



Saudi Arabia – April 2021

CONTENTS

WHITE LAND TAX LAW AMENDMENT WILL SPUR DEVELOPMENT, SUPPLY OF REAL ESTATE	1
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White Land Tax Law amendment will spur development, supply of real estate

Minister of Municipal and Rural Affairs and Housing Majed Al-Hoqail said that amendments to the executive regulations of White Land Tax (WLT) Law, approved by the Council of Ministers on Tuesday, will spur the Kingdom's development march and supply of real estate.

He thanked Custodian of the Two Holy Mosques King Salman and Crown Prince Muhammad Bin Salman for the Cabinet's decision to approve the amendments.

He said in a press statement that the Cabinet decision comes within the framework of the government's continuous support and keenness on the housing sector, and also contributes to motivating white land owners to develop and increase their plots of land as well as to boost the real estate supply, in a way that reflects positively on citizens and the sector in general.

"A positive impact has been achieved during the past years following the application of WLT in a number of cities, and its role in the growth of the development march and boosting the real estate supply," he said.

The new amendments to the executive regulations stipulate three implementation phases. The first phase includes undeveloped plots of land with an area of 10,000 square meters or more, which fall within the scope specified by the ministry.

The second phase includes developed plots of land with an area of 10,000 square meters or more for a single proprietor of 10,000 of square meters or more in one housing plan within the scope specified by the ministry.

The third phase covers developed land with an area of 5,000 square meters or more, and the total area of developed plots of land for a single owner is 10,000 square meters or more in one city within the scope specified by the ministry.

The amendments included the possibility of applying more than one phase of implementation in one city.

Moreover, the ministry would conduct and periodically review the situation in any city to decide whether to apply taxes to plots of land there or suspend application of tax, or implement one or more phases to bypass a certain phase and move to the next phase in the same city.

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It is noteworthy that the WLT program is being implemented in its first phase in Riyadh, Jeddah, Dammam and Makkah, and the total payment orders in the four cities reached about 5,500 for a total area exceeding 411 million square meters.

The program has recently announced its expansion in a number of cities, including Madinah, Asir, Jazan, Taif and Tabuk.

Saudi Arabia decided in 2016 to capitalize on undeveloped land in urban areas, which makes up 30 percent of those areas. A 2.5 percent tax, based on land value, was issued to landowners who had purchased plots but left them undeveloped.

The WLT program aims to increase the volume of plots available to develop urban areas, offer residential land at reasonable prices, and provide fair competition while stopping land monopolization.

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