

UPDATE ON THE PROGRESS OF THE INTRODUCTION OF VAT AND EXCISE TAX IN KUWAIT

Kuwait government submits its Development Plan for 2023 / 2024 for Parliament's approval. The Plan covers public debt law, VAT and excise tax to finance large infrastructure projects including a top-class economic zone to attract foreign investments.

The recently formed Kuwait government has submitted the Development Plan for 2023/2024 to the Parliament, according to media sources (Al-Qabas newspaper). The Development Plan outlines over 30 legislative requirements relating to various economic and financial reforms to particularly improve local infrastructure and to introduce a new economic zone to attract foreign investments.

In order to finance the infrastructure projects, the new government has retained a public debt law, Value Added Tax ("VAT") and Excise Tax as part of Development Plan, which were all part of the previous government's agenda. The Development Plan, due to be discussed with the new Parliament soon, included the following key financial and economic proposals:

- Introduction of Value Added Tax
- Introduction of Excise Tax
- Unified tax procedures law
- Economic Zone - to attract foreign investments
- Public debt law
- Privatization of Kuwait Post
- Amending expats law - potentially to allow expats to purchase real estate in Kuwait.

It remains to be seen whether the recently elected Parliament will agree with the tax proposals above. Separately, it was noted that the global minimum tax under OECD Pillar 2 was not included in the government's proposal for 2023/2024.

Should you wish to obtain further details on the above, please feel free to contact us.



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