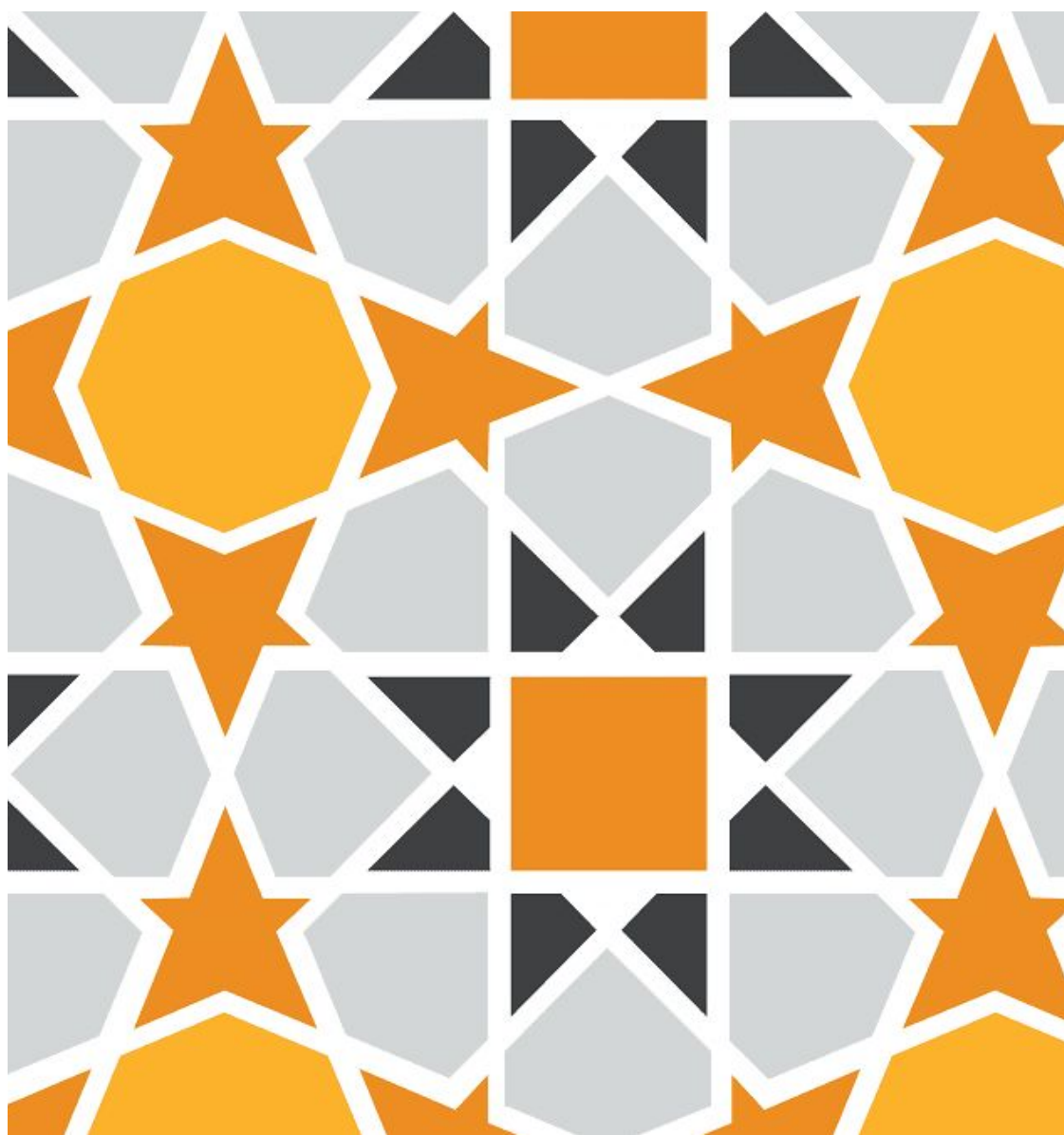


Kuwait: Circular No. 8 of 2023

March 2023





Circular No. 8 of 2023

The Kuwait Ministry of Finance (“**MoF**”) recently issued Circular No. 8 of 2023, which concerns the 5% tax retention withheld on companies enjoying tax incentives as per the Kuwait Direct Investment Promotion Authority (KDIPA)’s regulations (“**K-Entities**”).

Under the above circular, K-Entities are now eligible to reclaim 80% of amounts retained by their customers (i.e. 4% out of the 5% withheld) by simply submitting the required documentation to the Department of Inspection and Tax Claims (“**DIT**”). K-Entities may reclaim the remaining 20% (i.e. the remaining 1% out of the 5%) of retained amounts through regular means.

Based on our discussions with the DIT officials, they stated that the 80% can be released immediately upon providing proof of submission of the tax return to the DIT, where the retention release letter will cover 80% of the amounts retained for a given year. In addition, amounts can be released retrospectively (i.e. where retention was made during earlier years) in the same manner. The remaining 20% can be released after the company completes the standard process of undergoing the tax inspection process, obtaining a tax assessment and obtaining a retention release letter.

Should you require assistance with the above, please do not hesitate to contact us.

Let’s talk

For a deeper discussion of how this issue might affect your business, please contact:

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