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Real estate transaction tax (RETT) at a glance

RETT is a 5% tax on the transfer of real estate in Saudi Arabia, charged on the transfer itself, not on profit. This page covers the current regime under the new RETT Law in force since 10 April 2025.

5%
of the transaction value

FMV
floor: tax base is never below fair market value

30 days
to pay non-notarised transfers

SAR 1m
first home: the State bears the tax up to this price

01 What is taxed

- Transfer of ownership, or of possession for ownership, of real estate in the Kingdom: sale, gift, barter, court order, in-kind contribution.
- A usufruct right over 50 years.
- Transfer of 30% or more of the interests in a real estate company, in one deal or linked deals within 3 years.
- Completed, under-construction and off-plan property; residential, commercial or land; any nationality.

(Law Art 1; IR Art 2)

02 Rate, base and who pays

5% of the total transaction value: the agreed consideration, but not less than fair market value at the transaction date (IR Art 2(a)). Fixtures, permits and rights inseparable from the property are part of the value. The **transferor** (seller, donor) is liable; the transferee can become jointly liable, and a contract saying the buyer pays does not move the legal duty.

03 Exemptions in summary

Each needs every condition met and must still be registered on the portal. Main groups (Law Art 3; IR Art 3; Guideline §5.1):

Family: estate division among heirs; notarised gift to spouse or relatives to the 3rd degree (3-year hold); documented will

Charity & public: registered endowments, licensed charities, public bodies, expropriation, foreign governments on reciprocity

Group & company: in-kind capital contribution, transfer to 100%-owned company or fund, 100% common-ownership groups, mergers paid in shares (5-year holds)

Finance & market: security transfers to financiers, fund–custodian transfers, listed securities and IPOs, court-ordered forced sales, cancellation within 90 days, licensed off-plan developers

Breaking a holding condition later makes RETT due within 30 days of the breach (Guideline §4).

04 When it is due

- **Notarised deals:** on the notarisation date; pay on or before it. The notary will not complete the transfer without proof of payment or exemption (Guideline §4.3).
- **Not notarised:** due date set by IR Art 4 by type (e.g. possession handed over; usufruct granted; share transfer), otherwise the earlier of an unconditional agreement or actual transfer; pay within 30 days (IR Art 5(b)).

05 Filing and payment steps

1. Log in to the ZATCA portal (transferor or authorised representative).
2. Register the transaction: parties, deed/contract reference, property, value, taxable or exempt (IR Art 11(a)).
3. Claim any exemption with its evidence; ZATCA issues an exemption confirmation.
4. For taxable deals, the portal calculates 5% and issues a payment invoice with a unique reference.
5. Pay; ZATCA confirms registration.
6. Give the notary the payment or exemption confirmation; keep records.

06 Fines

- Late payment: 2% of unpaid tax per month or part, capped at 50%.
- Other violations: up to the tax due or SAR 50,000, whichever is greater.
- Evasion: up to three times the tax.

(Law Arts 14–15; Guideline v6 fines table)

07 VAT is separate

- RETT replaced VAT on real estate sales from 4 October 2020; a sale of real estate is generally exempt from VAT (VAT IR Art 30) VERIFY.
- A transaction already charged VAT before notarisation is exempt from RETT (Guideline §5.1.14), so the same transfer is not taxed twice.
- Commercial rent is standard-rated (15% VAT); residential rent is VAT-exempt. Brokerage and agent fees carry 15% VAT.

Sources: RETT Law (Royal Decree M/84, 19/03/1446H; in force 10 April 2025) Arts 1–3, 5, 14–15; RETT Implementing Regulations (ZATCA Board, 24 March 2025) Arts 2–5, 11; ZATCA Detailed Guideline on RETT, version 6, May 2026 (§§1.1, 4, 4.3, 5.1, fines table); VAT Implementing Regulations Art 30. dariba.co guides: rett-saudi-arabia-guide, rett-exemptions, when-does-rett-become-payable, how-the-rett-is-filed-and-paid, rett-penalties, rett-first-home-support. Checked November 2026.

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General information only, not tax or legal advice. Based on ZATCA publications and Saudi legislation as checked in November 2026. The Arabic legislation controls, rules change, and your actual facts and dates decide the answer.