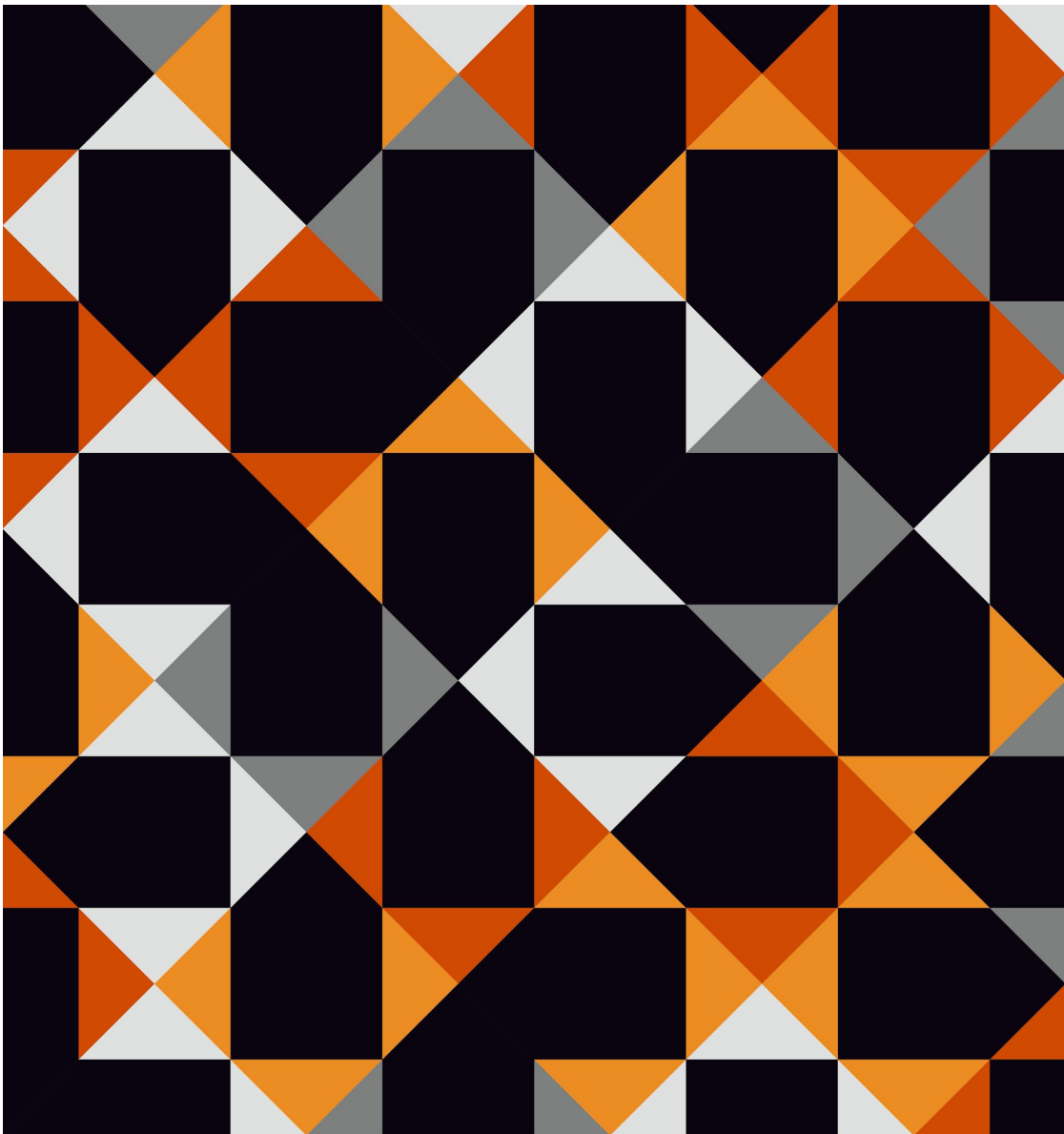
KSA: The Zakat, Tax and Custom Authority ("ZATCA") issues Guidance Notes for the Common Reporting Standard ("CRS")

13 September 2021



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In brief

The Zakat, Tax and Custom Authority ("ZATCA") has issued Guidance Notes in relation to the Common Reporting Standard ("CRS") on April 15 2021 which clarify the obligations of Reporting KSA Financial Institutions ("FIs").

In detail

The CRS, developed by the Organisation for Economic Co-operation and Development ("OECD") and approved by the G20 in February 2014, is a global reporting standard for Automatic Exchange of Information ("AEOI"). KSA signed up to the CRS in 2017 with a go-live date of 8 September 2017. The Royal Decree No. M/125 of 1/12/1438 H. was ratified into domestic law in November 2017 and information has been exchanged since 2018 for calendar year 2017 onwards, on a reciprocal basis.

CRS's main objective is to enable governments to exchange information obtained from local financial institutions to combat tax evasion. The CRS requires financial institutions to perform due diligence procedures (review and collect information on their clients) in order to identify their tax residency and report certain financial account information to their local jurisdiction which will be exchanged with other foreign authorities on an annual basis.

The purpose of the KSA CRS Guidance Notes is to assist entities within KSA in practically assessing their obligations under the CRS. Also, to assist Reporting KSA FIs in the implementation of the Standard for the Automatic Exchange of Financial Account Information in Tax Matters ("The Standard") to increase compliance avoid penalties and sanctions that can arise from instances of non compliance to the CRS. The link to the guidance notes can be found here.

Reporting KSA FIs are required to ensure full compliance with the CRS requirements including in the case of any future audits by ZATCA or the financial regulators such as Saudi Central Bank. Accordingly, it is critical for Reporting KSA FIs to perform an assessment of compliance with the new account onboarding, pre-existing due diligence, monitoring for changes in circumstances, governance framework (including ensuring the appropriate processes and procedures are in place) and reporting (including review of prior year returns) activities within the organisation.

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Let's talk

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

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