

Kingdom of Saudi Arabia: Reactivation of Early Adoption Period for New Zakat Regulations

February 2025





In brief

On 15 February 2025, Saudi Arabia's Minister of Finance issued Ministerial Resolution No. 947, reactivating the application period for early adoption of the new Implementing Regulations for Zakat Collection (Bylaws).

As per the original Ministerial Resolution No. 1007, published on 22 March 2024, Zakat payers could apply the new Bylaws to fiscal years beginning before 1 January 2024, provided that a formal application was submitted within 60 days of publication (i.e., by 21 May 2024).

Under Ministerial Resolution No. 947, the application deadline has been reactivated, allowing Zakat payers until 30 April 2025 to submit their application and opt into the new framework.

In detail

Key Implications for Zakat Payers

1- Reactivated deadline for early adoption

- Zakat payers with fiscal years starting before 1 January 2024 now have until 30 April 2025 to submit their application to apply the new Bylaws.

2 - Opportunity to align with updated compliance framework

- The new Bylaws provide clarity on Zakat calculation methods.
- Early adoption allows businesses to align with the updated framework sooner, potentially optimising their Zakat obligations under the new methodology.

3- Considerations for ongoing and Future Zakat audits

- If a Zakat audit has already commenced, the ability to apply the new Bylaws remains subject to the Zakat, Tax and Customs Authority (ZATCA) review.
- Zakat payers that have not yet undergone an audit should assess whether adopting the new framework is beneficial before submitting an application.

Non-eligibility for Zakat refunds

If the application of the new regulation results in a reduction of Zakat obligations compared to the amounts previously declared, the zakat payer will not be eligible for a refund, adjustment, or credit for any overpaid Zakat. The previously declared Zakat obligations will remain final, and no retroactive adjustments will be permitted.

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The reactivation of this opportunity offers Zakat payers a critical window to proactively align with the new regulations, ensuring compliance and optimising Zakat positions in line with KSA's evolving legislative framework.

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The takeaway

Zakat Payers should:

- Assess the impact of the new Bylaws on Zakat calculations and determine whether early adoption aligns with the company's Zakat planning strategy.
- Prepare and submit the application by 30 April 2025 if opting for early adoption.

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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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