



Navigating KSA VAT Refunds: How Fintua Recovered € 23 Million for a German-based Aircraft Engine Manufacturer

Recover[™]

Background

A German-based manufacturer specialising in the development, manufacturing and servicing of military and civil aircraft engines, engaged Fintua to recover Value Added Tax (VAT) incurred in the Kingdom of Saudi Arabia (KSA). The VAT refund applications covered tax years 2020-2023, amounting to € 23 million in VAT charged on purchases.

Industry:
Manufacturing,
Aero

Solution:
Recover

Location:
Germany

Challenges

Lack of a standardised VAT refund process:

When VAT was introduced in KSA, there was no formalised process for foreign businesses to claim refunds. This created confusion and delays for international companies seeking reimbursement.

Uncertainty in eligibility and documentation:

Due to the lack of clear guidelines, claimants faced uncertainty about which expenses were eligible for refunds and the required documentation for submission. This led to inefficiencies and potential non-compliance risks.

Requirement for a local SAR bank account:

One of the biggest barriers was the mandatory requirement for claimants or their refund agents to maintain a Saudi Riyal (SAR) bank account in a KSA-based bank. Many international businesses lacked a local presence or established banking relationships in Saudi Arabia, making compliance with this requirement difficult.

Financial and operational burdens:

Establishing and maintaining a local bank account for VAT refund purposes resulted in additional administrative complexities and financial strain. Without a local banking presence, businesses faced unnecessary costs and resource allocation to navigate the process.

Solution

Strategic VAT refund submission methods



Utilisation of multiple submission channels

In the absence of a standardised refund system, Fintua leveraged a combination of submission methods, including email, postal applications and custom-designed application forms that ensured all necessary transaction details were captured.



Development of tailored VAT applications

Fintua created structured application forms to facilitate compliance with ZATCA's evolving refund requirements. This proactive approach ensured that refund claims met all necessary standards and increased approval rates.

Overcoming the SAR bank account requirement



Leveraging Pay - global payments solution

To navigate the SAR bank account mandate, Fintua utilised its global payment solution, Pay. Through collaboration with a trusted local sub-agent, Fintua maintained a compliant SAR bank account on behalf of its clients, enabling smooth refund processing.



Efficient fund transfers

Once VAT refunds were approved by ZATCA, Pay facilitated the secure and cost-effective transfer of funds to the German-based aircraft engine manufacturer's preferred bank accounts in Europe. This eliminated the need for them to establish a local bank account, significantly reducing the financial and operational burden.

Continuous monitoring and proactive follow-ups



Persistent communication with ZATCA

Fintua's VAT specialists actively monitored every stage of the refund process, maintaining continuous communication with ZATCA via email and postal correspondence. By addressing issues promptly, they ensured that all applications remained on track and minimised unnecessary delays.



Collaboration with local sub-agents

A close partnership with a local sub-agent allowed for rapid resolution of any compliance concerns, further expediting the refund approval process.

Results

Through its expertise and proactive approach, Fintua successfully recovered **€ 23 million** in KSA VAT for the German-based aircraft engine manufacturer. Key outcomes included:

Successful VAT refund approval

Through its expertise and strategic approach, Fintua successfully recovered €23 million in KSA VAT for the organisation.

Elimination of banking and compliance barriers

By leveraging Pay, the organisation avoided the complexities of maintaining a local SAR bank account. The efficient fund transfer mechanism ensured that VAT refunds were deposited directly into their preferred accounts, streamlining financial operations.

Reduction in administrative complexity

The structured and proactive submission approach reduced the risk of non-compliance, ensuring full adherence to KSA's VAT regulations. Fintua's hands-on approach minimised administrative overhead and improved processing efficiency.

Conclusion

Fintua's in-depth knowledge of international VAT regulations, combined with its flexible and innovative approach, enabled the German-based aircraft engine manufacturer to successfully recover VAT in a complex and evolving regulatory landscape. By leveraging alternative submission methods, ensuring compliance with SAR bank account requirements via Pay, and maintaining constant engagement with ZATCA.

Fintua delivered a seamless VAT recovery process. This case highlights the importance of expert VAT recovery strategies in overcoming regulatory hurdles and securing financial returns for global businesses operating in challenging tax jurisdictions.