

PRESS RELEASE

## **Saudi Arabia aims to provide a structured approach in line with e-Invoice arrangements announced by GAZT.**

**SNI's solutions can automatically create and send electronic invoices to tax authorities and trade partners. The e-Invoice implementation will be performed in two main stages. The first stage involves the creation of electronic invoices and related documents, as well as processing and record-keeping provisions. This stage will enter into force on 4 December, 2021. The second stage focuses on integration, which will include the transmission of electronic invoices and their changing via the online GAZT (ZATCA) platform.**

**October 8, 2021, Istanbul** - Saudi Arabia puts into practice its digital tax system. The General Authority of Zakat and Tax (GAZT) has announced the implementation of e-Invoicing. The reason for the transition to the e-invoicing regime is that it will allow the modernization of the invoicing process and more efficient commercial operations.

On December 4, 2020, the e-Invoice regulation came into force and was published. The expiration date determined by GAZT was set as December 4, 2021.

Partner and CCO of SNI, Mr. Ridvan Yiğit, described the Saudi Arabian regulation in his article as follows: *"During the pending transitional period, businesses will need to adjust their accounting systems and internal procedures to meet e-invoicing requirements. Upon analysis, this may present a challenge for businesses trying to stay compliant with the new laws, as the endgame for the Kingdom's e-Invoicing is ambitious."*

The e-invoice implementation will be performed in two main stages. The first stage involves the creation of electronic invoices and related documents. Processing and record-keeping provisions are also included. This stage will enter into force on 4 December 2021. The second stage is the integration stage, which includes the transmission of electronic invoices and their changes via the online GAZT (ZATCA) platform.

The e-Invoicing process in Saudi Arabia is technically quite extensive. Apart from basic requirements, such as internet access, there are some specific principles in cyber security,

fraud prevention, and IT integration. By enforcing these technical rules, the government aims to provide an improved, structured approach to e-Invoice arrangements, their creation, and their exchange.

In his article, Mr. Yiğit described the intended format requested by Saudi Arabia as follows: *“Taxpayers are obliged to implement e-Invoicing solutions that enable the generating, saving, and archiving of electronic invoices and their associated notes (including electronic notes) in XML format or PDF/A-3 format (with embedded XML). The preferred format must be fraud proof and protected from alteration. These features will be part of the technical e-Invoicing solution implemented by the taxpayer.”*

The government has highlighted the importance of the security of the electronic documents and pointed out several security elements in official regulations. The technical benefits for creating an e-Invoice include being able to create additional items for both e-Invoices and e-notes, such as unique identifiers, cryptographic stamps, hashes, QR codes, and internal counters. These items may be subject to different enforcement dates.

For e-Invoice functions that will be in effect as part of the first phase (4 December, 2021), e-Invoices must contain the required data but do not have to be in full format yet. Therefore, it is sufficient for taxpayers to focus on these three developments for now: e-invoice generation and processing, e-Invoice structure, and data security.

E-invoice generation and processing will help taxpayers to generate related documents, such as credit and debit notes, along with tax invoices and simplified tax invoices. Through these technical solutions, taxpayers will export e-Invoices and related electronic documents to a local or external archive.

The e-invoice structure requires taxpayers to ensure that the e-Invoicing solution includes appropriate business rules for both mandatory and optional fields. As of 4 December, 2021, the following mandatory fields will be available: invoice type description, invoice reference number (IRN), invoice issue date, seller's name, address, and ID, buyer's name, address, and ID, product or service description, VAT calculation fields (net, gross, VAT rate, subtotals, etc.).

For the data security part, the security of the e-Invoice process will become mandatory from June, 2022. However, some security steps need to be implemented in phase one. These include attributes that enable the locking of the electronic document to prevent against intervention in the content of the document, and to generate and assign a QR code that must



Your global tax  
technology partner

contains the seller's name and VAT ID, the date and time, the gross amount (VAT inclusive), and the VAT total.

Mr. Yiğit describes the implementation process of the new system as follows: *“Saudi Arabia is following a global trend by introducing a new e-Invoicing system. For that to happen, the implementation of the second phase will be critical, when major format and technical features are addressed.”*

For more information or to request a demo, please visit our [website](#).

#### **About SNI**

*SNI Computer Technology Corporation is focused on tax compliance and regulatory reporting software, providing integrated digital solutions for compliance digitalization and dedicated to help its customers stay compliant in all countries.*

*If you would like to get more information about this topic, please email Brand, Marketing, and Communication Manager Didem Güven at [didem.guven@snitechnology.net](mailto:didem.guven@snitechnology.net).*