

QATAR

Philanthropy Law Report



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QATAR

PHILANTHROPY LAW REPORT

KEY INDICATORS ¹	
POPULATION	2,258,283 (2016 est.)
CAPITAL	Doha
TYPE OF GOVERNMENT	Absolute Monarchy
GDP (PURCHASING POWER PARITY)	\$334.5 billion (2016 estimate)
GDP PER CAPITA	\$129,700 (2016 estimate)
GDP – REAL GROWTH RATE	2.6% (2016 estimate)

Introduction

The Qatari constitution of 2004 establishes Shari'a or Islamic law as the primary source of legislation in Qatar. Qatari law is also influenced by civil law from countries such as Egypt and has relied on it in codifying many forms of legal relationships, including contracts, torts, and property transactions. The Civil Code, Law 22 of 2004, provides a practical solution by mandating that statutory provisions take precedence, followed by Shari'a, then custom, and finally principles of justice. This list is cited in a consequential order that must be applied by the courts. At the same time, Law 12 of 2008 establishing the Supreme Constitutional Court empowers the court to settle disputes related to the constitutionality of a particular law or regulation by making reference to Shari'a. Theoretically, the court might agree with an argument that a particular law is unconstitutional because it contravenes Shari'a, which the constitution considers the primary source of laws. Having said that, it is extremely unlikely that a contradiction between Shari'a and laws governing philanthropy would be found to exist in Qatari law, in view of Shari'a's emphasis on charity and philanthropy in general.

Almsgiving or zakat is one of the five pillars of Islam. Muslims consider it mandatory for the wealthy to pay a 2.5 percent wealth tax to help the needy. Muslims are also encouraged to provide additional voluntary aid to benevolent causes known as sadaqa. In Qatar, the Ministry of Awqaf and Islamic Affairs (MAIA) supervises the Zakat Fund, which assists in zakat collections and distributes the donations to eligible recipients, which can be both Qatari and non-Qatari. MAIA does not impose a strict obligation on either Qatari or non-Qatari residents to pay zakat—it is

¹ Central Intelligence Agency, *The World Factbook* (Washington, DC: Central Intelligence Agency, 2016), <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>.

purely a matter of choice.² However, listed public companies must allocate 2.5 percent of their net annual profits to support sports, cultural, and charitable activities.³ Shari'a also regulates the perpetual donation of an asset known as a waqf,⁴ which resembles a trust endowment. Traditionally, awqaf were governed by Shari'a and disputes over awqaf were referred to the Shari'a Court. In 1987 the Department of Endowment Affairs at the Presidency for Shari'a Courts and Religious Affairs was charged with supervising and developing awqaf.⁵ Then in 1993 the newly established MAIA took over this responsibility,⁶ and in 2006 Emiri Decree No. 41 established the Qatari Awqaf Authority under the direct oversight of the emir to fulfill the same role. Today the management of awqaf falls under the General Awqaf Department in the MAIA, although the official Qatari legal portal Al Meezan shows that the emiri decree is also still in force.⁷ MAIA has stated that the Qatari Awqaf Authority and the General Awqaf Department in the ministry are essentially one and the same entity.

Qatar has adopted other forms of nonprofit organizations (NPOs) from comparable legal systems, such as those of Egypt, Lebanon, and Jordan. Charitable associations were first regulated by Law No. 2 of 1974 on the Establishment of Associations. This law mainly governed the Qatari Organization for Caring and Rehabilitation and the Qatari Red Cross, founded in 1981. Law No. 2 of 1974 was later replaced by Law No. 8 of 1998, which regulated both private associations and foundations and was in turn superseded by Law No. 12 of 2004 (the 2004 Law), which regulated all foundations and associations established for charitable, humanitarian, social, cultural, scientific, and professional purposes. The 2004 Law gave responsibility for registering and monitoring these organizations to the Ministry for Social Affairs, which later became the Ministry of Administration Development, Labor, and Social Affairs (MADLSA).⁸ Law No. 13 of 2004 established the Qatar

² There is no publicly available information on levels of commitment to zakat or the aggregate amount of zakat collected in Qatar. However, records of the Zakat Fund show that in the fiscal year 2009-10 the fund collected approximately QAR 100,000,000 (nearly \$27.5 million) and by 2014-15 this amount had increased to approximately QAR 171,000,000 (nearly \$47 million). For more information, see the Zakat Fund Annual Report 2009/10, p. 19, http://www.zakat.gov.qa/Contents/misTopics/zakat/library/report/annual_report_English2010.pdf and *Al Zakat wa Al Mujtama*, Special Ramadhan Edition, No. 22, June 2015, p. 8, <http://www.zakat.gov.qa/Contents/misTopics/zakat/library/nmia/nmia23.pdf>.

³ Law No 13 of 2008 on the Contribution by Certain Companies towards Social and Sports Activities, <http://www.almeezan.qa/LawPage.aspx?id=3960&language=en>. Under this law companies' 2.5 percent annual compulsory expenditure on philanthropic causes is similar to zakat. However, zakat funds are spent on a wider range of philanthropic causes, such as poverty alleviation and debt relief.

⁴ In Arabic the plural of waqf is awqaf.

⁵ Law No. 8 of 1987 with Respect to the Organization of the Presidency of Shari'a Courts and Religious Affairs (repealed), <http://www.almeezan.qa/LawPage.aspx?id=410&language=en>.

⁶ Law No. 9 of 1993 on the Regulation of the Ministry of Endowments and Islamic Affairs and Determining its Functions (Repealed), <http://www.almeezan.qa/RelatedLegislation.aspx?LawID=2653&TypeID=103&language=en>.

⁷ Emiri Decree No. (23) for Year 2014 Concerning the Organizational Structure of the Ministry of Awqaf (Endowments) and Islamic Affairs, <http://www.almeezan.qa/LawArticles.aspx?LawTreeSectionID=16252&lawId=6171&language=ar>.

⁸ MADLSA was first known as the Ministry of Social Affairs, Labor, and Housing; was renamed the Ministry of Labor and Social Affairs; and then was restructured and again renamed the Ministry of Administration Development, Labor, and Social Affairs. We will refer to the ministry as MADLSA throughout for the sake of consistency.

Authority for Charitable Activities (QACA),⁹ which was charged with regulating donations, supervising charitable and philanthropic foundations and associations, and conducting charitable and humanitarian activities entrusted to it by the state and funded by donations from the emir. QACA was abolished in 2009,¹⁰ and humanitarian and charitable associations and foundations are now supervised by MADLSA and the Regulatory Authority for Charitable Activities (RACA), as explained below. Law No. 21 of 2006 Regarding Private Foundations for the Public Benefit, established the same year as the Awqaf Authority, regulates public benefit foundations.

Philanthropy is embedded in Qatari culture and predates the discovery of oil in the twentieth century.¹¹ Today, Qatar has a regional reputation for the variety and reach of its philanthropic institutions. Prominent Qatari NPOs include Qatar Charity, Sheikh Thani Bin Abdullah Foundation for Humanitarian Services, Sheikh Eid bin Mohammad Al Thani Charitable Association, and Al Faysal Without Borders Association.¹²

Recent Developments

In 2014, a new wave of regulation reshaped the Qatari philanthropic sector. At the time, the view was widespread that charitable and philanthropic entities should be subject to a separate regulatory scheme that took into account their specific nature. The public was also disturbed by foreign media reports that Qatari-based philanthropic institutions were providing aid to terrorist groups. In response to these concerns, Emiri Resolution No. 43 of 2014 established the Regulatory Authority for Charitable Activities (RACA) as a public corporate entity under the auspices of MADLSA.

RACA's main function is to register humanitarian and charitable associations and foundations and promote and supervise philanthropic activities. It is also charged with monitoring funding transfers related to philanthropic work. In effect, the resolution transferred some of MADLSA's supervisory duties to RACA while leaving MADLSA responsible by default for all other matters related to associations and foundations.¹³ However, it can be difficult to define the borders between the roles of RACA and MADLSA and thus there is some possibility of regulatory overlap. RACA is headed by a board of directors chaired by the MADLSA Minister and comprised of representatives of MADLSA, the Ministries of Interior and Foreign Affairs, Qatar State Security, and the Qatar Central

⁹ Law No. 13 of 2004 Establishing Qatar Authority for Charitable Activities (QACA), <http://www.almeezan.qa/LawPage.aspx?id=3958&language=en>.

¹⁰ Law No. 18 of 2009 on the Abolishment of Certain Laws, <http://www.almeezan.qa/LawPage.aspx?id=4109&language=ar>.

¹¹ Mahi Khalaf, "The State of Qatar," in *From Charity to Social Change: Trends in Arab Philanthropy*, edited by Barbara Ibrahim and Dina H. Sherif (Cairo and New York: The American University in Cairo Press, 2008), pp. 149-163, <https://books.google.jo>.

¹² For more information about some of these organizations, see their websites at <https://www.qcharity.org/en/qa>, <http://www.raf-thani.com/index.php?SLANG=E>; <http://www.eidcharity.net/ar/site/web/index.php>, and <https://www.facebook.com/alfaisalfoundation/>.

¹³ Qatari Ministry of Justice, Department of Legal Opinion and Contracts, Legal Opinion 2247/2007-3/11, March 28, 2007, <http://www.almeezan.qa/OpinionPage.aspx?id=1348&language=en>. RACA's board members serve for three years and make decisions by majority vote of members present at the meeting.

Bank. The composition of the board facilitates the issuance of permits and approvals for registration.

Another important piece of legislation from the same year is Law No. 15 of 2014 Pertaining to the Regulation of Philanthropic Activities (the 2014 Law). This law regulates humanitarian and charitable associations and foundations under the supervision of RACA. The 2014 Law supersedes any previous contradictory law, which effectively means that the 2004 Law is still in force but regulates only social, cultural, scientific, and professional associations. Private foundations for public benefit continue to be regulated under Law No. 21 of 2006 Regarding Private Foundations for the Public Benefit.

Since 2014, the regulatory focus has been on adopting procedural measures to enforce the new regulations on associations and foundations. A recent development of some significance was the issuance of the Law No. 1 of 2016 Pertaining to Sports Clubs (the Sports Club Law), which regulates nonprofit sports clubs. This law replaces a portion of the Decree Law No. 5 of 1984 Pertaining to the Regulation of Clubs (the Club Law), which originally applied to sports, cultural, and social clubs and today continues to apply to the latter two types of clubs.

More recently, RACA adopted a two-phase strategy in 2016 to ensure that charitable associations and foundations comply with Qatari Law, particularly the regulatory guidelines governing the collection of donations. Implementation of the first phase, which focuses on transparency and the legal requirements for donations, began in October 2016. The second phase will seek to raise public awareness of relevant legal issues.¹⁴

In June 2017, three prominent Qatari charities and 18 individuals were accused of funding terrorist organizations by the United Arab Emirates, Saudi Arabia, Egypt, and Bahrain.¹⁵ The next month, and on the heels of an agreement between the United States and Qatar to curb “terrorism financing,” Qatar’s Emir issued a decree amending the country’s 2004 anti-terrorism law. The decree sets forth definitions for “terrorist,” “crime,” “terrorist acts,” “terrorist entities,” “the freezing of funds,” and the “financing of terrorism”;¹⁶ it also creates two national terrorism lists, establishes the rules for including individuals and groups under each list, and grants affected persons or entities the right to challenge the designation at the Court of Cassation.¹⁷

¹⁴ “Birnamij lifahs Al-Jihat Al-Morsal Laha Amwal Al-Tabaruat [Program to Monitor the Entities Receiving Donations],” *Al Raya*, October 9, 2016, <http://www.raya.com/news/pages/2d66ecf2-ee8-443e-9921-1d5ff8afef4a>.

¹⁵ Victoria Scott, “Qatar charities listed as ‘terrorist financiers’ by UAE, Saudi Arabia,” *Doha News*, June 10, 2017, <https://dohanews.co/qatar-charities-listed-as-terrorist-financiers-by-uae-saudi-arabia/>.

¹⁶ “Qatar’s Emir orders change to law combating ‘terrorism’,” *Al-Jazeera English*, July 20, 2017, <http://www.aljazeera.com/news/2017/07/qatar-emir-orders-law-combating-terrorism-170720204630077.html>.

¹⁷ “Qatar changes anti-terror legislation amid Gulf crisis,” *DW*, July 21, 2017, <http://www.dw.com/en/qatar-changes-anti-terror-legislation-amid-gulf-crisis/a-39783146>.

INTERNATIONAL RANKINGS		
RANKING BODY	RANK	RANKING SCALE (BEST – WORST)
UN HUMAN DEVELOPMENT INDEX	32	1-188
FOREIGN POLICY: FRAGILE STATES INDEX	142	178-1
CAF WORLD GIVING INDEX	N/A	1-145
• HELPING A STRANGER	N/A	
• DONATING MONEY	N/A	
• VOLUNTEERING TIME	N/A	
HUDSON PHILANTHROPIC FREEDOM INDEX	63	1-64

Relevant Laws

Constitutional Framework

The Permanent Constitution of the State of Qatar was adopted by referendum in 2004.¹⁸ The constitution establishes a constitutional monarchy headed by an emir, or prince, who must descend from the Al Thani family. Article 59 of the constitution confirms that the people are the source of power. The constitution provides citizens with basic human rights.¹⁹ For example, Article 44 states that “the right of citizens to assemble in public is guaranteed in accordance with the provisions of the Law,” and Article 45 provides that “the right of citizens to establish associations is guaranteed under the conditions and circumstances set out in the Law.”

National Laws and Regulations Affecting Philanthropic Giving

Table 1 presents a list of implemented and draft regulations, bylaws, and standard documents that shape the registration and day-to-day work of NPOs in Qatar.

Table 1. National Laws and Regulations Affecting Philanthropic Giving in Qatar

TITLE OF LAW OR REGULATION	YEAR ENACTED	DESCRIPTION	LINKS TO LAW OR REGULATION
PERMANENT CONSTITUTION OF THE STATE OF QATAR	2004	Defines the authorities of the country and minimum human rights standards	English
FRAMEWORK LAWS			

¹⁸ See, for example, Election Guide, “State of Qatar Referendum,” <http://www.electionguide.org/results.php?ID=341>.

¹⁹ For more detail on human rights law in Qatar, see National Human Rights Committee, Annual Reports 2005-2014, <http://www.nhrc-qa.org/en/annual-reports/>, and Carnegie Endowment and Frider, “Qatar,” http://carnegieendowment.org/files/qatar_aps.doc.

LAW NO. 1 OF 2016 PERTAINING TO SPORTS CLUBS	2016	Regulates nonprofits sports clubs	<u>Arabic</u>
RESOLUTION OF THE MINISTER OF LABOR AND SOCIAL AFFAIRS ON THE STANDARD DOCUMENTS OF ESTABLISHMENT OR MEMORANDA OF ESTABLISHMENT OF ASSOCIATIONS AND FOUNDATIONS AND THEIR ARTICLES OF ASSOCIATION	2015	Includes attachments containing standard documents for establishing foundations and associations	<u>Arabic</u>
LAW NO. 15 OF 2014 PERTAINING TO THE REGULATION OF PHILANTHROPIC ACTIVITIES	2014	Regulates the work of charitable and philanthropic charities and foundations (superseding provisions of the 2004 Law)	<u>Arabic</u>
EMIRI RESOLUTION NO. 43 OF 2014 FOR THE ESTABLISHMENT OF THE REGULATORY AUTHORITY FOR CHARITABLE ACTIVITIES (RACA)	2014	Determines RACA's role as the regulatory authority for humanitarian and charitable entities	<u>Arabic</u>
LAW NO. 12 OF 2011 REGARDING THE ESTABLISHMENT AND REGULATION OF RELIGIOUS CENTERS	2011	Determines rules on the licensing of religious centers and their activities	<u>Arabic</u>
DECREE LAW NO. 21 OF 2006 REGARDING PRIVATE FOUNDATIONS FOR THE PUBLIC BENEFIT	2006	Regulates foundations for public benefit other than those established by emiri decrees	<u>Arabic</u>
EMIRI DECREE NO. 41 OF 2006 ON THE ESTABLISHMENT OF QATAR AWQAF (ENDOWMENT) AUTHORITY	2006	Establishes the Qatar Awqaf Authority and its competencies	<u>Arabic</u>

LAW No. 12 OF 2004 ON PRIVATE ASSOCIATIONS AND FOUNDATIONS	2004	Regulates social, cultural, scientific, and professional associations	<u>Arabic</u>
DECREE No. 37 FOR YEAR 2002 PERTAINING TO THE APPROVAL OF THE QATARI OLYMPIC COMMITTEE'S ARTICLES OF ASSOCIATION	2002	Provides for the articles of association of the Qatari Olympic Committee	<u>Arabic</u>
EMIRI DECREE No. 36 OF 2002 PERTAINING TO THE REGULATION OF THE QATARI OLYMPIC COMMITTEE	2002	Provides an umbrella for nonprofit Olympic sports clubs and federations	<u>Arabic</u>
LAW No. 8 OF 1996 WITH RESPECT TO ENDOWMENT (WAQF) 8/1996	1996	Provides rules regulating awqaf	<u>English</u>
LAW No. 8 OF 1992 ON THE ESTABLISHMENT OF THE ZAKAT FUND	1992	Establishes the Zakat Fund under the auspices of MAIA	<u>English</u>
DECREE LAW No. 5 OF 1984 PERTAINING TO THE REGULATION OF CLUBS	1984	Sets out rules for the licensing and supervision of nonprofit clubs pursuing cultural, sporting, cultural, and social activities	<u>Arabic</u>
TAX LAWS			
LAW No. 21 OF 2009 THE INCOME TAX LAW	2009	Provides tax exemptions for philanthropic entities	<u>English</u>
LAW No. 40 OF 2002 PROMULGATING THE CUSTOMS LAW	2002	Provides exemptions from customs duty for endowments	<u>English</u>
LAWS PROVIDING FUNDING FOR THE NPO SECTOR			
RESOLUTION No. 4 OF 2011 BY THE MINISTER OF SOCIAL AFFAIRS REGULATING FUNDRAISING AND FOREIGN TRANSFERS BY	2011	Determines legal requirements for and restrictions on fundraising	<u>English</u>

PRIVATE ASSOCIATIONS AND FOUNDATIONS			
LAW No 13 OF 2008 ON THE CONTRIBUTION BY CERTAIN COMPANIES TO SOCIAL AND SPORTS ACTIVITIES	2008	Provides for compulsory contributions by listed public shareholding companies to charities and their other social responsibilities	<u>English</u>
LAW No. 13 OF 2000 REGULATION OF THE INVESTMENT OF NON-QATARI CAPITAL IN ECONOMIC ACTIVITY	2002	Confirms the permissible scope of economic activities by foreigners	<u>English</u>
EMPLOYMENT LAWS			
LAW No. 14 OF 2004 ON THE PROMULGATION OF THE LABOR LAW	2004	Regulates the work relationship across various sectors, including NPOs	<u>English</u>
LAWS OF GENERAL APPLICATION			
EMIRI RESOLUTION No. 6 OF 2016 ON THE ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF ADMINISTRATION DEVELOPMENT, LABOR AND SOCIAL AFFAIRS (MADLSA)	2016	Describes the role of the Associations and Foundations Department at MADLSA	<u>Arabic</u>
EMIRI DECREE No. 7 OF 2016 ON THE ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF CULTURE AND SPORTS	2016	Designates the Ministry of Culture and Sports as the authority to license sports and youth-care services	<u>Arabic</u>
EMIRI DECREE No. 9 OF 2016 ON THE ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF EDUCATION AND HIGHER EDUCATION	2016	Designates the Ministry of Education and Higher Education as the authority to license educational services	<u>Arabic</u>

EMIRI RESOLUTION NO. 16 OF 2014 ON THE COMPETENCIES OF MINISTRIES, AS AMENDED	2014	Determines the scope of competencies of MADLSA	<u>Arabic</u>
EMIRI DECREE NO. (23) OF 2014 CONCERNING THE ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF AWQAF (ENDOWMENTS) AND ISLAMIC AFFAIRS	2014	Defines the role of the MAIA in the public administration of awqaf	<u>Arabic</u>
LAW NO 4 OF 2010 ON THE PROMULGATION OF THE LAW ON COMBATING MONEY LAUNDERING AND TERRORISM FINANCING	2010	Defines money laundering crimes and the obligations of NPOs to combat them	<u>English</u> <u>English</u>
LAW NO. 7 OF 2007 ON THE SETTLEMENT OF ADMINISTRATIVE DISPUTES	2007	Identifies the role of administrative circuits with regard to legal issues facing private associations and foundations under Article 3 (2)	<u>English</u>
LAW NO. 3 OF 2004 ON COMBATING TERRORISM	2004	Defines terrorism and related penalties	<u>English</u> <u>English</u>
LAW NO 18 OF 2004 ON PUBLIC MEETINGS AND DEMONSTRATIONS	2004	Spells out the legal requirements for public gatherings and processions and penalties for their violation	<u>English</u>
LAW NO. (22) OF 2004 REGARDING PROMULGATING THE CIVIL CODE	2004	Sets out more than 1,000 articles, covering, among other things, the sources of law and rules of interpretation	<u>English</u>
ADMINISTRATIVE ORDER No. (1-2004) ESTABLISHING THE FIU	2004	Establishes the Financial Intelligence Unit (FIU) and	<u>English</u>

Analysis

Organizational Forms for Nonprofit Organizations

Qatari law recognizes only the following registered forms of NPOs. The law does not recognize nonprofit companies and does not mention them in the Commercial Companies Law or legislation related to foreign investment. The law is also silent as to whether it is permissible for non-registered NPOs to operate. However, as the law provides restrictions on the right of assembly and the collection of donations, it is unlikely that a legal non-registered NPO would seek to operate.

No information is available on the number of registered organizations of any form apart from sports clubs as illustrated below

Associations. An association is defined in Article 1 of the 2004 Law on Private Associations and Foundations as “a group of several natural or juristic persons who share in common a humanitarian, social, cultural, scientific, professional, or charitable activity, whose purposes shall not be to achieve material profit or engage in political matters.” (Here and elsewhere, the law does not define the term “political matters.”)

Professional associations are the only sub-set of associations specifically defined in the 2004 Law as “an association of people of one profession organized in accordance with the law.” A professional association must have as its objectives improving professional standards, disseminating ethical standards, and raising professional awareness among its members; improving the academic level of its members; providing social and cultural services to its members; and consolidating a spirit of cooperation among its members.

Foundations. A private foundation is defined in Article 1 of the 2004 Law as “any special facility created by one or more natural or juristic persons for one or more charitable purposes, or public or private benefit for an unlimited period. It must not include in its purposes the achievement of profit or engagement in political matters.”

Private foundations for public benefit are defined in Article 2 of Decree Law No. 21 of 2006 Regarding Private Foundations for the Public Benefit as legal persons established to achieve one or more objectives for the public benefit. The government at its discretion decides whether a private foundation is of public benefit. This type of foundation enjoys certain privileges, as described below.

Some foundations are established by emiri resolution and are subject to the terms and conditions provided in their articles of association as published in the official gazette. Also worth mentioning

is that already established entities may be converted into private foundations for public benefit, as happened with Qatar Social Development Center.²⁰

Awqaf. A waqf is defined in Article 2 of Law No. 8 of 1996 with Respect to Endowment (Waqf) 8/1996 (the Waqf Law) as “the dedication of a specific property from which benefit may be taken, with the preservation of the actual property, for a permissible purpose recognized in Shari’a.” Qatari law lists several different types of awqaf, such as those established to benefit a specific family; to serve a general cause, such as offering services for persons with special needs; or, in a combination the two, to provide aid to, for example, all needy students descending from a specific person.

Clubs. The Club Law defines clubs as nonprofit entities established by a group of natural persons for an indefinite period to conduct sports, cultural, or social activities that are useful to society and to provide services needed to achieve its objectives. Sports clubs are defined under the Sports Clubs Law as clubs that are established mainly for a nonprofit purpose for an indefinite period and provide facilities and services to benefit their members physically, socially, and recreationally. Clubs may make profits but this should not be their main purpose. (Unfortunately, the Club Law does not provide guidance on distinguishing profit making as a major rather than a minor objective.)

Religious Centers. Religious centers are defined under Article 1 of Law No. 12 of 2011 Regarding the Establishment and Regulation of Religious Centers as "Islamic propagation (or da'wa) centers, Holy Quran memorization centers, and places in which religious activities are practiced, whether independently or in affiliation with houses of worship." It is notable that there is no reference to religious centers as nonprofit entities, apparently because this is assumed to be common knowledge, according to the MAIA.

Registration of Domestic Nonprofit Organizations

The process for registering NPOs varies according to the type of organization. Registration procedures are generally regarded as reasonable.

Associations. Charitable and humanitarian associations are registered and supervised by RACA, while other types of associations are licensed by MADLSA according to the 2004 Law and the 2014 Law. The registration process is similar for all types of associations. The minimum number of founders is twenty, unless the Council of Ministers approves a smaller number for public interest²¹ purposes on the basis of a recommendation from the MADLSA Minister. All founders and members of an association must be Qatari nationals, unless, again, the Council of Ministers approves non-Qatari members for public interest purposes on the basis of a recommendation from the MADLSA Minister. In addition founders and members must be at least eighteen years old; free of conviction

²⁰ See Resolution No. (3) for 2015 on the Transformation of the Qatar Social Development Center to a Private Foundation for Public Benefit, <http://www.almeezan.qa/LawPage.aspx?id=6678&language=ar>.

²¹ The public interest is a civil law concept that refers to the general interest of the public, including its economic wellbeing and security.

by the court for acts of dishonesty or moral turpitude,²² unless such a conviction has been expunged;²³ of good moral conduct;²⁴ and, in the case of a professional association, registered in relevant professional registries.

The founders must meet as a constituent committee and agree upon the memorandum of association and the articles of association. The memorandum of association must include (1) the date and place of founding; (2) the names, nationalities, places of residence, and ages of the founding members; and (3) the name, location, and objectives of the association. The name may not be one that can be confused with that of another association, nor may the name “Qatar” be used in any way that could adversely affect the country’s interests.

The articles of association must address (1) the association’s name, location, and geographical area of operation; (2) its objectives and rules of conduct; (3) membership requirements, as well as the obligations and rights of members and rules for withdrawal and termination; (4) the board of directors, including its duration, competencies, composition, and election; (5) the role of the general assembly, with rules for invitations to meetings, attendance, and voting quorums; (6) financial matters, including funding sources, the financial year, and rules for investments, expenditures, financial supervision, accounting, budgeting, and the preparation and approval of financial statements; (7) amendments to the articles of association, the opening of branches, and mergers with other associations; and (8) the termination of the association, along with entities that will receive its assets after termination (the assets must be allocated to one or more charitable associations or foundations engaged in a similar field of philanthropic work).

To register the association, the founders first elect a temporary management board comprised of three to seven members. The temporary board undertakes the founding process until the first regular board is elected, which must take place within one year of the date of establishment. The application to register and declare the association is submitted to the appropriate regulatory authority (MADLSA or RACA) with the memorandum of association and articles of association, once they are approved and signed by the founders. The application must include the names of the temporary management board’s members and minutes of their meeting, as well as the

²² The Department of Legal Opinion and Contracts at the Qatari Ministry of Justice confirmed in a published legal opinion that there is no exhaustive definition of “moral turpitude” under Qatari law, but it is generally understood to mean a “perverted attitude and weak morality.” The opinion emphasized that the nature of the acts and the surrounding circumstances must be taken into consideration. Accordingly, it was decided that if a worker at the Ministry of Education’s Human Resources Department becomes addicted to prohibited drugs, it will be considered moral turpitude even if the crime is not described as such in the Criminal Code. See Qatari Ministry of Justice, Department of Legal Opinion and Contracts, Legal Opinion No. 469/2002-11/3, February 4, 2002, <http://www.almeezan.qa/OpinionPage.aspx?id=1227&language=en>.

²³ Article 175 of Law No. (23) of 2004 on the Promulgation of the Criminal Procedure Code provides that “The sentenced penalty in a crime shall be discontinued after twenty years, except if it is a death sentence, then it will be discontinued after thirty years. The sentenced penalty in a misdemeanor shall be discontinued after five years. The sentenced penalty in a violation shall be discontinued after two years. The period of discontinuance shall commence from the time the judgment becomes conclusive.” For more on this topic, see Articles 380-410 of the same law at <http://www.almeezan.qa/LawPage.aspx?id=2559&language=en>.

²⁴ There are no clear criteria for proving that a person is of good moral conduct, especially if he or she was never convicted in court.

ownership deed or evidence that the association is entitled to lease or use the registered location. The founders have the option of providing documentation about the location within six months from the date of establishment, and this obligation must be taken seriously, as the association's board may suspend the work of the association if it fails to prove that it has its own location.

RACA or MADLSA has a maximum period of thirty days in which to respond to the application with a refusal for reasons of public interest, which must be explained in a resolution, or with a request for further documentation. The law does not state specifically that the regulatory authority must reply within thirty days if it decides to approve the application without requesting further documentation, but this is the understanding of RACA. If RACA remains silent for thirty days, it is deemed to be an implicit rejection of the application by default.

The founders may submit a "grievance" or appeal to RACA or MADLSA within thirty days of receiving a notification that the application has been rejected, a request for documentation, or an implicit rejection. Within thirty days the MADLSA Minister must represent the grievance to the Council of Ministers with a recommendation. The decision issued by the Council of Ministers is final.

The final decision on establishment is issued by RACA or MADLSA after referring it to the Prime Minister's office for approval. The commission publishes the memorandum of association and articles of association in the official gazette and issues a registration certificate for the new association. Once this is accomplished, the association is a legal entity.

The fee to establish a professional association is QAR 50,000 (approximately \$14,000). An annual fee of QAR 10,000 (about \$2,700) must be paid every three years. The license is issued for three years and is renewable. The fee to establish other types of associations, including charitable and philanthropic associations, is QAR 1,000 (about \$270). It is worth noting that the fees can be changed, since the MADLSA Minister has the authority to determine the fees on the basis of a recommendation from the RACA board of directors. The founders are collectively liable for the costs of establishment.

Foundations. According to the 2004 Law and the 2014 Law, the process for establishing a foundation is largely similar to that for an association. An application for the registration of charitable and philanthropic foundations is submitted to RACA, while applications concerning other types of foundations are submitted to MADLSA. But there are three main differences between the registration of an association and a foundation. First, a foundation may be established by one person, in which case there is no need for a memorandum of association. Second, a foundation must have minimum capital of QAR 10 million (about \$2.7 million), unless the Council of Ministers decides otherwise. Finally, a foundation's articles of association should contain details about the structure and management of the foundation (although this rule is not strictly enforced).

Awqaf. The Waqf Law codifies the main rules for establishing a waqf. MAIA may register a waqf after ensuring that it has met registration requirements under the Waqf Law and Shari'a. The law is clear that the donated asset may be either real estate or movable assets, including bonds. The asset must be halal or Shari'a-compliant—that is, it may not relate to the production or

consumption of alcohol, swine, pornography, or illicit drugs, to gambling, or to gharar (highly uncertain or deceptive contracts, such as some types of stock-market speculation). The asset must be owned by the donor and be identifiable, and the property must not be encumbered in any way.

There are no restrictions on the charitable causes that a waqf may serve as long as they are legitimate and do not breach Shari'a and the laws of the country. The donation of the asset must be perpetual. MAIA will document the exact wording of the donation statement in a draft waqf deed, which must identify the name of the donor, a description of asset or assets, the beneficiary of the endowment's proceeds, and any terms and conditions specified by the donor. The text of the deed will be read aloud and confirmed by the donor (or the donor's duly authorized representative under power of attorney) in the presence of two witnesses. MAIA will request official identification from the donor and documentation proving ownership of the donated asset and will check to ensure that the donor is competent and not bankrupt. MAIA will also ensure that the waqf has a nazir, or supervisor, to administer the asset. Then a copy of the deed will be referred to the court for approval and documentation. Each waqf deed is given a unique registration number and seal.

Clubs. MADLSA has the umbrella authority to register all clubs except for educational and sports clubs. In effect this means that MADLSA registers social and cultural clubs while the Ministry of Culture and Sports (MCS) registers sports clubs and the Ministry of Education and Higher Education registers educational clubs.

Non-Sports Clubs. Educational clubs, such as independent math clubs, fall under the Ministry of Education and Higher Education. Clubs and unions established in schools and institutions of higher education are subject to the rules of their institutions but must coordinate with the Ministry of Culture and Sports (MCS) to organize parades and other public activities. Under no circumstance does the definition of educational clubs include Quranic memorization centers, despite their educational aspect, since these groups have been determined to fall under the auspices of MAIA.²⁵ Clubs involved in social work submit their applications to MADLSA.

The Club Law mandates that each founder must be at least eighteen years old; may not have previously operated, managed, or supervised an entity that was officially closed for committing a crime of dishonesty or moral turpitude; and personally may not have been convicted by a final court decision of committing such a crime. The founders must demonstrate that the club has a fixed location suitable for its activities. They form a constituent committee and elect a representative who submits an application to the MCS or other regulatory authority, along with the articles of association, minutes of the constituent committee meeting and the first meeting of the board of directors, and a list of the founders' names.

The regulatory authority must respond to the application within thirty days or the application is deemed to have been accepted. If the application is explicitly or implicitly refused, the applicants have recourse to a grievance procedure with MCS or relevant regulatory authority. Once the

²⁵ This was confirmed by Advisory Opinion No. 2004 / 4615 - 3/11 issued by the Department of Legal Opinion and Contracts at the Qatari Ministry of Justice, May 8, 2015, <http://www.almeezan.qa/OpinionPage.aspx?id=1284&language=ar>.

application is approved, the establishment of the club is announced in the official gazette. At this point the club becomes a legal entity and must start its activities within six months of the announcement.

Sports Clubs. MCS is responsible for registering sports clubs and federations. The online website of MCS indicates that there are thirteen sports clubs and five federations registered under MCS.

To establish a sports club, there must be at least twenty founders, who are all Qatari citizens and at least eighteen years old. None of the founders may have been convicted of a crime of moral turpitude or dishonesty unless the criminal record has been cleared. The club must have a suitable location for its activities, and the services of the club must be needed (although there is no explicit guidance on this criterion). By way of exception, the MCS Minister, after presenting the matter to the Council of Ministers, may permit a corporate entity or foreigners to serve as founders or may allow registration to occur with less than twenty founders. However, the process for obtaining such exceptions is not defined by law.

To register a sports club, the founders form a constituent committee, agree on the memorandum of association and articles of association, and elect a representative to complete the registration process. The representative submits an application to MCS along with the memorandum and articles; names of the founders and the constituent committee members; minutes of their meetings, including the meeting at which the representative was appointed; and the land deed, tenancy contract, or usufruct contract.

MCS must respond within sixty days. The lack of response is deemed to be an implicit approval. MCS may decide to reject an application for the following reasons: the location is not suitable for the activities of the club; there was a breach of the articles of association, law, public order, or public morals; one or more of the founders does not meet the eligibility criteria; the applicants failed to follow the prescribed registration procedures or submitted an incomplete application; the purpose of the registration is to reestablish a club that was already cancelled; or the services of the club are not needed or already provided by another club.

The applicant may file a grievance to the MCS Minister within thirty days of the refusal or the date it was deemed rejected. The minister has thirty days in which to respond. No response within the thirty-day period is considered a rejection of the appeal. The minister's decision is final.

If the MCS approves the application, the founders pay establishment fees (which are not determined in regulation) and the decision is published in the official gazette. The club must commence its activities within six months of establishment.

Religious Centers. Applications to register or manage a religious center are submitted to the Committee for Examining License Applications, which is composed of the undersecretary of MAIA (as chairperson), the director of Islamic Da'wa and Religious Guidance Department in MAIA, and representatives of the Ministries of the Interior and Municipality and Environment. The committee reviews the applications and makes its recommendations to the MAIA Minister for final decision.

Registration of Foreign Nonprofit Organizations

Qatari law does not permit foreigners to establish NPOs except in two cases. First, foreign members may establish an association with the prior approval of the MADLSA Minister. Second, foreigners may establish a sports club with the prior approval of MCS, but the club's chief executive officer (CEO), deputy CEO, and board of directors must be all Qatari.

While there are no specific rules applying to foreign participants in NPOs as either founders or members, generally speaking, if the club's membership is both Qatari and foreign, 50 percent of board members must be Qatari unless the regulator approves otherwise. If the membership is wholly foreign, the regulator has the authority to appoint some Qataris to the board of directors.

There is no specific information available about how these rules are applied in practice.

Nonprofit Organization Activities

Qatari law provides both general requirements that NPOs must observe as well as sector-specific requirements and restrictions. Among the general requirements are Qatari labor laws. For example, NPOs must comply with their obligation as employers to pay their workers' salaries and other agreed compensation, provide a safe working environment and health insurance coverage, and not hire foreign workers without first obtaining work permits for them.

Another general requirement that NPOs must meet is Law No 18 of 2004 on Public Meetings and Demonstrations. The law defines a public meeting as "every meeting attended, or expected to be attended, by more than twenty persons, or where no special invitation is required for attendance thereof, to be held at a private or public place other than public roads and parks for the discussion of one or more public issues."²⁶ A demonstration is defined as "any procession or gathering conducted on public roads or parks attended or expected to be attended by more than twenty persons," other than a gathering conducted according to social customs, such as an Eid march or wedding parade.

The law provides that a license must be obtained from the General Security Department (GSD) at the Ministry of Interior to organize, convene, announce, or provide news coverage of any public meeting or demonstration, other than a gathering related to public elections. A license is obtained by submitting a written application to the GSD seven days prior to the meeting date. The application must be signed by the organizing entity's due representative and indicate the time and location of the proposed meeting or the route of the demonstration, supplemented by evidence that the owner of the venue approves of the event (for example, a company that owns a conference hall must approve of renting it to a foundation to conduct a meeting). The GSD must

²⁶ According to Article 2 of Law No 18 of 2004 on Public Meetings and Demonstrations, the following gatherings are not considered public meetings: "(1) Religious meetings held at places of worship in accordance with the rules in force at the Ministry of Endowments and Islamic Affairs. (2) Meetings organized or invited to by ministries and other governmental agencies and public corporations and institutions. (3) Meetings convened by private juridical persons such as societies, private institutions, clubs and companies, for the discussion of matters within their competence according to their relevant organizing legislations and attended exclusively by their members and affiliates. (4) Meetings and conferences held in accordance with custom, or entailed by social occasions and festivities." See <http://www.almeezan.qa/LawArticles.aspx?LawTreeSectionID=1203&lawId=128&language=en>.

respond at least three days prior to the meeting date or its approval may be assumed. If the GSD denies an application, the applicant has twenty-four hours to appeal to the Interior Minister, who must issue a final decision within the subsequent twenty-four hours.

The law mandates that arms may not be carried, even if legally licensed. Public meetings must not continue beyond midnight and demonstrations may take place only between 8 a.m. and sunset except with a special license. The organizers must ensure the “orderly conduct” of the meeting, which means that the tenets of religion and public order may not be violated and defamation of the state may not take place. The police may attend the meeting to maintain public order but must be at a remove from the speaker and intervene only when asked to by the organizers or when a violation is committed. The police may not use force to disperse public meetings except with the prior approval of the Interior Minister and provided that they avoid the use of excessive force. It is worth noting that Law No 17 of 2002 on Protection of Community Permits allows for administrative arrest in cases of crimes involving state security, honor, decency, and public morals. Otherwise, a body known as the public prosecution must conduct arrests according to standard penal procedures.

NPOs are expected to avoid political activities. While there are clear provisions on this point relating to foundations and clubs, Qatari authorities expect that no NPOs will be involved in politics. As stated above, there is no legal definition of “political matters” under Qatari law, but there seems to be a general understanding that NPOs may not engage directly in elections, express opposition to the constitution, or support changes to appointed members of the government.

“Lobbying” per se is also not defined in Qatari law. However, it is acceptable in the Qatari political tradition for entities with common interests to voice their concerns to the executive and legislative bodies or request improved services or amendments to a particular law.

Associations. Associations falling under MDLSA and RACA (referred to collectively in this section as the regulator) are generally governed by similar rules. First, associations must maintain their records and documents at their headquarters and provide the regulator with any requested information and documents. The regulator has the authority to inspect the premises of associations and access, retain, and make copies of their documents. RACA may also obtain and approve an association’s financial statements and exchange financial information with other regulatory authorities and conduct joint inspections with them.

The regulator must be notified at least seven days prior to meetings of the general and extraordinary assemblies. Otherwise, the meetings are invalid. RACA has the right to send a representative to attend such meetings and may postpone a meeting to a later date provided it notifies the association three days in advance.

Associations must deposit cash in one or more local bank accounts approved by their boards of directors. No money shall be withdrawn from the bank account except with the approval of the chairman of the board of directors or the chairman’s deputy, as well as the treasurer. Associations may invest their excess funds inside Qatar to finance their activities. An association’s board of directors must supply RACA with financial statements and projected budgets one month prior to their submission to the general assembly. The regulator has the right to assign an external auditor

or auditors to review an association's accounts, records, and ledgers and obtain any needed information. The auditor will prepare an audit report and submit it with recommendations to the regulator.

Associations may not become members of or join a charitable association, club, or entity located outside of Qatar except with the approval of the regulator. Forming partnerships with foreign entities is evidently possible. For example, news agencies reported recently that the Qatar Charity joined efforts with the Bill and Melinda Gates Foundation to combat polio.²⁷ However, there is no information publicly available about other forms of cooperation, how they are carried out, or whether the authorities accept them.

Foundations. The rules governing foundations are similar to those for associations. RACA has the authority to inspect the premises of foundations; access, retain, and make copies of their documents; and obtain other information. MADLSA also may conduct inspections and request documentation.

Foundations must deposit funds at one or more local bank accounts approved by their boards of directors and may invest their excess funds inside Qatar to finance their activities. The Council of Ministers may prohibit a foundation's assets from being attached (that is, used as a security).

Foundations for public benefit may conclude any contract necessary for the conduct of business. They may cooperate with other entities that conduct similar activities or assist them in attaining their objectives. In general, a foundation may establish branches wherever it deems necessary—although practically speaking only the Qatar Charity has offices outside of Qatar, according to MADLSA.

Like associations, foundations may not become members of or join any charity association, club, or entity located outside of Qatar except with the approval of the regulator.

Awqaf. Every waqf must have a nazir, which may be an individual or a committee. The nazir is normally appointed by the donor. If the nazir dies or becomes incompetent and the waqf deed does not provide a succession plan, the waqf may end up without a nazir to manage its affairs. This situation is more common with older awqaf, and in such a case MAIA will assume the role of nazir under the Qatari law.

The nazir is responsible for administering the waqf, collecting any amount due to the waqf (for example, income from a leased property), and distributing funds to eligible beneficiaries. If the waqf estate needs redevelopment because the underlying investment has perished (as when the waqf is comprised of a leased property that is demolished), no longer generates income, or is no longer needed (for example, the waqf provided health services to workers at a factory or a mine that was later shut down), the nazir may, with the prior approval of the court, appoint a developer for an initial or non-renewable period that may not exceed thirty years.

²⁷ "Qatar Charity Joins Bill Gates in Fight Against Polio," *Doha News*, April 24, 2013, <http://dohanews.co/qatar-charity-joins-bill-gates-in-fight-against-polio>.

The terms and conditions of the donor must be observed in administering the waqf. Any dispute will be referred to the court. If any term of the waqf deed violates Shari'a or disrupts or diminishes benefits derived from the waqf, it will be set aside and the deed will continue as a valid document.

Clubs. A club's board of directors must supply the regulator with its resolutions no more than one week after its meetings. The regulatory authority must be informed of the assembly's meeting dates fifteen days in advance and receive copies of its resolutions no more than fifteen days after the meetings. The regulator has the authority to invalidate an assembly meeting and any resolutions it issued if due process is not followed. The regulator should be supplied with the annual financial statements along with the budget for the following year at least one month before the end of the financial year.

A club must deposit its funds in a local bank and may not act beyond its mandated scope of activities. A club must maintain all documents and financial records at its headquarters. The regulator will appoint a financial supervisor to monitor the finances of the club.

The Club Law mandates that the Arabic language must be used in a club's letterhead and advertisements. A second language is optional. Alcohol and gambling are strictly prohibited on club premises. A club's normal working hours should fall within 8 a.m. and midnight. The club may extend its working hours during national and religious holidays, training, or other activities such as conferences and exhibitions.

Clubs may not join, form alliances with, or accept funds from clubs outside of Qatar except with the regulator's approval.

Sports Clubs. A sports club must have a CEO and deputy CEO elected by the general assembly for a renewable four-year term. Both executives must be Qatari. The CEO must appoint a general manager. Neither the CEO nor general manager may assume an executive role at another club. The CEO is personally liable for payment of any financial obligations resulting from a breach of the law, the club's articles of association, or the budgetary limits set by the general assembly during the CEO's tenure, without prejudice to the obligations of former CEOs regarding actions during their tenures. All decisions by the CEO must be reported to the MCS within one week.

A sports club has both annual and extraordinary general assemblies. The club must notify MCS of general and extraordinary meetings at least fifteen days in advance. MCS must send a representative if the meeting concerns the termination or merger of the club. Otherwise attendance by an MCS representative is optional.

The general assembly approves the strategic plan of the club, deliberates on the CEO's report for the preceding year and the business plan for the following year; approves the financial statement of the previous year and the budget of the following year; considers the auditor's report and appoints the auditor; appoints the CEO and the deputy CEO and approves their remuneration; appoints a tripartite committee from the general assembly's members to approve membership and membership cancellation as well as the election of the CEO and his or her deputy; approves the organizational structure and bylaws; approves the purchase and development of the club's assets; and decides any other matter suggested by the assembly's members.

The extraordinary assembly decides on the withdrawal of confidence from the CEO or deputy CEO; accepts their resignations and appoints their replacements; changes the club's location; authorizes a merger with a similar club; amends the articles of association; cancels the club; and decides any other matter deemed necessary by the CEO and members of the general assembly.

A sports club must deposit its money in a local bank. It must pursue activities that remain within the boundaries of its objectives and avoid financial speculation. Should the government allocate real estate for the club, it may not be sold or mortgaged but may be rented out with the approval of MCS.

The club must maintain documents and financial records at its headquarters. The CEO must provide MCS with the annual financial statement along with the budget for the following year before the end of the financial year.

The sport club must use the Arabic language alone or jointly with other languages as needed in its letterhead and advertisements. These documents must include the club's name and address and the number and date of its license.

Sports clubs may not engage in any illegal activity and may not interfere in any religious, political, racial, or sectarian activity, although the law does not provide details on what this requirement entails. It is generally understood, however, that the club must not limit its membership to a particular political or religious group or have religious, racial, or political objectives.

A sports club may form a union with one or more other clubs; establish a company or participate in the establishment of companies that provide one or more of its activities; and accept grants and donations. A sports club may not join or participate in any association or club outside of Qatar or receive funds or benefits from such associations and clubs without the prior approval of its general assembly.

Religious Centers. All religious centers are Islamic (a Christian community exists in Qatar, but churches are not regulated under Qatari law). Religious centers may conduct activities involving, for example, lectures, lessons, the distribution of religious publications and audio materials, and the establishment of websites with the prior approval of MAIA. Religious centers may not recruit employees, even on a temporary basis, without the prior approval of MAIA. They may not raise donations without prior approval as well.

Termination, Dissolution, and Sanctions

Associations. Philanthropic and charitable associations may be cancelled either voluntarily or on the decision of RACA. Voluntary cancellation takes place with a resolution by an extraordinary assembly attended by at least two-thirds of the members and approved by a simple majority of the members present. RACA must attend the assembly meeting. RACA may cancel a philanthropic or charitable association if its membership falls below twenty members, it violates the 2014 Law or its own articles of association, or it engages in political activities. RACA may also, for public-interest reasons, suspend the board of directors of an association and appoint a replacement board for a maximum period of one year. RACA's decision to cancel the registration or suspend the board of directors of an association may be appealed within thirty days of its issuance to the

MALDSA Minister. Within thirty days, the minister must represent the appeal to the Council of Ministers along with a recommendation. The decision issued by the Council of Ministers is final and is published in the official gazette.

When a charitable association is cancelled, its assets are distributed according to the law and its articles of association, which must provide that the assets will be distributed to associations or foundations providing similar activities. They may not be paid back to the founders or donors.

The following breaches of the law are penalized by a maximum three years' imprisonment, a fine of QAR 100,000 (approximately \$27,000), or both: knowingly submitting a document containing false information; commencing work before the completion of the registration process; carrying out illegal or unlicensed activities or spending money on ultra vires activities; using funds for financial speculation; knowingly providing services after cancellation of registration; or illegally collecting donations or confiscating any collected amounts. Persons who are in charge factually—that is, who have de facto responsibility for managing an association even if they have not been appointed as managers—will be subject to the same penalty if it is proven that they were aware of violations of the law or if their neglect has led to violations. If the same person repeats a crime within five years of the execution of the penalty, the penalty will be doubled. RACA may reach a settlement with a person who has committed one of the above crimes any time before issuing a final court decision, if he or she agrees to pay 50 percent of the maximum fine per offense. This will lead to the dropping of charges.

In addition, RACA may resort to the following measures if an association breaches the 2014 Law or RACA's instructions: warning; reprimand; cease and desist orders; request for regular reports on the implementation of corrective measures; and suspension, dismissal, and replacement of a member of the board of directors or managers who are proved to be negligent or have improperly used funds.

Non-charitable and non-philanthropic associations are cancelled according to the 2004 Law, which allows associations to voluntarily cancel their registration by issuing a resolution by the extraordinary assembly. The MADLSA Minister may also cancel a non-charitable association in the event that membership numbers fall below a pre-defined threshold, the 2004 Law or articles of association are violated, or the association engages in political activities. MADLSA may instead suspend or dismiss and replace the management by following the same measures applied to charitable associations. Upon cancellation of a non-charitable association, the funds will be distributed to other associations or foundations pursuing similar activities.

Foundations. There is no direct provision in the 2014 Law authorizing RACA to cancel a charitable foundation. The law states only that RACA supervises foundations and may dismiss their boards of directors. Article 41 confirms that RACA also has the right to dismiss and replace negligent management of a foundation and amend its articles of association. This provision opens the law to interpretation. Since Article 36 states that the rules that apply to associations apply to foundations by default, it can be argued that foundations may be cancelled by RACA. On the other hand, because the law authorizes RACA only to dismiss the management of a foundation, it can be argued that RACA is not authorized to cancel a foundation. We take the view that RACA may

not cancel foundations on basis of Article 36 since cancellation is a drastic measure and therefore must be provided for clearly.

Regarding non-charitable foundations (other than foundations for public benefit), the 2004 Law is silent on the issue of cancellation. However, it states that MADLSA in its discretion may suspend, dismiss, or replace managers who prove negligent, use a foundation's funds in a manner not consistent with its objectives or the will of its founder, or amend the foundation's articles of association. Therefore, as in the case of charitable foundations, the law is open to interpretation.

Regarding non-charitable foundations, the 2004 Law provides for a penalty of imprisonment for a period ranging from one month to one year, a fine of QAR 15,000 to 50,000 (approximately \$4,000 to \$13,700), or both, for knowingly making false statements in writing, providing services before registration or after cancellation, initiating an illegal activity or activity beyond the permissible scope of activities, or collecting funds without permission.

Foundations for public benefit are dissolved by a resolution of the Qatari Council of Ministers in the event of insufficient funds, a "grave violation of law and public order," or the allocation of funds to a purpose for which the organization was not licensed.

Awqaf. A waqf is perpetual and the nazir may not replace assets or appoint an entity to develop the assets without permission, as described above.

Clubs. Voluntary liquidation or merging of a non-sports club must be approved in an extraordinary meeting by two thirds of the club's active members. The regulator must be notified fifteen days prior to the meeting and send a representative to attend.

The regulatory authority may issue a decision to liquidate or merge a club. The regulator must explain the grounds for cancelling the license, which may include the shrinkage of club membership to fewer than five members; a major violation of the articles of association; activities beyond the club's licensed scope; an inability to repay debts; or a violation of the law, public order, or public morality. Alternatively, the regulatory authority may appoint a temporary board for a period not exceeding one year, with a call for the election of a new board to take place sixty days before the end of the year. The regulator may also take a decision to temporarily suspend a club until a final decision is issued on whether to cancel, merge, or appoint temporary management for the club.

Whether voluntary or involuntary, a resolution to merge or cancel a club must be conveyed to the club's members, who have the right to file a grievance with the head of the regulatory authority within thirty days of receiving the notification. The law does not provide further details about next steps.

The funds of a cancelled club must be distributed according to its articles of association. While the articles may not provide that funds are to be returned to the founders, there are no specific entities that the assets must be allocated to. Should the articles be silent on this matter or it is not possible to allocate the assets as specified in the articles, the regulatory authority will distribute the assets.

The Club Law penalizes with a maximum fine of QAR 5,000 (about \$1,350) and six months in prison anyone who violates certain provisions of the law; submits, holds, or creates a document knowingly containing false information; conceals information that must be disclosed or refrains from submitting a document that must be legally submitted; provides services after issuance of a resolution to dissolve or merge the club; or permits non-registered members to participate in the management of the club or participate in the general assembly or board's deliberations. The club's CEO and manager will be subject to penalties if their negligence is proved to have contributed to the violations.

The regulator may close a club if any of the above violations is committed for a maximum period of three months. Closure is obligatory if the club allows gambling or alcohol consumption on its premises; commences its work or changes its location without the regulator's prior approval; carries out illegal or ultra vires activities; or is involved in any political matter, interferes in a religious dispute, or joins in a political, racial, sectarian, or foreign activity.

Sports Clubs. Sports clubs may be voluntarily cancelled or merged with another club provided the extraordinary assembly issues a resolution approved by at least two-thirds of the club's members. It is generally understood that the reference to a merger in Article 48 of the Sport Club Law concerns a merger undertaken to save a club from closure because of financial constraints or other reasons.

A sports club must notify MCS of the extraordinary assembly meeting at least fifteen days in advance. MCS must send a representative to the meeting if it concerns the termination or merger of the club. In the case of liquidation, the assembly's resolution must explain the process of liquidation. If the assembly fails to appoint a liquidator, the MCS will do so.

If the assembly decides to merge with another club or cancel its license, the CEO and other managers must maintain the club's documents and funds until they are handed over to the liquidator or the new club owner. The liquidator will allocate the assets of the club according to its articles of association. Sports clubs generally have greater latitude than associations in determining recipients of assets. If the articles lack provisions for the allocation of assets, the liquidator will deliver the funds to MCS for use in the public interest.

Article 48 of the Sports Club Law provides that the CEO, deputy CEO, general manager, and senior executive responsible for the process of liquidation or merger shall not assume an executive position in another club for at least five years from the date of issuance of the resolution of cancellation or merger.

The Sports Club Law penalizes the following actions with a maximum six months' imprisonment, a fine not to exceed QAR 10,000 (about \$2,700), or both: initiating the club's work before completion of registration; submitting, holding, or writing a document or records knowingly containing false information; concealing information that must be disclosed or refraining from submitting a document that must be legally submitted; providing services or disposing of funds after issuance of a resolution to dissolve or merge the club; or permitting non-registered members to participate in the management of the club or participate in the general assembly's deliberations.

Similar punishments may be imposed on a liquidator for distributing the club's assets in violation of the provisions of the law or the liquidation resolution; on the club's executives and staff members if they refuse without an excuse to deliver the club's funds and documents to the authorized persons after cancellation or merger; and on the CEO, deputy CEO, general manager, and senior executive responsible for the process of liquidation or merger if they assume an executive position in another club before five years has elapsed from the date of issuance of the resolution of cancellation or merger.

Religious Centers. The MAIA Minister has the authority to suspend or close any religious center that violates Law No. 12 of 2011 Regarding the Establishment and Regulation of Religious Centers and related regulations. The minister may also suspend a religious center's employees from work for a maximum of three years or cancel their work permits. The minister's resolutions must be for the purpose of maintaining the public interest and are deemed to be final decisions.

Any person who provides services to a religious center without a license, collects or accepts funds for a religious center without permit, or conducts activities or hires personnel for a religious center without MAIA's prior approval shall be subject to imprisonment of up to three years, a fine not to exceed QAR 100,000 (about \$27,000), or both.

Charitable or Public Benefit Status

The term "public benefit" is not defined in the law and there is no guidance in the law to assist in interpreting its meaning. A foundation that is granted public benefit status is eligible for grant subsidies and in-kind privileges from the Council of Ministers, including the allocation of lands necessary for conducting its business. The Council of Ministers may also grant exemptions from otherwise applicable taxes and fees and prevent a foundation's assets from being attached or subjected to statutory limitations.

Local and Cross-Border Funding

Associations' sources of funds may be grants, wills, waqf revenue, donations from the public (subject to approval), and government aid, which may take the form of a grant, loan, or relief from applicable taxes and fees.

Foundations may have as their sources of funding their founders' grants, wills, and waqf proceeds. With the exception of foundations for public benefit, foundations may not receive government aid or loans. The financial resources of foundations for public benefit are funds allocated to it by the founder, returns on its services, profits of its investments, state subsidies, gifts, and bequests.

Foundations and associations may collect donations after obtaining RACA's approval. Such approval is issued for a specific purpose and for a limited period of time. Donations are broadly defined as including funds and in-kind donations given without consideration. To obtain a permit to collect donations, an association or foundation must submit an application. The permit will indicate the name of the applicant, purpose of donations, duration of permit (which can be extended upon the request of the applicant), method of collecting donations, collection points, and names of the authorized collectors, along with their identification numbers, positions, and domiciles.

A number of special steps must be followed when collecting donations by boxes. The boxes may be used only in locations specified in the permit and must be locked, with space only for the insertion of money. The collection boxes should have a stamped label showing the name of the association or foundation, its registration number, and the donation period. The boxes must be opened in the foundation or association office by a committee of three members, which includes the cashier previously identified to the regulator. The committee must draft and submit a report to the regulator about the amount collected. The collected funds should be deposited in the bank account within one day.

Resolution No. 4 of 2011 issued by the Minister of Social Affairs Regulating Fundraising and Foreign Transfers by Private Associations and Foundations imposes on all licensed associations and foundations the obligation to obtain prior approval from the regulatory authority (now RACA) before collecting donations or receiving transfers from abroad. Otherwise the receiving bank must retain the incoming transfer pending receipt of the permit. Once approved, the association or foundation must send the regulator copies of all related payment slips and receipts clearly indicating the name and address of the sender and the recipient.²⁸ Associations and foundations must maintain records of all donations for at least five years.

Qatari associations usually distribute international aid via intermediary charity organizations in the host countries. Only Qatari Charity has offices abroad and provides aid directly for economic efficiency. Permits for sending transfers out of the country are issued to licensed associations or foundations if they are engaged in charitable public utility and humanitarian causes and their projects serve these purposes. The foreign recipient must be a legal entity engaged in charitable and public utility causes, based in the same jurisdiction as the project location, and with a bank account in the country hosting the project. The funding organization must submit an application describing the project to be financed and demonstrating that actual need for it exists. The application must also state the exact amount to be transferred, the name of the beneficiary, and the expected phases of execution, with supporting documentation attested by the Qatari embassy or its substitute in the beneficiary's country. The transfer must be issued within two weeks of the date of the permit. The association or foundation must conduct regular field visits to the project to ensure that it in fact exists and to monitor progress. The regulator must be updated on a quarterly basis about all foreign transfers.

²⁸ This rule is from Article of 30 the Charity Work Regulation, which covers associations, and Article 36 of the same law, which states that all rules that apply to associations apply by default to foundations unless provided otherwise.

NPOs are legally obliged to adopt measures to combat money laundering²⁹ and the financing of terrorism.³⁰ They include know-your-customer measures to identify occasional and permanent clients and recipients of transfers, including both individuals and corporate entities. NPOs must also report all suspicious transactions or attempts to conduct such transactions, irrespective of their value, if they have reasonable grounds to believe that they are related to criminal activities or terrorism. Reports of suspicious transactions are sent to the Financial Investigation Unit (FIU), which was established in 2004 as the central financial intelligence unit.³¹

Tax Law

The standard income tax is 10 percent and is charged to non-Qataris only, as Qatari citizens voluntarily pay zakat. Qatari tax law states that private associations and foundations, including those that serve the public interest, are exempt from income tax. The law does not indicate whether this rule also applies to non-Qatari associations and foundations.

Allowable deductions from income tax paid by non-Qataris include donations, gifts, aid, and subscriptions to charitable, humanitarian, scientific, cultural, and sporting activities paid in Qatar to governmental bodies, public authorities, corporations, or any other authorized body, provided that their value does not exceed five percent of net income.

Withholding tax is largely irrelevant to the philanthropic sector, since it applies only to income from royalties, interest, commissions, brokerage fees, director's fees, attendance fees, and other payments for services carried out wholly or partly in Qatar. There is no payroll tax or social insurance for the private sector in Qatar. Employers must provide health insurance services for their workers. Employees are not taxed on income from employee benefits, including salaries, wages, and allowances, and there is no tax on gross income from legacies and inheritances.

There is no value-added tax or general sales tax in Qatar. Qatar imposes a customs duty on imports that is usually equal to 5 percent of their value, but awqaf are exempted from customs duty.

²⁹ Article 1 of Law No. 3 of 2004 on combating terrorism defines money laundry as committing one of three acts: “[1] Conversion or transfer of property by any person who knows, or should have known, or suspects that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit source of such property, or of assisting any person involved in the commission of the Predicate Offence to escape the legal consequences thereof; [2] Concealing or disguising the property’s real nature, source, or location; or disposition, movement, and ownership of the property or rights thereof; by any person who knows or should have known or suspects that such property is the proceeds of crime. [3] Acquisition, possession or utilization of a property by any person who knows or should have known or suspects that such property is the proceeds of crime.”

³⁰ Article 1 of Law No. 3 of 2004 defines a terrorist crime as one committed for a terrorist motive—in other words, “when the motive for using force, violence, threat, or causing terror, is obstructing application of the provisions of the Amended Provisional Constitution or the Law, breaching the public order or exposing the public safety and security to danger or damaging the national unity that results or could have resulted in injuring the public, or terrifying them, exposing their life, liberty or security to danger, harming the environment, public health, the national economy, public or private utilities, establishments, or properties, or seizure thereof or hindering their functions, or obstructing or hindering the public authorities from exercising their duties.”

³¹ Administrative Order No. (1-2004) Establishing the FIU and its Organizational Structure, August 31, 2004, <http://www.qfcra.com/en-us/legislation/Pages/Anti-Money-Laundering-Law.aspx>.

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This Philanthropy Law Report was prepared by the International Center for Not-for-Profit Law and issued in March 2017. It was updated again to reflect changes as of December 2017. The views expressed herein are those of the authors and reflect the authors' understanding of laws and regulations currently in effect in Qatar, as well as best international practice, and does not constitute a legal opinion or advice.