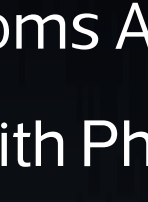


Most Common Mistakes in E-invoicing

Dear Taxpayer,



As part of the Zakat, Tax and Customs Authority's (ZATCA) commitment to supporting your compliance with Phase Two (Integration Phase) of e-invoicing requirements, we are sharing the most common mistakes to help you ensure accurate implementation.

This guidance is provided as part of our awareness efforts and does not imply any issues with your issued invoices.

Most Common Mistakes

! Supplier's additional identifiers

When selecting a commercial registration identifier, the commercial registration of the branch issuing the tax invoice must be entered, and in case of more than one identifier available for the supplier, the identifier shall be used according to the order provided:

1

Commercial
Registration

2

Ministry of
Municipal and Rural
Affairs License

3

Ministry of Human
Recourses and Social
Development License

4

Ministry of Investment
License

5

Any other supplier
identifier

! Entering wrong or incomplete commercial registration numbers.

Ensure that the commercial registration number in the invoice is correct and accurate.

! Using the simplified (B2C) invoice template in unauthorized cases.

The use of this template is limited to specified cases like, financial services from banks, and insurance companies, or in accordance with the Authority's decisions in this regard.

! Delay in sharing invoices with Fatoora platform

B2C invoices must be sent to (Fatoora) platform within 24 hours of issuance

! Repetition in technical identifiers

Be keen not to repeat invoice reference numbers

It is usually in (International Reference Number – Invoice Reference Number – Invoice Serial Number), or in the Invoice Fragment Number, IRN, HASH, UUID, ICV

! Mistakes in the address information

Verify the city and the postal code information accurately for both the supplier and the buyer

! Mistakes in the buyer's identifier

Ensure the buyer's identifier is entered correctly and completely

! Differences Between Fatoora Platform and VAT Return

Verify that all invoices are uploaded correctly via Fatoora, and verify that there are no differences between the declared sales in the VAT Return compared to the e-invoicing information.

Examples

- The tax group issues its e-invoices using the group's TIN.
- Connect all devices and programs to Fatoora platform.
- Implement e-invoicing requirements "Verify invoice validity".

***Check out the Controls, Requirements**

[Click Here](#)



Tax Exemption Caused by Incorrect Use of the Code (Tax Exemption Reason Code)

The tax exemption reason code is used to clarify the justification for exempting a specific line item from tax, it must be entered accurately to ensure the invoice complies with applicable regulatory requirements,

and any non-compliant use of the tax exemption reason code constitutes a violation of compliance requirements.



for instance, Incorrect use includes the following cases

Selecting the tax exemption code (S) for supplies subject to the standard rate while entering tax exemption reason code, even though this type of supply is not eligible for exemption or relief.

Selecting the tax exemption code (Z) for supplies subject to the zero rate while using a tax exemption reason code, designated for exemption cases (E) \ (O), which resulting in mismatch between tax exemption code and the tax exemption reason code.

Selecting the tax exemption code (Z) for supplies to the zero rate while using a tax exemption reason code for exports, even though the invoice is classified as regular invoice. In this case, the invoice should be classified as an export invoice with a value of position (position 1 = 5), not 0.

Selecting the tax exemption code designated for exports, while the supply was made within the Kingdom.

Tax Code Guide



Notice

Adhering to avoiding these mistakes, strengthens your compliance and helps you avoid penalties.