

ZATCA Fatoora Wave 24 Compliance How Saudi Businesses Must Prepare

Before the June 30, 2026 Deadline

ZATCA Fatoora Wave 24 Compliance:

HOW SAUDI BUSINESSES MUST PREPARE

The clock is ticking for thousands of small and medium businesses across Saudi Arabia. With the Zakat, Tax and Customs Authority (ZATCA) officially announcing Wave 24 of the Fatoora programme, a new cohort of VAT-registered businesses must now complete full e-invoicing integration with the Fatoora platform by 30 June 2026. This is not a future concern it is an immediate compliance obligation that demands action now.

Wave 24 marks a significant milestone in the Saudi Arabia e-invoicing mandate. For the first time, the revenue threshold has dropped to SAR 375,000, pulling thousands of SMEs into the mandatory Phase 2 scope that was previously limited to larger enterprises. If your business generated VAT-taxable revenue exceeding SAR 375,000 in 2022, 2023, or 2024, you are very likely within scope.

The scale of the mandate's expansion is substantial:

ZATCA processed over 8.2 billion e-invoices in 2025, marking a 64% surge from the previous year's 5 billion. More than 94% of all taxable transactions in the Kingdom were processed through the e-invoicing system by 2025, making digital integration a baseline requirement for business operations. Wave 24 alone is sweeping tens of thousands of smaller businesses into the clearance model for the first time.

To put the affected businesses in context, the Kingdom is home to over 1.2 million SMEs up from 429,000 in 2016, contributing 35% to non-oil GDP and employing over 8.4 million people. The deadline for integration is 30 June 2026, with non-compliance penalties ranging from SAR 5,000 to SAR 50,000 per violation.



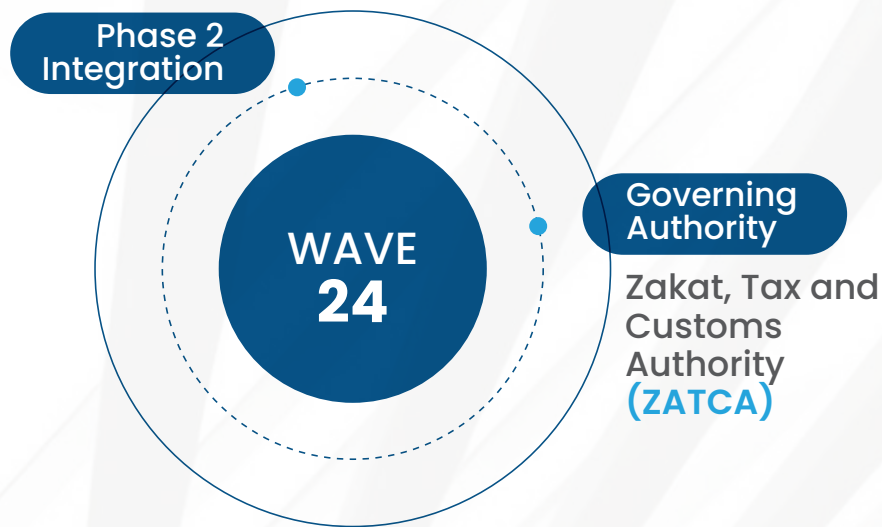
What Is ZATCA Fatoora Wave 24?

A QUICK OVERVIEW

Saudi Arabia's Fatoora programme is ZATCA's national electronic invoicing system, introduced as part of the Kingdom's Vision 2030 push towards a transparent, digital economy. Launched in Phase 1 in December 2021, the programme made e-invoice generation mandatory for all VAT-registered businesses.

Phase 2, the integration phase goes significantly further by requiring businesses to connect their billing systems directly to ZATCA's Fatoora platform in real time.

Below is a complete summary of the Wave 24 compliance parameters:



REVENUE THRESHOLD
Annual VAT-taxable revenue exceeding
SAR 375,000

2022 2023 2024

COMPLIANCE WINDOW


1st April, 26
Windows open

Integration & starting Period

30th June, 26
Final Deadline

APPLIES TO

- VAT-registered businesses
- SMEs
- Startups
- Retailers
- Service providers

 **PENALTY WAIVER**
Extended until 30 June 2026 — correct past errors without financial penalties

Phase 1 vs Phase 2

Understanding the Integration

WHERE UK BOARDS ARE FALLING SHORT

A common source of confusion among businesses is the difference between Phase 1 (generation) and Phase 2 (integration). If your business is already issuing e-invoices, that does not mean you are Phase 2 compliant. The two phases carry entirely different technical and operational requirements.

ZATCA Phase 2 integration requires your accounting or ERP system to communicate with ZATCA's infrastructure automatically, without manual uploads or submissions. Every B2B invoice must be cleared by ZATCA before it is delivered to the buyer. Every B2C simplified invoice must be reported within 24 hours. This demands a certified, always-connected e-invoicing solution; not just an export-and-send workflow.

Phase I GENERATION	VS	Phase II INTEGRATION (WAVE 24)
Invoice format XML or PDF/A3 generated locally		Invoice format XML with embedded cryptographic stamp
ZATCA connection No real-time link required		ZATCA connection Real-time API integration mandatory
B2B invoices Generate and store		B2B invoices Submit to Fatoora for clearance before delivery
B2C invoices Generate and store		B2C invoices Report to ZATCA within 24 hours
Data validation Manual or internal		Data validation Automated real-time by ZATCA system
Risk of non-compliance Fines for generation errors		Risk of non-compliance Invoice rejection + VAT deductibility risk

The operational implications are clear: businesses that continue with Phase I-style workflows after the Wave 24 deadline face invoice rejection, VAT deductibility complications, and exposure to financial penalties, even during the currently active penalty waiver window.

Who Is Affected by the Saudi SME E-Invoicing Mandate?

The Wave 24 scope is defined by revenue, not by industry or company size in terms of headcount. ZATCA applies a simple and objective threshold: if your business had annual VAT-taxable revenue exceeding SAR 375,000 (approximately USD 100,000) in any single year 2022, 2023, or 2024 you fall within Wave 24. ZATCA will formally notify affected taxpayers, but the eligibility criteria are already public.

Who Is Affected?



RETAIL SHOPS AND TRADING

Independent retail shops and trading companies with annual sales **SAR 375,000**



PROFESSIONAL SERVICE PROVIDERS

accountants, lawyers, consultants, and IT firms



RESTAURANTS, CAFES, AND HOSPITALITY

businesses operating at the qualifying revenue level.



HEALTHCARE

clinics and medical service providers billing VAT-registered patients or companies.



E-COMMERCE

E-commerce and digital service businesses selling to customers inside Saudi Arabia.



CONSTRUCTION

Construction subcontractors and maintenance service companies in the SME bracket.



TRANSPORTATION BUSINESSES

Logistics, freight, and transportation businesses below the previous Wave 23 threshold of **SAR 750,000**.

Notably, businesses that fall below the SAR 375,000 threshold are not currently mandated under Wave 24, but ZATCA has consistently expanded the programme wave by wave and has signalled that full national coverage is the ultimate goal. Starting preparations now, even if your current revenue is close to the boundary is strongly advisable.

Key Technical Requirements for Fatoora Wave 24 Integration

ZATCA Phase 2 integration is a technical undertaking with specific standards that must be met precisely. Partial or informal compliance is not acceptable. The following requirements apply to all Wave 24 businesses:

INVOICE FORMAT AND DATA STANDARDS

XML UBL 2.1, ZATCA-compliant	B2B PDF/A-3 with embedded XML	REQUIRED FIELDS VAT, type, stamp, QR	UUID + hash for integrity
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SYSTEM INTEGRATION AND CONNECTIVITY

ZATCA certified solution	API API to Fatoora (IP whitelisted)	B2B real-time clearance	B2C report within 24h
TESTING Support onboarding & testing			



Step-by-Step Preparation Checklist for Saudi Businesses

The compliance window for Wave 24 runs from 1 April 2026, with a hard enforcement deadline of 30 June 2026. With less than three months remaining, businesses must move quickly. The following eight-step checklist outlines every action required to achieve ZATCA Fatoora Wave 24 compliance before the deadline:

Action Item	Responsible Team
01 CONFIRM ELIGIBILITY – check VAT revenue for 2022–2024 against SAR 375,000 threshold	Finance / Accounts
Select a ZATCA -certified e-invoicing solution compatible with your ERP	IT / Finance
Register on the FATOORA PORTAL and obtain ZATCA API credentials	IT
04 CONFIGURE INVOICE output in XML and PDF/A3 formats with required ZATCA data fields	IT / ERP Vendor
05 WHITELIST SERVER IPs and configure firewall settings for ZATCA API calls	IT
Complete INTEGRATION TESTING in the ZATCA simulation environment	IT / ERP Vendor
Train FINANCE AND OPERATIONS teams on new invoice submission workflows	Finance / HR
08 GO LIVE AND MONITOR daily reconciliation reports from the Fatoora platform	Finance / IT

Each step carries real business risk if skipped or delayed. The certification and onboarding processes with ZATCA can take weeks, and many certified solution providers are operating at capacity as the deadline approaches. Businesses that wait until May or June 2026 risk missing the window entirely.

The Penalty Waiver:

AN OPPORTUNITY; NOT A SAFETY NET

ZATCA has extended its 'Initiative to Cancel Fines and Exempt Taxpayers from Penalties' until 30 June 2026. This waiver is frequently misread as meaning that non-compliance during this period carries no consequences. That interpretation is incorrect and dangerous.

The penalty waiver applies specifically to correcting past procedural errors in VAT and e-invoicing submissions; not to blanket exemption from the Wave 24 integration mandate itself. Businesses that fail to integrate by 30 June 2026 and subsequently attempt to submit non-compliant invoices face:

01 Invoice rejection

Invoice rejection by the Fatoora platform, effectively blocking business operations that depend on VAT-cleared invoices

02 Inability to claim VAT

Inability to claim VAT input deductions on invoices that have not been properly cleared

03 ZATCA Audits

Exposure to ZATCA audits and financial penalties once the waiver period expires

04 Reputational Damage

Reputational damage with clients and partners who require compliant B2B invoices for their own VAT submissions

The waiver is an opportunity for businesses to clean up historical errors without penalty – not permission to delay integration.

The Bigger Picture: Saudi Arabia's E-Invoicing Mandate and Vision 2030

The Fatoora programme is not simply a tax compliance initiative; it is a pillar of Saudi Arabia's national economic transformation under Vision 2030. By digitizing the entire invoicing chain, ZATCA gains real-time visibility into transaction records, enabling it to cross-reference data, identify revenue discrepancies, and reduce VAT leakage at a systemic level.

The phased rollout approach beginning with the largest businesses in Wave 1 and progressively incorporating smaller ones, has been consistently praised for giving businesses adequate time to adapt. With Wave 24, the programme reaches its most commercially significant stage: the point where the vast majority of Saudi Arabia's VAT-registered business community is required to participate.

FOR BUSINESSES, THE STRATEGIC UPSIDE OF COMPLIANCE EXTENDS BEYOND AVOIDING PENALTIES:

PAYMENTS

Fewer disputes,
faster payments

AUDIT

Audit-ready VAT
records

CLIENTS

Clients prefer
compliant suppliers

CREDIBILITY

Builds credibility as
a digital business

Final Word: June 30, 2026 Is Not a Soft Deadline

ZATCA Fatoora Wave 24 compliance is a firm, legally enforced deadline for every qualifying VAT-registered business in Saudi Arabia. The SAR 375,000 revenue threshold brings the Saudi SME e-invoicing mandate into territory that affects the backbone of the Kingdom's commercial activity and the June 30, 2026 date leaves little room for delay.

Businesses that begin their integration journey today by assessing eligibility, selecting a ZATCA-certified solution, and working through the technical onboarding steps have a clear path to compliance. Those that wait risk operational disruption, invoice rejection, and financial penalties at precisely the moment ZATCA's enforcement mechanisms come into full effect.

The Fatoora integration phase is not a regulatory checkbox. It is a transformation of how businesses in Saudi Arabia create, verify, and exchange financial records. Treat it as such and get started now.



JUNE 30, 2026 IS NOT A SOFT DEADLINE

ZATCA Fatoora Wave 24 is a firm, legally enforced mandate. Start your integration journey today!

Contact Us

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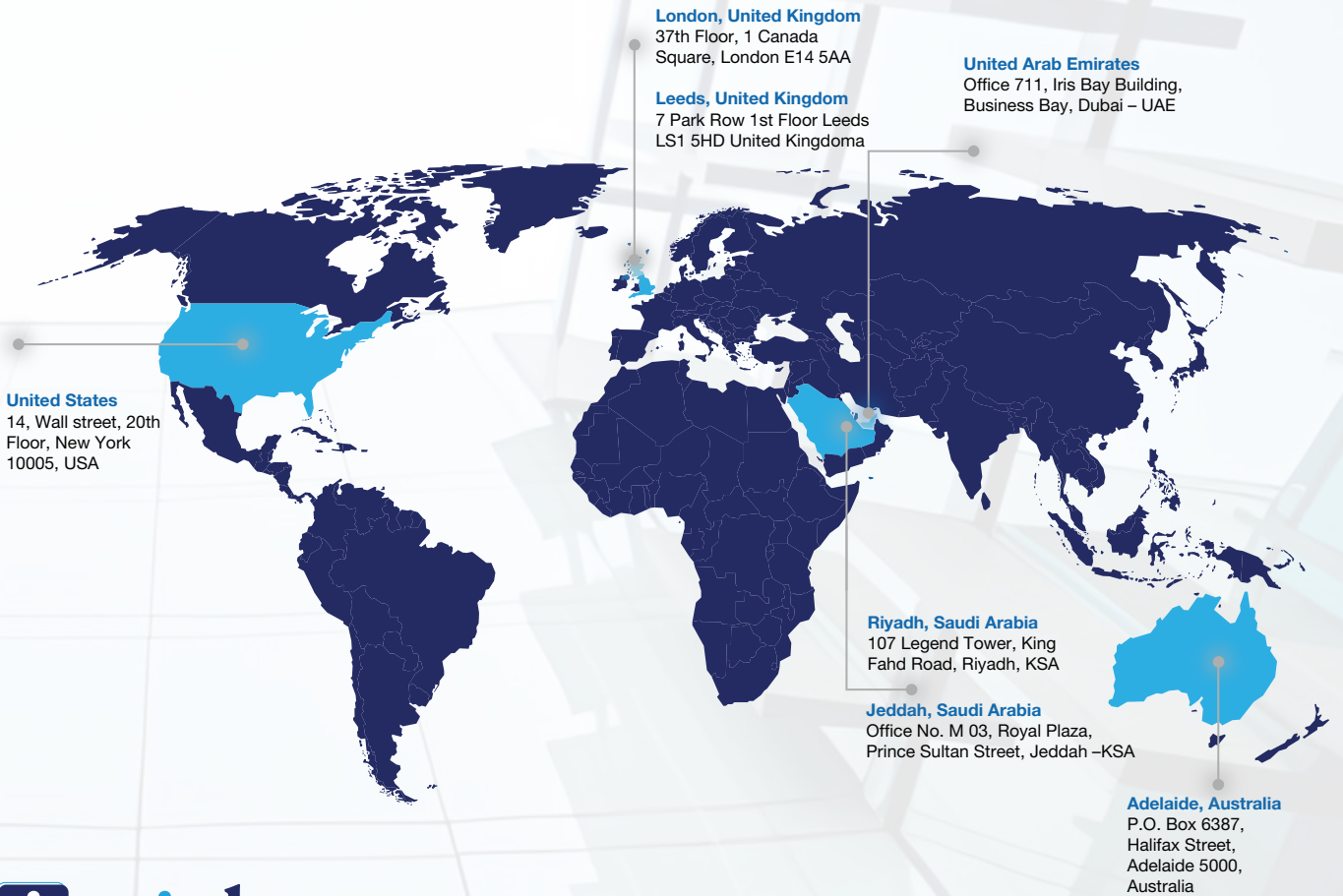
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Navigating Complexity, Simplifying Success

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