

DOING BUSINESS

IN QATAR

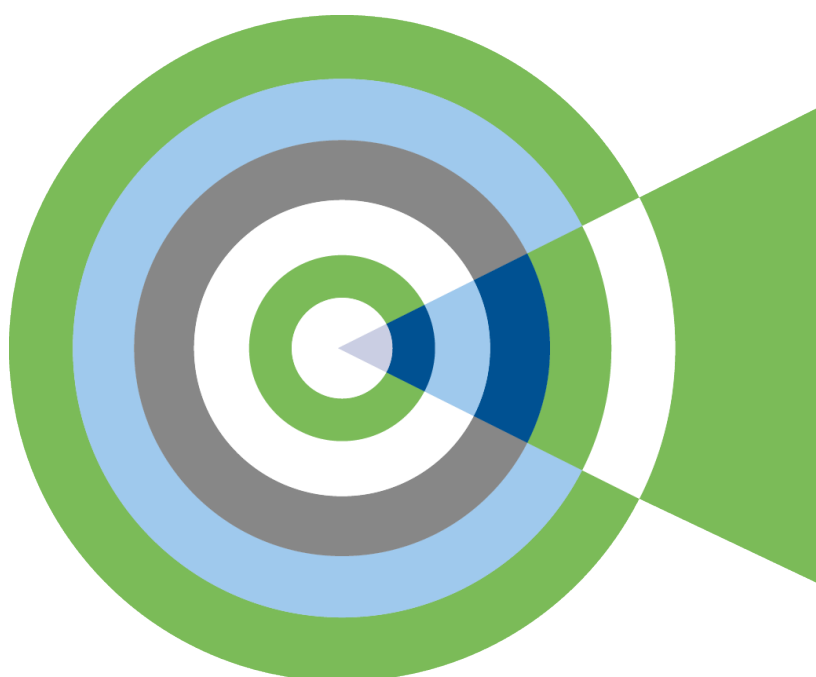


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1 – INTRODUCTION

UHY is an international organisation providing audit, accountancy, business management and consultancy services through financial business centres in around 100 countries worldwide.

Business partners work together throughout the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering a business operation in Qatar has been provided by the office of UHY's representative there:

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Information in the following pages has been updated so that it is effective at the date shown, but inevitably it is both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at May 2023.

We look forward to helping you do business in Qatar.

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2 – BUSINESS ENVIRONMENT

BACKGROUND

Qatar is situated on a peninsula that extends from the Arabian Peninsula approximately 160 kilometres (99 miles) north into the Persian (Arab) Gulf and it is bordered by Saudi Arabia. Qatar shares maritime borders with Bahrain, Iran and the UAE. It covers an area of 11,586 square kilometres (4,473 square miles) making Qatar about 1.25 times larger than Cyprus, or also somewhat larger than Puerto Rico.

Before the discovery of oil, Qatar was once a place of poverty, malnutrition and disease. During its earlier history, Qatar was formed from a loose association of tribal groups primarily engaged in pearl harvesting and fishing. This came to end in the 1930s when the pearl market collapsed. In 1935, the establishment of Qatar General Petroleum Corporation took place, signalling the end to one phase of Qatar's history and the beginning of the next.

The State of Qatar is a rapidly developing, high-income country, which is an independent emirate in the Gulf Region. Its capital city is Doha, with a population of 2.6 million from more than 85 nationalities. Qatar has a stable and resilient economy, powered by a rigorous diversification agenda, a vibrant environment for innovation and a business-friendly ecosystem. The nominal GDP was US\$179 billion as of 2021. The currency used is the Qatari Riyal (pegged at QAR3.64 for US\$1.00 since 2001). Qatar is the safest country in the world (as per the Numbeo Safety Index 2022), and the largest LNG exporter, with the third-largest reserves of natural gas on the planet. It is the third-wealthiest country in the world, ranked second in the Global Competitiveness Index for the Arab world.

FIFA WORLD CUP 2022 QATAR

Qatar hosted the most prestigious football tournament in the world from 20 November to 18 December 2022. This global event boosted the growth of multiple industries, having a positive long-term effect on the country's attractiveness. It is the first event of its kind to held in the Arab world, and the second held entirely in Asia in the last 20 years. The tournament hosted 32 countries competed for the trophy, with 1.4 million visitors.

The event promoted cultural, political and social values. Hosting such a mega event attracted tourists from various parts of the world and not only boosted the global presence of the country, but also helped rebrand Qatar as a tourism destination.

The preparations have led Qatar to invest heavily in infrastructure projects such as roads, rail, tourism, construction and hotels. Around US\$220 billion was ear-marked to be spent on infrastructure development.

The tournament attracted international businesses and promoted Qatar as an investment destination, especially in light of the country's change in regulations to allow investors to register 100% foreign-owned companies, further facilitate foreign investors to access the market.

Source: Qatar Financial Centre (QFC)

QATAR NATIONAL VISION 2030

The Qatar National Vision (QNV) aims at transforming Qatar into an advanced country by 2030, capable of sustaining its own development and providing for a high standard of living for all its people and the future generations to come.

In July 2008, the Qatari government published a formal outline of QNV 2030. The Vision was followed by the National Development Strategy, which outlined development strategies to be employed by government ministries in order to ensure that they are working toward QNV 2030 in an efficient manner.

Progressive implementation of the national vision will create even more business opportunities in Qatar, resulting in an increasing investor attraction. The Vision provides a framework within which national strategies and implementation plans are developed and is based on four interrelated principles.

PILLARS OF QNV 2030

- 1. Human development:**
Develop all citizens to enable them to sustain a prosperous society.
- 2. Social development:**
Develop a just and caring society with high moral standards and an active role in global development.
- 3. Economic development:**
Develop a competitive diversified economy to secure prosperity for the present and future generations.
- 4. Environmental development:**
Ensure harmony among economic growth, social development and the environment.

Economic development is an essential part of QNV 2030. Achieving that objective hinges on Qatar's ability to create a balance between an oil-based and a knowledge-based economy, helping diversify the country's economy and guaranteeing a stable and sustainable business environment. QNV 2030 targets the following outcomes to achieve that balance:

- 1. Sound economic management**
 - Reasonable and sustained rates of economic growth that secure a high standard of living for this generation and future generations
 - Financial and economic stability characterized by low inflation rates, sound financial policy and a secure as well as efficient financial system
 - A stimulating business climate capable of attracting foreign funds and technologies and of encouraging national investments
 - Open and flexible economic structures capable of completing in a changing world
 - Coordination with GCC states and Arab regional economic organizations to establish trade, investment and financial ties

2. Responsible exploitation of oil and gas

- Optimum exploitation of hydrocarbon resources, establishing a balance between reserves and production, and economic diversification and the degree of depletion
- A vigorous oil and gas sector that generates advanced technological innovations and contributes to the development of human resources and economic capacities throughout Qatar
- A fully developed gas industry that provides a major source of clean energy for Qatar and the world
- The long-term maintenance of strategic reserves of oil and gas to meet the needs of national security and sustainable development

3. Suitable economic diversification

- A diversified economy that gradually reduces its dependence on hydrocarbon industries, enhances the role of the private sector and maintains its competitiveness through:
 - Expansion of industries and services with competitive advantages derived from hydrocarbon industries
 - Designs and development of economic activities in which Qatar can specialize, including the technical and human requirements of these activities
 - A knowledge-based economy characterized by innovation, entrepreneurship, excellence in education, a world-class infrastructural backbone, the efficient delivery of public services and transparent accountable government

Qatar's National Development Plan calls for US\$200 billion in infrastructure spending by 2030. Qatar is spending as much as US\$500 million on new infrastructure every week, solely in preparation for the 2022 "Cup tournament". The most important projects such as Doha Metro system and the Stadia are almost completed. Msheireb, Hamad Port, Lusail, Qetaifan and other projects will also significantly advance Qatar's infrastructure.

Msheireb Downtown Doha is a developing area with contemporary architecture, gleaming white mosques and a cluster of museums housed in elegant, Arabic-style buildings. The New Port is a US\$7.4 billion megaproject, which has been completed and includes a new port, a new base for the Qatar Emiri Naval Forces, and the Qatar Economic Zone 3, which spans a 26.5 square kilometres area.

Source: General Secretariat for Development Planning

ECONOMY

As the focus of global governments shifts from coal to cleaner sources like natural gas and renewables, Qatar benefits from its dynamic and vital position as one of the largest exporters of LNG, owing to its vast natural gas reserves. Qatar's North Field is the world's largest single gas reserve, and the North Field Expansion project, overseen by Qatar Energy, is expected to increase the production capacity of LNG by 43% from current levels. Qatar's energy reserves and stable political outlook are key drivers of the country's macroeconomic stability, and the responsible exploitation of oil and gas reserves represents one of the key initiatives under the economic development pillar of QNV 2030. Qatar's economic development plans also include a shift toward the diversification of the economy into other sectors and away from a dependence on hydrocarbon industries, which goes hand in hand with Qatar's plan for environmental development, another key pillar of the QNV 2030.

Averting the dangerous consequences of climate change requires urgent, innovative and ambitious steps to be taken at all levels. With its ambitious 2030 Vision encompassing environmental, social, economic and human development, Qatar is at the forefront of the fight against climate change. Recently it has renewed its efforts and commitments by rolling out new initiatives and strategies aimed at accelerating climate action both at national, regional and international levels.

Qatar has taken practical steps toward its plans for environmental development and has invested in green public transportation and infrastructure projects such as the Doha Metro and Hamad Port.

The state recently launched the National Climate Change Action Plan (NCCAP) 2030 intended to further strengthen and give a new impetus to Qatar's commitments to fighting climate change on a global scale. The NCCAP pursues new solutions and technologies, embraces new ideas and projects, and seeks new partners for collaboration on climate change and environmental protection efforts. In conjunction with NCCAP, the state also set up a dedicated Ministry for Environment and Climate Change (MOECC) and prepared the Qatar National Environment and Climate Change Strategy (QNE), which marks another key milestone in the country's mission toward sustainability. These ambitious strategies set major targets for the state including a 25% reduction in greenhouse gases by 2030, having 25% of total public buses electric by 2022, setting up 400 electric vehicle charging stations by Kahramaa, changing Qatar Petroleum to Qatar Energy with a focus on green energy and sustainability, and establishing 800-megawatt (MW) capacity Siraj solar power plant.

These commitments have positioned Qatar at the forefront of the fight against climate change. Qatar is a global pioneer in sustainability initiatives, particularly in the major areas of urban planning, transportation, energy, and environmental, social, and governance (ESG) reporting.

Furthermore, in January 2020, Qatar announced its first, large-scale solar power plant to promote the use of sustainable, affordable clean energy. In 2022 "Cup tournament", Qatar has ensured sustainability as a key consideration for the design, preparation, and delivery of the tournament, from stadium infrastructure to environmental, social, and entrepreneurship development.

On a global scale, the COVID-19 pandemic and its respective containment measures caused major disruptions in the performance of many economic sectors, especially for non-oil activities. In Qatar, the adverse effect of the COVID-19 pandemic containment measures on non-oil activities caused an economic contraction in 2020, with a 3.7% decrease in the real GDP (Qatar Central Bank (QCB), 44th Annual Report for 2020). However, with the predicted easing of COVID-19 pandemic containment measures and a rise in efficient resource use and productivity, the Qatari economy, including both oil and non-oil activities, is expected to undergo a recovery between 2022 and 2025. The World Bank projects Qatar's economy to expand by 4.9% in 2022. On the other hand, the IMF released the World Economic Outlook April 2022 edition and adjusted 2022 projections for Qatar, and the organization is expecting solid growth of 3.4% in 2022.

The Qatari economy also succeeded in becoming more economically resilient as a result of the measures taken to overcome the negative effects of the regional and global challenges, which has incentivized the Qatari economy to increase its local production as well as expand its export and import ports as well as activities.

KEY ECONOMIC INDICATORS

INDICATOR	UNIT	2021	2022	2023
Nominal GDP	QR billion	653.6	821.6	831.2
Real GDP	% year on year	1.5	3.4	2.5
Current account surplus	% of nominal GDP	14.7	19.9	15.1
Consumer Price Index	%	2.3	5.0	3.2
Fiscal Surplus	% of nominal GDP	0.2	8.4	6.5

Note: Real GDP in constant 2018 prices

FORECAST ASSUMPTIONS

QATAR	2021	2022	2023
Qatar central bank overnight deposit rate %	2.5	2.5	5
Exchange rate	3.64	3.64	3.64
Total budget spending (QR billion)	194.7	204.3	199
Current	118.6	122.7	130
Capital	76.1	78.6	69

EXTERNAL ENVIRONMENT

Global growth %	5.9	4.9	3.6
Crude oil export price, \$ per barrel	65.4	64.1	60.7
Japanese LNG price, \$ per British thermal units	10.3	10.4	9.6

Source: Consolidated Estimates from various sources including Qatar Central Bank, Ministry of Finance - Qatar, ministry of development planning & statistics – Qatar, IMF and World Bank.

3 – FOREIGN INVESTMENT

WHY INVEST IN QATAR?

ENERGY POWERHOUSE

- 200 years of proven natural gas reserves
- 25.7 billion barrels of proven oil reserves
- Natural gas deposits in excess of 900 trillion cubic feet
- Daily output capacity of 850,000 barrels of crude oil
- Annual output capacity of more than 18 million tons of liquefied natural gas (LNG) per year.

ECONOMIC MIRACLE

- One of the richest countries in the world
- 70% of government revenue from exporting oil and gas.

GOVERNMENT SUPPORT

- Liberal economy
- Free trade
- No restrictions on profit transfer or capital repatriation
- No import duties for machinery or raw materials
- Competitive labour costs
- No personal income taxes
- Ministry of Business and Trade support
- Tax exemptions for projects with Ministry of Defence or Ministry of Interior.

BUDGET - MAJOR ALLOCATIONS FOR DEVELOPMENT (2010/2011)

- Infrastructure – QAR 35.5 billion
- Education and youth welfare – QAR 17.3 billion
- Healthcare – QAR 8.6 billion.

HIGHLY DEVELOPED INFRASTRUCTURE

- Hamad International Airport – first airport in the world to fully handle the Airbus A380 (world's biggest commercial aircraft, three times the size of current airports)
- New Doha Port – 2 million teus, seven times the capacity of current ports and with an ultimate capacity of 6 million teus
- Doha Metro – Qatar Rail
- Qatar-Bahrain Causeway – a 40km (25 mile) structure of linked bridges connecting Qatar with the neighbouring Kingdom of Bahrain
- Doha Subsea Tunnel – early phase plans for four lines linking Education City, West Bay, Doha International Airport and Lusail.

THRIVING PRIVATE SECTOR

- Public private partnership (PPP)
- Qatar Financial Centre (QFC) is the onshore business and financial centre to promote and develop Qatar as a leading location for international banking, financial services, insurance businesses, corporate head office functions and other businesses. Activities that may be carried on at the QFC include:

- Regulated financial activities, including financial services, banking, insurance and investment funds
 - Professional and business services
 - Corporate headquarters and management offices
 - Holding and special purpose companies
 - Ship brokering and agency services
- Qatar Free Zone Authority (QFZA) for
 - Incorporate a local company or operate as a branch of a foreign company
 - 100% foreign ownership
 - Trade without local agent or sponsor
 - Sponsor expatriate employees
 - No taxes
 - Duty-free import of goods and services
 - Unrestricted repatriation of capital and profits.
- Qatar Science and Technology Park (QSTP) for technology-based business companies:
 - Incorporate a local company or operate as a branch of a foreign company
 - 100% foreign ownership
 - Trade without local agent or sponsor
 - Sponsor expatriate employees
 - No taxes
 - Duty-free import of goods and services
 - Unrestricted repatriation of capital and profits.

KNOWLEDGE BASED ECONOMY

- Expat-friendly policy:
 - Bring family
 - Register for resident ID
 - Enrol children in school
 - Obtain health card & driving licence
- 2.5% nominal GDP for R&D
- More than 7,000 well-educated graduates per year
- Education City (8 million square metres flagship project)
- Qatar Cultural Village (USD 82 million project)

4 – SETTING UP A BUSINESS

CATEGORIES OF BUSINESS ORGANISATION DEFINED BY THE LAW

The regulations relating to the structure and governance of companies are governed by the Commercial Companies Law, Law No. (5) of 2002, replacing Law No. (9) of 1998.

Certain provisions of the Commercial Companies Law were changed as per Law No. (16) of 2006. One of the main changes of the new law is the removal of the provision where only nationals of the state were allowed to form certain types of partnership companies. Another significant change is the addition of two new types of companies. The New Commercial Companies Law provides for the incorporation of eight different kinds of companies in Qatar as listed below.

SIMPLE PARTNERSHIP COMPANY

This is formed by two or more natural persons who are personally and jointly responsible for the liabilities of the company. The name of the company shall be formed by reference to the name of all the partners, or the name of one partner followed by the words 'and Partners'. A company may have a special commercial name, provided it is connected with the fact that it is a simple partnership company. All the partners in this kind of company shall be natural persons. The company should also have a memorandum of association.

JOINT PARTNERSHIP COMPANY

A joint partnership company is a company consisting of two types of partners:

- Joint partners – they are empowered to administer the affairs of the company, and are jointly and personally responsible for the company's liabilities. All joint partners in a joint partnership company shall be natural persons
- Trustee partners – they merely contribute to the company's capital without being responsible for its liabilities except to the value of their shares in the capital. A trustee partner shall not interfere in the management of the company.

JOINT VENTURE COMPANY

This is a company formed by two or more persons. It is an un-incorporated entity, without validity against third parties and has no legal personality and is not subject to any registration procedures in the commercial register. A memorandum of a joint venture may be proven by all evidential means including substantive and circumstantial evidence. The resolutions of a joint venture company are decided by the unanimous vote of all the partners, unless stated otherwise by the memorandum. If partners of a joint venture company are non-Qataris, then the company is allowed to carry out only those business activities stipulated by law for non-Qataris.

PUBLIC SHAREHOLDING COMPANY

This is a company whose capital is divided into shares of equal value which are transferable. Shareholders are not liable for the company's obligations except for the amount of the nominal value of the shares for which they subscribe. It should have a minimum of five shareholders and in all cases the name of the company should be followed by the words 'Qatari Public Shareholding Company'. Subscription to the shares of the company shall remain open for not lesser than two weeks and not more than four weeks.

Founders may extend the subscription period by another two weeks if shares are not fully subscribed, after obtaining the consent of the Ministry. It shall have a definite term, which should be indicated in the memorandum of association and in the articles of association, in accordance with a format issued by a ministerial decree. The fixed term may be extended by an extra ordinary resolution of the general assembly. The capital should not be less than QAR 10,000,000. The nominal value of each share may be less than QAR 10, subject to the Ministry's approval. A company may purchase its shares for the purpose of selling them in accordance with the rules determined by the Qatar Financial Markets Authority.

LIMITED SHARE PARTNERSHIP COMPANY

A limited shares partnership company is a company formed by two groups, namely:

- Joint partners comprising of one or more joint partners who are personally liable for the debts of the company
- Trustee partners comprising no less than four shareholding partners whose liability is limited to the value of shares held in the capital.

The company should have a memorandum and articles of association signed by all founding partners. In all cases the words 'Limited Shares Partnership Company' should be added to the name of the company. For the joint partners, the company shall be governed in the same manner as a simple partnership company and all the joint partners shall be natural persons. The company should have a minimum capital of QAR 1,000,000, divided into shares of equal value that are transferable and indivisible and should be fully paid on incorporation. The company must have a general assembly composed of all joint and trustee shareholding partners. This is managed by one or more joint partners.

LIMITED LIABILITY COMPANY (WITH LIMITED LIABILITY)

This company is formed with at least two partners and not more than fifty partners, whose liabilities are limited to the value of shares held in the company. The shares of a company of this kind are not freely transferable. The company should have a memorandum and articles of association signed by all the partners. In all cases the words 'Limited Liability Company' should be added to the name of the company. The company must have a minimum capital of QAR 200,000, divided into shares of equal value not less than QAR 10 each. The management is conducted by one or more managers, whether partners in the company or not. Such a company may not engage in the business of insurance, banking, or in the investment of funds, whether as a principal or an agent.

HOLDING COMPANY

This is a joint stock, limited liability or one person company financially and administratively controlling one or more other companies by holding at least 51% of the shares of such company (ies) whether they are a shareholding, limited liability or one person company. The capital of a holding company shall not be less than QAR 10,000,000. The words 'Holding Company' should be added to the name of the company. To the extent not contradicting to the provisions, holding companies shall be subject to the provisions hereof relating to shareholding, limited liability or one person companies, as the case may be.

ONE PERSON COMPANY

This refers to a company in which every economic activity and its full share capital is held by one natural or corporate person. The company should have an article of association stating its rules, data and procedures of entry and registration. Such a company shall not have a corporate personality before its registration. The name of the company shall be linked with the name of the holder of the share capital followed by the words 'One Person Company (O.P.C)'.

The company must have a minimum capital of QAR 200,000, paid in full. Such share capital may include shares in kind, whose value is estimated by professional experts. The company shall be managed by the holder of its share capital, who may appoint one or more managers to represent the company in its transactions. The company's owner shall be responsible from their own assets for company obligations, unless they separate their personal interests from that of the company. The company shall be dissolved upon the death of the holder of the share capital, unless the shares of the heirs are held by one person, or the heirs select to continue the company in another legal form.

PROCEDURES AND STEPS FOR REGISTERING A COMPANY

TABLE 2

Company registration

PROCEDURE	ESTIMATED TIME FOR COMPLETION	ASSOCIATED COST
Apply online for approval of the proposed name with the Ministry of Business and Trade	1 day	QAR 500
Submit the articles of association for review at the Commercial Companies Inspection Department at the Ministry of Business and Trade	1 day	QAR 1500
Open bank account and deposit minimum capital	1 day	no charge
Sign the articles of association before an agent at the Ministry of Justice counter located at the OSS	1 day	QAR 24 for first two shareholders + QAR 9 for each additional shareholder
Obtain commercial registration from the Ministry of Business and Trade and register with the Chamber of Commerce and Industry at the single counter located at the OSS	1 day (simultaneous with previous procedure)	QAR 2,200 (Chamber of Commerce) + QAR 500–5,000 (Commercial Registration)
Obtain trade licence and signage licence from the municipality counter located at the OSS	1 day (simultaneous with previous procedure)	QAR 10,020 (Trade license) + QAR 50–150 (signage license)
Register for taxes and obtain tax identification number	1 day	no charge

TERMINATION OF BUSINESS

In accordance with Qatari law, it is mandatory for the liquidation process to be carried out regardless of the reason why the company is closing. During this process, the Articles of Association must be kept valid and the commercial registration active. A liquidator will need to be appointed and the agreement in a shareholder's resolution relating to liquidation and dissolution will be activated. Once the initial process has been completed, a request for liquidation will be applied to the Ministry of Commerce & Industry so that the process can legally commence.

During this time, all employees under the sponsorship of the company must receive all pending salary amounts and their end-of-service benefits. The employee's residence permits will be cancelled during the time of liquidation and they must exit the country after 30 days or transfer to new sponsorship within this time. It is imperative that all employees are no longer under the company's sponsorship to obtain clearance from immigration and further finalize company closure.

Once the Tax Authority releases a No Objection Certificate (NOC), the liquidation process is complete and the company will need to begin the dissolution procedure to officially close the business.

5 – LABOUR

POPULATION AND LABOUR FORCE

Qatar currently has a population of 3 million (inclusive of expatriates).

ECONOMICALLY INACTIVE	EMPLOYED	ECONOMICALLY ACTIVE	POPULATION (15 YEARS & ABOVE)	POPULATION
304,687	2,163,247	2,166,142	2,470,829	2,934,840

Note: Labour Force - The Fourth Quarter of 2022.

Source: Ministry of development planning & statistics – Qatar.

LABOUR LAW

Employment-related matters are regulated by the Labour Law.

VISAS AND WORK PERMITS

Nationals of countries outside the GCC region must obtain a visa and a work permit to enter Qatar initially and thereafter must apply for and obtain a resident permit in order to be entitled to reside and work in the state.

To obtain a business visa, work permit or residence permit, a foreign national need to have a sponsor in Qatar. The sponsor could be a company incorporated in Qatar or a registered branch of a foreign company.

VISAS

All foreign nationals, except those from GCC countries, must obtain visas and residence permits. Visa application forms may be submitted to the immigration authority in Qatar or to Qatari embassies abroad. Visa applications (including applications for business visas) may also be submitted online to the government visa service at www.gov.qa. Applications for a residence permit must be based on a formal offer of employment.

A one-month renewable business visa will be issued to visitors to Qatar for business purposes. Temporary visa restrictions may be placed on some nationalities.

Nationals of more than 80 countries are now eligible for visa-free entry into the state with varying allowable lengths of stay. Nationals of the eligible countries do not require any prior visa arrangements and can obtain a visa waiver on arrival to Qatar.

WORK VISAS FOR FOREIGN RECRUITMENT

An employer in Qatar will need to obtain an immigrant card, commonly known as a Computer Card, in order to apply for visas and work permits for its employees.

The Labour Department applies quotas on certain nationalities in line with Qatar's management of population demographics in the state. Employers may be faced with the dilemma that the nationalities that it applies for may not be available or the number of visas requested has been reduced.

WORK PERMITS

Applications for residence permits are made after arrival in Qatar by the local sponsor through the Immigration Department. These are becoming increasingly straightforward to arrange and are normally available within the first few weeks of arrival.

A residence visa, valid for up to a maximum of three years, will be granted to persons holding employment contracts to work in Qatar. The person is usually sponsored through the company with which they have the employment contract.

WAGE PROTECTION SYSTEM (WPS)

WPS is designated to ensure that employees are paid as per their employment agreement. The requirements under WPS are:

- The employer must remit salary payments to the bank account of the employee, which must be with a local bank.
- The pay and other amounts due to the worker must be paid in Qatari riyals (QAR).
- The wages must be paid at least monthly for employees under annual or monthly employment arrangements, and at least every two weeks for all other workers.

There are significant penalties for noncompliance.

WPS generally does not apply to employers operating in the oil and gas sector.

6 – TAXATION

OVERVIEW

Qatar operates a territorial taxing regime. This means that only revenues derived from Qatar sources and from activities performed within Qatar are taxable in Qatar. Qatar GTA governs tax policies and frameworks.

Qatar has two independent taxation frameworks:

- State-registered entities are subject to the State Income Tax Law.
- Entities registered in the QFC are subject to the QFC Tax Regulations.

The standard tax rate on profits is 10% under both frameworks. However, there are important distinctions between the two frameworks, most notably that the QFC does not apply withholding tax or contract tax retention. The QFC tax rules are discussed separately at the end of this chapter.

Qatar has ratified the GCC value-added-tax (VAT) Framework Agreement and is working on VAT implementation initiatives with the aim of introducing VAT in the State of Qatar. The exact implementation date has not been announced.

Qatar introduced excise taxes in January 2019 on an initial range of products that are deemed harmful to the health of its residents. A 50% rate applies to aerated soft drinks. A 100% rate applies to energy drinks, tobacco and alcohol.

STATE TAXATION

Qatar issued its latest Income Tax Law (No. 24 of 2018) on 13 December 2018, and its respective Executive Regulations (ER) were issued on 12 December 2019.

TAX RATE

Qatar legal entities and non-residents operating through a permanent establishment (PE) in Qatar are generally subject to 10% tax in a net taxable income.

Unincorporated joint ventures (JVs) operate as pass-through entities and the partners are taxed on their share of the JV profits.

Companies engaged in petrochemical and petroleum operations are subject to 35% tax (or higher if the contract was executed before 2010 and specifies a higher rate).

Entities established under special investment laws (other than the QFC Law) are generally exempt from income tax, but not from the obligation to register with the GTA, (required to file income tax returns with accompanying audited financial statements and apply WHT on payments to non-residents).

Payments made to a non-resident for royalties, interest, commissions and services that are performed or consumed in Qatar are generally subject to 5% WHT.

TAX EXEMPTIONS

A legal entity is exempt from tax, if wholly owned by a GCC national resident in the state.

A legal entity that is partially owned by a GCC national resident in the state is exempt from corporate income tax to the extent of the GCC national's profit share in the company. The legal person must also be able to prove that the GCC national directly owns and benefits from their profit share.

Profits of companies whose shares are listed on the Qatar Exchange are exempt from Qatar income tax.

Upon application, the Ministry of Finance (MoF) may grant an income tax exemption for a period of up to five years for projects that meet various criteria. The Council of Ministers may approve exemptions for longer periods, and also approve applications for preferential tax rates. Applications for exemptions and preferential tax rates need to be in line with the objectives of the economic development plan.

Businesses registered and operating within the QSTP are exempt from corporate income tax. Businesses registered and operating in QFZA will benefit from a 20-year exemption from corporate income tax from the establishment of the QFZA. Foreign shipping and aviation companies are generally exempt from Qatari income tax, if Qatar company would enjoy a reciprocal treatment in the respective foreign countries.

Private organizations that are registered to perform non-profit activities in Qatar are not subject to taxation in Qatar for their licensed activities. Activities that do not fall under the license will remain subject to taxation in Qatar.

WITHHOLDING TAX

Payments made to non-residents that have not registered with the GTA and obtained a tax card are generally subject to final WHT at the rate of 5%. These payments include royalties, interest, commissions, and payments for services used, utilized or consumed in the state, regardless of whether or not they were performed in the state. The penalty for noncompliance with the WHT deduction requirements is 100% of the WHT that should have been deducted.

Companies or PEs in Qatar that make these payments must deduct tax at source and remit it to the GTA by the 15th day of the month following the monthly payment. The penalty for failing to remit WHT to the GTA by the due date is 2% of the WHT per month (or part month) of delay, up to a maximum of 100% of the WHT.

If the amount of tax withheld is incorrect (either because the non-resident has a PE and should report tax on net income or is entitled to relief under a tax treaty), the non-resident will need to approach the GTA and claim a refund for the WHT suffered.

CAPITAL GAINS TAX (CGT)

Disposals of shares will be subject to CGT in the state.

The tax law does not contain provisions covering groups of companies. Separate income tax returns must be filed for each legal entity.

When a taxpayer enters into arrangements where one of the main purposes is to avoid tax, the GTA may counteract the tax advantage by re-characterizing or looking at the substance of the transactions.

PAYROLL TAXES

Currently, there is no form of legislation in Qatar requiring the payment of tax on income earned by employees.

TRANSFER PRICING

The Executive Regulation (ER) includes detailed provisions on TP documentation and compliance requirements for Qatar-based entities undertaking transactions with non-resident parties. The TP rules apply to all entities in Qatar.

The key TP requirements are:

- Arm's length principle and TP methodology:
The ER adopts the arm's length principle and identifies the comparable uncontrolled price (CUP) method as the primary method for determining the arm's length price for transactions between related parties. Entities must apply to the GTA to use another method approved by the OECD if they are unable to apply the CUP method.
- TP disclosure and documentation: Qatar-based entities must:
Conduct a functional analysis to describe the entities' relationship and economic role in transactions with related parties as well as a benchmarking analysis and update the financial data related to the comparable transactions annually.
- Submit the following to the GTA if they breach the respective revenue or asset threshold:
 - A TP form providing details about its related party transactions. This form must be attached to the annual income tax return, along with the audited financial statements (threshold of QAR10 million total turnover or total assets).
 - A TP master file and TP local file (threshold of QAR50 million total turnover or total assets; due 30 days from the submission of the income tax return).

SUBSTANCE REQUIREMENTS FOR ENTITIES BENEFITING FROM PREFERENTIAL TAX TREATMENT

Entities benefiting from preferential tax treatment are required to demonstrate economic substance in Qatar to continue to benefit from the preferential tax regime.

The requirements include:

- The entity must ensure that its Core Income Generating Activities (CIGA) are carried out in Qatar.
- The entity must have an adequate number of full-time employees in Qatar with adequate qualifications to perform their professional responsibilities.
- The entity must incur an adequate amount of operating expenditures to undertake its activities.

TAX ADMINISTRATION

Tax registration on “Dhareeba” (online tax portal)

A taxpayer must register with the GTA via the Dhareeba portal and obtain a tax card and identification number within 60 days of obtaining a commercial registration or commencing a taxable activity in Qatar. A taxpayer must also, within 30 days, notify the GTA of any changes that may affect its tax obligations. The penalty for late application for a tax card or notification is QAR20,000.

Moreover, Dhareeba provides an electronic basis for taxpayers to file their annual income tax returns, monthly WHT returns, and contract reporting among other tax requirements. Dhareeba also facilitates the electronic submission of certain principal requests to the GTA.

TAXABLE YEAR

The taxable year runs from 1 January to 31 December and a taxpayer must use this accounting period, unless the GTA approves an alternative accounting period.

ANNUAL TAX FILING

A company that is tax resident or has a PE in Qatar is required to file annual income tax returns within four months of the end of the accounting period. The company must also submit a set of audited financial statements with its tax return if its capital exceeds QAR200,000, its annual taxable income exceeds QAR500,000, or its head office is located outside Qatar.

Tax exempt GCC entities are required to submit either:

1. A full tax return where the capital is at least QAR1 million or whose annual revenue is at least QAR5 million.
2. A simplified tax return where the capital is less than QAR1 million and whose annual revenue is less than QAR5 million.

When audited financial statements are required, an auditor licensed to practice in Qatar must also certify the tax return.

Tax is payable on the due date for filing the income tax return.

Penalties for late tax filing are levied at the rate of QAR500 per day, subject to a maximum of QAR180,000. The penalty for late tax payment is based on 2% of the tax due for each month or part thereof, up to the amount of tax due.

RETENTION OF RECORDS

Records should be maintained in Qatar for a period of 10 years. There is no requirement for the books and records to be maintained in Arabic.

STATUTE OF LIMITATIONS

The right of the GTA to assess and collect taxes expires after five years from the year in which these taxes were due. This limitation period does not apply in the event of fraud or negligence on the part of the taxpayer.

TAX REVIEW PROCESS

The GTA may issue tax assessments based on the taxable income as determined in the income tax return. However, the GTA has the right to disregard the income tax return and assess the tax on a presumptive basis in cases where it is possible to make an assessment based on actual income.

The tax law provides for a structured appeal process against tax assessments. The appeals process consists of:

- Objection to a tax assessment
- Correspondence and discussions with the GTA
- Formal appeal to the Tax Appeal Committee
- Commencement of a case in the judicial courts

Correspondences from or to the GTA are received and submitted via the online Dhareeba tax portal.

RETENTION OF FINAL PAYMENTS

Circular No. 2 of 2011 requires the greater of the final contract payment or 3% of the contract value (after deducting the value of supplies and work done abroad) to be retained on contracts with a temporary branch until the branch presents a no objection letter from the GTA. Obtaining a no objection letter can be a lengthy process and needs to be factored into cash flow projections.

CONTRACT REPORTING

Establishments, authorities and companies carrying on a trade or business in Qatar are required to give the GTA details of the companies with which they are doing business as contractors, subcontractors, or in any other form. Information to be provided includes the name and address of the company together with the value of the contract. The penalty for noncompliance on contract reporting is QAR10,000. The final payment due to the contractor or subcontractor should be retained as mentioned above.

TAX TREATIES

Qatar has entered into more than 70 double tax treaties and is actively expanding its treaty work.

PERSONAL INCOME TAX

Qatar does not levy personal income tax on salaries and wages earned under a contract employment. However, nonemployment income is generally taxable at a rate of 10%.

SPORT AND SOCIAL LEVY

Qatar shareholding companies (corporate vehicles used for large scale business enterprises, investment projects, insurance and banking) are subject to a sports and social levy of 2.5% of the annual net profits. The levy is allocated to a fund that supports sports, cultural, social and charitable activities.

QATAR FINANCIAL CENTRE(QFC) TAXATION

TAX RATE

The local-source taxable income of businesses operating in the QFC is generally subject to 10% tax.

Qatari-owned companies, captive insurers, reinsurers and investment managers may elect to apply for a 0% concessionary rate of tax.

The QFC does not apply WHT or contract tax retention.

TAX EXEMPTIONS

- Government exemption
The Government of Qatar, local authorities, statutory bodies and any QFC Entity wholly owned by the Government of Qatar or by any of the aforementioned authorities or bodies are exempt from QFC tax.
- Special tax exemptions
 - To support financing and investment activities, the QFC provides special exemptions to eligible vehicles. The following vehicles may elect to have tax-exempt status:
 - Registered funds
 - Special investment funds
 - Special funding companies (e.g., holding and special purpose companies)
 - Alternative risk vehicles
 - Companies listed on the Qatar Stock Exchange (QSE) or another approved public market in Qatar
- QFC entities involved with competitions in Qatar

On 1 December 2019, the QFC issued a Concessionary Statement of Practice (CSOP) to grant tax exemption to QFC entities involved with the 2022 “Cup tournament”. This was in relation to the taxable profits derived from activities carried on for the purposes of those events, provided the entities meet the eligibility requirements and conditions outlined in the CSOP.

- QFC entities carrying on security and defence-related contracts

The QFC also issued a CSOP to extend the tax exemption treatment to defence and security contracts carried out by QFC Entities for the benefit of the Qatar’s Ministry of Defence, the Ministry of Interior or any other defence or security agencies in Qatar, subject to financial audit and other criteria being met.

TAXABLE INCOME

Taxable income is based on the accounting profit disclosed in the entity’s financial statements.

QFC entities may draw up accounts under the International Financial Reporting Standards (IFRS), the UK generally accepted accounting principles (GAAP), US GAAP, or standards issued by the Accounting and Auditing Organization for Islamic Financial institution (AAOIFI). An alternative basis of accounting may be applied under certain circumstances.

There are no significant book-to-tax adjustments.

TRANSFER PRICING

QFC entities are required to report-related party transactions based on the OECD arm's length principle. If a taxpayer has not used arm's length pricing, the taxpayer should make an appropriate adjustment in its tax return.

The QFC approach to thin capitalization is also based on the arm's length principle. To provide certainty for QFC taxpayers and to reduce compliance costs, the QFC applies safe harbor debt-to-equity (D/E) ratios:

- Non-financial institutions: 2:1
- Financial institutions: 4:1

If the taxpayer's D/E ratio exceeds these thresholds, the taxpayer would need to show that its debt does not exceed the amount that it could have obtained, as a stand-alone entity, from a non-related independent lender to fund its operations.

SUBSTANCE REQUIREMENTS FOR QFC ENTITIES BENEFITING FROM PREFERENTIAL TAX TREATMENT

The QFC requires entities benefiting from preferential tax treatment to demonstrate economic substance in Qatar to continue to benefit from the preferential tax regime.

The requirements include:

- The entity must ensure that its CIGAs are carried out in Qatar.
- The entity must have an adequate number of full-time employees in Qatar with adequate qualifications to perform their professional responsibilities.

The entity must incur an adequate amount of operating expenditures to undertake its activities.

LOSS RELIEF

Tax losses may be carried forward indefinitely, unless there is a change in ownership or in the nature and conduct of the licensed activities of the QFC entity.

Tax losses cannot be carried back.

In certain circumstances, the QFC tax department may reimburse the tax value of losses.

TAX ADMINISTRATION

QFC entities may adopt their own tax year. The initial tax filing may cover a period of up to 18 months.

The tax return and associated tax payment are due within six months from the end of the income tax year. An extension may be obtained if a return will be delayed for reasons outside the taxpayer's control.

Late filing is subject to a penalty of QAR3,000. The penalty increases to QAR6,000 if the return is still unfilled within 60 days from the filing deadline. If the return remains unfilled after 12 and 24 months, the late filing penalty is increased further and also takes into consideration the amount of tax payable for the period.

Late payment is subject to a late payment charge of 5% per annum.

Entities incorporated in the QFC are required to submit audited financial statements to the Company Registration Office and with their tax return. However, branches of foreign companies are not required to have audited financial statements and may submit management accounts with their tax return instead.

Except in cases of fraud, the QFC Tax Department is required to initiate an inquiry on a tax return within 12 months of the later of the return filing deadline or the date the return is filed. If the QFC Tax Department does not issue a notice of inquiry within that period, the return is deemed accepted as filed.

ADVANCE RULINGS

The QFC Department has an advance ruling regime and welcomes QFC-registered entities to apply for a ruling to obtain certainty on their tax position. The advance ruling is typically applicable for a period of two or three years.

TAX E-SERVICES PORTAL

The tax e-services portal enables QFC entities to manage most of their tax affairs, including:

- Registering for tax purposes
- Authorizing and de-authorizing a tax agent
- Filing and amending tax return
- Lodging appeals, requesting extensions and claiming for mistakes and errors
- Receiving notifications about tax enquiries and assessments
- Paying taxes, penalties and other fees
- Tax refunds
- Advance rulings

Except for responses to tax enquiries, assessments and claim appeals, online submission has been mandatory since 1 January 2016.

7 – ACCOUNTING & REPORTING

INTRODUCTION

Qatar has struggled and has been so anxious to attract investors for major industrial projects in the State. With this aim, the Government continuously improves the financial and regulatory reporting regimes to gain the confidence of foreign investors.

The Ministry of Economy and Commerce has adopted the standards promulgated by the International Accounting Standards Board (IASB) as the national accounting standards; a separate set of accounting standards and principles for Banks has been approved by Qatar Central Bank which is similar to the standards set by IASB.

STATUTORY REQUIREMENTS

All business organizations or enterprises are required to maintain adequate financial records.

Income tax regulations specify that taxable income must be recorded in accordance with the accruals basis of accounting.

All original documents must be available for inspection:

- General Ledger
- Inventory Books
- Subsidiary ledgers appropriate to the business activity

Western calendar is being used in declaring the financial year unless the Company's articles of association provide otherwise.

FINANCIAL REPORTING REQUIREMENTS

FILING REQUIREMENTS

For Limited Liability Companies, as per the Commercial Companies Law (Chapter 7, Article 249):

'The Managers shall prepare the balance sheet and loss and profit accounts of the company for each fiscal year as well as a report on the activity of the company, its financial position and their suggestions regarding the distribution of the profits within two months from the expiry of the fiscal year.

The managers shall send the copy of these documents and copy of the report prepared by the supervision committee, if any, and copy of the accounts controller report to the Ministry of Economy and Commerce and to each partner, within one month from preparing the above documents. Each partner is entitled to demand the managers to call the partners for a meeting to discuss such documents.'

FILING REQUIREMENTS

For Public Shareholding Companies, as per the Commercial Companies Law (Chapter 5, Article 126):

‘The Board Chairman should publish the balance sheet, loss and profit accounts, a summary about the report of the board of directors and complete text of the report of the account auditors in two local newspapers published in Arabic, minimum 15 days prior to the meeting of the general assembly.’

A copy of these documents to be submitted to the Ministry.

The agenda of the annual meeting of the general assembly should include the following issues:

1. Hear the report of the Board of Directors about the activities of the company, its financial position during the year, report of the accounts auditors and ratify the same.
2. Discuss the company balance sheet, loss and profit accounts and ratify the same.
3. Elect the members of the board needed.
4. Appoint accounts auditors and define their wages.
5. Look to the clearance of the board members.
6. Look into the suggestion of the board of directors regarding the distribution of the profits and pass the same.

FILING REQUIREMENTS

For Public Shareholding Companies, as per the Commercial Companies Law (Chapter 5 – Section 6 Article 180):

‘As specified by its statute, the company shall have a fiscal year of not less than twelve months except for the first fiscal year.

The Board of Directors shall show in each fiscal year the balance sheet of the company, statement of profits and losses and a report on the company activities during the previous fiscal year ended and its financial status to the accounts controller at least two months prior to the general meeting of the company.

All these documents shall be signed by the chairman of board of directors and one of the members.’

AUDITOR’S RESPONSIBILITIES

An Auditor must report on every set of Accounts laid before the Company. The following points of opinion should be the composition of the report:

1. Whether the balance sheet and profit and loss account present a fair view of the financial position
2. That they are in agreement with the actual state of affairs of the Company
3. Whether they contain all that is required by law and the Company’s Articles of Association.
4. Whether the stock taking procedure has been conducted according to established principles
5. Whether regular accounts have been kept by the company

6. Whether he has obtained all the information which is considered necessary for the satisfactory performance of the auditor's duties
7. Whether the information contained in the report of the board of directors is in agreement with the accounting records of the company
8. Whether any violations of the provisions of law or the articles have occurred during the financial year in a manner as to influence the activity of financial standing of the company.

8 – UHY REPRESENTATION IN QATAR

CONTACT DETAILS

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Year established: 2014
Number of partners: 3
Total staff: 7

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Liaison contact:	Abdulla Mubarak Al Moadhadi
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BRIEF DESCRIPTION OF FIRM

As a member firm of UHY International, UHY Ammo & Co. has a strong vision of achieving its target in terms of excellence in customer interaction and strengthening business ties in the different sectors in Qatar and across the Middle East. The Partners are leading the team expertise with extensive experience in Business Advisories, Audit and Tax Services. Jointly they have more than 12 years of collective experience involving them in and out of Qatar for business consultations and advisories. As of date, the firm has been housing highly qualified and certified public accountants and auditors, financial consultants, business development arm and administrative staff.

The UHY Ammo & Co. team is passionately committed and dedicated to be in focus with clients' specific needs and deliver with beyond the expectation outcome that enhances the competitive edge in their respective business fields.

SERVICE AREAS

- Audit & Assurance
 - > External Audit
 - > Financial Statements Review
 - > Internal Controls Review
 - > Risk Assessment and recommendations provision for Management
 - > Special Purpose Audit
 - > Regulatory Reports
 - > IFRS reporting
- Tax Advisory
- Financial Advisory
 - > Corporate Finance
 - > Valuation
 - > Reorganization and Re-structuring
 - > Feasibility Study



The network
for doing
business

- Transaction Advisory
 - > Due Diligence

- Other Service Areas
 - > Accounting and Bookkeeping outsourcing
 - > Business Plans with Business reviews
 - > Company formations
 - > Business Continuity Plans

PRINCIPAL OPERATING SECTORS

- Insurance
- Banks and other Financial Institutions (Investment and Exchange Houses)
- Manufacturing
- Real Estate
- Government Institutions
- Trading & Contracting
- F&B
- Education
- Healthcare
- Media

LANGUAGES

English and Arabic

CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure in this document

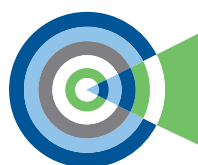
BRIEF HISTORY OF FIRM

Prior to establishing Ammo & Co., the Partners of the firm have an extensive concentrated work background in the field of Finance, Audit, and Accounting.

Mr. Mohamed Shady has worked with international companies as an auditor par excellence, managing the various auditing and financial assignments of prestigious companies in and around the Gulf Cooperation Council countries. With 15 years of professional experience in different auditing firms, he was responsible in analyzing the economy, business development planning, finance control, and risk supervision. He has performed strategy audits, internal audits, revenue audits, enterprise risk management, zero based budgeting, feasibility studies, and due diligences. He was able to design financial systems and preparation of manuals for clients belonging to different sectors. Major clients belong to industries such as Banking, Finance and Manufacturing.

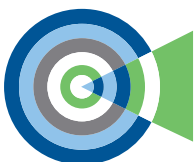
Mr. Abdulla Mubarak Al Moadhadi, a Certified Public Accountant, was the former Financial Director for the Ministry of Interior and was responsible for formulating the financial budget and target, and ensured that the regulatory requirements of all statutory bodies are met. Having said that, he was also a former Ministry for Environment in Qatar and played a major role for his country.

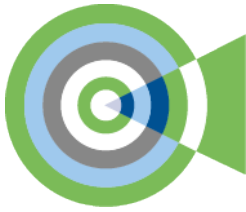
Mr. Jumah Mubarak Al Maadhadi, has been working for 10 years in Qatar Central Bank with several departments but mainly in the Risk Management Department where he was able to plan, design, and implement an overall risk management process for the organization and currently holding the position as the Director for Internal Control



Department.

They are the Partners who jointly decided to establish and make a difference in the Audit and Consultancy arena. With their combined expertise and extensive experience in their own fields and sectors, they have joined the UHY and formed UHY Ammo & Co.





LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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