



شعبة الترجمة الرسمية  
Official Translation Department

**Foreign Investment Law**

Royal Decree No. M/1  
April 10, 2000

**Translation of Saudi Laws**



**NOTE:**

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



## Foreign Investment Law

### **Article 1**

In this Law, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

- A. Board of Directors: The Board of Directors of the General Investment Authority.
- B. Authority: The General Investment Authority.
- C. Governor: The Governor of the General Investment Authority.
- D. Foreign Investor: A natural person who is not of Saudi nationality or a corporate person whose partners are not all Saudis.
- E. Foreign Investment: Investment of foreign capital in an activity licensed by this Law.
- F. Foreign Capital: For the purposes of this Law, foreign capital shall mean, for example, but not limited to, the following assets and rights so long as they are owned by a foreign investor:
  - 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.
- G. Commodity Firms: Projects for the production of industrial and agricultural goods (crops and livestock).
- H. Service Firms: Service and contracting projects.
- I. Law: The Foreign Investment Law.
- J. Regulations: The implementing regulations of this Law.

### **Article 2**

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

The Authority shall issue a decision on the investment application within 30 days from the date of submission of all the documents required by the regulations. If the specified period lapses without the issuance of a decision by the Authority on the application, the Authority shall be obligated to issue the required license to the investor.

If the Authority 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 the laws.

### **Article 3**

The Council of Ministers shall have the authority to issue a list of activities excluded from foreign investment.

### **Article 4**

Subject to the provisions of Article 2, a foreign investor may obtain more than one license for different activities, and the regulations 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 jointly owned by a national investor and a foreign investor.
2. Firms entirely owned by a foreign investor.

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

### **Article 6**

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

### **Article 7**

A foreign investor may repatriate its share that is derived from the sale of its equity, the liquidation surplus, or from profits generated by the firm, or may 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 Authority shall make available to all interested investors the required information, clarifications, and statistics as well as provide 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, in whole or in part, without a court 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 Authority 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 the Authority 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 benefits given to the foreign investor.
  - b) Imposing a fine not exceeding 500,000 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 board of directors.
4. The resolution issued may be appealed before the Board of Grievances in accordance with its Law.

## **Article 13**

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

1. Disputes arising between the government and the foreign investor in relation to its investments licensed in accordance with this Law shall, as far as possible, be settled amicably. If such settlement is not feasible, the dispute shall be settled according to relevant laws.
2. Disputes arising between the foreign investor and its Saudi partners in relation to its investments licensed in accordance with this Law shall, as far as possible, be settled amicably. If such settlement is not feasible, 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 tax provisions applicable in the Kingdom of Saudi Arabia and any



amendments thereto.

### **Article 15**

The foreign investor shall comply with all the laws, regulations, and directives in force in the Kingdom of Saudi Arabia, as well as international agreements to 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 projects shall be governed by the provisions of this Law, as far as conducting their activities, or increasing their capital is concerned.

### **Article 17**

The regulations shall be issued by the Authority and published in the Official Gazette and shall become effective as of the date of their publication.

### **Article 18**

This Law shall be published in the Official Gazette and shall enter into force 30 days following its date of publication. It shall supersede the Foreign Capital Investment Law, issued by Royal Decree No. (M/4), dated 2/2/1399H, as well as any conflicting provisions.