

# Botswana company registration

## Healy Consultants



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Since 2003, Healy Consultants has been helping Clients setup new businesses in Botswana. We provide the full business setup package including **i)** company registration, **ii)** corporate bank account services, **iii)** employee recruitment, **iv)** virtual office/office rental services, **v)** resident director services and **vi)** visa strategies.

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# Why set up a company in Botswana



## TOP 10 REASONS TO INVEST IN

# BOTSWANA

**MEMBER OF WTO**

**LOW SETUP COSTS**

**DEVELOPED ECONOMY**

**LOW CORRUPTION**

**DIAMOND MARKET**

**FREE ECONOMY**

**ECONOMIC GROWTH**

**SKILLED EMPLOYEES**

**SETUP REQUIREMENTS**

**CROSS BORDER TRADE**

### Member of World Trade Organization

As a member of the WTO, Botswana enjoys all of the 10 key benefits of this membership including freer trade cuts and costs of living, economic growth and shielding from lobbying;

### Developed economy

Botswana's economy is strong, diverse, and more developed than most of its African neighbours. The government has also established access to key trade blocs in Africa and Europe which are beneficial for foreign investment;

### Diamond market

Botswana has one of the world's largest diamond markets. In 2013, Botswana accounted for 17.7% of the world's production of diamond second behind Russia (29%). The industry continues to grow with a new mine opened in 2008 by an emergent company;

### Economic growth

Botswana has experienced strong, though slightly erratic, growth over the past decade. Estimated GDP per capita growth percentage in 2014 was 4.5% according to the World Bank;

### Minimal setup requirements

Setting up in Botswana is easy with the minimal requirements of **i)** 1 director who is a resident of Botswana, **ii)** 1 shareholder of any nationality and no restrictions on foreign ownership;

### Low setup costs

The cost of incorporating a company in Botswana is lower than that of its African neighbours. There is also no minimum share value requirement for companies;

### Low corruption

Botswana is ranked as the 31<sup>st</sup> least corrupt country in the world according to the 2014 Corruption Perceptions Index by Transparency International;

### Free economy

Botswana is ranked as the 36<sup>th</sup> freest country by the Heritage Foundation's 2015 Index of Economic Freedom. The index measures the level of freedom in business, trade, monetary, financial, investment and labour markets;

### Skilled employees

Literacy rates in Botswana is 86.7% for the population above the age of 15. This makes it easy for companies entering the country to hire skilled employees;

### Cross border trade

Despite being a landlocked country, Botswana has developed roads and established regional trade policies to make it easy for cross border trade to occur. Botswana is considered the hub of South African trade and there are trans-regional highways, railways, airports and border control mechanisms to support trade in Botswana.

# Steps to incorporate in Botswana

## 10 STEPS TO SETTING UP A BUSINESS IN BOTSWANA



### Botswana company incorporation timeline

Engagement planning (3 weeks)	Company incorporation (8 weeks)	Corporate bank account approval (4 weeks)	Corporate internet banking approval (3 weeks)	Engagement completion (1 week)
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Total engagement period: 19 weeks

# Botswana vs. other Southern African nations

## Tax rate

Botswana's corporate tax rate is the lowest compared to its Southern African neighbours. This is an important factor to consider for companies looking to enter the African market.

Country	Corporate tax rate
Botswana	25%
South Africa	28%
Mozambique	32%
Nigeria	30%
Kenya	30%

## Shareholder requirement

Botswana requires a minimum of 1 shareholder. Other neighbours such as Nigeria, Mozambique and Kenya require a minimum of 2. Additionally, this shareholder can be of any nationality.

Country	Minimum shareholder
Botswana	1
South Africa	1
Mozambique	2
Nigeria	2
Kenya	2

## Director requirement

Botswana requires only 1 director, however he/she must be a resident of Botswana. Healy Consultants can provide a resident director to support your business if required.

Country	Minimum director
Botswana	1
South Africa	1
Mozambique	1
Nigeria	2
Kenya	2

## Ease of doing business

Botswana ranks 74<sup>th</sup> on the World Bank's 2014 Ease of Doing Business report. The index measures ease of doing business based on business regulations.

Country	Ease of doing business
Botswana	74
South Africa	43
Mozambique	127
Nigeria	170
Kenya	136

## Issued share capital required to hire expatriates

When running a business in Botswana, if companies are looking to hire expatriates, they are required to issue US\$50,000 share capital. This is the lowest compared to its neighbours.

Country	Shared capital
Botswana	US\$50,000
South Africa	US\$250,000
Mozambique	US\$100,000
Nigeria	US\$62,000
Kenya	US\$100,000

## Average monthly salary of skilled labour

The average monthly salary for skilled labour is US\$800 in Botswana. This is considerably high compared to Kenya (US\$370) and Mozambique (US\$390).

Country	Shared capital
Botswana	US\$800
South Africa	US\$850
Mozambique	US\$390
Nigeria	US\$450
Kenya	US\$370

## Literacy rate

Literacy rate is 86.7% in Botswana. Significantly high compared to Mozambique and Nigeria. Unfortunately only 2.1% of the population speaks English, the official language, which may create limitations.

Country	Literacy
Botswana	86.7%
South Africa	93.7%
Mozambique	50.6%
Nigeria	51.1%
Kenya	72.2%

## Gross domestic product

GDP per capita is US\$7,315, significantly high compared to its Southern African neighbours. GDP per capita grew by 4.5% in 2014.

Country	GDP per capita
Botswana	US\$7,315
South Africa	US\$6,618
Mozambique	US\$605
Nigeria	US\$3,006
Kenya	US\$1,246

# Support services for your business expansion in Botswana

## Resident director services

Healy Consultants can assist Clients who have difficulty finding a resident director. Botswana requires a minimum of 1 director who must be a resident of Botswana. The fee for this service is US\$6,600.

The resident director provided by Healy Consultants will neither be a corporate bank account signatory nor play an active role in your business. This agreement will be outlined in a legal contract outlining all terms and conditions and limitations of a the resident director appointment.



## Corporate bank account opening

To support your new business setup, Healy Consultants can assist you with opening a corporate bank account. We try to achieve this without the Client travelling to the country.

Healy Consultants works with local banks in Botswana as well as international banks such as Citibank, HSBC and Standard Chartered. The fee for setting up a corporate bank account in Botswana without travel is US\$3,950. The bank will also provide internet banking to support Clients.

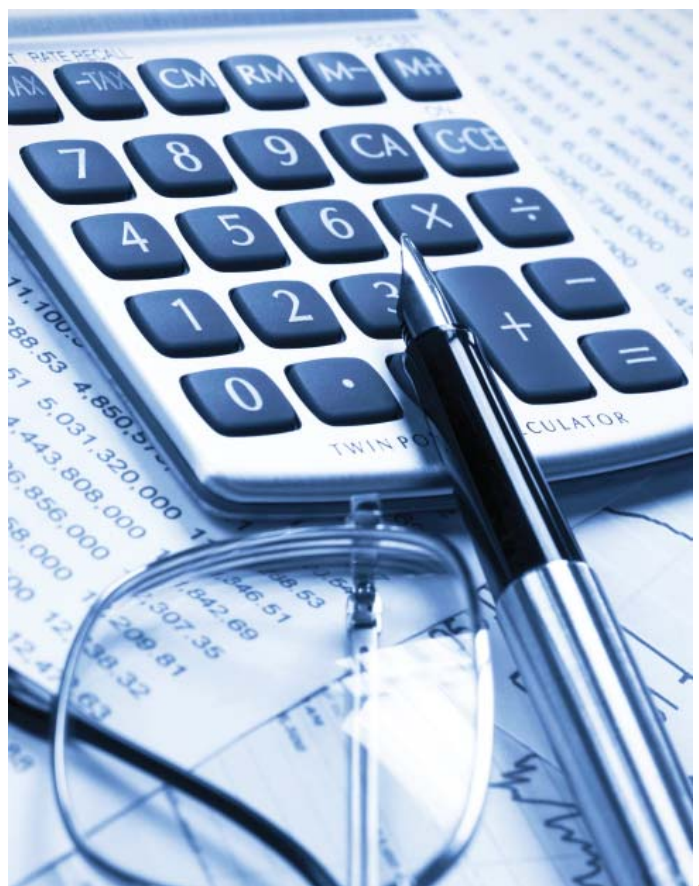


## Accounting and tax services

The standard corporate tax rate in Botswana is 22% and the tax year is from June 1<sup>st</sup> to June 30<sup>th</sup>. Tax returns are filed on a quarterly basis. Standard VAT rate is 12% and is filed and paid every month.

Botswana has signed 12 double tax treaties on withholding tax rates with countries such as: South Africa, Seychelles, Zimbabwe, France and the United Kingdom.

Healy Consultants can advise Clients on accounting and tax requirements in Botswana. We can also assist Clients with their annual accounting, forecasts, and budgeting.



# Summary

Despite the few drawbacks of setting up a company in Botswana including the language barriers, the country being landlocked, the lengthy incorporation process of up to six months, and the requirement for a resident director, it is still increasingly becoming a key investment location for those looking to enter the Southern African market.

Having a country expert that understands the laws and regulations to assist with your business setup is key when looking to enter Botswana. With experience since 2003 in setting up businesses in Botswana, Healy Consultants can provide Clients the knowledge and expertise to ease the process of entering the market.

Please visit <http://www.healyconsultants.com/botswana-company-registration/> for more information.

## References

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For further information on setting up a business in Botswana, please email us at [email@healyconsultants.com](mailto:email@healyconsultants.com). Alternatively, you can call us at (65) 6735 0120.

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