

Understanding VAT Amendments in Saudi Arabia: Implications for E-commerce and Marketplaces

January 2026

The Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) made certain amendments to the KSA Value Added Tax (VAT) Implementing Regulations (Regulations) which impact e-commerce platforms and marketplaces. The amendments to Article 47 (2) and (4) of the Regulations became effective from 18 April 2025, and the amendment to Article 47 (3) came into effect from 1 January 2026.

Companies operating within the e-commerce marketplace sectors should carefully consider these amendments to assess the VAT implications and compliance obligations in KSA.

What you need to know:

1 Article 47 (2) of the Regulations - Marketplace responsibilities for non-resident suppliers

Electronic marketplaces facilitating electronically supplied services in KSA from **non-resident suppliers** must account for VAT as if they purchased and resupplied the services themselves.

2 Article 47 (3) of the Regulations - Marketplace responsibilities for resident un-registered suppliers

Electronic marketplaces facilitating goods or services from **resident suppliers** not registered for VAT in KSA must account for VAT as if they purchased and resupplied the goods and services themselves.

3 Role limitation and exclusions

Activities such as processing payments, marketing, advertising, or redirecting customers to another marketplace, without facilitating the supply, do not classify as facilitating the supply process.

4 Effective dates

Amendments to Article 47 (2) are in effect from 18 April 2025, and Article 47 (3) became effective from 1 January 2026, requiring prompt actions from marketplaces to align with the Regulations.

5 Key observations

Article 47 (2): There's a possibility that the scope might extend beyond traditional electronically supplied services, subject to ZATCA's interpretation.

Article 47 (3): Marketplaces must implement systems to verify the VAT registration status of resident suppliers on their platforms and review contracts, otherwise they risk absorbing VAT costs.

Comprehensive insights on the above can be found in the next pages.

Contacts

For more information, please contact one of our team members listed below, who would be happy to assist you with any queries.



Michael Camburn

Indirect Tax
mcamburn@deloitte.com



Owen Griffiths

Indirect Tax
ogriffiths@deloitte.com



Gavin Needham

Indirect Tax
gneedham@deloitte.com



Aliasgar Husaini

Indirect Tax
ahusaini@deloitte.com



Steffen Yap

Indirect Tax
syap@deloitte.com



Rosemary Dsouza

Indirect Tax
rodsouza@deloitte.com

Our insights

1 Supply of services electronically – Article 47 (2) of the Regulations

Primary rule

An electronic marketplace facilitating the supply of electronically supplied services within KSA by a non-resident supplier is deemed to have purchased and resupplied the services in its own name. Consequently, the electronic marketplace is responsible for accounting for the VAT on these supplies.

A. It is clearly stated that the non-resident supplier is making the supply during the supply process and in all contractual arrangements/invoices/receipts, etc.

This provision does not apply if all the following conditions are met:

B. The electronic marketplace does not:

- Set terms and conditions of the supply.
- Collect cash.
- Handle customer-related issues (complaints, provide special offers, etc.).

2 Supply of goods or services electronically – Article 47 (3) of the Regulations

A new provision applies when an electronic marketplace facilitates the supply of goods or services in the KSA on behalf of a resident supplier or suppliers who are not registered for VAT in KSA. In other words, this will impact non-registered KSA “gig economy” operators in particular, such as online influencers, promoters and small businesses that might not otherwise need to be VAT registered.

Marketplace responsibilities

As per the current text of the Regulations, when goods/services are supplied in KSA through an electronic marketplace acting as an intermediary for a resident supplier or suppliers who are not-VAT registered in KSA, the marketplace is deemed to purchase and resupply the goods/services in their own name and are responsible for accounting for VAT on those supplies.

A. It is explicitly stated during the supply process and in all contractual documents that the non-registered resident supplier or suppliers are the ones making the supply, as well as in the invoices and receipts issued to customers.

This provision does not apply if all the following conditions are met:

B. A direct and independent contractual relationship is established between the supplier and the customer, with the supplier setting all the terms and conditions of the supply.

C. The electronic marketplace exclusions are similar to conditions stated in paragraph 1B above.

3 New paragraphs have been added – Article 47 (4) (A and B) of the Regulations

Clarification has been provided on the scope of the electronic marketplace's role as per Article 47 (4) (A):

“An electronic marketplace shall not be considered to be facilitating the supply of Goods or Services if its role is limited to processing payments related to the purchase of Goods or Services through it for the benefit of suppliers, or marketing and advertising the Goods or Services offered through it without facilitating the supply process through it, or redirecting customers to another electronic marketplace that undertakes the supply facilitation process. ”

Unofficial translation from the text of the Regulations



The following clarification has been provided on the definition of electronic marketplace as per Article 47 (4) (B):

“ An electronic marketplace means an electronic or digital platform or similar platform whose main purpose or one of its main purposes is to enable suppliers to display their products - whether Goods – or provide or make them available or contract for them with the customers who benefit from them. ”

Unofficial translation from the text of the Regulations

4 Effective dates of the amendments



Article 47 (2) (*see point 5 below) and 47 (4): The amendment was effective from the date of its publication in the Official Gazette, which was 18 April 2025.



Article 47 (3): The amendment came into effect from 1 January 2026.

5 Key observations and impact

Article 47 (2) of the Regulations

Under the previous text of the Regulations, when electronically supplied services are supplied in the KSA through an online interface or portal acting as an intermediary for a non-resident supplier, the operator of the interface or portal was presumed to purchase the services from the non-resident supplier and to supply those same services in his own name.

In the current text of the Regulations, there is a shift from ‘presuming’ the operator purchases and resupplies services to ‘deeming’ the marketplace to do so, thereby clarifying the treatment of transactions for tax purposes. Additionally, the new text adds specific conditions where the marketplace is not responsible for the tax liability, focusing on transparency in supplier roles and marketplace involvement in pricing, collections, and customer interaction. These changes enhance clarity and detail in defining responsibilities, thus improving the management and delineation of tax liabilities and compliance, reducing potential disputes.

Based on the above, e-commerce platforms may encounter additional complexities in clarifying their roles concerning the underlying services provided to customers. This could result in increased regulatory and compliance obligations and (*) might have retrospective implications from the introduction of VAT in KSA, i.e. 1 January 2018, which require careful consideration.

However, there is a need to clarify whether this Article will extend to services beyond electronically supplied services. The Regulations specifically target electronically supplied services provided by non-resident suppliers through electronic marketplaces in KSA. However, ZATCA may interpret a wider scope, indicating a departure from the traditional interpretation of electronically supplied services. For instance, ZATCA's interpretation of the guidelines extends Article 47(2) of the Regulations to cover services not traditionally viewed as electronically supplied, such as consulting services, marketing, or engineering services provided electronically via email or electronic platforms. This broader interpretation is applicable when the marketplace is perceived as acting on behalf of the supplier by establishing prices, setting terms and conditions, issuing invoices, and collecting payments.

5 Key observations and impact

Article 47 (3) of the Regulations

Marketplaces must take initiatives to determine the KSA VAT registration status of resident suppliers on their platforms and renegotiate commercial terms. This is because the marketplace would otherwise have the obligation to pay and absorb the VAT amount for supplies made through their platforms.

They must ensure proper internal checks and procedures are in place when facilitating supplies from such suppliers. To address these challenges, marketplaces should review their relevant contracts and implement robust systems for verifying the VAT status of suppliers.

Specifically, targeted marketplace platforms engaging with non-VAT registered resident suppliers, such as those in food delivery, ride-hailing, accommodations, etc., must act immediately.

5 Key observations and impact

Article 47 (4) of the Regulations

The clarification on the role of electronic marketplaces underscores the necessity for these platforms to be fully aware and prepared for amendments to the Regulations. It is encouraging that activities such as payment processing, engaging in marketing and advertising of goods or services without directly facilitating their supply, or merely redirecting customers to another marketplace that handles the supply facilitation, is not considered to be facilitating the supply process. However, we recommend reviewing these activities on a case-by-case basis to determine compliance, since businesses might engage in some of these actions based on commercial needs.

Electronic marketplaces identified as such should now focus on communicating these regulatory changes, amending contracts or terms and conditions, updating their e-invoicing systems, and fulfilling any necessary requirements to ensure that compliance with the VAT legislation is maintained.

6 How Deloitte can help

Regulatory clarification and advisory:

Assist with understanding the changes to the Regulations and the potential impact they could have on operations, ensuring compliance with the expanded and newly introduced interpretations.

Compliance support:

VAT registration support, VAT status verification, rectification of historic VAT position, tax amnesty application, and ongoing VAT compliance support.

Contract review:

Perform contract reviews to assess and confirm alignment with the new legislation.

Tailored consultation:

Provide customized advice to optimize operations, implementation support, and ensure full regulatory adherence.

Given these complexities, it is crucial for businesses to seek proper professional consultation to ensure full compliance with the new legislation.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte & Touche (M.E.) (DME) is an affiliated sublicensed partnership of Deloitte NSE LLP with no legal ownership to DTTL. Deloitte North South Europe LLP (NSE) is a licensed member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of Audit & Assurance, Tax & Legal and Consulting and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 457,000 people make an impact that matters at www.deloitte.com.

DME would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a leading professional services organization established in the Middle East region with uninterrupted presence since 1926. DME’s presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME’s affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides services through 23 offices across 15 countries with more than 7,000 partners, directors and staff. It has also received numerous awards in the last few years such as the 2022 & 2023 Great Place to Work® in the UAE, the 2023 Great Place to Work® in the KSA, and the Middle East Tax Firm of the year.