

Saudi Arabian Tax Authority releases VAT implementing regulations for public consultation

The Gulf Countries and Saudi Arabia are preparing to launch VAT, which is being implemented in more than 160 countries. With the contemplated final version of the VAT Code issued in recent months, the VAT application has been launched in Saudi Arabia as of January 1, 2018. In this regard, General Authority of Zakat and Tax (GAZT) will apply VAT in many areas such as health, education, real estate, transportation, fuel oil, electricity, water, communication and insurance transactions. However, exemptions will be implemented in certain areas such as tenancy, healthcare provided by the government and exportation. General Authority of Zakat and Tax will periodically control the market and will not allow illegal activities. In order to adapt to the new taxation system, all small and large businesses will have to make infrastructural preparations in all aspects.

This article provides detailed information on the applications in question, exemptions and exceptions in the newly issued VAT Code on the topics mentioned above. In addition, how the new taxation system will be implemented, the VAT calculation, the methodology and details of the tax return and the reverse charge mechanism have been highlighted. Moreover, the article also includes the recommendations for the preparations that must be made by the businesses and government while they are shifting to the new system.

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