

Frequently Asked Questions

Is E-invoicing (FATOORA) mandatory?

E-invoicing (FATOORA) applies to all persons subject to VAT and any other parties issuing tax invoices on behalf of suppliers subject to VAT.

Non-resident taxable persons for VAT purposes are excluded.

What are E-invoicing (FATOORA) enforcement dates?

E-invoicing (FATOORA) will be implemented in two phases:

Phase One, known as the "Generation phase" and enforceable as of December 4, 2021.

Phase Two, known as the "Integration phase" and enforceable starting from January 1, 2023 and implemented in waves by targeted taxpayer groups. Taxpayers will be notified by ZATCA on the date of their integration at least 6 months in advance.

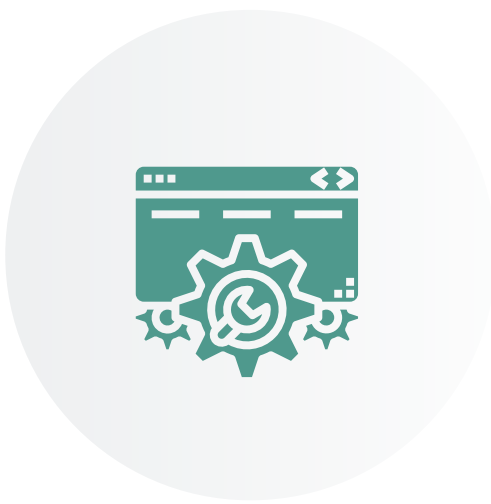
Some requirements are technical, how can I prepare for e-invoicing (FATOORA)?

The technical requirements are typically implemented by solution providers (e.g. ECR vendors, software vendors) or the internal technical teams for in-house built solutions. Taxpayers may approach a solution provider or their internal technical teams to acquire or upgrade to a compliant electronic system; and make sure they are generating compliant invoices starting from December 4, 2021.



Frequently Asked Questions

What are the requirements for E-invoicing (FATOORA) phases?



Phase one
December
4, 2021

Phase Two
Starting from January
1, 2023 on phases

General Requirements

Use of electronic systems/solutions to generate invoices (stop issuing manual invoices)	✓	✓
Add QR code on tax invoices	* ✓	** ✓
Add invoice title (depending on the generated tax invoice type)	✓	✓
*** Add VAT number of the buyer (if the buyer is VAT registered)	✓	✓
Generate invoices in XML	Optional	✓
Anti-tampering features (e.g. cryptographic stamp, hash)	Optional	✓
Other technical features (e.g. UUID)	Optional	✓
Integrating with ZATCA systems	**** Not Applicable	✓

- * Mandatory for simplified tax invoices starting from Phase One
- ** Mandatory for tax invoices starting from Phase Two
- *** Mandatory for tax invoices only starting from Phase One
- **** Taxpayers can start preparing for both phases requirements, however, integration phases will start from January 1, 2023

✓ Mandatory



Frequently Asked Questions

What is Phase 1 (Generation Phase)? When will it be enforced and to whom does it apply?

Phase 1 known as the Generation phase will require taxpayers to generate and store compliant tax invoices and notes using compliant electronic systems.

Phase 1 is enforceable as of December 4, 2021 for all Persons subject to the E-Invoicing Regulation.

How will my invoicing practices change starting from December 4, 2021?

All Persons subject to the E-Invoicing Regulation must use compliant electronic systems to generate invoices starting from December 4, 2021. Manual invoices will no longer be considered as compliant tax invoices.

E-invoices must include the minimum additional fields (see next question).

E-invoicing compliant electronic systems should be able to generate QR codes.

E-invoicing compliant electronic systems must not allow for the prohibited functions specified by ZATCA.

Please approach your solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).



Frequently Asked Questions

What does an e-invoice look like and how is it different from current invoices?

E-invoices for Phase 1 (December 4, 2021) are similar to current tax invoices, with minimum additional fields:

For simplified tax invoices and their associated notes (usually issued for B2C transactions) a mandatory QR code and the invoice title.

b. For tax invoices and their associated notes (usually issued for B2B transactions), an optional QR code and mandatory invoice title and VAT number of the buyer if the buyer is a registered VAT taxpayer.

There is no specific file format mandated for Phase 1, however, invoices must include the mandatory fields and must be issued from an electronic system meeting ZATCA's requirements. In addition, electronic copies of all issued invoices must be stored by the taxpayer.

Does my invoicing system need to be constantly connected to the internet for Phase One (December 4, 2022)?

Yes, the system or solution used for generating and storing the invoices must be able to have an internet connectivity for both phases.



Frequently Asked Questions

Do I need to integrate my invoicing system/ solution with ZATCA on December 4, 2021?

No, integration with ZATCA is not required for Phase One starting December 4, 2021.

Does my solution need to be able to generate QR codes on invoices on December 4, 2021?

Yes, QR code are mandatory for simplified tax invoices (usually issued for B2C transactions) and optionally for tax invoices (usually issued for B2B transactions). QR code is not provided by ZATCA and shall be generated by the electronic system. Please approach your solution provider or technical teams to acquire or upgrade to a compliant electronic systems.



Frequently Asked Questions

What are the minimum requirements that must be shown after scanning a QR Code?

As part of Phase 1 (Generation Phase), the below fields are the minimum required fields that must be shown after scanning a QR code in a simplified tax invoice:



Seller's name



VAT registration number of the seller



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



VAT total



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

Do my e-invoices need to be approved by ZATCA before sharing them with the buyer, or reported to ZATCA after issuing them?

No, for Phase 1 (December 4, 2021), taxpayers are not required to approve, clear or report invoices to ZATCA.

Frequently Asked Questions

What are some of the prohibited functionalities for Phase 1 (Generation Phase) that are not allowed to be part of the E-invoicing system?

- | Lack of user management capabilities (uncontrolled access) for example:
 - | Anonymous Access.
 - | Absence of user session management.
- | Tampering of e-invoices or their associated notes or logs.
- | Multiple Electronic Invoice sequences.

For additional details on the prohibited functionalities, please refer to Annex (1) "Technical Requirements of E-invoice Generation Solutions" in the resolution.



Frequently Asked Questions

What is Phase 2 (Integration Phase)? When will it be enforced and to whom does it apply?

Phase 2 known as the “Integration phase”, during this phase, subjective taxpayers must comply with E-invoicing (FATOORA) Phase 2 business and technical requirements for the electronic invoices and electronic systems, and the integration with ZATCA’s system.

Phase 2 is enforceable starting from January 1, 2023 and implemented in waves by targeted taxpayer groups. Taxpayers will be notified by ZATCA on the date of their integration at least 6 months in advance.

How do I know about my Phase 2 wave?

The enforcement date for the first target group will not be earlier than January 1, 2023. And ZATCA will notify taxpayers of their Phase 2 wave at least six months in advance.



Frequently Asked Questions

What are the requirements for Phase 2 (Integration Phase)?

Phase 2, which will be implemented in waves by target taxpayer groups starting from January 1, 2023, entails additional technical requirements that e-invoicing electronic systems must comply with, the integration of taxpayer electronic systems with ZATCA and the issuance of electronic invoices in a specific format.

Due to the technical nature of the requirements, it is recommended for taxpayers to approach a solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).

Further details on the integration mechanisms and specifications will be published by ZATCA on the developer page on ZATCA's website.



Frequently Asked Questions

What are some of the prohibited functionalities for Phase 2 (Integration Phase) that are not allowed to be part of the E-invoicing system?

- | All prohibited functionalities that are part of Phase 1.
- | Export of stamping key.
- | Time change.

For additional details on the prohibited functionalities, please refer to Annex (1) "Technical Requirements of E-invoice Generation Solutions" in the resolution.

Should my electronic system be certified by ZATCA or a 3rd party for Phase 1?

- | No, and ZATCA may enforce such requirement at a later stage.



Frequently Asked Questions

What are some examples of e-invoicing systems?

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

Such electronic systems must comply with the specifications published by ZATCA.

Please approach your solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).



Frequently Asked Questions

When to issue a simplified e-invoice (or note) vs a standard e-invoice (or note)?

Please refer to the “Invoicing and records guideline” section 4.1.2 [here](#)

Please also note that e-invoices are not required for the following transactions:

- Exempt supplies
- Import of goods
- Supplies subject to reverse charge mechanism

Are VAT individual taxpayers, subject for issuing e-invoices?

Yes, however, Non-resident taxable persons for VAT purposes are excluded.

Is it necessary to use a cloud invoicing system in order to be compliant with the E-invoicing regulation?

No, Persons subject to the E-Invoicing Regulation may use any invoicing systems, provided that it complies with the requirements of the Authority.



Frequently Asked Questions

For how long do I need to store the electronic invoices? Is there a specific period?

The period for storing/keeping invoices does not differ from the period specified according to the statutory requirements in the Implementing Regulations of the Value-Added Tax Law.

Is there any data residency or Data center legal requirement?

Yes, in accordance with article 66 in the Implementing Regulations of the Value-Added Tax Law. In case a cloud e-invoicing solution or a cloud data center located outside the kingdom is used, an extension or access to data must be available in the branch that is located in the kingdom, and it should allow access to all related records. Additionally, non-tax related regulations may apply to the taxpayer entity, such as National Cybersecurity Authority and/or National Data Management Office published laws and any other applicable regulations or controls.

Do I have to issue an electronic invoice if I received an advanced payment from my client? Or a receipt voucher can be sufficient?

Receiving an advance payment should result in the issuance of an electronic invoice and not only a receipt voucher, as per Para (1) of Article 53 of VAT Implementing Regulations.



Frequently Asked Questions

How do I share the invoice with the client or buyer?

Persons subject to the E-Invoicing Regulation must provide a copy of the tax invoice or its related credit/debit note that is electronically generated with the clients.

A printed copy of the simplified tax invoice or its related credit/debit note must be provided to the clients/buyers, however, and based on mutual agreement between the seller and client/buyer, the invoice can be shared electronically or through any other way where the client/buyer can read it.

After issuing and sharing an electronic invoice with the client or buyer, can I modify or cancel the invoice if it contained any errors?

No, based on the VAT regulation, after issuing an invoice, it is prohibited to modify or cancel the invoice. and according the regulation, a debit/credit notes must be generated to modify or cancel the generated invoice. Therefore the supplier should issue an electron credit/debit note linked to the original modified invoice.



Frequently Asked Questions

A given company deals with individuals and companies, which tax invoice type the company should issue? Moreover, can the company use the same invoicing system to generate the invoices?

The generated tax invoice type depends on the transaction type. For transactions between a company and an individual, a simplified tax invoice must be generated. On the other hand, if the transaction is between two companies, a tax invoice usually will be generated based on the value of the supply. And the same invoicing system can be used to issue both types of the tax invoice provided that it covered the requirements for each tax invoice.

If a VAT registered Saudi Company issues an invoice to a non-resident foreign company, what is the e-invoice generation mechanism?

For exports, an electronic invoice must be generated in accordance to the E-invoicing Regulation.

For imports, it is not subject to the E-invoicing Regulation.

After the implementation of E-invoicing, is there an impact on the tax declaration process?

No, there is no impact or changes on the declaration process



هيئة الزكاة والضريبة والجمارك Zakat, Tax and Customs Authority

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

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

