

Saudi Arabia: Amendments to the date of supply rules in the VAT Implementing Regulations

October 2021



In brief

ZATCA Board of Directors approved the amendments related to Article 20 “Date of Supply in specific circumstances” of the VAT Implementing Regulations. These amendments will take effect as of 1 November 2021.

The announcement is published in the official Gazette on 8 October 2021 and can be accessed [here](#).

In detail

The Board of Directors of the Zakat, Tax and Customs Authority (“ZATCA”) on 26/02/1443 AH (corresponding to 3 October 2021) has issued decision no. 21-02-06 approving certain amendments / additions to the provisions of Article 20 “Date of Supply in specific circumstances” of the VAT Implementing Regulations.

The major changes are summarised as follows:

- The title of Article 20 is now changed to “date of supply and tax due date in specific circumstances”
- The date of supply for continuous supply of services where contract stipulates specific payment terms shall be the earliest of the payment due date, actual payment, or date of issuance of invoice
- In case of periodical installments, the wording of “12 months period” has been added to the initial provisions so the date of supply rule in this case would require the taxpayer to account for VAT at least once every 12 consecutive months
- Addition of new provisions (parag. 5) related to the special date of supply rules for governmental agencies whereby taxpayers who are engaged in providing supplies to government agencies, according to contracts concluded in line with the government competitions and procurement processes, would be required to account for VAT at the earliest of (i) the date of issuance of payment order or (ii) the date of receipt of payment, to the extent of the amount received
- For the last point listed above, ZATCA explicitly states that the new addition does not apply to supplies between a subcontractor and a principal contractor as part of a governmental contract.

ZATCA has also issued a guide to clarify the application of Article 20 and its new amendments which can be accessed [here](#).



In an effort to facilitate taxable persons’ tax compliance and improve their cash flows, the date of supply rules for supplies to governmental agencies as part of procurement contracts shall be the earliest of the issuance of payment order or date of receipt of payment or part thereof and to the extent paid.



The takeaway

Taxpayers engaged in providing continuous supplies should take note of this important amendment and make the required changes in the process flow/ ERP systems in order to avail cash flow relief. Taxpayers should also confirm the status of eligible contracts with the government in accordance with the KSA government guidelines.

Let's talk

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



Mohammed Yaghmour

Middle East Tax & Legal Services leader

+966 56 704 9675

mohammed.yaghmour@pwc.com



Mohammed Al-Obaidi

Zakat and Tax Leader, KSA

+966 50 525 6796

mohammed.alobaidi@pwc.com



Dr. Yaseen AbuAlkheer

Partner, Zakat and Tax

+966 54 425 0540

yaseen.abualkheer@pwc.com



Mohammad Amawi

Partner, Zakat and Tax

+966 55 800 9697

mohammad.h.amawi@pwc.com



Chadi Abou Chakra

Partner, Indirect Tax

+966 56 068 0291

Chadi.Abou-Chakra@pwc.com



Maher ElAawar

Partner - Indirect tax and fiscal policy

+966 56 926 6900

maher.elaawar@pwc.com



Fehmi Mounla

Partner, Zakat and Tax

+966 56 271 3073

fehmi.mounla@pwc.com



Mohammad Harby

Partner, Zakat and Tax

+966 56 907 2618

mohamed.harby@pwc.com



Fayez Al Debs

Partner, Zakat and Tax

+966 54 400 1037

fayez.aldebs@pwc.com



Ebrahim Karolia

Partner, Tax

+966 56 890 3663

karolia.ebrahim@pwc.com



Suleman Mulla

Partner, International Tax

+966 54 122 8051

suleman.mulla@pwc.com



Wael Osman

Partner, Zakat and Tax

+966 56 699 4653

wael.osman@pwc.com



Mugahid Hussein

Partner, Zakat and Tax

+966 54 425 6573

email

Thank you

©2021 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.