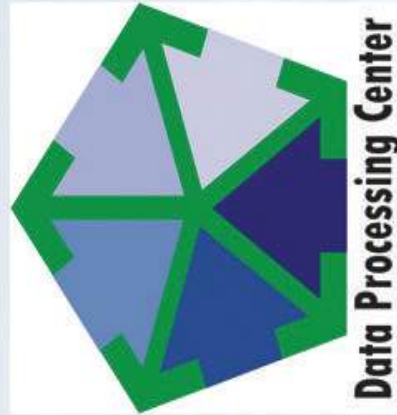


DGT Electronic Services



Benefits of Electronic Revenue System

Provide an additional Bill-Presentation & Payment channel for Payers

Capture payment data as efficiently as possible

Immediate access to financial information and resources for businesses

- Service Improvement for tax payers (24 hours x 7 days)

- Real-time payment confirmation and reporting (e-Banking)

- Increase Revenue Collections

- Streamline business processes

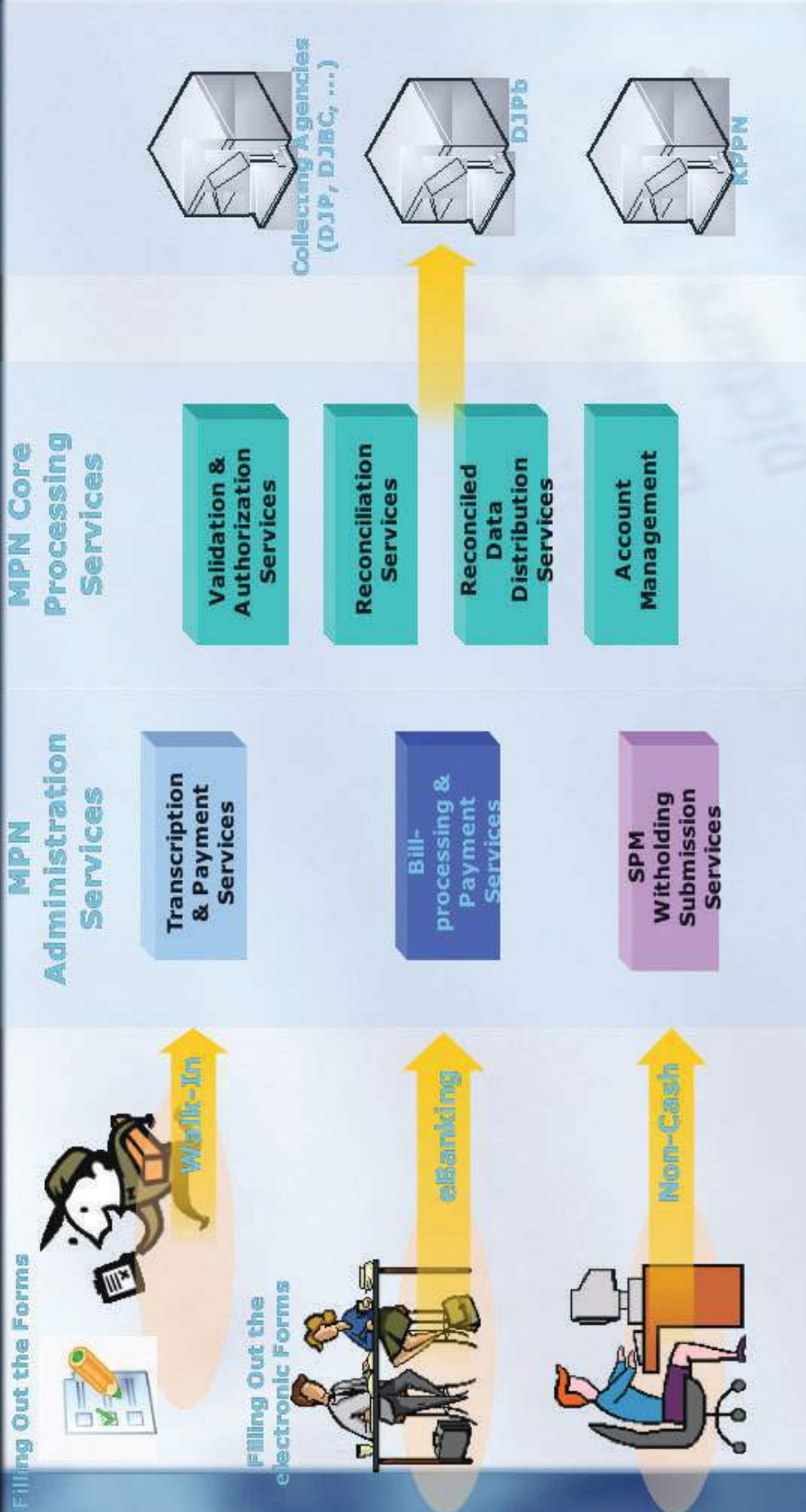
- Enables to save money through easier access to current and accurate financial information.

- Reduced time for finding and understanding requirements for businesses

- Timeliness and Accuracy of Policy

- Increase Accountability

State Revenue Module (MPN) Context



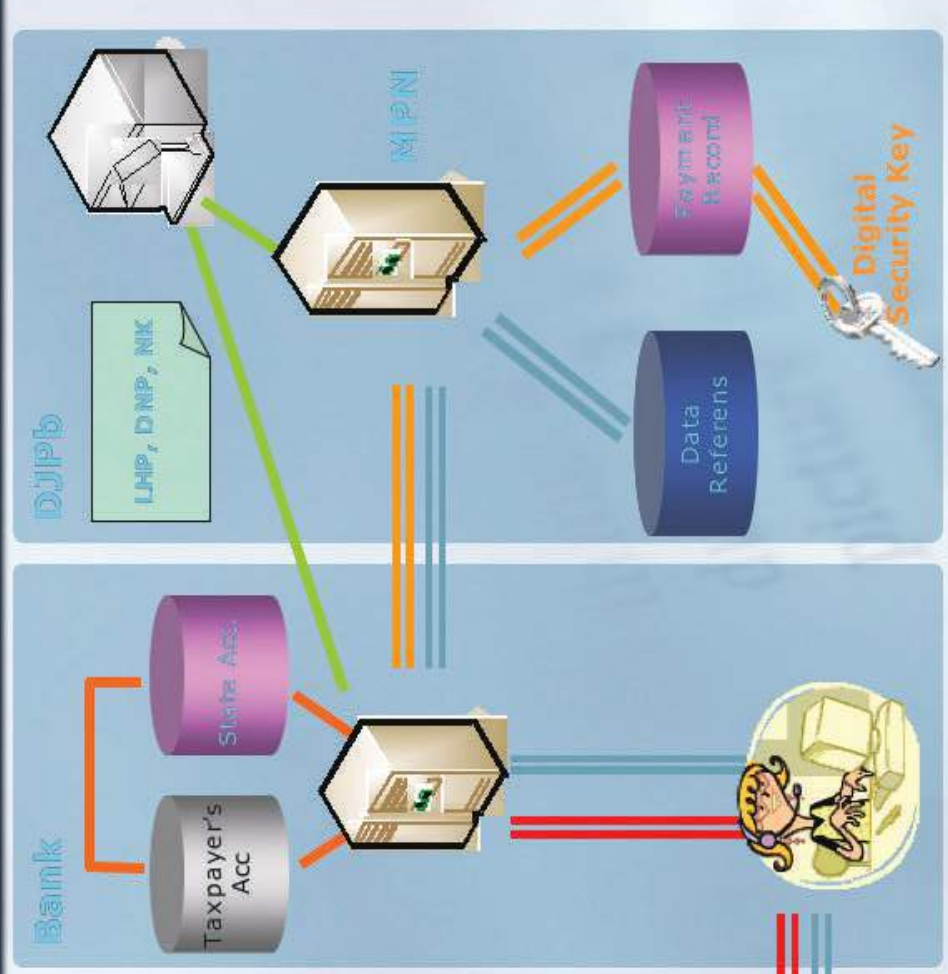
OKt2007

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Illustration

Slip Payment

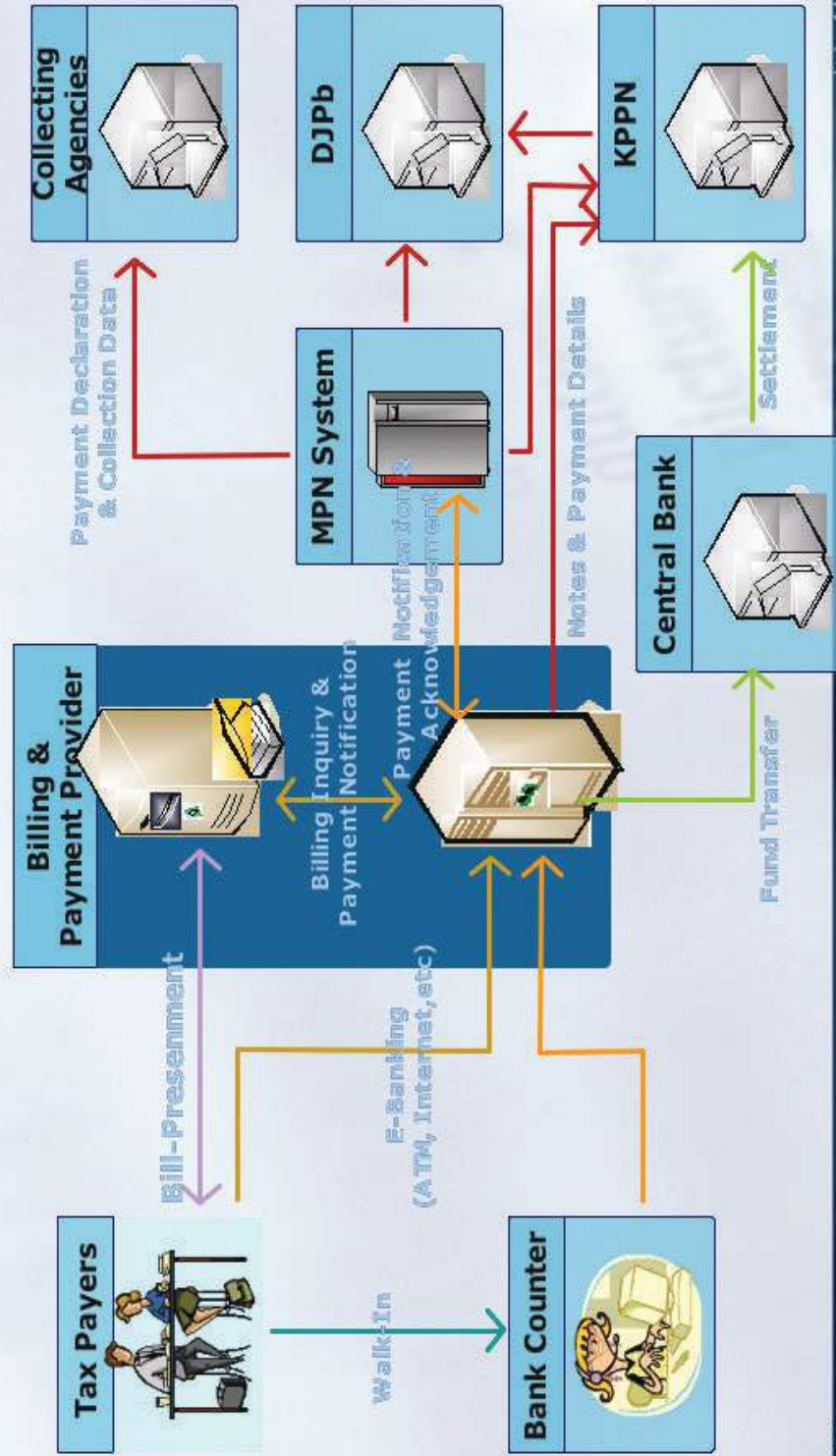
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 Nomor SKP : 00000/000/00/000/00
 Masa : 06 - 2006
 Nama : **Budi Permana Dewa**
 Alamat : Jl. Kemajuan Bangsa Blok H No.2,
 JAYA KIRANA PERMAI, TANAH
 MERAH.
 Kota : **RI86**
 Jumlah : **R80.000**
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Real-Time Payment Receipt

Revenue Management System

Current Development



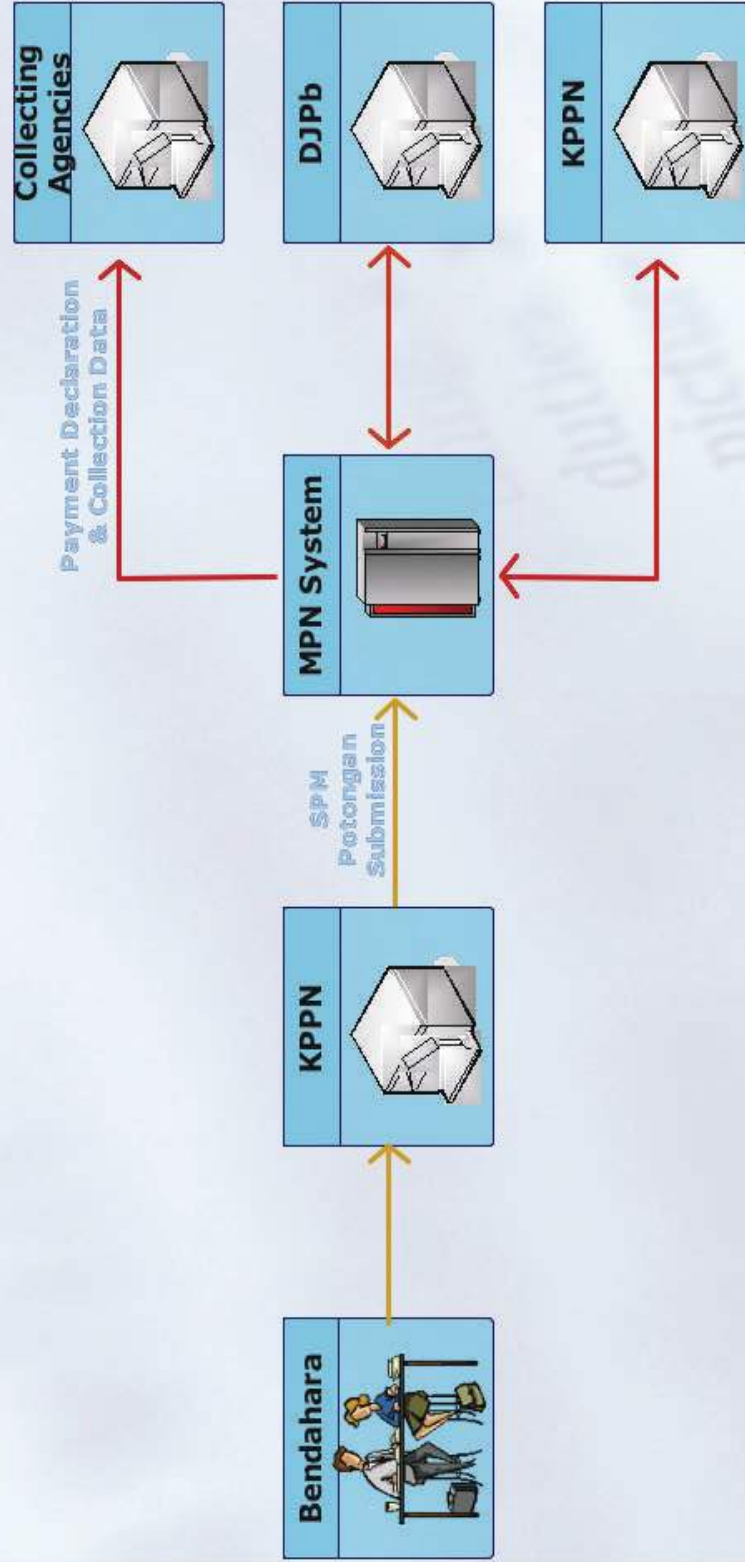
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Oktober 2007

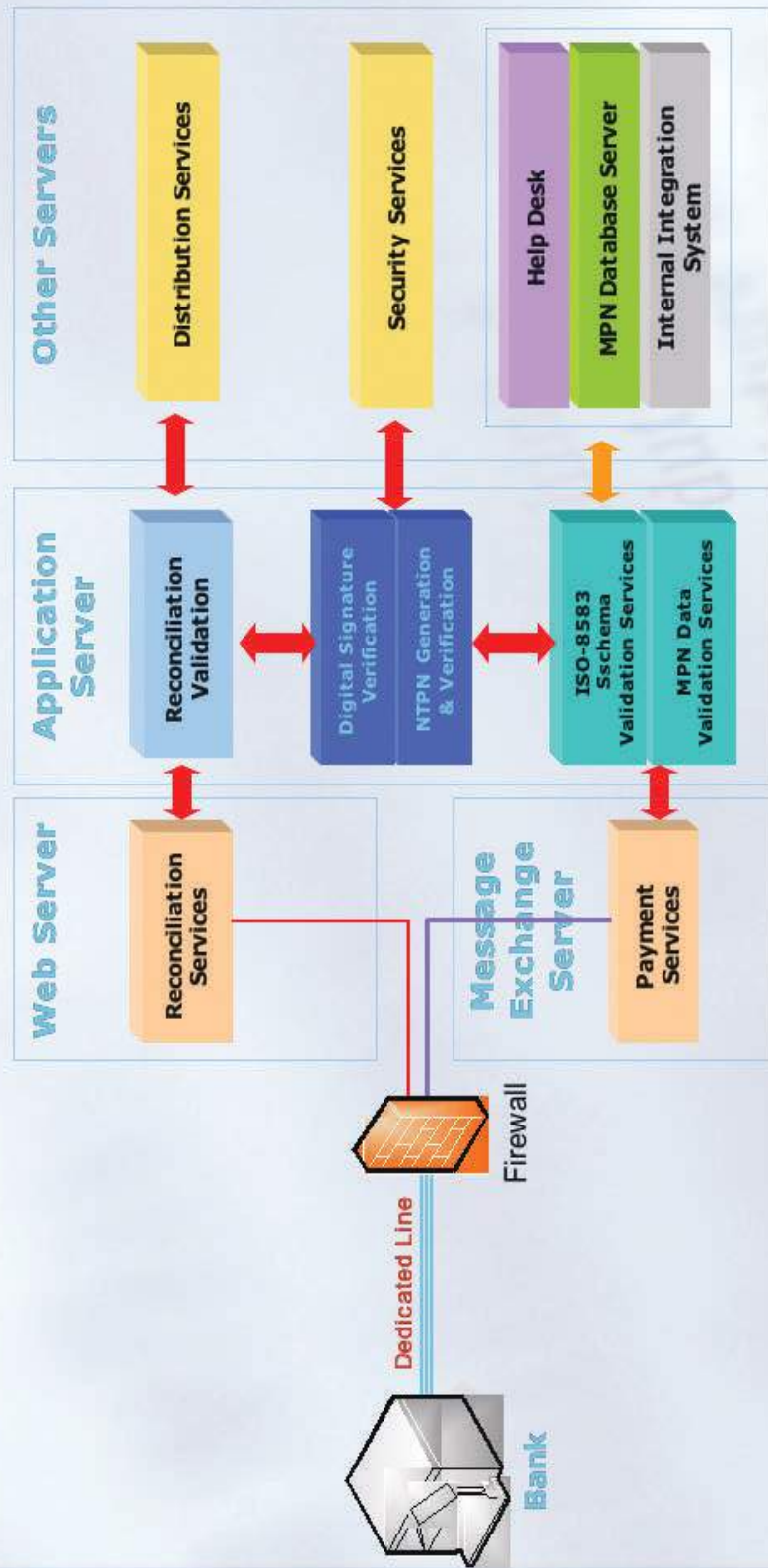
Non-Cash Payment Receipt

Revenue Management System

Next Development: Phase-1



MPN Architecture



Benefits of Electronic Filing

Provide an additional filing channel for Taxpayers

Enables individual and business tax self-service

Improve service to taxpayers

Real-time return filing and filing confirmation

Capture tax return data as efficiently as possible

Increase collections

Streamline business processes

“Staff that are responsible for paper processing could be redeployed to conduct work in other business process.”

Reduce data transcription errors

Immediate access to information and resources for businesses.

Reduced time for finding and understanding requirements for businesses, and

Enables to save money through easier access to current and accurate business information

Business Context

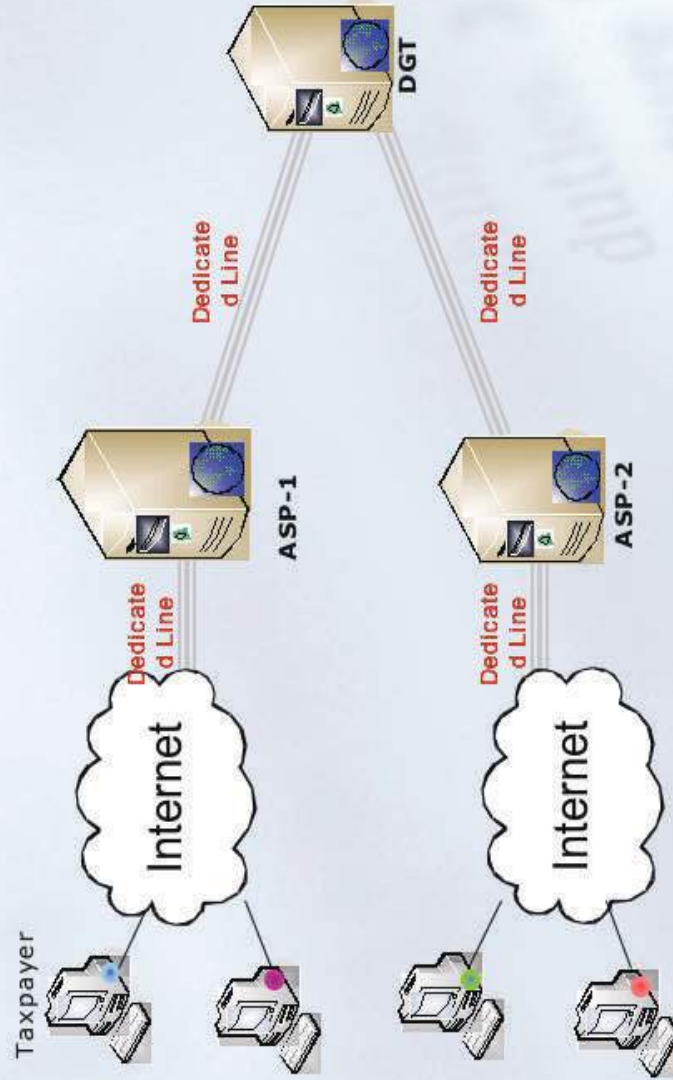
Requirement

Business

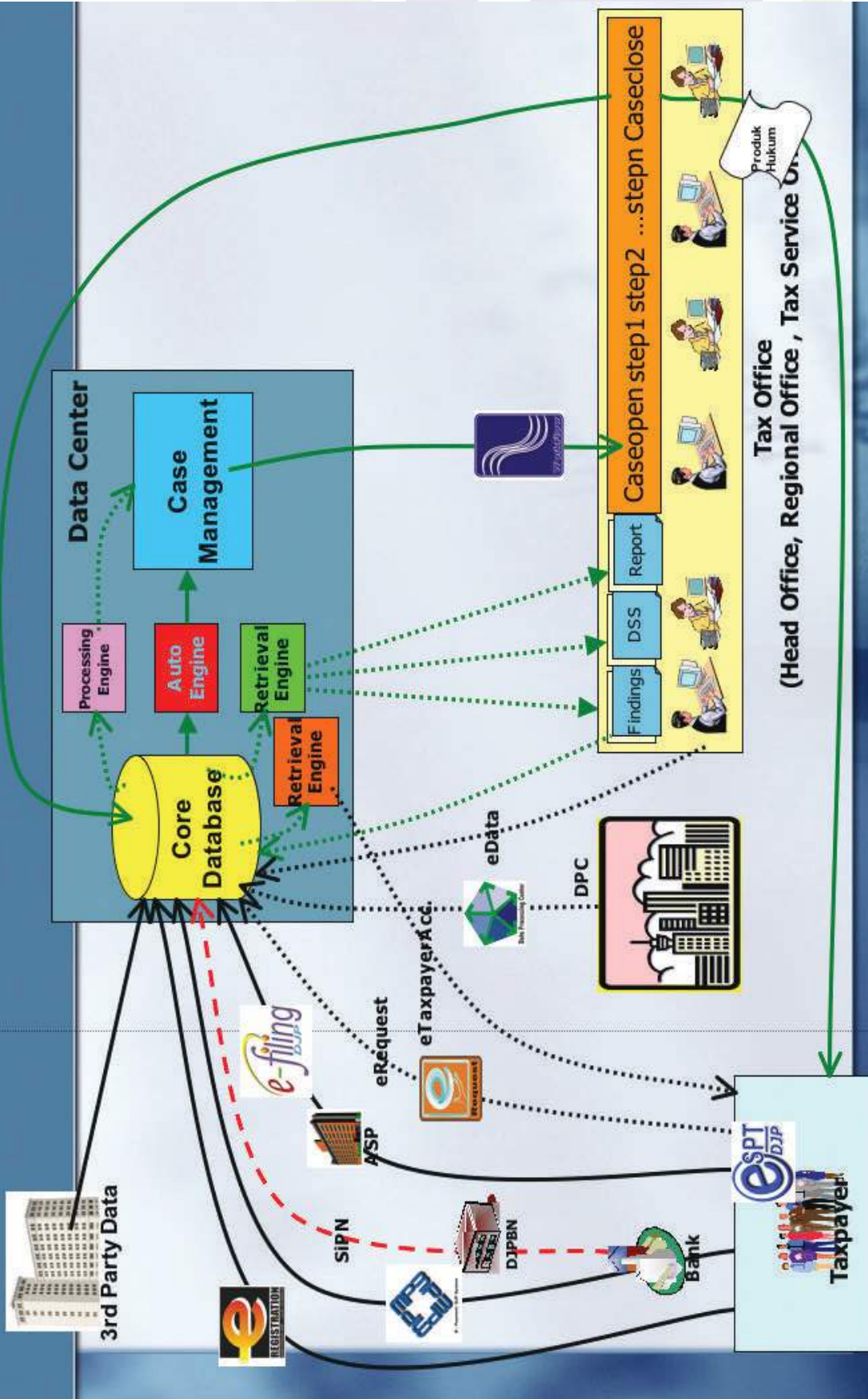


Concurrency Management

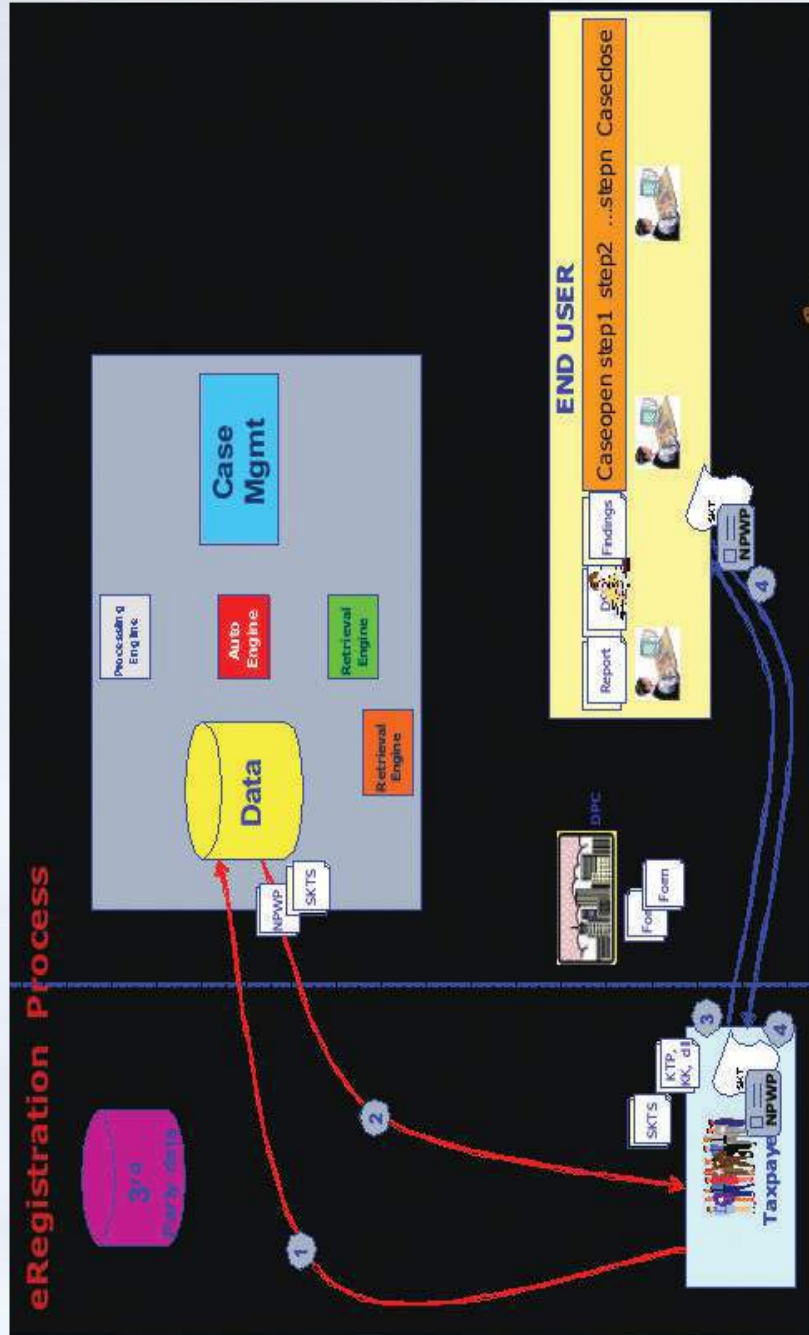
Business Solution

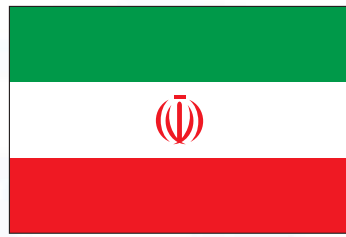


DGT Business Process



e-registration





WORKING PAPER
ISLAMIC REPUBLIC OF IRAN

A



The Use of IT
In Improvement the Tax Administration
INDONESIA

Kuwait, November 2007

Ministry of Finance Republic Indonesia
Directorate General of Taxes

Types of Financial Systems

- Islamic System
- Dual System
- Traditional System

The Objectives of Financial Tax Systems

- ❖ Promotion of Investment and Economic Growth
- ❖ Implementation of Distributive Justice
- ❖ Indiscrimination Between Islamic and Traditional Financial Institutions
- ❖ *Fostering the Efficiency of Islamic Financial Institution*

Characteristics of the Islamic Tax Model

-  No taxes on transactions
-  No taxes on sales or expenditures
-  No taxes on financial instruments
-  No taxes on consumers income
-  Taxes are applied only to *economic surplus*: rents, profits and savings

Current Financial Tax Issues

- ✓ Bonds plus interests are tax deductible
- ✓ Bank loans and their interests are given tax credit
- ✓ Capital gains on shares are taxable
- ✓ Dividends are taxable
- ✓ Equity financing may be subject to taxation
- ✓ Earnings on deposits in Islamic banks may be subject to both taxes and Zakat

Analysis of Tax Levy on Islamic Financial Tools

Fixed ex ante rate of return

Deferred payment

Installment sales

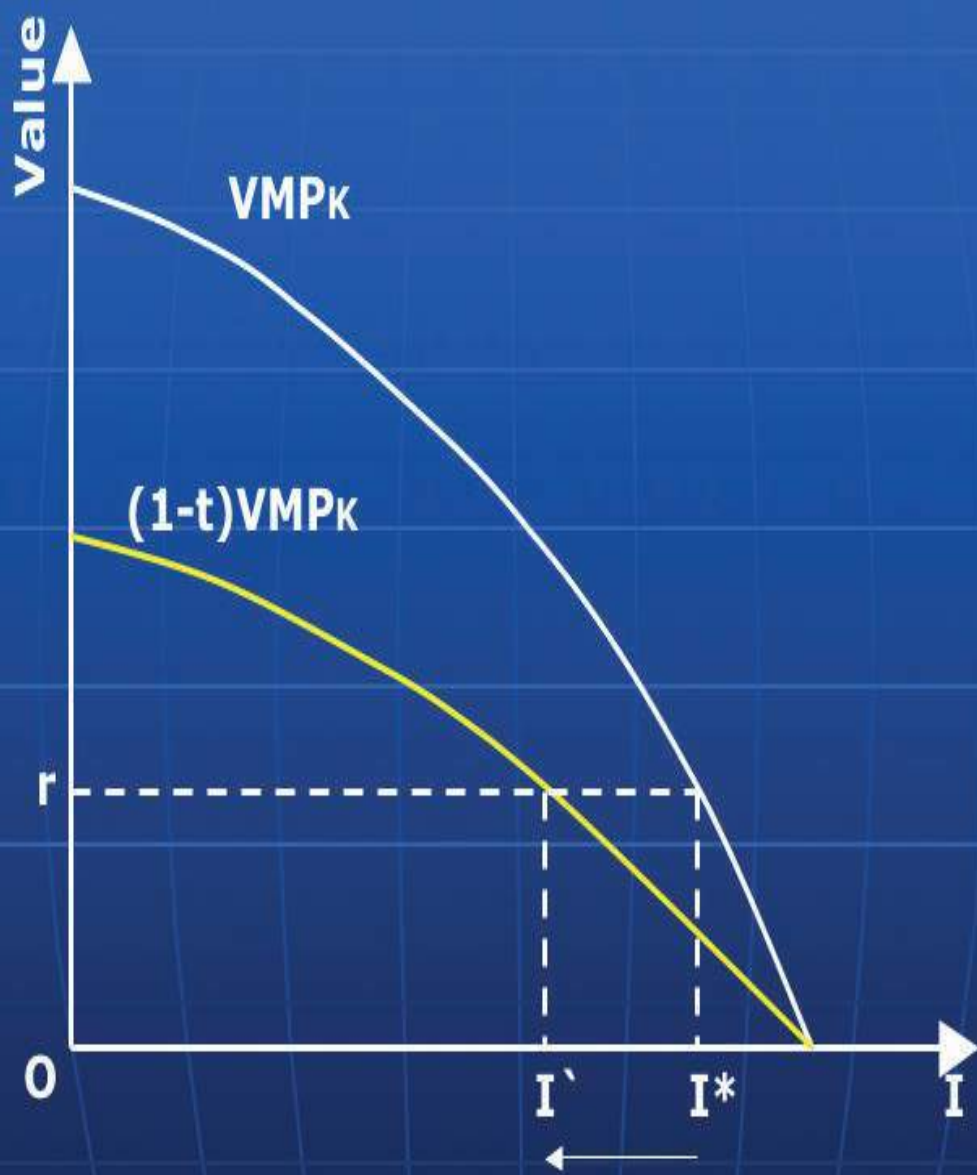
Leasing and Ijareh

Joaleh and Istesnaa

Variable ex post rate of return

Mosharaka

Modharaba



Recommendations

The following financial activities should be exempt from taxation :

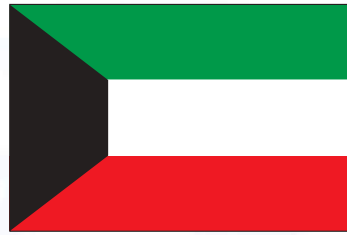
Islamic financial instruments

Investment expenditures financed either by fixed or variable rate of return tools

Dividends

Islamic banks deposits and returns

Firms profits could be subject to taxation



WORKING PAPER
STATE OF KUWAIT

Index

I. Applicable Tax Legislation in the State of Kuwait .

1. Kuwait Tax Income Decree (origin , application problems) .
2. Law of National Labour Support (advantages , application obstacles , statistics) .
3. Zakat Law & the contribution of Public and Closed Companies to the State Budget (Kuwait Society and charity work , Constitution and the Islamic Shari 'a , reasons for the law promulgation and its importance , Articles of the Law) .

II. Islamic Financial Instruments

1. Islamic Financial System (Introduction , Islamic Financial Institutions & definitions and the Economic Role) .
2. Islamic Financial Instruments (definition , types , features) .
3. Tax on Islamic Financial Instruments (the taxing concept) .
4. Experiences of Kuwaiti Islamic Financial Institutions (general introduction , selected example from some Islamic Financial Institutions , an applied case) .

III. Future Expectations of the State of Kuwait .

Kuwait Tax Legislation and its Relation with the Islamic Financial Instruments

Introduction :

Since the mid-Eighties more importance has been given to the need of having a comprehensive tax law. Ambitious projects have been prepared to fulfil that . Nevertheless , until now these projects have not been met with the required legislative approval for some considerations that have to do with the special circumstances of the Kuwaiti society . However , some pieces of legislation have lately been issued to regulate the tax provisions which may affect the economic activity atmosphere in the State of Kuwait and this will be presented to you as the following :

I. The Type of Tax Legislation Applicable in the State of Kuwait :

1. Law No. 26 of 1995 regarding the Free zones stipulates under Article (5) the exemption of the projects set up in the Free Zone as well as the profits realized from the activities being practiced inside such areas from taxes and customs duties .

2. Law No. 12 of Year 1998 for giving licence to establish leasing and investment companies whether Kuwaiti or foreign. Article (3) of the same law stipulates that the shares owned by non – Kuwaiti founders or shareholders shall not be subject to Kuwait Income Tax for the first five years from the date of finally establishing such company .
3. Law No. 19 of Year 2000 for the support and encouragement of national labour to work in the non-governmental institutions , of which it has been stipulated in Article 12/1 to impose a tax of 2,5% of the annual net profits on the Kuwaiti Companies listed in Kuwait Stock Exchange Market .
4. Law No. 8 of Year 2001 for encouraging direct investment of the foreign capital , which has granted foreign investments exemption from the income tax or any other taxes for a period that would not exceed ten years. It also has helped foreign investment to benefit from the merits of Double Taxation Avoidance Agreements and the Agreements of Encouraging and Protecting Investments .
5. Law No 46 of Year 2006 regarding the Zakat and the contribution of the public shareholding companies and the closed companies to the state budget .

Afterwards Decree No. 3 of Year 1955 has remained mostly effective without any substantive amendment in spite of the fact that many years has passed which eventually led to the expansion of the controversy and discussion circle in respect of the sources of interpreting and applying such law .

In general , tax legislation in Kuwait is characterised as very brief. The applicable tax laws in Kuwait at the present time are as the following :

1. Tax on the company income stipulated by the Income Tax Decree No. 3 of year 1955.
2. Law of National Labour Support No.19 of Year 2000 applied on the companies listed in Kuwait Stock Exchange Market.
3. Law No.46 of Year 2006 regarding Zakat and the contribution of the Public shareholding companies and closed companies to the State Budget .

(1) Income Tax Decree No. 3 of Year 1955

Origion

In Year 1955 the ruler of the State of Kuwait promulgated the Income Tax Decree No. 3 of Year 1955 which is still applied until the present time after making some legislative amendments .

The importance of this Decree lies in the fact that it forms the principal legislative tool on which basis the income taxes have continued to apply in Kuwait for a long time while taking into consideration the historical conditions at the time when the decree was issued .