

Saudi Arabia: Approved amendments to the Real Estate Transaction Tax Regulations

August 2022





In brief

The Board of Directors of Zakat, Tax and Customs Authority ('ZATCA') has approved the amendments to various Articles of the Real Estate Transaction Tax ("RETT") Regulations.

The announcement, published on the official gazette, can be accessed [here](#). The RETT Regulations with approved amendments, available in Arabic at the moment, can be accessed [here](#).

These amendments will take effect as of 19 August 2022.

In detail

A draft of the proposed amendments to the RETT Regulations was issued by ZATCA on 27 June 2022 for public consultation on the National Competitiveness Centre platform. The news alert issued by PwC along with relevant details can be accessed [here](#).

The Board of Directors of ZATCA on 11/01/1444 AH (corresponding to 9 August 2022) approved, by adopting Ministerial decision No. 2569, all the proposed amendments issued earlier during June 2022 without any changes.

Below is the approved text of amendments to Article 3 of the RETT Regulations:

Reference	Status	Approved text
Article Three	Addition	16 - Disposal of real estate by a natural person or a company established in the Kingdom who owns, directly or indirectly, all of its units or shares, provided that there is no change in the percentage of his ownership in the company that he is disposing to for a period of no less than five years from the date of the real estate disposal.
	Addition	17 - Disposing of real estate between companies in which all of its units or shares are owned directly or indirectly by the same person, provided that there is no change in the ownership percentage of that person in the company that he is disposing to for a period of no less than five years from the date of real estate disposal.



The amendments aim to extend exemption from RETT application in certain additional cases.

The Gregorian calendar should be used for dates and periods stipulated in RETT regulations.





Approved text of amendments to Article 3 of the RETT Regulations (continued)

Reference	Status	Approved text
Article Three (continued)	Addition	18 - Disposal of real estate by any person to a real estate developer licensed to practice off-plan sale and lease activities in accordance with the laws, regulations, controls and instructions enforce in the Kingdom, provided that the real estate is designated for an off-plan sale project and a license has been issued by the Off-Plan Sale and Leasing Committee.
	Addition	19 - Disposal of the real estate with no consideration to a company incorporated in the Kingdom in which all of its units or shares are owned, directly or indirectly, by an offspring Civil endowment or offspring charitable endowment, provided that there is no change in the ownership percentage of the endowment in the company that the real estate is disposed to it for a period of five years from the date of the disposal.
	Addition	20 - Returning the real estate to its previous owner as a result of canceling the authenticated real real estate disposal - at the notary or the certified notary - by mutual consent between its parties, within a period not exceeding (90) days from the date of authentication of the real estate disposal subject to cancellation and provided that no change occurred in the description of the property and the full value of the property was refunded.



Approved text of amendments to Articles 6 and 12 of the RETT Regulations

Reference	Status	Approved text
Article 6	New text added	<p>The tax shall be refunded in any of the following cases:</p> <ol style="list-style-type: none">1- Tax paid in excess or in error, or on an incomplete real estate disposal.2- The tax paid on a canceled real estate disposal, provided that all conditions mentioned in paragraph (20) of item (a) of Article (3) of this Regulation are met.
Article 12	New paragraph added	<ol style="list-style-type: none">4- The dates and periods stipulated in this regulation are calculated according to the Gregorian calendar.

ZATCA has also issued a new version of the RETT Implementing Regulations after incorporating the approved amendments which can be accessed [here](#).

The takeaway

Taxable persons are recommended to review the approved amendments and ensure implementation readiness from the effective date (i.e. 19 August 2022).

In addition, the changes should be carefully considered while disposing a real estate property and planning restructure or contemplating a transfer of real estate properties to ensure compliance with the amended provisions of the RETT Regulations.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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Thank you

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