

ZATCA's E-Invoicing Roll-out Successfully Pushes the Digital Transformation of the Economic Ecosystem in KSA

Fatoora Documentary Highlights

RIYADH , SAUDI ARABIA , October 16, 2023 /EINPresswire.com/ -- The Saudi government is earnestly driving an ambitious transformational program to digitalize its economic ecosystem, aiming to rank the Kingdom of Saudi Arabia (KSA) among the world's top countries in digital services. KSA was recently ranked fourth globally in digital transformation preparedness and overall readiness of digital systems, as revealed by the UN's International Telecommunication Union in March 2023.

In this context, the Saudi government has adopted a digital transformation strategy in alignment with the Saudi Vision 2030 and the UN Sustainable Development Goals (SDGs). The strategy sets resourceful goals to efficiently provide world-class government services that meet the needs and aspirations of Saudi citizens by 2030.

[The Saudi Zakat, Tax, and Customs Authority \(ZATCA\)](#), in line with the Saudi Vision 2030, aims at enhancing the efficiency and competitiveness of local businesses and the national industry, increasing productivity, and promoting data availability, transparency, and trade effectiveness. Driven by its mission to strengthen the tax system in the Kingdom, ZATCA first introduced e-invoicing on December 4, 2021, to completely transform the process of issuing paper invoices and receipts into a digital form.

This has allowed for the saving and exchanging of invoices in an organized electronic format

هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority



ZATCA Logo



ZATCA Building

between sellers and buyers. In addition, all e-invoices are issued and stored through an electronic system. The Kingdom was lauded for being one of the world's fastest countries in implementing E-Invoicing for all taxpayers liable for VAT.

Overall, the e-invoicing implementation is comprised of two phases. Phase one (Generation Phase), which commenced on December 4, 2021, required all taxpayers subject to the value-added tax (VAT) and E-Invoicing regulations to completely cease the use of handwritten invoices or computer-generated invoices using text editing or spreadsheet software. Taxpayers were obligated to generate e-invoices using an e-invoicing-compliant solution that met the requirements of ZATCA. Additionally, it was necessary to ensure the digital issuance and archiving of electronic invoices with all necessary elements, including the Quick Response Code (QR) and other requirements.

After successful completion of Phase 1 with outstanding results, Phase 2 (Integration Phase) was launched on January 1, 2023, in which taxpayers' e-invoicing systems will be integrated with ZATCA's "FATOORA" platform. The second phase is being implemented in waves based on the criteria set by ZATCA, and it is offering detailed guidelines to ensure smooth implementation and compliance. Notifications to the target groups are being initiated at least six months in advance to allow time for preparation and integration of their e-invoicing systems with the FATOORA platform.

Recently, ZATCA announced the criteria for selecting the entities targeted in the eighth integration wave, which includes all entities with revenues, subject to VAT, exceeding SAR 40 million in 2021 or 2022.

On August 23, 2023, presenting an inspiring success story of the e-invoicing implementation and its role in supporting the national economy, ZATCA released a highly indicative documentary titled 'Fatoora Documentary' in the presence of an array of governmental officials and representatives of ZATCA partners of this national project.

The documentary sheds light on the program's outstanding success after over 300,000 entities succeeded in implementing e-invoicing in Phase 1, in addition to the great progress being achieved through the implementation of Phase 2. It also illuminates e-invoicing's positive impact on supporting the Kingdom's economic development, promoting fair competition, protecting consumer rights, combating commercial concealment, eliminating shadow economies, and enhancing tax compliance.

ZATCA noted that the second phase of E-Invoicing is an extension of the economic development and digital transformation in Saudi Arabia. It represents a continuation of the success story that began with the first phase of E-Invoicing implementation, which achieved several positive results, including enhancing consumer protection across the Kingdom. ZATCA commended the high level of compliance, awareness, and quick response from taxpayers during the initial phase of the project.

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