

Winter 2013

## MSME News

PRECISE . PROVEN . PERFORMANCE

## Moore Stephens Qatar Achievement

Due to our clear track record of delivering significant and measurable value to clients, Moore Stephens Qatar have been:

1. Recognized by Qatar Development Bank (QDB) as a Partner in content development of SME Toolkit.

This SME Toolkit provides different kinds of information that help entrepreneurs in starting-up and growing their businesses.

4. Invited to take part in the Reyada Award Panel of Judges for its 2nd issue 2012-2013. SDC (Social Development Center) is a leading entrepreneurship program in Qatar, designed to celebrate the Qatari Entrepreneurs and the supporters of Entrepreneurship through recognition and rewards.

5. Appointed by the Barwa Bank as Advisor for the Business Valuation in conjunction



2. Approved by Enterprise Qatar as a qualified service provider in the area of Business Advisory Services giving us increased opportunities to serve Small and Medium Enterprises in Qatar.

3. Appointed by Bedaya Center to perform mentorship and coaching to entrepreneur. The Bedaya Center, for entrepreneurship and career development, is a partnership between the Qatar Development Bank and Silatech that is closely aligned to their respective visions.

with the admission of their Shares to trading on the Qatar exchange (Initial Public Offerings - IPO) Professional quality service is our highest priority and we thrive to strengthen the market positions of our clients and generate new demands. To achieve this, we have accumulated invaluable resources since the nineties, i.e. highly qualified and competent staff, state-of-the art facilities and an enviable local and international network. We envisage not only to give value-added services to our clients, but more importantly, to become a partner in their development and success.

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# WITHHOLDING TAX (WHT) IN OMAN

## Frequently asked questions (FAQ's)



### 1. Is WHT applicable in Oman?

Yes.

### 2. Is WHT applicable for payments made to GCC countries?

Yes.

### 3. On what categories of income is WHT applicable?

- a) Royalties;
- b) Consideration for research and development;
- c) Consideration for the use or the right to use computer software;
- d) Management fees.

### 4. What does 'royalties' mean under the law?

- a) Consideration for the use or the right to use of the following:
  - i) intellectual or proprietary right either for artistic, literary or scientific work, computer software, cinematograph films, or films or tapes or discs or any other means used for radio or television broadcasting;
  - ii) patents, trademarks, design, drawing, models and secret process or formula;
  - iii) industrial, commercial or scientific equipment;
- b) Consideration for information concerning industrial, commercial or scientific experience; and
- c) Consideration for granting rights of exploitation of mining or any other natural resources.

### 5. On what amount is WHT charged?

WHT is computed on the gross amount of the aforementioned categories of income, paid or credited to the account of any foreign person.

### 6. What is the applicable rate of WHT?

Generally 10% however, the rate varies based on the double taxation avoidance agreements between Oman and various countries.

### 7. What is the time limit for remittance of WHT?

WHT should be remitted to the SGT not later than fourteen days from the end of the month in which that amount has been paid or credited, whichever is earlier.

The remittance of this tax shall be made to the SGT accompanied by a statement in the form prescribed for this purpose. A copy of that form shall be sent to the recipient of the payment.

### 8. Is there any penalty/ interest for delayed remittance of WHT?

Yes. Additional tax at 1 % per month of the outstanding amount of the tax payable shall be levied from the due date of payment to the date of actual payment.

### 9. Have there been any regulatory amendments/ implications applicable from the current year?

Yes, the SGT has started requesting for additional details on foreign remittances such as:

- a) details of overseas payments made by companies along with the nature of transactions;
- b) copies of agreements entered into with foreign persons;
- c) evidence to demonstrate whether the foreign person was in Oman for a period of not less than 90 days in an aggregate of 12 months based on which the SGT decides whether the foreign person should be construed to have a permanent establishment in Oman or whether WHT would be applicable on the transaction.





## THE RELEVANCE OF CURRENT AND NEW ACCOUNTING STANDARDS TO THE CURRENT ECONOMIC CLIMATE IN THE SHIPPING INDUSTRY

Moore Stephens, widely acknowledged as the world's leading financial/accounting advisors to the Shipping Industry, used a seminar held on Tuesday 17 September 2013 at the Al Bustan Rotana to highlight and clarify to senior shipping personnel the details and impact of those International Financial Reporting Standards (IFRS) most relevant to regional shipping companies.

The approximate 100 attendees represented a broad spectrum of the regional shipping fraternity ranging from ship overseas, to brokers, to ship managers, to liner companies. With the difficulties experienced in the past five to six years in freight rates and vessel values arising from the slow down in the Global economy and international trade there have been quite a number of issues arising in financial reporting. In particular issues relating to vessel

impairment, residual values and useful lives for the purpose of depreciation calculations, lease accounting, accounting for interest expenses, the treatment of dry docking and related questions.

The key speakers were from the Shipping Department of Moore Stephens Offices in London and the topics covered following an initial

overview of global shipping and IFRS were 'accounting for ships', 'financing issues', 'risk management', and finally 'a summary of recent and future accounting developments'.

John Adcock, a Partner in the Dubai Office of Moore Stephens said in an interview that Moore Stephens has accumulated an unparalleled depth of knowledge and unrivalled experience and were therefore in a unique position to provide comprehensive and confidential range of business development services and traditional support services to the industry.





John continued to explain that Moore Stephens development internationally arose from active work in the shipping industry, which began in London in the 1930's when they acted for Greek ship owners and thereby establishing themselves as specialists in the City of London at that time. From those early days in the industry, they provided all the services necessary for shipping clients to operate effectively. The depth of knowledge is supported by the fact that Moore Stephens currently provide accounting and/or audit services for over 2,000 single vessel-owning companies through member firms of Moore Stephens International Limited all over the world.

Michael Simms, a London Shipping Partner said that the knowledge gained is further supported by the fact that Moore Stephens have member firms in all of the principal shipping locations throughout the world enabling a truly international service to clients. Clients range from large ,multinational corporations to single vessel owners, and include not only ship owners but ports, brokers, ship managers, port agents and logistics operators and, of course, shipping funds, with offices globally.

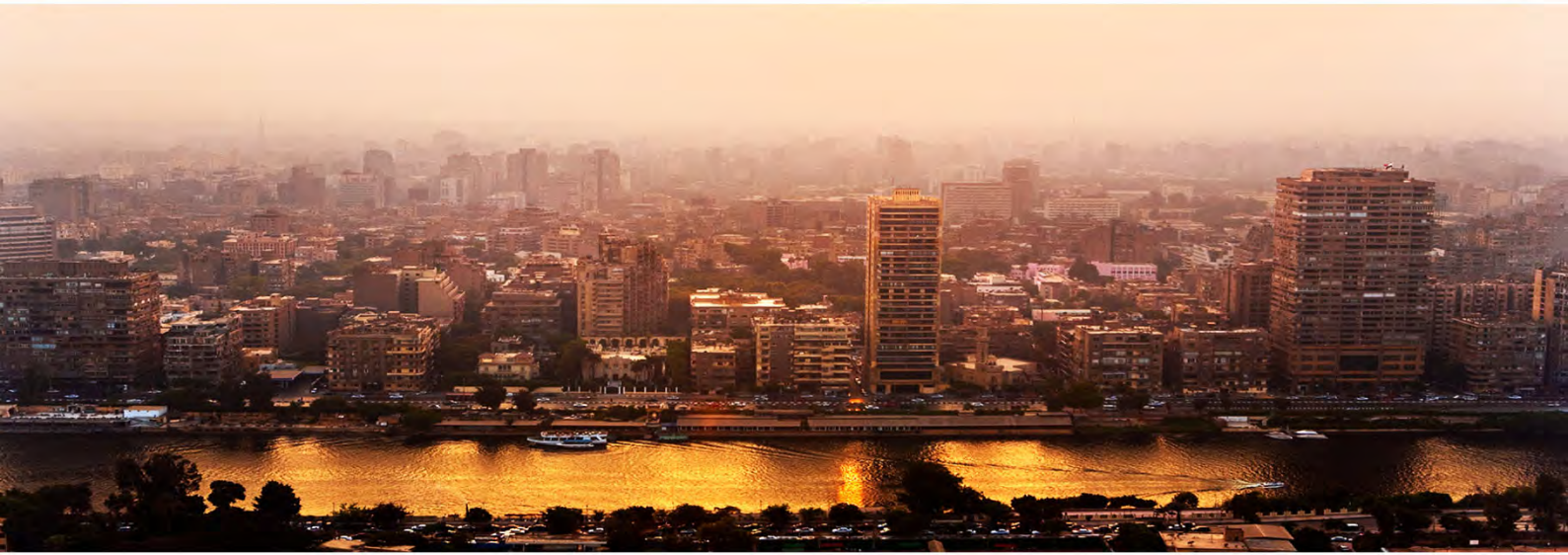


Another London based Partner Robert Noye – Allen a specialist in risk management, also gave a session on how senior management and those charged with Governance can improve the formal process of identifying and mitigating risk by the use of Enterprise Risk Management (ERM) software. Robert provided examples of identified risks such as crewing, safety, environmental regulatory and explained the process of identification and mitigation.

One of most significant changes in IFRS is that relating to the accounting for leases. There have been considerable discussions relating to a number of disclosure drafts, but Jamie Tomkins of the Moore Stephens London Technical Department indicated that it is likely that there will be significant amendments from the first drafts and anyway it is unlikely to be operative for another three to four years.

Those attending were grateful to have a seminar that was designed specifically for their industry and the response of most was for more Industry specific seminars of this nature.





# EGYPT

## Recent changes to withholding tax (WHT) laws

Law no. 11 of 2013 has resulted in a number of changes to the WHT laws which took effect from 1 June 2013.

The new law requires all business entities set up under the special economic zone and free zone laws to withhold tax on interest, royalties, service fees and sporting activity and artists' fees. The tax withheld must be remitted to the Egypt tax authority on the first working day following the day the tax was withheld. Late payment penalties will be payable thereafter. WHT due on interest will also apply to any bonds issued by the Ministry of Finance and to treasury bills and bonds. WHT paid on treasury bills and bond interest shall be deducted from the income tax payable by the income earning entity, based on the taxable amount as recorded in the financial statements and reported in the tax declaration. Such deduction shall not exceed the total tax due on taxable profits. The law requires entities liable to withhold tax payments under Article 59/1 of law 91 of 2005, to add a percentage to the amount to be collected from a payee. This percentage should then be deducted from the amount payable and accounted for as WHT deducted from the payee. The WHT and addition system also applies to corporations and foreign branches that sell crops, goods and manufactured products to private sector entities, for the purpose of trading or manufacturing. Also the new law requires the entities withholding tax payments under Article 59/1, to apply WHT due on rental payments paid by lessees who conduct business activities relating to trading, manufacturing and provision of any services, food and beverages. This percentage should be collected with rental amount and submitted under the tax account of the lessees.





## Mandatory electronic registration and declaration for large taxpayers with the Ministry of Finance (MOF)

To speed up and secure the process of tax filing the ministry of finance has introduced an internet facility to provide such service (e-tax –services)

As per article 38 of the new Tax Procedures Law No. 44 issued on 11 November 2008, taxpayers may submit their tax returns via email to the tax authorities.

Recently, Decision No. 883/1 dated 12 August 2013 was issued by the MOF in order to determine the mechanism of application of the aforementioned article and it is mainly addressed to large tax payers whose yearly turnover is above 10 Billion LBP for which they are required to submit their quarterly tax returns electronically using tax system activated by the Ministry of Finance starting quarter one 2014.

The large taxpayer's category should complete their online registration before November 31, 2013 following the below steps:

1. Log on to the Ministry of Finance (MOF) website: [www.finance.gov.lb](http://www.finance.gov.lb)
2. Click on the electronic services button, refer to the instructions provided by this service
3. and follow the registration requirements to finalize the registration process
4. An email notification will be sent to the taxpayer to schedule a meeting in order to dispatch the PIN code

Starting 1 January 2014, the MOF will not accept manual filing for VAT returns, Employees' Income Tax returns (R10-R5-R6) , and Built Property Tax returns. Other returns such as corporate income tax returns, movable capital tax returns and annual employees' income tax returns are not yet activated electronically.

Payments are still made through local banks, except for specific built property tax payment relating to schedules issued annually by the MOF, for which tax due should be paid electronically. Large taxpayers will be subject to late declaration penalties in case they do not submit their returns electronically within the set deadlines.

Finally descion No. 1157/1 dated 25 November 2013 was issued by the MOF which expands the coverage of electronic filing by making it mandatory to all to all taxpayers (including NGO's) who are enrolled at the VAT department, these taxpayers have to follow the same steps mentioned above , yet the due date to completed their electronic registration is January 31, 2014







## Jordan

### Khleif & Co. ranks 7th -Arabia Fast Growth 500 by All World

DEAR PARTNERS

We are pleased to inform you that our company Khleif & Co. - [Moore Stephens Jordan], was ranked the seventh (#7) of ARABIA Fast Growth 500 by All World. AllWorld was co-founded by Harvard Business School Professor Michael E. Porter, Coyle and Habiby to bring visibility to growing companies in emerging markets to increase their odds of success. AllWorld's headquarter is in Boston, Massachusetts and has operations in Beirut, Islamabad, Johannesburg and Mumbai.

For full information, we attach a scan of the award presented to Khleif & Co. – an independent member firm of Moore Stephens International, the related Press Release and photos of the award presentation while below are the full rankings.

We take this opportunity to thank all our stakeholders (internal & external, clients, service providers, staff, etc) without whom this could not have been possible. We assure you of our continuous strive towards providing quality innovative added value services to reach higher levels of excellence and bring pride to the profession, to Moore Stephens International and definitely to our country Jordan.

With warmest regards





# Pakistan

## Foreign Investment Policy 2013

Foreign Investment Policy 2013 is in place in Pakistan. The foreign direct investment is freely allowed in almost all sectors, with an exception of few industries of national security and public safety. The significant change introduced in the new investment policy, is the waiver of minimum equity capital requirement in all commercial sectors of the economy. Also there is removal of upper percentage limit of ownership, except in few sectors including like airline, banking and media.

FDI policy for real estate sector has also been relaxed and now there is no difference in rules and regulations for local and foreign real estate developers. Further 100% foreign investment is permitted in Corporate Agriculture Farming (CAF); previously the limit was 60%.

Pakistan has vast potential for foreign investors in almost all sectors of economy but specially in conventional and alternate energy, infrastructure, transport and telecom sectors.





# Saudi Arabia. DZIT confirmation of WHT relief under DTA



The DZIT has confirmed tax should not be withheld on payments made to non-residents for advisory services in application of the double tax treaty convention between KSA and UK

Under the UK/Saudi Arabian DTT, non-residents are entitled to a relief from Saudi tax





## NEW KUWAIT COMMERCIAL COMPANIES LAW

December 2012 - the new Companies Law is published and replaces the Commercial Companies Law of 1960.

Existing commercial entities will need to assess if changes will have to be made to their current structures to comply with the new law, companies have a six-month grace period to conform to the new regulations from the date of publication.

Greater emphasis on corporate governance and transparency and reduction in "red tape" for establishing new businesses.

Key changes

- one-stop shop for the incorporation and licensing of a company through a single department at the ministry of commerce and industry.
- the law requires a more stringent adherence to best practices of corporate governance.
- separation of the board of directors from the executive management
- expansion of the powers of managers and directors
- introduction of corporate regulations regarding sukuk, bonds and convertible bonds.
- elimination of minimum shareholding requirements and security shares for members of the boards of directors of stock companies,
- adoption of the cumulative voting system for the election of board members.

One point that will remain unchanged, however, is the existing restrictions on foreign ownership and the principle of a minimum 51-per-cent Kuwaiti shareholding in the capital of Kuwait companies.

