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MODERN LAW

LEGAL REVIEW OF THE INCOME TAX LAW

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LEGAL REVIEW OF THE INCOME TAX LAW

NO. (24) OF 2018

PREAMBLE

All states, in their development, need financing, and usually the main source of such financing is the country's own capabilities and private resources, the most important of which, for many states, is taxes.

Governments use taxes to finance and support their development policies in the economic and social fields, and to improve the quality of public services, such as education and health, in addition to strengthening infrastructure and projects of public interest.

The tax is also a tool to discourage the unhealthy habits of individuals such as the consumption of harmful products (such as tobacco products, soft drinks, and the like).

In the State of Qatar, taxes are an entry point for achieving the Qatar National Vision 2030 by providing an additional source of income that does not depend on hydrocarbon resources.

In the following pages, we present the Income Tax Law in a simplified way so that everyone can benefit from it, especially those who are evading the law, company owners and ordinary individuals.





HISTORICAL EVOLUTION OF INCOME TAX LAW

Income Tax Law No. 24 of 2018 was issued on December 2018, 13. In accordance with this law, Income Tax Law No. 21 of 2009 and Law No. 17 of 2014 regarding the exemption of the shares of non-Qatari investors in the profits of certain companies and investment funds from income tax were repealed.

Excise Tax Law No. 25 of 2018 was also issued on December 2018, 13.

Emiri Resolution No. 77 of 2018 on the establishment of the General Tax Authority was also issued on December 2018, 13, with the aim of implementing tax policy with the highest standards in a manner that enhances state revenues and achieves sustainable development.

On December 2019, 11, Cabinet Decision No. 39 of 2019 issuing the Executive Regulations of the Income Tax Law was issued.

Then, on May 2020, 31, Cabinet Decision No. 17 of 2020 on the formation of two tax appeal committees and the organization of their work and appeal procedures was issued.

It is well known that the State of Qatar has been imposing income tax on companies since 1993 by virtue of the Decree-Law No. 11 of 1993 on Income Tax, while its predecessor Decree-Law No. 3 of 1966 amended by Law No. 10 of 1971 had only started to take some tax measures to support and develop the national economy.

In order to prevent repetition, each article number with the phrase “of the Executive Regulations” next to it refers to Cabinet Decision No. 39 of 2019 issuing the Executive Regulations of the Income Tax Law promulgated by Law No. 24 of 2018.

DEFINITION OF TAX, TAXABLE INCOME AND TAX EXEMPTIONS

Tax in general

Tax is a financial charge imposed by the State on individuals and institutions with the aim of financing some state expenditures.

Income Tax

Income tax can be defined as an annual financial charge imposed by the State on the total income generated inside the State during the previous taxable year, at certain rates and in accordance with principles stipulated by law.

Taxable Income

Income tax in Qatar is levied based on the source of income (i.e. income earned inside the State), with limited exceptions.

The legislator has imposed income tax on the income earned from Qatari sources by individuals or commercial entities resident in the State during the previous tax year.

Article No. (5) of the Executive Regulations specifies how to determine the total income and the excess value from disposal of assets and the conditions for deductions from the total income (expenses and costs) to determine the taxable income and the permissibility and method of subtracting the losses incurred during the taxable year from the net income of the following years.

Article No. 3 of Law No. 24 of 2018 details the income derived in the State, and listed them as follows:

1. Gross income derived from an **activity carried on in the State.**

2. Gross income derived from **contracts** wholly or partly performed in the State.
3. Gross income from **real estate situated in the State** and capital gains resulting from the disposal thereof.
4. Gross income from shares in companies resident in the State or listed on its stock markets and capital gains resulting from the disposal thereof.
5. **Consideration for services** paid to head offices, branches or related companies.
6. **Interest on loans** obtained in the State.
7. Gross income from the **exploration, extraction or exploitation of natural resources** situated in the State.
8. Gross income subject to tax in the State under a **taxation agreement.**





Tax Exemptions

The legislator exempted 15 types of income derived in Qatar from tax in accordance with **Article No. 4 of Law No. 24 of 2018**, the most important of which are bank interest and returns, capital gains on the disposal of real estate, gross income from agriculture and fishing, and the gross income of Qatari natural persons and others.

Profits of legal persons resident in the State and fully owned by Qatari nationals, as well as entities partially owned by Qatari nationals, are also exempted based on their shares in the profits. The regulations clarified the conditions for Qatari nationals to enjoy this exemption by being a resident, keeping accounting books in accordance with the applicable accounting standards, and being a beneficial owner throughout the accounting period.

The same exemptions shall apply to GCC citizens, in accordance with the regulations established for Qatari citizens under **Article No. 4 of Law No. 24 of 2018**, pursuant to the provisions of **Law No. 9 of 1989 on the Parity of Citizens of the Arab States of the Gulf Cooperation Council in Taxation Dealings**.

Despite the fact that the rule states that income derived in Qatar is subject to tax, the legislator has also subjected certain outside revenues to tax. These revenues include bank interest and returns derived outside the State if the same result from amounts arising from the activity of the taxpayer in the State, as well as the commissions due under agency, mediation or commercial representation agreements, which were derived outside the State of activities that took place in the State.

On the other hand, the legislator did not fully impose income tax on some authorities and some sources of income, and decided that the provisions of **Law No. 24 of 2018** do not apply to ministries, government agencies, international organizations, associations and private institutions of public interest, salaries, wages, allowances, and the like..., and the gross income of inheritance.



OBLIGATIONS OF TAXPAYER

1. Every taxpayer shall register with the Authority and submit an application to the Authority for a tax identification number as per **Article No. 10 of Law No. 24 of 2018**, and one tax card shall be issued to every person obligated to register. Every taxpayer shall also notify the Authority of any change that may affect his tax obligations and shall notify the Authority in the event of a total or partial cessation of activity within thirty (30) days. **Article No. 24 of Law No. 24 of 2018** imposes financial penalties on any taxpayer who contravenes the provisions related to registration and notification (all notices mentioned in the Regulations) and he shall be subject to a financial penalty of twenty thousand (20,000) Riyals.

2. The taxpayer shall also submit a tax return to the Authority using the form prepared by the Authority for this purpose showing the taxable income and the amount of tax due by him according to the conditions and controls. The taxpayer who carries on his activity in more than one branch in the State shall file one return with respect to the business results of all the branches and aspects of activity related thereto.

The tax return shall be submitted within four (4) months of the end of the taxable year. In the case of death of the taxpayer, his heirs may file the tax return within six (6) months from the date of his death. In respect to capital gains, tax returns shall be filed within thirty (30) days of the execution of the contract or disposal of assets.

If the taxpayer files an amended tax return, such amended return shall repeal the original return.

It is imperative to note that every taxpayer must submit a tax return even if the activity is exempted, and shall attach the final accounts audited by an auditor registered in the State in the specific cases that include all activities to the tax return.

The **President of the General Tax Authority issued Decision No. 1 of 2021 on extending the period for submitting the tax return for the taxable year 2020 for non-Qatari companies** (companies with a foreign partner's share) to June 2021 ,30.

For Qatari companies, the deadline for submitting tax returns was extended to August 2021 ,31, after which a new decision was issued to further extend the submission of tax returns to December 2021 ,31. Such extension applies to all Qatari companies that must submit both types of tax returns, whether simplified or approved, for the taxable year ending on December 2020 ,31.



Simplified Tax Return

This year, the General Tax Authority announced the start of the application of the Simplified Tax Return Form for companies and permanent establishments exempted from tax, owned by Qatari or GCC nationals, whose capital is less than one (1) million Riyals, and annual revenues are less than five (5) million Riyals.

Regarding the submission of tax returns by **Qatari and GCC national-owned companies exempted from income tax, Circular No. 2 of 2021** issued by the General Tax Authority states that companies whose capital is one (1) million Riyals or more, or its annual revenue is five (5) million Riyals or more shall submit the tax return and audited financial statements on the approved tax return form, not the Simplified Tax Return Form.

The Authority has facilitated the procedures for submitting tax returns for such companies, whereby the taxpayer can submit his simplified tax return himself, through the Authority's website. The taxpayer can prove the revenues with a bank statement, the rent amount with the lease contract, the salaries amount with the detailed bank statement, and other expenses such as electricity and water bills and other supporting documents.

Importance of Filing a Tax Return

1. The tax return is a tax assessment according to the taxable income stated therein and an obligation to pay the tax on the same day of its submission. The Authority has the right to amend the assessment, as well as the right to issue a deemed assessment, based on any available information, should the taxpayer fail to submit his tax return, or the related supporting information or documents.

2. **Article No. 24 of Law No. 24 of 2018** provides financial penalties that the President or his delegate shall impose:

In case of not filing the tax return, the taxpayer shall pay five hundred (500) Riyals for each day of delay and a maximum of one hundred and eighty thousand (180,000) Riyals. In case of not paying the tax or remitting the withholding tax, the taxpayer shall pay a penalty of two percent (%2) of the amount of tax due per month of delay (part of a month shall be deemed a full month). Any taxpayer who contravenes the provisions related to registration and notification (all notices mentioned in the Regulations) shall be subject to a financial penalty of twenty thousand (20,000) Riyals. Any taxpayer benefiting from a tax exemption who fails to submit the tax return shall bear a financial penalty of ten thousand



(10,000) Riyals. Any entity that fails to notify the Authority of any contracts shall be subject to a financial penalty of ten thousand (10,000) Riyals. Any person who contravenes the provisions of the decisions issued by the Minister to enforce obligations in accordance with international agreements or arrangements shall be liable to a financial penalty of five hundred thousand (500,000) Riyals.

It should be noted that the financial penalty for the delay in filing the tax return (500 Riyals for each day of delay and a maximum of 180,000 Riyals), shall be added to the penalty for failing to submit the tax return if the taxpayer is benefiting from a tax exemption, which is ten thousand (10,000) Riyals.

The financial penalties shall be included in the assessment decision (corrective or presumptive assessment). In the absence of an assessment decision, financial penalties shall be imposed by a separate decision notified to the taxpayer. A full or partial exemption from financial penalties shall be granted at the request of the taxpayer on grounds acceptable to the Authority. The exemption decision shall apply for each individual taxable year.

3. Taxpayers shall keep accounting books particularly, general journal, general ledger and inventory ledger, and records and related supporting documents for ten (10) years following the year to which these books, records and documents are related, unless they are the subject of a conflict before any authority, in which case the taxpayer shall keep them for as long as the conflict persists.

The Authority may release the taxpayer from this obligation of keeping accounting books and records and related supporting documents at the taxpayer's request, if the conditions set by the regulations are met.

The taxpayer may keep accounting books and records using computer systems, if the conditions set by the regulations are met.



Any taxpayer who contravenes the provisions of the submission of final audited accounts, bookkeeping and retention of records shall bear a financial penalty of thirty thousand (30,000) Riyals as per **Article No. 24 of Law No. 24 of 2018**. This is different from evasion cases (presenting falsified books, intentionally abstaining from registering or concealing the true income) as the penalty for which is imprisonment and a fine according to **Article No. 26 of Law No. 24 of 2018**, upon which we will expand further.

4. The taxpayer shall pay the tax with the tax return in one payment or in installments upon the approval of the Authority if the conditions are met. It shall be paid within thirty (30) days in the event of amending the return without objection or from the date of his notification of the Authority's objection, or after sixty (60) days without a response from the Authority.

The assignor, the assignee, partners in partnerships, representatives of non-residents and proxy thereof, shall be jointly responsible for paying the taxes and financial penalties. If payment is not made, the taxpayer shall be notified of the payment within thirty (30) days. If he fails to do so, the Authority shall carry out the procedures of executive seizure.

5. In the event of a merger of companies, the company into which the companies are merged shall replace the merged companies in their tax obligations arising prior to the end of the merger process. In addition, the companies resulting from a division shall succeed the company, subject-matter of the division, in all its tax obligations arising prior to the completion of the division process.

HOW THE TAXABLE INCOME IS DETERMINED

According to the Article No. 4 of Executive Regulations, the taxpayer shall determine his taxable income based on the accrual accounting method used in commercial accounting, in accordance with the applicable accounting standards in the State. In order to define the accrual basis, we should define its opposite, which is the cash basis.

Accrual Basis

Accrual basis is an accounting standard method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.

Cash Basis

The main difference between this and accrual basis is that cash basis recognizes revenues and expenses at the time cash is received or paid.

Since the accrual basis provides accurate information about the company's financial status and helps to better measure the business result, as well as compare the financial statements of different companies, it is adopted in most, if not all, tax systems currently.

Any taxpayer whose total income does not exceed one (1) million Qatari Riyals during the previous accounting period may apply to the Authority for approval of the application of the cash-based accounting method (cash basis). If the Authority does not reply within sixty (60) days, it shall be treated as an implicit rejection. There is no contradiction with the start of the application of the (Simplified Tax Return Form) for companies and permanent establishments exempted from tax, owned by Qatari or GCC nationals, whose capital is less than one (1)



million Riyals, and annual revenues are less than five (5) million Riyals.

Total annual income for long-term contracts shall be determined by the accrual-based completed work method.

The taxpayer must carefully review the deductions and depreciations, and they must be in full accordance with the law and regulations.

A- The law allows for the subtraction of allowable deductions and losses provided for in **Article No. 7 of Law No. 24 of 2018 and Article No. 4 of Executive Regulations.** (Allowable deductions shall mean expenses and costs incurred by the taxpayer that satisfy certain requirements such as being necessary to derive the gross income, actually incurred and supported by documentary evidence, do not increase the value of fixed assets used in the activity, and being related to the taxable year.)

The total expenses spent on entertainment, hotel accommodation, and gifts to customers, shall be deducted within the limit of two percent (%2) of the total net income or an amount of five hundred thousand (500,000) Riyals, whichever is higher.

The State strongly encourages charitable acts, so the legislator allowed the deduction of donations, gifts, subsidies and contributions to charitable activities or paid in the State to any licensed non-profit entity, provided they do not exceed three percent (%3) of the net income. Zakat payments made by the taxpayer shall be treated as donations.

Salaries, wages, remunerations and the like, including benefits in kind, which are paid to the Board members (in their capacities) shall not be deducted, with the exception of their salaries as employees in the same company. Income tax or direct taxes are not deductible.

Interests on loans shall be deducted according to the terms and conditions identified in **Article No. 10 of Executive Regulations.** Bad debts shall be deducted if they satisfy the conditions identified in **Article No. 12 of Executive Regulations.** Certain provisions shall also be deducted as detailed in **Article No. 13 of Executive Regulations.**

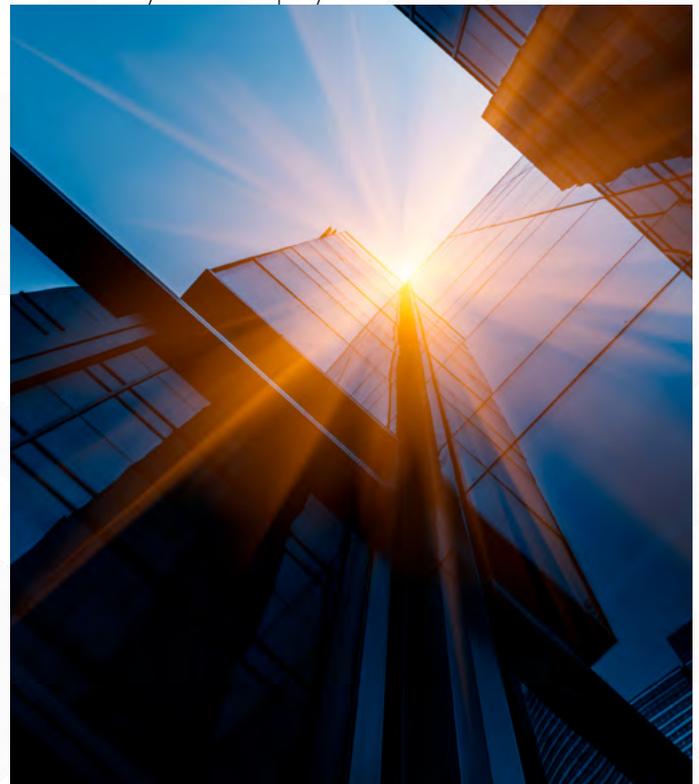
B- While depreciation shall not be deducted in

respect to land, business reputation or goodwill and the like, fixed-asset depreciation (except for land) allowance shall be deductible upon the satisfaction of the conditions identified in Article No. 15 of Executive Regulations, with the maximum percentage identified in Article No. 16 of Executive Regulations.

Depreciation of assets, subject matter of finance or operating lease contracts, shall be subject to the provisions and controls provided for in the international accounting standards.

Salaries, wages, remunerations and the like, including benefits in kind, which are paid to the Board members (in their capacities) shall not be deducted, with the exception of their salaries as employees in the same company. Income tax or direct taxes are not deductible.

Self-employed persons and freelancers may opt for the deduction of thirty percent (%30) of gross income in lieu of all deductible expenses and costs, and pay the tax on seventy percent (%70) of the gross income. Such an option may be effective for subsequent years until it is waived by the taxpayer.



TAX RATE, EXCISE TAX AND WITHHOLDING TAX

Taxable Year

A taxable year is a period of twelve (12) months starting on the first of January and ending on the thirty first day of December of the same year.

Accounting Period

Usually, the accounting period is the same as the taxable year, except in certain cases such as:

If the taxpayer commences his activity after the start of the taxable year, the first accounting period shall begin from the date of commencement of activity.

In the event of liquidation of the activity, the accounting period shall run from the end of the previous accounting period to the date of completion of liquidation.

In addition to the cases in which a taxpayer may apply for a different accounting period after obtaining the approval of the Authority and according to the procedure set forth in Article No. 3 of the Executive Regulations, and other cases specified by the Executive Regulations.

Tax Rate

As per **Article No. 9 of Law No. 24 of 2018**, the tax rate shall be ten percent (%10) of the taxable income.

Notwithstanding the provisions of the previous paragraph, the tax rate shall be as follows:

- ◆ The tax rate for agreements relating to petrochemical industries shall not be less than thirty-five percent (%35).t
- ◆ Royalties, interests, commissions and that are paid to non-residents with respect to activities not connected with a permanent establishment in the State shall be subject to a final withholding tax of five percent (%5) of their gross amount.
- ◆ The tax rate provided for in agreements to which the government, ministries or ... are a party and which are executed before the entry into force of this law, shall apply. Where such agreements fail to specify a tax rate, tax shall be charged at a rate of thirty-five percent (%35).



Excise Tax in addition to Income Tax

In addition to the income tax, there is the excise tax imposed by Excise Tax Law No. 25 of 2018, which is a consumption tax that is applied to specific goods as a means taken by the State to achieve health goals, since it may persuade consumers to make healthier lifestyle choices by reducing their consumption.

The following goods are subject to excise tax with the corresponding rates:

- ◆ Carbonated drinks (non-flavoured aerated water excluded) – %50 tax rate
- ◆ Energy drinks – %100 tax rate
- ◆ Tobacco products – %100 tax rate
- ◆ Special goods – %100 tax rate (Some products the consumption of which is subject to special conditions and licenses)

As a consumption tax, excise tax is ultimately borne by the final consumers, but collected earlier in the supply chain by taxable persons (importers, producers or tax warehouse keepers). Excise tax is triggered once the excise goods are released for consumption.

Excise tax returns shall be filed within fifteen (15) days of the end of the taxable period (quarterly tax period) and the excise tax shall be paid within thirty (30) days of the date of filing the excise tax return.

There are financial penalties in cases of tax non-compliance (registration, failure to provide clarifications, violating conditions), and penalties in cases of tax evasion up to one year imprisonment and a fine detailed in **Articles No. 17, 16 and 18 of Excise Tax Law No. 25 of 2018.**

Withholding Tax

The concept of 'withholding tax' is a deduction imposed on any taxpayer who is not a resident and not registered in the Commercial Register, for a contract or activity wholly or partly carried out in the State of Qatar, in respect to activities not related to a permanent establishment in the State, at the rate of five percent (%5) of the gross amount thereof.

According to **Paragraph (2) of Article No. 9 of Law No. 24 of 2018**, withholding tax is imposed on royalties, interests, commissions and payments for services carried out wholly or partly in the State that are paid to non-residents with respect to activities not connected to a permanent establishment in the State.

Who is in charge of Withholding Tax?

Withholding tax is imposed on amounts paid to non-resident individuals or legal entities by any entity in the State of Qatar.

According to **Article No. 24 of Law No. 24 of 2018**, any natural or legal person resident in Qatar shall be responsible for withholding tax on the amounts paid to non-resident beneficiaries.

The penalty for not deducting the withholding tax is the payment by the taxpayer of the equivalent of the amount of the tax that has not been deducted, in addition to the amount of the due tax.

Such deductions are remitted to the General Tax Authority before the sixteenth day of the month that follows the month in which such tax was withheld.

Any natural or legal person who fails to remit the withholding tax within the set periods shall pay a penalty of two percent (%2) of the amount of tax due per month of delay or part thereof, up to the amount of the due tax.

The taxpayer may obtain a refund of amounts of tax and related financial penalties that were collected unduly. He may obtain a refund of withheld tax if the conditions are met.

TAX EVASION AND PREVENTION OF TAX AVOIDANCE

Tax Evasion

Tax evasion is an illegal and irresponsible behavior whereby the taxpayer violates tax laws and falsifies records in order to avoid or underpay due tax.

Factors to engage in Tax Evasion

There may be multiple factors that apply to tax evasion. It may be the legislation itself, incompetency or lack of professional awareness, material capabilities, and/or it may be related to administrative procedures.

Tax Evasion Methods

There are many ways in which tax evaders reduce or hide taxable income, and thus reduce the amount of tax they owe. Below are the most common tax evasion methods:

- ◆ Failing to report all sources from which income is obtained.
- ◆ Submitting incorrect numbers in the accounting records that do not reflect the actual amounts.
- ◆ Intentionally combining the personal and business expenses of an organization.
- ◆ Attempting to inflate various expenditures and expenses with the aim of reducing taxable income.

Impact of Tax Evasion on Society

Tax evasion leads to inequality among taxpayers and is a violation of justice in the distribution of wealth and taxes. The social disparities that will arise from tax evasion by the few will negatively affect the social welfare of the many committed taxpayers. Feelings of injustice may encourage wider-spread evasion practices, and thus adversely impact honest taxation.



The legislator has increased the penalty for evasion. If the taxpayer submits falsified or fictitious books or documents, uses fraudulent methods, intentionally abstains from registering for tax purposes, conceals their true income or any taxable activity, or carries on any action intended to prevent the employees of the Authority from fulfilling their duties, he shall be punished by imprisonment for a period not exceeding one year and a fine not exceeding three times the due tax, or by one of these two penalties.

Prevention of Tax Avoidance

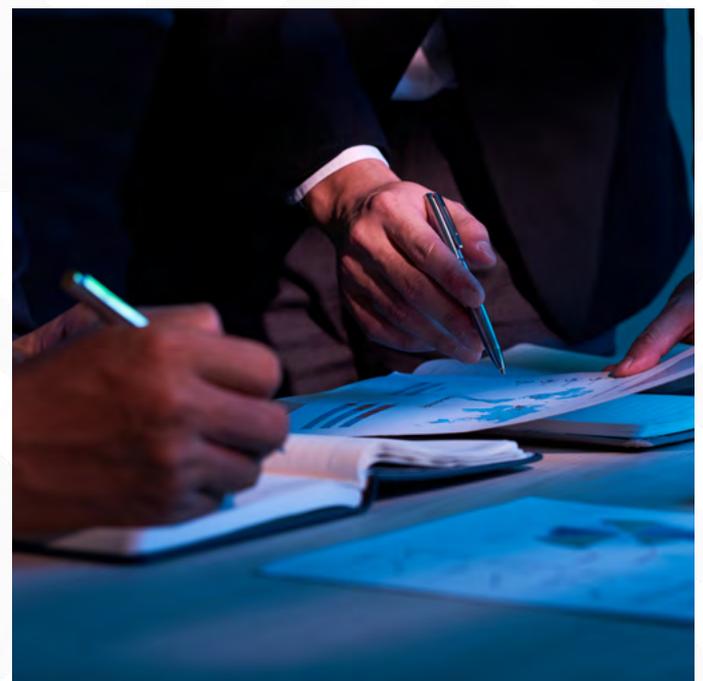
Avoidance of payment of due tax, under the provisions of **Paragraph (1) of Article No. 23 of Law No. 24 of 2018** shall mean the entering of the taxpayer into arrangements, operations or transactions one of the main purposes of which is the reduction of the amount of taxable income, the creation of a loss, the increase of loss, or the use by the taxpayer of agreements for the avoidance of double taxation for these purposes. This includes cases where the amount of due tax becomes nil.



OBJECTION AND APPEALS AGAINST TAX ASSESSMENT

The taxpayer may object to the tax assessment decision within thirty (30) days of the date of receiving the relevant notification (showing the elements of the assessment and the reasons for the objection). The Authority shall settle the objection and notify the taxpayer or the person in charge of its decision within sixty (60) days from the date of submission of the objection. The lapse of sixty (60) days with no response to the objection shall be regarded as an implicit refusal of the same.

The taxpayer may generally appeal against the committee's and the Authority's decision regarding the objection before the Tax Appeal Committee provided for in **Article No. 19 of Law No. 24 of 2018** within thirty (30) days from the date of notification of the decision or the lapse of the period prescribed to settle the objection with no response being made.



Tax advantage shall particularly mean the reduction of the amount of the due tax, obtaining a tax exemption or obtaining a refund of amounts of tax.

To determine the tax due in this case, an amount equivalent to the value of the advantage received by the taxpayer from the withdrawn tax advantage shall be added to the taxable income.

The value of the comparative free market price shall be applied. This is the price of the good or service that would have been applied had the transaction been between unrelated parties.

Any entity related to other entities (related entity) shall give proper consideration to transfer pricing requirements in determining the pricing terms (the rates at which an entity transfers tangible or intangible assets or provides services to its related entities). It shall be determined in accordance with the principle of pricing on the basis of full competition, and a statement on transfer pricing shall be submitted with the annual tax return on the form prepared by the Authority for this purpose, as detailed in Articles No. 64 - 52 of the Executive Regulations.

Cabinet Decision No. 17 of 2020 on the formation of two tax appeal committees and the organization of their work and appeal procedures was issued.

1. The committee shall consist of a judge of the Appeal Court, a member of the State Audit Bureau and a member of Qatar Chamber of Commerce and Industry.

2. The appellant and the Authority shall be notified of the session scheduled for the examination of the appeal and its place or manner at least fifteen (15) days prior to the date of the session. The documents shall be in Arabic. The committee may seek the assistance of experts. The committee

may present the settlement and its decision shall be final. The committee's decisions are based on the majority of the votes of its members, and a decision must be issued by the committee within three (3) months.

3. The taxpayer and the Authority may appeal against the committee's decision before the administrative chamber of the court of first instance within sixty (60) days from the date of notification of the decision.

4. Such appeal shall not suspend the execution of the decision of the committee, unless the court otherwise decides.



POWERS, RIGHTS AND OBLIGATIONS OF THE AUTHORITY AND ITS EMPLOYEES, AND STATUTE OF LIMITATIONS

Powers and rights of the Authority and its employees

1. All government bodies, privately owned public welfare institutions, and individual establishments shall notify the Authority of the contracts concluded with residents and non-residents. The Authority may request that the entities notify the Authority, upon its request or periodically, of any information, data or documents it deems necessary for tax examination purposes or for the exchange of information under regional and international agreements.
2. Employees of the Authority (judicial officers) may, without prior notice, enter the premises where the taxpayer carries on his activity, as well as the annexes thereto, during the working hours, to conduct a field inspection of the place or examine the records.
3. If the Authority has valid reason to believe that the provisions of the law and these Regulations have been violated, the Authority's employees (judicial officers) may access the premises where the taxpayer carries on his activity, as well as the annexes thereto, outside of working hours.
4. The Authority may undertake any action for tax inspection such as inviting the taxpayer to

discuss tax returns and provide any clarifications and information relating to his activity. These actions include requesting him to provide any documents, books and records, conducting a field inspection of the taxpayer's activity, examining his books and records, accessing and examining information software, systems and applications, using specialists and experts, and requesting foreign tax authorities to conduct simultaneous audit and examination activities.

5. In cases where it appears that the collection of the tax is at risk, the President shall request the issuance of a decision from the judge of summary procedures to provisionally seize the property of the taxpayer that is necessary to collect the tax and financial penalties related thereto.

Statute of Limitations

A- For the Authority:

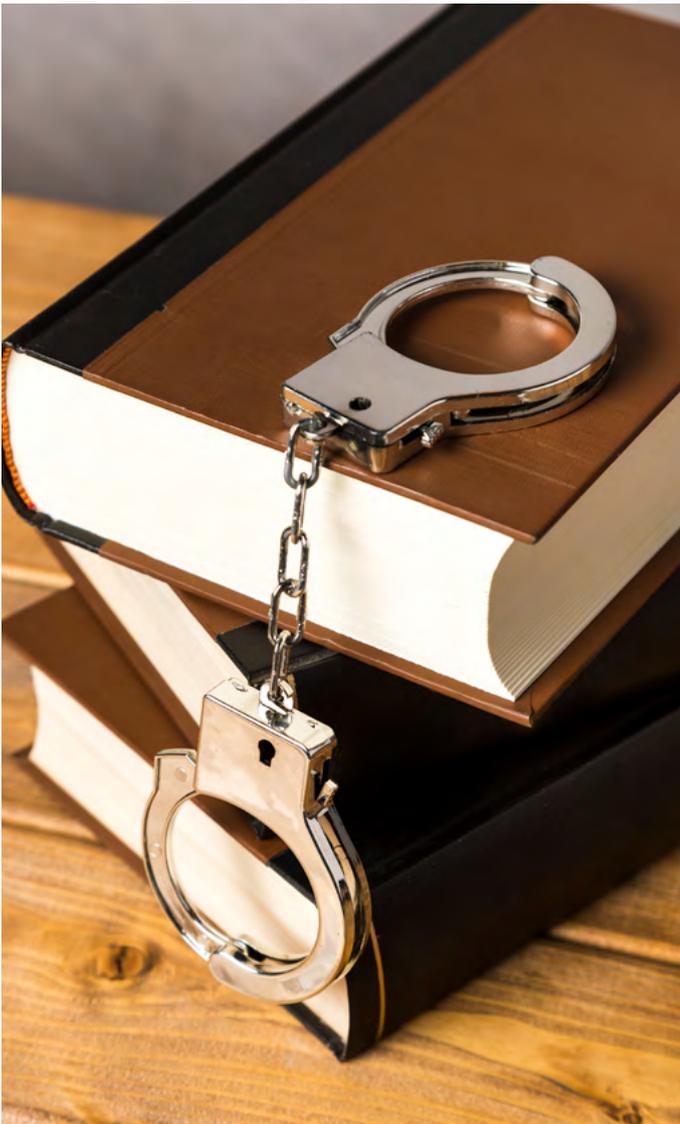
- ◆ The right of the Authority to assess the tax and related financial penalties in respect to a taxable year shall expire after five (5) years following the year in which the taxpayer submitted the return, and after ten (10) years following the taxable year in respect to which the taxpayer did not file the return.
- ◆ The right of the Authority to collect the tax and related financial penalties shall expire after ten (10) years following the year in which the amount of tax and financial penalties became due.

B- For the Taxpayer:

The right of a taxpayer to claim a refund of taxes and financial penalties unduly collected from the taxpayer shall lapse five (5) years after the date on which it was established that the Authority has unduly collected the tax and related financial penalties and the Authority was notified. The taxpayer is entitled to compensation at a rate of (%0.1) for every month of delay after the lapse of a period of sixty (60) days from the date the refund application is filed with the Authority.

Judicial Action

Judicial action may not be pursued unless upon written request from the President. The President or his authorized representative may agree upon a settlement before instituting judicial action or during judicial action, but prior to the issuance of a non-challengeable court order, where the taxpayer shall pay half of the maximum penalty amount, in addition to the due tax and the financial penalties. The settlement shall result in the case not being prosecuted or in the case being dropped, as the case may be. The Public Prosecution shall order the suspension of the execution of the penalty if the settlement occurs during its execution.



TAX AGENT AND CORRECT CORRESPONDENCE

Registered Tax Agent

The taxpayer may appoint a tax agent registered with the Authority to represent and act on behalf of the taxpayer on tax matters. If neither the taxpayer nor his representative before the Authority holds a proper certification in accountancy, the taxpayer shall appoint a tax agent. In all events, the person who audits the taxpayer's financial statements shall not be a representative or tax agent thereof before the Authority.

Accepted Correspondence

According to Articles No. 69 - 66 of the Executive Regulations:

A- Served by the Authority: Delivery by hand, registered mail, electronic means capable of providing acknowledgment of receipt, electronic systems, software and applications used by the Authority.

B- From the Taxpayer: Registered mail to the Authority's postal address, delivery by hand to the Authority, electronic systems, software and applications used by the Authority.

C- The taxpayer's last postal address and last email address available to the Authority or determined, disclosed or used by the addressee in his correspondence shall be used.



A MESSAGE TO THOSE ADDRESSED BY THE LAW

Qatari Citizens and GCC Citizens

If you are engaging in a taxable activity, you must promptly register it with the Authority and submit a tax return, in support of the Authority in particular and the State in general in its endeavors towards listing all activities subject to the law, regardless of exemption.

The law has exempted activities wholly owned by Qatari and GCC citizens from tax, and therefore you will bear no financial burdens. Therefore, the law has obligated the submission of exempted tax returns, which will help the Authority in identifying the activities wholly or partially concealed by taxable persons.

In addition, we note that the law has imposed tough penalties for failing to register and failing to submit the tax return, so it is necessary to register and submit the tax return in a timely manner to avoid any financial penalties or sanctions that amount to imprisonment, as was previously explained.

Rather, it can be considered a national role and duty of every citizen to support the State by registering his taxable activity and submitting his exempted tax return, whether it is simplified or approved.

Residents

If you are engaging in a taxable activity, you must promptly register it with the Authority and submit the relevant tax return, as the general orientation of the Authority is to list all taxable activities, regardless of exemption. The Authority, in this endeavor, makes use of the information it receives from all taxpayers.

In addition, the %10 tax rate is relatively low (as the tax rate in some states reaches more than %40 of net income) in an effort to encourage people to register and encourage investment, and therefore any attempt at evasion or dishonesty in this regard would be superfluous.

In addition, if the Authority obtains information regarding an undisclosed activity for any person, then he will be punished under penalty of law for tax evasion, which carries a penalty of up to one-year imprisonment.



CONCLUSION

In this study, we have attempted to clarify every aspect of the Income Tax Law, whether by presenting what was stated in the law and its Executive Regulations or a circular from the Authority itself. We have also presented simplified definitions and explanations for some of the terms mentioned in the law so that each reader can understand their meanings, and better comprehend the philosophy of the legislator in his determination of penalties.

Finally, we hope that this study has succeeded in demystifying and clarifying to the satisfaction of the reader the texts of the law whether in terms of obligations, rights, procedures, or penalties and sanctions.



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