

White Lands Fees System

Article 1

The following words and phrases - wherever mentioned in this system - shall have the meanings indicated next to each of them, unless the context requires otherwise:

Minister: Minister of Housing.

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System: White Lands Fees System.

Regulations: The executive regulations of the system.

White Lands: Any vacant land designated for residential or residential-commercial use within urban boundaries.

Vacant Land: Land that has not been developed for its designated purpose, according to the relevant regulations and laws in effect at the time of the announcement.

Urban Boundaries: The lines shown on the maps of urban boundaries documents, which illustrate the various stages of urban development, urban protection boundaries, and represent suitable boundaries for urban activities settlement and urban growth accommodation over a specified period.

Public Facilities: Networks of roads, water, electricity, telephone, sewage, and stormwater drainage.

Public Services: Religious, educational, health, security services, and the like; which are not included in the statutory planning ratio.

Taxpayer: The natural or legal person registered in his name the land ownership document subject to the fee at the time of issuance of the decision, including his heirs or successors.

Announcement: The announcement issued by the Ministry regarding the lands subject to the fee within a phase of the program timeline, as specified in Article (6) of the Regulations.

Developed Land: Vacant land whose planning has been finally approved by the competent authority.

Urban Development: For undeveloped land, it is the completion of its development in accordance with the regulatory requirements at the time of its planning approval - excluding what has previously been approved as a street network or the like - and for developed land, it is the completion of building residential establishments on it - excluding fencing or the like - in accordance with the building permit issued for it.

Decision: The decision issued by the Minister determining the amount of the fee on a specific piece of land.

City: Any population cluster, whether it is a city, governorate, or center.

Article 2

This system aims to:

1. Increase the supply of developed lands to achieve a balance between supply and demand.
2. Provide residential lands at reasonable prices.
3. Protect fair competition and combat monopolistic practices.

Article 3

An annual fee is imposed on white lands owned by one or more natural or non-governmental legal persons, at a rate of (2.5%) of the land value. The regulations determine the criteria for land value estimation and the entity responsible for that, including criteria like the land's location, uses, building regulations, and the availability of public services and access to public facilities.

Criteria for Land Value Estimation Subject to the Fee:

- Location within urban boundaries.
- Uses.
- Topography.
- Applicable building regulations.
- Availability of public services and access to public facilities.
- Surrounding commercial, industrial, and social activities affecting residential use.

Entity Responsible for Land Value Estimation:

1. A committee (or more) shall be formed in the Ministry by a decision of the Minister, with at least three members, one of whom must be an appraiser from the Saudi Authority of Accredited Valuers.
2. Committee members must have sufficient experience in property valuation work, and membership in the committee is for a term of three years, renewable.
3. The committee estimates the fair value of the land subject to the fee application, in accordance with the standards and controls stipulated in the system and regulations, and its decisions are issued by majority vote.
4. The rules of the committee's work, its procedures, and the remuneration of its members shall be issued by a decision of the Minister.

Discount Rates:

- If the land is more than 500 meters away from roads, 25% of the land's value is deducted.
- If the land is more than 1000 meters away from religious services, 1% of the land's value is deducted.
- If the land is more than 5000 meters away from security services, 5% of the land's value is deducted.
- If the land is more than 5000 meters away from health services, 1% of the land's value is deducted.
- If the land is more than 2000 meters away from educational services, 5% of the land's

value is deducted.

- If the land is more than 500 meters away from stormwater drainage, 3.7% of the land's value is deducted.

- If the land is more than 500 meters away from water services, 11.4% of the land's value is deducted.

- If the land is more than 500 meters away from sewage services, 11.8% of the land's value is deducted.

- If the land is more than 500 meters away from electricity services, 25% of the land's value is deducted.

- If the land is more than 500 meters away from communication services, 3.5% of the land's value is deducted.

- If the land is mountainous, 30% of the land's value is deducted.

- If the land is marine, 30% of the land's value is deducted.

- If the land is in a valley, 30% of the land's value is deducted.

Classification of Services:

- Roads: Includes the road and street network that connects the area to other areas.

- Religious Services: Includes mosques, the Makkah Haram, the Madinah Haram.

- Police Stations: Includes civil defense centers, fire stations.

- Health Services: Includes hospitals, clinics, health centers.

- Educational Services: Includes schools (primary, intermediate, secondary), educational offices, universities, technical and vocational institutes, training centers, and continuing education.

- Stormwater Drainage: Includes rainwater and stormwater drainage networks.

- Water: Includes water distribution stations and water networks.

- Sewage: Includes sewage treatment plants and sewage networks.

- Electricity: Includes electricity distribution stations and electricity networks.

- Communications: Includes communication centers, mobile phone towers, and internet networks.

Calculating Land Value and Tax According to Price Range:

To calculate the land value according to the price range, follow these steps:

1. Enter the land area.
2. Enter the price per square meter based on the number of streets the land faces:
 - Price per square meter if the land faces one street: 250 SAR.
 - Price per square meter if the land faces two streets: 450 SAR.
 - Price per square meter if the land faces three streets: 600 SAR.

3. Calculate the land value using the formula:

$$\text{Land Value} = \text{Land Area} \times \text{Price per Square Meter}$$

Calculating the Impact of Services:

1. Determine the discount rate for each service (such as roads, religious services, police stations, health services, educational services, stormwater drainage, water, sewage, electricity, telecommunications).
2. Calculate the impact value of each service using the formula:
Service Impact Value = Land Value × (Discount Rate / 100)

Calculating the Total Impact Value of Services and Utilities:

1. Sum the impact value of each service.

Calculating the Final Land Value:

1. Use the formula:
Final Land Value = Land Value - Total Impact Value of Services and Utilities

Calculating the Due Tax Value:

1. Use the formula:
Due Tax Value = Final Land Value × (2.5 / 100)

Conditions for Land Subject to the Tax Application:

- The land must be vacant.
- The land must be within urban boundaries.
- The land must be designated for residential or residential-commercial use according to the approved plan issued by the competent authority.
- The land must fall within the category of lands subject to tax application as specified in Article (6) of the Regulation.

Collection of Taxes and Fines

The White Land Tax System applies to lands with an area not less than ten thousand square meters in the first phase.

1. The tax application on the lands subject to tax is according to the following phases:
 - **Phase One:** Undeveloped lands with an area of ten thousand square meters or more, located within the scope defined by the Ministry.

- **Phase Two:** Developed land with an area of ten thousand square meters or more, and the total developed lands of one owner with an area of ten thousand square meters or more in one approved plan, located within the scope defined by the Ministry.
 - **Phase Three:** Developed land with an area of five thousand square meters or more, and the total developed lands of one owner with an area of ten thousand square meters or more in one city, located within the scope defined by the Ministry.
 - **Phase Four:** Developed lands owned by one owner in one city, as long as their total area exceeds ten thousand square meters.
2. If a certain phase does not apply to any of the cities, or if the lands within a certain phase are not sufficient to achieve the required balance between supply and demand, it is permissible - by a decision of the Minister - to skip that phase and move to another phase, provided that this does not affect the tax application on the preceding phases.

Exemptions from the Tax Application

The tax is not applied to the land subject to application in any of the following cases:

- The absence of any of the tax application requirements specified in Article (8) of the Regulation.
- The presence of an obstacle preventing the landowner from disposing of the land, provided that the taxpayer is not responsible or a participant in the obstacle's occurrence.
- The presence of an impediment preventing the issuance of the necessary licenses and approvals to develop or build the land, provided that the taxpayer is not responsible or a participant in the impediment's occurrence.
- The completion of land development or construction within one year from the date of the decision. If the tax application stops on part of the land, it is applied to the remaining part of it whenever that part falls within the category subject to tax application and the taxpayer can dispose of it.

Article 5

Owners of lands that are announced to be within the lands subject to tax application must submit to the Ministry the documents and data related to their lands within a period not exceeding (six) months from the date of the announcement. The landowner is notified of the decision issued to subject their land to tax application, and the amount of tax due, according to the notification mechanisms specified in the Regulation.

Communication with Taxpayers

The announcement is accompanied by a map showing the geographical scope of the lands targeted for tax application. The announcement is published in two daily newspapers and on the Ministry's website. The taxpayer is obligated to pay the tax and any fine resulting from violating the provisions of the system or the Regulation. The collection of the tax retroactively for previous periods does not affect the application of any fine resulting from the taxpayer's failure to pay or submit the required documents by law. The taxpayer must pay the tax within a period not exceeding one year from the date of the decision. If the taxpayer completes the development or construction of the land within the one-year period mentioned in sub-paragraph (d) of paragraph (1) of Article (9) of the Regulation after paying the tax, what they paid for that year is refunded. The non-payment of the tax does not affect the taxpayer's right to dispose of or develop the land. The Ministry determines the documents and data required to be submitted by the taxpayer. The taxpayer's notification of the decision concerning their land must include, at a minimum, the following information: a) The taxpayer's name and civil registry or commercial registration number. b) The number of the document proving ownership of the land. c) The location of the land. d) The legal document of the decision. e) The amount of tax due. f) The deadline for tax payment. g) The method of tax payment. h) The consequences of non-payment or late payment of the tax. i) The taxpayer's right to appeal the decision according to the legal procedures. All communications and notifications to the taxpayer must be in writing. The taxpayer's contact details must include phone numbers, national address, and email address. If the land subject to tax application is owned by more than one person, whether natural or legal persons, each is obligated to pay part of the tax proportional to their share of land ownership.

Article 6

Anyone who violates the provisions of the system and the Regulation is fined an amount not exceeding the amount of the tax due on their land, without prejudice to their obligation to pay the due tax.

Article 7

A committee or more of at least three members is formed by a decision of the Minister, including a legal advisor and a specialist in the technical field, to consider violations of the provisions of the system and the Regulation, apply penalties, consider objections submitted by stakeholders, and issue the necessary decisions. Appeals against their decisions can be made before the competent administrative court. The committee's work rules and procedures are issued by a decision of the Minister.

Article 8

The landowner has the right to object to the decisions issued subjecting their land to tax application, or estimating the land value and determining the tax, by submitting the objection in writing to the committee mentioned in Article (7) of the system within sixty days from the date of notification of the decision. The committee must decide on this

objection within sixty days from the date of its submission. After sixty days without a decision, the objection is considered rejected.

Article 9

The tax is not applied to the land subject to application in any of the following cases: a) The absence of any of the tax application requirements specified in Article (8) of the Regulation. b) The presence of an obstacle preventing the landowner from disposing of the land, provided that the taxpayer is not responsible or a participant in the obstacle's occurrence. c) The presence of an impediment preventing the issuance of the necessary licenses and approvals to develop or build the land, provided that the taxpayer is not responsible or a participant in the impediment's occurrence. d) The completion of land development or construction within one year from the date of the decision. If the tax application stops on part of the land, it is applied to the remaining part of it whenever that part falls within the category subject to tax application and the taxpayer can dispose of it.

Article 11

The amounts of the collected taxes and fines are deposited in a special account with the Saudi Arabian Monetary Authority, dedicated to spending on housing projects, providing public utilities, and providing public services within them.

Reference for Determining Urban Boundaries:

1. The reference for determining urban boundaries and allocating land uses is the urban boundary maps and detailed plans issued by the competent authorities in application thereof.
2. Any modification or change in the urban boundaries of any city results in a corresponding change in the spatial scope of the tax application.