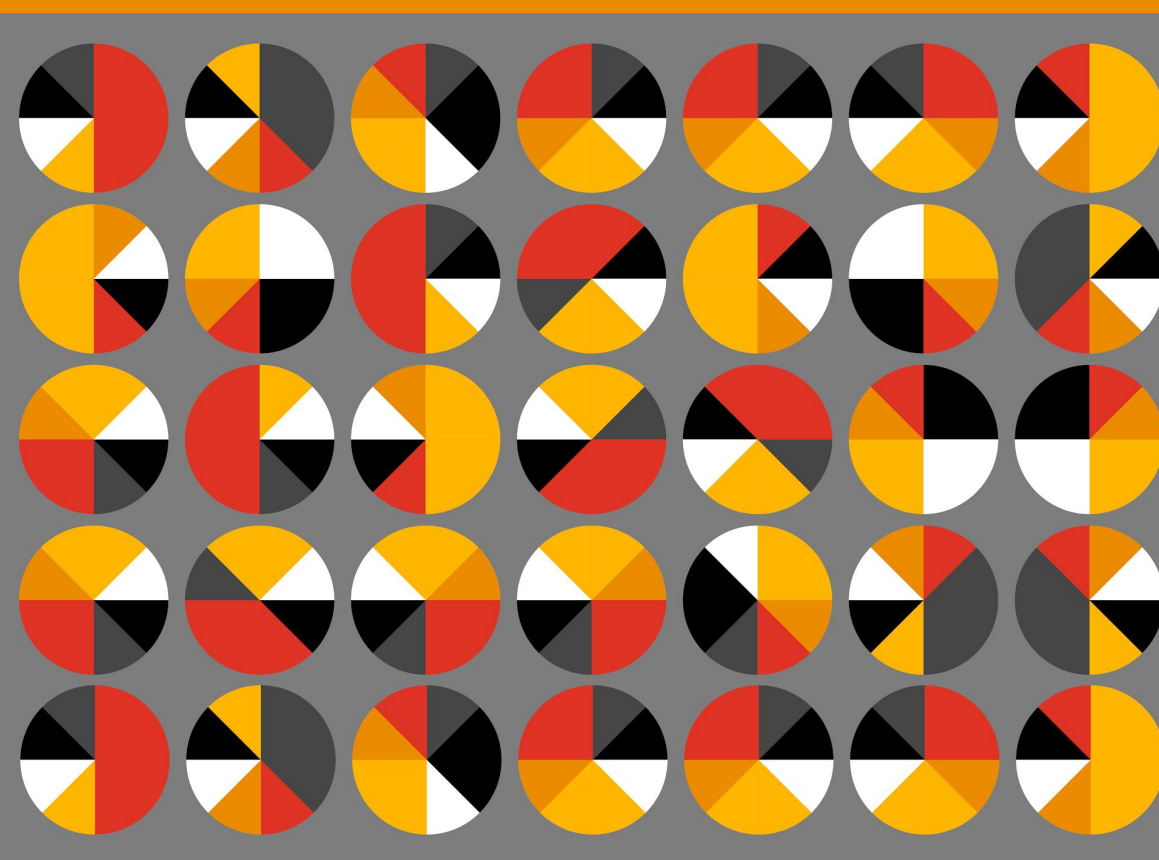


Saudi Arabia: Draft Electronic Invoicing Regulations for public consultation purposes

October 2020



In brief

The General Authority of Zakat and Tax ('GAZT') has published a draft of the Electronic Invoicing ('E-Invoicing') Regulations on its website. Stakeholders are required to submit their opinion/feedback by 17th October 2020.

The aim of the initiative is to reduce the administrative burdens on taxpayers, increase the level of tax compliance, minimise hidden transactions and reduce anti-commercial concealment.

The draft Regulations are available in Arabic and can be accessed through the following link:

<https://gazt.gov.sa/ar/RulesRegulations/UnderConsultations/Documents/E-invoicing.pdf>

Recommendations, suggested amendments, comments and feedback can be shared with GAZT by emailing public_consul@gazt.gov.sa

In detail

The draft Regulations issued by GAZT include the following Articles:

- Article 1 – Definition
- Article 2 - Purpose and scope
- Article 3 - Persons subject to the regulation
- Article 4 - Provisions related to electronic invoices
- Article 5 - Technical and procedural rules
- Article 6 - Entry into force

The Regulations provide the terms, requirements and conditions related to E-Invoicing mentioned in Article 53 of the VAT Implementing Regulations. This initiative is available for taxable persons residing in KSA as well as clients or any third party who issues a tax invoice on behalf of the taxable person residing in KSA.

Non-resident taxable persons are not obligated to issue E-Invoices.

The Regulation highlighted the following provisions that will be affected by the E-invoicing Regulation:

- Provisions related to penalties and fines stated under Chapter 16 of the VAT Law
- Tax invoices - Article 53 of the VAT Implementing Regulations
- Credit and debit notices - Article 54 of the VAT Implementing Regulations
- Records - Article 66 of the VAT Implementing Regulations
- Penalties and fines - Chapter 16 of the VAT Law

Minimum requirements to enroll

The Regulations provide the following criteria and minimum requirements that shall be available in the e-invoicing solution:

- Taxpayers should be able to connect to the secure internet connection
- The connection should be fool proof and includes a mechanism that allows detection of any tampering that may occur by the user or any other party
- Taxpayers should take into consideration all the requirements and controls applied in KSA related to data and information security

Key takeaway

Taxpayers should assess the impact of this initiative on their IT systems and take the necessary actions to be fully compliant with the new VAT requirements. Resident businesses should also take this opportunity to submit suggestions, comments, and the challenges they might have in relation the new Regulations.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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