

# Saudi Arabia: A chance to apply FY19 Zakat By-law retroactively

October 2022





## In brief

As part of ZATCA's continuous efforts to facilitate the transactions of Zakat and taxpayers; MR No. 13957 dated 23 Rabi I , 1444 AH corresponding to October 19, 2022 has been issued to give Zakat payers a chance to apply the latest Zakat by-law retroactively to the years starting before January 1, 2019 (subject to certain criteria).

It is worthwhile mentioning that the latest Zakat by-law was issued by MR 2216 dated 7 Rajab 1440 AH corresponding to March 14, 2019, and is applicable to fiscal years starting on or after January 1, 2019.

## In detail

### Overview of the MR No. 13957

- The MR allows Zakat payers filing their returns, based on accounting records, to get the benefit of applying the provisions of the latest Zakat by-law to the fiscal years starting before January 1, 2019.
- The latest Zakat by-law issued by MR 2216 is originally applicable to the fiscal years started on or after January 1, 2019.
- Applying the Zakat by-law issued by MR 2216 to the fiscal years starting before January 1, 2019, is subject to certain criteria as explained below.

### Cases covered by the MR No. 13957

- Zakat payers who are submitting their returns (for the years starting before January 1, 2019) following the effective date of the MR (i.e., after October 19, 2022).
- In case there is an ongoing inspection by ZATCA for fiscal year(s) starting before January 1, 2019.
- In case there is no final/non-appealable case/ruling issued for the fiscal year(s) started before January 1, 2019.

### Important note about the MR No. 13957

- Zakat payers shall not be entitled for any refund/credit of Zakat differences resulting from the application of the MR.



## Criteria of applying the MR No. 13957

### Criteria of applying the MR No. 13957

1. The application request should be submitted within 60 days, the first day of the 60 days will depend on the case as follows:

- ZATCA's inspection has started; OR
- Zakat payer has submitted a settlement request on or before the date of the MR
  
- Fiscal year has been inspected and ZATCA issued a ruling,
- Fiscal year of which ZATCA has rejected the appeal, AND,
- Fiscal year with no settlement agreement despite the Zakat payer's settlement request

*60 days to be counted from October 20, 2022*

*60 days to be counted from October 20, 2022\**

\*The count of the 60 days ends by the earliest of 60 days elapsed or ZATCA's ruling becomes unappealable.

- ZATCA's inspection starts after issuing the MR

*60 days to be counted from following day to date of the inspection notification*

In case the last day of the 60 days falls within a public holiday, the period automatically extends to the first working day following the public holiday.

2. A Zakat return according to the provisions of Zakat by-law issued by the MR 2216 should be enclosed with the application request.
3. Zakat payer should withdraw his/her appeal with respect to the fiscal year for which the application request is submitted within (10) days from the date of fulfilling all the application criteria.
4. No revised Zakat return has been submitted following the effective date of this MR, with respect to the year of the request.
5. ZATCA's ruling for the year of the request is not final or unappealable.

# The takeaway

Zakat payers should assess their Zakat position for the open fiscal years starting before January 1, 2019 to identify the potential opportunities of closing these years with the most efficient Zakat burden.

[www.pwc.com/me](http://www.pwc.com/me)

## Let's talk

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

### Mohammed Yaghmour

Tax & Legal Services Leader  
+966 56 704 9675

[mohammed.yaghmour@pwc.com](mailto:mohammed.yaghmour@pwc.com)

### Dr. Yaseen AbuAlkheer

Partner, Zakat and Tax  
+966 54 425 0540

[yaseen.abualkheer@pwc.com](mailto:yaseen.abualkheer@pwc.com)

### Fehmi Mounla

Partner, Zakat and Tax  
+966 2 610 4400

[fehmi.mounla@pwc.com](mailto:fehmi.mounla@pwc.com)

### Mohammad Amawi

Partner, Zakat and Tax  
+966 2 610 4400

[mohammad.h.amawi@pwc.com](mailto:mohammad.h.amawi@pwc.com)

### Suleman Mulla

Partner, International Tax  
+966 54 122 8051

[suleman.mulla@pwc.com](mailto:suleman.mulla@pwc.com)

### Mohamad Najjar

Partner, Indirect Tax  
+966 56 367 9392

[mohamad.x.najjar@pwc.com](mailto:mohamad.x.najjar@pwc.com)

### Mohammed Al-Obaidi

Zakat & Tax Leader, Saudi Arabia  
+966 11 211 0236

[mohammed.alobaidi@pwc.com](mailto:mohammed.alobaidi@pwc.com)

### Fayez Al Debs

Partner, Zakat and Tax  
+966 11 211 0400

[fayez.aldebs@pwc.com](mailto:fayez.aldebs@pwc.com)

### Chadi Abou Chakra

Partner, Indirect Tax  
+966 56 068 0291

[Chadi.Abou-Chakra@pwc.com](mailto:Chadi.Abou-Chakra@pwc.com)

### Mohammad Harby

Partner, Zakat and Tax  
+966 56 907 2618

[mohamed.harby@pwc.com](mailto:mohamed.harby@pwc.com)

### Ebrahim Karolia

Partner, Tax  
+966 56 890 3663

[karolia.ebrahim@pwc.com](mailto:karolia.ebrahim@pwc.com)

### Guido Lubbers

Partner, Indirect Tax  
+966 54 110 0432

[Guido.Lubbers@pwc.com](mailto:Guido.Lubbers@pwc.com)

### Mugahid Hussein

Partner, Zakat and Tax  
+966 54 425 6573

[mugahid.hussein@pwc.com](mailto:mugahid.hussein@pwc.com)

### Wael Osman

Partner, Zakat and Tax  
+966 56 699 4653

[wael.osman@pwc.com](mailto:wael.osman@pwc.com)

### Khurram Iqbal

Partner, Zakat and Tax  
+966 54 004 6348

[khurram.iqbal@pwc.com](mailto:khurram.iqbal@pwc.com)

### Zachary Noteman

Partner, Transfer Pricing  
+966 54 020 2902

[zachary.noteman@pwc.com](mailto:zachary.noteman@pwc.com)

### Mohammed AlKhashi

Partner, M&A / International Tax  
+966 56 648 0014

[mohammed.x.alkhashi@pwc.com](mailto:mohammed.x.alkhashi@pwc.com)

# Thank you

©2022 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.