



# MALAWI

Malawi - Mixed (Common and Customary law)

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## Incorporating a company in Malawi

# Malawi taxes

If you want to do business in Malawi, you have to know about taxation for a LLC which is the most common company structure in Malawi.

Malawi taxes corporate income on a territorial basis. This means that income accrued outside the borders, from our research and this is not personal advice, is not subject to taxation. The headline Malawi-source income corp. tax rate is 30%. This ranks Malawi as 136th when compared to CIT globally.

The value added tax (VAT) rate in Malawi is 16.50%, that ranks Malawi as 107th when compared to value added tax rate worldwide. In terms of other taxation, an employer will contribute 10% to the equivalent of a social security fund and an employee will contribute 5%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 78hours. Contributing to this is the number of yearly labor tax payments, which is 1 in MW.

Thin cap restrictions aren't officially enacted. This refers to any type of laws on companies' debt-to-asset ratios. Dividends received from Malawi entities are subject to a final withholding tax of 10%. Dividends from foreign entities are not generally subject to taxation. A dividend is a distribution of a portion of a company profit, decided by the board, to a particular class of shareholders. Dividends can be issued as shares of stock, cash payments, or other property. Capital Gains usually included in corporate income tax base, except those from the disposal of assets not used in connection with trade of the company and those from the sale of shares which has been held more than 1 year in the Stock Exchange of Malawi. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. Which means that the tax authorities expects resident entities to pay tax on 15% of interests remitted abroad . The dividends withholding tax rate is 15%. This means that the relevant tax authorities expects legal entities to withhold 15% of dividends paid to non-residents. The royalties withholding tax rate is 15% This means that the tax authorities expects companies to withhold 15% of payments abroad on royalties. Malawi has signed tax treaties with UK, France, Switzerland, South Africa, Norway and Sweden that may eliminate or reduce withholding taxes.

There is no known tax on wealth in Malawi. There are no inheritance, real property or transfer taxes. We are not aware of any commonly used credits for innovation spend that include tax incentives here.

The above is not tax or legal advice for your particular situation. We can refer you to an expert in Malawi who can give you an answer. Want to work together? Click the free consultation button above.

The vat rate in Malawi is 16.5% which ranks 107 in the world.

- ✗ Patent box
- ✗ RND credit
- ✗ Wealth tax
- ✗ Estate tax
- ✗ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 0 Tax treaties
- 0% Offshore Tax
- 30% Corp rate
- Loss carryback years
- Corporate time
- 16.5% VAT rate
- 30% Capital gains
- No AEOI planned

# Malawi Legalese

The underlying legal code in Malawi is mixed (common and customary law) law. You will want to get some local advice as to how to best structure a company in Malawi. Electronic signatures are permitted.

The abbreviation MW is for Malawi and the most common company type type in Malawi is a LLC.

The amount you'll have to wait is about 39 days to setup a LLC in MW. The min share capitalization is 0, This means you don't have any minimum share capital. The types of cash you can use to capitalize your company is frequently legal currency.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in MW by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is allowed, up to % of the total shareholding.

A legal entity is only required to have one director. Moreover, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive litigation or other legal process on behalf of the business. A related requirement, a corporate secretary is another cost you will need to incur.

There is a legal obligation to file accounts on a yearly basis. On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Malawi is a ok option and have given it a score of 34 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 39 days to form**



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## Country Info



🚩 National Flag of

**Republic of Malawi**  
(eng)

**Chalo cha Malawi,**  
**Dziko la Malaŵi (nya)**

\$ Currency

**MWK**

☎ Area Code

**+265**

🏛 Capital

**Lilongwe**

📍 Region

**Eastern Africa**

🗣 Native Languages

**English**

**Chewa**