



## Qatar Corporate Tax Filing 2020

### Tax Alert on Corporate Tax filing for Exempt Entities

The General Tax Authority (GTA) issued Circular No. (2) of 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. One of the key implications from this Circular was that all Qatari / GCC owned entities that are exempt from Income Tax, have to file tax returns regardless of their income or capital.

#### In summary –

- 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 or 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 must be used**.
- In line with adherence to the canons of convenience, simplicity and diversity, the GTA issued Circular No. (3) of 2021 on 12 July 2021 reiterating on the use of **only** simplified tax return for tax exempt entities with a capital of below QAR 1 million and an annual turnover of below QAR 5 million. **Therefore, tax exempt entities whose capital is below QAR 1 million and whose annual turnover is below QAR 5 million should only submit simplified tax returns.**

#### Taxpayers required to file simplified tax returns

The following three conditions must be met for Taxpayers to submit simplified tax returns –

- Must be **100% wholly owned Qatari companies**, or have GCC shareholder(s) who are resident in the State of Qatar;
- Must have **share capital of less than QAR 1 million and annual revenue of less than QAR 5 million**; and
- Must have their Head office located in the State of Qatar.

## Constituents of Simplified Tax return

The simplified tax return contains the following fields –

Nature of item
1.1 Revenue
1.2 Expenses
1.2.1 Rent expenses
1.2.2 Salaries
1.2.3 General expenses
1.3 Net income
1.4 Qatari shareholder

Taxpayers filing the simplified tax return are required to attach supporting documentation corresponding with the details of the various components presented above and in the absence of , the taxpayer can attach an analytical statement. The uploaded information can take the PDF or EXCEL formats, and the size should not exceed 5MB per attachment.

## Exemptions from filing Simplified Tax return

According to Circular No. (3) of 2021, if a Taxpayer with thresholds mentioned above wishes to submit a full tax return, the tax exempt entity must sign a written approval which should be attached when submitting the tax return.

## Audited Financial Statements

The GTA has clarified that for Taxpayers who are required to file simplified tax return under Circular 2, it is **not mandatory** for such Taxpayers to submit **audited financial statements** that are approved and audited by an Audit office along with simplified tax return.

## Deadline for filing Income Tax Return for Tax exempt entities

KPMG would like to remind you of the deadlines for filing of income tax return for Tax exempt entities

Classification	Year end	Original Tax filing deadline	Extended deadline	Period of extension	Type of tax return on Dhareeba portal	Audited Financial Statements
<b>Qatari / GCC entities whose capital is QAR 1 million or higher, or whose annual turnover is QAR 5 million or higher</b>	31 December 2020	30 April 2021	<b>31 August 2021</b>	4 months	Full return	Mandatory
<b>Qatari / GCC entities whose capital is below QAR 1 million, and whose annual turnover is below QAR 5 million</b>	31 December 2020	30 April 2021	<b>31 August 2021</b>	4 months	Simplified tax return	Optional

We recommend all taxpayers to take timely actions to ensure that the Income Tax returns are filed on time to avoid unnecessary penalties.

## Late filing penalties

Failure to submit the tax returns on time is liable to **QAR 500 penalty per day** capped at QAR 180,000.

We urge all tax exempt entities with a capital of below QAR 1 million and an annual turnover of below QAR 5 million, to reach out to respective Tax managers in order to discuss the tax filing and related obligations and ensure they are fully compliant.

## Appointment of KPMG as Tax representative on Dhareeba

For smooth running and to avoid unnecessary inconvenience, it is paramount to appoint KPMG as your Tax representatives where we are engaged to assist with the Tax filing. KPMG can assist with guidance on making the appointment.

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

Kind regards,



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*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.*

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