



Indirect Tax update

13 December 2018

Businesses whose annual revenues exceed SAR 375,000 are required to register for VAT before 20 December 2018

Dear Clients and Contacts,

The General Authority of Zakat and Tax (GAZT) has renewed its call for businesses whose annual supplies exceed SR 375,000 to register for VAT before 20 December 2018.

The failure to register for VAT on time will expose businesses to penalties as per the VAT law and regulations.

A brief background

The Kingdom of Saudi Arabia (KSA) imposed VAT on January 1, 2018.

Article 79(9) of the VAT Implementing Regulations relaxed the VAT registration requirement for the persons whose value of annual supplies was less than SAR 1 million.

However, all the persons whose value of annual taxable supplies exceeded SAR 375,000 for 2018 or are expected to exceed SAR 375,000 for 2019 must now apply for VAT registration on or before 20 December 2018 in order to avoid penalties. The registration threshold excludes the supply of capital assets, but includes supplies taxable under the "reverse charge" rules.

Legislative reference

Article 79(9) of the VAT Implementing Regulations, as mentioned above, is reproduced below for the ease of reference:

"Notwithstanding any other provision of the Law and these Regulations a Person whose value of annual Supplies exceeds the Mandatory Registration Threshold but does not exceed one million (1,000,000) riyals is exempted from the requirement to register in the Kingdom until 1 January 2019. However, any application for such registration must be submitted that on or before 20 December 2018."

We would be happy to assist you determine the need for registration and, if required, registration itself.

Contact us



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