



# FAQs E-invoicing



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## 1. What is Electronic Invoicing?

Electronic Invoicing is a procedure that aims to convert the issuing of paper invoices and notes (e.g. handwritten or scanned invoices and notes) into an electronic process that allows the exchange and processing of invoices, credit notes and debit notes in a structured electronic format between buyer and seller through an integrated electronic solution.

## 2. What is an Electronic Invoice?

An invoice generated, stored and amended in a structured electronic format through an electronic solution, which includes all the requirements of a tax invoice. A handwritten or scanned invoice is not considered an Electronic Invoice.

## 3. What documents are not considered as an Electronic Invoice?

- Unstructured invoice data issued in PDF or Word format (among others)
- A scanned paper invoice issued in any format such as PDF or JPG (among others)
- Unstructured invoice on a webpage or electronic mail





#### 4. What are Electronic Notes?

Credit and Debit Notes that are issued in an Electronic format, as a result of amendments conducted in the Electronic Invoice. Paper notes that are photocopied or scanned are not considered Electronic Notes.

#### 5. Who is subject to the Electronic Invoicing Regulation?

All taxable persons for VAT purposes (excluding non-resident taxable persons), in addition to any other party issuing tax invoices on behalf of a supplier subject to VAT.

#### 6. Why is Saudi Arabia implementing Electronic Invoicing?

The Kingdom of Saudi Arabia is implementing Electronic Invoices for several reasons. These include, but are not limited to:

1. Reducing the shadow economy
2. Increasing compliance with tax obligations
3. Reducing commercial concealment
4. Adopting global best practices and improving the Kingdom's ranking in relevant international indices
5. Enabling fair competition and improving consumer protection





## 7. How will Electronic invoicing be implemented?

The implementation of Electronic Invoicing has two main phases:

1. Phase One: Generation and storing of tax invoices and electronic notes in a structured electronic format issued through an electronic solution, and including all the requirements of tax invoices.
2. Phase Two: Integration of the taxable persons' electronic solution used to generate electronic invoices and notes, with GAZT's systems, with the objective of sharing data and information.

## 8. Is the generation and storing of Electronic Invoices, and Electronic Notes mandatory (Phase 1)?

Yes. The generation and storing of Electronic Invoices and Electronic Notes will be mandatory starting on December 4th, 2021 for all taxable persons for VAT purposes (excluding non-resident taxable persons) as well as any other party issuing tax invoices on behalf of a taxable supplier.





## 9. Is the integration of the taxpayers' electronic invoicing solution with GAZT's systems mandatory (Phase 2)?

GAZT will issue the requirements, controls, details, and procedures for the integration of Electronic Invoicing solutions as well as the phases of the implementation in no more than (180) days from the publication date of the Regulation.

## 10. Is GAZT going to issue additional requirements or technical specifications other than those defined in the Electronic Invoicing Regulation?

Yes, in addition to the Electronic Invoicing Regulation, GAZT will issue two separate resolutions that will include:

1. Specifications for generation and storage of Electronic Invoices, Credit Notes and Debit Notes (Phase One)
2. Specifications for the integration of the taxpayers solution used to generate Electronic Invoices and Electronic Notes, with GAZT's systems (Phase Two)

GAZT will issue these two resolutions in no more than (180) days from the publication date of the Electronic Invoicing Regulation.





### **11. Is there a grace period to comply with the Electronic Invoicing Regulation?**

Yes. Taxable persons subject to the Electronic Invoicing regulation will have a grace period to comply with the Regulation, starting from the date of official publication of the regulation and ending on December 4, 2021.

### **12. Are there penalties and fines in cases of non-compliance with the Regulation?**

Non-compliance penalties stipulated in the VAT Law will be applicable at the end of the grace period (December 4th, 2021).

### **13. What is the required content of an Electronic Invoice?**

Terms, requirements and conditions applicable to tax invoices as per Article (53) of the VAT Implementing Regulation, in addition to any other data fields that will be determined at a later stage by GAZT to ensure the successful transition to Electronic Invoicing.





## 14. How are Electronic Invoices recorded? Are there any requirements for record-keeping purposes?

Provided that the Electronic Invoice is considered a tax invoice in accordance with the provisions of the VAT Law and its Implementing Regulation, all the provisions that apply to tax invoices shall apply to Electronic Invoices, including the rules of keeping (storing) tax invoices stipulated in the VAT legislations, and specifically Article (66) of the VAT Implementing Regulation.

## 15. What languages are available for dealing and issuing an Electronic Invoice?

An Electronic Invoice needs to be issued in Arabic; however, other languages can be used in addition to the Arabic language.





## **16. What is meant by “Electronic Means” in the definition of Electronic Invoice in the Electronic Invoicing Regulation?**

Any device, electronic solution, or application used for the generation of Electronic Invoices and Electronic Notes that meets the following minimum requirements:

1. Ability to connect to the Internet.
2. Compliance with the requirements and controls for data & information security or Cybersecurity in the Kingdom.
3. A tamperproof solution, which allows the detection of any tampering performed (anti-tampering).
4. Ability to integrate with external systems using Application Programming Interface (API).

## **17. Are there licensed companies by GAZT to provide electronic invoicing solutions that comply with the Electronic Invoicing Regulation?**

No. GAZT will issue the requirements, controls, and additional details on electronic solutions at a later stage.





**18. Is it mandatory to comply with the provisions mentioned in this Regulation in terms of Credit and Debit Notes?**

Taxable Persons subject to the Electronic Invoicing Regulation are obliged to generate Electronic Invoices for all transactions, which require tax invoices, in addition to Electronic Debit Notes and Credit Notes, which are required for the cases stipulated in the VAT Implementing Regulation.

**19. Should the taxable person subject to the Electronic Invoicing Regulation generate Electronic Invoices for sales outside the Kingdom (exports)?**

Yes, taxable persons subject to VAT must issue Electronic Invoices starting from the date specified in the Regulation, for all taxable supplies, whether subject to the standard rate or zero rate, for resident and non-resident consumers.

**20. Is the taxable person who is subject to the Electronic Invoicing Regulation obliged to file periodic returns to GAZT?**

Yes, a taxable person must continue to file tax returns periodically in accordance with the provisions of the VAT Law and its Implementing Regulation.





## 21. Is the Electronic Invoicing Regulation considered an independent Regulation?

No. The Electronic Invoicing Regulation is an integral part of the VAT Implementing Regulation issued by the Board of Directors of the General Authority of Zakat and Tax ("GAZT") by Resolution No. 3839 dated 14/12/1438 H "the Implementing Regulation".

## 22. What actions should be taken now to start the Electronic Invoicing journey?

The first step is to determine whether the Electronic Invoicing Regulation applies to you, as well as assessing how ready you are to generate Electronic Invoices as per the minimum requirements outlined in the Regulation. In addition, it is important to monitor GAZT's official communication channels to be aware of any update or specification.



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General Authority of Zakat & Tax



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to view the e-invoicing regulations online, login to [gazt.gov.sa](http://gazt.gov.sa)



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