

Saudi Arabia extends economic relief initiatives until 31 December 2020

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Executive summary

On 5 October 2020, Saudi Arabia's General Authority of Zakat and Tax (GAZT) issued the "Initiatives Extension" guideline. The guideline extends the 2020 tax filing and payment deadlines by another three months until 31 December 2020.

Detailed discussion

Background

The Saudi 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

Later, the GAZT extended the initiatives through 30 September 2020² and issued a guidebook on its website (gazt.gov.sa).

The GAZT has now extended the initiatives applying to waiver of fines and exemption from financial penalties for taxpayers for an additional three months, i.e., until 31 December 2020. The GAZT has also issued a detailed guideline.³

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 31 December 2020. This also permits taxpayers to address historic 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 31 December 2020
- (ii) All necessary returns are submitted
- (iii) Taxes are paid in full by 31 December 2020

Payment by installments

If a taxpayer is unable to meet the 31 December 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 December 2020. No fines will be imposed on liabilities from the due date until 30 December 2020. However, fines will accrue from 1 January 2021 until the agreed upon payment date.

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

Waiver of assessed penalties under appeal

The GAZT will waive penalties under appeal, provided:

- ▶ An appeal decision is not yet rendered
- ▶ The taxpayer withdraws the appeal on all points under appeal and commits to pay the assessed tax or requests for its payment in installments during the initiative period

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.

Endnotes

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.
2. See EY Global Tax Alert, [Saudi Arabia extends economic relief initiatives for three months](#), dated 10 August 2020.
3. GAZT Saudi Arabia extends economic relief initiatives guides in [Arabic](#) and [English](#).

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EYG no. 007026-20GbI

1508-1600216 NY
ED None

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