

Zakat, Tax and Customs Authority Determines the Criteria for Selecting the Targeted Taxpayers in Wave 10 for “Integration Phase” of E-invoicing

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Zakat, Tax and Customs Authority (ZATCA) determines the criteria for selecting the targeted taxpayers in the tenth wave for implementing the "Integration Phase" of E-invoicing, as it clarified that the tenth wave included all taxpayers whose revenues subject to VAT exceeded (25 million Saudi Riyals) during 2022 or 2023.

Moreover, ZATCA explained that it will notify all targeted taxpayers in the tenth wave to integrate their e-invoicing solutions with the (FATOORA) Platform from 1 October 2024. ZATCA has stated that Phase Two (Integration Phase) requires additional requirements, compared to Phase One (the Generation Phase), the most prominent of which is to integrate taxpayers' e-invoicing solutions with ZATCA's platform (FATOORA), issue e-invoices based on a specific format, and include additional fields in the invoice. Furthermore, Phase Two (Integration Phase) of E-invoicing would take place gradually in waves, and ZATCA would inform the following waves directly at least six months before their Integration Date.

ZATCA has noted that the launch of Phase Two of e-invoicing is part of the economic development and digital transformation taking place in the Kingdom and is a continuation of the success story that began with Phase One of the implementation of e-invoicing, which achieved positive results, most notably raising the level of consumer protection in the Kingdom. On the other hand, praising the great awareness of taxpayers and the rapidity of the response in the implementation of Phase One (Generation phase) of the project.

It is worth mentioning that Phase One (Generation Phase) of E-invoicing was introduced on December 4, 2021, which obliges taxpayers subject to the E-invoicing Regulation to stop generating handwritten invoices or computer-generated invoices through text editing software or spreadsheet software and make sure that there is a technical solution for E-invoicing that is compatible with the requirements. In addition to generating and storing e-invoices with the required fields, including the QR code and other requirements.

We share a concise overview of the sequence of target groups and significant timelines.

Target group	Taxable turnover in 2021	Go-live date	Full integration deadline	Likely penalty dates for non-compliance
1st Wave	>SAR 3 Bn.	1 Jan 2023	30 Jun 2023	1 Jul 2023
2nd Wave	>SAR 500 Mn.	1 Jul 2023	31 Dec 2023	1 Jan 2024
3rd Wave	>SAR 250 Mn.	1 Oct 2023	1 Feb 2024	Post 1 Feb 2024
4th Wave	>SAR 150 Mn.	1 Nov 2023	29 Feb 2024	Post 1 Mar 2024
5th Wave	>SAR 100 Mn.	1 Dec 2023	31 Mar 2024	Post 1 Apr 2024
6th Wave	>SAR 70 Mn.	1 Jan 2024	30 Apr 2024	Post 1 May 2024
7th Wave	>SAR 50 Mn.	1 Feb 2024	31 May 2024	Post 1 Jun 2024
8th Wave	>SAR 40 Mn.	1 Mar 2024	30 Jun 2024	Post 1 Jul 2024
9th Wave	>SAR 30 Mn.	1 Jun 2024	30 Sept 2024	Post 1 Oct 2024
10th Wave	>SAR 25 Mn.	1 Oct 2024	31 Dec 2024	Post 1 Jan 2025

Taxpayers in the Tenth wave will be required to integrate their e-invoice generation solution (EGS) with the ZATCA's Fatoora platform and generate additional fields in their database and on tax invoices required for integration and compliance. Tax invoices must be generated in XML format or a PDF/A-3 (with embedded XML).

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