

Tax alert | Complying with Saudi Arabia's TP requirements

Kingdom of Saudi Arabia | 19 February 2020



On 31 January 2019, the General Authority of Zakat and Tax (GAZT) released its transfer pricing (TP) by-laws. The TP by-laws follow international standards, including the arm's length principle and documentation standards set out in the Organisation for Economic Cooperation and Development's (OECD's) TP guidelines. The by-laws apply to all corporate income tax payers (including mixed (*zakat* and corporate) tax payers).

Compliance requirements

Controlled transactions disclosure form (CTDF): Taxable entities with controlled (related party) transactions must submit a disclosure form - irrespective of transaction value. The CTDF should be submitted - with the annual tax declaration - within 120 days of the financial year end.

Chartered accountant's certificate: An affidavit from a SOCPA licenced auditor, declaring that the multi-national enterprise's (MNE's) TP policy has been consistently applied by the KSA entity, must be attached to, and submitted with, the tax return.

TP documentation:

Local and master files: Where the annual arm's length value of controlled transactions exceeds SAR6m, taxable entities must maintain both local and master files. Any documentation must be submitted within 30 working days of a request from GAZT.

Country-by-country (CbC) reporting: MNEs (both *zakat* and corporate tax payers) operating in two or more tax jurisdictions with consolidated group revenues over SAR3.2b must notify GAZT as part of the CTDF within 120 days of the financial year end – and prepare and file a CbC report within 12 months of the end of the MNE's previous reporting year.

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Ownership	CTDF	Affidavit	Local file	Master file	CbC report	CbC notification
100% foreign shareholders	✓	✓	✓	✓	✓	✓
Mixed (Saudi and foreign) shareholders	✓	✓	✓	✓	✓	✓
100% Saudi shareholders	✗	✗	✗	✗	✓	✓
Threshold	None	None	Arm's length value of controlled transactions >SAR6m annually		Consolidated group revenue >SAR3.2b for the preceding reporting year	
Due date	Within 120 days of the fiscal year's end		Within 30 working days of a request from GAZT		Notify GAZT within 120 days of the financial year end ¹ . File the CbC report within 12 months of the end of the MNE's previous reporting year	

¹As part of the controlled transactions disclosure form (CTDF)

Disclaimer: This tax alert is based on our understanding of a translation of GAZT's transfer pricing by-laws released on 31 January 2019, is for general information and applies to all corporate income tax payers. Seek professional advice in relation to your particular circumstances.