THE TAX POINT.

Transfer Pricing Country Profile QATAR

A decision-oriented overview of QATAR Transfer Pricing - implications, risks, and strategic considerations

1 QATAR's Transfer Pricing Framework

Qatar's TP regime was introduced through the Executive Regulations (ER) of the Income Tax Law No. 24 of 2018, effective from 12 December 2019. The regime is administered by the General Tax Authority (GTA) and requires related-party transactions to be priced on an arm's-length basis in line with OECD TP principles, although with a primary emphasis on the Comparable Uncontrolled Price (CUP) Method.

Definition of Related Parties

Related parties are defined broadly in Article 52 of the Executive Regulations, generally in line with International Accounting Standard (IAS) 24 – Related Party Disclosures:

A related party exists where:

- One entity control or has significant influence over the other,
- Entities are members of the same group (parent/sub-sidiary/fellow subsidiary),
- Persons or entities have control relationships or significant influence by ownership, contract, or other means.

2 Transfer Pricing Methods

All the five recognized OECD methods are accepted:

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Transactional Net Margin Method
- Profit Split Method (PSM)

3 Transfer Pricing Documentation

Master & Local File

A full Master and Local File is required if:
. The entity's annual revenue or total assets ≥ QAR 50 million, AND
. At least one related party is established outside Qatar.
These files should include the group's structure, business operations, functional analysis, transaction descriptions, selection of TP methods, and benchmarking support.

TP Disclosure Forms

All resident entities with related-party transactions must file a TP Disclosure (TP Statement) with their annual income tax return if:
. Revenue ≥ QAR 10 million or assets ≥ QAR 10 million in the fiscal year.

Country by Country Reporting

CbCR is required for multinational groups with consolidated revenues>QAR 3 billion in the preceding financial year (approx. €700+ million).
Documentation must generally be maintained contemporaneously with the tax return and be available for submission upon GTA request.

4 Key Areas of Focus

Qatar's TP framework emphasizes:

- Intra-group services and cost allocations
- Financial transactions and financing terms
- Transfer pricing of intangibles
- Loan interest and thin capitalisation principles
- Proper comparability and benchmarking support

5 Compliance, Disputes & Outlook

. Annual TP Disclosure/TP Statement filed with the tax return (if thresholds met).
. Master and Local files prepared when required by thresholds.
. Documentation retention for audit purposes (substantial recordkeeping expected).
. Arm's length analyses based on OECD principles and methods.

Audit & Penalties

. The GTA may request documentation; failure to provide sufficient support may result in penalties (fines up to QAR 500,000 under Article 24(8) of the Income Tax Law).
. Non-compliance or inadequate documentation can also lead to transfer pricing adjustments and increased tax liabilities.

Challenges

. As with other emerging TP regimes, challenges include benchmark selection, functional analyses, and substantiating methods used.
The GTA continues to develop guidance on TP documentation content and procedures for Master/Local files.

Outlook

. Qatar's TP regime is expected to further develop, with enhanced clarity on documentation thresholds and APA frameworks in the future.
. Continued alignment with OECD standards and global BEPS practices is likely due to Qatar's participation in the OECD/G20 Inclusive Framework.

HOW CAN WE HELP?

TP Governance and Strategy

Designing robust frameworks and strategic advisory

·Economic Substance & TP Policy Design
·TP Policy, Restructuring & Planning
·Value Chain Analysis
 and TP / Tax Optimization
·Intangible Property Structuring

TP Reporting and Compliance

Ensuring compliance with evolving regulations

·TP Documentation (Local File, Master File, TP Disclosure Form)
·Benchmarking Analyses
·Country by Country Reporting
·Permanent Establishment (and profit attribution)

TP litigation and Controversy

Protecting your position across the audit lifecycle

·Mock Tax Audits & Pre-audit Strategy
·Defense File Preparation
·Tax Rulings & Advance Pricing Agreements (APA)
·Mutual Agreement Procedure (MAP)
·Post-audit Assessment & Implementation Support

GET IN TOUCH

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At The Tax Point, we support groups operating in the UAE where transfer pricing is not a compliance checkbox, but a strategic control tool.