



QATAR TAX ALERT

THE DIRECT APPLICATION OF DOUBLE TAXATION AVOIDANCE

April 2026

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THE DIRECT APPLICATION OF DOUBLE TAXATION AVOIDANCE

Qatar has introduced a **new framework allowing withholding tax treaty benefits to be applied at source**, fundamentally changing how cross-border payments are treated in practice.

INTRODUCTION

The General Tax Authority (GTA) has issued a User **Guide in April 2026** introducing a **Direct Application of Double Taxation Avoidance framework**, allowing eligible taxpayers to apply withholding tax (WHT) treaty benefits at source.

The framework is introduced pursuant to **Cabinet Decision No. (4) of 2026**, amending the **Executive Regulations of the Income Tax Law No. (24) of 2018**, and establishes a formal mechanism under which approved taxpayers (“Trusted Entities”) may apply reduced treaty rates or exemptions at the point of payment.

This introduces an alternative to the **existing refund-based process**, shifting the application of treaty benefits to an approval-based, upfront compliance framework, subject to defined eligibility and procedural requirements.

What has changed in practice?

- Treaty benefits can now be applied at source
- The refund process is no longer required where conditions are met
- Responsibility for treaty application shifts to the Qatar-based payor



TRUSTED ENTITY- Definition and Eligibility

A Trusted Entity is a taxpayer in Qatar approved by the General Tax Authority (GTA) to apply treaty-based withholding tax benefits directly at source.

To qualify, taxpayers must:

Meet one of the following thresholds:

- At least **1,250 WHT** transactions in the prior tax year, or
- At least QAR **10 million of WHT** withheld in the prior tax year
- Demonstrate appropriate governance, control and systems for managing WHT compliance

HOW THE REGIME OPERATES **IN PRACTICE**

Under the Trusted Entity Service:

- Qatar-based taxpayers may apply for Trusted Entity status
- Once approved, they may:
 - Apply reduced WHT rates, or
 - Apply WHT exemptions
- This applies at the time of payment, rather than through a refund mechanism

The framework applies to cross-border payments subject to WHT, including:

- Royalties
- Interest
- Commissions
- Service payments

Application of the regime is contingent on:

- Approval by the GTA
- The recipient being an approved Foreign Person under an effective tax treaty
- Submission of the prescribed application for direct treaty access by the foreign recipient

KEY TECHNICAL CONSIDERATIONS AND PRACTICAL APPLICATIONS

Upfront Application of Treaty Benefits

The framework fundamentally shifts responsibility for treaty application to the Qatar-based payor at the point of payment.

This requires the Trusted Entity to:

- Assess treaty eligibility
- Determine treaty rate or exemption
- Obtain documentation prior to payment

The User Guide requires that:

- Treaty benefits may only be applied where the relevant application has been submitted by the foreign recipient, and
- Perform due diligence on documentation

From a technical perspective, this introduces a real-time application of treaty provisions, particularly relevant for:

- Cross-border service arrangements
- Transactions where classification under treaty articles may require interpretation

Where conditions are not met, the Trusted Entity may be liable for:

- Underpaid WHT, and
- Financial penalties under the Income Tax Law

Key Risk Area

Incorrect application of treaty benefits may result in:

- Underpayment of WHT
- Financial penalties
- Withdrawal of Trusted Entity status

KEY TECHNICAL CONSIDERATIONS AND PRACTICAL APPLICATIONS

Governance and Control Requirements

A central feature of the regime is the requirement to demonstrate a robust WHT control environment.

As part of the application process, taxpayers must provide detailed information on:

- Internal procedures for identifying WHT transactions
- Processes for determining and approving WHT treatment
- Coordinate tax, legal, and finance functions
- IT systems supporting WHT calculation and reporting

In addition, the guidance requires taxpayers to demonstrate:

- Consistent application of WHT treatment
- Defined review and approval processes
- Capability to assess treaty positions, including complex scenarios

This indicates that access to the regime is contingent not only on transaction volume, but also on operational and governance readiness.

KEY TECHNICAL CONSIDERATIONS AND PRACTICAL APPLICATIONS

Meet administrative requirements:

- Be registered with the GTA
- Maintain an active Dhareeba account
- Submit an application (**Form WHT-TE-1**), including:
 - Governance and control framework
 - Human resources capability
 - IT systems supporting WHT compliance

The GTA will:

- Review applications **within 60 days**
- Request additional information where required
- Reject applications where **required information is not provided** within specified timelines

If approved:

- Trusted Entity status is granted for **3 years**
- Renewal requires a new application prior to expiry

KEY TECHNICAL CONSIDERATIONS AND PRACTICAL APPLICATIONS

Ongoing Obligations and Risk Considerations

Trusted Entities are required to:

- Apply treaty benefits only where all conditions are satisfied
- Obtain and review required documentation from foreign recipients
- Exercise ongoing due diligence
- Maintain appropriate internal processes and controls

The guidance further requires confirmation that:

- The entity is **not acting** as an intermediary for third-party arrangements
- The Service is applied only to eligible foreign recipients who have submitted the required application

The GTA may:

- Withdraw Trusted Entity status where conditions are **not met or the regime is misused**
- Impose financial penalties, including recovery of underpaid WHT

A withdrawn status cannot be reinstated for **one year**.



ACQUISORY **VIEW**

The introduction of the **Trusted Entity regime** represents a shift towards an approval-based WHT framework, requiring taxpayers to apply treaty provisions in real time.

While the regime enables direct application of treaty benefits, it introduces increased compliance responsibility, particularly in relation to:

- Treaty eligibility assessment
- Documentation requirements
- Internal governance and control processes

Taxpayers with high volumes of cross-border transactions should assess readiness prior to applying for Trusted Entity status.

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