

Tax alert | GAZT extends tax amnesty

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keypoint

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Saudi Arabia's tax authority, the General Authority of Zakat and Tax (GAZT), recently announced an extension - until 30 September 2020 - to its amnesty initiatives which have been in place since 18 March 2020 with the aim of stimulating the economy and supporting the private sector.

What does the extended amnesty cover?

- Corporate income tax, withholding tax, value-added tax and excise tax
- Individuals, companies and government entities
- Unregistered taxpayers can register, file all outstanding returns, agree instalment plans and pay due taxes by 30 September 2020
- Taxpayers can file or amend returns that were due or submitted before 18 March 2020, agree instalments plan and pay due taxes by 30 September 2020
- Importers can defer the payment of VAT due at the time of importation by reporting it through their return
- VAT refund requests will be processed quickly to maximise cash flow

Which penalties are waived?

- **Corporate tax** – Late registration (SR 10,000), late filing (higher of SR 20,000 or up to 25% of the tax due) and late payments (1% for every 30 days' delay in payment)
- **Withholding tax** – Late payments (1% for every 30 days' delay in payment)
- **VAT** – Late registration (SR 10,000), incorrect returns (up to 50% of the excess tax due), late filing (up to 25% of the tax due) and late payments (5% for every month's or partial month's delay in payment)
- **Excise tax** – Late filing (up to 25% of the tax due) and payments (5% for every month's or partial month's delay in payment)

Extend
Initiatives of boosting economy and supporting private sector

Expand
Approving instalments requests without the down-payment prerequisite
(Extended until 30 September 2020)

Postpone
Pay VAT through customs as part of declaration
(Extended until 30 September 2020)

Accelerate
Pay VAT refund requests to be audited later
(Extended until 30 September 2020)

Postpone
Services cut and properties confiscation of taxpayers who didn't pay the amounts due of Zakat and tax in time for two more months.
This postpone is only for establishments that suffered from the consequences of Covid-19 Pandemic and couldn't fulfil their Zakat and tax commitments starting March 2020.
(Extended until 31 August 2020)

Key decision makers should:

- Register their business for all relevant taxes and file all outstanding returns by 30 September 2020
- Review previous returns and consider disclosing errors by 30 September 2020
- Consider submitting a VAT repayment request to GAZT if - on 30 September 2020 - the business is in a repayment position
- Agree an instalment plan if the business is facing financial difficulties and pay due taxes by 30 September 2020

Disclaimer: This tax alert is based on our interpretation of the extension guide issued by the General Authority of Zakat & Tax (GAZT) and is for general information. Seek professional advice in relation to your particular circumstances.