



ATOZ ALERT

Qatar issues implementing rules for the Global and Domestic Minimum Tax (Pillar Two)

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Qatar has taken a major step in implementing the OECD/G20 Pillar Two framework (“Pillar Two” or “GloBE”) by issuing [Council of Ministers Resolution No. 2 of 2026](#) (the “Resolution”), published in the Official Gazette on 12 February 2026. The Resolution officially adopts the Rules for the Application of the Global Minimum Tax (“GMT”), a top-up tax collected by Qatar in accordance with the income inclusion rules (“IIR”), and the Domestic Minimum Tax (“DMTT”), also known as the Domestic Minimum Top-Up Tax (“DMTT”). These rules apply to financial years starting on or after 1 January 2025.

The Resolution establishes mechanisms for assessing effective tax rates, identifying in-scope groups, computing top-up taxes, and allocating such taxes in line with the OECD global standards.

These new rules position Qatar among the jurisdictions actively implementing the 15% global minimum effective tax rate (“ETR”), ensuring that Multinational Groups (“MNE Groups”) operating in or through Qatar are subject to a minimum level of taxation. The introduction of a DMTT also protects Qatar’s taxing rights by ensuring that any required top-up tax is collected by Qatar before foreign jurisdictions can do so.

In this Alert, we describe the main provisions of the Resolution and their implications for MNE Groups operating in or maintaining constituent entities within the State of Qatar.

Scope of Application

The new rules apply to constituent entities of MNE Groups whose annual consolidated revenues reach at least EUR 750 million in two of the four fiscal years preceding the year under review. A MNE Group is defined broadly and includes any group with constituent entities in more than one jurisdiction, whether held directly or indirectly

through ownership or control chains. The definition also extends to entities without legal personality, such as certain joint ventures or permanent establishments.

Certain categories of entities fall outside the scope of the GMT and the DMTT (the “**Excluded Entities**”). These include notably governmental bodies, international organisations, non-profit organisations, pension funds, and specific investment or real-estate investment structures.

The Resolution further extends the definition of Excluded Entities to entities that meet the following conditions:

- **At least 95% owned**, whether directly or through a chain of other Excluded Entities, by one or more Excluded Entities, and either:
 - operates exclusively or almost exclusively to hold assets or invest funds for the benefit of those Excluded Entities, or
 - conducts only ancillary activities that support the functions of those Excluded Entities.
- **At least 85% owned** (directly or through Excluded Entities) by one or more Excluded Entities, and whose income consists almost entirely of:
 - Excluded Dividends, or
 - Excluded Equity Gains or Losses,all of which are removed from the taxable “GloBE” income calculation under the Resolution.

In practical terms, these exclusions ensure that holding vehicles, investment entities, or light-activity affiliates of Excluded Entities remain outside the minimum tax framework, provided their structure and income profile meet the criteria.

The Resolution also provides detailed definitions for all relevant actors, including constituent entities, the ultimate parent entity (“**UPE**”), intermediate parent entities (“**IPEs**”), partially owned parent entities, excluded entities, and stateless entities.

Income Inclusion Rule (IIR)

The core IIR provision under Qatar’s implementation of Pillar Two requires a Qatari-based UPE to pay a top-up tax when it owns – directly or indirectly – a foreign subsidiary or other constituent entity taxed below the 15% ETR. This ensures that the overall taxation of that foreign subsidiary is brought up to the global minimum standard rate (i.e., 15%).

- **Who is affected?**

A constituent entity located in Qatar that is also the UPE of a MNE Group. The UPE must hold, at any point during the fiscal year, an ownership interest in an entity that is considered “low-taxed”.

A low-taxed constituent entity means one whose ETR, calculated in accordance with the Resolution, is below 15%.

- **What must the UPE do?**

The Qatari UPE must pay its allocable share of the GMT (top-up tax) required to bring the low-taxed entity’s profits up to the 15% minimum effective tax level.

This rule ensures that profits earned anywhere in the MNE Group, including in low-tax jurisdictions, are ultimately taxed at no less than 15%. If foreign jurisdictions do not collect that minimum, Qatar will collect it at the parent level. For example, if a Qatari-headquartered MNE Group owns a foreign subsidiary whose GloBE income is taxed at an ETR of 5%, the Qatari UPE will be required to pay a top-up tax in Qatar to bring the taxation of that income up to 15%.

Domestic Minimum Top-Up Tax (DMTT)

The Resolution introduces a DMTT applicable to all constituent entities located in the State of Qatar.

Key consequences:

- If the ETR of Qatar constituent entities falls below 15%, Qatar will apply a DMTT before any foreign jurisdiction applies its own IIR or Undertaxed Profits Rule (“UTPR”).
- The DMTT is calculated in accordance with the same GloBE principles used for the GMT.
- Joint ventures and local partnerships may bear the DMTT on a consolidated basis.

Filing, Registration, and Compliance Requirements

Subject to penalties for non-compliance, the Resolution provides for various compliance obligations.

- **Registration:** All in-scope entities must register on Qatar's tax platform for GMT purposes.
- **GloBE Information Return (GIR):** Constituent entities must file a GIR (unless the MNE Group files in a qualifying exchange jurisdiction). The filing deadline is 15 months after the last day of the reporting fiscal year (18 months for the first year).
- **Local notifications and returns:** Constituent entities must file:
 - notifications of change in registration information;
 - notifications to identify the designated GIR filing entity;
 - elections for exclusions and safe harbours;
 - completed DMTT and IIR returns (within the same deadline as the GIR).
- **Exchange of information:** GIR may be exchanged internationally in accordance with tax treaties and administrative cooperation agreements.

Exclusions, Safe Harbours and Transitional Provisions

The Resolution incorporates recognised GloBE exclusions and safe harbours, including:

- Substance-base Income Exclusion;
- De Minimis Exclusion;
- Transitional Country-by-Country Reporting (“CbCR”) safe harbour;
- Simplified ETR test; and
- Routine profits test.

Transitional relief is also available for:

- newly internationalised groups (up to 5 years);
- deferred tax recognition during initial years;
- substance exclusions phasedown;
- certain restructuring or reorganisation items.

Conclusion

MNE groups that maintain operations or constituent entities within the State of Qatar are expected to take immediate steps to ensure compliance with the newly applicable tax framework:

- Each group should first undertake a **comprehensive assessment to determine whether its consolidated annual revenues meet or exceed the threshold of EUR 750 million** in at least two of the four preceding fiscal years.
- Following this assessment, the MNE Group should conduct **ETR modelling at the level of its Qatari constituent entities** in order to **identify any potential exposure to DMTT liabilities**.
- In parallel, MNE groups must **ensure that their accounting, tax, and consolidation systems are prepared to generate the data required under the Pillar Two rules**, including the metrics necessary for computing jurisdictional ETRs, the preparation and filing of the GIR, and the compilation of all entity-level disclosures mandated under the Resolution.
- MNE Groups should undertake a **systematic review of all incentive arrangements available in Qatar**, including but not limited to free-zone benefits and domestic tax exemptions, in light of the likelihood that low-tax outcomes may now result in substantial top-up tax obligations under the DMTT.
- Finally, multinational groups should **review and, where necessary, amend their internal governance frameworks, transfer pricing policies, and intercompany arrangements** to ensure that they are fully aligned with the operational, reporting, and substantive requirements introduced by the Resolution

Do you have any questions?



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