

## FOREWARD

His Highness the Deputy of the Amir issued on 17 November 2009 Law No. 21 of 2009 issuing the Income Tax Law.

The law, which will apply on income arising on or after **01 January 2010**, is issued in the Arabic language.

This is a translation provided by the Public Revenues and Taxes Department to facilitate the understanding of the law for English speaking taxpayers. It has no authority.

The only text of the law that has authority is the Arabic text.

# LAW NO. 21 OF THE YEAR 2009 ISSUING THE INCOME TAX LAW

**We, Tamim Bin Hamad Al Thani**                      **Deputy of the Amir of the State of Qatar,**

Having perused the Constitution;

And Decree-Law No. 11 of the year 1993 concerning Income Tax;

And the proposal of the Minister of Economy and Finance;

And the draft Law submitted by the Council of Ministers;

And the opinion of the Consultative Council;

**Have decided the following law:**

## **Article 1**

The provisions of the Income Tax Law attached to this Law shall come into force.

## **Article 2**

Subject to the provisions of Article (20) of the attached law, the provisions of the attached law do not apply to the following:

- 1- private associations and foundations and private foundations of public interest constituted in accordance with the provisions the laws governing each of them.
- 2- private bodies registered in the State or registered in another State and authorized to operate in the State, provided that they do not aim to achieve profits.
- 3- Salaries, wages, allowances and the like.
- 4- Gross income from legacies and inheritances.

## **Article 3**

The Minister of Economy and Finance shall issue the executive regulations and decisions required for the implementation of the attached law. And, until these regulations and decisions are issued, the regulations and decisions currently in force shall remain applicable in so far as they are not in contradiction with the provisions of the attached law.

#### **Article 4**

Decree-Law No. 11 of the year 1993 concerning the Income Tax and any provision in contradiction with the provisions of this law and the attached law Shall be repealed.

Exemptions that are applicable at the date of entry into force of the attached law shall remain effective until the expiry of their period.

#### **Article 5**

All competent authorities, each within its own competence, shall execute this law, which shall come into force as of the first day of January 2010 and shall be published in the Official Gazette.

**Tamim Bin Hamad Al-Thani**  
**Deputy of the Amir of the State of Qatar**

**Issued at Diwan Amiri on: 29 /11 /1430 A.H.**  
**Corresponding to : 17/11/2009 A.D.**

# INCOME TAX LAW

## Chapter one: Definitions

### Article 1

In applying the provisions of this law, the following expressions and terms shall have the meanings assigned thereto unless the context otherwise requires.

- Tax: The income tax.
- Ministry: The Ministry of Economy and Finance.
- Minister: The Minister of Economy and Finance.
- Department: The administrative unity concerned with the application of this law.
- Director: The director of the Department.
- Activity: Any profession, vocation, service, trade, industry, speculation, contractual work or any business carried on to derive a profit or an income including the exploitation of a movable or immovable property.
- Taxpayer: A natural or a legal person subject to tax under the provisions of this law.
- The person in charge: The chairman of the board of directors, a delegated member, an authorized manager or any person who represents or runs the company or enterprise.
- Taxable year: twelve months starting on the first day of January and ending on the thirty first day of December of the same year.
- Accounting period: The period for which the taxpayer prepares his accounts.
- Gross income: Total income and profits derived by the taxpayer from the sources mentioned in this law.
- Net income: Gross income less allowable deductions in accordance with the provisions of this law.
- Taxable income: Net income after subtracting losses provided for in Article 10 of this law.
- Return: A statement in which the taxpayer acknowledges the amount of taxable income and the tax due in accordance with the form prepared for this purpose.
- Resident: 1- A natural person who meets any of the following:
  - a- has a permanent home in the State.

- b- has been in the State for more than one hundred and eighty-three (183) consecutive or separate days during any twelve (12) month period.
- c- has his centre of vital interests in the State.

2- A body corporate that meets any of the following:

- a- It is incorporated under Qatari laws.
- b- Its head office is situated in the State.
- c- Its place of effective management is situated in the State.

- Permanent Establishment: A fixed place of business through which the business of a taxpayer is wholly or partly carried on, including , for instance, a branch, office, factory, workshop, mine, oil or gas well, quarry, a building site, an assembly project or a place of exploration, extraction or exploitation of natural resources. Permanent establishment also includes the activity carried on by the taxpayer through a person acting on behalf of the taxpayer or in his interest, other than an agent of an independent status
- Royalties: Payments of any kind made as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, or films or discs used for radio or television broadcasting, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.
- Technical fees: Payments of any kind made as consideration for managerial or technical or consultancy services.



### ***Section 3: Tax exemptions***

#### **Article 4**

Notwithstanding other tax exemptions provided for under special laws or international agreements or under the provisions of Articles 51 to 56 of this law, the following items of income shall be exempt from tax:

- 1- Bank interest and returns due to natural persons other than those carrying on a taxable activity in the State, whether or not resident in the State.
- 2- Interest and returns on public treasury bonds, development bonds and public corporation bonds.
- 3- Capital gains on the disposal of real estate and securities derived by natural persons provided that the real estate and securities disposed of are not part of the assets of a taxable activity.
- 4- Dividends and other income from shares if the amounts distributed during a taxable year were taken from profits that were:
  - a- subject to the tax under this law; or
  - b- distributed by a company the income of which is exempt from tax under this law or other laws.
- 5- Gross income from handcraft activities that do not use machines provided that the gross income does not exceed one hundred thousands (100,000) Riyals per year, the average number of employees does not exceed 3 during the taxable year and the activity is carried on in one single establishment, in accordance with the limits and conditions provided for in the executive regulations of this law.
- 6- Gross income from agricultural and fishing activities.
- 7- Gross income of non Qatari air and sea transport companies operating in the State, subject to reciprocity.
- 8- Gross income of Qatari natural persons resident in the State, including their shares in the profits of legal persons.
- 9- Gross income of legal persons resident in the State and wholly owned by Qatari nationals.

### ***Section 3: Accounting period***

#### **Article 5**

The accounting period of a taxpayer who carries on an activity shall be the taxable year.

However, the taxpayer may, after obtaining the approval of the Department, adopt an accounting period that is different from the taxable year in accordance with the provisions of the executive regulations of this law.

The accounting period of a taxpayer shall be twelve months, subject to the following:

- 1- Where the taxpayer starts the activity after the beginning of the taxable year, the accounting period shall start from the date of the beginning of the activity.  
The first accounting period may not be less than six months nor more than eighteen months. In all cases, the tax shall be calculated on the taxable income of the actual accounting period.
- 2- Where the activity is liquidated, the accounting period shall run from the end of the previous accounting period until the end of liquidation.
- 3- Where the activity is ceased, assigned or sold, the accounting period shall run from the end of the previous accounting period until the date of cessation, assignment or sale.
- 4- Where the taxpayer carries on a temporary activity the period of which does not exceed 18 months, the accounting period shall be the period of activity.

#### **Article 6**

The taxpayer shall determine the taxable income on the basis of the accruals accounting method used in commercial accounting in accordance with international accounting standards, and subject to the provisions of this law and its executive regulations.

The taxpayer may not use another method of accounting, except upon the approval of the Department.



## **Chapter three: Calculation of the tax**

### **Section 1: Taxable income**

#### **Article 7**

Taxable income shall be determined on the basis of the gross income derived from all transactions carried out by the taxpayer after subtracting allowable deductions and losses provided for in Article 10 of this law.

Allowable deductions mean expenses and costs incurred by the taxpayer that satisfy the following requirements:

- 1- They are necessary to derive the gross income;
- 2- They are actually incurred and supported by documentary evidence;
- 3- They do not increase the value of fixed assets used in the activity; and
- 4- They are related to the taxable year.

#### **Article 8**

Allowable deductions include mainly the following, in accordance the executive regulations of this law:

- 1- Costs of raw materials, consumables and services required for carrying on the activity.
- 2- Interest on loans used in the activity.
- 3- Salaries, wages, end of services benefits and similar payments including contributions to set up retirement pensions or end of service payments or contributions to investment funds for the employees.
- 4- Rents.
- 5- Insurance premiums.
- 6- bad debts.
- 7- Provisions set up by banks for doubtful debts and by insurance companies for risks covered up to 10% of the net income before making this deduction and the deduction provided for in paragraph 9 of this Article.
- 8- Depreciation of fixed assets.
- 9- Donations, gifts, aids and subscriptions to charitable, humanitarian, scientific, cultural or sporting activities paid in the State to governmental authorities, public bodies or institutions or any other authorized body in the State, provided that their value does not exceed (5%) five percent of the net income before making this deduction and the deduction provided for in paragraph 7 of this Article.

10- Taxes and duties other than the income tax provided for in this law.

Notwithstanding the provisions of the previous paragraph, persons carrying on a liberal profession may opt to deduct 30% of their gross income in lieu of all their deductible expenses and costs.

### **Article 9**

The following expenses and costs may not be deducted:

- 1- Expenses and costs incurred to derive exempt income.
- 2- Payments that are made in breach of the laws of the State;
- 3- Fines and penalties for the breach of the laws of the State;
- 4- Expenditures or losses in respect of which compensation is receivable or has been received if that compensation has not been included in the taxpayer's gross income.
- 5- The share of total expenditures on entertainment, hotel accommodation, restaurant meals, vacations, club fees and gifts to customers, in accordance with the circumstances, conditions and limits provided for in the executive regulations of this law.
- 6- Salaries, wages and similar remuneration including fringe benefits paid to the owner, his/her spouse and children, members of a general or limited partnership or the director of a limited liability company who owns, directly or indirectly, the majority of the shares of the company.
- 7- The share of the branch in the headquarters' or head office's general and administrative expenses that exceeds the percentage determined in the executive regulations of this law.
- 8- Any other disallowed deduction pursuant to the provisions of this law.

### **Article 10**

The taxpayer may deduct losses incurred during a taxable year from the net income of subsequent years, subject to the following:

- 1- losses may not be carried forward for more than three years as of the end of the taxable year during which they are incurred; and
- 2- losses resulting from an exempt or non taxable source of income may not be deducted.

### ***Section 2: Tax rate***

### **Article 11**

The tax rate shall be (10%) ten percent of the taxable income of the taxpayer during the taxable year.

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

- 1- a) The rate of tax provided for in agreements to which the Government, the Ministries or other governmental bodies or public bodies or enterprises are a party, which are concluded before the entry into force of this law, shall apply. If such agreements do not specify a tax rate, the tax shall be levied at the rate of (35%) thirty five percent.
  - b) The tax rate and all other tax conditions provided for in agreements relating to oil operations as defined in Law No. 3 of the year 2007 concerning the exploitation of natural wealths and their resources shall apply provided that, in all cases, the tax rate shall not be less than 35% thirty five percent.
- 2- Subject to the provisions of tax agreements, payments made to non-residents with respect to activities not connected with a permanent establishment in the State shall be subject to a final withholding tax, as follows:
    - a- (5%) five percent of the gross amount of royalties and technical fees;
    - b- (7%) seven percent of the gross amount of interest, commissions, brokerage fees, director's fees, attendance fees and any other payments for services carried out wholly or partly in the State.

## **Chapter four: Tax obligations**

### ***Section 1: Registration and notification***

#### **Article 12**

- 1- Every taxpayer who carries on an activity or derives a taxable income shall register with the Department within thirty (30) days from the date of obtaining the approval of the competent authority to commence the activity or the first day of realization of the income, whichever is earlier, or from the date of entry into force of this law for taxpayers carrying on activity at that date.
- 2- Every taxpayer carrying on an activity in the State shall notify the Department of any change that may affect his tax obligations within thirty days from the date of occurrence of the change.
- 3- Every taxpayer carrying on an activity in the State shall submit an application to the Department for a tax card within thirty days from the commencement of the activity, or from the date of entry into force of this law for taxpayers carrying on activity at that date in accordance with the limits, conditions and procedures provided for in the executive regulations of this law.

#### **Article 13**

- 1- Taxpayers who totally or partially dispose of or cease their activity shall notify the Department of such a deed within 30 days from the date of occurrence of the disposal or the ceasing of the activity, as the case may be.  
Where the reason of ceasing the activity is the death of the taxpayer, the heirs shall fulfill the notification within sixty days of the death.
- 2- The assignor and the assignee as well as the seller and the buyer shall be jointly liable for any tax or financial penalties related to the assigned or sold activity until the date of assignment or sale.

### ***Section 2: Filing tax returns***

#### **Article 14**

- 1- Taxpayers carrying on an activity shall submit a return to the Department on the form prepared for this purpose stating the taxable income and the tax due within four months from the end of the accounting period.  
Other taxpayers shall submit the return within four months from the end of the taxable year.

- 2- In the case of liquidation of business, the liquidator shall submit the return within the period mentioned in the previous paragraph.
- 3- Notwithstanding the provisions of paragraph 1 of this Article, if the taxpayer dies during the taxable year, the heirs, the inheritance trustee or the liquidator shall file the return within six (6) months from the date of death.
- 4- If the taxpayer is a minor or an incapacitated, the guardian or trustee of the taxpayer shall file the return within four months from the end of the taxable year.
- 5- Subject to the provisions of Articles 22 to 26, 40 to 46 and 57 of this law, the taxpayer may, upon the approval of the Department, file an amended return to correct mistakes in, or complete omissions to, a return filed in respect of an earlier taxable year.

### **Article 15**

The taxpayer who carries on an activity that is exempt from tax under the laws of the State shall submit to the Department the return mentioned in the previous Article together with the balance sheet and the profits and losses account audited by an auditor accredited in the State within the period specified in paragraph 1 of the previous Article.

### **Article 16**

The Department may extend the deadline for filing the return mentioned in the previous two Articles if the taxpayer submits an application for this purpose based on reasonable grounds thirty days before the expiry of the deadline.

The Department may not extend the deadline for more than four months after the expiry of deadline for filing the return, in the case provided for in paragraph 2 of Article 14 of this law.

### **Article 17**

The taxpayer who satisfies any of the following conditions shall accompany the return with the final accounts audited by an auditor accredited in the State:

- 1- The capital exceeds (100,000) one hundred thousand Riyals;
- 2- The annual taxable income exceeds (100,000) one hundred thousand Riyals; and
- 3- The head office is situated outside the State.

### **Section 3: Accounting requirements**

#### **Article 18**

Taxpayers carrying on an activity in the State shall keep accounting books, registers and documents in accordance with the laws of the State, international accounting standards and the provisions of the executive regulations of this law.

#### **Article 19**

Taxpayers carrying on an activity in the State shall keep all accounting books, registers and documents relating to the activity in the place where the activity is carried on for ten years following that to which the books, registers and documents are related.

Notwithstanding the provisions of the previous paragraph, taxpayers shall be released from the obligation to keep the books, registers and documents mentioned above, in accordance with the conditions and situations provided for in the executive regulations of this law.

#### **Article 20**

Natural and legal persons making payments referred to in paragraph 2 of Article 11 of this law shall withhold the tax and remit it to the Department before the sixteenth day of the first month following that during which the payment occurs.

The natural and legal persons shall issue and deliver a withholding tax certificate to the persons to whom the amounts subject to withholding tax were paid, in accordance with the provisions of the executive regulations of this law.

#### **Article 21**

Ministries and other governmental bodies, public authorities and institutions and companies shall notify the Department of the contracts, agreements and dealings they entered into if their amount exceeds the limits provided for in the executive regulations of this law.

Subject to the provisions of the sixth paragraph of Article 38 of this law, public authorities and institutions, companies, associations, individual enterprises and any other entity specified in the executive regulations of this law shall notify the Department, upon its request, of any information related to the assessment of the tax due by the taxpayer with whom such companies, associations, authorities, institutions, enterprises or entities entered into transactions.

The notification mentioned in the previous two paragraphs shall be made within thirty days of the date of the Department's request or the date of commencement of the contract, agreement or dealing, as the case may be.

## **Chapter five: Powers and duties of the Department**

### ***Section 1: Assessment of the tax***

#### **Article 22**

The tax shall be assessed on the basis of the taxable income as determined in the return, if such return is accepted by the Department.

The Department shall have the right to reconsider all the elements of the taxable income if they appear inaccurate to it, and to require, when it deems necessary, by a registered letter with acknowledgement of receipt, or delivered directly to the taxpayer or the person in charge:

- 1- the presence of the taxpayer or a proxy thereof to provide clarification or information concerning the return.
- 2- the presentation of any data, information or documents required for the assessment of the tax.
- 3- the presentation of the books, registers, accounts or statements relating to the activity for examination within the period specified by the Department to the taxpayer or the proxy.  
The Department may make copies of those books, registers, accounts or statements where necessary.

#### **Article 23**

The Department shall have the right to disregard the return and to assess the tax on a presumptive basis in the cases where it is not possible to make an assessment on the basis of the actual income of the taxpayer. This includes the cases where the taxpayer fails to:

- 1- submit the annual return or the accompanying documents within the periods specified in Articles 14 to 16 of this law;
- 2- keep the books or registers provided for in Article 18 of this law, or where these books or registers are inaccurate or irregular;
- 3- provide the information, clarifications, books, registers or other documents required by the Department under paragraph 2 of the previous Article, or where false information or inaccurate or irregular registers, books or documents are provided.

The assessment shall be made on the basis of audited information and data and objective presumptions and proofs provided for in the executive regulations of this law.

#### **Article 24**

The assessment decision shall include particularly the following:

- 1- The facts, information and presumptions on the basis of which the assessment of tax is made.

- 2- The taxable income, the tax due and the financial penalties related thereto.
- 3- The deadline and place of payment of the tax and financial penalties related thereto.
- 4- The taxpayer's right to object and appeal against the decision in accordance with the provisions of Articles 28 to 34 of this law.

The Department shall notify the assessment decision to the taxpayer on the form prepared for such a purpose by a registered letter with acknowledgement of receipt or directly to the taxpayer or the person in charge.

#### **Article 25**

Subject to the provisions of Article 57 of this law, the Department may not re-assess the tax due by a taxpayer in respect of a taxable year that had been previously assessed unless the Department discovers new information affecting the taxpayer's tax liability, which was not taken into account in determining the previous assessment.

The re-assessment decision shall be subject to the same rules as those applicable to the assessment decision issued in the first place.

#### **Article 26**

The liquidator shall be regarded as the taxpayer, and the assessment procedures shall be carried out against him.

### ***Section 2: Secrecy requirement***

#### **Article 27**

Employees of the Department shall preserve the secrecy of the documents and information that come to their knowledge or to their possession in the course, or by reason, of fulfilling their duties.

Employees of the Department are released from this obligation where the information is disclosed to the concerned taxpayer or the proxy thereof, to a judicial body, to another governmental body, subject to the taxpayer's approval, or within the framework of an exchange of information procedure under an applicable tax agreement concluded by the Government.



## **Chapter six: Objection and appeals**

### ***Section 1: Objection***

#### **Article 28**

The taxpayer may object, by a registered letter with acknowledgement of receipt, to the tax assessment decision within thirty days from the date of its notification.

The objection shall be submitted to the Department, and the submission of the objection shall result in the suspension of the execution of the assessment decision.

Should the taxpayer fail to submit an objection within the period mentioned above, the assessment decision shall become final and the tax shall become due.

#### **Article 29**

The Department shall settle the objection and notify the taxpayer of its decision by a registered letter with acknowledgement of receipt or directly to the taxpayer or the person in charge within sixty (60) days from the date of submission the objection.

The elapse of sixty days with no response to the objection shall be regarded as an implicit refusal of the same.

Where the taxpayer accepts the Department's decision on the objection, the tax shall be finally assessed according to that decision.

### ***Section 2: Appeals***

#### **Article 30**

A committee, called "Tax Appeal Committee", shall be set up in the Ministry under the chairmanship of a judge of the Appeal Court appointed by the Supreme Judiciary Council and the membership of a representative of each of the following:

- 1- The Ministry of Economy and Finance;
- 2- The Ministry of Business and Trade;
- 3- The State Audit Bureau;
- 4- The Qatar Chamber of Commerce and Industry; and
- 5- The Qatari Association of Legal Accountants.

Each of the authorities shall nominate its representative in the committee's membership.

A decision of the Council of Ministers shall be issued, upon a proposal of the Minister, to appoint the chairman and members of the committee, to organize its functions and to determine its remuneration.

### **Article 31**

The taxpayer may submit an appeal before the Tax Appeal Committee if he does not accept the Department's decision on the objection.

The appeal shall be submitted within thirty days from the date of notification of the Department's decision on the objection or from the elapse of the period provided for to settle the objection with no response made, as the case may be.

In the case where no appeal is submitted by the taxpayer within the period mentioned above, the Department's decision on the objection, or the tax assessment decision, as the case may be, shall become final and the tax shall become due.

### **Article 32**

The Tax Appeal Committee shall be competent to settle the appeals submitted by the taxpayer in accordance with the provisions of the previous Article. The committee may reduce the financial penalties provided for in Articles 40 and 41 of this law.

The submission of appeal shall not suspend the Department's decision on the objection.

The appeal shall not prevent from the execution of the tax assessment decision where the objection is submitted in accordance with the provisions of Article 28 of this law and the Department did not issue its decision within the specified period.

### **Article 33**

The committee shall notify by a registered letter with acknowledgement of receipt the taxpayer and the Department of the date and place fixed for hearing the appeal, at least fifteen days before convening the session.

The taxpayer and the representative of the Department shall appear before the committee on the date fixed in the notification. The taxpayer may be represented by a proxy holding a power of attorney.

The committee may require from both the taxpayer and the Department to produce any information or documents it deems necessary to settle the appeal.

#### **Article 34**

The committee convenes upon the request of the chairman. Its meeting shall be valid only if attended by the chairman and at least four of its members. Its hearings shall be held in camera. The committee issues its decisions upon the approval of the majority of the members that are present. In case of a tie, the opinion of the chairman shall prevail. The decisions of the committee shall be reasoned.

The committee shall be bound with the general principles of litigation procedures.

#### **Article 35**

The committee shall notify its decision to the Department and the taxpayer by a registered letter with acknowledgement of receipt or directly to the taxpayer or the person in charge.

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

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

The final tax liability of the taxpayer shall be settled on the basis of the final court decision on the appeal.

### **Chapter seven: Collection and refund of the tax**

#### ***Section 1: Collection of the tax***

#### **Article 36**

The taxpayer shall pay the tax due according to the return on the same day of filing the return. In the case where the period of objection provided for in Article 28 of this law has expired and no objection has been submitted, the taxpayer shall pay the tax and financial penalties related thereto within thirty days from the date of expiry of the aforementioned period.

In the case where the taxpayer accepts the Department's decision on the objection, the tax due shall be paid within thirty days from the date of notification of the decision to the taxpayer.

In other cases than those mentioned in the previous two paragraphs, the tax and financial penalties related thereto shall be collected in one installment within thirty days from the date of notification of the taxpayer of the Department's response to the objection, by a registered letter with acknowledgement of receipt or directly to the taxpayer or the person in

charge, or from the date of expiry of the period provided for in Article 29 of this law with no response made.

The Department may approve, upon the request of the concerned party, the payment of the tax due and the financial penalties related thereto by installments in accordance with the executive regulations of this law. Should the taxpayer fail to pay any of the installments, all the outstanding installments shall become due immediately.

## ***Section 2: Seizure of taxpayer's property***

### **Article 37**

In the cases where it appears that the collection of the tax is threatened of loss, the Director shall, upon the approval of the Minister, request the issue 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, whether in the possession of the taxpayer or in the possession of others.

The property shall be deemed to be provisionally seized as of the date of notification of the decision of the judge of summary procedures to the taxpayer. The taxpayer may not dispose of the property except where the seizure is lifted by a decision of the judge of the summary procedures.

The taxpayer or any interested party may appeal against the seizure decision before the competent court within thirty days from the date of notification.

### **Article 38**

In the case where the assessment decision of the tax and financial penalties related thereto have become final, and the tax and financial penalties are not paid on the prescribed date, the Director shall, upon the approval of the Minister, carry out the procedures of executive seizure on the taxpayer's property required to collect the tax, whether in the possession of the taxpayer or in the possession others.

The Department may require by a registered letter with acknowledgement of receipt from any person to provide, within thirty days from the receipt of the letter, a statement of the sums due by that person to the taxpayer. The statement shall include:

- a- the sums due by the person to the taxpayer and the term of their payment;
- b- the sums held by the person and due by a third party to the taxpayer, and whether or not he is authorized to make the payment to the taxpayer on behalf of the third party.

The person referred to in the previous paragraph shall pay to the treasury the amounts due by the taxpayer, up to the amount of tax and financial penalties related thereto within thirty days from the date they come to maturity. Sums that have come to maturity on the date of submission of the statement to the Department shall be paid within thirty days from that date.

Where the statement was not submitted by the person within the specified period or where the amounts were not paid to the Department in accordance with the provisions of the previous paragraph, the Department shall carry out the procedures of executive seizure on the person's property.

For the purposes of implementing paragraphs 1 and 4 of this Article, the Department shall issue a notice to the debtor, and the seizure shall be carried out by the Department in accordance with the provisions of the law .

The provisions of paragraphs 2, 3 and 4 of this Article shall not apply to banks, except on the basis of a court decision.

### ***Section 3: Refund of unduly collected tax and financial penalties***

#### **Article 39**

The taxpayer may obtain a refund of the amounts of tax and financial penalties unduly collected from him by submitting a claim to the Department within five years from the date it was established that the Department had no right to collect the tax and financial penalties related thereto and the taxpayer's knowledge of this fact.

The Department shall notify to the taxpayer its decision on the refund claim within sixty days from the date of its submission.

The taxpayer may appeal before the Tax Appeal Committee in the case where the Department refuses the claim mentioned above or fails to notify its decision to the taxpayer within the above-mentioned period.

The provisions of Articles 33, 34 and 35 of this law shall apply to the appeal referred to above.

In the case of delay by the Department in refunding the unduly collected amounts within the period mentioned above, the taxpayer shall be entitled to a compensation calculated in accordance with the provisions of the executive regulations of this law.

## **Chapter eight: Financial penalties and sanctions**

### ***Section 1: Financial penalties***

#### **Article 40**

- 1- Every taxpayer who fails to file the return within the periods mentioned in Articles 14 to 16 of this law shall be subject to a financial penalty of (100) one hundred Riyals per day of delay, with a maximum of (36,000) thirty six thousands Riyals.
- 2- Every taxpayer who fails to pay tax within the periods mentioned in Article 36 of this law shall be subject to a penalty of (1.5%) one and a half per cent of the amount of the tax due per month of delay or part thereof up to the amount of the tax due.
- 3- The period of delay shall start on the first day following the expiry of the deadline for filing the return and shall end on the date when the return is filed or the tax is paid, as the case may be.

#### **Article 41**

- 1- Every taxpayer who contravenes the provisions of Articles 12 and 13/1 of this law shall be subject to a financial penalty of (5,000) five thousands Riyals.
- 2- Every taxpayer benefiting from an exemption from tax who fails to submit the documents provided for in Article 15 of this law shall be subject to a financial penalty of (10,000) ten thousands Riyals.
- 3- Every taxpayer who contravenes the provisions of Articles 17, 18 and 19 of this law shall be subject to a financial penalty of (15,000) fifteen thousands Riyals.
- 4- Every person who fails to withhold tax in accordance with the provisions of Article 20 of this law shall be subject to a financial penalty equal to the amount of tax that has not been withheld, in addition to the payment of the tax due.

#### **Article 42**

The Director may exempt the taxpayer from all or part of the financial penalties provided for in Articles 40 and 41 of this law up to a maximum of (50,000) fifty thousands Riyals, where the taxpayer presents reasonable justifications.

The exemption mentioned in the previous paragraph shall be revoked if the taxpayer submits an appeal to the Tax Appeal Committee in accordance with the provisions of Article 31 of this law.

## **Section 2: Sanctions**

### **Article 43**

Without prejudice to any more severe penalty provided for in another law, shall be punished with an imprisonment sentence not exceeding three months and a fine not exceeding (15,000) fifteen thousand Riyals or with either penalties, any taxpayer or person in charge who:

- 1- presents falsified or fictitious books, registers or documents;
- 2- uses fraudulent methods including the presentation of falsified, fictitious or incorrect statements or documents for the purpose of obtaining a deduction, a tax exemption or a refund of the tax already paid;
- 3- intentionally conceals the true income or any taxable activity;
- 4- carries on any action intended to prevent the employees of the Department from fulfilling their duties.

In addition to the penalties provided for in the previous paragraph, the taxpayer or the person in charge who commits the offences provided for in paragraphs 2 and 3 of the previous paragraph shall be subject to a fine of (20%) twenty percent of the tax due.

### **Article 44**

Whoever contributes by motivation, agreement or assistance to the committal of the offences listed in paragraph 1 of the previous Article shall be subject to the penalties provided for therein, and shall be jointly liable with the taxpayer or the person in charge for the payment of the tax and the financial penalties related thereto.

### **Article 45**

Without prejudice to any more severe penalty provided for in another law, shall be punished with an imprisonment sentence not exceeding six months and a fine not exceeding (30,000) thirty thousand Riyals or with either penalties, whoever contravenes the provisions of Article 27 of this law.

### **Article 46**

The penalties mentioned in Articles 43, 44 and 45 of this law shall be doubled in the case of recidivism. The accused shall be regarded as recidivist if he commits a similar offence within five years from the date of the execution of the sentenced penalty or its extinction because of the elapse of the statute of limitation period.

#### **Article 47**

The penal prosecution may not be instituted, in accordance with Articles 43 to 46 of this law, unless upon a written application from the Minister.

#### **Article 48**

The Minister or his authorized representative may agree, before the issuance of a non challengeable court decision, on a settlement with respect to the offences provided for in this law regardless of the status of the prosecution, against the payment of the amounts determined by Ministerial decision.

The settlement shall result in the extinction of the penal prosecution and its consequences. The Public Prosecution shall order the suspension of the execution of the penalty if the settlement occurs during its execution.

#### **Article 49**

The employees of the Department authorized to have judicial policing capacity by a decision issued by the General Attorney upon an agreement with the Minister, shall detect and prove violations to the provisions of this law and its implementing decisions.

Those employees shall have the right to access the premises where the taxpayer carries on his activity and their annexes in order to carry out any action required to assess the tax in accordance with the provisions of the executive regulations of this law.



## **Chapter nine: General provisions**

### ***Section 1: Prevention of tax avoidance***

#### **Article 50**

Where the taxpayer enters into arrangements or carries on operations or transactions one of the main purposes of which is to avoid the payment of the tax due, the Department may counteract the tax advantage the taxpayer obtained because of such arrangements, operations or transactions, in accordance with the provisions of the executive regulations of this law.

The Department may, in any of the instances provided for in the previous paragraph, take all or some of the following measures:

- 1- apply the arm's length value to a deed or an economic event subjected to a different value by the taxpayer;
- 2- re-characterize the deed where the form of such a deed does not reflect the substance thereof; and
- 3- adjust the amount of the tax due by the taxpayer or any other person involved in the type of arrangements, operations or transactions provided in paragraph 1 of this Article.

### ***Section 2: Tax exemption Committee***

#### **Article 51**

A committee, called "Tax Exemption Committee", shall be constituted in the Ministry and composed of two representatives of the Ministry of Economy and Finance, one of them shall be the chairman of the committee, and a representative of each of the following:

- a- The Ministry of Business and Trade;
- b- The Ministry of Energy and Industry; and
- c- The Qatar Chamber of Commerce and Industry.

Each of the authorities shall nominate its representative in the committee's membership.

A decision of the Council of Ministers shall be issued, upon a proposal of the Minister, to appoint the chairman and members of the committee, to organize its functions and to determine its remuneration.

## **Article 52**

The Tax Exemption Committee shall be competent of the following:

- 1- receiving and studying tax exemption applications and making recommendations to the Minister in their respect. The exemption period shall not exceed six years.
- 2- studying the cases of revocation of exemptions because of the breach of legal requirements or deviation from the objects and making recommendations to the Minister in their respect.

## **Article 53**

When considering the applications for exemption, the Tax Exemption Committee shall take into account the following criteria:

- 1- The project shall contribute to supporting and developing industry, agriculture, fishery, trade, petroleum, mining, tourism, land reclamation, transportation or any activities or projects needed by the country which provide social and economic benefits, whether such projects are wholly or jointly owned by Qatari or foreign individuals, companies or enterprises.
- 2- The project shall be in line with the objectives of the economic development plan, shall be approved by the competent government authorities and shall contribute to the development of the national economy, provided the following is taken into consideration:
  - a- The volume of investment and the location thereof.
  - b- The commercial profitability.
  - c- The extent to which the project is integrated with other projects.
  - d- The extent to which the project relies on the production factors available in the country.
  - e- The impact of the project on the balance of trade and the balance of payments.
- 3- The project shall introduce modern technology.
- 4- The project shall lead to the creation of employment opportunities for nationals.

## **Article 54**

- 1- The exemption decision shall be issued by the Minister, where the period of exemption recommended by the committee does not exceed three years.

- 2- The exemption decision shall be issued by the Council of Ministers, upon the recommendation of the committee accompanied by the Minister's opinion, where the period of exemption exceeds three years.
- 3- the exemption period provided for in the previous two paragraphs shall begin on the date of issuing the exemption decision or the date of commencing the activity, which ever is earlier.
- 4- The decision to revoke the exemption shall be issued, upon the recommendation of the Tax Exemption Committee, by the authority that issued the exemption decision. The waived tax and the financial penalties related thereto shall be collected in accordance with the provisions of this law.

#### **Article 55**

The taxpayer may appeal to the Minister against the decision to refuse or revoke the exemption within thirty days from the notification of the decision by a registered letter with acknowledgement of receipt.

The Minister may refer the appeal to the Tax Exemption Committee if it appeared to him that the same is based on sound reasons.

In all cases, the appeal shall be settled within thirty days from the date of its submission. The absence of response during this period shall be deemed a refusal of the appeal.

#### **Article 56**

The provisions of Articles 52 to 55 of this law shall apply to expansion projects, provided that the expansion cost exceeds (50%) fifty percent of the cost of the original project.

### ***Section 3: Statute of limitation***

#### **Article 57**

The right of the Department to assess the tax and financial penalties related thereto in respect of a taxable year shall expire after five years following the year in which the taxpayer submitted the return.

Where the taxpayer fails to submit the return, the right of the Department to assess the tax and financial penalties related thereto shall expire after ten years following the taxable year in respect of which the taxpayer did not file the return .

Where the taxpayer fails to register with the Department in accordance with the provisions of Article 12 of this law, the period provided for in the previous

paragraph shall start from the date of discovering the activities of the taxpayer by the Department.

In addition to the causes of interruption of the statute of limitation period provided for in the Civil Law, the periods mentioned in the previous paragraphs shall be interrupted upon the notification of the taxpayer by a registered letter with acknowledgement of receipt of:

- a- the assessment decision in accordance with the provisions of Article 22 to 26 of this law,
- b- the payment of the due tax or financial penalties; or
- c- the referral of the dispute is to the Tax Appeal Committee.

#### **Article 58**

The right of the Department to collect the tax and financial penalties related thereto shall expire after ten years following the year in which the amount of tax and financial penalties has become due.

#### **Article 59**

The taxpayer's right to claim refund of taxes and financial penalties paid unduly shall expire after the elapse of the period mentioned in Article (39/paragraph 1) of this law.

In addition to the causes of interruption of the statute of limitation period provided for in the Civil Law, the period mentioned in the previous paragraph shall be interrupted by the taxpayer's application notified to the Department by a registered letter with acknowledgement of receipt and claiming the refund of the tax and financial penalties unduly collected.