

# KUWAIT TAX FLASH

FEBRUARY 2017

Ministry of Finance has issued Ministerial Order No. 2024 of 2016 published in the official Gazette on 3 January 2017.

Through this Ministerial Order Kuwait shareholding companies (K.S.C.), Companies that are subject to Zakat Law No. 46 of 2006 and listed companies that are subject to National Labour Support Tax Law No. 19 of 2000 are no longer required to obtain a taxation card. Further Taxation card will be issued to foreign companies that are subject to Law No 2 of 2008.

Further to the issuance of this Ministerial Order No. 2024 of 2016, we have obtained the following clarifications :

## 1. Who should apply for and obtain Taxation Card?

Only foreign companies operating in Kuwait through an agent, through joint venture, as a shareholder in W.L.L. or K.S.C. Companies or through Foreign Direct Investment Law should apply for Taxation Card.

All individuals, Kuwaiti entities (W.L.L. or K.S.C or Companies listed in the Kuwait stock exchange) that are not owned by foreign companies need not apply for the Taxation Card.

## 2. What if the company is exempt from income tax under the double taxation treaty and it has applied and obtained tax clearance letter—should this company also apply for the Taxation Card?

No need to apply for taxation card for such foreign companies that are exempt and obtained no objection or tax clearance letter.

## 3. Is the taxation card valid from January to December – every year? What if the taxpayer has different year end other than December?

Yes. The Taxation card is valid from January to December every year even if the company has a different year end.

## 4. Will they need to renew the Taxation Card every year?

Yes. Taxation card must be renewed every year.

## 5. What if there are errors in the Taxation Card?

Tax payers can apply and obtain revised Taxation card.

## 6. What if the foreign company is closed or ceased its operations but still awaiting the finalization of tax inspections and tax assessments are pending should these foreign companies need to renew their Taxation Card?

No need to apply for Taxation Card in case the foreign company has closed or ceased its operations.

## 7. Is it mandatory to have a valid Taxation Card?

Yes, it is mandatory. All Government entities, public and private companies are prohibited from dealing with any foreign company that has no valid Taxation Card.

## 8. What if the Taxation Card is issued in the name of shareholder – foreign Company or in the name of Kuwaiti Entity?

Taxation Card is always issued in the name of foreign company as local Kuwaiti entities are not required to have Taxation Card.

### Contact

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