

Law No. (46) for 2006 regarding
Zakat and Contribution of Public and Closed Shareholding Companies
In the State's Budget

- After reviewing the constitution , and
- Decree No. (3) of 1955 related Income Tax and the laws amended thereof ;
- And Law No. (15) 1960 regarding enacting Commercial Companies and Laws amended thereof ;
- And Law No. (30) of 1964 regarding establishing State Audit Bureau and Laws amended thereof ;
- And Law No. (31) of 1978 concerning preparation rules of balance sheets and the controls on their execution and the closing balance and the amending laws thereof ;
- And the Decree issued on 7 January 1979 regarding the Ministry of Awqaf and the Islamic Affairs ;
- Law Decree No. 38/1980 concerning enacting the civil and commercial proceedings , and the amending laws thereof;
- Law Decree No. 68 for 1980 concerning enacting the Commerce Law, and the amending laws thereof , Law No. (5)/1982 regarding establishing Zakat House , and
- Decree No. 93/257 concerning establishing the General Secretary of Awqaf ,
- The National Assembly approved on the following Law , that we have authorized and issued .

Article One

A percentage of (1%) shall be collected annually from the net profit of the Kuwait closed public shareholding companies , upon submitting their declaration stating amount due from them together

, with their annual report as per this law , these companies shall determine the Zakat amount from the collected amount , and they have the right to allocate the due amount or part thereof to one of the public services.

Any entity that provides incorrect statements or abstains from submitting their statements , with the intention of evasion from paying the above mentioned percentage of the first paragraph , shall be subject to imprisonment for a period not more than three years and/or a fine not more than five thousands Kuwaiti Dinars , with provided to pay the due amount .

Article Two

The Ministry of Finance will be responsible for the collection of the stated percentage referred to in Article One in favor of the public Treasury of the state through the means regulated by this Law and its executive by-law .

Article Three

The Minister of Finance shall issue the executive by-law for this law which should determine the basis and procedures of collection and the payments of collected funds in a period not exceeding one year from the date of issuing this law including the disbursement legal channels by Sharia for Zakat after getting the approval from the Fatwa Authority in the Ministry of Awqaf and Islamic Affairs in the respect of the rules of Article One .

Article Four

The companies owned by the government for which special laws are issued , and the companies subject to Decree No. (3) of 1955 shall be excluded from this law .

Article Five

The Council of Ministers' President and all Ministers – each as concerned – shall execute this law to be published in the official gazette , and to work accordingly after the issuance of the executive regulations .

Enacted by His Highness Ameer of Kuwait

Sheikh Sabah Al Ahmad Al Jaber Al Asabah

In Al-Seif Palace on 6 Thul Qi'dah 1427 H.,

Corresponding to 27 /11/2006

Explanatory Memorandum
Of
Law No. (46)/2006 Regarding Zakat and contribution
of public and Closed Shareholding Company
in the State's Budget

The private sector in the State of Kuwait receives all kinds of governmental financial and services support due to almost absolute absence of income tax which is imposed with high percentages from the annual net profit of companies in both rich and developing countries .

On that ground , the project considered imposing 1% on the annual net profit for public and closed shareholding companies to contribute in the state's general budget from one side , and to enable these companies which pay Zakat to allocate such percentage to the legal banks assigned for it through a more comprehensive and organized frame . The Ministry of Finance and Ministry of Awqaf and Islamic Affairs shall supervise and follow up the whole process .

These companies shall have the right , upon submitting their relevant declarations to the Ministry of Finance along with their annual balance sheets under this law , to determine the Zakat amount due on its funds from the collected amount according to the Islamic Juristic opinion it deems suitable provided that the government shall spend Zakat money in its Islamic banks or forward the whole or part of the due amount to the public services , the executive by-laws of this law which is issued by the Minister of Finance shall include the procedures of collecting and spending the

revenues including the Islamic Banks for Zakat after obtaining the approval of the Ministry of Awqaf and Islamic Affairs taking into consideration what shall companies propose in allocating the due amounts of services it sees suitable within the framework of the States general budget .

This legislation which handle the contribution of the public and closed shareholding companies in the State's budget include five articles as follow :

Paragraph one of article (1) contain provisions for collecting 1% annually from the net profit of public and closed shareholding companies , which practice the commercial and investment business of whatever type , it also prescribes that upon submitting their relevant declarations together with their annual balance sheets according to this law , such companies have the right to determine the Zakat amount due on their funds from the collected amount and to allocate all due amount or part thereof to some public services .

Paragraph two states that any person does not submit any correct statements or submit a false one in order to avoid paying the above mentioned percentage in the first paragraph shall be subject to fine and imprisonment or by one of these two punishments with paying the due amount .