

Tax alert | Updated Saudi tax assessments and appeals procedures

Kingdom of Saudi Arabia | 16 January 2020



On 18 December 2019, royal decree 26040 - on operating procedures for tax dispute resolution committees - was issued, before being published in the official gazette on 3 January 2020. The procedures apply to disputes relating to corporate income tax, withholding tax, *zakat*, VAT and excise tax.

There are two new tax appeal committees: the **tax violations and disputes resolution committee (TVDRC)** - replacing the preliminary appeal committee (PAC) - and the **tax violations and disputes appellate committee (TVDAC)** - which resolves objections against TVDRC decisions. The TVDAC is the highest, final litigation authority for tax disputes, replacing both the higher appeal committee (HAC) and the board of grievances (BOG).

Objection and appeal procedures

Taxpayers may file an objection with GAZT within 60 days of an assessment. GAZT is required to respond to any objection within 90 days. If GAZT rejects an objection or does not respond within 90 days, taxpayers can appeal to the TVDRC within 30 days of the rejection or the expiry of the stipulated period - or ask GAZT to transfer the objection to its internal settlement committee (ISC). If ISC fails to respond within the stipulated period or a settlement is rejected, the taxpayer can file an objection with the TVDRC within 30 days.

Submissions of appeals

Objections to TVDRC decisions can be filed by taxpayers or their legal representative along with all required information. Documents must be provided in Arabic or translated by a certified translator. Where the TVDRC finds that documentation is incomplete, the taxpayer has 15 days to submit. If the information is not provided within the mandated 15 days, the objection may be dismissed.

Decision processes

The TVDRC is expected to issue decisions within 60 days of the first hearing - unless the committee decides additional time is required.

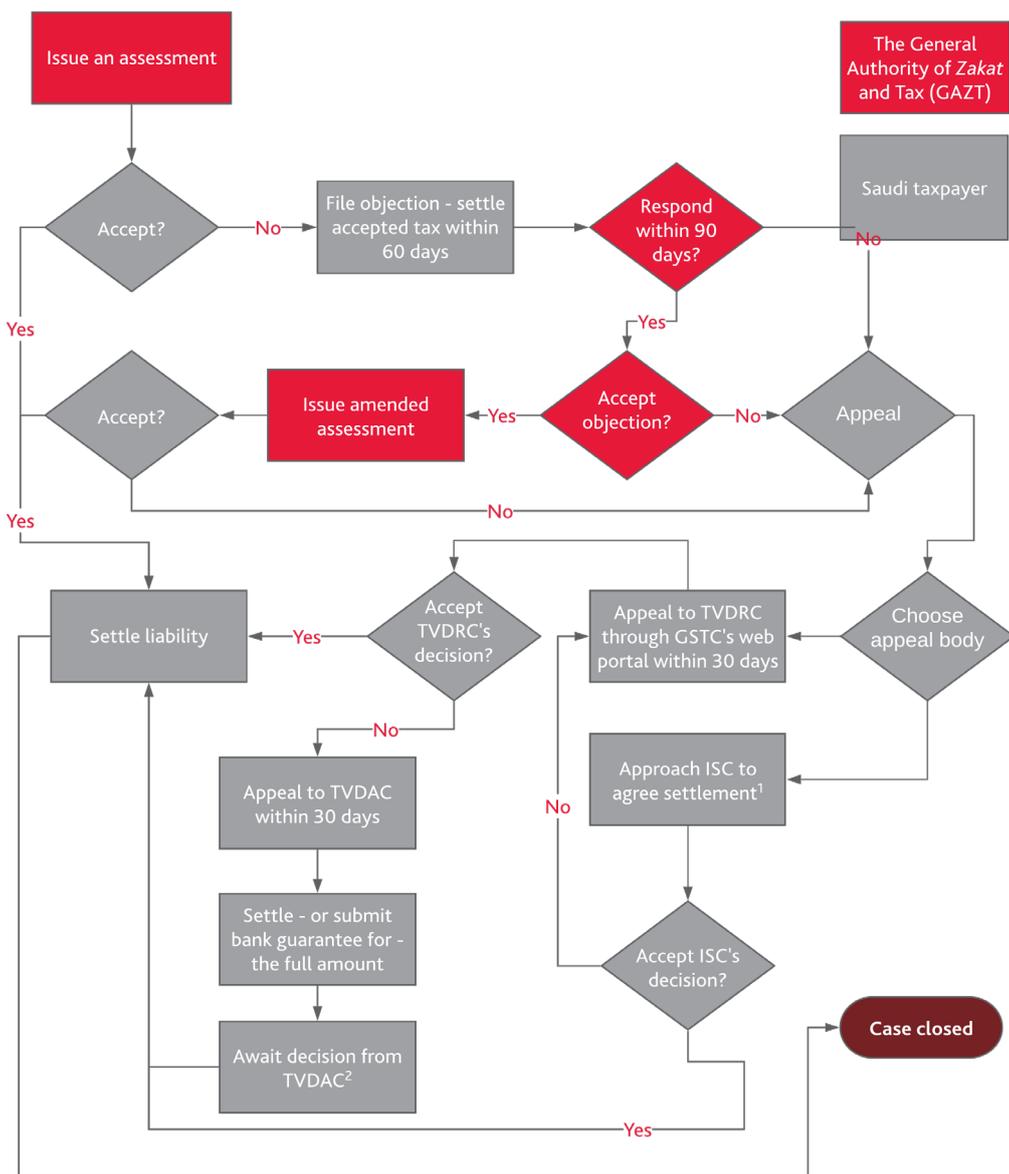
TVDRC decisions can be appealed to the TVDAC within 30 days. A bank guarantee for disputed liabilities may need to be deposited before appealing to the TVDAC. Taxpayers who have previously appealed to the BOG and had their objection rejected on jurisdiction grounds may file an objection with the TVDAC within 60 days of any BOG decision. TVDAC decisions are considered final.

Collection procedures

To obtain a tax certificate, taxpayers must pay due amounts under the tax return declaration within the statutory period. This means:

- Pay uncontested amounts within 60 days of any GAZT assessment
- If a taxpayer accepts a judgement from an appeal committee, or withdraws an objection, the amount must be paid within 60 days of the earlier of the date of judgement or the withdrawal of the objection.

Saudi tax assessment and appeal procedure



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¹Decisions from the tax violations and disputes resolution committee (TVDR) may take a significant amount of time. The internal settlement committee (ISC) is a fast-track procedure that can be chosen if an appeal to GAZT is rejected or not responded to within 90 days.

²Tax violations and disputes appellate committee (TVDAC) decisions are final and can not be appealed.

Disclaimer: This flowchart is based on our understanding of royal decree 26040 on operating procedures for tax dispute resolution committees, is for general information and applies only to Saudi taxpayers. Seek professional advice in relation to your particular circumstances.