



Doing Business in Qatar



Introduction About Qatar

The Constitution of Qatar defines Qatar 'as a sovereign Arab state'. Qatar is located in Southwest Asia, sharing its land borders with Saudi Arabia to the south and rest of the border is surrounded by Arabic Gulf. The capital city of Qatar is Doha. The Population is over 2.2 million, out of which only a minority of 10% population is of Qataris and the rest are largely other Arabs, Indians, Nepalese, Pakistanis and Sri Lankans. Arabic is the official language of the country, but English is also widely spoken. The official religion of the state is Islam.

Qatar is one of the wealthiest and prosperous country in the Gulf Cooperation Council (the GCC) and the rest of the world with one of the strongest GDPs. Qatar has the fastest growing economy in the GCC. Qatar is the world's third largest gas reserve, and so the economy of Qatar is dominated by oil and natural gas revenues. Qatar has been expanding and diversifying its economy by encouraging huge development in the sectors of infrastructure, real estate, construction, petrochemicals, steel, cement, fertilizer industries, tourism, financial services and banking.

The successful bid of hosting FIFA 2022 and Qatar National Vision of 2030 has increased the international focus on Qatar. Achievement of both of these premium objectives have called for a huge construction, property and infrastructure development in the country and financial injections by the local government, investors and foreign investors.

Qatar is evidencing a number of other major initiatives (projects) such as US\$7 billion deep water port, US\$1 billion transportation corridor in the capital city Doha, Doha Festival City mall and the Sharq Crossing - Doha Bay crossing worth US\$5bn, Lusail City, Aspire Zone, Education city and several projects for new roads, stadiums and facilities accounting for a further US\$200 billion in the coming decade. Nearly US\$350 billion of projects are currently in the planning or construction phase. Alongside the infrastructure and construction markets, around US\$60 billion to US\$70 billion are expected to be spent on hotel, leisure, tourism, sports, recreational and infrastructure projects. Such economic diversification is evidenced by the internationally recognized brands such as Qatar Airways, Al Jazeera, Qatar Foundation, Qatari Diar and beIN Sports.

Qatar from time to time has liberalized its policies and issued new regulations to boost foreign investment and improve the conduct of business in Qatar. Such recent issuances of legislation are the New Companies Law and the Labour Law. In addition, Doha is expected to submit a bid for the right to host the 2024 Olympics.

In the World Bank rankings for Ease of Doing Business 2015, Qatar is ranked 50 out of 189 economies and ranked 1 out of 189 in a specific category of 'Paying Taxes'.

Qatar became the member of UN in 1971 and recently has been nominated to head the International Association of Anti-Corruption Authorities (IAACA).

Qatar was an early member of OPEC and a founding member of the Gulf Cooperation Council (GCC). It maintains good foreign relations with countries all over the world and also has ratified several treaties worldwide.



Legal and Political System in Qatar

The political system of Qatar is an absolute monarchy, with the Emir of Qatar as head of state and head of government. Current Emir of Qatar is **His Highness Sheikh Tamim Bin Hamad Bin Khalifa Al Thani**. According to Article 1 of the Constitution, Sharia Law is the main source of Qatari legislation. The judiciary is independent from the Government and is principally divided into 2 court systems. The first, civil, commercial and criminal system, and second, the Sharia'a system, which administers Islamic law, including matters pertaining to marriage, divorce, child support, succession and some criminal offences.

The Qatar Financial Centre was established in Qatar to set a parallel legal and regulatory system to the Courts system in Qatar. Alternative dispute resolution by arbitration and mediation are

provided in Qatar through the QFC and the Qatar Center for International Arbitration (QCIA), which is a part of the Qatar Chamber of Commerce

Foreign Investments in Qatar

Leading economist have said that Qatar's economy will continue to have high economic growth rate as it forges ahead with huge infrastructure investment despite the slump in oil prices.

The economy of Qatar is riding on a massive hydrocarbons capacity expansion boom which is driving its record high growth rates.



Qatari economy is attracting huge foreign investments to achieve its goal of hosting FIFA 2022 and Qatar Vision 2030. The government of Qatar acknowledges that for successful achievement of these goals, foreign investment is the key requirement. The legislators of Qatar are continuously aiming to provide foreign investors with lucrative incentives and exemptions to make Qatar a more investor friendly, free and liberalized economy.

Qatar is a member of the World Trade Organization (WTO) and other international financial bodies. Qatar offers investors a systematic trade and banking environment. It has diversified its economy to sectors other than oil and gas and diverting surplus revenues generated from these activities to development of a strong private sector. Qatar has adopted relaxing policies and strategies to attract such foreign investments. Such include, tax and customs duty exemptions, subsidized or nominal rates for gas and electricity, no import duty on machinery, equipment and spare parts for industrial projects, tax exemptions on corporate tax for pre-determined periods, no export duty among others and freedom to repatriate all profits to the investor's country of origin. Other benefits include tax free salaries, excellent medical and educational facilities and state-of-the-art telecommunication facilities.

Foreigners can own residential property on a freehold basis in the Pearl, Lusail and Al-Khor resort and on long-term leases.

The Investment of Foreign Capital in Economic Activities Law (Law No.13 of 2000) (herein after referred to as 'Law'), regulates the participation of foreign capital in business. It has played a critical role in stimulating economic growth.

Qatar has opened other sectors of the economy to foreign participation and has relaxed business regulations in Qatar. Investment is possible in all parts of the economy, except for commercial agencies or real estate, with a few exceptions.

The general rule is that 51% of the capital of a business venture is to be owned by Qatari citizens or by entities fully owned by Qatari citizens. However, the Law provides that foreign ownership may be increased from 49% to 100% through a decision passed by the Minister of Economy and Commerce (Ministry) in specified sectors called as 'Priority Sectors', under certain circumstances. Such 'Priority Sectors' being, agriculture, industry, health, education, tourism, the development of natural resources, energy or mining, consultancy and technical services, information technology, culture, sport and recreation/entertainment services and distribution service.



The Ministry can issue licenses to foreign companies engaged in executing contracts in the State of Qatar which facilitate the performance of a public benefit.

Foreign investors have to establish a legal presence in the country to conduct business activities. Investors can choose the best suited arrangement, amongst the various enlisted below. The structures which can be adopted to establish such chosen arrangement are also provided below.

Arrangements for Doing Business in Qatar

| Business Medium | Purpose | Restrictions |
|------------------------------------|---|---|
| Incorporating a company | Where an on-going business is to be set up | Qatari partner required. Exception is only when established in a Free Zone or the Qatar Financial Centre operating in a Priority Sector with the permission of the Ministry of Economy and Commerce. |
| Branch Office of Foreign Companies | Where performing a specific government contract, or as an option when establishing in the QFC | <ul style="list-style-type: none"> • No need for a Qatari partner • Project must be 'government qualified' • License to operate expires once the contract is completed • The branch cannot undertake work for private sector and must carry out activities relating to that specific contract |
| Commercial Agency | Not used to establish a local presence but using a Qatari agent to market goods and services in Qatar | <ul style="list-style-type: none"> • 100% Qatari Shares or Qatari person • Exclusive agencies may be registered and subject to the Commercial Agents Law (Law No. 8 of 2002) • Non-registered agencies subject to the Commercial Law (Law No. 27 of 2006) • Commission payable on all sales of products within Qatar even if not due to the activities of the agent |
| Trade Representative Office | To promote a foreign company in Qatar | <ul style="list-style-type: none"> • At discretion of Minister of Economy and Commerce • Cannot be engaged in selling or entering into commercial contracts in Qatar |

Legal Structures for Doing Business in Qatar

| Type of Entity | Minimum Ownership percent for Qatari nationals | Liability | No. of Founding Member/ Partners | Minimum Capital Requirement |
|--|--|-------------------------------|----------------------------------|---|
| Limited Liability Company (commonly referred to as a "with limited liability" (WLL) company) | 51% | Limited | 1 to 50 | No minimum capital requirement ¹ |
| General Partnership | 100% | Joint and several | At least 2 | No requirement |
| Simple Limited Partnership | 100% | General partners ² | At least 2 | No requirement |

| Type of Entity | Minimum Ownership percent for Qatari nationals | Liability | No. of Founding Member/ Partners | Minimum Capital Requirement |
|---------------------------------|---|--|---|---|
| Limited Partnership with Shares | 100% | General partners have joint and several liability Limited partners ³ have limited liability | At least 1 general partner At least 4 limited partners | QAR 1 million |
| Unincorporated Joint Venture | 51% of capital must be contributed by the local partner | Liability is as per company memorandum. Third party has rights of action only against individual joint venture parties. | At least 2 | No minimum capital requirement |
| Public Shareholding Company | 51% | Limited | At least 5 | 10 million QAR for unlisted company and 40 million QAR for listed |
| Private Shareholding Company | 51% | Limited | At least 5 | 2 million QAR |

¹ Amendment as per Article 234 of The New Companies Law No. 13 of 2015.

² A general partner has unlimited liability i.e. he is personally liable for all the business's debts and obligations.

³ A limited partner's liability is limited to the extent of partner's share of ownership and is not responsible for debt and obligations.



Free Zones

Additional to commercial arrangements stated above, foreign investor can incorporate a company in the Free Zones. Free Zones are separate regime of incorporating a company and a foreign investor can have 100% ownership with requirement of a local sponsor, in the companies incorporated.

Currently there are two such Free zones in Qatar: the Qatar Financial Centre (QFC) and the Qatar Science and Technology Park (QSTP).

Three more new free zones are planned in Qatar, namely, New Doha International Airport, Mesaieed Industrial City (MIC), the Industrial Area, and Manateq.

The QFC caters to professional and financial services companies and firms, and QSTP to technology companies or start-ups that contribute to technology development and training.

Qatar Financial Centre

The Qatari Financial Centre (QFC) was established by the government of Qatar in the year 2005 to offer an alternative to local and international investors to establishing companies in Qatar under Qatar's Companies Law No. 5 of 2002. Since its establishment about 10 years ago, QFC has succeeded in a large part in fulfilling its objective of becoming a world class business and financial center of the highest professional caliber in the world and especially in the region.

QFC offers a transparent, professional, and first class regulatory regime and legal system. The legal system is based on English common law (most countries in the Middle East base their laws on civil law).

QFC has one of the most competitive tax environments in the world with a tax rate of just 10% on locally sourced profits.

Unlike other business and financial centers in the GCC, QFC offers the advantage of a free zone or offshore center without being one. The QFC is a fully onshore jurisdiction that allows QFC companies to operate in Qatar and elsewhere just like other local Qatari companies established under the Companies Law.



QFC companies may be fully owned by non-Qatari natural or legal persons, which is not the case for companies established under the Companies Law as the ownership of Qataris in a company must not be less than 51% of its capital (few exceptions apply).

The QFC offers its own legal and regulatory business infrastructure. It should be noted that only few laws apply in the QFC, such as Central Bank Law and criminal laws. Also, the QFC provides access to an independent judiciary in the form of the Qatar International Court and Dispute Resolution Center.

The QFC has also established an independent statutory compliance office for the businesses registered under QFC called as the Employment Standards Office. Its main objective is to protect both employers and employees through robust regulations, codes and procedures.

The QFC permits QFC companies to undertake activities from the QFC. The permitted activities are divided into two categories: Financial Services and Non-financial Services. The Financial Services include banking, asset management, insurance / reinsurance, investment advice and investment services, and fiduciary businesses. Non-financial services include, but is not limited to, the business of providing professional services, such as audit, accounting, tax, consulting and legal services, investment grading, and ship broking and shipping agents.

Qatar Science and Technology Park (QSTP)

The QSTP has a special free zone status and is a center of research and commercial excellence for scientific development and regionally produced intellectual property for both Qatari and international partners. The QSTP promotes the research and commercialization of technology projects and training.



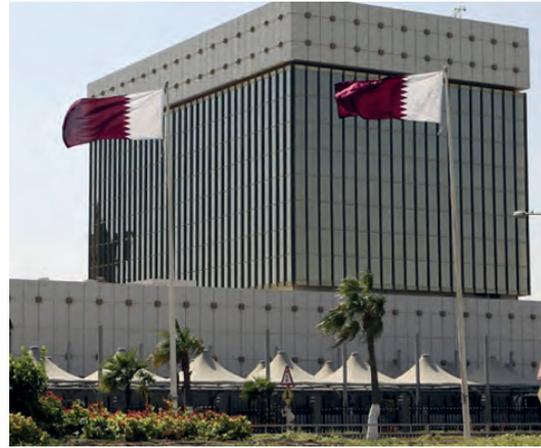


Key Regulatory Entities



Ministry of Economy and Commerce

The Ministry is a key regulatory authority in Qatar. It creates commercial policy for both private and public sectors to boost economy of Qatar and trade relations in the international market. The Ministry is the key responsible authority to grant trade licenses and permissions to companies, approving new commercial registrations and approving the registration of trademarks. The Ministry is responsible for the planning and execution of the State's general budget, monitoring the Government's accounts and expenditure, evaluating and implementing taxation policy and coordinating with the Qatar Central Bank with respect to monetary policy.



The Qatar Central Bank

The Qatar Central Bank (the QCB) operates in coordination with the Ministry of Economy and Commerce. The QCB oversees the activities of all of Qatar's commercial banks and non-banking financial institutions (with the exception of insurance companies). The QCB formulates the monetary policy of Qatar to regulate interest rates, maintain the stability of the Qatar Riyal and control inflation. The QCB is not subject to any political interference in management of monetary policies despite its close working with the Ministry.



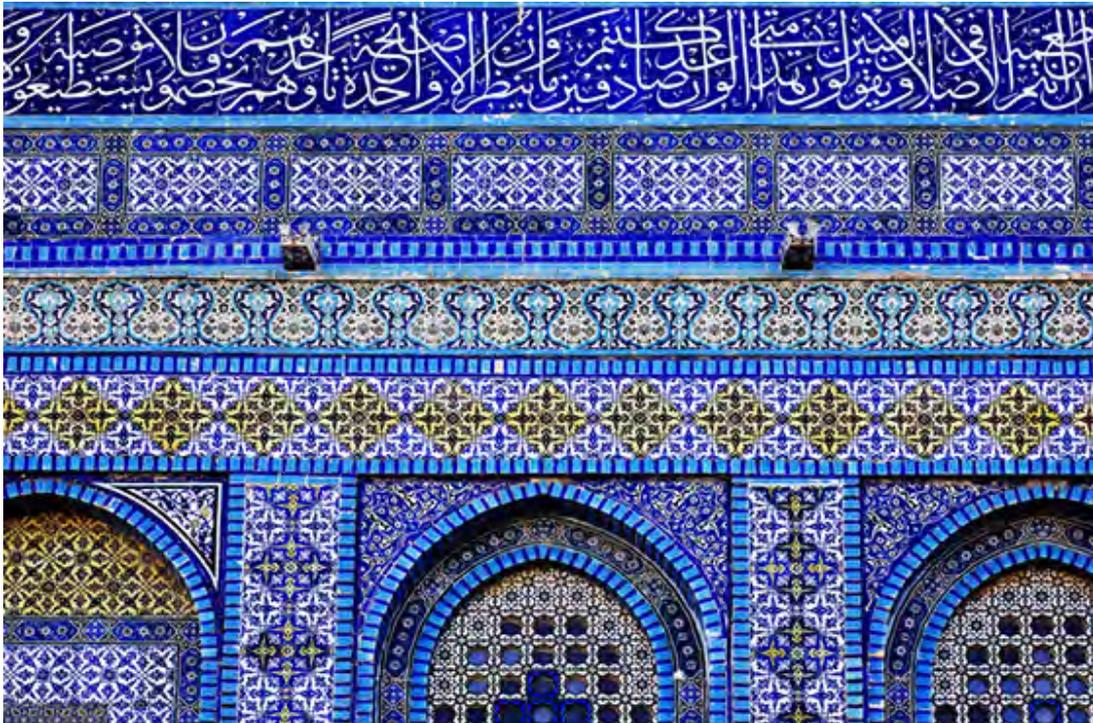
Qatar Financial Markets Authority

The Qatar Financial Markets Authority (QFMA), regulates the capital markets. QFMA regulates and supervises the Qatar Exchange controlling the securities industry in Qatar. QFMA drafts and issues regulations and implement new regulatory policies for securities market in Qatar to keep the industry align with the international best practices. QFMA oversees the admission to listing and enforces relevant laws and regulations applicable to market participants.



Qatar Financial Centre Regulatory Authority

The Qatar Financial Centre Regulatory Authority (QFCRA) regulates firms within the QFC. The QFC is the only financial center in the Middle East which has no physical boundaries. The companies registered with QFC can operate internationally and throughout Qatar. The QFCRA is the regulatory body of the QFC. It has wide ranging regulatory powers to authorise, supervise and discipline QFC firms and individuals. QFC also has a commercial body called as The Qatar Financial Centre Authority (the QFCA). QFCA is responsible for the licensing the unregulated activities, registration and incorporation of QFC entities amongst other things. Both these bodies are independent from each other and also the government.



Taxation

The tax regime of Qatar is regulated under Law No. 21 of 2009, the Income Tax Law. Under this law, tax is levied on the net income arising out of foreign owned entities carrying out activities in Qatar. Such activity include any profession, vocation, service, trade, industry, speculation, business practiced for the purpose of profit.

The generally applied corporate tax rate is 10%. However, the law provides for different tax rates in specified cases, such as 35% rate applies to oil and gas operations. Taxes are calculated on an annual basis.

Withholding tax is payable at source on payments made to non-residents with respect to activities not connected with a permanent establishment in Qatar. There is no withholding tax payable on dividend payments. Withholding tax ranges from 5-7%. However, Qatar has several tax treaties with a number of countries across the world. Personal income from salaries, wages, allowances and related items is not taxed.



Immigration and Customs

Employment

Employment and immigration laws constitute a significant concern for new and established entrants to Qatar, both for employers and employees alike.

Employment in Qatar is primarily governed by the Labour Law (Law No. 14 of 2004) and a series of related Ministerial Resolutions, but must be read in conjunction with the 'sponsorship' and immigration laws, which are largely set out in Law No. (4) of 2009 (Regulating the Entry, Exit, Residence & Sponsorship of Foreigners (the "Sponsorship Law").

Sponsorship

With the exception of some short-term visas (such as tourist visas), every non-GCC national that wishes to reside and work in Qatar must have a work visa and a sponsor. This will be the individual's employer, or their spouse. Before a residence permit is obtained, foreign nationals are required to enter on a one month tourist visa (which some country nationals can obtain at immigration on arrival in Qatar); or a business visa if they intend to carry out any business. Residency will be obtained subject to medical checks and fingerprinting.

Visas and Permits

There are a variety of different visas and permits obtainable in Qatar, dependent on the individual's status. Non-Qatari workers may not be employed unless they hold a valid work permit. Work permits are obtained from the Department of Labour after fulfilling various immigration formalities with the Ministry of Interior, including production of a local employment contract and meeting the following conditions:

- The non-availability of a qualified Qatari worker registered in the registers of the Department to carry out the work in respect of which the work permit is applied for
- The non-Qatari applying for the work permit shall be in possession of a residence permit
- The non-Qatari national shall be medically fit



Types of Visas and Requirements



Business Visa

On obtaining a business visa, passport holders of certain countries will be granted direct entry visa, without obtaining previous visas at borders of the state. A company or a recognized establishment submits an application to the Immigration Department. The visa has 2-week validity and could be renewed for another 2 weeks. Businessmen from countries certain countries are eligible for the visa.

However, the visa is subject to laws concerning entry and residency of foreigners and resolutions taken in that matter. It is also applicable to current rules for residents of GCC countries, and people arriving and departing on Qatar Airways.

Work Visa

Work visas are issued to private entities, companies, and individual sponsorships, which need to be approved by Ministry of Interior. The fee and collection of visa is taken care of by the sponsor.



Other Visas Available

- Official Visa
- Family Visa
- Visa for Family Visits
- Companions of GCC National Visa
- Visas and Permits
- Visas and Permits
- GCC Residents Visit Visa
- Multiple Entry Visa
- Joint Tourist Visa
- Tourist Visa
- Visa for Newborns
- Transit Visa
- Return Visa for visitors