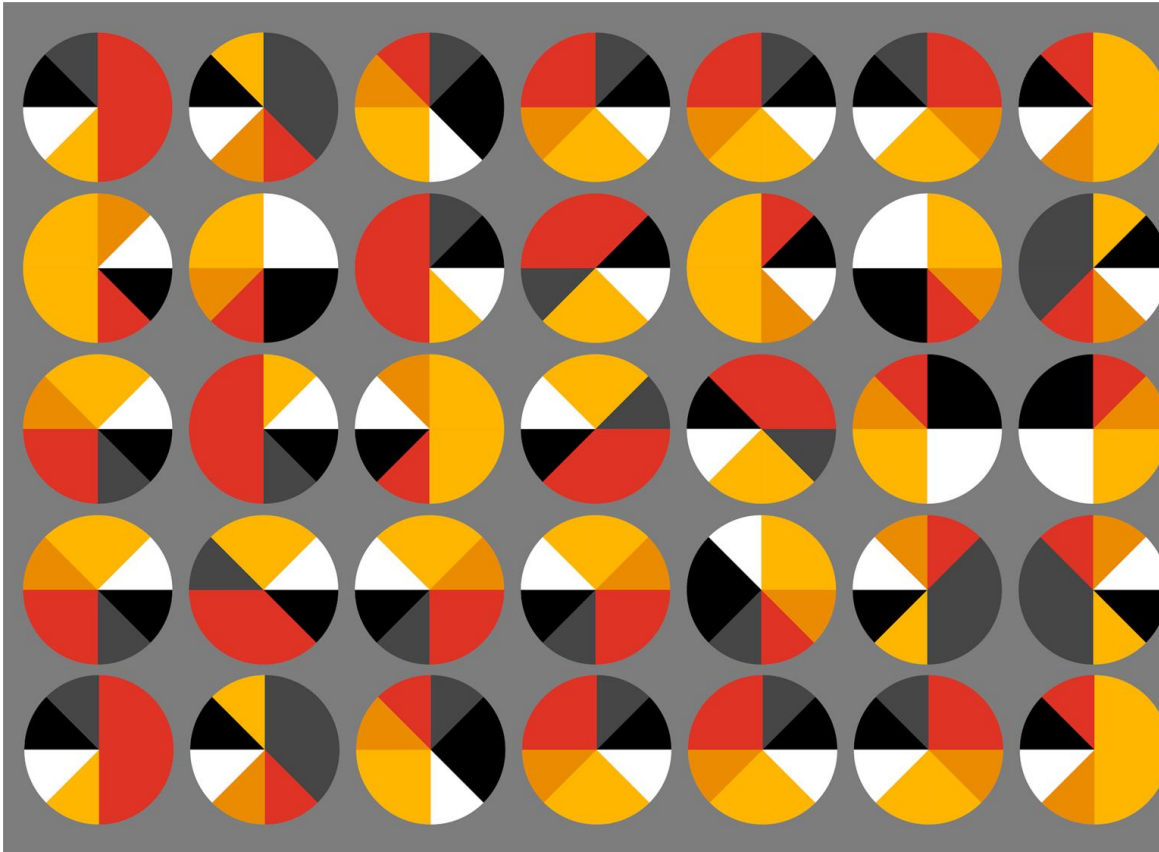


Saudi Arabia: VAT Guide on electronic stores obligations

March 2021



In brief

The General Authority of Zakat and Tax ('GAZT') published a new guide to help the owners of electronic stores to comply with their duties related to the VAT, and guide them through the VAT compliance requirements (i.e. registration, declaration, payment, etc).

At this time, the guide is available in Arabic language and can be accessed [here](#).

In detail

The highlights of the newly issued guide are mentioned hereunder:

• Definition

The Guide defines electronic stores to be digital platforms through which any commercial activity such as sales of goods or supply of services is practiced through the following channels:

- Websites
- Social media accounts (i.e. Twitter, Instagram, LinkedIn, Facebook, Snapchat)
- Smart applications
- Instant messaging (i.e. Whatsapp, Telegram, Signal)

• Compliance requirements

The guide elaborates on the VAT compliance requirements for electronic stores as follows:

1. VAT registration

Electronic stores are required to register for VAT where its annual sales exceed the mandatory VAT registration threshold of SAR 375,000. Voluntary registration can be considered where the annual sales are between SAR 187,500 and SAR 375,000.

The Guide provides information on the steps to follow for registering for VAT purposes.

2. Display of VAT certificate

Electronic stores registered for VAT are required to display their VAT registration certificate on the digital platform used. Failure to do so will result in a penalty amounting up to SAR 50,000.

The Guide further provides examples on how to display the VAT certificate on digital platforms.

3. Filing of VAT returns

Electronic stores registered for VAT are required to file a periodical VAT return (monthly returns in case where annual turnover exceed SAR 40m / quarterly returns in case where the annual turnover is less than SAR40m).

4. Payment of VAT due

Upon filing of the VAT return, an invoice will be issued containing SADAD number to settle the VAT due.

The Guide refers taxpayers to other materials available on GAZT portal for further information:

- <https://gazt.gov.sa/ar/Documents/TpReferenceMarch2020.pdf>
- <https://edujourneys.gazt.gov.sa/home/course/24>

Key takeaway

Businesses engaged in e-commerce activities are suggested to read this guide carefully to ensure that they are familiar and compliant with the VAT obligations and compliance requirements.

Non-resident persons engaged in e-commerce activities are suggested to assess their VAT registration requirements in the Kingdom in the light of place of supply rules and guidance issued by GAZT.

Let's talk

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

Jeddah

Mohammed Yaghmour

Zakat and Tax Leader - KSA
Middle East Clients & Markets
+966 56 704 9675
mohammed.yaghmour@pwc.com

Dr. Yaseen AbuAlkheer

Partner, Zakat and Tax
+966 54 425 0540
yaseen.abualkheer@pwc.com

Fehmi Mounla

Partner, Zakat and Tax
+966 56 271 3073
fehmi.mounla@pwc.com

Mohammad Amawi

Partner, Zakat and Tax
+966 55 800 9697
mohammad.h.amawi@pwc.com

Suleman Mulla

Partner, International Tax
+966 54 122 8051
suleman.mulla@pwc.com

Maher ElAawar

Partner, Indirect Tax and Fiscal Policy
+971 56 216 1109
maher.elaawar@pwc.com

Riyadh

Mohammed Al-Obaidi

Partner, Zakat and Tax
+966 50 525 6796
mohammed.alobaidi@pwc.com

Fayez Al Debs

Partner, Zakat and Tax
+966 54 400 1037
fayez.aldebs@pwc.com

Chadi Abou Chakra

Partner, Indirect Tax
+966 56 068 0291
Chadi.Abou-Chakra@pwc.com

Mohammad Harby

Partner, Zakat and Tax
+966 56 907 2618
mohamed.harby@pwc.com

Ebrahim Karolia

Partner, Tax
+966 56 890 3663
karolia.ebrahim@pwc.com

Wael Osman

Partner, Zakat and Tax
+966 56 699 4653
wael.osman@pwc.com

Khobar

Mugahid Hussein

Partner, Zakat and Tax
+966 54 425 6573
mugahid.hussein@pwc.com