



## TAX REGULATIONS

VER 6 – DECEMBER 2020

QATAR FINANCIAL CENTRE



مركز قطر للمال  
QATAR FINANCIAL CENTRE

These regulations are hereby enacted pursuant to Article 9 of Law No. (7) of 2005.



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Ali Ahmed Al-Kuwari  
Minister of Commerce and Industry of the State of Qatar



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Minister of Finance of the State of Qatar

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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 Partners and Members in, and directors, officers, employees, trustees and Representatives of, QFC Entities.
- (3) Subject to Article 2(4), 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.
- (4) For the purposes of Article 2(3), a QFC Entity shall only include–
  - (a) an LLC, a QFC Partnership or Other Permitted Form of QFC Entity incorporated in Qatar; or
  - (b) a branch registered under the Companies Regulations 2005, the Limited Liability Partnership Regulations 2005, the Partnership Regulations 2007 or any other regulations made under the QFC Law.

### 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 27.

## 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

- (1) 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, the Partnership Regulations 2007 or any other regulations made under the QFC Law or rules made by the Regulatory Authority or QFC Authority; or
  - (b) its place of effective management is in Qatar.
- (2) Where a QFC Entity is treated as resident in a territory outside Qatar and not resident in Qatar for the purposes of any Double Taxation Agreement, such QFC Entity is treated as not Resident in Qatar for the purposes of these Regulations.
- (3) A QFC Entity, which is a branch, shall not be regarded as a Resident in Qatar in accordance with Article 8(1)(b) unless the place of effective management of the enterprise of which it is a branch 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.
- (1A) Notwithstanding any other provisions in these Regulations, profits arising in or derived from Qatar by a QFC Entity that is not an Authorised Firm from the provision of services for use outside Qatar are deemed not to be Local Source Taxable Profits to the extent that the conditions set out in Rule 1A are met.
- (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 Qatar,

provided 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) Permanent Establishments of the QFC Entity outside Qatar; and
  - (c) 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 QFC Entity, as reduced by the set off of any tax losses and Group Relief under the provisions of Part 5.
- (2) The Chargeable Profits of a QFC Entity for an Accounting Period are the Accounting Profits, as defined in Article 15, of that QFC 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 its Permanent Establishment in Qatar.
- (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, engaged in 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.
- (5) In attributing Chargeable Profits to a Permanent Establishment under Article 13(2), a deduction shall be available to the Permanent Establishment in respect of interest incurred by the enterprise of which it is a Permanent Establishment on indebtedness utilised by the Permanent Establishment in carrying out its activities. If only part of the indebtedness is utilised by the Permanent Establishment in carrying out its activities, a proportion of interest as appears to the Tax Department to be just and reasonable shall be available for deduction.

## 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 QFC Entity's profit and loss account or income statement, based on accounts prepared in accordance with 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 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.
- (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 –

- (a) the basis of accounting adopted by a QFC Entity under Article 15 is changed and the change gives rise, in accordance with GAAP, to a prior period adjustment to closing reserves; or
  - (b) there is a change of accounting policy in drawing up a QFC Entity's accounts from one period of account to the next and 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 or change of accounting policy 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 under these Regulations, 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 under these Regulations.
- (2) Subject to Article 17(3), 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).
- (3) The Tax Rules may provide for an extension of the term of an Accounting Period (Tax 8).

## 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, 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.

### ARTICLE 21 – DEDUCTIONS NOT ALLOWABLE AND CHARITABLE DONATIONS

- (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) expenses not actually incurred or not supported by documentary evidence;
  - (b) depreciation of tangible fixed assets, except as provided for by Article 22;
  - (c) financial sanctions imposed by the Tax Department, and fines or penalties imposed by any other government agency, in Qatar or overseas;
  - (d) any costs connected with unlawful acts;
  - (e) amortisation of intangible fixed assets, except as provided for by Article 24;
  - (f) waivers of debts between Connected Persons;
  - (g) 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;
  - (h) share based remuneration, except as provided for by Article 25;
  - (i) any Distribution, except as provided for by Article 62(4) or Article 65(1);
  - (j) overseas corporation tax, except as provided for by Article 40;
  - (k) any expenditure incurred generating income that is exempt from tax under these Regulations;
  - (l) any expenses, costs or other disbursements which are not shown, to the satisfaction of the Tax Department, to have been incurred in generating Local Source income; or
  - (m) expenditure incurred in connection with obtaining or seeking to obtain a QFC Licence.
- (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 basis which is demonstrated to the Tax Department to be just and reasonable.

- (3) Subject to any other provisions in these Regulations (including Article 21(1) and Article 21(2)), in computing the Chargeable Profits of a QFC Entity for an Accounting Period, expenditure incurred in Qatar prior to the granting of its QFC Licence, or the commencement of activities within the terms of its QFC Licence, shall be deemed to have been incurred by a QFC Entity on the first day of its first Accounting Period under these Regulations.
- (4) In computing the Chargeable Profits of a QFC Entity for an Accounting Period, a QFC Entity is entitled to a deduction in respect of donations made by that QFC Entity in the Accounting Period concerned to a Charity established in the State, up to a maximum amount of 5% of the Chargeable Profits of that QFC Entity for that Accounting Period, as calculated prior to the deduction of any donations under this Article.

## 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 by the QFC Entity.

## 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; and
  - (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 of 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) Subject to Article 24(4), 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 by a QFC Entity and used (to any extent) to generate Taxable Profits by granting rights to use, licensing or otherwise exploiting the Intangible Fixed Asset.
- (4) Where an Internal Intangible Fixed Asset is acquired from a Connected Person by a QFC Entity for the purposes of both:
  - (a) generating Taxable Profits by granting rights to use, licensing or otherwise exploiting the Internal Intangible Fixed Asset; and
  - (b) use by that QFC Entity to carry on its Licensed Activity, excluding activities described in Article 24(4)(a),

the Internal Intangible Fixed Asset shall be deemed to be two distinct notional assets for the purposes of Article 24(2), reflecting an asset used solely for the purposes described in Article 24(4)(a) and an asset used solely for the purposes described in Article 24(4)(b) and Article 24(2) shall only operate to limit an amortisation deduction under Article 24(1) in respect of the notional asset used solely for the purposes described in Article 24(4)(a).



- (5) For the purposes of Article 24(4), the amortisation deduction available under Article 24(1) in respect of the Internal Intangible Fixed Asset shall be apportioned between the two notional assets described in Article 24(4) on a basis which is demonstrated to the Tax Department as being just and reasonable.

## 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 QFC Entities, which are Companies or LLPs, 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 a 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 of 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 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 Ownership of a Partnership, as the case may be, within any 12 month period.

### **ARTICLE 32 – GROUP RELIEF**

- (1) Where in any Accounting Period a QFC Entity that is a Company or an LLP (the "Surrendering Entity") 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 QFC Entity that is a Company or an LLP (the "Claimant Entity") 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 Entity and the Claimant Entity are both members of the same Group.

- (3) Group Relief for an Accounting Period shall be allowed as a deduction against the Claimant Entity'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 Entity'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 the Surrendering Entity or the Claimant Entity.
- (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 Entity fails, or is unable, to amend its return under TAX 9.5.5, the assessment is not out of time under Article 129 if it is made within one year from-
  - (a) the date on which the Surrendering Entity gives notice of the withdrawal of consent or, if later, sends a copy of a new notice of consent, to the Claimant Entity under TAX 9.5.3; or
  - (b) the date on which the Tax Department sends the Claimant Entity 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 133.

### ARTICLE 33 – CORRESPONDING ACCOUNTING PERIODS

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

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

and;

- (b) the Chargeable Profits of the Claimant Entity, against which the tax losses of the Surrendering Entity 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 Entity; and

**C** is the length of the corresponding Accounting Period of the Claimant Entity.

## ARTICLE 34 – DEFINITION OF A GROUP

- (1) For the purposes of these Regulations, QFC Entities shall be deemed to be members of a Group if one QFC Entity is a 75% Subsidiary of the other or both are 75% Subsidiaries of a third Company or an LLP.
- (2) Subject to Article 34(3), a Company is a 75% Subsidiary of another Company or an LLP if and so long as not less than 75% of its Ordinary Share Capital is owned directly or indirectly by that other Company or LLP.
- (3) A Company shall not be treated as a 75% Subsidiary of another Company or LLP unless that Company or LLP 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 or LLP, the other Company or LLP 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.
- (5) An LLP is a 75% Subsidiary of another Company or LLP if and so long as–
  - (a) not less than 75% of the assets of the LLP; and
  - (b) not less than 75% of the income earning rights in the LLP,are beneficially owned by that other Company or LLP.
- (6) An LLP shall not be treated as a 75% Subsidiary of another Company or LLP unless that Company or LLP is–
  - (a) beneficially entitled to not less than 75% of any profits available for Distribution to holders of an LLP interest, as applicable, in the subsidiary LLP; and
  - (b) beneficially entitled to not less than 75% of any assets of the subsidiary LLP available to holders of an LLP interest, as applicable, in the subsidiary LLP on a winding up.

## ARTICLE 35 – COMPANIES JOINING OR LEAVING A GROUP

- (1) Subject to Article 35(2), Group Relief is available only if the Surrendering Entity and the Claimant Entity are members of the same Group throughout the whole of the Surrendering Entity's Accounting Period to which the claim relates and throughout the whole of the corresponding Accounting Period of the Claimant Entity.
- (2) Where on any occasion two QFC Entities 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 QFC Entity that on that occasion

(unless a true Accounting Period of the QFC Entity then begins or ends) an Accounting Period of the QFC entity 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 a Double Taxation Agreement. Provision is also made for unilateral credit relief.

### ARTICLE 37 – RELIEF UNDER AGREEMENTS WITH OTHER COUNTRIES

- (1) Where Qatar has entered into Double Taxation Agreements, the provisions of those Double Taxation Agreements shall apply in preference to any similar provisions in these Regulations and the Tax Rules.
- (2) Credit for tax paid under the law of any country other than Qatar is not allowable under Article 38 in the case of any income if any credit for that tax is allowable in respect of that income under a Double Taxation Agreement made between Qatar and that country.

### 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 Double Taxation Agreements are in force, 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 QFC 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) a QFC Entity that is not a Company (“QFC Entity A”) transfers to a QFC Entity that is either a Company or an LLP (“QFC Entity B”) a business as a going concern, together with the whole, or substantially the whole of the assets of the business other than cash;
  - (b) the business is transferred wholly in exchange for shares or interests, as applicable, (the “New Shares”) issued by QFC Entity B to QFC Entity A or a Person Connected to QFC Entity A; and
  - (c) the condition outlined in Article 45(2) is fulfilled.
- (2) The condition is that QFC Entity A or a Person Connected to QFC Entity A will, in consequence of the exchange outlined in Article 45(1)(b):
- (a) where QFC Entity B is a Company, hold 100% of the shares in QFC Entity B; or
  - (b) where QFC Entity B is an LLP, beneficially own 100% of the assets of, and income earning rights in, the LLP.
- (3) The consideration for the transfer of assets shall be treated as being of such amount as would secure that neither a gain nor a loss would accrue to QFC Entity A.
- (4) In the event that–
- (a) where QFC Entity B is a Company, Ownership of more than 50% of the new shares changes; or

- (b) where QFC Entity B is an LLP, Ownership of more than 50% of the assets of the LLP or Ownership of more than 50% of the income earning rights in the LLP changes,

in each case, within 12 months of the date of transfer of the business mentioned in Article 45(1), that transfer shall be treated as taking place at Market Value on the date the business was transferred to the Company or the LLP, as applicable.

- (5) Tax losses not utilised at the date of transfer by QFC Entity A shall be available to QFC Entity B as though they were losses carried forward under Article 28 at the date of transfer.
- (6) The consideration for the issuance of New Shares referred to in Article 45(1) shall be deemed to be for a consideration equal to the Market Value of the assets of the business transferred on the date of such 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 a QFC Entity, being 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. A 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; and
- (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; and

(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 Articles 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 a Double Taxation Agreement 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 of a Person 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 Settlor; 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 135 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 124 in relation to an enquiry into a return filed under Article 109, or into a return amended under Article 116, or into a Partnership return;
  - (b) a notice of a discovery assessment under Article 128(1); or
  - (c) a notice of a discovery determination under Article 128(2).

## PART 9 – GENERAL PARTNERSHIPS AND LIMITED PARTNERSHIPS

### ARTICLE 60 – POLICY STATEMENT ON GENERAL PARTNERSHIPS AND LIMITED PARTNERSHIPS

A GP & LP 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. There is a restriction on the deduction allowable for Partners' Remuneration.

### ARTICLE 61 – GENERAL SCHEME FOR GENERAL PARTNERSHIPS AND LIMITED PARTNERSHIPS

This Part contains provisions relating to:

- (a) General Partnerships and Limited Partnerships incorporated or established under the Partnership Regulations 2007; and
- (b) Non-QFC Partnerships that have registered a branch under Part 8 of the Partnership Regulations 2007,

each referred to in this Part as a GP & LP Partnership.

### ARTICLE 62 – PAYMENT OF TAX AND COMPUTATION OF CHARGEABLE PROFITS OF GENERAL PARTNERSHIPS AND LIMITED PARTNERSHIPS

- (1) Tax charged under these Regulations on a GP & LP 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 GP & LP 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 GP & LP 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 GP & LP 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 GP & LP Partnership for any Accounting Period, a GP & LP Partnership is entitled to a deduction in respect of any Remuneration paid to Partners that is considered just and reasonable by the Tax Department up to a maximum of 50% of the Chargeable Profits of the GP & LP Partnership, as the case may be, for that Accounting Period as calculated prior to the deduction of Partners' Remuneration.
- (5) References to a "Partner" in Article 62(4) shall also include Disguised Partners.

## PART 10– LIMITED LIABILITY PARTNERSHIPS

### ARTICLE 63 – POLICY STATEMENT ON LLPS

An LLP 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 LLPS

This Part contains provisions relating to:

- (a) Limited liability partnerships incorporated or established under the Limited Liability Partnership Regulations 2005; and
- (b) Non-QFC Limited Liability Partnerships that have registered under Part 10 of the Limited Liability Partnership Regulations 2005,

each referred to as an LLP.

### ARTICLE 65 – COMPUTATION OF CHARGEABLE PROFITS OF LLPS

- (1) In arriving at the Chargeable Profits of an LLP for any Accounting Period, an LLP is entitled to a deduction in respect of any Remuneration paid to Members of the LLP that is considered just and reasonable by the Tax Department up 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:
  - (a) in respect of a limited liability partnership established or registered under the Limited Liability Partnership Regulations 2005, as defined by Article 11 of the Limited Liability Partnership Regulations 2005; or
  - (b) in respect of a Non-QFC Limited Liability Partnership, a person who is considered a member of the Non-QFC Limited Liability Partnership under the law of incorporation or establishment of the Non-QFC Limited Liability Partnership.
- (3) References to a "Member" in Article 65(1) shall also include Disguised Members.

## 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 no more burdensome than that of conventional finance alternatives.

### ARTICLE 67 – TAXATION OF ISLAMIC FINANCIAL INSTITUTIONS

- (1) Where any of the conditions of Article 67(3) are met an Islamic Financial Institution may make a claim, in respect of any Accounting Period, for a tax adjustment.
- (2) 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 such tax adjustment can create a tax loss.
- (3) 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 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.
- (4) For the purposes of Article 67(3) “materially” means more than 5%.
- (5) 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.
- (6) 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 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.
- (4) “Funding costs” means the cost of servicing debt obligations, excluding capital repayments.
- (5) The transfer pricing provisions of Part 8 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 COMPANY

- (1) An LLC, a QFC Partnership or Other Permitted Form of QFC Entity incorporated in Qatar and established solely for the purposes of supporting or facilitating an Islamic Finance Transaction may elect for special exempt status in accordance with Part 14.

## 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) Subject to Article 73, the gain arising on the disposal of a qualifying shareholding shall be exempt from tax, and any loss arising on the disposal shall not be available for relief under Part 5.
- (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 or LLP in the same Group, has held the interest mentioned in Article 72(2)(a) for a continuous period of at least 6 months immediately preceding the date of disposal; and
  - (c) the shares in the Company have not been held wholly or mainly with a view to resale.

### ARTICLE 73 – INTERACTION BETWEEN ARTICLE 42 AND ARTICLE 72

- (1) The exemption conferred by Article 72 shall not apply to a disposal that by virtue of Article 42(1) is deemed to be for a consideration of such amount as would secure that neither a gain nor a loss would accrue to the Person making the disposal.

## 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 (as defined by Article 15(2)) and the laws of the QFC. A QFC Captive Insurer or a Reinsurer may elect for its Chargeable Profits to be charged to tax at the Concessionary Rate in accordance with Part 15.

### 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 –
  - (a) is an Islamic Financial Institution which conducts Islamic Financial Business which is Insurance Business; or
  - (b) is an Authorised Firm which conducts Insurance Business by means of an Islamic Window and complies with Chapter 8 of the Islamic Finance Rules 2005.
- (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.
- (4) Takaful Business for the purposes of this Article shall mean the Insurance Business referred to in Article 77(1)(a) or Article 77(1)(b) as applicable, and carried on by the relevant Islamic Financial Institution or Authorised Firm referred to in Article 77(1)(a) or Article 77(1)(b), as applicable.



## ARTICLE 78 – QFC CAPTIVE INSURERS

- (1) A QFC Entity that is a QFC Captive Insurer may elect for its Chargeable Profits to be charged to tax at the Concessionary Rate in accordance with Part 15.

## ARTICLE 79 – REINSURERS

- (1) A Reinsurer may elect for its Chargeable Profits arising from its Reinsurance Business to be charged to tax at the Concessionary Rate in accordance with Part 15.

## ARTICLE 80 – 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 81 – 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 82 – ELECTION FOR SPECIAL EXEMPT STATUS

- (1) A QFC Entity which is:
  - (a) one of the exempt vehicles listed in Article 82(3); or
  - (b) listed on the Qatar Stock Exchange or another approved public market in Qatarmay elect for special exempt status.
- (2) Subject to Article 86A, 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 83;
  - (b) a special investment fund as defined in Article 84;
  - (c) a special funding company as defined in Article 85;
  - (d) an alternative risk vehicle as defined in Article 86.
- (4) Subject to Article 82(5), Distributions 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) Payments in respect of management fees shall not be exempt from tax under these Regulations pursuant to Article 82(4).
- (6) 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.
- (7) An election for special exempt status will be allowed only if the conditions provided for in Article 86A are met.
- (8) Part 5 does not apply to any QFC Entity that is exempt from tax under this Article.
- (9) For the purposes of Article 82(5), management fees are amounts charged for the management of a registered fund's or a special investment fund's business of making investments, excluding such fees which are paid by way of a Distribution and paid in priority to other Distributions and performance fees.

## ARTICLE 83 – REGISTERED FUND

- (1) A Registered Fund is a QFC Scheme or a Private Placement Scheme.
- (2) A QFC Scheme has the meaning given by Rule 1.2.6 of the Collective Investment Scheme Rules 2010.
- (3) A Private Placement Scheme has the meaning given by Rule 1.1.4 of the Private Placement Schemes Rules 2010.

## ARTICLE 84 – SPECIAL INVESTMENT FUND

- (1) A special investment fund is any Company, Partnership, trust or Other Permitted Form of QFC Entity which–
  - (a) is not a Registered Fund;
  - (b) is managed by an Approved QFC Entity; and
  - (c) is established solely for one of the permitted activities listed in Article 84(2).
- (2) The permitted activities are–
  - (a) private equity investments;
  - (b) venture capital investments;
  - (c) making investments, including investments in property;
  - (d) making investments on behalf of a Single Family.
- (3) An Approved QFC Entity is a Person permitted to manage the special investment fund under an approval, an authority or a licence (however described) given by the QFC Authority under the QFC Law.

## ARTICLE 85 – 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;
  - (e) in relation to a Special Purpose Company, any of the activities listed in Article 9.1(a) to (d) of the Special Company Regulations;

- (f) in relation to a Holding Company, any of the activities listed in Article 20.1(a) to (f) of the Special Company Regulations.
- (2) A “funding arrangement” is any arrangement for the raising of funds, or the creation of any form of debt instrument.

## **ARTICLE 86 – ALTERNATIVE RISK VEHICLES**

- (1) An alternative risk vehicle is a QFC Entity established solely for the purposes of managing risk, but which is not a QFC Captive Insurer.
- (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.

### **Article 86A – Conditions for the Special Exempt Status**

- (1) A QFC Entity, other than a vehicle referred to in Articles 82(3)(a) or 82(3)(b), that makes an election for the special exempt status under Articles 82(1) of these Regulations in relation to an Accounting Period must ensure that the following conditions are met during that Accounting Period:
  - (a) The QFC Entity has in Qatar an adequate number of full-time employees with adequate qualifications to perform their professional responsibilities;
  - (b) The QFC Entity incurs an adequate amount of operating expenditures to undertake its activities; and
  - (c) The QFC Entity ensures that its Core Income Generating Activities are carried out in Qatar.
- (2) The Tax Department shall monitor QFC Entities that have made an election under Article 82 of these Regulations to ensure that the conditions provided for in Article 86(A)(1) are met.
- (3) An election under Article 82(1) of these Regulations will not be valid if the conditions under Article 86A(1) are not met or the Tax Department consider that the sole or main purpose of the QFC Entity is the avoidance of tax under these Regulations.

## PART 15 – CONCESSIONARY RATE

### ARTICLE 87 – POLICY STATEMENT ON THE CONCESSIONARY RATE

These Regulations provide for a Concessionary Rate to apply to the Chargeable Profits of a QFC Entity in certain circumstances.

### ARTICLE 88 – ELECTION FOR THE APPLICATION OF THE CONCESSIONARY RATE

- (1) This Part applies to a QFC Entity that is –
  - (a) a Qatari Owned QFC Entity;
  - (b) a QFC Captive Insurer;
  - (c) a Reinsurer; or
  - (d) an Investment Manager.
- (2) Subject to Article 88(8), a QFC Entity that is a Qatari Owned QFC Entity or a QFC Captive Insurer may elect for its Chargeable Profits to be charged to tax at the Concessionary Rate.
- (3) Subject to Article 88(8), a QFC Entity that is a Reinsurer may elect for its Chargeable Profits arising from its Reinsurance Business to be charged to tax at the Concessionary Rate and for this purpose income of a Reinsurance Business shall include investment income related to that Reinsurance Business.
- (4) Subject to Article 88(6) and Article 88(8), a QFC Entity that is an Investment Manager may elect for its Chargeable Profits arising from carrying on Qualifying Investment Activities to be charged to tax at the Concessionary Rate.
- (5) Qualifying Investment Activity means:
  - (a) managing investments as defined in the QFC Financial Services Regulations Schedule 3, Part 2;
  - (b) operating a collective investment fund as defined in the QFC Financial Services Regulations Schedule 3, Part 2;
  - (c) operating a Special Investment Fund; or
  - (d) managing a Special Investment Fund;
- (6) An election by an Investment Manager under this Article shall only be valid for an Accounting Period if the Investment Manager meets all the following requirements in that Accounting Period:
  - (a) The Investment Manager is duly authorized to carry on the Qualifying Investment Activities;
  - (b) The Investment Manager employs on a full-time basis an adequate number of qualified investment professionals that are resident in Qatar each earning a total monthly salary (including fringe benefits) of at least QAR 15,000 per month, provided that this number shall not be less than three;

- (c) The value of assets under management of the Investment Manager is at least QAR 150 million;
  - (d) The Investment Manager incurs an adequate amount of operating expenses, which shall not be less than QAR 1,000,000 per Accounting Period; and
  - (e) The Investment Manager's accounts are audited and reported on by an external auditor.
- (7) An election under this Article shall be made in writing to the Tax Department within 6 months from the end of the first Accounting Period to which the election is to apply and once made will remain in force in respect of the three subsequent Accounting Periods.
  - (8) An election under this Article shall only be valid if the QFC Entity has paid the Concessionary Rate Charge to the Tax Department in accordance with Article 91.
  - (9) The Tax Department shall monitor QFC Entities that made an election under this Article to ensure that the Core Income Generating Activities are carried out in Qatar.
  - (10) An election under this Article will not be valid if the Core Income Generating Activities are not carried out in Qatar or the Tax Department consider that the sole or main purpose of the QFC Entity is the avoidance of tax under these Regulations.

## ARTICLE 89 – QATARI OWNED QFC ENTITY

- (1) A Qatari Owned QFC Entity is an LLC, which throughout the Accounting Periods to which the election referred to in Article 89 relates, fulfils the following conditions –
  - (a) at least 90% of the Ordinary Share Capital of the LLC is beneficially owned, directly or indirectly, by Persons who are Qatari Nationals;
  - (b) Persons who are Qatari Nationals are beneficially entitled to at least 90% of any profits of the LLC available for Distribution to equity holders of the LLC;
  - (c) Persons who are Qatari Nationals are beneficially entitled to at least 90% of any assets of the LLC available to equity holders on a winding up of the LLC; and
  - (d) it is not an Authorised Firm.

## ARTICLE 90 – CONCESSIONARY RATE

- (1) The Concessionary Rate is 0% and where a QFC Entity is taxed at this rate, Part 5 does not apply.

## ARTICLE 91 – CONCESSIONARY RATE CHARGE

- (1) The Concessionary Rate Charge is –
  - (a) in respect of a QFC Entity which, at the relevant time, has issued share capital of an amount of QR 1,500,000 or less, QR 10,000; or
  - (b) in respect of a QFC Entity which, at the relevant time, has issued share capital of an amount above QR 1,500,000, QR 20,000.
- (2) "Relevant time" in Article 91(1) shall mean the last day of the first Accounting Period to which the election referred to in Article 88 is to apply.

- (3) The Concessionary Rate Charge is payable on the day following the expiry of 6 months from the end of the first Accounting Period to which the election referred to in Article 88 is to apply.

## ARTICLE 92 – APPORTIONMENT OF CHARGEABLE PROFITS

- (1) Where the Chargeable Profits of a QFC Entity are liable to tax under these Regulations in part at the standard rate and in part at the Concessionary Rate, those profits shall be apportioned on a basis which appears to the Tax Department to be just and reasonable.

## PART 16 – CREDIT FOR TAX LOSSES

### ARTICLE 93 – POLICY STATEMENT ON CREDIT FOR TAX LOSSES

Where the conditions of this Part are fulfilled, a QFC Entity which is an LLC may be entitled to a reimbursement in respect of certain tax losses.

### ARTICLE 94 – CREDIT FOR TAX LOSSES

- (1) Subject to the provisions of this Part, including Article 97, a QFC Entity is entitled to make a claim under Article 96 for payment of a tax credit in respect of a Reimbursable Tax Loss for a Reimbursable Accounting Period if it meets each of conditions A to E set out in this Article throughout the relevant Reimbursable Accounting Period.
- (2) The amount of the tax credit in respect of a Reimbursable Tax Loss to which a QFC Entity is entitled to make a claim is determined in accordance with Article 95 and Article 96.
- (3) Condition A is that the QFC Entity is an LLC.
- (4) Condition B is that the QFC Entity carries on a Licensed Activity.
- (5) Condition C is that the QFC Entity has at least 3 full-time employees.
- (6) Condition D is that the QFC Entity meets the conditions set out in the Tax Rules (Tax 15).
- (7) Condition E is that the QFC Entity has not elected for special exempt status in respect of the Reimbursable Accounting Period or for its Chargeable Profits to be charged to tax at the Concessionary Rate.

### ARTICLE 95 – REIMBURSABLE TAX LOSSES

- (1) A Reimbursable Tax Loss is a tax loss calculated in accordance with Article 27 and as adjusted by this Article.
- (2) In computing a Reimbursable Tax Loss of a QFC Entity, no deduction shall be available in respect of–
  - (a) expenses which are not shown to the satisfaction of the Tax Department to have been incurred in the State;
  - (b) depreciation of tangible fixed assets;
  - (c) amortisation of intangible fixed assets;
  - (d) interest incurred on indebtedness; and
  - (e) any Distribution.

### ARTICLE 96 – PAYMENT OF REIMBURSABLE TAX LOSSES

- (1) For a QFC Entity to receive a payment of a tax credit in respect of a Reimbursable Tax Loss for a Reimbursable Accounting Period, it must make a claim in writing to



the Tax Department within 6 months from the end of the Reimbursable Accounting Period to which the Reimbursable Tax Loss relates. The claim must specify the Reimbursable Accounting Period in respect of which it is made.

- (2) The amount of the tax credit to which a QFC Entity is entitled in respect of a Reimbursable Tax Loss for a Reimbursable Accounting Period is the amount stipulated in the Tax Rules (Tax 15).
- (3) If the Tax Department determine that a QFC Entity is entitled to a payment of a tax credit under this Part, it shall pay the amount of such tax credit to the QFC Entity within 6 months from the date a return is filed by that QFC Entity for the relevant Reimbursable Accounting Period under Article 109.
- (4) A payment of a tax credit under this Part shall not be taken into account in computing the Chargeable Profits of a QFC Entity.
- (5) A tax credit due and payable under this Part, which is paid after the date specified in Article 96(3), shall not carry any additional charge or compensation.

## ARTICLE 97 – REQUIREMENT FOR QFC ENTITY TO BE A GOING CONCERN

- (1) A QFC Entity may only make a claim under Article 96 at a time when it is a going concern.
- (2) If a QFC Entity ceases to be a going concern after making a claim under Article 96, but before payment of the tax credit by the Tax Department, it is treated as if it had not made the claim.
- (3) For the purposes of Article 97(1) and Article 97(2), and subject to Article 97(4), a QFC Entity is a going concern if –
  - (a) its latest accounts prepared in accordance with GAAP and the laws of the QFC were prepared on a going concern basis;
  - (b) nothing in those accounts indicates that they were only prepared on a going concern basis because of an expectation that the QFC Entity would receive a tax credit in respect of Reimbursable Tax Losses under this Part; and
  - (c) it is actively seeking business.
- (4) A QFC Entity is not a going concern at any time if it is in administration or liquidation.
- (5) For the purposes of this Article, a QFC Entity is in administration if –
  - (a) it is in administration under the Insolvency Regulations 2005, or
  - (b) a corresponding situation under the law of a country or territory outside the State exists in relation to the QFC Entity.
- (6) For the purposes of this Article a QFC Entity is in liquidation if –
  - (a) it is in liquidation within the meaning of the Insolvency Regulations 2005, or
  - (b) a corresponding situation under the law of a country or territory outside the State exists in relation to the QFC Entity.

- (7) For the purposes of Article 97(3), accounts prepared in accordance with GAAP has the same meaning given by Article 15(2).

## ARTICLE 98 – RESTRICTION ON CARRY FORWARD OF TAX LOSSES AND GROUP RELIEF WHERE A TAX CREDIT IS CLAIMED

- (1) This Article applies if a QFC Entity claims a tax credit under this Part.
- (2) For the purposes of Article 32, a QFC Entity's tax loss for an Accounting Period, which may be set off against any Chargeable Profits of a second QFC Entity by way of Group Relief, is to be treated as reduced by the amount of the Reimbursable Tax Loss for that Accounting Period in respect of which the QFC Entity has received payment of a tax credit under this Part.
- (3) For the purposes of Article 28, a QFC Entity's tax loss for an Accounting Period, which shall be set off against any Chargeable Profits generated by that QFC Entity in succeeding Accounting Periods, is to be treated as reduced by the amount of the Reimbursable Tax Loss for that Accounting Period in respect of which the QFC Entity has received payment of a tax credit under this Part.

## ARTICLE 99 – ARTIFICIAL ARRANGEMENTS

- (1) To the extent that the Tax Department consider that a transaction is attributable to arrangements entered into wholly or mainly for a disqualifying purpose, it is to be disregarded for the purpose of determining a Reimbursable Tax Loss to which a QFC Entity is entitled to make a claim for payment of a tax credit under this Part.
- (2) Arrangements are entered into wholly or mainly for a "disqualifying purpose" if their main object, or one of their main objects, is to enable a QFC Entity to obtain:
- (a) a tax credit under this Part to which it would not otherwise be entitled; or
  - (b) a tax credit under this Part to a greater amount than that to which it would otherwise be entitled.
- (3) In this Article "arrangements" include any action, activity, scheme, agreement or understanding.

## ARTICLE 100 – RESTRICTION TO ELECT FOR SPECIAL EXEMPT STATUS OR FOR THE CONCESSIONARY RATE

- (1) If a QFC Entity has received payment of a tax credit in respect of a Reimbursable Tax Loss under this Part, in the three subsequent Accounting Periods following the Reimbursable Accounting Period in respect of which the Reimbursable Tax Loss was claimed it shall not be entitled to:
- (a) elect for special exempt status; or
  - (b) elect for its Chargeable Profits to be charged to tax at the Concessionary Rate.

## PART 17 – ADMINISTRATION

### ARTICLE 101 – 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.
- (6) The Tax Department may, at any time, of their own accord or on request from a QFC Entity, issue a concessionary statement of practice setting out that they will treat Persons as if they were entitled to –
  - (a) a reduction in a liability to tax;
  - (b) or any other concession relating to tax,to which they are not, or may not be, entitled in accordance with these Regulations.
- (7) A concessionary statement of practice as described in Article 101(6) is binding on the Tax Department until it is revoked by the Tax Department.
- (8) The Tax Department shall make concessionary statements of practice available to the public by such medium as they consider appropriate.

## ARTICLE 102 – 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 138.
- (2) A delegation under Article 102(1) shall be in writing and shall specify the duties, powers and functions delegated to an Officer of the Tax Department. 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 103 – 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 18 – RULINGS BY TAX DEPARTMENT

### ARTICLE 104 – 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 105 – 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 105(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 106 and a ruling under this Article, the terms of the ruling shall apply.

### ARTICLE 106 – 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 19 – RECORDS AND RETURNS

### ARTICLE 107 – 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 108 – 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 109 – 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 111.
- (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 109(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 109(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 109(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 110 – PARTNERSHIP RETURN

- (1) The obligation to file a return under Article 109 shall apply, in the case of a QFC Entity that is a Partnership (other than an LLP), 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 (other than by way of an LLP), must include a statement of its share of any profit or loss.
- (4) Where the return of a QFC Entity (the “QFC member”) includes, under Article 110(3), a share of a profit or loss in a Partnership, and that Partnership is itself a QFC Entity (the “QFC Entity Partnership”), the share shall not be taxed or relieved, as the case may be, on the QFC member to the extent it is taxed or relieved, as the case may be, on the QFC Entity Partnership.

## ARTICLE 111 – FILING DATE

- (1) The filing date for a return under Article 109 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 112 – SELF-ASSESSMENT

Every return filed under Article 109 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 113 – 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 114 – CLAIMS

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

## ARTICLE 115 – PRESCRIBED FORM AND INFORMATION TO ACCOMPANY RETURN

- (1) A return filed under Article 109 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 116 – AMENDED RETURNS

- (1) A QFC Entity may amend a return filed under Article 109 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 117 – ACKNOWLEDGEMENT OF RETURNS

The Tax Department shall, within 30 days of receiving a return filed under Article 109 or an amended return under Article 116, give notice in writing to the QFC Entity having filed the return to the effect that the return, or amendment, has been received.

## ARTICLE 118 – 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 116, the day on which that amendment was made.

## ARTICLE 119 – FINANCIAL SANCTIONS RELATING TO RETURNS

- (1) A QFC Entity which fails to file a return for an Accounting Period under Article 109 by the filing date as defined by Article 111, or the filing date as extended under the Tax Rules (TAX 8), is liable to a flat-rate financial sanction under this Article. It may also be liable to a tax-related financial sanction under Article 119(4).
- (2) The flat-rate financial sanction is –
  - (a) QR 3,000, if the return is delivered within 60 days from the filing date as defined by Article 111; and
  - (b) QR 6,000, in any other case.



- (3) The flat-rate financial sanctions under Article 119(2) are increased to QR 5,000 and QR 10,000 respectively where –
  - (a) the QFC Entity is within the charge to tax under these Regulations for three consecutive Accounting Periods;
  - (b) the QFC Entity is obliged to file a return for each of those Accounting Periods under Article 109;
  - (c) the QFC Entity was liable to a penalty under Article 119(1) in respect of the first two of those Accounting Periods; and
  - (d) the QFC Entity is liable to a penalty under Article 119(1) in respect of the third Accounting Period.
- (4) A QFC Entity which fails to file a return for an Accounting Period under Article 109 within 12 months after the filing date as defined by Article 111, or the filing date as extended under the Tax Rules (TAX 8), is liable to a tax-related financial sanction, in addition to any flat-rate financial sanction under Article 119(1).
- (5) The tax related financial sanction is –
  - (a) the higher of QR 10,000 or 10% of any unpaid tax, if the return is delivered within 18 months after the filing date; and
  - (b) the higher of QR 20,000 or 20% of any unpaid tax, in any other case.
- (6) The “unpaid tax” means the amount of tax payable by the QFC Entity for the Accounting Period which the return was required remaining unpaid on the date the liability to the financial sanction under this Article arises.
- (7) Where corporation tax is charged by an assessment issued under Article 128 or by a determination made under rule 8.2 of the Tax Rules, “tax payable by the QFC Entity for the Accounting Period which the return was required” in Article 119(6) shall mean the amount of tax assessed or determined to be payable by the Tax Department under Article 128 or rule 8.2 of the Tax Rules, respectively.
- (8) A financial sanction under Article 119(1) or the tax related financial sanction under Article 119(4) 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.
- (9) 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.
- (10) The tax understated in Article 119(9) 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 20 – ENQUIRIES

### ARTICLE 120 – 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 121 – NOTICE OF ENQUIRY AND NOTICE OF INTENTION NOT TO ENQUIRE

- (1) The Tax Department may enquire into a return filed under Article 109 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 116, 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 121(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 122 – SCOPE OF ENQUIRY

- (1) Subject to Article 122(2), an enquiry into a return filed under Article 109 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 116–
  - (a) at a time when it is no longer possible to give notice of enquiry under Article 121(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 123 – AMENDMENT OF SELF-ASSESSMENT DURING ENQUIRY TO PREVENT LOSS OF TAX OR OVERPAYMENT OF A TAX CREDIT

- (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 or the amount of tax losses is inflated; and
  - (b) that unless the self-assessment is immediately amended there is likely to be a loss of tax to the QFC or an overpayment of a tax credit in respect of a Reimbursable Tax Loss under Part 16,  
  
the Tax Department may by notice to the QFC Entity whose return is under enquiry, amend the self-assessment to make good the deficiency or inaccuracy.
- (2) In the case of an enquiry which under Article 122(2) is limited to matters arising from an amendment of a return, Article 123(1) applies only so far as the deficiency or inaccuracy 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 123(3) shall not be heard or determined before the completion of the enquiry.

## ARTICLE 124 – COMPLETION OF ENQUIRY

- (1) An enquiry into a return filed under Article 109 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 124(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 124(2)(b) shall displace any amendment of a self-assessment made during the course of the enquiry under Article 123.

## ARTICLE 125 – NOTICE TO PRODUCE DOCUMENTS AND INFORMATION

- (1) Where the Tax Department has given a notice of enquiry to a QFC Entity under Article 121(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 QR 1,000; and
  - (b) if the failure continues after a financial sanction is imposed under Article 125(8)(a), to a further financial sanction or financial sanctions not exceeding QR 1,000 for each day on which the failure continues.
- (9) No financial sanction shall be imposed under Article 125(8) in respect of a failure at any time after the failure has been rectified.

## ARTICLE 126 – AMENDMENT OF RETURN BY QFC ENTITY DURING ENQUIRY

- (1) This Article applies if a return is amended under Article 116 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 or the amount of a Reimbursable Tax Loss that entitles a QFC Entity to a payment of tax credit under Part 16, 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 124, or conclude the amendment is incorrect, the amendment shall not take effect;
  - (b) otherwise the amendment takes effect when a closure notice under Article 124 concluding the enquiry is issued.

## PART 21 – ASSESSMENTS

### ARTICLE 127 – 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 or an overpayment of a tax credit in respect of a Reimbursable Tax Loss under Part 16. 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 128 – 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, including relief under Part 16,they may, subject to Article 128(3), make an assessment (a “discovery assessment”) in the amount or further amount which ought in their opinion to be charged or amended in order to make good the loss of tax or the overpayment of a tax credit in respect of a Reimbursable Tax Loss under Part 16.
- (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 128(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 128(4) or Article 128(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 128(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 128(1) or (2) is attributable to the fraudulent or negligent conduct of the QFC Entity or a Person acting on that QFC Entity's behalf.

## ARTICLE 129 – 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 or the overpayment of a tax credit in respect of a Reimbursable Tax Loss under Part 16 attributable to the fraudulent or negligent conduct of a QFC Entity, or of any Person acting on that QFC Entity's behalf, at any time up to 20 years after the end of the Accounting Period to which it relates.

## ARTICLE 130 – 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 130(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 130(2).

## ARTICLE 131 – 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 22 – APPEALS

### ARTICLE 132 – 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 133 – APPEAL PROCEDURE

- (1) Within 60 days of the amendment to a return under Article 124(2)(b), the date of service of a notice of assessment under Article 128 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 133(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 134 – TAX DEPARTMENT REVIEW

- (1) Subject to Article 134(4), upon receipt of an appeal under Article 133 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 134(1).
- (3) If the QFC Entity agrees in writing to a decision issued by way of notice under Article 134(2) the appeal shall be regarded as determined by agreement under Article 135(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 134(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 134(4) the Tax Department is not obliged to issue a decision notice under Article 134(2).

### ARTICLE 135 – APPEALS

- (1) If a QFC Entity is dissatisfied with the Tax Department's decision under Article 134(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 124, 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 136 – 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 limit, and that the application was made thereafter without unreasonable delay.
- (2) Where the Tax Department do not accept an application under Article 136(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 134 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 23 – INFORMATION POWERS

### ARTICLE 137 – 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 138 – NOTICE TO OBTAIN INFORMATION

- (1) 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 or a duly authorised agent of the Tax Department, concerning the tax affairs of the Person or any other Person; or
  - (c) to produce at an interview under 138(1)(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 Partners and Members in, and directors, officers, Representatives, employees and trustees of, QFC Entities.
- (3) Any Person to be interviewed under Article 138(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 24 – PAYMENT AND RECOVERY

### ARTICLE 139 – POLICY STATEMENT ON PAYMENT AND RECOVERY

This Part provides for due dates of payment and the collection and recovery of corporation tax or an overpayment of a tax credit under Part 16. Tax paid late shall carry an additional charge and compensation is payable on refunds made by the Tax Department. The rate of such charge or compensation, as applicable, will be set at a commercial rate and is not penal. The additional charge levied on tax paid late is not an allowable tax deduction, and compensation received on refunds is not taxable.

### ARTICLE 140 – 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 116 or Article 124 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 128 or recovered under Article 141 it is due and payable 30 days after the assessment is issued; or
  - (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 141 – RECOVERY OF OVERPAYMENT

- (1) 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 142 –COLLECTION AND RECOVERY

- (1) The Tax Rules may make provisions regarding the collection and recovery of tax payable under these Regulations.
- (2) Any tax, charge, 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 143 – LATE PAYMENT OF TAX CHARGE

- (1) Tax due and payable under the provisions of these Regulations and the Tax Rules shall carry an additional charge at the rate stipulated in the Tax Rules (TAX 10) from the first day following the expiry of 6 months from the end of the Accounting Period (to which the tax due relates) to the date of payment.
- (2) The additional charge under Article 143(1) shall become due and payable as it is incurred.

- (3) The additional charge under Article 143(1) shall not be regarded as financial sanction under these Regulations.

## ARTICLE 144 – COMPENSATION FOR OVERPAYMENT OF TAX

Tax repayable under the provisions of these Regulations and the Tax Rules, excluding any repayment made pursuant to Article 130, shall carry compensation at the rate stipulated in the Tax Rules (TAX 10) from the later of –

(a) the date on which the amount being repaid was received by the Tax Department; and

(b) the due and payable date for that amount in accordance with Article 140(1),

to the date of repayment.

## ARTICLE 145 – TAX TREATMENT OF CHARGES AND COMPENSATION UNDER ARTICLES 143 AND 144

- (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 additional charge levied under Article 143 during that Accounting Period.
- (2) Any compensation paid to a QFC Entity under Article 144 shall not be included in the calculation of Chargeable Profits of the QFC Entity for the Accounting Period during which the compensation was paid by the Tax Department.

## ARTICLE 146 – DUE AND PAYABLE DATE IN RESPECT OF AN OVERPAYMENT OF A TAX CREDIT

- (1) Where:
- (a) a self-assessment is amended under Article 116 or Article 124 and as a result a payment of a tax credit in respect of a Reimbursable Tax Loss has been paid under Part 16 which is excessive, the amount reflecting the excess is due and payable 30 days after the date on which the amendment is made; or
- (b) an assessment issued under Article 128 determines that a payment of a tax credit in respect of a Reimbursable Tax Loss under Part 16 is excessive, the amount reflecting such excess is due and payable 30 days after the assessment is issued.

## PART 25 – FINANCIAL SANCTIONS

### ARTICLE 147 – 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 148 – 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 119(1) shall be up to an amount of QR 20,000 or, in respect of a tax-related sanction imposed by Article 119(4), 20% of any unpaid tax (if higher than QR 20,000).
- (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 26 – MISCELLANEOUS AND SUPPLEMENTAL

### ARTICLE 149 – 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 150 – DIVIDEND EXEMPTION AND EXEMPT RETURNS ON PUBLIC TREASURY BONDS

- (1) The receipt of a dividend shall be exempt from tax under these Regulations.
- (2) Interest and returns on public treasury bonds are exempt from tax under these Regulations.

### ARTICLE 151 – 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 27 – INTERPRETATION AND DEFINITIONS

### ARTICLE 152 – 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 153 – DEFINITIONS

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

#### **51% Interest –**

- (a) in relation to a Company, a Person has a 51% Interest in a QFC Entity that is a Company if more than 50% of the Ordinary Share Capital of the QFC Entity is held, directly or indirectly, by that Person; and
- (b) in relation to an LLP, a Person has a 51% interest in a QFC Entity that is an LLP if that Person beneficially owns more than (i) 50% of the LLP assets; or (ii) 50% of the income earning rights in the LLP.

**Accounting Period** – has the meaning given by Article 17.

**Accounting Profit** – has the meaning given by Article 15.

**Approved QFC Entity** – has the meaning given by Article 84(3).

**Associated** – has the meaning given by Article 56.

**Authorisation** – an authorisation granted by the Regulatory Authority under Part 5 of the Financial Services Regulations to carry on Regulated Activities.

**Authorised Firm** – a Person that has been granted, and continues to hold, an Authorisation in accordance with Part 5 of the Financial Services Regulations.

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

**Charitable Loan Arrangement** – any arrangement so far as it consists of a loan of money made by an individual to a Charity either (a) for no consideration, or (b) for a consideration which consists only of interest.

**Charity** – an entity 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.

**Claimant Entity** – has the meaning given by Article 32(1).

**Company** – any body corporate, but does not include any Partnership.

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

**Concessionary Rate** – has the meaning given by Article 90.

**Concessionary Rate Charge** – has the meaning given by Article 91(1).

**Connected or Connected Persons** – has the meaning given by Article 57(4). In addition, a Company or a Partnership is connected with another Company or Partnership 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 Insurance** – the specified product described in paragraph 10 of Part 3 of Schedule 3 of the Financial Services Regulations.

**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.

**Core Income Generating Activities** – has the meaning set out in the rules provided for in the 2015 final report on BEPS Action 5 on Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, or any later rules in substantially the same or equivalent terms.

**Conventional Finance Transaction** – any financial transaction that is not an Islamic Finance Transaction.



**Conventional Financial Institution** – a Financial Institution that is not an Islamic Financial Institution.

**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.

**Disguised Member** – a Person who performs services for an LLP and receives Remuneration.

**Disguised Partner** – a Person who performs services for a GP & LP Partnership and receives Remuneration.

**Distribution** –

(a) in relation to a Company, 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; or

(b) in relation to a Partnership, any distribution of the profits of the Partnership.

**Double Taxation Agreement** – an agreement made between Qatar and another country for the purposes of avoiding double taxation in relation to income tax, corporation tax or any other taxes of a similar nature.

**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 as 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. 2 – Financial Services Regulations.

**GAAP** – generally accepted accounting principles.

**General Partnership** – has the meaning given by Article 9 of the Partnership Regulations 2007.

**GP & LP 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.

**Holding Company** – has the meaning given in the Special Company Regulations.

**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.

**Initial Accounting Period** – the first Accounting Period of a QFC Entity under these Regulations.

**Insolvency Regulations 2005** – The QFC Regulations No. 5 – Insolvency Regulations.

**Insurance Business** – is the business of conducting either or both of the following Regulated Activities: (a) effecting Contracts of Insurance; (b) carrying out Contracts of Insurance.

**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 Part 2 of Schedule 3 of the Financial Services Regulations.

**Intangible Fixed Asset** – an identifiable non-monetary asset that is without physical substance and which is properly recognised in the relevant QFC Entity's accounts.

**Internal Intangible Fixed Asset** – has the meaning given by Article 24(3).

**Investment Manager** – A QFC Entity that carries on one or more of the Qualifying Investment Activities.

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

**Islamic Financial Business** – the business of carrying on one or more Regulated Activities in accordance with Shari'a.

**Islamic Financial Institution** – an Authorised Firm whose Authorisation includes a condition that the whole of the firm's business must be conducted in accordance with Shari'a.

**Islamic Window** – the part of an Authorised Firm's business conducted in accordance with Shari'a, where the Authorised Firm conducts a part (but not the whole) of its business 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 Regulations 2005** – The QFC Regulations No. 7 – QFC Limited Liability Partnership Regulations.

**Limited Partnership** – has the meaning given by Article 9 of the Partnership Regulations 2007.

**LLC** – a limited liability company incorporated under the Company Regulations 2005

**LLP** – has the meaning given by Article 64.

**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.

**Member** – unless the context requires otherwise, has the meaning given by Article 65(2)

**Minister** – the Minister of Economy and Finance.

**Non-QFC Limited Liability Partnership** – has the meaning given by Article 74 of the Limited Liability Partnership Regulations 2005.

**Non-QFC Partnership** – has the meaning given by Article 95 of the Partnership Regulations 2007.

**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.

**Other Permitted Form of QFC Entity** – an entity whose legal form is:

- (a) permitted under regulations made under the QFC Law or rules made by the Regulatory Authority or QFC Authority; or
- (b) otherwise permitted under an approval, authority or licence (however described) given by the QFC Authority under the QFC Law.

**Ownership** – has the meaning of beneficial ownership.

**Partners** – Persons considered to be a partner under Article 7 of the Partnership Regulations 2007.

**Partnership** – any GP & LP Partnership and any LLP.

**Partnership Regulations 2007** – 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 substantially the same or equivalent terms.

**Person** – includes a natural or legal person, body corporate or body unincorporate, including any Partnership.

**PIIB** – QFC Investment and Banking Business Rules 2005.

**Private Placement Scheme** – has the meaning given by Article 83(3).

**Qatar** – the State of Qatar.

**Qatari Nationals** – individuals holding, or entitled to hold, a Qatari passport.

**Qatari Owned QFC Entity** – has the meaning given by Article 89.

**QFC** – the Qatar Financial Centre.

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

**QFC Captive Insurer** – has the meaning given in the QFC Captive Insurance Business Rules 2011.

**QFC Entity** – a body corporate, Partnership, individual, unincorporated association, which has been granted, and continues to hold, a QFC Licence, or a trust registered with the QFCA.

**QFC Law** – Law No. (7) of 2005 of the State, as amended by Law No.(14) of 2009 of the State.

**QFC Partnership** –

- (a) a GP & LP Partnership incorporated or otherwise established under the Partnership Regulations 2007; or
- (b) a limited liability partnership incorporated or otherwise established under the Limited Liability Partnership Regulations 2005.

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

**QFC Scheme** – has the meaning given by Article 83(2).

**QR** – Qatari Riyals.

**Qualifying Investment Activity** – have the meaning given by Article 88(5).

**Registered Fund** – has the meaning given by Article 83(1).

**Regulated Activities** – an activity that is a regulated activity under the Financial Services Regulations.

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

**Reimbursable Accounting Period** – the Initial Accounting Period and the Succeeding Accounting Period.

**Reimbursable Tax Loss** – has the meaning given by Article 95.

**Reinsurance Business** – the business of entering into and managing Contracts of Reinsurance.

**Reinsurer** – an Insurer whose business consists of, or includes, the carrying on of a Reinsurance Business.

**Remuneration** – means any remuneration, salary, bonus, income, compensation, emoluments or other amount paid to a Person, which is a distribution of, based on, or otherwise calculated by reference to, the profits of a Partnership.

**Representative** – in relation to an LLC a person appointed under Article 60 of the Company Regulations 2005 (Secretary), in relation to an LLP a Designated Member, which shall be construed in accordance with Article 15 of the Limited Liability Partnership Regulations 2005 (Designated Member), in relation to a Limited Partnership a General Partner, which shall be construed in accordance with Article 37 of the Partnership Regulations 2007, in relation to a branch a person appointed under Article 117(2)(A) of the Company Regulations 2005 (Principal Representative), Article 45(2)(A) of the Limited Liability Partnership Regulations 2005 (Principal Representative) or Article 75(2)(A) of the Partnership Regulations 2007, as applicable, 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.

**Settlor** – in relation to a Settlement, means any Person by whom the Settlement was made.

**Single Family** – a family described in Article 8 of the Single Family Office Regulations.

**Single Family Office Regulations** – The QFC Regulations No. 16 – QFC Single Family Office Regulations.

**Special Company Regulations** – The QFC Regulations No. 15 – QFC Special Company Regulations.

**Special Purpose Company** – has the meaning given in the Special Company Regulations.

**State** – the State of Qatar.

**Succeeding Accounting Period** – the Accounting Period of a QFC Entity immediately succeeding the Initial Accounting Period.

**Surrendering Entity** – has the meaning given by Article 32(1).

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

**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.

**Tax Rules** – rules made under Article 103.

**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.