



ZATCA E-INVOICING

A CORPORATE GUIDE

Table of CONTENTS

01

Introduction

02

What is E-invoicing

03

Why is it being
introduced in Saudi
Arabia

04

Benefits for Tax
Payers

05

Timeline

06

Integration waves

07

Types of E-
Invoices

08

E-Invoice Structure



Table of CONTENTS

09

QR Code

10

Technology:
Special fields
details

11

Transaction for
B2B/G

12

Transaction for
B2C

13

What you need to
do

14

About Us

15

Contact Us





INTRODUCTION

In the realm of financial management and governmental regulations, Saudi Arabia has been making significant strides, particularly with the introduction of e-invoicing by the Zakat, Customs, and Tax Authority (ZATCA). This shift marks a pivotal moment in the country's tax landscape, promising increased efficiency, transparency, and compliance. In this blog post, we will delve into the intricacies of e-invoicing, its implementation by ZATCA, and the benefits it brings to taxpayers.



WHAT IS E-INVOICING

What is it and how does it work?

According to the VAT Implementing Regulation, taxable persons who reside in the Kingdom of Saudi Arabia, as well as any customers or third parties that issue a tax invoice on behalf of a taxable person who is a resident of the Kingdom, are subject to the e-invoicing process known as FATOORAH.

According to the dictionary

Businesses can send, receive, and store invoices electronically through a process called e-invoicing. The primary advantages of electronic invoicing are its *paperless, efficient, and secure* nature.





WHY IS E-INVOICING BEING INTRODUCED IN KSA?

The Saudi government has launched several programs, like ZATCA, to encourage e-invoicing and digitize the economy. E-invoicing will assist in lowering the administrative load on companies, enhancing compliance, and fostering openness. It will also make it easier for the government to monitor businesses and their operations. Additionally, e-invoicing will establish a shared database for audits. The availability of this data will reduce the frequency of audits required by tax authorities.

BENEFITS FOR TAX PAYERS

The introduction of the electronic Tax Service has brought many benefits for taxpayers.

INCREASED SPEED

Improved outcomes for both buyers and sellers. The faster you issue invoices in real-time, the faster input tax credits are processed.

LESS RISK

Compared to paper, electronic data will be less prone to error, and more secure. entries. A well-designed system for validating invoices will reduce the chance of fraud, promoting fair competition, and better trade.

LOW COMPLIANCE COST

It assists companies in adhering to legal requirements; a simplified electronic invoicing procedure lowers errors and extra work for entrepreneurs. When you store documents digitally, you get paid faster, have less work to do, and can easily retrieve them.



TIMELINE

PHASE 1 DECEMBER 2021

- Under Phase 1, also referred to as the Generation phase, taxpayers must use electronic solutions that meet Phase 1 requirements to create and store tax invoices and notes.
- All taxpayers (apart from non-resident taxpayers), and any other parties issuing tax invoices on behalf of suppliers subject to VAT will be able to use Phase 1 starting on December 4, 2021.

PHASE 2 JANUARY 2023

- ZATCA will notify taxpayers of their Phase 2 wave at least six months in advance, and is rolled out in waves by taxpayer group, as shown below in the table: Phase 2, also known as the Integration phase, will involve the introduction of Phase 2 technical and business requirements for electronic invoices and electronic solutions, as well as the integration of these electronic solutions with ZATCA's systems.



INTEGRATION WAVES

01

Integration Wave 1

Taxpayers with annual taxable revenue
above 3Bn in 2021

Integration period: Jan 1st- Jun 30th

02

Integration Wave 2

Taxpayers with annual taxable revenue
above 0.5Bn in 2021

Integration period: Jul 1st- Dec 31st

REMAINING WAVES TO BE ANNOUNCED

TYPES OF E-INVOICES



Standard e-invoice with tax information

For both B2B and B2G transactions, tax e-invoices are generated. Typically, purchasers use them to claim input VAT deductions. Buyers must receive these invoices in phase 1 in the prescribed format. Only after these invoices have been cryptographically stamped and approved by ZATCA can they be shared with buyers in phase 2.

The taxpayer is required to use a compliant E-Invoice Generation Solution (EGS) that has been onboarded to the ZATCA portal to generate a tax invoice that includes all ZATCA mandatory fields in an electronic format.

Simplified Tax Invoice Example

Always include all mandatory fields for E-invoice

Example illustrative

Invoice Reference Number	فاتورة ضريبية مبسطة رقم الفاتورة: INV10111	Invoice Type																
Seller Address	اسم المتجر عنوان المتجر	Date and Time of Invoice Issuance																
Seller VAT Number	2021/12/12 تاريخ: رقم تسجيل ضريبة القيمة المضافة: 123456789900003	Seller's Name																
VAT Amount or the Invoice Total Amount (inclusive of VAT)	المنتجات <table border="1"><thead><tr><th>الكمية</th><th>سعر الوحدة</th><th>قيمة الوحدة</th><th>مجموع</th></tr></thead><tbody><tr><td>1.0</td><td>50</td><td>7.5</td><td>57.5</td></tr><tr><td>1.0</td><td>70</td><td>10.5</td><td>80.5</td></tr><tr><td>1.0</td><td>100</td><td>15</td><td>115</td></tr></tbody></table> اجمالي المبلغ الخاضع للضريبة: 220 ضريبة القيمة المضافة (15%): 33 المجموع مع الضريبة (15%): 253	الكمية	سعر الوحدة	قيمة الوحدة	مجموع	1.0	50	7.5	57.5	1.0	70	10.5	80.5	1.0	100	15	115	(QR Code)
الكمية	سعر الوحدة	قيمة الوحدة	مجموع															
1.0	50	7.5	57.5															
1.0	70	10.5	80.5															
1.0	100	15	115															
Subtotal (Inclusive of VAT) at line-item level	إغلاق الفاتورة 0100																	

Additional Phase 2 requirements for Simplified Tax Invoices that are usually issued by a Business to Consumer (B2C)

Additional Phase 1 requirements for Simplified Tax Invoices that are usually issued by a Business to Consumer (B2C)



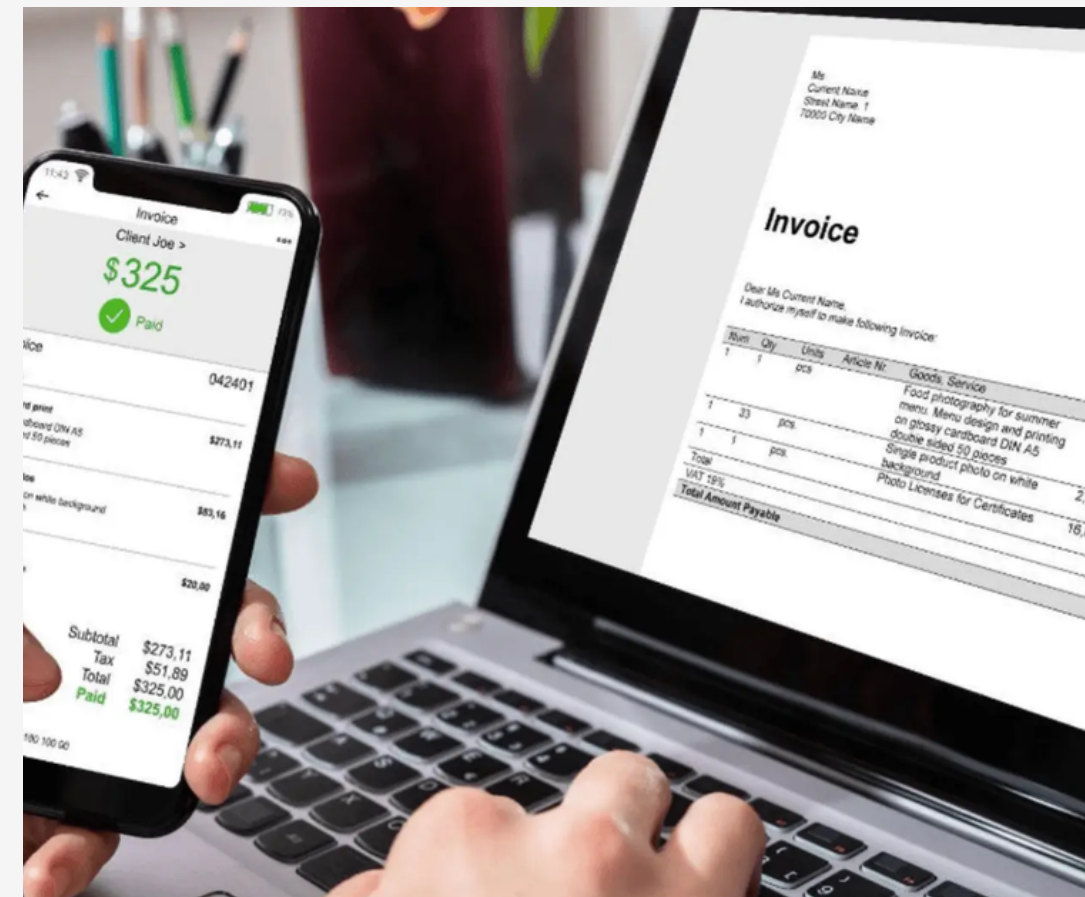
E-invoices made simpler

At the point of sale, B2C transactions generate simplified electronic invoices. For validation, each simplified tax invoice (B2C invoice) must have a QR code. Every business has been obliged to provide their clients with a streamlined invoice since the first phase. All simplified transactions must be reported to ZATCA within 24 hours of issuance beginning with the second phase.

E-INVOICE

STRUCTURE

- Invoice type description
- Invoice reference number (IRN)
- Invoice issuance date
- Seller's name, address, and ID
- Buyer's name, address, and ID
- Product or service description
- VAT calculation fields (net, gross, VAT rate, subtotals, etc.)



QR CODE

The information includes:

- The seller's name.
- VAT registration number.
- The timestamp of the e-invoice or credit/debit note (date and time),.
- The amount of the e-invoice or credit/debit note (including VAT).
- The amount of VAT, the hash of the XML e-invoice, or credit/debit note.
- The cryptographic stamp.
- The public key that was used to generate the cryptographic stamp.
- The ZATCA portal cryptographic stamp of the public key of the e-invoicing solution.

فاتورة ضريبة
Tax Invoice

Invoice Number: 100 100 100 100

Invoice Date: 20/10/2020 10:00:00 AM
Invoice Time: 20/10/2020 10:00:00 AM

QR Code

Customer Information			
Name	Customer Name		
Building No.	Building No.		
Street Name	Street Name		
Phone	Phone		
City	City		
Country	Country		
Product Name	Product Name		
Quantity	Quantity		
Unit Price	Unit Price		
Total Price	Total Price		
VAT Number	VAT Number		
Invoice ID	Invoice ID		

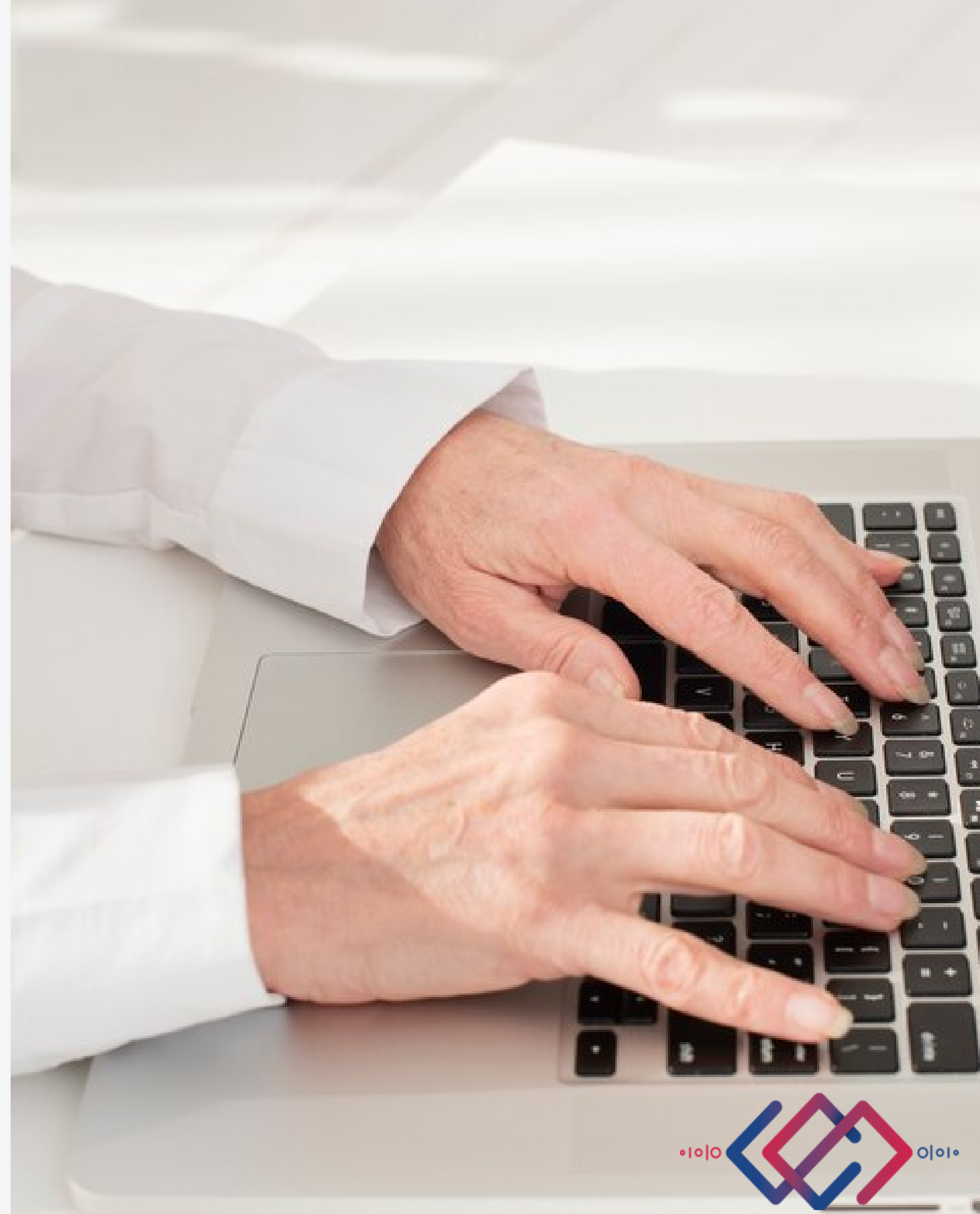
Item Name	Quantity	Unit Price	Total Price	VAT Amount	Total VAT	Total Price Including VAT
Item 1	10	1000.00	10000.00	1000.00	1000.00	11000.00
Item 2	20	2000.00	40000.00	2000.00	2000.00	42000.00
Total	30	3000.00	50000.00	2000.00	2000.00	52000.00

Tax Summary			
Item Name	Quantity	Unit Price	Total Price
Item 1	10	1000.00	10000.00
Item 2	20	2000.00	40000.00
Total	30	3000.00	50000.00

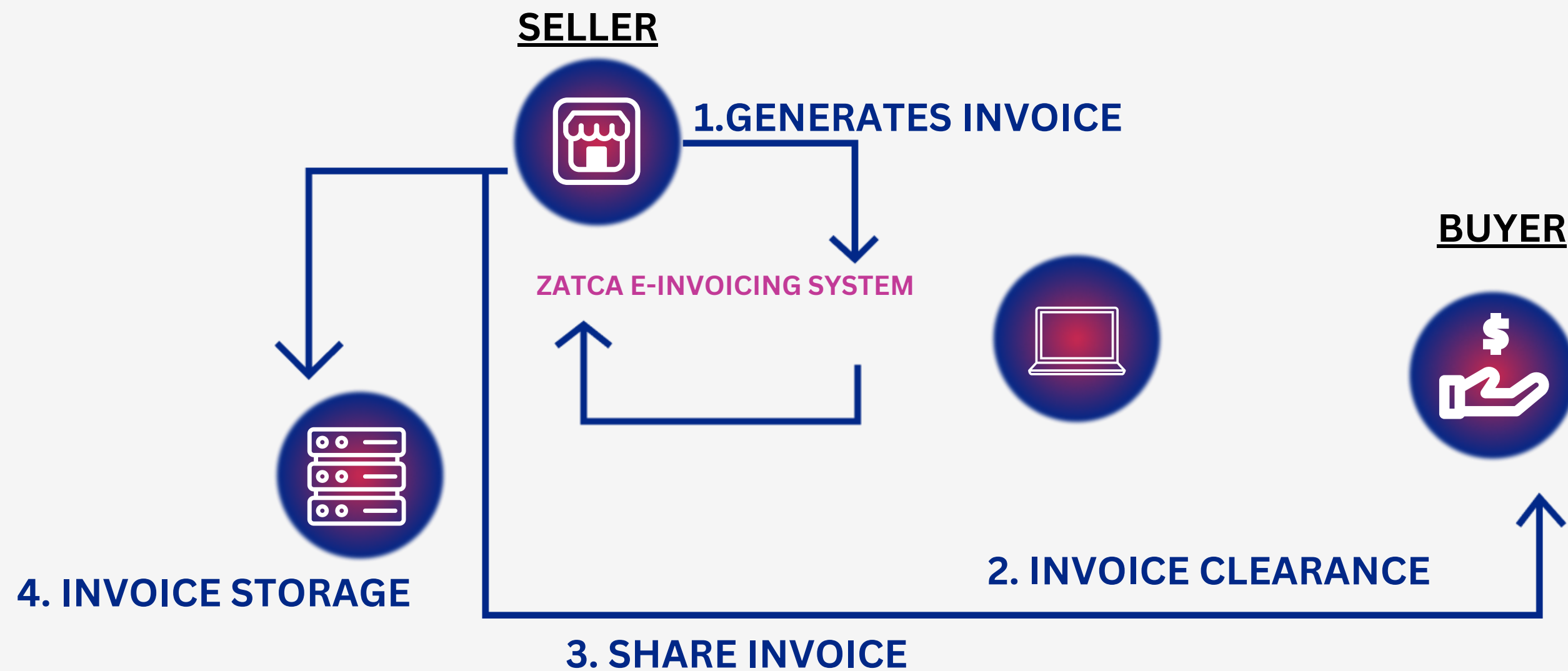
Total Summary			
Item Name	Quantity	Unit Price	Total Price
Item 1	10	1000.00	10000.00
Item 2	20	2000.00	40000.00
Total	30	3000.00	50000.00

TECHNOLOGY SPECIAL FIELD DETAILS

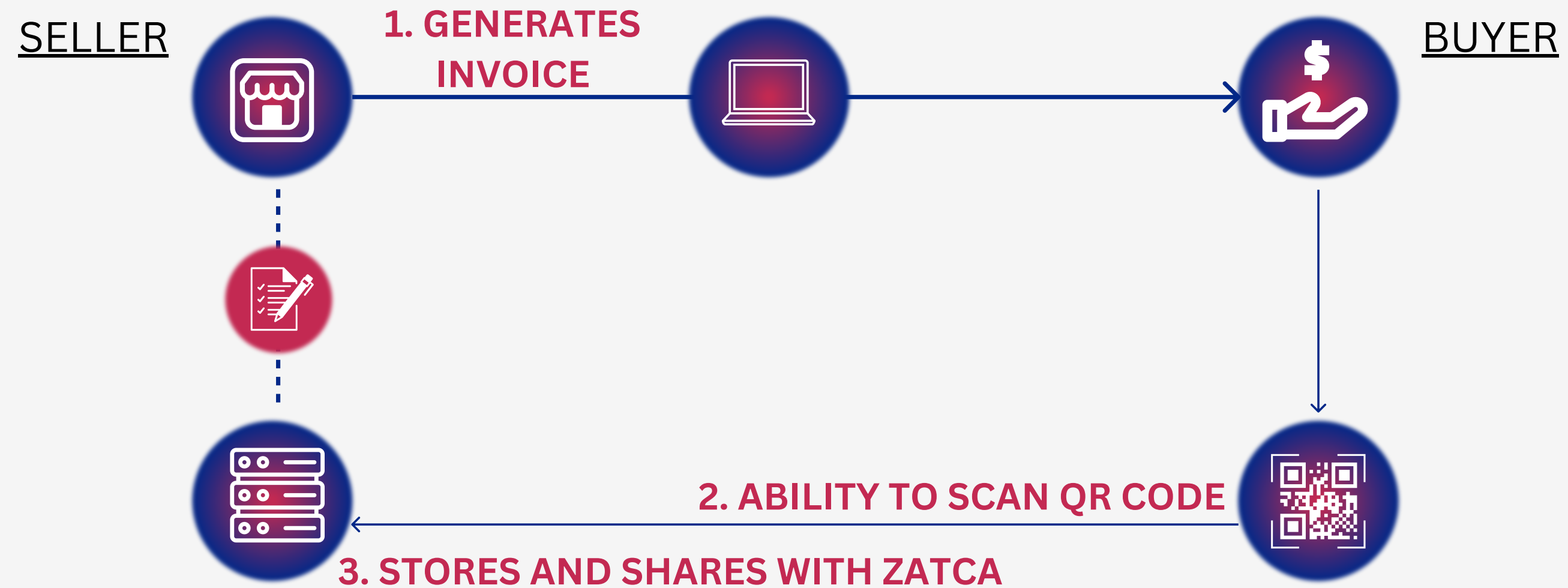
- Universally Unique Identifier (UUID): Example 061c95fb-d6bb402-e-aa6-24cb09ec1d013
- Cryptographic Stamp
- Tax Invoice Generated by ZATCA, Simplified Invoice Generated by the Tax Player Solution.
- Cryptographic Stamp Identifier: Credential that is associated with a cryptographic stamp and associates 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 that is generated automatically by the solutions.



FOR B2B/G TRANSACTIONS E-INVOICE GENERATION



FOR B2C TRANSACTIONS E-INVOICE GENERATION



WHAT YOU NEED TO DO

- To create the e-invoice with all the necessary fields, use an e-invoicing system that complies.
- Provide a copy to the purchaser. Before sending this invoice to the buyer, you must push it to ZATCA's portal by phase 2 and get it validated.
- Save the electronic invoice to your system for future use.
- Switching to a cloud-based solution with e-invoicing capabilities will simplify storage and automatically guarantee compliance.

ABOUT US



Singleclic is a leader in digital transformation, specializing in ERP, CRM, process automation, and data analytics with a strong presence in government, banking, and healthcare sectors.

As a Microsoft Dynamics 365 and Odoo partner, Singleclic excels in delivering bespoke solutions, emphasizing optimization beyond digitalization.

Notable achievements include implementing extensive Microsoft Dynamics solutions for Emirates Health Services and developing Egypt's GAHAR system for healthcare management.

Committed to innovation and excellence. Singleclic's approach transcends traditional digital implementation, focusing on strategic and optimized solutions that empower clients to thrive in the evolving digital landscape.



CONTACT

www.singleclic.com



Info@singleclic.com



**14 Street 257 Maadi 8th
floor**



EGYPT

+2 010 2599 9225 / +2 022 516 6595



**Concord Tower - 10th Floor -
Dubai Media City - Dubai -
United Arab Emirates**



UAE

Tel: +971 42 475421

