هيئـة الزكـاة والضريبة والجمارك
Zakat, Tax and Customs Authority

E-Invoicing
Detailed Guidelines

VERSION 1.0

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1. Introduction

1.1 E-invoicing in the Kingdom of Saudi Arabia (linking E-invoicing Regulation with the VAT Legislations)

Electronic Invoicing is a procedure that aims to convert the issuing of paper invoices as well as credit and debit notes into an electronic process that allows the exchange and processing of invoices, credit and debit notes in a structured electronic format between the buyer and seller.

The E-Invoicing Regulation, shall be read together with the Unified VAT Agreement (the Agreement), the VAT Law published on 4/11/1438 H and its amendments (the VAT Law), the VAT Implementing Regulation (VAT Implementing Regulation) and the resolutions issued pursuant to the Electronic Invoicing Regulation, including the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules required for implementing Electronic Invoicing in Kingdom of Saudi Arabia.

1.2 Benefits of electronic invoicing

Electronic Invoicing has several benefits for both Persons subject to the E-Invoicing Regulations and national economy, these benefits include but are not limited to:

1. Enhance business ecosystem with enriched fair competition and consumer protection through provision of a unified process for validating and auditing invoices.

2. Reduce hidden economy transactions.

3. Reduce commercial concealment by increasing requirements related to invoice tracking and data retention.

4. Enriching the consumer experience and digitizing the consumer-supplier relationship.

5. Increased compliance with tax obligations through enhanced verification of business transactions.

1.3 E-Invoicing phases (Generation & Integration)

Electronic Invoicing is composed of two main phases, as follows:

1.Phase 1: Generation of Electronic Invoices phase, where Persons subject to the E-Invoicing Regulations must generate Electronic Invoices and associated Electronic Notes in accordance with the clauses set forth under the Resolution on the Controls, Requirements, Technical Specifications and Procedural Rules and any subsequent resolutions. This phase shall be implemented effectively by 4th of December 2021

2. Phase 2: Integration Phase, where Persons subject to the E-Invoicing Regulations must integrate their systems with the Authority's system in accordance with the clauses set forth under the Resolution on the Controls, Requirements, Technical Specifications and Procedural Rules and any subsequent resolutions. Such phase shall be implemented starting from 1st of January 2023. The integration phase will be implemented in phases and will be mandated to Persons subject to the E-Invoicing Regulations based on a certain set of criteria determined by the Authority The target groups will be informed of the integration procedures with the authority's systems at least six months before the date set for integration with the target group or groups.

1.4 The Authority

The Zakat, Tax and Customs Authority, also referred to as "the Authority" herein, is the authority in charge of the implementation and administration of VAT (which may be referred to hereinafter as "the Tax") or ("VAT"). In addition to the registration and deregistration of taxable persons for VAT, the administration of VAT return filing and VAT refunds, and undertaking audits and field visits, the Authority also has the power to levy penalties for noncompliance and is mandated to implement the E-Invoicing framework in KSA, which was enforced through the E-Invoicing Regulations issued by the Board of Directors of the Authority on December 2020.

1.5 Scope of this Guideline

This Guidelines addresses all Persons covered by the scope of application of Article (3) of the E-Invoicing Regulation which covers:

- Taxable person that is a resident in KSA.

- The customer or any third party who issues a tax invoice on behalf of the taxable person that is a resident in KSA according to the VAT Implementing Regulation.

This Guideline aims to provide more information on certain industries, transactions or scenarios and provide more detailed information on how E-Invoicing will be applicable to such industries, transactions or scenarios.

This Guideline contains and references several examples of electronic invoices against the various invoices to be issued and the types of transactions. These examples are referred to as "Please refer to XML example (#)". The complete list of examples and the human readable format (PDF) of the invoice and the XML are included in a separate document that are provided in the file "Invoice Samples" under the developer's page on the The authority's Website. Please note that the Digital Signature value, the QR Code value, and the Invoice Hash value in the XML examples are sample values. Actual values will be made available with the E-Invoice validation toolkit

This Guideline aims to simplify and clarify the end-to-end journey of the Taxable persons through electronic invoicing, their obligations, and the overall solution requirements to comply with electronic invoicing regulations.

This Guideline does not contain explanations of technical implementation details directed at invoicing solution vendors. This Guideline also does not contain integration process details as these will be specified at a later stage.

2.   Clarifications of the main terms used in this guideline

This section provides a clarification of the definitions used under the Resolution and provides some additional definitions that will be helpful to better understand the terms used under these guidelines ,and clarify the mechanism for applying the provisions related to the Resolution.

(1) Electronic Invoicing: It is a mechanism that aims to transform the process of issuing paper invoices and notes into an electronic process that allows the exchange of invoices and debit and credit notes and their processing in an electronic format organized between the seller and the buyer in an integrated electronic format

(2) E-Invoice: An e-invoice that is generated in a structured electronic format through electronic means. A paper invoice that is converted into an electronic format through copying, scanning, or any other method is not considered an electronic invoice.

(3) Simplified E-Invoice: A tax invoice that is generated in a structured electronic format and is of the Simplified e-invoice type, and does not generally include the buyer's details.Note that the provision of buyer data may be required in specific cases, for example, Simplified invoices for private medical or educational services provided to Citizens, where the Kingdom shall bear the VAT responsibility that are subject to the tax at the standard rate with a special tax treatments (treated as "Zero Rated"), will include the buyer details and are typically generated for a B2C (business to consumer) transaction.

(4) Electronic Note: Debit and credit notes that must be issued in accordance with the VAT Law and its Implementing Regulation, and which are issued in a structured electronic format through electronic means. Paper notes that are converted into electronic format through copying, scanning, or any other method, are not considered electronic notes for the purposes of this Regulation.

(5) Debit Note: Debit notes are issued by the sellers in order to issue a correction in value to buyers. Debit notes are used for increasing the value of the original invoice or the VAT amount. Debit notes follow the same format as the invoice for which they have been issued. As an example, a standard Debit Note is issued to correct a Standard VAT Invoice, and a simplified Debit Note is issued to correct a simplified e-invoice.

(6) Credit Note: Credit notes are issued by the sellers in order to refund buyers and are used to correct invoices information if generated with an error. Credit notes follow the same format as the invoice they have been issued upon. For example, a standard Credit note is issued for a Standard VAT Invoice, and a simplified credit note is issued for a simplified e-invoice.

(7) E-Invoice Solution: The Compliant solution which is used for generating Electronic Invoices and Electronic Notes. Such a solution must fulfil the specifications and requirements set forth under the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation. The E-Invoice Solution can also be used for Integration of Electronic Invoicing Systems. An E-Invoice Solution may contain one or more Units.

(8) E-Invoice solution Unit: A component of an E-Invoice Solution used by the Persons subject to the E-Invoicing Regulations that is assigned to a specific location and which generates a continuous chain of linked E-Invoices and its associated Notes in an XML format. Each Unit must have its own Cryptographic Stamp Identifier and stamp each invoice in its E-invoice and associated Note sequence. As an example, a Unit can be a cash register that generates a single paper tape as a record of the invoices issued on it.

(9) E-Invoicing Integration Portal: ZATCA's portal for Persons - subject to the E-Invoicing Regulations - E-invoice solution integration for Clearance of Tax e-invoices or Reporting of Simplified e-invoices that is to be activated starting from phase two (Integration phase) of E-invoicing implementation.

(10) Cryptographic Stamp: An electronic stamp which is created via cryptographic algorithms to ensure authenticity of origin and integrity of content of the data for the Electronic Invoices and its associated Electronic Notes, and to ensure the identity verification of the issuer for the Invoices and Notes for the purpose of ensuring compliance with the provisions and controls of the VAT Law and its Implementing Regulation regarding the generation of Electronic Invoices and Notes.

(11) Cryptographic Stamp Identifier: A Cryptographic Stamp Identifier is a unique identifier that links the E-Invoice Solution Unit and a trusted third party able to confirm the identity of the Person subject to the E-Invoicing Regulation and uniquely identify their unit.

(12) UUID: A 128-bit number, generated by an algorithm chosen to make it unlikely that the same identifier will be generated by anyone else in the known universe using the same algorithm. The UUID is used by a compliant E-Invoice Solution and stored inside the XML invoice. The Person subject to the E-Invoicing Regulation does not need to know this value during the normal invoice issuing process, since it is not required to be visible on the invoice.

(13) QR Code: A type of matrix barcode, with a pattern of black and white squares that is machine readable by a QR code scanner or the camera of smart devices in order to enable basic validation of Electronic Invoices and Electronic Notes.

(14) Hash: A digital fingerprint of the invoice data. The hash is generated via a standardized algorithm that guarantees a different fingerprint if any piece of information on the invoice is changed. The hash can only be generated after the invoice content is finalized. Hashes are generated by a compliant Electronic Invoicing Solution and the Person subject to the E-Invoicing Regulation does not need to know this value during the normal invoice issuing process, since it is not required to be visible on the invoice.

(15) Invoice Reference Number: A unique and sequential number that identifies the issued invoice by the E-invoicing solution, according to article 53 of the VAT Implementing Regulations.

(16) Clearance: Clearance is the process where the Authority shall verify that the Electronic Invoices and their associated Electronic Notes transmitted to it (through integration) by the persons subject to E-Invoicing Regulation, fulfilling the controls and details specified in the E-Invoicing Resolution, Annexes (1) and (2) of the Resolution, and the relevant technical documentation. The Authority shall insert the Cryptographic Stamp only on the Invoices and Notes which fulfil the aforementioned controls and details as well as notify the issuers of such Invoices and Notes prior to sharing them with the consumers. Please note that the process of Clearance is not applicable to Simplified E-invoices.

(17) Reporting of simplified e-invoices and their associated notes: Reporting is the process of sharing of the Simplified E-Invoices and their associated Notes which are generated electronically- which include the Cryptographic Stamp as specified in Clause (Fourth) of the E-invoicing Resolution- with the Authority by the persons subject to E-Invoicing Regulation. Persons subject to the E-Invoicing Regulation will be required to transmit all simplified e-invoices to the ZATCA E-Invoicing Integration Portal within (24) hours from its issuance.

(18) Invoicing solution providers (vendors): Third party solution providers and vendors are the suppliers of the electronic invoicing solutions to the Persons subject to the E-Invoicing Regulation.

(19) Human Readable Format: The human readable format of the invoice is a recognizable invoice that can be read and understood by a human reader (including buyers and the Authority).

(20) The Authority's Toolkit: The Authority toolkit is the testing toolkit provided by the Authority to allow Persons subject to the E-Invoicing Regulation to verify that their solutions generate compliant invoices and can be validated by the ZATCA E-Invoicing Integration Portal after integration.

(21) Business-to-Business (B2B): Business to business transactions where a supply of a good/service is made to another business entity. In B2B transactions the buyer is expected to request to use the tax invoice for input VAT deduction. In a B2B transaction, it is expected that the buyer will want to use the tax invoice issued in connection with the supply to deduct or refund the VAT incurred by him on that supply.

(22) Business-to-Consumer (B2C): Business to consumer transactions where a supply of a good/service is made to customers (who are not taxpayers or legal persons). These transactions are usually documented with a Simplified E-invoice, where buyer data is not recorded such as retail food transactions. Despite this, there are some cases in which the supplier may be required to include the customer's data within the simplified invoice data, such as cases of medical and educational services that are subject to tax according to a special treatment from the authority, where the Kingdom bears the tax for citizens (treated as if it is subject to a "zero rate"). Provided that it is proven that the beneficiary is a citizen who is entitled to benefit from the Kingdom's incurring of tax under the royal decree issued in this regard.

(23) Business-to-Government (B2G): Business to government entity or authority transactions where a supply of a good/service is made to government entities. B2G transactions are documented with electronic invoices, which include E-invoices or simplified E-invoices.

3.   Scope of e-Invoicing Regulation

3.1 Taxable Persons subject to E-Invoicing

● All taxable persons are obliged to generate E-Invoices and comply with the E-invoicing regulations and its implementing resolutions

● Taxable Persons are any natural or legal persons who carry on an economic activity and are registered for VAT in KSA or are required to be registered for VAT in the KSA. Taxable Persons who are subject to the E-invoicing Regulation include:

  ▪ Taxable person that is a resident in the Kingdom.

  ▪ The customer or any third party that issues a tax invoice on behalf of the taxable person that is a resident in the Kingdom according to the VAT Implementing Regulation.

● Taxable Persons who are not resident in KSA are not required to issue Electronic Invoices or Electronic Notes for supplies or amounts received which are subject to tax in KSA.

3.2 Requirements to generate Electronic Invoices

Electronic invoicing has not changed the requirements for issuing invoices, and therefore, the issuance of invoices must be adhered to in accordance with the provisions of the VAT Law and its implementing regulations

3.3 Transactions Subject to e-Invoicing

3.3.1. Electronic Invoices (e-Invoices)

Taxable persons must generate e-Invoices for the following transactions:

Supplies of goods and services subject to the standard VAT rate or Zero rate;

e-Invoice is required for taxable supplies subject to the standard VAT rate valued at SAR 1,000 or more, made to a taxable person or non-taxable legal person.
For all Zero-rated supplies - these are also taxable supplies (with a VAT rate of 0%). For any other Zero-rated supplies (i.e. domestic supplies of Zero-rated goods, or services provided to a non-GCC resident), a Simplified e-Invoice may be generated if the usual criteria for generating a Simplified e-Invoice are satisfied.

Export of goods from KSA;

An e- Invoice (Standard Invoice) is required for all exports of goods, regardless of the value of the supply or status of the customer.

Example (1): Al Hafoof Chemical company, a registered taxpayer, is a subcontractor for chemical products in Riyadh. Florida Steel Factory, a USA based company, contracts Al Hafoof for chemical products for one of their steel productions to be delivered in the USA. After receiving the payment, Al Hafoof issued an electronic invoice through their e-invoice solution. The technical fields of the invoice are automatically generated by the solution, where Al Hafoof only inserts information about Florida Steel Factory and their details, goods/services sold, and the total value of the transaction. The invoice will be zero rated since it›s an export invoice, and the VAT rate will be 0%. The invoice totals will all be in USD except for VAT amount which must be in SAR. Al Hafoof archives a copy of the e-invoice in their records on a system according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA. Please refer to the XML example (5) in the file "Invoice Samples" under the developer's page on the The authority›s Website.

Intra-GCC supplies in accordance with the Agreement, VAT Law and its Implementing Regulation;

With regard to supplies of goods or services from a supplier residing in the Kingdom to a customer residing in any member state of the Gulf Cooperation Council "Intra-GCC supplies" an electronic invoice must be issued in all cases in relation to such transactions (note that supplies between the GCC countries will be considered inter-state supplies from the date in which the transitional provisions under Article 79 of the VAT Implementing Regulations expire, and until that date the import and export provisions will apply to those transactions)

Example (1): ABC law firm, a taxable person resident in KSA provided legal services to XYZ an entity resident in Bahrain for a dispute related to real estate located in Bahrain, ABC will be required to issue an E-invoice (Standard Invoice) to XYZ once relevant Articles of GCC VAT Framework Agreement are enforced.

Nominal supplies by the taxpayer in accordance with the Agreement, VAT Law, and its Implementing Regulation;

A nominal supply is an actual supply of goods or services to another person for no consideration. In principle, this should not include the supply of free of charge samples and gifts which have immaterial value provided under the normal course of business (less than 200 SAR).

An e-Invoice must be generated for Nominal Supplies and retained with the business records for audit purposes. However, the taxable person receiving goods or services under nominal supply arrangement (if any) will not be able to deduct input VAT related to that nominal supply. The e-Invoice should therefore not be provided to the Customer.

Example (1): Alaa store, a perfume store in Riyadh, provides a free bag to a customer with a cost price of SAR 300 - as a token of thanks for being a loyal Customer. Alaa Store is required to account for VAT of SAR 45 (15% of the cost price) on the Nominal Supply of goods for no consideration.

Alaa Store should generate a nominal supply E-invoice to document the deemed supply for VAT purposes and retain this with its business records, according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA. It should not provide the e-Invoice to the customer.Please refer to the XML example (11) in the file "Invoice Samples" under the developer's page on the The authority Website

Any payments related to supply of goods or services and received by the taxpayer before the actual supply.

An e-invoice must be issued on the date of receiving the payment that is related to a supply of goods or services if the payment is made before the actual supply (in cases of part-payment, an e-invoice must be issued for the portion of consideration paid).

3.3.2. Electronic Notes

Taxable persons must generate Electronic Notes for the following transactions:

- **Cancellation or suspension of the supplies after its occurrence either wholly or partially**
- **In case of essential change or amendment in the supply, which leads to the change of the VAT amount.**
- **Amendment of the supply value which is pre-agreed upon between the supplier and consumer.**
- **In case of goods or services return.**

Example (1): An industrial manufacturer pays an amount in advance to a construction company for building a new warehouse. The construction company generates an e-Invoice for the portion of payment received in advance.

Before the project begins, the construction company advises it cannot proceed with the project. The supply is cancelled, and an Electronic Credit Note is generated in respect of the earlier e-Invoice and it should refer to the sequential number of the original e-Invoice

Example (2): Alwady company sells chemical products to their clients Dar Alslamah Company, the client returned the product they bought from Alwady company. Alwady company will generate a credit note through its system and submit it on ZATCA portal for validation and share it with the buyer (submitting e-invoices and notes to ZATCA portal is applicable after go-live of the Integration Phase starting from January 2023) the credit note should refer to the sequential number of the original e-Invoice and the date of supply. Please refer to the XML example (6) in the file "Invoice Samples" under the developer's page on the The authority Website.

Example (3): The United Arab General Trading Company generated an e-Invoice on 1 January 2022 for a delivery of several items to Golden Arrow Food Distribution Company. During a review of pricing in April 2022, it discovered that it used an incorrect price for two items, resulting in charging less than the agreed price. It agrees with the customer to generate a Debit Note to reflect the additional amount due for these items. The Debit Note should be Electronic, and it should refer to the sequential number of the original e-Invoice and the date of supply.

The Debit Note must contain a reference to the e-Invoice issued in respect of the initial Supply. Please refer to the XML example (7) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Example (4): Aziz Electronics decides to provide a SAR 200 credit to the account of all regular customers as a goodwill gesture during the Eid celebrations. The credit does not relate to any earlier supply of goods or services. It should not generate an Electronic Credit Note or make an adjustment to VAT in respect of this credit.

Example (5): Salah Hospital in Jeddah generated a simplified e-Invoice on 10 February 2022 for a surgery for a Saudi citizen. Three months after the surgery was performed, it was found that the patient (a Saudi citizen) was undercharged. The hospital made an agreement with the patient to generate a debit note to correct the surgery price.Please refer to the XML example (13) in the file "Invoice Samples" under the developer's page on the The authority's Website.

3.4 Transactions of the E-invoicing regulations that do not require issuance of E-Invoices

Taxable persons are not required to generate Electronic Invoices and/or Electronic Notes for the following transactions:

Exempted Supplies

For any domestic supplies of goods or services which are exempt from VAT under KSA VAT Law and Implementing Regulations (such as qualifying financial services, or residential rental). KSA exempts taxable persons from the requirement to generate Electronic Invoices for these supplies.

Example (1): The United Company of Takaful sold a life insurance policy to Abdallah; it is not required to issue an e-invoice for this transaction as the life insurance services are exempt from VAT.

Any payments related to exempted supplies and received by a taxpayer.

Example (1): In January 2022 Abdullah had rented an apartment from ABC Real Estate Company, Abdullah paid the rent due for the first 6 months in advance. ABC is not required to issue an E-invoice for the amount received as the residential rent is exempt from VAT.

Supplies subject to VAT pursuant to Reverse Charge Mechanism.

In cases where a taxable person receives a supply of services in KSA from a non-resident supplier, that person must account for VAT due under the Reverse Charge Mechanism. The non-resident supplier will not generate an e-Invoice for the services provided to the resident taxable persons. The Authority does not require the recipient to generate itself an e-Invoice to record the supply under the Reverse Charge Mechanism, but appropriate records should be retained to evidence the transaction. The records shall be reported in the recipient's tax return filings.

Example (1):

Jaber Consulting Services LLC is established in Jordan and has no fixed establishment (e.g. office or permanent resources) in KSA; and it is therefore not resident in KSA for VAT purposes. Jaber Consulting Services provides consulting services to businesses registered for VAT and to individual customers non-registered for VAT, who are resident in KSA. Jaber Consulting Services provides services to Al Tayer Group, who are a taxpayer resident in the KSA. Neither of Jaber Consulting Services or Al Tayer Group have to issue an e-invoice for the transaction.

Import of goods to KSA

Import of goods have VAT applied by, and paid to, the customs as part of customs clearance. As the goods are transported from a foreign country, there is usually no separate supply of the goods in KSA as part of the import. In these cases, the supplier does not generate Electronic Invoices for imported goods nor the importer.

Example (1): Al Saqr LLC is a Saudi company engaged in the construction of a reinforcing steel factory in Riyadh. For the purposes of its construction activities, it imports construction materials from a supplier established in Egypt. The sales document used by the Egyptian supplier does not qualify

as an e-Invoice from a KSA perspective.

However, an e-Invoice is not required as the goods are imported by Al Saqr LLC and the Egyptian supplier does not make a supply of the goods within the KSA. Al Saqr LLC uses the information provided by the Customs to document deduction of the VAT paid on import.

4. Types of E-Invoices

4.1 Electronic Invoice (Standard Invoice)

An electronic invoice is an invoice issued for most B2B and B2G transactions. This type of document is used for claiming input VAT deduction by buyers, with fields defined in Article 53 (5), VAT Implementing Regulations. The fields required for generation to be included within the e-invoice are included in the appendix of the e-invoicing resolution. Standard e-invoices are shared by the sellers to the buyers in an agreed format. Standard invoices will be issued to the buyers after being cryptographically stamped and "cleared" by ZATCA in the future (integration with the ZATCA portal is applicable after the implementation of the Integration Phase starting from January 2023). Further details are provided in section 7 of this guideline.

Standard Electronic invoices contain fields as per VAT legislations including the seller and buyer information, transaction and goods/services details in

addition to other technical fields that are to be generated by the electronic invoicing solution. Sample images of the human readable format of the Standard Electronic invoice are included in Section 4.6 of this guideline.

Example (1): Al Salam Supplies Co. LTD, a registered taxpayer in Riyadh. Al Kawther Markets, a registered taxpayer, contracts Al Salam for providing their stores with goods. Once the items have been delivered, Al Salam issued an electronic invoice through their invoicing solution. The technical fields of the invoice are automatically generated by the solution, where Al Salam only inserts information about Al Kawther and their details, goods sold, and the total value and VAT value of the transaction. Al Salam archives a copy of the e-invoice in their records on a system according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA.Please refer to the XML example (1) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Example (2): Capital National Bank, a registered bank in KSA provided Al Amaal Company with a corporate loan to finance the company's operations. The bank issued a tax invoice containing two items, bank commission with an amount of SAR 6,250.00 and loan's Profit Element with an amount of SAR

50,000.00. The bank commission is subjected to VAT with a rate of 15%. The loan Profit Element will be exempt from VAT, the Bank should issue an E-invoice for the taxable supplies from the E- invoice solution used by the bank and if the bank decided to issue one invoice for both the taxable and exempt supplies then this invoice should meet the requirements of the E-invoices.Please refer to the XML example (3) in the file "Invoice Samples" under the developer's page on the The authority's Website.

4.2 Simplified E-Invoice

Simplified Electronic Invoices are designed for most B2C transactions that are instant and where the buyer does not need to use the invoice for input VAT deduction. The required fields are defined in Article 53 (8), VAT Implementing Regulations and in the appendix of the e-invoicing resolution. Simplified e-invoices are issued to the buyers/customers at the point of sale and are shared with the customers and a copy is subsequently archived and stored. During the Generation Phase, it is sufficient for Persons subject to the E-Invoicing Regulation to share the Simplified E-Invoices with customers, with no further action needed. During the Integration Phase, Simplified E-Invoices need to be reported to the Authority within 24 hours of issuance. Further details are provided in section 7 of this guideline. Sample images of the human readable format of the Simplified E-Invoice are included in Section 4.6 of this guideline.

Example (1): Al Salam Supplies Co. LTDs operate 3 stores in KSA with over 12 cash registers. Each cash register generates simplified e-invoices based on each sale to a customer, with a QR Code applied to each invoice. All simplified electronic invoices that are generated by the cash registers are then sent to Al Salam company' central repository and finance management system. Al Salam company archives copies of the e-invoices in their records on a system according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA. On 1st of January 2023 (and according to the phases and targeted groups of the integration), Al Salam company must report all invoices issued within 24 hours from the time of issuance. Please refer to the XML example (8) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Example (2): A citizen bought three items from Alwaha Pharmacy online store. Two items are standard rated items with a VAT rate of 15% and the third item is zero rated since it›s classified as medical goods according to the VAT law and regulations. Once the payment has been made, the pharmacy issues a simplified e-invoice through the pharmacy application containing details on the items that the customer purchased and sends the invoice to the customer's registered email address. Please refer to the XML example (9) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Example (3): Al Jouf Business School is a private university in KSA issued a simplified e-invoice for term tuition to a female Saudi citizen. Since this is a private education services subject to the standard tax rate an invoice should be issued to the Saudi Citizen, this service is subject to a special treatment which is considered as a «Zero Rated» invoice as regulated by ZATCA, the Saudi government will cover the VAT on behalf of the citizen. Therefore, the citizen won›t be charged VAT. Please refer to the XML example (10) in the file "Invoice Samples" under the developer's page on the The authority's Website

4.3 Credit and Debit Notes

Electronic Credit / Debit notes are issued for an E-invoices / a simplified e-invoices (after an e- invoice has been issued), wherein the transaction is adjusted subject to Article 54 and Article 40 (1), VAT Implementing Regulations. Credit and Debit notes must be issued with a reference to the original invoice(s) to which they are issued. The reference fields can be used to indicate a date for reference, the invoice reference number, reference to all/multiple invoices in a period, and any other reference to the original sale. The credit/debit note types follow the type of invoice that they are issued against I.e. a standard electronic note is issued for a Standard E-Invoice, and a simplified electronic note is issued for a Simplified E-invoice.

Example (1): DataExtract Consulting company purchases several office furniture items from Zamil Furniture Group. After they have been invoiced by Zamil, DataExtract wishes to return several items that were defective. Zamil issue a credit note in order to refund the amount paid, and the information is the same as the information contained in the standard e-invoice that was issued for the sale. The credit note contains a reference to the original invoice. DataExtract archives a copy of the note in their records on a system. according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA.

4.4 Summary invoices by the taxpayer in accordance with the Agreement, VAT Law, and its Implementing Regulation;

Summary Tax Invoices are a type of Tax Invoice that includes more than one supply of Goods or services. Suppliers who have periodic (e.g. monthly) invoicing practices may issue one commercial invoice containing all the supplies made in that period. For VAT purposes, a Taxable Person may issue a summary Tax Invoice, including all the Taxable Supplies of Goods and services made by him in favor of a single Customer according to the VAT Legislations. There is no additional format or content requirements for summary Tax Invoices for VAT purposes.

A Taxable Person who issues a summary Tax Invoice should not issue separate Tax Invoices for the individual supplies of goods and services making up that summary Tax Invoice.

Example (1): Gulf Arabian Equipment Co., a Saudi VAT registered company, has entered a contract with Al Bait Al Amer Construction Co. (a Saudi resident entity located in Riyadh) to supply equipment and services related to Al Bait Co. construction project in Riyadh. The supply agreement prescribes that Gulf Arabian Co. will issue invoices for goods and services provided at the end of each calendar month. During April 2022, Gulf Arabian Co. supplied both equipment and services to Al Bait Co. on different dates. While there is more than one separate supply made by Gulf Arabia Co. to Al Bait Co. within the same period of April 2022, Gulf Arabian Co. may issue a summary Tax Invoice.Please refer to the XML example (2) in the file "Invoice Samples" under the developer's page on the The authority›s Website.

4.5 Special billing arrangements (Self-billing and Third-party billing)

4.5.1. Self-billing

In accordance with the Unified Agreement for Value Added Tax, VAT Law and its implementing regulations, the taxable buyer may issue tax invoices on behalf of the supplier, provided that the tax authority approves and applies the special requirements mentioned in the regulations and that the supplier remains responsible before the Authority for the accuracy of the data included in the tax invoices. In this case, the buyer must generate tax invoices in an electronic format in accordance with the provisions of the E-invoicing regulation.

The self-billing e-invoices generated by a buyer will contain an electronic marker indicating this fact. This marker will be generated automatically and will not be visible on the human readable version of the e-invoice. The human readable format of the invoice must contain a statement declaring that the invoice is a self-billing invoice.

Example (1): Al Salah Laundries LLC in KSA enters a three-year contract with Al Jaber Hotel to provide laundry services. The commercial agreement between them is that, for the length of the contract, Al Jaber Hotel will issue the e-Invoices on a monthly basis for laundry services on behalf of Al Salah Laundries based on an agreed rate per item. After the e-Invoice is issued by Al Jaber Hotel, Al Salah Laundries checks the information to match it with their internal supporting documents and archives it. Al Jaber Hotel e-invoice solution must be compliant with the specifications and requirements of ZATCA and integrated with the ZATCA E-Invoicing Integration Portal after the go-live of the integration phase. Al Jaber and Al Salah Laundries archive a copy of the e-invoice in their records on a system according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA.Please refer to the XML example (4) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Example (2): Al Salam Agency Services provides an intermediary service to Al Faris Marketing Company, introducing it to potential clients. Al Faris agrees to pay a commission of 2% of sales for any introduced clients. As Al Faris has access to its sales figures, it enters into an Agreement with Al Salam to calculate the commission and issue a monthly self-billed e-Invoice, Al Faris has to issue self-billed e-invoices on a monthly basis, and both Al Salam and Al Faris have to archive a copy of the e-invoice in their records on a system according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation

and resolutions and all other relevant Laws in KSA. Al Faris e-invoice solution must be compliant with the specifications and requirements of ZATCA and integrated with the ZATCA E-Invoicing Integration Portal once this becomes required.

4.5.2. Third party billing

Third party billing is where transactions are invoiced by an external party, like an accounting firm, is engaged to issue invoices on behalf of the seller after fulfilling certain requirements as specified in the VAT legislations. The e-invoices generated by a third party will contain an electronic marker indicating this fact. This marker will be generated automatically and will not be visible on the human readable version of the e-invoice. The human readable format of the invoice must contain a statement declaring that the invoice is a third-party billing invoice.

Example (1): DeluxePaints painting services company engages a specialized accounting firm, Al Nakheel CPA office, to keep their books and issue tax e-invoices to DeluxePaints's customers. DeluxePaint direct Al Nakheel CPA office to issue compliant tax e-invoices and send them to DeluxePaint's customers. Al Nakheel will generate the tax e-invoices through its system on behalf of DeluxePaints, submit them on ZATCA portal for validation, and share them with DeluxePaints's clients.

Example (2): Al Salam Supplies co. LTD sells their products through an e-commerce website called E-Books PLC.

A buyer of Al Salam Supplies Co. LTD returned the product they bought through the e-commerce website of E-Books PLC. E-books will generate the electronic credit note (according to delegation from the supplier) through system on behalf of Al Salam Supplies Co. LTD, share them with the buyer and then submit them on ZATCA portal within 24 hours (reporting of simplified e-invoices starts after go-live of the Integration Phase in January 2023). Please refer to the XML example (12) in the file "Invoice Samples" under the developer's page on the The authority's Website.

Sample of an Electronic Invoice

4.6 visual examples of printed invoices

4.6.1. Overview

Each type of e-invoice and associated note may be presented in human readable form. The fields required to be visible on such a representation are indicated in the E-Invoicing Resolution in Annex (2). This section contains examples of visualized e-Invoices that contain the fields required starting 4th December 2021. Fully compliant electronic versions of these e-invoices will be required starting 1st January 2023. For the period from 4th December 2021 to 1st January 2023 the electronic versions of e-invoices are required to be generated and archived, but they are not required to be compliant with the formal XML specification.

Simplified E-Invoice Sample

فاتورة ضريبية المبسطة
Simplified Tax Invoice

Invoice Number	100	100	رقم الفاتورة
Invoice Issue Date	25/4/2022	25/4/2022	تاريخ اصدار الفاتورة
			اسم الشركة:
			العنوان:
VAT Number:			رقم تسجيل ضريبة القيمة المضافة:

Nature of goods or services تفاصيل السلع أو الخدمات	Unit price سعر الوحدة	Quantity الكمية	Item Subtotal (Including VAT) المجموع (شامل ضريبة القيمة المضافة)
Item A - السلعة أ	200.00 SAR	1	230.00 SAR
Item B - السلعة ب	350.00 SAR	2	805.00 SAR

Total Taxable Amount (Excluding VAT)	الإجمالي الخاضع للضريبة (غير شامل ضريبة القيمة المضافة)	900.00 SAR
Total VAT	مجموع ضريبة القيمة المضافة	135.00 SAR
Total Amount Due	إجمالي المبلغ المستحق	1,035.00 SAR
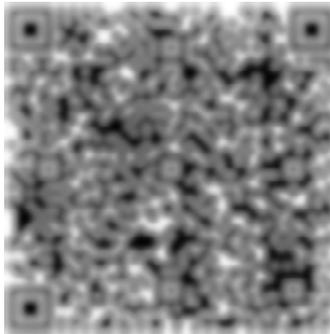
E-Invoice Sample

فاتورة ضريبية
Tax Invoice

Invoice Number:	100	100 رقم الفاتورة:

Invoice Issue Date:	25/4/2022	25/4/2022 تاريخ اصدار الفاتورة:
Date of Supply:	25/4/2022	25/4/2022 تاريخ التوريد:
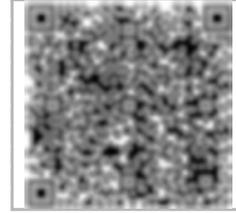
Seller:	المورد:	Buyer:	العميل:
Name:	الإسم:	Name:	الإسم:
Building No.	رقم المبنى:	Building No.	رقم المبنى:
Street Name	اسم الشارع:	Street Name	اسم الشارع:
District	الحي:	District	الحي:
City	المدينة:	City	المدينة:
Country	البلد:	Country	البلد:
Postal Code	الرمز البريدي:	Postal Code	الرمز البريدي:
Additional No.	الرقم الإضافي للعنوان:	Additional No.	الرقم الإضافي للعنوان:
VAT Number:	رقم تسجيل ضريبة القيمة المضافة:	VAT Number:	رقم تسجيل ضريبة القيمة المضافة:
Other Seller ID:	معرف آخر:	Other Buyer ID:	معرف آخر:

Line Items:						توصيف السلعة أو الخدمة:
Nature of goods or services تفاصيل السلع أو الخدمات	Unit price سعر الوحدة	Quantity الكمية	Taxable Amount المبلغ الخاضع للضريبة	Discount خصومات	Tax Rate نسبة الضريبة	Tax Amount مبلغ الضريبة	Item Subtotal (Including VAT) المجموع (شامل ضريبة القيمة المضافة)
Item A - السلعة أ	200.00 SAR	1	200.00 SAR	0	15%	30.00 SAR	230.00 SAR
Item B - السلعة ب	350.00 SAR	2	700.00 SAR	0	15%	105.00 SAR	805.00 SAR

| Total amounts:		إجمالي المبالغ:
	Total (Excluding VAT) الإجمالي (غير شاملة ضريبة القيمة المضافة)	900.00 SAR
	Discount مجموع الخصومات	0.00 SAR
	Total Taxable Amount (Excluding VAT) الإجمالي الخاضع للضريبة (غير شاملة ضريبة القيمة المضافة)	900.00 SAR
	Total VAT مجموع ضريبة القيمة المضافة	135.00 SAR
	Total Amount Due إجمالي المبلغ المستحق	1,035.00 SAR

4.7 Human readable formats

Electronic invoices can be printed or included within human readable formats in order to be shared with the buyers. Starting on 4th December 2021 Persons subject to the E-Invoicing Regulation may utilize any format as a human readable format to share their electronic invoices, but once the integration resolution comes into full force starting in January 2023 human readable invoices must either be a PDF/A-3 or, for simplified e-invoices, paper with the specified information visible, including a QR code. During the transition period, before the integration requirements come into effect, compliant E-Invoice Solutions must be accompanied with supporting guide documentation to allow the Authority or any reader to navigate the invoice and its format.

Fully compliant human readable formats include:

- **Printed simplified e-invoice (paper) with all required visible fields present,**
- **PDF Invoice (PDF/A-3 with embedded XML file) with all required visible fields present in the human readable form.**

The human readable format can be presented provided that it is in Arabic (in addition to any other language) and Arabic or Hindi numerals can be used (either of which will be considered as Arabic in the invoices)

Sellers may share standard e-invoices in an XML or PDF (PDF/A-3 with embedded XML) with the buyers

Types of transactions and the required e-invoice and a printed invoice to be generated

Type of transaction	Tax E-Invoice (Standard E-Invoice)	Simplified E-Invoice
Taxable Supplies subject to the standard rate valued at SAR 1,000 or more, made to a Taxable Person or non-taxable Legal Person	✅	
Taxable Supplies of Goods or services (other than exports of goods) made to a Taxable Person or non-taxable Legal Person, valued at less than SAR 1,000	✅	✅
Export of goods	✅	
Taxable Supplies made to a non-taxable natural person (other than exports of goods)		✅
Supplies which are totally exempt from VAT in the KSA	N/A	N/A

Zero-rated supplies valued at SAR 1,000 or more, made to a Taxable Person or non-taxable Legal Person	✅	
VAT due under Reverse Charge Mechanism	N/A	N/A
Intra-GCC supplies	✅	
Supplies outside the scope of VAT	N/A	N/A
Imports of Goods	N/A	N/A
Nominal Supplies (not presented to Customer but retained for audit purposes)	✅	

4.8 Key fields included in the invoices (for generation and integration phases)

Each e-invoice generated by a solution must comply with the prescribed format that includes transactional detail fields and technical fields. The following technical fields are automatically generated by the Person subject to the E-Invoicing Regulation's compliant e-invoice solution. Persons subject to the E-Invoicing Regulation are only required to validate that the fields are generated and are valid by using the Authority e-invoice validation toolkit.

Special fields details		Timeline
UUID	E-invoices and simplified e-invoices must include a Universally Unique Identifier (UUID). A UUID is used to identify an invoice through a globally unique number once it is issued and can be tracked throughout its lifecycle. The UUID is sometimes referred to as GUID. A UUID is an automatically generated number that is generated within the taxpayer's solution that is not visible on the printed invoice. Compliant e-invoice solution vendors must ensure that their solutions are able to generate UUIDs and that they are present within the electronic invoice XML. If an e-invoice is generated but is not in a compliant format due to a system error, the regenerated e-invoice or associated note should have the same UUID. An example generated UUID: 061c95fb-d6bb402-e-aa6-24cb09ec1d013	Integration Phase
Cryptographic Stamp	E-invoices (tax invoice) must include a cryptographic stamp generated by the Authority E-Invoicing Integration Portal. Simplified e-invoices must include a cryptographic stamp that is generated by the taxpayer's invoice solutions. The Cryptographic Stamp is automatically generated by the solutions and is not visible on the printed invoice apart from an embedded version in the QR code. Persons subject to the E-Invoicing Regulation must ensure that their solutions are registered and compliant.	Integration Phase

Cryptographic Stamp Identifier	The cryptographic stamp identifier is a credential that is associated with a cryptographic stamp and associates it with a registered Invoice Solution. The cryptographic stamp identifier will be issued and managed through the ZATCA E-Invoicing Integration Portal as part of the device registration process. Persons subject to the E-Invoicing Regulation shall login to the ZATCA E-Invoicing Integration Portal using their current accounts in order to request and manage cryptographic stamp identifiers for their Electronic Invoice Solutions.	Integration Phase
Previous Invoice Hash	An invoice hash is automatically generated within the taxpayer's invoice solutions and is not visible on the invoice. The hash can be thought of as a digital fingerprint of the invoice. The previous invoice hash must be included within the subsequent electronic invoice or note document. If an e-Invoice Solution produces an invalid e-Invoice, this document stays part of the record and its hash is included in the next document. Compliant vendors must ensure that the solutions they offer are able to generate invoice hashes and that they are present within the electronic invoice. An example of the previous invoice hash: NWZlY2ViNjZmZmM4NmYzOGQ5NTl3ODZjNmQ2OTZjNzljMmRiYzIzOWRkNGU5MWl0NjcyOWQ3M2EyN2ZiNTdlOQ==	Integration Phase

QR Code	The QR contains basic invoice data and is included within the printed invoice and the electronic invoice. QR codes are used by customers who wish to verify their invoices and ensure that they are compliant with the ZATCA requirements. QR codes are automatically generated by the E-invoice solutions and include: - The Seller's name - Seller's VAT Registration number - Time stamp of the invoice (date and time) - Invoice total - VAT total - Cryptographic Stamp (Integration phase) Hash of the invoice, which links the QR code to the underlying e-Invoice XML in a tamper-proof way (Integration phase) - The cryptographic stamp of either the E-invoice Solution for Simplified E-invoices, or ZATCA's E-Invoicing Integration Portal for E-Invoices to uniquely identify the QR contents as coming from a specific E-invoice Solution unit in a way that cannot be easily repudiated (Integration phase) -The public key used to generate the Cryptographic Stamp to ease cryptographic stamp validation (Integration Phase) - For Simplified E-invoices only, the Authority's cryptographic stamp of the E-invoice Solution's public key, to allow for offline validation whether the E-invoice Solution has been registered with the Authority (Integration Phase) NOTE: The e-Invoice QR code requires a specialized app to read and, unlike some QR codes, does not contain a link to any web page. An app to read the QR code may be implemented by any vendor by following the published standard.	Generation Phase (Simplified e-invoices and their associated notes) Integration Phase (All remaining invoices)
Invoice counter	The invoice counter is a functionality of electronic invoice solutions and is generated automatically by the solutions. The invoice counter increments for each issuance of an invoice on the system. The invoice counter value is not present on the printed invoice. The value of an invoice counter may repeat on separate e-Invoice Solution units owned by the same taxpayer. A sample of the invoice counter: 46531	Integration Phase

5. Compliant E-Invoice Solution Features

5.1 Compliant E-Invoice Solution

- E-Invoice Solutions (B2B/B2G)

  ▪ **All types of solutions that Persons subject to the E-Invoicing Regulation use for generating electronic invoices.**

- Simplified E-Invoice Solutions (B2C)

  ▪ **All types of solutions that the Persons subject to the E-Invoicing Regulation use for generating simplified electronic invoices.**

A particular e-Invoice Solution may combine both types and must then meet compliance requirements for both types as well.

Persons subject to the E-Invoicing Regulation may use both or one type of the invoice solutions above and include, but not limited to:

Invoice Generation Tool	Definition	Transaction Type
Online Cash Registers (OCRs)	Invoices are generated via a cash register device and stamping happens on the device itself. the device generates invoices and stores them. The device is also capable of integrating with ZATCA.	B2C
Enterprise Resource Planning software (ERP)	A system that provides invoice generation as a function. Simplified Invoices are generated and stamped automatically on a server and integrated with ZATCA. Standard E-invoices are stamped by the ZATCA Integration Portal during the Clearance process	B2B B2C
eCommerce solutions	Invoices are generated on the e-commerce platform which is connected to a cloud server or local server and the stamping process must be done by the server for Simplified E-invoices. Standard E-invoices are stamped by the ZATCA Integration Portal during the Clearance process.	B2B B2C
Virtual Cash Register (VCRs)	This solution generates invoices on an end-point software via a general-purpose device (PC, tablet, or smartphone).	B2B B2C
Cloud Solutions	Invoices are generated and stored on a cloud server.	B2B B2C
Networked Electronic Cash Registers (Net ECRs)	Cash registers are connected with a control server. The control server issues the invoices and stores them in the archive.	B2C

Compliant Invoice solutions do not include the following:

- Text editing tools

- Excel or similar softwares.

- Other bookkeeping software, unless they have been fitted with compliant adapters.

- Paper based invoice printer, unless it also produces compliant electronic invoices for archival as well.

6. E-Invoicing Solution Requirements timelines for Both E-Invoice and Simplified E-Invoice

6.1 E-Invoicing Implementation Timeline

Taxable persons subject to E-Invoice regulation are obliged to generate Electronic Invoices and Electronic Notes starting from 4th of December 2021.

For the second phase requirements (Integration phase) starting from 1st January 2023 where the Persons subject

to the E-Invoicing Regulation will be integrated with the Authority's E-Invoicing Integration Portal through an Application Programmable Interface (API) that the Authority will provide and will share and transmit invoices to the Authority.

All compliant e-invoicing solutions will be able to connect to the internet and connect to the API of the Authority E-Invoicing Integration Portal. Persons subject to the E-Invoicing Regulation will have to ensure that their e-invoice solutions can integrate with the Authority and send invoices as per the invoice type.

During the integration phase, Persons subject to the E-Invoicing Regulation will be able to share invoices with the Authority based on a Clearance/Reporting model as described in section 6.5. The clearance model applies to the Electronic Invoices, whereas the reporting model applies to the Simplified E-Invoices

Integration of the Persons subject to the E-Invoicing Regulation systems with the Authority's system shall happen starting from 1st January 2023 In waves by targeted taxpayer groups, where they will be notified by the Authority on the date of their integration at least 6 months in advance

6.2 E-Invoice Technical Requirements

- **All E-Invoice Solutions must be able to connect to the internet in order to share invoices with the Authority.**

- **The e-invoice solutions must be able to connect with an API published by the Authority in order to share invoices. Specific integration requirements will be published in the future and E-invoice Solution vendors will have enough time to update their products and services.**

- **The e-invoice solutions must have tamper-proofing mechanisms that prevent any modification or tampering with invoices or the solution itself, and must be able to record and detect any tampering attempts.**

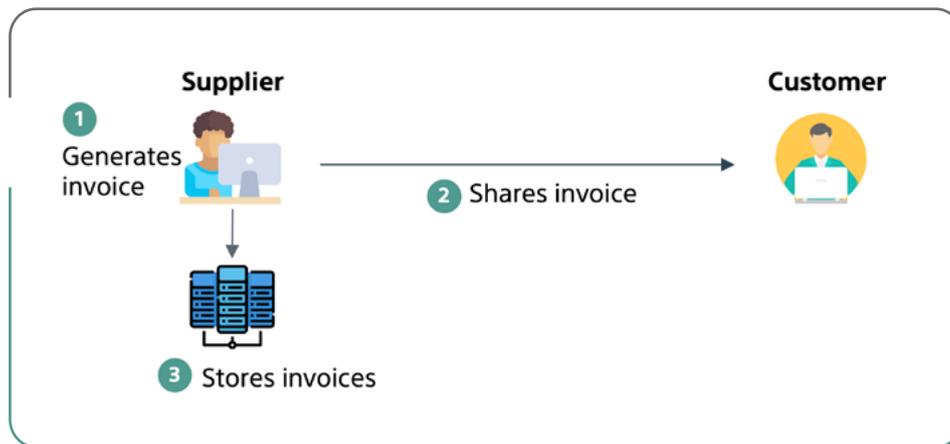## 6.3 E-Invoicing Solution Requirement for Phase 1 (Generation Phase)

Requirements for generating e-Invoice and Simplified e-Invoice starting from 4 December 2021

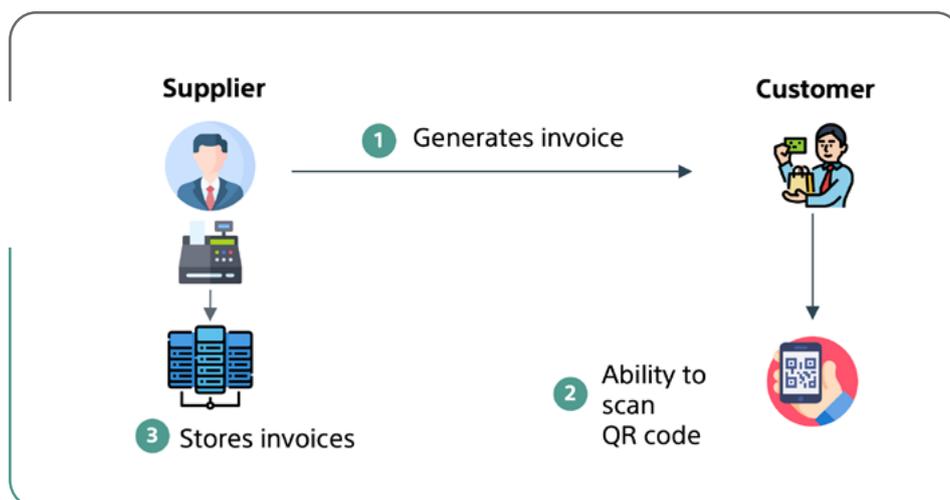| Requirements		E-Invoice	Simplified e-Invoice
Invoice Generation	Invoice generation means	Electronic Invoices must be generated through electronic means	
	Invoice fields	Generate electronic invoice with non-integration related fields	
	Invoice format	No format mandated	
	Invoice storage	Invoices must be archived as per VAT regulations and accessible at any point in time to the Authority ,please refer to section 6.9	
Security & Integrity	QR code	Not mandated	QR code included with basic invoice and taxpayer information
	Cryptographic stamp	Not mandated	
	Device Registration	Not mandated	
	UUID	Not mandated	
	Hash	Not mandated	
Integration	Internet Connectivity	Solution must be able to connect to the internet	
	Invoice clearance	Not mandated	
	Invoice reporting	Not mandated	

Illustrative diagram for Generation Phase

E-Invoice Generation for B2B/G transactions

Illustrative diagram for Generation Phase

Simplified E-Invoice Generation for B2C transactions

6.4 E-Invoicing Solution Requirement for Phase 2 (Integration Phase)

Requirements for generating e-Invoice and Simplified e-Invoice starting from 1 January 2023

| Requirements		Electronic Invoice	Simplified Electronic Invoices
Invoice Generation	Invoice generation means	Invoices must be generated through electronic means	
	Invoice fields	Generate additional fields required for integration Phase	
	Invoice format	Invoices must be generated in XML format or PDF/A3- format with embedded XML	
	Invoice storage	Invoices must be archived as per VAT regulations and accessible at any point in time by the Authority , please refer to section 6.9	
Security & Integrity	QR code	No requirement from the taxpayer. The QR code value will be generated by the taxpayer's solutions and the E-Invoicing Integration Porta will update the code during the Clearance process. The QR code will then be printed to be visualized on the human readable invoice by the taxpayer.	QR code mandated with additional information for phase 2 (Integration Phase)
	Cryptographic stamp	No requirement from the taxpayer. Cryptographic stamps are applied by the Authority E-Invoicing Integration Portal.	Cryptographic stamp mandated
	Device Registration	Not mandated	Compliant solutions must be registered on the Authority E-Invoicing Integration Portal using unique device ID
	UUID	To be included as part of the e-invoice	
	(Hash)	To be included as part of the e-invoice	
Integration	Internet Connectivity	Solution must have ability to connect to the internet for invoice clearance	Solutions must have the ability to connect to the internet for simplified E-invoice reporting
	Invoice clearance	Sharing of invoices with the E-Invoicing Integration Portal in real-time via API (for clearance)	Not mandated
	Invoice reporting	Not mandated	Upload of invoices to the E-Invoicing Integration Portal via API whenever connected

6.5 Clearance vs Reporting

Each E-Invoice generated electronically must be cleared by the Authority as a prerequisite for sharing them with the buyers and for such Electronic Invoice to be regarded as legal and valid.

Clearance model:

Clearance is a real-time transaction integration model of e-invoices, where after integration, the taxpayer directly sends the electronic invoice prior to sharing with the buyer. Electronic invoices are then validated across several categories of varying level, and if approved, are stamped by the Authority and returned to the taxpayer. Clearance applies to all e-invoices and their associated credit/debit notes (non-simplified)

Illustrative diagram for Integration Phase

E-Invoice Generation for B2B/G transactions
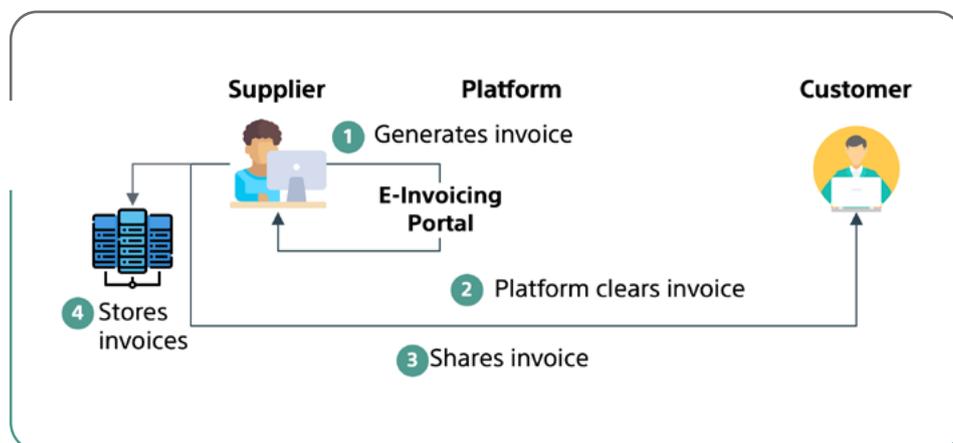
Reporting:

Taxable persons must report the Simplified e-Invoices to the Authority.

Reporting model:

Reporting is a near-real time transaction model, where Simplified E-Invoices and its associated notes are reported to the Authority E-Invoicing Integration Portal within 24 hours from issuance. Once uploaded, Simplified Electronic Invoices are then validated, and an acknowledgement through the API is reported back to the taxpayer. Simplified E-Invoices must be generated using compliant E-Invoicing Solutions and reported to the E-invoicing integration portal as set out by the Authority requirements under the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation and further subsequent resolutions.

Illustrative diagram for Integration Phase

Simplified e-Invoice Generation for B2C transactions
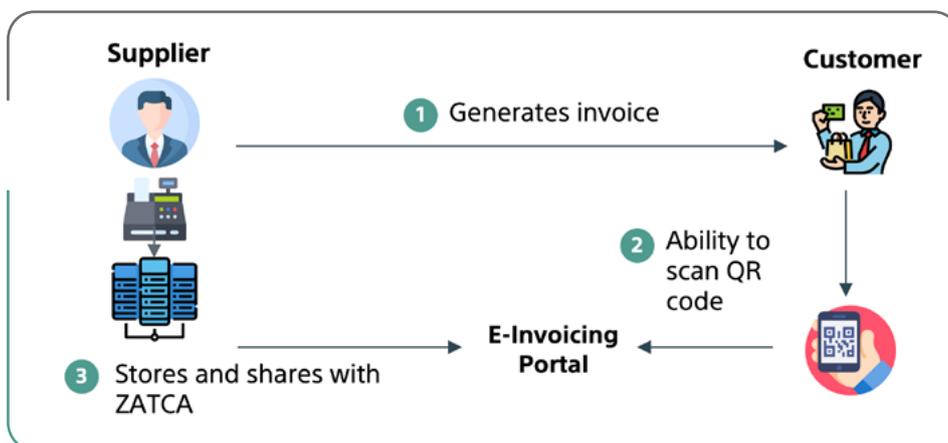
6.6. E-Invoice and Simplified E-Invoice Format

- For the generation phase (4 December 2021), there is no specific format required to generate and store the E-Invoices

- After go-live of the integration phase, electronic invoices must be generated in a specific format with specific fields as per Electronic Invoicing Rsolution.

- Starting with the Integration phase the Invoice must be in XML format in order to be shared with the Authority using the API for both clearance and reporting.

- Samples of standard and simplified electronic Invoices in XML format that contain all information required have been provided in the accompanying examples.

- Once an E-invoice is Cleared by the Authority, Suppliers can share the invoice or associated note with the customers.

- Simplified E-Invoices may be shared directly with the customer while Reporting of such invoices should happen within 24 hours of generation.

6.7. Prohibited Functions

The following section details the functions in which the Compliant Solution must not have:

Function	Definition
Enforced by the generation phase (4 December 2021)	
Anonymous access	Persons subject to the E-Invoicing Regulation cannot access the system without logging into the system using unique login and password or biometrics.
Ability to operate with default password	Having a default password or factory password is not allowed. Each system must require the user to reset the password on first use.
Absence of user session management	The system must log all user activities associated with the invoice generating process, starting with login authentication and continuing to all system functions.
Allow alteration or deletion of generated e-invoices or their associated notes	Persons subject to the E-Invoicing Regulation are not allowed to modify or delete invoices once they are issued whether these are generated by the system or outside it. If a user wishes to "cancel" an invoice, this may only be done through issuing an associated credit note.
Allow for log modification/ deletion	The system must not allow any modification on system logs that store the system's activities. All user activities can be logged and stored without any changes to the system generated logs
Generated with inaccurate timestamps	Persons subject to the E-Invoicing Regulation are not allowed to change time or date on the e-invoice solution in a way that would result in the generated documents to contain false information
Non-sequential log generation	All log entries of the e-invoice solution must be time stamped and linked by placing the hash of the previous invoice in the associated field of the next invoice in a sequence, so that their order cannot be changed.
Invoice counter reset	The e-invoice solution must not provide a feature where the invoice counter can be reset
Enforced starting from the Integration phase (1 January 2023)	
Allow ability to generate more than one invoice sequence at any given time	The solution unit must not generate more than one sequence so that all invoices generated by an E-invoice Solution unit are linked using "Previous Invoice Hash" value into a single chain. If a taxpayer generates invoices in separate locations on separate units, each unit should generate a single invoice sequence and the units do not need to coordinate invoice creation for the purpose of ordering the invoices in the sequence. A solution might at times generate invalid E-invoice or associated Note documents. Such documents should remain, and not be deleted, to preserve the continuity of the E-invoice document order.
Time changes	The solution must not allow software time changes that will change or modify the timestamp value during E-Invoice or Credit/Debit Note issuing
Export of stamping keys	The solution must not provide an option to export the cryptographic stamp private stamping key of the solution

6.8. Information Security

Persons subject to the E-Invoicing Regulation must ensure that their Compliant E-Invoice Solutions must be tamper-resistant and include a mechanism which prevents tampering and reveals tampering attempts that might occur.

The anti-tampering mechanisms include:

- **Prevention of invoice counter reset (Starting from Generation Phase)**
  Resetting the invoice counter should not be a function available in an E-invoice solution and access to the counter value should be protected from system users.

- **Prevention of date changes (Starting from Integration Phase)**
  Resetting the system's date and time should be inaccessible to system users.

- **Prevention of deletion or modification of invoices (Starting from Generation Phase)**
  Users of the E-invoice Solution should not have the ability to delete or change E-invoice and associated XML documents stored on the solution. The solution should be equipped with sufficient memory to store the E-invoice and associated XML documents generated by it.

- **Prevention of uncontrolled access (Starting from Generation Phase)**
  Access to E-invoice Solution functions must always be via a logged in user who is granted access only to functions that are necessary to perform their role.

- **Prevention of export of stamping keys (Starting from Integration Phase)**
  The cryptographic stamp identifier is associated with a unique private key that should be generated by the solution, so that it may not be viewed or copied during system initialization. Export of the key would enable theft of the E-invoice Solution's identity, and so should be blocked by the solution vendor using a software or hardware key vault.

The Compliant Solution must be able to protect the generated Electronic Invoices and Electronic Notes from any alteration or undetected deletion and contain some functionalities which enable the taxable person to save Electronic Invoices and Electronic Notes and archive them in XML format without an Internet connection.

- Once invoices are generated, they should not be deleted or altered by any user.
- The solution will also allow Persons subject to the E-Invoicing Regulation to store the invoices once they are generated in a safe and secure manner to avoid leakage or loss of information.

6.9 Data Storage and Archival

- Persons subject to the E-Invoicing Regulation may store their electronic invoices in a server on-premises in KSA or in the cloud as per their solution requirements and storage requirements and according to the provisions in VAT Law, VAT Implementing Regulation, E-Invoicing Regulation and resolutions and all other relevant Laws in KSA

- As per VAT Implementing Regulations, if the data is hosted on the cloud, it must be accessible through a direct link that can be made available to the Authority.

- The Solution must allow Persons subject to the E-Invoicing Regulation to export and save their invoices onto an external archival system

- Each stored invoice must follow a naming convention for naming of the file: VAT Registration (tax registration number) + Timestamp (date and time at the point of invoice generation) + Invoice Reference Number

- Taxpayer's E-invoicing solutions may reside on the cloud in accordance with VAT Implementing Regulation, however additional non tax-related regulations may apply to the taxpayer entity, such as National Cybersecurity Authority published laws and any other applicable regulations or controls.

7.Rights and Obligations of Taxable Persons

7.1. Right to deduct / refund VAT

Starting from 4th December 2021 the taxable persons (Buyers) will have the right to deduct VAT charged by the taxable suppliers' subject to Electronic invoicing regulation, provided that the invoices used are electronically generated and fulfil the Generation requirements.

7.2. Obligations of taxable persons subject to VAT Implementing Regulation

In addition to the general obligations prescribed in the VAT legislations, taxable persons subject to E-invoice regulation are obliged to:

- Generate all E-invoice (standard and simplified) and its associated notes that must be issued within the timelines specified in the VAT legislations, in an electronic form starting from 4th December 2021 (the day following the expiration date of the grace period specified in Article (7), paragraph (B) of the E-Invoicing Regulation for E-invoices).

- Starting from the Integration phase, E- invoices must be cleared before being shared with the clients and Simplified E-Invoices must be reported to the Authority's E-invoice Integration Portal within 24 hours.

- Comply with all the provisions set forth under the E-Invoicing Regulation in addition to the controls, requirements, technical specification and procedural rules specified in the resolution on the Controls, Requirements, Technical Specifications and Procedural

Rules for Implementing the Provisions of the E-Invoicing Regulation. Fulfilment of this requirement may be met by the taxpayer through obtaining a compliant E-invoice Solution that produces the types of E-Invoice and/or Simplified E-invoice documents and associated Notes that the taxpayer required to conduct their business.

- Adhere to the specified timelines for compliance with the specifications and requirements of Electronic Invoices specified in the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation and mentioned in section 1.3 of this Guideline**.**

7.3. E-Invoicing Record Keeping

Taxable persons must adhere to the record keeping requirements of Electronic Invoices, Electronic Notes and its associated data, and any other requirements as per the applicable laws and regulations and as described in Section 6.5 of this Guideline under the subheading Data Storage and Archival.

7.4. Additional E-Invoicing Obligations (e.g. using certified products, maintaining the cryptographic stamp, etc.)

The taxable persons subject to the E-invoicing Regulations must adhere to the following obligations:

- Notify the Authority through the means specified by the Authority of any incidents, technical error or emergency matters which hinder the generation of Electronic Invoices or Electronic Notes and notify the Authority of recovery. Furthermore, to resume generation and Clearance or Reporting of all E-invoices and associated Notes as soon as the Solution becomes operable.

- Not to use any E-Invoice Solution which is not compliant with the specifications and requirements specified in the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation. Means of finding vendors, who have declared compliance or who have been verified as compliant will be provided on ZATCA's website with sufficient notice to allow for necessary system purchase and/or upgrade.

- Register the E-invoice Solution Units used for generating Simplified Invoices and their associated Electronic Notes in accordance with the specified mechanisms and controls specified in the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation.

- Preserve the Cryptographic Stamp Identifiers and its associated components in a safe way, and protect them from copying or illegal use, and not use them for purposes other than those which they are intended for.

- Integrate with the Authority's systems starting from the date specified in the resolution on the Controls, Requirements, Technical Specifications and Procedural Rules for Implementing the Provisions of the E-Invoicing Regulation. and any subsequent resolution in this regard.

7.5. E-Invoicing Compliance Audit

From time to time Persons subject to the E-Invoicing Regulation may be subject to ZATCA tax audit. In such situations the taxpayer should cooperate with ZATCA auditors and provide them with all the data required to enable them to check the taxpayer compliance with the requirements mentioned in VAT legislations, and E-invoicing regulations and associated resolutions. And to provide ZATCA auditors with the archived e-invoice and associated note files. See section 6.5 for Data Storage and Archival requirements.

Contact us

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