

Creating an Aquaculture SPV in Saudi Arabia's Aseer Region

Saudi Arabia's aquaculture sector presents a compelling investment opportunity backed by **SAR 17.5 billion (\$4.7 billion) in government investment** and an ambitious Vision 2030 target to reach **600,000 tons of annual production**. [\(SeafoodSource +5\)](#) The Kingdom actively invites both local and international institutional investors through streamlined licensing procedures that now target **3-month approval timelines** (down from 12+ months historically), [\(FAO\)](#) [\(Arab News\)](#) generous financing covering **70% of project costs** through the Agricultural Development Fund, [\(Saudipedia +3\)](#) and substantial tax incentives including **5% corporate tax rates for 20 years in Special Economic Zones** versus the standard 20% rate. [\(Arab News +4\)](#) For Aseer region specifically, this landlocked mountainous area requires **closed recirculating aquaculture systems (RAS)** using inland freshwater, [\(ResearchGate\)](#) [\(MDPI\)](#) presenting unique opportunities for integrated agriculture-aquaculture projects that leverage the region's favorable climate and **SAR 50 billion development pipeline**. [\(Argaam\)](#) [\(Asharq Al-Awsat\)](#)

Understanding the dual regulatory framework

The SPV formation process involves navigating two parallel tracks: corporate registration through the Ministry of Commerce and Investment (MOCI now under broader Ministry of Investment/MISA framework) and sector-specific aquaculture licensing through the Ministry of Environment, Water and Agriculture (MEWA). [\(Healy Consultants +2\)](#) **The critical distinction:** Saudi Arabia operates a dual tax system where Saudi/GCC shareholders pay 2.5% Zakat while non-GCC foreign shareholders pay 20% corporate income tax, [\(Al Taasis +3\)](#) creating significant tax planning opportunities through strategic ownership structuring. The new Investment Law effective February 2025 replaces the old licensing system with streamlined registration, applies unified rules to both local and foreign investors, [\(Centuro Global +2\)](#) and importantly confirms that **aquaculture permits 100% foreign ownership** with no sector-specific restrictions. [\(Linklaters\)](#) [\(White & Case LLP\)](#)

Legal structure options and capital requirements

Saudi law offers several entity types for aquaculture SPVs, each with distinct characteristics. **Limited Liability Company (LLC)** represents the most common choice for SPVs, requiring minimum capital of **SAR 500,000 (\$133,100)** for standard operations though aquaculture projects classified as agricultural may require **SAR 25 million** depending on scale. [\(Al Taasis +3\)](#) LLCs accommodate 2-50 shareholders with liability limited to capital contributions, permit 100% foreign ownership in aquaculture, and mandate audited financial statements when foreign shareholders are involved. [\(Lexology +2\)](#) The account opening timeline spans **3 months total**: 5 weeks for capital account, 8 weeks post-commercial registration for operational conversion. [\(Tetra Consultants\)](#)

Joint Stock Company (JSC) structures work better for larger institutional investments, requiring minimum capital of **SAR 500,000** (SAR 5 million for single-shareholder JSC), accommodating unlimited shareholders through tradable shares, requiring at least 3 board members, and mandating public financial disclosure with CMA oversight if publicly listed. [\(Lexology +2\)](#) **Closed Joint Stock Company** offers a middle ground with SAR 500,000 minimum capital, 2-200 shareholders, restricted share transferability, and lighter disclosure requirements than public JSC but heavier than LLC.

For **aquaculture-specific capital requirements**, projects classified under agricultural licenses typically require SAR 25 million minimum (though MEWA may reduce for high-tech projects in specified areas), [\(Icig\)](#) industrial classification for feed production requires only SAR 25,000, [\(Setup in Saudi\)](#) and general service licenses require SAR 500,000 standard. [\(Middle East Briefing\)](#) GCC nationals enjoy identical capital requirements as Saudi nationals with no MISA registration required [\(PwC\)](#) and 2.5% Zakat treatment instead of 20% corporate tax. [\(Shuraatax +3\)](#) Non-GCC foreign investors face standard capital requirements plus mandatory MISA registration, embassy attestation of all foreign documents, 1-2 years operational history documentation, and international audited financial statements. [\(Middle East Briefing\)](#)

MOCI registration and commercial establishment procedures

The incorporation process follows a clear sequence starting with **MISA Registration** (for foreign investors, effective February 2025). Foreign investors must register via the MISA E-Services Portal at investsaudi.sa, [\(Kslaw\)](#) [\(HFW\)](#) submitting required documentation including commercial registration from home country (Saudi embassy-attested), audited financial statements (1-2 years), articles of association, board resolution authorizing investment, power of attorney (notarized), beneficial ownership documentation, comprehensive business plan with 10-year projections including Saudization levels, and KYC documentation for all shareholders and directors. [\(Shuralawfirm +4\)](#)

Processing timeline: 5-10 business days if documents complete, with the law requiring decisions within 30 days (deemed approved if no response). [\(Al Taasis\)](#) Instant license options exist for companies listed on local/international stock markets meeting specific conditions.

Next comes **Company Name Reservation** through the Ministry of Commerce portal, requiring 3 name options in Arabic, confirmation no similar existing names, compliance with naming regulations (avoiding religious terms, existing trademarks, misleading terms), and approval typically within 2-5 days. The **Articles of Association** drafting and approval requires preparation complying with Companies Law, specification of company objectives including aquaculture activities, share capital structure and shareholder rights, board composition and powers, profit distribution mechanisms, and dispute resolution procedures. [\(Saudi Helpline Group\)](#) After Ministry of Commerce approval (1-5 days), execution occurs before notary public. [\(Al Taasis\)](#)

Capital Deposit happens through opening an "under-registration" capital account at chosen Saudi bank, depositing required minimum capital (frozen until CR issued), obtaining bank certificate of capital deposit, and submitting certificate to MISA/MOCI with incorporation documents. [\(Saudi Helpline Group +2\)](#) The **Commercial Registration (CR)** issuance from Ministry of Commerce follows within 5-10 days post-MISA registration approval, [\(Al Taasis\)](#) providing a unique CR number essential for all subsequent registrations and the primary business identifier. [\(Tetra Consultants +2\)](#)

Post-registration steps taking 2-4 weeks include procuring company seal with CR number, Ministry of Labor registration for employment, GOSI (social insurance) registration, National Address registration, General Manager visa application and Iqama, ZATCA registration for tax/VAT, and Chamber of Commerce membership (within 30 days of CR). [\(Setup in Saudi +5\)](#)

MEWA aquaculture licensing: Eight-stage process

The aquaculture sector requires separate comprehensive licensing through MEWA's Fish Farming Department under the Deputy-Ministry for Fisheries Affairs. MEWA issues three license types:

Construction License valid for the period determined by feasibility study (extendable); **Operational License** valid for **30 years (renewable)**, issued after construction completion verification; [\(Al Taasis\)](#) and **Transitional License** for existing unlicensed operations. [\(Saudipedia\)](#) [\(Mewa\)](#)

Stage 1: Application Submission and Pre-Qualification requires completed application form from MEWA website, valid identification (National ID for Saudis, passport plus MISA approval for foreigners, commercial register for companies), proof of financial solvency via bank certificate, land documentation (title deed or minimum 10-year certified lease contract), site sketch with coordinates, and signed pledge to comply with technical/administrative controls. [\(Mewa\)](#)

Stage 2: Initial Technical and Economic Feasibility Study must include technical measures (cultured species details with Arabic/English/scientific names, site specifications and appropriateness assessment, facilities description covering hatchery/nursery/breeding ponds, production systems description, biosecurity standards, production schedule and feed use, environmental and social considerations); economic requirements (cost estimation, cash flow analysis, financing sources and amounts, investor's financial status); and technical competency demonstration (proposed administrative/technical team, aquaculture experience, investor's project track record). Review takes several weeks.

Stage 3: Presentation to Decision-Making Committee involves a visual presentation to a technical committee chaired by the Deputy Minister for Fisheries Affairs, with members from relevant ministries, legal experts, and Saudi Aquaculture Society representatives. Results are submitted to the decision-making committee for approval.

Stage 4: Security Approval applies to marine projects only (N/A for Aseer, which has no coastal access), requiring MEWA to address the General Directorate of Border Guard.

Stage 5: Initial Site Examination Approval for marine projects lasts 1 year (renewable) to assess site appropriateness, conduct soil/water testing, and determine absorptive capacity. For Aseer, this involves modified processes for inland water assessment.

Stage 6: Environmental Feasibility Study presents critical requirements for inland projects in Aseer. **If operating an open system within an agricultural project**, aquaculture water needs must NOT exceed agricultural project water needs. **If operating a closed system within an agricultural project**, water exchange rate must NOT exceed **20% of total water volume**. **If not connected to an agricultural project**, the facility must operate a complete water recycling system with water exchange rate NOT exceeding **5% of total water volume**, plus a study on utilizing discharged water.

Groundwater assessment requires a technical report from the Ministry verifying nature, quantity, quality, and well productivity. This is critical because **Aseer faces water scarcity** with renewable water resources of only ~109,000 m³/day against projected municipal demand of 449,000 m³/day by 2030. [\(ResearchGate\)](#) [\(MDPI\)](#)

Stage 7: Final Technical and Economic Feasibility Study requires comprehensive documentation including detailed technical plans with species specifications and broodstock origins, GIS-compatible site coordinates, facility areas breakdown with standard drawings, water supply system specifications, 5-year production schedules and feed consumption rates, biosecurity and disease response plans; comprehensive economic plans with 5-year capital costs, operating costs, revenue projections, cash flow, profit/loss analysis; detailed environmental management plans with quantitative risk assessment, monitoring plans, and sampling procedures; and implementation plans with construction timeline and 5-year operating schedule with detailed scale maps.

Stage 8: License Issuance provides the Construction License valid per feasibility study (extendable), followed by the Operational License (30 years renewable) after construction completion verification.

Critical compliance: If 30% of licensed area remains inactive, operators must complete development within specified periods or face license withdrawal. If no operations occur within 2 years of operational license issuance, MEWA issues warnings followed by potential license revocation. [\(Mewa\)](#)

Environmental permits and Aseer water use constraints

All aquaculture facilities discharging treated wastewater must obtain permits from the **National Center for Environmental Compliance** (formerly General Authority of Meteorology and Environmental Protection). Discharge standards comply with Executive Regulations appendices, with different standards for coastal/marine waters versus soil/land/surface water discharge. Facilities must conduct periodic monitoring per license specifications, submit digital reports on ambient water quality, maintain quality assurance documentation, and notify authorities of any exceedances.

For Aseer inland projects, water management is the most critical constraint. The region relies on **Proterozoic basement aquifers** accessed through deep boreholes, facing sustainability concerns from urbanization, population growth, and agricultural expansion. [\(ResearchGate\)](#) Surface water comes primarily from **King Fahd Dam on Wadi Bishah** (second largest dam in Middle East), collecting flow from 100+ tributaries including Wadi Khamis Mushait and Wadi Abha. [\(MDPI\)](#)

Aseer has **20 wastewater treatment plants** (second highest in Kingdom after Riyadh), presenting opportunities for treated water use in aquaculture. [\(Saudipedia\)](#) Land allocation options include owned land (submit copy of legal deed), leased land (minimum 10-year certified lease required), or Ministry-allocated land through coordination with Deputy-Ministry for Land Affairs.

Suitable species for Aseer inland aquaculture include primarily **Nile Tilapia** (*Oreochromis niloticus*, most commonly cultured freshwater species in KSA with ~4,000 MT/year national production), **African**

Catfish (*Clarias gariepinus*, recent introduction with growing production, suitable for closed systems), **Common Carp** (suitable for cooler water temperatures, good for polyculture), and potentially Rainbow Trout in cooler mountain areas or ornamental fish for specialized facilities. [SeafoodSource +3](#)

Local versus international institutional investors: Critical distinctions

The regulatory framework creates substantial differences in requirements, processing times, and tax treatment between investor types. **For GCC investors (Bahrain, Kuwait, Oman, Qatar, UAE)**, no MISA registration is required (treated as Saudi nationals), setup timeline is 2-4 weeks, no embassy attestation needed, tax rate is 2.5% Zakat (versus 20% corporate income tax for non-GCC), there are no dividend withholding taxes, 100% ownership is permitted in all sectors except sovereign activities, [Middle East Briefing](#) [Shuraatax](#) and direct stock market access became available in July 2025. [ECGI](#) [The In House Lawyer](#)

For non-GCC international institutional investors, mandatory MISA registration adds 5-10 days, total setup takes 3-6 months, embassy attestation of all documents from home country is required (or Apostille for Hague Convention countries), tax rate is 20% corporate income tax plus 5% withholding on dividends, [ClearTax +2](#) international audited financial statements (1-2 years) are mandatory, 1-2 years operational history is typically required, [Middle East Briefing](#) and investors are subject to the Excluded Activities list (though aquaculture is fully open). [DLAPiper](#) [EY](#)

Documentation requirements for foreign institutional investors include commercial registration from country of origin (Saudi Embassy-authenticated), audited financial statements for most recent fiscal year (Saudi Embassy-certified, prepared by internationally recognized auditing firm), corporate documents (articles of association, board resolution authorizing investment, power of attorney notarized and attested, certificate of good standing, shareholder structure documentation), comprehensive business plan with 10-year financial projections and Saudization programs, KYC documentation (for corporate shareholders: constitutional documents and commercial license; for individual shareholders: passport, residency/national ID, beneficial ownership proof, source of funds, bank references), and sector-specific requirements (MEWA approval for aquaculture, environmental impact assessments, technical expertise certifications, previous sector track record). [Shuralawfirm](#) [Middle East Briefing](#)

Saudi/GCC investors require simplified documentation: only National ID/Iqama, commercial registration if existing entity, business plan, and financial information. No embassy attestation, foreign commercial registration, international audited financials, or MISA registration needed.

Capital requirements show parity across investor types for aquaculture: SAR 500,000-25 million depending on classification, with the same minimums for local, GCC, and international investors. However, **certain sector-specific thresholds create barriers**: wholesale/retail trade requires SAR 30 million minimum for 100% foreign ownership plus presence in 3+ regional/global markets, SAR 200-300 million investment over 5 years, and 30% domestic manufacturing or 5% R&D or logistics center establishment. [LegalcommunityMENA](#) [Saudilegal](#)

Profit and capital repatriation faces no restrictions for any investor type, with the Saudi Foreign Investment Law guaranteeing unrestricted transfer rights for profits, proceeds from equity sales, liquidation surplus, investment proceeds and gains, and contractual obligation payments. Transfers occur without delay through legal channels in any currency recognized by SAMA, requiring no prior approval beyond tax clearance, with no amount or frequency limitations. [Saudipedia +4](#)

Practical repatriation requirements include ZATCA tax clearance (all taxes settled, returns filed, 5% withholding tax on dividends paid, 20% corporate income tax for non-Saudi/GCC shareholders paid), [Middle East Briefing](#) [pwc](#) board resolutions approving distributions, statutory reserve compliance (10% of annual net profits until reserves equal 30% of paid-up capital), and banking documentation (audited financial statements, tax clearance certificates, board resolutions, proof of legitimate post-tax earnings).

Step-by-step incorporation timeline

Months 1-2: Pre-Application and Initial Feasibility

- Conduct sector and site feasibility assessment
- Identify potential site in Aseer (near King Fahd Dam, Wadi areas, or agricultural project integration)
- Assess water availability and sustainability (groundwater, surface water, treated wastewater)
- Engage MEWA-licensed consultant for studies
- Join Saudi Aquaculture Society
- For foreign investors: Begin embassy attestation of documents (can take 4-6 weeks)
- Secure financing commitment or letters of intent from investors

Month 2: MISA Registration (Foreign Investors Only)

- Register on MISA E-Services Portal (investsaudi.sa) [Etqan Law Firm](#)
- Submit application with all required documentation
- Timeline: 5-10 days for approval if complete [Al Taasis](#)
- Cost: MISA registration fees apply

Month 3: Company Formation

- Reserve trade name with Ministry of Commerce (2-5 days) [Al Taasis](#)
- Draft and approve Articles of Association (1 week) [Al Taasis](#)
- Open "under-registration" capital account at Saudi bank
- Deposit minimum capital (SAR 500,000 to SAR 25 million depending on classification)
- Obtain bank certificate of capital deposit
- Execute Articles of Association before notary public

- Submit for Commercial Registration

Month 3-4: Commercial Registration and Post-Registration

- Obtain Commercial Registration from Ministry of Commerce (5-10 days) (Al Taasis)
- Unfreeze capital and convert to operating account (1-2 weeks)
- Obtain company seal with CR number
- Register with Ministry of Labor (HRSD)
- Register with GOSI for social insurance
- Complete National Address registration
- Apply for General Manager visa and Iqama (2-3 weeks processing)

Month 4: Tax and Banking Setup

- Register with ZATCA for corporate tax/Zakat (automatic with CR)
- Register for VAT if expected turnover exceeds SAR 375,000 annually (mandatory), or SAR 187,500+ (voluntary) (ClearTax +2)
- Register with Chamber of Commerce (required within 30 days of CR)
- Complete bank account activation with full services
- Set up IFRS-compliant accounting systems (ZATCA +2)

Months 3-6: Parallel MEWA Licensing Process

- Submit initial MEWA application with pre-qualification documents (Stage 1)
- Prepare and submit Initial Technical and Economic Feasibility Study (Stage 2)
- Present to MEWA technical committee (Stage 3)
- Coordinate with Ministry for groundwater assessment
- Prepare Environmental Feasibility Study emphasizing water conservation (Stage 6)
- For Aseer: Design closed recirculation system (95-98% water recycling)
- Develop comprehensive biosecurity plan

Months 7-9: Final Feasibility and License Issuance

- Prepare Final Technical and Economic Feasibility Study with detailed engineering drawings (Stage 7)
- Submit comprehensive 5-year financial projections
- Include environmental management and monitoring plans
- If seeking Agricultural Development Fund financing, MEWA submits approved study to ADF
- Receive Construction License (Stage 8)
- Duration: Per feasibility study, typically 18-36 months for facility construction

Months 10-12+: Construction Phase Preparation

- Secure land lease or purchase
- Obtain building permits from municipality
- Finalize engineering and construction contracts
- Order specialized aquaculture equipment (RAS systems, tanks, filtration)
- Source broodstock from licensed hatcheries
- Recruit and train management team
- Develop Saudization strategy (target 60%+ local employment)

Month 24-36: Pre-Operational and License Conversion

- Complete facility construction per approved plans
- Install all equipment and conduct system testing
- MEWA conducts site inspection of completed facilities
- Staff training on biosecurity, safety, operations
- Source initial fingerlings from licensed hatcheries (Jeddah Fisheries Research Center or imports with MEWA permit)
- Implement record-keeping systems
- Apply for Operational License (30 years, renewable)
- **Mandatory:** Achieve BAP (Best Aquaculture Practices) certification - Saudi Arabia is the ONLY country globally mandating third-party certification for all aquaculture facilities
- Optional: Apply for SAMAQ (Saudi Arabian Mark of Aquaculture Quality) certification for marketing advantages (Global Seafood Alliance) (SAMAQ)

Total timeline summary:

- **Foreign investor full setup:** 6-9 months for complete legal entity with all registrations
- **MEWA aquaculture licensing:** Target 3 months under NFDP initiative, realistic 6-12 months
- **Construction to operations:** 18-36 months depending on facility scale
- **Total from concept to operations:** 24-48 months

Required documentation master checklist

Corporate Formation Documents:

- For foreign investors: Home country commercial registration (embassy-attested) (Shuralawfirm)
(Northman & Sterling)
- For foreign investors: Audited financial statements 1-2 years (embassy-certified) (Shuralawfirm)
(Northman & Sterling)
- Articles of Association (notarized, Arabic translation)
- Board resolution authorizing Saudi investment
- Power of Attorney for Saudi representative (notarized, attested)
- Shareholder structure chart with ownership percentages
- Certificate of Good Standing from home jurisdiction
- Bank certificate of capital deposit
- Copy of parent company articles (if subsidiary)

Identification and KYC:

- Passport copies for all foreign directors and shareholders
- National ID/Iqama for Saudi/resident directors and shareholders
- Proof of address for all beneficial owners
- Source of funds documentation
- Bank references
- Beneficial ownership declaration forms
- FATCA/CRS compliance forms

Business Planning Documents:

- Comprehensive business plan (10-year horizon) (Healy Consultants)
- Initial Technical and Economic Feasibility Study for MEWA
- Final Technical and Economic Feasibility Study for MEWA
- Environmental Impact Assessment
- Environmental Management Plan
- Biosecurity Plan
- Disease Response Plan
- Production schedules (5 years minimum)
- Market analysis and competitive positioning
- Management team CVs and experience documentation

Sector-Specific Licenses and Permits:

- MISA registration certificate (foreign investors)
- Commercial Registration Certificate
- MEWA Construction License
- MEWA Operational License (after construction)
- Environmental discharge permit from National Center for Environmental Compliance
- Water use permit (groundwater or surface water)
- Land lease agreement or title deed (minimum 10-year lease)
- Municipal building permits
- BAP (Best Aquaculture Practices) certification
- SAMAQ certification (optional but beneficial)

Tax and Regulatory Compliance:

- ZATCA tax registration certificate (TIN)
- VAT registration number (if applicable)
- GOSI registration
- Ministry of Labor registration
- Chamber of Commerce membership certificate
- National Address registration

Banking Documents:

- Bank account opening documents
- Signatory authorizations
- Bank certificate of capital deposit
- Corporate seal with CR number

Ongoing Operational Documentation:

- Feed purchase records (minimum 12 months retention)
- Chemical and drug application records (12 months + shelf life)

- Stocking records (species, sources, numbers per culture unit)
- Mortality and disease incident logs
- Water quality monitoring records
- Escape incident documentation
- Equipment maintenance records
- Training and safety records
- Quarterly financial statements
- Annual audited financial statements (IFRS-compliant)
- Transfer pricing documentation (if related-party transactions exceed SAR 6 million)

Governance structure requirements

Board Composition Best Practices: For institutional investor readiness, structure should include independent directors (30-40% of board), sector expertise representation (aquaculture, food processing, logistics), investor nominee directors (PIF/SALIC typically require board seats proportional to ownership), local Saudi representation for regulatory navigation and government relations, and technical advisory committee for operational oversight. **Minimum legal requirements** vary by entity type: LLCs require no board (can operate with General Manager only), but best practice is advisory board; JSCs require minimum 3 directors for small companies, 5 for medium/large, 11 for listed companies; directors need not be Saudi nationals or residents, but General Manager must hold valid Iqama. ^(GEOS +3)

Management Structure: The General Manager holds primary responsibility for day-to-day operations, must be resident in Saudi Arabia with valid Iqama, has signatory authority as specified in board resolutions, and requires GOSI registration. ^(GEOS) The operational management team should include Technical Director (aquaculture operations, hatchery, biosecurity), Finance Manager (IFRS compliance, ZATCA reporting), HR Manager (Saudization compliance, GOSI, labor law), Operations Manager (production, quality control), and Environmental Compliance Officer (MEWA reporting, discharge monitoring, water management).

Reporting Requirements for Institutional Investors: Financial reporting requires IFRS-compliant quarterly management accounts, annual audited financial statements by Big 4 or reputable SOCPA-licensed auditor, monthly cash flow statements, budget versus actual analysis, and KPI dashboards (production metrics, cost per kg, survival rates, feed conversion ratios, mortality rates). **Operational reporting** covers production volume tracking, feed conversion ratios, mortality rates and disease incidents, water quality parameters, environmental monitoring data, health and safety statistics, and Saudization percentage tracking. **ESG reporting** includes annual ESG/sustainability reports, carbon footprint measurement, water usage and efficiency metrics, social impact assessment (employment, community engagement), governance practices disclosure, and alignment with UN Sustainable Development Goals (particularly SDG 2 Zero Hunger, SDG 13 Climate Action, SDG 14 Life Below Water).

Reserved Matters requiring investor approval typically include capital expenditures above specified thresholds (commonly SAR 5-10 million), acquisitions or disposals of significant assets, changes to business plan or strategy, related-party transactions, dividend declarations, incurrence of debt above specified limits, amendments to articles of association, appointment/removal of key executives, and approval of annual budgets and business plans.

Board Meeting Requirements: JSCs require minimum quarterly board meetings with documented minutes, quorum requirements per articles of association (typically majority of directors), written resolutions permitted for certain matters, and committee meetings (Audit Committee mandatory for listed companies, Risk Committee recommended). ^(ECGI) ^(Al Tamimi & Company) LLCs have flexible meeting requirements but institutional investors typically require quarterly meetings with formal minutes, decision documentation, and action item tracking.

Tax structure and ongoing compliance

Corporate Income Tax applies to non-Saudi/non-GCC shareholders at 20% on net adjusted profits attributable to foreign ownership. ^(Al Taasis) ^(Middle East Briefing) For example, 60% foreign ownership results in 20% tax on 60% of profits. **Zakat applies to Saudi/GCC shareholders** at 2.5% on the Zakat base ^(Al Taasis) (calculated as Sources of Funds × (Zakatable Assets / Total Assets), or 2.5% of net adjusted profit if greater). ^(ZATCA +3) **Mixed ownership structures** require separate calculations for each segment with dual returns filing.

Advance tax payments require three equal payments on the last day of 6th, 9th, and 12th months, each equaling 25% of previous year's tax liability minus withholding tax, with exemption if calculated amount is less than SAR 500,000.

VAT registration is mandatory when annual taxable supplies exceed SAR 375,000 (~\$100,000), with registration required within 30 days of month-end when threshold exceeded. The standard rate is 15%, with exports zero-rated at 0%. ^(ClearTax +2) Filing frequency is monthly for annual turnover exceeding SAR 40 million (due last day of following month), or quarterly for turnover of SAR 40 million or less (due last day of month after quarter-end). ^(ZATCA +3) **E-invoicing (Fatoora)** Phase 2 requires real-time clearance via API for B2B/B2G transactions and reporting within 24 hours for B2C, with mandatory QR codes, XML format, and Arabic language. ^(Quickdiceerp) ^(Fonoo)

Withholding tax obligations include 5% on dividends to non-residents, 5% on interest payments, 15% on royalties, and 5-20% on services to non-residents depending on type. ^(Middle East Briefing +2) Monthly payment is due within 10 days after month-end, with grace period until 40th day before penalties apply. ^(ZATCA) ^(ClearTax)

Transfer pricing regulations apply when related-party transactions exceed SAR 6 million annually. Requirements include Controlled Transaction Disclosure Form (CTDF) filed within 120 days of fiscal year-end with auditor's affidavit, ^(Al Tamimi & Company) Master File documentation for group-wide TP

policies (available upon request), Local File with detailed transaction analysis (provided within 120 days upon ZATCA request), and Country-by-Country Report if consolidated group revenue exceeds SAR 3.2 billion (due 12 months after fiscal year-end). (DLA Piper) (Middle East Briefing) **Advance Pricing Agreements (APAs)** introduced in 2025 are available for annual related-party transactions of SAR 100 million or more.

Annual filing requirements include corporate income tax/Zakat return due 120 days after fiscal year-end (e.g., December 31 year-end requires April 30 filing), filed via ZATCA portal with required attachments (audited financial statements for mixed/foreign-owned companies, IFRS-compliant financials, tax computation schedules, transfer pricing disclosure form if applicable). (ZATCA) (ShuraaTax)

Penalties for non-compliance include 1% of unpaid tax per 30 days of delay for late payment, (PwC) SAR 10,000 for failure to file VAT returns, (ClearTax) late filing penalties of 1% of tax due per 30 days (minimum SAR 1,000, maximum amount of tax due), SAR 10,000 for late VAT registration, (ClearTax) 25% additional fine if ZATCA suspects tax evasion, (Astrolabs) and SAR 5,000 per invoice for Phase 2 e-invoicing violations (maximum SAR 50,000). (PwC)

Current tax amnesty extends to June 30, 2025, covering late registration, late payment, and late filing fines (excluding tax evasion penalties and fines already paid). Requirements include registering, filing all returns, and paying principal tax to receive 100% penalty waiver on covered fines. (Astrolabs) (Wafeq)

Banking setup and institutional investment infrastructure

Corporate bank account opening requires comprehensive documentation: MISA investment license copy, Commercial Registration Certificate, Memorandum and Articles of Association (notarized), board resolution authorizing account opening and empowering signatories, ZATCA tax registration certificate, passport/ID copies of all directors and shareholders, residence permits (Iqama) for authorized signatories, National Address registration, company seal with CR number, ownership structure chart, (Northman & Sterling) for foreign parent companies attested copy of Parent Articles of Association, bank's share capital deposit certificate, municipal license, and Chamber of Commerce membership certificate (within 30 days of CR registration). (GEOS)

The process involves opening an "under-registration" capital account (5 weeks), depositing required share capital, obtaining bank certificate of deposit, submitting to MISA for license, and upon CR issuance converting to operating account (8 weeks). (Setup in Saudi) (Sovereign PPG) **Total timeline: up to 3 months.** The account must be opened within 90 days of commercial certificate issuance for LLCs. (Tetra Consultants) (Sfconsultingbd)

Key banks for SPV operations include major local banks (Saudi National Bank, Al Rajhi Bank, Riyad Bank, Samba Financial Group, Saudi British Bank, Banque Saudi Fransi, Awwal Bank) and foreign banks with branches (HSBC, Standard Chartered, Emirates NBD, First Abu Dhabi Bank, Deutsche Bank, BNP Paribas, J.P. Morgan Chase, ICBC, Gulf International Bank, National Bank of Bahrain, National Bank of Kuwait). (Al Taasis) (Al Taasis)

SIDF (Saudi Industrial Development Fund) eligibility for aquaculture has been confirmed with **up to 75% funding for aquaculture projects**. (Arab News) Eligibility criteria include company licensed in Saudi Arabia, minimum 25% domestic ownership required, valid Industrial License, demonstrated financial solvency, for multipurpose financing achievement of net profits in past 2+ consecutive years, and financing level commensurate with domestic ownership percentage.

Application requires valid Industrial License, Commercial Registration Certificate, Articles of Association, land lease agreement or title deed, technical agreements, and proof of special conditions fulfillment. The process involves creating account through SIDF online portal (sidf.gov.sa), submitting preliminary request, assignment to Credit Relationship Manager, (Sidf) (Sidf) and submitting comprehensive feasibility study including market analysis, technical specifications, 5+ year financial projections (profit/loss, cash flow, balance sheets, IRR, payback period, break-even), and management team capabilities.

Loan terms include up to 15 years repayment, no interest charged (Islamic finance principles), and maximum 50% of total project costs for projects with 50%+ domestic ownership. Disbursement occurs in phases with conditions including minimum 25% paid-in capital deposited, project management consultant hired, valid land lease submitted, building/civil works cost approval, machinery/equipment supplier approval, government incentive agreements signed, letters of comfort from sponsors/shareholders, quarterly progress reports, and final 20% contingent on operational management team, market certifications, marketing plan, and Saudi recruitment/training plan.

Agricultural Development Fund (ADF) provides **70% funding for modern technology aquaculture projects** from a SAR 1.3 billion (\$347 million) allocation. (SeafoodSource) (SeafoodSource) Eligible activities include shrimp farming, floating cage fish farming, fish production, fish and shrimp hatcheries, caviar production, trowel fish farming systems, and greenhouse aquaculture. (Saudipedia +4) Recent performance shows SAR 6+ billion financing approved by Q3 2024, with focus on red meat, poultry, greenhouse farming, fish aquaculture, and cold storage. (Argaam) The application process involves submitting financing request to ADF with required documents, ADF evaluation per program criteria, referral to partnering bank if initially approved, bank study of acceptance/rejection, and ADF working with local banks for credit facilities through online platform Zeraai (launched 2020).

Capital call procedures for institutional investors follow standard LP/GP private equity models. The process includes commitment phase (LPs commit capital to fund via Limited Partnership Agreement, no immediate full transfer), capital call notice (GP issues notice to LPs specifying amount, timing, purpose, deadline with typically 10-30 days notice period), transfer (LP wires funds to fund's bank account at Saudi-licensed bank with reference to capital call, LP name, fund name and account), and documentation (GP confirms receipt, updates capital account records, issues confirmation, records in quarterly/annual reports).

Banking infrastructure requirements for institutional investment include segregated accounts for each fund/investor, client assets held separate from manager assets, daily position reporting for reconciliation, straight-through-processing (STP) via ISO 15022 messaging, real-time trade status

updates, corporate action reporting automated, and T+2 settlement cycle. For **Qualified Foreign Investors (QFI)** in listed securities, minimum investment is SAR 1,875 million (\$500 million) with limited exceptions for certain pension funds, endowments, and sovereign wealth funds.

Special economic zones and government incentives

Five operational Special Economic Zones offer substantial benefits: King Abdullah Economic City (KAEC) on the west coast, Jazan in the southwest (trade gateway), Ras Al-Khaima (TMF Group) (PwC) in the northeast (maritime), Cloud Computing SEZ in central Riyadh, and Special Integrated Logistics Zone (SILZ) at Riyadh Airport. **SEZ tax incentives** include corporate income tax of only **5% (versus 20% standard) for up to 20 years**, 0% withholding tax on profit repatriation, 0% VAT for intra-SEZ goods, customs duties deferral or 0% on capital equipment, operational fee exemptions for employees and families, and flexible regulations with foreign talent support for first 5 years.

SILZ-specific incentives for logistics-focused operations include 0% CIT for 50 years on eligible income, exclusion from withholding tax on certain payments, and VAT and customs suspension. **Regional Headquarters (RHQ) program** for multinational companies offers **30-year corporate income tax holiday (0% rate)**, 30-year withholding tax exemption (0% rate), and regulatory support, requiring parent company to have subsidiaries in 2+ jurisdictions.

Vision 2030 aquaculture initiatives target 600,000 tons annual production by 2030 (from 217,000 tons in 2024), \$4-5 billion in local and foreign investment, and seafood self-sufficiency. The **National Fisheries Development Program (NFDP)** manages SR 1.3 billion budget with focus species including sea bream, sea bass, tilapia, white shrimp, and meagre. SR 300 million investment in research covers feasibility studies, environmental assessments, species selection, and feed optimization. Training initiative aims for 3,000 Saudis trained in aquaculture/fisheries through a 100 aquaculture leaders program (70% private, 30% government funding).

Aseer region economic development involves SAR 50 billion total investment through multiple sources, targeting 10 million visitors by 2030. SAR 25 billion in essential infrastructure already committed, with SAR 4 billion (\$1.06 billion) in new investments announced at 2025 forum and 79 investment projects worth SAR 29 billion+ in pipeline. Strategic focus covers four main pillars: tourism, agriculture, SMEs, and business practice facilitation. Regional advantages include 125 km Red Sea coastline, moderate temperatures (average 10°C, summer max 24°C), favorable agriculture for 20+ unique products, 13 high-value minerals with 11 reserves under evaluation (SAR 1.4 billion estimated value), highest solar energy potential among Saudi regions, and largest area for cement production in Kingdom.

National Industrial Development and Logistics Program (NIDLP) benefits aquaculture through food processing strategic pillar focus, targeting capitalization on existing aquaculture and development of fishing/fish processing through "fishing clusters." The seafood market valued at \$2.64 billion is projected to reach \$3.8 billion with support for forming integrated value chains. Infrastructure development includes special economic zones with streamlined processes, industrial lands development, logistics hub connectivity (5 new shipping lines launched), R&D support, and "Made in Saudi" program for local product promotion.

Attracting PIF and SALIC investment

Public Investment Fund (PIF) manages \$1.15 trillion AUM (2024) with 18% annual growth, targeting \$2 trillion to become world's largest SWF. Chairman Crown Prince Mohammed bin Salman leads the fund focusing more than 60% of activities within Saudi Arabia. **PIF achieved 100% governance score** (10/10 Governance, 10/10 Sustainability, 5/5 Resilience) in 2025 GSR Scoreboard ranking joint first globally. Historical returns average 8% annually (2018-2022).

PIF investment criteria prioritize projects of strategic importance to national economy and Vision 2030, attractive long-term financial returns with job creation and GDP contribution, non-oil sector diversification, adoption of Industry 4.0 and cutting-edge technologies, ESG compliance and green projects with environmental focus, substantial projects capable of meaningful economic impact, projects maximizing local content (60% target for PIF affiliates by 2025), and partnership potential for co-investment with private sector and international partners.

ESG focus includes dedicated ESG team established, \$8.5 billion in green bonds issued (first SWF to issue green bonds, 2022-2023), \$5.2 billion allocated to green projects as of June 2024, 100-year green bond launched 2024 combining ESG impact with Shariah compliance, One Planet Sovereign Wealth Fund Coalition membership, focus on renewable energy/green buildings/sustainable water management, and target to develop 70% of Saudi Arabia's renewable energy program.

Investment structure preferences favor direct equity stakes (often minority to significant holdings, 35-42% typical), joint ventures with strategic partners, co-investments with global institutional investors (BlackRock, Goldman Sachs, Brookfield), platform investments for sector development, and long-term holding periods with intergenerational wealth focus.

SALIC (Saudi Agricultural and Livestock Investment Company) operates as 100% PIF-owned subsidiary established 2009 by Royal Decree M/22, starting operations in 2012. Chairman Minister Abdulrahman Al-Fadley also serves as Minister of Environment, Water and Agriculture. **Investment portfolio** spans 13 investments across 7 countries on 5 continents in 10 local and international companies.

Major aquaculture holdings include **NAQUA (National Aquaculture Group) 42.4% stake** (largest aquaculture operation in Kingdom) and Saudi Fisheries Company 39.99% stake (acquired March 2021). **NAQUA success metrics** show current 100,000 tons annual capacity (60,000 tons shrimp, 50,000 tons fish), target 250,000 tons by 2030 (would make it top 2-3 globally), 4,000 employees from 32 countries, exports to 30+ countries including US, Japan, Korea, China, Australia, EU, and total investment of SAR 4 billion (\$1.06 billion) to date.

SALIC investment criteria focus on countries welcoming foreign investment with comparative advantages, focus commodities including barley, wheat, corn, soybean, rice, sugar, edible oil, red meat, and seafood, projects contributing to food supply targets, alignment with national food security strategy,

sustainable and responsible investment practices, long-term value creation potential, and technology and knowledge transfer opportunities.

Application requirements include demonstrated capability in target sector, financial stability and backing, alignment with Saudi food security objectives, sustainable business model, technology transfer or innovation component, job creation potential for Saudi nationals, and clear path to profitability and scale.

Best practices for SPV structuring

Governance structure recommendations should establish independent directors at 30-40% minimum, sector expertise representation (aquaculture, food processing, logistics experience), PIF/SALIC nominee directors proportional to ownership stake, local Saudi representation for regulatory navigation, and technical advisory committee for operational oversight.

Organizational structure options include holding company level in Saudi Arabia (ECZA for SEZ), ADGM (Abu Dhabi), DIFC (Dubai), or offshore jurisdictions (Cayman, Jersey), though Saudi sovereign funds strongly prefer Saudi-domiciled or GCC-based entities. Operating company level must be in Saudi Arabia for local operations and incentive access with clear separation between investment holding and operational management.

Comprehensive governance documents require shareholders' agreement with reserved matters for investor approval (capital expenditure thresholds, acquisitions, debt levels), board charter and committee charters (Audit, Risk, Nomination & Remuneration), dividend and distribution policy, related party transaction policy, and code of conduct and ethics policy.

Financial reporting must comply with IFRS with quarterly management accounts, annual audited financial statements by Big 4 auditor preferred, regular investor reporting packages, and KPI dashboards covering production metrics, costs per kg, and survival rates. **Operational reporting** tracks production volume, feed conversion ratios, mortality rates and disease incidents, water quality parameters, environmental monitoring data, and health & safety statistics.

ESG reporting requirements include annual ESG/sustainability reports, carbon footprint measurement, water usage and efficiency metrics, social impact assessment (employment, community), governance practices disclosure, and alignment with UN SDGs (particularly SDG 2, 13, 14).

ESG considerations critical for Saudi SWFs encompass environmental aspects (Environmental Impact Assessment completion, ISO 14001 certification, water management and conservation, waste reduction and circular economy, renewable energy utilization, marine ecosystem protection, BAP/ASC certification), social aspects (Saudi workforce development and Saudization targets at 60%+ local content, community engagement programs, health & safety protocols OHSAS 18001/ISO 45001, fair labor practices, training and capacity building, gender diversity initiatives), and governance aspects (transparent ownership structure, quarterly board meetings minimum, independent audit function, risk management framework, compliance program, whistleblower policies, anti-corruption measures).

Capital structure best practices include clear equity tiers with different rights (ordinary, preferred), vesting schedules for management equity, tag-along and drag-along rights, pre-emptive rights for existing shareholders, clearly defined exit mechanisms, conservative leverage (typically 40-50% debt-to-equity maximum), Shariah-compliant financing options for Saudi sovereign investors, diversified funding sources (banks, Islamic banks, bond markets), covenant structures aligned with industry standards, and green financing options (green bonds, sustainability-linked loans).

Alignment mechanisms should include management carried interest (typically 15-20% above hurdle rate), performance-based earnouts, clawback provisions, and co-investment requirements for management.

Saudi-specific structuring considerations require Shariah compliance (structure acceptable for Islamic investors, avoiding prohibited activities *riba*/*gharar*/*haram*, considering Shariah advisory board), local content requirements (Saudization percentages, local procurement commitments, technology transfer agreements, training programs for Saudi nationals), regulatory alignment (MEWA compliance, ECZA requirements if in SEZ, Ministry of Investment licensing, ZATCA tax compliance, CMA regulations if seeking future listing), and Vision 2030 alignment (contribution to food security goals, job creation metrics, GDP impact quantification, export potential, innovation and technology adoption).

Practical action timeline

Immediate actions (Month 0-1): Engage Saudi legal counsel experienced in aquaculture projects, conduct preliminary feasibility study for Aseer inland aquaculture, identify potential sites near King Fahd Dam or with agricultural integration opportunities, begin embassy attestation process for all foreign documents (4-6 weeks lead time), join Saudi Aquaculture Society, initiate discussions with potential local partners or PIF/SALIC for co-investment, and prepare comprehensive business plan emphasizing Vision 2030 alignment, water conservation through closed RAS systems, technology transfer commitments, and Saudization strategy targeting 60%+ local employment.

Months 2-3: MISA and company formation: Complete MISA registration (foreign investors), reserve company name, draft Articles of Association with Shariah-compliant structure, open capital account and deposit minimum capital (SAR 500,000 to SAR 25 million), obtain Commercial Registration, and complete post-registration steps (ZATCA, GOSI, Chamber of Commerce, Ministry of Labor).

Months 3-9: Parallel MEWA licensing: Submit MEWA pre-qualification application, prepare and present initial feasibility study to technical committee, coordinate groundwater assessment with Ministry, design closed recirculation system (95-98% water recycling for Aseer water constraints), develop comprehensive biosecurity and disease response plans, prepare environmental feasibility study and management plan, and submit final technical and economic feasibility study with detailed engineering drawings and 5-year financial projections.

Months 6-9: Financing and banking: Apply for ADF financing (70% project cost coverage), submit SIDF application if industrial classification (75% financing potential), finalize banking infrastructure with

Tier 1 Saudi bank, establish segregated account structure for institutional investors, implement IFRS-compliant accounting systems, and engage Big 4 auditor.

Months 9-12: Pre-construction: Receive MEWA Construction License, secure land lease or purchase (minimum 10-year lease), obtain municipal building permits, finalize construction and equipment contracts, order specialized RAS equipment (long lead times 6-9 months for advanced systems), and recruit management team with aquaculture expertise.

Months 12-36: Construction and setup: Construct facilities per approved plans with regular MEWA progress reporting, install RAS systems and testing, develop staff training programs emphasizing Saudization, establish relationships with licensed hatcheries for fingerling sourcing, implement comprehensive record-keeping systems for regulatory compliance, and prepare for BAP certification audit (mandatory requirement).

Months 33-36: Pre-operational: Complete MEWA final inspection, receive Operational License (30 years renewable), achieve BAP certification (mandatory), apply for SAMAQ certification (optional but beneficial for marketing), stock initial production with Nile Tilapia or other approved species, commence operations with intensive monitoring, and establish quarterly reporting to investors and MEWA.

Ongoing: Operations and compliance: Maintain quarterly financial reporting to investors, file annual corporate tax/Zakat returns within 120 days of year-end, file VAT returns monthly or quarterly depending on turnover, submit annual audited IFRS financial statements, comply with transfer pricing documentation if related-party transactions exceed SAR 6 million, maintain GOSI and Ministry of Labor compliance with Saudization tracking, conduct environmental monitoring and reporting per discharge permit, maintain BAP certification through regular audits, submit MEWA operational reports as required, and renew Operational License before 30-year expiration.

Conclusion: Strategic positioning for success

Creating an aquaculture SPV in Saudi Arabia's Aseer region requires navigating complex regulatory frameworks across multiple government agencies while addressing unique environmental constraints, particularly severe water scarcity requiring closed recirculation systems. The Kingdom offers compelling incentives including 70% project financing through ADF, potential 75% financing through SIDF, 5% corporate tax rates for 20 years in Special Economic Zones versus standard 20%, and direct access to sovereign wealth fund capital through PIF and SALIC seeking food security investments. Success factors include early engagement with MEWA for aquaculture licensing beginning parallel with company formation, strategic ownership structuring leveraging GCC investors' 2.5% Zakat advantage versus 20% corporate tax for non-GCC, emphasis on closed RAS technology addressing Aseer's water constraints (95%+ recycling required), strong ESG framework with mandatory BAP certification and recommended SAMAQ certification, comprehensive Saudization strategy targeting 60%+ local content aligned with PIF requirements, integration with existing agricultural projects to leverage water allocation advantages, and alignment with Vision 2030's 600,000 ton production target and food security objectives.

The dual regulatory pathway requires 6-9 months for complete corporate setup and 6-12 months for MEWA aquaculture licensing, with realistic timelines of 24-48 months from concept to operations including construction. Strategic positioning for PIF/SALIC investment demands institutional-grade governance with independent directors and audit committees, quarterly financial reporting using IFRS standards with Big 4 auditors, comprehensive ESG reporting and sustainability commitments, technology transfer and innovation components, demonstrated management expertise in aquaculture, and clear contribution to national food security goals with scalable business models. For Aseer region specifically, focus on inland freshwater species primarily Nile Tilapia, leverage integration with agricultural operations where possible, utilize treated wastewater from region's 20 treatment plants, design for extreme water efficiency given scarcity projections, and capitalize on moderate climate advantages and tourism sector market opportunities. The substantial government support through Vision 2030 initiatives, combined with growing demand and limited domestic production, creates favorable conditions for well-structured institutional investment in Saudi aquaculture development.