



Saudi Arabia

New RETT Implementing Regulations

May 2025

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In brief

The Board of the Zakat, Tax and Customs Authority (ZATCA) has approved and issued new Implementing Regulations for the Real Estate Transaction Tax (RETT), following the enactment of the updated RETT Law and a public consultation launched in February 2025.

The new regulations came into effect on 9 April 2025 and are available through the following [link](#). The key highlights include:

Key Highlights	Description
Scope of RETT	The 5% Real Estate Transaction Tax (RETT) rate continues to apply to all real estate disposals, except where specific exemptions or exclusions apply. The tax base also includes the value of movable assets that are permanently allocated to serve the property, even if not physically attached, as well as any principal or accessory real rights associated with the real estate.
Disposal of shares in a Real Estate Company – the 30% rule.	While the disposal of shares in real estate companies is generally treated as a real estate disposal, the new regulations introduce an exclusion for the sale of shares where a person or group, acting under an agreement or understanding, transfers less than 30% of the shares in one or more linked transactions within any three-year period from the date that person or group ownership in the real estate company has reached 30% or more.
The tax base: Value subject to RETT	<p>Similarly to the previous RETT Implementing Regulations, the total value of a real estate transaction is based on the agreed consideration, whether monetary or in-kind, provided it falls within the fair market value range. However, the new regulations offer greater clarity on how RETT is calculated in specific cases:</p> <ul style="list-style-type: none">• Example 1: For transfers of shares in real estate entities and usufruct rights exceeding 50 years, the tax is assessed on the fair market value of the underlying real estate, proportional to the share transferred.• Example 2: For Build-Own-Operate-Transfer (BOOT) projects, RETT is triggered upon the transfer of ownership and is based on the fair market value at that time.
Exclusions from RETT scope	<p>In addition to the 30% rule outlined above, the new regulations introduce further exclusions from the RETT scope, including the acquisition of shares related to capital increases and the subdivision of property among initial owners without consideration. These exclusions are subject to the fulfillment of specific conditions.</p> <p>The regulations also provide additional clarity on the concept of one-time taxation, which applies when there is unity between the parties, the property, and the transaction value. This principle is particularly relevant in the context of Ijara and Murabaha transactions.</p>
Exemptions	<p>Most of the exemptions provided under the previous RETT Implementing Regulations have been retained. ZATCA has also offered further clarification on existing exemptions including transactions such as:</p> <ul style="list-style-type: none">• Transfers of real estate to public entities and public benefit projects• Governmental transfers <p>In addition, new exemptions have been introduced, covering:</p> <ul style="list-style-type: none">• Mergers and acquisition transactions• Subscription to publicly offered securities of a real estate company• Trading of listed and unlisted securities and units• Forced sales in liquidation. <p>Some of these exemptions are subject to stringent conditions set out in the Implementing Regulations, which must be carefully considered to avoid the risk of forfeiting the exemption and triggering a tax claw back.</p>

The new RETT law and Implementing Regulations are effective from 9 April 2025.

Taxpayers are encouraged to assess the potential impact of the new regulations on their operations and take proactive measures to address any legacy issues, mitigate risks, and ensure forward-looking compliance and planning.

(Cont'd)

Key Highlights	Description
Responsibility of RETT payment	Under the new regulations, the disposer (seller) is primarily responsible for remitting the due RETT to ZATCA. However, the recipient (buyer) may be held jointly liable if there is evidence of their involvement in the failure to pay the tax.
Tax payment due date	As with the previous RETT regulations, the tax must be paid within 30 days from the transaction date or the date of signing an unconditional agreement to transfer shares. The new regulations also specify payment timelines for other scenarios, such as breaches of exemption conditions, non-notarized transactions, and off-plan sales.
Sham or concealed transactions and RETT re-assessment	ZATCA has clarified what constitutes a sham transaction and how RETT will be assessed in such cases. The Authority reserves the right to verify the value of a real estate transaction and may reassess it based on fair market value if the declared value is deemed to be below market value, or if the value is unspecified or undisclosed.
Refund	A new article has been introduced outlining the RETT refund process. Refunds may be claimed in cases of excess or incorrect payments, including for transactions that are incomplete or canceled.
Objections and appeals	The new regulations included the detailed rules and procedures for objections and appeals governed by the provisions set out in the Rules of the Zakat, Tax, and Customs Committees, as well as any subsequent regulations applicable to those committees. In certain cases, ZATCA may also require a cash or bank guarantee equivalent to the unpaid RETT and any associated fines.
Statute of limitation and penalties	ZATCA may verify the transaction value and reassess RETT within three years for transactions disclosed prior to the effective date of the new regulations.

The takeaways

Real estate investors, developers, owners, and intermediaries are strongly encouraged to familiarise themselves with the newly issued RETT Implementing Regulations and assess their impact on both current and future transactions. Ensuring compliance with reporting timelines, exemptions and exclusion conditions, timely payment, and other obligations is critical to avoid potential penalties and enforcement actions.

It is advisable to review existing contracts, transaction structures, and ownership arrangements to identify any tax exposures or planning opportunities, and to determine eligibility for available exemptions or reliefs under the updated framework.

Given the evolving nature of the RETT tax landscape, stakeholders should closely monitor further updates and clarifications from ZATCA to remain fully compliant and well-prepared.

Let's talk

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



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