

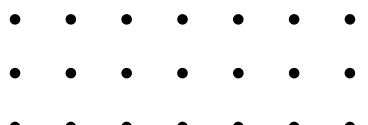
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QATAR INVESTMENT COMPLIANCE SERIES 2026

Strategic Navigation of the Foreign Capital Investment Law

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Foreign Capital Investment Law

Law No. (13) of 2000 | Investor Compliance & Business Guide

Executive Summary

Qatar's Law No. (13) of 2000 on the Organisation of Foreign Capital Investment in the Economic Activity establishes the foundational legal framework governing how non-Qatari investors may participate in the national economy. Issued by the Ministry of Economy and Commerce, the Law balances open-door investment incentives with targeted ownership controls designed to protect strategic national interests.

For foreign businesses, family offices, and entrepreneurs seeking to establish a presence in Qatar, understanding the precise mechanics of this Law — particularly the ownership thresholds, exempt sectors, and available incentives — is essential before committing capital. This brief provides a structured overview, and should be read alongside the attached full text of Law No. (13) of 2000.

1. Core Purpose

The Law serves four primary operational objectives:

- Regulated Market Access:** Permitting foreign investors to participate across all sectors of the national economy, subject to defined conditions on ownership structure and Qatari partnership requirements.
- Capital Protection:** Guaranteeing foreign investors protection against expropriation except in cases of public welfare, with mandatory prompt and fair compensation at full economic value.
- Investment Incentives:** Providing qualifying foreign projects with meaningful fiscal benefits, including income tax exemptions of up to ten years and customs duty relief on machinery, equipment, and raw materials.
- Free Capital Mobility:** Enshrining the right of foreign investors to repatriate investment revenues, sale proceeds, dispute settlements, and compensation in any convertible currency without restriction or delay.

2. Business Implications

Ownership Structure: The 51/49 Rule

Under Article 2, the default position requires a Qatari partner holding no less than 51% of the company's capital. Foreign investors may hold up to 49% as a baseline entitlement. However, this ceiling is not absolute.

Upon ministerial approval, foreign ownership may be increased to 100% in the following priority sectors: agriculture, industry, health, education, tourism, natural resource development and exploitation, energy, and mining. Projects must align with Qatar's national development plan, with preference given to those that utilise domestic raw materials, introduce new products, deploy advanced technology, or develop national human capital.

Strategic note: The 100% foreign ownership pathway is discretionary and ministerially approved. Investors targeting full ownership should engage early with the Ministry of Economy and Commerce and demonstrate clear alignment with national development objectives.

Prohibited Sectors

Article 2(3) draws a firm boundary around three categories that remain categorically closed to foreign investment regardless of ownership percentage or ministerial discretion:

- **Banking and Insurance:** Foreign capital may not be invested in licensed banks or insurance companies operating in Qatar.
- **Commercial Agency Rights:** The acquisition or holding of commercial agency rights is reserved exclusively for Qatari nationals and entities.
- **Real Estate Trading:** Foreign investors are prohibited from engaging in real estate trading activities, though long-term land lease arrangements for investment projects are permitted under Article 5.

Compliance note: Businesses that inadvertently operate in a prohibited category face fines of between QAR 50,000 and QAR 100,000, with equivalent liability extended to any Qatari national who participates in the unlawful activity (Article 16). Thirty days' notice is provided to rectify breaches before enforcement action is taken.

Investment Incentives: A Practical Summary

Article 7 grants the Ministry discretionary authority to offer qualifying foreign-invested projects three categories of fiscal incentive:

- **Income Tax Exemption:** Up to ten years from the project's commissioning date. This represents a significant competitive advantage for capital-intensive ventures in their early operational phase.
- **Customs Exemption on Capital Equipment:** Machinery and equipment imported for project establishment are eligible for full customs duty relief, reducing initial capital expenditure materially.
- **Customs Exemption on Raw Materials:** Industrial projects may also receive customs relief on imported raw materials and semi-manufactured inputs not available in local markets, directly improving production cost structures.

These incentives are not automatic — they are subject to ministerial approval and must be applied for formally. Investors should factor the time required for approval into their project timelines.

Dispute Resolution

Article 11 permits dispute resolution through either local or international arbitration, providing foreign investors with the flexibility to seek international arbitral forums such as the ICC or LCIA where contractual arrangements permit. This is a material consideration for structuring investment agreements and joint venture contracts.

Environmental and Regulatory Obligations

Article 13 places an affirmative duty on foreign investors to maintain environmental standards and comply with all applicable health, security, and public order regulations. Non-compliance in these areas may constitute grounds for enforcement action independent of the financial penalties under Article 16.

Legal Disclaimer

This document is intended for informational and strategic guidance purposes only. It does not constitute legal advice. For detailed operational compliance assessments and specific legal interpretations of Law No. (13) of 2000, please consult a qualified legal practitioner licensed in the State of Qatar, and refer to the attached full text of the Law.

State of Qatar

Ministry of Economy and Commerce

**Law No. (13) of the year 2000 on
Organization of Foreign Capital Investment
in the Economic Activity.**

**Law No: (13) of the year 2000 on organization of Foreign
Capital Investment in the Economic Activity.**

We, Jassim Bin Hamad Al-Thani, Deputy Emir of the State of Qatar,
Having due regard to the Amended Interim Provisional Constitution,
particularly, Articles No. (22), (23), (34), and (51) there of, and
Commercial Companies Law promulgated by Law No. (11) of the
year 1981, amended by Law No.(9) of the year 1998, and, Customs
Law promulgated by Law No. (5) of the year 1988 and Laws
amending that, and,

Law Decree No.(25) of the year 1990 on organization of non-Qatari
Capital Investment in the economic activity, amended by Law
No.(9) of the year 1995, and Law Decree No.(11) of the year 1993
concerning Income tax, and

Law Decree No.(22) of the year 1993 on organization of Ministry of
Economy and Commerce and prescription of its mandates, and the
proposal submitted by Minister of Finance, Economy and Commerce,
the draft Law submitted by the Cabinet, and having consulted the
Advisory Council, have decided the following Law:

CHAPTER ONE
Definitions

Article (1)

In application of this Law, the following terms and expressions shall
have the meaning shown opposite to each unless the text requires
otherwise

Ministry : Ministry of Finance, Economy, and Commerce

Minister : Minister of Finance, Economy, and Commerce

Foreign Investors : Non-Qatari's whether they are natural or judicial who invest their money in any of the projects in which direct investment is permitted by the State in accordance with provisions of this Law.

Foreign Invested Capital:

Cash, in kind money or rights in rem foreign Investors Invest in the State of Qatar including :

1. Funds transferred to the State (Qatar) through Licensed banks and Financial companies.
2. It is prohibited for Foreign investment mention in items (1) and (2) above, to invest in banks and insurance companies as well as commercial agency rights and trading in real estate.
3. Corporeal assets imported for Investment purposes in accordance with provisions of this Law.
4. Profits, revenues and reserves generated from Foreign capital Investment in a project where by project capital has been increased or if invest in any of the permitted projects in accordance with provisions of this Law.
5. Rights in rem such Licenses, patent right and trade marks registered in the State (Qatar).

CHAPTER TWO
Foreign Capital Investment

Article (2)

- 1- Subject to provisions of item "3" of this article Foreign Investors may invest in all sectors of national economy provided that they shall have Qatari partner(s) whose share in the capital shall not be less than 51 % and the company is Legally established in accordance with provisions of law.
- 2- Nevertheless, Foreign investors may, upon Minister's decision, increase their share in project capital from 49% up to 100 % in the fields of agriculture, industry, health, education, tourism, development and exploitation of natural resources, energy or mining provided that such projects match with Development plan of the State (Qatar) and due preference shall be given to projects that would achieve the optimal utilization of domestic raw materials, export industries, or project that would present a new product or in which modern technology is used, in addition to projects that seek to locate worldwide leading industry or develop and qualify national cadre.
- 3- It is prohibited for Foreign investment mention in items (1) and (2) above, to invest in banks and insurance companies as well as commercial agency rights and trading in real estate.

Article (3)

The Minister may, after consultation with concerned authority, license Foreign companies engaged in work contracts in the State to implement their contracts if that facilitates delivery of a certain service or for the public interest.

Article (4)

Unless otherwise specifically stated in this Law, foreign investor desiring to obtain license stipulated for practicing any of the activities in which investment is permitted, such license. Shall be given in accordance with provisions of laws in force in the State in respect to intended business.

CHAPTER THREE
Investment Incentives

Article (5)

A piece of land may be allotted to the foreign investor to set up his investment project on a long term lease contract for a period not exceeding 50 years renewable.

Article (6)

Foreign investor has the right to import whatever he needs for the establishment, operation or expansion of his project in accordance with laws applicable in the state.

Article (7)

The Ministry may :

- 1- Exempt the foreign capital invested in the fields stated in Article (2) here of, from the Income Tax for a period not exceeding ten years effective from Investment project commissioning date.

- 2- Exempt Foreign investment projects from custom's taxes in respect to machinery and equipment imported for projects set-up .
- 3- Grant foreign investment industrial projects, customs exemption on imported raws materials and half-manufactured materials, not available in local markets, necessary for production purposes.

Article(8)

- 1- Foreign investment shall in either directly nor indirectly, be subject to expropriation or any other similar procedures unless such measures are for public welfare and implements in a non-discriminating way, against a prompt and reasonable compensation in accordance with legal procedures and general principles stated in item 2of this Article.
- 2- Compensation shall be equal to actual economic value expropriated investment at time of expropriation or announcement of the same. Compensation shall be estimated in accordance with a normal economic situation or precedent to any notification on expropriation of investment. Compensation shall be paid with immediate effect and shall be transferable at any time. Upto settlement of compensation, an interest shall be calculated for the same in accordance with interest rate prevailing in the state.

Article (9)

- 1- Foreign Investors shall have the right to bank for all amounts relevant to their investment from 1 to any external destination without any delay. Transfers shall include
 - a- Investment revenues.

- b- Amounts generated from partial or entire sale or liquidation of investment.
- c- Amounts resulting from settlement of investment disputes.
- d- Compensation stated in Article (8) hereof.

2- Money transfers can be executed in any exchangeable currency at the exchange rate prevailing on the date of transfer

Article (10)

Foreign investor shall have the right to transfer his investment ownership to any other foreign or natural investor or to assign ownership to his local partner in case of partnership provided such arraignment or transfer shall be effected in accordance with applicable laws and regulations.

In these cases, treatment of investment shall continue in accordance with provisions of this law provided that the new investor shall have to keep the project running and shall replace the former investor in respect to liabilities and obligations.

Article (11)

It may be agreed to solve any dispute arising between the investor and any other party through Local or international arbitration commission.

CHAPTER FOUR **General provisions**

Article (12)

Provisions of this law shall not be applicable to

- 1- Companies and individuals assigned by the state to mine, exploit, or manage the natural resources under special lien or agreement insomuch as this shall not be in contradiction with stipulations of provisions of Lien contract or the special agreement.
- 2- Companies founded by or shared by government and other public institutions and authorities in association with foreign investors , in accordance with Article (90) of above referenced Commercial Companies Law.

Article (13)

Foreign Investor shall keep the environment safe against pollution and shall adhere to laws, regulations and instructions relevant to security and public health. He is also required not to engage in any acts affecting State's public Order and morals in general.

Article(14)

Provisions of this law shall not prejudice any customs privileges and exemptions or any other warranties or incentives given to any companies and institutions existing when this law comes into force. These companies and institutions shall keep enjoying such privileges, exemptions, warranties, and incentives in accordance with the regulations, agreements, and contracts they emanate from.

CHAPTER FIVE
Penalties and Closing Provisions

Article (15)

Ministry shall notify the foreign investor in the event that he breaches any of the provisions hereof, who, in turn, shall have to rectify the breach within a period not exceeding 3 months effective from date of notice.

Article (16)

Without prejudice to any other severer penalty stipulated by any other law, any foreign investor carrying out an economic activity that is in breach of this law, shall be subject to a fine not less than Q.R. 50,000 / - and not exceeding Q.R. 100,000 / - Any citizen who engages with the foreigner in such illegal activity shall be subject to the same penalty.

Article (17)

Ministry technical staff designated by minister shall have the capacity of judicial police in seizing and proving crimes committed in violation of provisions of this law and its respective executive decisions. To achieve that end, Ministry shall have access to shops and institutions subjected to this law in order to inspect and review their documents and records .

Article (18)

Law Decree No.(25) of the year 1990 is hereby revoked in addition to any other provision contradicting provisions of this law.

Article (19)

Minister shall issue by laws and decisions needed for the implementation of provisions of this Law including determination of relevant fees.

Article (20)

All competent parties, each within its competence shall execute this law which shall come into force on the date on which it is published in the official Gazette.

**Jasim Bin Hamad Al – Thani
Deputy Emir of the state of Qatar**

Issued at Emir Divan on 19 /7 /1421 A.H
Corresponding to 16 / 10 /2000. A.D