

Saudi Arabian Tax Authority cancels assessment of tax and zakat on shares of foreign investors in listed joint stock companies

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Further to the previous decision¹ of the Saudi Arabian General Authority for Zakat and Tax (GAZT) to postpone the imposition of corporate income tax on the shares of foreign investors in listed joint stock companies (JSC) until the end of 2017, the GAZT has now reversed that decision.

Based on the new Ministerial Resolution No. 2083, listed JSCs will be assessed on the same basis as they have been to date, i.e., for tax and zakat based on the registered shareholding per their Articles of Association. Consequently, foreign investors in a listed JSC who acquired their shares through the Saudi stock market (Tadawul) will be considered as being "Saudi" for this purpose and as such their share of profit will incur zakat, as before. Furthermore, withholding tax will continue to apply on dividends when paid to nonresident shareholders.

Endnote

1. See EY Global Tax Alert, [Saudi Tax Authority postpones requirement to pay tax and zakat by one year](#), dated 31 January 2017.

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