



Yemen - Islamic law (Sharia)

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Incorporating a company in Yemen

Yemen taxes

If you are willing to do business in Yemen, this article explains the tax laws for a LLC which is the most common legal entity in Yemen.

Yemen taxes corporate income on a worldwide basis. The prevailing approximate tax rate for offshore income, from our research, and your results may vary, is 20%. Yemen doesn't have major incentives to remit income accrued abroad. Taxes are reasonable in Yemen because the standard rate of taxation on a LLC entity is 20%. This ranks Yemen as 70th when compared to CIT globally. Higher rates apply for telecommunication business. Certain investments projects under the Investment law may be taxed at 15%. Progressive rates from 10% to 20% may apply for small business under certain conditions.

The value added tax (VAT) rate in Yemen is 5.00%, which ranks Yemen as 26th when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 9% to the equivalent of a social security fund and an employee will contribute 6%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 72hours. Contributing to this is the number of yearly labor tax payments, which is 1 in YE.

Thin capitalisation standards are in effect. Thin capitalisation refers to any sort of laws on a business and the debt-to-asset ratios. Dividends received are usually included in corporate income tax base. Those received from resident public companies are tax exempt. Dividends are a distribution of a portion of a company earnings, voted by the board of directors, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are usually subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. This means that the relevant tax authorities expects relevant legal entities to automatically withhold 10% of interest payments to non-residents, unless interests are paid to certain foreign financial institutions. The dividends withholding tax rate is 10%. Which means that the tax authorities expects legal entities to withhold 10% of payments abroad on dividends. The royalties withholding tax rate is 10%. Which means that the taxman expects companies to withhold 10% of payments on royalties to non-residents.

There is tax on wealth in Yemen. There are real property taxes. There are no known inheritance and transfer taxes. We are not aware of any widely used R&D initiatives that provide tax relief in this country.

The above is not tax or legal advice for your company's circumstances. We are able to help you to find to a lawyer in Yemen who can properly advise you. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Yemen is 5% which ranks 26 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 7 Tax treaties**
- 20% Offshore Tax**
- 20% Corp rate**
- Loss carryback years**
- 56 Corporate time**
- 5% VAT rate**
- 20% Capital gains**
- No AEOI planned**

Yemen Legalese

The underlying legal code in Yemen is islamic law (sharia) law. You will want to get some local advice as to how to best structure a company in Yemen. Electronic signatures are permitted.

The letters YE is for Yemen and the most common legal entity type in Yemen is a LLC.

The average time to incorporate is 40 days to put together the paperwork and file a LLC in YE. is 0, This means you don't have any minimum share capital. The types of currencies you can use to capitalize your company is most commonly legal tender.

Yes, one is allowed to re-domicile a LLC from YE. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in YE by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is permitted, up to 100% of the total equity of the company.

A LLC is only required to have one director. Additionally, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an address which can receive a service of process on behalf of the business. Furthermore, a corporate secretary is

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Yemen is a ok option and have given it a score of 55 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 40 days to form**



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Country Info



🏴 National Flag of

الجمهورية اليمنية (ara)

\$ Currency

YER

☎ Area Code

+967

🏰 Capital

Sanaa

📍 Region

Western Asia

🗣 Native Languages

Arabic