

Saudi Arabia Tax Guide for Expats and Businesses

THOUGHT LEADERSHIP



**GLOBAL
EXPANSION**



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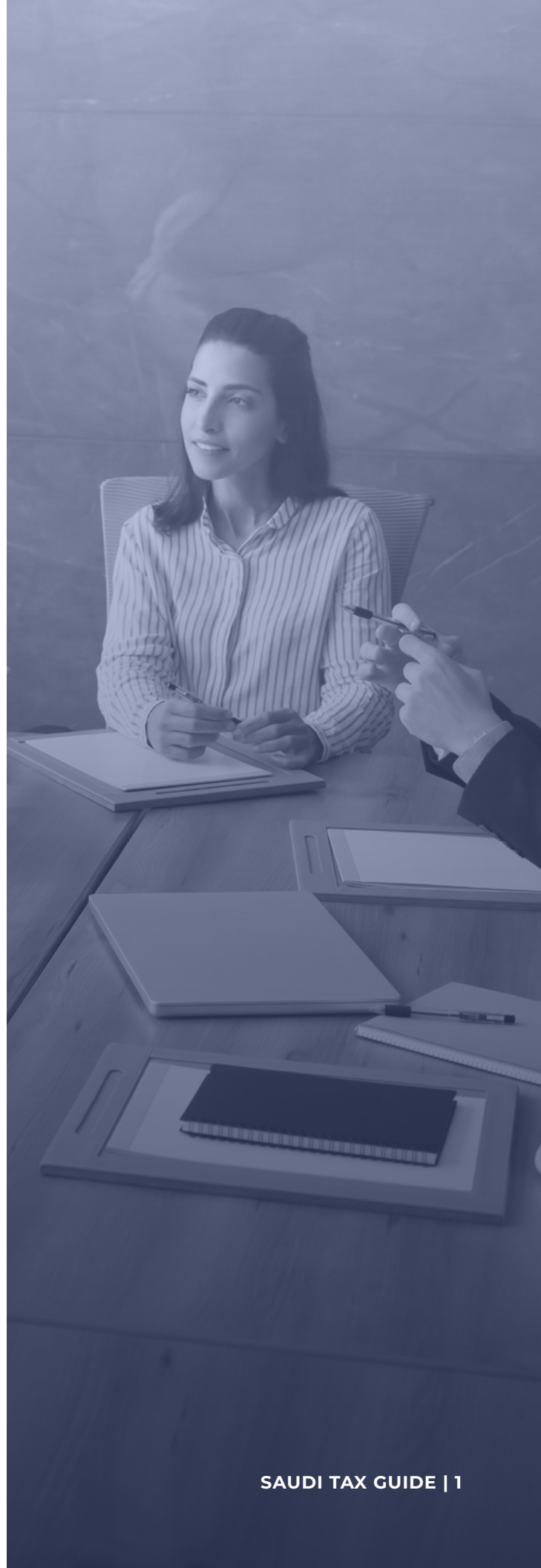
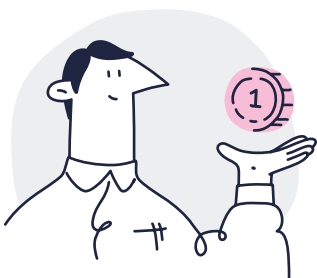
01

INTRODUCTION

Saudi Arabia's tax system is unique, making it important to understand its details. Whether you're an expat, a business owner, or interested in the financial landscape, this guide provides essential information on Saudi taxation.

As Saudi Arabia works towards Vision 2030, significant economic changes and a welcoming approach to international businesses are taking place. The Kingdom invites global investors and enterprises to join its market, making tax knowledge crucial for anyone involved.

This guide covers key aspects of Saudi Arabia's tax system, including recent changes, tax obligations for residents and non-residents, corporate tax types, and the tax payment process.



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OVERVIEW OF TAXATION IN SAUDI ARABIA

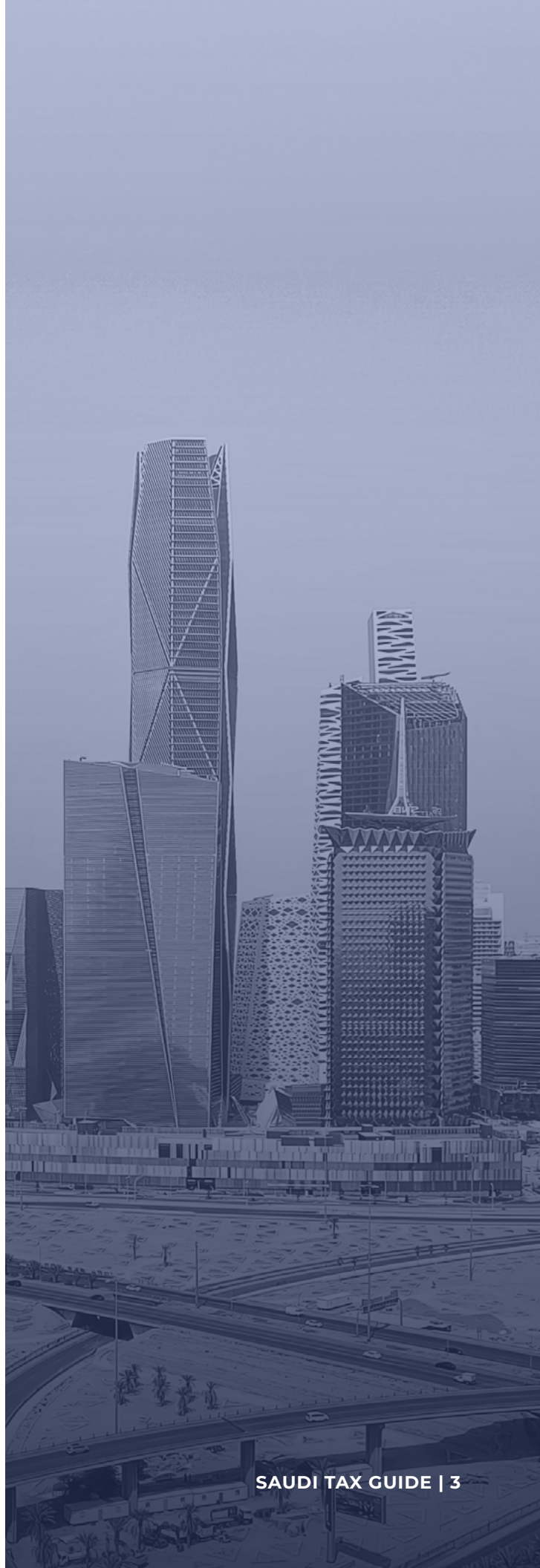
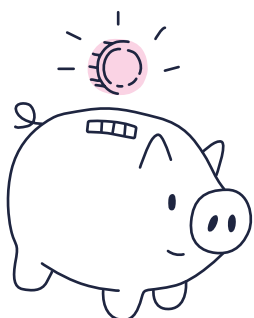
- ▶ **No Personal Income Tax:**
There is no personal income tax in Saudi Arabia.
- ▶ **No Local or Regional Tax:**
There are no additional local or regional taxes.
- ▶ **Competitive Tax Rates for Foreign-Owned Entities:**
Foreign-owned Saudi entities benefit from competitive tax rates.
- ▶ **Single Tax Authority:**
The Zakat, Tax, and Customs Authority (ZATCA) oversees all tax-related matters.
- ▶ **Flexible Financial Year:**
Businesses can determine their own financial year, as there is no standard tax year.
- ▶ **Electronic Processes:**
Tax-related processes can be completed through an online portal available in English.



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RECENT TAX CHANGES IN 2024

Saudi Arabia now offers a 30-year tax relief for multinational corporations with regional headquarters (RHQ) in the Kingdom. Eligible companies will pay no withholding tax or corporate income tax for approved operations.



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TAX OBLIGATIONS IN SAUDI ARABIA

Your tax obligations in Saudi Arabia depend on your residency status. An expat is a tax resident if they have a permanent home in the country and stay for at least 30 days in the tax year.

Residents must pay social security contributions, and foreign residents running businesses must pay business taxes. VAT and excise duties apply to all residents. Zakat is mandatory for Saudi citizens and GCC nationals but optional for expatriates.



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TAX SYSTEM FOR EXPATS

Tax laws in Saudi Arabia differ for residents and expats. Non-residents earning money or conducting business in the country must pay withholding tax, which ranges from 5% to 20% depending on the type of income.

To prevent double taxation, ZATCA has agreements with 56 countries. Self-employed expats pay a corporate income tax at a standard rate of 20% on their profits. While GCC nationals and citizens pay Zakat, expats are exempt from this obligation.



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TYPES OF CORPORATE TAX IN SAUDI ARABIA

- ▶ **Value Added Tax (VAT):**
An indirect tax on goods and services sold by businesses, currently at 15%. Businesses with a supply value exceeding SAR 375,000 must register for VAT.
- ▶ **Customs & Excise Tax:**
All imported goods are subject to customs duties. Excise duties apply to restricted goods.
- ▶ **Income Tax & Zakat:**
Foreign companies pay a corporate income tax of 20% on net adjusted profits. The shareholder structure influences profit adjustment.
- ▶ **Withholding Tax:**
Applied to payments made by a Saudi entity to an entity outside the country, ranging from 5% to 20% based on the service type.



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CORPORATE TAX RATE IN SAUDI ARABIA

The corporate tax rate is 20% of net adjusted profits. Zakat is charged at a rate of 2.5%.

Income from hydrocarbon production is taxed between 50% and 85%, while natural gas business income is taxed independently of other activities.

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PAYING TAXES IN SAUDI ARABIA

Saudi Arabia's taxation system is unique. Taxes are paid to the General Authority of Zakat and Tax (GAZT) through the following steps:

- 1 Register online with [ZATCA](#).
- 2 Maintain records of income, expenses, and financial transactions.
- 3 Calculate your tax liability.
- 4 File tax returns with ZATCA within the specified deadline.
- 5 Pay taxes via bank transfer, online payment, or other specified methods.
- 6 Comply with Saudi tax laws and any new changes.

For more detailed information, visit the official [Zakat, Tax, and Customs Authority website](#)



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MANAGING SAUDI ARABIA'S TAX SYSTEM

Understanding Saudi Arabia's tax system is essential for both GCC nationals and expatriates.

This guide explains the various taxes and rates in the Kingdom, helping businesses and individuals manage the Saudi tax landscape effectively. With evolving tax regulations, staying informed is key for compliance and financial planning.

Saudi Arabia's tax policies aim to foster economic growth, attract foreign investment, and diversify revenue sources as part of Vision 2030. For investors and businesses, this means opportunities if you understand the regulatory framework.

For specific advice, consulting a tax professional familiar with Saudi tax law is recommended. Stay informed and compliant to maximize your opportunities in Saudi Arabia.



Frequently Asked Questions (FAQ)

Is there GST in Saudi Arabia?

No, Saudi Arabia does not have GST. Instead, it has a Value Added Tax (VAT).

What is the tax ID number in Saudi Arabia?

A tax ID number is issued by the General Authority of Zakat and Tax (GAZT) to all taxpayers paying VAT, excise tax, or tax on commercial activities.

Does Saudi Arabia have a tax system?

Yes, the Kingdom of Saudi Arabia has a well-defined tax system covering various aspects of taxation.

Do you have to pay taxes if you work in Saudi Arabia?

No, there is no personal income tax in Saudi Arabia. If you are an employee with no other forms of income, you do not need to pay taxes in Saudi Arabia.

Reference Websites

- ▶ [Zakat, Tax, and Customs Authority \(ZATCA\)](#)
- ▶ [Vision 2030 Official Site](#)
- ▶ [Saudi Arabian Monetary Authority \(SAMA\)](#)

For more case studies and detailed information on taxation in Saudi Arabia, you can refer to the following articles and resources:

- ▶ [PWC Guide on Taxation in Saudi Arabia](#)
- ▶ [Deloitte Tax Guide for Saudi Arabia](#)
- ▶ [Ernst & Young \(EY\) Tax Insights for Saudi Arabia](#)
- ▶ [KPMG Tax Profile for Saudi Arabia](#)

These resources provide comprehensive insights and updates on the tax regulations and practices in Saudi Arabia.



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