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Recent amendments in Qatar tax law

February 2023

Important changes: Recent amendments in Qatar Tax Law

On 2 February 2023, Qatar promulgated Law No. 11 the Year 2022 (the “Amendment”) in the Official Gazette amending certain provisions of the Income Tax Law No. 24 the Year 2018 (the “Tax Law”).

The details of these important changes will be issued by the General Tax Authority (“GTA”) on the Executive Regulations yet to be issued.

- ❖ The State of Qatar will impose a global minimum tax of 15% or more “based on excess profits” on affected Qatar-based companies in a manner consistent with international rules.
- ❖ The Global Base Erosion Rules - GloBE Rules have been developed as part of a solution to address the tax challenges of the digital economy. The Executive Regulations (to be issued) will provide details on the scope, conditions and procedures of the Global Minimum Tax.
- ❖ Certain types of income derived from abroad will now be subject to CIT - The amendment designates different types of income earned outside Qatar that is now subject to Qatari income tax. This includes income from immovable property located abroad, foreign dividends, royalties, interest and technical service fees, whereas these incomes are not attributable to a foreign permanent establishment (“PE”) of a Qatari entity.

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- ❖ Tax relief for foreign income - Under the new amendment, foreign tax related to income taxable in Qatar, but only up to the corporate income tax limit payable in Qatar and subject to certain conditions.
- ❖ A new criterion of Qatari nationality has been added - Every Qatari citizen is automatically considered to be a tax resident of Qatar. In addition, the tax residency criteria for natural persons, "Centre of Vital interests" in Qatar has been abrogated.
- ❖ Private associations and institutions, private charitable organizations and institutions, and private foundations of public interest will now be required to comply with all tax obligations such as the preparation of audited financial statements, filing of income tax returns and etc., however, these entities will be on a tax-exempt basis.
- ❖ New reporting requirements about Economic Substance Regulations (ESR), under which any "covered entity" that fulfils certain criteria, will be required to submit the report on the minimum indicators of its significant activity and a significant penalty of 15% on the net income and other consequences for non-compliance. Details of the requirements are yet to be issued.
- ❖ Qatar resident companies are required to report their beneficiaries to the General Tax Authority (GTA). The same obligations apply to trusts established under Qatari law, administered in Qatar, or trustees residing in Qatar.

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