

Tax Alert: Extension of Tax Penalties Waiver in KSA

January 2021

Summary

As part of the effort to mitigate the impact of the COVID-19 pandemic on the economic activities of the Kingdom, the Minister of Finance announced, through Ministerial Resolution no. 2303 ("MR") released on 21 January 2021, the extension of the waiver of penalties for all late tax filings and payments until June 2021.

The resolution, which came into effect on the day of its release, outlines new regressive tax penalty waiver rates. Penalties will be waived at different rates based on the timing of payment of the tax liability due to the General Authority of Zakat and Tax (GAZT).

In Detail

New tax penalties waiver mechanism

The relief is applicable to penalties arising from late filing of returns and late payment of taxes that were due before the effective date of this MR. Penalties arising from assessments or reassessments of these returns and payments (i.e. due before the date of this MR) are also part of this initiative.

The relief is limited to tax penalties related to late payment, late filing, and VAT declaration amendments. To benefit from this relief, taxpayers must pay the tax liability in full. The percentage of tax penalty waived is directly linked to the date of payment of the tax liability as detailed in the table below:

Payment date	Percentage of penalty waiver
Payment in full before 21 Jan 2021	100%
Between January and end of March 2021	100%
Between April and end of May 2021	75%
By June 2021	50%

Exclusion from amnesty

The resolution made clear that the tax penalty waiver does not include a waiver of penalties incurred due to tax evasion. The penalty relief is not applicable to penalties other than those mentioned in this MR (listed above). In addition, tax penalties that have been paid to GAZT before the release of this MR will not be covered under this initiative.

Please refer to our previous tax alerts on the subject through the links provided below. Our teams are available in case you need any clarification or further assistance.

Tax Alerts

[October 2020 – Extension of Amnesty for Tax Filing and Payment for Three Months](#)

[August 2020 – Extension of Waiver of Penalties for Tax Filing and Payment for Three Months](#)

[April 2020 – Measures to Support Taxpayers During the Covid-19 Pandemic](#)

[March 2020 – Postponement of Tax Filing and Obligations for Three Months](#)

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