

Law of Real Estate Ownership by Non-Saudis

Article 1

In this Law, the following words and phrases shall have the meanings assigned thereto:

Law: Law of Real Estate Ownership by Non-Saudis.

Regulations: Implementing Regulations of the Law.

Authority: Real Estate General Authority.

Non-Saudi:

1. A natural person who does not hold Saudi nationality.
2. A non-Saudi company.
3. A non-Saudi non-profit entity.
4. Any other non-Saudi legal person to be determined by a Council of Ministers resolution.

Article 2

1. A non-Saudi may own real estate or acquire other rights in rem over real estate in the Kingdom within the geographical area determined by the Council of Ministers pursuant to paragraph (2) of this Article.
2. The following shall be determined pursuant to a resolution by the Council of Ministers, based on a proposal made by the Authority's Board of Directors and approved by the Council of Economic and Development Affairs:
 - a) The geographical area within which a non-Saudi may own real estate or acquire other rights in rem over real estate.
 - b) The types of rights in rem over real estate a non-Saudi may acquire.
 - c) The maximum percentage of non-Saudi real estate ownership within a geographical area.
 - d) The maximum period for the acquisition of usufruct rights by non-Saudis.
 - e) Any controls relating to the ownership of real estate or the acquisition of rights in rem over real estate by non-Saudis.
3. In addition to the rights of non-Saudis provided for in paragraphs (1) and (2) of this Article, a non-Saudi natural person legally residing in the Kingdom may own a single real estate outside the geographical area referred to in paragraph (2) of this

Article as his residence, with the exception of the cities of Makkah and Madinah. The Regulations shall specify the relevant provisions.

4. The right of a non-Saudi to own real estate or acquire other rights in rem, as provided for in paragraph (1) of this Article, within the cities of Makkah and Madinah shall be limited to Muslim natural persons.

Article 3

1. A company not listed on the Saudi Stock Exchange which is incorporated in accordance with the Saudi Companies Law and whose capital is jointly owned by one or more non-Saudi natural or legal persons may own real estate or acquire other rights in rem over real estate within the geographical area referred to in Article 2(2) of this Law, including the cities of Makkah and Madinah.
2. Subject to the provision of paragraph (1) of this Article and taking into account any privileges granted under other laws, the company referred to in paragraph (1) of this Article may own real estate or acquire other rights in rem over real estate as necessary for the exercise of its activities and for the housing of its employees within or outside the geographical area referred to in Article 2(2) of this Law, as specified in the Regulations.

Article 4

Companies listed on the Saudi Stock Exchange which are incorporated in accordance with the provisions of the Companies Law as well as licensed investment funds and special purpose entities shall own real estate and acquire other rights in rem over real estate in the Kingdom, including the cities of Makkah and Madinah, in accordance with the provisions of the Capital Market Law and its Implementing Regulations as well as the controls set by the Capital Market Authority in coordination with the Real Estate General Authority and other relevant agencies.

Article 5

The application of this Law shall not prejudice the provisions of the Privileged Residency Permit Law or the Statute of Real Estate Ownership by Gulf Cooperation Council (GCC) Nationals within Member States for Residential and Investment Purposes or other applicable laws that grant non-Saudis better rights with regards to the ownership of real estate and the acquisition of other rights in rem thereover.

Article 6

The ownership of real estate or the acquisition of other rights in rem over real estate in the Kingdom by non-Saudis shall not entail any rights or privileges other than the rights prescribed by law for the owner of a right in rem.

Article 7

Diplomatic missions accredited in the Kingdom may, on the basis of reciprocity, own their official headquarters and the residence of the mission head and members, and international and regional organizations may, within the limits of relevant agreements, own their official headquarters, subject to the approval of the Ministry of Foreign Affairs.

Article 8

1. A non-Saudi company, non-Saudi non-profit entity, or non-Saudi entity determined by a Council of Ministers resolution, referred to in paragraphs (2), (3), and (4) of the definition of a Non-Saudi, must register with the relevant agency prior to owning real estate or acquiring other rights in rem over real estate in the Kingdom, as specified in the Regulations.
2. The ownership of real estate or the acquisition of other rights in rem over real estate in the Kingdom by a non-Saudi shall be deemed valid upon its registration with the Real Estate Registry in accordance with the relevant governing provisions.

Article 9

Without prejudice to any fees or taxes prescribed by law, a fee to be collected by the Authority shall be imposed on the disposition of rights in rem over real estate in the Kingdom by a non-Saudi; such fee shall not exceed 5% of the value of the disposition.

Article 10

1. Without prejudice to any harsher penalty provided for in any other law, any person who violates the provisions of this Law or the Regulations shall be subject to either of the following penalties:
 - a) A warning.
 - b) A fine not exceeding 5% of the value of the right in rem subject of the violation; such fine shall not exceed ten million riyals (SAR 10,000,000).
2. The Regulations shall, based on the provisions of this Law and the Regulations, set a table of the violations and their corresponding penalties, taking into consideration the gravity, circumstances, and impact of the violation.

Article 11

1. A committee, or more, comprising at least three legal experts shall be formed pursuant to a decision by the Authority's Board of Directors to review violations and impose the penalties provided for in Article 10 of this Law.
2. The committee's work rules and procedures as well as the remuneration of its members shall be determined pursuant to a decision by the Authority's Board of Directors.
3. Objection to committee decisions may be made before the Administrative Court within 60 days from the date of notification thereof.

Article 12

1. Notwithstanding the provisions of Article 10 of this Law, and without prejudice to any harsher penalty provided for in any other law, a non-Saudi who deliberately provides false or misleading information for the purpose of owning real estate or acquiring any other right in rem over real estate shall be subject to the following penalties:
 - a) A fine not exceeding 5% of the value of the right in rem subject of the violation; such fine shall not exceed ten million riyals (SAR 10,000,000).
 - b) Sale of the right in rem associated with the real estate.
2. The Public Prosecution shall have the jurisdiction to investigate and prosecute the act referred to in paragraph (1) of this Article, and the competent court shall have the jurisdiction to consider the same and impose the prescribed penalty.
3. If the court issues a ruling to sell the right in rem in accordance with paragraph (2) of this Article, the violator shall be reimbursed for the value of the right in rem or for the amount paid thereby to acquire such right after deducting the fines and any other taxes or fees prescribed by law as well as the sale expenses, whichever is less; the remainder of the sale proceeds shall be deposited into the State Treasury.

Article 13

1. The Council of Ministers shall, based on a recommendation made by the Authority's Board of Directors and approved by the Council of Economic and Development Affairs, issue the Regulations within 180 days from the date of publication of this

Law in the Official Gazette; the Regulations shall become effective on the date this Law enters into force.

2. The Regulations shall specify the following:
 - a) The procedures for the acquisition of non-Saudis of rights in rem over real estate in the Kingdom.
 - b) The requirements for the enforcement of the provisions of this Law applicable to non-Saudis not residing in the Kingdom.
 - c) The amount of the fee provided for in Article 9 of this Law, provided that such amount is determined based on the type and purpose of the right in rem associated with the real estate as well as the geographical area.
 - d) The transactions subject to 0% fees and the cases thereof as well as the conditions and controls therefor.

Article 14

This Law shall supersede the Law of Real Estate Ownership and Investment by Non-Saudis issued by Royal Decree No. M/15, dated 17/4/1421H, and shall repeal any provisions conflicting therewith.

Article 15

This Law shall enter into force 180 days following the date of its publication in the Official Gazette.