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Middle East
Tax handbook 2013
Spotlight on tax

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Algeria

Currency

Algerian Dinar (DZD)

Foreign exchange control

The National Board of Investment must approve a proposed foreign direct investment project.

Foreign investors must partner with an Algerian-owned shareholder, limiting foreign ownership to a maximum of 49%. For importer companies (raw materials, products and goods purchased for resale), a minimum of 30% minimum local participation in the capital is required.

Foreign companies must register their contracts with a bank in Algeria and appoint a resident tax representative.

Foreign contributions to a company's capital and foreign loans must be registered with the Bank of Algeria through the company's commercial bankers in Algeria. Exchange control approval also is required for the remittance of dividends, directors' fees and other related party payments. Dividends may not be remitted from trading companies.

Accounting principles/financial statements

Accounting principles (SCF) applicable for all commercial companies are in line with IFRS.

Principal business entities

These are the public limited liability company (Société Par Actions or SPA) and the private limited liability company (Société à Responsabilité Limitée or SARL).

Corporate taxation

Residence

While no definition of residence exists under Algeria's tax laws, a corporation is generally considered resident if it is incorporated in

Algeria. Branches of foreign companies and permanent establishments also are considered resident.

Basis

Resident and nonresident corporations are subject to tax on their Algeria-source income.

Taxable income

Corporation tax is computed on net profits derived from Algerian sources.

Taxation of dividends

Dividends paid by an Algerian company to another Algerian company are not subject to withholding tax and are exempt from tax in the hands of the recipient.

Capital gains

Capital gains generally are taxed as ordinary income. For certain assets, 35% relief is given where the assets have been held for up to 3 years, or 70% for longer holding periods.

The following capital gains are exempt from tax or receive special treatment: capital gains realized within a group of companies; unrealized gains from the revaluation of fixed assets if they are booked in a special reserve; and capital gains resulting from the merger, division or partial transfer of assets between group companies in Algeria.

Rollover relief is available where a company undertakes to acquire similar assets within 3 years.

Losses

Tax losses may be carried forward for 4 years. The carryback of losses is not permitted.

Rate

The rate is 25% for non-tourism companies involved in the services sector and 19% for tourism and production sector companies.

Surtax

No

Alternative minimum tax

The minimum corporate tax is at least DZD 5,000 annually.

Foreign tax credit

Algerian tax law does not provide for unilateral tax relief. A tax treaty, however, may provide for bilateral relief.

Participation exemption

See "Taxation of dividends," above.

Holding company regime

No

Incentives

The Investment Code is intended to encourage and stimulate productive investment in Algeria. It provides certain general guarantees and incentives. The most significant incentives are a 10-year corporate tax and property tax exemption provided certain requirements are met. There also are specific incentives, for example, for investment in certain regions and investment promoting environmental protection and the oil industry.

Withholding tax

Dividends

Dividends and distributions of profit paid to a nonresident company are subject to a 15% withholding tax unless the rate is reduced under a tax treaty.

Interest

Technically, interest paid to a nonresident is subject to a 10% withholding tax and the rate may be reduced under a tax treaty. However, cross-border loans are forbidden in Algeria.

Royalties

The withholding tax on royalties is 24%, unless the rate is reduced under a tax treaty.

Technical service fees

A 24% withholding tax applies on the gross income derived from any service fee paid abroad by a local company to a foreign company.

Branch remittance tax

Distributions of profit paid to a nonresident company are subject to a 15% withholding tax unless the rate is reduced under a tax treaty.

Other taxes on corporations

Capital duty

Stamp duty is levied on the formation of a company at a rate of 0.5% of the initial capital.

Payroll tax

No

Real property tax

Property tax is charged on developed land; a tax holiday may be provided for new buildings and buildings in specified development areas.

Social security

Social security tax funds both pensions and health care. The employer pays 26% of gross salary and the employee pays 9% of pretax salary.

Stamp duty

Stamp duty is imposed at varying rates on transactions, including the execution of various documents and deeds.

Transfer tax

A registration fee is applicable to the transfer of land and buildings at a rate of 5% of the value, plus 1% for the land publicity fee.

Other

A 2% tax is levied on turnover (tax on professional activities). A 3% tax applies on the importation of services. Assets that may cause environmental damage are assessed a pollution tax. A 2% training tax applies on the total amount of payroll for the professional training fund and apprenticeship tax (a reduced rate may apply in certain cases).

Anti-avoidance rules

Transfer pricing

An arm's length approach to transfer pricing applies. All entities registered with the tax department responsible for multinational companies must submit documentation to support their transfer pricing practices within 30 days after a request is made by the Algerian tax administration.

Thin capitalization

No

Controlled foreign companies

No

Other

No

Disclosure requirements

No

Administration and compliance

Tax year

The tax year is the calendar year that ends on 31 December.

Consolidated returns

Algerian companies may elect group treatment where a parent company owns at least 90% of a subsidiary. Although optional,

once the election is made, it is binding for at least 4 years. A specific regime also applies to companies involved in the hydrocarbon sector.

Filing requirements

Final tax payments are due by 30 April following the close of the tax year, along with the statutory return and the appropriate financial statements. Large companies must make 3 provisional tax payments by 20 March, 20 June and 20 November based on 30% of the previous year's tax liability. For new companies, 5% of paid-up capital is the deemed taxable income. Any withholding tax incurred is treated as a payment of corporate tax.

Penalties

Penalties apply for late filing, failure to file or filing an incorrect return.

Rulings

A tax ruling regime has been introduced. A ruling applies only to the taxpayer that requested the ruling.

Personal taxation

Basis

Resident individuals are subject to tax on worldwide income; nonresidents are subject to tax only on Algeria-source income.

Residence

A taxpayer is considered resident by virtue of his/her right to reside or seek employment in Algeria or where it is shown that the individual's center of vital interests is in Algeria.

Filing status

Spouses are required to file separate tax returns. Separate returns may be filed for dependent children in respect of their independent income.

Taxable income

Employment income is generally defined as income from all sources.

Capital gains

For business assets, the same rules apply as for corporations. Gains from the disposal of a principal private residence and other personal effects are exempt.

Deductions and allowances

Allowable deductions include travel expenses, amounts deducted by the employer to pay pensions and mandatory social insurance contributions.

Rates

Individual income tax is imposed at progressive rates up to 35% on amounts exceeding DZD 1.44 million per annum. A 15% withholding tax on dividends is a final tax for individuals.

Other taxes on individuals

Capital duty

Stamp duty on the formation of a company is 0.5% of initial capital.

Stamp duty

Stamp duty is imposed at varying rates on transactions, including the execution of various documents and deeds.

Capital acquisitions tax

No

Real property tax

An annual property tax is imposed on all developed and undeveloped real estate in Algeria.

Inheritance/estate tax

Inheritance and gift tax is imposed on the recipient with respect to property located in Algeria that is acquired by inheritance or gift. The rate is 3% for transfers between spouses, offspring or parents; otherwise, the rate is 5%.

Net wealth/net worth tax

Wealth tax for residents is assessed on a worldwide basis. Wealth is taxed on a progressive scale up to 1.5%. Where an individual has paid a similar tax on non-Algerian assets, it may be deducted from tax due in Algeria. Nonresidents are subject to wealth tax with respect to property deemed or actually located in Algeria.

Social security

An employee must contribute 9% of his/her pretax salary and wages to fund social security benefits.

Administration and compliance

Tax year

The tax year is the calendar year that ends on 31 December.

Filing and payment

Individual returns are due by 30 April following the close of the tax year. A tax return need not be submitted if a taxpayer's only source of income is employment income.

Penalties

Penalties apply for late filing, failure to file or filing an incorrect return.

Value Added Tax

Taxable transactions

VAT applies to the supply of most goods and the provision of services in Algeria.

Rates

The standard rate is 17%, with a reduced rate of 7% applying to various basic items or where no input tax is recoverable (e.g. construction and internet services). Exports are zero rated.

Registration

Registration generally is required for entities that have annual turnover of DZD 100,000. A business must register within 30 days of becoming liable.

Filing and payment

Monthly returns and the tax payable are due by the 20th of the following month.

Source of tax law

Finance Laws, Tax Code

Tax treaties

Algeria has concluded more than 20 tax treaties

Tax authorities

Direction Générale Des Impôts (DGI); Direction Des Grandes Entreprises (DGE)

International organizations

UN, OPEC, G-15, IMF

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Bahrain

Currency Bahraini Dinar (BHD)

Foreign exchange control No

Accounting principles/financial statements

IFRS. Financial statements must be filed annually.

Principal business entities

These are the joint stock company, joint stock company (closed), limited liability company, single person company, general partnership, sole proprietorship, holding company, branch of a foreign company and representative office.

Corporate taxation

Residence

Residence is not defined. A company engaged in oil, gas or petroleum activities is taxed, regardless of where the company is incorporated.

Basis

There is no corporate tax for most companies in Bahrain, but income tax is levied on the profits of oil companies. Corporate income tax is levied only on oil, gas and petroleum companies engaged in exploration, production and refining.

Taxable income

Taxable income for oil and gas companies is net profits, which consist of business income less business expenses.

Taxation of dividends No

Capital gains No

Losses

Trading losses may be carried forward indefinitely. The carryback of losses is not permitted (oil companies only).

Rate The rate is 46% on oil companies.

Surtax No

Alternative minimum tax No

Foreign tax credit No

Participation exemption No

Holding company regime No

Incentives No

Withholding tax

Dividends No

Interest No

Royalties No

Technical Service Fee No

Branch remittance tax No

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax No

Social security

For Bahraini employees, the employer's social insurance contribution is 12%, which covers old age, disability, death and

unemployment. For expatriate employees, the employer's social insurance contribution is 3%, which covers employment injuries.

Stamp duty

Stamp duty is levied on property transfers on the basis of the value of the property as follows: 1.5% up to BHD 70,000; 2% from BHD 70,001 to BHD 120,000; and 3% for amounts exceeding BHD 120,001.

Transfer tax

No

Other

A training levy (1% of Bahraini employees' salaries and 3% on the salaries of expatriate employees) is imposed on companies with more than 50 employees that do not provide training to their employees.

A 10% municipality tax is levied on the rental of commercial property and residential property occupied by expatriates.

Anti-avoidance rules

Transfer pricing

No

Thin capitalization

No

Controlled foreign companies

No

Other

No

Disclosure requirements

No

Administration and compliance

Tax year

Calendar year

Consolidated returns No

Filing requirements

Companies are required to file an estimated income tax declaration on or before the 15th day of the third month of the tax year. Tax must be paid in 12 monthly installments.

Penalties

A 1% monthly penalty is imposed for failure to file and pay tax.

Rulings No

Personal taxation

Basis No

Residence No

Filing status No

Taxable income No

Capital gains No

Deductions and allowances No

Rates No

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty is levied on property transfers on the basis of the value of the property as follows: 1.5% up to BHD 70,000; 2% from BHD 70,001 to BHD 120,000; and 3% for amounts exceeding BHD 120,001.

Capital acquisitions tax No

Real property tax No

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

For Bahraini employees, the employee's contribution is 7%, which covers old age, disability, death and unemployment. For expatriate employees, the employee's contribution is 1%, which covers unemployment.

Administration and compliance

Tax year Calendar year

Filing and payment

Monthly returns must be filed for social insurance purposes.

Penalties

Some penalties apply for failure to file the return.

Value added tax

Taxable transactions

There is speculation that VAT may be introduced in the future, but this has not been confirmed.

Rates No

Registration No

Filing and payment No

Source of tax law

Bahrain Income Tax Law (Amiri Decree 22/1979)

Tax treaties

Bahrain has concluded 39 tax treaties, plus a foreign trade agreement with the US.

Tax authorities

Ministry of Finance

International organizations

Gulf Cooperation Council

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Egypt

Investment basics

Note: A broad reform to the tax system is expected in 2013.

Currency

Egyptian Pound (EGP)

Foreign exchange control

No restrictions are imposed on the import or export of capital or on the repatriation of funds (which can be made in any currency).

Accounting principles/financial statements

Corporate taxable profits are primarily calculated according to Egyptian Accounting Standards and adjusted by certain specific provisions of the tax law.

Principal business entities

These are the joint stock company, limited liability company, imited partnership by shares, limited partnership, branch and representative office of a foreign company.

Corporate taxation

Residence

A company is resident if it is established according to Egyptian law, its main or actual headquarters is in Egypt or it is a company in which the state or a public juridical person owns more than 50% of the capital.

Basis

Resident companies are taxed on their worldwide income; nonresident companies pay tax only on Egyptian-source profits.

Taxable income

Corporation tax is imposed on the totality of a company's profits.

Taxation of dividends

Dividends received from an Egyptian company are not taxable;

dividends received from overseas are included in the taxable profit pool that is subject to tax at a rate of 20%, with a deduction allowed for foreign taxes paid overseas up to the amount of tax payable in Egypt. Income from investments in nonresident companies is taxed on the basis of equity accounting if it is deemed to be derived from passive income.

Capital gains

Capital gains are taxed as part of the normal profit pool.

Losses

Losses may be carried forward for five years. The carryback of losses is not permitted, except for losses incurred by a construction company on long-term contracts.

Rate

Companies that are engaged in the exploration and production of oil and gas are taxed at a rate of 40.55%. Otherwise, a progressive rate of corporate tax is applied at 20% for income up to EGP 10 million, and 25% for income exceeding that amount.

Surtax

No

Alternative minimum tax

No

Foreign tax credit

Foreign tax paid overseas may be deducted from Egyptian income tax payable, but the deduction may not exceed the total tax payable in Egypt.

Participation exemption

No

Holding company regime

No

Incentives

Projects established under the free zone system enjoy a corporate income tax exemption for the term of the specified project.

Withholding tax

Dividends

Egypt does not levy withholding tax on dividends paid to residents or nonresidents.

Interest

Interest paid to a nonresident is subject to a 20% withholding tax, which may be reduced under a tax treaty. The Egyptian-resident payer must withhold 20% tax at source (regardless of any applicable lower rate under a treaty); the nonresident company should then submit a subsequent request to the Egyptian tax authorities to recover the tax difference within six months from the date of receipt.

Interest paid under a long-term loan (i.e. exceeding three years) is not subject to withholding tax.

Royalties

Royalty payments made to a nonresident are subject to a 20% withholding tax, unless the rate is reduced under a tax treaty. An Egyptian-resident payer must withhold 20% tax at source (regardless of any applicable lower rate under a treaty); the nonresident company should then submit a request to the Egyptian tax authorities to recover the tax difference within six months from the date of receipt.

Technical service fees

The Egyptian tax code does not have any specific withholding tax rules governing technical service fees, although the tax authorities may treat such payments as royalties for withholding tax purposes (and, thus, would be taxable at 20%). The ultimate tax treatment will depend on the scope of services provided and will be determined on a case-by-case basis.

Branch remittance tax No

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax

All real property in Egypt is subject to the real estate tax. The rate is 10% on the annual rental value after allowing a 30% deduction from rental value to cover related costs for residential property (32% deduction for nonresidential property). A residential unit with an annual rental value of less than EGP 6,000 is exempt. The property owner pays the tax, which is due in two installments: January and any time before 31 December. The annual rental value of real estate is assessed every five years by the tax authorities.

Social security

The social security regime applies only to local nationals.

Stamp duty

Stamp duty is charged at various rates and fixed charges. The rate on banking transactions is 0.04%, 15% on commercial advertisements and from 0.08% to 10% on insurance premiums.

Transfer tax No

Other

Statutory payments to employees under profit-sharing regulations may not be deducted for corporate income tax purposes and are not subject to salary tax.

Anti-avoidance rules

Transfer pricing

Related party transactions must be in accordance with the arm's length standard. There are three methods to determine the transfer price:

- comparative free price method;
- total cost plus profit margin method; and
- resale price method, with priority given to the comparative free price method. However, if the information needed to apply this method is unavailable, either of the other methods may be used. If none of the methods are deemed suitable by the taxpayer, any method specified under the OECD transfer pricing guidelines will be accepted.

Thin capitalization

A 4:1 debt-to-equity ratio applies. Any interest exceeding this ratio is nondeductible.

Controlled foreign companies

Income from investments in nonresident companies is recognized under the equity method of revenue recognition and is taxed in Egypt if:

1. the Egyptian entity owns more than 10% of the nonresident investee entity;
2. more than 70% of the nonresident company's income is derived from passive income (dividends, interest, royalties, management fees or rental fees); and
3. the profits of the investee company are not subject to tax in its country of residence, are exempt or are subject to a tax rate of less than 15%.

Disclosure requirements

No

Administration and compliance

Tax year

Accounting year

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

Companies must file a tax return within four months following the end of the financial year. Tax is assessed on the basis of the information provided in the tax return.

Penalties

Various penalties apply for failure to apply the system of deduction, withholding, collection and remittance of tax, incorrect characterization of an Egyptian entity as a permanent establishment, failure to file a return and other offenses.

Rulings

Taxpayers may apply for an advance ruling by submitting a written request and copies of relevant documents to the tax authorities. The tax authorities will issue a decision concerning the request within 60 days.

Personal taxation

Basis

Resident and nonresident individuals are taxed only on their Egyptian-source income.

Residence

An individual is resident if he/she:

- is present in Egypt for more than 183 days in a fiscal year;
- is deemed to have a permanent residence or a local commercial presence in Egypt under executive regulations; or
- any Egyptian national residing abroad but derives income from Egyptian sources.

Filing status

The employer is responsible for withholding and paying the salary tax due to the relevant tax authorities on a monthly basis. However, if the employee is paid from an offshore source, the individual must declare it to the relevant authorities at the end of the year and pay the tax due.

Taxable income

Taxable income includes income from employment, commercial or industrial activities and noncommercial activities (i.e. professional services). Mandatory profit sharing, pensions and end-of-service bonuses are not subject to salary tax.

Capital gains

Income derived from the sale of assets in a sole proprietorship becomes part of an individual's taxable base (including the sale of sole proprietorship real estate). If not classified as sole proprietorship assets, real estate gains are subject to a separate tax of 2.5% on the gross proceeds.

Gains on sales of unlisted securities are taxable if deemed to be a recurring activity. Gains on listed securities are exempt from tax.

Deductions and allowances

Available deductions depend on the type of income. Various allowances are available for items, such as social security contributions and health insurance premiums.

Rates

Rates are progressive up to 25% on income over EGP 10 million per year. Resident employees who derive income from sources other than their original place of employment and all nonresidents are subject to tax at a flat rate of 10%.

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty applies at various rates depending on the type of document.

Capital acquisitions tax No

Real property tax

All real estate in Egypt is subject to the real estate tax. The rate is 10% on the annual rental value after allowing a 30% deduction from the rental value to cover related costs for residential property (32% deduction for nonresidential property).

A residential unit with an annual rental value less than EGP 6,000 is exempt. The property owner pays the real property tax, which is due in two installments: January and any time before 31 December. The annual rental value of real estate is assessed every five years by the tax authorities.

Inheritance/estate tax

No

Net wealth/net worth tax

No

Social security

The social security regime applies only to local nationals.

Administration and compliance

Tax year

Calendar year

Filing and payment

Individuals must submit a declaration of income before 1 April following the end of the tax year and must pay tax based on the declaration. Employment income is taxed by withholding at source.

Penalties

A penalty of EGP 10,000 is imposed in cases of tax evasion, and the original tax remains due.

Sales Tax

Taxable transactions

Sales Tax applies to the supply of most goods and the provision of services. It should be noted that Sales Tax does not operate in a similar manner to VAT and input Sales Tax represents a cost to the majority of businesses.

Rates

The standard rate is 10%-25% on most items.

Registration

Manufacturers and service providers with turnover exceeding EGP 54,000 must register for GST purposes. Wholesalers and retailers are required to register where turnover exceeds EGP 150,000.

Filing and payment

All companies must prepare and file a monthly sales tax return with the relevant sales tax authority.

Source of tax law

Income Tax Law, Law 91 of 2005, Sales Tax Law No.11 of 1991, Real Estate Law No. 196 of 2008

Tax treaties

Egypt has concluded 51 tax treaties.

Tax authorities

Egyptian Tax Authority

International organizations

African Union, Arab League, Group of 77, UN

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Iraq

Currency Iraqi Dinar (IQD)

Foreign exchange control Limited

Accounting principles/financial statements

Registered entities must prepare annual financial statements, with Iraqi Dinars as the accounting currency, in accordance with the Iraqi Uniform Accounting System and in Arabic. Iraqi Unified Accounting Rules do not match International Accounting Standards.

Kurdistan Region tax regime

As a semi-autonomous region in Northern Iraq, the Kurdistan Region has introduced certain laws and practices that diverge from the position in Federal Iraq.

Principal business entities

These are the joint stock company, limited liability company, joint liability company, simple company, sole owner enterprise, representative office and branch office.

Corporate taxation

Residence

An entity is resident if it is incorporated under the laws of Iraq or has its place of management and control in Iraq. An entity is nonresident if it does not meet the criteria for a resident entity.

Basis

A company is taxed on the basis of its net profit.

Taxable income

Tax is levied broadly on all source of Income, other than income which is specifically exempt. There is no concept of permanent establishment in Iraq tax law; currently, all income arising in Iraq is taxable in Iraq.

Taxation of dividends

Dividends received by an Iraqi entity generally are not subject to tax, provided the profit out of which the dividends were paid has been subject to tax in Iraq.

Capital gains

Gains derived from the sale of assets should be included in ordinary income and taxed at the normal corporate tax rate.

Losses

Losses are tax deductible and may be carried forward for a maximum of five consecutive years, but no more than 50% of any year's taxable income can be offset and any loss carried forward is only deducted from the same source of income from which it is being offset.

Rate

A flat rate of 15% generally applies. However, a 35% rate applies under the Oil and Gas Tax Law to companies operating in the oil and gas sector.

A 15% rate also applies to all industries in the Kurdistan Region and a new tax for oil companies operating in the region is under discussion.

Surtax	No
Alternative minimum tax	No
Foreign tax credit	No
Participation exemption	No
Holding company regime	No

Incentives

The investment law provides tax holidays and exemptions from import/export taxes for specific approved projects. Free zones exist but are nascent.

Withholding tax

Dividends

Iraq does not levy withholding tax on dividends.

Interest

Any person making payments of interest or similar payments from within Iraq to a lender outside of Iraq must withhold and remit 15%.

Royalties

Iraq does not levy withholding tax on royalties.

Technical service fees

No, but see comments regarding tax retentions under "Other."

Branch remittance tax

No

Other

Iraq has an extensive tax retention system that applies in respect of payments to nonresidents under contracts that are considered to constitute "trading in" Iraq. The applicable tax retention rates can go up to 10%, depending on the nature of the contract.

Payments made under contracts that fall within the scope of the oil and gas tax law should be subject to withholding tax at a rate of 7%.

In practice, tax retentions are not consistently applied in Kurdistan, other than on payments made by the public sector, which often include a 5% tax retention.

Other taxes on corporations

Capital duty

No

Payroll tax

Employers are required to calculate, withhold and remit employees' personal income tax. Tax is levied at progressive rates up to 15%.

Personal income tax in the Kurdistan Region is applied at a flat rate of 5% on income exceeding IQD 1 million per month.

Real property tax

No

Social security

The employer deducts 5% from an employee's salary and makes a 12% or 25% contribution of its own.

The social security contributions in the Kurdistan Region are 5% for employees and 12% for employers.

Stamp duty

The stamp duty law provides for de minimis payments on specific procedures and documents and a 0.2% stamp duty on contracts of fixed value.

Transfer tax

A tax of between 0% and 6% is levied on transfer of land, with the rate depending on the value of the transfer.

Anti-avoidance rules

Transfer pricing

There are currently no specific transfer pricing guidelines. However, the Iraq tax authorities reserve the right to adjust the taxable profits of an entity if they consider the amounts recorded to be unreasonable.

Thin capitalization No

Controlled foreign companies No

Disclosure requirements No

Administration and compliance

Tax year Calendar year

Consolidated returns

Consolidated returns are not permitted; each company must file its own return.

Filing requirements

The corporate tax return must be filed by 31 May following end of the taxable year.

Penalties

Penalties on unpaid or late paid tax are as follows: 5% of the amount outstanding, if payment is not made within 21 days of the due date; an additional 5% will apply if the tax is outstanding after a further 21 days (i.e. 42 days in total). Interest runs from the due date of payment until the date the tax is finally settled.

The tax legislation also provides that penalties of up to 25% may be assessed on the income of taxpayers that fail to maintain appropriate accounting records for tax purposes.

In the Kurdistan Region, penalties on unpaid or late paid tax generally are limited to an amount of 10% of the tax liability, up to a maximum per year of IQD 75,000.

Rulings No

Personal Taxation

Basis

Iraqi nationals who are resident in Iraq are taxable on their worldwide income. Non-Iraqi nationals are subject to tax on their income arising in Iraq, irrespective of their residence status.

Residence

An Iraqi individual who is present in Iraq for at least four months during a tax year is considered a resident. A non-Iraqi individual is deemed to be resident in Iraq if he/she is present for at least four consecutive months or a total of six months during the tax year or if he/she is employed by an Iraqi entity.

Filing status

Employers are required to withhold taxes on behalf of employees and pay the tax to the tax authorities by the 15th of each month, and to submit annual tax returns on behalf of their employees.

Annual employment tax declarations must be filed before 31 March of the year following the tax year.

Employment taxes in the Kurdistan Region must be paid before 30 June of the year following the tax year.

Taxable income

Most sources of income are taxable, unless specifically exempted.

Capital gains

Capital gains derived by individuals are treated as income and taxed at the individual's tax rate.

Rates

Progressive rates up to 15% apply.

In the Kurdistan Region, a 5% tax is imposed on salaries exceeding IQD 1 million.

Other taxes on individuals

Capital duty No

Stamp duty

The stamp duty law provides for de minimis payments on specific procedures and documents and a 0.2% stamp duty on contracts of fixed value.

Capital acquisitions tax No

Real property tax No

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

The employer deducts 5% from an employee's salary and makes a 12% or 25% contribution of its own.

The social security contributions in the Kurdistan Region are 5% for employees and 12% for employers.

Administration and compliance

Tax year Calendar year

Filing and payment

The employer calculates, withholds and remits tax on behalf of its employees.

Penalties

See above under "Corporate taxation."

Value added tax

Taxable transactions No

Rates No

Registration No

Filing and payment No

Source of tax law

Federal Iraq

Income Tax law No.113 of 1982, as amended through 2003, along with supporting instructions and circulars issued by the tax authorities.

Kurdistan Region

Income Tax Law No. 5 of 1999.

Tax treaties

Iraq has entered into few material treaties with other jurisdictions. Iraq is a signatory to the Arab Economic Union Council Agreement, although to date, practical application of this agreement in Iraq has been limited.

Tax authorities

Federal Iraq

General Commission of Taxation.

Kurdistan Region

Income Tax Directorate.

Business registration

Required, through Ministry of Trade. One of seven corporate forms.

International organizations

Undergoing accession process for WTO.

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Jordan

Currency Jordanian Dinar (JOD)

Foreign exchange control No

Accounting principles/Financial statements

IFRS. Financial statements must be filed annually.

Principal business entities

These are the public and private shareholding company, limited liability company, partnership and branch of a foreign entity.

Corporate taxation

Residence

Jordanian tax law does not define residence for tax purposes, but a company that is registered in Jordan is deemed to be resident. For a foreign entity to operate for any period of time in Jordan, i.e. even one day, it must be established and registered with the authorities.

Basis

Resident companies are taxable on income sourced in Jordan.

Taxable income

Income derived from Jordan or from Jordanian sources is taxable.

Taxation of dividends

Dividends distributed by a resident company generally are exempt from tax, with special rules regarding add-backs and distributions to banks and other financial institutions.

Capital gains

Income derived from capital gains generally is exempt, except for capital gains on assets subject to depreciation, intangible assets (e.g. goodwill) and capital gains recognized by banks, financial institutions, financial brokerage companies, insurance companies and juristic persons conducting financial lease activities. Capital

gains realized by other companies/sectors from investments within Jordan are exempt from income tax.

Losses

Losses may be carried forward indefinitely.

The carryback of losses is not permitted.

Rate

The tax rate is 14%, with a 30% rate for banks. A 24% rate applies to primary telecommunications companies, insurance companies, financial brokerage companies and financial institutions, including money exchange companies and juristic persons conducting financial leasing activities.

Surtax

No

Alternative minimum tax

No

Foreign tax credit

No

Participation exemption

No

Holding company regime

No

Incentives

The Investment Promotion Law provides up to a 75% exemption for 10 years for certain sectors.

Service sector exports are wholly exempt from tax until 2015. This includes computer services, economic feasibility studies, legal consultancy services, engineering, accounting and auditing. Exported consulting services provided for public administration, financial management, human resources management and production management also are exempt.

Withholding tax

Dividends

No, but see Islamic financing considerations under "Interest," below.

Interest

Interest paid to a nonresident is subject to a 7% withholding tax unless the rate is reduced under a tax treaty.

Banks and financial institutions, licensed companies permitted to accept deposits and specialized lending institutions in Jordan are required to withhold 5% on interest from deposits, commissions and profit participations of Islamic banks in the investment of such deposits. Such withholding is considered a final tax for individuals and a payment on account for a corporate taxpayer.

Royalties

Royalties paid to a nonresident are subject to a 7% withholding tax unless the rate is reduced under a tax treaty.

Technical service fees

Technical service fees paid to a nonresident are subject to a 7% withholding tax unless the rate is reduced under a tax treaty.

Branch remittance tax

No

Other

Management fees paid to a nonresident are subject to a 7% withholding tax unless the rate is reduced under a tax treaty.

Fees paid to local service providers are subject to a withholding income tax of 5%. This tax is considered as a payment on account for the service providers and can be offset against their annual income tax liability when filing their annual income tax return.

Other taxes on corporations

Capital duty No

Payroll tax

Payroll tax is withheld by the employer from monthly compensation at progressive rates ranging from 7% to 14%.

Real property tax

A property tax is levied at a rate of 15% of the estimated annual rental value.

Social security

The employer contributes 12.25% of an employee's salary and the employee contributes 6.5%. However, the maximum salary subject to social security contributions is JOD 5,000. The employer is required to withhold and report contributions on a monthly basis.

Stamp duty

An ad valorem stamp duty of 0.3% is levied on certain documents.

Transfer tax No

Anti-avoidance rules

Transfer pricing No

Thin capitalization

Deductions are allowed for interest and profit-sharing paid by non-banks, non-financial companies and non-leasing companies that do not exceed certain ratios representing the total debt to paid-in capital or the average of the owner's equity, whichever is greater.

Controlled foreign companies No

Other No

Disclosure requirements No

Administration and compliance

Tax year Calendar year

Consolidated returns

Consolidated returns are not permitted; each company must file its own return.

Filing requirements

Companies must file a tax return within four months of the end of the accounting period, and tax is payable with the return. In certain cases, tax may be paid by installment.

Penalties

Late payment fees are imposed at 0.4% for each week of delay. A penalty of JD 500 applies for late filing by public and private shareholding companies. If the income tax due as declared in the return is less than the actual amount due, shortage fees ranging from 15% to 80% of the difference will be imposed.

Rulings No

Personal taxation

Basis

Resident and nonresident individuals are taxed only on income sourced in Jordan.

Residence

An individual present in Jordan for 183 days or more in a calendar year is treated as a resident for tax purposes.

Filing status

Joint assessment of spouses may be requested.

Taxable income

Income from employment in Jordan is taxable.

Capital gains

Jordan does not tax capital gains.

Deductions and allowances

Deductions and allowances are determined at JOD 12,000 for a single person and JOD 24,000 for a family.

Rates

Tax is levied at progressive rates from 7% to 14%.

Other taxes on individuals

Capital duty No

Stamp duty No

Capital acquisitions tax No

Real property tax

A property tax is levied at a rate of 15% of the estimated annual rental value.

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

The employee contribution is 6.5%, which is withheld and reported by the employer on a monthly basis. The maximum salary subject to social security contributions is JOD 5,000.

Administration and compliance

Tax year

Calendar year

Filing and payment

Individual tax returns are due by 30 April following the end of the tax year, and any tax due is payable with the return.

Penalties

Late payment fees are imposed at 0.4% for each week of delay. A penalty of JOD 50 applies for late filing, and, if the income tax due as declared in the return is less than the actual amount due, shortage fees ranging from 15% to 80% of the difference will be imposed.

Value added tax

Taxable transactions

Jordan levies a sales tax on supplies of manufacturers, importers and suppliers of services.

Rates

The standard rate is 16%, with a higher rate applying to certain luxury items. Certain items are exempt.

Registration

Businesses with an annual taxable turnover of more than JOD 30,000 must register for sales tax purposes.

Filing and payment

A sales tax return must be filed every two months, with tax due paid at that time.

Source of tax law

Income and Sales Tax Law

Tax treaties

Jordan has signed about 30 tax treaties

Tax authorities

Income Tax and Sales Tax Department

International organizations

OECD, WTO

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Kuwait

Currency Kuwaiti Dinars (KWD)

Foreign exchange control No

Accounting principles/financial statements

IFRS. Financial statements must be filed annually.

Principal business entities

Under the Commercial Companies Law of 1960, as amended, the following types of entities can be formed: limited liability company (WLL), shareholding company (KSC) and partnership. Foreign entities can carry out business:

- under the sponsorship of a registered Kuwaiti merchant;
- through a WLL or KSC;
- under the Foreign Direct Investment Law No. 8 of 2001; or
- through branches in the Kuwait Free Trade Zone (KFTZ).

Corporate taxation

Residence

The taxable presence of a foreign entity is determined by whether it carries on a trade or business in Kuwait and not on whether it has a permanent establishment or place of business in Kuwait.

Basis

In practice, the income tax law is applied only on foreign entities carrying on a trade or business in Kuwait, with the exception of entities that are registered in Gulf Cooperation Council (GCC) countries and fully owned by Kuwaiti/GCC citizens. Although the term “taxable activities” is explained in the law, the term “carrying on a trade or business in Kuwait” is interpreted in the broadest sense by the tax authorities, generally to mean activities that give rise to all Kuwait sources of income.

Taxable income

Income tax is levied on the net profit (i.e. revenue less allowable expenses) earned from the carrying on of a trade or business in

Kuwait. Royalties and franchise, license, patent, trademark and copyright fees received by overseas foreign entities from Kuwait are subject to income tax in Kuwait. A tax exemption is possible for profits earned by entities from trading operations on the Kuwait stock exchange, whether directly or through portfolios of investment funds.

Taxation of dividends

Dividends paid by investment fund managers or investment trustees to foreign companies are subject to a 15% tax, which must be withheld at source and forwarded to the Kuwait tax department as an advance payment of tax due on such dividends.

Capital gains

Capital gains on the sale of assets are treated as normal business profits and are subject to income tax at the standard rate of 15%.

Losses

Losses arising in any taxable period may be carried forward for three years to be offset against future taxable profits. The carryforward losses will not be permitted if

- the entity ceases its activities in Kuwait (unless the cessation is mandatory);
- the tax return indicates that there is no revenue arising from the company's main activities;
- the corporate entity is liquidated;
- the legal status of the corporate body is changed;
- the corporate body has merged with another corporate body.

Tax losses may not be carried back.

Rate	15%
Surtax	No
Alternative minimum tax	No
Foreign tax credit	No

Participation exemption No

Holding company regime No

Incentives

A tax exemption from two to 10 years is available under the Foreign Direct Investment Law No. 8 of 2001.

Withholding tax

Dividends

A 15% withholding tax is levied on dividends distributed by fund managers, Investment custodians and corporate bodies.

Interest No

Royalties No

Technical service fees No

Branch remittance tax No

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax No

Social security

Social security for Kuwaiti employees is payable by both the employer and the employee based on the employee's salary (up to a ceiling of KWD 2,500 per month). The contribution rates are 11% and 7% of the employee's salary for the employer and the employee, respectively.

Stamp duty No

Transfer tax No

Other

All entities operating in Kuwait are required to retain 5% of the total contract value from a contractor or subcontractor until the contractor or subcontractor settles his tax liabilities with the Kuwait tax authorities and obtains a certificate from the authorities.

KSCs (listed and closed) are required to pay 1% of their profits after the transfer of the statutory reserve and the offset of losses brought forward to the Kuwait Foundation for the Advancement of Science to support scientific progress.

Kuwaiti shareholding companies listed on the KSE are required to pay a 2.5% annual tax on net profits under Law No. 19 of 2000, relating to the support of employment in non-government agencies.

Kuwaiti shareholding companies (both listed and non-listed, but excluding government companies) are required to pay 1% of net profits for Zakat /contribution to the state's budget. The company has an option whether to consider the 1% as Zakat or the contribution to the state's budget.

Anti-avoidance rules

Transfer pricing

The tax authorities deem the following profit margins on the following:

- Materials imported by foreign entities operating in Kuwait: 10% to 15% on materials imported from the head office; 6.5% to 10% on materials imported from related companies; and 3.5% to 6.5% on materials imported from unrelated companies.

- Design work carried out outside Kuwait: 20%-25% on the design work conducted by the head office; 15%- 20% on design work conducted by related companies; and 10%-15% on design work conducted by unrelated companies.
- Consulting work carried out outside Kuwait: 25%-30% on consulting work conducted in the head office; 20%-25% on consulting work conducted by related companies; and 15%-20% on consulting work conducted by unrelated companies.

Thin capitalization No

Controlled foreign companies No

Other

The maximum deduction for head office expenses for foreign companies operating in Kuwait through a local agent is 1.5% and 1% for foreign companies that are shareholders in a KSC or WLL.

Disclosure requirements No

Administration and compliance

Tax year

The taxable period normally is the calendar year. However, a taxable entity may, with permission from the Director of the Income Tax Department, keep its books on a different basis (e.g. if the overseas parent follows a financial year end other than 31 December).

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

The tax declaration for each taxable period must be submitted within three and a half months of the end of the taxable period. A foreign entity can request an extension of up to 60 days for filing

the tax declaration provided a request for an extension is submitted on or before the 15th of the second month following the end of the taxable period; otherwise, the request will not be considered.

Tax must be paid in four installments on the 15th day of the fourth, sixth, ninth and 12th month following the end of the tax year. If an extension is granted, no tax payment is necessary until the declaration is filed. However, payment must then be made for the first and second installment.

Penalties

Delays in the submission of the tax declaration are subject to penalties at the rate of 1% of the tax payable for each 30 days of delay or part thereof. A penalty also is charged for delay in payment of tax, at the rate of 1% of the tax due for each 30 days delay or part thereof.

Rulings

No

Personal taxation

Basis

There is no personal income tax (employment tax) in Kuwait.

Residence

No

Filing status

No

Taxable income

No

Capital gains

No

Deductions and allowances

No

Rates

No

Other taxes on individuals

Capital duty	No
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Stamp duty	No
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Capital acquisitions tax	No
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Real property tax	No
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Inheritance/estate tax	No
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Net wealth/net worth tax	No
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Social security

Kuwaiti employees must contribute 7.5% of salary to the Public Institution for Social Securities; the employer also contributes 11%.

Administration and compliance

Tax year	No
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Filing and payment	No
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Penalties	No
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Value added tax**Taxable transactions**

There is speculation that VAT may be introduced in the future, but this has not been confirmed at the time of writing.

Rates	No
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Registration	No
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Filing and payment	No
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Source of tax law

Amiri Decree No. 3 of 1955 amended by Law No. 2 of 2008, the supplementary resolutions and circulars; Law No. 19 of 2000, relating to the national labor support tax; Law No. 46 of 2006, regarding Zakat and contribution to the state's budget.

Tax treaties

Kuwait has more than 40 tax treaties in force.

Tax authorities

Department of Income Tax

International organizations

GCC, WTO

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Lebanon

Currency Lebanese Pound (LBP)

Foreign exchange control No

Accounting principles/Financial statements

IFRS. Financial statements must be prepared annually.

Principal business entities

These are the limited liability company, joint stock company, partnership and branch of a foreign entity.

Corporate taxation

Residence

An entity is resident if it is registered in accordance with Lebanese law.

Basis

An entity is subject to tax in Lebanon on income generated from activities in or through Lebanon.

Taxable income

Income tax is levied on taxable income related to all business activities, unless exempt by law. Taxable income is calculated as revenue less eligible expenses, except for insurance companies, public contractors and oil refineries where taxable income is calculated as a percentage of total revenue.

Taxation of dividends

Dividends received from a Lebanese or foreign entity are taxable at a rate of 10%, although a reduced rate of 5% applies if certain conditions are satisfied.

Capital gains

Capital gains derived from the disposal of tangible and intangible assets and financial instruments are taxed at a rate of 10%.

Losses

Taxable losses may be carried forward for three years. The carryback of losses is not permitted.

Rate 15%

Surtax No

Alternative minimum tax No

Foreign tax credit No

Participation exemption No

Holding company regime

Holding companies are exempt from tax on profits and tax on dividend distributions. They are subject to a tax on capital capped at LBP 5 million a year. Capital gains derived from the sale of an investment in a Lebanese subsidiary or associate are exempt if the investment is held for more than two years. No capital gains tax applies on gains derived from the disposal of an investment in a foreign subsidiary.

Incentives

Various incentives are granted for eligible investments. An offshore company is exempt from tax on profits and dividend distributions (they are only subject to an annual lump sum amount of LBP 1 million). An offshore company may only carry on activities outside Lebanon or through the free zone and may invest in Lebanese treasury bills, but it may not carry on banking or insurance activities.

Withholding tax

Dividends

Dividends paid to a resident or nonresident entity are subject to a 10% withholding tax unless the rate is reduced under a tax treaty,

or certain conditions related to the listing of the company's shares are satisfied, in which case the dividends benefit from a 50% reduction in tax.

Interest

Interest paid on bank deposits or bonds is subject to a 5% withholding tax; other interest paid is subject to a 10% withholding tax unless the rate is reduced under a tax treaty.

Royalties

Royalties paid to a nonresident are subject to a 7.5% withholding tax unless the rate is reduced under a tax treaty.

Technical service fees

Technical or management fees paid to a nonresident are subject to a 7.5% withholding tax unless the rate is reduced under a tax treaty.

Branch remittance tax

In addition to being subject to the normal corporate income tax rate, profits generated by a branch of a foreign entity are subject to an additional 10% tax.

Other

No

Other taxes on corporations

Capital duty

A one-time stamp duty is levied on an increase in the capital of a company at an average cost of LBP 6,000 per million.

Payroll tax

Payroll tax is applied on tax brackets ranging between 2% for the lowest bracket to 20% for the bracket in excess of USD 80,000 a year. The employer withholds these amounts from the salary and remits the tax to the authorities on a quarterly basis.

Real property tax

A tax is levied on rental income from Lebanese real property at rates ranging between 4% and 14%. See also “Transfer tax,” below.

Social security

There are three mandatory social security schemes:

1. a family scheme equal to 6% of earnings up to USD 12,000 per year;
2. a medical scheme equal to 9% of earnings up to USD 12,000 per year of which 2% is the employee share; and
3. an end-of-service indemnity scheme equal to 8.5% applicable on total earnings. Contributions are made by the employer.

Stamp duty

A stamp duty of 0.3% is levied on most contracts.

Transfer tax

A 6% tax is levied on the transfer of real estate.

Other

No

Anti-avoidance rules**Transfer pricing**

The arm’s length principle applies to determine the taxable base of related party transactions (both resident and nonresident).

Thin capitalization

No

Controlled foreign companies

No

Other

Foreign ownership in a company owning more than 3,000 square meters in land must obtain approval via a Ministerial decree.

Disclosure requirements

No

Administration and compliance

Tax year

The calendar year is the tax year, although exceptions are made when a parent company has a special fiscal year.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

The tax return must be submitted by 31 May of the year following the fiscal/calendar year, unless the company has different authorized fiscal year. In that case, the return must be filed within five months from the end of the reporting period.

Penalties

Penalties range from 5% per month up to 100%, plus a delayed tax payment penalty accruing at a rate of 1% (1.5% for withholding tax and VAT) per month.

Rulings

No

Personal taxation

Basis

Resident and nonresident individuals are taxed only on Lebanese-source income.

Residence

An individual is resident if he/she resides in Lebanon for more than 183 days in a year.

Filing status

Married persons are taxed separately; joint assessment is not permitted.

Taxable income

Taxable income comprises income from employment, income from a profession, business income and investment income.

Capital gains

10%

Deductions and allowances

Family deductions are granted in computing taxable income.

Rates

Wages and salaries are taxed at progressive rates up to 20%. The business income of an individual is taxed at progressive rates up to 21%. Dividend income and other income from movable capital are taxed at 10%.

Other taxes on individuals

Capital duty

No

Stamp duty

A stamp duty of 0.3% is levied on most contracts.

Capital acquisitions tax

No

Real property tax

An annual real property tax is levied.

Inheritance/estate tax

Inheritance tax is levied at rates ranging from 12% to 45%, depending on the level of family connection.

Net wealth/net worth tax

No

Social security

There are three mandatory social security schemes:

1. a family scheme equal to 6% of earnings up to USD 12,000 per year;

2. a medical scheme equal to 9% of earnings up to USD 12,000 per year of which 2% is the employee share; and
3. a termination indemnity scheme equal to 8.5% applicable on total earnings. The contributions are made by the employer.

Administration and compliance

Tax year

Calendar year

Filing and payment

Tax is assessed on a preceding year basis. An individual is required to submit a return and pay any tax due by 31 March of the year following the tax year.

Penalties

Penalties range from 5% per month up to 100%, plus a delayed tax payment penalty accruing at a rate of 1% per month.

Value added tax

Taxable transactions

VAT applies to most transactions involving goods and services.

Rates

The standard rate is 10%, basic foods, health and educational, financial, insurance and banking services and the leasing of residential property are exempt.

Registration

Companies whose turnover exceeds USD 100,000 for four consecutive quarters must register for VAT purposes; otherwise registration is voluntary.

Filing and payment

VAT returns must be filed and tax paid on a quarterly basis.

Source of tax law

Income Tax Law, Tax procedures and VAT law.

Tax treaties

Lebanon has concluded 33 tax treaties, 30 of which are in effect.

Tax authorities

Ministry of Finance

International organizations

IMF, UN, Arab League, Arab Monetary Fund

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Libya

Currency

Libyan Dinar (LYD)

Foreign exchange control

Although there is a foreign exchange law, in practice, foreign exchange transactions are allowed.

Accounting principles/financial statements

Libyan CPA standards, although most entities apply International Financial Reporting Standards (IFRS). Financial statements (audited by a Libyan licensed accounting firm) must be filed annually.

Principal business entities

These are the joint stock company, branch and representative office. A limited liability company is available only to Libyan nationals.

Corporate taxation

Residence

An entity established in Libya is considered tax resident in Libya.

Basis

Any income generated in Libya from assets held in Libya or work performed therein should be subject to income tax in Libya.

Taxable income

Tax is imposed annually on net income accrued during the tax year. Taxable income includes income from business operations, less allowable expenses. Libyan companies and branches of foreign companies should be taxed on the basis of their submitted tax declarations, duly supported by audited financial statements, including statements of depreciation and general and administrative expenses.

However, deemed profit tax may apply when a foreign entity is not registered at the time of contracting, the entity does not hold statutory books in Libya or the books are not maintained in accordance with the local regulations. Additionally, the authorities can assess tax on a deemed profit basis if they consider figures, margins, etc. inaccurate or out of line with industry norm (e.g. potential concealment, high quantum of intercompany transactions, etc.).

Capital gains

Capital gains are treated as income and taxed at the standard rate.

Losses

Net operating losses may be carried forward for five years. The carryback of losses is not permitted.

Rate

20%

Surtax

A 4% defense contribution applies in addition to the corporate income tax. A stamp duty of 0.5% also is levied on the total corporate income tax liability.

Alternative minimum tax

No, but because the tax authorities can challenge transactions that do not appear to be on arm's length terms, etc., deemed profit taxation has a similar result in Libya.

Foreign tax credit

A foreign tax credit generally is not available, unless so provided in an applicable tax treaty.

Participation exemption

No

Holding company regime

No

Incentives

Law No. 9 of 2010 (Promotion of Investment) is designed to encourage the investment of national and foreign capital in Libya. The law provides tax benefits to companies that can contribute to diversification of the local economy, the development of rural areas, the increase of employment, etc.

The tax exemptions applicable to companies registered/governed by Law No. 9 include: an exemption from customs duties on machinery and equipment, a five-year exemption from income tax, an exemption from tax on dividend distributions and profits generated as a result of merging, selling, dividing or changing the legal form of the enterprise, an exemption for profits generated from the activity of the enterprise if they are reinvested and an exemption from stamp duty.

A free zone has been established in Misurata (Qasr Hamad port area).

Withholding tax

Dividends

No

Interest

Interest paid on bank deposits is subject to a 5% tax.

Royalties

Royalties (except those derived from the oil and gas sector) generally are taxed as ordinary income on the basis the asset is held/used in Libya.

Technical service fees

Work performed in Libya is considered Libyan-source income and is subject to tax accordingly.

Branch remittance tax No

Other taxes on corporations

Capital duty No

Payroll tax

The employer is responsible for withholding and remitting payroll tax.

Social security

Social security contributions must be made by both the employer and the employee. The employer contributes 11.25% of gross wages and salary, and the employee contributes 3.75%.

Stamp duty

Stamp duty is levied at varying rates (there are certain fixed duties as well), typically between 1% and 3%, on the execution of documents. Stamp duty at 0.5% is levied on payments made to the tax authorities.

Transfer tax No

Anti-avoidance rules

Transfer pricing

Although Libya does not have formal transfer pricing rules, the tax department has authority to assess tax on a deemed profit basis under the general anti-avoidance provisions.

Thin capitalization No

Controlled foreign companies No

Other

Libya has a general anti-avoidance rule.

Disclosure requirements No

Administration and compliance

Tax year

The tax year is the calendar year, although a different year may be used subject to approval.

Consolidated returns

Consolidated returns generally are not permitted; each entity must file a separate return.

Filing requirements

The annual return must be supported by audited financial statements (a balance sheet, profit and loss statement and a statement of operations). The financial statements must be audited by a Libyan licensed accounting firm.

The tax return must be filed within four months of the end of the tax year.

Penalties

Penalties apply for failure to file, late filing or other forms of noncompliance.

Rulings No

Personal taxation

Basis

Individuals are taxed on Libya- source income.

Residence

The liability to taxation is typically premised on the source of income (particularly for non-Libyan nationals), so residence is not generally a key factor in determining tax liability in Libya.

Filing status N/A

Taxable income

Tax is levied on salary or wage income (including allowances) derived from employment, professional income and, in certain circumstances, investment income.

Capital gains

Capital gains generally are treated as ordinary income and taxed at the standard rate applicable to the taxpayer.

Deductions and allowances

Limited personal allowances and deductions are granted in calculating taxable income.

Rates

The payroll tax rates are as follows: annual taxable income of less than LYD 12,000 is subject to a 5% tax rate. Annual taxable income above LYD 12,001 is subject to a 10% rate. An exemption for income below LYD 1,800 (for a single individual) or LYD 2,400 (for a married adult who has no dependent children) generally applies. Special rates apply to certain professional income.

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty is levied at varying rates.

Capital acquisitions tax No

Real property tax No

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

Social security contributions must be made by both the employer and the employee. The employer contributes 11.25% of gross wages and salary and the employee contributes 3.75%.

Administration and compliance

Tax year Calendar year

Filing and payment

Tax on employment income is withheld and remitted by the employer at the individual's applicable rate.

Penalties

Penalties apply for failure to comply, late filing or other non-compliance.

Value added tax

Taxable transactions

Libya does not levy a VAT or sales tax.

Rates No

Registration No

Filing and payment No

Source of tax law

Income Tax Law No. 7 of 2010 (including the Executive Regulations of Income tax No. 7 of 2010), Stamp Law No.12 of 2004 and Law No. 8 of 2012.

Tax treaties

Libya has around 10 tax treaties.

Tax authorities

Tax Department of the Secretariat (Ministry) of Finance

International organizations

UN, Arab League, Arab Maghrib Union, Sahel and Sahara States, African Union

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Mauritania

Currency Mauritanian Ouguiya (MRO)

Foreign exchange control No

Accounting principles/financial statements

Mauritanian GAAP. Financial statements must be filed annually.

Principal business entities

These are the limited company (SA), limited liability company, private limited company (SARL), general or limited partnership and branch of a foreign company.

Corporate taxation

Residence

There is no definition of residence in the Mauritanian tax law. Mauritanian entities are taxed based on the territoriality principle.

Basis

Mauritania operates a territorial tax system. Entities (both resident and nonresident) generally are subject to corporate tax only on income generated from activities carried on in Mauritania.

Taxable income

An entity is taxed on the difference between its trading income and expenditure. Expenses incurred in the operation of a business generally are deductible, unless specifically excluded in the tax law. Expenses that may not be deducted include, inter alia, penalties, fines and depreciation in excess of the rates provided in the tax law.

Taxation of dividends

Dividends received by a Mauritanian corporate shareholder are excluded from the taxable base provided the dividends were subject to withholding tax.

Capital gains

Capital gains are treated as ordinary income and are subject to corporate income tax of 25%. However, the tax implications may be different if the entity commits to reinvest the proceeds to acquire new fixed assets in Mauritania within three years of the fiscal year after the year of the sale.

Losses

Tax losses may be carried forward for five years from the end of the loss-making accounting period. The carryback of losses is not permitted.

Rate

The standard corporate tax rate is 25%.

As from 1 January 2013, a nonresident entity that does not have a permanent establishment in Mauritania, but that sells goods or provides services in Mauritania can elect to be subject to simplified taxation by way of withholding. The applicable rates are 7% and 15% of the contract value for the sale of goods and the provision of services, respectively.

A simplified tax regime is available for oil and gas subcontractors executing contracts that have a term of less than 12 months. Taxation under this regime is based on a deemed profit of 16%.

Surtax

No

Alternative minimum tax

Entities are liable to pay minimum flat rate tax (IMF) at a rate of 2.5% of turnover. There is a tax minimum payment of MRO 750,000.

Foreign tax credit

A foreign tax credit generally is not available.

Participation exemption No

Holding company regime No

Incentives

Exemptions and benefits may apply when a specific agreement is concluded with the government.

Withholding tax

Dividends

Dividends paid to an entity (whether resident or nonresident) are subject to a 10% withholding tax.

Interest

Interest paid to an entity (whether resident or nonresident) is subject to a 10% withholding tax.

Royalties

Royalties paid to a nonresident are subject to a 3% withholding tax.

Technical service fees

Technical service fees paid to an entity (whether resident or nonresident) are subject to 3% withholding tax.

Branch remittance tax

Branch remittances are subject to a 10% withholding tax.

Other taxes on corporations

Capital duty No

Payroll tax

See under "Personal taxation" below.

Real property tax No

Social security

An employer is required to remit social security contributions in respect of an employee's gross salary at a rate of 15% (capped at a monthly base of MRO 70,000).

Stamp duty

No

Transfer tax

No

Other

Various indirect taxes apply, depending on the activity/sector.

Anti-avoidance rules**Transfer pricing**

There are no formal transfer pricing regulations in Mauritania. However, a transaction between related parties should be made at arm's length.

Thin capitalization

No, but if the interest rate applied by the company exceeds the official rate of the central bank, the additional interest is disallowed for corporate tax purposes.

Controlled foreign companies

No

Disclosure requirements

No

Administration and compliance**Tax year**

The calendar year is typically the fiscal year.

Consolidated returns

Consolidated returns are not permitted; each entity must file a separate tax return.

Filing requirements

During the course of the fiscal year, two installments should be made. The tax return must be filed by 31 March of the year following the fiscal year, with any balance of tax paid by 30 April.

Penalties

Penalties are imposed on late filing and payment at 10% of the amount payable when the delay is less than two months and 25% of the amount payable when the delay is more than two months.

Rulings

No

Personal taxation

Basis

Personal income tax is applicable for both Mauritanian nationals, and non-Mauritanian nationals who have Mauritanian source income. Non-Mauritanian nationals also are subject to tax on the salary paid outside of Mauritania in respect of work performed in Mauritania.

Residence

There is no specific definition of residence for personal income tax purposes.

Filing status

N/A

Taxable income

Personal income tax is levied on salaries and related benefits and allowances paid by public and private entities to the extent the work is carried out in Mauritania, regardless of whether the employer or beneficiary is resident in Mauritania.

Capital gains

The disposal of property held by an individual is subject to tax in Mauritania.

Deductions and allowances

Various deductions are allowed including mandatory social security, pensions and contributions.

Rates

Rates are progressive up to 30%.

Other taxes on individuals

Capital duty	No
Stamp duty	No
Capital acquisitions tax	No
Real property tax	No
Inheritance/estate tax	No
Net wealth/net worth tax	No

Social security

The employee's contribution for social security is 1% of monthly salary (capped at a monthly base of MRO 70,000). This should be withheld from the salary in the monthly payroll.

Administration and compliance

Tax year	Calendar year
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Filing and payment

The employer is required to make monthly and annual tax filings in respect of its employees. One monthly wage withholding tax return is filed by the employer to report the total income, total tax withheld and total number of employees for the given month and an annual tax deduction schedule should be filed for the year before 15 February of the of the following year.

Generally, no separate personal/individual tax filing is required.

Penalties

Penalties are imposed on late filing and payment at 10% of the amount payable when the delay is less than 2 months and 25% of the amount payable when the delay is more than 2 months.

Value added tax

Taxable transactions

VAT is levied on the supply of goods and services and on import transactions.

Rates

The standard rate of VAT is 14%. A higher rate of 18% applies to petroleum products and telecommunications services.

Registration

Entities are required to register for VAT purposes within 10 days of the date of incorporation or the date activities commence.

Filing and payment

Companies are required to file VAT returns and pay VAT on a monthly basis by the end of the following month.

Source of tax law

General Tax Code

Tax treaties

Mauritania has only concluded two tax treaties (France and Senegal). A multilateral treaty has been concluded with the Maghreb Union Countries.

Tax authorities

Mauritanian Tax Authorities “Direction Generale des Impots”

International organizations

WTO, UNCTAD, WHO

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Morocco

Currency

Moroccan Dirham (MAD)

Foreign exchange control

Transactions in foreign currency are monitored by the administration, but generally not restricted.

Accounting principles/financial statements

Moroccan GAAP. Financial statements must be filed annually.

Principal business entities

These are the limited company, limited liability company, private limited company, general or limited partnership and branch of a foreign company.

Corporate taxation

Residence

A company is resident if it is incorporated in Morocco or if its place of activities is in Morocco.

Basis

Morocco operates a territorial tax system. Companies (both resident and nonresident) are subject to corporate tax only on income generated from activities carried on in Morocco. A foreign corporation is subject to tax on income arising in Morocco if it has, or is deemed to have, a permanent establishment in Morocco.

Taxable income

A company is taxed on the difference between its trading income and expenditure. Expenses incurred in the operation of the business generally are deductible, unless the expenses are specifically disallowed. Disallowed expenses include interest on shareholder loans where the stock is not fully paid up, interest on shareholder loans in excess of the official annual interest rate, penalties, fines and amount of the social solidarity contribution.

Taxation of dividends

Dividends received by a corporate shareholder must be included in its business profits, but the dividends are 100% deductible when computing taxable income.

Capital gains

Capital gains are treated as ordinary income and taxed at the normal corporate tax rate.

Losses

Tax losses may be carried forward for four years from the end of the loss-making accounting period. However, the portion of losses that relate to depreciation may be carried forward indefinitely. Losses may not be carried back.

Rate

The normal corporate rate is 30%, with a 37% rate applying to leasing companies and credit institutions.

A foreign contractor carrying out engineering, construction or assembly projects or projects relating to industrial or technical installations may opt to be taxed at a rate of 8%, calculated on the total contract price, net of VAT and similar taxes.

Companies realizing a low taxable profit up to MAD 300,000 are subject to a 10% rate.

Surtax

A social contribution for solidarity is levied on profits and income. The contribution is calculated on the basis of the net profit of the accounting year at rates ranging from 0.50% to 2%.

Alternative minimum tax

There is no AMT, but the tax payable by a company must be at a rate of at least 0.5%, regardless of the amount of taxable profits, calculated on turnover.

Foreign tax credit

A foreign tax credit is available only if so provided in an applicable tax treaty.

Participation exemption See under "Taxation of dividends."

Holding company regime

Under the offshore holding company regime, companies can be established in financial centers, provided the exchange office is notified within 30 days of the date of registration in the trade register. The main tax advantages available to offshore holding companies are:

- a corporation tax of USD 500 for the first 15 years;
- a tax exemption on dividend distributions and the transfer of profits abroad;
- an exemption from VAT; and
- the same customs advantages and employee rules that are available to offshore banks.

Incentives

Incentives are offered encourage Moroccan and foreign investment. Incentives include a business tax exemption for the first five years of operations and a corporate income tax exemption for companies exporting goods and services for the first five years of operations (followed by a reduced rate in respect of export sales). Companies operating in specific provinces or economically deprived zones also may be entitled to a reduced corporate tax rate until 2015.

There are free zones in Tangiers, and the Tangiers offshore financial center is open to all international banks and financial establishments that have obtained prior authorization from the Ministry of Finance.

Banks operating in the offshore financial center are entitled to an exemption from registration fees and stamp duty on their initial share capital and subsequent increases and on the acquisition of premises for setting up a head office and branches; an exemption from VAT; an exemption from the professional tax on the title of buildings occupied by the head office or agency; an annual corporation tax of 10% or USD 25,000 for the first 15 years; an exemption from tax in respect of dividend distributions and share proceeds transfers; and an exemption from customs duty.

Companies with the status of “Casablanca Finance City” are entitled to a corporate tax exemption on sales turnover made in foreign currency and on capital gains arising from the transfer of foreign securities for five years from the start of tax year in which the company obtained this status. After the expiration of the five-year period, an 8.75% corporate tax rate should apply.

Withholding tax

Dividends

Dividends paid to a nonresident are subject to a 15% withholding tax unless the rate is reduced under a tax treaty.

Interest

Interest paid to a nonresident is subject to a 10% withholding tax unless the rate is reduced under a tax treaty or the loan maturity exceeds 10 years.

Royalties

Royalties paid to a nonresident are subject to a 10% withholding tax unless the rate is reduced under a tax treaty.

Technical service fees

See below under “Other.”

Branch remittance tax

A 10% branch remittance tax is imposed on profits remitted to the head office of a nonresident.

Other

Companies that do not have their registered office in Morocco are subject to a (final) 10% tax withheld at source on the gross amount payable of payments for technical assistance; payments for technical, scientific or similar information; fees for the use of, or the right to use, certain equipment; remuneration for the transport of goods or persons from Morocco; and certain other commissions and fees. Certain payments (e.g. rents and maintenance) related to aircraft used for international transport are exempt.

Other taxes on corporations

Capital duty

No, but see under "Other."

Payroll tax

Payroll tax is imposed on the gross monthly remuneration of employees at a rate of 1.6%.

Real property tax

No, but see under "Transfer tax" and "Other."

Social security

An employer is required to register its employees with the Social Fund and pay social security tax on the basis of the employee's gross salary.

Stamp duty

Legal documents are subject to stamp duty at a rate up to MAD 1,000.

Transfer tax

A 6% registration duty and a 1% real estate tax are levied at the time real property is acquired.

Other

A 3% registration duty is levied on the sale of shares in unlisted companies.

A capital increase is subject to a 1% registration duty.

Legal entities carrying on business activities in Morocco are subject to a business tax, which is based on the rental value of buildings, premises, etc., used for the business, and levied at a rate of 10%, 20% or 30% of the rental value, depending on the entity's business.

Municipal tax is levied at a rate of 10.5% of the rental value of real estate assets situated within urban districts and 6.5% of the rental value of real estate assets in peripheral zones of urban districts.

Anti-avoidance rules

Transfer pricing

There is no formal transfer pricing legislation in Morocco, but transactions between related parties should be at arm's length. Two methodologies are used by the tax authorities: the comparable uncontrolled price method and direct assessment based on available information.

Thin capitalization

No, but the deduction of interest on shareholder loans is limited to rates provided by Bank Al Maghreb (the central bank), with the difference disallowed as a deduction for corporate tax purposes.

Controlled foreign companies

No

Other

No

Disclosure requirements

No, but information on transactions involving dependent entities should be maintained at the level of the Moroccan resident entity.

Administration and compliance

Tax year

The calendar year normally is the fiscal year, although a company may opt for a different fiscal year.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

Accounts for income tax purposes must be filed within three months after the end of the relevant accounting period. Corporate tax is payable in four equal installments based on the prior year's assessment. The actual amount payable is adjusted in the three months following the end of the accounting period.

Foreign companies that have elected for the 8% default taxation must submit a declaration of their turnover before 1 April following each calendar year.

Penalties

Interest and penalties apply for late filing, failure to file or filing an incorrect return.

Rulings

No

Personal taxation

Basis

Resident individuals are taxed on their worldwide income; nonresidents are taxed only on Moroccan-source income.

Residence

The following individuals are resident in Morocco for tax purposes:

- those who are habitually resident in Morocco;

- those who are present in Morocco for a minimum of 183 days within a given year, whether or not continuously; and
- individuals whose professional activities or center of economic interests are located in Morocco.

Filing status

Joint filing is not permitted; each individual must file a separate return.

Taxable income

All compensation received by an individual is taxable, including salaries and wages, allowances, pensions, annuities, and all other employment benefits, investment income, property income and income derived from the carrying out of a business or profession.

Capital gains

Capital gains derived from the disposal of immovable property generally are subject to tax as part of the personal income of the individual at a rate of 20%. Transfer of the urban plot of lands could be submitted to tax up to 30%.

Deductions and allowances

Various deductions and personal allowances are available in computing taxable income.

Rates

Rates are progressive up to 38%.

Other taxes on individuals

Capital duty	No
Stamp duty	No
Capital acquisitions tax	No

Real property tax

The municipalities levy an annual urban property tax on the owner of property used for dwelling purposes. Rates are progressive from 0.025% to 0.5%.

Inheritance/estate tax

There is no inheritance tax, but gift tax may be levied at a flat rate of 20%.

Net wealth/net worth tax

No

Social security

See under "Other taxes on corporations."

Administration and compliance

Tax year

Calendar year

Filing and payment

The global income tax return, when applicable, must be filed before 1 March of each year in the place where the taxpayer has his/her habitual residence or main business.

Penalties

Interest and penalties apply for late filing, failure to file or filing an incorrect return.

Value added tax

Taxable transactions

VAT is levied on all industrial, commercial and craft activities, on services rendered in Morocco and on import transactions.

Rates

The standard rate of VAT is 20%, with reduced rates of 7%, 10% and 14% applying to certain transactions.

Registration

All persons subject to VAT should register for VAT purposes within 30 days as of the start of their operations.

Filing and payment

VAT returns generally must be filed on a monthly basis.

Source of tax law

General Tax Code

Tax treaties

Morocco has concluded more than 37 treaties.

Tax authorities

Direction Générale des Impôts

International organizations

UN, WTO

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Oman

Currency

Omani Riyal (OMR)

Foreign exchange control

The Sultanate of Oman has a free economy. Although administrative procedures must be followed, there are no exchange controls on inward or outward investment or on the repatriation of capital or profits, either by nationals or members of the expatriate population.

Accounting principles/Financial statements

A business registered in Oman must maintain full accounting records in accordance with IFRS.

Principal business entities

These are the joint stock company (general or closed), limited liability company (LLC), partnership (general or limited), joint venture and branch of a foreign company.

An Omani LLC may be established with Omani share capital participation. Non-Omani nationals wishing to engage in a trade or business in Oman, or to acquire an interest in the capital of an Omani company, must obtain a license from the Ministry of Commerce and Industry.

A foreign business is required to register with the tax authorities by filing a declaration of business particulars and supporting documents. Under current practice, Omani nationals must hold at least 30% of the capital of an Omani company, but waivers allow for up to 100% foreign participation if the project has a minimum capital of OMR 500,000 and contributes to the development of the national economy. US companies, however, can own up to 100% of the capital under a free trade agreement between the US and Oman.

Corporate taxation

Residence

Residence is not defined in Oman for corporate tax purposes.

Basis

Omani companies are subject to tax on worldwide income with a foreign tax credit granted for certain taxes paid overseas. The permanent establishment (PE) rules include, among other types of PE, the provision of consultancy and other services in Oman for 90 days or more in the aggregate within a 12-month period and dependent agents.

Taxable income

Taxable income is gross income for the tax year after deducting expenses and/or making adjustments for disallowed expenses or exemptions.

Taxation of dividends

Dividends received by a company from another company are not taxable, but dividends received from a foreign company are subject to tax.

Capital gains

Capital gains derived from the sale of fixed assets and acquired intangible assets are taxed at the same rates as ordinary income. There is no special tax treatment of such gains. Gains from the sale of local listed shares, however, are exempt.

Losses

Losses may be carried forward and set off against taxable income for five years. However, losses incurred during a tax holiday period may be carried forward indefinitely. The carryback of losses is not permitted.

Rate

A flat 12% rate applies to all businesses, including branches and PEs of foreign companies, with taxable income exceeding OMR 30,000. Income from the sale of petroleum is subject to a special provisional rate of 55%.

Surtax No

Alternative minimum tax No

Foreign tax credit

The tax authorities may allow a credit for foreign taxes paid on a case-by-case basis. For certain taxes paid overseas, the credit may be granted up to the amount of the Omani tax liability regardless of whether Oman has concluded a tax treaty with the source country.

Participation exemption No

Holding company regime No

Incentives

The Law for Unified Industrial Organization of Gulf Cooperation Council Countries provides certain incentives to licensed industrial installations on the recommendation of the Industrial Development Committee. Incentives include a five-year exemption from all taxes, and a total or partial exemption from customs duties on manufacturing equipment imported by local industries, and raw materials and semi-manufactured goods used in industrial operations.

Additional incentives include a five-year exemption from income tax following the date of incorporation for companies engaged in activities such as mining; export of locally manufactured or processed products; operation of hotels and tourist villages; farming and processing of farm products, including animals and the processing or manufacturing of animal products and agricultural activities; fishing and fish processing, farming and breeding; education (university, college or higher institutes, private schools, nurseries or training colleges and institutes); and medical care by establishing private hospitals. This exemption may be renewed for an additional period (not exceeding five years) subject to the approval of the Financial Affairs and Energy Resources Council.

Withholding tax

Dividends

Oman does not levy withholding tax on dividends.

Interest

Oman does not levy withholding tax on interest.

Royalties

Foreign companies without a PE in Oman that derive Omani-source royalties are subject to a 10% withholding tax on the gross royalty, withheld by the Omani payer and remitted to the tax authorities.

The definition of royalties includes, among other payments, those for the use or the right to use software, intellectual property rights, patents, trademarks, drawings and equipment rentals.

Technical service fees

Oman does not levy withholding taxes on technical service fees.

Branch remittance tax

No

Others

Foreign companies that do not have a PE in Oman and that derive Omani-source income through management fees, consideration for the use or the right to use computer software, and consideration for R&D are subject to a 10% withholding tax on the gross amount. This tax is withheld by the Omani entity and remitted to the tax authorities.

Other taxes on corporations

Capital duty

No

Payroll tax

No, but see under "Social security."

Real property tax

No

Social security

The employer must contribute an amount equal to 9.5% of the monthly salary of its Omani employees for social security (covering old age, disability and death); and 1% of the monthly salary for industrial illnesses and injuries. The contributions are required for Omani employees between the ages of 15 and 59 who are permanently employed in the private sector. A unified system of insurance protection coverage is in effect for Gulf Co-operation Council (GCC) citizens working in other GCC countries.

Stamp duty

No

Transfer tax

No

Other

Municipalities may impose certain consumption taxes.

Anti-avoidance rules

Transfer pricing

Pricing between related entities should be on an arm's length basis.

Thin capitalization

Thin capitalization rules require a debt-to-equity ratio not exceeding 2:1 for interest to be deductible.

Controlled foreign companies

No

Other

If a related party transaction results in a lower income or higher costs, the transaction may be set aside and the taxable income will be computed as if the transactions were with unrelated parties.

Disclosure requirements

Related party transactions must be disclosed.

Administration and compliance

Tax year

The tax year is the calendar year, which taxpayers generally are expected to use as their accounting year in drafting financial statements (a different accounting year is acceptable if followed consistently). On start-up, taxpayers may be able to use an opening account period of 12 months or a maximum period up to 18 months. Accounts usually are maintained in OMR, but also may be maintained in foreign currency, subject to the approval of the Director of Taxation.

Consolidated returns

Consolidated returns are not permitted; each company must file its own return.

A foreign person that has multiple PEs in Oman must file a tax return that covers all of the PEs and the amount of tax payable will be based on the aggregate of the taxable income of the PEs.

Filing requirements

Companies must file a provisional tax return within three months following the end of the accounting year and make a payment of the estimated tax. An annual income tax return, accompanied by audited financial statements, must be filed by within six months of the end of the accounting year, and any tax due must be paid at that time.

Penalties

Failure to present a declaration of income to the Office of the Director of Taxation may lead to an arbitrary assessment and penalties. Delay in the payment of income tax normally results in additional tax calculated at 1% per month on the outstanding amount. The Director of Taxation may impose other penalties in the event of non compliance, including an additional assessment of up to 50% of the value of the tax payable by the corporation.

Rulings

Rulings generally are not issued, although they can be obtained for the application of withholding taxes.

Personal taxation

Basis No

Residence No

Filing status No

Taxable income No

Capital gains No

Deductions and allowances No

Rates No

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty applies only to the acquisition of real estate at the rate of 3% of the sales value.

Capital acquisitions tax No

Real property tax No

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

Omani private sector employees who are between 15 and 59 years of age must contribute 6.5% of their monthly salary for social security purposes (old age, disability and death).

Administration and compliance

Tax year No

Filing and payment No

Penalties No

Value added tax

Taxable transactions

Oman does not levy a VAT or sales tax.

Rates No

Registration No

Filing and payment No

Source of tax law

Law of Income on Companies No. 28/2009; Commercial Companies Law No. 4/1974; Social Securities Law; Law for Unified Industrial Organization of Gulf Cooperation Council Countries; Foreign Business and Investment Law; Law of Organizing and Encouraging Industry and Mining

Tax treaties

Oman has 24 income tax treaties and three air transport tax treaties.

Tax authorities

Ministry of Finance and Secretariat General for Taxation

International organizations

GCC, UNCTAD, UNIDO, WCO, WTO

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Pakistan

Currency

Pakistan Rupee (PKR)

Foreign exchange control

Foreign exchange regulations are issued and administered by the state bank of Pakistan. There generally are no restrictions on the repatriation of income or capital.

Accounting principles/financial statements

IFRS and Companies Ordinance, 1984. All public companies and by private limited companies with paid-up capital of PKR 7.5 million or more must file annual financial statements with the Securities and Exchange Commission of Pakistan.

Principal business entities

These are the limited liability company, partnership and branch of a foreign entity.

Corporate taxation

Residence

An entity is resident if it is registered under the laws of Pakistan or its management and control is situated wholly in Pakistan.

Basis

Resident entities are taxed on worldwide business income; nonresidents pay tax only on Pakistan-source income.

Taxable income

Income generally is taxed under five "heads of income," i.e. business income, rental income, capital gains, salary income and other sources. Business income of a resident entity or a permanent establishment (PE) of a nonresident entity is either taxed on a presumptive/final taxation basis for specified types of income or on a net taxable income basis. The normal mode of taxation is based on net taxable income, although for nonresidents without a PE, the final taxation regime applies on royalty, technical service fees, and shipping and air transport income. Nonresidents can opt for

taxation under the final regime with respect to income from certain construction, assembly and similar projects. Under the final taxation regime, gross income is charged to tax at a flat rate without any deductions for expenditure or allowances. Net taxable income under the normal regime is computed on the basis of specific rules and principles, and expenses may be deducted from gross income. Resident taxpayers, with exception of companies in certain cases, are taxed under the final taxation regime on income from dividends, property rentals, construction contracts, trading, commercial imports/exports, and brokerage and commissions.

Taxation of dividends

A resident entity pays tax at a rate of 10% on dividend income. A nonresident pays 10% tax on Pakistan-source dividends or a reduced rate if so provided in a relevant tax treaty. Intercorporate dividends are not taxed if group taxation relief is available. Tax rates are reduced for power generation projects.

Capital gains

Capital gains, one of the heads of income, generally are taxed at the normal corporate rate. Gains derived from the sale of capital assets held for more than one year are reduced by 25% for tax purposes and, therefore, 75% of the net gains are taxable at a rate of 35% for corporate bodies, and 20% or 25% for individuals and others.

Capital gains from the disposal of listed securities have been subject to tax since July 2010. For tax year 2012, listed securities held for less than six months are taxed at a rate of 10%; if the shares are held for more than six months but less than 12 months, the rate is 8%; and where shares are held for more than one year, the gains are not taxable. Companies and certain other taxpayers are required to pay advance tax on such gains on a quarterly basis.

Losses

Business losses (except losses from a speculative business) may be set off against taxable income earned during the same tax year

under any head of income. Excess losses may be carried forward for up to six years following the tax year. Losses from a speculative business and capital losses may be carried forward to the following tax year for set off against speculative business income and capital gains for that year. Losses relating to disposal of specific securities, including listed shares and securities, may be set off against the relevant gains of the same year; such losses may not be carried forward. Business losses cannot be offset against income that is taxed under the final taxation regime.

Rate

The corporate tax rate is 35% on the net taxable income of a company.

Surtax

No

Alternative minimum tax

A turnover tax of 0.5% on the declared turnover by a resident company and other specified taxpayers is applicable. Minimum tax is applicable where taxpayers suffer losses or the tax yield on income is less than 0.5% of turnover.

Foreign tax credit

A resident entity may claim a credit for income tax paid outside Pakistan on its foreign-source income against its tax liability in Pakistan. The amount of the credit is the lesser of the income tax paid abroad or the Pakistan tax payable on the foreign-source income.

Participation exemption

No

Holding company regime

No, but see under "Consolidated returns," below.

Incentives

To encourage investment in alternative energy power generation,

a first year allowance of 90% of the cost of plant, machinery and equipment is available. In addition, profits and gains from electricity power generation projects set up in Pakistan may be exempt from tax in certain cases.

Accelerated depreciation is available for setting up industrial undertakings in rural and under-developed areas.

A tax credit equal to 10% of the amount invested for the replacement or modernization of plant and machinery is available for investments made between 1 July 2010 and 30 June 2015. A credit equal to 15% of the tax liability is granted to companies that opt to be listed on a registered stock exchange in Pakistan. A tax credit equal to 100% of tax payable is available to 100% equity financed new corporate industrial undertakings established between 1 July 2011 and 30 June 2016 provided certain conditions are satisfied.

Industrial undertakings established before 1 July 2011 also are allowed a tax credit for investment relating to the modernization or replacement of plant and machinery or where they expand using 100% equity financing between 1 July 2011 and 30 June 2016. The credit is allowed against tax payable in the proportion of the total investment and the equity investment.

Withholding tax

Dividends

A 10% withholding tax is levied on dividends unless the rate is reduced under a tax treaty.

Interest

A 20% withholding tax is levied on interest paid to a nonresident unless the rate is reduced under a tax treaty. Interest paid to a nonresident that does not have a PE in Pakistan is subject to withholding tax of 10% of the gross amount paid.

Royalties

Royalties paid to a nonresident are subject to a 15% withholding tax unless the rate is reduced under a tax treaty.

Technical service fees

Technical service fees paid to a nonresident are subject to a 15% withholding tax unless the rate is reduced under a tax treaty.

Branch remittance tax

The remittance of profits to a head office abroad are treated as dividends, attracting a 10% withholding tax on the remittance.

Other

A 6% withholding tax is imposed on construction contracts and contracts for advertising services provided by TV satellite channels; the rate is 10% for advertising services provided by a nonresident media company; and 5% on the payment of insurance premiums. These rates generally apply to income subject to the final taxation regime. For other payments to nonresidents, a general tax withholding tax of 20% applies.

Other taxes on corporations

Capital duty

A capital authorization fee is levied at varying rates depending on the authorized capital.

Payroll tax

Payroll tax is levied on different slabs of income at rates ranging from 5% to 20% if the annual salary exceeds PKR 400,000. The employer deducts tax from the salary payment and remits that amount to the government on behalf of the employee.

Real property tax

Property tax is levied at the provincial level.

Social security

The employer contributes up to 6% of wages to the Social Security Institution on behalf of the employee. No contribution is due on wages in excess of PKR 400 per day or PKR 10,000 per month.

Stamp duty

Stamp duty is payable on the issuance and transfer of shares at rates of 0.5% and 1.5%, respectively, of the face value of the shares, subject to a minimum of PKR 1. If the shares are transferred to or through a central depository company, the duty is applied at a rate of 0.10% of the face value of the shares.

Transfer tax

Subject to certain conditions, a 5% tax is levied on the gross sales price of property or goods sold by auction.

Anti-avoidance rules

Transfer pricing

Under the anti-avoidance rules, the tax authorities are authorized to distribute, apportion or allocate income, deductions or tax credits between associated companies to reflect income that would have been realized in accordance with the arm's length principle.

Pakistan tax law provides four methods for determining the arm's length result.

Thin capitalization

Where a foreign controlled resident company and branch of a nonresident, other than a bank or financial institution, has a foreign debt-to-equity ratio exceeding 3:1 at any time during a tax year, no deduction will be allowed in respect of the interest on the portion that exceeds the 3:1 ratio.

Controlled foreign companies

No

Other

The tax authorities may recharacterize a transaction that was entered into to avoid tax or where the transaction does not have

substance, or it may disregard a transaction that has no economic substance.

Disclosure requirements

Corporate tax payers are required to submit audited financial statements along with the income tax return.

Administration and compliance

Tax year

The law provides for two types of tax years: a normal tax year (for the period ending 30 June) and a special tax year (i.e. a tax year other than the normal year that has been approved by the tax authorities).

Consolidated returns

Holding companies and subsidiaries of a wholly owned group may opt to be taxed as a single fiscal unit under the group taxation concept.

Filing requirements

For a company whose tax year ends between 1 January and 30 June, the tax return is due by 31 December. In all other cases, the return is due by 30 September following the end of the tax year.

Penalties

The penalty for failure to file a tax return is 0.1% of the amount of the tax payable for each day of default. The minimum penalty is PKR 5,000 and the maximum is 25% of the amount of tax payable.

Rulings

A nonresident may obtain an advance ruling on the tax implications of any transaction or contract.

Personal taxation

Basis

Resident individuals are taxed on their worldwide income; nonresidents are taxed only on Pakistan-source income.

Residence

An individual is considered resident for a tax year if he/she is in Pakistan for 183 days or more in that tax year.

Filing status

Joint returns are not permitted; each individual must file a separate return.

Taxable income

As with corporations, taxable income is divided into five heads of income, which include income from employment (i.e. salary), income from the exercise of a profession, income from property, capital gains and other income.

Capital gains

Capital gains are taxed as a head of income at the applicable personal income tax rate. Capital gains on the disposal of listed shares and securities are taxed in the same manner as for companies.

Deductions and allowances

Deductions and allowances are available for the non-salaried class, but not for the salaried class, with the exception of Zakat.

Rates

Income tax is payable by salaried and non-salaried individuals if taxable income exceeds PKR 400,000. Tax is payable on the basis of different slab rates. Rates for the salaried class are in the range of 5% to 20%, and for business individual from 10% to 25%.

Other taxes on individuals

Capital duty	No
Stamp duty	No
Capital acquisitions tax	No

Real property tax

A property tax is levied at the provincial level.

Inheritance/estate tax

No

Net wealth/net worth tax

No

Social security

The employer must contribute to the Social Security Institution on behalf of the employee up to 6% of wages. No contribution is due on wages in excess of PKR 400 per day or PKR 10,000 per month.

Administration and compliance

Tax year

Financial year

Filing and payment

The tax return must be filed by 31 August after the tax year ending on 30 June.

Resident individuals having taxable income of PKR 1 million or more during the tax year also are required to file a statement of wealth and a wealth reconciliation statement as at 30 June.

Penalties

The penalty for failure to file a tax return is 0.1% of the amount of the tax payable for each day of default. The minimum penalty is PKR 5,000 and the maximum is 25% of the amount of tax payable.

Value added tax

Taxable transactions

Sales Tax is levied on the supply and import of goods and on specified services. The federal government normally only levies sales tax on the supply of goods, whereas provincial governments levy sales tax on services rendered in their provinces. The federal government also levies sales tax in respect of services rendered in the Islamabad Capital Territory.

Federal Excise Duty (FED) is chargeable in a similar manner to VAT on certain services.

Rates

The standard sales tax rate is 16%. FED is chargeable at varying rates.

Registration

Registration for federal sales tax is mandatory for manufacturers if turnover exceeds PKR 5 million and for retailers if the value of supplies exceeds PKR 5 million.

Filing and payment

Sales tax returns and payments must be made on a monthly basis.

Source of tax law

Income Tax Ordinance 2001, Income Tax Rules 2002, Sales Tax Act 1990, Federal Excise Act, 2005, Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012 and other Provincial Sales tax Ordinances on Services

Tax treaties

Pakistan has concluded 57 tax treaties.

Tax authorities

Federal Board of Revenue, Provincial tax authorities

International organizations

WTO

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Palestinian Ruled Territories

Currency

New Israeli Shekel (NIS)

Foreign exchange control

None, and there are no restrictions on the import or export of capital. Repatriation payments can be made in any currency. Both residents and nonresidents can hold bank accounts in any currency.

Accounting principles/financial statements

IAS/IFRS is required by financial service entities and companies listed on the Palestine stock exchange. Financial statements must be prepared annually. Semi-annual financial statements must be prepared for financial institutions and listed companies.

Principal business entities

These are the public shareholding company, private shareholding company with limited liability, partnership, sole proprietorship and branch of a foreign corporation.

Corporate taxation

Residence

A corporation is resident if it is incorporated in Palestine or managed and controlled in Palestine.

Basis

Residents and legal entities, including branches of foreign entities, are taxed on their taxable income in Palestine computed in accordance with the tax law.

Taxable income

Corporate tax is imposed on a company's net profits, which consist of business/trading income, passive income (except for dividends received from resident companies), and 75% of the gains realized from trading in equity securities and bonds. Taxable income of resident persons and companies includes foreign income derived from their funds or deposits in Palestine.

Taxable income is computed on an accruals basis, except for interest and commissions on doubtful debts of financial institutions, which are taxable on a cash basis. Taxable income of certain professions is computed on a cash basis in accordance with directives issued by the tax director.

Taxation of dividends

Dividends received from resident entities are exempt from tax.

Capital gains

Capital gains are taxed at regular rates; however, 25% of the capital gains derived from the sale of investments in equity securities and bonds are exempt.

Losses

Taxable losses may be carried forward for five years, but may not be carried back. Taxable losses do not include unrealized losses from revaluations or losses arising from transactions originally tax exempt. The law is silent with regard to revaluation gains.

Rate

The corporate tax for resident and nonresident entities is 15% on net income up to NIS 125,000, and 20% on net income in excess of that amount.

The general tax rules apply to insurance companies as financial institutions, except for life insurance premiums, which are taxed at a flat rate of 5% of premiums.

Surtax	No
Alternative minimum tax	No
Foreign tax credit	No

Participation exemption No

Holding company regime No

Incentives

Certain entities are granted tax incentives if approved by the agency for the encouragement of investment. Incentives are in the form of tax rate reductions for specified periods of time.

Withholding tax

Dividends

Withholding tax is not levied on dividends distributed by a resident entity.

Interest

Interest paid to a resident or nonresident is subject to a 5% withholding tax.

Royalties

Royalties paid to a resident are subject to a 5% withholding tax. The rate is 10% for payments to a nonresident.

Technical service fees

Payments made as technical service fees are subject to a 10% withholding tax.

Branch remittance tax No

Other taxes on corporations

Capital duty No

Payroll tax

There is no payroll tax on corporations. Salaries are taxed at the level of the individual.

Real property tax

Tax on property is levied at a rate of 17% of the assessed value of rental income.

Social security

No

Stamp duty

No

Transfer tax

No

Anti-avoidance rules**Transfer pricing**

No

Thin capitalization

No

Controlled foreign companies

No

Other

No

Disclosure requirements

The following documents should be attached to the income tax return of incorporated entities: audited financial statements and related notes; and reconciliation between financial income and taxable income approved by the licensed auditor.

Administration and compliance**Tax year**

The tax year is generally the calendar year. Approval must be obtained to use a fiscal year.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate tax return.

Filing requirements

A self-assessment regime applies. Advance payment on account of tax liabilities for the year must be made, and the timing and incentives for early payment are determined based on directives issued by the Minister of Finance.

The tax return must be filed within four months of the end of the tax year. If the tax return is filed within one month of the end of the tax year, a discount of 4% is given on the balance of tax as per the self-assessment (after deducting tax advances made on which a discount was previously given) or a discount of 2% if the tax return was submitted during the second and third months after the end of the year.

Penalties

A penalty equal to 3% of the tax liability per month up to a maximum of 20% is imposed for the late payment of tax. The minimum penalty is NIS 3,000 for corporations. Penalties also apply for the late payment of payroll and withholding tax.

Rulings

No

Personal taxation

Basis

Palestinian residents and nonresidents are taxed only on income sourced in Palestine.

Residence

Residence may be established as follows:

- a Palestinian individual who has resided and maintained his/her principal business activities in Palestine for 120 days during the year; or
- a non-Palestinian individual who has resided in and had a principal business activity in Palestine for 183 days during the year.

Filing status

Each individual must file a return; joint filing is not permitted unless approved by the tax department.

Taxable income

Taxable income comprises income from all sources (unless specifically exempt by law), less allowable expenses incurred in the production of the income and the standard deduction (see under "Deductions and allowances").

Capital gains

Capital gains are taxed at regular rates; however, 25% of the capital gains derived from the sale of investments in equity securities and bonds are exempt.

Deductions and allowances

Individual income is reduced by a standard deduction of NIS 30,000 per year. There is a one-time deduction of NIS 30,000 for the purchase of a residence or NIS 4,000 per year in interest deductions on a home mortgage for a maximum period of 10 years. A university education deduction of NIS 6,000 per year is granted for up to two dependents in university. Up to 10% of an individual salary is tax-exempt as a transportation cost.

Rates

Individual income tax is charged at progressive rates from 5% to 20%. The first NIS 30,000 is taxed at 5%, the next NIS 30,000 at 10%, the third NIS 45,000 at 15% and the remainder at 20%.

Other taxes on individuals

Capital duty	No
Stamp duty	No

Capital acquisitions tax No

Real property tax

Tax on property is levied at a rate of 17% of the assessed value of rental income; 60% of the property tax is set off against income tax liability and 40% is deducted as an expense in computing taxable income.

Inheritance/estate tax No

Net wealth/net worth tax No

Social security No

Administration and compliance:

Tax year Calendar year

Filing and payment

Tax on employment income is withheld by the employer and remitted to the tax authorities. Self-employed individuals and employed individuals with income from other sources must file a self-assessment return within four months of the end of the tax year.

Penalties

Penalties are imposed for a late payment of tax.

Value added tax

Taxable transactions

VAT is levied on the sale of goods and the provision of services, and on imports.

Rates

The standard VAT rate is 15% as from 1 October 2012. Certain transactions are zero-rated or exempt. For financial institutions, VAT is levied at the rate of 15% on gross salaries and on taxable income. VAT paid on salaries may not be deducted in the computation of VAT on taxable income, although VAT paid on salaries and on taxable income may be deducted for income tax purposes.

Registration

All entities and individuals must register for VAT purposes; there is no minimum threshold.

Filing and payment

A VAT return generally must be filed monthly or other basis as required.

Source of tax law

Income Tax Law No. 8 of 2011 effective 1 January 2011.

Tax treaties

There are no tax treaties.

Tax authorities

Income Tax Authority; VAT Authority; Ministry of Finance

International organizations

None

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Currency Qatari Riyal (QAR)

Foreign exchange control No

Accounting principles/Financial statements

IFRS and IFRS for small- and medium-sized enterprises.

Principal business entities

These are the limited liability company, public shareholding company and branch of a foreign company. Other forms of business include the simple partnership, joint partnership, limited share partnership and joint venture.

Corporate taxation

Residence

A body corporate is resident in Qatar if it is incorporated under Qatari law, its head office is in Qatar or its place of effective management is in Qatar. An entity carrying on activities in Qatar must submit an application for a tax card to the Tax Department within 30 days from the date activities are commenced.

Basis

Tax is imposed on income arising from activities in Qatar.

Taxable income

The main categories of taxable income include income derived from activities carried out in Qatar, income derived from contracts wholly or partly performed in Qatar, gross income from real estate in Qatar, consideration for services paid to a head office, branch or related company, interest on loans obtained in Qatar, and income from the exploration, extraction or exploitation of natural resources situated in Qatar.

Allowable expenses include the cost of raw materials, consumables and services required for carrying out the activities, interest on loans used in the activities (except interest paid to a related party),

salaries, wages and similar payments made to employees, rent, insurance premiums, bad debts and depreciation (according to certain rates).

Taxation of dividends

No

Capital gains

Capital gains derived by a company are included in taxable income and taxed at the income tax rate.

Losses

Losses may be carried forward for up to 3 years. The carryback of losses is not permitted.

Rate

The general tax rate is a flat 10%, with a 35% rate applying to oil and gas operations. Petroleum activities include exploration operations; developing fields; drilling, completing and repairing wells; producing and processing petroleum; filtering of impurities; storing, transporting, loading and shipping; constructing or operating related energy and water facilities or housing or other facilities, establishments or equipment necessary for petroleum activities; and services necessary to achieve any of the above activities, including all administrative and complementary activities.

Income of Qatari and Gulf Cooperation Council (GCC) nationals who are resident in Qatar is exempt from tax.

Surtax

No

Alternative minimum tax

No

Foreign tax credit

No

Participation exemption

No

Holding company regime

No

Incentives

These include tax holidays, foreign capital investment incentives and incentives related to the Qatar Financial Center (QFC) and the Qatar Science and Technology Park (QSTP).

Under the QFC regime, income is taxable at a flat rate of 10%. Wholly Qatar government-owned QFC entities are exempt (there is no exemption for QFC entities that are wholly owned by Qatari or GCC nationals). Only local-source profits are taxable. QFC entities are not subject to withholding taxes.

The QSTP is the only free zone in Qatar. Capital of companies registered in the QSTP can be wholly owned by foreign investors and allowed to trade directly in Qatar without a local agent. QSTP entities with a standard license are not taxed and companies can import goods and services free from Qatari customs duties.

Withholding tax

Dividends

Qatar does not levy withholding tax on dividends.

Interest

With certain exceptions, interest paid to a non-resident is subject to a 7% withholding tax.

Royalties

Royalties paid to a non-resident are subject to a 5% withholding tax.

Technical service fees

Technical service fees paid to a non-resident are subject to a 5% withholding tax.

Branch remittance tax

No

Other

A 7% withholding tax applies to commissions, brokerage fees, directors' fees; attendance fees; and fees for other services performed in whole or in part in Qatar.

A retention tax of 3% of the contract value or the final payment (whichever is higher) applies to payments made to a branch registered for a particular project (temporary branch).

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax No

Social security

For Qatari employees, the employer must contribute 10% of basic salary each month.

Stamp duty No

Transfer tax No

Anti-avoidance rules**Transfer pricing**

A general anti-avoidance rule gives the tax department the power to apply an arm's length price in certain situations.

Thin capitalization

There are no specific thin capitalization rules, but interest payments made by a permanent establishment to its head office and related parties are not deductible for tax purposes.

Controlled foreign companies No

Other No

Disclosure requirements No

Administration and compliance

Tax year

The tax year is the calendar year, but a taxpayer may apply to prepare its financial statements for a 12-month period ending on a date other than 31 December. The first accounting period may be more or less than 12 months, but it should not be less than 6 months or more than 18 months.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

Taxpayers are required to submit an annual income tax return and pay tax by the end of the fourth month after the company's financial year end.

Penalties

Failure to file a tax return by the deadline leads to a penalty of QAR 100 per day, up to a maximum QAR 36,000. Failure to pay tax due by the deadline leads to a penalty of 1.5% of the amount of tax due per month of delay or part thereof, up to the amount of tax due.

Rulings No

Personal taxation

Basis

There is no personal income tax on employee wages. Individuals are taxed only on Qatari-source income derived from a business activity and, hence, are taxable under the rules for companies. Income of Qatari and GCC nationals resident in Qatar is exempt from tax.

Residence

An individual is resident in Qatar if he/she has a permanent home in Qatar; has been in Qatar for more than 183 consecutive or separate days during any 12- month period or has his/her center of vital interests in Qatar.

Filing status

N/A

Taxable income

N/A

Capital gains

Capital gains on the disposal of real estate and securities derived by an individual are exempt from tax provided the real estate and securities are not part of the assets of a taxable activity.

Deductions and allowances

No

Rates

No

Other taxes on individuals**Capital duty**

No

Stamp duty

No

Capital acquisitions tax

No

Real property tax

No

Inheritance/estate tax

No

Net wealth/net worth tax

No

Social security

No, unless a Qatari national is an employee that has a pension scheme, in which case the employee must make a pension contribution equal to 5% of the basic salary each month.

Administration and compliance

Tax year N/A

Filing and payment N/A

Penalties N/A

Value added tax

Taxable transactions

There is some speculation that VAT may be introduced in the future, but this has not been confirmed.

Rates N/A

Registration N/A

Filing and payment N/A

Source of tax law

Law No. 21 of 2009 and Qatar Financial Center Tax Regulations

Tax treaties

Qatar has concluded more than 40 tax treaties

Tax authorities

Ministry of Finance – Public Revenues & Taxes Department and Qatar Financial Center

International organizations

Arab League, GCC

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Saudi Arabia

Currency Saudi Riyal (SAR)

Foreign exchange control No

Accounting principles/Financial statements

Saudi Organization of Certified Public Accountants (SOCPA) standards. If an issue is not covered by SOCPA standards, IFRS is the standard (and is used by banks).

Principal business entities

These are the limited liability company, joint stock company and branch of a foreign entity.

Corporate taxation

Residence

A corporation is resident if is registered in accordance with the Regulations for Companies in Saudi Arabia or if it is headquartered in the Kingdom.

Basis

A resident corporation is taxed on income arising in the Kingdom. A nonresident carrying out activities in the Kingdom through a permanent establishment (PE) is taxed on income arising from or related to the PE.

Taxable income

Income tax is levied on a non-Saudi's share in a resident corporation; Zakat is levied on the Saudi's share. Citizens of Gulf Cooperation Council countries are treated as Saudis.

The tax base for a resident corporation is the non-Saudi partner's share of income subject to tax from any activity in Saudi Arabia less allowable expenses. The tax base for a nonresident carrying out activities in Saudi Arabia through a PE is the income arising from the activities of the PE less allowable expenses.

Taxation of dividends

Dividends received are taxed as income.

Capital gains

A 20% capital gains tax is imposed on the disposal of shares in a resident company. Capital gains on the disposal of shares traded on the Saudi stock exchange are exempt if the shares were acquired after 2004.

Losses

Tax losses may be carried forward indefinitely provided the maximum amount deducted in each tax year does not exceed 25% of the annual profits as per the tax return. The carryforward of losses is not allowed for companies that had a change in ownership or control of 50% or more, except for losses arising following the change in ownership that meet the criteria for loss carryforwards.

Rate

20% on a non-Saudi's share in a resident corporation and on income derived by a nonresident from a PE in Saudi Arabia. The rate on taxpayers working in the exploitation of natural gas sector is 30%, and that on taxpayers engaged in the production of oil and hydrocarbons is 85%.

Zakat is assessed at 2.5% on the Zakat base on a Saudi shareholder.

Surtax	No
Alternative minimum tax	No
Foreign tax credit	No
Participation exemption	No

Holding company regime

The profits of a Saudi resident subsidiary remitted to its Saudi resident holding company will not be taxed provided

- there is a minimum holding of 10%;
- the investment is held for not less than one year; and
- the income in the subsidiary was subject to tax in Saudi Arabia.

Limited rules also exist for groups wholly subject to Zakat.

Incentives

The Saudi government grants 10-year tax incentives on investments in the following six underdeveloped provinces in Saudi Arabia: Hail, Jizan, Abha, Northern Border, Najran, Al-jouf. Investors will be granted a tax credit against the annual tax payable in respect of certain costs incurred on Saudi employees.

Withholding tax

Dividends

A 5% withholding tax is levied on dividends paid to a nonresident unless the rate is reduced under a tax treaty.

Interest

A 5% withholding tax is levied on interest paid to a nonresident unless the rate is reduced under a tax treaty.

Royalties

A 15% withholding tax is levied on royalties paid to a nonresident unless the rate is reduced under a tax treaty.

Technical service fees

A 5% (15% for related parties) withholding tax is levied on technical service fees paid to a nonresident unless the rate is reduced under a tax treaty.

Branch remittance tax

A 5% tax is imposed on the remittance of profits abroad.

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax No

Social security

For Saudi employees, the employer must contribute 9% of the employee's salary to the General Organization for Social Insurance (GOSI), and the employee contributes 9%. The employer also pays accident insurance equal to 2% of salary for both Saudi and non-Saudi employees.

Stamp duty No

Transfer tax No

Other No

Anti-avoidance rules

Transfer pricing

Although there are no formal transfer pricing rules, if the value of goods or services provided by related parties exceeds prices used by independent parties, the tax authorities can make an adjustment to ensure that the value reflects an arm's length value.

Thin capitalization

The deduction of interest expense is limited to the lower of the actual expense or interest income, plus 50% of taxable income before interest income and interest expense. Additionally, in accordance with the Companies Regulations, if the accumulated losses of a company exceed 50% of its share capital, a shareholders' meeting must be called to determine whether to continue the business. This resolution must be published in the official gazette.

Controlled foreign companies

No

Other

There is a general anti-avoidance provision in the tax law.

Disclosure requirements

No

Administration and compliance

Tax year

The tax year is the state's fiscal year. The taxable year of a taxpayer starts from the date it obtains a commercial registration or license unless other documents support a different date.

A taxpayer may use a different tax year in the following circumstances:

- the different year was approved by the Directorate before the effective date of the income tax regulations;
- the taxpayer uses a Gregorian financial year; or
- the taxpayer is a member of a group of companies or a branch of a foreign company that uses a different financial year.

Consolidated returns

Consolidated returns may be filed only for Zakat and only in the case of wholly owned subsidiaries. Consolidated returns are not permitted for income tax purposes.

Filing requirements

Tax returns for a corporation must be filed with the tax authorities within 120 days from the fiscal year end. For partnerships, the deadline is 60 days. Taxpayers whose taxable income exceeds SAR 1 million before the deduction of expenses must have the return certified as to its accuracy by a licensed certified accountant. Additionally, audited financial statements must be filed with the Ministry of Commerce within six months of the year-end.

Penalties

The penalties for failure to file the tax return are the higher of 1% of revenue up to a maximum of SAR 20,000, or between 5% and 25% of the unsettled tax, depending on the length of the delay. In addition, there is a fine of 1% of the unsettled tax for every 30 days' delay in settlement.

Rulings

No

Personal taxation

Basis

There is no personal income tax (employment tax) in Saudi Arabia; however, nonresidents conducting business in the Kingdom or deriving income from a PE in Saudi Arabia are taxed as described above.

Residence

An individual is resident in Saudi Arabia for a tax year if either he/she has a permanent residence in the Kingdom and is present in the Kingdom for a period that in total is not less than 30 days in the tax year, or is present in the Kingdom for a period that is not less than 183 days in the tax year.

Filing status

Only individuals that carry on a business or profession must file.

Taxable income

No, except for individuals that carry on a business or profession, who are subject to the same rules as companies.

Capital gains

A 20% capital gains tax is imposed on the disposal of shares in a resident company. Capital gains on the disposal of shares traded on the Saudi stock exchange are exempt if the shares were acquired after 2004.

Deductions and allowances

No, except for individuals that carry on a business or profession.

Rates

Individuals carrying on a business or profession are taxed at the same rate as companies, i.e. 20%.

Other taxes on individuals

Capital duty No

Stamp duty No

Capital acquisitions tax No

Real property tax No

Inheritance/estate tax No

Net wealth/net worth tax

Zakat is levied on the registered businesses of Saudis.

Social security

Saudi employees must contribute 9% of salary to GOSI; the employer also contributes 9%.

Administration and compliance

Tax year No

Filing and payment No

Penalties No

Value added tax

Taxable transactions

There is speculation that VAT may be introduced in the future, but this has not been confirmed at the time of writing.

Rates N/A

Registration N/A

Filing and payment N/A

Source of tax law

Income Tax Regulations (Muharram 1425 H - March 2004)

Tax treaties

Saudi Arabia has 25 tax treaties in force.

Tax authorities

Department of Zakat and Income Tax (DZIT)

International organizations

GCC, WTO

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South Sudan

Currency

South Sudanese Pound (SSP)

Foreign exchange control

There are no exchange controls, but banks must report significant foreign exchange transactions to the central bank.

Accounting principles/Financial statements

Financial statements must be presented in accordance with applicable relevant laws and IFRS, unless otherwise allowed by the relevant authorities.

Principal business entities

These are the public or private limited liability company, joint venture and branch of a local or foreign company.

Corporate taxation

Residence

A company, partnership or other entity that is established in Southern Sudan or that has its place of effective management in Southern Sudan is resident.

A registered entity in South Sudan is classified as a small, medium or large private enterprise. Small enterprises are restricted to South Sudanese nationals. Medium and large private enterprises must have at least a 31% South Sudanese interest (except for local branches of foreign companies).

Basis

Resident companies are liable to tax on their worldwide income; nonresident companies pay tax only on South Sudan-source profits.

Taxable income

Taxable income generally consists of worldwide income for resident companies, less expenditure incurred wholly and exclusively in the production of the income for the year.

Taxation of dividends

Dividends received from a resident company are considered Southern Sudan-source income and are included in business profits. However, dividends paid out of already taxed profits are exempt.

Capital gains

Capital gains are included in taxable income subject to corporate tax.

Losses

Losses may be carried forward and set off against taxable income for up to five years. The carryback of losses is not permitted.

Rate

The corporate tax rate depends on the classification of the company: 10% for small enterprises, 15% for medium-size enterprises and 20% for large enterprises.

Surtax

No

Alternative minimum tax

No

Foreign tax credit

A foreign tax credit shall be allowed to a resident taxpayer who derives profit from business activities outside South Sudan through a permanent establishment outside South Sudan and who pays tax on that profit to any other country. The foreign tax credit is the foreign tax or the South Sudan tax applied to that part of the foreign source income liable to tax in South Sudan, whichever is less.

Participation exemption

No

Holding company regime

No

Incentives

Various investment incentives are available to foreign investors on a case-by-case basis, including concessions for machinery and equipment in qualified investment priority areas, capital and deductible annual allowances, certain depreciation and access to land for investment.

Withholding tax

Dividends

A final withholding tax of 10% is levied on the gross payment of dividends, regardless of whether the recipient is a resident or nonresident.

Interest

A final withholding tax of 10% is levied on the gross payment of interest, regardless of whether the recipient is a resident or nonresident.

Royalties

A final withholding tax of 10% is levied on the gross payment of royalties, regardless of whether the recipient is a resident or nonresident.

Technical service fees

No

Branch remittance tax

No

Other taxes on corporations

Capital duty

No

Payroll tax

An employer must withhold tax from an employee's wages (including bonuses and allowances) for the appropriate payroll period. The first monthly average of SSP 300 is exempt; the rate is 10% for SSP 301 to SSP5,000; and 15% over SSP 5,001.

Real property tax

There is no legislation, although, in practice, rates vary by locality.

Social security

There is no legislation, although in practice, the employer must contribute an amount equal to 17% of the monthly salary of their Sudanese and expatriate employees for social security.

Stamp duty

No

Transfer tax

No

Other

All goods brought in or that enter South Sudan are subject to an advance payment of business profit tax. The tax rate is 2% on all processed food items, 4% on all other goods and 6% on vehicles of all kinds. A taxpayer that is required to file a tax return and that has made an advance payment on imported goods may obtain a credit against the amount of tax owed for the taxable year.

Anti-avoidance rules**Transfer pricing**

The arm's length principle applies to all transactions. The difference between the arm's length price and the transfer price must be included in the taxable profit. The price used in conjunction with asset transactions or contract obligations between related persons is the transfer price. However, the arm's length price will be determined under the comparable uncontrolled price method and when this is not possible, the resale price method or the cost-plus method.

Thin capitalization

No

Controlled foreign companies

No

Disclosure requirements

No

Administration and compliance

Tax year

Calendar year, unless the tax authorities approve a different tax year.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

A corporate taxpayer must file an annual return based on its income for the tax year. The return is due on or before 1 April of the year following the tax period. The taxpayer's audited financial statements, together with any final tax due, must accompany the tax return. In addition, the taxpayer must make an advance payment of income tax on a quarterly basis.

Penalties

A penalty of 5% each month accrues on any amount of tax unpaid by the due date. Interest on unpaid tax accrues at the rate of 120% of the commercial rate as from the last due date to the date of payment. An additional charge of 5% of the reported tax liability up to a maximum of 25% is levied for failure to submit a return.

Rulings

A binding ruling will be available if the taxpayer has made a full and true disclosure of the nature of all aspects of the transaction relevant to the ruling.

Personal taxation

Basis

Resident individuals are subject to tax on worldwide income derived from employment, entrepreneurial activities, leasing income and personal income. Nonresident individuals are taxed only on South-Sudan-source income.

Residence

An individual who is domiciled or physically present in Southern Sudan for 183 days or more in any tax period is resident for tax purposes.

Filing status

Each individual must file a return; joint filing is not permitted.

Taxable income

Employment income is taxable unless otherwise exempt. Income from entrepreneurial activities, leasing income, dividends, interest, capital gains and other investment income also are taxable.

Capital gains

Capital gains are included as part of gross income subject to personal tax.

Deductions and allowances

Personal relief of SSP 3,600 per year is available on employment income. A deduction is granted from gross income in an amount up to 8% of gross wages paid by an employee to a funded pension scheme approved by the government.

Rates

Progressive rates from 0% to 15% apply to personal income.

Other taxes on individuals

Capital duty	No
Stamp duty	No
Capital acquisitions tax	No
Real property tax	No

Inheritance/estate tax No

Net wealth/net worth tax No

Social security

There is no legislation, although in practice, the employer must contribute an amount equal to 17% of the monthly salary of their Sudanese and expatriate employees for social security.

Administration and compliance

Tax year Calendar year

Filing and payment

The tax return must be filed on or before 1 April of the year following the tax period. A resident individual engaged in any entrepreneurial activities or receiving leasing income must make an advance payment of income tax on a quarterly basis.

Penalties

A penalty of 5% each month accrues on any amount of tax unpaid by the due date. Interest on unpaid tax accrues at the rate of 120% of the commercial rate as from the last due date to the date of payment. An additional charge of 5% of the reported tax liability up to a maximum of 25% is levied for failure to submit a return.

Value added tax

Taxable transactions

No, although a sales tax has been proposed.

Rates No

Registration No

Filing and payment No

Source of tax law

Taxation Act of 2009 and Investment Promotion Act of 2009

Tax treaties

Southern Sudan has not concluded any tax treaties.

Tax authorities

Directorate of Taxation

International organizations

African Union (AU) and United Nations (UN)

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Sudan

Currency

Sudanese Pound (SDG)

Foreign exchange Control

There are no exchange controls, but banks must report significant foreign exchange transactions to the central bank.

Accounting principles/Financial statements

IAS/IFRS. Financial statements must be prepared annually and filed with the Taxation Chamber.

Principal business entities

These are the public or private limited liability company, joint venture company and branch of a local or foreign company.

Corporate taxation

Residence

A company is deemed to be resident in Sudan if it is incorporated in Sudan under the Companies Act 1925 or if the management and control of its affairs are exercised in Sudan in the relevant tax year.

Local and foreign businesses are required to register with the tax authorities for corporate tax, VAT tax and payroll tax purposes. An unregistered foreign entity will be deemed to be resident in Sudan if:

- present in Sudan for a period or periods exceeding in total 183 days of the basis period; or
- present in Sudan in the relevant basis period and the two preceding basis periods for a period exceeding, in total, 12 months.

Basis

Resident companies are liable to tax on their worldwide income, while nonresident companies only pay tax on profits derived from a Sudanese source.

Taxable income

Taxable income generally consists of all worldwide income for resident companies (all Sudanese-source income for nonresident companies), less expenditure incurred wholly and exclusively in the production of the income for the year, as may be permitted by tax legislation.

Taxation of dividends

Qualifying dividends received from taxable profits are not taxable.

Capital gains

The rates are 5% on gains from the sale of lands and buildings, 2.5% on gains from the sale of vehicles and 2% on gains from the sale of securities, shares and bonds, subject to certain exceptions.

Losses

Losses may be carried forward and set off against taxable income for not more than five years after the end of the tax year in which the loss was incurred. The carryback of losses is not permitted.

Rate

Corporate tax rates in Sudan differ, depending on the business activities of the company: 0% for agricultural activities; 10% for industrial activities; 15% for commercial and service activities, real estate rental companies, and banks, insurance and fund management companies; 30% for cigarette and tobacco companies; and 35% for companies engaged in the exploration, extraction and distribution of oil and gas, and their subcontractors. A 3% social development tax applies to all companies exempt from tax under the Investment Encouragement Act or any other act.

Surtax

No

Alternative minimum tax

No

Foreign tax credit

Foreign tax paid on income taxable in Sudan may be deducted from taxable income subject to the approval of the Ministry of Finance. As a domestic method of relief, the Minister may exempt from tax foreign income already taxed in the source country. Double taxation relief also is provided under tax treaties.

Participation exemption

No

Holding company regime

No

Incentives

Various investment incentives are available to foreign investors upon the recommendation of the Minister of Finance, including import concessions, tax exemptions for exported products, corporate tax exemptions, carryforward of losses incurred during the exemption period for qualifying companies and the use of government lands.

Withholding tax

Dividends

Sudan does not levy withholding tax on dividends.

Interest

A final withholding tax of 7% is imposed on interest payments made to a nonresident company.

Royalties

A final withholding tax of 15% is imposed on royalty payments made to a nonresident company.

Technical service fees

A 15% final withholding tax applies to payments made for technical services.

Branch remittance tax

No

Others

A 15% final withholding tax is levied on payments made to a nonresident subcontractor for management consulting fees. Imports of goods are subject to a 2% creditable withholding tax if paid by a resident company. A 7% final withholding tax applies to payments from resident companies to nonresident subcontractors for interest and any other services.

A 5% creditable withholding tax applies to payments from resident companies to entities registered in Sudan as a branch of a foreign company.

A final tax of 10% is imposed on rental payments exceeding SDG 3,000.

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax Rates vary by locality.

Social security

An employer must contribute an amount equal to 17% of the monthly salary of a Sudanese employee for social security.

Stamp duty

Stamp duty has a wide application in Sudan and the rates vary depending on the type of instrument.

Transfer tax

The transfer of shares in a company is subject to a 2% tax.

Other

Zakat at a rate of 2.5% applies on the working capital of a company owned by Muslim shareholders.

Anti-avoidance rules

Transfer pricing

There are no specific transfer pricing rules, but the tax authorities are empowered to adjust or alter the tax consequences of any transaction that they have reasonable cause to believe was arranged to result in the resident and nonresident having either no profit or less than ordinary profits.

Thin capitalization

There are no specific thin capitalization rules, but transactions are required to be conducted at arm's length.

Controlled foreign companies

No

Other

The arm's length principle applies to all transactions.

Disclosure requirements

No

Administration and compliance

Tax year

Calendar year, although a company may adopt any year-end. All taxable income is assessed in the fiscal year in which the company's accounting year ends. In general, the tax period is 12 months.

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

A corporate taxpayer must file an annual return based on its income for the accounting year. The return is due within 3 1/2 months

following the end of the accounting year. The taxpayer's audited financial statements, together with the tax due, must accompany the tax return

Penalties

Failure to present a declaration of income to the Office of the Taxation Chamber will lead to an additional tax not more than three times the tax due. Delay in submission of an income tax return results in a penalty of SDG 10 per day or, according to the discretion of the General Secretary, not exceeding 5% of the total tax liability.

Rulings

Rulings generally are not issued, but a taxpayer may request a nonbinding opinion from the Taxation Chamber on the interpretation of the tax law or administrative procedures.

Personal taxation

Basis

Residents are subject to tax on business profits, leasing income and personal income from sources within and outside Sudan. Nonresidents are taxed only on Sudan-source income.

Residence

An individual will be deemed to be resident in Sudan if:

- present in Sudan for a period or periods exceeding in total 183 days of the basis period; or
- present in Sudan in the relevant basis period and the two preceding basis periods for a period exceeding, in total, 12 months.

Filing status

Each individual must file a return; joint filing is not permitted.

Taxable income

Employment income is generally taxable unless otherwise exempt. Business profits earned by an individual from a trade or profession or leasing and other investment income also are taxable.

Capital gains

The rates are 5% for gains on the sale of lands and buildings, 2.5% for gains on the sale of vehicles and 2% on gains from the sale of securities, shares and bonds, subject to certain exceptions.

Deductions and allowances

Personal relief of SDG 9,090 per annum is available on personal income (for resident individuals). The income tax rules provide additional deductions for personal income. For business and professional profits, the first SDG 300 is exempt from tax. The first SDG 3,000 of leasing income is exempt.

Rates

Progressive rates from 5% to 15% apply to personal income and business and professional profits. The rate on income from leasing is 10%.

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty is charged by both federal and state governments on various commercial and legal documents, such as transfers of deeds, insurance policies and bills of exchange.

Capital acquisitions tax No

Real property tax Rates vary by locality.

Inheritance/estate tax No

Net wealth/net worth tax

No

Social security

Sudanese and expatriate private sector employees must contribute 8% of their monthly salary for social security purposes.

Administration and compliance

Tax year

Calendar year

Filing and payment

The employer generally is responsible for withholding and paying salary tax due to the relevant tax authority on a monthly basis. Sudanese persons working abroad should declare and pay the relevant tax on their compensation on an annual basis to the relevant tax authority.

Filing and payment are due at the end of every month for resident employees and at the end of every fiscal year for Sudanese citizens working abroad.

Penalties

Failure to present a declaration of income to the Office of the Taxation Chamber will lead to an additional tax not more than three times the tax due. Delay in submission of an income tax return results in a penalty of SDG 10 per day or, according to the discretion of the General Secretary, not exceeding 5% of the total tax liability.

Value added tax

Taxable transactions

VAT applies to the supply of most goods and the provision of services, including importation of goods and services into Sudan.

Rates

The standard VAT rate is 17%, with a special 30% rate imposed on telecommunication services. Certain activities are exempt from VAT.

Registration

Registration is compulsory for all companies in Sudan. A person who is not charged with registration may voluntarily apply for registration.

Filing and payment

VAT returns and any related payments are due by the 15th day of the following month.

Source of tax law

Income Tax Act, Value Added Tax Act, Social Securities Act and Investment Encouragement Act

Tax treaties

Sudan has six tax treaties.

Tax authorities

Ministry of Finance & National Economy; Taxation Chamber.

International organizations

African Development Bank Group (AfDB), Arab Fund for Economic and Social Development (AFESD), Islamic Development Bank (IDB), United Nations Conference on Trade and Development (UNCTAD), Common Market for Eastern and Southern Africa (COMESA).

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Syria

Currency

Syrian Pound (SYP)

Foreign exchange Control

Foreign currency may not be transferred abroad unless it was originally imported from outside Syria.

Accounting principles/Financial statements

Corporations use Syrian GAAP. Banks, insurance companies, investment companies established under Legislative Decree No. 8 and all companies supervised by the Syrian Commission of Financial Markets and Securities use IAS and IFRS. Financial statements must be filed annually. Semi-annual and quarterly statements must be filed by banks, insurance companies and companies supervised by the Commission.

Principal business entities

These are the limited liability company, joint stock company, general partnership, limited partnership, company limited by shares, joint venture and branch of a foreign company.

Corporate taxation

Residence

An entity whose principal activities are administered through Syria, an entity that adopts Syria as its headquarters, and branches or offices of foreign companies that operate in Syria are considered resident for tax purposes.

Basis

An entity is liable for tax on income arising from Syrian sources or activities, regardless of residence status. Income derived from non-Syrian sources or activities is not taxable in Syria.

Taxable income

Income tax applies to the profits of companies, including the disposal of business assets.

Taxation of dividends

Dividends paid by a Syrian corporation on previously taxed income are not subsequently taxed upon distribution to another company. Dividends paid by a nonresident corporation, however, are subject to tax upon distribution in Syria at a rate of 7.5%.

Capital gains

Capital gains derived by a company are included in taxable income and taxed at the normal corporate tax rate, except for gains on real property, which are subject to tax at a rate ranging between 15% and 30% of the registered value.

Losses

Losses may be carried forward for five years. The carryback of losses is not permitted.

Rate

Rates are progressive from 10% to 28%. Specific rates include: 22% for joint stock companies; 14% for joint stock companies and 15% for insurance companies offer at least 51% of their shares to the public; and 25% for private banks and insurance companies.

Surtax

A local administration tax is imposed that varies between 4% and 10%, depending on the region.

Alternative minimum tax	No
Foreign tax credit	No
Participation exemption	No
Holding company regime	No

Incentives

Incentives are granted under the investment laws, in free zones, for certain industrial projects and for tourism.

Withholding tax

Dividends

Dividends paid by a Syrian corporation from previously taxed income are exempt from tax upon distribution.

Interest

Interest paid to a nonresident is subject to a 7.5% withholding tax.

Royalties

Royalties paid to a nonresident are subject to a 5% withholding income tax, as well as a 2% withholding payroll tax.

Technical service fees

Technical service fees are subject to a withholding tax of 7% (5% as income tax and 2% as payroll tax).

Branch remittance tax

No

Other

No

Other taxes on corporations

Capital duty

Upon an initial public offering or a subsequent capital increase, tax must be paid to the Commission on Financial Markets and Securities. The tax is calculated as the sum of SYP 250,000, plus 0.1% of the publicly issued capital, up to a maximum of SYP 1 million. A stamp fee of 0.4%% of the capital also must be paid upon the establishment and registration of the corporation. The stamp fee is reduced by 50% if the company offers more than 50% of its shares to the public.

Payroll tax

The employer must withhold 5% to 22% of salary.

Real property tax

Tax on real estate ranges from 14% to 60%, depending on the type of property.

Social security

The employer is required to make social insurance contributions amounting to 14% of payroll costs to cover old age, disability and death benefits. The employer also must contribute 3% of payroll to the work injury benefits scheme and 0.1% to a lump-sum disability benefits fund. Hence, the overall employer contribution to social security is 17.1%.

Stamp duty

Stamp duty generally is imposed on transactions, such as the formation of corporations, the execution of documents, licenses, contracts, etc., at rates ranging from 0.4% to 0.7%.

Transfer tax

Transfer tax varies according to the type of property and type of ownership transfer.

Other

No

Anti-avoidance rules**Transfer pricing**

No

Thin capitalization

No

Controlled foreign companies

No

Other

No

Disclosure requirements No

Administration and compliance

Tax year Calendar year

Consolidated returns

Consolidated returns are not permitted; each company must file a separate return.

Filing requirements

The tax return for limited liability and joint stock companies must be submitted by 31 May; the deadline is 31 March for other types of companies. Payment of tax is due within 30 days of the filing deadline.

Payroll withholding tax must be submitted by the employer on a semi-annual basis.

Penalties

A penalty is assessed for late payments 30 days after the filing date at a rate of 10% annually, up to 30% of the tax liability.

Rulings No

Personal taxation

Basis

An individual is liable for Syrian tax on income arising from sources or activities in Syria, regardless of his/her residence status in Syria. Income derived from non-Syrian sources or activities are not taxable in Syria. Wages and salaries tax is imposed on an individual who derives income:

- from a private treasury if he/she is Syrian resident or if the amount paid is compensation for services provided; or
- from a public treasury, regardless of residence status in Syria.

Residence

A national of Syria or an Arab or foreign person legally residing in Syria are considered resident for tax purposes.

Filing status

Each individual must file his/her own return; joint filing is not permitted.

Taxable income

Gross income is based on the actual amount of salaries and wages, special assigned amounts, bonuses and all monetary or in-kind benefits.

Capital gains

There is no specific capital gains tax for individuals. Tax is paid on the sale or disposition of property at rates that vary depending on the type of transaction.

Deductions and allowances

Deductions are allowed for certain expenses, such as work travel and business expenses.

Rates

Tax is progressive from 5% to 22%, with the first SYP 6,010 exempt.

Other taxes on individuals

Capital duty No

Stamp duty

Stamp duty is generally imposed on the execution of documents, licenses, contracts, etc., at rates ranging from 0.4% to 0.7%.

Capital acquisitions tax No

Real property tax

Tax on real estate proceeds (estimated rental amount) ranges from 14% to 60%, depending on the type of property.

Inheritance/estate tax

Inheritance and gift tax ranges from 5% to 75%.

Net wealth/net worth tax

No

Social security

An employee's share of the social security contribution is 7% of basic salary.

Administration and compliance

Tax year

Calendar year

Filing and payment

An individual must submit an annual return by 31 March and pay any tax due at that time.

Penalties

A penalty is assessed for late payments 30 days after the filing date and may be imposed up to 30% of the tax liability (10% for each year for up to three years).

Value added tax

Taxable transactions

While there is no VAT in Syria, consumption taxes are imposed on certain services and imported luxury goods.

Rates

1.5% to 40%

Registration

Taxpayers are required to register for consumption tax purposes.

Filing and payment

Tax is withheld by the party providing a service or Customs (for imported services) and paid on a monthly basis to the Ministry of Finance.

Source of tax law Income

Income Tax Law 24, ratified by Laws No. 51 and 60.

Tax treaties

Syria has concluded more than 20 tax treaties.

Tax authorities

Ministry of Finance

International organizations

OAPEC, OIC, GAFTA

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Tunisia

Currency

Tunisian Dinar (TND)

Foreign exchange Control

Foreign- owned companies and branches of foreign companies may freely repatriate profits provided applicable taxes have been paid. Certain transfers, however, must be approved by the central bank.

Accounting principles/financial statements

Tunisian Accounting Standards are used. Financial statements must be filed annually.

Principal business entities

These are the joint stock company, limited liability company, partnership and branch of a foreign corporation. A permanent establishment may be set up if approved by the Trade Office.

Corporate taxation

Residence

Tunisia does not have a definition of residence for tax purposes.

Basis

Tunisia operates a territorial system under which all income derived in Tunisia is subject to tax.

Taxable income

Profits derived from the operation of a business in Tunisia are subject to tax after the deduction of allowable expenses.

Taxation of dividends

Dividends distributed by Tunisian companies are not subject to tax in Tunisia.

Capital gains

Capital gains are taxed as ordinary income and subject to the corporate income tax rate applicable to the company. (See also "Other" under "Withholding tax.")

Losses

Net operating losses may be carried forward up to five years. Losses resulting from depreciation may be carried forward indefinitely. The carryback of losses is not permitted.

Rate

The normal rate is 30%. A 35% rate applies to certain banking and financial institutions; investment companies; insurance and reinsurance companies; factoring companies; and telecom companies. The rate is 50% for companies operating in the hydrocarbons sector. A lower rate of 10% applies to agricultural, health, handicraft companies and education activities.

Surtax

No

Alternative minimum tax

A minimum corporate income tax equal to 0.1% of gross turnover (other than turnover from exports) applies to most companies, with a cap floor of TND 200 for companies subject to a 10% tax rate and TND 350 for companies subject to a rate of 30% or more.

Foreign tax credit

No

Participation exemption

See under "Taxation of dividends."

Holding company regime

No

Incentives

Incentives are available for new investments mainly in the agricultural, industrial, service and tourism sectors, and for exports. Incentives can include a partial or full exemption from corporate and income tax, import VAT, consumption tax and customs duties. Tax relief also may be obtained for reinvested earnings and profits. Small and medium-sized enterprises established in 2013 are granted a three-year income tax exemption.

Investments in the agriculture sector, projects implemented in regional development zones and exports are entitled to a full exemption for the first 10 years of operation. The planned introduction of a 10% tax on companies engaged in exports is postponed until 2014. As a result, companies set up before 31 December 2013 will continue to benefit from the 10-year income tax exemption on profits from export activities.

Withholding tax

Dividends

Tunisia does not impose withholding tax on dividends.

Interest

Interest payments made to a nonresident are subject to a 20% withholding tax (5% if paid to a bank), unless the rate is reduced under a tax treaty.

Royalties

Royalty payments made to a nonresident generally are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty.

Technical service fees

Technical service fees paid to a nonresident generally are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty.

Branch remittance tax

No

Other

Unless exempt under a tax treaty, gains derived by a nonresident from the sale of shares is subject to a 5% withholding tax. The taxpayer can opt to have the gain taxed at a rate of 30% of the gain, in which case the 5% withholding tax will be deductible. Gains derived on the sale of land and goodwill are subject to a 2.5% withholding tax.

Other taxes on corporations

Capital duty

A TND 150 registration duty is levied on a contribution of capital or an increase in capital.

Payroll tax

The employer is required to pay a professional training tax at a rate of 1% of gross salary in the manufacturing industry, and 2% for other activities. A contribution also must be made to the social housing fund at a rate of 1% of gross salary.

Real property tax

The transfer of real property located in Tunisia is subject to various registration fees, such as a 5% transfer tax, a 3% tax for unregistered property and a 1% tax for the land conservation authority.

Social security

An employer must withhold and pay social security contributions on behalf of the employee at a rate of 9.18% of the total monthly gross remuneration. The employer social security contribution is 16.57%. A workplace accident contribution is due at rates ranging from 0.4% to 4%.

Contribution to the retirement fund is not compulsory and is fixed at 9% on the difference between the gross wages and six times the minimum guaranteed wage, of which two-thirds is paid by the employer and one-third by the employee.

Stamp duty

Stamp duty is levied on the majority of contracts, agreements and documents that are subject to registration, as well as on administrative and private documents relating to a business. The rates of stamp duty vary depending on the nature of the transaction.

Transfer tax

The transfer of real property located in Tunisia is subject to a 5% transfer tax (see also under "Real property tax").

Other

A tax on industrial, commercial or professional establishment is due at a rate of 0.2% of turnover up to a maximum of TND 100,000.

Anti-avoidance rules

Transfer pricing

If the price in a related party transaction does not correspond to a market price, the price will be adjusted. Advance pricing agreement are not possible.

Thin capitalization

No

Controlled foreign companies

No

Other

No

Disclosure requirements

No

Administration and compliance

Tax year

The tax year is the calendar year, although a company can request another 12-month period.

Consolidated returns

A group of companies may opt to file a consolidated tax return provided approval is obtained from the Ministry of Finance and the following requirements are met:

- the parent company is quoted on the Tunisian stock exchange (or commits to go public before the end of the year following the year of application for filing a consolidated tax return);
- the parent company holds directly or indirectly at least 75% of the share capital of each subsidiary in the group;

- the financial statements of the companies in the group are certified by an external auditor;
- the group companies all have the same tax year and accounting period; and
- all companies in the group are subject to corporate income tax.

Filing requirements

The tax return must be filed before 25 March or before the 25th day of the third month following the closing date if that is different from 31 December. Companies must make advance payments of tax before the 28th day of the sixth, ninth and 12th month following the end of the financial year, with each payment equivalent to 30% of the corporate income tax of the previous year. Advance tax paid may be credited against the final corporate tax liability for the year.

Penalties

Late payment penalties are imposed at the following rates: 0.5% per month or fraction thereof if the tax due is paid voluntarily (i.e. without intervention of the tax authorities), and 1.25% per month or fraction thereof if the tax authorities have to intervene. For withholding taxes, the penalty for failure to withhold or report is equal to the amount of nonwithheld tax; the amount can double for a subsequent offense.

Rulings

No

Personal taxation

Basis

Residents are subject to tax on worldwide income; nonresidents are subject to tax only on most Tunisian-source income.

Residence

An individual is resident in Tunisia if he/she has a main residence in Tunisia or is present in Tunisia for at least 183 days in the relevant calendar year.

Filing status

Joint tax returns are not allowed; each taxpayer must file his/her own return.

Taxable income

Income tax is assessed on the total annual income derived from Tunisia or abroad if the foreign income was not subject to tax in the source country.

Capital gains

Capital gains are taxed as ordinary income. For transfers of immovable property, the rate is 15% if the seller holds the property for less than five years and 10% if the property is held for more than five years.

Unless exempt under a tax treaty, gains derived by a nonresident from the sale of shares is subject to a 2.5% withholding tax applied to the sales price. The taxpayer can opt to have the gain taxed at a rate of 10% of the gain, in which case the 2.5% withholding tax will be deductible.

Deductions and allowances

Various deductions are available, such as interest incurred on certain loans, life insurance payments and grants to the National Solidarity Fund. Family allowances also are available.

Rates

Individual income tax is levied at progressive rates up to 35%. However, foreign national workers in certain sectors (e.g. export enterprises, offshore banks and hydrocarbon exploitation) can opt to pay a lump sum tax of 20% of gross salary.

Other taxes on individuals

Capital duty

No

Stamp duty

Stamp duty is levied on the majority of contracts, agreements and documents that are subject to registration, as well as on administrative and private documents relating to a business. The rates of stamp duty vary depending on the nature of the transaction.

Capital acquisitions tax

No

Real property tax

The transfer of real propriety located in Tunisia is subject to various registration fees, such as a 5% transfer tax, a 3% tax for unregistered property and a 1% tax for the land conservation authority.

Inheritance/estate tax

Inheritance and gift tax is calculated at rates ranging from 2.5% to 35% depending on the decree of succession.

Net wealth/net worth tax

No

Social security

Social security contributions are required at a rate of 9.18% of the total monthly remuneration. The employer must withhold and pay the contribution on behalf of the employee, but also must make its own contribution.

Other

As from 1 January 2013, individuals whose annual income exceeds TND 20,000 are required to pay a 1% contribution up to a cap of TND 2,000.

Administration and compliance

Tax year

Calendar year

Filing and payment

Individuals carrying out a trade must file a return by 25 April and service providers and those carrying on an industrial activity or a noncommercial profession by 25 May. Salaried employees and pensioners must file by 5 December. Individuals deriving income from movable capital, land and foreign sources must file an annual return by 25 February.

Penalties

Late payment penalties are assessed at the following rates: 0.5% per month or fraction thereof if the tax due is paid voluntarily (i.e. without intervention of the tax authorities), and 1.25% per month or fraction thereof if the tax authorities have to intervene. For withholding taxes, the penalty for failure to withhold or report is equal to the amount of non-withheld tax; the amount can double for a subsequent offense.

Value added tax

Taxable transactions

VAT is levied on the supply of goods and services and the import of certain goods.

Rates

The standard rate is 18%, with reduced rates of 6% and 12%. Exports and certain agricultural-related services are zero-rated.

Registration

VAT registration is required upon the establishment of a company in Tunisia.

Filing and payment

VAT returns and payments of tax are due monthly, by the 28th of the following month for companies and by the 15th of the following month for individuals.

Source of tax law

Individual and Corporate Income Tax Code of 1989; Tax Rights and Procedures Code of 2000; VAT Code of 1988; Investment Incentives Code 1993, Capital and stamp duties Code 1993.

Tax treaties

Tunisia has concluded 48 tax treaties.

Tax authorities

Ministry of Finance and its departments and administrations/Inland Revenue

International organizations

OECD

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UAE

Currency UAE Dirham (AED)

Foreign exchange control No

Accounting principles/financial statements

IAS/IFRS. Financial statements must be prepared annually.

Principal business entities

These are the limited liability company, private/public joint stock company, branch and representative office.

Foreigners generally may only own up to 49% of a UAE-registered company, although they may increase their shareholding to 100% in respect of companies set up in free trade zones.

Corporate taxation

Residence

In practice, a company that is incorporated in the UAE is considered resident provided it can establish that:

- all of the shares of the company are beneficially owned by residents of the UAE; or
- all or substantially all of the company's income is derived by the company from the active conduct of a trade or business other than an investment business in the UAE; and
- all or substantially all of the value of the company's property is attributable to property used in that trade or business.

Basis

Income tax decrees have been issued by five of the seven Emirates (i.e. Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Qaiwan, Ras Al Khaimah and Fujairah), but currently are only enforced on the income of oil and gas exploration and production companies, branches of foreign banks and certain petrochemical companies under specific government concession agreements, at flat rates of 50%/55% (Dubai/Abu Dhabi).

Taxable income

There are no taxes imposed on the income of companies, except for oil and gas exploration and production companies and branches of foreign banks.

Taxation of dividends No

Capital gains No

Losses N/A

Rate

Branches of foreign banks are taxed at rates agreed with the ruler of the Emirate in which they operate, generally at a flat rate of 20%. As noted above, oil and gas exploration and production companies are taxed at flat rates of 50%/55% (Dubai/Abu Dhabi).

Surtax No

Alternative minimum tax No

Foreign tax credit No

Participation exemption No

Holding company regime No

Incentives

The UAE offers several free trade zones with renewable 50-year tax holidays and exemption from import duty on goods brought into that free zone.

Withholding tax

Dividends No

Interest No

Royalties No

Technical service fees No

Branch remittance tax No

Other No

Other taxes on corporations

Capital duty No

Payroll tax No

Real property tax

A transfer charge is levied on the transfer of real property. The rate varies according to the local jurisdiction.

Social security

The UAE does not impose social security taxes on foreign workers. Employer pension contributions for national employees are 12.5% of the "contribution calculation salary". In addition, national employee contributions are levied at 5% of the contribution calculation salary.

Stamp duty No

Transfer tax

No, but see "Real property tax," above.

Other

Municipal taxes are imposed on certain hotel and leisure services and property rentals. Annual rental income of residential and commercial tenants is taxed at 5% and 10%, respectively.

Anti-avoidance rules

Transfer pricing No

Thin capitalization	No
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Controlled foreign companies	No
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Other	No
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Disclosure requirements

Annual financial statements must be filed with the Ministry of Commerce by companies and branches located outside the free trade zones. Entities located within a free trade zone report to the free zone authority of the relevant zone. These entities have never officially been requested to file or report financial statements to any ministry/authority located outside the free zone.

Administration and compliance

Tax year	N/A
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Consolidated returns	N/A
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Filing requirements	N/A
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Penalties	N/A
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Rulings	No
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Personal taxation

Basis

Individuals are not taxed on their income.

Residence	N/A
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Filing status	N/A
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Taxable income	N/A
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Capital gains	N/A
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Deductions and allowances N/A

Rates N/A

Other taxes on individuals

Capital duty No

Stamp duty No

Capital acquisitions tax No

Real property tax

A transfer charge is levied on the transfer of real estate property. The rate varies according to the local jurisdiction.

Inheritance/estate tax

There is no inheritance tax regime. Inheritance, in the absence of a will, is dealt with in accordance with Islamic Sharia'a principles.

Net wealth/net worth tax No

Social security

See above under section "Other taxes on corporations".

Administration and compliance

Tax year N/A

Filing and payment N/A

Penalties N/A

Value added tax

Taxable transactions

There is some speculation that VAT may be introduced in the future, but this has not been confirmed at the time of writing.

Rates N/A

Registration N/A

Filing and payment N/A

Source of tax law

Income tax decrees issued by five of the seven Emirates (Dubai, Sharjah, Abu Dhabi, Ajman and Fujairah) make up the UAE tax laws.

Tax treaties

The UAE has concluded around 60 income tax treaties

Tax authorities

Ministry of Finance

International organizations

OECD, WTO, Gulf Co-Operation Council (GCC), League of Arab States, Organization of the Islamic Conference, Islamic Development Bank, OPEC and OAPEC.

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Yemen

Currency Yemeni Riyal (YER)

Foreign exchange control No

Accounting principles/Financial statements

IFRS is the standard. Banks use IFRS and instructions issued by the Central Bank.

Principal business entities

These are the joint stock company, limited liability company, limited partnership by shares, limited partnership and branch of a foreign entity.

A foreigner may own up to 100% of a local company registered in accordance with the Regulations for Companies in Yemen and carry out its services or commercial business in Yemen. The shareholding may be increased up to 100% for companies set up under Free Zone Law No. 4/1993 and Investment Law No. 15 of 2010.

Corporate taxation

Residence

A corporation is resident in Yemen if it is registered in accordance with the Regulations for Companies, is headquartered in Yemen, has its place of business or management in Yemen, is an economic sector unit (50% of the capital is owned by the state or a public legal person) in Yemen or is a concession company operating in Yemen.

Basis

The tax law classifies taxpayers as large, medium and small-sized and a special regime applies to small and "micro" firms. A resident company is liable to tax on worldwide profits. A non-resident is subject to tax only on Yemen-source profits.

Taxable income

Corporation tax is imposed on taxable income, which consists of income from manufacturing, services and trading activities, less allowable deductions.

Taxation of dividends

Dividend income (distribution of profits) received by a legal entity from a public company is exempt.

Capital gains

Capital gains are taxed as normal business income and subject to tax at the normal corporate rate.

Losses

Losses may be carried forward up to five years. The carryback of losses is allowed only on long-term contracts accounted for under the percentage-of-completion method.

Rate

The standard corporate tax rate is 20%. A 50% rate applies to mobile phone services providers, and the rate is 35% for international telecom services providers, cigarette manufacturers and importers. Concession companies engaged in the exploitation of oil and gas are required to pay a fixed tax, normally 3% on expenditure incurred during the exploration phase as per the relevant Production Sharing Agreement (PSA). The rate on investment projects registered under the Investment law of 2010 is 15%.

Small firms (i.e. those whose annual turnover is more than YER 1.5 million but less than YER 20 million and that have between three and nine employees) are subject to progressive rates ranging from 10% to 20%, depending on the type of activities.

Micro entities (i.e. resident entities with annual turnover of less than YER 1.5 million and that have fewer than three employees) are exempt from tax.

Surtax No

Alternative minimum tax No

Foreign tax credit

A foreign tax credit is available to the extent of tax paid overseas.

Participation exemption No

Holding company regime No

Incentives

The 2010 tax law abolished all incentives and exemptions available under other laws, although exemptions granted under the previous investment law remain in effect until the exemption period expires. The 2010 law provides for accelerated depreciation at a rate of 40% of the cost of assets in the first year of use in addition to normal depreciation. A special tax stabilization agreement applies to the first five years of a mining sector project when the investment exceeds USD 150 million. Incentives offered on early tax return filing range from 1.5% to 0.5%.

Withholding tax

Dividends

No withholding tax is levied on dividends paid to a resident entity, but dividends paid to a non-resident entity are taxed at a rate of 10%.

Interest

No withholding tax is levied on interest paid to a foreign bank approved by the Yemeni Central Bank; otherwise, the rate is 10%.

Royalties

A 10% withholding tax applies on payments made to a non-resident in respect of commissions, patents, trademarks and copyright royalties.

Technical service fees

A 10% withholding tax applies on fees for the transfer or use of technology/licenses, payments for technical know-how and administrative knowledge and service fees paid to a non-resident. The 10% rate also applies to payments made to a residents or non-resident in respect of brokerage and commissions. The rate is 3% for fees paid to resident technical and professional services providers.

Branch remittance tax

No

Other taxes on corporations

Capital duty

No

Payroll tax

Payroll tax is imposed on slabs of income at rates ranging from 10% to 20%; however, the progressive rate on the salaries of resident employees ceases at 15%. The employer deducts tax from the salary and remits it to the government on behalf of the employee. [A company also is required to pay a vocational training fund (education cess) fee equal to 1% of total payroll to the Ministry of Vocation Training.

Real property tax

An annual tax is levied on the rental value of real property in an amount equal to one month's rent and a tax of 1% is levied on income from the sale of land and constructed property and land prepared for construction.

Social security

The employer must contribute 9% of a national or foreign

employee's salary to the General Corporation for Social Security (GCSS); the employee contributes 6%.

Stamp duty No

Transfer tax No

Other

Government agencies (ministries, departments, public and semi-public establishments) are required to withhold 10% from payments made to subcontractors pending receipt of a tax clearance certificate issued by the Tax Department.

Anti-avoidance rules

Transfer pricing

The arm's length principle applies; methodologies for establishing the arm's length price have been introduced in executive regulations.

Thin capitalization

Yemen's thin capitalization rules set a general debt-to-equity ratio of 70:30. If interest is paid to an affiliated party, the loan interest amount may not exceed the prevailing international rates or the Central Bank of Yemen rate, plus 4%. Interest exceeding these amounts is non-deductible.

Controlled foreign companies No

Other No

Disclosure requirements No

Administration and compliance

Tax year

The calendar year generally applies, although a taxpayer can select the 12-month period that applies for accounting purposes.

Consolidated returns

Consolidated returns are not permitted; each company must file its own return.

Filing requirements

The self-assessment system applies, under which a taxpayer must determine its own tax base and calculate tax due. The taxpayer is required to pay the amount due based on the return. All taxpayers (even if exempt) must submit a tax return. The tax authorities have the right to audit selected returns and issue an additional assessment. Tax returns for a corporation must be filed by 30 April or within 120 days from the end of the tax year. Tax declarations must be certified by a licensed chartered accountant and accompanied by the audited financial statements.

An entity withholding tax at source must remit the amount to the tax authorities within 15 days from the date payment is made.

Penalties

The penalty for submitting a late return is 2% of the tax payable for each month for an entity reporting profits; from YER 1 million to YER 5 million for large taxpayers incurring losses; YER 200,000 for medium-size taxpayers; and 2% of exempted tax per month for exempt entities or a fixed amount in the event of a loss. The penalty for evasion is 100% to 150% of the tax evaded. Fines also are imposed for filing an incomplete return, for failing to keep regular accounts, etc.

Rulings

No

Personal taxation

Basis

Income subject to salaries and wages tax includes income received by an employee for work performed outside Yemen for a resident employer, income received by a non-resident from a PE in Yemen and salaries, rewards and allowances paid to the chairman,

members of the administration board and managers of capital associations.

Residence

An individual is resident in Yemen for a tax year if he/she has a permanent place of residence in Yemen; has resided in Yemen for a period of not less than 183 days; or if a Yemeni national, works abroad and obtains income from Yemen.

Filing status

Each individual must file a return (if so required); joint returns are not permitted.

Taxable income

Resident individuals are taxed on income from employment or commercial or industrial activities and non-commercial activities (i.e. the exercise of a profession) earned inside Yemen, as well as foreign-source income. Non-residents are taxed only on income earned from Yemen. Individuals are exempt from tax on income from treasury bonds, interest from bank deposits, savings in post offices and income from shares in public and shareholding companies.

Capital gains

No

Deductions and allowances

Deductions and allowances available on monthly salary income include the following: YER 10,000 plus 6% of gross salary being employee's social security contribution and allowances up to YER 65,000 maximum.

Rates

The rate is 10% to 15% for resident salaried individuals and a flat rate of 20% for non-residents.

Other taxes on individuals

Capital duty No

Stamp duty No

Capital acquisitions tax No

Real property tax

An annual tax is levied on the rental value equal to one month's rent and a tax of 1% is levied on income from the sale of land and constructed property and land prepared for construction.

Inheritance/estate tax No

Net wealth/net worth tax

Zakat is levied on net worth at 2.5%.

Social security

An employee (whether a national or foreign) must contribute 6% of salary to the GCSS. A foreign employee is allowed to withdraw the total contribution, subject to a deduction of 20% as a service charge, made by the employee and the employer to GCSS.

Administration and compliance

Tax year Calendar year

Filing and payment

The tax return must be submitted to the tax authorities within 120 days from the end of the tax year.

For salaried individuals, the employer withholds tax from wages and pays it to the tax authorities within the first 10 days of the following month. The employee is responsible for tax payment where the income is from a foreign source.

Penalties

The penalty for failure to file a tax return is 2% of the tax payable for each month of delay.

Value added tax

Taxable transactions

Yemen operates a General Sales Tax (GST) system.

Rates

The general rate is 5%, although a 10% rate applies to telecommunications and GSM services.

Registration

Companies whose annual turnover exceeds YER 50 million or its equivalent are required to register for sales tax purposes. Registration is voluntary where turnover is below this amount.

Filing and payment

A registered entity must submit a declaration of its sales taxes for each month within the first 21 days of the following month.

Source of tax law

Income Tax Regulations (Law No. 17 of 2010)

Tax treaties

Yemen has a number of tax treaties in force.

Tax authorities

Yemeni Tax Authority

International organizations

GCC, WTO (in process)

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