



Introduction

This document is an English version of The Kingdom of Saudi Arabia Value Added Tax (VAT) Draft Implementing Regulations published by the Ministry of Finance on the official website at 24 July 2017.

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You cannot rely on this document to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

The Kingdom of Saudi Arabia Excise Tax Implementing Regulations

Chapter 1: Definitions

Article 1: Definitions

1. The words and expressions contained in these Regulations shall have the meanings defined for them in the Law and the Agreement, unless the context otherwise requires.

Chapter 2: Taxable persons

Article 2: Taxable Persons required or eligible to register in the Kingdom

For the purposes of the Law and these Regulations, a Taxable Person is a Person who conducts an Economic Activity independently for the purpose of generating income, and is registered for VAT in the Kingdom or who is required to register for VAT in the Kingdom under the Law or these Regulations.

Article 3: Mandatory Registration - Supplies exceed the Mandatory Registration Threshold

1. For the purposes of registration, any Resident Person in the Kingdom who is not registered with the Authority must at the end of each month calculate the value of his supplies within the preceding 12 months, in accordance with requirements provided for in the Agreement. In cases where this value exceeds the Mandatory Registration Threshold detailed in the Agreement, the Person must submit to the Authority an application to register within twenty (20) days of the end of that month in accordance with Article 8 of these Regulations.
2. The registration provided for under the first paragraph of this article takes effect from the start of the next month following the month in which application for registration is submitted.

Article 4: Mandatory Registration - Supplies expected to exceed the Mandatory Registration Threshold

1. A Resident Person in the Kingdom who is not registered with the Authority must at the end of each month estimate the value of his supplies during the next 12 months, in accordance with the requirements provided for in the Agreement. Where the value of these supplies is expected to exceed the Mandatory Registration Threshold, the Person must submit to the Authority its application to register within twenty (20) days of the end of that month in accordance with article 8 of these regulations.
2. The registration provided for under the first paragraph of this article takes effect from the start of the first month in which its annual supplies made in the Kingdom were expected to exceed the Mandatory Registration Threshold.

Article 5: Mandatory Registration of Non-Residents Obligated to Pay Tax in the Kingdom

1. A Non-Resident Person who is not registered in the Kingdom but is obligated to pay Tax on supplies made or received by that Person in the Kingdom must submit to the Authority an application for registration within twenty (20) days of the first supply on which that Person was obligated to pay Tax.
2. The registration provided for under the first paragraph of this article takes effect from the date of the first supply on which the Non-Resident was obligated to pay Tax.

Article 6: Mandatory registration – other provisions

1. In the event of failure on the part of a person who is obliged to register to submit an application for registration to the Authority as provided for in the Regulations, the Authority may register such person without his submitting an application, and the registration shall become effective as from the date specified in articles 3 and 4 of the Regulations.
2. Without prejudice to the provisions of this Article, the Authority may agree to a request to defer the effective date of the registration to a later date, but provided that that does not go beyond the start of the month following the date of submission of the application.
3. Without prejudice to the provisions of this Article, the Authority may agree to a request from the Person for the registration to take effect from any date prior to the effective date specified in the provisions of the Regulations, provided the Person was eligible to be registered on that date.
4. Transitional provisions in Chapter 12 of these Regulations shall take precedence with regard to the provisions concerning Persons liable to notify before the commencement of the Law over any provisions relating to the Mandatory Registration Threshold.

Until the Law comes into effect on 1/1/2018, the provisions of the Agreement set out in Chapter 12 of these Regulations relating to persons obliged to register shall apply.

Article 7: Voluntary registration

1. A Resident Person who is not required to register under the Agreement may apply to register with the Authority if:
 - (a) the value of the Person's supplies or expenses during the preceding 12 months was equal to or exceeded the Voluntary Registration Threshold, or
 - (b) If it is expected that the value of the supplies or expenses within the following 12 months will not be less than the Voluntary Registration Threshold.
2. For the purposes of voluntary registration, the annual value of the supplies or expenses of a person is calculated in accordance with the provisions in the Agreement.
3. The Authority may, at the request of the person submitting the application for registration, agree to treat the registration as being effective from any date prior to the effective date as specified, provided that the person submitting the application was entitled to register on that date.

Article 8: Application to register

1. The application for registration must be submitted electronically in the form prescribed by the Authority.
2. Any application must contain the following minimum information:
 - a) Name and personal details of the applicant for registration;
 - b) physical address of regular abode or place of business;
 - c) registered address to receive electronic mail;
 - d) electronic identification number issued by the Authority;
 - e) Commercial Registration number;
 - f) value of actual and expected annual supplies; and
 - g) effective date of registration, or any alternative effective date requested.
3. The Authority may request the Person to provide documentation, in electronic or physical form, to verify that the information in the application is valid and that the Person is eligible to be registered in hard copy or electronically. The Person must be given an additional twenty (20) days, as a minimum, from the date of request to provide this documentation.
4. The Authority may, by a reasoned notification of rejection, refuse an application for registration in the event that the information contained in the application is incorrect, or in the event that the applicant is not entitled to be registered.
5. In the event that the application is accepted, the Authority will issue a certificate of registration containing the date on which the registration takes effect, and the Tax Identification Number, and the person submitting the application shall be notified thereof.
6. The Authority will maintain a register containing the relevant details of all Taxable Persons who are registered in the Kingdom.
7. A person registered with the Authority must notify it in the event of any change to the information applied to be registered, within 20 days from the date of the occurrence thereof.

Article 9: Registration provisions applying to specific circumstances

1. A Person who at any time has annual supplies made in the Kingdom whose value exceeds the Mandatory Registration Threshold which are exclusively zero-rated supplies, is excluded from the requirement to register. A Person who falls under this paragraph may elect to apply to register voluntarily.
2. In cases where two or more Related Persons carry on similar activities, the Authority may issue a formal notification requiring that the value of their annual supplies within a specified period be added, and this combined figure be used as the value of the annual supplies for each of them.
3. Every Non-Resident who is obliged to register in the Kingdom must use the prescribed electronic application form for Non-Residents, whether by himself or through an approved tax representative listed in accordance with article 81 of these Regulations. Details of this tax representative must be given on the application form.
4. A Non-Resident Person who changes their tax representative must notify the Authority within twenty (20) days of the change taking place.
5. For the purposes of the application of the provisions of the Law, the expression economic activity shall not include any activity carried on by government bodies in their capacity as public authorities.

In cases where a government body, or an entity owned by government, carries out activities which involve making supplies of Goods or Services in a capacity other than their capacity as public authorities, or supplies Goods and Services in competition with Persons in the private sector, that government body or entity will be regarded as carrying on an Economic Activity.

6. Employed and other Persons in so far as they are bound to an employer by contract or by any other legal ties creating the relationship of employer and employee as regards working conditions, remuneration and the employer's liability, are not considered to be carrying on an Economic Activity for the purpose of registration under the Law and these Regulations.
7. A Person who supplies or intends to supply Real Estate will be presumed to carry on an Economic Activity for the purpose of registration under the Law and these Regulations, except in cases where prior to the supply of the Real Estate was used or was intended for use as a permanent dwelling by the Person, or by a close family member of the Person.

Article 10: Group registration

1. Two or more Legal Persons may apply to register as a VAT Group in the Kingdom if the following requirements are met:
 - a) each Legal Person is resident in the Kingdom and carries out an Economic Activity;
 - b) the Legal Persons are under common control, under the meaning set out in article 35 of these Regulations; and
 - c) at least one of the Legal Persons is a Taxable Person eligible to be registered in its own right.

Article 11: Applications to form a VAT Group

1. A request to form a VAT Group must be made by a member who is a Taxable Person, to be nominated as the representative Legal Person of the VAT Group and will have primary obligation to comply with the obligations of the Group on behalf of all members of the Group, without prejudice to the responsibility of the other members of the VAT Group.
2. A request to form a VAT Group must be made electronically using the application form prescribed by the Authority. This application must contain the same minimum information for each Group member as required by article 8 of the Regulations.
3. The Authority may request the representative Legal Person to provide documentation, in electronic or physical form, to verify that the information in respect of all Legal Persons in the application is valid and that the Persons are eligible to be registered as a VAT Group. The representative Legal Person must be given an additional twenty (20) days, as a minimum, from the date of request to provide this documentation.
4. The Authority may, by reasoned notification of rejection sent to the representative of the Group, refuse an application for registration in the event of invalidity of the particulars in the application for registration or in the event that the members of the VAT Group are not eligible to be registered as a VAT Group.
5. If the application is approved, the Authority will issue a new Tax Identification Number to the representative Legal Person on behalf of the VAT Group, and suspend the existing Tax Identification Numbers of members previously individually registered, but without that resulting in cancellation of their registration.
6. In the event that the application is accepted, the VAT Group shall commence as from the date of submission thereof, and the Authority may, in its discretion, specify a different date.

Article 12: Amendments to the VAT Group

1. In a case where any information originally stated in the application changes, or where any member of the VAT Group is no longer eligible to form part of the Group, notification must be given by the representative Legal Person within 20 days of the change taking place.
2. A removal of the Legal Person from the VAT Group, or the disbanding of the VAT Group, arising due to an event set out in the first paragraph of this article will take effect from the date of the disbanding or the exclusion of the person.
3. The representative Legal Person may, with the approval of all of the members of the Group, file an application on behalf of the VAT Group to add new members to the Group, to remove existing members from the Group, to cancel the registration of the Group, or to change the representative Legal Person of the Group.
4. In the event that an application is submitted under paragraph 3 of this article, and this results in a change to the status of the Group, that change shall become effective as from the date of submission of the application, unless the Authority specifies a different date.
5. In cases where one or more members leaves a VAT Group, or the Group disbands, but any individual member remains eligible to be a Taxable Person, a new Tax Identification Number will be issued to that member if he did not have an earlier number prior to his becoming a member of the Group. In these cases, any such members are not considered to have de-registered, and will be deemed to have a continued registration status.
6. In cases where one or more members leaves a VAT Group, or the Group disbands, and the individual member is not eligible to be a Taxable Person, that Person must deregister with effect from the date it leaves the Group or the disbanding of the group. Each member of the Group remains jointly liable for any tax due upon deregistration for the rights and obligations of the Group when he was a member of the Group.
7. The Authority may issue a formal notice to the representative Legal Person to set aside the effect of the VAT Group status in relation to supplies between members of the Group. This notice may have retrospective effect.

Such a notice may only be issued where the VAT Group results or will result in the accrual of a tax advantage which is contrary to the purpose of the Law, and obtaining this advantage is one of the principal or main purposes of the formation of the Group.
8. The Authority may issue a formal notice to two or more Persons who are not part of any VAT Group, but who are eligible to form one together, that they are considered to be in a VAT Group from any prospective date.

Such a notice may only be issued where registration of each Person as a separate Taxable Person results or will result in the accrual of a tax advantage which is contrary to the purpose of the Law.

Article 13: Deregistration

1. Where a Taxable Person ceases to carry on an Economic Activity, including cases where a Legal Person ceases to exist as a Legal Person, that Taxable Person must deregister. Deregistration will take effect from the date the activity ceases.
2. Where at the end of any month, a Non-Resident Taxable Person has not made any taxable supplies in respect of which it is obligated to report Tax in the Kingdom in the most recent twelve-month period, that Taxable Person must deregister. Deregistration will take effect from the end of that month.
3. At the end of any month, a Resident Taxable Person is required to deregister where each of the following occur:
 - a) The total value of the Taxable Person's annual supplies or annual expenses in the twelve months then ended does not exceed the Voluntary Registration Threshold; and
 - b) The total value of the Taxable Person's annual supplies made in the Kingdom or annual expenses in the twenty-four months then ended does not exceed the Mandatory Registration Threshold; and
 - c) The total value of the Taxable Person's annual supplies or annual expenses in any of the eleven months following is not expected to exceed the Voluntary Registration Threshold.provided that in all cases, the Taxable Person has been registered for a minimum of twelve months.
4. A Taxable Person must notify the Authority within twenty (20) days of the cases prescribed in the first, second or third paragraphs of this article occurring.
5. In cases where the Taxable Person does not notify the Authority of the requirement to deregister, the Authority may deregister that person. In these cases, the Authority will issue a formal notification.
6. At the end of any month, a Taxable Person who is not required to deregister may apply to deregister where both:
 - a) its annual supplies made in the Kingdom in the last twelve months do not exceed the Mandatory Registration Threshold; and
 - b) its expected annual supplies made in the Kingdom in that month and the eleven months following do not exceed the Mandatory Registration Threshold.

The deregistration takes effect on the date the application is made or such later date agreed by the Authority.

7. A Taxable Person may not apply to deregister in accordance with the sixth paragraph of this article in cases where it has been registered for less than twelve months.
8. A notification under the fourth paragraph of this article or an application under the sixth paragraph of this article must be made electronically on an application form prescribed by the Authority.
9. The Authority may request documentation from the Taxable Person to evidence that the Economic Activity has ceased or to evidence the value of taxable supplies made and expected to be made.
10. The Authority may refuse an application for deregistration where it does not have evidence that the Taxable Person is eligible to deregister.
11. The Authority will issue a formal notification that confirms the deregistration of a Taxable Person or the refusal of an application to deregister.

Chapter 3: Supplies of goods and services

Article 14 (I): Taxable Supplies in the Kingdom

Without prejudice to article 2 of the Law, and for the purpose of applying that Law and the Agreement in the Kingdom:

- a) Tax is imposed on all Taxable Supplies of Goods and Services made in the Kingdom by a Taxable Person, or received in the Kingdom by a Taxable Person in instances where the Reverse Charge Mechanism applies.
- b) Supplies are treated as Taxable if they are made in the Kingdom or received by a Person in the Kingdom in cases where the Reverse Charge Mechanism applies.

Article 14 (II): Nominal Supplies

1. A Nominal Supply of Goods or Services, made by a Taxable Person is treated as a Supply of Goods or Services by the Taxable Person as part of the Taxable Person's Economic Activity, except as otherwise provided by this article.
2. A supply of Goods without Consideration is not treated as a Nominal Supply in the following situations:
 - a) A Taxable Person supplies gifts or samples to promote its Economic Activities, provided the Fair Market Value of each gift or sample supplied without Consideration does not exceed two hundred (200) Saudi riyals (SAR), exclusive of VAT.
 - b) A Taxable Person provides Goods to its employees as a part of carrying on its Economic Activity, provided the Fair Market Value of the Goods supplied without Consideration does not exceed two hundred (200) Saudi riyals (SAR), exclusive of VAT.
3. The maximum annual value of supplies of gifts, samples, or Goods to employees which a Taxable Person may make without Consideration, and still be eligible to apply the relief in the second paragraph, is fifty thousand (50,000) Saudi riyals (SAR) in any calendar year, based on the Fair Market Value of those Goods.
4. In cases where Goods are not used for the Economic Activities of a Taxable Person due to the destruction, theft or loss of those Goods, the Taxable Person does not make a Nominal Supply of those Goods.

5. A Supply of Services is not treated as a Nominal Supply in cases where a Taxable Person supplies Services without Consideration, and these Services are provided to promote the Economic Activities of a Taxable Person or provided to employees in as a part of carrying on the Economic Activity, provided the Fair Market Value of each Supply of Services does not exceed two hundred (200) Saudi riyals (SAR).
6. The maximum annual value of Services which a Taxable Person may make without Consideration, while retaining the right to apply for exemption under paragraph 4 of this article, is fifty thousand (50,000) Saudi riyals (SAR) in any calendar year, based on the Fair Market Value of those Services.
7. The Nominal Supply made on ceasing an Economic Activity will take place on the date of deregistration and based on the Fair Market Value of the Goods retained at this date.
8. In case the Taxable Person only deducts a part of the Input Tax on the purchase of Goods and Services or Import of Goods directly linked to any Nominal Supply, the value of the Nominal Supply will be adjusted to reflect only the proportional amount of VAT deducted

Article 15: Transfer of own Goods to another Member State

1. A Taxable Person who transfers Goods forming part of his assets from the Kingdom to another Member State is not considered to make a Supply of those Goods, provided that Person can evidence the use or intended use of those Goods for his own temporary use or an onwards supply in accordance with the requirements of the Agreement within ninety (90) days of the goods being moved to that Member State.
2. Evidence of an onwards supply is an order or contract for sale with a Person in that Member State, or such other evidence as the Authority may accept. Evidence of temporary entry of goods is documentation showing the prescribed items and uses as described in the Common Customs Law.
3. A person who cannot evidence the excepted purpose of the Goods in the timeframe specified in the first paragraph is able to adjust the Output Tax accounted for on the supply of the Goods at such time evidence becomes available, subject to the time limitations described in the Law.
4. A Supply of Goods made in the Kingdom made on the transfer of a Taxable Person's own Goods to another Member State in accordance with article 6 of the Agreement is considered to be a Supply made to that Taxable Person for the purpose of determining the body entitled to deduct Input Tax on the supply of those Goods.

Article 16: Transactions not falling within the scope of Tax: Transfer of an Economic Activity

1. The transfer by a Taxable Person of Goods and Services forming his Economic Activity, or a part of his Economic Activity, is not a Taxable Supply of Goods and Services by that Taxable Person, provided that the following conditions are met:
 - a) The Goods and Services transferred are capable of being operated as an Economic Activity in their own right, and the recipient immediately following the transfer uses those Goods and Services to carry on that same Economic Activity; and
 - b) The recipient is a Taxable Person or becomes a Taxable Person as a result of the transfer; and
 - c) The Supplier and the recipient agree that they wish the transfer to be viewed as the transfer of an Economic Activity for the purposes of the Law.
2. Where the transfer of an Economic Activity takes place, the recipient Taxable Person assumes the place of the Supplier for any obligations which will arise in the future for the purpose of the Law.
3. In cases where the transfer of an Economic Activity results in the Supplier or recipient of that Economic Activity requiring to register or deregister, notification must be provided to the Authority within 20 days of the transfer date.
4. The Supplier of an Economic Activity must provide copies of all business records relating to that Activity which are required to be retained by the Law to the recipient of that Economic Activity. A Supplier who fails to do so will be deemed to be in breach of those provisions.

Article 17: Supplies by a Legal Person to itself

1. Without prejudice to the provisions of article 15 of the Regulations, Goods and Services provided by a Legal Person to itself, with the exception of Nominal Supplies, are not within the scope of Tax.
2. Supplies of Goods or Services from one member of a VAT Group to another member of a VAT Group are not within the scope of Tax.
3. By way of exception to article 9 of the Law, services provided by a legal person to itself shall be treated as a supply of services by and to that legal person in the cases in which:
 - a) a Legal Person is established in the Kingdom and in more than one Member State;
 - b) when services are purchased by an establishment owned by the legal Person outside the Kingdom, and subsequently received by an establishment owned by the legal Person itself in the Kingdom; and
 - c) the Services are not deemed to take place outside the Kingdom due to any of the Special Cases prescribed in the Agreement to determine the place of Supply.

The Services shall be deemed to be supplied by the Non-Resident Supplier to the establishment of the Legal Person within the Kingdom.

Article 18: Issue or Supply of a Voucher

1. Where a person issues or supplies a Voucher, this is not considered to be a supply for the purposes of the Law, subject to the second paragraph of this article.
2. The Supply of a face value Voucher is a Supply of Services to the extent that the Consideration provided in respect of the issue or supply of the voucher exceeds its monetary face value.
3. In this article, a Voucher is an instrument where there is an obligation to accept it as Consideration or part Consideration for a supply of Goods or Services, and where the nature of the Goods or Services to be supplied or the identity of the Supplier is indicated on the Voucher or in related documentation.
4. A face value Voucher is a Voucher which is issued with a specific monetary redemption value indicated on the Voucher or in related documentation.

Article 19: Date of Supply in specific circumstances

1. In cases of the Supply of Goods or Services, where the relevant invoice or the agreement between the supplier and the customer provide that the consideration shall be paid in periodical instalments, each instalment shall then be deemed to be a separate supply made on the date on which that instalment falls due or on the date of actual payment, whichever first occurs.
2. In all other cases where supplies of Goods or Services are made on a continuing basis, a separate Supply takes place on the earlier of the date an Invoice is raised or payment is made in respect of those Goods or Services, to the extent of the amount invoiced or paid.
3. In the event that no payment has been received or invoice has been raised in relation to continuous supplies by a Taxable Person of Goods or Services, the Supply is deemed to take place on the date falling twelve months after the later of:
 - a) the date on which the supply of Goods or Services commenced; or
 - b) the previous date on which the supply took place by virtue of an Invoice being issued or payment being made.
4. The supply of oil, gas, water or electricity through a distribution network, which is not made on a continuing basis, takes place at the earlier of:
 - a) the date an Invoice is issued by the Supplier in respect of those Goods; or
 - b) the date that payment is received by the Supplier in respect of those Goods.
5. The Nominal Supply made as a result of the cessation of a Taxable Person's Economic Activity takes place on the date of deregistration of that Person determined in accordance with the Law and these Regulations.

Chapter 4: Place of Supply

Article 20: Taxable status of Supplier and Customer

1. For the purposes of determining the country in which a supply is made under the provisions of the Agreement, the Supplier is considered a Taxable Supplier or the Customer is considered a Taxable Customer in cases where that Person is registered for VAT in the Member State where it has a Place of Residence on the date the Supply takes place.

For the purposes of the interpretation of the provisions of the Agreement, any customer who is a taxable person in the Kingdom by reason of his being obliged to register shall be treated as a Taxable Customer.
2. For the purposes of the Law and these Regulations, a Taxable Person making a Supply of Goods or Services to Taxable Customer in another Member State must obtain a Tax Identification Number of that Customer issued by that Member State which is valid at the date the Supply takes place.
3. A Supplier who cannot obtain the Tax Identification Number required by the second paragraph of this article must determine the place of Supply on the basis that his Customer is not a Taxable Customer, until such Number is later obtained.
4. In cases where the Supplier or Customer is established in more than one Member State, the relevant State of that Person's Residence in respect of any particular Supply is the State most closely connected with that Supply.

Article 21: Place of supply – Priority of Special Provisions

1. In cases where the Place of Supply of Services is determined in accordance with any of the Special Cases in the Agreement, these provisions will take precedence over the General Principles in articles 16 and 17 of the Agreement for the purposes of determining the Place of Supply.

Article 22: Real Estate related Services

1. For the purpose of application of the Agreement, Real Estate includes:
 - (a) any specific area of land over which rights of ownership or possession or other rights in rem can be created;
 - (b) any building, structure or engineering work permanently attached to the land; and
 - (c) any fixture or equipment which makes up a permanent part of or is permanently attached to the building, structure or engineering work.
2. For the purpose of application of the Agreement, Real Estate related Services are those which affect or are related to a specific area of Real Estate. Such Services include, but are not limited to:

- a) The grant, assignment or surrender of any interest in or right over Real Estate;
 - b) The grant, assignment or surrender of a personal right to call for or be granted any interest in or right over Real Estate;
 - c) the grant, assignment or surrender of a license to occupy land or any other contractual right exercisable over or in relation to Real Estate, including the provision, lease and rental of sleeping accommodation in a hotel or similar establishment;
 - d) any works of construction, demolition, conversion, reconstruction, alteration, enlargement, repair or maintenance of Real Estate, and
 - e) services such as those supplied by estate agents, auctioneers, architects, surveyors, engineers and others involved in matters relating to Real Estate.
3. Services relating to Real Estate situated outside of the territorial waters of the Kingdom are not considered to relate to Real Estate in the Kingdom for the purpose of applying the Law and the Agreement.

Article 23: Wired and wireless telecommunications and electronic Services

1. Wired and wireless telecommunications Services and electronic Services include, but are not limited to:
 - a) any Service relating to the transmission, emission or reception of signals, writing, images and sounds or information of any nature by wire, radio, optical or other electromagnetic systems;
 - b) the transfer or assignment of the right to use capacity for such transmission, emission or reception;
 - c) the provision of access to global information networks;
 - d) the provision of audio and audio-visual content for listening or viewing by the general public on the basis of a program schedule by a person that has editorial responsibility;
 - e) live streaming via the internet if it is broadcast at the same time by radio or television;
 - f) Supplies of images or text provided electronically, such as photos, screensavers, electronic books and other digitized documents or files;
 - g) Supplies of music, films and games, and of programs on demand;
 - h) online magazines;
 - i) website Supply or web hosting services;
 - j) distance maintenance of programs and equipment;
 - k) supplies of software and software updates; and
 - l) advertising space on a website and any rights associated with such advertising.
2. In cases where wired and wireless telecommunications Services and electronic Services are provided at a public telephones or independent telephone services at shops and commercial establishments or a Wi-Fi hot spot, an internet café, a restaurant or a hotel lobby; or in other cases where the physical presence of the Customer at a particular location is needed for those Services to be provided, the Customer consumes and enjoys the Services at that location.
3. In all cases where the second paragraph of this article does not apply, the Customer consumes and enjoys the service at the place where his usual Place of Residence is.
4. The following indicators may be used by a Supplier to determine the usual Place of Residence of the Customer for the purpose of these Services:
 - a) the invoicing address of the Customer;
 - b) bank account details of the Customer;
 - c) the Internet Protocol address used by the customer to receive the wired and wireless telecommunications Services and electronic Services; or
 - d) the country code of the SIM card used by the customer to receive the wired and wireless telecommunications Services and electronic Services.
5. The place of actual use or benefit of Services is determined based on the circumstances existing at the time of the Supply. Any subsequent changes to the use of the Services received will not affect the determination of the place of Supply.

Article 24: Place of Supply - other Services

1. Cultural, artistic, sport, educational and entertainment Services include the admission to any event taking place in a physical location, or the provision of educational services where these are provided in a physical location. The physical location is the place in which the Services are offered.
2. The Supply of Services relating to Goods or passenger transportation includes the following Services:
 - a) port fees or charges, including docking, mooring, landing and parking fees;
 - b) charges for customs or immigration clearance relating to the transportation;
 - c) air navigation services;

- d) pilotage services;
 - e) supplies of crew members;
 - f) loading, unloading or reloading;
 - g) stowing;
 - h) opening for inspection;
 - i) cargo security services;
 - j) preparing or amending bills of lading, air or sea-waybills and certificates of shipment;
 - k) packing necessary for transportation; and
 - l) storage services.
3. In cases where the place of supply is determined by the place of the provision of the services provided for in the Agreement, if performance of part of the Service takes place within the Kingdom and another part thereof outside the Kingdom, the value thereof shall be split accordingly between the part taking place within the Kingdom and the part taking place outside the Kingdom.
 4. Services which are performed outside the territorial waters of the Kingdom are not viewed to be provided in the Kingdom for the purpose of applying the Law and the Agreement.

Article 25 (I): Goods situated in the Kingdom

1. Without prejudice to the provisions of the Agreement, the Law or these Regulations, a Supply of Goods situated in the Kingdom, without these goods being transported outside the Kingdom, is made in the Kingdom.
2. Goods which are situated outside of the territorial waters of the Kingdom are not considered to be situated in the Kingdom for the purpose of applying the place of supply rules applying in the Law and the Agreement.

Article 25 (II): Goods sold with transportation

1. Subject to the second paragraph of this article, a Supply of Goods is made with transportation or dispatch in cases where the Supplier and Customer both agree that the goods will be transported to the Customer as a consequence of that Supply.
2. In cases where Goods are transported directly from one country to another and it is contemplated that this transport will take place in respect of multiple Supplies of these same Goods, only one Supply of these Goods is considered to be a Supply made with transportation or dispatch.
3. In cases described by the second paragraph, the first Supply in which either the Supplier or the Customer is responsible for organizing the transport is considered the Supply made with transportation or dispatch.
4. In cases where transportation of Goods being supplied to the Kingdom commences from outside Council Territory, the place of Supply of the Goods will be in the Kingdom if the Goods have been Imported into the Kingdom in accordance with the Unified Customs Law before the Supply takes place. Any Supply of such Goods before the Import of the Goods in accordance with the Unified Customs Law shall be considered as being made outside the Kingdom.

Article 26: Evidential requirements for Internal supplies

1. In cases where a Taxable Person makes an Internal Supply of Goods from the Kingdom to a Person residing in another Member State, that Taxable Person must retain evidence that those Goods have been transported to the State of Destination.
2. A Taxable Person who does not have evidence that the Goods have been transported within ninety (90) days of the Supply taking place must treat the Supply as being made without transportation or dispatch from the Kingdom until such evidence is later obtained.
3. For the purposes of this article, evidence of the transport to the State of destination must include at least:
 - a) commercial documentation identifying the Customer and the place of delivery of the goods; and
 - b) transportation documentation evidencing the delivery or receipt of goods in the State of destination.
4. The Authority may reject the documentation held by a Taxable Person in cases where this documentation does not sufficiently evidence the transport to the Destination State. In these cases, the Supply will be treated as being made without transportation or dispatch from the Kingdom until such evidence is later obtained.
5. Following the establishment of an Electronic Services System by the GCC Secretary General in accordance with the Agreement, and upon a request from the Authority, a Taxable Person who makes an Internal Supply must provide the Authority with information corresponding to that Supply for entry into that System. The Authority will prescribe the format for provision of such information.

Chapter 5: Exempt Supplies

Article 27: Financial Services

1. Pursuant to article 15 of the Law, supplies of Financial Services listed within this article are exempt from VAT, except in cases where the consideration payable in respect of the Service is by way of an explicit fee, commission or commercial discount.
2. Financial Services include the following Services:
 - a) the issue, transfer or receipt of, or any dealing with, money, any security for money or any note or order for the payment of money;
 - b) the provision of any credit or credit guarantee;
 - c) the operation of any current, deposit or savings account;
 - d) financial instruments, such as derivatives, options, swaps, credit default swaps and futures;
3. Islamic finance products, being financial products under contract which are certified as Shari'ah compliant, which simulate the intention and achieve effectively the same result of a non-Shari'ah compliant financial product will be treated in the same manner as the equivalent non-Shari'ah financial product for the purpose of applying exemption from Tax.
4. In cases where ownership of Goods is transferred temporarily as a part of a Shari'ah compliant financial product, but ownership of those Goods is not intended to pass to the recipient of the financial product, the transfer of the underlying Goods is not considered a separate Supply of Goods.
5. Under the principles described in the second and third paragraphs of this article, the following is a non-exhaustive list of Supplies which would be considered exempt Financial Services:
 - a) interest or lending fees charged with an implicit margin for any form of lending, including loans and credit cards;
 - b) interest or lending fees charged with an implicit margin for a mortgage or under a diminishing musharaka arrangement;
 - c) interest or lending fees charged with an implicit margin for short term finance, including finance leasing, hire purchase products or under a murabaha contract;
 - d) commissions charged on an implicit margin or spread for brokerage services, or under a mudaraba or wakala contract.
6. The issue or transfer of a debt security, equity security, or any other transferable document recognizing an obligation to pay a monetary amount to the bearer will be considered an Exempt Supply of Financial Services.
7. The provision or transfer of a contract of life insurance, or the reinsurance of a life insurance contract is an Exempt Supply of Financial Services.
8. A life insurance contract means any contract of conventional insurance or takaful provided by a regulated provider in the Kingdom which results in the payment of a sum contingent on death or other significant event of human life, or a similar contract provided by a Non-Resident Supplier.

Article 28: Lease or license of Residential Real Estate

1. Pursuant to article 15 of the Law, the supply by way of lease or license of Residential Real Estate is exempt from VAT.
2. For the purposes of this article, Residential Real Estate means a permanent dwelling designed for human occupation, including;
 - a) immovable property used or intended to be used as a home, such as houses, flats and apartments;
 - b) other Real Estate intended as a Person's primary residence, including residential accommodation for students or school pupils.
3. Without prejudice to the first and second paragraphs of this article, any hotels, inns, guest houses, motels, serviced accommodation or any other building that is designed to offer temporary accommodation to visitors or travelers are not considered as Residential Real Estate.
4. Residential Real Estate includes the boundaries legally assigned to the property, including gardens, garages or any other feature that is considered a permanent part of the property.

Chapter 6: Zero-rated Supplies

Article 29: Zero-rated Supplies

1. Supplies of Goods or Services listed in this Chapter 6 are zero-rated in accordance with the Agreement and article 16 of the Law.
2. A Supply of Goods or Services which constitutes both an exempt supply in accordance with both Chapter 5 of these Regulations and a zero-rated supply in accordance with this Chapter 6 is by preference treated as a zero-rated Supply.

Article 30: Exports of Goods from the Kingdom

1. For the purpose of applying the zero-rate to an Export of Goods from the Kingdom to a place outside of Council Territory, the Supplier of those Goods must retain evidence that the Goods have been transported from the Council Territory within ninety (90) days of the Supply taking place.
2. A Taxable Person who does not have evidence that the Goods have been transported within ninety (90) days of the Supply taking place may not treat the Goods as being exported outside of Council Territory and shall be treated as having supplied them in the Kingdom.

3. For the purposes of this article, evidence of the Goods being transported outside of the Council Territory must include at least each of the following:
 - a) Export documentation issued by the Customs Department or equivalent Department of another Member State, showing the Goods being formally cleared for export on behalf of the Supplier or Customer of that Supply;
 - b) commercial documentation identifying the Customer and the place of delivery of the goods; and
 - c) transportation documentation evidencing the delivery to, or receipt of goods at, a destination outside of Council Territory.
4. The Authority may reject the documentation held by a Taxable Person in cases where this documentation does not sufficiently evidence the Goods being transported outside of Council Territory. In these cases, the Supply will be treated as being made without Export from the Council Territory until such evidence is later obtained.
5. A Supply of Goods which is treated as made after the export formalities have been completed will also be subject to the zero-rate, provided the Supplier obtains the commercial and transportation documentation prescribed by the third paragraph of this article to evidence the transportation of the Goods outside of Council Territory.
6. All re-exports of movable Goods that were temporarily imported into the Kingdom for repairs, renovation, modification or processing are subject to the same evidential requirements as prescribed by this article as for other Exports.
7. The supply of Goods situated in the Kingdom whilst subject to a customs duty suspension regime, in accordance with the Unified Customs Law, will be zero-rated subject to satisfactory evidence being held by the supplier as to the location of the goods at the time of their supply.

Article 31: Services provided to non-GCC Residents

1. A Supply of Services made by a Taxable Person to a Customer without a Place of Residence in any Member State is zero-rated provided that the following conditions are met:
 - a) a) The Supply of those Services does not take place in any Member State under the Special Cases listed in articles 17 to 21 of the Agreement;
 - a) b) The Taxable Person has no evidence that the Customer has any residence in any Member State;
 - b) c) The benefit of the Services is not received by the Customer or any other Person when that Person is situated in a Member State;
 - c) d) The Services are not performed on any tangible Goods or property located within a Member State during the Supply;
 - d) e) The Taxable Person intends that the Services are consumed by the Customer outside of Council Territory; and
 - e) f) The Taxable Person has no evidence that the benefit of the Services will be enjoyed within a Member State.

Article 32: Transportation Services of Goods or Passengers outside the Kingdom and supplies relating to Transportation

1. The international transport of Goods is zero-rated.
 2. The international transport of passengers is zero rated in cases where:
 - a) The transportation is by way of any qualifying means of transport; or
 - b) The transportation is by way of a scheduled passenger flight or voyage which runs according to a published timetable.
 3. Services which are directly connected and incidental to a supply of international passenger transport are zero-rated. Such services include:
 - a) transporting luggage accompanied by passengers, including domestic pets, bicycles, prams and excess luggage charges;
 - b) transporting vehicles and trailers belonging to passengers;
 - c) transporting airport passenger charges and passenger load supplements;
 - d) seat reservations; and
 - e) sleeping berths or cabin charges.
 4. The supply of a qualifying means of transport, or of any vessel or aircraft used principally for international transportation of passengers and goods, is zero-rated.
 5. Any Services relating to Goods or passenger transportation, as defined in article 24 of these Regulations, are zero-rated provided these are either:
 - a) ancillary to and provided with a supply of zero-rated international transport; or
 - b) provided in respect of a qualifying means of transport at an airport or port.
 6. The maintenance, repair, or modification of a qualifying means of transport, including the supply of replacement parts, consumables and other necessary components ordinarily affixed or incorporated into the means of transport in question in connection with those services, are zero-rated. Such zero-rating only applies provided that the purpose of the Supply of those Goods and Services is to ensure the continued operation of the vehicle, aircraft or vessel as a qualifying means of transport.
- Maintenance and repair services must be physically carried out on or at the qualifying means of transport to qualify for zero-rating under this paragraph.

7. For the purposes of this article, international transport is:
 - a) the provision of a transportation Service by means of a vehicle, aircraft or vessel together with a driver or pilot, and with a crew where necessary for the purpose of that service, provided that
 - b) the transportation Service involves transport of Goods or passengers either to a place outside the Kingdom, or from a place outside the Kingdom into the Kingdom.
8. A qualifying means of transport means any vehicle, ship or aircraft designed or adapted to carry a minimum of ten (10) people, or designed to carry Goods on a commercial basis, which is used predominantly for international transportation.

Any means of transport adapted for or intended for recreation or private use is not a qualifying means of transport.

Article 33: Medicines and medical equipment

1. Subject to any additional controls proposed by the Ministers of Health Committee, the supply of any qualifying medicines or qualifying medical goods dispensed to an individual for that individual's personal use on the prescription of an authorized prescriber is zero-rated, where the dispensing is carried out:
 - a) by a pharmacist registered with the Ministry of Health;
 - b) by a person who is a distributor of medical products licensed by the Saudi Food and Drug Agency;
 - c) at a Primary Healthcare Center; or
 - d) at a hospital.
2. For the purposes of this article:

Qualifying medicines are any medicines listed on the formulary drug list issued by the Ministry of Health.

Qualifying medical goods are any medical devices or products licensed by the Saudi Food and Drug Agency.

Article 34: Supplies of investment metals

1. The first supply of a qualifying metal by their Producer or Refiner is zero-rated.
2. The grant or assignment or abandonment of any right or interest or claim in respect of any qualifying metal for investment is zero-rated if such right, interest or claim is regarded as the transfer of possession of the commodities or as granting a right therein.
 - a) A qualifying metal is:
 - (i) Gold;
 - (ii) Silver; or
 - (iii) Platinum.
 - b) A qualifying metal is considered to be supplied for investment when the metal is at a purity level not less than ninety-nine percent (99%) and tradeable on the Global Bullion Exchange.
 - c) Producer means any person who carries on the mining and extraction of a qualifying metal.
 - d) Refiner means any person who carries on the refining, by any process, of a commodity into a qualifying metal.

Chapter 7: Taxable Value of Supplies

Article 35: Related persons

1. In addition to the general principles established by the Agreement, the cases in this article set out where two or more Persons will be considered Related Persons for the purpose of applying the Agreement and Law in the Kingdom.
2. A Natural Person is considered related to any other Natural Person who is a spouse or a brother-in-law, or a relative to the fourth degree.
3. An employer and his employee are Related Persons for the purpose of the Law. Partners in a partnership are also Related Persons.
4. A Natural Person and a Legal Person are considered related persons for the purposes of the Law in cases where:
 - a) the Natural Person is a partner or a director of a Legal Person; or
 - b) the Natural Person, either alone or together with a Related Person or Persons under this article, controls over fifty percent (50%) or more of the capital or over fifty percent of the voting rights or value of the Legal Person, either directly or indirectly.
5. Legal Persons are considered to be under common control and are thus Related if more than fifty percent (50%) of the capital, or ownership of more than fifty percent of the voting rights or value, in both or all of the Legal Persons is held by the same Person or Persons, either directly or indirectly.

6. A natural person related to bodies that administer waqf property for specific purposes shall be a related Person if he is a beneficiary or able to benefit therefrom whether singly or with another Person or persons who are related under this article.

Article 36: Fair Market Value

1. The value of a Supply is its Fair Market Value, and not the value paid, in cases where each of the following apply:
 - a) a Supply is made between Related Persons, as defined in the Agreement or in Regulations;
 - b) the value for the Supply is less than the Fair Market Value; and
 - c) the Customer is not entitled to any Input Tax deduction in relation to the Supply.
2. For the purposes of the Law and the Regulations, the Fair Market Value is the Consideration that would be payable for a similar and contemporaneous Supply of Goods or Services, freely offered and made between Persons who are not Related Persons.
3. A similar and contemporaneous Supply, means another Supply of Goods or Services supplied at the same time that are either identical to, or closely or substantially resemble, the Goods and Services being supplied.

This must be ascertained based on factors including the characteristics, quality, quantity of the Goods and Services, the place and date of Supply, and reputation of the Supplier.
4. In cases where a similar and contemporaneous Supply is not able to be ascertained, the Taxable Person or Authority may prescribe an alternative Fair Market Value based on other comparable transactions which resemble the Supply of Goods and Services, or the costs of the Supplier to make the Supply, whichever is higher.

Article 37: Value of specific Taxable Supplies

1. If a Supply of Goods or Services is treated as a Nominal Supply by reason of its having been made without Consideration, or for a purpose other than for Taxable Economic Activities, the value of that Supply is the purchase price or cost of the Goods or Services.

No Nominal Supply shall be treated as made if Input Tax was not deducted on the Supply by the Supplier.

In cases where the purchase price or cost cannot be ascertained, the value of such Supply is the Fair Market Value.
2. The value of a Nominal Supply on ceasing of the Economic Activity is the Fair Market Value of Goods which are retained on the date of deregistration, other than Goods on which Input Tax was not deducted by the Taxable Person.

Article 38: Adjustment to value of a Supply

1. The value of a Supply is adjusted in cases where, in relation to a Taxable Supply by a Taxable Person:
 - a) the Supply is cancelled or terminated after the Supply has taken place or been treated as taking place, in whole or in part;
 - b) There is a material change or alteration to the nature of the Supply resulting in a change in the Tax charged;
 - c) the previously agreed Consideration for the Supply is altered for any reason, including due to an offer of an additional discount after the sale was made; or
 - d) the Goods or Services or part thereof are returned to the Supplier and the Supplier accepts such return.
2. Where the value of the Supply is adjusted due to any of the cases described in the first paragraph of this article has occurred, an adjustment to Tax previously reported must be made in accordance with the third paragraph of this article in the following cases:
 - a) the issue of a Tax Invoice in relation to the Supply is calculated on the basis of calculation of the tax by reason of one or more of the cases provided for in the first paragraph of this article, or the cases provided for in the Agreement, and
 - b) the value of tax relating to a Supply of which the value does not reflect one or more of the cases provided for in the first paragraph.
3. In the cases prescribed in the first paragraph of this article in which a subsequent adjustment must be made to the value of the goods or services, the Taxable Person who acts as a Supplier must make an adjustment to the Output Tax previously reported, in such a manner as to reflect the value of the tax calculated on the change in the consideration.
4. An adjustment that results in an increase to Supplier's Output Tax made in accordance with the third paragraph of this Article must be made in the Tax Return for the Tax Period in which the event referred to in the first paragraph of this article occurred.
5. An adjustment that results in a decrease in Supplier's Output Tax made in accordance with the first paragraph of this article must be made in the Tax Return for the Tax Period in which the event referred to in the first paragraph of this article occurred or in the Tax Return for the period during which the Credit Note was issued to the Customer, whichever is later.
6. In the cases prescribed by the second paragraph of this article which require a subsequent adjustment to the value of a Supply of Goods or Services to a Customer who is or was a Taxable Person on the date of the Supply, the Customer must correct its Input Tax to reflect the Tax amount calculated on the change in Consideration in the Tax Period in which the Credit Note or Debit Note is issued.
7. In cases where a Taxable Person does not receive all or part of the Consideration for a Taxable Supply made by him, the Taxable Person may reduce his Output Tax for the Tax amount calculated on the Consideration not paid in the Tax Return in which all of the following conditions are met:
 - a) the Taxable Person has previously included Tax calculated on the Taxable Supply as Output Tax on a Tax Return and made payment of the Tax due;

- b) the Consideration is in respect of a Supply of Goods or Services made to a Person who is not a Related Person;
 - c) a period of at least twelve months has passed from the date of the Taxable Supply;
 - d) the Taxable Person holds a certificate from his certified accountant indicating that the unpaid Consideration has been written off in his books by a resolution made by a competent authority; and
 - e) in cases where the total amounts unpaid by the Customer exceed one hundred thousand (100,000) riyals, formal legal procedures have been taken to collect the debts without success; and the Taxable Person can provide evidence of these procedures, such as the issuance of a judicial ruling, evidence of the debtor's bankruptcy, or a Court order initiating any other formal recovery procedure.
8. A person using the cash accounting basis described in article 44 of these Regulations must not make any adjustment for non-payment prescribed in the seventh paragraph of this article.
 9. If an adjustment to Output Tax is made in accordance with this article and the Taxable Person subsequently receives full or partial payment of the Consideration, Tax calculated on the subsequent Consideration received will become payable and must be accounted for in the Tax Return for the Tax Period in which the payment occurs.
 10. Any Taxable Person who has deducted Input Tax in respect of a Supply received by that Person, but has failed to make payment in full after a period of twelve months from the date of Supply, must reduce the Input Tax deduction by the amount of Tax calculated on the Consideration not paid at that date.
 11. In cases where an adjustment to Input Tax is made under the tenth paragraph of this article and the Taxable Person subsequently makes payment of the Consideration, the Input Tax deduction may be increased correspondingly to reflect the Tax calculated on the Consideration paid.
 12. For the avoidance of doubt the adjustments required by this Article are subject to any time limits imposed by the Law or these Regulations.

Chapter 8: Imports

Article 39: Goods deemed to be Imports into the Kingdom

1. In cases where a Person who is Resident of the Kingdom but who is not registered for VAT enters Goods with a value exceeding ten thousand (10,000) riyals into the Kingdom from another Member State, and cannot prove at the time of such entry that Tax was paid on the purchase of those Goods in that State, that Person is deemed to make an Import of those Goods for the purpose of this Law and VAT shall be payable on such Imports.
2. The Customs Department is responsible for collecting VAT on Imports made under the first paragraph of this article.
3. Proof of payment of Tax must be by means of producing a Tax Invoice or similar document issued in accordance with the laws of the Member State of purchase, or such other evidence accepted by the Customs Department showing that VAT has been paid on the Goods, or that the Goods were not purchased in that Member State.

Article 40: Exempt Imports

1. Imports of personal items and gifts carried in travelers' personal luggage are exempt from Tax on Importation, provided these fall within the limits set by the Customs Department for relief from collection of customs duty upon entry.
2. Imports of equipment for people with special needs may be exempted from Tax on Importation in cases where the equipment is approved in an Order issued by the Board of Directors.
3. The Customs Department has the power to determine if an Import of Goods is exempt from Tax on Importation under the provisions of the first or second paragraphs, and to apply the exemption from the Tax collected on Imports of those Goods.
4. In cases where a Taxable Person is authorized to pay Tax on Imports through the Tax Return, the application of an exemption from Tax on Imports on goods which are exempt from customs duty in accordance paragraph one of this article is limited to cases where the Customs Department, or an equivalent Department of another Member State has declared that customs duty was not collectable on their Import.

Article 41: Collection of Tax on Imports on entry to the Kingdom

1. Upon importation of Goods, a Taxable Person must provide his Tax Identification Number to the Customs Department.
2. The Customs Department will issue a statement to a Taxable Person for each month in which Imports of Goods are made by that Taxable Person, showing the value of Goods Imported and the value of Tax collected thereon. This statement may be issued electronically.

Article 42: Payment of Tax on Imports through the Tax Return

1. A Taxable Person may apply to the Authority for authorization for the payment of Tax on Imports to be made through that Taxable Person's Tax return, instead of being collected by the Customs Department on importation entry.
2. The Taxable Person must apply electronically to the Authority to be granted an authorization. The Authority may approve an application where:
 - a) the Taxable Person uses a monthly Tax Period and intends to make Imports of Goods at least once a month;

- b) the Taxable Person can evidence that, during the most recent twelve-month period, or during all the time the person has been a Taxable Person if less than twelve months, all Tax Returns and payments have been made on time, and all other obligations in respect of VAT have been met; and
 - c) sufficient evidence is provided of the Taxable Person's continuing financial stability.
3. The Authority may refuse an application, or cancel an existing authorization, in cases where they view a risk that VAT will not be paid, or where the Taxable Person has any outstanding obligations in respect of VAT.
 4. The Authority must cancel an existing authorization in cases where the Taxable Person is no longer eligible to be granted authorization, or upon request of the Taxable Person.
 5. The Authority must inform the Taxable Person and the Customs Department in a formal notification of the approval or refusal of the application, or the cancellation of an existing authorization, and the effective date.
 6. From the effective date of an approved authorization, the Authority is responsible for collection of Tax on Imports by an authorized Taxable Person. This responsibility continues until the removal of the authorization for that Taxable Person.
The Customs Department must not collect Tax on any subsequent Imports of Goods by an authorized Taxable Person.
 7. Upon authorization being approved, the Taxable Person must separately notify the Customs Department of the approval prior to making the next Import declaration.

Chapter 9: Calculation of Tax payable

Article 43: Rate of Tax

1. Unless a Taxable Person elects to use the cash based accounting method in accordance with article 44 of these Regulations, or unless the Taxable Person is supplying Eligible Used Goods in accordance with article 46 of these Regulations, the Net Tax payable by a Taxable Person in respect of a Tax Period is calculated by deducting the Total Deductible Tax, including Deductible Tax on Imports, allowed to the Taxable Person during the Tax Period from the total of Output Tax payable in respect of all Taxable Supplies made by the Taxable Person in the Kingdom during the Tax Period. This calculation method is known as the invoice-based accounting method.
2. The calculation of Tax on any amount of Consideration in respect of a Supply is made in accordance with the following equation:

$$\text{Tax} = \frac{\text{Consideration} \times \text{Tax Rate}}{100\% + \text{Tax Rate}}$$

Where the Tax Rate is expressed as a percentage.

Article 44: Cash based accounting

1. A Taxable Person may apply to calculate Net Tax due for a Tax Period on a cash accounting basis as set out in article 43 of the Regulations provided that the annual value of taxable supplies in the past calendar year does not exceed five million (5,000,000) riyals, and the anticipated value of taxable supplies in the current calendar year is not expected to exceed five million riyals, subject to the second paragraph of this article.
2. A Taxable Person who keeps or is treated by law as being obliged to keep commercial books shall not be entitled to use the cash accounting basis.
3. A Taxable Person using the cash accounting basis only includes Output Tax and Deductible Tax in its Tax Return in respect of Supplies of Goods and Services for which and to the extent that payment has been made.
4. A Taxable Person may elect to use the cash accounting basis at the time of his application for registration or to obtain his identification number with the Authority. A Taxable Person who has not made an election in this manner may at any subsequent time elect to use the cash accounting basis by filing an application electronically with the Authority, provided he is eligible to do so.
5. A change to the cash accounting basis takes effect from the start of the Tax Period following that in which the application is approved. The Authority must provide a formal notification of the approval and the effective date of the change to the Taxable Person.
6. The Tax Return for the first Tax Period following a change from the invoice accounting basis to the cash accounting basis must include an adjustment to the Taxable Person's Output Tax and Deductible Tax to reflect the Tax calculated on the amounts unpaid in respect of Taxable Supplies made to or by the Taxable Person at the date of the change.
7. The Authority may reject an application if it is not satisfied that the Taxable Person is eligible to use the cash accounting basis.
8. A Taxable Person who is approved to use the cash accounting basis must inform the Authority within twenty (20) days of finding that he is no longer eligible to do so, by submitting an application electronically to use the invoice accounting basis as described in article 43 of these Regulations.
9. A Taxable Person using the cash accounting basis may submit an application to the Authority to use the invoice accounting basis after the cash accounting basis has been used for a minimum of two years, by submitting an application electronically.
10. The change to the invoice accounting basis takes effect from the start of the following Tax Period. The Authority will provide formal notification to the Taxable Person of the change and its effective date.
11. The Tax Return for the first Tax Period following a change from the cash accounting basis to the invoice accounting basis must include an adjustment to the Taxable Person's Output Tax and Deductible Tax to reflect the Tax calculated on Taxable Supplies made by or to the Taxable Person without payment by the effective date of the change.

Article 45: Persons Liable to Pay Tax

1. In cases where the Agreement provides that a Taxable Customer is obligated to pay Tax on a Supply received from a Non-Resident Supplier, Tax is paid by way of the Reverse Charge Mechanism. The Taxable Customer is required to report the Output Tax on the Supply and any Deductible Input Tax (to the extent that the Customer can benefit from input VAT deduction) in the Tax Return for that Tax Period.
2. In cases where electronically supplied Services are supplied in the Kingdom through an online interface or portal acting as intermediary for a Non-Resident Supplier, the operator of the interface or portal is presumed to be acting in his own name but on behalf of the Non-Resident Supplier of those Services, who will be liable to pay Tax on the Supply thereof, subject to the second paragraph of this article.
3. This presumption in the first paragraph of this article does not apply in the following cases:
 - a) the Non-Resident Supplier is expressly indicated as the Supplier during the online sale process, in the contractual arrangements between the parties, and on the invoice or receipt issued by the operator of the interface or portal; and
 - b) the operator of the interface or portal does not authorize the charge to the Customer or the delivery of the services, or set the general terms and conditions of the Supply.

Article 46: Supply of Used Goods

1. Taxable Persons may apply electronically to account for Tax payable on a Supply of Eligible Used Goods using the profit margin, under the conditions of this article.

The Taxable Person may not use the calculation basis in this article until it has received notification that it is approved.
2. For the purposes of this article, a Supply of Eligible Used Goods must meet all of the following criteria:
 - a) the Supply is that of a used motor vehicle situated in the Kingdom;
 - b) the Goods were purchased by the Taxable Person in a supply made to the Taxable Person in the Kingdom by a Non-Taxable Person, by a Taxable Person outside of his Economic Activity, or by a Supplier applying the margin scheme in accordance with article 28 of the Law; and
 - c) the Supplier meets the criteria stated in this article in respect of the purchase and Supply of those Eligible Used Goods.
3. A Supply of Goods which are situated outside of the Kingdom, or which move to or from the Kingdom as part of an operation of sale or Supply by the Taxable Person, is not a Supply of Eligible Used Goods.
4. Tax Invoices issued for supplies of Eligible Used Goods by a Taxable Person must clearly refer to the Supplier's use of the margin scheme, and must not show any amount of Tax charged in respect of the Supply.
5. In cases where a Taxable Person purchases the Eligible Used Goods from a Non-Taxable Person, the Taxable Person must issue an Invoice in respect of the purchase to that Non-Taxable Person. This invoice must include:
 - a) the name, address and Tax Identification Number of the Taxable Person;
 - b) the name and address of the Non-Taxable Person;
 - c) the date of the purchase;
 - d) details of the vehicle purchased, including the registration number; and
 - e) the Consideration paid.
6. The profit is calculated as the Consideration received for the Supply of the vehicle by the Taxable Person, less the Consideration payable in respect of the purchase of the vehicle. The margin does not include any expenses or other amounts incurred by the Taxable Person in respect of the Supply.
7. Tax is calculated on the margin in accordance with the method prescribed by article 43 of these Regulations.
8. In cases where the margin calculated under the sixth paragraph of this article in respect of any Supply is zero, or results in a negative amount, the value of that Supply by the Taxable Person is zero.
9. A Taxable Person must not deduct Input Tax in respect of any amount Tax charged to it or included in the Consideration on the purchase of Eligible Goods.
10. Any Taxable Person who elects to use the margin scheme to calculate Tax on any supply of Eligible Used Goods must retain a record of all Eligible Used Goods purchased and supplied by that Taxable Person, for the period stated in article 64 of these Regulations and in addition to the records required to be retained by this article. In respect of each vehicle, the record must contain:
 - a) all information detailed in the fifth paragraph of this article;
 - b) the number of the Tax Invoice issued by the Taxable Person for the Supply of the vehicle;
 - c) Consideration payable for the Supply of the vehicle by the Taxable Person;
 - d) name and address of the Customer;
 - e) margin calculated in accordance with the sixth paragraph of this article; and
 - f) VAT due on the margin.

11. In cases where the Taxable Person has not complied with any of the requirements of this article in respect of any Supply of Goods, the margin scheme may not be used in respect of that Supply. In these cases, the Taxable Person must calculate Tax on the full Consideration for his Supply.

Article 47: Input Tax deduction

1. Without prejudice to any special provision, a Taxable Person may deduct Input Tax charged on Goods and Services supplied to that Taxable Person, to the extent these enable him to carry on an Economic Activity and to make:
 - a) Taxable Supplies including zero-rated Supplies;
 - b) Internal Supplies; or
 - c) Supplies that could have been Taxable Supplies had they been made in the Kingdom.
2. A Taxable Person is entitled to deduct Input Tax incurred by that Person in respect of Services supplied to that Person during the period of the six (6) months before the effective date of registration, provided that:
 - a) the Services are purchased to be used for the purposes described in the first paragraph of this article;
 - b) the Services have not been supplied thereafter, or used in full, by the Person prior to the registration date; and
 - c) the Services are not of a type which is restricted from deduction, as prescribed in article 48 of these Regulations.
3. A Taxable Person is entitled to deduct Input Tax incurred by that Person in respect of Goods purchased by that Person or Goods Imported by that Person during the period of six months before the effective date of registration, provided that:
 - a) the Goods or Services are purchased to be used for the purposes described in the first paragraph of this article;
 - b) the Goods are not Capital Assets depreciated in full at the date of registration;
 - c) the Goods have not been supplied used by the Person prior to the registration date;
 - d) the Goods or Services are not of a type which is restricted from deduction, as prescribed in paragraph 3 of this article.
4. In cases where Capital Assets are held at the date of registration, the maximum Deductible Input Tax permitted under the third paragraph of this article shall be calculated as if the net book value, determined in accordance with the accounting practice of the Taxable Person, were the Consideration for the Supply.
5. Goods acquired by a Taxable Person which are lost, damaged or stolen must be reported in the accounting records held by the Taxable Person in order to support deduction of Input Tax on those Goods. The Authority may request further evidence during an examination.
6. In cases where a Taxable Person deducts Tax on the Import of Goods into the Kingdom, and subsequently moves these goods to a final Destination State, the Taxable Person must reduce the Input Tax accordingly in the Tax Return for the Tax Period during which the removal occurred.

A Taxable Person who intends to move Goods Imported into the Kingdom to another Member State must not claim a deduction in respect of the importation of these Goods.
7. Input Tax may only be deducted when the Taxable Person holds evidence of the amount of Input Tax paid or payable in a form specified in article 48 of the Agreement.

In cases where a Taxable Person does not hold the documents specified in the Agreement, a deduction may be claimed where he is able to provide the following alternative evidence to the Authority:

 - (a) A simplified Tax Invoice which is correctly issued in accordance with these Regulations;
 - (b) In the case of a supply arising on the transfer of Goods to another Member State, a commercial or other document substantiating the value on which VAT is calculated at the transfer date; or
 - (c) Other commercial documentation permitted at the discretion of the Authority, evidencing that the Taxable Person has correctly incurred the VAT in question.
8. A deduction of Input Tax may be made by a Taxable Person in a Tax Period subsequent to that Period including the date of Supply, provided that the Taxable Person remains eligible to deduct under the other provisions of these Regulations. Input Tax may not be deducted in any period which falls more than five years after the calendar year in which the first receipt of the Tax Invoice takes place.

Article 48: Goods and Services deemed to be received outside of Economic Activity

1. Expenditures relating to the following Goods or Services are not considered to be incurred by the Taxable Person in the course of carrying on his Economic Activity, and consequently the Taxable Person will not be permitted to deduct the Input Tax relating to such expenditure:
 - (a) Any form of entertainment, sporting or cultural services;
 - (b) Catering services in hotels, restaurants and similar venues;
 - (c) the purchase or lease of restricted motor vehicles, as defined in the second paragraph of this article;
 - (d) Repair, alteration, maintenance or similar services on restricted motor vehicles;

- (e) Fuel used in restricted motor vehicles; or
 - (f) Any other Goods and Services allocated for personal use and not for commercial or economic activity.
2. A restricted motor vehicle is any vehicle designed to be used on the road unless the vehicle is:
 - a) used exclusively by the Taxable Person or by its employees for work purposes, without being made available for any private use; or
 - b) primarily intended for resale by the Taxable Person or otherwise for use in an Economic Activity involving the supply of that vehicle.
 3. In cases where a restricted motor vehicle is treated under the first paragraph of this article as not being purchased in the course of an Economic Activity, any Supply of that restricted motor vehicle by the Taxable Person will not be considered to be made in the course of his Economic Activity.
 4. Notwithstanding the first paragraph of this article, the purchase of any Services listed in that paragraph which are intended for onward sale, without use by that Taxable Person, are considered to be effected in the course of carrying on that Taxable Person's Economic Activity.

Article 49: Proportional deduction of Input Tax

1. Without prejudice to the other provisions of the Regulations, Tax incurred by a Taxable Person on Goods and Services received which are exclusively and directly attributed to Taxable Supplies made by him, or other Supplies described in the first paragraph of article 47 of these Regulations, may be deducted in full subject to the other provisions of these Regulations.
2. Tax incurred by a Taxable Person on Goods and Services which are exclusively and directly attributed to an Exempt Supply are not deductible.
3. In cases where a Taxable Person incurs Input Tax on Goods or Services which are used both for making Taxable Supplies and for making Exempt Supplies, or which cannot be attributed exclusively to use in making a specific Supply, the proportional deduction of Input Tax is determined in accordance with this article.
4. The proportional deduction is calculated on the basis of a fraction where:
 - a) the numerator is the value of Taxable Supplies made by the Taxable Person in the last calendar year;
 - b) the denominator is the total value of Taxable and Exempt Supplies of Goods or Services made by the Taxable Person during the last calendar year; and
 - c) the value of Taxable or Exempt Supplies made by that Person and forming part of the fraction include those Supplies that do not take place in the Kingdom, but that would have been either Taxable or Exempt if they had taken place in the Kingdom.
5. The denominator calculated in sub- paragraph (b) of paragraph 4 of the previous article must not include:
 - a) Supplies of Capital Assets by the Taxable Person;
 - b) Supplies taking place outside the Kingdom which are Supplied from an establishment of the Taxable Person outside of the Kingdom.
6. Taxable Persons who were not registered for VAT in the last calendar year must calculate the default method fraction based on estimated values for the current calendar year.
7. At the end of the calendar year, the Taxable Person using the default method must compare the values used in the fraction during that year with the actual values of Supplies made in that calendar year, and make an adjustment to Input Tax in the final Tax Return for that calendar year to reflect the correct proportional deduction based on the actual Supplies for the entire year.
8. A Taxable Person may submit an application in writing to use an alternative proportional deduction method to the default method, in cases where that alternative method more accurately reflects the use of Goods and Services supplied to that Taxable Person.
9. The Authority may agree or reject an application to use a method other than the default method. Such a decision must be provided by a formal notification. In cases where the application is approved, the Authority will prescribe a time period during which the alternative method may be used. This may be for a maximum of five (5) years, following which a new application must be submitted.
10. In cases where the Authority believes the default method or the approved alternative method does not accurately reflect the Taxable Person's use of Goods and Services supplied to it, the Authority may issue a formal notification directing the use of another method, and the time period for which this must be used.
11. In cases where the Taxable Person incurs Input Tax on Goods and Services which are not used to make a Taxable Supply, but are used:
 - a) in respect of raising capital for an ongoing Taxable Economic Activity by way of share capital or issue of debt;
 - b) for a business activity which is treated as outside the scope of VAT, such as a transfer of an Economic Activity or part of an Economic Activity as a going concern within Article 16 of these Regulations; or
 - c) for another incidental event of the Taxable Economic Activity;

this Input Tax will be deductible in accordance with the overall Economic Activities of the Taxable person determined using the proportional deduction method described in this article.

Article 50: Capital Assets

1. A Taxable Person must adjust previously deducted Input Tax in relation to a Capital Asset in cases where the Taxable Person's Deductible Tax decreases or increases as a result of a change in the way the Taxable Person uses the Asset.
2. The Adjustment Period in respect of which adjustment under this article is required is six (6) years in respect of moveable tangible or intangible Capital Assets and ten (10) years in respect of immovable Capital Assets which are permanently attached to land or Real Estate, starting from the date of purchase of the Capital Asset by the Taxable Person.

Should the useful life of the Asset determined in accordance with the accounting practice of the Taxable Person be less than the corresponding time period, the Adjustment Period is the useful life of the asset, with any part years counting as one year.

3. At the time the Taxable Person acquires the Capital Asset, Input Tax is initially deducted in accordance with the intended use of the Goods. During the Adjustment period, an adjustment to the deduction must be made following any year in which the actual use of the Capital Asset differs from that initial intended use. Capital expenditure incurred on a Capital Asset by the Taxable Person (to construct, enhance or improve his business) counts as expenditure or additional expenditure and the Adjustment Period (or additional adjustment period) for such expenditure commences on the date of completion of such works.
4. At the end of each twelve-month period, as defined in the fifth paragraph of this article, the Taxable Person shall review and calculate the amount of Input Tax using the fraction:

Initial Input Tax deduction

Adjustment Period

and makes an adjustment to that fraction of the Input Tax, based on the actual use of the Capital Asset during that year.

5. The twelve-month period commences from the start of the Tax Period in which the Capital Asset was acquired, or after the end of the previous twelve-month period in connection with that asset.

The Taxable Person makes the adjustment to Input Tax in the Tax Return for the last Tax Period which falls in the twelve-month period.

6. In cases where there is no change in the use of the asset from the initial intended use in any year, the Taxable Person is not required to adjust Input Tax in respect of that Capital Asset for that year.
7. In cases where there is a permanent change in the use of a Capital Asset due to the sale of the Asset by the Taxable Person, the Taxable Person must adjust the Input Tax deduction for the remainder of the Adjustment Period for that Asset in the Tax Period in which it is sold.
8. In cases where there is a permanent change in use of a Capital Asset due to that Asset no longer being used for the Taxable Activities of that Taxable Person, no adjustment to Input Tax is made but the Taxable Person makes a Nominal Supply of the Asset in accordance with the Agreement. The value of the Nominal Supply is calculated using the following equation:

$$\text{(Purchase value of Capital Asset x Initial Recovery Percentage x Remaining Useful Life)}$$

Adjustment period

Where the Remaining Useful Life is the Adjustment Period determined in accordance with the second paragraph of this article less the number of years during which the Taxable Person has used the Asset.

Article 51: Tax Invoices

1. Every Taxable Person must issue or arrange for the issue of a Tax Invoice in respect of the following events:
 - a) Taxable Supplies of Goods or Services which he has made to another Taxable Person or to a non-taxable Legal Person; or
 - b) any payment made in respect of a Supply of Goods or Services to a Taxable Person or non-taxable Legal Person before that supply takes place.

Any such Tax invoice must be issued at the latest the 15th day of the month following the month in which the Supply took place.

2. Tax Invoices may be issued by the Customer on behalf of a Supplier in respect of a Taxable Supply made to the Customer, provided that a prior agreement between the Supplier and the Customer has been made to this effect.

Such agreement must include an undertaking by the Supplier not to issue Tax Invoices in respect of those Supplies.

3. Tax Invoices may be issued by a third party on behalf of a Supplier who is a Taxable Person in respect of a Taxable Supply of Goods or Services. The Supplier is responsible for the accuracy of the information shown on the Invoice and for reporting Output Tax on the Supply.
4. A Tax Invoice may include more than one separate Supply of Goods or Services, provided all Supplies included on a summary Tax Invoice are made by the same Supplier and within the same Tax Period.
5. The Tax Invoice must include the following details:
 - a) the date of issue;
 - b) a sequential number which uniquely identifies the Invoice;
 - c) the Tax Identification Number of the Supplier;
 - d) in cases where the Customer is required to account for Tax on the Supply, the Customer's Tax Identification Number;
 - e) the name and the address of the Supplier and of the Customer;

- f) the quantity and nature of the Goods supplied or the extent and nature of the Services rendered;
 - g) the date on which the Supply took place, where this differs from the date of issue of the Invoice;
 - h) the taxable amount per rate or exemption, the unit price exclusive of VAT and any discounts or rebates if they are not included in the unit prices;
 - i) the rate of Tax applied;
 - j) the Tax amount payable, shown in riyals;
 - k) in the case where Tax is not charged at the basic rate, or if the customer is responsible for payment of the VAT on the supply, a narration explaining the Tax treatment applied to the Supply;
 - l) in cases where the margin scheme for used Goods is applied, reference to the fact that VAT is charged on the margin on those Goods.
6. Tax Invoices must be issued in an electronic format in cases where this is prescribed in any Regulations issued by the Minister or Board of Directors surrounding the requirements and conditions for issue of electronic Invoices, provided these Regulations are in force as at the date of the Supply.
7. A simplified Tax Invoice may be issued for a Supply of Goods or Services valued at less than one thousand (1,000) riyals. A simplified Tax Invoice may not be issued in respect of an Internal Supply or an Export of Goods.
8. A simplified Tax Invoice must include the following details:
- a) the date of issue;
 - b) the full name, address and Tax Identification Number of the Supplier;
 - c) a description of the Goods or Services supplied;
 - d) the Consideration payable for the Goods or Services;
 - e) the Tax payable or a statement that the Consideration is inclusive of Tax in respect of the Supply of the Goods or Services.

Article 52: Credit and debit notes

1. In the event that one of the circumstances in the first paragraph of article 38 of these Regulations occurs after a Tax Invoice has been issued in respect of a Supply, and the amount shown as Tax charged in that Tax Invoice exceeds the true value of the Supply, the Taxable Person who has made the Supply shall provide the Customer with a Credit Note.
2. In the event that one of the circumstances in the first paragraph of article 38 of these Regulations occurs after a Tax Invoice has been issued in respect of a Supply, and the amount shown as Tax charged in that Tax Invoice is less than the true value of the Supply, the Taxable Person who has made the Supply shall provide the Customer with a Debit Note.
3. A credit note or debit note issued in accordance with article 31 of the Law must contain a reference to the sequential number of the Tax Invoice issued in respect of the initial Supply to which the credit note or debit note relates, or must contain the information required under article 51 of the Regulations, and that must also be stated in the Tax Invoice.
4. The credit note or debit note should otherwise contain the information required by article 51 of these Regulations to be shown on the Tax Invoice.

Chapter 10: Procedure and administration

Article 53: Confidentiality of information

1. Officers and employees of the Authority may only disclose Tax information concerning Taxable Persons received in an official capacity in the situations described in the second or third paragraph of this article.
2. Disclosure of Tax information may be made in the circumstances in which such disclosure is required under judicial judgments or the Law or the Implementing Regulations or other regulations in force in the Kingdom.
3. Disclosure of Tax information may be made by Officers or employees of the Authority where such disclosure is necessary for the exercise of the duties and powers vested in the Authority, and each of the following apply:
 - (a) the disclosure is made to another officer or employee of the Authority acting in their official capacity, or to the Customs Department, the General Audit Bureau, a Tribunal or court, or a tax authority of foreign countries in accordance with treaties to which the Kingdom is a party;
 - (b) the Officer or employee of the Authority is carrying out those powers on the instructions of the Authority and is authorized to do so;
 - (c) the disclosure of Tax information is not excessive compared to the purpose of the disclosure, having regard to the personal or commercial impact of the disclosure;
 - (d) the Tax information is not retained for longer than necessary for the purpose of the disclosure;
 - (e) the confidential information that is disclosed is stored in an adequate and protected matter, and takes all measures prescribed by the Authority against unlawful and/or unauthorized distribution, loss, destruction or damage of the confidential information.
 - (f) before the disclosure, the person to whom the disclosure is made, is made aware of the confidentiality of the Tax Information and of the confidentiality requirements stated in the Law.

4. Without prejudice to the other paragraphs of this article, Tax information concerning a Taxable Person may be disclosed to another Person upon the Taxable Person's written and fully informed consent.

Article 54: Right of Authority to information

1. All Persons must provide the Authority with any information requested by the Authority for purposes of establishing the Tax obligations of that Person.
2. In addition to the other rights provided in this article, the Authority may access relevant information held by third parties directly from those parties.
 - a) The third parties intended in this article are limited to government entities, banks and other financial institutions regulated in the Kingdom by the Saudi Arabian Monetary Agency.
 - b) A failure of a third party to provide access to the requested information, is a breach of the obligation to provide the Authority with information for which that third party may be subject to penalties under the Law.

Article 55: Tax Identification Number

A Taxable Person must state the Tax Identification Number on Tax Invoices, credit notes and debit notes; on any correspondence with the Authority relating to VAT.

Article 56: Tax Period

1. For Taxable Persons whose annual value of Taxable Supplies exceeds forty million (40,000,000) riyals, the Tax Period will be monthly.
2. For all other Taxable Persons, the standard Tax Period will be three months, set to align with calendar quarters based on the Gregorian calendar.
3. A Taxable Person whose annual value of Taxable Supplies does not exceed the value in the first paragraph may submit an application electronically to use a monthly Tax Period.
4. Upon approval of an application by a Taxable Person to use a monthly Tax Period, the Authority will issue a formal notification including the effective date of the change. The effective date will be the start of the next Tax Period following that in which approval is granted.
5. A Taxable Person who has used the monthly Tax Period for two years may submit an application electronically to use a Tax Period of three months, provided that Taxable Person's value of annual supplies during the last twelve months does not exceed the value prescribed in the first paragraph of this article at the time of the application.
6. Upon approval of an application by a Taxable Person to use a three-month Tax Period, the Authority will issue a formal notification including the effective date of the change. The effective date will be the start of the next Tax Period following that in which approval is granted.
7. In cases where the Authority directs the Taxable Person to use a certain Tax Period, it will issue formal notification including the reason for this direction, and the date of effect of the Tax Period.

Article 57: Payment of Tax

1. Payment of Tax due by a Taxable Person in respect of a Tax Period must be made by the last day of the month following the end of that Tax Period.
2. Payment of Tax by a Person in the case of an assessment issued by the Authority must be made on or before the date specified in the notification of the assessment.
3. Payment of Tax must be made to the designated bank account of the Authority using the SADAD payment system.
4. The Person making payment must provide details of the Tax Identification Number of the Taxable Person and the Tax Period or Tax Periods to which the payment relates.
5. For each Taxable Person, the Authority will keep a VAT account which records:
 - a) VAT due by the Taxable Person in respect of each Tax Period, including penalties and other charges relating to that particular Tax Period;
 - b) an ongoing balance in respect of the overall VAT due by that Taxable Person, including any general penalties or other amounts payable in relation to VAT.
6. Details of the balances of a Taxable Person's VAT account will be available electronically for Taxable Persons to review.
7. When the Authority receives a payment from a Taxable Person, it will first be applied to the balance of the Tax Period to which the payment refers. Any excess balance will be applied to penalties, fines or charges owing, and will then applied to outstanding balances for other Tax Periods, starting from the oldest period with a balance payable.
8. The Authority may offset any credit balance of VAT against any other taxes due by the Taxable Person. The Authority must notify a Person where an offset of a credit balance is to be carried out.

Article 58: Extension of time to pay Tax

1. The Authority may, if a Taxable Person presents evidence showing that he is unable to pay the Tax when due, or showing that he would suffer hardship from payment thereof in a single payment, allow payment in installments of Tax and fines payable.
2. A request by a Taxable Person to make payment of Tax, fines or penalties by installments must be made in writing to the Authority. Such request must identify the amounts of Tax due, the relevant Tax Periods to which payments are due, and the reasons for inability to pay by the due date or dates. The request must include supporting evidence.
3. The Authority must provide formal notification of acceptance or refusal to the Taxable Person within twenty (20) days.
4. The notification of approval will prescribe the value and a due date for each installment, and the Tax Period or Tax Periods to which each installment relates. The Taxable Person must quote the Tax Period or Tax Periods with each installment payment. Collected amounts will be allocated in accordance with article 57 of these Regulations.
5. The due dates for all installments due in any approved payment arrangement must not span a period in excess of twelve months.
6. The Taxable Person shall be informed in writing in the event that the Authority decides to revoke its earlier decision for payment in instalments, and the Taxable Person must, in that event, immediately pay the outstanding balance due by him.
7. The allowance of an extension of time to pay under this article does not affect the liability of a Taxable Person to pay any penalty for delay levied pursuant to the Law and these Regulations for the period of the extension.

Article 59: Currency conversion

Where any amount is expressed in a currency other than Saudi riyals (SAR), the amount must be converted to Saudi riyals (SAR) using the daily rate prescribed by the Saudi Arabian Monetary Authority for the date Tax becomes due in accordance with the Agreement and the Law.

Article 60: Returns

1. The Tax Return of a Taxable Person must be filed electronically for each Tax Period with the Authority on the last day in the month following the end of the Tax Period to which the Tax Return relates.

The Tax Return must be filed by the Taxable Person or a person authorized to act on behalf of the Taxable Person in accordance with article 81 of these Regulations.

By filing a Tax Return the Taxable Person makes an assessment of Tax for that Tax Period and the filed Tax Return qualifies as an assessment.

The right of the Authority remains reserved to issue an assessment based on its best estimate of the Tax properly due for the relevant Tax Period in cases where the Taxable Person has failed to file a Tax Return. Notwithstanding this, the Taxable Person remains obliged to submit the outstanding Tax Return.

2. In addition to the information required under article 38 of the Law, the Authority may require in the form prescribed by it disclosure of the following information in respect of the Tax Period to which the Tax Return relates:
 - a) the total value of all Supplies of Goods and Services made by the Taxable Person subject to the basic rate and the zero-rate of Tax;
 - b) the total value of all Goods and Services supplied to the Taxable Person;
 - c) the total value of all Nominal Supplies of Goods and Services;
 - d) the total value of all Supplies of Goods or Services to the Taxable Person where the Tax is payable by the Taxable Person under the Reverse Charge Mechanism;
 - e) the total value of Internal Supplies made by the Taxable Person;
 - f) the total value of Tax on Imports reported through the Taxable Person's Tax Return, and the total Deductible Tax relating to all Imports of Goods by the Taxable Person;
 - g) the total value of Exempt Supplies made by the Taxable Person;
 - h) the value of any other Supplies made by the Taxable Person;
 - i) the value of any adjustments made to Input Tax in accordance with articles 49 or 50 of these Regulations during that Tax Period; and
 - j) any correction of previous Tax Returns made through that Tax Return in accordance with article 61.

Article 61: Correction of returns

1. In cases where a Taxable Person becomes aware of an error or an incorrect amount in a Tax Return filed, which results in an increased amount of Tax payable to the Authority, that Person must notify the Authority within twenty (20) days of finding the error or incorrect amount, by filing an electronic submission to correct the Tax Return.
2. By way of exception to the first paragraph of this article, an error which results in Net Tax of less than five thousand (5,000) Saudi riyals (SAR) payable by or to the Taxable Person, the Taxable Person may correct that error by adjusting the Net Tax in the subsequent Tax Return.
3. In case a Taxable Person becomes aware of an error in a Tax Return which results in a decreased amount of Tax due to the Authority, an electronic submission to correct the Tax Return may be filed at any time, subject to the fourth paragraph of this article.

4. No correction to any Tax Return in respect of a Tax period may be made after a period of five (5) years has passed from the end of the calendar year in which the Tax Period takes place.
5. The correction filed with the Authority must provide the following minimum information:
 - a) the Tax Period or Tax Periods to which the Tax Returns being corrected relate;
 - b) the amount of Output Tax and Deductible Tax being corrected in respect of each Tax Period; and
 - c) information explaining the reason for the error or incorrect information in the Tax Return.

Article 62: Examination and assessment procedures

1. In a case where the Authority issues an assessment to a Taxable Person, the Authority must provide formal notification to the Taxable Person of this assessment.
2. The assessment issued by the Authority must at a minimum show the Net Tax payable, the due date for payment, and the basis for calculation of the assessment. The assessment must inform the Taxable Person of the rights to review or to appeal the assessment.
3. The Authority may not issue or amend an assessment in respect of any Tax Period after a period of five (5) years has passed from the end of the calendar year in which the Tax Period falls.
4. In cases where any transaction is carried out with the intention of violating the provisions of the Law or the Regulations, or if the Taxable Person has not complied with his obligation to register, the Authority may issue or amend assessments up to a period of twenty (20) years from the end of the calendar year in which the Tax Period falls.
5. An assessment issued by the Authority in cases where the Taxable Person has failed to file a Tax Return can be withdrawn after the filing of a completed Tax Return for that Tax Period by the Taxable Person.
6. Taxable Persons must cooperate with an examination carried out by the Authority, under the following conditions:
 - a) the examination will be performed at the premises of the Taxable Person or the premises of the Authority pursuant to a notice issued by the Authority twenty (20) or more days before the date of the examination.
 - b) (b) As an exception to this condition, the Authority may also conduct an examination without prior notice in case it has good reasons to suspect a violation of the provisions of the Law or the Regulations or refusal of the taxable person to cooperate;
 - c) an examination at the Person's premises must be carried out during working hours of the Taxable Person subject to the examination. A Taxable Person is obliged to make available all the invoices, books, records and accounting documents which he keeps in accordance with the Law or the Regulations;
 - d) in cases where books, records or documents are removed by the Authority from the Taxable Person's premises, a receipt of the documents removed must be given to the Taxable Person; and
 - e) upon completion of the examination, the documents must be returned by the Authority to the Taxable Person within twenty (20) days from the end of the examination. The Authorities may retain copies of documents if the Authority considers they are needed.
7. As part of an examination, an Officer of the Authority may visit any premises of the Taxable Person to ascertain the nature of the Taxable Person's business.
8. Where invoices, books, records and accounting documents of a Taxable Person are kept on a computer system or electronically, the Taxable Person must during an examination provide the Officers of the Authority with physical copies or electronic files containing the required information upon request.
9. In cases where the Taxable Person fails to cooperate with offices of the Authority and fails to provide the requested information, the Officer of the Authority may take additional measures to obtain invoices, books, records and accounting documents and other relevant documents that provide such information and may temporarily seize such documents if he has reason to believe that they may otherwise be hidden, damaged or tampered with by the taxable person. In cases where a violation of the provisions of the Law or these Regulations are suspected, the Authority may carry out a search of those premises and collect evidence in respect of that violation or tax evasion.

Article 63: Security

1. In cases where the Authority has evidence or reason to doubt that a Taxable Person will not make his VAT and associated payments in an accurate and timely manner, it may request a cash security or bank guarantee as a precondition for the VAT registration in accordance with this article.
 - (a) The formal notification requiring security or guarantee must be given in writing and must provide a minimum of twenty (20) days for the Taxable Person to provide the financial security or bank guarantee.
 - (b) The maximum value of the security will be determined based on the estimated average quarterly value of Output Tax. The security must be held by the Authority in a separate account to the Taxable Person's VAT account.
 - (c) The security shall remain with the Authority for a period of twelve months. In cases where formal collection procedures have commenced in respect of any amounts of VAT, penalties or associated amounts due, and these remain unpaid by the Taxable Person, the Authority may issue a formal notification to the Taxable Person to offset the security against the unpaid amounts due, or to require payment by the guarantor.
 - (d) In cases where the original security payment is used to offset VAT not paid by the Taxable Person, the Authority may require a fresh security from the Taxable Person.

- (e) If the security payment remains held in account in the end of the twelve-month period, it may on the Taxable Person's request be refunded to the Taxable Person or credited to the Taxable Person's VAT account to offset any current or future VAT payment due or, based on a decision issued by the Authority, renewed for another one-year period.
- 2. In cases where a formal review or appeal is lodged by the Taxable Person against an Appealable Decision, and the Authority has evidence or reason to doubt that the Taxable Person may not pay the disputed Tax, the Authority may require a cash security or bank guarantee from the Taxable Person up to a maximum value of the unpaid amount of Tax and penalties arising in connection with the decision. Formal notification requiring a security or guarantee must be issued in writing.
- 3. The Customs Department may require a cash security, bank guarantee or any other alternative security from a Person importing Goods into a customs duty suspension regime in the Kingdom for an amount up to the value of Tax that would be payable on the Import of those Goods, under the procedures set by that Department.

Article 64: Records

- 1. The invoices, books, records and accounting documents required to be maintained by a Person in accordance with the Law and the Regulations must be kept for a minimum period of six (6) years from the end of the Tax Period to which they relate.
Exception is made for records with respect to Capital Assets, which must be kept for a minimum of the Adjustment Period for these Capital Assets prescribed in article 50 of these Regulations, plus five (5) years.
- 2. Records must be kept in Arabic. All invoices must be printed in Arabic and maintained in a hard copy for a period of two months.
- 3. Records must be kept in the Kingdom either physically or through an access to the relevant server where these records are stored. In cases where the Taxable Person opts to store the records electronically, the following conditions must be met:
 - a) The computer system or server must be physically located in the Kingdom. A Taxable Person who has a fixed establishment in the Kingdom may have its central computer outside of the Kingdom, provided it has with a terminal at its branch in the Kingdom through which all data and entries regarding the account of the fixed establishment in the Kingdom can be accessed.
 - b) Data entered into the computer system must be in Arabic and must correspond fully with the said books.
 - c) Original supporting documents for all entries in accounting books must be kept locally.
 - d) Final accounts and balance sheet may be generated directly by computer. In the case of using a conventional accounting method with computer assistance for some account items, all settlement entries must be available in Arabic.
 - e) Periodical computer printouts inclusive of all data must be generated.
 - f) The Taxable Person must document computer data entry and processing system of accounting entries for reference, when needed.
 - g) The Taxable Person must have necessary security measures and adequate controls, which can be reviewed and examined, to prevent tampering.
 - h) The Authority may review electronically the systems and programs applied by the Taxable Person to prepare its computerized accounts.
- 4. The Taxable Person may appoint a third party to comply with the record storage requirements. The Taxable Person in all cases remains directly responsible for such compliance.
- 5. The Tax Representative of a Non-Resident with no establishment in the Kingdom is required to maintain the invoices, books, records and accounting documents of the Non-Resident's activities.
- 6. The right of the Authority remains reserved to request additional records for reasons of the registration, examination and assessment procedures in cases where the Authority consider it necessary by justifiable grounds. That will be by means of notification to the Taxable Person, and provided that sufficient time will be granted to submit the additional records required.

Article 65: Execution and conservatory measures

- 1. In cases where a Taxable Person does not pay any amounts due by him, the Authority may issue a formal notification fifteen (15) days before the due date. Formal collection procedures may be commenced by the Authority after the issue of this notice.
- 2. In cases where the Law allows for temporary seizure of a Taxable Person's Goods, that Taxable Person must first be provided a formal notification in writing of the intention to seize its moveable and immovable property as sanctioned by Shari'ah unless the payment is made within twenty (20) days from the date of the notice.
- 3. The Saudi Arabian Monetary Agency will be provided with a copy of the notice of the seizure intention.
- 4. The Authority may seize the moveable and immovable property of the Taxable Person by any of the following means:
 - a) Notifying the Saudi Arabian Monetary Agency in writing to seize the funds of the Taxable Person in local banks commensurate with the amounts due by the Taxable Person;
 - b) Notifying the Customs Department in writing to seize the imports of the Taxable Person commensurate with the amounts due by the Taxable Person;
 - c) Notifying the Ministry of Finance in writing to seize the payments due to the Taxable Person to the extent of the amounts due by the Taxable Person;
 - d) Notifying the Ministry of Justice in writing to prevent any disposal of his moveable and immovable property by the Taxable Person.

5. Any party who carries out a seizure in accordance with this article will deliver the asset to the Authority upon its request.
6. A bank or a financial institution must refrain from allowing withdrawals or other payments from the bank account of the Taxable Person after receiving notice of the Authority's intention to freeze the Taxable Person's account.
7. Tools used by the Taxable Person for its trade, personal effects, and furnishings are exempt from seizure, up to a maximum limit not exceeding three hundred thousand (300,000) Saudi riyals (SAR).
8. Upon completion of seizure procedures and expiry of warning periods, the Taxable Person's movable and immovable property will be sold to the extent sufficient to satisfy its debt in accordance with legally measures in force.
9. Sale proceeds will be applied first in payment for the expenses of the levy and sale, then for Tax, penalties and fines due. Any excess is to be returned to the Taxable Person.
10. The Authority may coordinate with other relevant government bodies or agencies to exclude the Taxable Person from accessing full government services or benefiting from the associated rights. This includes, but is not limited to:
 - a) participating in government tenders;
 - b) recruiting laborers from foreign countries;
 - c) obtaining and renewal of work permits;
 - d) issue, renewal or cancellation of licenses;
 - e) issue, renewal, change or cancellation of Commercial Registrations.
11. If a Natural Person dies before payment of amounts due to the Authority at the time such amounts fall due, those amounts must be paid to the Authority before distribution of estate. In cases where payment is not made before distribution, heirs of the Natural Person will be required to pay such amounts due in proportion to their shares in the estate.
12. A Taxable Person will be provided with a copy of all documents related to any conservatory measures taken against that Person.
13. Upon collection of all amounts due, the Authority must notify any relevant government agencies to cease all procedures taken against the Taxable Person.

Article 66: Joint liability for Tax

In cases where a Person is jointly liable for Tax and penalties of a Taxable Person in accordance with article 43 of the Agreement, the Authority may raise an assessment on that Person in respect of the amounts of Tax and penalties due in relation to that violation. The assessment must be issued in writing and set out the following:

- a) the amount of Tax due in respect of that violation;
- b) any penalty payable;
- c) the due date for payment.

Article 67: Review and appeals – Appealable Decisions

1. A Taxable Person has the right to request a review of an assessment issued by the Authority or a decision made by the Authority in the cases provided for in the Law or the Regulations.
2. Where the Authority has made a decision or undertaken an act which is not an appealable decision, it has the right to amend or change this decision or act where it considers this has been made based on a clear oversight or error by the Authority.
3. A Taxable Person may appeal or bring a grievance against the following decisions:
 - (a) Any assessment of VAT, or decision for the application of VAT, issued by the Authority;
 - (b) Any decision in respect of the Input Tax deduction of a Taxable Person;
 - (c) The approval or rejection of an application to register for VAT, or the registration of a Person performed on the initiative of the Authority;
 - (d) The approval or refusal of an application to deregister, or a deregistration of a Person performed on initiative of the Authority;
 - (e) Any decision in respect of an application to form, disband or change a VAT Group;
 - (f) A decision to disregard the effect of a VAT Group, or to require persons to be considered as part of a VAT Group, as described in the seventh and eighth paragraphs of article 12 in these Regulations;
 - (g) Any decision in respect of the refund, offset, withholding or carry forward of a balance of overpaid VAT by a registered Taxable Person;
 - (h) The rejection, in part or in full, of a voluntary disclosure submitted by the Taxable Person;
 - (i) The decision in respect of an application to use any non-default method for proportional deduction of Input Tax;
 - (j) A direction issued by the Authority requiring the use of a non-default method for proportional deduction of Input Tax; or
 - (k) Any decision in respect of a request to refund VAT to a non-registered Eligible Person.

4. An application for review shall be submitted to the Authority by the Taxable Person or by his representative at law, subject to the following conditions:
 - (a) Submitted electronically using the portal of the Authority;
 - (b) Submitted within sixty (60) days from the date the Appealable Decision is issued; and
 - (c) Completed with sufficient information to identify the Decision to be reviewed, the Tax Periods to which the Decision relates, and the amount of Tax or penalties in question for each Tax Period.
 5. Following the submission of a request for review in accordance with the requirements of this article, the requirement for payment of the Tax and penalties in question will be suspended until the Authority has reviewed its decision.
 6. In cases where the Authority has doubts that the Taxable Person will not pay the disputed Tax or penalties due, it may request payment of a cash security, bank guarantee by the Taxable Person to cover all or part of the Tax and penalties due arising in connection with the decision. Article 63 of these Regulations governs the collection and use of securities collected by the Authority.
- If a Taxable Person does not pay the amount or provide the bank guarantee within twenty (20) days of the request from the Authority, the request for review will be rejected.

Article 68: Internal Review

1. All requests for review must first be considered by an internal review process, carried out by an officer designated by the Authority who is independent of the Department or the persons who took the original decision.
2. Unless the original decision is replaced by a new decision before the expiration of the period of 60 days aforesaid, the internal review decision must be issued within a period of 60 days from the date of submission thereof, and the Taxable Person must be notified thereof in writing. In the event that no decision is issued on the internal review by the authority within 60 days, the original decision shall be treated as being upheld.

Article 69: Appeals

1. A Taxable Person may appeal an internal review decision to the first instance committee for settling of Tax disputes, established by the Minister of Finance. An appeal to the first instance committee must be made within sixty (60) days of the internal review decision, in accordance with the procedures set out by the first instance committee.

An internal review decision which is not appealed, or referred to a mediation forum in line with article 70 of these Regulations, shall become final upon the expiration of 60 days from the date of issue thereof.
2. The first instance committee must issue a decision in respect of the request for review within sixty (60) days from the later of the receipt of the appeal or the hearing date. It may accept the appeal, in full or in part, or reject the appeal.
3. A decision of the first instance committee may be appealed by either the Taxable Person or the Authority to the Appeal Committee within sixty (60) days of the issue of that decision, failing which it will be treated as final.
4. If an appeal to a decision of the first instance committee is not lodged within sixty (60) days of the issue of that decision, the decision will become final and binding on all parties.
5. The decision of the Higher Appeal Committee on appeal from the first instance committee is final and binding on both parties, subject to judicial escalation by bringing an action before any judicial body subject to the requirements of the laws in force in the Kingdom.
6. The first instance committee and the Higher Appeal Committee will not make awards for costs incurred during the appeal to the Taxable Person or the Authority.

Article 70: Mediation process

1. Agreement may be made between the Authority and the Taxable Person for the resolution of the dispute through the formal mediation process.
2. A dispute may only be referred to the formal mediation process only in the following cases:
 - a) An internal review decision has been issued by the Authority;
 - b) A period of sixty (60) days has not passed since the internal review decision, or the decision has been appealed by the Taxable Person; and
 - c) The Authority and the Taxable Person both agree in writing to have the matter resolved through the mediation process and to waive their rights to appeal to the first instance committee or Higher Appeal Committee. Any existing appeal to these committees will be cancelled on the entering of this agreement.
3. The mediation process will be administered by the Ministry of Finance, and the panel for each process will be selected in accordance with procedures specified by the Minister. The panel will be formed of three members, one from each of the following categories:
 - (a) A lawyer or accountant specializing in tax matters and practicing in the Kingdom;
 - (b) An officer of a Government body; and
 - (c) An industry representative from a business operating in the Kingdom.

4. A date and location for the mediation hearing will be set no later than sixty (60) days from entering into the formal agreement between the Taxable Person and the Authority. The Taxable Person and the Authority may provide any written evidence to the panel at any time within twenty (20) days before the mediation hearing.
5. The Taxable Person and the Authority may agree to settle the dispute before the mediation hearing takes place, in which case the mediation panel will record this agreement as the final outcome of the process and issue a notification to both parties. This notification will be binding on both parties.
6. Following the mediation hearing, the panel will document the agreed outcome during the hearing. This documented outcome will be issued in writing to both the Taxable Person and the Authority within twenty (20) days of the hearing, and will be binding on both parties.
7. Payment of any Tax or other amounts due as result of the mediation hearing must be made within thirty (30) days of the issue of the documented outcome, unless another due date has been recorded by the mediation panel in that documented outcome.
8. In cases where the mediation process results in a change to the Tax or penalties payable for a Tax Period or Tax Periods, the Authority will issue a new assessment which reflects the outcome of the mediation process.

Article 71: Other corrections outside of the formal review process

1. Without prejudice to other requirements of the Law or these Regulations, the Authority may reverse or change an incorrect decision or act notwithstanding that the Taxable Person may not have submitted an application for review in respect of it. That adjustment may be made in the following cases:
 - a) the Authority becomes aware that any decision or act it has carried out in administering the Law was carried out in error or is based on incorrect information;
 - b) five (5) years has not passed since the end of the calendar year in which the decision was made;
 - c) five (5) years has not passed since the end of the calendar year in which any Tax Period would require adjustment as a result of an adjustment to the error or act; and
 - d) in cases where the incorrect decision or act is due to an error of the Authority, or incorrect information which was not provided by the Taxable Person, the Taxable Person agrees to the change.
2. In situations described in the first paragraph of this article, a formal notification of the proposed reversal or change will be provided to the Taxable Person, who will be given a period of twenty (20) days to accept or reject the proposed change. Upon acceptance by the Taxable Person, or twenty (20) days without rejection, the Authority will effect the proposed change.

Article 72: Onus of Proof

1. The onus of proof in respect of any penalties for tax evasion in accordance with article 62 of the Regulations, or in respect of any penalties or deliberate violations under articles 35, 67, 68 and 69 of the Law rests with the Authority.
2. In respect of all other matters prescribed in the Law and these Regulations, the onus of proof rests with the Taxable Person or any other Person concerned with the matter.

Chapter 11: Refunds of Tax

Article 73: Refund of overpaid Tax

1. A Taxable Person may claim a refund of the amount of excess Tax paid, in accordance with the terms and conditions prescribed by the Regulations, in the following circumstances:
 - a) upon filing a Tax Return for a Tax Period where Net Tax is an amount due to the Taxable Person.
 - b) where the Taxable Person has paid an amount in excess of the amount of Tax due.
 - c) where the Taxable Person has a credit balance in respect of VAT.
2. A Taxable Person may submit a request electronically for refund in any circumstances prescribed in the first paragraph of this article at the time the Tax Return is filed, or at any other time within five (5) years following the end of the calendar year for which the payment was made.
3. A refund request may be rejected if there are Tax Returns due and not submitted with the Authority.
4. The Authority will review the Taxable Person's request, and may approve the refund, issue a rejection in part or in full, or may request additional information from the Taxable Person for verification. Once a refund is approved in full, the Authority must conclude refund procedures and initiate payment within thirty (30) days from the date of the Authority's receipt of the request. Payment is to be made by way of bank transfer to the Taxable Person's registered bank account.
5. The Authority may offset excess Tax held in the Taxable Person's VAT account against any other tax debts due to the Authority, or withhold payment pending the resolution of outstanding assessments raised against that Taxable Person in respect of other taxes.
6. The Taxable Person may request excess Tax to be carried forward in the VAT account at the time he submits each Tax Return.

Article 74: Refund of Tax to designated Persons

1. Without prejudice to article 30 of the Agreement, the Authority may allow designated Persons not carrying on an Economic Activity, or those engaged in designated Economic Activities, to apply for a refund of Tax paid by them on Supplies of Goods or Services received in the Kingdom. The Board of Directors determines the Persons eligible for such refund of Tax and issues an Order setting out a list of the names of these Persons, each considered an Eligible Person for the purpose of this article.
2. Pursuant to article 69 of the Agreement, Foreign Governments, International Organizations, Diplomatic and Consular Bodies and Missions may also be authorized by the Board of Directors as Eligible Persons to request the refund of the Tax incurred on Goods and Services in the Kingdom, and included on the list issued by resolution of the Board of Directors.
3. An Eligible Person must submit an electronic application to allow that Person to submit refund applications. Upon acceptance of the application, the Authority will issue an individual identification number to an Eligible Person. This number must be quoted by the Person on all refund applications and in correspondence with the Authority.
4. An Eligible Person may submit an electronic refund application in respect of either a quarterly period or a calendar year. Only one refund application can be submitted in respect of any quarterly or annual period.
5. All refund applications must be submitted within six months from the end of the calendar year to which the claim period relates.
6. The refund application may only include Tax paid on Goods and Services for which a Tax Invoice dated during the indicated refund period is held by the Taxable Person at the time the application is submitted.
7. In cases where a government body, or an entity owned by government, is an Eligible Person, it will only be allowed to apply for a refund insofar as that body or entity is not acting in a commercial capacity.
8. Tax will not be refunded in respect of Supplies of Goods and Services which are prescribed by article 48 of these Regulations to not be incurred in the course of a Taxable Person's Economic Activities.
9. A refund application may not be submitted in respect of a total value of Tax which is less than one thousand (1,000) Saudi riyals (SAR).
10. The following information in respect of the Goods and Services supplied to the Eligible Person must be included with each refund application:
 - a) Name and Tax Identification Number of the Supplier;
 - b) Invoice date;
 - c) Invoice number;
 - d) Total invoice amount;
 - e) VAT amount; and
 - f) a description of the purchased Goods or Services.
11. The Authority may request copies of Tax Invoices or additional information from the Eligible Person, either electronically or in physical form. In such cases, the applicant must provide the requested information within twenty (20) days from the Authority's request.
12. After processing the claim, the Authority will issue a formal decision to the Eligible Person.
13. If the claim is approved either partially or in full, the Authority will make the payment to the bank account indicated by the Eligible Person in the application within sixty (60) days from issuing the decision.

Article 75: Refund of Tax to Taxable Persons in other Member States

Persons who are registered for VAT in another Member State may submit an electronic application for refund of Tax incurred in the Kingdom in accordance with the mechanism agreed between the Member States.

Article 76: Refund of Tax to other Taxable Persons

1. Persons who carry on an Economic Activity in a country outside of the Council Territory may apply to be considered as Eligible Persons and to request a refund of Tax incurred on Supplies of Goods or Services made to that Person in the Kingdom. A Person will be eligible to be an Eligible Person in accordance with this paragraph where:
 - (a) If the Person is established in a country with a transaction tax system similar to VAT, and that Person is registered for that tax.
 - (b) If the Person is established in a country with a transaction tax system similar to VAT, that country allows a similar mechanism to provide refunds of tax to Residents of the Kingdom who are charged tax in that country.
2. The Person wishing to request a refund of Tax must first submit an application to the Authority to be considered as an Eligible Person. These applications will follow the process described in article 74 of these Regulations.
3. An Eligible Person whose entitlement to apply for refunds arises under this article may submit claims in respect of a calendar year basis only. In all other respects the Eligible Person will submit applications for refunds, and the Authority will consider these applications, following the process described in article 74 of these Regulations.

Article 77: Refund of Tax to Tourists

1. The Authority may at its discretion authorize one or more service providers to carry out a tourist refund scheme facilitating refunds of VAT incurred in the Kingdom by Tourists. The Authority will publish a list of all authorized providers.
2. Tourists who can evidence they are not Resident in a Member State may submit their requests to the approved provider for a refund of VAT on Goods which are purchased in the Kingdom, which will not be used whilst in the Kingdom and which will be exported to a place outside of the Council Territory.
3. A refund application under this article must be submitted by the Tourist to the authorized provider whilst the Tourist is still present in the Kingdom.
4. The authorized provider must collect evidence of payment of VAT and eligibility of Goods for refund, and carry out a check of the application before submitting applications to the Authority for approval.
5. In cases where an application in respect of any Tourist is approved, the Authority will make payment of the refund amount to the provider. The provider is obliged to make payment to the Tourist, but may deduct a percentage of the Tax refund as a commission.
6. The Authority may reject individual claims in part or in full where it is not satisfied that the eligibility criteria are met. In cases where the eligibility criteria are not met in respect of multiple claims, the Authority may revoke the approval to a service provider to offer a tourist refund scheme.
7. The Authority has no obligation to individual Tourists to make refund of VAT incurred in the Kingdom.

Chapter 12: General provisions

Article 78: Obligations falling due on a non-working day

1. Filing of Tax Returns or payment of Tax due is required on or before the date prescribed by these Regulations, whether this is a working day or a non-working day.
2. Where any other obligation prescribed by these Regulations required of a Person or the Authority falls on a date that is not an official working day, this obligation will be treated as performed on that date if it is in fact performed on the next working day.
3. A working day is any day except Friday, Saturday and any other day which is an official state holiday.

Article 79: Interpretative Rulings

1. Taxable Persons may request that the Authority give its opinion or an interpretative ruling on the interpretation of the Law or Regulations in the context of the Taxable Person's current or intended Economic Activities. The request should be made in writing and specify whether or not the Taxable Person wishes the ruling to be made available to the public.
2. The Authority may, at its discretion, issue an opinion or ruling on such a request. The Authority will consider the request in light of:
 - (a) the complexity of the Law and the availability to the Taxable Person of existing resources to deal with the issue the subject of the request;
 - (b) whether the request is for a private or public ruling, and the benefit for other Taxable Persons in the issue of an opinion or ruling on the matter;
 - (c) the level of information provided in the request surrounding the current or intended Activities to allow the Authority to issue a ruling with an accurate applications of the laws to those Activities;
 - (d) the expected value and regularity of the event or transaction; and
 - (e) the availability of resources within the Authority to respond to the request.
3. A public ruling is published electronically by the Authority. In doing so the identity of the Taxable Person, or details based on which the Taxable Person can be identified, is not disclosed when the ruling is published.
4. The Authority may at its discretion choose to issue a public ruling to provide guidance on the application of the Law or Regulations, without a specific taxpayer request.
5. Any opinion or ruling issued by the Authority in accordance with this article is not binding on the Authority or any Taxable Person in respect of any transaction carried out by the requesting Taxable Person or any other Person.

Article 80: Power of the Authority to prescribe forms

1. For the purposes of the administration of the Agreement, the Law and these Regulations, the Authority may prescribe any forms and any electronic formats for mandatory use in registrations, applications, filings or other obligations of Taxable Persons. All documents which this Law or Regulations requires to be provided by a Taxable Person in writing must be submitted electronically.
2. Notwithstanding the first paragraph, the Authority may allow a Person to provide the information required in another form or format, or to be delivered in person or by post.
3. In all cases, the form or document will be considered to be submitted on the date it is received by the Authority.

Article 81: Tax Representatives, Tax Agents and Appointed Persons

1. In coordination with the Ministry for Commerce and Investment or other competent authorities, the Authority will approve Persons who wish to act as Tax Representatives or Tax Agents for Taxable Persons in respect of their VAT obligations in the Kingdom. The Authority will publish a list of approved Tax Representatives or Tax Agents.
2. All Non-Resident Taxable Persons must have one Tax Representative. The Tax Representative will be jointly liable for payment of Tax due by the Taxable Person until such date the Tax Representative is confirmed by the Authority as ceasing to act for that Taxable Person.
3. A Taxable Person who is Resident in the Kingdom may appoint a Tax Agent to act on that Taxable Person's behalf in respect of its VAT obligations in the Kingdom, by submitting a notification electronically. Notwithstanding the appointment of a Tax Agent, the Taxable Person will maintain individual responsibility for all such obligations.
4. Any requests to provide information made by the Authority on a Taxable Person under the Law and these Regulations may equally be made on a Tax Representative or Tax Agent throughout the period in which that Tax Representative or Tax Agent acts for the Taxable Person.
5. An Appointed Person, being an administrator, personal representative, executor of a will, receiver, or liquidator who has been appointed to administer, manage, liquidate, or wind up the affairs of a Taxable Person, including a deceased Natural Person, must notify the Authority in writing of the appointment within twenty (20) days of the date of the appointment.

Article 82: Provision of notification

1. All notifications made by the Authority to a Taxable Person will be sent electronically, and will be considered to be received by the Taxable Person on the date on which the notification is sent, unless evidence can be provided that receipt of the notification was delayed in circumstances outside of the Taxable Person's control.
2. All Appealable Decisions, and any correspondence specified in these Regulations as requiring a formal notice to be provided by the Authority to a Taxable Person, must be provided on a formal document containing a unique identification marking. Such document may be made available electronically over a secure medium.
3. A physical copy of notifications made to a Taxable Person in accordance with articles 63 or 65 of these Regulations must also be sent to the address of the Taxable Person.
4. In cases where a Taxable Person has appointed a Tax Representative or Tax Agent, or an Appointed Person has been appointed in respect of the Taxable Person, a copy of all notifications and correspondence will be provided to that other Person in the same format or formats.

Article 83: Transitional provisions

1. In cases described in the first paragraph of this article, a supplier of goods or services shall be treated as having made a Taxable Supply on the date of supply the Goods or Services, as specified in paragraph 3.

In such cases, the Taxable Person must issue an additional invoice showing the Tax charged on the Supply of Goods or Services, unless this Tax was included on the invoice issued before the commencement date.
2. For the purpose of this article, the date of a Supply takes place after the commencement date of the Law:
 - (a) On the date when Goods are delivered or made available after the commencement date of the Law;
 - (b) On the date when performance of Services is completed after the commencement date of the Law
3. Any Supply of Goods or Services made in respect of a contract which does not anticipate the application of VAT to the Supply may be treated as zero-rated by the supplier until the earliest of the time the contract expires or is renewed, or 31 December 2022, provided that:
 - a) the contract was entered into before 30 May 2017;
 - b) the Customer is entitled to deduct Input Tax in respect of the Supply of Goods or Services in full, or is an Eligible Person entitled to a refund of the Tax under articles 48 and 49 of the Law; and
 - c) the Customer provides a written certification to the Supplier that Input Tax is able to be deducted in full on the Supply.
4. All Persons who are Resident and carrying on an Economic Activity must, starting from 1 September 2017:
 - a) make an estimate of annual turnover for the year commencing 1 January 2018; and
 - b) in cases where the value of annual Taxable Supplies in this year is expected to exceed the Mandatory Registration Threshold, apply to the Authority for registration 20 december 2017.
5. As a transitional measure the Authority may register Persons who are expected to be required to mandatorily registered in advance of 1 January 2018. All registrations under the fifth and this sixth paragraph of this article will be effective from 1 January 2018.
6. For the purposes of the Law, any Member State which has not introduced VAT following 1 January 2018 will be considered a country outside of Council Territory.
7. In cases where a Taxable Person in the Kingdom enters into transactions with Persons resident in other Member States before the full introduction of VAT in the Council States, the following transitional provisions apply for the purposes of the Law:

- (a) a Supply treated under the provisions of the Agreement as made in a State which has not introduced VAT at the time of Supply is treated as being made in a third country outside of Council Territory, and persons Resident in those States will be treated as Residents of a third country.
 - (b) a Taxable Person who receives Goods into the Kingdom from another Member State, before the introduction of the Electronic Services System in all Member States, is deemed to have imported the Goods into the Kingdom. Tax will be collected in accordance with the provisions for other imports.
 - (c) Supplies of Goods involving transport of the Goods from the Kingdom to another Member State before the introduction of the Electronic Services System in all Member States will be treated as an Export of the Goods for VAT purposes.
 - (d) for the purposes of these Regulations, the date of introduction of the Electronic Services System will be formally announced by the Authority by way of an Order issued by it.
8. Notwithstanding any other provision of the Law or these Regulations, a Person whose value of annual supplies exceeds the Mandatory Registration Threshold but does not exceed one million (1,000,000) Saudi riyals (SAR) is exempted from the requirement to register in the Kingdom until 1 January 2019.

This paragraph does not affect any Person's ability to register on a voluntary basis.



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