

Doha construction group meeting

Issues to consider when doing business in Qatar

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Overview

- Incorporating a company in Qatar
 - Foreign Investment Restrictions
 - Foreign Investment Incentives
- Other business vehicles
 - Temporary branch office
 - Commercial Agency
- Commercial registration and other formalities
 - Incorporating a company
 - Temporary branch office

Incorporating a company in Qatar

Foreign investment restrictions

- **Foreign Capital Investment in Economic Activities Law (No.13 of 2000) (“Foreign Investment Law”)**
 - Application of law
 - Applies to non-Qatari natural or legal persons
 - Non-Qatari legal person is an entity which is not wholly owned by a Qatari national
 - Restrictions on foreign investment
 - Article 2 places two main restrictions on foreign investors who wish to incorporate a company in Qatar:
 - (1) percentage of foreign ownership permitted; and
 - (2) types of business which foreign investors can invest



Incorporating a company in Qatar

Foreign investment restrictions

- **Foreign Investment Law**
 - **Maximum Equity Participation**
 - Article 2(1) restricts ownership to maximum of 49% of a company's capital
 - Remaining 51% to be owned by a Qatari partner(s)
 - Article 2(2) permits foreign investors to own more than 49% and up to 100% of the company in “priority sectors”
 - “Priority sectors” include the following: Agriculture, Health, Education, Tourism, Energy and Mining, IT, Cultural services, sports and entertainment
 - Article 2(4) restricts investment of foreign capital in public shareholding companies listed on Qatar Exchange to 25% in aggregate (unless articles of association permits higher %)

Incorporating a company in Qatar

Foreign investment restrictions

- **Foreign Investment Law**
 - Proxy law (Law No.25 of 2004)
 - Restricts ability of foreign investors to use Qatari person to circumvent foreign investment restrictions or requirements
 - Types of businesses
 - Non-Qatari investors are prohibited to invest in the following areas:
 - (a) Commercial agencies and real estate (subject to certain exemptions)
 - (b) Banks and insurance companies (unless specific approval obtained from Council of Ministers)



Incorporating a company in Qatar

Foreign Investment incentives

■ Free Zones

■ What are they?

- Separate and distinct regimes for establishing companies, allowing for 100% foreign ownership
- Two free zones currently exist in Qatar: the Qatar Financial Centre (QFC) and the Qatar Science and Technology Park (QSTP)
- Benefits of setting up in QSTP free zone include no taxes or import duties on goods and services, the entitlement to repatriate proceeds from the business and relaxed immigration laws for hiring of non-Qatari employees
- Three new free zones are planned: New Doha International Airport, Mesaieed Industrial City (MIC) and the Industrial Area

Other business vehicles

Temporary branch office

- Article 3 of Foreign Investment Law provides:
 - A foreign company who has been awarded a contract with the Government, or a quasi-Government entity, is permitted to register a branch office in Qatar
 - The project must “facilitate the performance of a public service or utility”
 - No need for a Qatari partner
 - Branch is registered to perform the specific government contract for which it is registered and the company cannot undertake work for the private sector
 - Branch will be fully taxable (unless it is granted a special exemption)

Other business vehicles

Commercial Agency

- The foreign company does not establish a presence in Qatar, but instead, a Qatari agent is appointed to market goods and services within Qatar
- Exclusive agencies may be registered at the MEC and are subject to the Commercial Agents Law (No. (8) of 2002). If registered, the agent receives statutory protections relating to exclusivity, commission and termination (provided the agent is a Qatari natural person or entity)
- Non-registered agencies will be subject to the Commercial Law (No. (27) of 2006)



Commercial registration and other formalities Incorporating a company

- Formalities to incorporate and register a company in Qatar:
 - Memorandum & Articles of Association in Arabic which conform with the standard form provided by the Ministry of Economy and Commerce and have been approved by the Ministry
 - Notarised, authenticated and consularised copies of the foreign company's Certificate of Incorporation, Memorandum and Articles of Association and board resolution or power of attorney authorising someone to act on its behalf to establish a company in Qatar
 - Letter from a Qatar bank indicating the deposit of the share capital at that bank (minimum of QAR200,000)
 - Qatar Chamber of Commerce Registration



Commercial registration and other formalities

Temporary branch office

- Formalities to register a branch office in Qatar:
 - Letter of support from the Qatar government entity to whom the services will be rendered
 - Copy of the contract with the Qatar government entity
 - Authorisation from the Ministry of Economy and Commerce to establish a branch
 - Notarised, authenticated and consularised copies of the foreign company's Certificate of Incorporation and Memorandum and Articles of Association
 - A notarised, authenticated and consularised power of attorney from the foreign company to the manager of the branch
 - Qatar Chamber of Commerce Registration

Thank you!

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