business Registration Card;
- Certificate of Incorporation;
- Appropriate Licences / approval letter of intent for regulated activities (GBL, TEL, HEC, etc);
- Register of Shareholders and Directors or Trust Deed or other documents as may be applicable.

IN ADDITION, FOR PROFESSIONALS

- Contract of employment and detailed Job description

IN ADDITION, FOR SELF-EMPLOYED

- Licence from professional/regulatory body, if applicable;
- Contracts and letters of intent from potential clients (minimum of 2).

PERMIT FEES FOR OCCUPATION PERMIT AND RESIDENCE PERMIT

| Category | Permit Fees (USD) |
|---|-------------------|
| Investor/ Self Employed/ Retired Non-Citizen (10 years) | 1,000 |
| Payable by employer of a Professional, in respect of a contract of employment of- | |
| a) not more than 2 years | 400 |
| b) more than 2 years but not more than 3 years | 500 |
| c) more than 3 years but not more than 5 years | 800 |
| d) more than 5 years and up to 10 years | 1,000 |
| For Short-term Occupation Permit for - | |
| (a) the first time, for a period not exceeding 9 months | 300 |
| (b) subsequent extension, for a period not exceeding 3 months (only once) | 150 |
| Dependents of Occupation or Residence Permit holder | 400 |

MODES OF PAYMENT OF FEES

Payment of Permit Fees may be effected by the following modes:

- 1) By Credit Card (in USD) on the National E-licensing platform or;
- 2) By Bank drafts/bank cheques in Mauritian Rupees (MUR) drawn by a local bank to the order of the "Government of Mauritius", at the appropriate prevailing rate of USD to MUR at the time of payment at the bank. A copy of the bank cheque and the conversion rate should be uploaded on NELs under the field 'Other documents'.

B) WORK PERMITS

Work Permits for non-citizens are issued by the Employment Division of the Ministry of Labour, Industrial Relations, Employment and Training (MLIRET) under the Non-Citizens (Employment Restriction) Act 1973. Applications for work permits are made online via the National Electronic Licensing System.

ELIGIBILITY CRITERIA FOR WORK PERMIT

- Foreign workers should possess the skills, qualifications and experience required for the job applied for;
- Foreign workers should normally be aged between 20 and 60 years. Departure from this policy is exceptionally made for investors and expatriates who possess specific expertise;
- Visitors on tourist visa are not allowed to take up employment and applications for work permit on their behalf are not entertained;
- For all new applications, expatriates have to produce a provisional health clearance;
- In case of application for groups of workers and / or skilled workers, a request for Permission in Principle has to be made to the Ministry of Labour, Industrial Relations and Training (MLIRET);
- For recruitment of foreign skilled workers, the employer should obtain a Lodging Accommodation Permit;
- Companies should submit Lodging Accommodation Permit in Employment and Training respect of their workers at least 3 months prior to the expiry of their current Lodging Accommodation Permit;
- Companies should submit a copy of Contract of Employment duly vetted by the Labour Division of the MLIRET if salary of expatriates is MUR 30,000 or less. If salary is more, documentary evidence from the employer certifying that the expatriate will earn a monthly salary of more than MUR 30,000;
- Where the expatriate is being deputed and remunerated by a foreign company, a deputation letter has to be produced;

- For new cases, expatriates are granted 6 months from the date of issue of the work permit to travel to Mauritius. Beyond that date, work permits will be cancelled and companies will be required to submit fresh application;
- Companies should ensure that at the time of submission for applications for work permit, the passport copies of expatriates should have at least six months of validity;
- Expatriates married to Mauritians do not require a work permit.
- Company will be required to submit any additional documents for information as and when requested by this Ministry.

c) Certificate of Exemption

Expatriates employed by Ministries, Embassies, University of Mauritius, amongst others are exempted from work permit. Employers of eligible expatriates, falling under this category, should apply for a Certificate of Exemption.

VISAS

A visa is an official acknowledgement issued by the Immigration Office / Embassy/ Consular of Mauritius, indicating that your application to enter Mauritius has been reviewed by an Immigration Officer and that the officer has determined you are eligible to enter or transit in Mauritius for a specific purpose.

TYPES OF VISAS

a) Premium Visa

The premium visa aims at encouraging foreign nationals from eligible countries to come for a long stay as a tourist, a retiree or a professional willing to come with their family and work remotely from Mauritius. See link for eligible countries <https://residency.mu/live/mauritius-premium-visa/>

This visa allows a non-citizen to stay in Mauritius for a period exceeding six (6) months up to one (1) year with an option to renew. It's a multi-entry visa and one can exit and re-enter the country during its validity and its issued free of charge.

b) Tourist Visa

This allows a non-citizen to visit Mauritius for a short time on vacation. The maximum period of (six) months may be granted in a calendar year on a case-to-case basis, subject to Immigration requirements.

c) Business Visa

The Business visa allows a non-citizen to travel to Mauritius for the purpose of establishing or conducting a business or investment. Business persons are entitled for a maximum of 120 days in a calendar year provided that during each trip the maximum stay does not exceed 90 days and that the non-citizen is not remunerated in Mauritius.

d) Social Visa

Social visa is granted to non-citizens sponsored by socio-cultural organizations for a maximum period of 45 days to carry out social and religious activities. Non-citizens travelling to Mauritius for religious purposes should apply and obtain a social visa prior to travel.

e) Multiple Entry Visa

Granted only to foreign business persons having business interest in Mauritius and who needs a visa prior to travel. For business facilitation, bona fide business persons may be granted multiple-entry visa subject to a maximum of 120 days in a calendar year and provided the stay during each trip does not exceed 90 days.

f) Transit visa

Granted to passengers travelling to a third country within a period of 24 hours.

g) Medical Visa

Medical visa is granted to foreign nationals coming to Mauritius for medical treatment to be provided in private health care institutions which are duly registered with the Ministry of Health and Quality of Life under the Private Health Institutions Act. Medical visa is granted on arrival for the duration of treatment, but not exceeding six (6) months.

VISA REQUIREMENTS

- A valid passport, where the expiry date is beyond the intended period of stay;
- A valid return or onward ticket to the country of origin or residence;
- A confirmed booking for accommodation – for example, a booking at a hotel. If the person travelling is being sponsored by a Mauritian citizen, they will need to produce evidence of sponsorship, stating their name, address, profession, relationship, national identity card number and telephone number;
- Sufficient funds to meet the costs of stay (US\$100 per night);
- A pledge not to engage in any profit-making activities;
- Two recent passport-sized photographs;
- A photocopy of data pages within the traveller's passport; and a photocopy of the residence/re-Entry visa with three months validity, where applicable.

VISA APPLICATION PROCEDURE

Duly filled and signed application forms are available at <http://passport.govmu.org>

An average of five working days is required for processing applications and for a visa to be issued, provided all relevant documents are submitted.

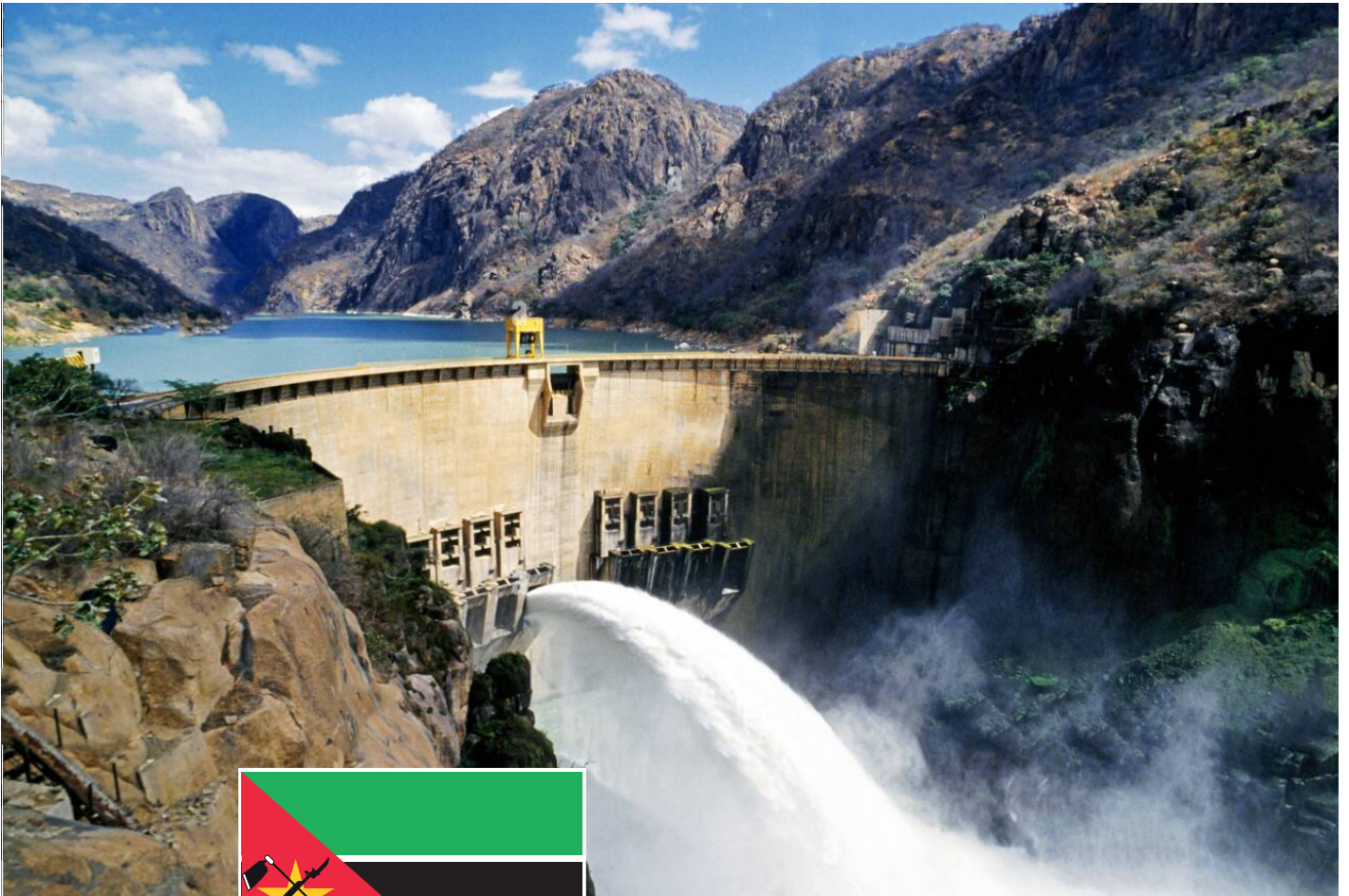
Visas are free of charge.

3.8.9 USEFUL CONTACTS

- Economic Development Board Mauritius
<https://edbmauritius.org/#>
EDB Head Office, 7 Exchange Square,
Wall Street, Ebene, Cybercity, 72201
Mr Ken Poonoosamy- CEO EDB Mauritius,
Tel: +230 203 3800
Email: ceo@edbmauritius.org, info@edbmauritius.org
Mauritius Revenue Authority
<https://www.mra.mu/>
Ehram Court, Cnr Mgr. Gonin &
Sir Virgil Naz Streets, Port Louis, Mauritius
- Tel: + 230 207 6000
- - Corporate Business Registration Department
One Cathedral Square Building
Jules Koeing Street, Port Louis
Email: comd@govmu.org
Tel: + (230) 202-0600, Fax No: +(230) 212-4480
Passport & Immigration Office, Sterling House,
9-11, Lislet Geoffroy Street, Port Louis
Tel: (230) 260 2073
(230) 210 9322
Email: piomain@govmu.org
- Work Permit Unit, Level 10-11, Victoria House,
Corner St Louis & Barracks Streets, Port Louis,
Republic of Mauritius
Telephone No: (230)405-0100/405-0143
(Counter Service) Fax No: (230)208-6252
E-Mail: emp@govmu.org

3.8.10 REFERENCES

- Economic Development Board 2019 report
- <http://passport.govmu.org>
- <https://companies.govmu.org/>
- <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MU>
- <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=MU>
- <https://edbmauritius.org/>
- <https://mitci.govmu.org/Pages/MITCI/ICTSector.aspx>
- <https://portalmns.mu/cbris/>
- <https://residency.mu/live/mauritius-premium-visa/>
- <https://taxsummaries.pwc.com/mauritius/corporate/other-taxes>
- <https://www.mauritiustrade.mu/en/trading-with-mauritius/mauritius-economics-outline>
- <https://www.mra.mu/>
- <https://www.trade.gov/country-commercial-guides/mauritius-agricultural-sectors>
- <https://www.worldbank.org/en/country/mauritius/overview>
- <https://www.worlddata.info/africa/mauritius/index.php>
- <https://www.worldometers.info/world-population/mauritius-population/>
- National Electronic Licensing System



3.9 MOZAMBIQUE PRACTICAL GUIDE

3.9.1 COUNTRY PROFILE

Mozambique is situated on the south-eastern coast of Africa. It borders Tanzania to the north, Zambia, Malawi and Zimbabwe to the west, South Africa and Eswatini to the South and Indian Ocean to the East. This location puts the country in a strategic position in the Southern African region with its ports giving easy access to international markets and being the first choice for regional importers and exporters. Mozambique has 11 provinces from North to South: Cabo Delgado, Niassa, Nampula, Tete, Zambezia, Manica, Sofala, Inhambane, Gaza, Maputo Province and Maputo City.

The constitution of the Republic of Mozambique sets clearly its economic and political system: Democratic and Multiparty System and Free Market Economy. The government system is a presidential republic; the chief of state is the president, and the head of government is the Prime Minister. Mozambique has a variety of private freedom combined with centralized economic planning and government regulation.

The country has a varied geography with mostly coastal lowlands, mountains in the south and a long coastline of 2700km.

ECONOMIC OVERVIEW

Real GDP growth rose from 2.3% in 2021 to 3.83% in 2022 and is projected to rise to 4.8% in 2023 and 8.3% in 2024 pushed by extractives and agriculture leading GDP per capita growth to jump from 2% in 2023 and 5.5% in 2024.

FDI inflows in Mozambique have also been growing in a positive trajectory in the recent past as shown in the table below:

| Year | FDI Inflows (\$Millions) |
|------|--------------------------|
| 2017 | 2293 |
| 2018 | 2703 |
| 2019 | 2212 |
| 2020 | 3035 |
| 2021 | 5102 |

Source: World Investment Report

GENERAL INFORMATION

| | |
|---|---|
| Capital | Maputo |
| Area | 799.390 Km ² |
| Population | 34,411,456 (2024) (World meter) |
| Climate | Subtropical (South to North) 18,3oC – 20,0o C during the dry season (May to September) 26,7oC – 29,4oC during the rainy season (October to April) |
| Languages | The Official language is Portuguese (World Bank) |
| Currency | Metical (MZN) |
| Hour | GMT +2 hours |
| Religions | Christian, Islam, Hinduism and traditional religions |
| Legal System | Mozambican based on civil law. |
| Calls | +258 (Code for International calls) |
| GDP (2022) | 17 884 million current US\$ |
| Real GDP Growth rate (%) 2022 | 3.83 % (UNCTAD) |
| GDP Per capital (USD)2022 | 542 (UNCTAD) |
| Consumer Price Index (CPI) growth 2022 | 9.77 % (UNCTAD) |
| Main sectors contributing to GDP (2022) | Services, agriculture, Extractives and manufacturing (World bank) |

3.9.2 WHY INVEST IN MOZAMBIQUE?

a) Business climate

To make Mozambique competitive in attracting investment, the Government has embarked on macroeconomic reforms, with emphasis on fiscal and monetary policy, the commercial code and legislation with impact on business and investment, which has resulted in the simplification of procedures for investing, reduction of tax burden and the adoption of the best international practices in investment matters.

b) Bilateral Investment Treaties

Mozambique has signed bilateral investment treaties (BIT) with 29 countries. It is also party to nine treaties with investments provisions (TIPs), including the 2006 Southern Africa Development Community (SADC) Protocol and the 2005 Mozambique - U.S. Trade and Investment Facilitation Agreement (TIFA). Mozambique is also a State Party of the AfCFTA (47th member to finalise the ratification process of the AfCFTA agreement on July 2023).

c) Double Taxation Agreements in force

Mozambique currently has signed Double Taxation Agreements with Portugal, Italy, Mauritius, United Arab Emirates, South Africa, Macau Special Administrative Region of the Republic of China, Botswana, Vietnam and India.

d) Robust investment legal framework

Mozambique has a legal framework that promotes and protects foreign and national direct investment, and allows the export and/or repatriation of capital and dividends linked to the investment made. The Investment Law, law 8/2023 of 9 June 2023 expressly establishes the rules applicable to private investments eligible for certain tax and non-tax guarantees and incentives subject to the conditions provided for in the Tax Benefits Code.

The Mozambique Labour law also guarantees workers equal rights at work, regardless of their ethnic origin, place of birth, language, colour, race, sex, gender, marital status, age, within the limits established by law, social status, religious or political ideas.

The following principles and investment guarantees apply to investors:

The principles of equal treatment and non-discrimination between Mozambican and foreign investors;

- Respect for property rights and other real rights;
- Free competition and ethics among economic operators;
- The protection of investments and the free movement of goods and capital, under the conditions and within the limits established by law;
- The right to manage companies and maintain in force the licences and authorisations obtained (without prejudice to the possibility of their revocation, cancellation, annulment or declaration of nullity, following the administrative or judicial procedure provided for by law);
- The right to import goods from abroad for the execution of the projects and to export goods, whether produced by them or not, without prejudice to the rules of protection of the internal market established by law;
- Transfer of exportable profits abroad; from royalties or other investment remuneration income; capital amortization of interest on loans contracted abroad and applied in the project; of foreign capital invested and re-exportable; proceeds from compensation received as a result of expropriation, nationalization or any other equivalent measures.

e) Infrastructure

Mozambique provides rail and road connection to the sea through its ports to 5 countries in the region, including South Africa. The main ports of Maputo, Beira and Nacala are at their peak of performance following upgrading.

Roads and bridges are being upgraded everywhere in the country and new ones are being built. Thanks to these developments, it is now effectively possible to move freight from the south to the north and between provinces. Drive from South Africa to Mozambique is a matter of hours due to the Maputo-Katembe Suspension Bridge and tar road which connects Maputo to Nata. The new tarred road running down from Maputo to Kosi Bay border and linking with Ponta do Ouro is also complete.

Mozambique Airports are distinguished into international airports, main and secondary aerodromes.

- International (Maputo, Beira and Nacala);
- Regional entry points (Nampula, Pemba, Tete, Vilankulo and FJN);
- entry points (domestic) (Quelimane, Lichinga, Inhambane, Chimoio and M. Praia); and
- Secondary aerodromes (Lumbo, Angoche, Songo, Ulongue, Bilene, Inhaca and Ponta de Ouro).

The International and Regional Airports establish connections with the world.

f) Abundant natural resources

Mozambique has rich and extensive natural resources that have remained largely unexploited. The country's principal natural resources are natural gas, coal, mineral, sand, hydropower. The key metallic resources are iron ore and tantalite, gold, graphite, bentonite, and limestone are also mined and quarried.

3.9.3 AGENCY FOR PROMOTION OF INVESTMENTS AND EXPORTS (APIEX)

APIEX is the primary point of contact for investors in Mozambique. It operates under the Ministry of Industry and Commerce (MIC), with the objective of facilitating private and public investment. It also oversees the promotion of national exports and assists investors with administrative, financial, and property issues. Through APIEX, investors can receive exemptions from some customs and value-added tax (VAT) duties when importing "Class K" equipment, which includes capital investments.

APIEX acts as a One stop shop for investors through provision of the following services

- Company registration;
- Business licensing;
- Work and residence permits;
- Concession of land for investment purposes;
- Request for tax incentives;
- Registration of foreign capital.

Mozambique has also established other One stop shops which are concentrated units for the provision of public services, where citizens, in general, benefit from various services, obtaining answers to their concerns, within the established deadlines.

Streamlining administrative procedures through the establishment of One-Stop-Shops has greatly reduced time, transaction costs and duplication for both citizens and government.

3.9.4 INVESTMENT INCENTIVES

CORPORATE - TAX CREDITS AND INCENTIVES

They include:

a) Foreign tax credit

Resident companies are allowed to deduct a credit correspondent to a tax paid abroad. The tax credit to be deducted should be equal to the lower of the amount of Mozambican CIT imputed to income obtained abroad or the amount of foreign tax effectively paid.

b) Credit for domestic economic double taxation

When the taxpayer is not eligible for the participation exemption mechanism, they are required to include the profits distributed by resident entities in their taxable profits. In such cases and in order to mitigate the impact of economic double taxation, those taxpayers benefit from a tax credit to be deducted from the tax assessed, which corresponds to 60% of the CIT of the distributed profits that are included in the taxable profits.

c) General tax benefits and incentives

In addition to the guarantees of ownership and remittance of funds abroad, the Mozambican government also guarantees the concession of tax and customs incentives. The incentives vary depending on whether a company is starting a new venture or rehabilitating one and also on the nature of the project to be developed. The incentives discussed in this section are the generic benefits applicable to standard projects. Certain specific benefits also may be applicable depending on the activities of the industry for the investment project (e.g., agriculture, mining).

INCOME TAXES

a) Accelerated depreciation

Accelerated depreciation of new buildings used in the pursuit of the investment project, as well as rehabilitated buildings, machinery, and equipment intended for industrial or agro-industrial activities, by increasing the normal depreciation rates by 50%.

b) Tax deductible expenditures

The amount corresponding to 110% or 120% of the actual cost (depending on the location of the project) incurred with infrastructure considered to be of public utility for a period of five years.

The amount corresponding to 50% of the actual cost costs incurred with the acquisition of Mozambican art or cultural work for a period of five years.

c) Deductions to taxable income

Deductions to the taxable income of the amounts invested in (i) professional training of Mozambican employees and (ii) the modernisation and introduction of new technologies, up to a limit of 5% and 10%, respectively, during the first five years.

d) Investment tax credit

A carry-forwardable investment tax credit of 5% to 10% of the total investment realised on assets directly associated with the production activity of the operating company (depending on which location the project is implemented in), for a period of five years, to be offset against the gross income tax, up to its total amount.

e) Taxes and duties on import of goods

An exemption from customs duties and VAT applies upon the importation of capital equipment listed in Section K of the Customs Tariff Schedule.

SECTOR-SPECIFIC TAX BENEFITS AND INCENTIVES

a) Processing industry

Exemption from payment of customs duties on imports of materials for the industrial production process.

b) Agriculture and fisheries

- 10% reduction in the CIT rate until 2025 (Corporate Income Tax Code through Law 20/2022);
- Withholding tax rate at 10% on payments to foreign entities providing services to national agricultural companies (Corporate Income Tax Code through Law 20/2022);
- Elimination of the withholding tax on interest from external financing for agricultural projects; and creation, within the next three years, of tax incentives for new investments in the agriculture, agro-processing, manufacturing, tourism and urban transport sectors through accelerated depreciation (for half of the useful life) for investments made in facilities and equipment related to the company's production activity, provided it creates at least 20 permanent jobs (Corporate Income Tax Code through Law 20/2022).

c) Upstream petroleum and mining

- Reduction of withholding tax rate from 20% to 10% for income derived by non-residents for tax purposes in connection with services related to upstream petroleum and mining activities;
- Exemption of customs duties on the import of equipment or exploration operations, classified under class K of the Customs Tariff Schedule, as well as on import of pre-determined goods intended for upstream petroleum and mining activities, equivalent to goods of class K of the Customs Tariff Schedule, provided such equipment/goods are not produced in Mozambique or, if produced, do not meet the specific characteristics of the required purpose or are not inherent to the nature of the activity to be developed.

d) Gambling

The gambling concession holders and their shareholders are exempt from CIT. The casino concession holders are also exempt of payment of customs duties, excise duties, and VAT on imports of equipment and materials for the implementation, rehabilitation, expansion, or modernisation and business start-up.

PROJECT-SPECIFIC TAX BENEFITS AND INCENTIVES

1) Investment in Science and Technology Parks

The following benefits and incentives apply to investments in scientific investigation, development of information and communication technologies, and Research & Development:

- Exemption of CIT in the first five fiscal years.
- Discounted CIT rate of:
 - 50% from the sixth to the tenth fiscal year;
 - 25% from the 11th to the 15th fiscal year.
- Exemption of customs duties and VAT on the import of scientific, academic, and laboratory material and equipment, including software and the means that support it, destined for education and technical-scientific research, as well as on construction materials, machinery, equipment, accessories, and spare parts.

2) Investment in creation of basic infrastructure

The following benefits and incentives apply to investments that have as their exclusive purpose the establishment of basic public infrastructure that is essential for the promotion and attraction of investments, for the conduct of specific activities in sectors of the national economy, such as the construction and rehabilitation of roads, rail lines, airports, water supply, electricity, telecoms, and others:

Discounted CIT rate of:

- 80% in the first five fiscal years;
- 60% from the sixth to the tenth fiscal year;
- 25% from the 11th to the 15th fiscal year.

Exemption from payment of customs duties and VAT on the importation of equipment classified in class K of the Customs Tariff Schedule.

3) Large scale projects

The following benefits and incentives apply to investments that exceeds MZN 12.5 billion:

- Generic income tax incentives;
- Exemption of customs duties and VAT on the import of construction materials, machinery, equipment, accessories, spare parts, and other goods destined for the pursuit of the activity.

SPECIFIC TAX BENEFITS AND INCENTIVES BASED ON SPECIAL GEOGRAPHICAL AREAS

1) Investment carried out in Special Economic Zones (SEZ)

- The package includes:
- Exemption of CIT for the first three or five fiscal years, depending on whether it is an SEZ company or the SEZ operator, respectively.
- Discounted CIT rate of:
 - 50% from the fourth to the tenth fiscal year or from the sixth to the tenth fiscal year, depending on whether it is an SEZ company or the SEZ operator, respectively;
 - 25% from the 11th to the 15th fiscal year or for the life of the business, depending on whether it is an SEZ company or the SEZ operator, respectively.
- Exemption from payment of customs duties and VAT on the importation of materials and goods.

2) Investment carried out in Industrial Free Zones (IFZ)

The package includes:

- Exemption of CIT for the first ten fiscal years;
- Discounted CIT rate of:
 - 50% from the 11th to the 15th fiscal year;
 - 25% for the life of the business.
- Exemption from payment of customs duties and VAT on the importation of materials and goods.

3.9.5 INVESTMENT OPPORTUNITIES

a) Agriculture

Mozambique has tropical to sub-tropical climate with fertile soil, ample rainfall, 36 million hectares of arable land, mostly unutilized and irrigatable area estimated at about 3.0 million hectares, eight river basins considered the most favourable for the development of irrigation, Maputo, Limpopo, Búzi, Zambezi, Licungo, Melúli, Lúrio and Rovuma.

Opportunities abound in:

- Assembling of agricultural equipment (tractors, farm trucks, harvesting equipment);
- Crop growing and value addition in the following select products; maize, rice, potatoes, beans, cassava, poultry, meat, sweet potatoes, vegetables, banana, sugar, sesame, soy, cotton, cashew-nut, macadamia and paprika.

b) Construction

Mozambique faces lack of adequate infrastructures, especially roads, bridges, railways, etc., which are vital for the movement of people and goods. The Government offers multiple investment opportunities for the construction and operation of roads, railway, and general infrastructure by the private sector, under concession or public-private partnership models.

Some of the opportunities include:

- Construction of a dock 11 and Fertilizer Terminal in the Port of Beira – Sofala;
- Construction of the Nyamayabwe Mutuali Railway Line (Tete, Zambezia and Nampula);
- Rehabilitation and Increase of Ressano Garcia Railway capacity, from 20 to 40MTPA;
- Rehabilitation and expansion of infrastructure; Increase of cargo transport capacity and mobility to and from South Africa;
- Construction of Angoche Port;
- BRT Project in the City of Maputo;
- Revitalization of Maritime Cabotage in Mozambique;
- Construction of the Railway Line Mapai -Massangena Dondo (509.05 km of extension);
- Construction of the UTI - Maniamba Railway Line;
- Construction of the Ribaue Railway Line - Mocimboa da Praia;
- Construction of the Boane- Techobanine railway and its deepwater port at Techobanine (Matutuine district)

c) Energy

Mozambique is endowed with an enormous and diversified energy resource base, most of which remains untapped. Opportunities abound in:

- Exploitation of the 23 billion tons of coal reserve potential;
- Exploitation of more than 23TW of renewable energy potential;
- Nacala Thermal Power Plant (Gas);
- 100 MW Alto Malema Hydro Power Plant, 60 MW;
- Zambezia 300;
- Mugeba Hydro Power Plant, 150MW;
- Ruo Hydro Power Plant, 85 MW;
- Lugenda Hydro Power Plant (Chizeze, Jocoziure, Monte Nandonda), 150 MW);
- Tsate Hydro power Plant, 50 MW;
- Lurio II Hydro Power Plant, 12 MW;
- Massingir 18 MW and/or Mapa Hydro Power Plant, 75 MW.

d) Aquaculture

Mozambique aims to promote the development of aquaculture, with a view to exploiting the existing national potential in a sustainable manner, contributing to food and nutrition security, job creation, contribution to the trade balance and reducing pressure on fishing activity. The government targets to support the small and medium-sized companies to grow, thus transforming subsistence aquaculture into commercial aquaculture. Opportunities exist in:

- Fishing of prawns, Tuna, Lobster;
- Canning;
- Production of fish feed;
- Cage culture;
- Integrated fish farming;
- Cold chains.

e) Information and Communications Technologies (ICT)

Mozambique is yet to realise its full potential in the ICT sector in developing its economy. Opportunities exist in:

- Wireless technologies;
- Cyber security;
- Automation and digitization;
- Data centers.

f) Mining

Mozambique's mineral resource potential is large and diverse. There has been an increase in the number of natural resources discoveries that are quickly followed by new mining projects. Besides the coal deposits that emerged in mining projects that have been prominent for some years now, other valuable mineral deposits lying under the Cabo Delgado, Nampula, Gaza and Tete provinces may potentially reward investors and contribute to the country's economic development. Opportunities abide in: Exploration, Extraction Processing and utilization of various types of resources including:

- Gold;
- Titanium;
- Ilmenite;
- Zircon;
- Rutile;
- Tantalite;
- Marbles;
- Oil and gas;
- Precious stones.

g) Tourism

The tourism assets of Mozambique include the country's natural environment, wildlife, beaches and cultural heritage. Opportunities exist in:

- Hotels, resorts, sports and leisure parks;
- Historical and cultural sites;
- Beach hotels;
- Conference centers;
- National parks and reserves.

3.9.6 STARTING A BUSINESS

FORMS OF BUSINESS

a) Private limited company (sociedades por quotas (“SQ”))

INVESTMENT CAPITAL REQUIREMENTS

- No minimum capital requirements. However, there must be a minimum of two shareholders, up to a maximum of thirty. There is however an exception in the single person quota company (Sociedade Unipessoal por Quotas) which may be set up by a single quota holder who must be a private individual;
- The share capital is divided into participations called “quotas”, whose par value is expressed in local currency. Quotas are always nominative but cannot be lower than MZN 500;
- Transfers of quotas inter vivos requires the drafting of a written document signed by the parties and must be communicated in writing to the company and registered at the Commercial Registry Office (Conservatória do Registo das Entidades Legais). Quota holder liability is limited to the value to which each of them has subscribed.
- Management

The company is managed by a minimum of one or more directors. The management structure of the quota company comprises the general meeting (deliberative body) and board of directors (management body). Supervisory boards are optional.

b) Public limited company (Sociedade Anónima (“SA”))

INVESTMENT CAPITAL REQUIREMENTS

There are no minimum capital requirements, however the entire share capital must be fully subscribed and 25% of the capital must be paid up at the time of incorporation. SAs must be incorporated with a minimum of three shareholders, who may be natural or corporate persons, nationals or foreigners. Where the State is a shareholder whether directly or indirectly, the SA may be formed with the State as the sole shareholder.

Share capital is represented by nominative or bearer shares and the nominative shares may be book-entry or registered. There are few restrictions on transfers, with transfers effected through the simple delivery of the certificates to the transferee; in the case of registered nominative shares, the transfer takes effect by means of a declaration of assignment in the nominative share register book or in any instrument that may replace it; in the case of nominative dematerialised shares, the transfer takes place by the depositary bank recording the transaction in its books or records to the debit of the transferor’s share account and to the credit of the transferee’s share account.

MANAGEMENT

The governance structure of the SA includes the general meeting (deliberative), board of directors (management body) and supervisory board or statutory auditor (supervisory body).

If the share capital of the company does not exceed MZN 500 000, the company may appoint a sole director. Supervision is done by an audit committee with 3 or 5 members or by a sole auditor that must be a registered auditor or audit company.

Capital and industry company

Investment capital requirements

- No minimum capital requirements;
- There are two types of shareholders for such companies;
- Shareholders who contribute to the constitution of the share capital with cash, credits or other material goods and limit their liability to the value of the contribution that they paid up (capitalist shareholders); and shareholders who do not contribute to the share capital. However, they participate in the management and operation of the company but are exempt from any liability for the company’s debts (industry shareholders).

Management

Industry shareholders may have a seat on the management only if they post a bond, which is stipulated in advance in the articles of association, and the amount of which equals the amount of the share capital subscribed by the capitalist shareholders, unless otherwise provided by the articles of association.

d) Single quota company

This is set up by a single quota holder who must be a private individual. The share capital is held entirely by the individual.

COMPANY REGISTRATION PROCEDURE

1. Name reservation

Name reservations are made at the Legal Entities Registry (CREL) or at One Stop Shops. The name of the company must be chosen in advance and checked at the Legal Entities Registry (CREL) to determine whether the name in question or a very similar one does not exist. The name will always be followed by an indication of the legal form of the company. For example, In the case of limited the abbreviation used is “Lda”.

2. Drafting of statutes

With the help of an advisor, an Article of association will be drawn up where the object of the company will be established (the line of business that the company intends to pursue).

The Articles will contain the names of the partners or the partner, with the respective share capital, initial investment money for the company to start up, distributed in shares if there are more than one partner or single share if it is only one partner; the company’s address and the various intentions of future partners towards the company. These articles must be signed by the partners and the respective signatures must be recognized in person by the notary, unless a more solemn form is required.

3) Depositing share capital in a bank account

One of the phases of company registration in Mozambique is the opening of a bank account for the purpose of depositing the share capital. For this, it is necessary to present a certified copy of the certificate of reservation of the company name, the draft of the company statutes and a certified copy of the identification documents of the shareholders. When opening a bank account in one of the existing financial institutions in the market in the name of the future company, it is important to define the number of authorized signatures that can oblige the company to handle checks and transfers.

4) Company registration and publication

After the drafting of statutes is done and share capital deposited, these documents must be submitted to the CREL for registration, accompanied by certified copies of the identifications of the partners or the partner. After this submission, definitive commercial certificates will be issued upon payment of a fee which is calculated as a percentage of the share capital. The company is then incorporated and definitively registered for commercial purposes.

After the issuance of the definitive certificate, the statutes must be published in BR so that the company’s existence becomes public domain.

5) Tax registration and obtaining the NUIT

Once the company is legally registered and the publication of the statutes in the Official Gazette, made by the Conservatory, the company must have a tax register and obtain the respective Tax Identification Number (NUIT).

6) Issue of permit

The request for the issuance of a license is addressed to the Provincial Governor and submitted to the relevant Provincial Directorate of Industry and Commerce. The application must contain the Company name, Address of the registered office, Type of commercial activity to be carried out in accordance with the Classification of Economic Activities (CAE).

For specific cases, especially for companies with commercial points such as stores, bakeries, grocery stores and restaurants, licenses must be requested from the municipal council; Obtaining the license is made upon payment of a fee that varies according to the lines of business.

COMPANY REGISTRATION FEES

For acts carried out in the commercial registry services, emoluments and fees are charged, except in cases where the law expressly exempts them from payment.

- Clearance Certificate: 76.00 MZM.
- For notarial acts and registration of companies up to the value of 5 million MZN, a fee of two per thousand will be charged for each registration. The excess amount will be subject to a rate of 0.1 per thousand.
- For notarial acts and corporate registration above the value of 5 million MZN, 0.1 per thousand.

DURATION

- Clearance Certificate: 2 to 3 days;
- Obtaining the notarial deed certificate: 4 to 5 days;
- Publication in the Boletim da República: up to 90 days;
- Final registration: 7 days

a) Individual - Taxes on personal income

Residents are taxed on their worldwide income. Non-residents are taxed on income arising in Mozambique. All individual income (employment income, capital gains, investment income, independent work, rental income, commissions, etc.) is subject to the below tax rates.

Annual tax rates applicable to individual income:

| Annual income (MZN*) | | Rate (%) | Deduction (MZN)** |
|----------------------|-----------|----------|-------------------|
| Over | Not Over | | |
| 0 | 42,000 | 10 | |
| 42,000 | 168,000 | 15 | 2,100 |
| 168,000 | 504,000 | 20 | 10,500 |
| 504,000 | 1,512,000 | 25 | 37,500 |
| 1,512,000 | | 32 | 141,540 |

* Mozambican metical

** Amount deductible after applying rate to whole amount.

For non-Mozambican residents, the earned income tax is withheld and remitted by the employer or other payer at a definitive flat rate of 20% (in the majority of the income received).

b) Corporate - Taxes on corporate income

Resident entities are subject to corporate income tax (CIT) based on their worldwide income.

Non-resident entities with a permanent establishment (PE) in Mozambique are subject to CIT on the income attributable to the PE in the Mozambican territory (i.e., income directly allocated to the PE, as well as any other income sourced in Mozambique derived from activities that are of the same or similar kind as those performed through the PE).

Resident entities and non-resident entities with a PE in Mozambique are subject to CIT that is levied on taxable profits, defined as accounting profits adjusted to comply with tax law rules, at a tax rate of 32%.

c) Value-added tax (VAT)

VAT is an indirect tax that is largely directed at the domestic consumption of goods and services and at goods imported into Mozambique. The standard rate is 16%. However, there are certain selected supplies that are subject to a reduced rate of 5% and a few cases where VAT is not due on the full taxable amount, leading to lower effective rates.

All taxpayers with a turnover or goods import operations higher than 2.5 million Mozambican metical (MZN) fall within the standard VAT regime.

- **Zero-rated supplies (complete exemptions)**

The VAT Act contains a list of the supplies of goods or services that are regarded as zero-rated supplies. Most of the items refer to exports and international transport, but other specified goods and services utilised for farming purposes, certain basic foodstuffs, mosquito nets, common bicycles and iron bicycles up to 4 speeds, condoms, and insecticides, among others, are also regarded as zero-rated supplies.

- **Exempt supplies**

Exempt supplies include, among others, banking and financial operation subject to stamp duty, insurance and reinsurance operations subject to stamp duty, residential rentals, medical and sanitary services, and educational services.

- **Reduced rate supplies**

A reduced rate of 5% was recently introduced on the transmission of the following goods and services:

- Provision of medical and health services (and closely linked services) by private hospitals, clinics, dispensaries etc.;
- Educational services provided by private establishments integrated in the National Education System and recognised by the Ministry of Education, including the supply of related goods and services;
- Vocational coaching/training services, along with the supply of related goods and services (e.g., accommodation, food, and teaching material), when carried out by private entities;
- Provision of services consisting in private lessons taught on school or higher education subjects.

Note: Expenses subject to a reduced rate of 5% are excluded from the right to deduct the input VAT incurred.

d) Withholding taxes

Any non-resident entity carrying out economic activities in Mozambique, without being registered as a taxpayer, is liable, in general, to a final and definitive 20% WHT that is applied on all income earned. An exception exists for :

- Telecommunications and international transport, as well as the respective installation and assembly of equipment made by the same entities;
- Construction and rehabilitation of production, transport, and distribution of electricity infrastructures in the rural zones under the public projects of rural electrification; and
- Maritime vessels freight for fishing and coasting activities, all of which are subject to a 10% WHT rate.

In addition, per the recent amendments to the CIT Code, a temporary reduction of the WHT rate to 10% was introduced for income earned by non-residents, deriving from the provision of services to local agricultural companies, until the end of 2025. Further, a temporary WHT exemption was introduced on interest income earned by non-residents in connection with external loans destined to finance agricultural projects, until the end of 2025.

NOTE

Not all gains sourced from Mozambique by non-resident corporate entities are subject to taxation through WHT. This is the case, for example, of:

- Capital gains derived from immovable property located on Mozambican territory or from the disposal of shares in entities with head office or effective management in the Mozambican territory or other movable assets issued by non-resident entities, and
- Capital gains derived from the disposal of shares, participating interests, or rights in general between non-resident entities involving, direct or indirectly, assets located in Mozambique.
- In such cases, the non-resident entity is required to register itself as a non-resident taxpayer, appoint a tax representative in Mozambique, and subject the gain to 32% CIT. On disposal of immovable property (other than petroleum and mining assets), only 50% of the gain is taxable.

3.9.8 IMMIGRATION PROCEDURES

The National Migration Service (SENAMI) is a public service that oversees the area of Migration, (article 2 of Law no. 4/2014, of 5 February).

VISA

All nationalities need a visa to enter Mozambique, except holders of the following passports:

- Brazilian and Portuguese diplomatic, service and official passports;
- Passports from countries with which Mozambique has a visa suppression agreement; See link for visa waived countries: <https://evisa.gov.mz/waiver>. Additionally, decree no.10/2023 of 31 March exempts nationals of certain countries from presenting an entry visa. See link for waived countries: https://www.ca.co.mz/xms/files/FLASH_NEWS/Flash_informativo_ENG_Visto_de_entrada_120423_CA.pdf

Visa application process is done online through <https://evisa.gov.mz/registerAccount> where applicants are able to apply, pay and obtain online.

TYPES OF VISAS

- Business Visa - Multiple Entries (valid for 90 days)

This visa is issued to foreigners who are entering Mozambique for the purpose of doing business, research, attending a meeting or to participate in insightful conferences.

- Investment Visa

This is a visa for foreigners entering Mozambique for the purpose of investing in a project totalling a value equal or greater than US\$500 thousand.

- Tourism Visa

This visa is issued to foreigners entering Mozambique for the purpose of tourism, holiday or vacation.

- Work Visa

The work visa is granted to foreign citizens who travel to the country with the aim of providing, or temporarily carrying out, a professional activity as an employee, with or without remuneration.

WORK PERMITS

Foreign nationals wishing to work in Mozambique are required to obtain a work permit.

There are two Mozambique Work Permits:

- Short-Term Work Permit;
- Long-Term Work Permit.

a) Short Term Work permit

Short-term work authorizations are designed for foreign workers undertaking work for shorter periods of time. Short term work authorizations can be issued for a period of less than 90 days, or 180 day depending on the sector the local registered entity falls under. A short-term work permit is accompanied by a business visa for entry/exit into Mozambique during the validity of the short-term work authorization. Business visas allow the traveller to stay in Mozambique for a continuous 30 days.

b) Long term Work permits

These are initially valid for a period of 2 years. They are renewable if the applicant meets the set-up criteria.

RESIDENCE PERMIT

Precarious Residence Permits are granted to foreign nationals who intend to remain in Mozambique for more than 90 days. This authorisation is renewable annually.

Temporary residence permits are valid for a maximum period of one year and renewable for one-year periods. They are granted to foreigners who have had precarious residence for at least five years and to foreigners who enter the country for residence purposes.

3.9.9 USEFUL CONTACTS

- The Agency for Promotion of Investment and exports (APIEX) <https://apiex.gov.mz/>
Av. Ahmed Sekou Touré N.º 2539, Maputo, Mozambique
Email: info.apiex@apiex.gov.mz
Tel: +258 82 305 6432
- Tax Authority of Mozambique <https://www.at.gov.mz/>
Tel: +258 21344200
Tel: +258 21320396
Maputo
Email (of agents): linhadocontribuinte@at.gov.mz
Email for complaints: denunciasdocontribuinte@at.gov.mz
- National Migration Service (SENAMI)
Av. Ho Chi Min n° 316, Maputo City
Green Line
(+258) 21 326237 or 21428607 or (+258) 21320395
Email: snm.senami@senami.gov.mz
Service by appointment
90243 or Sigav.senami.gov.mz
- E-visa portal: <https://evisa.gov.mz>
Phone number: +258864032769
Email : reclamacao.e-visa@senami.gov.mz
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3.9.10 REFERENCES

- APIEX Mozambique Book of opportunities: <https://apiex.gov.mz/wp-content/uploads/2023/08/book-of-opportunities.pdf>
- Corporate Income Tax Code Law 20/2022
- <http://www.dasp.mic.gov.mz/>
- <https://apiex.gov.mz>
- <https://evisa.gov.mz>
- <https://www.afdb.org/en/countries/southern-africa/mozambique/mozambique-economic-outlook>
- <https://www.at.gov.mz/>
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3.10 NAMIBIA PRACTICAL GUIDE

3.10.1 COUNTRY PROFILE

Namibia is a geographically large country with a small population of about 2.626 million (2024) and a 1,500 km-long coastline on the South Atlantic. It shares borders with Angola, Botswana, South Africa, and Zambia.

Namibia is rich in mineral resources, including diamonds and uranium. The resource wealth, political stability (or strong governance and institutions), and sound macroeconomic management have helped poverty reduction and allowed Namibia to become an upper-middle-income country.

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POLITICAL AND LEGAL OVERVIEW

The government of Namibia is divided into three organs: The Executive, Legislature and Judiciary. Each organ is responsible for a different function of the government. The legislative branch is responsible for making laws which are implemented by the executive and interpreted by the judiciary. The President is the head of State and government. He/she is elected in a national election every five years. The Cabinet consists of the President, the Prime Minister, Deputy Prime Minister and Ministers appointed by the President. Together, they implement the policies guided by the constitution and acts of Parliament. The Judiciary consists of the Supreme Court High Court and Lower Courts. The Courts are independent and subject only to the Constitution and the law.

OTHER FACTS

| Capital | Windhoek |
|-------------------------------|---|
| Area | 824,290 sq. km(World data) |
| Languages | English, Oshiwambo, Khoekhoego, Afrikaans |
| Population | 2.626million (2024) |
| Currency | N\$ Namibian Dollar |
| GDP | 12.127 billion (2022) (UNCTADstats) |
| GDP per capita (current US\$) | 4,724 (2022) (UNCTADstats) |
| GDP growth (annual %) | 2.58 (2022) (UNCTADstats) |

3.10.2 WHY INVEST IN NAMIBIA

a) Sound financial system

Namibia's financial system is both robust and profitable, with a wide range of financial markets, instruments, institutions, and infrastructure. The country's financial markets have been ranked sixth most developed out of 26 African countries evaluated in a 2022 study conducted by the Absa Group in association with the London-based Official Monetary and Financial Institutions Forum (OMFIF). The Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA) are responsible for ensuring financial stability in the country.

b) Strong macroeconomic framework

Namibia is an upper-middle income country with ambitions to become a high-income industrialised nation by the year 2030.

c) Commitment to fostering a conducive business environment

With the establishment of an Investment Promotion Agency, NIPDB, Namibia is committed to creating a conducive business environment in which investors can register and thrive. The Investment Board exists to develop new investment strategies, create a seamless investor experience and explore synergies with the public and private sector and to create a conducive investment environment in the country.

d) Globally competitive infrastructure

Namibia boasts a highly competitive and well-maintained network of transportation and communication infrastructure, including roads, airports, seaports, railways, electricity, postal services, and telecommunications. Accessing these services within Namibia is simple, straightforward, and hassle-free.

e) Good governance, peace and stability

The Namibian Constitution is the supreme law of the country, and ushered in the principle of constitutional supremacy and a system of governance based on the principles of constitutionalism, the rule of law, and respect for the human rights of the individual. The application of the Constitution is successful in preserving equality, peace and stability. Namibia has seen three decades of independence, smooth transition of power between three presidents as well as peace, stability and progress.

f) Young, educated and trainable workforce

Namibia has a relatively well educated and youthful workforce. In proportion to its population, the country has an abundance of public and private universities, as well as vocational training institutions distributed across the nation. The country's education system is flexible and responsive to the needs of emerging industries, producing a competent and well-trained workforce.

g) Strategic Location

Namibia is uniquely positioned to serve as a gateway for the region. With an integrated system of well-maintained transportation networks, Namibia's ports serve as an entry point for landlocked African countries seeking access to the global market.

h) Wider Market access via trade agreements

Namibia currently has the following regional integration and bilateral trade agreements, amongst others providing market access to goods produced in Namibia:

- Africa Continental Free Trade Area (AfCFTA);
- Southern African Development Community (SADC);
- Southern African Customs Union (SACU) – South Africa, Eswatini, Namibia, Lesotho & Botswana;
- Economic Partnership Agreement European Union;
- Free Trade Agreement between the European Free Trade Association (EFTA) States and the SACU States (Iceland, Liechtenstein, Norway & Switzerland);
- Preferential Trade Agreement between the Common Market of the South and SACU;
- SADC & EU Economic Partnership Agreement (EPA).

3.10.3 NAMIBIA INVESTMENT PROMOTION AND DEVELOPMENT BOARD (NIPDB)

NIPDB is Namibia's lead Investment Promotion Agency with a commitment to create a simple and transparent business environment, built on the foundation of peace, stability and rule of law.

It commenced operations in January 2021, taking over the functions of the predecessor, the Namibia Investment Centre (under the Ministry of Industrialisation and Trade). Located strategically in the Office of the President, NIPDB serves as the first point of call for potential investors wanting to do business in Namibia. It promotes Namibia as the investment destination of choice by improving ease of doing business, eliminating red tape and driving policy reforms.

It provides investors with an end-to-end solution from facilitating exploratory visits, business registration, visas and permits application, to licences attainment and partnerships. Furthermore, NIPDB collaborates with relevant agencies to identify and find solutions to general and sectoral constraints, provides input in policy framework to create a conducive investment climate and provide aftercare services to current investors.

NIPDB also assumes the lead coordinating role across all levers for Micro, Small and Medium Enterprises (MSMEs) development nationally. It provides targeted support for the development, innovation and acceleration of MSMEs in four (4) focal areas: Access to Finance, Access to Markets, Capacity Building and Ideation.

3.10.4 INVESTMENT OPPORTUNITIES

Potential areas for Business and Investment abound in the following sectors:

a) Agriculture and Agro-industry

Agriculture is one of Namibia's most important sectors with around 70% of the country's population depending directly on it for their income and livelihood. Livestock farming contributes to approximately two-thirds of agricultural production, with crop farming making up the remaining third.

Investment opportunities exist in:

- Maize and wheat production;
- Extensive horticulture of: grapes, dates, olive oil, jojoba and cut flowers;
- Food processing;
- Cotton production and establishment of cotton ginneries;
- Value addition in livestock products;
- Ostrich farming;
- Poultry and piggery.

b) Mining

Namibia's mining industry is one of the top 10 in Africa as per the 2021 Fraser Institute Annual Survey of Mining Companies. The mining and quarrying industry is one of the largest contributors to GDP (N\$16 billion in 2020).

Namibia is the world's fourth-largest producer of uranium oxide and largely sells to power utilities in Central Europe, North America and South-East Asia. Historically, diamond mining has been the leading sub-sector of Namibia's mining industry and it places Namibia in the top 10 global diamond producers in the world. Namibia is also a leading producer of zinc and the fourth-largest exporter of non-fuel minerals in Africa.

Opportunities exist in:

- Mining of diamonds, uranium, gold, copper, lead, zinc and other base metals;
- Jewellery Manufacturing;
- Diamond polishing and processing;
- Copper smelting;
- Zinc processing leading to 99.99% pure zinc);
- Dimension stones (processing of marbles and granites into table toppers and tiles);
- Coarse salt processing;
- Cement processing.

c) Tourism

Namibia has a unique mix of wildlife, spectacular scenery, and diverse cultures. Tourism is the fastest growing economic sector and employs over 100,000 Namibians, making this sector an important employer that helps reducing rural poverty. The increase in tourism to Namibia has led to a much-needed growth in this sector.

Opportunities exist in:

- Development of up-market hotels;
- Development of International conference centres;
- Development of lodges and game parks;
- Construction of hotel and restaurants;
- Development of communal conservancies.

d) Manufacturing

Manufacturing sector is a key driver with high value for job creation and raising standards of living for the emerging economies of the world.

The sector remains key in the Namibia's quest to industrialise thus presenting significant opportunities for high and sustained growth. Namibia's vision 2030 envisions the growth of the manufacturing sector at 7.0 percent per annum to make it an industrialised country.

Opportunities exist in:

- Production of caustic soda for domestic market and exports;
- Production of chlor alkali and processing for domestic and international markets;
- Production of fertilisers and other agricultural chemicals;
- Paints, coatings and adhesives manufacturing;
- Value addition of leather products;
- Manufacture of glass products;
- Manufacturing of pharmaceutical products;
- Steel manufacturing;
- Textiles and garments manufacturing;
- Household appliances;
- Electric and electronic components assembly;
- Manufacturing of automotive components;
- Construction and physical infrastructure development;
- IT (hard and software assembly/manufacturing);
- Manufacturing of plastic products;
- Manufacturing of building materials;
- Furniture assembly;
- Fish processing and canning.

e) Renewable Energy

The country is endowed with natural wind and sun resources, and is considered to be amongst the most competitive destinations in the world with potential to become a producer and exporter of green hydrogen, reckoned to catalyse the decarbonisation of the planet.

Namibia possesses a technical wind potential of over 100GW, making it one of the windiest places in the world with a capacity factor of around 50%. In addition, Namibia has a large capacity of rangeland and biodiversity which make it suitable for the accumulated biomass opportunities from bush thinning, making it an economically viable resource for value addition opportunities.

Opportunities exist in:

- Solar energy production and solar device manufacturing;
- Wind energy production;
- Biomass energy production and value addition;
- Energy storage;
- Green hydrogen production
- Green hydrogen applications in the port environment;
- Manufacture and assembly of wind foundations, blades, turbines and copper cables;
- Production of synfuel, methanol, fertiliser, green steel, zinc and iron ore.

f) Oil and Gas Sector

The oil and gas sector is a fairly new sector that requires further development for to grow. With the recent oil deposits discoveries in the Kavango East region and the Orange Basin Namibia is poised to become a major player in the oil and gas. The Government of Namibia has pledged to provide all the necessary support to ensure growth in the sector.

Opportunities exist in:

UPSTREAM ACTIVITIES

- Searching for potential underground or underwater crude oil and natural gas fields;
- Drilling of exploratory wells;
- Bringing the crude oil and/or raw natural gas to the surface.

DOWNSTREAM ACTIVITIES

- Refinery, reforming, blending storage, mixing and shipping of oil and gas.

3.10.5 STARTING A BUSINESS

Business and Intellectual Property Authority (BIPA) is the focal point for the registration of business and industrial property. BIPA is established by section 3 of the BIPA Act, 2016 (Act No.8 of 2016) and is a Public Enterprise as defined in the Public Enterprises Governance Act, 2019 (Act No.1 of 2019).

FORMS OF BUSINESSES

An investor wishing to invest in Namibia can register the following types of companies:

- External/Foreign Company – This is a company incorporated under the laws of a foreign company. They are required to register in Namibia in order to operate;
- Private Limited Company - One or more persons may form a private company for lawful purposes. The liability of each shareholder is limited to the original value of the shares issued to them;
- Public Limited Company - This is formed by 7 or more shareholders. The company can raise capital from the public and members of public may obtain substantial interest in the company. A public company may also list in the stock exchange.
- Close Corporations – Can be registered by a minimum of one and a maximum of ten members, who qualify for membership. The members of a corporation are not liable for the liabilities or obligations of the corporation merely by reason of their membership. A corporation shall have the capacity and powers of a natural person of full capacity in so far as a juristic person is capable of having such capacity or of exercising such powers.

COMPANY REGISTRATION PROCEDURE

a) Procedure for registration of external companies

- 1) Submission of name application/reservation form CM5. Name search can also be done online via the BIPA portal: <https://www.bipa.na/search/>

REQUIREMENTS:

- Completed CM5 Form (for reservation of a Company name);
 - Copy of Identity Document of Applicant;
 - Contact particulars (Mobile Number (Compulsory for submission) and Email Address (if available) of the applicant);
 - Prescribed Service Fee N\$75.00 (Payable in Cash at BIPA offices, Direct Bank Deposit and/or EFT).
- 2) Once the name reservation is approved, the applicant proceeds to apply for a Certificate of Incorporation and Certificate to Commence Business. This requires the submission of the following documents to BIPA:
- Approved name;
 - Certified copy of the Memorandum and Article of Association in triplicate, as it was registered in its original country;
 - Notice of postal and registered address on CM22;
 - List of Directors, Auditors and Public Officers on CM29;
 - Appointment of an Auditor on CM31;
 - Alteration to Memorandum of External Company on CM39;
 - Application of Certificate of Registration of memorandum of External Company CM49;
 - Statement by each Director regarding the Adequacy of Capital of Company on CM47;
 - Request for submission of additional Copies on CM51.

b) Private (proprietary) Limited and Public (Limited) Companies

- 1) Submit name application/reservation form CM5 or reserve a name online
- 2) Upon approval of the name, apply for company registration by submitting the following documents:
- Certificate to commence Business CM46;
 - Certificate of Incorporation CM1;
 - Memorandum of Association of a company that has share capital CM2;
 - Copy of Name reservation approval letter;
 - Notice of postal and registered addresses CM22;
 - List of directors, auditors and public officers CM29;
 - Appointment of Auditor CM31;
 - Article of association of a company that has share capital adopting schedule 1 CM44;
 - Article of Association of a company that has share capital not adopting schedule 1 CM44A;
 - Signatories to the Article of Association CM44C;
 - Request for submission of additional copies CM51 (where necessary);
 - Certified copies of the Company directors.

Note: The following are part of the Memorandum and articles of association booklet: CM1, CM2, CM44 or CM 44A and CM44C. This booklet is submitted in triplicate (i.e., x1 original copy and x2 notarised copies). The remaining documents are submitted as loose forms with the Memorandum and articles of association booklets.

FEES

| Description | Form | Fee |
|--|------|-----------|
| Registration of memorandum and articles of a company having a share capital | CM2 | N\$150.00 |
| Additional fee in respect of registration of memorandum and articles | CM2 | N\$7.50 |
| A company having a nominal share capital having shares of par value for each thousand Namibian Dollars or part thereof | CM2 | N\$7.50 |
| Notice of postal and registered addresses in duplicate | CM22 | N\$20 |
| List of directors, auditors and public officers in duplicate | CM29 | N\$20 |
| Statement by each Director regarding the Adequacy of Capital of Company | CM47 | N\$50 |
| Certificate to commence Business | CM46 | N\$100 |
| Request for submission of additional copies CM51 | CM51 | N\$10 |

- c) Procedure for registration of a close corporation
- 1) Submit a name application/reservation form CC8. Name reservations can also be done online
- 2) On approval of name reservation, submit a Founding Statement, form CC1. This requires the submission of the following documents:
- Copy of the approved form for name reservation;
 - Founding statement in triplicate;
 - Consent letter from the accounting officer;
 - Certified Copy of passport in case of foreigners.

If no identity document has been issued, a written statement to this effect must be attached.

Minor children and other persons under legal disability must be assisted by their parent, guardians or representatives, as the case may be and the capacity must be stated.

FEES

| Form | Description | Fees |
|------|--|-----------|
| CC1 | Registration of a Founding Statement | N\$150.00 |
| CC2 | Registration of an Amended Founding Statement in respect of Part A thereof | N\$60.00 |
| CC3 | Restoration of the registration of a Corporation | N\$225.00 |
| CC5 | Registration of an order of the Court | N\$60.00 |
| CC6 | Registration of a resolution to wind-up voluntarily | N\$60.00 |
| CC7 | Annual Duty | N\$120.00 |
| CC8 | Application for reservation of a name | N\$75.00 |
| CC9 | Change of the end of the current financial year | \$60.00 |

Source: BIPA

OTHER REGISTRATIONS/LICENSES

a) Licenses and permits

Once the company has been registered, the investor will be required to obtain necessary permits from other government agencies such as the Ministry of Trade and Industry, Ministry of Environment and Tourism, or Ministry of Agriculture, Water, and Land Reform etc., depending on the nature of the business.

b) Tax Registration

The investor is also required to register the business with the Namibia Revenue Department to obtain a tax identification number (TIN) and comply with tax laws.

c) Register for social security

If the investor intends to engage employees, they will be required to register for social security contributions with the Social Security Commission. Social security contributions are payable by the employer for employees working in Namibia. The payments are based on a principle of 50/50 of 50/50 contributions from employers and employees.

3.10.6 TAXATION

Businesses in Namibia are liable for the payment of the listed taxes.

a) Corporate Tax

Income earned by companies from a source within or deemed to be within Namibia will be subject to tax in Namibia. The corporate tax rates are summarised below:

| Entity | 2022/23 tax rate (%) |
|---|----------------------|
| Domestic companies and close corporations (excluding entities mentioned below) | 32 |
| Branches of foreign companies | 32 |
| Registered manufacturers (only applicable for the first ten years of registration) | 18 |
| Diamond mining companies and companies that render services to such companies in connection with diamond mining | 55 |
| Mining companies (other than diamond mining companies) and companies that render services to such companies in connection with mining | 37.5 |
| Long-term insurers (the rate is applied to gross investment income) | 12.8 |
| Petroleum income tax rate | 35 |

b) Value Added Tax

VAT is levied at the standard rate of 15% on the supply of most goods and services and on the importation of goods. It is mandatory for a person who carries on a business with an annual taxable turnover above 500, 000 to apply for VAT registration.

c) Withholding Tax

WHTs are applicable where certain payments are made to non-Namibian residents. Dividends declared by a Namibian company to a non-resident holding company are subject to NRST, a WHT. NRST is payable at the standard rate of 10% if at least 25% of shares are held in the Namibian company and the shareholder is a company. In all other cases, the NRST payable is 20%.

NRST is payable within 20 days following the month that the dividends were declared.

INTEREST

A WHT of 10%, calculated on the gross amount of interest, is payable on interest accruing to any person, other than a Namibian company, from a registered Namibian banking institution or unit trust scheme. The tax withheld is a final tax, and the financial institution is responsible to withhold the tax.

d) Personal Income Tax

The tax rates for the taxable Income for the years of assessment ending 2022/2023 are as follows:

| Taxable income (NAD) | | Tax on column 1 (NAD) | Tax on excess (%) |
|----------------------|-----------|-----------------------|-------------------|
| Over (column 1) | Not over | | |
| 0 | 50,000 | 0 | 0 |
| 50,000 | 100,000 | 0 | 18 |
| 100,000 | 300,000 | 9,000 | 25 |
| 300,000 | 500,000 | 59,000 | 28 |
| 500,000 | 800,000 | 115,000 | 30 |
| 800,000 | 1,500,000 | 205,000 | 32 |
| 1,500,000 | | 429,000 | 37 |

3.10.7 IMMIGRATION PROCEDURES

The Department of Immigration Control and Citizenship under the Ministry of Home affairs, Immigration, Security and Safety is mandated to facilitate lawful migration. This is done through the issuance of Visas, Permits, Entry/Departure stamps and through various types of Namibian citizenship.

VISA

Any foreigner wishing to visit Namibia is required to obtain a visa. Applications for the visas are done online through <https://eservices.mhaiss.gov.na/>. Investors can click here to get the list of countries that have Visa Exemption Agreements with Namibia.

GENERAL REQUIREMENTS FOR VISA:

- Application form;
- Certified copies of passport (person data page);
- Motivation letter from application/host/employer;
- Upon approval, applicant will be requested to submit passport together with original receipt of payment;
- Motivation letter stating among other things the reasons why a Namibian or Namibian service provider cannot be hired for the job;
- Proof that the post or services were advertised in local newspapers (attach list of unsuccessful shortlisted Namibian candidates or service providers);
- All copies must be certified.

Note: All applications for work visa beyond a period of six (6) months must follow the requirements of employment permit.

ADDITIONAL REQUIREMENTS FOR EMPLOYMENT VISA:

- Proof of educational qualifications;
- Proof of tender/contract;
- Original police clearance certificate from country of origin (applicable for six (6) months applications only);
- Medical and radiological certificates/reports (applicable for six (6) months applications only).

DURATION

The processing time is a minimum of 3 working days after submission of application. Applications should be submitted between 09:00 - 11:00 am and pick-up time is between 3:00- 4:00 pm.

FEES

| | | |
|-------|--|---|
| Visas | Holiday / Visitor's Visa and other Visas *free for Countries that have Visa Exemption Agreements with Namibia | N\$ 600.00 (First application and extension, up to 90 days per annum only) |
| | Visas upon arrival | N\$1 200.00 Per Visa (Limited for 90 days) |
| | Short Term Employment Permit (Employment Visa) | N\$1 100.00 (First application and extension, up to 90 days per annum only) |
| | PRP Re-entry Visa | N\$ 800.00 (2 years) |

WORK PERMITS

Applications for work permits are made to the Department of Immigration. Below, are the various forms of permits issued

| Type of permit | Requirements | Validity | Cost |
|---|---|----------|--------------|
| Employment Permit | <ul style="list-style-type: none"> Completed temporary work permit form number 0/2742(2); Completed visa application form number 3-10033; Completed medical report form number 3-1/0003; Completed radiological report form number 3-1/0004; Completed deed of surety form number 3-1/0005 signed by bank or employer; Copy of passport (personal data page); Two (2) passport photos; Police clearance certificate from country of origin and last country of residence for the past six (6) months; Copy of marriage certificate if married to a Namibian citizen and proof of citizenship; Registration with Namibia Professional Board/ Council or Association, if the profession requires that. <p>Upon approval, applicant will be requested to submit approval letter passport for endorsement together with original receipt of payment of permit</p> <p>To be completed and submitted by the employer</p> <ul style="list-style-type: none"> Work offer (completion of employer's representation form); Company profile; Deed of surety must be signed by the bank; Proof of advertisement of vacancy in local newspaper; Proof of registration with Social Security Commission and a printout list of registered employees; CV's of unsuccessful Namibia candidates or their full names, highest qualifications and contact details. | Per Year | N\$2 600.00 |
| Renewal/ Extension of Employment Permit | <ul style="list-style-type: none"> Completed application; Application for re-entry visa form; Motivation letter from employer; Company profile / audited financial statements/ Social Security registration of employees; Copy of passport (cover page, page on personal particulars and last permit endorsed page); Proof of being tax payer in Namibia; Progress report on the training of Namibians employees (on the job training/ skill transfer/ human resources development plan/ Replacement Strategy Plan); Favourable local police clearance; Proof of advertisement of the post held, CVs or names of unsuccessful Namibians and their qualifications and contact details; Proof of local employees as well as their Social Security registration numbers. | Per Year | N\$2 600.00 |
| Permanent Residence Permit | <ul style="list-style-type: none"> Completed application for Permanent Residence Permit; Completed temporary work or students' permit form number 0/2742(2); Completed visa form number 3-10033; Completed medical report form number 3-1/0003; Completed radiological report form number 3-1/0004; Completed deed of surety form number 3-1/0005 signed by bank or employer; Copy of passport (personal data page); Two (2) passport size photos; Police clearance certificate from country of origin; Latest Police Clearance from Namibia; Marriage certificate (if married) (divorce letter); Death Certificate of late spouse (all widows and widowers); Detailed CV; Work references/ letter (s) of recommendation; Proof of financial resources, assets (own income and any other); Questionnaire (training and experience); Upon approval, applicant will be requested to submit copy of approval letter, passport together with original receipt of payment for endorsement of permit. | | N\$20 000.00 |

3.10.8 USEFUL CONTACTS

- Namibia Investment Promotion and Development Board (NIPDB), Cnr Garten Street and, Dr. A.B. May Street, P/ Bag 13340, Windhoek, Namibia
P/ Bag 12039
Tel: +264 (0) 83 333 8600
Email: info@nipdb.com
- Business and Intellectual Property Authority (BIPA)
3 Rühr Street, Northern Industrial Area
P.O. Box 185, Windhoek, Namibia
Tel: +264 61 299 4400, Fax: +264 61 401 061
Email: info@bipa.na, filerequest@bipa.na
- Ministry of Home Affairs, Immigration, Safety and Security, MHAISS, Corner of Hosea Kutako Drive and Harvey Street, Windhoek, Namibia.
P/Bag 13200, Windhoek, Namibia
Contact Us: 081 9511000/081 951 0000
Namibia.Immigration@mha.gov.na
E services portal
+264 81 951 0184 / 0196 / 0629
Support@Mhaiss.Gov.Na
- Namibia Revenue Authority
Moltke Street, Windhoek, Namibia
+264 (61)209 2259
asycudeworld@namra.org.na
- Ministry of Industrialisation and Trade
Permanent Secretary
Brendan Simbwaye Square, Goethe Street
Private Bag 13340, Windhoek
Telephone: +264-61-283-7332
Fax: +264-61-220227
Website: <http://www.mti.gov.na>

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- https://www.npc.gov.na/wp-content/uploads/2022/02/Manufacturing-paper-Nov_2017.pdf
- <https://www.trade.gov/country-commercial-guides/namibia-mining-and-minerals>
- https://www.veritaszim.net/sites/veritas_d/files/Fraser%20Institute%202021%20Survey%20of%20Mining%20Companies_0.pdf
- <https://www.worlddata.info/africa/namibia/index.php>
- <https://www.worldometers.info/world-population/namibia-population/>
- Namibia Constitution
- Namibia Vision 2030
- <https://www.worldbank.org/en/country/namibia/overview>



3.11 SEYCHELLES PRACTICAL GUIDE

3.11.1 COUNTRY PROFILE

COUNTRY OVERVIEW

Seychelles, island republic in the western Indian Ocean, comprises of 115 islands, with lush tropical vegetation, beautiful beaches, and a wide variety of marine life. Situated between latitudes 4° and 11° S and longitudes 46° and 56° E, the major islands of Seychelles are located about 1,000 miles (1,600 km) east of Kenya and about 700 miles (1,100 km) northeast of Madagascar. The capital, Victoria, is situated on the island of Mahé. The country has an estimate population of around 107,000 inhabitants, three-quarters live on the main island of Mahé.

ECONOMIC OVERVIEW

Seychelles has the highest Gross Domestic Product (GDP) per capita in Africa, at \$ 15, 926 (2022). Its economy is highly dependent on tourism and fisheries.

GDP growth reached 9% in 2022, before moderating to 4.3% in 2023. Average inflation fell to 2.6% in 2022. This reflects a moderation in global energy and food prices and recovering private consumption. The Seychelles currency Rupee is expected to remain strong and slightly appreciate to SRs13.3 per US dollar by end-2024, supported by modest flows of foreign exchange into the tourism sector (World bank)

GOVERNMENT SYSTEM

The Constitution of the Third Republic of Seychelles is the Supreme Law and establishes the country's system of government. It provides for three separate branches of the State, which puts in place a separation of powers – the Executive, the Legislature (or Parliament) and Judiciary.

The Executive is the administrative arm of government and is responsible for putting into operation the laws passed by Parliament and administering the programs and services that are delivered by Government. The head of state and Government/Executive is the president, who is directly elected by popular vote and may hold office for up to two consecutive five-year terms.

The National Assembly of Seychelles is the Legislative branch of Government and is a unicameral Parliament consisting of only one House. The Assembly currently comprises of up to 35 Members, of who 26 are directly elected to represent Constituencies and 9 are proportionally elected. Members can belong to a political party or be Independent.

The Judiciary is the legal branch of government and is responsible for interpreting and enforcing the laws of Seychelles. It is headed by the Chief Justice. Judicial power and authority is exercised by the courts (the Supreme Court, the Court of Appeal, the Magistrates Court and the Constitutional Court, as well as other courts and tribunals). The courts are independent of Parliament and the Executive.

LEGAL OVERVIEW

Seychelles has an efficient legal system that is based on both French Napoleonic Code and British common law. As a part of the World Intellectual Property Organisation (WIPO), the government guarantees that the intellectual property rights of individuals and companies, obtained in their home country, will be well-protected hence asset protection is a given.

GENERAL INFORMATION

| | |
|---------------------------------------|---|
| Official Name | Republic of Seychelles |
| Capital City | Victoria |
| Area | 455 sq. Km |
| Population (2023) | 107,940 (World meter) |
| Official Languages | Creole, English and French |
| Nationality | Seychellois |
| Currency | Seychellois Rupee (SR) |
| Int'l. Dialing Code | +248 |
| Time zone | 4 hours ahead of GMT, |
| Ethnic groups | Creole (A mixture of European, Asian and African |
| Main Destinations of Exports 2022 | France, Bermuda, United Arab Emirates, United Kingdom, Zambia (UNCTAD Stat) |
| Main Origins of Imports 2023 | Saudi Arabia, South Africa, France and Spain. |
| Total Exports (Millions of US\$) 2023 | 537 (World Bank) |
| GDP 2022 (Millions current US\$) | 1 706 (UNCTAD Stat) |
| GDP per Capita (current US\$) 2022 | 15 926 (UNCTAD Stat) |
| FDI (Millions current US\$) (2022) | 212.05 (UNCTAD Stat) |



3.11.2 WHY INVEST IN SEYCHELLES

a) Robust legal regulatory framework for investments

Acquisition of private property in Seychelles is protected and government can only expropriate property in cases of public interest or for public safety. In such cases, the 1978 Lands Acquisition Act states that when the government takes possession of property, it must pay prompt and full compensation for the property.

Seychelles is a party to the ICSID Convention and New York Convention. The ICSID convention provides means of conciliation and arbitration to settle investment disputes between contracting states and nationals of other contracting states while the New York convention allows for the recognition and enforcement of Foreign Arbitral Awards.

Seychelles also has an Investment Appeal Panel to provide an appeal mechanism for investors to challenge the government's decisions regarding investments or proposed investments in Seychelles.

Further, Seychelles has undertaken a complete overhaul of its legislative framework. The country offers generous fiscal incentives to foreign investors. In an ever-increasing drive to improve competitively, Seychelles has signed Double Tax Avoidance Agreements with a number of jurisdictions which further incentivise and facilitate the registration of businesses in and from Seychelles.

b) International relations

Seychelles pursues bilateral, multilateral and regional relations in a peaceful, proactive and innovative manner. It subscribes to the broader concept of human security and supports initiatives that create favourable conditions for regional stability, international cooperation, and economic prosperity contributing to peace, security and stability in the region through proactive diplomacy.

c) Wide market access

Seychelles is also party to the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Indian Ocean Commission (IOC), Tripartite FTA, World Trade Organization and Other Preferential Trade Agreements (PTAs).

Seychelle has also signed bilateral treaties with several countries. Goods and services emanating from the country enjoy preferential treatment and have access to a wide market.

d) Investment climate

The Seychelles investment climate has changed radically over the past decade, in the wake of the decision to transform the economy of Seychelles from a predominantly agricultural / tourism-based one into a sophisticated international service centre, receptive to foreign investors.

The Seychellois government is committed to improving the business environment through public-private partnerships (PPP) to upgrade the country's infrastructure. In March 2021, the cabinet of ministers approved the migration from the 2017 version of the harmonized system of classification to the 2022 version.

e) Skilled labour force

Seychelles has 96% literacy rate with an increasingly educated and skilled workforce. It has a network of colleges and universities, offering courses in diverse fields – from IT and mechanics to hotel management, even nurturing an array of professionals in law, finance, medicine, and more.

f) Other factors

- Located in the heart of the Indian Ocean with excellent air connectivity to major hubs in the Middle East, Europe, Africa, and Asia;
- The main population is situated outside the cyclonic belt;
- Favourable time zone of GMT+4;
- Temperature ranges from 25-32 degrees Celsius throughout the year;
- Politically and economically stable environment;
- A growing economy with expanding opportunities in Fisheries, Agriculture, Real Estate, Adventure & Sports Tourism, ICT, and Energy;
- Offers a world-class financial centre with no foreign exchange restrictions;
- 1st in Africa and 23rd in the world on the Corruptions Perceptions Index 2022;
- 1st Highest GDP per Capita in Africa 2022;
- 2nd for the Mo Ibrahim Index of African Governance 2022;
- 2nd in Africa on the Human Development Index 2022;
- 1st in Africa on the Henley Passport Index 2022;
- 3rd in Africa in E-Government Development Index 2022.

3.11.3 SEYCHELLES INVESTMENT BOARD

The Seychelles Investment Board (SIB) was established in 2004 and is the national single gateway agency for the promotion and facilitation of investment in the country. The Agency works in collaboration with other government agencies to promote and facilitate local and foreign investments in the country.

Its functions entail:

- Undertaking promotional activities to attract local and foreign investment;
- Promoting investment opportunities;
- Conducting sector specific investment missions and information seminars;
- Providing guidance for government policy change or adaptation or investment policy implementation;
- Assisting investors with application processes to obtain the necessary permits, licenses, incentives and exemptions;
- Mediation with other governmental agencies, and provide administrative and advisory support;
- Partner identification and matchmaking;
- Enhancing and encouraging re-investment, diversification and expansion according to the priority sectors;
- Identifying and addressing key barriers to increase business expansions and re-investment;
- Undertaking periodic reviews of issues/barriers and formulating appropriate measures for the smooth implementation and operations of projects.

3.11.4 INCENTIVES

The Seychelles government has created a positive environment for business and provides several investment incentives, including tax credits, exemptions, and duty-free access for the import of materials required for initial investment. The country levies no capital gains tax or withholding tax.

a) Professional and technical services

Income derived by companies providing health services is taxed at a reduced 15% CIT rate. Further, VAT exemption is provided for:

- Imports of medical, surgical, dental, pharmaceutical and veterinary goods, instruments and appliances;
- Life insurance premiums, health insurance premiums, marine cargo insurance premiums, insurance premiums under the agriculture disaster and fisheries insurance schemes or a reinsurance contract by a person carrying on the business of a licensed insurer or reinsurer;
- Hospital, medical and dental services including ancillary services as approved by the public health authority.

b) Accommodation, food and recreation

A special rate of 0% is applicable to income derived by casino owners. Further, income derived from selling lottery and game of chance tickets is exempt from tax.

Tourism activities are fully CIT-exempt up to SCR 250 000 (under USD 14 000) This applies to “small companies” (under USD/EUR/GBP 10M turnover and/or USD/EUR/GBP 500 000 in annual income). For annual incomes exceeding SCR 250 000, tourism activities are taxed at a concessionary CIT rate of 15%

Under the Business Tax (Amendment) Act, 2010 tourism operators are allowed deductions from taxable income for expenditures on training activities certified by the Seychelles Tourism Board. Further, emoluments paid to part-time students and qualified graduates of the Seychelles Tourism Academy are allowed as deductions from taxable income.

c) Distribution sector

Companies engaged in import/export and operating “exclusive shop outlet”, or duty-free shops, are taxed under an alternative regime of 12% on the total business turnover.

d) Financial investment sector

Pursuant to the Mutual Fund and Hedge Fund Act, licensed funds are wholly exempt from the application of the Business Tax Act. Such exemption shall remain in force for a period of twenty years from the date of commencement of the Act and shall continue in force thereafter unless or until expressly repealed or amended by a written law.

Licensed fund administrators are partially exempt from the application of the Business Tax Act, as their tax liability is limited to the payment of mutual fund license and annual renewal fees. The tax concession is only applicable where the licensed fund administrator meets the substantial activity requirements. Both “licensed funds” and “licensed fund administrators” may take the form of “companies incorporated in Seychelles or a recognized jurisdiction.

e) Renewable energy sector

Goods imported to be used in the process of conservation, generation or production of renewable energy or environment friendly are exempt from the payment of value added tax. The photovoltaic (PV) financial rebate scheme launched in May 2014 has been put in place as an incentive to encourage residential and commercial premises to install PV systems connected to the national electricity grid on their rooftop to power their homes and businesses.

Further, all duties including environment levy were removed on electric vehicles in 2015.

f) Free Trade Zones

The Seychelles International Trade Zone (SITZ) Act of 1995 provides for the establishment of free trade zones, which aim to combine the benefits of a freeport and an export processing zone. A number of locations have been declared International Trade Zones under this regime. The list of concessions available to ITZ license holders includes the following:

- Exemption from customs duties on certain capital equipment to be used in the SITZ;
- Exemption from certain taxes;
- Exemption from fees with respect to work permits;
- Entitlement to full foreign ownership;
- Entitlement to employ 100 percent foreign labour; and
- Exemption from national labour laws.

Activities of the ITZ are regulated by the Seychelles Financial Services Authority. Foreign-owned firms benefit from the same incentives as local firms operating in the ITZ.

3.11.5 INVESTMENT OPPORTUNITIES

Investing in Seychelles offers numerous opportunities for individuals and businesses alike. With its stable political and economic environment, Seychelles is attracting increasing interest from investors around the world. In addition to its favourable tax policies, the country offers a range of investment opportunities that are unmatched in the region.

Opportunities include:

a) Tourism

The Seychelles' largest non-government economic sector is tourism which employs about 15% of the formal labour force. The 115 islands' stunning natural surroundings and distinctive Creole culture have drawn an increasing number of tourists as well as regional and international businesses looking to invest in the area.

Opportunities abound in ecotourism, cultural tourism, and sports tourism.

They include:

- Sporting and cultural events;
- Culinary events;
- Eco-lodges and high-end boutique hotels;
- Adventure and sports tourism;
- Cultural and heritage products and events;
- Maritime and cruise tourism;
- Zip lining, rock climbing, bungee jumping, paragliding and sky diving activities.

b) Real Estate

Investors can lease land from the government and/or buy land from the private sector. Investors wishing to lease land from the government have to submit a project concept to the SIB. It is advisable to identify a site before a project proposal is submitted.

Statistics indicate that the value of residential real estate market in Seychelles is projected at US\$3.88bn in 2023 with an annual growth rate (CAGR 2023-2028) of 3.28%, resulting in a market volume of US\$4.56bn by 2028 (Statista).

Opportunities exist for construction of:

- Warehouses;
- Retirement homes;
- Condominiums;
- High-end real estate.

c) ICT

Seychelles has always been among the leaders in the region with respect to the deployment of ICT with internet penetration of 79% and mobile penetration of 187% in 2022.

Opportunities exist in:

- E-business solution providers;
- Website providers;
- Cyber security;
- MultiMedia development (software/videos/animation/website/audio);
- Data centers;
- Submarine cable links;
- Wireless technology;
- Television service providers;
- Internet service providers;
- Mobile service operators;
- Application development.

d) Blue economy

Seychelles is a global biodiversity hotspot comprising of 115 islands in the Indian Ocean. As an island nation that depends almost entirely on its ocean, it has become a prime example of a country that has embraced the blue economy.

The blue economy in Seychelles has been built on a foundation of transformation from the status quo to a development which incorporates the need to conserve our marine resources while creating wealth for equitable distribution.

Opportunities exist in:

- Aquaculture;
- Fin fish farming;
- Sea cucumber farming;
- Mud crab farming;
- Prawns farming;
- Oyster farming;
- Sea urchin farming;
- Cold chain logistics.
- Waste management (recycling).

e) Professional services

Seychelles is a service-mixed oriented economy and with a continuous increase in professional services for investments in the country. An average of 2000 businesses are registered annually in Seychelles.

Opportunities exist in provision of the following services:

- Architectural services;
- Information technology;
- Engineering services;
- Accounting and bookkeeping services;
- Translation services;
- Delivery services.

f) Renewable Energy

Renewable Energy plays an increasingly important role in the Seychelles economy. The overall goal is to not only mitigate the effects of climate change but also strengthen the energy security. It is an area that will drive local industries, local and foreign investments as well as create job opportunities.

Opportunities include:

- Independent power producers;
- Transmission and distribution operators;
- Solar energy generation and distribution;
- Photovoltaic equipment suppliers;
- Waste to energy systems;
- Suppliers of electrical equipment (renewable);
- Energy efficient technology (smart systems for domestic/ commercial use);
- Offshore wind, wave and tidal energy conversion;
- Ocean Thermal Energy Conversion (OTEC).

3.11.6 STARTING A BUSINESS

FORMS OF BUSINESSES

| Type | Characteristics |
|--|---|
| Sole Proprietorship | <ul style="list-style-type: none"> • Consists of one person; • No minimum capital required; • The individual is personally liable for all the debts and obligations of the business. |
| Partnership | <ul style="list-style-type: none"> • Consists of a minimum of two partners; • No minimum capital required; • Partners are personally liable for debts and obligations of the business. |
| Limited Partnership | <ul style="list-style-type: none"> • Consists of a minimum of two partners two (at least one general partner); • No minimum capital required; • The general partners manage the business and have unlimited liability for its debts and obligations, while the limited partners contribute capital but have limited liability. |
| Private Company | <ul style="list-style-type: none"> • Consists of a Minimum of one shareholder and one director, who can be the same person; • Capital (max/min): SCR 5,000 (approximately USD 370); • Shareholders and liability: Limited to the shares. |
| Special Licence Company (CSL) | <ul style="list-style-type: none"> • Incorporated under the Companies (Special Licenses) Act, 2003; • Required to obtain a special license by the Seychelles International Business Authority to carry its business activities; • Has to be registered with Financial Services Authority. |
| International Business Company (for offshore operations in the Seychelles) | <ul style="list-style-type: none"> • Consists of a minimum of one shareholder and one director who need not be residents of Seychelles; • No minimum capital required; • Need a local agent and a registered office in Seychelles; • Shareholder's liability limited by shares or limited by guarantee (with or without share capital). |

COMPANY REGISTRATION PROCESS

a) Submit Business Plan

An applicant is first required to submit the business plan to Seychelles Investment Board. SIB provides guidelines which include the required information for the business plan, as well as the list of other required documents. SIB will then circulate the project concept/business plan to the referral agencies for government recommendation.

b) Register Business or Company

Upon approval of the business concept, the investor can now register the business or company at the Registration Division. The investor will be required to reserve the company/business name first. Once a proposed company name has been approved by the registrar, the investor may apply to the registrar to incorporate the company. Following a request for incorporation, the registrar will reserve and issue (subject to timely incorporation) a unique company registration number to the proposed company. The registrar will then inform the investor in writing (usually by email) of the proposed unique company registration number.

The Investor will then be required to submit at least 3 copies of the company's Memorandum and Articles of Association accompanied by the prescribed fee of US\$130. Upon filing of the Company's Memorandum and Articles for registration, the registrar will incorporate the company and issue its Certificate of Incorporation.

OTHER REGISTRATIONS

a) Business license

Should the activity be licensable, the investor will be required to apply for a license at the Seychelles Licensing Authority (SLA). Applicants can apply, renew and pay for business license online. For the full list of licensable activities, please visit the SLA website: <https://www.sla.gov.sc/business-license-application/>

b) Planning approval

Construction of buildings and any other infrastructure in Seychelles is regulated by the Seychelles Planning Authority. Should the project require architectural planning approval, the investor will be required to submit their detailed planning application to the Authority. For foreigners applying for a change of use for a building, a feedback letter from SIB is required upon submission of same at the Planning Authority.

c) Tax Identification Number

All new businesses must register with the Seychelles Revenue Commission (SRC) within 14 days of trading. For new businesses with employees, the business must register all its employees within 7 days of employment. Registration is done online via TMS.

REQUIREMENTS FOR REGISTRATION

- National identification card or passport;
- Copy of license issued by respective authorities (e.g., Seychelles Licensing Authority, Financial Services Authority etc.);
- Copy of partnership or company registration certificate as issued by the Registrar of Companies;
- Details of tax agent (if any).

d) Bank account

Banking in Seychelles has developed substantially over the years. There are currently seven commercial/retail banks, one development bank, one offshore bank, and two housing mortgage/cooperative banks. Investors can open corporate accounts with these banks.

Most global banks will require the following documents during account opening:

- Corporate documents of the entity including certificate of incorporation and memorandum & articles of association;
- KYC documents of directors and shareholders including passport copies and proof of address;
- Corporate resolutions;
- Business plan.

e) Gainful Occupation Permit

Foreign employees are required to apply for a Gainful Occupation Permit (GOP) at the Ministry of Employment and Social Affairs. See immigration section for more info on the Gainful occupation permit.

3.11.7 TAXATION

Businesses are required to comply with the following taxes in Seychelles:

a) Business Tax

This is levied on the taxable income; that is, assessable income less any allowable deductions, except for those exempted in the Second Schedule, as per the Business Tax Act- Amendment 2021.

Business Tax is levied at different rates depending on whether it is a sole trader, company or partnership as well as other activities as per SI 108 2021 - Business Tax (Amendment of Schedules) Regulations 2021.

BUSINESS TAX RATES ARE APPLICABLE AS OF JANUARY 2022

| Company (An entity, government body, or a trustee) | Sole trader (Any person other than an entity or a government body) |
|---|---|
| 15% on the first SCR 1,000,000 of taxable income | SCR 0 to SCR 102,666 of taxable income: 0% |
| 25% on SCR 1,000,001 and above of taxable income | SCR 102,667 to SCR 1,000,000 of taxable income: 15% |
| | SCR 1,000,001 and above of taxable income: 25% |

| Tourism | Fisheries | Agriculture |
|--|--|-------------------------------------|
| 15% on SCR 0 to SCR 1,000,000 of taxable income | Presumptive tax of 1.5% of the annual turnover for Individual fisherman (No exceptions for boat owners) | Exempt from business tax up to 2026 |
| 25% on SCR 1,000,001 and above of taxable income | | |

| |
|---|
| Telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers |
| 25% on the first SCR 1,000,000 of taxable income |
| 33% on SCR 1,000,001 and above of taxable income |

b) Presumptive Tax

The Presumptive Tax regime was introduced in 2013 for businesses with an annual turnover that is up to SCR 1 million and not registered for Value Added Tax. It is payable at a rate of 1.5% of the annual turnover.

Businesses are required to pay the income and non-monetary benefits tax. This group will only pay presumptive tax and income and non-monetary tax if they have employees. Presumptive Tax is payable by 31st March for the revenue generated in the previous year.

c) Value Added Tax

VAT is a consumption tax levied on the sales of goods and services provided in Seychelles. VAT is levied at the point of entry and charged at the point of sale, except on goods and services exempted in S.I 71 of 2021 of the VAT (Amendment of Schedules) Regulations, 2014, and further amended by the S.I. 33 of 2018).

Businesses with taxable supplies of SCR 2 million and above will be liable to pay VAT. The Standard VAT Rate is 15% for goods and services consumed in Seychelles.

The due date for lodging VAT return and Business Activity Statement (BAS) form and paying any amount due on the statement is 21 days after the end of each month.

d) Progressive Income Tax

Progressive Income Tax is levied on employees' gross emoluments e.g. (salary, allowances). The employer is required to submit a payroll on a monthly basis, no matter the number of employees even if the gross emoluments is below or within the free threshold of SCR8, 555.50.

Deadline for payment of the tax is on the 21st of the following applicable month.

| Monthly Wage (SCR) | | Rates | |
|--------------------|----------|------------------|----------------------|
| From | To | Citizen Employee | Non-Citizen Employee |
| 0 | 8,555.50 | 0 | 15% |
| 8,555.51 | 10,000 | 15% | 15% |
| 10,000.01 | 83,333 | 20% | 20% |
| > 83,333 | | 30% | 30% |

3.11.8 IMMIGRATION PROCEDURES

VISITORS PERMIT

Seychelles is a visa-free country, which means that there are no visa requirements for any persons wishing to travel except for passport holder from Kosovo. Nevertheless, visitors should have in their possession a valid passport or other travel documents recognized by the government of Seychelles in order to gain entry.

A visitor's permit is issued on arrival in Seychelles to a person who comes for the purpose of holiday, pleasure, business, visit friends or family and who:

- Is not a prohibited immigrant;
- Is not the holder of a valid permit which entitles the holder to reside in Seychelles;
- Holds a valid return or onward ticket for duration of visit;
- Has confirmed accommodation;
- Has sufficient funds for duration of the stay.

The permit may be granted for a period of visit of up to three months upon arrival. It can be extended for successive periods not exceeding three months at a time to a maximum period of twelve months, provided that the person still meets the criteria of a bona fide visitor.

The visitor's permit is issued free of charge for the first three months after which, a fee of SCR. 5,000/- is applicable for extension covering each period of three months or any part thereof.

It is worth noting that all non-citizens travelling to Seychelles must first complete the Travel Authorisation, as per Seychelles law.

GAINFUL OCCUPATION PERMIT (GOP)

A GOP allows the holder to be gainfully occupied in Seychelles whether as an employee or as a self-employed person.

STEP 1: OBTAIN AN APPROVAL CERTIFICATE FROM THE MINISTRY OF EMPLOYMENT, AND SOCIAL AFFAIRS.

REQUIREMENTS FOR APPROVAL CERTIFICATE

- Application form;
- Proof of vacancy advert;
- List of respondents to the advert;
- Updated establishment list;
- Company's certificate of incorporation;
- Evidence of salary payment (where applicable);
- List of approved projects and their duration (where applicable);
- Accommodation certificate from Ministry of Health localization/succession plan and/or training plan (where applicable).

STEP 2: SUBMIT APPLICATION FOR GAINFUL OCCUPATION PERMIT. THIS IS SUBMITTED TO THE IMMIGRATION OFFICE, INDEPENDENCE HOUSE, VICTORIA AT LEAST ONE WEEK BEFORE THE EMPLOYEE IS DUE TO START WORK.

The application form is to be completed by the prospective employer. In the case of a self-employed, by the person seeking the permit.

REQUIREMENTS

- GOP Application form;
- Valid employment approval passport;
- Passport photo;
- Medical certificate;
- Covering letter;
- Valid certificate of entitlement;
- Up to date establishment list;
- Travel history print out if employee is in the country
- SMSA Approval for Seafarer /Media Commission Approval /NSC Approval;
- Copy of ID for career;
- SQA evaluation certificate;
- Curriculum Vitae;
- Educational certificate;
- CINEA approval for entertainers.

NEW COMPANY

- Business license;
- Memorandum & article of association;
- Registration certificate.

CONDITIONS TO COMPLY WITH AFTER ISSUANCE OF GOP

- Submission of attested contract of employment;
- Submission of security bond as follows:
 - a) 5 to 10 expatriates SRC 20, 000;
 - b) 10 to 30 expatriates SRC 30, 000;
 - c) Above 30 expatriates SRC 50, 000.

GOP FEES

| | |
|--|----------------|
| Non-refundable processing fee GOP fees per month | SRC 1, 000 |
| Endorsement Fee | SRC 500 |
| Married to Seychellois | SRC 1, 000. 00 |
| Agriculture / Semi industrial Fishing Vessel | SRC 125. 00 |
| Sport | |
| First Player / Coach monthly | SRC 125. 00 |
| Second Player monthly | SRC 250. 00 |
| Third Player monthly | SRC 500. 00 |

Duration: Gainful occupation permits (GOP) can be collected between 1 - 5 days after submission of application.

INTERNATIONAL TRADE ZONE PERMIT

An international trade zone work permit allows a non-Seychellois to enter and remain in Seychelles for the purpose of employment in an International Trade Zone.

It is the responsibility of the prospective employer to apply for the permit through the Financial Services Authority (FSA), Seychelles.

The spouse and minor children of an ITZ work permit holder may upon application be endorsed on the ITZ work permit.

3.11.9 USEFUL CONTACTS

- Seychelles Investment Board
<https://investinseychelles.com/>
2nd Floor Independence House Annex, Victoria,
Mahe, Seychelles
(+248) 429 5500
investinseychelles@sib.gov.sc
- Seychelles Revenue Commission Headquarters
Maison Collet, Victoria: Tel: 4293737†
Email: advisory.center@src.gov.sc
<https://src.gov.sc>†
- Seychelles Licensing Authority
Orion Mall, Constitution Avenue, Mahe, Seychelles
+248 4283400
enquiry@sla.sc
pr@sla.sc
<https://www.sla.gov.sc>
- Financial Services Authority
Bois De Rose Avenue, P.O. Box 991
Victoria, Mahe, Seychelles
Contact Details
T: +(248) 438 0800
F: +(248) 438 0888
E: enquiries@fsaseychelles.sc
<https://fsaseychelles.sc>
- Immigration and civil status Department
Independence House
Victoria, Mahe
(+248) 4 293636 / 4293600
e-mail: m.laporte@gov.sc
- Ministry of Employment, and Social Affairs
Employment Department
Independence House Annex
4-5th Floor
Independence House and
Ocean Gate House Room 2 & 11
Victoria, Mahe
Seychelles
Phone: [248]2812537/2823936/4297200
Email: contact@employment.gov.sc
Web Site: <http://www.employment.gov.sc>

3.11.10 REFERENCES

- Business Tax (Amendment of Schedules) Regulations 2021.
- Business Tax Act- Amendment 2021.
- Financial Services Authority (FSA)
- <https://datareportal.com/reports/digital-2022-seychelles>
- <https://investinseychelles.com/why-seychelles/reasons-to-invest>
- <https://investmentpolicy.unctad.org/international-investment-agreements/countries/188/seychelles>
- <https://seylii.org/akn/sc/act/si/2018/88/eng@2018-12-24/source.pdf>
- <https://src.gov.sc/>
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- <https://www.nationalassembly.sc/our-system-government>
- <https://www.sla.gov.sc/business-license-application/>
- <https://www.statista.com/outlook/fmo/real-estate/seychelles>
- <https://www.worldbank.org/en/country/seychelles/overview>
- <https://www.worldbank.org/en/country/seychelles/overview#3>
- <https://www.worldometers.info/world-population/seychelles-population/#:~:text=The%20current%20population%20of%20Seychelles,107%2C660%20people%20at%20mid%20year.>
- IMF Country Report No. 23/402
- Mutual Fund and Hedge Fund Act 10 of 2008, amended 2018: Section 3(2) and Section 11
- S.I 71 of 2021 of the VAT (Amendment of Schedules) Regulations,
- S.I. 33 of 2018
- Seychelles International Trade Zone (SITZ) Act of 1995
- Seychelles Tourism Master plan: <https://www.almendron.com/tribuna/wp-content/uploads/2020/04/seychelles-tourism-master-plan-part1-situational-analysis.pdf>
- The Constitution of Seychelles



3.12 SOUTH AFRICA PRACTICAL GUIDE

3.12.1 COUNTRY PROFILE

South Africa is bordered by Namibia, Botswana, Zimbabwe and Eswatini. South Africa entirely surrounds Lesotho in the east. A large plateau dominates the centre of the country, with rolling hills falling to plains and the coast. With a surface area of 1,219,090 sq. km, South Africa has a population of 60.756 million (2024).

South Africa is a constitutional democracy in the form of a parliamentary republic and is one of the founding members of the African Union (AU) and United Nations (UN) and New Partnership for Africa's Development (NEPAD). South Africa is a member of the Commonwealth of Nations, Antarctic Treaty System (ATS), Southern African Development Community (SADC), South Atlantic Peace and Cooperation Zone (ZPCSA), Southern African Customs Union (SACU), World Trade Organization (WTO), International Monetary Fund (IMF), Group of 77, G20, G8+5 and BRICS (Brazil, Russia, India, China and South Africa).

South Africa is ranked as an upper-middle income economy and is considered to be an industrialised country. Its economy is the third largest in Africa. It has been identified as a middle power in international affairs, and maintains significant regional influence.

South Africa is also known for diversity in culture, languages and religious beliefs; often referred to as the "Rainbow Nation".

POLITICAL AND LEGAL OVERVIEW

South Africa is a constitutional democracy with a three-tier system of government and an independent judiciary. The national, provincial and local levels of government all have legislative and executive authority in their own spheres, and are defined in the Constitution as distinctive, interdependent and interrelated.

Operating at both national and provincial levels are advisory bodies drawn from South Africa's traditional leaders. It is a stated intention in the Constitution that the country be run on a system of cooperative governance. Government is committed to the building of a free, non-racial, non-sexist, democratic, united and successful South Africa.

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) came into effect on 4 February 1997. This is the highest law in South Africa and no other law or government action can overrule the Constitution or be in conflict with it. South Africa's Constitution is one of the most progressive in the world and is based on the values of dignity, equality and freedom.

GENERAL INFORMATION

| | |
|-------------------------------|--|
| Capital | Cape Town (legislative), Pretoria (administrative), Bloemfontein (judicial). |
| Form of State | Federal, comprising a central government and nine provincial governments. |
| Time | (GMT) + 2 hours |
| Area | 1,219,090 sq. km |
| Main Languages | isiZulu, isiXhosa, Afrikaans, English |
| Population | 60.756 million (2024) (World meter) |
| Currency | South African Rand (ZAR). |
| GDP (current US\$) | 405.27 billion (2022) (World Bank) |
| GDP per capita (current US\$) | 6766.5 (2022) (World Bank) |
| GDP growth (annual %) | 4.8 (2021) (World Bank) |

3.12.2 WHY SOUTH AFRICA?

a) Quality infrastructure and efficient logistics

With well-established and continued investment in infrastructure, South Africa is positioned as a key global hub and an attractive gateway into the rest of the continent.

b) Largest presence of multinationals in Africa

South Africa is the investment destination of choice for a substantial number of global corporations, who enjoy the benefits of doing business in the country. More than 180 Fortune Global 500 companies are present in South Africa.

c) Manufacturing Hub

South Africa has a well-developed, diversified manufacturing base that has shown its potential to compete globally, and serves as a manufacturing hub to supply the rest of the continent for a number of consumer product companies.

d) Lucrative Emerging Market

South Africa's growing middle class as well as its most affluent consumer base in Africa presents attractive returns on investment.

e) Favourable market access to global market

The African Continental Free Trade Area (AfCFTA) will boost intra-Africa trade and create a market of over 1bn people with a combined GDP of over US\$2trn. South Africa has several trade agreements that provide an export platform into global markets. South Africa is also the economic powerhouse of Africa and forms part of the BRICS group of countries with Brazil, Russia, India and China. It has a favourable demographic profile and its rapidly expanding middle class has growing spending power.

f) Innovation and tech hub

The Global Innovation index ranks South Africa number one in innovation in Africa. South Africa's intellectual property rights protection is regarded as the second best in Africa. South Africa is also fast becoming a technology hub in Africa and has a growing ecosystem in the tech sector ranging from technical expertise to finance support for entrepreneurs.

g) Abundant natural resources

South Africa is abundantly endowed with precious metals. It is the world's leading producer of platinum group metals, the sixth-largest producer of gold, has world-renowned underground mining expertise and more than 100 listed mining companies with operations in the country.

h) Africa's leading financial hub

The Global Innovation index ranks South Africa number one in innovation in Africa. South Africa's intellectual property rights protection is regarded as the second best in Africa. South Africa is also fast becoming a technology hub in Africa and has a growing ecosystem in the tech sector ranging from technical expertise to finance support for entrepreneurs.

i) Young trainable labour workforce

South Africa has a number of world-class universities, producing a skilled, talented, and capable workforce. It offers a diversified skill set, a large pool of trainable labour, and government support for training and skills development.

j) Excellent quality of life

South Africa is renowned for its quality of life, offering both high quality city experiences and more tranquil and breath-taking landscapes.

k) Availability of incentives

South Africa has a host of investment incentives and industrial financing interventions that are aimed at encouraging commercial activity and its trade rules favour a further expansion in South Africa's burgeoning levels of international trade.

l) Film hub of Africa

South Africa's unrivalled scenic beauty and reputation for delivering value for money make it an attractive leisure, filming and business travel destination.

3.12.3 INVESTSA

InvestSA is South Africa's investment promotion agency. It plays a critical role in attracting and generating investment as well as retaining investments in South Africa. Invest SA acts as the National investment One Stop Shop by offering fast-tracked services for issuance of business approvals, permits and licences. To facilitate investors efficiently, one stop shops have been set up in Gauteng, Western Cape and KwaZulu-Natal.

Beyond the investment facilitation role it plays, InvestSA also supports the business community by coordinating advocacy for business environment reforms.

Invest SA assists investors through:

- Creating awareness on South Africa's diverse industry and sector specific investment opportunities;
- Providing specialized and tailored assistance to both potential and established investors during all the stages of the investment journey;
- Offering aftercare services;
- Connecting potential investors with local stakeholders, business organizations and service providers;
- Improving South Africa's business climate by initiating or supporting advocacy initiatives.

3.12.4 INCENTIVES

The South African government, Western Cape Government and City of Cape Town have established various sector-focused incentive schemes and tax rebates. This is in order to encourage economic activity on a national, provincial and local level.

SECTOR FOCUSED INCENTIVES

- The Agro-Processing Support Scheme (APSS) aims to stimulate investment by the South African agro- processing enterprises/ beneficiation agri-businesses. It offers a 20-30% cost-sharing grant to a maximum of R20m, over a two-year investment period;
- The Aquaculture Development and enhancement Programme (ADeP) is an incentive that supports entities engaged in primary, secondary and ancillary aquaculture in both marine and freshwater, classified under the following Standard Industry classification (Slc): Slc 132: Fish hatcheries and fish farms (including crocodile farms; Slc 301 & 30122: Production, processing and preserving of aquaculture fish. The incentive aims to develop emerging aquaculture farmers, increase production, sustain and create hubs, and to encourage geographical spread. ADeP offers a 30%-45% reimbursable grant of up to a maximum of R20m towards qualifying cost;
- The Green Tourism Incentive Programme (GTIP) is a resource efficiency incentive programme that aims to encourage private sector tourism enterprises to move towards the sustainable management of water and energy resources whilst adhering to responsible tourism practices. The incentive offers the following to qualifying tourism enterprises:
 - 90% of the cost for a new resource efficiency audit or the full cost for reviewing an existing resource efficiency audit conducted by the national cleaner Production centre of South Africa;
 - Grant funding to qualifying small and micro enterprises on a sliding scale from 30% to 90% of the total cost of implementing qualifying resource efficiency interventions, which is capped at r1m.
- Manufacturers of products, goods, articles or other things within South Africa that are classified under "Section C: Manufacturing" in version 7 of the Standard Industrial Classification Code, are entitled to a tax allowance on expenditure on manufacturing assets as well as training allowance;

- The Black Industrialist Scheme (BIS) aims to accelerate and increase the participation of black industrialists in the national economy, particularly in selected manufacturing sectors and value chains. It offers a 30% to 50% cash grant of the project's qualifying investment costs, up to a maximum of R50m.
- The Capital Projects Feasibility Programme (CPFP) aims to facilitate feasibility studies likely to lead to high-impact projects, which will stimulate value-adding economic activity in South Africa. The incentive is a reimbursable cost-sharing grant payable as follows:
 - 50% of the total feasibility study costs for capital projects outside Africa and 55% of total feasibility study costs for capital projects in Africa, excluding South Africa;
 - 50% of the total feasibility study costs for manufacturing projects with total assets above R30m;
 - 70% of the total feasibility study costs for manufacturing projects with total assets below R30m in South Africa.

The total amount of the grant will be limited to 5% of the investment project value, capped at R8m. The grant is payable in accordance to agreed milestones, predetermined at approval stage.

- The Foreign Investment Grant provides up to 15% of the value of new machinery per entity for relocation to South Africa;
- Industrial Development Zones provide duty-free import of production-related materials and zero VAT on materials sourced from South Africa;
- The Skills Support Programme provides up to 50% of training costs and 30% of worker salaries for a maximum of three years. This encourages the development of advanced skills in the region;
- The Strategic Investment Project Programme offers a tax allowance of up to 100% (maximum of USD 86 million per project) on the cost of buildings, plant and machinery (for strategic investments of at least USD 70 million);
- The Critical Infrastructure Facility supplements funds up to 30% of the development costs of qualifying infrastructure projects;
- The Business Process Outsourcing & Off-Shoring (BPO&O) incentives are for companies offering services to offshore clients (between USD 5400-8800 and training support);

Incentives are in place for industrial projects using unused and new manufacturing assets (for example, green field investments) and expansions of existing industrial projects attract a 12 % tax incentive;

- Sector Specific Assistance Scheme (SSAS) provides financial support for industry associations, joint action groups and export councils;
- The Automotive Production and Development Program (APDP) scheme promotes the automobile industry. It offers a 20%-30% of the value of investment in productive assets for light motor vehicle manufacturers and a Cost-sharing grant of 25%-35% of the qualifying manufacturing investment costs for deemed component and tooling manufactures limited to R 1million).

FILM INDUSTRY INCENTIVES

The South African Government offers a package of incentives to promote its film production and post-production industry. The incentives consist of:

a. Foreign Film and Television Production and Post-Production Incentive (Foreign Film) Production

- Shooting on location in South Africa attracts an incentive of 25% of Qualifying South African Production Expenditure (QSAPE), with a cap of R50 million;
- An additional incentive of 5% of QSAPE is provided for productions shooting and conducting post-production in South Africa and utilising the services of a black-owned service company.

Post-production

- Conduction of post-production in South Africa attracts an incentive of 20% QSAPE;
- An additional 2.5% is provided for spending at least R10 million of post-production budget in South Africa (22.5% cumulative);
- Foreign post-production with QSAPE of R15 million and above, the incentive is calculated at 25% of the QSAPE;
- The applicant must demonstrate that they adhere to an industry specific Code of Professional Standards that includes sexual harassment and health and safety protocols;
- The principal photography must not commence until an approval letter has been received from the department of Trade and investment.

b. SA Film & TV Production and Co-production (SA Film) incentives

- Tax rebate at 35% of QSAPE;
- An additional 5% of QSAPE is provided for productions hiring at least 30% of black South African citizens as HODs and procuring at least 30% of QSAPE from 51% South African black- owned entities which have been operating for at least a period of one year; with a cap of R50 million per project.

c. South African film and television production incentive Incentives

- The rebate is calculated as 35% of QSAPE;
- An additional 5% of QSAPE is provided for productions hiring at least 30% of black South African citizens as head of departments (HODs) and procuring at least 30% of QSAPE from 51% South African black-owned entities which have been operating for at least a period of one year; with a cap of R50 million per project.

d. The South African Emerging Black Filmmakers Incentive

The South African Emerging Black Filmmakers Incentive is available to South African black-owned qualifying productions.

Incentive

- A rebate of 50% on the QSAPE;
- The costs for the purchase of key production equipment may qualify once-off under this incentive programme to a maximum cost-sharing incentive of R2 million.

SPECIAL ECONOMIC ZONES

Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country. So far, there are 10 special economic zones in South Africa (Saldanha Bay, Coega, East London, Maluti-A-Phofung, Free State, Musina-Makhado, Dube TradePort, Nkomazi SEZ, Richards Bay, Platinum Valley SEZ, Atlantis SEZ).

SEZ INCENTIVES

a) Preferential 15% Corporate Tax

Businesses that are located in a Special Economic Zone may be eligible for tax relief, including the reduced rate of corporate income taxation.

b) Building allowance

Businesses and Operators (prescribed in section 1 of the SEZ Act) operating within a Special Economic Zone may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act.

c) Employment tax incentive

Businesses and Operators operating within a Special Economic Zone may be eligible for tax relief, including the employment tax incentive subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).

d) Customs controlled area tax relief

Businesses and Operators located within a customs-controlled area of a Special Economic Zone will be eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014) and the Customs Control Act, 2014 (Act No.31 of 2014).

3.12.5 INVESTMENT OPPORTUNITIES

The potential of the South African economy is evident in the diverse sectors and industries that exist in the country, the following are some of the sectors which have high growth and investment potential:

a) Agriculture

South Africa has a well-developed agriculture sector. It contributed 2.9% to overall GDP in 2022, accounted for 5.7% of total export earnings and employed almost 863 000 people. The Agro-processing sector on the other hand has grown rapidly over the years, accounting for a sizeable 2.8% of South Africa's GDP in 2021 and 4.7% of total merchandise export earnings in 2022. Collectively they employ around 264 000 people

Opportunities in the sector entail:

- Fisheries and aquaculture, i.e., freshwater aquaculture and mariculture;
- Food processing in the milling and baking industries;
- Beverages: namely fruit juices, and the local beneficiation, packaging and export of indigenous teas;
- High-value natural fibres: organic cotton and downstream mohair production;
- High-value organic food for the local and export market;
- Biofuel's production: biodiesel, bioethanol and biogas;
- Processing of seed oils, tea extracts, including buchu, honeybush, and other oil derivatives (avocado, amarula etc.);
- Diversification/beneficiation of biomass sources, i.e., sugar, maize;
- Canning of freshwater fish;
- Commercial-scale planting of indigenous plants, including rooibos;
- Extraction of high-value additives, nutraceuticals;

- Production of aromatics, flavourants;
- Non-edible oil processing;
- Production of medicinal extracts, incl. cannabis-based;
- Production of artemisinin for malaria medications;
- Forestry development;
- Application of smart technologies in agriculture (hydroponics, renewable energy technologies, drone, mobile communication, applications, etc).

b) Mining sector

South Africa has the world's largest reserves of platinum group metals (PGMs) and manganese, and some of the largest gold, diamonds, chromite ore and vanadium deposits. The mining sector contributed 8.1% to South Africa's GDP in 2022 and 44.2% of its total export earnings.

Investment Opportunities include:

- PGMs beneficiation, development of fuel cell industry;
- Manganese value chain development;
- Export-oriented jewellery fabrication, including diamonds, gold and platinum;
- Ferrochrome production, revitalising chrome value chain;
- Titanium value chain development, especially titanium dioxide;
- Increased iron ore beneficiation through revitalisation of downstream manufacturing capacity;
- Green steel investment (decarbonisation of South Africa's steel industry which is the largest in Africa);
- Coal ash beneficiation (e.g., production of cementitious materials for construction industry; to address acid mine drainage);
- Carbon capture and storage;
- Oil and gas development opportunities;
- Uranium resource development and beneficiation to support global nuclear fuel fabrication;
- Sustainable mining technology including digitisation, enhanced data analytics and new generation mining equipment;
- Fluorspar beneficiation and other chemicals value chain development opportunities.

c) Manufacturing Sector

South Africa's well-established and diversified manufacturing sector contributed 13.4% to overall GDP and 45.2% to total export earnings in 2022. It employs around 1.2 million people. Further, the sector has strong linkages with many other sectors of the economy through its procurement of goods and services, as well as with end-use markets for its own products.

Investment opportunities in manufacturing include:

WOOD, PULP, PAPER AND FURNITURE

- Manufacture of wood and products of wood;
- Manufacture of articles of straw and plaiting materials;
- Manufacture of paper products: publishing, printing and reproduction of recorded;
- Manufacturing of titanium oxide pigments and fine chemicals.
- Automotives and Machinery
- Fuel cell manufacturing for a variety of applications;
- Manufacture of motor vehicles, parts and components focusing increasingly on the electric vehicle segment;
- Manufacture of fuel cell mining vehicles and forklifts;
- Machinery and equipment (e.g., minerals processing, materials handling, construction, refrigeration and power-sector related equipment, pumps and valves);
- Components and sub-assemblies for electronics manufacturing;
- Manufacture of equipment and parts for the rapidly growing wind and solar energy generation industry, including storage equipment;
- Parts and components for the aerospace and defence industries;
- Instruments and controls equipment as well as electricity meters.

PHARMACEUTICALS AND MEDICAL DEVICES

- Medical devices and telemedical instrumentation;
- Pharmaceutical products and speciality chemicals (e.g., biochemicals);
- Manufacturing and supply of medicinal drugs for diseases such as HIV/AIDS, malaria, tuberculosis, diabetes and other lifestyle diseases;
- Development and manufacturing of active pharmaceutical ingredients;
- Development and manufacturing of generic drugs;

TEXTILE, CLOTHING AND LEATHER

- Spinning, weaving and finishing of textiles;
- Knitted and crocheted fabrics and articles;
- Wearing apparel, except fur apparel;
- Dressing and dyeing of fur;
- Leather skins and hides beneficiation;
- Wool and mohair processing;
- Leather seat cover manufacturing for the automotive industry;
- Manufacturing of protective clothing for hazardous industrial environments (e.g., mining and chemicals industry).

d) Information technology sector

- Infrastructure solutions and services, such as fibre optic networks, wireless networks, and data centres;
- IoT applications such as telematics and smart devices and inter-device communications technology;
- Big data tools for reporting and analytics;
- Business franchising opportunities in Voice over Internet Protocol solutions;
- Opportunities for consolidation or investment in fibre internet service providers;
- Connected living opportunities arising from the roll-out of fibre;
- Widespread internet adoption provides significant opportunities for investing in e-commerce platforms, payment solutions, and logistics companies;
- e-services across industries e.g., technology/applications for e-government and e-health;
- Development of security products;
- Software development, IT outsourcing, BPO;
- FinTech investment in areas such as online banking, mobile payments, and financial management solutions and cheaper data costs.

e) Financial and Insurance services Sector

The financial services sector provides all forms of financial intermediation including commercial and retail banking, investment asset management, insurance and pension funding management activities. The major banks are Standard Bank, Absa Group, FirstRand, Nedbank and Capitec, some of which provide commercial, retail and investment banking services throughout Africa.

The insurance sector is well-established, with both local and international insurers operating in the market.

Investment opportunities include:

- Strong growth opportunities for provision of financial services to the lower ends of the domestic consumer market, underserved by a concentrated domestic banking industry structure;
- Private equity investment opportunities to leverage domestic industrial development opportunities;
- Expanding middle class provides growth opportunities for asset management services;
- Insurance services growth opportunities from rising non-life insurance penetration rates and enhanced life densities;
- Fintech development opportunities in both banking and non-banking segments in the sector, e.g., insurance innovations such as pay-per-use and insurance combined with consumer financing solutions;
- Technological solutions for specialised data management services;
- Investment in life insurance, health insurance, and property and casualty insurance services;
- Potential for investment in insurtech start-ups.

f) Business Process Outsourcing Services

South Africa has a great market for BPO services that is supported by world-class telecommunications, financial and legal infrastructure. BPO services are concentrated in the financial services industry, call centres, data entry and processing and ICT.

The following are investment opportunities and sub-sectors in the Business Process Outsourcing:

- Enterprise solutions, e.g., fleet management and asset management; and
- Legal process outsourcing;
- Establishment of back-office hubs for multinational corporations;
- Back-office processing facilities;
- Cybersecurity consulting services;
- Establishment of call centres;
- Provision of shared corporate services;
- Knowledge process outsourcing (technical and legal);
- Engineering and other technical services to leverage the large public infrastructure development programme currently underway;
- BPO opportunities for outsourcing functions such as customer service, IT support, and accounting to local service providers.

g) Tourism Sector

South Africa's tourism offer, including its scenic beauty and diversity, sunny climate, wildlife and cultural aspects, among others, makes it one of the most popular long-haul destinations and a good investment proposition. The country is the largest tourist destination in the Sub-Saharan region.

The tourism sector's importance in the economy is reflected by its 2.2% share of national GDP and 3.1% of overall employment (both formal and informal) in 2020.

Investment opportunities include:

- Cultural tourism;
- Eco-tourism;
- Adventure tourism;
- Sports tourism;
- Wine tourism;
- Medical tourism;
- Theme parks;
- Investment in world heritage sites.

h) Energy Sector

South Africa's growing energy requirements provide lucrative investment opportunities across numerous energy value chains.

- Additional electricity generation capacity from 2022 to 2030 by technology:
- Wind:14504MW -SolarPV:6072MW -Gas/diesel:3416MW;
- Grid-scale electricity storage:5000MW;
- Independent power generation, energy infrastructure and alternative energy;
- Nuclear Build Programme, i.e., joint ventures, consortiums and the establishment of new companies to grow South Africa's nuclear manufacturing capability and nuclear supply industry to supply into the nuclear build programme;
- Renewable energy;
- Onshore wind power – manufacturing of turbines/blades;
- Solar PV and Concentrated Solar Power – manufacturing/assembly;
- Opportunities associated with Eskom's unbundling and repurposing of coal power plants reaching their end-of-life

3.12.6 STARTING A BUSINESS

FORMS OF BUSINESS

a) Sole Proprietorship

This is the easiest way to start a business if you are on your own. One can operate under their name or some other fictitious name (trade name), as this helps with the marketing of the business. The Sole Proprietor uses their own money and assets and assumes the risks of the business dealings. Sole Proprietorship does not have to be registered at CIPC and therefore it's not a legal entity.

b) Partnerships

This is when two or more people get together based on an agreement to start and operate a business for the purposes of generating an income and making profits.

Each partner is regarded as an owner and can bring money, skills, assets into the partnership. Profits and losses are therefore shared amongst the partners.

The partnership is not seen as a separate legal entity and therefore the partners are jointly liable for the debts. This type of business is popular with Accountants, Lawyers, and Architects.

The Partnership does not have to be registered at CIPC.

c) Private Company

A Private Company (proprietary limited or Pty LTD) is a separate legal entity which has a separate life from the Director(s) and has rights and duties of its own. The company must be lawfully registered at CIPC and at SARS and have a Company Number and a company Tax Number.

To start a Private Company, only one person is required as a director and one incorporator (which can be the same person). However, there may be more than one Director. The Director(s) are the shareholders and the management employed may or may not have shares in the company.

d) Branch of a foreign Company

Parent companies can choose to incorporate their own foreign business branch in the jurisdiction of South Africa. The foreign branch must be registered as an external company if it is conducting business activities or plans to do so within the jurisdiction of South Africa.

Local Company registration

Registering a business in South Africa has become so easy as the same has been automated via the Companies and Intellectual Property Commission (CIPC) website portal, www.cipc.co.za.

STEPS FOR REGISTERING A COMPANY AS A RESIDENT

Step 1: Create an Account with the CIPC eservices website.

Step 2: Deposit funds into the CIPC account.

Reserving a business name is R50-00 and registering a business with a standard Memorandum of Incorporation (MOI) is R125-00. Applicants should ensure they have deposited enough money into their CIPC account to complete the process.

Step 3: Reserve business name

The portal requests for four name proposals. Upon submission of the names, the applicant is issued with a tracking number for the name reservation as well as an email confirming name reserved, this document is referred to as a COR9.4.

Step 4: Register the company

The types of companies that can be registered in South Africa are Private (Pty Ltd) and Public Companies (Ltd), Personal Liability Companies (Inc.), and Non-Profit Organisations (NPO). On successful registration of an entity of choice, the applicant is issued another tracking number and an email confirmation containing the COR 15.1, a document which needs to be signed and dated by the incorporator/director.

Step 5: Submit supporting documents

The process is not completed until the signed supporting documents are received by the CIPC. The documents needed to complete the registration are:

- Name reservation confirmation letter
- Signed COR 15.1A form
- A certified copy of your South African ID and/or;
- Completed Power of Attorney form –for representatives or proxies

The applicant is required to submit the signed documents via email to eServicesCoReg@cipc.co.za with the tracking number as listed on the COR15.1A in the subject line.

Upon successful registration of the business, the applicant receives company registration documents (COR 14.3) document and MOI.

Duration: 1 – 3 days.

FOREIGN COMPANY REGISTRATION

A foreign company is a company incorporated outside of South Africa, irrespective of whether it is a profit or non-profit company or carrying out business in South Africa. A foreign company is prohibited from offering securities to the South African public unless it follows the specific provisions of the Companies Act, 2008, relating to offers to the public.

A foreign company is required to register as an “external company” with CIPC if it conducts or intends to conduct business in South Africa. Section 23 of the Companies Act, 2008, lists a series of activities which will be regarded as conducting business.

The Companies Act provides that the registration of an external company must occur 20 business days after the foreign company first begins to conduct business in South Africa. Registration of an external company is done manually by way of application in the prescribed form to the Companies and Intellectual Property Commission (“CIPC”) and the payment of a prescribed fee.

STEPS FOR SETTING UP A COMPANY IN SOUTH AFRICA AS A NON-RESIDENT

Step 1: Choose a Suitable Business Entity:

The first step in foreign company registration in South Africa is to know which type of entity the investor can operate their business in.

Step 2: Register as a customer with Companies and Intellectual Property Commission (CIPC)

To be able to transact with CIPC, one needs to register as a customer on the e-services website. Once registered, a virtual account is created in the customer's name.

Step 3. Deposit funds and reserve company name

Funds may be deposited into the CIPC bank account. Customers are urged to only deposit funds that are required for the transaction. Bulk deposits are discouraged. A customer code must be used as a reference for funds to be allocated accordingly. New e-service transaction accepts card payments only.

This allows the investor to reserve a company name. The name reservation will last for a duration of 6 months and each application for company name registration allows one to submit up to 4 proposed names.

Step 4: Preparation and Submission of Relevant Documents:

This entails preparation of necessary documents for company registration such as:

- A Memorandum of Incorporation (MOI);
- Certified copies of the identities of applicants, directors, shareholders;
- Notarised passport copies of individual directors and shareholders is required;
- Form CO. R 20.1 Registration of external company form;
- Form CO. R 20. 1A Directors of external company form;
- Form CoR 21.2 Notice of Person Authorised to Accept Service.

These documents are then submitted to the CIPC through email: companydocs@cipc.co.za. Upon successful registration of the business, the applicant receives company registration documents

Step 5: Corporate Bank Account Opening:

This entails opening a corporate bank account with a reputable bank in South Africa. Some banks may require documents to be translated if it is not in one of the South African official languages.

General requirements for opening an account

- Approved documents reflecting name, physical operating address and trading name of the Company;
- Certification with South African Revenue Services;
- Income Tax / VAT registration;
- Certificate of Incorporation with the CIPC in South Africa or foreign equivalent if applicable;
- Memorandum and Articles of Association (foreign equivalent if applicable).

COMPANY REGISTRATION FEES

| | |
|--|------|
| Name reservation | R50 |
| Private company with standard MOI; Non-profit company without members and with standard MOI | R125 |
| Co-operative | R125 |
| Private company with customised MOI; Personal liability company; Public company; State owned company; Non-profit company without member and with customised MOI or Non-profit company without member and with customised MOI | R425 |
| External company | R400 |
| Domestication of a foreign company | R100 |

BANK DETAILS

Bank name: ABSA
Account Type: Transmission Account
Account Name: CIPC
Account Number: 4055 68 1017
Branch Name: Van der Walt Street
Payment Reference: CUSTOMER CODE

3.12.7 TAXATION

The South African Revenue Service (SARS) is, as per the SARS Act of 1997, mandated to collect all revenue due to the State and administer trade to support the government in meeting its key developmental objectives for growth. This involves facilitating legitimate trade, protecting South Africa's ports of entry, and eliminating illegal trade and tax evasion.

TYPES OF TAXES

CORPORATE INCOME TAX (CIT)

CIT is a tax imposed on companies resident in South Africa, which are incorporated under the laws of, or which are effectively managed in, the country, and which derive income from within or outside the country. Non-resident companies which operate through a branch or which have a permanent establishment within South Africa are subject to tax on all income from a source within the country.

The standard corporate tax rate is 27%. Qualifying small business corporations are subject to the following progressive rates:

- 0% on the first ZAR 95,750 of taxable income;
- 7% on taxable income above ZAR 95,750 but not exceeding ZAR 365,000;
- ZAR 18,848 + 21% on taxable income above ZAR 365,000 but not exceeding ZAR 550,000;
- ZAR 57,698 + 27% on taxable income exceeding ZAR 550,000 (for tax years ending on or after 31 March 2023).

PERSONAL INCOME TAX (PIT)

PIT is one of the government's main sources of income. Income tax is levied on residents' worldwide income, with appropriate relief to avoid double taxation. Non-residents are taxed on their income from a South African source.

An employer is obligated to deduct an employees' Tax from an employee's remuneration paid or payable. The process of deducting or withholding tax from remuneration as it is earned by an employee is commonly referred to as PAYE.

Tax is levied on taxable income consisting of gross income less exemptions and allowable deductions. (Taxable capital gains also form part of taxable income).

2024 tax year (1 March 2023 – 29 February 2024)

| Taxable income (R) | Rates of tax (R) |
|---------------------|---|
| 1 – 237 100 | 18% of taxable income |
| 237 101 – 370 500 | 42 678 + 26% of taxable income above 237 100 |
| 370 501 – 512 800 | 77 362 + 31% of taxable income above 370 500 |
| 512 801 – 673 000 | 121 475 + 36% of taxable income above 512 800 |
| 673 001 – 857 900 | 179 147 + 39% of taxable income above 673 000 |
| 857 901 – 1 817 000 | 251 258 + 41% of taxable income above 857 900 |
| 1 817 001 and above | 644 489 + 45% of taxable income above 1 817 000 |

VALUE-ADDED TAX (VAT)

VAT is an indirect tax on the consumption of goods and services in the economy. Revenue is raised for the government by requiring a business that carries on an enterprise to register for VAT. In doing so, the business will charge VAT on supplies of goods and services made by it, on the importation of goods and on imported services (subject to certain conditions).

It is compulsory for a person to register for VAT if the value of taxable supplies made or to be made, is in excess of R1 million in any consecutive 12-month period. The standard rate of VAT is 15%, and there is a limited range of goods and services which are subject to VAT at the zero rate or are exempt from VAT.

DIVIDENDS TAX

Dividends Tax is a tax on shareholders (beneficial owners) when dividends are paid to them, and, under normal circumstances, is withheld from their dividend payment by a withholding agent (either the company paying the dividend or, where a regulated intermediary is involved, by the latter). A dividend is in essence any payment by a company to a shareholder in respect of a share held in that company, excluding the return of contributed tax capital (i.e., consideration received by a company for the issue of shares). It is triggered by the payment of a dividend by any:

- South African tax resident company; or
- Foreign Company whose shares are listed on a South African Exchange.

Dividend payments by headquarter companies are not subject to Dividends Tax.

The rate of Dividends Tax is 20% for any dividend paid on or after 22 February 2017 (irrespective of declaration date), unless an exemption or reduced rate is applicable and is payable on or before the last day of the month following the month in which the dividend was paid.

3.12.8 IMMIGRATION PROCEDURES

VISA

International travellers (citizens of other countries) who have permanent residence outside South Africa wishing to visit South Africa on a temporary basis for tourism or business purposes for a period of 90 days or less are required to have a visa. Visitors are restricted to the activity or purpose for which their visas were issued.

On entry to South Africa, a visa is considered to be a visitor's permit. The permit's period of validity is calculated from the date of entry into the country and will be set out under the heading "conditions" on the visa label.

The visa application process is automated through <https://visa.vfsglobal.com/one-pager/dha/southafrica/english/index.html> where applicants are able to apply, pay and obtain the visa online.

The requirements for visitor's visas differ from country to country with some countries being exempted from the visa requirements. Foreigners with long term status (work permits/permit residence) in the neighbouring countries who transit the Republic to return to their employment or residence are not subject to the transit visa, provided they are in possession of proof of their status.

REQUIREMENTS FOR VISA APPLICATION

- A passport or travel document valid for no less than 30 days after the expiry of the intended visit;
- A completed Form BI-84 (application for a visa);
- A yellow-fever vaccination certificate (if required);
- Statement and/or documentation confirming the purpose and duration of the visit;
- Two coloured passport photographs;
- A return or onward ticket if travelling by air.

VISITOR'S VISA

A Visitor Visa is applied at the South African Embassy or Mission abroad. An applicant can apply for a renewal on an existing visa subject to a decision by the Department of Home Affairs to grant the visa or permit at a Visa & Permit Facilitation Centre close to the applicant's residence.

A Visitor Visa is a document that gives travellers permission to enter South Africa on a temporary basis for visit to family or friends and Tourism purposes.

REQUIREMENTS

- Duly completed online form;
- Valid passport which expires in no less than 30 days after expiry of the intended date of departure from the Republic in terms of regulation 9(1)(a);
- A valid return air flight ticket or proof of reservation thereof;
- Proof of sufficient financial means;
- A medical report not older than 6 months;
- Statement or documentation detailing the purpose and duration of the visit in terms of regulation 11(1)(a);
- Where the application is for the attendance of an activity or event, a letter; from the organisation under whose control the activity or event will take place, confirming such attendance and whether or not the foreigner will be remunerated and amount of remuneration;
- A yellow fever vaccination certificate where necessary;
- Proof of payment of the applicable fee.

COST

DHA Application fee: R425
VFS Service Fee: R1550

TEMPORARY RESIDENCE VISAS

BUSINESS VISA

Foreigners who are contemplating investing in the South African economy by establishing a business or by investing in an existing business in the country must apply for a business visa. Applicants are required to invest a prescribed financial capital contribution.

To invest in or open a business in South Africa the applicant needs to, along with submit a to the effect that they have:

- Duly completed online form BI-1738;
- Valid Passport;
- Biometric enrolment fee;
- A police clearance certificate from each country where the applicant resided since the age of 18 years, including the Republic of South Africa
- A yellow fever vaccination certificate the applicant has travelled or intend on travelling through a yellow fever endemic area;
- Medical report not older than 6 months.

ADDITIONAL REQUIREMENTS FOR A FOREIGNER WHO INTENDS TO ESTABLISH A BUSINESS IN SOUTH AFRICA

- Certificate issued by a chartered accountant registered with the South African Institute of Chartered Accountants;
- At least an amount in cash to be invested in the Republic as determined from time to time by the Minister, after consultation with the Minister of Trade and Industry or;
- At least an amount in cash and a capital contribution as determined from time to time by the Minister, is available ;
- An undertaking by the applicant that at least 60% of the total staff complement to be employed in the operations shall be South African Citizens or permanent residents, permanently employed in various positions;
- A letter of recommendation from the Department of Trade and Industry regarding
 - the feasibility of the business;
 - and the contribution to the national interest of the Republic.
- An undertaking to register with:
 - The South African Revenue Service;
 - Unemployment Insurance Fund;
 - Compensation Fund for Occupational Injuries;
 - Companies and Intellectual Properties Commission, where legally required and;
 - Relevant professional body, board or council recognized by SAQA, where applicable.

Business Visa applications made for existing businesses require the following documents (in addition to all those listed above) to be submitted with the temporary residence application form:

- Financial statements for the preceding financial year
- The contribution to the national interest of the Republic

COST

DHA Application fee: R1520
VFS service fee: R1550.

WORK VISA

Work visas are issued only to foreigners where South African citizens with the relevant skills are not available for appointment. These visas are issued for a set duration which varies on the type of work visa being applied for and applications are lodged through Visa Facilitation Services Centres (VFS) across the country or nearest South African embassy, mission or consulate abroad.

a. General Work Visa

General work Visas are valid for the duration of the contract of employment or a period not exceeding 5 years.

Requirements

- A duly completed online application form;
- A passport valid for no less than 30 days after the expiry of intended visit
- Payment of the prescribed fee;
- A vaccination certificate, if requested;
- Biometric fee;
- Proof of financial means to cover envisaged living expenses in the Republic until the applicant receives a salary. This should be in the form of:
 - bank statements;
 - cash available;
 - or travellers' cheques;

- Medical report;
- A police clearance certificate from each country in which the applicant resided for 12 months or longer since the age of 18 years;
- A written undertaking by the employer accepting responsibility for the costs related to the deportation of the applicant and his/her dependent family members, should it become necessary, and that the passport of the employee is valid at all times for the duration of employment;
- An application for a general work visa shall be accompanied by –
 - A certificate from the Department of Labour;
 - Proof of qualifications evaluated by SAQA and translated by a sworn translator into one of the official languages of the Republic;
 - A contract of employment signed by both yourself and the employer;
 - Full particulars of the employer including proof of registration with the Registrar of Companies;
 - An undertaking by the employer to inform the Director- General upon the employee no longer being in the employ of such employer or when employed in a different capacity or role.

COST:

| | |
|---------------------|--------|
| DHA Application fee | R 1520 |
| VFS Service fee | R 1550 |

b. Critical Skills Work Visa

This visa is designed to attract individuals with specific critical skills that are in demand in South Africa. Applicants must ensure they fall under the Critical Skills category before applying for a visa or permit. List of Critical Skills as per Gazette.

The Critical skills work Visa is issued for a period not exceeding five years.

REQUIREMENTS

- Duly completed online form;
- Passport valid for no less than 30 calendar days after expiry of the intended visit;
- A medical report not older than 6 months;
- A radiological report not older than 6 months;
- Police clearance certificate issued by the police or security authority in each country where the relevant applicant resided for 12 months or longer after attaining the age of 18 years, in respect of criminal records or the character of that applicant, which certificate shall not be older than six months at the time of its submission: (provided that the certificate shall not be required from a foreign country in the case of renewal or extension of a visa but from the republic);
- A yellow fever vaccination certificate if that person travelled or intends travelling from or transiting through a yellow fever endemic area: (provided that the certificate shall not be required where that person travelled or intends travelling in direct transit through such area);
- Biometric enrolment fee;
- A written undertaking by the employer accepting responsibility for the costs related to the deportation of the applicant and his or her dependent family members, should it become necessary (where there is no employer: proof of sufficient financial means to the value of a minimum of r3 000 in the form of three months bank statements);
- A written undertaking by the employer to ensure that the passport of his or her employee is valid at all times for the duration of his or her employment (where there is no employer: a written undertaking by the applicant to ensure that the passport of the applicant shall be valid at all times for the duration of his or her temporary visa);
- Proof that the applicant falls within the critical skills category by specifically indicating the occupation/critical skill for which the application is being made. The occupation/critical skill must be on the critical skills list;
- Proof of evaluation of the foreign qualification by SAQA and translated by a sworn translator into one of the official languages of the republic.
- If required by law, proof of application for a certificate of registration with the professional body, council or board recognised by SAQA in terms of section 13(1)(i) of the national qualifications framework act;
- A confirmation, in writing, from the professional body, council or board recognised by SAQA in terms of section 13(1)(0) of the national qualifications framework act, or any relevant government department confirming the skills or qualifications of the applicant and appropriate post qualification experience, (if not attached, VFS official to check directive 22 of 2014);
- Proof of payment of the applicable fee;
- Proof of financial means to cover envisaged living expenses in the Republic until you receive a salary. This should be in the form of:
 - bank statements;
 - cash available; or
 - travellers' cheques;
 - A cash deposit equivalent to the value of a return or an undertaking from the employer.

COST

DHA Application fee R 1520
VFS Service fee R1550

c. Intra-Company Transfer Work Visa

This visa is intended for multinational companies that need to transfer foreign employees to their South African branch or subsidiary. To qualify for this visa, the employee must have been employed by the foreign company for at least 6 months and meet certain criteria regarding their qualifications and experience. This visa is initially issued for a maximum period of 4 years and can be extended while in South Africa.

Requirements:

- A duly completed online application form;
- A passport valid for no less than 30 days after the expiry of intended visit;
- Payment of the prescribed fee;
- A vaccination certificate, if required by the Act;
- Proof of financial means to cover envisaged living expenses in the Republic until you receive a salary. This should be in the form of:
 - bank statements;
 - cash available;
 - or travellers' cheques.
- A cash deposit of equivalent value to a return ticket;
- An employment contract with the company abroad;
- A letter from the employer/company abroad confirming that the applicant will be transferred to a branch/affiliate company in South Africa;
- A letter from the South African company where the applicant will work, confirming the transfer from the parent/affiliated company abroad. This letter should specify the occupation and capacity in which the applicant will be employed and should also confirm that the maximum duration of employment will not exceed 4 years;
- An undertaking by the employer:
 - that the applicant will leave South Africa once the 4-year period comes to an end confirming that the applicant's passport is valid;
 - that the applicant will be employed in the position for which the permit is issued;
 - That a plan is developed for the transfer of skills to a South African citizen or permanent resident.
- Medical report;
- A police clearance certificate from each country in which the applicant resided for 12 months or longer since the age of 18 years;
- All required documentation for a spouse and/or children if they intend to accompany the applicant.

COST

DHA Application fee R 1520
VFS Service fee R1550

d. Corporate Visas

A corporate visa allows a corporate entity (e.g., a mine group, farmer, etc) to employ a predetermined number of skilled/semi-skilled/ unskilled workers. A corporate visa is issued for a period not exceeding three years, Applications must be made at any VFS centres or nearest South African embassy, mission or consulate abroad.

REQUIREMENTS

- Duly completed online application forms signed by the applicants;
- Provide a corroborated statement demonstrating the need to employ foreign workers and the number of foreigners to be employed;
- A certificate by the Department of Labour;
- Proof of payment of applicable fees
- Proof of registration of the corporation with the:
 - The South African Revenue Service;
 - Unemployment Insurance Fund;
 - Compensation Fund for Occupational Injuries;
 - Companies and Intellectual Properties Commission, where legally required.
- The applicant for a corporate visa must provide proof that at least 60% of the total staff complement that are employed are citizens and permanent residents employed permanently in various positions;
- Provide a job description and remuneration for each foreign worker;
- An undertaking to ensure that:
 - the foreigner workers have valid passports; the foreign workers will be employed only in the specific positions for which the visa are issued and the foreign workers will leave South Africa on completion of their duties;
 - A cash deposit or guarantee for the foreign workers may be payable by the corporate entity or by the workers in the case of skilled workers.

Upon receipt of the approved number of workers, the Department of Home Affairs (DHA) will issue the corporate visa and authorization certificates for each worker hence allowing the corporate entity to start recruiting workers. The recruited workers will then apply for Corporate worker certificates issued in line with the Corporate visa for 3 years, but may not exceed the validity period of the corporate visa.

COST

| Category | DHA application fee | VFS service fee |
|---|---------------------|-----------------|
| Corporate visa for employer or corporate entity | R1520 | R1550 |
| Corporate visa for employee or applicant | 0 | R1550 |

PERMANENT RESIDENCE PERMIT

GENERAL WORK PERMIT

Family members may apply together with the main applicant.

Note: all documents issued by the issuing authority of the country of origin shall be original or certified copies and where applicable translated into English, which translation shall be certified as a correct translation by a sworn translator.

REQUIREMENTS

- Vfs appointment letter;
- A duly completed DHA-947 form online. Handwritten forms will not be accepted by the Department of Home Affairs;
- Payment of the application fee of R2870. If the application fee was paid to the VFS bank account or the mission, an original bank payment receipt, where the application fee was paid using the Electronic Fund Transfer (EFT) receipt for each applicant;
- Valid original passport in respect of each applicant and passport photograph for all applicants one year of age and older;
- A recent, passport-type, full face photograph bearing the names of the applicants on the reverse side thereof. (Machine-type or instant photographs are not acceptable);
- A valid general work visa for temporary sojourn at the time of application in respect of each applicant, if the application is made in the Republic;
- Original Police clearance certificate issued by the police or security authority in each country where the applicant resided for 12 months or longer after attaining the age of 18 years except for South Africa, in respect of criminal records or the character of that applicant, which certificate shall not be older than six months at the time of its submission;
- Medical report for all applicants. The certificate must not be older than six (6) months;
- Yellow fever vaccination certificate where necessary;
- Proof of five years continuous work visa, excluding work in terms of intra company transfer, corporate and Zimbabwean special project visas;
- Offer of permanent employment in the form of a contract of employment;
- A letter from the employer confirming current and permanent employment, which is not older than six months;
- Proof of qualifications evaluated by the South African Qualification Authority;
- Work references or certificates of service (covering at least the last five years);
- Physical presence for biometrics at the visa facilitation centre;
- Endorsement related to the Professional Association should be attached;
- Proof of five years continuous work visa, excluding work in terms of intra company transfer, corporate and Zimbabwean special project visas;
- Offer of permanent employment in the form of a contract of employment;
- A letter from your employer confirming your current and permanent employment, which is not older than six months;
- Proof of qualifications evaluated by the South African Qualification Authority;
- Work references or certificates of service (covering at least the last five years).

COST

| Category | DHA application fee | VFS service fee |
|---------------|---------------------|-----------------|
| 26 (a) worker | R1520 | R1550 |

3.12.9 USEFUL CONTACTS

- Invest SA
National One Stop Shop
The Department of Trade and Industry,
the dti Campus, Block G
77 Meintjies Street, Sunnyside
Pretoria, 0002, South Africa
+27 861 843 384
Investsa@thedtic.gov.za / www.investsa.gov.za
Mr. Yunus Hoosen, Head: InvestSA
YHoosen@thedtic.gov.za
Tel: +27 (0) 12 394 1032
Ms Johanna Lengwati, Personal Assistant
JLengwati@thedtic.gov.za
Tel: +27 (0) 12 394 1959
www.investsa.gov.za
- InvestSA Gauteng, The Place 1 Sandton Drive
Sandton Johannesburg, 2196 South Africa
+27 10 001 8650
refilwem@investsagauteng.co.za
www.gautenginvest.co.za
- InvestSA Western Cape
46 Street Georges Mall, Cape Sun Corner Cape
Town City Centre, Cape Town, 8001 South Africa
+27 21 023 0900
Salman@wesgro.co.za / www.wesgro.co.za
- InvestSA KwaZulu-Natal, Kingsmead Office Park,
Kingsmead Boulevard, 1 Arundel Close,
Stalwart Simelane Street, Durban, 4001 South Africa
+27 31 368 9600
info@tikzn.co.za / www.tikzn.co.za
- Department of Trade, Industry and Competition
Physical Address: 77 Meintjies Street, Sunnyside,
Pretoria, Gauteng, 0002.
the dti Campus on Google Maps.
Postal Address
Private Bag X84, Pretoria, Gauteng, 0001
Tel +27 12 394 9500, contactus@thedtic.gov.za
Tel: 072 296 0369, NGovender@thedtic.gov.za
- Invest Capetown
Corner Hertzog Blvd & Heerengracht St, Foreshore,
Cape Town, 8001 / +27 21 417 4043
info@investcapetown.com
https://www.investcapetown.com/
- Department of Home Affairs
Hallmark Building,
Corner of Johannes Ramokhoase &
Thabo Sehume Street, Pretoria Gauteng 0001
South Africa
Email: hacc@dha.gov.za Phone: 0800 60 11 90
http://www.dha.gov.za/index.php/immigration-
services
Temporary residence permit contacts
Phindiwe Mbhele
Phindiwe.Mbhele@dha.gov.za

- VFS Global
For visa applications
<https://visa.vfsglobal.com/zaf/en/dha/apply-visa>
- South Africa Revenue Service
Head Office, Gauteng, Pretoria
Building: Lehae La Sars
299 Bronkhorst Street, Nieuw Muckleneuk
0181 Pretoria
contactus@sars.gov.za / kiditle@sars.gov.za
- CIPC Physical Address
the DTIC Campus
Block F Entfufukweni, 77 Meintjies Street
Sunnyside Pretoria 0001
Call Centre: 086 100 2472/ +2787 743 7000
(International)
education@cipc.co.za
rvoller@cipc.co.za (Commissioner Voller)

3.12.10 REFERENCES

- Companies Act, 2008
- <http://www.doingbusiness.org.za/>
- <http://www.investsa.gov.za/>
- http://www.investsa.gov.za/wp-content/uploads/2023/05/South-Africa-Investment-Conference-2023_Case-Booklet_online.pdf
- <https://taxsummaries.pwc.com/south-africa>
- <https://visa.vfsglobal.com/one-pager/dha/southafrica/english/index.html>
- https://visa.vfsglobal.com/one-pager/dha/southafrica/english/pdf/immigration_critical_skills_160416.pdf
- <https://www.cipc.co.za/>
- <https://www.gov.za/about-government/government-system/structure-and-functions-south-african-government>
- <https://www.sars.gov.za/>
- <https://www.worlddata.info/africa/south-africa/index.php>
- <https://www.worldometers.info/world-population/south-africa-population/>



3.13 UNITED REPUBLIC OF TANZANIA

3.13.1 COUNTRY PROFILE

Tanzania known as the (United Republic of Tanzania) became a sovereign state in 1964 through the union of Tanganyika and Zanzibar becoming the largest East African country. It is bounded by Uganda, Lake Victoria, and Kenya to the north, by the Indian Ocean to the east, by Mozambique, Lake Nyasa, Malawi, and Zambia to the south and southwest, and by Lake Tanganyika, Burundi, and Rwanda to the west. Tanzania also shares maritime borders with the Comoros and the Seychelles.

The country occupies an area of 945,087 km² and has a population of 68 million (2024) people. Its capital city is Dodoma and Dar es Salaam is its major economic capital. The official languages in Tanzania are Swahili and English and Arabic being widely used in Zanzibar.

Tanzania is a mountainous country with a densely forested area consisting of several lakes like Lake Victoria and Lake Tanganyika. One of the world-famous aspects of Tanzania is Mount Kilimanjaro, the highest point and biggest mountain of Africa.

Tanzania is a highly biodiverse country containing a variety of animal habitats. According to an estimate, Tanzania is home to around 20% of Africa's enormous warm-blooded animal species. It is world-famous for its big safari parks, including Serengeti National Park, Ruaha National Park, and Mahale Mountains National Park.

ECONOMIC OVERVIEW

The United Republic of Tanzania achieved lower middle income country status in July 2020, following two decades of sustained economic growth. The country's solid macroeconomic foundation, sound fiscal policies, rich natural endowments, and strategic geographic position have fostered a diverse economy resilient to external shocks. This proved critical amidst persistent global crises, including the COVID-19 pandemic, food security concerns, and Russia's war in Ukraine. While these conditions resulted in an economic downturn, Tanzania avoided a more severe recession and economic growth is recovering on an upward trajectory, reaching 4.6 percent in 2022 and projected to expand to 5.1 percent for 2023.

POLITICAL AND LEGAL OVERVIEW

The United Republic of Tanzania has an executive president. The president appoints a prime minister who serves as the government leader in the Assembly. The president also selects the cabinet from the National Assembly. Zanzibar is a semi-autonomous part of Tanzania with its own president, devolved government and legislature.

The Court of Appeal is the supreme court and is presided over by the chief justice. The High Court has unlimited civil and criminal jurisdiction and hears appeals arising in the lower courts. The district courts and primary courts are presided over by magistrates, other more specialised courts include the Commercial Court and the Land Court.

GENERAL INFORMATION

| | |
|---|---|
| Capital | Dodoma |
| Area | 945,087 km ² |
| Population | 68,502,623 (2024) (World meter) |
| Languages | Swahili and English |
| Currency | Tsh |
| Hour | GMT +3 hours |
| Legal System | Common law system |
| Calls | +255 (Code for International calls) |
| GDP (2022) | 75.73 billion current US\$ (World bank) |
| Real GDP Growth rate (%) 2022 | 4.6 % (World bank) |
| GDP Per capital (USD)2022 | 1,192.8 (Word bank) |
| Main sectors contributing to GDP (2022) | Services, agriculture and construction (Statista) |

3.13.2 WHY INVEST IN TANZANIA?

a) Strategic geographical location

Tanzania is accessible through the Indian Ocean, which gives it trade links to Asia and sits in between 6 landlocked countries; (Democratic Republic of Congo, Uganda, Rwanda, Burundi, Zambia and Malawi) that rely on Tanzania as the most efficient point for passage of goods.

The country has 3 deep water ports (Dar es Salaam, Tanga and Mtwara) that service these neighbouring countries. Furthermore, Tanzania is a natural and effective transportation gateway into Eastern, Southern and Central Africa due to its membership in the SADC Free Trade Area and EAC Common Market as well as its rail and road networks.

b) Natural resources

Tanzania is endowed with a variety of natural resources including a 1,424-kilometre coastline, large arable land, conducive climatic conditions, world-class tourist attractions, minerals, oil and gas. It is also a country rich in minerals such as coal, iron ore, nickel, gold and silver. Its large natural gas reserves provide a significant transformative factor in the economy.

c) Wider market access

Investing in Tanzania guarantees access to a market of more than 450 million people in Eastern and Southern Africa in which Tanzania enjoys preferential trade arrangements, being a member of EAC and SADC. Tanzania also ratified the agreement establishing the African Continental Free Trade Area (AfCFTA), effectively joining a pact connecting countries with a market of over 1.3 billion people. The country also has 21 Bilateral Trade Agreements increasing further its market access to investors.

d) Political stability

Tanzania is one of the most peaceful and politically stable countries in Africa. Since its independence in 1961, the country has never experienced a civil war or any major internal strife. The country experiences high level of safety making it a suitable place to live.

e) Investor friendly Investment climate

Tanzania has a liberalised investment regime and has taken steps to ease the process of doing business in the country. The government has created several economic zones and special economic zones to attract foreign investment. Overall, Tanzania offers a stable economic environment, and a number of opportunities for investment.

3.13.3 TANZANIA INVESTMENT CENTRE

The Tanzania Investment Act (1997), Cap 38 is the principal law guiding investment activities in Mainland Tanzania. Section 4 of the Act establishes the Tanzania Investment Centre (TIC) which is the principal agency to facilitate, encourage and promote investment. The Centre is under the Ministry of Industry, Trade and Investment.

TIC's mandate includes both investment facilitation and promotion. The functions of the TIC include but are not limited to: assisting all investors both foreign and local, to obtain all necessary permits, licenses, approvals, consents, authorizations, registrations, and other matters required by law for a person to set up and operate an investment. The Centre issues certificate of incentives to eligible investors based on the established laws and regulations. The Certificate of Incentives provides investors with a package of fiscal and non-fiscal incentives.

TIC has a "One-Stop Centre" that pulls together under one roof MDAs necessary for investment and investors handling. These include: Ministry of Lands, Housing and Human Settlement Development; Ministry of Labour, Employment, and Youth Development; Ministry of Industry, Trade and Investment; Tanzania Revenue Authority (TRA); the Immigration Department; Business Registration and Licensing Agency (BRELA); and National Environmental Management Committee (NEMC); Occupational Safety and Health Authority (OSHA); Tanzania Bureau of Standards (TBS); Architectural and Quantitative Registration Board (AQRB); and Tanzania Food and Drugs Authority (TFDA).

3.13.4 INVESTMENT INCENTIVES

The Tanzania Investment Centre grants Certificates of Incentives under the authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997. Holders of the certificate of incentives are entitled to various investment incentives as stipulated in the Investment Act, 1997.

For a local investor to qualify for the incentives a minimum investment value of at least US\$ 100,000 and least US\$ 500,000 for foreign investors should be invested.

a) Fiscal Incentives

They include:

EXEMPTION ON PROJECT CAPITAL GOODS

- Zero Import Duty on capital goods;
- Zero Import Duty on raw materials.

TAX RELIEF ON DEEMED CAPITAL GOODS

- Import Duty exempted by 75%.

MANUFACTURING OF PHARMACEUTICALS, TEXTILE OR LEATHER PRODUCTS

- Reduced corporate tax to 20% for the first 5 consecutive years.

CAPITAL ALLOWANCE

- 1) Agriculture – 100%;
- 2) Mining - 20% (first 5 years);
- 3) Hotels - 50%;
- 4) Fish farming – 50%;
- 5) Tourist services – 50%.

DEPRECIATION ALLOWANCE

- 37.5% - 5% depending on the class of the depreciable asset

Assembly of motor vehicles, tractors, fishing boats or out boat engine

- Reduced corporate tax to 10% for the first 5 consecutive years

NEWLY LISTED COMPANIES

A reduced corporate income tax (CIT) rate of 25% applies for three consecutive years for companies newly listed on the Dar es Salaam Stock Exchange (DSE).

b) Tanzania Special Economic Zones

The Export Processing Zones Authority (EPZA) Tanzania is responsible for both EPZs and SEZs. Companies that set up their businesses in these designated areas enjoy simplified customs and other administrative procedures

Investment incentives in the Special Economic Zones include:

- Remission of customs duty, Value Added Tax and any other tax charged on raw materials;
- Exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act;
- Exemption from payment of withholding tax on rent, dividends and interests for the first ten years;
- Exemption from pre-shipment or destination inspection requirements;
- Treatment of goods destined into Export Economic Zones as transit cargo;
- Provision of business visa at the point of entry to key technical, management and training staff for a maximum of two months;
- Entitlement to an initial automatic immigrant quota of up to five persons during the start-up period;
- Access to competitive, modern and reliable services available within the Special Economic Zones;
- Unconditional transfers through any authorized dealer bank.

3.13.5 INVESTMENT OPPORTUNITIES

a) Manufacturing

The development agenda in Tanzania has industrial development as one of the country's policy priorities. The country is in the process of transforming the country's economy from low productivity and low growth to high productivity and dynamic economy. Opportunities include:

- Establishment of ginning, spinning and weaving facilities for textiles and garments;
- Production of construction materials such as ceramics and cement;
- Development of iron and steel industries;
- Agro-industries and agro-processing to add value to agricultural, livestock, forestry and fisheries products;
- Sugar industry (considering a demand gap currently met through imports);
- Establishment of oil seeds processing facilities and refineries;
- Rehabilitation and expansion of existing processing Industries;
- Construction and operation of new processing Industries;
- Construction of Industrial parks;
- Manufacturing of medicines, medical supplies, laboratory/supplies.

b) Agriculture

Agriculture sector has been playing an important role as a key driver for economic growth of Tanzania and approximately 65% of the population depends on it both directly and indirectly. The sector contributes about 28 % of the country's GDP and about 24% of the total exports, and ensures food security in the country. Opportunities abide in production of:

- Flowers
- Fruits & Vegetables;
- Cotton;
- Sugarcane;
- Edible oils;
- Cassava;
- Tea.

c) Livestock and leather

Tanzania's leather sector hosts the second (2nd) largest livestock population in Africa after Ethiopia. Opportunities in this sector include:

- Meat processing;
- Leather processing;
- Animal feed processing;
- Live animal trading.

d) Fishing and Aquaculture

Aquaculture in world fish consumption contributes 53% globally compared to capture fisheries. This should prompt most of the developing countries to invest in the aquaculture industry for sustainable fish source proteins. Opportunities include:

- Fishing ports and fishing in the EEZ;
- Fish processing and fishing boat building yards;
- Commercial fish farms in marine and freshwater areas.

e) Tourism

Tanzania features the Serengeti National Park, the best and most celebrated national park in Africa; Mount Kilimanjaro, the highest free-standing mountain in Africa; the famous Ngorongoro Crater; a total coastline of 1,424 km among others which make it stand out as a tourist destination. Opportunities exist in:

- Tourist Hotels, Beach tourism, cultural and historical sites;
- Golf courses and eco-tourism facilities;
- Leisure parks;
- Conference tourism facilities;
- Tour operations;
- Trophy hunting and photography.

f) Education

Education is a continuously developing sector that is contributing significantly to the Tanzanian economy, hence creating a need to develop, up to-date systems and products to match the fast-growing technologies and curricula in the world. Opportunities in this sector include:

- Construction and operation of private schools and colleges at different levels; such as Primary, Secondary, High Schools, Vocational Training Centres, and Universities;
- Special needs schools;
- Research laboratories.

g) Mining

Tanzania is among the countries having abundant mineral resources. Exploration, extraction and processing of minerals exist in the following categories:

- Metallic minerals: gold, iron ore, nickel, copper, cobalt and silver;
- Gemstones: diamonds, tanzanite, ruby, garnets, pearl etc.;
- Industrial minerals: limestone, soda ash, gypsum, salt and phosphates;
- Energy source minerals: coal and uranium; and
- Construction minerals: aggregates, gravel, sand and dimension stones.

3.13.6 STARTING A BUSINESS

The Business Registrations and Licensing Agency (BRELA) has implemented an online service for the registrations of business names, industrial licenses, companies, trade and service marks and patents. The Online Registration System (ORS) allows users to send new applications and process post registration matters for companies which have already updated their company information in the Online Registration System (ORS).

FORMS OF BUSINESS

1. Limited Liability Company

A limited liability company (LLC) is a separate legal entity from its shareholders. Each shareholder's liability for an LLC's debts and obligations is limited to their respective share capital contribution. The requirement for an LLC incorporation in Tanzania is at least two shareholders and two directors, all of whom can be of any nationality. There is no requirement for a minimum paid-up share capital. An LLC is the most commonly used legal entity for registering a business by a foreigner, and it is best suited for the incorporation of a small business with a simple shareholding structure.

2. Public company

This is a company whose shares are available for public trading. To form such a company, at least two directors and seven shareholders are required (one of whom must be a Tanzanian national with a minimum 40% stake in the company). A minimum share capital of US\$300,000 is also required to establish a public company. A public company is ideal for anyone looking to raise capital or list his or her business on the Tanzanian national stock exchange.

3. Branch of a foreign firm

A foreigner may establish a 100 percent foreign-owned company in Tanzania as a branch office. It can be used to conduct business within the country.

4. Representative of a foreign firm

A foreigner may establish a 100 percent foreign-owned company in Tanzania as a branch office. It can be used to conduct business within the country.

COMPANY REGISTRATION PROCEDURE

Company registration is conducted online through the Brela system. An applicant is required to create a user account and proceed to company registration. The applicant then fills the online form and attaches the required documents and proceeds either through mobile money transfer or bank. The application will be processed once the payment is done.

COMPANY REGISTRATION REQUIREMENTS

LOCAL COMPANY

- Consolidated form - this is generated online after filling all the particulars and is downloaded for signatures by all the directors and company secretary;
- Certified Copy of Memorandum and Articles of Association, Statutes or Charter or any other instrument defining the Constitution of the Company the case may be;
- Integrity pledge Form;
- National Identification Number (NIN) for shareholders and directors or the Passport Number for foreigners;
- Tax Identification Number (TIN) for each local director.
- Foreign company
- A list of current directors and secretary of the company with their particulars in full;
- A copy of the most recent annual accounts and related reports of the company. If the said deeds are not written in the English language, there must be translated copies thereof;
- A certified copy of the Memorandum and Articles of Association, Statutes, Charter or other instrument constituting or defining the constitution of the Company written in English language or a certified translation thereof if the original language is not English;
- Copy of the Certificate of Incorporation certified by the respective authority in the country of origin or its Embassy/High Commission in Tanzania;
- A statement of all subsisting charges created by the company in line with Section 99 of the Companies Act, 2002 and not comprising properties situated outside Tanzania;
- The names and addresses of one or more persons living in Tanzania authorised to accept service on behalf of the company and any document required to be served thereon (the company) and represent the company as its permanent representative for the place of business;
- The full address of the principal or registered office of the company in the country of origin as well as full address of the place of business in Tanzania;
- A statutory declaration made by a director or secretary of the company stating the date on which the Company established a place of business in Tanzania, the business to be carried on and the name under which the respective business is carried on if different from the registered one.
- Duration: Company registrations takes one day

COST FOR COMPANY REGISTRATION IN TANZANIA

LOCAL COMPANY

- The fee for registering a business without share capital is TZS 300,000;
- The registration charge might range from TZS 95,000 to TZS 440,000 for the formation of a business with a share capital;
- The cost of filing documents is TZS 66000;
- A corporate name reservation cost is TZS 50,000.

FOREIGN COMPANY

- Registration Fees: USD 750.00
- Filing any document required to be delivered to the Registrar USD 220.00
- For filling balance sheet/accounts USD 220.00.

OTHER REGISTRATIONS

Once the company has been incorporated and certificate of incorporation issued, the company must register with Tanzania Revenue Authority to obtain a TIN number for payment of taxes and also obtain a business licence from the Ministry of Investment, Industry and Trade in order to conduct commercial operations in Tanzania.

3.13.7 TAXATION

If you doing business in Tanzania, you must pay the various taxes in the country. Resident corporations in Tanzania must pay taxes on all of their global earnings. Non-resident corporations must pay taxes on income that is derived from sources within Tanzania.

The following taxes are applicable:

a) Personal income tax

Residents are subject to personal income taxation at a marginal progressive rate with a 30% cap. Individuals who are not residents, however, are subject to a 15% tax.

RESIDENT RATES

| Taxable Income (TZS) | | Tax on column 1 (TZS) | Tax on excess (%) |
|----------------------|-----------|-----------------------|-------------------|
| Over (column 1) | Not over | | |
| 0 | 270,000 | - | 0 |
| 270,000 | 520,000 | - | 8 |
| 520,000 | 760,000 | 20,000 | 20 |
| 760,000 | 1,000,000 | 68,000 | 25 |
| 1,000,000 | And above | 128,000 | 30 |

Source: Pwc 2023

b) Corporate income tax

Income tax is charged at a rate of 30% on income of a resident corporation and of a Permanent Establishment of a non-resident corporation or 5% of turnover for technical and management service providers to mining, oil, and gas entities.

c) Withholding Tax

WHT rates

| Payment | Wht (%) | |
|--|----------|--------------|
| | Resident | Non-Resident |
| Dividend: | | |
| To a company controlling 25% or more of the voting power and holding 25% or more of the shares | 5 | 10 |
| From a DSE-Listed Company | 5 | 5 |
| Otherwise | 10 | 10 |
| Interest | 10 | 10 |
| Rent: | | |
| Land and Buildings | 10 | 10 |
| Aircraft Lease | 10 | 10 |
| Other Assets | 0 | 10 |
| Royalty* | 15 | 15 |
| Natural Resource Payment | 15 | 15 |
| Service Fees | 5 | 15 |
| Director fees (other than full time service) | 15 | 15 |
| Insurance Premium | 0 | 5 |
| Money Transfer Commission Paid to Money Transfer Agent | 10 | N/A |
| Fees paid to commercial bank agents and digital payment agents | 10 | N/A |
| Payments for goods by government institutions | 2 | N/A |

* If payment relates to use of cinematography film, video tape sound recording, or any other like medium, the applicable rate is 10%.

d) Value Added Tax

VAT is chargeable on all taxable goods and services supplied in, or imported into, the United Republic of Tanzania. Generally, businesses with or expecting to generate an annual taxable turnover of more than TZS 200 million in Mainland Tanzania and TZS 100 million in Tanzania Zanzibar must register for VAT.

The standard rate of VAT is 18% in Mainland Tanzania and 15% in Tanzania Zanzibar except for banking, postal and telecommunication services where an 18% rate is applicable. Additionally, the export of goods and certain services is eligible for zero rating.

3.13.8 IMMIGRATION PROCEDURES

VISAS

Visas are applied online through the Visa Application System

TYPES OF VISAS

The following visas are applicable to investors in Tanzania

a. Ordinary visa (single entry visa)

This visa is granted to foreign national for the purposes of visit, tourism, leisure, holiday, attending conference, humanitarian and charity activities, family visit, health treatment or any other purpose as may be determined by the issuing authority. Its validity does not exceed 90 days for a single entry.

REQUIREMENTS

- Copy of the applicant's valid passport (biographic data page);
- Return ticket of the flight;
- Dully filled in declaration form;
- 50 USD visa fee.

b. Business visa

Business visa is issued for a period not exceeding 90 days to foreign nationals who wish to enter in the United Republic of Tanzania to conduct special assignments, for short term professional roles and for business related visits.

REQUIREMENTS

- Copy of the applicant's valid passport (biographic data page);
- Return ticket of the flight;
- 250 USD visa fee.
- A work contract or any proof of the work/assignment to be performed within a period not exceeding three months.

c. Multiple entry visa

Multiple visas may be issued to American nationals (due to bilateral agreements between Tanzania and America).

REQUIREMENTS

Multiple visa (director)

- A recent passport size photo of the applicant;
- Copy of the applicant's valid passport (biographic data page);
- Return Ticket of the flight;
- A covering letter from the company;
- A copy of registration certificate/certificate of compliance of the company;
- BRELA search document (proof of being a director from BRELA)
- 100 USD Visa fee.

d. Transit visa

This visa may be issued to foreign nationals for the purpose of transiting through to another destination outside the United Republic of Tanzania for a period not exceeding seven days.

REQUIREMENTS

- Copy of the applicant's valid passport (biographic data page);
- 30 USD visa fee;
- An entry visa or onward ticket to the intended country of destination;

WORK PERMITS

The Prime Minister's Office - Policy, Parliament, Coordination, Labour, Youth, Employment and Persons with Disability has developed an Online Work Permit Application and Issuance System (OWAIS). The System is integrated with the Online System for application of Residence Permit (e-Permit), which is run by the Immigration Department. The integrated System enables applicants to electronically submit their applications for Work/Residence Permit, pay required fees, receive status notification and Grant Notice online via their email accounts.

CLASSES OF WORK PERMITS AND THE COSTS

| Work Permit Class | Non-Citizens concerned | Fee (US Dollar) | Maximum time of working in Tanzania |
|-------------------|---|-----------------|--|
| A | Investors or self employed | 1,000 | Beyond 10 years/as long as business exists |
| B | Non-citizen in possession of prescribed professions | 500 | 5 years |
| C | Non-citizen in possession of other professions | 1,000 | 5 years |
| D | Non-citizens employed or engaged in approved religious or charitable activities | 500 | 5 years |
| E | Refugees | Gratis | 5 years |

APPLICATION PROCESS

Work permit application process is done online through the Prime Minister's Office - Policy, Parliament, Coordination, Labour, Youth, Employment and Persons with Disability official website: www.kazi.go.tz. where the applicant is required to create an account, fill the online applicant form and upload the required documents and submit the application and make payments.

REQUIREMENTS

| SN | Required Documents | Work Permit Class |
|----|--|-------------------|
| 1 | Justification Letter | All Classes |
| 2 | One recent passport size photograph with blue background | All Classes |
| 3 | Copy of a Valid Passport (Validity should not be below six months before expiry) | All Classes |
| 4 | Scanned copies of original Academic/Professional certificates. | B, C and E |
| 5 | Translated documents and scanned copies of certificates before translation. | B, C, D and E |
| 6 | Detailed Curriculum Vitae/ Resume | B, C, D and E |
| 7 | Current Proof of Shares from BRELA Online Search System or Extract from Register | Class A |
| 8 | Proof of transfer or sell of shares (Where applicable). This includes Tax Clearance Certificate to that effect. | Class A |
| 9 | Employment/Engagement Contract | B, C, D and E |
| 10 | Detailed Job Description | B, C, D and E |
| 11 | Sectoral Approvals/Permits/Registrations (where applicable) i.e., TMDA, TBS, ERB, NBAA, TCAA, CRB, LATRA, TASAC, Ministry of Education, Science and Technology, Mining Commission etc. | All Classes |
| 12 | Certificate of Charitable Organization or any related document | Class D |
| 13 | Original Work Permit (For renewals and change of Work Permit Class) | All Classes |
| 14 | Industrial/Business/Operating Licence | All Classes |
| 15 | TIC/EPZA Certificate (Where Applicable) | A, B and C |
| 16 | Lease Agreement/Certificate of Occupancy/Title Deed | Class A |
| 17 | Proof of registration with NSSF and WCF | All Classes |
| 18 | Certificate of Tax Identification Number (TIN) | All Classes |
| 19 | Certificate of Value Added Tax | All Classes |
| 20 | Current Tax Clearance Certificate | All Classes |
| 21 | Certificate of Incorporation/Certificate of Compliance / Registration of Companies, NGOs, Religious Institutions, Universities, Schools and other Institutions | All Classes |
| 22 | Memorandum and Articles of Association or Constitution of the Organization. | All Classes |
| 23 | Recommendation letter from relevant Government Authority for Companies, Non-Governmental Organizations (NGOs) or Institutions executing Government Projects/Programmes | Class B, C and E |
| 24 | Introduction letter authorizing employee of the Organization to apply and make a follow up of Work Permit application and copy of such employee's Work Identity Card. | All Classes |

RESIDENCE PERMITS

Residence permits are applied online through the Prime Minister's Office - Policy, Parliament, Coordination, Labour, Youth, Employment and Persons with Disability official website: www.kazi.go.tz OR the Immigration Department official website: www.immigration.go.tz where the applicant is required to create an account, fill the online applicant form and upload the required documents and submit the application.

Once the application has been approved for payment, the applicant will be notified to pay upon which they will receive a Residence Permit Enrolment Notification, which requires the applicant to report to the nearest Immigration Office for fingerprints and photo capture (enrolment process) for issuance of the permit.

For the case of Zanzibar, applicants who are registered with the Zanzibar Investment Promotion Authority and have been issued with certificate of incentive may lodge their applications through the ZIPA portal.

CLASSES OF RESIDENCE PERMIT

a. Class A Residence permit

Granted to a person who intends to enter or remain in Tanzania and engage on self-employed investment in the field of prospecting and mining, agriculture and animal husbandry, profession and consultancy services, professional arts, manufacturing and processing, larger scale investment and trade, hospitality Industry and related activities, Information technology and IT activities, transport and logistics, construction industry, real estate industry and other investments.

REQUIREMENTS FOR RESIDENCE PERMIT CLASS 'A'

- Dully filled online application;
- Application letter;
- Work permit issued by labour commissioner (Tanzania mainland and Zanzibar)
- A copy of national passport (with validity of not less than six months);
- Passport size photograph;
- One full size photograph;
- Registration certificates from relevant authorities;
- Certificate of Incentive (in case the business or project has been registered with Tanzania Investment Centre - TIC or Zanzibar Investment Promotion Authority – ZIPA and EPZA);
- Board resolution;
- Memorandum and Articles of Association;
- Certificate of incorporation;
- Valid business license;
- Certificate of registration for Tax payers (TIN);
- Valid tax clearance certificate;
- Tax payment slips;
- Lease agreement or certificate of occupancy;
- List which shows company assets;
- Physical Verification Visit report (PVV) where necessary;
- Company current bank statement where necessary;
- Sector specific licence.



RESIDENCE PERMIT CLASS “A” COSTS

| Permit Codes | Residence Permit Categories as per Sector/Occupation | Eligibility | Fees In USD | Fees For Citizens of EAC In USD |
|--------------|---|--|-------------|---------------------------------|
| A-1 | Prospecting and Mining | Persons intending to engage into prospecting of minerals or mining | 3,000 | 1,500 |
| A-2 | Large scale investments, trade and business including agriculture and animal husbandry | Persons intending to engage into large scale investment, trade and business including agriculture and animal husbandry | 3,000 | 1,500 |
| A-3 | Prescribed profession and consultancy services | Members of prescribed profession in possession of prescribed qualifications intending to practice such profession and consultancy services | 3,000 | 1,500 |
| A-4 | Small scale trade, business, artisanship, fishing, farming or any legally recognized activity | Persons who have been residing in the country and engaged in small scale trade, business, artisanship, fishing, farming or any legally recognized activity | 1,000 | 500 |
| A-5 | Diaspora Investors | Prospective investors whose nationality of origin was Tanzania and subsequently renounced and acquired another nationality | 1,000 | - |

b. Class B Residence Permit

Residence Permit Class “B” is issued to a foreigner who possesses qualification or skills, preferably in highly technical occupations, that are not readily available in the local labour market.

REQUIREMENTS FOR RESIDENCE PERMIT CLASS “B”

- Dully filled online application;
- Application letter;
- Work permit issued by Labour Commissioner (Tanzania Mainland and Zanzibar);
- A Copy of national passport (with validity of not less than six month);
- Cover letter from the employer;
- Passport size photograph;
- One full size photograph;
- Curriculum vitae of the employee;
- Certified copies of academic certificates;
- Official translation of documents/certificates in case they are written in languages other than English or Swahili;
- Job description for the expatriate/employee;
- Employment contract;
- Previous original class B permit (in case of renewal or replacement);
- Organization structure of the company;
- Registration of certificates from professional boards where necessary;
- Business license;
- Memorandum and Articles of Association;
- Certificate of incorporation;
- Letter of no objection (if the application has shifted from another company);
- Tax clearance (in case of renewal or replacement);
- Tax Payers’ Identification Number (TIN) Certificate

RESIDENCE PERMIT CLASS “B” COSTS

| Permit Codes | Residence Permit Categories as per Sector/Occupation | Eligibility | FEES IN USD | Fees for citizens of EAC in USD |
|--------------|---|--|-------------|---------------------------------|
| B-1 | Specific employment by specific employer | Persons who have been offered specific employment by specific employer and have the required qualifications and experience | 2,000 | 500 |
| B-2 | Specific employment by specific employer (EAC Partner states) | Professionals, Technicians and Associates Professionals from EAC Partner States as prescribed in the Schedule to the EAC Common Market Protocol (Free Movement of Workers) Regulations | - | 500 |

3.13.9 USEFUL CONTACTS

- Tanzania Investment Centre <https://www.tic.go.tz/>
P.O. Box 938, Golden Jubilee Tower,
1st Floor, Ohio Street, Dar es Salaam
Email: info@tic.go.tz
Telephone: +255 734 - 989 469, +255 734 989470
Contact person(s) in TIC
Kisima
Email: nestory.kissima@tic.go.tz
Mr. Revicatus - Director for Investment Facilitation
revocatus.rasheli@tic.go.tz
- Business Registrations and Licensing Agency (BRELA)
Ushirika (TFC) Building, Lumumba Street,, Dar es Salaam P.O. Box 9393.
Tel: + 255 222 180 141 / +255 222 180 113,
+ 255 222 180 371
Email: usajili@brela.go.tz, ipo@brela.go.tz
Website: www.brela.go.tz
- Tanzania Revenue Authority (<https://www.tra.go.tz/>) Headquarters, Postcode:28 Edward Sokoine Drive,11105 Mchafukoge, Ilala CBD, P.O. Box 11491, Dar es salaam, Tanzania
Tel: +255 800 750 075, +255 800 780 078, +255 800 110 016
- Immigration Services Department
<https://immigration.go.tz>
Tanzania Immigration Department
P.O. Box 1181, Dodoma, Tanzania
Tel : +255 262-323542
Email : info@immigration.go.tz
Regional Immigration Services Department offices
[click here](#)

3.13.10 REFERENCES

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- <https://investmentpolicy.unctad.org/international-investment-agreements/countries/222/tanzania-united-republic-of>
- <https://opentoexport.com/article/education-sector-in-tanzania/>
- <https://ors.brela.go.tz/>
- <https://taxsummaries.pwc.com/tanzania>
- https://www.commonwealthgovernance.org/countries/africa/united_republic_of_tanzania/judicial-system/#:~:text=Judicial%20System%20of%20United%20Republic%20of%20Tanzania&text=It%20has%20unlimited%20civil%20and,jurisdiction%20than%20the%20district%20courts
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- <https://www.worldometers.info/world-population/tanzania-population/#:~:text=The%20current%20population%20of%20the,67%2C438%2C106%20people%20at%20mid%20year.>
- <https://ziew.zipa.go.tz/>
- <https://www.epza.go.tz/services/epz-sez-licensing>
- <https://www.jica.go.jp/Resource/tanzania/english/activities/agriculture.html>
- <https://www.kazi.go.tz/>
- <https://www.ke.tzembassy.go.tz/tanzania/natural-resources-and-mining-in-tanzania>
- https://www.mifugouvuvu.go.tz/uploads/publications/sw1595939344-AQUACULTURE%20POLICY%20BRIEF_BRANDED%2014.06.2019.pdf
- <https://www.statista.com/statistics/1199657/gdp-by-economic-activity-in-tanzania/>
- <https://www.tic.go.tz/>
- <https://www.tra.go.tz/>
- <https://www.trade.gov/country-commercial-guides/tanzania-manufacturing>
- <https://www.worldbank.org/en/country/tanzania/overview>





3.14 ZAMBIA PRACTICAL GUIDE

3.14.1 COUNTRY PROFILE

Zambia is a land-linked country in South-central Africa. It is situated on a high plateau and takes its name from the Zambezi River. It's bordered by Angola, Namibia, Botswana, Malawi, Tanzania, Mozambique, Democratic Republic of Congo and Zimbabwe.

Zambia has an area of 752,610 sq km with its capital city being Lusaka. Zambia has a population of 20.87 million people (2024) and its official language is English with Nyanja and Bemba being the main local languages.

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Official name | Republic of Zambia |
| Capital | Lusaka |
| Area: | 752,610 sq km (World bank) |
| Population (2024) | 20.87 million (World meter) |
| Languages | English, Nyanja, Bemba |
| Currency | Zambian Kwacha (K) |
| GDP (current US\$) (2022) | 29.16 billion (World bank) |
| GDP per capita (current US\$) 2022 | 1,456.9 (World bank) |
| GDP growth (annual %) 2022 | 5.2 (World bank) |
| Main Exports 2021 | Raw Copper, Refined Copper, Gold, Precious Stones and Electricity (OEC) |
| Main imports 2021 | Refined Petroleum, Nitrogenous fertilizers, Delivery Trucks, Copper Ore and Packaged Medicaments (OEC) |

ECONOMIC OVERVIEW

Zambia's economy rebounded in 2021 and 2022 with real GDP growing at 4.6% and 5% respectively from a contraction of 2.8% in 2020, supported by firmer copper prices, favourable external demand, good rainfall, and post-election market confidence.

Zambia's recovery is expected to strengthen, with GDP growing by around 4.5% annually over 2023–25. Firmer copper demand from China and commencement of fertilizer production at a newly established domestic plant will broaden the base of GDP growth.

Further, completion of reforms to agricultural policies, business regulations, and the energy sector will boost fiscal sustainability and promote private sector-led growth.

POLITICAL AND LEGAL OVERVIEW

Zambia has a parliamentary democracy with a presidential system of government where the President is both Head of State and Government. The president and members of Parliament are elected into office and the President appoints Cabinet Ministers from among elected and nominated Members of Parliament. Parliament, headed by the Speaker of the National Assembly, comprises 156 elected members and 10 Members nominated by the President.

The Supreme Court is the highest court of appeal and is headed by the Chief Justice. Zambia is a unitary republican state with the Executive, Legislature and the Judiciary operating as autonomous organs of Government.

3.14.2 WHY INVEST IN ZAMBIA?

Zambia has made strides in creating an enabling environment for trade and investment, attracting both local and foreign investments in various sectors of the economy. Zambia offers significant economic opportunities riding on its abundance in natural resources and policy initiatives, making the country the preferred trading and investment destination to both local and foreign investors.

Below are some of the factors that make Zambia an ideal trade and investment destination:

a) Availability of natural resources

Zambia is endowed with a wide range of natural resources attracting investment including copper, gold, cobalt, coal and emerald. Zambia has extensive surface of water resources including the Zambezi River providing major dams that generate hydroelectric power and serve as a significant supply of household water. Zambia has large deposits of limestone, which are located in the Lusaka region of the Central Province and in parts of the Eastern Province. The country also has significant coal resources and has been producing coal since 1967.

b) Wider market access

To increase trade and market accessibility, Zambia has signed various bilateral and multilateral agreements. Zambia is an active participant in the establishment of the Tripartite Free Trade Area between COMESA, SADC, and the East African Community (EAC). In February 2021, Zambia joined the African Continental Free Trade Agreement (AfCFTA) joining other African Union Member States to create a continent-wide single market. Zambia has also continued to benefit from duty-free and quota-free market access to the European Union (EU) through its Everything but Arms (EBA), and to the United States from the Generalized System of Preferences (GSP) and the African Growth and Opportunity Act (AGOA) agreements.

c) Attractive Fiscal and Non-Fiscal Incentives

Through ZDA, the government has continued with its quest to stimulate local investment by attracting both domestic and foreign investors through provision of strategic investment incentives. Through the ZDA Act, various fiscal and non-fiscal incentives are provided for to investors including allowances, exemptions and concessions.

d) Progressive banking, legal and insurance services

Zambia has progressive banking, legal, and insurance services of international standards. It has numerous domestic branches of international banks including Absa, Standard Chartered, CitiBank and Bank of China with strong and growing insurance sector for both life and non-life insurance products.

e) Favourable investment climate

Zambia remains one of the ideal trade and investment destinations in Africa as evidenced by rising FDI in a number of sectors beyond mining such as manufacturing, construction and energy. A lot of effort has been made by the government to improve the investment climate for both local and foreign investors. The government remains resolute to support trade and investment through continued infrastructure development in key sectors. Efforts are being made to increase power generation capacity through upgrading and construction of new generation facilities and use of alternative energy sources in addition to improving and expanding the rail network to reduce the burden placed on road infrastructure. Further, there are no foreign exchange controls since their abolishment in 1994 and no restrictions on the repatriation of interest, profit, dividends, management fees, technical fees, and/or royalties.

f) Investment guarantees

Zambia offers investment guarantees and protection against state nationalization through the certificate of registration for investments under the ZDA Act 2006. Zambia is also a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and other international agreements. This guarantees foreign investment protection in cases of war, strife, disasters, and other disturbances, or in cases of expropriation. The ZDA also offers further security for investments in the country through the signing of the Investment Promotion and Protection Agreements (IPPAs).

3.14.3 ZAMBIA DEVELOPMENT AGENCY (ZDA)

ZDA is Zambia's premier economic development Agency with a mandate of promoting and facilitating trade, investment and enterprise development in the country. The Agency is also responsible for building and enhancing the country's investment profile for increased capital inflows, capital formation, employment creation and growth of the Medium Small and Micro Enterprise (MSME) Sector.

The Agency's core functions include:

- Promoting investments through provision of information on investment opportunities and sources of capital;
- Facilitating investments through assisting investors in obtaining licences, permits, incentives and exemptions;
- Regulating and facilitating development of multi-facility economic zones and industrial parks in Zambia and monitoring their performance;
- Overseeing the privatization programme;
- Promoting and facilitating the development of MSMEs;
- Increasing Zambia's capacity to trade;
- Undertaking economic and sector studies and giving advice to the Minister of Commerce, Trade and Industry;
- Encouraging public-public, private-private and private to public dialogue;
- Establishing a database of facilities and promoting accessibility to industry.

3.14.4 INVESTMENT INCENTIVES

Fiscal incentives

Investors who invest not less than US\$500,000 (foreign investors) or \$50,000 (local investors) in the Multi Facility Economic Zones (MFEZ) or a priority sector or product under the ZDA Act, are entitled to the following fiscal incentives:

- Zero percent import duty rate on raw materials, capital goods, machinery including trucks and specialized motor vehicles for five years;
- No withholding tax on management of fees, consultancy, and interest repayments to foreign contractors;
- Supplies to developers of MFEZ and industrial parks- zero rated;
- Foreign supplies to the MFEZ and industrial parks exempt from reverse VAT charge;
- Zero percent tax rate on dividends for companies operating in MFEZ for a period of 5 years;
- Zero percent tax rate on profits for companies operating in MFEZ for a period of 5 years; year 6-8 (50 percent of profits taxed); year 9-10 (75 percent of profits taxed).

Customs

- 0% customs duty on machines tools (including presses) for working metal by forging, hammering or die stamping: machine tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching: presses for working metal or metal carbides;
- 0% customs duty on machines, ceramics, concrete, asbestos cement or like mineral materials or for cold working glass, sawing machine and grinding machines;
- 0% customs duty on tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor. Drills of all kinds, Saws, Chain saws attract 5% customs duty;
- 0% customs duty on machinery and apparatus for soldering, brazing, welding, whether or not capable of cutting, other than:
 - a) Industrial laboratory electric furnaces & ovens;
 - b) Brazing or soldering machines, machines and apparatus for resistance welding of metal;
 - c) Electric capacitors, fixed, variable or adjustable.
- 0% Customs Duty on:
 - d) Automatic goods-vending machines;
 - e) Postage stamps, cigarette, food or beverage;
 - f) Presses for manufacturing of particle board of fiber;
 - g) Rope or cable making machines;
 - h) Industrial robots;
 - i) Mixing, kneading, crushing, grinding, screening, sifting, homogenizing, emulsifying or stirring machines;
 - j) Machines & apparatus of kind used solely or principally for the manufacturing of semiconductor boules or wafer, semiconductor devices, electronic integrated circuits or flat panel displays: machines;
 - k) Electronic motors & generators (excluding generating sets) custom duty free;
 - l) Electric generating sets and rotary converters;
 - m) Electric transformers, static converters (rectifiers & inductors);
 - n) Electric accumulators, including separators therefor, whether or not rectangular:
 - i. Lead-acid of a kind used for starting piston engines;
 - ii. Other lead acid accumulators;
 - iii. Lithium-ion;
 - iv. Nickel-ion;
 - v. Nickel metal hydride.
 - a) Dry cleaning machines;
 - b) Machines for reeling, unreeling, folding, hitting or pinking textile fabric.
- 0% customs duty on machine tools for working any material by removing of material by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electro - beam, ionic beam or plasma are processes water:
 - a) Lathes for removing metal;
 - b) Machines for working metal;
 - c) Machines-tools for drilling, boring, milling, threading or tapping by removing metal;
 - d) Machine tools for planning, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting-off and other machines;
 - e) Tools working by removal metal, or cermet.
- 0% customs duty on:
 - a) Cameras for underwater use- medical purposes;
 - b) Electronic- cardiographs;
 - c) Ultrasonic scanning apparatus;
 - d) Magnetic resonance imaging apparatus;
 - e) Scintigraphic apparatus;
 - f) Electro – diagnostic apparatus;
 - g) Ultra-violet or infra-red apparatus for medical surgical use - syringes used in medical, surgical, dental or veterinary sciences;
 - h) Dental drill engines;
 - i) Instruments & appliance used in dental science;
 - j) Other breathing, appliances and gas masks;
 - k) Hearing aids;
 - l) Pacemakers for stimulating heart muscles;
 - m) Machines/ appliances for testing the hardness, strength of metal.

PRIORITY SECTORS INCENTIVES

AGRICULTURE

- a) Guaranteed VAT input tax claim for four years prior to commencement of production for businesses in the agricultural sector that make taxable supplies;
- b) Zero-rating of taxable agricultural products and supplies;
- c) Increased number of zero-rated agricultural equipment and accessories;
- d) VAT deferment on importation of some agricultural equipment and machinery;
- e) Zero-rating of the principal amount on finance leases for purchasing agricultural equipment and accessories listed in the Value Added Tax Zero-Rating Order;
- f) Income taxed at a reduced rate of 10%;
- g) Farm improvement allowance at 100% on fencing, appropriate to farming and farm dwelling occupied by farm workers whose original cost is not in excess of K100,000;
- h) Farm works allowance at 100% for the full cost of stumping and clearing, works for prevention of soil erosion, boreholes, wells, aerial and geophysical surveys and water conservation;
- i) Dividends paid out of farming profit are exempt from tax for the first five years the distributing company commences farming;
- j) Development allowance is given for any person who incurs expenditure on the growing of tea, coffee, or banana plant or citrus trees or other similar plants or trees. An allowance of 10% of such expenditure shall be deducted in ascertaining the gains or profits of that business;
- k) Increased capital allowance rate to 100% from 50% for implements, plant and machinery used in farming and agro-processing;
- l) Rural enterprises are entitled to a tax reduction of one-fifth (20%) of income for the first five charge years for which that business is carried on;
- m) Manufacturers or agro-processors that utilise the prescribed agricultural products (Cassava, Pineapple, Mango, Tomato, Sorghum, Millet) are entitled to a local content allowance at the rate of 2%.

MANUFACTURING

- a) Guaranteed input tax claim for two years prior to commencement of production;
- b) Reduction of licence fees for manufacturers of excisable products from K9,000.00 to K4,500.00;
- c) Income from organic and chemical manufacturing of fertilizers is taxed at a reduced rate of 15%;
- d) Capital allowances on industrial buildings used for the purposes of manufacturing shall be entitled to a deduction of 10% in the case of low-cost housing and 5% for other industrial buildings of the cost of the building;
- e) Persons who incur capital expenditure on an industrial building are entitled to claim a deduction called initial allowance at 10% of the cost incurred in the charge year in which the industrial building is first brought into use;
- f) Any person who incurs capital expenditure on an industrial building is entitled to an investment allowance at 10% of such expenditure in the first year used for manufacturing purposes;
- g) Suspended Corporate Income Tax for persons carrying on business of manufacturing ceramic products for the charge years 2022 and 2023;
- h) Capital allowances at 50% of the cost of implements, plant and machinery.

MINING

- a) Guaranteed input tax claim for ten years on pre-production expenditure for exploration companies in the mining sector;
- b) Interest on which a deduction is not allowed (in excess of threshold) may be treated as incurred during the next charge year and carried forward for a period of ten years;
- c) Tax losses shall be deducted from 50% of the income of the person from the mining operation provided that the losses shall not be carried forward beyond 10 subsequent charge years after the charge year in which the loss is incurred;
- d) Any mining company holding a mining license carrying on the mining of base metals is taxed at 30%;
- e) Dividends paid by a mining company holding a mining license and carrying on mining operations is taxed at 0%;
- f) 20% mining deduction on capital expenditure on buildings, railway lines, equipment, shaft sinking or any similar works;
- g) Allowable deduction of actual costs incurred by way of restoration and rehabilitation works or amounts paid into the Environmental Protection Fund pursuant to Section 86 of the Mines and Minerals Development Act 2015. 8. Mineral Royalty deductible for Corporate Income Tax assessment purposes;
- h) Capital allowances at 50% of the cost of implements, plant or machinery used exclusively for mineral processing;
- i) Zero rating of capital equipment and machinery listed in the Second Schedule of the Zero-rating Order when supplied to a holder of a large-scale mining licence.

Tourism

- a) Zero-rating of VAT on other tourist services provided to foreign tourists other than those included in tour packages;
- b) No import VAT on all goods temporarily imported into the country by foreign tourists;
- c) Capital allowances at 50% of the cost of implements, plant or machinery;
- d) Investment allowance at 10% of the cost of an extension to a hotel (being an industrial building);
- e) 5% wear and tear allowance to an extension to a hotel (being an industrial building);
- f) 10% initial allowance on an extension to a hotel (being an industrial building) in the year the building is first brought into use;
- g) Income taxed at a reduced rate of 15% for hotels and lodges on accommodation and food services.

EXPORT INCENTIVES

Incentives for exporting companies include:

- Fifteen percent corporate tax instead of the normal tax bands;
- Special exemption from duty and VAT on imports and machinery is offered to exporters of non-traditional products.

GENERAL INCENTIVES

- a) Import VAT relief for VAT registered businesses on importations of eligible capital goods (VAT Deferment);
- b) Zero-rating of VAT on export of taxable products;
- c) Relief of VAT on transfer of business as a going concern.
- d) Equal treatment of services for VAT irrespective of domicile of supplier (Reverse VAT);
- e) Cash accounting for VAT for members of the Association of Building and Civil Engineering Contractors (ABCEC), intending traders and suppliers in the electricity sector;
- f) Voluntary registration for compliant businesses whose taxable turnover does not exceed K800,000 per annum subject to conditions stated above;
- g) Exemption of interest component of finance leases;
- h) VAT relief on input tax paid for eligible purchases made by registered suppliers;
- i) Income from non-traditional exports is taxed at a reduced rate of 15%. However, if the product is from farming or agro processing, the rate is 10%;
- j) Exemption from income tax for approved collective investment schemes under the Income Tax Act, to the extent that the income is distributed to the participants in the approved collective investment scheme;
- k) Zero-rate qualifying supplies to Public Benefit Organisations to provide tax relief;
- l) No Withholding Tax on interest earned by individuals from savings or deposit accounts held with financial institutions such as banks or building societies. This is meant to encourage savings and to lessen the burden of taxation on individuals;
- m) Reduced standard company tax rate of 30% for companies;
- n) Reduced standard company tax rate of 30% for the first K250,000 income of an electronic communications network or service licensee but maintained tax rate of 40% for income in excess of K250,000.

3.14.5 INVESTMENT OPPORTUNITIES

a. Agriculture

Agriculture contributes about 19 percent to GDP and employs three quarters of the population of Zambia. Zambia covers over 75 million hectares out of which 58 percent is classified as medium-to high-potential for agriculture production.

Opportunities include:

- Cop production and commodity trading of: Cotton, coffee, soybeans, sugarcane, rice, cashewnuts and ground nuts, cassava, maize, sorghum, millet and horticultural and floricultural crops.
- Farm inputs and equipment supply,
- Fish farming;
- Poultry farming.

b. Energy

The demand for electricity has been growing at an average rate of 3% per annum, mainly due to increased economic activity in the country, especially in the Agriculture, Manufacturing, and Mining sectors, respectively. The Country's growing population has also led to an increase in the demand for other sources of energy such as petroleum and solar energy for transportation and domestic use.

Investment opportunities in the energy sector include:

- Hydro and coal electricity generation and transmission;
- Establishment of renewable energy facilities;
- Production of solar system components;
- Setting up isolated grid.

c. Mining

Zambia is the world's seventh largest producer of copper that produced 861,946 metric tonnes in 2018 and holds six percent of the world's known Copper reserves. Copper and Cobalt, the Country's traditional exports, account for well over 70 percent of export earnings.

Opportunities exist in exploration, extraction and processing of:

- Copper;
- Gold;
- Cobalt;
- Zinc;
- Lead;
- Iron Ore;
- Manganese;
- Nickel;
- Platinum group elements;
- Gemstones;
- Industrial minerals;
- Energy minerals (uranium, coal and hydrocarbons).

d. Infrastructure

Infrastructure serves a central delivery mechanism in achieving sustainable economic development and in the generation of quality social-economic development in the country. Infrastructure still remains a major challenge to growth, economic diversification and human development in Zambia.

Opportunities exist in:

- Construction of runways, terminals and auxiliary facilities in and around airports such as hotels, shopping malls, conference facilities etc.;
- Roads;
- Railways.

e. Information and Communications Technology (ICT)

Zambian financial services companies and retailers have focused on developing the country's burgeoning digital market, creating new opportunities in:

- Provision of retail fiber optic;
- Mobile internet service providers;
- Software development and sales;
- ICT business parks.

f. Tourism

Zambia stands out as one of the prime tourism destinations in Africa offering a wealth of natural tourism assets like waterfalls, lakes and rivers, wildlife protected areas and a tropical climate throughout the year. Zambia is home of the Victoria Falls, one of the Seven Natural Wonders of the World and UNESCO Heritage site. In addition, Zambia is endowed with a rich and diverse culture resulting in the occurrence of more than 30 colourful traditional ceremonies annually.

Opportunities exist in:

- Sports and entertainment activities such as safaris canoeing, bungee jumping; nature walks, game drives, micro light flights; Sport fishing, rock-climbing and Orienteering;
- Packaging cultural ceremonies to local and foreign tourists;
- Movie tourism to display Zambian culture;
- Hotel infrastructure.

g. Agro-processing

The agro-processing sector in Zambia is one of the most important sectors that have experienced unprecedented growth in terms of production and export performance. This has been closely attributed to huge investment inflows in the various value chains as well as the enabling business environment.

Opportunities exist in:

- Peanut butter production;
- Cashew nut processing;
- Animal or stock feed production;
- Cassava processing;
- Grain milling (Rice, maize, wheat etc.);
- Edible oil production;
- Fruit canning and juice extraction;
- Meat, dairy, leather and leather products;
- Fish processing;
- Cotton spinning and textiles;
- Bio-diesel production and ethanol production; and
- Honey processing;
- Potato and onion value addition;
- Establishment of cold chain facilities.

3.14.6 STARTING A BUSINESS

FORMS OF BUSINESS

a) Sole Proprietorship

A sole proprietorship is formed by an individual who is liable for all the debts and obligations of the company.

b) Partnership

A partnership is formed when two or more persons agree to carry on a business for profit as co-owners. In Zambia, a partnership is not recognized as a separate entity for tax purposes. The taxable income of the partners is assessed separately based on the agreed ratios.

c) Company

Companies can be formed as Limited Liability Companies ('LLC'), either as private or public LLCs.

The key aspects of a Private LLC include:

- Shareholders' liability is limited to their contribution in the company;
- Minimum capital requirement is ZMW 15,000;
- Minimum 2 shareholders and 2 directors, of any nationality, are required;
- Minimum 1 director is required to be resident in the country;
- Shareholder and director can be an individual or a company; and
- Not permitted to offer shares to the public.

The key aspects of Public LLC include:

- Shareholders' liability is limited to their contribution in the company;
- Minimum capital requirement is ZMW 1.5 million;
- Minimum 2 shareholders and 2 directors, of any nationality, are required;
- Minimum 1 director is required to be resident in the country;
- Shareholder and director can be an individual or a company; and
- Shares can be offered to the public.

d) Foreign company

A foreign company is a company already registered in another country. The law requires that at least one and no more than nine local directors be authorized to conduct and manage the affairs of the company in the Republic of Zambia. If the company has two such directors or more than two directors (but not more than nine), at least 50% of the directors should be resident in the Republic of Zambia.

COMPANY REGISTRATION PROCESS

Company registration is done online via the Companies Registration Agency (PACRA) electronic service.

The following steps are involved in starting a business in Zambia

1) Name clearance

This is done by submitting an application for Name Clearance online through the Pacra portal. The applicant is required to propose at least three names in their application. An approved name is valid for 30 days. One can choose to register an approved name within 30 days or reserve the name for a further 90 days. An approved name that is not registered or reserved expires after 30 days.

COST FOR NAME CLEARANCE

- Business name – K83.00;
- Local Company – K90.00;
- Foreign Company – K200.00.

2) Register the company

After name clearance has been approved, one needs to fill in an Application for Incorporation of a company (Companies Form 3) or Application for Registration of a foreign company (Companies Form 38). Other requirements include:

- Declaration of consent to act as a director or secretary; and
- 4 copies of the non-standard Articles of Association.

Upon registration one is issued with an incorporation certificate depending on the type of business.

COMPANY REGISTRATION FEES

| | |
|--|------------|
| Registration of a private company limited by shares with minimum nominal capital k15,000 | K975.00 |
| Registration of a public company with minimum nominal capital k1,500,000.00 | K38,100.00 |
| Foreign companies form 38 - application for registration as foreign company | K4170.00 |
| Foreign companies form 60 - notice of lodgement | K500.00 |

Fees vary depending on the service category. Click here for detailed fee schedule.

OTHER REGISTRATIONS

a) Social Security registration

Investors have to register with the National Pension Scheme Authority. In order to be registered, investors must file the Certificate of Incorporation.

b) Investment registration certificate (optional)

To get an investment certificate, investors must invest at least \$250,000.

The certificate is issued by the Zambia Development Agency after inspection of the premises, this basic control aiming to ensure that the use of the registered premises is consistent with the enterprise's operation activities. Obtaining the certificate costs K14,916.

c) Fire clearance certificate

Companies have to get a fire clearance certificate. The certificate, issued by the relevant council in which the business activity takes place, is valid for one year and renewable.

d) Business permit

Although the business permit is issued at the council level, the process is harmonised throughout the country. Applicable fees depend on the activity the investor will be carrying out and on the number of employees. Before obtaining the business permit, investors must have their business premises ready.

e) Sector specific licences

Other specific licences such as health clearance, licence to manufacture excisable goods food hygiene license etc. will be obtained depending on the business activity.

3.14.7 TAXATION

PERSONAL INCOME TAX

The rates of income tax applicable to an individual are as follows:

COMPARISON OF PERSONAL INCOME TAX BANDS – ANNUAL

| 2024 CHARGE YEAR income bands | 2024 RATES | 2023 CHARGE YEAR income bands | 2023 RATES |
|----------------------------------|---------------|----------------------------------|---------------|
| First K61,200 | 0% | First K57,600 | 0% |
| Above K61,200 up to K85,200 | 20% | Above K57,600 up to K81,600 | 20% |
| Above K85,200 up to K110,400 | 30% | Above K81,600 up to K106,800 | 30% |
| Above K110,400 | 37% | Above K106,800 | 37.5% |

COMPARISON OF PERSONAL INCOME TAX BANDS – MONTHLY

| 2024 CHARGE YEAR income bands | 2024 RATES | 2023 CHARGE YEAR income bands | 2023 RATES |
|----------------------------------|---------------|----------------------------------|---------------|
| First K5,100 | 0% | First K4,800 | 0% |
| Above K5,100 up to K7,100 | 20% | Above K4,800 up to K6,800 | 20% |
| Above K7,100 up to K9,200 | 30% | Above K6,800 up to K8,900 | 30% |
| Above K9,200 | 37% | Above K8,900 | 37.5% |

CORPORATE TAX

The standard Corporate Income Tax (CIT) rate is 30 percent. However, the following sources of income are subject to different CIT rates:

| Source of income | CIT rate (%) |
|---|--|
| Electronic communications networks or service licences | 35 |
| Farming | 10 |
| Profits from Public PPP Projects by SPVs for the first five years | 15 |
| Agro-processing | 10 |
| Agro-processing of corn starch in Multi Facility Economic zone or Industrial Park | 0 (2023 to 2032) 5% (2033 to 2035) 2.5% (2036 to 2037) 10% (2037 onwards) |
| Export of non-traditional products from farming and agro-processing | 10 |
| Export of non-traditional products other than those relating to farming and agro-processing | 15 |
| Value addition to gemstones through lapidary and jewellery facilities | 25 |
| Hotels Lodges, Accommodation and food services | 30 (previously 15) |

VALUE ADDED TAX

The VAT rate is 16% and is applicable to supplies of standard-rated goods and services.

The export of goods and services from Zambia are generally zero-rated. However, exports of services rendered physically from a place of business in Zambia would be considered standard-rated supplies of services and would be subject to a 16% VAT rate, regardless of whether the consumer is a non-Zambian resident.

WITHHOLDING TAX

Payments of the following items of Zambian-source income may be subject to WHT. The relevant rates under domestic legislation are as follows:

| Category of payment | Rate on payment to Zambian resident (%) | Rate on payment to non-Zambian resident (%) |
|---|---|---|
| Dividends | 15 | 20 |
| Interest | 15 | 20 |
| Interest from a Lusaka Securities Exchange listed Property Loan Stock Company | 0 | 15 |
| Interest from green bonds listed on Lusaka Securities Exchange with maturity greater than 3 years | 0 | 0 |
| Coupon income (interest) on government bonds | 15 | 15 |
| Management or consultancy fee | 15 | 20 |
| Royalties | 15 | 20 |
| Reinsurance | 0 | 20 |
| Commissions | 15 | 20 |
| Construction and haulage contractors | 0 | 20 |
| Public entertainment fees to entertainers/sports persons | 0 | 20 |

3.14.8 IMMIGRATION PROCEDURES

The Department of Immigration is responsible for issuance of work permits and visa for foreigners intending to visit and work in Zambia. Applications for visas and permits are conducted online through the eservices Zambia Immigration Department where one is able to apply, pay and obtain the permit.

VISA

Types of Visas

| Purpose | Requirements |
|---|--|
| Business Visa Issued to foreigners coming to Zambia to transact business during their stay. | <ul style="list-style-type: none"> • Passport sized photo; • Passport copy of applicant; • Cover letter on company letterhead with full address and contact numbers addressed to the Director-General; • Invitation from host company; and • Certified copy of certificate of incorporation of host company. |
| Tourist visa. Issued to foreigners coming to Zambia for tourism purposes. | <ul style="list-style-type: none"> • Passport sized photo; • Passport copy of applicant; • Cover letter from applicant addressed to the Director General which must be signed by the author; • Hotel booking; • Copy of return air ticket. |
| Ordinary Visitor Issued to all ordinary visitors. | <ul style="list-style-type: none"> • Passport sized photo; • Passport copy of applicant; • Cover letter from host in Zambia addressed to the Director General which must include full physical address and phone number of host and must be signed by the author; • Hotel booking (Optional); • Copy of return air ticket; • Status of host i.e., copy of NRC/Zambia immigration permit. |
| Transit visa Issued to a foreign national who require visas to enter Zambia and is transiting through overland and shall be valid for a maximum period of seven (07) days. | <ul style="list-style-type: none"> • Passport sized photo; • Passport copy of applicant; • Cover letter from applicant addressed to the Director General which must be signed by the author. |

For Immigration permits and visa fee click [here](#)

WORK PERMITS

a. Employment permit

This is issued to a foreigner who enters the country to take up employment for a period exceeding six (06) months. It can be extended for periods up to a maximum of 10 years. It is issued to a foreigner who is:

- 1) Employed by the Government of Zambia or a statutory body;
- 2) Employed by the private sector, Non-Governmental Organisations (including a person employed as a volunteer) or a religious organization; and
- 3) The spouse and children, over twenty-one years, of a foreigner may be issued with Employment Permits if they are to be employed in the family business.

REQUIREMENTS FOR A NEW APPLICATION

- Cover letter from employer addressed to the Director General of Immigration;
- Employment contract or letter of offer;
- Police clearance from country of residence;
- Curriculum vitae;
- Registration certificate from the relevant professional body in Zambia (where required);
- Certified copy of qualifications (academic, professional);
- Copy of marriage and birth certificates (where available);
- Certified copy of valid passport (bio data & last endorsement stamp for Zambia);
- Certified certificate of share capital and list of directors;
- Prescribed fee.
- Copy of succession plan which shall include an understudy training program to be conducted by the foreign national to transfer knowledge and/or skills to the Zambian worker;
- A copy of the Certificate of Incorporation;
- In the case of Construction, Mining Sector, ICT, Engineering and other project-based engagements, a cover letter specifying the project on which the expatriate would be employed, copy of letter of award specifying completion date and value of project must be submitted;
- Original Press advertisements which have appeared in two leading newspapers in A5 size. Name of Newspaper and date of advert should be clearly visible on the press advert and outcome of selection exercise must also be submitted;
- One recent passport size photograph; and

b. Investor Permit

An Investor's Permit is issued to a foreigner (above the age of 18 years) intending to establish a business or invest in Zambia or who has established or invested in a business in Zambia, or is joining an already existing company.

REQUIREMENTS

- Cover letter addressed to the Director General of Immigration;
- Certificate of Incorporation;
- Certificate of share capital (where required);
- Certificate of minimum capital;
- Investment license from ZDA (where available);
- List of directors;
- Proof of personal investment amounting to US\$250,000 for a new business and US\$150,000 if joining an existing company (bank statement, money transfer, ZRA Form CE20, showing description and value of goods/equipment);
- Proof of ownership or lease agreement in Zambia;
- Certified copy of valid passport (bio data & last endorsement stamp for Zambia);
- Two recent passport size photographs; and
- Prescribed fee

c. Temporary Employment permit

This is issued to any business visitor who intends to remain in Zambia for a period exceeding thirty (30) days. The validity of the permit should not exceed six (6) months within a period of twelve (12) months.

REQUIREMENTS

- Cover letter from the institution doing business with applicant;
- Duly completed application form (Form 25);
- Certified copy of valid passport (bio data & last endorsement stamp);
- One recent passport size photograph; and
- Prescribed fee.

d. Residence Permit

This confers permanent residence to a holder.

REQUIREMENTS

a) Holders of Investor's Permit;

- Cover letter to Director General of Immigration;
- Aliens Registration Card;
- VAT/ZRA receipts/Valid ZRA Tax Clearance Certificate;
- Current bank statement;
- Audit report from a recognized firm registered with the Zambia Institute of Chartered Accountants (ZICA);
- Title of ownership or lease agreement (where applicable);
- Certified photocopies of current passport (bio data & last endorsement stamp for Zambia);
- One recent passport size photograph;
- Prescribed fee; and
- Inspection report by Immigration (Only after submission of application).

b) Holders of Employment Permit

- Cover letter to Director General of Immigration;
- Aliens Registration Card;
- Two reference letters;
- Certified copy of valid passport (bio data & last endorsement stamp for Zambia);
- One recent passport size photograph;
- Contract of employment;
- Certified documentary proof of professional or other qualification; and
- Prescribed fee



3.14.9 USEFUL CONTACTS

- Zambia Development Agency
Privatization House, Nasser Road
P. O. Box 30819
Email: info@zda.org.zm / Email:
pr@zda.org.zm
Tel: +260211 222858 / Tel: +260
211 220177
- Zambia Revenue Authority,
Kalambo Road, Lusaka
Email: advice@zra.org.zm
- Patent And Companies
Registration Agency, PACRA
House, Haile Selassie Avenue,
Long Acres,
P.O. Box 32020, Lusaka.
Email: pro@pacra.org.zm / Tel:
+260 211-255127 / Tel: +260211-
255151
- Department of Immigration
Headquarters, Kent Building, Haile
Selassie Road
P.O. Box 50300, Lusaka,
Zambia / Email : support@
zambiaimmigration.gov.zm
+260 211 428800 / +260 211
252669

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3.15 ZIMBABWE PRACTICAL GUIDE

3.15.1 COUNTRY PROFILE

Zimbabwe is a land-linked country in Southern Africa covering an area of about 390,760 sq km. Zambia lies to the northwest with the Zambezi River and Victoria Falls forming the border. Mozambique lies to the northeast, sharing a border characterised by the picturesque Eastern Highlands Mountain range. Botswana lies to the southwest and South Africa to the south, with the Limpopo River separating the two countries.

The country has a population of 16.859 million people with the capital city being Harare. Zimbabwe has 16 official languages and the main languages are English, Ndebele and Shona. Zimbabwe is divided into 10 geographical Provinces, with each offering its own unique economic opportunities.

ECONOMIC OVERVIEW

Real GDP growth remained high at 6.5% in 2022 driven by a continued growth in agricultural production. Mineral exporters benefited from rising high global prices and together with tourism contributed to overall economic growth.

LEGAL AND POLITICAL OVERVIEW

Zimbabwe is a multi-party democratic system of government with separation of powers between the three arms of Government namely: the Legislature, Executive and Judiciary. The President is the Head of the executive, Head of State, Head of Government, and Commander-in-Chief of the Defense Forces.

The President and Members of Parliament are directly elected by the people while Cabinet Ministers are appointed by the president from elected and nominated Members of Parliament.

The judiciary comprises the Constitutional Court, Supreme Court, High Court, Labour Court, Administrative Court, magistrate courts, customary law courts, and other courts established under acts of parliament. The Supreme Court is the highest court and final court of appeal in Zimbabwe and is headed by the Chief Justice.

GENERAL INFORMATION

| | |
|-------------------------------|-------------------------------------|
| Capital | Harare |
| Area | 390,760 sq km |
| Main Languages | English, Ndebele and Shona |
| Population | 16.859 million (2024) (World meter) |
| Currency | Zimbabwean Dollar |
| GDP (current US\$) | 27.27billion (2022) World bank |
| GDP per capita (current US\$) | 1676.8 (2022) (World bank) |
| GDP growth (annual %) | 6.5 (2022) World bank |

3.15.2 WHY INVEST IN ZIMBABWE?

a) Favourable Investment landscape

Zimbabwe Investment and Development Agency Act has clear provisions on non-discriminatory business climate, repatriation of funds, ownership and other critical factors that protect investors. The Act also establishes the One Stop Investment Services Centre (OSISC) which gives investors a seamless registration and license application process.

b) Availability of Incentives

An array of fiscal incentives that investors can enjoy has been put in place by the government. These include tax holidays, corporate tax, duty free importation of raw materials, intermediate products, equipment, and machinery. Companies operating under Special Economic Zones (SEZs) are entitled to a host of fiscal concessions provided for mainly in the Income Tax (Chapter 23:06) and Finance Act (23:04).

c) Regional hub

Zimbabwe is a key hub within the road and rail corridor in the SADC region. The country has a vast road and rail network connecting it to its neighbours. It is also strategically positioned to link with the whole SADC region.

d) Diverse mineral resources

Zimbabwe has a huge and highly diversified mineral resource base dominated by two prominent geological features namely the famous Great Dyke and the ancient Greenstone Belts, also known as Gold Belts. The Great Dyke is a layered igneous complex extending north-south for about 550 km. The Great Dyke plays host to the world's largest high grade chromite resource base. Zimbabwe has the world's second largest resource of platinum group of metals as well as significant reserves of gold, lithium, copper and nickel.

e) Dynamic skilled workforce

Zimbabwe has a pool of talented, educated, and trainable diverse workforce. Public and Private owned universities, polytechnics, vocational training centres and other tertiary institutions are churning out industry-ready graduates who are eager to take up roles in various sectors of the economy.

f) Strong air and road access

The world's best airlines have daily flights that link the world to Zimbabwe and vice versa. Zimbabwe's strong road network makes it easy for investors to access projects that are located outside urban areas.

g) Favourable climatic conditions

Zimbabwe enjoys a lovely, temperate climate. The central highveld plateau has temperatures up to 28°C/82°F. The country can be divided into six different regions of agricultural potential, with the amount of rainfall constituting the determining factor in land use.

h) Peace and stability

Investments are secure as there is low crime rate and Zimbabweans are peace loving people. Investing in Zimbabwe is Investing in stability.

i) Business ready environment

Zimbabwe's pro-business policies, ready built infrastructure, strong supply chains and reliable human capital makes it the perfect destination for investors.

2.15.3 ZIMBABWE INVESTMENT AND DEVELOPMENT AGENCY (ZIDA)

ZIDA is an investment agency responsible for promoting and facilitation of both local and foreign investments in the country. It operates a One Stop Investment Services Centre (OSISC), which provides investment services ranging from investment analysis, company registration, tax registration and clearance, licencing, connecting to all necessary utilities, investment promotions, public relations and aftercare services.

3.15.4 INVESTMENT INCENTIVES

Government incentives to foreign investors depend on the form of investment, the sector, and whether the GOZ awards the investment national project status. For investment in industrial parks and tourism development zones, investors are exempt from paying tax for the first five years, after which they will pay tax at the rate of 25 percent.

Investors in the mining sector who export 50 percent of output benefit from a reduced corporation tax of 20 percent and duty is payable on goods plus 15% VAT, while losses are carried forward indefinitely for mining operations. Manufacturers who export enjoy preferential rates of Income Tax as follows:

- Exports of 30-40% - 20%
- Exports of 41-50% - 17.5%
- Export of 51% and above – 15%

In addition to these incentives, investments with national project status such as those in the renewable energy sector are allowed to borrow on local capital markets where they enjoy incentives including tax exemption on interest.

The Government of Zimbabwe encourages investment in renewable energy by reducing rates of duty on importation of solar equipment including batteries and panels.

SPECIAL ECONOMIC ZONES (SEZ) BENEFITS

The ZIDA Act, Income Tax Act, Finance Act and Customs and Excise (SEZ) (Rebate) Regulations, 2017 provides incentives to investors licensed under the special economic zones (SEZ). These incentives include:

- A special initial allowance of 50 percent of cost from first year and 25 percent in the subsequent two years;
- Exemption from non-residents withholding tax on fees for services not locally available;
- Exemption from non-residents' tax on royalties;
- Specialized expatriate staff will be taxed at a flat rate of 15%;
- Zero rated corporate income tax for the first 5 years;
- Exemption from non-residents withholding tax on dividends;
- 100% customs duty rebate on all imported raw materials, equipment and machinery;
- Exemption from the requirement to obtain import and export permits.

Although there are no discriminatory import or export policies affecting foreign firms, the government's approval criteria heavily favour export-oriented projects. Import duties and related taxes range as high as 110 percent.

INCENTIVES AVAILABLE FOR PUBLIC PRIVATE PARTNERSHIP UNDER BOOT AND BOT ARRANGEMENTS.

- Tax holiday for first 5 years;
- Corporate Income Tax of 15% during the second five years; thereafter a standard corporate income tax rate of 25% applies.

3.15.5 INVESTMENT OPPORTUNITIES

a) Mining

The country is endowed with over sixty minerals including gold, Platinum Group Metals (PGMs), diamonds, coal, gemstones, granite, manganese, chrome, lithium, iron ore, copper, nickel, cobalt, limestone, coal-bed methane (CBM) and rare earth minerals.

Opportunities lie in:

- Diamond cutting and polishing;
- Coal to coke processing;
- Gold Ore to Bullion Processing;
- Base Metals (Nickel, Copper, Iron, Cobalt) Recovery from PGMs;
- Phosphate to fertilizer processing;
- Chrome to Ferrochrome processing.

b) Tourism

Tourism in Zimbabwe is anchored on abundant natural resources such as wildlife and scenery. Zimbabwe is endowed with vast tourist attractions ranging from natural to man-made historical sites. These include the Majestic Victoria Falls, Mana Pools National Park (both UNESCO World Heritage Sites); Lake Kariba; Great Zimbabwe Medieval Place; the scenic beauty of the Eastern Highlands; Matopos (a Cultural World Heritage Site) and the pristine habitats and wildlife (Great Limpopo Trans frontier park, Hwange National Park, Malilangwe Wildlife Reserve).

Investment opportunities lie in establishment of:

- Integrated resorts
- Golf estates and casinos
- Hotels and lodges
- Convention centres and exhibition parks
- Theme amusement parks
- Shopping malls and restaurants.

c) Energy

The major key enabler in realising sustained economic growth is electricity supply. In order to achieve the objective of powering the economy towards sustained economic growth, the existing generation capacity will be optimally utilised through upgrading, rehabilitation and maintenance. Although the installed capacity is 2 300 MW, the actual power generation capacity is about 1400 MW against a peak demand of about 1700MW, and winter peak maximum demand of about 2200MW thus, creating a shortfall of about 1000 MW during peak periods. Overall dependency on hydro power amidst effects of climatic change is exerting more burden on current electricity supply. The reliance on power imports on the backdrop of regional shortages is also not sustainable.

Opportunities lie in:

- Increasing power supply to 3467 MW by the year 2025;
- Enhancing the transmission and distribution network by 2025;
- Renewable energy production.

d) Infrastructure, ICT & the Digital Economy

Focus on addressing the country's infrastructure gap remains central for sustaining growth and delivering adequate public services in the context of an evolving global landscape. Government has maintained momentum on infrastructure projects implementation by mobilising requisite resources from both domestic and external sources.

Priority opportunities entail:

- Maintenance and repair of current assets;
- Completing ongoing and stalled projects;
- Capacitating public entities involved in infrastructure delivery to effectively and efficiently manage the assets;
- Provision of wireless broadband to subscribers.

e) Agribusiness

The agriculture sector has potential to drive economic growth and sustainable development. Key to unlocking the potential is resolving the security of tenure on the land and creating conducive conditions for bankability of agricultural projects.

Opportunities lie in:

- Development of Agro-industrial park focusing on high tech farming, horticulture, cannabis and industrial hemp;
- Production of blueberries;
- Rose production;
- Provision of agricultural financing.

f) PPPs Investment Opportunities

The implementation of PPPs in Zimbabwe is governed/ regulated by the Zimbabwe Investment and Development Agency Act.

Opportunities lie in development of:

- Road, Rail & Air transport infrastructure;
- Urban transport systems;
- Power generation plants and power transmission and distribution networks;
- Renewable energy works;
- Gas and petroleum infrastructure;
- Water supply, treatment and distribution systems;
- Solid waste management works;
- Education and health care facilities;
- Housing;
- Information communication technology projects;
- Agriculture and irrigation development;
- Inland ports and harbours;
- Inland container depots and logistics hub.

g) Designated Zones opportunities

1) Masuwe SEZ Opportunities

- Construction of convention centres;
- Construction of hotel accommodation;
- Medical tourism;
- Financial services hub;
- Shopping centres and tourist activities.

2) Harare - Sunway City Opportunities

- Information and telecommunications;
- Industrial Park;
- Manufacturing hub;
- Logistics;
- Medical Park.

3) Bulawayo Opportunities

- Engineering;
- Leather and textile;
- Mineral's beneficiation;
- Agro-processing;
- Manufacturing;
- Power generation;
- Heavy and light industries;
- Logistics.

4) Beitbridge Opportunities

- ✓ Logistics hub;
- ✓ Bonded warehouses;
- ✓ Solar power generation;
- Manufacturing;
- Mineral's beneficiation;
- Agro-processing.

5) Mutare – Fernhill Opportunities

- Manufacturing;
- Precious minerals beneficiation;
- Agro-processing.

3.15.6 STARTING A BUSINESS

FORMS OF COMPANIES

There are two types of companies that can be registered in Zimbabwe, the Public limited company or the Private limited company (PLC). Trade name registration is only for registered companies that want to use a different name for trading.

COMPANY REGISTRATION PROCESS

a. Business/Company Name Reservation

To register your business in Zimbabwe, an applicant is required to submit a list of 1 -5 names of choice online on cipz.pfms.gov.zw. The names provided are subjected to approval by the registrar of companies to check for availability.

b. Submit application for company registration (Private company)

REQUIREMENTS

- CR 5 Business and email address
- CR 6 List of Directors and the secretary
- Memorandum and Articles of Association

These documents are submitted in duplicate to the registrar of companies to facilitate the registration process.

FEES

The registration fee for a private limited company is \$65 and the Public limited goes for \$200 (basic registration).

OTHER REGISTRATIONS

(i) Tax registration

Upon formation, a company must register at the regional Zimbabwe Revenue Authority Office. This is done online through <http://efiling.zimra.co.zw>. The documents to be submitted are as follows:

- An application form (REV 1);
- Certificate of incorporation;
- CR14/CR6;
- Memorandum and Articles of Association;
- National Identity documents, proof of residence and bank statements of at least two directors;
- Letter of appointing the company's public officer.

The company will be issued a Business Partner Number (BPN) which acts as the registration number.

(ii) Bank account

Another critical step in registering a business is opening a bank account where business transactions will occur. While opening up a bank account, legal company documents are a requirement, depository fee and bank advice note and a tax clearance certificate which the Zimbabwe Revenue Authority gives. Additionally, the date for closing financial accounts or the financial year is very key and has to be indicated.

(iii) Registration with Manpower Development Fund

Employers must register with, and contribute 1% of their wage bill to, the state-run Manpower Development Fund. The fund allows employers to recover expenses when employees complete training. This takes 1 day and is free of charge.

3.15.7 TAXATION

Businesses in Zimbabwe are required to comply with the following taxes.

a) Value Added Tax (VAT)

VAT is levied on every taxable supply by a registered person. A taxable supply means any supply of goods or services in the course or furtherance of a taxable activity. A taxable activity means any activity that is carried on continuously or regularly in Zimbabwe that involves the supply of goods or services for consideration.

VAT is a transaction tax, and the implications will vary for different transactions. Some transactions are taxed at a rate of 15% (effective 1 January 2023; previously 14.5%) or 0%, while other transactions are exempt from VAT. Input tax deductions may be claimed, subject to certain provisions. The registration threshold for VAT has been reduced to an annual turnover of USD40,000 or the ZWL equivalent (reduced from USD60,000).

b) Corporate Tax

Zimbabwe presently operates on a source-based tax system. This means that income from a source within, or deemed to be within Zimbabwe is subject to tax in Zimbabwe unless a specific exemption is available. As of 1 January 2020, the effective corporate income tax (CIT) rate for companies (other than mining companies with special mining leases but including branches) is reduced to 24.72% (previously 25.75%).

c) Withholding Tax

Withholding tax (WHT) is applicable where dividends and royalties or similar payments are declared or distributed to non-Zimbabwean residents (and Zimbabwean residents in some instances).

DIVIDENDS

Dividends declared by a Zimbabwean company to a non-resident holding company will be subject to non-resident shareholders tax (NRST), a WHT. NRST is payable at a rate of 15% unless treaty relief is available. Dividends from companies listed on the Zimbabwe Stock Exchange have a rate of 10% and 5% for companies listed on the Victoria Falls Stock Exchange. WHT is due on the 10th day of the following month.

INTEREST

WHT of 15%, calculated on the gross amount of interest, is payable on interest accruing to any person resident in Zimbabwe. This applies to interest arising from a registered banking institution or unit trust scheme. The tax withheld is a final tax, and the financial institution is responsible to withhold the tax.

3.15.8 IMMIGRATION PROCEDURES

The Department of Immigration Zimbabwe administers the Immigration Act on behalf of the Minister with a mandate to facilitate entry and exit of travellers and issuing permits which accord status to immigrants among other functions.

VISA

Every citizen of a foreign country who wishes to visit Zimbabwe must first obtain a visa through the Evisa portal. Citizens of countries that have visa abolition agreements with Zimbabwe are exempt from this rule. Investors can check whether their country is exempted from visa requirement through this link: <https://www.evisa.gov.zw/registre>

TYPES OF VISAS

HOLIDAY VISA

This is issued to foreigners entering Zimbabwe temporarily for tourism, sightseeing, to visit family and friends or other private purposes.

REQUIREMENTS

- Passport photo;
- Passport scan of biodata page;
- Proof of residence of host (where applicable);
- Address at destination;
- Previous Zimbabwean Visa (attach copy if yes).

FOR VISITORS HOSTED BY A CITIZEN/RESIDENT INCLUDE:

- Host invitation letter;
- Proof of residence;
- Residential status of host e.g., identity card copies or residence permits;
- Application letter.

BUSINESS VISA

This is issued to foreigners travelling to Zimbabwe for business related purposes such as consultancy or to offer services. It may be granted for a period of 30 (thirty) days and is non-renewable.

REQUIREMENTS

- Passport photo;
- Passport scan of biodata page;
- Proof of residence of host (where applicable);
- Invitation letter and business profile;
- Business letter from sending company;
- Previous Zimbabwean Visa (attach copy if yes);
- Business profile of traveller (applicable to prospective investors).

TRANSIT VISA

This is issued to visitors travelling to another country who will have a brief layover in Zimbabwe when the only reason for entering Zimbabwe is to transit. It is non-renewable.

REQUIREMENTS

- Passport photo;
- Passport scan of biodata page;
- Proof of residence of host (where applicable);
- Reason of visit to country of destination (and proof where applicable).

VISA APPLICATION PROCESS

Applications for Visa are done online through the e-Visa platform where applicants are able to apply, pay and obtain the e-Visa. Payments are effected through 3D Secure MasterCard/Visa Card. The visa approval process takes 7 days.

WORK PERMITS

SHORT-TERM WORK PERMIT

A short-term work permit is designed for foreign nationals intending to work or conduct business-related activities for periods exceeding 30 days and up to 12 months. A short-term work permit is valid for a maximum period of a year and is non-renewable.

REQUIREMENTS

- Application form;
- Original police clearance & certified copies;
- Application letter from the host company;
- Motivation letter from the host company;
- Letter of employment from the host company;
- Copy of qualifications;
- Proof of current status of investors, where applicable;
- US\$ 500 statutory fee.

LONG TERM WORK PERMIT

A long-term work permit is designed for foreign workers intending to work in Zimbabwe for a period that exceeds 12 months up to 5 years. The long-term work permit is issued with an initial period of 12 months and is renewable in-country up to a maximum cumulative stay of five (5) years.

REQUIREMENTS

- Application form;
- Original police clearance & certified copies;
- Application letter from the host company;
- Motivation letter from the host company;
- Letter of employment from the host company;
- Copy of qualifications;
- Radiology certificate;
- A job advertisement in Zimbabwean newspapers;
- Host company registration documents and certificates;
- Tax clearance;
- Project overview;
- US \$500 statutory fee.

INVESTOR RESIDENCE PERMIT

An investor's residence permit is designed for companies or foreign nationals who wish to invest in a Zimbabwean business or start-up an investment project. The investor's residence permit is granted for a maximum of 12 months and renewable in-country.

REQUIREMENTS

- Application form;
- Original police clearance & certified copies;
- Bank statements less than 3 months old;
- List of local employees;
- Support letter from line ministry on government projects;
- Company profile, certificate of incorporation and memorandum and articles of association;
- Radiology certificate;
- Project overview;
- US\$ 500 statutory fee.



3.15.9 USEFUL CONTACTS

- Zimbabwe Investment & Development Agency
Cnr Jason Moyo & Sam Nujoma St.
ZB Life Towers, 1st Floor, Harare, Zimbabwe
Phone: +263 8688002639 – 42
Phone: +263 8677009135
Phone: +263 242 757933
Phone: +263 242 780142 - 3
Email: info@zidainvest.com
Website: <https://zidainvest.com/>
- Central Africa House, Ground Floor
Cnr Jason Moyo & Leopold Takawira
Bulawayo, Zimbabwe
Phone: +263 292 265243 / +263 292 265345
Email: info@zidainvest.com
- Zimbabwe Revenue Authority
Phone(s): (0242)758 891-5, 790 813, 790 814
Address: ZB Centre Cnr Nkwame Nkrumah Ave/
First Street P O Box 4360 Harare
Contact Centre Details: Toll free 585, 086 8800 7614,
Email contactcentre@zimra.co.zw
Region: Harare
- Department of Immigration
Cnr. Herbert Chitepo / Leopold Takawira
Harare, Zimbabwe
+263 242 791911 / +263716801142
inquiries@zimimmigration.gov.zw
admin@evisa.gov.zw
- Ministry of Industry and Commerce
Head Office, 13th Floor Mkwati Building, Cnr Simon
V. Muzenda and Livingstone Avenue, Harare
Mail: mic@mic.gov.zw
Call: +263 (0242) 707540
- Zimbabwe Manpower Development Fund
18572 off Mother Patrick Ave, Rotten Row, Harare
P. Bag CY7739 Causeway Harare
0242 780 451-5/ 758 057 / 0772 136 776/9 /
0712 431 303/5
marketing@zimdef.co.zw

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