

COUNTRY PROFILE



Saudi Arabia

Tax overview

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| Personal Income Tax | 20% |
| Corporate Income Tax | None |
| Gift Tax | None |
| Inheritance Tax | None |
| Wealth Tax | None |

Legal System

The Kingdom of Saudi Arabia is a sovereign State founded in 1932, which applies Sharia as the primary source of law.

Currency and Foreign Exchange Controls

There are no foreign exchange controls. The currency is the Saudi Riyal (SAR).

Personal Income Tax

Saudi Arabia does not impose income tax on employment income. However, individuals carrying on a business are taxed at the 20% corporate rate.

Corporate Income Tax

Corporations are subject to tax at a rate of 20%, except that companies engaged in oil and petrochemical production are subject to tax rates of between 50% to 85%.

Generally, foreign investors pay corporate income tax, whilst Saudi and GCC nationals pay Zakat. Where corporations doing business in Saudi Arabia have both Saudi and foreign shareholders, the foreign shareholders pay Saudi corporate income tax at a rate of 20% on the portion of the income attributable to their interest, and citizens of Saudi Arabia and the GCC pay Zakat on the portion of income attributable to their interest, calculated as 2.5% of the net worth of the company.

Value Added Tax (VAT)

Saudi Arabia applies VAT on the sale of goods and services at a standard rate of 15%, subject to certain exemptions.

Anti-Avoidance Rules

Saudi Arabia applies general anti-avoidance rules (GAAR), and applies a form of Transfer Pricing and Thin Capitalization rules. Saudi Arabia does not apply Controlled Foreign Corporation (CFC) rules.

Double Tax Treaties (DTTs)

Saudi Arabia has DTTs with Austria, China, France, Greece, Hungary, India, Ireland, Italy, Japan, Kazakhstan, Korea, Luxembourg, Malaysia, Malta, Mexico, Netherlands, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Turkey, and the United Kingdom.

OECD Multilateral Convention

Saudi Arabia has also ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended by Protocol (2010). The Convention requires parties to exchange information "on request," and allows parties to agree spontaneous and automatic exchange.

Common Reporting Standard (CRS)

Saudi Arabia executed the Multilateral Competent Authority Agreement (MCAA) and has implemented automatic exchange under CRS.

FATCA

Saudi Arabia has a FATCA Model 1 IGA in effect with the United States.

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