



Saudi Arabia

VAT standard rate

VAT standard rate in Saudi Arabia in 2023 is 15%.

VAT registration threshold

Foreign businesses that supply digital services to customers in Saudi Arabia are required to register on a mandatory basis when such companies provide taxable services to individuals located in Saudi Arabia irrespective of the value of supplies.

Only domestic companies may benefit from the VAT registration threshold of SAR 375,000 in Saudi Arabia.

Place of supply for services

The place of supply of telecommunication and electronically supplied services are in the country where those services are enjoyed or consumed. For many services in this category, the use or enjoyment is ascertained by the customer's usual residence, determined using specified customer information. That means that an IP address is the main piece of evidence that seller needs to collect for tax audit purposes.

E-service list

- Streaming services, such as Netflix, Amazon Prime, and Spotify
- App and software downloads, including games, productivity software, and mobile apps
- E-books and digital publications
- Online advertising, including display ads, social media ads, and sponsored content
- Cloud-based services, such as storage, computing, and software-as-a-service (SaaS) solutions
- Online marketplaces and e-commerce platforms, including Amazon, eBay, and Souq.com

- Online education and training courses
- Online gaming, including in-game purchases and subscriptions
- Digital financial services, such as online banking and payment processing
- Web hosting and domain registration services

Exempted supply of services

- the issue or supply of a voucher entitling the recipient to a supply of services is exempted from VAT;
- issue of a life insurance product;
- financial services (e.g. the issue, transfer, or receipt of money, loans at interest, credit cards, mortgages, finance leasing).

VAT registration in KSA

To register for VAT company must obtain a valid TIN first. Financial details will be asked by the tax authority for registration: expected taxable sales for the next year, the value of taxable sales for the last 12 months, expected taxable expenses for the next year, and the actual amount for the last year.

Voluntary registration is available if a business reached at least 50% of the VAT registration threshold during the preceding 12 months of their business activity - SAR 187,500.

Tax representative

Companies, which are non-residents of Saudi Arabia are required to appoint a local tax representative. Tax representative must be approved by GAZT and act on the company's behalf in respect of its VAT obligations in the KSA.

Keeping records

All taxpayers must keep appropriate VAT records – tax invoices issued, books and accounting documents, bank statements, and financial records. All records must be kept at least for 6

years, they may be kept in physical copy or electronically, but always available to the Authority on request.

VAT reporting obligations

VAT-registered companies must file a VAT return with GAZT. There are two reporting periods:

- Monthly VAT return for taxable companies with annual revenue above SAR 40 million, or for companies deferring import VAT
- The quarterly reporting period for all other VAT-registered businesses.

The VAT return must be filed no later than the last day of the month following the end of the tax period to which the VAT return relates.

VAT payment dates

The VAT return must be filed, and the corresponding payment of net tax due made, no later than the last day of the month following the end of the tax period to which the VAT return relates.

Failure to file VAT return in time will end up 5-25% of the VAT in respect of which the return should have been filed. For failure to pay the VAT in time, 5% of the VAT due is applied.

Quarterly due dates:

30 April, 31 July, 31 October, 31 January



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