

# National Definition of SMEs in Qatar

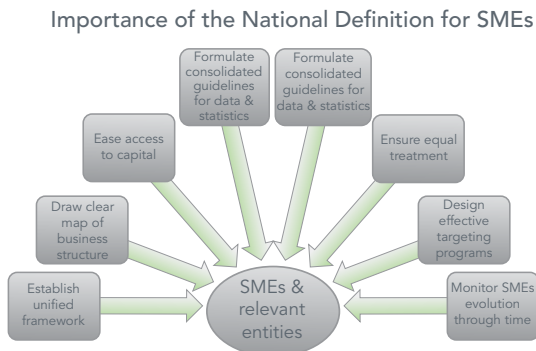


## The Importance of the National Definition of SMEs

Adopting the National Definition of SMEs in Qatar is extremely important, being the cornerstone for all national contributions directed to develop this vital sector. The definition has been developed through various stages, including: exploring the relevant international experiences, studying the local situation, getting views/feedback from number of governmental and non governmental entities, ended up with the final definition. The definition has been announced in November 2015 through Global Entrepreneurship Week (GEW) event.

The definition importance stems from its contribution to the following aspects:

- Ensures equal treatment for all SMEs on the national level.
- Establishes a unified framework to determine the eligibility of both current and foreseen enterprises to join SMEs sector, and benefit from available programs and initiatives.
- Designs effective targeting programs, to serve specific categories of SMEs, based on their size and/or economic activity, in light of the national development perspectives.
- Drawing a clear map for state's establishments structure (micro, small, medium and large). This will help in analyzing the current economic situation, and formulating future scenarios.
- Promotes registered Home-based Businesses, as they considered within SMEs sector.
- Monitors SMEs evolution through time, in terms of their growth and capability to sustain and progress from one category to another.
- Eases access to capital, through providing a preferable treatment to investment entities, such as investment funds and venture capital companies
- Formulates consolidated framework and guiding rules necessary for collecting, processing, and publishing data and information, which leads to the production of high-quality statistics.



## The National Definition of SMEs

Small and Medium Enterprises shall mean: the companies registered in accordance with the laws of the State of Qatar, where the number of labor force does not exceed two hundred and fifty (250) employees (with exception of companies operating in the creative industries sector and where the number of labor force shall not exceed one hundred (100) employees), and with an annual turnover that does not exceed one hundred (100) million Qatari Riyals,

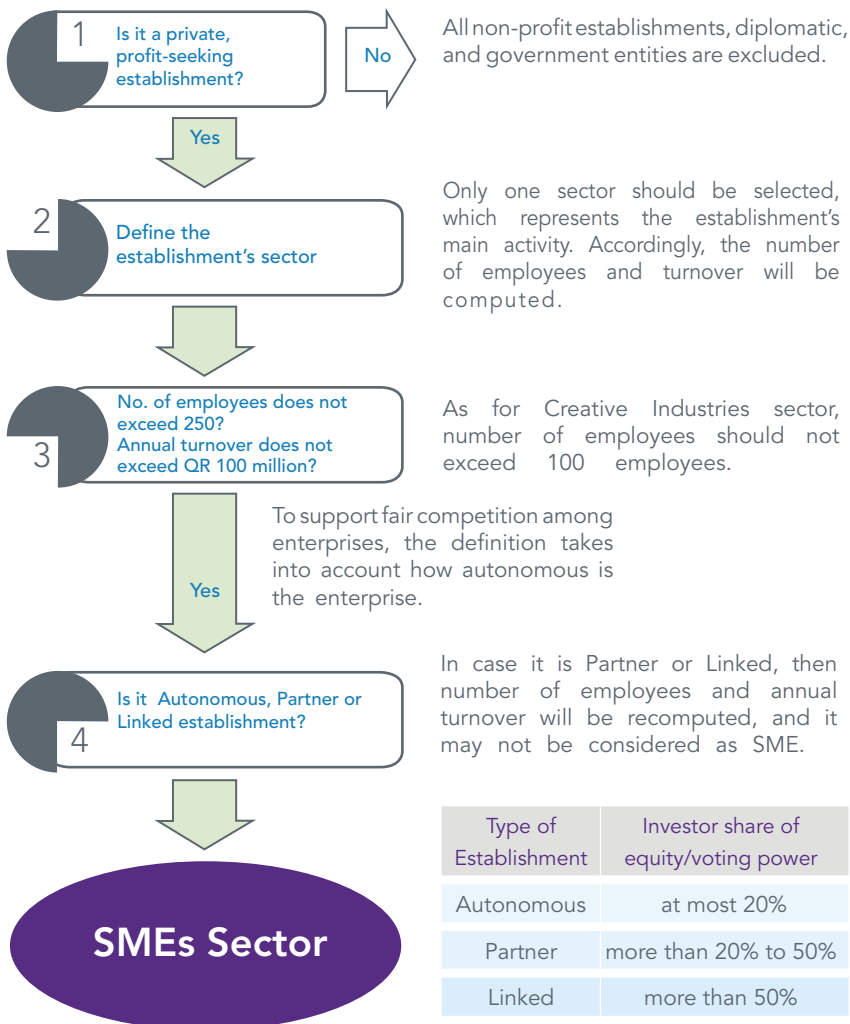
Where: (Employees are measured by work unit and annual turnover is measured in million Qatari Riyals)

Sector	Criteria	Micro	Small	Medium
Agriculture	No. of Employees	1 - 5	6 – 30	31 – 250
	Annual Turnover	Less than 1	1 – Less than 20	20 – 100
Manufacturing	No. of Employees	1 - 5	6 - 50	51 - 250
	Annual Turnover	Less than 3	3 – Less than 20	20 – 100
Creative Industries	No. of Employees	1 - 5	6 - 30	31 - 100
	Annual Turnover	Less than 1	1 – Less than 20	20 – 100
Construction	No. of Employees	1 - 10	11 - 50	51 – 250
	Annual Turnover	Less than 3	3 – Less than 20	20 – 100
Trade	No. of Employees	1 - 5	6 - 50	51 - 250
	Annual Turnover	Less than 3	3 – Less than 20	20 – 100
Other Services	No. of Employees	1 - 5	6 - 50	51 - 250
	Annual Turnover	Less than 3	3 – Less than 20	20 – 100

- **Companies:** Refers to any company that is established according to Qatar’s Laws, its headquarter resides in Qatar, and seeking for gaining profit, regardless of its legal form.
- **Staff Headcount:** it covers full-time, part-time and seasonal staff. The definition covers all the employees and individuals working for the benefit of the enterprise, and who are subject to the Qatari Labour Law, in addition to owners who are managing the enterprise and partners engaged in periodic activities for the enterprise and who receive financial benefits in consideration of such activities. It should be noted that a full-time employee within a year is considered as one-unit while part-time and seasonal employees are considered as a part of a unit.
- **Annual Turnover:** means the return/incomes generated by the enterprise during a year as a result of its sales from goods and services provided, following deduction of any rebates and taxes paid by the enterprise. It does not include ‘Other Income’ such as income from interest, dividends or royalties paid to the enterprise by other entities, or gained by selling its assets.

## How to Use the Definition

The National Definition of SMEs in Qatar depends on two criteria: staff headcount and annual turnover. In order to determine whether an establishment is an SME or not, we shall follow the following steps:



## Exceptions of National Definition of SMEs

### First Exception

To ensure fair competition among enterprises that constitute the SMEs Sector, and to guarantee the effectiveness of efforts aiming at the development of SMEs. Only the Private- and profit seeking- enterprises are eligible to join the SMEs Sector. Accordingly, the following establishments are excluded:

- Government departments and diplomatic/ international entities
- Government Establishments/Companies.
- Mixed establishments / companies, that are totally or partially owned by any government department/ establishment/ company.
- Non- profit establishments.

### Second Exception

In order to promote interventions that provide seed capital to small and medium enterprises, a commercial enterprise is still ranked as autonomous, and does not have any partner enterprises, even if the %20 threshold is increased to %50 by any of the following investors:

- Public investment corporations, venture capital companies and business angels.
- Universities and non-profit research centers.
- Institutional investors, including regional development funds. They are usually known as investors, who trade large volumes of securities on behalf of a great number of individual investors and who do not have any direct involvement in the management of the enterprises they invest in. Mutual funds and pension funds are examples of institutional investors.

### Third Exception

QE Venture Market is excluded from applying the National Definition of SMEs. The reason behind is that the requirements for companies to be listed in a capital market is significantly different. However, QE Venture Markey may decide to use it as a guiding definition. This exception is aligned with related internationally applied processes.