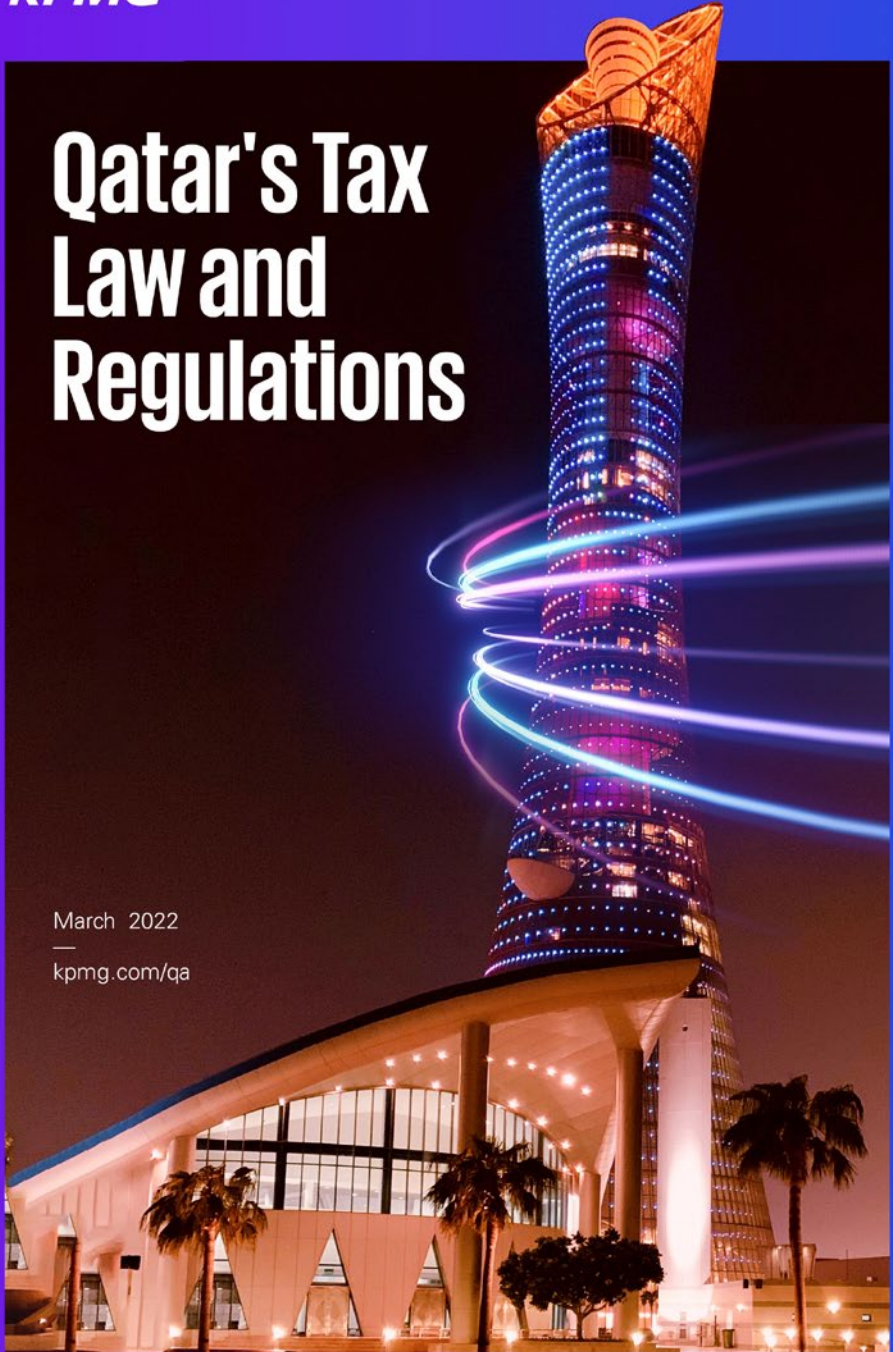




Qatar's Tax Law and Regulations

March 2022

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Section A

Income Tax Law

Preamble to the Income Tax Law

We, Tamim Bin Hamad Al-Thani, Emir of the State of Qatar

- Having perused the Constitution,
- The Income Tax Law issued by Law No. (21) of 2009,
- Law No. (17) of 2014, regarding the exemption of the shares of non-Qatari investors in the profits of certain companies and investment funds from income tax,
- The State's Financial System Law issued by Law No. (2) of 2015,
- The Emiri Decree No. (77) of 2018 establishing the General Tax Authority,
- The proposal of the Minister of Finance, and
- The Draft Law submitted by the Council of Ministers; and
- Having consulted the Advisory Council,

Have decreed the following Law:

Article (1)

The provisions of the Income Tax Law attached to this law shall come into force.

Article (2)

Subject to the provisions of Articles 9(2) and (13) of the attached Law, the provisions of the attached Law do not apply to the following:

- Ministries, government authorities and public corporations and institutions
- International organizations and their offices and branches operating in the State of Qatar
- Private associations and foundations, Private charitable organizations and private foundations of public interest constituted in accordance with the provisions of the laws governing each of them
- Salaries, wages, allowances and the like
- Gross income from legacies and inheritances

Article (3)

The Council of Ministers shall issue, upon a recommendation by the Minister of Finance, the Executive Regulations of the attached Law. The Minister of Finance shall issue the decisions required for the implementation of this Law. Until these regulations and decisions come into effect, the regulations and decisions currently in force shall remain applicable in so far as they are not in contradiction with the provisions of the attached Law.

Article (4)

Law No. (21) of 2009 and Law No. (17) of 2014, as well as any provision in contradiction with the provisions of this Law and the attached Law shall be repealed.

Tax exemptions that are in effect on the effective date of the attached law shall remain effective until expiry of their period.

Article (5)

All competent authorities, each within its own competence, shall implement this Law, which shall come into force on the date of its issuance and shall be published in the Official Gazette.

Tamim Bin Hamad Al-Thani Emir of the State of Qatar

Issued at Emiri Diwan on: 6/4/1440

A.H. Corresponding to: 13 December 2018 A.D



Income Tax Law

PART I

Definitions



Article (1)

For the purposes of this Law and its Executive Regulations, the following expressions and terms shall have the meanings assigned thereto unless the context otherwise requires:

- **Tax:** The Income Tax.
- **Minister:** The Minister of Finance.
- **Authority:** The General Tax Authority.
- **President:** The President of the Authority.
- **Activity:** Any profession, vocation, service, trade, industry, speculation, contractual work or any business carried on to derive a profit or an income, including the exploitation of a movable or immovable property.
- **Taxpayer:** Any natural or legal person subject to tax under the provisions of this Law.
- **The Person in Charge:** The Chairman of the board of directors or, managing director authorized manager or any other person who represents or runs the company or enterprise.
- **Taxable Year:** A period of twelve months starting on the first of January and ending on the thirty first day of December of the same year.
- **Accounting Period:** The period for which the taxpayer prepares his accounts.
- **Gross Income:** Total income and profits derived by the Taxpayer from the sources mentioned in this law.
- **Net Income:** Gross income less allowable deductions, in accordance with the provisions of this Law.
- **Taxable income:** Net income after subtracting losses, as provided for in Article (7) of this Law.
- **Return:** A statement in which the taxpayer acknowledges the amount of taxable income and the tax due, according to the form prepared for this purpose.

— Resident:

1. Natural person who satisfies any of the following requirements:
 - a. Has a permanent home in the State.
 - b. Has been in the State for more than one hundred and eighty-three (183) consecutive or separate days during any twelve (12) month period.
 - c. Has his center of vital interests in the State.
2. Legal person who satisfies any of the following requirements:
 - a. It is incorporated under Qatari legislations.
 - b. Its head office is situated in the State of Qatar.
 - c. Its place of effective management is situated in the State of Qatar.

— **Permanent Establishment:** Fixed place of business through which the business of a taxpayer is wholly or partly executed. This shall include a branch, an office, a factory, a workshop, a mine, an oil or gas well, a quarry, a building site, an assembly project or a place of exploration and extraction or exploitation of natural resources. Permanent establishment shall also include an activity carried on by the taxpayer through a person acting on behalf of the taxpayer or in his interest other than an agent of an independent status.

— **Royalties:** Payments of any kind made as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, films or discs used for radio or television broadcasting, any patent, trademark, drawing, design or model, plan, secret formula or process, or for the use of or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.

— **Regulations:** The Executive Regulations of this Law.

Scope of Tax

Chapter one: Imposition of Tax

Article (2)

Annual tax shall be imposed on the taxpayer's taxable income derived from sources in the State during the previous taxable year.

Notwithstanding the provisions of the previous paragraph, tax shall be imposed on the following:

1. Bank interest and returns realized outside the State, provided that they are derived from amounts resulting from the activity of the taxpayer in the State.
2. Commissions earned through agency, brokerage or commercial representation agreements accrued outside the State in respect of activities carried on in the State.

Article (3)

Income derived from the State of Qatar shall include:

1. Gross income derived from an activity carried on in the State.
2. Gross income derived from contracts wholly or partly performed in the State.
3. Gross income from real estate situated in the State and capital gains resulting from the disposal thereof.
4. Gross income from shares in companies resident in the State or listed on its stock markets and capital gains resulting from the disposal thereof.
5. Consideration for services paid to head offices, branches or related companies.
6. Interest on loans obtained in the State.
7. Gross income from the exploration, extraction or exploitation of natural resources situated in the State.
8. Gross income subject to tax in the State under a taxation agreement, as provided for in the Regulations.



Chapter two:

Tax Exemptions

Article (4)

Notwithstanding other tax exemptions provided for under special laws, international agreements or under the provisions of Article (35) of this Law, the following items of income shall be exempt from tax:

1. Bank interest and returns due to natural persons other than those carrying on a taxable activity in the State, be they resident or not.
2. Interests and returns on public treasury bonds and Islamic financial securities, issued in accordance with the provisions of the State's Financial System Law, as well as bonds of public corporations.
3. Capital gains on the disposal of real estate and securities derived by natural persons, provided that the real estate or securities disposed of are not part of the assets of a taxable activity.
4. Capital gains resulting from the revaluation of the company's assets when they are submitted as a share in kind to contribute to the capital of a shareholding company that is resident in the State, provided that the shares corresponding to the contribution in kind be nominal shares and that they are not disposed of for a period of five years.
5. Dividends and other income from shares if the amounts distributed during a taxable year were taken from:
 - a. Profits that were subject to the tax under this Law.
 - b. Profits distributed by a company the income of which is exempt from tax under this Law or other laws.
6. Gross income from handcraft activities that do not use machines, provided that the gross income does not exceed two hundred thousand (200,000) Riyals per year, the average number of employees does not exceed 3 and the activity is carried on in one single establishment. The exemption conditions set forth in this paragraph may be amended by a decision of the Council of Ministers, upon the recommendation of the Minister.
7. Gross income from agricultural and fishing activities.
8. Gross income of non-Qatari air or sea transport companies operating in the State, subject to reciprocity.
9. Gross income of Qatari natural persons resident in the State.
10. Gross income of legal persons resident in the State and fully owned by Qatari nationals. Gross income of legal persons resident in the State, based on the following persons' shares in the

profits:

- a. Qatari natural persons.
 - b. Legal persons fully owned by Qatari nationals.
 - c. Legal persons partially owned by Qatari nationals, based on their shares in the profits. The provisions of this paragraph shall not apply to shares in the profits of legal persons owned by the State, in part or in full, directly or indirectly and operating in the field of petroleum operations and petrochemical industries.
12. Gross income from activities derived by private authorities registered in the State or registered in another country and authorized to operate in the State, within the scope of their not-for-profit activities.
 13. Shares of non-Qatari investors in the profits of listed companies.
 14. Shares of non-Qatari investors in the profits of listed investment funds.
 15. Shares of non-Qatari investors in the profits derived from the trading of listed securities, including listed investment fund units.

The Regulations shall determine the conditions for income tax exemptions set forth in this Article.

Chapter three:

Accounting Period

Article (5)

The accounting period of a taxpayer who carries on an activity shall be the taxable year.

However, the taxpayer may, after obtaining the approval of the Authority, adopt an accounting period that is different from the taxable year, in accordance with the provisions of the Executive Regulations.

Article (6)

The taxpayer shall determine the taxable income on the basis of the accrual accounting method used in commercial accounting, in accordance with international accounting standards and subject to the provisions of this Law and its Executive Regulations.

The taxpayer may not use another method of accounting, except upon the approval of the Authority.

Calculation of the Tax

Chapter one: Imposition of Tax

Article (7)

Taxable income shall be determined on the basis of the gross income derived from all transactions carried out by the taxpayer after subtracting allowable deductions and losses provided for in this Article.

Allowable deductions shall mean expenses and costs incurred by the taxpayer that satisfy the following requirements:

1. They are necessary to derive the gross income.
2. They are actually incurred and supported by documentary evidence.
3. They do not increase the value of fixed assets used in the activity.
4. They are related to the taxable year.

The taxpayer may deduct the losses incurred during a taxable year from the net income of the subsequent years.

This shall be in accordance with the provisions of the Regulations.

Chapter one: **Taxable Income (cont.)**

Article (8)

The following expenses and costs may not be deducted:

1. Expenses and costs incurred to derive exempt income.
2. Payments that are made in breach of the laws of the State.
3. Fines and penalties for breaching the laws of the State.
4. Expenditures or losses related to redeemed or redeemable compensation, provided that such compensation is not included in the gross income of the taxpayer.
5. The share of total expenditures on entertainment, hotel accommodation, restaurant meals, vacations, club fees and gifts to customers, in accordance with the circumstances, conditions and limits provided for in the Regulations.
6. Salaries, wages and similar remuneration including fringe benefits paid to the owner, spouse and children, members of a general or limited partnership, members of a board of directors or the director of a limited liability company who owns, directly or indirectly, the majority of the shares of the company.
7. The share of the branch in the headquarters' or head office's general and administrative expenses that exceeds the percentage determined in the Regulations.
8. Commissions of the agents of foreign companies exceeding the percentages provided for in the Regulations.
9. Any other disallowed deduction pursuant to the provisions of this Law or the Regulations.

Chapter two: **Tax Rate**

Article (9)

The tax rate shall be ten per cent (10%) of the taxable income of the taxpayer during the taxable year.

Notwithstanding the provisions of the previous paragraph, the tax rate shall be as follows:

1. The tax rate and all other tax conditions provided for in agreements relating to petrochemical industries and petroleum operations as defined in Law No. (3) of 2007 concerning the exploitation of natural wealth and their resources, shall apply, provided that in no event shall the tax rate be less than (35%) thirty-five per cent.
2. Subject to the provisions of tax agreements, royalties, interests, commissions and payments for services carried out wholly or partly in the State that are paid to non-residents with respect to activities not connected with a permanent establishment in the State shall be subject to a final withholding tax of (5%) five per cent on their gross amount, as determined by the Regulations.
3. The tax rate provided for in agreements to which the government, ministries or other government bodies or public authorities or enterprises are a party and which are executed before the entry into force of this Law, shall apply. Where such agreements fail to specify a tax rate, tax shall be charged at a rate of (35%) thirty-five per cent.



Income Tax Law

PART IV

Tax Obligations





Chapter one: **Registration and Notification**

Article (10)

Every taxpayer who carries out an activity or derives a taxable income shall:

1. Register with the Authority.
2. Notify the Authority of any change that may affect their tax obligations.
3. Submit an application to the Authority for a tax identification number.

The Regulations shall set forth the conditions, controls, deadlines and procedures required to this effect.

Chapter two: **Filing Tax Returns**

Article (11)

Taxpayers carrying on an activity shall submit a return to the Authority on the form prepared for this purpose, stating the taxable income and the tax due even if availing a tax exemption.

Subject to the provisions related to tax assessment, financial penalties and statute of limitation stipulated in this Law and the Regulations, the taxpayer may, upon the approval of the Authority, file an amended return to correct mistakes in, or complete omissions to, a return filed in respect of an earlier taxable year.

The Regulations shall set forth the conditions, controls, deadlines and procedures required to this effect.

Chapter three: **Accounting Requirements**

Article (12)

Taxpayers carrying on an activity in the State shall keep accounting books, registers and documents, as required by the laws of the State and international accounting standards. The Authority may exempt certain taxpayers from this obligation, in accordance with the cases, conditions and circumstances provided for in the Regulations.

Article (13)

Government bodies, companies, organizations, private institutions, private not-for-profit organizations and institutions, private institutions of public interest, sole proprietorship and any other entity specified by the Regulations, shall notify the Authority of contracts, agreements and dealings they entered into, according to the limits and deadlines provided for in the Regulations.

Subject to regional and international tax agreements to which the State is a party, the abovementioned entities shall provide the Authority, upon its request, with any information related to tax purposes.



Income Tax Law

PART V

Powers and Duties of the Authority



Chapter one: Tax Assessment

Article (14)

1. Tax shall be assessed on the basis of the taxable income as determined by the tax return. The Tax return shall be treated as an assessment of the tax and an obligation to pay the tax on the same day of filing the return.
2. The Authority shall have the right to amend the assessment based on the data provided in the return and its supporting documents, in accordance with the provisions of this Law and the Regulations.
3. The Authority may also issue a deemed assessment, based on any available information, should the taxpayer fail to submit his tax return, or the related supporting information or documents.

In either of the cases referred above, the Authority shall notify the taxpayer of the elements used to assess the tax and of its amount, using the form prepared for this purpose, by registered letter or any other means of notification with acknowledgement of receipt.

The liquidator shall be regarded as the taxpayer, and the assessment procedures shall be carried out against him.

This will be in accordance with the limits and conditions provided for in the executive regulation.

Article (15)

Subject to the statute of limitation provisions set forth in this Law, the Authority may not reassess the tax payable by a taxpayer in respect of a taxable year that has been previously assessed unless the Authority discovers new information affecting the taxpayer's tax liabilities, which was not taken into account in the previous assessment.

The re-assessment decision shall be subject to the same rules as those applicable to the assessment decision in the first place.

Chapter two: Confidentiality

Article (16)

Employees of the Authority shall preserve the confidentiality of the information and documents that come to their knowledge or possession in the course of fulfilling their duties.

Employees of the Authority shall be released from this obligation in the following cases:

1. Where the information is disclosed to the concerned taxpayer, the proxy of the taxpayer or any government entity with the taxpayer's approval, unless such disclosure is prohibited by another law or an applicable international or regional tax agreement to which the State is a party.
2. At the request of a judicial body.
3. Where information is disclosed within the framework of an exchange of information procedure under an applicable international or regional tax agreement to which the State is a party.



Income Tax Law

PART VI

Objections and Appeals



Chapter one: Objections

Article (17)

The taxpayer may object to the tax assessment decision within thirty days from the date of receiving the relevant notification by registered letter or any means of notification with acknowledgement of receipt.

The objection shall be submitted to the Authority. The submission of such objection shall result in the suspension of the implementation of the assessment decision.

Where the taxpayer fails to submit an objection within the period specified in the first paragraph of this Article, the assessment decision shall become final and tax shall become payable.

Article (18)

The Authority shall settle the objection and notify the taxpayer or the person in charge of its decision by any means of notification, within sixty 60 days from the date of submission of the objection.

The elapse of sixty days with no response to the objection shall be regarded as an implicit refusal of the same.

Where the taxpayer accepts the decision of the Authority regarding the objection, tax shall be finally assessed based on such decision.

Chapter two: Appeals

Article (19)

A committee (or committees) shall be set up within the Authority, called 'Tax Appeal Committee', under the chairmanship of a judge of the Appeal Court appointed by the Supreme Judiciary Council.

A decision of the Council of Ministers shall be issued, upon a proposal of the Minister, to set up the committee, to organize its functions and appeal procedures and to determine its remuneration.

The committee's chairman and members shall be appointed by a decision of the Minister.

The committee shall be competent to settle appeals submitted by the taxpayer against the Authority's decisions, in addition to carrying on all other competencies specified by the decision organizing its functions. The committee may reduce the financial penalties set forth in this Law.

The committee shall adhere to the general litigation rules and procedures.

The taxpayer and the Authority may appeal against the committee's decision before the administrative chamber of the court of first instance within sixty days from the date of notification of the decision. Such appeal shall not suspend the execution of the decision of the committee, unless the court otherwise decides.

Collection and Refund of the Tax



Chapter one: Collection of the Tax

Article (20)

The taxpayer shall pay the tax due according to the return on the same day of filing the return. Should the taxpayer be notified of the Authority's decision to amend or assess and should the period of objection provided for in Article 17 of this Law expire without any objection, the taxpayer shall be obliged to pay the tax and financial penalties within thirty days from the date of expiry of the aforementioned period.

If the taxpayer accepts the Authority's decision on the objection, the tax due shall be paid within thirty days from the date of notification of the decision to the taxpayer.

In cases other than those set forth in the two previous paragraphs, the tax and related financial penalties shall be collected in one instalment, within thirty days from the expiration of the time period specified in Article (18) of this Law without any response or from the date of notification of the taxpayer or the person in charge of the Authority's response to the objection.

The Authority may approve, upon the request of the concerned party, the payment of the tax due and the financial penalties related thereto by instalments in accordance with the Regulations of this law. Should the taxpayer fail to pay any of the instalments in a timely manner, all the outstanding instalments shall become due immediately.

The assignor and the assignee as well as the seller and the buyer shall be jointly liable for any tax or financial penalties related to the assigned or sold activity until the date of notification of documented assignment or sale to the Authority.

Chapter two:

Seizure of Taxpayer's Property

Article (21)

In the cases where it appears that the collection of the tax is threatened of loss, the President shall request the issuance of a decision from the judge of summary procedures to provisionally seize the property of the taxpayer that is necessary to collect the tax and financial penalties related thereto, whether in the possession of the taxpayer or in the possession of others.

The property shall be deemed to be provisionally seized as of the date the taxpayer is notified of the decision of the judge summary procedures. The taxpayer may not dispose of such property except where the seizure is lifted by a decision of the judge summary procedures.

The taxpayer or any interested party may appeal against the seizure decision before the competent court within thirty days from the date of notification.

Article (22)

1. In the case where the assessment decision of the tax and financial penalties related thereto have become final and are not paid on the prescribed date, the President shall carry out the procedures of executive seizure on the taxpayer's property required to collect the tax, whether in the possession of the taxpayer or in the possession of others.
2. The Authority may require by a registered letter from any person to provide, within (30) thirty days from the receipt of the letter, a statement of the sums due by that person to the taxpayer. The statement shall include:
 - a. The sums due by the person to the taxpayer and the term of their payment.
 - b. The sums held by the person and due by a third party to the taxpayer, and whether or not the person is authorized to make the payment to the taxpayer on behalf of the third party.
3. The person referred to in the previous paragraph shall pay to the treasury the amounts due by the taxpayer, up to the amount of tax and financial penalties related thereto within thirty days from the date they come to maturity. Sums that have come to maturity on the date of submission of the statement to the Authority shall be paid within

thirty days from that date. Where the statement was not submitted by the person within the specified period or where the amounts were not paid to the Authority in accordance with the provisions of the previous paragraph, the Authority shall carry out the procedures of executive seizure on the person's property.

4. For the purposes of implementing paragraphs (1) and (4) of this Article, the Authority shall notify the debtor, and the seizure shall be executed by the Authority in accordance with the provisions of the Law.
5. The provisions of paragraphs (2), (3) and (4) of this Article shall not apply to banks, except on the basis of a court decision.

Chapter three:

Refund of Unduly Collected Tax and Financial Penalties

Article (23)

Subject to the provisions related to the statute of limitation (or prescription) set forth in this Law, the taxpayer may obtain a refund of the amounts of tax and financial penalties unduly collected from him by submitting a claim to the Authority.

The Authority shall notify the taxpayer of its decision regarding the refund within sixty days from the date of its submission.

The taxpayer may appeal before the Tax Appeal Committee in the case where the Authority refuses the claim mentioned above or fails to notify its decision to the taxpayer within the above-mentioned period.

In the case of delay by the Authority in refunding the unduly collected amounts within the period mentioned above, the taxpayer shall be entitled to a compensation calculated in accordance with the provisions of the Regulations of this Law.

Financial Penalties and Sanctions

Chapter one: Financial Penalties

Article (24)

Save for the acts that constitute a crime under Article (26) of this Law, the President or his delegate shall impose, in the cases described in the following paragraphs, the financial penalties on the following:

1. Any taxpayer who fails to file the tax return within the periods set forth in this Law and the Regulations shall pay a penalty of five hundred (500) Riyals for each day of delay and a maximum of one hundred eighty thousand (180,000) Riyals.
2. Any taxpayer who fails to pay tax within the periods mentioned in this Law and its Regulations, as well as any natural or legal person who fails to remit the withholding tax within the set periods, shall pay a penalty of (2%) two per cent of the amount of tax due per month of delay or part thereof, up to the amount of the tax due.
3. Any taxpayer who contravenes the provisions related to registration and notification set forth in this Law and its Regulations shall be subject to a financial penalty of twenty thousand (20,000) Riyals.
4. Any taxpayer benefiting from a tax exemption who fails to submit the tax return and documents to be attached thereto by virtue of this Law and its Regulations shall bear a financial penalty of ten thousand (10,000) Riyals.
5. Any taxpayer who contravenes the provisions of this Law and its Regulations on the submission of final audited accounts, bookkeeping and retention of records shall bear a financial penalty of thirty thousand (30,000) Riyals.
6. With the exception of government bodies, any entity that fails to notify the Authority of any contracts, agreements and transactions executed pursuant to the provisions of Article (13) of this Law shall be subject to a financial penalty of ten thousand (10,000) Riyals.
7. Any person who fails to withhold tax in accordance with the provisions of Article (9) of this Law shall bear a financial penalty equal to the amount of tax that has not been withheld, in addition to the payment of the tax due.
8. Any person who contravenes the provisions of the decisions issued in accordance with paragraph (2) of Article (34) of this Law shall be liable to a financial penalty not exceeding five hundred thousand (500,000) Riyals.

In implementing the provisions of paragraphs (1) and (2) of this Article, delay period shall begin on the day following the final deadline for filing the return and shall end on the date of submission of the return or on the date of payment of the tax, as the case may be.

The concerned person shall be notified of the financial penalties imposed, as set forth in the Regulations.

Article (25)

The President or his delegate may exempt the taxpayer from all or part of the financial penalties provided for in the previous Article, up to a maximum of five hundred thousand (500,000) Riyals, and the Minister may exempt the taxpayer for larger amounts, should the taxpayer present reasonable justifications deemed acceptable by the Authority.

The exemption mentioned in this Article shall be revoked if the taxpayer files an appeal in accordance with the provisions of Article (19) of this Law.

Chapter two: Sanctions

Article (26)

Without prejudice to any more severe penalty prescribed by any other law, a punishment with imprisonment for a term not exceeding one year and/ or by a fine not exceeding three times the amount of tax due shall be imposed upon any taxpayer or person in charge who:

1. Presents falsified or fictitious books, registers or documents.
2. Uses fraudulent methods including the presentation of falsified, fictitious or incorrect statements or documents for the purpose of obtaining a deduction, a tax exemption or a refund of the tax already paid.
3. Intentionally abstains from registering for tax purposes or conceals the true income or any taxable activity.
4. Carries on any action intended to prevent the employees of the Authority from fulfilling their duties.

Article (27)

Any person who intentionally associates in the violation of any of the obligations set forth in this Law shall be jointly responsible with the taxpayer or the person in charge for paying any amounts due as a consequence of such violation.

The assignor, the assignee, partners in partnerships, representatives of non-residents and proxy thereof, shall be jointly responsible for paying the taxes and financial penalties due to the Authority, in accordance with the conditions set by the Authority.

Article (28)

Without prejudice to any more severe penalty provided for in any other law, any person who contravenes the provisions of Article (16) of this Law shall be punished with an imprisonment sentence for a term not exceeding six months and a fine not exceeding fifty thousand (50,000) Riyals.

Article (29)

The penalties mentioned in this Law shall be doubled in the case of recidivism. The accused shall be regarded as a recidivist if he commits a similar offence within five years from the date the execution of the sentenced penalty or its extinction.

Article (30)

Penal prosecution may not be instituted for the crimes stipulated in Articles (26) and (27) of this Law, unless upon a written request from the President.

Article (31)

The President or his authorized representative may agree on a settlement with respect to the offences provided for in Articles (26) and (27) of this Law, before instituting penal prosecution or during penal prosecution but prior to the issuance of non-challengeable court order, where the taxpayer shall pay half of the maximum penalty amount, in addition to the due tax and the financial penalties.

The settlement shall result in the case not being prosecuted or in the case being dropped, as the case may be.

The Public Prosecution shall order the suspension of the execution of the penalty if the settlement occurs during its execution.

Article (32)

Employees of the Authority authorized to have judicial enforcement capacity by decision of the Public Prosecutor on agreement with the Minister, shall investigate and provide evidence of violations of this law and its implementing decisions.

These employees shall have the right to access the premises where the taxpayer carries on his activities and their annexes, in order to carry out any action required to implement the provisions of this Law, as provided for in the Regulations.

General Provisions



Article (33)

Where the taxpayer enters into arrangements or carries on operations or transactions one of the main purposes of which is to avoid the payment of the tax due, the Authority may counteract the tax advantage the taxpayer obtained because of such arrangements, operations or transactions, in accordance with the provisions of the Regulations. The Authority may, in any of the instances stated in the previous paragraph, take all or some of the following measures:

1. Apply the arm's length value, to a deed or an economic event subjected to a different value by the taxpayer.
2. Re-characterize the deed where its form does not reflect the substance thereof.
3. Adjust the amount of tax due by the taxpayer or any other person involved in the type of arrangements, operations or transactions provided for in paragraph 1 of this Article.

Article (34)

The application of this Law shall not prejudice any obligations under any international agreements or arrangements to which the State is a party, in regard to the exchange of information for tax purposes or for the purpose of combating international tax evasion.

The Minister shall issue the necessary decisions to enforce these obligations and his decisions shall be binding on all parties and entities in the State, including bodies operating under special tax systems in accordance with the laws governing each of them.

Article (35)

Tax exemptions set forth in this Law may be amended by a decision of the Council of Ministers, upon the recommendation of the Minister.

Article (36)

The Minister shall issue, upon the recommendation of the President, a decision related to the controls, terms and procedures for granting or cancelling tax exemptions.

Exemption decisions shall be issued by the Minister where the period of exemption does not exceed five years. For periods exceeding five years, such decisions shall be issued by the Council of Ministers.

A preferential tax rate may be decided for specific sectors or projects, based on their nature or on the nature of the region where they are located, by a decision of the Council of Ministers, upon the recommendation of the Minister.

Article (37)

The right of the Authority to assess the tax and related financial penalties related thereto in respect of a taxable year shall expire after five years following the year in which the taxpayer submitted the return.

Should the taxpayer fail to submit the return, the right of the Authority to assess the tax shall expire after ten years following the taxable year in respect of which the taxpayer did not file the return.

Should the taxpayer fail to register with the Authority as provided for in Article (10) of this Law, the period prescribed above shall start from the date the Authority shall become aware of the activities of the taxpayer.

In addition to the causes of interruption of the statute of limitation period provided for in the Civil Law, the periods in the previous paragraphs shall be interrupted when the taxpayer is notified by registered letter of the following:

- a. Assessment decision in accordance with the provisions of Articles (14) and (15) of this law.
- b. Payment of tax due or financial penalties.
- c. Referral of the dispute to the Tax Appeal Committee.

Article (38)

The right of the Authority to collect the tax and related financial penalties shall expire after ten years following the year in which the amount of tax and financial penalties became due.

Article (39)

The right of a taxpayer to claim a refund of tax and financial penalties unduly collected from the taxpayer shall lapse five years after the date on which it has been established that the Authority has unduly collected the tax and related financial penalties and he became aware of it.

In addition to the causes of interruption of the statute of limitation period provided for in the Civil Law, the period mentioned in the previous paragraph shall be interrupted by the taxpayer's application notified to the Authority by a registered letter with acknowledgement of receipt, claiming the refund of the tax and financial penalties unduly collected.



Section B

Executive Regulations to Income Tax Law



Preamble to Executive Regulations to Law No. (24) of 2018

The Council of Ministers,

- Having perused the Constitution,
- The Income Tax Law promulgated by Law No. (24) of 2018,
- The Emiri Resolution No. (29) of 1996 on the Council of Ministers' decisions submitted to the Emir for ratification and issuance,
- The Emiri Resolution No. (77) of 2018 establishing the General Tax Authority,
- The Executive Regulations of the Income Tax Law promulgated by Law No. (21) of 2009, issued by the Minister of Economy and Finance's Decision No. (10) of 2011, and
- The proposal of the Minister of Finance

Has decided the following:

Article (1)

The provisions of the Executive Regulations of the Income Tax Law promulgated by Law No. (24) of 2018 attached to this Decision shall come into force.

Article (2)

The Minister of Economy and Finance's Decision No. (10) of 2011 referred to above, as well as any provision that may conflict with the provisions of this Decision and the regulations attached therewith shall be repealed.

Article (3)

All competent authorities, each within their own competence, shall implement this Decision, which shall come into force on the date that follows its publication in the Official Gazette.

Abdullah bin Nasser bin Khalifa AlThani Prime Minister

We hereby ratify and promulgate this Decision

Tamim Bin Hamad Al-Thani Emir of the State of Qatar

Issued at Emiri Diwan on: 14/4/1441 A.H.
Corresponding to: 11/12/2019 A.D.



Executive Regulations
to Income Tax Law

PART I

Scope of Tax



Chapter one: Taxable income

Article (1)

For the purposes of Articles (2), (3) of the Law, income derived from sources in the State shall particularly include:

1. Gross income derived by a resident Taxpayer from an activity carried out in the State.
2. Capital gains derived from the disposal of real estate properties located in the State or the disposal of shares, ownership shares and any such other tangible or intangible assets with respect to an activity carried out in the State.
3. Income derived by a Permanent Establishment (PE) from an activity carried out in the State. 'Permanent establishment' means the following:
 - a. A building site, construction, assembly project or supervisory activities in connection therewith constitute a PE only if such site, project or activity lasts more than six months.
 - b. Provision of services including the consultancy services provided through employees or other personnel engaged by the enterprise for such purpose, but only if the activities of that nature continue for a period or periods aggregating more than 183 days in a twelve months period.
4. Income derived by a non-resident person from any activity carried out in the State, where such activities are similar or quite similar to an activity carried out by a permanent establishment in the State and linked to the said non-resident person, irrespective of whether such activity was restricted to only one transaction.
5. Income derived by a non-resident person with no Permanent Establishment in the State, where such person carries on an activity in the State through a resident person acting on his behalf, in the following cases:
 - a. If the resident person concludes contracts or plays the principal role in concluding these contracts on behalf of the non-resident person, in a routine manner and without any major amendment therein, irrespective of these contracts being related to the transfer of asset ownership, grant of asset use rights, or provision of services by the non-resident person.
 - b. If the resident person maintains in the State, in a routine manner, inventories of merchandise and goods and is taking charge of it on behalf of the non-resident person.
6. Income derived by a non-resident person with no Permanent Establishment in the State and without having no resident person acting on his behalf, in the following cases:
 - a. If the activity is carried out in the form of an operation(s) constituting a complete business cycle in the State. 'Complete business cycle' refers to a series of commercial, industrial or handicraft operations resulting in an income or gain, where such operations form a coherent whole, such as acquisition processes followed by sale processes.
 - b. If the activity involves the provision of services inside the State. Such services shall be deemed to be provided inside the State if they have been completed, consumed, used, or exploited in the State

Chapter two: Tax exemptions

Article (2)

1. Bank interests and returns provided for in Article (4/1) of the Law include income derived by a natural person from savings accounts, deposits, and any such other investment instruments at traditional or Islamic banks.
2. Interests and returns on public treasury bonds, Islamic financial securities and bonds of public corporations, as provided for in Article (4/2) of the Law, shall include gains derived from the disposal of such securities and bonds.
3. For the purposes of Article (4/3) of the Law, real estate property and securities that form part of the assets of a taxable activity shall mean those real estate and securities that form part of the assets of a taxable activity carried out by the taxpayer. Securities shall include stocks and bonds of Qatari stock companies, as well as any such other securities authorized for trading and all other investment instruments, and all that may be considered as such under the applicable legislations.
4. For the purposes of Article (4/4) of the Law, and in case of a breach of any condition stipulated therein, capital gains resulting from the revaluation of the company's assets shall be taxable starting from the year in which exemption was utilized.

5. The term 'exemption' referred to in Article (4/5) of the Law includes the surplus distributed by the liquidator amongst the partners, after repayment of the Company's debts and after the monetary value of their shares in the capital has been redeemed, subject to the provisions of paragraphs (a) and (b) of clause (5) of Article 4 of the Law.

6. The term 'machines' referred to in Article (4/6) of the Law shall mean the tools and equipment used to obtain the final product. It excludes small and hand tools and equipment used to facilitate or complete a craftsman's work.

The average number of workers in a given taxable year shall be calculated by multiplying the total number of employees by the number of days during which such number is available and dividing the quotient by (360) three hundred and sixty days.

Facilities used for storage only shall not be taken into account when calculating the number of facilities through which an activity is carried on.

7. The exemption referred to in Article (4/7) of the Law shall apply to gross income derived from agricultural and fishing activities. It shall not apply to any industrial or commercial activity supplementing, or relating to such activities.

8. For the purposes of Article (4/8) of the Law, profits realized in the State by an air or sea transport company resident in another country and derived from the operation of aircrafts or ships in international transport shall be exempted from Income Tax to the extent that the Qatari navigation company shall be also exempt from tax in said another country, on its profits derived from operating aircrafts or ships depending on the nature of the activities from which these profits are resulting., and according to a certificate issued by said another country's tax authorities or by virtue of a reciprocity agreement providing for such exemption.

9. The exemption referred to in Article (4/3, 4/11) of the Law shall only be granted if the persons are resident in the State.

10. The exemption referred to in Article (4/10) shall be granted under the following conditions:

- a. If the legal person is resident in the State.
- b. If the legal person keeps accounting books in accordance with the applicable accounting standards in force in the State.
- c. If Qataris are resident in the State.
- d. If Qataris are beneficial owners of the legal person.
- e. If Qataris own the entire capital throughout the accounting period in which the exempt income has been derived.

11. The exemption referred to in Article (4/11) of the Law shall be granted under the following conditions:

- a. If the legal person eligible for exemption and legal persons referred to in paragraphs (b) and (c) of Article (4/11) of the Law keep accounting books in accordance with the applicable accounting standards in force in the State.
- b. If the owners of the exempt gains are resident in the State and remain owners thereof throughout the accounting period in which such gains have been realized.
- c. If Qatari natural persons are direct owners and beneficiaries from, the legal person referred to in paragraphs (b) and (c) of Article (4/11) of the Law.

12. For the purposes of Article (4/13) of the Law, the exemption referred to in respect of the share of a non-Qatari investor shall not apply to his shares in the profits of a company owned by a listed company (i.e. whose shares are traded on the stock exchange in the State).

13. GCC citizens shall be subject to the same exemptions and controls established for Qatari citizens under Article (4) of the Law, subject to the provisions of Law No. (9) of 1989 on the Parity of the Citizens of the Arab States of the Gulf Cooperation Council in Taxation Dealings.


Chapter three: Accounting period

Article (3)

1. The accounting period of a taxpayer who carries on an activity shall be the taxable year.

The accounting period of a taxpayer shall be (12) twelve months, subject to the following:

- a. If the taxpayer commences his activity after the start of the taxable year, the first accounting period shall begin from the date of commencement of activity and shall end at the end of the taxable year in which the taxpayer commenced his activity, provided however that the taxable year shall not be less than (6) six months; otherwise, the accounting period shall end at the end of the subsequent taxable year.
- b. In the event of liquidation of the activity, the accounting period shall run from the end of the previous accounting period to the date of completion of liquidation, provided, however, that the accounting period shall not exceed (12) twelve months; otherwise, a new accounting period shall commence.

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- c. If the activity is ceased, assigned or sold, the accounting period shall commence from the end date of the previous accounting period to the date of such ceasing, assignment or sale, provided that the Authority shall be notified within the legal time limit. Events of ceasing, assignment or sale of an activity include, but not limited to, corporate merger, acquisition or split-up/division, in accordance with the provisions of the law governing commercial companies. The period between the end of the accounting period prior to the assignment or sale of the activity and the beginning of the new accounting period shall be treated as a separate accounting period, provided however that such period shall not be less than six (6) months; otherwise, such period shall be added to the first accounting period after assignment or sale.
 - d. If the taxpayer engages in a temporary activity not lasting more than (18) eighteen months, the accounting period shall be equal to the period of activity.
 - e. In all events, tax shall be charged on the basis of the income derived during the accounting period.
2. A taxpayer may apply for a different accounting period in the following instances:
 - a. Where the taxpayer is a member of a group of companies, or a branch of a foreign company which applies an accounting period different from the taxable year, in which case such taxpayer is entitled to apply for approval of the accounting period used by such group, parent company, or head office.
 - a. Where the nature of the taxpayer activity requires using an accounting period different from the taxable year.
 3. In the case of change of the accounting period, the period between the end of the accounting period prior to the change and the beginning of the new accounting period shall be treated as a separate accounting period, provided that such period shall not be less than six (6) months, otherwise it shall be added to the first accounting period after the change.
 4. Taxpayers wishing of changing the accounting period shall file an application with the Authority at least thirty (30) days prior to the end of the previous accounting period in respect of which the taxpayer shall submit the tax returns and financial statements. The expiry of sixty (60) days from the date of an application without a response from the Authority shall be deemed as a rejection of such application.
 5. The Authority may withdraw its approval of an accounting period different from the taxable year, where it deems it is necessary. Such withdrawal shall become effective only after the end date of the accounting period during which withdrawal decision has been made. The first accounting period following such withdrawal, shall be treated as the first accounting period following the change under paragraph (3) of this Article.

Article (4)

1. Subject to the provisions of the Law and these Regulations, the taxpayer shall determine his income on the basis of the accrual accounting method used in commercial accounting, in accordance with the applicable accounting standards in the State.

In the case of accrual-based accounting, income shall be recorded upon such income being due to be received by the taxpayer, even where such income is paid at a later date or in instalments, and expenses shall be booked when the liability related thereto occurs, with the occurrence of the event generating the liability, regardless of the date of payment.
2. Any taxpayer whose total income does not exceed one million (1,000,000) Qatari riyals during the previous accounting period may apply to the Authority for approval of the application of the cash-based accounting method, in which case income shall be entered upon receipt thereof or when it is ready to be received, and expenses shall be entered upon payment thereof. The Authority shall reply within (60) sixty days. Failure to reply within the prescribed time limit shall be treated as an implicit rejection. Where the total income exceeds such amount, such taxpayer shall use the accrual accounting method.
3. Total annual income for long-term contracts shall be determined by the accrual-based completed work method.

Long-term contracts shall mean contracts implemented by the taxpayer for the benefit of other party on a determined value, with an actual contract period exceeding eighteen (18) months.
4. Subject to the exemptions referred to in Article (4) of the Law, capital gains derived from the disposal of shares or stocks of companies resident in the State in the context of a merger or division of companies shall be included within the taxable income of the merged company or the company subject of division under the taxable year during which such merger or division had taken place, as the case may be.



Executive Regulations
to Income Tax Law

PART II

Calculation of the Tax



Chapter one: Taxable income

Article (5)

1. In determining the Taxable Income, shall be considered all revenues arising from transactions carried out by the taxpayer, including the disposal of assets and incidental activities, unless they are exempted from tax. Compensations payable for any damage to an asset shall be treated as revenues from the disposal of such asset. An excess value resulting from a re-evaluation of assets shall not be considered unless such value is actually realized.
2. Excess value from disposal of tangible and intangible assets shall be calculated as follows:
 - a. In the case of disposal of non-depreciable assets, excess value shall be computed on the basis of the difference between the amount of consideration received in respect of the asset or market price, whichever is higher, and cost of the asset.
 - b. In the case of disposal of depreciable assets, excess value shall be computed on the basis of the difference between the amount of consideration received in respect of the asset or market price, whichever is higher, and the net book value.
 - c. In the case of disposal of legal persons' ownership shares, excess value shall be computed on the basis of the difference between sale price or fair value, whichever is higher, and the consideration for the seller's share in capital, provided all supporting documents are submitted, and taking into account all circumstances surrounding the transaction.
 - d. In the case of disposal of real estate properties owned by non-residents who carry on an activity within the State, excess value shall be computed on the basis of the difference between the sale price or market price, whichever is higher, and the ownership cost of such real estate properties.
3. To determine the taxable income, expenses and costs satisfying the following conditions shall be deducted from the gross income:
 - a. They are necessary for the purposes of the activity, in a such way that no gross income

can be derived without them. This excludes costs incurred for personal purposes or another taxpayer's activity.

- b. They are actually incurred and supported by documentary evidence, including particularly contracts, invoices, receipts, etc. In case of deductible provisions and depreciation, this condition shall only be deemed to be satisfied if such depreciation or provision is registered in the accounts, while providing the relevant supporting documents.
 - c. They do not increase the value of fixed assets used in the activity. Fixed assets shall be determined in accordance with the applicable accounting standards in force in the State.
 - d. They are related to the taxable year and registered in the accounts.
4. The taxpayer may subtract the losses incurred during the taxable year from the net income of the following years, in accordance with the provisions of Article (7) of the Law, subject to the following:
 - a. Losses may not be carried forward for more than (5) years, starting from the end of the taxable year in which they were incurred.
 - b. Losses arising from a tax-exempt or non-taxable source of income can not be subtracted.

Article (6)

A taxpayer is not permitted to deduct expenses and costs incurred to derive exempt income, as provided for in Article (8/1) of the Law. Where part of the taxpayer's income is taxable and the other part is not taxable, expenses and costs shall be deducted within the limit of the taxable income. In the absence of accurate and regular data, such limit shall be calculated by dividing the taxable revenue by the total revenue realized by the taxpayer.

Article (7)

1. Subject to the provisions of tax agreements, administrative and general expenses paid by a permanent establishment to its head office outside the State shall be deducted within the following limits:
 - a. (1%) of the total income of the permanent establishment, in the case of banks and insurance companies.
 - b. (3%) of the total income of the permanent establishment in other cases.
 - c. After deducting the following:
 - The value of construction contracts and subcontracting works.
 - The costs of works done abroad.
 - The value of external supplies in relation to the activity of the permanent establishment.
 - The value of reinsurance premiums paid.
2. Amounts paid by a permanent establishment to its head office or to its other branches shall not be deducted, with the exception of actual expenses in the form of royalties, fees, and other similar payments in exchange for the use of patents or any such other rights or in consideration of services rendered to the permanent establishment.

Article (8)

Subject to the deductibility conditions set forth in Article (5/3) of these Regulations, the total expenses spent on entertainment, hotel accommodation, restaurant food, vacations, club subscriptions and gifts to customers, as provided for in Article (8/5) of the Law, shall be deducted within the limit of (2%) of the total net income before applying this deduction in respect of the same accounting period, or an amount of (500,000) riyals, whichever is higher. In all cases, expenses spent outside of the State for these purposes can only be deducted within the limit of (500,000) five hundred thousand riyals.

Total donations, gifts, subsidies and contributions in charitable activities or paid in the State to any licensed non-profit entity shall be deducted, provided they do not exceed (3%) three percent of the net income, before such deduction has been applied. Zakat payments made by the taxpayer shall be treated as donations and shall be deducted according to the same limits and controls.

Article (9)

Salaries, wages, remunerations and the like, including benefits in kind, which are paid to the Board members shall not be deducted, with the exception of their salaries as employees in the same company.

Article (10)

Interests on loans and similar amounts paid by a taxpayer to related parties, as defined in the international accounting standards, shall be deducted within the limits of interests calculated on loans, which shall not exceed three times the taxpayer's ownership rights recognized in his accounts during the accounting period in question, provided however that the loan results in economic benefits to the taxpayer, by virtue of an agreement between them specifying the loan term and purpose.

Interests paid by a Permanent Establishment in the State to its head office or an entity related to such head office within or outside the State shall not be deducted.

Interests paid to the owner of an individual establishment for the amounts deposited in his establishment shall not be deducted.

Article (11)

The following expenses and costs shall not be deducted:

1. Income tax paid by the taxpayer inside the State and taxes borne by the taxpayer outside the State.
2. Income tax borne by the taxpayer on behalf of a non-resident person in the State.
3. Indirect taxes entitled to be deducted or refunded, in accordance with the provisions of the Law governing the same.

Article (12)

Bad debts shall be deducted if they satisfy the following conditions:

1. That the bad debt was previously included in the taxable income of the taxpayer in the year the debt was due.
2. At least twenty four months have passed since the debt was due.
3. That the taxpayer has constituted sufficient provisions to cover the bad debt.
4. That the taxpayer proves his inability to recover the debt despite taking all available legal action.
5. That the taxpayer presents a certificate from the Auditor that the debt has been written off from the books according to established principles.
6. That the taxpayer attaches a list of bad debts,

according to the form used by the Authority, upon submission of tax returns for the year in question.

7. That the taxpayer undertakes to include the debt in his income in the collection year where the debt is collected after having been written off.

Article (13)

Only the following provisions shall be deducted:

1. Provisions for doubtful debts in the case of banks and finance institutions shall be deducted according to the following terms:
 - a. The provisions have been constituted according to the limits and instructions issued by Qatar Central Bank.
 - b. Where the purpose of doubtful debt provision ceases to exist within one year, the portion of provision that was deducted under paragraph (a) of clause (1) of this Article shall be added back to the taxable income.
2. Provisions for unexpired risks and provisions for outstanding claims constituted by insurance and reinsurance companies, provided these provisions were constituted according to the limits and instructions issued by Qatar Central Bank. In the absence of such instructions, these provisions shall be deductible, provided that the provision for unexpired risks does not exceed (10%) of the net income before the deduction of these two provisions and the deduction of hotel accommodation and leisure and other expenditures provided for in Article (8/1) of these Regulations, as well as the deduction of gifts, donations and other amounts provided for in Article (8/2) of these Regulations.

Provisions for unexpired risks shall mean the amount assigned by insurance and reinsurance companies at the end of the accounting period in order to meet their obligations towards risks that may occur in relation to insurance policies issued before the end of that accounting period and remained effective through the following accounting period.

Provisions for outstanding claims shall mean the amount assigned by insurance and reinsurance companies at the end of the accounting period in order to meet their obligations towards accidents that occurred and were reported before the end of that period and are still under settlement or not paid yet.

Article (14)

Depreciation shall not be deducted in respect of the following assets:

1. Lands.

2. Business reputation or goodwill and the like.

Article (15)

Subject to the conditions set forth in Article (5/3) hereof, fixed-asset depreciation allowance shall be deductible upon the satisfaction of the following conditions:

1. That the asset being the subject-matter of depreciation shall be a fixed asset, according to the definition included in the accounting standards applicable in the State.
2. The asset shall be wholly used for a taxable activity. Where it is only partially so used, the deduction shall be made only to the extent of such use.
3. That the asset shall be depreciable such that its value decreases because of use, time or technological advancement.
4. That the asset is owned by the taxpayer by virtue of official documents such as title deeds, contracts, etc.

Depreciation shall be calculated starting from the effective date of use or exploitation on the basis of the total cost actually incurred for obtaining the asset and its preparation for use.

Article (16)

Depreciations made by a taxpayer based on rules prescribed in the applicable accounting standards in force in the State shall be deducted, provided, however, that the deductible fixed depreciation allowance with respect to the assets owned by the taxpayer, including buildings construction on third-party land, shall not exceed the following percentages:

Asset	Max. (%)
Intangible Assets:	
Pre-activity expenses	50%
Capitalized Research and Development Expenses	20%
Trademarks, patents and the like	15%
Tangible Assets:	
1. Buildings, facilities, with the exception of land value:	
— heavy building and facilities	5%
— light, ready-made buildings	10%
— Roads, bridges, railways, electric railways.	5%
— Pipelines, reservoirs and pavements	5%
— Pipelines, filter equipment within the refinery and small storage tanks	10%
— Networks and channels	5%
2. Means of transportation:	
— Means of transportation for goods and passengers, including cars, vehicles, tractors, trailers, cranes and motorbikes.	20%
— Ships and boats.	10%
— Aircrafts and helicopters	20%
— Rail and electric rail transport.	10%
3. Machinery, plant and equipment	
— Computer hardware and software and their accessories	33.33%
— Electrical machinery, equipment and devices	20%
— Public works and construction machinery and equipment	20%
— Drilling tools	15%
— Air conditioners	25%
— Lifts for people or cargo and moving escalators	15%
— Office furniture and equipment	15%
— Gas transport and distribution equipment	5%
— Electricity and water production, transport and distribution equipment	5
— Machinery, plant and other equipment	15%
4. Hotels, hostels, resorts, restaurants, cafes and lounges:	
— Cooking and washing machines	20%
— Glass utensils	50%
— Other eating utensils	25%
— Furniture, furnishings and decoration work	25%
— Swimming pools and their appurtenances	15%

1. Depreciations of major repairs made by the taxpayer in respect of the assets referred to in clause (1) of this Article shall be deducted at the same percentages as stated above for the repaired asset.
2. A taxpayer may depreciate the entire cost of a fixed asset whose value does not exceed (5000) five thousand Qatari riyals during its first tax year of use.
3. The net book value of assets that have been destroyed or placed out of service shall be deducted from the net income of the year in which such assets have been destroyed or placed out of service, provided that relevant supporting documents shall be maintained. Income derived from disposal of such assets in any way whatsoever shall be taxable in the year in which such income was realized.
4. A taxpayer may apply one and a half times the maximum depreciation percentages specified for machinery, plant and equipment used in industrial activities that are operated over two working cycles or may apply twice as much if these machinery, plant and equipment are operated over three or more working cycles.

Article (17)

Depreciation rates provided for in the previous Article may be increased by a decision of the Minister, if the taxpayer submits an application to the Authority to that effect, stating reasonable grounds commensurate with the nature of the activities and characteristics of assets.

The expiry of sixty (60) days from the date of an application without response from the Minister shall be deemed a rejection of such application.

Article (18)

Subject to the provisions of Articles (14) to (17) of these Regulations, depreciation of assets, subject-matter of finance or operating lease contracts, shall be subject to the provisions and controls provided for in the international accounting standards.

Article (19)

Persons carrying on a liberal profession may opt for the deduction of (30%) of gross income in lieu of all deductible expenses and costs, and pay the tax on 70% of the gross income.

The taxpayer's choice may be exercised by a written application or using electronic means as may be determined by the Authority for the relevant year.

The expiry of (60) days without a response from the Authority shall be deemed an acceptance of the application.

Such option may be invoked for subsequent years until it is waived by the taxpayer by virtue of an application enclosed with the tax return.

Liberal profession shall mean the activities independently exercised by the taxpayer, based on the exploitation of scientific, artistic or practical knowledge or expertise

Article (20)

Commissions paid by foreign companies to their local agents shall only be deducted within the limits of (3%) of the total actual revenues of the activity.

Chapter two:

Withholding tax

Article (21)

1. The amounts provided for in Article (9/2) of the Law, which are paid by natural persons who carry on activities in the State, and legal persons resident in the State, including ministries, other government agencies, public corporations and institutions, and permanent establishments in the State related to persons not resident in the State, shall be subject to withholding tax. With exception of the amounts owed to ministries, other government agencies and public institutions and corporations, the amounts referred to above in Article (9/2) shall be deemed to be actually paid upon the lapse of a maximum period of (12) twelve months from the due date of these payments. Administrative and general expenses paid to the head office as provided for in Article (7) of these Regulations, shall not be subject to withholding tax.
2. Consideration for services, as provided for in Article (9/2) of the Law, shall be subject to withholding tax at (5%) of the total amount, without deducting any costs, where such services are rendered wholly or partially in the State.

A service shall be deemed rendered wholly or partially in the State where any work necessary for its completion is done in the State, including in particular all data, site inspection and service completion, even if done by a person other than the taxpayer.

The delivery of the service shall not be deemed as work necessary for completion. Services shall be deemed to be completed in the State to the extent that they are used, consumed or exploited in the State, even if rendered wholly or partially outside the State.

3. The following activities shall not be deemed as services whose consideration shall be subject to withholding tax under Article (9/2) of the Law:
 - a. Reinsurance.
 - b. Freight and sale of tickets
 - c. Sea transport of petroleum, its components and manufactured sub-products.
4. The following interests shall not be deemed interests subject to withholding tax:
 - a. Interests on deposits at banks in the State.
 - b. Interests on bonds and securities issued by the State, public corporations, institutions and

corporations wholly or partially owned by the State.

- c. Interests on transactions, facilities and loans with banks and financial institutions.
- d. Interests paid by a permanent establishment in the State to its head office or an entity related to the head office outside the State.

Article (22)

1. Where a valid double taxation treaty exists, the non-resident person or his representative who has been subject to withholding tax according to the percentages and controls provided for in Article (21) hereof shall submit an application to the Authority for the implementation of the provisions of such treaty, using the form prepared by the Authority for this purpose. If such application is accepted, the Authority shall in this case refund the tax in accordance with the refund procedures described in Article (47) of these Regulations.
2. Notwithstanding the provisions of the previous paragraph, instructions issued by the Authority from time to time on the application of some double taxation treaties shall be observed.

The Minister shall issue a decision determining the mechanisms for applying the provisions of withholding tax and double taxation treaties. Such decision shall state the conditions, procedures and guarantees for the application of such mechanisms.
3. Withholding tax shall be applied, according to the percentages and terms provided for in Article (21) hereof, on amounts paid to non-resident companies which are wholly or partially owned by Qatari citizens and citizens of the Cooperative Council for the Arab States.

Article (23)

No tax shall be withheld on amounts paid to persons to whom a tax card has been issued in accordance with Article (26) of these Regulations, or to persons registered with Qatar Financial Center. This shall particularly apply to amounts paid to a permanent establishment owned by a person not resident in the State.

Article (24)

Tax shall be withheld and remitted to the Authority using the form prepared by the Authority to this effect before the sixteenth day of the month that follows the month in which such tax was withheld. The person who withheld the tax shall deliver to the beneficiary of the amounts a certificate proving the deduction at source using the form prepared by the Authority to this effect.

Tax Obligations

Chapter one: Registration and notification

Article (25)

1. The taxpayer shall register with the Authority and apply for a tax card, according to the provisions of Article (10/1) of the Law, using the form prepared by the Authority to this effect and shall enclose with the tax card application all documents as determined by the Authority within (60) days from the date of obtaining the approval of the competent authority on commencement of activity or registration with the commercial register, or from the first day of realizing the income, whichever is earlier, or on the same day of registration for any other tax purposes.
2. The Authority shall register the ministries, government agencies, public institutions and corporations, private associations and institutions, charitable institutions and privately-owned public welfare institutions that are subject to withholding tax, in accordance with the Law and these Regulations. They shall be assigned registration numbers upon submission of the first statement of amounts subject to withholding tax and payment of such amounts to the Authority.
3. The Authority can register the taxpayer subject to satisfaction of registration requirements and application for registration within the time limits prescribed in clause (1) of this Article and shall notify the taxpayer thereof, without prejudice to the obligation to pay the tax and impose the financial penalties due for the pre-registration period, in accordance with the provisions of the Law and these Regulations.
4. Should the taxpayer notify the Authority of the ceasing of activity, assignment or sale of an activity and the clearance of his tax status in respect of such activity in accordance with the Law and these Regulations, the Authority shall issue a no-objection certificate to the taxpayer in respect of such disposal.
5. The Authority may authorize any other government entity to make such registration upon registration with the commercial register or issuance of trade license, as the case may be, according to the agreed-upon mechanism.

Article (26)

1. The Authority or any other government entity, as defined in clause (5) of the previous Article, may issue one tax card per taxpayer, in accordance with the provisions of the Law and these Regulations. The card shall particularly contain the following data.
 - a. Name and address of the taxpayer.
 - b. Tax number.
 - c. Commercial registration or license number.

- d. Number of branches.
 - e. Date of commencing the activity or deriving the income.
 - f. Date of issuance and expiry of tax card.
2. The Authority shall not issue a tax card for tax purposes for taxpayers who are not resident in the State and who do not have a permanent establishment therein.

Article (27)

A taxpayer who is resident or has a permanent establishment in the State shall notify the Authority of any change that is likely to affect his tax obligations within (30) days from the date when such change occurs, using any notification means. Changes that would reduce tax obligations shall take effect only after actual notification to the Authority, without prejudice to the right to impose financial penalties, in accordance with the provisions of the Law. Such changes shall include in particular the following:

1. Ownership of the company or establishment.
2. The nature of the activity.
3. The number of branches.
4. The address of the company or establishment.
5. Initiation of tax-exempt projects.
6. Registration in a zone or a body subject to a special tax regime.

Article (28)

Taxpayers who disposed of, or ceased to engage in their activities, wholly or partly, shall notify the Authority using the form prepared by the Authority for this purpose within (30) days following such disposal or cessation, as the case may be.

The taxpayer shall be released from the obligation to notify the Authority if the taxpayer submits a tax return in respect of capital gains and income within the prescribed time limit.

Partial cessation of activity shall mean the cessation by the taxpayer of an aspect of its activity or the cessation of the activity of one or more of the branches through which it carries on its activity.

Total cessation of activity shall include the cessation of all aspects of activity including through merger and division.

If cessation of activity is due to the death of a taxpayer, the heirs of such taxpayer shall notify the Authority within (60) days from the date of his death.

The liquidator shall notify the Authority of his appointment and of the completion of liquidation, within (30) days from the date of his appointment or from the date of completion of liquidation process, as the case may be.

Chapter two: Tax returns

Article (29)

1. The tax return provided for in Article (11) of the Law shall be submitted by the resident taxpayer and the non-resident taxpayer carrying on an activity in the State through a permanent establishment within (4) four months from the end of the taxable year using the form prepared by the Authority for this purpose.
2. In respect of capital gains, tax returns shall be filed using the form prepared by the Authority for this purpose within (30) thirty days from the execution of the contract or disposal of assets, whichever is earlier.
3. Any taxpayer whose accounting period is different from the taxable year shall file his tax return in respect of such accounting period within (4) months from the end date of the accounting period using the form prepared by the Authority for this purpose.
4. The taxpayer who carries on his activity in more than one branch in the State shall file one return with respect to the business results of all the branches and aspects of activity related thereto.
5. In the case of business liquidation, the liquidator shall file a tax return within the term set forth in clauses (1) and (3) of this Article.
6. In the case of death of the taxpayer, his heirs, executor or liquidator may file the tax return within (6) six months from the date of his death.
7. If the taxpayer is a minor or incapacitated, the parent, guardian or trustee of the taxpayer, as the case may be, shall file the tax return within (4) months from the end of the taxable year.
8. In the case of cessation, assignment, or sale of the activity, wholly or partly, the obligation to file tax returns shall remain in effect up until the date when the Authority is notified of such cessation or disposal, as the case may be. In such a case, the tax return shall be filed within the same legal time limit prescribed for the submission of notification.
9. The tax return shall be signed by the taxpayer or his tax agent, with an undertaking on the validity of data contained therein.
10. In all events, the taxpayer shall submit all the documents and data requested by the Authority with respect to each form of return prepared thereby.

Article (30)

The Authority may extend the deadline for filing the return for a period not exceeding (4) four months after the last deadline for filing tax returns if the taxpayer presents a request to this effect, based on reasonable grounds, at least (60) sixty days before the expiry of the deadline. The Authority may consider requests that are submitted after this deadline if the grounds for the delay have arisen after the lapse of the period prescribed for the submission of requests.

Failure to respond to the request by the Authority within (30) thirty days from its submission shall be regarded as refusal thereof.

Article (31)

1. If the taxpayer files an amended tax return in accordance with the provisions of Article (11/ paragraph 2) of the Law, such amended return shall repeal the original return.

In such a case, the period prescribed for the expiry of the Authority's right to assess the tax stipulated in Article (37 / first paragraph) of the Law shall start from the date of filing the amended return.

2. The taxpayer may not amend the original tax return by reducing the tax if the tax assessment order and related financial penalties have been issued in this respect. In all events, the original return may not be amended by reducing the tax after the lapse of (5) five years from the year in which the return has been filed.

Article (32)

Any taxpayer carrying on a tax-exempt activity under any applicable law in force in the State shall file a tax return accompanied with the balance sheet and the statement of profit and loss and other comprehensive income for the accounting period in question, as well as the notes, statements and schedules annexed thereto or completing them, audited by an auditor registered in the State, in any of the cases described in Article (33) hereof.

Article (33)

The taxpayer shall submit together with the tax return the final accounts audited by an auditor registered in State, if any of the following cases is satisfied:

1. If the capital exceeds (200,000) two hundred thousand riyals.
2. If the total revenues exceeds (500,000) five hundred thousand riyals.
3. If the head office is located outside of the State.

Article (34)

1. Final accounts provided for in the previous Article shall mean the financial statements as prepared in accordance with accounting standards applicable in the State and signed by the taxpayer or his tax agent, and shall include particularly the following:
 - a. The balance sheet.
 - b. The statement of profit or loss and other comprehensive income for the period.
 - c. Statement of changes in equity for the period.
 - d. Statement of cash flows for the period.
 - e. Notes to the financial statements, including major accounting policies and other clarifications.
2. Final accounts shall be accompanied with the following:
 - a. Auditor's report.
 - b. Statement of fixed asset depreciation.
 - c. Statement of provisions constituted and provisions deducted during the year, in the case of banks and insurance companies.
 - d. Statement of the amounts subject to withholding tax during the taxable year, in accordance with the Law and these Regulations.
 - e. List of sub-contractors.
 - f. Statement showing a conciliation between the taxable income and the profit or loss in the income statement.
 - g. Statement of transactions with related parties.
 - h. Statement of fixed assets acquired or whose value increase or which have been disposed of during the taxable year.
3. Auditor's report shall observe the principles duly respected in the profession, and particularly a confirmation of the following:
 - a. That the auditor was able to perform the required audit in accordance with generally accepted standards to make an opinion on the taxpayer's accounts. In the case where performing such auditing was not possible, the report should mention this and should mention any reason that pushes the auditor to have a reservation on any part of the taxpayer's accounts.
 - b. That taxpayer's accounts were made in accordance with international accounting standards applicable in the State, and, in the case where accounting books are kept using computer system, that the used system observes safety and accuracy standards and requirements.

- c. That the taxpayer observed the disclosures set forth in the applicable standards, laws and regulations in force in the State.
4. Those who have taken part in preparing the taxpayer's final accounts may not audit the taxpayer's final accounts and prepare the auditor's report.

contested before any authority.

- c. The taxpayer filed the tax return for the year to which such books, documents and records are related.
 - d. No loss is registered in the year to which the records, books and documents are related nor in the previous five years.
 - e. The Authority's right to assess the tax for the year to which such documents relate has lapsed by the expiry of the statute of limitation, in accordance with Article (37) of the Law.
3. The taxpayer may keep accounting books and records using computer systems, if the following requirements are met:
- a. The used system provides a sufficient degree of safety that prevents the manipulation of entered data or outputs.
 - b. The original of all documents supporting entries in the system are kept.
 - c. All the documents relating to the design, characteristics and use of the system are kept.
 - d. The auditor confirms in his report that the system observes the generally accepted safety and accuracy standards, and particularly with respect to the impossibility to amend the entries after their confirmation and the impossibility of manipulating the dates of extracted statements.
 - e. Statements of entries and accounts are printed from the system every three months.
 - f. The design of the system allows the Authority to access all documents and records at any time and within the State.
4. Taxpayer may keep and maintain accounting books and records through contracts with third parties, provided they are kept and maintained in accordance with the provisions hereof, and further provided that the taxpayer shall remain responsible before the Authority for such documents and records and for their content.

Chapter three:

Accounting obligations

Article (35)

Taxpayers carrying on an activity in the State shall keep accounting books and records and related supporting documents required by the nature of activity, in accordance with the laws and accounting standards applicable in the State, and particularly the following:

1. General journal.
2. General ledger.
3. Inventory ledger.

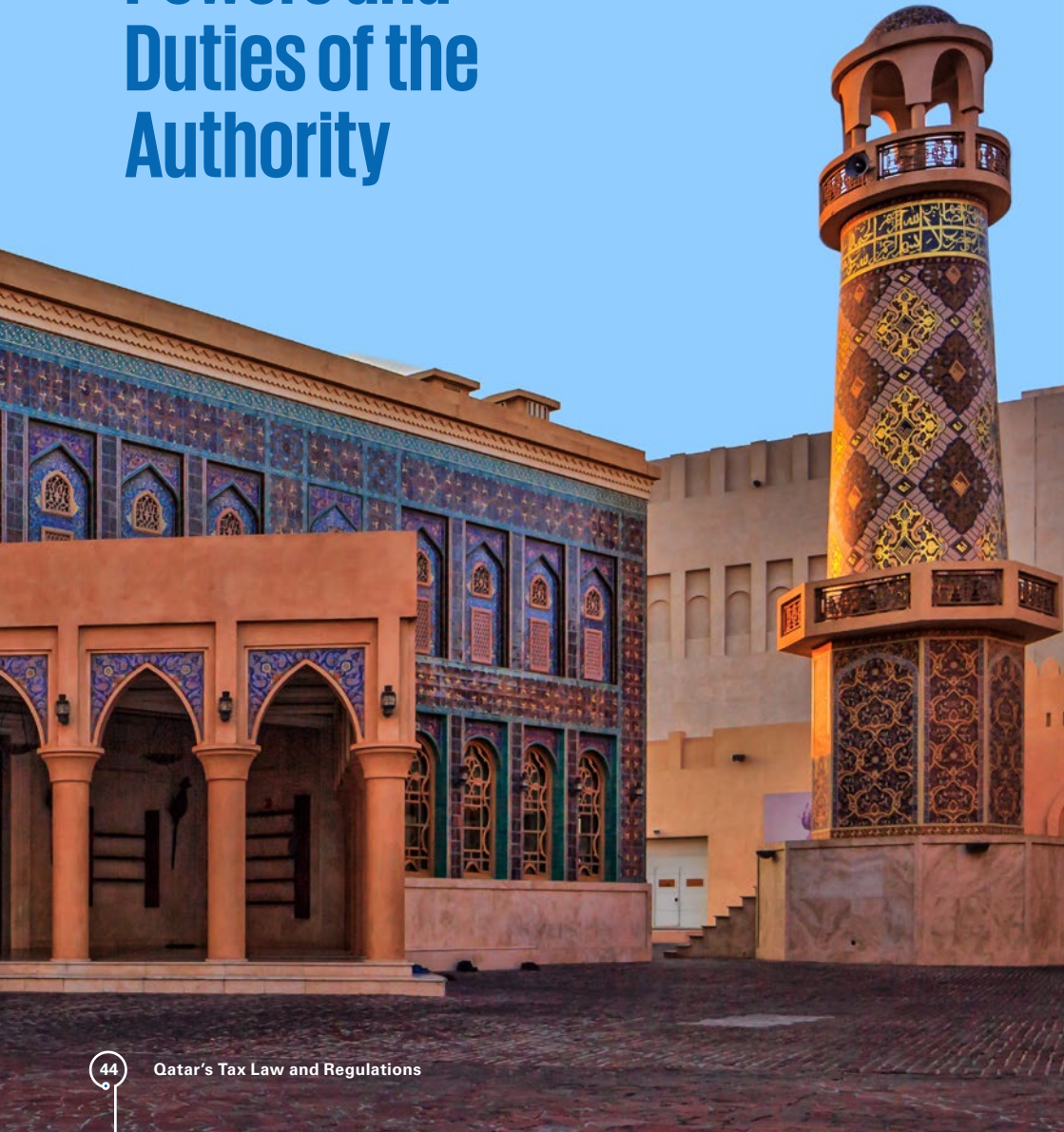
Article (36)

1. Taxpayers carrying on an activity in the State shall keep in the place where the activity is carried on the books, records and documents provided for in the previous Article for (10) ten years following the year to which these books, records and documents are related, unless they are the subject of a conflict before any authority, in which case taxpayer shall keep them for as long as the conflict persists.
2. The Authority may release the taxpayer from this obligation described in clause (1) of this Article at the taxpayer's request, if the following conditions are met:
 - a. There are reasonable causes that prevent the taxpayer from keeping the aforementioned books, records and documents, or make keeping them a source of extraordinary difficulty. The taxpayer shall clarify these causes in the application he submits.
 - b. The tax of the year to which the records, books and documents are related shall be finally assessed and such assessment is not

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PART IV

Powers and Duties of the Authority



Chapter one:

Information, data and record and exchange

Article (37)

1. Government bodies, public corporations and establishments, charitable associations and institutions, privately owned public welfare institutions and individual establishments shall notify the Authority of the following contracts, in accordance with Article (13) of the Law:
 - a. Contracts concluded with non-residents having no permanent establishment in the State regardless of their value.
 - b. Contracts concluded with residents or with non-residents who have a permanent establishment in the State if the contract value amounts to at least (200,000) two hundred thousand riyals for service contracts, and (500,000) five hundred thousand riyals for contracting, supply and service contracts.
2. The notification provided for in clause (1) of this Article shall be through a statement prepared by the Authority for this purpose and containing contractors' details, nature of contracted activities, the term of the contract and its value and the country of residence of the party engaged in the contract with the Authority. In all events, the Authority may request a copy of the contract where it deems it necessary.
3. The Authority may request the entities described in clause (1) of this Article to notify the Authority, upon its request or periodically, of any information, data or documents it deems necessary for tax examination purposes or for the exchange of information under regional and international agreements.
4. The entities referred to in clause (1) of this Article, together with trust funds, endowments and the like and investment funds whose head office or actual place of management are in the state, or that carry on their activities in the State or are established under its laws, shall communicate the following information and records to the Authority:
 - a. Information on legal ownership and effective beneficiary of the entity, as well as on persons whom legal owners act on their behalf.
 - b. Accounting data and records.
 - c. Financial information and statements.

5. Notifications referred to in this Article shall be served within (30) days from the date of the Authority's request or from the date of execution of the contract or agreement, as the case may be. The Authority may extend such term for a similar term where necessary.
6. The Authority may execute agreements with ministries, government agencies, public corporations and institutions to provide it systematically or periodically with the records, information and data it deems necessary.

Chapter two:

Control and inspection

Article (38)

1. Employees of the Authority authorized to act as judicial officers under Article (32) of the Law may, without prior notice, enter the premises where the taxpayer carries on his activity, as well as the annexes thereto, during the working hours, to perform the following:
 - a. Conduct a field inspection of the place where the activity is carried on during the taxpayer's working hours.
 - b. Examine the records, accounts and statements referred to in the Law and these Regulations, obtain copies thereof, or keep them, where necessary.
 - c. Examine the taxpayer's books, records and statements for the purpose of collecting information on another taxpayer.
2. Subject to the provisions of clause (1) of this Article, and if the Authority has valid reasons to believe that the provisions of the Law and these Regulations have been violated, the Authority's employees who are authorized to act as judicial officers may access the premises where the taxpayer carries on his activity, as well as the annexes thereto, outside of working hours.
3. Any taxpayer who is subject to control and inspection procedures shall be entitled to the following:
 - a. To ask the Authority's employees to present the official card.
 - b. To take part in the control and inspection process.
 - c. To obtain a copy of the books, records and documents seized.

Chapter three:

Tax examination

Article (39)

1. Subject to the statute of limitation provisions provided for in the Law, the Authority may examine the taxpayer's tax returns and documents enclosed therewith, as well as any such other records, books or statements the Authority may deem necessary to ascertain the conformity of the information contained in the return with the provisions of the Law and these Regulations. To this effect, the Authority may undertake any of the following:
 - a. Invite the taxpayer or his tax agent to discuss it and provide any clarifications and information relating to his activity, tax returns and financial accounts within the time limit prescribed by the Authority. His observations and clarifications shall be recorded in a report prepared by the Authority to this effect.
 - b. Request the taxpayer or his tax agent to provide any information, documents, books, records or statements required for examination purposes within (20) twenty days from the date of receipt of a relevant notification.
 - c. Conduct a field inspection of the taxpayer's activity and examine his books and records during the taxpayer's working hours.
 - d. Maintain hard or soft copies of any books, records, documents and seize the original copies thereof, where the Authority deems it necessary.
 - e. Examine the taxpayer's books, records and statements to collect information on the tax due by another taxpayer.
 - f. Access and examine information software, systems and applications used to register the taxpayer's accounts and prepare his tax returns.
 - g. Access and examine the data necessary for the exploitation of such information software, systems and applications and the resulting restrictions and remedies, as well as the databases used to process transactions or issue invoices, revenues, payments, assets or inventory.
2. The Authority may, upon such examination, notify the taxpayer using the form prepared for this purpose. Such notification shall be served at least (15) fifteen days prior to the commencement of tax examination process. The prior notification shall state the commencement date of examination and the tax period (s) subject-matter of examination.
3. he examination process shall take place at the headquarters of the Authority or taxpayer, as may be decided by the Authority.
4. Any taxpayer who is subject to examination shall be entitled to the following:
 - a. Request the tax examiner to present the official card.
 - b. Obtain copies of any original records or documents seized or obtained by the Authority.
5. Taxpayers who are subject to tax examination shall offer all support and facilities necessary to enable the tax examiner to perform his duties to the fullest.
6. The Authority may, upon performing such tax examination, use technical specialists and experts from government entities or the private sector which do not compete with the taxpayer, where necessary.
7. The Authority may, prior to the issuance of the assessment decision, notify the taxpayer of the tax examination results. The taxpayer shall share his observations in this respect within (30) thirty days from the date of receipt of relevant notification. The taxpayer may also request to access or obtain copies of documents and statements which the Authority relied on when amending and assessing the tax due.
8. The Authority may request foreign tax authorities to conduct simultaneous audit and examination activities. It may also, at the request of a foreign tax authority, conduct simultaneous examinations, in accordance with the controls and procedures prescribed by a decision of the President.

Chapter four:

Tax assessment

Article (40)

The Authority shall assess the tax as follows:

1. The tax return shall be deemed as a self-tax assessment.
2. If the Authority amends the return filed by the taxpayer, it shall issue a corrective tax assessment decision using the form prepared for this purpose. In all cases where it is not possible to assess the tax based on the taxpayer's real income, the Authority shall issue a presumptive assessment decision using the form prepared by the Authority for this purpose. This includes the failure to file the tax return or the supporting documents or statements within the time limits prescribed herein. These documents shall particularly include the following:
 - a. The books or records referred to in the Law and these Regulations, provided they are regular and correct, in accordance with the applicable accounting standards in force in the State.
 - b. Any other information, clarifications and documents requested by the Authority from the taxpayer for tax examination purposes, according to these Regulations.
4. Tax shall be assessed on a presumptive basis using ascertained information and data, evidence and objective presumptions available to the Authority. This shall include in particular:
 - a. Data available in taxpayer's accounts, even if the latter were disregarded.
 - b. Type and characteristics of taxpayer's activity.
 - c. Data related to similar cases.
 - d. Reports and statements issued by independent bodies related to taxpayer's activity.
5. Where the taxpayer fails to file his return within the time limits prescribed herein, the Authority may, prior to the issuance of the assessment decision, issue a warning to the taxpayer that the return must be filed within (30) thirty days from the date of such warning.
6. The Authority may amend the assessment decision by decreasing or increasing the amounts due, to avert material errors relating to the calculation of tax and shall notify the taxpayer of the same.

Article (41)

1. The corrective or presumptive tax assessment decision shall particularly include the following:
 - a. The facts, information and presumptions on the basis of which tax was assessed. This shall include the determination of the provisions of the Law and regulations used as a basis for the assessment.
 - b. Taxable income, tax due, and related penalties.
 - c. The period during which tax shall be paid, the related penalties and place of payment thereof.
 - d. The taxpayer's right to object to, or complain about, the assessment decision, in accordance with the provisions of the Law and these Regulations.
2. The Authority shall notify the taxpayer of the tax assessment decision using the form prepared for this purpose, in accordance with the provisions of Articles (67) and (68) of these Regulations.
3. The Authority may correct spelling or computational errors in the decisions and notifications issued by the Authority.

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PART V

Objections and Appeals



Chapter one: Objections

Article (42)

1. The taxpayer may object to the assessment decision by way of a registered letter or any such other means with acknowledgement of receipt within (30) thirty days from receiving a notification of the assessment decision. The objection shall be filed with the Authority and shall result in the suspension of the execution of the tax assessment decision.
2. Such objection shall particularly include the following:
 - a. Name and tax identification number of the taxpayer.
 - b. Assessment decision, subject-matter of the objection.
 - c. Elements of assessment, subject-matter of the objection, and all reasons in favour of his objection, provided that all supporting documents shall be enclosed therewith.
 - d. Acceptable elements of tax assessment.
3. The Authority shall consider the objection so filed and may, to this end, request any additional information or documents. The taxpayer shall respond to such request within thirty days maximum. This period shall not be included in the period prescribed for the Authority to respond to such objection.
4. The Authority shall notify the taxpayer or person in charge of its decision in respect of such objection using any means of notification within (60) sixty days from the date of such objection. Failure by the Authority to respond to such objection within the prescribed time limit shall be deemed as a rejection of such objection.
5. If the taxpayer acknowledges in writing his approval of the Authority's decision on the objection or if the taxpayer did not appeal against such decision before the Tax Appeal Committee in accordance with the provisions of Article (43) of these Regulations, the Authority's decision on the objection or tax assessment decision, as the case may be, shall be final and the tax and related penalties shall become due and payable.

Chapter two: Appeals

Article (43)

1. The taxpayer may appeal against the Authority's decision on the objection before the Tax Appeal Committee provided for in Article (19) of the Law within thirty (30) days from the date of notification of the decision or the elapse of the period prescribed to settle the objection with no response being made.
2. Subject to the provisions of clause (1) of this Article, the taxpayer may appeal against the Authority's decisions before the Tax Appeal Committee, in accordance with the Law and these Regulations within (30) thirty days from the date of receipt of the notification in respect of the Authority's decision or from the elapse of the periods prescribed for the settlement of his requests.

Collection and Refund of the Tax

Chapter one: Collection of the tax

Article (44)

The taxpayer shall pay the tax due on the basis of the return on the same day of its submission.

The tax due as stated on the tax return and the penalties related thereto shall be payable. If the Authority issues the corrective or presumptive assessment decision and the period of objection prescribed in Article 17 of the Law elapsed without an objection, the taxpayer shall be obliged to pay the tax and related financial penalties within (30) thirty days from the date of expiry of the aforementioned period.

If the Authority issues the corrective or presumptive assessment decision within the time limit prescribed in Article (17) of the Law and such objection has been settled, the tax due on the basis of the Authority's decision on the objection and related financial penalties shall be paid within (30) thirty days from the date when the taxpayer is notified of the Authority's decision on the objection.

If the taxpayer objects to the corrective or presumptive assessment decision without a response from the Authority on such objection within (60) sixty days, as provided for in Article (18) of the Law, the tax due on the basis of the tax assessment decision and related financial penalties shall be paid within (30) thirty days from the date of elapse of the aforementioned 60-day period.

Article (45)

1. The tax due and related financial penalties shall be paid at once. They may be paid in instalments, upon the approval of the Authority, and at the request of the taxpayer, if and to the extent that the following conditions are met:
 - a. The financial situation of the taxpayer proves to be unstable such that it is difficult for the taxpayer to pay the tax due and related financial penalties at once.
 - b. The taxpayer had not obtained the approval to pay the tax due and related financial penalties in instalments, or has obtained such approval and failed to pay such instalments in time.
 - c. The amount to be paid in instalments does not include a tax due and related financial penalties arising from the committing by the taxpayer of any of the crimes provided for in Article (26) of the Law or a tax withheld at source or related financial penalties.
2. Failure by the Authority to respond to the instalment payment request within (60) days shall be deemed to be a rejection of such request. In the case of approval of such request, the calculation of the financial penalty prescribed in Article (24/2) of the Law shall be suspended with respect to amounts included in the request.
3. In all cases, if the taxpayer fails to pay any instalment

on due date, all remaining instalments shall become immediately due and payable and the financial penalty prescribed in Article (24/2) of the Law with respect to unpaid amounts shall be recalculated, starting from the date of approval of instalment payment request.

Article (46)

1. Should the assessment decision of the tax and financial penalties related thereto be final and the tax and financial penalties remain unpaid on the prescribed date, the President shall carry out the procedure of seizing the assets of the taxpayer to pay the tax, whether they are in possession of the taxpayer or in the possession of others. This includes the following:
 - a. The elapse of the objection deadline determined under Article (17) of the Law, and the taxpayer does not file an objection to the assessment.
 - b. The taxpayer accepts in writing the assessment decision or the Authority's decision on the objection.
 - c. A final decision from the Tax Appeal Committee is issued.
 - d. A final ruling on the assessment decision of the tax and related financial penalties is issued.
2. Subject to the provisions of the laws governing the executive seizure, the Authority shall notify the taxpayer by any means prescribed in Article (67/1) of these Regulations, of its intention to carry out an executive seizure on its property, and shall require the payment of the amounts due within (30) thirty days; otherwise, the seizure will be carried out up to the amounts due.
3. Should the taxpayer fail to pay the amounts due within the deadline provided for in clause (2) of this Article, the Authority shall carry out the seizure on taxpayer's property in accordance with the applicable procedures. The amounts due shall be collected in the following order:
 - a. Seizure and sale expenses.
 - b. Tax.
 - c. Financial penalties from the date of completion of liquidation process, as the case may be.

Chapter two: Refund of the tax



Article (47)

1. The tax and related financial penalties that were collected unduly pursuant to an application filed with the Authority together with all supporting documents proving his entitlement to a refund, in accordance with the provisions of Article (23) of the Law.

With respect to withholding tax refund requests, the requester shall enclose with his application all supporting taxpayer may obtain the refund of amounts of documents evidencing his entitlement to such refund, and in particular the following:

- a. Tax residency certificate in the country of residence for the year in respect of which such withholding tax has taken place and refund is requested.
- b. Any document that evidences the appointment of a tax agent or representative to complete the refund procedures, if the refund application is filed by a non-beneficiary of the refund.
- c. Withholding certificates issued by the party who deducted from the source.
- d. Contract or agreement concluded with the party who deducted from the source.
- e. List of the shareholders of the company requesting such refund and the real beneficiary of the amounts paid by the party who deducted from the source.
- f. Bank certificate indicating the refund applicant's bank account and ID.
- g. Terms of the agreement whereby unduly withholding took place.

The Authority shall consider the refund application and notify the taxpayer of its decision in this respect by any means referred to in Article (67/1) of these Regulations within (60) sixty days from the filing date of such application. Failure by the Authority to respond to such application within the prescribed time limit shall be deemed as rejection. In this case, the taxpayer shall be entitled to appeal against the Authority's decision on the refund request before the Tax Appeal Committee, in accordance with the provisions of Article (43) of these Regulations.

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2. The Authority may, in considering and verifying refund applications, request any information or clarifications it may deem necessary to make its decision on such applications. The taxpayer shall provide the Authority with such information and clarifications within a maximum of (30) thirty days from the date of receipt of the Authority's request, and this period is not counted within the period of the response of the authority to the request for recovery stipulated in Clause (1) of this Article. Failure by the taxpayer to provide such additional information or clarifications as may be requested by the Authority shall result in the rejection of the refund application.
 3. The taxpayer is entitled to a compensation at a rate of (0.1%) of the amount of tax and related financial penalties collected unduly, for every month of delay or part thereof after the elapse of a period of sixty (60) days from the date the refund application has been filed with the Authority, provided that all supporting documents evidencing his entitlement to refund shall be submitted. The calculation of such compensation shall be suspended upon issuance of a final judicial order in this respect.
 4. Where refund applications are based on an international treaty, the delay period shall begin from the date of rejection by the Authority of such application or the elapse of the period prescribed for responding to such applications without response.
 5. The Authority shall offset the overpaid tax and related penalties against the outstanding tax due for payment by law.

Financial Penalties

Article (48)

1. The President or his delegate shall impose upon the taxpayer the financial penalties provided for in Article (24) of the Law, as follows:
 - a. If a corrective or presumptive assessment decision is issued, the financial penalties shall be included in the assessment decision.
 - b. In cases other than that referred to in the foregoing clause, financial penalties shall be imposed by a separate decision notified to the taxpayer.
2. The delay period provided for in Article 24 (1 /2) of the Law shall begin from the day following the elapse of the tax return filing deadline or the extension thereof, should the tax return filing deadline be extended in accordance with the provisions of these Regulations.
3. For the purposes of the computation of the financial penalty referred to in Article (24/2) of the Law, a fraction of a month shall be deemed a whole month.
4. A penalty will be levied if the tax return is filed after the due date, as provided for in Article (24/1) of the Law, in addition to the penalty referred to in clause (4) of the same Article if the taxpayer benefits from a tax exemption.
5. For the purposes of Article (24/6) of the Law, a financial penalty shall be levied for every contract, agreement or transaction which was not notified by the entity to the Authority individually.
6. Subject to the provisions of Article (24/6) of the Law, financial penalties referred to in Article (24/3) of the Law shall apply to all notifications provided for herein.

Article (49)

1. For the purposes of Article (25) of the Law, exemption limit prescribed for the President shall apply for each individual taxable year.
2. An exemption from financial penalties shall be granted at the request of the taxpayer or his tax agent on grounds acceptable to the Authority. The Authority's failure to respond to such request within (60) sixty days from the date such request is made shall be deemed a rejection thereof.
3. The exemption decision issued in accordance with the provisions of Article (25) of the Law shall apply to financial penalties imposed in accordance with Article (24) of the law for the period that precedes the issuance of the exemption decision.



Executive Regulations
to Income Tax Law

PART VIII

Tax Avoidance



Chapter one:

Prevention of tax avoidance

Article (50)

1. Avoidance of payment of tax due, under the provisions of Article (33/paragraph 1) of the Law shall mean the entering of the taxpayer into arrangements, operations or transactions one of the main purposes of which is the reduction of the amount of taxable income, the creation of a loss, the increase of loss, or the use by the taxpayer of agreements for the avoidance of double taxation for these purposes. This includes the cases where the amount of tax due becomes nil.
2. In the application of the provisions of Article (30/ paragraph 1) of the Law, tax advantage shall particularly mean the following:
 - a. The reduction of the amount of the tax due through the reduction of the gross income or increase of liabilities or losses.
 - b. Obtaining a tax exemption.
 - c. Obtaining a refund of amounts of tax or related financial penalties already paid.
3. Arrangements, operations and transactions provided for in Article (33/paragraph 1) of the Law shall include, in particular, the following:
 - a. Arrangements, operations and transactions organized and implemented through one or more interconnected actions whose purposes is the avoidance of tax. This provision shall not apply to arrangements, operations and transactions carried out for bona fide commercial reasons and where tax avoidance is not a main purpose therein.
 - b. Arrangements, operations and transactions which include the division by the taxpayer of his income and its transfer, wholly or partly, to other related person and persons in order to avoid the payment of tax, wholly or partly.
4. The arrangements, operations and transactions referred to above take into account the artificial avoidance of permanent establishment status through commissionaire/agents' arrangements and similar strategies. This includes, in particular, the following:

- a. Where a person takes on, as a matter of routine, the main role in executing contracts in the State on behalf of another non-resident person, without making any material amendment to these contracts, if and to the extent that one of the following condition are satisfied:
 - These contracts are executed in the name of the non-resident person.
 - These contracts involve a transfer of ownership, or the grant of a right to use assets owned by a non-resident person.
 - These contracts provide for the provision of services by a non-resident person to a resident recipient in the State.
- b. Where a person carries on exclusively or almost-exclusively, in his ordinary course of business as an independent agent, activities in the State on behalf of one or more non-resident related entities.

In both cases, the non-resident persons shall be deemed to own a permanent establishment in the State when it comes to any activity carried out on behalf of him in the State.

5. Tax advantage shall be withdrawn by the Authority in the cases referred to in Article (33) of the Law by a tax assessment decision in accordance with the provisions of Article (14) of the Law. To determine the tax due in this case, an amount equivalent to the value of advantage received by the taxpayer from the withdrawn tax advantage shall be added to the taxable income.

Article (51)

In the application of Article (33/ paragraph 2/ clause 1) of the Law, arm's length principle shall be applied in accordance with the Unrelated Comparable Price method, which is the price of the service or goods which would have been applied should the transaction be between unrelated parties. In the case where the data required to apply the Unrelated Comparable Price method are not available, the taxpayer shall submit to the Authority an application to apply any other pricing method approved by the Organization for Economic Cooperation and Development (OECD). In the absence of comparable elements in respect of the examined case, the Authority may use comparisons with similar activities or other sources of income or any such other objective evidence available to the Authority.

Chapter two:

Indirect transfer of profits between related entities

Article (52)

Any entity related to other entities (related entity) shall give proper consideration to transfer pricing requirements in determining the pricing terms and other terms governing the transactions between them and in reporting the income derived from such transactions in the relevant tax returns.

Related entity shall mean any entity deemed as such under international accounting standards.

Transfer prices shall mean the prices at which an entity transfers tangible or intangible assets or provides services to related entities.

Article (53)

For the purposes of tax calculation, each entity shall determine the prices of transactions between such entity and the related entities, according to the arm's length pricing method, based on the information reasonably available to such entity and shall assess such prices at the time of the transaction and, in any event, no later than the date set for filing the tax return for the tax period in which such transaction is made.

Arm's length pricing method shall mean the pricing applied between two independent entities

Article (54)

Each entity related to other entities shall conduct the functional analysis contained in his tax return and shall examine the comparable data available thereto.

Functional analysis is used to describe the entity's position and economic role with related entities and determine the functions undertaken, risks assumed and intangible and tangible assets used.

Article (55)

For the purposes of applying the arm's length pricing method, each entity which relates to other entities shall update on a yearly basis the financial data of comparable transactions between such entity and an independent entity or between two independent entities.

Each related entity shall perform a new search for comparable transactions in financial databases every three (3) years, if and to the extent that the activity's circumstances remain unchanged.

Article (56)

Every related entity shall provide the Authority with the information necessary for determining and assessing the relevant transfer pricing risks and auditing his transfer pricing practices.

Each related entity shall submit, together with his tax return, a declaration of transfer pricing using the form prepared by the Authority for this purpose, if his total income or total assets as shown in his balance sheet equal or exceed the amount prescribed by the Authority.

The Authority may request such related entity to provide any information necessary for determining and assessing relevant transfer pricing risks or auditing his transfer pricing practices within (30) thirty days from the date when such request is made. The Authority may provide such entity with a transfer pricing questionnaire addressing areas determined by the Authority on the form prepared by the Authority to this end.

The Authority may request the related entity, during the process of tax examination, to complement the information provided on the transfer pricing declaration or questionnaire with additional information and instruments.

Article (57)

The resident related entity shall submit, within the same time limit prescribed for the filing of tax return or within any such other time limit prescribed by the Authority, a master file and a local file on the forms used by OECD, unless the Authority shall use its own forms, if and to the extent that one of the following conditions is satisfied:

Such entity's total revenues or total assets, as shown in its financial statements, equal or exceed the amount prescribed by the Authority.

One of the related entities shall be a resident outside of the State.

This obligation shall become effective starting from the taxable year beginning on or after the date prescribed by the Authority by a decision of the President to this end.

Article (58)

The Authority may use the information available in the master file and local file in assessing transfer pricing risks and in tax examination activities.

Article (59)

The entity shall confirm to the Authority that its transactions with the related entities satisfy the arm's length pricing method and shall provide the Authority with sufficient supporting documents.

Article (60)

The Authority may request the entity to provide all information and documents in its possession and required for auditing its transfer pricing practices with respect to its transactions with related entities, including:

1. Information and documents related to the entity's operations and functions.
2. Information and documents related to the operations, functions, and financial results of the related entities with which such entity transacted.
3. Information related to potential benchmarking, including internal benchmarking of related entities.
4. Documents related to the unrelated comparable entities' operations and financial results and transactions between them.
5. Information and other documents available to the entity or the entities related thereto.

Article (61)

In the application of the provisions of this Part, an entity's claim that other related entities are liable for complying with transfer pricing provisions shall not be considered as a sufficient reason for such entity not to provide the requested documents.

Full documentation of transactions between related entities shall not prevent the correction of their prices if it has been established that they were not based on arm's length principle.

Article (62)

The entity shall maintain all transfer pricing information and documents in respect of the transactions made with related entities, in line with the requirements of the Law.

Article (63)

In calculating the tax due by the entity, profits which are indirectly transferred to another related entity through an increase or decrease in the transaction prices agreed-upon between them or by any such other means shall be added to the taxable income, by determining the profits indirectly transferred as compared to the profits that would have been derived had such entities not been related or any such other comparisons.

The provisions of the previous paragraph shall apply to

transactions made between:

1. Any entity resident in the State and an unrelated entity in the following cases:
 - a. If either entity benefits from a preferential tax regime.
 - b. If the other entity is resident in a non-cooperative State or territory. A state or territory is said to be non-cooperative if no agreement has been entered into with the State of Qatar allowing for the exchange of information for tax purposes. Non-cooperative states and territories shall be determined by a decision of the Minister.
2. The entity and one of its permanent establishments, if either of them carries on an activity in the State.

Article (64)

The Minister shall issue a decision on the terms and procedures for Bilateral Advance Pricing Agreements, and any controls necessary for the implementation of the provisions of this Part.



Executive Regulations
to Income Tax Law

PART IX

General Provisions



Article (65)

The taxpayer may appoint a tax agent registered with the Authority to represent and act on behalf of the taxpayer on tax matters, without prejudice to the taxpayer's legal liability. If neither of the taxpayer nor his representative before the Authority holds a proper certification in accountancy, the taxpayer shall appoint a tax agent. In all events, the person who audits the taxpayer's financial statements shall not be a representative or tax agent thereof before the Authority.

The Minister shall issue a decision on the tax agent appointment conditions and procedures, as well as on his obligations and cases to which such appointment does not apply.

Article (66)

Notifications and correspondence between the Authority and the taxpayer's tax agent appointed in accordance with the provisions of these Regulations shall produce the same legal effects as the notifications and correspondence exchanged with the taxpayer himself.

Article (67)

1. Correspondence and notifications served by the Authority to taxpayers or other addressees shall be addressed in accordance with the provisions of the Law and these Regulations by any of the following means:
 - a. Delivery by hand against acknowledgement of receipt.
 - b. Registered mail.
 - c. Electronic means capable of providing acknowledgement of receipt, e.g. email.
 - d. Electronic systems, software and applications used by the Authority.
2. Correspondence and notices shall be addressed by the taxpayer or any legal addressee to the Authority by any of the following means:
 - a. Registered mail to the Authority's postal address.
 - b. Delivery by hand to the Authority, in accordance with the Authority's applicable procedures in this respect.
 - c. Electronic systems, software and applications used by the Authority.

Article (68)

1. For the purposes of the previous Article, the following addresses shall be used:
 - a. The taxpayer's last postal address available to the Authority or determined, disclosed or used by the addressee in his correspondence or otherwise his last known place of residence or business.
 - b. The taxpayer's last email address available to

the Authority or determined or disclosed by the addressee.

2. In the case of notification by email to a legal person, such notification shall be served in the following order:
 - a. Email address provided in advance.
 - b. Email address of the legal representative of the addressee legal person.
 - c. Last known email address of the person acting on behalf of the addressee.

Article (69)

The Authority shall provide the electronic systems, software and applications necessary for shifting into the digital application of the provisions and procedures provided for in the Law and these Regulations. The rules and procedures contained therein shall be applied without prejudice to the Law or these Regulations.

Addressees under the Law and these Regulations shall notify the Authority and fulfil all their tax obligations through such electronic systems, software and applications starting from their effective date as published on the Authority's website and in at least two daily mass-circulation local newspapers.

All taxpayers who are registered at the time such systems, software and applications are put into action shall regularize their status and re-register with the Authority, in accordance with the provisions of these Regulations within (90) ninety days from the date when such systems are put into action. The President may extend such time limit for a similar period(s).

Article (70)

In the event of merger of companies in accordance with the Commercial Companies Law, the company into which the companies are merged shall replace the merged companies in their tax obligations arising prior to the end of the merger process.

In addition, the companies resulting from a division shall succeed the company, subject-matter of the division, in all its tax obligations arising prior to the completion of the division process.

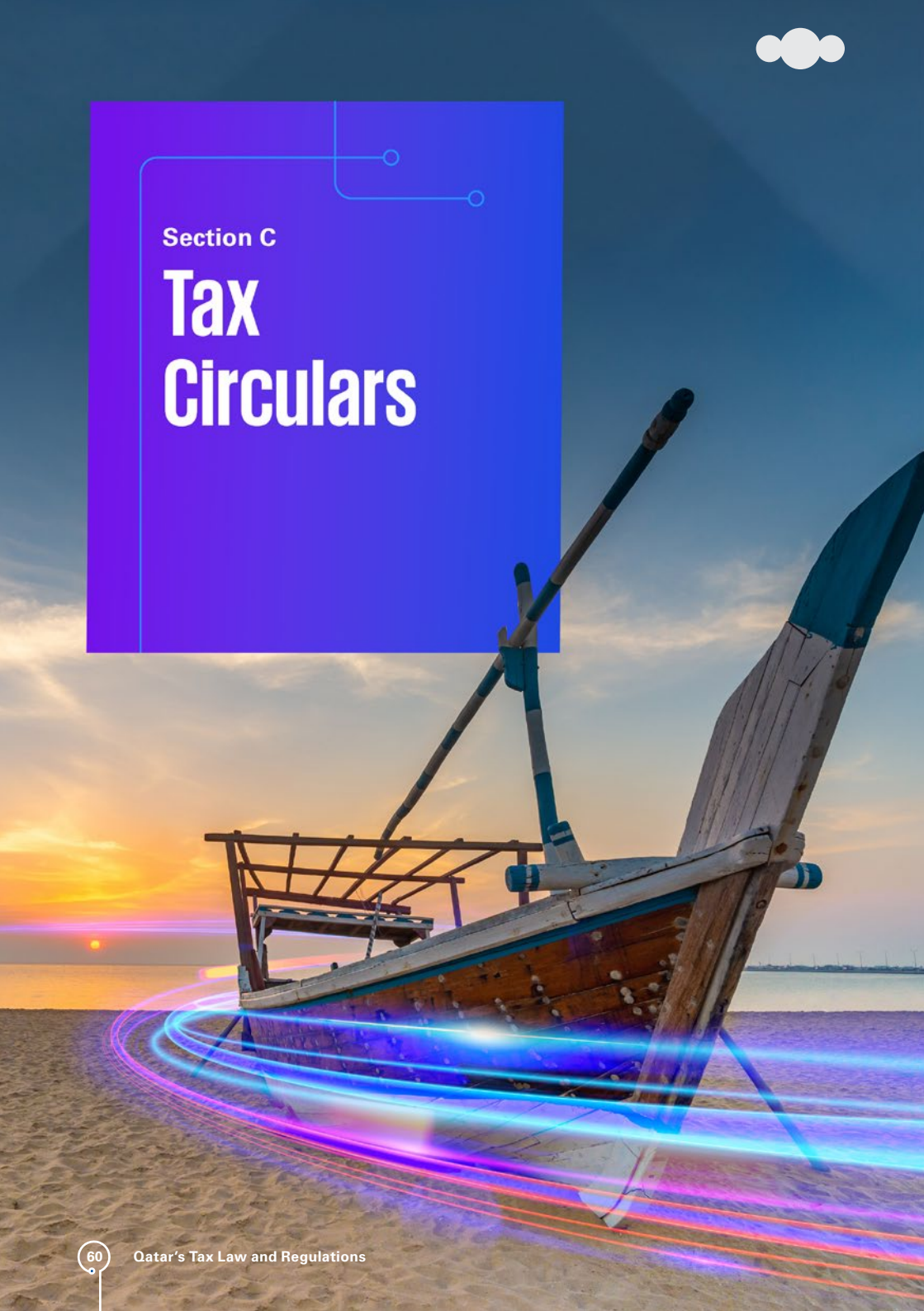
Article (71)

Ministries, other government agencies and public institutions and corporations shall provide the Authority with all information or data necessary for the performance of its duties and shall cooperate with the Authority, each within their own jurisdiction.



Section C

Tax Circulars

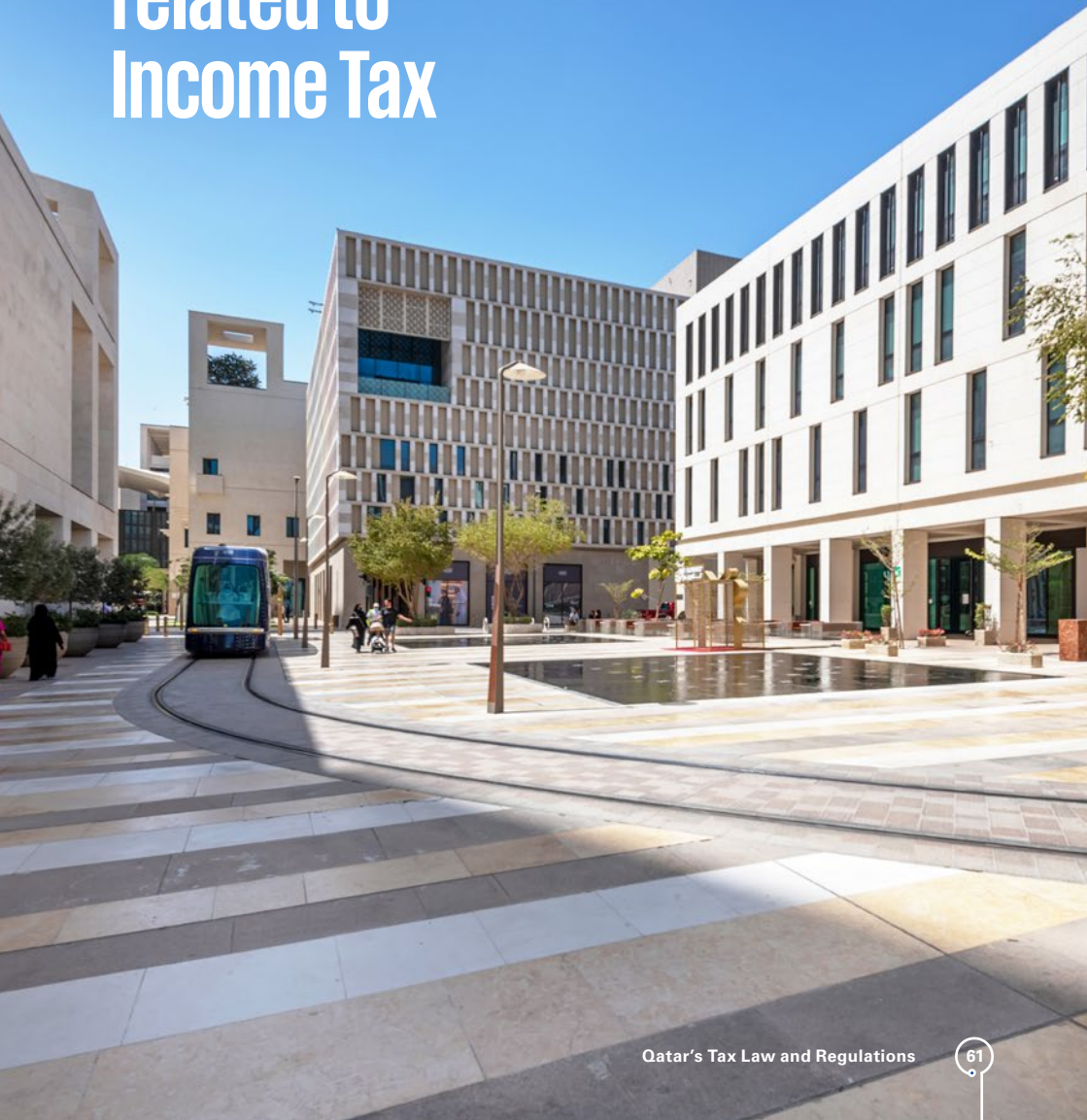




Tax Circulars

PART I

Circulars related to Income Tax



Circular No (2) year 2011
Regarding tax retention and WHT requirements

Your Excellencies/the Ministers

Messrs/Heads of Government bodies and public authorities and corporations

Messrs/Taxpayers and external auditors

Greetings,

In reference to the provisions of the Income Tax Law issued by way of Law 21 of 2009, and particularly Articles 2, 3, 4, 11, 20 and 21 thereof, kindly follow the following instructions when making payments under contracts wholly or partly carried out in the State:

First: Where payments are made to taxpayers who are residents in the State

1. In the case of companies

A company shall be resident if it is incorporated in the State or has its place of effective management therein. This can be confirmed through the data in the extract of the Commercial Register (which must be valid). The company will, then, have the Qatari nationality and will take one of the forms provided for in the Commercial Company Law issued by way of Law 5 of 2002 (joint company, limited liability company, shareholding company, etc.).

Where the payments are made in execution of a contract concluded with a resident company as described above, the last payment shall be made upon the presentation of a valid tax card by the company. The issuance of a tax assessment or a non-objection letter by the Public Revenues and Taxes Department is not required.

2. In the case of natural persons

Where the payments are made to a natural person resident in the State and holding the Qatari nationality (or the nationality of another State of the Cooperation Council for the Arab States of the Gulf) and carries on an activity in his name (in a sole proprietorship), the last payment shall be made upon the presentation of a valid tax card.

Second: Where the payments are made to non-resident taxpayers

1. In the case of taxpayers registered in the Commercial Register

The extract of the Commercial Register (which must be valid) provides, in this case, that the taxpayer has a foreign nationality and takes the form of a branch.

Where the payments are made to a branch of a foreign taxpayer, the following must be observed:

a. If the branch is permanent in the State

This can be confirmed in the extract of the Commercial Register through the existence of a fixed address in the State and also through the absence of a link between the activity of the branch and a specific period, contract or project.

In this case, the last payment shall be made upon the presentation of a valid tax card by the branch. The issuance of a tax assessment or a non-objection letter by the Public Revenues and Taxes Department is not required.

b. If the branch is not permanent in the State and the period of its activity is at least one year

Where the extract of the Commercial Register provides that the activity of the branch is linked to a specific period, contract or project and the period of activity is at least one year, the last payment of the contract or 3% of its value after deduction of supply and works carried out abroad, whichever is higher, must be retained. It will be released only after the presentation by the taxpayer of a non-objection letter issued by the Department.

The retention shall apply only to the last payment (or 3% of the contract value mentioned above if higher). Other payments (prior to the last payment or to the equivalent of 3% of contract value) shall be made upon the presentation of a valid tax card by the taxpayer. The issuance of a tax assessment or a non-objection letter by the Public Revenues and Taxes Department is not required.

(Cont'd)

2. In the case of taxpayers not registered in the Commercial Register or registered for an activity or a project which lasts less than one year

Where the payments are made to a non-resident taxpayer who is not registered in the Commercial Register or who is registered therein for a contract, an activity or a project the period of which is less than one year, then the payments shall be subject to withholding tax in accordance with the provisions of Article 11/2 of the above mentioned law, and a certificate to this effect shall be delivered to the taxpayer in accordance with Article 20 of the same law.

Taxpayers who have a permanent establishment in the State may submit to the Department a request for refund of the tax withheld unduly.

Third: Where the payments are made to taxpayers registered in the Qatar Financial Center

In this case, the amounts due (including the last payment) shall be paid upon the presentation by the taxpayer of a valid certificate issued by the competent authorities of the Qatar Financial Center stating that the taxpayer is registered in the Center.

Finally, the Ministry reminds all parties that make payments to taxpayers as envisaged above, including Ministries, Government bodies and public authorities and corporations, that they are required to provide the Public Revenues and Taxes Department in the Ministry of the details of the contracts they conclude in accordance with the conditions of Article 38 of the Executive Regulations of the above mentioned law (copy of which is enclosed).

This Circular repeals any contrary provision in previous circulars.

Yours faithfully.

Yusef Hussain Kamal
Minister of Economy and Finance

MEF/10/19/11/1065

Dated: 19 June 2011

Circular No (3) year 2011
Regarding instructions to Ministries and other Government bodies on certain tax
Obligations

Your Excellencies/ the Ministers

Messrs/ Heads of Government bodies and public authorities and corporations

Doha

Greetings,

In reference to the Income Tax Law issued by way of Law 21 of 2009, and particularly Articles 2, 3, 4, 11, 20 and 51 to 56 thereof, kindly observe the following:

First: Withholding tax

Kindly withhold the tax on amounts paid to non-residents who do not hold a tax card issued by the Public Revenues and Taxes Department in the Ministry of Economy and Finance, in accordance with Article 11/2 of the above-mentioned law. This remains subject, however, to Circulars issued by the Ministry in this respect and, particularly, Circular No. 2 of 2011 dated 12/06/2011 concerning retention of last payment and withholding tax.

Second: Provision of the Ministry with some data

In accordance with Article 21 of the above-mentioned law, kindly provide the Public Revenues and Taxes Department in the Ministry with the names and addresses of non Qatari merchants and contractors and companies in the capital of which non Qatari persons hold participation with whom or which you conclude contracts to execute your projects or to provide to you any other service during the taxable year, whether or not they were resident in the State. Also kindly provide the details of the contracts concluded with them, in accordance with the conditions provided for in Article 38 of the Executive Regulations of the Income Tax Law mentioned above.

Third: Exemption from tax bearing the tax burden

Kindly refrain from including any conditions relating to exemption from income tax or the bearing of its burden by you instead of the taxpayer in bidding documents, contracts and agreements concluded by the bodies and authorities you represent, unless a written approval from the Ministry of Economy and Finance is obtained, in order to rationalize the granting of tax incentives and to assure the maximum benefit from agreements for the avoidance of double taxation concluded by the State. Any commitment to exempt from tax or to bear its burden made by the Ministries and other Government bodies in bids, agreements and contracts in contradiction to the above shall not be binding to the Ministry of Economy and Finance.

Should you wish to exempt taxpayers from tax before you conclude a contract with them, you may invite them to submit a request to the Tax Exemption Committee in the Ministry, in accordance with Article 51 to 56 of the above-mentioned law.

Accordingly, kindly instruct whom who may be concerned to accurately follow the content of this Circular in order to preserve the public interest and to comply with the provisions of the law.

Yours faithfully

Yousef Hussain Kamal
Minister of Economy and Finance

Circular No (14) year 2019

Regarding some transitional provisions for the application of the Income Tax Law

Having considered the following:

- The law number 24 of 2018 promulgating the Income Tax Law, in particular Article 3 of said law and;
- The Income Tax Law issued by Law No. 21 of 2009 and its executive regulations issued further to the decision of the Minister of Economy and Finance , Decision No.10 of 2011 and ;
- The law No. 7 of 2019 related to the Protection of the Arabic Language and;
- The circulars and decisions applicable by the General Taxation Authority (GTA) and;
- With regard to the provisions of the Income Tax Law promulgated by Law No. 24 of 2018;

The taxpayers and auditors are kindly requested to take note of what follows in this Circular and apply its provisions, until the issuance of the executive regulations of the current income tax law.

First: The validity of the law in terms of time

1. The provisions of the current Income Tax Law promulgated by Law No. 24 of 2018 shall apply to the accounting periods beginning on or after December 13, 2018 .However, the accounting periods that started before that date are subject to the provisions of the Income Tax Law (cancelled) issued by Law No. 21 of 2009.
In pursuance of the above rule, the activities of the petrochemical industries shall be taxed at a rate of 35% from the accounting period beginning on or after December 13, 2018.
2. With regard to the calculation of penalties and surcharges for overlapping violations, which mean violations that began before the current law and continued after its entry into force, please note the following:
 - The value of the penalty and its threshold (maximum) shall be determined/computed according to the provisions the canceled law No. 21 of 2009, until the date of February 16, 2019
 - Starting from the date of February 17 2019, the same shall be determined/computed according to the provisions the current law No. 24 of 2018.
3. With respect to provisions related to withholding tax, the rates referred to in the current law apply to contracts/ agreements concluded on or after 13 December 2018. Contracts concluded prior to this date are treated as follows:
 - The rates referred to in the cancelled law shall apply to the payments due, in accordance with the contract, before the date of 13 December 2018, even if the date of actual payment is after said date.
 - The rates referred to in the current law shall apply to the payments due, in accordance with the contract, after the date of 13 December 2018.
4. Whatever the withholding tax rate specified in the foregoing, the taxpayer must deduct said tax from the source and pay it to the General Tax Authority before the sixteenth day of the month following the month in which the payment has occurred.

Second: The provisions of Circular No. 2, 3, and 4 of 2011 shall continue to apply unless the GTA issues a circular or directive that provides otherwise.

Third: The taxpayers and auditors must direct all correspondence to GTA through registered letters wherever stated in the repealed law, its executive regulations and related circulars, as the electronic correspondence mechanism (or the electronic information system) has not yet been activated.

Therefore, all correspondence must be submitted to the GTA via registered letters until such electronic features are activated and circulated to the taxpayers and audit offices.

(Cont'd)

Fourth: Except as otherwise provided in this Circular, all regulations, terms, procedures and thresholds applicable under the abrogated law, its executive regulations, Circulars and related directives shall continue to apply unless otherwise provided in the current law.

Fifth: In accordance with Article 13 of Law No. 7 of 2019 on the Protection of the Arabic Language issued on 14 January 2019, all the parties subject to its provisions shall be granted a period of six months (renewable) from the date of its application to adjust their situation in compliance with its instructions. Accordingly, the obligation to use the Arabic language in correspondence, clarifications submitted to GTA shall be effective from 13 July 2019.

With regard to the financial statements of the taxpayers, and in accordance with the principle of the unity of the fiscal year, the provisions of the law related to the use of Arabic language shall not apply to the current tax year (2019), and the same rules shall continue to apply.

However, the obligation to submit financial statements in Arabic shall be applied to the tax year beginning on 1 January 2020, unless the deadline limit for the adjustment of taxpayers' situation is extended for another period.

Ahmed bin Issa Al-Muhanadi
President of the General Tax Authority

Circular No (17) year 2019
Regarding the deposit of tax amounts for petroleum activities

Noting that the General Tax Authority received a number of inquiries from companies operating in Gas and Oil sector regarding the currency used to pay Taxes.

Therefore, please ensure that all companies are required to pay taxes using the local currency (Qatari Riyal) , and to deposit all taxes related to oil and gas activity in our account shown below.

Bank Name	Qatar National Bank
Account Number	0013-048898-052
IBAN	QA78 QNBA 0000 0000 0013 0488 9805 2
Swift Code	QNBAQAQA

Dated: 18 September 2019

Circular No (2) year 2019 Regarding the deposit of tax revenues procedures

The General Tax Authority ("GTA") seeks to develop and implement a new procedure of Tax payment for taxpayers, through the conduct of cash deposits, check deposits, and bank transfers in the accounts of the GTA with Qatar National Bank attached to this publication.

In order to optimize this procedure, taxpayers should consider the following when making tax deposits:

First: Obligation to show the tax card or a copy of it to the bank, as no tax deposits will be accepted unless the tax number is disclosed, including all types of bank deposits (Cash Deposits – Checks Deposits – Bank Transfers Deposits)

Second: Identify and mention the tax year to be paid to ensure that tax revenues are included in the tax years and reflected in the balances of the "TAS" system properly.

Third: Make deposits or transfers in the designated accounts - attached - according to the nature and type of each account separately

Bank Name	Qatar National Bank
Branch Name	CORPORATE
Bank Address	P.O Box 1000
Deposits Nature	Bank Accounts Statements
Deposits for Tax Income Revenues in Qatari Riyal	Bank Account Number: 0013-293246-060
	IBAN number: QA80 QNBA 0000 0000 0013 2932 4606 0
	Swift Code: QNBAQQAQ
Deposits Nature	Bank Accounts Statements
Deposits for Excise Tax Revenues in Qatari Riyal	Bank Account Number: 0013-293246-061
	IBAN number: QA80 QNBA 0000 0000 0013 2932 4606 1
	Swift Code: QNBAQQAQ
Deposits Nature	Bank Accounts Statements
Deposits for Petroleum Tax Revenues in Qatari Riyal	Bank Account Number: 0013 0488 9805 2
	IBAN number: QA51 QNBA 0000 0000 0013 0488 9805 2
	Swift Code: QNBAQQAQ
Deposits Nature	Bank Accounts Statements
Deposits for Petroleum Tax Revenues in US Dollars	Bank Account Number: 0013 0488 9805 3
	IBAN number: QA51 QNBA 0000 0000 0013 0488 9805 3
	Swift Code: QNBAQQAQ

Dated: 24 October 2019

Circular No (27) year 2019

Regarding the deposit of tax amounts for petroleum activities and the amounts paid from Qatar Petroleum on behalf of the companies

Further to the circular No.17 of the year 2019 dated on 2/4/2019, regarding the deposit of tax amounts for petroleum activities and following the requests sent from the petroleum companies to the GTA regarding their interest in paying the tax in USD.

After discussion and meetings with the Ministry of Finance, please consider the following:

- To ensure that all companies are required to pay all petroleum taxes (related to the companies who perform oil and gas activities) using the currency used to prepare the financial statements and tax returns (USD or Qatari Riyal) in the GTA accounts in Qatar National Bank mentioned below:

	USD	QAR
Bank Name	Qatar National Bank	Qatar National Bank
Account Number	0013-048898-053	0013-048898-052
IBAN	QA51 QNBA 0000 0000 0013 0488 9805 3	QA78 QNBA 0000 0000 0013 0488 9805 2
Swift Code	QNBAQAQA	QNBAQAQA

All the companies are required to determine the type of currency to be used for tax payment and coordinate with Ms. Nahla Al-Saai. E-mail: n.alsaai@gta.gov.qa , Phone: 44467321

Circular No (1) year 2020

Regarding the submission of Tax Returns of the Tax Year 2019 and different Accounting Periods

Within the framework of the digital application for submitting tax returns for the tax year 2019 through the electronic systems provided by the General Tax Authority, according to Article 3 of the Decision of the Council Ministers No. 39 of year 2019 issuing the executive regulations of the Income Tax Law, taxpayers and auditing and accounting offices are required to do the following:

First: Submission of Tax Returns for the Tax Year 2019

All the Taxpayers and Auditing and Accounting offices should comply with the following:

- Submit all the tax returns electronically on the current electronic System "TAS".
- Attach all the required documents (Tax Return, Audited Financial Statement, Proof of Payment) with compliance with all the attached details according to the tax return form related to Law No. 21 of 2009, until the issuance of the new tax return form related to Law 24 of 2018, which will be notified to you later.
- Update the contact information of the taxpayers in the electronic system (Address, E-mails, Phone Number..).
- If an accounting period is different from the tax year, please attach a copy of the GTA's approval.
- Whoever violates what mentioned above, his tax return will be considered as not submitted.

Second: Accounting Periods different from the Tax Years

Taxpayers who have accredited accounting periods different from the tax year without prior approval from the authority, must immediately re-establish their status by adhering to the following:

- Re-accrediting the tax year as an accounting period beginning on the first of January and ending on the thirty-first of December of the same year
- The interval between the end of the previous accounting period and the beginning of the new accounting period is treated as an independent accounting period, not less than 6 months. If it is less than this period, it should be combined with the first accounting period after the change.
- Taxpayers who want to accredit a different accounting period, should submit an application to the GTA as per the conditions and requirements stipulated in the executive regulations of the Income Tax Law.

Kindly note that the GTA will not accept any tax returns in violation of the above instructions in the first and second item.

Accordingly, the GTA calls upon all taxpayers and auditing and accounting offices to adhere to the contents of this circular and to implement it from its date of issue.

For any further information, please contact the administration of taxpayers services in the General Tax Authority or by email info.Tax@gta.gov.qa.

Jassem Mohamed Al Karani
Director of Taxpayers Services Department

92024524613453

Dated: 30 June 2020

Circular No (3) year 2020 Regarding the registration in the portal “Dhareeba”

In the context of the General Tax Authority (GTA) seeking to launch “Dhareeba” portal that will contribute to the provision of advanced electronic services, and by referring to the registration invitations previously sent to all audit offices on 31/07/2020 to urge them to register in the system and to facilitate the procedures for registering their taxpayers/clients.

The GTA is pleased to inform you about the launch of the portal starting from 01/07/2020 and the start of the registration service. Thus, the auditing offices and Taxpayers should note the following and act accordingly:

First: The GTA will definitively stop receiving applications for registration with the current tax administration system (TAS) from the date of 30 June 2020.

Second: Ensure that all taxpayers, including those currently registered with the Tax Administration System (TAS), are registered through the portal “Dhareeba” according to the procedures and controls in effect.

Third: All registered taxpayers must adjust their situations and re-register with the GTA within (90) days from this date, according to Article (69) of the executive regulations of the Income Tax Law No. (24) for the year 2018.

Fourth: Taxpayers who register via “Dhareeba” portal will be exempted from the financial penalties resulting from not registering and obtaining the tax card previously, provided that they register before 30/09/2020.

Fifth: The GTA will provide the necessary support to all users during the registration period, by responding to all questions and inquiries received through the following:

- Customer service number: 16565
- E-mail: tax.support@gta.gov.qa
- Website GTA” www.gta.gov.qa

Jassem Mohamed Al Karani
Director of Taxpayers Services Department



65289422785565

Dated: 20 August 2020

Circular No (4) year 2020
Regarding the interpretation of Article 2 of the ERs of the ITL

To all the taxpayers and the Auditing offices

Doha – Qatar

After Greetings,

Whereas, the General Tax Authority has received a large number of inquiries about the application of the provisions of Article (2/11) of the Executive Regulations of the Income Tax Law referred to in the above subject, especially with regards to the requirement of direct ownership of Qatari natural persons in the legal persons subject to tax under the law in order to benefit from tax exemption.

We would like to clarify to you that the legislator intended to set the direct ownership requirement stipulated in Article (2) of the executive regulations of the Income Tax Law, for the purpose of proving the ownership of legal persons that are partially owned by Qataris in proportion to their shares in profit in said legal persons, and the reason behind this is to enable the Authority to reach the income subject to tax arising from sources in the country during the tax year in which the financial statements are submitted.

Therefore, companies subject to the Income Tax Law are required to prove ownership and benefit of Qatari persons of said companies, by submitting some information and supporting documents, according to the attached form. And if this is proven, these shares will be exempt from tax.

And Yours sincerely

Jassem Mohamed Al Karani
Director of Taxpayers' Services Department

TPS/05/2020

Dated: 29 October 2020

Circular No (5) year 2020 Regarding the starting date of services on “Dhareeba” system

Within the framework of the General Tax Authority launching its new tax system “Dhareeba” and with reference to Circular No. (3) for the year 2020, issued on 30 June 2020 regarding the registration on the new system “Dhareeba” and Circular No. (4) for the year 2020, issued on 14 October 2020 regarding the extension of the registration period on “Dhareeba”:

The GTA is pleased to inform you of the suspension of the tax administration system (TAS) and the start of services and tax obligations on “Dhareeba” system, starting from **November 1st, 2020**.

Based on the above, the auditors and taxpayers must take note of the following and act in accordance with it:

First: Ensure that you are registered on “Dhareeba” system, as unregistered taxpayers will not be able to submit their tax returns and any other tax obligations or request any tax service.

Second: The GTA will permanently stop receiving all requests manually or through the Tax Administration System (TAS).

Third: Ensure that all tax obligations and services are provided on “Dhareeba” system according to the procedures and controls set forth in the user guidelines available on the tax portal www.dhareeba.gov.qa

Fourth: the GTA provides full support to all users by answering all questions and inquiries through the customer service 16565

All competent authorities, each according to its competence, must act upon this circular from the date of its issuance.

Jassem Mohamed Al Karani
Director of Taxpayers’ Services Department

Circular No (7) year 2020 Regarding the Payment of Tax Liabilities Amounts

Within the context of the General Tax Authority launching its new electronic system "Dhareeba" and with reference to Circular No. (5) for the year 2020 regarding the start of operating services on the electronic portal Dhareeba, and General Tax Authority Chairman Circular No. (27) for the year 2019 regarding the deposit of tax amounts and amounts paid by QatarEnergy (formerly Qatar Petroleum) on behalf of companies.

The GTA is pleased to inform you about the start of the electronic payment services through the electronic portal Dhareeba, through the following options:

First option : Pay by debit / credit card

Transactions executed on Dhareeba portal include payment using the debit / credit card, and are performed according to the following procedures:

1. Going to the "Payment / Refund" menu through the main screen of the portal, choosing the amount to be paid and checking its details.
2. Choose the panel "Total Payment Due"
3. Determine the amounts to be paid. More than one type of tax can be chosen, provided that they are in the same currency.
4. Click on "Continue to Payment" to display "Payment Summary"
5. Select the card type and enter the payment details and click "payment"
6. Ensure that the payment is successful after the message "Payment has been completed successfully" appears on the screen.

For more details, please refer to the payment user guide - Debit card and credit card available on the online portal Dhareeba: <https://dhareeba.gov.qa>

Second option: Bank transfer

It includes the transactions that are executed on the portal Dhareeba and payment is made through online banking services or by visiting the bank, and it is done according to the following procedures:

1. Going to "Payment / Refund" menu through the main screen of the portal, choosing the amount to be paid and checking its details.
2. Choose the Panel "Total Due Payment"
3. Determine the amounts to be paid. More than one type of tax can be chosen, provided that they are in the same currency.
4. Click on "Continue to Payment" to display "Payment Summary"
5. Choose the method of payment by bank transfer
6. Save the "Payment Instructions Voucher" that appears on the screen and keep the payment reference number shown in the voucher.
7. Conducting a bank transfer, with the necessity to mention the payment reference number in the notes box on the bank transfer slip.
8. Attach the payment receipt submitted by the bank, on Dhareeba Portal and fill in its details (waiting transfer under the payment panel), and then the GTA verifies and approves the payment and confirms the amount paid or contact the taxpayer to obtain additional information.
9. The taxpayer can verify the payment of the due amounts on Dhareeba System by verifying "the account statement" section on the portal.

(Cont'd)

For More details, please see refer to the guide for the payment process by bank transfer available on the Dhareeba Portal: <http://Dhareeba.gov.qa>

Also, please take into consideration the particularity of each taxpayer and the approved currency for him during the payment process, provided that the payment is made with the official accounts of the GTA, as shown below:

Account name	Account number	IBAN	Currency
Petroleum Revenue Tax	0013-048898-053	QA51 QNBA 0000 0000 0013 0488 9805 3	USD
General Tax Authority	0013-293246-061	QA53 QNBA 0000 0000 0013 2932 4606 1	QAR

If you have any questions or inquiries or to follow up your requests, please contact us only via:

- Customer service number: 16565
- To call from outside the State of Qatar: +97444069941
- E-mail: support@dhareeba.qa

Jassem Mohamed Al Karani
Director of Taxpayers Services Department

Circular No (2) year 2021

Regarding the submission of tax returns and financial statements for companies and establishments owned by Qatari citizens and the Gulf Cooperation Council countries, which are exempt from income tax

To all the taxpayers and the Auditing offices

Doha – Qatar

Pursuant to the provisions of Article (11) of the Income Tax Law promulgated by Law No. (24) of 2018, which obligated the taxpayer, even if he was a beneficiary from a tax exemption, to submit a tax return to the GTA on the form prepared for the purpose, indicating the taxable income and the amount of tax due.

As well as articles (29,30,31,32,33,34) of the executive regulations of the Income Tax Law issued pursuant to Cabinet Resolution No. (39) of 2019, which set the conditions, controls, dates and procedures necessary for this.

With reference to the Circular No. (4) for the year 2011 of the Minister of Economy and Finance regarding the submission of tax returns and financial statements for companies and establishments owned by citizens of the State of Qatar and the Gulf Cooperation Council countries that are exempt from income tax

And to the Circular No. (14) of 2019 of the General Tax Authority President regarding some transitional provisions for the application of the Income Tax Law,

Following the Circular No. (1) for the year 2021 of the General Tax Authority President regarding the extension of the period for submitting the tax returns for the tax year 2020, and in an effort by the Authority to facilitate the taxpayers that are addressed by this circular, and with the purpose of simplifying procedures and achieving flexibility in applying the provisions of the aforementioned articles, it was decided to take the following measures:

1. The tax-exempt companies owned by Qatari citizens and the Gulf Cooperation Council countries, **whose capital is (1) million riyals or more or their annual revenues are (5) five million riyals or more**, must submit the tax return and the audited financial statements on the tax return form Approved by the authority, through the tax portal Dhareeba provided that the conditions for attaching the final accounts are considered, in accordance with the provisions of Articles (34 and 33) of the Executive Regulations of the Income Tax Law.
2. Tax-exempt companies owned by Qatari citizens and the Gulf Cooperation Council countries, **whose capital is less than (1) million riyals and their annual revenues are less than (5) five million riyals**, must submit the tax return and the financial statements, on the **simplified tax return** form through the tax portal Dhareeba.
3. Extending the deadline for submitting the tax return and financial statements for the accounting period for the tax year 2020 for a period of (4) months, each according to its accounting period approved by the Authority if it differs from the tax year referred to in the circular.
4. In the event that the above procedures regarding submitting the tax return are not adhered to within the prescribed periods, a financial penalty of (500) riyals will be imposed for each day of delay, with a maximum of (180,000) riyals, in accordance with the mentioned Article (24) of the Income Tax Law.
5. The procedures mentioned in the above clauses (1,2) shall apply to the accounting period for the tax year 2020 and beyond.
6. The procedures mentioned in the above Clause (3) shall apply to the accounting period for the tax year 2020 only, provided that the deadline for submitting the tax returns and the financial statements stipulated by law is considered.

All competent authorities, each according to its competence, shall act upon this circular from the date of its issuance.

Ahmad Bin Issa AlMuhana
President of the General Tax Authority

Circular No (1) year 2021

Regarding the use of the logos of the General Tax Authority and “Dhareeba” system

To the audit offices and auditors

Pursuant to the provisions of Law No. (9) of 2002 regarding trademarks, commercial data, trade names, geographical indications, and industrial designs and models, regulating trademarks and their protection.

Since both the logo of the General Tax Authority and the logo of “Dhareeba” system are considered trademarks protected by the aforementioned law, we would like to draw your attention to not use the authority’s logos for marketing purposes or prohibited uses according to the law or any other uses that would mislead the taxpayers and those dealing with the GTA, whether on social media or any other advertising means.

And accordingly, the authority calls upon you to abide by what is stated in this circular in order to avoid taking legal measures against violators.

Jassem Mohamed Al Karani
Director of Taxpayers Services Department

Circular No (1) Year 2021

Regarding the launch of the process to submit the income tax return's data via excel

To the taxpayers and auditors' offices

Doha - Qatar,

Greetings,

Based on the provisions of Articles (6) and (11) of the Income Tax Law promulgated by Law No. (24) of 2018, which obligated the taxpayer to determine his taxable income on the basis of accrual-based accounting method applicable in commercial accounting, and in accordance with international accounting standards, as well as submitting the Tax Return to the GTA on the form prepared for this purpose showing the taxable income and the amount of tax due.

And based on the provisions of Articles (29/item 10), (32) and (34) of the Executive Regulations of the Income Tax Law issued pursuant to Cabinet Resolution No. (39) of 2019, which obligated the taxpayer to submit all documents, files and data determined by the GTA for each form of the returns prepared by it, and the obligation to attach and include these data with the Tax Return.

According to the provisions of Article (69) of the Executive Regulations, which enabled the Authority to develop electronic systems, and obligate addressees to the provisions of the law and the Executive Regulations to adhere to the communication with the Authority and to fulfill all their Tax obligations, through these electronic systems, software and technological applications, starting from the date of announcing their entry into force on the authority's website.

And given the existence of fields in the tax return that require multiple and repeated details for many companies, and based on the requests of taxpayers and auditors' offices regarding uploading income tax return data via Excel for some items, and to facilitate uploading these data and filling out the details, and in an effort by the authority to reduce the burden on taxpayers, we are pleased to inform you that it was decided to launch the **process of submitting income tax Return data via excel regarding "other non-operating income, other operating expenses and other non-operating expenses, assets, subcontractors, bad debts, depreciation", within "Dhareeba" system portal.**

We would also like to point out the need to adhere to the following:

- Download the excel file prepared in advance by the authority, fill in the required data, and then put this file on the declaration form and re-upload it on the website.
- Taking into account the commitment of mentioning correctly the titles and the order of the fields, in order to raise them correctly on "Dhareeba" system

For more details, kindly refer to the user guide available on "Dhareeba" system portal.

Jassem Mohamed Al Karani
Director of Taxpayers Services Department



Dated: 06 July 2021

Circular No (2) year 2021

Regarding the determination of the Methods for Proving the Actual Ownership of Qatari Citizens in Companies Listed on the Qatar Stock Exchange.

The taxpayers, their representatives, and auditors' offices,

Doha - Qatar

After Greetings,

Based on the provisions of Article (13) of Law No. (24) of 2018 and Article No. (29/Item 10) of the Executive Regulations No. (39) of 2019.

Further to Circular No. (4) of 2020 issued on 20/08/2020 regarding the interpretation of item (11) of Article (2) of the Cabinet Resolution No. (39) of 2019 issuing the Executive Regulations of the Income Tax Law promulgated by law.

And based on the requests submitted to the General Tax Authority by the auditors' offices regarding the determination of methods to prove the actual ownership of Qatari citizens in companies listed on the Qatar Stock Exchange for the purpose of determining their shares therein, in order to implement the provisions of Article (2/item 11) of the Executive Regulations of the Income Tax Law No. (24) the year 2018, and whereby companies subject to the income tax law must prove ownership and benefit by Qatari persons.

Therefore, please commit to submit a certificate explaining the method for calculating this ownership while determining the share of Qatari persons in it, through supportive documents, taking into account the professional care to calculate that share with sufficient accuracy by the auditors' offices, in implementation of the provisions of the law regarding the provisions related to exemptions penalties and sanctions.

Jassem Mohamed Al Karani
Director of Taxpayers Services Department

Circular No (3) year 2021
Regarding the submission of the Simplified Tax Return

To the audit offices and auditors

Doha – Qatar

After Greetings,

Based on the provisions of Article (11) of the Income Tax Law promulgated by Law No. (24) of 2018, which obligates taxpayers, even if they are beneficiaries of tax exemptions, to submit their tax returns to the General Tax Authority on a form prepared for this purpose.

As well as Articles (29,30,31,32,33,34) of the Executive Regulations of the Income Tax Law issued pursuant to Cabinet Resolution No. 39 of 2019, which set the conditions, controls, dates and procedures necessary for this.

And with reference to the circular of the President of the General Tax Authority No. (2) for the year 2021, which obligates companies exempt from income tax and owned by Qatari citizens and from the countries of the Gulf Cooperation Council, whose capital is less than (1) million riyals and annual revenues are less than (5) Five million riyals, to submit the tax return and financial statements on the simplified tax return form through a Dhareeba portal.

In the context of the keenness of the General Tax Authority to facilitate and simplify the procedures for submitting the Tax Returns and achieving the tax compliance for this category of taxpayers, it has been noticed recently that some audit offices submit the tax returns for companies exempt from income tax owned by Qatari citizens and from the GCC countries of by adopting tax return form on the accrual principle (not simplified), we request you to adhere to the implementation of the measures taken for this purpose by adopting the simplified tax return form prepared according to the circular issued by the President of the General Tax Authority.

In the event that the audit offices submit the tax return and financial statements on the tax return form on the accrual principle (not simplified) for companies exempt from income tax owned by Qatari citizens and from the countries of the Gulf Cooperation Council and whose capital is less than (1) million riyals and their annual revenues are less than (5) five million riyals, a signed written approval for this purpose by the taxpayer shall be attached.

Accordingly, the Authority calls upon you to abide by the contents of this circular in order to avoid taking measures against violators of these instructions.

Jassem Mohamed Al Karani
Director of Taxpayers Services Department

Circular No (4) year 2021
Regarding payment notices

To the Respected audit offices and auditors

After Greetings

The General Tax Authority is updating the financial statements of companies and their tax obligations with the Authority during this period, and accordingly, in the event that your clients receive a notice of payment of the due amounts, we kindly ask you to verify their statements. In case it is mismatching with your records, please attach a payment receipt or proof of payment for each tax year through the electronic Dhareeba portal in case the due amounts have already been prepaid.

Kindly note that in the event of non-payment, it is necessary to direct your clients to pay tax amounts through the system in order to avoid imposing additional financial penalties due to the delay. Also, please review your taxpayer data through Dhareeba portal and make sure that the returns are submitted before the specified dates. In the event that the tax returns are submitted at the specified date for the previous tax years and penalties due a delay appear despite the submission before the deadline,

You are kindly requested to submit the tax returns for previous periods through the electronic Dhareeba portal, provided that the submitted tax return shall contain the stamp of the General Tax Authority on the date of receipt.

For more inquiries, you may contact us at: 16565 or via email Support@dhareeba.qa

Jassem Mohamed Al Karani
Director of Taxpayers Services Department



Tax Circulars

PART II

Circulars related to Transfer Pricing

MOF-1873860

Dated: 16 July 2020

Decision No (4) year 2020

On the Transfer Pricing Declaration and the presentation of the Local and Master File

Chairman of the GTA.

After reviewing Law No. 24 of 2018 issuing the Income Tax Law and Emiri Decree No. 77 of 2018 establishing the General Tax Authority and the Council's decision Ministers No. 39 of 2019 issuing the executive regulations for Law No. 24 of 2018 issuing the Income Tax Law

decided the following:

Article 1

Definitions

In implementing the provisions of this resolution, the following terms shall have the meaning indicated next to each of them, unless the context requires another meaning:

Country	State of Qatar
GTA	General Tax Authority
Group	Group of entities and related projects
Associated entities	Is the related entities as mentioned in Article 52 of the executive regulations of the Income Tax Law
Declaration	Transfer Pricing Declaration
Master File	A file submitted by a project residing in the country associated with another project or other projects that contains standardized information on related projects in relation to their commercial operations and transfer pricing policies
Local File	A file that provides detailed information on transfer pricing related to the resident's protected entity's transactions with associated entities.
Controlled transactions	Transactions between two related entities

Chapter 1

Transfer pricing declaration

Article 2

Each of the following are subject to declaration:

1. Associated entities residing in the state.
2. Permanent Establishments of Associated Entities Not Resident in the State

Article 3

Associated entities residing in the State and permanent establishments of related entities not residing in the State must submit the declaration, if the annual revenue value of the entity or permanent establishment or total assets appearing in the entity's financial position or a permanent establishment equals or exceeds 10,000,000 Qatari riyals in the year declared.

(Cont'd)

Article 4

The related entity must submit the declaration in the same form and method required to file the tax return, and on the same date set for submitting that return

Article 5

The declaration shall be submitted according to the form approved by the Authority and must include the following information:

1. General information about the group to which the resident related entity belongs, and includes:
 - a. A general description of the group's activity, including the changes that occurred during the declared financial year.
 - b. A list of the major intangible assets related to the resident related entity, as well as the country or territory in which the related entity that owns those assets resides
 - c. A general description of the group's transfer pricing policy, including changes that occurred during the reported financial year
2. Specific information about the reporting entity, including:
 - a. A description of the activity undertaken by the reporting related entity, including changes that occurred during the declared fiscal year.
 - b. It contains a brief statement of the operations carried out with other entities related to the resident related entity, if the total amount, according to the type of transaction, exceeds 200,000 Qatari riyals, detailing the nature and amount of the transaction, and the countries or territories in which the other entities related to the resident related entity.
 - c. Show transfer pricing methods, detailing the main method used, and the changes that occurred during the declared fiscal year.

Chapter 2

Master File and Local File

Article 6

Subject to submit the master and local files

1. Associated entities residing in the state
2. Permanent establishments of associated entities that are not resident in the state.

Article 7

Related entities residing in the state and permanent establishments of related entities not residing in the state must submit the master and local files, if

1. The declared annual revenue value of the entity or permanent establishment or the total assets appearing in the entity or establishment's budget is equal to or greater than 50,000,000 Qatari riyals per year.
2. One of the group's entities is resident outside the country.

Article 8

The master file and the local file shall be submitted no later than June 30 of the year following the declared fiscal year.



(Cont'd)

First: the master file

Article 9

The master file should contain the following information:

1. Group organizational structure.
2. Description of the group's business, including:
 - a. Important factors for business profits.
 - b. A description of the five largest supply chain of the group's product or service offerings according to revenue, in addition to any other products or services that reach more than 5% of the group's revenue
 - c. A list and a brief description of the significant service-related arrangements among group members, other than research and development services, including a description of the capabilities of key sites that provide critical services and transfer pricing policies for allocating service costs and determining the prices paid for services within the group
 - d. A description of the main geographical markets for the Group's products and services referred to in the second clause of this paragraph
 - e. A brief job analysis describing the major contributions to creating value from individual entities within the group (major jobs performed, significant risks assumed, and significant assets used);
 - f. A description of significant transactions related to significant business restructuring, acquisitions and divestment that occurred during the fiscal year.
3. The group's intangible assets, including:
 - a. General description of the Group's overall strategy for developing, acquiring and exploiting intangible assets, including location of major R&D facilities and locations of R&D departments.
 - b. A list of the group's intangible assets or groups of intangible assets that are important for transfer pricing purposes, and the entities that legally own it.
 - c. A list of important agreements between specific associated entities related to intangible assets, including cost-contribution arrangements, major agreements on research services and licensing agreements.
 - d. A general description of the group's transfer pricing policies relating to research and development and intangible assets
 - e. A general description of any significant changes to shares in intangible property between associated companies during the respective fiscal year, including the entities, countries, and offsets involved
4. The group's common financial activities, including
 - a. A general description of how the group will be financed, including significant financing arrangements with lenders not associated with its members.
 - b. Determine which members of the group provide a central function for financing the group, including the country in which these entities were established by virtue of its laws and the country in which the actual location of its management is located
 - c. General description of the general transfer pricing policies that the Group follows in relation to financing arrangements between related entities
5. The group's financial and tax centers, including
 - a. The annual consolidated financial statement of the group from the relevant financial year, if prepared for financial, regulatory, internal, tax reporting or other purposes.
 - b. A list and brief description of the group's unilateral pre-pricing arrangements and other tax trends related to income allocation between countries.

(Cont'd)

Second: Local File

Article 10

The local file should contain the following information:

1. Information about the resident related entity and includes
 - a. Description of the resident entity's management structure, its organizational structure, and a description of the bodies that report to them on the management of the resident entity and the countries in which those entities maintain their main offices
 - b. A detailed description of the business and the business strategy of the resident entity, including an explanation of whether the resident entity participated in, or was affected by, business restructuring processes or transfers of intangible assets in the current year or in the year immediately preceding it, and an explanation of aspects of those transactions that affected on the resident entity.
 - c. Information on major competitors;
2. Controlled transactions for each primary class of controlled transactions in which the entity participates and includes:
 - a. Description of controlled transactions (such as the purchase or sale of services, manufacturing, purchase or sale of goods, lending and borrowing transactions, financial guarantees and performance guarantees, licenses for intangible assets, etc.) and the context in which these transactions take place
 - b. Amounts of payments and receipts within the group for each category of controlled transactions in which the resident entity participated (i.e. payments and receipts for products, services, royalties, interest, etc.) divided by countries of tax residence of the foreign payer or recipient
 - c. Identify the related entities involved in each category of controlled transactions, and the relationship between them
 - d. Copies of all the basic agreements entered into by the resident entity with other related entities.
 - e. Detailed comparison and functional analysis of the resident entity and related associated entities in relation to each documented class of controlled transactions, including any changes compared to previous years.
 - f. Determine the most appropriate transfer pricing method for any class of transactions and the reasons for choosing that method
 - g. Identification of the entity related to the amount that was chosen as a party to the transaction and an explanation of the reasons for this choice.
 - h. A summary of the important assumptions made in applying the methodology transfer pricing
 - i. Conducting a multi-year analysis subject to comparison and explaining its reasons
 - j. A list and description of the non-controlling transactions subject to the selected comparison (internal or external), if any, and information on the relevant financial indicators of the independent entities intended in transfer pricing analysis, including a description of the comparisons search methodology and the source of that information
 - k. A description of any modifications made to the comparisons and an indication of whether the amendments were made to the results of the selection party, the controlled transactions subject to comparison, or both.
 - l. Statement that relevant transactions were priced on the basis of perfect competition based on the application of the transfer pricing method chosen
 - m. A summary of the financial information used in applying the transfer pricing methodology
 - n. A copy of the advanced pricing arrangements for unilateral, bilateral or multi-sided and other tax directives in which the country is not a party and which are related to the controlling transactions mentioned above



(Cont'd)

3. Financial information and includes
 - a. The annual financial statements of the resident entity for the concerned fiscal year, and audited financial statements must be provided
 - b. The assignment information tables explaining how the financial data used in applying transfer pricing is linked to the annual financial statements
 - c. Summary of relevant financial statements table related to the comparison used in the analysis and the sources from which that data was obtained

Article 11

The obligation to submit a master file and a local file is applied to the tax year starting on or after the date 01.01.2020

Article 12

All competent authorities must implement this decision and enforce it from the date of its issuance

Ahmad Bin Issa Al Muahanadi
President of the General Tax Authority



Transfer Pricing Declaration, Master File, Local File FAQs

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1. FAQ'S TRANSFER PRICING DECLARATION

I. Scope of the Transfer pricing Declaration requirements

Q1. What is the scope of the reporting obligation under Article 56 of the Executive Regulations of the Income Tax Law?

In accordance with the provisions of Article 56 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Articles 2 and 3 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 of July 16, 2020 relating to the transfer pricing (TP) declaration and the master and local files, entities resident in Qatar must submit a declaration relating to their TP when they meet the following conditions:

- the annual tax-free turnover of these entities or the gross assets appearing on their balance sheet is greater than or equal to QAR10,000,000; and
- these entities are associated to other entities established in Qatar or abroad.

Important:

1. For the purposes of applying the aforementioned provisions, an entity is deemed to be associated to another entity, resident in Qatar or abroad, in the following cases:
 - the reporting entity holds, at the end of the financial year (FY), directly or indirectly, more than half of the capital or voting rights of the other entity; or
 - more than half of the reporting entity's capital or of its voting rights is held, at the end of the FY, directly or indirectly, by the other entity.
2. Entities which do not carry out any transactions with related entities resident in Qatar or abroad may submit a "nil" declaration.
3. The reporting obligation described above also applies to foreign entities having a permanent establishment (PE) in Qatar, being specified in this case that the conditions mentioned above will be considered as satisfied if they are fulfilled at the level of the PE in Qatar.

II. Deadline and method of filing the transfer pricing declaration

Q2. What is the deadline for filing the transfer pricing declaration?

The transfer pricing (TP) declaration must be filed with the income tax (IT) return, in accordance with Article 56 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Article 4 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 of July 16, 2020 on the TP declaration and the master and local files.

Example:

Entities whose fiscal year (FY) coincides with the calendar year must file their IT return no later than April 30 of the following calendar year, in accordance with Paragraph 1 of Article 29 of the ITLs ERs.

The TP reporting obligation must therefore be satisfied when filing the IT return.

The TP declaration must therefore be filed with the IT return.

For this purpose, the reporting entities must use the declaration available online on the Dhareeba site.

III. Content of the transfer pricing declaration

Q3. What does the transfer pricing declaration contain?

The TP declaration referred to in Article 56 of the Executive

Regulations (ERs) of the Income Tax Law (ITL) is a light version of the master file and the local file that some entities must file with the General Tax Authority (GTA), in accordance with Article 57 of the ITLs ERs.

Two categories of information must be declared:

- general information on the group of related entities; and
- specific information on the reporting entity.

(Cont'd)

IV. General information about the group of related entities

Q4. What does the general description of the group's activity contain?

In accordance with Sub-paragraph (a) of Paragraph 1 of Article 5 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, this description is intended to identify the main activities of the group, including the changes that have occurred during the fiscal year (FY), as well as the nature and location of the intangible assets exploited.

The main character of an activity is assessed with regard to the importance of the revenues generated or the importance of the means implemented.

Q5. What are the intangible assets that should be mentioned in the intangible assets table?

In accordance with Sub-paragraph (b) of Paragraph 1 of Article 5 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, the intangible assets to be mentioned in this part of the TP declaration must meet two cumulative conditions:

1. have a principal character for the group: the principal character of an intangible asset is assessed with regard to the importance of its contribution to the group's activity;
2. be connected to the reporting entity: consequently, must be mentioned:
 - the main intangible assets owned by the reporting entity, whether or not they are used;
 - the main intangible assets which the reporting entity does not own, but which it uses in the course of its activity.

The state or territory of the establishment of the entity that owns or co-owns the intangible asset must be mentioned.

Example:

A company headquartered in Germany owns a patent made available to a Qatari related entity in exchange for the payment of a royalty.

The nature of the asset must be mentioned in the table provided for this purpose in the TP declaration.

The state in which the entity owning the patent is located (Germany) should also be indicated.

Assets used by or available to the reporting entity that are held by an unrelated entity do not need to be reported.

Q6. What is the group's transfer pricing policy that the reporting entity should indicate?

In accordance with Sub-paragraph (c) of Paragraph 1 of Article 5 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, the reporting entity must indicate, from the drop-down list provided for this purpose, the TP methodology(ies) used by the group and which are related to the reporting entity, that is to say the method or methods which exert an influence on the determination of the amount of intra-group transactions in which the reporting entity is involved.

Q6. What is the group's transfer pricing policy that the reporting entity should indicate?

In accordance with Sub-paragraph (c) of Paragraph 1 of Article 5 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, the reporting entity must indicate, from the drop-down list provided for this purpose, the TP methodology(ies) used by the group and which are related to the reporting entity, that is to say the method or methods which exert an influence on the determination of the amount of intra-group transactions in which the reporting entity is involved.



(Cont'd)

V. Specific information on the reporting entity

Q7. What does the summary of transactions carried out with other related entities contain?

In accordance with Sub-paragraph (b) of Paragraph 2 of Article 5 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, the amounts to be entered in this part of the transfer pricing (TP) declaration are those derived from the accounting of the reporting entity.

The reporting entity must disclose the aggregate amount of sales and purchases of goods and services, as well as acquisitions and disposals of assets, which it recorded for the reporting fiscal year, by nature and by amount, when the aggregate amount of transactions exceeds QAR200,000.

To determine the threshold of QAR200,000, no compensation between revenues and expenses can be made, as these transactions are of a different nature.

It is not necessary to indicate, for each type of flow, the full detail of all the transactions which make it possible to reach the amount of QAR200,000.

Only one amount must be mentioned for each type of transaction per related entity's jurisdiction on residence.

Example 1:

If 10 services are rendered to a related entity for an amount of QAR22,000 each, only the amount of QAR220,000 will be indicated, and not the details of each transaction at QAR22,000

Example 2:

A company is manufacturing a product in Qatar.

This product is sold to a related entity established in Spain.

The total amount of sales to the Spanish entity is QAR500,000,000.

The reporting entity is not required to detail the revenues derived from that related entity.

The reporting entity only needs to report the total amount of sales, which is QAR500,000,000.

All transactions must be broken down by type, in accordance with the dropdown list provided for that purpose.

The states or territories where related entities are located with which the transactions are carried out must be mentioned in the summary statement for each type of flow reported.

Q8. How should mixed transactions be reported?

In the case of mixed transactions, such as the sale of goods together with the provision of services (for example, maintenance services), the transfer pricing (TP) declaration should reflect the accounting method used by the reporting entity for these transactions.

The reporting entity may therefore be required to report these items in two different categories (goods and services) or in one of the two categories.

Q9. What are the amounts to be reported under the headings "acquisitions of assets" and "disposals of assets"?

The amounts that must be declared correspond to the gross amount of the purchase prices and the selling prices of the assets concerned, and not to the capital gains or losses.



(Cont'd)

Q10. Do the name and address of the related entities have to be reported?

It is not necessary to indicate the name and address of the related entities.

Only the states or territories of the related entities involved in the transactions should be mentioned.

Q11. How are the transfer pricing methods of reported transactions identified?

With regard to the transfer pricing (TP) methods used, the reporting entity should specify the main TP method that is applied to each reported transaction.

The concept of “main TP method applied” is assessed with regard to the amount of transactions carried out by the reporting entity, by type of transaction and by jurisdiction of residence of the related entity with which the transaction was concluded.

Example:

80% of the amount of intra-group goods purchases of the reporting entity in Egypt are made on the basis of the comparable uncontrolled price (CUP) method and 20% on the basis of the resale price method.

Only the first method should be mentioned on the line “Goods – Buyer – Egypt” by the reporting entity.

2. FAQ'S MASTER FILE AND LOCAL FILE

Q1. What is the scope of the reporting obligation under Article 57 of the Executive Regulations of the Income Tax Law?

In accordance with the provisions of Article 57 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Articles 6 and 7 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 of July 16, 2020 relating to the transfer pricing (TP) declaration and the master file and local file, entities resident in Qatar must submit a master file and a local file when they meet the following conditions:

- the annual tax-free turnover of these entities or the gross assets appearing on their balance sheet is greater than or equal to QAR50,000,000; and
- these entities are associated to other entities established abroad.

Important:

1. For the purposes of applying the aforementioned provisions, an entity is deemed to be associated to another entity, resident abroad, in the following cases:
 - the reporting entity holds, at the end of the financial year (FY), directly or indirectly, more than half of the capital or voting rights of the other entity; or
 - more than half of the reporting entity's capital or of its voting rights is held, at the end of the FY, directly or indirectly, by the other entity.
2. Entities which do not carry out any transactions with related entities resident abroad may submit a "nil" declaration.
3. The reporting obligation described above also applies to foreign entities having a permanent establishment (PE) in Qatar, being specified in this case that the conditions mentioned above will be considered as satisfied if they are fulfilled at the level of the PE in Qatar.

Enterprises other than those described above are not required to produce the master file and local file.

However, those enterprises are obliged to provide information and documents about their material cross-border transactions upon a specific request of the GTA in the course of a tax examination or for transfer pricing risk assessment purposes.

Q2. What is the master file?

Article 57 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Articles 6, 7, 8, 9, 10 and 11 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 on the Transfer Pricing (TP) Declaration, the Master File and the Local File, require multinational enterprises (MNEs) to provide the General Tax Authority (GTA) with high-level information regarding their global business operations and transfer pricing (TP) policies in a "master file".

Q3. What is the local file?

Article 57 of the ITL's ERs and Articles 6, 7, 8, 9, 10 and 11 of the Decision of the GTA's President of No. 4 of the year 2020 require that detailed transactional TP documentation be provided in a "local file", identifying material related party transactions, the amounts involved in those transactions, and the company's analysis of the TP determinations they have made with regard to those transactions.

Q4. Why are those documents useful for the General Tax Authority?

Taken together, these two documents (master file and local file) will require taxpayers to articulate consistent TP positions and will provide the GTA with useful information to assess TP risks, make determinations about where audit resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries.

(Cont'd)

Q5. What are the objectives of master file and local file requirements?

The objectives of master file and local file requirements are:

1. to ensure that taxpayers give appropriate consideration to transfer pricing (TP) requirements in establishing prices and other conditions for transactions between associated enterprises and in reporting the income derived from such transactions in their tax returns (cf. Article 52 of the Executive Regulations (ERs) of the Income Tax Law (ITL));
2. to provide the General Tax Authority (GTA) with the information necessary to conduct an informed TP risk assessment (cf. Article 58 of the ITLs ERs); and
3. to provide the GTA with useful information to employ in conducting an appropriately thorough audit of the TP practices (cf. Article 58 of the ITLs ERs), although it may be necessary to supplement the documentation with additional information as the audit progresses (cf. Articles 56, 59 and 60 of the ITLs ERs).

Taxpayers are required to carefully evaluate, at or before the time of filing a tax return, their own compliance with the applicable TP rules (cf. Article 53 of the ITLs ERs).

Q6. Are taxpayers required to assess their compliance with the arm's length principle?

By requiring taxpayers to articulate convincing, consistent and cogent transfer pricing (TP) positions, TP documentation will help to ensure that a culture of compliance is created.

Well-prepared documentation will give the General Tax Authority (GTA) some assurance that the taxpayer has analyzed the positions it reports on tax returns, has considered the available comparable data, and has reached consistent TP positions.

Moreover, contemporaneous documentation requirements will help to ensure the integrity of the taxpayers' positions and restrain taxpayers from developing justifications for their positions after the fact.

The Executive Regulations of the Income Tax Law require that TP documentation requirements be satisfied on a contemporaneous basis.

This means that the documentation would be prepared at the time of the transaction, or in any event, no later than the time of completing and filing the tax return for the fiscal year in which the transaction takes place (cf. Article 53 of the ITLs ERs).

Q7. How does transfer pricing documentation ensure high quality transfer pricing risk assessment?

Effective risk identification and assessment constitute an essential early stage in the process of selecting appropriate cases for transfer pricing (TP) audits or enquiries and in focusing such audits on the most important issues (cf. Article 58 of the Executive Regulations (ERs) of the Income Tax Law (ITL)).

Because the General Tax Authority (GTA) operate with limited resources, it is important for it to accurately evaluate, at the very outset of a possible audit, whether a taxpayer's TP arrangements warrant in-depth review and a commitment of significant tax enforcement resources.

Particularly with regard to TP issues (which generally are complex and fact-intensive), effective risk assessment becomes an essential prerequisite for a focused and resource-efficient audit.

Proper assessment of TP risk by the GTA requires access to sufficient, relevant and reliable information at an early stage.

While there are many sources of relevant information, TP documentation (TP declaration, master file and local) is one critical source of such information (Cf. Articles 56 and 57 of the ITLs ERs).

The GTA will use a variety of tools and sources of information for identifying and evaluating TP risks of taxpayers and transactions, including TP declaration (to be filed with the annual tax return), TP questionnaires focusing on particular areas of risk (cf. Article 56 of the ITLs ERs), general TP documentation requirements identifying the supporting evidence necessary to demonstrate the taxpayer's compliance with the arm's length principle (cf. Articles 59 and 60 of the ITLs ERs), and cooperative discussions between the GTA and taxpayers.



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Each of the tools and sources of information appears to respond to the same fundamental observation: there is a need for the GTA to have ready access to relevant information at an early stage to enable an accurate and informed TP risk assessment.

Q8. What information must be provided in the master file?

The master file should provide an overview of the multinational enterprise group (MNE) business, including the nature of its global business operations, its overall transfer pricing (TP) policies, and its global allocation of income and economic activity in order to assist the General Tax Authority (GTA) in evaluating the presence of significant TP risk.

In general, the master file is intended to provide a high-level overview in order to place the MNE group's TP practices in their global economic, legal, financial and tax context.

It is not intended to require exhaustive listings of minutiae (e.g., a listing of every patent owned by members of the MNE group) as this would be both unnecessarily burdensome and inconsistent with the objectives of the master file.

In producing the master file, including lists of important agreements, intangibles and transactions, taxpayers should use prudent business judgment in determining the appropriate level of detail for the information supplied, keeping in mind the objective of the master file to provide the GTA a high-level overview of the MNE's global operations and policies.

When the requirements of the master file can be fully satisfied by specific cross-references to other existing documents, such cross-references, together with copies of the relevant documents, should be deemed to satisfy the relevant requirement.

For purposes of producing the master file, information is considered important if its omission would affect the reliability of the TP outcomes.

The information required in the master file provides a "blueprint" of the MNE group and contains relevant information that can be grouped in 5 categories:

1. the MNE group's organizational structure;
2. a description of the MNE's business or businesses;
3. the MNE's intangibles;
4. the MNE's intercompany financial activities; and
5. the MNE's financial and tax positions.

Taxpayers should present the information in the master file for the MNE as a whole.

However, organization of the information presented by line of business is permitted where well justified by the facts, e.g., where the structure of the MNE group is such that some significant business lines operate largely independently or are recently acquired.

Where line of business presentation is used, care should be taken to assure that centralized group functions and transactions between business lines are properly described in the master file.

Even where line of business presentation is selected, the entire master file consisting of all business lines be made available to the GTA in order to assure that an appropriate overview of the MNE group's global business is provided.

The Decision of the President of the General Tax Authority No. 4 of the year 2020 on the Transfer Pricing Declaration, the Master File and the Local File sets out the items of information to be included in the master file.



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Q9. What information must be provided in the local file?

In contrast to the master file, which provides a high-level overview as described in Q8, the local file provides more detailed information relating to specific intercompany transactions.

The information required in the local file supplements the master file and helps to meet the objective of assuring that the taxpayer has complied with the arm's length principle in its material transfer pricing (TP) positions affecting a specific jurisdiction.

The local file focuses on information relevant to the TP analysis related to transactions taking place between a Qatari affiliate and associated enterprises in different countries and which are material in the context of the Qatari's tax system.

Such information would include relevant financial information regarding those specific transactions, a comparability analysis, and the selection and application of the most appropriate TP method.

Where a requirement of the local file can be fully satisfied by a specific cross-reference to information contained in the master file, such a cross-reference should suffice.

The Decision of the President of the General Tax Authority No. 4 of the year 2020 on the Transfer Pricing Declaration, the Master File and the Local file sets out the items of information to be included in the local file..

Q10. What does “contemporaneous documentation” mean?

Each taxpayer should endeavor to determine transfer prices (TP) for tax purposes in accordance with the arm's length principle, based upon information reasonably available at the time of the transaction.

Thus, a taxpayer ordinarily should give consideration to whether its TP is appropriate for tax purposes before the pricing is established and should confirm the arm's length nature of its financial results at the time of filing its income tax return (ITR).

Where a taxpayer reasonably demonstrates that either no comparable data exists or that the cost of locating the comparable data would be disproportionately high relative to the amounts at issue, the taxpayer should not be required to incur costs in searching for such data.

Q11. What is the timing for preparing the transfer pricing documentation and for filing the master file and local file?

The Executive Regulations (ERs) of the Income Tax Law (ITL) require information to be finalized by the time the tax return is filed (Cf. Article 53 of the ITL's ERs).

A 30-day period is given to taxpayers to respond to specific General Tax Authority (GTA)'s requests for documentation and other audit related information requests (cf. Article 56 of the ITL's ERs).

Taxpayers must submit their master files and local files no later than June 30 of the year following the fiscal year in question (cf.

Article 57 of the ITL's ERs and Article 8 of the Decision of the President of the General Tax Authority No. 4 of the Year 2020 on the Transfer Pricing Declaration, Master File and Local File).

Q12. What does “Materiality” mean?

Not all transactions that occur between associated enterprises are sufficiently material to require full documentation in the local file.

The General Tax Authority (GTA) has an interest in seeing the most important information while at the same time it also has an interest in seeing that multinational enterprises (MNEs) are not so overwhelmed with compliance demands that they fail to consider and document the most important items.



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The section "Controlled transactions" in the local file form includes a description of significant transactions with associated enterprises, amounts of intra-group payments and receipts, identification of associated enterprises involved in controlled transactions, significant inter-enterprise agreements, a comparability analysis and a functional analysis, an indication of the transfer pricing (TP) method used.

The transactions concerned are those between the enterprise that establishes the documentation and one or more associated enterprises and the amount of which, aggregated by category, exceeds QAR200,000 for the year.

Transactions carried out between a head office and its branch must, subject to meeting the aforementioned threshold of QAR200,000, also be described.

Important (1):

In all cases, the amounts are those taken from the enterprise's accounts without compensation between income and expenses, or between acquisitions and disposals of assets.

The categories of transactions to be considered are:

Revenues: sales of goods, provision of services, commissions, royalties, performance guarantees, financial guarantees, financial products, other products.

Charges: purchases of goods or services, commissions, fees, performance guarantees, financial guarantees, financial charges, other charges.

Important (2):

In the case of mixed transactions, such as the sale of goods accompanied by the provision of maintenance services, the local file must reflect the accounting method adopted by the enterprise for these transactions.

The enterprise may therefore be required to indicate these elements in two different categories (sales and provision of services) or in only one.

Acquisitions and disposals of assets relate to tangible and intangible assets.

Important (3):

The amounts indicated must correspond to the gross amount of the purchase prices and the selling prices of the assets concerned, and not to the capital gains or losses.

The gross amount must be declared when it is greater than QAR200,000.

See Subparagraph (b) of Paragraph 2 of Article 9 of the Decision of the President of the General Tax Authority No. 4 of the Year 2020 on the Transfer Pricing Declaration, Master File and Local for the materiality standard applicable in completing the master file.

Decision of the minister of finance
No (16) year 2019
On country-by-country reports (CbCR)

The Minister of Finance,

Having considered the Income Tax Law promulgated by Law No. 24 of the year 2018, in particular Article 34 thereof, and the Commercial Companies Law promulgated by Law No. 11 for the year 2015, and

the Convention on Mutual Administrative Assistance in Tax Matters ratified by the Emiri instrument of ratification on 29/08/2018, and

the Emiri Decree No. 10 of the year 2019 on approving the Multilateral Competent Authority Agreement on the Exchange of CbC Reports,

and the Inclusive Framework on BEPS, which the State of Qatar joined on 07/11/2017, and

the Decision of the Minister of Finance No. 21 of 2018 on Country-by-Country (CbC) Reports,

Decided the following:

Article 1

Definitions

In the application of the provisions of this Decision, the following terms and expressions shall have the meanings given to each of them, unless the context requires another meaning:

Competent Authority

The General Tax Authority (GTA).

President

The President of the Competent Authority.

Resident

Any entity that is resident of a State for tax purposes.

Residency

Establishing residency in a State for tax purposes.

Country-by-country reports

Country-by-country reports to be submitted in accordance with the provisions of this Decision, and the recommendations of the Organization for Economic Cooperation and Development (OECD) in its report titled "Transfer Pricing Documentation and Country-by-Country Reporting" under Action 13 of the OECD/G20's project on Base Erosion and Profit Shifting, and other related guidance issued by the OECD.

Group

A collection of enterprises connected to each other through ownership or control, such that it is either required to prepare Consolidated Financial Statements for financial reporting purposes, under applicable accounting principles, or would be so required, if equity interests in any of the enterprises were traded on a public securities exchange.

Multinational Enterprises Group

Any Group that:

1. includes two or more enterprises the tax residence for which is in different jurisdictions, or includes an enterprise that is Resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction, and
2. is not an Excluded Multinational Enterprises Group

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Excluded Multinational Enterprises Group (MNE Group)

A Group having, with respect to any Fiscal Year of the Group, total consolidated Group revenue of less than (3,000,000,000) 3 billion Qatari Riyals during the Fiscal Year immediately preceding the Reporting Fiscal Year, as reflected in its Consolidated Financial Statements, for such preceding Fiscal Year.

Constituent Entity

1. any separate business unit of Multinational Enterprises Group that is included in the Consolidated Financial Statements of the Multinational Enterprises Group for financial reporting purposes, or would be so included, if equity interests in such business unit were traded on a public securities exchange;
2. any such business unit that is excluded from the Multinational Enterprises Group's Consolidated Financial Statements solely on size or materiality grounds; and
3. any permanent establishment of any separate business unit included in (1) or (2) above, provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes.

Reporting Entity

The Constituent Entity that is required to file a Country-by-country report, conforming to the requirements of Article 4 of this Decision in its jurisdiction of tax residence on behalf of the MNE Group.

The Reporting Entity may be the Ultimate Parent Entity, the Surrogate Parent Entity, or any entity described in Paragraph 2 of Article 2 of this Decision.

Ultimate Parent Entity

A Constituent Entity of a Multinational Enterprises Group that meets the following criteria:

1. it owns, directly or indirectly, a sufficient interest in one or more of the other Constituent Entities of such MNE Group, such that it is required to prepare Consolidated Financial Statements under accounting principles generally applied in its jurisdiction of tax residence, or would be so required, if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence; and
2. there is no other Constituent Entity of such Multinational Enterprises Group that owns, directly or indirectly, an interest described in Paragraph (1) above in the first-mentioned Constituent Entity.

Surrogate Parent Entity

One Constituent Entity of the Multinational Enterprises Group that has been appointed by such Multinational Enterprises Group, as a sole substitute for the Ultimate Parent Entity, to file the Country-by-Country report in that Constituent Entity's jurisdiction of tax residence, on behalf of such Multinational Enterprises Group, when one or more of the conditions set out in Subparagraph (b) of Paragraph 2 of Article 2 of this Decision applies.

Fiscal Year

An annual accounting period with respect to which the Ultimate Parent Entity of the Multinational Enterprises Group prepares its financial statements.

Reporting Fiscal Year

That Fiscal Year the financial and operational results of which are reflected in the Country-by-country report defined in Article 4 of this Decision.

International Agreement

The Multilateral Convention for Mutual Administrative Assistance in Tax Matters, any bilateral or multilateral tax convention, or any tax information exchange agreement to which Qatar is a party, and that by its terms provides legal authority for the exchange of tax information between jurisdictions, including automatic exchange of such information.

Qualifying Competent Authority Agreement

An agreement:

1. that is between authorized representatives of those jurisdictions that are parties to an International Agreement, and
2. that requires the automatic exchange of Country-by-country reports between the party jurisdictions.

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Consolidated Financial Statements

The financial statements of a Multinational Enterprises Group in which the assets, liabilities, income, expenses and cash flows of the Ultimate Parent Entity and the Constituent Entities are presented as those of a single economic entity.

Systemic Failure

The case in which a jurisdiction has a Qualifying Competent Authority Agreement in effect with Qatar, but has suspended automatic exchange for reasons other than those that are in accordance with the terms of that agreement or otherwise persistently failed to automatically provide to Qatar Country-by-country reports in its possession of Multinational Enterprises Groups that have Constituent Entities in Qatar.

Article 2

1. Each Ultimate Parent Entity of a Multinational Enterprises Group that is Resident for tax purposes in Qatar shall file a Country-by-country report, conforming to the requirements of Article 4 of this Decision and to other relevant decisions and circulars, with respect to its Reporting Fiscal Year on or before the date specified in Article 5 of this Decision.
2. A Constituent Entity which is not the Ultimate Parent Entity of a Multinational Enterprises Group shall file a Country-by-country report, conforming to the requirements of Article 4 of this Decision and to the other relevant decisions and circulars, with the Competent Authority, with respect to the Reporting Fiscal Year of a Multinational Enterprises Group of which it is a Constituent Entity, on or before the date specified in Article 5, if the following criteria are satisfied:
 - a. the entity is Resident for tax purposes in Qatar; and
 - b. one of the following conditions applies:
 - the Ultimate Parent Entity of the Multinational Enterprises Group is not obligated to file a Country-by-country report in its jurisdiction of tax residence; or,
 - the jurisdiction in which the Ultimate Parent Entity is Resident for tax purposes has a current International Agreement to which Qatar is a party, but does not have a Qualifying Competent Authority

Agreement in effect to which Qatar is a party by the time specified in Article 5 for filing the Country-by-country report for the Reporting Fiscal Year; or,

- there has been a Systemic Failure of the jurisdiction of tax residence of the Ultimate Parent Entity that has been notified by the Competent Authority to the Constituent Entity Resident for tax purposes in Qatar.

Where there are more than one Constituent Entities of the same Multinational Enterprises Group that are Resident for tax purposes in Qatar, and one or more of the conditions set out in Subparagraph b of Paragraph 2 above apply, the Multinational Enterprises Group may designate one of such Constituent Entities to file the Country-by-country report, conforming to the requirements of Article 4 of this Decision and of the relevant decisions and circulars, with the Competent Authority, with respect to any Reporting Fiscal Year on or before the date specified in Article 5 of this Decision, and to notify the Competent Authority that the filing is intended to satisfy the filing requirement of all the Constituent Entities of such Multinational Enterprises Group that are Resident for tax purposes in Qatar.

3. Notwithstanding the provisions of Paragraph 2 of this Article 2, when one or more of the conditions set out in Subparagraph (b) of Paragraph 2 of this Article apply, an entity described in Paragraph 2 of this Article 2 shall not be required to file a Country-by-country report with the Competent Authority with respect to any Reporting Fiscal Year if the Multinational Enterprises Group of which it is a Constituent Entity has made available a Country-by-country report conforming to the requirements of Article 4 and other relevant decisions and circulars with respect to such Fiscal Year through a Surrogate Parent Entity that files that Country-by-country report with the tax authority of its jurisdiction of tax residence on or before the date specified in Article 5 and that satisfies the following conditions:



(Cont'd)

- a. the jurisdiction of tax residence of the Surrogate Parent Entity requires filing of Country-by-country reports, conforming to the requirements of Article 4 of this Decision;
- b. the jurisdiction of tax residence of the Surrogate Parent Entity has a Qualifying Competent Authority Agreement in effect to which Qatar is a party by the time specified in Article 5 of this Decision for filing the Country-by-country report for the Reporting Fiscal Year;
- c. the jurisdiction of tax residence of the Surrogate Parent Entity has not notified the Competent Authority of a Systemic Failure;
- d. the jurisdiction of tax residence of the Surrogate Parent Entity has been notified, in accordance with Paragraph 1 of Article 3 of this Decision, by the Constituent Entity Resident for tax purposes in its jurisdiction, that it is the Surrogate Parent Entity; and
- e. a notification has been provided to the Competent Authority in accordance with Paragraph 2 of Article 3 of this Decision.

Article 3

1. Any Constituent Entity of a Multinational Enterprises Group that is Resident for tax purposes in the State of Qatar shall notify the Competent Authority whether it is the Ultimate Parent Entity or the Surrogate Parent Entity, no later than the last day of the Reporting Fiscal Year of such Multinational Enterprises Group. The President may permit, by way of a decision, to extend the above-mentioned deadline for the Reporting Fiscal Year beginning on or after 1 January 2018.
2. Where a Constituent Entity of a Multinational Enterprises Group that is Resident for tax purposes in the State of Qatar is not the Ultimate Parent Entity, nor the Surrogate Parent Entity, it shall notify the Competent Authority of the identity and tax residence of the Reporting Entity, no later than the last day of the Reporting Fiscal Year of such Multinational Enterprises Group.
3. A decision of the Competent Authority may specify the form and method of the notification provided for in this Article.

Article 4

1. The Country-by-country report pertaining to a MNE Group shall include:
 - a. Aggregate information relating to the amount of revenue, profit or loss before income tax, income tax paid, income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the Multinational Enterprises Group operates;
 - b. An identification of each Constituent Entity of the Multinational Enterprises Group setting out the jurisdiction of tax residence of such Constituent Entity, and where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such Constituent Entity is organized, and the nature of the main business activity or activities of such Constituent Entity.
2. The Country-by-country report shall be filed in a form that conforms to all the definitions and instructions set out in the standard template provided in Annex (III) of Chapter Five of the OECD Transfer Pricing Guidelines as amended by the OECD report published in the year of 2015 titled "Transfer Pricing Documents and CbC Reports", on Action 13 of the OECD/G20's project on Base Erosion and Profit Shifting Project
3. The CbC Report referred to in this Article shall be filed electronically as specified by the Competent Authority.

Article 5

The Country-by-country report shall be filed no later than 12 months after the last day of the Reporting Fiscal Year of the Multinational Enterprises Group.

(Cont'd)

Article 6

1. The Competent Authority shall use the Country-by-country report for purposes of assessing high-level transfer pricing risks and other base erosion and profit shifting related risks in the state of Qatar, including assessing the risk of non-compliance by members of the Multinational Enterprises Group with applicable transfer pricing rules, and where appropriate for economic and statistical analysis.

Transfer pricing adjustments by the Competent Authority will not be based on the Country-by-country report.

2. The Competent Authority shall preserve the confidentiality of the information contained in the Country-by-country report at least to the same extent that would apply if such information were provided to it under the provisions of an international convention.

Article 7

Subject to the limit of the penalty provided for in Paragraph 8 of Article 24 of the income tax law referred to above, the President shall issue the list of penalties applicable for violation of obligations stipulated in this Decision.

Article 8

1. The provisions of this Decision, except for Paragraphs 2 and 3 of Article 2 and Paragraph 2 of Article 3, shall apply to the Reporting Fiscal Years of Multinational Enterprises Groups beginning on or after 1 January 2018, and subsequent years.
2. The provisions of Paragraphs 2 and 3 of Article 2, and Paragraph 2 of Article 3 of this Decision shall apply to the Reporting Fiscal Year which will be specified by a decision of the President, and to subsequent years.

Article 9

The decision of the Minister of Finance No. 21 of the year 2018 on CbC Reports shall be repealed, as well as any provisions that contravenes the provisions of this Decision.

Article 10

All competent authorities, each within its jurisdiction, shall implement this Decision. It shall be effective from the date of its issuance and shall be published in the Official Gazette.

Ali Sherif Al Emadi
Minister of Finance



Circular No (10) year 2020 Regarding
Article (3) Notifications of the MOF Decision No (16) of 2019 on CbCR

M/S Taxpayers and Accounting Firms and Offices

Greetings,

With reference to:

- The Convention on Mutual Administrative Assistance in Tax Matters;
- The Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports;
- The Income Tax Law Promulgated by Law No. (24) of 2018;
- The Executive Regulations of the Income Tax Law Issued by the Cabinet's Decision No. (39) of 2019;
- The Minister of Finance Decision No. (16) of 2019 on Country-by-Country Reports;
- The Decision of the Chairman of the General Tax Authority No. (7) of 2019 on Penalties for Non-Compliance with Country-by-Country Reports Requirements; and

With regards to the notifications on the reporting entity and its residence provided for in Article (3) of the Minister of Finance Decision referred to above;

Please be informed of the following:

1. Each constituent entity, resident in Qatar, of an MNE group shall notify the General Tax Authority that it is the ultimate parent entity (if this is the case) no later than the last day of the financial period of the MNE group.
2. Thus, the MNE group's ultimate parent entity that is resident in Qatar is required to submit the aforementioned notification for the reportable financial year commencing on 01 January 2020 no later than 31 December 2020. A constituent entity, resident in Qatar, that is not the ultimate parent entity of an MNE group is not required to notify the General Tax Authority of the identity of the reporting entity and its jurisdiction of residence, regardless of the place of residence of the ultimate parent entity.

The notification described above shall be submitted electronically through the "Dhareeba" system. However, QFC registered entities shall continue submitting the aforementioned notification in coordination with the Tax Department at the QFC.

Please refer to the steps of submitting the notification described in the user guide on the "Dhareeba" system.



Tax Circulars

PART III

Circulars related to Economic Substance Regulations



Dated: 17 October 2021

Finance Minister Resolution No (20) year 2021

Applying the requirements of the substantial activity to the economic activities practiced in the State of Qatar

Minister of Finance,

After perusal of Law No. (7) of 2002 Concerning the Protection of Copyright and Neighboring Rights,

Law No. (9) of 2002 Concerning Trademarks, Trade Data, Trade Names, Geographical Indications, and Industrial Designs and Models,

Law No. (5) of 2005 Concerning the Protection of Trade Secrets,

Law No. (6) of 2005 Concerning the Protection of Integrated Circuit Designs,

And the Qatar Financial Center Law promulgated by Law No. (7) of 2005, and the laws amending it;

Law No. (34) of 2005 regarding investment free zones, as amended by Decree-Law No. (21) of 2017,

Law No. 36 of 2005 establishing a Qatar Science and Technology Park free zone,

The Patent Law promulgated by Legislative Decree No. (30) of 2006,

and Law No. (17) of 2011 regarding border measures to protect intellectual property rights, And the Income Tax Law promulgated by Law No. (24) of 2018

Law No. (1) of 2019 regulating the investment of non-Qatari capital in economic activity, Law No. (10) of 2020 Concerning the Protection of Industrial Designs and Models.

Decree No. 56 of 2020 ratifying the multilateral agreement to implement measures related to tax agreements to prevent base erosion and the transfer of profits,

and the Cabinet's approval of the draft resolution at its regular meeting (15) for 2021 held on 14/04/2021,

decided the following:

Part 1

Definitions

Article (1)

In applying the provisions of this resolution, the following words and expressions shall have the meanings shown next to each of them, unless the context requires another meaning:

Country: State of Qatar

Competent Authority: The General Tax Authority.

Licensing Authority: Every entity entrusted with working license for companies or entities and administers preferential tax systems for the benefit of these companies or entities, in accordance with the laws in force in the country.

Preferential tax system: Any system that provides a tax benefit compared to the general principles of income taxes in the country, regardless of the form or amount of the benefit.

Eligible Entity: An entity that carries out a covered service activity or an intellectual property activity and is eligible to benefit from a preferential tax system, in accordance with a law in force in the State.

Covered service activities: Any of the financial activities or other service activities stipulated in Article 7 of this resolution.

Intellectual property activities: Any activity that calls for research and experimental development and includes every creative and systematic work followed in order to increase the stock of knowledge and devise new applications of the available knowledge.

(Cont'd)

Research and development: Include three types of activities:

- Basic research which means the experimental or theoretical work that is conducted primarily to acquire new knowledge of the essential foundations of observed phenomena and facts, without any particular application or use.
- Applied research, which means original research conducted in order to acquire new knowledge, and that it is directed primarily towards a specific practical goal or objective.
- Experimental development, which means systematic work that depends on knowledge gained from research and practical experience, and produces additional knowledge directed towards the production of new products or methods or the improvement of products or methods in which work is in progress.

Core Income-Generating Activity: The activity that constitutes the core business of the Eligible Entity.

Non-essential income generating Activity: The activity that is not the core of the Eligible Entity's business, such as clerical and informational jobs, payroll and payroll related jobs, and legal services.

Eligible Expenses: Expenses incurred by an eligible Entity for the purpose of conducting research and development activity, which are directly related to an intellectual property asset, and consist of the following expenses:

- Expenditures directly related to research and development, incurred by the eligible entity itself to develop an Intellectual Property asset, including salaries, wages, direct costs, overhead costs directly attributable to research and development facilities, and costs of supplies, as long as all such costs arise from activities undertaken to promote understanding of Scientific and Technological Links, addressing known scientific or technological obstacles, increasing knowledge or developing new applications, as well as expenditures incurred to improve intellectual property assets after their acquisition.
- Expenditures directly related to research and development, incurred by the eligible entity when outsourcing unrelated to it, whether it is in the country or abroad.
- Expenditures directly related to research and development, incurred by the eligible entity when outsourcing from a related outsourcing located in the country and carries out the activities assigned to it by the eligible Entity.

The following expenses and costs are not considered eligible expenses:

- Expenditures related to research and development incurred by an eligible entity when outsourcing its related outsourced entity.
- Interest payments.
- Construction costs.
- The costs of acquiring intellectual property assets, including those incurred to obtain research rights, royalties and fees paid for licensing the use of an intellectual property asset.
- Any costs that cannot be directly linked to a specific intellectual property asset.

Total Expenditures: The sum of all expenditures that would be counted as eligible expenditures if it has been undertaken by the same entity, and consisted of the following expenditures:

- Eligible expenses
- Expenditures directly related to research and development incurred by an eligible entity when outsourcing its related outsourced entity.
- The costs of acquiring intellectual property assets, including those incurred to obtain research rights, royalties and fees paid for licensing the use of an intellectual property asset.

The following costs and expenses are not included in the total expenditures:

- Unsuccessful Research and experimental development expenditures.
- Non-eligible expenses, except as noted above, even if incurred by the eligible Entity itself, such as interest payments, construction costs and other costs that do not represent actual research and development activities.



(Cont'd)

Eligible Intellectual Property Assets: Intellectual property assets that are legally protected. For this purpose, legal protection includes exclusive rights to use intellectual property assets, necessary legal measures against infringement of intellectual property assets, trade secret protection, contractual and criminal protection against unauthorized use of intellectual property assets or unauthorized disclosure of information about intellectual property assets.

The eligible Intellectual Property assets include only the following two classes:

- Patents
- Copyrighted software

Marketing related intellectual property assets, including trademarks, cannot be eligible for any preferential tax regime.

Part 2

Field of application

Article (2)

This decision applies to eligible entities in the country.

Article (3)

Residents of the State may benefit from any preferential tax system for the activities of the covered services and the intellectual property activities they practice, if they meet the conditions required for these entities that they created or participated in, may benefit from a preferential tax system, regardless of the percentage of such participation.

Exercising the activities stipulated in the previous paragraph in the local market shall not be a justification for limiting or withdrawing the use of a preferential tax system.

Part 3

Substantial activity requirements

Chapter I

Substantial activity requirements in relation with the covered service activities

Article (4)

Subject to Article (5) of this Resolution, any eligible entity that engages in one or more activities of the covered services may benefit from a preferential tax system if it meets the required conditions for that, provided that the entity undertakes the basic income-generating activities benefiting from that system.

Article (5)

An eligible entity wishing to benefit from a preferential tax regime on income from one of the activities of the covered services must carry out the basic income-producing activities in the country. They may seek the assistance of external parties related and unrelated to him in carrying out these activities, provided that they are present in the country and carry out the activities assigned to them.



(Cont'd)

Article (6)

1. When an Eligible Entity carries out basic income-producing activities, the Eligible Entity must:
 - To have in the state an appropriate number of full-time employees with the necessary qualifications.
 - And to incur an appropriate amount of operational expenses to carry out these activities,
 - And that he fulfills other requirements determined by the licensed authorities in coordination with the competent authority.
2. Subject to the provisions of the preceding paragraph, the licensed authorities, each within its jurisdiction, may set a minimum required number of employees and the required amount of operational expenses and other requirements, in coordination with the competent authority, considering the characteristics of each of the covered activities.

Article (7)

1. Basic income-producing activities, in relation to activities of covered services, shall include:
 - a. Headquarters Business: Managing, coordinating or controlling the commercial activities of groups of companies, including the following:
 - Planning and developing the group's business strategies.
 - Making relevant administrative decisions.
 - Incurring expenses on behalf of the group constituent projects.
 - Coordinating the activities of the group's constituent projects.
 - Managing and coordinating the group's supply chain.
 - Monitor and provide services to the group.
 - b. Distribution and Service Centers: Purchasing raw materials and finished products from other members of the group and reselling them, and providing them with the following services:
 - Transport and storage of goods.
 - Inventory management.
 - Receive requests.
 - Providing consultancy or other administrative services.
 - c. Financing and Leasing:
 - Approval of the financing terms.
 - Determining and acquiring the assets to be leased (in case of leasing).
 - Determining the terms and duration of any financing or leasing.
 - Management of lease contracts.
 - Monitor and review agreements.
 - Risk Management.
 - Making decisions related to the acquisition and sale of investments.
 - d. Fund Management:
 - Calculation of risks and reserves.
 - Make decisions about interest rate or currency fluctuations and take precautionary measures
 - Preparing regulatory or other relevant reports for government authorities and investors.



(Cont'd)

- e. Banking activities:
 - Fundraising.
 - Risk management, including credit, currency, and interest risk.
 - Decision making regarding the positions that require hedging.
 - Providing loans, credit, or other financial services to customers.
 - Organizational capital management
 - Preparing regulatory reports and declarations.
 - f. Insurance activities:
 - Predicting and calculating risks.
 - Insurance or reinsurance against risks.
 - Providing services to clients
 - g. Shipping:
 - Crew management, including hiring, paying, and supervising and crew members.
 - Ship transportation and maintenance.
 - Supervise and track deliveries.
 - Determining the required goods and their delivery date.
 - Organizing and supervising trips.
 - h. Holding Companies:
 1. For holding companies that own a variety of assets and generate different types of income (such as interest, rents, and royalties), the basic income-generating activities are those activities related to the income generated by the holding companies.
 2. For purely holding companies that only own equity contributions and earn only dividends and capital gains, the basic income-generating activities are those related to holding and managing equity contributions. For this purpose, purely holding companies must provide the people and premises necessary to carry out these activities and respect all applicable reporting requirements.
 - i. Technical Consultation:
 - Providing opinion, information, or advice on technical issues in accordance with a scientific methodology.
 - Providing technical assistance.
 - Carrying out technical studies.
 - Submitting technical proposals and recommendations.
 - j. Technical Training:
 - Preparation, training, and assistance.
 - Providing trainees with scientific and practical studies that lead to raising their skill level when performing job duties.
 - Giving the entirety of theoretical and practical knowledge to acquire the practice of a profession.
2. The licensed entities, each within its jurisdiction, may specify the basic income-generating activities in relation to any other covered service activities. It is approved by a decision of the competent authority, in coordination with the authorized Bodies, basic Income- Generating Activities, in connection with any activities identified by the Harmful Tax Practices Forum.

(Cont'd)

Chapter II

Substantial activity requirements in relation with intellectual property activities

Article (8)

In order to benefit from a preferential tax regime for income from intellectual property activity, the eligible entity must conduct research and development activities in the country.

The activity, whether continuous or occasional, is a research and development activity, if it meets the following basic criteria:

- to be new.
- Be creative.
- The results are uncertain.
- To be methodical.
- It must be transferable and reproducible.

Article (9)

1. An Eligible Entity shall benefit from the preferential tax regime only with respect to income derived from its intellectual property activity and as much as it generates the eligible expenditures incurred in research and development that have contributed to the establishment of the eligible intellectual property asset.
2. The percentage of income benefiting from the preferential tax system shall be equal to the percentage of eligible expenditures out of the total expenditures. To determine this percentage, the following calculation shall be applied:

$(\text{Eligible Expenditures} / \text{Total Expenditures}) \times \text{Gross Income from an eligible Intellectual Property} = \text{Income benefiting from the preferential tax system for intellectual property activity}$

First Section

Eligible Expenses

Article (10)

Eligible expenditures are included in the calculation of the ratio stipulated in paragraph (2) of the previous article at the time they are incurred, regardless of their treatment for accounting or other tax purposes.

Article (11)

When calculating eligible expenditures, the eligible entity is allowed to raise in them an increase of 30%, provided that the computed expenditures by applying that increase do not exceed the total expenditures incurred.

Second Section

Total Expenses

Article (12)

Total expenditures shall be included in calculating the percentage stipulated in Paragraph (2) of Article (9) of this Resolution at the time they are incurred, regardless of their treatment for accounting or other tax purposes.

Third Section

Outsourcing

Article (13)

If the Eligible Entity outsources its research and development activities, the expenditures arising therefrom are eligible expenditures, to the extent that the Associated Parties are located within the State and carry out the activities assigned to them by the Eligible Entity.



(Cont'd)

Article (14)

If the Eligible Entity outsources its research and development activities, the expenditures arising from that are eligible expenditures, whether those external sources are located inside or outside the country.

Fourth Section

Gross Income

Article (15)

Gross income is calculated after deducting the intellectual property expenditures for intellectual property income incurred in the year from the total intellectual property income earned in the year.

Article (16)

Gross income includes only income from the following eligible intellectual property assets

- Royalties.
- And capital gains.
- and any other income from the sale of those assets.

Fifth Section

Intellectual property assets acquired

Article (17)

The costs of acquiring intellectual property assets are charged to the total expenditure, but not to the qualifying expenditure.

Expenditures incurred to improve the intellectual property assets after their acquisition are treated exclusively as eligible expenditures.

Article (18)

If an eligible entity acquires an Intellectual Property asset from a related party, the perfectly competitive price is used to determine acquisition costs.

Article (19)

Acquisitions of intellectual property assets include any transfer of rights relating to intellectual property regardless of whether the amounts owed for them have been paid or not.

Sixth Section

Calculating expenses and losses

Article (20)

1. Intellectual property expenses are calculated by applying the provisions of the applicable tax laws and regulations in the country.
2. Intellectual property-related losses are not deducted from taxable income.

(Cont'd)

Part 4

Ensure compliance with substantial activities requirements

Chapter I

Tracking the revenue and expenses

Article (21)

For the purposes of applying the advantages of the preferential tax regime relating to intellectual property to the income of the entity that actually arose from eligible expenditures and to ensure that the eligible Entity does not manipulate the size of total Expenditures to inflate the amount of income that would benefit from that system, an eligible entity must track expenditures, assets, and incomes related to intellectual property activities, regardless of the number of assets it owns or the extent to which it outsources or acquires assets.

Article (22)

When calculating the net income of intellectual property activities, the eligible entity shall reduce the amount of gross income for these activities in the amount of any other tax deductions or reductions arising from the same intellectual property assets.

Chapter II

Other obligations

Article (23)

Any eligible entity must maintain the following:

1. Information about the income tax rate imposed on his taxable income and any reduction in this rate.
2. Information about the dividends distributed and the interest paid on loans.
3. Documents related to the selection or application of transfer pricing methods.

Article (24)

1. An entity that is eligible to benefit from a preferential tax regime for an intellectual property creation shall provide the following information:
 - The entity's intellectual property assets.
 - Annual revenue of the entity.
 - Operating expenses incurred by the entity
 - Details of outsourcing if any.
 - The annual profits of the entity.
 - The type and total amount of the Intellectual Property activity income.
2. Any entity eligible to benefit from a preferential tax regime for a covered service activity shall provide the following information:
 - The identity, headquarters, and management of the entity.
 - The type of activity of the entity, with a description of the essential revenue generating activities and their location and an indication of the outsourcing details if any.
 - The annual volume of investments in fixed assets.
 - The number of eligible full-time employees associated with basic activities, and the amount of their monthly base salaries.
 - The entity's revenues and operating expenses related to its basic activities and profits.
 - Information related to other requirements determined by the licensed bodies, in cooperation with the competent authority, in accordance with the provisions of Article (6) of this Resolution.

The details of this information and the methods of providing it shall be determined in coordination between the competent authority and the licensed bodies.

(Cont'd)

Chapter III
Enforcement of the requirements of core activities

First Section

Means of Enforcement

Article (25)

The authorized bodies shall monitor the compliance of their qualified entities with the requirements of the substantial activity set forth in this Resolution, in coordination, as appropriate, with the competent authority. It may withdraw the benefits that these entities have benefited from if they violate these requirements.

Article (26)

Authorized entities may, in coordination, as appropriate, with the Competent Authority, review the information available in the records of eligible entities, to verify the information provided to them by those entities.

Second section

Financial Penalties

Article (27)

The authorized bodies shall determine, in coordination, where appropriate, with the competent authority, the amounts of financial penalties to be imposed on eligible entities that commit one of the following offences:

- Violation of the requirements related to the substantial activities described in this Resolution.
- Manipulating the amounts of expenditures and incomes, to inflate incomes or reduce losses related to the activity benefiting from the preferential tax system.

Part 5

Transitional Provisions

Article (28)

1. Entities eligible to benefit from a preferential tax system before (1) November 2020 may continue to benefit from that system in relation to the assets they owned and the activities they practiced before that date, and until 31 December 2023, provided that the requirements stipulated in this decision apply initially from (31) December 2023.
2. Entities eligible to benefit from a preferential tax system as of November 1, 2020, as well as entities eligible to benefit from a preferential tax regime before November 1, 2020, in respect of new assets they acquired or activities that they practiced as of November 1, 2020, shall apply the requirements stipulated in this decision starting from the date of its entry into force.

Article (29)

The president of the competent authority, in coordination with the authorized bodies, shall issue a procedures manual for the provisions of this decision

Article (30)

All competent authorities, each within its jurisdiction, shall implement this decision. It shall come into force from the day following the date of its publication in the Official Gazette.

Ali Bin Ahmad Al Kuwari
Minister of Commerce and Industry and
Acting Minister of Finance



Tax Circulars

PART IV

Circulars related to MAP and Other Directives





Directive No (1) year 2020

Regarding the resolution and publication of matters related to the interpretation or application of double tax agreements

To Taxpayers and Chartered accountants

After greetings,

With reference to the double tax agreements concluded by the State of Qatar with other countries.

With regards to matters of a general nature relating to the interpretation or application of these agreements.

Considering that the provisions of these agreements, i.e. similar to the first sentence of Paragraph 3 of Article 25 of the OECD Model Tax Treaty on Income and Capital, the General Tax Authority is allowed to be the competent authority in the State of Qatar, authorized to deal with its counterparts (i.e. other countries as per the applicable treaty) regarding these issues and reach a mutual agreement on them.

Also, considering that the application/use of the provisions of double tax agreements may improve if the General Tax authority will follow up with its counterparts (i.e. other country as per the applicable treaty) and determine the opportunities to use the authority granted to it by provisions similar to those under paragraph 3 of Article 25 of the OECD Model Tax Treaty on Income and Capital.

The General Tax Authority will publish any mutual agreements reached under the provisions similar to paragraph 3 of Article 25, whether they apply to all taxpayers or to general categories of taxpayers, which would improve their guidance and instruction, and solve future disputes proactively.

These mutual agreements will be published on the official website of the General Tax Authority.

However, some mutual agreements will make the exception and will not be published such as mutual agreements related to tax compliance that include procedures related to criminal cases.



Directive No (2) year 2020

Regarding the correct interpretation of the time limits for requesting a mutual agreement procedure and informing them of the rights under tax treaties

To Taxpayers and Chartered accountants

After greetings,

With reference to the mutual agreement procedure stipulated in the tax agreements of the State of Qatar;

Kindly note that the General Tax authority will take into consideration the spirit and objectives of Double Tax Agreements, in order to achieve a balance between the time limits for making a mutual agreement and the need to provide assistance in making a mutual agreement for taxpayers who are entitled to the benefits of a tax agreement.

The General Tax Authority will seek to interpret the time limits with the tax agreements in an easy manner for taxpayers and enable them to benefit from any doubt related to these time restrictions, in a way that will not prevent them and may obtain assistance through the mutual agreement procedure without justification.

While the responsibility for submitting an application in a timely manner in order to preserve the use of the mutual agreement procedure rests with the taxpayers who must take all reasonable steps to ensure that the time limit granted to them does not expire, the General Tax Authority will inform the taxpayer of their rights under applicable tax agreements thereto, including any time restrictions in those agreements for the initiation of a mutual agreement.

The provision of the local law, including the time restrictions, will not be an impediment to the taxpayer to enter into a mutual agreement.

Violation of the requirements related to the substantial activities described in this Resolution.

Manipulating the amounts of expenditures and incomes, to inflate incomes or reduce losses related to the activity benefiting from the preferential tax system.



Directive No (3) year 2020

Regarding the method / approach that the General Tax Authority will take to resolve the issues related to the Mutual Agreement Procedure

To Taxpayers and Chartered accountants

After greetings,

With reference to the tax agreements concluded by the State of Qatar with other countries.

With regards to the approach that the General Tax Authority will take to resolve the issues related to the mutual agreement procedure.

Kindly note that the General Tax Authority, being the competent authority in the State of Qatar, and responsible to solve the issues related to the mutual agreement procedure, will enter into discussions with other competent authorities in a fair, equitable and objective manner, to decide on each issue on the basis of its own merits/specificities, and without reference to any results of other issues/cases related to the mutual agreement procedure.

The approach that the General Tax authority will take will be based on the OECD Model Tax Treaty and its related guidelines / comments for Transfer Pricing, to the extent that such comments and these principles apply.

The General Tax Authority will seek, as part of the approach that will follow in resolving the issues related to the mutual agreement procedure to take consistent positions and not change its position on any matter from one issue to another, and it will not take into account the fact that may achieve greater income from that case.

in case they cannot reach a mutual agreement, the General Tax Authority along with the other competent Authority will look for other suitable opportunities in order to eliminate the double taxation.



Directive No (4) year 2020

Regarding the completion and accuracy of the information required to be submitted by the taxpayer to the General Tax authority to request the mutual agreement procedure and the appropriate timing for that

To Taxpayers and Chartered accountants

After greetings,

With reference to the tax agreements concluded by the State of Qatar with other countries.

With regards to the information to be submitted to the General Tax Authority by the taxpayer to request for the mutual agreement procedure;

Kindly note that the completion and the accuracy of that information have a direct impact on the time required for both the General Tax Authority as being the competent authority in the State of Qatar authorized to make the mutual agreement, and the other competent authority to implement the process of mutual agreement procedure.

In order to deal quickly with issues related to the mutual agreement procedure, the General Tax Authority needs enough details to understand the issue, analyze it, prepare a position on it and discuss it with both the taxpayer and the other competent authority.

Also, the fact that both competent authorities will get the same information, in the same time, will facilitate their common understanding of the facts and will undoubtedly encourage them to make early decisions.

Therefore, the General Tax Authority will ensure to inform the other competent authority about the information received and subsequent requests, to reduce the risk of misunderstanding between the two competent authorities. That is because, if two competent authorities receive inconsistent information, it is likely that, as a result, the mutual agreement procedure will be delayed, unless the parties are able to agree on the information or on the facts presented.



Directive No (5) year 2020

Regarding the results of the mutual agreements procedure, specifically the reasons for rejection of the Mutual Agreement Procedure

To Taxpayers and Chartered accountants

After greetings,

With reference to the mutual agreement procedure stipulated in the tax agreements concluded by the State of Qatar;

With regards to the mutual agreements' procedure, specifically regarding the reasons for rejection of the Mutual Agreement procedure;

Please be informed that the first step in making the mutual agreement is that the competent authority which receive the request for the mutual agreement procedure should decide if it is acceptable or not, as per the provision of article 25 from the OECD Model Treaty on Income and Capital which requires the following, as mentioned in paragraph 16 of the "Comments" on article 25:

- To submit a request of mutual agreement procedure to the competent authority (first sentence from paragraph 1 of article 25);
- To submit a request of mutual agreement procedure on time (second sentence from paragraph 1 article 25);

The last sentence, from paragraph 34 of Commentary on article 25 of OECD Model Treaty, states that any request by the taxpayer for the Mutual Agreement procedure cannot be rejected without a valid reason.

In this regard, there are four reasons pursuant to which a mutual agreement request may be rejected:

- To not submit the request for mutual agreement procedure to the competent authority; or
- To not submit a request of mutual agreement process on time (it means to not submit the request after the deadline stated in the article related to mutual agreement on the applicable tax agreement); or
- To not submit the request for mutual agreement procedure from the right taxpayer; or
- To submit a request for the mutual agreement procedure with regards to the financial years in which the tax treaty has not been applicable.



Directive No (6) year 2020

Regarding the implementation and programs related to the Bilateral Advanced Pricing Agreements

To Taxpayers and Chartered accountants

After greetings,

With reference to the mutual agreement procedure as stipulated in the tax agreements concluded by the State of Qatar;

Please be informed that the General Tax Authority will seek to establish and promote programs related to Bilateral Advanced Pricing Agreements, because such arrangements will reduce the number of international tax disputes and provide taxpayers and tax administration in the State of Qatar with more tax certainty.

Bilateral Advanced Pricing Agreements provide taxpayers with an effective alternative to the mutual agreement procedure.

Before making transactions between the related parties, Bilateral Advanced Pricing Agreements set an appropriate set of criteria (such as the pricing method, comparatives, appropriate adjustments to them, and significant assumptions related to future events) to determine the transfer pricing of these transactions over a specified period of time.

Dated: 23 February 2021

Decision No (17) year 2020 Regarding the tax directives

Minister of Finance,

After perusal of the Qatar Financial Center Law promulgated by Law No. (7) of 2005, and the laws amending it.

And the Income Tax Law promulgated by Law No. (24) of 2018,

And Emiri Resolution No. (77) of 2018 establishing the General Authority for Taxes.

And the Agreement on Mutual Administrative Assistance in Tax Matters, issued for ratification by Decree No. (14) of 2019.

And the executive regulations of the Income Tax Law, issued by Cabinet Resolution No. (39) of 2019,

The Qatar Financial Center Tax Regulations and Rules,

And on the comprehensive framework to combat the erosion of the tax base and the transfer of profits, which the State of Qatar acceded to on 7/11/2017.

And the Council of Ministers' approval of this draft resolution at its 33rd regular meeting for the year 2020 held on 2/9/2020,

decided the following:

Article 1

In applying the provisions of this Resolution, the following expressions and word shall have the meaning shown next to each of them, unless the context requires another meaning:

State : The State of Qatar

Competent Authority : General Tax Authority.

Tax Administration : The department concerned with issuing tax directives in the competent authority or other departments authorized to do so, as the case may be, in accordance with the laws and regulations in force in the state.

Tax Directive : Any written advice or information provided by the Tax Administration to a specific taxpayer (or group of taxpayers) regarding his tax status or any circular, measure, or written arrangement it takes regarding his tax status, and he is entitled to rely on it.

Tax directive of a specific taxpayer : A tax directive that applies to a specific taxpayer, issued before or after the transaction, upon his request, and he is entitled to rely on it.

Advance tax directive : A tax directive for a specific taxpayer, regarding a transaction he intends to perform, and particularly includes the following:

Adjust the tax consequences of the transaction to the extent that it matches the facts described in the request for guidance.

Application or how to apply a tax law or tax practice to the transaction

Determine whether or not a general tax directive (a tax circular) applies to the facts and circumstances of a specific taxpayer.

Tax directive related to a preferential tax system : A tax directive related to any system that provides a tax preference compared to the general principles of taxation in the country, regardless of the form or amount of the preference.

Transfer pricing : The process of determining the prices at which an entity transfers tangible or intangible assets or provides services to entities linked to it.

Advance arrangement related to transfer pricing : A unilateral or multi-side arrangement, to be concluded at the request of one of the related parties. An appropriate set of criteria shall be determined for him, before he performs the transaction with the related party, and in particular the following:

1. The pricing method, the elements of comparison and appropriate adjustments thereto, and the underlying assumptions regarding future events, to determine the transfer prices applicable to the transaction over a specific period of time.
2. Attribution of profit in accordance with the item related to commercial profits in tax agreements
3. Transfer pricing between associated projects

(Cont'd)

Unilateral cross-border arrangement for transfer pricing : A prior arrangement for transfer pricing is made between the tax administration and the taxpayer

The other one-sided transboundary directive related to transfer pricing or the application of its principles : a directive that includes transfer pricing or the application of the principles of transfer pricing, whether it is restricted to addressing issues of a legal nature. Or it is only binding in respect of a particular transaction

Multi-side arrangement for transfer pricing : a prior arrangement related to transfer pricing made between the competent authority and one or more tax authorities in another country under the mutual agreement procedure stipulated in the tax agreement concluded between the state and another country

Cross-border tax directive to make unilateral adjustments to reduce taxpayer taxable profits : directive to make a unilateral adjustment to taxpayer earnings that are not directly reflected in their financial accounts.

It does not include the following:

- Reduction adjustments that are made after the tax inspections. If no separate tax directive was issued in it
- Unilateral reductions in some income items.

Tax directive related to the permanent establishment : a directive that determines or determines the existence or absence of a permanent establishment, whether inside or outside the state, or any directive that includes the amount of profit that is attributed to the permanent establishment.

Tax directive relating to related parties hyphenation : Any arrangement relating to flows of funds or any income across borders, through an entity in the state, to another country, directly or indirectly.

Associated parties : two persons are considered related in the following two cases:

1. If one of them invests at least 25% in the other
2. If a third person owns an investment of no less than 25% in each of them and after the acquisition of either of them is linked to a percentage of the voting rights or the value of the other's shares, directly or indirectly, by investing in other people.

General tax directive : A directive that applies to groups or classes of taxpayers, or pertains to a specific group of taxpayers or activities, and provides guidance on the position of the tax administration in matters related to the interpretation of the law and administrative practice and its application to taxpayers in general, or to a specific group of them, or On specific activities.

These guidelines apply to all taxpayers who engage in activities or conduct transactions within their scope.

Exchange : The compulsory automatic exchange of information related to tax trend.

Article 2

The provisions of this decision apply to the following:

1. Tax directives related to preferential tax systems
2. Unilateral advance arrangements related to transfer pricing, and other unilateral cross-border directives (such as prior tax directions related to transfer pricing or the application of its principles)
3. Cross-border tax directives to make unilateral adjustments to reduce taxpayers' subjectable profits for tax
4. Tax directives related to the permanent establishment.
5. Tax directives related to the linking parties
6. Any tax directive issued by the Tax Administration, as permitted by the laws and regulations in force in the country, to a specific taxpayer at his request, whether before or after implementing his two transactions. This is if the taxpayer or one of the parties associated with him or his permanent headquarters or establishment concerned with tax guidance is outside the country.
7. The tax directions issued by the taxpayer's tax administration and the agreements reached by the two parties regarding the treatment of the taxpayer's future profits, as a result of a tax examination, if those directions and wraps fall within any of the tax approaches included in this decision
8. Any other type of tax directives that are not subject to exchange and that would cause erosion of the tax base and transfer of profits, or those that are agreed upon within the framework of the harmful tax practices forum, provided that they would cause tax erosion and the transfer of profits.

(Cont'd)

As an exception to the provisions of the previous paragraph, this decision does not apply to

1. General tax directives (tax circulars).
2. Assessment decisions issued by the tax administration following a tax examination.
3. Agreements reached by the tax administration with a taxpayer regarding the results of the tax examination

Article 3

The Tax Department determines the tax directions issued by it that are included in the exchange, and undertakes to sort them according to the categories stipulated in the first paragraph of the previous article.

Article 4

The application for a tax directive from the tax administration must include the information required from the countries concerned with that directive. According to the following:

Mutual Tax Directives	Countries to mutual with
Tax directive related to a preferential tax system	<ol style="list-style-type: none">1. Countries of residence of all parties related to the taxpayer, or his permanent establishment, as the case may be, with which the taxpayer enters into a transaction that enjoys a preferential system, or that results in income from related parties or permanent establishments that enjoy a preferential system2. The country of headquarters of the original parent company and the direct parent company
Unilateral cross-border arrangement for transfer pricing, the other one-sided transboundary directive related to transfer pricing or the application of its principles as Advance Tax Directives	<ol style="list-style-type: none">1. Countries of residence of all parties associated with the taxpayer, with whom the taxpayer enters into a transaction covered by a transfer pricing arrangement or cross-border unilateral tax directive2. The country of headquarters of the original parent company and the direct parent company
Cross-border tax directive to make unilateral adjustments to reduce taxpayer taxable profits in the country of the direction	<ol style="list-style-type: none">1. The countries of residence of all the parties associated with the taxpayer, with whom the taxpayer enters into a transaction included in the directives. — The country of headquarters of the original parent company and the direct parent company
Tax directive related to the permanent establishment	<ol style="list-style-type: none">1. The country of the headquarters, the country of headquarters or the place of the permanent establishment, as the case may be2. The country of headquarters of the original parent company and the direct parent company
Tax directive relating to related parties hyphenation	<ol style="list-style-type: none">1. The country of residence of any related party that makes payments to the receiving party (directly or indirectly)2. The country of residence of the original real beneficiary from the payments made to the receiving party3. The country of headquarters of the original parent company and the direct parent company, in the event that the true beneficiary cannot be determined in accordance with the previous clause



(Cont'd)

Article 5

The Tax Administration shall take the necessary measures to ensure obtaining the information that specifies the countries with which information on tax directives should be exchanged with, and it shall seek to obtain the information that it does not have about the countries with which it must be exchanged, from the available sources that it can reach.

The Tax Department publishes the general tax directives (tax circulars) that it has issued, and it also counts the various tax directives based on the number of countries affected by these directives, and according to the number of directives themselves.

Article 6

The request for tax guidance must be submitted in writing, accompanied by a file that includes, in addition to the data stipulated in the following paragraph, a complete description of the facts of the transaction that is the subject of the request, methods for determining its value, and any additional data requested by the Tax Department.

The tax directive must include information related to the taxpayer requesting the directive, including his name, tax headquarters, commercial registration number, tax identification number, and the identity of his tax advisor, as well as the countries with which information about the directive is to be shared.

Article 7

The Tax Department establishes a mechanism for review and supervision to ensure that all relevant information covered by the exchange is appropriately obtained.

The Tax Department provides to the competent authority a summary and basic information about the tax directives, according to the form attached to this decision, within a period not exceeding (30) thirty days from the date of issuing the tax directive. The instructions contained in Appendix C of the aforementioned Organization for Economic Cooperation and Development shall be followed for inserting the data of that form.

The information that the tax administration sends to the competent authority must include all the information required in the mandatory fields, shown in the form attached to this decision, or in any other form approved by the Organization for Economic Cooperation and Development.

Article 8

The Tax Department shall provide the competent authority, if requested to do so, a copy of the tax directives that it has issued. Or an update on the status of those directions, within a period not exceeding (30) thirty days from the date of receiving the request.

And for the tax administration. If it is not affiliated with the competent authority, shall refer all projects of tax directives and their updates to the competent authority for approval prior to their issuance.

Article 9

The competent authority shall undertake, within a period not exceeding (90) ninety days from the date of receiving the tax directives, exchanging information about them with their counterparts in the countries affected by those directives.

Article 10

The Tax Administration and the Competent Authority shall set up an appropriate mechanism to ensure that information related to tax directives is collected and transferred to the competent authority in a safe and rapid manner.



(Cont'd)

Article 11

The competent authority shall establish a list of countries committed to implementing the framework of transparency and automatic exchange of information. And it reviews them periodically.

Article 12

This decision will be applied to the tax directives issued starting from 1/9/2018

Article 13

All competent authorities, each within its jurisdiction, shall implement this decision, and it shall take effect from the day following the date of its publication in the Official Gazette

Ahmad Bin Issa Al Muahanadi
President of the General Tax Authority



Tax Circulars

PART V

Other Circulars



Dated: 13 December 2018

Decision No (77) year 2018 Regarding the establishment of the GTA

We, Tamin Bin Hamad AlThani, Emir of the State of Qatar,
After persual of the State Financial System Law issued by Qatar Law No.2/2015;
Qatar Emiri Decision No. 21/2014 on the Organisational Chart of the Ministry of Finance; and
The proposal of the Council of Ministers;
Have decided the following:

Article 1

In implementation of the provisions of the present Decision, the following terms and expressions shall have the meanings assigned thereto unless the context requires otherwise:

Authority: The General Tax Authority

Minister: The Minister of Finance

Chairman: The Chairman of the Authority

Article 2

A general authority called "General Tax Authority" shall be established as a legal entity with a budget that is affiliated to the Budget of the Ministry of Finance.

Article 3

The Authority shall be controlled by the Minister of Finance, and shall be located in Doha City.

Article 4

As per the general policy of the State, the Authority aims at implementing the tax policy according to the highest standards which improve the revenues of the State and achieve sustainable development. The Authority may exercise the following competencies in order to achieve its objectives:

1. Implement the provisions of the laws, regulations and decisions concerning taxes.
2. Propose draft legislative tools and policies concerning taxes, and express opinions in this regard.
3. Conduct studies and researches, and issue reports on taxes and relevant statistics, in coordination with competent entities.
4. Determine the taxpayers, and receive and review the tax declarations submitted thereby.
5. Assess and collect taxes as well as financial penalties related thereto, according to the tax laws, regulations and decisions in force.
6. Prepare draft agreements and memorandums of understanding concerning taxes, and show their impacts.
7. Implement the provisions of all Tax Conventions to which the State is a party, in coordination with the competent entities, and assess their results.
8. Consider the objections of the taxpayers against the decision of assessment of taxes, and notify them of the decisions taken in this regard.
9. Combat tax crimes and take the necessary procedures and measures according to the provisions of the Law, in coordination with the competent authorities.
10. Develop and provide all electronic tax services to make them easier for the taxpayers.
11. Promote tax culture and voluntary commitment of taxpayers
12. Abide by the regulations and procedures that reduce the administrative costs and facilitate the tax compliance process.
13. Represent the State at the regional and international conferences and meetings related to tax matters, in coordination with the competent entities.

(Cont'd)

Article 5

The Minister shall be responsible for the general performance of the Authority, and shall have all powers and competencies deemed necessary to achieve its objectives, particularly the following:

1. General supervision over the performance of the Authority
2. Proposal of the annual estimated budget before the Authority
3. Submittal of the annual report about the achievements and work programs of the Authority to the Cabinet at the end of each fiscal year, and discussion of the statements and reports related thereto.

Article 6

The Chairman of the Authority shall be appointed by an Emiri Decision.

By virtue of an Emiri Decision, an Assistant or more may be appointed to the Chairman to replace him during his absence or in the event his post becomes vacant. The Chairman may delegate some of his competencies to his assistant.

The Chairman shall represent the Authority before the Courts, and in its relations with third parties.

Article 7

The Chairman, under supervision of the Minister, and in the frame of the general policy of the Authority, shall manage all the technical, financial and administrative affairs thereof according to the appropriate laws and regulations, and within the limits of the annual budget. The chairman shall particularly perform the following:

1. Develop the general policy of the Authority and Supervise its implementation.
2. Develop and set mechanisms for the collection of taxes according to the Law.
3. Approve plans and draft programs related to the Authority and follow-up its implementation.
4. Supervise the proper functioning of the Authority.
5. Suggest fees and charges for the services provided by the Authority.
6. Propose legislations related to the Authority.
7. Prepare an annual report about the works and achievements of the Authority and submit it to the Minister at the end of each fiscal year.

The decision of the Chairman stipulated in Clause (1) shall not be enforces unless it is approved by the Cabinet, based on the proposal of the Minister.

Article 8

The Authority shall be formed of the administrative entities whose competencies shall be indicated in a Cabinet decision, based on the proposal of the Minister.

By virtue of a decision of the Minister, and based on the proposal of the Minister, sections may be established within the Authority's administrative units as per the requirements of the public interest, and they may be eliminated or merged. Said decision shall determine and amend their competencies, and shall not come into force unless it is approved by the Cabinet.

Article 9

The financial resources of the Authority shall include:

1. Financial provisions allocated by the State thereto.
2. Other resources approved by the Cabinet, based on the proposal of the Minister.



(Cont'd)

Article 10

The Minister may request the Authority, at any time, to submit a report about its technical, financial and administrative situations, or about any type of its activities, or any information related thereto. The Minister may issue general instructions to the Authority, concerning whatever shall be followed in the matters related to the interest or the general policy.

Article 11

The Minister, based on the proposal of the Chairman, shall issue any decisions deemed necessary to the provisions of the present Decision. Until said decisions come into force, the current applicable regulations shall remain in force without prejudice to the provisions of this Decision.

Article 12

All the competent authorities, each within its competencies, shall implement the present Decision, which shall come into force from the date of its issuance, and shall be published in the Official Gazette.

Issued at the Emiri Diwan, on 06/04/1440 H

Corresponding to: 12/12/2018

Tamim bin Hamad Al Thani

Emir of the State of Qatar

Dated: 31 May 2020

Cabinet Resolution No (17) year 2020
Forming two tax Appeal committees, organizing their actions
and Appeal procedures in front of them and determining their remuneration

Council of Ministers ,

After reviewing the constitution, and the Civil and Commercial Procedures Law promulgated by Law No. (13) for the year 1990, and the laws amending it,

And the Income Tax Law promulgated by Law No (24) for the year 2018,

And Law No. (25) of 2018 on Selective Tax,

And Emiri Resolution No (29) of 1996 regarding cabinet decisions submitted to the Emir for approval and promulgation,

And the Emiri Resolution No. (88) for the year 2018 establishing the General Tax Authority,

And Cabinet Resolution No. (17) for the year 2011 naming the chairman and members of the Tax Appeal Committee, organizing its work and determining its remunerations, and the decisions amending it

And on the proposal of the Minister of Finance,

Decided the following:

Article 1

In applying the provisions of this decision, the following words, the meanings indicated, shall be compared to each of them, unless the context requires another meaning:

The Authority: General Tax Authority

The committee: one of the Tax Appeal Committee, that was formed as per the article (2) from this decision.

The complainant: the taxpayer or the obligated taxpayer, as the case may be, or whoever represents them

Article 2

Two tax Appeal committees shall be formed in the authority, each of which shall be chaired by a judge of the Court of Appeal selected by the Supreme Judicial Council, and the membership of a representative of:

1. The Audit Bureau
2. Qatar Chamber of Commerce and Industry

Each party shall nominate a representative.

A decision of the Minister of Finance shall be issued for nominating a chairman and two members of each committee and determining the scope of their competence.

In the case of the absence of a chairman or one of the two members of any of the two committees, the Supreme Judicial Council or the body represented by it shall choose whoever replaces it, as the case may be.

A decision of the president of the GTA shall be issued to determine one or more employees from the Authority to be responsible for the secretariat of each committee and to determine their specialization and remuneration.

Article 3

The committee is competent to adjudicate the appeals filed by the concerned parties, objecting on the decisions issued by the GTA in implementation of the provisions of the Income Tax Law and Law No. (25) for the year 2018 referred to.

Article 4

The membership period of the committee shall be three years, renewable for one or more similar periods.



(Cont'd)

Article 5

The committee meets at the invitation of its chairman at least four times every month, and the convening of the committee is only valid in its entirety.

Its decisions shall be issued by a majority of the votes of its members.

And a minute of every meeting shall be drawn up, indicating what happened at the meeting, and shall be signed by the committee chairman and the secretary.

Article 6

The appeal shall be submitted by the concerned party or his representative to the secretariat of the committee, within thirty days from the date of his notification, by any means informing him of the authority's decision regarding the objection submitted by him on the decision of the tax assessment, or from the date of the expiry of the period set for deciding the objection without A response, or the irrevocability of the decision to not object to it, or from the date on which it was notified of or informed about the decisions of the other Authority.

The appeal petition must include the following data:

1. The complainant's name, description and address.
2. The content of the appeal against it, the date of its issuance, and the date the complainant is notified of this decision.
3. The reasons on which the appeal is based and documents supporting it.
4. Complainant's requests

The submission of the appeal shall not result in the cessation of the implementation of the appeal decision against it, unless the committee decides, at the request of the complainant, for serious reasons, and for reasons of urgency, the implementation of the decision is suspended until the decision on the appeal is decided.

Article 7

The Secretary of the Committee shall file the appeal upon receipt with a serial number, in the register prepared for this purpose, note the date of the appeal, its data, and hand over the applicant a receipt for that.

The Secretariat of the Committee shall create a file for each appeal, in which all documents related to it shall be kept for reference, when needed.

Article 8

The Secretary of the Committee shall, within three days from the date of the appeal being registered in the register, present it to the Chairman of the Committee, and the Chairman of the Committee shall determine an appeal review session, in coordination with the two members of the committee, within seven days of the date of the submission of the appeal.

Both the complainant and the GTA shall be notified for the hearing of the appeal and the place or how it will be held, at least fifteen days before the date of the session, either by handing it over with the signature, or by sending notification to the complainant to his work address, or by any means of informing, and a copy of the appeal shall be attached to the notification sent to the GTA.

Article 9

The committee shall request the complainant and the GTA to provide clarifications or documents as it deems necessary before and during the appeal hearing.

Article 10

Any document written in a language other than Arabic must be accompanied by an accredited translation into Arabic from one of the translation offices licensed to practice translation work.



(Cont'd)

Article 11

In the case of the severity of the matter and the litigants, the committee may include appeals submitted to it, and settle them by a single decision.

Article 12

The committee may seek assistance from experts in the matter of appeal, and it may request such data or documents as it deems necessary from the relevant authorities.

Article 13

The committee examines the appeal, check the parties' notes and the documents they have submitted, listens to their statements, and requests those it considers necessary to listen to their testimonies.

Article 14

The committee shall decide on the appeal within three months from the date of its submission, and the decision of the committee that the dispute ends with must be grounded and signed by the president and the secretary and including the following:

1. The names of the president and members of the committee that issued it, the date of its issuance, and how the session took place.
2. Names and attributes of the appeal parties, their attendance and their absence.
3. Present the full appeal facts
4. Requests by the parties to the appeal.

The committee shall notify the GTA of its decision to implement its requirements, and the complainant will be notified in writing with a copy of the decision within seven days from the date of its issuance.

The decision and the date of notifying the complainant will be registered in a specific register.

Article 15

The committee may cancel the appeal if the complainant or his attorney did not attend any of the sessions, after verifying the validity of his announcement to the first session.

It may continue to consider the appeal and adjudicate it, in the absence of the complainant or the GTA, on its own initiative or at the request of the one who is present.

Article 16

The committee may, at any stage of the appeal review, offer the parties to settle the appeal amicably, and if they agree to that, the committee issued a decision on the outcome of the settlement, and its decision in this regard will be final.

Article 17

A draft decision containing the reasons thereof must be signed by the committee president and members when it is pronounced, otherwise it is void.

Article 18

The committee shall correct any errors that may occur in its decisions, on its own initiative, or at the request of the complainant, provided that the correction is made on the original copy of the decision, and shall be signed by the president and the committee member.

At the request of the complainant, it is permissible to explain the ambiguity that may occur in the committee's decision, and the decision issued in the interpretation is considered complementary to the decision required to be explained.



(Cont'd)

Article 19

Committee members are independent in the performance of their duties, and no party or person may interfere in the work of the committee, or in the decisions issued by it.

Article 20

It is not permissible for the President of the Committee or any of its members to attend or participate in its work upon consideration of a appeal in which he had previously expressed an opinion or was a party of it, or if he had a direct or indirect interest in it, or if he was close to one of the parties by proportions or affiliation to the fourth degree, Or a current or former agent of one of the litigants in his private business, or a legal representative, trustee, and in this case they must declare any interest to them that overlaps with the nature of their competence in the committee.

Article 21

All correspondences and circulars pertaining to the committee and its work shall be signed by its president, and numbers shall be given according to the Gregorian year during which it was issued.

Article 22

All the appeals not resolved in a final decision before the date of the implementation of this decision are referred to the committee

Article 23

The president of the Committee receives a monthly reward of (5,000) five thousand riyals, and each of the members of the Committee receives a monthly reward of (4,000) four thousand riyals.

Article 24

The Cabinet Resolution No. (17) of the year 2011 referred to is canceled.

Article 25

All competent authorities, each within its jurisdiction, shall implement this decision. It comes into force from the day following the date of its publication in the Official Gazette.

Khalid bin Khalifa bin Abdulaziz Al Thani
Prime Minister

This decision is approved and issued
Tamim bin Hamad Al Thani.
Emir of the State of Qatar
Issued at the Emiri Diwan on 8/10/1441 H

Corresponding to: 31/5/2020

Circular No (6) year 2020

Regarding the No Objection Certificate for documenting sales contracts and changing the partners' shares

Within the context of the General Tax Authority launching its new electronic system "Dhareeba" and with reference to Circular No. (5) for the year 2020 regarding the start of services on the electronic portal Dhareeba, we inform you that the procedures for documenting sales contracts and changing the shares of partners (Sales) are fully activated by the system (submitting the application, processing it and issuing approval) .

Based on what has been mentioned above, the taxpayers and representatives of the taxpayers must take note of the following mentioned and act in accordance with it:

- **First:** Submission of sales contracts documentation requests - (sales), will only be through the online portal Dhareeba, and all requests submitted manually or by e-mail will be rejected.
- **Second:** Relying on the procedures and controls outlined in the user guide available on the electronic portal Dhareeba, and you will find below the summary of steps for changing ownership (sales) in the electronic portal Dhareeba:
 1. Submitting the capital gains declaration and paying the tax due on the electronic portal "Dhareeba" by the seller (if the tax is applicable to him) before requesting a No Objection Certificate to documenting the sale contract.
 2. Completing the application for documenting the sales contract through the electronic portal Dhareeba by one of the authorized signatories in the company, with an emphasis on including the correct data for the seller and buyer and attaching the supporting documents in case the partners' data is incomplete in the portal.
 3. Notifications will be sent to the buying and selling parties to log in the portal and confirm the transaction. The application will be referred to the concerned department that takes a decision on it and the concerned parties will be notified of the result.
- **Third:** The obligation to provide the GTA with information or documents related to sales in case they request, within (20) twenty days from the date of notification, in the event that the taxpayer fails to provide the required information or documents within the specified period, the request will be canceled and the taxpayer must re-submit his request.
- **Fourth:** If you have any questions or inquiries or to follow up your requests, please contact us only via :
 - Customer service number: 16565
 - To call from outside the State of Qatar: +97444069941
 - E-mail: support@dhareeba.qa

Jassem Mohamed Al Karani
Director of Taxpayers Services Department



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The information contained in this unofficial translation of the Qatar Income Tax Law: 'Law No. (24) of 2018' is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we have endeavored to provide an exact translation, there can be no guarantee that the translation is accurate. Should any discrepancies or misunderstandings arise, the original Arabic text of the law shall prevail. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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