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COMPLETE GUIDE · HANDBOOK

The dariba.co Corporate income tax handbook

Saudi Corporate Income Tax: Scope, Base and Compliance

Establish the right taxpayer, calculation, evidence and statutory timetable.

IN BRIEF

Identify the person, ownership and activity before computing the relevant Article 6 base. Company, individual, PE, production and gas rules differ; separate-person and company independence remain important alongside ordinary compliance.

REGIME

Saudi CIT / France treaty

PROVISIONS

Income Tax Law Articles 6 and 80(a)–(d); Regulations 5(4) and 74; retained linked scope/base/compliance rules.

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General information only, not tax or legal advice.

CONTENTS

Inside this handbook

01	Start with the person and the statutory tax route	2
02	Natural-gas activity has a separate statutory route	2
03	Trace ownership and keep the company’s computation separate	3
04	Match the base to the statutory taxpayer category	3
05	Establish residence, source and permanent-establishment exposure	4
06	Reconcile accounting profit to the taxable result	5
07	Losses require eligibility and continuity	5
08	Filing and payment need their own timetable	6
09	Withholding and branch distributions remain separate	7
10	Identify the statutory authority and the instrument governing relief	7
11	Apply the provision that governs the actual tax year	8
12	Use the guidance as a decision process	8
—	Key takeaways	9
—	Sources and citations	9
—	Related dariba.co guides and tools	9
—	About this handbook	11

How to use it. Each numbered chapter follows the dariba.co guide in the same order. Underlined links open the detailed guide on dariba.co for each point; the sources chapter lists the official ZATCA and legislative texts the guide relies on. The Arabic legislation controls where an English translation differs.



Staircase of Saudi CIT steps: person and route, ownership and separate base, residence and source, accounting to taxable profit, losses, return and payment, and separate withholding

01 Start with the person and the statutory tax route

Saudi corporate income tax begins with the taxpayer's legal form, residence, ownership and activity. Income Tax Law Article 2 and Regulations Article 1 cover resident capital-company interests within the stated ownership rules, non-Saudi resident individuals carrying on activity, non-residents operating through a permanent establishment and non-residents with specified Saudi-source income. Natural-gas, oil and hydrocarbon activities have particular provisions.

The ordinary Article 7(a) rate is 20% for the stated categories, applied to the relevant taxable base. It is not 20% of every receipt earned by every foreign person. ZATCA's *Simplified Guideline for Income Tax*, second version May 2026, sections 1–4, provides the overview, subject to the controlling legislation.

02 Natural-gas activity has a separate statutory route

Law Article 2(e) and Regulations Article 1(3) expressly address natural-gas investment and transportation, including the stated Saudi and non-Saudi persons. Its scope cannot be settled only by applying the ordinary foreign-shareholder description to a company.

Current Article 6(g) requires the gas base to be separate from the person's other activities, while Article 7(b) states 20% on that base. The amended scope and rate should not be replaced by the former 30% wording

or the deleted internal-rate-of-return gas-investment table. Oil/hydrocarbon production has separate Article 7(c) conditions.

Where a taxpayer operates both categories, Regulations Article 57(8) requires one return with separate base and tax details, rather than unrestricted pooling. The natural-gas guide explains the activity boundary, related income, oil/gas cost separation and the limits of the historical material.

03 Trace ownership and keep the company's computation separate

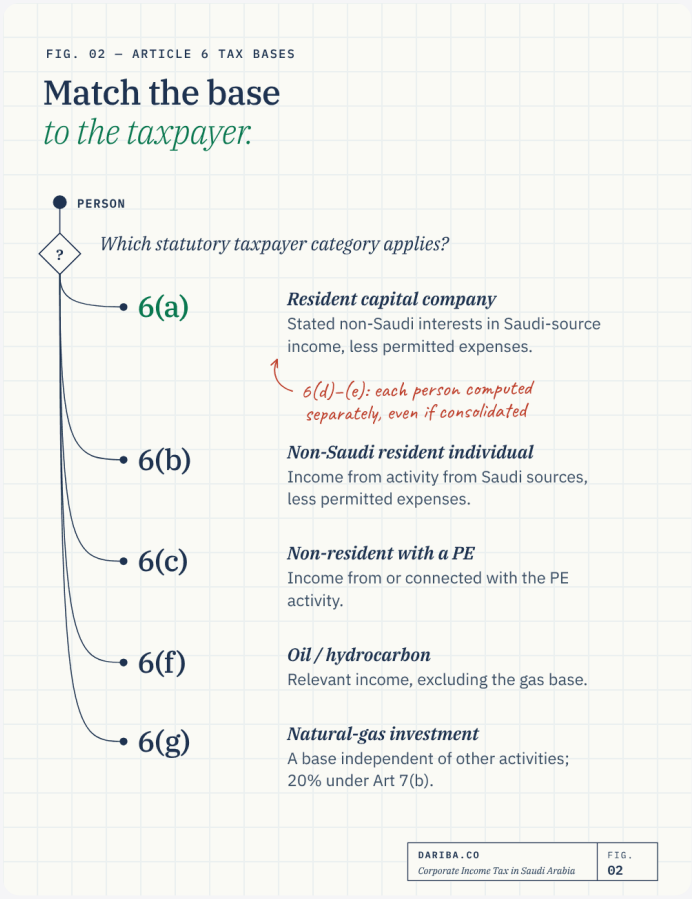
Regulations Article 1 addresses direct and indirect non-Saudi ownership and the specified Saudi-market speculative holding exclusion. The Law also contains the particular oil/hydrocarbon producer ownership rules and exclusions. A Saudi-incorporated intermediary does not, by itself, establish that all underlying interests fall outside income tax.

Law Article 6(e) requires a capital company's base to be calculated separately from shareholders and subsidiaries, even where accounts are consolidated. For mixed ownership, establish the actual CIT and Zakat routes and allocation rather than applying one national label to the whole group. The legal person, ownership chain and relevant year should be documented before the computation begins.

04 Match the base to the statutory taxpayer category

Article 6 does more than identify a single accounting-profit figure. Its paragraphs distinguish the person, relevant income, ownership interests and separate computation:

Law provision	Base or separation rule
6(a): resident capital company	The stated non-Saudi shareholder interests and interests of shareholders working in oil/hydrocarbon production, in taxable income from activity from sources in the Kingdom, less permitted expenses. Establish the applicable Article 2 ownership exceptions first.
6(b): non-Saudi resident natural person	Taxable income from activity from sources in the Kingdom, less permitted expenses. Residence alone does not turn every private or exempt receipt into taxable business income.
6(c): non-resident conducting activity through a Saudi PE	Taxable income arising from, or connected with, the PE's activity, less permitted expenses. Actual connection and attribution require evidence.
6(d): each person	Compute each person's base independently of any other person. Common ownership alone does not combine taxpayers.
6(e): capital company	Compute its base independently of shareholders, partners and subsidiaries, even where accounts are consolidated with another person.
6(f): oil/hydrocarbon production	Relevant taxable income less permitted expenses, excluding the separate natural-gas investment base.
6(g): natural-gas investment	Relevant taxable income less permitted expenses, with that base independent of the person's other activities.



Decision tree of Article 6 tax bases: resident capital company, non-Saudi resident individual, non-resident through a Saudi PE, oil and hydrocarbon production, and separate natural-gas investment base

The table preserves Article 6(a)'s Saudi-source wording. Regulations Article 5(4) separately brings a resident capital company's income from its own and branch operations inside or outside the Kingdom into its stated rule. Read those provisions together when examining foreign receipts; do not extend the resident natural-person row into a universal worldwide-income statement or use an overseas bank account as a basis for excluding company income. The source guide addresses that distinction. Any exemption, foreign-tax treatment or treaty claim needs its own legal and factual basis.

Dariba analysis: individual ownership, a capital-company interest, a Saudi PE and a separately classified production or gas operation are different computation questions. A group spreadsheet should identify which legal person and base each schedule belongs to before costs, losses or credits are combined. The independent-base guide explains subsidiary control, equity-method results and the separate conditional Zakat group rules.

Source: current Arabic Income Tax Law, Article 6, pp. 7–8, and current Arabic Regulations Article 5(4), p. 5. For production capital bands and the later downstream extension under M/261, use the oil and downstream guide.

05 Establish residence, source and permanent-establishment exposure

Law Articles 3–5 distinguish residence, permanent establishment and source. Regulations Article 5(4) addresses a resident capital company's income from operations and branches inside and outside the Kingdom. An overseas bank account does not independently exclude a receipt from the Saudi computation.

A non-resident can have Saudi tax exposure without a registered branch. A fixed place, specified project or dependent-agent activity may establish a PE, while other Saudi-source payments can fall under withholding or the general capital-gain rules. Review the PE guide and taxable-activity guide before deciding how a cross-border contract is taxed. Treaty relief requires the actual agreement and eligibility.

06 Reconcile accounting profit to the taxable result

Law Article 8 includes operating and incidental income, with Article 10 exemptions considered separately. Law Articles 12–18 and Regulations Articles 9–10 then determine expense relief, financing limitations, provisions, depreciation and restrictions. The accounting profit is the starting reconciliation, not the final tax base.

The deductions guide explains the main tests and links to detailed head-office, employee, bad-debt, financing and asset analyses. The exempt-income guide identifies ZATCA's May 2026 examples and their limitations. An exempt dividend, a share-disposal gain and an outbound profit transfer require different conclusions.

07 Losses require eligibility and continuity

Law Article 21 and Regulations Article 11 permit eligible adjusted operating losses to be carried forward, subject to the 25% annual utilisation limit and the available balance. The tax loss is distinct from an accounting deficit. Excluded origins and audited-account requirements still apply.

Law Article 43 expressly addresses ownership or control changes reaching the stated 50% of non-Saudi interests, with a same-activity exception and defined group-transfer treatment. The loss guide explains that rule. Acquisition pricing and tax forecasts should not assume that every historical loss survives or produces a guaranteed effective tax rate.

FIG. 03 — LOSS CARRY-FORWARD

A tax loss
is not an accounting deficit.

RULE	PROVISION	WHAT IT REQUIRES
Carry forward	Art 21; Regs Art 11	Eligible adjusted operating losses; excluded origins and audited-account requirements apply
Annual utilisation	Art 21	Limited to 25% annually, within the available balance
Ownership or control change	Art 43	Change reaching 50% of non-Saudi interests; same-activity exception; defined group transfers

do not assume every historical loss survives an acquisition

DARIBA.CO — *Corporate Income Tax in Saudi Arabia* | FIG. 03

Table of Saudi CIT loss rules: eligible adjusted operating losses carried forward, 25% annual utilisation limit, and the Article 43 ownership change test at 50% of non-Saudi interests

08 Filing and payment need their own timetable

Law Articles 60 and 69 generally require the annual return and payment within 120 days of tax-year end. Cessation and partnership information returns have separate 60-day rules. Regulations Article 57(6) requires licensed-accountant certification where the relevant income before expense deductions exceeds SAR 1 million; it is not a net-profit test or a threshold beginning at exact equality.

Advance payments under Article 70 also have conditions: current-year revenue, the statutory prior-year formula, a SAR 500,000 per-instalment threshold and dates in months 6, 9 and 12. The return guide and advance-payment guide explain the separate obligations and evidence.



Timeline of CIT obligations: advance payments in months 6, 9 and 12 where Article 70 conditions apply, and the annual return and payment within 120 days of year-end

09 Withholding and branch distributions remain separate

Law Article 68 can require withholding by a resident or Saudi PE paying a non-resident from a Saudi source, even where the payer is not itself a CIT taxpayer. Expense deductibility does not automatically remove withholding. Regulations Article 63(6) also includes profits transferred from a PE to related parties within its dividend definition, subject to the particular rules and any actual treaty.

The branch guide explains why profit attribution, head-office costs and distributions should be modelled together. A branch should not be marketed as automatically free of profit-transfer withholding. Equally, a subsidiary's payment to its parent is not deductible merely because it is invoiced at group level.

10 Identify the statutory authority and the instrument governing relief

Law Article 56 assigns ZATCA responsibility for income-tax administration, examination, assessment, collection and the statutory penalties. Paragraph (b) provides for a penalty decision by the Governor or a person authorised by ZATCA's Board. The actual decision and applicable authorisation matter; an informal comment is not necessarily an approved tax outcome.

Article 79 addresses the Minister's powers to issue the implementing regulations, necessary instructions and measures, change the Article 17 depreciation groups and rates, and write off tax and penalty debts where collection is impossible under the specified regulatory cases. It also addresses the stated employee-award framework. These are defined statutory powers rather than a general entitlement for each taxpayer to choose a preferred rate or relief.

The tax-debt write-off guide explains Regulations Article 70's four cases and the ministerial-decision requirement. Keep that mechanism distinct from an instalment arrangement, an assessment challenge and a time-limited penalty initiative.

11 Apply the provision that governs the actual tax year

Law Article 80(a) requires publication in the Official Gazette and provides that the Law takes effect 90 days after publication. That original commencement rule is separate from the tax years and payments to which the Law applies. Regulations Article 74 identifies 30 July 2004 as the original commencement date: the Law and Regulations apply to tax years starting after that date, while the withholding provisions apply to amounts paid on or after it. Article 80(b) leaves tax years starting on or before the original effective date under the previously applicable tax rules.

Article 80(c) repeals the earlier enactments identified there: the former income-tax law, the additional income-tax law for oil and hydrocarbon producers, and the former natural-gas investment tax law. These original repeal provisions should not be confused with each later amendment or read as eliminating every present natural-resource tax obligation.

Dariba recommendation: for an old assessment, inherited tax attribute or acquisition, record the tax-year start and the relevant provision's own commencement terms. Later amendments have their own dates and conditions; the original commencement date is not a universal effective date for every current rule. The loss guide also explains the excluded historical and tax-exemption-period loss origins reflected in Article 81(b)–(c) and Regulations Article 11(2).

Dariba recommendation: use the express commencement and application wording of the relevant instrument. The date a compilation was uploaded, downloaded or reviewed is not the original legal publication date, and a later amendment does not automatically restart the original Law's 90-day rule. Regulations Article 74's stated 30 July 2004 date should be identified directly rather than replacing it with an unsupported calculation from an online file date.

Source: Income Tax Law, Article 80(a)–(d), pp. 34–35, read with Implementing Regulations, Article 74, p. 42. The separate ministerial-powers guide distinguishes an enabling power from the actual implementing instrument.

12 Use the guidance as a decision process

Maintain an annual tax file covering ownership, residence, income classification, exemption evidence, deductions, financing, asset pools, losses, controlled transactions, withholding and payment credits. Reconcile it to the return and keep the supporting records accessible under the applicable requirements. The records and contract-disclosure guide addresses obligations that can also reach persons outside ordinary CIT filing.

The practical objective is a defensible conclusion for each material item with the correct provision, facts and period. These linked guides support that work; they do not certify every sector regime, country treaty, incentive or disputed transaction. Where the legislation or arrangement leaves a material question unresolved, document it and obtain specific advice or clarification.

For income recognition, the accounting and inventory guide, contract guide and related-party guide provide the more detailed statutory analysis. The RHQ and special-zone guides identify separate incentive conditions rather than a universal departure from the ordinary framework.

Key takeaways

1. Identify the person, ownership, residence and statutory route first.
2. The ordinary 20% rate applies to the relevant taxable base.
3. The company computation remains separate from consolidated group accounts.
4. Loss continuity has an express ownership-change rule.
5. Advances have a formula and per-instalment threshold.
6. Branch profit transfers can fall within withholding rules.
7. Article6 distinguishes the company, resident individual, PE and separate production/gas bases.
8. Article6(d) requires each person's base to be computed independently; Article6(e) adds the capital-company rule.
9. Article 80(a)'s original 90-day commencement rule differs from tax-year, payment and later-amendment application dates.

Sources and citations

Official sources cited in the dariba.co guide (dariba.co/corporate-income-tax-in-saudi-arabia/), with the provisions they support.

Saudi Income Tax Law, current amended Arabic text

Selected Article 80(a)–(d), pp. 34–35: original Gazette publication, 90-day commencement, tax-year and withholding application. Retained Article 6 base distinctions and linked analyses keep their own qualifications.
https://zatca.gov.sa/ar/HelpCenter/guidelines/Documents/%D9%86%D8%B8%D8%A7%D9%85%20%D8%B6%D8%B1%D9%8A%D8%A8%D8%A9%20%D8%A7%D9%84%D8%AF%D8%AE%D9%84.pdf

Income Tax Implementing Regulations, current amended Arabic text

Article 74, p. 42: express original 30 July 2004 commencement, tax-year and payment distinction. Retained Article 5(4) and other linked rules remain separate.
https://zatca.gov.sa/ar/HelpCenter/guidelines/Documents/%D8%A7%D9%84%D9%84%D8%A7%D8%A6%D8%AD%D8%A9%20%D8%A7%D9%84%D8%AA%D9%86%D9%81%D9%8A%D8%B0%D9%8A%D8%A9%20%D9%84%D9%86%D8%B8%D8%A7%D9%85%20%D8%B6%D8%B1%D9%8A%D8%A8%D8%A9%20%D8%A7%D9%84%D8%AF%D8%AE%D9%84.pdf

ZATCA Simplified Guideline for Income Tax, second version May 2026

Existing overview sections 1–4 retained; exact original commencement explanation follows the Law and Regulations.
https://zatca.gov.sa/en/HelpCenter/guidelines/Documents/Simplified-Guideline-for-Income-Tax.pdf

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This handbook reproduces the dariba.co guide **“Saudi Corporate Income Tax: Scope, Base and Compliance”** (dariba.co/corporate-income-tax-in-saudi-arabia/), last updated on dariba.co on **5 November 2026**, formatted for offline reading. Handbook edition: **Updated November 2026 · Version 1.0**.

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