

Tax alert | GAZT response to COVID-19

Kingdom of Saudi Arabia | 21 March 2020



To ease the burden on businesses due to the COVID-19 crisis, the General Authority for Zakat and Tax (GAZT) in Saudi Arabia has announced a number of key measures, including:

Zakat and corporate income tax (CIT)

The deadline for submitting *zakat* and CIT returns for the financial year 2019 due between 18 March 2020 and 30 June 2020 will be extended by three months. This also applies to taxpayers who have a year end of 31 January 2020 (original due date of 30 May 2020) and a year end of 29 February 2020 (original due date of 28 June 2020). For taxpayers with a year end on or after 31 March 2020, no extension has been announced.

Financial year end:	Original due date:	New due date:
31 December 2019	29 April 2020	29 July 2020
31 January 2020 ¹	30 May 2020	30 August 2020
29 February 2020 ¹	28 June 2020	28 September 2020

¹To be confirmed

Withholding tax (WHT)

Tax period:	Original due date:	New due date:
March 2020	10 April 2020	10 July 2020
April 2020	10 May 2020	10 August 2020
May 2020	10 June 2020	10 September 2020

Deadlines for WHT returns from June 2020 onwards will not change - making the deadline for submitting the June 2020 WHT return 10 July 2020. Taxpayers may have a grace period of an additional 29 days from the new due date before penalties start applying.

Value-added Tax (VAT)

VAT return filing and payment deadlines for **monthly** taxpayers:

Tax period:	Original due date:	New due date:
February 2020	31 March 2020	30 June 2020
March 2020	30 April 2020	31 July 2020
April 2020	31 May 2020	31 August 2020
May 2020	30 June 2020	30 September 2020

Deadlines for VAT returns after May 2020 are unchanged, meaning June 2020 VAT returns must be submitted by 31 July 2020.

VAT return filing and payment deadlines for **quarterly** taxpayers:

Tax period:	Original due date:	New due date:
Q1 2020 (1 Jan - 31 Mar 2020)	30 April 2020	31 July 2020

Q2 VAT returns (covering the period 1 April-30 June 2020) are also due by 31 July 2020.

Excise tax

Deadlines for the tax period of March/April 2020 for taxpayers subject to excise tax with a tax warehouse licence have been deferred:

Tax period:	Original due date:	New due date:
March/April 2020	15 May 2020	15 August 2020

Due dates for other excise returns remain unchanged: January/February 2020 was due on 15 March 2020, May/June 2020 is due on 15 July 2020 and July/August 2020 is due on 15 September 2020.

The revised deadlines for payment of excise tax due on imports are:

Import period:	Latest date for temporary return
18 March - 31 March 2020	20 June 2020
1 April - 30 April 2020	31 July 2020
1 May - 31 May 2020	31 August 2020
1 June - 30 June 2020	30 September 2020

Imports after 1 July 2020 will be subject to the usual deadlines and duties will be paid to the customs authority on import in accordance with the usual rules.

Other measures include:

- Penalties incurred for late submission and associated payments for all types of tax (VAT, excise, corporate and *zakat*) where the due date is 18 March 2020-30 June 2020 have been suspended. The new date for lodgement is three months after the original due date.
- VAT paid through the customs authority by registered taxable persons on imports related to their economic activity has been deferred by reporting the VAT under field 9 for imports subject to VAT accounted for through the reverse charge mechanism.
- Excise tax paid to the customs authority by registered taxable persons on all items subject to excise that are not already suspended in accordance with procedures for persons with tax warehouse licences has been deferred. The deferred tax will be paid to GAZT by submitting temporary returns by the new due dates set.
- Tax and *zakat* certificates for the year 2019 have been issued without restrictions



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- Procedures where GAZT stop services or seize funds have been suspended.
- Late payment fines have been suspended.
- Fines for return amendments have been suspended.
- Non-cooperation and examination fines have been suspended.
- Requests for instalment payments without prepayments have been approved.
- Refund requests are being expedited.
- The requirement to present bank guarantees to GAZT has been suspended.
- Taxpayers may choose to submit returns during the amnesty period and defer payments until the new date. Penalties will be imposed for late payments from the next day - if the new due date is 30 June, penalties will start applying from 1 July.
- Concessions in relation to the expatriate workers' levy and work visas already issued have been included.

We encourage taxpayers to continue to file as close as possible to the original due date to avoid other pressures that may arise due to staffing issues, Ramadan and summer holidays.

This tax alert is based on our interpretation of the recent announcement by the Saudi Ministry of Finance and GAZT of the measures to assist taxpayers in response to the COVID-19 crisis. Some points still require clarification from GAZT so we recommend taxpayers seek guidance from their advisor or contact a member of the Keypoint tax team.

Disclaimer: The information in this document is based on an unofficial translation of an announcement from GAZT on 20 March 2020; translations of the VAT legislation of Saudi Arabia; the GCC VAT framework; and general VAT principles. It is provided for information purposes only and applies to Saudi tax and *zakat* payers. Any omissions or errors are inadvertent. This document should not be relied upon in making any decisions. You should seek appropriate professional advice from a tax advisor before making any decision relating to your particular circumstances.