

وزارة الشؤون البلدية والقروية والإسكان

Ministry of Municipal Rural Affairs & Housing



Implementing Regulations of the Law of White Land Tax

Ministerial Resolution No. 379

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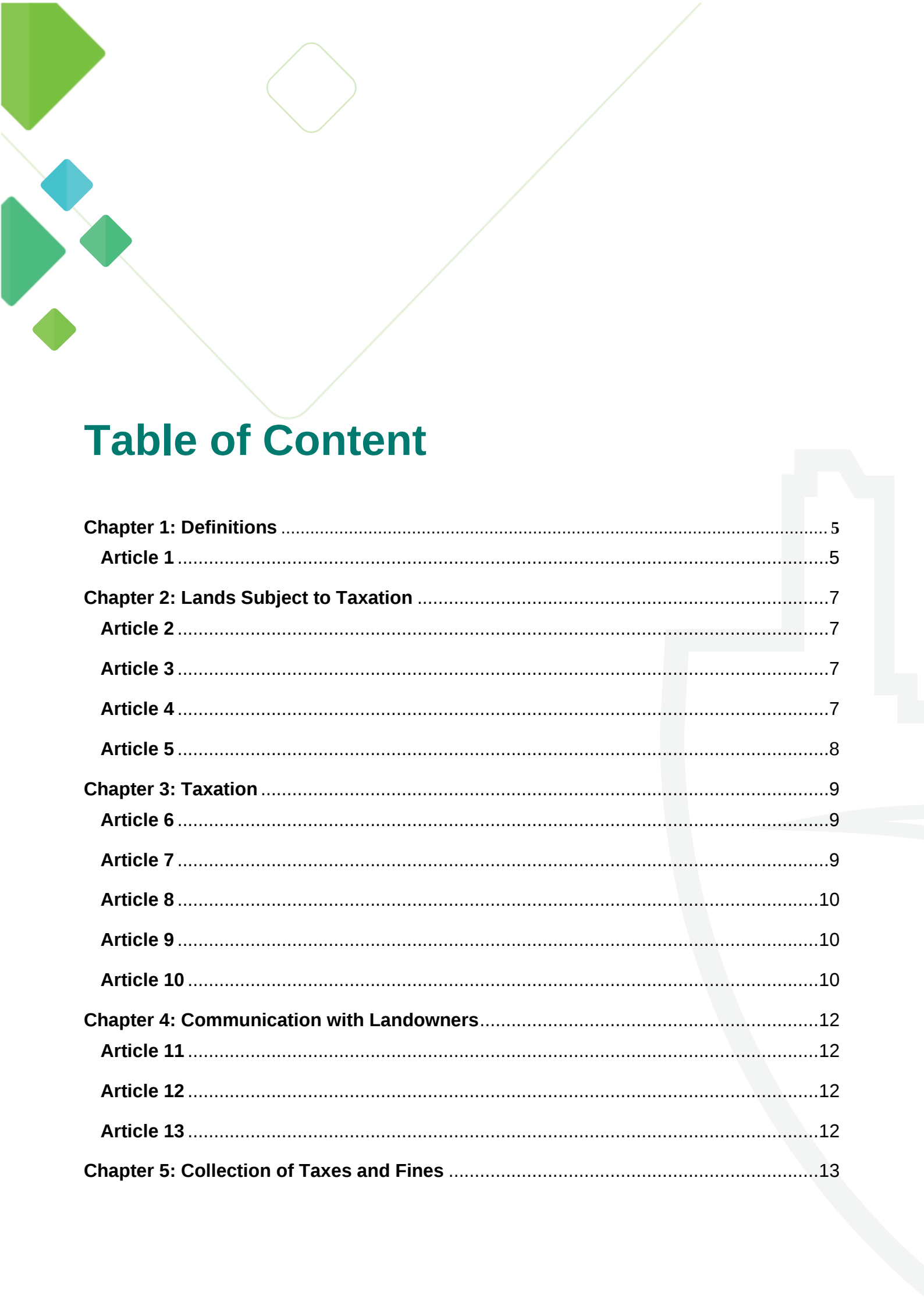


Table of Content

Chapter 1: Definitions	5
Article 1	5
Chapter 2: Lands Subject to Taxation	7
Article 2	7
Article 3	7
Article 4	7
Article 5	8
Chapter 3: Taxation	9
Article 6	9
Article 7	9
Article 8	10
Article 9	10
Article 10	10
Chapter 4: Communication with Landowners	12
Article 11	12
Article 12	12
Article 13	12
Chapter 5: Collection of Taxes and Fines	13

Article 14	13
Article 15	13
Article 16	13
Chapter 6: General Provisions	14
Article 17	14
Article 18	14

NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.

Chapter 1: Definitions

Article 1

In these Regulations, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Minister: Minister of Housing.

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Law: Law of White Land Tax.

Regulations: The Implementing Regulations of the Law of White Land Tax.

Undeveloped Land: A land that is not urbanely developed for its intended purposes under laws and regulations in force at the time of announcement.

White Land: Any undeveloped land designated for residential or commercial-residential use within urban limits.

Landowner: A natural or legal person in whose name the title deed of the land subject to taxation is registered at the time of issuing the relevant decision, including heirs and successors.

Announcement: An announcement issued by the Ministry regarding the lands subject to taxation within a certain stage of the schedule, as specified in Article 6 of these Regulations.

Developed Land: An undeveloped land whose planning is approved by the competent agency.

Urban Development: As for undeveloped lands, it shall mean completing their development, other than approved road networks and the like, in accordance with the regulatory requirements at the time of approval of their plan; as for developed lands, it shall mean completing the construction of residential facilities thereon, other than fencing and the like, in accordance with the building permit issued therefor.

Decision: A decision issued by the Minister determining the fees of a particular land.

City: Any cluster of residents, be it a town, county, or district.

Implementing Regulations of the Law of White Land Tax

Urban Limits: Lines displayed, in accordance with the approved urban zoning rules, in the maps of urban limit documents that indicate the different stages of urban development and the development protection limit and represent the appropriate boundaries for urbanization and potential urban growth within a specified period of time.

Public Utilities: Road, water, electricity, telecommunications, sewerage, and flood drainage networks.

Public Services: Religious, educational, health, security, and similar services that are not included in the statutory percentage for planning.

Chapter 2: Lands Subject to Taxation

Article 2

1. Urban zoning maps and their detailed plans as issued by the competent agencies shall be the reference in urban zoning and land use allocation.
2. Alteration of the urban zoning of a city shall entail the alteration of the area subject to taxation.

Article 3

1. A committee or more shall be formed at the Ministry pursuant to a decision by the Minister and shall comprise at least three members, one of whom must be a valuer from the Saudi Authority for Accredited Valuers.
2. Committee members shall have sufficient expertise in valuation of real property and shall be appointed for a renewable term of three years.
3. The committee shall determine the fair value of the land subject to taxation and shall determine the additional period referred to in Article 9(1)(d) of these Regulations in accordance with applicable rules and criteria stipulated in the Law, the Regulations, and the decisions issued by the Minister. Committee decisions shall be passed by majority vote.
4. Committee work procedures and remuneration of its members shall be issued pursuant to a decision by the Minister.

Article 4

The value of the land subject to taxation shall be determined on the basis of its value on the date of announcement as per the following criteria:

1. Location within the urban limits.
2. Uses.
3. Terrain.
4. Applicable building codes.
5. Availability of public services and accessibility to public utilities.
6. Surrounding commercial, industrial, and social activities and uses which have an impact on residential use.

Article 5

1. For the purpose of determining the value of a land subject to taxation, the availability of public services and accessibility to public utilities shall be determined as follows:
 - a) Availability of public services and utilities that impact land valuation.
 - b) Weight of each service or utility in terms of its necessity for housing.
 - c) Weight of the service or utility shall not change within the same city.
2. 2The Ministry may conduct periodic reviews of the service or utility weight, provided that the aggregate weight for estimating the basic value of a land is calculated pursuant to a formula set by the Ministry.

Chapter 3: Taxation

Article 6

1. Taxation shall be as follows:
 - a) Stage 1: Undeveloped lands with an area of 10,000 square meters or more, located within the zone determined by the Ministry.
 - b) Stage 2: Developed lands with a total area of 10,000 square meters or more and the developed lands owned by the same owner with a total area of 10,000 square meters or more in a single approved plan, located within the zone determined by the Ministry.
 - c) Stage 3: Developed lands with a total area of 5,000 square meters or more and the developed lands owned by the same owner with a total area of 10,000 square meters or more in the same city, located within the zone determined by the Ministry.
2. If a particular stage does not apply to a given city, or if the lands within a given stage are not sufficient to achieve the required balance between supply and demand, the Minister may decide to bypass said stage and proceed to another stage, without prejudice to the imposition of fees to the previous stages.

Article 7

Taxation shall be applied pursuant to the following schedule:

1. The announcement that a city is subject to taxation shall be based on the need to increase the supply of developed lands therein.
2. The Ministry shall conduct a periodic review to determine, in any city, the need for taxation, suspension of taxation, the application of one or more stages, or bypassing a certain stage and proceeding to the following stages in accordance with Article 6 of these Regulations.
3. The Minister may:
 - a) Determine a specific date for each city for the issuance of annual invoices, in accordance with applicable formula for calculating taxes and fees.
 - b) Determine the due amount of tax as a result of amending the invoicing date as

Implementing Regulations of the Law of White Land Tax

per paragraph (a) above, the period of payment as provided in Article 14(3), and the period for completion of land development or construction as stipulated in Article 9(1)(d).

Article 8

To subject a land to taxation, the land must be:

1. undeveloped.
2. situated within the urban limits.
3. designated for residential or commercial-residential use as per the approved plans issued by the competent agency; and
4. within the category of lands subject to taxation, as set forth in Article 6 of these Regulations.

Article 9

1. Land taxes shall not apply if:
 - a) any of the requirements for taxation, as set forth in Article 8 hereof, are not met;
 - b) the landowner is prevented from disposing of such land for a reason he did not cause or contribute to.
 - c) the landowner is unable to obtain licenses and permits for the development or construction of the land for a reason he did not cause or contribute to; and
 - d) the land development or construction is completed within a year from the date of issuance of the decision. The Minister may decide to extend such period for another year depending on the area and nature of the land. If additional period is required, the committee shall determine such period, subject to the approval of the committee formed under the Council of Ministers Resolution No. 94, dated 11/2/1439H. If said land is not developed or constructed within the additional period, taxes shall be collected for such period.
2. If part of the land is no longer subject to taxation, the remainder of the land shall be subject to taxation if such remainder falls within categories subject to taxation and the landowner is able to dispose thereof.

Article 10

The Ministry shall take the necessary measures to ensure fairness in taxation and prevent payment evasion, including:

1. unifying application and evaluation criteria for targeted categories in all provinces and cities.
2. setting measures to verify the validity of data provided on the land or the landowner, in coordination with relevant agencies.
3. allowing all communications, decisions, and notifications addressed to the landowner to be effective upon service to the address provided by the landowner; and
4. coordinating with relevant agencies to ensure that the change of land use is not exploited for the purpose of tax evasion after issuing the announcement relating to

Implementing Regulations of the Law of White Land Tax

such land.

Chapter 4: Communication with Landowners

Article 11

1. An announcement shall be accompanied with a plan indicating the geographical zone of lands subject to taxation.
2. The announcement shall be published in two daily newspapers and on the Ministry's website.

Article 12

1. The Ministry shall specify the documents and information to be submitted by the landowner.
2. A notification to a landowner pertaining to his land shall at least include the following:
 - a) Landowner's name and national identification number or commercial register.
 - b) Number of the land title deed.
 - c) Location of the land.
 - d) Legal document on which the decision is based.
 - e) Amount of tax payable.
 - f) Date of tax payment.
 - g) Method of tax payment.
 - h) Ramifications of delay or non-payment of taxes.
 - i) Landowner's right to appeal in accordance with legal procedures.

Article 13

1. All communications and notifications addressed to a landowner shall be in writing.
2. The contact information provided by a landowner shall include his phone number, national address, and email address.

Collection of Taxes and Fines

Chapter 5: Collection of Taxes and Fines

Article 14

1. A landowner shall be responsible for the payment of taxes or any fine resulting from violating the provisions of the Law or these Regulations.
2. Late payment of taxes for previous periods shall not preclude the application of fines on late payments or late submission of documents required by law.
3. The tax shall be paid within a year from the decision date. If an additional period is granted for land development or construction in accordance with Article 9(1)(d) of these Regulations, the period for payment shall be extended accordingly.
4. If the development or construction of the land is completed within the one-year period referred to in Article 9(1)(d) of these Regulations, any paid tax shall be returned to the landowner.
5. Non-payment of taxes shall not prejudice the right to develop or dispose of the land.

Article 15

1. Notifications of due taxes or fines resulting from violation of the Law or these Regulations shall be made in accordance with the procedures specified herein.
2. Collection of taxes and fines resulting from violating the Law or these Regulations shall be made in accordance with the procedures specified in the State Revenue Law and its Implementing Regulations.
3. The Ministry shall, by any means it deems appropriate, collect due taxes and fines resulting from violating the Law or these Regulations, and it may, for this purpose, seek the assistance of the private sector.
4. Collected taxes and fines shall be disbursed on housing projects and public utilities and services as determined by the Ministry.

Article 16

If the land subject to taxation has multiple owners, whether natural or legal, each owner shall pay part of the tax proportionate to his share.

Chapter 6: General Provisions

Article 17

The Ministry shall coordinate with the relevant agencies to implement the provisions of the Law and these Regulations and achieve the objectives of applying white land taxes.

Article 18

The Minister shall issue the decisions necessary to implement the provisions of these Regulations.