

### What is VAT?

VAT (Value Added Tax) is an indirect tax which will be introduced across KSA with effect from 1<sup>st</sup> January 2018 at a standard rate of 5% on all 'Taxable Supplies'.

### Is VAT applicable to insurance?

Yes, VAT is applicable to insurance. All insurance products will be subject to VAT at the standard rate of 5% or zero-rated, except Life Insurance which is exempt. Motor, Property, Liability, Engineering, Personal Accident types of insurance will attract VAT at standard rate of 5%.

### How will VAT be calculated?

VAT will be charged on your final insurance premium and the total amount (inclusive of VAT) needs to be paid by a policy holder to Al Alamiya.

### What is Al Alamiya's Role?

Al Alamiya will collect the VAT from all policy holders for the insurance services provided and will remit this amount to the General Authority Zakat Tax (GAZT).

### Who needs to have a VAT Registration with GAZT?

For companies, the mandatory VAT registration threshold on annual turnover of taxable supplies will be SAR 375,000 and the voluntary threshold will be SAR 187,500. Companies whose value of annual Supplies exceeds the Mandatory Registration Threshold but does not exceed one million (1,000,000) riyals exempted from the requirement to register in the Kingdom until 1 January 2019. Once you have obtained the VAT registration certificate please email it to [policy-admin-riy@sa.rsagroup.com](mailto:policy-admin-riy@sa.rsagroup.com) stating your policy number.

And if you are an individual and not carrying on an Enterprise, you are not required to register for VAT with General Authority Zakat Tax (GAZT).

### Is Al Alamiya VAT Registered?

Yes, Al Alamiya is VAT registered and our registration no is 300148657600003.

### Will VAT apply for new policy only or will it apply on renewals too?

VAT will apply on both new and renewal policies.

### If the policy is cancelled in 2018 will there be a Tax refund?

Yes, only if VAT has been charged and you have paid the VAT amount, we will refund the premium and VAT.