



Introduction

This document is the English version of the Kingdom of Saudi Arabia Excise Tax Law published by the General Authority of Zakat and Tax on the official Saudi Gazette "Um Al-Qura" at 26 May 2017.

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The Kingdom of Saudi Arabia Excise Tax Law

Chapter 1: Introductory Provisions

Article 1:

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

Authority: General Authority of Zakat and Tax

Board of Directors: Board of Directors of the Authority.

Agreement: The GCC Unified Excise Tax Treaty.

Law: Excise Tax Law.

Kingdom: Territory of the Kingdom of Saudi Arabia including areas outside the territorial waters, in which the Kingdom practices the rights of sovereignty and jurisdiction over their water, their seabed, the layers under the soil and the natural resources, under its Law and the international Law.

Registrant: A person registered with the Authority for Tax purposes according to the Law.

Production of Excise goods: Any act involving manufacturing in the Kingdom or cultivation of the Excise goods, or changing the composition of the Excise goods insofar as this is relevant for the levying of Excise tax.

Tax Period: The period of time during which the Tax Due is calculated.

Regulations: Implementing regulations to the Law.

2. Without prejudice to paragraph (1) of this Article, the words and phrases in the Law shall have the meanings specified in the Agreement.

Article 2:

Tax shall be imposed on the Excise goods, according to the provisions stated in the Agreement.

Chapter 2: Imposing Tax, Tax Due, and Tax Suspension

Article 3:

The release of Excise goods for consumption shall be in accordance with the procedures that will be prescribed in the Regulations.

Article 4:

Movement of Excise goods under Tax suspension arrangement within the Kingdom shall be in accordance with the procedures that will be prescribed in the Regulations.

Article 5:

The Regulations shall determine the procedural rules for dealing with the Tax in the Free Zones and Duty-free shops.

Chapter 3: Excise Tax Registration

Article 6:

Any person, who is intending practice any of the following activities, is required to file a registration application for tax purposes with the Authority:

1. Importing Excise goods.
2. Producing Excise goods.
3. Holding Excise goods under Tax suspension arrangement.

The Authority shall Register the applicant if his application fulfills all the requirements and procedures specified in the Regulations.

Article 7:

The registrant shall notify the Authority by means of a written notification, of any cases which are set in the Regulations that could impact his registration.

Article 8:

1. The Authority shall deregister, at any of the following two cases:
 - a) If it receives a written request from the registrant.
 - b) If the registrant did not practice the activity subject to the registration purposes for the period that is set in the Regulations.
2. The Authority shall notify the registrant by means of a written notification, if it deregistered him.

Article 9:

In addition to the other obligations and responsibilities of the registrant, as specified in the Agreement, the registrant is considered responsible for the following:

1. The safety and security of the Excise goods.
2. Ensuring that the Authority is able to carry out its supervision roles.
3. Any other responsibility determined by the Regulations.

Chapter 4: Tax Warehouse Licensing Provisions

Article 10:

1. In order to obtain a Tax Warehouse License, the applicant for the License must be registered. In addition to fulfill all rules and procedures and requirements that are set in the Regulations.
2. The Regulations shall set the required terms, which should be fulfilling, for the Management purposes of the Tax warehouse that performs any of the licensed activities.

Article 11:

The Authority may amend the license, if it received a written request from the Licensee.

Article 12:

The Regulations shall determine the duration of the license, in addition to the conditions and procedures for the renewal.

Article 13:

1. The Authority shall cancel the License in any of the following cases:
 - a) If it receives a written request from the Licensee to cancel the license.
 - b) If the Licensee did not use the license to practice the licensed activities for the period specified by the Authority.
 - c) If the licensed entity dissolved.
2. In the event of a Licensee death or if he lost his eligibility, the license is transferred to his successors. The license shall remain valid for three months, and if the successor intends to continue the Licensed activities, he has to submit a new application for a Tax Warehouse license to the Authority, within that period. If no new application has been submitted, the transferred license shall be canceled at the end of the three months.
3. The Authority shall notify the Licensee or his successors with a written notification, if they canceled the License or if it expired.

4. The Regulations shall determine the procedures with respect to the treatment of the Excise goods that are stored in the Tax Warehouse after the cancellation, expiration, or any other related procedure, and the licensee or his successors shall bear all the financial costs related to that treatment.

Chapter 5: Reporting and Payment of the Tax

Article 14:

1. The registrant must file a tax return, and the Regulations shall determine the tax period for such return.
2. The Authority is entitled to allow exceptions for Importers from filing Tax Returns, in accordance with the conditions and procedures set in the Regulations.

Article 15:

The Regulations shall determine the procedures for collecting the Tax.

Chapter 6: Tax Refunds

Article 16:

The Regulations shall determine the terms and procedures with respect to the Tax refund, and who has the right to the refund.

Article 17:

When a Tax amount is refunded or exempted, either totally or partially, to a person in an incorrect manner, the person who received the refund or is exempted from it must, on his own and as soon as he knows, pay an amount equal to that amount refunded incorrectly to the Authority.

Chapter 7: Control and Inspection

Article 18:

Employees, nominated by a decision from the Board of Directors, shall act in inspecting, controlling, and detecting the violations of the Law, and they have the power of entering Tax warehouses, or retail markets or other powers to enable them to do their required tasks, and they are considered under the responsibility and supervision of the Authority, the Regulations shall specify the required procedures to accomplish their tasks.

Chapter 8: Tax evasion and Penalties

Article 19:

In addition to the cases of tax evasion defined in the Treaty, the exercise of any of the activities stipulated in article (6) of the Law without registration, shall be considered a tax evasion.

Article 20:

Any cases of Tax Evasion shall be penalized by a penalty not less than the value of the Tax due, and not more than three times the value of the Excise goods place of evasion.

Article 21:

Every person who violates the provision of paragraph (1) of article 14 of the Law, shall be penalized with a fine, not less than (5%) and not exceeding (25%) of the value of the Tax that should have been reported.

Article 22:

Every person who fails to pay the Tax due within the period prescribed in the Regulations, shall be penalized with a fine equivalent to (5%) of the unpaid Tax value for every month or part thereof for which the Tax is unpaid.

Article 23:

Each of the following shall be penalized with a fine not exceeding (50,000) SAR:

1. Preventing or obstructing the Officers of the Authority from performing their tasks.
2. Not complying with the Authority request for information.
3. Violated any other provision of the Law or the Regulations.

Article 24:

The penalties imposed shall in no case replace or be offset against the tax due.

Article 25:

If the violation is repeated within three years from the date of the decision of the Authority certified the violation, the fine may be doubled, or the License be suspended for a period not exceeding six months.

Chapter 9: Tax Disputes and Imposition of the Penalties

Article 26:

1. The Authority shall impose the penalties stipulated in the Law, in accordance with Violations classification set by the Board of Directors that shall specify the penalties subject to compatibility between the violation and the penalty.
2. The Governor of the Authority, or the person authorized by the Board of Directors, shall decide the imposition of the penalty.
3. The resolution issued sentence may state that such decision be published in a local newspaper at the expense of the perpetrator of the violation issued at his place of residence, or in the nearest newspaper if none is available in his place of residence, or it could be published by any other means of media, this should be in accordance with the gravity of the violation and the impact thereof, following the decision be final.

Article 27:

Objection against decisions issued by the Authority may be with the competent Judicial during a period of 30 days from the date being informed of the decision, otherwise, the decision shall be final.

Chapter 10: Final Provisions

Article 28:

The Board of Directors is entitled to award financial rewards to everyone who contributes -other than the employees in the Authority- in the detection of violations of the Law and the Regulations. The Regulations shall determine the amount of such rewards and the terms and conditions of the granted rewards.

Article 29:

The Board of Directors shall issue the Regulations within 15 days from the Law issuance date, and shall be effective after the Law go into force, and also issuing the decisions and instructions necessary for the implementation of the provisions of the Law and the Regulations.

Article 30:

The Law shall become effective after 15 days following the date of publication in the Official Gazette.



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