CORE CONCEPT

ZATCA VAT and Withholding Tax Compliance: Returns, FATOORA Reconciliations and Audit Readiness

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Technical depth: Practitioner · **Practical mode:** Case study

Introduction

ZATCA, Saudi Arabia's Zakat, Tax and Customs Authority, now selects audits using FATOORA e-invoicing data and analytics, so errors in VAT returns and in withholding tax on payments to non-residents surface faster and attract penalties. The 2025 amendments to the VAT Implementing Regulations changed grouping, marketplace and correction rules. Many organisations in KSA file on time yet cannot reconcile returns to the ledger or evidence them on request. This Core Concept course takes finance and tax teams from correct treatment to the reconciliations, controls and evidence a ZATCA audit requires, ending with a VAT and Withholding Tax Audit Readiness File.

Course Objectives

- Classify supplies and payments correctly under the KSA VAT Law and the Income Tax Law withholding rules, including cross-border services and imports
- Apply place of supply, tax point, input tax recovery and treaty relief rules, including the 2025 VAT Implementing Regulations amendments, to real transactions
- Prepare VAT and withholding tax returns and reconcile them to the general ledger and FATOORA e-invoice records
- Identify the errors ZATCA most often raises in audits and quantify exposure, corrections and penalties
- Design a tax control framework and tax risk register that keep the organisation audit-ready throughout the year
- Assemble an audit readiness file that can be handed to ZATCA auditors on request

Target Audience

- Tax managers responsible for VAT and withholding tax filings and positions with ZATCA
- Financial controllers accountable for the accuracy of tax balances in the ledger
- Accounts payable and receivable managers whose processes and e-invoicing determine tax treatment
- Internal audit and risk managers reviewing indirect tax controls
- Procurement and contracts managers negotiating cross-border service agreements

Course Outline

Day 1: Saudi VAT and Withholding Tax Foundations and Compliance Review

- VAT Mechanism under the KSA VAT Law: Output Tax, Input Tax and the 15% Standard Rate
- Supply Classification: Standard-Rated, Zero-Rated, Exempt and Out-of-Scope
- Withholding Tax on Payments to Non-Residents: Income Tax Law Rates of 5%, 15% and 20%
- ZATCA Compliance Calendar and Filing Obligations Map
- VAT and Withholding Tax Compliance Health-Check Questionnaire

Day 2: Rules, Standards and Frameworks

- 2025 Amendments to the VAT Implementing Regulations: Grouping, Marketplaces and Corrections
- Place of Supply for Services: KSA Rules and the OECD International VAT/GST Guidelines
- Tax Point, Tax Invoice Content and FATOORA E-Invoicing Requirements
- Treaty Relief under Saudi Tax Treaties and the OECD Model Tax Convention 2025 Update
- Tax Control Framework Design Following OECD Co-operative Compliance Guidance

Day 3: Returns, Reconciliations and Documentation

- VAT Return Preparation and Box-by-Box Review on the ZATCA Portal
- Input Tax Recovery, Apportionment and Capital Asset Adjustments
- VAT-to-General Ledger and FATOORA E-Invoice Data Reconciliation
- Withholding Tax Returns, Certificates and Payment Reconciliation
- Import VAT, Reverse Charge and Customs Declaration Matching

Day 4: ZATCA Audit Exposure, Errors and Disputes

- Common ZATCA Audit Findings: Blocked Input Tax, Deemed Supplies and Related Parties
- Error Correction, Voluntary Disclosure and ZATCA Penalty Exposure Analysis
- Tax Data Analytics Tests with Excel Power Query
- Tax Risk Register Aligned to ISO 31000:2018
- ZATCA Audit Query Response, 60-Day Objection and Tax Committee Appeal File

Day 5: Case Work and the Audit Readiness File

- Saudi Trading Company Case Study: VAT Return Reconstruction
- Service Contract Case Study: Withholding Tax and Treaty Relief Review
- Mock ZATCA Information Request: Evidence Pack and Documentation Index Response
- VAT and Withholding Tax Audit Readiness File Assembly
- Peer Review Panel and Remediation Plan Defence

Skills You Will Gain

- Indirect Tax Technical Analysis
- Cross-Border Transaction Treatment
- Tax Return Reconciliation
- E-Invoicing Data Validation
- Tax Control Framework Design
- Tax Risk Assessment
- Audit Evidence Management
- Tax Dispute Preparation

Why Attend This Course

- Return to work with a VAT and Withholding Tax Audit Readiness File that shows where your organisation stands today
- Answer a ZATCA information request quickly and with evidence rather than explanations
- Find and correct errors before a ZATCA audit does, and understand when voluntary disclosure limits penalties
- Compare compliance practice with Saudi tax and finance peers from trading, services, contracting and manufacturing organisations

Conclusion

VAT and withholding tax errors in Saudi Arabia rarely come from ignorance of the rates; they come from misclassified transactions, unreconciled returns, e-invoice data that does not match the ledger and missing evidence. This course moves from the KSA rules and their 2025 amendments, through the international guidance behind them, to the returns, reconciliations and controls that make compliance provable to ZATCA. The final day turns that work into a VAT and Withholding Tax Audit Readiness File, giving participants a practical basis for facing the next audit with confidence in their numbers.