Tax reform bill

The tax policy is one of influential factors on boosting economic development. This is directly connected with the competitive capabilities of the State, thanks to the large-scale effect on the performance of different active categories in the society.

In addition to the effect of the tax policy and its mechanisms on national investment at the domestic and external levels; the tax policy is a key factor in determining the State's role in managing economic activity and achieving the economic and social development plans.

However, the role played by the tax policy in influencing the society's readiness and willingness to participate in the development system cannot be disregarded.

The tax reform draft law in general is a good base for efficient tax reform that is expected to provide financial resources to the State treasury, guarantee tax justice, and create a good atmosphere for investment at the same time.

However, the tax reform bill disregards two important issues that should necessarily be taken into account, namely:

Exemption from the taxable income instrument:

1- Costs and installments of medical care for the beneficiary and his/her dependants:

We see the necessity of adding a 5% maximum exemption ceiling on income, if it is used in medical insurance of the beneficiary and his/her family and dependants, according to the European and American regulations.

It is no secret that the benefit of preserving health of the beneficiary as well as the social and psychological dimensions of his/her family members serves the interest of the State and definitely maximizes the return during the life of the beneficiary. On the other hand, medical insurance subscriptions paid to medical care providers are considered taxable income without unjustifiable double taxation.

2- Interest and expenses of mortgage and real estate finance:

The implementation of the principle of exempting interest and expenses of mortgage and real estate finance should be adopted according to the taxation system implemented in the US and the European Union. Such interest and expenses are paid to banks and financial institutions and are included in the taxable instrument of the financial institutions.

Concerning the public interest, this will serve as leverage to boosting construction, development as well as the real estate market, which is experiencing complete recession because of the absence of such a legal mechanism.

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