

## TRANSLATION OF

### DECREE - LAW NO. (11) OF YEAR 1993 CONCERNING THE INCOME TAX

---

We, Hammad Bin Khalifa Al-Thani, Deputy Amir of the State of Qatar,

Having perused the amended provisional constitution, particularly Articles (22), (23), (27) and (34) thereof,

And the Amiri Order No. (1) of year 1993, appointing a Deputy Amir of the State of Qatar,

And the Qatar Income Tax Decree, issued in the year 1954, and its amendments,

And Decree-Law No. (2) of Year 1962, organizing Qatar general financial policy,

And Decree-Law No. (3) of year 1966, adopting certain taxation measures for the foster and development of the national economy as amended by Law No. (10) of year 1971,

And Law No. (5) of year 1970 determining the powers of ministers and defining the functions of ministries and other government organs, and the amending laws thereof,

And Law No. (6) of year 1991, exempting certain foreign companies transactions with Ministries of Defense and the Interior from income tax,

And the Amiri Order No. (1) of year 1992, reconstituting the Council of Ministers,

And the proposal of the Minister of Finance, Economy and Commerce, And the draft Decree-Law submitted by the Council of Minister, Have decided the following law:

#### **(CHAPTER ONE)**

##### Definitions

---

##### Article (1)

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

(1) Minister:	The Minister of Finance, Economy and Commerce.
(2) Department:	The Department of Taxation in the Ministry of Finance, Economy and Commerce.

(3) Director:	The Director of the Department of Taxation.
(4) Activity:	Any profession, vocation, service, trade, industry, speculation, contractual work or any business practiced for the purpose of profit.
(5) Tax:	The income tax imposed under the provisions of this law
(6) Tax – Payer:	Any natural or juridical person subject to taxation in accordance with the provisions of this law.
(7) Company:	Any of the companies provided for in the law.
(8) Person in charge:	A chairman of a board of directors, a delegate member, an authorized manager or any person who represents or runs the company.
(9) Establishment :	The existence of a permanent headquarters for the activity, where the enterprise carries on the whole or part of its activity.
(10) Taxable year:	A period of twelve months starting from the first day of January and ending on the thirty first of December of the same year.
(11) Gross income:	The tax-payer's total amounts of income arising out of the sources of income prescribed by this law.
(12) Taxable income:	The remaining income from the gross income after deducting all expenditures and costs in compliance with the provisions of this law.
(13) Committee:	The Tax Appeal Committee.

## **(CHAPTER TWO)**

### Sources of Income

---

#### Article (2)

(1) Tax shall be imposed on the tax-payer's income, arising out of his activity in the State of Qatar, for every taxable year.

This shall in particular include the following:

- a) Profits resulting from any contract executed in the State of Qatar.
- b) Profits resulting from the sale of an asset of the establishment.
- c) Commissions due to agencies or arising out of representation agreements or commercial mediation, whether accrued inside or outside the State of Qatar.
- d) Fees paid for consultancy services, arbitrations or expertise, and activities of a like nature.
- e) Estate rents.
- f) Amounts realized from selling, letting or granting a franchise to use or utilize any trade mark, design, patent or copy rights.
- g) Bad debts retrieved by the tax-payer.
- h) Net profits of liquidation.

(2) Notwithstanding the provisions of item (1) of this Article, bank interests and returns, realized outside the State of Qatar which are due on amounts resulting from the activity of the tax-payer inside it, shall be taxable.

### **(CHAPTER THREE)**

#### Computation of taxable income

---

##### Article (3)

In the computation of taxable income, the accrual method of commercial accounting shall be applied. Chargeable persons wishing to use a different method shall obtain the approval of the Department in advance.

##### Article (4)

Every tax-payer shall prepare his accounts for an accounting period coinciding with the taxable year. The tax-payer may, after obtaining the approval of the Department, adopt a different date for the beginning and the end of his taxable year. The accounting period might be less or more than twelve months in the following cases:

- a) If the tax-payer starts his activity after the beginning of the taxable year, provided the accounting period shall not be less than six months nor shall it be more than eighteen months. In either case tax shall be computed on the basis of the actual period proportionate to the taxable year.
- b) In cases of liquidation, the accounting period shall be determined by the length of time the liquidation takes.

- c) In cases of cessation, assignment or sale, provided that the tax-payer shall file a declaration of the result of his activities within a period of four months from the date of cessation, assignment or sale.

#### Article (5)

Every tax-payer shall keep records and documents pertaining to his activity for the five years following the last taxable year recorded in the register.

#### Article (6)

Every tax-payer engaged in a temporary activity shall file the declaration provided for in Article (11) of this law; and shall submit a final declaration of the cessation of such activity.

#### Article (7)

The taxable income shall be determined after deducting all expenditures and costs incurred in the realization of the gross income, particularly the following:

- (1) Interests.
- (2) Paid rents.
- (3) Salaries, wages, gratuities and other end of service benefices including any deductions credited to the account of the gratuities on termination of the service or pensions for the saving funds and the like.
- (4) Taxes and duties other than the income tax.
- (5) Bad debts approved by the Department in accordance with the criteria set out by it in this respect.
- (6) Expenses incurred for real estate maintenance and renovation, repair of machinery, tools and equipments and for the cost of spare parts.
- (7) Losses resulting from the sale of assets.
- (8) Assets depreciation.
- (9) Premiums, donations, aids and subscriptions to charitable, humanitarian, scientific, cultural or sporting activities paid in Qatar to government authorities, public bodies or firms or to licensed bodies in the State of Qatar, provided that the value thereof does not exceed five percent of the taxable net profit for the same taxable year prior to making the deduction.

#### Article (8)

The following shall not be regarded as deductible expenditures and costs:

(1) Personal, private and any other expenses which have no connection with the taxable activity.

- (2) Fines for offences and delays due in accordance with the provisions of this law.
- (3) Any expenditures or losses redeemable under an insurance policy, contract or claim for compensation.
- (4) Exhaustion of land.
- (5) Depreciations exceeding the original cost.
- (6) A branch's share in the expenses of the headquarters or the main office which exceeds the rate determined by the Department out of the gross income of the branch.

#### Article (9)

The Department may demand from the tax-payer to reconsider any expenditure which it deems exaggerated and to submit the documents which prove or justify such expenditures. The Department may disapprove or adjust such expenditures.

#### Article (10)

Should the tax-payer sustain losses for any taxable year, he may deduct them from the taxable income, subject to the following conditions:

- (1) No losses shall be carried for more than three years following the end of the taxable year during which the losses occur.
- (2) No losses resulting from a non-taxable source of income shall be deducted.

### **(CHAPTER FOUR)**

#### Tax Declarations and Tax Payment

---

#### Article (11)

- (1) Whoever is engaged in a taxable activity shall, within four months from the expiry date of the taxable year or the accounting period, submit to the Department on the form prescribed for this purpose a declaration reflecting the taxable income and the amount of tax due on that income. Such declaration shall be filed even though its producer has not realised an income subject to tax. If the capital or the annual profit exceeds One hundred thousand Riyals the declaration shall be accompanied with final accounts audited by an accredited auditor in the State of Qatar.

The tax due shall be paid off as per the declaration on the date fixed for submitting it.

- (2) (2) The Department may extend the date fixed for submitting declaration and paying the tax if the tax-payer gives reasons acceptable to the Department, provided the extended period shall not exceed eight months.

The Department may also accept settlement of the tax by installments payable during the extended period.

#### Article (12)

If the tax-payer delayed submitting the declaration of the annual income or paying the chargeable tax on the determined date, he shall pay to the Department an additional sum equal to two percent of the amount of the tax due or ten thousand Riyals per month, whichever is higher.

The sum shall be calculated on the number of delayed days as from the day following the expiry date fixed for filing the declaration and paying the tax, and shall not exceed the rate of twenty four percent of the amount of tax.

#### Article (13)

If the tax-payer fails to include in his annual declaration his actual taxable gross income, or to state all aspects of his activity, or concealed any information with regard to his tax obligations, he shall pay to the Department an additional sum, equal to twenty five percents of the amount of tax due on the income which has not been included in the declaration.

#### Article (14)

The Director may exempt the tax-payer from all or part of the sums referred to in the two preceding Articles if he presents sufficient justifications acceptable to the Department.

#### Article (15)

The Department shall notify the tax-payer by a registered letter of the decision obliging him to settle the extra sums provided for in the two preceding Articles (12) and (13). The tax-payer may lodge an appeal to the Tax Appeal Committee against the Department's decision in the manner specified in chapter seven of this law.

#### Article (16)

Subject to the provision of Article (43) of this law, the Department may demand from the chargeable person by a registered letter the following:

- (1) To appear in person or through representative for inquiry about any information in respect of the declaration.
- (2) To present any data, information, official papers or documents.

- (3) To present within the period specified in the registered letter any books, records, accounts or lists of the assets and obligations for perusal and inspection thereof. The department may keep them if necessary.

## **(CHAPTER FIVE)**

### Tax Assessment

---

#### Article (17)

- (1) The taxable income shall be assessed as per the declaration submitted by the tax-payer, provided it is acceptable to the Department.
- (2) If the Department has reason to believe that there is a discrepancy between the declaration and reality, it may correct, adjust or disapprove the declaration and determine the taxable income by assessment. It may also assess the tax-payer's income if the latter fails to submit his annual declaration, delays submitting it within the specified period, does not keep regular accounting books regarding his activities or abstains without reasonable excuse from providing the Department with documents, data or the explanations required by it. In all cases the decision on tax assessment shall include the elements of estimation and the reasons based thereon.
- (3) The Department shall notify the tax-payer by registered letter of the decision made on the income assessment.

#### Article (18)

In case of liquidation of the Establishment, the assessment measures shall be taken against the liquidator who shall perform all the obligations imposed on the tax-payer and pay off the tax on the net profits of the liquidation.

#### Article (19)

The tax shall be computed on the taxable income for every taxable year according to the following categories and percentages:

Category	The Percentage Shall be
Below QR. 100.000	Nil
From QR. 100.001 to QR. 500.000	10%
From QR. 500.001 to QR. 1.000.000	15%
From QR. 1.000.001 to QR. 1.500.000	20%

From QR. 1.500.001 to QR. 2.500.000	25%
From QR. 2.500.001 to QR. 5.000.000	30%
From QR. 5.000.001 and above	35%

## (CHAPTER SIX)

### Tax Exemptions

---

#### Article (20)

A committee, to be called “The Tax Exemption Committee”, shall be set up in the Ministry of Finance, Economy and Commerce, comprising two representatives of the Ministry of Finance, Economy and Commerce and one representative of each of the Ministry of Energy and Industry and Qatar Chamber of Commerce and Industry. The two ministers and the chairman of Qatar Chamber of Commerce and Industry shall nominate their representatives in the Committee. The constitution and organization of the committee shall be made by a Council of Ministers’ decision upon the Minister’s proposal. The Council of Ministers may amend the constitution of the Committee.

#### Article (21)

The Tax Exemption Committee shall exercise the following functions:

- (1) Receive and study applications for exemption from income tax, and prepare recommendations in respect thereof:
  - a) In case of recommending an exemption for five years, the recommendation shall be referred to the Minister for approval. And in case of recommending an exemption for more than five years but not exceeding ten years, the recommendation shall be referred to the Minister for submission to the Council of Ministers coupled with his opinion. The exemption period starts from the date of commencing the activity.
  - b) In case of recommending refusal of exemption, the applicant may lodge an appeal with the Minister against the Committee’s decision. The Minister shall decide on the appeal within one month from the date of its submission to him. The Minister’s decision in this respect shall be final.
- (2) Recommend to the Minister, upon the Department’s request, the revocation of the exemption already granted to a company which has violated its legal duties or deviated from its objects or which was illegally established, and the collection of the taxes exempted therefrom and imposition of legal penalties against it.

#### Article (22)

When considering the exemption applications, the Tax Exemption Committee shall take into account that all or some of the following requirements are met according to the Committee’s discretion:-

- (1) The enterprise shall contribute to boosting industry, agriculture, trade, petroleum, mining, tourism, land reclamation, transports or any activities and projects needed by the country which are socially and economically beneficial, whether such projects are wholly or jointly owned by Qatari or foreign individuals, companies or firms.
- (2) The enterprise shall be in conformity with the targets of the economic development plan and approved by the competent government authorities.
- (3) The enterprise shall contribute to the development of the national economy, provided the following is taken into consideration:
  - a) The commercial benefits.
  - b) The extent of integration with other enterprises.
  - c) The extent of the enterprise's dependence on the production inputs available in the country.
  - d) The extent of its impact on the balance of trade and the balance of payments.
- (4) The enterprise shall introduce modern technology.
- (5) The enterprise shall lead to the creation of employment opportunities for the citizens.

#### Article (23)

- (1) A tax exemption may be granted to the contractors who execute the projects provided for in Article (22) for their profits realized out of such execution.
- (2) The provisions of Articles (21) and (22) of this law shall apply to cases of expanding enterprises whose costs of expansion exceed fifty percent of the original capital value of the enterprise.

#### Article (24)

The following tax exemptions shall remain valid:

- a) The exemptions enjoyed by the companies in accordance with Decree-Law No. (3) of year 1966 referred to above, until the expiry date of the exemption granted to each.
- b) The exemptions regarding the foreign companies; transactions with the Ministries of Defence and Interior in accordance with Law No. (6) of year 1991, referred to above.
- c) The exemptions conferred by avoidance of double taxation agreements and any other agreements conferring tax exemptions.

## Article (25)

The tax-payer benefiting from tax exemption shall keep regular accounting books in conformity with the accounting methods and submit a budget and a statement of the profits and losses to the Department within four months from the end of every taxable year.

Otherwise the exemption may be revoked pursuant to the provisions of this law.

## **(CHAPTER SEVEN)**

### Procedures for appeal

---

## Article (26)

- (1) A committee, to be called " Tax Appeal Committee "shall be set up in the Ministry of Finance, Economy and Commerce under the chairmanship of a Judge of the Courts of Justice and the membership of the following:

- =Two representatives of the Ministry of Finance, Economy and Commerce.

- =A representative of the State Audit Bureau

- =A representative of Qatar Chamber of Commerce and Industry.

- (2) The two Ministers and the two concerned chairmen shall nominate their representatives to the Committee. A decision constituting the Committee and organising its functions shall be issued by the Council of Ministers upon the proposal of the Minister. The Council of Ministers may amend the constitution of the Committee.

## Article (27)

The Committee shall have competence to decide appeals submitted by tax-payers concerning tax assessment decisions provided for in Article (17) of this law.

It shall also have competence to decide the appeals submitted by tax-payers regarding the additional amounts imposed by the Department pursuant to Articles (12) and (13) of this law. Should contravention be proved, the Committee may reduce such amounts provided the reduction rate does not exceed fifty percent.

## Article (28)

The tax-payer shall not lodge an appeal directly to the Committee until after an objection has been raised by him to the Department within thirty days from the date of receiving the notification of assessment or the notification of charging the additional amounts provided for in the Articles (12) and (13). If

this period elapses without raising an objection, the assessment shall be final and unchallengeable before any authority. The Department shall pass its decision within sixty days from the date of submitting the objection. If the sixty days period has elapsed without a decision being made this shall be regarded as a refusal.

#### Article (29)

The appeal shall be submitted to the Committee within thirty days from the date of notifying the tax-payer of the Department's decision or from the expiry date of the sixty days period referred to in the preceding article; otherwise, the Department's decision shall be final and unchallengeable before any authority.

#### Article (30)

The meeting of the Committee shall not be valid unless attended by the chairman and at least two of its members. The secretariat of the Committee shall be assumed by an employee seconded by the Ministry.

#### Article (31)

The chairman of the Committee or any of its members shall not have any personal interest in the appeal nor shall any of them be a relative or an in-law, up to the fourth degree, of the appellant.

#### Article (32)

The Committee shall set up a system of its work, as well as the procedure to be followed before it.

#### Article (33)

Sessions of the Committee shall be held in camera; and its reasoned decisions shall be passed by the majority of the votes of the attendants. In case of equal votes, the chairman's side shall have preponderance.

#### Article (34)

The Committee shall, at least ten days before convening the session, notify by a registered letter both the tax-payer and the Department of the date fixed for hearing the appeal.

#### Article (35)

The tax-payer may appear before the Committee either in person or by proxy; and the Department may appear through a deputy. The Committee may require from both the tax-payer and the Department to produce any data or papers it deems necessary.

#### Article (36)

The Committee shall pass its decision on the complaint and notify by a registered letter both the Department and the tax-payer thereof. Both of them may contest it before the Civil Major Court within sixty days from the date of receipt of notification.

The decision of the Civil Major Court in respect of the contest shall be appealable whatever the disputed amount might be.

#### Article (37)

The decision of the Committee shall be enforceable; and an appeal submitted against it shall not result in suspending its operation.

### **(CHAPTER EIGHT)**

#### Offences and Penalties

---

#### Article (38)

Officials charged with the enforcement of the provisions of this law shall maintain the secrecy of the documents and information they have in their possession or have come to their knowledge in the course of discharging their duties.

The production of documents and information in any judicial proceedings pertaining to the enforcement of the provisions of this law, shall not be deemed a disclosure of confidentiality.

#### Article (39)

Without prejudice to any more severe punishment prescribed by any other law, there shall be punished with imprisonment for a term not exceeding three months and fine not exceeding five thousand Riyals or with either penalty, any tax-payer or person in charge who commits any of the following offences.

- (1) Failure to keep the records and documents for the period prescribed in Article (5).
- (2) Failure to submit the declaration within the period specified in Articles (6) and (11).
- (3) Intentional concealment of the true income or the taxable aspects of activity, or concealment of information connected with the tax obligations provided for in Article (13).

In case of recurrence, the punishment shall be doubled.

#### Article (40)

Without prejudice to any more severe punishment prescribed by any other law, whoever knowingly produces falsified, fictitious or incorrect statements or documents for the purpose of obtaining tax exemption in accordance with the

provisions of chapter six of this law shall be punishable by the punishments provided for in the preceding Article.

#### Article (41)

Without prejudice to any more severe punishment prescribed by any other law, there shall be punished with imprisonment for a term not exceeding six months and fine not exceeding ten thousand Riyals or with either penalty whoever contravenes the provisions of Article (38).

In case of recurrence, the punishment shall be doubled.

#### Article (42)

No public prosecution shall be instituted in accordance with the provisions of Articles (39), (40) and of (41) of this law without the sanction of the Minister.

### **(CHAPTER NINE)**

#### General Provisions

---

#### Article (43)

The government right to claim taxes due under this law lapses after five years commencing from the day following the expiry of the term prescribed for submitting the declaration, or from the date on which the aspects of activity undisclosed by the tax-payer in his declaration come to the knowledge of the Department or he becomes aware of the particulars concealed by him regarding his tax obligations.

In addition to the causes of interruption of the prescription period provided for in the Civil and Commercial Law, this period shall be interrupted by notice to tax-payer with a registered letter of the tax assessment decision or by advising him with a registered letter to pay it, or by referring the dispute to the Committee.

#### Article (44)

The tax-payer's right to claim refund of the taxes unduly collected from him shall lapse after three years commencing from the date of his notification by registered letter of the tax assessment decision. If the assessment is adjusted, a new term shall commence from the date of notifying the tax-payer by a registered letter of the decision on the adjusted assessment

In addition to the causes of interruption of the prescription period provided for in the Civil and Commercial Law. This period shall be interrupted by the application sent by registered letter to the Department by the tax-payer claiming the refund of taxes unduly collected from.

#### Article (45)

The Director of the Department may, upon the Minister's approval, issue an order of attachment of the tax-payer's property which he sees that taxes could be collected from if it appears to him that the rights of the public treasury are at risk of being lost. Such property shall not be disposed of unless the order of attachment is lifted by an order of the Director or by judgment of the court.

The persons concerned may appeal against the order of attachment to the court within thirty days from the date of levying the attachment; otherwise, the right of appeal shall lapse.

#### Article (46)

- (1) The Department may require from any person by a registered letter to present to it, within the period specified by it, a written declaration of any sums indebted by him to a tax-payer from whom taxes were due.
- (2) The Department may demand from any person by registered letter to pay directly to it any amounts of money owed to him by a tax-payer. Whether they are mature or deferred. That person shall make the payment to the Department on the date of maturity of the debt, or shall notify the Department within seven days from receiving the registered letter, of the deferred date of maturity.
- (3) If the person fails to submit the declaration or to pay what he owes in compliance with the two preceding paragraphs. The Department shall levy an order of attachment on his property in accordance with the preceding Article.
- (4) The provisions of this Article shall not apply to the banks except upon an order passed by the competent court.

#### Article (47)

The attachment drops by force of law after six months from the date of levying it without notifying the tax-payer of the decision on the tax assessment according to Article (17) and the determination of the final amounts due from him.

The Department shall, within one month from the date of the notice referred to in the preceding paragraph institute a suit before the court to uphold the legality of the attachment; otherwise, the attachment shall be deemed as null and void.

If the attachment is upheld by the court, the procedures prescribed for sale stipulated in the civil and commercial procedure code shall be followed.

#### Article (48)

The provisions of Articles (45), (46) and (47) shall not prejudice the Department's right of execution on the tax-payer's property in accordance with the provisions of the civil and commercial procedure code.

#### Article (49)

The Provisions of this law shall not apply to the following:

- (1) Salaries, wages, allowances and the like.
- (2) Bank interest and returns due to natural persons.
- (3) Co-operative Societies.
- (4) Religious, charitable, cultural, educational and sporting institutions authorized in Qatar.
- (5) Natural persons' profits resulting from the purchase and sale of lands, real estates, shares or bonds.
- (6) Interests on public treasury bonds, development bonds and public corporations bonds.
- (7) Agricultural activity and fishing.
- (8) Inheritance and Estates.
- (9) Qatari natural person's profits.
- (10) Profits of corporate bodies totally owned by Qataris.
- (11) Qataris' shares in the profits of corporate bodies.

#### Article (50)

The Department personnel, who are appointed by a decision of the Minister shall have the capacity of law officers to detect, investigate and prove the offences committed in violation of the provisions of this law and the decisions implementing it. For this purpose, they shall have the right to enter and search the premises and all offices and establishments annexed thereto, where the tax-payers exercise their activities which are subject to the provisions of this law, and to peruse, inspect and seize, if necessary, the books, accounts, records and documents belonging thereto.

#### Article (51)

The Minister shall issue the decisions required to put the provisions of this law into force. The regulations and measures currently enforce which are not in contradiction with its provisions shall continue to be followed until the issuance of such decisions.

#### Article (52)

The Qatar Income Tax Decree, Decree-Law No. (3) of year 1996 referred to above and every provision in contradiction with the provisions of this law are hereby repealed.

Article (53)

All competent authorities, each within its own competence, shall execute this law which shall come into force from the first of January 1993 and shall be published in the Official Gazette.

Hamad Bin Khalifa Al- Thani

Deputy Amir of the State of Qatar

Issued at Diwan Amiri on : 24/1/1414 A.H.

Corresponding to : 14/7/1993 A.D.

## REGULATIONS OF INCOME TAX LAW

Translation of The Decision of the Minister of Finance, Economy and  
Commerce No. (3) of year 1995 Regarding the Executive Regulation for the  
Decree-Law No. 11 of year 1993 concerning the Income Tax

---

The Minister of Finance, Economy and Commerce.

Having perused the amended provisional constitution, particularly Article (34) thereof,

And Decree-Law No. (11) of year 1993 concerning the income tax,

And Decree-Law No. (22) of year 1993 organizing the Ministry of Finance, Economy and Commerce and defining its functions,

And the approval of the Council of Ministers of this decision in its ordinary meeting (7) of year 1995 convening on 15/2/1995,

Has decided the following:

Article (1)

In applying the rules of this regulation, the word "law" means the Decree-Law No (11) of year 1993 concerning the income tax.

Article (2)

In applying the rules of Article (2) of the Law the following shall be maintained:

- (1) The profits resulting from any contract executed in the State are meant to be the net profits resulting after deduction of contract costs, i.e. the total revenues less the total expenditures incurred by the tax-payer when executing the contract.

These expenditures include the following:

- A - the costs of the works completed abroad and which cannot be executed locally,
  - B - the value of foreign import related to the activity of the branch, and
  - C – the remaining expenditures incurred inside the State, provided that these expenditures are supported by documents audited by an accredited auditor registered in the auditors' register in the State.
- (2) The interests and returns, realized outside the State of Qatar, which are due on amounts resulting from the activity of the tax-payer, mean those bank interests and returns, which are due to the tax-payer outside the State during the execution of the contract or during his activity inside it.

### Article (3)

Subject to the provision of Article (3) of the Law, the taxable income of the activity of contracting works is computed according to the works completed using the accrual method of accounting, provided that the tax-payer shall present an audited comprehensive declaration according to the provisions of the Law. The costs of the works paid in foreign currency shall be translated at market rates of exchange prevailing on the transfer date.

### Article (4)

In applying the provisions of Article (4) of the Law, the due tax for the accounting period less than 12 months and not more than 18 months shall be computed in months and their fractions relative to the taxable year, according to the following equation:

$$\text{Notional annual taxable amount} = \frac{\text{Profits resulting during the accounting period} \times 12}{\text{Accounting period of the declaration}}$$

$$\text{Due tax} = \frac{\text{Notional annual taxable amount} \times \text{Accounting period of the declaration}}{12}$$

### Article (5)

The records in Article (5) of the Law shall have the following meaning:

A - General ledger;

B – The inventory book.

C - Any subsidiary books required by the activity.

The tax-payer should keep all the original documents which are related to his activity during the period specified in the Law. He should introduce the original documents or true copies thereof for all the works performed abroad, and documented by a report of an auditor registered in Qatar.

### Article (6)

The temporary activity stated in Article (6) of the Law means the activity of the tax-payer in providing a specific work, and such an activity ends with the cessation of this work.

The tax-payer shall submit tax declaration according to Article (11) of the Law for the period that is less than eighteen months. If the period of the activity exceeds eighteen months, the tax-payer shall submit an annual declaration as

from the date of the beginning of the activity. In all cases, he shall submit a final declaration at the cessation of the activity within two months from the date of the submission of the last tax declaration.

The tax is computed in months and their fractions relative to the taxable year according to the equation referred to in Article (4) of this regulation.

#### Article (7)

The interests referred to in Item (1) of Article (7) of the Law mean the due interests on loans and bank facilities sustained by documents and are required for the execution of the project in the State.

The tax-payer shall submit the indebtedness document or instruments receipts or a certificate from the lending party stating the details of the loan, its interests and method of repayment.

#### Article (8)

When deducting bad debts and the related provisions which are stated in Item (5) of Article (7) of the Law, the following rules shall be taken into consideration:

##### Firstly: As for bad debts:

The following requirements shall be taken, totally or partially, into consideration when deducting bad debts from the taxable income:

- (1) The debt should have been due for at least 24 months.
- (2) The tax-payer should have demanded the payment of the debt by the debtor and the sponsors.
- (3) The settlement agreements should have culminated in failure to collect the debts.
- (4) The necessary legal procedures should have been met.
- (5) The tax-payer should prove the inability of the debtor and sponsors to pay the debt.
- (6) The tax-payer should have made adequate provisions to cover the value of the debt required to be written off, totally or partially.

##### Secondly: As for making of provisions:

The following should be taken into consideration when making provisions:

##### **A - Provisions of doubtful bank debts:**

- (1) The administration may deduct from the taxable bank income the provisions of doubtful debts, provided that these provisions are

registered in the bank's accounts, and are used for the purpose the provision is made for. If it appears that they are used for another purpose, or that the purpose of making the provision is no longer required, they shall be added to the income of the first ensuing taxable year.

At all cases, the total of these annual provisions shall not exceed 10% of the net annual profit of the bank, provided that the computation of this rate is performed after adding the value of provisions to the profit and returning the remaining surplus from the said percentage rate to the taxable profit.

Any amount collected from this debt in a year is considered as an income during that year.

- (2) Suspense interests for banks resulting from cessation of payment by the debtor shall be included in the income of the taxable year in which such interests have been collected.

**B - Provisions and Debts of Insurance Companies:**

- (1) "Provisions for unexpired risks" means the amount provided by the insurance companies at the end of the fiscal year in order to meet their obligations towards the risks relating to the insurance policies issued before the end of that year and remained effective through the ensuing fiscal year.

"Provisions for outstanding claims" means the amount provided by the insurance companies at the end of the fiscal year in order to meet their obligations towards the accidents which occurred and reported before the end of that year, and which are still under settlement or not yet paid.

- (2) At the computation of the taxable income of the insurance companies the provisions of unexpired risks and outstanding claims, stated in the previous paragraph, shall be deducted.
- (3) The computation of the provision of unexpired risks shall be 30% of all kinds of insurance, and this percentage is computed out of the net premium, as follows:

Direct premium	QR .....
Plus: Incoming reinsurance premium	<u>+QR .....</u>
Total premiums	QR .....
Minus:	
Returned premium to the insured persons	QR .....
Outgoing reinsurance premium	+QR.....

QR (.....)

QR .....

Net insurance premium Multiplied by the  
percentage of the provisions of unexpired risks X 30%

Value of unexpired risks provisions QR .....

(4) The provision of outstanding claims is computed as follows:

Direct claims QR  
.....

Plus: Incoming reinsurance claim +QR  
.....

Total claim QR  
.....

Minus: Outgoing reinsurance claims QR  
(.....)

Net value of claims QR  
.....

Minus:

Value of doubtful direct claims QR .....

Value of incoming doubtful reinsurance claims +QR.....

QR .....

Value of outgoing doubtful reinsurance claims QR (.....)

Value of the provision of outstanding claims QR (.....)

QR .....

(5) The provisions of unexpired risks and outstanding claims which have been deducted from previous year, shall be added to the taxable income.

#### Article (9)

When deducting the expenses incurred for real estate maintenance and renovation, repair of machinery tools and equipment, and the costs of spare parts stated in Item (6) of Article (7) of the Law, it shall be taken into consideration that these expenses are related to the same taxable year under scrutiny, and that they are of current and not capital nature.

#### Article (10)

The losses resulting from the sale of assets stated in Item (7) of Article (7) of the Law are meant to be losses supported by documents and resulting from the sale of asset after deducting its book value which is calculated according to the depreciation rates of this regulation.

#### Article (11)

The following rules shall be taken into consideration when computing the depreciation of assets stated in Item (8) of Article (7) of the Law:

Firstly: The cost of asset under depreciation:

The cost of asset means all the expenses incurred by the tax-payer in order to acquire the asset and to prepare it to become usable.

Secondly: The method of depreciation:

The fixed installment method shall be followed in determining the charge, of annual depreciation for the asset according to the rates stated in the following paragraph.

Thirdly: Depreciation rates:

The depreciation is calculated as a result of use or ordinary damage arising from the use of asset or by lapse of time in accordance with the specific rates of the following table.

1 – Buildings such as offices, houses, warehouses, hospitals and clubs	5%
2 – Roads and bridges inside the establishment	5%
3 – Storage tanks, pipelines and ports' ducts	5%
4 – Furniture and office furniture	15%
5 – Plants, machinery and any mechanical devices not mentioned below	15%
6 – Cars and motorcycles	20%
7 – Lorries – various sizes	20%
8 – Ships	7.5 %
9 – Airplanes	25%

10 – Drilling instruments	15%
11 – General service machinery (including building and road tools, workshop machinery and work machinery, etc.)	15%
12 – Buildings and roads of service stations	5%
13 – Machinery for servicing and lubrication of service machinery	15%
14 – Trailers and carts	13%
15 – Refinery machines and pipelines (inside the refinery) and small tanks	10%
16 – Air conditioners	20%
17 – Electrical equipment	20%
18 – Computer equipment	33.33%
19 – Intangible assets such as trademarks and the like, depreciated in case of paying for its value on a straight line basis over the estimated duration of the company.	

#### Article (12)

The tax-payer shall declare in the attached Form no. (3 income tax) the profits and losses realized through the sale of any of the establishment's assets. which are stated in Articles (2) and (7) of the Law, and also the depreciation of these assets.

#### Article (13)

Gifts, donations, and aids stated in Item (9) of Article (7) of the Law are computed by adding the actual payment of these gifts, donations, and aids to the net profits in the profit and loss account, and the computation of the S% which should be deducted according to the Law from the amended net profit. The surplus, if any, shall be added to the net profits in order to determine the taxable profit.

#### Article (14)

In applying Article (7) of the Law, which states the deduction of all expenses and costs from the taxable income, owners of private professions may deduct 10% of the annual net profit to a maximum of twenty thousand Qatari Riyals

annually provided that they are completely dedicated for the practice of the profession.

#### Article (15)

Any appropriations of taxable net profit such as reserves and board of directors' remunerations are not deemed as deductible expenditures and costs according to Article (7) of the Law.

The tax is computed on the net profit before executing such distributions.

#### Article (16)

The tax-payer shall introduce documents which prove all expenditures and costs paid to achieve the total income referred to in Article (7) of the Law

#### Article (17)

The rates detailed below are computed at the determination of the branch's share in the expenses of the headquarters or the main office stated in Item (6) of Article (8) of the Law:

- A- A rate of 1% of the gross income of the branch of bank and insurance company.
- B- A rate of 3% Of the other activities apart of the activities mentioned in the previous item.

And that is after excluding all or some of the following according to circumstances:

- (1) Value of contracts and subcontracts.
- (2) Cost of the works performed abroad, and which cannot be executed locally.
- (3) Value of the foreign imports which are related to the branch's activities.
- (4) Value of the paid reinsurance premiums.

#### Article (18)

Should the tax-payer sustains losses for any taxable year according to Article (10) of the Law, such losses may be deducted from the profits of the ensuing year. If such profits do not cover the whole loss, the remainder may be deducted from the profits of the second year. If some of the losses is still remaining, it may be deducted from the profits of the third year. After that no loss amounts shall be deducted from the profits of any year after the previous three years, whether the loss is completely recovered or not.

This rule is not applicable if the temporary activity of the tax-payer, of which a final declaration has been introduced, come to a cessation, and then he resumes the activity again.

#### Article (19)

The declaration stated in Item (1) Article (11) of the Law shall be submitted on the attached form no. (1 Income Tax), and that is in return of a receipt on the attached form no. (2 Income Tax). The declaration may be sent by registered mail, and shall be accompanied by the following documents and papers:

- (1) The balance sheet.
- (2) Operating and trading accounts.
- (3) Profits and losses statement or income statement
- (4) A statement of source and application of funds.
- (5) List of the capital assets which the value of their sale, or the value of their written off or appropriation paid up compensations, has been used in the sale of new assets, and the date of the sale. the acquisition of the compensations. or the appropriation shall be detailed on the list together with their accounting book. the value of the achieved capital profits, and the purchase date and value of the new assets.
- (6) List of the asset depreciation including the new plant and equipment, purchase date and value. and the additional depreciation on the attached form no. (3 Income Tax).
- (7) List of the details of income and expenditures specified in the profits and losses statement.
- (8) Report of the auditor on the balance sheet and the final accounts if the Capital or annual profit exceeds one hundred thousand Riyals. The capital of the headquarters is considered in case there is no stated capital for the branch. The report .shall include the following:
  - A. That the auditor has obtained the information and explanation which are deemed necessary for the adequate performance of his duties.
  - B. Whether the valuation of the inventory was at cost, and a separate statement of items which were valued otherwise was prepared denoting the differences in valuation and their causes.
  - C. That the calculation of the taxable net profit or loss as stated in the declaration of the tax-payer comply with the rules of the Income Tax Law. In case of any deviations to such rules, the auditors report shall include a statement of thee deviations.
  - D. A statement of non-occurrence of any deviations to the rules Of the Income Tax Law or the Articles of the company during the taxable year.

- E. The financial statements disclose clearly all the activities carried out by the tax-payer.
- F. The balance sheet clearly reflects the actual financial] position of the tax-payer, and the profit and loss statement correctly presents the business results according to the acceptable methods of accounting applied on the same bases of the previous velar.
- G. In case the auditor is unable to visit any branch of the establishment. he should .state whether or not he has reviewed detailed summaries of the activities of this branch. In case the branch has a .separate auditor. the auditor should point out in his report that he has relied on the report of the separate auditor of the branch in relation to the statements of that branch.
- H. The declaration of the tax-payer, the report of the auditor, and the documents and papers referred to in this Article, are signed by both the tax-payer and the auditor.

#### Article (20)

The additional sum referred to in Article (12) of the Law "delay penalty" shall be calculated as follows

$$\text{Value of penalty for delay} = \frac{\text{Value of due tax} \times \text{no. of delayed days} \times 2}{30 \times 100}$$

In all cases, the penalty for delay shall not be less than ten thousand Qatari Riyals per month. This penalty is also applicable to the cases when the tax-payer does not achieve an income subject to the tax, or when taxes are not paid on the due dates.

The tax-payer is notified of the value of penalty for delay or the additional sum stated in Article (13) of the Law, which should be settled using the attached form no. (4 Income Tax).

#### Article (21)

If the Director of the Income Tax Department decides, according to Article (14) of the Law, to exempt the tax-payer from all or part of the sums referred to in Articles (12) and (13), it should be according to documented justifications presented by the tax-payer within a maximum period of thirty days from the date of receiving the notice of the penalty value or the additional sum, and the Director shall explain in the exemption decision the judgmental reasons justifying this exemption.

#### Article (22)

The Department shall inform the tax-payer on the decision of tax assessment and elements of estimation, and shall notify him by registered letter, according to Article (17) of the Law on the attached form no. (5 Income Tax), in the following cases:

- Tax assessment according to tax declaration, or
- Correction or amendment of the tax declaration due to discrepancy between declaration and reality, or
- Assessment of the tax through estimation due to all or some of the following reasons:
  - (1) The Declaration is not deemed truthful due to discrepancy between declaration and reality.
  - (2) The tax-payer fails to submit the annual declaration.
  - (3) The tax-payer delays the submission of the tax declaration on the due date.
  - (4) Non-availability of proper accounting books for the activity.
  - (5) Refrain without reasonable excuse. from providing the Department with requested documents. data or explanations.

#### Article (23)

In case the tax-payer has any objection to the penalty or the additional sum stated in Articles (12) and (13) of the Law, or to the assessment conducted by the Department according to the rules or Article (17) of the Law, he shall raise his objection in writing to the Department within thirty days from the date of receiving the notification from the Department, otherwise the penalty, the additional sum, or the assessment shall be final and unchallengeable before any authority according to the rules of Article (28) of the Law.

#### Article (24)

In the taxation of the corporate bodies which the Qatari citizens have shares in their capitals, as stated in Item (11) of Article (49) of the Law, the tax is computed on the whole net profit of the activity, and the tax will be collected only from the share of the non-Qatari.

#### Article (25)

The tax, stated by the Law, is effective on the income achieved for the taxable year commencing' 1/1/1993 or the taxable year ending during the year 1993 regardless of its date of commencement.

#### Article (26)

All competent authorities. each within its own competence, shall execute this Decision which shall come into force from the beginning of the taxable year commencing' 1/1/1995. and shall be published in the Official Gazette.

Mohammed bin Khalifa Al Thani

Minister of finance, economy and Commerce

Issued on: 1/11/1415 H

Corresponding to: 1/4/1995

Income Tax Department

(Form no. 1 Income Tax)

File No.

Ref.:

Date:

Income Tax Declaration

---

Director of Income Tax Department

Dear Sir,

Please find enclosed here with the declaration of Income Tax for taxable year / accounting period from ----- to -----

Name of Tax-payer:.....

Address:.....

Type of Activity:.....

Date of Receipt:.....

---

P.O.box: 83, DOHA - Qatar, ARABIN GULF, TEL.: 4414944, FAX.: 4435370, TELEX: 4233 Qatfin DH.

In execution of the rules of the Decree-Law no. (11) of year 1993 concerning the Income Tax and its executive regulation, I submit this declaration including the taxable income for the taxable year / accounting period from ----- to -----, and the value of the due tax for that income

First: Account of the taxable net profit:

(1) Gross Income

(2) Expenditures

a - Activity costs	QR .....
b - Administrative costs	QR .....
c-Depreciation	QR .....
d - Provisicns	QR .....
e - Share of bead office expenses	QR .....

Total expenditures QR (.....)

(3) Net profit (loss) QR (.....)

(4) Carried forward losses (if any) QR (.....)

(5) Taxable net prost (total loss) QR (.....)

Secoad: Computation of due tax

Category	Percentage	Taxable Profit	Net	Due Tax
Below QR. 100 000	Exemptim			
From QR. 100 001 to QR. 500 000	10%			
From QR. 500 001 to QR. 1 000 000	1 5%			
From QR. 1 000 001 to QR. 1 500 000	20%			
From QR. 1 500 001 to QR. 2 500 000	25%			
From QR. 2 s00 001 to QR. 5 000 000	30%			
From QR. 5 000 00i and above	35%			

Third: Tax due on shares of non-Qatari partners in accordance to their shares in the capital (Share ..... X due tax QR .....=QR ..... )  
Due tax only QR (.....)

We declare that the statements in this declaration are true. and that we have included all the resources of the taxable income.

Please find enclosed herewith a cheque/bank remittance no.....on ..... bank dated ..... covering the due tax.

Auditor	Tax - payer
1 - Name:	1 - Name:
2 - No. of license:	2 - Status position:
3 - Signature:	3 - Signature:
4 - Date:	4 - Date:

INCOME DEPARTMENT	TAX	(Form No.: 2 Income Tax)  File No.: ---- Tax Payer Name: -- Ref.: ----- Date: -----
----------------------	-----	--

Receipt of Income Tax Declaration

---

M. / S.:

Address:

Dear Sir,

Taxable year / Accounting period for the declaration

from ----- to -----

Name of Receiver: -----

Post: -----

Date of Receipt: -----

Signature: -----

With best regards...

Declaration enclosures:

Director of Income Tax Department

---

Tel.: 4414944 - Fax: 4435370 - Telex: 4233 - P.O.Box: 83 - DOHA - Qatar - ARABIAN GULF.

INCOME TAX DEPARTMENT P.O.BOX: 83 DOHA-QATAR		(Form No.: 3 Income Tax) File No: Tax Payer Name:
--	--	---

Assets Depreciation/Profits and Lossess Resulting from Sale of Assets for the Taxable Year/accounting

Period from: \_\_\_\_\_ to: \_\_\_\_\_

Name & Type of Asset	Date of Purchase	Cost of Asset	Percentage of Depreciation	Accumulated Depreciation At the Beginning of the Year	Value of Annual Depreciation	Accumulated Depreciation At the Beginning of the Year	Book Value	Sale Value	Profit (Loss) o Sale of Asset	Date of Sale

INCOME TAX DEPARTMENT		(Form No.: 4 Income Tax) File No.: ----- Tax Payer Name: ----- Ref.: ----- Date: -----
-----------------------	--	--

Notice of Penalty for Delay /Additional Sum

---

M. / S.:

Address:

Dear Sir,

In execution of Articles (12), (13) of the Decree Law no. (11) for the year 1993, concerning income tax, we would like to inform you that a penalty for delay / an additional sum should be paid for:

the taxable year / accounting period from: ----- To: -----

Reasons for penalty / additional sum: -----

-----

-----

Value of Penalty / additional sum: -----

-----

-----

We urge you hereby to settle this matter at the earliest in order to avoid further procedures.

With best regards...

Director of Income Tax Department

---

Tel.: 4414944 - Fax: 4435370 - Telex: 4233 - P.O.Box: S3 - DOHA - Qatar - ARABIAN GULF.

Income Tax Department		(Form No.: S Income Tax) File No: Tax Payer Name: Ref. Dated:
-----------------------	--	---

Notice of Tax Assessment

---

To:

Address:

Dear Sir.

In execution to Article no. (17) of the Decree-Law no. (11) of year 1993, and in reference to the tax declaration introduced for the taxable year/ accounting period from ..... to ....., we would like to inform you of the following:

- Tax assessment according to tax declaration, or
- Correction or amendment of the tax declaration due to discrepancy between declaration and reality, or
- Assessment of the tax through estimation due to all or one of the following reasons:
  - 1 - The declaration is not deemed truthful due to discrepancy between declaration and reality.
  - 2 - The tax-payer fails to submit the annual declaration.
  - 3 - The tax-payer delays the submission of the tax declaration in the fixed date.
  - 4 - Non-availabilty of organized accounting books for the activity.
  - 5 - Refrain, without reasonable excuse, from providing the Department with the requested documents. data or explanations.

Accordingly, the due tax shall be according to the following:

Amount of the due tax according to correction or amendment / estimation	QR.....
Amount of the paid tax at the date	<u>QR.....</u>
Amount of the due tax after correction or amendment / estimation detailed in the following page	<u>QR.....</u>

Following are the details of the tax assessment according to correction or amendment/estimation and the amount of the assessed tax:

,Details of the assessment:

QR.....  
QR.....

---

Net profit according to correction or amendment estimation QR.....

Amount of assessed tax QR.....

---

if you have any objection please inform us in writing within thirty days from the date of receiving the assessment notice, or otherwise the assessment will be final and unchallengeable before any authority according to the Article no. (28) of the Law.

With our best regards.

Director of Income Tax Department

INSTRUCTIONS TO MINISTRIES AND OTHER GOVERNMENTAL  
ENTITIES

OFFICE OF THE UNDERSECRETARY

Ref.: WM-4/23/2/675

Date: 16.11.1994

Translation of Circular No. 2/94-95 concerning Income Tax

---

Messrs/Undersecretaries, Directors of Governmental Departments, and Directors of Public Organization and Corporations.

Doha.

After Greetings,

Where as Law No. (11) of year 1993 elucidated the procedures of the income tax exemption, and the requirements that must be met by the projects which are fit in principle to be granted a tax exemption, therefore I request all Ministries, and Public Organizations and Corporations to observe the Law and comply with its rules, in such a manner that no conditions concerning exemption from income tax are included in the documents of tenders, contracts and agreements that are intended to be signed before submitting request during an adequate time for obtaining a written approval from H.E. Minister of Finance, Economy and Commerce, allowing the usertion of the condition of exemption in the documents of the tenders, contracts and agreements which are intended to be signed.

Therefore, that exemption conditions which may be included in tenders, contracts and agreements in contravention to the Law will not bind the Income Tax Department in the Ministry of Finance, Economy and Commerce and the authority which granted such exemption will be responsible for the loss of tax revenue sustained by the treasury.

With my best regards.

Yousef Hussain kamal

Undersecretary

Ministry of Finance, Economy & Commerce

Income Tax Department

Ref.: I.T./T-I/1807/94

Date: 19/12/1994

Translation of Circular No. (1/94-95)

---

Messrs/Undersecretaries, Directors of Governmental Departments, and Directors of Public Organization and Corporations.

Doha.

After Greetings,

With reference to circular No. 2/94-1995 dated 16.11.1994 concerning income tax was issued by the Undersecretary of Ministry of Finance, Economy and Commerce about discontinuing to incorporate any condition concerning the exemption from income tax in contracts, tenders and Agreements intended to be signed without getting the prior approval from H.E. the Minister of Finance, Economy & Commerce, and in reminding you of the previous circulars issued by Income Tax Department, I urge you to chide by the following:

firstly: Provide us with the following informations as soon as you sign any new contractual works with taxable foreign companies:

- (1) Full Name and address of the contractor locally and abroad, and name and address of the local agent.
- (2) Size and nature of work.
- (3) Date of commencement and termination.
- (4) Value of each part of the foreign imports, and value of installation.
- (5) The amounts which wi11 be paid to them at the end of each year.

Secondly: Holding back The final payment to them after executing the work. until they submit to you a certificate of fulfilling their income tax commitments.

Thirdly: Imposing upon the Contractors to inform the Income Tax Department of any taxable foreign Sub-Contractors, as soon as, signing any contract with them, and furnishing it with the required data, as it is detailed in item (firstly) above, and holding back the final payments for them until obtaining our certificate of fulfilling their income tax commitment too, as mentioned in (secondly) above.

Please to observe the above for the sake of the public interest.

with best regards.

Saker Dhaher al Moraikhi

Director of Income Tax Department

Income Tax Department		Ref.: Date: 26.3.1997
-----------------------	--	--------------------------

Translation of Circular No. (1/997)

Concerning Exemption From Income Tax

---

Their Excellencies, Undersecretaries

M/S. Directors of Governmental Departments, and Directors of Public Organization & Corporations.

DOHA

After Greetings,

I would like to refer to the Council of Minister's Decision No. (20) of year 1995 concerning the setup of the "Tax Exemption Committee" and organizing its functions, and to H. E. The Minister of Finance, Economy 'and Commerce Decision No. (27) of year 1995 regarding the setup of the Tax Exemption Committee, and to the Circulars issued by this Ministry with respect to the exemptions from income tax, the latest of which was issued by H.E. The Undersecretary of The Ministry No. (2/94-9S) dated 16.11.1994.

We hereby advise you that the Tax Exemptions Committee has started its functions in terms of receiving and studying applications for exemptions from income tax in accordance with Articles (22) and (23) of Decree Law No. (11) of year 1993 concerning the Income Tax. The version of the said Articles are as follows:

Firstly: Article (22)

When considering the exemption applications, the Tax Exemption Committee shall take into account that. all or some of the following requirements are met according the Committee's discretion:

- (1) The enterprise shall contribute to boosting industry, agriculture, trade, petroleum, mining, tourism, land reclamation, transports or any activities and projects needed by the country which are socially an economically beneficial, whether such projects are wholly or jointly owned by Qatari or foreign individuals, companies or firms.
- (2) The enterprise shall be in conformity with the targets of the economic development plan and approved by the competent government authorities.

- (3) The enterprise shall contribute to the development of the national economy, provided the following is taken into consideration:
  - a) The commercial benefits.
  - b) The extent of integration with other enterprises.
  - c) The extent of the enterprise's dependence on the production inputs available in the country.
  - d) The extent of its impact on the balance of trade and the balance at payments.
- (4) The enterprise shall introduce modern technology.
- (5) The enterprise shall lead to the creation of employment opportunities for the citizens.

Secondly: Article (23)

- (1) A tax exemption may be granted to the contractors who execute the projects provided for in Article (22) for their profits realized out of such execution.
- (2) The provisions of Articles (21) and (22) of this law shall apply to cases of expanding enterprises whose costs of expansion exceed fifty percent of the original capital value of the enterprise.

Therefore All Ministries and Public Organizations and Corporations could submit their applications during an adequate time to the "Chairman of The Tax Exemption Committee" in the Ministry of Finance, Economy and Commerce in the following cases:

- (1) As for Joint Venture Production Projects: which are established by Joint Venture agreements should submit the economical feasibility study with the Justifications for the exemption from tax before incorporating the condition of tax exemption in the agreements, and to specify the duration of the required exemption.
- (2) As for Contractors: the Preliminary approval should be obtained before inserting the tax exemption condition in the tender documents and before distributing them to the Prime Contractors and to the sub-contractors. Then exemption will be granted to the successful bidder before signature of the contract, and to specify the period of executing' of the project.
- (3) As for agreements and other exemptions: In this case preliminary approval must be obtained before incorporating conditions of tax exemptions therein. Preliminary approvals should also be obtained for agreements to be concluded by Public Corporations with foreign partners wherein the said corporations commit themselves to pay

income tax on behalf of the foreign partners. The duration of the required exemption should be also specified.

Applications should be sent to the address shown hereunder. or through the technical Secretary of the Committee in this Ministry by a registered letter with a return notification of receipt by the sender.

Tax Exemption Committee

Ministry of Finance, Economy k Commerce

P.O.Box: 83 - Fax: 4435370 - Tel.: 4461351 – DOHA - Qatar

With my best regards

Saker Dhaher al Moraikhi

Acting Director of Income Tax Department

Chairman of the tax - exemption committee

## INSTRUCTIONS TO TAX-PAYERS AND TO THE AUDITORS

Income Tax Department		Ref.
-----------------------	--	------

Messrs/Auditing Offices

Messrs /Tax Payers

Doha

Dear Sirs,

Translation of

Circular No. (1/95 - 1996)

---

As a reminder of our previous circular', all tax payers shall provide this Department with a copy of all contracts concluded with any other agency and which carries the following:

- (1) Size and nature of work.
- (2) Date of commencement and termination.
- (3) Name and address of the contracting agency.

In case of authorizing some or all of these contracts or other contract to sub-contractors or sub-dealers, the following shall be observed:

- (1) Provision of the names and addresses of the sub-contractors or sub-dealers.
- (2) Provision of the size and nature of work.
- (3) Provision of the commencement and termination dates.
- (4) Holding back the final payment of sub-contractors or sub-dealers without acquiring a certificate of fulfilling the income tax commitment.

Please make sure to observe fully these instructions in order to avoid any legal measures.

With our best regards.

Moftah Jassim Al Moftah  
Assistant Director of Income  
Tax Department

TAX APPEAL COMMITTEE		Date: 15.3.1997
----------------------	--	-----------------

Translation of Circular No. (1/96 - 1997)

Messrs/Auditors and Tax-Payers

Doha

Dear Sirs,

I would like to refer to the Council of Minister's Decision No. (19) of year 1995 concerning "The Tax Appeal Committee" and organizing its function and to H. E. The Minister of Finance, Economy & Commerce Decision No. (26) of year 1995 concerning the set up of the Tax Appeal Committee. The said mention committee has started its functions, therefore the tax-payers or their proxies can submit their appeals about tax assessments according to Article (17) of Decree Law No. (11) of year 1993 concerning income tax. Also tax-payers or their proxies can submit their appeals concerning the additional sum imposed on them accordance with Articles (12) and (13) of the said Decree Law, during the specified dates in Articles (28) and (29) of the said Decree Law as follows:

- (1) The tax-payer shall not lodge an appeal directly to the Committee until after an objection has been raised by him to the Department within thirty days from the date of receiving the notification of assessment or the notification of charging the additional amounts provided for in the Articles (12) and (13). If this period elapses without raising an objection. The assessment shall be final and unchallengeable before any authority. The Department shall pass its decision within sixty days from the date of submitting the objection. If the sixty days period has elapsed without a decision being made this shall be regarded as a refusal.
- (2) The appeal shall be submitted to the Committee within thirty days from the date of notifying the tax-payer of the Department's decision or from the expiry date of the sixty days period referred to in the preceding item (1); otherwise, the Department's decision shall be final and unchallengeable before any authority.

Tax-Payers or their proxies can submit their appeals to "The Chairman of the Appeal Committee" at the Ministry of Finance, Economy & Commerce, to the address setout hereunder or through the technical Secretary of the Committee in this Ministry by a registered letter with a notification of return receipt by the sender.

Tax Exemption Committee

Ministry of Finance, Economy & Commerce

P.O.Box: 83 – Fax: 4435370 – Tel.: 4461293 – DOHA – Qatar

With my best regards.

Mubarak Nasser Al-Hajeri

Chairman of the tax Appeal Committee

cc: Office of His Excellency Minister of Finance, Economy & Commerce.

cc: Office of His Excellency Undersecretary Minister of Finance. Economy & Commerce.

cc: Income Tax Department.

## OTHER LAWS RELATING TO INCOME TAX

Translation of  
LAW NO. (9) OF YEAR 1989  
IN CONNECTION WITH THE PARITY OF CITIZENS OF THE ARAB STATES  
OF THE GULF CO-OPERATION CONUCIL IN TAXATION DEALINGS

---

We. Khalifa Bin Hamad Al Thani, Emir of the State of Qatar,

Having perused the temporary amended Basic Ordinance, particularly Articles (23). (34), and (51) thereof, and

The Qatar Income Tax Decree of year 1954, and amended Decrees and Laws thereof, and

Law No. (2) of year 1962 organizing the Public Financial Policy in Qatar ,and

Law No. (5) of year 1970 .specifying the jurisdiction of Ministers and defining competencies of Ministries and other Government systems and amending Laws thereof, and

Law No. (6) of year 1983 commencing executive steps of the Unified Economic Agreement between the Arab States of the Gulf Co-operation Council, and

Law no. (1) of year 1984 implementing certain provisions of' the restraints of' the practice of the citizens of the Arab States of the Gulf Co-operation Council, and

Law No. (3) of year 1985. in connection with the participation of non-Qatari capital in economic activity, and

Law. No. (7) of year 1987, in connection with the restraints on the practice by citizens of the Arab States of the Gulf Co-operation Council of the commercial activities in the State of Qatar, and

Law No. (6) of year 1988. in connection with the restraints on practice by citizens of the Arab States of the Gulf Co-operation Council of the commercial activities in the State of Qatar, and

Law No. (7) of year 1988, in connection with the restraints on the practice of citizens of the Arab States of the Gulf Co-operation Council of free profession in the State of Qatar, and

Law No. (9) of year 1988, in connection with granting permission to citizens of the Arab States of the Gulf Co-operation Council to practice new economic activities in the State of Qatar, and

Law No. (10) of the year 1988, in connection with granting permission to citizens of the Arab States of the Gulf Co-operation Council to practice new free profession in the State of Qatar, and

The Unified Economic Agreement between the Arab States of the Gulf Co-operation Council signed in the City of Riyadh on 11th November 1981, and ratified on 24th May 1982, and

Resolutions of the Supreme Council of the Arab States of the Gulf Co-operation Council in its Ninth session held in Manama, State of Bahrain, in December 1988, and

Upon the proposal made by the Minister of Finance and Petroleum, and The project-Law submitted by the Council of Ministers, and

Having consulted the Advisory Council,

Have decided the following Law:

#### Article (1)

Citizens of the Arab States of the Gulf Co-operation Council shall receive reciprocal treatment as Qataris so as to realize parity between them in taxation dealings upon practicing their permissible economic activities including the free crafts and profession in compliance with the Unified Economic Agreement and the Resolutions of the Supreme Council of the Arab States of the Gulf Co-operation Council, and Laws issued in execution thereof.

#### Article (2)

Provisions of the former Article shall not prejudice any better privilege granted by the State of Qatar to the citizens of the Arab States of the Gulf Cooperation Council.

#### Article (3)

All parties concerned, each within its own competence, shall execute this Law, and shall come into force as from the first day of March 1989, and be published in the Official Gazette.

Khalifa bin Hamad Al Thani Emir of the  
State of Qatar

Issued at the Palace of Doha

On 28/8/1409 H

Corresponding to 4/4/1989

Translation of  
LAW NO. (6) OF YEAR 1991  
EXEMPTING SOME FOREIGN COMPANIES DEALINGS WITH THE  
MINISTRIES OF DEFENSE AND INTERIOR FROM THE INCOME TAX

---

We, Khalifa Bin Hamad Al Thani, Emir of the State of Qatar,

Having perused the temporary amended Basic Ordinance, particularly Articles (23), (34), and (51) thereof, and

Decree of Qatar Income Tax No. (1) of year 1954, and the amending Laws pertaining thereto, and

Law No. (2) of year 1962 organizing the Public Financial Policy in Qatar, and

Proposal of the Ministers of Defense, Finance, Petroleum. and the Interior, and

After consulting the Advisory Council, Have decided the following Law:

Article (1)

Foreign companies are exempted from the income tax resulting from the following contracts and dealings:

First: Contracts concluded with the Ministry of Defense or the Ministry of the Interior regarding importation of necessary equipment and spare parts for land, sea, and air armed forces or the security agencies.

Second: Contracts of secret nature regarding constructions, technical works and training on military or security equipment which the Ministry of Defense or the Ministry of the Interior – each within its own competence – shall decide that no other company can provide.

Third: Contracts including items prohibiting any agency other than the Ministry of Defense, Ministry of the Interior or the contracting company from the right to see such items.

Article (2)

All concerned authorities, each within its competence, shall execute this Law which shall come into force from the date of its publication in the Official Gazette.

Khalifa bin Hamad Al Thani

Emir of the State of Qatar

Issued at Palace of Doha

On 12/11/1411 H

Corresponding to 26/5/1991