



General Authority  
of Zakat & Tax

# Tax Ruling Requests: Guideline

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# Tax Ruling Requests: Guideline

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## **1. INTRODUCTION**

### **1.1. ABOUT GAZT**

The General Authority of Zakat and Tax (GAZT) is the government body tasked with regulating, enforcing, administering and implementing taxation in the KSA. GAZT aims to collect Zakat and taxes and facilitate taxpayers in achieving the highest degree of compliance.

One of GAZT's roles is to raise awareness among taxpayers, to enhance the degree of understanding and voluntary commitment to compliance and GAZT requirements. The provision of Rulings is one of the methods that GAZT intends to use to fulfil this role.

### **1.2. THIS GUIDELINE**

This Guideline is published by GAZT to provide guidance to Taxpayers and their agents who wish to request a Ruling from GAZT to clarify the interpretation of the laws or associated Regulations applicable to Value Added Tax or Income Tax and related to specific fact circumstances.

This Guideline solely serves as Guidance material, and does not include or purport to include all relevant information or legal provisions in relation to the issue of Rulings or other opinions by GAZT.

## 2. DEFINITIONS OF THE MAIN TERMS USED

**Ruling** Is a mechanism by which GAZT may provide a written opinion to a taxpayer on the interpretation of any tax law or associated Regulations applying in the Kingdom to that Person's current or intended activities.

**Ruling Request** Is a formal application made to GAZT by an Applicant to provide a Ruling on a specific matter, using the prescribed format.

**Applicant** is a Taxpayer or Taxable Person requesting a Ruling from GAZT by submitting a completed Ruling Request.

**Information Submission Period** Is a period of 20 days provided for an Applicant to provide additional information which has been requested by GAZT in order to consider a Ruling Request. This period of 20 days commences from the date of the GAZT request.

**Taxpayer** Any person subject to income tax in accordance with the Income Tax Law<sup>(1)</sup>. For the purposes of this guideline, a Taxpayer must be registered with GAZT<sup>(2)</sup> in order to request a Ruling.

**Taxable Person** A Taxable Person in the KSA is a Person who conducts an Economic Activity independently for generating income, and is registered for VAT in the KSA or who is required to register for VAT in the KSA.<sup>(3)</sup>

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(1) Article 1, Definitions, Income Tax Law

(2) Article 57, Taxpayers Registration, Income Tax Law

(3) Article 2, Taxable Persons required or eligible to register in the Kingdom, VAT Implementing Regulations

## 3. TAX RULINGS

### 3.1. WHEN CAN GAZT PROVIDE A RULING?

A Ruling, also known as an “interpretative decision”, is a mechanism by which GAZT may provide a written opinion to a Taxpayer (or Taxable Person) on the interpretation of laws or associated Regulations applicable to Value Added Tax or Income Tax in the Kingdom to that Person’s current or intended activities.

Rulings which relate to VAT matters are subject to additional rules as set out in VAT Regulations<sup>(4)</sup>.

In most cases, Rulings will be provided in response to a Ruling Request submitted by an Applicant. GAZT may, at its discretion, elect to provide a response to a Ruling Request. It is not obliged to respond to all Ruling Requests.

GAZT will respond to Ruling Requests taking into account the following:

- The complexity of the matter and existing material available to the Applicant,
- The materiality of the transactions or activity,
- The sufficiency of information in the Ruling Request,
- The benefit of publishing a public Ruling on the issue (if applicable, in the case of a Public Ruling), and
- The availability of GAZT’s own resources to provide a Ruling.

GAZT may also decide to issue a Ruling of its own volition, which does not respond to any prior Ruling Request but provides interpretation on a matter, which GAZT considers would be beneficial to communicate to Taxpayers.

### 3.2. WHAT IS THE DIFFERENCE BETWEEN A PRIVATE AND PUBLIC RULING?

**Public Ruling:** An anonymized version of the Ruling to a public Ruling Request may be published by GAZT, without referring to the individual Applicant’s details, allowing other Persons to have access to the Ruling as an interpretative tool.

**Private Ruling:** A response to a private Ruling Request will be provided to the Applicant only.

### 3.3. WHEN IS IT APPROPRIATE TO REQUEST A RULING

An Applicant can apply for a Ruling when it is unsure about how the tax laws apply to its particular circumstances. These circumstances may be a transaction which the Applicant has entered into or intends to enter into, a series of such transactions, or an overall Activity which the Applicant has carried out or intends to carry out.

If the Ruling Request relates to the application of VAT to a transaction, GAZT considers it is generally more appropriate for the supplier of goods or services to act as the Applicant. However, in some cases it may also be appropriate for the recipient of a supply may apply for a Ruling (for example, a Ruling relating to the application of VAT under the reverse charge mechanism to a purchase from a non-resident supplier, or situation where it is not practical for a supplier to make a request).

Please note that a Ruling is not intended for use in circumstances where parties are in dispute surrounding the facts or application of VAT to a specific transaction.

Before applying for a Ruling, you should check the published information and guidance made available by GAZT to determine if this addresses the issues for which a Ruling is needed.

The communications with GAZT with respect to the Ruling Requests will be either through the Relationship Manager or via e-mail to receive requests as described in the Taxpayer Services Catalogue (VAT) available on GAZT website.

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(4) Article 75, Rulings, VAT Implementing Regulations

### 3.4. WHEN IS IT NOT APPROPRIATE TO REQUEST A RULING?

An Applicant should not submit a Ruling Request in the cases in the table below. Such Ruling Requests will be rejected by GAZT.

|   |
|---|
| <p><b><i>The Ruling Request concerns a restricted matter that GAZT will not opine on. These include:</i></b></p> <ul style="list-style-type: none"> <li>• Matters concerning contested tax amounts or amounts under review/appeal;</li> <li>• Matters involving the interpretation of foreign law;</li> <li>• Matters involving the interpretation of non-tax legislation.</li> </ul> |
| <p><b><i>The Ruling Request does not relate to the Applicant's own activities or intended activities.</i></b></p> <p>This also includes Ruling Requests based on hypothetical transactions or activities.</p>   |
| <p><b><i>The Ruling Request is intended for another purpose than providing clarification for the Applicant.</i></b></p> <p>For example, a tax advisor seeking GAZT's view on an arrangement before offering this as a tax planning arrangement to other Taxpayers.</p>  |
| <p><b><i>The Applicant is under audit or investigation by GAZT.</i></b></p>   |
| <p><b><i>The Matter is subject to a legal dispute between the Applicant and another Person or Persons, or any Matter which is intended to cause GAZT to take action against another Person or Persons.</i></b></p>  |
| <p><b><i>The Matter has been the subject of a rejected Ruling Request submitted during the last three months.</i></b></p>   |
| <p><b><i>The Applicant is not a Taxpayer (or a Taxable Person for VAT purposes) registered with GAZT.</i></b></p>   |

### 3.5. WHO MAY SUBMIT A RULING REQUEST

Ruling requests which relate to income tax may be submitted by any Taxpayer who is registered with GAZT and who requires clarification on the application of tax law to its own circumstances

A Ruling Request which relates to VAT may only be submitted by a "Taxable Person" (a person who is registered or required to register for VAT in the KSA) or that person's authorized representative or agent.

If a Ruling Request is made by a company or other juridical Person, the Ruling Request must be signed by a natural person who is authorized to sign on behalf of that Person, such as a company director or employee with delegated authority to sign on the company's behalf.

## 4. SUBMITTING A RULING REQUEST

A Ruling Request may be submitted in either the English language (using Form R-1001E) or the Arabic language (using R-1001A). It is not required that the Applicant submits any information in Arabic with the initial Ruling Request. However, GAZT reserves the right to request a certified translation of any request or additional supporting documentation to the Arabic language, if it considers this necessary.

### 4.1. STEPS OF COMPLETING A RULING REQUEST “USING FORM R-1001E OR R-1001A”

The Applicant completes the Ruling Request by carrying out the following steps:

First: The Applicant must review and acknowledge the instructions provided by GAZT regarding the application for the ruling request.

Second: The Applicant completes the Checklist for Submission, which includes the following:

|   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| Is the issue on which the Ruling is sought under review or subject to an objection, appeal, audit or investigation?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Does the issue on which the Ruling is sought involve the interpretation of a foreign law, to the best of understanding from the requestor, or any avoidance of double taxation agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is the issue on which the Ruling is sought depend on an interpretation of facts, such interpretation which is in dispute with a counterparty or other third party?                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>If the answers to any of the above questions are “Yes”, this issue is not appropriate for GAZT to provide a ruling.</b>  |                          |                          |
| Have you or your agent sought any written advice (e.g. email, previous Ruling) from GAZT on the same or a similar arrangement? If so, please attach a copy of the written advice.         | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you or your agent enclosed a written Ruling Request using Form R-1001E (or R-1001A), and provided any other documentary information as appropriate?                                  | <input type="checkbox"/> | <input type="checkbox"/> |
| Has the form been signed by a Person who is able to do so on behalf of the Applicant, and is a signed authorization form attached if the Ruling Request is submitted by an agent?         | <input type="checkbox"/> | <input type="checkbox"/> |

Third: The Applicant completes the information required in the Form R-1001E or R-1001A:

Section 1 [Request Information / Applicant Details] – complete all details in Section 1 of the Form. Such information includes the entity details and contact details. If submission is made on behalf of Taxpayers, the Applicant must complete the required details.

Section 2 [Ruling Type] – indicate if Ruling requested as a Public Ruling or Private Ruling.

Section 3 [Description of Case/Transaction/Activity] – All relevant facts of the transaction or activity to allow GAZT to understand the request. The relevant facts will vary based on the matter under request but may include:

- A detailed description of the goods and/or services being supplied and what is being received and/or paid in return;
- The date, proposed date or period (financial period(s) or year(s)) concerned of the transaction;
- Details of how the transaction will take/has taken place;
- Details of all parties to the transaction; and
- Any special reasons for arranging the transaction as planned.

Section 4 [Questions/Clarification Requested] – Indicate the exact question or matter you wish GAZT to provide its opinion.

In most cases, GAZT will seek to address this question only in its Ruling, unless it views other matters to be relevant to the request.

For the question or matter you are requesting an opinion on, provide as much detail as possible on your interpretation of the existing law or guidance to your fact set. This should include the different possible interpretations and the exact matter of uncertainty in applying these applications, and any prior correspondence with GAZT on this matter.

The Applicant may choose to provide a proposed view including legal reasons, best practice and authoritative support, if any, of the correct treatment and request to be confirmed.

Section 5 [List of Supporting Documents] – indicate the nature of attached documents. Copies of all relevant and supporting documents surrounding the Ruling Request, including those related to the transaction and/or activity.

This may include agreements with third parties, invoices, other commercial documents or any other information that a reasonable person would consider necessary to form an appropriate and well-informed opinion.

Section 6 [Certification] – Applicant must complete this section and sign and date the Form.

## 4.2. PROCESS OF SUBMITTING THE RULING REQUEST

The completed Ruling Request Form, together with the acknowledgement of GAZT instructions, completed checklist, and copies of any relevant documents, should be submitted electronically to GAZT either directly via the Applicant's relationship managers (where applicable), or via the official email address specified for ruling requests according to the Taxpayer Services Catalogue (VAT) available on GAZT website.

Please be aware that large attachments may not be accepted, and please take notice of any automated requests to submit documents in a smaller file size.



## 5. ACTIONS TAKEN BY GAZT UPON RECEIVING A RULING REQUEST

Upon receipt of a Ruling Request, GAZT will review the information provided and determine whether the matter is appropriate for the issue of a Ruling. It may:

- Accept the request;
- Request further information to allow the response to be prepared;
- Reject the request; or
- Accept a request, but subsequently decline to issue a Ruling.

### 5.1. ACCEPTING THE RULING REQUEST

If GAZT is satisfied that the Ruling Request is proper, complete, accurate and that there is no reason to decline or reject the Ruling, GAZT will inform the Applicant that the Ruling Request is accepted for consideration. Section 6 of this guide describes the consideration process.

### 5.2. REQUESTING FURTHER INFORMATION TO CONSIDER THE RULING REQUEST

In cases where the matter to be considered is clearly outlined in the Ruling Request, but GAZT requires more factual information or documentation on the transaction or activity, it will request additional information to be provided electronically by the Applicant.

GAZT allows a period of twenty (20) days from the date of its request (the “**Information Submission Period**”) for the Applicant to provide the requested information. Once the information is provided, GAZT may continue to consider the Ruling Request and prepare a response, or it may decline to issue a Ruling.

### 5.3. REJECTING THE RULING REQUEST - DISCRETIONARY REASONS

1. Declining Initially – GAZT may decline to issue a Ruling in any of the following cases:

- If the Ruling Request does not contain sufficient facts relevant to provide a Ruling, and would require GAZT to determine any question of fact;
- GAZT considers that the correctness of the Ruling would depend on the making of assumptions, whether in respect of a future event or any other matter;
- The issue or question in relation to which a Ruling is sought is not an uncertain or ambiguous area of tax law. For example, the issue may already be sufficiently covered in publically available GAZT publications;
- At the time the application is made or at any time before the Ruling is issued, GAZT considers that the person to whom the Ruling is to apply is not seriously contemplating the arrangement for which the Ruling is sought;
- The application lacks sufficient information or documentation;
- The Ruling would require GAZT to form an opinion on generally accepted accounting principles or commercial practices; or
- Any other appropriate reason (for example, a particular legal issue may be under consideration by other competent authorities and GAZT is unable to provide an opinion).

2. Declining After Acceptance: GAZT may decline to issue a Ruling after acceptance when:

- GAZT has requested further information from the Applicant to consider the Ruling Request and, in GAZT’s opinion, no or insufficient information has been provided to GAZT upon its request within 20 days after the date of request (“**Information Submission Period**”);
- Any event occurs after the Ruling Request is accepted, that would usually give rise to a rejection; or
- GAZT becomes aware that the Ruling Request should have been rejected at the time it was submitted.

## 5.4. REJECTING A RULING REQUEST – MANDATORY REJECTION:

GAZT will reject a Ruling in any of following cases:

1. The matter on which the Ruling is sought:
  - Concerns contested tax amounts or amounts under review/appeal;
  - Involves the interpretation of foreign law;
  - Involves the interpretation of non-tax legislation;
  - Applies to hypothetical transactions or activities which are not entered into or carried on by the applicant; or
  - If the ruling is in respect of VAT, the matter is not related to the Economic Activity of the taxpayer for whose benefit a Ruling was requested.
2. If the Applicant is not a registered Taxpayer or Taxable Person, or if the Applicant is an agent, the Request is not submitted on behalf of a registered Taxpayer;
3. GAZT reasonably suspects that the Ruling is intended to be used for any purpose other than providing clarification for the Applicant;
4. the Taxpayer for whom the Ruling is sought is under audit or investigation by GAZT;
5. the Taxpayer for whom the Ruling is sought is a party to a legal dispute a subject of which relates to the legal issue or question for which a Ruling is sought;
6. the Taxpayer requests GAZT to issue an opinion that GAZT believes will be used to settle a dispute between various parties (other than GAZT);
7. the Ruling was submitted within 3 months after a previous Ruling Request was rejected due to failure to submit to GAZT requested information within the Information Submission Period; or
8. The Ruling Request requires or seeks that GAZT:
  - Impose or remit a penalty;
  - Inquire into the correctness of any return or other information supplied by any person;
  - Prosecute any person;
  - Recover any debt owing by any person;
  - Adjudicate or resolve a dispute; or
  - Issue an opinion that may be used against it.

## 5.5. EFFECT OF DECLINING A RULING REQUEST

GAZT will inform the Taxpayers in writing of the reasons for its rejection of a Ruling Request or its decision to decline to issue a Ruling.

If GAZT declines to issue a Ruling as a result of the failure to submit all requested information within the Information Submission Period, the same or substantially similar Ruling may not be submitted during the 3 months following the last day of Information Submission Period.

## 6. CONSIDERING AND PROCESSING THE REQUEST

### 6.1. ASSUMPTIONS

If GAZT considers that the correctness of a Ruling would depend on assumptions being made about a future event or other matter, GAZT may make the assumptions that it considers to be most appropriate. In these cases, the assumptions will be stated in the Ruling and the content of the Ruling will be subject to those assumptions.

Alternatively, GAZT may consider that it is not appropriate for it to make assumptions. In these cases it may decline the Ruling Request or request further information from the Applicant in order to fully consider the Ruling Request.

It is preferable for Ruling Requests to be considered based on the full fact set, and without assumptions. GAZT notes it is in the Applicant's interest to provide full detail on all matters which may be relevant to GAZT to allow for Rulings to be promptly and accurately issued.

### 6.2. PROCESSING TIMES

Applications for Rulings which are accepted for consideration will generally be processed on a first-come, first-served basis. In general, GAZT will endeavor to provide a Ruling within 45 days from the date GAZT receives all necessary information required to issue an informed response.

However, if the request is a complex one, GAZT will inform the applicant upfront that the timeframe to issue a Ruling may be longer than 45 days.

## 7. USE OF RULINGS BY TAXPAYERS AND GAZT

### 7.1. APPLICABILITY OF RULINGS

Where GAZT provides a response to a public or private Ruling Request, this is intended to inform taxpayers on the application of the existing tax laws at that time to the facts provided, based on the facts as currently presented.

The content of a Ruling will be affected by:

- Any changes to the Applicant's fact circumstances;
- Changes to the applicable tax laws in the Kingdom; or
- Changes to the interpretation of those laws in the Kingdom.

Applicants should not assume that the content of a Ruling will continue to apply in such cases, or indeed indefinitely. If a Person is uncertain whether the interpretation in a previous ruling remains valid, it may choose to seek confirmation of this through a new Ruling Request.

GAZT does not undertake to notify Applicants of any changes to tax laws or interpretations that affect Tax Rulings issued previously.

### 7.2. RULINGS ARE NON-BINDING

GAZT undertakes to exercise due care in providing Rulings, but the response to any Ruling Request is not binding on GAZT. The content of any response is not intended, and should not be constructed, to constitute legal opinion, advice or a binding decision of any sort.

No part of a Ruling constitutes an amendment to the tax laws of the Kingdom, their implementing regulations, or any international agreement which the Kingdom has entered into (such as the Common VAT Agreement of the States of the Gulf Cooperation Council).

In the case of any conflict between a Ruling and those laws or Agreements, those laws or Agreements shall prevail.

### 7.3. CAN AN APPLICANT DISAGREE WITH A RULING?

The content of a Ruling provides the Authority's interpretation of the tax laws, but is not binding on the Applicant or any other Person.

A person who objects/disagrees with a Ruling issued by GAZT is not required to apply the interpretation of GAZT to a future transaction or activity. For example, if a Ruling relies on an assumption made by GAZT which is not relevant to the Person, the Person should apply the existing tax laws to their true circumstances.

## APPENDIX

### FORM R-1001E

Please send this application to [Policy-Ruling@gazt.gov.sa](mailto:Policy-Ruling@gazt.gov.sa)

#### Request Information / Applicant Details

##### Company information

Company name

CR

##### Details of contact person

Title

Mr  Miss  Mrs  Other

Family Name

First Name

Position in Company

Contact number

E-mail address

#### Ruling Type

Date of request

*Click or tap here to enter text.*

Type of request

Public ruling

Private ruling

**Description of Case/Transaction/Activity****Questions/Clarification Requested****List of supporting documents****Certification**

The details contained in this application are true and correct. I hold the written consent of the applicant (if applicable).

\_\_\_\_\_  
Signature Applicant

\_\_\_\_\_  
(DD, MMMM, YYYY)

