

Do You Know? Series #1:

Did you know that RETT compliance is essential when engaging in real estate transactions in Saudi Arabia?

In the Kingdom of Saudi Arabia (KSA), compliance with the Real Estate Transaction Tax (RETT) is a critical aspect of conducting property transactions. RETT applies to various real estate dealings, including sales, certain types of leasing, and other forms of property transfer. Understanding the requirements and obligations related to RETT is essential for avoiding potential risks and ensuring that all transactions are conducted within the bounds of Saudi tax law.

Key Points

Payment of RETT:



Seller's Responsibility: The seller must settle RETT via a SADAD invoice.



Joint and Several Liability: The buyer can be held jointly and severally liable for payment of RETT.

Exemptions from RETT:

Certain transactions may be exempt from RETT, including:



Inheritances



Gifts



Government transfers



Transactions between group entities

There are a total of 20 exemptions outlined in the RETT implementing regulations. It is advisable to consult with an experienced professional to determine if a transaction qualifies for an exemption.

Mandatory Reporting through ZATCA's Portal:

- All real estate transactions must be reported through the Zakat, Tax, and Customs Authority's (ZATCA) portal. This ensures transparency and compliance with Saudi tax laws.
- RETT must be declared even if an exemption applies. Non-compliance can result in substantial penalties.
- Accurate and complete forms, certificates, and supporting documents should be submitted along with the RETT declaration.

Conclusion:

Adhering to RETT regulations is crucial for the lawful execution of real estate transactions in KSA. While the requirements may be complex, professional guidance can facilitate compliance, streamline the process, and reasonably mitigate any potential risk in the future.

Contacts:

For further assistance or personalized guidance on RETT compliance in KSA, please feel free to reach out to our team of experts listed below. Our dedicated professionals are here to provide support and answer any questions you may have regarding RETT regulations and procedures.



Michael Camburn

Deloitte Middle east
mcamburn@deloitte.com



Hadeel Biyari

Deloitte Middle east
hbiyari@deloitte.com



Gavin Needham

Deloitte Middle east
gneedham@deloitte.com



Owen Griffiths

Deloitte Middle east
ogriffiths@deloitte.com



Manish Bansal

Deloitte Middle east
manbansal@deloitte.com



Kursat Osman

Deloitte Middle east
kuosman@deloitte.com



Mohammed Abdul Nafiu

Deloitte Middle east
abdulnamohammed@deloitte.com

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