

Saudi Arabia: Proposed amendments to the RETT Implementing Regulations

July 2022





In brief

The Zakat, Tax and Customs Authority (ZATCA) has proposed amendments to certain Articles of the Real Estate Transaction Tax (“RETT”) Implementing Regulations.

The [proposed amendments](#) (available only in Arabic) were published on the Public Consultation Platform of the National Competitiveness Center on 27 June 2022 - for public consultation.

Interested parties, stakeholders and taxpayers are encouraged to express their opinions on [this platform](#) and share feedback on the proposed amendments no later than 11 July 2022.

In detail

Amendments have been proposed by ZATCA to Articles 3, 6 and 12 of the RETT Implementing Regulations with a focus on clarifying RETT treatment for certain transactions including for financial services sector. The proposed amendments are mentioned below.

Article reference	What has been added/changed
(3) New exceptions	The disposal of real estate by a natural person to a company established in the Kingdom who owns - directly or indirectly - all its share or shares, provided that there is no change in the percentage of his ownership in the acquired company for a period of no less than five years from the date of the real estate disposal.
	Disposal of real estate between companies in which all of its shares or shares owned directly or indirectly by the same person, provided that there is no change in the ownership percentage of that person in the acquired company for a period of no less than five years from the date of the real estate disposal.
	Disposal of real estate by any person to a real estate developer licensed to engage in off-plan sale and rent activities in accordance with the laws, regulations, controls and instructions in force in the Kingdom, provided that the real estate is designated for one of the off-plan sales projects, and a decision issued by the Off-plan Sale and Rent Committee.



The proposed amendments provide certain new exceptions to RETT application and clarify the instances of RETT refund. The suggested amendments are subject to public consultation.





Article reference	What has been added
<p>(3) New exceptions</p>	<p>Disposal of real estate free of charge to a company established in the Kingdom, where all of its shares or shares are owned, directly or indirectly, by a charitable endowment, provided that there is no change in the percentage of ownership of the endowment in the company for a period of five years from the disposal date</p>
	<p>Returning the property to its previous owner as a result of the cancellation of the real estate disposal documented with the notary or the accredited notary by mutual consent between its parties, within a period not exceeding (90) days from the date of documenting the real estate disposal subject of the cancellation, provided that no change occurred in the description of the property and the full value of the property was refunded.</p>
<p>(6) New text added</p>	<p>The tax shall be refunded in any of the following cases: 1- The tax paid in excess or in error, or on an incomplete real estate disposal transaction. 2 - The tax paid on a canceled real estate disposal, provided that all the conditions mentioned in paragraph (20) of item (a) of Article 3 of these regulations are met.</p>
<p>(12) New paragraph added</p>	<p>The dates and periods stipulated in this regulation are calculated according to the Gregorian calendar</p>

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

The takeaway

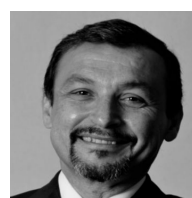
The suggested amendments to the RETT Implementing Regulations are subject to public consultation. Impacted stakeholders are recommended to review the proposed amendments and provide their comments to ZATCA on the draft amendments no later than 11 July 2022.

This is a unique opportunity to share views by relevant stakeholders that might be considered for improvement.

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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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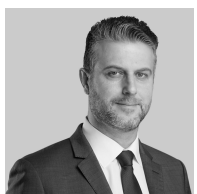


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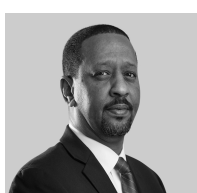


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Thank you

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