We hope you had a pleasant EID break with your family and friends.

On the onset of the EID holidays, the General Tax Authority ("GTA") issued Frequently Asked Questions ("FAQs"), on Transfer Pricing ("TP"), providing clarifications on the preparation of TP Declaration, Master File and Local File, as taxpayers gear-up for their first TP compliance for the financial year 2020.

The FAQs specify that the main purpose of the TP Documentation is to ensure that taxpayers give proper consideration to the TP requirements and to provide the GTA with necessary information and tools to evaluate the overall tax risk.

The FAQs stress on the responsibility and importance of contemporaneous documentation as required by the Executive Regulations. Well prepared contemporaneous TP documentation shall provide the GTA with some assurance on the integrity of the taxpayers positions and underlying analysis.

Key highlights:

- The FAQs provide with a fresh interpretation on the definition of associated entities. The interpretation will have to be evaluated by taxpayers on a case to case basis, in light of the related entities definition provided under Article 52 of the Executive Regulations.

- The FAQs have introduced the Main TP Method principle. In cases where more than one method is used for a particular category of transactions, the TP method that is applicable to the majority of the transactions under the category, will have to be reported and will be considered as the Main TP Method.

- The FAQs have provided for a materiality threshold of aggregate of QAR 200,000 per category or type of transaction.

- Entities which do not carry out any transactions with related entities may submit a "NIL" declaration.

- While it is clear that the deadline for filing the TP Declaration shall be the same as the deadline for filing tax returns, the FAQs have reemphasized that 30 June of the following

financial year shall be the due date for filing the Master File and Local File i.e. for 31 December the deadline for filing Master File and Local File will be 30 June. However, the question on the filing deadline for entities having different year end continues to remain unanswered.

While the FAQs provide additional insights into the applicability and contents of the TP reporting requirements and documentation, there are certain aspects where some level of ambiguity still exists, these include alignment of definition of related entities/associated entities with regulations, reference to MNE groups and alignment with pre-populated data on Dhareeba system.

Way forward:

We recommend that the FAQs be read together with the Executive Regulations and Resolution No. 4 of 2020, keeping in perspective the intent of the regulations and potential tax risk, in order to have comprehensive understanding of the implications of the TP regulation on each taxpayer.

As mentioned earlier, the key is to maintain robust and contemporaneous documentation to be able to substantiate compliance with arm's length requirements and reduce the possibility of detailed TP audits.

If you have any questions or need any assistance with your TP Documentation, please do feel free to contact us.

We are also organizing a webinar and will be sharing an invite with the link in due course.

Kind regards,

Barbara Henzen
Partner – Tax & Corporate Services
KPMG Qatar
E : bhenzen@Kpmg.Com
T : +974 4457 6571

Imran Ayub
Director Tax
E : iayub@kpmg.com
T : +974 4457 6529

Abhishek Jain
Senior Manager Tax
E : anjain@kpmg.com
T : + 974 4457 6538

Uma Patankar
Senior Manager Transfer Pricing
E : upatankar@kpmg.com

Khalil Khbabez
Manager Tax
E : kkhbabez@kpmg.com

T : + 974 4457 6589

Priyanka Jaiswal
Manager Tax
E : pjaiswal@kpmg.com
T : + 974 4457 6511

Anand Krishnan
Manager Tax
E : ankrishnan@kpmg.com
T : +974 4457 6444

T : + 974 4457 6574

Nurlan Sadraddinzade
Manager Tax
E : nsadraddinzade@kpmg.com
T : + 974 4457 6453

Diego Tay
Manager Transfer Pricing
E : diegot@kpmg.com
T : + 974 7707 9569

This alert provides a brief summary of the current updates and has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out in the new law and executive regulations will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

---

home.kpmg/qa

Privacy | Legal

©2021 KPMG LLC, a limited liability company registered with Qatar Financial Centre Authority (QFCA), State of Qatar and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

©2021 KPMG Qatar Branch is registered with the Ministry of Commerce and Industry, State of Qatar and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative (“KPMG International”).