



## ZAKAT, TAX AND CUSTOMS AUTHORITY

# BOARD OF DIRECTORS REGULATIONS

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## 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.

**Chairman:** The Board Chairman.

**Governor:** ZATCA Governor.

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

**General Secretariat:** A ZATCA employee assigned to assume responsibilities of the Board General Secretariat.

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



**Circulation:** A decision issued by the Board by voting and approving the majority of its members in writing, by hand or digital signature, provided that they review, vote on, and sign this decision.

**Signature:** A Board letter, including minutes, decisions, or others, signed in writing or online.

**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 Board agenda.

## **Article (2):**

### **Purpose and Scope**

A. The Regulations shall clarify the rules and procedural provisions that regulate the Board's work and its governance in accordance with the powers and responsibilities stipulated in the Statute.

## **Article (3):**

### **Board Formation, Term, Membership Conditions and Expiry**

A. The Board shall be composed of (13) members chaired by the Finance Minister, including:

1. The Governor.
2. Representative of Ministry of Interior.
3. Representative of Ministry of Finance.
4. Representative of Ministry of Commerce.
5. Representative of Ministry of Transport and Logistic Services.
6. Representative of Ministry of Economy and Planning.
7. Representative of Ministry of Investment.
8. Representative of Saudi Central Bank.
9. Representative of Capital Market Authority.



10. Representative of Presidency of State Security.
  11. Two representatives of the private sector are appointed by the ZATCA Board upon the Chairman's nomination.
- B.** Representatives of government agencies shall be of a rank not lower than (Grade Fifteen) or its equivalent.
- C.** Whereas the Board membership of the Chairman and Governor shall be for (3) years to be renewed once.
- D.** The membership shall expire upon:
1. Death.
  2. Membership expiry in the Board for its members.
  3. Recusal for the membership of the Board membership, and it shall be effective (1) month after the delivery date of the recusal notification to the Chairman, unless the notification specifies a later date for its effectiveness. Whereas the recusal the membership of the private sector representatives shall be effective after being approved by the Council of Ministers.
  4. Misusage of any member to his position in the Board or misconduct that is considered by the Board as detrimental to ZATCA's objectives and reputation.
  5. Request of the government entity represented in the Board to change its representative.
- A.** In case of the expiry of the membership as per the cases stipulated in Paragraph (d) hereof, except as provided in Item (2), the new member of the Board shall complete the remaining term of his predecessor.
- B.** The Board shall appoint the Chairman in the decision of the Committee formation.



## Article (4):

### Board Responsibilities and Authorities

- A. The Board shall manage ZATCA's affairs and address its affairs. It shall, in compliance with the Statute Provisions, take all decisions necessary to fulfill ZATCA's objectives. It shall, in particular,:
1. Approve ZATCA's general policies, plans and programs to be executed.
  2. Propose drafts of law related to ZATCA's competencies and the amendment of the applicable ones, in addition to submitting them to complete its legal procedures.
  3. Approve ZATCA's administrative and financial regulations. Furthermore, it shall develop internal and technical regulations governing its affairs, provided that the administrative regulations are established in coordination with the Human Resources and Social Development Ministry. Whereas the financial and financial provisions of the administrative regulations shall, in coordination with the Ministry of Finance, be approved.
  4. Propose ZATCA's organizational structure.
  5. Approve the establishment of branches and offices for ZATCA.
  6. Appoint an external auditor.
  7. Approve ZATCA's final account, annual report, and auditor's report prior to submitting it in accordance with the applicable legal procedures.
  8. Adopt ZATCA's annual budget and submit a copy to the prime minister.
  9. Review the periodic reports on ZATCA's activities.
  10. Approve the conclusion of agreements, protocols, and contracts, in accordance with the legal procedures.
  11. Determine the manner of investing ZATCA's funds and its movable and fixed assets.
  12. Determine fees of services provided by ZATCA in coordination with the Ministry of Finance and the Non-Oil Revenues Development Center until the regulations of public entities and establishments or other regulations are issued.



13. Set work rules for the Shariah Committee referred to in Article (8) of this Statute, including its meetings and the manner of issuing its decisions.
14. Accept gifts, donations, grants, bequests, and endowments in accordance with relevant provisions.
15. Approve the establishment of ZATCA's subsidiaries.
  - A. The Board may delegate certain powers to its Chairman or any of its members or ZATCA's employees.
  - B. The Board's responsibility, in relation to the General Secretariat of Zakat, Tax and Customs Committees, shall include the following:
    1. Establishing the General Secretariat of Zakat, Tax and Customs Committees.
    2. Appointing or dismissing the General Secretary of Zakat, Tax, and Customs Committees, approving its annual performance plan and determining its annual compensation.
    3. Issuing the decisions necessary for the General Secretariat and Tax Committees for Resolution of Tax Violations and Disputes to perform their activities in accordance with their work rules.
    4. Adopting the organizational structure of the General Secretary of Zakat, Tax and Customs Committees.

## **Article (5):**

### **Member Duties and Responsibilities**

- A. Without prejudice to any other regulatory requirements, the Board chairman's duties and responsibilities shall include:
  1. Adopting the Board's agenda, chairing its meetings, and ensuring all key matters are being discussed effectively and timely.





2. Supporting the Board member's efforts to improve ZATCA governance level and standards. It shall further include ensuring compliance with relevant laws, instructions, and regulations, as well as encouraging the Board members to exercise their duties effectively in order to serve ZATCA interests.
3. Managing the relationships between the Board and other third parties.
4. Ensuring that there's no overlapping between the Board and the Executive Management duties. The Board shall also adhere to its supervisory role and not perform the executive duties of the Executive Management.
5. Choosing a designee from the government entities in case of being absent from the Board meeting.

#### B. The member's duties and Responsibilities

The member's duties and responsibilities shall include the following:

1. Attending the Board meetings and informing the Chairman or his designee, in the event that he is absent.
2. Complying with the governance principles and standards of ZATCA, as well as ensuring compliance with relevant laws, instructions, and regulations.
3. Refraining from disclosing any of ZATCA's secrets accessed by it due to its membership in the Board, protecting ZATCA's rights and interests, and taking into account the optimal use of its resources and assets. The member shall also sign the conflict of interest disclosure form and maintain the confidentiality of the information accessed thereby in accordance with the modules attached to the regulations.
4. Participating in the Board deliberations and discussion and vote on the issues presented to it.
5. Avoiding cases of conflict of interest and disclosing any case, either direct or indirect, as per the provisions of the Regulations.
6. Any other duties or responsibilities identified by the Board.



## Article (6):

### General Secretary Duties and Responsibilities

The Board shall appoint a General Secretary upon the Governor's nomination. The General Secretary shall perform, including but not limited to, the following duties:

- A. Overseeing the General Secretariat process and coordinating between the Board and its committees.
- B. Overseeing the activities of the Board's committees.
- C. Coordinating the agenda with the Governor upon approval of the Board's Chairman.
- D. Attending and documenting the Board meetings, and recording the voting on decisions taken in it, along with ensuring that the minutes of meetings are completely signed in accordance with the regulations provisions.
- E. Ensuring compliance with the provisions of the Regulation and advising the Board in this regard.
- F. Sending invitations to the Board meetings after being approved by the Chairman five working days prior to the meeting date.
- G. Providing the members with information, documents, and data discussed at the meetings five working days prior to the meeting date.
- H. Preparing a minute draft of each meeting and submitting it to the Governor in its full form to be submitted to the Chairman. It shall also sent to the Board members and their views to be approved within two working days.
- I. Informing the Governor of the Board decisions to be implemented within two working days.
- J. Arranging and organizing the relationships and communications between the Board, the Chairman, the Board's Committees, and the Executive Management.
- K. Supervising the copying works, maintaining and retrieving files, maintaining, organizing, arranging, and numbering records and documents, and reviewing all written works, correspondences, records, and documents of the Committee.
- L. Carrying out any other duties assigned to it by the Board.



## Article (7):

### Board Meetings

- A. The Board meetings shall be held at ZATCA headquarters and chaired by its Chairman or his designee from among the government agencies. The Board meetings may be held at any other venue within KSA.
- B. The Board shall periodically convene four times a year. It shall further convene, if required, at the Chairman's discretion or if requested by at least one-third of its members.
- C. The Board shall annually develop a schedule at the beginning of each calendar year to organize its meetings.
- D. The Board meeting shall be valid if, at least, the majority of the members including the Chairman or its representative attend.
- E. The Board deliberations and decisions shall be entered into minutes to be signed by the meeting chairman, the attending members, and the General Secretary.
- F. The Board meeting may be held by a written invitation sent by the Chairman at least five working days prior to its date unless otherwise decided by the Chairman or his designee to hold the meeting urgently in exigent circumstances. The meeting invitation shall include the agenda.
- G. Upon issuance of the Chairman's instructions to hold the meeting, the General Secretary shall invite the members in writing or via e-mail.
- H. The Board 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 acknowledgment of non-disclosure of information to be accessed, prepared by ZATCA.
- I. The Board meeting may be held online as per the mechanism adopted by the Board Chairman.
- J. Upon finalizing the preparation and distribution of the meeting agenda, the General Secretary shall invite the parties concerned with the matters to be discussed by the Board to attend the meeting as stipulated in Paragraph (h).



## **Article (8):**

### **Board Decisions**

- A. The Board decisions shall be issued by the majority of the votes of the attending members. If the votes are equal, the side with which is the Chairman of the meeting shall prevail.
- B. The Board may, in exigent circumstances at the Chairman's discretion, hold meetings and vote on decisions remotely. Decisions may be passed by circulation if the majority of members vote in their favor, provided that all members vote on such decisions.
- C. A Board member may not refrain from voting nor vote by proxy. If the member shall have a viewpoint contrary to the decisions, it shall record its objection and reasons therefor in the meeting minutes.

## **Article (9):**

### **Agenda**

- A. The General Secretariat shall prepare the agenda of the Board meeting by instructions of the Governor.
- B. The meeting agenda shall be reviewed by the Chairman for approval.
- C. The agenda shall be read at the beginning of each meeting. Any member may request to add a specified topic to the agenda. The said topic shall be added to the agenda if the Board agrees upon the same by majority.
- D. The General Secretariat shall send the agenda, documents, and instruments prepared regarding the topic listed within the specified period to send the invitation to the meeting as specified in Article (6) of the Regulations, unless all the members shall agree on a shorter time or unless the Chairman or its legal representative decides on the need to hold the meeting urgently.



## Article (10):

### Board Minutes and Deliberations

- A. Pursuant to what is required by the relevant rules, deliberations and minutes of the Board shall be confidential, and it may be disclosed only as required.
- B. The General Secretariat shall write the deliberations of the Board meeting in written minutes, to be signed by the Chairman, attended members, and the General Secretariat after the remarks of the members are taken, provided that the minute shall include the following:
  - 1. Date and number of the meeting.
  - 2. Place of meeting.
  - 3. Names of the attending directors and type of attendance- personal or by technology means.
  - 4. issues discussed by the Board.
  - 5. Brief of the deliberations made regarding each topic.
  - 6. Numbers and topics of the decisions issued in the meeting, including its date, decisions, and its real and legal evidence with reference to the documents and instruments that have been depended on upon issuance of the decision.
  - 7. Results of voting on the decisions and any reservations or objections stated by a member towards any of the decisions.
  - 8. Guidelines and recommendations issued at the meeting on any subject presented at the meeting.
  - 9. Any other data or information that the chairman shall agree to add within the meeting.
- C. The General Secretariat shall send a draft of the minutes to the members via email or any other method to be decided by the Board within two business days after the meeting is ended, and the member shall review the minutes and make observations thereon, if any, within a maximum of three business days from the date of receipt of the minute. The final record shall then be sent to the present member for signature in writing or electronically,



within a period not exceeding two business days.

- D. If the member does not state its remarks on the minute draft or sign its final copy within the specified time in para (c) herein, that shall be deemed as approval to so provided in the minute.
- E. All reservations of the members that are not agreed upon shall be written down on any decisions taken by the Board and its reasons in the minute or an independent annex to be referred to in the minute.
- F. To ensure the comprehensive of documentation, the meetings of the Board may be recorded in audio, and the recording of the meeting shall be kept confidential and shall not be participated in for any reason outside the General Secretariat of the Board.

## **Article (11):**

### **Implementation and Following-Up Decisions**

- A. The Governor in its capacity as the person responsible for managing ZATCA affairs according to the Statute shall implement and follow up on the decisions, recommendations and guidelines issued by the Board, unless the Board specifies another person from members or any of the employees of the ZATCA.
- B. The General Secretariat shall submit, directed by the Governor periodic reports to the Board clarify the case of implementation of the decisions and guidelines issued by and any obstacles that face its implementation according to the mechanism and periods as provided by the Board and the General Secretariat shall, upon the Governor instructions, organize, maintain and update such periodic reports, in a continues manner.

## **Article (12):**

### **Composition of committees**

- (I) Without prejudice to the provisions of the related laws, the Board may form permanent or



temporary committees among its members or others; and delegate specific decision-making and recommendation powers and the decision on the formation of each committee shall determine its Chairman and members and shall have the assistance of whomsoever it considers performing the duties entrusted to it; and the composition of any new committee or the dissolution of an existing committee requires the Board's approval by written decision, in accordance with the following:

1. A special regulation shall be drawn up for each committee approved by the Board, including the following provisions:
    - A. Roles and responsibilities of the committee.
    - B. Membership of the Committee
    - C. Roles of the Chairman, Members and Secretary of the Committee
    - D. The Committee's meetings
    - E. Decision-making and recommendations procedures
    - F. Revision of the Committee's Regulation
  2. Each committee shall be responsible for its work to the Board and shall not prejudice the Board's responsibility for such acts and for the powers or authorities delegated to it.
  3. A sufficient number of committee members shall be appointed to perform their roles with at least three and no more than five members.
  4. The validity of the committees shall be required to attend the majority of its members and its decisions shall be issued by a majority of the votes of those present and when the votes are equal, the side with which the Chairman voted is likely.
  5. Committee meetings should be documented and minutes prepared, including discussions, recommendations, and voting results.
- (II) b. The General Secretariat shall oversee the work of the secretariats of Board committees and shall review their regulations from time to time to verify compliance with them and the need to update them.



## **Article (13):**

### **Conflict of Interests**

The members shall comply with the following:

1. Keen on the interests of ZATCA and the considerable public interests as provided, overcoming any 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 Board 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 be overcome on the ZATCA interest or other public interests.
3. Any benefit whatever shall not be accepted, received, offered, or requested whether they are financial or real, services of hospitality or gifts from the third party due to their membership in the Board directly or indirectly.
4. The member shall disclose to the Board, according to the form attached thereto, any conflict or interests directly or indirectly at any topic or matter to be offered to the Board, provided that this disclosure shall be recorded in the minute. The disclosing member shall refrain from attending meetings of the related Board and shall not participate in its deliberations and voting on its decisions.

## **Article (14):**

### **Board and its Committees Member Remunerations**

The Board shall issue a policy on remuneration and benefits for the members of the Board and its committees resulting therefrom on the recommendation of the Remuneration and Nomination Committee, taking into account the regulations governing this matter.





### **Article (15):**

#### **Regulations Review and Amendments**

The Board shall review the provisions of the Regulations, when needed, to identify the extent of its effectiveness and the need to amend the same, promoting the works and governance of the Board. A member of the General Secretariat may submit its proposals in this frame to the Chairman. The Chairman shall order to insert the amendment proposal to the agenda of the meeting of the Board to be discussed and a decision shall be taken.

### **Article (16):**

#### **Effectiveness**

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



## Form of Acknowledgement and Commitment

I undertake that I have reviewed the Board Regulations and the Statute of ZATCA issued by the Council of Ministries Resolution No. (570) dated 22 Ramadan 1442 H, and Governance Policy of ZATCA and all related policies issued by the Board. In addition, I undertake 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, acknowledge that I comply with the principles and values of ZATCA, including concerning ZATCA interests, and avoid what may lead to a conflict of interests. Further, I shall promptly disclose any conflict of interest. I shall keep the information confidentiality that I access or receive under my membership in 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 so provided in the Regulations the Board operation. My compliance with the confidentiality of information shall be extended after the expiry of my membership in the Board.

Name:

Signature:

Date:



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