

Case Study:

A UAE company with 49% German ownership having operations in Kuwait not filing tax returns in Kuwait

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Executive Summary:

- A UAE company with 49% ownership from a German company had operations in Kuwait since 2009. Since it is a GCC company, it never filed any tax returns in Kuwait thinking it is exempt in Kuwait. Since the company has partial German ownership, it is not a 100% GCC company, hence, it is subject to tax in Kuwait and is under obligation to go through tax compliance process in Kuwait.



The key challenge

- A UAE company with 49% ownership from a German company had operations in Kuwait since 2009. Since it is a GCC company, it never filed any tax returns in Kuwait thinking it is exempt in Kuwait. Since the company has partial German ownership, it is not a 100% GCC company, hence, it is subject to tax in Kuwait and is under obligation to go through tax compliance process in Kuwait.



Our Approach

- We informed the UAE company about its potential tax liability in Kuwait and the fact it could result into substantial penalty for the past years if the company continues to not file the tax returns in Kuwait



Results

- The company understood and obliged with the suggestions given by RSM Kuwait and started filing tax returns.
- The UAE company informed us that it was not aware of its tax obligations in Kuwait and that it is willing to comply with tax liabilities from previous year itself.
- The diligent review by the RSM Kuwait team identified a tax matter and informed the company which helped the company relaise its tax obligation and act upon it timely.



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