

# Saudi Arabia: Refund of input VAT to qualified real estate developers under Decision No. 04-08-22

October 2022



## In brief

The Board of Directors of the Zakat, Tax and Customs Authority ('ZATCA') has issued a decision under Rule no. 5 of the "Rules and Procedures for recovery of Value Added Tax by Real Estate Developers Qualified for VAT Recovery" earlier issued by ZATCA, and further clarified the instances for recovery of VAT by qualified real estate developers.

The decision was published on the Official Gazette on 14 October 2022. The decision, only available in Arabic at the moment, can be accessed [here](#).

This decision will take effect as of 3 October 2022 (issuance date).

## In detail

The decision No. 04-08-22 dated 07/03/1444 AH (corresponding to 03 October 2022) in relation to the recovery of VAT by qualified real estate developers has been issued by ZATCA with reference to the following:

- VAT Implementing Regulations - Article 70 paragraph 14
- Ministerial decision number 1754 issued on 15/04/1442 AH (corresponding to 30 November 2020)
- Rules and Procedures for Recovering Value-Added Tax by Real Estate Developers Qualified for VAT Recovery - Rule No. 5

The summary of the decision issued by ZATCA includes the following:

1. All real estate developers (eligible for refund) whose application was accepted by ZATCA before this decision are allowed to claim refund of input VAT on purchase of goods and services in relation to exempt supply of real estate provided that they satisfy the conditions (First - Third) set forth under the Ministerial Resolution No. (1754) dated 04/15/ 1442 AH.

Such real estate developers can claim refund of input VAT from the date from which they meet the conditions set forth under the Ministerial Resolution No. (1754) as mentioned above or 4 October 2020 whichever comes later. Such input VAT can be claimed with the refund request of last quarter of calendar year 2022 or with the annual VAT refund request to be filed for calendar year 2022 as the case may be.



Eligible real estate developers are now allowed to claim input VAT refund from the date they satisfy the conditions set forth under Ministerial Resolution No. 1754 or 4 October 2020 whichever comes later.





2. Real estate developers, who are eligible for refund VAT on supplies of goods or services related to exempt real estate supplies, are allowed to refund input VAT in the event that they are unable to register with ZATCA as qualified real estate developers due to a circumstance beyond their control.

Such real estate developers may submit a request to ZATCA to allow them to refund VAT for previous periods provided that conditions as set forth under the Ministerial Resolution No. (1754) (First - Third) are satisfied and they can provide the reasons for the delay in submitting the application for registration with ZATCA along with the evidence that this was beyond their control.

3. The Governor of ZATCA is authorized to consider and approve the requests referred to in item (2) of this decision.
4. This decision shall be communicated to whomever is required to implement it, and shall be enforced from the date of its issuance.



# The takeaway

Taxpayers who are engaged in the supply of real estate and/or acting as real estate developers are recommended to familiarize themselves with this decision, rules of recovery of input VAT as well as other related guidance issued by ZATCA in order to optimize tax efficiencies and to identify and avoid tax leakage.

[www.pwc.com/me](http://www.pwc.com/me)

## Let's talk

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

	<b>Mohammed Yagmour</b>
	Middle East Tax & Legal Services Leader
	+966 56 704 9675
	<a href="mailto:mohammed.yagmour@pwc.com">mohammed.yagmour@pwc.com</a>

	<b>Mohammed Al-Obaidi</b>
	KSA Market Leader
	+966 50 525 6796
	<a href="mailto:mohammed.alobaidi@pwc.com">mohammed.alobaidi@pwc.com</a>

	<b>Chadi Abou Chakra</b>
	Indirect Taxes Network Leader
	+966 56 068 0291
	<a href="mailto:Chadi.Abou-Chakra@pwc.com">Chadi.Abou-Chakra@pwc.com</a>

	<b>Guido Lubbers</b>
	Partner - Indirect Tax
	+966 54 110 0432
	<a href="mailto:guido.lubbers@pwc.com">guido.lubbers@pwc.com</a>

	<b>Hafez Yamin</b>
	Partner, Indirect Tax
	+966 54 033 7096
	<a href="mailto:hafez.y.yamin@pwc.com">hafez.y.yamin@pwc.com</a>

	<b>Mohamad Najjar</b>
	Partner, Indirect Tax
	+966 56 367 9392
	<a href="mailto:mohamad.x.najjar@pwc.com">mohamad.x.najjar@pwc.com</a>

# Thank you

©2022 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.