Doing business in Qatar

A tax and legal guide

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Foreword by PwC Qatar

COVID-19 has impacted economies across the globe and Qatar is no exception. However, with challenges come opportunities, and for Qatar this has meant implementing new government policies to mitigate the impact on businesses and international investments, in line with Qatar's National Vision 2030.

From an ease of doing business perspective, Qatar has been rated as having one of the least demanding tax frameworks in the world. The tax authorities in Qatar continue to make advances in order to align with international best in class tax administration standards such as those set out by the Organisation for Economic Cooperation and Development (OECD). As further foreign ownership options are made available to investors, international trade and investments continue to form a key part of Qatar's future growth and diversification strategy.

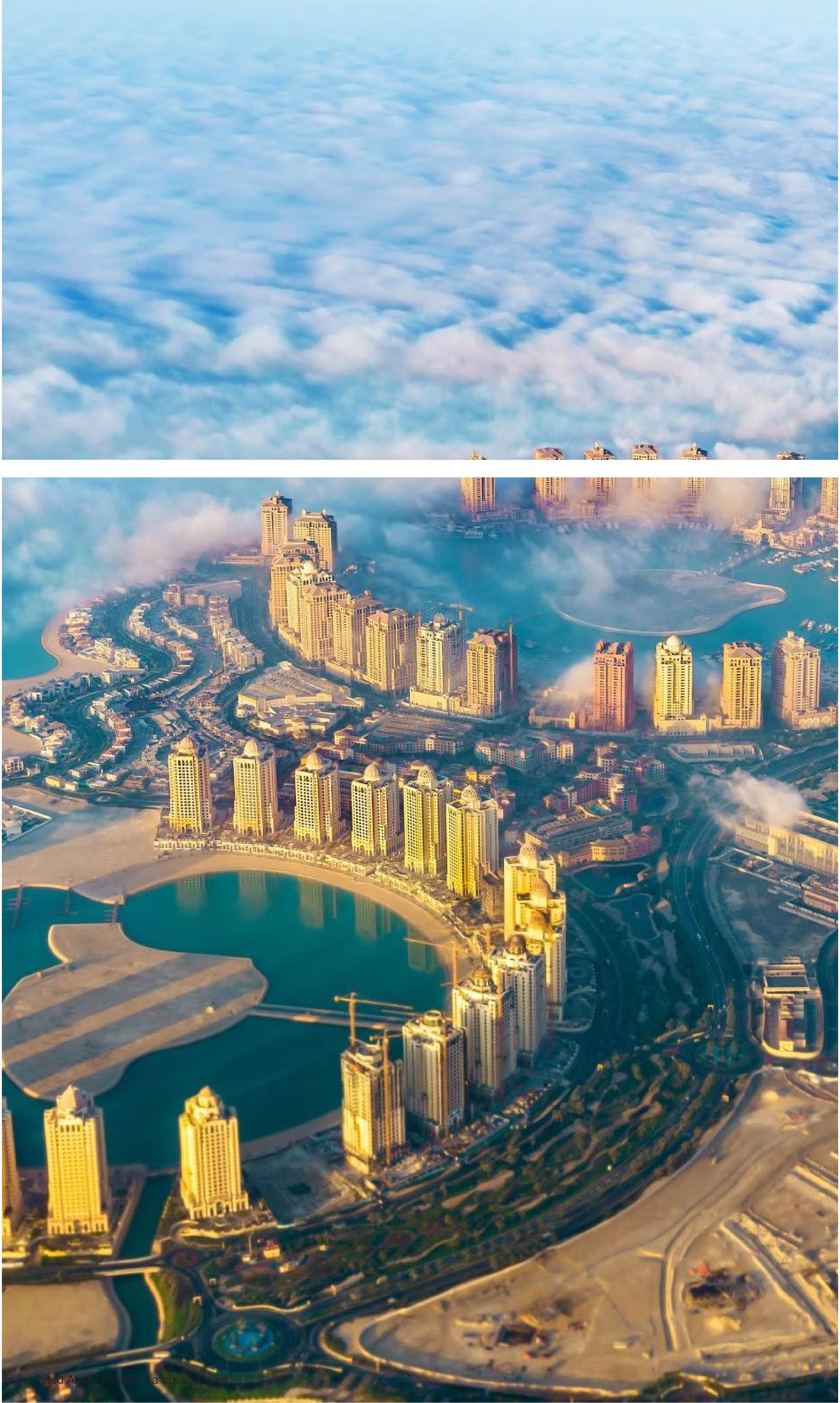
In addition, with the impending 2022 World Cup fast-approaching, Qatar will continue to see an inflow of Foreign Direct Investment (FDI), including many who are contributing towards the country's major infrastructure development which also includes hospitality, tourist attractions and sporting venues.

PwC, in collaboration with the Investment Promotion Agency Qatar (IPA Qatar), have prepared a conclusive guide to Qatar's business environment, in order to ensure that you are fully prepared for your next venture, with a well-rounded understanding of the country's tax, legal and regulatory framework in which your organisation will operate.

Sincerely,

Bassam Hajhamad
Qatar Country Senior Partner

Sajid Khan
Qatar TLS Leader



Foreword by the Investment Promotion Agency Qatar (IPA Qatar)

The journey towards realising your ambitions as an international investor begins by identifying a conducive environment where your venture can flourish in a pro-business climate, underpinned by a taxation system and legal framework that are both transparent and easy to navigate.

While different factors work together in synergy to establish a business-friendly environment, a tax system that allows healthy margins can oftentimes be one of the main considerations for investors when choosing the home country for their next business endeavour.

IPA Qatar and PwC are joining forces to bring to you the definitive guide to Qatar's business environment, so you can confidently plan for your next venture with a full understanding of the legal and regulatory framework within which your business will operate.

Throughout its pages, the guide explains everything from establishing your business on the various licensing platforms in Qatar and the legal considerations you need to be aware of, to taxation, accounting, and statutory financial reporting. The guide also highlights recently introduced regulatory frameworks related to key sectors and domains such as sports practices and the FIFA World Cup Qatar 2022TM, Fintech and Blockchain, and other emerging technologies.

You will also find more information on how IPA Qatar can help you throughout your investment journey to turn your ambitious plans into steady, actionable steps towards the realisation of your business goals.

I would like to thank our teams at IPA Qatar and PwC for putting together this insightful resource for you, which we hope will be of tremendous value when preparing for your next business success.

Sincerely,

Sheikh Ali Alwaleed Al-Thani
Chief Executive Officer

invest Qatar

Introduction

Qatar, located on the east coast of the Arabian Peninsula is bordered by Saudi Arabia to the south and by the Arabian Gulf to the north, east, and west. It is divided into seven municipalities, with Doha as the capital.

The currency is the Qatari Riyal (QAR), which is pegged to the US dollar. Arabic is the first language, with English widely spoken and used in business.

Ruled by the Al-Thani family since the mid-1800s, Qatar transformed itself from a British protectorate noted mainly for pearling into an independent state, with significant oil and natural gas revenues. Oil and natural gas revenues have placed Qatar as one of the highest per-capita income countries, as well as one of the fastest growing economies.

Qatar has the third largest natural gas reserves in the world, and these are expected to last well into the 22nd century. Its proven oil reserves should also enable continued output at current levels for many years.

Qatar National Vision 2030

In 2008, the Qatar National Vision 2030 (QNV 2030) was published with the aim of transforming Qatar into an advanced country by 2030, capable of sustaining its own development and providing for a high standard of living for its population and generations to come.

The following four pillars were developed as a framework for this:

1. Human Development - Develop all Qatar's people to enable them to sustain a prosperous society.
2. Social Development - Development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development.
3. Economic Development - Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people, for the present and for the future.
4. Environmental Development - Management of the environment such that there is harmony between economic growth, social development and environmental protection.

In line with this and the foreign direct investment agenda for Qatar, the National Development Strategies (NDS) have been designed. The second cycle of the NDS (2018-2022)

focuses on the development of a knowledge-based economy through innovation and entrepreneurship, for example, transformational technologies. Specific targets were laid out to achieve this position, including training Qatari nationals, attracting skilled expatriate workers, promoting entrepreneurship (especially Small and Medium Enterprises (SMEs)), and improving the business environment.

Qatar has taken strides towards these goals, and Education City is now home to eight leading Western universities. Government Agencies, including the Ministry of Transport & Communications (MOTC) continue to drive the digital agenda.

There has also been a focus on developing specific sectors such as the FinTech sector, discussed overleaf.

The introduction of the Qatar Metro System, enhancements of labor and residency laws and the easing of administrative processes such as the ability of expatriate employees to change jobs and the immigration process has also helped to meet the aim of making Qatar an attractive place for skilled expatriates.

Economic profile and outlook

Qatar is a rapidly-developing, high income country located in the Arabian peninsula. As the largest exporter of LNG in the world, the country has been successfully pursuing an economic diversity strategy to ensure sustainable development as envisioned by Qatar 2030.

The COVID-19 virus has impacted economies across the globe and Qatar is no exception. Although Qatar has seen an economic contraction in recent months, government policies have mitigated the impact on businesses and employees with a phased easing of restrictions underway since July 2020.

The pandemic environment presents opportunities as well as challenges. Above all, it is enhancing the existing moves toward digitalisation and localisation, relating to the larger trend of expanding the knowledge-based component of the economy.

Meanwhile, alongside these diversification efforts, Qatar's second gas boom is about to get underway. Qatar Petroleum's North Field Expansion was upscaled by 50% in November 2019, to six new LNG trains, which will boost output by 64% by 2027, further bolstering strong fiscal and trade surpluses expected mid-decade. These solid sources of government finances will provide a conducive environment for private sector growth. While COVID-19 had an impact on oil prices, as expected, this drop was not long-term.

Compared to a 0.8% growth in 2019, the economy contracted by 3.7% in 2020, according to the preliminary estimates, due to the negative implications of the pandemic. However, the economy is expected to experience a strong rebound in 2021 with a growth rate of 3%. The budget deficit in 2020 was around 11.3 QR BN. The government budgeted a deficit of 34.6 QR BN 2021 using a conservative oil price assumption of 40$/barrel. Thanks to the higher oil prices and consolidation efforts the government recorded a surplus in the first half of the year. It is expected to have a surplus in 2021.

Ease of Doing Business

From an ease of doing business perspective, Qatar has been rated as having one of the least demanding tax frameworks in the world. In the 2020 Paying Taxes report, a publication by PwC, Qatar was ranked third globally in this regard.

Historically, entry into the Qatar market posed certain challenges for investors predominantly as a result of restrictions on foreign ownership. However, options available to investors have increased, and are increasing, including the expansion of permitted activities within the Qatar Financial Centre (QFC) and the establishment of the Qatar Free Zones (QFZ) over the last number of years.

In the case of businesses wishing to establish under the "State" legislative framework under the Ministry of Commerce & Industry (MOCI), further flexibility was provided in the form of the new Foreign Direct Investment Law which came into effect in 2019. This Law provides for 100% foreign ownership in Qatar in most sectors. Under the State framework, the MOCI operates one of the first global "one-stop-shop" Single Windows for business registration and licensing, consolidating hundreds of government services into end-to-end integrated electronic services. The General Tax Authority (GTA) governs tax for businesses registered under the State system. Recent legislative reform and the complete digitalisation of taxpayer's services through the launch of the "Dhareeba" (tax) system also factors into the ease of doing business in Qatar.

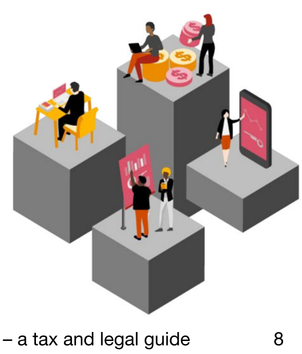
The level of sophisticated regulation has increased in Qatar over the last number of years in line with international trends. There are three key regulators currently, namely the Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA) and Qatar Financial Centre Regulatory Authority (QFCRA). The QCB mainly regulates companies conducting activities relating to payment, banking and lending activities, whilst the QFMA's core responsibility extends to financial markets and investment products such as securities and commodities. The QFCRA is an independent regulator, regulating companies and individuals providing financial services in or from the QFC.

Fintech, Blockchain & Emerging Technologies

The NDS identified Qatar's high uptake in internet usage as a base to leverage technology and foster financial innovation in the country. It has also led to a number of exciting developments within Qatar, including for example regulatory sandboxes such as Qatar Fintech Hub (QFTH) developed by Qatar Development Bank. Since its inception, QFTH has partnered with several regulatory, international, legal and academic firms to facilitate innovation. The QFTH provides a structured timeline for aspiring fintech's to apply, pitch, develop and demonstrate their innovative ideas. It also has three key programs, namely the Incubator, Accelerator and Hackathon. Each program is established to facilitate different areas.

The QCB recently unveiled its own regulatory sandbox that aims to invite companies in digital payments space to trial their new offerings under the supervision of the QCB and an expert panel. The sandbox is a great way for local and foreign companies to trial their products and potentially offer their services to an unsaturated market. It is expected that it shall facilitate a surge in innovation and leverage a number of fintech trends in the country, including electronic money & virtual currency; e-commerce & e-billing solutions; mobile wallets; mobile payments and point of sale fintech; and digital budgeting and portfolio management tools. However, the QCB has yet to publish final details on any explicit regulations.

The QFC has recently introduced a fintech licensing category for firms seeking to enter the QFC platform and provide Business-to-Business (B2B) Fintech services. These services include cybersecurity solutions, cloud computing services, enhanced application programming interfaces (APIs), real-time transaction platforms for internet-connected devices, online and digital budgeting and portfolio management tools, and any other related activities.



World Cup 2022 Economic Boost

The FIFA World Cup 2022 will be the first FIFA World Cup™ to be hosted in the Middle East and will serve as a catalyst for the achievement of Qatar's and the region's long-term development goals. Qatar's NDS takes into account large amounts of public spending on infrastructure to get ready to host the 2022 World Cup.

Policies have been set out by FIFA, FIFA World Cup Qatar 2022 LLC and the Supreme Committee for Delivery & Legacy ('SCDL') in preparation for the World Cup which involve Environment, Social, Economic, Human and Corporate Governance aspects.

Furthermore, a sustainable sourcing code has been prepared by the SCDL for the purpose of setting out the requirements to be applied to any individual or organisation supplying goods, works, services or utilities at the FIFA World Cup 2022.

There are no specific statutory provisions in place which apply to workers engaged in the preparation for, and execution of, the World Cup in Qatar and the applicable law will, as with other employees in Qatar, depend on where the employing entity is based. However, a set of Worker Welfare Standards have been implemented to ensure that those working on the World Cup project benefit from certain minimum standards, in respect of health and safety, recruitment and living conditions, amongst others.

Tax and Customs Duty exemptions will likely be available for certain activities related to the FIFA World Cup; however, specifics are yet to be published aside from the QFC which has published details on the potential tax exemptions available in the QFC in this regard.

Legal and Regulatory Framework Overview

Qatar's Constitution, which came into effect in 2005, provides the administrative framework for the governance of the State. Executive authority is exercised by the Emir, assisted by the Cabinet, or the Council of Ministers, which he appoints.

Legislative authority is exercised through the Shura Council. The Shura Council considers draft laws prepared by the Cabinet. A member of the Shura Council may also propose new legislation, in which case the proposal is submitted to a committee within the Council for consideration before it is subsequently passed back to the full Shura Council. If the Shura Council accepts the proposal, it is then passed to the Cabinet for its review and recommendations. The Constitution provides that every draft law must be referred to the Emir for final approval.

With the enactment of Judicial Law No.10 of 2003, Shari'a Law became the main source of legislation in Qatar.

In the current Shari'a based system, proceedings in all State courts are conducted in Arabic with translations provided for non-Arabic speaking litigants. There is an established appeal process for litigation, whereby decisions of the Court of First Instance can be appealed before the Court of Appeal and a final appeal may be made to the Court of Cassation.

The QFC is an onshore regime that operates its own legal, tax and regulatory framework, which is independent of, but runs parallel to, the existing framework in the State of Qatar. The QFC has its own Civil and Commercial Courts, as well as an independent Regulatory Tribunal. The legal framework is modelled on English Common Law and other existing major international financial centers.

Source: FIFA 2022 Sustainability Strategy

Establishing a business in Qatar

A key starting point for those seeking to do business in Qatar is to understand the different regulatory regimes available, namely the State system under the MOCI; the QFC, the Qatar Free Zones (QFZ) and the Qatar Science & Technology Park (QSTP) at present). Based on the proposed activities to be undertaken, the investor needs to chose the most suitable option. Furthermore, an analysis should also be undertaken in terms of the most suitable form of entity where options are available (for example branch or limited liability company). Outlined below are the main types of investment platforms in Qatar:

- An entity registered with the MOCI (i.e. the State system)
- An entity in the QFC
- An entity in the QFZA
- An entity in the QSTP

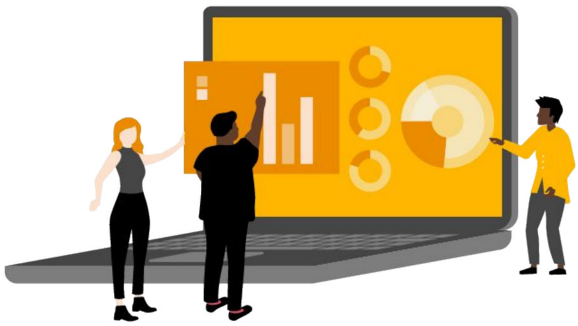
Ministry of Commerce and Industry (State System)

Limited Liability Company

The Foreign Capital Investment Law (Law No.13 of 2000) and the amendment made to it in 2010 (Law No.1 of 2010) stipulates that foreign investment can be made in most sectors in Qatar provided that a legal presence is registered in Qatar. If that legal presence is a company, in general at least 51% of its shareholding was previously required to be held by a Qatari partner (i.e. a Qatari national or a Qatar company wholly owned by Qatari nationals). Historically, obtaining permission to establish a 100% foreign owned LLC under the State system was challenging. However, in 2019 a new Foreign Capital Investment Law was released which provides for further expansion of the possibility to obtain permission to establish a 100% foreign owned LLC in most sectors upon approval by the MOCI. A LLC is not permitted to engage in the business of insurance, banking, or in the investment of funds.

The Commercial Companies Law No 5 of 2002 (as amended by Law No 16 of 2006 and Law No 3 of 2010), governs entities incorporated in the State of Qatar. It includes provisions prescribing the number of shareholders, minimum capital requirements, corporate governance, dissolution and liquidation. A new Commercial Companies Law (Law No. 11 of 2015) was introduced on 16 June 2015 and came into effect on 7 August 2015.

Should it be the case that a foreign investor partners with a Qatari national, the profit share attributable to the foreign shareholder is permitted to exceed the legal shareholding, provided the agreed deviation is contained in the LLC's Articles of Association, which are required to be submitted to the MOCI as part of the incorporation process. There is no official guidance on the maximum share of profits which can be attributed to a foreign shareholder; however, it is common for Articles of Association to specify profit allocation of up to 97% in favor of the foreign investor.



A foreign shareholder is also permitted to effectively retain day-to-day control of the LLC, including the right to appoint the general manager of the LLC. The LLC's directors are not required to be Qatari nationals or resident in Qatar.

Pursuant to the new Commercial Companies' Law, there is no longer a prescribed minimum share capital threshold and the shareholders of the LLC now have the discretion to determine the share capital of the LLC, which is then subject to the approval of the MOCI.

Investors should also be aware of Law No. 25 of 2004 (the Proxy Law), enacted in 2004, which aims to combat the concealment of activities of non-Qataris behind a Qatari proxy name, license or commercial registration. The Proxy Law stipulates severe sanctions for offenders of the Foreign Capital Investment Law which include imprisonment for a period of up to a year and fines ranging between QAR 20,000 and QAR 500,000.

Temporary Branch

In accordance with the Foreign Capital Investment Law, a foreign investor may register a 100% foreign owned branch in Qatar if it has a contract for public benefit. The public benefit criterion effectively means a foreign company that has won a contract or subcontract with a Government or Quasi-Government Authority. The branch is temporary in nature - i.e. its life span is linked to the duration of the relevant contract. Registering a temporary branch requires Ministerial approval. There is a standard application process and submission of required documents to obtain ministerial approval. It is possible to apply to add other Governmental or Quasi-Governmental contracts to an existing branch registration to extend its life span in accordance with the duration of the new contracts. Ministerial approval is required each time a new contract is added to the branch's commercial registration.

One of the main considerations in respect of operating via a temporary branch is in relation to the tax rules pertaining to the same. The tax legislation provides for Contract Tax Retention, which is required to be deducted from payments made to the branch by the contract owner. This retention can only be reclaimed once performance under the contract has been complete, the branch's tax returns are agreed with the GTA, and a No Objection Letter is issued.

Lastly, a temporary branch is restricted to undertaking activities in respect of the contracts registered on its Commercial Registration and may not undertake work with private sector customers.

International Engineering Consultancy Office (IECO)

Foreign investors are permitted to establish permanent branches in the engineering sector. Law No. 19 of 2005 specifies the requirements for the registration of engineers and the conditions under which different types of engineering consulting offices can be established.

An IECO is effectively a 100% foreign owned branch that is permitted to work on multiple contracts in both the Government sector and the private sector. The branch does not have a specified lifespan as it is not linked to a specific contract. As it is a permanent branch, Qatar contract owners are not required to deduct Contract Tax Retention from payments made to the IECO, provided it can present a valid tax card.

Engineering Consulting is defined in the 2005 Law as "works involving preparation of architectural, construction, survey and planning drawings, plans and designs, supervision of execution, rendering of advice, conducting of feasibility studies, cost estimation, cost accounting and management of projects in various engineering professions".

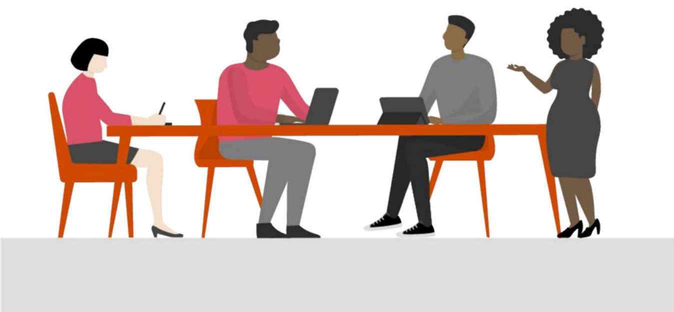
Law No. 2 of 2014, which applies to the licensing of engineers and architects working in Qatar, reinforces (a) the requirement that a license is mandatory before acting as an engineer/architect or an engineering consultant, (b) the substantive requirements for obtaining a license; or (c) the threat of imprisonment for three years for practicing without a license.

Depending on the circumstances, in practice, some foreign investors who wish to undertake such activities in Qatar opt instead to work with/via existing Local Engineering Consultancy Offices - unless the establishment of the IECO is necessary for their operations.

Representative Trade Office (RTO)

By virtue of a Ministerial Decision in 2006, foreign entities are permitted to set up wholly foreign owned RTOs in Qatar.

An RTO is a suitable option where a company wishes only to market its products and services in Qatar. An RTO has a very narrow and restricted scope of permitted activities and is not allowed to undertake profit generating commercial activities in Qatar – e.g. provide goods or services in Qatar.



It is possible for a RTO to obtain employment and residence visas to employ foreign nationals. The number of visas granted will be commensurate with the RTO's marketing activities.

A company wishing to establish an RTO must apply for permission to register from the MOCI.

Qatar Stock Exchange Listed Entities

Recently, the Qatari cabinet approved a draft law that would allow non-Qatari investors to own up to 100% of the capital of companies listed on the Qatar Stock Exchange.

Qatar Financial Centre (QFC)

The QFC provides for 100% foreign ownership to foreign investors operating in specific sectors. As the QFC is an onshore regime, entities established therein can access the local market freely. It is a requirement for entities to be based at any of the QFC's designated premises in Qatar (which are not confined to a specific zone). Broadly there are two categories of permitted activities in the QFC - regulated activities and non-regulated activities. The QFCRA is the independent regulator responsible for authorising businesses that wish to carry out regulated activities in the QFC. Its counterpart, the Qatar Financial Centre Authority (the QFCA) is the commercial and strategic arm of the QFC that processes license applications for entities seeking to carry out permitted non-regulated activities in and from the QFC.

Regulated Activities

Regulated activities in the QFC, include activities such as financial, banking and investment business; insurance and reinsurance business; funds administration, fund advisory, fiduciary business and other financial related business.

Non-regulated Activities

Permitted non-regulated activities in the QFC were originally limited to professional services in support of financial firms (e.g. services generally provided by professional services or consulting firms). The QFC subsequently expanded the scope of permitted non-regulated activities to include services such as IP management and treasury for all sectors, consultancy services in relation to Information Technology, real estate, recruitment, and sports and event management.

The above-mentioned services are not exhaustive and the QFCA continues to consider novel types of professional B2B services on a case-by-case basis, to the extent that the envisaged business proposition is a strategic fit for the QFC. The QFC is also available to Qatari investors who can enjoy tax concessions similar to those awarded under the State Tax Law (i.e. exemption from corporate income tax), provided that the business is at least 90% Qatari owned.

The QFC also offers the possibility for investors to set up special purpose companies for the purpose of a transaction or a series of transactions. There is a streamlined and quicker process for setting up such vehicles which are also not subject to the same corporate compliance obligations as the other QFC entities.

In addition, Single-Family Offices can be incorporated in the QFC for the sole purpose of providing services to and carrying on activities in relation to a “Single Family” (i.e. investment and financial activities or services, arranging or providing custodian of fiduciary services). The Single Family must have a minimum of investable or liquid assets of US$5,000,000 and must be under the management of a single family.

Legal form of entity

A QFC entity can take various legal forms, including the following:

- Limited Liability Company (LLC);
- Limited Liability Partnership (LLP);
- Company Limited by Guarantee - LLC(G);
- Branch of a non-QFC company;
- Branch of a non-QFC LLP;
- A Foundation which is a trust-like entity.

Qatar Free Zones Authority (QFZA)

The QFZA is the most recent entrant to provide further flexibility to investors in the Qatar market. The QFZA is an independent authority created in 2018 to oversee and regulate the Free Zones in Qatar, offering opportunities and benefits for businesses seeking to expand globally. The Authority was established by Law No. (34) of 2005, as amended by Legislative Decree No. (21) of 2017. The Free Zones offer:

- Office facilities, land options, access to transport systems;
- Potential access to a QFZA backed fund especially dedicated to promote growth;
- Availability of workforce and a supportive visa regime;
- Tax exemptions;
- 100% foreign ownership with full capital repatriation; and
- Partnership opportunities.

The initial focus of the QFZA is on the three sectors of logistics, chemicals and emerging technology. There are currently two Free Zones that have been established - Ras Bufontas (Airport free zone) and Umm Alhoul (Port free zone) which are components of the previously designated Special Economic Zones.

The QFZA is creating specialised cluster areas within the zones for these sectors, allowing companies in those sectors to benefit from a growing community of like-minded organizations, dedicated research and innovation facilities and partnership opportunities.

The most common forms of entities to be registered under the QFZA by foreign investors are Branches of foreign companies or LLCs.

It should also be highlighted that further development of the Free Zones concept in Qatar is anticipated in the coming years. “Manateq” will oversee this development and aside from the Special Economic Zones, it is also anticipated that there will be an expansion on investment opportunities and options in Logistics Parks, Industrial Zones and Warehousing Zones.

Qatar Science and Technology Park (QSTP)

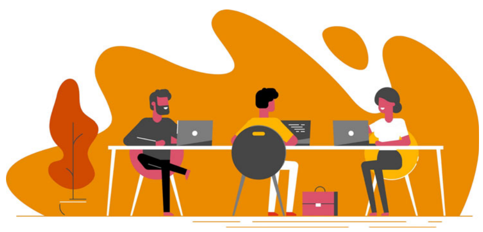
Aimed at incubating and growing Qatar’s post-carbon economy and developing Qatar’s 2030 National Vision, the QSTP was established to encourage international corporations and research institutes from around the world to develop and commercialise technology in Qatar and launch entrepreneurial technology businesses.

QSTP entities must be physically located within the QSTP zone and are only permitted to engage in the activities specified in their license. QSTP entities are exempt from corporate income tax and can import goods and services free of customs duties. However, such tax exempt entities are required to file exempt tax returns with the GTA.

The most common form of entities to be registered under the QSTP are branches of foreign companies or LLCs.

Media City Qatar

Media City Qatar was established by Amiri Decree No. (13) of 2019. Its goal is to drive the growth and development of the media industry and to become an international hub for businesses, organisations, and entrepreneurs with a focus on traditional and digital media, technology, communications, research, and development.



Other business arrangements

Commercial Agency

The Commercial Agencies Law (Law No. 8 of 2002) as amended by Law No. 2 of 2016, governs commercial agency relationships in Qatar. The amended Law gave rights to traders registered in the Commercial Register to import goods directly, even if those goods have an authorised local agent. Registered commercial agents are entitled to receive a specific commission on the sales made within Qatar. The amended Law further updated certain penal provisions contained in Law No. of 2002, and also provided that the MOCI could impose conditions and controls relating to the principle of reciprocity if traders import goods for which there are authorised local distributors. By appointing a commercial agent in Qatar, a foreign business can sell goods and products in Qatar via the agent without incorporating a legal presence here. The commercial agent must be a Qatari individual or a legal entity that is wholly owned by Qatari nationals. Complications can arise with the commercial agency arrangement, however, if the foreign business is not only required to import goods and products but is also required to provide installation, maintenance, training and other services which cannot be provided by the commercial agent.

Operating Without a Commercial Registration

Historically, some foreign businesses registered a permanent establishment (PE) with the GTA or obtained short term business visas for employees sponsored by an existing business entity in Qatar or had their employees enter Qatar on tourist visas (so called "fly in" and "fly out" model). It is important to note however that undertaking commercial activities in Qatar without a legally registered entity in contravention of the Foreign Capital Investment Law is an offense which could be punishable by imprisonment and/or a fine. Businesses could also be precluded from operating in Qatar in the future.

Unincorporated Joint Ventures (UJV)

UJVs have traditionally been utilised by unrelated third parties in order to pool resources and expertise to jointly bid for and manage a specific project. This is particularly common for large scale construction projects in Qatar given their scale and therefore degree of risk.

Whilst there are undoubtedly commercial benefits from operating as a UJV, the accounting, legal and tax consequences of forming a UJV can be complicated and requires careful planning prior to entering into such arrangements.

Mergers and Acquisitions

A final market entry strategy for foreign companies is to acquire or invest in an existing Qatar company. Both share and asset purchases are possible in Qatar. Particular attention should be given to undertaking a thorough due diligence exercise. Investors should also be aware of the requirement to obtain tax clearance from the GTA in order to register any share transfer with the Ministry of Justice.

Additional legal considerations

Corporate/Commercial

The following areas are based on the prevailing Qatar Commercial Companies Law (Law No.11 of 2015), a number of key provisions of which have been summarised below:

Number of Shareholders

An LLC can now be incorporated with a single shareholder (though special approval for a wholly foreign owned LLC must be obtained from the MOCI) and can have a maximum of fifty shareholders.

Limitation of Liability

Shareholders in a LLC may only be held liable in respect of the operations of the LLC up to the amount of share capital contributed. The name of the company shall clearly establish that it has been incorporated with limited liability. If the managers of the company fail to do so, they may be held personally responsible for the liabilities of the company.

Minimum Capital Requirements

There is no prescribed minimum share capital, and the partners have the discretion to determine the minimum share capital of the LLC which should be appropriate in the context of the activities to be undertaken. The proposed share capital is subject to the approval of the MOCI.

Share Transfers

Where a shareholder wishes to dispose of any of its shares in the LLC to a third party (i.e. to a party that is not a shareholder at the time of the transfer), they must inform the other shareholders in advance of the disposal. The other shareholders will have a first refusal right to purchase the shares.

Legal Reserve

Under the Commercial Companies Law, there is a requirement to transfer 10% of the net profits of the company to a legal reserve until the amount of the legal reserve equals or exceeds half of the value of the capital of the company.

Management

The appointment of directors must be registered in the commercial registry. A decision to remove a director or confine their powers is only enforceable against third parties when that decision is published in the commercial registry. LLC directors are not required to be Qatari nationals or resident in Qatar. In most cases, provisions can be stipulated in the incorporation documents regarding the appointment of the general manager, and voting majorities required for various appointments to achieve a desired level of operational control by the foreign shareholder. Directors are responsible for compensating the company, its shareholders and others for the damage resulted from deceit or improper use of authority or the violation of the provisions of the Law or the statute of the company.

Dissolution and Liquidation

Dissolution may arise for a number of statutory reasons, for instance, expiry of the company's life span as specified in the Articles of Association, expiry of the object for which the company was established, or a transfer of shares resulting in fewer shareholders than required as a minimum by the Law.

The Commercial Companies Law specifies that dissolution may also arise where the shareholders give their unanimous consent. However, the Articles of Association may provide for a different threshold.

Liquidation proceedings involve the appointment by the managers of a liquidator at the Annual General Meeting which, depending on circumstances, may take a significant amount of time.

Data Protection & Privacy Laws

Qatar was the first Gulf Cooperation Council (GCC) Member State to issue a generally applicable data protection law when, via the MOTC, it implemented Law No. 13 of 2016 Concerning Personal Data Protection (the Data Protection Law). In addition, the QFC has its own Data Protection Regulations No. 6 of 2005 and Data Protection Rules 2005 in place.

The Data Protection Law took effect in 2017, and the MOTC has set up a regulator (the Compliance and Data Protection Department or 'CDP') to enforce the Data Protection Law. Executive Regulations further implementing the Law are also expected to be passed in 2021.

Key aspects of the Law include heavy financial penalties of up to QAR 5,000,000 for breaches; a clear focus on operational adequacy and accountability; more stringent regulation with greater enforcement powers for Regulators; mandatory breach disclosure within a 72 hour timeframe; a requirement for Permitted Reason processing criteria required to process personal data; and new liabilities in the supply chain with responsibility for third party processors.

Immigration

Summarised below is an overview of the main key categories of visas applicable to individuals entering the country for the purposes of undertaking commercial activities:

Business Visa

This is usually issued for business visitors to Qatar who intend to come into the country on a short-term assignment. The visa can generally be sponsored by Qatar incorporated or registered entities.

Certain restrictions may exist in relation to this particular type of visa, and therefore initial consultation with the host sponsor is essential. Business visas are usually valid for one month and can be extended for another two months. The length of time to obtain a Business Visa can vary and can take up to four weeks.

Work Permits

Any expatriate intending to work in Qatar for the medium to long term must have a valid Work Permit/ Residence Permit. The Work Permit/ Residence Permit is applied for by the entity who wishes to employ the person - commonly referred to as the sponsor or the sponsoring company.

The sponsoring company is legally responsible for the actions of employees under their sponsorship.

The Work Permit/ Residence Permit must be sponsored by Qatar incorporated or registered entities that have the necessary labour quota approval for the specific nationality, and number of employees that they wish to employ.

An amendment to Law No. 21 of 2015 (which regulates entry, exit and residence of expatriates) in 2020 has made provision for the competent authority to issue entry permits and grant residence permits to investors without sponsors, who are subject to the provisions of the Law regulating the investment of non-Qatari capital in economic activity. This amendment further covers owners and beneficiaries of real estate, who may be issued with a residence permit for a period of five years with an option to renew such permit.

Employment (the Labour Law and the QFC Regulation on Employment)

Employment in Qatar (outside of the QFC) is governed by Law No. (14) of 2004 (as amended) (the Labour Law), which sets out the framework around working hours; annual leave and public holidays; health and safety; workers' committees; collective agreements, and termination of employment.

The Labour Law, including Law No. 1 of 2015 which introduced the Wage Protection System (or WPS), applies to all employees in Qatar in the State, with few exceptions (including, for example, domestic workers and those employed by certain public sector entities).

Employment in the QFC, where the Labour Law does not apply, is regulated exclusively by Regulation No. 10 of 2006 (QFC Regulation), and consequently employees of companies registered with, or incorporated under, the QFC Laws are subject to this specific Employment Regulation, rather than the provisions of the Labour Law.

It is mandatory to have a local employment contract in order to apply for a work/residence permit in Qatar. Pursuant to both the Labour Law and the QFC Regulation, the duration of an employment contract can either be limited (i.e. with a contract with a fixed term) or unlimited. Different considerations apply to each, specifically in relation to the ability to terminate without financial liability.

Irrespective of duration, the Labour Law and the QFC Regulation set out specific details which must be included in an employment contract as a minimum. There are minor differences between the Labour Law and the QFC Regulation in respect of the mandatory information.

However, broadly, local employment contracts would generally be expected to include the name of the employer, registered place of employment, the name of the employee, nationality, wage/ salary, annual and other leave, type of work, commencement date and duration of the contract (if fixed term).

Wage Protection System (WPS)

Employers in Qatar (excluding those in the QFC) must pay employees in Qatari Riyals and into a bank account in Qatar in accordance with the WPS. Failure to do so can result in penalties being applied.

Statutory Minimum Wage

Employees (outside of the QFC) are entitled to receive a minimum basic salary of QAR 1,000 per month. Employers are also required to pay an additional QAR 500 per month for accommodation and QAR 300 for food; unless the employer makes separate arrangements for the provision of housing and food.

Corporate Governance in Qatar

There are a number of rules and regulations that set out corporate governance requirements in Qatar. The Commercial Companies Law, the QFCRA and the QFMA set out the minimum requirements such as board size, conflicts of interest and the number of board meetings, etc.

It is important to note that each entity type will have different requirements. However, whilst the QFMA Rules are only mandatory for public joint stock companies listed on the Qatar Stock Exchange (QSE), the provisions should be viewed as best practice for all other entities in Qatar.

In terms of the contents of the Corporate Governance Report required to be issued, the primary requirement focuses on a statement to be made by the entity on itself and a disclosure of compensation granted to members of the Board and sub-committees, including bonuses. The Report must be made available to all shareholders before the General Assembly.

Further detailed rules govern aspects such as Directors' Duties; the independence rules for Directors; rules on Permanent Committees; Board meetings and General Assembly Meetings.

As companies registered in the QFC which carry out regulated services are regulated by the QFC Regulatory Authority, they are subject to the requirements outlined in the QFC Regulatory Authority Rules. Additional governance policies to be considered involve Anti-money laundering, Foreign Exchange contracts, and Repatriation of dividends/branch profits.

Taxation

Introduction

Qatar operates a territorial taxation system. Unless specifically exempt from tax, an entity is taxable in Qatar if it has generated Qatar-sourced income, regardless of the place of its incorporation.

Consistent with the different legal frameworks in place, Qatar currently has broadly two tax regimes in which foreign investors can potentially operate with different tax rules applicable in each. Those tax regimes currently are the State tax regime and the QFC tax regime. Key features of these tax regimes are provided below.

Ministry of Commerce and Industry - State System

The State of Qatar tax regime provides the general taxation framework for the majority of businesses operating in Qatar.

Corporate Income Tax (CIT)

The current tax rules in the State of Qatar are governed by Law No. 24 of 2018 (the Tax Law) and its Executive Regulations issued on 12 December 2019, which contain the detailed rules related to the administration of the tax regime. The GTA also issues circulars from time to time to provide guidance on the interpretation on certain provisions in the Tax Law. Broadly, profits attributable to non-Qatari nationals and Qatari and/or GCC nationals who are not resident in Qatar are subject to corporate income tax at a flat rate of 10%. A different tax rate and potentially basis of taxation applies to entities undertaking oil and gas operations, or where the activities are carried out under an Agreement with the Government. Such entities are generally taxed at a rate of 35% or higher.

A legal entity incorporated in Qatar which is wholly owned by Qatari and/or GCC nationals that are tax resident in Qatar is exempt from corporate income tax. The term "residency" needs to be interpreted as per the definition in the Tax Law and as such, careful consideration should be given to assess if the shareholders would qualify as a tax resident of Qatar.

Permanent Establishment (PE)

The definition of a PE in Qatar's Tax Law is similar to the definition in the OECD Model Convention. In essence, the definition is "a fixed place of business through which the business of the taxpayer is wholly or partially carried on, including for instance a branch, office, factory, workshop, mine, oil or gas well, quarry, building site, assembly project or place of exploration, extraction or exploitation of natural resources". The activity in Qatar of a "dependent agent", i.e. a person (other than an independent agent) "acting on behalf of" the taxpayer or "in its interest" may also create a PE in Qatar. The Tax Law does not provide a list of auxiliary or preparatory activities which are prescribed as not creating a PE in Qatar.

The Executive Regulations have broadened the scope of a PE by inclusion of the following provisions:

- The definition of a dependent agent for PE purposes includes (i) habitual conclusion of contracts; and (ii) keeping of goods and merchandise on a routine basis and dealing with it for the benefit of a non-resident.
- A broad force of attraction rule which can result in the taxation of any income derived by group entities from activities where an entity in the group has a PE in Qatar.
- Introduction of an anti-fragmentation rule which could capture fragmentation of activities between group entities.
- A provision that states that a “complete business cycle” or “operation” can result in a PE in Qatar.

In the above context, non-resident entities need to carefully evaluate the potential PE risks of conducting business activities in Qatar.

The GTA closely examines the taxpayer’s activities to establish whether or not a PE exists. This is a particular area of focus where a taxpayer submits a claim for a refund of withholding tax (WHT) on the basis of application of the provisions of a Double Tax Treaty (DTT), which will be further explained later in this section. If a taxpayer has a PE, the Foreign Capital Investment Law generally requires that PE to be formally registered as a company or a temporary branch or any other legally permitted entity.

Income Determination

Corporate Income Tax is imposed on local source income generated by resident entities and non-residents with PEs in Qatar.

Corporate Income Tax exposure in Qatar may arise even if a company is not resident in Qatar. However, residence is relevant when considering whether WHT will apply on payments received rather than Corporate Income Tax.

Deductions

A deduction is usually available for expenses that are incurred in generating Qatar source income. Specific items of deductible expenditure include the following:

- Interest on loans attributable to the taxpayer’s Qatari activities, except where the loan is between a Qatar branch and its head office or a party related to the head office;
- Employee costs (including salaries, wages, gratuities, and other end-of-service benefits);
- Tax depreciation of fixed assets. Tax depreciation is calculated in accordance with rates specified by the Qatar Tax Law and the Executive Regulations; and
- Bad debts approved by the GTA in accordance with the criteria set out in the Tax Law.

Losses

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

Tax Administration

Introduction of Dhareeba

The GTA has launched the “registration feature” of Dhareeba which went live with effect from 1 July 2020. Due to the implementation of Dhareeba registration, the GTA will no longer accept any tax registration requests submitted via the previous Tax Administration System. All taxpayers, including those registered in the previous Tax Administration System, should re-register in Dhareeba.

Tax Registration and Tax Card

An entity carrying on a business activity in Qatar should register with the GTA and submit an application for a tax card within 60 days from the earlier date of:

- Obtaining commercial registration; or
- The first day of realisation of income from the activity.

Penalties apply for delayed registration.

Filing and Payment Requirements

A taxpayer is required to submit an income tax return which includes their audited Financial Statements and pay any tax due to the GTA within four months of the end of the applicable accounting period (e.g. by April 30, 2021 for an accounting period that ends on December 31 2020).

Given the ongoing pandemic, the GTA has extended the normal filing deadlines over the last two years - in 2020, entities with a year ended 31 December 2019 were required to file their tax returns by 31 August 2020. This year, in the case of entities with a 31 December 2020 year end, foreign owned businesses have been provided with a two month extension up to 30 June 2021, while Qatari owned businesses (i.e. exempt entities) have been provided with a four month extension to 31 August 2021.

The accounting period of a taxpayer who carries on an activity shall be the taxable year and shall be twelve (12) months in duration subject to the following:

a) If the taxpayer begins 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 six (6) months; otherwise, the accounting period shall end at the end of the subsequent taxable year - i.e. the first accounting period may be up to eighteen (18) months in duration.

b) In the event of cessation, assignment, sale or 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, the accounting period shall not exceed twelve (12) months; otherwise, a new accounting period shall commence.

The penalty for late filing of a return is QAR 500 ($138) per day of delay (capped to a maximum of QAR180,000 ($49,500).

A separate penalty of 2% of the amount of tax due per month (or part of month) up to the amount of tax due applies for a delay in making tax payments.The Tax Law states that taxpayers who are carrying out a tax-exempt activity are in general also required to submit a tax return which includes their Financial Statements. This includes entities wholly owned by Qatari (or GCC) nationals and entities registered in the QSTP.

Contract Notification Obligation

Taxpayers are required to notify the GTA of contracts which they enter into with residents and non-residents (subject to monetary thresholds of a contract value equal to or greater than QAR 200,000 for service contracts or QAR 500,000 for supply of goods and services contracts) within 30 days of signing the contract. A penalty of QAR 10,000 per contract applies in respect of the non-reporting of relevant contracts.

Tax Assessments

Tax is assessed on the basis of the taxable income as determined in the tax return, but the GTA has the right to seek information or clarifications from the taxpayer and to reassess the tax due. Once an assessment is made, the GTA should issue a notice of assessment to the taxpayer.

The taxpayer may object to the re-assessment within 30 days from the date of its issuance, and the GTA should respond to an objection within 60 days. If no response is provided within 60 days this is regarded as an implicit rejection of the objection. If the objection is unsuccessful, an appeal may be filed by the taxpayer to the Tax Appeals Committee within 30 days of the expiry of the timeframe above. A final appeal may be made to the Qatar Courts.

The Statute of Limitations for the assessment of tax and penalties is five years following the year in which the taxpayer submits the return. Where the taxpayer fails to submit the return, the Statute of Limitations is extended to 10 years following the taxable year in respect of which the taxpayer did not file the return.

Accounting and Audit Requirements

The Tax Law requires accounts to be prepared in accordance with the prevailing accounting standards, which are the International Financial Reporting Standards. The audit opinion must be signed by an auditor registered in Qatar with the MOCI. The taxpayer is also required to maintain records and documentation pertaining to their activities in Qatar for a period of 10 years following the end of the taxable year to which the records and documentation relate.

There is no provision for group or reorganisation relief.

Withholding Taxes (WHT)

The Tax Law contains a requirement for all entities registered in Qatar, or with a PE in Qatar, to withhold a percentage of certain payments made to vendors that do not have a PE in Qatar. From a practical perspective this means that Qatar registered entities (for example a LLC in possession of a valid tax registration with the GTA) would not be subject to WHT on the payments they receive from their Qatar contract owners.

A rate of 5% WHT applies to all services that are used, utilised or benefited from by the Qatar entity, even if they are carried out by the non-resident in whole or part outside of the State. WHT also applies to certain interest payments, royalties, technical fees, commissions and brokerage fees.

A company that makes a payment which is subject to WHT is required to withhold the applicable amount and remit it to the GTA, along with a withholding tax statement, by the 16th day of the month following the month in which the relevant payment is made.

In the event that withholding tax is not applied or the amounts withheld are not remitted to the GTA within the stipulated deadline, a penalty equal to the amount of unpaid tax and a further penalty of 2% of the amount of tax due per month of delay (or part thereof) would be applied.

Qatar has a growing Double Tax Treaty network with almost 76 treaties in force at the time of writing this guide. An apply and reclaim mechanism is in force and presently there is no pre-approval system in place to allow for an automatic entitlement to Treaty benefits. Specific documents need to be submitted along with a withholding tax refund application in order to reclaim any relief on WHT due under the relevant Treaty.

Capital Gains

Capital gains are aggregated with other income and are subject to tax at the regular applicable corporate income tax rate. The gain on a sale by nonresidents of shares in Qatar tax resident companies is taxable at a rate of 10%. However, the sale of shares in listed companies is exempt from tax.

Dividends

Dividends paid by a Qatar tax resident company are not subject to dividend withholding tax. Income distributed from profits that have already been subject to Qatar taxation are not subject to further taxation in the hands of the recipient.

Contract Tax Retention

The Contract Tax Retention system applicable to temporary branches operating in Qatar means that certain contract amounts are required to be retained from payments made to the branch. Companies resident in Qatar and permanent branches are effectively not subject to the retention rules because they can secure the release of full contract payments once they present a valid tax card.

The Contract Tax Retention is equivalent to the higher of 3% of the contract value (less the value of supply and work carried out abroad) or the final contractual payment. The amount is required to be retained by the contract owner until the temporary branch produces a No Objection Letter from the GTA.

In order to obtain a No Objection Letter, the temporary branch is generally required to have completed the contract and received its tax assessments for all years covering the contract. As historically this has tended to be a lengthy process, this system generally gave rise to cash flow implications for foreign investors operating via a temporary branch.

Transfer Pricing and Thin Capitalisation

The Tax Law has certain specific transfer pricing requirements summarised below:

- The Comparable Uncontrolled Price (CUP) methodology is referred to as the primary methodology to be used when demonstrating the arms' length nature of a related party transaction.
- In case the CUP method is not applicable, the taxpayer should lodge a request for approval with the GTA for the application of a different transfer pricing methodology.
- There is a requirement for performing a "Functional Analysis" describing a taxpayer's position and economic role with related entities, identifying the functions performed, risks assumed, and the tangible and intangible assets owned and used.
- There is also a requirement to update the analysis supporting the arm's length character of the intercompany transactions every three years.
- A Qatari taxpayer is also required to submit a transfer pricing declaration as part of its annual income tax return.
- A Qatari taxpayer (that meets certain thresholds) is also required to prepare a Local File and Master File on a Contemporaneous basis.
- Tax deductibility of interest on loans, paid to related parties, would be dependent on such loans being economically beneficial to taxpayers. On this basis, a "Commercial Purpose" test has been introduced.
- There is also a Thin Capitalisation restriction in respect interest expenses paid by a Qatari taxpayer. Arm's length pricing should be applied and the interest expense should not exceed three times the equity of the entity.

Anti-avoidance and Transfer Pricing

The Tax Law contains a wide anti-avoidance provision which gives power to the GTA to counteract any tax advantage obtained by entering into arrangements, operations or transactions, one of the main purposes of which is to avoid paying tax.

The QSTP

Entities registered and operating under the scope of their QSTP license fall under the scope of the State tax system. In general, such QSTP entities are granted an exemption from corporate income tax and can import goods and services free of Customs Duties.

However, tax-exempt entities including QSTP entities are required to file tax returns, apply WHT on payments to non-residents and comply with all other relevant compliance obligations as detailed above.

The QFC

The QFC has its own tax regime contained in the QFC Tax Regulations and Rules. The key highlights are summarised below.

Tax Rate and Basis:

- Locally sourced profits of the QFC entities are subject to 10% corporate income tax. Profits arising from service activities carried out in Qatar but used outside Qatar may be excluded from the tax base as non-local source profits.
- Unregulated QFC LLCs with a minimum 90% Qatari ownership benefit from a 0% concessionary corporate income tax rate - no tax exemption for the profits of Qatari partners in joint ventures is available where the Qatari ownership in the entity is less than 90%.
- Accounting standards - entities must generally draw up accounts using IFRS or other acceptable GAAP, however, they can choose their own tax year, with an initial period of up to 18 months.

Exemptions and Reliefs:

- Extensive tax exemptions apply (in certain cases upon application for a ruling or upon election) for qualifying activities, including investment funds; holding companies; Special Purpose Vehicles; companies involved in the organisation of the FIFA World Cup 2022; and companies with Defense and Security contracts with the relevant Ministries, for example.
- Dividends and qualifying capital gains are subject to a tax exemption where applicable.
- A concessionary rate of 0% applies on an election basis to reinsurers, captive insurers and investment managers. The election is subject to the applicant meeting certain requirements and is valid for a four (4) year period, thereafter renewable on application.
- The QFC also does not require the application of WHT on payments made by QFC entities.

- Group loss relief is available for taxpayers in the QFC with over 75% common ownership.
- QFC entities also have access to Qatar's double tax treaties network, with 76 jurisdictions.

Tax losses can be carried forward indefinitely, unless there is a change in ownership or activities

Administration:

- Tax returns and payments must be made by QFC Entities within six months from the end of the relevant accounting period.
- QFC has advance ruling services which are binding on the QFC Tax Department for the period of their validity, assuming the relevant conditions are met, and continue to be met, by the taxpayer.
- The limitation of the enquiry window for the QFC Tax Department to review tax returns to within twelve months of filing, provides QFC entities and investors with a high degree of certainty.
- The QFC has introduced online filing - all tax returns must be submitted online using the QFC Tax Portal.

Transfer Pricing and Thin Capitalisation

QFC Entities are required to conform with the OECD's guidelines on transfer pricing, including the application of the arm's length principle and the reporting obligations of related party transactions.

Associated party loans also have to meet arm's length conditions and thin capitalisation requirements which are often scrutinised.

Other Taxes

Excise Tax

As of 1 January 2019, Qatar introduced excise tax on the following goods at their respective rates:

- Tobacco and its products: 100%
- Energy drinks: 100%
- Carbonated drinks: 50%
- Special purpose goods (consumed under specific conditions and authorisations): 100%

Businesses subject to excise tax are obligated to register, collect excise tax, submit periodical returns and pay excise tax.

VAT / Sales Tax

Currently, Qatar imposes no VAT or sales tax on operations in Qatar. However, the introduction of VAT in Qatar under the common GCC VAT Framework is expected to be introduced in the near future. The standard VAT rate is anticipated to be 5%, with provision for certain exempt activities and certain activities being subject to VAT at 0%.

Custom Duties

Customs duties are generally applied to goods with an origin outside the GCC countries, normally at a rate of 5%, but sometimes at higher rates for specific types of goods, such as tobacco products. Temporary import relief and re-exportation relief are available for certain specific scenarios.

Exports from Qatar do not give rise to any export duties.

Personal Income Tax

There are no taxes imposed on employed individuals' salaries, wages and allowances in Qatar. Employers have to pay social insurance in respect of Qatari and GCC national employees, but have no obligations for employees of other nationalities.

A self-employed individual may be subject to income tax if he derives Qatar source income, as per the Foreign Capital Investment Law.

Sport and Social Levy

Qatari listed entities are subjected to a sport and social levy of 2.5% of the annual net profits. The levy is allocated to a fund that supports sporting, cultural, social and charitable activities.

About PwC Middle East

Established in the region more than 40 years, PwC has more than 5,700 people in 12 countries across the region: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, ***Qatar***, Saudi Arabia and the United Arab Emirates.

The Middle East Tax & Legal practice offers expertise across the region and can provide assistance with the following areas

- Indirect taxation (VAT, customs, excise) and fiscal reform
- International taxation
- Tax and Zakat advisory
- Tax compliance, management and accounting services
- Global mobility advisory and compliance services including tax compliance for US citizens and Green Card holders
- Digital tax solutions
- Transfer Pricing
- Mergers and acquisitions
- International business restructuring
- Data protection
- Entity governance and compliance
- Fintech, emerging technologies and blockchain
- Immigration and employment
- Government consulting
- Industry expertise in the Financial Services, Energy, Utilities & Resources and Consumer Markets sectors

About IPA Qatar

The Investment Promotion Agency Qatar (IPA Qatar) was launched in July 2019 to oversee investment promotion activities under the Invest Qatar brand and act as the country's umbrella organisation for FDI attraction. Through its vast resources and close coordination with Qatari licensing platforms, IPA Qatar helps smooth the way for investors' journeys to business success in Qatar while transforming and diversifying one of the world's most prosperous economies.

- **Capital City:** Doha
- **Population: 2.8mn** (85+ nationalities)
- **GDP, nominal: $175.8bn** (2019)
- **Currency: Qatari Riyal** (pegged at QAR 3.64 : US$ 1.00 s)
- **4th wealthiest country in the world**
- **World's #1 LNG exporter**, with the 3rd largest reserves of natural gas

As a comprehensive source for support services and a member of the World Association of Investment Promotion Agencies (WAIPA), IPA Qatar works closely with businesses end-to-end. By understanding their overall objectives and connecting them with the right stakeholders, resources, and platforms, the Agency supports international enterprises throughout the investment process towards advancing their ambitions and ensuring their long-term success in Qatar and the region.

IPA Qatar's support covers three main areas:

Provision of Market Information

Business environment, regulatory environment, and economic drivers.

Business Development

Sharing information and tools to identify opportunities, sector size and characteristics, and potential partners.

Other Services

Assistance in business establishment, facilitation of specific requests and introductions, as well as provision of additional support for large projects.

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Key tax indicators in Qatar

Tax indicators	The State	The Qatar Financial Centre
Typical fiscal year end	Calendar year	Calendar year
Companies		
Income tax	10% (or a minimum of 35%)	10%
Tax on capital gains	10% (or the relevant alternative rate)	10%
General sales tax	Not Applicable	Not Applicable
Value added tax	Not Applicable	Not Applicable
Basis of taxation	Territorial	Territorial
Individuals		
Individual marginal tax rate (max)	Not Applicable. Social security contributions apply - GCC and Qatari nationals only	Not Applicable
Wage Protection System	Required	Not Applicable
Withholding tax		
Dividends	Not Applicable	Not Applicable
Interest	5% (non-financial institutions)	Not Applicable
Royalties	5%	Not Applicable
Management service fees	5% (exclusion for head office overheads paid by Branches to a foreign head office within the relevant thresholds)	Not Applicable
Branch Remittance Tax	Not Applicable	Not Applicable
Customs	Standard rate is 5%. Other rates (0%, 50%, and 100%) apply depending on the nature of the goods imported	QFC entities are not permitted to undertake importation activities. Third party Customs clearance agents may be used by QFC entities to import any necessary goods.
Exchange controls	Not Applicable	Not Applicable
Thin capitalisation	Arm's length and and for entities in the State the interest expense should not exceed three times the equity of the entity.	Safe harbour rules may apply.
Transfer pricing	Country-by-country-reporting required, Local file and Master file subject to certain thresholds, transfer pricing methodology application. Transfer pricing declaration to be submitted.	Arm's length pricing required. OECD methodology required for profit attribution.
Exchange of Information	Financial Account Tax Compliance Act and Common Reporting Standard requirements.	
Double tax treaties in force (Information correct as at date of publication 2021)	Algeria, Armenia, Austria, Azerbaijan, Barbados, Belarus, Brunei, Bulgaria, Bosnia & Herzegovina, Bermuda, Chad, China, Croatia, Cuba, Cyprus, France, Ecuador, Fiji, Georgia, Greece, Guernsey, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Isle of Man, Italy, Japan, Jersey, Jordan, Kenya, Kyrgyzstan, Latvia, Lebanon, Luxembourg, Macedonia, Malaysia, Malta, Mauritius, Mexico, Monaco, Morocco, Nepal, Netherlands, Norway, Pakistan, Panama, Philippines, Poland, Portugal, Romania, Russia, San Marino, Senegal, Serbia, Seychelles, Singapore, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Switzerland, Syria, Tunisia, Turkey, Ukraine, United Kingdom, Venezuela, Vietnam, Yemen.	
Treaties awaiting conclusion or ratification (Information correct at date of publication 2021)	Eritrea, Ethiopia, Gambia, Kazakhstan, Mauritania, Nigeria, Paraguay,	

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