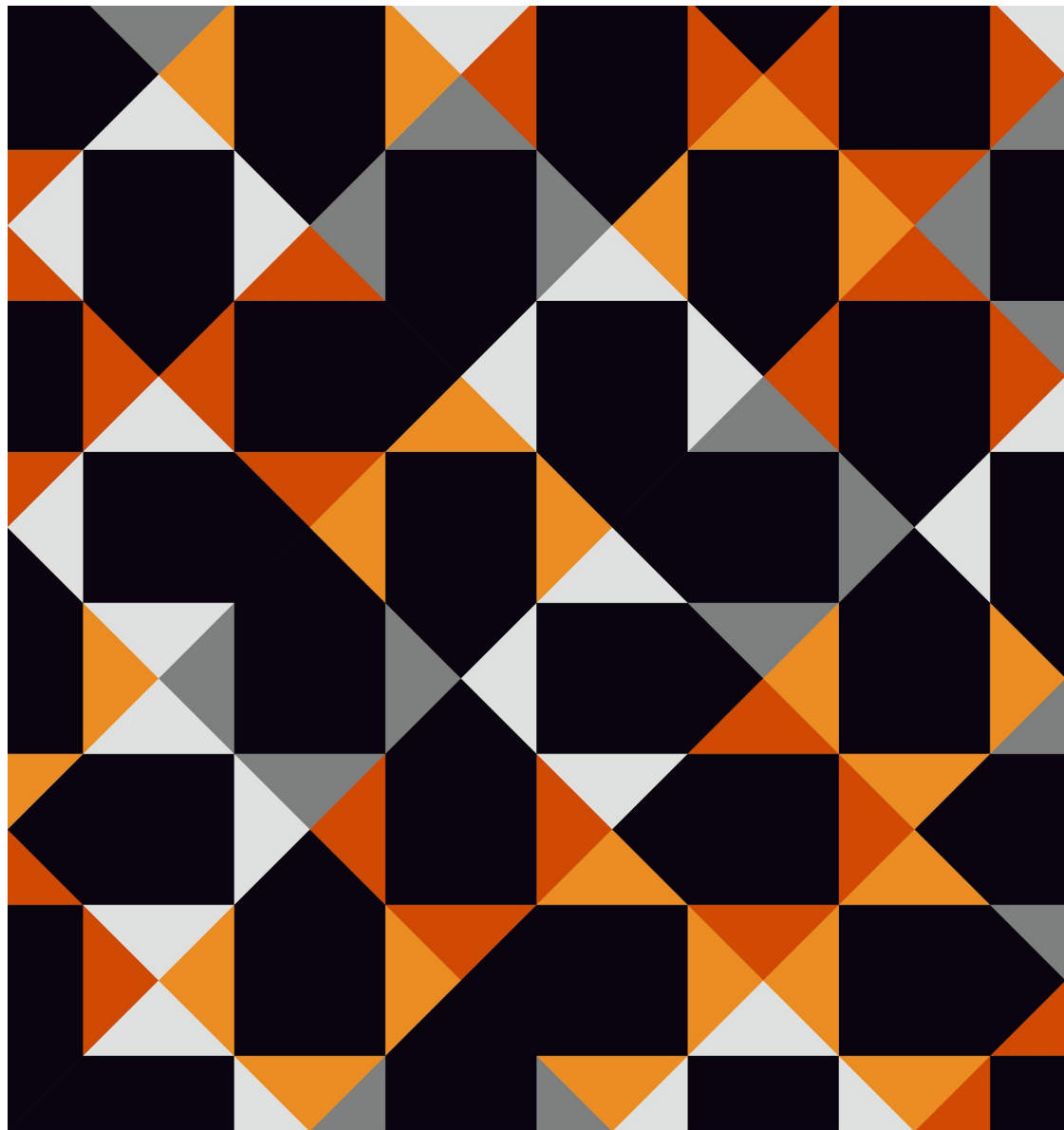# Saudi Arabia: Electronic Invoicing- Integration phase First group updates

June 2022

In brief

On 24 June 2022, the Zakat, Tax and Customs Authority ('ZATCA') announced further details on the implementation of the second phase of Electronic Invoicing ('E-Invoicing').

As per the announcement, the first group will include taxpayers who had revenues exceeding SAR 3 billion during the calendar year 2021.

ZATCA will notify the first group of the selected taxpayers in due course who will be required to implement the necessary specifications in order to integrate their billing system with that of ZATCA.

The announcement can be accessed here.

In detail

The E-Invoicing regime is a by-product and example of the economic renaissance and digital transformation that KSA is witnessing and is a continuation of a success story that began with the first phase of the application of E-Invoicing.

E-Invoicing has been rolled out in 2 phases by ZATCA in KSA:

- Generation phase - went live on 4 December 2021 for all taxpayers
- Integration phase - has a go live date of 1 January 2023 for the first group of selected taxpayers.

The integration phase of E-Invoicing entails certain additional requirements from the generation phase, the most prominent of which are:

- Linking the billing systems of taxpayers with that of ZATCA system
- Issuing E-Invoices based on a specific format including a number of additional elements in the E-Invoice XML file (such as UUID, hash, cryptographic stamp, etc.) which will be rolled out as part of the integration phase in addition to some other elements to be visible on the printed copy of the E-Invoice.

ZATCA has indicated that the integration phase will be implemented gradually and in groups and all the subsequent groups will be informed at least six months before the date set for linking their system with that of ZATCA.

> " Taxpayers with revenues of SAR 3 billion and above for calendar year 2021 are required to implement prescribed changes in their systems in order to integrate the billing systems with ZATCA starting from 1 January 2023. "
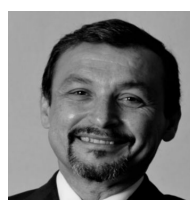
The takeaway

Taxpayers are recommended to assess their revenues for calendar year 2021 to ensure readiness for the integration phase of E-Invoicing and to implement the required changes.

The integration phase entails a comprehensive review of ERP systems to ensure a smooth integration with the ZATCA system. Taxpayers are recommended to conduct a gap analysis and take the required actions at the earliest.

Let's talk

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

Mohammed Yaghmour
Middle East Tax & Legal Services Leader
+966 56 704 9675
mohammed.yaghmour@pwc.com

Mohammed Al-Obaidi
KSA Market Leader
+966 50 525 6796
mohammed.alobaidi@pwc.com

Dr. Yaseen AbuAlkheer
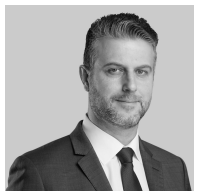Partner, Zakat and Tax
+966 54 425 0540
yaseen.abualkheer@pwc.com

Mohammad Amawi
Partner, Zakat and Tax
+966 55 800 9697
mohammad.h.amawi@pwc.com

Chadi Abou Chakra
Partner, Indirect Tax
+966 56 068 0291
Chadi.Abou-Chakra@pwc.com

Guido Lubbers
Partner - Indirect Tax
+966 54 110 0432
guido.lubbers@pwc.com

Fehmi Mounla
Partner, Zakat and Tax
+966 56 271 3073
fehmi.mounla@pwc.com

Mohammad Harby
Partner, Zakat and Tax
+966 56 907 2618
mohamed.harby@pwc.com

Fayez Al Debs
Partner, Zakat and Tax
+966 54 400 1037
fayez.aldebs@pwc.com

Ebrahim Karolia
Partner, Tax
+966 56 890 3663
karolia.ebrahim@pwc.com

Suleman Mulla
Partner, International Tax
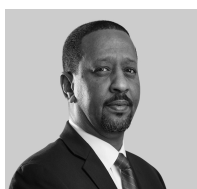+966 54 122 8051
suleman.mulla@pwc.com

Wael Osman
Partner, Zakat and Tax
+966 56 699 4653
wael.osman@pwc.com

Mugahid Hussein
Partner, Zakat and Tax
+966 54 425 6573
mugahid.hussein@pwc.com

Zachary Noteman
Partner, Transfer Pricing
+966 11 211 0400
zachary.noteman@pwc.com

Thank you