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Saudi Arabia to apply a 15% domestic minimum top-up tax to large multinationals from 1 January 2027

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On 19 November 2026 ZATCA announced that a Domestic Minimum Top-up Tax will apply from 1 January 2027 to entities of multinational groups with annual revenue of EUR 750 million or more. It tops up tax in Saudi Arabia where the effective tax rate on profits is below 15%.

Country reference

- **Country:** Saudi Arabia
- **Authorities:** Zakat, Tax and Customs Authority (ZATCA)
- **Topic:** Domestic Minimum Top-up Tax (Pillar Two)
- **Key date:** 1 January 2027 (announced 19 November 2026)
- **Law:** Not named in the announcement; framed as Saudi Arabia's implementation of the OECD/G20 Pillar Two rules

What was announced

ZATCA said it will apply a Domestic Minimum Top-up Tax (DMTT) from 1 January 2027. The tax collects top-up tax in Saudi Arabia when the effective tax rate on the profits of an in-scope group in the Kingdom falls below the global minimum of 15%. ZATCA stressed that 15% is a minimum effective rate on profits, not a rate on total revenue.

Who is in scope

- Constituent entities of multinational groups with consolidated annual revenue of EUR 750 million or more, or the equivalent in SAR.
- The revenue test uses the ultimate parent entity's consolidated financial statements in at least two of the four fiscal years before the year in which the tax applies.
- Domestic companies with no branches outside the Kingdom, and companies that are not part of an in-scope group, are not covered.

ZATCA presents the tax as protecting Saudi Arabia's right to tax profits earned in the Kingdom. Without a domestic top-up tax, low-taxed Saudi profits could be topped up by the parent's country instead.

What is still open

The announcement does not cite the legal instrument, and it gives no registration or filing dates, safe harbour rules or detail on how zakat is treated in the effective tax rate. These are the points finance teams need next.

What to do now

- Confirm whether your group passed EUR 750 million of consolidated revenue in at least two of the last four years.
- Map every Saudi entity, branch and permanent establishment in the group, and the income tax and zakat each one pays.
- Run a first effective tax rate estimate for Saudi Arabia for 2027, flagging incentives and zakat-paying entities.
- Check how the parent's jurisdiction treats the new tax, and watch zatca.gov.sa for the rules and deadlines.

Our take

With Saudi Arabia joining the UAE and other Gulf states in applying a domestic top-up tax, large groups with Gulf operations should plan for Pillar Two compliance across the region in 2027. The early work is data: revenue history, entity lists and the tax paid in each country.

Sources

- ZATCA news: ZATCA to Apply Domestic Minimum Top-Up Tax on MNEs with Annual Revenues of EUR 750M or More Starting January 1, 2027 (19 November 2026)
- ZATCA news, Arabic version (19 November 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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