



Overview of Financial Incentives in Yemen

(based on Investment Law #22 of 2002)

Section II of Investment Law #22, Articles 4 – 15 accorded investors with certain guarantees and incentives. Below is a key summary of the latter mentioned:

Guarantees

- Equal treatment for foreign and Yemeni investors
- No nationalization, reservation or seizure of investment projects
- No obligatory pricing on the project products
- Freedom to transfer hard currency from and to Yemen
- No licensing for import or export products

Incentives

- Fixed assets are exempted from taxes and duties
- Production inputs are exempted from taxes and duties (100% for agriculture & fisheries; and 50% for industrial)
- Exemption from profit tax for 7 years, and extendable to 16 years under certain conditions
- Duty draw back system for exported products
- Exemption from real estate tax

Source: GIA website (www.giay.org)

Yemen's investment law does not specify performance requirements as conditions for establishing, maintaining or expanding investment. Incentives permitted under the law include, but are not limited to: exemption from customs fees and taxes levied on fixed assets of the project; tax holidays on profits for a period of seven years, renewable for up to 18 years maximum; the right to purchase or rent land and buildings; and, the right to import production inputs and export products without restrictions and registration in the import/export register.

Source: **2009 Investment Climate Statement Yemen**, World Bank Studies (www.worldbank.org)

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