# Tax Alert

July 2020

## Summary

The Kuwait Tax Authority ("KTA") has issued Circular No. 4 of 2020 ("CR No. 4 of 2020") dated 28 June 2020 providing an extension of deadlines with respect to filing of returns and settlements for businesses with fiscal year end of 29 February 2020, 31 March 2020 and 30 April 2020 due to disruption caused by Covid-19.

The Circular covers businesses that are subject to filing obligations under the following laws:

- Kuwait Income Tax Decree No.3 of 1955 as amended by Law No.2 of 2008 and its executive regulations ("Corporate Income Tax Law");
- Kuwait Income Tax Law No. 23 of 1961 in the designated area ("Partitioned Neutral Zone Tax Law");
- Law No. 46 of 2006 and its executive regulations ("Zakat Law"); and
- Law No. 19 of 2000 and its Resolution of the Council of Ministers No. 185 of 2001 ("National Labour Support Tax Law").

### Filing Deadlines

Filing deadlines for returns under the respective laws are extended as follows:

**27 August 2020**

Submission of returns for tax payers with a 29 February 2020 year end, being 60 days from the date the Ministry of Finance ("MOF") resumed operations on 30 June 2020.

**13 September 2020**

Submission of returns for tax payers with a 31 March 2020 year end, being 60 days from the statutory due date of 15 July 2020; and

**14 October 2020**

Submission of returns for tax payers with a 30 April 2020 year end, being 60 days from the statutory due date of 15 August 2020.

These are blanket extensions and would also cover tax payers filing their tax returns on a deemed profit basis.

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### Settlement of Amounts Due

Corporate income tax, Zakat and National Labour Support Tax due as stated on the respective returns should be settled on or before the extended deadlines set out above.

Where companies are settling the taxes in instalments, all instalments due up to the date of settlement should be paid in lump sum. No special instalment provisions have been approved for Zakat and NLST and amounts remain to be settled as lump sum.

## Discussions with the Kuwait Tax Authority ("KTA")

Separately, the KTA has also issued Circular No. 3 of 2020 ("CR No. 3 of 2020") dated 24 June 2020 clarifying the rules and regulations with respect to electronic correspondence with the KTA. Through CR No. 3 of 2020, the KTA has clarified the following:

- Effective from 28 June 2020, the MOF has now a designated e-mail address where submissions for filings, No Objection Letters, Tax Clearance Certificates, objections, appeals and other correspondence with the KTA are to be sent;
- The KTA would issue all correspondence to the authorized tax advisor through the same email; and
- All payments of taxes and levies should be transferred MOF account at the Central bank of Kuwait;.

**In addition, whilst the KTA has not issued an official clarification, in practice tax inspectors have commenced remote working and have started to conduct tax inspection through online platforms, based on internal prioritisation.**

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