Decision of the Minister of Economy and Finance No. 10 of 2011 issuing the Executive Regulations of the Income Tax Law issued by way of Law No. 21 of 2009

The Minister of Economy and Finance;

After perusing the Income Tax Law issued by way of Law No. 21 of 2009;

And Amiri Decision No. 29 of 1996 concerning Decisions of the Council of Ministers submitted to the Amir for ratification and issuing;

And Amiri Decision No. 31 of 2009 concerning the organization structure of the Ministry of Economy and Finance;

And the Decision of the Minister of Finance, Economy and Trade No. 3 of 1995 issuing the Executive Regulations of Decree-Law 11 of 1993 concerning the Income Tax;

And the approval of the Council of Ministers of this draft Decision in its ordinary meeting 22 of 2010 held on 16/06/2010;

Has decided the following:

Article 1

The provisions of the Executive Regulations of the Income Tax Law issued by way of Law 21 of 2009 attached to this Decision shall come into force.

The Decisions and Resolutions issued by the Minister of Economy and Finance in application of the provisions of the aforementioned Law shall apply to matters not dealt with in this Decision or in the Regulations attached thereto.

Article 2

Taxpayers whose accounting periods end before 31/12/2010 shall split their taxable income in two parts as follows:

1. $$\frac{\text{Taxable Income x Number of days from the beginning of the accounting period until 31/12/2009}}{\text{360 days}}$$

This income shall be subject to tax in accordance with the provisions of the aforementioned Decree-Law No. 11 of 1993.

2. $$\frac{\text{Taxable income x Number of days from 01/01/2010 until the end of the accounting period}}{\text{360 days}}$$

This income shall be subject to tax in accordance with the provisions of the aforementioned Income Tax Law issued by way of Law 21 of 2009.

Article 3

The Decision of the Minister of Finance, Economy and Trade No. 3 of 1995 mentioned above as well as any provision in contradiction with the provisions of this Decision or the Regulations attached thereto shall be repealed.

Article 4

All competent authorities, each within its own competence, shall execute this Decision, which shall be published in the Official Gazette.

Yousef Hussain Kamal

Minister of Economy and Finance

Issued on: / /1432 A.H.

Corresponding to: / /2011.

The Executive Regulations of the Income Tax Law issued by way of Law No. 21 of 2009

Chapter 1

Definitions

Article 1

In applying the provisions of these Regulations, the following words shall have the meanings assigned thereto, unless the context otherwise requires.

The Minister: The Minister of Economy and Finance.

The Department: The Public Revenues and Taxes Department in the Ministry of Economy and Finance.

The Law: The Income Tax Law issued by way of Law No. 21 of 2009.

The Tax: The Income Tax imposed in accordance with the provisions the Law.

Chapter two

Scope of the Tax

Section one: Imposition of the Tax

Article 2

1. The Tax shall apply to the gross income derived during the taxable year from sources in the State, whether by a resident person or by a non-resident.

2. Bank interest and returns realized outside the State and derived from amounts resulting from the activity of the taxpayer in the State, provided for in paragraph 1 of Article 2 of the Law, shall include interest and returns accrued to the taxpayer during the period of his activity in the State, unless it is proved that they are not connected with such activity.

3. With respect to commissions for agency, brokerage or commercial representation arrangements accrued outside the State, provided for in paragraph 2 of Article 2 of the Law, it is required that the result of the agency, brokerage or representation is the carrying on of an activity in the State.

Article 3

Income derived from sources in the State shall include all items of income provided for in Article 3 of the Law, including:

1. Gross income derived from an activity carried on in the State, in accordance with the definition provided for in Article 1 of the Law. This definition includes commercial, industrial and farming activities, services, professions, crafts and other activities aiming at realizing a profit or an income, including the exploitation of movable or immovable property.
   This definition does not include the activity of a supplier of goods and equipment to the State, unless the supply contract includes other accessory services such as transport, installation, maintenance, training and other services performed in the State. In such a case, only the consideration for accessory services shall be regarded as derived from an activity in the State.

2. Gross income derived from contracts carried out wholly or partly in the State. This includes particularly service contracts performed wholly or partly in the State.
   A service shall be regarded as performed, wholly or partly, in the State where all or part of the actions required to its performance are carried out in the State.
   If the contract includes a group of services that are separate from each other, and some of these services were performed outside the State and some others were performed in the State, then only services that are performed, wholly or partly, in the State shall be regarded as the result of an activity in the State.
   A service shall be regarded as separate from another service where it belongs to a phase of the project which is different from the phase to which the other service belongs, or where it requires means and skills that are different from those required by the other service.

Section two: Tax Exemptions

Article 4

1. Bank interest and returns, provided for in paragraph 1 of Article 4 of the Law, includes income accrued to a natural person from saving accounts, deposits and other forms of investment with conventional or Islamic banks. The opening of such accounts by a natural person shall not be regarded as a taxable activity.

2. Interest and returns on public treasury bonds, development bonds and public corporation bonds, provided for in paragraph 2 of Article 4 of the Law, shall include profits from the disposal of such bonds.

3. Securities, provided for in paragraph 3 of Article 4 of the Law, shall include shares and bonds of Qatari stock companies, other securities authorized to be traded in, other

investment instruments whether in the State or abroad and all that is regarded as such by law or by custom or that is determined as such by a Decision of Qatar Central Bank.

4. It is meant by machines, as provided for in paragraph 5 of Article 4 of the Law, the tools and equipment used to obtain the final product. They do not include small tools and equipment used to facilitate or complement the work of the craftsman.
   The average number of employees during the taxable year shall be computed as the sum of the number of employees multiplied by the number of days where such number was available and dividing the result over (360) three hundred and sixty days.
   Facilities used for storage shall not be taken into consideration in calculating the number of premises through which the activity is carried on.

5. The exemption provided for in paragraph 6 of Article 4 of the Law shall apply only to income arising from farming and fishing activities. They shall not apply to any industrial or commercial activity that is complementary or related to those activities.

6. The reciprocal treatment requirement, provided for in paragraph 7 of Article 4 of the Law, shall be met when the non-Qatari traffic company provides a certificate issued by the tax authorities of the residence State indicating that Qatari traffic companies are exempt from income tax in that State.

7. For the purposes of paragraph 8 of Article 4 of the Law, shall be exempt from tax the gross income of Qatari natural persons resident in Qatar, including their share in the profits of legal persons, whether residents or non-residents of the State.

8. For the purposes of paragraph 9 of Article 4 of the Law, shall be exempt from tax the gross income of legal persons resident in the State and wholly owned by Qatari nationals, whether residents or non-residents of the State.

9. The exemptions available to Qatari nationals under Article 4 of the Law shall apply to the nationals of the States of the Cooperation Council for the Arab States of the Gulf, in accordance with the provisions of Law No. 9 of 1989 concerning the parity of treatment in tax matters of nationals of the States of the Cooperation Council for the Arab States of the Gulf.

Section three: Accounting period

Article 5

1. The accounting period, for a taxpayer carrying on an activity, is the taxable year. The taxpayer may, however, request the adoption of a different accounting period in the following two cases:

a. If he is a member of a group of companies or a branch of a foreign company using an accounting period that is different from the taxable year. In this case, the taxpayer may request the adoption of the accounting period used by the group or the parent company.

b. If the nature of his activity requires the use of an accounting period that is different from the taxable year.

The failure to respond by the Department to the taxpayer's request to adopt a different accounting period within 60 days from its presentation shall be regarded as a refusal thereof.

2. Where the taxpayer commences his activity after the beginning of the taxable year, the first accounting period shall begin on the date of commencing the activity, and the taxpayer may end it at the end of the taxable year in which he started the activity or the following year, provided that the accounting period shall not be less than 6 months nor more than 18 months.

3. In the case of liquidation of activity, the accounting period shall run from the date of the end of previous accounting period until the date of completion of liquidation. Should the liquidation be based on an agreement between the partners, the accounting period may not exceed 18 months. If the liquidation exceeds this period, a new accounting period shall start at the end of the previous period.

4. The cases of ceasing the activity, the assignment or the sale thereof, provided for in paragraph 3 of Article 5 of the Law, shall include the merger, acquisition or division of companies in accordance with provisions of the Commercial Company Law.

5. The tax shall be computed on the basis of the income realized during the effective accounting period.

6. In the case of change of accounting period, the period between the end of the accounting period prior to the change and the beginning of the new accounting period shall be treated as a separate accounting period, provided that it shall not be less than 6 months. If it is less than this period, it shall be added to the first accounting period after the change.

7. Taxpayers wishing to change their accounting period shall submit an application to the Department at least 90 days before the expiry of the deadline for filing the return and financial statements for the previous accounting period. Failure by the Department to respond to the application within 60 days from its submission shall be regarded as a refusal thereof.
The Department may withdraw the approval to adopt an accounting period that is different from the taxable year, and the first accounting period after the withdrawal of

the approval shall have the same treatment as the first accounting period after the change, in accordance with paragraph 6 of this Article.

8. Shall remain valid the approvals to adopt a different accounting period issued before the Law has become effective without the need to submit a new application to the Department to that effect. The Department may withdraw the approval if it deems it justified after notification of the relevant party through a registered letter with acknowledgement of receipt.

Article 6

1. Subject to the provisions of the Law and these regulations, the taxpayer shall determine his income on the basis of the accruals accounting method used in commercial accounting, in accordance with accounting standards applicable in the State.
   Taxpayer whose gross income does not exceed QAR (1,000,000) one million may submit to the Department an application to adopt cash accounting method. Should his gross income exceed this threshold after the acceptance of the application, the taxpayer shall adopt the accruals accounting method.

2. Income shall be recognized in the cash accounting upon its receipt or when it becomes available for receipt. Expenses shall be recognized upon their payment.

3. Income shall be recognized in the accruals accounting when the taxpayer is entitled to receive it, even if its payment is deferred or made on installments. Expenses shall be recognized when the liability related thereto occurs, with the occurrence of the event generating the liability, regardless of the date of payment.

4. Annual gross income of long term contracts shall be determined using the completed work method in accordance with the accruals principle.
   Long term contract shall mean contracts carried out by the taxpayer for the benefit of others on the basis of a determined value and the effective period of which exceeds 18 months.

Chapter three

Calculation of the Tax

Section one: Taxable income

Article 7

1. In determining the gross income, shall be taken into account all revenues arising from transactions carried out by the taxpayer, including the disposal of assets and occasional transactions, unless exempt. Compensations for the damage of an asset shall be regarded as revenues from the disposal of such asset.

Gains arising from the reevaluation of assets shall not be taken into account unless realized effectively.

2. Gains from the alienation of non-depreciable assets shall be calculated on the basis of the difference between the value of the consideration received for the asset and the market value, whichever is higher, and the cost of the asset.
   Gains from the alienation of depreciable assets, other than those depreciated under the group regime provided for in Article 10 of these regulations, shall be computed on the basis of the difference between the value of the consideration received or the market value, whichever is higher, and the net book value.

3. In determining taxable income, shall be deductible from the gross income, the expenses and costs meeting the following requirements:
   a. They are necessary to derive the gross income i.e. they are necessary for the purposes of the activity, which excludes all costs incurred for personal purposes or for the purpose of the activity of another taxpayer;

   b. They are actually incurred and supported by documentary evidence. These include especially contracts, invoices, receipts and so forth. In the case of depreciations and provisions, this requirement shall be deemed to be met if the depreciation or provision is registered in the accounts, and only up to the amounts registered in the accounts;

   c. They do not increase the value of fixed assets used in the activity. Fixed assets are determined in accordance with accounting standards applicable in the State;

   d. They are related to the relevant taxable year, which excludes expenses or costs relating to a previous or subsequent taxable year; and

   e. They are not part of expenses and costs which may not be deductible, in accordance with the provisions of Article 9 of the Law.

Article 8

1. Interest on debts used for the purposes of the activity shall be deductible where the requirements provided for in paragraph 3 of the previous Article are met. However, interest paid by a permanent establishment in the State to the head office or to an entity related to the head office outside the State may not be deductible.
   This provision shall not apply banks and insurance companies in the State.

2. Salaries, wages and the like shall be deductible where the requirements provided for in paragraph 3 of the previous Article are met. They shall mean amounts paid under a labour contract, in accordance with the definition provided for in the Labour Law, and shall include:

- reserves for end of service indemnity, in which case the indemnity is not deductible upon its payment.
- reserves for leave allowance, in which case the allowance is not deductible upon its payment.

Provisions for travel tickets shall not be deductible upon their constitution. However, the ticket value may be deducted if it is effectively incurred, is provided for in the labour contract and meets the remaining requirements provided for in paragraph 3 of the previous Article.

3. The following rents shall be deductible where the requirements provided for in paragraph 3 of the previous Article are met:

   - Rents for workers' accommodation
   - Rents for employees' and directors' accommodation when provided for in labour contracts.

4. Bad debts shall be deductible where the requirements provided for in paragraph 3 of the previous Article are met, in addition to the following requirements:

   a. The bad debt has already been included in the taxpayer's taxable revenues in the year of accruals;

   b. At least twenty four months have elapsed since the debt has become due;

   c. The taxpayer has constituted sufficient provisions to cover the bad debt;

   d. The taxpayer proves that, despite taking all available legal measures, the debt could not be collected;

   e. The taxpayer presents a certificate from the account auditor indicating that the bad debt has been written off from the ledgers in accordance with applicable rules;

   f. The taxpayer commits itself to include the debt in its revenues in the year of collection, should the debt be collected after its writing off.

   g. The application to write off the debt is submitted before the filing of the tax return of the relevant year or accompanied therewith.

5. Provisions for doubtful debts shall be deductible for banks in accordance with the following conditions:
    a. The deduction of the provisions shall be up to (10%) of the net income before the deduction of these provisions and the deduction of gifts, donations and other amounts provided for in Article 13 of these regulations and hotel accommodation and leisure expenditures and other expenses provided for in Article 17 of these regulations, provided that the provisions are constituted in accordance with the instructions of Qatar Central Bank, and the excess is added back to the taxable income.

    b. Where the purpose of the provision for bad debts ceases to exist with the writing off of the debt, the portion of the provision that was deducted under subparagraph (a) above shall be added back to the taxable income. This portion is determined according to the following equation:

    Portion of the provision to be added back =

    $$\frac{\text{Provision for the bad debt x provisions that were deducted during the year}}{\text{Net provisions constituted during the year}}$$

6. Provisions for insurance and reinsurance companies shall be deductible in accordance with the following conditions:
    a. Provisions for unexpired risks and provisions for outstanding claims shall be deductible, provided that the provisions for unexpired risks does not exceed (10%) of the net income before the deduction of these two provisions and the deduction of gifts, donations and other amounts provided for in Article 13 of these regulations and hotel accommodation and leisure expenditures and other expenses provided for in Article 17 of these regulations.

    b. Provisions for unexpired risks shall mean the amount assigned by insurance and reinsurance companies at the end of the accounting period in order to meet their obligations towards risks that may occur in relation to insurance policies issued before the end of that accounting period and remained effective through the following accounting period.

    c. Provisions for outstanding claims shall mean the amount assigned by insurance and reinsurance companies at the end of the accounting period in order to meet their obligations towards accidents that occurred, were reported before the end of that period and are still under settlement or not paid yet.

Article 9

Subject to the requirements provided for in paragraph 3 of Article 7 of these regulations, depreciation allowance of fixed assets shall be deductible if the following conditions are met:

1. The asset to be depreciated shall be a fixed asset, as defined in accounting standards applicable in the State;

2. The asset shall be used wholly for the purposes of a taxable activity. In case of a partial use for the purposes of such activity, depreciation shall be deductible only up to such use;

3. The asset shall be depreciable such that its value decreases because of use, time or technological advance;

4. The asset shall be owned by the taxpayer on the basis of authentic documents such as ownership certificates, contracts and so forth.

Article 10

Deductible depreciation allowance shall be computed under the following conditions:

First – As to buildings, ships, airplanes, drilling instruments and intangible assets

Depreciation of these assets shall be computed according to the straight line method in accordance with the following rates applied to the total cost effectively incurred to obtain the asset and prepare it for use:

Buildings and constructions, including roads, bridges, pipelines, storage tanks and port ducks inside the establishment and excluding ready-made light constructions	5% per annum
Ships and boats	10% per annum
Airplanes and helicopters	20% per annum
Drilling instruments	15% per annum
Intangible assets	
- Pre-establishment expenses	- 50% per annum
- Trade marks, patents and the like	- Amortized on the expected life time of the asset, provided that the amortization allowance shall not exceed 15% per annum.

These rates apply to the abovementioned assets existing as of 01/01/2010, provided that the accumulated depreciations shall not exceed, in any case, the total cost of the asset.

Second – As to other assets

1. These assets are divided into groups, each of them referred to hereinafter as "the group", and each group is depreciated separately in accordance with the following:

    a. First Group: computer hardware and software and annexes thereof. They are depreciated at the rate of 33.33% per annum;

    b. Second Group: machinery, plants, equipment, electrical devices and means of transportation of goods and persons other than those mentioned in paragraph (First) of this Article, including cars, vehicles, trucks and cranes. They are depreciated at the rate of 20% per annum;
    c. Third Group: office furniture, fixtures and fittings and other assets. They are depreciated at the rate of 15% per annum.

2. Depreciation allowance for a given accounting period shall be calculated by applying depreciation rates provided for in the previous paragraph to the value of the group in that period. The value of the group shall be determined as the difference between items (a) and (b) below:
    a. The value of the group in the previous accounting period after the deduction of depreciations of that period plus costs incurred to acquire any fixed assets of the same group during the relevant accounting period;

    b. Consideration for the disposal of the assets of the group disposed of during the relevant accounting period.

    For the purposes of applying these provisions on the first accounting period after the Law has become effective, shall be taken into consideration the net book value of the assets of the group on 01/01/2010 after the deduction of depreciations under Decree Law No. 11 of 1993 concerning Income Tax (repealed). The result shall be considered as the value of the group in the previous accounting period in accordance with item (a) above.
    For the purposes of applying these provisions on the first accounting period of the taxpayer, the value of the group in the previous accounting period shall be nil, and the value of the assets shall be considered as a cost incurred to acquire the assets during the first accounting period, in accordance with item (a) above.

3. Where the taxpayer ceases its activities or disposes of or gives up in any way all the assets of the group, and the value of item (a) of subparagraph 2 of this Article exceeds the value of item (b) of the same subparagraph, then the difference (a)-(b) shall be deductible from the taxable income, and no depreciation for the group of assets shall be computed for that accounting period.

4. Where the value of item (b) of the aforementioned subparagraph 2 exceeds the value of item (a) of the same subparagraph in a given accounting period, then the difference (b)-(a) shall be added back to the taxable income, and no depreciation for the group shall be computed for that accounting period.

5. Where the value of the group at the end of an accounting period after the deduction of that period's depreciation does not exceed QAR (5,000) five thousands, this value shall be fully deducted from the taxable income.

Article 11:

Depreciation rates provided for in the previous Article may be increased by a decision of the Minister, if the taxpayer submits an application to the Department to that effect based on reasonable grounds.

The failure to respond to the application by the Minister within 60 days of its submission shall be regarded as a refusal thereof.

Article 12

1. Notwithstanding the provisions of Article 9 of these regulations, the taxpayer who leased a fixed asset under a finance lease contract may depreciate such an asset in accordance with Articles 10 and 11 of these regulations.
   In applying the provisions of this Article, a finance lease contract shall mean any lease contract that satisfies any of the following requirements:

   a. The contract provides for the transfer of the asset's ownership to the lessee at the end of the lease;

   b. The contract provides for the right of the lessee to buy the asset at a price that is less than (25%) of the asset's market value at the beginning of the lease;

   c. The lease period exceed four fifths the life time of the asset;

   d. The leased asset has a special nature such that only the lessee may use it without making substantial changes to it, or the asset has a limited value for others (other than the lessee) at the end of the lease; or

   e. The current value of minimum rents, at the beginning of the contract, equals or exceeds the market value of the asset at the beginning of the lease.

2. The following rules shall be taken into account in the case of finance lease of a fixed asset:

   a. The lessor may not depreciate the asset subject matter of the finance lease even if it is the owner of the same;

b. The lessee is deemed to have acquired the asset and financed it with a loan from the lessor. The lessor will be treated as if it sold the asset to the lessee if it owns the same on the date of conclusion of the contract;

c. The lessee may not deduct the part of the rent paid which represents a reimbursement of the capital. Only the part that represents the debt's interest may be deducted.
The amount that represents the capital or the loan's principal at the beginning of the lease shall be determined as the current value of minimum rents at the beginning of the contract. The current value of minimum rents at the beginning of the contract shall be determined on the basis of the discount rate used by Qatar Central Bank.

Article 13

Grants, donations and other amounts provided for in paragraph 9 of Article 8 of the Law shall be deductible up to 5% of the net income before making this deduction, the deduction of expenses of restaurants, leisure and other expenses provided for in Article 17 of these regulations and the deduction of provisions for banks and insurance and reinsurance companies.

Deduction conditions provided for in paragraph 3 of Article 7 of these regulations shall be observed, and particularly that the grants and donations have been effectively paid and incurred.

Amounts of Zakat paid by the taxpayer shall be regarded as donations and shall be deducted in accordance with the limits and conditions provided for in the previous paragraph.

Article 14

Subject to the conditions of deduction provided for in paragraph 3 of Article 7 of these regulations, amounts of taxes and duties incurred by the taxpayer shall be deductible from the taxable income, except for the income tax imposed under the Law.

The deduction shall apply to income taxes incurred by the taxpayer abroad where the revenues in respect of which those taxes were paid are taxable in the State and the conditions of deduction provided for in paragraph 3 of the aforementioned Article are met.

Article 15

In the application of Article 8 of the Law, persons carrying on a liberal profession may opt for the deduction of 30% of gross income in lieu of all deductible expenses and costs, and pay the tax on 70% of the gross income.

The option of the taxpayer shall be made pursuant to a written application enclosed with the tax return of the relevant year. The option shall remain valid for subsequent years until the taxpayer denounces the same pursuant to a written application enclosed with the tax return.

Liberal professions shall mean activities that are carried on by the taxpayer independently and are based on the exploitation of knowledge and scientific, artistic and operational skills.

Article 16

1. Expenses and costs incurred to derive exempt income may not be deducted. Where a portion of the taxpayer's income is exempt and another portion is taxable, expenses and costs shall be deducted up to the limit of taxable income. This limit shall be computed, in the absence of accurate and regular data, by dividing taxable revenues over total revenues realized by the taxpayer.

2. Fines and penalties provided for in paragraph 3 of Article 9 of the Law shall include all fines and penalties imposed for breaching State's laws.
   These penalties shall not include penalties imposed under contracts concluded by the taxpayer with its its clients. These penalties remain deductible where the conditions of deduction provided for in paragraph 3 of Article 7 of these regulations are met.

Article 17

Total expenses on leisure, hotel accommodation, restaurants, holidays, club fees and customs gifts provided for in paragraph 5 of Article 9 of the Law shall be deductible up to 2% of the net income before this deduction and the deduction of gifts, donations and other amounts provided for in Article 13 of these regulations and the deduction of provisions for banks and insurance and reinsurance companies with a maximum of QAR (200,000) two hundred thousand riyals per year, provided these expenses satisfy deduction conditions provided for in paragraph 3 of Article 7 of these regulations, and, particularly, that they have been effectively incurred by the taxpayer.

Article 18

Salaries, wages, remunerations and the like, including benefits in kind, paid to the following persons shall not be deductible:

a. The owner, who is the sole proprietor, the owner of the one-person-company and the wife and children thereof;
b. Partners in joint companies and limited partnerships;
c. The director of a limited liability company who owns, directly or indirectly, the majority of shares. Majority of shares shall mean more than 50% thereof.

Article 19

The share of the branch in head office's administrative and general expenses shall be deductible up to the following limits:

- 1% of the gross income of the branch for banks and insurance companies;
- 3% of the gross income of the branch in other cases;

after the deduction of the following:

- Value of contracts and subcontracts;
- Costs of work carried out abroad;

- Value of supplies imported from abroad and related to the activity of the branch; and
- Value of paid reinsurance premiums.

Head office's administrative and general expenses shall not include amounts paid for direct services provided to the permanent establishment in the State.

Section Two: Tax Rate

Article 20

In applying the provision of item 1 (b) of the second paragraph of Article 11 of the Law, activities that are not covered by agreements related to oil operations shall remain taxable at the rate of 10% of taxable income, in accordance with the provisions of the first paragraph of the aforementioned Article 11.

Article 21

1. Shall be subject to withholding tax amounts provided for in item 2 of the second paragraph of Article 11 of the Law and paid by natural persons carrying on an activity in the State, legal persons resident in the State, including Ministries and other Government bodies and public corporations and establishments, and permanent establishments in the State of persons not resident therein.
   Head office's administrative and general expenses, provided for in Article 19 of these regulations, shall not be subject to withholding tax.

2. Technical fees are subject to withholding tax at the rate of 5% of the gross amount without any deduction.
   Technical fees shall mean amounts paid for technical or consultancy services performed wholly or partially in the State, including the services of engineers, experts, technicians and consultants in technical fields.
   Technical fees shall not include amounts paid for the ordinary activity of physicians and professors, except for what is paid for consultancy services.

3. Consideration for other services than royalties and technical fees shall be subject to withholding tax at the rate of 7% of the gross amount without any deduction, where these services are carried out wholly or partly in the State.
   A service is considered to be carried out wholly or partly in the State where any of the actions required to its performance is carried out in the State. This includes particularly the collection of data, sightseeing and performance of the service. The delivery of the service shall not be considered as an action required to its performance.
   The following activities shall not be regarded as services the consideration for which is subject to withholding tax under item 2 of Article 11 of the Law:
     - Reinsurance;
     - Freight and sale of travel tickets;
     - Sea transport of petroleum and its derivatives as well as manufactured products made therefrom;

4. The following interest shall not be regarded as interest subject to withholding :

    - Interest on deposits in banks in the State;
    - Interest on bonds and securities issued by the State and public authorities, establishments and corporations owned wholly or partly by the State;
    - Interest on transactions, facilities and loans with banks and financial institutions;
    - Interest paid by a permanent establishment in the State to the head office or to an entity related to the head office outside the State.

Article 22

1. Withholding tax shall be made in accordance with the rates and conditions provided for in the previous Article.
   In the case of an effective agreement for the avoidance of double taxation, the non-resident person who was subjected to withholding tax in accordance with the aforementioned rates and conditions, or a proxy thereof, shall submit to the Department an application to implement the provisions of that agreement on the form No. 2-3 Withholding Tax, accompanied with a tax residence certificate issued by the competent authorities in the residence State.
   The Department shall, in this case, refund the tax that was withheld not in accordance with the provisions of the agreement.

2. Notwithstanding the provisions of the previous paragraph, shall be observed the circulars issued from time to time by the Department with respect to the application of certain agreements for the avoidance of double taxation.

3. Withholding tax shall apply in accordance with the rates and conditions provided for in the previous Article on amounts paid to non-resident companies wholly or partially owned to Qatari nationals and nationals of the States of the Cooperation Council for the Arab States of the Gulf.
   Qatari nationals and nationals of the States of the Cooperation Council for the Arab States of the Gulf who are exempt from tax may request the refund of the tax withheld at source up to their share in the profits of the company.

Article 23

The tax shall not be withheld on amounts paid to persons to whom a tax card has been issued, in accordance with Article 27 of these regulations.

This applies in particular to amounts paid to a permanent establishment of a non-resident person in the State.

Article 24

Tax shall be withheld and remitted to the Department on form No. 2-1 Withholding Tax. The person who withheld the tax shall deliver the beneficiary of the amounts a Withholding Tax Certificate on the form No. 2-2 Withholding Tax.

Chapter four

Tax Obligations

Section one: Registration and Notification

Article 25

The registration of taxpayer with respect to the activity he carries on or the taxable income he derives, in accordance with the provisions of paragraph 1 of Article 12 of the Law, shall be upon a request submitted to the Department on form No. 1 Registration.

The notification of the Department of the contracts concluded by non-residents with no permanent establishment in the State, in accordance with Article 38 of these regulations, shall fulfill the obligation of registration and application for tax card for those taxpayers.

Article 26

In the application of paragraph 2 of Article 12 of the Law, the notification of any change that may have an impact on the obligations of the taxpayer who is resident in the State or who has a permanent establishment therein, shall be made by a registered letter with acknowledgement of receipt or delivered directly to the Department.

These changes shall include, in particular, the following:

- Ownership of the company or establishment;
- Type of activity;
- Number of branches;
- Address of the company or establishment;
- Entering into exempt projects;
- Registration in a zone or with a body that is subject to a special tax regime.

Article 27

1. Every taxpayer carrying on an activity in the State shall submit an application to obtain a tax card in accordance with the provisions of paragraph 3 of Article 12 of the Law on the same form provided for in Article 25 of these regulations.
   The application for tax card shall be accompanied by the following documents:
   - Incorporation contract, statutes and bylaws for companies;
   - License to carry on activity (if any);
   - Rent contract of the premise or premises of the company or ownership document thereof;
   - Extract from Commercial Register obtained less than a month ago;

- A delegation to an auditor registered in the State to represent the company or the establishment before the Department.

2. The provisions of the second paragraph of Article 25 of these regulations shall be observed for non-resident taxpayers with no permanent establishment in the State.

Article 28

1. The Department shall issue one tax card per taxpayer who is resident in the State or has a permanent establishment therein. The tax card shall contain the following data:
   - Details and address of the taxpayer;
   - Legal form of the activity;
   - The person or persons who are authorized to sign on behalf of the taxpayer;
   - Number of tax file;
   - Commercial registration number;
   - Number of branches;
   - Date of commencing the activity;
   - Dates of issuing and expiry of the tax card.

2. The Department shall not issue a tax card for taxpayers who are not resident in the State and do not have a permanent establishment therein.

Article 29

The notification of the Department that the taxpayer has ceased or assigned, wholly or partly, his activity shall be made on the form No. 6 Cessation.

Partial ceasing of activity shall mean the cessation by the taxpayer of an aspect of its activity or the cessation of the activity of one or more of the branches through which it carries on its activity.

Total ceasing of activity shall include the cessation of all aspects of activity including through merger and division.

Section two: Tax Returns

Article 30

1. The tax return provided for in Article 14 of the Law shall be submitted on form No. 3 Return by the resident taxpayer carrying on activity in the State and the non-resident taxpayer carrying on an activity in the State through a permanent establishment. The taxpayer shall receive in return a receipt on form No. 5 Receipt.

2. 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.

3. Form 2-1 withholding tax submitted by persons and bodies required to withhold tax in accordance with Article 21 of these regulations shall replace the tax return for non-resident persons with no permanent establishment in the State, and those persons shall not be required to submit the tax return.

Article 31

1. The amended return provided for in paragraph 5 of Article 14 of the Law shall repeal the original return. The Department may use the data contained in the original return as guidance for the purposes of carrying out tax auditing and assessment on the amended return.
2. Subject to the provisions of Articles 57, 58 and 59 of the Law, the Department may correct material and computation mistakes in the return, notify the taxpayer of the same and request the payment of amounts due or refund those paid unduly.

Article 32

Taxpayers carrying on a tax exempt activity, under any law of the State, shall submit the tax return accompanied with the balance sheet, the profit and loss account and the clarifications, statements and tables annexed thereto or completing them, audited by an auditor registered in the State, including a statement of the amounts that were subject to withholding tax under Article 20 of the Law, the beneficiaries thereof and the tax withheld.

Article 33

The Department may extend the deadline for filing the return for a period not exceeding (4) four months after the expiry of that deadline if the taxpayer presents a request to this effect, based on reasonable grounds, at least (30) thirty days before the expiry of the deadline. The Department may consider requests that are submitted after this deadline if there are reasonable grounds for the delay.

Failure to respond to the request by the Department within (30) thirty days from its submission shall be regarded as refusal thereof.

Article 34

Taxpayers meeting any of the conditions provided for in Article 17 of the Law shall submit together with the tax return the final accounts audited by an auditor registered in the State. The return and the final accounts shall be signed by the taxpayer and the auditor.

This requirement shall apply to branches of companies the place of effective management of which is situated abroad, regardless of the amount of income and the amount assigned thereto as capital.

This requirement shall not apply to taxpayers who are resident in the State, unless the capital or the taxable income exceeds QAR (100,000) one hundred thousand.

Article 35

1. Final accounts provided for in the previous Article shall mean the financial statements as prepared in accordance with accounting standards applicable in the State, and shall include particularly the following:

    - The balance sheet;
    - The income statement (profit and loss account);
    - Financial statements and clarifications annexed to the balance sheet and the income statement and the data completing them such as the cash flow statement and the changes in equity and so forth;

Final accounts shall be accompanied with the following:

- A statement of fixed assets acquired, those the value of which has increased and those disposed of during the taxable year;
- A statement of depreciation of fixed assets;
- A statement of the provisions constituted and deducted during the year for banks and insurance companies;
- A statement of amounts of withholding tax made under to the provisions of Article 20 of the Law;
- A list of sub-contractors;
- A statement showing a conciliation between the taxable income and the profit or loss in the income statement;
- Auditor's report.

2. Auditor's report shall observe the principles duly respected in the profession, and particularly a confirmation of the following:

    a. That the auditor was able to perform the required auditing in accordance with generally accepted standards to make an opinion on the taxpayer's accounts. In the case where performing such auditing was not possible, the report should mention this and should mention any reason that pushes the auditor to have a reservation on any part of the taxpayer's accounts.

    b. That taxpayer's accounts were made in accordance with international accounting standards applicable in the State, and, in the case where accounting books are kept using computer system, that the used system observes safety and accuracy standards and requirements.

    c. That the return is correct, and was prepared in accordance with the provisions of the Law and these regulations.

Section three: Accounting Requirements

Article 36

Taxpayers provided for in Article 18 of the Law shall keep accounting books and ledgers and related documents required by the nature of activity, in accordance with the laws and accounting standards applicable in the State, and particularly the following:

- General journal;
- General ledger;
- Inventory ledger.

Article 37

1. Taxpayers provided for in Article 18 of the Law shall keep in the place where the activity is carried on the books, ledgers and documents provided for in the previous Article for ten years following the year to which these books, ledgers and documents are related. The taxpayer may be released from this obligation upon an application to be submitted to the Department by him, if the following conditions are met:

    a. There are reasonable causes that prevent the taxpayer from keeping the aforementioned books, ledgers and documents, or make keeping them a source of extraordinary difficulty. The taxpayer shall clarify these causes in the application he submits;

    b. The tax of the year to which the ledgers, books and documents are related shall be finally assessed without a recourse to the Tax Appeal Committee;

    c. No loss is registered in the year to which the ledgers, books and documents are related nor in the previous three years;

2. The taxpayer may keep accounting books and ledgers using computer systems, if the following requirements are met:

    a. The used system provides a sufficient degree of safety that prevents the manipulation of entered data or outputs;

    b. The original of all documents supporting entries in the system are kept;

    c. All the documents relating to the design , characteristics and use of the system are kept.

    d. The auditor confirms in his report that the system observes the generally accepted safety and accuracy standards, and particularly with respect to the impossibility to amend the entries after their confirmation and the impossibility of manipulating the dates of extracted statements; and

e. Statements of entries and accounts are printed from the system every three months.

Article 38

1. Contracts that Ministries and other government bodies, public corporations and establishments and companies shall notify the Department thereof, in accordance with Article 21 of the Law, shall be as follows:

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

    b. Contracts concluded with residents or with non-residents who have a permanent establishment in the State if the contract value attains QAR (200,000) two hundred thousand or an equivalent amount for service contracts, and QAR (500,000) five hundred thousand or an equivalent amount for contracting, supply and supply and service contracts.

2. The notification provided for in the previous paragraph shall be through a statement containing contractors' details, nature of contracted activities, the term of the contract and its value. The statement shall be accompanied with a copy of the contract or part thereof that contains the information included in the statement.
   The statement only shall be sufficient for contracts concluded with non-residents with no permanent establishment in the State, the value of which does not exceed QAR (100,000) one hundred thousand or an equivalent amount.
   In all cases, the Department may ask for a copy of the contract if it deems necessary.

3. The Department may approach any body or entity that entered into transactions with the taxpayer to obtain information relating to tax assessment thereof. The Department also has the right to obtain any information requested under an international tax agreement.

Chapter five

Auditing and assessment procedures

Article 39

The Department shall audit the taxpayer's return and attached documents and any other books and documents as it deems necessary to ascertain the conformity of the information contained in the return with the provisions of the Law and these regulations.

The Department issues its decision as to the assessment in accordance with the following cases:

a. If the Department agrees on the return, it shall issue an assessment decision in accordance with the return on the form No. 4-1 Assessment;

b. If the Department amends the return, it shall issue an amending assessment decision on the form No. 4-2 Assessment;

c. If the Department assesses the tax on a presumptive basis in accordance with Article 23 of the Law, it shall issue a presumptive assessment decision on the form No. 4-3 Assessment.

Article 40

For the purposes of tax assessment, the Department may carry out the following:

1. Perform a field examination of the place where the activity is carried on during the working hours of the person subject to the audit;

2. Examine the books, ledgers, accounts and statements provided for in paragraph 3 of Article 22 of the Law in the Department's or taxpayer's offices and keep copies thereof if it deems necessary;

3. Examine the books, ledgers and statements of a taxpayer to collect information on the tax due by another taxpayer.

Article 41

1. The Department may assess the tax on a presumptive basis in all cases where it is not possible to determine the tax on accruals basis, including in particular the cases provided for in Article 23 of the Law;

2. Irregular books and ledgers shall mean, in applying the provisions of article 23 of the Law, books and ledgers that do not meet formal requirements of keeping accounting books and ledgers, in accordance with the laws and accounting standards applicable in the State;

3. In case of failure to provide information and clarifications required under the provisions of item 2 of the second paragraph of Article 22 of the Law, the Department shall notify the taxpayer by way of a registered letter with acknowledgement of receipt or delivered directly to the taxpayer or the person in charge of the requirement to provide these information and clarifications in a determined period. Should the taxpayer fail to comply during the period, tax shall be assessed on a presumptive basis.

Article 42

Tax shall be assessed on a presumptive basis using ascertained information and data, evidences and objective presumptions available to the Department. This shall include in particular:

1. Data available in taxpayer's accounts, even if the latter were disregarded because considered inaccurate;

2. Type and characteristics of taxpayer's activity;

3. Data related to similar cases;

4. Reports and statements issued by independent bodies related to taxpayer's activity.

Article 43

Where the tax was not assessed according to the return, the assessment decision shall include the information provided for in Article 24 of the Law.

The statement of facts, information and presumptions on the basis of which tax was assessed shall include the determination of the provisions of the Law and regulations used as a basis for the assessment.

The Department shall notify the taxpayer of the assessment decision by way of a registered letter with acknowledgement of receipt or delivered directly to the taxpayer or the person in charge.

Article 44

Subject to information disclosure requirements under any laws applicable in the State, employees of the Department shall not disclose information and documents they had knowledge of, or that come to their possession while, or in the occasion of, carrying on their duties, in accordance with Article 27 of the Law.

Chapter six

Objection and appeal

Article 45

1. The taxpayer may object the assessment decision by way of a registered letter with acknowledgement of receipt within (30) thirty days from its notification of the assessment decision.

2. The Department shall consider the objection, and may, to this end, request additional information or documents.

3. The Department shall notify the taxpayer or a representative thereof of its decision as to the objection, by way of a registered letter with acknowledgement of receipt or delivered directly, within (60) sixty days from the date of submission of the objection.
   Failure by the Department to respond to the objection during this period shall be considered as a refusal thereof.

Article 46

1. The taxpayer may appeal against the Department's decision on the objection before the Tax Appeal Committee provided for in Article 30 of the Law within thirty days from the date of its notification of the decision or the elapse of the period determined to settle the objection with no response being made.

2. If the taxpayers acknowledges in writing the acceptance of the Department's decision on the objection, or does not appeal against this decision before the Tax Appeal Committee in accordance with provisions of the previous paragraph, the Department's decision on the objection or the assessment decision, as the case may be, shall become final, and the tax and financial sanctions related thereto shall become due.

Chapter nine

Collection and refund of the tax

Article 47

1. The taxpayer shall pay the tax due on the basis of the return on the same day of its submission.

2. The tax due under the assessment decision and the financial sanctions related thereto shall become due if the Department issues an amending assessment decision or a presumptive assessment decision, and the objection period provided for in Article 28 of the Law elapses and the taxpayer does not file an objection.
   The taxpayer shall pay the tax and the financial sanctions related thereto within (30) thirty days from the date of elapse of the aforementioned objection period.

3. If the Department issues an amending or a presumptive assessment decision, the taxpayer objects within the period provided for in Article 28 of the Law and the objection was settled within the period provided for in Article 29 of the Law, the tax due on the basis of the Department's decision on the objection and related financial sanctions shall be paid within thirty days from the date of notification of the Department's decision on the objection to the taxpayer.

4. If the taxpayer objects to the amending or presumptive assessment decision and the Department does not respond to the objection within the (60) sixty day period provided for in Article 29 of the Law, the tax due on the basis of the assessment decision and related financial sanctions shall be paid within (30) thirty days from the elapse of the aforementioned (60) day period.

5. The taxpayer may pay the tax due and related financial sanctions immediately after its notification of the assessment decision in the two cases provided for in paragraphs 2 and 4 of this Article or the Department's decision on the objection in the case provided for in paragraph 3 of this Article.

Article 48

The tax due and related financial sanctions shall be paid at once. They may be paid on installments, upon the approval of the Department, on a period not exceeding (4) four months, if the taxpayer submits a reasoned application to this effect supported by documentary evidence, and the following conditions are met:

a. The financial situation of the taxpayer proves to be unstable such that it is difficult for the taxpayer to pay the tax due and related financial sanctions at once;
b. The taxpayer did not obtain previously the Department's approval to pay the tax due and related financial sanctions on installments, or has obtained such approval and paid all installments in time;

c. The amount to be paid on installments does not include a tax and related financial sanctions arising from the committing by the taxpayer of any of the crimes provided for in article 43 of the Law or a tax withheld at source or related financial sanctions.
   In all cases, should the taxpayer fail to pay any installment on time all remaining installments shall become due immediately.

Article 49

1. Executive seizure procedures shall be carried out on taxpayer's property in the cases where the assessment decision of the tax and related financial sanctions becomes final and these were not paid within the legal periods. This includes the following:

   - The elapse of the objection deadline determined under Article 28 of the Law, and the taxpayer does not file an objection to the assessment;
   - The taxpayer accepts in writing the assessment decision or the Department's decision on the objection;
   - A final decision from the Tax Appeal Committee or a final ruling on the assessment decision of the tax and related financial sanctions is issued.

2. Subject to the provisions of the laws governing the executive seizure, the Department shall notify the taxpayer by way of a registered letter with acknowledgement of receipt or delivered directly to the taxpayer, of its intention to carry out an executive seizure on its property, and shall require the payment of the amounts due within (30) thirty days. Otherwise, the seizure will be carried out up to the amounts due.

3. Should the taxpayer fail to pay the amounts due within the deadline provided for in the previous paragraph, the Department shall carry out the seizure on taxpayer's property in accordance with the applicable procedures. The amounts due shall be collected in the following order:

- seizure and sale expenses;
- tax;
- financial sanctions.

Article 50

1. The taxpayer may obtain the refund of amounts of tax and related financial sanctions that were collected unduly in accordance with the provisions of Article 39 of the Law.
   The Department shall consider the refund application and notify the taxpayer of its decision on the same by way of a registered letter with acknowledgement of receipt or delivered directly to the taxpayer or the person in charge within sixty days from the date of submission of the application. Failure to respond by the Department to the application during the aforementioned period shall be regarded as a refusal thereof.
   The taxpayer may appeal against the Department's decision on the application before the Tax Appeal Committee, in accordance with the provisions of Articles 33, 34 and 35 of the Law.

2. The taxpayer is entitled to a compensation at a rate of 1% of the amount of tax and related financial sanctions collected unduly, for every month of delay or part thereof after the elapse of a period of sixty days from the date the amount of tax and related financial sanctions has become final.

Chapter eight

Financial sanctions

Article 51

1. The fractions of days shall not be regarded as days for the purposes of the computation of the financial sanction provided for in paragraph 1 of article 40 of the Law.

2. The delay period provided for in paragraph 3 of Article 40 of the Law shall begin from the day following the elapse of the tax return filing deadline or the extension thereof, should the tax return filing deadline be extended in accordance with Article 16 of the Law.

3. Amending and presumptive tax assessment decisions shall include the financial sanctions computed under paragraphs 1 and 2 of Article 40 of the Law. The taxpayer shall pay the amounts of these sanctions upon the payment of the tax due.

Article 52

In the application of the provisions of Article 42 of the Law, financial sanctions provided for in Articles 40 and 41 of the Law shall be waived upon an application submitted by the taxpayer.

Failure to respond to the application by the Department within (60) sixty days from the date of its submission shall be regarded as a refusal thereof.

Chapter nine: Prevention of Tax Avoidance

Article 53

1. Avoidance of payment of tax due, under the provisions of the first paragraph of Article 50 of the Law, 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 the amount thereof or the use by the taxpayer of agreements for the avoidance of double taxation for these purposes.
   This includes the cases where the amount of tax due becomes nil.

2. In the application of the provisions of the first paragraph of Article 50 of the Law, the tax advantage shall mean the following:

   - The reduction of the amount of the tax due through the reduction of the taxable income;
   - Obtaining a tax exemption;
   - Obtaining a refund of amounts of tax or related financial sanctions already paid.

3. Arrangements, operations and transactions provided for in the first paragraph of article 50 of the Law shall include, in particular, the following:
   - Arrangements, operations and transactions organized and implemented through one or more interconnected actions which do not have any other commercial purpose but the avoidance of tax.
     This provision shall not apply to arrangements, operations and transactions carried out for bona fide commercial reasons and where tax avoidance is not a main purpose therein.
   - Arrangements, operations and transactions which include the imposition of conditions concerning commercial and financial transactions between related parties, including transactions between a legal person and a permanent establishment thereof or between permanent establishments of the same, which differ from conditions that apply between unrelated parties.
   - Arrangements, operations and transactions which include the division by the taxpayer of his income and its transfer, wholly or partly, to other related person and persons in order to avoid the payment of tax, wholly or partly.

   A person shall be deemed to be related to another person in any of the following cases:

   a. For natural persons, where one of them is a spouse, an in-law or a relative to the other up to the fourth degree;
   b. For natural and legal persons, where the natural person owns, alone or with other related person or persons, directly or indirectly, more than (50%) fifty percent of the capital, voting rights or income rights of the legal person.
   c. For legal persons, where one of them owns, alone or with other related person or persons, more than (50%) fifty percent of the capital, voting rights or income rights

of the other, or where another person, or other related persons, own, directly or indirectly, more than (50%) fifty percent of the capital, voting rights or income rights of both legal persons.

4. Arm's length value provided for in Article 50 of the Law shall be determined in accordance with the Unrelated Comparable Price method, which is the price of the service or goods which would have been applied should the transaction be between unrelated parties.
   This price is determined on the basis of a comparison with a similar goods or a service provided between unrelated parties, taking into account, particularly, the following:

   - The characteristics of the goods or service;
   - Contractual terms;
   - Functions performed, assets used and risks incurred;
   - Economic circumstances.

   In the case where the data required to apply the Unrelated Comparable Price method are not available, the taxpayer shall submit to the Department an application to apply any other pricing method approved by the Organization for Economic Cooperation and Development (OECD).

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