



**Shuraa**  
TAX, ACCOUNTING & AUDITING  
FINANCES SIMPLIFIED

# VAT Registration in **SAUDI ARABIA**



Value Added Tax (VAT) is now a regular part of running a business in Saudi Arabia. Since it was introduced, VAT has applied to most goods and services, which means almost every business needs to understand how it works. Even if you are starting a new company or already running one, knowing the basics of VAT is important to avoid mistakes and stay on the right side of the law.

VAT registration in Saudi Arabia is the first step in following the tax rules. Once you are registered, you can legally charge VAT to your customers and also recover VAT on certain business expenses. Registering on time helps you avoid penalties and gives your business a more professional and trustworthy image.

Some businesses must register for VAT because their annual turnover crosses the required limit, while others can choose to register even if it's not compulsory. Knowing if you need to register and how the process works can make a big difference for your business.





# WHAT IS VAT

VAT in Saudi Arabia is an indirect tax applied to most goods and services sold, as well as on imports. Every time a business sells a product or service (or imports goods), VAT is added at the applicable rate. The business collects that tax from its customers and then remits it to the government.

## CURRENT VAT RATE IN KSA:

- **Standard Rate:** 15% (Applies to most goods and services).
- **Zero-Rated:** 0% (Applies to exports, international transport, and qualifying medicines/medical goods).
- **Exempt:** No VAT is charged (Applies to residential real estate rentals and specific financial services).







# Who Needs to Register for **VAT IN SAUDI ARABIA?**

VAT registration in Saudi Arabia depends on the annual value of your taxable supplies (sales). The Zakat, Tax and Customs Authority (ZATCA) has set specific revenue thresholds that determine whether registration is required, optional, or not needed at all.

1. *Mandatory VAT Registration:*
2. *Sector-Specific Mandates:*
3. *Voluntary VAT Registration:*
4. *Exemptions/Special Cases/*
5. *Group VAT Registration:*





# DOCUMENTS REQUIRED for VAT Registration in Saudi Arabia

To complete your Saudi Arabia VAT registration, you need to submit a few basic business and identity documents through the ZATCA portal. This includes:

- Commercial Registration (CR) Certificate
- National ID (for Saudi owners) or Iqama & Passport
- Bank Account Details (IBAN & bank name)
- Business Address Proof / National Address Registration
- Details of Business Activities
- Financial Records (past 12 months revenue or expected annual turnover)
- Zakat or Income Tax Registration Details (if applicable)
- Authorized Signatory Details
- Import/Export License (if the business is involved in trading)
- Any Additional Supporting Documents requested by ZATCA



# What is the VAT Registration Process **IN SAUDI ARABIA?**

VAT registration in Saudi Arabia is completed online through the ZATCA (Zakat, Tax and Customs Authority) portal. Here's an overview:

- Step 1: Create an Account on the ZATCA Portal
- Step 2: Log In and Select VAT Registration
- Step 3: Enter Business Information
- Step 4: Add Owner and Authorized Person Details
- Step 5: Enter Financial & Bank Details
- Step 6: Upload Required Documents
- Step 7: Review and Submit the Application
- Step 8: Application Review by ZATCA
- Step 9: Receive VAT Registration Certificate





# VAT RESPONSIBILITIES

## After Registration

Once your business is registered for VAT in Saudi Arabia, you must follow several ongoing compliance rules set by ZATCA to avoid penalties and keep your business running smoothly.

- Issuing VAT-Compliant Invoices:
- Charging and Collecting VAT:
- Filing VAT Returns on Time:
- Paying VAT to ZATCA:
- Maintaining Proper Records:
- Updating Business Details on the ZATCA Portal:





A close-up photograph showing a person's hands. The left hand holds a white electronic calculator, and the right hand holds a silver pen, poised to write on a document. The document features a bar chart with blue and orange bars, and some text is visible. In the background, a laptop keyboard is partially visible.

# PENALTIES

## for Late VAT Registration in Saudi Arabia

If a business fails to register for VAT on time when it is required, ZATCA can impose financial penalties. These penalties are meant to ensure strict compliance with Saudi tax laws.

- **Late VAT Registration:** A fixed penalty of SAR 10,000 for failing to register within the required time.
- **Charging VAT Without Registration:** If a business collects VAT without being registered, penalties can go up to SAR 100,000.
- **Late VAT Return Filing:** A penalty ranging from 5% to 25% of the VAT due.
- **Late VAT Payment:** A charge of 5% per month on the outstanding VAT amount.



# Make Your VAT Registration **SIMPLE & STRESS-FREE**

VAT registration plays a big role in running a business smoothly in Saudi Arabia. It helps you stay legally compliant, avoid fines, issue proper tax invoices, and manage your business finances in a better way. If you don't want to deal with the paperwork and technical steps on your own, Shuraa Tax is here to support you.

We offer complete taxation services across the UAE and the Middle East, and we make your VAT registration process quick, easy, and stress-free. From start to finish, our experts handle everything for you, so you can focus on growing your business with confidence.







# CONTACT US



Phone

+(971) 44081900



Email

info@shuraatax.com



Website

shuraatax.com

