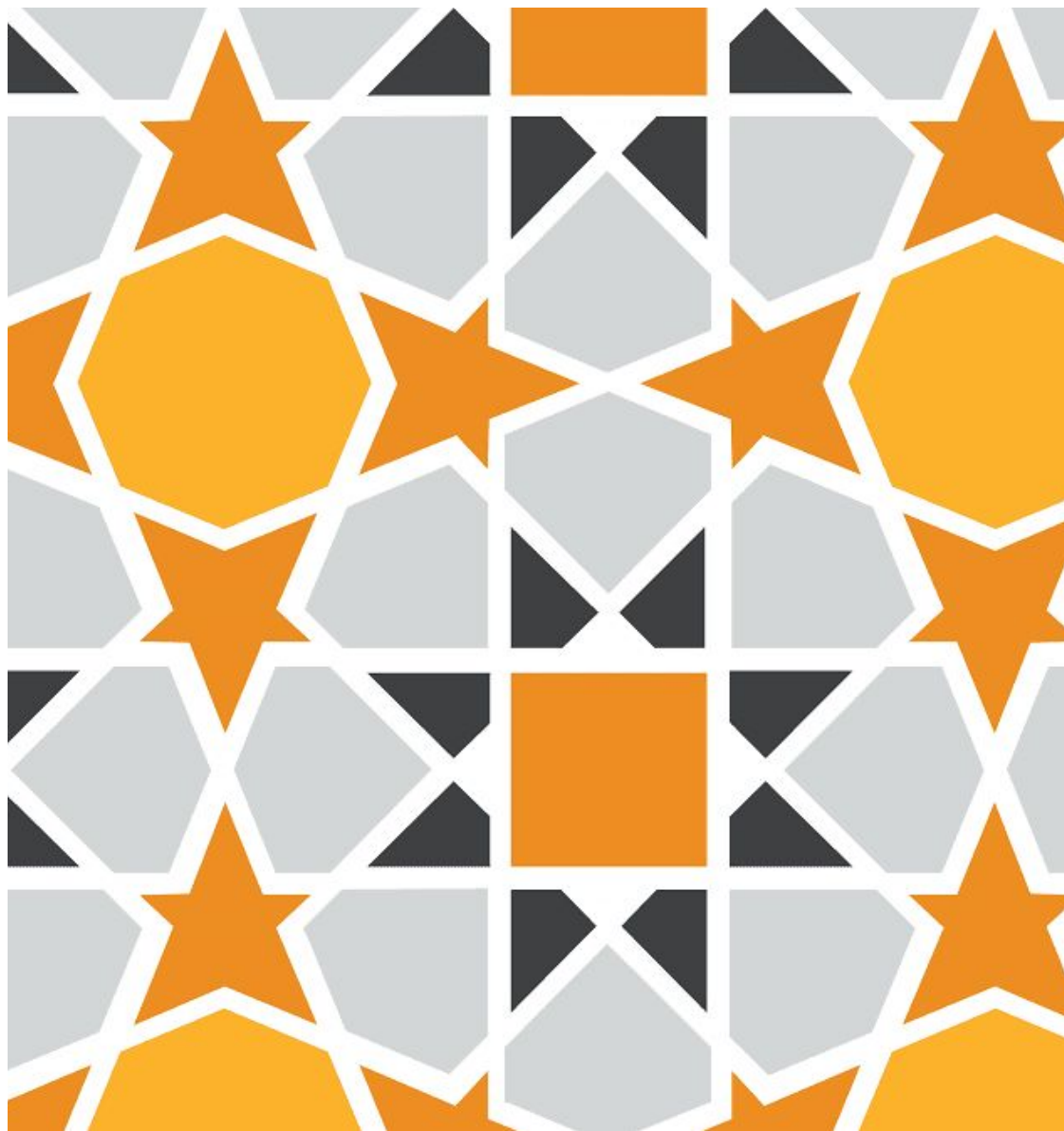


Saudi Arabia: Proposed amendments to the VAT recovery rules by Licensed Real Estate Developers

January 2024





In brief

The Zakat, Tax and Customs Authority ('ZATCA') have published proposed amendment relating to VAT recovery by qualified licensed real estate developers, on goods and services purchased by them in relation to their exempt supplies of real estate, for public consultation.

The [proposed amendments](#) (available only in Arabic language) were published on the Public Consultation Platform of the National Competitiveness Center on 10 January 2024 - for public consultation.

Interested stakeholders and taxpayers are encouraged to express their opinions - [on this platform](#) - and share feedback on such proposed changes no later than 8 February 2024.

In detail

Through the proposed additional cases, ZATCA is aiming to amend Articles 1 and 2 of the decision No. 04-08-22 dated 07/03/1444 AH (corresponding to 03 October 2022) which was issued earlier in relation to the recovery of VAT by qualified real estate developers.

Below is the summary of the proposed changes:

Article ref.	What has been proposed?
1	<ul style="list-style-type: none"> ● All eligible real estate developers will be allowed to retroactively claim a refund of VAT paid on their purchases related to qualified real estate supplies effective from 4 October 2020. ● The refund requests need to be submitted to ZATCA maximum by last period in the calendar year following the issuance of a decision by the governor. ● This period will be subject to extension by a decision from the governor, taking into consideration the following conditions: <ol style="list-style-type: none"> a. The qualified real estate developer must be registered as a taxable person with ZATCA during the period for which they are claiming VAT refund. b. VAT returns need to be amended by excluding the invoices which will be claimed as a qualified person for refund. c. The invoices/ VAT amount excluded from the VAT returns need to be submitted as part of the refund request. d. The qualified real estate developer should evidenced that VAT was paid on the invoices against which refund request is filed.
2	<ul style="list-style-type: none"> ● Eligible real estate developers, whose properties were under suspension by the relevant authority, are permitted to refund VAT on goods or services related to qualified real estate transactions when the suspension is lifted. ● This applies to supplies eligible for a refund and is proportionate to the extent linked to qualified real estate. ● A key condition is including the VAT in the refund application submitted during the period when the suspension is lifted, with a maximum limit extending to the recent period of the calendar year in which the suspension was lifted.



The proposed amendments aim to improve the VAT recovery by licensed real estate developers which they are unable to claim due to procedural steps.

The proposed changes have been issued for public consultation and are not yet enforced. If approved, these will become binding for all relevant stakeholders.



The takeaway

The public consultation forum presents a unique opportunity for interested stakeholders to share views and highlight any improvement areas regarding the proposed amendments. Any feedback should be shared with ZATCA no later than 8 February 2024 through the prescribed channel.

In addition, taxpayers might want to assess the impact of these changes on their tax position and prepare to take the necessary actions once these new regulations enter into force.

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Let's talk

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

	Jochem Rossel
	COO Tax & Legal Services Middle East
	+971 (0) 50 225 6909
	jochem.rossel@pwc.com

	Mohammed Al-Obaidi
	KSA Market Leader
	+966 50 525 6796
	mohammed.alobaidi@pwc.com

	Chadi Abou Chakra
	Indirect Taxes Network Leader
	+966 56 068 0291
	Chadi.Abou-Chakra@pwc.com

	Guido Lubbers
	Partner - Indirect Tax
	+966 54 110 0432
	guido.lubbers@pwc.com

	Hafez Yamin
	Partner, Indirect Tax
	+966 54 033 7096
	hafez.y.yamin@pwc.com

Thank you

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