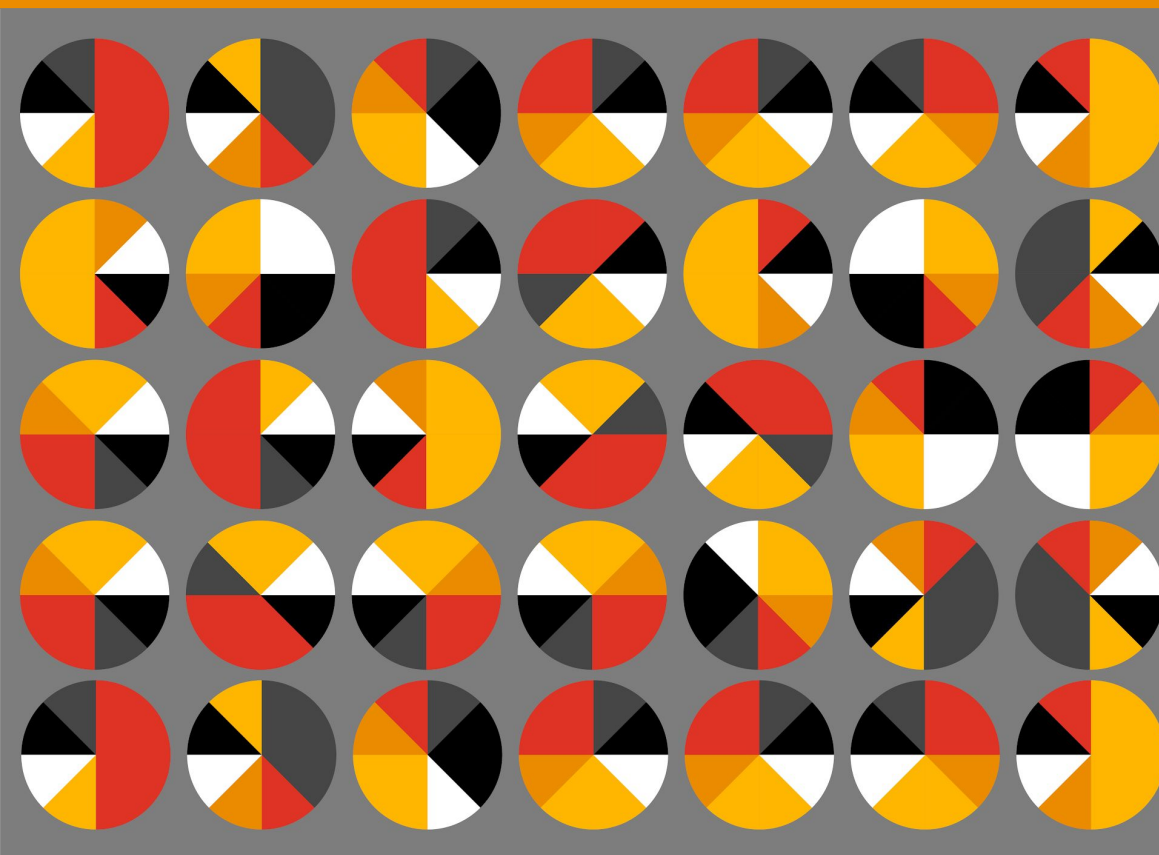


# Saudi Arabia: Temporary relief of some penalties

April 2020



## In brief

Further to the announced plan by the Saudi Cabinet, which has amounted to more than SAR 120 Billion in an effort to mitigate the implication of COVID-19 pandemic on the economic activities and private sector, the Ministry of Finance "MOF" has offered a temporary relief for some tax related penalties.

## In detail

In line with the Royal Decree No. 45089 dated 23/07/1441AH corresponding to March 18, 2020 MOF has issued resolution No. 3430 dated 5/08/1441AH corresponding to March 29, 2020 by which a temporary relief of some tax related penalties has been offered during between March 18 and June 30, 2020 amongst other incentives which are detailed below:

- **First incentive:** With regards to penalties for filing returns after their original due date or amending previous submitted returns including:
  - Any penalties resulting from filing overdue returns that should have been filed before March 18, 2020, and
  - Any penalties resulting from amending any return previously filed with GAZT
  - In the above cases, taxpayers can enjoy this relief only if the due tax resulting from the filing / amendment is paid after filing / amendment and before July 1, 2020
- **Second incentive:** With regards to relief from late Registration Penalty:
  - According to the provisions of any Tax Regulations, in cases where the registration with GAZT is between March 18 and June 30, 2020, this late registration penalty relief will apply under the following circumstances:
    - The original registration deadline was before March 18, 2020
    - The registration should be completed, then all due returns since the original due registration date should be filed with GAZT and lastly, all due amounts according to these returns should be paid before July 1, 2020
- **Third incentive:** With regards to approval of all payment on installments requests:
  - GAZT will approve requests for paying the due amounts on installments as a result of the above (first and second) items without a cap on the amounts to be paid on installments.
  - No penalty will be calculated on the due amounts from its original due date until June 30, 2020. However, the penalty calculation will resumed from July 1, 2020 until the last due date agreed between GAZT and the taxpayer.
  - To enjoy the relief as per this third item, the payment on installment requests should be filed during the period between March 18 and June 30, 2020.
- **Fourth incentive:** With regards to relief of penalties on due amounts between March 18 and June 30, 2020:
  - No penalties will be calculated during the period from March 18 until June 30, 2020 on any due amounts during this period.
  - This relief doesn't cover any penalties that were due before March 18, 2020 or will fall due after June 30, 2020 except the penalties that have been covered under the first and second incentives above.
- **Fifth incentive:** In order to be considered for approval, the Governor of GAZT may raise any additional or exceptional cases that require relief or exemption from the related penalties.
- **Sixth incentive:** The Governor of GAZT shall be authorized to issue the necessary procedures and controls to implement the provisions referred to in this resolution.

## The Takeaway

MOF is offering taxpayers a great opportunity to enjoy relief from a significant penalty burden. Thus, it is highly recommended for those who have unfiled returns, returns to be amended and are late in their registration with GAZT, amongst others mentioned in this alert, to cease the opportunity to benefit from the penalty relief.



## Let's talk

For a deeper discussion of how this issue might affect your business, please contact one of the KSA partners below:

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