VAT

هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority

General Guideline

for VAT Refund for eligible Real Estate Developers

Third Edition | May 2026

Note: The English version is for guidance purposes only. In case of any discrepancy between the Arabic and English versions, the Arabic version shall prevail

The Zakat, Tax and Customs Authority ("ZATCA", "Authority") has issued this Guide for the purpose of clarifying certain tax treatments concerning the implementation of the statutory provisions in force as of the Guide's issue date. The content of this Guide shall not be considered as an amendment to any of the provisions of the Laws and Regulations applicable in the Kingdom.

Furthermore, the Authority would like to highlight that the clarifications and indicative tax treatments prescribed in this Guide, where applicable, shall be implemented by the Authority in light of the relevant statutory texts. Where any clarification, interpretation or content provided in this Guide is modified - in relation to unchanged statutory text - the updated indicative tax treatment shall then be applicable prospectively, in respect of transactions made after the publication date of the updated version of the Guide on the Authority's website.

Amendment log

#	Edition No.	Amendment Date	Section/ Item	Amendment Type	Amendment Description	Remarks
1	3	May 2026	Full guideline	Addition & Amendment	- Updated in accordance with the amendments to the Implementing Regulations of the Value Added Tax Law, pursuant to Board Resolution No. (24-06-01) dated 17 Jumada Al-Awwal 1446 AH (corresponding to November 19, 2024). -Updated in accordance with amendments to relevant laws and regulations.	-

Contents

1. Introduction

Supplies related to real estate and land sales in the Kingdom were exempted starting from October 4, 2020, pursuant to the provisions of Royal Order No. (A/84) issued on October 1, 2020, whereby the supply of real estate by way of transfer of ownership or the right to dispose as an owner became exempt from VAT and subject to Real Estate Transaction Tax (RETT) at a rate of (5%). This tax is collected by the Zakat, Tax and Customs Authority in line with the relevant statutory provisions.

The aforementioned Royal Order included the refund of VAT paid after the effective date on inputs for real estate developers licensed by the Authority, provided that this is in accordance with the rules and conditions required for a licensed and Eligible real estate developer to refund VAT paid on their purchases related to exempt real estate supplies, as approved by the Minister of Finance and Chairman of the Board of Directors of the Zakat, Tax and Customs Authority, and which will be mentioned in detail within this guideline.

Pursuant to the provisions of Article (70) of the VAT Implementing Regulations, the Authority may allow persons who do not carry out an economic activity, or persons carrying out a specific economic activity, to apply for a tax refund that they pay on supplies of goods or services received in the Kingdom.

Paragraph (14) of Article (70) of the VAT Implementing Regulations included provisions for the refund of tax to designated persons, and the paragraph ruled that a person practicing an activity as a licensed real estate developer-in accordance with the rules and procedures specified by the Authority-may apply to be registered as a person Eligible to refund the tax paid by them on goods and services received in the Kingdom related to that economic activity, in accordance with the refund rules specified in this Article. The Article also included the refund mechanism and rules as will be explained within this guideline.

1.1 About this Guideline

This guideline is intended for all real estate developers wishing to register with the Zakat, Tax and Customs Authority as persons Eligible to refund VAT. Additionally, this guideline clarifies the method for submitting VAT refund applications regarding real estate supplies mentioned in Paragraph (1/a) of Article (30) of the VAT Implementing Regulations.

2. Definitions Related to Key Terms

The following words and phrases -wherever they appear in this guideline- shall have the meanings assigned to them, unless the context requires otherwise:

The Authority: Zakat, Tax and Customs Authority (ZATCA).

Tax: Value Added Tax (VAT).

Eligible Real Estate Developer: A real estate developer who meets the controls and conditions stipulated in Ministerial Resolution No. (1754) dated 15 Rabi' II 1442 H.

Exempt Real Estate Supplies: Supplies made in accordance with Item (a) of Paragraph (1) of Article Thirty of the VAT Implementing Regulations.

Economic Activity: An activity practiced on a continuous and regular basis, including commercial, industrial, agricultural, professional, or service activities, or any use of tangible or intangible property, and any other similar activity[(1)].

Input Tax: The tax borne by a taxable person in relation to goods or services supplied to them or imported for the purposes of carrying out an economic activity[(2)].

3. Who is a Real Estate Developer?

A Developer is defined as a legal person licensed to practice the activity of owning or leasing real estate for the purpose of developing and selling or leasing it, as the case may be. This includes both master and sub-developers.[(3)] Accordingly, a developer differs from a construction contractor in terms of the ownership of the property under development; whereas a contractor is defined as a person who provides construction-related services (supply of services or supply of both goods and services together), which include building, construction, and real estate works. This is typically carried out under a contract with a client to deliver the entire building, a part thereof, or engineering works and utilities, etc., without being the owner of the property.

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(1). Article (1), Definitions, Unified VAT Agreement

(2). Article (1), Definitions, Unified VAT Agreement

(3). Article (1), Law on Sale and Lease of Off-plan Real Estate Projects

4. Who is an Eligible Real Estate Developer?

Pursuant to the provisions of Article (70) of the VAT Implementing Regulations, Paragraph (14) thereof stipulates that licensed real estate developers -in accordance with the controls and conditions specified by the Authority- are considered among the categories entitled to apply for registration as an " Eligible person" to refund VAT paid by them on goods and services received in the Kingdom related to that economic activity.

His Excellency the Minister of Finance and Chairman of the Board of Directors of the Zakat, Tax and Customs Authority issued these controls under Ministerial Resolution No. (1754) dated 15 Rabi' II 1442 H, which are stated as follows:

First: The person practicing the real estate development activity must take one of the following legal forms:

1. A sole proprietorship under a commercial registration.
2. Any legal form under the Companies Law.
3. A real estate investment fund.
4. A cooperative society or institution.

A person practicing real estate development in any form other than these aforementioned legal forms is not entitled to apply for registration until one of them is adopted, even if all other conditions are met.

For example: If a natural person practicing real estate development activities submits an application to the Authority to be registered as an " Eligible person" for refund, the application will not be accepted because they are a natural person and do not meet one of the legal forms mentioned above, until they rectify their status and adopt one of these legal forms.

Second: The license required to practice real estate development activity -issued by the Ministry of Commerce or any competent authority in the Kingdom- must be valid at the time of application.

Accordingly, the Authority will not accept any application if the real estate developer's license is invalid at the time of submission, in accordance with the classification of activities approved by the Ministry of Commerce and competent authorities.

Third: The real estate developer must be licensed to practice any of the following activities:

1. Sale, lease, purchase, and development of real estate.
2. Purchase and sale of land and real estate, subdivision thereof, and off-plan sale or lease activities.
3. Construction of buildings.

Fourth: The supplies provided by the real estate developer must be the exempt supplies mentioned in Paragraph (1/a) of Article (30) of the VAT Implementing Regulations.

The applicant real estate developer must be a supplier, or will become a supplier, of real estate supplies by way of transferring ownership of such real estate or disposing of it as an owner; as tax refunds will be limited to these supplies only.

Fifth: The real estate developer must obtain approval from the Ministry of Municipalities and Housing as an "Eligible Real Estate Developer"

The real estate developer must register with the Ministry of Municipalities and Housing and obtain the necessary approval as an Eligible real estate developer (Real Estate Developer Qualification Certificate), in accordance with the terms and controls provided and as determined by the Ministry of Municipalities and Housing and its associated regulatory bodies.

The Zakat, Tax and Customs Authority (ZATCA) reserves the right to verify that a real estate developer has met all the requirements of an " Eligible Real Estate Developer." The Authority also has the right to take any measures regarding the developer by retaining or excluding them from the list of developers Eligible for tax refund, if it finds that the developer has violated any of the aforementioned controls and conditions.

Upon receiving the Authority's approval for registration as an Eligible real estate developer, the developer is entitled to request a refund of the VAT paid on supplies of goods or services associated with the real estate supplies eligible for refund, effective from the date the registration application was submitted to the Authority. In exceptional cases, the Board of Directors of the Authority may allow a developer to refund tax from a date prior to the date on which all eligibility requirements were met.

Example:

A real estate development company, which received approval from the Authority as an Eligible real estate developer, submitted its registration application in January 2023. After the approval was issued, the company submitted a refund request for a tax invoice dated in 2022.

Treatment:

The refund request will not be accepted by the Authority, as the invoice in question was issued prior to the submission date of the approved registration application, unless the case is considered one of the exceptional cases as determined by the Board of Directors of the Authority.

5. Submitting an Application for Registration as a Person Eligible for Tax refund

The Authority has issued the rules and procedures for licensed real estate developers as persons Eligible to refund VAT, pursuant to ZATCA Board Resolution No. (15-4-22) dated June 19, 2022. These rules include the controls governing the mechanism for Eligible persons to submit registration applications to the Authority. The rules clarify that after the developer submits the application, the Authority verifies it and may request documents confirming that the licensed developer meets the aforementioned terms and conditions. If, after verification, it appears to the Authority that the licensed developer does not meet any of the requirements and criteria, the Authority shall reject the application and notify the developer accordingly, stating the reasons for rejection. The developer may then submit a new application after fulfilling all requirements and criteria related to qualification.

5.1 Mechanism for Submitting a Registration Application as a Person Eligible for Tax refund

1. Log in to the account via the Electronic Portal, then click on the "Register as a Person Eligible for VAT refund " icon in the General Services section.
2. Select the Eligible person category: Companies / Establishments.
3. Select the refund period: Monthly, Quarterly, or Annually.
4. Attach the Real Estate Developer Qualification Certificate (Etmam) issued by the Ministry of Housing through the Developer Services Center website.
5. Attach the Commercial Registration of the company or establishment related to the real estate development activity (this condition does not apply to Funds).
6. Attach the Identity Document (ID) of the contact person submitting the application.

6. Conditions for Submitting VAT Refund Applications for Eligible Real Estate Developers

The controls for VAT refund, issued under ZATCA Board Resolution No. (15-4-22) dated June 19, 2022, set out the tax refund mechanism. This mechanism is organized across several aspects, which are explained as follows:

First: When submitting an application, an Eligible real estate developer must satisfy the following:

1. The property subject to the "eligible real estate supply" for refund must be owned by the real estate developer under official deeds. For real estate investment funds, the property subject to the eligible supply must be held by the custodian of the fund's assets, appointed in accordance with the regulations and instructions of the Capital Market Authority (CMA).

Example: An Eligible real estate developer submitted a refund request for supplies related to the transfer of a property that is not officially documented in the Kingdom with the competent authorities. Accordingly, the application will not be accepted by the Authority, as it is required that the property eligible for refund be owned by the developer under official deeds.

2. Or, the Eligible real estate developer must hold the property as a purchaser under a Finance Lease (Lease-to-Own) or an Ijarah contract ending with ownership from a legally licensed entity, provided that all the following conditions are met:
   A. The contract must include the lessee's right to own the property or a promise of ownership.
   B. The contract must include a payment schedule that specifies the rental value of the property and the value of the ownership right separately.
   C. The lessee must maintain regular accounts (financial statements) throughout the duration of the contract.
3. Or, the property subject to the refund request must be designated for an off-plan sale project in accordance with the laws, regulations, and instructions effective in the Kingdom. Furthermore, a resolution must have been issued by the Off-plan Sale and Lease Committee licensing the property for an off-plan project. The property must be developed by the Eligible real estate developer under a partnership agreement between the developer and the person who owns the property according to official deeds; provided that the disposal of the property subject to refund has been disclosed in favor of the Eligible developer -pursuant to the partnership agreement- in accordance with the Real Estate Transaction Tax (RETT) Implementing Regulations.

Example: Company (A) is a real estate development company that entered into a partnership agreement with Mohammed- the owner of a property in North Riyadh -under official deeds for a project designated as an off-plan sale project, for which a licensing resolution was issued by the Off-plan Sale and Lease Committee. The property owner disclosed the disposal in favor of Company (A) by registering the real estate transaction on the Authority's RETT platform. Company (A) submitted a refund application to the Authority for input tax associated with the property and attached documents confirming its eligibility for refund.

Treatment:

The Authority accepts the refund application for the input tax borne by the company associated with the aforementioned project, provided the application fulfills all the tax refund rules and procedures for Eligible real estate developers.

4. Or, the property subject to the refund request must be designated for an off-plan sale project in accordance with the laws, regulations, controls, and instructions effective in the Kingdom, and a licensing resolution has been issued for it by the Off-plan Sale and Lease Committee; provided that the property is state-owned, allocated to the Ministry of Municipalities and Housing, and is being developed by the Eligible real estate developer under a partnership agreement between the developer and the Ministry, whether directly or indirectly.

Example:

Company (B) entered into a direct partnership agreement with the Ministry of Municipalities and Housing. A state-owned property was allocated for the project, which was considered an off-plan sale project, and a licensing resolution was issued for it by the Off-plan Sale and Lease Committee.

Company (B) developed the property and marketed it to potential clients. A sale agreement was concluded directly with a client, and the title deed was transferred by the Ministry of Municipalities and Housing. Company (B) submitted a refund application to the Authority for input tax associated with the property and attached documents confirming its eligibility for refund.

Treatment:

The Authority accepts the refund application for the input tax borne by the company associated with the aforementioned project, as this application meets the criteria and conditions of the tax refund rules for Eligible real estate developers.

Second: Periods for which an Eligible Real Estate Developer may submit VAT Refund Applications

1. An Eligible real estate developer may submit a refund application regarding each monthly, quarterly, or calendar year period to refund the VAT paid during that period, as specified in the registration application and in accordance with the procedures determined by the Authority.
2. An Eligible real estate developer may not submit more than one refund application for each period subject to refund.

Third: Deadline for submitting refund Applications for any Tax Period

All refund applications must be submitted within a period not exceeding six months from the end of the relevant refund period. If refund applications are submitted for each monthly or quarterly period, the Eligible real estate developer may refund tax paid under a tax invoice issued on a date prior to the refund period, up to the beginning of the calendar year subject to the refund request; provided that it is included in any refund application for any subsequent refund period, and at most in the application for the final period of the calendar year subject to refund.

Example:

Company (S) is a real estate development company registered with the Authority as an Eligible person for refund in January 2022. Company (S) wishes to submit a VAT refund application for the first quarter of 2022. The company submitted its refund application in June 2022.

Treatment:

In this case, the refund application is considered to have been submitted within the statutory period (not exceeding six months from the end of the relevant refund period). However, if the application had been submitted, for example, in September 2022, it would have been rejected due to the expiration of the specified statutory period for refund.

Example:

A real estate developer who meets the qualification requirements set by the Authority submitted a refund application for the fourth quarter of 2022. The application was submitted in May 2023 to refund VAT related to their eligible activity based on a tax invoice dated at the beginning of the calendar year (January 2022), which had not been previously requested.

Treatment:

In this case, the refund application is considered to have been submitted within the statutory period. Accordingly, the Authority shall accept the application, provided it fulfills all the tax refund rules and procedures for Eligible real estate developers.

Example:

A real estate development company included a tax invoice issued in May 2022 in its refund application for the first quarter of 2023.

Treatment:

The company is not entitled to refund the tax, as the tax invoice included in the application was issued in a calendar year prior to the year of the period subject to the refund request.

Fourth: Possibility of Changing the Specified refund Period for an Eligible Real Estate Developer

1. The Eligible real estate developer shall submit an application to the Authority including an explanation of the reasons for changing the refund period. If the Authority approves the application, the effective date of the change shall be from the beginning of the refund period following the date of approval. The Authority shall notify the Eligible real estate developer of the approval before the effective date of the change.
2. The Authority may change the refund period on its own initiative, provided that the change takes effect from the beginning of the following calendar year. The Authority shall notify the Eligible real estate developer of such change at least 30 days before the start of the calendar year subject to the change.

7. Restrictions on Input Tax Eligible for refund

1. An Eligible real estate developer may not refund VAT related to the supply of goods or services specified in Article (50) of the VAT Implementing Regulations that are not considered related to the Eligible developer's economic activity. Furthermore, they may not refund unpaid VAT. The text is updated according to the latest amendments to the Regulations as follows:

Goods and services for which an Eligible person may not request a refund of VAT paid, and which are not deductible, are determined according to the following mechanism: (4)

A. Any form of entertainment, sporting, or cultural services, or attendance at events of an entertainment nature.

B. Catering and hospitality services, unless there is a statutory obligation on the taxable person to provide such services to their employees at the workplace under any law effective in the Kingdom.

C. Insurance or healthcare services provided to the taxable person's employees and their dependents, unless there is a statutory obligation on the taxable person to provide such services to their employees under any law effective in the Kingdom.

D. Purchase or lease of "restricted vehicles" as defined in Paragraph (2) of this Article.

E. Insurance, repair, modification, maintenance, or other similar services for restricted vehicles.

F. Fuel used in restricted vehicles.

G. Any goods or services intended for personal use or for any purposes other than the purposes of the activity. (5)

2. An Eligible real estate developer may not refund unpaid tax or tax related to a property ineligible for refund, whether because the property is non-residential and is (or will be) used to make taxable supplies by way of lease or licensing, or because the property is residential and is (or will be) used to make exempt supplies by way of lease or licensing.

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(4). Paragraph (10) of Article (70) of the Implementing Regulations.

(5). Paragraph (1) of Article (50) of the Implementing Regulations.

Example:

An Eligible real estate developer requested a VAT refund for exempt supplies in accordance with Paragraph (1/30) of the VAT Implementing Regulations, noting that the tax subject to the refund request has not been paid.

Treatment:

The refund application will not be accepted by the Authority, as it is a prerequisite that the tax subject to refund must have been paid.

3. In the event that the property subject to the refund request is used, or will be used, to make both eligible real estate supplies and ineligible real estate supplies, the eligible real estate developer is entitled to request a refund only for the tax paid that is associated with the eligible real estate supplies. If the tax incurred and paid relates to both eligible and ineligible real estate supplies and the tax associated with the eligible supply cannot be independently identified, the refundable tax shall be determined using the Proportional Deduction method for input tax, as set out in the provisions of Article (51) of the Regulations.(6) For more information in this regard, please refer to the Input Tax Deduction Guideline.

Example:

The "Real Estate Developers Company" practices all types of real estate activities, including: real estate supplies involving transfer of ownership (exempt under the Royal Order); commercial real estate leasing (taxable); and residential real estate leasing (exempt under Item (b) of Paragraph (130/) of the Regulations). The company applied for registration as an " Eligible person" for refund with the Authority, and the Authority's approval was issued as the company met all the controls and conditions for developers. Accordingly, the company submitted a request for a refund of the tax paid on goods and services received in the Kingdom as follows:

- A. Tax paid on goods and services received in the Kingdom associated with real estate supplies involving transfer of ownership exempt under the Royal Order (i.e., associated with exempt real estate supplies eligible for refund).

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(6). Paragraph (9) of Article (70) of the Implementing Regulations.

- **B.** Tax paid on goods and services received in the Kingdom associated exclusively and directly with the commercial leasing activity carried out by the company.
- **C.** Tax paid on goods and services received in the Kingdom associated exclusively and directly with the residential leasing activity carried out by the company.

Treatment:

The Authority approved the application of the licensed real estate developer ("Real Estate Developers Company"), who is approved as a person Eligible for tax refund, to refund the VAT paid on inputs of goods and services received in the Kingdom associated only with real estate supplies involving transfer of ownership exempt under the Royal Order and mentioned in Paragraph (1/a) of Article (30) of the Implementing Regulations. The Authority rejected the refund of tax paid on goods and services received in the Kingdom associated with activities other than the exempt real estate supplies specified under Item (a) of Paragraph (130/) of the VAT Implementing Regulations.

4. The total amount of input tax requested for refund in each application must not be less than SAR 5,000,[7] whether for a monthly, quarterly, or calendar year period. It should be noted that input tax amounts that are not refundable under this mechanism shall not be included in the total calculation for the purposes of this restriction.
5. A real estate developer approved as an " Eligible person" for refund may only submit refund applications for the tax paid by them to carry out supplies exempt under the Royal Order and Paragraph (a) of Article (30), in accordance with the substance of the Royal Order, the explicit text of the Ministerial Resolution, and the provisions of Paragraph (14) of Article (70) of the VAT Implementing Regulations.
6. The right of a real estate developer approved as an " Eligible person" for refund to a refund of the tax paid on goods and services that meet all the aforementioned conditions is restricted to those goods and services received within the Kingdom of Saudi Arabia only. Accordingly, tax paid by the Eligible developer on goods and services received outside the Kingdom is excluded from the scope of refundable tax.

(7). Paragraph (11) of Article (70) of the Implementing Regulations.

7. An Eligible real estate developer is not entitled to request a tax refund for supplies related to projects that do not fall under the Commercial Registration registered with the Authority in their capacity as a real estate developer.
8. An Eligible real estate developer is not entitled to request a refund for tax that has been previously requested for refund in the same period or in previous periods.

It should be noted that the Eligible real estate developer's right to refund tax begins from the date they submit a registration application that meets all requirements to the Authority.

8. Refund in Specific Cases

The refund application must include the tax paid on the goods and services subject to refund for which a tax invoice was issued and dated within the refund period. It should be noted that tax invoices dated after the refund period will not be accepted.

1. A real estate developer registered with the Authority as an eligible person for refund prior to the effective date of the "Rules and Procedures for Licensed Real Estate Developers as Persons eligible for Tax refund " may include, in the first refund application due for submission to the Authority after the effective date of the said Rules and Procedures, all tax invoices related to paid tax that has not been previously refunded, starting from the date they were deemed a Eligible person by the Authority. This is subject to the rules and procedures regarding VAT on goods and services for which refund may not be requested.

This exception applies exclusively to the following periods:

- The period of July 2022.
- The third quarter (Q3) of 2022.
- The year 2022.

Example:

A licensed real estate developer made exempt real estate supplies in March 2021 and submitted an application to refund this tax on the date of their first refund application due in November 2022.

Treatment:

The application will be accepted by the Authority provided all other conditions are met, as the eligible real estate developer submitted the request on the date of their first refund application due in 2022.

2. In the event that an eligible real estate developer pays a portion of the consideration for the tax invoice subject to the refund request, without an explicit indication that the paid amount represents the tax due regarding that invoice, the tax shall only be refunded to the extent of the tax value calculated on the paid consideration.
3. In the event that an eligible real estate developer refunds tax erroneously or unduly, they must, on their own initiative and immediately upon becoming aware, pay an amount equal to that sum to the Authority. If the Authority establishes such occurrence at any time, it may issue an assessment to the real estate developer indicating the amount of tax erroneously or unduly refunded. This amount shall be deemed due tax payable to the Authority from the date such amount was deposited into the eligible real estate developer's bank account.

Example:

Company (A) is an eligible real estate developer for tax refund with the Authority. It has previously refunded the tax associated with the construction of a property intended for sale to a client; however, for any reason, Company (A)'s intent changed from selling the property to leasing it.

Treatment:

In this case, the Authority considers that Company (A) has refunded the tax associated with the construction of the property erroneously. The company must, on its own initiative, submit an application to the Authority to return the tax amount erroneously refunded in its capacity as an eligible person for refund.

Note that if Company (A) is registered with the Authority for VAT purposes as a taxable person, and the change of intent was from sale to commercial leasing, Company (A) may deduct the input tax associated with the commercial leasing activity in its tax returns in accordance with the provisions of the VAT Implementing Regulations.

However, if the intent changed to residential leasing, the input tax associated with the activity may not be deducted in the tax returns, as residential leasing activity is exempt from tax.

4. An eligible real estate developer is entitled to submit a tax refund application in cases where the tax is paid as a taxable person under the Reverse Charge Mechanism, pursuant to the provisions of the Unified VAT Agreement.

9. Contents of the refund Application

1. A person who has obtained the Authority's approval as an " eligible person" for tax refund must use the Tax Identification Number (TIN) issued upon registration approval, or the Identification Number issued under such approval, in all correspondence with the Authority, specifically in refund applications.
2. Each refund application concerning VAT on goods and services supplied to the eligible person must contain the following information, in accordance with the refund Application form prepared by the Authority:

First: Project Statement (List of Projects), including:

- Project Name.
- Estimated Project Cost.
- Project Start Date.
- Project Completion Date.
- Percentage of Completion (Progress Rate).
- Project Purpose.

For each project, the Building Permit, a copy of the Title Deed on which the project will be constructed, the Contract, and the Bill of Quantities (BOQ) must be added as attachments.

Second: Purchase Statement (List of Purchases), including:

- Supplier Name and their Tax Identification Number (TIN).
- Date of the invoice for which the paid tax is to be refunded.
- Invoice Number or Customs Document number.
- Total amount of the invoice or customs document.
- VAT amount.
- Description of the goods or services purchased.
- Project Name.

The eligible person shall repeat these data for all goods or services received for which they wish to refund the incurred tax.

3. In addition to the above, the application for refund of tax paid on services or goods must include a tax invoice issued in the name of the person eligible for refund.
4. Upon submitting a refund application to the Authority, the eligible real estate developer must have the books, records, and documents proving their eligibility for refund; specifically, the tax invoice related to the supply subject to refund, issued in the name of the eligible developer, and containing all details of the goods or services associated with the property subject to refund. In addition to documents proving the payment of the tax subject to refund. In the event that the conditions set forth in Paragraph (5) of Article (53) of the VAT Implementing Regulations are not met, the application will not be accepted by the Authority.

Example:

An eligible real estate developer submitted a refund application to the Authority including an invoice subject to the request, but this invoice did not include the customer's name and address.

Treatment:

Since the tax invoice does not comply with the conditions stipulated in Article (53) of the VAT Implementing Regulations, the application (the invoice) will not be accepted by the Authority.

5. An eligible real estate developer may not request refund of tax paid under Simplified Tax Invoices that do not bear the name of the eligible real estate developer.
6. A real estate developer approved as an " eligible person" for refund must specify the bank account to which they wish the tax to be refunded in the event that the Authority approves the refund application.

10. Processing of refund Applications by the Authority

1. The Authority shall review the refund application submitted by the eligible person. It should be noted that the accurate submission of all data significantly accelerates the Authority's response and facilitates the review process.
2. The Authority may request copies of tax invoices or additional information from the eligible person, either in hard copy or electronically. The eligible person is obliged to provide such requested documents and information within twenty (20) business days from the date of the Authority's request. The Authority reserves the right to reject the refund application if the required documents are not provided within the specified period.[8]
3. The Authority may, at any time, conduct an audit of the eligible real estate developer to verify compliance with all tax requirements stipulated in the VAT Law, its Implementing Regulations, and the resolutions, controls, and criteria related to refund applications for eligible real estate supplies. The Authority may apply the provisions set out in Article (64) of the Regulations in this regard.
4. After processing the application in accordance with the above, the Authority shall issue a notification to the eligible person including the outcome of the processing/review. The eligible real estate developer is entitled to object to the Authority's decisions in accordance with the rules of work of the Tax Violations and Disputes Resolution Committees.
5. If the Authority completes the processing of the application with a partial or full approval, the eligible person shall be notified of the approval (in whole or in part). The Authority shall pay the approved refund amount to the bank account specified by the eligible person in their application within thirty (30) business days from the date of the approval notification. The Authority may offset the approved refund amount against any tax, fine, or other amounts due to the Authority.[9]

(8). Paragraph (15) of Article (70) of the Implementing Regulations

(9). Paragraph (16) of Article (70) of the Implementing Regulations

11. Additional Provisions

Pursuant to the Zakat, Tax and Customs Authority (ZATCA) Board of Directors Resolution No. (4-8-22) dated 07/03/1444 H (corresponding to 03/10/2022), all eligible real estate developers whose registration applications as persons eligible for VAT refund were accepted by the Authority prior to the issuance date of the said Board Resolution are permitted to request a refund of the tax paid on supplies of goods or services associated with the eligible real estate supplies, provided that:

- The real estate developer was registered with the Authority as an eligible person for refund prior to the date of the Board Resolution (i.e., before 07/03/1444 H corresponding to 03/10/2022).
- The real estate developer has fulfilled all terms and conditions stipulated in Ministerial Resolution No. (1754) dated 15 Rabi' II 1442 H, as mentioned in items (First), (Second), (Third), and (Fourth) of Section (4) of this guideline.

The refund application shall be submitted effective from the date the developer fulfilled the terms and conditions set out in items (First), (Second), (Third), and (Fourth) of Section (4) of this guideline, or from 04/10/2020, whichever is later. The paid tax shall be included in the refund applications, up to a maximum of the application for the fourth quarter of 2022 (for quarterly applications) or the application for the year 2022 (for annual applications).

In the event that a developer was unable to register with the Authority as an eligible developer due to circumstances beyond their control, they may submit a request to the Authority for permission to refund tax for previous periods, provided they satisfy the following:

- Full compliance with all controls and conditions stipulated in Ministerial Resolution No. (1754) dated 15 Rabi' II 1442 H.
- Presentation of the reasons for the delay in applying for registration, along with evidence proving that the delay was due to circumstances beyond their control.

Circumstances beyond the control of real estate developers" shall mean any procedure that resulted in a delay for the real estate developer and prevented them from exercising their right to register with the Authority for the purpose of eligibility for VAT refund, due to a circumstance beyond the developer's control, including but not limited to:

1. In the event that the competent government authorities fail to issue or renew the real estate developer's licenses within the statutory periods, which is an explicit mandatory requirement for their eligibility for VAT refund.
2. Delays resulting from handling changes to existing or new legal forms that the real estate developer is required to adopt.
3. Handling cases where the real estate developer is part of a Tax Group, where the ownership of the land is held by one of the group's subsidiaries rather than the real estate developer applying for registration.

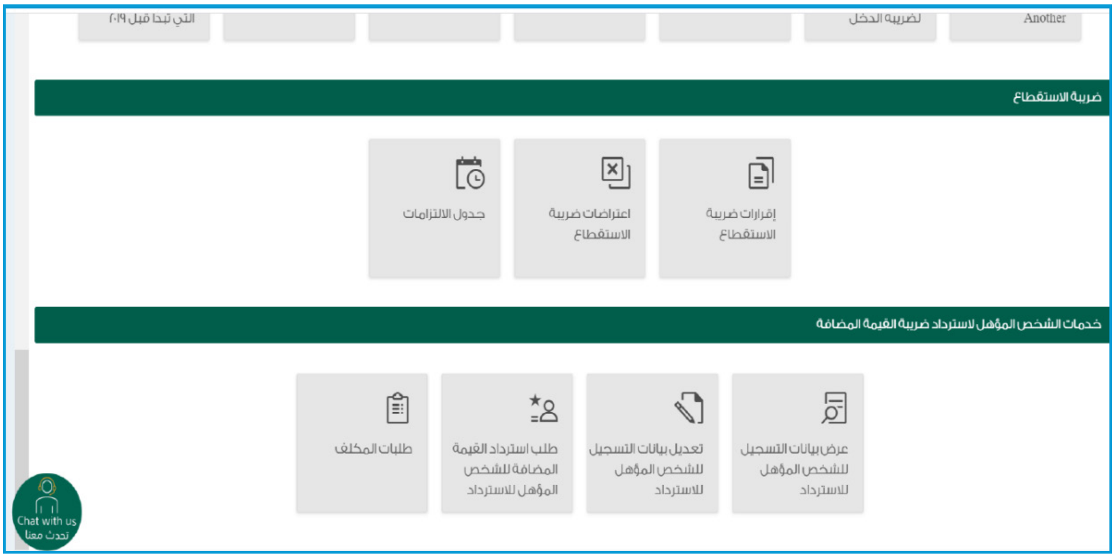
The Authority shall examine each case independently, taking into account the merits of the case, the relevant statutory periods, the opening and closing dates of applications, and all related notifications; while emphasizing the requirement that applicants must fulfill items (First), (Second), and (Third) of Ministerial Resolution No. (1754) mentioned in Section (4) of this guideline, as well as the controls and conditions for licensed real estate developers to be considered persons eligible for refund.

12. VAT refund Procedures for eligible Real Estate Developers

1. **Tax Representative of the Real Estate Developer:** Log in to the eligible Persons Refund Portal via the Authority's (ZATCA) website to submit the application.
2. **Tax Representative of the Real Estate Developer:** Fill in the required data in the project and purchase statements for the refund request.
3. **Tax Representative of the Real Estate Developer:** Submit the application via the Authority's portal.
4. **Zakat, Tax and Customs Authority:** Receive the application and analyze the attached data to verify the validity of the submitted request.
5. **Zakat, Tax and Customs Authority:** May request invoice samples and engineering requirements based on the initial analysis.
6. **Tax Representative of the Real Estate Developer:** Attach the requested invoices and requirements via the Authority's portal.
7. **Zakat, Tax and Customs Authority:** Review and analyze the attached invoices and documents; additional information may be requested if necessary.
8. **Zakat, Tax and Customs Authority:** Send a notification to the Tax Representative of the real estate developer via email and SMS.
9. **Zakat, Tax and Customs Authority:** Deposit the amount into the real estate developer's bank account within 60 days from the date of approval of the refund application.

12.1. Steps for Submitting a refund Application via ZATCA Electronic Portal

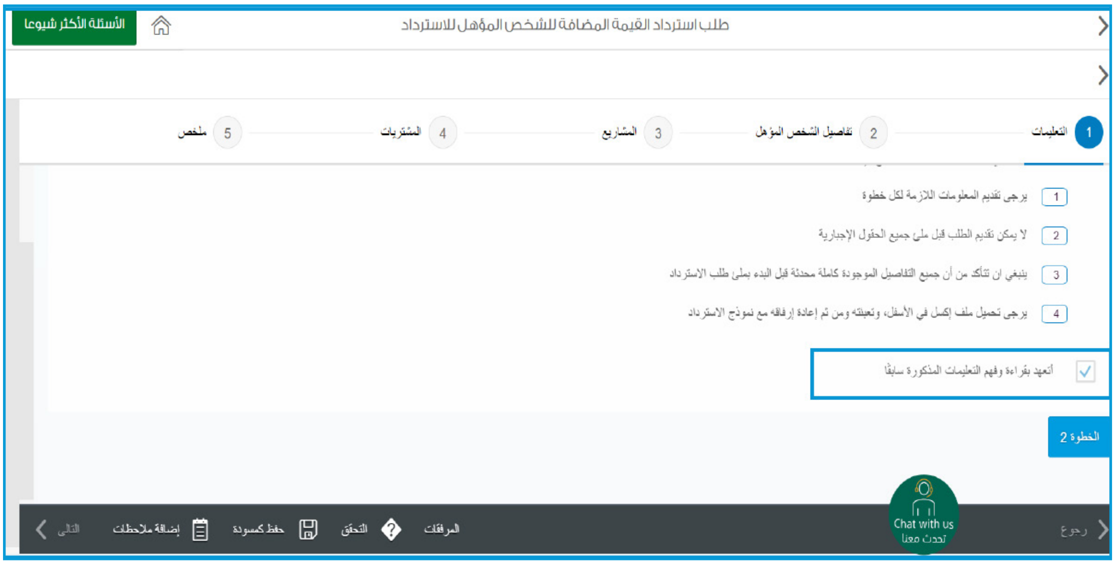
Click on "Request for VAT Refund for eligible Persons.



Create New Request.

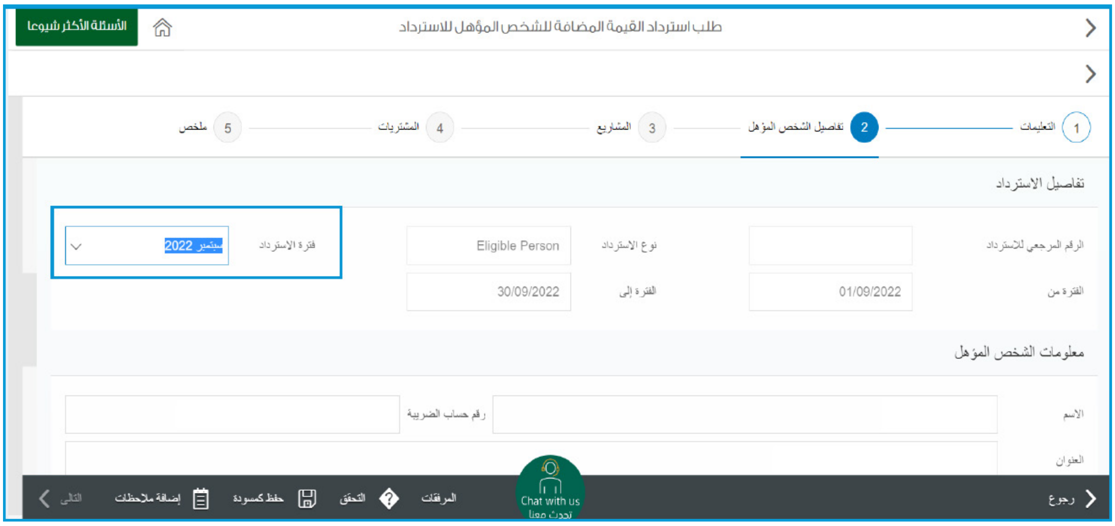
Step (1)

Undertake to read and understand the mentioned instructions to proceed to Step (2).



Step (2)

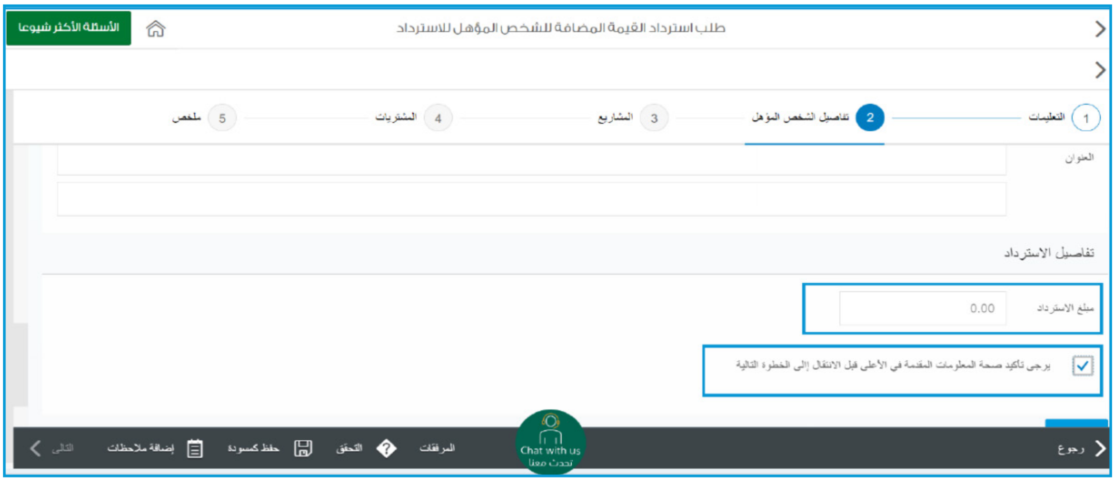
Select the refund period.



Step (2-a)

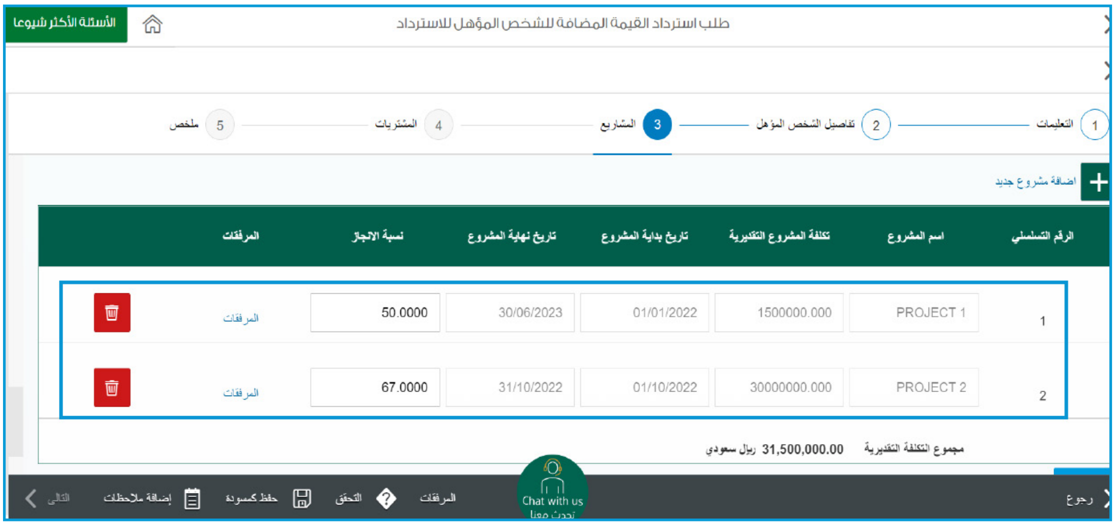
The refund amount cannot be entered manually in the " refund Amount" field. The refund amount will be automatically populated in the " refund Amount" field once the Purchase Statement is imported in Step (4) by the real estate developer.

1. Confirm the accuracy of the provided information to proceed to Step (3).



Step (3)

The real estate developer can add existing projects by specifying the project name, project cost, project start and end dates, and the completion percentage for each project.



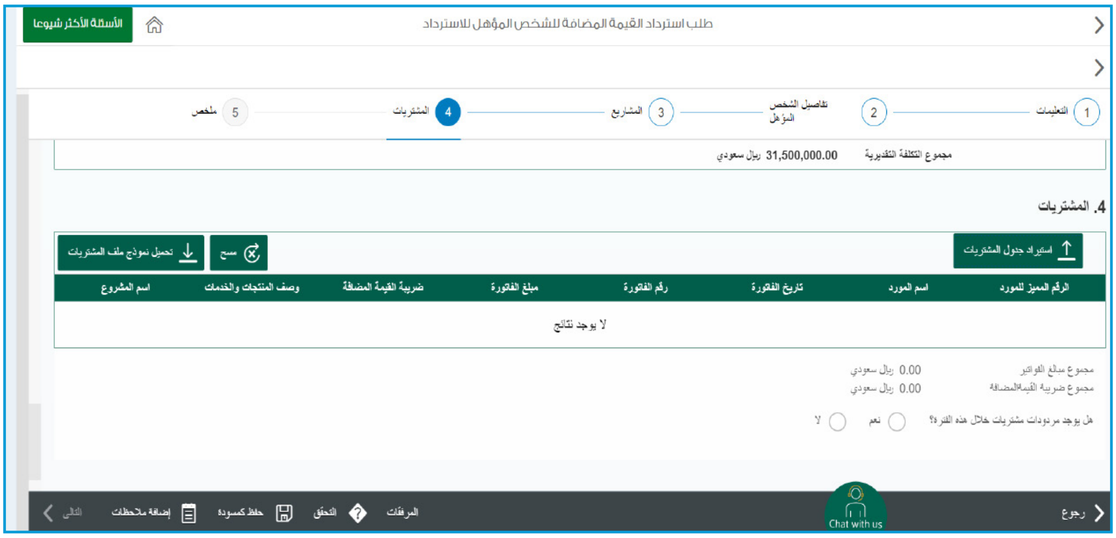
Step (3-a)

For each project, the following must be attached: Building Permit, a copy of the Title Deed on which the project will be constructed, the Contract, and the Bill of Quantities (BOQ).

Step (4)

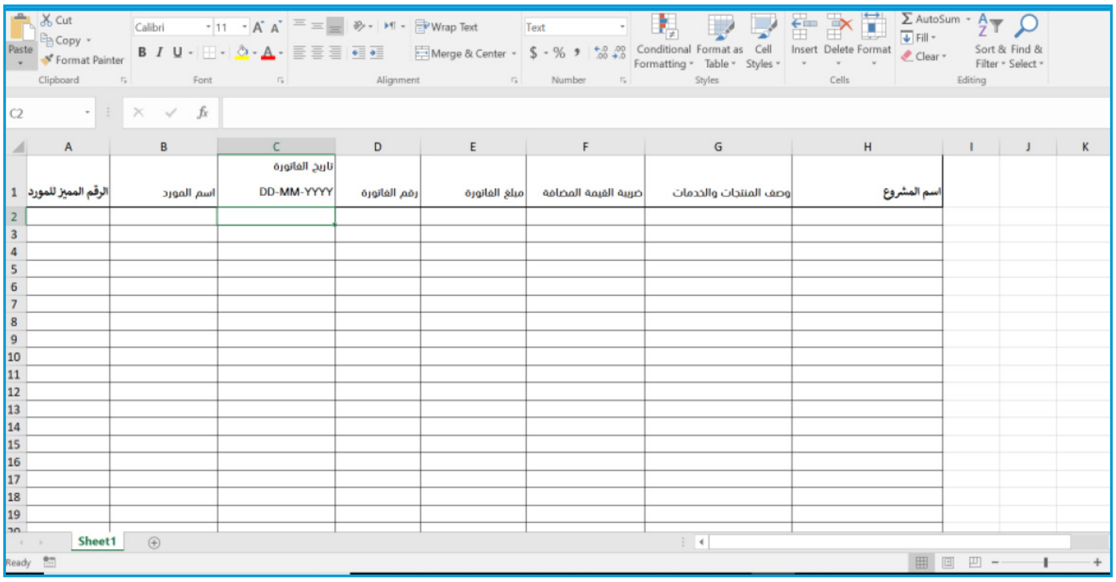
Download the Purchase File Template.

Note: The system does not accept any other template; the system-provided template must be used.



Step (4-a)

Fill out the Purchase File Template without adding or deleting any columns and without modifying the file format.

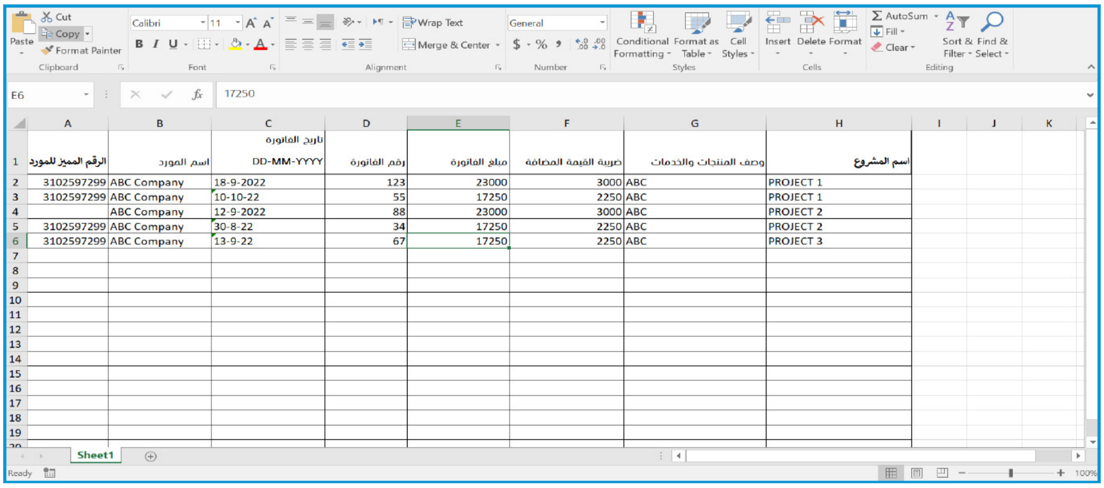


Step (4-b)

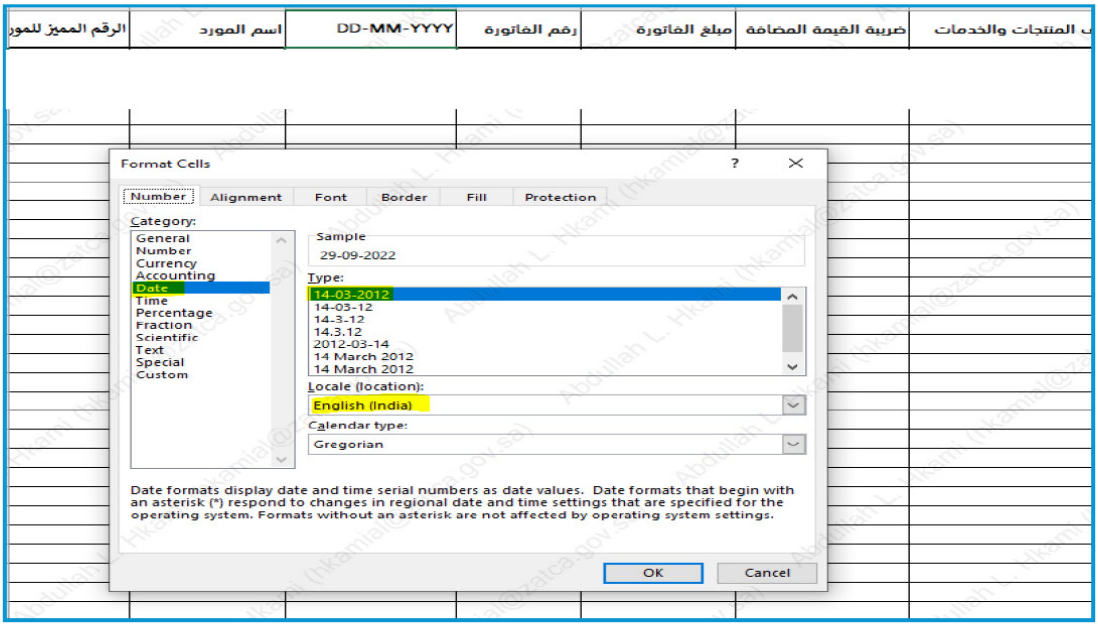
All fields must be completed by adding the Supplier's TIN (Tax Identification Number), Supplier Name, Invoice Date, Invoice Number, Total Invoice Amount (including tax), VAT amount, Description of products and services, and Project Name.

Note:

1. The Invoice Date must be in the following format: DD-MM-YYYY (Day-Month-Year).
2. The Project Name must be identical to the project names specified in Step (3).
3. The TIN (Tax Identification Number) must consist of exactly ten digits.

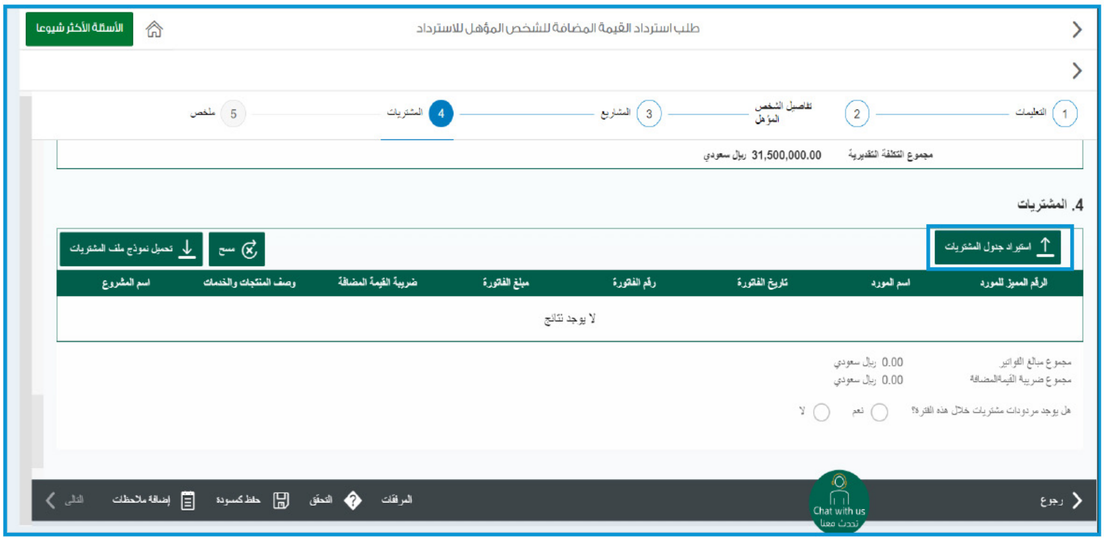


4. The formatting of the Excel file must never be modified after downloading it from the website.
5. Verify the data in the Excel file (Date Format); all date fields in Excel must be selected, then right-click and choose the format as shown in the image.



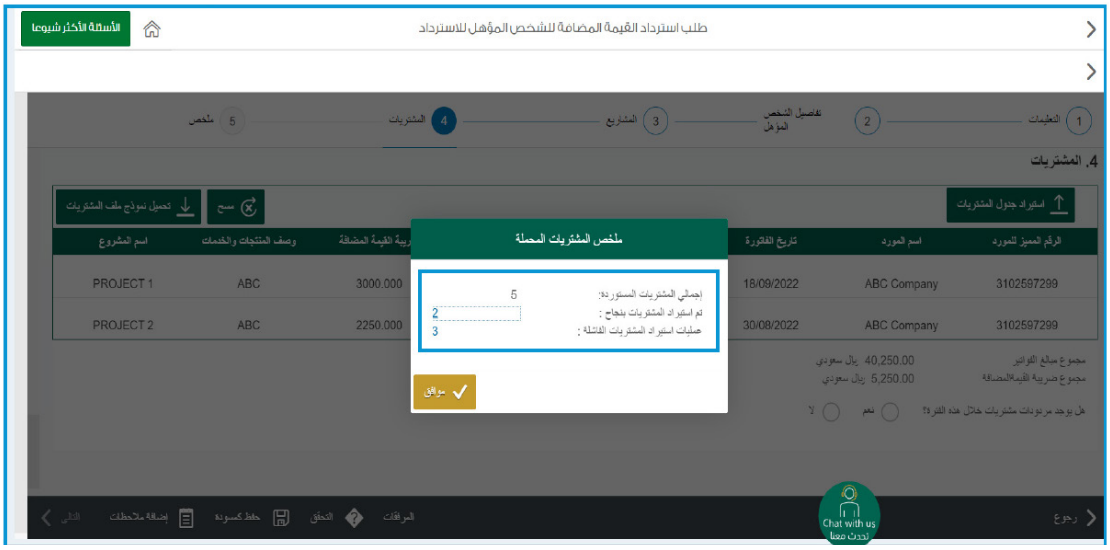
Step (4-c)

After filling out the Purchase File Template, import the file into the system by clicking "Import Purchase Statement."

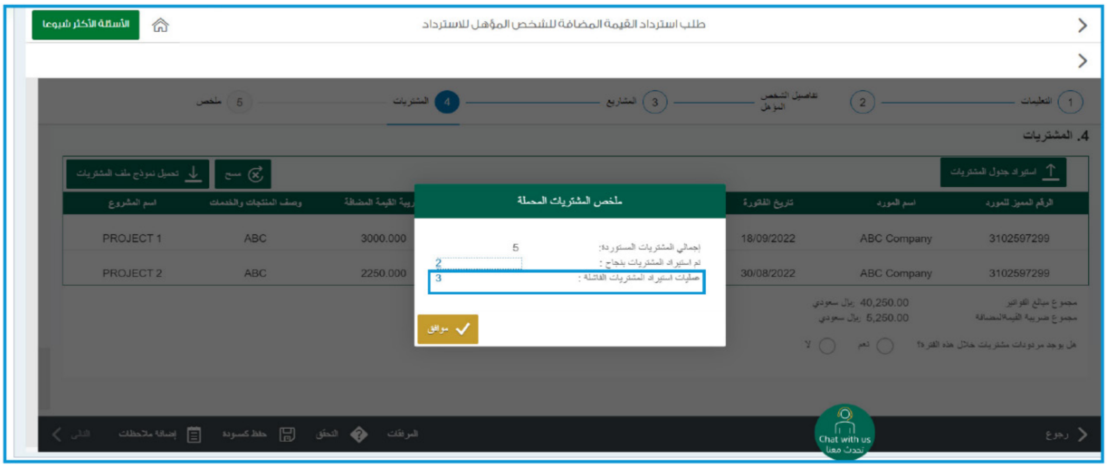


Step (4-d)

- After importing the Purchase Statement, a summary of the uploaded purchases will appear, showing the total uploaded purchases, accepted purchases, and rejected purchases.



- In the event that the upload fails for some invoices, click on the number (3) -as shown in this case- to identify the reasons for failure.



Step (4-e)

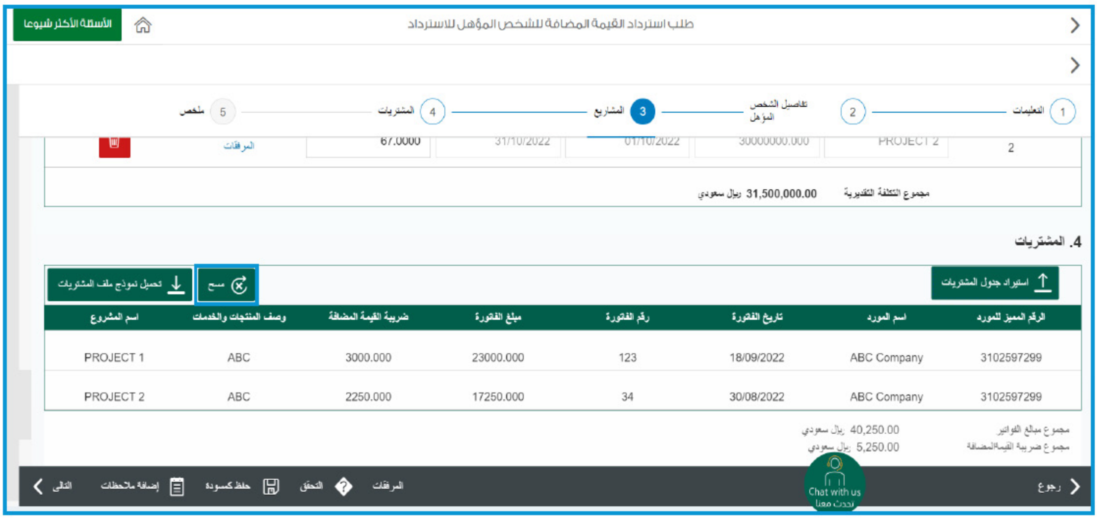
All unaccepted invoices will appear along with the reasons for rejection, which are as follows:

1. Post-dated invoice (Invoice date is subsequent to the allowed period).
2. Supplier's TIN was not entered.
3. Project name does not exist in the project list.

After clicking "OK", only the accepted invoices will be uploaded.

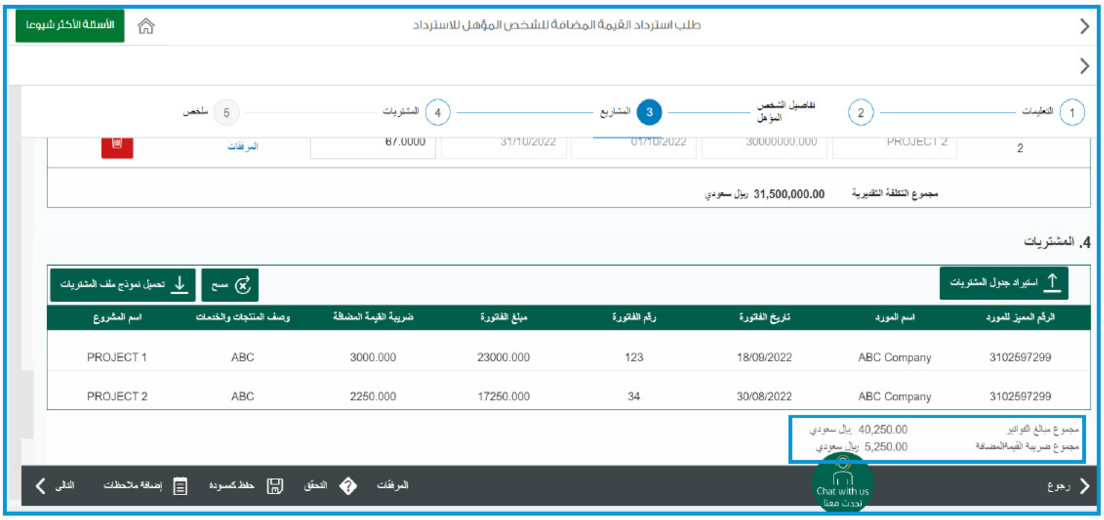
Step (4-f)

If you wish to correct the unaccepted invoices, click on the "Clear" field and import the Purchase Statement again after making the necessary corrections.



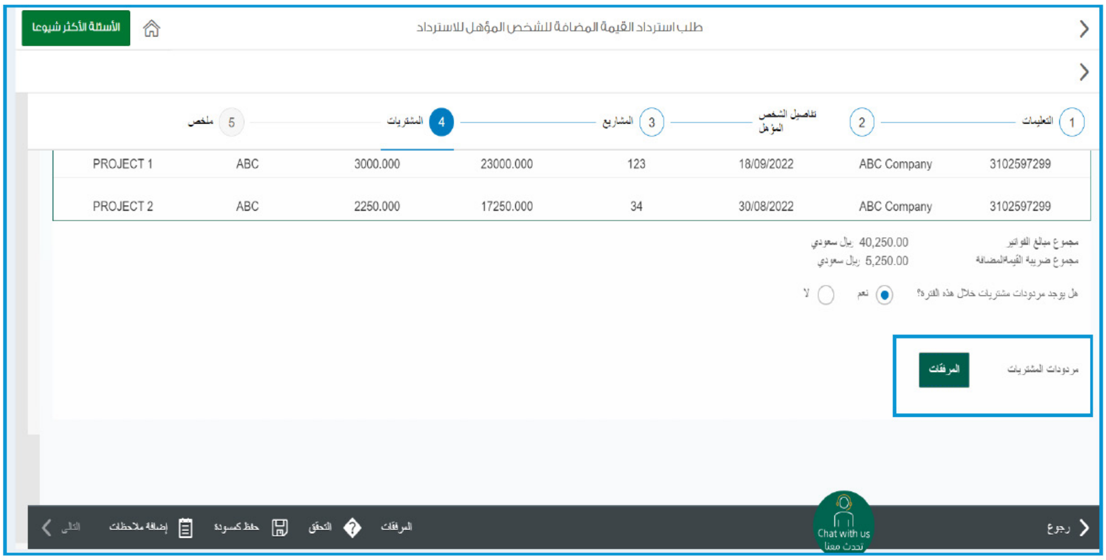
Step (4-g)

The total invoice amounts and the total VAT for the accepted invoices will be automatically applied.



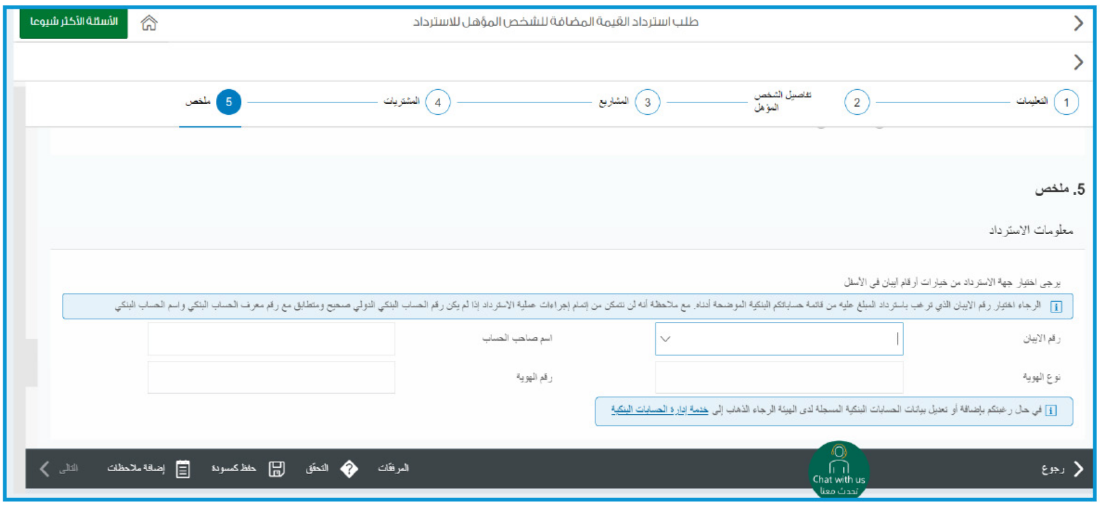
Step (4-h)

In the event of purchase returns during the period, click "Yes" and upload a statement of purchase returns; note that there is no specific template for this.



Step (5)

The refund information will be completed.



Disclosure and Application Submission: The real estate developer will be notified of the Application Reference Number.

13. Contact Us

For more information regarding any transaction subject to VAT, please visit the website **Zatca.gov.sa** or contact us via the unified number **19993**.

14. Frequently Asked Questions (FAQs)

Is it mandatory for the real estate subject to the refund application to be owned by the eligible real estate developer?

As a general rule, the property subject to the refund application must be owned by the eligible real estate developer pursuant to formal legal instruments. Nevertheless, a refund application may be submitted in the following instances:

- Investment Funds: If the property is owned by an eligible real estate investment fund and held by a licensed custodian.
- Financing Contracts: Financing Contracts: If the developer is in possession of the property under a financial lease contract or an Ijarah ending with ownership (Hire Purchase), provided that all conditions are met.
- Off-Plan Sale Projects: If the property is designated for a licensed project and is being developed pursuant to:
  1. An Official partnership agreement with the landowner.
  2. A partnership agreement with the Ministry of Municipal and Rural Affairs and Housing (on state-owned lands).[10] This is subject to the fulfillment of all the controls stipulated under Section (6) of this Guideline.

Is an eligible real estate developer entitled to request a refund of the Real Estate Transaction Tax (RETT)?

The refund application is restricted exclusively to Value Added Tax (VAT). Regarding the Real Estate Transaction Tax (RETT), a refund may be requested in accordance with the controls set forth in Article Six (bis) of the Implementing Regulations for Real Estate Transaction Tax.

What is the definition of the "property designation" condition concerning off-plan sale projects?

It signifies that the property subject to the refund application must be designated for one of the off-plan sale projects. The property shall not be considered "designated" accordingly unless it complies with all requirements stipulated by the prevailing laws, regulations, and instructions governing off-plan sales, including -but not limited to- any certificates or licenses required by the competent authority regulating off-plan sale activities.

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(10).Paragraph (6) of the Rules and Procedures Governing Licensed Real Estate Developers as Persons eligible for VAT Refund.

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