



Income Tax Alert



The General Tax Authority (“GTA”) issued Circular No.14 for the year 2019 clarifying some transitional provisions for the application of the new Income Tax Law No. 24 of 2018 (“the new Income Tax Law”).

The GTA has provided following key clarification through the Circular.

Enforcement of new Income Tax Law

- The provisions of the new Income Tax Law shall apply to the accounting periods beginning on or after 13 December 2018. However, the accounting periods that started before the enforcement of the new Income Tax Law are subject to the provisions of the old Income Tax Law No. 21 of 2009.
- Therefore, the petrochemical operations shall be taxed at a rate of 35 percent from the accounting period beginning on or after the said date.

Computation of penalties

- With regards to the calculation of penalties and surcharges for overlapping violations (which mean violations that began before the new income tax law and continued after its entry into force), the value of the penalty and its threshold shall be computed as follows:
 - According to the provisions the old income tax law (and it’s threshold) until 16 February 2019.
 - From 17 February 2019, the same shall be calculated in compliance with the provisions of the new Income Tax Law.

Withholding tax rates

- The Withholding Tax (“WHT”) rates referred to in the new Income Tax Law shall apply to contracts concluded on or after 13 December 2018. However, if the contracts were entered into prior to this date, the WHT rates would apply as follows:
 - In the case of payments due before 13 December 2018, the WHT rates provided in the old income tax law shall apply even when the date of actual payment is after 13 December 2018.

- In the case of payments due after 13 December 2018, the WHT rates referred to in the new Income Tax law will apply (i.e. unified rate of 5%).

The use of Arabic language

- In accordance with Article 13 of the Law No. 7 of 2019 on the Protection of the Arabic Language, the obligation to use the Arabic language in correspondences and clarifications submitted to GTA shall be effective from 13 July 2019.
- With regard to the financial statements of the taxpayers, the obligation to submit financial statements in Arabic shall be applied to the tax year beginning on 1 January 2020, unless the GTA grants another extension to the taxpayers.

Others

- Taxpayers and auditors must submit all correspondence to the GTA through registered letters until the electronics correspondences mechanism is activated.
- The provisions of Circular No. 2, 3, and 4 of 2011 shall continue to apply until further instructions from the GTA.

How can we help you?

KPMG in Qatar can help you analyze the applicability of the new Circular and evaluate the potential impact of the transitional provisions on your business in Qatar. If you have any questions or would like to discuss this directly, please contact us.

Kind regards

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This alert provides a brief summary of the current updates and has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out in the new law and executive regulations will depend upon the

particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.



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