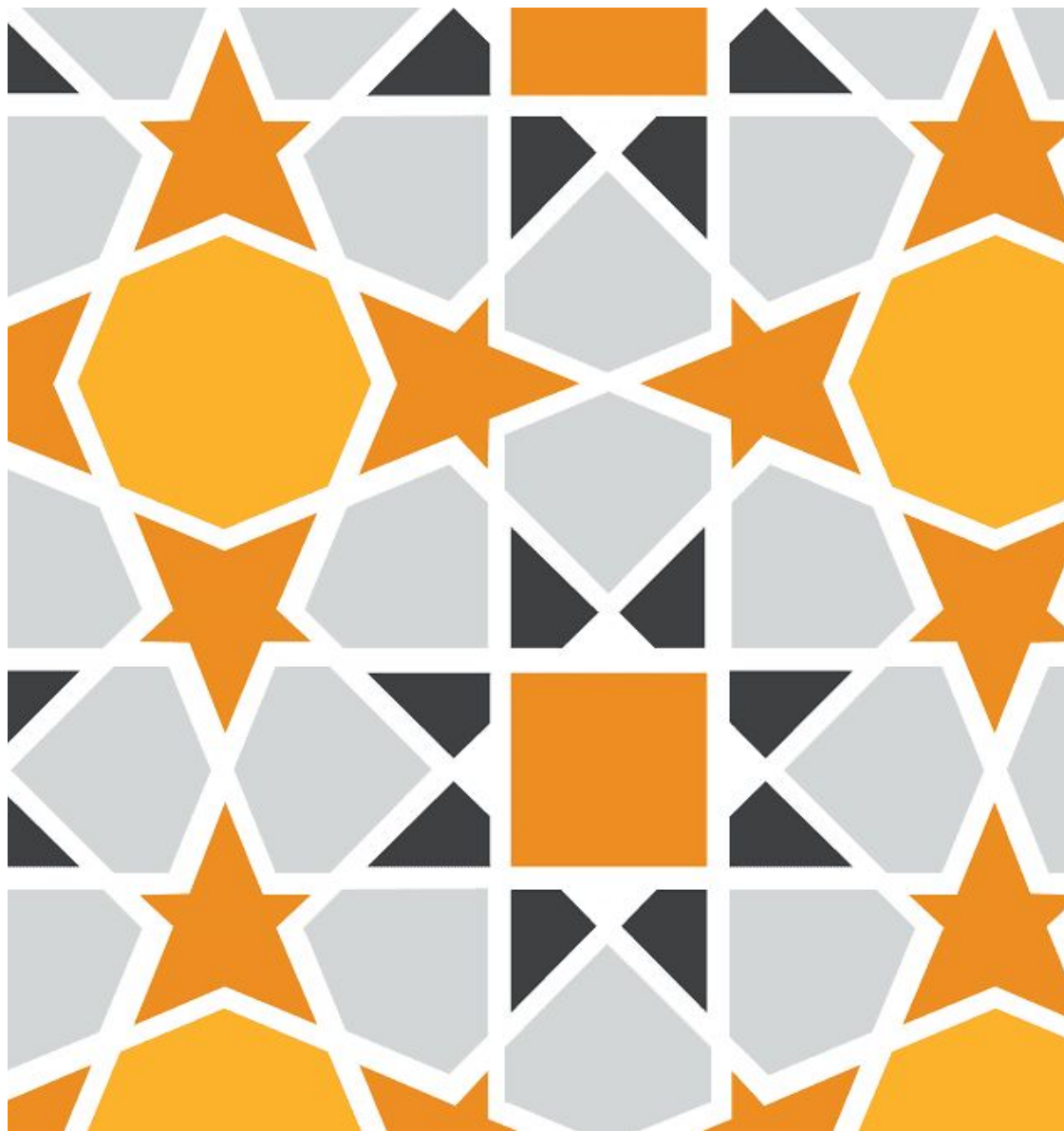


Saudi Arabia: Proposed addition to VAT Implementing Regulations

September 2022





In brief

The Zakat, Tax and Customs Authority ('ZATCA') has proposed to add a new Article to the VAT Implementing Regulations related to applying a zero VAT rate on local supplies of "qualified military goods".

The proposed addition was published on the Public Consultation Platform of the National Competitiveness Center on 13 September 2022.

Interested stakeholders and taxpayers are encouraged to express their opinion [on this platform](#) and share feedback on the proposed amendment no later than 15 October 2022.

In detail

A new Article 36 under Chapter Six (VAT zero-rated supplies) to the VAT Implementing Regulations has been proposed by ZATCA prescribing the application of a zero VAT rate on local supplies of qualified military goods to armed and security forces of the Government.

Qualified military goods, as defined in the proposed addition, includes:

- Locally manufactured goods; and
- Goods that are certified by the General Authority for Military Industries confirming that the supply fulfilled all the prescribed requirements and conditions

Supplies of military goods that do not meet the prescribed requirement will be subject to standard 15% VAT rate.

The Governor of ZATCA, in coordination with the General Authority for Military Industries, may issue any additional conditions related to the application of the provisions of this article.



The proposed new article is aiming to ease administrative burden of claiming refund of VAT incurred by the relevant armed and security forces management authorities on procuring domestic goods and services.



The takeaway

The public consultation forum presents a unique opportunity for interested stakeholders to share views and highlight any suggestions regarding the proposed amendments.

Any feedback should be shared with ZATCA no later than 15 October 2022 through the prescribed channel.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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Thank you

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