

Appendix 1

SUBSIDY REFORM AND TAX IMPLEMENTATION

Country	VAT	Excise Taxes	Other reforms
Bahrain	3–5% (plans for mid-2018, delayed from January 2018)	“Sin tax” on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> Subsidies lifted on petrol (2018): Petrol prices increased by 12–25% (plan currently on hold) Increase in fees for the Electricity and Water Authority, sand mining, and hotel services, as well as cost recovery on municipalities, and new fees on sand extractions (2016) Lifting of housing utilities subsidies approved (2016) New fees on alcohol and tobacco (2016) Meat subsidy cash compensation initiative launched; the amount of the subsidy determined by Ministry of Social Development, based on residents’ eligibility (2015) Meat subsidies lifted; beef & chicken prices doubled (2015)
Kuwait	5% (2018/19)	Legislation proposed to enact excise taxes on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> 10% business tax on companies’ annual profits and on profits greater than 50,000 Kuwaiti dinars (US\$64,500) by other entities (2016) Work-permit fee raised from KWD 2 (US\$6.60) to KWD 50 (US\$165), while renewal fees increased from KWD 2 (US\$6.60) to KWD 10 (US\$33) (2016)
Oman	5% (2019)	Plans to introduce excise taxes (2017)	<ul style="list-style-type: none"> Price cap for M91-grade fuel lifted (2017); low-income Omanis earning less than OMR 600 (US\$1,557) per month to receive a subsidized rate of 180 baisa (US\$0.47) per liter on the first 200 liters of petrol purchased via a cash transfer payout to fuel subsidy cards issued by the National Subsidy System Introduction of 3% income tax for certain small taxpayers (2017) Training tax and municipal tax on rents enacted (2016) Fees for outbound travelers approved (2016) Fuel subsidies cut by OMR 500 million (US\$1.3 million); electricity subsidies cut by OMR 108 million (US\$280 million); food subsidies cut by OMR 3 million (US\$7.79 million); and water subsidies increased by 3% Increase in civil aviation fees and other fees (2015)
Qatar	5% (delayed)	Introduction of “sin tax” on tobacco, energy, and soft drinks delayed (2017)	<ul style="list-style-type: none"> Introduction of pricing mechanism to regularly revise fuel prices (2016); prices increased by 10 QAR per liter in 2017 and by 5 QAR per liter in 2018 Gasoline price increase by 30%, fines for wasting water are doubled, and the costs of postal services increase (2016) State-owned enterprises instructed to reduce programming and lay off expats (2016) Water and electricity tariffs increase (2016)

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Saudi Arabia	5% (2018)	"Sin tax" on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> • Saudi economic cities to charge 1% sales fee, plus transaction fee, and mortgage registration fee (February 2018) • Allocation of monthly stipends to public and military employees to offset the VAT and increase in energy prices (January 2018) • The Citizen's Accounts Programme is established for low- to mid-income families. Eligibility determined after online registration with Ministry of Labor and Social Development (2017) • US\$19 billion stimulus package introduced (December 2017) • Introduction of expat levy on private sector companies that employ foreign labor as part of Saudi's nationalization drive (December 2018) • Plan to phase out fuel subsidies announced (2017–delayed). • Introduction of white land taxes (March 2017). • Expats required to pay "family tax" up front when leaving Saudi Arabia (2017). • Monthly employment tax on foreign laborers and dependents (2017) • Aramco's tax rate is reduced from 85% to 50% to attract investors for its planned IPO (2017) • Corporate tax rate set at 20%; Zakat tax rate of 2.5%; National Gas Investment Tax set at 30% (based on initial rate of return), with a progressive increase up to 85%. Income from oil and hydrocarbons production taxed at 50–85%, effective January 2017 • Private health care and education exempted from the VAT (2017)
UAE	5% (2018)	"Sin tax" on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> • Monthly revision of fuel prices enacted since 2015. Latest increase: December 2017 (excluding January 2018, when prices increased by 5% rise due to the VAT) • VAT revenue distribution plan introduced in seven emirates (2018) • Abu Dhabi water and electricity tariffs raised; minimal increase for citizens, higher rate for expatriates (2017) • Introduction of a 3% municipal fee on expat property rental in Abu Dhabi (2016) • Airport departure fee enacted in Dubai, Sharjah, and Abu Dhabi (2016) • Increase in government fees for intellectual property rights registrations, including trademarks, patents, copyrights, and designs (2015) • Fees on alcohol and tobacco launched (2015) • Fuel subsidies cut (2015) • Schools, medicine and medical equipment, and 20 FZs exempted from the VAT. The VAT is made refundable for tourists visiting from outside GCC (2017).

SOURCE Author's elaboration

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For the full brief, please visit <https://bit.ly/2x5D0a7>.