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# The Avoidance of Double Taxation Agreement

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# Basic Points



1. Definition of Tax

2. The history of the Taxation Treaties

3. Definition of Double Taxation

4. Double Taxation effects

5. Double Taxation solutions

6. The Kuwaiti draft of the Avoidance of Double Taxation Agreement

7. The Avoidance of Double Taxation Agreement

8. The advantages of the DTA

# 1. Definition of Tax

**Tax is a financial obligation set by the State and is committed to performance funded to enable the State to achieve society benefits.**

## 2. The history the Taxation Treaties

Mexico Treaty 1943

London Treaty 1964

UN

OECD

### **3. Definition of Double Taxation**

**Imposing tax more than once on the same person to the same amount during the same period.**

## 4. Double Taxation effects

- Increasing the tax burden on the funder.
- Disrupting economic activities.
- In general, double taxation becomes an obstacle in the way of free international trading.

## 5. Double taxation solutions

**Exemption System**

**Deduction System**

**Foreign Tax Credit System**

## **6. The Kuwaiti draft of the Avoidance of Double Taxation Agreement**

- **Organization for Economic Co-operation and Development draft.**

- **United Nations draft.**

- **Accumulated experiences resulting from the Tax and Investment department in this field.**

# 7. The Avoidance of Double Taxation Agreement

## First section

### About the definition

- From the preamble to Article 4

## Second section

### About the income resulting from the legal persons

- From Article 5 - 13

## Third section

### About income resulting from individuals

- From Article 14 - 21

## Forth section

### About the procedures for implementation of the Agreement

- From Article 22 - 26

## Fifth section

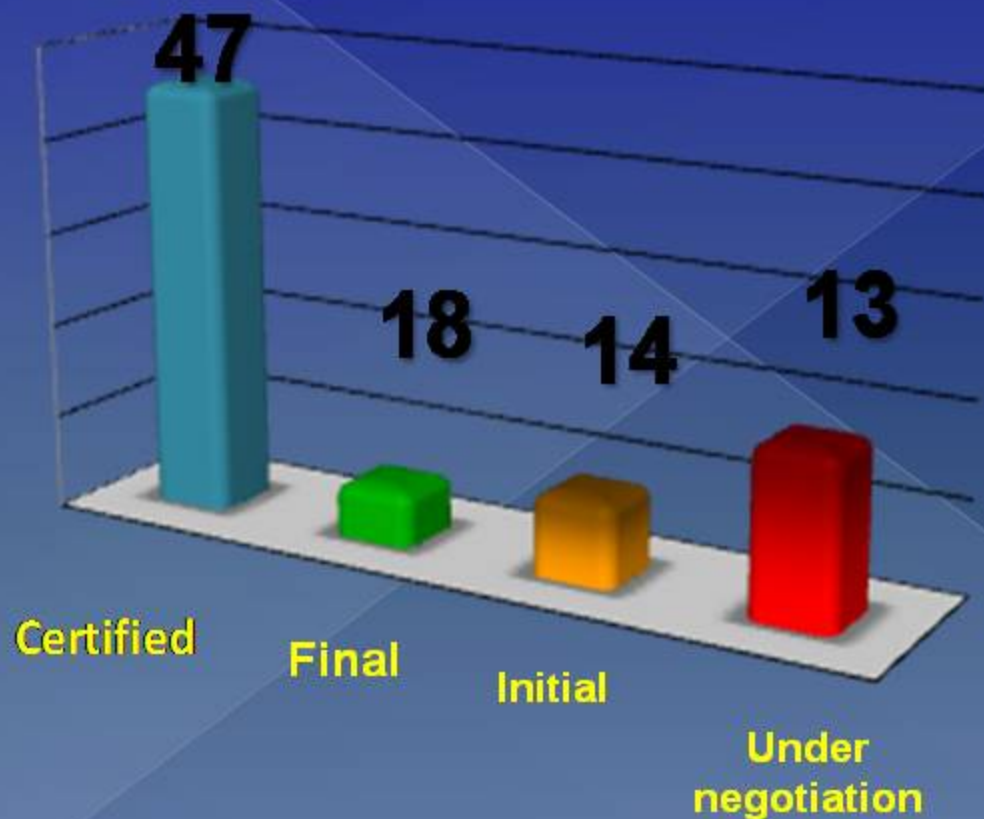
### About the duration and entry into force

- From Article 29 - 30

## 8. The advantages of the DTA

- **Developing the economic and commercial relationship.**
- **Encouraging the investments and transferring the capital.**
- **Remove the financial obstacles that may restrict the flowing of capital.**
- **Increase the financial returns size for the state of Kuwait.**
- **Diversification of the income sources and increasing the investment effectiveness.**

# The DTA Agreements between Kuwait and other Countries



# The certified DTA between Kuwait and other countries

<b>Austria</b>	<b>Germany</b>	<b>France</b>	<b>Italy</b>	<b>Britain</b>
<b>Egypt</b>	<b>Russia</b>	<b>Canada</b>	<b>China</b>	<b>Switzerland</b>
<b>Lebanon</b>	<b>Belgium</b>	<b>Ukraine</b>	<b>Serbia</b>	<b>Netherland</b>
<b>Malaysia</b>	<b>Hungary</b>	<b>Romania</b>	<b>India</b>	<b>Tunisia</b>
<b>Czech</b>	<b>Singapore</b>	<b>South Africa</b>	<b>South Korea</b>	<b>Turkey</b>
<b>Bulgaria</b>	<b>Croatia</b>	<b>Indonesia</b>	<b>Uzbekistan</b>	<b>Cyprus</b>
<b>Belarus</b>	<b>Greece</b>	<b>Jordan</b>	<b>Syria</b>	<b>Morocco</b>
<b>Mauritius</b>	<b>Venezuela</b>	<b>Malta</b>	<b>Pakistan</b>	<b>Thailand</b>
<b>Ethiopia</b>	<b>Poland</b>	<b>Mongolia</b>	<b>Sudan</b>	<b>Sir lanka</b>
				<b>Zimbabwe</b>

# DTA Agreements between Kuwait and other Countries finally signed

**Laos**

**Seychelles**

**South Korea**  
(Protocol amendment)

**Senegal**

**Yemen**

**Iran**

**Spain**

**Algiers**

**Luxemburg**

**Brunei**

**Benin**

**Azerbaijan**

**Latvia**

**Armenia**

**Philippines**

**Georgia**

**Vietnam**

**Serbia**

# Initial DTA Agreements between Kuwait and other countries

Slovakia

Denmark

Hong Kong

Moldova

Macedonia

Kazakhstan

Portugal

Mexico

Japan

Slovenia

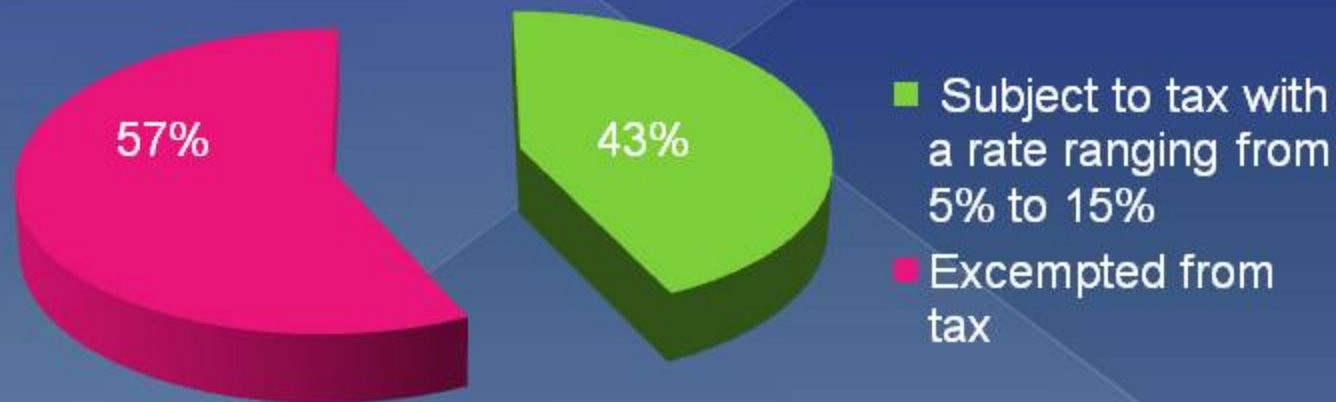
Mauritania

Albania

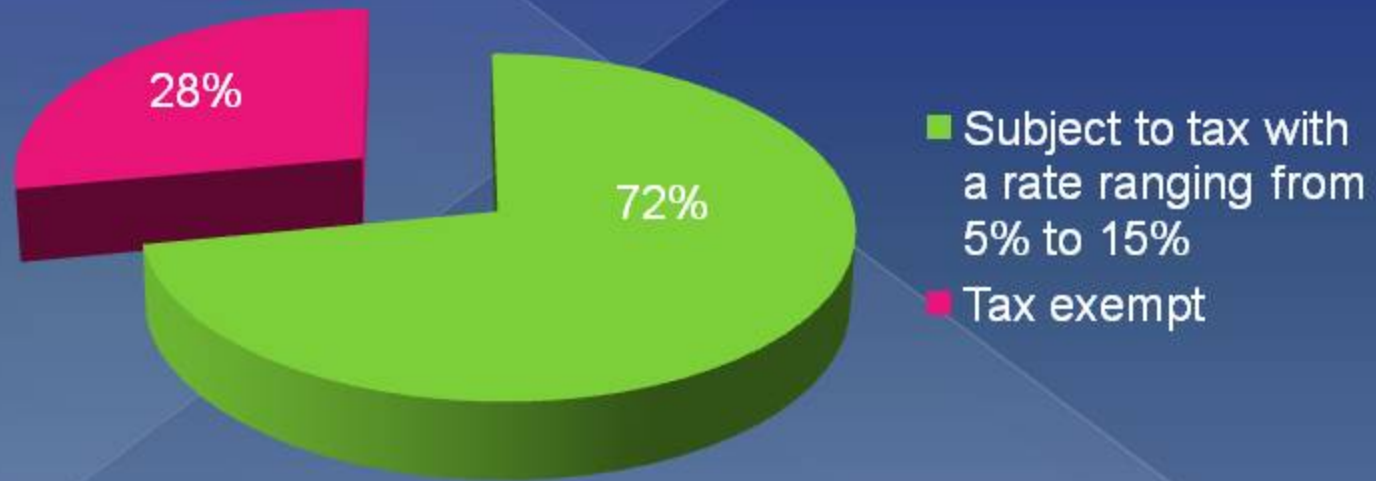
Ireland

Lithuania

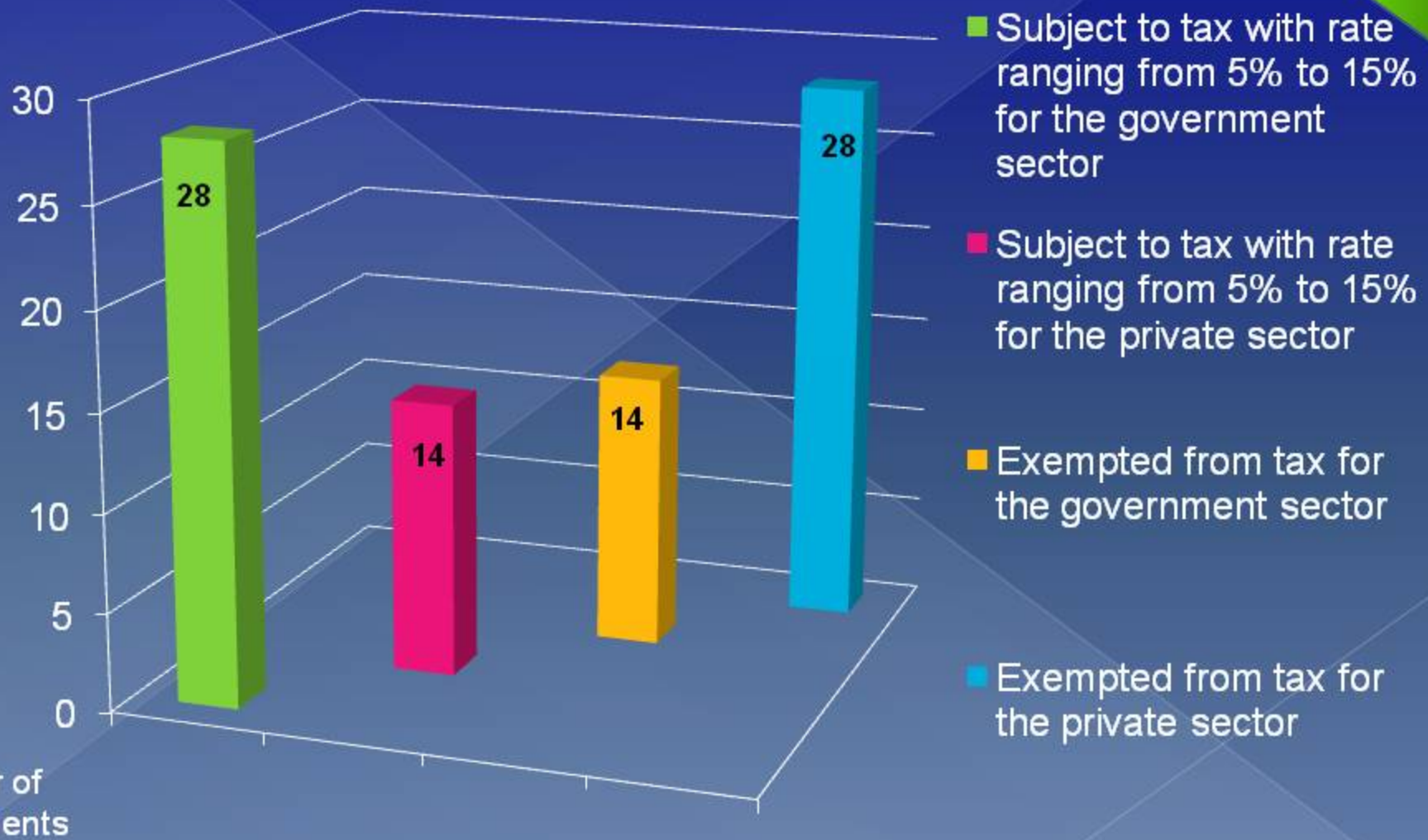
# The advantages of the DTA on dividends for the investment institutions of the government sector



# The advantages of the DTA on dividends for investment institutions of the private sector



# The advantages of the DTA on interest



# The advantages of the DTA on royalties

