MOORE STEPHENS

Fall 2015

MSME News

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Egypt Executive summary

In March 2015, the Egyptian Government published Law No. 17 of 2015, amending a number of articles in the Companies Law No. 159 of 1981, General Sales Tax Law No. 11 of 1991, and the Investment Law No. 8 of 1997. Law No. 17 is effective as of 13 March 2015.

This update summarizes the amendments to the Companies Law No. 159 of 1981, General Sales Tax Law No. 11 of 1991 and Income Tax Law No. 91 of 2005.

Detailed discussion

Amendments to Companies Law No. 159 of 1981

As per Article 17 of Companies Law No. 159 of 1981, the founders of companies are obliged to notify the competent authority regarding the incorporation of a new company. The notification shall be submitted including all documents stipulated in Article17 .

Law No. 17 of 2015 has amended Article 17, by requiring the documentary submission to include a certificate proving the deposition of the company's shares in a central depository.

Amendments to General Sales Tax Law No. 11 of 1991

Law No.17 has amended Article 3 of the above law by reducing the sales tax rate on equipment and machines utilized for production purposes to 5% from 10%. Additionally, a new paragraph 2 was added to Article 31, prescribing the refund of this tax upon submission of the first sales tax return following the utilization of the assets for production purposes.

Inside

Amendments to Income Tax Law No. 91 of 2005

Law No.17 has made two main amendments to the income tax law, as follows:

1- Accelerated Depreciation as per Article 27

Article 27 of the income tax law allows the taxpayer to claim a deduction of 30% of the equipment and machinery costs as accelerated depreciation if the new or used assets are utilized for production purposes. This accelerated deduction shall apply for only the first tax period within which the equipment and machines were utilized. Law No.17 also abolishes the mandatory obligation for taxpayers to deduct the above depreciation percentage. Generally, the equipment and machinery depreciation shall be calculated as per Article 25 after the deduction of the 30%. If the accelerated depreciation is not claimed, the depreciation rates provided in Articles 25 and 26 shall apply.

2- Change of Legal Form as per Article 53

Law No.17 has added two new items under Article 53. As a result, the following actions are considered as a change in a company's legal form:

• Possessing 33% or more of the shares or voting rights, whether by number or value in a resident company through a share swap in the possessing entity

To:

• Possessing 33% or more of the assets and liabilities of a resident company through a share swap in the possessing resident entity

NEW LAW ISSUED 20/08/2015

Presidential decree was on August 20, 2015amending the Income Tax Law 91/2005 and decree 44/2014imposing a temporary tax on income.

The decree stipulates that the first tranche of income, up to EGP 6,500 per year, are exempt from the tax, but imposes a 10% tax on the second tranche that earns between EGP 6,500 and EGP 30,000 a year.

The third tranche, with salaries from EGP 30,000 to EGP 45,000 per year shall be subject to a 15% tax, with a fourth tranche of salaries exceeding EGP 45,000 to EGP 200,000 subject to tax of 20%. The fifth tranche, with salaries exceeding EGP 200,000 per annum, will be subject to a tax of 22.5%. Calculating taxes on the total annual net income is approximate to the nearest 10 pounds.

The decree also stipulated a 10% tax on companies and individual revenues, including economic zone companies, which is known as the capital gains tax.

The decree imposes an additional temporary annual tax for a period of one year, starting from the current fiscal year (FY) 2015/2016, of 5% on individuals or legal persons when their income exceeds EGP 1m per annum.

New partners:

Moore Stephens Egypt is pleased to announce that Mohamed Lotfy has joined the firm as Audit Partner since last January, 2015. M. Lotfy has over 23 years of experience in the audit field in different industries (Telecommunication, Construction, Real estate development, industry, Trading, Leisure and hotelier)
22 years at KPMG Hazem Hassan (Egypt) and 1 year at KPMG (KSA).
M. Lotfy earned a Bachelor of Commerce from Ain Shams University and Master of Business Administration from Paris Dauphine University.
M. Lotfy is member of The American Institute of Certified Public Accountants (AICPA) since 1997 and member of the Egyptian Society of Accountants and Auditors (ESAA) since 1995

New Senior Manager:

Moore Stephens Egypt is pleased to announce that MerhamShohdy has joined the firm as Senior Audit Manager since last June, 2015. She has over 14 years of experience in the audit field in different industries specially in the financial services at KPMG Hazem Hassan (Egypt) and 1 year experience as a senior treasury analyst (treasury management department) Head of local Currency Desk at Commercial International Bank of Egypt. Merham earned a Bachelor of Commerce from Cairo University.
Merham is member of the Egyptian Society of Accountants and Auditors (ESAA) since 2012.

Foreign Direct Investment Regulations in Kuwait Update - July 2015

The State of Kuwait has released the long-awaited executive regulations for its Foreign Direct Investment (FDI) Law, which removes the 49% foreign ownership cap from most non-oil businesses operating in the state.

KDIPA (Kuwait Direct Investment Promotion Authority) has been established as an independent public authority for the Promotion of Direct Investment in the State of Kuwait.
Under the new regulations, the following incentives are available:

- 100 percent foreign ownership is possible without local partners or agents in a number of sectors

- 10year tax holiday can be availed
- The companies established under this law would be exempted from customs duty

- Access to the newly established KD 2 billion National Small and Medium sized Enterprises Fund is available

- Allocations of land and real estate, owned by the State, can be made

- The KDIPA would serve as a "One-Stop Shop", which is a specialized unit comprising of all relevant officials from the various relevant government departments, who in coordination with KDIPA will assist with the establishment and licensing

- Response would be given within 30 days of receipt of a complete application

The vision
The reforms to the FDI Law aim to reduce oil dependency

Qualifications
Eligibility criteria

Regulations
A brief summary of the executive regulations

Negative list
Establishments which cannot have a 100% foreign ownership

New companies established
ICT industry has picked up pace due to the new regulations

Impact on Kuwait's economy
Non oil sector shows growth

Vision

The FDI law was introduced in June 2013 and approved six months later as a means of supporting the 25-year Kuwait Development Plan, which seeks to decrease the reliance of the country's economy on oil and boost involvement of private companies.

The mission is to dynamically endorse Kuwait as an investment hub through formulation of successful partnerships in line with its development goals, improving the investment climate, nurturing competitiveness, encouraging engagement in value added investment opportunities by both local and foreign investors, streamlining the business environment in cooperation with various stakeholders and contributing to achieve the country's economic and social objectives

The investment reforms have enabled the **Kuwait Direct Investment Promotion Authority (KDIPA)** to assume the role of one-stop shop for foreign business licensure

Qualification

In order to qualify for the FDIR, the foreign investor has to fulfill certain criteria as follows:

- Cause an increase in Kuwaiti exports
- Create job and training opportunities for the Kuwaiti workforce
- Use Kuwaiti products

The Regulations

A brief summary of the regulations are as follows:

- One-Stop Shop

KDIPA would serve as a "One-Stop Shop", and would be responsible for all transactions relating to an investor's establishment of an investment entity in the State of Kuwait

- Investment Entity

An investment license may be obtained for all types of companies, branch offices of a foreign company licensed to operate within Kuwait and/or a representative office whose main purpose is limited to the study of markets and production

- Charges

KDIPA service fees would range from KD 10 for a certificate of record in the investment register, KD 50 for issuance of an investment license, and KD 100 for submission of an Application

- License Applications

KDIPA must respond to an application within 30 days of receipt of a complete application. Therefore, foreign investors with strict timelines should be able to obtain a response swiftly

- Incentives and Exemptions

Procedures for obtaining incentives and exemptions including, tax exemptions, customs exemptions and allotment of land and real estate, conversion of an investment entity have been enlisted

- Grievance Procedures

This grievance procedure provides investors with an opportunity to attend a hearing before a committee formed by the Board of Directors of KDIPA to discuss any such grievances. The grievance committee's deliberations shall be confidential and issued within thirty days from the date of its registration.

- Supervisory Officers

The Minister of Commerce and Industry will appoint certain employees to act as judicial officers in order to monitor whether investment entities are complying with the Direct Investment Law, the Executive Regulations

- Negative List

Includes ten different sectors which are not eligible for an investment license

Negative list

The Sectors in which foreign ownership remains capped are now the exception under the new law, which opens businesses to 100% foreign ownership outside of 10 excluded sectors. The excluded sectors are

- Crude oil and natural gas extraction
- Manufacturing coke oven products
- Fertilizer, nitrogen compounds production
- Domestic gas production
- Real estate (excluding privately operated building development projects
- Private security and investigation activities
- Distribution of gaseous fuels
- Public administration and defense; compulsory social security
- Activities with a professional body
- Labour services including domestic labour

New companies established

USA based tech giant IBM became the first company to set up wholly foreign-owned operations in Kuwait. The firm has since announced further expansion plans that will see it team up with local industry players to introduce cloud computing services. Kuwait is currently laying the groundwork for diversifying its economy, which has seen an increase in the focus on knowledge-based industries with the aim of developing new start-ups in this area.

In June 2015, KDIPA issued an Investment License to the global company "Huawei" "to establish a 100% owned limited liability Kuwaiti Company, with a total investment value of KD 353 million. "Huawei Kuwait" will contribute to develop and enhance the ICT sector in Kuwait by providing innovative and integrated enterprise solutions, advanced technologies, and professional services in communications systems.

Dr. Meshaal Jaber Al-Ahmad Al-Sabah, KDIPA's Director General is also in advanced discussions with the Japanese Government, Japan External Trade Organization (JETRO), Japanese engineering firms and bank officials to encourage them to invest in the Kuwaiti economy under the new FDI regulations

Impact on Kuwait's Economy

The National Bank of Kuwait expects non-oil growth to rise to 5.8% during the 2015/16 fiscal year. Non oil economic growth has benefitted from the boost to investment and is expected to continue to do so. Kuwait's revenues from Information and Communications Technology (ICT) are expected to reach $28bn between 2012 and 2015 – the third- highest earnings in the GCC – suggesting its efforts to move towards a knowledge-based economy. `

Key Economic Indicators		2013	2014	2015	2016f
Nominal GDP	KD bn	49.9	49.8	47.6	49.5
Nominal GDP	USD bn	176	174	164	171
Real GDP Growth	% y/y	1.5	1.3	0.8	3.5
-Oil	% y/y	-0.8	-1.3	-2.3	2.0
-Non oil	% y/y	5.6	5.6	5.8	6.0
Inflation	% y/y	2.7	3.0	3.5	3.5
Budget Balance	% of GDP	25.9	17.0	11.0	8.0

Moore Stephens Al Bahar & Co., Kuwait

Moore Stephens - Al Bahar & Co., Kuwait is a Member Firm of Moore Stephens International. Our brand stands for investment in long-term relationships, focus on technical expertise and a commitment to professionalism and discretion.
Moore Stephens is a member of the Forum of Firms. The objective of the Forum of Firms is to promote consistent and high quality standards of financial and auditing practices worldwide.
Our aim is to provide comprehensive, valuable services to clients, through the development and maintenance of a cohesive network that operates to high standards of professionalism.
Moore Stephens leads the way in the provision of the highest quality of personal services to businesses and their owners to support them in creating and preserving wealth.
We at Moore Stephens, Kuwait offer a range of integrated services to help you grow, realize and protect your wealth, both in your home country and internationally. The aim of all of the services offered is to add real commercial value to you and your business.

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The Securities Act, 2015 promulgated

The Securities Act 2015 has been recentlypromulgated. The new law,taken effect, encompasses various aspects of corporate law which were formerly governed by already established legislations. The objectiveof the Act 2015isto amend and consolidate law for the regulation of securities industry and protection of investors. The Act gives more power to Securities and Exchange Commission of Pakistan to investigate the insider trading and declared it as an offence for the first time.The law also incorporates global benchmarks such as IOSCO principles of securities' regulation and investor protection,and provides for implementation of advanced reforms for preventing market abuses and manipulation practices.

The Securities Act 2015 has expressly repealed certain provisions in cluded within the Securities and Exchange Ordinance,1969 and the Companies Ordinance,1984, while it has completely repealed the Companies (Substantial Acquisition of Voting Rights and Take Overs) Ordinance 2002.

Active Taxpayers Ust (ATL)

In a major step for broadening of tax base in the country a list of taxpayers has been published, which consists of the names and tax numbers of those who regularly file tax returns. They have been defined as 'Filers' while others are categorized as 'Non-Filers'. A very serious distinction is made in between them by the Federal Board of Revenue (FBR) and the non-filers have been discriminated to a very penalizing level. Enhanced tax withholding rates have been specified on dividends, interest,sales,services,etc.,for non-filers /non taxpayers which is most of the cases is double than the withholding rates for filers. This list is weekly updated by FBR and is regularly being monitored for timely inclusion of taxpayers as and when they file their tax returns.This step is taken to bring huge number of non-filers in the tax net and if effectively monitored,as is being done, will almost double the number of 'Tax Filers' in the country

National Tax Audit Policy announced

Tax returns filed are going to be randomly selected for detailed tax audit via computer balloting for any wrong I miss declaration as announced in recently national audit plan. Commissioners Inland Revenue may further select cases,in addition to random balloting, for audit as given in recent audit policy. Tax Returns subject to tax audit in immediate preceding year or cases of final income or salaried income are excluded from tax audit. Mechanism of alternate dis pute resolution is also introduced to address taxpayers' grievances in this respect.

Qatar

QDB 32 Manufacturing Facilities

In order to bring down barriers to entry in many high tech, innovative and eco-friendly sectors, QDB has launched an initiative to offer 32 plots of facilities to existing Qatari SME business owners and entrepreneurs who wish to start a manufacturing business in Qatar. This is in line with its efforts to accelerate the development of Qatar's private sector and help diversify the local economy.

The plots will be provided on a lease basis to innovative and ambitious industrial projects in the following sectors:

- Chemicals industry
- Plastics industry
- Wood industry
- Electronics industry

This unique project will provide applicants with a chance to lease plots in the industrial area. These plots will vary in size from 2500 sqm to 3000 sqm, and 1500 sqm in built-up areas. All plots will be leased at a competitive rate of 5 QR / sqm per month.
In addition, QDB will assist applicants with starting a manufacturing business by providing comprehensive start-up business solutions including; consultations, business plans, feasibility studies and applications to lease the industrial facilities.
Projects that involve innovative, environment-friendly products will be given priority in the selection process as per national development diversification priorities.
There will be an initial assessment process to determine if the proposed projects meet the minimum requirements. Successful projects will then go through a second comprehensive vetting process to determine if the application meets the technical requirements. Next, QDB will select the shortlisted candidates to be met by QDB officials for the final selection. Later on, winners will be notified in writing.
Applications are accepted from June 2015 through November 2015. Please note that any projects have to be in line with the requirements of the Ministry of Energy & Industry's The Small and Medium Industrial Estate (SMSIA).
Source: QDBhttp://www.qdb.qa/English/Products/Projects/Pages/32-Lands.asp

Moore Stephens Qatar Addition to the Family

David Spacey

Has recently joined our Team as Director overseeing the Advisory division of Moore Stephens. David was heading the advisory and strategy team of Emerson LP UK / US; as well as PepsiCo and State Street Bank / U.S.A. he is a seasoned economist with extensive expertise in the fields of Corporate Finance, Investment banking, and Management Consulting with solid exposure to projects in corporate strategies, Change Management, BPRs and HR advisory.

Qualifications:

- M.S., Finance (Boston University, USA)
- B.S., Economics (University of Massachusetts USA)
- CFMIA (Certified Financial Markets & Institutions Analyst) USA
- CFA candidate 2015 (Passed the CFA level 1)
- DMA – member of Direct Marketing Association, Washington D.C. USA

Ehab Soliman

Has recently joined our team also as Director overseeing the Audit & Tax and Assurance division of Moore Stephens Qatar. Ehab is a Certified Public Accountant with 15 years of vast experience on accounting, audit and financial consulting. Prior to transitioning to Moore Stephens Qatar, majority of his professional experience was with KPMG and BDO in Egypt, Jordan, Saudi Arabia and Qatar.

Qualifications:

- Certified Public Accountant
- Master's Degree in Accounting – Willington University, USA
- Bachelor of Commerce (B.Com) – Cairo University, Egypt

Qatar Labor Update: Wage Protection System

As part of a promised labor market reform, Qatar on 18th of February 2015, issued a law making it mandatory for private companies to pay all their workers their wages through electronic transfer system.

The law (Number 1 of 2015) amends some provisions of the Law Number 14 of 2004, known as the labor law. The new legislation was issued by the Emir H H Sheikh Tamim bin Hamad Al Thani.

Under the new provisions, companies will be required to pay their employees through direct bank transfers, making it easier for expats and the government to scrutinize and document any late or non-existing payments.

Employees should be paid in Qatari currency once a month, or for some category of workers, every two weeks.

Companies will be given a grace period of six months to apply the new mode of workers' salary payments, popularly known as the Wage Protection System (WPS).

However, the Minister for Labor and Social Affairs will have the authority under the new law to extend this grace period to another six months or more.

Once that period is over, employers in violation of the amendment could face jail time of up to one month and fines of QR 2,000 to QR 6,000.

The Minister for Labor and Social Affairs has been asked by the law to frame and enforce executive regulations to help implement its provisions.

Not being paid on time or at all by their employers is among the top complaints of workers in Qatar. Electronic salary transfers are one way the nation can tackle these abuses, and human rights' organizations have been urging Qatar to adopt it.

It is hoped that these regulations will talk in detail about which financial institutions shall be made part of the WPS and to what extent, and commission to be paid for their services, among other things.

The regulations, also known as bye-laws, are expected to specify the deadline by which companies must pay the wages and allowances due to their workers.

The law suggests that not only wages but all types of payments, including allowances and perks, must be paid to workers only electronically.

The labor ministry said earlier that this will allow it to create a national database that would record wage payments in the private sector and guarantee timely and full payment to workers their agreed-upon wages. The WPS, once in force, will end workers' despairs regarding delayed or non-payment of their wages and benefits.

1. Business news

1.1 Saudi Arabia to allow full foreign ownership in retail:

Saudi Arabia will ease restrictions on foreign investors to let them own 100 percent of retail and wholesale businesses, the government said on Sunday as the world's top oil exporter embarks on a new drive to attract investment and diversify its economy. The Saudi Arabian General Investment Authority (SAGIA) announced the reform to U.S. businessmen during a visit by King Salman to Washington, adding that the changes would be subject to conditions, which would be revealed at a later stage.
The agency is streamlining its investment rules and visa regulations for investors, it said, adding that the new regime would come into force next year. International companies are invited to submit their proposals through SAGIA for operating wholly owned retailing entities. It will start accepting proposals by email trading@sagia.gov.sa
More information can be obtained at https://www.sagia.gov.sa/en/Investor-tools/Press-releases/Announcement/
The official added that there might also be new opportunities for foreign banks to enter the kingdom, as most banks already operating there were nearing maximum credit limits imposed by the central bank.
Banking subsectors such as services for individuals and smaller companies would be among areas for new opportunities, the official said, adding that U.S. banks entering the kingdom could have a market share of $150 billion in the next five to 10 years.

1.2 Saudi Aramco inviting foreign participation:

During a recent visit to the United States, Deputy Crown Prince Mohammed bin Salman had told U.S. businessmen that state-owned oil giant Saudi Aramco would open a series of new projects in refining, distribution and support services to foreign participation.

1.3 Selective capital expenditure:

Finance Minister Ibrahim Alassaf recently announced that the government was cutting unnecessary expenses and delaying some projects to compensate the temporary decline in oil prices, though projects that are important for the economy would go ahead.

2. Ministry of Commerce and Industry news:

2.1 The Adoption Of The Electronic Input Of The Financial Statements (Qawaem):

This is to execute the decree of H.E. the Minister of Commerce and Industry No. (353 / s) dated 18/2/1436 AH, concerning the adoption of the Electronic Input Program for the Financial Statements (Qawaem) as a Consolidated Program for the Electronic Input, issued by the General Administration of Companies No. (37779) dated 01/07/1436 AH.

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MCI Announces Launching the Program of Electronic Input of the Financial Statements "QAWAEM"

It is noteworthy that the program, which has been carried out by MCI in partnership with the Saudi Organization for Certified Public Accountants and the Department of Zakat and Income, change the paper financial statements to electronic, through using (XBRL) language, which is universally used in the disclosure of financial reporting process, as well as the automatic input of the financial statements will support the company`s credibility towards the beneficiaries. The program of “qawaem” will provide information on the financial results of the commercial institutions working in the Saudi market, in addition to developing accurate and important economic data base that may help the planners.
MCI draws the attention that the information provided by "qawaem" will help those working in the areas of economic classifications, whether Local, Regional, Arab or Global, to put the Saudi firms in the correct classification befitting the strong economic status of the Kingdom, which will enable such firms to get more advantages out of this classification, and that may bring the desired benefit financially and economically.

2.2 A Notice to all Companies and Institutions for the Urgent Submission of their Financial Statements in "Qawaem" System "Rules & Regulations Related to such Statements would be Strictly Applied":

MCI would like to remind all the concerned companies and institutions to submit their financial statements in "qawaem" system urgently, before 19/01/1437 AH corresponding to 01/11/2015 AD, so as to avoid stopping their Commercial Registrations and imposing the penalties contained in the corporate system in the absence of their commitment to submit the financial statements in "qawaem" system, and the delay over the specified period of six months from the end of the fiscal year of the company or institution.

Notably, the submission process may be done through the certified accounting firms. A company or an institution may enquire about the status of its financial statements input in the Ministry by linking to the website: qawaem.sa.
MCI would like to assert that since the launch of "Qawaem" program, early this year and up till now, the submission process is growing continuously, as the number of financial statements submitted in the system has reached more than 13 thousand statements.

It is worth mentioning that "qawaem" program is one of the Ministry`s initiatives, in cooperation with the Saudi Organization for Certified Public Accountants and the Department of Zakat and income, in order to convert the paper financial statements to electronic, and to be inputted automatically. This would support the credibility and transparency of the financial statements with the beneficiaries, in addition to providing the requested information to the concerned authorities, such as the Department of Zakat and Income and others, with high accuracy and speed, also providing financial and economic data base, supporting the national database.
The Ministry draws the attention that the supervisory role of "qawaem" system is represented in following-up the corporate governance indicators by the General Administration of companies, such as the level of accumulated losses and the proportion of the regular carry-over of the reserve of the annual profits and the company's commitment to MCI Rules and Regulations, of which is the submission of the statements within the specified period and other commitments. In addition, "qawaem" system would help in reducing fraud in the financial statements through adopting the input electronically by the certified accounting office.
This program also includes linking the financial statements of companies and institutions with (ISIC) International Standard Industrial Classification, adopted by the United Nations, which will enable the financial analysis of economic sectors and activities of various kinds, as well as studying and monitoring their performance indicators.

MCI ensures the confidentiality and security of the companies` financial statements in "qawaem" program, which is characterized by the existence of Electronic Control System to follow up all the

3. SAGIA investment incentives:

3.1 Regulatory incentives:

In a bid to improve Saudi Arabia's investment environment, SAGIA has introduced a lot of steps that help the foreign investor to easily set-up a business in the Kingdom including:
- Accelerated investment application, business registration and set-up process, within thirty (30) days of submission to SAGIA.
- Limited Liability Companies are not required to Minimum Capital.
- Owning direct property for the licensed company including residence and employees allocations.
- Permissions of transferring capital and profit abroad.
- Flexibility of transferring/allocation of companies shares between shareholders according to regulations.
- The licensed company is sponsoring the investor and its employees (non-Saudis).
- The availability and eligibility to apply for loans from the Saudi Industrial Development Fund.

3.2 Financial incentives:

- Benefit from corporative/collateral and massive agreements regarding taxation and investment with other countries.
- No personal income taxes.
- Taxes are 20% from total profits on companies.
- The ability to transfer losses for future years in regard to taxes.
- Foreign investors have access to generous regional and international financial programs and incubators, including:
- Saudi Industrial Development Fund.
- Arab Fund for Economic and Social Development (AFESD): Participates in financing economic and social development projects in Arab countries.
- Arab Monetary Fund: Promotes the development of Arab financial markets and trade among member states; advises member states on investment of resources.
- Arab Trade Financing Program: Provides medium and long-term loans to individuals and organizations for private and commercial trade.
- Inter-Arab Investment Guarantee Corporation: Provides insurance coverage for inter-Arab investments and export credits against commercial and non-commercial risks.
- Islamic Development Bank: Participates in equity capital and grants loans for productive projects and enterprises. It accepts deposits to mobilize financial resources through Shari'a compatible avenues.

Other financial incentives encouraging investments in the Kingdom include:

- The Human Resources Development Fund to support activities related to qualifying, training and recruitment of Saudi labor.
- Competitive industrial utility rates for water, power and land.
- Large research and development endowments at King Abdullah University for Science and Technology (KAUST) and King Abdul Aziz City of Science and Technology (KACST).

4. Saudi Arabia Tax and Zakat Update 2015:

- The rate of income tax is 20% of the net adjusted net income.
- Zakat, an Islamic assessment, is charged on the company's Zakat base at 2.5%. Zakat base represents the net worth of the entity as calculated for Zakat purposes.
- Only non-Saudi investors are liable for income tax in Saudi Arabia. In most cases, Saudi citizen and citizens of the GCC countries, who are resident in Saudi Arabia are liable for Zakat. Where a company is owned by both Saudi and non-Saudi, the portion of taxable income attributable to the non-Saudi share is subject to income tax, and the Saudi share goes into the basis on which Zakat is assessed.
- With Holding Tax (WHT) is generally imposed on payments made to non-residents on account of services ranging from 5% to 20% depending on the nature of payment or the type of service performed and the relationship of the payer with the payee.
- WHT may be reduced or eliminated in certain cases where a Double Tax Avoidance Treaty (DTAT) effective between Saudi Arabia and the country of residence of the beneficiary.
- In addition to the withholding tax stated in the income tax law, that any amount paid to non-resident parties against services rendered is subject to withholding tax based on rates as stipulated by the law ranging from 5% to 20%., the Department of Zakat & Income Tax(DZIT) issued a circular No . 4449 , stating that any dividends paid or transferred to the local non resident shareholder current account is subject to 5% withholding tax whether the amount is paid directly or transferred to his local bank account, otherwise they said companies will be liable for penalties as stated in the provisions of the law.

Lebanon in the Era of payroll Outsourcing

Since Cost reduction has become a major concern for organizations, the increasing automation of key tasks and the outsourcing of the more menial and administrative functions in an organization have given rise to a revolution in most areas of business management.

Outsourcing is the process of choosing the best means to deliver a service for your business. The “best means” may be your existing staff, outsourcing or off-shoring. Moore Stephens Lebanon offers its clients the ability to add a tried and tested outsourcing function as part of its service strategy.

Although paying employees is a fundamental task, payroll administration is most likely not part of an organization’s core business strategy. Managing a company’s payroll is considered a big hassle knowing that a simple error can cost the company hundreds if not thousands of dollars in payroll tax penalties.

The practice of outsourcing the payroll function has grown in recent years, making it one of the most outsourced functions in the business world. Simultaneously, technology advances have led to viable payroll software solutions to businesses of all sizes. Moore Stephens has been providing payroll outsourcing services to over 100 firms with 5,000+ employees.

The payroll department is headed by a Payroll officer fully knowledgeable and up to date with the Lebanese payroll requirements ranging from the taxes applicable to social security. All the staff is fully equipped to provide payroll services since they have been working on payroll for over 20 years.

The benefits of payroll outsourcing include company growth, which allows for cost reduction and updated technology, savings in time and money, greater data security and the comfort of knowing experts are handling your payroll functions—these are compelling reasons to explore the benefits of outsourcing today.

Business owners and office managers alike have growing regulatory obligations. Being able to safely and cost-effectively outsource one of the more important processes, could be a smart move on a number of levels.

“Alone we can do so little, together we can do so much”.

Payroll – whether you label it local, regional or global, in-house or outsourced – Payroll is Moore Stephen’s ultimate area of expertise.

Erbil - Iraq, What's new?

Moore Stephens in Kurdistan with offices in Erbil, has a presence now in the Governorate of Sulaymaniyah to cover a wider market and to provide extended services to its current and future clients.
The governorate of Sulaymaniyah is one of the main cities in Iraq. It was founded in the second half of the eighth century.
The governorate of Sulaymaniyah is located in the northeast of Iraq, on the border with Iran. Sulaymaniyah hosts the fertile plains of Sharazur and Bitwen, which give way to hills and the Zagros mountain range in the northeast.
The population of the governorate is estimated at about 1,704,740. out of which 78 % live in the urban centers.
The governorate of Sulaymaniah has two industrial zones in Arbat that offer great potential for investments in the industrial sector. The zones are being established and master developers are searched to conceptualize one of the zone's future design.
By September 2015, the investment board had approved 204 projects with a capital value of US$13.26bn in al-Sulaymaniah.

New amended law

New amended law implemented started last July 2015 called Federal Law no 2 of 2015 from the existing Federal Law no 8 of 1984. The Major changes/amendments are the following but most of the essential features of the existing law are maintained.

LIMITED LIABILITY COMPANIES

Sole shareholder: (article 71) – previously a sole shareholder was not allowed. The new law allows a single shareholder which can be a natural person or corporate entity. The new provision only benefits Emaratis and the GCC nationals, as the limit of foreign entity investment remains at 49%.

The new law allows more than 5 Directors/Managers, so will allow more business flexibility for the companies and more external advisors can be in the board. Previously maximum number of Directors/Managers was only 5.

Share pledging is now allowed and this will benefit companies who are looking to provide security for debt financing.

In the new law Directors/Managers can not manage competing company with out the consent of the general assembly of the company. This was not the case previously

ALL UAE COMPANIES

Foreign ownership (49%) and UAE national (51%) still remains but new provision explicitly invalidating dilution of UAE shareholding lower than 51%.

Under the new law the Ministry of Economy will supervise trade names and will hold the relevant company records.

A minimum of five years financial records should be kept.

Free Zone companies are not affected by the new law, but if the Free Zone allows the companies to operate outside the free zone, then the new law will apply.

Excluded in the new law are companies wholly owned by Federal or Local Government and companies which under the Federal of Local Government own more than 25%.

Induction of Partner and conversion to LLC

Moore Stephens, Oman office, recently changed its status from Branch of London Operations to a Limited Liability Company in Sultanate of Oman by inducting Mr Abdullah Al Bakari, as an Omani Partner. Abdullah has been with the firm for 10+ years. Abdullah has acquired significant experience in audit, consultancy and tax over the past decade and will now oversee the firm's training program for Omani Nationals. With this the Firm also reaffirmed the firm's commitment to Omanisation and increased focus in motivating and developing the Omani nationals to acquire the necessary expertise.

Presentation at International Conference of Institute of Chartered Accountants of India (ICAI)

Sandeep Kunte, Director Risk Advisory and Consulting, spoke on the subject of "Governance Growth and role of Chartered Accountants" on the forum of Chartered Accountants of India, who had gathered in large numbers during 7th International Conference of Institute of Chartered Accountants of India held in May 2015 in Muscat, Sultanate of Oman. He briefed the audience on the recent trends of Corporate Governance in the GCC and particularly in Oman. He narrated various challenges that are faced by the industry and professionals in observing Corporate Governance and possible practical measures to address them.

Revised Code of Corporate Governance

Capital Market Authority (CMA) of Oman, has come out with revised Code of Corporate Governance that is applicable for the listed companies in Sultanate of Oman. The effective date will be announced soon by the regulators. Following are the silent features of the new code (based on the draft version):

- Well structured
- Sharper focus on roles, capabilities, accountabilities, performances of directors
- Performance evaluation of Board sub committees