

Tax Alert: Deferment of customs duties and import taxes on goods imported into Saudi Arabia

March 2021

Initiative details

In support of investment in the postal services sector in Saudi Arabia, the Communications and Information Technology Commission (CITC), the General Authority of Zakat and Tax (GAZT), and the General Customs Authority (GCA) launched an initiative to defer the payment of customs duties and taxes on goods imported into Saudi Arabia.

The initiative took effect from 15 March 2021 and allows the postponement of import taxes for a period of up to 21 days following the date of the clearance of the goods for home consumption in the Saudi Market. With this change, Saudi Arabia is now further aligned with similar economies that have operated deferment schemes for importers for many years.

The CITC, GAZT, and GCA have confirmed that this initiative will apply to all postal logistics companies licensed by CITC and that the collection of customs duties and VAT will be deferred in accordance with procedures established through GCA's system.

Implications

This initiative is a response to the challenges faced by merchants, importers and shipping companies and aims to enhance cash flow, management of their operations and the quality of services provided to the final beneficiaries.

The new mechanism also aims to provide incentives to enhance investment opportunities in Saudi Arabia's postal logistics services sector and to encourage new entrants to the market. This is in line with the Kingdom's Vision 2030 goal of making Saudi Arabia a leading global logistics platform.

At KPMG, we consider that this change will have a widespread positive effect on the importation of goods by reducing the associated direct and indirect costs. For more information on this topic, or to learn more about KPMG's Indirect Tax Services, please get in touch.

Get in touch

Riyadh Office

Wadih Abu Nasr

Head of Tax, Saudi Levant Cluster

E: wabunasn@kpmg.com

Nick Soverrall

Senior Director,
Head of Indirect Tax

E: nsoverall@kpmg.com

Peter Bourke

Senior Director,
M&A/ Int'l Tax

E: peterbourke@kpmg.com

Mohamed Araji

Senior Director,
FS/ Tax Reimagined

E: maraji@kpmg.com

Ali Sainudheen

Senior Director, Domestic Tax

E: asainudheen@kpmg.com

Pascal Cange

Director, Trade & Customs
Leader, Middle East

E: pcange@kpmg.com

Oleg Shmal

Director, Indirect Tax

E: oshmal@kpmg.com

Jeddah Office

Mohamed ElSwefy

Senior Director, Family Office &
Private Clients

E: mohamedelswefy@kpmg.com

Salam Eido

Director, Indirect Tax

E: seido@kpmg.com

Muhammad Masood

Director, Domestic Tax

E: muhammadmasood@kpmg.com

Khobar Office

Tareq Al Sunaid

Partner, Head of Domestic Tax

E: talsunaid@kpmg.com

Mohammad Kamran Sial

Senior Director, Domestic Tax

E: ksial@kpmg.com

Anil Bahl

Director, Indirect Tax

E: anilbahl@kpmg.com

Mohamed Gouda

Director, Domestic Tax

E: mohamedgouda@kpmg.com



<https://home.kpmg.com/sa>

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. Disclaimer: Tax advisory services could be prohibited for audit clients.

© 2021 KPMG Professional Services, a registered company in the Kingdom of Saudi Arabia, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.