

# Saudi Arabia

1. Saudi Arabia was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019<sup>[1]</sup>) (OECD, 2018<sup>[2]</sup>).
2. The first filing obligation for a CbC report in Saudi Arabia applies to reporting fiscal years beginning on or after 1 January 2018.

## Summary of key findings

3. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to implement a domestic legal and administrative framework to impose and enforce CbC reporting requirements as soon as possible. Legislation is now in effect and this recommendation is removed.
4. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to have QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites and with which Saudi Arabia has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. Steps have been taken and this recommendation is removed.
5. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference (OECD, 2017<sup>[3]</sup>) relating to the exchange of information framework ahead of the first exchanges of information. Steps have been taken and the recommendation is removed.
6. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. Steps have been taken and the recommendation is removed.

## Part A: The domestic legal and administrative framework

7. Saudi Arabia has published guidelines for transfer pricing that impose and enforce a CbC filing requirement for fiscal years commencing on or after 1 January 2018<sup>1</sup>.

### ***(a) Parent entity filing obligation***

8. Saudi Arabia has introduced a filing requirement which applies to all Ultimate Parent Entities of MNE Groups above a certain threshold and which requires inclusion of all constituent entities.
9. No inconsistencies were identified.

### ***(b) Scope and timing of parent entity filing***

10. The first filing requirements for MNE Groups in Saudi Arabia enforce a CbC filing requirement for fiscal years commencing on or after 1 January 2018 and filing is required 12 months after the reporting year end.
11. No inconsistencies were identified.

***(c) Limitation on local filing obligation***

12. Saudi Arabia has introduced a local filing requirement which is in line with the terms of reference with regard to the circumstances in which a local filing requirement can be imposed.

13. No inconsistencies were identified.

***(d) Limitation on local filing in case of surrogate filing***

14. Saudi Arabia's local filing requirements will not apply if there is surrogate filing in another jurisdiction.

15. No inconsistencies were identified.

***(e) Effective implementation***

16. Saudi Arabia has notification requirements and a penalty regime which penalises businesses who do not meet their filing commitments by withdrawing certification required to do business in Saudi Arabia.

17. No inconsistencies were identified.

***Conclusion***

18. Saudi Arabia's legal framework meets all the terms of reference.

**Part B: The exchange of information framework**

***(a) Exchange of information framework***

19. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which it has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. These steps have been taken and the recommendation is removed.

20. As of 31 March 2020, Saudi Arabia has 58 bilateral relationships activated under the CbC MCAA. Within the context of its international exchange of information agreements that allow automatic exchange of information, Saudi Arabia has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.<sup>2</sup> Regarding Saudi Arabia's exchange of information framework, no inconsistencies with the terms of reference were identified

***(b) Content of information exchanged***

21. Saudi Arabia has processes and written procedures in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes and written procedures.

***(c) Completeness of exchanges***

22. Saudi Arabia has processes and written procedures in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes and written procedures.

***(d) Timeliness of exchanges***

23. Saudi Arabia has processes and written procedures in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference. It has provided details in relation to these processes and written procedures.

***(e) Temporary suspension of exchange or termination of QCAA***

24. Saudi Arabia has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes.

***(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance***

25. Saudi Arabia has processes in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes.

***(g) Format for information exchange***

26. Saudi Arabia confirms that it uses the OECD XML Schema and User Guide for the international exchange of CbC reports.

***(h) Method for transmission***

27. Saudi Arabia confirms that it uses the Common Transmission System for the international exchange of CbC reports.

***Conclusion***

28. Saudi Arabia's previous peer reviews recommended that Saudi Arabia take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which it has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. These steps have been taken and the recommendation is removed.

29. Saudi Arabia's previous peer review recommended that Saudi Arabia take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework ahead of its first exchanges of information. These steps have been taken and the recommendation is removed.

**Part C: Appropriate use*****Appropriate use***

30. Saudi Arabia's previous peer review recommended that Saudi Arabia take steps to ensure that the appropriate use condition is met. These steps have been taken and the recommendation is removed.

## Conclusion

31. Saudi Arabia meets all of the terms and conditions with regard to the appropriate use of CbC reports.

## Summary of recommendations on the implementation of Country-by-Country Reporting

| Aspect of the implementation that should be improved |   | Recommendation for improvement |
|--|---|--------------------------------|
| Part A   | Domestic legal and administrative framework | -                              |
| Part B   | Exchange of information framework           | -                              |
| Part C   | Appropriate use                             | -                              |

## References

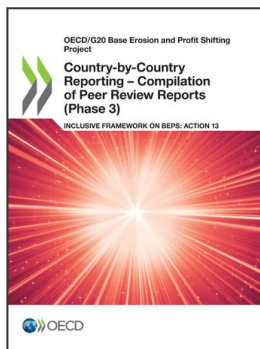
- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]

## Notes

<sup>1</sup> <https://gazt.gov.sa/en/RulesRegulations/Taxes/Pages/transfer-pricing.aspx>; (accessed on 24 August 2020).

[https://gazt.gov.sa/en/HelpCenter/guidelines/Documents/Transfer%20Pricing%20Guidelines\\_Final\\_Manual.pdf](https://gazt.gov.sa/en/HelpCenter/guidelines/Documents/Transfer%20Pricing%20Guidelines_Final_Manual.pdf) (accessed on 24 August 2020).

<sup>2</sup> No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



From:

## Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 3)

Inclusive Framework on BEPS: Action 13

Access the complete publication at:

<https://doi.org/10.1787/fa6d31d7-en>

### Please cite this chapter as:

OECD (2020), “Saudi Arabia”, in *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 3) : Inclusive Framework on BEPS: Action 13*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/20f7d602-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.