CELEBRATING 10 YEARS OF SERVICE

Doing Business in Qatar

Contents

Introduction

Qatar officially the State of Qatar is a sovereign country located in Southwest Asia, occupying the small Qatar Peninsula on the north eastern coast of the Arabian Peninsula. Its sole land border is with Saudi Arabia to the south, with the rest of its territory surrounded by the Persian Gulf. A strait in the Persian Gulf separates Qatar from the nearby island of Bahrain, as well as sharing sea borders with the United Arab Emirates and Iran. Qatar is a hereditary monarchy. It is a high income economy and is a developed country, backed by the world's third largest natural gas reserves and oil reserves.

Qatar is one of the most prosperous countries in the world and has the fastest growing economy in the Gulf Cooperation Council (the GCC). Qatar's real GDP compounded annual growth rate was 13.9 per cent between 2007 and 2011.

Oil and gas products played a crucial report in GDP of the nation but more recently, Qatar has distinguished itself from other GCC nations by focusing on hosting sporting events and becoming a major hub for sports entertainment in the region. Notably, Qatar hosted the 2006 Asian Games, the 2010 IAAF World Indoor Championships and the 2011 AFC Asian Cup. In 2010, Qatar won the right to host the FIFA 2022 World Cup which will necessitate major infrastructure works including the construction of up to 12 new stadiums as well as new roads and transportation facilities

With Limited Liability (W.L.L.)

Much of the growth in the economy has been driven by an expansion in the production of oil, liquefied natural gas (LNG) and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 51.7 per cent of Qatar's total nominal GDP in 2010.

Qatar has also been diversifying its economy by allowing further development in both the real estate and construction sectors. Qatar has witnessed a substantial increase in economic growth and returns due in part to investment in the infrastructure, tourism, financial services and petrochemicals sectors. Consequently, the non-oil and gas sector contributed 48.3 percent of Qatar's nominal GDP in 2010 compared with 39.6 per cent in 2003.

Quick Points

Currency : Qatari Riyal (QAR) where 1QAR is $ 0.27 approx.
Official Language: Arabic (English is used commonly in business)
Population: Approx. 2 million (80% Population comprise of expats)
Religion: Main Religion of state is Islam but there is also small population of foreigners such as Christians, Jews, Hindus, Bahais and others.

Climate

The climate is characterized by a mild winter and a hot summer. Rainfall in the winter is moderate, averaging some 80 millimetres a year. Temperatures range from 7 degrees Celsius in January to around 45 degrees at the height of summer. The weather is generally mild during the period from October until May.

Social Customs

The heritage of Islam is deeply rooted in the Qatari character and society. The importation and consumption of alcohol is strictly regulated. However, liquor permits may be obtained by foreign employees and the major hotels are 9 allowed to serve alcohol to guests in restricted areas. Qatar prohibits the brewing and trafficking in alcohol.

Introduction

Foreign Relations

While maintaining its identity and autonomy, Qatar has always regarded itself as an integral part of the Gulf Community. Even prior to independence, it was one of the most active advocates of economic and social co-operation and of a unified Arab voice in international forums. The State has always maintained a good relationship with the rest of the Arab world. Housing and Real Estate Commercial and residential rental rates have both increased.

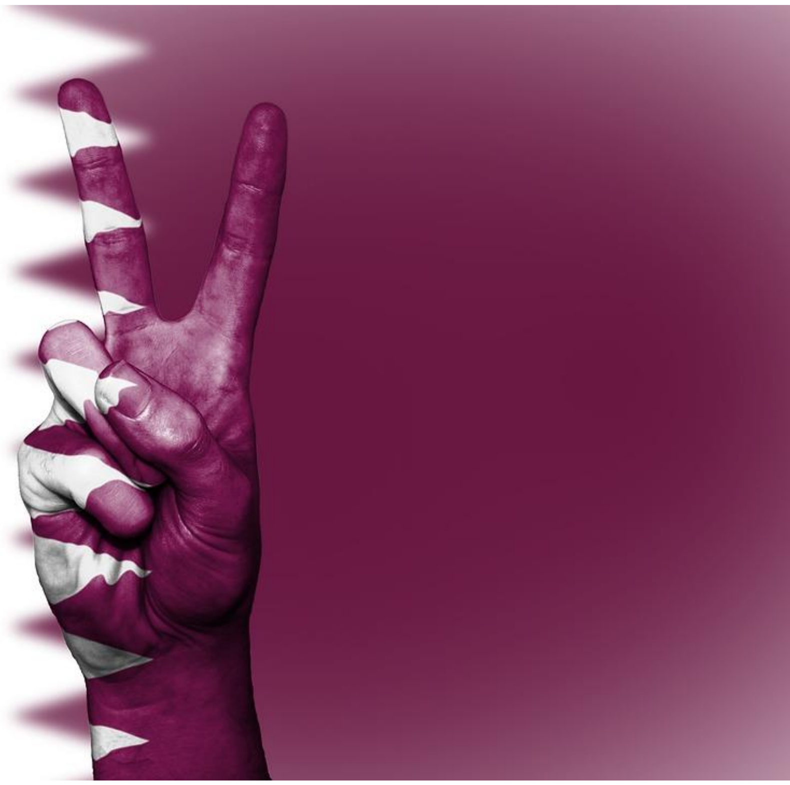
Administration

Qatar gained full independence in 1971 and has been ruled since June 1995 by the Emir His Highness Sheikh Hamad bin Khalifa Al-Thani. The hereditary successor to the Emir is the Emir's fourth son, the Heir Apparent His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani.

The permanent Qatar Constitution (the Constitution) came into effect in 2005, replacing the constitution that had been created shortly after independence. The Constitution separates powers between the executive branch, which is comprised of the Emir with assistance from his cabinet (the Council of Ministers), the legislature (the Advisory Council) and the judiciary. The Constitution guarantees all residents of Qatar equality before the law, regardless of their origin, language, religion or gender.

The Constitution assures personal freedom and privacy, guarantees freedom of expression, association and the media, and prohibits any amendment to individual rights and public liberties (except for the purposes of granting additional rights and guarantees).

The Council of Ministers is responsible for proposing draft laws and decrees, for implementing these laws and for supervising the financial and administrative affairs of the Government. The Advisory Council consists of 35 members chosen from all sectors of Qatari society and reviews the draft laws proposed by the Council of Ministers prior to their ratification by H.H. the Emir. The Advisory Council has five permanent committees: Legal & Legislative Affairs, Financial & Economic Affairs, Public Services and Utilities, Domestic & Foreign Affairs, and Cultural Affairs and Information.



Introduction

Banking and Financial Services

The banking sector is supervised by Qatar Central Bank (QCB) and comprises of a combination of national and foreign banks. A total of 15 banks currently operate in Qatar, seven of which are Qatari owned institutions, including five commercial banks (Al Ahli Bank, Commercial Bank, Doha Bank, Grindlays Qatar Bank, and Qatar National Bank) and two Islamic institutions (Qatar Islamic Bank and Qatar International Islamic Bank and Masiat Al Rayan. Also represented in the local branches of foreign banks including Arab Bank, HSBC Bank, Mashreq Bank, Bank Saderat Iran, BNP Paribas, United Bank and Standard Chartered Bank. Qatar Industrial Development Bank was established 1997 and provides financing to small and medium scale industries. The insurance sector is one of the savings and investment facilities available within the country's economic structure and participated with the national banks in the establishment of the privately owned companies. There are eight insurance companies currently operating in Qatar, in which four are joint stock companies, while the rest are representative agencies of overseas insurance companies.

Key Regulatory Entities

Ministry of Business and Trade

The Ministry of Business and Trade (the MoBT) is Qatar's key commercial and insurance regulator and the scope of its authority is wide-ranging. Among other things, the MOBT is responsible for the planning and execution of the State's general budget, monitoring the Government's accounts and expenditure, evaluating and implementing taxation policy, coordinating with the Qatar Central Bank with respect to monetary policy, approving new commercial registrations and approving the registration of trademarks.

Qatar Exchange

In June 2009, Qatar Holding LLC (QH), a wholly owned subsidiary of the QIA, and NYSE Euronext formed a strategic partnership. This came about following the US$200 million acquisition by NYSE Euronext of a 20 per cent stake in the Qatar Exchange (the QE) (known prior to the transaction as the Doha Securities Market or DSM). QH retained an 80 per cent stake in the QE. The QE currently lists equity securities only. As of January 2011, there were 42 companies listed primarily from the banking and financial services, insurance and industrial sectors.

Qatar Central Bank

The Qatar Central Bank (the QCB) was established in 1993 and operates in coordination with the Ministry of Economy and Finance. The QCB is managed by a board of directors and chaired by its governor. In its supervisory capacity, the QCB oversees the activities of all of Qatar's commercial banks and non-banking financial institutions (with the exception of insurance companies) with a view to minimizing banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of and reviews reports and other mandatory data submitted by commercial banks, including monthly capital adequacy compliance reports.

Qatar Financial Markets Authority

The Qatar Financial Markets Authority (the QFMA) was established in 2005 as an independent regulatory authority for Qatar's capital markets. The QFMA is mandated to
(i)regulate and supervise the QE and the securities industry in Qatar and
(ii)implement a new regulatory framework for Qatar's capital markets and securities industry based on international best practices.

The QFMA's primary objective is to ensure market integrity and transparency through impartial monitoring and independent regulation of Qatar's capital markets. The QFMA also sets regulatory policy for the securities markets, drafts and issues relevant rules and regulations, oversees admission to listing and enforces relevant laws and regulations applicable to market participants.

Key Regulatory Entities

Qatar Financial Centre Authority / Qatar Financial Centre Regulatory Authority

The QFC was established in 2005 with the objective of attracting international financial service providers to Qatar. Unlike other financial centers in the Middle East, the QFC has no physical boundaries and QFC-registered entities may conduct business internationally and throughout Qatar. QFC-registered entities can locate anywhere in Qatar, subject to approval by the QFC and the Council of Ministers. Much of Doha is already authorized as a “QFC zone” and the authorization process is generally straightforward. The Qatar Financial Centre Authority (the QFCA) is the commercial arm of the QFC and is responsible for the licensing, registration and incorporation of QFC entities amongst other things. The QFCRA is the independent regulatory arm of the QFC. Any QFC entity that is engaged in a regulated activity (including banking, asset management and insurance activities) must be authorized to conduct such activity by the QFCRA. The QFCRA has a broad range of regulatory powers to authorize, supervise and discipline QFC firms and individuals.

Legal Environment

The judiciary is independent, and is currently divided into two court systems; the civil, commercial and criminal system and the Sharia Court system which administers Islamic laws. The civil courts are required to apply Qatari Laws as established by Emiri Decrees, in enforcing agreements between parties. In 2004, the judicial system witnessed radical changes as per the new Judiciary Law issued in 2003, which became effective in October 2004. The new Judiciary Law will see the current two court systems merge into one. A Higher Court called the Court of Cassation (Supreme Court) will be established, which will be considered the highest court of appeal in the country.

Labour and Social Insurance Laws

The Labour and Social Insurance Laws, introduced in 1962, are important reference material for businessmen operating in Qatar. Social insurance contributions are levied on all businesses with more than ten employees, and all employees are entitled to the protection offered by the Labour Law. Labour Law deals with hiring and termination, hours of work and entitlements to annual leave. It has now been made optional for businesses with less than 10 employees to register with the Social Insurance. The courts generally rule in favour of the employee if there is any leeway or ambiguity in interpreting the law, although the majority of disputes arising are settled out of court through the conciliation efforts of the Minister of Labour. Social insurance contributions payable by the employee are levied on all salaries of foreign workers at a rate of 3% and on those of Qatari workers at a rate of 10%. The latter also contribute 5% from their salaries representing the employee's share of contributions. The main cost arising under the provisions of the Labour Law is an end of service indemnity, payable to foreign workers only, which are calculated as being 15 days of salary for each of the first three years of service and 30 days of salary for each subsequent year.

Investment Incentives

Qatar welcomes foreign participation in joint ventures through technology supply, market administration and equity participation. The Government offers several attractive incentives for joint ventures, such as: Natural gas priced at $0.60 - $0.75 per million Btu;
•Electricity at $0.0178 per kwh;
•A developed infrastructure;
•Industrial land at a nominal rent of one Qatari Riyal (US$1 = QR 3.64) per square metre per year;
•No custom duties on imports of machinery, equipment and spare parts;
•No export duties;
•No taxes on corporate profits for pre-determined periods.

In addition to the above, the Government also offers the following incentives:

- 10-year tax holidays;
- No income tax on salaries paid to expatriates;
- No exchange control regulations - the Qatari Riyal is freely convertible at an amount of $1=Qatari Riyals 3.64, a rate of exchange which has been stable for two decades;
- Excellent medical and educational facilities;
- Low rates of inflation;
- Easy access to world markets with first class air and sea connections;
- Excellent telecommunications facilities;
- Liberal immigration and employment rules to enable hiring of skilled and unskilled labour from abroad.

Economic liberalization measures have been introduced to encourage inward investment. The private sector has been given a greater role to play in the development drive. In the pursuit of developing a strong private sector with an enhanced industrial base, the Qatar Industrial Development Bank (QIDB) was established in 1997, with an authorized capital of QR 200 million ($54.9 million). QIDB is 100% owned by the State of Qatar and provides loans at competitive rates of interest.

Legal Environment

Generous incentives have also been 10 granted to private investors and measures were taken to encourage grassroots projects and joint-venture investments. Non-Qatari capital is welcomed in business and industrial investments in the country. Economic reform decrees have been issued to activate industrial investment activities and to accelerate further the current rapid pace of development. These include proposals for liberalizing the present restrictions upon foreign ownership of Qatari enterprises and plans for the re-codification of the principal commercial law statutes in order to meet future requirements. A New Foreign Investment law was approved in October 2000. The new law allows foreigners to own up to 100% share in certain projects. Foreign Investment Finance There are no restrictions on foreign investors using their own funds to participate in Qatari businesses. If a foreign investor's own funds are insufficient to finance the business, the investor may approach a Qatari or GCC national company, or indeed any bank for finance. Bank financing in Qatar is granted on normal commercial terms. Foreign Trade Foreign Trade in Qatar is regulated by the Qatar Customs Law No. 5 of 1988. In general, a person wishing to import goods into Qatar for sale, must be registered in the Importers Register and be approved by Qatar Chamber of Commerce and Industry (QCCI). The standard rate of customs duty in Qatar is 5% (ad valorem) in accordance with the GCC customs union put in place since January 2003. Certain goods which compete with locally manufactured products are subject to a higher customs duty tariff as a protection measure.

These include the following:
•General Items 5%
•Cement 20% Steel 20%
•Urea 30%
•Tobacco 100%
•Records and musical instruments 15%

Goods manufactured in GCC countries are exempt from customs duty provided they are accompanied by a certificate of origin issued by the Chamber of Commerce in the GCC state of origin. Customs Exemptions from customs duty apply to the following items:
•Personal effects and used household appliances and furniture belonging to foreign employees arriving in Qatar for the purpose of residence;
•Equipment, materials and other supplies belonging to Government entities or state companies;
•Food products such as grains, livestock, tea, coffee, sugar, rice, milk for infants and other essential consumer items;
•Goods imported by embassies and consulates.
•The following documents are required for releasing imports:
•An Invoice and shipping document;
•A Certificate of origin;
•The Producer's declaration of observance of the Israeli boycott rules; and
•A Full description of goods;
•A Health and quality certificate, if applicable.

Valuation

The basic value The basic value of the assessment of duty is the CIF value of the goods. In event that only the FOB price can be established, duty is computed based upon the FOB price plus 15%.

Establishing a legal presence

The following commercial arrangements may be used by a foreign investor to establish a legal presence and conduct business activities in Qatar:

- Incorporating a local entity under (Law No. (5) of 2002) (the Commercial Companies Law);
- obtaining a license for a temporary branch or representative office;
- incorporating or registering with the QFC;
- incorporating or registering in the Qatar Science and Technology Park (the QSTP);
- appointing a commercial agent;
- appointing a distributor; or
- Appointing a commercial representative.

Further details are set out in Sections B(i) to B(viii) below and a matrix providing a summary of the main characteristics of these different options is set out in Schedule 1.

Incorporating a Local Entity under the Commercial Companies Law

All entities incorporated in Qatar (other than QFC entities, as described in Section B(iii)) must be established under the Commercial Companies Law. The Commercial Companies Law. The Commercial Companies

Types of Companies

The regulations relating to the structure and governance of companies are governed by the New Commercial Companies Law, Law No. (5) of 2002, replacing Law No. (9) of 1998. The New Commercial Companies Law provides for the incorporation of six different kinds of companies in Qatar:

1.Simple Partnership Company

A Simple Partnership Company is a company 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 a simple partnership company must be nationals of the State of Qatar. A simple partnership company should have a Memorandum of Association.

2.Single Shareholder Companies

Single shareholder companies are limited liability companies whose capital is fully owned by a single natural or corporate person. The liability of the owner is limited to the extent of the capital invested in the company. The capital of a single shareholder company should not be less than QR50,000. In other respects a single shareholder company is governed by the same regulations as Limited Liability Company.

3.Joint Partnership Company

A Joint Partnership Company is a company consisting of two types of partners:

i.Joint partners who are empowered to administer the affairs of the company, and are jointly and personally responsible for the company’s liabilities.

ii.Trustee partners, who merely contribute to the company’s capital without being responsible for its liabilities except to the value of their shares in the capital. All the Joint partners in a joint partnership company must be nationals of the State. A Trustee partner shall not interfere in the management of the company.

Establishing a legal presence

4.Joint Venture Company

A Joint Venture Company is a company formed by two or more persons. It is an un-incorporated entity, without liability 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 proved 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 non-Qataris are partners in a Joint Venture Company, then the company is allowed to carry out only those business activities stipulated by law for non-Qatari.

5.Corporation

Corporations can take the form of closed stock companies or public stock companies. The closed stock company may be 100% foreign - owned, while the foreign ownership of a public stock company is restricted to a maximum of 49%. Every company registered in Qatar should have its head office in the country.

6.Public Shareholding Company

A Public Shareholding Company is a company whose capital is divided into shares of equal value, which are transferable. Shareholders of a Public Shareholding Company are not liable for the company's obligations except for the amount of the nominal value of the shares for which they subscribe.

A Public Shareholding Company 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" A Public Shareholding Company 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 of a Public Share holding Company may be extended by an extra ordinary resolution of the General Assembly. The capital of a Public Shareholding Company should not be less than QR 10,000,000/- (Ten Million Qatari Riyals).

7.Limited Shares Partnership Company

A Limited Shares Partnership Company is a company formed by two groups, namely: i. Joint Partners comprising of one or more joint partners who are personally liable for the debts of the company. ii. Trustee Partners comprising of not less than four share holding 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. 26 For the joint partners, the company shall be governed in the same manner as a Simple Partnership Company and all the joint partners must be nationals of the State of Qatar. The company should have a minimum capital of QR 1,000,000/- (One Million Qatari Riyals), divided into shares of equal value that are transferable and indivisible and should be fully paid upon incorporation. The company must have a General Assembly composed of all joint and trustee share holding partners. A Limited Shares Partnership Company is managed by one or more joint partners.

Establishing a legal presence

8.Limited Liability Company

A Limited Liability Company is a company 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 Limited Liability Company 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 QR 200,000/- (Two Hundred Thousand Qatari Riyals), divided into shares of equal value of not less than QR 10/- (Ten Riyals) each. The management of a Limited Liability Company is conducted by one or more managers whether partners in the company or not. A Limited Liability Company may not engage in the business of insurance, banking, or in the investment of funds, whether as a principal or an agent. Banks / Investment Businesses /

Foreign investors often opt to incorporate a limited liability company (LLC) because it requires a relatively small amount of capital (not less than QR 200,000), it can be established reasonably quickly and the liability of its shareholders is generally limited to the amount of share capital that they have committed. Nonetheless, LLCs will not be appropriate for all types of business activity as the Commercial Companies Law provides that LLCs cannot undertake banking or insurance activities nor can they make investments on behalf of third parties (either as principal or agent). Furthermore, LLCs may not offer their shares for public subscription.

When entering into a joint venture with a Government or Government-owned entity, it is customary for the parties to establish a private joint stock company incorporated in accordance with Article 68 of the Commercial Companies Law.

The qualifying factor for incorporating a so-called Article 68 company is that at least one of the company's shareholders must be a Governmental organization that either

(1) is fully owned by the Government or owned by the Government with at least a 51 per cent shareholding; or

(2) has received a waiver from the Council of Ministers from this requirement.

An Article 68 company may contract out of provisions of the Commercial Companies Law through its memorandum and articles of association and, therefore, may govern itself in any way that the shareholders wish.

Foreign Investors

Law No. (13) of 2000 (the Foreign Investment Law) applies to non-Qatari natural or legal persons (a non-Qatari legal person is an entity which is not wholly owned by a Qatari national). This definition includes GCC nationals who are not Qatari nationals. The Foreign Investment Law places two main restrictions on foreign investors who wish to establish a legal presence in Qatar:

(1) the percentage of foreign ownership permitted; and

(2) the types of business in which foreign investors can invest

Maximum Equity Participation

Article 2(1) of the Foreign Investment Law restricts foreign ownership to a maximum of 49 per cent of a company's capital. However, Article 2(2) of the Foreign Investment Law (as amended by Law No.(1) of 2010) provides that foreign investors may own up to 100 per cent of the capital if:

• The entity operates in the following sectors: agriculture, industry, healthcare, education, tourism, exploitation and development of natural resources, energy or mining, consultancy services, technical and information technology, cultural, sports and entertainment services or distribution services

Establishing a legal presence

- The project contributes to Qatar's development plans

Although the Minister of Business and Trade is officially responsible for giving authorization under Article 2(2) of the Foreign Investment Law, the determination of the acceptable percentage of foreign ownership is generally left to the Minister covering the relevant sector. For example, if the investment is in the energy or mining sectors, the Minister of Energy and Industry will determine the percentage of foreign ownership. This is normally determined on a case-by-case basis.

Foreign companies wishing to invest in sectors not specifically mentioned in Article 2(2) of the Foreign Investment Law may be permitted 100 per cent ownership on a case-by-case basis, upon approval by the Minister of Business and Trade. In practice, such approval is rare.

Notwithstanding the 49 per cent foreign ownership cap, foreign investors have flexibility to preserve significant control over an LLC by including protective provisions in its operating agreements. Such provisions could, for example, confer on the foreign investor the power to appoint a certain number of general managers (equivalent to directors under US and English law), the right to more than 49 per cent of the company's profits, the right of veto over certain decisions and the right to retain ownership of any trade name.

The Proxy Law

Law No. (25) of 2004 (the Proxy Law) prohibits any natural or legal person in Qatar from "harboring" a non-Qatari. The language of the Proxy Law has a wide scope of application and seeks to, amongst other things, restrict the ability of foreign investors to use a Qatari natural person or entity to circumvent restrictions and requirements applicable to foreign investors under Qatari law.

Types of Business

Foreign investment in the banking and insurance sectors is only permitted on a case by case basis upon the prior approval of the Council of Ministers. Foreign investment in commercial agencies and trading in real estate is not generally permitted.

Foreign investors who wish to engage in engineering activities, including engineering consultancy, are governed by Law No. 19 of 2005 (Engineering Law). Under this law, foreign engineering firms are permitted to register temporary branches in Qatar. There are, however, strict registration requirements. If a foreign firm cannot meet these requirements, the Engineering Law states that foreign investors can establish a local engineering firm as a joint venture with a Qatari partner, with a maximum of 49 per cent foreign ownership. The registration requirements for engineering firms are regulated by the Urban Planning and Development Authority.

Incorporating or Registering Within the QFC

Entities licenced by the QFC and operating under the auspices of the QFC may be fully owned by non-Qatari natural or legal persons. Full repatriation of profits and capital is expressly permitted for QFC entities. Entities wishing to operate from the QFC must be engaged in specific QFC-permitted activities. A more detailed description of the permitted activities and the licencing and authorisation process is set out below:

Permitted Activities for QFC Entities

Only entities performing certain limited activities are allowed to operate within the QFC.

Permitted activities fall into two broad categories:

Establishing a legal presence

Regulated activities

The QFCRA authorises QFC entities to conduct regulated activities from within the QFC. These regulated activities include activities relating to financial services, insurance reinsurance, asset management, funds administration, funds advisory, pension funds, the provision of credit, brokerage services, financial agency, corporate finance advisory and custodian services.

Non-regulated activities

The QFCA may licence QFC entities to conduct permitted activities, which are considered non-regulated activities, from within the QFC. These non-regulated activities include ship broking, ship agency services, classification services, grading services, company administration services, the business of holding companies, the formation, operation and administration of trusts and professional advisory services (including accounting, audit, tax, consulting and legal services)

Licencing and Authorisation Process in the QFC

An entity engaged in a permitted activity can establish a legal presence in the QFC by incorporating a company or partnership, or by registering a branch of a non-QFC entity. Such incorporation or registration must be undertaken through the QFC Companies Registration Office. The QFC permits the establishment of various types of legal entity including limited liability companies, protected cell companies, both general and limited partnerships (including branches of a non-QFC partnership), and the transfer of incorporation to the QFC.

All QFC entities must be licensed by the QFCA7. In addition, all entities engaged in regulated activities must be authorized by the QFCRA.8 Entities seeking such authorization will also be required to appoint individuals to perform certain key functions, including senior executive, actuarial and anti-money laundering reporting functions.9 The incorporation of a QFC entity requires extensive consultation with the QFCA and applicants will need to furnish the QFCA with detailed business plans and financial information relating to the proposed entity and its founding shareholders.

Obtaining a Licence for a Temporary Branch or Representative Office

Under Article 3 of the Foreign Investment Law, a foreign company can open a temporary branch office in Qatar if the company is awarded a specific contract involving a project that contributes to public service or interest. In this situation, the Minister of Business and Trade can licence the foreign company to conduct business in Qatar for the specific purpose of completing the contract. The licence to operate the temporary branch office will expire once the contract is completed.

A foreign company can open a representative office by filing an application at the MoBT. A representative office cannot conduct financial transactions in Qatar and its activities are limited to marketing and administrative functions.

Incorporating or Registering within the Qatar Science and Technology Park (QSTP)

The QSTP is, for the time being, the only free zone in Qatar.10 The capital of companies registered in the QSTP can be entirely owned by foreign investors. QSTP companies are permitted to trade directly in Qatar without a local agent.

Establishing a legal presence

Other free zone benefits include the absence of taxation and the ability to import goods and services free of any Qatari added tax or customs duties. In addition, rent for QSTP premises is highly subsidized. In order to incorporate or register in the QSTP, the majority of an entity's activities must contribute to the advancement of science, technology or research and development. Projects that collaborate with Qatar's universities and research institutes are particularly encouraged. Permitted activities usually include a mixture of technology, development and commercial trading, with the scope of the tenant's commercial (and non-commercial) activities defined in its QSTP licence. More than 20 companies are currently listed as operating in the QSTP, including Chevron, Cisco, GE, Microsoft, Rolls-Royce and Tata.

In order to establish a company in the QSTP, applicants must submit a description of their business and research plans to the QSTP. The QSTP will then assess whether such description fits the applicable technology-based criteria. The QSTP will typically require applicants to demonstrate that the majority of their activities, determined by the amount invested, will be dedicated to research and development. Once QSTP approval has been received, the applicant must either apply to incorporate or to register as a branch office. All applicants must then apply for a licence, which requires providing information such as proof of financial and technical proficiency, and they must also complete a lease agreement. Annual financial and activity reports must be submitted to the QSTP.
Three types of licenses are issued by the QSTP:

Standard license

issued to businesses that incorporate in the free zone as a QSTP LLC or register as a branch office. QSTP LLCs must have at least two shareholders and a minimum capital of QR 200,000. These incorporated or registered businesses are entitled to all free zone benefits.

Restricted license

issued to various types of entities, which that do not qualify for the standard license. This license only provides limited free zone benefits, as designated by QSTP management.

Service license

issued to entities providing services to QSTP tenants. This license does not provide any free zone benefits..

Entering into a Commercial Agency Relationship

If a foreign entity wishes to sell goods or services in Qatar but does not wish to maintain a physical presence in the country, it may enter into a commercial agency relationship with a Qatari natural or legal person. A commercial agency contract should, amongst other things, specify the products or services covered by the agreement, the territory of the distribution and the duration of the relationship.

A commercial agency arrangement may be registered by the agent at the MoBT if the relationship between principal and agent meets certain criteria laid out in Law No. (8) of 2002 on Commercial Agents (the Commercial Agency Law). Upon registration, the agent receives, among other things, statutory protections relating to exclusivity, commission and termination.

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Establishing a legal presence

An agent in a non-registered agency relationship may also benefit from similar protections to those afforded to registered agents by virtue of certain provisions of the Commercial Companies Law.
If an agency arrangement is entered into in circumstances where the agent is not a Qatari natural person or an entity wholly owned by Qataris or such arrangement has been entered into on a non-exclusive basis, this will preclude the agent from benefiting from the statutory protections available under either the Commercial Agency Law or the Commercial Companies Law.

Appointing a Distributor

A distributor may be appointed by a foreign investor to represent him in distributing and selling certain goods in Qatar. The distribution arrangement must be agreed in writing and include specific details regarding the limit of the distributor's responsibilities, the fee, the geographical scope of the distribution arrangement, the term of the relationship and the use of intellectual property relating to the products that are the subject of the distribution arrangement.

The distribution contract between the principal and the distributor must be for a term of no less than five years if the distribution contract requires the distributor to utilise showrooms, storerooms or to provide facilities for the maintenance of the products that are the subject of the distribution. The principal cannot appoint more than one distributor relating to the same product in the same geographic area.
Similar to commercial agency arrangements, a distributor has certain protections under the Commercial Companies Law.

Appointing a Commercial Representative

A foreign investor may appoint a commercial representative through an employment contract with such person. The commercial representatives perform commercial activities in Qatar on behalf of foreign investors for a fee. Principals are liable for the acts of their commercial representatives provided that the relevant commercial representative acts within the parameters set forth under his or her employment contract.

General Legal Considerations

In addition to the legal requirements outlined above, other general considerations are relevant to foreign investors who wish to do business in Qatar. Some of the main considerations are outlined below:

Doing Business with the Public Sector

The Central Tenders Committee (the CTC) of the Ministry of Economy and Finance processes the majority of public sector tenders in Qatar. In addition, some Government entities, such as the Ministry of Energy and Industry, QP and the Public Works Authority, have internal tender committees.

Bids presented by entities that are not registered in the Commercial Register at the Ministry of Economy and Finance and with the Qatar Chamber of Commerce and Industry (the Chamber of Commerce) can be discarded by the CTC.

Preferential treatment is given to bids that include a high percentage of local content

Import Regulations

Qatar is a member of the World Trade Organization and a party to various regional free trade agreements, most notably within the GCC. As a result of its participation in the GCC Customs Union, Qatar has been applying the GCC Common External Tariff Law No. (41) of 2002 that implements the GCC unified customs tariff in Qatar, imposing a 5 per cent tariff on the invoice value of most imported products.

The GCC unified customs tariff has allowed exemptions for approximately 400 goods, including certain basic food products. Tobacco and manufactured tobacco substitutes are subject to a customs duty of at least 100 per cent.

The QSTP free zone does not impose import duties. As in many GCC states, the importation of pork is prohibited and the importation of alcohol is severely restricted.

Qatar is a member of the Greater Arab Free Trade Area (GAFTA) pursuant to which Qatar eliminated customs duties on certain products from GAFTA members states. Entities wishing to import goods into Qatar must generally be registered in the Importers' Register and must be approved by the Chamber of Commerce. Projects funded by the Qatar Development Bank or designated by the Ministry of Energy and Industry (generally those in the construction, oil, gas, water and electricity sectors) can be granted a customs duty waiver for the import of machinery, raw materials and industrial equipment.

Foreign Exchange Controls and Anti-Money Laundering

Qatar does not generally have any foreign exchange controls or restrictions on the remittance of funds. Foreign investors are free to transfer profits and capital related to their investments, and proceeds resulting from the settlement of investment disputes, both into and out of the country.

Law No. (28) of 2002 on Anti-Money Laundering criminalises money laundering and imposes sanctions against individuals and institutions committing this crime. This law also established a National Anti-Money Laundering Committee to implement the legislation and to promote anti-money laundering efforts.

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General Legal Considerations

Law No. (3) of 2004 on Combating Terrorism also contains provisions that criminalise money-laundering. These laws, however, remain largely untested within Qatari courts.
Both the QFC and the QE have their own anti-money laundering regulations.

Taxation

Profits of business establishments that are wholly owned by Qatari individuals are not taxed. Income tax in Qatar applies only to businesses and is essentially a form of corporate tax. Tax in Qatar was previously governed by Law Decree No. (11) of 1993 on Income Tax, which has been repealed and replaced by Law No. (21) of 2009 (the 2009 Tax Law). The 2009 Tax Law states that taxable income arising from sources in Qatar in excess of QR 100,000 in any taxable year is taxed at a flat rate of 10 per cent (subject to certain limited exceptions relating to contracts between the State and foreign companies in the oil and gas industry). The 2009 Tax Law came into force on 1 January 2010.
The 2009 Tax Law introduced a new withholding tax regime on payments to non-residents at the following rates:
•5 per cent on royalties and technical fees
•7per cent on interest, commissions, brokerage fees, director's fees and any other payments for services conducted wholly or partly in Qatar.
Withholding tax is levied on amounts paid to non-residents in relation to activities not associated with a permanent establishment in Qatar. As a consequence, withholding tax requirements apply to service providers in Qatar who are unable to produce a tax card as evidence of having a tax nexus in Qatar.
Law No. (13) of 2008 provides that 2.5 per cent of the net annual profits of public corporations listed on the QE are to be collected by the Government and dedicated to the support of social, sporting, cultural and charitable activities.

Qatar has entered into a number of tax treaties for the avoidance of double taxation. Currently there are no personal taxes, social insurance or other statutory deductions from salaries and wages paid in Qatar.
With effect from 1 January 2010, the QFC applied a 10 per cent rate of tax on all business profits incurred by QFC-licenced entities operating within the QFC.

Real Property

In recent years, the laws regulating the ownership and lease of real estate in Qatar have become more liberal, allowing greater opportunity for investment by foreign persons. Different laws apply to: (1) foreign (non-GCC) individuals; (2) GCC citizens and (3) non- Qatari companies.

Foreign individuals not from the GCC:

Permitted, according to Law No. (17) of 2004 Regulating Ownership and Usufruct of Real Estate and Residential Units by Non-Qataris (Foreign Ownership of Real Estate Law), to invest and own real estate in three designated areas: The Pearl-Qatar, West Bay Lagoon and the Al Khor Resort Project. Non-Qatari individuals can also obtain usufruct rights, which are registrable, for 99 years in certain industrial areas designated by the Council of Ministers and in residential areas under terms set by the Council of Ministers

General Legal Considerations

GCC citizens

permitted the same rights as other foreign individuals but are given additional privileges. GCC citizens are permitted to own up to three residential real estate assets, although the maximum size of these assets cannot exceed 3,000 square meters. GCC citizens can also own real property and residential units in investment areas designated by the Council of Ministers. Three investment areas have currently been declared: Lusail, Al Khuraj and Thaayleb Mountain.

Non-Qatari companies

Not permitted to invest or trade in real estate. However, entities that are not 100 per cent Qatari-owned can lease real estate for investment projects for up to 50 years

Immigration

As a country with a very high percentage of expatriates (around 80 per cent of the total population), Qatar is generally accommodating to legal immigrants and visitors. Visas are available for business and tourist visits, transit and residency and, in the majority of cases, a lawyer is not required to handle the processing of visas. Visitors from approximately 30 countries can obtain visit visas upon arrival in Qatar.
For an employee of a company doing business outside the QFC, the company must register his or her employment contract with the Ministry of Interior before a residency visa can be issued

Each company is permitted a certain quota of residency visas. Employees with residency visas who earn above a threshold salary may sponsor family members for residency visas. Residency visas are valid for up to three years. Employees cannot work for anyone other than their sponsor and sponsorship cannot be transferred until the employee has worked for their original sponsor for at least two years

The QFC has its own immigration laws and all applicable arrangements are handled by the QFC. Employees of QFC companies who have residency visas can sponsor family members for residency visas.
Residency visas can also be obtained, according to Law No. (2) of 2006, by foreigners who own interests and property under the Foreign Investment Law and the Foreign Ownership of Real Estate Law

Employment Law

Employment in Qatar is generally governed by Law No. (14) of 2004 (the Labor Law), which imposes certain minimum standards on working hours, vacation and public holidays, health and safety, workers' committees, collective agreements and termination of employment.
Employees excluded from the application of the Labor Law include employees of Ministries and public institutions, including the armed forces and police. Also excluded are workers at sea, domestic workers, casual workers and working members of the employer's family. The QFC has its own employment regulations (Regulation No. 10 of 2006), and consequently employees of companies registered with, or incorporated under, the QFC laws are subject to these specific employment regulations.

General Legal Considerations

The Government has a strategic goal to increase the proportion of Qataris in both the public and the private sectors. This policy, known as "Qatarisation", is effected by giving preference in employment to suitably qualified Qataris. The Government's aim is to increase the proportion of Qataris in the manufacturing sector to 50 per cent by 2020. Non- Qatari workers will only receive work permits if they have a residency permit and there is no suitably qualified Qatari worker available to carry out the work.

Intellectual Property

Over the last few years, Qatar has taken steps to strengthen its protection of intellectual property (IP) rights. Trademark and Copyright laws were introduced in 2002 and a new Patent Law was passed in 2006. Qatar is a member of certain worldwide conventions on IP (e.g. TRIPS and a number of World Intellectual Property Organization conventions) and, in August 2011, acceded to the Patent Cooperation Treaty. However, Qatar is currently not a signatory under the Madrid Convention.

The Ministry of Economy and Finance is responsible for enforcing IP laws and regulations. Specific offices, such as the Trademarks Office, the Office for the Protection of Copyright and Neighboring Rights and the Patents and Innovation Section, have been established within this Ministry.

Patents

Patents are protected by Decree-Law No. (30) of 2006 on Patents Law, which provides patent protection for 20 years. Although the law states that the MoBT will establish a Qatari patent registration office, this is yet to occur. A GCC patent can be obtained by registering at the Patent Office in Riyadh, Saudi Arabia.

Copyrights

Copyrights are protected by Law No. (7) of 2002 on the Protection of Copyright and Neighboring Rights (the Copyright Law). The Copyright Law provides protection for 50 years after an author's death, or after the first date of publication for anonymous or collective works.

Owners of copyrights can register copyrights with the Office of Protection of Copyright and Neighboring Rights, located at the Ministry of Economy and Finance. Failure to register with this office does not, however, affect the protection of the copyright. Individuals who infringe the Copyright Law may be subject to fines and imprisonment.

Trademarks

Trademarks are protected by Law No. (9) of 2002 on Trademarks, Commercial Indications, Trade Names, Geographical Indications and Industrial Designs (the Trademarks Law). Once registered, trademarks are valid for 10 years and can be renewed indefinitely. If a trademark has not been used for five consecutive years, it may be cancelled. Foreign applicants have the same rights as Qataris under the Trademarks Law, provided that they are nationals of a state that grants Qatar reciprocal treatment. Individuals who infringe the Trademarks Law may be subject to fines and imprisonment.

In December 2006, the GCC Supreme Council approved a Unified Trademarks Law to harmonize the protection of trademark rights throughout the GCC.

General Legal Considerations

Consequently, Qatari courts are obliged to enforce foreign arbitral decisions concluded in states that are party to the New York Convention, in accordance with the New York Convention

The Role of the Auditor

Auditors, as in the case of other businesses, are licensed to operate by the Ministry of Industry & Commerce through the commercial registration system. Legislative Decree No: 7 of 1974 regulates the auditing and accounting profession. All quoted companies, banks, insurance companies and limited liability companies are required to have their financial statements audited and must provide a copy to the Ministry of Industry & Commerce. The QCB has the right to approve the appointment of auditors by the bank's shareholders.

The auditor's report must be read out in the annual general meeting, and must affirm that:

- The financial statements, and the financial information contained the Report of the Directors, are in accordance with the books and records of the company and that proper books of accounts have been kept.
- Stocktaking (where applicable) has been conducted in accordance with recognized procedures. The company has complied with the provisions of the Commercial Companies Law and with its articles of association in all material respects.
- Dividends proposed by the board of directors of financial institutions must be approved in advance by the QCB and then by a majority of shareholders in the annual general meeting.

Auditing and Accounting Principles & Practices

There is no officially recognized body of auditing and accounting standards in Qatar, although certain specific accounting policies are laid down by the QCB, for example, in its annual circular to banks and money changers

The Insurance Law also stipulates certain accounting practices. The Ministry of Industry & Commerce requires all accounting firms licensed to practice in Qatar to adopt International Standards on Auditing and International Accounting Standards in performing their work. However, there will continue to be issues which are not addressed, or require amplification, and in these circumstances, reference will probably continue to be made to the US and UK authoritative statements, guidelines and exposure drafts.

Initial Public Offerings

Which Market?

The QE currently operates two markets. Prior to December 2011, qualifying entities were only permitted to list on the QE's "main market" (the Main Market). In December 2011, the QE announced the creation of an alternative market called the "Venture Market". Whilst the Main Market is primarily aimed at mature companies, the Venture Market is intended to attract small to medium sized enterprises with shorter trading histories.

There are currently 42 companies listed on the Main Market. Due to its relative infancy, there are currently no companies listed on the Venture Market

Entities Permitted to List

Only public joint stock companies and partnerships with shares are permitted to offer shares to the public in Qatar. Companies registered within the QFC or the QSTP are currently prohibited from offering their shares to the public. However, we understand that changes may be made to the existing legal and regulatory framework to permit QFC companies to offer shares to the public. Foreign companies are permitted to list their shares on either the Main Market or the Venture Market as part of a dual-listing. However, to date, no foreign companies have listed on either the Main Market or the Venture Market..

Applicable Rules and Regulations

The QFMA is the primary regulator for public listings and has published regulations governing IPOs and listings on both the Main Market and the Venture Market. The "Offering and Listing Rulebook of Securities" (the Listing Rules) govern listings on, and continuing obligations with respect to, the Main Market. The recently issued "Offering and Listing of Securities Rulebook Second Market" (the Venture Market Listing Rules) govern listings on, and continuing obligations with respect to, the Venture Market. One of the primary differences between the Listing Rules and the Venture Market Listing Rules for a prospective issuer is that the Listing Rules contain more stringent eligibility criteria than the Venture Market Listing Rules. The level of disclosure required under the Venture Market Listing Rules is also lighter compared to the Listing Rules.

The QFMA has published a corporate governance code (the Code) that all listed entities are expected to comply with. The Code is based on a "comply or explain" model.
In addition to the Listing Rules and the Venture Market Listing Rules, rules and regulations issued by the QE and the Commercial Companies Law are also applicable to companies seeking listings on the QE.

Taxation

Introduction Law No. (11) Of 1993 was issued on 14 July 1993 to cover the income tax system and filing procedure in Qatar. In general, the law provides that any business activity carried out in Qatar will be subject to taxation. An activity has been defined as any occupation, profession, service, trade or the execution of a contract or any other business for the purpose of making profit. Income tax is levied on partnerships and companies operating in Qatar whether they operate through branches or in partnership with foreign companies. Law No. (9) Of 1989 provides that nationals of the Gulf Co-operation Council States are, from 1 March 1989, to be treated as Qatari citizens for income tax purposes. Accordingly, foreign companies wholly owned by Gulf nationals are not subject to income tax in Qatar. Tax is not levied on Qatari owned business enterprises.

There are no personal taxes, social insurance or other statutory deductions from salaries and wages paid in Qatar.

Intellectual Property

Over the last few years, Qatar has taken steps to strengthen its protection of intellectual property (IP) rights. Trademark and Copyright laws were introduced in 2002 and a new Patent Law was passed in 2006. Qatar is a member of certain worldwide conventions on IP (e.g. TRIPS and a number of World Intellectual Property Organization conventions) and, in August 2011, acceded to the Patent Cooperation Treaty. However, Qatar is currently not a signatory under the Madrid Convention.

The Ministry of Economy and Finance is responsible for enforcing IP laws and regulations. Specific offices, such as the Trademarks Office, the Office for the Protection of Copyright and Neighbouring Rights and the Patents and Innovation Section, have been established within this Ministry.

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Direct Taxes

Tax shall be levied on a taxpayer's income arising from activities in the State of Qatar. The term activity includes:

i.Profits realised on any project executed in Qatar;
ii.Profits realised from the sale of any of the company's assets;
iii.Commission due to agencies or arising from representation agreements or commercial agencies whether such commission is realised in or outside the State of Qatar;
iv.Fees paid for consultancy, arbitration or expertise and other related services;
v.Rent from property;
vi.Amounts received from the sale, rent or the assignment of a concession and the use of a trade mark, design, know how or copyright;

Amounts received from debts previously written-off; Profits realised on liquidation. In addition, interest and other bank income received outside the State of Qatar will be subject to tax in Qatar if this income relates to amounts arising from the taxpayer's activities in Qatar.

Direct Taxation of Individuals

There is no personal taxation system for income, capital gains, gifts or inheritances in Qatar and, furthermore, no requirements to file any form of tax return.

Indirect and Local Taxes

Apart from the customs duties and fees referred to earlier, there is no indirect taxation system in Qatar. Local taxes, which appear on electricity bills, are charged at 10% of the monthly rent paid for the property.

Tax Administration

The Gregorian calendar is used for Qatar income tax purposes, but a taxpayer may apply to prepare his financial statements for a twelve month period ending on a day other than 31 December.

Taxation

Filing Requirements

Tax declarations should be filed within 4 months of the end of the financial period. The filing period can be extended at the discretion of the Department of Taxation at the Ministry of Economy and Commerce, but the extension period may not in any event exceed 8 months. Tax shown in the declaration becomes payable on the date the declaration becomes due for filing with the Department of Taxation. If the filing date is extended, the payment of taxes can be delayed to a maximum of 8 months if the taxpayer provides reasons acceptable to the Tax Administration. The Tax Administration may also agree that taxes will be paid by instalments during the extended period. Failure to submit a filing can result in the temporary withholding of payments due under contracts with Government ministries and Government owned companies. Under the terms of Decree Law No. (11) Of 1993, the Tax Administration has the power to impound a taxpayer's assets if taxes are not paid. The Law also empowers the Tax Administration to collect unpaid taxes from third parties, such as a taxpayer's debtors, where the taxpayer fails to settle taxation liabilities. Penalties for late filing or late payment of taxes will be levied at the rate of QR 10,000 per month or 2% of tax due whichever is greater. The penalty will be calculated on the number of days delayed but should not exceed 24% of the total tax liability. Prompt filing of tax declarations and payment of a taxpayer's liability, as well as general co-operation with the tax administration, are of great importance..

Accounting Records and Inspection

The tax administration has the right to inspect a taxpayer's books and records which should be kept in Qatar. There is no legal requirement for books and records to be kept in Arabic. The accounting books and records must be maintained for at least 5 years from the date the annual tax declaration is 34 registered with the tax administration. All entities with a capital or annual profit exceeding QR 100,000 should submit audited financial statements to support the tax declaration. The financial statements must be certified by an accountant in practice in Qatar who is registered with the Ministry of Economy and Commerce. On submission of the final tax return and audited financial statements the filings of the taxpayer will be reviewed by the Department of Taxation. It is normal for the Department of Taxation to raise query letters on specific cost categories and reconciliation of revenues reported with the contract value in the case of principal contractor and subcontractor filings. Provided sufficient reasons exist for the tax administration to conclude that the filing is not correct, they can issue an assessment on a deemed profits basis. If the taxpayer does not agree with the deemed assessment he should lodge an objection letter within 30 days from the date of assessment stating reasons to support his contentions. If the period expires without an objection, the assessment becomes final and cannot subsequently be appealed. However, if the taxpayer is still not satisfied with the administration's decision after the objection letter is lodged, he can appeal to a Tax Appeal Committee within 30 days of the date he is notified of the administration's final decision. Additionally, an appeal may also be presented to the Court by either the taxpayer or the tax administration.

Taxation

Tax Determination

Tax liabilities are computed in a manner similar to general British and American practice, on the basis of profits disclosed by audited financial statements, adjustments for tax depreciation and any items disallowed by the Income Tax Department. In general, capital gains arising from the sale of business assets and business interests are included as an ordinary income. Income includes the aggregate of all gains and profits which are realised or have arisen from the carrying on of an activity in Qatar. The tax payer is required to declare the full value of a supply and installation contract. The value of supply and other engineering services performed outside Qatar is normally allowed as a cost in the income statement provided it is supported with valid documentary evidence.

Deductions

Expenses incurred to earn the taxable income are deductible. These include:

- Interest expenses;
- Rent paid;
- Salaries and labour cost,
- end of service benefits and all related contents including charges allocated to end of service benefits, pension funds and other similar charges;
- 35 Fees and taxes other than Income tax;
- Debts written off that are approved by the tax administration and which are in accordance with standards established for this purpose.

The following cost and expenses are not considered tax-allowable items:

- Personal and other expenses not related to taxable activities; Criminal and tax penalties paid in accordance with this law;
- Expenses or losses that may be recovered under an insurance policy, or a contract, or a compensation claim;
- Depreciation on land;
- Depreciation that exceeds cost;
- Branch share of Head Office expenses that exceed the rate determined by the tax administration as a proportion of the total branch income. However, the following matters should be considered.

Taxation

Others

The allowable ceiling for head office charges on a project which has income streams arising in Qatar and overseas is set at 3.5% of total income after deducting subcontract costs, the supply value of imported machinery and equipment, revenues arising from work performed overseas, and other income which does not relate to activities in Qatar. General provisions such as bad debts and stock obsolescence are disallowed. Specific bad debts written off will be deductible to the extent that they are in accordance with the conditions set by the tax administration. Charges of a general or administrative nature raised by a head office on its Qatar branch are allowed as a deduction subject to a ceiling of 3% of turnover less sub-contract costs. In the case of banks, the limit is 1%. The Law contains provisions, which allow trading losses to be carried forward and set-off against future profits. However, losses cannot be carried forward for a period exceeding 3 years from the end of the tax year in which the losses were incurred. Losses cannot be set off against prior year income. A directive issued by the Director of Income Tax in January 1993 requires all ministries, Government departments, public and semi public establishments and other taxpayers to withhold final payments to subcontractors until such entities present a tax clearance certificate issued by the Income Tax Department. This directive also imposed annual disclosure and compliance requirements on the principal contractor. The principal contractor must submit a listing of subcontractors giving names, addresses and the value of each sub contract to the Income Tax department. Variations in contract value are also to be advised to the Income Tax Department. The tax clearance certificates furnished by subcontractors are to be submitted as a support for the final tax declaration of the principal contractor. The directive is silent on the ramifications for the taxpayer in respect of sub contractor costs, which are unsupported by a tax clearance certificate. It is however likely from the overall intent of recent directives from the Income Tax Department that any subcontractor costs which are unsupported by appropriate certificates may be disallowed in the determination of taxable profits.

Taxation

Tax Rates

Current tax rates range from nil on profits up to QR 100,000 to 35% on profits exceeding QR 5,000,000. Tax is charged progressively on bands of income.

Income (In QAR)	Tax Rate
0 - 100,000	NIL
100,001 - 500,000	10%
500,001 - 1,000,000	15%
1,000,001 - 1,500,000	20%
1,500,001 - 2,500,000	25%
2,500,001 - 5,000,000	30%
5,000,000 & above	35%

Accounting Principles

Generally accepted methods of commercial accounting must be applied and the accruals method must be followed. If a taxpayer wishes to use a different accounting method, prior approval of the tax administration must be obtained. Compliance with International Accounting Standards is recommended

Withholding Tax

There is no withholding of taxes on the repatriation of profits or dividends, royalties, license fees or group charges. However, if the investor operates in other countries in the region, the withholding tax rules in those countries will need to be taken into account in the regional business structure.

Taxation

Deemed Profit Taxes

The Law allows the tax administration to issue an assessment for tax on a deemed profits basis. This option may be exercised by the administration in the following instances:

- If they have reasons to believe that the declaration submitted by the taxpayer is not correct;
- If the taxpayer fails to submit a declaration;
- If the taxpayer does not maintain proper books and records;
- If the taxpayer does not provide the information requested by the tax authority.

Tax Exemptions

The new Tax Law provides for a Committee to be formed to evaluate applications for tax exemption regarding projects executed by foreign or Qatari companies or individuals.

The main attributes considered by the Committee when assessing projects for tax exemption are:

- That the projects contribute to the support of Industry, Agriculture, Trade, Oil, Mineral, Tourism, Communications, or land reform, or any other activities or contracts that the country needs and which are of benefit both economically and socially;
- That the project falls within the planned development and economic objectives of the State and has the approval of the concerned Government department;
- That the project contributes towards the national economy. The following points are considered:

✓ The commercial profitability of the project;
✓ The extent to which the project complements other projects;
✓ The extent to which the project utilises material produced locally;
✓ The effect of the project on the balance of payments;
✓ The extent to which the project uses modern technology;
✓ That the project creates employment opportunities for citizens.

Any contractor who is involved in the execution of an exempt project can apply for exemption from income tax. However, taxpayers who obtain exemption from taxes are required to maintain proper accounting records and should submit financial statements to the tax authorities within 4 months from the end of the tax year.

Tax Treaties

Qatar has signed double tax treaties with Algeria, Bangladesh, France, India, Morocco, Romania, Russia, Senegal and Tunisia. Several countries, including Japan, the United States and the United Kingdom, allow some unilateral relief against their own taxes for Qatar income tax paid.

Our Services

- Corporate Advisory services
- Corporate support services
- Global Mobility
- International Tax
- Transaction Advisory Services
- Global Formation compliance & Reporting
- Private client & family advisory

About IMC

IMC is a cross border advisory firm focusing on the AMEA (Asia, Middle East & Africa) markets. We specialize in corporate advisory services, global mobility services, private client & family advisory, international tax, corporate finance, mergers & acquisitions, investment advisory and business support & outsourcing solutions.

At IMC, we pride in our team comprising of highly qualified professionals, possessing in-depth knowledge & practical experience, enabling us to understand specific client requirements and respond accordingly. Our team shares our philosophy of working in an environment of trust and integrity with highest regard for work ethics to provide our clients with world-class services.

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