

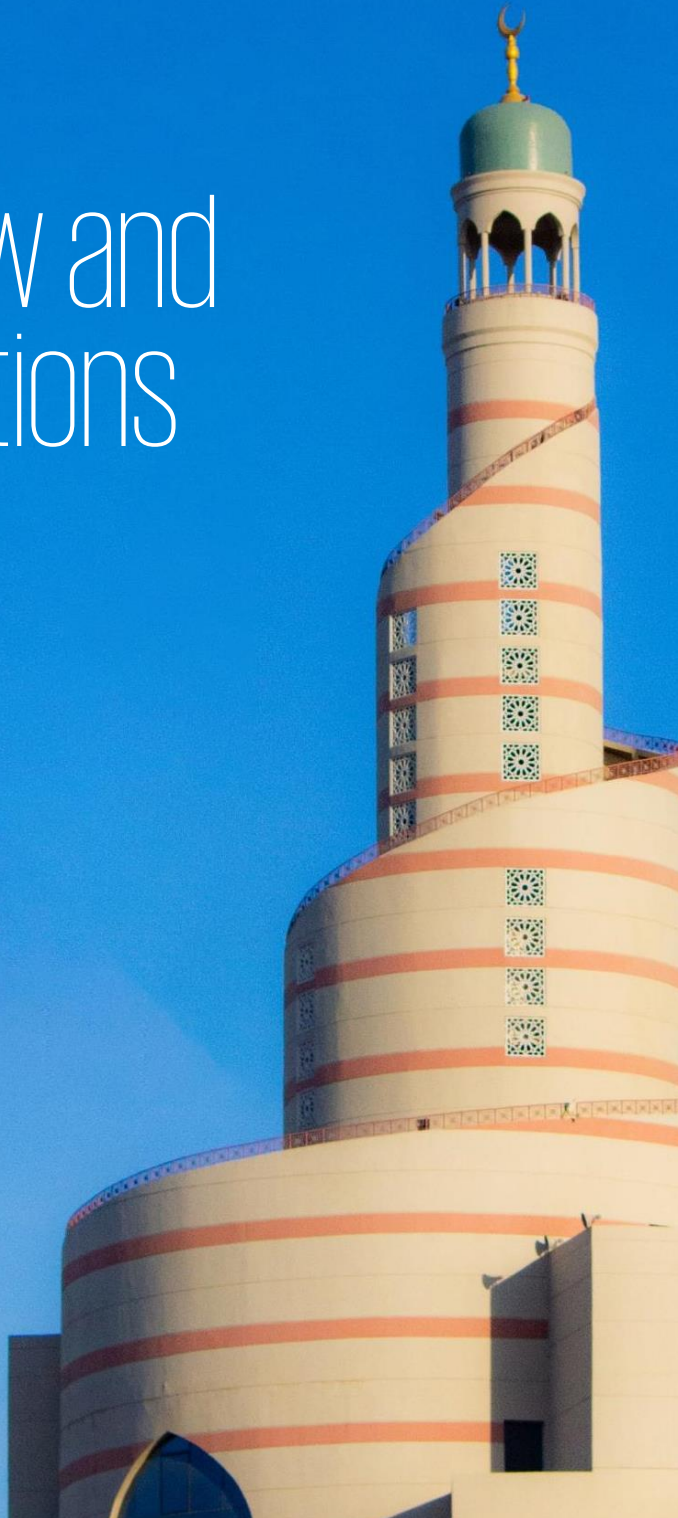


# Tax Law and Regulations

January 2020

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**PART A**

# Income Tax Law

# Preamble to the Income Tax Law

**We, Tamim Bin Hamad Al-Thani,**

**Emir of the State of Qatar,**

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

**Have decreed the following Law:**

## **Article (1)**

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

## **Article (2)**

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

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

## **Article (3)**

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

## **Article (4)**

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(17) of 2014, as well as any provision in contradiction with the provisions of this Law and the attached Law shall be repealed.

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

## **Article (5)**

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

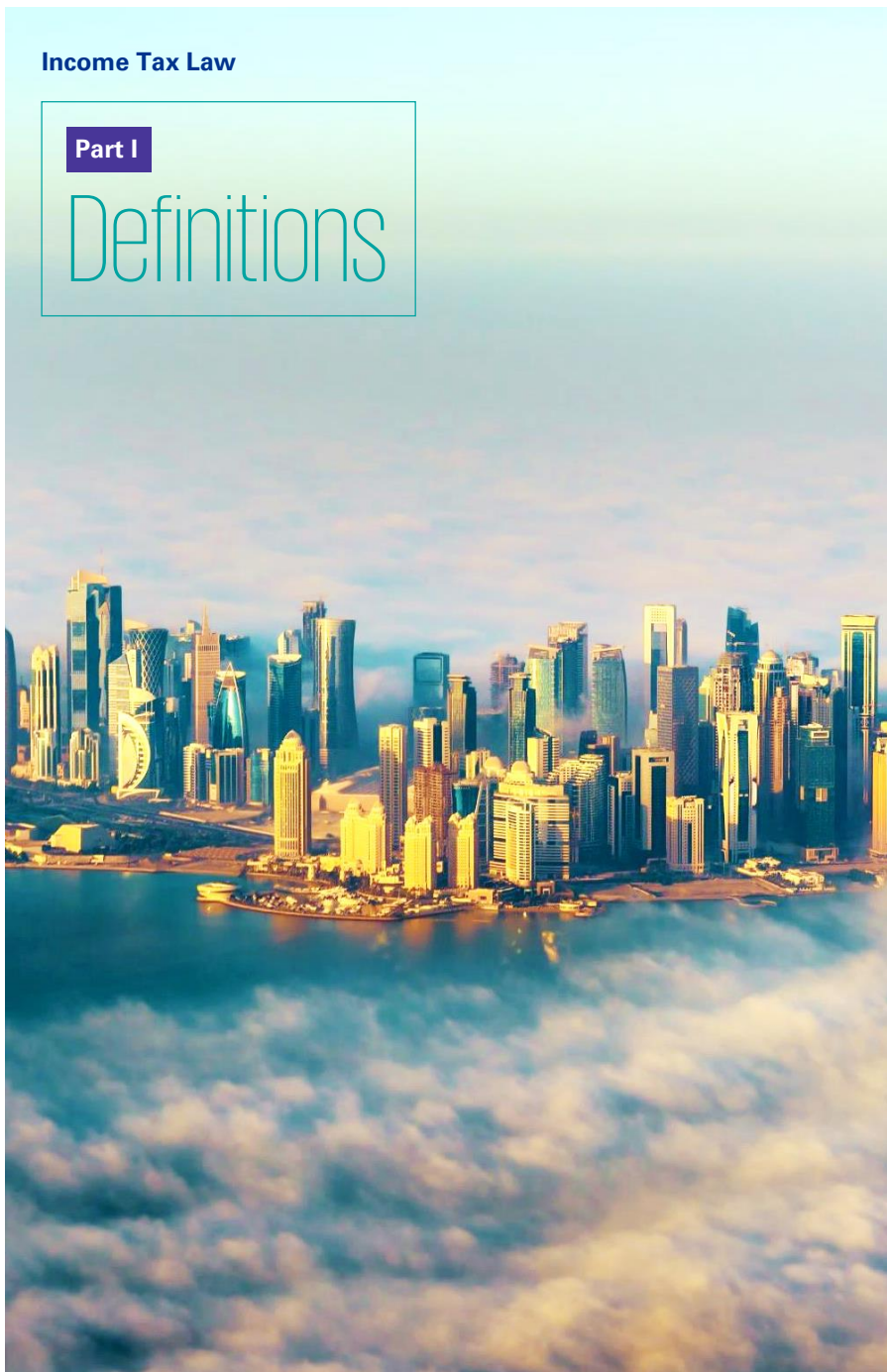
**Tamim Bin Hamad Al-Thani**  
**Emir of the State of Qatar**

**Issued at Emiri Diwan on: 6/4/1440 A.H.**  
**Corresponding to: 13 December 2018 A.D**

## Income Tax Law

### Part I

# Definitions



## Article (1)

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

- **Tax:** The Income Tax.
- **Minister:** The Minister of Finance.
- **Authority:** The General Tax Authority.
- **President:** The President of the Authority.
- **Activity:** Any profession, vocation, service, trade, industry, speculation, contractual work or any business carried on to derive a profit or an income, including the exploitation of a movable or immovable property.
- **Taxpayer:** Any natural or legal person subject to tax under the provisions of this Law.
- **The Person in Charge:** The Chairman of the board of directors or, managing director authorized manager or any other person who represents or runs the company or enterprise.
- **Taxable Year:** A period of twelve months starting on the first of January and ending on the thirty first day of December of the same year.
- **Accounting Period:** The period for which the taxpayer prepares his accounts.
- **Gross Income:** Total income and profits derived by the Taxpayer from the sources mentioned in this law.
- **Net Income:** Gross income less allowable deductions, in accordance with the provisions of this Law.
- **Taxable income:** Net income after subtracting losses, as provided for in Article (7) of this Law.
- **Return:** A statement in which the taxpayer acknowledges the amount of taxable income and the tax due, according to the form prepared for this purpose.
- **Resident:**
  1. Natural person who satisfies any of the following requirements:
    - a) Has a permanent home in the State.
    - b) Has been in the State for more than one hundred and eighty-three (183) consecutive or separate days during any twelve (12) month period.
    - c) Has his center of vital interests in the State.
  2. Legal person who satisfies any of the following requirements:
    - a) It is incorporated under Qatari legislations.
    - b) Its head office is situated in the State of Qatar.
    - c) Its place of effective management is situated in the State of Qatar.
- **Permanent Establishment:** Fixed place of business through which the business of a taxpayer is wholly or partly executed. This shall include a branch, an office, a factory, a workshop, a mine, an oil or gas well, a quarry, a building site, an assembly project or a place of exploration and extraction or exploitation of natural resources. Permanent establishment shall also include an activity carried on by the taxpayer through a person acting on behalf of the taxpayer or in his interest other than an agent of an independent status.
- **Royalties:** Payments of any kind made as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, films or discs used for radio or television broadcasting, any patent, trademark, drawing, design or model, plan, secret formula or process, or for the use of or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.
- **Regulations:** The Executive Regulations of this Law.



## Income Tax Law

### Part II

# Scope of Tax



## Chapter one: Imposition of Tax

### Article (2)

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

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

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

### Article (3)

Income derived from the State of Qatar shall include:

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

## Chapter two: Tax Exemptions

### Article (4)

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

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

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

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

## Chapter three: Accounting Period

### Article (5)

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

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

### Article (6)

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

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

## Income Tax Law

### Part III

# Calculation of the Tax

## Chapter one: Imposition of Tax

### Article (7)

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

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

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

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

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

## Chapter one: Taxable Income (cont.)

### Article (8)

The following expenses and costs may not be deducted:

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

## Chapter two: Tax Rate

### Article (9)

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

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

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

## Income Tax Law

### Part IV

# Tax Obligations



## Chapter one: Registration and Notification

### Article (10)

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

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

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

## Chapter two: Filing Tax Returns

### Article (11)

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

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

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

## Chapter three: Accounting Requirements

### Article (12)

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

### Article (13)

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

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

Part V

# Powers and Duties of the Authority



## Chapter one: Tax Assessment

### Article (14)

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

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

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

This will be in accordance with the limits and conditions provided for in the Executive Regulations.

### Article (15)

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

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

## Chapter two: Confidentiality

### Article (16)

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

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

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



Part VI

# Objections and Appeals



## Chapter one: Objections

### Article (17)

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

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

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

### Article (18)

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

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

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

## Chapter two: Appeals

### Article (19)

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

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

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

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

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

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

## Income Tax Law

### Part VII

# Collection and Refund of the Tax

## Chapter one: Collection of the Tax

### Article (20)

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

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

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

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

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



## Chapter two: Seizure of Taxpayer's Property

### Article (21)

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

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

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

### Article (22)

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

4. Where the statement was not submitted by the person within the specified period or where the amounts were not paid to the Authority in accordance with the provisions of the previous paragraph, the Authority shall carry out the procedures of executive seizure on the person's property.
5. For the purposes of implementing paragraphs (1) and (4) of this Article, the Authority shall notify the debtor, and the seizure shall be executed by the Authority in accordance with the provisions of the Law.
6. The provisions of paragraphs (2), (3) and (4) of this Article shall not apply to banks, except on the basis of a court decision.

## Chapter three: Refund of Unduly Collected Tax and Financial Penalties

### Article (23)

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

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

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

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

# Financial Penalties and Sanctions



## Chapter one: Financial Penalties

### Article (24)

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

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

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

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

### Article (25)

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

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

## Chapter two: Sanctions

### Article (26)

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

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

### Article (27)

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

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

### Article (28)

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

### Article (29)

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

### Article (30)

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

### Article (31)

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

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

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

### Article (32)

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

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

# General Provisions



### Article (33)

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

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

### Article (34)

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

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

### Article (35)

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

### Article (36)

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

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

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

### Article (37)

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

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

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

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

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

### Article (38)

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

### Article (39)

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

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





## **PART B**

# Executive Regulations to Income Tax Law

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

## **The Council of Ministers,**

Having perused the Constitution,

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

The proposal of the Minister of Finance

## **Has decided the following:**

### **Article (1)**

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

### **Article (2)**

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

### **Article (3)**

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

## **Abdullah bin Nasser bin Khalifa Al Thani Prime Minister**

We hereby ratify and promulgate this Decision

## **Tamim bin Hamad Al Thani Emir of the State of Qatar**

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

## Executive Regulations to Income Tax Law

### Part I

# Scope of Tax

## Chapter one: Taxable income

### Article (1)

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

1. Gross income derived by a resident Taxpayer from an activity carried out in the State.
2. Capital gains derived from the disposal of real estate properties located in the State or the disposal of shares, ownership shares and any such other tangible or intangible assets with respect to an activity carried out in the State.
3. Income derived by a Permanent Establishment (PE) from an activity carried out in the State. 'Permanent establishment' means the following:
  - a) A building site, construction, assembly project or supervisory activities in connection therewith constitute a PE only if such site, project or activity lasts more than six months.
  - b) Provision of services including the consultancy services provided through employees or other personnel engaged by the enterprise for such purpose, but only if the activities of that nature continue for a period or periods aggregating more than 183 days in a twelve months period.
4. Income derived by a non-resident person from any activity carried out in the State, where such activities are similar or quite similar to an activity carried out by a Permanent Establishment in the State and linked to the said non-resident person, irrespective of whether such activity was restricted to only one transaction.
5. Income derived by a non-resident person with no Permanent Establishment in the State, where such person carries on an activity in the State through a resident person acting on his behalf, in the following cases:
  - a) If the resident person concludes contracts or plays the principal role in concluding these contracts on behalf of the non-resident person, in a routine manner and without any major amendment therein, irrespective of these contracts being related to the transfer of asset ownership, grant of asset use rights, or provision of services by the non-resident person.
  - b) If the resident person maintains in the State, in a routine manner, inventories of merchandise and goods and is taking charge of it on behalf of the non-resident person.

6. Income derived by a non-resident person with no Permanent Establishment in the State and without having no resident person acting on his behalf, in the following cases:
  - a) If the activity is carried out in the form of an operation(s) constituting a complete business cycle in the State. 'Complete business cycle' refers to a series of commercial, industrial or handicraft operations resulting in an income or gain, where such operations form a coherent whole, such as acquisition processes followed by sale processes.
  - b) If the activity involves the provision of services inside the State. Such services shall be deemed to be provided inside the State if they have been completed, consumed, used, or exploited in the State

## Chapter two: Tax exemptions

### Article (2)

1. Bank interests and returns provided for in Article (4/1) of the Law include income derived by a natural person from savings accounts, deposits, and any such other investment instruments at traditional or Islamic banks.
2. Interests and returns on public treasury bonds, Islamic financial securities and bonds of public corporations, as provided for in Article (4/2) of the Law, shall include gains derived from the disposal of such securities and bonds.
3. For the purposes of Article (4/3) of the Law, real estate property and securities that form part of the assets of a taxable activity shall mean those real estate and securities that form part of the assets of a taxable activity carried out by the taxpayer. Securities shall include stocks and bonds of Qatari stock companies, as well as any such other securities authorized for trading and all other investment instruments, and all that may be considered as such under the applicable legislations.
4. For the purposes of Article (4/4) of the Law, and in case of a breach of any condition stipulated therein, capital gains resulting from the revaluation of the company's assets shall be taxable starting from the year in which exemption was utilized.
5. The term 'exemption' referred to in Article (4/5) of the Law includes the surplus distributed by the liquidator amongst the partners, after repayment of the Company's debts and after the monetary value of their shares in the capital has been redeemed, subject to the provisions of paragraphs (a) and (b) of clause (5) of Article 4 of the Law.

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

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

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

7. The exemption referred to in Article (4/7) of the Law shall apply to gross income derived from agricultural and fishing activities. It shall not apply to any industrial or commercial activity supplementing, or relating to such activities.
8. For the purposes of Article (4/8) of the Law, profits realized in the State by an air or sea transport company resident in another country and derived from the operation of aircrafts or ships in international transport shall be exempted from Income Tax to the extent that the Qatari navigation company shall be also exempt from tax in said another country, on its profits derived from operating aircrafts or ships depending on the nature of the activities from which these profits are resulting, and according to a certificate issued by said another country's tax authorities or by virtue of a reciprocity agreement providing for such exemption.
9. The exemption referred to in Article (4/3, 4/11) of the Law shall only be granted if the persons are resident in the State.
10. The exemption referred to in Article (4/10) shall be granted under the following conditions:
  - a) If the legal person is resident in the State.
  - b) If the legal person keeps accounting books in accordance with the applicable accounting standards in force in the State.
  - c) If Qataris are resident in the State.
  - d) If Qataris are beneficial owners of the legal person.
  - e) If Qataris own the entire capital throughout the accounting period in which the exempt income has been derived.

11. The exemption referred to in Article (4/11) of the Law shall be granted under the following conditions:
    - a) If the legal person eligible for exemption and legal persons referred to in paragraphs (b) and (c) of Article (4/11) of the Law keep accounting books in accordance with the applicable accounting standards in force in the State.
    - b) If the owners of the exempt gains are resident in the State and remain owners thereof throughout the accounting period in which such gains have been realized.
    - c) If Qatari natural persons are direct owners, and beneficiaries of the legal person referred to in paragraphs (b) and (c) of Article (4/11) of the Law.
  12. For the purposes of Article (4/13) of the Law, the exemption referred to in respect of the share of a non-Qatari investor shall not apply to his shares in the profits of a company owned by a listed company (i.e. whose shares are traded on the stock exchange in the State).
  13. GCC citizens shall be subject to the same exemptions and controls established for Qatari citizens under Article (4) of the Law, subject to the provisions of Law No. (9) of 1989 on the Parity of the Citizens of the Arab States of the Gulf Cooperation Council in Taxation Dealings.
- c) If the activity is ceased, assigned or sold, the accounting period shall commence from the end date of the previous accounting period to the date of such ceasing, assignment or sale, provided that the Authority shall be notified within the legal time limit. Events of ceasing, assignment or sale of an activity include, but not limited to, corporate merger, acquisition or split-up/division, in accordance with the provisions of the law governing Commercial Companies Law. The period between the end of the accounting period prior to the assignment or sale of the activity and the beginning of the new accounting period shall be treated as a separate accounting period, provided however that such period shall not be less than six (6) months; otherwise, such period shall be added to the first accounting period after assignment or sale.
  - d) If the taxpayer engages in a temporary activity not lasting more than (18) eighteen months, the accounting period shall be equal to the period of activity.
  - e) In all events, tax shall be charged on the basis of the income derived during the accounting period.
2. A taxpayer may apply for a different accounting period in the following instances:
    - a) Where the taxpayer is a member of a group of companies, or a branch of a foreign company which applies an accounting period different from the taxable year, in which case such taxpayer is entitled to apply for approval of the accounting period used by such group, parent company, or head office.
    - b) Where the nature of the taxpayer activity requires using an accounting period different from the taxable year.

## Chapter three: Accounting period

### Article (3)

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

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

- a) If the taxpayer commences his activity after the start of the taxable year, the first accounting period shall begin from the date of commencement of activity and shall end at the end of the taxable year in which the taxpayer commenced his activity, provided however that the taxable year shall not be less than (6) six months; otherwise, the accounting period shall end at the end of the subsequent taxable year.
  - b) In the event of liquidation of the activity, the accounting period shall run from the end of the previous accounting period to the date of completion of liquidation, provided, however, that the accounting period shall not exceed (12) twelve months; otherwise, a new accounting period shall commence.
3. In the case of change of the accounting period, the period between the end of the accounting period prior to the change and the beginning of the new accounting period shall be treated as a separate accounting period, provided that such period shall not be less than six (6) months, otherwise it shall be added to the first accounting period after the change.
  4. Taxpayers wishing of changing the accounting period shall file an application with the Authority at least thirty (30) days prior to the end of the previous accounting period in respect of which the taxpayer shall submit the tax returns and financial statements. The expiry of sixty (60) days from the date of an application without a response from the Authority shall be deemed as a rejection of such application.

5. The Authority may withdraw its approval of an accounting period different from the taxable year, where it deems it is necessary. Such withdrawal shall become effective only after the end date of the accounting period during which withdrawal decision has been made. The first accounting period following such withdrawal, shall be treated as the first accounting period following the change under paragraph (3) of this Article.

## Article (4)

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

In the case of accrual-based accounting, income shall be recorded upon such income being due to be received by the taxpayer, even where such income is paid at a later date or in instalments, and expenses shall be booked when the liability related thereto occurs, with the occurrence of the event generating the liability, regardless of the date of payment.

2. Any taxpayer whose total income does not exceed one million (1,000,000) Qatari riyals during the previous accounting period may apply to the Authority for approval of the application of the cash-based accounting method, in which case income shall be entered upon receipt thereof or when it is ready to be received, and expenses shall be entered upon payment thereof. The Authority shall reply within (60) sixty days. Failure to reply within the prescribed time limit shall be treated as an implicit rejection. Where the total income exceeds such amount, such taxpayer shall use the accrual accounting method.
3. Total annual income for long-term contracts shall be determined by the accrual-based completed work method.

Long-term contracts shall mean contracts implemented by the taxpayer for the benefit of other party on a determined value, with an actual contract period exceeding eighteen (18) months.

4. Subject to the exemptions referred to in Article (4) of the Law, capital gains derived from the disposal of shares or stocks of companies resident in the State in the context of a merger or division of companies shall be included within the taxable income of the merged company or the company subject of division under the taxable year during which such merger or division had taken place, as the case may be.

## Executive Regulations to Income Tax Law

### Part II

# Calculation of the Tax



## Chapter one: Taxable income

### Article (5)

1. In determining the Taxable Income, shall be considered all revenues arising from transactions carried out by the taxpayer, including the disposal of assets and incidental activities, unless they are exempted from tax. Compensations payable for any damage to an asset shall be treated as revenues from the disposal of such asset. An excess value resulting from a re-evaluation of assets shall not be considered unless such value is actually realized.
2. Excess value from disposal of tangible and intangible assets shall be calculated as follows:
  - a) In the case of disposal of non-depreciable assets, excess value shall be computed on the basis of the difference between the amount of consideration received in respect of the asset or market price, whichever is higher, and cost of the asset.
  - b) In the case of disposal of depreciable assets, excess value shall be computed on the basis of the difference between the amount of consideration received in respect of the asset or market price, whichever is higher, and the net book value.
  - c) In the case of disposal of legal persons' ownership shares, excess value shall be computed on the basis of the difference between sale price or fair value, whichever is higher, and the consideration for the seller's share in capital, provided all supporting documents are submitted, and taking into account all circumstances surrounding the transaction.
  - d) In the case of disposal of real estate properties owned by non-residents who carry on an activity within the State, excess value shall be computed on the basis of the difference between the sale price or market price, whichever is higher, and the ownership cost of such real estate properties.
3. To determine the taxable income, expenses and costs satisfying the following conditions shall be deducted from the gross income:
  - a) They are necessary for the purposes of the activity, in a such way that no gross income can be derived without them. This excludes costs incurred for personal purposes or another taxpayer's activity.
  - b) They are actually incurred and supported by documentary evidence, including particularly contracts, invoices, receipts, etc. In case of deductible provisions and depreciation, this condition shall only be deemed to be satisfied if such depreciation or provision is registered in the accounts, while providing the relevant supporting documents.

- c) They do not increase the value of fixed assets used in the activity. Fixed assets shall be determined in accordance with the applicable accounting standards in force in the State.
  - d) They are related to the taxable year and registered in the accounts.
4. The taxpayer may subtract the losses incurred during the taxable year from the net income of the following years, in accordance with the provisions of Article (7) of the Law, subject to the following:
- a) Losses may not be carried forward for more than (5) years, starting from the end of the taxable year in which they were incurred.
  - b) Losses arising from a tax-exempt or non-taxable source of income can not be subtracted.

### Article (6)

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

### Article (7)

1. Subject to the provisions of tax agreements, administrative and general expenses paid by a permanent establishment to its head office outside the State shall be deducted within the following limits:
  - a) (1%) of the total income of the permanent establishment, in the case of banks and insurance companies.
  - b) (3%) of the total income of the permanent establishment in other cases.

After deducting the following:

- The value of construction contracts and subcontracting works.
  - The costs of works done abroad.
  - The value of external supplies in relation to the activity of the permanent establishment.
  - The value of reinsurance premiums paid.
2. Amounts paid by a permanent establishment to its head office or to its other branches shall not be deducted, with the exception of actual expenses in the form of royalties, fees, and other similar payments in exchange for the use of patents or any such other rights or in consideration of services rendered to the Permanent Establishment.

### Article (8)

1. Subject to the deductibility conditions set forth in Article (5/3) of these Regulations, the total expenses spent on entertainment, hotel accommodation, restaurant food, vacations, club subscriptions and gifts to customers, as provided for in Article (8/5) of the Law, shall be deducted within the limit of (2%) of the total net income before applying this deduction in respect of the same accounting period, or an amount of (500,000) riyals, whichever is higher. In all cases, expenses spent outside of the State for these purposes can only be deducted within the limit of (500,000) five hundred thousand riyals.
2. Total donations, gifts, subsidies and contributions in charitable activities or paid in the State to any licensed non-profit entity shall be deducted, provided they do not exceed (3%) three percent of the net income, before such deduction has been applied. Zakat payments made by the taxpayer shall be treated as donations and shall be deducted according to the same limits and controls.

### Article (9)

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

### Article (10)

1. Interests on loans and similar amounts paid by a taxpayer to related parties, as defined in the international accounting standards, shall be deducted within the limits of interests calculated on loans, which shall not exceed three times the taxpayer's ownership rights recognized in his accounts during the accounting period in question, provided however that the loan results in economic benefits to the taxpayer, by virtue of an agreement between them specifying the loan term and purpose.
2. Interests paid by a Permanent Establishment in the State to its head office or an entity related to such head office within or outside the State shall not be deducted.
3. Interests paid to the owner of an individual establishment for the amounts deposited in his establishment shall not be deducted.

### Article (11)

The following expenses and costs shall not be deducted:

1. Income tax paid by the taxpayer inside the State and taxes borne by the taxpayer outside the State.



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

### Article (12)

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

1. That the bad debt was previously included in the taxable income of the taxpayer in the year the debt was due.
2. At least twenty four months have passed since the debt was due.
3. That the taxpayer has constituted sufficient provisions to cover the bad debt.
4. That the taxpayer proves his inability to recover the debt despite taking all available legal action.
5. That the taxpayer presents a certificate from the Auditor that the debt has been written off from the books according to established principles.
6. That the taxpayer attaches a list of bad debts, according to the form used by the Authority, upon submission of tax returns for the year in question.
7. That the taxpayer undertakes to include the debt in his income in the collection year where the debt is collected after having been written off.

### Article (13)

Only the following provisions shall be deducted:

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

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

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

### Article (14)

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

1. Lands.
2. Business reputation or goodwill and the like.

### Article (15)

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

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

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

### Article (16)

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

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

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

### Article (17)

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

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

### Article (18)

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

### Article (19)

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

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

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

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

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

## Article (20)

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

## Chapter two: Withholding tax

### Article (21)

1. The amounts provided for in Article (9/2) of the Law, which are paid by natural persons who carry on activities in the State, and legal persons resident in the State, including ministries, other government agencies, public corporations and institutions, and permanent establishments in the State related to persons not resident in the State, shall be subject to withholding tax. With exception of the amounts owed to ministries, other government agencies and public institutions and corporations, the amounts referred to above in Article (9/2) shall be deemed to be actually paid upon the lapse of a maximum period of (12) twelve months from the due date of these payments. Administrative and general expenses paid to the head office as provided for in Article (7) of these Regulations, shall not be subject to withholding tax.
2. Consideration for services, as provided for in Article (9/2) of the Law, shall be subject to withholding tax at (5%) of the total amount, without deducting any costs, where such services are rendered wholly or partially in the State. A service shall be deemed rendered wholly or partially in the State where any work necessary for its completion is done in the State, including in particular all data, site inspection and service completion, even if done by a person other than the taxpayer. The delivery of the service shall not be deemed as work necessary for completion. Services shall be deemed to be completed in the State to the extent that they are used, consumed or exploited in the State, even if rendered wholly or partially outside the State.
3. The following activities shall not be deemed as services whose consideration shall be subject to withholding tax under Article (9/2) of the Law:
  - a) Reinsurance.
  - b) Freight and sale of tickets
  - c) Sea transport of petroleum, its components and manufactured sub-products.
4. The following interests shall not be deemed interests subject to withholding tax:
  - a) Interests on deposits at banks in the State.
  - b) Interests on bonds and securities issued by the State, public authorities, institutions and corporations wholly or partially owned by the State.

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

### Article (22)

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

The Minister shall issue a decision determining the mechanisms for applying the provisions of withholding tax and double taxation treaties. Such decision shall state the conditions, procedures and guarantees for the application of such mechanisms.

3. Withholding tax shall be applied, according to the percentages and terms provided for in Article (21) hereof, on amounts paid to non-resident companies which are wholly or partially owned by Qatari citizens and citizens of the Cooperative Council for the Arab States.

### Article (23)

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

### Article (24)

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

Executive Regulations  
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Part III

# Tax Obligations



## Chapter one: Registration and notification

### Article (25)

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

### Article (26)

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

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

### Article (27)

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

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

### Article (28)

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

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

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

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

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

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

## Chapter two: Tax returns

### Article (29)

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

### Article (30)

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

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

### Article (31)

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

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

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

### Article (32)

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

### Article (33)

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

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

## Article (34)

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

- b) That taxpayer's accounts were made in accordance with international accounting standards applicable in the State, and, in the case where accounting books are kept using computer system, that the used system observes safety and accuracy standards and requirements.
  - c) That the taxpayer observed the disclosures set forth in the applicable standards, laws and regulations in force in the State.
4. Those who have taken part in preparing the taxpayer's final accounts may not audit the taxpayer's final accounts and prepare the auditor's report.

## Chapter three: Accounting obligations

### Article (35)

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

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

### Article (36)

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

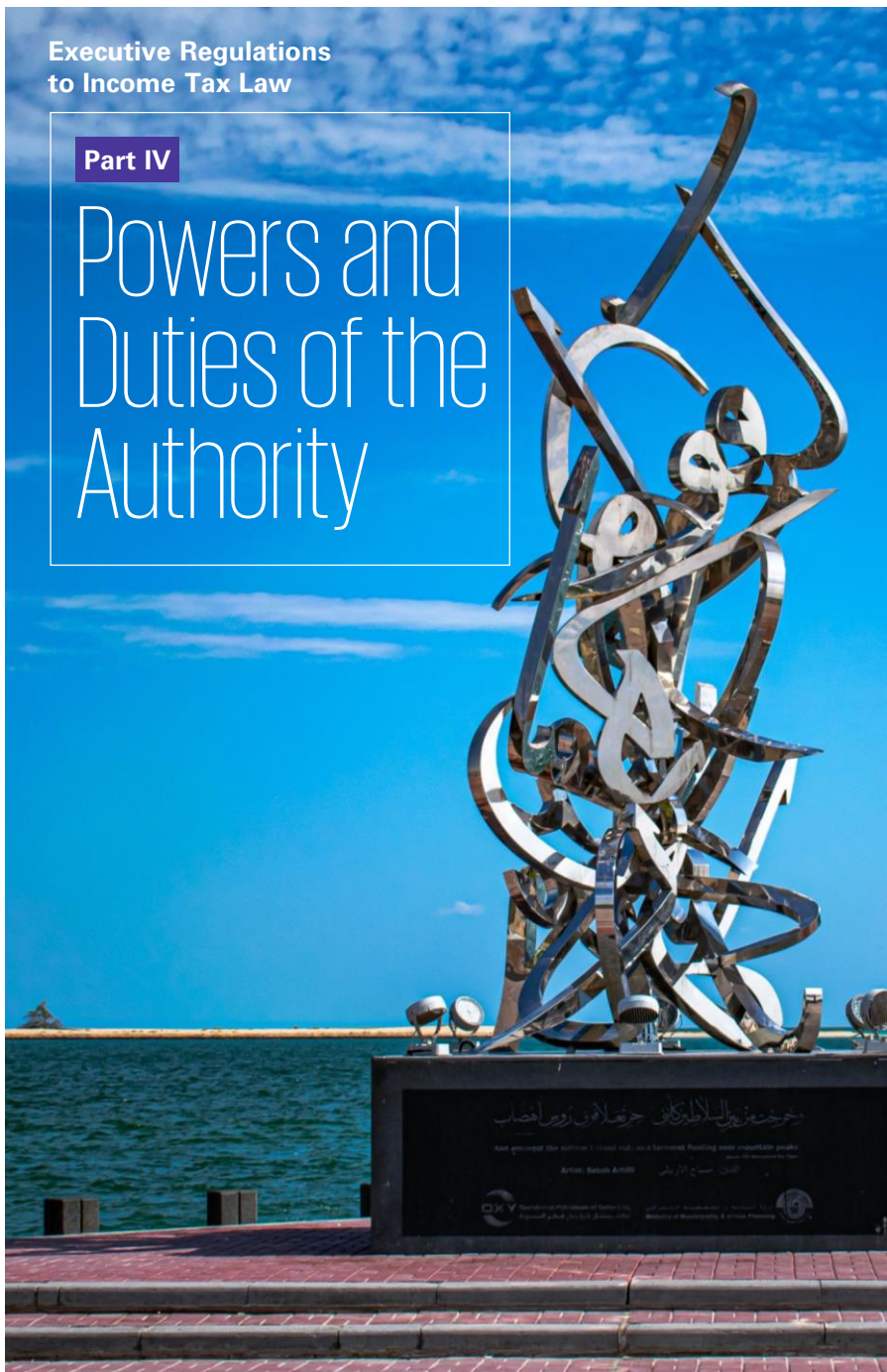
- c) The taxpayer filed the tax return for the year to which such books, documents and records are related.
  - d) No loss is registered in the year to which the records, books and documents are related nor in the previous five years.
  - e) The Authority's right to assess the tax for the year to which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



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Part IV

# Powers and Duties of the Authority



## Chapter one: Information, data and record and exchange

### Article (37)

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

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

## Chapter two: Control and inspection

### Article (38)

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

## Chapter three: Tax examination

### Article (39)

1. Subject to the statute of limitation provisions provided for in the Law, the Authority may examine the taxpayer's tax returns and documents enclosed therewith, as well as any such other records, books or statements the Authority may deem necessary to ascertain the conformity of the information contained in the return with the provisions of the Law and these Regulations. To this effect, the Authority may undertake any of the following:
  - a) Invite the taxpayer or his tax agent to discuss it and provide any clarifications and information relating to his activity, tax returns and financial accounts within the time limit prescribed by the Authority. His observations and clarifications shall be recorded in a report prepared by the Authority to this effect.
  - b) Request the taxpayer or his tax agent to provide any information, documents, books, records or statements required for examination purposes within (20) twenty days from the date of receipt of a relevant notification.
  - c) Conduct a field inspection of the taxpayer's activity and examine his books and records during the taxpayer's working hours.
  - d) Maintain hard or soft copies of any books, records, documents and seize the original copies thereof, where the Authority deems it necessary.
  - e) Examine the taxpayer's books, records and statements to collect information on the tax due by another taxpayer.
  - f) Access and examine information software, systems and applications used to register the taxpayer's accounts and prepare his tax returns.
  - g) Access and examine the data necessary for the exploitation of such information software, systems and applications and the resulting restrictions and remedies, as well as the databases used to process transactions or issue invoices, revenues, payments, assets or inventory.
2. The Authority may, upon such examination, notify the taxpayer using the form prepared for this purpose. Such notification shall be served at least (15) fifteen days prior to the commencement of tax examination process. The prior notification shall state the commencement date of examination and the tax period (s) subject-matter of examination.

3. The examination process shall take place at the headquarters of the Authority or taxpayer, as may be decided by the Authority.
4. Any taxpayer who is subject to examination shall be entitled to the following:
  - a) Request the tax examiner to present the official card.
  - b) Obtain copies of any original records or documents seized or obtained by the Authority.
5. Taxpayers who are subject to tax examination shall offer all support and facilities necessary to enable the tax examiner to perform his duties to the fullest.
6. The Authority may, upon performing such tax examination, use technical specialists and experts from government entities or the private sector which do not compete with the taxpayer, where necessary.
7. The Authority may, prior to the issuance of the assessment decision, notify the taxpayer of the tax examination results. The taxpayer shall share his observations in this respect within (30) thirty days from the date of receipt of relevant notification. The taxpayer may also request to access or obtain copies of documents and statements which the Authority relied on when amending and assessing the tax due.
8. The Authority may request foreign tax authorities to conduct simultaneous audit and examination activities. It may also, at the request of a foreign tax authority, conduct simultaneous examinations, in accordance with the controls and procedures prescribed by a decision of the President.

## Chapter four: Tax assessment

### Article (40)

The Authority shall assess the tax as follows:

1. The tax return shall be deemed as a self-tax assessment.
2. If the Authority amends the return filed by the taxpayer, it shall issue a corrective tax assessment decision using the form prepared for this purpose.
3. In all cases where it is not possible to assess the tax based on the taxpayer's real income, the Authority shall issue a presumptive assessment decision using the form prepared by the Authority for this purpose. This includes the failure to file the tax return or the supporting documents or statements within the time limits prescribed herein. These documents shall particularly include the following:

- a) The books or records referred to in the Law and these Regulations, provided they are regular and correct, in accordance with the applicable accounting standards in force in the State.
  - b) Any other information, clarifications and documents requested by the Authority from the taxpayer for tax examination purposes, according to these Regulations.
4. Tax shall be assessed on a presumptive basis using ascertained information and data, evidence and objective presumptions available to the Authority. This shall include in particular:
- a) Data available in taxpayer's accounts, even if the latter were disregarded.
  - b) Type and characteristics of taxpayer's activity.
  - c) Data related to similar cases.
  - d) Reports and statements issued by independent bodies related to taxpayer's activity.
5. Where the taxpayer fails to file his return within the time limits prescribed herein, the Authority may, prior to the issuance of the assessment decision, issue a warning to the taxpayer that the return must be filed within (30) thirty days from the date of such warning.
6. The Authority may amend the assessment decision by decreasing or increasing the amounts due, to avert material errors relating to the calculation of tax and shall notify the taxpayer of the same.

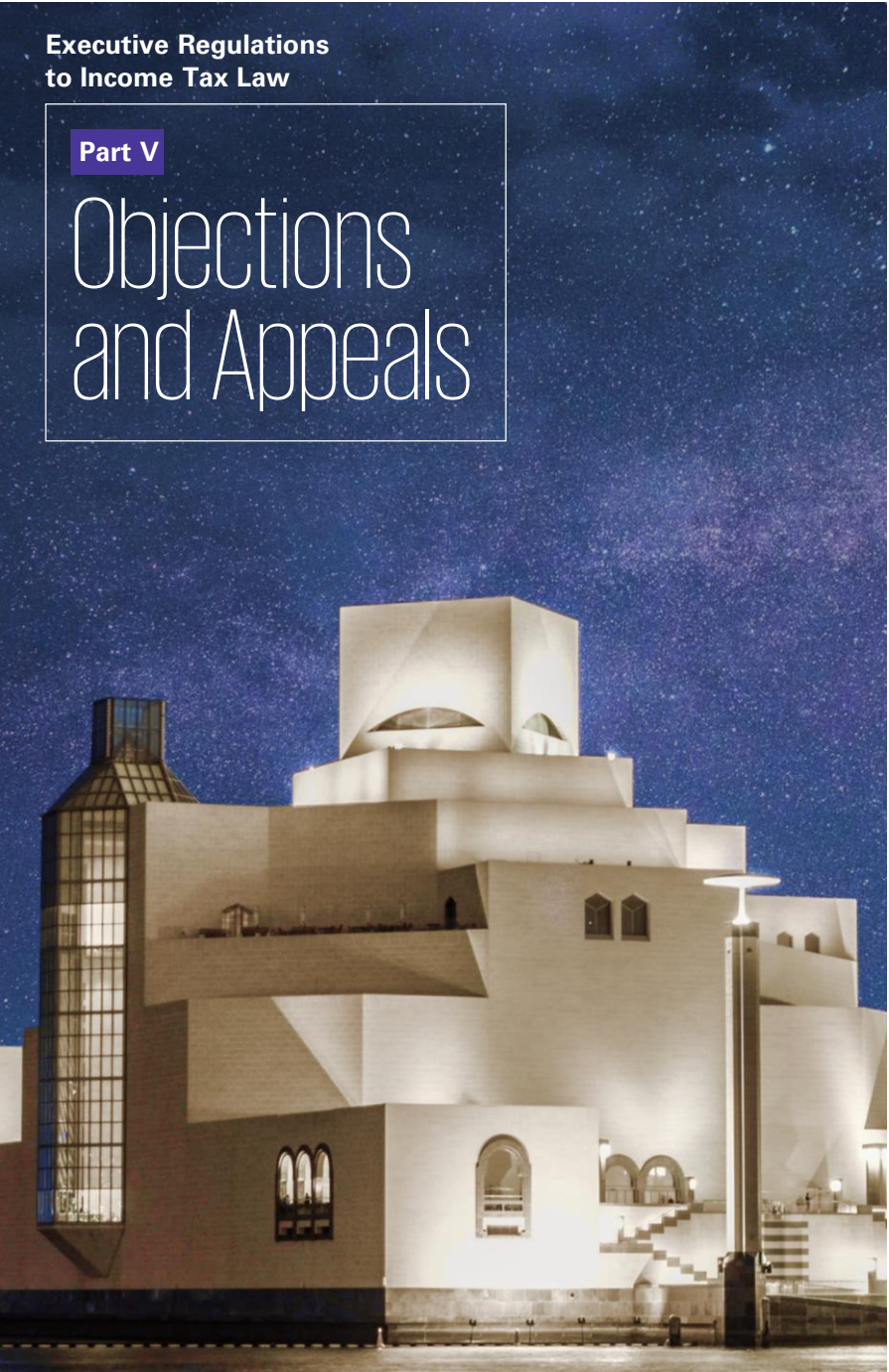
## Article (41)

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

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Part V

# Objections and Appeals



## Chapter one: Objections

### Article (42)

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

## Chapter two: Appeals

### Article (43)

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

# Collection and Refund of the Tax



## Chapter one: Collection of the tax

### Article (44)

1. The taxpayer shall pay the tax due on the basis of the return on the same day of its submission.
2. The tax due as stated on the tax return and the penalties related thereto shall be payable. If the Authority issues the corrective or presumptive assessment decision and the period of objection prescribed in Article 17 of the Law elapsed without an objection, the taxpayer shall be obliged to pay the tax and related financial penalties within (30) thirty days from the date of expiry of the aforementioned period.
3. If the Authority issues the corrective or presumptive assessment decision and the taxpayer objects to such decision within the time limit prescribed in Article (17) of the Law and such objection has been settled, the tax due on the basis of the Authority's decision on the objection and related financial penalties shall be paid within (30) thirty days from the date when the taxpayer is notified of the Authority's decision on the objection.
4. If the taxpayer objects to the corrective or presumptive assessment decision without a response from the Authority on such objection within (60) sixty days, as provided for in Article (18) of the Law, the tax due on the basis of the tax assessment decision and related financial penalties shall be paid within (30) thirty days from the date of elapse of the aforementioned 60-day period.

### Article (45)

1. The tax due and related financial penalties shall be paid at once. They may be paid in installments, upon the approval of the Authority, and at the request of the taxpayer, if and to the extent that the following conditions are met:
  - a) The financial situation of the taxpayer proves to be unstable such that it is difficult for the taxpayer to pay the tax due and related financial penalties at once.
  - b) The taxpayer did not obtain previously the Authority's approval to pay the tax due and related financial sanctions on installments, or has obtained such approval and paid all installments in time.
  - c) The amount to be paid in installments does not include a tax due and related financial penalties arising from the committing by the taxpayer of any of the crimes provided for in Article (26) of the Law or a tax withheld at source or related financial penalties.

2. Failure by the Authority to respond to the installment payment request within (60) days shall be deemed to be a rejection of such request. In the case of approval of such request, the calculation of the financial penalty prescribed in Article (24/2) of the Law shall be suspended with respect to amounts included in the request.
3. In all cases, if the taxpayer fails to pay any installment on due date, all remaining installments shall become immediately due and payable and the financial penalty prescribed in Article (24/2) of the Law with respect to unpaid amounts shall be recalculated, starting from the date of approval of installment payment request.

## Article (46)

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

## Chapter two: Refund of the tax

### Article (47)

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

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

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

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



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

## Executive Regulations to Income Tax Law

### Part VII

# Financial Penalties



### Article (48)

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

### Article (49)

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

## Executive Regulations to Income Tax Law

### Part VIII

# Tax Avoidance



## Chapter one: Prevention of tax avoidance

### Article (50)

1. Avoidance of payment of tax due, under the provisions of Article (33/paragraph 1) of the Law shall mean the entering of the taxpayer into arrangements, operations or transactions one of the main purposes of which is the reduction of the amount of taxable income, the creation of a loss, the increase of loss, or the use by the taxpayer of agreements for the avoidance of double taxation for these purposes. This includes the cases where the amount of tax due becomes nil.
2. In the application of the provisions of Article (33/ paragraph 1) of the Law, tax advantage shall particularly mean the following:
  - a) The reduction of the amount of the tax due through the reduction of the gross income or increase of liabilities or losses.
  - b) Obtaining a tax exemption.
  - c) Obtaining a refund of amounts of tax or related financial penalties already paid.
3. Arrangements, operations and transactions provided for in Article (33/paragraph 1) of the Law shall include, in particular, the following:
  - a) Arrangements, operations and transactions organized and implemented through one or more interconnected actions whose purpose is the avoidance of tax. This provision shall not apply to arrangements, operations and transactions carried out for bona fide commercial reasons and where tax avoidance is not a main purpose therein.
  - b) Arrangements, operations and transactions which include the division by the taxpayer of his income and its transfer, wholly or partly, to other related person and persons in order to avoid the payment of tax, wholly or partly.
4. The arrangements, operations and transactions referred to above take into account the artificial avoidance of permanent establishment status through commissionaire/agents' arrangements and similar strategies. This includes, in particular, the following:
  - a) Where a person takes on, as a matter of routine, the main role in executing contracts in the State on behalf of another non-resident person, without making any material amendment to these contracts, if and to the extent that one of the following condition are satisfied:
    - These contracts are executed in the name of the non-resident person.

- These contracts involve a transfer of ownership, or the grant of a right to use assets owned by a non-resident person.
  - These contracts provide for the provision of services by a non-resident person to a resident recipient in the State.
- b) Where a person carries on exclusively or almost-exclusively, in his ordinary course of business as an independent agent, activities in the State on behalf of one or more non-resident related entities.

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

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

### Article (51)

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

## Chapter two: Indirect transfer of profits between related entities

### Article (52)

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

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

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

### Article (53)

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

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

### Article (54)

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

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

### Article (55)

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

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

### Article (56)

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

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

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

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

### Article (57)

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

1. Such entity's total revenues or total assets, as shown in its financial statements, equal or exceed the amount prescribed by the Authority.
2. One of the related entities shall be a resident outside of the State.

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

### Article (58)

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

### Article (59)

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

### Article (60)

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

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

### Article (61)

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

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

### Article (62)

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

### Article (63)

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

The provisions of the previous paragraph shall apply to transactions made between:

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

### Article (64)

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

## Executive Regulations to Income Tax Law

### Part IX

# General Provisions



### Article (65)

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

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

### Article (66)

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

### Article (67)

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

## Article (68)

1. For the purposes of the previous Article, the following addresses shall be used:
  - a) The taxpayer's last postal address available to the Authority or determined, disclosed or used by the addressee in his correspondence or otherwise his last known place of residence or business.
  - b) The taxpayer's last email address available to the Authority or determined or disclosed by the addressee.
2. In the case of notification by email to a legal person, such notification shall be served in the following order:
  - a) Email address provided in advance.
  - b) Email address of the legal representative of the addressee legal person.
  - c) Last known email address of the person acting on behalf of the addressee.

## Article (69)

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

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

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

## Article (70)

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

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

## Article (71)

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

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