

# **THE LAW OF COMMERCIAL BOOKS**

**Royal Decree No. M/61  
17 *Dhu al-Hijjah* 1409 / 27 June 1989**

**Article 1:**

Every merchant shall keep the commercial books required by the nature and importance of his trade in a way that shows his exact financial status and the rights and obligations pertaining to his trade. These Books shall be in order and in Arabic. He shall also keep at least the following books:

- Journal in its original form
- Inventory Book
- General Ledger

Exempted from keeping these books is the merchant whose capital does not exceed one hundred thousand riyals.

**Article 2:**

Establishments and companies which use computers for their accounts may electronically store the data of the commercial books. The Implementing Regulations shall specify the procedures and rules that ensure the accuracy and security of the data stored.

**Article 3:**

All financial transactions carried out by the merchant and his personal withdrawals shall be recorded in the original Journal on a daily basis in detail, except for personal withdrawals which may be recorded in total, month by month. The merchant may also use subsidiary journals to record the details of different kinds of financial transactions. In this case only the total of these transactions is recorded in the original Journal, on regular intervals, based on these journals. If this procedure is not followed, each subsidiary journal shall be deemed an original journal.

**Article 4 :**

Details of the goods available with the merchant at the end of his fiscal year shall be recorded in the Inventory Book, or an overall summary of such goods, if the details are recorded in separate books or lists. In this case, these books and lists shall be deemed complementary to the said Book. A copy of the

annual statement of the financial position of the merchant shall also be recorded in the Inventory Book, if the same is not recorded in another book.

**Article 5:**

Financial transactions of similar nature shall be carried forward from the Journal to the General Ledger in such a way as to make it possible to deduce the result of each account easily at any time.

**Article 6:**

The merchant shall keep an exact copy of all correspondence and documents relating to his trade, issued or received by him, and shall be kept in a regular way that facilitates review of the accounting entries, and ensures, where necessary, ascertainment of profits and losses.

**Article 7:**

The Books provided for in this Law shall conform to the form specified by the Ministry of Commerce, and the pages of these Books shall be numbered.

**Article 8:**

The merchant and his heirs shall keep the Books provided for in this Law and the correspondence and documents referred to in Article 6 for a period of at least ten years.

**Article 9:**

It is presumed that all entries recorded in the merchant's Books have been recorded with his knowledge and consent, unless proved otherwise

**Article 10:**

When considering a lawsuit, the competent judicial authority may decide, on its own or upon a request by one of the litigants, the submission of the commercial Books in order to examine the entries relating to the disputed issue and to make necessary inferences. In the event the merchant refuses to submit

his commercial Books, the competent judicial authority may deem his refusal as evidence proving the truth of the facts required to be proved by the books.

**Article 11:**

The violations of the provisions of this Law and the decisions issued for its implementation shall be investigated by officers appointed by a decision of the Minister of Commerce.

**Article 12:**

Whoever violates the provisions of this Law or regulations and decisions issued for its implementation shall be punished with a fine not less than five thousand riyals and not exceeding fifty thousand riyals.

**Article 13:**

The Board of Grievances shall have the jurisdiction to impose the punishments provided for under this Law.

**Article 14:**

Articles 6, 7, 8, 9 and 10 of the Law of Commercial Court issued by the Order No. 32, dated 15/1/1350H shall hereby be repealed as well as any other provision conflicting with the provisions of this Law.

**Article 15:**

The Minister of Commerce shall issue the regulations and decisions necessary for the implementation of this Law.

**Article 16:**

This Law shall be published in the Official Gazette and shall come into effect after six months from the date of its publication.