



Introduction

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The Kingdom of Saudi Arabia Excise Tax Implementing Regulations Issued by Board of Directors Resolution no. 1-9-2017 of 5/9/1438

Chapter 1: General Provisions

Article 1: Definitions

1. The following words and phrases, wherever mentioned in the Law shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:

Council: Gulf Corporation Council.

Member State: Any State that has a full membership in the Council in accordance with its Statute.

Tax due: Tax imposed on Excise goods payable to the Authority.

Tax base: the value of Excise goods on which Tax is imposed, represented in the higher retail sales price (RSP) determined by the importer or producer, or the standard price agreed on these goods in accordance to the Agreement, without including the Tax due or VAT.

Tax suspension arrangement: The arrangement on which the Tax due on Excise goods is suspended.

The person liable for the payment of the Tax: The person responsible in accordance with the provisions of the Law and the Regulations for calculating, declaring and paying the due Tax on his account to the Authority.

Licensee: A person authorized by the Authority to produce or transfer, hold, store, move or receive the Excise goods produced locally or imported in a Tax Warehouse in the context of his business.

Excise goods: Goods that are subject to Taxation in accordance to the provisions of the Law and the Regulations.

Import of Excise goods: The entry of Excise goods into the Kingdom which are not subsequently placed under a customs suspension arrangement, as well as the customs clearance and release of Excise goods for import purposes in the Kingdom.

Tax warehouse: The designated place where it is permitted to the Licensee to produce, transfer, store, or receive Excise goods under Tax suspension arrangement.

Total Damage: When the Excise goods becomes completely unusable.

Without prejudice to the first paragraph of this Article, the words and phrases in these Regulations shall have the same meanings in the Agreement and in the Law.

Chapter 2: Excise goods

Article 2: Excise goods

Tax shall be imposed on the following categories of Excise goods:

1. Tobacco products;
2. Soft Drinks;
3. Energy Drinks.

Article 3: Tax rates

1. A Tax rate of 100% shall be imposed on Tobacco products.
2. A Tax rate of 50% shall be imposed on Soft Drinks.
3. A Tax rate of 100% shall be imposed on Energy Drinks.

Chapter 3: Calculating the due Tax

Article 4: Tax calculation

1. The due Tax is calculated by applying the Tax rates of the Excise goods to the Tax base of these Excise goods.
2. The due Tax shall be calculated at the Tax rate applicable at the time of release for consumption of the Excise goods.
3. In case multiple Tax rates can be applied to a product, the highest of these Tax rates shall be applicable.

Chapter 4: Taxable event

Article 5: Release for consumption

Excise goods are considered to be Released for consumption and the Tax becomes due in the following cases:

1. Import of Excise goods unless it is placed under a Tax suspension arrangements.
2. Producing Excise goods outside of a Tax suspension arrangement.
3. Removing Excise goods from a Tax suspension arrangement.
4. Possession of Excise goods for which the Tax has not been paid outside of a Tax suspension arrangement.
5. The total destruction or irreversible loss of Excise goods placed under a Tax suspension arrangement, unless the Tax Warehouse Licensee can provide evidence that the destruction or loss was caused beyond its intention under the following conditions and procedures:
 - a) Licensee shall fill the form prepared by the Authority for that purpose, which should include at least the following information:
 - 1) Excise tax license number of the Licensee.
 - 2) Information related to the total destruction or irrecoverable loss.
 - 3) Evidence that supports that the total destruction or irrecoverable loss was caused beyond the Licensee intention.
 - b) Submitting the form prepared by the Licensee to the Authority within a period not exceeding 7 days from the date of the occurrence of the total destruction or irreversible loss.
 - c) The Authority will notify the licensee of its decision within a period not exceeding 14 days from the date of receiving the form. When no notification is sent, the total destruction or the irrecoverable loss of Excise goods shall be considered for reasons outside the Licensee intention.
 - d) The concerned department at the Authority may extend the period for issuing a decision in paragraph (c) of this Article once. The period should be similar to the period prescribed in paragraph (c) of this Article. The decision of extension should be made before the end of the first period, and the Licensee shall be notified of the extension.
 - e) If the Licensee did not provide the form in the period mentioned in paragraph (b) of this Article, or if the Authority decided that the information provided is not sufficient or incorrect, then the Excise goods are considered to be released for consumption at the time of total destruction or irrecoverable loss.

Article 6: Tax Suspension Arrangement

Tax on Excise goods shall be suspended in either of the following two cases:

1. Production of Excise goods or the transfer, acquisition, storage or receipt of locally produced Excise goods by an authorized person.
2. Movement of Excise goods in any of the following cases:
 - a) From one Tax warehouse in the Kingdom to another Tax warehouse in the Kingdom.
 - b) From a Tax warehouse in the Kingdom to a Tax warehouse in any other Member State.
 - c) From a Tax warehouse in any other Member State to a Tax warehouse in the Kingdom.
 - d) From a Tax warehouse in the Kingdom or any other Member State to outside the GCC Territory for export or re-export, according to the provisions of Unified Customs System (Law).
 - e) While importing to a Tax warehouse in the Kingdom or any other Member State.

Chapter 5: Persons liable for the payment of the due Tax

Article 7: Liability per taxable event

1. The following persons are liable for the payment of the Excise Tax:
 - a) The importer of Excise goods outside a Tax suspension arrangement.
 - b) The Producer of Excise goods outside a Tax suspension arrangement.
 - c) The Licensee, in case of the movement of Excise goods other than the Excise suspension arrangement in accordance to the second paragraph of Article 6 in these Regulations.

- d) In case total destruction or irrecoverable loss of Excise goods without an evidence that the destruction or loss was caused beyond his intention in accordance to the fifth paragraph of Article 5 in these Regulations, the Tax warehouse Licensee.
 - e) In case of a release for consumption from Excise suspension arrangement, the Tax warehouse Licensee.
 - f) Any person holding Excise goods outside a Tax suspension arrangement and the Tax due on these goods have not been paid, without evidence that he was not aware that the due tax on these goods has not been paid.
 - g) Any other person that releases the Excise goods for consumption.
2. If based on the first paragraph of this Article multiple persons can be held liable for the payment of the due Tax, they shall have joint and several liability for the payment of this Tax. The Authority shall require the payment of Tax from all of the persons, or require the payment from any of them as it deems appropriate to the public benefit.

Chapter 6: Tax Base

Article 8: Retail sales price substantiation

1. On request of the Authority or the Customs Authorities, the person held liable for the payment of the due Tax shall provide a substantiation for the retail sales prices as declared.
2. If no or insufficient substantiation is provided in accordance with the first paragraph of this Article, or if the Authority or the Customs Authorities have reasonable doubt with respect to the correctness of the declared retail sales price, the Authority or Customs Authorities may reject this retail sales price and determine the correct price to be used to calculate the due Tax in accordance to the provisions of the Regulations.

Chapter 7: Reporting of due Tax

Article 9: Reporting of Tax on import

1. For Excise goods which are released for consumption by means of an import, the amount of due Tax shall be calculated by the Customs Authorities based on the Tax base of these goods and in accordance to the procedures in the Common Customs Law.
2. For the purposes of the first paragraph of this Article, the importer shall provide the following information to the Customs Authorities:
 - a) Information on the type of Excise goods which are being declared;
 - b) The retail sales price of these Excise goods.
 - c) Any other information requested by the Customs Authority.
3. If the Customs Authorities find that imported Excise goods have not been declared, they shall inform the Authority accordingly.

Article 10: Excise Returns

1. The Tax periods are associated with the State's Fiscal Year, and each Tax Period shall be two calendar months so that there would be six Tax periods in one fiscal year, and the Registered person shall file an Excise return within 15 days after the end of the Tax period on the goods that have been released from a Tax suspension arrangement during this period, by using the appropriate form that is provided by the Authority, which should include at least the following information:
 - a) Information about the Excise registrant submitting the Excise return;
 - b) A calculation of the amount of due Tax for each category of Excise goods released for consumption;
 - c) The Tax Warehouse license numbers and the corresponding releases for consumption of Excise goods from each Tax Warehouse.
2. After the end of a Tax period, if the period for which the Registered person shall file an Excise return on the goods that have been released from a Tax suspension arrangement, does not exceed one month, the Authority may include this Tax period in the following Tax period for that person, as one time procedure.

Chapter 8: Tax assessments and Disclosure

Article 11: Assessment of due Tax by the Authority

1. The due Tax shall be calculated and imposed by the Authority on the Excise goods in accordance to the provisions of the Regulations; if the person liable:
 - a) Failed to comply with their obligation to file an import declaration or submitted an incorrect import declaration;
 - b) Failed to comply with their obligation to file an Excise return or submitted an incorrect Excise return; or

- c) Is a person who is not registered for Excise Tax purposes.
2. For the purposes of this Article an incorrect import declaration or Excise return means any import declaration or Excise return which has led to an incorrect calculation of the due Tax.
3. The Authority shall inform the person liable for the payment of the due Tax amount by means of a written notification.
4. The written notification shall include the grounds on which the Authority calculated the amount of the due Tax.

Chapter 9: Payment of due Tax

Article 12: Payment of due Tax

1. Without prejudice to the provisions of the Common Customs Law, The Customs Authorities shall collect the payments of the due Tax on imports on behalf of the Authority and according to the procedures determined by the Authority. The Customs Authorities shall transfer the Taxes collected on behalf of the Authority, as well as any supporting documentation, to the Authority within 7 to 14 days after it was collected.
2. Notwithstanding the first paragraph of this article, the Authority may defer the payment by the person liable for the due Tax on imports for a maximum of 45 days provided the following conditions are satisfied:
 - a) The Tax liability in respect of the importation exceeds 1,000,000 SAR;
 - b) The person importing the Excise goods has provided a bank or cash guarantee to the Customs Authorities which covers the payable Tax liability;
 - c) The bank security is valid for a period of at least 60 days from the date of importation of the Excise goods;
 - d) The person importing the Excise goods must not have defaulted on a Customs duty or an Excise Tax bank security or payment in last 12 months; and
 - e) The person importing the Excise goods must not have been declared bankrupt or convicted of a tax or financial offence in the last 12 months.
3. The payment of due Tax reported by means of an Excise return shall be made to the Authority no later than 15 days after the end the Excise Tax return period.
4. The payment of due Tax imposed by a Tax assessment shall be made to the Authority within 15 days after the person liable for the due Tax has been notified by the Authority in accordance with Article 11 of the Regulations.

Article 13: Failure to pay due Tax

1. If the due Tax has not been paid on time, in order to cover the amount of unpaid Tax and any imposed fine, the Authority can forfeit the bank securities provided in accordance with the Law and the Regulations.
2. The Authority shall notify the person liable for the payment of the due Tax of any action it has taken in accordance with the first paragraph of this Article.

Part Four: Excise registration

Chapter 10: Excise registration application process

Article 14: Registration application

1. An application for registration for Excise purposes shall be submitted to the Authority using a form prescribed by the Authority, and it should at least include the following information:
 - a) Information of the applicant;
 - b) The intended activities according to Article 6 of Law;
 - c) The type of Excise goods that will be involved;
2. The applicant must have a fixed establishment in the Kingdom.

Article 15: Decision on the Registration application

1. The Authority shall issue its decision on the Excise registration application by means of a notification to the applicant within 14 days from the date of submission. The notification shall include at least the following:
 - a) The application form which has been completed by the applicant, and;
 - b) Approving or rejecting the Excise registration with reasons for rejection;
2. Registration shall be considered effective from the date of the approval.

3. Registration shall be considered rejected, if the Authority has not issued its decision within the prescribed period in the first paragraph of this Article.
4. The Authority may extend the period for issuing a decision in paragraph (1) of this Article once. The period should be similar to the period prescribed in paragraph (1) of this Article. The decision of extension should be made before the end of the first period and, the Licensee shall be notified of the extension.

Chapter 11: Excise registrant responsibilities

Article 16: Administrative organization

1. The Registrant is required to keep and maintain electronic records allowing the Authority to supervise their compliance with the Law.
2. For the purposes of the first paragraph of this Article, the Registrant must have his administrative organization set up in such a way that:
 - a) It ensures a correct and complete record of the business transactions; and
 - b) It provides an organized overview of all the business processes relevant for the collection of Tax.

Chapter 13: Registration amendments

Article 17: Registration amendments

The Registrant shall inform the Authority in advance by means of a written notification of any changes in the information listed in its Excise registration.

The notification of the first paragraph of this Article should take place before the changes have taken effect or if this is not possible, no later than 30 days after the changes have taken effect.

The Authority may amend the Excise registration or deregister the Registrant in accordance with the Law and the Regulations, depending on the impact of the change of information on the Excise registration form.

Chapter 13: Deregistration process

Article 18: Deregistration

The Authority shall deregister the Registrant in the following cases:

1. If the Registrant has not carried out activities requiring registration in accordance with Article 6 of the Law for one calendar year, starting from the date of either Registration or ceasing activities;
2. At the request of the Registrant.

Article 19: Deregistration request

1. A deregistration request for Excise purposes shall be submitted to the Authority using a form prescribed for such purposes by the Authority, which shall require at least the following information:
 - a) Information about the Excise tax registrant, including its Excise Tax registration number;
 - b) Information about any Tax Warehouse licenses the Excise registrant holds;
 - c) Reason why the Excise registrant wishes to deregister.
2. A deregistration application shall not be approved if the Registrant failed to cancel any Tax Warehouse licenses it holds.

Chapter 14: Conditions for granting a Tax Warehouse license

Article 20: Tax Warehouse requirements

1. Eligible for a Tax Warehouse license are the locations where Excise goods are produced and/or stored.
2. A location where no Excise goods are produced, is only eligible as a location for a Tax Warehouse license if all of the following criteria fulfilled:
 - a) The quantity of Excise goods being held there as an average over the course of 12 calendar months is more than one of the following:
 - 1) 10.000.000 liters of soft drinks or energy drinks;
 - 2) 1.000.000.000 cigarettes or other individual units of tobacco products;

- 3) 500.000 kilograms of other tobacco products.
 - b) At least 70% of the Excise goods held at the location shall be removed from the Kingdom under suspension of Tax.
 - c) Permission is granted for the usage of the location as a Tax Warehouse by the Board of Directors.
3. Locations from which Excise goods are directly sold to consumers are not eligible for a Tax Warehouse license.
 4. Notwithstanding the provisions of the second and third paragraphs of this Article, the following locations shall be eligible for a Tax Warehouse license:
 - a) Duty-free shops;
 - b) Other locations designated by the competent authority.

Article 21: Production of Excise goods

1. Excise goods may only be produced in a Tax Warehouse licensed for the production of these Excise goods.
2. Notwithstanding the first paragraph of this Article, no Tax Warehouse license shall be required for locations where Excisable concentrates are converted to a final Excise good for the purpose of immediate consumption at these locations.
3. The Licensee is the producer of the Excise goods.

Article 22: Storage of Excise goods

1. Excise goods may only be held and maintained under suspension of Excise tax in a Tax Warehouse licensed for the storage of these Excise goods.
2. The Licensee must be the owner of the Excise goods, with the exception of Excise goods which have been produced in the Tax Warehouse by order of another person.

Chapter 15: Tax Warehouse License

Article 23: Tax Warehouse License application

1. In order to obtain a Tax Warehouse license, a person registered in accordance with the Law shall submit an application to the Authority by using the form provided for such purposes, and should at least include the following information:
 - a) Information about the applicant, including the Excise Tax registration number;
 - b) Confirmation whether the Tax Warehouse license will be used for producing and/or storing Excise goods;
 - c) The type of Excise goods that will be obtained or placed under the Tax Warehouse license;
 - d) Information with respect to the premises for which the Tax Warehouse license is being requested;
 - e) A calculation of the mandatory bank security.
2. A Tax Warehouse license application must be submitted in respect of each facility for which a Tax Warehouse license is being sought.

Article 24: Bank security

1. The Tax Warehouse Licensee or applicant shall provide a bank security covering the amount of Tax that may become due for taxable events relating to this Tax Warehouse.
2. For the purposes of the first paragraph of this Article, the amount of Tax that may become due shall be calculated on the basis of the sum of the following estimated quantities and corresponding retail sales prices:
 - a) The amount of Excise goods held in the Tax Warehouse;
 - b) The amount of Excise goods being released for consumption over the course of a calendar month; and
 - c) The amount of Excise goods being placed under a subsequent Tax suspension arrangement over the course of a calendar month.
3. The Authority may reduce the required value of the bank security, however the minimum security is 5% of the amount calculated in accordance with the second paragraph of this Article.
4. If the Authority has reasonable grounds to assume that the security calculated by the Licensee or applicant is inaccurate, the Authority may request the guarantee to be increased at their discretion.

5. A bank security shall be recalculated every 12 calendar months for each Tax Warehouse license.

Article 25: Administrative organization

1. Without prejudice to the general administrative requirements, the Tax Warehouse Licensee shall have complete records for each Tax Warehouse, which shall include at least the following information:
 - a) The Excise goods released for consumption and their corresponding invoices or transportation documents in case the Excise goods are moved under a Tax suspension arrangement.
 - b) The Excise goods produced or used in the production process in the Tax Warehouse; and
 - c) The Excise goods which have been received or transferred under suspension of Tax to and from the Tax Warehouse.
2. The Authority may require any other administration in the Tax Warehouse license terms and conditions.

Article 26: Assessment of license granting

1. In addition to the applicable terms and conditions for qualifying for a Tax Warehouse license as stipulated in the Law and the Regulations, the applicant must:
 - a) Be in a financially sound position;
 - b) Not have himself or his legal representative who in the management of the establishment through which he carries out his activity, if any, have been previously convicted of financial crimes, unless he has subsequently been restored to good standing.;
 - c) Have an administrative system to help administer a Tax Warehouse, which is compliant with the provisions of the Law and these Regulations;
 - d) Have safety and security measures in place limiting accidents as determined by concerned authorities;
2. The Authority shall include with the Tax Warehouse License the terms and conditions which should be fulfilled by the Licensee during its validity.
3. The Authority shall grant the license to the applicant if he has fulfilled all terms and conditions prescribed by the Law and the Regulations.
4. For revenue protection purposes the Authority may at any time modify the terms and conditions under which the Tax Warehouse license was granted. The Authority shall inform the Licensee at least 7 days in advance after the new amendments shall take effect.

Article 27: License amendments

1. The Tax Warehouse Licensee shall inform the Authority by means of a written notification of any changes in the information listed in its Tax Warehouse license.
2. The notification of the first paragraph of this Article should take place before the changes have taken effect or if this is not possible, no later than 30 days after the changes have taken effect.
3. Depending on the impact of the changes on the Tax Warehouse license, the Authority may amend or cancel the license in accordance with the Law and the Regulations.

Article 28: License duration

1. A license is valid for 1 year from the day it is granted by the Authority, unless it is cancelled at an earlier time in accordance with the provisions of the Law and the Regulations.
2. Upon renewing the license, the Authority may, in certain cases, increase the validity duration of a license to up to 3 years .

Article 29: License renewal

1. The License renewal application has to be submitted to the Authority by using the relevant form for the application within 90 days before the expiration of the License.
2. The applicant for renewal must meet the terms and conditions of granting the License in accordance with the Law and the Regulations.
3. In the case of the renewal application being accepted, the new application will take effect from the last day of the previous application.
4. In the renewed Tax Warehouse license, the Authority may specify different terms than those specified in the previous Tax Warehouse license.

5. If the Authority has not taken any decision on a renewal of a Tax Warehouse license before the date of expiry, the previous license will remain valid until the Authority has formally indicated its decision.

Article 30: License suspension or cancellation

1. Subject to Articles 13 and 25 of the Law, the Authority may decide the following:
 - a) Cancel the Tax Warehouse license, if it is not used for its purposes for over three calendar months;
 - b) Suspend license.
2. If the Authority decides to suspend or cancel the Tax Warehouse license, it shall notify the Licensee and state the date of effect of the license suspension or cancellation.
3. If any Excise goods are held in the Tax Warehouse on the date the suspension of the license is effective, the Excise goods shall not be deemed to be released for consumption, however no additional Excise goods may be produced or held under suspension of Tax in the Tax Warehouse during the license suspension.
4. If any Excise goods are held in the Tax Warehouse on the date the cancellation of the license is effective, the Excise goods shall be considered as being released from the Tax suspension arrangement.

Article 31: License cancellation request

1. A Tax Warehouse cancellation request shall be submitted using a form prescribed for such purposes by the Authority, the form shall require at least the following information:
 - a) Information about the Licensee, including its Excise tax registration number and Tax Warehouse license number;
 - b) The reasons for the cancellation request.
2. Before the Authority can finalize a Tax Warehouse cancellation request the Licensee must:
 - a) Place the Excise goods which are held in the Tax warehouse that is intended to be cancelled under another Tax suspension arrangement; or
 - b) Report and pay the due Tax resulting from the removal of the Excise goods from the Tax Warehouse by means of an Excise return.
3. The Licensee shall inform the Authority once the Tax Warehouse license cancellation request can be finalized.

Chapter 16: Placement under the Tax suspension arrangement

Article 32: Movement under suspension of Tax

1. Only Tax Warehouse licensees can send and receive Excise goods under suspension of Tax.
2. On the Import of Excise goods, the Excise goods can only be moved under suspension of Tax if the Excise goods are moved to a Tax Warehouse situated in the Kingdom of which the importer is the Licensee, or in another GCC Member State.
3. The Tax Warehouse licensee which sends the Excise goods is responsible for the placement of the Excise goods under the Tax suspension arrangement.

Article 33: Excise movement document

1. A movement of Excise goods under suspension of Tax must be covered by an Excise movement document. A physical copy of this document must accompany the Excise goods at all times during the movement.
2. The Excise movement document can be requested from the Authority by means of a prescribed form.
3. The form referred to in the second paragraph of this Article shall require at least the following information:
 - a) Details of the Excise goods to be moved under suspension of Tax, including:
 - 1) The type of Excise goods;
 - 2) The quantity of Excise goods; and
 - 3) The due Tax should the Excise goods be removed during the movement.
 - b) The provenance of the movement of Excise goods, which can be either:
 - 1) A Tax Warehouse situated in the Kingdom;
 - 2) Import;
 - 3) A Tax Warehouse license situated in another GCC Member State.

- c) The destination of the movement of Excise goods, which can be either:
 - 1) A Tax Warehouse license situated in the Kingdom;
 - 2) Export, or a licensed Tax Warehouse situated in another GCC Member State
A licensed Tax Warehouse situated in a third GCC Member State via the Kingdom.
 - d) The method of transportation.
 - e) The estimated time required for the transportation.
4. If the destination of the movement is a Tax Warehouse of which the sender is not the Licensee, the destination Licensee first has to approve the movement before the Authority shall review the Excise movement document request.
 5. If the Authority approves the movement, it shall issue the Excise movement document and a unique Excise movement number for the movement, which shall be printed on the document.
 6. The Excise movement document shall remain valid for 14 days from the date it has been issued.

Article 34: Decision on the Excise movement document request

1. The Authority may grant or reject the Excise movement document.
2. The Authority shall notify the sending Licensee of its decision on the movement request within 24 hours after it was submitted.
3. If the Authority has not notified the sending Licensee of their decision within the timeframe stipulated in the second paragraph of this Article, and has not extended the time period in accordance with the fourth paragraph of this Article, the Excise movement document shall automatically be accepted.
4. Notwithstanding the second paragraph of this Article, the Authority may take as much time as it deems necessary to inspect the Excise goods and the means of transport before making a decision on the request.

Article 35: Amendment or cancellation of the Excise movement request before it has been issued

1. The sending Licensee may cancel or amend an Excise movement request at any time before the Authority has issued its decision on it.
2. If the amendment involves a change of the destination Tax Warehouse and this new destination Tax Warehouse has a difference Licensee than the original destination, the fourth paragraph of Article 34 shall apply mutatis mutandis.
3. Any amendment made on the request shall renew the time period the Authority has to decide on the request in accordance with paragraph 2 of Article 34 of these Regulations.

Article 36: Amendment or cancellation of the Excise movement document after it has been issued

1. During its validity, the Excise movement document may at any time be amended or cancelled at the request of the sending Licensee, as long as the movement of the Excise goods has not yet commenced.
2. When the sending Licensee is or becomes aware that it will not use the Excise movement document, it shall request a cancellation of the Excise movement document.
3. During the validity of the Excise movement document but before it has been cleared in accordance with Article 38 of these Regulations, the destination of the Excise movement document may be amended.
4. If the amendment involves a change of the destination Tax Warehouse and this new destination Tax Warehouse has a difference Licensee than the original destination, the fourth paragraph of Article 33 of the Regulations shall apply mutatis mutandis.
5. The sending Licensee shall submit the request for amendment or cancellation by means of a form prescribed by the Authority.
6. Article 35 of the Regulations applies mutatis mutandis to a request for amendment made in accordance with this Article.

Article 37: Refusal of the Excise movement by the destination Licensee

1. If the destination of the Excise movement document is a Tax Warehouse Licensee, this Licensee can refuse the Excise movement at any point before unloading the vehicle and submitting the unloading report in accordance with Article 38 of the Regulations.
2. If the destination Tax Warehouse Licensee refuses an Excise movement, the sending Licensee must amend the destination or cancel the Excise movement document and return the Excise goods to the dispatching location in accordance with the Articles of this Chapter.

Article 38: Clearance of the Excise movement document

1. If the destination on the Excise movement document is another Tax Warehouse, after unloading the Excise goods at the destination the receiving Tax Warehouse licensee shall submit an unloading report to the Authority.
2. The unloading report as referred to in the first paragraph of this Article shall contain information on the quantity and type of Excise goods unloaded from the vehicle at the destination.
3. If the destination of the Excise movement document is export, the sending Licensee shall submit the export declaration with the Authority.
4. The Excise movement document is cleared in either of the following cases:
 - a) The unloading report is submitted to the Authority;
 - b) The export declaration as accepted by the Customs Authority is submitted to the Authority.
5. If there is a difference between the quantities of Excise goods listed in the Excise movement document and the unloading report or export document, the difference in quantity shall be considered released for consumption as a result of a removal during the movement of Excise goods under suspension of Tax.

Article 39: Monthly movement declaration

1. Notwithstanding the other Articles of Chapter 16 of these Regulations, the requirement of covering every movement of Excise goods under suspension of Tax with a single Excise movement document is omitted under the following conditions:
 - a) It involves the movement of Excise goods between Tax Warehouse licenses held by the same Licensee;
 - b) The Licensee has an administration where the movements between its Tax Warehouses are tracked separately;
 - c) The Licensee files a monthly movement declaration listing all the movements between its Tax Warehouses that have taken place in a calendar month;
2. The movement declaration as referred to in subparagraph c of the first paragraph of this Article shall include at least the following information for each movement:
 - a) Information about the Tax Warehouse Licensee submitting the movement declaration;
 - b) The Tax Warehouse license numbers of the Tax Warehouses from which the movement is dispatched and received respectively;
 - c) The date on which the movement is dispatched from and received in the respective Tax Warehouses;
 - d) The quantities of Excise goods dispatched from and received in the respective Tax Warehouses.
3. Any differences between the quantity of Excise goods dispatched and received in the respective Tax Warehouses must be administered as releases for consumption from the sending Tax Warehouse.
4. For the purposes of the first and second paragraph of this Article, movements must be included in the movement declaration of the calendar month in which the movement was dispatched.
5. The monthly declaration must be submitted with the Authority within 15 days after the ending of each calendar month.

Chapter 17: Exemptions, Refunds and Deductions of Excise Tax

Article 40: Exemptions on import

The import of Excise goods shall be exempted from Tax if these goods are exempted from customs duties under the Common Customs Law.

Notwithstanding the first paragraph of this Article, the following maximum quantities of Excise goods shall be exempted from Tax on import:

- a) The number of cigars and cigarillos subject to exemption shall not exceed 200.
 - b) The volume of other tobacco products subject to exemption shall not exceed 500 grams.
 - c) The volume of Soft Drinks subject to exemption shall not exceed 20 liter.
 - d) The volume of Energy Drinks subject to exemption shall not exceed 10 liters.
3. If any of the quantities listed in the second paragraph of this Article are exceeded on import, Tax shall be due on the entire quantity of the type of Excise good for which the quantity was exceeded.

Article 41: Exemptions for Excise goods sold to international travelers

1. The removal of Excise goods from a Tax Warehouse shall be exempted from Tax if they are sold to a consumer from a duty-free shop licenced as a Tax Warehouse, if the consumer presents a boarding pass for an international flight departing within 24 hours of the time of sale.

2. The application of the exemption by a Licensee as referred to in paragraph (1) of this Article, must be substantiated by means of references listed on the boarding pass.
3. For the purposes of this article an international flight means a direct or indirect flight between a location in the Kingdom from which an airplane departs and a location outside the Kingdom where the airplane plans to land.

Article 42: Exemptions for international organizations

1. On the condition of reciprocity, diplomatic and consular bodies, international organizations and heads and members of diplomatic and consular corps accredited by the Kingdom shall be exempted from the Tax.
2. This exemption of Tax can only be applied on import or upon submitting the Excise return.
3. Any person applying the exemption stipulated in the first paragraph of this Article shall, at the request of the Authority provide them with evidence substantiating the destination of the Excise goods for which the exemption is being sought.
4. If insufficient or no evidence can be provided of the destination of the Excise goods, or if it is clear that the Excise goods have not followed the exempted destination, the Authority shall reject the exemption and shall impose a Tax assessment in accordance with the Law and the Regulations.

Article 43: Deduction of Tax for Excise goods used in production

1. Where a Tax Warehouse Licensee has paid Tax in respect of Excise goods which have been used in the production of other Excise goods, this Tax may be deducted from total due Tax.
2. The deduction of due Tax shall be effectuated via the Excise return for the Tax Warehouse in which the Excise goods were used as a material in the production.
3. The deduction is the amount of Tax which has been paid on the Excise goods used as material in the production process in the period covered by the Excise return.

Article 44: Refunds of Tax application

1. Excise registrants may apply for a refund of Tax with the Authority.
2. The Tax refund application must be submitted either by means of the Excise return, or a form prescribed by the Authority.
3. The Tax refund application shall contain at least the following information:
 - a) Information about the applicant;
 - b) Information with respect to the type, quantity and provenance of the Excise goods for which a refund of Tax is being requested;
 - c) The amount of Tax which has been paid on the release for consumption of the Excise goods.
4. For verification purposes, the application shall be accompanied by information supporting the amount of Tax previously paid on the release for consumption of the Excise goods in the Kingdom.
5. A Tax refund application shall only be processed by the Authority if it is submitted within a 90 days after the payment of the Tax for the release for consumption of the Excise goods.

Article 45: Refunds of overpaid Tax

1. Refund of Tax shall be granted by the Authority for Tax paid in excess of the Tax liability.
2. The refund of Tax can only be applied for by and shall only be granted by the Authority to the Excise registrant which paid the excess Tax.

Article 46: Refunds of Tax on Excise goods removed from the Kingdom

1. Refund of Tax shall be granted by the Authority for Tax which has been paid for Excise goods which are removed from the Kingdom.
2. Notwithstanding the first paragraph of Article 44 in the Regulations, persons registered for commercial purposes in any GCC State, and the Persons that practice export activities, may also apply for this refund of Tax.
3. In addition to the refund requirements stipulated in Article 44 of the Regulations, the Tax refund application must also be accompanied with a copy of the export document or any other document providing evidence that the Excise goods have been removed from the Kingdom.

Article 47: Refunds of Tax for exemptions

1. Refund of Tax shall be granted by the Authority for Tax which has been paid for Excise goods which could have been released

for consumption if the consumer is entitled to the exemption as per the Law.

2. Notwithstanding the first paragraph of Article 44, any diplomatic and consular bodies, international organizations and heads and members of diplomatic and consular corps accredited by the competent Authority of the Kingdom, may apply for this refund of Tax.
3. In addition to the refund requirements stipulated in Article 44 of the Regulations, the Tax refund application must also be accompanied by documentation providing evidence that the Excise goods could have been released for consumption with an exemption and consumer entitled to exemption as per Law.

Article 48: Decision on Tax refund applications

1. The Authority shall verify the refund request and may reject it if:
 - a) The Tax refund application is not filled in and submitted correctly;
 - b) The Tax refund application is not submitted within the allowed time period;
 - c) The Tax refund application is not accompanied by the required documentation;
 - d) The Authority is unable to verify based on the provided documentation that the applicant has a right to the refund of Tax in accordance with the Law and the Regulations.
2. The Authority shall issue its decision on a Tax refund application by means of a notification to the applicant within 30 days after the application was submitted, otherwise the application shall be deemed to be rejected.
3. The concerned department at the Authority may extend the period for issuing a decision in paragraph (2) of this Article once. The period should be the similar to the period prescribed in paragraph (2) of this Article. The decision of extension should be made before the end of the first period, and the Licensee shall be notified of the extension.

Chapter 18: Enforcement

Article 49: Powers on audit and enforcement

1. For audit and enforcement purposes the auditors and the inspectors of the Authority may:
 - a) Enter Tax Warehouses and any other premises where Excise goods are being held.
 - b) Access any means of transport used to move Excise goods.
 - c) Direct any means of transport used to move Excise goods to any location in the Kingdom.
 - d) Access any information related to Excise goods present on premises or in the means of transport which is used to hold or move Excise goods.
 - e) Take or request a sample of any Excise good available in a means of transport or premises used to hold or move Excise goods.
2. The powers granted in the first paragraph of this Article for the auditors and inspectors of the Authority may be carried out if it involves Excise goods which are held, or where they have reasonable grounds that they are held, in violation with the Law or the Regulations.

Chapter 19: General provisions

Article 50: Delivery of Notices

Where the addressee does not have a clear or well-known address, the Authority may decide on a method of delivery.

Article 51: Time periods

1. Where no specific rules are stipulated, for the purpose of determining the periods of notification, the recipient shall be deemed to have been notified on the date the notification was received.
2. If any prescribed period would expire on a non-working day, the prescribed period shall be extended to include the next working day.

Article 52: Financial rewards

The Board of Directors may grant financial rewards to any person, other than the employees of the Authority, who contribute in the detection of violations of the Law and the Regulations which lead to the collection of unpaid Tax or fines by the Authority, with a maximum financial reward that may not exceed 2.5% of the amount of fines which the Authority collects, or a 1,000,000 SAR, whichever is lower.

Chapter 20: Quota orders

Article 53: Issuing of Quota orders

1. The Authority can issue quotas limiting the quantity of Excise goods allowed to be released for consumption during a certain period in proportion to the quantities of Excise goods allowed to be released for consumption in an equivalent time period previous to the issuance of the quota, and if the Taxable Person failed to abide by the quota, the Authority shall collect Tax on the excess quantity over the quota according to the new Tax rate.
2. The Authority shall notify all Excise registrants of the quota by means of a quota order.
3. The quota order shall include at least the following information:
 - a) The type of Excise goods which are subject to the quota;
 - b) The Quantity of the Excise Goods stated in the quota order.
 - c) The group of Excise registrants subject to the quota;
 - d) The period of validity of the quota order.

Chapter 21: Transitional provisions

Article 54: Excise goods held at the date of effectiveness of the Law

1. Tax shall immediately become due on Excise goods present in the Kingdom on the date the Law shall enter into force, provided that these Excise goods:
 - a) Are not placed under a customs suspension arrangement;
 - b) Are not owned by any government entity; and
 - c) Are specified for commercial purposes.
2. For the purposes of paragraph 1 of this Article Excise goods are designated for commercial purposes if its tax base exceeds 60,000 SAR as referred to in Article 8 of the Regulations.
3. The persons who holds Excise goods, referred to in the first paragraph of this Article, shall be responsible for calculating, declaring, and paying the due Tax on the Excise goods they hold in accordance to the Law and the Regulations, by submitting a single transitional Excise return to the Authority within 45 days after the Regulations enter into force.
4. The Authority shall provide the means to file the single transitional Excise return.

Article 55: Excise registration

Any person carrying out activities for which they are required to register for Tax purposes with the Authority in accordance with Article 6 of the Law, before the Law and these Regulations enter into force, shall be considered an Excise Registrant from the date the Law and these Regulations enter into force, on the condition that this person applies for registration for Tax purposes within 30 days after the Regulations enter into force.

Article 56: Production of Excise goods and Tax Warehouse licenses

Any person producing Excise goods from the date on which the Law enters into force shall be deemed to hold a Tax Warehouse license, and is excluded from the provisions of paragraph (3) of article 54 of the Regulations, if this person submits a Tax Warehouse license application within 30 days after the Regulations enters into force, this judgmental license ends when the application gets rejected.

Chapter 22: Final Provisions

Article 57: Conflicting legislations

Any provision in the Regulations shall be repealed in case of a conflict with any decision made by the Ministerial Committee in accordance to their powers stated in the Agreement.

Article 58: Date of effect

These Regulations shall be published in the Official Gazette and will come into effect on the effective date of the Law.



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