

## Establishing a presence - Qatar



In keeping with the goals enunciated in its National Vision 2030, Qatar has worked to shift its economic and developmental focus away from a reliance on oil and gas by promoting a policy of economic diversification.

Recognising that the participation of non-Qatari investors is an integral part of the successful realisation of this policy, Qatar continues to implement new legislation aimed at liberalising the business environment for such investors, and introducing incentives and exemptions that supplement the country's already considerable investment appeal.

Specialist legal advice should be taken by any foreigner or foreign owned entity wishing to enter the Qatar market. If managed properly the initial establishment stages should take between 4 and 6 weeks to complete, however finalising the process may take between 2 and 4 months.

### **Business mediums in Qatar**

In order to conduct business legally in Qatar a foreign-owned entity must register a legal presence.

It can then conduct activities in accordance with its commercial registration obtained from the Qatari Ministry of Business and Trade (MBT). Various other permissions, approvals and operating permits may also be required depending on the business of the registered entity. The Foreign Investment Law regulates the

procedures for foreigners investing in Qatar.

Set out below are the main establishment options that are typically selected by foreign-investors.

Other corporate options include Article 68 Companies where a foreign investor has a Government partner and, subject to negotiation and Council of Ministers' Resolution, can own more than 49% of the share capital of a company. In addition these are 10 business sectors where foreign investors may, subject to approval of the Minister of Business and Trade, own 100% of the share capital.

### **Limited liability company (LLC)**

LLCs comprise at least two and no more than fifty partners, whose liabilities (subject to a few exceptions) are limited to the value of shares held in the company. Shares may only be transferred after they have first been offered to the other shareholders, unless they have agreed to waive such rights. An LLC may not carry out banking or insurance business or provide advice or services to third parties unless appropriate licences and approvals have been obtained. An LLC company must have a minimum



### Further information

If you would like further information on any issue raised in this fact sheet please contact:

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capital of QAR 200,000 and at least 51% Qatari ownership (unless an exemption has been obtained). At least 10% of each year's net profits must be kept within an LLC until the reserve stands at 50% of the share capital.

### Branch of a foreign company

Branches may be established where a non-Qatari company is performing a specific contract in Qatar. Save for the Qatari entity with which the foreign company is contracting, there is no requirement to have a Qatari "partner". The subject matter of the contract must facilitate the performance of a public service or utility which the MBT currently defines as having a contract with the Qatari Government or a quasi governmental entity. The Branch is only entitled to perform the specific contract for which it is registered.

### Representative office

A Qatari representative office is a marketing platform which can only be used to promote a foreign company in Qatar.

### Qatar Financial Centre (QFC)

The QFC attracts international financial institutions and multinational corporations to establish businesses in international banking, financial services, insurance, corporate head office functions and related services. The QFC is organised into two authorities, a commercial authority and a regulator. Both bodies are independent of each other and from the Government of Qatar. The QFC permits regulated activities related to financial services and unregulated activities. The QFC has its own rules and regulations. The entities registered within the QFC may operate and trade without a local sponsor and are governed by the QFC rules and regulations. Tax has been payable by QFC entities from 01 January 2010 at a flat rate of 10%.

### Qatar Science & Technology Park (QSTP)

The QSTP has special free zone status and is a centre of research and commercial excellence for scientific development and regionally produced intellectual property for both Qatari and non-Qatari Investors. No tax is payable.

### Qatar Exchange (QE)

The QE commenced operations in May 1997, listing the shares of Qatari public shareholding companies. Foreign investors are allowed to invest directly in shares subject to a ceiling of 25% of

the issued share capital of companies quoted on the QE.

### Free zones

In September 2005, Qatar enacted a new law for the establishment of free zones in the state. Companies setting up in the free zones will operate and trade without a local sponsor or service agent, and may enjoy 100% non-Qatari ownership. There are currently no free zones in operation.

### Taxation

There are no personal taxes, or other deductions from salaries paid in Qatar. However, income tax is payable on all profits earned and attributable to foreign investment. The Tax Law which became effective on 01 January 2010, introduced some major changes to the existing tax regime. Most significant was the introduction of a flat tax rate of 10% and withholding tax. Tax exemptions are available subject to approval.

### Employment

Contracts of employment, save where employment is exempt, eg. domestic workers, QFC employees, etc are governed by the Labour Law, must be in Arabic and approved by the Labour Department. Employers should be aware of the requirement to pay end of service benefits to employees, as well as the necessity to obtain residence and work permits for non Qatari/GCC employees who they must sponsor while employed. The Labour Law contains Qatarisation initiatives for private sector entities. The Immigration Law provides that Qatari nationals and registered entities, including QFC entities, may only sponsor their own employees.

### Real estate

Ownership of land by non-Qataris is restricted, however land for projects can be given to non-Qatari investors on long term leases for up to 50 years. Non-Qataris can own freehold properties in three new developments (West Bay, the Pearl and Al Khor) and leasehold property (usufruct rights) in a further 18 regions.

### Intellectual property

Historically, intellectual property rights were not well protected in Qatar, however trademark and copyright, design and patent laws have now been enacted.