

How to start new Business

QATAR CHAMBER OF COMMERCE AND INDUSTRY

<http://www.qcci.org>

First: The steps to be followed to obtain Commercial Register

To apply to commercial licenses section, in the Ministry of Economy and Commerce, in order to obtain commercial license the application to be accompanied with:

- Copy of the passport or identity card.
- Copy of lease contract.
- Copy of the memorandum of association (with respect to companies).

Therefore, a commercial license may be issued within (3) days of the date of application pursuant to the professional commercial license, the applicant should follow certain procedure:

- To subscribe to Qatar Chamber of Commerce and Industry.
- To finalise the matters relating to business sites and meet the requirements of the Municipality.

The referral of the application to the following departments:

1. Commercial stores inspection department.
2. Advertisements permission department.
3. Industrial Area division.
4. Health Affairs Department.
5. Housing Construction Department.
6. Civil Defence Department.
7. Payment of due fees.

After completion the Municipality's procedures, the applicant should return the Ministry of Economy and Commerce to follow the obtaining of a commercial register and should provide the following exhibitions:

1. The Commercial License.
2. The approval of Ministry of Municipality and Agriculture.
3. Any other required approvals.
4. The application for obtaining commercial register.

After having examining the sites of business, to assure the identification of commercial name and the address with the information shown in the said document, after that, a temporarily commercial register may be given to the applicant, to enable him to approach Qatar Chamber of Commerce & Industry to pay the subscription fees, and providing the following attachments:

- Copy of professional commercial register.
- Copy of identity card or passport.
- Fill the participation form.
- Payment of the subscription fees.

Then after, the applicant may return to the Ministry of Commercial registry to issue the commercial register after paying of the required fees.

Second: The procedures to obtain industrial license.

The Law No. (19) for the year 1995 regarding the industrial organization, and it's executive regulation, provides for the procedure to obtain industrial license according to the following:

1. Not authorized to establish, expand, develop, any industrial project with having prior approval from the Ministry of Energy and Industry.
2. The application to obtain industrial license should be submitted first to the Industrial Development Department accompanied with feasibility study, and the supportive documents.
3. The Said department gives the applicant receipt with serial number.
4. The Department of Industrial Development refer the application to committee of industrial department, to review the application and to make recommendation thereof, within (60) days of the application date.
5. The Industrial Development Department submits its recommendation to the Minister within (15) days.
6. According to the recommendation of the Industrial Development Department, the Minister may issue the industrial license.
7. The license shall determine the period within which the implementation of the proposed project should start.
8. The Minister of Energy, Industry and Electricity may cancel the industrial license under the following conditions:
 - a. If the owner of the project failed, without reasonable reasons, to commence of implementation of the project.
 - b. If the project's owner violates any conditions mentioned in the license.
9. The Ministry may, before canceling the license, give the project owner reasonable period to commence in execution of the project and any circumstances, this period should not exceed (60) days.

Third: How the foreigner may engage in business in the State of Qatar.

The Law No. (13) for the year 2000, and it's later amendments identifies the activities available to the foreign capital to invest therein.

1. Foreign investors may invest in all sectors of national economy provided they have one or more Qatari as partners, whose share shall not be less than 51% of the capital.
2. By a decision from the Minister of Economy and Commerce, the foreign investor percentage may exceed from 49% to 100% of the project capital in the sectors of agriculture, industry, education, tourism and the development and exploitation of natural resources or energy or mining.
3. It is prohibited for the foreign investments to invest in the fields of banking, insurance companies, commercial agencies and the purchase of real estate.
4. The project, in which the foreign investor participates, should be founded according to the Qatari company's law No. 5/2002.

Pursuant to the Emiri Decree No. (31) for the year 2004 amending the item No. (3) from the article No. (2) of the law no. (13) for the year 2000 mentioned above, to read as follows:

"The foreign investments should not engage in the following activities.

1. Banking, insurance company, unless exempted by cabinet decision.
2. The commercial agencies and purchase of real estates.

Definition

The term, foreign investor, shall mean no-Qatari persons, whether natural or juristic, who invest their monies in any of the authorized projects.

Summary of the Law No. (5) for the year 2002 Regulating Commercial Companies Law.

On 25-5-2002, Law No. (5) for the year 2002 was enacted repealing the law No. (11) for the year 1981.

The new law regulates several subjects which were not regulated by the previous law.

As Article No. (4) states that any company incorporated in Qatar, shall take the form of the following categories:

1. Simple Partnership Company.
2. Joint Partnership Company.
3. Joint Venture Company.
4. Public Shareholding Company.
5. Limited share Partnership Company.
6. Limited Liability Company.

And Article No. (5) provides that any company that does comply with the categories set out above is void and the persons who contract in its name are personally and jointly liable for the commitments resulting from the execution of such a contract.

(Partnership Company)

With the exception of joint venture company, the memorandum and article of association of the above-mentioned companies, are required to be in Arabic, otherwise the contract of association will be null and void.

1. A simple partnership company is formed by two or more persons who are jointly and severally liable for the partnership's debts. (Article No.19).
2. All partners in Partnership Company must be natural persons of Qatar nationality. (Article No.21).
3. The contract of incorporation must be in writing and should contain the certain particulars, as prescribed, in this article. (Article No.22).

(Joint Partnership Company)

The law regulates joint partnership company as follows:

1. A joint partnership is similar to Partnership Company, but the joint partnership company consists of two categories of partners:
 - a. Joint Partners.
These partners are responsible for the running of the company, and who are jointly and severally liable for the partnership's debts.
 - b. Trustee Partners.
These partners are liable for the partnership's debts only to the extent of money they have invested, or are committed to invest in the partnership. Trustee partners should not interfere in any ways with the management of the business.

2. All joint partners should be natural persons of Qatar nationality. (Article No.45).
(Joint Venture Company)

Article No. (52) provides that a joint venture company is formed by two or more natural or legal persons. Without legal personality, the joint venture company is not required to follow the same commercial registration as other categories of business.

(Public Shareholding Company)

The law regulates this company by lengthy provisions the important of which:

1. Public Shareholding Company is formed by a number of persons, (not less than 5 persons) and it's capital is divided into equal negotiable shares, each person shall not be liable except to the extent of the value of it's share in the company.
2. Article No. (62) provides that the shareholding company shall be named by a specific commercial name indicating its objectives. Such name may not be derived from a natural person's name. Name of the company shall whenever stated, be followed with "Qatar Shareholding Company" (Q.S.C).
3. Article No. (63) states that Joint Stock Company shall have a specific term, which shall be indicated, in the Memorandum of Association and in the Articles of Association. Should the object of the company was to carry out a specific business; the term may be expired with the implementation of such business. Term of the company with limited duration may not be extended except by a decision made by the Extraordinary General Assembly.
4. Article No. (68) provides that:
 - a. The Government and other Government Agency and the companies in which the contribution of the government is more than 51% of the capital, and public authorities may incorporate one or more joint stock companies, alone or in association with one of more founders - national or foreigner, natural or judicial or public or private.
 - b. Companies referred to in the former clause, shall not be subject to the provisions of this Law, except to the extent which does not conflict with the agreements and positions prevailing upon its incorporation and provisions which the Memorandum of Association stipulate.
 - c. Without prejudice to the provisions of the above two clauses, founders must prepare both the Memorandum and Articles of Association; Memorandum of Association shall comprise the following statements:
 - (i) Name of Company.
 - (ii) Head Office. Object for which the company was incorporated.
 - (iii) Amount of capital, number of shares divided into, its nature and amount.
 - (iv) Term (duration) of the Company.
 - (v) State of each non-pecuniary share and all conditions of producing thereof: name of producer and rights in kind subsequent upon such share, and roughly statement of expenses of incorporation.
5. Article No. (76) states that:
 - a. Founders shall subscribe in shares by not less than 20% and not more than 45% of the company capital. Each founder should not subscribe more than 10% of the capital and pay before publication of the subscription statement - an amount equivalent to the proportion required to be paid by the public for each share upon subscription.

- b. Founders shall, before inviting the public to subscribe, submit a certificate from the bank proving that they have subscribed in the company shares within the limits determined in the former clause, and that they have in fact paid into the company account the amount equivalent to the proportion required to be paid from the public upon subscription, and it must be referred to payment of this amount in the subscription statement. Project statement of invitation, to be prepared by the Founders, shall be attached to this certificate issued by the bank. After that being fulfilled, Minister of Economy and Commerce shall grant permission for publication of the invitation statement in two local newspapers.
- (vi) Article No. (94) states that a Board of Directors shall undertake management of the company, of which the company Articles of Association will specify its formation and term of its membership. Number of its members may not be less than five and not more than eleven members, nor will the term of membership therein be more than three years, renewable.
- (vii) Article No. (122) provides that the General Assembly of the stockholders shall convene one time at least every year, and in the place and on the date which determined by the board. Meeting must be held within the four (4) months ensuing the end of the financial year of the company.
- (viii) Article No. (127) states that the agenda of General Assembly must contain the following:
- Discussion of the report of the Board of Directors on the activities of the company and its financial position;
 - Discussion of the auditors report and the final accounts presented by the Board of Directors;
 - Discussion and approval of the annual budget, the profit and loss account and approval of distributable profit;
 - Election of members of the Board of Directors and appointment of auditors and determination of their remuneration;
 - Discussion of any other proposal which the Board of Directors include in the Agenda;
 - Consider the discharging of the Board.

(Private Shareholding Company)

Article No.(203) states that persons more than five, may incorporate a private shareholding company which should not offer shares for public subscription. The capital of the company should be more than two million Qatari Riyals to be paid totally by the founders.

(Limited Share Partnership Company)

1. Article No. (225) states that the limited liability company shall be composed of number of persons not less than two persons and not exceeding fifty persons.
2. The company with limited liability shall not undertake insurance business, banking businesses, or to invest monies on behalf of third parties in general. (Article No. 227).
3. Article No. (229) states that a company with limited liability comes into existence by after registration of the company's Memorandum and Articles of Association in the Commercial Register. The Memorandum and Articles of Association should be signed by all shareholders and must include:
 - The company's type, name, object and principal place of business.

- The name, nationalities, place of residence and addresses of the partners.
- The amount of capital, the share of each partner, a statement of shares in kind, their value and the names of those presenting the same (if any).
- The names and nationalities of those responsible for managing the company are they partners or not, regardless of whether their names appear in the company's memorandum.
- The names of the supervisory council members (if any).
- The company's duration.
- The methods of distribution of profit and losses.
- Conditions of assignment of shares.
- The approved method in which notices to partners are required to be communicated.

Article No. (261 - 294) These articles contain provisions regarding forming of holding company, transformation of companies, merging of companies and division of companies.

Article No. (304) states that the commercial companies law sets out detailed requirements on how the company may be dissolved and the requirements for liquidating a company.

This article sets priority of company debtors as follows:

- Liquidation expenses
- Amount due to employees
- Amount due to the State
- Rents due to landlords of any real estate rented by the company
- Other amounts according to their order of preference based on the laws in force.

(Penalties)

Article No. (324) states that the law incriminates certain acts when committed contrary to its provisions. This article provides:

- "Without prejudice to any provisions for a greater punishment under any other law, the following acts shall be punishable with imprisonment for a period not exceeding two years and a fine no less than ten thousand Qatari Riyals (QR.10,000) and not exceeding one hundred thousand Qatari Riyals (QR.100,000), or by either punishment.
- Anyone who enters in the circular for the issuance of shares bonds or other financial instruments, statements which are false or contrary to the provisions of this law, and anyone signing such documents knowing of their illegality.
- Every founder party to a Memorandum and Articles of Association of a limited liability company who knowingly makes false declarations relating to the distribution of capital shares among the shareholders, or to the full payment of their value.
- Any partner who, by way of misrepresentation, values shares in kind at prices higher than their true value.
- Any founder or manager who invites the public, for subscription in any type of financial instrument for the account of a company not being a Public Shareholding Company or a Limited Share Partnership Company, and anyone who for the account of the company offers such papers for subscription.

- Anyone who in bad faith resolves or distributes profits, interests or returns in violation of this law or the company Articles of Association, and any auditor who in bad faith approves of the same.
- Any auditor or any person working in the office of such auditor, who internationally makes a false report on the results of his mission, intentionally conceals or neglects substantial facts from the report to be presented to the General Assembly under this law, speculates in shares of a company he audits or reveals the secrets of such company.
- Any liquidator who intentionally causes damages to the company, the partners or creditors.
- Any public officer who reveals a secret he acquires by virtue of his office, intentionally enters false statements in his report, or internationally neglects from such reports facts that affect its results.
- Anyone who forges company records or intentionally enters therein false facts, prepares or presents to the General Assembly reports including false or incorrect statements, which influence assembly resolutions.
- Any Chairman of a company Board of Directors, members of the Board or an employee of the company who reveals any of the company secrets, or intentionally attempts to damage its activity, or has a direct or indirect interest in any business entity carrying out operations that are intended to influence the financial instruments issued by the company.
- Any other violation to the provisions of the law.