

Summary of the Benefits of the Investment climate in Yemen

This section provides detailed information on the benefits the Investment Law.

Preliminary Provisions:

The law is designed to promote and regulate the investment of Yemeni and foreign capital in the following sectors:

- Tourism
- Health
- Education
- Construction and housing
- Industry
- Energy
- Agriculture
- livestock
- Fisheries

Guarantees and Benefits to Projects:

- Foreign capital and foreign investors are equal to Yemeni capital and investors in terms of their rights, obligations, rules, and procedures.
- Investors and investment projects have the right to buy or lease land and buildings.
- Yemeni, Arab and foreign investors have the right to own the investment project 100%.
- Industrial and agricultural projects may open commercial stores where they can sell their products to consumers directly.
- All project products are exempted from compulsory price regulation and profit limiting.
- Projects may not be nationalized or seized.
- Funds may not be blocked, frozen, or sequestered by other than the court of law.
- Investors are entitled to transfer abroad his foreign currency, funds and net profit to any transferable currency.
- The foreign investor has the right to transfer abroad their invested capital upon liquidation or disposal.
- Projects have the right to import directly or through another party their fixed assets, means of transportation and any other requirements to establish, expand, rehabilitate or operate the project.

Customs Duty and Tax Exemptions provided to investors and investment projects:

Custom Duty Exemptions:

Customs duty exemptions are applied to the following:

- Fixed assets that are required to establish, expand, rehabilitate, or operate the project.
- Production inputs of products are exempted from 50% of all customs duty throughout the execution of the activity of the project.
- Fisheries, livestock and agricultural production inputs are exempted from the customs duty throughout the execution of activity of the project.

Tax Exemptions:

Tax exemptions are applied on the following:

- Projects and investment projects are exempted from profit tax for 7 years from the date of starting production or activity. Some projects might be eligible for extending the tax exemption period to 10 years and a maximum of 16 years total from the commencement of the project production or activity.
- Projects are exempted from real estate tax.
- Contracts establishing projects and all related contracts are exempted from notarization fees until the implementation is complete.
- Projects are exempted for five years from the date of commencing the project or activity from all taxes and fees on:
 - Rights to benefit from trade mark licenses.
 - Rights to benefit from patent licenses.
 - Rights to benefit from technical know-how.
 - Rights to benefit from management know-how and other services rendered in the Republic.
- Interest on loans granted by local or foreign banks operating in Yemen to finance projects are exempted from 50% of taxes levied therein.
- Dividends distributed by projects are exempted from income tax.
- Projects incurring losses during the profit tax exemption years or any one year thereof shall deduct, carry and forward the losses accumulated during such year(s) for no more than three years – with effect from the first year following the exemption years, subject to submitting tax a declaration from a certified public accountant approving the accounts for those years.

Promoting Local Production and Increasing Exports:

- Any existing projects that exports all or part of its production are entitled to the following:
 - Exemption from all fees and taxes on exports.
 - Exemption from production and consumption excises or any other taxes levied on goods and services exported.
 - Exemption of tax payable on profits earned from export revenues after termination of the exemption period accorded to the project, subject to such profit being transferred in foreign currency to the Republic through an authorized bank.
 - Recovery of all customs fees and duties of whatever kind paid on imported inputs included in that portion of production exported.
 - Export on their own or through an intermediary without license or need for registration in the Exporters Registry.

General Investment Authority (GIA):

- The GIA Represents the following Agencies:
 - Ministry of Industry and Trade
 - Ministry of Works and Urban Planning
 - Ministry of Public Health and Population
 - Ministry of Social Affairs and Labor
 - Customs Authority
 - Tax Authority
 - Tourism Authority
 - Passport Authority
- The GIA receives the applications of the investors.
- The GIA obtains all the approvals needed from other agencies on behalf of the investors.
- The GIA makes appraisals of troubled projects with agencies to remedy any obstacles the projects might be facing.
- The GIA identifies investment opportunities and viable projects.
- The GIA prepares and publishes lists of feasible opportunities.
- The GIA collects information the investors need, and publishes it to investors.

Project Registration and Exemption Procedures:

Registration Procedures:

- Companies have to register with the GIA, and an application should be fully completed and submitted.
- The GIA has to accept or decline the completed applications within 15 days for small projects; and 25 days for large scale projects.
- The GIA has the right to accept or reject any application without going back to the agency concerned.
- If the GIA did not accept or reject the application on the time that was mentioned above, the application is considered approved.

Tax Exemption Procedures:

- The GIA should be notified when the instillation of fixed assets is complete and the date of production or activity starts.
- A complete application to the tax exemption should be presented to the GIA within 90 days after starting of production or activity.
- The GIA will then examine the project to verify its eligibility.
- The GIA has 60 days after receiving the application to issue the tax exemption certificate to the project.

Investment Companies:

- Investment companies should be established by a decree of the GIA President.
- Investment companies can take any legal form under the companies' law or civil law, subject to joint stock companies that put up their shares for public subscription or limited stock partnership companies.

Administrative Appeals and Settlement of Disputes

Investors and investment projects have the right to settle their disputes by all expeditious and appropriate means.

Procedures:

- Investors and investment projects may appeal decisions taken by the GIA or Agencies involved by applying in writing to the decision-making authority or the President of the Authority within 30 days, following notification of the decisions.
- The party appealed to should decide on the appeal within 20 days of its submission.
- The appeal should be considered accepted, if the time for making a decision by the decision-making authority elapsed without a decision.

- If the appeal was rejected, the appellant is entitled to submit his appeal to the Prime Minister.
- The Prime Minister should make a decision within 10 days or refer it to the Council of Ministers to make such a decision. The Council of Ministers should make a decision within 30 days.
- Investors and investment projects have the right to appeal decisions taken by any of the decision-making authorities mentioned above, by filing directly with the competent court or through an arbitration tribunal.
- Investors and investment projects may select on of the following arbitration procedures to settle disputes:
 - The Standardized Agreement for Arab Capital Investment in Arab Countries.
 - The International Convention for the Settlement of Investment Disputes between the State and Nationals of Another State.
 - Any international or bilateral agreement to which the Republic is a party.
 - Commercial arbitration rules and procedures of the United Nations Commission on International Trade Law, at the nearest regional center for international commercial arbitration using such rules.
 - Rules and procedures of arbitration within the Republic of Yemen.
- Decisions made by the arbitrators have the same power and effectiveness of the rulings of Yemeni Courts.