

A close-up photograph of a white, articulated robotic hand with visible joints and screws, positioned over a black laptop keyboard. The hand is in the process of typing, with its fingers curved over the keys. The background is a soft-focus blue and yellow gradient.

E-invoicing in Saudi Arabia

E-Fatoorah Generator

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better
working world

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What is e-invoicing

- ▶ E-invoicing requires taxpayers to issue invoices, credit notes and debit notes in a structured electronic format.
- ▶ The deployment of e-invoicing represents a key stepping stone in the digital transformation of tax administration.
 - ▶ The validation of e-invoicing data through a clearance model offers tax authorities comprehensive visibility over taxpayer data.
 - ▶ Globally, we have seen tax authorities leverage this information to drive granular data-driven review activity.
 - ▶ Some tax authorities have taken the additional step to transform the way value-added tax (VAT) is reported, and leverage e-invoicing data to compile prefilled VAT returns.

Implementation of e-invoicing in Saudi Arabia

- ▶ In the Kingdom of Saudi Arabia (KSA), taxpayers are required to validate e-invoicing invoice data with the Zakat, Tax and Customs Authority (ZATCA) on a real-time or near real-time basis.

- ▶ E-invoicing is being implemented in the KSA in two phases, with two separate implementation dates:

4 December
2021
Phase 1

Phase 1 requires taxpayers to generate and store invoices electronically, eliminating the ability for taxpayers to create invoices manually.

1 January
2023
Phase 2

Phase 2 requires taxpayers to integrate their e-invoicing solution with ZATCA's central platform, to transmit invoice data for validation under a clearance model.

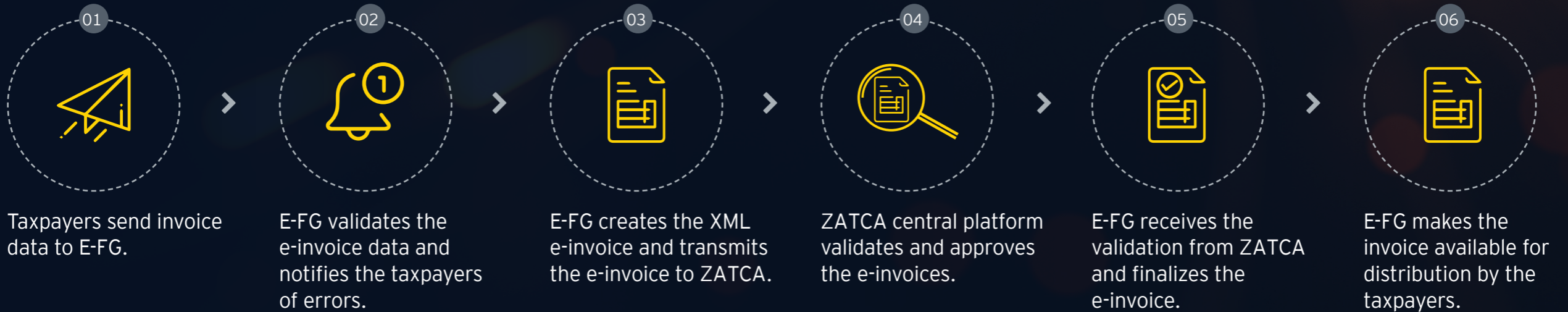
How can EY help with the e-invoicing process?

In complying with e-invoicing regulations, taxpayers need to eliminate invalid or inaccurate invoices and provide accurate transactional data to ZATCA in real time or near-real time.

EY has developed the E-Fatoorah Generator (E-FG), a solution that supports taxpayers with meeting e-invoicing compliance obligations.

E-FG is now operational in line with the Phase 1 requirements, and under development following ZATCA's confirmation of Phase 2 requirements.

The anticipated process for Phase 2 is outlined below:



E-FG: key features

E-FG has been designed for ease of use and to provide comprehensive e-invoicing functionality, leveraging EY's significant experience in deploying e-invoicing solutions globally.

E-FG can be customized to meet the requirements of each client. There is an option for full integration with the enterprise resource planning (ERP) system, providing a seamless automated experience. Alternatively, invoices can be manually uploaded to E-FG.

Real-time analytics, dashboards and reports will provide a snapshot of key information and potential errors, giving insights to users and allowing them to take action on any time-sensitive issues.

Benefits of E-FG

Mature and tested

01

Similar EY solutions with e-invoicing capability have been deployed globally and are being widely tested in jurisdictions with established e-invoicing systems.

Comprehensive approach to VAT compliance

02

EY can provide a comprehensive approach to VAT compliance, by integrating e-invoicing and the VAT return preparation process.

Customized solution

03

EY will formulate a customized and practical approach based on your needs, including integration with your ERP and billing environments.

Non-disruptive

04

E-FG is a non-disruptive tool, which is easy to deploy and keeps costs in check.

Security credentials

05

E-FG will be compliant with certain ISO and SOC certificates, and hosted on a Communications and Information Technology Commission (CITC)-approved Class C cloud - the highest security rating available in the KSA to date.

Local data hosting and processing

06

E-FG is hosted on servers located in the KSA, and data does not leave the KSA when being processed.

Data validation

07

E-FG performs real-time validation of invoice data, applying advanced analytics and tax logic.

Insightful reports

08

E-FG provides insightful and intuitive reports and dashboards, which are essential in proactively managing e-invoicing compliance and tax risks.

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