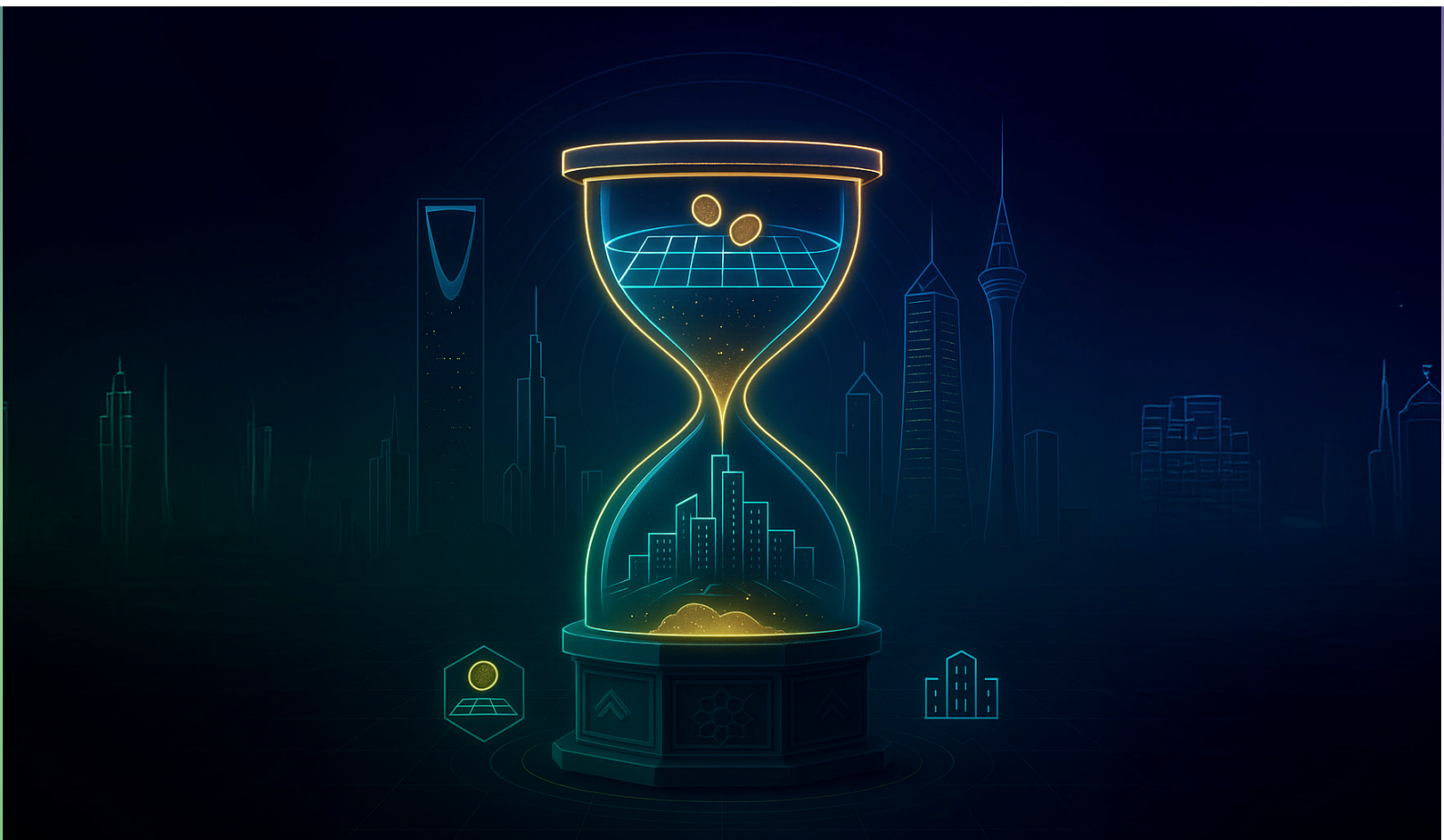


WHITE LAND TAX REGIME

Saudi Arabia is pushing forward with bold real estate reform measures to address land hoarding and promote sustainable urban growth. The recently amended White Land Tax regulations mark a turning point in the Kingdom's approach to property development.

By imposing the Vacant Real Estate Tax on undeveloped and unused properties, the government aims to increase the supply of developable land, curb speculation, and ensure fair competition under modernized Saudi Real Estate Regulations.



Introduction

The Kingdom of Saudi Arabia has introduced significant amendments to the Rules of Implementation (Executive Regulations) to the White Land Tax Law, which became effective immediately after its publication in the Official Gazette on 22 August 2025 (28 Safar 1447H) and supersedes all previous regulations.

These changes are designed to enhance regulatory clarity and transparency, ensure fair enforcement, and promote better utilization of urban land in line with development priorities.



Purpose of the White Land Tax Law (Law)

The White Land Tax Law was first issued on 24 November, 2015; yet, it has undergone several amendments and most of the provisions have been amended by different decrees and the Executive Regulations reflect all of the amendments. The core purpose of the Law is to increase the supply of developed land in urban areas in order to establish a balance between supply and demand; expand availability of real estate units and ensure fair competition while combating monopolistic practices in the real estate sector in accordance with Saudi Real Estate Regulations.

This short note highlights the key provisions of the Law and Executive Regulations.



White Land & Vacant Real Estate

White land is defined as land located in the urban areas which can be developed for different purposes. Vacant real estate is defined as vacant buildings located in urban areas.

Annual Tax

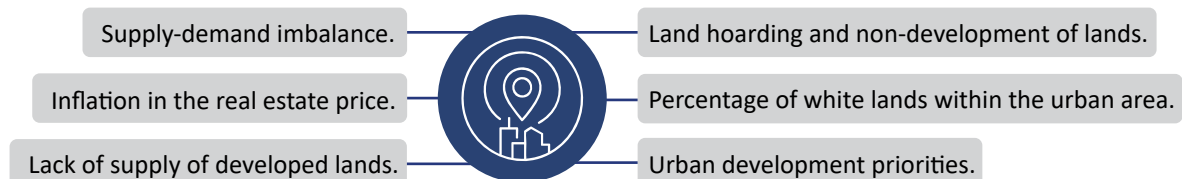
An annual tax of up to 10% of the value of land may be imposed on white lands owned by individuals or juristic entities, excluding the properties of the State provided that the area of the subject land is not less than 5,000 square meters. The Minister is authorized to determine the scope of application and the Executive Regulations stipulate criteria and conditions for classification of cities where the Law will be applicable as well as the lands which will be subject to white land tax. Additionally, an annual fee not exceeding 5% of the property value will be imposed on Vacant Real Estate (Vacant Buildings); excluding the properties owned by the State. The fee may be increased up to 10% of the value of a property by a decision of the Council of Ministers upon recommendation by the Ministerial Committee.

Scope of Application

All land uses fall within the scope of the Law and regulations. However, only the officially approved urban boundary maps and detailed plans issued by the competent authorities shall be valid for determining the applicability of the Law.

Classification of Cities

The city or the urban area for applying the Law will be determined upon existence of any of the following parameters or conditions:



The announcements bringing cities within the scope of applicability of the Law will include details such as effective date, name of the city, urban boundary map, deadlines for submissions, and electronic portal information.

Geographic Zones and Rates

The Minister will issue decisions determining the tax rate (percentage of land value) that will be applicable to white lands located in different cities based on development priorities with progressive tax rates ranging from 10% (highest priority) to 2.5% (lowest priority). The lands located outside the priority zones shall be exempt from white land tax; yet they will still be considered in ownership calculations.

Applicability of Law on Lands

The White Tax Executive Regulations stipulate conditions which will determine if the land will be subject to white land tax. The land must be vacant, developable, located within the designated zone or area and it is at least 5,000 square meters in size, and can be used for approved purposes.

Suspension of Tax

Application of tax may be suspended in case of absence of any of the conditions determining the applicability, legal impediments preventing the owner from disposing the land during the period due for payment of the tax, or existence of any regulatory issue causing delay or stopping development of land or existence of any issue preventing issuance of the required permit for development of land, completing development of land within the period due for payment of tax. Temporary extensions may also be granted by the committee.

Landowner Obligations

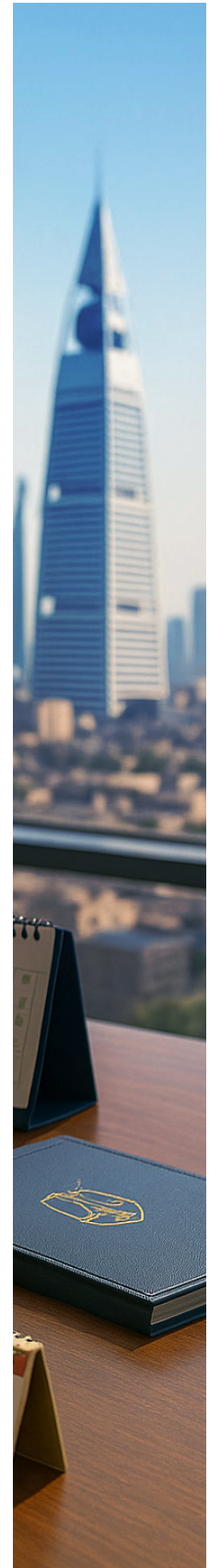
The owners of lands subject to the white land tax must submit all of the required documents and information to the Ministry of Housing within the set timeframe, and that include new owners upon transfer of ownership. The Ministry will notify the owners of the due tax through the approved mechanisms, and in all cases, the landowner will be primarily responsible for paying the tax or any fines imposed under the Law. In cases of co-ownership of land subject to white land tax or vacant real estate tax KSA, each owner shall be responsible for paying the tax proportionate to their ownership share.

Violations Committee

A committee of at least three members, including a legal advisor and a technical expert, formed by a ministerial decision will review violations of the Law and the Executive Regulations. It shall have the power to impose penalties, and consider objections by the owners of lands and vacant buildings. The committee's decisions may be appealed before the competent administrative court.

Landowners Right to Object Decisions

The owners of lands or vacant properties may object against decisions subjecting the land to white land tax or valuation of the land or property, or the amount of tax imposed. The objections must be submitted in writing to the committee within sixty (60) days of receipt of notification. The committee will decide within sixty (60) days of submission, and if it does not issue any decision within the aforesaid period, the objection shall be deemed to have been rejected.



Classification of Cities

In Saudi Arabia, institutional arbitration is primarily spearheaded by the Saudi Center for Commercial Arbitration (SCCA). Established in 2014, the SCCA has become the leading institution for administering arbitration, both domestic and international, in line with international best practices. The SCCA's 2023 Arbitration Rules, which came into effect on May 1, 2023, incorporate modern features such as expedited proceedings, emergency arbitration, and online case filing, enhancing efficiency and transparency.



Enforcement and Oversight

The Ministry is empowered to verify the data of the owner, prevent tax evasion, retroactively collect any unpaid tax and impose fines.

Invoice Requirements

The Executive Regulations require that each invoice must specify tax payer details, property documents, location, tax rate, amount due, deadline, method of payment, penalties for late payment, and right of appeal.

Payment Deadlines

The tax must be settled within one year of its issuance. Retroactive invoices must be paid within 90 days of notification. Refunds are possible if development is completed within the payment period. Payment of the tax imposed will be required before the disposal of the land or the vacant real estate.

Conclusion

The Amendments to Executive Regulations represent a significant step towards strengthening the White Land Tax regime. By refining definitions, stipulating conditions on determination of lands to be subject to tax as well determining the criteria for declaration of cities where the Law will be applicable, clarifying the land owner obligations, and ensuring transparent enforcement, the Regulations aim to curb land hoarding, enhance urban development, and promote fair utilization of land resources in Saudi cities.