

# Frequently Asked Questions

## E-invoicing (FATOORAH) Phase One Requirements

Num.	Qty	Unit	Service	Unit Price	Price
1	33	pcs.	menu. Menu design and printing on glossy cardboard DIN A5	8,27 €	273,11 €
1	1	pcs.	Single product photo background	83,16 €	83,16 €
			Photo Licenses for Certificates	16,80 €	20,00 €
					273,11 €
					51,89 €
					325,00 €
			Total		
			VAT 19%		
			Total Amount Payable		

## Frequently Asked Questions

### Is E-invoicing (FATOORAH) mandatory?

E-invoicing (FATOORAH) applies to all persons subject to VAT and any other parties issuing tax invoices on behalf of suppliers subject to VAT.

Non-resident taxable persons for VAT purposes are excluded.

### What are E-invoicing (FATOORAH) enforcement dates?

E-invoicing (FATOORAH) will be implemented in two phases:

**Phase One**, known as the "Generation phase" and enforceable as of December 4, 2021.

**Phase Two**, known as the "Integration phase" and enforceable starting from January 1, 2023 and implemented in waves by targeted taxpayer groups. Taxpayers will be notified by ZATCA on the date of their integration at least 6 months in advance.

### Some requirements are technical, how can I prepare for e-invoicing (FATOORAH)?

The technical requirements are typically implemented by solution providers (e.g. ECR vendors, software vendors) or the internal technical teams for in-house built solutions. Taxpayers may approach a solution provider or their internal technical teams to acquire or upgrade to a compliant electronic system; and make sure they are generating compliant invoices starting from December 4, 2021.



## Frequently Asked Questions

What are the requirements for E-invoicing (FATOORAH) phases?



Phase one  
December  
4, 2021

Phase Two  
Starting from January  
1, 2023 on phases

### General Requirements

	Phase one December 4, 2021	Phase Two Starting from January 1, 2023 on phases
Use of electronic systems/solutions to generate invoices (stop issuing manual invoices)	✓	✓
Add QR code on tax invoices	* ✓	** ✓
*** Add VAT number of the buyer (if the buyer is VAT registered)	✓	✓
Generate invoices in XML	Optional	✓
Anti-tampering features (e.g. cryptographic stamp, hash)	Optional	✓
Other technical features (e.g. UUID)	Optional	✓
Integrating with ZATCA systems	**** Not Applicable	✓

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Mandatory for simplified tax invoices starting from Phase One

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Mandatory for tax invoices starting from Phase Two

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Mandatory for tax invoices only starting from Phase One

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Taxpayers can start preparing for both phases requirements, however, integration phases will start from January 1, 2023

✓ Mandatory



## Frequently Asked Questions

### **What is Phase 1 (Generation Phase)? When will it be enforced and to whom does it apply?**

Phase 1 known as the Generation phase will require taxpayers to generate and store compliant tax invoices and notes using compliant electronic systems.

Phase 1 is enforceable as of December 4, 2021 for all Persons subject to the E-Invoicing Regulation.

### **How will my invoicing practices change starting from December 4, 2021?**

All Persons subject to the E-Invoicing Regulation must use compliant electronic systems to generate invoices starting from December 4, 2021. Manual invoices will no longer be considered as compliant tax invoices.

E-invoices must include the minimum additional fields (see next question).

E-invoicing compliant electronic systems should be able to generate QR codes.

E-invoicing compliant electronic systems must not allow for the prohibited functions specified by ZATCA.

Please approach your solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).



## Frequently Asked Questions

### **What does an e-invoice look like and how is it different from current invoices?**

E-invoices for Phase 1 (December 4, 2021) are similar to current tax invoices, with minimum additional fields:

For simplified tax invoices and their associated notes (usually issued for B2C transactions) a mandatory QR code.

For tax invoices and their associated notes (usually issued for B2B transactions), an optional QR code and mandatory VAT number of the buyer if the buyer is a registered VAT taxpayer.

There is no specific file format mandated for Phase 1, however, invoices must include the mandatory fields and must be issued from an electronic system meeting ZATCA's requirements. In addition, electronic copies of all issued invoices must be stored by the taxpayer.

### **Does my solution need to be constantly connected to the internet and do I need to integrate my solution with ZATCA systems on December 4, 2021?**

No, integration with ZATCA is not required for Phase 1 starting December 4, 2021



## Frequently Asked Questions

**Does my solution need to be able to generate QR codes on invoices on December 4, 2021?**

Yes, QR code are mandatory for simplified tax invoices (usually issued for B2C transactions) and optionally for tax invoices (usually issued for B2B transactions). QR code is not provided by ZATCA and shall be generated by the electronic system. Please approach your solution provider or technical teams to acquire or upgrade to a compliant electronic systems.



## Frequently Asked Questions

**What are the minimum requirements that must be shown after scanning a QR Code?**

As part of Phase 1 (Generation Phase), the below fields are the minimum required fields that must be shown after scanning a QR code in a simplified tax invoice:



Seller's name



VAT registration number of the seller



Time stamp of the Electronic Invoice or Credit/Debit Note (date and time)



VAT total



Electronic Invoice or Credit/Debit Note total (with VAT)

**Do my e-invoices need to be approved by ZATCA before sharing them with the buyer, or reported to ZATCA after issuing them?**

No, for Phase 1 (December 4, 2021), taxpayers are not required to approve, clear or report invoices to ZATCA.



## Frequently Asked Questions

**What are some of the prohibited functionalities for Phase 1 (Generation Phase) that are not allowed to be part of the E-invoicing system?**

- | Lack of user management capabilities (uncontrolled access) for example:
  - | Anonymous Access.
  - | Absence of user session management.
- | Tampering of e-invoices or their associated notes or logs.
- | Multiple Electronic Invoice sequences.

**For additional details on the prohibited functionalities, please refer to Annex (1) "Technical Requirements of E-invoice Generation Solutions" in the resolution.**





## Frequently Asked Questions

### **What is Phase 2 (Integration Phase)? When will it be enforced and to whom does it apply?**

Phase 2 known as the “Integration phase”, during this phase, subjective taxpayers must comply with E-invoicing (FATOORAH) Phase 2 business and technical requirements for the electronic invoices and electronic systems, and the integration with ZATCA’s system.

Phase 2 is enforceable starting from January 1, 2023 and implemented in waves by targeted taxpayer groups. Taxpayers will be notified by ZATCA on the date of their integration at least 6 months in advance.

### **How do I know about my Phase 2 wave?**

The enforcement date for the first target group will not be earlier than January 1, 2023. And ZATCA will notify taxpayers of their Phase 2 wave at least six months in advance.



## Frequently Asked Questions

### What are the requirements for Phase 2 (Integration Phase)?

Phase 2, which will be implemented in waves by target taxpayer groups starting from January 1, 2023, entails additional technical requirements that e-invoicing electronic systems must comply with, the integration of taxpayer electronic systems with ZATCA and the issuance of electronic invoices in a specific format.

Due to the technical nature of the requirements, it is recommended for taxpayers to approach a solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).

Further details on the integration mechanisms and specifications will be published by ZATCA on the developer page on ZATCA's website.



## Frequently Asked Questions

**What are some of the prohibited functionalities for Phase 2 (Integration Phase) that are not allowed to be part of the E-invoicing system?**

- | All prohibited functionalities that are part of Phase 1.
- | Export of stamping key.
- | Time change.

**For additional details on the prohibited functionalities, please refer to Annex (1) "Technical Requirements of E-invoice Generation Solutions" in the resolution.**

**Should my electronic system be certified by ZATCA or a 3rd party for Phase 1?**

- | No, and ZATCA may enforce such requirement at a later stage.



## Frequently Asked Questions

### What are some examples of e-invoicing systems?

Online cash registers, virtual cash registers on tablets, e-invoicing software installed on a computer, e-invoicing software installed on phone or tablet and cloud-based solutions are examples of e-invoicing solutions.

Such electronic systems must comply with the specifications published by ZATCA.

Please approach your solution provider or your internal technical teams to ensure your electronic systems are compliant with ZATCA requirements. In addition, developers and subject matter experts may visit ZATCA's website for viewing all requirements (business, technical, security, etc.).



## Frequently Asked Questions

### When to issue a simplified e-invoice (or note) vs a standard e-invoice (or note)?

Please refer to the “Invoicing and records guideline” section 4.1.2 [here](#)

Please also note that e-invoices are not required for the following transactions:

- Exempt supplies
- Import of goods
- Supplies subject to reverse charge mechanism

### Are VAT individual taxpayers, subject for issuing e-invoices?

Yes, however, Non-resident taxable persons for VAT purposes are excluded.

### Is it necessary to use a cloud invoicing system in order to be compliant with the E-invoicing regulation?

No, Persons subject to the E-Invoicing Regulation may use any invoicing systems, provided that it complies with the requirements of the Authority.



# هيئة الزكاة والضريبة والجمارك Zakat, Tax and Customs Authority

This simplified guide has been prepared for guiding purposes. It is subject to amendment at any time, and is not considered binding to the authority, nor a legal advice, and it cannot be relied upon and acted accordingly without reference to the relevant regulations.

Every taxpayer subject to tax regulations is obligated to ensure the fulfillment of his duties and commitments as per regulations, and he alone is responsible for complying with regulations properly. Zakat, Tax and Customs Authority will never be liable in any manner to any damage or loss resulting from the incorrect implementation of tax regulations.

