



Extension of the Zakat Regulations for the Year 1445 AH to Fiscal Years Beginning Before January 1, 2024, and Amendment of Article 73 of the Implementing Regulations for Zakat Collection

- ▶ The Minister of Finance issued Decision No. 1463 dated 08/12/1446 AH, extending the period for requesting the application of the Zakat Regulations for the year 1445 AH to fiscal years beginning before 01/01/2024 up to 31/08/2025. It is worth noting that the exceptions mentioned in Ministerial Decision No. 1007 dated 19/08/1445 AH, which allow for a request to be submitted within 60 days from the date the Authority notifies its intent to audit fiscal years starting after the decision comes into effect, remain valid.
- ▶ Additionally, Ministerial Decision No. 1248 dated 11/10/1446 AH was issued, approving the amendment of Article 73 of the Implementing Regulations for Zakat Collection. This amendment was proposed by the Zakat, Tax and Customs Authority in January 2025 and primarily concerns clarifying the zakat treatment of off-plan sales projects. Details of the added paragraph to the article mentioned are included in our alert distributed in January 2025. (copy enclosed).

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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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