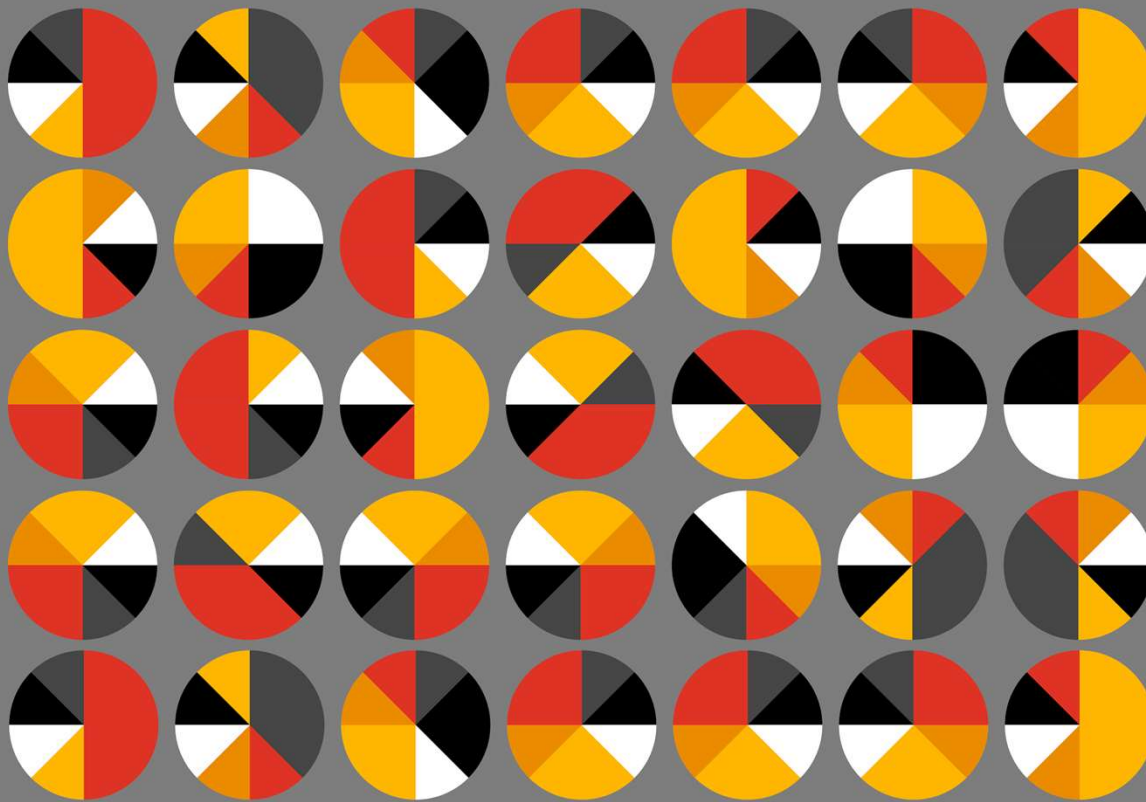


Saudi Arabia: Further Clarifications Regarding Deferring FY19 Returns filing

March 2020



In brief

Further to the announced plan by the Saudi Cabinet which is amounting to more than SAR 120 Billion to mitigate the implication of COVID-19 pandemic on the Economic Activities and private sector, General Authority of Zakat & Tax "GAZT" has published further clarifications regarding deferring the filing of Zakat & Tax returns, payment of due Zakat , excise tax, Value Added Tax "VAT" and Corporate Income Tax for 3 months among others.

- Further to what we have shared yesterday, GAZT has published further clarifications regarding deferring the filing of Zakat & Tax returns, payment of due Zakat, excise tax, VAT and Corporate Income Tax for 3 months, these clarifications include the following among others:
 - **Zakat & Income Tax:**
 - GAZT has clarified that the 3 months extension is applicable for Zakat, Tax and Mixed Returns (i.e., Companies paying Zakat and Tax).
 - The extension is applicable to all returns which their due date falls between March 19, 2020 and June 30, 2020.
 - Therefore, returns due by April 29, 2020 for the year ended December 31, 2019 could be filed without any penalty on or before July 29, 2020.
 - The Tax/Zakat payer may also file the return and postpone the payment till the extended due date without any penalty.
 - GAZT has also confirmed that the bank guarantee / cash advance will not be required to be filed / paid along with the appeals during the extension period (i.e., from March 19, 2020 till June 30, 2020).
 - GAZT has confirmed that it will suspend claiming any amount to accept the appeals during the plan period (i.e., from March 19, 2020 till June 30, 2020), this includes the payment of un-appealed amounts and the 25% of the appealed Zakat amount that is required to accept the appeal from formality perspective in the normal circumstances.
 - GAZT also will grant the Tax/ Zakat certificates without restrictions for the year 2019.
 - **Withholding Tax "WHT":**

| Tax period | Original due date | Extended due date |
|--|-------------------|-------------------|
| March 2020 | 10/4/2020 | 10/7/2020 |
| April 2020 | 10/5/2020 | 10/8/2020 |
| May 2020 | 10/6/2020 | 10/9/2020 |
| <i>Due date of WHT returns after May-20 will not change and will remain the same as follows:</i> | | |
| Tax period | Primary Due date | |
| June 2020 | 10/7/2020 | |

▪ **Value Added Tax (VAT):**

| Tax period | Original due date | Extended due date |
|--|-------------------|-------------------|
| February 2020 | 31/3/2020 | 6/30/2020 |
| March 2020 | 30/4/2020 | 31/7/2020 |
| <i>Returns after May-20 will not be postponed, and their original due date will remain as follows:</i> | | |
| Tax period | Due date | |
| June 2020 | 31/7/2020 | |
| July 2020 | 31/8/2020 | |

- Regarding the quarterly VAT returns, the due dates are as follows:

| Tax period | Original due date | Extended due date |
|---|-------------------|-------------------|
| The first quarter of the year 2020 | 30/4/2020 | 31/7/2020 |
| <i>Second quarter period will not be postponed, and its due date will remain the same as follows:</i> | | |
| Tax period | Due date | |
| The second quarter of the year 2020 | 31/7/2020 | |

GAZT has also announced its commitment to expedite the payment of taxpayers' refund claims.

▪ **Excise Tax:**

| Tax period | Original due date | Extended due date |
|--|-------------------|-------------------|
| March/ April 2020 | 15/5/2020 | 15/8/2020 |
| <i>Returns due before / after the second period will not change and their original due date will remain the same as follows:</i> | | |
| Tax period | Primary Due date | |
| January / February 2020 | 15/3/2020 | |
| May / June 2020 | 15/7/2020 | |

In addition to the above, GAZT has suspended the following among other:

- Implement procedures to stop services and seize funds during the initiative period.
- Penalties for late payment of installments during the initiative period.
- Impose fines for amendment of returns on taxpayers during the initiative period.
- A fine for non-cooperation of the taxpayer and a fine for examination during the initiative period.

The Takeaway

- Due date for filing Zakat, Tax and Mixed returns for the year ended December 31, 2019 has been extended for additional 3 months till July 29, 2020.
- Payment of the due Zakat and Corporate Income Tax for the year ended December 31, 2019 has been also extended for additional 3 months.
- Zakat / Taxpayers may elect to file their returns at anytime till the end of the extension period while submitting the payment of the due Zakat and Tax on or before the end of the extension period without being exposed to any penalty.
- Payment of due Excise Tax and VAT has been extended for 3 months.

The Zakat / Taxpayers should consider the supportive plan and manage their tax compliance obligations and cash outflows for Zakat / Tax payments accordingly.



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To discuss how this issue might affect your business, please contact:

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