

وزارة الشؤون البلدية والقروية والإسكان

Ministry of Municipal Rural Affairs & Housing



Law of White Land Tax

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November 24, 2015





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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.

Law of White Land Tax

Article 1

In this Law, the following terms 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: Implementing Regulations of the Law.

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

Urban Limits: Lines displayed 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, telephone, sewerage, and flood drainage networks.

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

Article 2

This Law aims at:

1. increasing the supply of developed lands to achieve a balance between supply and demand.
2. providing residential land at reasonable prices; and
3. protecting fair competition and combating monopoly practices.

Article 3

An annual tax of 2.5% of the value of a land shall be imposed on white lands owned by one or more natural or non-governmental legal persons. The Regulations shall set the criteria for the assessment of land value and the authority in charge thereof, provided that such criteria cover location and uses of the land, building codes, the availability of public services and public utilities.

Article 4

The Regulations shall specify the following:

1. The timeline for gradual taxation.
2. The criteria for determining lands subject to taxation.
3. The conditions for non-taxation.
4. The procedures necessary for ensuring fair taxation and preventing tax evasion.
5. The criteria for determining the availability of public services and public utilities.
6. The criteria for identifying the obstacles that prevent the issuance of permits and approvals necessary for the development or construction of lands, which shall form the basis for non-taxation.
7. The agencies responsible for tax collection and the rules and procedures thereof.
8. The manner of notifying landowners of decisions issued against them.

Article 5

1. Owners of lands declared subject to taxation must provide the Ministry with the documents and data related to such lands within a period not exceeding six months from the date of declaration.
2. Landowners shall be notified of the decision subjecting their lands to taxation and the amount of tax due in accordance with the manner of notification specified in the Regulations.

Article 6

Any person who violates the provisions of this Law and its Regulations shall be subject to a fine not exceeding the amount of tax due on his land. This shall not relieve him from payment of such amount.

Article 7

One or more committees of at least three members shall be formed pursuant to a decision by the Minister, provided that the members include a legal advisor and a specialist in the technical aspect; to review violations of the provisions of this Law and its Regulations, impose penalties, consider objections filed by the parties concerned, and issue necessary decisions. Its decisions may be appealed before the competent administrative court. The committee's work rules shall be issued pursuant to a decision by the Minister.

Article 8

Landowners may challenge the decisions subjecting their lands to taxation or the decisions related to land value assessment and determination of tax amount. The challenge shall be filed in writing with the committee stipulated in Article 7 of this Law within 60 days from the date of notification of the decision. The committee shall decide on the challenge within 60 days from the date of filing. A challenge shall be deemed to have been dismissed if a decision thereon is not rendered within 60 days from the date of filing.

Article 9

The Ministry shall, in coordination with the relevant agencies, be responsible for implementing the provisions of this Law and its Regulations.

Article 10

The Ministry shall, in coordination with the relevant agencies, establish a database containing information related to tax application. The relevant agencies shall have access to said database for the application and collection of tax.

Article 11

Amounts of taxes and fines collected shall be deposited in a special account with the Saudi Arabian Monetary Authority, and shall be allocated for expenditure on housing projects, public utilities, and public services.

Article 12

The Ministry shall, in coordination with the Ministry of Culture and Information and other relevant agencies, undertake to raise awareness of the provisions of this Law and its Regulations.

Article 13

The Ministry shall, in coordination with the Ministries of Justice, Finance, Municipal and Rural Affairs, Economy and Planning, and Trade and Industry, draft the Regulations, to be issued pursuant to a decision by the Council of Ministers within 180 days from the date of issuance of this Law.

Article 14

The Council of Ministers shall assign whomever it deems appropriate to review the timeline of tax application, propose appropriate recommendations, and submit an annual report to the Council.

Article 15

This Law shall come into effect 180 days following the date of its publication in the Official Gazette.