VAT

هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority

Tax Circular

VAT Refund to Non-Resident Persons in the Gulf Cooperation Council (GCC) States

Second Version | May 2026

Note: The English version is for guidance purposes only. In case of any discrepancy between the Arabic and English versions, the Arabic version shall prevail

The Zakat, Tax and Customs Authority (ZATCA) has issued this Tax Circular for the purpose of clarifying certain treatments related to the application of the statutory provisions in force at the time of its issuance. The content of this Circular does not constitute an amendment to any of the provisions of the laws and regulations applicable in the Kingdom.

The Authority confirms its application of the explanatory treatments contained in this Circular, where applicable, in light of the relevant statutory provisions. In the event that any clarification or content in this Circular is amended without a corresponding amendment to the statutory text, the updated explanatory treatment shall apply to transactions occurring after the date of publication of the updated version of the Circular on the Authority's website

Amendments

#	Version Number	Date of Amendment	Section/ Item	Type of Amendment	Description of Amendment	Notes
1	2	May 2026	4.1, 4.4, 4.5, 4.6	Amendment	Updating the Paragraph in accordance with the amendments to the Implementing Regulations of the VAT Law issued by Board Resolution No.(01-06-24) dated 19th November 2024.	-

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1. Subject of the Circular

This Circular explains the mechanism, controls, and procedures for the refund of tax to persons who conduct economic activity outside the Gulf Cooperation Council (GCC) States in accordance with Article 67 of the Unified Agreement for Value Added Tax (henceforth 'VAT') in the GCC States, approved by Royal Decree No. M/51 dated 3rd Jumada I 1438H/2nd February 2017, and Article 72 of the Implementing Regulations of the VAT Law issued pursuant to Board of Directors' Resolution of the Zakat, Tax and Customs Authority (ZATCA) No. 3839 dated 14th Dhu al-Hijjah 1438H/5th September 2017, in accordance with the controls and procedures for the refund of tax to non-resident taxable persons in the GCC States issued under Board of Directors' Resolution No. (22-4-13) dated 19th June 2022.

2. General Definitions

The following words and expressions, wherever they appear in this Circular, shall have the meanings set out opposite each, unless the context requires otherwise.

a. **Kingdom**

The territory of the Kingdom of Saudi Arabia, including areas beyond its territorial waters over which the Kingdom of Saudi Arabia exercises sovereign rights and jurisdiction over its waters, seabed, subsoil, and natural resources in accordance with its laws and international law.

b. **Authority**

Zakat, Tax and Customs Authority (ZATCA).

c. **Tax**

VAT.

d. **Unified Agreement**

The Unified Agreement for VAT in the Gulf Cooperation Council (GCC) States, issued in November 2016.

e. **Law**

The VAT Law issued pursuant to Royal Decree No. M/113 dated 2nd Dhu al-Qadah 1438H/25th July 2017, including any amendments thereto.

f. **Implementing Regulations**

The Implementing Regulations of the VAT Law issued pursuant to the Board of Directors' Resolution of the General Authority of Zakat and Tax (formerly) No. 3839 dated 14th Dhu al-Hijjah 1438H/5th September 2017, including any amendments thereto.

g. **Member State**

Any State of the Gulf Cooperation Council (GCC) that applies VAT in accordance with its obligation under the Unified Agreement.

h. **Non-Resident Taxable Person**

A person who is not resident in the Gulf Cooperation Council (GCC) States and who carries out an economic activity for the purpose of generating income, and who is registered for VAT or a similar tax with the competent tax authority in any State.

Refund of Tax to Non-Resident Taxable Persons in the GCC States

Persons conducting an economic activity and residing outside the Gulf Cooperation Council (GCC) States may apply for registration as eligible persons for the purposes of refunding the tax borne on goods or services supplied to them by a taxable person in the Kingdom, in accordance with the procedures set out in Article 70 of the Implementing Regulations of the VAT Law. Said Article also clarifies the mechanism and rules for refund, whereby persons whose registration is approved - i.e., eligible persons for tax refund - have the right to submit tax refund applications to the Authority. The granting or rejection of the tax refund shall be subject to the Authority's review, and the Authority may approve the refund in part or in full in accordance with specific controls, which will be addressed in this Circular.

Based on the foregoing, the tax refund procedures pass through two stages:

First Stage: The person submits an application for registration as an eligible person for tax refund purposes.

Second Stage: The person registered as eligible for tax refund submits a refund application.

3. First Stage: Submission of an Application for Registration as an Eligible Person for Tax Refund

Pursuant to Paragraph (1) of Article 72 of the Implementing Regulations, persons who conduct an economic activity outside the GCC States may apply to be considered eligible persons for the purpose of claiming a refund of VAT borne on goods or services supplied to them by a person in

the Kingdom. A person shall be considered eligible under this Paragraph in the following cases:

a. Where the person is established in a State that applies a transaction tax system similar to VAT, and such person is registered for that tax.

b. Where the person is established in a State that applies a transaction tax system similar to VAT, and that State allows a mechanism similar to the refund of tax to persons resident in the Kingdom who are subject to tax in that State (reciprocal treatment).

Accordingly, it is required that the person applying for the refund be established for its economic activity outside the Kingdom or any other Member State. This condition – namely, that the person be established in a State – shall not be deemed satisfied where either of the following cases exists:

- The person owns a place of business in the Kingdom or any Member State. A place of business refers to the place where the business is legally established or the place of effective management in which the principal decisions relating to the conduct of the business are taken, where this differs from the place of establishment[1].
- The person owns a permanent establishment in the Kingdom or any Member State. A permanent establishment refers to any fixed place of business, other than the place of business, through which the business is carried on, characterized by the permanent presence of human and technical resources in a manner that enables the person to supply or receive goods or services[2].

Where this condition is satisfied – namely, that the person is established in a State outside the GCC States – the State to which the refund applicant belongs shall be considered, including whether such State applies VAT. It should be noted that VAT is applied in more than 160 States worldwide, although it may be referred to by different names in some States, such as "Sales Tax."

In addition, the refund applicant must be registered for tax purposes with the competent authority in the State of residence. Accordingly, the applicant shall be required to submit a registration certificate issued by the tax authority in the State of residence proving registration under the VAT system or a similar tax system. The Authority has the right to request additional documents to verify the validity of the registration certificate during the application period.

As for the second condition, it is the fulfillment of the principle of reciprocal treatment, whereby the relevant State permits the refund of VAT in cases where a person resident in the Kingdom

(1) Article 1, Unified Agreement for VAT.
(2) Article 1, Unified Agreement for VAT.

incurs tax in that State.

Upon fulfillment of the above two conditions, the registration application shall be submitted through the Authority's electronic portal.

3.1 Method of Submitting an Application for Registration as an Eligible Person for Tax Refund

1. Access the account through the electronic portal, then click on the icon "Registration as an Eligible Person for VAT Refund" under the "General Services" section.
2. Select the category of eligible person: non-resident taxable persons in the GCC States.
3. Select the refund period, which shall appear based on the calendar year only[3].
4. Complete the applicant's details, including the full name and contact information.
5. Provide the applicant's bank account details, including the IBAN number.
6. Provide information regarding the applicant's tax representative before the Zakat, Tax and Customs Authority, if any.
7. Identify the activity, including a copy of the commercial registration or Articles of Incorporation for a legal person, or the official identification document for a natural person. The Authority has the right to request any documents proving that the applicant does not carry out economic activities in the Kingdom or any other Member State that would require registration in the Kingdom or any other Member State.
8. Submit evidence of reciprocal treatment, including proof that the State of residence permits persons resident in the Kingdom to refund tax or a similar tax in that State.

4. Second Stage: Submission of Refund Applications

The Authority has issued the controls and procedures applicable to non-resident taxable persons in the GCC States as eligible persons for VAT refund, pursuant to the Board of Directors' Resolution of the Zakat, Tax and Customs Authority (ZATCA) No. 13-4-22 dated 19th June 2022. Said Resolution includes controls regulating the mechanism through which eligible persons submit tax refund applications. The regulation of this mechanism addresses several aspects, which are explained sequentially below:

(3) Paragraph 3 of Article 72 of the Implementing Regulations of VAT.

4.1 Conditions for Submitting a Refund Application

When submitting the application, an eligible non-resident taxable person must satisfy the following conditions:

a. The tax paid by the non-resident taxable person must not result from the supply of goods or services in any Member State.

b. The tax paid by the non-resident taxable person must be for the purposes of its economic activity.

c. The total amount of tax in respect of which the application is submitted must be SAR 5,000 or more.

d. The application must be submitted electronically through the Authority's electronic portal, with all supporting documents attached. The Authority has the right to request any of such supporting documents in hard copy form.

When submitting a refund application, a tax invoice must be available and must satisfy all statutory requirements stipulated in Article 53 of the Implementing Regulations of the VAT Law. In addition, the provisions of the E-Invoicing Regulations and the related statutory requirements must be complied with. Furthermore, evidence proving payment of the amounts stated in the tax invoices must be available.

4.2 Periods for Which Refund Applications for Tax Paid by the Eligible Person May Be Submitted

1. A refund application may be submitted on a calendar year basis only, and no more than one refund application may be submitted for the same period[4].

2. In other cases, the eligible person may submit the application, which shall be considered in accordance with the procedures set out in Article 70 of the Implementing Regulations.

4.3 Time Limit for Submitting Refund Applications for Any Tax Period

All refund applications must be submitted within a period not exceeding 6 months from the end of the period relevant to the refund. If this period elapses, the eligible person's right to refund of tax for that relevant period shall lapse [5].

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(5) Paragraph 8 of Article 70 of the Implementing Regulations of the VAT Law.

4.4 Restrictions on Input Tax Eligible for Refund

1. The right of a non-resident taxable person approved as an eligible person for refund to recover tax paid on goods and services that meet all the foregoing conditions is restricted to cases where such goods and services were supplied by a taxable person registered in the Kingdom for VAT purposes, and where the tax has been paid pursuant to a valid tax invoice containing the supplier's tax registration number in the Kingdom.
2. The right to tax refund is limited to tax paid by the non-resident taxable person on goods and services related to its economic activity. Article 50 of the Implementing Regulations specifies the goods and services in respect of which tax paid may not be refunded unless the taxable person subsequently re-supplies such goods and services as taxable supplies, as follows:

a. All supplies received outside the scope of carrying out an economic activity.

b. Any form of entertainment, sports, or cultural services, or attendance at events of an entertainment nature.

c. Hospitality services and the provision of food and beverages, unless there is a statutory obligation on the taxable person to provide such services to its employees at the workplace pursuant to any law in force in the Kingdom.

d. Insurance or healthcare services provided to the employees of the taxable person and their dependents, unless there is a statutory obligation on the taxable person to provide such services to its employees at the workplace pursuant to any law in force in the Kingdom.

e. The purchase or leasing of restricted vehicles, as defined in Paragraph 2 of Article 50 of the Implementing Regulations.

f. Insurance of restricted vehicles, or carrying out any repair, modification, maintenance, or other similar services thereon.

g. Fuel used in restricted vehicles.

h. Any goods or services designated for personal use or for any purposes other than the purposes of the economic activity.

3. The tax paid in the Kingdom must be eligible for deduction at a rate of 100%, as if such supplies had been subject to tax in the State of residence of the non-resident taxable person. Where the person is entitled to deduct tax only partially, due to carrying out tax-exempt activities in the State of residence, the proportional deduction rate shall be applied using the deduction

percentage shown in the tax returns submitted by the eligible person to the tax authority with which it is registered in its State of residence.

4. The total amount of input tax requested to be refunded in each refund application must not be less than SAR 5,000[6]. It should be noted that amounts of input tax that are not eligible for refund under this mechanism shall not be included in the calculation of the total for the purposes of this restriction.

4.5 Contents of the Application

1. A person who has obtained the Authority's approval as an eligible person for tax refund must use the tax number issued upon acceptance of registration, or the identification number issued pursuant to such approval, in all correspondence with the Authority, in particular in refund applications[7].
2. Each refund application relating to goods and services supplied to the eligible person must include the following information:

a. The supplier's name and tax identification number.

b. The tax invoice number or customs document number and the date of issuance.

c. The total amount of the tax invoice or customs document.

d. The date of payment of the tax invoice or customs document.

e. The amount of VAT.

f. A description of the goods or services purchased.

g. The bank account details to which the refund amount is to be transferred.

h. Any other information, data, or documents specified by the Authority within the refund application[8].

3. When submitting a refund application, the eligible person for refund must retain the books, records, and documents evidencing its entitlement to the refund, in particular the tax invoice or customs documents issued in its name and related to the supply subject to the refund, as well as documents evidencing payment of such tax. The eligible person may not claim a refund of tax paid pursuant to simplified tax invoices that do not bear its name. The eligible person for

(6) Paragraph 4 of Article 70 of the Implementing Regulations of the VAT Law.
(7) Paragraph 4 of Article 70 of the Implementing Regulations of the VAT Law.
(8) Paragraph 12 of Article 70 of the Implementing Regulations of the VAT Law.

refund must retain the books, records, and documents related to the tax claimed for refund for a period of not less than 6 years from the end of the period relevant to the refund[9].

4. The non-resident taxable person approved as an eligible person for refund must specify the bank account to which the tax refund is to be paid in the event that the Authority approves the refund application[10].

4.6 The Authority's Treatment of the Refund Application Submitted by the Eligible Person

1. The Authority shall review the refund application submitted by the eligible person within an appropriate period. It should be noted that submitting all data accurately will significantly expedite the Authority's response and facilitate the review of the application.
2. The Authority may request copies of tax invoices or may request additional documents or information from the eligible person, whether in paper or electronic form. The eligible person shall be obligated to submit the requested documents and information within 20 business days from the date of the Authority's request. The Authority has the right to reject the refund application if the required documents are not submitted within the specified period[11].
3. The non-resident taxable person has the right to object to the Authority's decision in accordance with the rules governing the Committees for the Resolution of Tax Violations and Disputes.
4. Where the eligible person for refund is notified of approval of the application (in whole or in part), the Authority shall pay the approved refund amount to the bank account specified by the eligible person in the application within 30 business days from the date of notification of approval. The Authority may offset the approved refund amount against any tax, fines, or other amounts due to the Authority[12].

(9) Paragraph 13 of Article 70 of the Implementing Regulations.
(10) Paragraph 15 of Article 70 of the Implementing Regulations of the VAT Law.
(11) Paragraph 15 of Article 70 of the Implementing Regulations of the VAT Law.
(12) Paragraph 16 of Article 70 of the Implementing Regulations of the VAT Law.



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