

**THE CHANGES  
INTRODUCED BY  
THE NEWLY  
PUBLISHED 2023  
LAW N° 019/2023  
OF 30/03/2023  
AMENDING LAW  
N° 007/2021  
GOVERNING  
COMPANIES IN  
RWANDA.**



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## GENERAL INTRODUCTION

In recent years, there have been notable regulatory reforms in Rwanda intended to strengthen the corporate sphere as a backbone in the government's vision of having a private sector driven economy. The current law governing companies in Rwanda was published in 2021 and it brought many potential and crucial changes in corporate legal practice.

Rwanda continues to position itself as an attractive investment destination, a goal achievable with the rigorous regulatory reforms set to improve corporate legal practices in Rwanda in order to position the country as best destination to set a company for various commercial activities.

In that regard, currently Rwanda has amended its company law of 2021. The amending law was published on 31st March 2023 in the Official Gazette n° Special Bis of 30/03/2023 as the law n° 019/2023 of 30/03/2023 amending law n° 007/2021 of 05/02/2021 governing companies.

This article therefore aims at demonstrating the significant changes introduced by the newly published law n° 019/2023 of 30/03/2023 amending law n° 007/2021 of 05/02/2021 governing companies. For the purpose of this article, the amending law means law n° 019/2023 of 30/03/2023 amending law n° 007/2021 of 05/02/2021 governing companies while the amended law means the law n° 007/2021 of 05/02/2021 governing companies.

## 2. CHANGES INTRODUCED BY THE LAW N° 019/2023 OF 30/03/2023 AMENDING LAW N° 007/2021 OF 05/02/2021 GOVERNING COMPANIES

The amending law has amended some provisions of the law n° 007/2021 of 05/02/2021 governing companies which is in place since 2021 when it repealed the previous one of 2018. The amending law introduced some significant changes compared to the amended law of 2021. This section discusses the major amendments that were introduced by the amending law in comparison the amended law of 2021.

### 1.1. Definitions of terms

This part discusses the major changes that were made in the part of definitions of the concepts, with much emphasis on the new concepts that were not defined in the amended law of 2021 and

some other definitions whose scope has been extended by the amending law to accommodate the purpose of amending the law.

#### 1.1.1. Register of shares and debentures

Under article 2 of the amended law which concerns definitions of concepts, the register of shares was defined as a register containing information of a company as to its shareholders' names and their shareholdings shareholders. The amending law has named this document, "Register of shares and debentures" hence defining it as a register of the company which contains information as to its shareholders and debenture holders' names, their shares or



debentures and such other particulars as provided by the law.<sup>1</sup>

Internal register of beneficial owners

Internal register of beneficial owners is a new concept introduced by the amending law under article 2, degree 11°. This concept was defined as a company's register that exists in either paper or electronic form that provides information as to its beneficial owners and the particulars required by the law.<sup>2</sup>

### 1.1.2. Central beneficial ownership information register

This is a new concept introduced by the amending law. It was defined as a register or any electronic record kept by the registrar general into which the beneficial ownership information concerning a company and their other particulars is kept.<sup>3</sup> This concept was not defined in the amended law.

### 1.1.3. Beneficial owner

The new amending law also defined beneficial owner as the natural person(s) who ultimately owns or controls a legal entity or arrangement or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate control over a legal person or arrangement.<sup>4</sup> This concept was not defined in the amended law. However, the legislator defined it in the amending law as most of the amendments made concern beneficial owner and beneficial ownership issues.

### 1.1.4. Competent authority

The amended law did not define what competent authority means in the law. The amending law on the other hand, defined the competent authority as those institutions in charge of combating corruption, money laundering, financing of terrorism, proliferation of weapons of mass destruction and tax evasion. Thus, the following institutions are taken as competent authorities under the law governing companies in Rwanda.

- ▶ authority in charge of financial intelligence;
- ▶ authority in charge of investigation;
- ▶ authority in charge of prosecution;
- ▶ authority in charge of revenue;
- ▶ authority in charge of receiving reports on cross-border transportation of currency and bearer negotiable instruments;
- ▶ authority having the power to seize or freeze and confiscate offence-related property or funds;
- ▶ Supervisory authority.<sup>5</sup>



<sup>1</sup> Article 1, degree 10° of law 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies, *Official Gazette n° Special Bis of 30/03/2023*

<sup>2</sup> *Id.*, article 1 degree 11°

<sup>3</sup> *Id.*, article 1 degree 12° article 1 degree 40°

<sup>4</sup> *Id.*, article 1 degree 40°

<sup>5</sup> *Id.*, article 1, degree 57°

## 1.2. Application for incorporation of a company

Article 19 of the law n° 007/2021 of 05/02/2021 governing companies has been amended slightly whereby among the documents to be submitted to the Registrar General by the applicant for the incorporation of the company, the amending law included the beneficial owner's information<sup>6</sup> instead of the beneficial ownership information which was the requirement in the amended law of 2021.<sup>7</sup>

## 1.3. Restrictions on allotment of shares

Article 57 of the amended law regarding the restrictions on allotment of shares has been amended by the new law where it added another restriction prohibiting the company from allotting a bearer share. Therefore, the amending law provides for the following kinds of shares that the company is not allowed to allot, among which "a bearer share" was not provided for under the amended law:

- ▶ Bearer share
- ▶ A nominal or par value share
- ▶ A share which is subject to calls
- ▶ A redeemable share at a time when there are no allotted shares of the company which are not redeemable.<sup>8</sup>

## 1.4. Company records to be kept

Article 111 of the amended law provides for the records that a company must keep at its registered office, or at any other place in Rwanda. The amending law of 2023 has made minor

changes in regard with the aforementioned records that the company is obliged to keep.

First of all, the amending law clearly states that the documents must be kept by the company for at least ten (10) years from the end of the year to which they relate unlike the amended law of 2021 which merely mentioned the records to be kept while the period of time for mandatory keeping the records was only mentioned for some records. The amended law would be interpreted differently in regard with the period of time under which a company had obligation to keep the mentioned records. Therefore, the amending law provides for the clarity on this matter as it was made clear that the documents mentioned will be recorded for the period of 10 years.

Further, there are very few but significant changes made regarding the kinds of records to be kept by the company. In that regard, the amending law requires the company to keep the register of shares and debentures<sup>9</sup> which contains information concerning both the shareholders and the debenture holders whereas the amended provision required the keeping of a register of shares which does not include debentures related information.<sup>10</sup>



<sup>6</sup> *Id.*, article 2

<sup>7</sup> Article 19 of the law n° 007/2021 of 05/02/2021 governing companies, *Official Gazette n° 04 ter of 08/02/2021*

<sup>8</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 3

<sup>9</sup> *Ibid.*, article 4

<sup>10</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 111



Moreover, in regard with the records to be kept by the company, the amended provision provided for the obligation to keep the accounting records of the company. However, the amending provision added the requirement to keep the accounting records together with their supporting documents.<sup>11</sup> The change implies that currently it is not enough for the company to keep the accounting records only, it must also add the supporting documents to the accounting records.

In addition to that, both the amended law and the amending law provide for the obligation to keep copies of all written communications to all shareholders or all holders of the same class of shares, including annual reports. The only difference lays on the period of time for which the company must keep the mentioned records. The amended law provided for seven (7) years while according to the amending law, the records are kept for at least 10 years from the end of the year to which they relate.<sup>12</sup>

Another amendment that was made in regard with the company records, is that the amending law provided for the obligations of company secretary, directors or liquidator to file copies of records mentioned in article 4 of the amending law, with the Registrar General in case the company ceases to exist as well as the obligations of the Registrar General upon receiving the mentioned records. In that regard, the law stipulates that “ *Where the company ceases to exist, the company secretary, directors or liquidator must within thirty (30) days of the company ceasing to exist, file copies of records mentioned in this Article with the Registrar General. The Registrar General must keep them*

*for a period of ten (10) years from the date of their receipt ”.*<sup>13</sup> This obligation was not provided for under the amended law.

### 1.5. Register of shares and debentures

The amending law has amended article 114 of the repealed law regarding the register of shares and debentures whereby the company must include issued shares and debentures in the register of shares which was not a requirement in the amended provision.

Further, amending law has introduced new input which was not provided for by the amended law. The new input states that in case there is change in shares and debentures, a company must also update its register of shares and debentures within a period not exceeding 7 days from the date of such change.<sup>14</sup>

### 1.6. Index of shareholders and debenture holders

In the amended law, article 115 was titled “index of shareholders”<sup>15</sup> but now as modified by the amended law, the provision is titled “index of shareholders and debenture holders.”

Notwithstanding the above, the new law has under the same article obliged the company to keep the register of shareholders and debenture holders in the same place as the register of shares and debentures which was not determined by the amended article.

To add on that, the amending law has put an obligation to the company to always make

<sup>11</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.9)

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> *Id.*, article 5

<sup>15</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 115

necessary alteration in the index of shareholders and debenture holders if there has been an alteration in the share and debenture register within a period not exceeding 14 days from the date that alteration has been made in the register of shares and debentures.<sup>16</sup>

### 1.7. Record of beneficial owners use

Article 116 of the amended law of 2021 has been modified by the amending law which has introduced a new compliance obligation requesting the nominee shareholder or nominee director to have information identifying his or her nominator and the natural person on whose behalf the nominee is ultimately acting, and to disclose this information to the company to be recorded in the register of beneficial owners yet this was not included in the amended law.<sup>17</sup>

Further alteration made, concerns the beneficial owner's information whereby the amending law provided for other information that constitute the beneficial owner's information which were not provided for by the amended law. The new information included in the beneficial owner's information are the following:

- ▶ the taxpayer identification
- ▶ date on which the person became a beneficial owner
- ▶ the nature and extent of ownership interest held in the company
- ▶ date of cessation to be a beneficial owner.<sup>18</sup>



### 1.8. Requirements to be a beneficial owner

The new law has introduced a new article worded as article 116 bis regarding the requirements to qualify as a beneficial owner. It provides for the conditions which a natural person whether acting alone or together with another person must meet in order to be considered a beneficial owner of a company. The following are conditions set out by the law:

- ▶ she or he hold shares or exercises voting rights in accompany either directly or indirectly meeting the required threshold
- ▶ he or she holds a right directly or indirectly, to appoint or remove a majority of directors of a company
- ▶ he or she exercises significant influence or control directly or indirectly, over the company.

As per the amending provision, the General Registrar instructions shall determine the required threshold of shares or voting rights in the company.

However, as per the new law, where no individual is identified with the prescribed threshold of shareholding rights or voting rights in the company, or the company secretary has doubt about the accuracy of the beneficial owner, a beneficial owner is identified as one who exercises effective control through other means.

Nevertheless, where no natural person is identified in accordance with the required requirements mentioned above, the person who holds a senior managerial position in the company must be identified as the beneficial owner.<sup>19</sup>

<sup>16</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 6

<sup>17</sup> *Id.*, article 7

<sup>18</sup> *Ibid.*

<sup>19</sup> *Id.*, article 8





## 1.9. Central register of beneficial owners

The amending law has introduced a new article worded as “article 116 Ter ” regarding the central register of beneficial owners which stipulates that;

The registrar general is in charge of establishing and keeping the central register of beneficial owners in any form, provided that it is possible to inspect the information in that register and to produce a copy of the information in the legible form.

The registrar general also is the one to verify the accuracy of the beneficial owner’s information submitted by companies and may require any person to submit information and documents that enables the verification of accuracy of such information. The competent authorities shall have the access to the central register of beneficial owner.<sup>20</sup>

## 1.10. Privileged information

The amended law provided that the competent authority may request an advocate or a legal adviser to give the name and address of any client.<sup>21</sup>

On the other hand, the amending law provided that nothing compels the production or divulgence by an advocate or a legal adviser of an item subject to legal professional privilege. However, this applies only to confidential communication produced for the purpose of seeking or providing legal advice or produced for purpose of use in existing or contemplated legal

proceedings.<sup>22</sup>

Therefore, it clear according to the amending law, advocates or legal advisors shall no longer be obliged to provide the name and address of any client. Furthermore, with the amending law in place, advocates or legal advisors are also allowed to disclose information which were not produced for the purpose of seeking or providing legal advice or not produced for purpose of use in existing or contemplated legal proceedings.<sup>23</sup>

## 1.11. Annual return

The amending law has made slight changes in regard with the obligation of submitting the annual returns to the office of Registrar General. The amended law provided that directors ensure that the company delivers to the Registrar General each year, an annual return in the prescribed form. However the legislator had not clarified the status of a company that has the obligation to submit annual returns.<sup>24</sup>

The amending law has made a clarification by mentioning that both the active company and dormant company, delivers to the Registrar General an annual return in the prescribed form.<sup>25</sup>

Before the enactment of the amending law, the dormant companies’ owners and directors would be misled that in case the company becomes dormant, its obligation of submitting the annual returns to the Registrar General ceases. Therefore, the legislator made a clarification that every company whether active or dormant submits the annual returns and it will solve the issue of some company owners, directors and

<sup>20</sup> *Id.*, article 9

<sup>21</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 120

<sup>22</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article, article 10

<sup>23</sup> *Ibid.*

<sup>24</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 143

<sup>25</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 11



management whose company became dormant and they believe that they do not need to submit annual return to the office of Registrar General every year.

### 1.12. Appointment of a company secretary

The amending law has made a modification in regard with the appointment of company secretary by making it a condition for a company secretary to be a Rwandan resident. This condition is provided for under third paragraph of article 12 of the amending law by stipulating that *“The company secretary must be a Rwandan resident”*.<sup>26</sup>

The mentioned condition of being a Rwandan resident to be appointed as a company secretary, was not a condition pursuant to article 172 of the amended law.

In the author’s view, this amendment was done to ensure that company secretaries are fully focused on their duties for the company that they serve which would not be easy for a person who does not reside in Rwanda to serve the company operating in Rwanda in the position of company secretary, considering the crucial and very important role played by the company secretary in its daily operations.

### 1.12. Appointment of a company secretary

Article 247 of the repealed law provides for the modalities for registering the foreign company. The amending law made slight modification in regard with the elements required in the process of registering the foreign company in Rwanda.

It provides for the information that must be included in the application including the information that were not provided for in the amended law. The elements provided for in the amending law which were not provided for in the amended law are the following:

- ▶ The full name, address, tax identification number or other identification number of shareholder and number of shares held.
- ▶ The beneficial ownership information.<sup>27</sup>

### 1.14. Documents delivered annually to the registrar general

Article 252 of the amended law provided that *“Directors of a foreign company deliver to the Registrar General the annual accounts and annual return of foreign company.”*<sup>28</sup>

The amending law has added some more information that must also be submitted to the Registrar General along with the annual accounts and annual return of foreign company that were also provided for by the amended law. The new documents to be submitted to Registrar General which were not provided for by the amended law are the following:

- ▶ The list of its shareholders and their particulars including names, address, tax identification number and number of shares held.
- ▶ The particulars of its beneficial owners.<sup>29</sup>

### 1.15. Enforcement of provisions of the company act

As stipulated in article 257 of the amended law,

<sup>26</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 12

<sup>27</sup> *Id.*, article 13

<sup>28</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 252

<sup>29</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 14



the company act governed foreign companies operating in Rwanda only on the issues concerning rectification of errors in the documents of a company, offences and penalties as well as faults and administrative sanctions.

However, according to the amending law, the foreign companies registered in Rwanda are required to comply with all provisions of the company act of Rwanda unless otherwise provided by the law.<sup>30</sup>

The amending law also added that the authorised representative of the foreign company is responsible for ensuring the compliance with the provisions of the company law.

The amendment aimed to achieve the equal treatment of domestic and foreign company in regard with the compliance with laws obligations. Before the amendment of the law, foreign companies were governed the Rwandan company law in very limited circumstances but with the amending law, the foreign companies shall be required to comply with all provisions of the company law unless otherwise provided for by the law.

### 1.16. Purpose of a community benefit company

Both the amended and amending laws provide for the purpose of a community benefit company. However, unlike the amended law, the amending law suggested the establishment of an Order of the Minister determining special incentives for community benefit companies and requirements to be eligible for such incentives.

The amending law made the above mentioned amendment to attract the investors to invest in community benefit companies, by granting them the special incentives which will be determined by ministerial order which is yet to be published. This amendment was influenced by the desire of Rwanda to become a leading financial centre for global investors seeking opportunities in Africa. So the incentives to be provided for by the ministerial order will aim to serve the purpose of attracting investors to establish community benefit companies in Rwanda.

### 1.17. Restoration by the Registrar General of a company to the register

Both amended and amending law provide the Registrar General, on his or her own initiative or on application, with the power to restore a company to the register when the application is based on the grounds provided for by the law. The amending law made a slight amendment in the grounds for restoring the company to the register by removing one ground which was provided for by the amended law.

Among the grounds provided for by the amended law, there was “*any other good cause shown*”.<sup>31</sup> The amending law did not reiterate this ground among the circumstances that should lead to the restoration of the company in the register. The ground that was removed, provided the registrar General with the power of discretion to determine whether the ground presented to him which is not expressly provided for by the law, is “*a good cause*” to motivate the restoration of a company in the register.

<sup>30</sup> *Id.*, article 15

<sup>31</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 287



The law had not provided the criteria for the cause to be considered as a good cause. Therefore, it would lead abuse of power by restoring a company basing on subjective judgement in the name of “good cause” which is not defined.

Another amendment made by the amending law concerns the power of the Registrar General to request the company to be restored to comply with the provisions that it had previously failed to comply with.

Under the amended law, the Registrar General had been entrusted with the discretionary power of either requesting the company to be restored to comply with provisions which it had failed to comply before it was removed from the register or not.<sup>32</sup> However, under the amending law, this option no longer applies as it provides that before restoring the company, Registrar General requires that company to comply with provisions which it had failed to comply with before it was removed from the register.<sup>33</sup>

The legislator was wise to make this amendment as it was not legally understandable to restore the company without requesting it to comply with the provision that it had previously failed to comply which led to its deregistration. Since the enactment of the amending law, the restoration of the company to the register by the Registrar General shall be preceded by requesting it to comply with the provisions that it had previously failed to comply with.

Moreover, the amending law added an input which was not provided for by the amended law. It provided that “*no company shall be restored if*

*ten (10) years have elapsed since it was deregistered*”. Therefore, the company shall only be entitled with the right to be restored to the register within the period of 10 year from the date of its deregistration after which it cannot be restored.

### 1.18. Restoring a company to the register by the court order

Both the amended and the amending law provide for the restoration of the company to the register of companies ordered by the court upon the application of eligible persons provided for by the law. Both laws also provide for the same conditions which the company must have experienced at the time it was removed from the register.

Nevertheless, the amending law made some few inputs in comparison with the amended law whereby there is a paragraph in the article 288 of the amended law which provides that “*before the Court makes an order restoring a company to the register, it may require the company to comply with provisions which it had failed to comply with before it was removed from the register.*”<sup>34</sup> This implies that the court does not have the obligation to require the company to be restored in the register, to comply with the provisions which the company had failed to comply before it was removed. Therefore, the court may as it may not order the compliance with those provisions that the company had failed to comply before its removal from the register.

On the other hand, the amending law removed the room for discretion of the court to order or

<sup>32</sup> *Ibid*

<sup>33</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 17

<sup>34</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 288



not order the company to be restored in the register, to comply with the provisions which it had failed to comply with before it was removed from the register. Therefore, since the enactment of the amending law, the court which shall order restoring a company to the register, will also order the company to be restored to comply with provisions which it had failed to comply before it was removed from the register.

Moreover, the amending law added an input which was not provided for by the amended law. It provided that “no company shall be restored if ten (10) years have elapsed since it was deregistered”.<sup>35</sup>

Before enactment of the amending law, the company would apply in court for restoring to the register any time regardless of the time that has passed since its deregistration. However, with the amending law in place, the company shall be eligible to apply for being restored within the period of ten (10) years from the date of its de-registration after which it shall not be eligible to restored.

### 1.19. Failure to keep and update the records

Article 326 was amended by article 19 of the amending law. The amendment was done by extending the scope of the provision and by establishing the range of penalty under which the fault is punished.

The amended law sanctioned a company which fails to keep the books which were required by the amended law.<sup>36</sup> On the other hand, the amending law extended the scope by sanctioning the

company for failing to keep the records or to update them as required by the amending law.<sup>37</sup>

Before enactment of this law, companies had no obligation to update the records of the company, hence risking to keep outdated records and it would mislead the users of company records in regard with the updated company position and status.

Furthermore, the amending law made an amendment on the sanction imposed on the company for committing the mentioned fault. The amended law imposed the exact penalty of five hundred thousand Rwandan Francs (500,000Frw) on a company which fails to keep the books required by the law whereas the amending law provides for the range of administrative fine of not less than five hundred thousand Rwandan francs (FRW 500,000) and not more than two million Rwandan francs (FRW 2,000,000) on the company which fails to keep the records or to update them as required by the law”.

The amendment aimed at providing the range of penalty under which the company shall be sanctioned taking into consideration various circumstances surrounding the fault commission. It would be unfair to provide for the sanction without having considered all surrounding facts as the competent authority to provide for the mentioned sanctions would have no power to determine the sanction appropriate to the fault committed depending on surrounding circumstances.

<sup>35</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 18

<sup>36</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 326

<sup>37</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 19

## 1.20. Failure to provide or delay providing the Registrar General with documents

Both the amended law and the amending law provide for the punishments of the act of failure to provide or delay providing the Registrar General with documents required by the company law. They both provide that the person convicted of this crime is liable for an administrative fine of two hundred thousand Rwandan francs (FRW 200,000) but not more than five hundred thousand Rwandan francs (FRW 500,000). However, there is a slight difference in provisions of the amended and amending law in regard with this subject.

As far as the amended law is concerned, the provision had two paragraphs, the first one criminalizing the failure to provide or delay providing the Registrar General with the required documents. The next paragraph imposed the same penalty to the companies that intentionally provide fraudulent or misleading information to the Registrar General.<sup>38</sup>

The amending law on the other hand, made it an obligation to provide Registrar General with complete, accurate or updated information or documents that are required by the law, failure to which results into the mentioned offense.<sup>39</sup>

Therefore, difference was made in the wording used. The amended law sanctioned the intentional provision of fraudulent or misleading information to the Registrar General while the amending law has made more clarification in the wording used by imposing the obligation of providing complete, accurate or updated

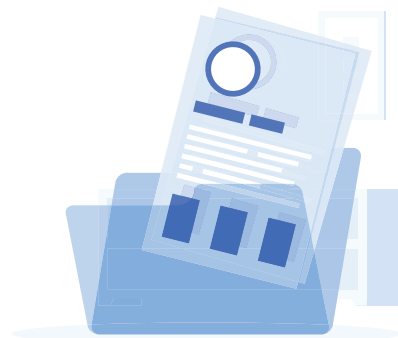
information or documents that are required by the law, failure to which constitutes a mentioned crime.

## 1.21. Disclosing false or deceitful information on shares

Article 352 of the amended law provided for the penalty for disclosing false information on shareholding or beneficial ownership. According to the amended law, the convicted would be liable to imprisonment for a term of not less than one (1) year and not exceeding two (2) years and a fine of not less than five million Rwandan francs (FRW 5,000,000) but not exceeding ten million Rwandan francs (FRW 10,000,000).<sup>40</sup>

The amending law increased the penalty to the term of imprisonment of not less than one (1) year and not exceeding two (2) years and a fine of not less than five million Rwandan francs (FRW 5,000,000) but not exceeding ten million Rwandan francs (FRW 10,000,000).

The penalties were increased as technique to discourage people from committing such acts that constitute an offense under the mentioned provision but rather provide the accurate information in regard with the shareholding and beneficial ownership information.



<sup>38</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 227

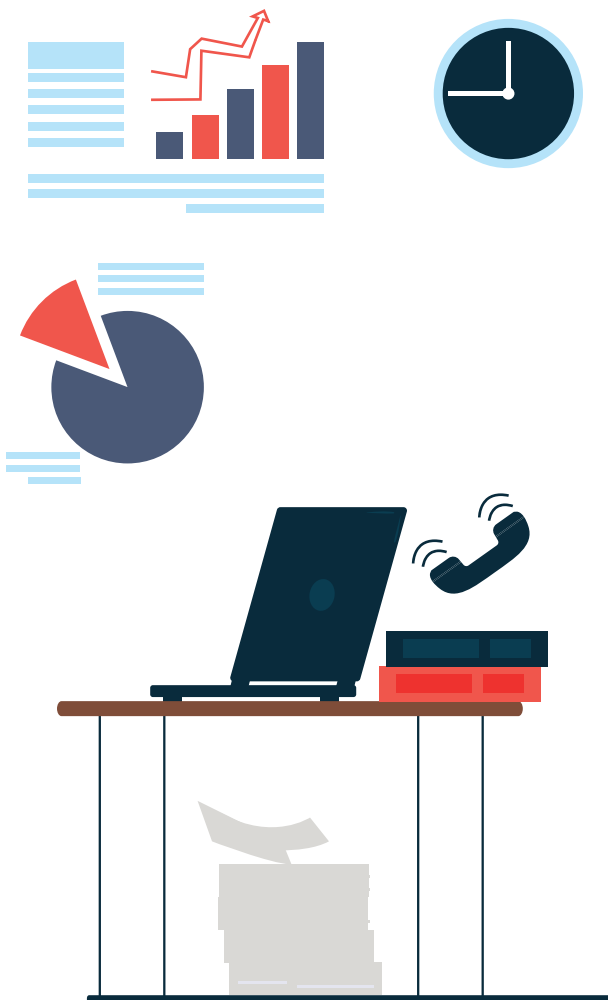
<sup>39</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article 20

<sup>40</sup> Law n° 007/2021 of 05/02/2021 governing companies (n.7), article 252



## 1.22. Issuance of guidelines or instructions regarding a beneficial owner

The amending law has inserted the new provision about the issuance of guidelines or instructions regarding a beneficial owner. It states the Registrar General may issue guidelines or instructions on the implementation of the provisions of this law regarding a beneficial owner.<sup>41</sup>



## CONCLUSION

In conclusion, the law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies has made very crucial amendments to the company law of Rwanda. It is notable that most of the amendments focused on tracking the beneficial owners as well as beneficial ownership information. It is a huge step taken to ensure that the companies are not used as channels for investment by terrorists and other criminals who would establish companies in Rwanda to raise their investment to be used in criminal actions. Therefore, the amending law shall help the competent authorities as explained herein to find out and avoid the use of companies and their benefits in such illegal acts.

<sup>41</sup> Law no 019/2023 of 30/03/2023 amending law no 007/2021 of 05/02/2021 governing companies (n.1), article22

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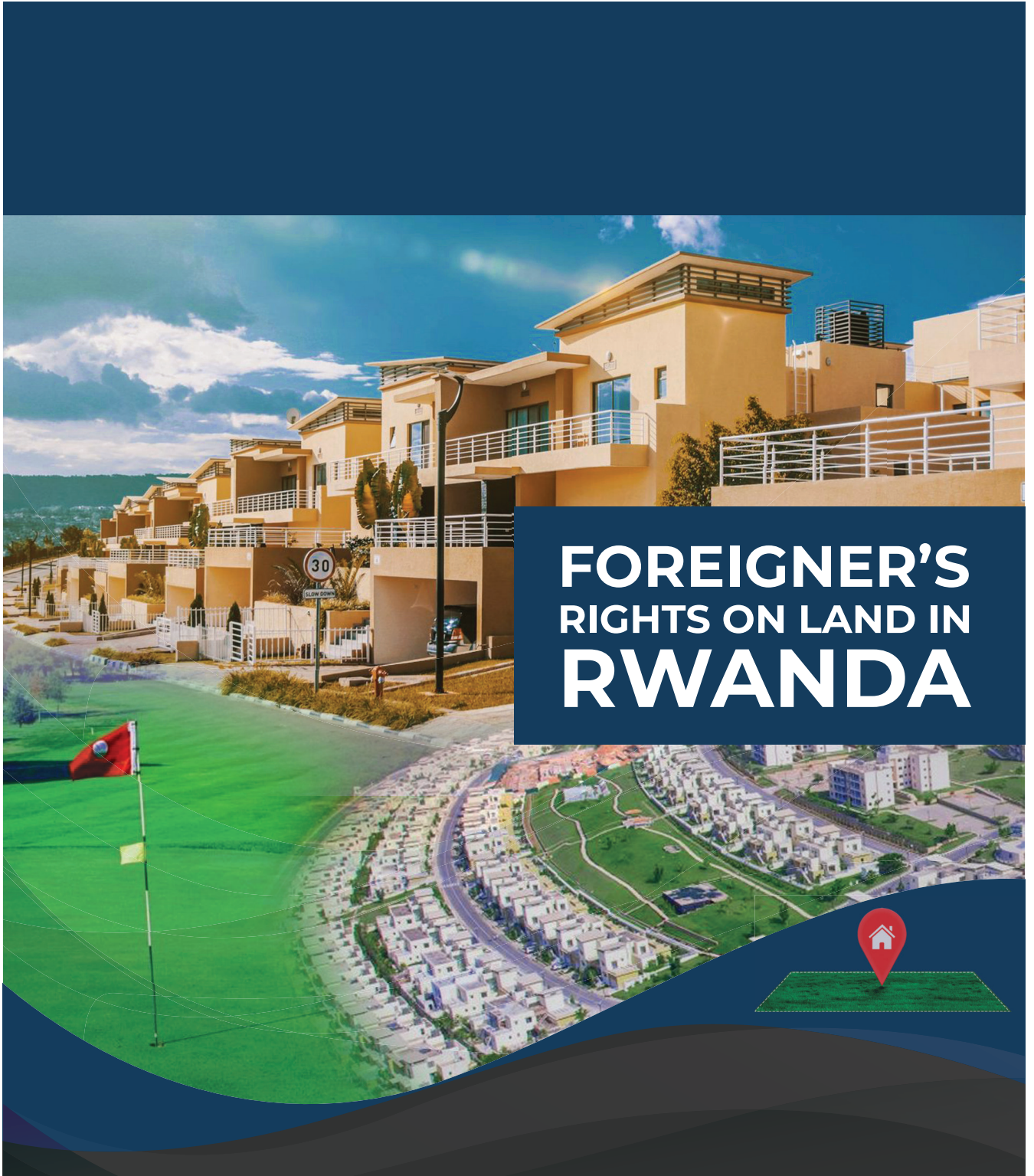
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