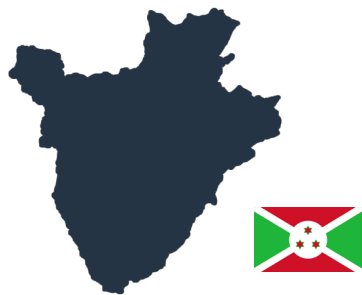


Business in Burundi



Burundi lays in the heart of Africa. As a country located in the center of East Africa, Burundi benefits from a strategic location, crossroads to Rwanda in the north, Tanzania in the south and the east, and the Democratic Republic of Congo and Lake Tanganyika, respectively in the west and the southwest. This particular location gives access to a young, wide domestic and regional market.

This landlocked nation is also known for its multilingual population (Kirundi, Swahili, French and English) and its young and active population.

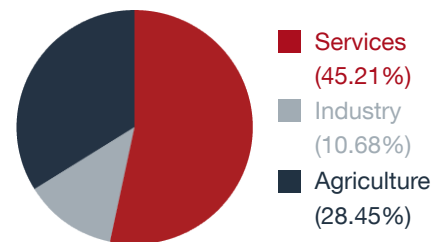


Population

11.8
million



GDP Breakdown by Sector



Currency

Burundian
Franc (FBu)

Foreign Direct Investment (est. 2019)

1.04 billion (USD)

GDP Growth (est. 2020)

0.3%

Business Climate

Burundi guarantees freedom of establishment (guaranties of visas) and non-discrimination policies for any potential investor. The government guarantees safe repatriation of income (foreign employees) and profits (entities) provided all taxes and duties have been paid. There is as well a guarantee of property rights.

Burundi is part of several conventions and treaties ensuring the protection of intellectual property such as the Convention Establishing the World Intellectual Property Organization (March 20, 1977), the Paris Convention for the Protection of Industrial Property (September 3, 1977), the Berne Convention for the protection of Literary and Artistic Works (April 12, 2016), and the World Intellectual Property Organization Copyright Treaty (April 12, 2016).

The recent law promulgated in 2021 with regards to investment has highlighted key sectors eligible for investment benefits, including the sectors of agribusiness, manufacture, infrastructure, transport, energy and mining, tourism, information and communication technology.

The banking and financial sector is regulated by the Central Bank of Burundi (BRB). All transactions concluded in Burundi shall be made in the national currency, the Burundi franc (BIF).

International Trade

Burundi is a country of the East African Community (EAC), together with Rwanda, Tanzania, Uganda, Kenya and South Sudan. The Common External Tariff has facilitated the trade between countries and free movement of people, capital, goods and services in the region.

Additionally, Burundi is a Great Lakes country (Economic Community of the Great Lakes Countries) and is a member of the Economic Community of Central African States, the Common Market for Eastern and Southern Africa (COMESA), and the African Continental Free Trade Area.

With the country's involvement in international trades, such as the ones enumerated above or the Organization of African Caribbean and Pacific States (OACPS), the multiple bilateral agreements with several countries in the world allow investors from such regions to benefit from certain incentives.

Burundi's location gives access to a young, wide domestic and regional market.



Tax Regime

Residence and Basis: An individual who does not have a permanent residency in Burundi but is in Burundi for more than 183 days (continued or discontinued) in a period of a year is said to be a tax resident and will be taxed on their worldwide income.

An entity is said to be a resident if the entity is incorporated under the laws and regulations applicable in Burundi or if the entity has its effective place of management in Burundi at any moment during the fiscal year.

Income Tax for Entities: A general tax rate of 30% is applicable to the taxable gain, and if this is not applicable, a mandatory tax rate of 1% of the total tax year income.

Business Income for Individuals: The taxable gain is fixed at a statutory rate of 15% of the total quarterly income for the sale of goods and a rate of 30% for the services sector.

Individuals and entities are also subject to rental income tax.

Withholding Tax: A statutory rate of 15% is withheld on payments made with regards to dividends, interests (with the exception of the banking sector), payments to non-residents, and the location of vehicles and other transporting vehicles.

Transfer Tax: A rate of 15% of the taxable gain is applicable.

Value-Added Tax (VAT): A standard rate of 18% is applicable. There are reduced rates of 10% for importation and local market of food, farm inputs, agriculture products transformed in Burundi and products and services in the hospitality sector, as well as 0% for exportation, international transport (with the exception of accessory services to the international transport) and products destined for exportation.

The sectors exempted are insurance, financial services, disposal of securities, medical services, education and more.

A VAT registration is mandatory for legal persons reaching an income of BIF 100 million (approximately USD \$50,000) and optional for an income of over BIF 24 million (approximately USD \$12,000).

Tax Incentives: In terms of tax incentives, a certain number of conditions are required within a certain timeline in order to be eligible for investment benefits.

Investment Benefits

Conditions of Eligibility:

- Sectors of focus (fluctuating)
- A new investment project; an extension, rehabilitation or modernization of a pre-existing project
- A minimum of USD \$500,000 worth of investment for foreigners in the city of Bujumbura and a minimum of USD \$250,000 worth of investment in other localities
- Permanence compliance with the laws and regulations applicable in Burundi and particularly in the environment, labor and insurance sectors

Duration:

- Cannot exceed a total of five years except for sectors namely where the incentives can be extended to 10 years
- Can be extended once for two years if such investing activities are not fully implemented

Tax Incentives

- Exemption from property transfer tax
- Exemption from VAT
- Exemption from import duties of building materials, equipment and production inputs (benefits only available to inputs that are not available in Burundi)
- Low income tax rate from 5% (first year) to 25% (fifth year); exemption disappears when the project begins generating profits

Establishing a Business

Burundi is fairly an open trade regime and part of the World Trade Organization. A company can be incorporated in less than 48 hours.

Several different structures can be encountered:

Self-Proprietorship Company (Société Unipersonnelle) is a separate legal entity of one legal person (individual or non-individual) whose obligations amount to their contributions to the share capital.

Limited Liability Company (Société de Personnes à Responsabilité Limitée) is a company with a minimum of two and a maximum of 50 legal persons (individuals and/or entities) where the liability is limited to the contributions to the share capital. The transfer of shares is however limited to strict and formal conditions.

Cooperative Company (Société Coopérative) is based on the notion of solidarity and mutual aid with a minimum of two legal persons (individuals and/or entities). The adherents have voluntarily formed a corporation with a specific economic and social purpose and have accepted the specific obligations of being an adherent.

Partnership Company (Société en Nom Collectif) is a company that is incorporated by two and/or more legal persons who are all traders and have unlimited liability.

Limited Company (Société Anonyme) is a company formed with at least three legal persons (individuals and/or entities) whose obligations amount to their contributions to the capital, which is divided into stocks. The company is administrated via either a board of directors combined with a general management individual or a management board combined with a supervisory board and such administration can fluctuate with time.

Public and Private Limited Company (Société Mixte) is a company formed by one or more legal persons under public law (state, municipality, etc.) and one or more legal persons subjected to private law. The corporation has its own property and assets; financial and more general autonomy. The rules applicable to the Limited Company apply in this particular context.

Employment Affairs

A work permit can be given upon request for foreigners entering the market. Two options available are:

- A **two-year work permit** for foreigners with a particular technicity in a particular field
- A **permanent work permit** for foreigners who have invested in the market

The mandatory benefits every employee is entitled to include:

- Contributions to social security
- Annual leave of 20 days
- Maternity leave of three months with at least six weeks that are taken following the birth

Contact Us

CN & Associates, Burundi

A collaborating firm of Andersen Global

For more information, please contact your Andersen advisor or visit global.Andersen.com to view our office locations.



Updated: November 10, 2021

Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world.

Visit global.Andersen.com for more locations.

The opinions and analyses expressed herein are subject to change at any time. Any suggestions contained herein are general, and do not take into account an individual's or entity's specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change. CN & Associates is the Burundian collaborating firm of Andersen Global, a Swiss verein comprised of legally separate, independent member firms located throughout the world providing services under their own name. Andersen Global does not provide any services and has no responsibility for any actions of the member firms, and the member firms have no responsibility for any actions of Andersen Global. No warranty or representation, express or implied, is made by CN & Associates, nor does CN & Associates accept any liability with respect to the information and data set forth herein. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice. Recipients should consult their professional advisors prior to acting on the information set forth herein. © 2021 CN & Associates. All rights reserved.