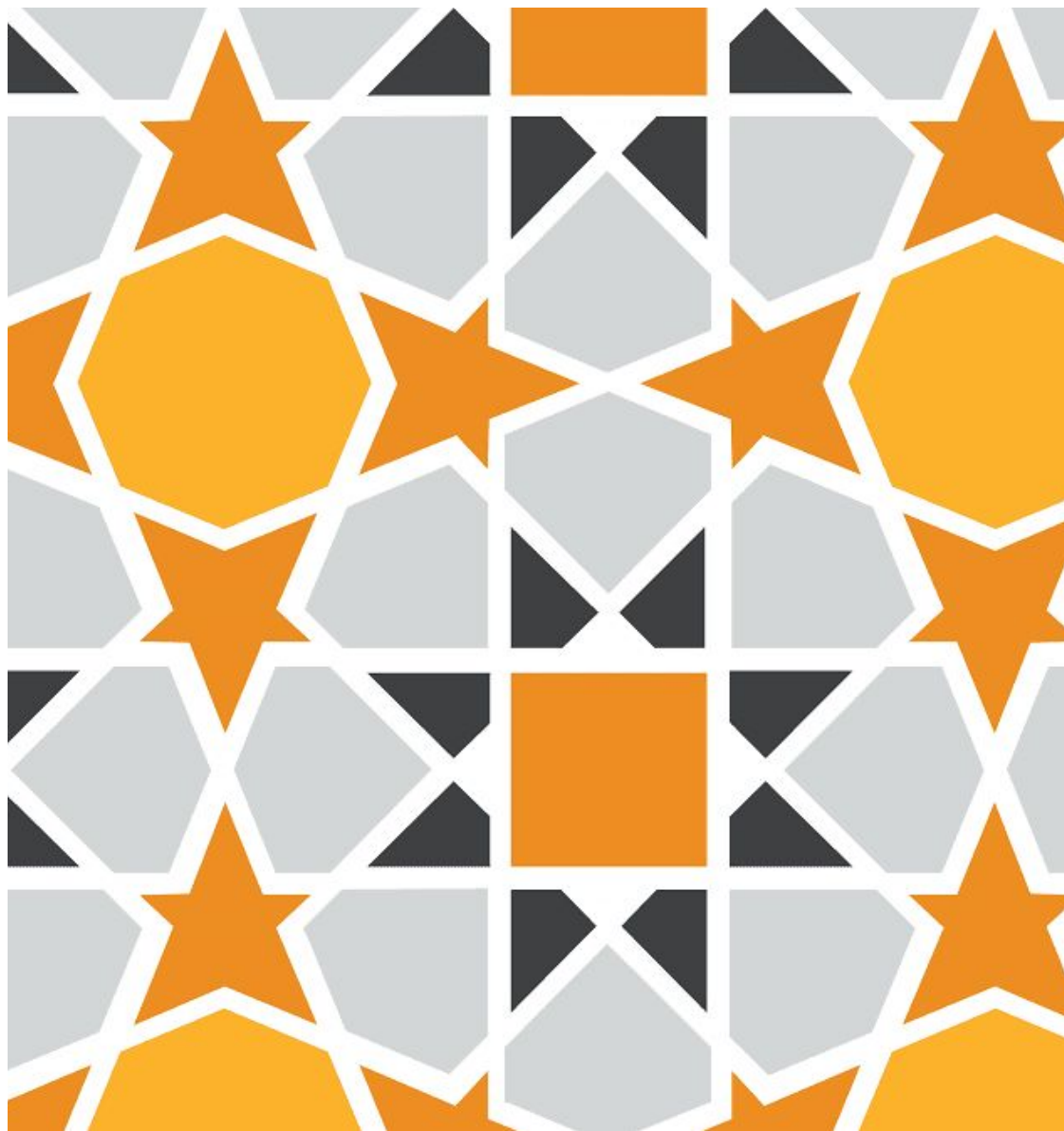


Saudi Arabia: Approved Rules and Procedures for VAT recovery by Licensed Real Estate Developers

August 2022





In brief

The Board of Directors of Zakat, Tax and Customs Authority ('ZATCA') have approved the new Rules and Procedures ('Rules') related to input VAT recovery by qualified/licensed real estate developers on purchased goods and services in KSA in relation to their exempt supplies of real estate.

The Rules, available only in Arabic at the moment, are published in the official gazette and can be accessed [here](#) with an effective date of 29 July 2022.

In detail

In May 2022, a draft of the Rules was released by ZATCA for public consultation on the National Competitiveness Centre platform. The PwC Middle East news alert on this matter can be accessed [here](#).

On 29 July 2022, ZATCA approved the proposed Rules with slight changes by adopting Ministerial decision No. 1754.

The approved Rules shall be considered an integral part of the provisions contained in Article 70(14) of the VAT Implementing Regulations. In the event of conflict with the aforementioned provisions, these provisions shall take precedence.

In summary, the approved Rules contain 18 rules and mainly cover:

- Process of submission of qualified real estate developer application;
- Review and verification of the application by ZATCA and approval by the Minister of Finance;
- Exceptions related to allowing real estate developers to refund input VAT incurred prior to obtaining eligible person status;
- Requirements to file a VAT refund application;
- VAT refund filing frequency;
- Records retention requirement by the qualified/ licensed real estate developer;
- Examination of the status of compliance of the qualified real estate developer with the relevant provisions, etc.

In case you wish to know more about these rules, please contact your regular PwC advisor or one of the PwC contacts mentioned hereafter.



The approved Rules shall be considered as an integral part of provisions of Article 70(14) to the VAT Implementing Regulations and are binding for all relevant stakeholders



The takeaway

Taxable persons are recommended to review the approved Rules and procedures and ensure implementation readiness from the effective date (29 July 2022).

In addition, the rules and procedures should be carefully considered by qualified/licensed real estate developers while applying for registration as eligible persons or submitting VAT refund applications to ensure compliance with the applicable 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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