

ZATCA E-Invoicing 2nd Phase

Guidebook for companies

هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority



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Let's get back to e-invoicing. What is it and how it works?

The e-invoicing process called FATOORAH applies to taxable persons who are residents in the Kingdom of Saudi Arabia, as well to the customers or any third parties who issue a tax invoice on behalf of a taxable person who is a resident in the Kingdom according to the VAT Implementing Regulation.

E-invoicing is a process where businesses can send, receive, and store invoices electronically. The main benefits of e-invoicing are that it is paperless, efficient, and secure.



Paperless



Efficient



Secure

Why is e-invoicing being introduced in KSA?

The Saudi government has introduced several initiatives to digitize the economy and promote e-invoicing, such as ZATCA. E-invoicing will help reduce the administrative burden on businesses, improve compliance and promote transparency. It will also help the government keep track of companies and their activities. E-invoicing will also create a common database for audits. With this readily available information, tax authorities won't need to conduct audits as frequently as before.

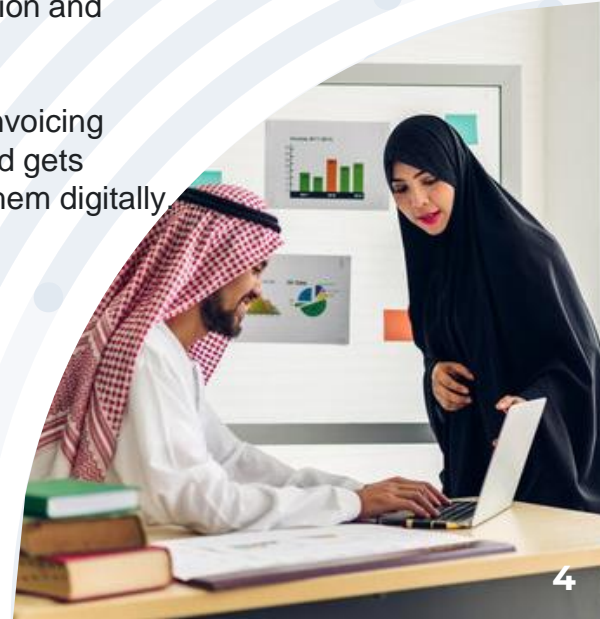
Benefits for taxpayers

A better experience for sellers and buyers. When you issue invoices quickly in real time, input tax credits will be processed faster.

Electronic data will be more secure and less error-prone than paper entries. With a proper system for validating invoices, there will be fewer chances for fraud, leading to fair competition and improvement of trade.

It helps businesses comply with government regulations; A streamlined electronic invoicing process reduces slip-ups and additional hassles for business owners. Your workload gets reduced, you get paid faster, and you can retrieve documents easily when storing them digitally.

- It helps businesses comply with government regulations.
- It reduces the administrative burden on businesses.
- It is secure and reduces the risk of fraud.



The two phases of e-invoicing regulations in KSA

ZATCA has embraced two electronic invoicing regulations mandating businesses to adopt new e-invoicing procedures in two phases. Now on schedule is second phase.

Phase 2 (January 1, 2023)

“ The second phase will start on January 1, 2023. The following are the requirements for businesses during this phase:

Integrate your e-invoicing solution with ZATCA's system to allow you to send invoices to their portal for verification and validation.

Issue invoices in specific formats such as PDF/A-3, XML, or embedded XML.

Your system should connect to external systems with Application Programming Interfaces (APIs) and produce a UUID (Universally Unique Identifier), digital signature, a unique sequential number for each invoice, and a cryptographic stamp.

During this phase, you will be required to share data and report invoices to ZATCA for validation and verification.

Timeline



Types of e-invoices

Tax e-invoice (standard e-invoice)

Types of e-invoices Tax e-invoices are issued for B2B and B2G transactions and are generally used for claiming input VAT deduction by buyers. In phase 1, these invoices will have to be shared with buyers in the required format. In phase 2, these invoices can be shared with buyers only after being cryptographically stamped and cleared by ZATCA. If your buyer is VAT registered, you will have to add their VAT registration number to the invoice, and you can opt to add a QR code.

VAT Invoice - فاتورة ضريبية

INVOICE NO.	G-10030	رقم الفاتورة					
INVOICE DATE	16 Jan 2022	تاريخ الفاتورة					
DUE DATE	15 Feb 2022	تاريخ الاستحقاق					
CUSTOMER NAME	Salam Contracting Company	اسم العميل					
VAT NO.	300 490999 00003	رقم القيمة المضافة للعميل					
ADDRESS	9999 Office No.205, Al Kobaa-34550 9900 Kingdom of Saudi Arabia	معلومات العميل مكتب: 205 - رقم: 9999 - شارع: 34550 - الكوباء العنوان: المملكة العربية السعودية					
رقم العميل	300 490 9999 00003	اسم العميل					
رقم الفاتورة	9999 - 7527-399999	معلومات العميل					
رقم الفاتورة	9900 Kingdom of Saudi Arabia	معلومات العميل					
S. NO.	ITEM #	DESCRIPTION	UNIT	QTY.	UNIT PRICE	TOTAL AMOUNT	
1	-	Elbow 1" 90deg pvc sch-80	-	1	500.00	500.00	
2	-	Elbow 4" pvc sch-80	-	300	25.00	7500.00	
3	-	Elbow cpvc S.T Sch-80 3/4" x 1/2"	-	5	8.00	40.00	
4	-	Elbow cpvc S.T Sch-80 3/4" x 1/2"	-	1	8.00	8.00	
						SUBTOTAL المجموع	8,048.00 SAR
						VAT الضريبة (15%)	1,207.20 SAR
						NET TOTAL الإجمالي	9,255.20 SAR
NINE THOUSAND TWO HUNDRED AND FIFTY FIVE SAR & TWENTY FOUR HALALS تسع ألفان وستون وخمسة وعشرون ريال سعودي وأربعون مثقالاً							
BANKING DETAILS							
BANK NAME	بنك الأهلي التجاري (NCA)		اسم البنك				
BENEFICIARY'S NAME	مؤسسة حمد الخيرية		اسم المستفيد				
ACCOUNT NO	33446553663		رقم الحساب				
IBAN NO	SA59 1000 0022 33446553663		رقم الحساب				
Prepared By:	أعدت من قبل:		Approved By:	أقرت من قبل:			
Signature:	التوقيع:		Signature:	التوقيع:			

3. Customized E-Invoice Formats also available.

E-Invoice structure

1. Invoice type description
2. Invoice reference number (IRN)
3. Invoice issue date
4. Seller's name, address, and ID
5. Buyer's name, address, and ID
6. Product or service description
7. VAT calculation fields (net, gross, VAT rate, subtotals, etc.)



Technology: Special fields details

Universally Unique Identifier (UUID): Example 061c95fb-d6bb402-e-aa6-24cb09ec1d013

Cryptographic Stamp: Tax Invoice Generated by ZATCA, Simplified Invoice Generated by the Tax Player Solution.

Cryptographic Stamp Identifier: Credential that is associated with a cryptographic stamp and associates it with a registered Invoice Solution.

Previous Invoice Hash: Automatically generated within the taxpayer's invoice solutions and is not visible on the invoice. The hash can be thought of as a digital fingerprint of the invoice.

QR Code: The QR contains basic invoice data and is included within the printed invoice and the electronic invoice.

Invoice counter: A functionality of electronic invoice solutions and is generated automatically by the solutions.

QR code Structure

- Seller's name
- VAT registration number of the seller
- Time stamp of the e-invoice or credit/debit note (date and time)
- e-Invoice or credit/debit note amount (with VAT)
- VAT amount
- Hash of XML e-invoice or credit/debit note
- Cryptographic stamp
- Public key used to generate the cryptographic stamp
- ZATCA portal cryptographic stamp of the public key of the e-invoicing solution



Technology: Special fields details

Integration

- Internet Connectivity
- Invoice clearance
- Invoice reporting

Invoice Generation

- Invoice fields
- Invoice format
- Invoice storage


Security & Integrity

- QR code
- Cryptographic stamp
- Device Registration
- UUID
- Hash

Here's what you have to do for each transaction:

1. Use a compliant e-invoicing system to generate the e-invoice with all the required fields.
2. Issue a copy to the buyer. By phase 2, you will need to push this invoice to ZATCA's portal and get it validated before you send it to the buyer.
3. Store the e-invoice in your system for future reference. Moving to a cloud-based solution that offers you e-invoicing features will make storage easier and ensure compliance automatically.





E-Invoicing is now mandatory in Saudi Arabia.

Whether B2B, B2G, or B2C, all businesses must comply with the new regulations set by ZATCA.

E-Invoice Solution Features

Legally
compliant
electronic
signatures

100%
compliance
with the
ZATCA's

Ready-to-deploy
connectors for a
wide range of
ERPs

Time
stamping of
documents
stored in
e-Archive

Real-time validation
of content verifying
the legal compliance
of sent and received
documents



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- API integration
- Digital Marketing

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