SAP FIN Localized Solution for Kuwait Private Sector
SAP FIN Localized Solution for Kuwait Private

Kuwait Country
Version

Corporate Income Tax Declaration

Income Tax Enclosures:
- Fixed Asset Statement
- Stock Statement at Closing Inventory

Withholding Tax On Dividends

Subcontractors Retention
SAP FIN Localized Solution for Kuwait Private

- **Income Tax and Enclosures**
  - Income Tax Declaration
  - Fixed Asset Statement Enclosures
  - Stock Statement at Closing Inventory Enclosures

- **Zakat and Other Taxes for Local Companies**
  - Zakat
  - National Labor Support Tax (NLST)
  - Kuwait Foundation for the Advancement of Science (KFAS)

- **Withholding Tax**

- **Subcontractors Retention**

- **Company Certificates Management**

- **Bank Reconciliation Process**

Solution documentation link
**Country Information**

### Basic Information
- **Country Code:** KW
- **Country Language:** Arabic (AR)
- **Language Key:** English (EN)
- **Currency:** Kuwaiti Dinar (KWD)
- **Exchange Rate (USD):** (0.29963)

### Technical Information
- **Calendar:** Gregorian
- **Date Format:** DD.MM.YYYY
- **Financial year:** 1st Jan. to 31st Dec.
- **Decimal Format:** x,xxx,xxx.xxx
- **Value Counts:** Thousands and Millions
- **Chart of Accounts:** CAKW
- **Financial Reporting system:** IFRS
- **Component:** XX-CSC-KW-FI
# Country Information

## Chart of Accounts - CAKW

<table>
<thead>
<tr>
<th>G/L Acct</th>
<th>ChAc</th>
<th>Long Text</th>
</tr>
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<tbody>
<tr>
<td>1000</td>
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<td>Real estate and similar rights</td>
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</tr>
<tr>
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<td>Accumulated Depreciation - Buildings</td>
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<td>CAKW</td>
<td>Buildings valuation</td>
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<tr>
<td>3000</td>
<td>CAKW</td>
<td>Pre-Fabricated Buildings</td>
</tr>
<tr>
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<td>CAKW</td>
<td>Accumulated Depreciation - Prefabricated Buildings</td>
</tr>
<tr>
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<td>CAKW</td>
<td>Pre-Fabricated Buildings Valuation</td>
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<tr>
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<td>Building Improvements</td>
</tr>
<tr>
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<td>CAKW</td>
<td>Accumulated depreciation - building improvements</td>
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<td>CAKW</td>
<td>Building improvements valuation</td>
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<tr>
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<td>CAKW</td>
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<td>Low-Value Assets (Machinery)</td>
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<td>Acc. Depreciation - Low-Value Assets (Machinery)</td>
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<td>Low value assets valuation (machinery)</td>
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<td>CAKW</td>
<td>Accumulated Depreciation - Trucks and Trailers</td>
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<td>CAKW</td>
<td>Buses</td>
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<td>Furniture and Office Equipment</td>
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<td>Accumulated depreciation - Furniture &amp; Office EQUI</td>
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## Chart of Accounts - CAKW (Arabic)

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<thead>
<tr>
<th>G/L Acct</th>
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<th>Description</th>
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</table>

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Income Tax Declaration
Income Tax Declaration Report

Overview

**Rule: Decree No. 3 of 1955 as amended by Law No. 2 of 2008**

- Foreign Companies engaged in commercial activities in the country, either through direct ownership or as shareholders or partners of Kuwaiti and GCC companies are subject to income tax.

- Kuwaiti-registered companies wholly owned by Kuwaitis and companies incorporated in Gulf Cooperation Council (GCC) countries that are wholly owned by GCC citizens are not subject to income tax.

- The tax rate is a flat 15% of taxable income

**Report: Income Tax Declaration**

You can use this report to generate an annual declaration of taxable income in accordance with local legal requirements.

The tax declaration is a statement presenting the taxable income of the company.

*Transaction code: KW_TAXDECL*
Income Tax Declaration Report Configuration

- Setup of Financial Statement Version (FSV)
- Define Form Structure Key (FSK)
- Company Status Codes
- Operational Status Codes
- Income Tax Rates
- Company Code Extension
- Line texts for PDF Tax Declaration Output
- Assignment of PDF forms to the report
### Income Tax Declaration Report

#### Configuration

**Display Financial Statement Version**

- **BAK** Tax Declaration for Kuwait
  - **100** Income
    - **BIN** Business Income
    - **OIN** Other Income
    - **CFG** Capital Gains
  - **DEC** Deduction
    - **ACE** Allowable Cost & Expenses
    - **DEF** Depreciation
    - **HOF** Head Office Expenses
    - **DCE** Disallowed Cost & Expenses
  - **LOS** Losses Carried Forward
    - YAKW00000099300 - 00000099300
    - X X Provisions for imminent losses and pending transt.

**General specification**
- Maint. language
- Item keys auto.
- Chart of Accounts
- Group Account Num
- Fun.area perm.

**Fin. Statement Notes**
- Not assigned
- P+L result
- Not result: loss
- Net result: profit
- Liabilities and Equity
- Assets
For each line type F (FSV Node Value) a corresponding FSV node must be assigned:

**Display View "Assign FSV Nodes": Overview**

- **FS Item**: Business Income
- **Text**: Business Income - node FSV
- **Sign**: No
- **Factor**: 1,0000
Income Tax Declaration Report Configuration

**Company Status Codes**

Financial Accounting (New) under General Ledger Accounting (New) - Periodic Processing - Report - Statutory Reporting: Kuwait - Financial Statements - Specify Company Status Codes

**Operational Status Codes**

Financial Accounting (New) under General Ledger Accounting (New) - Periodic Processing - Report - Statutory Reporting: Kuwait - Financial Statements - Specify Operational Status Codes

**Change View "Specify Company Status Codes": Overview**

<table>
<thead>
<tr>
<th>Co. Status</th>
<th>Taxable Company Status Text</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Local Kuwaiti Co.</td>
</tr>
<tr>
<td>2</td>
<td>Partnership/WLL/KSC of Kuwaiti and GCC Co.</td>
</tr>
<tr>
<td>3</td>
<td>Partnership/WLL/KSC of Kuwaiti and Non-GCC foreign Co.</td>
</tr>
<tr>
<td>4</td>
<td>Foreign Company</td>
</tr>
<tr>
<td>5</td>
<td>Partnership/WLL/KSC of GCC Co. with Foreign Co.</td>
</tr>
<tr>
<td>6</td>
<td>Foreign Registered partnerships</td>
</tr>
<tr>
<td>7</td>
<td>Local Kuwaiti Co. with Neutral Zone Op.</td>
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**Change View "Specify Operational Status Codes": Overview**

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<tbody>
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<td>Local - Operating in Kuwait</td>
</tr>
<tr>
<td>N</td>
<td>Neutral - Operating in neutral zone</td>
</tr>
</tbody>
</table>
Income Tax Declaration Report Configuration

**Income Tax Rates**

**Change View "Specify Income Tax Rates": Overview**

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<th>Valid from</th>
<th>Income in Excess</th>
<th>Cray</th>
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<th>M. Relif</th>
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<td>0,000 KWD</td>
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<tr>
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**Company Code Extension**

**Change View "Specify Company Code Extension": Overview**

Specify Company Code Extension

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<td>1000</td>
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<td>1030</td>
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<td>3</td>
<td>Partnership/WLL/KSC of Kuwaiti and Non-GCC fore</td>
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</tbody>
</table>
Income Tax Declaration Report Configuration

**Line texts for PDF Tax Declaration Output**

- Financial Accounting (New)
  - Financial Accounting Global Settings (New)
  - General Ledger Accounting (New)
    - Master Data
    - Business Transactions
    - Planning
    - Statistical Key Figures

**Display View "Specify Line Texts for PDF Tax Declaration Output": Overview**

<table>
<thead>
<tr>
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<th>Line No.</th>
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<tr>
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<td>BAKW</td>
<td>45</td>
<td>EN</td>
<td></td>
<td>Incomings accrued from carrying on business of</td>
</tr>
<tr>
<td>KWO1</td>
<td>BAKW</td>
<td>50</td>
<td>EN</td>
<td></td>
<td>Less:</td>
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<td>KWO1</td>
<td>BAKW</td>
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<td>Costs and expenses incurred as a result of car</td>
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<td>Depreciation computed in accordance with the</td>
</tr>
<tr>
<td>KWO1</td>
<td>BAKW</td>
<td>80</td>
<td>EN</td>
<td></td>
<td>Head office expenses in accordance with Kuwa</td>
</tr>
<tr>
<td>KWO1</td>
<td>BAKW</td>
<td>90</td>
<td>EN</td>
<td></td>
<td>Loss brought forward as per tax declaration of</td>
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<td>KWO1</td>
<td>BAKW</td>
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<td>EN</td>
<td></td>
<td>Net profit during the taxable period</td>
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<td>Profit from Local operation</td>
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<td>EN</td>
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<td>Tax payable at 15%</td>
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</table>

**Assignment of PDF forms to the report**

- Financial Accounting (New)
  - Financial Accounting Global Settings (New)
  - General Ledger Accounting (New)
    - Master Data
    - Business Transactions
    - Planning
    - Statistical Reporting
      - Periodic

**Display View "Assign PDF Forms to Reports": Overview**

<table>
<thead>
<tr>
<th>CoCt</th>
<th>Program Name</th>
<th>L</th>
<th>Version</th>
<th>Form Description</th>
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<tr>
<td>KWO1</td>
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<td>AR 2</td>
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<td>Kuwait Tax Declaration form AR</td>
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<td>RPTTINW_TAXDECL</td>
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<td></td>
<td>Kuwait Tax Declaration form EN</td>
</tr>
</tbody>
</table>

- Tax on Sales/Purchases: Pro Rata Corrections
- Withholding Tax: Reporting to Vendor
- Extended Withholding Tax: Reporting
- Foreign Trade Regulations
- Statutory Reporting: Argentina
- Statutory Reporting: Luxembourg
- Statutory Reporting: Mexico
- Statutory Reporting: Brazil
- Statutory Reporting: Chile
- Statutory Reporting: Kuwait

- Assign PDF Forms to Reports
Income Tax Declaration
Income Tax Declaration Report

Process

- Post all necessary financial documents in order to accurately run the report
- Run the Income Tax Declaration report

### Income Tax Declaration (Kuwait)

**TAX DECLARATION FORM FOR THE COMPUTATION OF INCOME TAX**

Name of the company: Kuwait company 1000  
Address: 102 Sheikh Zayed Road, Kuwait City, KW  
For the taxable period from 01 January 2012 to 31 December 2012

Incomings accrued from carrying on business during the above-mentioned taxable period 423,377 KWD

Less:

- Costs and expenses incurred as a result of carrying on business during the taxable period -8,164,202 KWD
- Depreciation computed in accordance with the Decree and amendments thereto -41,359 KWD
- Head office expenses in accordance with Kuwait Income Tax Decree of 1955 and amendments thereto 535 KWD
- Loss brought forward as per tax declaration of year 2011 -8,162,459 KWD

Loss carry forward -8,162,459 KWD

Taxable Income -8,160,994 KWD

I (we), the authorized director in Kuwait for Kuwait company 1000, certify that this declaration, to the best of my knowledge and belief is a true, correct and complete declaration made in good faith for the taxable period from 01 January 2012 to 31 December 2012 pursuant to the Kuwait Income Tax Decree No. 3 of 1955 and amendments thereto.

Place:

Date:

Signature
Fixed Asset Depreciation
Fixed Asset Depreciation Report

Overview

- You use this report to create a statement showing the depreciation of your fixed assets that can be submitted as a supplement to your tax declaration in Kuwait.

- According to the requirement for Kuwait Private Sector companies, it is required to generate an annual report for Fixed Assets. The report shows the data for previous year and current year from Asset accounting.

- Report also contains the Cost on Purchase and other costs levied on Assets during the two years.

- The values are reported as per asset categories and not per single assets.

Transaction code: KW_FA_STAT
Fixed Asset Depreciation
Fixed Asset Depreciation Report Configuration

- Assign and maintain the evaluation groups
- Assign Asset Categories to Form Columns
- Assign PDF Forms to reports
- Implementation of SAP Note 1751706
Fixed Asset Depreciation Report

Configuration

- Assign and maintain the evaluation groups
- Assign Asset Categories to Form Columns

Transaction OAVA

Financial Accounting (New) > General ledger Accounting (New) > Periodic Processing > Statutory Reporting: Kuwait - > Financial statements => Assign Asset Categories to Form Columns -
Fixed Asset Depreciation Report Configuration

Assign PDF Forms to reports

Implementation of SAP Note 1751706

Display View "Assign PDF Forms to Reports": Overview

Assign PDF Forms to Reports

1751706 - Error in data transfer from an asset standard report

Symptom

From another application (such as reporting for insurance providers), you determine the asset values from asset accounting using an standard asset report (such as RAREST_ALU01) for further processing; here, the system issues incorrect results or program termination.

Other Terms

RAREST_ALU01, RAREST_ALU02, RAREST_ALU03: reporting: ALV, ABAP List Viewer; SAP List Viewer; GL, ED, SF, SERVICES, XI, p_table

Reason and Prerequisites

SAP note 1486498 changed the interface for issuing to the list viewer (ALV) for the standard asset reports RAREST_ALU01, RAREST_ALU02, and RAREST_ALU03.

Solution

Implement the corrections from this SAP note.

Depending on whether or not you set the transfer parameter p_table, the program changes cause the system to provide the following data from asset accounting:

- Internal parameter p_table is not set.
  - Issue in ALV List (List Viewer).
  - Variable table content per SAP note 1486498 sent to list viewer (ALV List).
  - Internal parameter p_table is set.
    - If the parameter is set, only the report selection "list assets" is possible.
Fixed Asset Depreciation
Fixed Asset Depreciation Report
Process

[Diagram showing the process flow of fixed asset depreciation report]

- Master Data - Assets
- Maintain other master data (Depreciation Key)
- Fixed Asset Statement
- Depreciate posting run
- Transaction on Assets
Fixed Asset Depreciation Report
Process
Fixed Asset Depreciation Report

Process

Enter Asset Transaction: Acquis. w/Autom. Offsetting Entry

Company Code: 1000

Existing asset: 80006

Description: CSample Asset 1

Asset Class: 

Cost Center: 

Document Date: 01.01.2013

Posting Date: 16.08.2013

Asset Value Date: 01.01.2013

Amount posted: 1,200,000.00

Quantity: 

Text: 

External Asset Acquisition Transaction ABZON

Master Data - Assets

Maintain other master data (Depreciation Key)

Fixed Asset Statement

Depreciate posting run

Transaction on Assets
Fixed Asset Depreciation Report

Process

Kyauk company 1000

Notes to Financial Statements
December 31, 2013
(All Amounts are in Kuwaiti Dinars)

Fixed Assets

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
</tr>
<tr>
<td>At Dec 31, 2012</td>
<td>1,420,050</td>
</tr>
<tr>
<td>Additions</td>
<td>24,000</td>
</tr>
<tr>
<td>Disposals</td>
<td>(7,500)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,430,550</td>
</tr>
</tbody>
</table>

**Accumulated Depreciation**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At Dec 31, 2012</td>
<td>705,463</td>
</tr>
<tr>
<td>Charge of the Year</td>
<td>36,336</td>
</tr>
<tr>
<td>Relating to Disposals</td>
<td>000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>741,799</td>
</tr>
</tbody>
</table>

**Net Book Value**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At Dec 31, 2013</td>
<td>694,750</td>
</tr>
<tr>
<td>At Dec 31, 2012</td>
<td>714,587</td>
</tr>
</tbody>
</table>

Notes:

Depreciation charged for the year was allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost</td>
<td>2,000</td>
<td>100</td>
</tr>
<tr>
<td>Other</td>
<td>300</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,300</td>
<td>250</td>
</tr>
</tbody>
</table>
Stock Statement for Closing Inventory
Stock Statement for Closing Inventory
Overview

- You use this report to calculate a list of valuated stock on hand at the end of a period.
- The report can calculate correct material values only for previous periods in which the document summarization settings were disabled; and if summarization is enabled, warning message is raised.
- Recommendation: Run the report when any material related documents are not being posted.

Transaction code: KW_STOCK
Stock Statement for Closing Inventory
Stock Statement for Closing Inventory Configuration

Assign PDF Forms to Reports

Display View "Assign PDF Forms to Reports": Overview

Assign PDF Forms to Reports

<table>
<thead>
<tr>
<th>CoCd</th>
<th>Program Name</th>
<th>L</th>
<th>Version</th>
<th>Form Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>KW01</td>
<td>RFIKW_AA_DEPR</td>
<td>AR</td>
<td></td>
<td>Kuwait Fixed Asset Statement Form AR</td>
</tr>
<tr>
<td>KW01</td>
<td>RFIKW_AA_DEPR</td>
<td>EN</td>
<td></td>
<td>Kuwait Fixed Asset Statement Form EN</td>
</tr>
<tr>
<td>KW01</td>
<td>RFIKW_STOCK</td>
<td>AR</td>
<td>25/5450/7</td>
<td>Kuwait Stock statement form - from 07/2013</td>
</tr>
<tr>
<td>KW01</td>
<td>RFIKW_STOCK</td>
<td>EN</td>
<td>25/5450/7</td>
<td>Kuwait Stock statement form - from 07/2013</td>
</tr>
</tbody>
</table>

- Tax on Sales/Purchases: Adjustment
- Tax on Sales/Purchases: Pro Rata Corrections
- Withholding Tax: Reporting to Vendor
- Extended Withholding Tax: Reporting
- Foreign Trade Regulations
- Statutory Reporting: Argentina
- Statutory Reporting: Luxembourg
- Statutory Reporting: Mexico
- Statutory Reporting: Brazil
- Statutory Reporting: Chile
- Statutory Reporting: Kuwait

Assign PDF Forms to Reports
Stock Statement for Closing Inventory
Stock Statement for Closing Inventory Process

**Stock Statements at Closing Inventory (Kuwait)**

**General Selection**
- Company Code: 1000

**Report Selection**
- Fiscal Year
- Report End Date

**Output Type**
- ALV Display
- PDF
- Printer

**Other Parameters**
- ALV display: All materials
- Materials with an...
- PDF output: Form Printing Language
- Form Version

**Kuwait company 1000**
Sheikh Zayed Road 102, Kuwait City 118353, KW

**Closing Stock Statement as on 30.09.2013**
(All amounts are in Kuwaiti Dinars)

<table>
<thead>
<tr>
<th>Material Description</th>
<th>Opening Stock</th>
<th>Inward</th>
<th>Outward</th>
<th>Closing Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
<td>Value</td>
<td>Quantity</td>
<td>Value</td>
</tr>
<tr>
<td>FIN1000-G1.MTO-VC.PD,Golden,Foiled</td>
<td>30</td>
<td>698</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FIN1000-G2.MTO-VC.PD,Golden,Foiled</td>
<td>32</td>
<td>597</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trading Good.PD,Reg.Trading</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>81,000</td>
</tr>
<tr>
<td>Trading Good.PD,Bought-In</td>
<td>1,000</td>
<td>13,500</td>
<td>20</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,795</strong></td>
<td><strong>83,000</strong></td>
<td><strong>40,500</strong></td>
<td><strong>57,295</strong></td>
</tr>
</tbody>
</table>
Zakat and Other Taxes for Local Companies
Zakat and Other Taxes for Local Companies
Overview

Zakat
Rules and Executive Regulations of Law No. 46 of 2006 Concerning Zakat & Public and Closed Shareholding Companies Contribution in the State Budget, Kuwaiti public and closed Shareholding Companies (KSC’s) excluding government companies are subject to Zakat on the basis of 1% of annual net profit before Board of Director’s remuneration, contribution to Kuwait Foundation for Advancement of Sciences, donations, grants, Zakat and NLST.

National Labor Support Tax (NLST)
As per Law No. 19 of 2000, Kuwaiti shareholding companies listed on the Kuwait Stock Exchange (KSE) are required to pay an employment tax of 2.5% of the net profits per financial statements (before payments for KFAS/NLST/Directors fees) less cash dividends from companies listed on KSE and profit share from companies listed on KSE, whether or not such annual profits are distributed to shareholders.

Kuwait Foundation for the Advancement of Science (KFAS)
Kuwaiti Shareholding Companies (KSCs) listed and closed are required to pay 1% of their profits after transfer to the statutory reserve and the offset of losses brought forwards to the Kuwait Foundation for the Advancement of Sciences (KFAS) to support scientific progress.

Report: Zakat and Other Taxes for Local Companies
You use this report to create the declarations for these local taxes.

Transaction code: KW_TAXLOCL
Zakat and Other Taxes for Local Companies
Zakat and Other Taxes for Local Companies Configuration

- Setup of Financial Statement Version (FSV)
- Setup Additional Data for Company Code
- Define Form Structure Key (FSK)
- Assignment of PDF forms to the report
Zakat, NLTS and KFAS have very similar structure so you can define one common Financial Statement Version (FSV).
Zakat and Other Taxes for Local Companies
Configuration

A separate Form Structure Key (FSK) shall be defined for each of the specific declarations (Zakat, NLTS or KFAS).

For each line of type C (Calculate from other FSK nodes) a corresponding FSK sub-nodes must be assigned.
Zakat and Other Taxes for Local Companies Configuration

Setup Additional Data for Company Code


Two new fields required for the official Declaration Form header:

- Enlistment date (in Kuwait Stock Exchange)
- Entry No. in Kuwait Stock Exchange

<table>
<thead>
<tr>
<th>Name</th>
<th>Parameter value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail Tax Entry with MIRO</td>
<td></td>
</tr>
<tr>
<td>Enlistment Date</td>
<td>1.1.2012</td>
</tr>
<tr>
<td>Entry No. in KW Stock Exchange</td>
<td>1234567890123456</td>
</tr>
<tr>
<td>Tax Rate for Country Currency</td>
<td></td>
</tr>
<tr>
<td>Plants Abroad Not Required</td>
<td></td>
</tr>
<tr>
<td>Tax Without Rounding Tolerance</td>
<td></td>
</tr>
<tr>
<td>LC Tax with Translation Date</td>
<td></td>
</tr>
<tr>
<td>Tax Entry for Ex. Rate Diff.</td>
<td></td>
</tr>
<tr>
<td>Generate KDT Item when Paying</td>
<td></td>
</tr>
<tr>
<td>Ledger Group for Tax Posting</td>
<td></td>
</tr>
<tr>
<td>SAPERS</td>
<td></td>
</tr>
<tr>
<td>ITSR Clerk</td>
<td></td>
</tr>
<tr>
<td>Cash payment order ID number</td>
<td></td>
</tr>
<tr>
<td>INTRASTAT ID number</td>
<td></td>
</tr>
<tr>
<td>INTRASTAT additional number</td>
<td>1000</td>
</tr>
<tr>
<td>EXTRASTAT company number</td>
<td></td>
</tr>
<tr>
<td>EXTRASTAT material number</td>
<td></td>
</tr>
<tr>
<td>Authentication code CUSDEC</td>
<td></td>
</tr>
<tr>
<td>Reprtng prty name (INTRASTAT)</td>
<td></td>
</tr>
</tbody>
</table>
Zakat and Other Taxes for Local Companies

Configuration

Assignment of PDF forms to the report

- Financial Accounting (New)
  - Financial Accounting Global Settings (New)
  - General Ledger Accounting (New)
    - Master Data
    - Business Transactions
    - Planning
    - Statistical Key Figures
    - Periodic Processing
      - Check/Count
      - Valuate
      - Reclassify
      - Allocation
      - Rollup
      - Document Report

- Electronic Communication with Au
  - Sales/Purchases Tax Returns
  - Tax on Sales/Purchases Adjustm
  - Tax on Sales/Purchases: Pro Rata
  - Withholding Tax: Reporting to Ver
  - Extended Withholding Tax: Report
  - Foreign Trade Regulations
  - Statutory Reporting: Argentina
  - Statutory Reporting: Luxembourg
  - Statutory Reporting: Mexico
  - Statutory Reporting: Brazil
  - Statutory Reporting: Chile
  - Statutory Reporting: Kuwait

- Assign PDF Forms to Reports

Change View "Assign PDF Forms to Reports": Overview

Assign PDF Forms to Reports

<table>
<thead>
<tr>
<th>CoCd</th>
<th>Program Name</th>
<th>L</th>
<th>Version</th>
<th>Form Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 03</td>
<td>Kuwait NLST Form (Arabic) 01</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 04</td>
<td>Kuwait NLST Form (Arabic) 04</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 05</td>
<td>Kuwait NLST Form (Arabic) 05</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 06</td>
<td>Kuwait NLST Form (Arabic) 06</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 07</td>
<td>Kuwait NLST Form (Arabic) 07</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 08</td>
<td>Kuwait NLST Form (Arabic) with shadowing</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR NLST</td>
<td>AR 09</td>
<td>Kuwait ZAKAT Form (Arabic)</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR ZAKAT</td>
<td>AR 05</td>
<td>Kuwait ZAKAT Form (Arabic)</td>
</tr>
<tr>
<td>KW01</td>
<td>RFFIKW_TAXLOCL</td>
<td>AR ZAKAT</td>
<td>AR 06</td>
<td>Kuwait ZAKAT Form (Arabic)</td>
</tr>
</tbody>
</table>
Zakat and Other Taxes for Local Process
Zakat and Other Taxes for Local Companies

Process

- Post all necessary financial documents in order to accurately run the report

- Run the report RPFIKW_TAXLOCL - transaction KW_TAXLOCL

National Labor Support Tax Declaration for

Company Code: KW01 - Kuwait company
Form Structure Key: NLST
Financial Statement Version: ZKWN
Enlistment Date: 01.01.2012
Entry No. in Kuwait Stock Exchange: 1234567890123456
Fiscal Year from: 01.01.2014 to 31.12.2014

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Line Type</th>
<th>Line Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>F</td>
<td>Annual revenues</td>
</tr>
<tr>
<td>20</td>
<td>F</td>
<td>Less: Allowed expenses and deduction</td>
</tr>
<tr>
<td>30</td>
<td>F</td>
<td>Less: Minority Interests</td>
</tr>
<tr>
<td>40</td>
<td>C</td>
<td>Net annual profits recognized in the income statement</td>
</tr>
<tr>
<td>50</td>
<td>V</td>
<td>Add: any income added to the carried forward profits not previously charged under the same law</td>
</tr>
<tr>
<td>60</td>
<td>C</td>
<td>Net profits before avoidance of double taxation</td>
</tr>
<tr>
<td>65</td>
<td>B</td>
<td>Disallowed:</td>
</tr>
<tr>
<td>70</td>
<td>V</td>
<td>Cash dividends received directly by the company from Kuwaiti companies previously charged under the same law</td>
</tr>
<tr>
<td>80</td>
<td>V</td>
<td>Share of profits received directly by the company from associates or unconsolidated subsidiaries previously charged under the same law</td>
</tr>
<tr>
<td>90</td>
<td>V</td>
<td>Deductions on carried forward profits previously charged under the same law</td>
</tr>
<tr>
<td>100</td>
<td>C</td>
<td>Net profits subject to law No. 19 of 2000</td>
</tr>
<tr>
<td>110</td>
<td>C</td>
<td>Amount due @ 2.5%</td>
</tr>
<tr>
<td>120</td>
<td>V</td>
<td>Less: Amounts paid (as per the declaration) on the company share in the profits of directly consolidated subsidiaries</td>
</tr>
<tr>
<td>130</td>
<td>C</td>
<td>Amount Due</td>
</tr>
</tbody>
</table>

Company authorized person opinion and approval
Auditors: ..................................................  Registry No. and Class: ..................................  Signature: ..................................................

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Customer
OVERVIEW

Withholding Tax
Withholding Tax Overview

Rule: Executive Rule No.(20), Article No. 46 of the executive regulations

15% withholding tax on dividends earned by entities investing in securities listed in Kuwait Stock Exchange (KSE).

As per the legislation. Kuwait based investment companies or banks who manage or act as custodians for portfolios or funds must deduct (withhold) corporate tax of 15% on the profits and distributions on behalf of the foreign investors and deposit the tax within 30 days from the date of deduction of tax together

Dividend receiving entities do not include dividend income in their tax declaration, because the tax on that income is already deposited to tax department by dividend withholding companies.

Report: Withholding Tax Settlement

You use this report to generate the withholding tax settlement form. You can run the report at any time, as required by your dividend payment practices

Transaction code: KW_DIVIDEND
CONFIGURATION

Withholding Tax
Withholding Tax Settlements
Configuration

Specify an entry for Kuwait
Define a new WHT Type
Define a new WHT Code
Assign the defined tax types
Specify the WHT type and assign the relevant tax code
Activate extended WHT tax
Specify the accounts
Activate dividend WHT liability – Vendor Master
Assign PDF Forms to Reports
Withholding Tax Settlements Configuration

Specify an entry for Kuwait

Define a new WHT type
Withholding Tax Settlements Configuration

Define a new WHT code

Assign the defined tax types
Withholding Tax Settlements Configuration

Specify the WHT type and assign the relevant tax code

Activate extended WHT


Change View "Specify Tax Codes and Tax Types for Dividend Withholding"

Specify Tax Codes and Tax Types for Dividend Withholding Tax

Change View "Enhanced withholding tax functions active": Overview

Withholding Tax.
Withholding Tax Settlements Configuration

Specify the accounts

Activate dividend WHT liability – Vendor Master

Chart of Accounts
- CA01
  Chart of accounts - Kuwait
- W12
  Extended withholding tax

Account assignment

Tax on Sales/Purchases
- Withholding Tax
  - Withholding Tax
  - Extended Withholding Tax
- Basic Settings
- Calculation
- Company Code
- Posting
  - Accounts for Withholding Tax
    Define Accounts for Withholding Tax to be Paid Over
Withholding Tax Settlements Configuration

Assign PDF Forms to Reports

Financial Accounting (New) under General Ledger Accounting (New) -> Periodic Processing -> Report -> Statutory Reporting: Kuwait -> Assign PDF Forms to Reports:
Withholding Tax
Withholding Tax Settlements
Process

<table>
<thead>
<tr>
<th>While providing for dividend, accounting entry is booked as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings account</td>
</tr>
<tr>
<td>Vendor A/c (GL A/c)</td>
</tr>
<tr>
<td>15% withholding dividend payable to tax department</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>While payment of dividend, accounting entry is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor A/c</td>
</tr>
<tr>
<td>Cash/Bank Account</td>
</tr>
</tbody>
</table>
Withholding Tax Settlements Process

**Tax Department**

Date: Jul 31, 2013

**Form of transfer of tax due by funds, investment portfolios and direct investment**

We enclose you cheque no. 12345 amounting to KWD 150 only, drawn on bank HSBC UAE branch Abu Dhabi.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the corporate body</th>
<th>Address inside and outside Kuwait</th>
<th>Nationality</th>
<th>Date of dividend</th>
<th>Share of foreign corporate body</th>
<th>Profit values</th>
<th>Tax due</th>
<th>Note</th>
</tr>
</thead>
</table>

Name of the corporate body which made the dividend: Kuwait company 1000

Address of the corporate body filing the information: 163 Sheik Zayed Road, Kuwait City, KW

Stamps of the corporate body: [Signature]

Authorized signature: [Signature]
OVERVIEW

Subcontractors Retention
Subcontractors Retention
Overview

**Rule: Under Article 37 of the Bylaws of Law No.2 and Executive rules 5 and 6 of 2010,**

All government bodies and private companies are required to Retain 5% of the payment due to the contractors or subcontractors, payment related to a contract or subcontract or services until they provide valid tax clearance certificates issued by the DIT.

This retention amount needs to be calculated at the time of invoicing and it should be possible to pay this retention amount at a later point of time.

**Report: Statement of Subcontract Payment**

This report displays the information related to the retention using the Statement of Subcontractors’ Payment report for Kuwait.

*Transaction code: KW_SUBST*
Subcontractors Retention
Overview

MM Retention

- Contract / Purchase Order/
- Goods receipt
- Invoice
- Statement of Subcontractors – MM Retention

FI Retention – Payment Terms

- Vendor Invoice - Payment Term
- Statement of Subcontractors – FI Retention

FI Retention – Special G/L Indicator

- Vendor Invoice - Special G/L Indicator
- Statement of Subcontractors – FI Retention
Subcontractors Retention
Subcontractors Retention Configuration

**MM Retention**
- Define a Special G/L indicator for each company code

**FI Retention**
- Define a new payment block
- Create a new installment payment term to be assigned to subcontractors
- Create a new payment term to be assigned to the retention line item
- Define the terms of payment for installment payments
- Assign the payment term to the relevant vendors
- Create a special G/L indicator for account type K (Vendor)
Subcontractors Retention

MM Configuration

Define a Special G/L indicator for each company code.
Subcontractors Retention
FI Configuration

Define a new payment block

New payment installment

FI Retention

- Define a new payment block
- Create a new payment installment payment term to be assigned to subcontractors
Subcontractors Retention
FI Configuration

- Create a new payment term to be assigned to the retention line item
- Define the terms of payment for installment payments
- Assign the payment term to the relevant vendors
Subcontractors Retention
FI Configuration

T. code: FBKP

New special G/L indicator

Create a special G/L indicator for account type K (Vendor)
Subcontractors Retention
Subcontractors Retention
MM Process
Subcontractors Retention
FI Process – payment term

Vendor Invoice - Payment Term
Statement of Subcontractors – FI Retention

Enter Vendor Invoice: Company Code 1000

Display Document: Data Entry View

Data Entry View
Document Number: 1900000055
Company Code: 1000
Fiscal Year: 2014
Document Date: 29.04.2014
Posting Date: 29.04.2014
Period: 4
Reference: Cross-Comp.No.
Currency: KWD
Amount: 200,000
Current: KWD
Description: Interest expense
Account: 220000
Debit: 10...

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Subcontractors Retention
FI Process – GL Indicator

Vendor Invoice- Special G/L indicator

Statement of Subcontractors –FI Retention

Invoice posted using “Complex Posting”
## Statement of Subcontractors Retention Process

**Client:** Kuwait company 1000  
**Date:** Dec 31, 2013  
(All amounts are in Kuwaiti Dinars)

### Statement of Subcontractor Payments

<table>
<thead>
<tr>
<th>Subcontract Name</th>
<th>Contract Number</th>
<th>Contract Value</th>
<th>Amount billed up to 2012</th>
<th>Cost for the year 2013</th>
<th>Total billed to date</th>
<th>Retention to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP KW</td>
<td>050000001</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SAP KW</td>
<td>150000008</td>
<td>10,000</td>
<td>0</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
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Company Certificates Management
Company Certificates Management

Overview

In Kuwait, companies are required to have numerous certificates that are issued by various government ministries. These certificates are typically valid for a limited period and must be renewed periodically. You use the functions in this section to create certificates for your company, to monitor the statuses of your certificates, and to trigger notifications when certificates are approaching expiry or have expired.

Report: Check Certificate Statuses

This report allows you to view the all of the certificates assigned to a company code. You can narrow the results by specifying a specific Certificate ID or range of certificate IDs. You can also run the report only for certificates with a specific Certificate Status. You can use the report to send notifications to a specified user that informs them when a certificate is approaching its expiry date or has expired.

Transaction code: CRCHECK
Processes

Company Certificates Management
Company Certificates Management Processes

- Define Certificate ID and Description
- Assign Certificate to Company code Add Certificate Details
- Add Certificate Details
- Report: Check Certificate Statuses
Company Certificates Management Processes

Define Certificate ID and Description

Assign Certificate to Company code

Transaction CRDEFINE

Transaction CRCOMP
## Company Certificates Management Processes

### Add Certificate Details

### Change View "Create Certificates": Overview

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<th>Valid To</th>
<th>Certificate Description</th>
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<th>Reg. City</th>
<th>Issued By</th>
<th>Cert.Stat.</th>
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Transaction **CRDETAIL**
Company Certificates Management

Processes

Report: Check Certificate Statuses

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Transaction **CRDETAIL**
Bank Reconciliation
Bank Reconciliation
Overview

You use this report to reconcile the difference between the balance shown in the bank statements you receive from your banks, and the corresponding amount shown in your own accounting records at a particular point in time.

Prerequisites:
You have to complete the following settings in Customizing:

- Assigned a form to this report in Assign PDFs to Reports.
- Ensure that the following accounts are entered and properly maintained:
  - Incoming Clearing Accounts
  - Outgoing Clearing Accounts
  - Main Bank Account
  - Accounts for incoming payments that were not included in the statement
  - Accounts for outgoing payments that were not included in the statement
  - Accounts for other amounts not present in the bank statement
- Ensure that the vendor and customer are entered in the system

To enable the bill of exchange functions for Kuwait, see SAP Note 1875128
Bank Reconciliation
Bank Reconciliation Process

After a bank statement has been entered into the system, run this report to gather data for account items and check the account statement for errors. The output will contain the following data:

- Beginning of period / End of period balances and turnovers for the main bank account and related clearing accounts.
- Open items of clearing accounts.
- Unreconciled items.
Bank Reconciliation
Process

FTR03 and FTR04

Run transaction KW_BANKRECONCL

Reversal of Bill of Exchange Transaction

Reversal of Bill of Exchange Transactions

G/L account selection

Company code

General Data

Document Date: 05.01.2015
Posting Date: 05.01.2015

Reverse Postings

Selection Criteria

Other

Bill of Exchange Transactions

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Customer Bank Reconciliation Process

Run transaction KW_BANKRECONCL

Reversal of Bill of Exchange Transaction
Bank Reconciliation

Process

Online Cashed Checks – transaction FCHR

Run transaction KW_BANKRECONCL and select Open Items

Bank Clearing Account – Open Items

Adjust date if required

Save

Cash Checks

Check has been cashed from Checks Payable to Bank Main Account
Bank Reconciliation

Process

Reset Cleared Items – Transaction FBRA

Run transaction KW_BANKRECONCL

Select Cleared Item Doc.

Check Clearing document is ready for Reset

Reset Cleared Item and Save

Run transaction KW_BANKRECONCL

Check moved back from Cleared Items to Open Items
Thank you