

# Saudi Arabia: Input VAT refund for Eligible Persons

Filing Deadline 30 June 2023

January 2023



## In brief

In accordance with the provisions of Articles 70 and 72 of the VAT Implementing Regulations, eligible persons not carrying out economic activities in the Kingdom of Saudi Arabia ('KSA') and who have incurred VAT during the calendar year 2022, are allowed to apply for a VAT refund by 30 June 2023.

## In detail

### Eligibility

A non-resident person (Company), not carrying out any economic activity in KSA, may apply to be considered as an 'eligible person' in order to file an application to refund input VAT incurred in KSA, if the following conditions are met:

- The non-resident person is established in a country with a transactional tax system similar to KSA VAT system;
- The non-resident person is registered with the competent tax authority for the purposes of that similar tax system;
- The country of the non-resident person allows a similar mechanism to provide refund of tax to the entities of KSA who are charged tax in that country.

Designated Persons (such as Foreign Governments, International Organization, Diplomatic and Consular Bodies and Missions, etc.) who are not carrying out any economic activity in KSA may also be considered as an 'eligible person' for the purposes of refunding VAT incurred in KSA.

### Procedural aspects

- ZATCA had established a registration process last year to apply and obtain 'eligible person status' on its website for non-resident persons;
- Non-resident persons are required to register by providing prescribed information and documents;
- Once registered, such non-resident persons would be able to file an application to refund input VAT suffered in KSA;
- Non-resident persons can file a refund application within six months from the end of a calendar year;
- The minimum amount of VAT for which a claim may be submitted amounts to SAR 1,000. VAT incurred on goods and services mentioned under Article 50 of the Implementing Regulations will not be refunded.

The practical aspect of this process, including status of refund of previous calendar years, has yet to be discovered and we expect that ZATCA will issue more detailed guidance on this in due course.

Other eligible persons (excluding non-residents) may also file a refund application through the prescribed channels for any quarterly period, however, only one application can be submitted with respect to any quarterly period and or calendar year. In case of approval of the VAT refund application filed, payment will be made in the designated bank account of the eligible person within 60 days from the issuance of the approval notification.



Eligible persons have a deadline of 30 June 2023 to file VAT refund application pertaining to calendar year 2022. Prescribed documents should be kept handy while applying for registration as well as refund applications



# The takeaway

Eligible persons not carrying out any economic activity in KSA should consider their eligibility status and submit an application to refund input VAT incurred during calendar year 2022 before 30 June 2023. Eligible persons may reserve their rights to the refund by filing a manual application or by submitting the application to ZATCA's designated email address along with the suggested/ prescribed supporting documents in case of facing any technical difficulties with the application on the ZATCA portal.

[www.pwc.com/me](http://www.pwc.com/me)

## Let's talk

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



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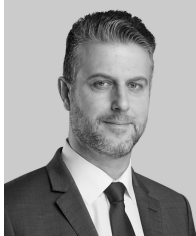


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# Thank you

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