

Tax Alert: ZATCA releases official e-invoicing guidelines and standards

June 2021

In brief

On 28 May 2021, the Zakat, Tax and Customs Authority (ZATCA) published official guidelines and standards regarding the implementation of e-invoicing in the Kingdom. The most significant announcement is that Phase 2, “Integration”, of the implementation is now postponed to from 1 July 2022 to 1 January 2023. The deadline for Phase 1, “Generation and Storage”, remains the same, 4 December 2021.

In detail

The first phase of e-invoicing, now termed “Issue and Storage” starts on 4 December 2021 and requires taxpayers to issue and store electronic invoices and notes. The second phase, “Integration”, now starts on 1 January 2023 and requires taxpayers to transmit electronic invoices and notes and share these documents with ZATCA for electronic verification and stamping.

On 28 May 2021, the ZATCA published the following documents on the Authority’s [website](#) for Phase 1 of the implementation of e-invoicing:

- The Controls, Requirements, Technical Specifications and Procedural Rules to Implement the Provisions of the E-invoicing Regulations;
- E-invoicing Simplified Guidelines;
- E-invoicing Phase 1 FAQs;
- Electronic Invoice XML Implementation Standards; and
- Electronic Invoice Security Features Implementation Standards.

The recently published guidelines and standards provide an overview of essential terms and processes to implement e-invoicing. They cover the definitions of E-invoicing, E-invoice, Tax Invoice, Simplified Tax Invoice, E-invoicing solutions and QR code, which are essential to understand before delving into the technical documentation. The guidelines also cover the use of an electronic invoicing system, the generation and storage of electronic invoices, and the need to ensure that all elements of the tax invoice are present.

For specialists and developers of invoicing systems, ZATCA recommends that they review the technical specifications published on its website. Taxpayers should ensure that the e-invoice products they acquire comply with the Authority’s requirements.

What must be done in Phase 1:

- Updating or installing new invoicing systems;
- Adding QR codes to invoices;
- Adding the buyer’s VAT registration number if they are registered for VAT.

How e-invoicing will work during Phase 1:

- The seller issues and saves the invoice through an e-invoicing system that is compliant with the requirements of the first phase;
- The invoice must contain all the items required in a tax invoice; and
- The buyer receives a copy of the invoice.

The most important things to avoid when generating electronic invoices are:

- Manual invoicing;
- Issuing invoices that do not include the requirements of the Authority;
- Using a system that does not comply with the e-invoicing requirements issued by the Authority; and
- Deleting electronic invoices after they are issued.

What is optional for Phase 1 but will be implemented in Phase 2:

- Issuing invoices in XML, PDF/A-3 formats;
- Implementing anti-tampering features;
- Implementing other technical features such as a universally unique identifier (UUID); and
- Integrating with the ZATCA systems.

Please refer to our previous tax alerts on the subject through the links provided below. We shall keep you up to date on any further developments. In the meantime, our teams are available to discuss the implementation of e-invoicing in the Kingdom and its impact on your business.

Tax alerts

[March 2021 - E-invoicing resolution open for consultation](#)

[December 2020 - Electronic Invoicing Regulations](#)

[September 2020 - Draft Electronic Invoicing Regulations](#)

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