

DOING BUSINESS IN

# QATAR



TOGETHER WE  
MAKE IT HAPPEN



ANTONIO GHALEB & PARTNER  
CERTIFIED PUBLIC ACCOUNTANTS

Audit • Tax • Business Advisory Services

## FOREWORD

Investors who want to do business in Qatar have access to a fast-growing population and skilled labor from across the globe. It allows 100 percent foreign ownership for companies located in Qatar Financial Centre, Qatar Science and Technology Park, and has the Ministry of Commerce and Industry for some specific sectors.

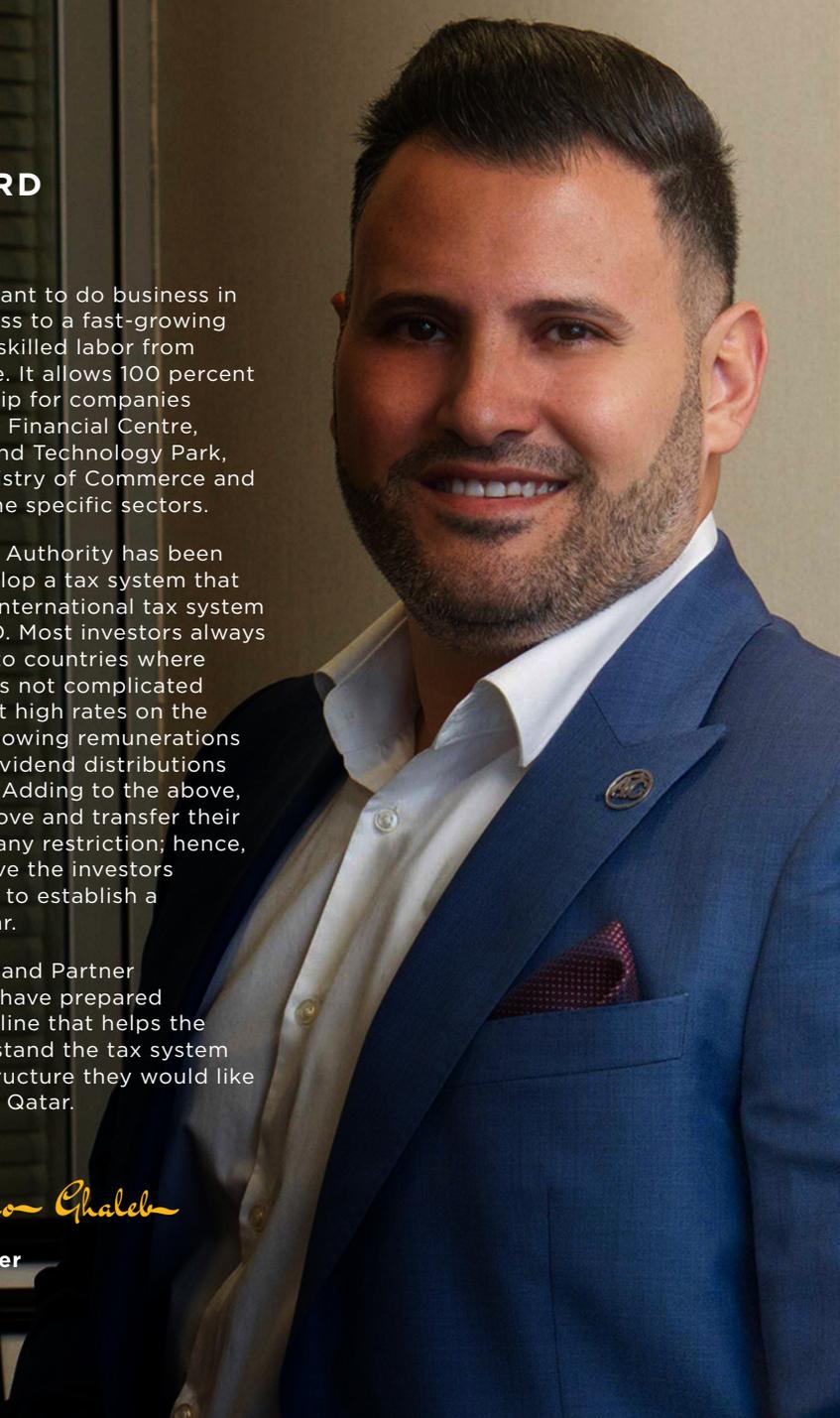
The General Tax Authority has been working to develop a tax system that aligns with the international tax system set by the OECD. Most investors always look to move into countries where the Tax system is not complicated and does not set high rates on the corporations, knowing remunerations / salaries and dividend distributions are not taxable. Adding to the above, investors can move and transfer their money without any restriction; hence, these factors give the investors high confidence to establish a business in Qatar.

Antonio Ghaleb and Partner CPA-HLB Qatar have prepared the below guideline that helps the investors understand the tax system and the legal structure they would like to establish it in Qatar.

Respectfully,

*Dr Antonio Ghaleb*

**Managing Partner**



## CONTENTS

FOREWORD	02
ABOUT ANTONIO GHALEB AND PARTNER CPA:	04
ABOUT HLB:	05
GENERAL INFORMATION	06
INVESTMENT FACTORS	08
COMPANY LAWS AND REGULATIONS	10
MOST COMMON FORMS OF BUSINESS ENTITIES FOR FOREIGN INDIVIDUALS OR ENTITY	14
TAX LAWS	18



## **ABOUT ANTONIO GHALEB AND PARTNER CPA**

Formed in 2017, Antonio Ghaleb and Partner CPA is specialized in Audit and Assurance, Taxation, Business Advisory and Corporate Services. The founder and Managing Partner of our firm, Dr. Antonio Ghaleb is a member of the American Institution of Certified Public Accountant (AICPA), Guam Board of Accountancy, and certified in Risk Management Assurance “CRMA”, Chartered Global Management Accountant “CGMA”, and International Financial Reporting Standards (IFRS). Our experts who have sufficient professional experience and competency can handle any corporation’s structure and any type of business. We aim to always provide high quality service and support to our clients in any service we provide.

Our firm is specialized in auditing, accounting, Business Advisory Services which include tax due diligence assignment, Transfer pricing, agreed-upon procedures (AUP), tax consultancy, corporate governance, Human Resources, and other advisory services associated with financial planning such as business plans, feasibility studies, valuation services. Our experts can handle all types of companies because they have sufficient professional experience and competency to handle any corporation’s structure.

### **Antonio Ghaleb & Partner CPA is an independent member of HLB, the global advisory and accounting network.**

HLB International is a global network of independent advisory and accounting firms, each of which is a separate and independent legal entity, and as such HLB International Limited has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which coordinates the international activities of the HLB International network but does not provide, supervise or manage professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International network, and vice versa and expressly disclaims all warranties, including but not limited to fitness for particular purposes and warranties of satisfactory quality.

In no event will HLB International Limited be liable for the acts and/or omissions of any member of the HLB International network, or for any direct, special, incidental, or consequential damages (including, without limitation, damages for loss of business profits, business interruption, loss of business information or other pecuniary loss) arising directly or indirectly from the use of (or failure to use) or reliance on the content of this Website or any third party website, or from your use of any member’s services and/or products. Any reference to a member’s services or products should not be taken as an endorsement

HLB refers to the HLB International network and/or one or more of its member firms, each of which is a separate legal entity.

## ABOUT HLB

Formed in 1969, HLB is a global network of advisory and accounting firms. Our commitment to quality and excellence has been the driving force in helping clients grow across borders, offering audit and assurance, tax and a wide range of advisory services. HLB has member firms in 159 countries who, collectively, have 32,839 staff in 968 offices. Member firms provide clients with a comprehensive and personal service relating to auditing, taxation, accounting and general and financial management advice. Up-to-date information and general assistance on international matters can be obtained from any of the member firm partners or from the Global Office in London.

### HLB GLOBAL OFFICE

123 Buckingham Palace Road  
London SW1W 9SH  
United Kingdom  
Telephone +44 (0)20 7881 1100  
Fax +44 (0)20 7881 1109  
Email: [mailbox@hlb.global](mailto:mailbox@hlb.global)

[www.hlb.global](http://www.hlb.global)



## GENERAL INFORMATION

<b>Location</b>	Qatar is a peninsula located halfway down the west coast of the Arabian Gulf
<b>Capital city</b>	Doha
<b>Area and population</b>	Area of 11,521 sq km and population of 2.4 million (at August 2021)
<b>Religion</b>	Qatar recognizes Islam as its state religion
<b>Climate</b>	The average temperature in the summer months (between June and October generally) can be around 35C (95 F) and 45C (113F). The winter period (between November and May generally) is still relatively warm, with temperatures hovering between 14C (58F) and 23C (75F). Both the summer and winter can be categorized into arid; mild, pleasant winters; very hot, humid summers.
<b>Language</b>	Arabic is the official language and English is widely spoken
<b>Currency</b>	Qatari Riyal (QR) which is divided into 100 Riyals. It is pegged to the US dollar at rate of US\$ = QR3.64
<b>Public holidays</b>	<p><b>Eid Al-Fitr</b> 3 days holiday (movable holidays)</p> <p><b>Eid Al Adha</b> 3 days holiday (movable holidays)</p> <p><b>Sports Day</b> 2nd Tuesday of February</p> <p><b>National Day</b> 18th December</p>
<b>Business and banking hours</b>	<p>Government offices: 7am - 2pm Sunday - Thursday</p> <p>Banks: 7.30am - 1pm Sunday - Thursday</p>
<b>Qatar time</b>	Qatar local time is GMT+3 hours
<b>Political structure</b>	Constitutional Monarchy

**Legal System**

Shari'a law (Islamic Religious Law) is the main source of its legislations

**Banking in Qatar**

There is a large selection of local and international banks in Qatar. National Bank is the largest commercial bank in Qatar and is 50% owned by the government.

**Exchange control**

There are no exchange controls, and residents and non-residents may freely purchase and sell foreign currencies in Qatar. There are also no restrictions on transfers to and from Qatar by residents or non-residents in any currency.

**Governing law**

Qatar's legal system has been significantly revised over the last decade to conform to international best practices and standards.

**Real estate**

Foreign expatriates can own properties in certain areas in Qatar.

**Economic Arrangements**

Qatar adopts an open economy and is a member of the WTO and maintains a liberal trade regime. Further The country has strong ties with other fellow members of the GCC. Further Qatar is a member International Chamber of Commerce (ICC).

## INVESTMENT FACTORS

### Special Features

- The government recently introduced reforms to its foreign investment and foreign property ownership laws to allow 100 percent foreign ownership of businesses in most sectors and real estate in newly designated areas.
- Different tax regimes are available in Qatar. Those are GTA, QFC, and QSTP.
- Companies registered under QFZ are exempted from Tax.
- The GTA introduced new Dhareeba system that streamlines the tax processes, filing the return and audited financial statements, and correspondences.
- The GTA introduce transfer pricing rules that aligns with the OECD in a manner to move the current tax system into an advanced one.

### Government and Local Incentives

- The corporate tax rate is 10 percent for most sectors except for foreign firms in the extractive industries, including but not limited to those in LNG extraction
- There is no personal income tax
- No Withholding Tax for dividend income of foreign investors
- Tax losses can be carried forwarded to Five years
- Qatari and GCC citizens, who are resident in Qatar are exempted from Tax
- Availability of Double Tax Treaty agreements with selected countries

**Source of Finance**

- Loans are allocated on market terms, and foreign companies are essentially treated the same as local companies
- Loans are granted to local or foreign companies based on their financial stability, creditworthiness, number of ongoing projects, and other financial performance indicators.

**Foreign Exchange Controls**

- The government has pegged the riyal to the U.S. dollar at 3.64
- Qatar neither delays remittance of foreign investment returns nor restricts transfer of funds associated with an investment, such as return on dividends, return of capital, interest and principal payments on private foreign debt, lease payments, royalties, management fees, amounts generated from sale or liquidation, amounts garnered from settlements and disputes, and compensation from expropriation to financial institutions outside Qatar.

**Employment Regulation**

- Labor Law 14/2004 largely governs employment in Qatar
- Labor law, No 1 of 2015 introduced the Wages Protection System (WPS) that applies to all companies registered under the Ministry of Commerce and Industry.
- Companies registered with Qatar Financial Centre are governed by the English common law, and labor issues are administered by QFC's Regulation 10/2006

## COMPANY LAWS AND REGULATIONS

### FORMS OF BUSINESS

The Foreign Investment Law 2000 provides that the Ministry of Finance, Economy and Trade may authorize foreign investors to own 100% of a company's capital where:

The entity operates in the agriculture industry, healthcare, education industry, tourism, IT, technical consultations, cultural, sport and entertainment services, distribution services, exploitation and development of natural resources, energy or mining sectors; and

The project is compatible with Qatar's development plan.

The authorization is not automatic, being given on a case-to-case basis. Where the authorization is not granted, the options available for a foreign investor wishing to conduct business in Qatar are as follows:

According to Law No. 1 of 2019 regulating the investment of non-Qatari capital in economic activity, a foreign investor is allowed to invest up to 100% foreign ownership in various commercial and economic sectors in Qatar. However, a foreign investor is prohibited from investing in commercial agencies, banks, and insurance companies, except for those that are excluded by a decision of the Council of Ministers and any other field based on a decision by the Cabinet.

Incorporate a local entity under the Commercial Companies Law (Law No.11 of 2015) Details of the types of entities are shown in the table to the right:



Type of company	Description	Foreign ownership Limit  (Unless otherwise approved)	Minimum capital requirement
Joint Liability Company	Formed by two or more natural persons who are personally and jointly responsible for the liabilities of the entity.	49% of capital	N/A
Limited Partnership	An entity formed by Joint Partners (jointly and personally liable for the debts of the company) and Trustee Partners, whose liability is limited to the value of shares held in the capital).	49% of capital	N/A
Joint Venture Company	A joint venture company is a concealed company and does not apply to third parties. It does not enjoy a legal personality and is not subject to any declaration procedures. The Company's Contract shall specify its objects, rights and liabilities of the partners, method of distributing profit and loss, method of company management and other main elements.	Depends on case by case	Depends on case by case
Public Shareholding Company	A public shareholding company shall be established with no less than five founders. A public shareholding company is a company with its capital divided into equal shares capable of being traded. A shareholder shall only be liable to the extent of its contribution to the company's capital.		

Type of company	Description	Foreign ownership Limit  (Unless otherwise approved)	Minimum capital requirement
Private Shareholding Company	A number of founders not less than five (5) may establish a private shareholding company that does not offer its shares for public subscription and they subscribe to all its shares,	49% of capital unless that there is a council Minister approval	≥QR2 million
Limited Liability Company (LLC)	Formed by at least two partners, whose liabilities are limited to the value of the shares held in the company. The shares of an LLC are not freely transferable.	49% of capital	Depends on the partners
Partnership Limited by Shares	An entity formed by two teams, one or more active partners jointly and personally liable to the company's debts and one or more non-active partners liable to the extent of their shares in the capital.	49% of capital unless that there is a council Minister approval	QR1000,000
Single Person Company	A company in which every economic activity and its full share capital is held by one natural or corporate person.	N/A	≥QR200,000
Holding Company	A joint stock, limited liability or one person company financially and administratively controlling one or more other companies by holding at least 51% of the shares of such companies.	Depends	≥QR10 million

Type of company	Description	Foreign ownership Limit  (Unless otherwise approved)	Minimum capital requirement
Unincorporated Joint Venture	<p>An unincorporated entity. If any of the partners of a JV are non-Qataris then the company will only be permitted to carry out business activities stipulated by law for non-Qataris. The JV is unincorporated consortium and each company in the JV should have a Commercial Registration whether it is a local or foreign company (Branch). The JV could be formed between Branches or between Branches and Local Companies. However, the JV is not required to submit a compiled financial statements and tax declaration, each individual company should include in its standalone financial statements and tax declaration the figures associated with the unincorporated JV and pay Tax accordingly. The compiled financial statements for the JV will be merely used for management purposes internally.</p>	Depends	N/A

## MOST COMMON FORMS OF BUSINESS ENTITIES FOR FOREIGN INDIVIDUALS OR ENTITY

### I. LIMITED LIABILITY COMPANY (LLC)

The LLC is the type of company most commonly chosen by foreign investors. However, a LLC may not engage in the business of insurance, banking, or in the investment of funds.

LLC requires by law the participation of one or more Qatari nationals (either individuals or body corporate) with the foreign shareholding restricted to 49% unless otherwise specifically approved. Such an approval is only granted to projects that are strategically significant to Qatar. Nevertheless, the Commercial Companies Law (Law No.11 of 2015) gives advantages to foreign investors by increasing their shares in the capital to 100% depending on the type of activities the company is carrying out. Further, foreign investors are entitled in accordance with this law to set up a 100% Limited Liability Company depending on the type of activities the partners will select.

Although the foreign shareholding in a LLC is restricted, the profit share attributed to the foreign shareholding may be in excess of the legal shareholding. There is no official guidance on the maximum percentage share which a foreign shareholder can receive, however, the agreed share should reflect the contribution of the respective parties in operating the business and reflect a 'real partnership'.

In some cases this could mean that the profit allocation to foreign shareholders is in excess of 90%. A foreign shareholder is also permitted to appoint the management and have control of the LLC.

Investors must be aware of law No 25 of 2004 (The proxy law) whose objective is to combat the concealment of foreign investors activities behind a Qatari citizen resident proxy name in the commercial registration whereas the company is indeed owned by foreign investors. The Proxy law imposes a significant penalty that ranges from QR 20,000 to QR 500,000 and imprisonment for a period up to one year for any violation of the foreign capital investment law.

### II. INCORPORATE A LOCAL ENTITY WITH THE QATAR FINANCIAL CENTRE (QFC)

The government of Qatar established a financial centre, the QFC, in 2005, mainly aimed at regulated organizations operating in the financial services sector. However, the QFC law permits certain other non-regulated activities to be carried out such as acting as a holding company or providing group treasury functions. Entities can be based at premises anywhere in Qatar (provided those premises are approved by QFC). QFC entities can conduct business internationally and can be 100% foreign owned. Full repatriation of profits and capital is permitted for QFC entities.

Permitted activities in the QFC are outlined in The QFC website.

### **III. INCORPORATE A LOCAL ENTITY IN THE QATAR SCIENCE AND TECHNOLOGY PARK (QSTP)**

The QSTP is a location for entities engaged in research and development activities. It was established to provide a home for technology-based companies from around the world and to generate opportunities for Qatar's scientists and entrepreneurs.

The QSTP is a 'free zone' meaning that QSTP entities are fully exempt from Qatar tax in respect of their licensed activities, can have 100% foreign ownership and can trade directly in Qatar without a local agent. Another benefit is that the rent of the premises in the QSTP are subsidized.

QSTP entities must be physically located in the QSTP and can only perform activities specified in their license and also outlined in The QSTP website.

### **IV. ESTABLISH A BRANCH**

A foreign entity engaged in a project in Qatar is permitted to establish a branch. A branch usually exists only for the duration of the associated project or contract and ceases to exist once the relevant project is completed. It is sometimes possible to extend the duration of the branch to accommodate further contracts, but this requires the further approval of the relevant ministry and this process can sometimes prove difficult.

A branch is, therefore, not usually an appropriate structure for a business model envisaging activity over a number of years and contracts and this legal structure is connected with government and semi-government agreement.

Licenses / Approvals	Required time frame	Cost	Cost
Commercial Registration	Two weeks after we get all legalized and Notarized legal documents. For a foreign entity, the approval is up to the MoCI discretion and it might take a longer period.	1-If the company is 100% LLC, then the actual government cost for selecting one activity is approximately around	<b>13000</b>
		2-If the company is 51/49 LLC, then the actual government cost for selecting up to 4 activities is approximately	<b>10000</b>
		3-The branch to the head office based on a signed agreement with government or semi-government is approximately	<b>35000</b>
Tax card	This will be done immediately after obtaining the CR and Trade License	Nil	-
Trade License	One week from the date the entity obtains the CR and have a ready rent office that meets the civil defence requirements	1-If the company is 100% LLC, then the actual government cost for selecting one activity is approximately around	<b>500</b>
		2-If the company is 51/49 LLC, then the actual government cost for selecting up to 4 activities is approximately	<b>500</b>
		3-The branch to the head office based on a signed agreement with government or semi-government is approximately	<b>30,000</b>
Computer Card	1 day	Approximately and depends on the legal structure	<b>500</b>

The total cost of the above companies is based on the factual amounts that the government charges and does not include service charges. Also, it is an approximate amount because the government charges based on the number of activities the investors select, nature of activity and the legal structure.

### **MAINTENANCE OF LOCAL BOOKS AND RECORDS**

All business enterprises are required to keep adequate financial records. Local books must be maintained to comply with the requirements of the Tax Law and its Executive Regulation. Most companies maintain books in English but some local companies maintain them in Arabic. The functional currency used in the books is usually Qatari Riyals.

### **FINANCIAL REPORTING**

Financial reporting in Qatar is based on IFRS. There is no local GAAP. Companies mainly use Qatari Riyals or US dollars as their reporting currency. Another currency may be used by a company if the currency meets the definition of functional or presentation currency requirements under IAS 21 but this requires the approval of the General Tax Authority.

The accounts of QFC entities are expected to be prepared in accordance with IFRS, UK GAAP, US GAAP or standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

### **LEGAL RESERVE**

A Limited Liability Company is required to transfer at least 10% of its annual net profit to a legal reserve until the reserve amounts to 50% of the company's share capital, at which time the members' General Meeting is free to decide whether to increase the reserve.

### **DISTRIBUTION OF PROFIT**

In case of Limited Liability Company net profit after transferring to legal reserve can be distributed in the form of dividends to the members.

### **AUDIT REQUIREMENT**

Limited Liability Companies (LLCs) or any other type of companies are required under Companies and Commercial Law No.11 of 2015 to have their financial statements audited. There are some exemptions to 100% owned companies by Qatari and GCC citizens, who are resident in Qatar to appoint an auditor, but they are still obliged to file a simple tax return in Dhareeba portal.

There are no restrictions on appointment of auditors; however, listed companies are required to change auditors if the same auditors have been retained for five years (rotation requirement).

### **PUBLIC AVAILABILITY OF ACCOUNTS**

The accounts for listed companies are publicly available in Arabic and English. Those for unlisted companies are not published.

## TAX LAWS

Law No. (24) of 2018 and its Executive Regulation No. (39) of 2019 were issued to cover the income tax system and filing procedure in Qatar.

### TAXABLE BUSINESS IN QATAR

In general, the law provides that any business activity carried out in Qatar will be subject to tax. However, tax is not levied on Qatari owned business enterprises and for income tax purposes; nationals of Gulf Co-operation Council States are to be treated as Qatari citizens provided that they are resident in Qatar according to article 4- provision 11 article 2- provision 9 and 10 of the Income Tax and Its Executive Regulation respectively. Accordingly, only Foreign Investors (natural or legal person) operating in Qatar are subject to income tax.

### TAX REGISTRATION

Upon commencement of business, every taxpayer is required to register with the General Tax Authority within 60 days of the earlier of commencement of taxable activity on Dhareeba system. The tax card will be generated automatically from the system.

### TAX YEAR

The tax year is the calendar year, but a taxpayer may apply to prepare its financial statements for a 12-month period ending on a date other than 31 December on The Dhareeba system and this requires the GTA approval.

The first accounting period may be more or less than 12 months, but it should not be less than 6 months or more than 18 months.

### TAX DECLARATION

A corporate income tax return must be submitted within four months from the date of a company's tax filing period (i.e. by 30 April following a 31 December year-end). All companies are required to file a tax return depending on the company's capital and turnover.

#### 100% Qatari and GCC owned companies and resident in Qatar

- Exempted from paying Tax, but they must register at the General Tax Authority through The Dhareeba system.
- Must file a Simple Tax Return if the capital is less than QR 1000,000 and annual turnover is less than QR 5000,000 without an audited Financial Statements.
- Must file a tax return on an accruals basis if the capital is more than QR 1000,000 and annual turnover is more than QR 5000,000 accompanied with an audited Financial Statements prepared by an accredited auditor.

#### Qatari companies with foreign partners

- The foreign partner's share in the profit is subject to Tax
- Can submit a simple tax return of the capital is QR 200,000 or less and the annual turnover is QR 500,000 or less.

- Must file a tax return on an accruals basis if the capital is more than QR 200,000 and annual turnover is more than QR 500,000 accompanied with an audited Financial Statements prepared by an accredited auditor.

A home-based business, which is eligible only for Qatari citizens must be registered at the General Tax Authority through The Dhareeba system and file a simple tax return.

### **TAX RATE**

The general tax rate is 10% flat on the foreign partner's share in the profit with a 35% rate applying to oil and gas operations.

### **CAPITAL GAIN TAX**

Capital gains derived by a company is subject to the regular applicable corporate tax rate, which is 10%. However, the gain on a sale of shares in a company requires an approval process from the GTA and the buyer through The Dhareeba system. The profit is calculated by using the cost base and selling value that cannot be less than the equity, in some cases the GTA may appoint a valuer to assess the value of the shares in the event of negative equity.

### **TAX LIABILITY**

Tax liabilities are generally computed on the basis of profits disclosed in audited financial statements adjusted for tax depreciation and other adjustments that are disallowable to be deducted according to the Income Tax if required.

### **TAXABLE INCOME**

The main categories of taxable income include:

- Income derived from an activity carried on in Qatar;
- Income derived from contracts wholly or partially performed in Qatar;
- Income from real estate situated in Qatar, including income from the sale of shares of companies with assets consisting mainly of real estate situated in Qatar;
- Interest arising in Qatar (other than received by natural persons); and
- Bank interest arising outside Qatar, provided that it results from the taxpayer's activity in Qatar.

### **ALLOWABLE EXPENSES**

Allowable expenses include the cost of raw materials, consumables and services required for carrying out the activities, interest on loans used in the activities, salaries, wages and similar payments made to employees, rent, insurance premiums, bad debts (as approved by the tax authorities) and depreciation (according to certain rates). Interest on loans and similar amounts paid by a taxpayer to related parties, as defined in the international financial reporting standards, shall be deducted within the limits of interest calculated on loans, which shall not exceed three times the taxpayer's equity during the accounting period, provided that the loan results in economic benefits to the taxpayer, by virtue of an agreement between them specifying the loan term and purpose.

Interest 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.

**LOSSES**

Losses can be carried forward for five years after the year in which they were incurred. Losses cannot be carried back.

**WITHHOLDING TAX**

- 5% per cent on royalties and technical fees or any service that is carried-out by a Service Provider that is not registered in Qatar

- The applicability of withholding tax include a “Consumption Test,” i.e., services shall be considered as having been performed in the State as long as they are used, consumed or exploited in the State of Qatar even if they are carried out in whole or part outside the State.
- Detailed guidelines on the WHT refund process. This includes a list of supporting documentation and conditions that must be met in order to apply for a refund. Timelines for the WHT refund process have also been provided.

Tax	Rate	Tax	Rate
Foreign tax credit	Not applicable	<b>Capital duty</b>	Not applicable
Foreign tax credit	Not applicable	<b>Payroll tax</b>	Not applicable
Real property tax	Not applicable	<b>Stamp duty</b>	Not applicable

**Social security** - For Qatari employees, the employer must contribute 10% of basic salary each month



### **“TAWTHEEQ” PLATFORM**

With several government entities in Qatar moving towards online platforms and digital services, it is important to enhance electronic authentication and verification tools. In 2019 Qatar launched the “Tawtheeq” National Authentication System (NAS) to unify the online user access for various government services.

Foreign investors also can open their account in NAS portal and have separate credentials to access the government services easily in which is not only limited to General Tax Authority. The same username and password for NAS will be used to open The Dhareeba system and make any transaction connected with the General Tax Authority including the process of getting GTA approval during a transfer of shares between investors, applying to get a No Objection Certificate to close the company, submitting Local and Master file, and country by country report.

### **TAX DECLARATION SUBMISSION**

The deadline for submission of a tax return is four (4) months from the end of the accounting period. The accounting period of a taxpayer (unless approval for a different period is obtained from the GTA) who carries on an activity shall generally be the taxable year (for example 1 January to 31 December).

WHT statements must be submitted to the GTA through The Dhareeba portal by 15th of the month following the month the actual payment to the Service Provider is made.

### **PAYMENT OF TAXES**

A tax liability is payable on the same day as the tax return is filed.

### **ANTI-AVOIDANCE RULES**

#### **Transfer pricing:**

- The Transfer Pricing requirements include four tiers of compliance: (i) Transfer Pricing Form/Questionnaire to be provided with the Tax Return, (ii) Masterfile, (iii) Local file and (iv) Country by Country Reporting requirements (already introduced in 2018/2019).
- Preparing TP documentation (Local File and Master File) by the time of filing the tax return for the period of occurrence of the respective related party transaction(s) or at any other date that the GTA may specify. The master file is the responsibility of the parent company at the group level to provide the data to the local entity.

- The Local File and Master File shall be established according to the OECD Guidelines. The GTA did not establish a specific format/template for this purpose and to the extent that the following conditions are met:
  - Advising the clients how to adapt an effective managerial accounting system.
1. The threshold (QR 10,000,000) ten million on total revenues or total assets of the taxpayer is met requires from the taxpayer to file a Transfer Pricing Declaration Form without a local and master file. However, the taxpayer must clarify the method used in the transfer pricing transaction.
  2. The threshold (QR 50,000,000) fifty million on total revenues or total assets of the taxpayer is met requires from the taxpayer to file a local and mater file.
  3. One of the related parties of the Qatari taxpayer is established outside the State of Qatar.
    - GTA will request the entity to provide any necessary documents to support the subject matter. The deadline for the taxpayer to provide such information upon request from the GTA shall not exceed 30 days from the date of the GTA's request.
    - GTA will no longer accept the absence of a Local file / Master File, based on the argument that other companies of the group "such as the head office or parent company or other subsidiary" are responsible for establishing and documenting the arm's length principle. Also, the GTA will no longer accept the absence of adjustment to the intercompany prices in case such transfer pricing transactions are not established to be arm's length.
- As per the transfer pricing provisions pertaining to Executive Regulations, the calculation of the arm's length price has to be done by using Comparable Uncontrolled Price (CUP) methodology as the primary method. In the event the CUP method is not applicable, the taxpayer should lodge a request to the GTA for the application of a different transfer pricing methodology as prescribed in the OECD guidelines.
  - Comparable Uncontrolled Price ('CUP') Method.
    - Resale Price Method ('RPM').
    - Cost Plus Method ('CPLM').
    - Profit Split Method ('PSM'). or
    - Transactional Net Margin Method ('TNMM').

## OVERVIEW

	Non-compliance of Tax regulations	ITL (24) of 2018 and ER (39) of 2019
		Income Tax Law and Its Executive Regulation
1.	Late payment of income tax	2% per month of delay or part thereof, up to the amount of tax due
2.	Late filing of tax return	QR.500 per day of delay capped to maximum of QR.180,000.
3.	Failure to submit audited Financial Statements or to maintain proper records and accounting books	QR.30,000
4.	Late payment of withholding tax	2% per month of delay or part thereof, up to the amount of tax due
5.	Failure to deduct withholding tax from source	100% of withholding tax due amount
6.	Failure to register for tax to get the Tax card or notify the General Tax Authority of any change	QR.20,000
7.	Failure to report contractor information or to notify on contracts, agreements and transactions (except for government authorities)	QR.10,000
8.	Failure to comply with obligations under international information exchange or anti-tax avoidance program	QR.500,000
9.	Failure to submit supporting documents by taxpayers in which the latter can prove the benefit of the relevant exemption	QR. 10,000 -The documents that exempt the Taxpayer from filing a tax return, other documents to be established by the Executive Regulations
10.	Presenting fictitious or incorrect accounting records for the purpose of obtaining tax deduction, tax evasion, tax exemption or tax refund, deliberate non-registration for tax, concealment of actual income/ activity or preventing General Tax Authority from performing their duties	Imprisonment up to 1 year and/ or fine up to 3 times the tax due

### DOUBLE TAXATION TREATIES

Qatar has concluded more than 40 treaties; and a Taxpayer must pay in Qatar and afterward apply to recoup the tax paid. Approval of recouping the money is entirely up to the GTA discretion and case by case.

#### Sales tax /value added tax (VAT)

There are currently no sales taxes or VAT imposed on operations in Qatar. There have been discussions amongst the GCC countries about the possible introduction of VAT but to date no plans have been agreed.

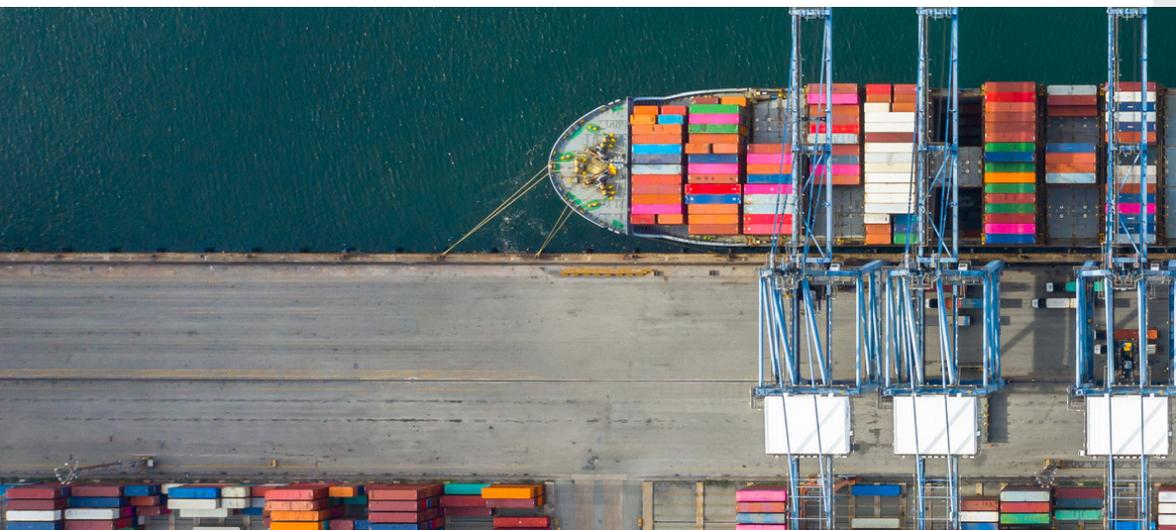
### PERSONAL TAX

Currently there are no personal taxes, social insurance or other statutory deductions from salaries and wages paid in Qatar.

### CONTRACT DECLARATION

All public and private entities, establishments, charitable associations, and institutions shall notify the General Tax Authority of the following contracts, following Article (13) of the Income Tax Law:

- Agreements signed with non-residents that do not have a permanent establishment in the State irrespective of the contract's value.
- Service Contracts that equal to QR 200,000 and more signed with residents or with non-residents who have a permanent establishment in the State.
- Supply and apply (means contracting) Contracts that equal to QR 500,000 and more signed with residents or with non-residents who have a permanent establishment in the State.



The above should be submitted in accordance with a statement that will be provided by the General Tax Authority in which it includes detailed data of the contract, such as:

Date, name, value, contractor/service provider residence place, etc. The General Tax Authority may ask for a copy when they see it necessary.

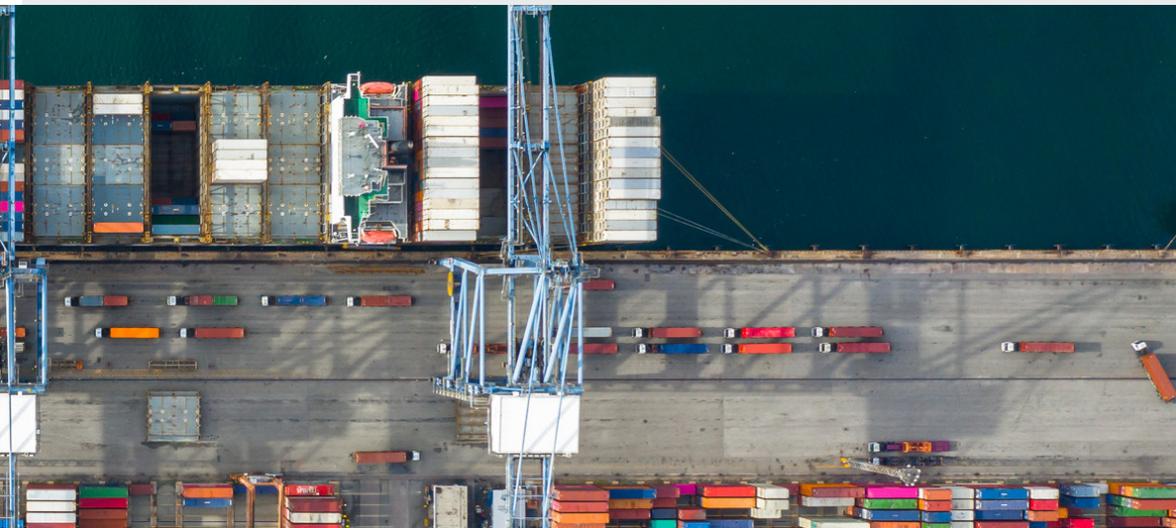
If the Taxpayer does not comply with the above requirements within 30 days from the date of signing the agreement, the General Tax Authority will impose a penalty that equals to QR 10,000 (ten thousand Qatari Riyal).

## **IMMIGRATION**

There are two categories of visas for individuals willing to enter the country and undertake commercial activity in Qatar.

A Business visa is issued to individuals assigned by entities to provide a service for a short period. The host entity must issue the business visa to the respective individuals; there might be a certain restriction by the government to issue this type of visa. The visa is valid for one month and might be extended to three months.

A Work visa is issued for expatriates willing to work in Qatar under a hosting entity registered in the MoCI or QFC. The entity should have a quota (number of visas requested by the management) approved by the MADLSA to be able to recruit expatriates. After getting the approval of the quota, then the management can apply at the MOI to get the approval and issue the entrance permit. Allocating the number of visas with required nationalities is subject to the MADLSA approval, and it is up to their discretion to select the requested quota.



## HLB IN QATAR

### **Antonio Ghaleb and Partner CPA-HLB Qatar**

Antonio Ghaleb and Partner CPA is a member of HLB International, a global network of independent advisory and accounting firms. This network allows Antonio Ghaleb and Partner CPA's clients to establish contacts in 159 countries around the world, which at the same time we are able to answer questions from any of these countries in relation to Qatar based on our intimate knowledge of the country's specific regulatory environment and business opportunities it offers. the cooperation between Antonio Ghaleb and Partner CPA and HLB International's member firms ensure the ability to provide Antonio Ghaleb and Partner CPA with professional services at an international level.

### **Antonio Ghaleb and Partner CPA-HLB Qatar**

Tel: +974 4497 9530  
Mobile: +974 7777 1870  
Lusail City, The e18hteent Tower, 32nd Floor  
Doha - Qatar

<https://www.antoniohaleb.com/>

<https://www.facebook.com/Antonio.Ghaleb.Partner.CPA/>

<https://www.linkedin.com/company/ag-partner-cpa/>

[https://www.instagram.com/ag\\_cpa/](https://www.instagram.com/ag_cpa/)



Doing Business in the Qatar is a practical guide to help you to deal effectively and efficiently with the most important issues that you might face upon your arrival in Qatar. The information contained in this booklet is not exhaustive. In many instances, only the main points are mentioned due to lack of space, as a result of which you may still need to consult a specialist. Your SRA consultant will be able to advise you; so, please do not hesitate to contact your consultant for more detailed information.

HLB refers to the HLB International network and/or one or more of its member firms, each of which is a separate legal entity. HLB International is a global network of independent advisory and accounting firms, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which coordinates the international activities of the HLB International network but does not provide, supervise or manage professional services to clients. Accordingly, HLB International Limited has not liability for the acts and omissions of any member of the HLB International network, and vice versa.

## GLOSSARY OF TERMS AND ABBREVIATIONS

Term	Definition
CCL	Commercial Companies Law
CR	Commercial Registration
CTC	Central Tenders Committee
DSM	Doha Securities Market
FCIL	Foreign Capital Investment Law
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
LLC	Limited Liability Company
MoCI	Ministry of Commerce and Industry
GTA	General Tax Authority
QCB	Qatar Central Bank
QE	Qatar Exchange
QFC	Qatar Financial Centre
QFCA	Qatar Financial Centre Authority
QFCRA	Qatar Financial Centre Regulatory Authority
QFMA	Qatar Financial Markets Authority
QH	Qatar Holding
QICA	Qatar International Centre for Arbitration
QR	Qatari Riyal
QSA	Qatar Statistics Authority
QSTP	Qatar Science & Technology Park
OECD	Organization for Economic Corporation and Development
VAT	Value Added Tax
WHT	Withholding tax
QFZ	Qatar Free Zone
LNG	Liquefied natural gas
GCC	Gulf Cooperation Council
MOI	Ministry of Interior
MADLSA	Ministry Of Administrative Development, Labour and Social Affairs
WTO	World Trade Organization
ICC	International Chamber of Commerce



[www.hlb.global/Qatar](http://www.hlb.global/Qatar)



**TOGETHER WE  
MAKE IT HAPPEN**

Antonio Ghaleb & Partner CPA is an independent member of HLB, the global advisory and accounting network.