



IMPLEMENTING REGULATIONS FOR ZAKAT COLLECTION



Chapter One General Provisions

Section I Definitions:

1. Unless the context otherwise requires, the following words and phrases -wherever stated herein- shall have the meaning ascribed thereto below

The "Authority" / "ZATCA": The Zakat, Tax and Customs Authority

The "Regulations": The Implementing Regulations for Zakat Collection

"Kingdom": The territory of the Kingdom of Saudi Arabia, including the lands, territorial waters, the sea bottom, underground natural resources, and the airspace, divided territories with neighboring states over which it has sovereignty rights, and marine and semi-marine areas outside its territorial waters over which the Kingdom has sovereignty rights, pursuant to its laws and the international laws.

"Internal Committee": ZATCA's internal committee which is responsible for the settlement of disputes arising between the Authority and Zakat payers regarding ZATCA's decisions.

"Departments for Dispute Resolution": Departments of the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes.

"Appellate Departments": Departments of the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes.

"Activity": Any act performed for the purpose of continuously and regularly generating profit under a license issued by the relevant entities, or which requires a license by the relevant entity prior to its performance, as per the relevant laws and regulations applicable in the Kingdom; whether commercial, vocational, service, industrial, or other activity.

"Person": Any natural or legal person.



Saudi": A person holding the Saudi nationality and nationals of a member state of the Gulf Cooperation Council of the Arab States of the Gulf (GCC) who are accorded similar treatment
as Saudi nat

"Resident": A natural or legal person meeting residency requirements stated in Article (4) of the Regulations during the Zakat Year.

"Zakat payer": A person who is subject to the provisions of the Regulations and practices an activity, or who issued a license to conduct said activity.

"Zakat payer holding statuary accounts": Any Zakat payer who maintains or is obligated to issue financial statements reflecting the reality of its activity, in accordance with the relevant laws and regulations applicable in the Kingdom.

"Zakat payer assessed on arbitrary basis/ deemed basis": Any Zakat payer not maintaining or not obligated to issue financial statements reflecting the reality of its activity, in accordance with the relevant laws and regulations applicable in the Kingdom.

"Zakat payer of insurance activities": Any Zakat payer in the form of insurance and reinsurance companies, licensed by the entity authorized to issue insurance activity licenses within the Kingdom, during the Zakat Year.

"Zakat payer of financing activities": Any Zakat payer in the form of banks, and financing and refinancing companies, licensed by the Saudi Central Bank (SAMA); and finance funds licensed by the Capital Market Authority, during the Zakat Year.



“Zakat Collection”: Calculation and collection of Zakat from the Zakat Payer in accordance with the provisions of the Regulations, for the purpose of payment thereof the entity responsible for Zakat distribution.

“Person Subject to Zakat”: Zakat Payer who shall not pay Zakat to the Authority under the provisions of the Regulations.

“Person Non-subject to Zakat”: Zakat Payer who shall be exempt from Zakat payment to the Authority, under the provisions of Chapter (1), Section III, Sub-section (2) of the Regulations.

“Zakat Year”: A Zakat Payer’s fiscal year irrespective of Hijri or Gregorian Calendars, short or long, or at the commencement or closing of business dates

“Zakat Base”: The fund subject to Zakat under the Regulations.

“Sources of Funds”: Equity and obligations stipulated in the Regulations.

“Non-settled assets”: Assets remaining form the total assets of Zakat payer after deducting the settled assets from the Zakat Base, as provided in Article (26).

“Zakat Declaration”: A statement provided by the Zakat payer in a form approved by the Authority, showing fiscal items of the Zakat account and Zakat due in accordance with the provision of the Regulations.



“Information Declaration”: A statement provided by the Zakat payer in a form approved by the Authority, showing fiscal items of the Zakat base for disclosure in accordance with the provisions of the Regulations.

“Zakat Assessment”: A decision issued by the Authority approving or amending a Zakat declaration, or identifying the Zakat amount payable by the Zakat payer by deemed calculation, or the zakat payer holding accounts, in accordance with the information available and practices adopted by the Authority.

“Zakat Assessment on Arbitrary Basis”: Calculation of the Zakat base of deemed-based Zakat payers, in accordance with the provisions of Article (89) of the Regulations.

“Zakat Assumption”: The Authority’s determination of a Zakat base or some of its items for a Zakat payer, in accordance with Articles (114) and (115) of the Regulations.

“Zakat Evasion”: Any act or abstention of the performance of an act intended by the Zakat payer to non-compliance with its Zakat obligation, and which may result in, including but not limited to, the submission of a declaration that contradicts its actual activity, the submission of false information, or the concealment of true information.

“Debt Instruments”: Current or non-current instruments used in providing funds, under which its issuer becomes subject to debt, and which are tradable, such as Deeds and Bonds.

“Fund”: An investment or real estate investment fund established in the Kingdom, the units thereof may be offered by the Fund Manager for investors in the Kingdom, in accordance with the relevant laws and regulations applicable in the Kingdom.



"Finance Fund": An investment fund established for the purpose of practicing direct or indirect funding activity, in accordance with the relevant laws and regulations applicable in the Kingdom.

"Unit Holder": Zakat payer who owns a unit in the Fund, which represents a common share in the Fund's net assets.

"Fund Manager": The financial market company that manages the assets of the investment or real estate investment fund, and its activities and offers its units, in accordance with the relevant laws and regulations applicable in the Kingdom

"Related Persons": As defined in the Transfer Pricing Bylaws, issued by the ZATCA Board Resolution No. (6-1-19) dated 25/05/1440 H. (31/1/2019), as amended; including natural and legal persons that have effective control over the Zakat payer, who are effectively controlled by the zakat payer, or who are effectively controlled by the same person controlling the Zakat payer.

"Transfers between related persons": Any transfers conducted between any persons related to the Zakat payer, including illustrious and nominal transactions, and the transfer of any assets of value between said parties, to the extent that said transfers have a legal impact.

2. Any term for which a definition was not provided in the Regulations shall have the definition provided thereto in other laws applicable in the Kingdom, or in the Accounting Standards Endorsed by the Saudi Organization for Chartered and Professional Accountants, unless otherwise stipulated in the Regulations.



Section II: Objectives of the Regulations

Article Two: Objectives of the Regulations

The present Regulations aim to illustrate the provisions of Zakat collection in the Kingdom, and clarify the rights and obligations of the Zakat payer and the Authority in this regard, in application of the Islamic ritual and to raise the levels of adherence thereto

:Section III: Zakat Payers

Sub-section (1): Zakat payers subject to the Regulations

Article Three: Zakat Payers subject to the Regulations:

The following persons are subject to the provisions of these Regulations

1. Resident Saudi person, who practices an Activity under a license within the Kingdom.
2. Sole Corporation owned by a Saudi person and established in the Kingdom, in accordance with the relevant laws and regulations applicable in the Kingdom.
3. Company owned by a Saudi person and established in the Kingdom, in accordance with the relevant laws and regulations applicable in the Kingdom; the share held by a Saudi partner/shareholder in resident companies, and the shares held by Saudi government agencies and authorities as well as their equivalents.
4. Finance Funds licensed by the Capital Market Authority.
5. State-owned Resident Companies and Public Investment Fund-owned Resident companies as per the rules stipulated in the relevant Royal Orders and Ministerial Resolutions.



6. Stock Exchange except for the shares held by non-Saudi founders, as per the Shares held by non-Saudi shareholders in Resident companies listed in the Saudi Stock Exchange except for the shares held by non-Saudi founders, as per the company's articles of association or other relevant statutory documents.

Article Four: Controls of Residency:

1. A natural person is deemed a Resident of the Kingdom during the Zakat Year if any of the following conditions are met:
 - a. Such person has a permanent residence in the Kingdom and is physically present in the Kingdom for no less than 30 days, whether consecutive or aggregated, during the Zakat Year; or
 - b. Such person does not have a permanent residence in the Kingdom and is physically present in the Kingdom for no less than 183 days, whether consecutive or aggregated, during the Zakat Year.

For the purpose of this Paragraph, presence in the Kingdom for a part of the day shall be deemed as presence for a full day. However, a person may not be considered physically present for a full day in the Kingdom during transit in the Kingdom for a day or a part thereof between two destinations outside the Kingdom.

2. A legal person is deemed a Resident of the Kingdom during the Zakat Year if any of the following conditions are met:
 - a. Said Person is incorporated under the applicable laws of the Kingdom; or
 - b. Its principal headquarters is located in the Kingdom

Article Five: Controls of the principal headquarters

1. A location shall be deemed a principal headquarters in the Kingdom if at least two of the following conditions are met:



- a. The usual meeting of the Board of Directors is regularly held in the Kingdom, in any means; and during which the main policies and decisions related to the management of the establishment and the facilitation of its business are made.
 - b. The senior executive decisions related to the management of the establishment's functions are made inside the Kingdom, including: Decision made by the CEO and its deputies.
 - c. The establishment's businesses that generate the majority of its revenues are inside the Kingdom.
2. If the provisions of Paragraph (1) of this Article apply to a legal person, said person shall pay Zakat for its Activity and the Activity of its branches inside and outside the Kingdom, and shall be subject to all Zakat provisions stipulated in the Regulations. Additionally, said legal person shall disclose its annual declarations regarding the income realized due to the processes thereof and the processes of its branches inside and outside the Kingdom.



Sub-section (2): Persons not subject to the provisions of the Regulations and persons excluded from the provisions of the Regulations

Article Six: Persons not subject to the Regulations

The following persons are not subject to the provisions of these Regulations:

1-Persons subject to the Income Tax Law and the shares of the legal persons, which are subject to income tax.

2-Resident Capital Companies with respect to the shares directly or indirectly owned by persons engaged in the production of oil and hydrocarbons, whether natural or legal, resident or non-resident, except for the shares directly or indirectly owned by persons engaged in the production of oil and hydrocarbons in the capital companies listed in the Saudi Exchange, with the shares thereof directly or indirectly owned by

Article Seven: Persons excluded from Zakat collection

Zakat payers stipulated in this Article and who carry out public benefit Activities shall be excluded from Zakat collection by submitting an annual request to the Authority within (120) days from the end of the Zakat Year, subject to the following terms and conditions:

1. Charitable Associations, Non-Government Organizations, and Training Units; and their fully-owned establishments, if the following conditions are met:
 - a. Their returns are disbursed to public charity purposes or to society not a specific person. Non-Government Organizations are excluded from this Paragraph if less than (10%) of the organization's net profit is distributed to a specific person, taking into consideration the following:
 1. Disbursement to a specific person shall be identified in the association's objectives, article or deed of association.



3. Disbursement to a specific person shall include all disbursements that are not described as public charity purposes or the society.
 4. The organization's revenues shall include all returns and gains from the assets, as well as the income and profit of investments, donations, endowments, etc.
 5. The percentage of the disbursement to a specific person, if more than an association own a Zakat Payer, shall be in proportion with these associations.
 6. Identification of the percentage of a disbursement to a specific person shall be through the audited financial statement of the association or the report of a licensed chartered accountant in the Kingdom.
 - b. Licensed by the competent authority in the Kingdom and legally documented.
 - c. Ownership of financial statements are audited by a chartered accountant licensed in the Kingdom, or any other documents acceptable by the Authority.
 - d. The training unit shall have a final license (Non-profit training organization).
2. Awqaf, companies and foundations owned by Awqaf provided that the Waqf (endowment) document states that all Waqf disbursements are for general charity and not disbursement to a specific person or if there is a disbursement to a specific person stipulated, it should not exceed (10%) of the total revenues, while considering the following:
 - a. Disbursement to a specific person includes everything disbursed to the endower, their descendants, any certain person; a person does not belong to public charity categories of entities related to Waqf (endowment).
 - b. Waqf (endowment) yield includes all Waqf (endowment) annual revenues including assets revenues, income and profits of investments, companies, donations - etc.
 - c. In the event that more than one Waqf (endowment) own the Zakat Payer, calculating the percentage of disbursement to a specific person shall proportionately between these Waqf (endowments).



- d. The evidence in determining the percentage of disbursement on a specific person in the event the endowment document mentioned the disbursement to a specific person shall be through the audited financial statements of the endowment or a report from a licensed charted accountant in the Kingdom.
3. Non-profit organizations and the companies fully owned thereto established in accordance with the provisions of the Companies Law and its implementing Regulations as amended, while considering the following:
 - a. Disbursements of the non-profit organization and its fields - stipulated in its Bylaws and Article of Association- shall only include disbursements and fields of the public non-profit companies.
 - b. Disbursements to specific persons must not exceed (10%) of the company's revenues, including the benefits of company owners or Board members, or their bonuses and/or salaries, for the services and works provided thereby to the company.
 - c. The evidence in determining all company's disbursements - including Sub-paragraph (B) herein shall be through the audited financial statements of the company, a report from a licensed charted accountant in the Kingdom, or any other documents accepted by the Authority.
4. The person on which a decision by the Authority is issued stipulating its exemption from Zakat collection.

Article Eight: Revocation of the Decision of Not-subjection to Zakat Collection

The Authority may issue a decision revoking a previously issued decision exempting a Zakat payer if the Zakat Payer provides incorrect information or fails to comply with the provisions for exemption from Zakat. The Authority may conduct a re-assessment based on the available information, and inform the Zakat Payer of the decision revocation reasons.



Chapter Two Zakat Calculation Rules

Section I Zakat Calculation Mechanism

the purposes of Zakat collection, the standards endorsed by the Saudi Organization for Chartered Accountants shall apply regarding the terms, accounting treatments, and financial reports submitted to the Authority, unless otherwise stipulated in the Regulations, or relevant laws, regulations, and rules. The Authority may amend the data of Zakat Payers in the event that said data contradict the accounting standards endorsed by the Saudi Organization for Chartered Accountants regarding the classification and indexing.

Article Ten: Commencement of Zakat Collection from the Zakat payer

1. The first Zakat Year of the Zakat payer shall commence in accordance with the first date of any of the following:
 - a. The date of issuing the establishment's commercial register.
 - b. The date of acquiring the first of the licenses necessary to practice the Activity in accordance with the relevant laws applicable in the Kingdom.
 - c. The date of depositing the capital in accordance with the relevant laws.
2. A Zakat Payer may determine another date for the commencement of his activity by submitting documented proofs acceptable by the Authority.

Article 11: Zakat Payer Cessation of Practice of the Activity

1. Zakat collection shall cease if the Zakat Payer permanently ceases the practice of the activity, provided that a written application is submitted to the Authority within (60) days from the date of cessation, otherwise Zakat accounting shall be maintained until the date of submission of the application.



2. If the Zakat Payer temporarily ceases the activity, the collection of Zakat shall not be ceased.
3. If the Zakat Payer ceases some of its activities and maintains in the rest of the same, the Zakat collection shall be maintained regarding other ongoing activities.
4. The Authority shall set another date for the cessation of the activity of the Zakat Payer if a proof thereof is provided.

Article 12: Zakat Payer Cessation of the Activity for Liquidation

The Zakat payer shall be deemed to have ceased the activity for liquidation purposes as soon as liquidation procedures are initiated. The liquidator, bankruptcy trustee or bankruptcy committee shall, in accordance with the relevant laws, notify the Authority in writing of the commencement of liquidation procedures, and, in cases of other non-bankruptcy, the Zakat Payer shall file and pay the due Zakat declarations and submit the financial statements on regular dates until completing the process.

Article 13: Change of Owners and Legal Form

1. The Zakat Payer shall be held accountable for the entire year of Zakat, in which one of its owners died, or has assigned his share to others, whether heirs or others, if the Zakat Payer maintains in his activity.
2. If the ownership of the sole proprietorship is transferred to other owner, by sale or assignment or an equivalent, at the end of the year, the Zakat is calculated for the entire year regardless of the duration of each owner's ownership.
3. The Zakat Payer compliance to the provisions of the Regulations shall not be affected in the event of its transformation from a legal form to another.
4. The Zakat Payer shall be held accountable according to his owners and the property shares at the end of the Zakat year regardless of the percentage variation during the year.



Article 14: Merger between Zakat Payers

1. If the merger between two Zakat Payers or more results in the creation of a new entity, the new Zakat Payer shall be Subjected to pay Zakat at the end of its Zakat year provided in the Memorandum or Article of Association or any statutory documents accepted by the Authority. The Zakat calculation of the new Zakat payer shall be made according to the following cases:
 - a. If the Zakat Payer is held accountable according to one Hijri year, he shall be held accountable for a full Hijri year if his fiscal year is short and shall be held accountable for two Hijri years if his fiscal year is long, Article (15)paragraph(4) shall not apply in this case.
 - b. If the Zakat Payer is held accountable according to a Gregorian year, he shall be held accountable for a full Gregorian year if his financial year is short and shall be held accountable for two Gregorian years if his fiscal year is long, Article (15) paragraph(4) shall not be applied to this case.
2. If the merger results in the ownership of another Zakat Payer, the owning Zakat Payer shall be held accountable according to his fiscal year, the Zakat year of the Zakat Payer shall commence from the date of the last declaration filed to the Authority.

Article 15: Percentage of Zakat

1. Zakat shall be levied at 2.5% of Zakat Base for Hijri year.
2. If the Zakat Payer's fiscal year differs from the Hijri year, Zakat shall be calculated on the actual number of days by dividing the percentage of Zakat over the number of days of Hijri year multiplied by the actual number of days of Zakat Payer's Zakat Year as per the following equation:Percentage of Zakat = $(2.5\% \div \text{number of days of the Hijri year}) \times \text{number of days of the fiscal year of the Zakat Payer}$
3. The fiscal period less than (354) days as of the activity commencement shall be subject to Zakat collection.



4. The fiscal period less than (354) days as of the activity conclusion shall not be subject to the Zakat collection.

Article 16: Accounts and Consolidated Zakat Declarations

1. A company owned by the same partners, the holding company and the fully owned subsidiaries both inside and outside the Kingdom, whether directly or indirectly owned, may submit consolidated accounts and a consolidated Zakat declaration.
2. For purposes of this article, the direct ownership means that subsidiaries that are fully owned by holding company. The indirect ownership means that subsidiaries are owned by holding company at a certain percentage with the remaining percentages fully owned by any other subsidiaries fully owned by the holding company.
3. Except for subsidiaries that are fully owned by the holding company, Zakat shall be calculated for the holding company and its subsidiaries thereof in a separate manner whatever the ownership ratio of the holding company is, taking into account the treatment of debts and investments between them according to section II and IV of chapter 5 of the Regulations. The holding company and each of its subsidiaries shall submit its separate Zakat declarations, in accordance with the procedures of the Authority.
4. In the event that the Zakat Payer submits a consolidated Zakat declaration for the holding company and subsidiaries, the Zakat Payer may refrain from such procedure only after obtaining the approval of the Authority.
5. The subsidiary shall separately submit the information declarations, if they are included in the consolidated Zakat declaration with its wholly owned holding company.
6. Upon the Payer of the financing activities is owned by a Payer who is not a Payer of the financing activities, and submits a consolidated Zakat declaration, the Payer of the financing activities shall not be held accountable according to sub-section 1 of section VII of chapter 2.



Section II: Calculation of the Zakat base for Zakat Payer Holding Legal Accounts

Article 17: Reliance on the values shown in the financial statement

Zakat Payer holding legal accounts shall approve additionality and deduction items in the Zakat base to the value shown in the list of financial position at the end of the Zakat year of the Zakat Payer.

Article 18: Fair value

For purposes of Zakat collection, the results of the re-assessment according to the fair value shown in the Zakat end-of-year financial statements shall be the value considered in the Zakat account.

Article 19: Treatment of Companies with Liquidity Based Financial Statements

For purposes of Zakat collection, the trader provided herein shall mean companies of liquidity classified financial statements as any anticipated asset or obligation realized, recovered or settled within 365 days as a maximum after the end of the Zakat year, including but not limited to: Cash and cash equivalence, inventory, commercial receivables, or any asset owned by the Zakat Payer for the purpose of trading.

Article 20: Assets and Liabilities Equality

For purposes of the Zakat collection, non-current liabilities shall be equal to non-current assets; regardless which one is proceeding, current liabilities shall be equal to current assets; regardless which one is preceding. Moreover, the property rights shall complete the shortage of sources of financing of current or non-current assets.



Article 21: Calculation of the Zakat Base

Pursuant to the provisions of Articles 27 & 28 of the Regulations, the Zakat Payer holding legal accounts shall calculate the Zakat base by adding the additionality contained in Article (23) including the deduction items contained in Article (26), in accordance with the provisions of the Regulations.

Article 22: Application of Transaction Pricing Instructions

The instructions for transfer pricing issued by the Authority's Board of Directors Decision No. (19-1-6) dated 25/5/1440 H, and any amendments thereto, shall apply to the current transactions with the entities associated with the Zakat Payer.



Section III: Added Items to the Zakat Base

Article 23: Added Items

Pursuant to the provisions hereof, Added Items to the Zakat base of the Zakat Payer holding legal accounts shall include the following:

1. Property Rights and Equivalents.
2. Property rights obligations contained in Article (29) within the limits of the assets deducted.
3. The difference between the amended net profit/loss and net profit/book loss - after Zakat and tax - whether its related result is positive or negative, in accordance with the treatment of the result of the activity provided in section VI herein.

Article 24: Allocations

For purposes of the Zakat collection, allocations and their equivalents shall be treated as property rights, accordingly, they shall be added to the end of term balance, excluding the end-of-service benefit amount, the regular vacation provision and so forth shall be treated as non-current liabilities.



Article 25: Placement of Liabilities added to the Zakat Base

1. Placement of external liabilities added to the Zakat base shall mean; Correction of additions of liabilities to the Zakat base upon a current asset is deducted and a non-current asset is not deducted.
2. Upon a non-current asset is not deducted, the ratio of this asset to the total value of non-current assets shall be considered. This ratio of non-current liabilities shall be excluded from being added to the Zakat base and shall be identified according to the following equation: Non-current liabilities excluded from being added to the Zakat base = (non-current asset excluded ÷ total non-current assets) × non-current liabilities.

Provided that the non-current liability excluded from the base shall not exceed the value of the unresolved non-current asset

3. Upon deduction of a current asset, the ratio of this asset to the total value of the current assets shall be considered. This proportion of the total current liability shall be added to the Zakat base, in accordance with the following equation: Current liabilities added to the Zakat base = (current asset deducted ÷ total current assets) × current liabilities.

Provided that the added current liabilities do not exceed the value of the deducted current asset.

4. Upon applications the clauses contained in (2) and (3) contained herein, the total added liabilities shall not exceed the total deductible of the base, in accordance with the provisions of addition contained in Article (23) and the provisions of Minimum of the Zakat base in Article (27).



Section IV: Deducted Items from the Zakat Base

Article 26: Deducted Items

The Zakat Payer holding legal accounts shall deduct the following from the Zakat base:

1. Investing in an enterprise within the Kingdom in accordance with Article (43) herein.
2. Investing in a facility outside the Kingdom in accordance with Article (44) herein.
3. Investing in investment funds within the Kingdom in accordance with Article (45) herein.
4. Net fixed assets and their equivalents in accordance with Article (49) and Article (51) herein.
5. Intangible assets in accordance with Article (50) herein.
6. Materials not intended for sale and raw materials in accordance with Article(52) herein
7. Investing in direct and indirect financing funds registered with the Authority and subject to what is contained in the sub-section 1 of section VII of chapter 2 herein.
8. The value of investment in deeds and bonds, which, for its issuer, are treated as capital for Zakat purposes, as stated in Article(55) herein.
9. Statutory deposits and their equivalents in accordance with Article (56) herein.
10. Deferred tax asset.



Section V: Provisions on the Zakat Base

Sub-section 1: Minimum and Maximum Rates for Zakat Base

Article 27: Minimum Zakat Base

1. The minimum for the base set out herein shall be an alternate base unaffected by the added items of Article(23) and the deductible items of Article (26). Further, it shall be according to the result of the Zakat payer's activity, including of the result of invested companies.
2. To be in consistent with the provisions of the following sections: II III IV VI of chapter (2) of these Regulations; If the Zakat base of the Zakat Payer holding legal accounts decreases below adjusted net profit; the Zakat base for the Zakat Payer shall be as follows :
 - a. If the total undeducted assets with the difference between amended net profit and net book profit is less than the amended net profit of the Zakat payer, the Zakat base for the Zakat Payer shall be the total undeducted assets, along with the difference between the amended net profit and the net book profit.
 - b. If the amended net profit of the Zakat Payer is less than the total undeducted assets plus the difference between the amended net profit and the net book profit, the Zakat base for the Zakat Payer shall be the amended net profit.
3. If the result of the Zakat payer's base is negative, and the Zakat Payer does not achieve an amended net profit, the Zakat Payer does not have a Zakat base to be held accountable accordingly.
4. If the result of the Zakat Payer holding accounts is positive, and the Zakat Payer holding accounts does not achieve an amended net profit, the Zakat accounting shall be based on the result of the Zakat base



Article 28: Maximum Zakat Base

1. The maximum limit of the Zakat base - in accordance with the addition and deduction provisions of the Zakat base contained in the following sections: II ,III, IV VI of chapter (2)of the Regulations - Property Rights and Equivalents, depending on the value shown in the list of financial position at the end of the Zakat year of the Zakat payer, plus the difference between net profit or amended loss of the year and net profit or book loss.
2. The property rights stipulated in paragraph (1) herein shall cover any clause reclassified to fall under the property rights, such as, Profits under distribution classified as liabilities under Article (36) , partners' loans under Article (30) and allocations under Article (24).



Sub-section 2: Debts

Article 29: Liabilities

:The following shall be added to the Zakat base of the Zakat Payer holding accounts

1. Non-current liabilities; including:
 - a. Debts classified as non-current according to the balance of the last term, whether from prior years or added during the year, such as: Payments made by Zakat Payer customers, instruments and bonds issued.
 - b. Provisions representing a stable debt to non-owners, such as: Provision for end-of-service benefits, leave balance provision and equivalents.
 - c. Deferred tax liability.
 - d. Clause of contract obligations established as per the approved accounting standards.
 - e. Lease obligations.
 - f. Negative derivative financial instruments.
2. Current liabilities shall be added to the Zakat base only in the following cases:
 - a. If a current asset is deducted, the addition shall be a current liability as per Article (25) herein.
 - b. If the value of the traded liability is greater than the value of the traded asset, the difference is added to the Zakat base.
 - c. If it is proven to the Authority that the current liability is equivalent to the non-current liability, such as the Zakat Payer renews a debt classified as current with the same creditor for the same purpose, or re-schedules the debt with the same creditor for the same purpose.

Article 30: Partners Credit Loan

1. Partners' loans related to the companies listed in the capital market shall be dealt according to the classification set out in the financial statements.



2. Partners' loans in the securities companies, except for the companies listed in the capital market, and partnerships shall be dealt as liabilities upon fulfilling the following conditions:
 - a. There shall be financial statements approved by a chartered accountant in the Kingdom.
 - b. They shall be classified in the statements of the Zakat Payer as liabilities.
 - c. Payment period shall be identified in the financing contract.
 - d. Financing return shall be in line with the market price.
 - e. The ownership of the establishment shall not be under the full control of one entity such as: sole proprietorship or one person company. If the conditions contained in this paragraph are not fulfilled, partners' loans shall be dealt with as equity.
3. Owners' loans in one person companies and sole proprietorships shall be dealt with as equity so they shall be added to the base.

Article 31: Partners Debit Loans

1. Partners' debit loans and equivalents, such as supporting or additional financing granted to the companies listed in the capital market shall not be deducted from the Zakat base.
2. Partners' debit loans and equivalents shall not be deducted from the Zakat base if the debtor is not subject to Authority's Zakat collection.
3. Partners' debit loans and equivalents shall be deducted from the Zakat Base granted to the securities companies, except for the companies listed in the capital market, and partnerships when the following conditions are fulfilled:
 - a. There shall be financial statements for the granted company.
 - b. Payment period shall not be identified in the financing contract.
 - c. Financing return shall not be consistent with the market price.



- d. The ownership of the establishment shall be under the full control of Zakat payer as sole proprietorship or one person company.
- 4. Owners' debit loans in one person companies and sole proprietorships shall be deducted if the grantee is registered with the Authority and subject to Zakat collection according to herein.

Article 32: Delayed Government Dues

The debits of the Zakat Payer to the government entity listed within its assets shall be considered undeducted assets from the Zakat base unless the following conditions are fulfilled:

- 1. It is proven to the Authority that the reason for delaying the payment of Zakat Payer's dues is related to the government entity and the Zakat Payer shall submit the documents for his entitlement for these amounts and the government entity's delay in payment.
- 2. It is classified in the financial statements as current assets.
- 3. The current liabilities, if any, are added to the base, with a maximum value of the delayed government dues deducted from the base, subject to the provisions of Article (25) herein.



Article 33: Debit Loans

Except for the partners' debit loans contained in the Article (31), the debit loans and equivalents shall not be deducted from the Zakat base.

Article 34: Set-off Between Credit and Debit Balances

Subject to the provisions of the Articles (30 and 31) of the Regulation, no set off or settlement may be made between credit and debit balances, including owners' or partners' balances. The Zakat payer shall deem to be independent from his creditors and debtors. If the creditor is the debtor himself or if the debtor or creditor is one of its owners, the liability shall be added to the Zakat base if the conditions for adding debts are met.

Article Thirty-Five: Finance Leased Assets

Except for the Zakat Payer of financing activities, the leased assets are not deemed financing, in the financial statements, as an investment that is deducted from the Zakat base of the lessor, regardless of its classification in the financial statements, unless they are building, operation, and transfer projects, in accordance with the Article (74) herein.



Sub-Section 3: Equity

Article Thirty-Six: Profits Under Distribution

The profits that the authorized person has decided to distribute to the shareholders and were not deposited in their accounts during the Zakat Year, shall be added to the Zakat base and treated in the same way as equity.

Article Thirty-Seven: Distributed profits

1. Except for handling the minimum Zakat Base contained in the Article (27), dividends, including the profits for the year, which the authorized person has decided to distribute and were distributed to the shareholders shall not be added to the Zakat base.
2. The provision contained in the Paragraph (1) of this Article shall not be applied if it is proven to the Authority that the Zakat Payer has distributed the profits with the aim of reducing the Zakat base.

Article Thirty-Eight: Realized and unrealized profits

The equity contained in the Paragraph (1) of the Article (23) shall include the realized and unrealized profits, regardless of their classification in the financial statement of the Zakat Payer.

Article 39: Loss Carried Forward

The loss carried forward is a reduction in the equity as per the values shown in the statement of the financial position of the Zakat Payer at the end of the Zakat Year.



Article Forty: Treasury Stocks

The item of treasury stocks contained in the equity items is considered a reduction in the equity.

Article Forty-One: Employee Stock Share Program

The item of treasury stocks held for the purpose of allocating and distributing them to the establishment employees shall be considered a reduction in the equity upon the following conditions are fulfilled:

1. The approval of the Extraordinary General Assembly on purchasing and the purpose of purchasing the stocks.
2. The establishment policy, the employee remuneration regulation approved by the Ministry of Human Resources and Social Development or any legal document must stipulate the Employee Stock Share Program.



Sub-Section 4: Investments

Article Forty-Two: Controls for deducting Investment

1. Pursuant to the special provisions of each investment in the Regulation, the investment shall be for non-trading purposes, in order to deduct the investment.
2. Upon the investment is deemed to be retained for trading purpose, this impact shall apply to the investment portfolio assets included in this investment, and that shall not affect the whole assets of the investment item shown in the financial statements.
3. The investment portfolio shall be for the purpose of trading if any of the following cases is applicable:
 - a. If the nature of the Zakat Payer's activity is trading in investment according to the financial statements, legal documents of the Zakat Payer, or any other document clarifying the nature of the Zakat Payer's activity.
 - b. The investment is managed by another person who is not affiliated with the investor under an employment contract and this person has the authority to issue purchase and sale decisions, unless the investment management agreement stipulates that the role of this person is to investment without trading, except for the fund manager in the investment funds.
 - c. If the investment is classified in the financial statements of the Zakat Payer in the current assets.
 - d. If the investment is listed in the capital market and the Zakat Payer makes a sale then a purchase, then followed by one or more sales or the Zakat Payer makes a purchase then a sale, then followed by one or more purchases during the year in the same portfolio.



- e. The investor has an announced or proven desire or a decision to dispose of this investment whether at a specified price or during a period less than one year.
 - f. If the Zakat Payer classified its financial statements based on liquidity and has not provided any indication that the investment is expected to be made within a period exceeding (365) days after the end of Zakat year.
4. Deeds and bonds shall not be deductible investments if the conditions contained in the Article (55) are not fulfilled.

Article Forty-Three: Investment in an Establishment inside the Kingdom

The value of investment in an establishment inside the Kingdom shall be deducted if the following is fulfilled:

- a. The value of this investment is classified as non-current assets.
- b. The investment is for non-trading purpose.
- c. The invested in establishment is registered with the Authority and subject to Zakat collection

Article Forty-Four: Investment in An Establishment Outside the Kingdom

Pursuant to the controls for deducting investments contained in the Article (42), the Zakat Payer's share shall be deducted from the investment value in an establishment outside the Kingdom if the following conditions are fulfilled:

- 1. The value of this investment is classified as non-current assets in the Zakat Payer's financial statements.
- 2. The investment is for non-trading purpose.



3. The Zakat Payer pays the Zakat on these investments to the Authority within the Zakat declaration and the Zakat on these investments shall be calculated independently of the Zakat base under a certificate prepared according to the provisions of the Regulation and approved by a certified chartered accountant in the Kingdom.
4. The minimum Zakat base for these investments shall be in accordance with the provisions of the Article (27), whether the profit is distributed or not.

Article Forty-Five: Investment in the Investment Funds

2. Subject to controls for deducting investments contained in the Article (Forty-Two), and except for the investments in the finance funds, the value of investments in the investment funds shall be deducted in accordance with the provisions of Articles (seventy-seven, seventy-eight, and seventy-nine).
2. The value of investments in the finance funds shall be deducted when the controls mentioned in the Article (Forty-Two) are fulfilled.

Article 46: Zakat Payer's inability to calculate the investment's Zakat outside the Kingdom

1. If the Accounting-books Zakat Payer is unable to calculate the Zakat on foreign investments according to justifications accepted by the Authority, he may calculate the Zakat base for the foreign investments according to the following:
 - a. If the establishment subject of investment presents its assets and liabilities using the current/non-current classification, the current liabilities shall be deducted from the current assets.



- b. Subject to the provisions of Article (19) of the Regulation, if the invested in establishment presents its assets and liabilities according to the order of liquidity, the short term liabilities shall be deducted from the short term assets. Short-term liabilities include Trade creditors and all debits on the establishment that will be due within one year or less. Short term assets include, but not limited to: Cash and cash equivalents, inventory, trade receivables, or any asset owned by the establishment for the purpose of trading.
2. In applying the Paragraph (1) of this Article, the following conditions shall be considered:
- a. The percentage of Zakat Payer's ownership in the capital of the invested in company is less than (50%).
 - b. The Zakat Payer is unable to calculate the Zakat in accordance with the provisions of the Regulation.
 - c. The Zakat Payer is unable to access the detailed data required for that.
 - d. The Zakat Payer is unable to provide the chartered accountant with the mentioned data.



Article Forty-Seven: Deduction of investment in the companies not subject to the provisions of the Regulation

- 1.** Subject to the controls for deducting investments which is contained in the Article (Forty-Two), the Zakat Payer's investment in the companies not subject to the Zakat collection shall be deducted if the following conditions are fulfilled:
 - a.** The value of this investment is classified as non-current assets in the Zakat Payer's financial statements.
 - b.** The Zakat Payer pays the Zakat on these investments to the Authority within the Zakat declaration and the Zakat on these investments shall be calculated independently of the Zakat base under a certificate prepared according to the provisions of the Regulation and approved by a certified chartered accountant in the Kingdom.
 - b.** The minimum Zakat base for these investments must be in accordance with the provisions of the Article (Twenty-Seven), whether the profit is distributed or not.
- 2.** If the Zakat Payer invests in external company and this external company was totally owned by Zakat Payers subject to Zakat collection with the Authority, it shall be considered an internal investment according to the Article (Forty-Three).



Sub-Section (5): Deductible Assets

Article Forty-Eight: Controls for deducting non-current assets and properties

1. The non-current assets and properties and the like listed in the financial statements of Accounting-books Zakat Payer shall be deducted in accordance with the following controls:
2. The non-current assets and properties and the like listed in the financial statements of Accounting-books Zakat Payer and not registered in its name shall be deducted in any of the following cases:
 3. The non-current assets and properties and the like listed in the financial statements of Accounting-books Zakat Payer and not registered in its name shall be deducted in any of the following cases:
 - a. It is used in the company's activity.
 - b. It is an in kind share in the capital.
 - c. Its revenues or expenses are recognized in the financial statements.



Article Forty-Nine: Fixed asset components

Fixed assets include, but not limited to:

1. Net fixed assets
2. Payments for purchasing fixed assets.
3. Materials not prepared for sale as spare parts.
4. Assets financed to the lessee in the Finance Lease contracts in the BOT projects and the like in accordance with the Article (Seventy-Four) of the Regulation.
5. Capital constructions and projects under construction established for the purpose of using them in the activity of Accounting-books Zakat Payer and not for selling them.
6. The classified right-of use asset that is non-current with the lessee in lease contracts.
7. The classified contract costs that is non-current.
8. Investment real estates that are non-current and not prepared for sale.
9. Raw lands that are used in the activity unless they are prepared for sale.
10. Employees' Housing Ownership Programs according to the controls stipulated in the Articles (fifty-Three and Fifty-Four) of the Regulation.

Article Fifty: Intangible assets

The intangible assets held for non-trading purposes shall be deducted.

Article Fifty-One: Vital Assets

1. The vital assets may be deducted if they are classified as non-current assets in the financial statements of Accounting-books Zakat Payer. They may not be deducted from Zakat Base if they are classified as current assets.
2. The vital assets may not be considered fixed assets which may be deducted if they are prepared for sale.



Article Fifty-Two: Inventory

1. The inventory is not considered an element of deduction from the Zakat Base unless the provisions of Paragraphs (3) and (4) of this Article are applicable.
2. The goods prepared for sale or materials that are part of the final product are not considered an element of deduction even before completing its manufacturing.
3. The materials not prepared for sale -such as spare parts- are considered elements of deduction from the Zakat Base.
4. The raw materials classified as current assets and not part of the final product are considered elements of deduction from the Zakat Base, provided that they are added from the current liabilities, if any, in accordance with the Article (Twenty-Five) of the Regulation.

Article Fifty-Three: Employees' Residency

Residencies owned by Zakat payer holding accounts for the purpose of providing residencies for his employees, are considered of the deduction elements of Zakat base.

Article Fifty-Four: Employees' Residency Debts

- 1- For Zakat levy purposes, deduction elements of Zakat Base shall include, residency debts that are being paid for employees through Employees' Housing Programs, in case their contracts state that funding has been conducted by the interest- free loan or forward sale, without paying any financial profits for the Zakat payer or further fees over the funding principal amount.
2. While applying paragraph (1) of this Article, the cost of housing unit incurred by the employee, may not exceed the actual cost incurred by the Zakat payer, therefore the employee may not incur any additional amounts for the loan, this shall be inclusive to cases where the contract is terminated before expiration date.



Article Fifty-Five: Non-Governmental Bonds and Instruments

For Zakat purposes, the tax payer may deal with bonds and instruments issued by him, as capital, notwithstanding their classification in the financial statement for the issuer, in such case, these bonds and instruments shall be deducted from Zakat base of investors if they were of a purpose other than trading, and the issuer has stated in any of the bonds that are approved by the Authority, to be treated as capital in the Zakat declaration, the issuer Zakat payer may not refrain such transaction during the maturity of bonds and instruments term.

Article Fifty-Six: Statutory Deposits

Statutory deposits shall be considered of deduction elements of Zakat base when fulfilling the following conditions:

1. The Zakat payer shall be complied with depositing them for the competent authority in accordance with the relevant laws.
2. The Zakat payer may not be paid for any returns thereon.



Sub-section 6: Discrepancy of Information

Article Fifty-Seven: Conducting re-assessment according to the significant discrepancy of information regarding Zakat base

The Authority may, upon detecting discrepancy of information, conduct Zakat re-assessment on the Zakat payer holding accounts, according to the following remedies:

1. In case such discrepancy affects any of equity elements and its equivalent, the discrepancy shall then be added to Zakat base.
2. In case such discrepancy affects any of non- current liabilities elements, it shall be remedied as follows:
 - a. In case the non- current liabilities are equal or more than the total of deduction elements, what have been stipulated in Zakat declaration shall be considered, the discrepancy then shall not be added to Zakat base.
 - b. In case the non-current liabilities are less than the total of deduction elements, the discrepancy then shall be added to the Zakat base, provided that the total of additions may not exceed the total of deduction elements.
3. In case such discrepancy affects any of the deduction elements, it shall be remedied as follows:
 - a. In case the deducted principal amount that is stipulated in the Zakat declaration is more than the stipulated amount in the information of the Authority, only the value of the stipulated amount in the information of the Authority shall be deducted, unless the Zakat payer proves otherwise.
 - b. In case the deducted principal amount that is stipulated in the Zakat declaration is less than the stipulated amount in the information of the Authority, only the value of the stipulated amount in the Zakat declaration shall be deducted, provided that it may not exceed its value showed in the approved financial statements of the Authority.



4. In case the value of the deducted elements increased as a result of a final resolution, the non-current liabilities shall be added to the base according to the provisions of Article (25) of the Regulations.

Article Fifty-Eight: The Validity of the Information Provided by the Zakat Payer

The Authority may take all statutory actions to verify the validity of information provided by the Zakat payer for the purpose of calculating Zakat base, in addition to the stipulated actions in the Regulations.

Article Fifty-Nine: Significant Discrepancy in the Information Related to the Outcome of the Zakat Payer Activity

The Authority may, upon detecting discrepancy of information, conduct Zakat re-assessment on the Zakat payer holding accounts, according to remedies stipulated in Articles (60 and 61)

Article Sixty: Undeclared Revenues

The undeclared revenues in the declaration, shall be remedied in a manner not contradicting with the provisions of Article (103) according to:

1. In case the stipulated revenue in the Zakat declaration is more than the stipulated revenue in the information of the Authority, Zakat declaration shall prevail, provided the adjusted net profit or the adjusted net loss may not be affected.
2. In case the stipulated revenue in the Zakat declaration is less than the stipulated revenue in the information of the Authority, the following shall be added to the adjusted net profit or decreasing the higher adjusted net loss:
 - a. Difference \times (the overall profit in Zakat declaration \div the stipulated revenues in the Zakat declaration).
 - b. Difference \times 15%.



Article Sixty-One: Inflated Expenses

Expenses that contradict the information of the Authority, shall be remedied as follows:

- 1.** In case the expenses in the Zakat declaration are greater than the expenses in the information of the Authority, the difference shall be added to the adjusted net profit or deducted from the adjusted net loss.
- 2.** In case the expenses in the Zakat declaration are less than the expenses in the information of the Authority, Zakat declaration shall prevail, provided the adjusted net profit or the adjusted net loss shall not be affected.



Section VI: Calculation of the Adjusted Net Profit or the Adjusted Net Loss

Article 62: Controls of Approving Zakat Payer Activity Expenses

Without prejudice to Article (17) of the Regulations, the following shall be met for approving expenses charged on the income list in order to reach the adjusted net profit or the adjusted net loss derived from the outcome of Zakat payer activity:

1. Expenses shall be actual; whether conventional or necessary, even if they are belonging to previous years, taking into consideration the provisions of paragraph (9) of Article (63) of the Regulations.
2. Expenses shall be linked to the activity.
3. Expenses shall be proven with documents approved by the Authority.
6. approved by the Authority.



Article 63: The Accepted Expenses

The accepted expenses to reach the adjusted net profit or the adjusted net loss include the following:

1. Bad debts according to the stipulated controls in Article (65) of the Regulations.
2. Annual depreciation installment, for the fixed assets on which the stipulated controls in Article (48) are applied.
3. Funding revenues incurred by the Zakat payer holding accounts for his employees in housing ownership contracts, upon fulfilling the stipulated conditions in Article (54).
4. Owners' salaries and allowances that are registered in the General Organization for Social Insurance.
5. Board of Directors remunerations, including the owners, in a manner that may not contradict the relevant laws.
6. Wages difference which exceeds the registered in the General Organization for Social Insurance, provided submitting proofs such as statutory documents that may be
7. The paid fundraising to the licensed entities within the Kingdom, according to the relevant laws in the Kingdom.
8. Tuition fees for the children of the employees of the Zakat payer holding accounts, provided that they shall be paid to a licensed academic facility in the Kingdom and to be stipulated in the employment contract of the employee or the Zakat payer regulation.
9. Provisions made during the year.
10. The paid Zakat or income tax.



Article Sixty-Four: Re-evaluating Income Statement Items

The Authority may re-evaluate any expenses or revenue that is proved to be actual or recorded at a value other than its true value, according to Article (58) of the Regulations.

Article Sixty-Five: Bad Debts

1. Bad debts shall be considered of the approved expenses in case of the following conditions:
 - a. Zakat payer shall submit an endorsed certificate by a licensed chartered accountant in the Kingdom stating that debt write-off is being conducted under a decision by the authorized party.
 - b. The Zakat payer had recognized such revenue in its maturity year within its financial statements.
 - c. To be as a result of practicing the Activity.
 - d. The debts may not be against relevant entities to the Zakat payer.
2. The Zakat payer shall be exempted from the stipulated condition in paragraph (1/A) in the following cases:
 - a. In case the bad debt does not exceed (1%) of the Zakat payer revenues.
 - b. In case of issuing a final judgment stating the debtor bankruptcy or insolvency according to the relevant laws.



Section VII: Special Provisions for Some of Zakat Payers Activities

"Sub-section 1: "Zakat Payer of Financing Activities

Article Sixty-Six: General Provisions for Zakat Payer of Financing Activities

1. Zakat Payer of Financing Activities shall be subject to the provisions of this sub-section and provisions of this Regulations.
2. The following shall be exempted from the provisions stipulated in paragraph (1) of this Article:
 - a. Article (21).
 - b. Provisions stipulated in Section III of Section II except for the Article (24).
 - c. Section IV of Chapter 2.
 - d. Section V of Chapter 2 except for the sub-sections: 3, 4 and 5 except for Article (56).
 - e. Section VI of Chapter 2.

"Article Sixty-Seven: "Zakat Base

1. Considering both Articles (71 , and 72) of the Regulations, Zakat base shall be calculated for Zakat Payer of Financing Activities through dividing Zakat assets over the total assets, then to be multiplied by funds sources, according to the following equation:Zakat base for Zakat Payer of Financing Activities = funds sources × (Zakat assets ÷ total assets)
2. The value reflected in the audited financial statements shall be approved by net by the end of Zakat year upon calculating Zakat base for Zakat Payer of Financing Activities.
3. The Zakat Payer of Financing Activities shall be subject to the provisions Article (16) of the Regulations of controls of the financial statements consolidation.
4. The Zakat Payer of Financing Activities shall be subject to the provisions of Article (15) of the Regulations of Zakat amount.



Article Sixty-Eight: Sources of Funds Subject to Zakat

Sources of Funds subject to Zakat of Zakat Payer of Financing Activities shall be limited to:

1. Equity.
2. Liabilities of Zakat Payer of Financing Activities, which its maturity date or a part of is after a year or more, as follows:
 - a. All types of funding, whether by borrowing, Murabaha, financial lease or other financing contracts.
 - b. Debt Instruments, such as bonds and instruments, that are being issued by Zakat Payer of Financing Activities, regardless of their structure.
3. The negative fair value for the due financial derivatives after a year or more.
4. Net assets that have been returned to units owners in the direct and indirect funding.
5. With the exception of banks and finance companies licensed by the Central Bank, all sources of funds from direct and indirect financing funds are considered sources of funds subject to Zakat, with the exception of obligations that fall due within less than one year.

Article Sixty-Nine: Zakat Assets

Zakat assets shall be calculated through deducting the non-Zakat assets and the Zakat assets from the total of assets according to the following equation:

$$\text{Zakat assets} = \text{total of assets} - (\text{non-Zakat assets} + \text{Zakat assets}).$$



Article Seventy: Non-Zakat Assets and Zakat Assets

The non-Zakat assets and Zakat assets of the Zakat Payer of Financing Activities shall be limited to:

1. The net of the fixed assets and equivalent, stipulated in Article (49) and Article (50) of the Regulations.
2. Real estates that passed to Zakat Payer of Financing Activities under the execution of a mortgage.
3. Investing in facilities or equity shares subject to Zakat in the Kingdom, considering the provisions in Sub-section 4 of Section V of chapter 2 of the Regulations.
4. Investing in direct and indirect financing funds that are registered in the Authority according to the provisions in Sub-section 1 of Section VII of chapter 2 of the Regulations.
5. Investing in an investment funds within the Kingdom in accordance with Article (45) of the Regulations.
6. Investing in facilities or equity shares out of the Kingdom, where Zakat Payer of Financing Activities, shall pay Zakat separately considering the provisions of Sub-section 4 of Section V of chapter 2 of the Regulations.
7. Debts of the Zakat Payer of Financing Activities which its maturity date or a part of after a year or more, regardless its accounting classification, as the following:
 - a. All types of funding, whether by borrowing, Murabaha, financial lease or other financing contracts.
 - b. Investment of Zakat Payer of Financing Activities in debt instrument, such as bonds and instruments, regardless of their structure.
8. Investments of Zakat Payer of Financing Activities in governmental debt instruments, which the state incurs its Zakat, and which are not covered by paragraph (7/B) of this Article.



9. The value of investment in bonds and instruments, which, at their source, are treated as capital for Zakat purposes, as stated in Article(55) of the Regulations, considering the provisions of paragraphs (7) and (8) of this Article.
10. The positive fair value for the due financial derivatives after a year or more.
11. Statutory deposit for Saudi Central Bank

Article Seventy-One: The Minimum and Maximum of Zakat Base for Zakat Payer of Financing Activities upon Reaching the Net Profit

1. Upon reaching the net profit by Zakat Payer of Financing Activities, the minimum of Zakat base shall be (the value of the net profit reflected in the financial statements $\times 4$) and the maximum of the Zakat base shall be (the value of the net profit reflected in the financial statements $\times 8$) both minimum and maximum of the Zakat base shall be applied after excluding the effect of the Zakat allocation charged on the value of the net profit reflected in financial statements by the end of the Zakat year.
2. Failing to reach the net profit by Zakat Payer of Financing Activities, the minimum of the Zakat base shall be with value of (40%) of the value of the total profit reflected in the financial statements by the end of the Zakat year, and the maximum of the Zakat base shall be (80%) of the total of profit.

Article Seventy-Two: The Zakat Base for Zakat Payer of Financing Activities, upon Failing to Reach the Net Profit or the Total Profit

Upon failing to reach the net profit or the total profit by the Zakat Payer of Financing Activities, the Zakat base shall be the result of the mentioned equation in Article (67) without minimum or maximum.



Sub-section 2: Construction and Real Estate Activities

Article Seventy-Three: Under construction real estate projects

1. The value of under construction real estates prepared for sale shall be deducted after completing its construction, unless they were offered for sale in its current condition or the annually percentage cost of sales exceeded twenty five (25%) of their face value in the Financial Statements for the Zakat year according to Zakat declaration, according to the following criteria:
 - a. It shall be classified as Non-Current Assets in the Financial Statements.
 - b. Each project ratio shall be calculated separately.
 - c. The ratio shall be calculated based on sales costAccording to the following equation:Value of cost (sales) exclusions ÷ (Beginning Inventory + the Additions during the year) = Cost of sales ratio.The Authority may review and amend the ratio stated in this paragraph according to the market conditions.
2. If the under construction real estate prepares for sale were classified in the inventory or the Current Assets according to the planned Accounting Standards, it will be deducted from Zakat base when fulfilling the criteria included in paragraph (1) of this article, provided that it shall be added from the current obligation according to Article (25) of these Regulations.



Article Seventy-Four: BUILD, OPERATE, and TRANSFER (BOT) Projects

1. Build and operate projects mean: Construction and operation contracts are investments contracts aiming to provide productive assets that generate income. The lessor undertakes constraining the productive assets that generate income and it is operation against the benefit generated therefrom for the lessee (benefit /production) in return for commitment to the lease payments for the benefit of lessor. Build and operate contracts vary in their forms, mechanisms, and objectives, including, but not limited to:
 - a. Contracts of Build, Operate and Transfer (BOT)
 - b. Contracts of Build, Own, Operate and Transfer (BOOT)
 - c. Contracts of Build, Own, and Operate (BOO)
 - d. Contracts of Acquisition, Operate and Transfer (AOT)
2. For the purposes of this article, lessor means: Builder, producer, developer or seller of the benefit, product or service in contracts of build, operate and transfer ownership in all their forms.
3. For the purposes of this article, lessee means: beneficiary or buyer of the benefit, product or service in contracts of build, operate and transfer ownership in all their forms.
4. BOT contracts and such similar forms shall be deducted by the lessor if the following conditions are met:
 - a. Lessor commitment to establish the project.
 - b. Lessor commitment to operating the project for selling the benefit, product or the service during the period of the contract.
 - c. Lessor - or its assignee- commitment to buying the benefit, product or the service during the period of the contract.



- d. The subject of the contract shall be mainly the operation of the asset for the purpose of producing and selling the benefit, product or the service, but not funding the asset itself. However, if it is found that the fact of the transaction is funding the asset, it shall not be deducted from Zakat base regardless its classification in the financial statements.
- e. The lessor may not be one of the Zakat Payers of the financing activities.
- f. These assets shall be classified as non-current assets of the lessor.
- g. The activity of the lessor shall be aligned with the activity of Build, Operate, and Transfer project.



Sub-section (3): Investors in the Investment Funds

Article Seventy-Five: Investor Zakat Payers in the Investment funds

Investment in the investment fund shall be subject to the Collection of Zakat according to Sub-section (4)Section V of Chapter (2) of the Regulations, except: Sub-section (4)

- a. Investment Unitholder in the financing fund.
 - b. A record of the investment fund's transactions with related persons.
 - c. Any additional data that the Authority may request from the Fund during the stage of submitting the declaration.
3. The fund shall provide the Unitholder with required information to its Zakat base.
 4. The fund manager and the investment unit holder must provide the Authority with the necessary information required by the Authority for examination and revision purposes within twenty (20) days from the date that ZATCA sends the request. the Authority is entitled to extend the above period or carry out the assessment according to the information available to the Authority, in the event of failing to provide the information required for examination purposes.
 5. In case there was a deferent between the fiscal year of the Unitholder and the fiscal year of the fund, Zakat shall be calculated based on last audited financial statements of the fund.
 6. Except the direct and indirect financing funds, the funds may not be subjected to Zakat collection according to the Regulations, including the funds that form a facility with special purposes and licensed by the Capital Market Authority, provided that it may not perform economic business or investments activities, which are not provided in articles of association or relevant terms and conditions of these investment funds.



Article Seventy-Seven: Deducting the investment value in investment funds from Zakat base

The Unitholders may Deduct the value of their investments in investment funds, provided that the following conditions are met:

1. The Zakat payers investment in the fund is held for purposes other than trade.
2. It shall calculate its investment Zakat in the fund and pay it to the Authority either within its audited financial statements, according to prepared certification of the Regulations, and approved from a certified chartered accountant in the Kingdom according to Article (seventy eight)of the Regulations.
3. Calculation of Unitholder Zakat shall be included in the financial statements of the investor or the referred certification in paragraph (2) of this article by calculating Zakat Base of the fund and then determine number of unites that it own in the fund and finally calculate its due Zakat amount.
4. In case that Zakat payer was not able to apply the provided in article (seventy eight) of the Regulations and access to the detailed data and provide the Chartered Accountant with it, Zakat Payer may apply the stated in article (forty six) of the Regulations to deduct investment value from Zakat base.



Article Seventy-Eight: Calculation of Unitholder Zakat in the Investment Funds

1. Unitholder Zakat shall be calculated according to the following equation:(Fund Zakat base × percentage of ownership of Unitholder in the fund × percentage of Zakat provided in article fifteen of the Regulations).
2. Zakat base of the fund shall be calculated according to the Regulations and taking into account the following :
 - a. The net assets of Unitholders shall be included in Zakat base of the fund according to the provided in article (twenty-three) of the Regulations, by its face value at the end of the fiscal year of the fund.
 - b. The fund's investment for a non-trading purpose shall be treated as external investments for a non-trading purpose according the provided in article (forty four) of the Regulations.
 - c. Investments percentages for a non-trading purpose of stock funds shall be determined according to the following:
 1. Total amount of subscription shall be deducted from the total amount of buying process, the total amount of Redemption process shall be deducted from total amount of selling process and higher output shall be taken from both and divided on the net of investments value in stocks of the fund for the same month.
 2. Sub-paragraph (1) shall be applied from paragraph (2.c) of this article for every month during the year, and higher percentage of months of the year shall be multiplied in investment value of the fixed stock of the end of fiscal year balance in the statement of financial position of the investment fund and the result shall be classified as a percentage of trading of this item, and the remaining treated as the investment that will be kept for non-trading according to article (forty three) of the Regulations.



3. To implement the provided in paragraph (c), it is required that the Fund's main activity shall be to invest in local and international financial market stocks.
 - d. Non-current Investment properties and non-prepared for sale considered as fixed assets, and the provided in paragraph (1) of article (twenty six) of the Regulations shall be applied on them.
 - e. The deference between adjusted net profit, and net profit or book loss will be added to Zakat base of the fund, and the adjusted net profit of the fund shall be determined according to articles (sixty two), (sixty three), and (sixty four) of the Regulations. Acceptable expenses include, for example but not limited to, conservation, management, oversight and audit fees.
 - f. When the fund chooses to present its assets and obligation by using current and non-current classification and the desire of deducting current asset in which the deduction controls from Zakat base are verified, it shall, when deducting from the base, add equivalent of current obligation, if any, according to article (twenty five) of the Regulations.

Article Seventy-Nine: Minimum Zakat base of Unitholder

Minimum Zakat base of these investments shall be according to article (twenty-seven) whether the profit is distributed or not.

Article Eighty: Fund Manager's commitment upon expiration

Fund Manager shall notify the Authority upon expiration of the fund within sixty (60) days from the expiration date.



Sub-section (4): Insurance Activity

Article Eighty One: Provisions of Insurance Activities Zakat Payer

1. The following is one of deduction element from Zakat base for the Insurance Activity Zakat Payer: Statutory deposits for insurance authority (GOSI), unless the Zakat Payer was able legally to invest it or it was invested for its benefit.
2. Additional elements to the Zakat base of the Zakat Payer of insurance activities are:
The share of policy holder of surplus insurance.
3. Additional elements to the Zakat base of the Zakat Payer of insurance activities are:
Non-current classified unearned premium reserve item according to article (Nineteen).
4. Deduction is considered acceptable fees of insurance activities of the Zakat Payer to reach the adjusted net profit: Non-current classified unearned premium reserve during Zakat base, which are determined according to professional assets, to be returned to the cosmetic receptacle the following year.



Chapter (3): Calculating Zakat Base for a Deemed-based Zakat Payer

Article Eighty-Two: Exceptions of Deemed-based Zakat Payer subjection

Deemed-based Zakat payer shall be subject to provisions of the Regulations, except for the provisions in the following sections: (II, III, IV, V, VI, and VII) of chapter two, and article(ninetytwo) of sectionIofchapter four and sectionIofchapter five ofthe Regulations.

Article Eighty-Three: Treating deemed-based Zakat payer based on financial statements

The Authority may treat a deemed Zakat payer as one who holds accounts if it finds that the Zakat payer has financial statements. The delay in issuing these financial statements over several years will not be considered evidence of their non-existence, unless the Authority finds otherwise.

Article Eighty-Four: Zakat Percentage of deemed-based Zakat payer

Exception of article (Fifteen) of the Regulations, the Zakat percentage of deemed-based Zakat payer calculated as (2.5%) of its Zakat base.

Article Eighty-Five: Short term financial period of deemed-based Zakat Payer

Beginning of the activity of short term of financial period or its end shall not be subject to Zakat collection, unless it was (354) days or more.

Article Eighty-Six: The minimum Zakat of deemed-based Zakat payer

The minimum Zakat of deemed-based Zakat payer shall be (500) five hundred Saudi Riyals.



Article Eighty-Seven: Treating deemed-based Zakat payers based on Tax Identification Number

A deemed-based Zakat payer will be treated based on TIN, regardless number of records or license which are listed under this number.

Article Eighty-Eight: Transfer of Zakat Payer to accounting according to a Deemed-based Zakat payer or accountants

A deemed-based Zakat payer may submit a request before the end of Zakat year to the authority to transfer from deemed-based Zakat payer account to Zakat payer holding accounts, and the Authority shall issue its resolution about that within thirty (30) days from the date of completing the request. It can not return after that to deemed-based Zakat payer account unless approved by the Authority and after submitting reasons approved by the Authority.

Article Eighty-Nine: Calculating Zakat Base for a Deemed-based Zakat Payer

1. According to the following equation, the Zakat base of a Deemed-based Zakat payer shall be estimated by determining a capital aligning with its activity volume: (Sales $\div 8$) + (sales $\times 15\%$).
2. Sales provided in Zakat base calculation equation of the Deemed-based Zakat payer may not be less than those disclosed in the VAT declaration (including sales subject to zero and exemption), as well as the disclosed data in the Real Estate Transactional Tax of economic activities and this for closest period or disclosed tax year for Zakat year subject to calculation. The disclosed sales in the VAT declaration and the data in the Real Estate Transactional Tax as a whole are considered sales of Zakat payer, as it shall pay Zakat for that of the Zakat year.



3. If the Deemed-based Zakat payer do not have registered sales in the VAT, the Authority shall estimate its sales according to the higher result by one of the following standards:
 - a. Annual average number of active employees; according to the data of the General Organization for Social Insurance multiplied by (6,000) SAR.
 - b. Value of imports, according to customs declarations multiplied by one hundred and fifteen (115%).
 - c. Value of purchases, according to VAT declarations multiplied by one hundred and fifteen (115%).
 - d. Total sales, according to points of sales, data of Etimad platform, export data, and data of civil contracts.
4. The Authority in purpose of estimating Deemed-based Zakat payer sales may: Approve the standards that reflect its actual sales according to its estimation or recalculate its sales if found that there were higher sales more than usual, according the provided periods in the article (one Hundred and Six).
5. Upon final adjustment of the Deemed-based Zakat Payer data for VAT or Real Estate Transactional Tax purposes, Zakat of the Deemed-based Zakat payer shall be adjusted accordingly, whether by increase or decrease.
6. If the result of the equation of the Zakat base calculation of the Deemed-based Zakat payer is less than the capital provided in the business records, licenses issued to the activity or any other documents through which the Authority can determine the capital, the capital provided in the registers and licenses shall be the Zakat base.
7. The Authority may adjust the way of calculating Zakat Base of a Deemed-based Zakat payer according to the conditions of the market and behaviors of the deemed-based Zakat payers.



Article Ninety: Increasing Zakat to for a Deemed-based Zakat payer

If it becomes clear for a Deemed-based Zakat payer that the amount of Zakat due is more than the amount that the Authority estimated, such Zakat payers may increase the amount of Zakat due more than the value estimated by the Authority.

Article Ninety-One: Zakat assessment for Deemed-based Zakat payers

The estimation under the provisions of this Chapter shall be considered a Zakat assessment and shall be subject to Zakat assessment provisions in Section II of Chapter Five of the Regulations.



Chapter Four: Zakat Payer's Rights and Obligations

Section I Zakat Payer's Rights

Article Ninety-Two: Date of starting Zakat collection

Without prejudice to what is stated in Article (Ten) of the Regulations, the Zakat Payer shall have the right, after submitting documentary evidence acceptable to the Authority, to specify another date for the start of the activity.

Article Ninety-Three: Amending Zakat declaration

Accounting-books Zakat Payer shall have the right to request an amendment to the Zakat declaration in accordance with Article Hundred and Three of the regulations

Article Ninety-Four: Zakat Dues Installment

Zakat Payer shall have the right to ask for the installment payment of Zakat dues, according to the guidelines in Article Hundred and Eighteen of the Regulations.

Article Ninety-Five: Recovering surplus amounts

The Authority shall maintain the confidentiality of the Zakat Payer's Zakat-related information, in accordance with Articles (Hundred and Eight and Hundred and Nine) of the Regulations.

Article 97: Zakat Payer's right to object to Authority Decisions

The Zakat Payer shall have the right to object to the Authority's Decisions to the Authority itself or submit a settlement request to the Authority's internal committee, prior to initiating grievance procedures to the Dispute Resolution Departments, in accordance with the provisions of Article 116.



Section II: Zakat Payer Obligations

Article 98: Registration with the Authority, Submission of Zakat Declaration, and Payment of Zakat Dues

The Zakat Payer shall

1. Register with the Authority before the conclusion of its initial fiscal year.
2. Submit the Zakat declaration along with the supporting documentation on which documents it depended in determining the Zakat base, as per the regulations, provided that the required documents shall be specified according to the Authority's forms and procedures.
3. Submit any requested documents or clarifications the Authority requires during checking and reviewing the Zakat declaration, and enable the Authority to access them in accordance with the relevant laws and legal procedures.
4. Pay Zakat dues to the Authority -except in cases where the Zakat Payer is exempted from compliance, in accordance with Regulations provisions.

Article Ninety-Nine: Language and Forms of Documents Submitted by the Zakat Payer

1. The Zakat Payer shall provide all supporting documents and clarifications for the declarations submitted by it in Arabic.
2. Documents shall, in order to be accepted, be presented by an authorized person.
3. The Authority may request documents as per the following controls:
 - a. The authority shall explain the reasons for requesting the document, and this shall be only within the scope of the purpose for which it was requested.
 - b. The Authority shall consider the appropriate period of time for the Zakat Payer to submit the requested document, provided that the timeframe shall not be less than ten working days.



4. The Authority shall take into account all official papers issued by competent government bodies and the Authority shall bear the burden of proving its incorrectness.
5. If it is proven to the Authority that the Zakat Payer has submitted incorrect documents or information with the intention of Zakat evasion, the Authority may request documentation without following to the rules outlined in Paragraph (3) of this article.

Article 100: Reporting Business Activity Cessation

The Zakat Payer shall notify the Authority upon cessation of their business activity, as per (Article Eleventh) of the Regulations. Failure to comply with this provision may result in the Authority continuing to impose Zakat on the Zakat Payer

Article 101: Approved Communication Channels

Communications between Zakat Payers and the Authority shall be legally effective through various approved means, including but not limited to: The Authority's automated system, text messages, emails, correspondence made to the Zakat Payer's national address, or any other methods approved or accepted by the Authority.



Chapter Five: Zakat Collection Procedures

Section I Zakat Declaration

Article One Hundred and Two: Submission of Zakat declaration

1. Accounting-books Zakat Payer shall submit its Zakat declaration and pay Zakat dues based on it to the Authority within a period not exceeding one hundred and twenty (120) days as of the end of the Zakat year. If such period conclude on an official holiday, the deadline extends to the first working day following the holiday.
2. Accounting-books Zakat Payer shall submit the Zakat declaration according to the Zakat declaration form of the Accounting-books Zakat Payer in the Authority's electronic system, attaching to it the documents related to the data contained in the Zakat declaration according to the Zakat declaration form for the account of the Accounting-books Zakat Payer in the Authority's electronic system.
3. Paying Zakat dues shall be through a bank transfer via the "Sadad" system or any other means accepted to the Authority.

Article One Hundred and Three: Amending Zakat declaration

1. If an Accounting-books Zakat Payer finds an error in its Zakat declaration, it is entitled to request amending it from the Authority.
2. Upon approval of the amendment request by the Authority, the Accounting-books Zakat Payer shall revise the Zakat declaration within a period not exceeding thirty (30) days, provided that failure to comply with such deadline the Zakat Payer shall reapply to the Authority for the amendment



Article One Hundred and Four: Controls for Amending Zakat Declarations

1. The submission of an amendment request for the Zakat declaration shall be conducted through the Authority's electronic system.
2. Acceptable documents and justifications shall be attached.
3. The amended declaration shall be submitted within the time period specified in Article (One Hundred and Three).
4. If the Zakat Payer's request for amendment is due to an under declaration, the following conditions shall be added to the above controls:
 - a. The amendment request for the Zakat declaration shall be submitted before issuing the Zakat assessment.
 - b. The expiration of limitation period, as per Article (One Hundred and Two) of the Regulations, at the time of submitting the request shall not have passed.
 - c. Upon amending the declaration as per the Zakat Payer's request, the limitation period specified in Article (One Hundred and Six) of the Regulations shall be calculated as of the date of amending the declaration.

Article One Hundred and Five: Zakat Declaration Examination

1. The Authority examines the Zakat declaration at the Zakat Payer's premises, the Authority's premises, or any other location designated by the Authority.
2. The Authority may request required clarifications and documents it needs, within the scope of relevant regulations and procedures. It may authorize any of its employees or representatives to attend the Accounting-books Zakat Payer's premises for examination purposes. The field examination shall be documented in a report signed by the Authority's representative and the Accounting-books Zakat Payer's duly authorized representative. If the Accounting-books Zakat Payer's duly authorized representative is absent or refused to sign the report, it shall be noted in the report, and in all cases the report shall be an evidence against the Accounting-books Zakat



Payer regarding the established facts therein.

3. The Accounting-books Zakat Payer shall provide the Authority with the requested information within a period not exceeding twenty (20) working days from the date of the Authority's request. If the Accounting-books Zakat Payer fails to provide the information within this period, the Authority may either extend the period or proceed with issuing the Zakat assessment, assuming Zakat dues based on the controls set in Article (One Hundred and Fifteenth).

Article One Hundred and Six: Zakat Declaration Correction

- 1- The Authority has the right to issuing the Zakat assessment, reassessment, or error correction within a period of five (5) years from the deadline for submitting the Zakat declaration in the following cases:
 - a. Zakat assessment, reassessment, or error correction concerning the application of any provisions of the regulations or relevant laws.
 - b. Assessment, reassessment if the Authority discovers that the Zakat Payer's declaration is incorrect based on information available to it during the statutory assessment period or based on information obtainable by it during such period.
2. The Authority has the right to issuing the Zakat assessment, reassessment, or error correction within a period of ten (10) years from the deadline for submitting the Zakat declaration in the following cases:
 - a. Submitting the Zakat declaration after the statutory period referred to in paragraph (1) of Article (One Hundred and Two) of the Regulations.
 - b. Submitting the declaration incomplete or non-compliant with forms approved by the Authority.
 - c. Failure to pay Zakat dues according to the Zakat declaration within the statutory period.



- d. Failure to submit the declaration and calculate Zakat according to the Zakat assumption specified in Articles (One Hundred and Fourteenth) and (One Hundred and Fifteenth) of the Regulations.
- 3. The Authority may issue Zakat reassessment without being limited to a certain period in the following cases:
 - a. If the Authority proves that the Accounting-books Zakat Payer has provided documents or information inaccurately with the intention of Zakat Evasion.
 - b. If the Accounting-books Zakat Payer agrees to conducting Zakat reassessment or requests it from the Authority and it agrees.
 - c. If a Zakat Payer is not registered with the Authority.
- 4. The Authority may rectify any clerical or arithmetic errors existing in the Zakat declaration, and such corrections, made within a period of (10) ten years from the deadline for submitting the Zakat declaration, do not invalidate the Zakat declaration.
- 5. The Authority may refer anyone who submits incorrect or deceptive documents or information to the competent authorities for legal action.
- 6. Moreover, the Authority shall have the right to register a Zakat Payer who is not registered with it and to conduct a Zakat assessment on such Zakat Payer without being limited by a specific time period, as outlined in Paragraph (3) of this Article.



Article One Hundred and Seven: Recovering surplus amounts

Amounts in excess of Zakat dues may be recovered according to the following:

1. If it is discovered that a Zakat Payer has paid amounts in excess of Zakat dues according to Regulations, and then, the such amounts in excess is treated as an advance payment for subsequent Zakat years and credited to the Zakat Payer's account for subsequent Zakat years, unless the Zakat Payer requests the recovery of such amount in excess within five (5) years from the regular payment date of the amount, provided that in calculating this period, it should be taken into account that if a Zakat assessment is issued to the Zakat Payer and the Zakat Payer objects to it, the calculation of the remainder of the period shall be resumed after a final decision is issued confirming that the Zakat Payer is entitled to such amounts.
2. The Authority shall check the Zakat Payer's request, confirm the amounts paid in excess, and complete this within (30) thirty days from the date of establishing the Zakat Payer's right to recovery, and after the Zakat Payer's request for it.
3. If there are still Zakat declarations not been submitted to the Authority, or in cases of objection or appeal, no request to return amounts paid in excess shall be considered except after a final ruling is issued confirming the Zakat Payer's entitlement to such amounts, and the excess amounts shall be returned to the Zakat Payer's after the final ruling is issued in favor of the Zakat Payer's.
4. The Zakat Payer may request the transfer of the amounts paid in excess to pay any Zakat or tax dues to the Authority, and the date of the Zakat Payer's request for transfer shall be considered the date proving the fact of payment of such dues.

Article One Hundred and Eight: Disclosure of Zakat-related data and information

The Authority, its employees, and affiliates working with or for it shall maintain the confidentiality of Zakat-related information accessible to them through their work. However, the Authority may disclose such information when:



2. Disclosure is required by relevant laws and regulations, or under a court ruling.
3. Disclosure is required by the regulatory authorities relevant to implementing the provisions of the regulation.
4. Disclosure is based on written approval from the Zakat Payer.

Article One Hundred and Nine: Disclosure of Zakat-related data and information

When disclosing Zakat Payer's Zakat-related information as outlined in Article (One Hundred and Eight) of the regulations, the following requirements shall apply:

1. The disclosure shall be officially mandated by the Authority.
2. The Authority may request any data or clarifications, at any time, for the purpose of verifying the accuracy of any data or clarifications relied upon in calculating Zakat dues, provided that the period shall not exceed (10) ten years from the date of submitting the Zakat declaration.
3. The Authority may obtain any data or documents held by any third party, without referring to the accounting-books Zakat Payer; including direct access to data and documents in general in a way that does not constitute a violation of relevant laws or regulatory procedures.

Article One Hundred and Eleven: Zakat declaration proof of accuracy

1. The accounting-books Zakat Payer shall be responsible for proving the accuracy of the Zakat declaration's contents.
2. If the accounting-books Zakat Payer is unable to prove the accuracy of what is claimed in the Zakat declaration, the Authority may refuse to accept the item whose accuracy has not proven by the Zakat Payer, or Zakat assessment with the assumption of Zakat dues according to the controls mentioned in Article (One Hundred and Fifteen).



Section II: Zakat assessment and assumption

Article One Hundred and Twelve: Issuing the Zakat assessment

The Authority issues the Zakat assessment based on the Zakat declaration and other information available to it. The Authority may amend the Zakat assessment and explain the grounds for the amendment, or resort to the Zakat assumption on the accounting-books Zakat Payer based on the facts available to it in accordance with what is mentioned in Article (One Hundred and Fourteen).

Article One Hundred and Thirteen: Notifying Zakat assessment

The Authority shall notify the Zakat Payer of the Zakat assessment, which notification shall include the following information:

1. The basis and justification for calculating the Zakat assessment.
2. The amount of Zakat dues.
3. The date when Zakat dues shall be paid.
4. The Zakat Payer's right to object to the Zakat assessment.

Article One Hundred and Fourteen: Zakat Assumption

The Authority may assume Zakat dues on the accounting-books Zakat Payer in the following cases:

1. If the accounting-books Zakat Payer fails to submit the Zakat declaration according to what is specified in Section I of Chapter One of the regulations.
2. If the accounting-books Zakat Payer fails to provide the Authority with the documents requested by it within the time period specified in Article (One Hundred and Five).



3. If the Authority acquires additional relevant information for the calculation of the Zakat base.

Article 115: Zakat Assumption Controls

In cases demanding Zakat assumption, the Authority shall comply with the following controls:

1. The Zakat assumption shall apply only after sending a warning to the Zakat Payer Holding Accounting Books and the elapse of at least sixty (60) days from the date of the warning.
2. This action shall be based on the information and data available to the Authority.

Article One Hundred and Sixteen: Submitting an objection request

1. Any one subject to an Authority decision shall have the right to file an objection against it in accordance with the procedural rules of the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes, as stipulated in Royal Decree No. (25711) dated 08/04/1445 H, and any subsequent amendments thereto.
2. In order for the objection to be accepted in form, the Zakat payer pay all Zakat dues related to the items on which there is no objection, and shall pay a minimum of 10% and a maximum of 25% of the Zakat amounts for the objected items, or furnish a financial guarantee for the same. The Authority, then, has the right to establish regulatory controls in this regard.



Section III: Collection

Article 117: Zakat Dues Payment

Zakat due shall be considered final and payable for the Zakat Payer in the following cases:

1. Zakat Payer's acceptance of the Zakat assessment, expiry of (60) days from its date with no objection being filed by Zakat Payer to ZATCA, or once the lawsuit raised against ZATCA in the Resolution of Disputes Committees is rejected.
2. Zakat Payer submission of the declaration and the expiry of (120) days from the end of the Zakat year without paying Zakat due as per declaration.
3. Upon amendments to the declaration as per articles (103) and (104).
4. Resolution of Disputes or appellate departments issuing final decision in the Zakat, tax, and customs committees
5. If the Zakat Payer did not file a lawsuit before the Departments for Resolution of Disputes, did not object against ZATCA's decision before the internal committee for reconciliation within (30) days of the date of ZATCA's rejection of the Zakat Payer objection, or the expiry of the (90) days from the date of Zakat Payer objection to the Authority without a solution.
6. Expiry of the (30) days from the date of reconciliation rejection by the internal committee without filing the lawsuits before the Department of Resolution of Disputes.
7. Notifying the Zakat Payer in writing of the cancellation of the installment as per Article (119) of the Regulation.
8. Issuance of dispute resolution decision by the internal committee



Article One Hundred and Eighteen: Zakat Dues Installment Payment

1. Zakat Payer may request approval for installment payment of the amounts due, subject to following criteria:
 - a. A request shall be filed with the Authority showing the payable Zakat dues, relevant fiscal years and the reasons why the liability cannot be settled on due date, together with supporting documents. The request shall state the number of installments proposed, amount of each installment, and any down payments.
 - b. The Authority shall review and answer the request within thirty days of the requirements completion, considering the Zakat Payer solvency, volume of business, its nature and market conditions.
 - c. Installation period shall not exceed the number of years for which the liability is due. The Authority may increase the installment period to no more than double of the number of liability years.
2. The Authority may decide the installment of the due amounts on the Zakat Payer, determine the installment schedule, amount of each installment, and the cancellation of the installment payment whenever it is revealed that Zakat dues are losable.

Article One Hundred and Nineteen: Canceling the Zakat dues installments

in case of failure to pay two consecutive installments or three nonconsecutive installments within the approval installment period or otherwise any Zakat due is found by the Authority may not be paid and the Zakat dues in this case shall be payable.



Article One Hundred and Twenty: Delaying on Zakat Dues Payment

2. If the Zakat Payer delays the payment of the Zakat dues as per the deadline specified in the Regulations, the Authority shall send a notice to the Zakat Payer of A first demand for payment within (30) days from the date of demand for payment. If the Zakat Payer did not pay the due amount, the Authority shall send a second demand for payment within the next 30 days. If the Zakat Payer did not pay the due amount, the Authority shall send a third demand for payment within (30) days. In case of no response received from Zakat Payer to the first and second and third demands for payment, the Authority may take all the legal procedures to oblige the Zakat Payer for paying Zakat dues, and notify the Zakat Payer with all the procedures taken against it.
3. The Authority, once collecting Zakat dues from the Zakat Payer, shall take the necessary to stop the procedures taken by the Authority against the Zakat Payer.

Article One Hundred and Twenty One: Zakat Payer death before paying Zakat dues

Where the owner of a sole proprietorship with outstanding Zakat has deceased the Zakat due shall be collected prior to distributing the estate, otherwise the heirs shall be required to settle Zakat due proportionately with their respective shares of the estate and without exceeding the total amount of the estate.

Article One Hundred and Twenty Two: Seizure of the assets of the Zakat Payer delayed on paying Zakat dues

In case of Zakat Payer's failure to settle Zakat payable on due date, the Authority may seize Zakat Payer's movable and immovable assets legally subject to seizure, in accordance with the criteria and procedures stated in Articles (123) and (124).



Article One Hundred and Twenty Three: Procedures for seizing the assets of the Zakat Payer delayed on paying Zakat dues

1. The Authority shall proceed with the procedures of seizing the movable and immovable assets of Zakat Payer by one or more of the following methods: Writing letters to the Saudi Central Bank (SAMA) and Capital Market Authority (CMA) and other competent authorities to block Zakat Payer's assets and funds with local banks within the limits of Zakat amount due and transfer the same to the Authority's account when requested.
2. Writing a letter the Ministry of Finance ("MOF") requesting MOF to seize any amounts due to Zakat Payer, to the limit of Zakat due.
3. Writing a letter the Ministry of Justice ("MOJ") requesting MOJ to block Zakat Payer's disposal of any immovable assets.
4. Seizing the Zakat Payer's imports to the limit of Zakat amount due.
5. Requesting the seizure of any amount that any third party owes to the Zakat Payer.

Article One Hundred and Twenty Four: Criteria for seizing the assets of the Zakat Payer delayed on paying Zakat dues

1. No seizure shall be enforced on the Zakat Payer expenses due to its employees and third parties, including subsidies required under any other applicable laws, regulations and rules. Such expenses shall be determined in accordance with the information available with the Authority.
2. Once the seizure has been enforced, the seizure enforcing party shall transfer to the Authority the assets seized when requested to do so. The obligation to transfer to the Authority the assets seized shall include any amounts due to Zakat Payer from the seizure enforcing party on the date the notice to seize is given or and date of the request to deliver the seized assets.



3. Seizure shall be enforced on debtor's assets due from third parties to the limit of Zakat due. The same shall be applicable to a natural person where such natural person is a partner in a partnership or in an equity partnership. However, Zakat Payer's tools used in business activities, his belongings and personal furniture to a maximum of SR 300,000 (Saudi Riyals three hundred thousand) shall be excluded from seizure.

Article One Hundred and Twenty Five: Other Procedures

1. The Authority may request the enforcement of seizure of Zakat Payer's assets debited to the Authority, the assets sold to the extent adequate to settle the Zakat due once seizure procedures are completed after the expiry of notice deadline, in accordance with statutory procedures, subject to the following:
 - a. The assets seized shall be sold by the Authority or competent authority.
 - b. Zakat Payer shall be allowed by the Authority to provide a list of the assets the Zakat Payer is wishing to exclude from sale where the sale amount of other assets adequately covers the Zakat due.
 - c. Seizure and selling expenses shall be paid out of sale proceeds, after which Zakat due shall be settled and the remaining balance returned to Zakat Payer.
 - d. The selling of Zakat Payer's assets shall be suspended during administrative or judicial review of assessment on basis of which the seizure is enforced except however such assets are liable to damage and those assets the Zakat Payer may request the Authority to sell.
2. If the Zakat Payer has final dues, the Authority, per Royal Order No. 16145 dated 01.04.1437 AH, may collaborate with relevant authorities to deny the Zakat Payer the right to participate in government tenders, foreign recruit of labour, and also to deny Zakat Payer the right to have commercial registration, licenses and work permit issued/renewed.



Section IV: Closing Provisions

Article One Hundred and Twenty-Six: Guidelines

The Authority shall raise the awareness among Zakat Payer, strengthen their voluntary compliance, and issue required guidelines or Zakat brochures to help them to fulfill their obligations.

Article One Hundred and Twenty Seven: Detailed Resolutions

1. The Authority - at its own discretion- may issue a detailed resolution to indicate the Zakat treatment for any transaction as per the Regulation provisions, through a detailed resolution issued to the applicant or published to all. The detailed resolution shows the period applied for and it is also based on the provisions and procedures determined by the Authority.
2. The Authority shall comply with the provided explanations content in the guidelines, Zakat brochures or the detailed resolutions upon applying the provisions of the Regulations to the periods following the issuance, publishing or amendment of these guidelines, Zakat brochures, or the detailed resolutions, without extending to previous periods of issuing, publishing, or amending it.
3. The Authority shall comply with the provisions of Regulations upon issuing the detailed resolutions.
4. The provision of paragraph (2) of this article may not be valid in the following cases:
 - a. Difference in facts, activities or actual transactions from the determined in the guidelines, tax brochures or the detailed resolutions.
 - b. Omission or misrepresentation of essential facts.
 - c. Transactions do not meet assumptions or requirements included in the guidelines, tax brochures or the detailed resolutions.



5. The purpose of any document that the Authority issues according to this Article is to explain how to apply the provisions of Regulations to certain transaction that includes specific set of facts. It does not mean giving the Authority power to make any exception, waiver, privilege, discount or any other advantage, unless as permitted under the provisions of the Regulations.

Article One Hundred and Twenty-Eight: Special rules for counting Zakat for some activities

The Governor of the Authority may propose specific rules for calculating the zakat base, registration, or submitting declarations for particular activities. These rules will be implemented through a decision by the Minister of Finance. Taxpayers engaged in these activities and their relevant supervisory authorities will be duly informed of the changes.



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