



RSM Kuwait

Tax News Flash

Kuwait Considers New Corporate Tax Legislation

The Kuwaiti government is currently contemplating a new corporate tax initiative, **according to Al-rai newspaper on 24 October 2023**, this proposal involves the creation of a comprehensive tax legislation named the “**Business Profit Tax Law**” which would impose a **15% tax on the profits of all legal entities**, including major international corporations (please note that the foreign companies are already subject to a 15% tax in Kuwait). Citizens and small-scale projects are expected to be exempt from these tax obligations.

The proposed implementation of this new tax will take place in two stages:

Stage 1 (Starting 1 January, 2025):

During this stage, taxes will be imposed on major companies with international operations while retaining existing tax laws.

Stage 2 (Commencing 1 January, 2026):

In this stage, comprehensive tax application will extend to all legal entities, and the current tax laws will be abolished.

This corporate tax initiative is part of the Kuwaiti government's 14 priorities for inclusion in the legislative agenda of the upcoming parliamentary session, scheduled to begin on 31 October, 2023.

To facilitate this transition, a high-level committee is reportedly being formed to establish appropriate policies related to the global minimum corporate tax proposed by the Organization for Economic Cooperation and Development (OECD).

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