Journal of Economic, Administrative and Legal Sciences
Volume (6), Issue (8): 30 Mar 2022
P: 130 - 144

AJSRP
ISSN: 2522-3372

مجلة العلوم الاقتصادية والإدارية والقانونية
المجلد (6)، العدد (8): 30 مارس 2022 م
ص: 130 - 144

A Comparative Study of Tax Systems: Real Estate Transaction Tax in the Arab Countries (Saudi Arabia, Egypt, Jordan)

Mohammad Majdi Hariri

College of Business Administration || Umm Al-Qura University || KSA

Abstract: Taxes play a crucial role in the economic development of a country. The purpose of this paper is to analyse and compare the tax systems of Arab countries, as well as the role they play in the lives of our peoples. The goal of this guide is to ensure a better understanding on the Real Estate Transaction Tax (RETT) in Saudi Arabia, Egypt, and Jordan, as well as to explain the philosophy behind it in these Arab countries. Each tax system of the analysed countries is scrutinized and compared in order to create an ensemble image of the tax systems. The main results of this comparative study show that the Kingdom of Saudi Arabia is closest to the goal of realizing social justice, for which the tax systems were originally found, through the percentage obtained in all cases of the system, followed by Jordan. Secondly, Egypt is one of the countries with mostchanges in the taxsystem. Since the three countries from the Arab region and their peoples share many characteristics, this study recommends the experiment of tax coordination between Arab countries as a tool to achieve economic integration.

Keywords: Arab Region, Tax Polices, Saudi Arabia, Egypt, Jordan, Tax System, RETT.

دراسة مقارنة للأنظمة الضريبية: ضريبة المعاملات العقارية في الدول العربية (السعودية، مصر، الأردن)

محمد مجدي حريري

كلية إدارة الأعمال || جامعة أم القرى || المملكة العربية السعودية

المستخلص: تلعب الضرائب دورًا حاسمًا في التنمية الاقتصادية للبلد. الغرض من هذه الورقة هو تحليل ومقارنة الأنظمة الضريبية في الدول العربية، فضلاً عن الدور الذي تلعبه في حياة المواطنين. الهدف من هذا الدليل هو ضمان فهم أفضل لضريبة التصرفات العقارية (RETT) في المملكة العربية السعودية ومصر والأردن، بالإضافة إلى شرح الفلسفة الكامنة وراءها في هذه الدول. وذلك من خلال فحص ومقارنة كل نظام ضريبي للدول محل الدراسة ثم تحليلها من أجل تكوين صورة مجمعة للأنظمة الضريبية. وأظهرت نتائج الدراسة المقارنة أن المملكة العربية السعودية هي الأقرب إلى هدف تحقيق العدالة الاجتماعية، والتي وُجدت من أجلها الأنظمة الضريبية في الأصل، من خلال النسبة التي تم الحصول عليها في جميع حالات النظام، تليها الأردن. ثانيًا، تعد مصر من أكثر الدول التي شهدت تغيرًا في النظام الضريبي. بما أن الدول الثلاث من المنطقة العربية وشعوبها تشترك في العديد من الخصائص، فإن هذه الدراسة توصي بتجربة التنسيق الضريبي بين الدول العربية كأداة لتحقيق التكامل الاقتصادي.

الكلمات المفتاحية: المنطقة العربية، السياسات الضريبية، المملكة العربية السعودية، مصر، الأردن، نظام الضرائب، ضريبة التصرفات العقارية.

1- Introduction.

Taxes have existed in societies since antiquity, and their forms and objectives have varied as well as their technical and legal structure; thus, taxes are one of the basic financing tools to cover the expenses of budgetary expenditures, both management and equipment, and are the most important resource that finances the public treasury.

Change in the roles of the tax and its areas of influence has been occasioned by the acceleration of the globalization phenomenon and the formulation of new opportunities and prospects in international economic relations. Other factors include the consequent free movement of goods, services, information, and production factors across the territorial borders of countries (Almutairi, 2014). Whereas once the role of tax was limited to achieving national economic and social goals such as financing the state treasury and fighting inflationary and deflationary pressures, tax has now gained a prominent position in directing international economic relations and has become an effective tool used by countries to reduce the risks of economic liberalization and maximize their gains in international trade (Almutairi, 2014).

However, the overuse of this tool by countries and the application of their sovereign tax rights separately and in isolation from what are applied in other countries, led to the emergence of many tax problems between different countries (Almutairi, 2014). Also, the difficulty of unifying tax systems, or agreement on one tax rate, which is applied in these countries, prevents them from using tax policy (Abdellatif & Tran-Nam, 2016) to achieve their economic goals, or taking into account their priorities that vary according to the circumstances of each country (Zakari, 2013).

These difficulties are what prompted some writers and many countries to prefer tax competition policy or Tax Harmonization. Some research comparing competition tax systems in Arab countries has been done (Ali & Najman, 2017) as well as Tax Harmonization (Almutairi, 2014), according to which, the principles and foundations of a competitive economy demand that real property, like mobile property, be subordinated. The high value (such as ships, automobiles, tourist planes, racing horses, and paintings) of the tax is not placed on the property itself, but on the basis of its annual revenue (Alzyadat & Al-Nsour, 2021; Zakari, 2013), whether the latter is houses, villas, industries, rental structures, or other real estate. It is constructed in the same manner as land, regardless of its nature, in addition to real estate rights as defined by the general rules.

This paper addresses the problematic of a general knowledge on Arabic countries transaction tax systems, with its goal being to address the general issues of RETT taxes and formulate specific recommendations. This paper aims to analyse and compare the tax systems in Arab countries, and the role they play in the lives of our peoples. The paper investigates the Real Estate Transaction Tax (RETT) in Saudi Arabia, Egypt, and Jordan, and its philosophy in these Arab countries, as well as its efficacy in achieving its main objectives, which are: redistribution to achieve equity among the inhabitants, stimulation of economic activity and contributing to the improvement of investment, development and the general budget, and promoting citizenship via the tax system.

The paper structure offers a theoretical background analysis, followed by a comparative study and results and discussion. The final part discusses the specific recommendations made.

2- Research materials and methodology:

This study is a comparative study of the real estate tax system for three Arab countries that have unified tax objectives that vary in application and implementation according to each country and what distinguishes it from the other.

This study is based on a research project carried out based on several previous studies and analysis of tax systems data for three countries, namely the Kingdom of Saudi Arabia, Egypt and Jordan, after the inclusion of the basic definitions. The different tax rates and their impact on of GDP and thus studying the extent of its reflection on the peoples of these countries by comparing the real estate tax system in a second stage by issuing a report that includes an analysis of three tax systems.

The theoretical background is ensured by analysing relevant literature research among relevant online databases, with the selected studies being updated and contemporary studies in order to fulfil this study objective of bringing to light the newest research in terms of RETT among Arabic countries.

The third stage included the preparation of results and recommendations based on a comparison between the tax systems in the three countries, based on the aforementioned studies.

The goal of this guide is to ensure a better understanding on the Real Estate Transaction Tax (RETT) in Saudi Arabia, Egypt, and Jordan, as well as to explain the philosophy behind it in these Arab countries. Each tax system of the analysed countries is scrutinized and compared in order to create an ensemble image of the tax systems.

3- Theoretical background.

Tax is defined as the amount imposed on persons by the state or by one of its local authorities, in compliance with particular economic and social legislation or law and collected by the taxpayer without return. Tax is defined as a required financial obligation imposed by the State, without direct consideration, in line with taxpayer legislation, in order to enhance its public services. Thus, a tax reflects a mandatory burden on taxpayers' income under the law, (Hoepner et al., 2011) without return or direct interest, but as a contribution to the expenditure of the state, in order to enable it to fulfil its aims and objectives (Hoepner et al., 2011).

There are a lot of common tax difficulties facing Arab countries. Most of them are similar to modern economies, but significantly bigger. Among these, tackling "hard-to-tax" industries worldwide (small enterprises, including small-scale farmers, professionals, and sometimes state-held companies) is becoming a global issue, as the concentration of income among multinationals is placing greater strain on states' tax planning skills and, in many circumstances, causes problems dealing with public companies and small enterprises that are known to misuse or simply ignore the taxation system. The international services are also becoming increasingly significant, but because they cannot be intercepted on borders, it is difficult to tax them, particularly if governments cannot go beyond physical checks (Hassan & Lewis, 2009).

3.1 Real Estate Transaction Tax (RETT) in KSA:

Real estate transactions attract a 5-percent tax, commencing 4 October 2020, as declared by Royal Decree No. (A/84) on 14/2/1442 H 2 October 2020. Royal Decree No. (A / 84) dated 24/2/1442 AH was issued to exempt real estate supplies, made as a result of the transfer of ownership, or the right to dispose of it as an owner from the value added tax, with the imposition of real estate disposition and sales of 5%.

The real estate disposal tax is imposed on all real estate regardless of its condition, shape, or use at the time of disposal. Real estate disposition includes land and what is being built, constructed, or built on it, whether developed or not, whether this disposition includes the whole of the property or any part of it divided, common, residential unit, or other types of real estate

The application of regulations for the real estate disposal tax defines real estate disposal as any legal act that transfers ownership of real estate, or possession for the purpose of owning it, or owning the benefit of it, including, without limitation, contracts or long-term leases; sale, netting, gift, will, barter, lease, finance lease, transfer of stakes in real estate companies, or usufruct for a period of more than 50 years (Hoepner et al., 2011).

Additional adjustments made to the immobilization market include:

- The increase to 1 million Riyals from the purchase price of the first home for Saudi residents from the value of real estate transactions tax of 850 thousand Riyals.
- The authority to reclaim VAT for products and services (for example, building supplies, etc.) that are subject to VAT granted to licensed developers of properties

The following table compares value added tax and real estate transaction tax in KSA.

Table (1) The treatment of VAT and RETT related to the sale and lease of real estate in KSA

Nature of supply	Residential Real Estate	Commercial Real Estate
Lease	- Exempt from VAT	- Subject to VAT at standard rate of 15%
Sale	- Exempt from VAT - Subject to 5% RETT	- Exempt from VAT - Subject to 5% RETT

Source: authors research

The total sale price for each disposal is subject to the real estate disposition by 5% unless this act is excluded from the according tax for the list of exceptions provided for in the executive regulations of the real estate transaction tax.

The real estate disposition is determined or calculated based on the agreed basis of the value between the two parties. The disposition types and payment date in KSA is detailed in Table 2.

Table (2) Disposition type and payment date in KSA

Type of Disposition	Payment Date
Selling a real estate documented by a notary or legally accredited notary.	The tax shall be paid on or before the date of documentation.
Documentation of the gift of real estate is not exempt.	The tax shall be paid on or before the date of documentation.
Ijarah-to-own contracts and financial lease contracts.	The tax shall be paid on or before the date of documentation.
Long-term usufruct rights.	The tax shall be paid on or before the date of documentation.
Documenting the sale of real estate by public auction, whether the sale is commercial or compulsory.	The tax shall be paid on or before the date of documentation.
Assignment of usufruct rights, whether lease-to-own, or long-term.	The tax shall be paid on or before the date of authentication. In the event that the authentication procedure is not applied, payment is considered as authentication to sign the assignment contract.
Sell a property on the map.	The tax shall be paid on or before the date of authenticating the sales contract. In the event that the authentication procedure is not applied, payment is considered as authentication to sign the assignment contract.

Source: authors research

3.2 Real Estate Transaction Tax (RETT) in Egypt:

Real estate disposition tax in Egypt is ruled by Law No. 196 of 2008 regarding real estate tax, which still does not impose a new tax, as this is already imposed under Law No. 56 of 1954. Society has known it as "beneficial", and its provisions have been reorganized by the current law (Abdellatif & Tran-Nam, 2016) This tax applies to all real estate built in Egypt, (Global, Ernst and Young, 2020) except for those that are not subject to tax, whether it is rented or the owner who is charged with paying the tax is resident, and whether it is complete and occupied, complete and unoccupied, or occupied unfinished (Ahmed Aly AbdelMowla, 2012). This means that all existing buildings are subject to tax, whether they are built villas, buildings, floats or chalets, regardless of their location (Alzyadat & Al-Nsour, 2021)

The tax is also imposed on the vacant lands used for rented garages, nurseries, and other uses, provided that the tax is lifted if the vacant lands become unused. The tax is also subject to the installations that are erected on the roofs or facades of real estate if they are rented or if the installation is in return for a benefit or a wage. What is meant by the real estate in the new law is every residential and non-residential unit in the building, rather than the entire building (Ahmed Aly AbdelMowla, 2012).

The tax rate is unified at 10% of the annual rental value after deducting 30% expenses for residential expense, or 32% for non-residential expense, in return for all expenses incurred by the taxpayer, including maintenance expenses (Ali & Najman, 2017). The taxpayer shall submit his tax return in the case of a five-year (general) inventory once every five years, in the second half of the previous year for inventory of each of the real estate he owns or uses (Abdellatif & Tran-Nam, 2016).

If the taxpayer whose real estate is new, or if units have been added to his real estate, or modifications have been made in his real estate that affect the rental value, or he has exploited land that was vacant, he must submit a declaration no later than the end of December of the year in which these developments occurred. (Abdellatif & Tran-Nam, 2016).

The period for submitting tax returns mentioned above may be extended by a decision of the Minister for a period not exceeding three months. The assessment of the rental value is carried out by committees (called inventory and estimation committees), formed under the chairmanship of a representative of the Real Estate Tax Authority, and the membership of a representative of the governorate in which the property is located; this is one of those charged with paying the tax within the scope of the committee's jurisdiction chosen by the competent governor (Almutairi, 2014)

The real estate tax is due on the first of January of each year and is divided into two equal instalments: the first until the end of June and the second until the end of December of the same year. The taxpayer may pay it in full on the date of paying the first instalment. 25% of the proceeds of the real estate tax will be directed to the governorates for spending on education and health, and 25% of the entire proceeds will be allocated for the purpose of developing slums (Abdellatif & Tran-Nam, 2016).

The following categories are not subject to RETT in Egypt (Ali & Najman, 2017)

- State-owned real estate built for a purpose of public benefit. This applies also to the built real estate owned by the state as private property, provided that it is subject to tax from the beginning of the month following the date of its disposal to individuals or legal persons.
- Buildings designated for the establishment of religious rites or for teaching religion
- Built real estate expropriated for the public benefit from the date of the actual appropriation by the authorities that expropriated it.
- Buildings under construction are not subject to tax.

Also, the following are exempted from tax (Ali & Najman, 2017)

- Buildings owned by associations registered in accordance with the law and labor organizations designated for their management offices or for carrying out the purposes for which they were established.
- The buildings of educational institutions, hospitals, clinics, shelters (both for-profit and non-profit).
- Headquarters owned by professional political parties, provided that they are used for the purposes assigned to them.
- The real estate unit that the taxpayer takes as a main private residence for himself and his family, and whose net annual rental value is less than 24, 000 (twenty-four thousand) pounds, provided that what exceeds that is subject to tax, and includes the family in the application of the provision of this taxed item, his wife and minor children.
- Every unit in a real estate used for commercial, industrial, administrative or professional purposes and whose net annual rental value is less than 1, 200 (one thousand and two hundred) pounds, provided that the excess is subject to tax.
- The buildings of youth and sports centres established in accordance with the laws regulating them.

3.3 Real Estate Transaction Tax (RETT) in Jordan:

The Jordanian economy's restructuring programmes, which Jordan started to implement in 1989, comprised plans and policies for what has been called 'the tax system reform, '.

For programmes which were subject to the imposition of indirect taxes, the general sales tax, special and other taxes were replaced by depreciation tax (Mugableh, 2018).. This is a general sales tax, and several amendments have been made to the substance of tax policies, as progressive tax policies have not been adopted effectively, and taxpayers have not developed tools for evaluating tax. Without improvements that accomplish social fairness and lessen social inequality, the features of the tax system have remained intact, as they are the most important tools for redistributing wealth, and the most important tools for achieving social justice (Mugableh, 2018).

In Jordan, taxes vary and include income taxes, general sales tax, taxes, customs duties, social taxes, surcharges, licenses, fees, telegraphs, postage, telephone charges, taxes and other taxes and duties. The tax system is generally based on indirect charges. As data show, indirect taxes, particularly general sales taxes, became the principal source of public revenue, because their relative importance increased by 45.8 percent between 1985 and 1998 and 61% in 2009 to 69% in 2012. In the same period, the relative significance of income taxes was reduced from 4.5% to 3.6%. The personal income tax has changed; initially it was estimated at 7% on the first 12, 000 Jordanian dinars and 14% on income above that figure, but this increased to 7% on the first 10, 000 dinars and (140, 000) Jordanian dinars. 4 Jordanian dinars), and (20%) on what is above (20, 000 Jordanian dinars) (Mugableh, 2018).

Jordan has started an extensive tax reform process in order to balance the tax burden on citizens and businesses, facilitate tax payment and collection procedures and keep pace with the latest systems of taxation that focus on attracting investment and achieving economic growth rather than just collecting money.

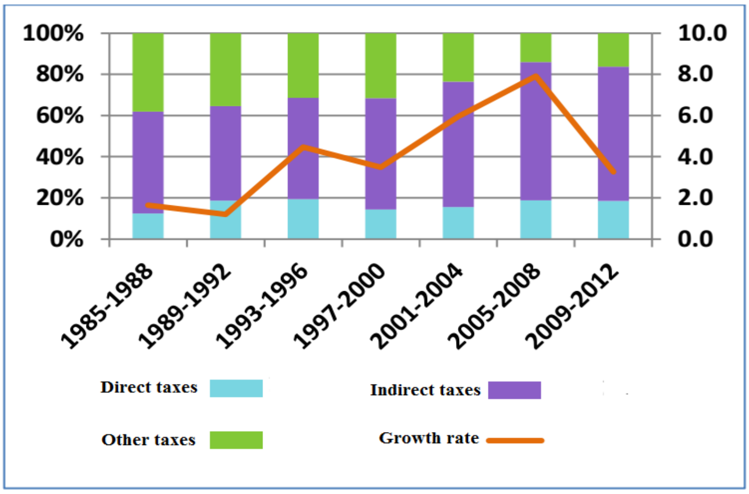

Figure (1) The structure of the tax system in Jordan 1985-2010

Source: General Government Finance Bulletin (various issues)

The direct tax base is income and property, while the indirect tax base is expenditure or consumption. In Jordan the tax system is, as is well-known, primarily based on direct and indirect taxes and contributions to social security. Published data show that indirect taxes, particularly sales tax, have increasingly become a primary source of government income because of a growth in their relative importance between 1985-1988 from 10.6% to 45.8% in the period between 2009 and 2012 (World Bank, 2021).

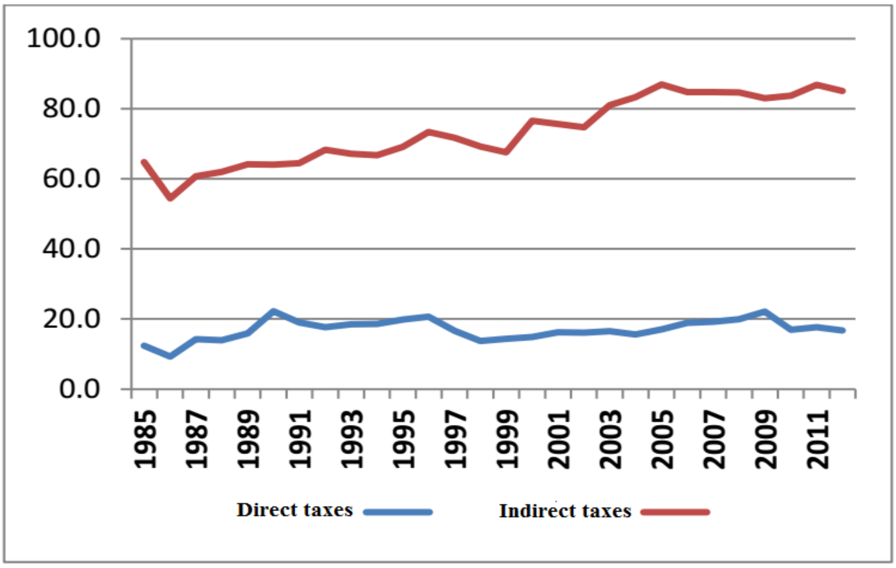

Figure (2) The relative importance of direct and indirect taxes from domestic revenue 1985-2012

Source: General Government Finance Bulletin (various issues).

The per capita tax rate has increased by a factor of four since 1985, rising from about 177dinars during the period 1985-1988 to about 704 dinars in the period 2009-2012, due to the heavy reliance on indirect taxes.

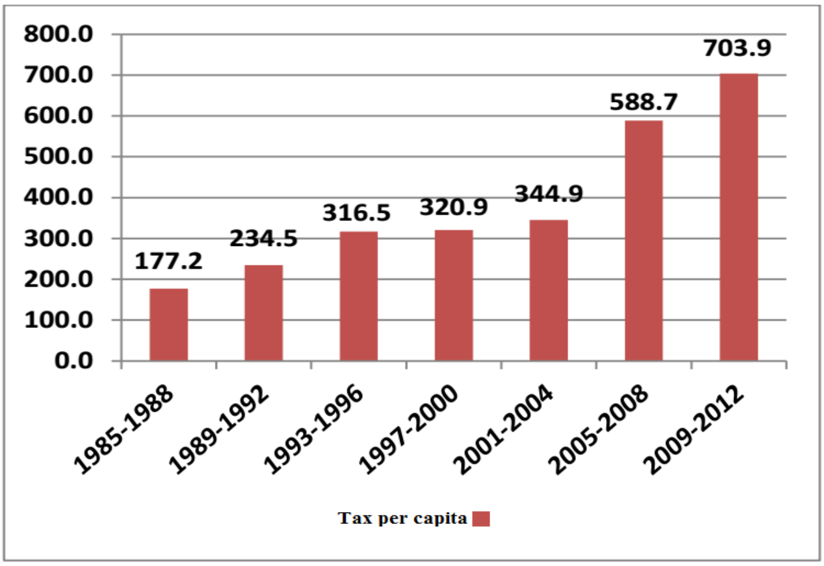

Figure (3) Tax per capita 1985-2012

Source: Jordan Economic and Social Council

Tax evasion is defined as a taxpayer's attempt not to pay tax in whole or in part, according to methods that violate the law, and carry the character of fraud. There are many methods and forms of tax evasion that individuals and companies follow. The 2012 report of the US International Development Agency (USAID)on the tax system in Jordan indicates that most cases of tax evasion that are prosecuted by the Income and Sales Tax Department are related to the general sales tax. Cases of tax evasion related to income tax are fewer than sales tax and are usually limited to reducing the value of taxable income (Zakari, 2013).

The asset and property tax has not changed. The real estate tax (depending on the type of property) settled between 2% and 10%, the furniture tax and tax on all kinds of immovable property between 10% and 15%, the machinery tax between 10% and 25%, and on ships 20%, while the taxes of intangible assets are calculated as property rights. Intellectual property, patents, etc., are based on international financial reporting standards (Mansour, 2015).

4- Results of the comparative study.

In this context, the Network of Arab region for development worked on a research project to develop national studies on tax systems in Saudi Arabia, Egypt, and Jordan, with the submission of a regional report on the overlapping tax rates.

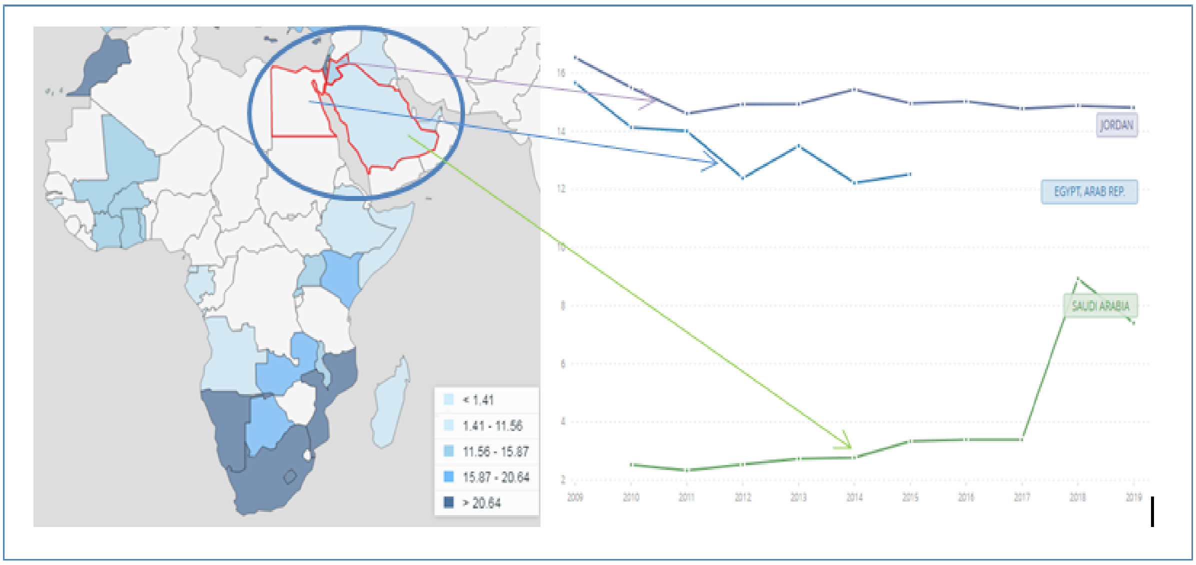

Figure (4) Map of countries and tax revenue of Saudi Arabia, Egypt, and Jordan (% of GDP)

Source: International Monetary Fund, Government Finance Statistics Yearbook and data files.

The figure shows the tax revenues of the Kingdom of Saudi Arabia, Egypt and Jordan (% of GDP), which vary among themselves during the ten years from 2009 to 2019. Tax revenues as a % of GDP is high in the cases of Jordan and Egypt, ranging from 12% to 18%, and less in the case of Saudi Arabia, especially before the year 2018 (less than 4%); thereafter, it increased significantly to a greater percentage (9%). The total ratio will be reflected in the economic and social plans of the state in particular, and therefore on individual justice in a general sense.

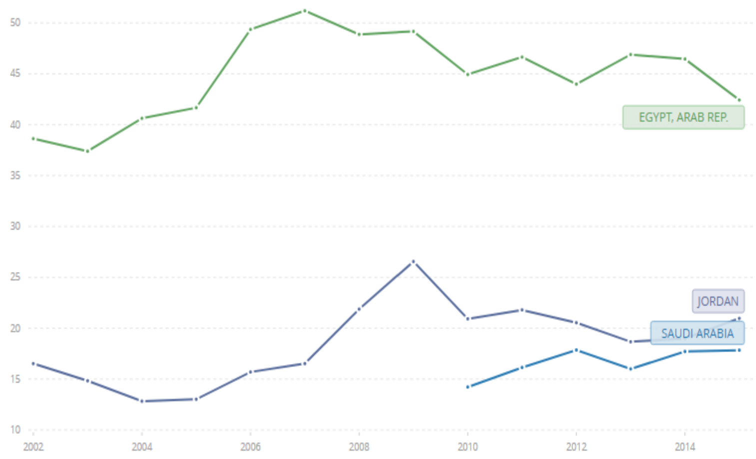

Figure (5) Taxes on income, profits and capital gains (% of total taxes)

Source: International Monetary Fund, Government Finance Statistics Yearbook and data files.

Figure 5allows comparison of taxes on income, profits and capital gains (% of total taxes) in Saudi Arabia, Egypt and Jordan from 2010 to 2014. Frequency of ratios in changing years and ratios varies frequency from 10% to 50% and achieves the highest percentage in Egypt with 38% and lower in Saudi Arabia and 18% or less 20 times that of Egypt, and the percentage of taxes on income, profits and capital gains from the total taxes in Jordan is in the range of 10% to 12 % before the year 2014 and is close to the percentage of Saudi Arabia after 2014.

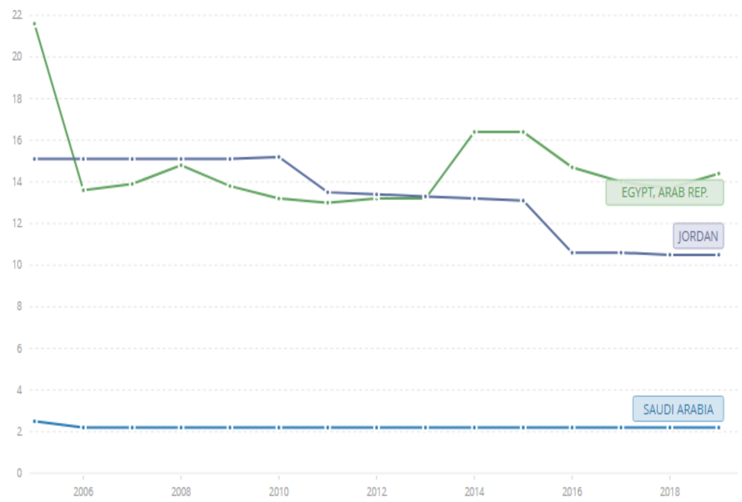

Figure (6) Profit tax (% of commercial profits) - Saudi Arabia, Egypt and Jordan

Source: World Bank, Doing Business project (doingbusiness.org).

Figure 6 compares taxes on profit (% of commercial profits) in Saudi Arabia, Egypt and Jordan. An important note is that the percentage for Jordan is considerably higher than that of Saudi Arabia. The Saudi rate is stable at approximately 3%.

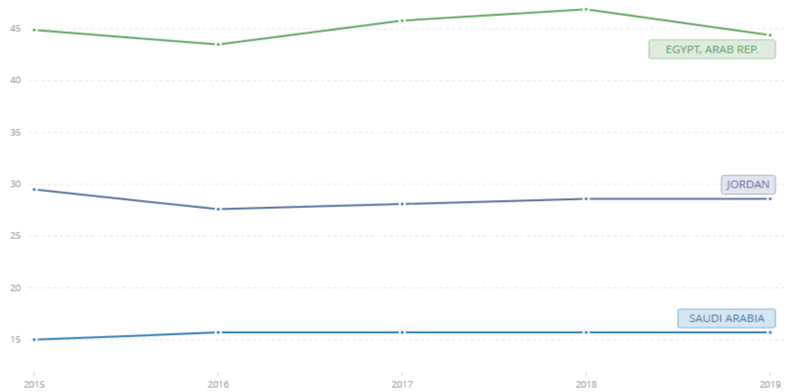

Figure (7) Total tax and contribution rate (% of profit)

Source: World Bank, Doing Business project (doingbusiness.org)

Through the analysis of Figure 7, which compares the total taxes and the contribution rate (% of profit) in Saudi Arabia, Egypt and Jordan, an important note is the stability of the ratios over the years with a slight increase in 2008 in Egypt, where the percentage stabilized at 45, followed by Jordan at 20%, followed by Saudi Arabia at 15%.

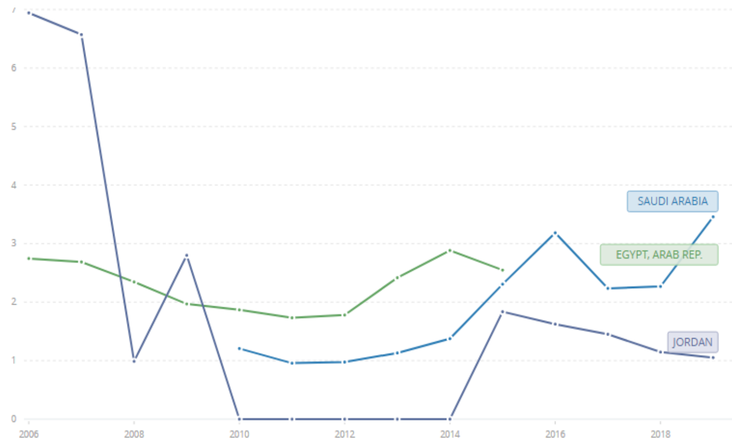

Figure (8) Other taxes (% of revenue)

Source: World Bank, Doing Business project (doingbusiness.org).

Through the analysis of Figure 8, which compares other taxes (% of revenues) in Saudi Arabia, Egypt and Jordan, an important note is that the percentages fluctuate and are clearly proportional year on year; some rates are stable in all three countries, which indicatessimilaritiesbetween countries. In the case of Jordan, the percentage was large before 2008, at 8%, and decreased in 2008 to 1%, and was completely absent from 2010 to 2014, increasing to approximately 2% in 2015 and stabilizing thereafter at 1%.

For Saudi Arabia, it can be considered that since 2010, the percentage of other taxes from revenues increased from 1% to 3% in 2016, to return to 2.2% and stabilize there until 2018, when it started to increase gradually again. As for the other tax rates in Egypt from the revenues, it can be said that the rates have kept varying and slightly changing over the years, in a range limited between 2% and 3% from 2006 to 2016.

By analysing the results of Table 3 for an indicator of tax effort in the Arab countries, in which we focus on the study countries and compare them with Saudi Arabia, Egypt and Jordan from 1994 to 2002, the ratios are similar in both Jordan and Egypt and range between 0.9% to 1%. But these percentages are clearly decreasing in the Kingdom of Saudi Arabia in all years and range between 0.8% to 0.9%.

Table (3) Arab countries: Tax Effort Index

Country	1994	1995	1996	1997	1998	1999	2000
Algeria	0.920	1.007	0.997	1.006	1.049	1.070	1.140
Bahrain	0.987	0.956	1.007	0.807	1.076	1.049	1.089
Egypt	1.049	1.038	0.921	0.855	0.868	0.927	0.957
Jordan	1.039	1.025	1.075	0.939	0.957	0.981	0.985
Kuwait	0.915	0.942	0.940	0.909	0.921	0.911	0.900
Lebanon	0.945	0.990	1.046	0.942	0.994	1.041	1.051
Mauritania	0.990	0.948	0.990	1.014	0.941	0.957	0.971
Morocco	0.872	0.860	0.849	1.005	1.055	1.029	1.196
Oman	0.907	0.943	0.949	1.001	0.890	0.943	1.006
Qatar	0.839	0.857	0.899	0.934	0.922	0.915	0.918
Saudi Arabia	0.883	0.889	0.892	0.971	0.960	0.971	0.971
Sudan	0.944	1.014	1.026	0.973	0.997	1.011	1.025
Syria	1.049	1.089	0.897	0.936	0.961	0.985	1.046
Tunisia	0.901	0.882	0.853	0.963	1.026	1.118	1.134
UAE	0.721	0.832	0.932	1.023	1.004	1.005	1.007
Yemen	0.971	0.901	1.082	1.023	1.068	0.920	0.921

Source: World Bank, Doing Business project (doingbusiness.org).

4.1 Discussion:

Through the comparative study that we conducted on the three countries, and comparing the rates and variance of their tax systems, the results are summarised as follows:

1- the Kingdom of Saudi Arabia leads in realizing social justice for which the tax systems were originally found through the percentage obtained in all cases of the system Figure 1 and 2 followed by Jordan,

2- Egypt is the country that inflicts the most harm on individuals; through the series of taxes imposed and from the results, it performs poorly on the level of local production and revenues.

3- All three countries analyse, were enabled to enhance their tax revenue to support public spending and to direct more of their social expenditures to meet the needs of the poor and to avoid further exacerbation of the external debt and debt problem. In order to avoid the bulk of this increase in tax collection, poor and salaried employees must do so by horizontally increasing, including taxes, and reducing evasion and evasion.

5- Conclusions.

We find in this analysis that tax systems still operate under their capacity in these nations and that the tax foundation remains narrower than expected. Of the three countries, the Kingdom of Saudi Arabia and Jordan receives less tax revenue than other emerging and development economies, and the financing of the spending is inadequate. In such countries, this has compounded the debt situation. More relevant than insufficient taxes are that taxpayers, persons, and organizations are not dispersed fairly, and the bulk of this burden is shared by the weak groups and by non-dominant taxpayers.

It became clear through the study, in the case of the three countries, that despite the efforts made to attract investment, the volume of investments registered in each country was not in any way commensurate with the level of ambitions. Rather, it was far from what was expected from the expansion in granting incentives and facilities to investors. Also, the volume of investments did not appear influenced by the enormous investment opportunities available to the economy

Recommendations.

The most important recommendations that follow the conclusions of this analysis are:

1. The best strategy to encourage investment on an on-going basis is to provide a stable and transparent legal and regulatory framework and implement a tax system in line with international norms.
2. Relying only on the policy of real estate tax incentives to encourage investment is an insufficient method in terms of cost-effectiveness. Therefore, the best strategy to encourage investment on a continuous basis is to provide a stable and transparent legal and regulatory framework, and to implement a tax system in line with international norms.
3. The use of efficiency and effectiveness criteria and comparison of the benefits resulting from tax incentives are recommended in evaluating the effectiveness of the policy of real estate tax incentives.
4. The experience of tax coordination between Arab countries as a tool for achieving economic integration.

Sources and References.

- Abdellatif, M. M., & Tran-Nam, B. (2016). Tax Policy Challenges in an Era of Political Transition: The Case of Egypt. EJournal of Tax Research, 14, 683. https://heinonline.org/HOL/Page?handle=hein.journals/ejotaxrs14&id=684&div=&collection=
- Ahmed Aly Abdel‐Mowla, S. (2012). The Egyptian tax system reforms, investment and tax evasion (2004‐2008). Journal of Economic and Administrative Sciences, 28 (1), 53–78. https://doi.org/10.1108/10264111211218522
- Ali, N., & Najman, B. (2017). Informal Competition, Firm Productivity and Policy Reforms in Egypt. In The Informal Economy. Routledge.

- Almutairi, H. (2014). Competitive Advantage Through Taxation In GCC Countries. International Business & Economics Research Journal (IBER), 13 (4), 769–778. https://doi.org/10.19030/iber.v13i4.8685
- Alzyadat, J. A., & Al-Nsour, I. A. (2021). The Fiscal Policy Instruments and the Economic Prosperity in Jordan. The Journal of Asian Finance, Economics and Business, 8 (1), 113–122. https://doi.org/10.13106/jafeb.2021.vol8.no1.113
- Hassan, K., & Lewis, M. (2009). Handbook of Islamic Banking. Edward Elgar Publishing.
- Hoepner, A. G. F., Rammal, H. G., & Rezec, M. (2011). Islamic mutual funds' financial performance and international investment style: Evidence from 20 countries. The European Journal of Finance, 17 (9–10), 829–850. https://doi.org/10.1080/1351847X.2010.538521
- Mansour, M. (2015). Tax Policy in MENA Countries: Looking Back and Forward. International Monetary Fund.
- Mugableh, M. I. (2018). Fiscal Policy Tools and Economic Growth in Jordan: Evidence from Time-Series Models. International Journal of Economics and Finance, 11 (1), 1. https://doi.org/10.5539/ijef.v11n1p1
- World Bank Open Data | Data. Retrieved November 11, 2021, from https://data.worldbank.org/
- Zakari, M. (2013). Accounting and Auditing in Developing Countries—Arab Countries (SSRN Scholarly Paper ID 2243903). Social Science Research Network. https://papers.ssrn.com/abstract=2243903