Contract Formation and Enforcement in Qatar: Overview

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A Q&A guide to general contract formation and enforcement in Qatar.

The Q&A gives a high-level overview of key concepts of contract law, including contract formation with general information on authority and capacity, formal legal requirements, preliminary agreements and pre-contract considerations. The Q&A also considers contract content requirements, enforcement and remedies, and choice of law and jurisdiction.

Formation of Contracts

Authority and Capacity

1. What are the authority/capacity rules for entering contracts?

The main legislation governing contract formation and enforcement in Qatar under the onshore regime is *Law No. 22 of 2004 Regarding Promulgating the Civil Code* (Civil Code). Qatar operates two distinct legal regimes:

- The onshore regime, founded on the Civil Code. This is a civil law system that codifies the general principles of contract law, with Islamic Sharia as a residual source of law.
- The *Qatar Financial Centre* (QFC) regime. This applies in the QFC, a financial and business centre with its own laws, regulator, and courts that operate independently of the onshore system. The QFC *Contract Regulations 2005* (QFC Contract Regulations), a codified regime based on common law principles, govern contract law in the QFC.

The two regimes share significant common ground but diverge in several respects. This Q&A addresses the onshore position unless otherwise stated and identifies the QFC position separately when it differs materially.

Individuals

Individuals are legally competent to enter contracts unless the law provides otherwise (Article 109, Civil Code). Individuals who are minors, mentally incapacitated, or legally insane are considered legally incompetent to enter contracts (subject to limited exceptions) (Article 50, Civil Code).

Companies

Companies have a separate legal personality from their individual members and can enter contracts in their own name, provided they comply with their articles of association and memorandum of association (Articles 53 and 54, Civil Code; Article 8, *Law No. 11 of 2015 promulgating the Commercial Companies Law* (Commercial Companies Law)).

The company's articles of association, memorandum of association, and commercial registration certificate typically outline the powers of directors and managers. If these are silent, a company can grant a power of attorney (POA) to a representative to perform certain acts, including entering contracts. For transactions that require filing or registration with government authorities, the individual making the filing typically requires a POA.

For certain transactions, such as banking and finance transactions, lenders normally require a legal opinion confirming that the company's representatives have the legal capacity to enter into the relevant transaction.

A company's articles and memorandum of association are not readily available to the public. Therefore, a third party seeking to contract with a company should request from the company sufficient documentation to establish the powers of the individual representative with which they negotiate a contract. If a third party enters a contract with a company through individuals that it knows did not have the capacity to bind the company, that contract will not be binding on the company. However, an authorised company representative can affirm the contract, which will then bind the company.

For more information on the different types of companies in Qatar, see *Practice Note, Trading Vehicles: Overview (Qatar)*.

Foreign Companies

Foreign companies are legal persons and are generally governed by the laws of the country where their headquarters are located. If a foreign entity has its main headquarters outside Qatar, but operates in Qatar, its local administration in Qatar is considered its domicile for the purpose of that activity (Articles 12 and 55, Civil Code). There are no specific restrictions on the capacity of foreign companies to enter contracts.

General Partnerships

Onshore, general partnerships take the form of a joint liability company, in which two or more individuals carry on business under a common name and are personally and jointly liable for the company's obligations (Chapter 2, Commercial Companies Law). This is a registered corporate form of partnership. Therefore, the memorandum of association of a joint liability company must be registered in the commercial register (Article 25, Commercial Companies Law). The memorandum must set out:

- How the company is managed.
- The names of the authorised signatories and the scope of their respective authority.

For more information, see *Practice Note, Trading Vehicles: Overview (Qatar): Joint Liability Company*.

The QFC regulations also recognise general partnerships. Under the QFC *Partnership Regulations 2007* (QFC Partnership Regulations), a general partnership is not a separate legal entity, and each partner has unlimited liability, jointly and severally with the other partners, for the partnership's debts and liabilities. The partners must enter into a partnership agreement (Article 11, QFC Partnership Regulations). Registration of the partnership with the QFC Companies Registration Office is optional (Article 36, QFC Partnership Regulations). Each partner can bind the partnership through any act carried out in the usual course of the partnership's business (Article 21, QFC Partnership Regulations), meaning the partners enter into contracts on the partnership's behalf.

Limited Partnerships

Onshore, a limited partnership takes the form of a limited partnership company, which comprises:

- Joint partners, who manage the business and are personally and jointly liable for the company's obligations.
- Silent partners, whose liability is limited to their capital contribution.

(Chapter 3, Commercial Companies Law.)

A silent partner who interferes in the company's management becomes jointly liable for the obligations arising from that management. The rules governing a joint liability company (see above, *General Partnerships*) also apply to the management of a limited partnership company.

For more information, see *Practice Note, Trading Vehicles: Overview (Qatar): Limited Partnership*.

The QFC Partnership Regulations also recognise limited partnerships. A limited partnership under the QFC regulations does not have a separate legal personality but can own assets and enter into and enforce contracts. General partners are responsible for managing the partnership and can enter contracts on its behalf. A limited partner has limited liability provided it does not take part in the partnership's management.

Trustees

Qatar's onshore regime does not recognise trusts. However, trusts can be established under the QFC *Trust Regulations 2007*, under which a trustee holds and deals with trust property and can enter into contracts in that capacity, in accordance with the trust terms and the QFC Trust Regulations.

Charities

A charity acquires legal status on completing the registration and publicising procedures set out in *Law No. 15 of 2014 on the Regulation of Charitable Activities* (Charities Law) (Article 14, Charities Law). On this basis, charities can enter into contracts, subject to some exceptions.

Public Bodies and Local Authorities

Public authorities and institutions, as well as the state and its administrative units (including municipalities), are legal persons (Article 53, Civil Code). They can enter contracts with other public entities, companies, and individuals.

Agencies

An agent can enter contracts on behalf of the principal, unless the law requires the principal to conclude contracts personally (Article 81, Civil Code). Contracts concluded by the agent are binding on the principal if the agent acted within the scope of their authority (Article 84, Civil Code).

For information on the primary laws regulating commercial agencies in Qatar, see *Practice Note, Agency Considerations: Overview (Qatar)*.

Formal Legal Requirements

2. What are the essential requirements to create a legally enforceable contract?

Formation of a legally enforceable contract requires:

- Intention or willingness to create a legal relationship.
- An offer.
- Acceptance of the offer.
- A lawful subject matter and cause.

(Articles 64 to 68, Civil Code)

Offer and acceptance can be made orally, in writing, or result from customary usage or practices.

There is a distinction between an offer intended to create legal obligations and an invitation to negotiate (invitation to treat) under Qatari law. An invitation to treat is generally not considered to be a formal offer, unless the circumstances clearly indicate an intent to be legally bound (Article 69(3), Civil Code).

When an offer requires acceptance within a fixed period, the offeror must maintain the offer until the expiry of that period. Otherwise, an offer is no longer capable of acceptance if:

- The offeror withdraws the offer before acceptance.
- One of the parties does an act indicating withdrawal or rejection of the offer.

Acceptance must correspond to the offer. If the response to an offer includes amendments to the offer, it is considered a new offer or counteroffer. Silence does not generally constitute acceptance. However, in some cases, silence may amount to acceptance based on the parties' prior course of dealing or customary practices.

Consideration is not a requirement for a binding contract under Qatari law.

Certain types of contract require specific essential elements. For example, a valid sale contract requires two additional key elements, a description of the item being sold and the price. Similarly, lease contracts must include, among others, details of the rent amount.

There are no statutory provisions on disputes relating to "battle of the forms" scenarios. These disputes are resolved on a case-by-case basis.

In the QFC, parties conclude a contract through acceptance of an offer or conduct that is sufficient to show agreement, with no particular formality (Articles 8 and 15, QFC Contract Regulations).

To compare common requirements in selected jurisdictions, see *Quick Compare Chart, Contracts - Creating Enforceable Contracts*.

3. Which types of contracts, if any, must be in writing to be valid and enforceable? Under what circumstances are oral contracts valid and enforceable?

The general rule is that a party can express its intention or consent in writing, orally, through common signs or conduct indicating consent, or any other means that leaves no doubt as to the party's intention (Article 65, Civil Code).

However, certain types of contracts must be in writing to be valid and enforceable, including:

- Articles of association (Article 6, Commercial Companies Law).
- Memoranda of association (Article 6, Commercial Companies Law).
- Contracts for the lease of real estate, which also require registration (*Law No. 4 of 2008 Regarding Property Leasing*, as amended by Law No. 19 of 2017).
- Agency contracts conferring certain powers (for example, for real estate transactions or court proceedings), which also require notarisation (Articles 81 and 718, Civil Code; *Article 44, Law No. 13 of 1990, Civil and Commercial Procedure Law*).
- Mortgage contracts over real property, which also require notarisation and registration (Article 1059, Civil Code).
- Assignments of rights and obligations, to be enforceable against third parties (Article 326, Civil Code).

- Account pledge contracts, which also require electronic registration to establish priority and enforceability against third parties (*Law No. 16 of 2021 on the Mortgaging of Movable Assets*).
- Share sale and purchase agreements, which must be in the standard form provided by the Ministry of Justice, signed, and registered with that ministry.
- Employment contracts, which must be drafted on the standard form provided by the *Ministry of Labour* and authenticated by that ministry.

Generally, contracts relating to real estate must be registered with the Real Estate Registration Department at the Ministry of Justice.

The Qatari authorities tend to have a formalistic approach to contracts and other documents. Therefore, it is recommended to evidence contracts in writing.

In contrast, the QFC Contract Regulations do not require a contract to be made or evidenced in writing, or to take any particular form, and parties can prove a contract by any means, including witness testimony (Article 8, QFC Contract Regulations) (see *Question 2*). The onshore writing and registration requirements described above do not apply to contracts governed by QFC law, although other QFC regulations may impose formalities for certain transactions or entities.

To compare whether contracts need to be in writing and signed in selected jurisdictions, see *Quick Compare Chart, Contracts - Creating Enforceable Contracts*.

4. Are there language requirements for the validity of contracts? Is translation into the language of your jurisdiction required? If so, when is this required?

Arabic is the official language of Qatar. However, contracts in foreign languages are generally recognised and enforceable. Certain types of contracts must be in Arabic but can be accompanied by a translation into any other relevant foreign language. These include contracts that require registration or filing with government authorities (see *Question 3*). In the event of a discrepancy between the different languages, the Arabic version prevails.

Law No. 7 of 2019 on Protection of the Arabic Language requires all ministries, government agencies, public bodies and institutions, private institutions for public benefit, and entities funded by the state of Qatar, to use Arabic in their contracts and other documents.

The courts of Qatar do not review documents in a foreign language and require all documents to be either submitted in Arabic or accompanied by a certified Arabic translation.

The position differs in the QFC. While there is no translation requirement for contract validity, the QFC Contract Regulations are enacted in English, and the English text prevails in the event of any discrepancy with a translation of the regulations (Article 4, QFC Contract Regulations). Proceedings before the QFC Civil and Commercial Court are also conducted in English.

To compare whether contracts must be written in a particular language in selected jurisdictions, see *Quick Compare Chart, Contracts - Creating Enforceable Contracts*.

5. Are contracts in electronic form (email, web-based, or otherwise) legally enforceable?

The *Electronic Commerce and Transactions Law No. 16 of 2010* (E-Commerce Law) defines an "electronic transaction" as any deal, contract, or agreement concluded or performed, in whole or in part, through electronic communications. An instrument, a document, or a transaction cannot be denied legal effect, validity, or enforceability solely because it is in electronic form (Article 21, E-Commerce Law). In assessing whether electronic transactions are valid and enforceable, the following factors are generally considered:

- The procedures and circumstances under which the electronic transaction was generated, stored, and communicated.
- The procedures and circumstances under which the integrity of the information or document contained in the electronic transaction was maintained.
- The procedures and circumstances under which the originator of the electronic transaction was identified.
- Any other relevant process or circumstances.

The E-Commerce Law does not apply to:

- Documents and contracts relating to family issues and personal circumstances.
- Negotiable commercial instruments.

(Article 3, E-Commerce Law.)

Therefore, these contracts are generally invalid and unenforceable if they are in electronic form. In addition, certain contracts require handwritten signatures or notarisation, or both, and cannot be in electronic form.

A separate framework applies in the QFC. The QFC *Digital Asset Regulations 2024*, which came into effect on 1 September 2024, recognises smart contracts and property rights in tokens and their underlying assets.

To compare whether contracts in electronic form are legally enforceable in selected jurisdictions, see *Quick Compare Chart, Contracts - Creating Enforceable Contracts*.

Preliminary Agreements and Pre-Contract Considerations

6. Which types of preliminary agreements are most frequently used and for which types of transactions? Are preliminary agreements presumed to be non-binding?

The most frequently used types of preliminary agreements are term sheets, heads of terms, letters of intent, memoranda of understanding, and confidentiality or non-disclosure agreements. These preliminary agreements are mainly used when two or more parties intend to enter into a subsequent agreement (such as a joint venture, merger, acquisition, or other commercial arrangement). The extent to which these preliminary arrangements are binding depends on the language used and the parties' intention.

Preliminary agreements usually contain binding clauses, such as confidentiality, exclusivity, and governing law and jurisdiction clauses. Indicative terms, such as the proposed transaction structure and timelines, are typically non-binding.

To compare whether pre-contract documents can become binding in selected jurisdictions, see *Quick Compare Chart, Contracts - Creating Enforceable Contracts*.

7. Are there limitations on the use of exclusivity or lock-out provisions in preliminary agreements under local law?

Qatari law allows the use of exclusivity and lock-out provisions. There are no specific limitations on the use of these provisions in preliminary agreements under local law.

Parties should consider drafting exclusivity or lock-out provisions so that they do not place unreasonable burdens or restrictions on the parties. This is because the courts can adjust an obligation to a reasonable level if unforeseeable and exceptional events make the obligation burdensome (although not impossible) for the debtors, so that they risk incurring substantial loss (see *Question 16*).

8. What are the principles and rules (if any) on pre-contractual liability?

The Civil Code does not expressly recognise pre-contractual liability or the concept of promissory estoppel.

However, the principles governing contract formation address pre-contractual liability to an extent. For example, misrepresentation as to the quality or quantity of contract goods or services may prevent the formation of a contract and give rise to tort liability if this causes harm (Articles 199 to 219, Civil Code).

Under Qatari law, unjust enrichment occurs when a person makes gains at another's expense without a legal basis. The enriched party must compensate the aggrieved party for losses suffered, up to the amount of the unjust enrichment (Articles 220 and 221, Civil Code). This principle may be relevant when a party begins performing obligations under a contract that has not yet taken effect.

The position differs in the QFC. A party that negotiates or breaks off negotiations in bad faith is liable for the losses caused to the other party. A party acts in bad faith, in particular, if it enters into or continues negotiations with no real intention of reaching an agreement (Article 13, QFC Contract Regulations). A separate obligation applies to information disclosed as confidential during negotiations. The receiving party must not disclose this information or use it improperly for its own purposes, regardless of whether the parties later conclude a contract (Article 14, QFC Contract Regulations).

9. Can negotiations become legally binding in any circumstances?

Negotiations do not typically create binding legal obligations. Pre-contractual negotiations are superseded by the contract. However, negotiations may create a contract in the following situations:

- Partial performance and conduct. If a party performs obligations that are the subject of negotiations without objection from the other party, and that party accepts or benefits from the performance, an implied contract is formed. The terms of the contract can be evidenced by the terms being negotiated.

- Customary practices. Parties may be bound by customary practices that are common in certain industries, even if they did not expressly agree to them.

- Express agreement. Parties can agree during negotiations that certain terms will be binding before the execution of the final contract.

10. Is the concept of "good faith" in negotiations recognised and applied? If so, how?

There is no express statutory duty to act in good faith during negotiations. However, if the negotiations create binding obligations (see *Question 9*), the courts may find that the parties must act in good faith.

The parties to a contract have a duty to perform the contract in accordance with its terms and in a manner that aligns with the requirements of good faith (Article 172(1), Civil Code). The duty of good faith specifically applies to the performance of contractual obligations, not to contract formation and negotiation. However, the principles governing contract formation may supplement the absence of a duty to negotiate in good faith (see *Question 8*).

Under the QFC Contract Regulations, a party that negotiates or breaks off negotiations in bad faith is liable for the losses caused to the other party (see *Question 8*).

To compare the position on the duty of good faith in selected jurisdictions, see *Quick Compare Chart, Contracts - Good Faith and Fair Dealing*.

Content of Contracts

11.Can contract terms be implied from the conduct of the parties or incorporated by reference?

The courts can imply terms into contracts in certain circumstances. If a contract is unclear or silent about a specific point, the courts can imply terms based on the common intention of the parties. In doing so, the courts can consider the nature of the transaction and customary practices in a particular industry (Article 169(2), Civil Code). The courts can also infer the common intention of the parties from the parties' conduct. However, certain terms cannot be evidenced by the parties' conduct and must be evidenced in writing. These include arbitration agreements and guarantees, which must be in writing.

Contract terms can also be incorporated by reference (for example, to standard terms and conditions). A reference in a contract to another document containing an arbitration clause constitutes an arbitration agreement, provided the reference clearly incorporates that clause into the contract (Article 7, Law No. 2 of 2017 Promulgating the Civil and Commercial Arbitration Law). A general reference may be insufficient for this purpose. Therefore, parties should not assume that a general reference will incorporate all terms contained in the referenced document.

The QFC Contract Regulations provide for the implication of terms based on reasonableness, the nature and purpose of the contract, practices established between the parties, and usages (Article 53, QFC Contract Regulations).

12. Which mandatory terms and standards are implied into a contract by operation of law?

The law generally implies into contracts mandatory terms regarding matters of public policy and good faith to prevent injustice and protect the public interest. The parties cannot generally waive these requirements in the contract.

Areas of law that imply mandatory terms into contracts include:

- Consumer protection law.
- Labour law.
- Real estate law.
- Intellectual property law.
- Competition law.

All contracts imply an obligation to perform in accordance with the requirements of good faith (Article 172(1), Civil Code). The Civil Code does not define "good faith," which gives the courts flexibility to determine whether the performance of a contract was in accordance with the requirements of good faith.

Mandatory rules of public policy prevail over inconsistent contractual terms. The term "public policy" is a broad concept, and the courts have discretion to determine what may fall under the umbrella of public policy. Contract terms that are contrary to public policy are null and void, and may render the entire contract null and void if the offending terms are essential (see *Question 15*).

Sharia principles also serve as a residual source of law, which the courts can apply in the absence of an applicable statutory provision (Article 1, Civil Code).

In the QFC, the parties are generally free to exclude or vary the QFC Contract Regulations, except for the provisions on validity. These include provisions on impossibility, mistake, and fraud (Article 10, QFC Contract Regulations).

13. Is the concept of "reasonable," "commercial," or "best" endeavours or efforts legally recognised?

While there is no defined concept of "reasonable," "commercial," or "best" endeavours or efforts under Qatari law, the courts can rely on customary or specific industry practices to determine the nature and extent of contractual obligations in the circumstances.

Subject to the wording of a contract, an obligation can be either:

- An obligation to achieve a specific result.
- An obligation to take the contractually required degree of reasonable steps towards achieving a result, without guaranteeing that result. The terms "endeavours" or "efforts" are generally used to describe this type of obligation.

The interpretation and application of effort-related modifiers vary depending on the circumstances of a particular transaction or case.

14. Does local law require that special notice be given of any contract terms for them to be effectively incorporated in a contract?

There are no special notice requirements for the valid incorporation of terms into a contract. However, the law may impose formalities to warn, inform, or provide evidence of the existence of a contract. For example, in the context of POAs, the attorney must obtain a special POA to act in arbitration proceedings. A general POA is not sufficient for this purpose.

Enforcement and Remedies

Invalid and Voidable Contracts

15. What makes a contract void, voidable, or invalid?

A contract can be either void (absolute nullity) or voidable (relative nullity) depending on the nature of the defect or the absence of a fundamental element for a valid contract.

Absolute nullity means that the contract is null and void from the outset (*ab initio*) and does not create any obligations for the parties. Parties cannot ratify or cure grounds of absolute nullity. Common grounds of absolute nullity include:

- Lack of subject matter (Article 148, Civil Code).
- Illegality of cause (Article 155, Civil Code).

Relative nullity means that the contract is initially valid but the innocent party has the option to either rescind or affirm the contract. If the innocent party rescinds the contract, nullity takes effect from the inception of the contract. Most consent defects are grounds for relative nullity.

If a contract contains terms that are prohibited by law or contrary to public policy or morals, the general rule is that these terms are null and void. The remainder of the contract generally remains enforceable, unless:

- The void provision is an essential term of the contract.

- Either party can show that they would not have agreed to the contract without the void term.

When a void or voidable contract contains the elements of another contract, the contract is deemed valid to the extent of that other contract, provided the parties' intention indicates that they wished to conclude the other contract (Article 167, Civil Code).

Specific rules apply to certain types of contracts, such as leases and employment contracts.

Discharging Contracts

16. On what basis can a party be discharged from performing its contractual obligations at law?

As a general rule, complete performance discharges contractual obligations.

A party can also be discharged from its contractual obligations in the following circumstances:

- Mutual agreement. Parties are generally free to discharge contractual obligations by agreement. They can also include contract terms that provide for termination, cancellation, or modification of the contract in certain circumstances. However, these terms must comply with Qatari law and must not violate public policy.

- Force majeure. While the Civil Code does not expressly define force majeure, the doctrine is recognised through several Civil Code provisions, including Article 188 and the concept of impossibility (see below). Under Article 188 of the Civil Code, where performance becomes impossible due to an extraneous cause beyond the obligor's control, the relevant obligation and the corresponding obligation of the other party are extinguished and the contract is automatically rescinded. Parties can agree on terms that define force majeure and the consequences of force majeure events on the contractual relationship.

- Impossibility. Obligations cease if the debtor shows that performance has become impossible due to an external cause beyond the debtor's control (Article 402, Civil Code).

- Hardship. When an exceptional and unforeseeable event causes the performance of an obligation to be so onerous (although not impossible) that it would result in significant losses to the obligor, the courts can reduce the excessive obligation to a reasonable level (Article 171(2), Civil Code). However, this reduction does not fully discharge the obligor from performance.

- Breach. Breach of contract may discharge the innocent party from performing corresponding obligations (Article 191, Civil Code).

- Court order. The Civil Code contains numerous provisions allowing an aggrieved party to request the court to cancel or rescind a contract, or to reduce its obligations.

To compare the position in selected jurisdictions, see *Quick Compare Chart, Contracts - Force Majeure and Similar Events Preventing Performance*.

17. On what basis does a party have the right to terminate the contract?

Generally, a contract can be terminated:

- Unilaterally. Depending on the contract terms, a party may be able to terminate a contract unilaterally for:
  - convenience where the contract type or the parties' agreement provides for it (for example, in a consultancy contract under Article 707, Civil Code);
  - breach (Article 183, Civil Code); or
  - impossibility to perform (see *Question 16*).
- By mutual consent. The parties are free to terminate the contract by mutual agreement (Article 189, Civil Code).
- By court order.

The Civil Code does not specifically address the parties' ability to terminate a contract based on an anticipated breach. In practice, the creditor may have a right to terminate where there is a manifest impossibility for the debtor to perform.

To compare the position in selected jurisdictions, see *Quick Compare Chart, Contracts - Termination Rights*.

Contract Liability and Exclusion of Liability

18. What are the key rules on privity of contract and third-party rights?

A contract cannot impose obligations on third parties but can grant rights to third parties (Article 177, Civil Code). As a general rule, a person who is not a party to a contract cannot bring an action or defend an action arising under the contract. Further, any contracting party's promise of performance of contractual obligations by a third party does not bind that third party, and any failure to perform is attributable to the contracting party.

Qatari law allows contracting parties to include terms that grant specific rights to third parties. In this case, third parties have the right to enforce their rights under the contract.

Even when contractual remedies are not available, a third party may have recourse under tort law, as any person who causes harm to others must provide compensation (Article 199, Civil Code).

19. What are the main rules relating to excluding and limiting contractual liability?

Parties are generally free to agree on exclusion and limitation provisions (Article 259, Civil Code). For example, the parties can agree to limit liability for delay in performance.

However, the parties cannot contractually agree to exclude or limit liability for:

- Fraud or gross negligence.
- Mandatory statutory obligations and terms implied by law (see *Question 12*), such as implied warranties for goods sold to consumers and the decennial liability of the engineer or contractor under construction contracts.

20.What are the main defences to breach of contract claims?

The main defences to breach of contract claims include:

- Force majeure. For more information, see *Question 16*.
- Impossibility to perform. For more information, see *Question 16*.
- Non-performance by the other party. Where a party does not perform its contractual obligations, the other party may have the right to refrain from performing the corresponding obligation (Article 191, Civil Code).

Parties generally tend to advance additional defences such as breach of the duty of good faith or abuse of rights.

Contract Remedies

21. What are the main remedies available for breach of contract?

The main remedies available for breach of contract are:

- Specific performance.
- Damages.
- Restitution.
- Termination of the contract.

The courts can order specific performance unless the obligation is "natural" (Article 241(2), Civil Code). The Civil Code does not expressly define the concept of "natural obligation." The courts have discretion to determine what constitutes a natural obligation. Generally, a natural obligation is one that a person may perform as being dictated by their conscience or beliefs, but is not imposed by any law or judicial order.

If specific performance is not possible, the innocent party can seek compensatory damages. The general rule is that the debtor must compensate the creditor for damages resulting from failure or delay in performance, unless it can prove that failure or delay was caused by factors beyond its control (Article 256, Civil Code) (see also *Question 16*).

The parties are generally free to agree on the method to quantify damages, subject to compliance with Qatari law. If the contract or the law is silent, the courts assess the amount of compensation (Article 263, Civil Code). Compensation must cover both actual losses and lost profits directly resulting from the breach (Article 263, Civil Code). Loss is deemed a natural consequence if the creditor could not have avoided it through reasonable efforts. When the breach does not result from the debtor's fraud or gross negligence, the debtor is only required to compensate damages that were reasonably foreseeable at the time of contract formation.

Restitution is also available. The purpose of restitution is to place the injured party in the position it was in before the breach (Article 185, Civil Code).

The aggrieved party can also seek termination of the contract in certain circumstances, including breach of contract (see also *Question 17*).

Law No. 4 of 2024 on the Issuance of the Judicial Enforcement Law established a dedicated Enforcement Court to replace the previous Enforcement Department. This law expanded the categories of instruments that parties can enforce directly without first obtaining a judgment on the merits, which now include cheques and lease contracts (Article 6). A creditor holding an instrument within those categories can apply directly for enforcement, subject to any conditions set out in the law.

22. Are clauses setting out a fixed or ascertainable amount of compensation/damages valid in your jurisdiction? Are these clauses subject to any limitation?

The parties can pre-determine the amount of damages payable, either in the contract itself or in a subsequent agreement (Article 265, Civil Code). This is a common mechanism, particularly in construction contracts, to compensate the employer for delays (also known as liquidated damages or delay liquidated damages). However, the court can refuse to enforce liquidated damages if the innocent party suffers no loss or it can reduce the agreed amount to make compensation equal to the loss suffered (Article 266, Civil Code). Any agreement that attempts to exclude judicial review is null and void.

The QFC position differs in an important respect. If a contract provides that a party who does not perform must pay a specified sum to the aggrieved party for non-performance, that sum is recoverable irrespective of the actual harm suffered. However, the court can reduce the specified sum to a reasonable amount if it is grossly excessive in relation to the harm resulting from the non-performance and other circumstances (Article 107, QFC Contract Regulations).

Choice of Law and Jurisdiction

Choice of Law

23. Is the choice of a foreign law in a contract upheld by local courts?

The parties are generally free to choose the law that governs a contract, subject to some exceptions and limitations. For example:

- Contracts involving the transfer of real estate located in Qatar are exclusively subject to the laws of Qatar.
- The courts will not apply foreign law provisions that are contrary to mandatory statutory provisions, public policy or order, Sharia principles, and morals.
- In the QFC, the courts will apply a chosen foreign law provided it is not contrary to public order.
- For more information, see *Practice Note, Governing Law and Jurisdiction Clauses: Overview (Qatar): Governing Law*.

Jurisdiction

24. Is the choice of a foreign jurisdiction in a contract upheld by local courts?

Parties are generally free to choose a foreign jurisdiction (in either litigation or arbitration) subject to specific statutory limitations and restrictions. For example, the courts are unlikely to uphold a choice of foreign jurisdiction for contracts relating to a transfer of real estate located in Qatar.

For more information, see *Practice Note, Governing Law and Jurisdiction Clauses: Overview (Qatar): Jurisdiction*.

Other Key Issues

25. Are there additional and important issues of law and practice relating to contract formation and enforcement that are not otherwise addressed in this Q&A?

Additional important legal and practical issues relating to contract formation and enforcement in Qatar include:

- Sharia principles. In the absence of specific legislative provisions, courts must base their rulings on the principles of Islamic Sharia (Article 1, Civil Code). Sharia principles may play a significant role, particularly in contract interpretation and public policy considerations, potentially influencing case outcomes.

- The distinction between onshore laws and the laws of the QFC. The QFC has its own legal, tax, and regulatory framework, which runs alongside the broader onshore legal system (see *Question 1*). The QFC also has its own civil and commercial courts, as well as an independent regulatory tribunal. Its legal framework is largely based on English common law and modelled after that of major financial centres worldwide.

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