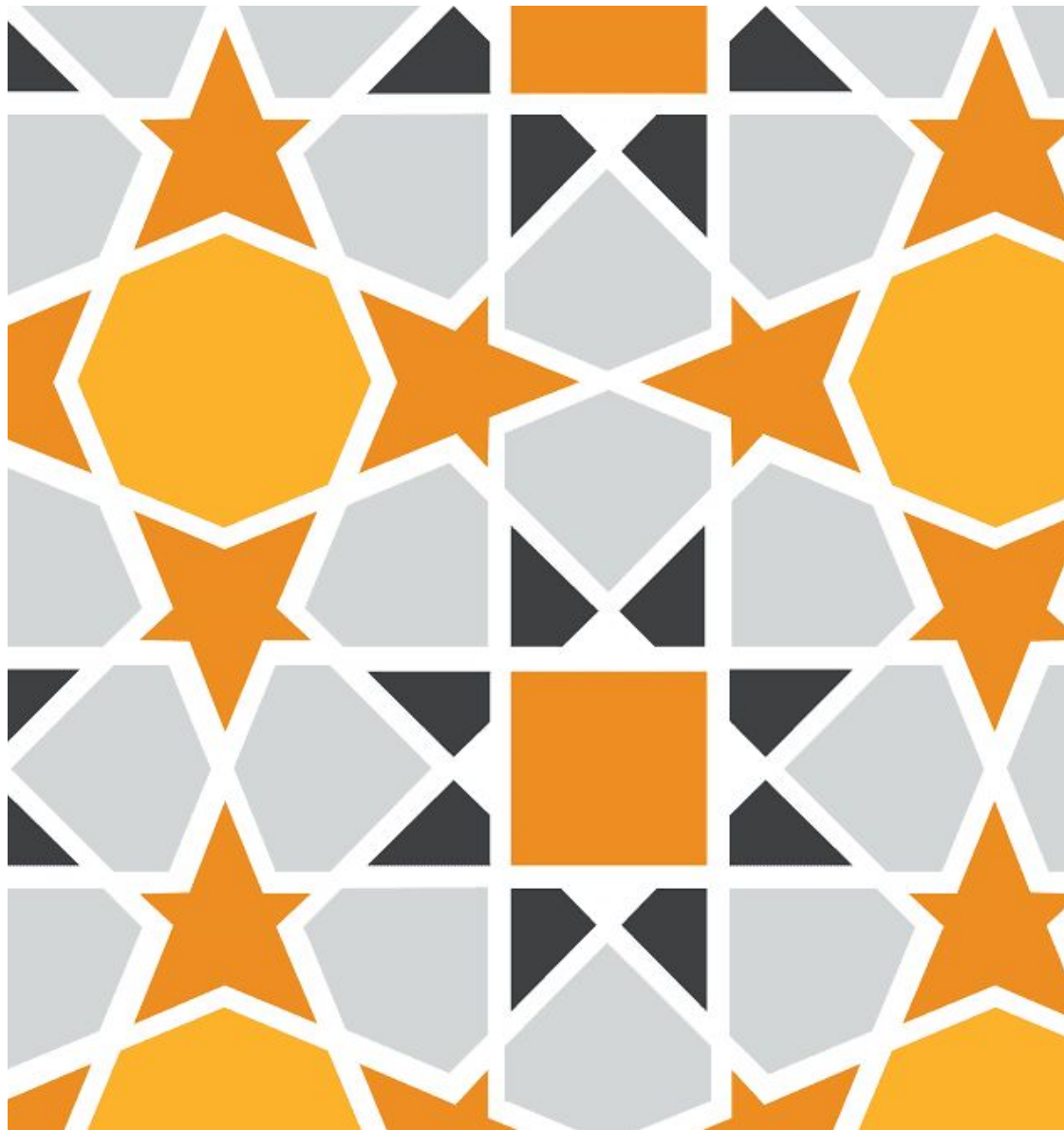


# Saudi Arabia: Approved Amendments to the RETT Implementing Regulations

August 2023





## In brief

The Minister of Finance and Chairman of the Board of Directors of Zakat, Tax and Customs Authority ('ZATCA'), through decision number (1331) dated 07/01/1445 (corresponding to 25 July 2023) has approved amendments/additions to certain provisions of the RETT Implementing Regulations.

The approved amendments/additions have been published in the official Gazette on 11 August 2023 and can be accessed [here](#). The announcement is accessible through this [link](#).

The effective date of the aforesaid amendments/additions is from the date of publication in the official Gazette (i.e. 11 August 2023), as the announcement states.

## In detail

Highlights of the approved amendments have been reproduced hereunder for ease of reference. ZATCA has only issued an Arabic version of these amendments as of now.

Article reference	What has been changed?
Amendment to sub-paragraph (16) of Article 3 (A)	<p>The exemption from RETT has also been extended to include the disposal of real estate by a natural person to an 'Investment fund' incorporated in the KSA, where all of its units are owned directly or indirectly by the same person (this includes the case of matching the full ownership percentage of natural persons in the real estate and the entity to whom such disposal is being made).</p> <p>The above exemption is available subject to no change in the ownership percentage in the entity to whom the disposal has been made for a period of not less than five years from the date of real estate disposal.</p>
Amendment to sub-paragraph (17) of Article 3 (A)	<p>The availability of exemption has been clarified/ expanded further to include the following:</p> <ul style="list-style-type: none"> <li>• Real estate disposal between KSA established companies where one of the entities owns directly or indirectly all the shares of the other company.</li> <li>• Real estate disposal between a company and an investment fund established in KSA where the company owns all the units of the fund directly or indirectly.</li> <li>• Real estate disposal among companies or investment funds established in KSA where all of their shares or units are owned by the same persons directly or indirectly.</li> </ul> <p>In all cases, the shares or units, as the case may be, of the entity to whom disposal has been made shall remain owned by the same persons (directly or indirectly) for a period of not less than five years from the date of the real estate disposal.</p>



The approved amendments clarified/ extended the application of exceptions from RETT to certain real estate disposal transactions and are effective from 11 August 2023 (the date of publication in the official Gazette, as the announcement states).





## In detail (Cont'd)

Article reference	What has been changed?
<p>Addition to Article 11 - Obligation of the tax guidelines, publications and explanatory decisions on the Zakat, Tax and Customs Authority</p>	<p>This addition is aligned with the recent changes made to other tax regulations whereby ZATCA is aiming to:</p> <ul style="list-style-type: none"> <li>• Spread awareness among registrants and strengthen the degree of their voluntary commitment by issuing necessary guides or tax circulars.</li> <li>• Issue explanatory decision to clarify the tax treatment of any transaction in accordance with the provisions of the Regulations</li> <li>• Commit to the content of the interpretations contained in the tax guidelines, circulars, or ruling decisions while applying the provisions of the regulations to the periods following the issuance, publication, or amendment of these guidelines, tax circulars, or explanatory decisions.</li> </ul> <p>This, however, will not extend to the periods prior to the issuance of publication or amendment and in the following cases:</p> <ol style="list-style-type: none"> <li>a. The actual facts, activities or transactions differ from those specified in the guidelines, tax circulars or explanatory decisions.</li> <li>b. Omission or misrepresentation of material facts.</li> <li>c. Transactions that do not meet the assumptions or requirements contained in the guidelines, tax circulars or explanatory decisions.</li> </ol> <p>The purpose of this addition is to clarify how the provisions of the Regulations are applied to a specific transaction that includes a specific set of facts, and it is not intended to give ZATCA the power to provide any exception, exemption, privilege, discount or any other advantage other than what is permissible under the provisions of the regulations.</p>

PwC previously issued a news alert highlighting the changes ZATCA intended to incorporate in these Articles of the RETT Implementing Regulations, which can be accessed through [this link](#).

The approved amendments are different from what was proposed earlier and should be referred to for further clarification.



# The takeaway

Taxable persons are recommended to review the approved amendments and immediately start assessing the impact of these changes on their business transactions, processes and system.

[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

©2023 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.