

VAT Alert

July 03, 2025

KSA VAT Refund for Foreign Businesses

Background

Non-resident businesses in Kingdom of Saudi Arabia (KSA) can request the VAT refund from ZATCA (Zakat, Tax and Customs Authority) on the expenses incurred in KSA from the KSA vendors.

VAT Refund application should be filed on a calendar year basis. The due date for filing the refund application is 30 June of next year. For example, for CY 2024, the due date for filing is 30 June 2025.

General Requirements

- Business must be established in a country that has a tax system similar to KSA.
- Business must be registered in the jurisdiction in which they are established.
- The country of non-resident business must permit VAT refund under similar circumstances to KSA customers.
- The VAT paid must be for the purpose of economic activity (outside recreational, personal or certain restricted categories) and the refund amount should be minimum SAR 5,000.

Application Filing Process

First Stage

- Log on to ZATCA's electronic portal and register as an 'Eligible person' for VAT refunds.
- It is important to note that with the recent amendment in the VAT regulations, refund is allowed for the invoices which are dated on or after the date of submission of the registration application on the ZATCA's portal. This means that businesses who have not filed their registration application, will not be eligible for refund till the date of filing of their registration application.

Second Stage

- Once registered as an 'Eligible person' submit the VAT refund application along with detailed tax invoices and proof of tax payment.
- The application will be followed by a review of the refund claim by the ZATCA. Once audit is completed to ZATCA's satisfaction, the refund is processed.
- There is an option to object to ZATCA's decision following the usual objection and appeal process applied in KSA.





Processing Timelines

No specific timelines for processing of refund application. In general, ZATCA may take up to 3 months to conclude the refund application.



Key Takeaways

- Foreign entities that have paid VAT in KSA should closely adhere the specified requirements and deadlines to ensure compliance and successful recovery of VAT refunds.
- In particular, the application for registration as an Eligible Person should be filed at the earliest opportunity.
- Our team can help you assess eligibility conditions, assist in preparation, submission and liaison of VAT refund applications with the Tax Authority and/or advise alternative approaches to enable tax savings.

This document is intended to provide a general overview of refund related rules and does not constitute tax, legal, or financial advice. It is a high-level summary and may not address all aspects or implications relevant to your specific situation. Readers are strongly advised to consult with their tax advisor or a qualified professional to assess the impact of these changes on their individual or business circumstances.

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