### Application of KSA VAT on domestic tickets and their fees and ancillary services - Update

**Date / التاريخ:** 31 December 2017  
**Reference / الرمز المرجعي:** 201712313  
**Effective date / تاريخ التطبيق:** 1 January 2018

A value added tax (VAT) of 5% of the Kingdom of Saudi Arabia will be applied on SV wholly domestic tickets issued on/after 1/1/2018G. The same VAT percentage will also be applied on revalidation and reissue fees, sundry charges and ancillary services fees related to wholly domestic tickets, which are collected on/after 1/1/2018G.

For wholly domestic tickets, the VAT amount will be automatically calculated by the GDS based on the base fare of the ticket (including YQ/YR surcharges if applicable) and will be shown under the K7 tax code on the ticket when the ticket is auto-priced.

For the penalty fee EMD (RFISC – PNF), sundry charges EMD (RFISC – SND) and ancillary services EMDs (RFISC – 0AA for prepaid excess baggage and 0B5 for seating) related to wholly domestic tickets, the K7 tax will need to be manually calculated based on the value of the EMD and inserted in the EMD by the agent before its issuance (in case that it was not automatically added by the GDS).

The K7 tax does not apply on:
- no-show fees collected under EMD RFISC (NSH) for opening suspended domestic tickets.
- cancellation fees of domestic tickets/EMDs.
- Online and interline transfers up to and including 24 hours. Note: exemption applies if this is issued together with international tickets. (Tickets issued for combined domestic/international travel and vice versa).

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**Tطبيق ضريبة القيمة المضافة على التذاكر الداخلية والرسوم الخاصة بها والخدمات الإضافية المتعلقة بها – تحديث النشرة**

سيتم تطبيق ضريبة القيمة المضافة للملكة العربية السعودية بمقدار 5% على التذاكر الداخلية الصادرة بـ/بعد تاريخ 2018/1/1م وكذلك على رسوم إعادة الحجز وإعادة الإصدار للتذاكر الداخلية والخدمات الإضافية المتعلقة بها والتي يتم تحصيلها بـ/بعد التاريخ أعلاه.

وستقوم نظام التوزيع الشامل بحساب قيمة هذه الضريبة (حسب سعر التذكرة مضافًا إليها ضريبة YQ/YR والإضافات في التذكرة الداخلية تحت الرمز K7 تلقائيا وذلك عندما يتم تعديله التذكرة تلقائيا.

وبالنسبة للقوائم التي يتم فيها تحصيل رسوم إعادة الحجز أو إعادة الإصدار بالرمز PNF (الأسعار "السعودية") أو SND (الأسعار آياتا) للتذاكر الداخلية والقوائم الخاصة بالخدمات المضافة على التذكرة الداخلية مثل قسائم العضول الرائع بالرمز 0AA أو قسائم اختيار المقعد بالرمز 0B5 فيجب على الوكيل إضافة ضريبة القيمة المضافة بديلا في القسيمة قبل إصدارها (إن لم يتم اضافتها تلقائيا بواسطة نظام التوزيع الشامل).

ولن يتم تطبيق ضريبة القيمة المضافة على:
- رسوم التخلف عن السفر التي يتم تحصيلها في قسيمة بالرمز NSH(لفتح التذكرة الداخلية التي تم تعليق حالة الكوبون لها.
- رسوم الإلغاء للتذكرة/الخدمة الداخلية.
- رحلة الموافقة الداخلية التي تكون جزءا من تذكرة دولية بحيث يكون زمن الموافقة أقل من أو مساو لـ 24 ساعة.

ويجب التأكد من وجود المعلومات أدناه على ايصال التذكرة/التمييز.

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It is also mandatory that the following information is printed on the domestic ticket/EMD receipt in order for that receipt to be considered as a VAT invoice and if it is not automatically added by the GDS, the agent must manually add this information in the endorsement box of the domestic ticket/EMD before it is issued:

"SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT"

Notes:

- In general, the K7 tax would apply on surcharges and ancillary services (with respect to domestic tickets) such as (but not limited to):
  - Booking fees / time to think fees
  - Ticket change fees
  - Ticket issue fees
  - Upgrading fees
  - Meals and upgrading meal fees
  - Welcome fees
  - Internet Fees
  - Heavy luggage fees / extra weight fees / prepaid luggage fees
  - Hotel accommodation fees for passenger less than 24 hours
  - Baby bassinet
  - Pets fees
  - Other admin fees e.g. credit card fees and re-issuing fees

Example:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected Base Fare</td>
<td>300.00</td>
</tr>
<tr>
<td>Add-ons: Prepaid Baggage</td>
<td>100.00</td>
</tr>
<tr>
<td>Total (VAT Base)</td>
<td>450.00</td>
</tr>
<tr>
<td>VAT (5%)</td>
<td>22.50</td>
</tr>
<tr>
<td>Government Fees-</td>
<td>30.00</td>
</tr>
<tr>
<td>Amount to be paid by passenger</td>
<td>502.50</td>
</tr>
</tbody>
</table>

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domestic tickets/airports in KSA.

- Tax applies to domestic flights in Saudi Arabia, regardless the point of sale;
- The domestic leg which is part of an international ticket has two possibilities:
  - The stopover/transit time is less or equal to 24 hours and in this case, no VAT applies on the domestic leg.
  - The stopover/transit time is greater than 24 hours and in this case, 5% VAT applies on the domestic leg.
- In case of refunds, VAT should be refunded to the extent of the unutilized portion of the domestic ticket/services.
- In case of ticket exchanges, please see scenarios below:
  - Domestic to international full/part exchange – reverse the VAT amount recognized in full or in part of the unutilized portion of the domestic ticket/services.
  - International to Domestic full/part exchange – recognize VAT on the new Domestic ticket.
  - Domestic to domestic full/part exchange, ✓ If VAT was collected on original ticket, apply VAT on the fare difference on new ticket
  ✓ If VAT not collected on original ticket, apply VAT on the unutilized portion of the original ticket plus the fare difference on new ticket
- For Stand-alone EMDs, VAT will be applicable if services are to be paid by domestic ticket holders or non-ticket holders (general public).
- COAM/SPAM (i.e., Commissions) included in the amount to be paid by the Passenger and not to be excluded in the VAT base.

Here are examples of manually calculating and inserting the K7 tax in EMDs through the different GDSs:

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Amadeus EMD issuance with VAT (K7 tax)

--- TSM ---
RP/JEDIA0900/
RF
1. AHMED/ALIMR
2. SVC SV HK1 PENF JED 12JAN
3. AP JED 966 2 690 5777 - AMADEUS SAUDI ARABIA LTD TRAINING
   ROOM - A

>TMI/CV-90/F90/X4.50K7

TSM 1 TYPE P JEDIA0900 SB/26DEC 11 EMD-S CARR SV
1. AHMED/ALIMR
RFIC-D/Q FINANCIAL IMPACT
1. RFISC-PNF PENALTY FEE L 2
   OPERATING CC-SV CPN VALUE-90.00 ORIGIN-JED
   NVA-12JAN18
   NON REFUNDABLE
   NON EXCHANGEABLE
   CONSUMED AT ISSUANCE

ADD INF/RKS:
FARE F SAR 90.00
EXCH VAL SAR 94.50
TAX001 X SAR 4.50K7
TOTAL SAR 94.50
FP CASH

RP/JEDIA0900/JEDIA0900 SB/SU 26DEC17/1057Z W8RGV3
JEDIA0900/1133SB/26DEC17
1. AHMED/ALIMR
2. SVC SV HK1 PENF JED 12JAN
3. AP JED 966 2 690 5777 - AMADEUS SAUDI ARABIA LTD TRAINING
   ROOM - A
4. AP JED 966 2 690 5777 - AMADEUS SAUDI ARABIA LTD TRAINING
   ROOM - A
5. TK OK26DEC/JEDIA0900
6. FA PAX 065-1826927889/DTSV/SAR95.00/26DEC17/JEDIA0900/003210
   05/S2
7. FB PAX 0000000000 TTM OK EMD/S2

EMD-0651826927889 TYPE-S SYS-1A LOC-W8RGV3
INT- FCI-1 1 POI-JED DOI-26DEC17 IOI-00321005
PAX- AHMED/ALIMR ADT
RFIC-D FINANCIAL IMPACT
REMARKS-
CPN-1 RFISC-PNF SV JED S-F SAC- 0652Q6SVRRZTD VALUE-90.00
DESCRIPTION-PENALTY FEE NON-REFUNDABLE
NON-EXCHANGEABLE

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CONSUMED AT ISSUANCE
PRESENT TO-
PRESENT AT-
ICW-0654489123456
SERVICE REMARKS-
FARE  F  SAR   90.00
EXCH VAL SAR   94.50 RFND VAL
TAX-01 X  K7    4.50
TOTAL    SAR  94.50
/FC
FP CASH

Here is an example of how to use ATC (Amadeus Ticket Changer) and add the K7 tax and update the endorsement box in the penalty fee EMD:

01 BENKUDDAH/SALEHMR
TICKET STOCK RESTRICTION
BG CXR: SV

<table>
<thead>
<tr>
<th>AL FLGT</th>
<th>BK</th>
<th>DATE</th>
<th>TIME</th>
<th>FARE BASIS</th>
<th>NVB</th>
<th>NVA</th>
<th>BG</th>
</tr>
</thead>
<tbody>
<tr>
<td>JED</td>
<td></td>
<td>1056</td>
<td>12JAN</td>
<td>HISA</td>
<td>12JAN1</td>
<td>1JAN</td>
<td>P</td>
</tr>
</tbody>
</table>

ORIGIN TRVL CURRENCY REISSUE CURRENCY
OLD BASE FARE  SAR 339.00
NEW BASE FARE  SAR 407.00
FARE BALANCE   SAR 68.00

NO ROUNDED UP
PAYMENT CURRENCY
OLD TAX         SAR 17.00
NEW TAX         SAR 20.40
TAX BALANCE     SAR 3.40
TICKET DIFFERENCE SAR 71.40
PENALTY         SAR 90.00

NEW TAX SAR     20.40
old tax 17 + new tax VAT 3.4 = 20.40
TICKET DIFFERENCE 71.40
Fare difference 68 + VAT 3.4 = 71.40

Agent must add 5 % on Penalty fees Manually 90.00 * 5 % = SAR 4.50 NO Rounding up

>TMI/M1/F90/X4.50K7

TSM 1 TYPE P JED1A0900 SB/26DEC 11 INT D EMD-S CARR SV
1.BENKUDDAH/SALEHMR
RFIC-D/Q FINANCIAL IMPACT
1. RFISC-PFN PENALTY FEE
   OPERATING CC-SV CPN VALUE-90.00
   PRESENT TO:SAUDI ARABIAN AIRLINES
   PRESENT AT:JEDDAH
   NON REFUNDABLE
   NON EXCHANGEABLE
   CONSUMED AT ISSUANCE
ADD INF/RKS:

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New TST after FXQ

TST00002 JED1A0900 SB/26DEC M 4 OD JEDRUH T-E
FXQ/R, 10JAN18
1. BENKUDDAH/SALEMR
1 JED SV 1056 H 12JAN 0230 OK HISA 12JAN12JAN 1PC RUH
FARE R SAR 407.00
TX001 X SAR 3.40-K7VA TX002 O SAR 17.00-K7VA
TOTAL SAR 72.00
JED SV RUH407.00 SAR407.00 END

add SV TIN number and K7 tax description in the endorsement box as shown here

for ticket: FE SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT
for EMD: TMI/M1/FE- SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT

Galileo EMD issuance with VAT (K7 tax)

Step 1: SERVICE SEGMENT ENTRY
0SVCSVEK1JEDMED20JUL-N1/D/PNF/PENF/90.00

Step 2: EMD ISSUANCE ENTRY
EMDI/SM1/FS/IC0651234567890/PI-R/TX4.50K7/ER:SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT

4.50 = VAT 5%
Galileo Rapid Reprice

**Worldspan EMD issuance with VAT (K7 tax)**

**Step 1 : SERVICE SEGMENT ENTRY**

0SVCSVEK1JEDMED20JUL-N1/D/PNF/PENF/90.00

**Step 2 : EMD ISSUANCE ENTRY**

EMDI#SM2#IC0659010334039#$CA#PP-R#TX4.50K7#ER SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT

4.50 = VAT 5%

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Worldspan Rapid Reprice

Step 1:
Click on "Open EMD Manager"

Service Segments

Service segments are created for items such as change fees, lounge access, etc.

Passenger:
KHAN/MOHAMMEDMR

Include basic information for documentation purposes. You can select a segment if available, or manually input the airline, date, and city codes.

Segment:
Select

Airline: [Input]
Date: [Input]
Departure City Code: [Input]
Arrival City Code: [Input]

Reason Code:
Select

Fee:
e.g. 15 or 15.40

Open EMD Manager

Submit Close

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Step 2:
Click on “Edit”

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Step 3:
Add VAT Tax in tax box

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Sabre EMD issuance with VAT (K7 tax)

Ticketing Fulfilment.

Single PQ Record: WYPQ1¥VAS¥FCASH¥KPO¥VED/SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT
Multiple PQ Record: WYPQ1/2¥VAS¥FCASH¥KPO¥VED/SAUDIA TIN 300000776200003 K7 REFERS TO KSA VAT

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Step 1: Access mask to create AE item

Access AE mask to create Air Extra item
Reason for Issuance Code (RFC) – D
Reason for Issuance Sub-code (RFISC) – PNF
Date change penalty according to fare rules 50.00 SAR
K7 tax manual calculation: 50X5%= 2.50SAR
Add the tax amount in first column and code in next column
Manually add the endorsements restriction

Step 2: Display AE status

Format: *AE

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Step 3: Fulfill AE item/issue EMD

*AX
ZONTOL
1.1 SALEH/MOHAMMEDMR

1 SV1136Q 20MAY 7 RUHDMG GK1 0700 0805 /E

TRT/TIME LIMIT
1.TAW/

PHONES
1.JED4612020-A
ANCILLARY EXISTS *AB TO DISPLAY
CUSTOMER NUMBER - 123456

PRICE QUOTE RECORD EXISTS - SYSTEM
RECEIVED FROM - EAX
C55H.C55H+AAA 2303/25DCC17 ZQONTOL H

*AX
ANCILLARY SERVICES
1.PENALTY FEE

1.1 SALEH/MOHAMMEDMR

STATUS - HD/PAYMENT REQUIRED
AMOUNT - 50.00SAR 2.50K7
TOTAL - 52.50SAR

DOC/CE - CPN -

EMD*AE1ASYFMWCASH
OK 52.50
AIR EXTRAS FULFILLED
OK 6.6

ZONTOL
1.1 SALEH/MOHAMMEDMR

1 SV1136Q 20MAY 7 RUHDMG GK1 0700 0805 /E

TRT/TIME LIMIT
1.TAW/

PHONES
1.JED4612020-A
ANCILLARY EXISTS *AB TO DISPLAY
CUSTOMER NUMBER - 123456

PRICE QUOTE RECORD EXISTS - SYSTEM
INVOICED
ACCOUNTING DATA
1. SW2712327735/ 0.00/ 50.00/ 2.50/ONE/CA 1.1SA

LEH MOHAMMEDMR/1/D/EMD
RECEIVED FROM - EAX
C55H.C55H+AAA 2303/25DCC17 ZQONTOL H
Step 4: Display EMD number

<table>
<thead>
<tr>
<th>EMD: *2&lt;</th>
<th>ELECTRONIC MISCELLANEOUS DOCUMENT RECORD</th>
</tr>
</thead>
<tbody>
<tr>
<td>INV:</td>
<td>CUST:</td>
</tr>
<tr>
<td>EMD:</td>
<td>DNR: KFNUFT</td>
</tr>
<tr>
<td>0652712827736</td>
<td>ISSUED: 08DEC17</td>
</tr>
<tr>
<td>NAME:</td>
<td>PCC: C55H</td>
</tr>
<tr>
<td>SALEH/MOHAMMEDMR</td>
<td>IATA: 99999992</td>
</tr>
<tr>
<td>FOP:</td>
<td>FF:</td>
</tr>
<tr>
<td>CASH</td>
<td>TOUR ID:</td>
</tr>
<tr>
<td>COM/INT:</td>
<td>SETTLEMENT AUTHORIZATION: 0652QWC2RKK20</td>
</tr>
<tr>
<td>RFIC:D/</td>
<td>FINANCIAL IMPACT</td>
</tr>
<tr>
<td>AIR EXTRA:</td>
<td>PENALTY FEE</td>
</tr>
<tr>
<td>CPN:</td>
<td>SVC CITIES: RUH</td>
</tr>
<tr>
<td>1</td>
<td>SVC DATE: QTY: 1 STAT: USED</td>
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<tr>
<td>PRESENT:</td>
<td>TO: SAUDI ARABIAN AIRLINES</td>
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<tr>
<td>AP:</td>
<td>RIYADH</td>
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<tr>
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<td>SAR52.50</td>
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<td>EQUIV AMT:</td>
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<td>ENDORSEMENTS/RESTRICTIONS: SAUDI TIN 30000077620000 K7 REFER8 T D KIA VAT</td>
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<tr>
<td>EMD TYPE:</td>
<td>STAND-ALONE</td>
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<td>REFERENCED ELECTRONIC TICKET NUM: 0655769972001</td>
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*AE*

Ancillary Services

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<th>1</th>
<th>PENALTY FEE</th>
<th>1.1 SALEH/MOHAMMEDMR</th>
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</thead>
<tbody>
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<td>HI/FULFILLED</td>
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<tr>
<td>AMOUNT</td>
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<td>DOC/CF</td>
<td>0652712827736</td>
<td></td>
</tr>
</tbody>
</table>

Display AE information after fulfilment

*AE*

SQNTOL

1.1 SALEH/MOHAMMEDMR

1 QY1135Q 20MAY 7 RUHMM SK1 0700 0005 /E

TRT/TIME LIMIT

1. TARG

PHONES: Display Ticketing Field - T

1. JEU4612ZUZU-A

ANCILLARY EXISTS *AE TO DISPLAY

CUSTOMER NUMBER - 123456

INVOLVED

PRICE QUOTE RECORD EXISTS - SYSTEM

ACCOUNTING DATA

1. 5YK2712827735/ 0.00/ 50.00/ 2.50/ONE/CA 1.1SA

LEH MOHAMMEDMR/1/D/EMD

RECEIVED FROM - PAY

C55H.C55H*AAA 2303/25DEC17 SQNTOL H

*FAK*

ANCILLARY SERVICES

<table>
<thead>
<tr>
<th>1</th>
<th>PENALTY FEE</th>
<th>1.1 SALEH/MOHAMMEDMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATUS</td>
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<tr>
<td>AMOUNT</td>
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<td>DOC/CF</td>
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