BCLP. Client Intelligent

Insights

SAUDI ARABIA’S NEW WHITE LAND TAX REGULATIONS – JULY 2025 UPDATE

Jul 14, 2025

SUMMARY

In May 2025, Saudi Arabia issued a new White Land Tax Law under Royal Decree No. M/244, replacing the earlier 2016 regime. On 10 July 2025, the Ministry of Municipalities and Housing (MoMaH) published the implementing regulations that give legal force to the updated law.

These new regulations are designed to support the Kingdom’s urban development goals by reducing land banking, improving the supply of serviced plots, and limiting inefficient land use that contributes to urban sprawl. The White Land Tax forms part of Saudi Arabia’s broader housing and planning reforms under Vision 2030. The policy targets undeveloped land located in strategic urban areas that remains vacant despite being suitable for development. By imposing a recurring annual fee/Tax, the government aims to encourage landowners to either build or release the land into the market.

WHO IS AFFECTED

The tax applies to owners of vacant, undeveloped land located within city boundaries, where the total landholding under common ownership equals or exceeds 5,000 square metres. This includes holdings made up of multiple smaller plots.

Key features of the new regime

- A base tax rate of 2.5% of the land’s assessed market value per year applies. This can be increased in cases of long-term vacancy or high-value inflationary areas, or reduced where hardship or public policy justifies it.
- The tax only applies to land located within zones declared by the Minister and where basic infrastructure (roads, water, electricity, sewage) is available.

- The regulations introduce a “service readiness” test to determine whether a site is sufficiently equipped for development. Only land meeting this test is taxed.
- Tax liability can be temporarily suspended where landowners face genuine obstacles to development, such as delays in permits or unresolved legal issues. However, this requires a formal application, a credible development plan, and clear supporting documentation.

STEPS LANDOWNERS SHOULD CONSIDER TAKING

- Review all landholdings by city and calculate total area held, including indirectly owned plots or parcels held through group structures.
- Monitor MoMaH announcements to confirm whether any land falls within zones subject to the tax.
- Assess whether each plot is serviced — if not, it may not yet fall within scope, but this can change quickly as infrastructure is rolled out.
- Collect documentation to demonstrate ownership, development activity, planning progress, and access to services.
- Where development is intended, take concrete steps such as submitting design plans or permit applications. These actions may support a deferral application.
- Prepare for the registration phase. Once a city is declared taxable, registration must be completed within a fixed deadline. Failure to register may result in penalties and enforcement.
- Budget for tax exposure in landholding strategies and forward planning, particularly in areas with active planning or housing targets.

POINTS TO BE AWARE OF

- Partial development does not exempt remaining vacant land from the tax unless supported by permits and clear documentation.
- Future intent to develop is not sufficient to obtain exemption. MoMaH expects real evidence of planning and progress.
- A separate tax on vacant built properties is expected by mid-2026. Owners of unoccupied structures should begin preparing accordingly.

CONCLUSION

The White Land Tax is a key regulatory tool to drive development and urban efficiency. The July 2025 implementing regulations give the system teeth and signals a stricter enforcement and clearer compliance obligations. Early preparation, proper documentation, and proactive planning will be essential for managing compliance and minimising liability under the new regime.

If you need help interpreting how the new regulations apply or planning next steps our team on the ground would be happy to assist.

RELATED CAPABILITIES

- Real Estate Tax

MEET THE TEAM

Farida Sadiq

Dubai

farida.sadiq@bclplaw.com
+971 4 511 9711

Muhammad Hassan

Al Khobar

muhammad.hassan@bclplaw.com
+966 13 817 9335