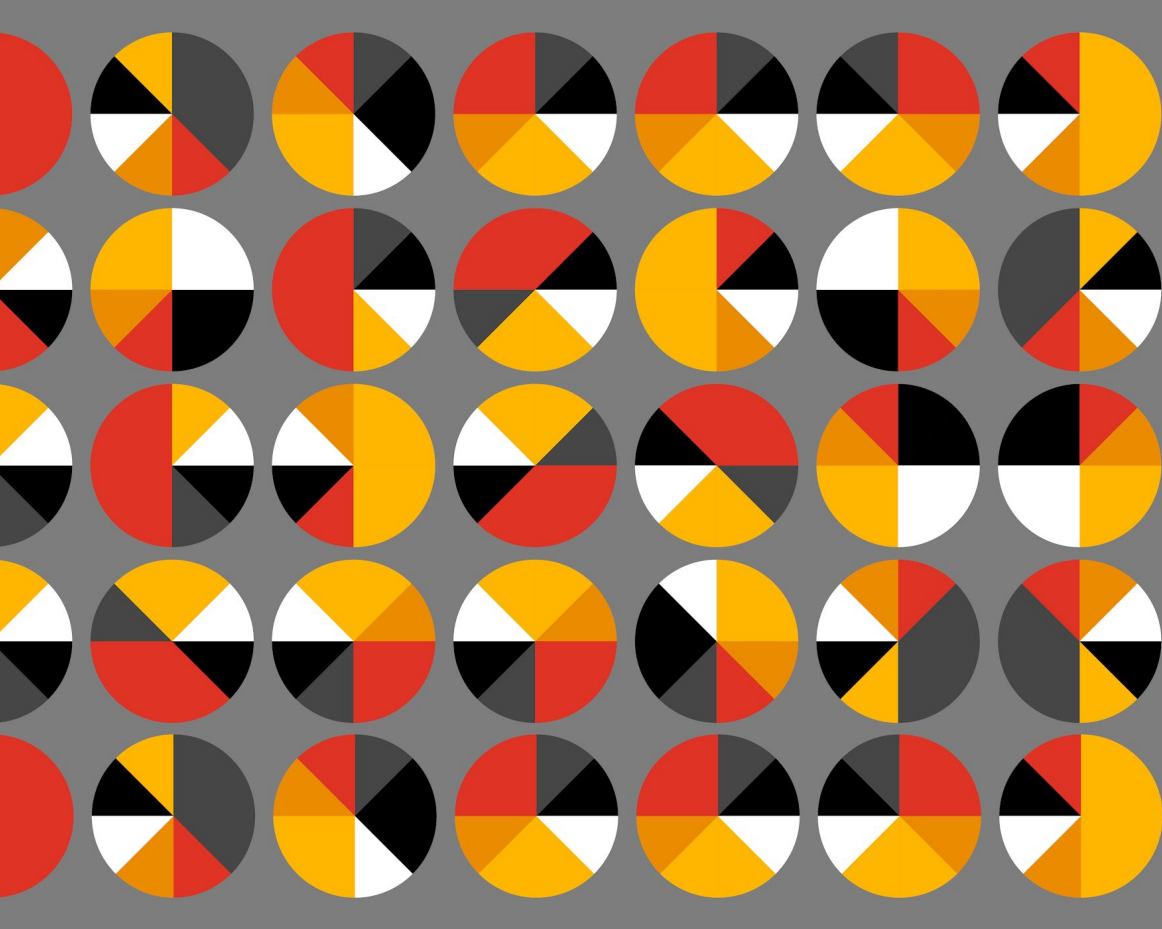


Tax updates: Extension of the income tax filing deadline for 2020

March 2021



In brief

The General Tax Authority (“GTA”) has issued Circulars 1 and 2 of 2021 on 24 March 2021 in relation to extension in the income tax filing deadline.

The key implications to taxpayers from these Circulars are summarised below:

- ***Entities wholly owned by resident Qatari/GCC nationals***

The tax filing deadline of entities that are wholly owned by resident Qatari / GCC nationals (usually these are ‘tax exempt’) in respect of the taxable year 2020 has been extended by 4 months (e.g. the extended deadline for the taxable year ended 31 December 2020 would be 31 August 2021). This extension will equally be applicable for accounting periods approved by the GTA that are different to the calendar year (e.g. accounting year ended 31 March 2021).

- ***Entities operating in the petroleum & petrochemical sector***

In respect of entities operating in the petroleum and petrochemical sector, no extension has been granted for the filing of 2020 tax return. Accordingly, the tax returns of such entities will be due by the original deadline set out under the Income Tax Law No. 24 of 2018 (“New Tax Law”) (i.e. within 4 months from the end of the accounting period).

- ***All other entities***

The tax filing deadline of the entities other than those referred to above, has been extended by 2 months (e.g. the extended deadline for the taxable year ended 31 December 2020 would be 30 June 2021). This extension will equally be applicable for accounting periods approved by the GTA that are different to the calendar year (e.g. accounting year ended 31 March 2021).

- ***Lowering of ‘tax filing threshold’ for entities wholly owned by resident Qatari / GCC nationals***

Such entities should submit a tax return based on the approved format in Dhareeba along with final audited financial statements as prescribed under Article 33 and 34 of the Executive Regulations of the New Tax Law (“new ERs”) from the taxable year 2020 onwards, if they meet one of the criteria below:

1. the share capital is QR 1 million or more; or
2. the annual revenue is QR 5 million or more

Under the previous Circular No. 4 of 2011, such entities were previously required to submit a tax return along with final audited financial statements if the share capital of the entity was QR 2 million or more or annual revenue was QR 10 million or more.

- Entities that are wholly owned by resident Qatari / GCC nationals, whose share capital and annual revenue are less than QR 1 million and QR 5 million respectively, should submit a tax return based on the “simplified tax return format” in Dhareeba along with financial information. Such entities are not required to submit audited financial statements as required under Articles 33 and 34 of the new ERs.

PwC comments

PwC welcome the GTA's decision to extend the tax filing deadline, as it would provide some relief to businesses who are affected by the adverse implications of ongoing COVID 19 pandemic. This will provide an opportunity to the taxpayers to mitigate potential late filing / payment penalties due to the delays in finalising the audited financial statements and the tax returns.

PwC would like to remind all taxpayers that 2020 is the first tax filing period in which tax returns will be filed through new tax administration system (i.e. Dhareeba). We therefore strongly recommend all the taxpayers to make every effort to finalise the audited financial statements well in advance of the extended deadlines and submit the tax returns in Dhareeba as soon as possible. This would provide an opportunity to analyse and hopefully resolve any technical issues that may arise in Dhareeba at the time of submitting the tax returns, which in many cases can take considerable time.

Let's talk

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