Investment basics:

**Currency** – Qatari Riyal (QAR)

**Foreign exchange control** – No

**Tax regimes** – There are two tax regimes in Qatar, the "State regime," which applies to the majority of businesses operating in Qatar, and the Qatar Financial Center (QFC) (see "Incentives" under "Corporate taxation," below).

**Accounting principles/financial statements** –
State regime – IFRS
QFC regime – IFRS, UK GAAP, US GAAP or any standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions

**Principal business entities** – These are the limited liability company, public shareholding company and branch of a foreign company. Other forms of business include the general partnership, joint partnership, limited share partnership and joint venture.

Under the QFC regime, 100% foreign ownership is possible. The common companies set up under the QFC regime are the general partnership, limited partnership and limited liability partnership.

Corporate taxation:

**Residence** – A body corporate is resident in Qatar if it is incorporated under Qatari law or if its head office or its place of effective management is in Qatar. Every taxpayer carrying out activities in Qatar must submit an application for a tax card to the Tax Department within 30 days from the commencement of activities.

**Basis** – Tax is imposed on a taxpayer’s income derived from sources in Qatar. Entities wholly owned by Qatari and other Gulf Cooperation Council (GCC) country nationals are exempt from corporate income tax, but may be required to file tax returns (see under “Compliance for corporations”).

**Taxable income** – The main categories of taxable income include gross income derived from: activities carried out in Qatar; contracts wholly or partly performed in Qatar; real estate in Qatar; the exploration, extraction or exploitation of natural resources situated in Qatar; consideration for services paid to a head office, branch or related company; and interest on loans obtained in Qatar.

Allowable expenses include the cost of raw materials, consumables and services required for carrying out the activities, interest paid on loans used in the activities (except interest paid to a related party), salaries, wages and similar payments made to employees, rent, insurance premiums, bad debts and depreciation (according to certain rates).

Under the QFC regime, taxable profits are classified as Qatari-source if they arise in or are derived from Qatar. Profits derived by an unregulated QFC from services provided in Qatar for use outside Qatar are nontaxable.

**Taxation of dividends** – Dividends are not subject to tax.

**Capital gains** – Capital gains derived by a company are included in taxable income. Foreign companies selling shares in Qatar-based companies are subject to tax on the gain at 10%.

**Losses** – Under the State regime, losses may be carried forward and set off against profits for up to three years. The carryback of losses is not permitted.

Under the QFC regime, losses may be carried forward for as long as the QFC entity continues to have a source of income within the terms of its license.
**Rate** – 10%, with a 35% rate applying to oil and gas operations. Petroleum activities include exploration operations; developing fields; drilling, completing and repairing wells; producing and processing petroleum; filtering of impurities; storing, transporting, loading and shipping; constructing or operating related energy and water facilities or housing or other facilities, establishments or equipment necessary for petroleum activities; and services necessary to achieve any of the above activities, including all administrative and complementary activities.

**Surtax** – No

**Alternative minimum tax** – No

**Foreign tax credit** – No foreign tax credit is available under the State regime. The QFC regime offers double taxation relief and provides for unilateral credit relief.

**Participation exemption** – No participation exemption applies under the State regime. The QFC regime allows a tax exemption on capital gains in respect of qualifying shareholdings.

**Holding company regime** – The QFC regime allows for the setting-up of holding companies.

**Incentives** – These include foreign capital investment incentives and incentives related to the QFC regime and the Qatar Science and Technology Park (QSTP).

Under the QFC regime (which is available to companies that carry out certain allowed activities and apply for a license) full foreign ownership is possible and income is taxable at a flat rate of 10%. Special purpose companies (i.e. registered funds, special investment funds, special funding companies, alternative risk vehicles and charities) may elect an exempt status. Qatari-owned companies may elect a 0% concessional rate if certain conditions are fulfilled. QFC entities are not required to withhold taxes on payments for dividends, interest, royalties, etc.

The QSTP is the only free zone in Qatar. Capital of companies registered in the QSTP can be wholly owned by foreign investors, and QSTP entities are allowed to trade directly in Qatar without a local agent. QSTP entities with a standard license are not taxed and may import goods and services free from Qatari tax or customs duties.

**Withholding tax:**

**Dividends** – Qatar does not levy withholding tax on dividends.

**Interest** – Interest is subject to a 7% withholding tax, with certain exceptions. The rate may be further reduced under a tax treaty.

**Royalties** – Royalties are subject to a 5% withholding tax. Certain leasing charges may be considered royalties. The rate may be further reduced under a tax treaty.

**Technical service fees** – Technical service fees paid to a nonresident are subject to a 5% withholding tax.

**Branch remittance tax** – No

**Other** – A 7% withholding tax applies to commissions, brokerage fees, directors’ fees, attendance fees and fees for other services performed in whole or in part in Qatar. A retention tax of 3% of the contract value or the final payment (whichever is higher) applies to payments made to a branch registered for a particular project (a temporary branch).

No withholding taxes are applicable under the QFC regime.

**Other taxes on corporations:**

**Capital duty** – No

**Payroll tax** – No

**Real property tax** – No

**Social security** – For employees that are Qatari nationals, the employer must contribute 10% of the employee’s basic salary each month.

**Stamp duty** – No

**Transfer tax** – No

**Anti-avoidance rules:**

**Transfer pricing** – A general anti-avoidance rule gives the tax department the power to apply an arm’s length price in certain situations.

**Thin capitalization** – No specific thin capitalization rules apply under the State regime, but interest payments made by a permanent establishment to its head office or to related parties are not deductible for tax purposes.

Under the QFC regime, the arm’s length borrowing capacity of a QFC taxpayer is the amount of debt that it could and would have taken on, as a stand-alone entity, from an independent lender.

**Controlled foreign companies** – No

**Disclosure requirements** – No

**Compliance for corporations:**

**Tax year** – The tax year is the calendar year, but a taxpayer may apply to prepare its financial statements for a 12-month period ending on a date other than 31 December. The first accounting period may be more or less than 12 months, but it should not be less than six months or more than 18 months.
Under the QFC regime, the tax year generally is the calendar year.

**Consolidated returns** – Consolidated returns are not permitted. Each company must file a separate tax return.

**Filing requirements** – Under the State regime, taxpayers are required to submit an annual income tax return and pay the tax due by the end of the fourth month after the company’s financial year-end. Entities wholly owned by Qatarians and other GCC nationals are exempt from corporate income tax, but are required to file tax returns and audited financial statements with the Tax Department if their capital is QAR 2 million or more or if their annual revenue is QAR 10 million or more. An online “tax administration system” (TAS) has been introduced with the aim of achieving complete automation of the tax payment and management process. The TAS enables online registration and filing of tax returns and progress tracking.

Under the QFC regime, the deadline to submit the annual income tax return and pay the tax due is by the end of the sixth month after the company’s financial year-end. There is an online system for tax filing exclusively for QFC entities.

**Penalties** – Under the State regime, failure to file a tax return by the deadline will result in a penalty of QAR 100 per day, up to a maximum of QAR 36,000. Failure to pay tax due by the deadline will result in a penalty of 1.5% of the amount of tax due per month of delay or part thereof, up to the amount of tax due.

Under the QFC tax regime, financial sanctions vary depending on the circumstances.

**Rulings** – No

**Personal taxation:**

**Basis** – Qatar does not impose personal income taxation; only income from a business in Qatar is taxable.

**Residence** – An individual is resident in Qatar if he/she has a valid residence permit issued by the ministry.

**Filing status** – No

**Taxable income** – Only business income is taxable in Qatar. There is no tax on employment income.

**Capital gains** – Capital gains from the disposal of real estate and securities derived by an individual are exempt from tax, provided the real estate and securities are not part of the assets of a taxable activity (any gains from such assets are taxable at a 10% rate).

**Deductions and allowances** – No

**Rates** – Only income from a business is taxable, at a rate of 10% of taxable income.

**Other taxes on individuals:**

**Capital duty** – No

**Stamp duty** – No

**Capital acquisitions tax** – No

**Real property tax** – No

**Inheritance/estate tax** – No

**Net wealth/net worth tax** – No

**Social security** – An employee who is a Qatari national and has a pension scheme must make a pension contribution equal to 5% of his/her basic salary each month.

**Compliance for individuals:**

**Tax year** – No

**Filing and payment** – No

**Penalties** – No

**Value added tax:**

**Taxable transactions** – No VAT or other sales tax applies in Qatar. However, a 5% VAT is expected to be implemented soon, since Qatar is part of the GCC VAT framework.

**Rates** – No

**Registration** – No

**Filing and payment** – No

**Source of tax law:** Law No. 21 of 2009, Executive Regulations and Qatar Financial Center Tax Regulations

**Tax treaties:** Qatar has concluded 65 tax treaties.

**Tax authorities:** Ministry of Finance – Taxes Department and Qatar Financial Centre – Tax Authority

**Other:** On 14 November 2017, Qatar joined the inclusive framework on BEPS and signed the Multilateral Convention on Mutual Administrative Assistance on Tax Matters.

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