

Simplified Guide E-invoicing (FATOORAH) Phase One Requirements

Dear Ms Customer,
I authorize myself to make following invoice

Street Name: 1
70000 City Name
Tel: 0000 55555555
E-Mail: emailname@server.com

Invoice-Nr. 2011042401
Date 24.04.2020
Clerk name: in-
Your name

Num.	Qty	Units	Article	Unit Price	Price
1	1	pcs	Food photography for menu. Menu design and printing on glossy cardboard DIN A5 double sided 50 pieces		273,11 €
1	33	pcs.	Single product photo on white background	2,52 €	83,16 €
1	1	pcs.	Photo Licenses for Certificates	16,80 €	20,00 €
Total					273,11 €
VAT 19%					51,89 €
Total Amount Payable					325,00 €

(Taxpayer version)

Applicable to all persons subject to VAT and any other parties issuing tax invoices on behalf of suppliers subject to VAT.
Non-resident taxable persons for VAT purposes are excluded.

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Introduction

Zakat, Tax and Customs Authority announced in December 2020 that E-invoicing implementation will be mandatory effectively from December 4, 2021 for all taxpayers subject to VAT except for non-residents in the Kingdom of Saudi Arabia whom are subject to VAT in addition to any other parties that issue tax invoices on behalf of suppliers subject to tax.

In December 4, 2020, the authority published the E-invoicing regulations specifying the terms, requirements and conditions related to electronic invoices and its associated notes. In May 28, 2021, the authority has issued further details related to the controls, requirements, technical specifications and procedural rules for implementing the provisions of the E-invoicing Regulation.

This simplified guide aims to provide the taxpayers a non-technical overview of the E-invoicing implementation in the Kingdom of Saudi Arabia and its requirements to facilitate their readiness for Phase One (enforceable as of December 4, 2021).



Illustrative example an E-invoicing system



6 key definitions to know prior to navigate the guide



E-invoicing

Electronic Invoicing is a procedure that aims to convert the issuing of paper 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.



E-invoice

A tax invoice that is generated in a structured electronic format through electronic means. A paper invoice that is converted into an electronic format through copying, scanning, or any other method is not considered an electronic invoice.



Tax Invoice

An invoice that is usually issued by a Business to another Business (B2B), containing all tax invoice elements.



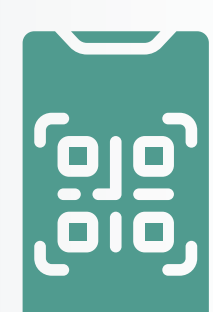
Simplified Tax Invoice

An invoice that is usually issued by a Business to a Consumer (B2C) containing all simplified tax invoice elements.



E-invoicing systems

Online cash registers, virtual cash registers on tablets, e-invoicing software installed on a computer, e-invoicing software installed on phone or tablet and cloud-based solutions are examples of E-invoicing systems



QR Code

A type of matrix barcode, with a pattern of black and white squares that is machine readable by a QR code scanner or the camera of smart devices in order to enable basic validation of Electronic Invoices and Electronic Notes

E-invoicing implementation phases

December
4, 2020



Publication of the E-invoicing Regulations



May 28,
2021



Publication of the Resolution on the controls, requirements, technical specifications and procedural rules necessary to implement E-invoicing Regulations for Phase One and Phase Two.



"Phase One"
(Generation Phase)
December
4, 2021



Taxpayers are required to generate and store compliant electronic tax invoices and notes using compliant e-invoicing systems.



"Phase Two"
(Integration Phase)
January
1, 2023



Integration of taxpayer e-invoicing systems with ZATCA in waves by targeted taxpayer groups. Taxpayers will be notified by ZATCA on the date of their integration at least 6 months in advance.



How to comply with Phase One (December 4, 2021)?



Use compliant E-invoicing system

Taxpayers must equip themselves with an E-invoicing system complying with Phase One requirements. Taxpayers may approach their solution provider or internal technical teams to ensure their e-invoicing systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website to view all the requirements (business, technical, security, etc.).



Generating and storing E-invoices

Taxpayers must generate electronic invoices using compliant e-invoicing systems. Manual and hand-written invoices will no longer be considered as compliant tax invoices.



Ensure all elements of the tax invoice are fulfilled

Generation of E-invoices must include all fields in accordance with VAT regulations in addition to:

(Tax Invoice)

The VAT number of the buyer if the buyer is a registered VAT taxpayer. QR Code can be added (Optional).

(Simplified Tax Invoice)

A mandatory QR Code generated by the taxpayer's E-invoicing solution in accordance with ZATCA's specifications.



E-invoice Samples

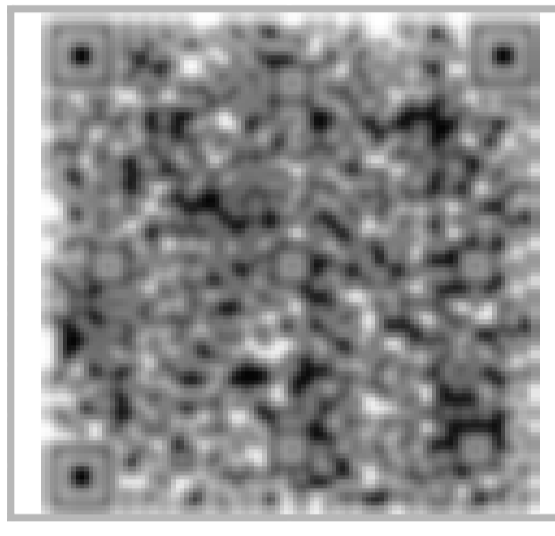
Phase One (Generation Phase)

(Tax Invoice)

Illustrative Example of an invoice issued between two VAT registered businesses.

Electronic Tax Invoices for Phase One (December 4, 2021) have the same requirements of current tax invoices, in addition to the buyer's VAT number if registered in VAT, QR code may be added optionally.

Illustrative example

فاتورة ضريبية Tax Invoice							
Invoice Number: 100	رقم الفاتورة: 100						
Invoice Issue Date: 25/4/2022	تاريخ إصدار الفاتورة: 25/4/2022						
Date of Supply: 25/4/2022	تاريخ التوريد: 25/4/2022						
							
Seller: المورد							
Name: Al Salam Supplies Co. LTD	الاسم: الاسم						
Building No. 8228	رقم المبنى: رقم المبنى						
Street Name King Abdulaziz Road	اسم الشارع: اسم الشارع						
District Al Amal	الحي: الحي						
City Riyadh	المدينة: المدينة						
Country KSA	البلد: البلد						
Postal Code 12643	الرمز البريدي: الرمز البريدي						
Additional No. 2121	الرقم الإضافي للعنوان: الرقم الإضافي للعنوان						
VAT Number: 310175397400001	رقم تسجيل ضريبة القيمة المضافة: رقم تسجيل ضريبة القيمة المضافة						
Other Seller ID: Commercial registration - ١٢٣٤٥٦٧٨٩٠	معرّف آخر: معرف آخر						
Buyer: العميل							
Name:	الاسم:						
Building No.:	رقم المبنى:						
Street Name:	اسم الشارع:						
District:	الحي:						
City:	المدينة:						
Country:	البلد:						
Postal Code:	الرمز البريدي:						
Additional No.:	الرقم الإضافي للعنوان:						
VAT Number:	رقم تسجيل ضريبة القيمة المضافة:						
Other Buyer ID:	معرّف آخر:						
توصيف السلعة أو الخدمة:							
Nature of goods or services تفاصيل السلع أو الخدمات	Unit price سعر الوحدة	Quantity الكمية	Taxable Amount المبلغ الخاضع للضريبة	Discount خصومات	Tax Rate نسبة الضريبة	Tax Amount مبلغ الضريبة	Item Subtotal (Including VAT) المجموع (شامل ضريبة القيمة المضافة)
Item A - السلعة أ	200.00 SAR	1	200.00 SAR	0	15%	30.00 SAR	230.00 SAR
Item B - السلعة ب	350.00 SAR	2	700.00 SAR	0	15%	105.00 SAR	805.00 SAR
Total amounts:		اجمالي المبلغ:					
			Total (Excluding VAT)	الإجمالي (غير شامل ضريبة القيمة المضافة)		900.00 SAR	
			Discount	مجموع الخصومات		0.00 SAR	
			Total Taxable Amount (Excluding VAT)	الإجمالي الخاضع للضريبة (غير شامل ضريبة القيمة المضافة)		900.00 SAR	
			Total VAT	مجموع ضريبة القيمة المضافة		135.00 SAR	
			Total Amount Due	إجمالي المبلغ المستحق		1,035.00 SAR	

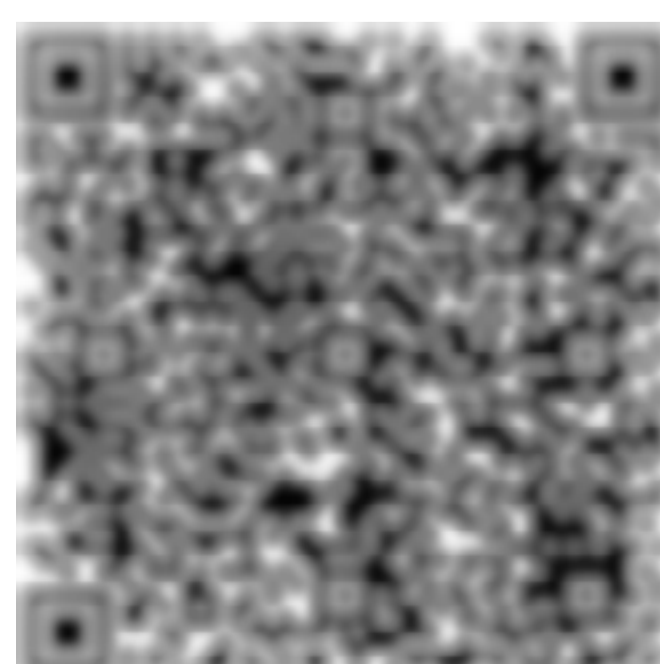
(Simplified Tax Invoice)

Illustrative Example of an invoice issued between business to customer (B2C).

Electronic Simplified Tax Invoices for Phase One (December 4, 2021) have the same requirements of the current simplified tax invoices, however, QR Code must be included in the E-invoice.

Illustrative example

فاتورة ضريبية المبسطة Simplified Tax Invoice			
Invoice Number: 100	رقم الفاتورة: 100		
Invoice Issue Date: 25/4/2022	تاريخ إصدار الفاتورة: 25/4/2022		
توصيف السلعة أو الخدمة:			
Nature of goods or services تفاصيل السلع أو الخدمات	Unit price سعر الوحدة	Quantity الكمية	Item Subtotal (Including VAT) المجموع (شامل ضريبة القيمة المضافة)
Item A - السلعة أ	200.00 SAR	1	230.00 SAR
Item B - السلعة ب	350.00 SAR	2	805.00 SAR
Total Taxable Amount (Excluding VAT)		الإجمالي الخاضع للضريبة (غير شامل ضريبة القيمة المضافة)	900.00 SAR
Total VAT		مجموع ضريبة القيمة المضافة	135.00 SAR
Total Amount Due		إجمالي المبلغ المستحق	1,035.00 SAR



E-invoice Samples

As part of Phase One (Generation Phase), the below fields are the minimum required fields that must be shown after scanning a QR code in a simplified tax invoice:

Illustrative
example



Seller's name



VAT registration
number of the
seller



Time stamp of the
Electronic Invoice or
Credit/Debit Note
(date and time)



VAT total



Electronic Invoice or
Credit/Debit Note
total (with VAT)



How can taxpayers prepare for E-invoicing (FATOORAH)?

Taxpayers may prepare for E-invoicing (FATOORAH) implementation by:

Visit E-invoicing (FATOORAH) webpage gazt.gov.sa



Acquire or upgrade to a compliant E-invoicing systems.



Understand E-invoice fields.

Test the generation of the E-invoices prior to the enforcement date.



Ensure readiness of your staff to use the E-invoicing systems.



How does the E-invoicing work?

Enforceable as of December 4, 2021

The E-Invoicing model can be summarized as follows:

- The seller generates and stores the electronic invoice through a compliant e-invoicing system.
- the E-Invoice should include all the mandatory fields in the tax invoice.
- The buyer receives a copy of the invoice.

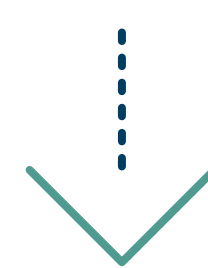
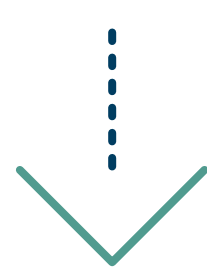


buyer



Seller

generates an E-invoice



(for simplified Tax invoices)
Ability to scan the
QR code



Store the
E-invoice
electronically



Things not to do on December 4, 2021

- 01** Generate manual / hand-written invoices.
- 02** Generating invoices that do not fulfil the authority's requirements.
- 03** Usage of a system that does not comply with the E-invoicing requirements as published by the authority.
- 04** Deleting E-invoices after issuing them.



Examples of prohibited functionalities for e-invoicing systems

Phase One (Generation Phase)

01

Lack of user management capabilities (uncontrolled access) for example:

- | Anonymous Access.
- | Absence of user session management.

02

Tampering of e-invoices or their associated notes or logs.

03

Ability to create multiple Electronic Invoice sequences.

Phase Two (Integration Phase)

01

All prohibited functionalities that are part of Phase One.

02

Export of stamping key.

03

Time change.

For more information about the prohibited functionalities, please refer to the Annex (1) of the the controls, requirements, technical specifications and procedural rules for implementing the provisions of the E-invoicing Regulation (here)



Contact us

For more information about E-invoicing, you may check our contact info and our official channels on social media.



Call center (19993)



Twitter (@zatca_sa)



Website (gazt.gov.sa)



Live chat



e-mail
(info@gazt.gov.sa)



هيئة الزكاة والضريبة والجمارك Zakat, Tax and Customs Authority

This simplified guide has been prepared for guiding purposes. It is subject to amendment at any time, and is not considered binding to the authority, nor a legal advice, and it cannot be relied upon and acted accordingly without reference to the relevant regulations.

Every taxpayer subject to tax regulations is obligated to ensure the fulfillment of his duties and commitments as per regulations, and he alone is responsible for complying with regulations properly. Zakat, Tax and Customs Authority will never be liable in any manner to any damage or loss resulting from the incorrect implementation of tax regulations.

