

Translation of Decree – Law No.(11) of year 1993
Concerning the tax law.

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 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 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 ministers and other government organs, and the
amending laws thereof,

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

And the amiri order No. (1) of year 1992, reconstituting the Council of
Ministers,

And the proposal of 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 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 provisions of this law.
- (7) Company : Any of the companies provided for the in 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 head quarters 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 source 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 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 presentation 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 ant 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 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 liquidation takes.
- c) In case of cessation, assignment or sale, provided that the tax-payer shall file a declaration of result of this 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) Interest.
- (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, aids and subscriptions to charitable, humanitarian, scientific, cultural or sporting activities paid in Qatar to government authorities, public bodies or firms or to licenced 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 according with 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 may disapprove or adjust such expenditures.

Article (9)

The department may demand from the tax-payer to reconsider any expenditures 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) 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 instalments 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 twentyfour 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 include 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 Article 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 the 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 within 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 liquidation 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 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 enterprise.
 - 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 realised out of such execution.
- (2) The provisions of Article (21) and (22) of this law shall apply to cases of expanding enterprises whose costs of expansion exceed 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 Low 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 methods and submit a budget and a statement of the profiles 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 Ministers. The Council of Ministers may amend the constitution of the Committee.

Article (27)

The Committee shall above 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 appeals submitted by tax-payers regarding the additional amounts imposed by the Department pursuant to Article (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 taxpayer 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 data 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 elapsse 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 of 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 second 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 data 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.

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 proceeding 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 statement 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 punishments 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 without the sanction of the Minister.

(CHAPTER NINE)

General Provisions

Articles (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 Department or he become 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 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 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 require from any person by a registered letter to directly to it ant 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 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 if this Article shall not apply to the banks except 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 uphold by the court, the procedure prescribed for sale stipulated in the civil and commercial procedure code shall be followed.

Article (48)

The provisions of Article (45), (46) and (47) shall 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, culture, 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 persons' profits.
- (10) Profits of corporate bodies totally owned by Qataris.
- (11) Qataris' share in the profits of corporate bodies.

Article (50)

The Department personal, 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 premise and all offices and establishment annexed thereto, where the tax-payers exercise their activities which are subject to the provisions of this law, and to peruse, inspect and size, if necessary, the books, accounts, records and documents belonging therto.

Article (51)

The Minister shall issue the decisions required to put the provisions of this law into force. The regulations and measures currently inforce 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 competent, 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 in : 24/1/1414 A.H.
Corresponding to : 14/7/1993 A.D

