

Qatar issues Country-by- Country Reporting requirements for fiscal year 2018

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Executive summary

Recently, Qatar's Ministry of Finance (MoF) issued Decision No. 16 of 2019 that outlines the Country-by-Country (CbC) Reporting (CbCR) requirements applicable from fiscal years beginning on or after 1 January 2018 (FY2018) in Qatar:

- ▶ For Qatar-headquartered multinational enterprise (MNE) groups, CbC reports and CbCR notifications should be filed with the General Tax Authority (GTA) by ultimate parent entities (UPEs) of MNE groups that meet the QAR3 billion (US\$824 million) consolidated group revenue threshold. The CbCR (FY2018) and notification (FY2018 and FY2019) deadline is 31 December 2019.
- ▶ For Qatar tax resident entities that are not the UPE of an MNE group, the local filing of CbC reports and CbCR notification requirements do not apply.

It is expected that similar requirements will be established for relevant entities that are tax resident in the Qatar Financial Centre (QFC).

Qatar-headquartered MNE groups that are subject to CbCR requirements will need to review the impact this development may have on their group's reporting and notification requirements in other countries.

Detailed discussion

Background

Recently, the MoF issued Decision No. 16 of 2019 that outlines the CbCR requirements in Qatar for MNE groups with consolidated group revenue of at least QAR3 billion in the preceding fiscal year. The Decision applies to entities that are registered under Qatar's State tax system from FY2018 onwards.

While the QFC operates as a separate jurisdiction in Qatar with its own laws and judicial system, it is expected that the QFC will issue a written notice or statement to give effect to similar CbCR requirements in the QFC.

CbC Reporting

UPEs that are tax resident in Qatar are required to file the CbC report with Qatar's competent authority within 12 months from the end of the reporting fiscal year. The CbC report should be completed using the template in Annex III of Chapter V of the Organisation for Economic Co-operation and Development (OECD)'s Base Erosion and Profit Shifting (BEPS) Action 13 Final Report.

Based on the written statement previously issued by the GTA to Qatar taxpayers and accounting firms, the CbC report must be in an extensible markup language (XML) schema file format and must be electronically submitted to a CbCR portal that is currently being setup by the GTA.

CbCR notification

Only UPEs that are tax resident in Qatar are required to submit CbCR notifications to the GTA.

The notification must be submitted no later than the last day of the reporting fiscal year, unless extended by the GTA Chairman. However, based on a previous statement issued by the GTA, the FY2018 notification must be filed with the GTA within 12 months from the end of the reporting fiscal year. Hence, CbCR notifications for FY2018 and FY2019 are due on 31 December 2019.

The CbCR notification forms attached as an annexure to the MoF's Circular No. 6 of 2018 must be used.

Currently, the above CbCR compliance requirements will not apply to Qatar tax resident entities whose UPEs are tax resident outside Qatar.

Penalty for non-compliance

Non-compliance with the CbCR and/or notification requirements in Qatar will be subject to a financial penalty not exceeding QAR500,000.

Qatar's exchange relationships

Qatar has successfully activated CbCR exchange relationships (non-reciprocal basis) with 54 countries to date. This means that Qatar will automatically exchange the CbC reports received from relevant MNE groups with these countries. Qatar's list of activated CbCR exchange relationship with these countries is available on the OECD [website](#).

Implications

For Qatar-headquartered MNE groups that have filed CbC reports for the 2016 and 2017 reporting years in the jurisdiction of a surrogate parent entity (SPE), the above CbCR development in Qatar could result in the filing location of the CbC report being transferred from the SPE's tax jurisdiction to UPEs in Qatar.

However, the Qatar-based MNE group will need to review its CbCR requirements globally to ensure that the MNE group complies with its CbCR requirements in all relevant jurisdictions. Examples include potential amendment of FY2018 notifications submitted in other countries, SPE or local filing of the CbC report in country(ies) that may not be covered by the CbCR exchange relationships of Qatar.

In addition, UPEs will have CbCR notification requirements in Qatar for FY2018 onwards.

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