

CHAPTER
12

Withholding

12. Withholding






Generally under the Qatar-US IGA, Reporting Qatari Financial Institutions are unlikely to be required to withhold.

Withholding on US Source Withholdable Payments made to Non-Participating Financial Institutions

Qatar does not have any Financial Institutions who are Qualified Intermediaries (“QIs”); Withholding Foreign Partnerships (“WPs”); or Withholding Foreign Trusts (“WTs”). Therefore it is not expected that the provisions of Article 4(1)(d) of the Agreement will apply to Qatari Financial Institutions. Instead, such institutions should fall within the provisions of Article 4(1)(e) of the Agreement. This means that Qatari Financial Institutions will not have to withhold on US source withholdable payments to a Non-Participating Financial Institution but they may have to report on such payments to any immediate payor. However, if the immediate payor has not withheld on a US source withholdable payment made to a NPFI and the Reporting Qatari FI is aware of this, the Reporting Qatari FI will be required to withhold.

If a Reporting Qatari Financial Institution is required to withhold, it should do so as soon as it is aware of its requirement to withhold and/or before it makes the payment to the Non-Participating Financial Institution. Further the withheld amount should be remitted to the IRS using the Electronic Federal Tax Payment System (“EFTPS”). Depending on the amount of withheld tax this will either be required to be deposited with the IRS within 3 days of the end of a quarter-monthly period, 15 days of the end of the month or by 15 March of the following year. Further guidance on remitting withheld taxes to the IRS can be found on the IRS’ website.

ICON KEY

-  Practical Guidance
-  Example
-  Timing
-  Key facts
-  Reporting