

التميمي و مشاركون
ALTAMIMI & CO.



DOING BUSINESS IN QATAR

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AL TAMIMI & COMPANY

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ABOUT US

Al Tamimi & Company is the largest law firm in the Middle East with 17 offices across 9 countries. The firm has unrivalled experience, having operated in the region since 1989. Our lawyers combine international experience and qualifications with expert regional knowledge and understanding.

We are a full-service firm, specialising in advising and supporting major international corporations, banks and financial institutions, government organisations and local, regional and international companies. Our main areas of expertise include arbitration & litigation, banking & finance, corporate & commercial, intellectual property, real estate, construction & infrastructure, and technology, media & telecommunications. Our lawyers provide quality legal advice and support to clients across all of our practice areas.

Doing Business in the Middle East?
So are we.

Our regional footprint means that wherever our clients are doing business in the region, we are there to support them. Our expansion has been strategic and client driven. Our values define who we are and what is important to us. As a firm, we have grown based on a set of core values, which are integral to all that we do.

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FOREWORD

Welcome to our guide to doing business in Qatar, an invaluable introduction to the key considerations for establishing and undertaking a business in thriving Qatar. The guide, prepared by our team of legal experts, provides answers to some of the most important questions that investors face when considering establishing a business in the country.

These are exciting times for Qatar, with strong economic growth, exciting private and public projects, evolving laws to facilitate enterprise and of course the upcoming 2022 World Cup. Qatar is an increasingly attractive destination for international investment and is becoming a gateway for trade into many other countries. Al Tamimi & Company is the leading law firm in Qatar and across the GCC. With unrivalled depth and breadth of expertise, we can provide you unparalleled legal and commercial support as you set up your business in Qatar.

We trust that you will find the information in this guide valuable and provides you an understanding of the legal and business environment in Qatar.



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Seeing the bigger picture

Al Tamimi & Company knows more than just the law. We focus on the here and now and also understand that our advice may affect the future. We therefore ensure our lawyers think about the situation at hand, current and future challenges and potential opportunities.

In a region where the legal landscape is never black and white, we have the knowledge, expertise and cultural awareness to make sure our clients are at the forefront of doing business in the Middle East.

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ABOUT QATAR

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The State of Qatar has been an independent sovereign state since its independence from Britain in 1971. The State of Qatar is a peninsula located amid the western coast of the Arabian Gulf. Its sole land border is with the Kingdom of Saudi Arabia and the rest of its territory is surrounded by the Persian Gulf. The coastline covers 563 km with shallow coastal waters in most areas and many coves and inlets.

Why do business in Qatar?

Due to natural resource of gas and oil, the State of Qatar has one of the fastest growing economies and the highest per capita income in the world. Qatar is a world's largest exporter of liquefied natural gas ("LNG") and a world leader in gas-to liquid ("GTL") production. Even though a majority of Qatar's revenue is associated with its natural reserves, Qatar's economic policy is focused on expanding and developing its non-energy related industries, such as petrochemical industries, real estate, financial industries, education, health, sports and tourism.

The State of Qatar was awarded the rights to host 2022 FIFA World Cup, which presents various opportunities for local, regional and international businesses and has already resulted in major infrastructure investments.

Government

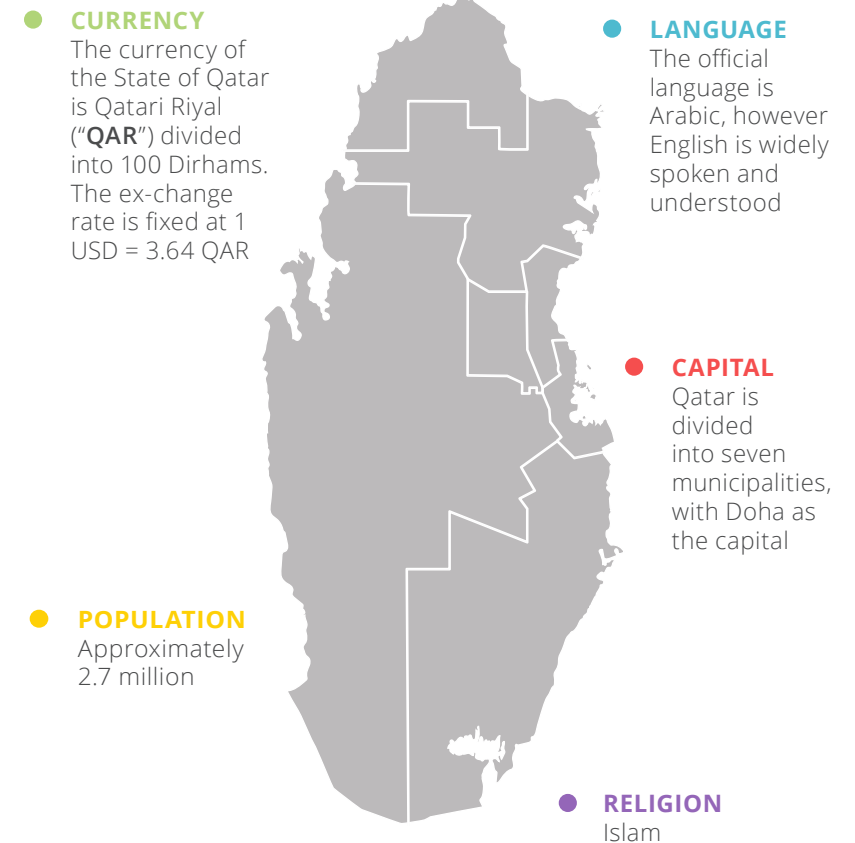
Since 2013, the country has been governed by Emir, HH Sheikh Tamim bin Hamad bin Khalifa Al-Thani, The Emir is the Head of the State and Commander-in-Chief of Qatar's armed forces. The Emir is assisted by the Council of Ministers ("**Cabinet**"), the Prime Minister and six supreme councils. The Emir appoints the prime minister and ministers, accepts their resignations and relieves them from their posts by Amiri Decrees.

The Prime Minister chairs the sessions of the Cabinet and supervises work coordination between different ministries and signs resolutions issued by the Cabinet.

The Cabinet is formed by an Amiri Decree based on the proposal of the Prime Minister. The Cabinet is the supreme executive authority in the country and monitors all internal and external affairs within its jurisdiction in accordance with the provisions of the Constitution and the law.

Ministries and other government agencies are responsible for executing public policies and programs relevant to them.

Key Statistics



A photograph of a modern, curved building at night. The building features multiple levels with balconies that are illuminated from within, creating a warm, golden glow. The balconies are separated by dark, possibly metallic, railings. The building's facade is composed of large, rectangular panels that reflect the ambient light. A semi-transparent dark blue rectangular box is overlaid on the right side of the image, containing the text "LEGAL ENVIRONMENT" in white, bold, sans-serif capital letters. The background shows a dark night sky and other city lights in the distance.

LEGAL ENVIRONMENT

LEGAL ENVIRONMENT

Under the rule of the then Emir, His Highness Sheikh Khalifa bin Hamad, the State of Qatar gained its full independence in 1971. Under his rule, a constitution was established that was re-drafted in 2003. The current constitution guarantees basic human rights, such as the freedom of speech, freedom of religion and freedom of press and ensures that residents and nationals are treated equally under the law. Furthermore, the constitution sets out the role of the judicial branch. Similar to most legal systems in the Middle East, Qatar is a civil code jurisdiction. The Qatari constitution attempts to create an independent judiciary which was further strengthened by the Judicial Authority Law [Law No. 10 of 2003] (the “**Judicial Authority Law**”) which provides in article 2 “*The independence of the judiciary shall be guaranteed and no inappropriate or unwarranted interference with the judicial process is permissible.*”

Courts

In Qatar, the legal framework is made up of three types of courts, the Civil, the Criminal and the Islamic “Shari’a” courts.

The Civil Courts have exclusive jurisdiction over civil, commercial, banking, insurance and maritime matters.

The Criminal Courts rule over all crimes under its jurisdictions.

The “Shari’a” Courts have exclusive jurisdiction in connection with all family law matters.

Such courts comprise from the Lower Court, Court of Appeal and the Higher Court.

At the same time there are a number of specialist tribunals in addition to the court systems, in 2008, the new Lease Law no. 4 of 2008 established a specialist committee presided over by a judge. This tribunal exercises jurisdiction over all rental disputes (residential and commercial) and plays a central role in the day-to-day business of companies and residents in Qatar. The findings of this tribunal may be appealed to the Court of Appeal.

In addition, the QFC Regulatory Authority (“**QFCRA**”) regulates financial issues including, banking, insurance, derivatives and securities. The QFC Regulatory Tribunal (“**QFCRT**”) has jurisdiction to hear appeals raised by individuals and corporate bodies against decisions of QFCRA and other QFC institutions.

The basic civil laws are set out in the Civil Code [Law No. 22 of 2004] and the basic criminal laws are set out in the Penal Code [Law No. 11 of 2004]. Under these laws are laws dealing with more specific matters. Some specific laws that may be of interest to businesses considering establishing a presence in Qatar or doing business in the country are discussed below.

Foreign Investment Law

The earlier Foreign Investment Law [Law No. 13 of 2000] (“**Earlier Foreign Investment Law**”) has been replaced by a new Foreign Capital Investment Law [Law No. 1 of 2019] (“**New Foreign Investment Law**”).

Under the Earlier Foreign Investment Law, foreign investors were allowed to invest in all sectors of the national economy provided they had one or more Qatari partners owning a minimum of 51% of the capital.

The Earlier Foreign Investment Law prohibited foreign ownership altogether in the fields of (1) Banking; (2) Insurance; (3) Commercial Agency; and (4) Real Estate.

A Ministerial exemption to the 49% limit was required to be obtained for investment in certain economic sectors including the fields of agriculture, industry, health, education, tourism, development and exploitation of natural resources, energy or mining and business consultancy, technical, information technology, sports, cultural, entertainment and distribution services.

The Earlier Foreign Investment Law had provisions which, subject to an exemption from the Minister of Commerce and Industry (“**Minister**”), allowed a branch/temporary registration (“**Branch**”) of a foreign company to be registered in Qatar if that foreign company had a contract or sub-contract in Qatar which resulted in facilitating the rendering of a service or implied public benefit.

The New Foreign Investment Law has come into force on 24 February 2019.

The restriction that had been imposed on foreigners not being able to hold more than 49% of private Qatari companies (except in limited circumstances) has now been removed by the New Foreign Investment Law, provided that consent for ownership above the level of 49% is approved by the competent department of the Ministry of Commerce and Industry (“MCI”). The decision to approve ownership above 49% is a discretionary authority granted to the MCI.

Free Zones

There is at present only one fully operational Free Zone in Qatar, namely Qatar Science and Technology Park which offers various incentives to investors, other Free Zones are being developed (for further details please see the chapter on Business Structures).

Cabinet resolution No. 6 of 2006 established the first free zone in Qatar, comprised of 10 square kilometres in the vicinity of Doha International Airport which has authorised the following activities, namely (1) Small and medium clean industries, medical industries, maritime industries and high-end industries; (2) Electricity and desalination plants, telecommunication and data technical industries; (3) Service providers, accounting auditing, tax, legal and consulting; (4) Financial and investment consulting; (5) Company head offices and business management offices; (6) Media, entertainment and tourism businesses; or (7) Cargo, transit and storage businesses.

The Customs Law [Law No. 40 of 2002] (the “Customs Law”) allows the promulgation of Free Zones that are totally or partially exempted from all customs duties.

GCC Nationals

Citizens of members of the Gulf Co-operation Council (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab Emirates) also have some exemptions from the application of the Foreign Investment Law of Qatar.

These include an increase in ownership to 100% of ownership in business enterprises as opposed to 49% for certain business activities, and the ability to own freehold land in three designated zones in Qatar, being Lusail, Al Khuraj and Thaaayleb Mountain.

Commercial Agency

The Commercial Agents’ Law [Law No. 8 of 2002] (the “Agency Law”) is the relevant legislation governing commercial agency relationships in Qatar and article 2 of the Agency Law sets out the following definition of what constitutes a commercial agent that is, *“Any person who is exclusively licensed...to distribute or offer for sale or circulation goods and products...or render specific services in the context of the agency on behalf of his principal for profit or commission shall be considered a commercial agent.”*

As a consequence of the Agency Law’s definition, for a commercial agency to exist at law the following conditions must be met: (1) exclusivity; (2) licence to distribute/sell goods or services; (3) representation of a principal; and (4) consideration in the form of profit or commission.

In amendments to the Agency Law introduced in 2016, the definition of commercial agent was extended to distributors who are appointed exclusively.

The Agency Law sets forth the requirement for agents to be registered on the Commercial Agents’ Register held by the Ministry of Commerce and Industry.

The consequences for not registering a commercial agency are that (a) the agreement will not be considered a commercial agency agreement under the Agency law; (b) any person who falsely states that he is a commercial agent shall be subject to criminal penalties; and (c) no court action shall be dealt with by a Qatari court under the Agency Law where the agency is not registered.

Once an agency is registered, rights of exclusivity are granted over the products/services specified in the agency agreement as well as an entitlement at law to a commission of 5% of the value of goods imported.

There are two types of agencies recognised by the Agency Law:

- *Limited duration* where a fixed term is applied in the agreement; and
- *Unlimited duration* which cannot be terminated without agreement of both parties.

Article 9 of the Agency Law provides that an agency contract of unlimited duration may only be terminated with the consent of the parties or by approaching the authority empowered to resolve disputes arising from the contract in order to obtain a ruling or decision to that effect. The agreement can also have an early termination term contained therein and such a term will be recognised at law.

In a fixed term agency, the agency also comes to an end upon expiry of its duration unless the parties agree to renew the same.

Apart from compensation arising out of contractual liability under the general rules for damage caused to a party by the other party's unlawful or unreasonable termination of an agency contract, the Agency Law also permits an agent to recover compensation from his principal in connection with latter's termination of the agency contract or failure to renew the same upon proof that the agent's activities were instrumental in promoting the principal's products or expanding his client base.

Apart from the compensation which courts may award for termination of agency contracts as explained above, the following legal consequences also arise upon termination.

The agent is entitled to a lien over goods and other items sent or entrusted to him by the principal in order to secure payment of the agent's fee and all monies due to him on account of the agency. The lien will attach to the price if those goods or items have been sold.

If a principal terminates or refuses to renew an agency without good cause, the Commercial Affairs Department may decide to ban the import of the goods and products covered by the agency.

The Minister of Commerce and industry may ban the entry of the goods, products or services of an agency if the principal has terminated the agency contract and the contract was for an unlimited duration.

An agent who takes over an agency is required to buy, from the original agent, the agency goods at fair market value or cost price, whichever is less, plus 5% of their value.

Distributors

If a person is not a commercial agent within the definition of commercial agency contained in the Agency Law (or is not a distributor appointed exclusively) or if the agency is not registered, that person may be considered to be a distributor within the meaning of the Commercial Law [Law No. 27 of 2006] (the "**Commercial Code**")

Article 304 of the Commercial Code provides that a distribution contract can be in place where: *a trader undertakes to market and distribute products of an industrial or commercial establishment in a particular territory shall be considered to be a commercial agency provided that he is the sole distributor of such products.*

Article 304 also serves the purpose of making a number of provisions of the Commercial Code applicable to distributorships as if they were commercial agents. These include:

- Where the contract requires the agent to erect facilities or spend extraordinary amounts of money the contract period shall be five (5) years;
- No termination by the principal is permissible without compensation for the agent ; and
- Where an agreement is not renewed after it has expired then the agent shall be entitled to compensation where he has not been in default and the agent's activities have resulted in a remarkable success in promoting the products subject to a claim being made within ninety (90) days of the expiry of the contract.

Article 302 of the Commercial Law does provide for a limitation of actions, that being three years after the end of the contractual relationship.

Where a distributor is exclusively appointed and the agreement is registered on the Commercial Agents' Register the Agency Law provisions will be applicable to the distributorship in deference to the Commercial Code.

An aerial night photograph of a city, likely Dubai, showing a complex network of highways with light trails from traffic. In the background, a dense cluster of illuminated skyscrapers is visible against the dark sky. The foreground and middle ground feature various urban developments, including residential buildings, parks, and waterfront areas. The overall scene is a vibrant display of modern urban infrastructure.

REGULATORY ENVIRONMENT

REGULATORY ENVIRONMENT

The requirements and the processes for setting up a business in the State of Qatar involves liaising with various government institutions and organisations.

These bodies range from local entities such as the Ministry of Commerce and industry to the Qatar Financial Centre.

The following bodies all have some relevance for any person wishing to establish a business in Qatar.

The Ministry of Commerce and Industry (“MCI”)

MCI is the principal regulator for businesses in Qatar and overseas relating to the establishment of companies and other business structures. MCI jurisdiction over matters such as the following:

- The Commercial Register;
- The Foreign Investment Laws;
- Registration of businesses and companies;
- Issuing Trade licences;
- Competition and anti-monopolistic practices;
- Consumer protection;
- Registration of commercial agencies.

Qatar Central Bank (“QCB”)

Established in 1993 QCB with a mandate to work in the field of issuing currency and acts as the bank of the government, is the main regulatory and supervisory body in the banking sector. Its main task is to manage the monetary policy of Qatar.

Ministry of Finance (“MOF”)

MOF sets goals for Qatar’s financial policy in accordance with national development plans and its duties include the following functions:

- Preparing and implementing the state general budget;
- Collecting revenues such as taxes and other imposts under the law;
- Developing the national financial relationship between Qatar and other countries;
- Promoting laws and regulations pertaining to the Ministry;
- Overseeing the governments’ accounts and record of expenditure;
- Analysing the financial and economic situation and evaluating taxation policy;
- Preparing and developing financial legalisation for general revenue and expenditure;
- Cooperating and developing with concerned bodies financial and social development plans and overseeing their implementation; and
- Cooperating and co-ordinating with the Qatari Central Bank with regard to financial and monetary policies.

Ministry of Municipality and Environment (“MME”)

MME’s history in Qatar dates back to 1963 when the Qatar Municipality was established, being a legal entity with the objective to applying the best available methods to develop the construction and health sectors of Doha.

The MME in conjunction with the Doha Municipality has taken steps to advance the city of Doha and other areas and to raise levels of security in the following fields:

- Environment;
- Public Health;
- Technical and Water Research;
- Human Resources;
- Information Technology;
- Road Maintenance;
- Water Supply;
- Sewage and Waste Disposal;
- Rent Control;
- Surveying land and preparing national survey maps;

- Subdividing, amalgamating and redistributing land, granting building permits in accordance with urban plans and implementing regulations and resolutions;
- Regulating and controlling the practise of engineering professions;
- Managing government property, archiving records of such property and protecting against encroachment or misuse; and
- Specifying which property is to be expropriated for public use in accordance with the urban plans.

Qatar Financial Markets Authority (“QFMA”)

The QFMA was established in 2007 with the aim of supervising all financial markets with particular emphasis upon:

- License conditions related to financial markets activities;
- Conditions and procedures of circulating securities for investors;
- Conditions and procedures of giving licenses for brokers and other professionals;
- Conditions related to buying and owning financial securities;
- Adopting regulations and instructions related to financial markets;
- Conditions and procedures related to resolving complaints and settling conflicts; and
- Investigating breaches of the law.

Qatar Financial Centre (“QFC”)

In March 2005 Qatar enacted new legalisation to establish the QFC which was formally opened on 1 May 2005. QFC is designed to attract international financial institutions and multi-national companies establishing business operations in a “Best-in-Class” international environment and to participate in long-term and mutually beneficial partnerships with Qatar.

The QFC consist of the QFC Authority (“**QFCA**”) and the QFC Regulatory Authority (“**QFCRA**”) respectively, which are independent of each other.

The QFCA is responsible for commercial strategy and for developing relationships with the global financial community, financial institutions and other key organisations both inside and outside Qatar.

The QFCRA supervises any financial services firms and financial institutions that operate in or from the QFC. It has a broad range of powers to authorise, supervise and where necessary, discipline regulated financial institutions, firms and individuals.

The QFC provides mechanisms for resolving disputes between member firms or financial institutions and their counterparts and for arbitration or the formal resolution of civil disputes before a tribunal (in effect a commercial court) operating to high judicial standards.

It has also created an appeals body to allow firms affected by particular decisions of the regulatory authority to have those decisions reviewed.

Qatar Investment Authority

In 2005 the Qatar Investment Authority was established by Emiri Decree as an affiliate of the Supreme Council of Investment. The Authority aims at developing, investing and managing financial resources committed to it by the Supreme Council.

The Real Estate Registration and Authentication Departments of The Ministry of Justice

The law on Real Estate Registration System [Law No. 14 of 1964] defines the duties and functions for these departments as follows:

- To record all dispositions transfers, modifications or removal of any real property;
- To authenticate and provided officially written documents and copies thereof; and
- To approve the signature of the concerned parties and to verify dates.

The departments generally levies property transfers at a rate of 0.25% of the transfer prices and registers mortgages at 0.025% of the value of the debt.

Ministry of Interior (“MOI”)

The MOI was launched upon Qatar’s independence and comprises different divisions all with the aim of providing national security. The Ministry also supervises immigration matters and other matters governed by the Law regulating Expatriates’ Entry, Exit and Residency [Law No. 21 of 2015]. *(For further details, please see chapter on employment and sponsorship)*

Qatar General Electricity and Water Corporation (“KAHRAMAA”)

KAHRAMAA's charter is “to provide its customers with high quality electricity and water services, whilst creating value for its shareholders”.

KAHRAMAA's main objectives are:

- To efficiently meet its obligation to supply Qatar’s need for electricity and water;
- To operate on a commercial basis;
- To comply with local and international health, safety and environmental standards; and
- To maximize the employment of capable Qatari nationals and develop them to the competence levels of employees in leading international companies.

Public Works Authority (“ASHGHAL”)

ASHGHAL is responsible for developing Qatar’s infrastructure particularly in the fields of roads and drainage. A new organisational structure came into effect on 1 February 2008 following a thorough international study and dialogue with all concerned parties.

ASHGHAL is divided into four major sectors:

- Infrastructure Affairs;
- Building Affairs;
- Assets Management; and
- Support Affairs.

General Authority of Customs

This authority's function is to manage and upgrade the standards of service provided at customs' offices, port and land transport facilities.

It implements laws and regulations related to:

- Customs and Excise; and
- The supervision of foodstuffs passing through customs points in Qatar.

Hamad Medical Corporation (“HMC”)

HMC is the premier non-profit healthcare provider in Qatar. Established in 1979, HMC manages primary health care centres and four highly specialised hospitals as follows:

- Hamad General Hospital;
- Rumailah Hospital;
- Women’s Hospital;
- Al Wakra Hospital;
- Al Khor Hospital;
- The Heart Hospital;
- The Cuban Hospital;
- Communicable Disease Centre;
- Ambulatory Care Centre;
- Women’s Wellness and Research Centre;
- Qatar Rehabilitation Institute; and
- The National Centre for Cancer Care Research.

Since its establishment, HMC has rapidly developed highly specialised medical facilities capable of providing state of the art diagnosis and treatment of diseases that previously could only be managed in overseas medical centres.

A nighttime photograph of a modern city skyline. The central focus is a tall, curved skyscraper with a glass facade that reflects the city lights. To its right is another tall building with a distinctive circular observation deck at the top, illuminated with blue lights. The foreground features a row of palm trees and a waterfront area with some boats. The sky is a deep blue with some clouds. A green and yellow gradient bar is overlaid on the right side of the image, containing the text.

BUSINESS STRUCTURES

BUSINESS STRUCTURES

Forms of Businesses under Qatari Law

The Commercial Companies Law of Qatar [Law No. 11 of 2015] ("**Commercial Companies Law**") recognises seven types of business associations that may be formed and registered in Qatar. These are: (1) Joint Liability Companies; (2) Limited Partnership (Simple Commandite) Companies; (3) Special Partnership (Joint Venture) Companies; (4) Public Shareholding Companies; (5) Private Shareholding Companies; (6) Partnerships Limited by Shares (Share Commandite) Companies; and (7) Limited Liability Companies. The Commercial Companies Law also contemplates a "holding company" which can be either a shareholding company or a limited liability company.

Joint Liability Companies

A joint liability company has two or more natural persons who are jointly liable for the company's obligations to the full extent of their assets. The memorandum of incorporation of such company provides details of the name of the company, its objectives, main office and its branches if any, the name, profession, title, nationality, date of birth and domicile of each partner, the amount of company capital and the share to be submitted by each partner whether in cash or in kind or as rights with third parties, the value estimated for such shares and the method of submitting them and date of maturity thereof, the date of the company incorporation and its duration, the method for management of company with a statement of the name of persons authorised to sign on behalf of the company and the extent of their powers, the beginning and end of the company's financial year and the method of the distribution of profits and losses. Shares held in a joint liability company may not be transferred, except with the consent of all the partners or in accordance with the provisions of the company's memorandum of incorporation. If a partner joins the company, he becomes jointly liable along with other partners in all his property for the debts of the company whether such debts were before or after his joining the company and any agreement among partners to the contrary does have any probative force against any third party. All partners are responsible for the management of the company unless otherwise stated in the company's memorandum of incorporation. Profits and losses and the share of each partner therein are determined at the end of the financial year of the company on the basis of the balance sheet and the profit and loss account.

Limited Partnership (Simple Commandite) Companies

A limited partnership company is a company composed of two categories of partners. Acting partners (who are natural persons) are responsible for the day to day running of the company and are jointly liable for the company's obligations to the full extent of their assets. Dormant or silent partners contribute to the company's capital without being liable for the company's obligations except to the extent of their capital contribution; provided they do not participate in the management of the partnership or allow their names to be used in the partnership's trade name. Names of acting and dormant partners are required to be stated in the company's memorandum of incorporation.

Joint Venture (Special Partnership) Companies

A special partnership company is an unregistered company that is not valid against a third party and is not a corporate person. Further, it is not subject to any of the declaration procedures which are required to be followed by other business entities. The company's contract determines its objectives, the rights and obligations of the partners and the method of distribution of profits and losses among them. Each partner is the owner of such share that he has committed to contribute, unless otherwise stipulated in the company's memorandum. If there is any non-Qatari partner among the partners, the special partnership company may not practice business prohibited by applicable laws to be practiced by non-Qataris.

Public Shareholding Companies (or Qatari Shareholding Companies)

A public shareholding company is a company which has its capital divided into equal shares of a nominal value of no less than QAR 1 each and no more than QAR 100 each which are capable of being traded. The minimum required capital of the company is QAR 10,000,000 as per the provisions of the Commercial Companies Law. The liability of shareholders is restricted to the value of their respective contribution towards the capital of the company. A public shareholding company has a name indicating its purpose and may not have a name indicating the name of a natural person unless the object of such company is investment of patents registered in the name of such person.

A public shareholding company is for a specific period specified in the company's memorandum and articles of association and such duration may be extended by a resolution issued by the extraordinary general assembly of shareholders. If the objective of the company is to undertake certain business, the company expires upon the conclusion of such business.

The incorporation of the company is subject to authorisation by decree of the MCI, which must be published in the official gazette along with the company's memorandum and articles of association.

A public shareholding company is incorporated by no less than five founders and is required to list its shares by public offering within 60 days as of the date of incorporation. If the company fails to offer its stocks within such period, it expires, unless the founders within 30 days of the expiry amend the company's memorandum and articles of association and transform the company into any other form of company permitted under the Commercial Company's Law (and subject to such fees and penalties as may be imposed by the MCI). Public shareholding companies which are established by Government or other public authorities and corporations and companies in which the State of Qatar contributes no less than 51 percent are not required to have a minimum of five founders.

A public shareholding company, is required to have both memorandum and articles of association which include the name of the company and its main office, its objectives, name, nationality, place of domicile and profession of each of the founders and the number of stocks to which each of them has subscribed, the company's authorised and issued share capital, the type of shares and their nominal value and the amount paid out of the value of each share, the term of the company, a statement of each non-cash share and the name of the provider thereof and all such conditions related to providing it and the in-kind rights resulting from such share and the approximate statement on the amount of expenses, salaries and costs paid or payable by the company for the purposes of incorporation.

Founders must submit to the MCI a bank certificate proving subscription to no less than 20 percent and no more than 60 percent of the capital prior to any invitation to public subscription.

The management of the company is entrusted to a board of directors comprising five to eleven directors, each appointed for a period of three years. The board elects a chairman and a vice chairman for a period of one to three years. The board's chairman represents the company vis à vis third parties and before courts and may transact business on behalf of the company. The chairman is responsible for the implementation of board resolutions. The authority of the board is restricted by the articles of associations and operation of law. The chairman and directors are jointly liable to the company its shareholders and third parties for any

fraud, misuse of authority, non-compliance with the articles of association and with the law and any mismanagement. The company must appoint at least one auditor.

Private Shareholding Companies

A private shareholding company has at least five founders and is not permitted to offer its stock to the public for subscription. The minimum required capital of the company is QAR 2,000,000.

The provisions of the Commercial Companies Law insofar as they relate to public shareholding companies, apply to private shareholding companies with the exception of the provisions relating to public offering and to trading of such companies shares.

The Government or other public authorities and corporations and companies in which the State of Qatar contributes no less than 51% of its capital (or lesser percentage under the Cabinet's approval) may incorporate a private shareholding company either on their own or in conjunction with one or more other natural or corporate person, public or private founders, whether national or foreign.

Such companies are incorporated pursuant to article 207 of the Commercial Companies Law which means that any provisions in its articles of association that are at odds with the Commercial Companies Law may override the relevant provision of the Commercial Companies Law. Furthermore, such companies shall not be governed by the provisions of the New Foreign Investment Law.

Partnerships Limited by Shares (Share Commandite) Companies

In a partnership limited by shares, there are two types of partners – (i) active partners (who must be natural persons) who are jointly liable to the full extent of their assets for the debts of the company, and (ii) non-active partners who are only liable for the debts of the company to the extent of their capital contribution towards the shares held by them in the company. The name of the company contains one or more of the names of the active partners, however the non-active partner's name is not included otherwise such non-active partner (if aware of such inclusion) is deemed to be a partner in the eyes of third parties. The capital of a partnership limited by shares is divided into equal indivisible negotiable nominal shares and cannot be less than QAR 1,000,000. Subscription to shares of partnership limited by shares is required to be in accordance with the provision of subscription of shares of

a public shareholding company. All founding partners are required to sign the memorandum and articles of association of the company. The articles of association include the names, place of domicile and nationalities of the acting partners and the names of the managers. The active partner handles the day to day management of the company. The non-active partner is not allowed to interfere with the management of the company insofar as it relates to third parties even if such non-active partner is authorised to do so. However, a non-active partner may participate in the internal management of the company within such limitations as are prescribed by the articles of association of the company. A partnership limited by shares has a control board composed of at least three members who are elected by the general assembly of partners from amongst the non-active partners in accordance with the provisions of the articles of association of the company. The company must have at least one auditor.

Limited Liability Companies (LLC) (also known as With Limited Liability WLL)

A limited liability company must have between one and fifty partners. For a limited liability company which is 51% Qatari owned, there are no minimum share capital requirements (previous requirement of minimum share capital of QAR 200,000 has been removed since 2015). The MCI usually requests that the proposed capital of a limited liability company which is 100% owned by a foreign entity under a Ministerial Exemption (see discussion above concerning the Foreign Investment Law) be not less than QAR 3,000,000-4,000,000.

The memorandum of incorporation provides details of the company's trade name, members, head office, objects, names nationalities place of domicile and addresses of each of the partners, capital amount, share of each partner, number and classes of shares, transfer of shares conditions, the company's duration, names and nationalities of managers, names of the control board if any, duration of the company, methods of distribution of profits and losses, conditions for assignment of shares and form of company's notifications sent to the partners. If the number of members exceeds twenty, a control board of at least three members must be appointed. An auditor must also be appointed. The company must keep a register of partners which includes information relating to each such partners' name, domicile, nationality and profession, the number and value of shares owned by each partner, disposal of shares and their dates as well as reason for disposal as well as the names and signatures of the acquiring parties, total number of shares held by each partner after such disposal. The liability of partners is restricted to the nominal value of their respective shares

in the registered capital. The management of the company is entrusted to one or more managers who may or may not be partners. Their authority is determined by the memorandum of incorporation as restricted by law. Liability of managers is governed by the same rules determining liability of directors in a shareholding company.

Holding Companies

The Commercial Companies Law also contemplates a "holding company" which can be either a shareholding company or a limited liability company which financially and administratively controls one or more shareholding companies or limited liability companies by virtue of owning at least 51% of the issued share capital of such companies. Such holding companies may not, however, hold shares of any joint liability company or any partnership (commandite) companies. The minimum required share capital of such holding company is QAR 10,000,000. The objects of such company are participation in the management of affiliated companies, investment of its funds in stocks, bonds and securities, supporting its affiliated companies, owning intellectual property rights and utilising and licensing such rights for its affiliated companies or other companies whether in the State of Qatar or abroad and owning movable and immovable property necessary to carry out its activity within limitations permitted by law.

Dissolution of Business Entities

The business entities discussed above may be dissolved upon the occurrence of any of the following: (i) expiry of the duration thereof specified by the company's memorandum or articles of association, unless such duration is renewed, (ii) expiry of the purpose for which the company has been incorporated or the impossibility of the realisation thereof, (iii) alienation of all shares to a number of shareholders or partners that are below such minimum prescribed under the Commercial Companies Law unless the company, within six months of the date of alienation, transforms into another type of company or if the number of partners or shareholders is increased into the minimum limit, (iv) depreciation of all or most of the company's property so that the remainder thereof shall be impossible to be feasibly invested, (v) the unanimous agreement of partners on the dissolution of the company before the expiry thereof, unless the company's memorandum stipulates the dissolution thereof pursuant to a certain majority or (vi) merger of the company with another company.

There are several specific grounds for dissolution of a joint liability company, limited partnership (simple commandite) company or joint venture company, namely (i) upon the request of any of the partners if the court observes that

there are serious causes justifying such dissolution and any conditions providing for the deprivation of the partner from using such right shall be null and void; moreover, a court may rule on the dissolution of the company upon the request of any of the partners due to failure of such partner to fulfil his obligations, (ii) upon the death of any of the partners or by the interdiction, declaration of bankruptcy, insolvency their withdrawal from the company; provided that if stipulated in the company's memorandum a company shall continue with the inheritors of the deceased partner, even if they are minors; provided further that if the company's memorandum does not stipulate the consequence upon the death etc. of a partner, it shall be permissible for the remaining partners, within 60 days of the date of the occurrence, to unanimously decide on the continuation of the company among themselves.

Concerning shareholding companies, in the event the company loses at least 50 percent of its capital, the board of directors is required to call for a general meeting of the shareholders that would vote to dissolve the company, or to take any other action deemed necessary. If the board of directors fails to call for such a general meeting, or if the general meeting cannot take a decision in the matter, any member of the company is entitled to petition the courts to issue a dissolution order for the company. If the number of shareholders in a shareholding company decreases below the minimum number stipulated under the Commercial Companies Law, such company may be transformed into a limited liability company, through which the remaining shareholders shall be liable for the company's debts within the limits of its assets. If a whole year passes after the number of shareholders decreases below the prescribed minimum, any person concerned may apply to the competent court for the dissolution of the company.

A limited liability company may not be dissolved by the withdrawal or death of any of the partners or by the issuance of a judgment interdicting him or declaring his bankruptcy or insolvency, unless otherwise stipulated in the company's memorandum. If the losses of a limited liability company amount to 50 percent of its capital, the managers are, within 30 days of such loss, required to propose to the general assembly to cover the capital or dissolve the company. If managers do not hold such general meeting or if the partners do not reach a decision, the managers or partners, as the case may be, are held jointly liable for the obligations of the company resulting from their default. Once such meeting is called, the liability passes to the shareholders unless they agree to contribute more capital or liquidate the company.

A partnership limited by shares shall dissolve on the same grounds as those stipulated for shareholding companies. A partnership limited by shares is dissolved upon the death of any of the active partners or by their interdiction, declaration of bankruptcy, insolvency or withdrawal from the company (unless the articles of association of such company provides otherwise. If the articles of association do not contain any provision in relation to the dissolution of the company on the occurring of any of the afore stated events, then an extraordinary general meeting of the partners is required to decide on whether to continue with the partnership. If withdrawal, death, interdiction, bankruptcy or insolvency included all active partners, the company shall be dissolved, unless its articles of association permit the transformation of such company into another type of company. If the cause for expiry is the transfer of ownership of all shares to one of the partners who is an active partner, he is liable for the company's debts to the extent of his own property.

Temporary Branch Offices and Representative Trade Offices

A temporary branch office can be utilized in circumstances where a foreign company is performing a specific contract in Qatar for the Qatar government or a government related body. Such an office is only allowed to perform the specific contract for which it is registered and a Qatari partner is not necessary. The registration will lapse on completion of that contract. A Branch exemption may, however be extended, if either the original contract is extended in time or a new contract is entered into.

Authorisation must be obtained from the MCI where the project "facilitates the performance of a public service or utility".

Unless the Branch is granted a special exemption under the foreign investment regime it will be subject to the usual rates of taxation.

Branch offices of foreign engineering companies or consulting firms are subject to specific rules.

Representative Trade Offices cannot contract to do business in Qatar and are only for the promotion of a foreign company in Qatar and in an effort to introduce the same to Qatari companies and projects. Where a contract results from such exposure, the contract can only be performed by the foreign company where performance is outside the country or through an authorised subsidiary (i.e. having the necessary Qatari shareholding) if performance takes place in Qatar.

Qatar Financial Centre (“QFC”)

The Qatar Financial Centre offers domestic and international firms the opportunity to establish and provide a broad range of professional and financial services. Since the QFC is not a separate geographical zone, all entities in the QFC operate on a fully onshore basis with the ability to access the local market.

The Qatar Financial Centre Law [Law No. 7 of 2005] allows foreign companies to establish companies or branches in Qatar with 100% foreign ownership. Under the umbrella of the QFC, the client may undertake regulated activities (financial services); or non-regulated activities such as ship broking and agencies; classification services; professional services (advisory/consulting, auditing, HR consultancy, information services, legal, loss adjustments, public relations, tax consultancy, third party administration, other services); business services of company headquarters, management operations, treasury operations and other related functions for all kinds of business and the administration of companies generally; business activities of holding companies and the provision, formation, operation and administrations of trusts and similar arrangements of all kinds including special purpose companies; holding companies; trust services; and single family offices; business of provision, formation, operations and administrations of companies; and IT support and a range of consultancy services in real estate, recruitment, sports and events management and environment. There are, however, some operational restrictions on QFC companies due to the type of permitted activities. Furthermore a QFC-established entity will not be permitted to import or export any goods or hire blue-collar workers (other than minor support staff).

Qatar Science And Technology Park (“QSTP”)

There is at present only one operational Free Zone in Qatar, namely Qatar Science and Technology Park which offer various incentives to investors:

The QSTP Law [Law No. 36 of 2005] established a free zone for the QSTP which aims to promote and support scientific, applied and technological research and undertaking investment activities. The QSTP allows foreign companies to establish companies or branches in Qatar with 100% foreign ownership if they propose to be engaged in certain permitted activities such as technology (product and/or process)

development, research & development, low volume high value-added specialist manufacturing, education and/or training, technology-related consulting services, new business creation and/or development.

The QSTP issues three types of licenses, namely:

- a. regular licence granted to an LLC or a branch of a foreign company, which, for example, proposes to undertake research or commercialization and such entity enjoys all QSTP free zone benefits;
- b. restricted licence granted to individuals or entities such as research institutes or charitable organizations involved in, for example, medical research, R&D functions of Qatari government agencies, and such entities enjoy certain Free Zone benefits designated by QSTP; and
- c. service licence granted to those entities who act as service providers to licensees, for example catering firms, banks; however, such service providers do not enjoy QSTP free zone benefits.

QSTP entities are only able to engage in activities specified in their licence.

QSTP licensees must be physically located within the QSTP free zone and are granted leases of premises for varying periods depending on the type of lease entered into. The lease automatically terminates in the event that the licence is revoked by the QSTP.

Besides the ability to have a company which is 100% foreign owned, the benefits of being licensed by the QSTP are that the QSTP allows repatriation of profits, duty-free import and export of goods and capital equipment. The minimum required capital to set up a company within the QSTP free zone is QAR 200,000. There are no corporation taxes levied on entities within the QSTP free zone. It is expected that half of the activities of any QSTP entity will involve research and development.

Tax

Both on-shore and QFC companies are subject to a 10% income tax on net profits sourced in Qatar. There is an exemption for tax based on level of Qatari right to profit distributions. For example, if a company earns profits of QAR 100,000 in a fiscal tax year and 40% of ownership is Qatari then 40% of the taxable profits will be exempt from tax.



EMPLOYMENT AND SPONSORSHIP

EMPLOYMENT AND SPONSORSHIP

Employment in Qatar is governed by two legal frameworks: one applicable to entities licensed by the Qatar Financial Centre (“QFC”) and the other applicable to entities not operating from or within QFC.

QFC has its own immigration and employment laws applicable only to QFC licensed entities. The relevant QFC regulations which govern employment and sponsorship matters are Regulation No. 10 of 2006 (“QFC Employment Regulations”) and Regulation no. 11 of 2006 (“QFC Immigration Regulations”).

For entities which are not licensed by the QFC (including QSTP entities), employment and sponsorship of employees is governed by the Labour Law [Law No. 14 of 2004] the (“Qatar Labour Law”) and the Law Regulating Expatriates’ Entry, Exit and Residency [Law No. 21 of 2015] (“Qatar Sponsorship Law”).

Sponsorship and Immigration of Employees

Any employer wishing to employ expatriates needs to sponsor such expatriates and be responsible for applying for their work permit and residency permit.

Initially an employer obtains from the Ministry of Administrative Development and Social Labour Affairs (“MADSLA”) a quota for sponsoring expatriates noting each potential employee’s gender, nationality and job title.

Once the labour quota is approved, employers can then sponsor expatriates by applying for work visa for such employees who fall within the gender, nationality and job title of the quota. This permits entry into Qatar and constitutes a temporary visa. Once the employee arrives in Qatar the process can begin for the employee to obtain a resident permit.

Once the employee receives the resident permit, the employee can sponsor immediate family members (spouse, and children) subject to certain qualifiers in terms of salary. Every family member, including infants, must have an individual family residence visa.

The QFC Immigration Office in conjunction with the Ministry of Interior administers the QFC Immigration Regulations and determines its own procedures and management. Whilst the process is similar to ordinary sponsorship processes, firms registered in the QFC are not required to obtain a labour quota or a preapproval from the MADSLA when applying for work visas for employees. However, there are some operational restrictions on QFC entities such as the entity will not be able to hire blue-collar workers.

Employment Contract

Under the Qatar Labour Law, there are two types of employment contracts, limited/fixed and unlimited term contracts. A fixed term contract cannot exceed 5 years. If it is not renewed after the term ends and employees still continue to work for the employer, the contract is considered to be automatically renewed for an unlimited term. MADSLA has issued a standard form employment contract (“E-contract”) that must be lodged through an online process for a new employee as a part of the process to obtain a Qatar residence permit. The E-contract is a one page bilingual contract where the employer is required to fill in missing information. Clearly where deficient in terms of employment terms, it would be recommended to supplement such contract with additional contractual terms.

QFC employment contracts may be for a fixed term or for an unlimited duration and are not required to be lodged with any authority. There is no required form for the same.

Termination of Employment

The principal difference between a fixed term contract and an unlimited term contract is the condition of the termination. Unlimited term contract could be terminated by either party without providing a reason for termination. For the fixed term contract there is no express provision in the Qatar Labour Law for the employer or the employee to have a right to terminate the contract before its expiry date.

- a. *Unlimited period contracts*: an unlimited contract may be terminated for any reason as long as the minimum notice is provided. The minimum notice requirements for employees who receive their wages annually or monthly as follows:
 - at least one month’s notice is required if the period of the employee’s service is five years or less; and
 - if the period of service is more than five years, at least two months’ notice is required.

- b. *Fixed term contracts*: there is no express provision in the Qatar Labour Law on the employer's or the employee's right to terminate a fixed term contract before the expiry date unless the employee is being dismissed for gross misconduct. Therefore, a fixed term employment contract may only be validly terminated before its expiry by the agreement of both the employer and employee.
- c. *Gross misconduct*: in all cases, regardless of whether the employment contract is for a fixed term or whether it is for an unlimited duration, where an employee commits one of the offences set out in article 61 of the Qatari Labour Law, the employee can be summarily dismissed (i.e. without notice and without end of service gratuity).

In the QFC either party can terminate an employment contract for any lawful reason within the notice period defined in the QFC Employment Regulations.

The main ways of terminating a contract of employment under the QFC Employment Regulations are:

- a. Termination by the employer with appropriate notice for any non-discriminatory reason;
- b. Summary dismissal by the employer (whether the employment contract is for a fixed term or whether it is for an unlimited duration) without notice in cases where an employee commits one of the offences set out in article 24 of the QFC Employment Regulations;
- c. Resignation by the employee with appropriate notice;
- d. Termination during the probationary period with two weeks' notice by either party; or
- e. Termination by mutual consent.

The minimum notice period owed to employees who have been employed for one month or longer is as follows:

- a. Two weeks, if the employee has been in continuous employment for a period of less than three months;
- b. One month, if the period of continuous employment is more than three months but less than five years; and
- c. Three months, if the employee has been in continuous employment for five years or more.

An employee may terminate the employment without notice in the event of a material breach of the employment contract or the QFC Employment Regulations by the employer.

Salary

There is no statutory minimum or maximum salary. Employers are required to pay salaries through the Wage Protection System ("**WPS**") from their local bank accounts to employees' local bank account in Qatari Riyals.

In the QFC salary must be paid in the currency stated in the employment contract or agreed between the parties. The employee should receive salary at least monthly and employer should provide written pay statement. There is no formal wage protection system for QFC employees in place and there is no requirement to pay employee salaries through a local bank account.

Working Hours

The working week in Qatar is from Saturday to Thursday. Maximum working hours for employees are 8 hours per day and 48 per week for a 6 day working week. During the holy month of Ramadan, maximum hours should be reduced to six hours per day and 36 hours per week for a 6 day working week. A break of at least 1 hour to maximum 3 hours per day is not included in calculating the work hours, but the employee should work no more than 5 consecutive hours.

Employees may work additional hours, however total daily work hours cannot exceed 10 hours. This means that maximum overtime permissible under the Qatar Labour Law is two hours per day, which is 12 hours per week for a six day working week.

For employers that work a five day week, the working week is usually Sunday to Thursday.

QFC employees can be required to work a maximum 48 hours per week. During Ramadan employees who are fasting may not be required to work in excess of 6 hours per day. The working hours should include a break which should not be less than 1 hour.

Employees may be required to work additional hours, however actual working hours per day cannot exceed 10 hours.

Public Holidays and Annual Leave

Under the Qatar Labour Law, employees are entitled to the following paid public holidays:

- a. 3 working days for Eid El-Fitr;
- b. 3 working days for Eid Al-Adha;
- c. 1 working day for National Day (18 December);
- d. 1 day for National Sports Day (every second Tuesday in February);
- e. 3 working days which are specified by the employer;

In addition to the public holidays listed above, an employee who has completed one continuous year and no less than 5 years in service is entitled for paid annual leave of a minimum of three weeks. For employees who have completed more than 5 years' continuous service, the minimum entitlement increases to four weeks.

The QFC Employment Regulations provide for the same public holidays as the Qatar Labour Law plus any other day declared by the government as a public holiday.

Employees who are working full time are entitled to not less than 20 working days of paid annual leave after they have been employed for at least 3 months with the employer.

Health Insurance and Sick Leave

Health Insurance

The Employer is obliged to provide private health care insurance for employees and in the QFC disability insurance cover.

Sick Leave

Under the Qatar Labour Law, after the initial three months' employment, each employee is entitled to sick leave when a medical certificate is presented. An employee is entitled to full pay for up to 2 weeks of sick leave and half pay for the next 4 weeks of sick leave. If the sick leave extends beyond the above duration, the employee will not be entitled to any payment until he resumes work or resigns or the employment contract is terminated for health reasons.

In the QFC an employee can take maximum 30 days of sick leave without the need for medical certificate and up to 90 days with a medical certificate. If employee takes more than 90 days of sick leave, the employer is entitled to terminate the employment contract immediately with written notice.

Maternity Leave

Under the Qatar Labour Law, after completion of a one year of employment, female employees are entitled to full paid maternity leave for a duration of 50 days. After returning back to work, such employees are entitled to a minimum nursing break of one hour per day for one year.

The QFC Employment Regulations provide that female employees are entitled to three months' full paid maternity leave. For the first 45 days of leave, the employee is entitled to normal salary, for the subsequent 45 days, the employee is entitled to half salary.

End of Service Gratuity

Under the Qatar Labour Law, an employee who has been employed for at least one year of continuous service is entitled to end of service gratuity ("ESG") upon termination of employment contract for any reason other than gross misconduct. The amount of ESG is to be agreed between the employee and the employer but must not be lower than 21 days' basic salary for every year of service (pro-rated for parts of a year) and must be calculated on the basis of the last basic salary that the employee received.

The QFC Employment Regulations grant no ESG entitlement whatsoever.

Transfer of Employment

Before the Qatar Sponsorship Law took effect in December 13, 2016 an employee needed a no objection certificate ("NOC") from the previous employer and an approval from the Minister of Interior, in order to transfer to a different employer. The NOC is no longer required for those employed on fixed term employment contracts when such contract comes to completion of the stated term. In unlimited contracts an NOC is still required unless the employee has served at least five years' service. However, in all cases, the employee still requires approval from the Ministry of Interior and the MADSLA in order to transfer.

QFC-based employees may transfer to a different employer within or outside of QFC, without the consent of or any release by a current employer.

Probation Period

Probationary period cannot be longer than 6 months (initial period of 3 months can be extended for a further 3 months). During this period either party can terminate the employment with 3 days' notice.

In the QFC, an employee may be subject to only one probation period that does not exceed more than 6 months. During the probation period employment can be terminated on at least two weeks' notice.

Qatarisation

The Qatar government initiated a policy where all employers in the State of Qatar must give priority to the employment of Qatari nationals. If employer wish to employ a foreigner, an approval from MADSLA is necessary. MADSLA will approve if there are no suitably qualified Qatari national available for a vacant position. However, there are no specific statutory requirements stating the percentage of employees that must be Qatari nationals. Rather "Qatarisation" policies exist depending on the size and type of employer and the sectors, where percentage targets are set for the employment of Qatari nationals. In practice, Qatarisation is seen most actively in the public sector or in publicly-listed companies, rather than the private sector.

The QFC contains no similar priority for employment of Qatari nationals.



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