

# Saudi Arabia: Proposed Amendments to the RETT Regulations

December 2023





## In brief

The Zakat, Tax and Customs Authority ('ZATCA') has published proposed amendments to the various provisions of the Implementing Regulations of the Real Estate Transaction Tax ('RETT').

The [proposed amendments](#) were published on the Public Consultation Platform of the National Competitiveness Center on 5 December 2023 - for public consultation.

Interested stakeholders and taxpayers are encouraged to express their opinion on the platform and share feedback on the proposed amendments no later than 20 December 2023.

## In detail

Summary of the proposed amendments is as follows:

Article reference	What is the proposed change?
<p>Proposed amendment to sub-paragraph (14) of Article 3 (A)</p>	<ul style="list-style-type: none"> <li>Exemption from RETT application on disposal of real estate to a company is proposed to be extended to any person provided that real estate was recorded in the company's assets before the effective date of the regulation and that person is a shareholder in that company on the date the real estate is recorded in the company's assets. Currently it is limited to shareholder/co-owner.</li> <li>The certification required vis-a-vis inclusion of real estate in the company's assets before the effective date of RETT regulations is now proposed to be obtained from a licensed Public Accountant currently it is required from a licensed Chartered Accountant.</li> </ul>
<p>Proposed amendment to sub-paragraph (15) of Article 3 (A)</p>	<ul style="list-style-type: none"> <li>RETT exemption on disposal of real estate as an in kind contribution is proposed to be extended to all types of real estate funds. Currently real estate funds established for renting purposes are excluded from this exemption.</li> <li>The above exception will be conditional on (i) non disposing of the fund's units or shares related to real estate disposal until the date of termination or liquidation of the fund; or (ii) for a period of five years from the date of registration or ownership of the units or shares, whichever comes first.</li> </ul>



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





## In detail (Cont'd)

Article no.	Description
Proposed addition of paragraph (C) to Article 3	<ul style="list-style-type: none"><li>Change in the ownership percentage by listing or re-listing of shares of the company or a fund in accordance with the rules and regulations of the Capital Market Authority will not be considered as breach of the condition of not disposing of the shares or units related to the exempted real estate disposal.</li></ul>
Proposed amendment to Article 4	<ul style="list-style-type: none"><li>The date of disposal in relation to the build, own, operate and transfer projects will be the date of actual transfer of ownership or possession to whom the real estate is disposed to has been proposed to be added.</li></ul>

# The takeaway

The public consultation forum presents a unique opportunity for interested stakeholders to share views and highlight any improvement areas regarding the proposed amendment to the RETT regulations.

Any feedback should be shared with ZATCA no later than 20 December 2023.

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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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