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Tax Alert

Qatar Ratifies Double Tax Treaty with the UAE

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DTT between
Qatar and the United Arab Emirates

The State of Qatar and the United Arab Emirates ("UAE") signed an Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("Double Tax Treaty" or "DTT") on 30 May 2024 in Doha. The State of Qatar has now ratified the DTT through Emiri Decree No. 39 of 2026, which was published in Official Gazette No. 11 on 25 June 2026.

Whilst Qatar has ratified the DTT, the DTT is not yet in force, as the UAE has not completed its ratification procedures.

The DTT is expected to enhance tax certainty for businesses and investors operating across Qatar and the UAE and further strengthen economic cooperation between the two countries.

Key provisions of the DTT

Withholding Tax

Below are the key withholding tax rates provided under the DTT compared to the domestic legislation of the Contracting States:

Payment	Qatar Domestic Rate	UAE Domestic Rate	Double Tax Treaty
Interest	*0-5%	0%	0%
Royalties	5%	0%	3%
Technical Services	5%	0%	3%
Other services	5%	0%	0%
Dividends	N/A	0%	0%

***Certain Interest payments by Banks and Permanent Establishment are exempt from WHT under Qatar Tax Law.**

Under the DTT, source state does not have the right to apply withholding tax on dividends, other services and interest, provided the recipient is the beneficial owner of the income. Royalties and technical service fees remain taxable in the source state but are capped at 3% of the gross payment.

Interest

Interest is taxable only in the Contracting State in which the recipient is resident, provided the recipient is the beneficial owner of the interest. Accordingly, interest payments between qualifying Qatar and UAE residents should not be subject to withholding tax. It is worth noting that Qatar generally follows a "pay and reclaim" mechanism for treaty relief claims. Accordingly, any withholding tax deducted by a Qatari payer on qualifying interest payments may be recoverable through the applicable refund procedures

Royalties and technical services

The DTT limits source-state taxation of royalties and technical service fees to 3% of the gross amount of the payment. This represents a reduction from Qatar's domestic withholding tax rate of 5% and may therefore provide a relief for qualifying UAE recipients receiving royalty or technical service payments from Qatar.

As Qatar generally operates a pay-and-reclaim system for treaty relief, taxpayers may wish to review existing arrangements to assess whether refund opportunities may be available where withholding tax has been applied at domestic law rates. This may be particularly relevant for groups with significant intercompany service arrangements across the two jurisdictions.

Permanent establishment (“PE”)

The DTT increases the service PE threshold from the current 183-day threshold under Qatar domestic law to 270 days. The higher threshold is expected to provide greater flexibility and reduce PE exposure for groups whose employees frequently travel between Qatar and the UAE to perform services.

Whilst the service PE threshold has been extended, the threshold for construction and installation activities remains 183 days, which is broadly aligned with the position under Qatar domestic law.

Other provisions

The DTT includes a Mutual Agreement Procedure ("MAP"), allowing taxpayers to seek assistance from the tax authorities of Qatar and the UAE where they consider that the actions of one or both jurisdictions result in taxation that is not in accordance with the treaty. The MAP provision may provide an important avenue for resolving cross-border tax disputes, including cases involving treaty interpretation, residence conflicts and transfer pricing adjustments.

The DTT also includes anti-abuse provisions aimed at preventing inappropriate access to DTT benefits. Accordingly, taxpayers seeking treaty relief should ensure the existence of bona fide commercial rationale and sufficient economic substance to support their entitlement to DTT benefits.

KPMG observation

The Qatar-UAE DTT is expected to be particularly beneficial for businesses with intra-group financing, licensing and service arrangements between the two jurisdictions.

From a Qatar perspective, the most notable benefits include:

- DTT relief in respect of Qatar WHT, as the treaty withholding tax rates are lower than the corresponding domestic WHT rates. In practice, such relief would ordinarily be obtained through a refund claim.
- Increased certainty regarding permanent establishment exposure and allocation of taxing rights.
- Access to MAP to settle cross border disputes

Businesses should consider reviewing their existing contracts, financing arrangements and cross-border service structures to assess the availability of treaty benefits and determine whether any actions are required to support treaty relief claims under Qatar's pay-and-reclaim mechanism.

How can KPMG help?

We would be pleased to discuss the DTT and its implications for your business. If you have any questions or would like to discuss this further, please contact your usual KPMG advisor.

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