

Chairman's Office

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Mof-1873860
16-7-2020

Resolution of President of General Tax Authority No. (4) of 2020

relating to the Transfer Pricing Declaration and Submission of the Master File and Local File

President of General Tax Authority,

Having perused Law No. 24 of 2018 issuing the Income Tax Law;

Emiri Resolution No. 77 of 2018 on the establishment of General Tax Authority; and

Cabinet Resolution No. 39 of 2019 issuing the Executive Regulations of Law No. 24 of 2018 issuing the Income Tax Law,

Hereby resolved as follows:

Article (1)

Definitions

Unless the context otherwise requires, the following terms, wherever mentioned throughout this Resolution, shall have the meanings hereby assigned for them:

The "State"	means the State of Qatar.
The "Authority"	means the General Tax Authority.
The "Group"	means the group of associated enterprises and projects.
The "Associated Enterprises"	means Associated Enterprises as stated in Article 52 of the Executive Regulations of the Income Tax Law.
The "Declaration"	means the Declaration of Transfer Pricing
The "Master File"	means a file submitted by a local project related to another project(s), containing standardized information about the associated projects with regard to their business operations and transfer pricing policies.
The "Local File"	means a file that provides detailed Transfer Pricing information on a local entity's transactions with Associated Enterprises.
The "Controlled Transactions"	means the transactions between two Associated Enterprises.

Chapter (1)

Transfer Pricing Declaration

Article (2)

The Declaration shall be submitted by:

1. Associated Enterprises residing in the State; and
2. Permanent establishments of non-resident Associated Enterprises in the State.

Article (3)

In the event that the annual turnover of the entity or permanent establishment or the total assets as set forth in the financial statement of the entity or permanent establishment is equal to or exceeds QR 10,000,000 for the reporting year, Associated Enterprises residing in the State and permanent establishments of non-resident entities in the State shall submit the Declaration .

Article (4)

The Associated Enterprise shall submit the Declaration in the same form and manner required for filing the tax return and on the same date specified for such return.

Article (5)

The Declaration shall be submitted according to the form approved by GTA, and included the following information:

1. General information about the Group to which the reporting entity belongs, including:
 - a. General description of the activity undertaken by the Group, including variations during the reported fiscal year;
 - b. List of the principal intangible assets of the reporting entity and the State/ territory in which the Associated Enterprise owning those assets is located; and
 - c. General description of the Group's transfer pricing policy, including variations during the reported fiscal year.

2. Specific information about the reporting entity, including:
 - a. Description of the activity conducted by the reporting Associated Enterprise, including variations during the reported fiscal year;
 - b. Brief statement of the transactions executed with other entities related to the reporting entity, if the total amount of the transaction exceeds QR 200,000, detailing the nature and amount of the transaction and states/ territories in which the other entities reside; and
 - c. View transfer pricing methods, detailing the main method used, and variations during the reported fiscal year.

Chapter (2)

Master File and Local File

Article (6)

The Master and Local Files shall be submitted by:

1. Associated Enterprises residing in the State; and
2. Permanent establishments of non-resident Associated Enterprises in the State.

Article (7)

The Associated Enterprises residing in the State and the permanent establishments of non-resident Associated Enterprises in the State shall submit the Master and Local Files, if:

1. The value of the annual turnover of the entity or permanent establishment or the total assets as set forth in the balance sheet is equal to or exceeds QR 50,000,000 for the reported year; and
2. One of the group entities is resident outside the State.

Article (8)

The Master and Local Files shall be submitted no later than June 30 of the year following the reported fiscal year.

i. The Master File:

Article (9)

The following information shall be included in the Master File:

1. The Group's organizational structure;
2. Description of the Group's business(es), including:
 - a. Important drivers of business profit;
 - b. A description of the supply chain for the Group's 5 largest product and/ or service offerings by turnover, in addition to any other products and/ or services amounting to more than 5% of Group turnover;
 - c. A list and brief description of important service arrangements between members of the Group, other than research and development (R&D) services, including a description of the capabilities of the principal location providing important services and transfer pricing policies for allocating services costs and determining prices to be paid for intra-group services;
 - d. A description of the main geographic markets for the Group's products and services that are referred to in in the second bullet point above;
 - e. A brief functional analysis describing the principal contributions to value creation by individual entities within the Group (i.e. key functions performed, significant risks assumed, and important assets used); and
 - f. A description of important business restructuring transaction, acquisitions and divestitures occurring during the fiscal year.

3. The Group's intangible assets, including:
 - a. A general description of the Group's overall strategy for the development, acquisition and exploitation of intangible assets, including the location of the principal R&D facilities and location of R&D management;
 - b. A list of intangibles or groups of intangibles of the Group that are important for transfer pricing purposes and which entities legally own them;
 - c. A list of important agreements among identified Associated Enterprises related to intangibles, including cost contribution arrangements, principal research service agreements, and license agreements;
 - d. A general description of the Group's transfer pricing policies related to R&D and intangibles; and
 - e. A general description of any important transfers of interests in intangibles among Associated Enterprises during the financial year concerned, including the entities, states, and compensation involved.
4. The Group's intercompany financial activities, including:
 - a. A general description of how the Group is financed, including important financing arrangements with unrelated lenders;
 - b. The identification of any members of the Group that provide a central financing function for the Group, including the state under whose laws the entity is organized and the place of effective management of such entities;
 - c. A general description of the general transfer pricing policies related to financing arrangements between Associated Enterprises.
5. The Group's financial and tax positions, including:
 - a. The Group's annual consolidated financial statement for the fiscal year concerned, if otherwise prepared for financial reporting, regulatory, internal management, tax or other purposes; and
 - b. A list and brief description of the Group's existing unilateral Advance Pricing Arrangements and other tax rulings relating to income allocation between the states.

ii. **The Local File:**

Article (10)

The following information shall be included in the Local File:

1. Information about the local entity, including:

- a. A description of the management structure of the local entity, local organization chart, and a description of the individuals to whom local management reports and the states in which such individuals maintain their principal offices;
- b. A detailed description of the business and the business strategy pursued by the local entity, including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year, and an explanation of those the aspects of such transactions affecting the local entity; and
- c. Identification of the key competitors.

2. For each material category of Controlled Transactions in which the entity is involved, provide the following information:

- a. A description of the material Controlled Transactions (e.g. procurement of manufacturing services, purchase of goods, provision of services, loans, financial and performance guarantees, licenses of the intangibles, etc.) and the context in which such transactions take place;
- b. The amounts of intra-group payments and receipts for each category of the Controlled Transactions involving the local entity (i.e. payments and receipts for products, services, royalties, interest, etc.) broken down by tax jurisdiction of the foreign payor or recipient;
- c. An identification of Associated Enterprises involved in each category of Controlled Transactions and the relationship amongst them;
- d. Copies of all material intercompany agreements concluded by the local entity;
- e. A detailed comparability and functional analysis of the taxpayer and relevant Associated Enterprises with respect to each documented category of Controlled Transactions, including any changes compared to prior years:

- f. An indication of the most appropriate transfer pricing method with regard to the category of transactions and the reasons for selecting that method;
- g. An indication of which Associated Enterprise is selected as the tested party, if applicable, and explanation of the reasons for this selection;
- h. A summary of the important assumptions made in applying the transfer pricing methodology;
- i. If relevant, an explanation of the reasons for performing a multi-year analysis;
- j. A list and description of selected comparable uncontrolled transactions (internal or external), if any, and information on relevant financial indicators for independent enterprises adopted in the transfer pricing analysis, including a description of the comparable search methodology and the source of such information;
- k. A description of any comparability adjustments performed, and an indication of whether the adjustments have been made to the results of the tested party, the comparable Controlled Transactions, or both;
- l. A description of the reasons for concluding that relevant transactions were priced on an arm's length basis based on the application of the selected transfer pricing method;
- m. A summary of the financial information used in applying the transfer pricing methodology; and
- n. A copy of existing unilateral and bilateral/ multilateral APAs and other tax rulings to which the local tax jurisdiction is not a party and which are related to the Controlled Transactions mentioned above.

3. Financial information, including:

- a. Annual local entity financial accounts for the fiscal year concerned. Audited statements should be supplied;
- b. Information and allocation schedules showing how the financial data used in applying the transfer pricing method may be tied to the annual financial statements; and
- c. Summary schedules of the relevant financial data for comparables used in the analysis and the sources from which the data was obtained.

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Article (11)

The obligation to submit the Master and Local Files shall apply to taxable years beginning on or after 01/01/2020.

Article (12)

All Competent Authorities, each within its own jurisdiction, shall enforce this Resolution, which shall come into force from the date of issuance.

(Signature Affixed)

**Ahmed Bin Issa Al-Mohannadi,
President of the General Tax Authority**

Issued on: 16/07/2020

Corresponding to: 11/25/1441 AH