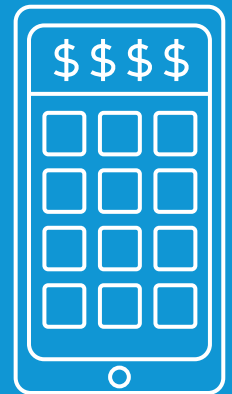
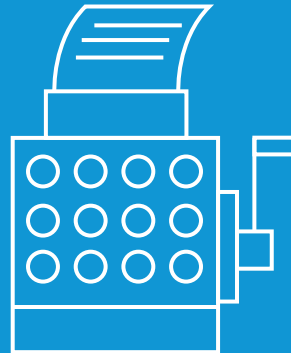
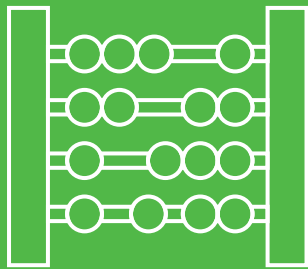
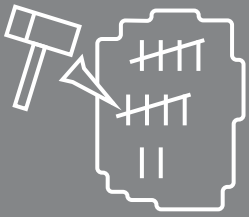


# KUWAIT TAX FLASH



## 1. **Executive Regulation No. 18 of Law no 46 of 2006 abolished**

From 1 January 2016 Kuwaiti companies cannot claim credit for taxes paid overseas against their Zakat liability in Kuwait. However, all the double taxation treaties signed between Kuwait and various other countries need amendment in this regard. We have been informed by the tax department that they are in the process of amending several double taxation treaties in this regard.

## 2. **Executive Regulation No. 8 for claiming tax exemption in the tax declaration**

The tax declaration shall include:

- a. Tax declaration must be in Arabic and shall be in Kuwaiti Dinars along with audit report from the auditor registered in the Ministry of Commerce.
- b. Present the value of work done for each contract, the value of remaining works and the basis on which exemption is claimed as per double taxation treaty or any other laws.
- c. Analysis of the contract costs, depreciation and allocations in accordance with the executive regulations.
- d. Detailed analysis of value of exemption granted as per regulations of Law No. 116 of 2013
- e. Copy of tax exemption certificate issued by Kuwait Direct Investment Promotion Authority (KDIPA).

KDIPA is expected to issue detailed executive regulations in this regard.

## 4. **Executive Regulation No. 48 regarding treatment of revenues and costs of exempt companies.**

Upon presenting the exempt tax declaration, normally tax department conducts detailed tax inspection procedures to determine if exemption can be granted or not. Further verify the costs through detailed tax inspection like any other company that is paying taxes.

## 5. **Executive regulation No. 17 regarding residency certificates and Executive regulation No. 18 for tax refund**

Tax department has issued detailed new forms

## 3. **Executive Regulation No. 16 relating to various tax exemptions**

This executive regulation is relating to temporary exemptions and permanent exemptions as follows:

- a. Temporary exemption under law no 116 of 2013.
  - Exemption from income tax for a term not exceeding ten years from the date of commencement of operations by licensed investment entity.
  - Exemption for every expansion for term not less than original term granted to original investment entity from the date of commencement of effective operations.
  - Exemptions as per the double taxation treaties signed between Kuwait and various other countries
- b. Permanent exemptions
  - Exemption of foreign and Arab aviation companies operating in Kuwait with reciprocal exemptions granted by those countries to Kuwaiti airlines.
  - Exemption of trading profits earned from Kuwait stock exchange irrespective of the issuing party as approved by Capital Markets Authority.
  - Exemption of operations in Free zones.

All the companies that have temporary exemption must file the tax declaration as they are not exempt from presenting the tax declaration.

and guide lines for residency certificates and for obtaining tax refunds claimed under double taxation treaties.

## 6. **Conclusion**

Except for the new Executive Regulations regarding tax exemption granted by KDIPA in accordance with Law No.116 of 2013 and abolishing of credit for taxes paid overseas against the Zakat liability in Kuwait, all other executive regulations are only minor changes to existing regulations.

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