

Tax Alert

July 01, 2025

Saudi Arabia extends tax amnesty until December 31, 2025

Introduction

On June 27, 2025, the Zakat, Tax and Customs Authority (ZATCA) announced the extension of the "Cancellation of Fines and Exemption of Penalties Initiative (the "Initiative") for another six (6) months effective July 1, 2025, until December 31, 2025.

Key highlights

- Taxes included under the amnesty include all taxes such as Value Added Tax (VAT), Withholding Tax(WHT), Excise, Income Tax and Real Estate Transaction Tax (RETT). This however excludes penalties arising out of tax evasion violations.
- Important to note that Customs duty does not form part of this amnesty scheme.
- The extended amnesty provides relief from penalties related to late registration, late payment, and late filing of returns. It also includes waivers for VAT return correction fines, penalties for field violations regarding e-invoicing regulations.
- Applicable to all returns that were due to be filed by June 30, 2025. In respect of filed violations/ e-invoicing violations, the relief applies to violations committed before January 1, 2025.
- Inter-alia, the conditions for availing the amnesty relief includes submission of all tax returns due and/ or payment of the principal tax due resulting from the submission of the tax returns by December 31, 2025. Alternatively, taxpayers can apply for instalment payments and follow such instalment plan once approved by the ZATCA.



Dhruva comments:

The extension to the tax amnesty allows another window to taxpayers in Saudi Arabia to review their tax filing position and take corrective actions wherever required.

Given that there is no upper limit prescribed to the penalties in the tax legislation, a delay in tax payments can often result in substantial penalties for the taxpayers. Taxpayers are advised to undertake review of their tax positions and filings, in order to mitigate the penalty exposure and benefit from the amnesty.

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