Doing Business in Kuwait
A tax and legal guide

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Welcome to this guide

Kuwait with over 6% of the world's oil reserves has for many years attracted significant levels of foreign investment in this and related industries.

Recent changes to foreign investment laws make this guide timely. These changes, intended to encourage increased foreign investment and diversification of the economy, streamline administration, provide taxation incentives and relax certain ownership restrictions.

This guide is intended to provide an introduction to the taxation and legal aspects of doing business in Kuwait, particularly from the perspective of the items an inbound investor will have in mind.

We hope you find the guide useful.

Dean Kern
Middle East - Tax and Legal Services Leader
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Country introduction

Overview

- Kuwait, officially the State of Kuwait, shares it's borders with Iraq and Saudi Arabia and has a population of some 3.5 million.
- Kuwait is a constitutional Emirate with an elected parliamentary system.
- Kuwait has a petroleum-based economy, with petroleum accounting for approximately half of the country's GDP and the majority of revenues for the Government.
- Kuwait continues to undertake efforts to diversify its earnings away from petroleum.
- The Kuwait Stock Exchange is one of the larger stock exchanges in the Arab world.
- Arabic is the first language, with English widely spoken and used in business.

Legal and regulatory framework

In essence Kuwait follows the 'civil law system' modelled after the French legal system and is largely secular. However the legal system also incorporates features of British common law, Egyptian civil law, and Islamic law.

The sources of law for civil matters include the Constitution together with specific legislation. Legislative power is shared between an elected National Assembly and the Head of State, the Amir. The Head of the Government, the Prime Minister, is appointed by the Amir.

The court system is secular, following the civil law model, and unlike other Gulf States, Kuwait does not have Shari'a courts.

Whilst the Kuwaiti government in general favours a free-market economy with little official intervention, there are certain ownership and other restrictions applying to foreign investors. Typically the ownership interest in a Kuwaiti company needs to be at least 51% owned by Kuwaits.

It is also worth noting that, historically at least, a number of investors have experienced unexpected delays in obtaining appropriate approvals.

To help with attracting increased foreign investment a new authority, the Kuwait Direct Investment Promotion Authority (KDIPA) has been established through the Foreign Direct Investment Law of June 2013 (the Investment Law) and Executive Regulations of late 2014.

The KDIPA is intended to function as a "one-stop shop" for the review of applications and approval of licenses and incentives.

The Investment Law provides particular incentives where the proposed projects will help broaden and diversify the industrial and commercial base of the economy. These incentives include the potential for tax holidays and customs exemptions and 100% foreign ownership.

Establishment of business

Introduction

The following business structures are available to non-Kuwaitis to undertake business / commercial activities in Kuwaitis:

Companies

Companies in Kuwait are established under the Commercial Companies Law (the CCL). The CCL provides for the following forms of companies. The liability of the shareholder is limited to the extent of the capital invested by the shareholder in such companies.

Limited liability companies

Limited liability companies, usually referred to as 'With Limited Liability (WLL)', are the most commonly used corporate form of entity in Kuwait and are considered equivalent to French SARLs, German GmbHs or private companies in the United Kingdom. The key features of a WLL company are:

- WLL companies are not permitted to engage in banking, insurance or to act as a pure investment fund.
- Maximum percentage of shareholding by a non-Kuwaiti in a WLL should be 49% (except if such WLL has obtained an approval from the KDIPA).

Ownership interests are represented by shares of the WLL companies.

Shareholding companies

A shareholding (joint stock) company (KSC) must be of Kuwaiti nationality (i.e. must be incorporated in Kuwait and should have its registered office in Kuwait). The key features of a KSC are:

- An Amiri Decree is required to incorporate a KSC in Kuwait.
- An approval from the Ministry of Commerce and Industry must be obtained before initiating registration procedures for the KSC wherein the foreign shareholders are proposed to own the shares of such KSC.
- Shares of KSCs are freely transferable, provided the foreign ownership is restricted to 49% of the share capital of KSC.
- As the shares of the KSC will be listed on the Kuwait Stock Exchange, the Kuwait Stock Exchange must be notified in cases where the shareholding of any single shareholder reaches 5% of the total issued capital and when the shareholding subsequently changes.
- The Capital Markets Authority (CMA) has been established in Kuwait to regulate the Kuwait Stock Exchange with respect to listing / delisting of KSCs in Kuwait.

A variant of the KSC are Closed Shareholding Companies (KSC(c)s), where the shares are not issued to the public. There is no requirement for an Amiri Decree for the purpose of incorporating a KSC(c)s.

Partnerships (applicable to non-corporate investors)

The CCL provides for two types of partnerships in Kuwait:

- **General partnership:** An association of two or more persons who are jointly liable for partnership debts to the extent of their personal wealth ('Unlimited Liability').
- **Limited partnership:** Has two types of partner i.e. general partners with Unlimited Liability and limited partners with limited liability. Such partnerships take the form of a separate legal entity and may transact business in its own name.

Joint Ventures

A joint venture is an entity formed by two or more natural or legal persons who are jointly and severally liable. The key aspects of the joint ventures are as follows:

- It does not have legal existence.
- It does not need to be recorded in the commercial register of the Ministry of Commerce and Industry. However, the partners of the joint venture must be separately registered in their own names.
- The contract defines the objects and terms of the joint venture. This form of business structure is usually used to carry out construction projects (i.e. construction of power plants, roads, etc.).
- In the event the joint venture involves a foreign partner, then the entity conducts operations through the trade license of the Kuwaiti member of the joint venture.

Branch

Foreign corporate bodies are not permitted to set up a branch in Kuwait (except in cases where the foreign corporate body has obtained an approval from KDIPA).

If the foreign corporate bodies do not wish to operate in Kuwait through a participation in a shareholding company or a limited liability company, it may engage in business in Kuwait only through a Kuwaiti commercial agent or a Kuwaiti service agent (as explained below).

Under the CCL a branch is not a recognised legal form for foreign investors. It should be noted however that for the purpose of tax filing and certain other practical purposes, it is convenient to refer to Kuwait operations of foreign corporate bodies as "branch" operations. A branch is recognised under the Investment Law which we cover below.

Conducting business through an agent / distributor

Agencies are governed by Law No. 36 of 1964, which regulates the following:

- Commercial agents which are engaged in promoting products for their principal or negotiate and conclude deals on behalf of their principal.
- Distributors which are engaged in promotion, import and distribution of the products of their principal.
- Service agents or sponsors who are appointed by foreign companies intending to engage in government contract works.

The key aspects of conducting business through an agent / sponsor are as follows:

- Agency or Sponsorship agreements must be registered with Ministry of Commerce and Industry, which then issues a registration certificate.
- The responsibilities of the principal and Kuwaiti agents, listed in the agency agreement, may vary greatly from case to case. Accordingly, advice should be sought to determine the detailed obligations of an agent, extent of an agent's legal liability, etc.
- Remuneration of the agent should be mutually agreed between the principal and the agent. Usually, it is determined and paid either as a fixed fee or as a commission.

Free Trade Zones

In order to encourage exporting or re-exporting, the Kuwait government had previously established a Kuwait Free Trade Zone (FTZ).

At the time of writing, the government has however stopped issuing new licences for the establishment of an entity in the FTZ, will not be renewing existing licences and has suspended entitlement to any benefits in view potential changes to the FTZ rules. Under the FTZ regime the key benefits had included:

- Foreign ownership up to 100%.
- Exemption from corporate and personal income tax.
- All imports into and exports from the Kuwait Free Trade Zone are exempt from tax.

New Foreign Direct Investment Law (Law No. 116 of 2013)

The new Investment Law has been enacted in Kuwait and accompanied by Executive Regulations in late 2014. Further Executive Regulations are expected to be issued over time. As previously mentioned a new authority has been established, the KDIPA, to administer and operationalize the Investment Law.

Through the approval of the KDIPA, a foreign investor may establish either of the following business types:

- A wholly owned subsidiary in Kuwait.
- A Licensed Branch.
- A Licensed Representative Office.

The key features of the Investment Law include:

- The possibility for foreign investors to establish wholly (100%) owned subsidiary in Kuwait (compared to a maximum 49% interest permitted under the CCL) or Branch or Representative office.
- The potential to obtain a tax exemption for up to 10 years, subject to meeting prescribed requirements (which includes the contribution by the foreign corporate towards the national technology, employment, etc.).
- The potential to obtain an exemption from Custom Duties, subject to meeting prescribed requirements (which includes the contribution by the foreign corporate towards the national technology, employment, etc.).

However to take advantage of the incentives under the Investment Law there is a range of requirements that need to be met covering:

- The industry or type of the business activity.
- Showing the business activity will benefit the Kuwaiti that economy through increased employment, technology transfer or engaging local suppliers.

The KDIPA has issued a 'negative' list of industries, including petroleum extraction and defence, which will not be able to take advantage of the incentives.

Capital Markets Authority

The Capital Markets Authority (CMA) was established through Law No. 7 of 2010, and its role is the establishment and monitoring of the capital markets in Kuwait.

The CMA recently issued Law No. 22 of 2015 amending certain provisions of Law No. 7 of 2010 aimed at supporting the development of capital markets including diversification of investment instruments.

Notably, the 2015 law (in addition to capital gains on trading of securities being exempt) provided that dividends generated on shares traded on the Kuwait Stock Exchange will be exempt from Kuwait income tax (Article No. 150 of the Law No. 22 of 2015). At the time of writing the exact application of this law is still being clarified.

Mergers and acquisitions

Historically, there have been a relatively small number of company mergers; however, they are becoming more common amongst the larger business groups intending to have a global presence. For mergers of banks or investment companies, an approval is required to be obtained from Central Bank of Kuwait.

Process and Time for Establishment

Registration procedures

The process for establishing KSCs, KSC(c)s and WLLs is somewhat similar.

An official instrument establishing the company is created which includes the company's memorandum and articles and a declaration from the founders stating that they deposited the capital, to the extent it represents the shares held by them, in the company's bank account.

The memorandum and articles of association of the company should state the name of the company, place of the company's registered office, objects for which the company is incorporated, privileges accorded to the founders and the reasons for those privileges.

Share capital

The number of Kuwaiti shareholders required for setting up a KSC / KSC(c) should be at least five, compared to two in the case of a WLL company. The maximum number of shareholders in a WLL should not be more than thirty. It also should be noted that a husband and a wife are considered as a single member.

The minimum share capital requirements to establishing a KSC, KSC(c) or WLL varies depending on the activities of the company and are prescribed by the Ministry of Commerce. Shareholders are permitted to provide loans to the company for additional funding. Non-Kuwaiti corporate shareholders are taxed on any interest received on such loans. There are no restrictions imposed with respect to repayment or repatriation of the loan amount by the company.

Time required

If a license is granted, incorporation of KSC or KSC(c) typically can take six months to complete. A WLL may be set up more quickly.

During the period before incorporation, a company may operate under an authorised shareholders agreement obtained from a recognised professional assisting in incorporation of the company.

Key considerations

By way of summary, foreign investors in Kuwait can conduct their operations by setting up a WLL or KSC(c)s or through a Kuwaiti agent who has the necessary trade license.

The time taken to incorporate an entity in Kuwait can be longer than investors may experience in other jurisdictions.

Generally WLL or KSC(c)s are the most appropriate business structures to operate in Kuwait for non-Kuwaiti's.

However non-Kuwaitis are permitted to hold only 49% of the share capital, unless the entity is incorporated in the free trade zone or has obtained an approval from KDIPA under the new Investment Law.

Taxation

Source model

Kuwait applies a 'source' approach to taxation, unlike the more common 'residence' model. As such, whilst tax is imposed only on the Kuwaiti-source income, a taxation liability can arise from activities not considered taxable in many jurisdictions.

The source of income is considered to be in Kuwait if the place of performance of services is within Kuwait. This includes, work carried out outside Kuwait (offshore activity) under a contract that also involves activity in Kuwait (onshore activity). Any significant presence of employees or short-term visits to Kuwait by representatives of a company may render the entire revenue from the transactions as taxable in Kuwait.

General taxation considerations

Key features of the currently operating taxation system include:

- A 15% flat rate of income taxation (prior to 2 February 2008 there was a maximum rate of 55%).
- The computation of the tax liability is usually based on the profits disclosed in the audited financial statements, adjusted for specific taxation treatments.
- Profits (capital gains) earned on disposal of and dividend income earned from securities listed on Kuwait Stock Exchange shall not be taxable in Kuwait.
- Losses can be carried forward for a maximum period of three years (prior to 2 February 2008 there was no time limitation).
- Generally, a statute of limitation period of five years applies.
- A foreign principal carrying out business in Kuwait through an agent shall be considered subject to tax in Kuwait.

Tax incentives

As discussed earlier, with enactment of the new Investment law, certain tax benefits and incentives have been introduced, including potential:

- Corporate tax exemption for up to 10 years.
- Customs duties exemptions

Corporate Income Tax

Foreign corporate bodies carrying out trade or business (directly or through an agent) in Kuwait are subject to tax in Kuwait. 'Kuwait' includes the islands of Kubr, Qaru, Umm Al Maradim or in the offshore area of the partitioned neutral zone under the control and administration of Saudi Arabia.

Please note that a foreign corporate is taxable even in relation to a beneficial interest held in a Kuwaiti company through a nominee arrangement.

Foreign corporate bodies operate in Kuwait either as a shareholder in a locally registered company or through an agent. Whilst the method of computing the tax liability remains the same under both scenarios, in the case where the foreign corporate body is operating as a minority shareholder tax will be levied on the foreign company's share of profit, irrespective of distribution by the Kuwaiti company, plus any other income earned in Kuwait such as royalties, technical services, etc.

The foreign corporate body subject to corporate income tax in Kuwait is required to submit its tax declaration on or before the 15th day of the fourth month following the end of the fiscal period (unless an approval for extension in the due date of filing the tax declaration has been obtained).

Taxation of GCC companies

A company incorporated in Kuwait and Gulf Corporation Council (GCC) countries (i.e. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) which is wholly owned by GCC citizens is not subject to corporate income tax in Kuwait. GCC companies with foreign ownership are subject to taxation to the extent of the foreign ownership.

Capital Gains

Capital gains on the sale of assets are treated as normal business profits, with the exception of securities listed on the KSE, which are exempt.

Withholding taxes

Generally, no withholding taxes are imposed in Kuwait. However see below concerning tax retention regulations.

Tax retention regulations

All government bodies and private entities are required to retain 1) 5% from each payment made to a contractor and 2) the final payment due until presentation of a tax clearance certificate from the Ministry of Finance (MOF) confirming that the respective company has settled all of its tax liabilities. The final payment should not be less than 5% of the total contract value.

The Ministry of Finance may demand the payment of 5% retained amount, referred above, from the entities holding the amount if the concerned contractors or sub-contractors fail to settle their taxes in Kuwait.

The contractor is responsible for the tax due on the subcontractor if the contractor does not comply with the regulations.

Transfer pricing and thin capitalisation

The Kuwait tax law does not explicitly provide for transfer pricing or thin capitalisation rules. However, the Bylaws do provide an ability for the Kuwait Taxation Authorities to verify whether transactions between related parties have been carried out on a 'sound' basis (i.e. on an arms-length basis).

National Labour Support Tax (NLST)

KSC entities (i.e. Kuwaiti company listed on Kuwait Stock Exchange) are required to pay employment tax (NLST) at a rate 0f 2.5% of the net profit. There is no employment tax levied on KSC(c) and WLL entities.

Companies subject to these provisions are required to submit a declaration audited by an audit firm approved by the Ministry of Finance on or before 15th day of the fourth month from the end of the fiscal period.

The NLST declaration should be accompanied with the balance sheet, financial statements, disclosures, supplementary notes and documents in support of cash dividends received.

Zakat

In addition to corporate income taxes, Zakat is payable by both KSC and KSC(c) entities at a rate of 1% of the net profit of the company, arrived at after reducing the share of profit representing non-GCC foreign corporate ownership.

Not all costs can be deducted, notably provisions for expenses or reserves (except the statutory provisions / reserves required by banks and insurance companies).

In computing net income for the purpose of Zakat, cash dividends received from subsidiaries or other companies subject to Zakat in Kuwait should be excluded.

Similarly, the Holding / Parent company of a consolidated group will be treated as one entity for the purpose of Zakat and as such the parent company is entitled to claim a credit for the Zakat paid by its subsidiaries, against its own Zakat liability.

All companies subject to Zakat are required to submit their declaration by 15th day of the fourth month from the end of the fiscal period.

Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)

KSC and KSC(c) are required to pay 1% of their profits to the KFAS, which supports scientific progress. The KFAS provides sponsorship and grants for scientific research projects in Kuwait.

Value Added Tax (VAT)

Kuwait currently does not have VAT or similar indirect taxes. However, similar to other GCC countries, Kuwait is studying the potential implementation of VAT in Kuwait as part of a GCC wide project.

Transfer / Property taxes

There are no transfer taxes (e.g. stamp duty) or any other property taxes in Kuwait.

Custom duties

As per the terms of GCC Custom Union (entered between GCC member states) the member states have agreed to unify the regional custom tariff on all the taxable foreign imports. The general rate is 5%.

After landing in Kuwait, usually the goods should be cleared through customs within two weeks if documentation is in order.

Customs examination is rigorous for all imported goods. This also applies to containerised cargoes arriving at the two main ports, Shuwaikh and Shuaiba.

Personal taxes for locals and expatriates

Income is currently not subject to personal income taxes in Kuwait and there is no requirement for individuals to file income tax returns.

Social Security

Employers and Kuwaiti employees are required to make monthly social security contributions based on their monthly salaries. Under the 1977 social security law, the employer's contribution is 11.5% and the employee's contribution is 8% of the monthly salary up to a ceiling of KWD 2,750 per month.

In addition, with effect from January 2015, the percentage of Social Security employee contribution has increased to 10.5% (as against 8%) whereby employees are obliged to contribute towards the Financial Bonus Fund calculated at 2.5% of the salary up to KWD 1,500 per month.

The employee contribution is deducted from the salary payable to the Kuwaiti employees.

Social security contributions by either the employer or employee are not required for expatriate workers in Kuwait.

Obtaining a tax residency certificate ("TRC")

It is possible to obtain a TRC from the Kuwait tax authorities. The process is likely to take around four working weeks. A TRC is valid for a period of one year.

Please see below the list of documents that should be submitted with a TRC application to the Kuwait Ministry of Finance – Treaty Department:

- Copy of the Memorandum of Association of the incorporated body;
- Copy of commercial license issued by Ministry of Commerce and Industry;
- Certificate from Public Authority for Civil information indicating the entity's Civil ID.

Tax ruling process

In practice, it is possible to obtain a tax ruling, or "pre-ruling" as it is known, from the Kuwait tax authorities. This pre-ruling is not binding on the authorities.

The process generally takes 4 – 6 weeks, but can take longer.

Accounting requirements

All business enterprises are required to maintain adequate financial records which need not be maintained in Arabic. Ministerial Order No. 206 of 1985 specifies the following books and records required to be maintained by the foreign companies and partnerships:

- General journal
- Inventory sheets
- General Ledger
- Expenses analysis journal
- Stock record

Companies are required to adopt an accrual basis of accounting for financial accounting purposes and following the International Financial Reporting Standards ('IFRS').

The books of account of a foreign corporate body or a local company in which the foreign corporate body is a minority shareholder are typically subject to tax audit by the Department of Income Taxes before tax assessments are finalised.

Additional legal considerations

Corporate / Commercial

The Commercial Companies Law ('CCL') is the primary legislation which applies to companies incorporated in Kuwait. The key provisions of the CCL are as follows:

- **Minimum capital requirements:** The initial capital required for establishment of a KSC, KSC(c) or WLL varies depending on the company's activities in Kuwait. The Ministry of Commerce publishes a list of detailed capital requirements based on the activities of the company.
- **Share transfers:** Shares of KSC are freely transferable provided the foreign ownership is restricted to 49% of the share capital of KSC.
- **Minority shareholders:** There are no express provisions to protect minority shareholders in the CCL.
- **Voting requirements:** Voting rights are usually based on the percentage of shares held by the shareholder in the company.

See the 'Establishment of business' section at the beginning of this guide for further information on the operation of the CCL.

Immigration

Non-GCC nationals who intend to enter Kuwait should obtain a valid entry visa before arriving in Kuwait. Broadly there are three categories of visas in Kuwait:

Business Visa

Business visas are issued to employer-sponsored or business-sponsored applicants. Business visas are generally issued for travel to Kuwait for a limited time (e.g. business meetings, business conference, etc.) and from 14 July 2015 have a validity duration of 30 days.

Such visas may be obtained through a personal application to the nearest Kuwait embassy, consulate or through a sponsor or host (i.e. local hotel, agent or partner in a joint venture) in Kuwait. The application is filed with the Kuwaiti Immigration Department of the Ministry of Interior by the host or sponsor. The application consists of a request letter, an invitation from Kuwaiti sponsor and a photocopy of relevant passport pages.

Work Permits

Work permits, as the name suggests, are issued for the purpose of employment in Kuwait. Employers are responsible for obtaining work permits for their foreign employees. An employer must obtain a permit from Ministry of Social Affairs and Labour and should be sent to the foreign employee before that person embarks for Kuwait. Work permits are usually issued for up to three years and renewed for similar periods on request of an employer.

Other Visas

Other visas include visit visa for relatives or tourist visas. On arrival in Kuwait, a person must apply to the immigration department for residence permit, which is usually arranged within two months of arrival.

Permanent residents in Kuwait must obtain an identity card (Civil ID) which they are expected to carry at all times. A Civil ID may be obtained from the Public Authority for Civil Information after a residence permit is issued. Foreigners residing in Kuwait are also advised to register with their embassies.

Employment

A substantial portion of the workforce is made up of expatriate labour – mainly South Asians, South East Asians and Non-Kuwaiti Middle Easterners and Westerners. The private sector are obliged to employ a certain percentage of Kuwait Nationals, the requirements varies from 1% to 60% depending on business sector.

Labour Legislation

The Ministry of Social Affairs and Labour administers Law No. 6 of 2010, which sets out detailed legislation on terms of employment, including hours of work, leave, termination of employment and workplace safety for the private sector.

The law defines the working week as six days with a maximum of eight hours a day or 48 hours per week and one rest day with pay per week. The current practice in Government entities, banks and the majority of companies is one day off and one rest day per week (Friday and Saturday).

The annual minimum paid leave is 30 days.

Termination of employment

The maximum probation period in Kuwait is 100 days during which the employment may be terminated without notice.

For indefinite employment contracts either party may terminate the contract by giving a notice period of three months. For fixed terms contracts, the party who breaks the contract, and if this is not due to a cause recognised by the labour law, shall indemnify the other party to a maximum of the remaining period of the contract.

Key considerations

Consider the ownership structure required for the corporate vehicle (i.e. onshore or free zone) by evaluating the business plan and, where applicable, relationships with Kuwait partners.

Consider the need for and consequences of services to be provided by distributors, commercial agents or sales representatives. Depending on the types of agreements, some might impose more onerous obligations on the foreign company principal.

When contracting with local entities in Kuwait consider whether it would be more beneficial (i.e. cost-effective and time-efficient) to resolve future disputes via the local courts, or an established arbitration centre or another forum in the Kuwait.

Take into consideration Kuwait employment laws and visa requirements.

Ensure compliance with all applicable anti-bribery and corruption legalization (not just in Kuwait), especially where the business has operations/ presence in other jurisdictions which have well established (and far-reaching) anti-bribery and corruption legislation (e.g. UK Bribery Act and the U.S. Foreign Corrupt Practices Act).

Kuwait key tax indicators

Tax indicators	Resident	Non-resident *
Fiscal year end	Calendar year	Calendar year
Companies		
Income tax	Not applicable. However, Kuwaiti (Closed) Shareholding Companies are subject to 1% zakat, 1% contribution to the Kuwait Foundation for the Advanced Sciences, and 2.5% National Labour Support Tax (if listed on the Kuwait stock exchange).	Taxed as ordinary income. Capital gains from shares listed on the Kuwaiti Stock Exchange are exempt from taxation.
Tax on capital gains	None	Taxed as ordinary income. Capital gains from shares listed on the Kuwaiti Stock Exchange are exempt from taxation.
General sales tax	Not applicable	Not applicable
Value added tax	Not applicable	Not applicable
Individuals		
Individual marginal tax rate (max)	Not applicable	Not applicable
Basis of taxation	Not applicable	Not applicable
Withholding tax		
Dividends	Not applicable	Not applicable, except for a 15% withholding tax on dividends earned by foreign investors from securities listed on the Kuwaiti Stock Exchange.
Interest	Not applicable	Not applicable. Interest received is taxed at 15%.
Royalties	Not applicable	Not applicable Royalties received are taxed at 15%
Management service fees	Not applicable	Not applicable Management fees are taxed at 15%
Retention	Payments to foreign suppliers / service providers are subject to 5% retention, which tax is released once the foreign recipient produces a a Tax Clearance Certificate from the Kuwait Tax Authorities.	
Customs	Standard rate is 5%. Other rates (0%, 100%) apply depending on the nature of the goods.	
Exchange controls	Not applicable	
Thin capitalisation	Not applicable	
Transfer pricing	Depending on the activity a deemed profit margin is applied, ranging from 5% (third parties) to 30% (related parties).	
Double tax treaties	Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Brunei, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Djibouti, Egypt, Ethiopia, France, Georgia, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Italy, Japan, Jordan, Korea, Laos, Latvia, Lebanon, Malaysia, Malta, Mauritius, Moldova, Morocco, Netherlands, Pakistan, Philippines, Poland, Portugal, Romania, Russian Federation, Serbia and Montenegro, Singapore, Slovakia, Slovenia, Tajikistan, South Africa, Spain, Sri Lanka, Sudan, Switzerland, Syria, Thailand, Tunisia, Turkey, Ukraine, United Kingdom, Ukraine, Uzbekistan, Venezuela, Vietnam, Yemen, Zimbabwe.	
Treaties awaiting conclusion or ratification	Algeria, Bangladesh, Benin, Bosnia and Herzegovina, Guyana, Kenya, Lithuania, Luxembourg, Macedonia, Nigeria, Senegal, Seychelles.	

* Not resident in Kuwait and no permanent establishment in Kuwait.

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Our services

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Established in the Middle East for 40 years, PwC has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with over 3,000 people.
We provide a comprehensive set of services covering:

- Assurance and Audit.
- Consulting
- Deals
- Family business
- Tax and Legal

Tax and Legal

The Middle East Tax & Legal practice offers expertise in jurisdictions across the region with over 500 staff. We can provide assistance with the following areas:

- Indirect taxation (VAT and customs) and fiscal reform
- International taxation
- Global mobility and Human Resource Services
- Legal
- Mergers and Acquisitions
- Services for U.S. citizens and Green Card holders
- Tax and Zakat advisory
- Tax compliance, management and accounting services
- Transfer pricing

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