

Qatar Free Zones Authority

# Consolidated Enabling Law

(Law No. (34) of 2005 as amended by Decree-Law No. (21) of 2017)

## Explanatory Note



[qfz.gov.qa](http://qfz.gov.qa)

# Table of Contents

<b>Introduction .....</b>	<b>4</b>
<b>Background.....</b>	<b>4</b>
<b>Part One: Definitions .....</b>	<b>5</b>
Article 1 .....	5
<b>Part Two: Establishment of Free Zones and their Granted Privileges, Exemptions and Guarantees .....</b>	<b>5</b>
Article 2.....	5
Article 3.....	5
Article 4.....	5
Article 5.....	5
Article 6.....	6
Article 7.....	6
Article 8.....	6
Article 9.....	6
Article 10.....	6
Article 11.....	6
Article 12.....	7
Article 13.....	7
Article 14.....	7
Article 15.....	7
Article 15 - bis.....	7
Article 15 - bis 1 .....	8
Article 16 .....	8
<b>Part Three: Qatar Free Zones Authority .....</b>	<b>9</b>
<b>Chapter One: Establishment, Objectives and Competencies of the Authority.....</b>	<b>9</b>
Article 17.....	9
Article 18.....	9
Article 19.....	9
Article 20.....	9
<b>Chapter Two: Management of the Authority .....</b>	<b>9</b>
Article 21.....	9
Article 22.....	10
Article 23.....	10
Article 24.....	10
Article 25.....	10
Article 26.....	10
Article 27.....	10
Article 28.....	10
Article 29.....	11
Article 30 .....	11

**Chapter Three: The Financial Structure of the Authority ..... 11**

Article 31 ..... 11  
Article 32 ..... 11  
Article 33 ..... 11  
Article 34 ..... 11  
Article 35 ..... 12  
Article 36 ..... 12  
Article 37 ..... 12  
Article 38 ..... 12

**Part Four: General and Final Provisions ..... 13**

Article 39 ..... 13  
Article 40 ..... 13  
Article 41 ..... 13  
Article 42 ..... 13  
Article 42 - bis ..... 13  
Article 43 ..... 13  
Article 44 ..... 14  
Article 45 ..... 14  
Article 46 ..... 14  
Article 47 ..... 14  
Article 48 ..... 14  
Article 49 ..... 14

## Introduction

This document is intended to provide an overview of Law No. (34) of 2005, as amended by Decree-Law No. (21) of 2017 (the '**Enabling Law**').

This Explanatory Note does not form part of the Enabling Law nor does it replace it in any way. It does not remove the need for the reader to have regard to the Enabling Law and, where appropriate, to seek its own professional advice if it considers this to be prudent. It is not intended to be a comprehensive description of the Enabling Law.

## Background

Article 17 of the Enabling Law established the Free Zones Authority<sup>1</sup> (the '**Authority**') which in summary, is responsible for managing specific Free Zones within the State of Qatar.

These Free Zones are dedicated areas of land 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' is about four (4) km<sup>2</sup> in size; this particular zone is approximately five (5) minutes drive from Hamad International Airport. This zone is intended to provide for industries such as logistics, consumer products, light manufacturing, services, technology and applications, and pharmaceuticals, and
- (2) **Umm Alhoul** – located near Hamad Port, this zone is about thirty (30) km<sup>2</sup> in size and will primarily cater for maritime industries, polymers and plastics, advanced manufacturing and logistics.

---

1. The establishment of the Authority arose by virtue of the amendments to the Enabling Law by Decree Law No. (21) of 2017, the original text of the Enabling Law is to be found [here](#) and Decree Law No. (21) of 2017 [here](#).

## Part One: Definitions

### Article 1

Article 1 prescribes a list of definitions which apply to the Enabling Law and is reflected in its related Regulations which the Authority is entitled to make.

## Part Two: Establishment of Free Zones and their Granted Privileges, Exemptions and Guarantees

### Article 2

Article 2 allows for the establishment of identifiable and specified Free Zones by way of a decree upon a proposal from the Council of Ministers.

### Article 3

This article has been repealed by Decree Law No. (21) of 2017.

### Article 4

Article 4 prescribes the basis upon which limited liability companies, partnerships or any other types of companies or entities may be established in accordance with the Authority's Regulations. Such a licensed entity is commonly known as a Free Zone Entity ('FZE').

FZE ownership is open to Qatari nationals, residents or others, be they natural or legal persons; owning a FZE is also free from any ownership restrictions which apply in the mainland. Economic Activities<sup>2</sup> undertaken by the FZE will be subject to the provisions of the Enabling Law and its associated Regulations.

### Article 5

This article has been repealed by Decree Law No. (21) of 2017.

- 
2. Defined by the Enabling Law to be 'any commercial, industrial, agricultural, touristic, media, professional, artisanal, logistical, technical, service or warehousing activity'.

## Article 6

Article 6 states that the FZE<sup>3</sup> is licensed to work within or through the Free Zones, in accordance with the provisions of the Enabling Law and its Regulations. The FZE is not required to obtain another license, approval, permit or registration from the State to carry out such business.

## Article 7

Article 7 provides that the Free Zones are not subject to the requirements of the Income Tax Law or any other laws imposing direct or indirect taxes for a period of twenty (20) years, which can be renewed by the Council of Ministers for one (1) or more similar periods.

## Article 8

Article 8 specifies a list of items and products entering the Free Zones or that are manufactured, developed, produced or processed there, are exempt from customs duties.

It is therefore possible to import, store and export permitted items from the Free Zones without being subject to customs duties.

## Article 9

Article 9 further specifies that goods and products exported from the Free Zones into the mainland (known as the 'local market') are subject to customs duties.

## Article 10

Article 10 stipulates that the FZE can freely bring in and take out foreign currency from the Free Zones, subject to their complying with instructions issued by the Qatar Central Bank.

## Article 11

Article 11 prescribes the FZE the freedom to appoint its employees subject to any international treaty obligations and the Authority's Regulations.

---

3. Or Registered Companies as they are known in the Enabling Law.

## Article 12

Article 12 protects the FZE's assets and activities from the requirements of nationalization and private ownership procedures, for the duration of their operation in the Free Zones.

## Article 13

Article 13 allows the FZE to solely determine the prices of their products and services.

## Article 14

Article 14 prescribes the procedure and timescales to be followed if a decision has been taken by the Authority's CEO to revoke or suspend the license of the FZE based on a violation of the licensing conditions. The CEO's decision is appealable as follows:

	Action	Timescale
1.	Appeal to the Authority's Board	Within fifteen (15) days from the revocation or suspension notification date
2.	Authority's Board to decide	Within one (1) month from filing the appeal
3.	Appeal to the dispute resolution centre	Within three (3) months from the rejection notification date

## Article 15

Article 15 enables the FZE to import and export freely without the need to register in the Importers and Exporters Registers.

## Article 15 - bis

The Council of Ministers may, based on the Authority Chairman's proposal, decide on additional incentives or advantages for the FZE investing in economic sectors or projects that are considered strategic or lead to increasing the local component ratio in its products.

### **Article 15 - bis 1**

The FZE shall benefit from a tax exemption in relation to profits from trading in transit goods in Free Zone warehouses as well as an exemption from the laws dealing with Commercial Agencies.

### **Article 16**

Article 16 imposes a qualified prohibition on a list of goods from entering the Free Zones. The list of prohibited goods can be found [here](#).

## Part Three: Qatar Free Zones Authority

### Chapter One: Establishment, Objectives and Competencies of the Authority

#### Article 17

Article 17 establishes the Free Zones Authority, and gives it its own legal personality, independent budget, and administrative and financial autonomy.

#### Article 18

The Authority reports to the Council of Ministers and whilst to be headquartered in Doha, it is entitled to have offices elsewhere to achieve its objectives and perform its functions and powers.

#### Article 19

Article 19 prescribes the competencies and powers the Authority is to exercise in managing and developing the Free Zones in accordance with best international standards, whilst encouraging and attracting investment.

#### Article 20

Article 20 provides a non-exhaustive list of matters the Authority is responsible for regulating.

### Chapter Two: Management of the Authority

#### Article 21

Provision is made as to who is to manage the Authority; this comprises of a Chairman, Vice-Chairman and members of the Board with relevant expertise and competence. The Board is to be supported by a Board appointed Secretary.

## Article 22

This article has been repealed by Decree Law No. (21) of 2017.

## Article 23

Article 23 provides a non-exhaustive list of the Board's authorities and powers necessary to manage the affairs of the Authority and the Free Zones.

## Article 24

Article 24 prescribes that the Chairman is to represent the Authority before the judiciary, and in its relations with third parties.

## Article 25

Article 25 prescribes that the Board may delegate any of its powers or competencies to a committee comprising of some of its members.

## Article 26

The Board is to convene upon the Chairman's invitation, at least once every three (3) months. The Chairman or Vice-Chairman along with a majority of the Board members must be in attendance.

## Article 27

Decisions of the Board are to be taken by a majority vote, with the Chairman exercising a casting vote.

## Article 28

Article 28 prescribes that a decision taken by the Board and signed by all its members shall be deemed valid and effective, as if it was issued at a meeting of the Board or its committee.

## Article 29

Article 29 prescribes that the Board members and the Authority's employees are prohibited from having a direct or indirect personal interest in contracts concluded by or projects undertaken by the Authority. Members are also excluded from voting on any matter in which they have a direct or indirect personal interest.

## Article 30

Article 30 prescribes the CEO's powers for the purposes of managing the Authority's administrative, financial and technical matters.

## Chapter Three: The Financial Structure of the Authority

## Article 31

Article 31 prescribes that the Authority's fiscal year is to commence on 1 January and end on 31 December of the same year.

## Article 32

The Authority's financial resources which includes funds given to the Authority by the State, rents gained from renting property and any financial sanctions it may impose from time to time.

## Article 33

Article 33 provides that the Authority is, upon the Council of Ministers' approval, empowered to borrow funds, including in a currency other than the currency of the State.

## Article 34

The Authority is empowered to both retain a surplus from and use their financial resources to pay debts, to form a general reserve, and to invest such surpluses.

### **Article 35**

Article 35 prescribes the manner within which the Authority is to prepare its accounts.

### **Article 36**

The Authority's accounts are to be audited by the Council of Ministers, who in turn have the power to request all data it deems necessary to perform its duties.

### **Article 37**

Article 37 requires the Board to submit a detailed report to the Council of Ministers regarding its activities, projects, work progress and financial status within three (3) months from the end of a fiscal year.

### **Article 38**

Article 38 empowers the Council of Ministers to request the submission of reports demonstrating its administrative, financial and technical status, or any aspect of its activities, or any other relevant information.

## Part Four: General and Final Provisions

### Article 39

Article 39 prescribes that the criminal laws and the penalties applicable in the State will apply, subject to the provisions of the Enabling Law. Furthermore, undertaking any work in the Free Zones according to a license issued pursuant to the provisions of the Enabling Law or the Regulations is not to be considered in violation of any criminal law or any other law applicable in the State.

### Article 40

Article 40 prescribes that the civil rules applicable in the State will apply, where they are not inconsistent with the provisions of the Enabling Law and its Regulations.

### Article 41

The FZE operating in the State will be treated as if it is carrying out its business outside the State.

### Article 42

Article 42 prescribes that the regulation of resident permits is a matter for the Ministry of Interior.

### Article 42 - bis

The Qatar Central Bank are responsible for the development and monitoring of policies relating to the regulation, licensing, controlling and supervising of the business of banks and financial institutions operating in the Free Zones.

### Article 43

Article 43 prescribes the Authority's power to establish its own employment rules.

#### **Article 44**

A dispute resolution centre with exclusive jurisdiction to settle disputes relating to the Free Zones is to be established. The Council of Ministers upon a proposition by the Minister of Justice will issue a decision on its organization, competencies and enforcement mechanism.

#### **Article 45**

Article 45 prescribes that the Authority is to be excluded from the application of Law No. (2) of 2015 (the State Financial System Law) and Law No. (24) of 2015 (the Law Regulating Tenders and Auctions).

#### **Article 46**

The Chairman, members of the Board, or its employees or those working under its supervision, shall not assume civil liability arising from the commission or omission in good faith of acts while performing the functions assigned to them in order to implement the provisions of the Enabling Law.

#### **Article 47**

Article 47 prescribes that all the members of the Authority's Board, its employees, those working under its supervision, and all managers of the Free Zones, shall be deemed public servants with regards to the application of the provisions of the Criminal Law.

#### **Article 48**

The Board is empowered to issue the Regulations and decisions necessary for the implementation of the Enabling Law.

#### **Article 49**

All competent authorities, within their area of jurisdiction, are to implement the Enabling Law.

**Qatar Free Zones Authority**  
General Secretariat of the Council  
of Ministers Building  
P.O. Box 258  
Doha, Qatar

**qfz.gov.qa**

**QFZ**

هيئة المناطق الحرة - قطر  
Qatar Free Zones Authority

