

Tax alert | GAZT releases e-invoicing guide

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The General Authority of *Zakat & Tax* (GAZT) has released its e-invoicing guide in Arabic, focusing on five key areas: a definition of e-invoicing, an e-invoicing timeline, guidelines on who is expected to issue e-invoices, technical requirements and penalties and fines for non-compliance. Our unofficial translation may be a useful guide for non-Arabic-speaking key decision makers.

What is e-invoicing?

What is the electronic billing system?

The e-invoicing system aims to convert the process of issuing and adjusting paper invoices into an electronic process that allows invoice exchanges, amendments and processing between sellers and buyers electronically.

What is an e-invoice?

An e-invoice is an invoice that has been issued, saved and amended electronically through an electronic system and complies with all tax invoice requirements. A handwritten or scanned invoice is not an e-invoice.

What are e-invoice adjustments?

e-invoice adjustments include credit and debit notes resulting from amendments to electronic invoices, which must be issued electronically. Scanned handwritten modifications to paper invoices are not electronic adjustments.

What is the e-invoicing timeline?

17 September 2020

e-invoice format posted to elicit comments

4 December 2020

Draft e-invoice regulations posted for comments

Within 12 months of issuance

Taxpayers prepare to systematically issue, save and amend e-invoices.

4 December 2021

e-invoices that can be saved and modified must be issued.

Who is subject to the e-invoicing regulations?

- All Saudi-resident taxpayers subject to VAT
- Any party that issues a tax invoice on behalf of a resident taxpayer who is subject to Saudi VAT

Non-resident taxpayers are not required to issue e-invoices.

Are there technical e-invoicing requirements?

Technical requirements for business systems that issue and save e-invoices include:

- Internet-connected
- Compliant with Saudi data, information and cybersecurity requirements
- Tamper-proof - including mechanisms that detect tampering by users or other parties
- Able to connect with other external systems using an application programming interface (API)

What are the penalties and fines for non-compliance?

All provisions related to VAT invoices apply to e-invoices, including penalties and fines.