

Tax Agenda Saudi Arabia

January 2024



No.

Fact

Action

1

Drafts of the new Income Tax Law and Zakat and Tax Procedures Law issued for public consultation

Taxpayers and zakat payers should review the Draft Laws and assess the potential compliance implications to their businesses when the Draft Laws are eventually approved and issued.



Following the recent amendments and proposal for amendments of the current tax and zakat regulations, Saudi Arabia has issued a new draft Income Tax Law and a Zakat and Tax Procedures Law (together, the Draft Laws) for public consultation. Public consultation on the Draft Laws is open until 25 December 2023.

Read more: [Saudi Arabia issues drafts of new Income Tax Law and Zakat and Tax Procedures Law for public consultation \(ey.com\)](#)

2

Amendments to the Income Tax Bylaws and Zakat Regulations approved

Taxpayers and zakat payers should consider the amendments and comply with the applicable provisions.



In May 2023, the ZATCA published proposed draft amendments to the Income Tax Bylaws and Zakat Regulations for public consultation on its official website. After the consultation process, certain amendments have now been approved and made part of the law. The amendments are effective from the date of their publication in the Official Gazette (12 September 2023).

The amendments to the Income Tax Bylaws relate primarily to interest charges on capital assets, employers' retirement fund contributions, appeals processes and withholding tax rates. Under the amendment to the Zakat Regulations, zakat guidelines and rulings are now binding on the Zakat, Tax and Customs Authority (ZATCA), subject to certain conditions.

Read more: [Saudi Arabia approves amendments to Income Tax Bylaws and Zakat Regulations \(ey.com\)](#)



Compliance



Risk management



Cash flow and ETR impact

3

New operating procedures of the General Secretariat of Zakat, Tax and Customs Committees approved

Saudi Arabia has promulgated new operating procedures of the General Secretariat of Zakat, Tax and Customs Committees. The new operating procedures codify various practices followed by the General Secretariat of Zakat, Tax and Customs Committees, and introduce specific provisions for customs-related disputes.

The amendments are effective from 27 October 2023.

Read more: [Saudi Arabia approves new operating procedures of the General Secretariat of Zakat, Tax and Customs Committees \(ey.com\)](#)

Taxpayers, zakat payers and businesses should assess the applicability of the New Procedures to their specific case and undertake relevant actions accordingly.



4

Extension of its current tax amnesty initiative until 31 December 2023

In March 2020, the ZATCA announced the tax amnesty program for the first time. This amnesty program has been extended over the past three years, most recently until 31 May 2023. The extensions are intended to mitigate the economic and financial effects of the COVID-19 pandemic on establishments.

The extension provides a further opportunity for taxpayers and businesses to clear their applicable tax dues and avail themselves of relevant exemptions and relief.

Read more: [Saudi Arabia further extends tax amnesty initiative until 31 December 2023 \(ey.com\)](#)

Businesses should carefully review ongoing compliance practices and assessments issued by the ZATCA and take full advantage of the applicable tax amnesty initiatives before the deadline of 31 December 2023.



5

Criteria announced for taxpayers to be included in the ninth wave of Phase 2 e-invoicing integration

Taxpayers resident in Saudi Arabia, with a taxable turnover above SAR30m during the calendar year 2021 or 2022, should comply with the Phase 2 e-invoicing requirements that are effective from 1 June 2024.

Read more: [Saudi Arabia announces ninth wave of Phase 2 e-invoicing integration \(ey.com\)](#)

Resident businesses should comply with the obligations of Phase 2 e-invoicing integration based on the ZATCA notification and undertake the relevant steps in making the required changes in their information technology systems to avoid any potential imposition of penalties for non-compliance.

Taxpayers who do not fall within the first nine waves of Phase 2 e-invoicing integration should monitor future announcements from the ZATCA on the integration timeline period applicable to them in subsequent waves.



Contacts

Suleman Mulla
Senior Principal – International Tax and Transaction Services
Ernst & Young Professional Services (Professional LLC)
suleman.mulla@sa.ey.com

Asim Sheikh
Senior Principal – Global Compliance & Reporting
Ernst & Young Professional Services (Professional LLC)
asim.sheikh@sa.ey.com

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

The MENA practice of EY has been operating in the region since 1923. Over the past 100 years, we have grown to over 8,000 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2024 EYGM Limited.
All Rights Reserved.

EYG no. 011561-23Gbl
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com

