



QFC TAX REGULATIONS

**Council of Ministers
State of Qatar**

Cabinet Decision No (17) of 2010 on adopting the decision of the Minister of Economy and Finance on the issuance of QFC tax regulations

The Cabinet,

After having cognizance of the constitution, and
Qatar Financial Centre Law issued by Law No (7) of 2005 and the amending laws, and
Emiri decision no (29) of 1996 on Cabinet decisions which are to be referred to the Emir for endorsement and issuance, and
Cabinet decision issued in its ordinary meeting no (25) of 2009 which was held on 24/6/2009 regarding the approval of the draft QFC tax regulations.

Has decided the following:

(Article 1)

Adoption of the decision of the Minister of Economy and Finance regarding the issuance of Qatar Financial Centre Tax Regulations

(Article 2)

All competent entities, each within its area of competence, shall implement this decision, which shall come into force from the date of issue and published in the official gazette.

Hamad Bin Jassim Bin Jabor Al Thani

Prime Minister

We certify this decision and issue it

Hamad Bin Khalifa Al Thani

Emir of the State of Qatar

Issued in the Emiri Diwan on: 15/4/2010

**Decision by the Minister of Economy and Finance No. (13) of 2010
on issuing the QFC Tax Regulations**

The Minister of Economy and Finance,
After reviewing the constitution, and the QFC Law No. (7) of 2005 amended by
Law No. (2) of 2009 and Law No. (14) of 2009 and the decision of the Council of
Ministers No. (17) of 2010 on approving the decision of the Minister of
Economy and Finance on issuing the QFC Tax Regulations,

Decided the following:

Article (1)

The QFC Tax regulations enclosed with this decision shall be enforced in Arabic and
English.

Article (2)

In the case of a discrepancy between the English and Arabic texts of these
regulations, the English text shall prevail.

Article (3)

All concerned parties, each within its competency, shall implement this decision, and
it will be effective as from 1 January 2010 and is to be published in the official
gazette.

(Signed by);

Yousef Hussain Kamal

Minister of Economy and Finance

Issued on 25 / 6 / 1431

Corresponding to : 8 / 6 / 2010

TAX REGULATIONS

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Part 1: Application, Commencement and Interpretation

Article 1 - Citation

These Regulations may be referred to as the QFC Tax Regulations.

Article 2 - Application

- (1) These Regulations are made by the Minister pursuant to Article 9 of the QFC Law and define the scope, computation and administration of taxation of QFC Entities.
- (2) These Regulations apply to all QFC Entities and to QFC Entities, their directors, officers and employees only. To the fullest extent permitted by the QFC Law, the laws, rules and regulations of the State of Qatar in relation to taxation do not apply to QFC Entities.

Article 3 - Commencement

The commencement date of these Regulations is provided for in the issuing resolution.

Article 4 - Language

In accordance with Article 9 of the QFC Law, these Regulations are written in the English language and the text thereof shall be the official original text. Any translation into another language shall not be authoritative and in the event of any discrepancy between the English text of these Regulations and any other version, the English text shall prevail.

Article 5 - Interpretation

Defined words and expressions used in, and rules of interpretation applying to, these Regulations are set out in Part 25.

Part 2: General Scheme of Taxation, Residence and the Charge to Tax

Article 6 - Policy Statement on the General Scheme of Taxation

QFC Entities are taxed on their Local Source Profits, with only one category of Taxable Profits.

Article 7 - Scope of Regulations

These Regulations provide for the imposition, administration and collection of tax in accordance with Article 17 of the QFC Law in relation to QFC Entities.

Article 8 - Residence and Non-Residence

Subject to the provisions of any double taxation agreements, a QFC Entity shall be regarded as Resident in Qatar for the purposes of these Regulations if-

- (a) it is incorporated in Qatar under the Company Regulations 2005, the Limited Liability Partnership Regulations 2005 or the Partnership Regulations 2007; or
- (b) its place of effective management is in Qatar.

Article 9 - The Charge to Tax

- (1) Subject to the provisions of these Regulations, corporation tax shall be charged for each Accounting Period at the standard rate on every QFC Entity in respect of the full amount of its Local Source Taxable Profits.
- (2) The standard rate of corporation tax is 10%.

Article 10 - Local Source

- (1) Taxable Profits are Local Source if they arise in or are derived from Qatar.
- (2) Without prejudice to the generality of Article 10(1), Local Source Taxable Profits are deemed to include-
 - (a) Passive Interest Income; and
 - (b) Notwithstanding the provisions of Article 13, profits arising from interest income received by or accrued to a Financial institution to the extent that-
 - (i) the profits are attributable to the initiation of the underlying loan in Qatar by or on behalf of the financial Institution ; and
 - (ii) the risk of default in respect of either (or both) the interest and principal of the loan is borne by the Financial institution in Qatarprovided that where either condition (i) or (ii) is met, but not both, 50% of the relevant profits shall be deemed to be Local Source Taxable Profits.
- (3) Local Source Taxable Profits shall exclude any profit derived from-
 - (a) immovable property located outside Qatar;

- (b) intangible fixed assets including intellectual property, patents, trademarks or similar assets not registered in Qatar;
- (c) Permanent Establishments of the QFC Entity outside Qatar; and
- (d) notwithstanding Article 10(2)(a), the receipt of Passive Interest Income where the borrower is not Resident in Qatar (and the borrowing is not substantially undertaken by or through a permanent establishment of the borrower in Qatar) or where the borrower is Resident in Qatar and the borrowing is substantially undertaken by or through a Permanent Establishment of the borrower outside Qatar.

Article 11 - Taxable Profits and Chargeable Profits

- (1) The Taxable Profits of a QFC Entity for an Accounting Period are the Chargeable Profits of that Entity, as reduced by the set off of any tax losses and Group Relief due under the provisions of Part 5 of these Regulations.
- (2) The Chargeable Profits of a QFC Entity for an Accounting Period are the Accounting Profits, as defined in Article 15, of that Entity from its Licensed Activity and as adjusted by the provisions of these Regulations, excluding Part 5.

Article 12 - Currency of Tax Calculation

- (1) The Chargeable Profits of a QFC Entity shall be calculated in the currency of its accounts.
- (2) Where the currency of the accounts of a QFC Entity is not Qatari Riyals the Chargeable Profits shall, subject to Article 12(3), be converted into Qatari Riyals at the closing exchange rate applying on the last day of the Accounting Period in which the Chargeable Profits arose.
- (3) A QFC Entity may elect to use, for the purposes of converting Chargeable Profits into Qatari Riyals, the average exchange rate applying for the Accounting Period in which the Chargeable Profits being converted arose.
- (4) An election under Article 12(3) shall be made in writing to the Tax Department within 6 months of the end of the Accounting Period to which it is to first apply and, once made, shall apply to all subsequent Accounting Periods.
- (5) This Article applies to the calculation of tax losses in the same way as it applies to the calculation of Chargeable Profits.

Article 13 - Non Residents

- (1) The Chargeable Profits of a QFC Entity not Resident in Qatar shall be the amount of Chargeable Profits as are attributable to a Permanent Establishment in Qatar of the QFC Entity.
- (2) The Chargeable Profits attributable under Article 13(1) to a Permanent Establishment shall be the same as the Chargeable Profits it would have made if it were a distinct and separate entity, undertaking the same or similar activities under the same or similar conditions, dealing wholly independently with the enterprise of which it is a Permanent Establishment.

- (3) In attributing Chargeable Profits to a Permanent Establishment under Article 13(2) the Permanent Establishment shall be assumed to have the same credit rating as the enterprise of which it is a Permanent Establishment.
- (4) In attributing Chargeable Profits to a Permanent Establishment under Article 13(2) there shall be attributed to the Permanent Establishment such equity and loan capital as appears to the Tax Department to be just and reasonable.

Part 3: Accounting Profit and Accounting Periods

Article 14 - Policy Statement on Accounting Profit and Accounting Periods

QFC Entities are expected to draw up accounts under IFRS or other acceptable GAAP. This Part also deals with a change of accounting basis and defines Accounting Periods.

Article 15 - Accounting Profit

- (1) The Accounting Profit of a QFC Entity is the profit, including any capital profits, before the payment of tax and dividends as reflected in the Entity's profit and loss account or income statement, based on accounts prepared in accordance with generally accepted accounting principles (GAAP) and the laws of the QFC.
- (2) Subject to Article 15(3), for the purposes of this Article accounts prepared in accordance with GAAP means-
 - (a) accounts prepared in accordance with International Financial Reporting Standards (IFRS), UK GAAP or US GAAP; or
 - (b) accounts prepared in accordance with standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).
- (3) A QFC Entity may apply to the Tax Department to use, for the purposes of corporation tax, a basis of accounting different to that set out in Article 15(2).
- (4) An application under Article 15(3) shall-
 - (a) be in writing;
 - (b) be submitted to the Tax Department prior to the start of the Accounting Period to which it relates;
 - (c) set out the reasons why the QFC Entity wishes to use a different basis of accounting; and
 - (d) provide details of the basis of accounting the QFC Entity wishes to adopt.
- (5) The Tax Department shall, within 60 days of receiving an application under Article 15(3), notify the QFC Entity of its decision in writing, which shall be final.
- (6) If the Tax Department fails to issue a notice under Article 15(5) within 60 days of receiving an application under Article 15(3) the like consequences shall ensue as would have ensued if the Tax Department had, within 60 days of the application being received, issued a notice under Article 15(5) accepting the application.
- (7) Where it is necessary, in order to arrive at the Accounting Profit for any Accounting Period, to apportion to specific Accounting Periods the Accounting Profit for any period for which the accounts of a QFC Entity have been made up, it shall be lawful to make such an apportionment in proportion to the number of days in the respective periods.

Article 16 - Change in Basis of Accounting

- (1) This Article applies when in a change period there is a change in accounting basis such that-
 - (a) the basis of accounting adopted by a QFC Entity under Article 15 is changed; and
 - (b) the change gives rise, in accordance with GAAP, to a prior period adjustment to closing reserves.

- (2) For the purposes of this Article “change period” means the Accounting Period in which the change in accounting basis is first adopted.
- (3) Where Article 16(1) applies the prior period adjustment shall be treated as though it took place on the first day of the change period and shall be included in the Accounting Profit for that period.
- (4) In this Article “closing reserves” means the reserves at the end of the Accounting Period immediately prior to the change period.

Article 17 - Accounting Period

- (1) An Accounting Period of a QFC Entity shall begin for the purposes of corporation tax whenever-
 - (a) the QFC Entity, not then being within the charge to tax, comes within it by commencing activities within the terms of its QFC Licence; or
 - (b) an Accounting Period of the QFC Entity ends without it then ceasing to be within the charge to tax.
- (2) An Accounting Period of a QFC Entity shall end for the purposes of corporation tax on the first occurrence of any of the following-
 - (a) the expiration of 12 months from the beginning of the Accounting Period;
 - (b) the date to which the QFC Entity makes up its accounts;
 - (c) the QFC Entity ceasing to have any source of income within the terms of its QFC Licence;
 - (d) the QFC Entity becoming Resident in Qatar; or
 - (e) the occurrence of one or more of the events mentioned in Article 18(1).

Article 18 - Deemed Disposals

- (1) This Article applies whenever a QFC Entity-
 - (a) gives up or has its QFC Licence revoked;
 - (b) ceases to be Resident in Qatar; or
 - (c) appoints a liquidator at the commencement of a winding up under the Insolvency Regulations 2005.
- (2) Subject to Articles 18(3) and (4), on the occurrence of any of the events in Article 18(1) the QFC Entity will be treated as though immediately prior to the occurrence of the first such event it disposed of and immediately reacquired all of its assets and liabilities at their Market Value.
- (3) When a QFC Entity ceases to be Resident in Qatar, without an event in Article 18(1)(a) or (c) occurring then Article 18(2) does not apply to any assets and liabilities retained by a Permanent Establishment situated in Qatar of that QFC Entity.
- (4) Article 18(2) will only be applied once to the same QFC Entity but where Article 18(3) applies Article 18(2) will not be regarded as having been applied in respect of the assets and liabilities retained by the Permanent Establishment situated in Qatar.

Part 4: Computational Provisions

Article 19 - Policy Statement on Computational Provisions

Subject to any other provisions of these Regulations in computing the Chargeable Profits of a QFC Entity for an Accounting Period, expenses, costs or other disbursements may be deducted to the extent that they have been taken into account in arriving at the Accounting Profit of the QFC Entity for that Accounting Period and are incurred for the purpose of generating Local Source Profits or incurred in the operation of a business carried on for the purpose of generating such profits.

Article 20 - Scope of Charge

The Chargeable Profits of a QFC Entity shall include all local source income less expenses incurred in generating that income, and shall exclude all non-local source income less expenses incurred in generating that non-local source income.

Article 21 - Deductions Not Allowable

- (1) Subject to any other provisions in these Regulations, in computing the Chargeable Profits of a QFC Entity for an Accounting Period no deduction shall be available in respect of-
 - (a) depreciation of tangible fixed assets, except as provided for by Article 22;
 - (b) financial sanctions imposed by the Tax Department and fines or penalties imposed by any other Government agency, in Qatar or overseas;
 - (c) any costs connected with unlawful acts;
 - (d) amortisation of intangible fixed assets, except as provided for by Article 24;
 - (e) waivers of debts between Connected Persons;
 - (f) a provision for general bad debts or any other provision of a general nature and any bad debt incurred in relation to a loan where the associated interest income was not subject to tax under these Regulations;
 - (g) share based remuneration, except as provided for by Article 25;
 - (h) any Distribution of profits;
 - (i) overseas corporation tax, except as provided for by Article 40;
 - (j) any expenditure incurred generating income that is exempt from tax under these Regulations.
- (2) Where expenditure is incurred for the generation of local source income and non-local source income, the amount of expenditure to be allocated to each source shall be apportioned on a just and reasonable basis.

Article 22 - Depreciation

- (1) Subject to Articles 22(2) and 23, a QFC Entity shall be entitled to a deduction for the depreciation or other impairment of a tangible fixed asset acquired for the purpose of its Licensed Activity of an amount equal to the depreciation charged in its accounts.
- (2) Where depreciation is not calculated in accordance with GAAP, the deduction shall be restricted to the amount which would have been charged under GAAP.
- (3) The total tax deduction for the depreciation of an asset shall not exceed the original cost of the asset.

- (4) The reversal of a depreciation charge on an asset is taxable up to the original cost of the asset.
- (5) The original cost of an asset to a QFC Entity shall be the lower of the cost incurred by the QFC Entity in acquiring the asset and the Market Value of the asset at the time it was acquired.

Article 23 - Limits on Depreciation

- (1) The deduction under Article 22(1) shall be limited to 5% per annum of original cost, as defined by Article 22(5) for the following classes of assets-
 - (a) aircraft;
 - (b) ships;
 - (c) industrial buildings and offices;
 - (d) infrastructure assets including but not limited to roads, bridges and port facilities.
- (2) Where depreciation has been limited under Article 23(1) and in a subsequent Accounting Period the depreciation charged in the accounts in respect of that asset is less than 5% of original cost, a tax deduction for depreciation shall be allowed at the annual rate of 5%, provided that-
 - (a) the asset is still owned by the QFC Entity and is being used for the purpose of its Licensed Activity;
 - (b) the total accumulated tax deduction does not exceed original cost; and
 - (c) the total accumulated tax deduction does not exceed the total accumulated depreciation on the asset.

Article 24 - Amortisation of Intangible Fixed Assets

- (1) A QFC Entity shall be entitled to a deduction for the amortisation of an intangible fixed asset acquired for the purpose of its Licensed Activity of an amount equal to the amortisation charged in its accounts.
- (2) In the case of an internal intangible fixed asset the amortisation deduction under Article 24(1) shall not exceed the amount of taxable income generated from charges for the use, licence or exploitation of the asset.
- (3) An internal intangible fixed asset is any intangible fixed asset acquired from a Connected Person.

Article 25 - Share Based Remuneration

Remuneration of employees of QFC Entities which is linked to the share price performance of shares listed on a recognised stock exchange shall be allowed as a deduction for an Accounting Period only if it meets the following conditions-

- (a) it is charged in the profit and loss account of the QFC Entity; and
- (b) it is charged in the profit and loss account of the consolidated accounts of the quoted parent Company.

Part 5: Loss Relief

Article 26 - Policy Statement on Loss Relief

Tax losses are calculated on the same basis as Chargeable Profits. Losses can be carried forward but not back, and can be relieved against the profits of Companies in the same Group. The carry forward of losses may be restricted in the event of a change in Ownership.

Article 27 - Calculation of Tax Losses

Tax losses shall be computed in like manner and in respect of the same period as Chargeable Profits. Relief shall not be given more than once in respect of the same loss.

Article 28 - Carry Forward of Tax Losses

- (1) Where, in any Accounting Period a QFC Entity carrying on a Licensed Activity generates a tax loss, the loss shall be set off against any Chargeable Profits generated by that QFC Entity in succeeding Accounting Periods, for so long as it continues to have a source of income within the terms of its QFC Licence.
- (2) Any tax loss carried forward to a succeeding Accounting Period shall be set off in full against the Chargeable Profits of that succeeding period before any of the loss can be carried forward to a second succeeding Accounting Period.
- (3) Losses arising before these Regulations come into force are not available for carry forward.

Article 29 - Transfer of Licensed Activity Without Change in Ownership

- (1) This Article applies where a QFC Entity (the “predecessor”) ceases to carry on a Licensed Activity, and another QFC Entity (the “successor”) begins to carry it on, and at that time a Person with a 51% Interest in the predecessor has a 51% Interest in the successor which he continues to hold for at least 6 months from the date the successor begins to carry on the Licensed Activity.
- (2) Subject to Article 29(3) tax losses available to the predecessor, and not utilised as at the date of transfer of the Licensed Activity, shall be available to the successor as though they were losses carried forward under Article 28 as at the date of transfer.
- (3) Tax losses transferred to the successor shall only be available against Chargeable Profits arising from the Licensed Activity referred to in Article 29(1).

Article 30 - Disallowance of Tax Losses on a Change in Ownership

- (1) Where-
 - (a) within an Ownership change period there is a major change in the nature or conduct of the Licensed Activities carried on by a QFC Entity; or
 - (b) at any time after the scale of the activities carried on by a QFC Entity under its QFC Licence become negligible, and before any significant revival of those activities, there is a change in the Ownership of the QFC Entity,

no relief shall be available for tax losses carried forward from an Accounting Period ending before the change in Ownership to an Accounting Period ending after the change in Ownership.

- (2) An “ownership change period” is the period commencing one year before and ending two years after a change in Ownership.
- (3) For the purposes of this Article an Accounting Period shall be treated as ending on the day of the change in Ownership.
- (4) The apportionment of Chargeable Profits or tax losses between the period before and after a change in Ownership shall be on a time basis unless it can be shown to the satisfaction of the Tax Department that such a method would produce an unjust or unreasonable result for the QFC Entity, when such other method may be used as appears to the Tax Department to produce a just and reasonable result.
- (5) A major change in the nature of the Licensed Activities shall include a major change in the contents of the QFC Licence.
- (6) A change in Ownership in a QFC Entity shall be determined in accordance with Article 31.

Article 31 - Determination of Change in Ownership

- (1) For the purposes of Article 30 there has been a change in the Ownership of a Company if-
 - (a) a single Person acquires more than half of the Ordinary Share Capital of the Company; or
 - (b) two or more Persons each acquire a holding of 10% or more of the Ordinary Share Capital of the Company, and those holdings together amount to more than half the Ordinary Share Capital of the Company.
- (2) Ownership of a Company shall include both direct and indirect Ownership of Ordinary Share Capital.
- (3) For the purposes of Article 30 there has been a change in the Ownership of a partnership if there is a change in the beneficial Ownership of-
 - (a) at least half of the partnership assets; or
 - (b) at least half of the income earning rights in the partnership.
- (4) A determination of whether there has been a change in Ownership under this Article shall be restricted to a review of Company shareholdings or partnership beneficial Ownership, as the case may be, within any 12 month period.

Article 32 - Group Relief

- (1) Where in any Accounting Period a Company (the “surrendering Company”) has incurred a tax loss, the amount of the loss may be set off for the purposes of corporation tax against the Chargeable Profits of a second Company (the “claimant Company”) for its corresponding Accounting Period by way of a relief from corporation tax called “Group Relief”.
- (2) Group Relief shall be available where the surrendering Company and the claimant Company are both members of the same Group and are both QFC Entities.
- (3) Group Relief for an Accounting Period shall be allowed as a deduction against the claimant Company’s Chargeable Profits for the period after the deduction of tax losses brought forward from previous Accounting Periods under Article 28.
- (4) Group Relief may, by election, be allowed against the claimant Company’s Chargeable Profits before the deduction of tax losses brought forward under Article 28. An election

under this paragraph shall be made in writing to the Tax Department within 18 months from the end of the Accounting Period to which the election relates.

- (5) A claim to Group Relief shall be made in accordance with the provisions of the Tax Rules (TAX 9).
- (6) A payment for Group Relief, up to the amount of that relief, shall not be taken into account in computing Chargeable Profits or tax losses of either Company.
- (7) If the Tax Department discover that any Group Relief which has been given is or has become excessive they may make an assessment to tax in the amount which in their opinion ought to be charged. If an assessment under this Article is made because a claimant Company fails, or is unable, to amend its return under TAX 9.5.5, the assessment is not out of time under Article 117 (assessing time limits) if it is made within one year from-
 - (a) the date on which the surrendering Company gives notice of the withdrawal of consent or, if later, sends a copy of a new notice of consent, to the claimant Company under TAX 9.5.3; or
 - (b) the date on which the Tax Department send the claimant Company a copy of a notice containing their directions under TAX 9.5.4.
- (8) An assessment made under this Article may be appealed under Article 121.

Article 33 - Corresponding Accounting Periods

- (1) For the purposes of Group Relief any Accounting Period of the claimant Company which falls wholly or partly within an Accounting Period of the surrendering Company shall correspond to that Accounting Period.
- (2) Where an Accounting Period of the surrendering Company and a corresponding Accounting Period of the claimant Company do not coincide-
 - (a) the tax losses of the surrendering Company available to surrender to the claimant Company shall be reduced by applying the fraction-

$$\frac{A}{B}$$

and;

- (b) the Chargeable Profits of the claimant Company, against which the tax losses of the surrendering Company are to be set off, shall be reduced by applying the fraction-

$$\frac{A}{C}$$

where-

A is the length of the period common to the two Accounting Periods;

B is the length of the Accounting Period of the surrendering Company; and

C is the length of the corresponding Accounting Period of the claimant Company.

Article 34 - Definition of a Group

- (1) For the purposes of these Regulations, Companies shall be deemed to be members of a Group of Companies if one Company is a 75% Subsidiary of the other Company or both Companies are 75% Subsidiaries of a third Company.

- (2) Subject to Article 34(3), a Company is a 75% Subsidiary of another Company if and so long as not less than 75% of its Ordinary Share Capital is owned directly or indirectly by that other Company.
- (3) A Company shall not be treated as a 75% Subsidiary unless the parent is-
 - (a) beneficially entitled to not less than 75% of any profits available for Distribution to equity holders of the subsidiary Company; and
 - (b) beneficially entitled to not less than 75% of any assets of the subsidiary Company available to its equity holders on a winding up.
- (4) In determining whether one Company is a 75% Subsidiary of another Company, the other Company shall be treated as not being the owner of any Ordinary Share Capital which it owns directly in the first mentioned Company if the shares are held with the sole or main intention of deriving a profit from their resale.

Article 35 - Companies Joining or Leaving a Group

- (1) Subject to Article 35(2), Group Relief is available only if the surrendering Company and the claimant Company are members of the same Group throughout the whole of the surrendering Company's Accounting Period to which the claim relates and throughout the whole of the corresponding Accounting Period of the claimant Company.
- (2) Where on any occasion two Companies become or cease to be members of the same Group, then for the purposes of determining the availability and amount of Group Relief it shall be assumed in respect of each Company that on that occasion (unless a true Accounting Period of the Company then begins or ends) an Accounting Period of the Company ends and a new one begins.
- (3) Chargeable Profits and tax losses of the true Accounting Period shall be apportioned between the deemed Accounting Periods on a time basis according to their lengths.

Part 6: Double Taxation Relief

Article 36 - Policy Statement on Double Taxation Relief

Relief from double taxation is available under agreements for the avoidance of double taxation concluded by Qatar with other countries. Provision is also made for unilateral credit relief.

Article 37 - Relief Under Agreements with Other Countries

Where Qatar has entered into agreements with other countries for the avoidance of double taxation in relation to income tax, corporation tax or any other taxes of a similar nature, the provisions of those agreements shall apply in preference to any similar provisions in these Regulations and the Tax Rules.

Article 38 - Unilateral Relief

- (1) Relief from double taxation shall be given in respect of tax paid under the law of any country other than Qatar on income subject to tax under these Regulations, by allowing that tax as a credit against corporation tax, notwithstanding that no agreements are in force of the type referred to in Article 37, and this relief will be referred to as “unilateral relief”.
- (2) “Tax paid” in Article 38(1) shall only include-
 - (a) income and corporation taxes paid on income in the other country, computed by reference to that income; and
 - (b) withholding taxes paid in respect of income in the other country.
- (3) Articles 38 to 40 apply only to QFC Entities regarded as Resident in Qatar under Article 8 of these Regulations.

Article 39 - Calculation of Income Subject to Overseas Tax

- (1) Where credit for any overseas tax paid is to be given under these Regulations then the income in respect of which the credit is to be given shall include the full amount of the overseas tax paid on that income.
- (2) Relief for overseas tax paid shall not exceed the tax payable to the QFCA under these Regulations on the income in respect of which that overseas tax has been paid.

Article 40 - Election to Treat as an Expense

A QFC Entity may elect, in writing to the Tax Department within 18 months from the end of an Accounting Period, for overseas tax paid in respect of overseas income subject to tax under these Regulations in that Accounting Period to be treated as a deductible expense instead of being available for unilateral relief under Article 38. Where an election is made under this Article all of the tax paid on any source of overseas income shall be treated as an expense.

Part 7: Reorganisations and Reconstructions

Article 41 - Policy Statement on Reorganisations and Reconstructions

The QFC tax regime supports commercially driven reorganisations. This Part provides relief for a number of specified transactions. Relief is also available on a discretionary basis for other transactions carried out as part of a bona fide commercial reorganisation or reconstruction.

Article 42 - Intra-Group Transfer of Assets

- (1) Where a Company (“Company A”) disposes of an asset to another Company (“Company B”) at a time when both Companies are QFC Entities and are members of the same Group, then Company A and Company B shall be treated for the purposes of these Regulations as if the asset was acquired by Company B for a consideration of such amount as would secure that neither a gain nor a loss would accrue to Company A on the disposal.
- (2) If within 12 months after the disposal in Article 42(1) Company A and Company B cease to be members of the same Group then that disposal will be treated as having taken place at Market Value, at the date of the disposal.

Article 43 - Replacement of Business Assets

- (1) Where a QFC Entity disposes of specified business assets (the “old assets”) and the consideration for the disposal is used to acquire other specified business assets (the “new assets”) then on making a claim-
 - (a) the consideration for the disposal of the old assets shall be treated as if it were an amount to secure that neither a gain nor a loss would accrue to the QFC Entity; and
 - (b) the consideration for the acquisition of the new assets shall be reduced by the difference between the actual consideration for the disposal of the old assets and the amount the entity is treated as receiving under Article 43(1)(a).
- (2) In this Article a “specified business asset” is an asset meeting all the following conditions-
 - (a) the asset has been used for the purposes of generating local source income; and
 - (b) it falls within one of the following classes of assets-
 - (i) a building, part of a building or land;
 - (ii) goodwill;
 - (iii) patents, copyrights or any other form of intellectual property.
- (3) Where the consideration for the disposal is not fully utilised to acquire new assets, the consideration under Article 43(1)(a) shall be increased by the amount not so utilised.
- (4) Where the old assets have not been used for the purposes of generating local source income for the whole of their period of Ownership, or have not been used wholly for such purposes, the consideration under Article 43(1)(a) shall be of such an amount to secure that the gain accruing to the QFC Entity is proportionate to the period during which the old assets were not used for generating local source income or proportionate to the extent the old assets were not used for generating local source income, as the case may be.
- (5) This Article only applies where the acquisition of the new assets takes place within the period beginning 6 months before and ending two years after the disposal of the old asset.

Article 44 - Reduction in Share Capital

- (1) This Article applies where a Company-
 - (a) extinguishes or reduces the liability on any of its shares in respect of capital not paid up;
 - (b) cancels any paid up capital that is lost or unrepresented by available assets; or
 - (c) redeems or otherwise purchases any of its shares.
- (2) Any QFC Entity carrying out, receiving proceeds from or generating a profit and loss account credit in respect of a transaction listed in Article 44(1) shall be exempt from tax under these Regulations on the transaction.

Article 45 - Incorporation of a Business

- (1) This Article applies when a QFC Entity that is not a Company transfers to a QFC Entity that is a Company a business as a going concern, together with the whole, or substantially the whole of the assets of the business other than cash, and the business is transferred wholly in exchange for shares (the “new shares”) issued by the Company to the QFC Entity transferring the business.
- (2) The consideration for the transfer shall be treated as being of such amount as would secure that neither a gain nor a loss would accrue to the QFC Entity on the disposal.
- (3) In the event that Ownership of more than 50% of the new shares changes within 12 months of the date of transfer of the business mentioned in Article 45(1) then that transfer shall be treated as taking place at Market Value on the date the business was transferred to the Company.
- (4) Tax losses not utilised at the date of transfer by the QFC Entity that is not a Company shall be available to the QFC Entity that is a Company as though they were losses carried forward under Article 28 at the date of transfer.

Article 46 - Reorganisations and Reconstructions Carried out for Bona Fide Commercial Reasons

- (1) If a QFC Entity carries out a reorganisation or reconstruction not covered by Articles 42 to 45-
 - (a) for bona fide commercial reasons; and
 - (b) if obtaining a tax advantage was not the main object, or one of the main objects, of the transaction or series of transactions,the Tax Department shall, on application by the QFC Entity, consider treating the transaction or series of transactions constituting the reorganisation or reconstruction in a tax neutral manner.
- (2) The Tax Rules may contain provisions regarding the form and manner in which an application under Article 46(1) is to be made (TAX 14).

Part 8: Transfer Pricing

Article 47 - Policy Statement on Transfer Pricing

This Part provides rules for the treatment for tax purposes of income affected by transactions between Associated Persons.

Article 48 - Basic Rule

- (1) This Part applies when-
 - (a) conditions (“the actual conditions”) have been made or imposed between any two Associated Persons in their commercial or financial relations by means of a transaction or series of transactions; and
 - (b) by reason of the actual conditions being made or imposed instead of the arm’s length conditions there is, except for this Article, a reduction in the amount of the Chargeable Profits of one of those Associated Persons (“the first taxpayer”) for an Accounting Period.
- (2) The “arm’s length conditions” are the conditions that would have been made or imposed if the Persons were not Associated with each other and the term includes the case where no conditions would have been made or imposed as between Persons who were not Associated with each other.
- (3) The Chargeable Profits of the first taxpayer shall be computed for tax purposes as if the arm’s length conditions had been made or imposed as between the first taxpayer and the other Associated Person referred to in Article 48(1), instead of the actual conditions. This computation on that basis is referred to as a computation on the arm’s length basis.
- (4) For the purposes of this Part-
 - (a) references to a reduction in an amount of Chargeable Profits include references to a reduction to nil or to the accrual of a tax loss or an increased loss; and
 - (b) references to an increase in Chargeable Profits include references to the reduction in a tax loss whether to a smaller amount or to nil.
- (5) This Part applies whenever the conditions in question were made or imposed, whether before, on or after these Regulations come into force.

Article 49 - Loans

- (1) This Article applies where the actual conditions imposed between two Associated Persons include the making of a loan, and the matters specified in Article 49(2) are relevant to the determination of the arm’s length conditions for the purposes of Article 48.
- (2) Article 48(2) shall be construed as requiring account to be taken of all factors including-
 - (a) the appropriate level or extent of the borrowing person’s overall indebtedness;
 - (b) whether the loan would have been made at all if the Persons had not been Associated;
 - (c) the amount which the loan would have been if the Persons had not been Associated;
 - (d) the rate of interest and other terms which would have been agreed if the Persons had not been Associated,but is subject to the following provisions of this Article.
- (3) Where-
 - (a) a Person makes a loan to an Associated Person; and

- (b) it is not part of the first Person's business to make loans generally, the fact that it is not part of the first Person's business to make loans generally shall be disregarded in construing Article 49(2).
- (4) Article 48(2) shall be construed as requiring no account to be taken, in the determination of any of the matters mentioned in Article 49(2), of (or any inference capable of being drawn from) any guarantee provided by a Person with which the borrowing person is Associated.
- (5) Any reference to a guarantee includes a reference to a surety and to any other relationship, arrangement, connection or understanding (whether formal or informal) such that the Person making the loan to the borrowing person has a reasonable expectation that in the event of a default by the borrowing person he will be paid by, or out of the assets of, one or more Persons.
- (6) For the purposes of this Article, "the borrowing person" means the Person which received the loan referred to in Article 49(1).

Article 50 - Guarantees

- (1) This Article applies where the actual conditions are made or imposed by means of a series of transactions which include-
- (a) the receipt of a loan by a Person which is one of the Associated Persons ("the borrowing person"); and
 - (b) the provision of a guarantee by a Person which is the other of those Persons.
- (2) Article 48(2) shall be construed as requiring account to be taken of all factors including-
- (a) whether the guarantee would have been provided at all if the Persons had not been Associated;
 - (b) the amount that would have been guaranteed if the Persons had not been Associated;
 - (c) the consideration for the guarantee and other terms which would have been agreed if the Persons had not been Associated,
- but is subject to the following provisions of this Article.
- (3) Where-
- (a) a Person provides a guarantee in respect of another Associated Person; and
 - (b) it is not part of the first Person's business to provide guarantees generally, the fact that it is not part of the first Person's business to provide guarantees generally shall be disregarded in construing Article 50(2).
- (4) Article 48(2) shall be construed as requiring no account to be taken, in the determination of any of the matters mentioned in Article 50(5), of (or any inference capable of being drawn from) any guarantee provided by a Person with which the borrowing person is Associated.
- (5) The matters are-
- (a) the appropriate level or extent of the borrowing person's overall indebtedness;
 - (b) whether it might be expected that the borrowing person and a particular Person would have become parties to a transaction involving the receipt of a loan by the borrowing person or the making of a loan, or a loan of a particular amount, to that Person; and
 - (c) the rate of interest and other terms that might be expected to be applicable in any particular case to such a transaction.
- (6) Article 49(5) also applies for the purposes of this Article.

Article 51 - Compensating Adjustment Claims

- (1) If-
 - (a) in an Accounting Period and by reason of the actual conditions, an amount of Chargeable Profits of that other Person Associated with the first taxpayer, in this Part referred to as the second taxpayer, is increased;
 - (b) that increase in Chargeable Profits corresponds to the reduction in Chargeable Profits of the first taxpayer referred to in Article 48(1)(b); and
 - (c) a claim under this Article for a compensating adjustment has been made in writing by the second taxpayer to the Tax Department,the second taxpayer's Chargeable Profits shall be computed as if the arm's length conditions had been made or imposed instead of the actual conditions, and the computation must be consistent with the computation made on that basis in the case of the first taxpayer.
- (2) Article 51(1) shall not apply unless the amount of Chargeable Profits mentioned in Article 51(1)(a) would be taken into account in computing the amount of the second taxpayer's Chargeable Profits for an Accounting Period.
- (3) For the purposes of Article 51(2) in a case where no tax loss accrues or a smaller loss accrues, as mentioned in Article 48(4)(b), a Chargeable Profit shall instead be deemed to have accrued.
- (4) A claim by the second taxpayer under Article 51(1) shall not be made in relation to an Accounting Period unless-
 - (a) the first taxpayer had made a return on an arm's length basis for the Accounting Period; or
 - (b) a relevant notice given to the first taxpayer takes into account a determination in accordance with this Part of an amount falling to be brought into account for tax purposes on that basis for that Accounting Period; and
 - (c) the claim is made within 3 years of the date on which that return is made or that notice is given, or such longer time as the Tax Department may allow.
- (5) Where-
 - (a) a claim under Article 51(1) is made by the second taxpayer in relation to a return made on the arm's length basis as is mentioned in Article 51(4)(a); and
 - (b) a relevant notice taking account of such a determination as is mentioned in Article 51(4)(b) is subsequently given to the first taxpayer,the second taxpayer shall be entitled, within the period mentioned in Article 51(4)(c), to make any such amendment of the claim as may be appropriate in consequence of the determination contained in that notice.

Article 52 - Compensating Adjustment for Guarantor

- (1) This Article applies in any case where-
 - (a) a Person ("the borrowing person") has liabilities under the terms of a loan received by the Person;
 - (b) those liabilities are to any extent the subject of a guarantee provided by a Person ("the guarantor person"); and
 - (c) in computing the Chargeable Profits or tax losses of the borrowing person for the purposes of these Regulations, the amounts to be deducted in respect of interest or other amounts payable under the terms of the loan fall to be reduced (whether or not to nil) under Article 48(3) by virtue of Article 49.

- (2) On the making of a claim in writing to the Tax Department by the guarantor person in any such case, the guarantor person shall, to the extent of that reduction, be treated for all purposes of these Regulations as if it (and not the borrowing Person)-
 - (a) had received the loan;
 - (b) owed the liabilities under the terms of the loan; and
 - (c) had paid any interest or other amounts paid under the terms of the loan by the borrowing Person.
- (3) Where the borrowing Person's liabilities under the terms of the loan are the subject of two or more guarantees (whether or not provided by the same Person) the total of the amounts brought into account by the guarantor persons by virtue of Article 52(2) must not exceed the total amount of the reductions that fall within Article 52(1)(c).
- (4) Articles 51(4) and (5) shall apply in relation to a claim under Article 52(2) as they apply in relation to a claim under Article 51(1) by the second taxpayer but taking references in Article 48-
 - (a) to the first taxpayer, as references to the borrowing person; and
 - (b) to the second taxpayer, as references to the guarantor person.
- (5) Article 49(5) also applies for the purposes of this Article.

Article 53 - Balancing Payments

- (1) This Article applies where-
 - (a) the circumstances are as described in Article 51(1)(a) and (b); and
 - (b) one or more payments (the "balancing payments") are made to the first taxpayer by the second taxpayer; and
 - (c) the sole or main reason for making those payments is that Article 48(3) applies.
- (2) To the extent that the balancing payments do not in aggregate exceed the amount of the available compensating adjustment, those payments shall not be taken into account in computing the Chargeable Profits or tax losses of either the first taxpayer or the second taxpayer.
- (3) In this Article the "available compensating adjustment" means the difference between-
 - (a) the Chargeable Profits or tax losses of the second taxpayer computed on the basis of the actual conditions; and
 - (b) the Chargeable Profits or tax losses of the second taxpayer as they fall or would fall to be computed on a claim under Article 51(1),for this purpose taking the amounts in subparagraphs (a) and (b) above as a positive amount if it is an amount of Chargeable Profit and as a negative amount if it is an amount of tax loss.

Article 54 - Balancing Payments by Guarantor

- (1) This Article applies where-
 - (a) the circumstances are as described in Article 52(1);
 - (b) one or more payments (the "balancing payments") are made by the guarantor person to the borrowing person; and
 - (c) the sole or main reason for making those payments is that Article 48 applies by virtue of Article 50 or that Article 52 applies.
- (2) To the extent that the balancing payments by all the guarantor persons do not in aggregate exceed the total amount of the reductions as mentioned in Article 52(3), those payments

shall not be taken into account in computing the Chargeable Profits or tax losses of the guarantor person or persons or the borrowing person.

Article 55 - Effect on Double Taxation Relief

Where a claim under Article 51(1) or an amended claim under Article 51(5) is allowed and the claimant has been or may be given credit for overseas tax under an agreement of the type mentioned in Article 37 or under Article 38, in computing the amount of that credit-

- (a) the overseas tax to be taken into account as having been paid or as being payable by the claimant shall exclude any amount of overseas tax which would not have been paid or payable if the computation of the income to which the claim or amended claim relates, had, so far as it includes income to which the claim relates, been made on the arm's length basis; and
- (b) the amount of the income to be taken into account as having been received by the claimant and in respect of which the claimant is or may be given credit for overseas tax shall be determined, so far as it includes income to which the claim or amended claim relates, on the arm's length basis.

Article 56 - Associated Persons

For the purposes of this Part, Persons are Associated with each other if one Controls the other, either directly or indirectly, or both are Controlled by the same Person or Persons.

Article 57 - Control

- (1) For the purposes of these Regulations, and subject to Article 57(2), "Control" in relation to a Company means the power of a Person to secure-
 - (a) by means of the holding of shares or the possession of voting rights in or in relation to that Company; or
 - (b) by virtue of any powers conferred by the articles of association or other document regulating that or any other Company,that the affairs of the first Company are conducted in accordance with the wishes of that Person, and in relation to a partnership, means the right to a share of more than one-half of the assets, or of more than one-half of the income of that partnership.
- (2) For the purposes of these Regulations, a Person who exercises Control, or is able to exercise or is entitled to acquire, direct or indirect Control over the affairs of a Company or a partnership shall be taken to have Control of that Company or that partnership, as the case may be.
- (3) Without prejudice to the generality of Articles 57(1) and (2), a Person ("the potential controller") shall be taken to have indirect Control of a Company or a partnership at a particular time if he would be taken to be directly Controlling that Company or that partnership if the rights and powers attributed to him included the rights and powers of Persons with whom the potential controller is connected.
- (4) For the purposes of this Article two Persons are connected with each other if –
 - (a) one of them is an individual and the other is his spouse, a relative of his or of his spouse, or the spouse of such a relative;
 - (b) one ("the first Person") is in partnership with the other ("the second Person") or is the spouse or relative of the second Person; or

- (c) one of them is the trustee of a settlement and the other is-
 - (i) a Person who in relation to that settlement is a settler; or
 - (ii) a Person who is connected with a Person falling within subparagraph (i) above.
- (5) For the purposes of Article 57(4) “relative” means brother, sister, ancestor or lineal descendant including a step-child.

Article 58 - Transfer Pricing Appeals

When the question in dispute on any appeal within Article 123 is or involves a determination of whether this Part has effect as respect any conditions made or imposed between any two Persons and the question relates to any conditions made or imposed between two Persons each of whom is within the charge to tax under these Regulations in respect of profits arising from the relevant activities, then-

- (a) each of the Persons as between whom the actual conditions were made or imposed shall be entitled to appear and be heard by The Regulatory Tribunal, or to make representations to them in writing;
- (b) The Regulatory Tribunal shall determine that question separately from any other questions in those proceedings; and
- (c) their determination on that question shall have effect as if made on an appeal to which each of those Persons was a party.

Article 59 - Supplementary Provisions

- (1) For the purposes of this Part-
 - (a) “transaction” includes arrangements, understandings and mutual practices (whether or not they are, or are intended to be, legally enforceable);
 - (b) “a series of transactions” includes references to a number of transactions each entered into (whether or not one after the other) in pursuance of, or in relation to, the same arrangement;
 - (c) a series of transactions shall not be prevented by reason only of one or more of the matters mentioned in Article 59(1)(d) from being regarded as a series of transactions by means of which conditions have been made or imposed between any two Persons;
 - (d) the matters are-
 - (i) that there is no transaction to which both those Persons are parties;
 - (ii) that the parties to any arrangement in pursuance of which the transactions in the series are entered into do not include one or both of those Persons; and
 - (iii) that there is one or more of the transactions in the series to which neither of those is a party.
- (2) In this Article, “arrangement” means any scheme or arrangement of any kind (whether or not it is, or is intended to be, legally enforceable).
- (3) For the purposes of this Part, where conditions are made or imposed between Associated Persons in their commercial or financial relations by means of a transaction or series of transactions-
 - (a) it shall be assumed, unless the contrary is shown to the satisfaction of the Tax Department, that different conditions or no conditions would have been imposed if the Persons were not Associated; and

- (b) where a claim is made under Article 51(1), it shall be for the claimant to show that the claim satisfies that paragraph.
- (4) Any adjustment required to be made by virtue of this Part may be made by way of discharge or repayment of tax by modification of any assessment or otherwise.
- (5) In this Part “relevant activities” in relation to any Person who is one of the Persons as between whom any conditions have been made or imposed, means such of his activities as-
 - (a) comprise the activities in the course of which, or with respect to which, those conditions are made or imposed; and
 - (b) are not activities carried on either separately from those activities or for the purposes of a different part of that Person’s business.
- (6) In this Part “relevant notice” means-
 - (a) a closure notice under Article 112 in relation to an enquiry into a return filed under Article 97, or into a return amended under Article 104, or into a partnership return;
 - (b) a notice of a discovery assessment under Article 116(1); or
 - (c) a notice of a discovery determination under Article 116(2).

Part 9: General Partnerships and Limited Partnerships

Article 60 - Policy Statement on General and Limited Partnerships

A partnership is liable to tax under these Regulations as if it were a separate legal entity, but the tax liability is attributed to the individual partners.

Article 61 - General Scheme for Limited and General Partnerships

This Part contains provisions relating to General Partnerships and Limited Partnerships established under the Partnership Regulations 2007 and other General or Limited Partnerships registered under Part 8 of those Regulations, referred to in this Part as Partnerships.

Article 62 - Payment of Tax and Computation of Chargeable Profits of Limited and General Partnerships

- (1) Tax charged under these Regulations on a Partnership for an Accounting Period shall be attributed to the partners in accordance with their profit share for that Accounting Period.
- (2) If any tax payable by a Partnership remains unpaid 6 months after the due and payable date the Tax Department may collect such unpaid tax from the partners, based on their profit share.
- (3) Any tax to which Article 62(2) applies shall become a joint liability of the Partnership and each of the partners. The extent to which a particular partner is liable under this Article is restricted to a fraction of the total unpaid tax, that fraction being the same as his share of Partnership profits for the Accounting Period in question. Where the profit share of a partner is unknown this Article shall apply as if the partners shared profits equally.
- (4) In arriving at the Chargeable Profits of a General Partnership or Limited Partnership for any Accounting Period, the deduction in respect of remuneration paid to partners shall be restricted to a maximum of 50% of the Chargeable Profits of the General Partnership or Limited Partnership, as the case may be, for that Accounting Period as calculated prior to the deduction of partners' remuneration.

Part 10: Limited Liability Partnerships

Article 63 - Policy Statement on Limited Liability Partnerships

A Limited Liability Partnership is liable to tax under these Regulations as if it were a separate legal entity. There is a restriction on the deduction allowable for Members' remuneration.

Article 64 - General Scheme for Limited Liability Partnerships

This Part contains provisions relating to Limited Liability Partnerships (LLPs) established or registered under the Limited Liability Partnership Regulations 2005.

Article 65 - Computation of Chargeable Profits of Limited Liability Partnerships

- (1) In arriving at the Chargeable Profits of an LLP for any Accounting Period, the deduction in respect of remuneration paid to Members of the LLP shall be restricted to a maximum of 50% of the Chargeable Profits of the LLP for that Accounting Period, as calculated prior to the deduction of Members' remuneration.
- (2) A Member of an LLP is as defined by Article 11 of the Limited Liability Partnership Regulations 2005.

Part 11: Islamic Finance

Article 66 - Policy Statement on Islamic Finance

The QFC supports the development of Islamic financial services within Qatar through a tax regime which ensures that the tax treatment of Islamic Financial Institutions and Islamic Finance Transactions is certain and is, as far as possible, neither more nor less advantageous than that of conventional finance alternatives.

Article 67 - Taxation of Islamic Financial Institutions

- (1) Subject to the provisions of this Part, the Chargeable Profits of an Islamic Financial Institution shall be computed in the same manner as those of a Conventional Financial Institution.
- (2) Where any of the conditions of Article 67(4) are met an Islamic Financial Institution may make a claim, in respect of any Accounting Period, for a tax adjustment.
- (3) In this Article a “tax adjustment” means a decrease in the Chargeable Profits, or an increase in the tax loss, of an Islamic Financial Institution, and can create a tax loss.
- (4) The conditions required for a tax adjustment are-
 - (a) the profit declared in accounts prepared under standards issued by the Auditing and Accounting Organisation for Islamic Financial Institutions (AAOIFI) is materially higher, or in the case of a loss the loss is lower, than would have been declared under International Financial Reporting Standards (IFRS); or
 - (b) the Chargeable Profit, or tax loss, in respect of an Islamic Finance Transaction, or series of transactions, is materially higher or, in the case of a tax loss, lower, than would have arisen from an equivalent transaction, or series of transactions, structured as a Conventional Finance Transaction.
- (5) For the purposes of Article 67(4) “materially” means more than 5%.
- (6) The amount of a tax adjustment under this Article shall be such as is required to adjust the Chargeable Profits or, as the case may be, the tax loss for the Accounting Period of claim to the figure that would have arisen had the profit or loss been declared under IFRS or the transaction, or series of transactions, had been structured as a Conventional Finance Transaction.
- (7) Where the whole or part of a tax adjustment arises from the timing of the recognition of income or expenditure, the Chargeable Profits or tax losses of subsequent Accounting Periods shall be adjusted to take into account the reversal of any such timing difference.

Article 68 - Funding Costs of Islamic Financial Institutions

- (1) In computing Chargeable Profits or tax losses for an Accounting Period an Islamic Financial Institution is entitled to a deduction for the equivalent funding amount.
- (2) The “equivalent funding amount” for an Accounting Period is the deduction for funding costs that would be allowable under Part 4 of these Regulations for that Accounting Period if the Islamic Financial Institution were a Conventional Financial Institution funding its operations using Conventional Finance Transactions, less the actual funding amount.
- (3) The “actual funding amount” for an Accounting Period is the deduction for funding costs actually allowable for that Accounting Period under Part 4 of these Regulations.
- (4) “Funding costs” means the cost of servicing debt obligations, excluding capital repayments.

- (5) The transfer pricing provisions of Part 8 of these Regulations apply to the calculation of the equivalent funding amount in Article 68(2).

Article 69 - Taxation of Islamic Finance Transactions

- (1) This Article applies to any QFC Entity entering into an Islamic Finance Transaction with an Islamic Financial Institution.
- (2) If on making a claim a QFC Entity can show to the reasonable satisfaction of the Tax Department that by entering into an Islamic Finance Transaction it has either-
- (a) paid an amount of tax earlier; or
 - (b) over the period of the transaction paid a greater amount of tax, than would have been the case if the transaction had been entered into as a Conventional Finance Transaction, then an adjustment may be made to the self-assessment of the QFC Entity for the Accounting Periods covering the period of the transaction.
- (3) An adjustment under this Article shall be such as is required to put the QFC Entity in the same position, with respect to its liability to tax, that would have been the case if the Islamic Finance Transaction had been entered into as a Conventional Finance Transaction.

Article 70 - Islamic Finance and Special Purpose Vehicles

A special purpose vehicle (SPV) established for the purposes of supporting or facilitating an Islamic Finance Transaction may elect for special exempt status in accordance with Part 14 of these Regulations.

Part 12: Participation Exemptions

Article 71 - Policy Statement on Participation Exemptions

Capital gains and dividends in respect of qualifying shareholdings are exempt from tax under these Regulations.

Article 72 - Participation Exemption on Investment in Shares

- (1) The gain arising on the disposal of a qualifying shareholding shall be exempt from tax, and any loss arising shall not be available for relief under Part 5 of these Regulations.
- (2) A QFC Entity holds a “qualifying shareholding” in a Company if it meets the following conditions-
 - (a) it holds an interest of at least 10% of the Ordinary Share Capital of the Company;
 - (b) it, or another Company in the same Group, has held the interest mentioned in Article 72(2)(a) for a period of at least 6 months; and
 - (c) the shares in the Company have not been held wholly or mainly with a view to resale.

Article 73 - Receipt of Dividends in Respect of a Qualifying Shareholding

The receipt of a dividend or any other Distribution, including a stock dividend, in respect of a qualifying shareholding shall be exempt from tax under these Regulations.

Part 13: Insurance Companies

Article 74 - Policy Statement on Insurance Companies

Insurers are liable to tax under these Regulations on the basis of their Accounting Profits, determined by accounts prepared in accordance with GAAP and the laws of the QFC. A zero concessionary rate applies to the Chargeable Profits of Reinsurance Businesses and Captive Insurance Companies.

Article 75 - Taxation of Insurers

- (1) This Part applies to all QFC Entities licensed to carry on business as an Insurer.
- (2) Subject to the provisions of this Part, an Insurer is liable to tax on its Accounting Profit as defined by Article 15, and as adjusted by these Regulations.
- (3) An Insurer is taxable on investment income generated from its Licensed Activity.
- (4) The funded basis of accounting is not acceptable for the purpose of these Regulations.

Article 76 - Provisions

- (1) In arriving at its Chargeable Profits, an Insurer shall be entitled to a deduction for any specific provisions established in respect of a present obligation arising from a past event, provided that the past event occurred after the commencement date of these Regulations.
- (2) In arriving at the Chargeable Profits of an Insurer, no deduction may be allowed in respect of provisions of a general nature or for equalisation or catastrophe reserves established in respect of future events.

Article 77 - Takaful

- (1) This Article applies to any Insurer that has an endorsed authorisation under Islamic Finance Rulebook Rule 2.3.1 authorising it to conduct Islamic Financial Business-
 - (a) as an Islamic Financial Institution; or
 - (b) by operating an Islamic Window,and this Islamic Financial Business is the conducting of Insurance Business.
- (2) An Insurer meeting the requirements of Article 77(1) shall be referred to as a Takaful Entity.
- (3) A Takaful Entity shall set off the net surplus or deficit attributable to takaful business for an Accounting Period against Chargeable Profits of the same Accounting Period.

Article 78 - Captive Insurance Companies

- (1) This Article applies to QFC Entities that are Captive Insurance Companies.
- (2) Subject to Article 78(3), the Chargeable Profits of a Captive Insurance Company shall be charged to tax at the concessionary rate.
- (3) A Captive Insurance Company may elect for the standard rate to be charged instead of the concessionary rate.
- (4) An election under Article 78(3) shall be made in writing to the Tax Department within 6 months from the end of the first Accounting Period for which the election is to apply, and once made will remain in force for a period of 3 years.

Article 79 - Reinsurance Activity

- (1) An Insurer whose business consists of, or includes, the carrying on of a Reinsurance Business shall be charged to tax at the concessionary rate in respect of Chargeable Profits arising from its Reinsurance Business.
- (2) The income of a Reinsurance Business shall include investment income related to that business.

Article 80 - Concessionary Rate

The concessionary rate of corporation tax is 0% and where a QFC Entity is taxed at this rate, Part 5 of these Regulations does not apply.

Article 81 - Apportionment of Chargeable Profits

Where the Chargeable Profits of a QFC Entity are liable to corporation tax in part at the standard rate and in part at the concessionary rate those profits shall be apportioned on a just and reasonable basis.

Article 82 - Cessation of Business

- (1) An Insurer, ceasing to effect contracts of insurance, will be treated as being in a period of run-off until all liabilities to policyholders relating to the insurance business have been met.
- (2) During the period of run-off an Insurer will be entitled to all reliefs and allowances provided for within these Regulations, including but not limited to the carry forward of tax losses from previous Accounting Periods.

Part 14: Special Exemptions

Article 83 - Policy Statement on Special Exemptions

In support of financing and investment activities carried on by QFC Entities these Regulations provide for the establishment of tax exempt vehicles.

Article 84 - Election for Special Exempt Status

- (1) A QFC Entity which is one of the exempt vehicles listed in Article 84(3) may elect for special exempt status.
- (2) A QFC Entity on electing for special exempt status shall be exempt from tax under these Regulations for the Accounting Period to which the election relates.
- (3) For the purposes of this Part exempt vehicles are-
 - (a) a registered fund as defined in Article 85;
 - (b) a special investment fund as defined in Article 86;
 - (c) a special funding company as defined in Article 87;
 - (d) an alternative risk vehicle as defined in Article 88;
 - (e) a Charity.
- (4) Dividends received from a registered fund or a special investment fund which has elected for special exempt status are exempt from tax under these Regulations.
- (5) An election under this Article shall be made in writing to the Tax Department within 6 months from the end of the Accounting Period for which special exempt status is to apply.
- (6) An election for special exempt status will not be allowed if the Tax Department consider the sole or main purpose of the exempt vehicle is the avoidance of tax under these Regulations.
- (7) Part 5 of these Regulations does not apply to any QFC Entity that is exempt from tax under this Article.

Article 85 - Registered Fund

- (1) A registered fund is a Collective Investment Fund that is registered under the Collective Investment Funds Rulebook.
- (2) A Collective Investment Fund has the meaning given by the Financial Services Regulations, schedule 3, part 3, paragraph 6.

Article 86 - Special Investment Fund

- (1) A special investment fund is any LLC, partnership or trust which-
 - (a) is not a Collective Investment Fund;
 - (b) is managed by a QFC Entity; and
 - (c) is established for one of the permitted activities listed in Article 86(2).
- (2) The permitted activities are-
 - (a) private equity investments;
 - (b) venture capital investments;
 - (c) establishing a fund for the purpose of making investments.
- (3) Subject to Article 86(4), a special investment fund may not elect for special exempt status under Article 84(1) if any Person holds an interest of more than 25% of the value of the fund, unless that interest is held in the course of establishing or winding up the fund.

- (4) Article 86(3) does not apply to Charities.
- (5) In determining whether a Person owns more than 25% of a special investment fund there shall be attributed to him the interests of any Person with whom he is Connected.

Article 87 - Special Funding Company

- (1) A special funding company is a Company carrying on one or more of the activities listed below and no other activity, apart from any activity incidental to such activities-
 - (a) acquiring, holding and managing financial assets forming the whole or part of the security for a funding arrangement;
 - (b) acting as a guarantor in respect of loan relationships, derivative contracts, finance leases or other liabilities of other Companies where the whole, or substantially the whole, of the Company's rights in respect of the guarantee form the whole or part of the security for the funding arrangement;
 - (c) acquiring, holding and managing financial assets forming the whole or part of the security for a funding arrangement entered into by another special funding company;
 - (d) entering into and being a party to a creditor relationship with another special funding company.
- (2) A "funding arrangement" is any arrangement for the raising of funds, or the creation of any form of debt instrument.

Article 88 - Alternative Risk Vehicles

- (1) An alternative risk vehicle is a QFC Entity established for the purposes of managing risk, but which is not a Captive Insurance Company.
- (2) To qualify as an alternative risk vehicle 75% of the risk management activities must relate to members of the same Group to which the alternative risk vehicle belongs.

Part 15: Administration

Article 89 - Establishment of the Tax Department

- (1) A Tax Department shall be established by the QFC Authority pursuant to Article 6 of the QFC Law.
- (2) The Tax Department shall administer these Regulations and all aspects of QFC corporation tax.
- (3) The Tax Department shall be managed by the Director of Tax who shall determine its procedure and management.
- (4) The Tax Department shall be subject to the supervision of the QFC Authority which shall have the power and function to-
 - (a) ensure that the Tax Department exercises its statutory powers and performs its statutory functions;
 - (b) review the performance of the Tax Department and the use of its resources; and
 - (c) give the Tax Department written directions as to the furtherance of any of its objectives or the performance of its functions.
- (5) The Tax Department shall have the following functions, among others, as set forth in these Regulations-
 - (a) to investigate any contravention of, and to enforce, these Regulations and the Tax Rules;
 - (b) to maintain relations with all State authorities involved in matters addressed in these Regulations, to coordinate with such authorities in the implementation of these Regulations and any rules, policies or orders issued thereunder, to provide such authorities with any documents or materials to which they have a right under these Regulations and any applicable laws, rules or regulations of the State and to represent the QFC in dealings with such authorities; and
 - (c) all other functions provided for in these Regulations and the Tax Rules considered by it to be necessary, desirable or appropriate to achieve, further or assist in relation to any of the above.

Article 90 - Power to Delegate

- (1) The Director of Tax may delegate to any Officer of the Tax Department any duties, powers and functions conferred or imposed on the Director of Tax under these Regulations except-
 - (a) the power of delegation conferred by this Article; and
 - (b) the power of authorisation under Article 126.
- (2) A delegation under Article 90(1) shall be in writing and shall specify the duties, powers and functions delegated to the Officer. Any modification, extension or revocation of a delegation shall also be in writing and shall specify the modification, extension or revocation being made.
- (3) Where the Director of Tax delegates to an Officer of the Tax Department any duty, power or function under this Article, that Officer shall remain under the supervision of the Director of Tax throughout the entire period during which the delegation is in effect.

Article 91 - Power to Make Rules

The QFC Authority may make rules to the extent set out in the QFC Law, these Regulations and any other related Regulations made under the QFC Law conferring powers, duties or functions on the QFC Authority as it deems necessary or appropriate to enable it, the Tax Department and the Director of Tax to implement, carry out or enforce their duties, functions and powers under the QFC Law, these Regulations and any other related Regulations made under the QFC law.

Part 16: Rulings by Tax Department

Article 92 - Policy Statement on Rulings

A key tenet of the QFC tax regime is to provide QFC Entities with certainty and clarity regarding their tax liabilities. To support this objective the Tax Department will provide an efficient and timely rulings procedure for specific transactions and, through the issue of practice notes, clarify general issues of difficulty or doubt about any aspect of these Regulations or the Tax Rules.

Article 93 - Rulings

- (1) The Tax Department may, on application in writing by a QFC Entity, give a written ruling setting out the Tax Department's position regarding the application of these Regulations and the Tax Rules with respect to an arrangement proposed or entered into by the QFC Entity.
- (2) The Tax Department are not obliged to give a ruling where they are of the opinion that the main object, or one of the main objects of the arrangement proposed or entered into is the avoidance of tax, the application is frivolous or vexatious or the application does not involve genuine points of doubt or difficulty.
- (3) The Tax Rules may prescribe the form of an application under this Article, the fee payable and other administrative matters relating to rulings (TAX 7).
- (4) Subject to Article 93(5) a ruling under this Article is binding on the Tax Department with respect to the application of these Regulations and the Tax Rules, as in force at the time of the ruling, to the QFC Entity with respect to the arrangement, provided that-
 - (a) the QFC Entity makes a full and true disclosure, prior to the ruling, to the Tax Department of all aspects of the arrangement relevant to the ruling; and
 - (b) the arrangement proceeds in all material aspects as described in the application.
- (5) A ruling given by the Tax Department under this Article in respect of a proposed arrangement shall not be binding on the Tax Department if the proposed arrangement has not been entered into within 12 months of the date of the ruling.
- (6) An application for a ruling in respect of an arrangement already entered into must be made at least 60 days prior to the filing date for the return for the Accounting Period during which the arrangement was entered into.
- (7) Where there is inconsistency between a practice note issued under Article 94 and a ruling under this Article, the terms of the ruling shall apply.

Article 94 - Practice Notes

- (1) The Tax Department may at any time, of their own accord or on request from a QFC Entity, issue a practice note setting out their interpretation of any aspect of these Regulations or the Tax Rules.
- (2) A practice note is binding on the Tax Department until revoked, but is not binding on QFC Entities.
- (3) The Tax Department shall make practice notes available to the public by such medium as they consider appropriate.

Part 17: Records and Returns

Article 95 - Policy Statement on Records and Returns

All QFC Entities within the charge to tax must file a return for each Accounting Period. Appropriate records are to be maintained and preserved and accounts, computations, and other documents, as specified by the Tax Department, are to be submitted with the return. Each return is to contain a self-assessment of tax payable. Returns may be amended within 12 months of the filing date. Financial sanctions may be imposed in respect of late or incorrect returns. Returns may be filed electronically.

Article 96 - Records

- (1) The Tax Rules may specify the books of account and other records to be maintained and preserved by QFC Entities (TAX 6).
- (2) A QFC Entity which fails to maintain and preserve books of account and other records as specified in the Tax Rules is liable to a financial sanction not exceeding QR 20,000.

Article 97 - Obligation to File a Return

- (1) Every QFC Entity shall for each Accounting Period file a return with the Tax Department, on or before the filing date as defined by Article 99.
- (2) Every return shall be signed by the Representative of the QFC Entity filing the return and include a declaration to the effect that the return is to the best of his knowledge correct and complete.
- (3) Where no return for an Accounting Period is filed by a QFC Entity on or before the filing date the Tax Department may determine, to the best of their information and belief, the amount of tax payable by that QFC Entity for the Accounting Period in question.
- (4) A determination under Article 97(3) may not be made more than five years after the filing date for the Accounting Period in question.
- (5) If, after a determination of tax payable has been made under Article 97(3), the QFC Entity files a return for an Accounting Period ending in or at the end of the Accounting Period specified in the notice of determination, the self-assessment in that return supersedes the determination.
- (6) Article 97(5) does not apply to a return filed-
 - (a) more than 5 years after the day on which the power to make a determination became exercisable; or
 - (b) more than 12 months after the date of the determination, whichever is the later.
- (7) The Tax Rules may make procedural and administrative provisions regarding the making of a determination under this Article (TAX 8).

Article 98 - Partnership Return

- (1) The obligation to file a return under Article 97 shall apply, in the case of a QFC Entity that is a partnership, to the partnership rather than to the partners.
- (2) A partnership return shall contain a statement of the allocation of Taxable Profits (the profit share) between the partners which shall be binding on them with regard to attributing tax

liability to them under Article 62 for the Accounting Period in respect of which the return is filed.

- (3) A return of a QFC Entity which carries on a business in partnership must include a statement of its share of any profit or loss.
- (4) Where the return of a QFC Entity (the “member”) includes, under Article 98(3), a share of a profit or loss in a partnership, and that partnership is itself a QFC Entity (the “QFC partnership”), the share shall not be taxed or relieved, as the case may be, on the member to the extent it is taxed or relieved, as the case may be, on the QFC partnership.

Article 99 - Filing Date

- (1) The filing date for a return under Article 97 is 6 months from the end of the Accounting Period to which the return relates.
- (2) The Tax Rules may provide for an extension to the filing date (TAX 8).

Article 100 - Self-Assessment

Every return filed under Article 97 must include an assessment (a “self-assessment”) of the amount of corporation tax payable by the QFC Entity for the Accounting Period for which the return is filed.

Article 101 - Calculation of Tax Payable

- (1) The amount of corporation tax payable for an Accounting Period is calculated by applying the appropriate rate of tax to the QFC Entity’s Taxable Profits for the Accounting Period.
- (2) Except where otherwise provided, references in these Regulations and the Tax Rules to the amount of tax payable by a QFC Entity for an Accounting Period are to the amount shown in the QFC Entity’s self-assessment as the amount payable.

Article 102 - Claims

The Tax Rules may contain administrative provisions regarding the procedure for making claims (TAX 13).

Article 103 - Prescribed Form and Information to Accompany Return

- (1) A return filed under Article 97 shall-
 - (a) be in the manner and form prescribed by the Tax Department; and
 - (b) include such information, accounts, statements and reports as may reasonably be required by the Tax Department for the purpose of ascertaining the Taxable Profits or tax losses, if any, and the tax liability of the QFC Entity filing the return.
- (2) The Tax Rules may contain administrative provisions relating to the electronic filing of returns (TAX 12).

Article 104 - Amended Returns

- (1) A QFC Entity may amend a return filed under Article 97 by notice to the Tax Department.
- (2) In the case of a partnership a return may be amended by the partnership’s Representative.

- (3) A notice under this Article shall be in such form, contain such information and be accompanied by such statements as the Tax Department may require.
- (4) A QFC Entity may not amend a return under this Article more than 12 months after the filing date.

Article 105 - Acknowledgement of Returns

The Tax Department shall, within 30 days of receiving a return filed under Article 97 or an amended return under Article 104, give notice in writing to the QFC Entity having filed the return to the effect that the return, or amendment, has been received.

Article 106 - Obvious Errors

- (1) The Tax Department may amend a return, by notice to the QFC Entity that filed the return, to correct obvious errors or omissions in the return whether errors of principle, arithmetical mistakes, or otherwise.
- (2) No correction under this Article may be made by the Tax Department more than 4 months after-
 - (a) the day on which the return was filed; or
 - (b) if the correction is required in consequence of an amendment by the QFC Entity under Article 104, the day on which that amendment was made.

Article 107 - Financial sanctions relating to returns

- (1) A QFC Entity which fails to file a return for an Accounting Period under Article 97 by the filing date, or the filing date as extended under the Tax Rules (TAX 8), is liable to a flat-rate financial sanction of QR 1,500. It may also be liable to a tax-related financial sanction under Article 107(2).
- (2) A QFC Entity which fails to file a return for an Accounting Period under Article 97 within 12 months after the filing date, or the filing date as extended under the Tax Rules (TAX 8), is liable to a financial sanction of 10% of the tax payable by the QFC Entity for the Accounting Period remaining unpaid on the date the liability to the financial sanction under this Article arises.
- (3) A financial sanction under Article 107(1) may be set aside if it appears to the Tax Department, on application in writing by the QFC Entity for that purpose, that throughout the period of default the QFC Entity had a reasonable excuse for not filing the return. An application under this Article may not be made until the return in question has been filed and must be made within 30 days of that date.
- (4) A QFC Entity which-
 - (a) fraudulently or negligently files a return which is incorrect; or
 - (b) discovers that a return filed by it, neither fraudulently or negligently, is incorrect and does not remedy the error without unreasonable delay,is liable to a tax-related financial sanction of an amount not exceeding the tax understated.
- (5) The tax understated in Article 107(4) is the difference between the amount of tax payable by the QFC Entity for the Accounting Period for which the return is filed and the amount of tax which would have been so payable on the basis of the return filed.

Part 18: Enquiries

Article 108 - Policy Statement on Enquiries

The Tax Department has broad powers, including information powers, to enquire into returns. An enquiry must normally be opened within 12 months of a return being filed or amended as the case may be. This limited enquiry window, together with a provision allowing the Tax Department to indicate it does not intend to enquire into a return, gives QFC Entities a degree of certainty regarding their tax liability. The enquiry time limits are extended where the Tax Department considers there has been fraud or neglect. A QFC Entity may ask, by way of appeal, for an enquiry to be closed if it considers the Tax Department is not justified in continuing the enquiry.

Article 109 - Notice of Enquiry and Notice of Intention not to Enquire

- (1) The Tax Department may enquire into a return filed under Article 97 if it gives notice of its intention to do so (“notice of enquiry”) to the QFC Entity which filed the return, within the time allowed.
- (2) The time allowed is-
 - (a) if the return was filed on or before the filing date, up to the end of the period of 12 months after the filing date;
 - (b) if the return was filed after the filing date, up to the end of the period of 12 months after the return was filed; and
 - (c) if the return is amended under Article 104, up to the end of the period of 12 months after the amendment was made.
- (3) A return which has been the subject of one notice of enquiry may not be the subject of another, except one given in consequence of an amendment (or another amendment) of the return by the QFC Entity.
- (4) The Tax Department may, with regard to any return or amended return, inform a QFC Entity by notice in writing that it does not intend to raise an enquiry under this Article in respect of that return or amended return.
- (5) Where a notice has been given to a QFC Entity under Article 109(4) the Tax Department may not commence an enquiry under this Article into the return or amended return specified in the notice unless they form the opinion that the return or amended return was filed fraudulently or negligently.

Article 110 - Scope of Enquiry

- (1) Subject to Article 110(2), an enquiry into a return filed under Article 97 may extend to anything contained in the return, or required to be contained in the return, including any claim.
- (2) If a notice of enquiry is given as a result of an amendment of a return under Article 104-
 - (a) at a time when it is no longer possible to give notice of enquiry under Article 109(2)(a) or (b); or
 - (b) after an enquiry into the return has been completed,the enquiry is limited to matters to which the amendment relates or which are affected by the amendment.

Article 111 - Amendment of Self-Assessment During Enquiry to Prevent Loss of Tax

- (1) Where an enquiry into a return is in progress and the Tax Department forms the opinion-
 - (a) that the amount stated in the self-assessment contained in the return as the amount of tax payable is insufficient; and
 - (b) that unless the self-assessment is immediately amended there is likely to be a loss of tax to the QFC,the Tax Department may by notice to the QFC Entity whose return is under enquiry, amend the self-assessment to make good the deficiency.
- (2) In the case of an enquiry which under Article 110(2) is limited to matters arising from an amendment of a return, Article 111(1) applies only so far as the deficiency is attributable to the amendment.
- (3) An appeal may be made against an amendment made under this Article by notice in writing to the Tax Department, given within 30 days after the amendment was notified to the QFC Entity.
- (4) An appeal under Article 111(3) shall not be heard or determined before the completion of the enquiry.

Article 112 - Completion of Enquiry

- (1) An enquiry into a return filed under Article 97 is completed when the Tax Department by notice (a “closure notice”) informs the QFC Entity whose return it is that they have completed their enquiry and state their conclusions. The notice takes effect when it is issued.
- (2) A closure notice must either-
 - (a) state that in the opinion of the Tax Department no amendment of the return is required; or
 - (b) make the amendments to the return to give effect to the conclusions.
- (3) A QFC Entity whose return is subject to an enquiry may apply, by way of an appeal, for a direction requiring the Tax Department to issue a closure notice within a specific period.
- (4) Where an application under this Article is heard by The Regulatory Tribunal, that tribunal shall give the direction applied for under Article 112(3) unless they are satisfied the Tax Department has reasonable grounds for not giving a closure notice within a specified period.
- (5) An amendment of a return under Article 112(2)(b) shall displace any amendment of a self-assessment made during the course of the enquiry under Article 111.

Article 113 - Notice to Produce Documents and Information

- (1) Where the Tax Department has given a notice of enquiry to a QFC Entity under Article 109(1), they may by notice require the QFC Entity-
 - (a) to produce to them such documents as are in the QFC Entity’s power or possession; and
 - (b) to provide them with such information, in such form, as they may reasonably require for the purposes of the enquiry.
- (2) A notice under this Article must specify the time within which the QFC Entity is to comply with it.
- (3) The Tax Department may take copies of, or make extracts from, any documents produced to them under this Article.

- (4) An appeal may be made against a requirement imposed by a notice under this Article to produce information or provide documents.
- (5) Where an appeal under this Article is heard by The Regulatory Tribunal, that tribunal-
 - (a) shall set aside the notice so far as it requires the production of documents, or the provision of information, which appears to them as not reasonably required for the purposes of the enquiry; and
 - (b) shall confirm the notice so far as it requires the production of documents, or the provision of information, which appears to them as reasonably required for the purposes of the enquiry.
- (6) A notice confirmed by The Regulatory Tribunal (or in so far as it is confirmed) has effect as if the period specified in it for complying was 30 days from the determination of the appeal.
- (7) The decision of The Regulatory Tribunal on an appeal under this Article is final and binding.
- (8) A QFC Entity which fails to comply with a notice to produce documents or information under this Article is liable-
 - (a) to a financial sanction of QR1,000; and
 - (b) if the failure continues after a financial sanction is imposed under Article 113(8)(a), to a further financial sanction or financial sanctions not exceeding QR1,000 for each day on which the failure continues.
- (9) No financial sanction shall be imposed under Article 113(8) in respect of a failure at any time after the failure has been rectified.

Article 114 - Amendment of Return by QFC Entity During Enquiry

- (1) This Article applies if a return is amended under Article 104 at a time when an enquiry into that return is in progress. The amendment does not restrict the scope of the enquiry.
- (2) So far as the amendment affects the amount stated in the self-assessment included in the return as the amount of tax payable, it does not take effect while the enquiry is in progress, and-
 - (a) if the Tax Department take the amendment into account in formulating the amendments contained in a closure notice issued under Article 112, or conclude the amendment is incorrect, the amendment shall not take effect;
 - (b) otherwise the amendment takes effect when a closure notice under Article 112 concluding the enquiry is issued.

Part 19: Assessments

Article 115 - Policy Statement on Assessments

The self-assessment regime means that the Tax Department need not routinely make assessments. An assessment may be made where it is discovered there has been a loss of tax. Discovery assessments may not be made where information has been provided timeously. Assessments may only be made within specified time limits. Relief is provided for where a QFC Entity has overpaid tax due to an error or mistake in a return.

Article 116 - Discovery Assessments and Determinations

- (1) If the Tax Department discover with regard to an Accounting Period of a QFC Entity that-
 - (a) an amount which ought to have been assessed to tax has not been assessed;
 - (b) an assessment to tax is or has become insufficient; or
 - (c) relief has been given which is or has become excessive,they may, subject to Article 116(3), make an assessment (a “discovery assessment”) in the amount or further amount which ought in their opinion to be charged in order to make good the loss of tax.
- (2) If the Tax Department discover that a return filed by a QFC Entity for an Accounting Period incorrectly states-
 - (a) an amount that affects, or may affect, the tax payable by that QFC Entity for another Accounting Period; or
 - (b) an amount that affects, or may affect, the tax liability of another QFC Entity,they may, subject to Article 116(3), make a determination (a “discovery determination”) of the amount which in their opinion ought to have been stated in the return.
- (3) A discovery assessment or discovery determination under this Article may only be made if either Article 116(4) or Article 116(5) applies.
- (4) A discovery assessment for an Accounting Period for which a QFC Entity has filed a return, or a discovery determination, may be made if at the time that the Tax Department-
 - (a) ceased to be entitled to give notice of enquiry into the return; or
 - (b) completed their enquiries into the return,they could not have been reasonably expected, on the basis of information made available to them before that time, to be aware of the situation mentioned in Article 116(1) or (2).
- (5) A discovery assessment for an Accounting Period for which a QFC Entity has filed a return, or a discovery determination, may be made if the situation mentioned in Article 116(1) or (2) is attributable to the fraudulent or negligent conduct of the QFC Entity or a Person acting on that Entity’s behalf.

Article 117 - Time Limits for Assessments

- (1) Subject to any provision of these Regulations allowing a longer period, no assessment may be made more than 6 years after the end of the Accounting Period to which it relates.
- (2) An assessment may be made for the purpose of making good a loss of tax attributable to the fraudulent or negligent conduct of a QFC Entity, or of any Person acting on that Entity’s behalf, at any time up to 20 years after the end of the Accounting Period to which it relates.

Article 118 - Error or Mistake

- (1) If a QFC Entity that has paid tax under an assessment (whether a self-assessment or otherwise) asserts that the assessment was excessive by reason of some error or mistake in a return it may make an application in writing to the Tax Department for relief, not more than 6 years after the end of the Accounting Period to which the return relates.
- (2) On receiving an application under Article 118(1) the Tax Department shall enquire into the matter and give such relief, by way of repayment, in respect of the error or mistake as is just and reasonable.
- (3) A QFC Entity may appeal against the Tax Department's decision under Article 118(2).

Article 119 - Assessment Procedure

- (1) Notice of an assessment to tax must be served on the QFC Entity assessed stating-
 - (a) the date on which the notice is issued; and
 - (b) the period within which any appeal against the assessment may be made.
- (2) Where a notice of assessment has been served on a QFC Entity, the assessment may not be altered except in accordance with the provisions of these Regulations or the Tax Rules.
- (3) The Tax Department shall keep a record of every assessment made.

Part 20: Appeals

Article 120 - Policy Statement on Appeals

This Part provides the framework for a dispute resolution process that is accessible, transparent and just. In the first instance the Tax Department will review its own decisions. If a matter is not resolved by the review process, the appeal may be taken to The Regulatory Tribunal and ultimately to The QFC Court. QFC Entities have the right to bypass the review process.

Article 121 - Appeal Procedure

- (1) Within 30 days of the amendment to a return under Article 112(2)(b), the date of service of a notice of assessment under Article 116 or any other matter which may be appealed under these Regulations or the Tax Rules, a QFC Entity may by notice in writing to the Tax Department, appeal against the amendment, assessment, decision or determination.
- (2) A notice under Article 121(1) shall state the grounds of appeal.
- (3) All appeal proceedings under these Regulations and the Tax Rules shall be brought before The Regulatory Tribunal.

Article 122 - Tax Department Review

- (1) Subject to Article 122(4), upon receipt of an appeal under Article 121 the Tax Department shall conduct a review of the subject matter of the appeal.
- (2) The Tax Department shall give the QFC Entity written notice of their decision following a review under Article 122(1).
- (3) If the QFC Entity agrees in writing to a decision issued by way of notice under Article 122(2) the appeal shall be regarded as determined by agreement under Article 123(5), in the terms of the notice, on the date the written agreement by the QFC Entity is received by the Tax Department.
- (4) Where a review under this Article is in progress, and before a notice is issued under Article 122(2), a QFC Entity may apply to the Tax Department, by notice in writing, for the appeal to be referred directly to The Regulatory Tribunal and upon receipt of such an application the Tax Department shall make the referral, notifying the QFC Entity in writing that it has done so.
- (5) If a referral to The Regulatory Tribunal is made following an application from a QFC Entity under Article 122(4) the Tax Department is not obliged to issue a decision notice under Article 122(2).

Article 123 - Appeals

- (1) If a QFC Entity is dissatisfied with the Tax Department's decision under Article 122(2) the QFC Entity may apply to the Tax Department, by notice in writing, for the appeal to be referred to The Regulatory Tribunal and upon receipt of such an application the Tax Department shall make the referral, notifying the QFC Entity in writing that it has done so.
- (2) Nothing in these Regulations or the Tax Rules shall prevent a QFC Entity from referring an appeal directly to The Regulatory Tribunal and requesting a hearing.
- (3) The Tax Rules may make administrative provisions regarding appeals.

- (4) Upon the hearing of an appeal, The Regulatory Tribunal may confirm, increase or order the reduction of any assessment or make any other order as they think fit.
- (5) Where, before an appeal is determined by The Regulatory Tribunal, the QFC Entity and the Tax Department come to an agreement in writing to disallow the appeal or to allow it either wholly or in part, the like consequences shall ensue for all purposes as would have ensued if, at the time the agreement was come to, The Regulatory Tribunal had determined the appeal in that manner.
- (6) An assessment or self-assessment, including a self-assessment amended under Article 112, shall stand good unless it is shown to the satisfaction of The Regulatory Tribunal, by examination of the appellant on oath or affirmation or by other evidence that the assessment is excessive.
- (7) Within 30 days of the final determination of an appeal by The Regulatory Tribunal any party to the proceedings, if dissatisfied with the determination or decision as being erroneous in point of law, may by notice served on The Regulatory Tribunal, require it to state and sign a case for the opinion of The QFC Court.

Article 124 - Late Appeals

- (1) An appeal may be brought out of time if on application for the purpose, the Tax Department are satisfied there was a reasonable excuse for not bringing the appeal within the time limited, and that the application was made thereafter without unreasonable delay.
- (2) Where the Tax Department do not accept an application under Article 124(1) the QFC Entity whose appeal it is may apply to the Tax Department, by notice in writing, for that decision to be reviewed under Article 122 as if it were a separate appeal.
- (3) If the question of whether a late appeal should be accepted or not is referred to the Regulatory Tribunal, that Tribunal may hear the question separately, or as a preliminary matter in the hearing of the appeal itself.

Part 21: Information Powers

Article 125 - Policy Statement on Information Powers

The Tax Department has wide powers in relation to obtaining information from QFC Entities, including the examination and retention of documents and the examination of individuals. These powers will generally only be used to tackle serious cases of evasion or non-compliance and will not be used routinely.

Article 126 - Notice to Obtain Information

- (1) Subject to Article 126(2), the Tax Department may, by service of a notice in writing, require a Person, whether or not liable for tax under these Regulations-
 - (a) to produce, including by way of creation of a document, within the time specified in the notice, any information that is described with reasonable certainty in the notice;
 - (b) to attend at the time and place designated in the notice for the purposes of being interviewed by the Director of Tax, or by an Officer of the Tax Department authorised in writing by the Director of Tax, concerning the tax affairs of the Person or any other Person; or
 - (c) to produce at an interview under (b) and for the purposes of that interview any document, in the possession or power of the Person, that is described with reasonable certainty in the notice.
- (2) This Article shall apply only to QFC Entities, and the Representatives, partners, employees and trustees of QFC Entities.
- (3) Any Person to be interviewed under Article 126(1)(b) is entitled to legal or other representation throughout the interview.
- (4) Where a person fails, wholly or in part, to comply with a notice under this Article they shall be liable to a financial sanction not exceeding QR 50,000.

Part 22: Payment and Recovery

Article 127 - Policy Statement on Payment and Recovery

This Part provides for due dates of payment and the collection and recovery of corporation tax. Interest is chargeable on tax paid late and payable on refunds made by the Tax Department. The rate of interest will be set at a commercial rate and is not penal. Interest on tax paid late is not an allowable tax deduction, and interest received on refunds is not taxable.

Article 128 - Due and Payable Date

- (1) Corporation tax for an Accounting Period is due and payable on the day following the expiry of 6 months from the end of that period.
- (2) However, where-
 - (a) a self-assessment is amended under Article 104 or Article 112 any additional corporation tax is due and payable 30 days after the date on which the amendment is made;
 - (b) corporation tax is charged by an assessment issued under Article 116 or recovered under Article 129 it is due and payable 30 days after the assessment is issued;
 - (c) corporation tax is charged by a determination made under rule 8.2 of the Tax Rules it is due and payable 30 days after the date on which the determination is issued.

Article 129 - Recovery of Overpayment

Where an amount of corporation tax has been repaid to a QFC Entity which ought not to have been repaid, that amount of tax may be assessed and recovered as if it were unpaid tax.

Article 130 - Collection and Recovery

- (1) The Tax Rules may make provisions regarding the collection and recovery of tax payable under these Regulations.
- (2) Any tax, interest, financial sanction or other amount payable by a QFC Entity under these Regulations or the Tax Rules is a debt due to the QFCA and ranks *pari passu* with any other amounts owed to the QFCA by that QFC Entity.

Article 131 - Interest on Unpaid Tax

Tax due and payable under the provisions of these Regulations and the Tax Rules shall carry interest at the rate stipulated in the Tax Rules (TAX 10) from the due and payable date, as determined by Article 128(1), to the date of payment.

Article 132 - Interest on Repayments

Tax repayable under the provisions of these Regulations and the Tax Rules shall carry interest at the rate stipulated in the Tax Rules (TAX 10) from the date it was paid to the date of repayment.

Article 133 - Tax Treatment of Interest Under Articles 131 and 132

- (1) In arriving at the Chargeable Profits of a QFC Entity for any Accounting Period a deduction shall not be allowed in respect of any interest paid under Article 131 during that Accounting Period.
- (2) Any interest paid to a QFC Entity under Article 132 shall not be included in the calculation of Chargeable Profits of the QFC Entity for the Accounting Period during which the interest was paid by the Tax Department.

Part 23: Financial Sanctions

Article 134 - Criminal Proceedings

These Regulations and the Tax Rules do not affect any criminal proceedings that may be taken in the State and do not themselves impose any criminal sanctions.

Article 135 - Determination of Financial Sanction

- (1) The Tax Department may make a determination imposing a financial sanction under any provision of these Regulations that provides for a financial sanction, determining the amount of the financial sanction at such level, up to the maximum amount provided for, as they consider correct and appropriate except that a determination in respect of a financial sanction under Article 107(1) (late return – flat rate financial sanction) shall be in the figure QR 1,500.
- (2) Notice of a determination of a financial sanction under this Article shall be served on the person liable to the financial sanction and shall state the date on which it is issued and the time within which an appeal against the determination may be made.
- (3) The provisions of these Regulations regarding appeals, collection and recovery shall apply with respect to the determination of a financial sanction issued under this Article as if the determination were an assessment to corporation tax and the financial sanction imposed by the determination was tax payable under such an assessment issued on the same day as the determination of the financial sanction.
- (4) The financial sanction imposed by a notice of determination issued in accordance with this Article shall be due and payable 30 days from the date of issue of the notice.
- (5) Where the amount of a financial sanction is to be ascertained by reference to tax payable by a QFC Entity for any Accounting Period the financial sanction may be determined-
 - (a) at any time within 6 years after the date on which the financial sanction was incurred; or
 - (b) within 3 years after the final determination of the amount of tax by reference to which the amount of the financial sanction is to be ascertained, whichever is later.
- (6) Where the amount of any financial sanction is to be ascertained other than by reference to tax payable by a QFC Entity for any Accounting Period the financial sanction may be determined at any time within 6 years after the date on which the financial sanction was incurred.
- (7) The Tax Department may in their discretion mitigate, partly or wholly, or entirely remit any financial sanction exigible under these Regulations.

Part 24: Miscellaneous and Supplemental

Article 136 - Responsibility of Representatives

Anything specified to be done by a QFC Entity under these Regulations and the Tax Rules shall be done by the QFC Entity acting through its Representative and service on a QFC Entity of any document under or in pursuance of these Regulations or the Tax Rules may be effected by serving it on its Representative.

Article 137 - Exempt Dividends, Qatar Exchange

Dividends received from a Company listed on the Qatar Exchange are exempt from tax under these Regulations.

Article 138 - Government Exemption

The Government of Qatar, local authorities, statutory bodies and any QFC Entity wholly owned by the Government of Qatar or by any of the aforementioned authorities or bodies are exempt from tax under these Regulations.

Part 25: Interpretation and Definitions

Article 139 - Interpretation

- (1) In these Regulations, a reference to-
 - (a) a provision of any law or regulation includes a reference to that provision as amended or re-enacted from time to time;
 - (b) an obligation to publish or cause to be published a particular document shall, unless expressly provided otherwise in these Regulations, include publishing or causing to be published in printed or electronic form;
 - (c) a calendar year shall mean a year of the Gregorian calendar;
 - (d) a month shall mean a month of the Gregorian calendar;
 - (e) the masculine gender includes the feminine and the neuter; and
 - (f) writing includes any form of representing or reproducing words in legible form.
- (2) The headings in these Regulations shall not affect their interpretation.
- (3) These Regulations are to be interpreted in keeping with the spirit of the Regulations and with regard to the objective and purpose as well as the letter of the Regulations.
- (4) The object and purpose of any provision in these Regulations will be derived primarily from the wording of the provision itself and from the context both within the Part of the Regulations in which it appears and other related provisions elsewhere in the Regulations.
- (5) A reference in these Regulations to an Article or Part using a short form description of such Article or Part in parenthesis are for convenience only and the short form description shall not affect the construction of the Article or Part to which it relates.
- (6) A reference in these Regulations to a Part or Article by number only, and without further identification, is a reference to a Part or Article of that number in these Regulations.
- (7) A reference in an Article or other division of these Regulations to a paragraph, sub-paragraph or Article by number or letter only, and without further identification, is a reference to a paragraph, sub-paragraph or Article of that number or letter contained in the Article or other division of these Regulations in which that reference occurs.
- (8) Any reference in these Regulations to “include”, “including”, “in particular”, “for example”, “such as” or similar expressions shall be considered as being by way of illustration or emphasis only and are not to be construed as limiting the generality of any words preceding them.
- (9) Any reference in these regulations to profit and loss account includes a reference to the income statement of a QFC Entity preparing accounts under IFRS.

Article 140 - Definitions

The following words and phrases shall, where the context permits, have the meanings shown against each of them-

51% Interest - a Person has a 51% Interest in a QFC Entity if more than 50% of the Ordinary Share Capital of the QFC Entity is held, directly or indirectly, by that Person.

Accounting Period – has the meaning given by Article 17.

Accounting Profit – has the meaning given by Article 15.

Associated - has the meaning given by Article 56.

Captive Insurance Company - a subsidiary Company the business of which consists wholly or mainly of insuring the risks of its parent or other Group Companies.

Chargeable Profits - has the meaning given by Article 11(2).

Charity- a Trust established in accordance with the terms of Article 25 of the Trust Regulations 2007 or any other body established only for the purpose of the relief of poverty, the advancement of education or religion, the promotion of health or art, the protection of the environment or any other purposes which are beneficial to the general public.

Company – any body corporate, but does not include any partnership.

Company Regulations 2005 – The QFC Regulations No.2 – Companies Regulations

Connected Persons – has the meaning given by Article 57(4). In addition a Company is connected with another Company if the same Person has Control of both, or a Person has Control of one and Persons connected with him, or he and Persons connected with him, have Control of the other.

Contract of Reinsurance - a contract of insurance covering all or part of a risk to which a Person is exposed under a contract of insurance.

Control – has the meaning given by Article 57.

Conventional Financial Institution - a financial institution that is not an Islamic Financial Institution.

Conventional Finance Transaction - any financial transaction that is not an Islamic Financial Transaction.

Director of Tax - the person appointed by the QFC Authority to be responsible for the day to day administration and operations of the Tax Department.

Distribution - any dividend paid by a Company, including a capital dividend, or anything distributed out of assets of a Company in respect of shares and securities in the Company.

Financial Institution – A Person who carries on, in any jurisdiction, the business of banking, deposit-taking, provision of credit facilities, factoring of debts, trading or dealing in investments whether as principal or an agent, insurance, reinsurance, asset management or any similar business or combination of such businesses. Provided that for the purposes of Article 10 a QFC Entity whose activities in an Accounting Period are wholly within the activities described at PIIB 1.3.4 (Category 4 activities) shall not be regarded as a Financial Institution for that Accounting Period.

Financial Services Regulations – QFC Regulations No. 1 – Financial Services Regulations.

General Partnership – has the meaning given by Article 61.

Group – has the meaning given by Article 34.

Group Relief – has the meaning given by Article 32.

IFRS - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, including International Accounting Standards (IASs) issued by its predecessor, the Board of the International Accounting Standards Committee.

Insurer - a Person carrying on either or both of the Regulated Activities of effecting a contract of insurance or carrying out a contract of insurance, as defined in the Financial Services Regulations.

Islamic Financial Institution - an Authorised Firm, as defined by the Interpretation and Application Rulebook (INAP 3), whose entire business operations are conducted in accordance with Shari'a.

Islamic Finance Transaction - a financial transaction conducted in accordance with Shari'a.

Licensed Activity - the activities a QFC Entity is permitted to carry on under the terms of its QFC Licence.

Limited Liability Partnership – has the meaning given by Article 64.

Limited Liability Partnership Regulations 2005 – The QFC Regulations No.7 – QFC Limited Liability Partnership Regulations.

Limited Partnership – has the meaning given by Article 61.

Local Source, Local Source Profits and Local Source Taxable Profits - derive their meaning from Article 10(1) read in conjunction with Article 11(1).

Market Value – the price an asset might reasonably be expected to fetch on a sale in the open market.

Minister – the Minister of Economy and Finance.

Officer of the Tax Department - any Tax Department employee authorised by the Director of Tax to exercise duties, powers and functions under these Regulations.

Ordinary Share Capital - all the issued share capital of a Company other than capital which only gives a right to a fixed rate dividend.

Ownership – has the meaning of beneficial ownership.

Partnership Regulations 2005 – QFC Regulations No. 13 –QFC Partnership Regulations.

Passive Interest Income – interest income derived by a Person other than a Financial Institution.

Permanent Establishment - as defined by (i) the rules which, at the enactment of these Regulations, were contained in Article 5 of the Model Tax Convention on Income and on Capital published by the OECD, or (ii) any later rules in the same or equivalent terms.

Person - includes a body of persons corporate or unincorporate, and any partnership.

PIIB – QFC Interim Prudential – Investment, Insurance Mediation & Banking Business Rulebook.

Qatar – the State of Qatar.

QFC - the Qatar Financial Centre.

QFC Authority or QFCA - the Qatar Financial Centre Authority established pursuant to Article 3 of the QFC Law.

QFC Entity - a body corporate, partnership, individual, unincorporated association or trust which has been granted and continues to hold a QFC Licence.

QFC Law – Law No. (7) of 2005 of the State, as amended by Law No.(2) of 2009 of the State.

QFC Licence - a licence, approval or authorisation issued by the QFCA pursuant to Article 11.1 of the QFC Law.

Regulated Activities - the activities listed in Part1 of Schedule 3 to the QFC Law.

Regulatory Authority - the Regulatory Authority of the QFC established pursuant to Article 8 of the QFC Law.

Reinsurance Business - the business of entering into and managing Contracts of Reinsurance.

Representative - in relation to an LLC a person appointed under Article 60 of the Company Regulations 2005 (Secretary), in relation to an LLP a person appointed under Article 45(2)(A) of the Limited Liability Partnership Regulations 2005 (Principle Representative), in relation to a branch a person appointed under Article 117(2)(A) of the Company Regulations 2005 (Principal Representative) and in relation to any other QFC Entity any person appointed under the relevant QFC law to represent the QFC Entity.

Resident in Qatar – has the meaning given by Article 8.

Settlement - includes any disposition, trust, covenant, agreement, arrangement or transfer of assets, except that it does not include a charitable loan arrangement.

State – the State of Qatar

Tax Department - the division of the QFC Authority, administered by the Director of Tax and responsible to the Director General, entrusted with the imposition, administration and collection of tax enacted under Article 17 of the QFC Law.

Taxable Profits – has the meaning given by Article 11(1).

Tax Rules – rules made under Article 91.

The QFC Court - The Civil and Commercial Court of The Qatar Financial Centre established pursuant to QFC Law.

The Regulatory Tribunal – The Qatar Financial Centre Regulatory Tribunal established pursuant to QFC Law.

Trust Regulations 2007 – QFC Regulations No. 12 – QFC Trust Regulations.

UK GAAP - generally accepted accounting principles in the United Kingdom.

US GAAP - generally accepted accounting principles in the United States.