



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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Qatar has the largest non-associated gas field in the world and 13% of world's natural gas reserves. Qatar is the world's largest producer and exporter of liquefied natural gas (LNG). Since 2012 and the end of the development of the gas industry, economic growth has relied on non-hydrocarbon sector activity: industry, infrastructure (linked to the 2022 World Cup) and services. The Saudi-Emirati embargo on Qatar did not significantly affect the economy. It was removed in January 2021 without any significant concession from the Qatari government. New LNG export capacities are due to come on stream by 2025-27, with an expected 60% increase in capacity, providing significant additional hydrocarbon revenues. The main vulnerability is the external position of the banking sector. The net external liabilities are the sector are equivalent to USD124bn or 70% of GDP. In the medium term, we expect that the slowdown in domestic credit growth and the rise in deposits from the government will reduce this gap. The QAR is pegged to the USD.

Summary

BNP Paribas presence

BNP Paribas has been present in Qatar since 1973 with a centre in Doha. The bank offers domestic and cross-border cash and liquidity management, and international trade finance solutions, to corporations headquartered in Qatar that are expanding overseas, and multinational corporations with a presence in Qatar. BNP Paribas is one of only a few international banks that has a presence in every GCC country, enabling customers to benefit from integrated, comprehensive regional solutions and services.

Currency

Currency

- Qatari riyal (QAR).

Exchange rates

	2016	2017	2018	2019	2020

Exchange rate QAR per USD	3.6400	3.6400	3.6400	3.6400	3.6400
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Source: IMF, International Financial Statistics, June 2021.

Central Bank

- The Qatari central bank is the Qatar Central Bank (QCB - www.qcb.gov.qa).

Bank supervision

- Qatari banks are supervised by the QCB's Department of Banking Supervision.
- Companies providing financial services from the Qatar Financial Centre (QFC - www.qfc.com.qa) are supervised by the QFC Regulatory Authority (www.qfcra.com).

Bank accounts

Resident / non-resident status

- A resident company is incorporated under Qatari law, with its head office or place of effective management in Qatar.

Bank accounts for resident entities

	Within QATAR	Outside QATAR
Local Currency	Permitted without restriction, fully convertible	Not permitted
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within QATAR	Outside QATAR
Local Currency	Permitted with restrictions, convertible with QCB approval	Not permitted
Foreign Currency	Permitted with restrictions, fully convertible	Not applicable

Lifting fees

- Per item-based charges are typically applied on payments between resident and non-resident bank accounts although some banks do apply lifting fees.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●
Virtual accounts	●
International incoming transfers	✓
Card acquiring	●

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

Channels

Local e-Banking	●
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Payments & collections

Market overview

The cheque remains a common payment method in Qatar but there is a gradual shift away from paper-based payments towards electronic methods of payment. As part of the Qatar National Visions 2030, in 2020 the Qatar Mobile Payment System (QMP) was launched to enable immediate electronic payments 24/7. The appetite for digital payments has seen the country's banks fast-track the digital transformation of their banking services, products and services. A number of the country's leading banks launched contactless payment platforms in 1H 2021, such as Dukhan Bank's D-Pay, and QIIB's QIIB Pay,.

Electronic banking services are available from most banks. There is no national electronic banking system in Qatar, so companies use banks' proprietary services.

Transaction and balance reporting and some transaction initiation services are available.

Online and mobile banking services are provided by the country's leading banks.

Qatar operates a national online bill payment service, Q-Pay, which is accessed via banks, enabling government and companies to collect payments online. It also enables users to receive salary payments directly into their mobile wallet account.

Payment Systems

QPS	Type	<ul style="list-style-type: none"> Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> All banks in Qatar.
	Transaction types processed	<ul style="list-style-type: none"> QAR-denominated interbank transfers. Net obligations from Qatar's other payment systems.
	Operating hours	<ul style="list-style-type: none"> 07:30–17:00 AST, Sunday to Thursday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Payments are cleared and settled in real time. Final settlement takes place across participant banks' correspondent accounts at the QCB.
	System holidays	<ul style="list-style-type: none"> The QPS is closed on all Qatari bank holidays. Qatar's bank holidays are: 2nd half 2021: 20-23 July, 18 December. 2022: 1 January, 8 February, 6 March, 2-4 May*, 9-14 Jul*y, 18 December.
Electronic Cheque Clearing system	Type	<ul style="list-style-type: none"> Net settlement system.

	Participants	<ul style="list-style-type: none"> All banks in Qatar.
	Transaction types processed	<ul style="list-style-type: none"> QAR-denominated cheque payments.
	Operating hours	<ul style="list-style-type: none"> 07:30–17:00 AST, Sunday to Thursday. 07:30–13:00 AST, banks' operating hours for clearing cheques.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Cheques are truncated into electronic items before being processed via the Electronic Cheque Clearing system. Cut-off time = 14:30 AST. Cheques with a value above QAR 250,000 are processed on a real-time basis, while cheques with a value below this are processed in batches on a net basis at the end of the clearing day. Final settlement takes place across participant banks' correspondent accounts at the QCB via the QPS. Payments are settled on a same-day basis.
	System holidays	<ul style="list-style-type: none"> The Electronic Cheque Clearing system is closed on all Qatari bank holidays. Qatar's bank holidays are: 2nd half 2020: 31 July, 1–3 Aug*, 18 Dec. 2021: 1 January, 9 February, 7 March, 13-15 May*, 20-23 July, 18 Dec.
QATCH	Type	<ul style="list-style-type: none"> Automated clearing house.
	Participants	<ul style="list-style-type: none"> All banks in Qatar.
	Transaction types processed	<ul style="list-style-type: none"> Low-value (up to QAR 250,000 for direct credit transactions) and high-volume QAR-denominated deposits and direct debits.
	Operating hours	<ul style="list-style-type: none"> 11:00-17:00 AST Sunday to Thursday
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Payments are settled on a next-day basis. Cut-off time = 13:00 AST. <p>Final settlement takes place across participant banks' correspondent accounts at the QCB via the QPS</p>

	System holidays	<ul style="list-style-type: none"> • QATCH is closed on all Qatari bank holidays. • Qatar's bank holidays are: • 2nd half 2020: 31 July, 1–3 Aug*, 18 Dec. • 2021: 1 January, 9 February, 7 March, 13-15 May*, 20-23 July, 18 Dec. • * The dates shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.
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Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers.
- High value-credit transfers with a value in excess of QAR 250,000 are processed and settled in real time via the QPS.
- Low-value (up to QAR 250,000) and high-volume credit transfers are cleared in QATCH and settled on a next-day basis via the QPS.
- The Wage Protection System mandates that the payment of all salaries in Qatar must be made directly into bank accounts. An estimated 1.7 million people receive salaries electronically.
- In 2019, the volume of transactions processed via QATCH by 10.6%, to 7.2 million.

Direct debits

- Direct debits are used for regular payments, such as utility payments.
- Direct debits are limited to individual payments of QAR 250,000. All payments are cleared in QATCH and settled on a next-day basis via the QPS.

Cheques

- The cheque remains an important cashless payment instrument among consumers. However, its use is in decline as consumers and companies shift to electronic payments.
- All cheques are truncated into electronic items before being settled via the Electronic Clearing system. Final settlement takes place via the QPS.
- Cheque volume and value in 2020 totalled 4,193,154 cheques with a total value of QAR 234,873 million, a decline of 12% and 15% respectively on 2019.

Card payments

- Card payments are increasingly popular, especially for retail transactions. Contactless cards are issued and can be used for payments below QAR 300.
- Visa and MasterCard-branded cards are the most widely issued.
- All cards issued have EMV chips.

ATM/POS

- There are approximately 1,107 ATMs in Qatar.
- Most ATMs and POS terminals are linked via the Qatar National ATM and POS Switch (NAPS).
- Each bank has its own clearing arrangements with the relevant card issuer.
- In 2019, NAPS processed 123 million transactions, a 16.4% increase on 2018.
- NAPS links to the Gulf Cooperation Council's (GCC) GCCNet ATM network, as well as to the national networks in Egypt, Iran and Lebanon. (The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.)
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- The dominant electronic wallet schemes in Qatar are pre-paid cards.
- E-money payments are settled via the individual schemes.
- Mobile wallet services, such as Ooredoo, QPAY and SkipCash, are available. Adoption of digital payment methods in Qatar is high.

Short term investments

Market overview

Interest payable on credit balances

- Interest is payable on current account credit balances, with QCB approval.

Demand deposits

- Demand deposits denominated in QAR or major foreign currencies are available. Terms vary.

Time deposits

- Time deposits are available in QAR or major foreign currencies for terms ranging from one month to one year.

Certificates of deposit

- Domestic banks issue certificates of deposit for terms of 14 days paying a fixed rate of interest

Treasury (government) bills

- The Qatar government issues Treasury bills via auction with maturities ranging from three months to one year.

Commercial paper

- Domestic commercial paper is issued by companies in Qatar.
- Domestic money market funds for varying terms are popular short-term investment instruments.
- Repos with typical maturities of up to a year are commonly available on government securities. These are not generally used in Qatar.

Money market funds

- Domestic money market funds are popular short-term investment instruments. Terms vary.



Repurchase agreements

- Repurchase agreements are commonly available on government securities.

Banker's acceptances

- Banker's acceptances are not generally used in Qatar.




Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	
Connexis Supply Chain	
SWIFTNet Trade for Corporates	
Connexis Connect	
	
	

- BNP Paribas Global Trade Solutions (GTS) team in Qatar is primarily focused on letters of guarantee due to an acceleration in infrastructure development. The branch is supported by a dedicated senior trade salesperson, a trade middle officer and a trade structurer.

International trade

General trade rules

- As a member of the Gulf Cooperation Council (GCC), Qatar has entered into a customs union with all GCC member states. The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.
- As a member of the Greater Arab Free Trade Area (GAFTA), Qatar has eliminated most trade tariffs with GAFTA member states. GAFTA comprises Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

Trade agreements

- Qatar has signed free trade agreements (FTA) with European Free Trade Association (EFTA) member states, Australia and Singapore.
- Qatar has signed bilateral investment protection agreements with a number of countries, including Belarus, Bosnia and Herzegovina, China, Croatia, Cuba, Finland, France, Germany, India, Iran, South Korea, Morocco, Pakistan, Romania, Senegal, Sudan, Switzerland and Turkey.
- The GCC has signed an FTA with EFTA and Singapore. Trade talks are ongoing with the European Union, Mercosur, Japan, China, South Korea, Australia, Pakistan and Turkey. A free trade agreement has been concluded with New Zealand but has not yet been ratified.

Imports / exports

Imports	Aircraft	Gas turbines	Cars	Jewellery	Iron piping	
Primary Import sources	USA (15.0%)	France (13.0%)	UK (9.0%)	China (9.0%)	Germany (5.0%)	Italy (5.0%)

Exports	Natural gas	Crude petroleum	Fertilisers	Refined petroleum		
Export markets	Japan (17.0%)	South Korea (16.0%)	India (14.0%)	China (13.0%)	Singapore (7.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	57,309	67,498	84,289	72,935	51,504
	- services USD m	15,176	17,706	18,273	19,111	19,429
Imports	- goods USD m	31,934	30,766	33,307	31,354	24,367
	- services USD m	31,541	31,427	32,504	35,416	34,698
Current account as % GDP		- 5.45	- 5.10	12.5	2.4	- 2.5

Source: IMF, International Financial Statistics, June 2021.

Trade finance - Imports

Documentation

- The following documentation is required in order to import goods into Qatar:
 - bill of lading
 - cargo release order

- certificate of conformity
- certificate of origin
- commercial invoice
- customs Import Declaration
- delivery order
- packing list.

Import licences

- Licences issued by the Ministry of Economy and Commerce are required when importing armaments, ammunition, alcohol and certain drugs.
- A health certificate and a halal slaughter meat certificate are required when importing beef or poultry products.

Import taxes and tariffs

- Tariffs are not set on imports from GCC member states.
- Tariffs are generally not set on imports from GAFTA member states.
- A common external tariff of 5% is set on most imports from outside the GCC.
- Excise tax is applicable to the following goods: tobacco and tobacco derivatives 100%; carbonated drinks 50%, energy drinks 100%, special purpose goods 100%.

Financing requirements

- Clean Import Loans can be used for advance payments for imports.

Risk mitigation

- None

Prohibited imports

- Prohibited imports are published on a negative list.

- Qatar prohibits the import of certain items in order to protect fauna and flora, for moral reasons and/or for national security.
- Importing pork and its derivatives is prohibited.
- Imports from Israel are prohibited.

Trade finance - Exports

Documentation

- The following documentation is required in order to export goods from Qatar:
 - customs declaration
 - commercial invoice
 - certificate of origin
 - bill of lading.
 - packing list.

Export licences

- None

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- The Islamic Corporation for Insurance of Investment and Export Credit (ICIEC) provides export credit insurance.

Prohibited exports

- Prohibited exports are published on a negative list.
- Exports of subsidised food products are prohibited.
- Exports to Israel are prohibited.

Regulatory requirements

Reporting regulations

- All transactions between resident accounts and accounts held by non-residents must be reported to the QCB on a monthly basis.

Reporting method

- Companies are responsible for submitting reports directly to the QCB.

Exchange controls

- Qatar does not apply exchange controls.
- UAE law permits 100% foreign ownership of companies in the UAE with the exception of those sectors, such as oil exploration, fishing and banking, which appear on a negative list.

Taxation

Resident / non-resident

State of Qatar

- A body corporate is resident if it meets any of the following criteria:
 - It is incorporated under Qatari laws; or
 - It has its head office in Qatar; or
 - Its place of effective management is in Qatar.
- Tax is imposed on a taxpayer's income arising from activities performed within Qatar.
- An entity that has a permanent establishment in Qatar will be treated as resident and subject to the local tax law in Qatar.

Tax authority

- General Tax Authority

Tax year/filing

- The tax year is the Gregorian calendar year, although the tax authorities may authorise a taxpayer to use a different tax year. The first accounting period might be less or more than 12 months in the following cases:
 - If the taxpayer starts his activity after the beginning of the Gregorian calendar year, the accounting period cannot be less than six months, nor can it be more than 18 months. In either case, tax is computed on the basis of the actual period proportionate to the taxable year.
 - In cases of liquidation, the accounting period is determined by reference to the time until completion of the liquidation.
 - In cases of cessation, assignment or sale, the accounting period shall run from the end of the previous accounting period until the date of cessation, assignment or sale.
 - Where a taxpayer carries on a temporary activity the period of which does not exceed 18 months, the accounting period shall be the period of activity.
 - Taxpayers are required to submit an annual income tax return and pay tax by the end of the fourth month after the company's financial year-end.
- Consolidated returns are not permitted and each company must file a separate return.

Financial instruments

- Income from interest, and returns on public treasury bonds, development bonds, and public corporation bonds are exempt from tax.

Interest and financing costs

- Interest is an allowable deduction for corporate tax unless it is paid by a company to a related party. Interest on bank-to-bank transactions is allowed.
- Interest paid to non-financial institutions is subject to withholding tax at a rate of 7%.
- The new rules on tax avoidance enable the Tax Department to withdraw any tax advantage obtained in respect of agreements or transactions for which the only or main aim is to avoid tax.
- Actions taken by the tax department to counteract any advantage may include:
 - Application of the arm's-length principle;
 - Adjustment of the transactions if the form does not reflect the substance; and
 - Adjustment of the amount of tax due.

Foreign exchange

- Foreign exchange is not subject to a parallel tax regime, it is instead treated as intrinsic to, and embedded in, the primary or underlying transaction.
- There are no specific reporting rules in respect of the currency in which taxable profits and the tax liability are calculated; however, it is preferred for all tax declarations to be submitted in QAR, and tax to be paid in QAR.
- The Qatari riyal is linked to the US dollar (USD), and as such the USD is also accepted.

Advance tax ruling availability

- Advance tax rulings are not available.

Capital gains tax

Capital gains derived by a company are included in taxable income and subject to tax at the applicable rate.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	5%	None	5%	5%

Non-resident entities	5%	None	5%	5%
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No withholding taxes apply under the QFC tax regime.

Tax treaties / tax information exchange agreements (TIEAs)

- Qatar has exchange of information relationships with 81 jurisdictions through 74 double tax treaties and seven TIEAs.

Thin capitalisation

- Executive Regulations (ER) relating to the implementation of Income Tax Law No. 24 of 2018, effective 12 December 2019, limits the deductible interest on related-party loans to three times the shareholders equity recorded in the financial statements for the accounting period.
- The entities may also be required to substantiate that the loan advanced by the related parties provides economic benefits. The ER also indicates that interest paid by a permanent establishment to its headquarters or an affiliate is non-deductible.
- The safe harbor debt-to-equity ratio set by the QFC authorities is 2:1 for non-financial institutions and 4:1 for financial institutions.

Transfer pricing

- Qatar's transfer pricing requirements include four tiers of compliance: TP form/questionnaire, master TP file, local TP file and CbC reporting requirements.
- Qatar has adopted the arm's-length principle and identifies the comparable uncontrolled price (CUP) method as the primary method for determining the arm's-length price for transactions between related parties.
- Qatar has signed the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (the Multilateral Instrument or MLI).
- Under both the State of Qatar and QFC tax regimes, CbC reporting obligations and notification requirements apply only to ultimate parent entities that are tax resident in Qatar and are part of a MNE group with consolidated revenues of at least QAR 3 billion in the preceding financial year.

Stamp duty

- There is no [stamp duty](#) in Qatar.

Cash pooling

- There are no specific tax rules for [cash pooling](#) arrangements in Qatar.

Financial transactions / Banking services tax

- No specific tax rules apply to financial transactions.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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