

## 20. United Arab Emirates

No taxes are imposed by the Federal Government of the United Arab Emirates on companies, except in the following cases.

Taxes are imposed on foreign oil and gas production activities based on private concession agreements entered into between the Foreign oil company and the Ruler of the Emirate concerned.

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West Asia and Africa

# Corporate Taxes

## A Country Comparison

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Country	Company Income Tax Rate (%)	Capital Gains Tax Rate (%)	Net Operating Losses - Carry forward (Years)	Net Operating Losses –Carry back (Years)	Withholding Tax Rate (%) - Dividends	Withholding Tax Rate (%) - Interest	Withholding Tax Rate (%) - Royalties	Withholding Tax Rate (%) - Management & Technical Fees	Note
Bahrain	Nil or 46	Nil	N/A	N/A	Nil	Nil	Nil	Nil	1
Botswana	5 or 15 plus 10	25	5	0	15	15	15	15	2
Egypt	20	20	5	Unlimited	Nil	20	20	Nil	3
India	30	20% - Long Term Capital Gain – 10% - Short Term Capital Gain	8	0	Nil (In case of Domestic Company 15% dividend distribution tax to be borne by the company, 20% Tax if Dividend is received by foreign company)	Domestic Company - 10% Foreign Company - 20%	10 or 20 (Only 10% where agreement is on or after 1-6-2005)	10 or 20 (Only 10% where agreement is on or after 1-6-2005)	4
Iran	25	same as corporate tax rate	Unlimited	Unlimited	after calculation of 25% income tax dividend will be paid and no more tax will charged	25	25	25	
Israel	25	25	Unlimited	0	Between Nil and 25	15 or 20	25	Nil	5
Jordan	14-30	Nil	Unlimited	0	Nil	5	10	10	6
Kuwait	15	15	3	0	Nil	Nil	Nil	Nil	7
Lebanon	15	10	3	0	10	5 or 10	10 or 25	Nil	8
Mauritius	15	Nil	5	0	Nil	15	10	Nil	9
Morocco	Nil to 37	30	4 years & unlimited if losses coming from amortisation	0	10	10 or 20	10		10
Nigeria	30	10	Unlimited	0	10	10	15	10	11
Pakistan	35 or 20 (20% applies for small companies defined in the Income Tax Ordinance, 2001)	same as corporate tax rate	6	0	7.5 or 10	10	15 or 30	6 or 15	12
Saudi Arabia	20-85	20	Unlimited	0	5	5	10	20	13
South Africa	28	14	Unlimited	0	Nil or 10	Nil	12	Nil	14
Sri Lanka	15 to 35	Nil	Unlimited	0	10	10 or 15	10	Nil	15
Syria	10 to 28	23	5	5	7,5	Nil	Nil	5 to 22	16
Tanzania	30	30	Unlimited	0	5 or 10 or 20	10	15	5 or 15	17
Tunisia	30 or 35	30	4	0	0	Nil to 20	15	5 or 15	18
Turkey	20	20	5	0	15	Nil to 15	20	15 to 27	19
United Arab Emirates	Nil	Nil	0	0	Nil	Nil	Nil	Nil	20

**NOTES:**

**1. Bahrain**

Only Oil & Gas Companies are subjected to 46% Company Income tax.

**2. Botswana**

All companies except Manufacturing Companies are subjected to 15% basic tax rate and Additional Company Tax (ACT) at 10%. The ACT can be carried forward for up to 5yrs from the tax year in which it was paid and can also used as a setoff against withholding tax due on dividends.

For manufacturing companies the income tax rate is 5% plus additional company tax rate of 10%.

Net operating losses can be carried back for two years for farming enterprises.

**3. Egypt**

Losses incurred in long-term projects may be carried back to offset profits from the same project for an unlimited number of years.

**4. India**

Effective from the year ended 31 March 2008, Company income tax, capital gains tax and withholding taxes are increased by a surcharge equal to 10% of such taxes for resident companies and 2.5% for foreign companies. No surcharge is however levied on foreign companies with less than Rs.10million.

There is no withholding tax on dividends but there is a dividend distribution tax on the company which is 15% plus related surcharge.

**5. Israel**

The company income tax rate is currently 25% and is expected to reduce to 18% over the next few years.

Capital Gains Tax is at a rate of 25% for assets purchased from 2003. For earlier years' purchases, a complex calculation has to be undertaken.

Some withholding tax on dividends are subjected to tax treaties, some are applicable to non-resident companies and individuals.

**6. Jordan**

The laws relating to corporate taxation are in the process of being radically changed. The definitive position will not be known until mid June at the earliest.

**7. Kuwait**

A 15% tax will be levied on the income of any body corporate carrying on a trade or business in Kuwait, regardless of where the company is incorporated. This new flat tax rate will result in a substantial decrease in the tax liability of foreign entities.

**8. Lebanon**

Withholding tax on dividends is applicable to both residents and non-residents.

Bank interest attracts a 5% withholding tax.

Withholding tax of 25% is applicable to royalties received by Lebanese holding companies.

**9. Mauritius**

Company income tax is on worldwide income basis for companies resident in Mauritius.

Withholding tax applies on interest if paid to resident individuals or partnerships or the estate of a deceased person if the aggregate amount of the loans exceeds Rs. 2 million.

Withholding tax on royalties is imposed on both residents and non-residents.

**10. Morocco**

The basic rate of company income tax is 30%, with the following exceptions:

Exporter :Exempted for the first 5 years, after which the rate is 17,50 %.

Banks, financial institutions and insurance companies where the rate is 37%.

**11. Nigeria**

Withholding tax is applicable to both residents and non-residents.

**12. Pakistan**

In respect of Capital Gains Taxation, only 75% of the gain is taxable in certain situations: Withholding tax on dividends is 10% generally; the 7.5% withholding tax applies only to companies engaged in power generation or by purchasers of power projects privatized by the Water and Power Development Authority and to dividends paid to non-resident companies by companies that are engaged exclusively in mining operations other than petroleum. It is imposed on the gross amount of the dividend and taken as an advance payment of income tax which is available for a set off against final tax liability.

Withholding tax on interest is taken as advance payment of income tax and can be used as set off against final tax liability. Interest paid on loans and overdrafts to resident banks and Pakistan branches of non resident banks and financial institutions are not subjected to withholding tax.

Withholding tax on royalties is 15% generally. If the royalties are derived from properties or rights connected with permanent establishment (PE) of a non-resident, a 30% rate is applicable unless a non deduction certificate is obtained by the PE and if this is the case, no tax is withheld. The 30% withholding tax may be available as a set off against final income tax liability.

Generally withholding tax on management & technical services is 15%. If the services are rendered through a Permanent

Establishment in Pakistan, the rate is 6% and is taken as an advance payment of income tax liability which is allowed as a set against final income tax liability.

### 13. Saudi Arabia

The income tax rate for companies that engage in Natural gas investment activities ranges from 30 - 85%.

For companies that engage in Oil and other hydrocarbon production the rate is 85% while for other companies the rate is 20%.

The maximum loss that can be offset against a year's profit is 25% of the adjusted profits for that year.

### 14. South Africa

Income of gold mining companies is taxed at a higher rate. Also any dividend declared by these companies is taxed at a 10% withholding tax rate.

### 15. Sri Lanka

The standard rate of company income tax is 35%. Exceptions to this are:

a company not a subsidiary or associate with taxable income of less than Rs.5million -15%;

newly listed companies within 5yrs of operations - 33.3%;

companies in the priority sectors (agriculture, construction, exports, fisheries, livestock and tourism) -15% or 20%;

specialized housing banks - 20%

Foreign currency banking units of banks are taxed - at 20% on offshore profits and 35% on onshore profits.

Losses carried forward may offset only 35% of the statutory income.

Losses from foreign-currency banking units of banks, horse racing, leasing business may be offset only profits from the same source.

Insurance companies may set off general and life losses only against the same sources of profits.

A Social Responsibility Levy is imposed at the rate of 1.5% on all taxes and excluding Value Added Tax and Withholding Tax.

Withholding tax on dividends paid to residents and non-residents is final tax. A deemed dividend tax is imposed on companies if the dividend distributed is less than one-fourth of the company's distributable profits.

10% withholding tax on interest paid applies to bank deposits and may be offset against their annual income tax liability. A 15% withholding tax applies on interest paid to non-residents on loans.

Withholding tax on royalties applies to payments exceeding Rs.50,000 per month or Rs. 500,000 per year to both residents and non-residents.

### 16. Syria

Corporate income tax rates vary between 10% and 28%. It is also varies according to the type of the company:

LSC. & LLC. - 22%,

Banks & Insurance - 25%,

JSC – 14% when more than 50% of the shares offered to the public.

In addition there are with some special deductions for industrial companies.

Losses incurred may be carried back and forward for five years to a value not exceeding 50% of the company's capital.

### 17. Tanzania

Withholding tax on dividends is 10% generally for residents, and 20% for non-residents. A 5% withholding tax is charged on dividends of companies listed on Dar es Salam Stock exchange. Dividends are exempted if a resident recipient company owns at least 25% of the voting capital of the payer of the dividends.

Withholding tax on interest applies to both residents and non-residents. Resident companies may set it off against their annual corporate income taxes.

Withholding tax on royalties applies to both residents and non-residents and is final tax for only non-residents only.

Withholding tax on management & professional fees is 5% for residents, and 15% for non-residents and it is a final tax for non-residents.

### 18. Tunisia

The standard rate of company income tax is 30%. For oil companies, banks, financial institutions and telecommunications the rate is 35%.

There is no withholding tax on interest paid by resident banks. Withholding tax is deducted at a rate of 2.5% on interest from non resident banks and at a rate of 20% in respect of all other interest.

Withholding tax of 15% on royalties applies to payments to non-residents.

Withholding tax on management fees is 5% on payments to residents and 15% for non-residents.

### 19. Turkey

The withholding tax rate on interest depends on the transaction involved, permanent establishment, resident and non-resident.

Withholding tax of 15% on royalties applies to non-resident companies only.