

QATAR TAX ALERT

I. Circular 1 dated 24 March 2021: Time extension for filing the tax return.

Applicability	All Taxpayers in Qatar
Subject of the circular	<p>Due to COVID 19 pandemic and with an intention to support the businesses on tax compliance matters, General Tax Authority - Qatar (GTA) has allowed an additional 2-month time for filing the income tax return for the tax year 2020.</p> <p>For the taxpayers with the financial yearend of 31 December 2020, as against the normal tax return filing deadline of 30 April 2021, those taxpayers may now file the tax return by 30 June 2021. Extension of 2 months is also applicable for a different accounting period (Tax year end) approved by GTA.</p> <p>The provisions of this circular do not apply to companies operating in the field of petroleum operations and petrochemical industries.</p>
Impact	<p>All Taxpayers benefit out of this Circular1/2021. However, it should be noted that any Taxpayers having trade license allowing them to perform Petroleum related work or Petrochemical activities are expected to file the tax return by 30 April 2021.</p> <p>Taxpayers should check in Dhareeba System for the revised deadline to file the income tax return for the tax year 2020.</p>

II. Circular 2 dated 24 March 2021: Amendments to the tax return filing obligation applicable to legal person fully owned by Qatari and GCC citizens and tax exempted legal person due to beneficiary.

Applicability	<p>All taxpayers (legal persons) beneficially owned</p> <ul style="list-style-type: none"> • 100% by Qatari citizens • 100% by the citizens of Arab Gulf Cooperation Council member countries <p>and exempted from the payment of tax.</p>
Subject of the circular	<p>Pursuant to the provisions of Article 11 of the Income Tax Law promulgated by Law No. (24) of 2018, which obligated the taxpayer, even if he was a beneficiary with a tax exemption, to submit a tax declaration to GTA on the form prepared for the purpose indicating the taxable income and the amount of tax owed by him as per the Articles (29, 30, 31, 32, 33, 34) of the Executive Regulations of the Income Tax Law issued pursuant to Cabinet Resolution No. (39) of 2019, which set the conditions, controls, dates and procedures required for the tax return filing.</p> <p>The Circular 4/2011 issued as per old Tax Law 2009 was previously clarified by GTA, for the time being, as effective and applicable under</p>

	<p>the new Tax law of 2018 also (by Circular 14 of 2019). As such any Taxpayer 100% owned by Qatari Citizen and/or GCC Citizens were required to file the tax return if and only if the Share capital is greater than QR 2,000,000 <u>or</u> the revenue is more than QR 10,000,000.</p> <p>The Circular 2/Of 2011 amends the requirement of Circular 4/2011 and Circular 14/2019 as follows.</p> <ul style="list-style-type: none"> a. Any Tax exempted companies- 100% beneficially owned by Qatari Citizens (or GCC citizens) whose registered share capital is equal to or more than QR 1,000,000 or the revenue equal to or more than QR 5,000,000 should file the tax return as per Article 33 and 34. b. Any Taxpayer 100% beneficially owned by Qatari Citizens (or GCC citizens) whose registered share capital is less than QR 1,000,000 and less than QR 5,000,000 should file a simple tax return and financial data in Dhareeba system. <p>Reporting deadline: As against the normal deadline of 30 April 2021, the Taxpayers impacted by the Circular 2/2021 are given additional 4-month time to file the first tax return. The reporting deadline for the Taxpayers impacted by this circular is 30 August 2021 for the tax year 2020. Prospectively, such taxpayers are expected to file the tax return within 4 months from the end of Tax year/approved accounting period as per Article 30.</p> <p>Penalty: Any Taxpayer failing to file the tax return in compliance with Circular 2/2021 will be subject to a penalty of QR 500 per day to the maximum of QR 180,000 per year (as per Article 24 of Income Tax Law 2018).</p> <p>Commencement of Accounting period (Tax year): The first tax year for the Taxpayers impacted by this circular is any accounting period commencing on or after January 1, 2020. Normally, the accounting period should be 12 months unless specifically permitted by the law or by the GTA.</p> <p>The Circular is applicable for the tax year 2020 and beyond (Prospective application).</p>
<p>Impact</p>	<p>All Taxpayers are expected to have registered the establishments in GTA's Dhareeba system by 31 December 2020. Hence, the Taxpayers should check in Dhareeba System for the deadline to file the income tax return for the tax year 2020. The effective tax rate may be Zero however that will not exonerate the taxpayer from the obligation to file the tax return.</p> <p>The Taxpayers impacted by this Circular and not eligible for filing Simplified Tax return should file the tax return along with the following;</p> <ol style="list-style-type: none"> 1. Audited financial statements

	<ol style="list-style-type: none">2. Statement of amount subject to Withholding tax3. List of subcontractors4. Statement showing the reconciliation between Taxable income and book profit5. Statement of transaction with related parties6. Statement of Fixed assets showing the acquisition and disposals during the tax year. <p>Taxpayers should plan to ensure fair and accurate submission of tax schedules and details to the department.</p>
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