

## Tax Alert

December 30, 2025

### ZATCA Guidance on Deemed Supplier Obligations for Electronic Marketplaces

## Introduction

ZATCA has issued a new and detailed Guideline following amendments to Article (47) of the VAT Implementing Regulations, in relation to electronic marketplace. While most changes took effect on April 18, 2025, the change in relation to Article 47.3 (i.e., marketplaces facilitating supplies for non-registered resident suppliers) will take effect from **1 January 2026**.

## Key Highlights:

### What constitutes facilitation

- Guidance provided on when is an electronic marketplace seen as facilitating the supplies through the platform. Inter-alia, the marketplace should participate in ordering or delivery, controls pricing or payment terms, enforces supply conditions (including refunds), guarantees supplier performance, provides customer services, collects consideration, or manages transaction processing through the platform.
- In addition, use of marketplace trademark on the supplies will be considered as one of the key factors.

### How to determine the location of primary suppliers

- The marketplace has been made liable to conduct reasonable verification process to confirm the residency of the sellers while registering a new seller on the platform – and the same should be verified through parameters such as bank account country, address and the commercial registration. Also, the verification should be an ongoing exercise, and not a one-time activity.
- For resident non-VAT registered suppliers, ZATCA expects the marketplace to check the status of VAT registration through the taxpayer search tool on the ZATCA portal.
- In relation to domestic suppliers, where the seller VAT registration is not valid on the date of supply, it will be the responsibility of the marketplace to discharge VAT on such supplies.

### Guidance on exception to deemed supplier obligation

- The non-facilitation should inter-alia be substantiated through the data appearing to the customer on the platform, contractual agreement between supplier, marketplace and customer, not setting the terms and conditions for the supply or (not) handling of customer claims.

### Other important clarifications

- In case a non-resident supplier is registered for VAT in the KSA but makes a B2B supply to a VAT registered customer in the KSA, the non-resident supplier is not liable to charge VAT on that supply – he must indicate on the invoice that supply is subject to reverse charge mechanism.



## Key Highlights (cont'd..):

- Where a marketplace is acting as a deemed supplier, no VAT will be separately chargeable on the commission charged to the supplier. It will be considered as a profit due to the difference between purchase and sale price – which is already subjected to VAT. Any separate supply will be subject to VAT though.
- Marketplace not resident in the KSA, but treated as deemed suppliers will not be obliged to issue e-invoices.
- Where the marketplace acts as a deemed supplier for non-resident supplier and has supplied goods/services free of charge – no deemed supply will take place (as no-input VAT on the supply by non-resident).
- Where a marketplace facilitates the supply by a resident VAT registered supplier, marketplace will not be assumed to be a deemed supplier. The primary supplier will be viewed as supplying the goods/services directly to the customer.
- Clarification provided on the invoicing mechanism between the primary supplier, customer and the marketplace in different scenarios.
- The clarifications apply to both resident and non-resident electronic marketplace.
- The amendments to Article 47.3 will apply to the supplies in cases where the contract with the customers is concluded on or after January 1, 2026. Effectively, this would imply that any orders placed by the customers on or after January 1, 2026, will be subject to new rules under Article 47.3.

## Dhruva comments:

The recent ZATCA guidance under Article 47 of the VAT Regulations reinforces the responsibility of electronic marketplaces as deemed suppliers for VAT purposes and provides a clear guidance on the VAT applicability. Platforms facilitating sales in Saudi Arabia must ensure full compliance by registering for VAT, issuing proper tax invoices, and remitting VAT on all taxable transactions. Resident and non-resident businesses operating through these marketplaces should review their contractual arrangements and VAT processes to avoid non-compliance risks. Immediate action is recommended to align systems and procedures with the new requirements.

- Tier 1 – Indirect Tax
- Tier 2 – General Corporate Tax, Transfer Pricing, Transactional Tax
- Other Notable: Tax Controversy

## KSA CONTACTS

### **NIMISH GOEL**

Leader, Middle East  
nimish.goel@dhruvaadvisors.com  
Tel (UAE): +971 50 106 6531  
Tel (KSA): +966 54 760 1600

### **MANISH BANSAL**

Associate Partner, KSA-VAT  
manish.bansal@dhruvaadvisors.com  
Tel: +966 54 645 0681

## UAE CONTACTS

### **KAPIL BHATNAGAR**

Partner  
kapil.bhatnagar@dhruvaadvisors.com  
Tel: + 971 58 683 6207

### **RAKESH JAIN**

Partner  
rakesh.jain@dhruvaadvisors.com  
Tel: +971 50 135 2319

### **SANDEEP KUMAR**

Partner  
sandeep.kumar@dhruvaadvisors.com  
Tel: +971 50 504 8787

### **VLAD SKIBUNOV**

Partner  
vlad.skibunov@dhruvaadvisors.com  
Tel: + 971 54 404 0510

### **GEET SHAH**

Partner  
geet.shah@dhruvaadvisors.com  
Tel: +971 50 106 9034

### **UJJWAL KUMAR PAWRA**

Partner  
ujjwal.pawra@dhruvaadvisors.com  
Tel: +971 50 199 3363

### **SHIRAZ SALEEMI**

Associate Partner  
shiraz.saleemi@dhruvaadvisors.com  
Tel: +971 50 660 2520

## DHRUVA CONSULTANTS

### **Saudi Arabia**

308, 7775 King Fahd Road, Al  
Olaya, 2970, Riyadh 12212,  
Saudi Arabia

### **Dubai**

207, Emaar Square, Building 4, PO  
Box 127165, Dubai, UAE  
Tel: + 971-4240-8477

### **Abu Dhabi**

1905, Addax Tower City of Lights,  
Al Reem Island, Abu Dhabi, UAE  
Tel : +971-2678-0054

## DHRUVA ADVISORS

Mumbai | Ahmedabad | Bengaluru | Delhi/NCR | Gift City | Kolkata | Pune

## DHRUVA ADVISORS PTE. LTD.

Singapore