

*On 7 September 2021, the Kingdom of Saudi Arabia ("KSA") issued a new law amending their judicial cost system ("Judicial Cost Law"), especially introducing new court fees provisions. The new law intends to relieve the judicial system by encouraging people to resolve conflicts without filing a lawsuit before court. Although this development is in line with most countries in the Middle East, where court filing fees are charged, the new law is a remarkable change since filing a civil case in Saudi Arabia until now was free of charge. This legal briefing shall provide an overview of the most notable features as well as the scope of fees.*

## I. General

The Judicial Cost Law, Royal Decree No. M16/1443, was issued on 7 September 2021 and has come into effect on 13th March 2022. Executive Regulations were due to be issued within 60 days of the date of issuance of the new Judicial Fees Law but have not been published yet. However, the proposal of said regulations was submitted for public consultation on 9th November 2021 and the public consultation was completed on 8th December 2021. These regulations are expected to provide further details e.g., regarding the criteria for estimating judicial costs and the controls regulating this.

## II. Applicability of the Judicial Fees Law

The new Judicial Cost Law applies to all lawsuits, cases and requests submitted to courts, except certain categories such as criminal cases, disciplinary cases or cases and requests arising from the application of the provisions of the Bankruptcy Law.

Moreover, Article 17 of the Judicial Cost Law exempts imprisoned and detained

persons at the time when judicial costs are due in non-criminal financial lawsuits, in cases filed by/against them or workers covered by the Labor Law and those excluded therefrom, and their beneficiaries, to claim their entitlements arising from employment contracts as well as ministries and government agencies from judicial fees.

However, Article 18 of the Judicial Cost Law imposes the losing party to pay the fees in case a judgement is issued in favor of a person who is exempted from judicial costs pursuant to Article 17.

## III. Key Aspects of the new Law

The Judicial Cost Law stipulates different fees applicable to claims and applications:

- The fees shall not exceed 5% of the claim value with a ceiling of SAR 1,000,000.
- Regarding the nullification of an arbitral award the fees shall not exceed 1% of the amount awarded to the claimant for nullification. The maximum fee applicable is SAR 1,000,000 as well.

- The maximum fee for applications is SAR 10,000. These include applications for permission to appeal to the Court of Appeal and the Supreme Court and petitions to review a decision.
- A maximum fee of SAR 1,000 applies to certain applications made by "interested parties" for copies of documents or court records. Requests of an existing party to the proceedings are excluded from this maximum fee.

The fees shall be reduced to 25% of the fees payable if the parties settle after the first hearing but prior to the court's decision in the case. If a request results in a change in the estimation of the value of the case, the judicial costs of the case shall be calculated based on the estimation of the new value thereof.

With exception of the request for cassation and the request for reconsideration, the failure to pay the

fees shall not prevent the court from recording the case and deciding thereon.

#### IV. Summary & Recommendations

While, at first glance, the Judicial Cost Law increases the cost of litigating in KSA, the introduction of court fees will likely also help to avoid claims that have little merit and parties will consider their chances of success before commencing judicial proceedings.

In conclusion, the new law aims to enhance the efficiency of the judicial system of KSA, achieve prompt justice, and contribute to fulfilling rights before reaching the judiciary. Additionally, it can be expected that the introduction of court fees may promote alternative dispute resolution within the country.

The Executive Regulations are expected to clarify various aspects related to the law and to provide further guidance.

#### How can we help?

SCHLÜTER GRAF will continue to monitor the developments relating to the judicial court fees in KSA including the Executive Regulations to be published. Our dedicated and experienced KSA team regularly advises clients on litigation matters and disputes.

For any related queries, please contact us at:

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