

# Doing Business in Qatar

An aerial photograph of a modern city skyline, likely Doha, Qatar. The image shows a dense cluster of skyscrapers and high-rise buildings, many with unique architectural designs. The city is situated along a coastline with a large body of water in the foreground. The sky is clear and blue, and the overall scene conveys a sense of a rapidly developing and modern urban environment.

**Strictly private and  
confidential  
For discussion purposes  
only**

**2016**

	<b>Page</b>
<b>Country Overview .....</b>	<b>03</b>
<b>Qatar Vision 2030 .....</b>	<b>04</b>
<b>Forms of Companies .....</b>	<b>05</b>
<b>Registering a Company in Qatar .....</b>	<b>07</b>
<b>Key Ministries .....</b>	<b>08</b>
<b>Key Organization .....</b>	<b>09</b>
<b>Banking System .....</b>	<b>10</b>
<b>Qatar Financial Centre .....</b>	<b>11</b>
<b>QFC Registered Institutes .....</b>	<b>12</b>
<b>Finance Companies .....</b>	<b>13</b>
<b>Insurance Companies .....</b>	<b>14</b>
<b>Education Sector .....</b>	<b>15</b>
<b>Health Sector .....</b>	<b>16</b>
<b>Free Trade Zones .....</b>	<b>17</b>
<b>Taxation .....</b>	<b>18</b>

# Country Overview

## Geography

- The State of Qatar is located in South West Asia and bordered by Saudi Arabia in South. It is the second smallest country in Gulf Cooperation Council (“GCC”) after Bahrain in terms of land area.



## Business Opportunities

- The Country is investing heavily on infrastructure projects and intends to spend more than USD 200.0Bn on projects to host the **2022 FIFA World Cup**. These projects include Doha Metro Project, Stadiums, Lusali City Project, Msheireb Downtown Doha Project and new port. These would lead avenues for new businesses in hotels, construction and related materials like cement, steel and iron.

## Economy Profile

Official name	State of Qatar
Capital city	Doha
Administrative regions	Seven
Form of government	Emirate
Head of State and Government	Amir TAMIM Bin Hamad Al Thani
Total area (sq km)	11,606 Sq.Km
Population (Mn) – As at 30 Nov ‘ 2015	2.5
Official language	Arabic
Official religion	Islam
Currency	Qatari Riyal
GDP - 2014 (QAR Bn)	771.0 (USD Bn 212.4)
Inflation - 2014	3.0%

## Business Environment

- Based on the latest report issued by World Bank on “Doing Business 2016”, Qatar ranked 68 in the World and third in the Middle East and North African region. The rank was derived based on selected benchmark regulations applied to small and medium scale business through their life cycle.

## Introduction

- Qatar's National Vision 2030 is a development initiated and launched in 2008 by the General Secretariat for Development Planning. The sole aim of Qatar Vision 2030 is to “transform Qatar into an advanced society capable of achieving sustainable development” by 2030.
- The Qatar Vision 2030 was created based on four principles namely Human Development, Social Development, Economic Development and Environmental Development.
  - Human Development – “ development of the population of the State of Qatar to be able to build a prosperous society”.
  - Social Development – “ development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development”.
  - Economic Development – “ development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people for the present and future”.
  - Environmental Development – “ management of the environment such that harmony between economic growth, social development and environmental protection”.

## Investment Opportunities

- The following sectors would be attractive to invest in Qatar based on the Nation's Vision 2030 and other current developments in the Economy.
- **Construction and Infrastructure** – Due to the rapid transformation of the economy in view of the FIFA World Cup, there are many ongoing and upcoming projects like Stadiums, Doha Metro and Port. Further to accommodate the visitors there would be opportunities in the hotel sector as well
- The increase in influx of expats would also mean that there would be significant demand for housing projects as well.
- **Education** – Education would be one of the priority area since the Government is planning to diversify the Economy and move away from depending on the hydro carbon industry. QDB currently offers loan up to 15 years including three years grace period for education related investment focusing from kindergarden to high school.
- **Tourism** – This sector has made progress in the recent years as the Country hosted many conference and forums. The hospitality and tourism sector would benefit from Government's plan to boost it after winning the bid to host the 2022 FIFA World Cup.
- **Health** – Qatar has started to increase its investment in healthcare including development of world class hospitals, research labs and primary healthcare facilities. QDB to encourages investment in this sector and levies attracting interest rate as low as 3.0% - 4.0%.

# Forms of Companies

## Types of Companies

- The Ministry of Economy and Commerce has published the new Commercial Companies Law No. 11 of 2015, however the its not still effective and the new law would be effective from 07 February 2016.
- Under the Commercial law eight types of Companies can be formed

Types of Companies	Minimum persons	Minimum Capital	Liability
Simple Partnership Company	Two	No such requirement	Unlimited
Joint Partnership Company	Two	No such requirement	Unlimited
Joint Venture Company	Two	No such requirement	Based on the Company Memorandum
Public Shareholding Company	Five	QAR 10.0 Mn	Limited
Limited Shares Partnership Company	Two	QAR 1.0 Mn	JP – Unlimited TP - Limited
Limited Liability Company	Two	QAR 0.2 Mn	Limited
One Person Company	One	QAR 0.2 Mn	Unlimited
Holding Company	One	QAR 10.0 Mn	Unlimited/ Limited



### Partnership

- Foreign investors may invest in Qatar except for certain restricted sectors provided they have a Qatari Partner (Qatari National or Qatari Company) who must own at least 51.0% of the enterprise.
- The restricted sectors are commercial agencies, real estate and banking or insurance ( approval from the Council of Ministries is required for foreign investment in banking or insurance).
- The Ministry of Economy and Commerce may permit foreign ownership up to 100.0% in some specific sectors like business consulting, technical services, information technology, cultural, sports and leisure activities, distribution services, agriculture, manufacturing, health, tourism, development and exploration of natural resource and energy and mining.

# Registering a Company in Qatar

No.	Procedure	Relevant Institution	Time Frame	Cost in QAR
1.	Identifying an appropriate local partner OR required documentation to process the application if 100.0% owned business	Ministry of Business and Trade for 100.0% owned business	NA	NA
2.	Reserving a unique name for the Company	Ministry of Economy and Commerce	One day	1,000 – Arabic Name 1,500 – Non Arabic Name
3.	Open Bank account and deposit the minimum capital	Relevant Bank selected by the Investor	One day	No charge
4.	Approval of Articles of Association	Ministry of Economy and Commerce	One day	1,500
5.	Authenticate the Articles of Association	Ministry of Justice	One day	24 for first two shareholders 9 for additional shareholder
6.	Register with Commercial Registry and Chamber of Commerce	Ministry of Economy and Commerce	One day	2,200 – Chamber of Commerce 500-5,000 – Commercial Registration
7.	Obtain the trade and signage licenses	Municipality of Doha	One day	10,200 – Trade license 50-150 – Signage license
8.	Register for taxes and obtaining a tax identification number	Ministry of Finance	One day	No charge
9.	Make a Company seal	Seal Maker	Two days	150

## Key Ministries



وزارة الاقتصاد والتجارة  
Ministry of Economy and Commerce

Develop programs necessary to execute policies related to development of business and trade sector, monitor business activity and provide guidelines and directions in line with national development requirements, propose and implement policies and programs that aim at attracting investments, support and develop exports, develop measures and channels used to provide public services to business and investment sector.



وزارة المالية  
Ministry of Finance

The Ministry of Finance was created on 5/11/1960 according to the Emiri Decree. HH Sheikh Khalifa bin Hamad Al Thani was appointed Minister of Finance according to the Emiri Decree. In 1962 Law No (2) of 1962 was issued to regulate the public financial policy in Qatar.



The Ministry offers many services to the citizens and residents in the field of municipal services which include maintenance of local roads, general public cleaning, pest control, food control in terms of its sale locations, its storage and exchange, monitoring of markets and retail outlets, issuing of building permits and advertisement permits, issuing of commercial licenses. Additionally, these services include management of public parks and promenades in the State of Qatar.



وزارة التخطيط التنموي والإحصاء  
Ministry of Development Planning and Statistics

Ministry of Development Planning and Statistics is competent of the development of the overall vision for the state, in cooperation with the concerned authorities; preparation of national development strategies; follow-up of their implementation, in coordination with the concerned authorities; preparation of studies and population policies related to such strategies; supporting the planning process in government agencies; working on linking development priorities to the state budget.



# Key Organization

## Qatar Development Bank

The Qatar Development Bank was established in 1997 to foster the economic growth through encouraging small and medium scale industrial projects. At the inception this was established by the Government in association with the national banks, however QDB was nationalized subsequently and paid-up capital of QAR 5.0 Bn was raised. The loan portfolio of QDB as at 31 March 2015 was over QAR 3.0 Bn.

## Qatar Foundation

The Qatar Foundation was formed in 1995 by Sheikh Hamad bin Khalifa Al Thani and Moza bint Nasser to enhance the education, research and community developments of the citizens. The initiatives taken by QF in recent past are in line with the four pillars of Qatar National Vision 2030. QF has established a range of strategic partnership to address the need in design, information and communication technologies, policy studies and event management.

## Qatar Stock Exchange

The Qatar Stock Exchange is the one and only stock market of Qatar. This was established in 1995 and started trading officially in 1997. The sole purposes of establishing the QSE is to support the economy through facilitating the Qatari companies to raise capital. Currently there are 43 listed companies and the market capitalization as at December 2015 was QAR 553.2 Bn.

## Qatar Financial Market Authority

Qatar Financial Markets Authority (QFMA) was established under Law No. 33 of 2005 as an independent regulatory authority to supervise the financial markets and firms that are authorized to conduct activities related to securities in or from the State of Qatar, and empowered to exercise regulatory oversight and enforcement over the capital markets. QFMA operates under the Qatar Central Bank, however QFMA does not supervise financial institutes registered under QFC.

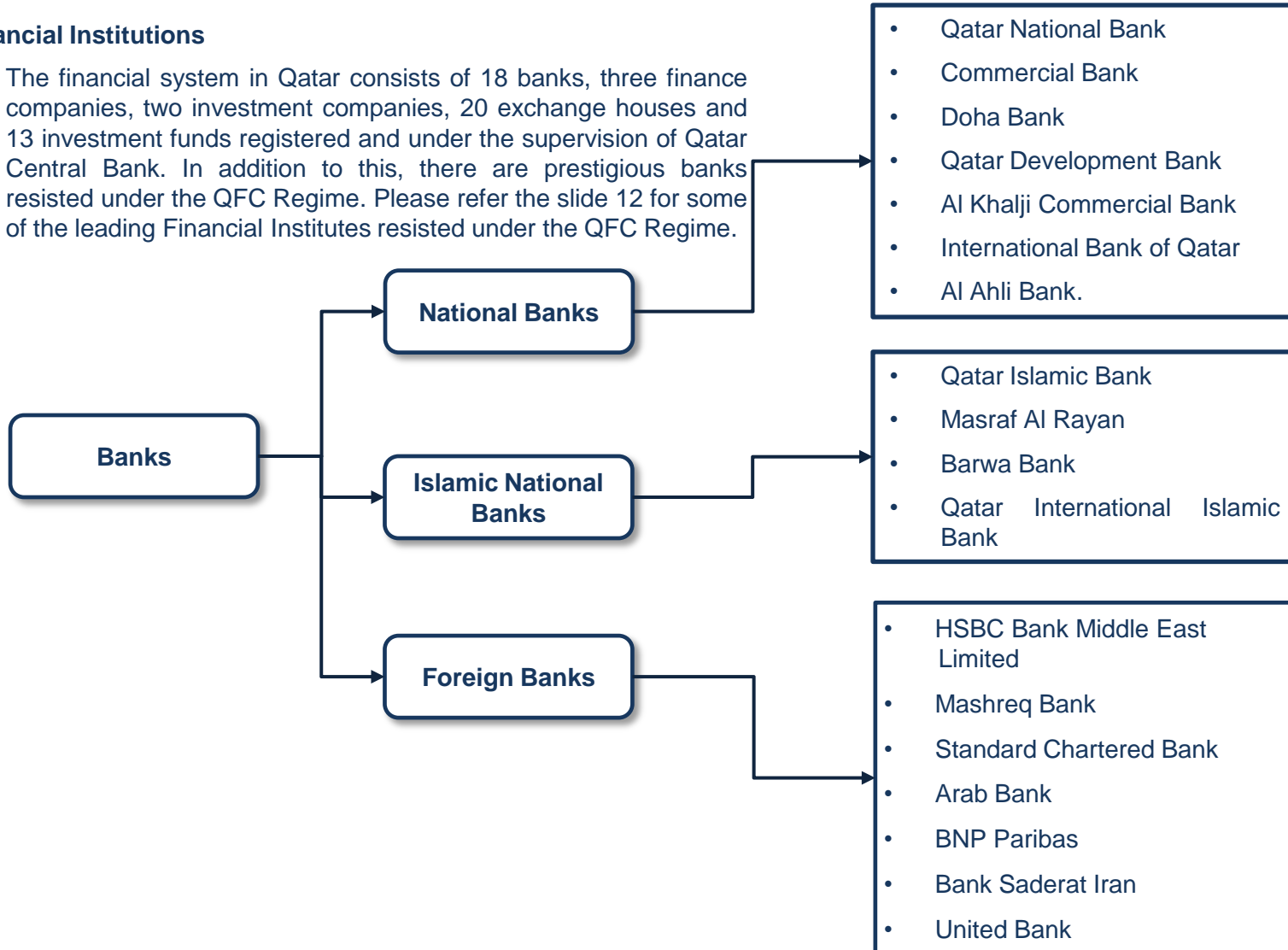


## Qatar Science and Technology Park

The Qatar Science and Technology Park was established in 2004 as part of QF to encourage the development of the country's knowledge economy. From 2012, QSTP is focusing on the themes as per the Qatar National Research and Strategy namely Energy, Environment, Health Science and Information & Communication Technologies. QSTP also encourages companies to develop and commercialize their research to launch technology related business.

## Financial Institutions

- The financial system in Qatar consists of 18 banks, three finance companies, two investment companies, 20 exchange houses and 13 investment funds registered and under the supervision of Qatar Central Bank. In addition to this, there are prestigious banks resisted under the QFC Regime. Please refer the slide 12 for some of the leading Financial Institutes resisted under the QFC Regime.



## Introduction

- Qatar Financial Centre was established in 2005 to attract international financial services institutions and major multi national corporations to encourage participation in the growing market for financial services.
- Due to the restriction for foreign investors to engage in regulated business, QFC registered entities may engage in **regulated business activities** without a local partner. The first initiation to be taken to register in the QFC is to develop and submit a “business case” to determine whether the proposal matches the QFC objectives.
- QFC consists of,
  - QFC Authority
  - QFC Regulatory Authority
  - Civil and Commercial Court
  - Regulatory Tribunal
- The regulated business activities includes financial services, insurance reinsurance, asset management, funds administration, funds advisory, pension funds, provision of credit, brokerage services, financial agency, corporate finance advisory and custodian services.
- The non regulated business activities include ship broking, ship agency services, classification services, grading services, company administration services, the business of holding companies, the formation, operation and administration of trusts and professional advisory services (including accounting, audit, tax, consulting and legal services).

## Incentives

- The following are some of the advantages of registering under QFC are,
  - Fully onshore and dealing in any currency
  - 10.0% tax rate on locally sourced profits
  - 100.0% foreign company ownership permitted
  - Regulatory Tribunal
  - Not subject to nationalization or expropriation measures or any restriction on private ownership
  - Have freedom to recruit and employ employees of their choice on such terms as they wish to agree subject to the regulations of the QFC, and any international treaty obligations entered into by the State of Qatar in respect of the terms of employment of employees in the State

# QFC Registered Institutes

## QFC Registered Institutes

- Currently there are 63 registered institutes under the QFC Regime. Some of the leading institutes are,

Institution	QFC Number	Date of Registration
Abu Dhabi Islamic Bank - Qatar Financial Centre Branch	143	31-07-2011
Bank Audi LLC	27	21-12-2006
Barclays Bank PLC	18	10-09-2006
Credit Suisse (Qatar) LLC	5	01-03-2006
Deutsche Bank AG Doha (QFC) Branch	32	28-12-2006
First Gulf Bank - QFC Branch	98	24-11-2008
ICICI Bank Limited	41	21-03-2007
Industrial and Commercial Bank of China Limited	66	31-01-2008
JPMorgan Chase Bank, N.A. - Qatar Financial Centre Branch	128	05-01-2011
Qatar First Bank LLC	91	04-09-2008
QNB Capital LLC	96	28-09-2008

## Financial Institutions

- Currently there are three finance companies in Qatar licensed by the Qatar Central Bank. The combined assets of these institutes was QAR 3.6 Bn as at the end of 2014 with loan disbursed value of QAR 2.7 Bn. The three licensed forms are First Finance Company, Aljazeera Finance and Qatar Finance House.

### First Finance Company

First Finance Company was established in 1999 as the first finance company in Qatar with an initial capital of QAR 50.0Mn. The paid up capital of the Company as at end of 2014 was QAR 639.1Mn and currently the Company has no branches. The Company was acquired by Barwa Bank in 2010



### Aljazeera Finance

Established in 1990, the company has prominent Government and Financial Institutes as shareholders including Qatar Islamic Bank, Qatar Awqaf Authority, Qatar National Bank Al-Islami, General Authority for Minors' Affairs, and Qatar Insurance Company. The paid up capital of the Company as at end of 2014 was QAR 600.0Mn and currently the Company has three branches.



### Qatar Finance House

Qatar Finance House Company was established in 2006 as a private Qatari shareholding company and operating as an Islamic financing institution. The paid up capital of the Company as at end of 2014 was QAR 211.3Mn.





## Insurance Institutions

- There are 14 insurance companies operating in Qatar including five national companies listed in Qatar Exchange. Qatar has the highest growth in the insurance sector in GCC with a CAGR of 22.4% over the period 2010-2014. Despite the prevailing lower oil prices, the insurance sector is expected to grow in double digits over the period till 2020 in the GCC region based on a study by Alphen Capital. The factors which may favor for the future growth of insurance sectors are infrastructure and construction developments due to FIFA World Cup 2022, ongoing investment in non oil and gas sector by the Government and the compulsory social medical insurance scheme for expatriates.

### Doha Insurance

Doha Insurance was incorporated in 1999, was latest national insurance company. The company engages in underwriting all insurance classes except life insurance. An Islamic Takaful under the brand, "Doha Takaful" was established in 2006 to carry out insurance under the Islamic Sharia principle. The Company currently has two local branches and the market capitalization of the Company was QAR 947.5Mn as at 10 February 2016.

### Qatar Insurance Company

Qatar Insurance Company was established in 1964 as the first domestic insurance company in the country. The company had a market share of 40.0% in 2014. Currently the company has 13 local branches and four branches in overseas. The company was listed in the Qatar Stock Exchange since 1997 and the market capitalization of the company was QAR 15.0Bn as at 10 February 2016.



### Qatar General Insurance & Reinsurance

Qatar General Insurance & Reinsurance Group comprise of three companies including the parent, Qatar General Holding and General Takaful. The Company was established in 1979 and was listed on the local stock exchange in 1997. The Company has seven branches in Qatar and one in UAE. The market share of the Company was 25.0% in 2014. The market capitalization of the Company was QAR 4.1Bn as at 10 February 2016.

### Qatar Islamic Insurance

Qatar Insurance Company, inaugurated in 1994 and listed in Qatar stock exchange in 1999. The company operates currently with two branches locally. The company deals with range of insurance related products that are compatible only with Islamic Sharia. The market capitalization of the Company was QAR 988.5Mn as at 10 February 2016.



## Education

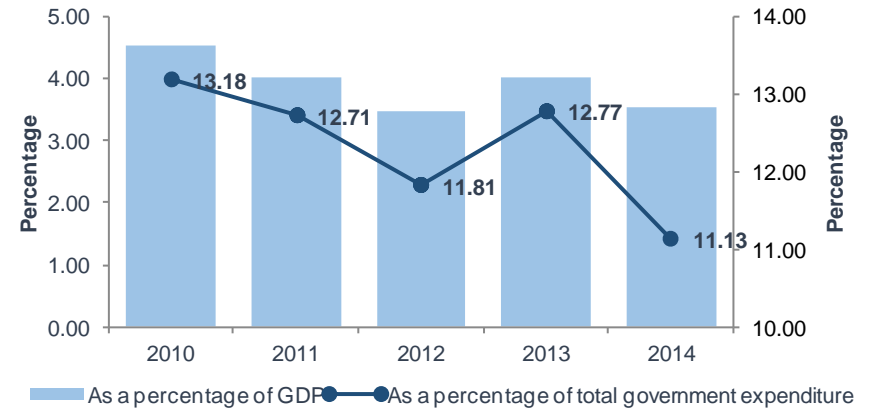
- The education system is under the purview of Ministry of Education and Higher Education. The Supreme Education Council was established in 2002 in order to develop public education in Qatar through providing education to all its citizens. The Council is also responsible in setting the national education policy, drawing and supervising the implementation of the education sector.
- Based on Central Intelligence Agency, Qatar has a higher literacy rate in the region when compared with its peer countries.

Country	Literacy		
	Male	Female	Total
Bahrain	96.9%	93.5%	95.7%
Kuwait	96.5%	95.8%	96.3%
Oman	93.6%	85.6%	91.1%
<b>Qatar</b>	<b>97.4%</b>	<b>96.8%</b>	<b>97.3%</b>
Saudi Arabia	97.0%	91.1%	94.7%
United Arab Emirate	93.1%	95.8%	93.8%

- The importance of this sector is being evident in the amount of fund being allocated by the Government in its budget. Despite the challenges the Country is facing due to the prevailing lower oil prices, the Government expenditure on education has been well above 10.0% since 2008 out of the total expenditure.

- The budget allocation by the Government in 2016 budget for the education sector is QAR 20.4Bn, this was nearly 10.1% of the total planned expenditure of the Government in 2016.
- The planned capital expenditure for the year includes construction of 18 new schools and six kindergartens. In addition there is a planned expansion at Qatar Foundation for education, science and community development at Qatar University. These projects are aimed at ensuring that the strategic plan for the education sector is implemented.

**Government Expenditure on Education**



## Health

- Qatar's healthcare spending is among the highest in the Middle East. The health care sector has come a long way since the country's first hospital opened in 1957. Today, citizens and residents enjoy state-of-the-art health and medical services from both public and private health care providers.
- Hamad Medical Corporation (HMC) is the premier non-profit health care provider. Established in 1979, it manages five specialized hospitals and 24 primary health care centers. HMC offers the most comprehensive health care in Qatar, covering every area of medicine and wellness from oncology to psychiatry.
- Access to public health care services is affordable and efficient with the government-issued Health Card. A wide selection of private health care clinics has also opened in Qatar. Private practices operate under strict national standards. However, their services are not covered by the Health Card.
- The Supreme Council of Health (SCH) is responsible for regulating both public and private health care. Its mandate is to provide the most effective and advanced health care possible, and propel Qatar's health care system into one of the best in the world. To help fulfill this national goal, the government is dedicating significant resources into upgrading the health infrastructure and promoting healthy living. It believes that quality health care and education are key to building a healthy nation.

## Academic Health System

- The Academic Health System (AHS) was launched in August, 2011. A joint initiative of the Hamad Medical Corporation (HMC) and Weill Cornell Medical College in Qatar (WCMC-Q), the AHS is the first attempt anywhere in the world to bring together all of a nation's medical institutions and health care centers working as partners towards realization of a shared vision and strategic plan to develop high-quality patient care and a healthy population through academic excellence and pioneering research.
- An agreement to this effect was signed during the event by the HMC and its partners including,
  - Weill Cornell Medical College in Qatar (WCMC-Q)
  - University of Calgary Qatar (UCQ)
  - Primary Health Care (PHC)
  - Qatar University (QU)
  - Sidra Medical and Research Centre
  - College of the North Atlantic Qatar (CNAQ)
- They pledged their commitment to promote healthcare partnership in the region by integrating health care agencies, medical education and research.

## Overview

- Law No. 34 of 2005 regulates the establishment of Free Zones. Under this law, entities established in any of the Free Zones need not comply with the provisions of the Commercial Companies Law.
- For example Free-Zone entities may not adopt one of the corporate forms prescribed in the Commercial Companies Law and they may be fully owned by non-Qataris.
- Furthermore an entity licensed to work in or from one of the Free Zones is not required to obtain any other licenses or permission to carry out its activity.

## Incentives

- Many incentives are granted to entities incorporated in the Free Zones; for instance, Free-Zone entities are not subject to taxation laws applicable in the State for a period of twenty years. The said period can be renewed for a similar period or more by a decision of the Council of Ministers.
- Also, Free-Zone entities' exports and imports are exempt from custom duties. Custom duties are levied on commodities exported from Free Zones into the State

## Authority

- The Law describes Qatar Free Zones Authority as the authority competent to grant the relevant licenses to entities intending to carry on business in a Free Zone and requires the Qatar Free Zones Authority to appoint a Director for each Free Zone area and to supervise all Free Zone administrations.

## Overview

- Taxation 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. The activities subject to taxation include any profession, vocation, service, trade, industry, speculation, contractual work or any other business practiced for the purpose of profit. Personal income from salaries, wages, allowances and related items is not taxed.

## Applicable Rate

- The tax rate applied commonly is 10.0% on the taxable income. However, there are other different tax rates applied in specific cases stipulated in the Income Tax Law. Taxes are calculated on an annual basis.

## Regulation

- The executive regulations of the Income Tax Law were issued by the Minister of Economy's Decision No. 10 of 2011. The executive regulations provide greater clarity on the intention of the provisions of the said law and how they will be interpreted and applied by the Public Revenues and Taxes Department.

## Custom Duty

- Customs duties are applied currently on goods which are imported outside the GCC countries and the common applicable rate is 5.0% however the rate may be high for tobacco products.

## Double Taxation Treaties

- Withholding tax for payments made to non residents is currently 5.0% on royalties , technical fees and 7.0% on interest, commission, brokerage fee, director fee, attendance fee or any other payments for services.
- With increase globalization of the world economy, the Qatar has an increasing double taxation treaties with over 50 agreements currently in force. These treaties are applicable in respect for dividends, interest and royalties.



**If you require any further information, please contact,**

**Sangeeta Basu**

**Lead Partner**

Telephone : +974 55714742

Email : sangeeta@agpca.com

**K.A.G.Dayana**

**Assistant Manager**

Telephone : +974 70058741

Email : dayana@agpca.com

Ahmed Khaled Al Ghanim & Partner chartered accountants is a member in good standing of the Leading Edge Alliance, LEA is the second largest international association in the world, with more than 2150 partners, 450 offices and 175 firms. LEA Global firms operate from offices in over 100 countries.