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DECISION TREE

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# RETT exemption decision tree

For transactions under the new Real Estate Transaction Tax Law, in force since 10 April 2025. Work top to bottom and stop at the first green box; confirm every condition before notarisation.

**1 Is there a real estate transaction?**

Transfer of ownership, or of possession for ownership, of KSA real estate; a usufruct over 50 years; or transfer of 30%+ of a real estate company's interests in one deal or linked deals within 3 years (Law Art 1; IR Art 2).

NO →

**Out of scope**

E.g. interest transfers below the 30% test; subdividing a jointly owned property; capital increases that keep partners' percentages, or new partners where existing partners hold their interests for 5 years; qualifying partitions (Guideline §3).

YES ↓

**2 Has this same transaction already borne RETT?**

Same parties, same property, same value.

YES →

**No second charge**

A transaction is taxed only once. Any change of party, property or value makes it a new taxable transaction (Guideline §5.2).

NO ↓

**3 Does a statutory exemption fit, with every condition met?**

Check the categories below (Law Art 3; IR Art 3; Guideline §5.1).

YES →

**Exempt: get proof before notarisation**

No notary will register the deal without proof of payment or of exemption from ZATCA. If a holding condition (3 or 5 years) is later breached, RETT falls due and must be paid within 30 days of the breach (Guideline §4).

### A · Family & succession

- Estate division among heirs, within legal shares §5.1.1
- Notarised gift to a spouse or relative up to the 3rd degree; donee may not pass it to a non-eligible person for 3 years §5.1.7
- Transfer under a notarised lawful will §5.1.8

### B · Charity, endowment & public sector

- Without consideration to a registered endowment (first transfer only) §5.1.2
- Without consideration to or from a licensed charity §5.1.3
- To a public agency, public legal person or public-benefit entity §5.1.4
- By a public agency acting as public authority §5.1.5
- Expropriation or temporary taking under law §5.1.6
- Foreign government, international body or diplomatic mission, on reciprocity §5.1.13

### C · Group, company & fund

- In-kind contribution to a KSA company's capital; shares held 5 years and audited accounts §5.1.12
- Individual to a 100%-owned KSA company or fund; no ownership change for 5 years §5.1.18
- Between KSA companies or funds under 100% common ownership; 5 years §5.1.19
- Merger or acquisition paid only in interests §5.1.17
- Without consideration to a company or fund 100% owned by an endowment; 5 years §5.1.21
- In-kind contribution to a real estate investment fund; units held to fund end or 5 years §5.1.24

### D · Finance & funds

- Temporary transfer as security to a licensed financier, and its return on repayment §5.1.9
- Temporary transfer between a fund and its custodian, or between custodians §5.1.11
- Ijara-to-own or finance lease concluded before RETT took effect §5.1.10
- Transaction already charged VAT before notarisation §5.1.14

### E · Market & other

- IPO or trading of listed securities; under 50% of an unlisted fund's units §5.1.23
- Court-ordered forced sale in liquidation §5.1.16
- Mutual cancellation within 90 days, property unchanged, full refund §5.1.22
- To a licensed off-plan developer for a licensed project (licence within 90 days; tax or guarantee meanwhile) §5.1.20

### Expired relief

- Partner's pre-RETT contribution not yet notarised: one-Hijri-year grace from 12/10/1446H, which ended about 31 Mar 2026 VERIFY §5.1.15

§ = section of ZATCA's Detailed Guideline on the RETT (v6, May 2026), which explains Law Art 3 and IR Art 3.

NO ↓

**4 Is the buyer a Saudi citizen buying a first home, with an eligibility certificate?**

→

**YES State bears the tax up to SAR 1m**

The State bears RETT on up to SAR 1,000,000 of a citizen's first-home price; any excess is taxable. If eligibility proves wrong, buyer and seller are jointly liable (Guideline §1.1, Example 14).

**NO Taxable at 5%**

5% of the transaction value (Law Art 2). Pay on or before notarisation (Law Art 5); unnotarised possession transfers, interest transfers and long usufructs within 30 days. Late payment: 2% per month, capped at 50%; evasion: up to 3× the tax (Guideline v6).

**Sources:** Real Estate Transaction Tax Law (Royal Decree M/84, 19/03/1446H, effective 12/10/1446H = 10 Apr 2025) Arts 1–3, 5; RETT Implementing Regulations (ZATCA Board Resolution 25-03-01, 24 Mar 2025) Arts 2–3; ZATCA Detailed Guideline on the RETT, v6, May 2026 (§§1.1, 3, 4, 5.1, 5.2). Checked November 2026.

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General information only, not legal or tax advice. It reflects rules we verified against ZATCA publications and Saudi law as of November 2026; rules change, and your facts matter. Check ZATCA's current guidance or speak to a qualified adviser before acting.

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