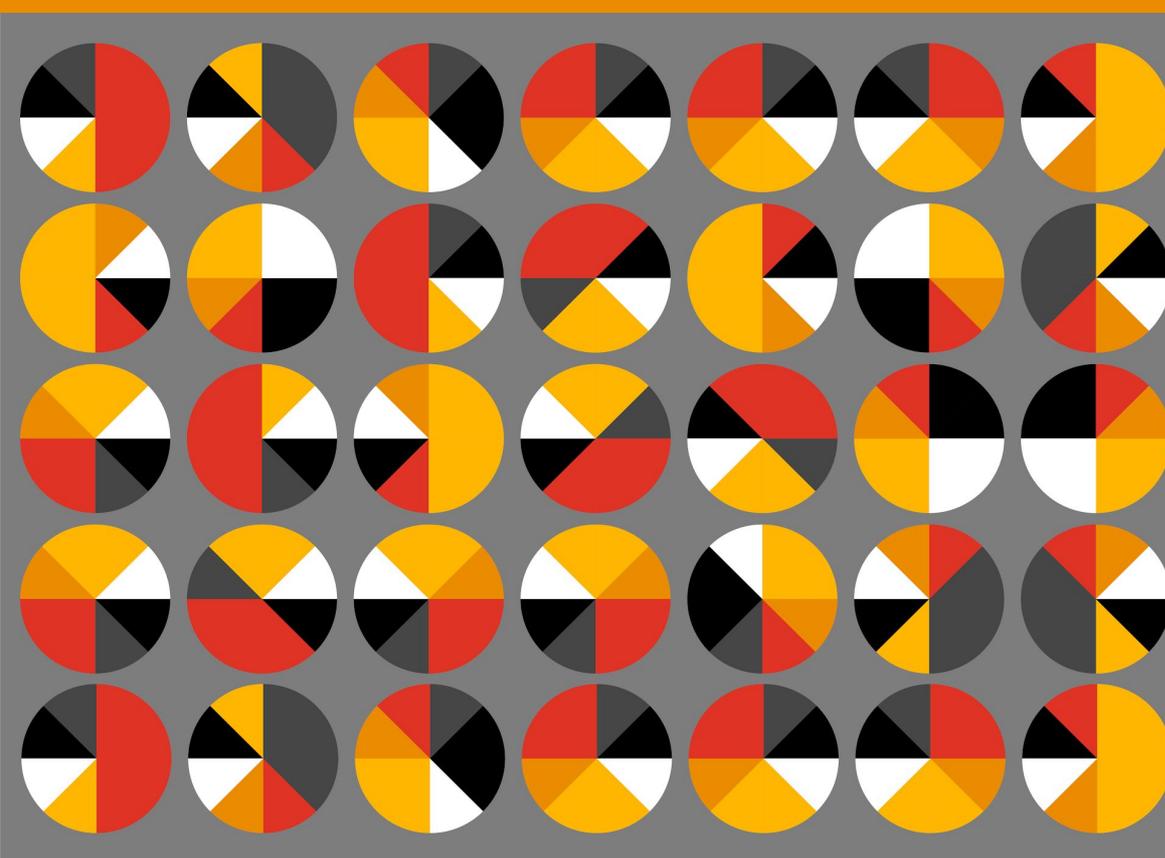


Qatar: Concessionary Statement of Practice for specific entities involved in FIFA competitions

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In brief

The Qatar Financial Centre (QFC) has recently published a Concessionary Statement of Practice (the Statement) for specific entities involved in FIFA competitions in Qatar. This is based on the previous commitment by the State of Qatar to exempt certain entities involved in the World Cup 2022 and the preceding FIFA football competitions from tax.

In detail

The Statement prescribes which events and entities are covered by the scope of the exemption. It further outlines the conditions which must be met in order for the exemption to be applicable alongside the advance ruling application process which must be undertaken in order to avail of same. The concessionary treatment covers the liability to tax of a QFC registered qualifying entity but does not extend to any other compliance obligations under the QFC tax legislation.

Which events are covered by the exemption

The exemption covers competitions, events or activities directly or indirectly related to the relevant competitions which are officially organised, sanctioned, endorsed or under the auspices of FIFA, the Local Organising Committee, FIFA World Cup Qatar 2022 LLC or the Hosting Association (i.e. the Qatar Football Association). Examples of such are listed in the Statement without limitation, including:

- The FIFA Congress, banquets, opening and closing ceremonies, draws and other launch activities;
- Seminars, meetings, conferences, workshops and press conferences;
- Official public viewing or other fan related events;
- Any cultural activities including concerts, exhibitions, displays, shows or similar;
- Events, activities, projects and/or programmes for social and human development, environment protection, other corporate social responsibility, humanitarian or similar charity projects;
- Football matches and training sessions; and
- Any other activities that FIFA considers relevant for the staging, organisation, preparation, marketing, promotion or winding up of the competitions.

Who may avail of the exemption

The exemption is applicable to the following entities:

- FIFA;
- FIFA Host Broadcaster - any legal entity appointed by FIFA to produce visual and / or audio material, text and data on the event and any official film or related documentaries;
- FIFA Service Providers - legal entities licensed or appointed by FIFA or FIFA's appointees or licensees in respect of the organising or the staging of the relevant events, including certain hospitality providers and certain providers of goods or services;
- FIFA Subsidiary(ies) - any entity in which FIFA owns at least 50% of its capital and voting interest alongside any entity in which FIFA World Cup Qatar 2022 wholly owns the capital or voting interest;
- Hosting Association - i.e. Qatar Football Association; and
- Local Organising Committee Entity(ies) - Qatar 2022 Local Organising Committee LLC and any entity in which the aforementioned owns at least 80% of the capital or voting rights.

The scope of the exemption covers corporate tax and any other charge, levy, penalty or interest related to same.

In accordance with the QFC Tax Regulations, the QFC Tax Department will grant a concessionary tax exemption to entities falling within the scope of the above criteria. However businesses wishing to avail of same must apply under an advance ruling procedure to the QFC Tax Department for confirmation that they are entitled to the exemption. No fee will be applicable in respect of the application.

Summary

Furthermore, the ruling will be granted provided:

- The entity is a registered QFC entity with genuine economic substance in Qatar;
- The entity operates within the scope of its license as granted by the QFC Regulators;
- The entity is included in the list of entities eligible for exemption to be provided by FIFA to the QFC Tax Department;
- The sole or main purpose of the entity should not be the avoidance of tax; and
- The QFC Tax authority is satisfied that granting the exemption is not in contravention of the Base Erosion Profit Shifting (BEPS) minimum standards.

The Takeaway

- The right to the exemption is not automatic even for businesses who fulfil the initial criteria on the nature of activities undertaken and proximity of relationship to FIFA and / or the LOC. A ruling application requesting the exemption will need to be filed with the QFC Tax Department. At a minimum, the ruling application will need to cover the eligibility of the entity in addition to its compliance with the conditions in the Statement.
- The Statement does not cover an exemption for any other tax compliance obligations on QFC entities as outlined under the QFC Tax Regulations. For example filing returns and similar.
- The scope of the exemption is limited to corporate tax. Currently there are no other taxes applicable in the QFC. However it is envisaged that VAT will be introduced as part of the GCC VAT initiative, although no official confirmation on the date of introduction has been confirmed. This Statement does not cover VAT and therefore it is currently unclear as to whether any special provisions will be enacted should VAT be effective prior to the tournament.
- In the case of entities who perform both activities subject to exemption and other activities not subject to exemption, it is likely that a ring-fencing exercise will need to be undertaken in order to correctly attribute revenues and expenses into the two separate categories within the tax return.
- Any exemptions from Customs Duty should be issued separately by the Customs Authority of Qatar.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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