



Transfer Pricing  
**Country Summary**

**Qatar**

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## 1. Introduction

The General Tax Authority (GTA) of Qatar issued Executive Regulations (ER) to implement Income Tax Law No. 24 of 2018 (Income Tax Law), which includes transfer pricing restrictions. The ER, which was issued on December 11, 2019, goes into effect on December 12, 2019.

The ER specifies transfer pricing (TP) compliance and documentation requirements for Qatari enterprises. Qatar-based firms having related-party transactions over a certain revenue/asset threshold must file a TP form/questionnaire, master TP file, and local TP file before the tax return filing date. Although the GTA has not yet determined the threshold, Qatar-based firms should be prepared to comply with the TP requirements by the tax return due date for the 2019 tax year. Qatar's TP documentation requirements are in line with the OECD TP Guidelines.

## 2. Laws & Regulations

### a) References to OECD/EU/Local Rules

- Article 56 of the Executive Regulations (ERs) of the Income Tax Law (ITL)
- Articles 2 and 3 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 of July 16, 2020 relating to the transfer pricing (TP) declaration and the master and local files.

### b) Definition of Related Party

According to Article (52) of the ER, any entity (Reporting Entity) related to another entity (related entity) must take transfer pricing requirements into account when determining the pricing terms and other terms governing the transactions between them and reporting the income derived from such transactions in the relevant tax returns.

According to IAS 24, a person or a close member of that person's family is considered "related" to a reporting entity if that person: has control or joint control of the reporting entity; has significant influence over the reporting entity; or is a member of the reporting entity's key management personnel or a parent of the reporting entity.

Furthermore, an entity is considered "connected" to a reporting entity if one or more of the following requirements are met: The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).

### c) Nature of Transfer Pricing Documentation

The nature of TP documentation in Qatar is the same as in the OECD Guidelines. Namely, taxpayers must be produce on request a Master file, a Local file, and if certain conditions are fulfilled they need to provide a CbCR.

### d) Tax Havens & Blacklists

Qatar does not have a blacklist of tax havens. Qatar would be in the EU gray list up until 2019.

### e) Advance Pricing Agreement (APA)

The Minister shall make a decision on the conditions and processes for Bilateral Advance Pricing Agreements, as well as any controls required to carry out the requirements of this Part.3

#### f) Audit Practice

The GTA may conduct and request related TP documentation to be submitted. In case the taxpayer is unable to provide the documentation within the relevant time limit, or in case the taxpayer does not provide sufficient information, he is subjected to a fine.

### 3. Transfer Pricing Documentation

#### a) Level of Documentation

Resident entities and permanent establishments in Qatar are required to provide a **Master file** to the GTA upon request.

The contents of the Master file are in accordance with the guidelines of the Organization for Economic Cooperation and Development (OECD).

According to OECD standards, the following information should be contained in the Master file:

- A high-level overview of a company's business activities, including a description of the group's five major supply chain goods or services, as well as service agreements amongst group units.
- Main geographical markets and functional analysis detailing the primary contributions to value generation by various businesses within the group
- Significant transactions connected to corporate restructuring, acquisitions and divestiture operations, TP policies and information concerning intangibles owned by group businesses, intercompany financial activities, and financial and operational information

On request, resident entities and permanent establishments in Qatar must submit a **Local file** to the GTA.

The contents of the Local file adhere to OECD guidelines.

- A description of the local firm's management structure, a local organization chart, business strategy, if the resident entity engaged in business restructuring activities or intangible asset transfers, and information on the key rivals
- Material regulated transactions are described in detail (eg procurement of manufacturing services, purchase of goods, provision of services, loans, financial and performance guarantees, licenses of intangibles, etc.)
- A functional analysis, a copy of intercompany agreements, and TP methodologies are all required.
- Details on bilateral advanced pricing agreements

The CbC reporting/notification standards apply to ultimate parent entities located in Qatar of a multinational enterprise (MNE) group with annual revenues of at least QAR 3 billion in the previous fiscal year (ie FY 2017 for FY 2018 CbC reporting purposes).

An entity that is tax resident in Qatar and is part of an MNE group whose ultimate parent entity is not tax resident in Qatar is not obliged to file a CbC report or notice in Qatar.

#### b) Industry Analysis

By identifying value drivers for the relevant industry, a first indication of the level of profitability common in the industry is being given.

### c) Company Analysis

A description of the management structure of the local entity, a local organisation chart, and a description of the individuals to whom local management reports and the country(ies) in which such individuals maintain their principal offices.

A detailed description of the business and business strategy pursued by the local entity including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year and an explanation of those aspects of such transactions affecting the local entity.

### d) Functional Analysis

In conducting a functional analysis, an assessment is made of the significant activities and responsibilities that are performed by the related parties relevant to the Intercompany Transactions under review, the tangible and intangible assets that are employed and the risks that are borne in undertaking the business activities. Such an assessment is consistent with the recommendations that have been made in the OECD Guidelines at paragraph 1.51.

### e) Choice of Transfer Pricing Method

Qatar only allows CUP (comparable uncontrolled pricing method). For application of any other pricing method, prior approval must be obtained from the General Tax Authority (GTA).

### f) Economic Analysis – Benchmark Study

In Qatar, there is no explicit instruction issued for economic analysis other than to follow the OECD Guidelines.

### g) Inter-company (IC) Legal Agreement

Although an Inter-company legal agreement formalizes the business and financial relationship between group entities, the legal agreements have a lower ranking since the OECD 2017 Guidelines made the "conduct of parties" the prevailing concept.

### h) Financial Statements

The Commercial Law No. 11 of 2015 requires all publicly traded companies to prepare consolidated and separate company financial statements "in accordance with internationally recognized accounting principles." The Qatar Financial Markets Authority's regulations define this as International Financial Reporting Standards "IFRS."

The annual report must include a statement of financial position, a profit or loss statement, a statement of changes in equity, and a statement of cash flows.

In general, all businesses must file tax returns within four months of the end of the fiscal year. The General Tax Authority (GTA) may extend the due date at its discretion, but the extension may not exceed four months. The request for an extension must be made within 30 days of the original deadline.

### i) Production Process for TP Relevant Returns, Documents, Forms and Financials

In the chart below, the existence of the filing requirements with the details of which format is used, the latest filing date, notification requirement and its deadline, thresholds to be applied in case it exists, and the required languages are demonstrated. These information can be seen respectively for CIT, master file, local file, CbCR, local forms, annual accounts and segmented P&L documentations.

	Prepare or File?	Format	Deadline	Notification Deadline*	Threshold* (Yes/No)	Local Language (Yes/No)*(If "No", it can be filed in English)
<b>Corporate Income Tax</b>	Prepare	Local IFRS	April, 30 <sup>th</sup> .	No	No	No
<b>Master File</b>	Prepare	OECD Guidelines	June, 30 <sup>th</sup> .	No	Yes	No
<b>Local File</b>	Prepare	OECD Guidelines	June, 30 <sup>th</sup> .	No	Yes	No
<b>CbCR</b>	File	XML Schema 2019	December, 31 <sup>st</sup> .	Yes	Yes	No
<b>Local Form</b>	File	TP Declaration Form	April, 30 <sup>th</sup> .	No	Yes	No
<b>Annual Accounts</b>	File	Local IAS or IFRS	April, 30 <sup>th</sup> .	N/A	No	No
<b>Segmented P&amp;L</b>	N/A	N/A	N/A	N/A	N/A	N/A
* Qatar has signed the MCAA agreement for the filing of CbCR.						
* Qatar does not request as much and detailed information from smaller and less complex enterprises (SME's included) than it does from large and complex enterprises.						

#### j) Mandatory Language

Documentation must be kept in English or Arabic.

#### k) Notification Requirement

The Authority may request that such associated company submit any information required for identifying and analysing relevant transfer pricing risks or auditing his transfer pricing procedures within (30) thirty days of such request.

#### l) Record Keeping

Qatar obliges tax payers to keep the documents for Ten (10) years from the date to which they relate.

#### m) Penalties and Interest Charges

The GTA shall monitor cases of non-compliance with the notice, CbCR, and TP filing requirements and implement the pecuniary penalties specified in Article 24 (8) of the Income Tax Law (which may extend up to QR 500,000).