

## Kingdom of Saudi Arabia VAT Update

Zakat, Tax and Customs Authority (ZATCA) has recently approved the amendment to the provisions of Article No. 20 ("Date of supply in specific circumstance") of the Value-Added Tax (VAT) Executive Regulations regarding determining the date of supply and tax due in case of services that are carried out by establishments contracting with government agencies in accordance with the new government tenders and procurement law.

This amendment will **effective from November 1, 2021**

As per existing provision the establishments contracting with government agencies were reporting the tax due on the claims submitted to government agencies earlier of:

- i. The date the supply was actually made; or
- ii. Date of issuing an invoice or a claim to the government agency; or
- iii. Date on which the consideration for the supply was received in whole or in part

According to the amendment date of supply will be considered as earliest of:

- i. Date of issuing the payment order related to taxable supplies according to the government competition and procurement procedures; or
- ii. The date of receiving the consideration for the supply or part of it

Main aim for this amendment is to facilitate taxpayer's compliance and also improve their cash flows.

ZATCA has also issued a guide to clarify the amendments under Article 20.

*If you would like to discuss more about VAT related matters, please drop us an email at [info@premier-brains.com](mailto:info@premier-brains.com) or call us at + 971 4 354 2959.*

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