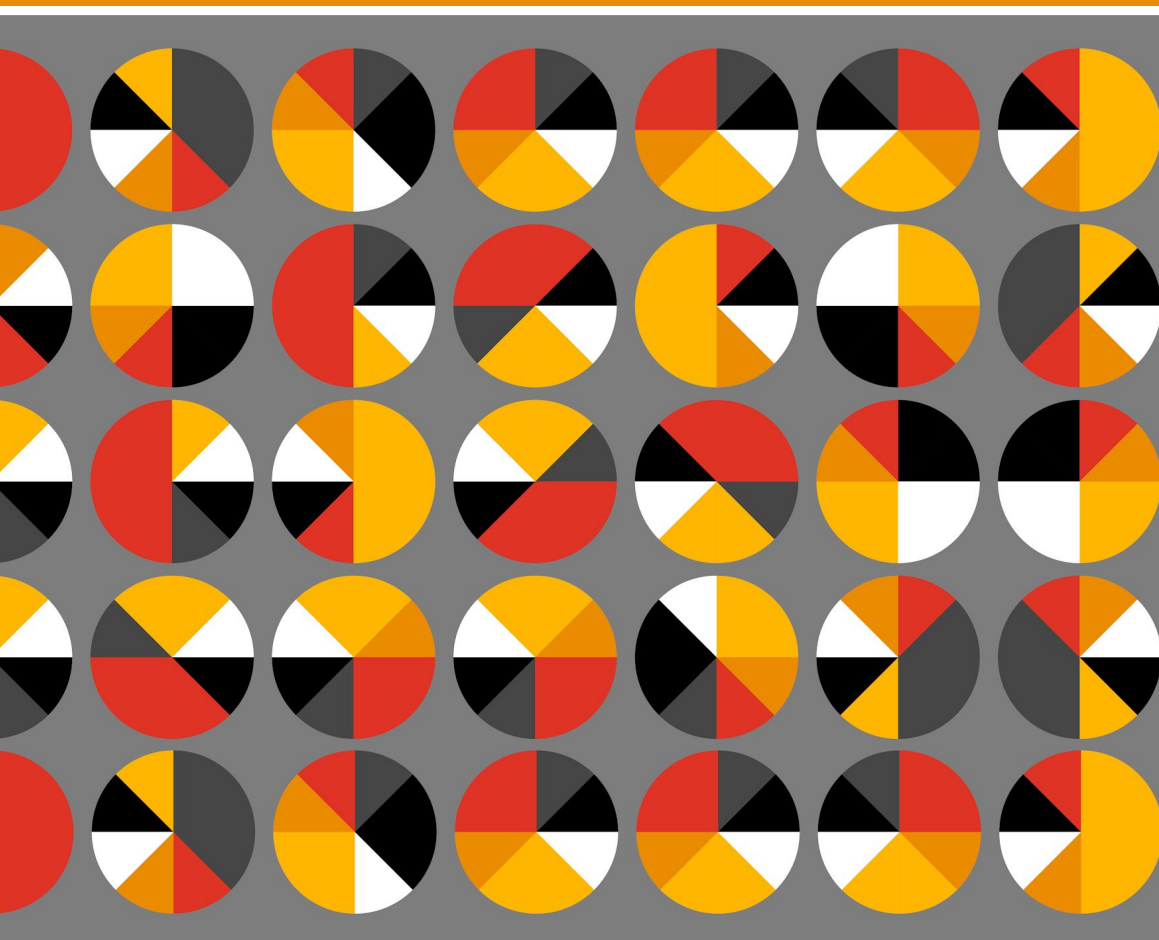


Initiation of Tax Audits by the GTA in Qatar

March 2022



Initiation of tax audits by the GTA in Qatar, including field inspections

Under the Income Tax Law No. 24 of 2018 and its Executive Regulations (“Income Tax Law”), the General Tax Authority (“GTA”) has the right to conduct tax audits (“audits”) and field inspections at taxpayers’ places of business and review their tax returns, activities, information systems and databases, accounting records, and financial information. To initiate such audits, the GTA is required to notify the taxpayer of its selection for audit at least fifteen days prior to the date of commencing the audit, along with informing the taxpayer of the starting date and the period under audit.

Although similar provisions existed under the Income Tax Law No. 21 of 2009, we did not observe the GTA carrying out field inspections historically. Recently, we have observed that the GTA has started to issue notifications to taxpayers through their Dhareeba accounts informing them of their selection for field inspections.

In the notifications, the GTA has highlighted to taxpayers that they will be contacted by an officer of the GTA soon, in addition to highlighting the following:

- Tax period under audit
- Tax type under audit
- Date of commencement of the audit
- Place of the tax audit

The GTA has also highlighted that the taxpayer is required to designate a specific contact person within the organisation to coordinate with the GTA during the audit.

The GTA has informed taxpayers that they will be required to:

- Provide all relevant records and clarifications for the tax period under audit.
- Allow access and support the GTA in examining the software, systems and information applications used to record financial information and prepare tax returns.
- Allow access and support the GTA in examining the data necessary for the exploitation of these software, systems, information applications, processes, as well as databases used to process transactions, billing, revenues, receipts, assets, and inventory.

As evident from the information above, field inspections entail extensive review of the taxpayers' records and systems. Although the selection for field inspections is conducted on a sample basis at the moment, it is our view that all the taxpayers should start preparing for tax audits well in advance, considering their detailed nature and the limited notice period provided by the GTA. In case information is not readily available when requested by the GTA during tax audits, this could lead to significant exposure for taxpayers as the GTA may issue deemed tax assessments, resulting in additional tax and late payment penalties, in addition to other types of penalties as highlighted under the Income Tax Law.

However, we suggest you design appropriate internal systems and processes well in advance to ensure that information and underlying supporting documents are maintained appropriately, in order to successfully manage any tax audits / field inspections by the GTA and thereby minimise potential tax exposures. In this regard, we would be pleased to assist you in the following areas:

- Assessing the existing systems and procedures
- Identifying gaps, if any and providing recommendations
- Assistance in designing and implementing new systems and procedures to facilitate any future tax audits / field inspections.

Let's talk

For a detailed discussion or in case of any queries, please contact:

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