

# LICENSING REGULATIONS



## Introduction

This document is intended to provide an overview of the licensing process from a Licensing Regulations ('Regulations') perspective. It does not replace the Regulations in any way, nor does it remove the need for an investor to seek its own professional advice if it considers this to be prudent.

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## What does 'Qatar Free Zone' actually mean?

Law No. (34) of 2005, as amended by Decree-Law No. (21) of 2017 established the Free Zones Authority (the 'Authority') which in summary, is responsible for managing specific Free Zones within the State of Qatar.

The Free Zones are dedicated areas of land within the State of Qatar that have been identified as economic zones; these economic zones have been designed in a way that enables investors to benefit from economic incentives over and above those available to companies investing within the State of Qatar.

Currently, there are two (2) free zones:

- 1) Ras Bufontas – known as an 'Airport Free Zone and 4 km<sup>2</sup> in size; this particular zone is some 6 km away from Hamad International Airport, and is intended to provide for industries such as logistics, consumer products, light manufacturing, services, technology and applications, and pharmaceuticals.
- 2) Umm Alhoul – located near Hamad Port and 30 km<sup>2</sup> in size will primarily cater to maritime industries, polymers and plastics, advanced manufacturing, and logistics.

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## What activities are permitted in the Free Zones?

The Free Zones Authority (the 'Authority') has published a list of the activities it will allow investors to undertake within its zones; these are commonly known as the Schedule of Permitted Activities. Any potential investor is advised to check this published list to ascertain if its proposed activity is permitted within the Zones.

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## What licensing powers are granted to the Authority?

Article 4(2) empowers the Authority to establish a facility to issue approvals, permits, and licences required for the licensing for Free Zone Entities; and for such entities to carry out Permitted Activities in or from the Free Zone.

Article 4(2) also specifies that the Authority is the only entity that is permitted to issue Licences, Certificates and any other documents relating Permitted Activities in or from the Free Zones.

When documentation is issued by the Authority, it will be recognised within the State of Qatar, without the need for any additional governmental approvals, licenses, or permits.

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## How does the Free Zone legislation work in relation to the State's law?

Article 5 prescribes that any activity conducted in accordance with the Free Zones legislation falls outside the jurisdiction of the other authorities of the State.

In other words, where the Authority has enacted legislation concerning particular subject matter then the State of Qatar's domestic laws do not apply. Conversely, if the Authority has not enacted any legislation then the State of Qatar's laws apply to that subject matter. It is therefore always advisable to check if the Authority has legislated on a particular subject matter before considering any other relevant legislation.

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## What is the significance of obtaining a Licence?

A Licence issued according to the Regulations must be obtained before a Permitted Activity can be undertaken; these Licences (and their conditions) will be Free Zone Entity specific.

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## How does an Investor apply?

An Investor must use the Authority's prescribed form when applying and the Authority, in turn, can either approve or reject the application. It should be noted that an Investor's failure to provide the prescribed information (or an appropriate verification) promptly can also result in the Authority rejecting the Application. The Investor may submit, at any time prior to the Authority's determination, a written request that its Application be withdrawn.

Upon being approved by the Authority, the Investor will receive a Letter of Intent from the Authority.

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## What's the next step, having successfully applied and received the Letter of Intent?

The Investor will then follow the Registration process which also requires it to establish its Free Zone Entity and enter into a lease with the Authority for the Designated Land. Completing these last two steps (in addition to the process itself) enables the Authority to issue a Licence; which in turn permits the Free Zone Entity to carry out its activities.

Licences will be conditional and tailored to the Free Zone Entity's delivery of a Permitted Activity.

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## What are Licensing Criteria?

The Authority must be satisfied that the Investor has fulfilled the relevant Licensing Criteria before it can issue the Licence. Licensing criterion will be made available to the Investor during its engagement with the Authority; Article 8(2) prescribes items that the Authority may take into account when making its decision.

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## What's the significance of the Licence?

A Free Zone Entity cannot operate within the Free Zone without it.

The Licence remains valid until and unless it is revoked, or until the Free Zone Entity is dissolved.

At least thirty (30) days before the anniversary of each issue date of the Licence, the Free Zone Entity must pay the applicable annual renewal fee; supply to the Authority details of any changes to the Free Zone Entity; if required, provide to the Authority copies of its latest financial statements; and satisfy any other requirement imposed by the Authority.

The Authority may under Article 11 impose any condition or restriction it considers appropriate and will have engaged the Free Zone Entity about this before doing so.

In those circumstances where the Authority's CEO has decided on notice, to revoke or suspend a Free Zone Entity's licence (based on the criterion under Article 11); the Free Zone Entity is entitled within 15 days of receiving the decision, to raise its objection with the Authority's Board. The Board, in turn, must provide a written statement supporting its decision, where such grievance has been raised, within 1 month of its being notified. If the Free Zone Entity is dissatisfied it can refer the matter to the competent court within 3 months of the decision.

The Authority may also take any other administrative action as appropriate before suspension or revocation of the Licence.

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## What should I do if my Licence has been suspended or revoked?

The Free Zone Entity should note that where the Authority has suspended or revoked the Licence the Free Zone Entity must immediately cease all activities and notify all relevant third parties regarding the suspension or revocation.

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## Do I need to appoint a Manager?

The Free Zone Entity is required to appoint at least 1 Manager that will act as its principal representative. Unless the Authority has been notified differently by the Free Zone Entity or it has enacted any legislation, the Manager will be deemed as exercising all relevant powers and authority on behalf of the Free Zone Entity.

Given the importance of the Manager's function, any documentation restricting the Manager's powers must initially be submitted to the Authority at the time of registration; and will be recorded within the Register maintained by the Authority.

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## What are the Authority's Powers?

The Authority is granted powers to request, on notice, information and enter premises for verification purposes; as well as taking certified copies of the same. Where the Authority exercises such power the Free Zone Entity must co-operate fully.

Not only does the Authority possess investigative powers over the Free Zone Entity but it can investigate the affairs of any affiliated body corporate or any other person connected with the Free Zone Entity where it deems this necessary. Where such investigations are undertaken the appointed investigator is under a prescribed obligation to submit it to the Authority upon completion of the investigation. The report must give a view as to whether or not the Free Zone Entity has either contravened the Free Zones Legislation or breached its licence.

Because the Authority can object to a trading name on the basis that it is 'misleading to the public or otherwise undesirable' and can request a retraction of any advertisement or campaign that is 'misleading or necessary in order to protect the public or the reputation or proper operation of the Free Zone' an investor is advised to liaise with the Authority.

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## Does the Authority keep a Register?

The Authority will establish and maintain a Register of Free Zones Entities. Free Zone Entities are obliged to provide the Authority with any information required of it for the Register.

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## Are there any fees?

There is a Schedule of Fees that applies to Free Zones-related activities and an Investor or a Free Zone Entity will be required to pay these non-refundable fees at the appropriate time.

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## Can sanctions be imposed?

There is a Schedule of Sanctions which the Authority can enforce for contraventions, should the need arise.

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## Where will documents be served?

A document served concerning any matter under the Free Zones Legislation may be served on a Free Zone Entity and will be deemed delivered by leaving it at the registered office of the Free Zone Entity in the Free Zone.

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## Is it possible to establish alternative forms of corporate structures in the Free Zone?

The Authority may from time to time issue Licences to persons to establish alternative forms of corporate structures or legal entities within the Free Zone (other than an LLC or a Branch) and will determine which parts of the Free Zones Legislation will apply to such structures or entities.

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## Can Qatari Companies apply to establish in the Free Zone?

The Authority may from time to time issue Licences to persons to establish alternative forms of corporate structures or legal entities within the Free Zone (other than a LLC or a Branch) and will determine which parts of the Free Zones Legislation will apply to such structures or entities.

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