

Saudi Arabia: Exemption from fines and financial penalties initiative

June 2022



In brief

The Zakat, Tax and Customs Authority ('ZATCA') has re-launched an initiative to exempt or abolish fines and financial penalties imposed on taxpayers on account of lapse in fulfilling several procedural aspects related to taxes applicable in the Kingdom of Saudi Arabia.

The types of taxes included in this initiative are Excise Tax, Value Added Tax (including E-Invoicing), Real Estate Transaction Tax, Withholding Tax and Corporate Income tax. The exemption will remain applicable for a 6-month period starting from 1 June 2022 till 30 November 2022.

The announcement is issued in Arabic and can be accessed [here](#)

In detail

In line with several initiatives adopted earlier by the Saudi government and ZATCA to mitigate the economic impact of the COVID-19 pandemic on taxpayers, ZATCA has reintroduced a 6-month window allowing taxpayers an exemption from the imposition of fines and penalties levied on account of the following:

- Late registration
- Late payment
- Late submission of the declaration
- Correcting the declaration for VAT
- Field control related to the application of E Invoicing provisions
- Other general provisions related to VAT

ZATCA clarified that in order to benefit from the current initiative, taxpayers will be required to:

- Discharge their prescribed obligations as per the respective tax legislation
- Pay all outstanding tax dues

Taxpayers can also submit a request to ZATCA for allowing payment of taxes due on an installment basis, provided that the application is submitted and approved by ZATCA within the validity of this initiative.

A simplified guide has been issued by ZATCA explaining the types of issues and fines/penalties that will be covered under the current initiative with illustrative examples which can be accessed [here](#)

The current initiative does not include fines related to:

- Tax evasion
- Fines that were paid before the effective date of this initiative
- Late payment fines related to the origin of the tax included in an installment plan that must be paid after the end of the specified period for the initiative scheduled on 30 November 2022

It is yet to be clarified whether taxpayers can pay the principle disputed tax amount to avail the amnesty benefits while keeping the dispute ongoing, similar to the previous amnesty initiative granted by ZATCA during 2020.

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Taxpayers who failed to meet their prescribed tax obligations can avail benefits of this initiative by discharging the required tax obligations and payment of taxes due within the validity of the current initiative.

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The takeaway

Taxpayers are recommended to assess their status of compliance with relevant tax legislations and avail benefits under the current initiative in case of any non-fulfillment of prescribed tax obligations within the amnesty period.

Let's talk

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



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Thank you