



Saudi Arabia

From January 1, 2018 VAT applies in the country in which the services are actually used or benefited from according to Article 20 of The Unified VAT Agreement for the Cooperation Council for the Unified Arab States of the Gulf Cooperation Countries that was approved by KSA by a Royal Decree No. M/51 dated on 3/5/1438.

VAT Standard rate

5 %

Prices published to final consumers in the local market should be shown to be inclusive of VAT(31). If the price is VAT-inclusive (or if no mention is made to VAT), then VAT should be calculated as 5/105 of the VAT inclusive price.

VAT Reduced rate

There is no reduced rate established

Threshold

Registration is mandatory for all taxable persons whose annual turnover exceeds a certain threshold. If the total value of a person's taxable supplies during a 12-month period exceeds SAR 375,000, the "mandatory VAT Registration Threshold", that person must register for VAT.

Pieces of evidence

Certain customer information may be relied upon by suppliers as they are deemed highly indicative of a customer's usual place of residence. Such indicative information includes:

- The invoicing address of the Customer
- The bank account details of the Customer
- The internet protocol address used by the Customer to receive the wired and wireless telecommunications services and Electronic Services
- The country code of the SIM card used by the Customer to receive the wired and wireless telecommunications services and Electronic Services

E-services list

Electronic Services are part of a broader defined term for VAT purposes, being "wired and wireless telecommunication services and electronic services".

Telecommunications services and Electronic Services are closely related, being services that involve the transmission of information to a recipient or recipients. The Implementing Regulations provide the following non-exhaustive list of services that fall within the definition of this term:

Any service relating to the transmission, emission or reception of signals, writing, images and sounds or information of any nature by wire, radio, optical or other electromagnetic systems.

- The transfer or assignment of the right to use capacity for such transmission, emission or reception.
- The provision of access to global information networks.
- The provision of audio and audio-visual content for listening or viewing by the general public on the basis of a program schedule by a person that has editorial responsibility.
- Live streaming via the internet.
- Supplies of images or text provided electronically, such as photos, screensavers, electronic books and other digitised documents or files.
- Supplies of music, films and games, and of programs on demand.
- Online magazines.
- Website Supply or web hosting services.
- Distance maintenance of programs and equipment.
- Supplies of software and software updates.
- Advertising space on a website and any rights associated with such advertising.

Registration procedure

Non-Residents, who carry on economic activities but have no fixed place of business or fixed establishment in Saudi Arabia, are required to register if they have the obligation to pay VAT in Saudi Arabia.

In order to register for VAT, businesses must first be registered at GAZT for Zakat and Income Tax.

All Non-Resident taxable persons must have one Tax Representative established in Saudi Arabia and who is approved by GAZT.

VAT returns filing date

Taxable persons which make an annual taxable supply of goods and services in excess of SAR 40,000,000 are required to file VAT returns monthly.

All other taxable persons are required to file VAT returns quarterly. However, such persons may elect to file monthly returns subject to approval by GAZT.

From the end of the tax period (as defined above) all taxable persons will have one month to file their VAT return. For example:

If monthly returns are required, for the tax period 1 January 2018 to 31 January 2018 the VAT return must be filed by 28 February 2018

If instead quarterly returns are required, for the tax period 1 January 2018 to 31 March 2018, the VAT return must be filed by 30 April 2018.

Taxable persons need to file the VAT Return through the GAZT e-portal.

VAT payment date

VAT payment should be made following the submission of the VAT return. Payment of Tax due by a Taxpayer in respect of a Tax Period must be made maximum by the last day of the month following the end of that Tax Period.

- For a monthly filer, the payment deadline for the reporting period of 1st January to 31st January would be 28th February.
- For a quarterly filer, the payment deadline for the reporting period of 1st January to 31st March would be 30th April.

Penalties

Penalties or fines may be imposed by the Authority on taxpayers for violations of VAT requirements set out by the Law or Implementing Regulations.

Description of offence	Associated fine
Submit false documents with the intent of evading the payment of the VAT due or to reduce its value.	<ul style="list-style-type: none">• At least the amount of the VAT due• Up to three times the value of the goods or service
Failure to register for the VAT in the allotted timeframe.	SAR 10.000
Filing incorrect tax return, amend a tax return after submission or filing any VAT document with the Authority resulting in a lower amount due.	Equal to 50% of the value of the difference between the VAT calculated and the VAT due.
Failure to file VAT return in time.	5-25% of the VAT that should have been reported.

Failure to pay the VAT in time.	5% of the VAT due for each month or part thereof.
Collecting the MAT without being registered.	Up to SAR 100.00
Failure to maintain books and records as stipulated in the regulations.	Up to SAR 50.000
Violating of any other provision of the VAT regulations or the VAT law.	Up to SAR 50.000
