Qatar Ratifies Double Taxation Agreement with the United Arab Emirates

July 2026

In brief

On 25 June 2026, Qatar's ratification of the double taxation agreement with the United Arab Emirates ("UAE") was published in the Official Gazette, following the issuance of Emiri Decree No. (39) of 2026. The treaty will enter into force once Qatar and the UAE exchange their instruments of ratification through diplomatic channels. Once in force, it will apply to withholding taxes on amounts paid or credited from 1 January of the following calendar year, and to other taxes for taxable years beginning on or after that date.

In detail

Qatar ratifies double taxation agreement with UAE

Qatar has issued Emiri Decree No. (39) of 2026 ratifying the double taxation agreement between the State of Qatar and the UAE. The treaty was signed by both jurisdictions in May 2024 and was subsequently ratified by the UAE in April 2025. Qatar's ratification therefore represents the final domestic ratification step, with the treaty now expected to enter into force upon the exchange of the relevant notifications through diplomatic channels.

The ratification forms part of a broader regional trend towards expanding bilateral tax treaty networks aimed at facilitating cross-border investment, enhancing tax certainty and mitigating the risk of double taxation on income arising between jurisdictions.

Key treaty provisions

The treaty provides a more favourable withholding tax framework for payments between Qatar and the UAE. In particular, it eliminates source taxation on interest and reduces the applicable rate on royalties and technical service fees to 3%.

Payment	Qatar Domestic WHT Rates	UAE Domestic WHT Rates	DTT Rates
Dividends	N/A	0%	0%
Interest	0/5%*	0%	0%
Royalties	5%	0%	3%
Technical Services	5%	0%	3%
Other services	5%	0%	0%
Capital Gains - property rich shares	10%	0%	Taxable in the State where the immovable property is located
Capital Gains - non-property rich shares	10%	0%	Taxable only in the seller's State of residence

*

No withholding tax applies to qualifying interest payments made to non-resident banks or financial institutions, or where the interest is attributable to a permanent establishment in Qatar.

The application of the treaty rates remains subject to the recipient meeting the relevant residence, beneficial ownership and anti-abuse requirements.

In detail (continuation)

In addition to the withholding tax and capital gains provisions summarized above, the treaty includes a number of other provisions that may be relevant to businesses and investors operating between Qatar and the UAE.

Government investments

The treaty includes a specific provision for government investments. Income and gains from qualifying investments made by the governments of Qatar or the UAE, and certain qualifying government-owned entities, should generally be taxable only in the investing State. This treatment does not apply to income or gains relating to immovable property and is subject to the conditions set out in the treaty.

Permanent establishment

The treaty provides a more favourable threshold for service permanent establishments than Qatar domestic law. A service permanent establishment should generally arise only where services are provided for more than 270 days within any 12-month period, compared with 183 days under Qatar domestic law. This may reduce permanent establishment exposure for UAE businesses providing services in Qatar. The 183-day threshold for construction, assembly and installation projects remains broadly aligned with Qatar domestic law.

Key takeaways and next steps

The ratification of the Qatar-UAE double taxation agreement is a positive development in line with Qatar's broader strategy to expand its treaty network and enhance tax certainty for cross-border investments. From a technical perspective, the treaty provides favourable outcomes in respect of passive income including dividends, interest and capital gains, subject to the specific limitations provided under the treaty.

The treaty is expected to be particularly relevant for Qatar-source payments to UAE residents. In particular, interest may benefit from an exemption from Qatar withholding tax, while royalties may benefit from a reduced treaty rate of 3%, subject to the relevant access, residency and beneficial ownership requirements being satisfied.

From a capital gains perspective, the treaty may provide relief for UAE resident sellers disposing of shares in Qatari companies. However, the position should be carefully reviewed where the value of the relevant shares is mainly derived from immovable property situated in Qatar, as Qatar may retain taxing rights in such cases.

It is important that businesses with investments or that are planning to invest in the near future from Qatar into the UAE or vice versa should review their operating structures in light of the ratified double tax treaty, assess the impact on their intended activities and determine how they can make best use of the tax benefits provided by the treaty.

Contact us

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