



Tax alert – Excise Tax: Compliance obligations for importer of excisable goods*

**carbonated and energy drinks, tobacco and its products, special purpose goods*



Excise tax: compliance obligations for importer of carbonated and energy drinks, tobacco and its products, special purpose goods.

As of 1 January 2019, Qatar introduced excise tax on the following goods at the respective rates: Tobacco and its products – 100%, Energy drinks – 100%, Carbonated drinks – 50%, Special purpose goods – 100%. As per the Qatari excise tax law, special purpose goods are alcohol and pork items which can only be sold and consumed under specific conditions and authorizations.

Businesses engaged in the import, production of excisable goods, as well as the operator of tax warehouses are required to register for excise tax purposes.

Despite the fact that excise tax has been in force for almost four years in Qatar, still, taxpayers/importers of excisable products sometimes tend to forget its compliance requirements and therefore have been penalized for delayed excisable product registration, as well as for delayed submission of excise tax returns. Thereby our indirect tax experts identified issues in connection with - late product registration, - delay in import documentation, - ignored quarterly compliance obligations, - non-compliance with inventory and movement control systems, - incorrectly charging excise tax, - failure to obtain/retain valid documents from suppliers, - arising penalties due to errors in calculations, and lack of expertise of finance personnel.

We would therefore like to highlight some important aspects of excise tax which we believe will be useful for current and future import transactions of relevant businesses in Qatar.

- Prior to the importation of excisable goods to Qatar, there are some procedures that should be fulfilled by the importer of records:
 - Excise tax registration – There is no registration threshold for excise tax, therefore any registered business in Qatar that intends to be involved in the import or production of excisable goods must complete excise tax registration via Dhareeba (tax portal of General Tax Authority), and obtain updated Tax Card that reflects excise tax registration date. Subsequent information may be asked by the relevant authority about the planned business activity and the registration.
 - Excisable goods registration – In order to complete smooth import procedures import of record companies must register excisable goods via dedicated request windows of Dhareeba and obtain relevant approvals from the GTA. For this certain documents (e.g. invoice, RSP calculation, product details) need to be submitted along with the above-mentioned request. Commencement of import procedures without product registration may lead to delay as well as unexpected penalties from Customs Authorities.
- During the importation of excisable goods, importer of records has to follow certain requirements and provide the relevant documents that were obtained from the supplier (e.g. commercial invoice, product ingredient) and from the relevant authorities in Qatar (e.g. MOPH).
- After the importation of excisable goods, importer of records will have to comply with the requirements of Excise Tax Law and file excise tax returns on a quarterly basis. Filing of excise tax return along with payment of excise tax amount must be completed no later than the 15th of the calendar month following the end of the quarterly tax period. In practice, excise taxes are collected during importation so that taxpayers are only obliged to submit/file excise tax returns via Dhareeba. It also should be

highlighted that delayed submission may lead to possible penalties which will be in the amount of QAR 500 for each day of delay with a maximum amount of QAR 180,000.

How KPMG can help?

At KPMG in Qatar, we are committed to the end-to-end delivery of solutions which help your business manage excise tax compliance obligations in the most effective and efficient way possible. We have a Qatar-based team of highly-skilled professionals, with experience of delivering indirect tax advisory services to local as well as international clients. Our team use KPMG's tried and tested methodology, drawing on global best practice to ensure that you get the results your business needs.

Kind Regards,



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