



The Implementing Regulations of the Foreign Investment Law

Promulgated by the Board of Directors of the General Investment Authority
Decision no. (2/74), dated 12/5/1435H, as Amended

Article 1

For the purpose of implementing these Regulations, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Council: The Council of Ministers¹.

Board of Directors: The Board of Directors of the General Investment Authority.

Chairman of the Board: The Chairman of the Board of Directors of the General Investment Authority.

Governor: Governor of the Authority².

Authority: The General Investment Authority.

License: An approval issued by the Authority to practice a specific activity that falls within the scope of its competencies on a permanent or temporary basis.

License Applicant:

1. A natural or legal person who does not hold a Saudi nationality³;
2. A natural or legal person who holds a Saudi nationality and who is a partner to the person indicated in Paragraph (1)⁴ hereabove.

Foreign Investor: A natural person who does not hold a Saudi nationality, or a legal person where all partners thereto are not Saudi nationals.

Foreign Investment: The employment of foreign capital in a licensed activity under the Law and these Regulations.

¹ This amendment was made pursuant to Clause III of the Council of Ministers Resolution no. (264), dated 16/5/1440H.

² This amendment was made pursuant to Paragraph (B) of Clause II of the Council of Ministers Resolution no. (264) dated 16/5/1440H.

³ This amendment was made pursuant to the Board of Directors Decision no. 86/1, dated 10/9/1440H.

⁴ This amendment was made pursuant to the Board of Directors Decision no. 86/1, dated 10/9/1440H.

Foreign Capital: Foreign capital shall include, but shall not be limited to, the following assets and rights once they are owned by a foreign investor:

1. money, securities and commercial papers;
2. foreign investment profits whenever employed to increase capital, expand existing projects, or establish new projects;
3. investment-related machinery, equipment, spare parts, means of transport, production requirements and real estate; and
4. intangible rights such as licenses, intellectual property rights, technical know-how, administrative skills, and production techniques.

Law: The Foreign Investment Law.

Commodity Firms: Projects that produce industrial and agricultural (plant and animal) commodities.

Service Firms: Service and contracting projects.

Regulations: The Implementing Regulations of the Foreign Investment Law.

Authority Inspectors: Individuals from among the Authority employees or others who are assigned by a written authorization of the Governor or his designee to monitor the implementation of the provisions of the Law and its Regulations.

Center: The Universal Service Center stipulated in Article 9 of the Authority Statute.

Article 2

Without prejudice to the list of activities excluded from foreign investment, to invest foreign capital in any investment activity whether on a permanent or temporary basis, a license shall be issued by the Authority in accordance with the Law, the Regulations, and the decisions issued by the Board. The license approval decision shall be issued under the signature of the Governor or his designee within a period of 30 working days from the date of completing the documents required pursuant to these Regulations and satisfying the conditions and controls for granting the license⁵.

⁵ The Board of Directors Decision no. 81/2 provided for immediate issuance of the license.



Article 3

The Council of Ministers shall have the competence to issue a list of the activities excluded from foreign investment^{6 7}.

Article 4

The foreign investments to be licensed under the provisions of the Law and these Regulations may take either of the following two forms:

1. firms owned by a national and a foreign investor; and
2. firms wholly owned by a foreign investor.

The legal form of such firms shall be confined to a limited liability company, a joint stock company, a foreign company branch, or any other legal form with regard to which the Board of Directors shall issue a decision.

Article 5

A project licensed under the Law and these Regulations shall enjoy all the benefits, incentives and guarantees enjoyed by a national project pursuant to laws and instructions and any amendments thereto, among which are the following examples:

1. The incentives stipulated in the Common Industrial Regulatory Law of the Cooperation Council for the Arab States of the Gulf, issued by Royal Decree no. M/20 dated 4/4/1427H;
2. A foreign investor may acquire real estate property necessary for practicing his licensed activity as need be, including property for his residence and the residence of his employees upon the prior approval of the Authority in accordance with the provisions of the Law of Real Estate Ownership and Investment by Non-Saudis, promulgated by Royal Decree no. M/15, dated 17/4/1421H;

⁶ This article was amended pursuant to Paragraph (2) of Clause II of the Council of Ministers Resolution no. (264) dated 16/5/1440H.

⁷ The one-person company was added to the legal forms of foreign investments pursuant to the Board of Directors Decision no. 86/1.



3. The benefits arising from agreements of avoiding double taxation and agreements of promotion and protection of investments concluded by the Kingdom;
4. Investments shall not be confiscated in whole or in part except with a judicial ruling, nor expropriated in whole or in part except for public interest and in return for a fair compensation;
5. A foreign investor may re-patriate or dispose of his share of the sale of his equity, liquidation surplus, or profits generated by the project. He may also transfer the amounts required to fulfill any contractual obligations of the project;
6. Free exchange of shares amongst partners and others upon the prior approval of the Authority;
7. Sponsoring the foreign investor and his non-Saudi staff by the licensed entity;
8. Obtaining industrial loans provided by the Saudi Industrial Development Fund in accordance with its law;
9. Carrying forward the net operating losses from the tax year following the year in which the loss was incurred, in accordance with the provisions of the Income Tax Law, issued by Royal Decree no. (M/1), dated 15/1/1425H and its implementing regulations;
10. Enjoying all tax incentives stipulated in the Council of Ministers Resolution no. (359), dated 26/11/1429H;

Article 6

Conditions and Controls for Licensing Foreign Investment:

1. The investment activity to be licensed shall not be included in the list of activities excluded from foreign investment.
2. The technical specifications of the product and the method of production thereof shall conform to the Saudi, Gulf or international standards.
3. The license applicant shall not have been subject to any final judgments or decisions due to substantial violations of the provisions of this Law.
4. The license applicant shall not have been previously convicted; this shall include judgments rendered on financial or commercial violations whether inside or outside the Kingdom.
5. The license applicant shall abide by the conditions, controls, declarations and undertakings attached to the investment license application form.



6. Licensing shall fulfill the objectives of investment and the purposes of the Authority.

These conditions and controls shall apply to license renewal applications.

Article 7

The license applicant or his legal representative shall fill out an electronic form of the investment license application via the official website of the Authority, along with completing the following documents in the Arabic language or translating the same into Arabic by a certified office in the Kingdom:

1. A copy of the commercial register of the company applying for license in its native country; and
2. Data of the financial statements for the last fiscal year of the company applying for license⁸.

Article 8

A foreign investor may obtain more than one license to exercise the same activity or other different activities subject to the following controls:

1. He shall meet the conditions set forth under Article 6 of these Regulations.
2. He shall complete the documents required under Article 7 of these Regulations.
3. The competent department at the Authority shall submit a report indicating that no violations or observations have been detected with regard to the existing project.

The Board of Directors may re-consider these controls either periodically or when the need arises.

Article 9

The Authority shall notify the license applicant or his legal representative of the receipt of his application including registration number and date. The license shall not be delivered except after the Authority obtains the required original documents for verification in the cases required by the Authority.

⁸ Article 7 was amended pursuant to Administrative Resolution no. (66/1437), dated 22/1/1437H.



Article 10

The Authority shall notify the license applicant or his representative of the final decision on his application, either in writing by delivery in person or by registered mail, or to his approved residence address or e-mail provided in the license application form or via any other means by which the notification shall be fulfilled.

Article 11

Should the Authority decide to reject the license application, amendment, or renewal, its decision shall be reasoned, and the person concerned may file an objection to the Board of Directors within sixty days from the date of his notification of the decision.

Article 12⁹

The Board of Directors shall examine the objection and decide thereon within 30 days from the date of submission thereof. The Board of Directors decision shall be issued under the signature of the Governor or his designee. If the decision provides for dismissal of the objection, the person concerned may appeal the same before the Board of Grievances as per its law within sixty days from the date of his notification of the Board of Directors decision.

Article 13

The foreign investor may, upon obtaining the prior approval of the Authority, purchase local, foreign or joint investment entities or acquire shares therein, provided that he meets the conditions, controls and documents contained in these Regulations.

Article 14

The Authority shall prepare an investment guide containing a description of the procedures for obtaining a permanent or temporary license and their amendments, as well as the forms and documents to be completed prior to obtaining the license and any information needed by the investor. The guide shall also list the incentives, benefits and guarantees to be enjoyed by the foreign investor. The guide shall, as a minimum, comprise the following:

⁹ The Governor was delegated to form a committee to consider the objections submitted to the Authority by investors pursuant to the Board of Directors Decision no. 85, dated 5/9/1439H.



1. The Foreign Investment Law and its implementing regulations;
2. The Statute of the General Investment Authority and its implementing regulations;
3. The Law of Real Estate Ownership and Investment by Non-Saudis;
4. The Common Industrial Regulatory Law of the Cooperation Council for the Arab States of the Gulf;
5. The Labor Law and the Social Insurance Law;
6. The Laws of Zakat, Taxes and Customs;
7. The Law of Civil Procedures;
8. The Law of Criminal Procedure;
9. Code of Law Practice;
10. The Companies Law;
11. The Commercial Register Law;
12. The Commercial Fraud Law;
13. The Banking Control Law;
14. The Trademark Law;
15. The Copyright Law;
16. The Patent Law;
17. The Residence Law;
18. Rules for dealing with expatriates breaking the Law.

The guide shall devote a special section to the social customs in the Kingdom and shall be periodically updated.

Article 15

The licensee shall carry out the following:

1. initiate the executive procedures and steps required to practice the activity as per the schedule submitted to the Authority;
2. notify the Authority in writing 30 days prior to the expected start date of the activity of the reasons that prevented him from taking the executive measures to exercise the activity. Should the Authority accept such reasons, it may extend the period specified in the schedule for another period or periods not exceeding one year in total.

Article 16



The Board of Directors may revoke the license permanently in cases where the Authority does not approve the request to extend the period specified in the schedule or when it is established that the investor lacks diligence after such extension. The licensed investor whose license is revoked shall bear the consequences of such revocation.

Article 17

A foreign investor licensed by the Authority shall:

1. comply with the basic conditions and purposes under which the license is issued; he may not amend the same except upon obtaining the prior approval of the Authority and completing the necessary procedures therefor;
2. obtain the prior approval of the Authority in case he intends to voluntarily cancel the license.
3. use an accredited accounting system for the licensed entity that contains a record of all direct or sub-contracts, purchases, sales, revenues and expenses;
4. submit a detailed budget audited by an accounting office accredited by the Saudi Organization for Certified Public Accountants (SOCPA);
5. deposit and transfer the wages of his workers on a monthly basis through a bank operating in the Kingdom and provide the Authority, upon its request, with a copy of the bank transfer statement;
6. provide the information, statistics, data, statements, transfers, payrolls, and others, as requested by the Authority;
7. enable the Authority or its designated certified accountants to have access to the accounting system and budgets of the investment entity , as well as the information, statistics, data, statements, and payrolls it provides to the Authority, and to review same at the request of the Authority;
8. designate an approved address for his public or private residence in order to receive Authority notices, notifications, decisions, with all the legal effects resulting therefrom; he shall update his address data in case of any change within a maximum period of 60 days of said change;
9. create a website on the Internet that contains all the necessary information of the entity , including its contact details;
10. appoint a liaison officer with the Authority, provided that he be an employee registered with social insurance; the licensee shall immediately update the contact details of the liaison officer in the event of any change thereof.



Article 18

1. The Governor shall issue a decision naming the Authority inspectors authorized to monitor the implementation of the provisions of the law and its regulations, and specifying their competencies, including the following:
2. monitor the implementation of the provisions of the Law and its Regulations, and pay visits to the entities licensed by the Authority;
3. review and obtain copies of all the records, files and documents of the entity licensed by the Authority. The entity may not withhold any information on grounds of confidentiality or otherwise;
4. seize violations, draft written notifications, write down seizure reports, attach documents establishing the violation, and submit the necessary reports thereon to the Governor or his designee;
5. Authority inspectors shall maintain the confidentiality of the information and records that they obtain from the entities during follow-up visits, and may not hand over the same to any other party except with the approval of the Governor.

Article 19

- a. The Authority shall notify the foreign investor in writing of any violation of the provisions of the law and its regulations, in order to remove the violation within a period of time deemed appropriate by the Authority.
- b. Without prejudice to a more severe penalty, the foreign investor shall, in the event of his failure to remove the violation, be punishable with any of the penalties stipulated in Article 12 of the Law.
- c. The penalty decision shall be made by the Board of Directors under the signature of its Chairman or his designee.
- d. The penalty decision may be appealed before the Board of Directors. Should the Board of Directors affirm the penalty, its decision shall be made under the signature of its Chairman or his designee. The person concerned may object to such decision before the Board of Grievances as per its law¹⁰.

¹⁰ The Governor was delegated to form a committee to consider the objections submitted to the Authority by investors pursuant to the Board of Directors Decision no. 85, dated 5/9/1439H.



Article 20

The acts to be deemed as violations of the provisions of the law, regulations and the licensing terms and conditions shall include, but shall not be limited to, the following:

1. any difference between the data of the commercial register and that of the investment license issued by the Authority;
2. practice of an unlicensed investment or commercial activity;
3. non-availability of an investment license for company branches and marketing centers;
4. suspension of investment activity during the validity period of the license, except in cases of force majeure that are accepted by the Authority, provided that a timetable is submitted stating the date on which the activity shall be resumed within five days from the date of the occurrence of the force majeure event;
5. use of the name or logo of a global or local commercial agency without a license, or use of publications, seals or promotional materials bearing a commercial name other than that which is licensed by the Authority;
6. non-compatibility of product standards and specifications with the GCC, Saudi, or international recognized standards;
7. failure to notify the Authority in writing of any change of address, mailing details, contact information, or data update;
8. failure to notify the Authority and obtain its prior approval of the lease, sale, assignment or closure of the project site without acquiring and activating another site;
9. direct or indirect erosion of the capital pursuant to the financial statements;
10. transfer of the sponsorship of all or some of the project workers to other persons or entities prior to obtaining the approval of the Authority;
11. inadequacy of the project site for the size of the investment licensed by the Authority;
12. employing workers not under the sponsorship of the licensed entity;
13. sending workers sponsored by the project to work for other third party individuals or entities;
14. poor organization of industrial operations at a factory in accordance with the applicable industrial standards in the industrial sector;
15. failure to renew the documents legally required to practice a licensed activity;



- 16.submission of fictitious or non-existing execution contracts;
- 17.providing the Authority with false or misleading information;
- 18.failure of an entity to commence practicing the activity after the end of the time schedule determined upon submission;
- 19.failure to provide proof of the implementation of businesses in proportion to the licensed capital;
- 20.use of a facility site for carrying out activities other than the licensed ones;
- 21.non-compliance with the production of all licensed products or reduction of production capacity;
- 22.failure to submit a license renewal application prior to the expiry date thereof;
- 23.failure of an entity to obtain contracts or businesses to practice an investment activity upon the end of the schedule;
- 24.failure to obtain final approval from the competent authority to practice the activity according to the schedule;
- 25.non-availability of a technical or administrative staff in line with the activities and projects of the entity ;
- 26.absence of an accounting system for the entity , and failure to record the accounting journal entries;
- 27.failure to enable the Authority or its certified accountants to have access to and review, at the request of the Authority, the accounting system and budget of an investment entity or the information, statistics, data, statements, records and payrolls that such entity provides to the Authority;
- 28.failure to provide appropriate housing facilities for workers, in compliance with the provisions of the laws, regulations and instructions;
- 29.failure to complete the legal procedures subsequent to the investment license for the entity or its branches in accordance with the schedule;
- 30.exceeding the licensed production capacity without obtaining the approval of the Authority;
- 31.employing workers who do not hold a legal residence permit;
- 32.failure to submit a detailed and audited budget for the entity approved by an accountant certified by the Saudi Organization for Certified Public Accountants (SOCPA) clear of any remarks 6 months after the end of a complete fiscal year of the entity (according to the commercial register);
- 33.assignment of execution contracts of construction projects to another entity without obtaining the prior approval of the Authority;



- 34.assignment, lease or disposal of the ownership of the license issued by the Authority without obtaining its prior approval;
- 35.failure to deposit the entity's capital in a Saudi bank within a period not exceeding 90 days from the issuing date of the license and to notify the Authority of the same, using the appropriate form;
- 36.failure to activate the branches of the investment entity licensed by the Authority;
- 37.absence of a sign for the entity matching the official name licensed by the Authority upon inspection;
- 38.existence of the premises of another project on the same site;
- 39.failure to comply with the laws, regulations and instructions issued by government agencies related to the licensed activity;
- 40.non-payment of wages and benefits to employees on a regular basis, and non-submission of a copy of the salary bank transfer records;
- 41.non-compliance with any of the conditions, instructions, undertakings or commitments contained in the application form for a new license, license renewal, or license amendment;
- 42.absence of a site for the licensed factory within the organizational chart of the factories;
- 43.refusing to receive or cooperate with the Authority inspector;
- 44.failure to provide the information, documents, statistics, data, statements, transfers, payrolls, etc. required by the Authority;
- 45.non-compliance with the Saudization rate required for the activity, as stipulated by the laws, regulations and instructions of the Ministry of Labor; and
- 46.failure to utilize the ownership of the real estate property for which the license has been issued during the period specified by the Authority.

Article 21

The Board of Directors shall have the right of interpretation and amendment, through deletion or addition, of the articles of these Regulations.

Article 22

These Regulations shall be published in the Official Gazette, and shall become effective as of the date of publication thereof.