



# Doing Business in Qatar





## General Information

When the incumbent Emir, Shaikh Hamad bin Khalifah Al Thani took power in 1995, he adopted a free-economy policy. He quickly inaugurated a far reaching and extremely progressive program to modernize Qatar politically, socially and economically. The modernization program includes the complete reorganization of the educational system, creation of a democratically elected municipal council with universal suffrage, development of Qatar's natural gas resources, the establishment of a free press and the drafting of Qatar's first Constitution.

The fast economic growth achieved in the past years in Qatar was coupled with the introduction of new laws and amendment of old ones for the country to cope with the requirements of the expanding economy.





## Foreign Investment Incentives

The Government is keen to promote projects involving the transfer of foreign expertise and technology to the Qatari economy. The new „Foreign Investment Law“ confers upon foreign investors privileges, which were not available to them previously, including:

- The right to lease land for the project for up to ten years.
- The right to import the machinery, equipment and some of the primary materials required for the project.
- The exemption of the capital to be invested in the project from income tax for a period not exceeding ten years.
- Exemption from import customs duties on the equipment and machinery to be imported for the project.
- Exemption from import customs duties on the primary raw materials to be imported for the project.
- Exemption from import customs duties on the primary raw materials and half-manufactured materials, which are not available in Qatar.
- Protection from confiscation by the state otherwise than for the public welfare, without discrimination and subject to fair and adequate compensation.
- The freedom to repatriate the profits of the project and its capital on liquidation; and the freedom to transfer the ownership in the project.

## Foreign Ownership of Business

Generally, a non-Qatari national, whether natural or juristic, may engage in commercial activities provided the foreign participation in the entity does not exceed 49 %. In October 2000, the Government enacted a new Foreign Investment Law aimed at promoting foreign investment in specific business sectors including agriculture, manufacturing, health, education, tourism power and projects which develop and utilize the State's natural resources. The new law permits up to 100 % foreign ownership in these business sectors.

The law does not allow a non-Qatari to participate in banking, insurance, commercial agency or real estate trading activities.





## Business Forms and Structures

There is no „Offshore Business Law“ in Qatar. Therefore Qatar does not differ in „onshore“ and „offshore“ companies. The Qatar Companies Law know the following

- Simple Partnership Company
- Joint Partnership Company
- Joint Venture Company
- Public Share Holding Company
- Limited Share Partnership Company
- Limited Liability Company

### Simple Partnership Company:

The Simple Partnership Company is the most basic form of commercial arrangement for two or more individuals to combine together for the purpose of commercial activity in Qatar. The partners have unlimited liability and the trade name of the partnership company will reflect the names of the partners.

### Joint Partnership Company:

The Joint Partnership Company is similar to a Simple Partnership Company however, a Joint Partnership Company will have two classes of partners (joint partners and trustee partners). The joint partners are responsible for the running of the business and are jointly and severally liable for the partnership's debts. Sleeping partners are liable for the partnership's debts only to the extent of money they invested or are committed to invest in the partnership.



**Joint Venture Company:**

A Joint Venture Company is an entity comprised of two or more persons that combine to carry out a project. The Joint Venture Company provided for in the law is an unincorporated entity without legal personality.

If non-Qatari's are partners of a Joint Venture Company, then the company is allowed to carry out only those business activities stipulated by law for non-Qatari's.

**Public Share Holding Company:**

The Public Share Holding Company is also known as a Joint Stock Company or Qatari Shareholding Company. Shareholders are not liable for the company's obligations except for the amount of nominal value of the shares for which they subscribe. A Public Share Holding Company should have a minimum of five shareholders and in all cases the name of the company should be followed by the words „Qatari Public Share Holding Company“.

The capital of a Public Share Holding Company should not be less than QAR 10 million. (approx. CHF 3.22 million, EUR 1.94 million, USD 2.75 million).

**Limited Share Partnership Company:**

A Limited Share Partnership is formed by two groups of partners. Joint Partners (one or more) are personally liable for the debts of the company and Trustee Partners (minimum four partners) whose liability is limited to the value of shares held in the company. The Joint Partners have to be Qatari citizens.

The company should have a minimum capital of QAR 1 million (approx. CHF 322'000, EUR 194'000, USD 275'000).

In all cases, the words „Limited Shares Partnership Company“ should be added to the name of the company.





### Limited Liability Company:

A Limited Liability Company is a company formed with at least two partners and not more than fifty partners, whose liabilities are limited to the value of shares held in the company.

The company must have a minimum capital of QAR 200'000 (approx. CHF 65'000, EUR 39'000, USD 55'000).

In all cases, the words „Limited Liability Company“ should be added to the name of the company.





## Taxation in Qatar

### Taxation of Companies:

Taxes are levied on a taxpayer's income arising from activities in the State of Qatar. In addition, interest and other bank income received outside of Qatar will be subject to tax in Qatar if this income relates to amounts arising from the taxpayer's activities in Qatar.


The Gregorian calendar is used for Qatar income tax purposes, but a taxpayer may apply to prepare his financial statements for a twelve-month period ending on a day other than 31 December. The first accounting period may be more or less than twelve months, but it should not be less than six months or more than 18 months.

A taxpayer should keep his accounting in Qatari Riyals (QAR) unless permission is obtained from the tax administration for them to be kept in a foreign currency.

### Tax rates are as follows:

Taxable income (in QAR)	Tax rate
0 - 100'000	0 %
100'001 - 500'000	10 %
501'000 - 1'000'000	15 %
1'000'001 - 1'500'000	20 %
1'500'001 - 2'500'000	25 %
2'500'001 - 5'000'000	30 %
5'000'001 and above	35 %





### Taxation of Individuals:

There are no personal taxes, social insurance or other statutory deductions from salaries and wages paid in Qatar.

However, income arising from business activities (rent from property, consulting, etc.) are taxable.



### Other Taxes:

There is no Withholding Tax, no Sales Tax, no Estate Tax and no Gift Tax.





## Import and Export Regulations

### Export:

No duties are levied on exports. It is forbidden to export goods to Israel or to export certain goods such as subsidised foodstuffs or antiques.

### Import:

Foreigners, whether individuals or corporations, are not permitted to import goods and services on their own account into Qatar. They must sell their goods to a Qatari agent or distributor who will then market them locally.

The following rates of customs duty apply:

Goods	Custom duty
General items	4 %
Cement	20 %
Steel	20 %
Urea	30 %
Records and musical instruments	15 %
Tobacco	100 %

Goods manufactured in GCC Countries (Gulf Cooperation Council) are exempt from customs duty, provided they are accompanied by a certificate of origin. Exemption from customs duty apply also to food products, equipment and materials belonging to government entities or state companies and personal effects (includes used household and furniture) belonging to foreign employees arriving in Qatar.





## Business Practices

As already mentioned, a foreign supplier generally needs a local agent. However, a company should avoid signing an agency agreement before having conducted a careful examination of the agent's standing and capabilities in the market. Qatari regulations provide ample protection to local agents, making cancellation of an agency agreement a rather lengthy and costly process for the foreign principal.

With or without an agency agreement, a foreign company would be well-advised to insist on a letter of credit (L/C) as the method of payment when dealing with private companies. Government agencies do not fail to honor their financial commitments, though some delays might occur due to red tape.

Sources: [www.ocec.ch](http://www.ocec.ch), [www.qcci.org](http://www.qcci.org), [www.gcb.gov.ga](http://www.gcb.gov.ga), [www.qatarbusinesscouncil.org](http://www.qatarbusinesscouncil.org)

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