



# Expect More, Expect Different

**KPMG in Saudi Arabia**

Tax and Zakat Services



[kpmg.com.sa](http://kpmg.com.sa)

# Table of Content

4 Foreword

5 Who We Are

6 Our Services

10 Key Team Members

13 Contact Us

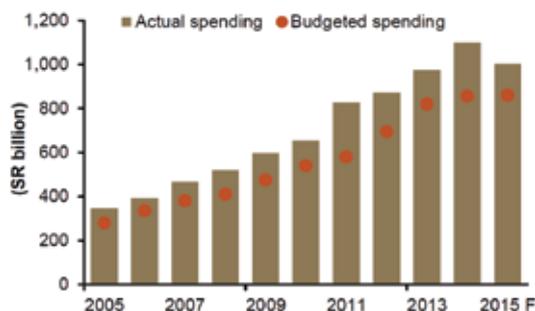
# Foreword

## Saudi Arabia

**Being the only G20 member country from the Middle East, Saudi Arabia is the largest economy in the region. It continues to grow at a very fast pace, The pace of growth can be adjudged by the simple fact that the Saudi government has been consistently overrunning its annual budgeted spending by an average of more than 20% over the past decade. The last time the actual spending fell short of the budgetary estimates was in the year 2000.**

Despite the slump in oil prices, the Kingdom continues investing heavily into infrastructure. Capital spending accounts for nearly one-third of the overall annual spend. This mainly includes infrastructure projects, such as, roads, railways, airports, seaports, housing, educational and municipal infrastructure, etc.

The infrastructure projects have sparked interest amongst multinationals that continue flocking to Saudi Arabia. In order to incentivize multinationals, Saudi Arabia has been steadily on the course of liberalizing its foreign investment regulations. Amongst the GCC member states, Saudi Arabia is the country which offers foreign investors a 100% ownership of their projects. Even the few restricted sectors (mainly: trading, real estate, agriculture and inland transportation) allow foreign participation up to 75%. This is quite in contrast with the rest of the GCC countries which normally require projects to be majority owned by local investors.



## Tax and Zakat regime in Saudi Arabia

While there are no personal taxes in Saudi Arabia, there is an income tax regime which applies on businesses to the extent these are owned by non-GCC nationals, either directly or through a chain of ownership. Businesses owned by GCC nationals (whether wholly or partly) are subject to Zakat, which is a religious levy.

The corporate tax regime in Saudi Arabia is quite comprehensive and covers all types of business activities, including capital gains. Moreover, Saudi Arabia has a comprehensive withholding tax regime which applies on payments to non-residents.

While Saudi Arabia is signatory to 30 bilateral tax treaties and the tax treaty network keeps on growing, treaty benefits cannot be availed of on a unilateral basis. The Saudi Arabian Department of Zakat & Income Tax ("DZIT") has laid out a procedure that needs to be followed in order to claim relief under bilateral tax treaties.

The DZIT has been ramping up their assessment and auditing functions. In the recent past, a number of assessing officers were seconded to tax authorities in the advanced economies.

The DZIT are in the process of drafting formal transfer pricing regulations which we expect to be issued in the near future.



"Saudi Arabia is one of the most attractive places for doing business."

**Rupert Pease**  
Head of Tax,  
KPMG in Middle East & South Asia

# Who Are We?

## KPMG International

KPMG international operates as a network of member firms offering audit, tax and advisory services. We work closely with our clients, helping them to mitigate risks and grasp opportunities.

Member firms' clients include business corporations, governments and public sector agencies and not-for-profit organizations. They look to KPMG for a consistent standard of service based on high order professional capabilities, industry insight and local knowledge.

KPMG member firms can be found in 155 countries. Collectively they employ more than 173,965 people across a range of disciplines.

Sustaining and enhancing the quality of this professional workforce is KPMG's primary objective. Wherever we operate we want our firms to be the professional employers of choice.

**We contribute to the effective functioning of international capital markets. We support reforms that strengthen the markets' credibility and their social responsibility. We believe that similar reform must extend to the professional realm.**

## KPMG's Tax and Zakat in Saudi Arabia

KPMG has committed itself to become the leading provider of Tax and Zakat compliance and advisory services to businesses in the Kingdom of Saudi Arabia as well as to non-residents doing business with their counterparts in Saudi Arabia.

We are dedicated to helping clients succeed and are passionate about providing broad-ranging practical advice. We work closely with clients to understand their business objectives and provide them with advice that helps them achieve their business goals. We closely work with our colleagues across KPMG's global network of member firms to provide solutions to clients, which are aligned to their commercial objectives.

## KPMG in Saudi Arabia

KPMG in Saudi Arabia is established through its member firm KPMG Al Fozan & Al Sadhan Partners. The firm has operated in the Kingdom of Saudi Arabia since 1992. This early commitment to the Saudi Arabian market, together with our unwavering focus on quality, has been the foundation for our accumulated industry experience, and is reflected in our appointment by some of the most prestigious companies operating in the Kingdom.

As Saudi businesses join the global economy and international companies seek to enter the local market, KPMG's blend of international expertise and local knowledge makes us well-positioned to serve our clients in this increasingly complex, but exciting market.

**KPMG has made a significant investment in Saudi Arabia over the last 10 years with a number of professional staff being seconded to the local firm from other international offices. The firm has grown to be one of the largest professional services firms in the Kingdom.**

During last few years the firm has achieved record growth. Our current workforce of more than 675 people are based out of three offices in Riyadh, Jeddah and Khobar.

# Our Services?

- Corporate tax / Zakat compliance and advisory
- Inbound and outbound international tax advisory
- Mergers & acquisitions tax / Zakat advisory
- Transaction and business structuring advisory
- Tax / Zakat diagnostic reviews
- Transfer pricing
- Global mobility tax advisory
- Assistance in setting up business operations
- Liquidation of business entities

## **The Tax and Zakat department at KPMG in Saudi Arabia comprises highly qualified international and Saudi nationals with extensive local and international experience.**

Our professionals have more than 80 years of combined experience in Saudi Arabian Tax and Zakat law and regulations. We believe that our team of professionals and our understanding of Saudi Tax and Zakat law, regulations and practice helps us deliver quality service to clients.

In providing international advisory services, we closely liaise and work with our colleagues in KPMG firms in other countries. This allows us to provide a solution which is holistic in nature and fully corresponds to the needs of our clients.



“We take pride in the services we provide to our clients”

**Tareq Al Sunaid**  
*Partner, Tax and Zakat  
KPMG in Saudi Arabia*

## Corporate Tax and Zakat Compliance and Advisory Services, including International Tax

Entities that are owned by the non-GCC nationals, whether directly or indirectly, are subject to corporate income tax. The corporate income tax rate is 20% and is applied on income from all sources, including capital gains. Apart from the oil and gas business, there are no other tax rates or separate tax regimes for any commercial activity. An entity's income from all sources (including capital gains) is consolidated into one pool and taxed at 20%.

While Saudi Arabia has a growing network of bilateral tax treaties, it is important to note that there is no tax treaty with any of the GCC countries. Also important to note is the fact that there is no self-assessment regime in Saudi Arabia. All returns are subject to an assessment process.

Entities that are owned by GCC nationals, whether directly or through a chain of GCC based ownership, are subject to Zakat, which is a religious levy.

All business entities in Saudi Arabia are required to annually obtain a Tax and Zakat clearance certificate which confirms that the entity's Tax and Zakat affairs are up to date. Non-availability of the clearance certificate can potentially restrict the business activities of the entity.

Our professionals have a deep understanding of Tax and Zakat regulations and have advised a number of local and multinational companies on various matters including:

- Entry and exit structures
- Structuring of contracts, including EPC contracts, from a tax perspective
- Group reorganizations
- Day to day tax affairs including optimizing withholding taxes and on record keeping requirements from a tax perspective
- Dealings with the tax authority on matters relating to tax assessments and appeals
- Conducting health checks
- Structuring of cross border investments
- Global and regional tax compliance management services

## BEPS

The OECD's coordinated Action Plan for the Base Erosion and Profit Shifting (BEPS) project was finalised in October 2015. Being a G20 Member State, Saudi Arabia is committed to comply with the BEPS Action Plan. One of the most important actions of the OECD's BEPS project is the Guidance on Transfer Pricing Documentation and Country-by-Country (CbYc) Reporting that has become effective from 1 January 2016. The CbYc Reporting rules not only impact companies headquarters in OECD / G20 member countries but also affect any Group which has any operations in any major economy or OECD / G20 member country. Consequently, Saudi multinationals could be subject to CbYc Reporting. We at KPMG in Saudi Arabia assist our clients in their preparations to comply with the BEPS requirements.



"Our philosophy:  
"Think global, act local" "

**Kashif Jahangiri**  
*Head of International Tax  
KPMG in Saudi Arabia*

## Mergers and Acquisitions

We have advised a number of clients on merger and acquisition (“M&A”) transactions. Our scope of services includes the following:

- Developing Tax and Zakat efficient M&A strategy
- Identifying suitable holding company structures taking into consideration the taxation of investment income, as well as future group reorganizations
- The ideal mix between equity and loans in relation to acquisition strategies
- Performing Tax and Zakat due diligence on target entities and identifying tax risks and unrecorded tax exposures

For international M&A transactions, we work closely with our colleagues in international KPMG offices. It helps our clients in having a holistic picture as we provide them with the overall acquisition structure as well as a consolidated tax due diligence report.

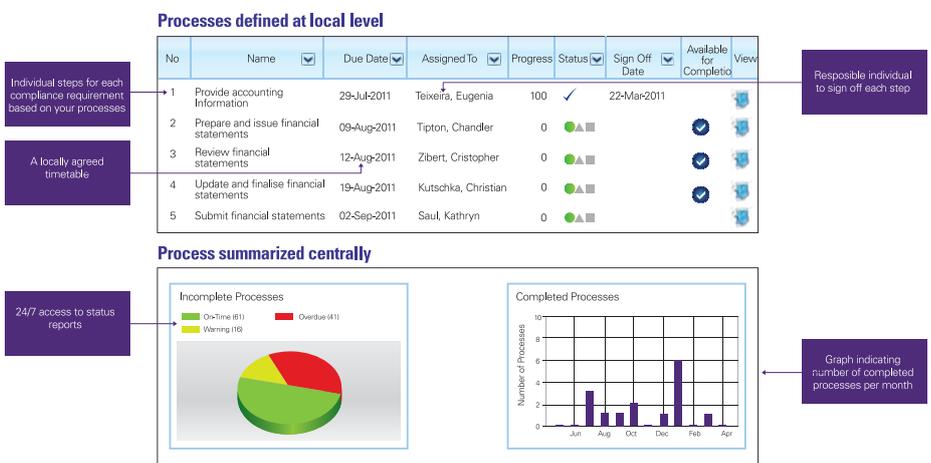
## Global Compliance Management Services (“GCMS”)

Using Link 360, KPMG’s state of the art web-based technology, we help our local and multinational clients in managing their global tax compliance. Link 360 is used by more than 100 companies around the world for their global tax compliance management. The number of registered users is more than 15,000.

Link 360 is a single repository of tax data which provides real-time visibility on tax affairs by entity and control through a pre-defined process framework, roles and responsibilities.

The multi-lingual facility allows the updates in different countries to be made in their local language while the global tax director of a company can view the compliance status for each company.

The automated exception reporting facility in the system generates emails alerting the team members (as customized) on all approaching and missed deadlines.



## Arabic translation of books of account

Saudi Arabian laws require that all business entities operating in the Kingdom maintain their books of account in Saudi Arabia and in the Arabic language. While most multinationals prefer maintaining their books of account in English, they are required to keep a translated set of their books of account.

On field inspections, the tax assessing officers expect to be provided with a minimum standard of books of account in Arabic. Books of account maintained in a language other than Arabic may be rejected by the assessing officer who may impose a fine and proceed to frame the assessment on an estimated basis.

We at KPMG Saudi Arabia have a dedicated translation team that assists our clients in translating their books of account. From experience, we have learned that the quality of translation of accounting records in Arabic is also very important. Taking a pragmatic view, our team translates the books of account to standards that are acceptable to the tax assessing officers.

## US tax services

All US citizens and green card holders are required to file their tax returns in the US, notwithstanding their country of residence and their source of income. In the post FATCA scenario, the US citizens (including those holding dual citizenship) who have not been filing tax returns in the US are at a risk of being pursued by the Internal Revenue Service (the "IRS"). It is likely that the IRS will focus more on tracking and identifying US citizens and green card holders who are living and / or working in low or no tax jurisdictions and particularly those countries which do not have a tax treaty with the US (for example, Saudi Arabia and the other GCC member States).

We at KPMG in Saudi Arabia have team members who are US certified public accountants and have practical experience of filing US tax returns and dealing with the IRS. We assist our clients in:

- Keeping US citizens up-to-date with their US filing requirements;
- US citizens and Green card holders Federal and State tax returns;
- Streamlined Offshore Procedures (Voluntary Compliance Program)
- Foreign Bank Accounts Reporting (FBAR)
- Non-resident Alien Federal and State tax returns
- US Estate and Gift tax returns



"Giving up your US passport is just not enough. The IRS will still be chasing you"

**Kamal Elbatnigi**  
*(Certified Public Accountant)*  
*Head of US Tax Compliance*  
*KPMG in Saudi Arabia*

# Key Team Members



**Rupert Pease**  
*Head of Tax, KPMG Middle East and South Asia*  
Riyadh  
T: +966 11 874 8579  
M: +966 50 344 0502  
rpease@kpmg.com

## Professional associations, Education, licenses and certifications

- University of Ottawa, Canada, chartered accounting degree programme of studies
- Chartered Accountant, Canada
- Chartered Accountant, England and Wales
- Member of the Canadian Tax Foundation
- Member of the Tax Faculty of the Institute of Chartered Accountants in England and Wales

## Professional and industry experience

Rupert Agius-Pease currently heads the tax and legal function of KPMG in Saudi Arabia. Based in Riyadh, he provides strategic leadership and business development guidance to the group that operates from KPMG's offices in Riyadh, Jeddah and Al Khobar. The firm provides Tax and Zakat services to both Saudi Arabian leading companies and multi-national companies operating in the region.

Before joining KPMG, Rupert held the position of Vice President, Taxation, of a Canadian-based public company, one of the leading engineering and oil and gas companies in the world. The company has offices across Canada and in over 35 countries, including Saudi Arabia, and is currently delivering projects in more than 100 countries.

During this time Rupert was involved in all aspects of domestic and international tax planning, compliance, tax audits, tax provision financial reporting, structuring, transfer pricing, indirect taxes, research and development and project tax issues. In addition, Rupert was directly involved in mergers and acquisitions, treasury, finance and legal disciplines within the corporate function.

Prior to this, Rupert was a Tax Partner with an international professional services firm in Canada. During his 20 years with the firm, he was mainly involved in a variety of international tax projects, including tax planning for corporations operating globally and for in-bound investment in Canada.

Rupert has spoken on a number of occasions at tax conferences, including the Canadian Institute of Chartered Accountants National Tax Conference. During his time in industry he was also a member of the Tax Executives Institute Corporate Income Tax National Committee in Canada.

## Function and Specialization

Engineering, oil and gas, financial services, professional practice, retail and real estate.



**Kashif Jahangiri**  
*Head of International Tax*  
Jeddah  
T: +966 12 698 9595  
M: +966 54 183 4356  
kashifjahangiri@kpmg.com

## Professional associations, Education, licenses and certifications

- Chartered Accountant
- Bachelors in Law & Legislation
- Graduation degrees in Commerce and Business Administration

## Professional and industry experience

Kashif joined KPMG in Saudi Arabia in May 2013. He has been with KPMG since January 1992 with managerial experience since 1997; worked in Pakistan up to 2006 (as Tax Partner), in Ireland from 2006 to 2011 (as Director, FS Tax) and from 2011 to 2013 as Director with KPMG's Global Centre of Excellence in Islamic Finance in the UAE.

Kashif has advised clients in a variety of industries in Pakistan, Ireland and Saudi Arabia, including: financial services (including international big ticket leasing), petroleum (upstream, midstream and downstream), manufacturing, power generation, technology, construction and service contracting, real estate, charities, joint ventures, etc.

He has worked closely with Irish Revenue in drafting and finalizing changes to Irish tax laws to accommodate Islamic financial products; also worked closely with Irish Revenue in drafting and finalizing related tax briefings and guidance notes issued by Irish Revenue explaining tax treatment of Islamic financial arrangements under Irish laws. He has also worked with the taxation authorities in Pakistan on an honorary basis in developing transfer pricing rules based on the OECD guidelines.

He was a member of the Economic and Taxation Advisory Committee of the Institute of Chartered Accountants of Pakistan ("ICAP") that would make recommendations on behalf of ICAP to the Government of Pakistan on various tax and economic policy issues.

## Function and Specialization

International Corporate Tax, Saudi Zakat & Tax, Islamic Finance

## Representative clients

Rabigh Refining and Petrochemical Company, Rabigh Conversion Industry Management Services Company, Saudi Total, Saudi Mobil Refinery, ArabTank, Bank AlJazira, NCB Capital



**Tareq Al Sunaid**  
*Partner, Tax and Zakat*  
Al Khobar  
T: +966 13 887 7241  
M: +966 50 380 0600  
talsunaid@kpmg.com

### Professional associations, Education, licenses and certifications

- Certified Public Accountant (SOCPA)

### Professional and industry experience

Tareq has over 15 years experience in Zakat, local taxation, and International taxation. Having worked in the profession as well as in the industry, Tareq is fully exposed to practical challenges that businesses face in Saudi Arabia from a Zakat and tax perspective.

Tareq specializes in the Zakat and tax aspects of business planning, corporate structuring, joint venture structuring and contract reviews. He has provided Tax and Zakat advisory services to various large local companies and multi-national corporations, in different sectors of industry such as manufacturing, infrastructure, financial services, trading, defense and services.

Tareq has been actively involved in dealing with the Department of Zakat & Income Tax (DZIT) and has assisted various clients in settling their assessments and disputes with the DZIT as well as with the appeal authorities. Tareq also specializes in settling tax disputes through negotiation as well as through the formal appeal process.

Tareq is also involved in dealing with the Ministries of Finance and Commerce and the Saudi Arabian General Investment Authority.

### Function and Specialization

Saudi Zakat & Tax and International Corporate Tax

### Representative clients

General Dynamic, Novartis, STC, Mobily, SANAD Insurance, Al Marai, Saudi Fransi Bank and Al Bahri



**Mohammad Kamran Sial**  
*Director*  
Al Khobar  
T: +966 13 887 7241  
M: +966 50 258 5131  
ksial@kpmg.com

### Professional associations, Education, licenses and certifications

- Bachelor of Commerce, Peshawar University Pakistan
- MBA Finance, Al Qasim University Lahore Pakistan

### Professional and industry experience

Kamran joined KPMG in December 2003. At KPMG Kamran has gained extensive experience of Zakat and Taxation and has been actively involved in compliance and advisory work for major international and local clients.

Kamran started his career with Zahid Jamil & Company (Chartered Accountants), where he spent eight years. His last position was Manager Taxation.

Before joining KPMG in Saudi, Kamran worked at a leading manufacturing group Banawi Industrial and Trading where he served as a Corporate Financial and Cost Analyst.

As a Director with KPMG, Kamran's responsibilities include:

- Advise international clients on the regulatory and tax aspects of setting up cross boarder transactions and operations in Saudi Arabia.
- Represent clients and assist in field inspections.
- Advise clients on international tax aspects including mergers and acquisitions, groups reorganizations, corporatization of family business and tax treaty interpretations.

### Function and Specialization

International Corporate Tax and Saudi Zakat & Tax

### Representative clients

BNP Paribas, Deutsche Bank, Airbus, Novartis, Al Marai, Saudi Fransi Bank.



### **Kamal Elbatnigi**

*Director*

Riyadh  
T:+966 11 874 8583  
M:+966 55 057 6729  
kelbatnigi@kpmg.com

### **Professional associations, Education, licenses and certifications**

- Bachelor of Science majoring in accounting and taxation – University of North Carolina at Charlotte, USA
- Certified Public Accountant – State of Delaware, USA
- Chartered Accountant- Ontario, Canada

### **Professional and industry experience**

Kamal joined KPMG Riyadh in 2009. Kamal has over 15 years of corporate and personal tax experience working with big 4 firms in North America and the Middle East.

As a Tax Director, Kamal provides corporate clients with advise on Zakat and income tax law, commercial law, customs law and foreign investment law. Kamal also coordinates with other KPMG offices on engagements involving multiple jurisdictions.

Kamal has also provided M&A tax due diligence and tax structuring advice to a number of incorporations.

Prior to joining KPMG Riyadh, Kamal worked with big 4 firms in Canada where he provided corporate and personal income tax, personal financial planning and business advisory services to private and public-sector companies, advised clients on succession and estate planning matters, including corporate reorganization, and performed tax consulting and compliance work related to domestic and cross-border tax issues.

### **Function and Specialization**

International Corporate Tax, US Personal Tax and Saudi Zakat & Tax.

### **Representative clients**

US Tax Related: Boeing, Airbus, Coca Cola, IBM, GAP, Goldman Sachs, Raytheon  
Saudi Tax Related: ADP, Al Rajhi Group, Intercontinental, Nokia Siemens, Battelle, Ingeus, Sumitomo.



### **Gurdeep Randhay**

*Director*

Jeddah  
T:+ 966 12 698 9595  
M:+966 55 443 5562  
grandhay@kpmg.com

### **Professional associations, Education, licenses and certifications**

- Bachelor of Laws, University of Middlesex, London
- Postgraduate Associateship in International Tax Law, Queen Mary College, London
- Postgraduate Associate-ship, Queen Mary College, London

### **Professional and industry experience**

Gurdeep joined KPMG in Saudi Arabia in February 2016. Prior to this, Gurdeep was the Regional Direct and Indirect Tax Controller for Intel Corporation based in Malaysia. Gurdeep has worked in a number of countries including London, Sydney, Singapore, UAE and Kuwait. Gurdeep was previously head of International Tax Services with another Big 4 for the Middle East.

Gurdeep has advised clients in a variety of industries in the Middle East, including: financial services, petroleum (downstream), manufacturing, defense contractors, professional services, the retail industry, technology, hospitality, commodities, construction and service contracting, real estate and joint ventures.

Gurdeep has undertaken;

- various cross border transactional due diligence and M&A assignments;
- tax diagnostic reviews;
- Tax controversy negotiations; and
- Double Tax treaty reviews and tax planning engagements.

Gurdeep specializes in Double Tax Treaties and VAT. Gurdeep's skills extend to Indirect Taxation and in particular Value Added Tax (VAT)/Goods and Services Tax (GST) and he successfully implemented GST in a USD\$4.5b manufacturing and Shared Service Centre operation in Malaysia in 2014 and 2015 with Intel Corp.

### **Function and Specialization**

International corporate tax planning, Tax advisory and compliance, M&A and Transaction Tax, VAT and GST implementation and Tax Controversy.

# Contact Us

## **Riyadh**

3rd Floor, KPMG Tower  
Salahudeen Al Ayoubi Road  
Riyadh 11663  
T: +966 11 874 8500

## **Jeddah**

9th Floor, Tower A, Zahran Business Centre  
Prince Sultan Street  
Jeddah 21534  
T +966 12 698 9595

## **Al Khobar**

13th Floor, Al Subeai Towers  
King Abdulaziz Street  
Al Khobar 31952  
T +966 13 887 7241

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG Al Fozan & Partners Certified Public Accountants, a registered company in the Kingdom of Saudi Arabia, and a non-partner member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.