



Proposed Amendment to the Implementing Regulation for Zakat Collection (1445H)

We would like to inform you that the Zakat, Tax and Custom Authority has proposed an addition to article 73 of the Zakat Bylaws concerning real estate under construction.

The added paragraph:

3 - The Zakat treatment of the off-plan selling is as follows:

- A. The off plan selling licensed by the concerned authority based on the application of the regulations in kingdom is to be in accordance with the following equation whenever the result of the equation is more than zero:

The amount to be deducted from the Zakat base = (Balance of the project at the end of the year --amount of additions to the project during the year).

- B. The equation is to be applied for each project separately.
- C. If part of balance of the project is classified in the FS as current asset and other part as a long-term asset, then first the detection as result of application stated in (A) form this article should be from the long-term portion and the balance (if any) form the current portion.
- D. The source of funds for the off-plan sales is to be added to Zakat base in accordance with section 3 from the bylaws.
- E. In the implantation of the above paragraph, the conditions and regulations mentioned in article 25 of the bylaws should be considered.

If you have any questions concerning the alert, please contact our Tax Service Departments:

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