

Kingdom of Saudi Arabia
Ministry of Finance
Zakat and Income Authority
(185)

**Ministry of Finance – Administrative Affairs/
Administrative Communications Center**
Outward No.: 57456
Date: 18/05/1435 H (19/03/2014 G)
Attachments: Resolution + Complete Base

Ministerial Resolution No. (1776) dated 18/05/1435 H (19/03/2014 G)

The Minister of Finance,

Based on:

The powers vested in H.E. under Article (79) of the Income Tax Law issued by the Royal Decree No. (M/1), dated 15/01/1425 H (06/03/2004 G),

The contents of the letter of the Zakat and Income Authority No. (91/1/1435), dated 02/04/1435 H (02/02/2014 G), providing for the practical application of the provisions of the Income Tax Law issued by the Royal Decree No. (M/1) dated 15/01/1425 H (06/03/2004 G) and Implementing Regulations thereof issued by the Ministerial Resolution No. (1535) dated 11/06/1425 H (28/07/2004 G) showed that certain articles of the Regulations need to be amended either for the purpose of the intended clarification or for the avoidance of ambiguity,

The requirements of work interest,

Does hereby resolve as follows:

First: Amendment of certain paragraphs of Articles No. (5, 10, 16, 58 and 63) of the Implementing Regulations of Income Tax Law issued by the Ministerial Resolution No. (1535), dated 11/06/1425 H (28/07/2004 G) to be as follows:

A. At the end of Paragraph (1) of Article (5) of the Regulations, the following shall be added: (The loan returns generated from interbank deposits shall be excluded, if the deposits remained with the borrowing bank in a maximum of ninety days. Furthermore, the bank shall provide an annual certified statement of such deposits from the Saudi Central Bank stating the lending banks, their addresses, loan period, amount, and the loan paid returns.

B. At the end of Paragraph (10/B) of Article (10) of the Regulations, the following shall be added: (...with exception of loan returns paid by the branches of the foreign banks working in the Kingdom to their head offices outside the Kingdom).

C. At the end of Paragraph (11) of Article (10) of the Regulations, the following shall be added: (The Authority shall issue the rules for setting fair prices for the transactions taken place among related parties in accordance with the internationally recognized standards)

D. At the end of Paragraph (1) of Article (16) of the Regulations, the following shall be added: (The tax base for the branches of airlines, foreign land and maritime transport companies working in the Kingdom shall be determined at 5% of the total income generated in the Kingdom. This means the total revenues generated from sales of passenger tickets, excess passenger baggage, shipping, post and any other income resulting from flights from KSA to the final destination agreed between the customer and the carrier, even if the trip stops at an intermediate station, regardless of where the trip documents are sold or issued).

E. At the end of Paragraph (2) of Article (16) of the Regulations, the following shall be added: (As for the small business with limited income whose business do not require records or archives, the Authority may charge it under the estimated approach in accordance with the specification of Paragraph (4) hereof).

F. At the end of Paragraph (7/E) of Article (16) of the Regulations, the following shall be added: (The selling partner shall notify the Authority of the sale and pay the due taxes on the capital profits resulting in 60 days as of the date of sale. The buyer jointly with the selling partner shall be responsible for the payment of any dues to the Authority arising therefrom)

G. At the end of Paragraphs (1 & 2) of Article (58) of the Regulations, the following shall be added to be as follows:

(1. In consideration of the provisions of Article (61) of the Law, any natural or legal person, whether or not assigned, including the institutions, public bodies and government authorities, shall provide the Authority with any information related to the application of the Law upon request, including the provision of tax agreements to which the Kingdom is a party. The Authority shall be provided with the essential information on the contracting and Services Contracts ... etc.

2. The Authority may seek the assistance of the competent executive entities to obligate the natural or legal person to provide the necessary information. Such person jointly with the taxpayer shall be responsible for the tax due on him or any fines incurred by whoever violates the abovementioned obligation in the above paragraph)

H. At the end of Paragraph (5) of Article (59) of the Regulations, the following shall be added to be as follows: (If the taxpayer subject to the inspection fails to cooperate in providing the required information, the Authority shall coordinate with the competent executive entities to force the taxpayer to cooperate with and provide the necessary documents. The Authority may retain such documents if the Authority deems, for any reason, the taxpayer may hide, damage or manipulate such documents.

I: The second and third boxes of the following table included in Paragraph (1) of Article (63) of the Regulations shall be added to be as follows:

Any royalty or rent, payments for technical or consultancy services or international telecommunications services paid to the head office or affiliated company.	15%
Technical or consultancy services, international telecommunications services other than the amounts paid to the head office or an affiliated company, rent, airline tickets, air cargo or freight transport, profits distributed, loans returns or insurance or reinsurance premiums.	5%

II: This Resolution shall be communicated to the concerned authorities, and to be applied as of its date, including the disputed cases that are not be assessed finally.

Respectfully Yours,

(Signed)
Ibrahim Abdulaziz Al-Assaf
Minister of Finance

National Center for Archives & Records