

# 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"> <li>Subsidies lifted on petrol (2018): Petrol prices increased by 12–25% (plan currently on hold)</li> <li>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)</li> <li>Lifting of housing utilities subsidies approved (2016)</li> <li>New fees on alcohol and tobacco (2016)</li> <li>Meat subsidy cash compensation initiative launched; the amount of the subsidy determined by Ministry of Social Development, based on residents’ eligibility (2015)</li> <li>Meat subsidies lifted; beef &amp; chicken prices doubled (2015)</li> </ul>
Kuwait	5% (2018/19)	Legislation proposed to enact excise taxes on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> <li>10% business tax on companies’ annual profits and on profits greater than 50,000 Kuwaiti dinars (US\$64,500) by other entities (2016)</li> <li>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)</li> </ul>
Oman	5% (2019)	Plans to introduce excise taxes (2017)	<ul style="list-style-type: none"> <li>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</li> <li>Introduction of 3% income tax for certain small taxpayers (2017)</li> <li>Training tax and municipal tax on rents enacted (2016)</li> <li>Fees for outbound travelers approved (2016)</li> <li>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%</li> <li>Increase in civil aviation fees and other fees (2015)</li> </ul>
Qatar	5% (delayed)	Introduction of “sin tax” on tobacco, energy, and soft drinks delayed (2017)	<ul style="list-style-type: none"> <li>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</li> <li>Gasoline price increase by 30%, fines for wasting water are doubled, and the costs of postal services increase (2016)</li> <li>State-owned enterprises instructed to reduce programming and lay off expats (2016)</li> <li>Water and electricity tariffs increase (2016)</li> </ul>

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Saudi Arabia	5% (2018)	"Sin tax" on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> <li>• Saudi economic cities to charge 1% sales fee, plus transaction fee, and mortgage registration fee (February 2018)</li> <li>• Allocation of monthly stipends to public and military employees to offset the VAT and increase in energy prices (January 2018)</li> <li>• 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)</li> <li>• US\$19 billion stimulus package introduced (December 2017)</li> <li>• Introduction of expat levy on private sector companies that employ foreign labor as part of Saudi's nationalization drive (December 2018)</li> <li>• Plan to phase out fuel subsidies announced (2017–delayed).</li> <li>• Introduction of white land taxes (March 2017).</li> <li>• Expats required to pay "family tax" up front when leaving Saudi Arabia (2017).</li> <li>• Monthly employment tax on foreign laborers and dependents (2017)</li> <li>• Aramco's tax rate is reduced from 85% to 50% to attract investors for its planned IPO (2017)</li> <li>• 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</li> <li>• Private health care and education exempted from the VAT (2017)</li> </ul>
UAE	5% (2018)	"Sin tax" on tobacco, energy, and soft drinks (2017)	<ul style="list-style-type: none"> <li>• 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)</li> <li>• VAT revenue distribution plan introduced in seven emirates (2018)</li> <li>• Abu Dhabi water and electricity tariffs raised; minimal increase for citizens, higher rate for expatriates (2017)</li> <li>• Introduction of a 3% municipal fee on expat property rental in Abu Dhabi (2016)</li> <li>• Airport departure fee enacted in Dubai, Sharjah, and Abu Dhabi (2016)</li> <li>• Increase in government fees for intellectual property rights registrations, including trademarks, patents, copyrights, and designs (2015)</li> <li>• Fees on alcohol and tobacco launched (2015)</li> <li>• Fuel subsidies cut (2015)</li> <li>• Schools, medicine and medical equipment, and 20 FZs exempted from the VAT. The VAT is made refundable for tourists visiting from outside GCC (2017).</li> </ul>

SOURCE Author's elaboration

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