

KSA: The Value Added Tax (VAT) Law has been published in the official gazette

July 2017

In brief

The Value Added Tax (VAT) law was published in KSA's official gazette (UM AL-QURA) in its issue number 4681 dated 28 July 2017.

The VAT law indicates that VAT will enter into force from the start of the fiscal year following the date of its publication in the official Gazette, i.e. 1/1/2018. In addition, it gives taxable persons in KSA 30 days from the date of publication of the VAT law to register with GAZT.

In detail

In another step towards finalising the legal framework governing VAT implementation in KSA, the VAT law is now officially released in UM AL-Qura and is expected to enter into force by 1 January 2018.

The VAT draft law contains 18 chapters and 53 articles which highlight the main VAT principles that will be applicable in KSA. The VAT law also makes reference in many of its provisions to the VAT implementing regulation that should be officially released by GAZT within 30 days from the date the VAT law was issued in the official gazette. Already, GAZT has released a draft version of the implementing regulation for public consultation purposes which can be used as guidance.

Most importantly from a VAT registration perspective, the VAT law requirement is that all taxable persons have to submit their registration by **27 August 2017** to comply with the VAT law.

The takeaway

Considering the registration deadline of 27 August, taxable persons subject to the registration requirement should make appropriate efforts to register with the GAZT before the stipulated deadline to avoid potential penalties (provided they were not automatically registered by GAZT). Companies in preparing their VAT registration should have regard to specific documentation requirements of the GAZT for this purpose.

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