



Excise Tax Alert



EXCISE TAX IS NOW EFFECTIVE IN THE KINGDOM OF SAUDI ARABIA

The General Authority of Zakat and Tax (the Authority) has now published the executive excise tax regulations.



Registration

Registration for excise tax is required for: producers, importers, or possessors of certain selective items such carbonated drinks, energy drinks and tobacco products. A registered entity must file 6 excise tax returns per year; a return every **2 months**. The return must be filed within 15 days after the end of the 2 month period.



Administrative

Every entity that holds selective items with a total value exceeding **60,000 SAR** must submit a one-time transitional return. The payment of the first excise tax liability must be made within 45 days from the effective date of the regulations which is June 10, 2017.

For the purposes of the transitional return, the Authority has confirmed that selective items must be inventoried in order to obtain their value and quantity on **Ramadan 16, 1438 corresponding to June 11, 2017**.



Taxable warehouses

In order for a warehouse to qualify as a licensed taxable warehouse, certain terms and conditions must be met. When storing selective items in a taxable warehouse, the licensee must provide the Authority with a financial guarantee to cover the value of the excise tax due.



Exemptions

There are exemptions for selective items imported which are below the following amounts: 200 cigarettes, 500 grams of other tobacco products, 20 liters of soft drinks, and 10 liters of energy drinks.



Refunds

Entities registered for excise tax engaged in exporting selective items may apply for an excise tax refund.



Key takeaway

Businesses selling selective items to consumers need to ensure that they are compliant with the excise tax regulations in a timely manner. KPMG can evaluate the potential impact of the new regulations and develop a clear plan as to the steps that must be taken to be fully compliant.



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