

Tax alert | GAZT releases draft *zakat* collection regulations

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As the General Authority of *Zakat* and Tax (GAZT) looks to increase *zakat* revenue, it has released draft collection regulations for public consultation. If approved, they should become effective on 1 January 2021.

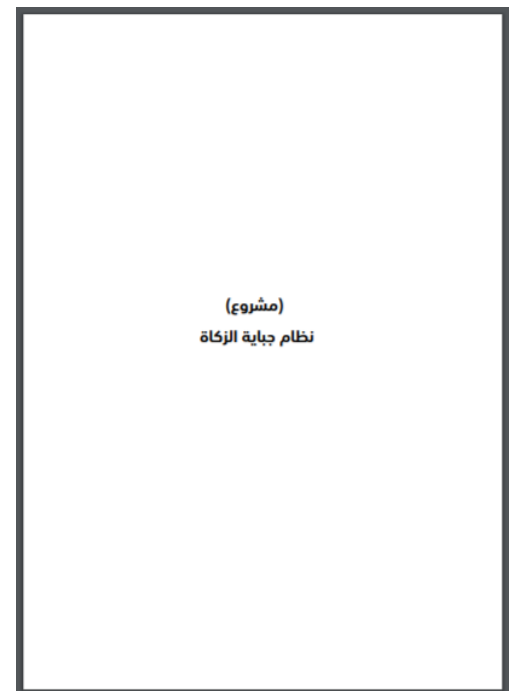
Proposed penalties

Proposed penalties for not filing *zakat* returns correctly include:

- *Zakat* payers who fail to register with GAZT are liable to penalties of SAR10,000 (Article 20).
- *Zakat* payers who submit a return outside the statutory period are liable for a penalty of 2% of the total *zakat* due (Article 21). Penalties will increase (at 2% of the total *zakat* or unsettled amount due) each month – up to a limit of 25% of the unsettled or due amount.
- *Zakat* payers who file incorrect information or attempt to evade *zakat* are liable for a penalty of 25% of the *zakat* due in that *zakat* year (Article 22).

What should you do?

Businesses in Saudi Arabia that want to avoid these penalties must comply with the new *zakat* regulations – including filing *zakat* returns on time. More information can be found on GAZT's website (only in Arabic).



Disclaimer: This tax alert is based on our understanding of a translation of *zakat* rules under consultation, is for general information and applies to Saudi *zakat* payers. Seek professional advice in relation to your particular circumstances.