



## **Ministerial Resolution No. 852 dated 28/02/1441H (27/10/2019G)**

**The Minister of Finance and Chairman of General Authority of Zakat & Tax (“GAZT”/the “Authority”)**

By the powers and authorities legally vested in him;

AND having reviewed of Royal Decree No. (M/ 40) dated 02/07/1405H (24/03/1985G) mandating the collection of zakat from all companies and establishments subject to Zakat;

AND having reviewed Council of Ministers’ Resolution No. (126) dated 30/02/1436H (22/12/2014G), under the Second Paragraph of which the Minister of Finance is duly authorized to issue decisions required for the enforcement of Royal Decree No. (M/ 40) dated 02/07/1405H (24/03/1985G);

AND having reviewed the Draft Rules for Calculating Zakat on a Deemed Basis as per His Excellency the Governor of GAZT’s letter No. (5962) dated 09/02/1441H (08/10/2019G);

AND pursuant to Articles Seven (7) and Ten (10) of the Implementing Regulation for Zakat Collection enacted pursuant to the Resolution of the Minister of Finance Chairman of GAZT (“Ministerial Resolution”) No. (2216) dated 07/07/1440H (14/03/2019G).

### **RESOLVES THE FOLLOWING:**

**First:** The Draft Rules for Calculating Zakat on a Deemed Basis (the “Rules”) as attached are hereby approved.

**Second:** Upon the first anniversary of the enactment date of the Rules, the Authority shall submit to the Minister of Finance a report, presenting the facts, statistics and results of the application of the Rules compared to those of the year immediately



preceding the enactment of the Rules, and the Authority's opinion and recommendations in respect of the Rules.

**Third:** The rules shall be applicable in respect of declarations of persons subject to zakat on a deemed basis that are filed after 31/12/2019G in accordance with Article Three (3) of Ministerial Resolution No. (2216) dated 07/07/1440H (14/03/2019G).

**Fourth:** All concerned persons shall be notified of this Resolution for the purpose of its implementation.

**May God bless this endeavor.**

// Signed//

H.E. Muhammed Abdullah Al Jadaan

**Minister of Finance**

**Chairman of the Board of the General Authority of Zakat and Tax**



# Rules for Calculating Zakat on a Deemed Basis

Version. 1.0

## First:

The following words and phrases shall-whenever stated in the rules- have the meanings ascribed thereto, unless the context otherwise requires:

- Rules:** Rules of Calculation of Zakat based on the deemed basis.
- Regulation:** Implementing Regulation of Zakat Collection, issued pursuant to Minister of Finance's Resolution No. (2216) dated 07/07/1440H ((14/03/2019G).
- Deemed-based Zakat payer :** Any Zakat payer having no accounting books and records reflecting the reality of its activity thereof and not obliged to issue financial statements, according to the relevant laws, regulations and rules in force.
- GOSI:** General Organization for Social Insurance.
- Customs:** General Authority of Customs.
- Data of Sale Points:** Data of POS's transactions executed via Saudi Payments Network, as provided by the Saudi Central Bank.
- Etimad Platform:** Electronic platform of the Ministry of Finance for government financial services.
- Other Terms & Phrases:** Shall have the meanings ascribed thereto in Article (1) of the Regulation.

**Second:** Deemed-Based Zakat payers shall be subject to the provisions of Regulation, except for the following articles:

1. Article Four (4) on funds subject to Zakat.
2. Article Five (5) on Zakat base's deductions.
3. Article Six (6) on the method and controls of calculation of Zakat base, with the exception of Paragraphs (2 & 3) thereof.
4. Section Three (3) on the amendment of business activity result.
5. Article Twelve (12) on the approved accounting treatment.
6. Article Fourteen (14) on how to calculate Zakat percentage.
7. Article Fifteen (15) on the treatment of holding companies and the affiliates thereof.
8. Article Seventeen (17) and Article Eighteen (18) on submitting the declaration and keeping the accounting books and records.

**Third:**

The Zakat base of Zakat payer subject to these rules shall be evaluated by identifying capital that is appropriate to the size of Zakat payer's activity, according to the following equation:

$$\left(\frac{\text{sales}}{8}\right) + [\text{Sales} \times 15\%]$$

And not less than capital set forth in the commercial registration, required license or other documents enabling the Authority from quantifying the capital.

**Fourth:**

Sales set forth in Item (3) shall not be less than sales disclosed in VAT return, which is the gross sales of Zakat payer's financial year. If the Zakat payer does not have sales registered in VAT return, the sales shall be evaluated as per the following criteria; whichever is greater:



1. The number of working personnel – according to GOSI – multiplied by SAR 6,000 (Only six thousand Saudi Riyals).
2. Imports value according to customs data, multiplied by one hundred and fifteen percent (115%).
3. Procurement value, according to VAT data, multiplied by one hundred and fifteen percent (115%).
4. Gross sales, according to the data of points of sale, Etimad Platform, exports and private contracts.
5. Any other standards reflecting the reality of Zakat payer's sales, at the discretion of Authority.

#### **Fifth:**

1. The Zakat shall be calculated by two and a half percent (2.5%) out of Zakat base set forth in (Three).
2. Zakat shall not apply to short financial period – activity's start or end – unless exceeding three hundred and fifty four (354) days.
3. The Zakat of Zakat payer subject to these rules shall not be less than five hundred (500) Saudi Riyals per Zakat payer.

#### **Sixth:**

The Authority shall be entitled to re-calculate Zakat payer sales, if higher sales are proven. The Authority shall have the right in excluding Zakat payer from these rules, if it becomes evident that the Zakat payer keeps accounting books and records.

#### **Seventh:**



The Zakat payer shall have the right in transferring from Zakat calculation on a deemed basis under these rules to calculation based on transactions and accounting books and records, and be treated as per Sections two and three of the Regulation. Thereafter, the Zakat payer may not transfer to Zakat calculation based on deemed basis under these rules, unless Governor Approval is obtained.