SAUDI TAX | ZATCA · VAT · E-INVOICING · COMPLIANCE

Saudi VAT key facts: 15% rate, registration, returns and penalties

Published 9 October 2026 · The Finance Intellect · Source-based summary

VAT in Saudi Arabia is 15%. Businesses with supplies above SAR 40 million file monthly, others quarterly, by the end of the following month. Late returns cost 5% to 25% of the tax due.

Country reference

- Country: Saudi Arabia (Wave 1 expansion country)
- Authorities: Zakat, Tax and Customs Authority (ZATCA)
- Topic: Value added tax: rate, registration, returns and e-invoicing
- Key date: Q3 2026 and September 2026 returns due by 31 October 2026
- Law: VAT Law and its Implementing Regulations

Key facts

- Standard rate: 15%.
- Registration: mandatory where taxable supplies exceed SAR 375,000 a year; voluntary above SAR 187,500.
- Monthly returns: for businesses with annual supplies above SAR 40 million.
- Quarterly returns: for businesses with annual supplies of SAR 40 million or less.
- Deadline: the last day of the month after the period. ZATCA set 31 July 2026 for the second quarter of 2026.

Penalties

- Late filing: 5% to 25% of the tax that should have been declared, according to ZATCA.
- Late payment: an additional penalty applies for each month or part of a month the tax stays unpaid.
- Old late-filing and late-payment fines may be cancelled under ZATCA's fines initiative until 31 December 2026, but only for returns due by 30 June 2026.

E-invoicing

Invoices must be generated electronically (Phase One) and, for businesses called in waves, integrated with ZATCA's Fatoora platform (Phase Two). Wave 25 covers VAT-subject revenue above SAR 187,500 in any year from 2022 to 2025, with integration due by 1 February 2027.

What to do now

- Diarise 31 October 2026 for the September and third-quarter returns.
- Reconcile output VAT with e-invoices reported to Fatoora before filing.
- Check whether the business falls into Wave 25 and start integration testing.

Our take

With e-invoicing, ZATCA sees much of a business's sales data before the return arrives. Returns that do not match Fatoora data are an obvious audit trigger, so reconcile every period.

Sources

- ZATCA: VAT returns for June and the second quarter of 2026
- ZATCA: Criteria for Wave 25 of the e-invoicing Integration Phase
- ZATCA: Cancellation of fines initiative extended to 31 December 2026

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public ZATCA publications and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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