

VAT Refund Claims in Saudi Arabia

An Opportunity for Non-Resident Businesses

In a significant move for non-resident businesses operating in the Kingdom of Saudi Arabia (KSA), the Zakat, Tax and Customs Authority (ZATCA) clarified and streamlined the Value Added Tax (VAT) refund process in early 2023.

While the ability to claim VAT refunds had existed since the inception of VAT in KSA, ZATCA's recent guidelines outlined a clear two-stage approach, making it easier for non-resident businesses to recover VAT incurred on eligible expenses. This new clarity eliminates previous uncertainties and ensures a more efficient VAT refund experience for qualified businesses.

Benefits for Businesses

Non-resident businesses can potentially recover VAT paid on qualifying expenses such as:



Conference and event costs



KSA travel and accommodation



Local insurance and warranty charges

Key Considerations

- **Eligibility:** The business must be registered for a transaction tax similar to VAT in its home country, with a system for refunding similar taxes to KSA residents.
- **Deadlines:**
 - **Current period refund (2023):** The deadline to claim a VAT refund for the 2023 calendar year is **30 June 2024**.
 - **Past Period Refunds (2018 – 2022):**
 - Businesses that submitted a protective claim letter by the deadline may be eligible for a refund.
 - Businesses that did not submit a protective claim letter can still submit a VAT refund application. However, approval is at ZATCA's discretion.
- **Processing Time:** As per ZATCA, providing all necessary supporting documents and data can significantly expedite the processing of your refund application.

The Refund Process

The VAT refund application process involves two key steps:

1

Eligible Person (EP) Registration

The business must register with ZATCA as an eligible person authorized to claim VAT refunds.

2

VAT Refund Application

Once registered as an EP, the business can submit a formal VAT refund application with supporting documentation to ZATCA.

How Deloitte Can Assist

Deloitte has a dedicated team of KSA VAT refund specialists within our Indirect Tax practice. We have a proven track record of successfully assisting businesses in navigating the EP registration and VAT refund application processes. Our comprehensive support includes:

Eligibility Assessment

Deloitte can evaluate a business's eligibility to claim VAT refunds under KSA legislation.

EP Registration Guidance

We will guide businesses through the EP registration process with ZATCA, ensuring all requirements are met.

Application Preparation and Support

Our team will assist businesses in preparing and submitting a complete and accurate VAT refund application to ZATCA.

Ongoing Communication

We will maintain clear communication with businesses throughout the process, keeping them informed of the status of their application.

Dispute Resolution Support

In the case of a claim rejection, we can guide businesses through the dispute resolution process with ZATCA.

Contacts

With the 30 June 2024 deadline approaching, businesses are encouraged to promptly assess their eligibility and consider claiming VAT refunds for their KSA business activities. Our team can help you navigate the process and maximize your refund potential.

For more information, please speak to your usual Deloitte contact or one of the below VAT specialists in Saudi Arabia.



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