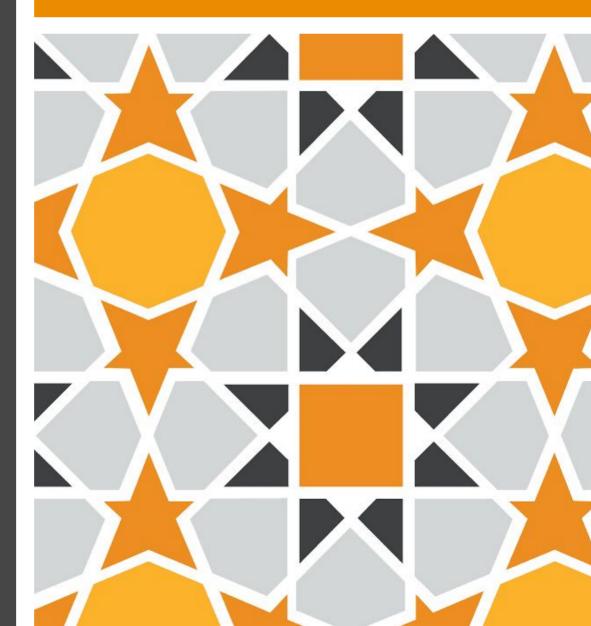
Saudi Arabia: A chance to apply FY19 Zakat By-law retroactively

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

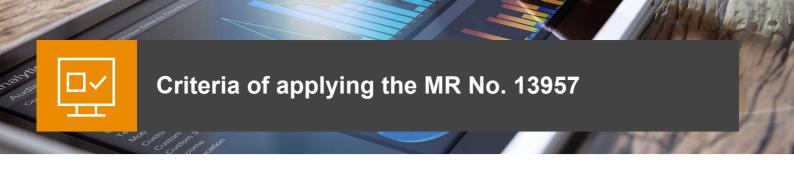
- The MR allows Zakat payers filing their returns, based on accounting records, to get the benefit of applying the provisions of the latest Zakat by-law to the fiscal years starting before January 1, 2019.
- The latest Zakat by-law issued by MR 2216 is originally applicable to the fiscal years started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

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

*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

October 20, 2022

60 days to be

counted from

October 20, 2022*

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.

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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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