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**FORMATION OF BUSINESS IN RWANDA**

**Introduction**

The Government of Rwanda continues to explore innovative ways to improve the regulatory environment, ease doing business and create the right incentives to make Rwanda a fast rated investment destination. In so doing, Rwanda eased its process of incorporating businesses and hence introduced online registration of a company. Both name reservation and registration of a business take approximately a period of two to five working days if told there some missing documents that are not submitted. An individual or a company decides under which category of a companies he or she desires to run his business. Therefore, before understanding the registration process of a company in Rwanda, MK Associated Advocates (Rwanda-Africa) is to undertake the categories and types of companies under which a person may legally run his or her business.

**Categories of Companies**

There two major categories of companies under which one may incorporate his or her business and these include; Public Company or Private Company.[[1]](#footnote-1) However, Foreign Company may be considered as the third category of companies.

A Foreign Company is a company incorporated outside Rwanda, but having a place of business in Rwanda and for it can be registered within a period of 10 working days.[[2]](#footnote-2) However, companies outside Rwanda but within EAC and others from the country were Rwanda has an agreement to enjoy national treatment are given special treatment while establishing themselves in Rwanda[[3]](#footnote-3) and their not considered or are not registered as foreign companies.

Besides choosing the categories of the companies under which one may desire to establish his or her company, during registration process, a person has to also choose the type of company under which his or her business is going to run.

**Types of Companies**

The following are the types of companies;[[4]](#footnote-4)

* Limited liability Company by share
* Limited liability by guarantee
* Limited liability by share and by guarantee
* Unlimited company. A company limited by shares and by guarantee may be established as either a public or private.[[5]](#footnote-5) However, a company limited by guarantee or an unlimited company cannot be established as a public company.

At registration or after, one may decide to establish a subsidiary company of the principal or mother company. A company is treated as a subsidiary of another company when another company controls the composition of the Board of Directors of the company, is entitled to receive more than 50% of every dividend paid by the company and having more than 50% of share, voting rights, rights for distribution of profit/assets of the company.[[6]](#footnote-6) Its therefore to note that the mother or principal and subsidiary company operate independently with separate legal personality.

**Formation of a Company**

In Rwanda the process of forming, registering or incorporating a company or business is done online through Rwanda Development Board system. This system directly connects to the Office of the Registrar General (ORG) upon which the Registrar General may approve or reject your registration application on grounds he or she may express to you for clarification and correction.

**Registration Process**

The registration process is commenced with Reservation of Company Name and it’s the Registrar General that approves the name suggested by an individual or company on the following grounds;

The name should not be identical with that of an existing company or so nearly resemble it as to be calculated to deceive, it should also end with the words like LTD, PLC,

**Note:** If the RG is satisfied that the name meets the above requirements, he or she shall approve such name for reservation and the owner may proceed with the incorporation process.

**Key Requirement for incorporation of a company**

* Certificate of name reservation
* Copy of ID/Passport
* Objectives/activities of the company are available in the system with activity code for one to choose depending on the kind of business to be run in the company.
* Memorandum of Association, it is mandatory for every company to be having Memorandum of Association.[[7]](#footnote-7) However in Rwanda, Memorandum of Association is generated online during online registration process and it indicates the name of the company, head office of the company and proposed business activity or objectives of the company.[[8]](#footnote-8)
* An active email that is used to create an account on the online registration RDB system or portal.

**NOTE:** Having Articles of Association is not mandatory during the registration process.[[9]](#footnote-9)

**Opening a branch/ Foreign Company**

* Notarized Power of attorney to present the company in Rwanda, authenticated copy of the memorandum of Association and Articles of Association, Certificate of Registration/Incorporation issued by the registration authority in the country of incorporation and Resolution from the authorized agency authorizing to open a branch.
* Passport copies of the shareholders/directors.
* At least one director residing in Rwanda together with his or her ID/Passport.

*The content of this Insight is intended to provide a general guide on the subject matter. Specialized legal advice should be sought about your specific circumstances and legal issues.*



1. Art 4 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-1)
2. Art 232 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-2)
3. Art 234 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-3)
4. Article 9 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-4)
5. Article 9 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-5)
6. Article 10 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-6)
7. Article 19 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-7)
8. Article 20 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-8)
9. Article 21 of Law N°17/2018 of 13/04/2018 governing companies [↑](#footnote-ref-9)