

Directive No (5) year 2020

Regarding the results of the mutual agreements procedure, specifically the reasons for rejection of the Mutual Agreement Procedure

To Taxpayers and Chartered accountants

After greetings,

With reference to the mutual agreement procedure stipulated in the tax agreements concluded by the State of Qatar;

With regards to the mutual agreements' procedure, specifically regarding the reasons for rejection of the Mutual Agreement procedure;

Please be informed that the first step in making the mutual agreement is that the competent authority which receive the request for the mutual agreement procedure should decide if it is acceptable or not, as per the provision of article 25 from the OECD Model Treaty on Income and Capital which requires the following, as mentioned in paragraph 16 of the "Comments" on article 25:

- To submit a request of mutual agreement procedure to the competent authority (first sentence from paragraph 1 of article 25);
- To submit a request of mutual agreement procedure on time (second sentence from paragraph 1 article 25);

The last sentence, from paragraph 34 of Commentary on article 25 of OECD Model Treaty, states that any request by the taxpayer for the Mutual Agreement procedure cannot be rejected without a valid reason.

In this regard, there are four reasons pursuant to which a mutual agreement request may be rejected:

- To not submit the request for mutual agreement procedure to the competent authority; or
- To not submit a request of mutual agreement process on time (it means to not submit the request after the deadline stated in the article related to mutual agreement on the applicable tax agreement); or
- To not submit the request for mutual agreement procedure from the right taxpayer; or
- To submit a request for the mutual agreement procedure with regards to the financial years in which the tax treaty has not been applicable.