

Value Added Tax

Financial Services Providers - Products and Services List

December 2017

Product	Consideration	KSA VAT Treatment ***
1. <u>BANK ACCOUNTS</u>		
1.1 Current/savings/deposit accounts	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Teller withdrawal fee[^]</i> • <i>Certified cheque charges</i> 	
	Annual Percentage Rate / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
1.2 Electronic Funds Transfer	<ul style="list-style-type: none"> • <i>All fees / commissions / commercial discounts</i> 	Standard rate
	<ul style="list-style-type: none"> • <i>ATM Withdrawal fee[^]</i> • <i>Money Transfer (International or local)</i> 	
	Annual Percentage Rate / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
1.3 Cheque books	All fees / commissions / commercial discounts	Standard rate

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	<ul style="list-style-type: none"> • <i>Additional cheque book issuance charges</i> • <i>Cancellation of a certified bank cheque</i> • <i>Default check fee</i> • <i>Request for copy of a cheque</i> 	
	Annual Percentage Rate / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
1.4 Certification	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Certification fee for Balances</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
1.5 Bank Statement charges	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Balance enquiry fee[^]</i> • <i>Statement of account from branch</i> 	
	Annual Percentage Rate / Interest /	Exempt

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	other implicit consideration	
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
2. <u>CARD SERVICES</u>		
2.1 Debit/Credit cards/Prepaid cards	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Authorization fees[^]</i> • <i>Cash withdrawal fee[^]</i> • <i>Transaction fee[^]</i> • <i>Statement fee[^]</i> • <i>Replacement for Lost/Stolen cards fees</i> • <i>Cash advance fee</i> • <i>Card Protection fee</i> • <i>Annual fees</i> • <i>Balance transfer fee</i> • <i>Late payment fee</i> • <i>Prepaid card fee</i> • <i>Dispute Claim Charges</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Upfront interest for balance</i> 	

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	<i>transfer</i> <ul style="list-style-type: none"> • <i>Margin for FX markup</i> 	
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
2.2 Debit/Check account card	Already covered in 2.1	
2.3 Membership fees	Already covered in 2.1	
3. <u>MONEY/CASH TRANSFER</u>		
3.1 General money transfer	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>International Transfer fee</i> • <i>International service fee</i> • <i>International Remittance Fees</i> • <i>Interchange fee (subject to practicalities, to be agreed with GAZT)</i> • <i>Remittance charge/commission</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
3.2 Cash (management) services	All fees / commissions / commercial discounts	Standard rate

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	<ul style="list-style-type: none"> • <i>Subscription fee for cash management services</i> • <i>Processing fee</i> • <i>Corporate Payroll management fees</i> • <i>SARIE Transfer fee</i> • <i>Swift Transfer fee</i> • <i>Standing Order fee</i> • <i>Transfer amendment fee</i> • <i>Non receiving funds query fee[^]</i> • <i>Payment stop or recall fee[^]</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
3.3 Electronic Banking	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Installation/rental electronic payment device</i> • <i>Electronic payment charge[^]</i> • <i>Clearing charges fee</i> • <i>Fee for additional copies of statements</i> 	

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	<ul style="list-style-type: none"> • <i>Standing payment order fees</i> • <i>E-banking token fees</i> • <i>PoS mada transaction fees - merchants</i> • <i>PoS credit card transaction fees - merchants</i> • <i>e-commerce credit card transaction fees^A</i> • <i>SADAD Account transaction fees</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty charges</i> 	
3.4 Safe Custody services	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Rental of safety deposit boxes located in KSA</i> • <i>Loss/replacement of key fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalties overdue rentals</i> 	

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	Cost recoveries**	Outside scope
	<ul style="list-style-type: none"> • <i>Force opening charges (third party cost directly recovered from customer)</i> 	
4. <u>TRADE SERVICES</u>		
4.1. Bills (Negotiated or collected)	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Acceptance fee</i> • <i>Bill negotiation fee</i> • <i>Collection fee</i> • <i>Extension/roll over fee</i> • <i>Endorsement fee</i> • <i>Courier charge/fee</i> • <i>Postage fee</i> • <i>Redirect fee</i> • <i>Amendment fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Income from discounting bills</i> 	
4.2. Letters of Credit / Standby Letters of Credit	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Amendment fee</i> 	

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	<ul style="list-style-type: none"> • <i>SWIFT/Cable fee</i> • <i>Courier fee</i> • <i>Inward bill issuance fee</i> • <i>Postage fee</i> • <i>Issuance Fee</i> • <i>Acceptance fee</i> • <i>Confirmation charges</i> • <i>Advising fee</i> • <i>L/C Negotiation fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Interest</i> 	
4.3. Guarantees (including shipping) & Bankers ' Acceptance	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Guarantee commission fee</i> • <i>Handling fee</i> • <i>Courier fee</i> • <i>Postage fee</i> • <i>Issuance Fee</i> • <i>Amendment fee</i> • <i>Advising guarantee</i> 	
	Annual Percentage Rate / Interest /	Exempt

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	<ul style="list-style-type: none"> other implicit consideration <i>Bankers' Acceptance dealing profit</i> <i>Trading in Bankers Acceptances</i> <i>Discount on Face Value Bankers' Acceptance</i> <i>Commission on Bankers' Acceptance</i> 	
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> <i>Penalties late return</i> 	
5. <u>CREDIT & LENDING</u>		
5.1. General credit and advances	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> <i>Subscription fee - syndication</i> <i>Commitment fee</i> <i>Admin Fees</i> <i>Securitization fee</i> <i>Documentation fee</i> <i>Processing fee</i> <i>Arrangement fee</i> <i>Participation Fee</i> <i>Management Fee</i> 	

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	<ul style="list-style-type: none"> • <i>Rescheduling Fee</i> • <i>Structuring Fee</i> • <i>Underwriting Fee</i> • <i>Agency Fee</i> • <i>Advisory Fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Interest charges</i> • <i>Implicit margin for securitization</i> 	
	Issue or transfer of debt securities	Exempt
	<ul style="list-style-type: none"> • <i>Issue of a loan</i> • <i>Securitization of debt security</i> • <i>Transfer of a loan portfolio</i> • <i>Sale of debts or receivables</i> 	
	Cost Recoveries **	Outside scope
	<ul style="list-style-type: none"> • <i>Statutory notices charges</i> • <i>Letter of demand charges</i> • <i>Liquidator fee</i> • <i>Legal fee</i> • <i>Valuer fee</i> • <i>Auction fee</i> • <i>Reimbursement fee</i> 	
5.2. Mortgage loans (including other asset-	All fees / commissions /	Standard rate

backed financing)	commercial discounts	
	<ul style="list-style-type: none"> • <i>Administration fee</i> • <i>Evaluation fees</i> • <i>Refinancing and rescheduling fee</i> 	
	Issue or transfer of debt securities	Exempt
	<ul style="list-style-type: none"> • <i>Issue of a loan</i> • <i>Sale of loan or loan portfolio</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Interest charges</i> 	
		<i>Early payment charges</i>
5.3. Factoring	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • • Annual Percentage Rate / Interest / other implicit consideration • <i>Transfer of book</i> 	Exempt
	Full transfer of debt security	Exempt
	<ul style="list-style-type: none"> • <i>Non-recourse debt sale</i> 	
	Assignment of debt	Outside scope
	<ul style="list-style-type: none"> • <i>Assignment of debt with full recourse</i> 	

6. FINANCING		
<p>6.1. Financial Lease (including hire-purchase)****</p> <p>Note: In case the consideration is payable in periodical installments, a separate supply in respect of each installment takes place on the earlier of the due date for the payment of that installment or the date of actual payment.</p>	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Principal component of installments</i> • <i>Insurance fee</i> • <i>Admin fees</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Finance/lending component of installments</i> • <i>Interest adjustment</i> • <i>Interest on late payment</i> • <i>Interest subsidy from dealer/manufacturer</i> 	
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Penalty fee</i> 	
	Cost recoveries**	Outside scope
	<ul style="list-style-type: none"> • <i>Repossession costs</i> • <i>Irrecoverable tracing fee</i> • <i>Auctioneers commission</i> • <i>Storage fee</i> • <i>Towing fee</i> 	

	<ul style="list-style-type: none"> • <i>Cost of duplication of keys</i> • <i>Legal fee</i> 	
6.2. Operational Lease	<i>See under 6.1 (Financial Lease)</i>	
7. CAPITAL/MONEY MARKETS		
7.1. Securities transactions	All fees / commissions / commercial discounts	Standard rate
Note: Securities transactions include: Commercial Bill Transactions, Derivatives-, options-, swaps-, credit default swaps- and futures trading, Short term money market transactions, Bonds, Treasury Bills and all other Capital Markets transactions	<ul style="list-style-type: none"> • <i>Brokerage fee</i> • <i>Supply of underlying commodity</i> • <i>Arranger fee</i> • <i>Rollover fee</i> • <i>Collection fee</i> • <i>Underwriting fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Issue of securities</i> • <i>Buying and Selling securities (Trading as principal)</i> • <i>Options premiums</i> • <i>Trading income earned on the underlying securities or commodity</i> • <i>Trading gains</i> • <i>Premium for structured products</i> 	

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	<ul style="list-style-type: none"> • <i>Full underwriting activity</i> 	
	Charges of a punitive nature*	Outside scope
	<ul style="list-style-type: none"> • <i>Early redemption penalty</i> 	
7.2. Clearing and Settlement	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Commission fee</i> • <i>Transaction fee</i> • <i>Settlement fee</i> • <i>Custody fee</i> • <i>Drafts Issue and Encashment fee</i> • <i>Brokerage fee</i> • <i>Clearing fee</i> • <i>Custodian fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	Cost recoveries**	Outside scope
	<ul style="list-style-type: none"> • <i>SAMA charges</i> 	
7.3. Financial / Strategic Advisory / Investment management / Asset Management	All fees / commissions / commercial discounts	Standard rate
	<ul style="list-style-type: none"> • <i>Mobilization fee</i> • <i>Retainer fee</i> • <i>Success fee</i> 	

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	<ul style="list-style-type: none"> • <i>Portfolio management fee</i> • <i>Portfolio management structuring fee</i> • <i>Fund setup fee</i> • <i>Safekeeping fee</i> • <i>Trust administration fee</i> • <i>Referral fee</i> • <i>Performance fee</i> • <i>Escrow fee</i> • <i>Documentation fee</i> • <i>Legal fee</i> • <i>Transfer fee</i> 	
	Annual Percentage Rate / Interest / other implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Profit margins</i> 	
	Cost recoveries**	Outside scope
	<ul style="list-style-type: none"> • <i>Legal fee (third party)</i> 	
8. ISLAMIC FINANCE		
8.1. Murabaha/Tawaruq	All administration and management fees	Standard rate
	<ul style="list-style-type: none"> • Purchase and sale of supplies • <i>Commodity charges/fee</i> 	

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	<ul style="list-style-type: none"> • <i>Administration fee</i> 	
	Financing element/implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Fee based on profit margins</i> • <i>Lending fee based on implicit margin</i> 	
8.2. Ijarah	All administration and management fees	Standard rate
	<ul style="list-style-type: none"> • <i>Purchase of assets by bank</i> • <i>Principal component of installments</i> • <i>Administration fee</i> • <i>Assessment fee</i> 	
	Financing element/implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Financing income (margin)</i> 	
8.3. Musharaka	<i>All administration and management fees</i>	Standard rate
	<ul style="list-style-type: none"> • Purchase and sale of supplies • <i>Administration fee</i> 	
	Financing element/implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Financing income</i> 	



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	<ul style="list-style-type: none"> • <i>Profit margins</i> 	
8.4. Mudaraba	<i>All administration and management fees</i>	Standard rate
	<ul style="list-style-type: none"> • <i>Administration fee</i> • <i>Arrangement fee – for corporate</i> 	
	Financing element/implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Profit margins</i> • <i>Commissions based on profit margin or other implicit margin</i> 	
8.5. Wakala	<i>All administration and management fees</i>	Standard rate
	<ul style="list-style-type: none"> • <i>Administration fee</i> • <i>Management fee</i> 	
	Financing element/implicit consideration	Exempt
	<ul style="list-style-type: none"> • <i>Profit margins</i> • <i>Retention of excess profits</i> 	

Notes:

	<h2 style="text-align: center;">Value Added Tax</h2> <p style="text-align: center;">Financial Services Providers - Products and Services List</p> <p style="text-align: center;">December 2017</p> <div style="text-align: right;">  </div>
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* Charges of a punitive nature must be interpreted in a narrow way and only applied to charges which are separate from the consideration for any product/service.

** Cost recoveries are third party fees for a supply made to the customer which are paid on behalf of the customer by the financing company and recovered from the customer. On this basis the monies recovered are not consideration for a supply by the financial institution. Cost recoveries may only be treated as outside the scope of VAT when they are incurred on behalf of the customer in this way. Any items incurred by the financing company in its own name, and subsequently charged on to the customer are subject to VAT at the rate applying to the underlying cost.

*** The VAT treatment in this document assumes the supplier and the customer are both established in the KSA and the transaction is not carried on in respect of any other establishment outside the KSA. VAT treatments may differ for cross-border transactions involving participants established outside of the KSA.

^ This applies only to international transactions since these charges are not allowed for transactions within the KSA

**** Banks and finance companies should look at the relevant fees and charges applied by them to their customers.

Disclaimer

This list of products is provided for information only and to help the banks, financial firms, and financial services sector for VAT readiness. This list does not include, or purport to include, all the relevant products, services, and fees, and should be read in conjunction with the KSA VAT law and Implementing Regulations as well as the financial services guideline (which will be released at a later date). This list is not binding on GAZT in respect of any transaction carried out and it cannot be relied upon in any way.