

Pursuant to E-invoice regulation issued on 4th December 2020, KSA has issued English version of E-Invoicing 'FAQ' and 'Simplified Guide'.

Here are 5 important key takeaways from the FAQ and Guide.

- a) A scanned copy of physical tax invoice exchanged via email or other electronic means between buyer and seller does not constitute E-Invoice.
- b) Issuance of E-Invoice (Currently Tax-invoice) and E-Notes (Currently Debit Notes and Credit Notes) will be mandatory in KSA for all taxpayers w.e.f. 4th December 2021 except for non-resident taxpayer. It will be applicable on all taxable supplies including zero-rated supplies.
- c) The mandatory content and record-keeping requirement of E-invoice and E-Note would be same/similar to existing Tax-Invoice in KSA. Any required changes in content will be rolled out separately by way of resolution.
- d) The e-invoicing will be rolled out in two phases
 - I. Mandatory to issue and store E-invoice using electronic solution
 - II. Electronic solution used to issue E-Invoice in phase I is to be linked with the GAZT's system

Note: Resolution with detailed specification for Phase I and Phase II will be issued by GAZT Separately on or before 2nd June 2021. Though the FAQ specifically highlights that phase I is mandatory w.e.f. 4th December 2021, it does not specifically mentions the mandatory implementation timeline for phase II.

- e) There won't be any changes in VAT return mechanism pursuant to roll out of E-invoicing.

Comments: It will be interesting to see that how the E-Invoicing rules in KSA will affect the rights of the taxpayers to recover input tax in future.