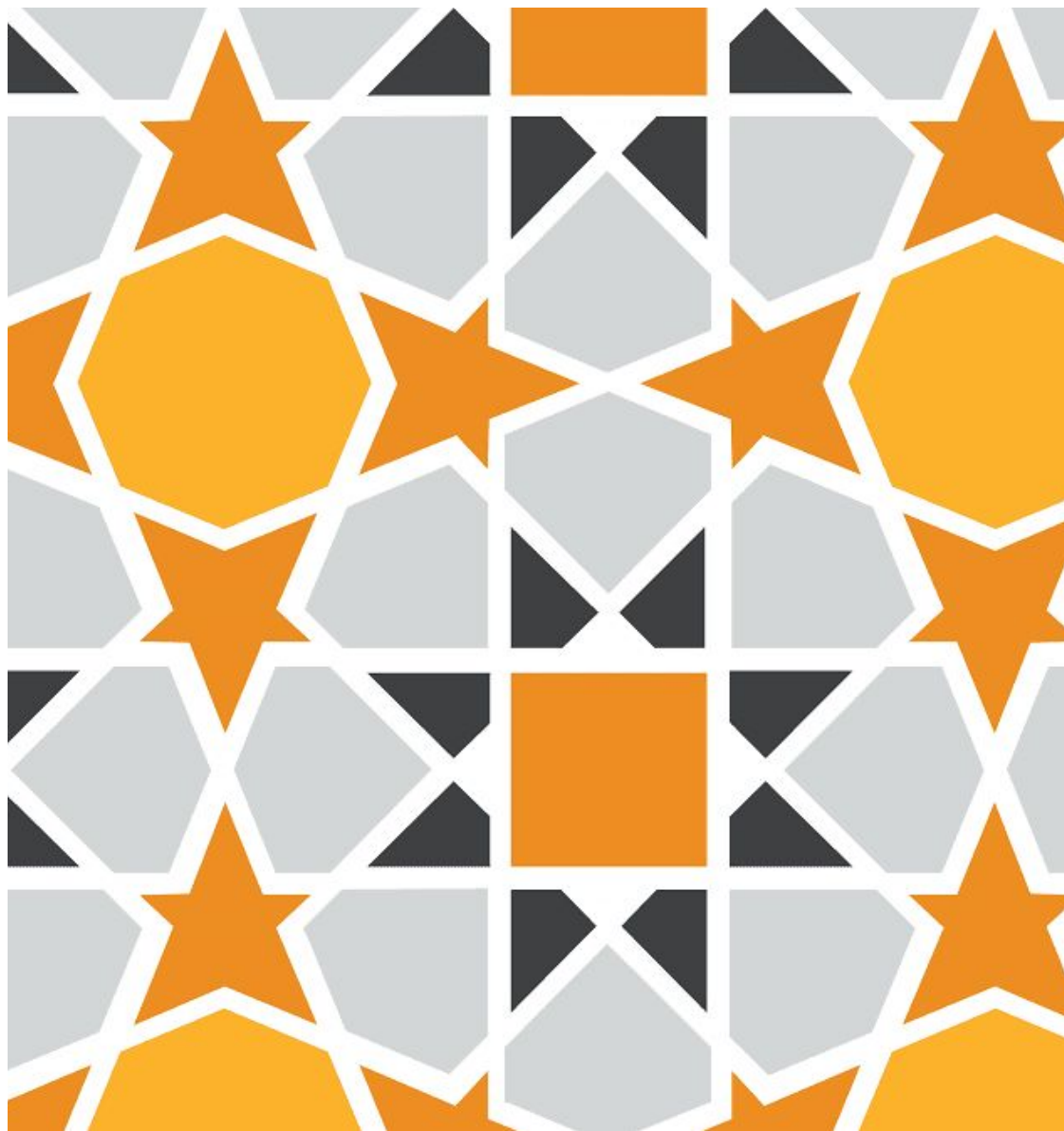


Saudi Arabia: Electronic Invoicing - Integration phase - Second group (wave 2) updates

December 2022





In brief

On 23 December 2022, the Zakat, Tax and Customs Authority ('ZATCA') announced further details on the implementation of the integration phase of Electronic Invoicing ('E-Invoicing').

As per the announcement, the second group will include taxpayers who had taxable revenues exceeding SAR 500 million during the calendar year 2021.

ZATCA will notify the second 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 - will be rolled out in waves:
 - First wave has a go-live date of 1 January 2023
 - Second wave has a go-live date of 1 July 2023

The second group of taxpayers (wave 2) who have a taxable revenue of SAR 500 million and above for calendar year 2021 are required to comply with the integration phase requirement by 1 July 2023 as per the latest announcement by ZATCA.



Taxpayers with taxable revenues of SAR 500 million 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 July 2023.





As a quick reminder, 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 the 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 previously mentioned 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.

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 smooth integration with the ZATCA system. Taxpayers are recommended to conduct a gap analysis and take the required actions at the earliest.

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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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