



Foreign Investment Law in the Kingdom of Saudi Arabia

Royal Decree No. M/1

Article 1:

The following terms and expressions shall have the meanings assigned to them, unless the context requires otherwise:

- A. The Ministry: Ministry of Investment
- B. The Minstar: The Minister of Investment
- C. Foreign Investor: A natural person who is not of Saudi nationality or a corporate person whose partners are not all Saudi.
- D. Foreign Investment: Investment of foreign capital in an activity licensed by this Law.
- E. Foreign Capital: In this Law, foreign capital shall mean, for example, but not limited to, the following funds and rights so long as they are owned by a foreign:
 - 1. Cash, securities and negotiable instruments.
 - 2. Foreign investment profits, if invested to increase capital, expand existing projects, or establish new ones.
 - 3. Machinery, equipment, furnishings, spare-parts, means of transport and production requirements related to the investment.
 - 4. Intangible rights, such as licenses, intellectual property rights, technical know-how, administrative skills and production techniques.
- F. Commodity Firms: enterprises that produce industrial, agricultural, plant and animal commodities.
- G. Service Firms: Service and contracting enterprises.
- H. Law: The Foreign Investment Law.
- I. Regulation: The implementing regulation of this Law.

Article 2:

Without prejudice to the provisions of the laws and agreements, the Ministry shall issue a license for foreign capital investment in any investment activity in the Kingdom, whether permanent or temporary.

The Ministry shall act on the investment application within 30 days of the submission of all the documents required by the regulation. If the specified period lapses without the Ministry acting on the application, it shall issue the required license to the investor.

If the Ministry rejects the application within the prescribed period, the decision must be justified, and the party whose application has been rejected shall have the right to appeal such decision according to laws.



Article 3:

The Ministerial Committee for Examination of Foreign Investments shall be responsible for issuing a list of activities excluded from foreign investment.

Article 4:

Subject to the provisions of Article 2, the foreign investor may obtain more than one license for different activities, and the Regulation shall specify the necessary requirements.

Article 5:

Foreign investments licensed under the provisions of this Law may be in either of the following forms:

1. Firms owned by a national and foreign investor.
2. Firms wholly owned by a foreign investor.

The legal form of the firm shall be determined in accordance with laws and directives.

Article 6:

The project licensed under this Law shall enjoy all the privileges, incentives and guarantees extended to a national project, in accordance with laws and directives.

Article 7:

A Foreign Investor may repatriate its share that is derived either from the sale of its equity, the liquidation surplus, or from profits generated by the firm, or to dispose of it in any other lawful manner. The foreign investor may also transfer the amounts required to settle any contractual obligations related to the project.

Article 8:

A foreign firm licensed under this Law may acquire necessary real estate as needed for operating the licensed activity, or for housing all or some of its staff, subject to the provisions governing real estate ownership by non-Saudis.



Article 9:

The foreign investor and its non-Saudi staff shall be sponsored by the licensed firm.

Article 10:

The Ministry shall make available to all interested investors with required information, clarifications and statistics as well as providing them with all services and carry out all procedures to facilitate and complete all investment related transactions.

Article 11:

The foreign investor's investments may not be confiscated, wholly or partially without judicial ruling. Moreover, they may not be subject to expropriation, wholly or partially, except for public interest, against a fair compensation according to laws and directives.

Article 12:

1. The Ministry shall notify the foreign investor in writing of any violation of the provisions of this Law and its Regulations, in order to rectify such violation within the period of time specified by the Ministry deems appropriate for the rectification of the violation.
2. Without prejudice to any harsher penalty, the foreign investor shall be subject to any of the following penalties if the violation persists:
 - a. Withholding all or some of the incentives and privileges given to the Foreign Investor.
 - b. Imposing a fine not exceeding 500.000 (Five hundred thousand Saudi Riyals)
 - c. Revoking the foreign investment license.
3. The penalties referred to in paragraph (2) above, shall be imposed pursuant to a resolution by the Minister.
4. The resolution issued may be appealed before the Board of Grievances in accordance with its Law.

Article 13:

Without prejudice to agreements in which the Kingdom of Saudi Arabia is party:

Disputes arising between the government and the foreign investor in relation to its investments licensed in accordance with this Law shall, as possible, be settled amicably. Failing such settlement, the dispute shall be settled according to the relevant laws.



وزارة الاستثمار
Ministry of Investment

Disputes arising between the foreign investor and his Saudi partners in relation to its investments licensed in accordance with this Law shall, as far as possible, be settled amicably. Failing such settlement, the dispute shall be settled according to relevant laws.

Article 14:

All foreign investments licensed under this Law shall be treated in accordance with the applicable tax provisions and amendments thereto in the Kingdom of Saudi Arabia.

Article 15

The foreign investor shall comply with all laws, regulations and directives in force in the Kingdom of Saudi Arabia, as well as international agreements in which the Kingdom is party.

Article 16

The implementation of this Law shall be without prejudice to acquired rights of the foreign investments, legally existing before this Law comes into force. However, such project shall be governed by the provisions of this law, as far as conducting their activities or increasing their capital is concerned.

Article 17

The Ministry shall issue the Regulation and it shall be published in the Official Gazette and shall become effective as of the date of its publication.

Article 18

days after its publication date. The Foreign Capital Investment Law, issued upon Royal Decree No. (M/4), dated 2/2/1399H (corresponding to 1/1/1979AD), as well as any provisions inconsistent therewith shall be canceled.