Qatar Tax Conference 2021
Qatar business outlook and tax developments over the past 12 months
February 2021
Agenda

- Qatar - Economic and business outlook
- Qatar – The investment destination of the future
- Corporate Income Tax
- Withholding Tax
- Contract reporting
- Dhareeba
- International Tax updates
- Qatar Transfer Pricing developments
- Indirect Tax
Qatar - Economic and business outlook
Economic and business outlook
Qatar remains a sustainable economy and continues to maintain a growth momentum

“H.E. Ali Shareef Al-Emadi, Minister of Finance”
Revenue in 2021’s budget is based on a conservative average oil price assumption of $40 per barrel. This reflects a continued policy of conservative revenue estimation to maintain a fiscal balance and minimize the impact of the fluctuation in energy prices on the budget.

“Qatar Chamber Chairman Sheikh Khalifa bin Jassim Al Thani”
Qatar’s budget for 2021 confirms the resilience and the durability of the national economy despite the repercussions of the COVID-19 pandemic.

“One International Monetary Fund – Statement issued by IMF team”
The ambitious structural reform agenda underpins Qatar’s economic diversification efforts to enhance long-term potential growth.

On January 5 2021, during a Gulf Cooperation Council (GCC) summit in Saudi Arabia, Gulf leaders signed a “solidarity and stability” agreement to end a three-and-a-half-year-long blockade against Qatar.
### Economic and business outlook

**Conservative revenue estimation to maintain a fiscal balance**

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Oil revenue</td>
<td>170</td>
<td>168</td>
<td>121.6</td>
</tr>
<tr>
<td>Non-oil revenue</td>
<td>44.7</td>
<td>43</td>
<td>38.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>214.7</td>
<td>211</td>
<td>160.1</td>
</tr>
<tr>
<td><strong>Oil price-based budget $40 per Barrel in 2021</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Salaries and wages</td>
<td>61.4</td>
<td>59</td>
<td>57.9</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>62.7</td>
<td>58</td>
<td>60.7</td>
</tr>
<tr>
<td>Minor capex</td>
<td>4.1</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Major projects</td>
<td>80.2</td>
<td>90</td>
<td>72.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>208.4</td>
<td>210.5</td>
<td>194.7</td>
</tr>
</tbody>
</table>
Economic and business outlook
Allocation of QR. 72.1 Bn to Major Projects

- Municipality and environment: 25.4 QR bn
- Education: 17.4 QR bn
- Health: 16.5 QR bn
- Culture and sport: 13.0 QR bn
- Transport and communication: 11.5 QR bn
Economic and business outlook
A sound spending plan for Major Projects over the next 4 years

<table>
<thead>
<tr>
<th>Projects</th>
<th>Estimated cost (QR bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of existing areas and new citizens' lands</td>
<td>35.2</td>
</tr>
<tr>
<td>Roads and Public Places Beautification projects</td>
<td>1.6</td>
</tr>
<tr>
<td>Drainage and Estuaries</td>
<td>4.9</td>
</tr>
<tr>
<td>Maintenance</td>
<td>5.8</td>
</tr>
<tr>
<td>Hamad Medical Corporation</td>
<td>1.1</td>
</tr>
<tr>
<td>Ministry of Municipality and Environment</td>
<td>2.1</td>
</tr>
<tr>
<td>Ministry of Transportation and Communications</td>
<td>1.0</td>
</tr>
<tr>
<td>Others</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of existing areas and new citizens' lands</td>
<td>5.9 QR bn</td>
<td>9.1 QR bn</td>
<td>11.5 QR bn</td>
<td>27.4 QR bn</td>
<td>53.9 QR bn</td>
</tr>
</tbody>
</table>
## Snapshot of tax developments in Qatar in the past 12 months

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 months extension of Income Tax Return submission deadline for Tax year 2019</td>
<td>Allowing taxpayer manage the impact of COVID 19</td>
</tr>
<tr>
<td>Circular 4 issued in August 2020 clarifying tax exemptions applicable to share of profits attributable to Qatari nationals.</td>
<td></td>
</tr>
<tr>
<td>Introduction of new digital tax portal “Dhareeba” allowing taxpayers to effectively manage their tax affairs.</td>
<td></td>
</tr>
<tr>
<td>Extension for FACTA and CRS submission deadline due to additional difficulties brought by COVID 19</td>
<td></td>
</tr>
<tr>
<td>MOU signed between the GTA and the General Authority of Customs to integrate and make the Excise tax process efficient</td>
<td></td>
</tr>
<tr>
<td>Issuance of new circulars by Qatar Financial Centre regarding tax exemption related to entities listed on the Qatari stock market and tax exemptions of income derived by defence contracts – January 2021</td>
<td></td>
</tr>
<tr>
<td>MLI enters into force on 1 April 2020</td>
<td></td>
</tr>
<tr>
<td>In line with the BEPS action plan, Qatar issued detailed directives for Mutual Agreement Procedures (MAP) work</td>
<td></td>
</tr>
<tr>
<td>Domestic PE regulations aligned with OECD guidelines</td>
<td></td>
</tr>
</tbody>
</table>
Qatar – The investment destination of the future
Qatar – The investment destination of the future
Promoting economic development through attracting foreign direct investment

- Attracting up to 100% Foreign Capital inflow
- Introducing Free Zones and Special Economic Zones
- Promoting Public Private Partnership
- Tax incentives for activities related to FIFA
Qatar – the investment destination of the future
Attracting up to 100% direct foreign capital inflow

Foreigners are permitted to own 100% capital, whether cash or in kind, in all commercial and economic activities, except banking and insurance.

An application accompanied with a detailed business case must be submitted to obtain the Ministerial approval.

Benefits, conditions and pre-requisites

Benefits such as allocation of commercial land, possible Tax and custom duty exemptions, and access to market.
Qatar – The investment destination of the future
Facilitation through Free Zones and Special Economic Zones

1. Registration through the relevant competent authority.

2. The Tax exemptions and other incentives are conditional and requires pre-approval.

3. Designated Economic Zones near the airport and seaport such as Umm Alhoul and Ras Bufontas FZ.

4. Priority sectors such as: Industrial (Plastics, Metals, Chemical, Building Materials), advanced information Technology, etc.

5. Promoting logistics through 4 logistics parks in addition to 4 warehousing parks.

Qatar Free Zone, industrial zone, logistics or warehousing parks
Qatar – The investment destination of the future
Promoting Public Private Partnerships (PPP)

A robust legal framework to regulate the PPP.

With the objective to organize agreements between Public bodies and private sector allowing investment and financing opportunities with promising returns.

Aim to achieve the planned capital projects or mega projects planned by Public Works Authorities and other state agencies.
Qatar – The investment destination of the future

Tax incentives for activities related to FIFA

Conditional exemptions granted by the QFC

- Applicable for entities registered in the Qatar Financial Centre (QFC).
- Activities must be permissible by QFC license and should be related to FIFA.
- Possibility of obtaining exemptions from custom duties from the General Authority of Customs.
- Despite of exemptions, Tax compliance is still mandatory i.e., filing annual returns, reporting to the QFC Tax authorities etc.
Corporate Income Tax
Corporate income Tax developments
Recap on major changes from the old Income Tax Law

1. **Tax rate of 35%** has been introduced to agreements related to petrochemical industries - earlier the Tax rate was applicable only on petroleum operations.

2. Taxpayer may seek exemption or preferential tax rate for projects subject to there nature and location and approval of Ministry of Finance - Exemption up to 5 years.

3. Significant increase in penalties for noncompliance relating to filing the annual Tax return, settling Tax liabilities, reporting contracts, and registering as a Taxpayer - Please refer ensuing slides.

4. Use of Arabic language in correspondences and clarifications submitted to GTA shall be effective from 13 July 2019; Obligation to submit financial statements in Arabic shall be applied to the Tax year beginning on or after 1 January 2020.
Recap on major changes from the old Income Tax Law (continued)

5. Provision for employee end-of-service benefits is now considered as a non-deductible expense. Reversals from provisions created in prior years (before the new law is applicable), however, cannot be considered as a deduction in arriving at the Taxable income.

6. Gains resulting from revaluation of assets that are used as in-kind consideration to the capital of another resident stockholding company will be exempt, provided the shares of the company are not sold for five years.

7. Taxpayers eligible for Tax exemption are required to submit their annual corporate Tax return stating the amount of Taxable income and Tax due.
## Corporate Income Tax developments

Changes to penalties applicable under the tax law

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Penalty under new ITL</th>
<th>Penalty under old ITL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late filing of Tax return</td>
<td>QAR 500 per day up to maximum of QAR 180,000</td>
<td>QAR 100 per day up to maximum of QAR 36,000</td>
</tr>
<tr>
<td>Late payment of Income Tax</td>
<td>2% per month, up to a maximum of 100% of the amount of Tax due</td>
<td>1.5% per month, up to a maximum of 100% of the amount of Tax due</td>
</tr>
<tr>
<td>Late payment of Withholding Tax</td>
<td>2% per month, up to a maximum of 100% of the amount of Tax due</td>
<td>Introduced in new ITL</td>
</tr>
<tr>
<td>Failure to withhold Taxes</td>
<td>100% of the withholding Tax</td>
<td>100% of the withholding Tax</td>
</tr>
<tr>
<td>Contravention of the following provisions</td>
<td>QAR 20,000</td>
<td>QAR 5,000</td>
</tr>
<tr>
<td>- Registration with the GTA;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Notification to the GTA of any change that can affect the Tax obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax-exempt entity failed to file a Tax return and corresponding documents</td>
<td>QAR10,000</td>
<td>QAR10,000</td>
</tr>
<tr>
<td>Failure to maintain proper accounting records and submit audited financial statements</td>
<td>QAR 30,000</td>
<td>QAR 15,000</td>
</tr>
<tr>
<td>Failure to report contracts/agreements to the GTA</td>
<td>QAR 10,000</td>
<td>Introduced in new ITL</td>
</tr>
<tr>
<td>Failure to comply with obligations as entered by the ministry for international agreements (such as CRS, FATCA, CbCR, etc.)</td>
<td>QAR 500,000</td>
<td>Introduced in new ITL</td>
</tr>
</tbody>
</table>
Corporate income Tax developments
Clarifications issued by the GTA on the Executive Regulations (Circular 4/2020)

On August 2020, the General Tax Authority ("GTA") has clarified salient points on certain provisions of the Executive Regulations in relation to the Income Tax Law (Law no. 24 of 2018).

1. The Tax exemption under Article 4(10) of the Income Tax Law read in conjunction with Article 2(10) of the Executive Regulations is applicable **even if the Qatari natural persons are not the direct shareholders** in the entity claiming the Tax exemption.

2. The Tax exemption under Article 4(11) would only be applicable if the Qatari natural persons are the direct shareholders in the legal entities claiming the exemption or its immediate subsidiary/branch.

3. The Taxable ownership percentage of listed entities under the Qatar Stock Exchange must be determined using the December 31st Qatar Stock Exchange report.
Corporate income Tax developments

Additional requirements for the 2020 CIT filing

- Extensive disclosure on related party transactions.
- Asset-wise details of all fixed assets additions and disposals.
- Extensive details on subcontractor listing. (ID Type, ID Number, Trade Type, Trade Number, Contact Number, etc.)
- Extensive details on purchases (local or foreign purchases).
Corporate income Tax developments
Dhareeba requirement - Subcontractor details

Sub Contractor Details

Transaction with Related Party
- Yes
- No

Residence of Subcontractor
- Resident
- Non Resident

ID Type
- Select

Issuing Country
- Select

Issue Date
dd/MM/yyyy

Type
- Select

ID Number
- Select

Nationality
- Select

Expiration Date
dd/MM/yyyy

Amount
- 

Description
- 

Trade Name
- 

Trade Type
- 

Mobile Number
- + 

Phone Number
- + 

Email Address
- 

Zone
- 

Street
- 

Building
- 

Floor
- 

Office #
Corporate income Tax developments
Dhareeba requirement - Depreciation

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>General Information</td>
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</tr>
<tr>
<td>2.0</td>
<td>Accounting Depreciation</td>
<td></td>
</tr>
<tr>
<td>3.0</td>
<td>Tax Depreciation</td>
<td></td>
</tr>
</tbody>
</table>
Corporate income Tax developments
Dhareeba requirement - Purchases

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2 Purchases</td>
<td>0.00</td>
</tr>
<tr>
<td>2.2.1.1 Local Purchases</td>
<td>0.00</td>
</tr>
<tr>
<td>2.2.1.2 Foreign Purchases</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Corporate income Tax developments
Clarifications issued by the GTA on Tax payments

The GTA has updated its official bank accounts

Going forward, Taxpayers are now required to remit payments to the below bank account:

Account Name: GENERAL Tax AUTHORITY

IBAN: QA53 QNBA 0000 0000 0013 2932 4606 1
Corporate income Tax developments
Updates on QFC Tax regulations

The QFC Tax Authority has recently released an amended QFC Tax Regulations to achieve parity of treatment with the State Tax Regime.

1. The Qatar Financial Centre (QFC) Tax Authority has amended Article 82 of the QFC Tax Regulations (Election for Special Exempt Status) to include QFC entities that are listed in the Qatar Stock Exchange to the list of entities eligible for the exempt status.

2. The QFC Tax Authority issued a Concessionary Statement of Practice (CSoP) which lays down the criteria for QFC entities wishing to exempt income from defense or security contracts which are carried out for the benefit of the Ministry of Defense (MoD), the Ministry of Interior (MoI) or other defense or security agencies in the State.
Withholding Tax
Withholding Tax

All non-resident service payments will now attract Withholding Tax at 5%

5% WHT
Single withholding Tax rate of 5% will now apply for payment made to non-residents (without a PE in the Qatar) for all service payments including royalties and interest.

Consumption test
Services rendered by non-resident vendors will be subject to withholding Tax if consumed, used or utilized inside Qatar.

12 months rule
Effective December 11, 2019, all accrued invoices would now qualify for the 12-month rule. Such invoices must be subject to Withholding Tax, whether paid or not.
Withholding Tax – Information required

Below is the snapshot of the WHT template highlighting the required information to complete the withholding Tax filing:

<table>
<thead>
<tr>
<th>Type of Transaction</th>
<th>Type of payment</th>
<th>Description of the Transaction</th>
<th>Payment Document</th>
<th>Reference Number</th>
<th>Payment Document date</th>
<th>Payee payment date</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount Subject to WHT</th>
<th>Rate</th>
<th>Payee's Id Type</th>
<th>ID Number</th>
<th>Trade Name</th>
<th>First Name</th>
<th>Last Name</th>
<th>Jurisdiction of Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
Withholding Tax Filing Process – Direct payment

1. On Dhareeba, download the WHT template and fill up the required information relevant to the month.

2. Upload the template and the system will compute the withholding Tax liability (and penalty if applicable).

3. Generate payment reference number for net banking or proceed with direct payment via credit/ debit card.

4. If payment done via credit/ debit card, proceed with submission.
Withholding Tax – Net banking

For net banking, ensure correct payment reference is mentioned.

Upload the remittance advice on the system under the payment tab.

GTA will reconcile and approve the payment on the system.

Once the GTA has approved the payment, proceed with the submission.

Payment Instruction Slip – Net Banking

Below is the snapshot of payment instruction slip:

Instructions:

These instructions need to be read and understood before to proceed with Bank Transfer.

- Go to your online banking for Bank to Bank transfer. Log in to your bank account using your banking credentials and add the following as a beneficiary before making the payment:
  - For payments in QAR – GTA Account "2013-21534-061" / IBAN Number "QA53 QNB 0009 0000 2013 2932 4464 11" / SWIFT Code "QNBAQABAXXX"
  - For payments in USD – GTA Account "2013-DUBR-053" / IBAN Number "QA51 QNB 0009 0000 2013 0688 1835 3" /
Withholding Tax filing process – Net banking

Click on the pending payment tab and select the relevant payment reference:

### Pending Payment Transfer

<table>
<thead>
<tr>
<th>Generated On</th>
<th>Payment Reference #</th>
<th>Payment Method</th>
<th>Currency</th>
<th>Amount</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/11/2020</td>
<td>90000116539</td>
<td>Bank Transfer</td>
<td>QAR</td>
<td>175,071.32</td>
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</tr>
<tr>
<td>14/01/2021</td>
<td>90000121684</td>
<td>Bank Transfer</td>
<td>QAR</td>
<td>521.51</td>
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</tr>
<tr>
<td>14/01/2021</td>
<td>90000121690</td>
<td>Bank Transfer</td>
<td>QAR</td>
<td>1,898.25</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Upload the payment advice and relevant details:

### Pending Transfer Details

<table>
<thead>
<tr>
<th>Generated On</th>
<th>Payment Reference Number</th>
<th>Bank Name</th>
<th>Sender Account Name</th>
<th>Transfer Date</th>
<th>Bank Receipt Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/01/2021</td>
<td>90000121690</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Withholding Tax refund process

Dhareeba automatically generates WHT certificates issued to the foreign vendor.

The foreign vendor can submit reclaim for WHT refund if the DTA permits.

The GTA has 60 days to respond to the WHT refund request.

In case of unfavorable response/no response, the vendor has 30 days to appeal with the Tax Appeal Committee.
Contract reporting
Contract reporting

Applicability

Government bodies, authorities, public establishments, companies, associations, private establishments, associations, private philanthropic foundations, private institutions for public benefit and individual enterprises.

What needs to be reported?

Contracts concluded with non-residents with no permanent establishment in the State of Qatar, regardless of their value.

Contracts concluded with residents or with non-residents who have a permanent establishment in the State of Qatar if the contract value attains:

- QAR 200,000 (two hundred thousand Qatari Riyal) for service contracts, and
- QAR 500,000 (five hundred thousand Qatari Riyal) for contracting, supply and services.

How and when to report?

The contracts must be reported within 30 days. As per the Income Tax Law, a penalty of QR 10,000/- per contract is applicable on each contract not reported.
Contract reporting

FAQ

1. Would it include reporting of pure supply of goods/materials?

2. How to report Purchase Orders?

3. Should we report client contracts and supplier contracts both?
Trends observed at GTA and appeals
Trends observed at GTA and appeals

1. Related party transaction
   - Inquiries on application of arm’s length
   - Inquiries on commercial substance and relevance to Qatari taxpayer’s business
   - Review of inter-company service agreements and supporting evidences (invoices, debit notes etc)

2. Withholding Tax
   - Extensive inquiries and requesting details and supporting documentary evidence for expenses related to non-resident suppliers and subcontractors.

3. Remuneration to Key management personnel and shareholders
   - Inquiries on payments made to shareholders, directors and key management personnel
   - Disallowing remuneration, other than salaries, paid to managing partners of an LLC

4. Detailed review performed while assessing tax returns
   GTA now commonly asks the taxpayers to provide extensive details to enable GTA to review the returns. Commonly asked documents are,
   - Detailed trial balance
   - Employee wise breakdown for salary and wages and supporting documentary evidence such as employment contracts
   - Supporting documentation for major expense lines appearing in the tax returns and financial statements
DHAREEBA – the new digital tax management system of the GTA
GTA had announced the introduction of a new online Tax Management System to be called as “Dhareeba”.

**Timeline**

1. **June 2019**
   - GTA had announced the introduction of a new online Tax Management System to be called as “Dhareeba”.

2. **July 1, 2020**
   - The Taxpayer registration in the Dhareeba system commenced on July 1, 2020.
   - The GTA required all registered Taxpayers in the old Tax system (TAS) to register in Dhareeba until September 30, 2020. This deadline was further extended to December 30, 2020.

3. **November 1, 2020**
   - The Dhareeba system went live on November 1, 2020.
   - All Tax filings and reporting’s will be made through the new Dhareeba system moving forward.

4. **December 31, 2020**
   - Deadline for existing Taxpayers to register in the Dhareeba system.
DHAREEBA – the new digital tax management system of the GTA
An all-inclusive digital platform to cater taxpayer’s needs

Dhareeba is the new online Tax administration system in Qatar replacing the old TAS management system.

**Administrative Ease:** Tax administration through a Taxpayer representative/Tax agent (e.g. Deloitte). This would allow Tax agents to file returns/reports and communicate to the GTA on behalf of the Taxpayer.

**Online Management** ([www.dhareeba.gov.qa](http://www.dhareeba.gov.qa)): The Dhareeba system allows Taxpayers to validate and file Tax returns, make payments, and make certain Tax related requests online. The online system and the support center are available 24/7.

Gov’t call center: 16565
Calling from outside Qatar: +974 4406 9941
Email: support@dhareeba.qa

**Integrated Services:** The Dhareeba system is connected with the other relevant government agencies’ system/s which should allow point-to-point exchange of data/information. It also allows connection between Taxpayers and the General Tax Authority (GTA).
DHREEBA – the new digital tax management system of the GTA

An easy to navigate user interface

- Deloitte TIN: 20016
- Full Access
- Period – suggest to cover until end of 2021

- Employees should first make a NAS account
- Requirements:
  - QID/Passport
  - Email
  - Mobile
DHAREEBAA – the new digital tax management system of the GTA

Submissions of all types of tax returns, CIT, WHT and CGT

Return/Statement

- Filing Obligations
- Capital Gains Tax Return
- Withholding Tax Statement
Other declarations and reports

DHAREEBA – the new digital tax management system of the GTA

- Contract Declaration
- Notification for Receipt of Excisable Goods
- Notification on the CBC reporting entity
- Submission of Master File/Local File
- Voluntary Disclosure
- Notification Approval for Non-Objection Certificate
Dhareeba system in Qatar

Special requests

- Return Deadline Extension
- Penalty Exemption
- Change in Accounting Period
- Special Depreciation Rate
- Mutual Agreement Procedure (MAP)
- Tax Residency Certificate
- Request for Non-Objection Certificate (NOC)
DHAREEBA – the new digital tax management system of the GTA

Reconciliation of overdue payments appearing on Dhareeba
International Tax updates
# Global Tax update

How is the global Tax landscape changing?

## Action 1: Address the Tax challenges of the digital economy (Pillar One and Two)

<table>
<thead>
<tr>
<th>“Gaps”</th>
<th>“Frictions”</th>
<th>“Transparency”</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Establishing international coherence of corporate income Taxation</td>
<td>ii. Restoring the full effects and benefits of international standards</td>
<td>iii. Ensuring transparency while promoting increased certainty and predictability</td>
</tr>
</tbody>
</table>

### Action 2:
Neutralize the effects of hybrid mismatch arrangements

### Action 6:
Prevent treaty abuse

### Action 11:
Establish methodologies to collect and analyze data on BEPS and the actions to address it

### Action 3:
Strengthen controlled foreign company (CFC) rules

### Action 7:
Prevent the artificial avoidance of PE status

### Action 12:
Require Taxpayers to disclose their aggressive Tax planning arrangements

### Action 4:
Limit base erosion via interest deductions and other financial payments

### Action 8:
Intangibles

### Action 13:
Re-examine transfer pricing documentation

### Action 5:
Counter harmful Tax practices more effectively, taking into account transparency and substance

### Action 9:
Risk and capital

### Action 14:
Make dispute resolution mechanisms more effective

### Action 10:
Other high-risk transactions

## Other high-risk transactions

<table>
<thead>
<tr>
<th>Action 15: Develop a multilateral instrument</th>
</tr>
</thead>
</table>
"Failure to reach agreement by 2020 would greatly increase the risk that countries will act unilaterally, with negative consequences on an already fragile global economy. We must not allow that to happen".

OECD official

Timeline: Taxation of digital economy developments

- Initial economic analysis & impact assessment
- G20 Finance Ministers meeting
- Inclusive Framework Meeting
- Final report on consensus based long term solution
- G20 Leaders summit
- G20 Italian Presidency
- Technical work: Drafting statutory and treaty text
- Implementation – Enacting laws and ratifying treaties
What all multinationals need to know

Pillar one blueprint (profit allocation and new nexus rules unconstrained by physical presence)

<table>
<thead>
<tr>
<th>Amount A</th>
<th>New Taxing right to market/user jurisdictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A share of residual profit allocated to market countries using a formulaic approach/ no links to Arms length principle (ALP)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount B</th>
<th>Fixed ‘baseline’ return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>for marketing and distribution functions based on the arm’s length principle/ no new Taxing rights</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax certainty</th>
<th>Tax certainty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Through effective dispute prevention and resolution mechanisms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>In-scope businesses only:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Automated digital services</td>
</tr>
<tr>
<td></td>
<td>- Consumer-facing businesses</td>
</tr>
<tr>
<td></td>
<td>- Independent of physical presence</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>All businesses</th>
</tr>
</thead>
</table>

The proposal does not yet have the political agreement of the Inclusive Framework countries
What all multinationals need to know
Pillar two blueprint – Global minimum Tax

Income inclusion rule and Under Taxed payments rule (GloBE rule)

Rules for ensuring large multinational groups pay a minimum level of tax in each jurisdiction in which they operate

Subject to Tax rule

Source country Taxation of specific types of intra-group payments

Applies in priority to other Pillar Two rules

Income inclusion rule
plus switch-over rule

Under Taxed payments rule
(backstop)

All rules operate as a ‘top up’ to a minimum rate - minimum rates not yet agreed

The proposal does not yet have the political agreement of the Inclusive Framework countries
OECD guidance on impact of Covid-19 under International Tax treaty

Personal Tax relief to stranded employees teleworking from abroad under the current pandemic.

Temporary change in the location of board members/Senior executives under the current pandemic is an extraordinary situation and such change of location should not trigger a change in “place of effective management” of company and its Tax residence.

Activities of agents may not be considered as “habitual” and may not trigger PE implications- if solely due to public health measures imposed or recommended by relevant governments.

Exceptional/temporary change in the location of employees or working from home in another jurisdiction may not create PE implications for employer – if solely due to public health measures.

Construction/installation PE- Duration of interruption of activities included in determining the life of site.

OECD Guidance on relief from PE implications during the pandemic.

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Qatar Transfer Pricing developments
Transfer Pricing developments
MENA region following global trends

A new era is coming

- Transfer pricing emerging as a key area of concern as Taxpayers observe added scrutiny by Tax authorities
- Challenges likely to increase in coming years
- Payment to overseas to become a key focus area – BEPS concerns

Impact of end of Qatar blockade by UAE, KSA and Others

- Revisit transactions/structures – consider renewed UAE, KSA and other Middle East/GCC trade links
- Consider regional HO - Easier to align substance with transactions
- Movement of goods and services – regional hub model

The UAE has moved ahead of Luxembourg and is closing in on the UK when the comparison is honed down global financial centers attracting FDI.

0% corporate income Tax
0% personal income Tax
full ownership for foreign investors allowed
### Transfer Pricing requirements in the Middle East

<table>
<thead>
<tr>
<th>Country</th>
<th>Status of TP rules</th>
<th>MF requirement</th>
<th>LF requirement</th>
<th>CbC report requirement</th>
<th>Inclusive framework</th>
<th>Standard corporate Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>✓</td>
<td>22.50%</td>
</tr>
<tr>
<td>Qatar</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>✓</td>
<td>10%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
<td>✓</td>
<td>20% for non Saudi's share</td>
</tr>
<tr>
<td>Cyprus</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Required</td>
<td>×</td>
<td>12.5%</td>
</tr>
<tr>
<td>Oman</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Required</td>
<td>✓</td>
<td>15%</td>
</tr>
<tr>
<td>UAE</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Required</td>
<td>✓</td>
<td>0%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>✓</td>
<td>0%</td>
</tr>
<tr>
<td>Jordan</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>✓</td>
<td>20%</td>
</tr>
<tr>
<td>Iran</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>20%</td>
</tr>
<tr>
<td>Iraq</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>15%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>15%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>17%</td>
</tr>
<tr>
<td>Syria</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>20%</td>
</tr>
<tr>
<td>Yemen</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>×</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Legend**
- ○ Specific TP rules and documentation requirements in place
- • There are TP requirements to a certain extent
- ▼ No specific TP rules nor documentation requirements
Transfer Pricing developments
TP compliance requirements

Background
• Qatar signed the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) on 4 December 2018.
• Qatar has adopted the three-tier documentation under BEPS Action 13 including country-by-country reporting, local file and master file in local legislation.
• Per the Executive Regulations introduced in 2019, Qatar TP compliance requirements include:
  • TP Policy disclosure
  • Master file
  • Local file
  • Country by country reporting
<table>
<thead>
<tr>
<th>Transfer Pricing developments</th>
<th>TP Disclosure form</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>- Qatar resident entities with domestic or international related party transactions.</td>
</tr>
</tbody>
</table>
| **Threshold**                 | - More than 10 Million QAR of Assets or revenues in FY 2020  
                                - TP form is currently active in Dhareeba for taxpayers that cross the threshold and declare they have related party transactions. |
| **Contents**                  | - Overview of business, list of major intangibles, transfer pricing policy.  
                                - Transaction details - country of related party, amount of transaction and transfer pricing method. |
| **Manner of submission**      | - To be filed with the income Tax return in Dhareeba Portal. |
| **Due date**                  | - To be submitted along with the Income Tax return – i.e., by 30 April 2021. |
## Transfer Pricing developments

### Local File - Overview

<table>
<thead>
<tr>
<th>Applicability</th>
<th>As per executive regulations - local file to be prepared by entities that undertakes cross-border related party transactions.</th>
</tr>
</thead>
</table>
| Threshold     | De-minimis threshold not notified by GTA.  
|               | Entities with related party transactions should maintain transfer pricing documentation for FY 2020 onwards.      |
| Contents      | Format of the Local file is consistent with the BEPS Action 13 format.  
|               | Local file will contain details of taxpayer - management structure, functional analysis and benchmarking of related party transactions. |
| Manner of submission | Local file is not part of exchange mechanism and will have to be submitted locally in Qatar. |
| Due date      | Local file to be submitted on request to GTA or submitted by date notified by GTA. |
Transfer Pricing developments
Master File - Overview

Applicability
- Master file to be prepared by Parent company (HQ) for the whole group.

Threshold
- De-minimis threshold not notified by GTA.
- Groups with related party transactions should maintain Master file for FY 2020 onwards.

Contents
- Consistent with the BEPS Action 13 requirements.
- Details of entire group - organization structure, group's business, intangibles and intercompany financial activities.

Manner of submission
- Master file is not part of exchange mechanism and will have to be submitted locally in Qatar.
- Subsidiary companies can use Master file prepared by HQ.

Due date
- Master file to be submitted on request to GTA or submitted by date notified by GTA.

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| **Transfer Pricing developments**
| **CbC Reporting - Overview** |

<table>
<thead>
<tr>
<th><strong>Applicability</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• CbC reporting and notification required by Ultimate Parent Entity (‘UPE’) resident in Qatar.</td>
</tr>
<tr>
<td>• No Notification required by Constituent Entities resident in Qatar.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Threshold</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Consolidated revenue of multinational group is more than QAR 3 billion in the preceding financial year. (approx. EUR 700 million or USD 824 million).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Contents</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• The format of CbC report as per OECD BEPS Action 13 template.</td>
</tr>
<tr>
<td>• Implementation guidance on various aspects provided by OECD.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Manner of submission</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• CbC Report to be filed through GTA AEOI Portal electronically.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Due date</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• CbC Report to be filed by 31 December 2021 for FY 2020.</td>
</tr>
<tr>
<td>• CbCR Notification to be filed by UPE in Dhareeba/ Letter to QFC by 31 Dec 2021.</td>
</tr>
</tbody>
</table>
Transfer Pricing developments
Need for Transfer Pricing documentation

As a taxpayer – Why do I need to prepare a Local file and Master file?
Transfer Pricing developments over past 12 months

Local File - Overview

Risk - Based on magnitude of related party transaction, it is likely that Tax authorities may request TP documentation or raise inquiries and start a transfer pricing audit

Risk Mitigation Strategy
- Be compliant – transactions at arm’s length
- Prepare for queries from tax authorities
- TP analysis before transaction - appropriately price it
- GTA approval if using any method other than comparable uncontrolled price (CUP) method (also referred to as unrelated comparable price)
- Assess impact of thin capitalization requirements
- For QFC entities explore advance tax rulings

Recommendation - Groups should maintain TP documentation and undertake a diagnostic health check of existing transfer pricing policies
Transfer Pricing developments

Typical concern areas

- Is there a group transfer pricing policy?
- Are the terms of the agreement in line with “Third party” agreements?
- Can you prove substance in the overseas country?
- Are you paying attention to low Tax jurisdiction?
- Are there agreements between related parties?
- Are transactions priced as per Arm’s length principle?
- Can you pass the Benefit test for payments?
What should be on your agenda?

**New Taxes/developments in the GCC** - VAT in Oman from April 2021, mandatory E-invoicing in KSA by year end, extension of Tax amnesty in KSA until 30 June 2021 to name a few. VAT in Qatar – not if but when?

**Lead time** to manage changes, impacts of new developments – can you be compliant from day-1?

**Review supply chain to capture opportunities in Qatar** – lifting of blockade, exploring Free Zones for new investments, obtaining authorized economic operator status for ease of Customs administration.
Local considerations for Excise Tax

- **Online filing in Dhareeba**: Excise Tax Return filing through Dhareeba, product registration process in Dhareeba and identifying correct excisable items.

- **Tax opportunities**: Are you eligible for Tax suspension arrangements? When can you get a refund or credit?

- **Other compliance**: Are you complying with the law in terms of meeting record keeping, replying to audit and inspection queries?
Deloitte “VAT in the GCC guide” mobile app

The app is free of charge and is designed to help businesses to understand VAT and its impact, whether they have already undergone implementation or are preparing for the introduction of VAT in the three remaining GCC countries.
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