TAX ALERT
April 18, 2025

Qatar Issues Law No. 22 of 2024 Amending the Income Tax Law

Overview

On 27 March 2025, His Highness Sheikh Tamim bin Hamad Al Thani, Emir of the State of Qatar, issued Law No. (22) of 2024, introducing amendments to certain provisions of the Income Tax Law No. (24) of 2018.

The new legislation was enacted after consideration of the following:

- The Constitution of the State of Qatar
- Qatar Financial Centre Law No. (7) of 2005 and its amendments
- Law No. (34) of 2005 on Investment Free Zones and its amendments
- Law No. (36) of 2005 on the establishment of the Science and Technology Park Free Zone
- State Financial System Law No. (2) of 2015
- Income Tax Law No. (24) of 2018, as amended by Law No. (11) of 2022
- Law No. (13) of 2019 on the establishment of the Media City
- Amiri Decision No. (77) of 2018 on the establishment of the General Tax Authority

The new amendments were approved based on a proposal from the Council of Ministers and the endorsed by the Shura Council.

Key Points:

Key highlights of the amendments

Amended Article 34

The amendment affirms that Qatar's domestic tax law will not override its obligations under international agreements, particularly those relating to tax transparency, exchange of information, and Base Erosion and Profit Shifting (BEPS). The Minister of Finance is authorized to issue binding decisions to enforce these obligations across all entities, including those under preferential or special tax regimes.

Key Definitions Introduced

The following is added to the Income Tax Law, under a new section titled "Chapter Seven: Global and Local Minimum Tax," which includes the following provisions:

The newly introduced definitions cover the following concepts:

- The Inclusive Framework on BEPS by the OECD/G20.
- The Global Anti-Base Erosion (GloBE) Rules, including how they are interpreted and applied.
- References to official commentaries and agreed Administrative Guidance issued by the Inclusive Framework.
- The concept of Income Inclusion Rules (IIR) under Pillar Two.
- Introduction of a Qualified Domestic Minimum Top-Up Tax (QDMTT) at a rate of 15% on excess profits of local constituent entities.
- Definitions related to Multinational Enterprise (MNE) Groups and their constituent entities.
- Safe harbors and simplified compliance measures available for MNEs under the GloBE framework.

The amendments introduced provisions related to the application of income insertion and local minimum tax for multinational entities:

- Qatar will apply the Income Inclusion Rule to Multinational Enterprise (MNE) Groups operating in the state.
- A Domestic Top-Up Tax of 15% will apply to excess profits of constituent entities located in Qatar.
- The application of the above rules must align with the OECD's GloBE Model Rules, the official Commentaries, the Agreed Administrative Guidance, rule ordering principles, and any applicable Safe Harbors.
- The law introduces key compliance measures reporting obligations for multinational groups subject to the global minimum tax rules in Qatar.
- Penalties are introduced for non-compliance

New Penalties Added

The amendments introduce a set of new penalties aimed at ensuring compliance with record-keeping, information submission, and accurate reporting obligations:

- Failure to Maintain Proper Records (Penalty: QAR 30,000):
- Failure to Submit Requested Information (Penalty: QAR 200 per document. The total penalty for missing documents is capped at 72,000 QAR.
- Providing Inaccurate or Incomplete Information (Penalty: QAR 100 per item) with a maximum penalty of 10,000 QAR. If this incomplete or incorrect information leads to incorrect tax calculations, the penalty can be increased to 50% of the unpaid tax resulting from the error.

Transitional Period and Financial Penalties Relief for Multinational Entities

The financial penalties specified will be waived during the transitional period if a multinational group can demonstrate that it has implemented reasonable measures to ensure the proper application of the tax rules. The transitional period is defined as any financial year starting on or before December 31, 2026, but not including any financial year ending after June 30, 2028. The waiver of penalties does not apply to any multinational group involved in tax evasion, avoidance, or fraudulent activities.

The Law mandates that all relevant authorities are responsible for implementing the provisions of this law. The law came into effect on January 1, 2025, and it will be published in the Official Gazette.

Conclusion

Law No. (22) of 2024 amends Qatar's Income Tax Law to align with international tax standards, particularly regarding BEPS and the Global and Local Minimum Tax. The new provisions introduce stricter compliance measures for multinational entities and penalties for non-compliance. However, a transitional period allows multinational groups to avoid penalties if they demonstrate reasonable efforts to apply the new rules. The law took effect on January 1, 2025, and businesses must prepare to meet the updated tax requirements.

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