



Tax Alert: April 2020

Cancellation of penalties, postponement of Zakat, tax and VAT/Excise filings and payments for three months



The Government of Saudi Arabia is implementing additional measures to mitigate the impact of the COVID-19 pandemic on Kingdom's economy, including several measures designed to ease filing and payment requirements for taxpayers for a limited period.

Pursuant to Royal Decree (RD) No. 45089 dated 23 Rajab 1141H (18 March 2020), the General Authority of Zakat and Tax ("GAZT") has issued a circular which announces relief from certain penalties and the postponement of Zakat, tax and WHT filing and payment extensions for the period from 18 March 2020 to 30 June 2020 (the "concession period"). The key measures are outlined below.

i. Cancellation of penalties for late filing or revision of tax returns

Cancellation of all penalties for late filing of tax returns or revision of previously submitted tax returns during the concession period. The concession is subject to payment of the related tax by 30 June 2020. It appears that GAZT is trying to encourage taxpayers to file any delayed returns or amend any incorrect returns previously filed by the taxpayer. We recommend taxpayers that have concerns in relation to errors or omissions in relation to past filings, review their positions and take any necessary actions to comply with their tax obligations during the concession period. Important to note that, the concession includes VAT and Excise duty as well.

ii. Cancellation of penalties for late registration

Cancellation of late registration penalties for persons who were required to register with the GAZT prior to 18 March 2020. Such persons can benefit from the concession provided they register with the GAZT and any due declarations are filed, and tax liabilities are paid, on or before 30 June 2020.

iii. Payment of tax due in the concession period in instalments

The GAZT will allow the payment of tax due in the concession period in instalments. No penalties will be imposed until 30 June 2020, provided the application to pay the tax due via instalments is submitted to the GAZT during the concession period. There is no ceiling on the amount of tax that can be paid in instalments. The imposition of penalties will resume from 1 July 2020 and will continue until the tax due is fully paid.

iv. Cancellation of all other penalties pertaining to tax due in the concession period

Cancellation of all penalties applicable to liabilities arising during the concession period excluding penalties on the liabilities pertaining to the periods prior to 18 March 2020, except as mentioned in point i & ii above.



GAZT has also published clarifications regarding the postponement of filing and payment of tax during the concession period.

Zakat and tax return for the 2019 fiscal year

The period for submitting Zakat and tax returns for the 2019 fiscal year that were due to be filed during the period from 18/3/2020 to 30/6/2020 has been extended by three months. The original due date and the extended due date for the fiscal year ended on 31 December 2019 are set out below.

Fiscal year	Original due date	Extended due date for filing and payment
31 December 2019	29 April 2020	29 July 2020

In order to encourage Zakat and tax payers to conduct their business activities smoothly, the GAZT is issuing Zakat/tax certificates until 30 April 2021, without submitting Zakat and tax returns for the 2019 fiscal year. However, taxpayers are required to submit their Zakat and tax returns by the extended due date.

Withholding tax

The due dates for the filing of monthly withholding tax ("WHT") returns and the payment of the related WHT will be as follows:

Month	Original due date	Extended due date for filing and payment
March 2020	10 April 2020	10 July 2020
April 2020	10 May 2020	10 August 2020
May 2020	10 June 2020	10 September 2020

The due dates for filing WHT returns for June 2020 and onwards remain unchanged. For instance the June 2020 WHT return is due to be filed by 10 July 2020.

For more information in relation to the concessions and to discuss how they might affect your business, please do not hesitate to contact us.

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