

New Commercial Registration Rules in Qatar

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This article identifies imminent changes to the Qatar Commercial Registration Law No. 25 of 2005.

The law regulates the process for commercial registrations at the Ministry of Economy and Commerce (the ‘Ministry’) for persons (whether individuals or juristic) to allow them to carry out commercial activities in Qatar.

The registration of companies in Qatar is of great importance. With the exception of particular partnership companies, to acquire an independent legal personality all companies regulated under the Commercial Companies Law must be registered at the commercial registry.

The company’s information included in the commercial register functions as a declaration from the Ministry that such information is correct and valid for third parties to rely upon. Therefore, the law provides that any change that affects the company’s activities, changing managers, directors, authorised signatories or shareholders will require a further amendment to the commercial registration. Furthermore, any court decision issued in respect of the company’s status or ability to perform obligations, including, court decisions on termination of managers or invalidity or dissolution of the company’s board of directors (as recently added), should also be notified to the competent authority at the Ministry.

The Commercial Registration Law has now been amended by virtue of Law No. 20 of 2014. The [recent amendments](#) introduced a more time-efficient system in terms of accepting or rejecting the applicant’s application and the process of appealing to the Ministry of Economy directly in the event of rejection (under the previous law applications had to be heard by the courts). It further provides for higher penalties in the event of non-compliance with the Commercial Registration Law.

Significant amendments under the new Law

a. Application and registration process

Under the new Law, the Commercial Registration Department at the Ministry is required to respond to the applicant’s request for registration on the same day the applicant submits the application, provided it is supported with all relevant documents (which include, among other things, a copy of the trade name’s approval by the Ministry, a letter from the bank confirming that the minimum capital for the company as required under the Commercial Companies Law has been properly deposited, the articles of association’s approvals and authentication). The applicant should also pay a registration fee which is determined by the company’s scope of activity.

In the event the Ministry rejects the application or does not approve it on the same day, it should provide a reason for its decision. The Law empowers the Minister of Economy and Commerce (as opposed to the competent court before the Law was amended) to accept or reject an appeal of the Ministry’s decision within a period of 15 days following the appeal date. The Minister’s decision in this respect is final.

b. Validity of the commercial registration

Before the recent amendment to the Law, a commercial registration could be obtained for a period

of between one year and five years. However, under the new Law, a commercial registration can only be valid for one year renewable thirty days before the expiration date noted on the commercial registration. The Ministry has the right to delete a person's registration if the renewal process is not completed within a 90 day period from the date the relevant person is notified of the requirement to renew the commercial registration. Re-registration is permitted at the discretion of the Ministry, and only after the registration fees have been paid from the date the commercial registration should have been renewed or on its expiry.

c. Branches

The Law, as amended, requires branches incorporated in Qatar to (i) hold the exact name of the principal company without any modification; and (ii) ensure the commercial activities mentioned on the branch's commercial registration are the same as those activities listed in the incorporation documents of the principal company. The Law further provides that branches are not to be considered as separate legal entities from the principal company. Operators of branches will have a grace period of six months from the date the Law becomes effective to comply with the Law.

It should be noted that Article 3 of Law No. 13 of 2000 ('Foreign Investment Law') permits a foreign company to open a branch office in Qatar if the company is awarded a specific contract or project that contributes to the public interest.

d. Other amendments under the Law

Since the original issuance of this Law in 2005, the Law required every person registered in the commercial registration to write, in Arabic, its commercial name and registration number on the commercial premise and on all commercial correspondence and documents used by that person (Article 6). The amendment to the Law has increased the financial penalty for breaching Article 6 from QAR 10,000 to QAR 50,000. However, unlike the 2005 Law, the amendment does not provide for criminal penalties for breaching the requirement.

Amendments have also been made to the penalties applicable to a person (i) operating a commercial premise without being registered in the Commercial Registration, (ii) misusing or allowing others to misuse the commercial registration, or (iii) providing the Ministry with false or wrong documents in order to be registered and obtain a commercial registration. Penalties for such breaches can amount to a fine of up to QAR 200,000 and/or six months imprisonment. In addition to these penalties, the competent court may issue an order to suspend the company's activities for a period not to exceed one year, or to close the business premise or to deregister the company.

Conclusion

This law appears to have been designed to expedite the registration and renewal procedures in response to demands from the business community. It achieves this in a number of ways, including removing the need to go to court to appeal a decision on registration. Now such applications are heard by the Minister of Economy and Commerce, which will be a more efficient process as the Minister must decide the application within 15 days of receiving it.

This Law will become effective on the date it is published in the Official Gazette. Once it is, the persons (individuals and companies) registered in the commercial registration before the date on which the law becomes effective, will have a period of six months to comply with this Law, unless such period is extended by a Ministerial decision. The Ministry of Economy and Commerce will be responsible to ensure the law is implemented in terms of compliance with the Law by both the Ministry and registered persons, to the extent applicable to each.