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## **Qatar Tax Seminar 2016**

Managing the sharp climb of tax expansion

December 14, 2016

1926  
2016

Ninety years in  
the Middle East

# Agenda

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## Topic

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Overview of the Qatar Tax's System

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Corporate Tax

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Withholding Tax

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Practical Issues

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Questions and answers

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Appendix

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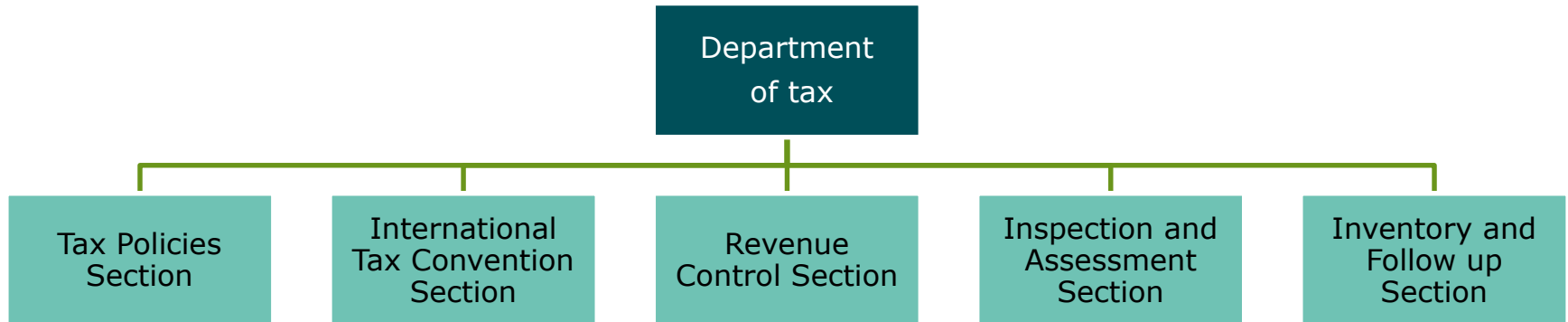


# Overview

## Qatar Tax System






# Overview of Qatar's Tax System

## The Department



# Overview of Qatar's Tax System

## Timeline – Evolution of the current's tax system

	November 2009	January 1, 2010	June 2011	August 2011	2014
Announcement of Law 21 of 2009					
Implementation Date					
Executive Regulations Circular 2/2011 issued Circular 3/ 2011 issued Circular 4/2011 issued					
Introduction of TAS					

# Overview of the Qatar's Tax System

## A Territorial Tax System

Income from a source inside Qatar is taxed; whether by **Resident** or a **Non-Resident** (with or without a **Permanent Establishment**)

- All activities in the Qatar
- Contracts wholly or partly executed in Qatar
- Real Estate
- Income from shares (securities) in Qatari resident companies
- Interest income on loans
- Exploration of natural resources

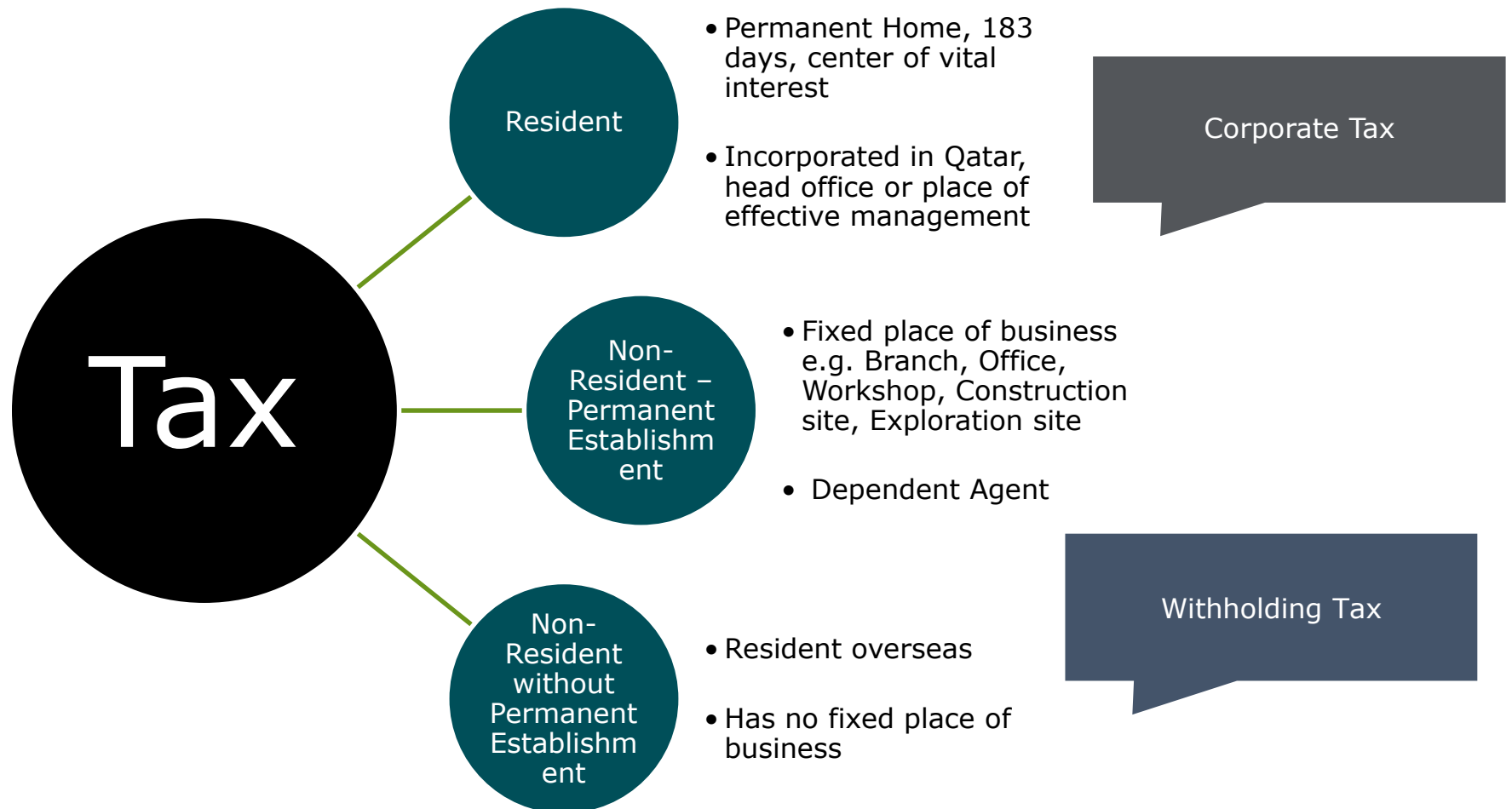
### Exemptions

- Salaries and wages earned by individuals
- Income from public bonds
- Capital gains realized by a **natural person** from real estate and shares (securities)
- Dividends from outside Qatar; and those already taxed in Qatar
- Handicraft, Agriculture and Fishing
- Income earned by resident Qatari Nationals and companies wholly owned by Qatari National (explained further)



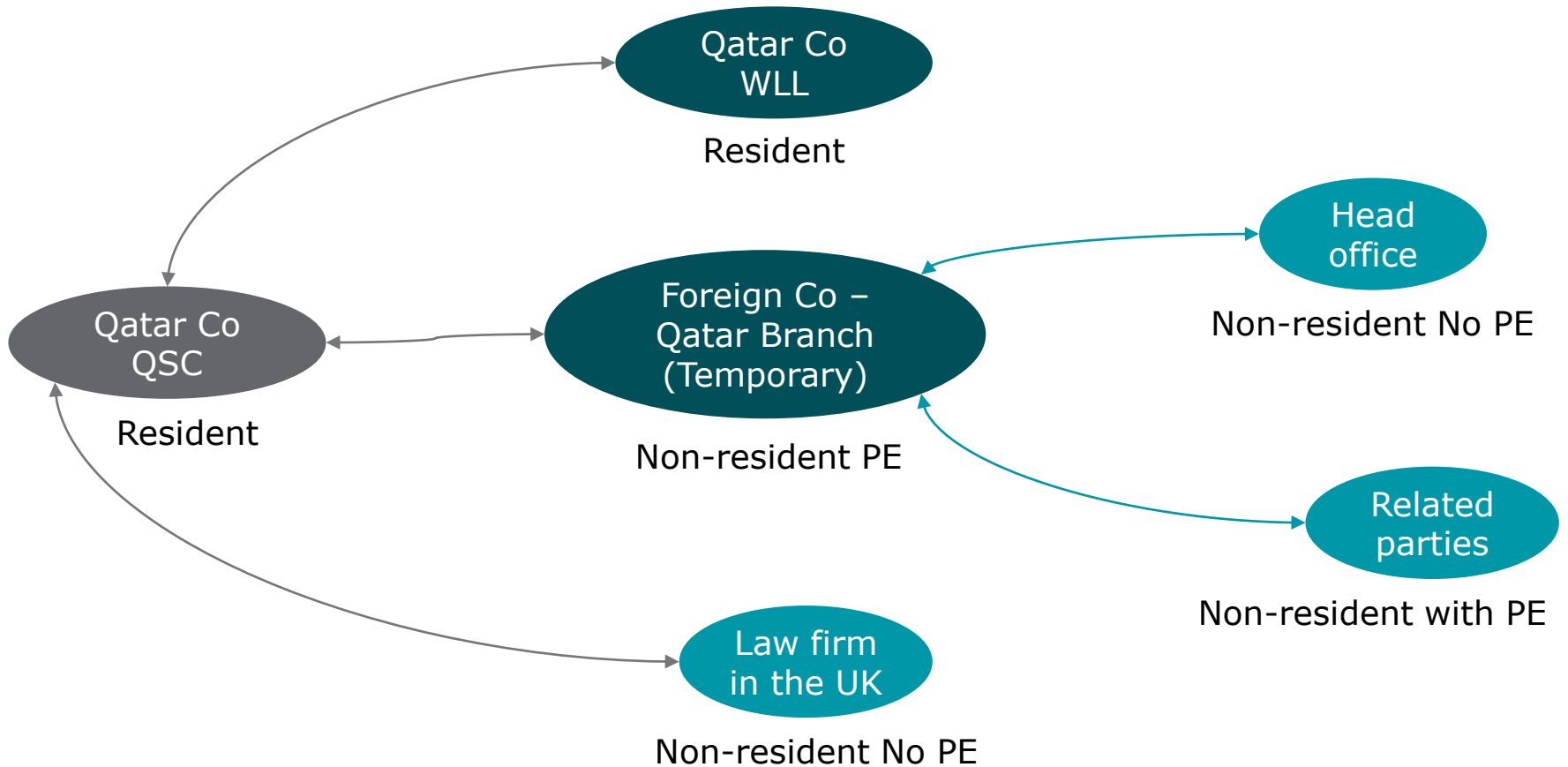
# Overview of Qatar's Tax System

## Types of Tax Payers



# Overview of Qatar's Tax System

## Types of Tax Payers – illustrative example





# Corporate tax

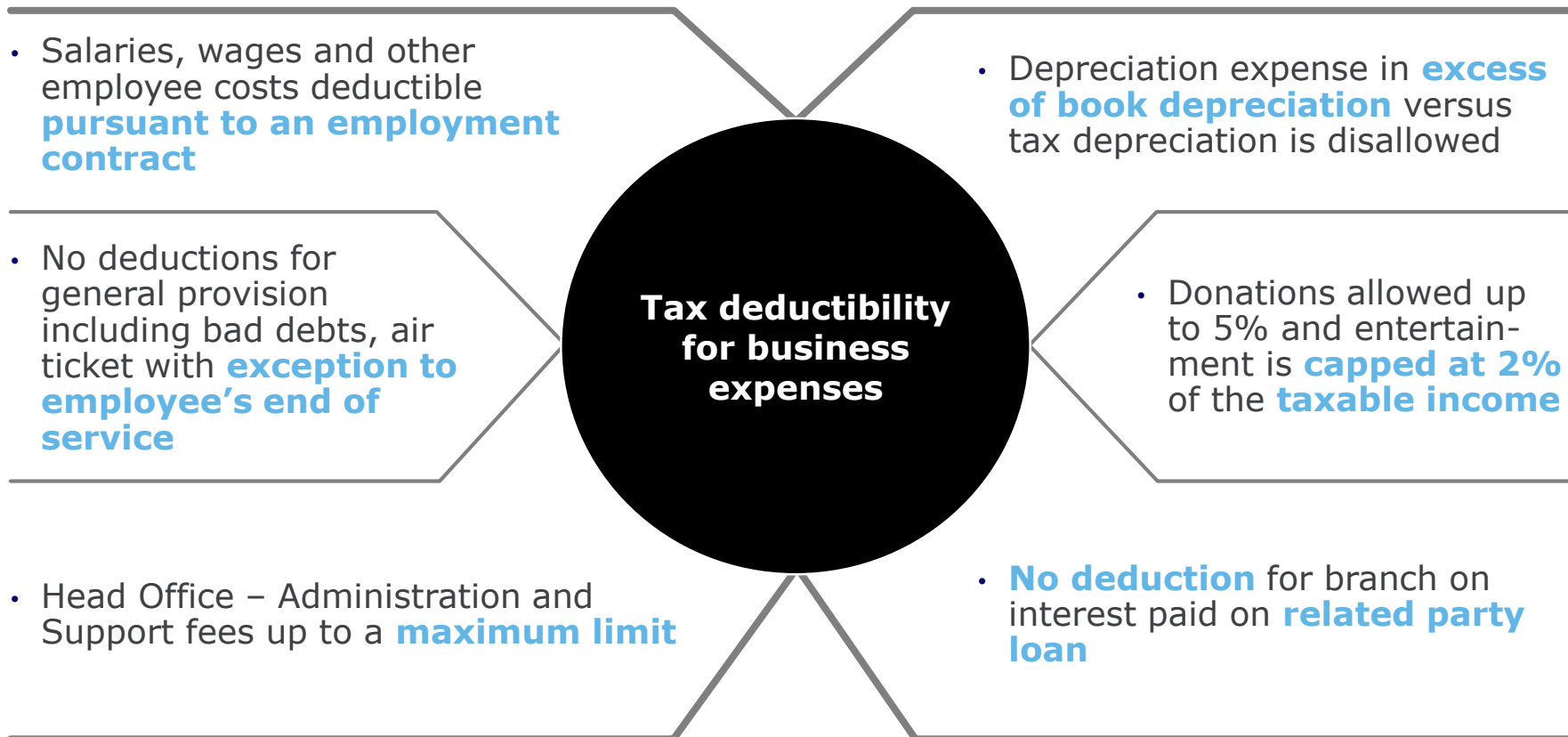
# Corporate Tax

## Computation of tax liability

Item	Description
Gross Income	Gross income from all activities in Qatar
Less: Tax Exempt Income	Income exempt under Article 4 of the law or another special exemption
Less: Activity Cost	Total cost incurred to perform the taxable activities and generate taxable income
Less: Administrative Cost	General and Administrative cost to operate and manage the business
Adjust: Tax Adjustments	Tax adjustments e.g. depreciation adjustment, non-deductible expenses
Less: Carried Forward Loss	Any unutilized tax losses from the previous three tax years
<b>Net Taxable Income / (loss)</b>	<b>The remainder will be the net taxable income or loss</b>
<b>Tax Liability (NTI x Tax Rate)</b>	<b>To apply the appropriate tax rate (10/35) and exempt share of profit attributable to Qatari resident shareholder, if any</b>

# Corporate Tax

## Tax deductible expense



# Corporate Tax

## Administrative

Area	Tax overview
<b>Registration</b>	<ul style="list-style-type: none"> <li>Tax card <b>within 30 days</b> on incorporation</li> </ul>
<b>Filing requirement</b>	<ul style="list-style-type: none"> <li>Annual return to be filed <b>within four months</b> from fiscal year end</li> </ul>
<b>Accounting and auditing requirement</b>	<ul style="list-style-type: none"> <li>IFRS framework. Audit is <b>mandatory</b></li> </ul>
<b>Delay penalties</b>	<ul style="list-style-type: none"> <li>Late filing – <b>QR100</b> per day maximum up to <b>QR36,000</b></li> </ul>
<b>Delay interest</b>	<ul style="list-style-type: none"> <li><b>1.5% of unpaid tax</b> per month up to a maximum of principal amount of tax</li> </ul>

Area	Tax overview
<b>Exemption</b>	<ul style="list-style-type: none"> <li>Available if criteria met and Minister's approval required for <b>three to maximum six years</b> of exemption</li> </ul>
<b>Retaining books and records</b>	<ul style="list-style-type: none"> <li><b>Ten years</b> inside Qatar</li> </ul>
<b>Other areas to consider</b>	<ul style="list-style-type: none"> <li>Transfer pricing</li> <li>General anti avoidance rules</li> <li>Exit tax</li> </ul>

# Corporate Tax

## Corporate tax calendar (key dates)

Action	When?
Registration/Tax card	<ul style="list-style-type: none"><li>• First application <b>within 30 days</b> on incorporation</li><li>• Renewal within <b>30 days of expiry</b></li></ul>
Annual return and payment of tax	<ul style="list-style-type: none"><li>• <b>Four months</b> from the fiscal year end</li><li>• Extension allowed</li></ul>
Extension in filing deadline	<ul style="list-style-type: none"><li>• <b>One month</b> before the filing deadline</li></ul>
Objection	<ul style="list-style-type: none"><li>• <b>Within 30 days</b> of notice of assessment/penalty</li></ul>
Appeal	<ul style="list-style-type: none"><li>• Within 30 days of refusal of the department or completion of 60 days from date of objection and no response</li></ul>
Change in accounting period	<ul style="list-style-type: none"><li>• <b>90 days</b> before the expiry of the deadline for filing the return</li></ul>
Reporting supplier contracts	<ul style="list-style-type: none"><li>• <b>30 days</b> from the signing of the contracts</li></ul>

# Withholding tax

# Withholding Tax

## Overview

- Applicable on all services rendered on or after **1 January 2010**
- **Applies to payments made to non-residents with respect to activities not connected with a permanent establishment in Qatar**

### Five percent (5%)

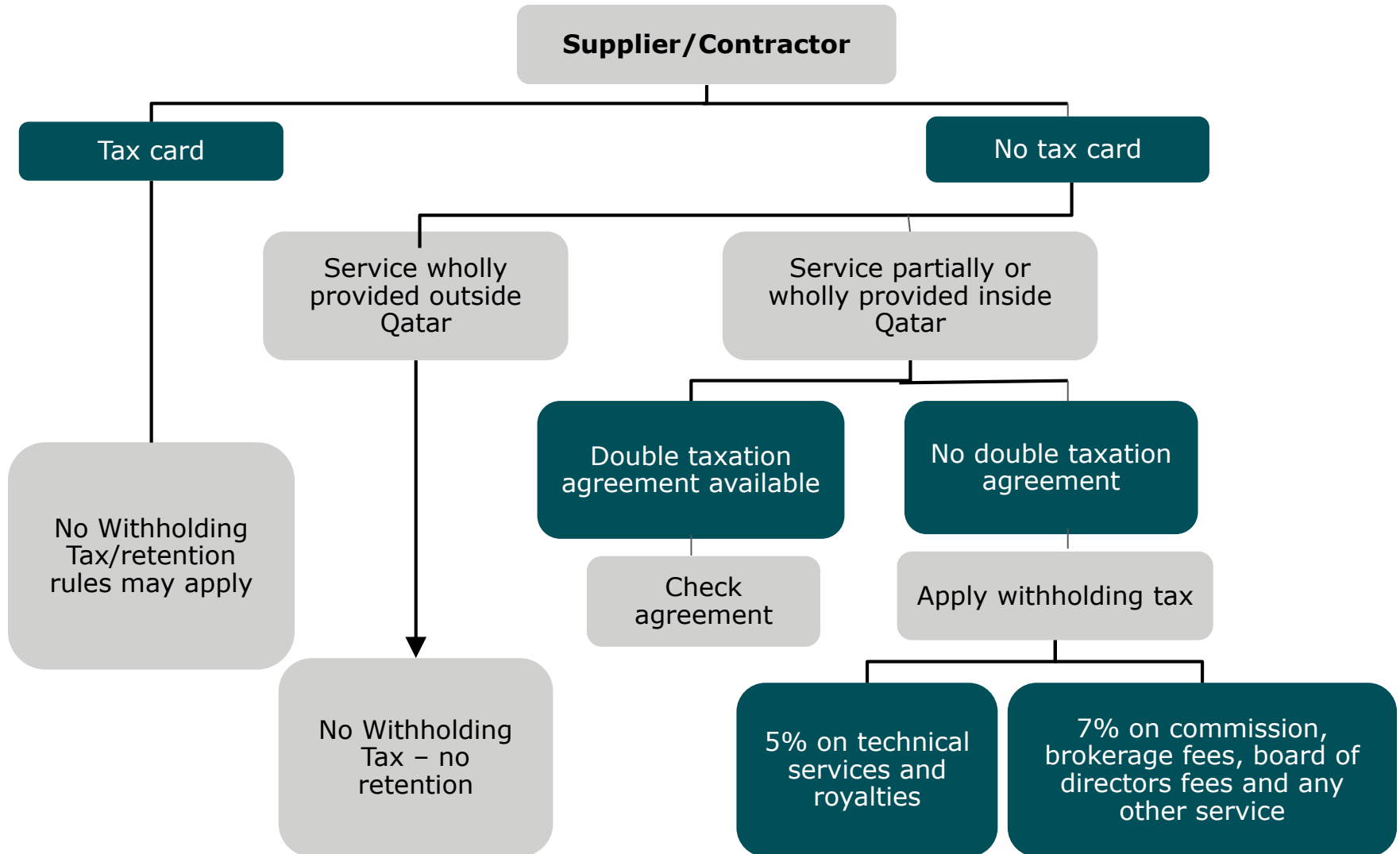
- gross amount of royalties and technical fees

### Seven percent (7%)

- gross amount of interest, commissions, brokerage fees, director's fees, attendance fees and any other payments for services carried out wholly or partly in Qatar

# Withholding Tax

## Recap

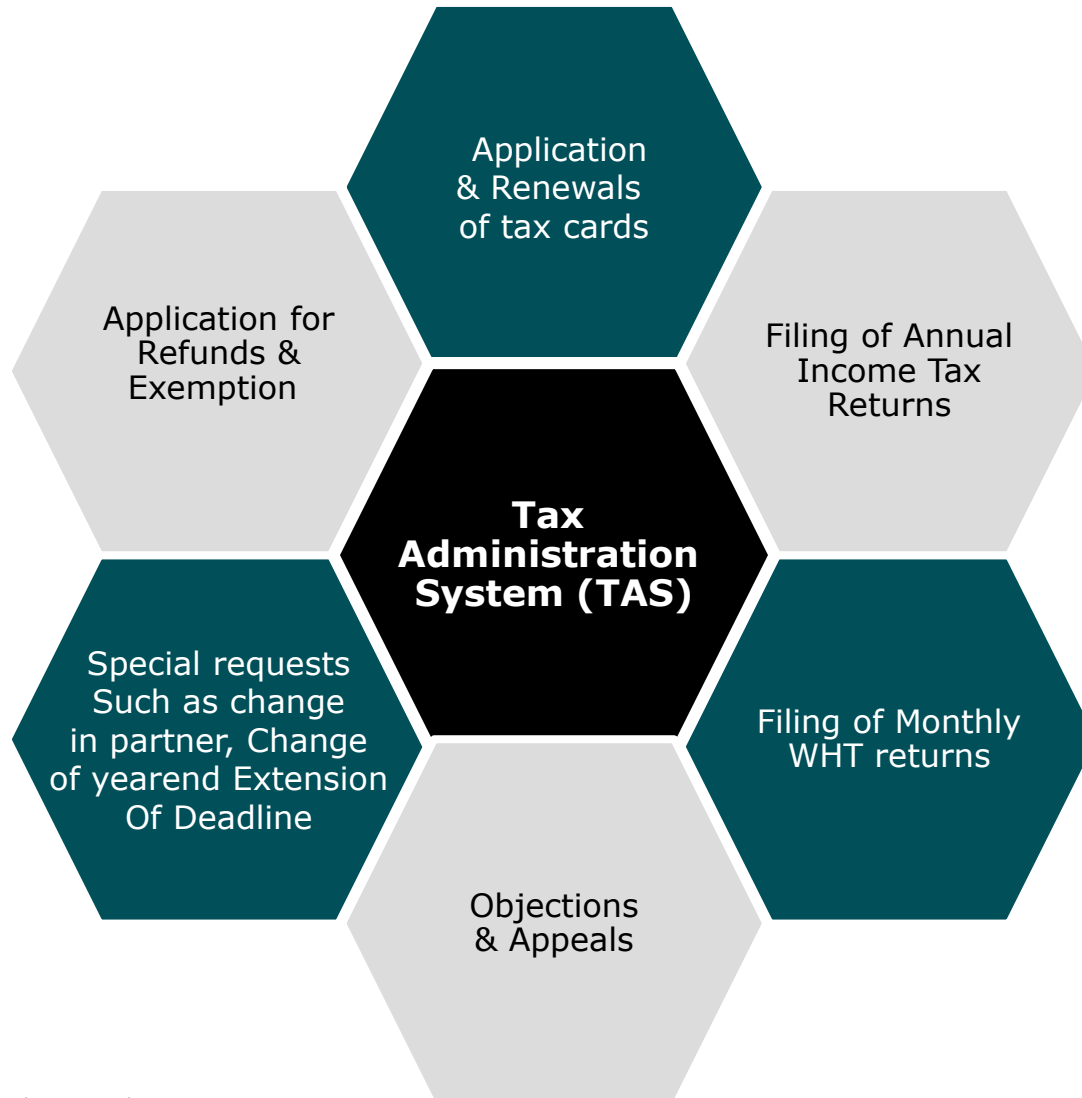




# Tax Administration System (TAS) and FAQs

# Tax Administration System

## Key Features



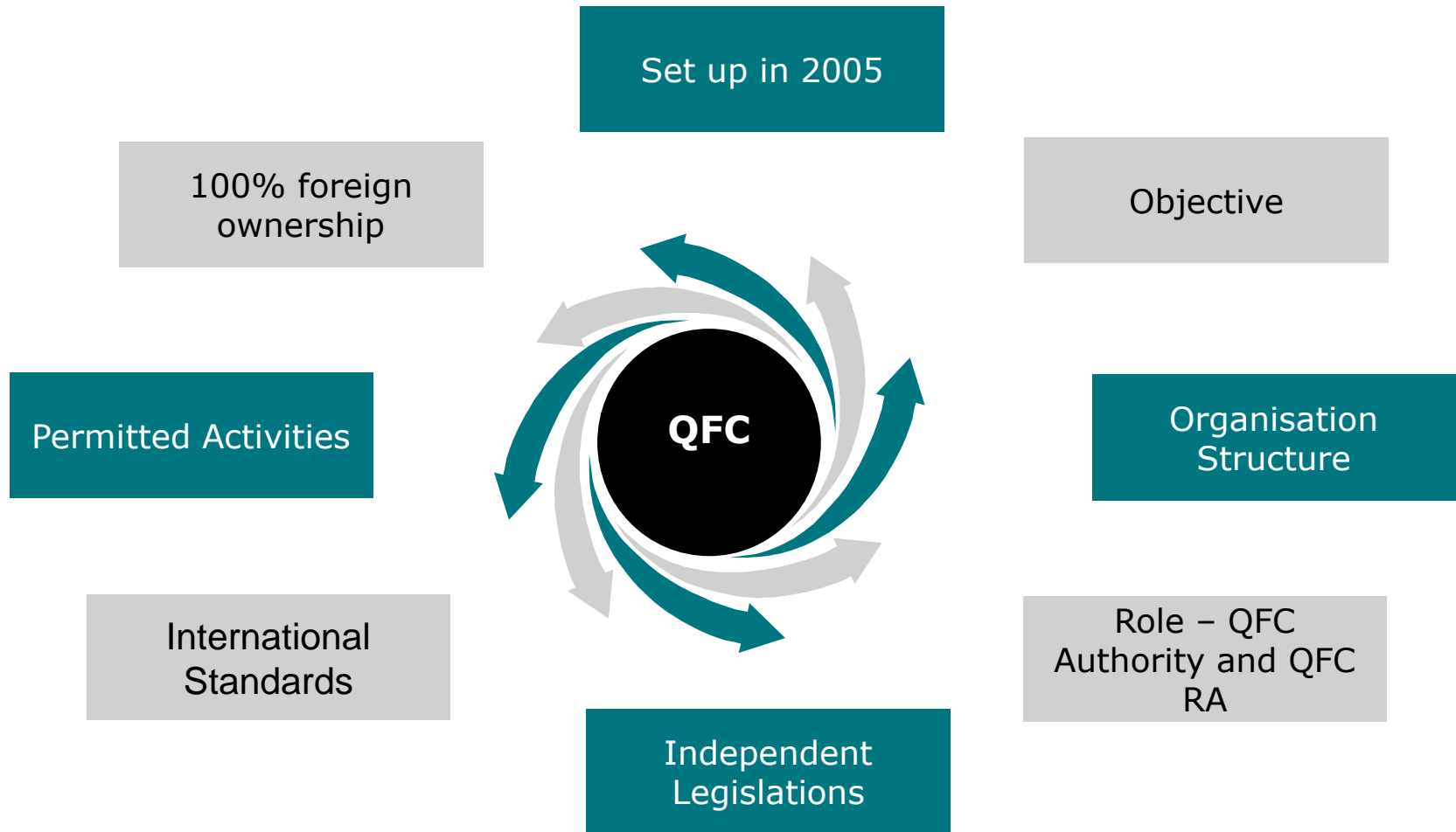
# Frequently asked questions

- Ownership vs. Profit sharing percentage
- Tax exemptions for Qatari and GCC Nationals
- Capital Gains and Exit Tax

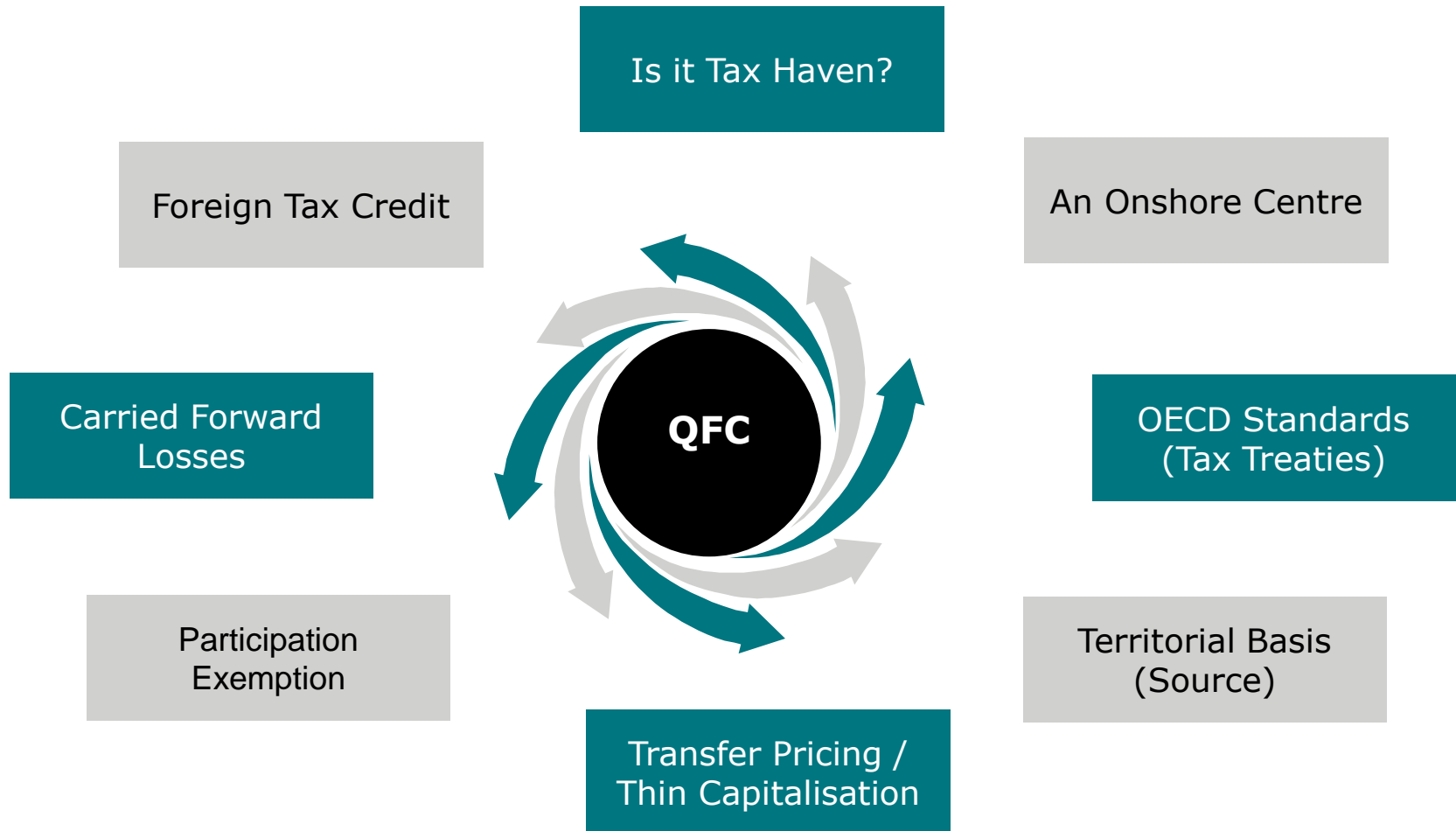


# Qatar Financial Centre (QFC)

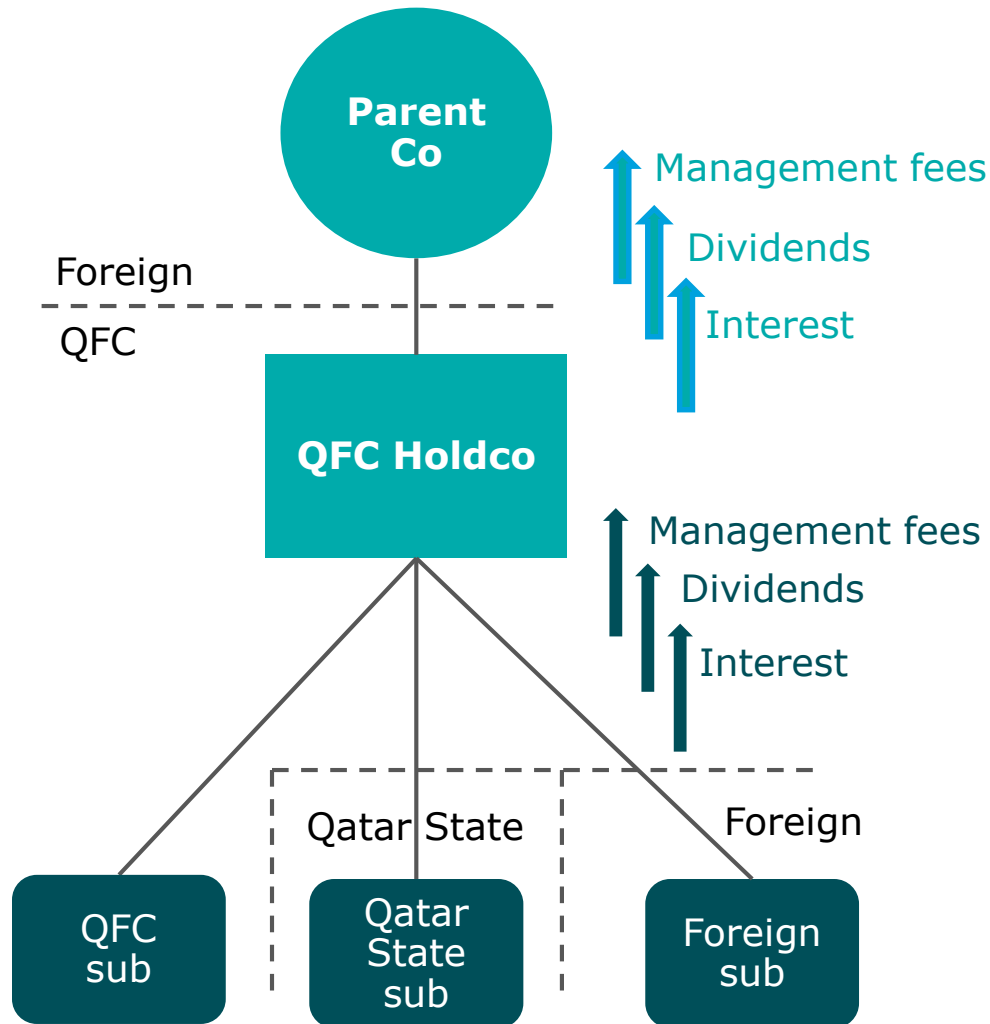
# QFC – Background



# QFC – Taxation



# QFC - Example/QFC Holdco



## Funds flowing out (to Parent Co)

- No withholding tax on management fees, dividends or interest payments
- No exchange control regulations
- TP Manual to clarify TP guidelines
- When Holdco exits subs – participation exemption on capital gains

## Funds flowing in (from subs)

- Tax free receipt of dividends from subs
- At time of exit, participation exemption covers capital gains on disposal of subs
- May utilise State of Qatar double tax treaties



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