



New Tax Filing Requirements and Extension of Deadline for FY 2020 for Qatari and GCC owned businesses operating in Qatar



In addition to Circular No. (1), the General Tax Authority ("GTA") has issued Circular No. (2) for the year 2021 on 24 March 2021, in relation to the Tax filing requirements and deadline for Qatari and GCC owned businesses operating in Qatar that are exempt from Income Tax. The key implications from this Circular are as follows:

With effect for the year ended 31 December 2020, **all Qatari / GCC owned entities that are exempt from Income Tax, will have to file tax returns**, regardless of their income or capital. Thereby

- Qatari / GCC owned entities that are exempt from Income Tax with a capital of QAR 1 million or above, or with an annual turnover of QAR 5 million or above, have to submit a complete Tax return together with audited Financial Statements through Dhareeba. This is an amendment to the provisions under Circular No. (4) of 2011, which provided a threshold of QAR 2 million for capital and QAR 10 million for annual turnover
- Qatari / GCC owned entities that are exempt from Income Tax, **which do not meet the thresholds** mentioned above **are now also required to submit tax returns** together with financial statements through Dhareeba, whereby a **simplified tax return form** can be used.

The circular does not mention whether or not the financial statements to be submitted along with the tax returns of these entities need to be audited. In the absence of any clarification, we currently understand that Art. 33 of the Executive Regulations to the income tax law applies, which states that this is the case if the capital of a company exceeds QAR 200'000 or the total revenue exceeds QAR 500'000.

- The deadline for submission of tax returns and audited Financial Statements for the year ended 31 December 2020 for Qatari / GCC owned entities that are exempt from Income Tax **has been extended by 4 months to 31 August 2021**. Taxpayers whose financial year is different from 31 December 2020 can also submit their Tax returns **four months after their original deadlines**, as long as the different year end has been approved by the GTA. This provision is applicable for financial year 2020 only.
- Failure to submit the tax returns on time is liable to **QAR 500 penalty per day** capped at QAR 180,000.

Please find below a summary of the Income Tax Return filing deadline for Taxable and Tax exempt entities according to Circulars 1 and 2 of 2021 issued on 24 March 2021 –

Classification	Year end	Original Tax filing deadline	Extended deadline	Period of extension	Type of tax return on Dhareeba portal
Foreign / Taxable entities	31 December 2020	30 April 2021	30 June 2021	2 months	Full return
	Other year ends approved by the GTA (E.g. 31 March 2021)	4 months from the year-end (i.e., 31 July 2021)	2 months after original deadline (i.e., 30 Sept. 2021)	2 months	Full return
Qatari / GCC entities whose capital is QAR 1 million or higher, or whose annual turnover is QAR 5 million or higher	31 December 2020	30 April 2021	31 August 2021	4 months	Full return
	Other year ends approved by the GTA (E.g. 31 March 2021)	4 months from the year-end (i.e., 31 July 2021)	4 months after original deadline (i.e., 30 Nov. 2021)	4 months	Full return
Qatari / GCC entities whose capital is below QAR 1 million, or whose annual turnover is below QAR 5 million	31 December 2020	30 April 2021	31 August 2021	4 months	Simplified return
	Other year ends approved by the GTA (E.g. 31 March 2021)	4 months from the year-end (i.e., 31 July 2021)	4 months after original deadline (i.e., 30 Nov. 2021)	4 months	Simplified return

Since this is the first year of filing tax returns and transfer pricing declarations through the new Dhareeba portal, we at KPMG in Qatar highly recommend to our clients to work towards having their financial statements audited and Tax returns submitted well within the deadline, to avoid any technical issues on Dhareeba or otherwise.

We also recommend companies to review their tax filing and related obligations (specially where those were tax filing will be required now for the first time under Circular 2) and ensure they are fully compliant.

If you have any questions, please do feel free to contact us.

Kind regards,



Barbara Henzen

Partner – Tax & Corporate Services
KPMG Qatar
E: bhenzen@Kpmg.Com

T: [+974 4457 6571](tel:+97444576571)

Imran Ayub
Director Tax
E: iaayub@kpmg.com
T: [+974 4457 6529](tel:+97444576529)

Uma Patankar
Senior Manager Transfer Pricing
E: upatankar@kpmg.com
T: [+ 974 4457 6589](tel:+97444576589)

Priyanka Jaiswal
Manager Tax
E: pjaiswal@kpmg.com
T: [+ 974 4457 6511](tel:+97444576511)

Anand Krishnan
Manager Tax
E: ankrishnan@kpmg.com
T: [+974 4457 6444](tel:+97444576444)

Abhishek Jain
Senior Manager Tax
E: anjain@kpmg.com
T: [+ 974 4457 6538](tel:+97444576538)

Khalil Khbabez
Manager Tax
E: kkhbabez@kpmg.com
T: [+ 974 4457 6574](tel:+97444576574)

Nurlan Sadraddinzaade
Manager Tax
E: nsadraddinzaade@kpmg.com
T: [+ 974 4457 6453](tel:+97444576453)

This alert provides a brief summary of the current updates and has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out in the new law and executive regulations will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.



home.kpmg/qa

Privacy | Legal

©2021 KPMG LLC, a limited liability company registered with Qatar Financial Centre Authority (QFCA), State of Qatar and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

©2021 KPMG Qatar Branch is registered with the Ministry of Commerce and Industry, State of Qatar and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").