

## **Tax Dispute and Violation Committee Procedures**

### **Article 1**

In these Procedures, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

**Procedures:** Tax Dispute and Violation Committee Procedures.

**GAZT:** The General Authority of Zakat and Tax.

**Board:** GAZT's board of directors.

**Dispute Committee:** Tax Dispute and Violation Committee.

**Appellate Committee:** Tax Dispute and Violation Appellate Committee.

**Two Committees:** Dispute and Appellate Committees.

**Circuit:** Any circuit of the two committees.

**Member:** A member of any circuit, including the head of the circuit.

**General Secretariat:** The General Secretariat of the Tax Dispute and Violation Committees.

**Secretary General:** The Secretary General of the Tax Dispute and Violation Committees.

**Internal Committee:** GAZT's committee for settlement of tax and zakat assessment disputes arising between GAZT and taxpayers.

**Taxpayer:** A person subject to tax under tax laws.

**Tax Laws:** Income Tax Law, Value-Added Tax Law, Selective Tax Law, and other tax laws.

**Day:** A calendar day, including State official holidays.

**Settlement Procedures:** Procedures for settling zakat and tax disputes.

## **Article 2**

Any person against whom a decision has been issued by GAZT may file an objection before it within 60 days from the date of notification thereof. GAZT shall decide on the objection within 90 days from the date of filing. If a decision is made to deny the objection or a period of 90 days lapses without deciding thereon, a taxpayer may, within 30 days from the date of being notified of the denial of the objection or upon the lapse of 90 days without a decision thereon, take any of the following actions:

1. Request the referral of the objection to the internal committee for settlement. If a taxpayer rejects the internal committee's decision or if the period specified in the Settlement Procedures lapses without reaching a settlement, the taxpayer may file a lawsuit before the dispute committee against GAZT's decision within 30 days from the date of being notified of the internal committee's decision or upon the lapse of the period specified in the Settlement Procedures without reaching a settlement. Such lawsuit shall not include issues settled with the internal committee.
2. File a lawsuit directly before the dispute committee.

## **Article 3**

GAZT's decisions shall be final and unappealable before any other agency in the following cases:

1. If a taxpayer does not object to the decision within 60 days from the date of notification thereof.
2. If a taxpayer does not file a lawsuit before the dispute committee or does not request referral of the objection to the internal committee for settlement within 30 days from the date of notification of GAZT's decision denying said objection or upon the lapse of 90 days from the date of its filing without being decided.
3. If a taxpayer fails to file a lawsuit before the dispute committee within 30 days from the date of being notified of the internal committee's settlement

decision or from the lapse of the period specified in the Settlement Procedures without reaching a settlement.

#### **Article 4**

If the subject matter of the lawsuit relates to an assessment decision, the lawsuit shall not affect the taxpayer's obligation to pay the uncontested due tax amount.

#### **Article 5**

1. A lawsuit shall be heard in accordance with these Procedures as well as relevant laws, regulations, and decisions.
2. Where these Procedures are silent, the two committees shall apply the procedures stipulated in the Law of Civil Procedure, the Law of Criminal Procedure, and the Law of Procedures before the Board of Grievances as well as relevant regulations and decisions, subject to the nature of the lawsuit and without prejudice to the two committees' powers and jurisdiction.

#### **Article 6**

1. Territorial jurisdiction shall be with the circuit within whose jurisdiction the defendant's place of residence is located, or the main office if the defendant is a legal person, or the branch office if the lawsuit is related to said branch.
2. The Board shall decide the territorial jurisdiction of each circuit.

#### **Article 7**

The parties to the lawsuit shall be represented in accordance with the provisions of the Code of Law Practice and its Implementing Regulations.

#### **Article 8**

A lawsuit shall be filed by means of a statement of claim signed by the

plaintiff, the plaintiff's agent or legal representative, through the General Secretariat. The statement of claim shall be addressed to the dispute committee and shall satisfy the following requirements:

1. The plaintiff's full name and identification number if the plaintiff is a natural person; the number of the commercial register and the address of the main office, or the branch office if the lawsuit relates to it, if the plaintiff is a legal person.
2. Tax or identification number, if any.
3. The agent's or legal representative's full name, identification number, place of residence, and place of work.
4. The plaintiff's or the representative's contact information, including mobile phone number.
5. The defendant's full name, identification number, and place of residence if the defendant is a natural person; the number of the defendant's commercial register and address of the main office, or branch office if the lawsuit relates to it, if the defendant is a legal person.
6. Date of filing the statement of claim.
7. Subject matter of the lawsuit and plaintiff's claims and evidence.
8. Date of notification of the GAZT's decision being objected to and the date and result of the objection, with regard to the lawsuit relating to the objection against said decision.
9. Date of notification of the relevant internal committee's decision and its result regarding the objection referred to it, if any.

In all cases, a lawsuit satisfying the requirements shall be deemed filed as of the date of submitting the statement of claim. If such requirements are not satisfied, they shall be satisfied within 15 days from the date of notification. Failure to complete such requirements within said period shall render the lawsuit null and void. The General Secretariat shall prepare a statement of

claim that includes such requirements.

### **Article 9**

A lawsuit may be filed and memoranda may be submitted through electronic means provided by the General Secretariat and following the filing requirements of such means.

### **Article 10**

The General Secretariat shall ascertain that the statement of claim satisfies the requirements prescribed in Article 8 of these Procedures prior to referring it to the relevant circuit.

### **Article 11**

The process shall be deemed valid and served to the relevant recipient in person if it is done through any of the following means:

1. designated employees at the General Secretariat;
2. the automated system of the General Secretariat;
3. messages sent to the registered mobile phone number and email;
4. recorded phone calls to the registered phone number;
5. the national address;
6. any account registered with an automated government system.

The General Secretariat may outsource such service.

### **Article 12**

1. If the defendant's place of residence or address is unknown and thus it is not feasible to serve the defendant with the statement of claim or the hearing date, and if the means set out in Article 11 of these Procedures have been exhausted, the relevant circuit may request such service to be made through the relevant authorities. If service is still infeasible, the

circuit may, at its discretion and subject to statutory requirements, order suspension of government services provided to the defendant. If such measure proves ineffective and the defendant or the defendant's agent or legal representative fails to appear, an announcement to that effect which contains a summary of the case and the hearing date shall be published in the Official Gazette or in any local newspaper. The decision rendered shall be deemed *in absentia* with respect to the defendant.

2. The provisions stipulated in paragraph (1) of this Article shall not apply to public claims, and the service of process in such claims shall be in accordance with the procedures stipulated in the Law of Criminal Procedure, taking into consideration the nature of the lawsuit.

### **Article 13**

The General Secretariat shall serve the statement of claim to the defendant who in return must file a response within a period not exceeding 30 days from the date of service. The circuit may, upon a reasoned request from the defendant, extend such period for an additional period of not more than 30 days. If the defendant fails to file such response within the prescribed period, the General Secretariat shall examine the suit and refer it to the relevant circuit.

### **Article 14**

Suits shall be brought before the relevant circuit at the specified hearing dates.

### **Article 15**

1. Circuit sessions may be held in the presence of one circuit member to hear and record statements, motions, and defenses of the parties to the suit.
2. Circuit sessions may be held using modern technological means provided by the General Secretariat.

## **Article 16**

The head of the hearing session shall be in charge of managing the hearing and maintaining order while the court is in session, and he may, for this purpose, remove from the courtroom any person who disrupts order. He may also order that offensive or indecent expressions violating public order be removed from any memorandum or document filed by any party to the suit. He may order the recording of any violation or offense committed during the session.

## **Article 17**

Each circuit shall have one secretary or more to enter into a special record prepared by the General Secretariat the proceedings of the hearing session under the supervision of its head. The date and time of the commencement and end of each hearing session, its location, names of participating circuit members, and parties to the suit, as well as proceedings and facts which occurred during the session shall be entered into such record.

## **Article 18**

A circuit shall decide on the suit brought before it within 60 days from the date of the first hearing, except in cases requiring a longer period at the circuit's discretion.

## **Article 19**

A hearing shall be public, unless the circuit decides otherwise.

## **Article 20**

1. If a plaintiff fails to attend any hearing after being notified of the date set for consideration of the suit without an excuse acceptable to the circuit, the circuit must decide the suit if it is ripe for judgment.
2. If the suit is not ripe for judgment, the circuit shall dismiss it. If the

plaintiff does not request proceeding with the suit within 30 days from the date of dismissal, or if the plaintiff fails to attend any hearing after proceeding therewith, the suit shall be dismissed without prejudice. The plaintiff may, without prejudice to the time limit specified for hearing the suit, file a new lawsuit.

#### **Article 21**

If the defendant is served with the statement of claim or the hearing date, in accordance with Article 11, or if the defendant, or the defendant's agent or legal representative, files a defense memorandum but fails to appear, or if the defendant, or the defendant's agent or representative, appears at any hearing then fails to appear, the decision against the defendant shall not be deemed *in absentia*.

#### **Article 22**

Any party who fails to appear within 30 minutes of the time set for the commencement of the hearing shall be deemed absent, unless the circuit decides to extend such period. However, any party who appears after such period but prior to the commencement of the hearing shall not be deemed absent.

#### **Article 23**

All types of evidence not conflicting with the nature of the suit shall be admissible before the circuit, including valid recorded phone calls and digital evidence.

#### **Article 24**

A request for recusal by a circuit member or a petition for his disqualification shall be subject to the provisions of the Law of Civil Procedure, the Law of Criminal Procedure, and the Law of Procedures before the Board of Grievances, as applicable and in accordance with the nature of the suit. The

filing of the request or petition shall be as follows:

1. A request for recusal by a circuit member or a petition for his disqualification shall be addressed to the head of the circuit.

The head of the circuit shall issue a reasoned decision approving the request or petition. Such member shall be replaced by the substitute member or, if infeasible, by any other circuit member of the same committee.

2. A request for recusal by the head of any dispute committee circuit or a petition for his disqualification shall be addressed to the head of the relevant circuit at the appellate committee.

The head of the relevant appellate circuit shall issue a reasoned decision approving the request or petition and designating the head of the circuit.

3. A request for recusal by the head of an appellate circuit or a petition for his disqualification shall be addressed to a general panel comprising all members of the appellate committee circuits.

The general panel referred to in this Article shall issue, by majority vote, a reasoned decision approving the request or petition and designating the head of the circuit.

In all cases, the decision to approve or deny the request or petition must be reasoned and shall be deemed final, provided that the concerned member does not participate in the meetings held to review the request or petition. If a circuit member's recusal or disqualification is mandatory, he shall notify the head of the circuit or the general panel, as applicable.

## **Article 25**

1. A circuit may, when necessary, assign one expert or more who shall not contact nor be contacted by any of the parties to the suit except through the General Secretariat.
2. The circuit shall, in its assignment decision, specify the expert's task and the deadline for submitting the report or providing an opinion, and shall

also specify the party or parties to incur the expert's fees. The fees shall be paid, as the General Secretariat deems fit, either by making a deposit into its bank account or by submitting a check payable to the General Secretariat before the deadline set by the Circuit. If the assigned party fails to pay the fees by the deadline, the other party may pay such fees without prejudice to the paying party's right of recourse against the assigned party for the fees paid if a judgment is rendered in favor of the paying party. The amount of such fees shall be determined by the circuit.

3. If the expert fees are not deposited or the check is not submitted by any of the parties and deciding the suit is dependent on the expert's report, the circuit may suspend the suit until the payment is made. If the payment is not made within 180 days from the date of suspension, the plaintiff shall be deemed to have abandoned the suit.

#### **Article 26**

The expert assigned by the circuit shall submit the report within the period specified in the assignment decision. Upon failure to do so, the expert shall submit a report stating the reasons therefor. The circuit may, at its discretion, extend the deadline for submitting the report.

#### **Article 27**

If a circuit, during arguments, finds it necessary to conduct further investigation or inspection, it shall carry out the same on its own or assign another person for such purpose. The circuit may assign a person to hear the testimony of witnesses if it is deemed necessary.

#### **Article 28**

Arabic shall be the official language used in suit proceedings. No memorandum or document may be submitted in another language, unless accompanied by a certified Arabic translation prepared by a licensed office. No statements in any language other than Arabic may be recorded by the

circuit. A non-Arabic speaking party shall have an interpreter and both shall sign the hearing minutes. Documents submitted by any party in another language shall be accompanied by a certified Arabic translation.

#### **Article 29**

A document or memorandum submitted by either party may not be relied upon without allowing the other party to review such document or memorandum. Prior to the issuance of a final decision, each party, the party's agent or legal representative, may have access to the suit file and may obtain copies thereof.

#### **Article 30**

Without prejudice to stipulations of the Law of Civil Procedure and the Law of Criminal Procedure, a plaintiff shall be deemed to have abandoned the suit in the following cases:

1. If the plaintiff is requested to carry out a certain procedure upon which deciding the suit depends but fails to comply with such request by the deadline or within 30 days from the request date, whichever is longer.
2. If the circuit is unable to notify the plaintiff of a substantive procedure at the address provided in the statement of claim.

#### **Article 31**

A suit may, upon the parties' agreement, be suspended for a period not exceeding 180 days following the circuit's approval of the agreement. If the parties fail to resume the suit proceedings within the 10 days following the deadline, the plaintiff shall be deemed to have abandoned the suit.

#### **Article 32**

Without prejudice to Article 2 of these Procedures, the non-hearing period shall not include the period for hearing the dismissed or abandoned suit. Such

period shall resume from the date of dismissal or abandonment decision.

### **Article 33**

If a circuit determines that deciding a suit requires deciding another matter, it may order suspension of the suit. If the ground for suspension no longer exists, the circuit may, on its own motion, order the suit to be resumed, or any party to the suit may petition resumption thereof.

### **Article 34**

1. The internal committee may negotiate with the taxpayer to terminate or settle the taxpayer's objection to the Authority's decision at any stage of the proceedings. The initiation of negotiation shall result in suspension of the suit.
2. The internal committee's settlement decision shall be final and shall result in the termination of the suit if the taxpayer agrees in writing within the period specified in the Settlement Rules. The Authority shall notify the relevant circuit of the same and provide it with a copy of the decision to dismiss the suit.
3. If the taxpayer rejects the internal committee's decision or if the period specified in the Settlement Rules lapses, either party may petition proceeding with the suit.

### **Article 35**

A circuit may include in its decision that it be subject to expeditious execution, with or without bail at its discretion, in any of the following cases:

1. If its decision is issued on the basis of a judicial admission, an official document not contested for being forged, or a settlement established before it.
2. If the circuit determines that delay of execution of the decision may result in an irreparable harm.

### **Article 36**

1. A circuit's decision shall be passed by majority vote; in case of a tie, the circuit head shall have the casting vote. The decision shall be signed by all circuit members considering the suit. Any dissenting opinion shall be entered into the hearing minutes together with the majority's response thereto, and shall be attached to the case file, provided that the decision indicates that it was issued unanimously or by majority.
2. Except for a decision made with regard to provisional or precautionary measures or defenses based on technicalities, the decision shall be pronounced in an open hearing, in the presence of circuit members. The circuit may, as an exception in suits subject to its discretion, decide that it is sufficient to notify the parties of the decision.

### **Article 37**

The decision shall include the name of the issuing circuit; names of the circuit head and members considering the suit; decision number and date of issuance; names of litigants and their agents; their attendance or absence; a summary presentation of the facts of the suit; a brief account of the petitions and defenses of the litigants; and the reasoning and text of the decision.

### **Article 38**

The circuit rendering the decision shall, on its own motion or the motion of any of the parties to the suit, rectify any material errors in its decision whether in writing or in calculation. The correction shall be made on the original copy of the decision and shall be signed by the members of the issuing circuit. If the circuit decides to reject the correction, its decision shall be subject to appeal.

### **Article 39**

If the wording of the decision is vague, any party to the suit may file a petition for an interpretation from the issuing circuit. An independent

decision to this effect shall be issued and shall be signed by the members of the issuing circuit. The interpretation decision shall be deemed complementary to the original decision and shall be subject to the same rules of appeal applicable to the original decision.

#### **Article 40**

1. A circuit shall set a date for the parties' receipt of a copy of the decision not exceeding 30 days from the date of pronouncement thereof. In exceptional cases where the circuit cannot deliver the copy during said period, it may be extended for a period not exceeding 30 days.
2. The circuit's decision shall indicate the parties' right to appeal within 30 days from the day following the date set for receiving the decision. If an appeal is not made during such period, the decision shall become final and enforceable.

#### **Article 41**

1. A person against whom a decision is issued *in absentia* may appeal such decision before the issuing circuit within 30 days from the date of being notified. The appeal shall be filed by a memorandum in accordance with applicable filing procedures. Said memorandum shall specify the date and number of the appealed decision and grounds for such appeal.
2. If it is infeasible to notify the person against whom a decision is issued *in absentia* within 30 days from the date of issuance thereof, a notice shall be published in the Official Gazette or any local newspaper. Said notice shall indicate the issuance of the decision and the defendant's right to appeal such decision before the issuing circuit within 30 days from the date of the notice.
3. If the person against whom a decision is issued *in absentia* does not file an appeal within the period stipulated in paragraph 2 of this Article, the decision shall be deemed enforceable. If said person appears within such

period and files a petition to stay execution of the decision, the issuing circuit shall issue a stay-of-execution decision, and shall grant the defendant a period not exceeding 30 days to prepare the defenses and responses. If the defendant fails to do so within said period, the circuit shall issue a decision to execute its previous decision.

If a defendant presents the defenses and responses within the specified period, the circuit shall examine the documents. If it finds it necessary to reconsider its decision, it shall do so; otherwise, it shall issue a decision to execute its previous decision.

In all cases, the person against whom a decision is issued *in absentia* may file an appeal in accordance with relevant provisions.

#### **Article 42**

Decisions of the dispute committee shall become final in the following cases:

1. If the value of the suit does not exceed 50,000 riyals.
2. If the period set for appeal lapses without filing an appeal.
3. If the parties agree to settle before the circuit.

#### **Article 43**

An appeal shall be made by a petition addressed to the appellate committee through the General Secretariat using the designated form. Said appeal shall be deemed to have been filed as of the date of submission.

#### **Article 44**

The relevant circuit in the appellate committee may, upon a petition by the appellant, order a stay of the expeditious execution of the dispute committee's decision if it finds that the grounds for appeal would lead to reversal of the decision or if it fears that expeditious execution would result in irreparable harm.

## **Article 45**

1. The appellate committee shall hear arguments relating to the merits of the case. However, the appellate committee shall review appealed decisions without hearing arguments in the following cases:
  - a. the issuance of a decision dismissing the case for failure to state the claim;
  - b. the issuance of a decision rectifying or interpreting any decision;
  - c. the issuance of a decision establishing termination or abandonment of the litigation.
2. If the appellate committee finds the decision subject to review consistent with its reasoning, it shall affirm it and may include any additional reasons. If it annuls the decision or part thereof, it shall decide on the annulled part by hearing the arguments.
3. If the appellate committee decides to annul the circuit's lack of jurisdiction decision or to accept a defense resulting in suspension of the suit, it shall remand the suit to the circuit rendering the decision for reconsideration.

## **Article 46**

An appellee may, prior to the closing of arguments, file an ancillary appeal, which shall constitute an integral part of the original appeal, following applicable procedures or by a memorandum stating the grounds for the appeal.

## **Article 47**

Decisions of the appellate committee shall be final and unappealable before any other judicial body.

## **Article 48**

The parties to the case shall be notified with a copy of the final decision. Said

decision shall be enforced as stipulated in relevant laws and regulations.

#### **Article 49**

Any party to the suit may petition reconsideration of the final decisions issued by one of the two committees in cases stipulated in the Law of Civil Procedure and the Law of Criminal Procedure, as applicable.

#### **Article 50**

A request for reconsideration shall be filed by a petition addressed to the circuit rendering the appealed decision through the General Secretariat using the designated form, provided that such petition includes the particulars of said decision, a summary thereof, and grounds for the request.

#### **Article 51**

The circuit issuing the appealed final decision shall review the petition for reconsideration and decide thereon.

#### **Article 52**

If the last day of any procedure stipulated in these Procedures coincides with an official holiday, the duration of the procedure shall be extended to the next working day.

#### **Article 53**

The General Secretariat shall, under the supervision of the Secretary General, undertake the following tasks:

1. carry out administrative and support work;
2. conduct research, studies and consultations;
3. register suits and file records thereof, and record the hearings, correspondence, appointments, and notices;
4. supervise the exchange of memoranda between the parties to a suit in

accordance with prescribed regulations, review the legal and technical aspects of such responses, and prepare reports thereon;

5. categorize, summarize, and classify the decisions issued by the two committees, in preparation for publication thereof;
6. prepare annual statistics on the activities and decisions of the two committees and the duration of litigation;
7. any other tasks, as determined by the Board.

#### **Article 54**

The Board may issue the decisions necessary for implementing the provisions of these Procedures.

#### **Article 55**

These Procedures shall be published in the Official Gazette and shall enter into force from the date of publication thereof.