



Simplified Guideline for Zakat Assessment on Arbitrary Basis



Introduction

This document is a guideline and represents the concept and interpretation of the Zakat, Tax and Customs Authority's «in relation to the application of the Rules for Calculation issued under the Ministerial Resolution No. 2502 dated 31442/7/H (corresponding to 152021/2/) and the Zakat Implementing Regulations issued under Ministerial Resolution No. 2216 dated 71440/7/H (corresponding to 142019/3/). It is not a statutory document, and the information given in this booklet is only for guidance and non-binding on the Authority, and shall not relieve the user from referring to the Zakat Implementing Regulations and the relevant rules and decisions.



Zakat payers for zakat assessment on an arbitrary basis



Any Zakat payer who does not have commercial books that are the results of the business and is not required to issue financial statements in accordance with applicable laws, regulations, and rules.

Estimation of Zakat base for arbitrary-assessed Zakat Payers



1. The zakat base of the arbitrarily assessed zakat payers is estimated based on the capital commensurate with the size of the Zakat payer's activity.
2. It is estimated in accordance with the following formula:

- Zakat base = $\frac{\text{Sales (Revenues)}}{8} + (\text{Sales} \times 15\%)$

Example (1)

The reported total sales for one of the Zakat payers who does not maintain regular accounts in the VAT return for the year 1441H amounted to SAR 1,000,000.

How can the estimated Zakat base be computed for the activity?

VAT declaration data are used to determine sales made during the year.

First	Sales	+	Sales x 15%
	8		
Second	1,000,000	+	1,000,000 x 15%
	8		
Estimated capital of the activity	125,000	+	150,000
Zakat base	275,000		



How to Get the Sales Data?

Sales are calculated using the sales disclosed in Tax Return, which include taxable, zero-tax, and exempt sales.

Are there additional data other than value-added sales?

Also, add the data disclosed in the RETT for economic activities.

Is all data considered for estimated capital?

Sales disclosed in the VAT and RETT statements as a whole are considered sales to the Zakat payer for which the Zakat is held accountable for the zakat year.

What information is the Authority based on if the Zakat payer does not have data in VAT and RETT?

If the Zakat payer does not have sales (revenues) recorded in VAT, its sales are estimated according to the following criteria, and whichever is greater:

1. $\frac{\text{Number of employees/labor} \times 6000}{\text{Number of employees}}$

The number of employees is recognized by the General Organization for Social Insurance (GOSI) data, including Saudis and non-Saudis. The number of employees is calculated based on the average number of employees during the year.

2. $\frac{\text{Imports} \times 115\%}{\text{Number of employees}}$

Import data is recorded based on the data of the General Customs Authority.



3. $\text{Purchases} \times 115\%$

Purchases data is recognized by VAT declaration.

4. Total sales made through POS, Etimad Platform, export data, and national contract data.

The sales data is verified by SAMA, the Ministry of Finance, and the Ministry of Finance's e-Government Financial Services platform.

- Any other criteria deemed by the Authority to reflect the fact of the Zakat payer's sales.

Zakat Year



- The fiscal year of the Zakat payer is a lunar year (354 days or more).



- Starting from the date of issuance of the commercial registration, from the date of obtaining the first of the necessary licenses, or from the date of deposit of capital, whichever is earlier, unless the Zakat payer specifies another date for the beginning of the activity through documentary proof accepted by the Authority.



- The short financial period beginning or end of the activity, is not subject to zakat unless it is more than three hundred and fifty-four (354) days.

Minimum limit for zakat assessment on arbitrary basis:

Is there a minimum limit for zakat assessment on an arbitrary basis?



Zakat for the zakat assessment on an arbitrary basis should not fall below SAR 500.



Example (2)

A Zakat payer has a municipal license but has not practiced any activity during the year. It has no registered labor with the General Organization for Social Insurance.

How is Zakat calculated based on the arbitrary assessment method?

It will be accounted for the minimum amount of Zakat, which is SAR 500.

The shift from Zakat Accounting Based on Arbitrary Assessment to Accounting of the Zakat payer based on commercial books (accounts):

Is it possible to shift from zakat accounting based on arbitrary assessment to accounting of the zakat payer based on commercial books (accounts)?



1. The Zakat payer who is accounted for using the arbitrary assessment method has the option of switching to accounting based on commercial books (accounts) before the end of the zakat year.



2. The Zakat payer shall not be allowed to move back to be accounted for based on arbitrary assessment, except with the approval of the Governor of the General Authority of Zakat and Tax.

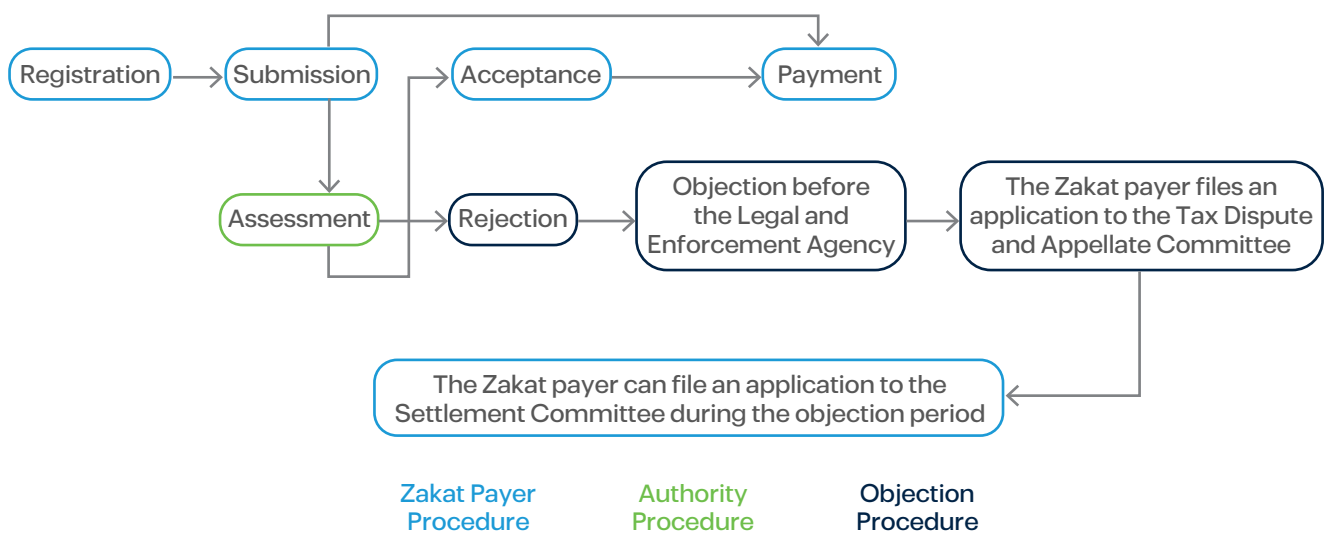


Objection and Appeal Procedures:

Declaration of Submission Methods:

Registration, Submission, Acceptance, Payment, Assessment, Objection before the Legal and Enforcement Agency, the Zakat payer files an application to the Tax Dispute and Appellate Committee.

The Zakat payer can file an application to the Settlement Committee during the objection period.



External document

This guide has been prepared for educational purposes only, and its content may be modified at any time. It is not considered mandatory by the Authority, nor as a legal advice, and it cannot be relied and acted upon without reference to the relevant statutory provisions. Every person subject to Zakat, Tax, and Customs Laws must check their duties and obligations; they are solely responsible for the compliance with these regulations. ZATCA shall not be responsible in any way for any damages or losses incurred to the taxpayer as a result of not complying with the applicable regulations.



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