

Interview with Al Arabiya (Arabic) on Bahrain's new global minimum tax, 5 Sep 2024

In this interview with Al Arabiya aired on 5th September 2024, Dr. Nasser Saidi discusses Bahrain's plan to introduce the global minimum tax from Jan 2025.

Watch the TV interview at this [link](#) and the related news article is posted below:

خبير للعربية: "البحرين" تؤسس لنظام ضريبي جديد بدأته بفرض 15% على الشركات الأجنبية

توقع مضي دول مجلس التعاون الخليجي في نفس الاتجاه

قال رئيس شركة ناصر السعيد وشركاه، د. ناصر السعيد، [قرار البحرين](#) فرض ضريبة على الشركات الكبيرة متعددة الجنسيات العاملة في البلاد اعتباراً من الأول من يناير المقبل خطوة جيدة وإصلاح ضريبي مهم.

أن تمضي دول مجلس التعاون "Business" وتوقع في مقابلة مع "العربية الخليجي في نفس المسار، والإمارات ستطبق ضريبة بواقع 9% على أرباح

الشركات ستطبق بنهاية العام وباقي الدول متوقع أن تمضي في نفس الاتجاه.

أشار إلى أن البحرين تؤسس لنظام ضريبي جديد يحسن استدامة الموارد على فترة وينوع الإيرادات ويشجع الاستثمار في البحرين نظرا توفير بيئة اقتصادية مالية حاضنة شفافة وهو أمر مهم للشركات الكبرى.

وحددت البحرين الضريبة بحد أدنى 15% على أرباح الشركات المتعددة الجنسيات التي تتجاوز إيراداتها العالمية 750 مليون يورو.

وذكر الجهاز الوطني للإيرادات أن هذه الخطوة تأتي تماشيا مع انضمام مملكة البحرين في العام 2018 إلى الإطار الشامل لمنظمة التعاون الاقتصادي والتنمية، وذلك دعمًا لمشروع الإصلاح الضريبي إلى جانب أكثر من 140 دولة، بما في ذلك دول مجلس التعاون.

وقال إن البحرين حددت مستوى عادلا من الضريبة للشركات يجنبها الهروب من الضرائب أيضا.

Bloomberg Daybreak Middle East Interview, 14 Sep 2023

Aathira Prasad joined Yousef Gamal El-Din on 14th of September, 2023 as part of the Bloomberg Daybreak: Middle East edition. Discussion ranged from the impact of the extension of oil production cuts by Saudi & Russia to growth outlook for Saudi Arabia; also discussed were the US-Bahrain security agreement and thoughts about inflation in Egypt.

Watch the interview below:
<https://www.bloomberg.com/news/videos/2023-09-14/nasser-saidi-assoc-s-prasad-on-oil-egypt-inflation-video>

Weekly Insights 6 Oct 2020: Economic activity in Bahrain & Saudi Arabia

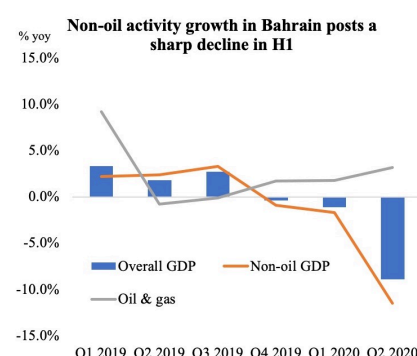
Charts of the Week: Last week, both Bahrain and Saudi Arabia released Q2 GDP numbers: as expected, overall growth contracted, with private sector activity significantly affected. The initial sections offers a forward-looking perspective on the two nations based on more recent data and proxy indicators. Saudi Arabia also disclosed a medium-term fiscal strategy, which forms the last section of this Insights' edition.

1. Bahrain GDP & economic activity

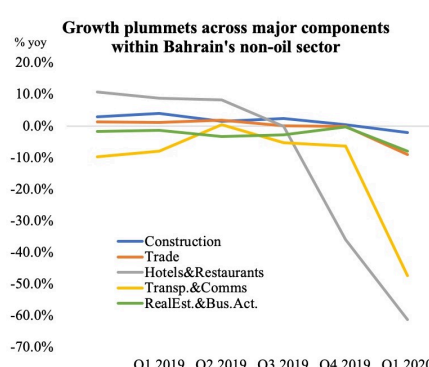
GDP in Bahrain declined by 8.9% yoy in Q2 2020, following a 1.1% drop the previous quarter. This was primarily due to the non-oil sector which plummeted by 11.5%. As expected, the largest dips in GDP came from the hotels and restaurants (-61.3%) and transport & communication (-47.4%) – both directly affected by the Covid19 outbreak. Spillover effects were also visible across the board: the financial sector, which accounts for the largest share of non-oil GDP (16.8% in Q2), posted a 5.8% drop while the sub-sectors real estate and business activities and construction slipped by 7.9% and 2.1% respectively.

With Covid19-related restrictions slowly being phased out in Bahrain, can we expect a resumption of economic activity? The data for Jul-Aug show the pace of recovery has been slow, with readings for retail and recreation still at an average 26% below the baseline data (pre-Covid19). Recent announcements of extended government support – be it the exemption of tourism

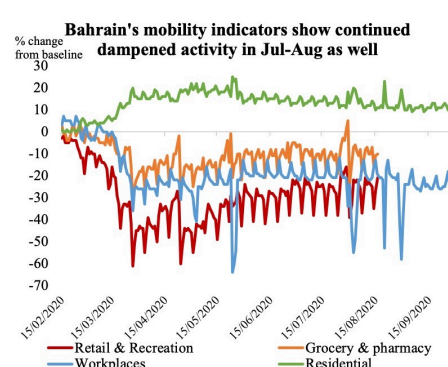
levies for 3 more months or extended support to KG & nursery teachers, taxi drivers or Bahraini citizens' payment of utility bills and about 50% of salaries in the private sector (only those affected) – will provide direct support and likely nudge recovery. hotel occupancy rates in four- and five-star hotels increased by 13.3% mom and 17.6% in Jul and Aug respectively. Opening borders with Saudi Arabia will not only increase the number of trucks crossing the King Fahd Causeway (improving transport/ trade) but will also attract visitors from Saudi Arabia (supporting hospitality and retail).



Source: Bahrain Information & eGovernment Authority, Nasser Saidi & Associates



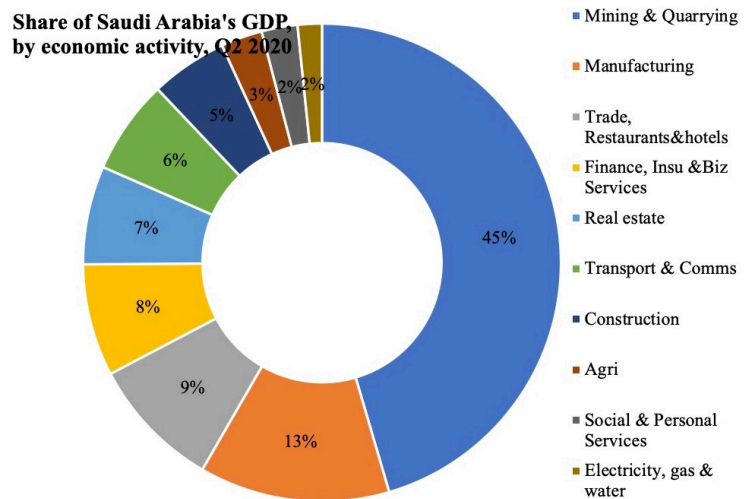
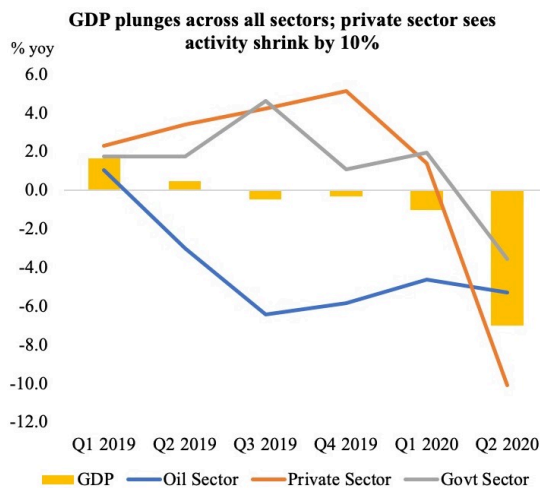
Source: Bahrain Information & eGovernment Authority, Nasser Saidi & Associates



Source: Google Covid19 Community Mobility Report, Nasser Saidi & Associates. Note: Google have temporarily suspended updates in some categories to improve how they are calculated.

2. Saudi Arabia GDP & economic activity

Saudi Arabia's overall GDP plunged by 7% yoy in Q2 2020, with falls in both the oil and non-oil sectors. The oil sector's 4.9% drop in H1 is a result of the reduction in oil production in line with the OPEC+ agreement. Within the non-oil sector, all sub-sectors posted declines in Q2 ranging from trade and hospitality (-18.3%) to finance, insurance and real estate (-0.7%). The share of GDP by economic activity shows that the oil sector continues to dominate (45% of overall GDP), closely followed by manufacturing (13%) and trade and hospitality (9%).

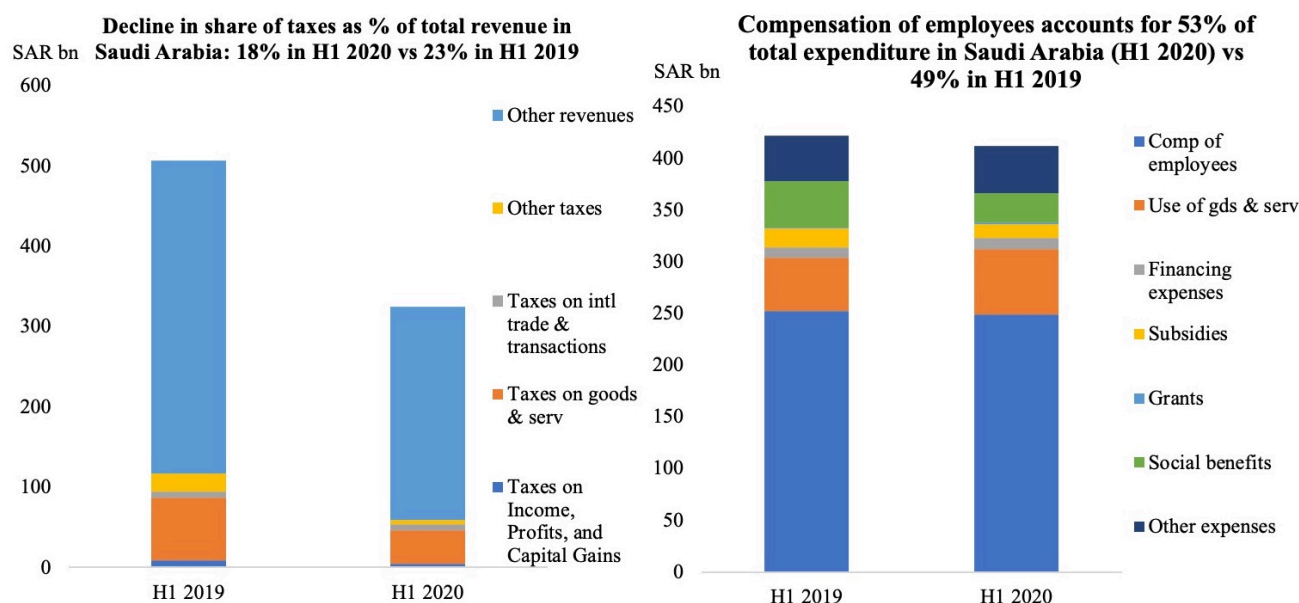


To gauge any underlying change in activity during Q3, we refer to the central bank's data on consumer spending and point-of-sale (PoS) transactions by category. There is a spike before the VAT hike came into place in Jul, as expected, but the Aug data seems to indicate a slight recovery for hotels (+2.6% yoy, following 6 months of double-digit declines) while items like jewelry and clothing continue to register negative growth. The construction and real estate sector look well-placed to improve in H2 this year: not only has letters of credit opened for building materials imports increased by 64% yoy in Aug (following 5 months of double-digit declines), cement sales has also been picking up during Jun-Aug; a temporary boost for the sector will also come from the recent announcement that real estate would be exempt from the 15% VAT (to be replaced instead by a 5% tax on transactions, of which the government would bear the costs for up to SAR 1mn for the purchase of first homes).

3. Saudi Arabia's fiscal space

With oil prices around the USD 40-mark, extended government support in Saudi Arabia during the Covid19 outbreak will put a strain on finances. From the H1 2020 estimates disclosed by the Ministry of Finance, it is noticeable that the share of taxes as % of overall revenue has declined to 18% (H1 2019: 23%). Compensation of employees remain the biggest strain on

the expenditure side, with the single component accounting for 53% share, though it is commendable that subsidies have declined by 27.8% yoy to SAR 13bn.



Source: Saudi Arabia Ministry of Finance, Nasser Saidi & Associates

Medium-term fiscal projections (in SAR bn)

	2019	2020e	2021f	2022f	2023f
Total revenues	927.0	770.0	846.0	864.0	928.0
Total expenditures	1059.0	1068.0	990.0	955.0	941.0
Budget deficit	-133.0	-298.0	-145.0	-91.0	-13.0
as % of GDP	-4.5%	-12.0%	-5.1%	-3.0%	-0.4%
Debt	678.0	854.0	941.0	1016.0	1029.0
as % of GDP	22.8%	34.4%	32.9%	33.4%	31.8%

Source: Saudi Arabia Ministry of Finance; Note: e refers to estimates & f to forecasts

If Saudi Arabia's fiscal consolidation plans are to be met, reforms are required on both revenue and expenditure side. The Kingdom has already increased VAT to 15% from Jul: however, with subdued demand and consumer spending, it seems unlikely that this move will add substantial revenue this year. We have highlighted in previous editions that Saudi Arabia can benefit from the introduction of other more revenue-generating taxes – e.g. carbon taxes, which will also contribute towards a cleaner environment. Additional measures could include energy price reforms (thereby reducing subsidies) as well as a consolidation or removal/ reduction of various small fees and

taxes after undertaking an impact exercise (i.e. do these fees raise significant revenues or do they hinder development of the related sector?). The other major route to take is lowering “compensation of employees”: this can be done either by reducing the public sector workforce (and increasing productivity through increased digitalization) or by decreasing wages (and synchronizing public holidays) to be on-par with the private sector – these moves could also support creation of jobs in the private sector, lead to higher productivity levels and growth.

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[Updated 21/6/2020] GCC responses to tackle the Covid19 outbreak

As the GCC nations roll out various economic, financial, health and travel-related initiatives, the latest country-by-country measures is compiled below. Scroll down to see a map of the confirmed Covid-19 cases in the Middle East & North Africa region.

The list is update as of 3:00pm on 21st June, 2020.

Table: GCC responses to tackle the Covid19 outbreak

Bahrain	
Economic & Financial	Health & travel-related

<p>Will slash spending by ministries and government agencies by 30%</p> <p>BHD 4.3bn stimulus package: Doubling the Liquidity Fund to BHD 200mn + Waiver on utilities bills for 3 months + Delay in loans installments for 6 months + Supporting wages of citizens in pvt sector</p> <p>BHD 5m allocated to Bahraini families in need & individuals affected by Covid-19</p> <p>BHD 177mn (USD 470mn) will be added to this year's budget to tackle emergency expenses related to the Covid19 outbreak</p> <p>Central bank moves:</p> <ul style="list-style-type: none"> - Banned lenders from freezing customers' accounts in case of lost jobs or retirement - Cut overnight lending rate to 2.45% from 4% to ensure "smooth functioning of the money markets" (before Fed moves) <p>Parliament:</p> <ul style="list-style-type: none"> - Approved measures like reduction of commercial registration fees as well as labour & utility charges for 6 months <p>Cabinet authorised the finance minister to directly withdraw funds with a 5% ceiling from the public account</p> <p>Bahrain will not collect rents and allowance from all tenants of municipal properties for three months starting from Apr</p>	<ul style="list-style-type: none"> - All non-essential medical services resume operations - Shops and industrial enterprises opened on May 7; restaurants remain closed still for dine-in customers - Plans to resume Friday prayers postponed <ul style="list-style-type: none"> - Schools scheduled to reopen in Sep - Bans public gatherings of more than 5 individuals - Bahrain will allow passengers to transit through the international airport; entry into the country will be limited to only citizens; mandatory 14-day self-isolation
Kuwait	
<p>Economic & Financial</p> <p>Central bank:</p> <ul style="list-style-type: none"> - Reduced the discount rate to 1.5% (from 2.5%) a record-low <ul style="list-style-type: none"> - Reduced liquidity and capital adequacy requirements for banks & cut risk weighting for SMEs (estimated to raise bank lending by USD 16bn) - Domestic banks will defer payment of consumer & SME loans and financing, credit card instalments for six months <p>Set up a KWD 10mn (USD 33mn) fund, to be financed by Kuwaiti banks</p> <p>Government authorized additional funding of KWD 500mn (USD 1.5bn) to ministries and state agencies for fight against Covid19</p> <p>Suspended fees on point of sales devices and ATM withdrawals + increased the limit for contactless payments to KWD 25 from KWD 10</p> <p>The Kuwait Fund for Arab Economic Development pledged almost USD 95mn to support government efforts</p>	<p>Health & travel-related</p> <ul style="list-style-type: none"> - Kuwait eases "total curfew" to between 7pm to 5am; lockdown on Hawally area has been lifted - Parliament suspended for 2 weeks (from Jun 18); public sector employees not be allowed to return to offices from this week (starting Jun 21) - Expiring residence permits/ visas expiring in Jun extended for 3 months <ul style="list-style-type: none"> - Closed schools, shopping centres, cinemas, wedding halls & children's entertainment - Halted ALL commercial passenger flights - All educational institutions in Kuwait will reopen on 4th Aug
Oman	
<p>Economic & Financial</p>	<p>Health & travel-related</p>

<p>CB announces a \$20bn incentive package</p> <ul style="list-style-type: none"> – Repo rate cut by 75bps to 0.5%; – Reduce Capital Conservation Buffers for banks to 1.25% from 2.5%; – Lending Ratio / Financing Ratio for lenders increased to 92.5% up from 87.5% – banks and financial institutions to freeze repayments of personal and housing loans for three months, effective from May – Reduce existing fees related to banking services + avoid introducing new fees <p>Finance ministry slashed approved budgets of civil, military and security agencies by 5%</p> <p>All government companies have to reduce approved expenditures for 2020 by 10% + no execution of new projects or capital expenditures for the year; all exceptional bonuses for state employees would be halted</p> <p>Other measures include tourism & municipality tax breaks, free government storage facilities and postponement of credit instalment payments</p>	<ul style="list-style-type: none"> – Lockdown in Muscat ended; Dhofar Governorate in Oman closed from 12 noon of June 13 until July 3 for tourism – At least 50% of employees in government entities will work from the offices starting May 31 – Oman has closed its borders; all domestic and international flights to and from airports suspended from 12 noon of Mar 29 – Covid-19 tests and treatments will be done for free for all communities – Suspend issuance of tourist visas; will not allow cruise ships to dock at its ports during this period – Schools closed; all public parks closed, public gathering prohibited, Friday prayers at mosques suspended; limited staffing at estate entities – Few shops in Oman (consulting, law, audit firms, flower shops, boutiques etc) to reopen – Restrictions are still in place on gatherings (of more than 5 individuals) on beaches and other public places
Qatar	
Economic & Financial	Health & travel-related
<p>A \$23.3bn stimulus package</p> <ul style="list-style-type: none"> – QAR 75bn (\$20.6bn) to provide financial + economic incentives for private sector – CB to put in place an appropriate mechanism to encourage banks to postpone loan installments and obligations of the private sector with a grace period of 6 months – Qatar Development Bank to postpone installments for all borrowers for 6 months – Qatar's government entities directed to reduce costs for non-Qatari employees by 30% as of Jun 1 (either pay cuts or layoffs) – Directing govt funds to increase investments in the stock exchange by QAR 10bn (\$2.75bn) – Exempting food & medical goods from customs duties for 6 months – Utilities bill exemption for SMEs, affected sectors; rent exemption for 6 months 	<ul style="list-style-type: none"> – Four-phased recovery programme planned: Mosques to reopen Jun 15th, restaurants to partially reopen (Jul 1) – All international flights suspended from Mar 18; cargo aircraft, transit flights exempt; travel ban on all travelers except Qatari nationals – Qatar Airways grounds its A380 fleet; to temporarily reduce 40% of staff (in food and beverage, retail & ground staff) at Hamad Airport – Educational institutions closed; parks and public beaches closed – Bans social gatherings; introduces enforcement measures: checkpoints and mobile police patrols – Private sector companies instructed to have 80% of their staff work from home, effective Thurs (Apr 2) for an initial 2 weeks – Public transport modes have been stopped – 6 tonnes of aid sent to Iran (medical equipment & supplies); donating \$150mn in aid to Gaza
Saudi Arabia	
Economic & Financial	Health & travel-related

<ul style="list-style-type: none"> – SAR 120bn worth measures to support the pvt sector including postponement of VAT/ excise/ income tax/ Zakat payments, exemptions of govt dues etc – SAMA's SAR 50bn stimulus package: financing support for SMEs (including deferred loan payments, concessional loans) and coverage of points of sale & e-commerce fees – SAMA's measures for supporting & financing the private sector: adjusting or restructuring the current funds without any additional costs or fees + reviewing reassessment of interest rates and other fees on credit cards + refunding travel-related forex transfer fees – SAR 7bn allocated to Health Ministry in addition to the SAR 8bn package earlier + SAR 32bn approved for healthcare facilities – Government will cover 60% of private sector salaries (of Saudi citizens) hit by Covid-19; first payment to be send on May 3. – Will allow private businesses (affected by Covid19) to reduce working hours and permit wages to be reduced by not more than 40% – Additional set of measures announced: SAR 50bn to accelerate payment of private sector dues & provide liquidity to several sectors while a further SAR 47bn was set aside for the health sector – Saudi Industrial Development Fund revealed a SAR 3.7bn (USD 3.62bn) stimulus package for industrial sector companies – Initiatives to reduce private sector's burdens related to manpower: e.g. lifting halts on non-payment of fines, fines related to workers recruitment etc. – Saudi Arabia will cut SAR 50bn (USD 13.32bn or less than 5%) of the 2020 budget; cost of living allowance scrapped <ul style="list-style-type: none"> – VAT to be tripled to 15% starting 1st Jul – Land borders with UAE, KW, Bahrain closed except for commercial trucks; shipping services suspended from 50 countries; cargo traffic not affected 	<ul style="list-style-type: none"> – Restrictions eased across the nation: Saudi Arabia initiates the 3rd phase of its recovery plan by opening most commercial activities from Jun 20. Mosques in Makkah are also set to reopen with social distancing measures in place. – Domestic flights resume; intl passenger flights still suspended + workplace attendance in both public and private sectors – Malls reopen with multiple safety measures – Mosques reopened with restrictions; Umrah pilgrimages to Mecca & Medina under a temporary ban – Capital Markets Authority urged shareholders & invested in listed companies to vote electronically in upcoming meetings; Tadawul reduces trading hours
United Arab Emirates	
Economic & Financial	Health & travel-related

<p>UAE announces a 2-phase recovery plan: short-term gradual re-opening (include the AED 282.5bn stimulus) + focus on sectors “with high potential” in the long-term (AI, 5G, IoT, Blockchain, RE, EVs, 3D printing, robotics...)</p> <p>Central bank:</p> <ul style="list-style-type: none"> – AED100bn stimulus to facilitate temporary relief on private sector loans & promote SME lending; support also the real estate sector – 50% reduction in reserve requirements for demand deposits to 7% (releasing ~ USD 16.6bn in liquidity) <ul style="list-style-type: none"> – Banks to reschedule loans contracts + grant deferrals on monthly loan payments (till end-2020) + reduce fees and commissions <p>UAE Cabinet: additional AED 16bn stimulus to reduce cost of doing business, support small business, accelerate implementation of govt infrastructure projects</p> <p>Ministry of Economy reduced fees of 94 services</p> <p>Dubai: AED 1.5bn stimulus package to support businesses affected by Covid19 including 10% reduction in utilities bills</p> <p>Abu Dhabi: AED 5bn in utilities subsidies; free road tolls till end-2020, 20% rebate on rental values for restaurants + tourism & entertainment sectors (+ faster implementation of Ghadan-21 initiatives)</p> <p>Dubai Freezones launch stimulus package: rents postponed for six months; cancellation of fines; free movement of labour with temporary contracts</p> <p>Federal Tax Authority extends the Excise Tax return submission deadline for March and April 2020 to May 17, 2020</p>	<ul style="list-style-type: none"> – Varied restriction across emirates: Abu Dhabi imposes movement ban from/to the emirate till Jun 23rd; <ul style="list-style-type: none"> – Easing of restrictions: mall capacity increased; restaurants, gyms, beaches, museums reopen. – Dubai permits shopping malls and private businesses to operate at full capacity – Metro services re-open; buses and taxis are operational – 30% of federal employees return to work from May 31; full capacity in Dubai’s govt offices & 30% in Sharjah’s govt offices from Jun 14 – Curfews reduced to between 10pm-6am; in Dubai from 11pm to 6am – Entry for residents overseas to start from Jun 1; temporary ban to issue new visas <ul style="list-style-type: none"> – All inbound, outbound and transit flights suspended from Mar 25; Emirates bookings are open from Jul 1 for 12 Arab nations; UAE airports welcome transit passengers. – Schools to be closed till end-Jun; distance learning extended. Schools will reopen in Sep, though discussions ongoing regarding the method of learning in the 2020-21 academic year. <ul style="list-style-type: none"> – Mosques, churches and other places of worship remain closed – Opened, with social distancing measures: public parks, beaches, cinemas, gyms – Supporting others: Sends 2 batches critical medical aid to Iran in Mar + flew 215 people from different countries out of Wuhan to Abu Dhabi’s Emirates Humanitarian City
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Map: Number of Confirmed Covid19 cases by country (Source: Johns Hopkins University)

Middle East

North Africa

Iran & Afghanistan

Comments on Bahrain's economy in Devdiscourse, 18 Mar 2019

Dr. Nasser Saidi's comments on Bahrain appeared as part of the article "Bahrain economy recovers after bailout from Saudi, Kuwait, UAE" published on devdiscourse.com on 18th March 2019. The full article can be accessed at: <https://www.devdiscourse.com/article/international/447973-bahrain-economy-recovers-after-bailout-from-saudi-kuwait-uae>
Comment are posted below:

Bahrain, which does not have the vast oil wealth of its neighbours, discovered a large oil and gas field off its west coast last year and is in talks with U.S. oil companies about

developing it. The discovery could be an important source of revenue but its benefits are unlikely to materialise soon as converting the estimates to reserves is a costly and lengthy process. *"It takes a minimum of four to five years, so if you're going to get any revenue it's not going to be immediate, so you still have to face the adjustment to a large fiscal deficit and a large budget deficit," said Nasser Saidi, a Dubai-based economist.*

S&P has not factored in any contribution from the fintech initiative in its estimates for Bahraini economic growth. *"How much more are you going to get from fintech? Are you going to add 1 or 2 per cent of GDP? I don't think so, it's not a big employment generator," said Saidi.*

But Bahrain's prime position as a "stepping stone" to Saudi Arabia could wane given the fast pace of change in the conservative country as it moves to relax social restrictions and build entertainment and tourism industries. It is also developing its own manufacturing sector. *"It used to make sense four or five years ago, it doesn't make sense now that Saudi Arabia has opened up," said Saidi.*