



ZAKAT, TAX AND CUSTOMS AUTHORITY REGULATIONS OF THE GOVERNANCE, RISK, AND COMPLIANCE COMMITTEE OF ZATCA BOARD OF DIRECTORS'

Issued by the ZATCA Board of Directors Decision No. (04-03-22) dated 29 Rajab 1443 H. corresponding to 02 March 2022 and amendment by the Board decision No. (01-05-22) dated 6 Muharram 1444 H. corresponding to 4 august 2022.



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Table of Contents

Article (1): Definitions	05
Article (2): Purpose and Scope	06
Article (3): Committee Formation, Term, Membership Conditions and Expiry	07
Article (4): President Tasks and Responsibilities	08
Article (5): Member Duties and Responsibilities	09
Article (6): General Secretariat Duties and Responsibilities	09
Article (7): Committee Duties and Responsibilities	11
Article (8): Committee Powers	13
Article (9): Committee Meetings	14
Article (10): Committee Decisions and Recommendations	15
Article (11): Agenda	16
Article (12): Committee Minutes and Deliberations	16
Article (13): Submit Reports to the Board and Implementation and Following-Up Decisions	18
Article (14): Conflict of Interests	18
Article (15): Committee Member Remunerations	19
Article (16): Review Regulations and its Amendments	20
Article (17): Effectiveness	20



Article (1):

Definitions

Unless the context otherwise requires, the following words and phrases ,wherever stated herein- shall have the meaning ascribed to it below:

ZATCA: Zakat, Tax and Customs Authority.

The Statute: The Statute of ZATCA under the Council of Ministers Resolution No. (570) dated 22 Ramadan 1442 H. or amendments made thereon.

Regulations: The Governance, Risk, and compliance Committee Regulations.

Board: The ZATCA Board of Directors.

Governor: ZATCA Governor.

The committee: governance, risk, and compliance committee of ZATCA Board

President: the committee president.

Member: A Committee member and collectively referred to as the members.

Independent Member: a non-executive committee member, which has the full independency in his position and decisions and is not an employee in ZATCA or responsible to take executive decisions with any way and do not have a first-degree family connection with the governor or Board members.



Secretary-General: A ZATCA employee assigned to assume responsibilities of the Committee Secretariat.

Secretariat: General Secretariat of Zakat, Tax and Customs committees

Relatives or Family Connections: Fathers, mothers, grandfather and grandmothers, if higher, children and their children, and if lower, brothers, sisters, husbands and wives.

Technology Means: Any communication means that cover exchanging opinions and discussions among the members, including phone and video calls, besides other means approved by the Committee.

Circulation Decision: A decision issued by the Committee by the vote of all its members and the approval of the majority in a written form hand or digital signature.

Conflict of Interest: Includes a direct or indirect interest, whether actual or potential, for any member in a topic listed or intended to be included in the Committee agenda.

Article (2):

Purpose and Scope

The purpose:

Documentation of committee powers and responsibilities, which are assigned to the Board and determine the mean of work, and determine the mechanism of forming the committee and issue its decisions and follow-up the implementation of it.



The scope:

The members of the Board and general Secretariat of the Board shall apply this regulation, and copies of it shall be distributed to compliance and legal affair sector, agency of analysis and risks, and department of risks and compliance in the general Secretariat of Zakat, Tax and Customs committees

The Committee objectives:

1. Supervision on the process of managing risks in ZATCA and ensure of efficiency of approved risk assessment procedures.
2. Ensure enforce internal compliance in ZATCA and the General Secretariat.
3. Verify the general scope of the governance and its efficiency.

Article (3):

Committee Formation, Term, Membership Conditions and Expiry

- A. The committee shall be formed by the decision Board of at least three members or according to the decision of the Board and the membership duration in the committee three (3) renewable years for one time.
- B. The duration of work committee starts from issue date of formation of the committee and expired by ending of Board session.
- C. The membership shall be expired upon:
 1. Death.
 2. Recusal for the membership, and it shall be effective (1) month after the delivery date of the recusal notification to the President, unless the notification specifies a later date for its effectiveness, or as the Committee deems appropriate.



3. Membership expiry in the Committee for its members.
 4. Member's absence from attending (3) meetings of the Committee on an annual basis without an excuse accepted by the Committee President.
 5. Issuance of a judicial sentence against a member, whether such sentence is financial or in relation to honesty and honor.
- D. Upon expiry of the membership of a Committee member, the Board shall appoint a replacement to complete the remaining term. Moreover, the Committee shall maintain to perform its work until a replacement is appointed, in the event that the minimum number of members provided in Paragraph (a) herein is provided.
- E. The Board shall appoint the President in the decision of the Committee formation.

Article (4):

President Tasks and Responsibilities

The President shall:

1. Represent the Committee in the meetings of the Board and meetings with ZATCA Management and other General Secretariat agencies.
2. Organize and manage the Committee meetings and identify its agenda with the support of the General Secretariat.
3. Meet with any of ZATCA employees or other persons, if needed.
4. Ensure that an annual action plan is developed for the Committee to ensure that it completes its duties as required.
5. Submit Committee work outcomes, recommendations, and reports to the Board with the support of the General Secretariat.
6. The president may assign a member to carry out any duties stipulated herein.
7. Appoint a Committee member to act on his behalf in the Committee meeting, if it is absent. If



it does not appoint a member, the present Committee members shall select a president for the meeting.

Article (5):

Member Duties and Responsibilities

The member shall:

1. Attend the Committee meetings and inform the President, in the event that he is absent.
2. Comply with the principles of good governance and provisions of the rules of professional conduct related to ZATCA and General Secretariat, which are adopted by the Board, especially the provisions related to compliance with the rules of transparency, integrity, and lack of trading in influence or powers to achieve personal gains or interests.
3. Refrain from disclosing any of ZATCA secrets accessed by it due to its membership in the Committee, protect the confidentiality of information accessed by it, protect ZATCA's rights and interests, and take into account the optimal use of its resources and assets.
4. Participate in the Committee deliberations and discussion and vote on the issues presented to it.
5. Read and study the issues submitted to the Committee before attending the meeting.
6. Avoid cases of conflict of interest and disclose any case upon occurrence as per the provisions of the Regulations.
7. Any other duties or responsibilities identified by the Board.

Article (6):

General Secretariat Duties and Responsibilities

The General Secretariat of the Board shall supervise the secretariat of the Committee and shall carry out, including but not limited to, the following duties:



1. Prepare the agenda of the committee and present it to the director to approve it.
2. Send invitations to attend meetings of the Committee to the Board members upon approval of the President, and write down its key deliberations related to the subject of the meeting, record the voting and its results in the minutes of the meeting and the names of supporters and opponents with its signatures, and ensure that the minutes of Board meeting are completely signed according to the regulation.
3. Coordinate between the Committee, Board, and other Committees formed by the Board and between the Committee and ZATCA Management.
4. Ensure compliance with the provisions of the Regulation and advice the Committee in this regard
5. Provide the members with information, documents, and data discussed at the meetings.
6. Prepare, organize, arrange, number, and maintain a minute for each meeting.
7. Develop an annual plan for Committee meetings in coordination with the President.
8. Inform the members of meetings dates, agenda, and relevant documents before the determined date of the meeting with enough time.
9. Inform the Governor and/ or stakeholders of the decisions and recommendations of the Committee to be implemented.
10. Follow-up the implementation of decisions or directions, which are issued by the committee continuously.
11. Arrange and organize the relationships and communications between the Committee and the President with the external agencies and parties in accordance with the President's direction.
12. Supervise on copying works, maintain and retrieve files, maintain, organize, arrange, and number records and documents, and supervise all written works, correspondences, records, and documents of the Committee.
13. Carrying out any other duties assigned to it by the Committee.



Article (7):

Committee Duties and Responsibilities

The scope of the committee of ZATCA and Secretariat includes without prejudice to the provisions of the relevant Statute the following:

A. For risks:

1. Approve the annual performance plan.
 2. Recommend the Board to approve the governance of enterprise risk management.
 3. Ensure the availability of required control regulations to enforce risk governance and submit a report to the Board.
 4. Recommend the Board to approve a statement of acceptance, risk taking, which include the maximum limitation of the risks and reviewing it annually.
 5. Ensure compliance with the approved risk acceptance statement and escalate it to the Board for any breach, which the committee consider it important to notify the Board and give the recommendations about it.
 6. Monitor and review the activity of risk management and the efficiency of risk management system and ensure its effectiveness.
 7. Monitor Key risk indicators and ensure that the relevant risks of taking decisions process are align with the approved regulations and policies.
 8. Reviewing the operational model to risk management and its updates.
 9. Reviewing the result of assessment of the most enterprise and strategic risks and taken stapes by the management to monitor and address those risks.
- A. submit the regular reports to the most enterprise risks and the result of addressing the risks by the considered departments of the Board quarterly.
- B. reviewing risk assessment of any impact done by any new strategic initiatives on the enterprise risk management.



10. Recommends the Board to approve the general policy of information security or any made amendment.
11. Recommends the Board to approve data governance policy or any made amendment.
12. 12. Recommends the Board to approve enterprise risks management policy or any made amendment.
13. Recommends the Board to approve governance and policy of Business Continuity Management Policy or any made amendment.
14. Recommends the Board to approve policy of Union-compliance with tax and customs obligations.
15. Ensure that the employees are fully aware of the sounded risks and work on increasing risk culture awareness.
16. Ensure the efficiency of applying the approved procedures and policies to assess the risks and the efficiency of its controls.
17. Ensure the availability of proper quantity and quality resources to perform its process with efficiency.
18. Review the provided reports from the internal audit department.
19. Ensure the independency of risk management.

B. Regarding the governance:

1. Overseeing on development/application governance basis and put governance policies and submit it to the Board to approve it and work to update it continuously according to the variables in the legal requirements and best practices in public sector governance.
2. Recommends the Board to approve the ZATCA matrix of the governor, the Board, the Secretariat, sectors and agencies in ZATCA .
3. Approve the annual plan of governance department activities and quarter's updates.



C. Regarding the compliance

1. Studying mechanism of reporting behavior rules of third parties, Secretariat and ZATCA members who are dealt with.
2. Reviewing the reports, which are received from compliance management in the ZATCA and the Secretariat, which are helping to ensure that the ZATCA and the Secretariat are compliance to relevant laws and regulations and the internal effectiveness and policies to ensure that compliance.
3. Review the reports and recommendations of the external control entities for example but not limited: general court of audit and Nazaha.
4. Approve the annual compliance plan and the quarter's updates and submit an annual report of the compliance to the Board.
5. recommends the Board to approve the code of professional ethics rules and the policy of compliance and the relevant polices.

D. Regarding the Board

Perform responsibilities and duties, which are assigned from time to time and submit what the committee consider it important to the Board and give the require recommendations about it.

Article (8):

Committee Powers

Under a decision to be issued by the Committee, it may perform the following:

1. Accessing all information, data, reports, records, documents and correspondences of the committe and other matters that the Committees believes that they are significant to be accessed to perform its duties an and responsibilities as provided herein.



2. Requesting any clarification or statement from the Governor, Board Members, ZATCA employees or others.
3. Engaging consultants and specialists-when needed-to provide the support and consultation regarding the works of Committee according to the provisions of the Regulations, provided that no conflict of interest shall be arisen directly or indirectly upon engagement of any of them.
4. The power of forming teamwork to do the assigned duties by the committee.

Article (9):

Committee Meetings

1. The Committee meetings shall be held at ZATCA headquarters in Riyadh. When needed, the President shall have the right to convene at other places. The member resides outside Riyadh shall have the right to obtain a compensation for the housing and air tickets according to the internal policy of ZATCA. The meetings of the committee may be held and vote on its decisions and recommendations remotely by using technology means.
2. The Committee shall annually acknowledge a schedule on beginning of each Georgian year to organize its meetings, provided that the Committee meeting shall be four at a minimum per year. The President shall have the right to invite the Committee to the meeting when needed or upon request by the President or two members as a minimum.
3. Upon written invitation of the President five days as a minimum prior the meeting date, the Committee meeting shall be held, unless the president or its legal representative decides to hold the meeting urgently in emergencies. The invitation shall include the agenda and the related materials.
4. The General Secretariat shall immediately send the invitation to the members either via email or by any mean they agreed about it upon issuance of the President instructions of the meeting invitation.
5. By a prior notice to the members, the President may cancel the invitation to the meeting.



6. The Committee meeting shall be valid if most of the members including the President or its legal representative attend, and the member may attend the meeting remotely by modern technology means after the approval of the director.
7. After inviting it, when attendance of a members becomes difficult, it shall be recorded in the minute.
8. The Committee may invite non-members of the specialists and consultants to attend its meeting, without having the right to vote and access confidential information or data except in limits, which achieves the purpose of its attendance, after it signs the acknowledgement of non-disclosure of information to be accessed, prepared by ZATCA.

Article (10):

Committee Decisions and Recommendations

1. The submitted Committee decision or recommendation to the Board or the management shall be written and include its number and date particularly, as well as it shall provide its documents then the decision wording or the recommendation.
2. The Committee decisions and recommendations shall be issued by majority of the votes of the attending members. If the votes are equal, the side with which is the president of meeting shall prevail.
3. The member may not refrain from voting- except for the cases of interest conflict. If the member shall have a viewpoint contrary to the decision, the General Secretariat shall record the same in the minute.
4. Upon his absence, no member may authorize another member to vote on its behalf.
5. The Committee resolution submitted to the Board or the executive management shall be written and shall particularly include its number and date, besides providing its documents then the recommendation wording.



Article (11):

Agenda

The Committee meetings shall be restricted by the previously agreed agenda, excluding any emergent clause to be approved by the President according to the following procedures:

- A. The Secretary General shall prepare and submit the agenda of Committee meetings to the President to be approved.
- B. The agenda shall be read at the beginning of each meeting.
- C. Any member may request to add a specified topic to the agenda. The said topic shall be added to the agenda if the Committee agreed upon the same by majority.
- D. The Secretary General shall send the agenda, documents and instruments prepared regarding the topic listed in within the specified period to send the invitation to the meeting as specified in Paragraph (3) of the Article (9) of the Regulations, unless all members agree on a shorter time or unless the President or its legal representative decides on the need to hold the meeting urgently.
- E. The Secretary General shall specify in the agenda the estimated time to discuss each topic.

Article (12):

Committee Minutes and Deliberations

- A. Pursuant to what is required by the relevant laws, deliberations and minutes of the Committee shall be confidential, and it may be disclosed only as per required.
- B. The Secretary General shall write the deliberations of the Committee meeting in a written minute, to be signed by the President, attended members and the Secretary General after the remarks of the members are taken, provided that the minute shall include the following:
 - 1. Date and number of the meeting.



2. Venue of meeting.
 3. Names of the attending members and type of attendance- personal or by the technology methods.
 4. Topics discussed by the Committee.
 5. Brief of the deliberations made regarding each topic.
 6. Numbers and topics of the recommendations and decisions issued in the meeting, including its date, decisions and its real and legal evidence - if any- with reference to the documents and instruments that have been depended on upon issuance of the recommendation or the decision.
 7. Results of voting on the recommendations, decisions and any reservations or objections stated by a member towards any of them.
 8. Any other data or information that the Committee agrees to add within the meeting.
- C. The Secretary General shall send a draft of the Committee minutes to the President and members via the email or any other method to be decided by the Committee within two business days after the meeting is ended.
- D. The member may express his observations on the minute within three working days after the date of receiving the minute and shall send the final minute after that to the attending member to sign it in writing or electronically within a period not exceeding two business days.
- E. If the member does not state its observations on the minute draft or sign its final copy within the specified time in paragraph (d) herein, that shall be deemed as an approval to so provided in the minute.
- F. In drafting the minute, the Secretary General shall exercise due diligence to ensure the verification and completeness of the minute and that it is free of unnecessary information.
- G. All reservations of the members that do not agree on any recommendations or decisions taken by the Committee and its reasons shall be written down in the minute or an independent annex to be referred to in the minute.



- H. All the Committee members shall have the right to access to previous minutes of the Committee.

Article (13):

Submit Reports to the Board and Implementation and Following-Up Decisions

- A. The Committee shall submit to the Board a periodic reports on works performed, decisions and recommendations taken by it. In addition, the Committee shall submit an annual comprehensive report on its works at the end of each year.
- B. The Governor in its capacity as the person responsible for managing ZATCA affairs according to the Statute shall implement and follow up on the recommendations and decisions issued by the Committee, unless the Committee specifies another person.
- C. The Secretary General shall submit periodic reports to the Committee clarifying the status of implementation of the recommendations and decisions issued by it and any obstacles that face its implementation according to the mechanism and periods as provided by the Committee and the Secretary General shall, upon the President instructions, organize, maintain and update such periodic reports, in a continuous manner.

Article (14):

Conflict of Interests

The members shall comply with the following:

1. Keen on the interests of ZATCA and the considerable public interests as provided, prevail on personal interest, seeking to take the necessary to avoid the direct and indirect interest conflict, prohibiting its occurrence as soon as possible and complying with the provisions of regulation when occurred.
2. Their membership in the Committee or the gained information from that membership shall



not be used for their personal interests or the interest of their relatives or acquaintances. The powers or authorities they have shall not be exploited to achieve personal gains and the personal interests shall not prevail on the ZATCA interests or other public interests.

3. Any benefit whatever shall not be accepted, received, offered or requested whether they are financial or in kind, services of hospitality or gifts from the third party due to their membership in the Committee directly or indirectly.
4. Member shall disclose to the committee of any conflict or interests directly or indirectly at any topic or matter to be offered to the Committee, provided that this disclosure shall be recorded in the minute. The member disclosing the conflict of interests shall refrain the member from attendance of meeting of the related Committee and shall not participate in its deliberations and voting on its decisions.
5. The form of disclosure of the interest conflict shall be signed and the information confidentiality shall be complied with of the Committee members according to the form attached to the Regulations.
6. ZATCA shall have the right to claim compensation for any losses that may result from the conflict of interests if the member does not disclose.

Article (15):

Committee Member Remunerations

Without prejudice to the related issued decisions, the Committee member shall be entitled to an annual remuneration and allowance for attending each session. The remuneration and allowances value shall be identified under Nomination and Remuneration Policy for members of the Board and the Committees emanating from it, which are approved by the Board.



Article (16):

Review Regulations and its Amendments

The Committee shall conduct a periodic review of the provisions of the Regulations every two years, to identify the extent of its effectiveness and the need to amend the same, promoting the works of the Committee. A member or the Secretary General may submit its proposals in this context to the President. The President shall order to insert the amendment proposal to the agenda of meeting of the Committee to be discussed and a decision shall be taken regarding the same according to provisions of the Regulations, consequently, submitting that to the Board to request and agree upon the amendment.

Article (17):

Effectiveness

Such Regulations shall be effective as of the approval date by the Board.



Form of Disclosure of Conflict of Interest and Compliance with Confidentiality

I acknowledge that I have reviewed the Statute of ZATCA issued under the Resolution of the Council of Ministries No. (570) dated 22 Ramadan 1442 H, and Regulations of the Governance, Risk and Compliance Committee. In addition, I acknowledge that I recognize and understand such laws and regulations and comply with the provisions contained therein and all amendments that may be made thereon in the future.

I, the undersigned, declare that I comply with the principles and values of ZATCA, including those concerning for ZATCA interests and avoid what may lead to a conflict of interests. Further, I shall promptly disclose of any conflict of interests. I shall keep the information confidentiality that I access or receive under my membership in the Governance, Risk and Compliance Committee emanated from the Board. Using of such information shall be limited to performing duties of membership, and I shall not disclose the same to any party whatsoever, use or exploit it for any purpose contrary to the Regulations of the Governance, Risk and Compliance Committee. My compliance with the confidentiality of information shall be extended after expiry of my membership in the Committee.

Name:

Signature:

Date:



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