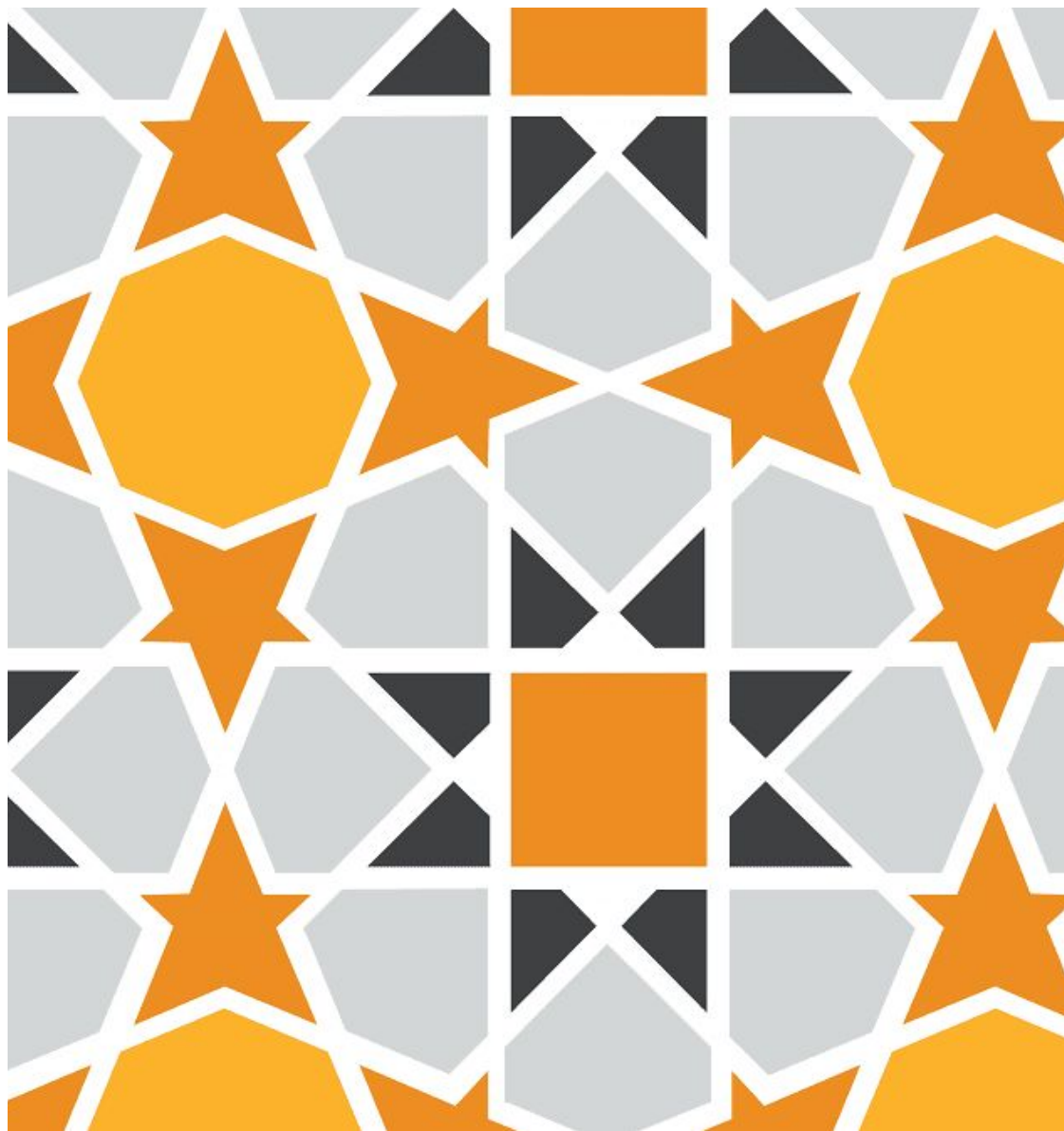


Saudi Arabia: Circular on Private Educational Services Provided to Saudi Citizens and VAT treatment

January 2024





In brief

The Zakat, Tax and Customs Authority ('ZATCA') published a Circular on its official website explaining the VAT treatment of private educational services provided to Saudi citizens.

The Circular, issued in Arabic language at the moment, can be accessed [here](#).

In detail

Pursuant to Royal Order no. A/86 issued on 18/4/1439 H corresponding to 4 April 2018, whereby the KSA Government announced to bear the VAT cost related to private education services for Saudi Nationals. This circular covers i) the eligible persons who can avail the benefit of not being charged VAT vs. applying 15% VAT rate ii) the qualified private educational services suppliers to apply this benefit, iii) the private educational services in scope and iv) the obligations on suppliers of such services.

Eligible persons:

Any person who holds "Saudi Arabian nationality" and benefiting from 'qualified private educational services'.

The qualified private educational services:

- Private and international schools accredited by the Ministry of Education
- Private universities that fall under the supervision of the Ministry of Education - Bachelor's degree.
- Faculties offering educational and training programs supervised by the Technical and Vocational Training Corporation that are equivalent to educational certificates provided by at the Ministry of Education with duration exceeds two years of training.

The private educational services in scope:

- The services provided by the qualified suppliers that include the value of tuition fees and textbook sold by them.
- Exclusions include: non mandatory educational services for citizens that are obtained and provided voluntarily such as courses and programs with duration of one month or less up to less than two years.
- The State's responsibility is limited to cases where the citizen is responsible for paying for such services.

Obligation of Private Education service providers:

- Issue tax invoices that contain the national ID number and contact details of the citizen benefiting from such services.
- Keep records of the same in case of VAT audit purposes.
- Report the supplies related to such services in the periodic VAT returns in the relevant field.
- Comply with e-invoicing regulations.



ZATCA has clarified that any person who holds Saudi Arabian nationality and acquiring qualified private educational services is eligible under the Royal Order for relief from VAT payment.



The takeaway

Taxpayers engaged in providing private education services are encouraged to assess their current VAT practice in the light of clarification provided by ZATCA through this Circular and take corrective action(s) where required within the extended amnesty initiative period to avoid imposition of penalties in the event of any non-compliance.

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Let's talk

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

	Jochem Rossel
	COO Tax & Legal Services Middle East
	+971 (0) 50 225 6909
	jochem.rossel@pwc.com

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

	Chadi Abou Chakra
	Indirect Taxes Network Leader
	+966 56 068 0291
	Chadi.Abou-Chakra@pwc.com

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

	Hafez Yamin
	Partner, Indirect Tax
	+966 54 033 7096
	hafez.y.yamin@pwc.com

Thank you

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