

Saudi Arabia extends economic relief initiatives for three months

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Executive summary

Saudi Arabia's General Authority of Zakat and Tax (GAZT) originally extended the 2020 tax filing and payment deadlines by three months on 20 March 2020.

The Ministry of Finance issued Ministerial Resolution (MR) No. 3430, on 29 March 2020, providing relief from tax penalties and allowing tax due to be paid by installments. The GAZT issued a supporting circular (the Circular) on the same day. The relief initially covered the period from 18 March to 30 June 2020.¹

The GAZT has now extended initiatives up to 30 September 2020, by issuing a notification on its website (gazt.gov.sa).

Detailed discussion

Waiver of penalties

Penalties arising from the late filing of a return or amending a declaration previously submitted will be waived, provided the taxpayer files the return or amended declaration within the relief period and pays the tax liability in full by 30 September 2020. This will permit taxpayers to address prior tax filing positions without penalties.

Late registration

Penalties resulting from a taxpayer's failure to register with the GAZT before 18 March 2020 will be waived if: (i) the registration is undertaken during the period from 18 March 2020 through 30 September 2020; (ii) all necessary returns are submitted; and (iii) taxes are paid in full by 30 September 2020.

Payment by installments

If a taxpayer is unable to meet the 30 September 2020 payment deadline, the taxpayer may choose to pay the taxes in installments by filing an application and agreeing to a payment schedule with the GAZT. The application must be submitted by 30 September 2020. No fines will be imposed on liabilities from the due date until 30 September. However, fines would accrue from 1 October 2020, until the agreed upon payment date.

The Circular also indicates that the GAZT Governor may consider relief in exceptional cases that are not covered by the specific relief rules.

Implications

Businesses should assess whether the relief measures can be utilized to improve their cash flow during these challenging times. These relief measures allow businesses to address prior filing positions without penalties.

Endnote

1. See EY Global Tax Alert, [Saudi Arabia temporarily waives penalties for amending prior filing positions and offers additional filing relief](#), dated 9 April 2020.

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