

الهيئة العامة للضرائب  
GENERAL TAX AUTHORITY



## **TAXABLE PERSON GUIDE FOR EXCISE TAX**

Version 01/2019



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# ***1. Introduction***

## ***1.1. Purpose of this guide***

This guide is the main reference guide to Excise Tax in the State of Qatar. It provides you an overview of the main Excise Tax rules and procedures in Qatar and how to comply with them, along with general guidance with frequent questions you might have. This guide and its contents are not legally binding. New versions to this guide will be published to reflect the required amendments introduced by the General Tax Authority (“GTA”).

## ***1.2. Who should read the guide?***

Anyone that is, or expected to, import, produce or store Excise goods should read this guide.

It is intended to read this guide in conjunction with the Excise Tax Law and Executive Regulations issued in the State of Qatar.

## ***1.3. How to use this guide?***

You should consider reading this guide if you wish to understand the general rules and features of Excise Tax in the State of Qatar.

Some parts of the information in this guide may not be applicable to you. Please contact the GTA for further information or consult your tax advisors to understand the application of Excise Tax on your specific circumstances.

## ***1.4. Changes to this guide***

[This section may be used to reflect any updates to this guide subsequent to the first publication.]

## ***1.5. Getting help and contacting the GTA***

[To be completed upon confirmation of process]

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## ***2. How Excise Tax works***

### ***2.1. What is Excise Tax?***

Excise Tax is an indirect tax that is imposed on a limited range of goods; often this includes products deemed harmful to the human health or the environment. It is a single-phased tax, levied once at import or at production stage within the country. Excise Tax may be implemented for various reasons and objectives, including limitation of consumption of products regarded as unhealthy or harmful, and revenue generation.

The Gulf Cooperation Council (“GCC”) States have agreed on a Common Excise Tax System with different tax rates applying to different categories of products, which form the legal basis of an Excise Tax system in each of the GCC Member States.

The State of Qatar has introduced an Excise Tax system in line with the Common Excise Tax System agreed by the GCC States by virtue of a National Law and Executive Regulations. The National Excise Tax system is consistent with the main principles agreed at GCC level and includes additionally national level specific provisions.

### ***2.2. How does Excise Tax work?***

As a consumption tax, Excise Tax is ultimately borne by the final consumers, but collected earlier in the supply chain by businesses. Importers, manufacturers, warehouse keepers in the supply chain are liable for the Excise Tax and are required to register, submit periodical returns, pay the Excise Tax due to the GTA and maintain Excise Tax specific records. Importers may be exempted from submitting the returns in accordance with terms of the Chairman decision .

Excise Tax is accounted for on the Excise goods imported or produced in the State of Qatar by the importer, manufacturer, warehouse keeper or in certain cases another person in the supply chain (and is included in the purchase price for the goods) when the payment of Excise Tax is not proved. Where the person originally liable for the Excise Tax fails to pay it, the tax will become payable by the business holding these Excise goods. Further details on this topic are covered in Chapter 4 of this guide.

### ***2.3. Excise goods and applicable rates***

Goods subject to Excise Tax in the State of Qatar and the applicable tax rates are as follows:

- Tobacco and tobacco derivatives – 100%;
- Carbonated drinks – 50%;
- Energy drinks – 100%;
- Special purpose goods– 100%.

#### ***2.3.1. Tobacco products and their derivatives***

Tobacco products and their derivatives subject to Excise Tax include any products that fall under Chapter 24 of the Unified Customs Tariff of the GCC States. These products include but are not limited to:

- Cigars;
- Cigarettes;
- Cigarillos;
- Water pipe tobacco;

- Other tobacco products.

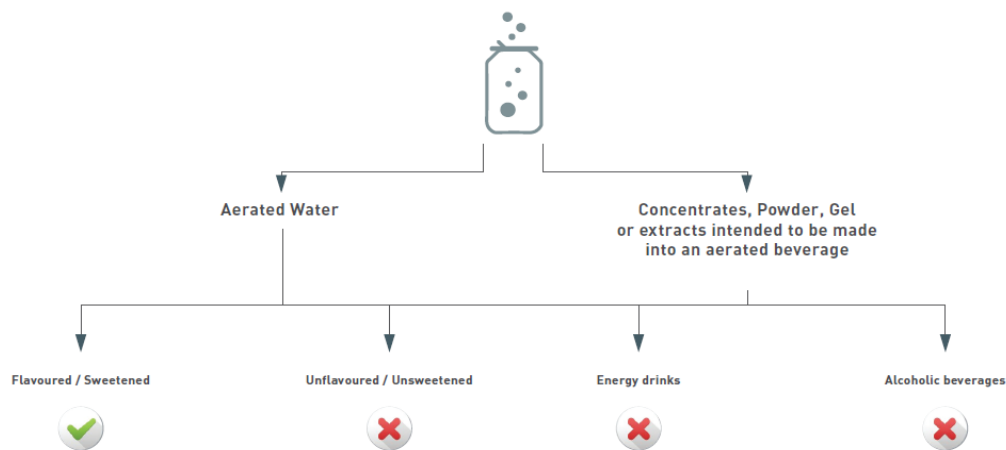
### 2.3.2. Carbonated drinks

For Excise Tax purposes, carbonated drinks are any aerated beverage except unflavoured aerated water. This includes for example carbonated water with added sugar or other sweeteners or flavours such as cola and soda derivatives.

The carbonated drinks category for Excise Tax purposes also covers concentrates, powder, gel or extracts intended to be made into an aerated beverage.

Energy drinks and drinks containing alcohol will not be considered as carbonated drinks, even if these beverages are aerated.

#### CARBONATED DRINKS



In case of a concentrate supplied to a retailer to transform it into a carbonated drink (for instance, bag-in-box concentrates) and has already been subject to Excise Tax in the State of Qatar, the drink which is onward made from that concentrate would not be considered an Excise good and consequently would not be taxable at the point of retail sale.

### 2.3.3. Energy drinks

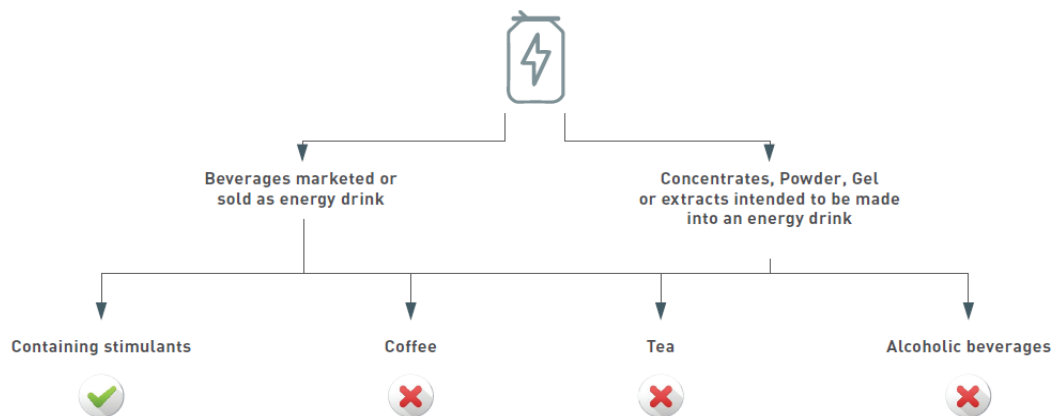
For Excise Tax purposes, energy drinks are any beverages that are marketed, or sold as an energy drink, containing stimulant substances that provide mental and physical stimulation. Such substances can include caffeine, taurine, ginseng and guarana, but could also include other substances that have an identical or similar effect. This also includes any concentrates, powder, gel or extracts intended to be made into an energy drink.

Coffee, tea and alcoholic beverages are not considered as energy drinks for Excise Tax purposes.

Any carbonated drink that falls under the definition of energy drinks will be considered as an energy drink for the purposes of Excise Tax.



## ENERGY DRINKS



Similarly to carbonated drinks, in case of a concentrate supplied to a retailer to transform it into an energy drink (for instance, bag-in-box concentrates) and has already been subject to Excise Tax in the State of Qatar, the energy drink which is onward made from that concentrate would not be considered an Excise good and consequently would not be taxable at the point of retail sale.

### 2.3.4. *Special purpose goods*

Special purpose goods for Excise Tax purposes include goods that are consumed under specific conditions and authorisations.

## 2.4. *Excise Tax calculation*

### 2.4.1. *Calculation of Excise Tax*

Excise Tax is calculated as a percentage of the Excise Tax value of the goods. The Excise Tax value of the goods (i.e. the ‘tax base’) shall be the higher of:

- The standard price as listed in a Ministerial Decision, or a minimum value as listed in a schedule issued by the GTA on its website; or
- The retail sales price (RSP) declared by the producer or importer or warehouse keeper of such Excise goods after deducting any Excise Tax amount included in that price.

In order to deduct the Excise Tax included in the retail sales price (if any), the following should be applied:

- For Excise goods subject to 50% - multiply the RSP by 66.67%;
- For Excise goods subject to 100% - multiply the RSP by 50%.

The declared retail sale price is the selling price of the Excise goods applied in the context of direct retail sale to the consumer, and does not include the value added to the price as a result of the sale and consumption of the goods in hotels, restaurants or similar establishments.

In the case of multiple retail prices for the same type of Excise good, the retail price of the item should not be less than the average retail price of the market.

The Excise Tax value includes any other taxes or duties charged on those goods, except for VAT after its introduction in the State of Qatar.

#### 2.4.1. Calculation of Excise Tax

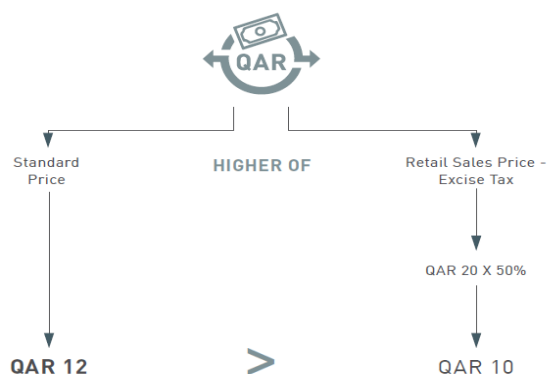
The value of Excise Tax for concentrates, powders, gels or extracts that can be converted to soft drinks or energy drinks is calculated according to the selling price declared by the Liable person to pay the tax, less the tax included, or according to the standard price issued by the minister or the minimum price estimated by The General Tax Authority, whichever is higher.

*Example:*

A company is selling a pack of 20 cigarettes of the brand (X) at QAR 20. The retail sales price (RSP) is inclusive of Excise Tax.

The GTA have set a standard price of QAR 12 for the pack of 20 cigarettes of the Brand (X).

#### CALCULATING THE EXCISE VALUE



**Background:** A tobacco company is selling a pack of 20 cigarettes of the brand (X) at QAR 20. The retail sales price (RSP) is inclusive of Excise Tax. The Authority have set a standard price of QAR 12 for the pack of 20 cigarettes of the Brand (X).

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# 3. How to Register for Excise Tax

## 3.1. Who must register?

Any person engaged in any of the following activities in the State of Qatar must register for Excise Tax purposes:

- the import of Excise goods;
- the production of Excise goods;
- the operation of a tax warehouse.

## 3.2. Registration for Excise Tax purposes

There is no registration threshold for Excise Tax, therefore any person involved or has the intention to be involved in any of the activities listed in Section 3.1 must register and account for Excise Tax.

Any person involved or with the intention to be involved in any of the activities listed in Section 3.1 must submit an application for registration to the GTA at the earlier of the following:

- Within 30 days prior to the actual or intention of involvement in any of the activities listed in Section 3.1 of this guide.
- 90 days within the date of enforcement of the Excise Tax Law for persons who are involved in such activities by that date (transitional period);

The following information (non-exhaustive) will be requested from the applicant:

- Name and the legal status under which the person obliged to register exercises his activity;
- Contact details of applicant [*phone number, email address, complete address including postal code*];
- [*Corporate*] Tax Number, Customs ID and CR number;
- Date when the registration conditions are met [*i.e. when the taxable event occurs*];
- Date of registration cancellation and the reasons for it [*in case previously registered and cancelled*];
- Nature of the *Excise tax* activities [*import / production / tax warehouse*];
- Type of Excise goods;
- Address of storage facilities of applicant [*e.g. storage units, depots, distribution centres*];
- Details of the manager / owner of the legal entity;
- Contact details for person responsible for Excise Tax matters for applicant;
- Bank Name – IBAN;
- Proof of Authorization for applicant, if any [*Power of Attorney*];
- Confirmation of whether a tax warehouse will be operated by the applicant;
- [*If planning to operate a tax warehouse*] Whether the warehouse keeper is storing his own goods or the goods owned by other parties;
- Trade name;
- Confirmation of validity and authenticity of the information included in the application;
- Signature of applicant and title.

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Certain documents will be requested as an attachment to the application (ID copy, commercial registration, Trade License...)

### **3.3. Registration as a warehouse keeper**

Any person who operates or intends to operate a tax warehouse must register as a warehouse keeper. Further details about the definition of a tax warehouse are provided in Chapter 5 of this guide.

In order to register as a warehouse keeper, the person must provide at least the following information, in addition to the information listed in Section 3.2 of this guide:

- A list of the goods that will be stored or produced in the tax warehouse and their characteristics;
- Contact details for person responsible for tax warehouse matters;
- A description of the nature of operations in the tax warehouse [*production or storage*];
- Specify the detailed security procedures for protecting buildings, documents and goods;
- Estimated quantities and value of goods to be stored or produced in the tax warehouse when operated with maximum capacity (quarterly / yearly );
- The places where tax warehouses are located and maps thereof;
- The number of machines and equipment in the warehouse and their productive capacity [*only applicable to production warehouse*];
- A detailed description of the control systems to be used by the tax warehouse, including the excise goods stock inventory control system, in order to ensure, at any time, the movement of excise goods to and from the tax warehouse and stock levels,;
- Specify the conditions of entry to and exit from the tax warehouse, and any entry or exit restrictions that the warehouse keeper is required to impose.

Along with the following attachments:

- A bank guarantee to cover the risks related to the production, processing, holding, storage, receipt of Excise goods upon initial approval of GTA;
- A pledge to pay an annual fee;
- A copy of the lease contract for the building(s) affiliated with the Excise Taxable person or the title deed thereof containing the area and borders of the warehouse;
- Measures in place to control the access of personnel to the proposed tax warehouse;
- Details of the stock and record management system(s) that will be used with respect to Excise goods entered into, stored and removed from the proposed tax warehouse;
- Processes adopted with respect to the entry of Excise goods and exit thereof from the proposed tax warehouse;
- Processes of movement of Excise goods under suspension arrangement.

The license of operating a tax warehouse is valid for one year, and must be renewable every year following the same process should the warehouse keeper wish to extend operating the tax warehouse.

### **3.4. How to register**

In order to register for Excise Tax purposes, please log on to [www.gta.gov.qa](http://www.gta.gov.qa) and follow the necessary steps.

The GTA will review the application for registration and will provide an Excise Tax number to the taxable person upon approval.

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### ***3.5. Cancellation of Excise Tax registration***

A taxable person should mandatorily apply, for the cancellation of their Excise Tax registration when they cease undertaking the activities listed in Section 3.1, within 60 days from the occurrence of these events. The application for cancellation of the Excise Tax registration includes the following:

- Name and the legal status under which the taxable person conducts his activity;
- Tax registration number;
- Date of registration for Excise Tax purposes;
- Reason(s) of application to cancel from Excise Tax registration;
- Date of failure from meeting conditions for Excise Tax registration;
- Details of authorized warehouse for the taxable person;
- Confirmation of validity and authenticity of the information included in the application,
- Signature of applicant and title;
- Final inventory record of the tax warehouse (if any).

The GTA shall issue its decision on the registration cancellation application within 30 days from the date of receipt of the application. The GTA shall notify the taxable person of the approval of their cancellation and its effective date. Until receipt of such approval, the taxable person must continue submitting their Excise Tax return and pay the tax due (if any), even if they have submitted their application to cancel their registration.

### ***3.6. Amendment and cancellation of a tax warehouse license***

The warehouse keeper must submit an application to amend the license of the tax warehouse operation in case they wish to amend one of the following features:

- The type of activities that the warehouse keeper is licensed to operate;
- The list of the goods that will be stored or produced in the tax warehouse and their characteristics;
- The size of the tax warehouse or its location;
- The machinery or the equipment operated within the tax warehouse.

Once the application is submitted, the GTA will notify the warehouse keeper of its decision within 30 days of the submission of the application. In case there is no response from GTA with the prescribed timeline, the application will be considered declined.

The tax warehouse license is cancelled if one of the following occurs:

- The warehouse keeper ceases to work;
- One of the conditions qualifying for the licensing is no longer met;
- The warehouse keeper does not commit to the obligations stipulated in the Excise Tax Law and Executive Regulations, and does not remove the causes of the violations within a reasonable period after being notified by the GTA.

The application for cancellation of the taxpayer's license shall be submitted in accordance with the form prepared by the Authority for this purpose and includes at least the following:

- Name, name and legal form.
- Tax registration number.

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- Tax warehouse license number.
  - Reasons for submitting an application to cancel the license.

Should be attached to the cancellation request the following documents:

- Record inventory and final calculation of the inventory stock of excise goods in the warehouse at the date of submission of the cancellation request.
- The undertaking not to carry out any activity related to the tax warehouse until the cancellation request is settled.

The Authority shall decide on the request to cancel the license and conduct the necessary inspections and ensure that the warehouse keeper complies with all its obligations and responsibilities relating to the previous license periods within a maximum period of 30 days from the date of submission of the cancellation request. The approval of the cancellation request requires the warehouse keeper to submit the tax return and pay the tax on the excise goods in the warehouse at the date of submission of the cancellation request and the obligation to pay any other tax due.

# 4. When is Excise Tax levied

## 4.1. General Principle

As a general principle, the Excise Tax is triggered upon the release of the Excise goods for consumption. The Excise goods are deemed released for consumption upon the occurrence of any of the following:

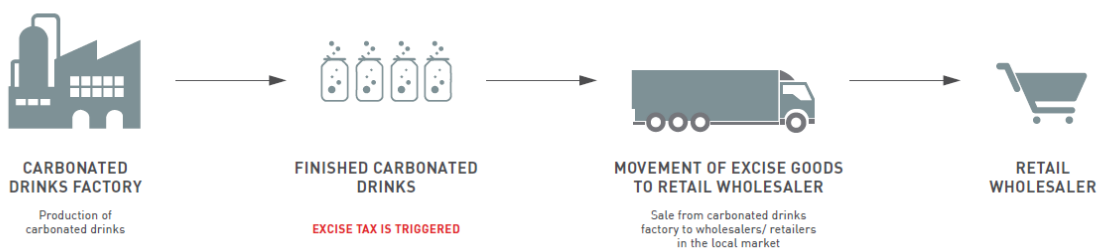
- Production of Excise goods outside a tax suspension arrangement;
- Import of Excise goods outside a tax suspension arrangement;
- Release of Excise goods from a tax suspension arrangement;
- Holding of Excise goods outside a tax suspension arrangement, on which the Excise Tax due was not paid in the State of Qatar;
- Loss or damage of Excise goods while in a tax suspension arrangement, and the warehouse keeper was unable to demonstrate that such loss or damage was resulted from causes beyond their control.

## 4.2. Production of Excise goods

Locally produced Excise goods – outside a tax suspension arrangement – are subject to Excise Tax at the date the Excise goods production is completed. This means that the goods are:

- Ready to be held out for retail sale;
- Fit for consumption or sale;
- Ready to be sold to a retailer.

### PRODUCTION OF EXCISE GOODS



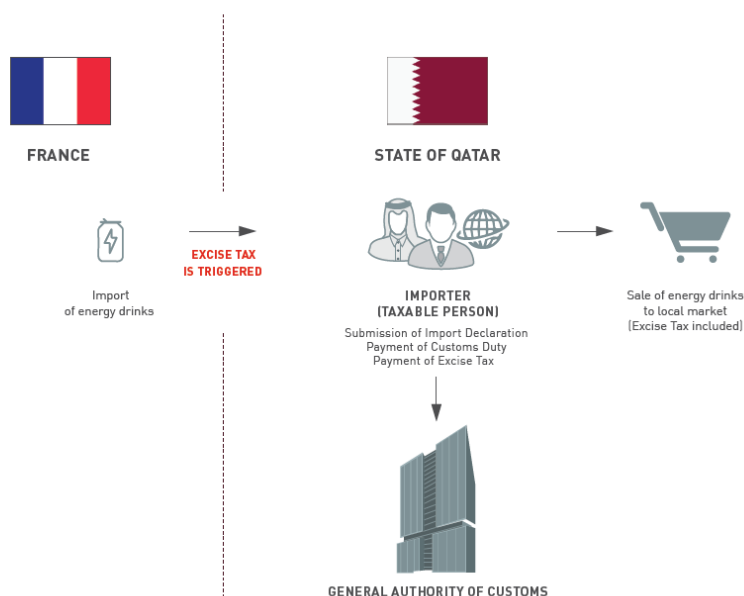
Although the Excise Tax is triggered upon the completion of the production of the Excise goods, the declaration and payment for these goods should be completed within (15) days from the end of the corresponding tax period (quarter calendar year).

## 4.3. Import of Excise goods

Where Excise goods are imported – outside a tax suspension arrangement – into the State of Qatar, the Excise Tax should be accounted for by the importer at the date of import. The Excise Tax will be

triggered when the customs duties are levied, and should be paid at the same time of paying the customs duties.

#### IMPORT OF EXCISE GOODS



In accordance with the conditions and rules determined by the Authority, it is possible to allow the release of imported goods before the payment of the tax due on them and after completion of the customs procedures under bank, cash or documentary guarantees.

#### ***4.4. Release of Excise goods from a tax suspension arrangement***

Excise goods are considered to be in a tax suspension arrangement in one of the following cases:

1. Production of Excise goods or the processing, holding, storage or receipt of locally produced Excise goods in a tax warehouse;
2. Import of Excise goods into a tax warehouse;
3. Movement of Excise goods under suspension in any of the following cases:
  - a. From a tax warehouse to another tax warehouse within the State of Qatar;
  - b. From a tax warehouse to another tax warehouse in another Member State implementing Excise Tax;
  - c. From a tax warehouse in another Member State implementing Excise Tax to another tax warehouse in the State of Qatar;
  - d. From a tax warehouse to the point of exit of Excise goods from the GCC territory for export or re-export in accordance with the provisions of the Customs Law;
4. Import of Excise goods under customs duty suspension in accordance with the provisions of the Customs law.



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For cases 1, 2, 3(a) , and 3(c); the Excise Tax is to be accounted for by the warehouse keeper upon the release of the Excise goods from the tax warehouse. Although the Excise Tax is due upon the release of the Excise goods from a tax suspension arrangement, the declaration and payment for these goods will be completed within (15) days from the end of the corresponding tax period.

For case 4; the Excise Tax is due to be accounted for by the importer upon the release of the Excise goods from the customs duty suspension. The Excise Tax shall be chargeable when the customs duties are chargeable, and shall be paid at the same time of paying the customs duties.

For cases 3(b) and 3(d); the Excise Tax will not be due to be accounted for in the State of Qatar.

Examples are illustrated in Chapter 5 of this guide.

# 5. Tax warehouses and tax suspension arrangements

## 5.1. Definition of a tax warehouse

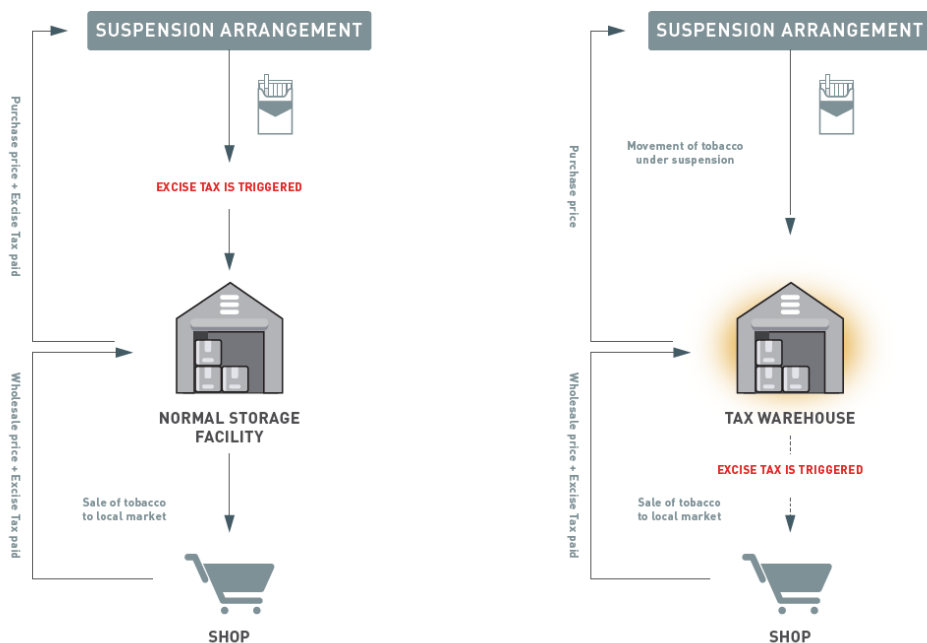
A tax warehouse is a place where the warehouse keeper is allowed to produce, process, hold, store and receive Excise goods under a tax suspension arrangement as defined in Section 5.4 of this guide.

## 5.2. Why operate a tax warehouse

Outside a tax suspension arrangement, Excise Tax will be levied on Excise goods at the point of production or import, which may generate for certain businesses with significant volumes an important cash flow impact.

Once approved by the GTA, operating a tax warehouse would defer the Excise Tax chargeability until the release of Excise goods from the suspension arrangement, typically reducing the mentioned cash flow impact.

### WHY OPERATE A TAX WAREHOUSE



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## ***5.3. Warehouse keepers***

Every tax warehouse in the State of Qatar will have an appointed warehouse keeper who is responsible for overseeing the operation of the tax warehouse and ensuring the conditions and security imposed over the tax warehouse are maintained.

A person wishing to qualify as a warehouse keeper must apply to the GTA to be authorised to operate a tax warehouse. Further details regarding the registration process for a warehouse keeper is covered in Section 3.3 above.

### ***5.3.1. Conditions to qualify as a tax warehouse keeper***

To be eligible for qualifying as a tax warehouse keeper, the applicant must satisfy certain conditions. This includes the following:

- Disclosure and description of expected Excise goods to be stored or manufactured when operating the warehouse with its maximum capacity in a determined period (3 months / 12 months);
- The security measures for protecting the warehouse ,documents and goods are in compliance with the requirements introduced by the GTA;
- Implement an inventory system that tracks the movement of the Excise goods into, within and from the tax warehouse and continuously update the inventory stock count.
- Apply required health and safety standards
- Do not commit fraud or tax or customs evasion
- Compliance to pay all taxes and customs duties imposed in the State

### ***5.3.2. Obligations of tax warehouse keepers***

Once approved, and in addition to their compliance obligations as taxable persons, the warehouse keeper will be liable to comply with the below:

- Notify the GTA of any changes in the information provided in the application for registration as a warehouse keeper;
- Maintain the necessary accounting records determined by the law,
- Record the movement of the Excise goods under suspension arrangement in accordance with the corresponding mechanism;
- Authorize GTA employees to inspect and audit the tax warehouse and stock count.

## ***5.4. Definition of a tax suspension arrangement***

A tax suspension arrangement is a situation in which the Excise Tax chargeability is suspended and is only due upon the release from such arrangement.

## ***5.5. Tax suspension arrangements***

Excise goods are considered to be in a tax suspension arrangement if put under one of the arrangements listed in the first paragraph in Section 4.4. Movement of Excise goods under tax suspension is applied in the following scenarios:

- Movement from a tax warehouse to another tax warehouse within the State of Qatar;
- Movement from a tax warehouse to another tax warehouse in another Member State implementing Excise Tax;
- Movement from a tax warehouse in another Member State implementing Excise Tax to another tax warehouse in the State of Qatar;

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- Movement from a tax warehouse to the point of exit of Excise goods from the GCC territory for export or re-export in accordance with the provisions of the Customs Law;
  - Import of Excise goods into a tax warehouse.

### *5.5.1. Movement under tax suspension arrangement from a tax warehouse to another tax warehouse within the State of Qatar*

The warehouse keeper may transfer Excise goods under a tax suspension arrangement from a tax warehouse to another tax warehouse within the State of Qatar, provided that they submit at least the following information to the GTA within no less than 7 days before the expected date of transport:

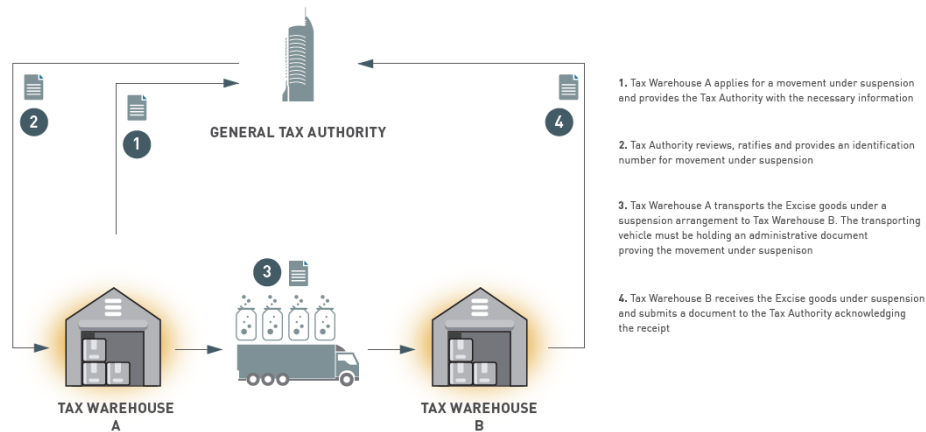
- Name of the warehouse keeper sending the Excise goods and tax warehouse license information;
- Name of the warehouse keeper receiving the Excise goods and tax warehouse license information and evidence of his prior consent of receiving excise goods;
- Description of the goods sent, their quantity and RSP;
- Expected date of transport;
- Expected date of receipt.

Such information must be shared with the GTA who, within 5 days, will validate the information and, if approved, will grant the warehouse keeper an identification number to the goods and issue an administrative document allowing them to transfer the Excise goods under tax suspension arrangement. The administrative document is valid for 15 days and may be extended on the request of the warehouse keeper sender

Upon receipt, the recipient warehouse keeper must inform the GTA within 3 days from the receipt of Excise goods at least the following information:

- Name of the warehouse keeper receiving the Excise goods and tax warehouse license information;
- Name of the warehouse keeper sending the Excise goods and tax warehouse license information and reference number related to the movement under suspension arrangement;
- Description of the goods received, their quantity and the RSP;
- The identification number of the goods;
- Actual date of transport;
- Actual date of receipt.

**MOVEMENT UNDER TAX SUSPENSION ARRANGEMENT  
FROM A TAX WAREHOUSE TO ANOTHER TAX WAREHOUSE  
WITHIN THE STATE OF QATAR**



In the case of the transfer of excise goods between the tax warehouses occupied by the licensee, a license for the monthly transfer may be requested on the form prepared by the Authority, without requiring the administrative document for each transport separately, taking into consideration the following:

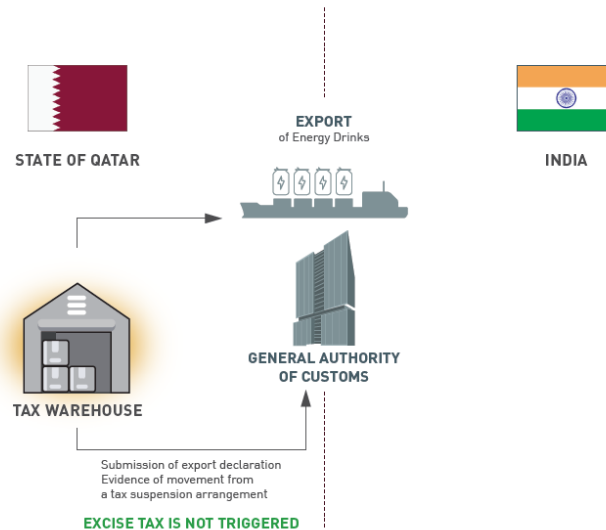
- The warehouse keeper has an automated system that can track the transfer between the tax warehouses responsible for them, separately.
- The warehouse keeper shall submit to the GTA a monthly report on the form prepared for this purpose within (15) days from the end of the month in which the transport was carried out, including all transfers between its tax warehouses. The report shall include, at least and for each transfer, the following data:
  - The warehouse keeper's data.
  - The numbers of the tax warehouses through which they were sent, and in which they were received, respectively.
  - The date of dispatch from the sending warehouses and the date of receipt in the receiving warehouses.
  - Quantities and values of excise goods sent and received in the concerned warehouses.

The warehouse keeper must submit the license application for the monthly transfer before making any transfers between its tax warehouses, provided that the TGA shall decide on this request within a period of (7) days from the date of its submission. Pending the decision on the request, the normal procedures for obtaining an administrative document for each transfer shall apply to transfers between the tax warehouses of the same warehouse keeper.

***5.5.2. Movement under tax suspension arrangement from a tax warehouse to the point of exit of Excise goods from the GCC territory for export or re-export in accordance with the provisions of the Customs Law***

The warehouse keeper may transfer the Excise goods under a tax suspension arrangement from a tax warehouse to the point of exit outside the GCC territory by applying the same suspension procedures mentioned in section 5.5.1. (obtaining the administrative document) . The licensee shall hand over to the customs authorities a copy of the administrative document.

**MOVEMENT UNDER TAX SUSPENSION ARRANGEMENT FROM A TAX WAREHOUSE TO THE POINT OF EXIT OF EXCISE GOODS FROM THE GCC TERRITORY FOR EXPORT OR RE-EXPORT IN ACCORDANCE WITH THE PROVISIONS OF THE CUSTOMS LAW**

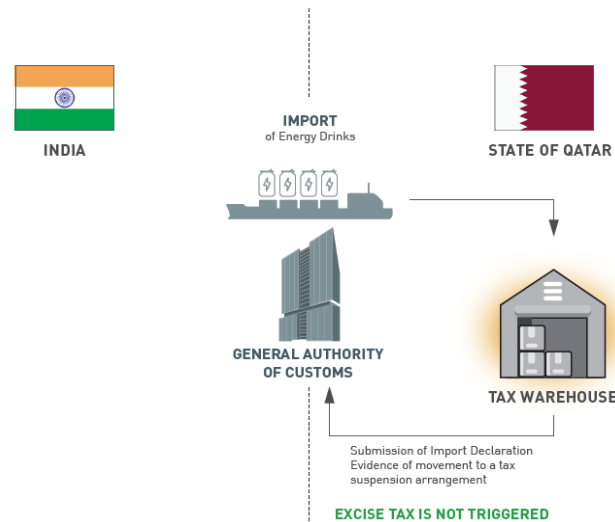


### ***5.5.3. Import of Excise goods into a tax warehouse under a tax suspension arrangement***

The warehouse keeper may import the Excise goods into a tax warehouse without triggering Excise Tax payment. The warehouse keeper must apply the same procedures (obtaining the administrative document) mentioned in section 5.5.1 and must present, in addition to the Import Declaration, the following information to the GTA within 3 days from the receipt of the Excise goods:

- Name of the warehouse keeper receiving the Excise goods and tax warehouse license information;
- Description of the goods received, their quantity and the RSP;
- The identification number of the goods;
- Actual date of transport;
- Actual date of receipt.

## IMPORT OF EXCISE GOOD INTO A TAX WAREHOUSE UNDER A TAX SUSPENSION ARRANGEMENT



### ***5.6. Loss and damage of Excise goods in a tax warehouse***

Excise goods that are lost or damaged in a tax warehouse may be relieved from the payment of Excise Tax in certain circumstances and subject to meeting certain conditions to substantiate that the loss or damage was due to events beyond the taxable person's control. If the latter cannot be substantiated, then the Excise goods will be deemed released for consumption and therefore subject to Excise Tax.

#### ***5.6.1. Declaration of loss or damage of Excise goods***

The warehouse keeper must submit a declaration of loss or damage of Excise goods within 30 days of the occurrence of the event and should include at least the following information:

- Name, address and contact details of the warehouse keeper;
- Address of the tax warehouse;
- Tax registration number;
- Nature of the [Excise Tax] activities;
- Description and quantity of the Excise goods that have been lost or damaged;
- Reasons of loss or damage and detailed description of the loss or damage;
- Estimation of the Excise Tax that would have been due;
- Tax period in which the loss or damage incident took place;
- Confirmation of validity and authenticity of the information included in the declaration.

Certain supporting documents must be submitted as an attachment to the declaration form. These may include a police report, an insurance company statement, or any other document that justifies the occurrence of the incident being beyond the control of the warehouse keeper.

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### *5.6.2. Inspection of declared damaged Excise goods*

Upon receipt of the declaration of lost or damaged Excise goods, the GTA may visit the tax warehouse premises during working hours in order to inspect the damaged Excise goods or to investigate the circumstances surrounding the loss / damage of the Excise goods with the presence of the warehouse keeper or their representative. The GTA should notify the warehouse keeper at least 5 days in advance prior to their visit.



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## ***6. Books and Records***

The taxable person is required to hold and keep books and records related to their Excise Tax transactions. The books and records may be held in writing or electronically and must be held for a period no shorter than 5 years after the corresponding tax period. The corresponding books and records shall include the following, at the least:

- A copy of the invoices issued by the taxable person related to Excise goods transactions;
- An Excise Tax register covering the corresponding tax period, containing information regarding types and quantities of Excise goods, the Retail Sales Price of the Excise goods, the Excise Tax value of the Excise goods, the corresponding Excise Tax rates and the overall amount of the Excise Tax paid;
- A daily ledger that records the daily Excise Tax transactions undertaken by the taxable person, along with their dates and reference/serial numbers;
- A general ledger displaying the Excise Tax accounts;
- Records related to the import and export of the Excise goods, in addition to supporting documentation such as invoices, payment notices, correspondences and copies thereof, and bank accounts.

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# ***7. Exemptions and refunds***

## ***7.1. Who is exempt from paying Excise Tax?***

The following is exempt from paying Excise Tax:

- Diplomatic and consular bodies, international organisations and head and members of diplomatic and consular corporations accredited by the State of Qatar as following:
  - Import of Excise goods: Exempt in accordance with the provisions stipulated in the Customs Law;
  - Purchase of Excise goods locally: A refund application may be submitted by the relevant parties;
- Excise goods accompanying travellers entering the State of Qatar, provided that these goods are of non-commercial status, and they are within the allowance specified in the Customs law;
- Excise goods sold in departures Duty free shops and on-board consumption.

Re-import of Excise goods to which tax due has already been paid in the State of Qatar and not refunded by GTA will be exempt from Excise Tax.

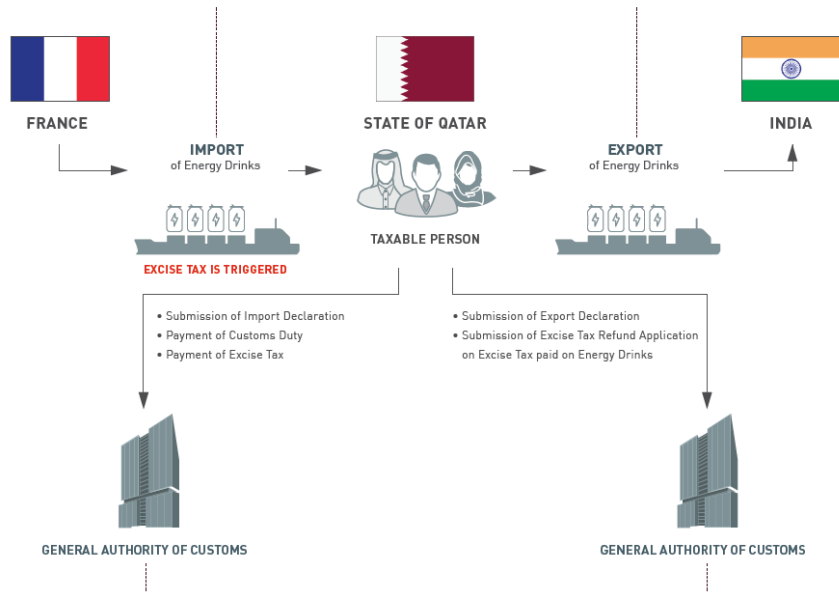
## ***7.2. Refund cases***

The GTA may refund the Excise Tax originally paid by the taxable persons in one of the following cases:

- Export or re-export of Excise goods already released for consumption in the State of Qatar;
- Use of Excise goods already released for consumption in the State of Qatar to produce other Excise goods;
- Movement of Excise goods already released for consumption in the State of Qatar to another GCC Member State implementing Excise Tax.

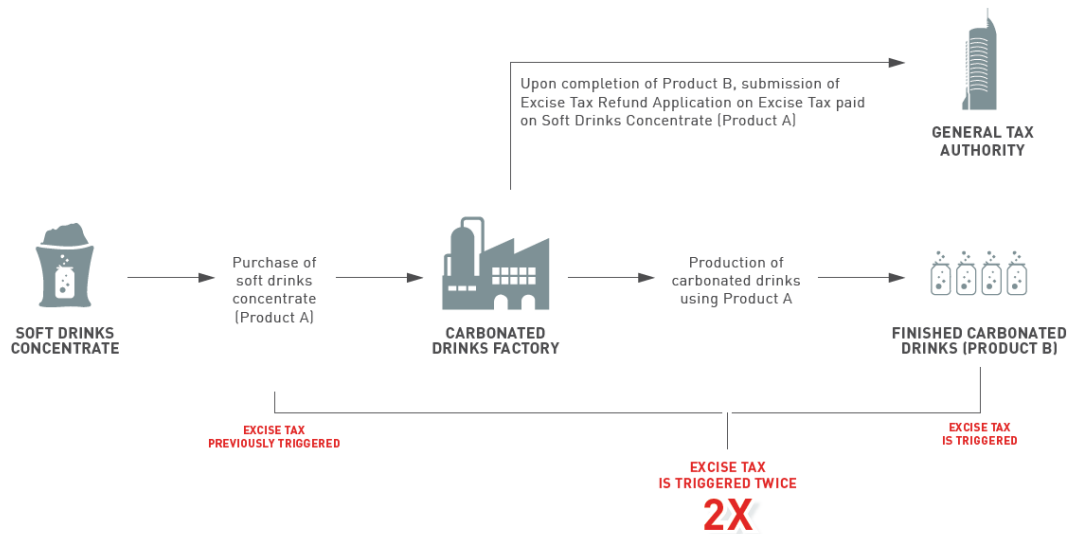
## 7.2.1. Export or re-export of Excise goods

### EXPORT OR RE-EXPORT OF EXCISE GOODS



## 7.2.2. Use of Excise goods for production of other Excise goods

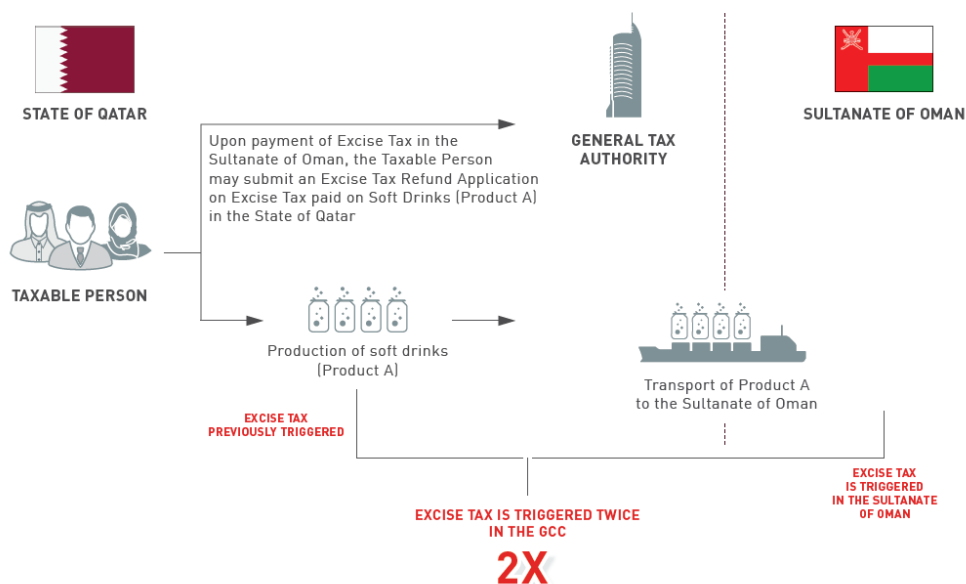
### USE OF EXCISE GOODS FOR PRODUCTION OF OTHER EXCISE GOODS



\* Generally, a production facility will be operated as a tax warehouse and therefore the concentrate will be imported into the production facility under a tax suspension arrangement.

### 7.2.3. Movement of Excise goods to another GCC Member State implementing Excise Tax

#### MOVEMENT OF EXCISE GOODS TO ANOTHER GCC MEMBER STATE IMPLEMENTING EXCISE TAX



### 7.3. Refund application

When one of the refund cases determined in Section 7.2 are met, a taxable person may apply for an Excise Tax refund request within a period of 30 days from the corresponding tax period of the occurrence of the refund case.

The application to request an Excise Tax refund shall include the following:

- Name, address and contact details;
- Nature of the [Excise Tax] activities;
- Tax registration number, where applicable;
- Tax period in which the refund case took place;
- Reason for submitting the refund application;
- Tax amount claimed for refund;
- Bank account number;
- Confirmation of validity and authenticity of the information included in the application;
- Signature of applicant and title.

The GTA or the General Customs Authority (GCA), as the case may be, shall decide on the refund application within 60 days from the date of submitting the application.

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# 8. Excise tax returns and payments

## 8.1. Who must submit an Excise Tax return?

The following persons must submit Excise Tax returns:

- the producer of Excise goods in the State of Qatar;
- the warehouse keepers in the State of Qatar;
- the importers of Excise goods in the State of Qatar – the importer may be exempt from submitting Excise Tax returns based on the GTA's Decision.

## 8.2. Excise Tax returns

The taxable persons liable to submit the Excise Tax returns based on Section 8.1 must declare their tax due within 15 days from the end of every tax period, which is determined as a quarter of a calendar year.

When submitting the Excise Tax returns, the following information must be submitted:

- Name, *[excise]* tax number, address and contact details;
- Nature of the *[Excise Tax]* activities;
- The tax period of the tax return;
- Types of the excisable goods;
- Tax base and percentage of tax levied *[broken down by good/product (description of the good), RSP, standard price or minimum value and selected tax base]*;
- Total payable tax *[to breakdown tax due per warehouse, if applicable]*;
- Value of approved refunded tax, if any;
- Net payable tax *[to breakdown tax due per warehouse, if applicable]*;
- Confirmation of validity and authenticity of the information included in the application;
- Signature of applicant and title.

Along with the following attachments:

- Customs clearance documents during the tax period *[clarifying the quantity and description of goods imported]*;
- Inventory record of a tax warehouse during the tax period, if any *[displaying the initial stock of Excise goods in the tax warehouse, Excise goods entered into the tax warehouse, Excise goods produced in the tax warehouse, Excise goods consumed in the tax warehouse (e.g. consumed within the tax warehouse; damaged and lost Excise goods), Excise goods released for consumption, Excise goods released under suspension, Excise goods released under exemption, final stock of Excise goods in the tax warehouse]*.

## 8.3. Excise Tax payments

The taxable persons liable to submit the Excise Tax returns based on Section 8.1 must pay their tax due upon the submission of the Excise Tax return, meaning within 15 days from the end of every tax period. The payment mechanism will be further detailed by the GTA and can be found in this link [www.gta.gov.qa](http://www.gta.gov.qa).

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Where Excise goods are imported – outside a tax suspension arrangement – into the State of Qatar, the Excise Tax should be accounted for by the importer at the date of import. The Excise Tax will be triggered when the customs duties are levied, and should be paid at the same time of paying the customs duties.

## ***8.4. Excise Tax return amendment***

The taxable persons liable to submit the Excise Tax returns based on Section 8.1 may request to amend their tax return within 30 days from the original due date of the submission of the tax return without being liable to a financial penalty, provided the following:

- the amended Excise Tax return has been submitted before any control and audit procedures have been undertaken by the GTA on the corresponding tax return;
- the difference in the tax due after amendment does not exceed 10% from the original amount declared and paid for.

The Excise Tax return amendment form will entail the same information as the tax return content, in addition to the following:

- declaration of amended amount of Excise Tax due;
- original amount of Excise Tax due;
- difference in Excise Tax due to pay or refund and reason for amendment.

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# 9. Transitional Excise Tax returns and payments

## 9.1. What is a transitional Excise Tax return?

A transitional Excise Tax return is a one-off return to declare and pay for the Excise goods that are released for consumption as described in Section 4.1 by the date the Law comes into force.

The purpose of the transitional Excise Tax return is to capture the Excise Tax due on all the goods that are already released in the local market when the Excise Tax is implemented.

## 9.2. Who must submit a transitional Excise Tax return?

The persons required to submit a transitional Excise Tax return are not limited to what is stipulated in Section 8.1, but is expanded in order to capture all Excise goods released for consumption by the Excise Tax implementation date, and covers the following persons:

- all persons that own / hold Excise goods by the date the Excise Tax Law comes into force; and
- intend to sell the Excise goods for business purposes.

Such persons would generally include in addition to local producer and importers, supermarkets, retail shops, hotels, restaurants, etc.

## 9.3. Transitional Excise Tax returns

The persons liable to submit the transitional Excise Tax returns based on Section 9.2 must declare their tax due within 30 days from the date the Excise Tax law comes into force.

When submitting the transitional Excise Tax returns, the following information must be submitted:

- Name, tax number *[if applicable]*, address and contact details;
- Nature of the *[Excise Tax]* activities;
- Types of the excisable goods;
- Tax base and percentage of tax levied *[broken down by good/product (description of good) RSP, standard price, or minimum value and selected tax base];*
- Total payable tax;
- Confirmation of validity and authenticity of the information included in the application;
- Signature of applicant and title.

The transitional Return is available on the website of the Customs Authority in this link

[www.gta.gov.qa](http://www.gta.gov.qa)

## 9.4. Transitional Excise Tax payments

The persons liable to submit the transitional Excise Tax returns based on Section 9.2 must pay their tax due within 30 days from the date of the submission of the transitional Excise Tax return. The payment mechanism will be further detailed by the GTA and can be found in this link [www.gta.gov.qa](http://www.gta.gov.qa).





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# ***10. Inspection and Penalties***

## ***10.1. Tax assessment***

As Excise Tax is a self-assessed tax, whereby the taxable person will declare and pay for the Excise Tax due every tax period, the GTA has the right to assess the Tax returns submitted and may request from the taxable person the additional documents to justify the required to be held.

In case the corresponding tax returns and documents are not shared by the taxable person, the GTA may assess on an estimate basis, mainly through analyzing previous returns submitted by the taxable person; reviewing returns submitted by / books and records held by other taxable persons conducting similar business activities for Excise Tax purposes; and assessing transactions conducted between the taxable persons and relevant business counterparts for cross checking purposes.

Based on the above, should the GTA find any discrepancy between the assessment and the returns submitted by the taxable person, it will notify the taxable person the elements of the tax assessment and will request from them to pay the difference in the Tax due and the corresponding financial penalties.

When the taxable person is notified of the Authority's decision of the tax assessment, and in case of expiry of the objection period, without objection, the taxable person must pay the tax differences and financial penalties due within 30 days from the expiry of the objection period. In case of objection, the tax differences and financial penalties due shall be payed within thirty (30) days from the date of notification of the liable person by the response of the Authority or the expiry of the period of review of the objection without response as the case may be.

## ***10.2. Objections and appeals***

Once the notification of the Tax assessment is received, the taxable person may object on the GTA's decision within 30 days from the date of notification.

In case the taxable person does not submit a letter of objection within the prescribed dates, then the tax assessment decision shall become final and the Tax shall become due.

In case the taxable person submits a letter of objection, the GTA will review the objection and notify its decision to the taxable person. The taxable person may thereon appeal to the GTA's decision within 60 days of the notification of the decision the final tax liability will be settled on the basis of the final court decision on the appeal.

## ***10.3. Penalties***

The GTA will levy the taxable person the relevant penalties in case of failure to comply with the necessary Excise Tax activities. Penalties will be applied to the following (non-exhaustive):

- Not registering for Excise Tax purposes within the prescribed timeframe;
- Not submitting the Excise Tax returns within the prescribed timeframe;
- Not paying the Excise Tax due within the prescribed timeframe;
- Providing incorrect and inaccurate information regarding the Excise Tax due;
- Not providing the relevant documentation as requested by the GTA;
- Not abiding by the terms and conditions to store the Excise goods in a tax warehouse;
- Not notifying the GTA on the changes required to be reflected in the registration data;
- Not keeping the necessary books and records.

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## ***10.4. Inspection and visits***

The GTA has the right to visit and inspect the taxable person's premises in order to audit and assess the compliance obligations undertaken by the taxable person.

### ***10.4.1. Conditions to inspect and visit the taxable person's premises***

In order to visit and inspect the taxable person's premises, the GTA must:

- Notify the taxable person of its visit at least one day in advance prior to the visit date;
- Visit during the taxable person's working hours.

The GTA may waive the abovementioned conditions and visit the premises without any notice, provided that a Decision has been issued by the Head of the GTA, and one of the following cases occurred:

- The taxable person is being uncooperative with the GTA;
- There are serious reasons to believe that the taxable person is involved in tax evasion.

### ***10.4.2. Standard GTA inspection activities***

Upon visiting of the premises, the GTA may be undertaking the following:

- A field visit of the place where Excise Tax activities are conducted;
- An assessment of the books and records required to be held by the taxable person, and hold copies thereof, if required;
- An assessment of the records and data held by the taxable person in relation to validating the Excise Tax being due by another taxable person.

In case the GTA have valid reasons to believe that the taxable person may be violating the Law, and in order to protect the government's revenue, GTA officials may enter tax warehouses or Excise goods storage facilities outside working hours, inspect vehicles that transport the Excise goods as well as hold sample of Excise goods for further assessment.

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