NEOM: Redefining Business in Saudi Arabia's Futuristic City

2024-07-31

Investment Opportunities

**NEOM, derived from the Greek word for "new," is a groundbreaking city being developed in the northwestern region of Saudi Arabia. Spanning over 26,500 square kilometers, NEOM aims to be a global hub for innovation, sustainability, and economic diversification. It is a cornerstone of Saudi Arabia's Vision 2030, which seeks to reduce the kingdom's reliance on oil and foster a more diverse economy.**

**Introduction**

As the world shifts towards sustainability and innovation, Saudi Arabia is making headlines with its ambitious NEOM project. This $500 billion mega-city is not just a vision; it's a transformative initiative designed to redefine urban living and create a thriving business ecosystem. For entrepreneurs and investors looking to establish or expand their businesses, NEOM offers unparalleled opportunities.

**What is NEOM?**

NEOM, derived from the Greek word for "new," is a groundbreaking city being developed in the northwestern region of Saudi Arabia. Spanning over 26,500 square kilometers, NEOM aims to be a global hub for innovation, sustainability, and economic diversification. It is a cornerstone of Saudi Arabia's Vision 2030, which seeks to reduce the kingdom's reliance on oil and foster a more diverse economy.

**Key Features of NEOM for Businesses**

Strategic Location: NEOM is strategically positioned at the crossroads of Europe, Asia, and Africa, making it accessible to 40% of the world's population within a four-hour flight. This prime location facilitates trade and investment, providing businesses with a gateway to global markets.

Innovative Infrastructure: The city is designed with cutting-edge infrastructure that prioritizes smart technology and sustainability. NEOM will feature advanced transportation systems, renewable energy sources, and a unique legal framework that aligns with international best practices, making it an attractive destination for foreign investors.

Diverse Economic Sectors: NEOM is set to be a melting pot of industries, including technology, tourism, renewable energy, food production, and entertainment. This diversity not only mitigates risks for businesses but also opens up numerous avenues for collaboration and growth.

Investment Incentives: The Saudi government is actively promoting NEOM as a business-friendly environment. With favorable regulations, tax incentives, and support for foreign investments, businesses can thrive in this new economic landscape.

Focus on Sustainability: NEOM is committed to sustainability, aiming to operate entirely on renewable energy. This emphasis on eco-friendly practices aligns with the global shift towards sustainable business models, making it an appealing choice for environmentally conscious investors. The Components of NEOM

The Line: A revolutionary urban design concept, The Line is a 170-kilometer linear city that will prioritize pedestrian access and smart technology. This car-free zone will feature high-speed rail, ensuring efficient transport and connectivity for residents and businesses alike. Trojena: Set to be a premier winter sports destination, Trojena will offer ski resorts and outdoor activities, attracting tourists and creating opportunities in hospitality and recreation.

Oxagon: Designed as an industrial and trading hub, Oxagon will facilitate global trade and innovation, positioning NEOM as a center for manufacturing and logistics.

**Why Invest in NEOM?**

Investing in NEOM means becoming part of a transformative journey that promises substantial returns. The project is expected to create over a million jobs and attract top talent from around the world. With its commitment to innovation, sustainability, and quality of life, NEOM is not just a city; it’s an ecosystem designed for success.

**Conclusion**

The NEOM project represents a unique opportunity for businesses looking to establish a foothold in Saudi Arabia. With its strategic location, innovative infrastructure, diverse economic sectors, and commitment to sustainability, NEOM is poised to become a global leader in urban development. For entrepreneurs and investors, now is the time to explore the possibilities that NEOM offers and be part of a future that promises growth, innovation, and prosperity in the heart of Saudi Arabia. This blog post aims to attract entrepreneurs and investors by highlighting the unique opportunities and advantages of starting a business in NEOM, aligning with the ultimate intention of fostering interest in Saudi Arabia as a business destination.

Saudi Arabia's Tech Boom: How the Kingdom is Embracing AI and Innovation

2024-03-14

Innovation and Technology

**Saudi Arabia is undergoing a remarkable transformation. Long known for its oil reserves, the Kingdom is now setting its sights on becoming a leader in the tech sector. A core driver of this ambition? Artificial intelligence (AI).**

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Vision 2030, the country's ambitious economic and social reform plan, places a strong emphasis on technological development. This includes a hefty investment in AI – to the tune of $20 billion by 2030 [Source: decisivezone.ae]. The Saudi Data and Artificial Intelligence Authority (SDAIA), established in 2019, spearheads this initiative [Source: go-globe.com].

Here's a glimpse into how AI is transforming Saudi Arabia:

Smart Cities: Imagine a city that anticipates your needs – traffic lights that adjust to congestion, waste collection optimized for efficiency, and personalized public services. This is the vision behind NEOM, a planned mega-city designed to be a global hub for innovation, where AI will be at the heart of its infrastructure [Source: wipo.int]. Other initiatives include plans to develop five additional world-class smart cities across the Kingdom.

Boosting Business: Saudi businesses are recognizing the potential of AI to streamline operations and enhance productivity. From automating tasks to leveraging data analytics for better decision-making, AI is transforming various industries. The government is also encouraging this adoption by supporting AI research and development within the private sector [Source: arabnews.com].

Public Service Transformation: AI is making inroads into the government sector as well. Imagine interacting with a chatbot for efficient access to government services or using AI-powered tools for faster permit approvals. These are just a few ways AI is streamlining bureaucracy and improving the citizen experience.

Healthcare Revolution: The Saudi healthcare sector is on the cusp of an AI-powered revolution. AI can be used for early disease detection, personalized treatment plans, and even robotic surgery. This technology has the potential to improve healthcare access and outcomes for millions of Saudi citizens.

The rise of AI in Saudi Arabia is not without its challenges. Ethical considerations around data privacy and responsible AI development need to be addressed. Additionally, ensuring a skilled workforce prepared for the future of work is crucial.

However, Saudi Arabia's commitment to technological advancement is undeniable. With its vast resources and strategic vision, the Kingdom is poised to become a major player in the global AI landscape. This is a transformation worth watching, with the potential to reshape not just Saudi Arabia, but the entire region.

Types of Business Licenses in Saudi Arabia

2024-05-15

Business Regulations

**From Service Licenses to Industrial Licenses, each type plays a pivotal role in shaping the landscape for foreign and domestic businesses operating within the Kingdom. Understanding these licenses is not just a matter of legal compliance but also a strategic step toward unlocking the vast potential that Saudi Arabia has to offer.**

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There is a large variety of business licenses available in Saudi Arabia. Discovering the appropriate license for your business activity is necessary to achieve success in Saudi Arabia’s flourishing economy.

We provide you with a comprehensive list of business licenses available in Saudi Arabia that target different business sectors:

Service license

Entrepreneurial license

Industrial license

Agricultural license

Real Estate License

Trading license (Commercial license)

Mining license

Professional license

**1. Service license**

The Service License in Saudi Arabia permits foreign companies to offer various services such as construction, technology, education, healthcare, and tourism with 100% foreign ownership.

The investor is required to have a business established outside of KSA for over a year, a minimum capital of SAR 25,000, and submit certified copies of the Commercial Registration and financial statements from the previous year, endorsed by the Saudi Embassy.

This license empowers foreign investors to expand and diversify their business operations within the Saudi market.

**2. Entrepreneurial license**

The Entrepreneurial License in Saudi Arabia is tailored for startups and boasts simplified regulations, lower fees, and much-needed government support.

It fosters growth and development for entrepreneurs by offering benefits such as simplified applications and access to various support programs.

To qualify, entrepreneurs must have one of the following: a patented idea, VC backing, or a support letter from recognized entities like MISA, PIF, CODE, KAUST, TDF, etc.

Additionally, an endorsement letter from a startup incubator is required.

This license empowers startups to thrive and innovate in the Saudi business landscape, creating opportunities for growth and development.

**3. Industrial license**

The industrial license in Saudi Arabia allows foreign investors to establish manufacturing plants with 100% ownership.

It fosters strategic investments, contributing to dynamic growth in the industrial sector of the Saudi economy.

Requirements include having a business established outside KSA for over 1 year, a minimum investment of SAR 25,000, providing a copy of the shareholding partner's commercial registration certified by the Saudi Embassy, and presenting the foreign company's previous year financial statements certified by the Saudi Embassy.

**4. Agricultural license**

An agricultural license in Saudi Arabia facilitates foreign companies to operate in the farming and livestock sectors, supporting 100% ownership rights.

This fosters growth in food production, aligning with Saudi Vision 2030 goals of achieving food security and 85% localization in processed foods.

Requirements include business established outside KSA for over 1 year, SAR 25,000 minimum investment, a copy of the shareholding partner's commercial registration certified by the Saudi Embassy, and the foreign company’s financial statements of the previous year certified by the Saudi Embassy.

**5. Real Estate License**

The Real Estate License in Saudi Arabia is for foreign real estate development firms undertaking projects exceeding 30 million SAR. Projects must be outside the urban boundaries of Mecca and Medina.

It usually only takes 1-2 days to process. Requirements include a certified copy of the shareholding partner's commercial registration and the foreign company's financial statements from the previous year certified by the Saudi Embassy.

**6. Trading license (Commercial license)**

The Trading or Commercial License in Saudi Arabia allows foreign investors to engage in wholesale or retail trade either independently with 100% foreign ownership or in partnership with a Saudi shareholder.

Requirements vary based on ownership structure: for 100% foreign ownership, the company must have branches in 3 countries, invest SAR 30 million in the first year, and continue to invest SAR 170 million over the next 5 years.

With a 25% Saudi partner, the initial investment in the company should be SAR 26.67 million, with foreign shares valuation not less than SAR 20 million.

For 100% GCC-National Owned Companies, the minimum capital is SAR 50,000, with other rules the same as for Saudi nationals.

**7. Mining license**

The Mining License in Saudi Arabia enables foreign companies to invest in and conduct mining operations with 100% ownership.

With an estimated mining potential of $1.3 trillion, Saudi Arabia holds one of the most promising opportunities for international firms involved in the mining sector.

Requirements include business establishment outside KSA for over 1 year, SAR 25,000 minimum investment, a copy of the shareholding partner's commercial registration certified by the Saudi Embassy, and the company’s previous financial statements from the previous year also certified by the Saudi Embassy.

**8. Professional license**

The Professional License in Saudi Arabia enables foreign professionals to establish businesses offering services like law, consultancy, and engineering with 100% ownership.

This license facilitates the exploration of opportunities in Saudi's growing economy.

Requirements for 100% foreign ownership include having branches in four countries, one with a share capital of 10 million SAR, and 7+ years of experience in the field.  
  
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Premium Residency : How to get Premium Residency in KSA

2024-01-01

Premium Residency

**Saudi Premium Residency is a residence permit in Saudi Arabia that gives foreign nationals the right to live, work, and own businesses and property in the Kingdom of Saudi Arabia without requiring a sponsor.**

**What is the Saudi Premium Residency?**

Saudi Premium Residency is a residence permit in Saudi Arabia that gives foreign nationals the right to live, work, and own businesses and property in the Kingdom of Saudi Arabia without requiring a sponsor. Premium Residency is aimed at attracting talents, skilled professionals, entrepreneurs, and investors to Saudi Arabia as a means of growing the country's economy. Since its launch, it has garnered substantial international attention, signifying a major step in diversifying the Saudi economy and attracting top-tier talent and investments from around the world.

Launched in 2019 and informally referred to as the “Saudi Green Card”, the program initially provided two options: a one-year residency with the possibility of renewal (limited duration) and a permanent (unlimited duration) residency. In recent Saudi Green Card news, significant updates have been made to the program. In early 2024, Saudi Arabia broadened the Premium Residency program by streamlining the application process and expanding the eligibility criteria. This enhancement introduced five new options (referred to as products), designed to attract a broader spectrum of individuals, including real estate owners, business investors, entrepreneurs, exceptional talents, and skilled professionals.

**Eligibility Criteria**

To qualify for Premium Residency Saudi Arabia, applicants must meet certain requirements, which may vary depending on the specific Premium Residency product being applied for. These requirements can include criteria such as a minimum age for the main applicant, specified investment amounts, or obtaining a recommendation from a relevant authority, among others. However, there are general eligibility criteria that all applicants must fulfill, regardless of the residency product. These criteria include:

The main applicant and any family members included in the application must have valid passports with a minimum validity of six months at the time of application. Their passports should not contain any restrictions that could prevent them from returning to Saudi Arabia at any time.

The main applicant must demonstrate financial solvency and the ability to support themselves and their family members during their stay in Saudi Arabia. This can be proven through bank statements and other financial documents.

All applicants and their family members must have a clean criminal record. The applicant must also consent to allow the Saudi Premium Residency Center to conduct background checks with the relevant authorities in their country of residence.

Applicants and their family members must be free from communicable diseases, as verified by a recent medical report. This report must be issued within the last six months by a licensed medical center in Saudi Arabia or a center certified by Saudi diplomatic missions abroad.

If applying from within Saudi Arabia, the applicant must provide proof of legal residency in the country.

**Family Members Eligible for Saudi Premium Residency**

Family members of Premium Resident holders will also receive residency privileges. There is no limit to the amount of family members a Premium Resident can have within Saudi Arabia. Spouses, children under 25 years old, and parents will also receive Premium Residence as dependents of primary Premium Residency holders. Additionally, children with special needs, regardless of their age, as well as unmarried daughters over the age of 25, may also obtain residency as eligible family members of the main Premium Residency holder.

**Saudi Premium Residency Options**

The Saudi Premium Residency program offers seven options, officially termed Premium Residency Products, designed to cater to the varying needs of individuals seeking residency in the Kingdom of Saudi Arabia. Offering both a Limited Duration Premium Residency with the option for renewal and a Permanent Premium Residency, these products allow applicants to choose the option that best suits their individual goals and preferences. The Saudi Premium Residency products include:

**1. Limited Duration Premium Residency**

The first option is the Limited Duration Premium Residency, issued for a period of one to five years with the possibility of renewal.

It requires an annual fee of 100,000 Saudi Riyals (approximately 26,670 US Dollars).

Applicants opting for a period longer than one year are eligible for a 2% fee reduction, provided the payment is made in advance to benefit from the cumulative discount.

This product is particularly suitable for investors or businessmen interested in executing specific-term investment projects in Saudi Arabia.

It is also recommended for those who wish to explore the daily lifestyle, business environment, and investment opportunities in Saudi Arabia before considering permanent residency.

In addition to the general eligibility criteria, applicants for this product must be at least 21 years old.

**2. Unlimited Duration Premium Residency**

This product offers permanent residency in Saudi Arabia, with a one-time fee of 800,000 Saudi Riyals (approximately 213,340 US Dollars).

The main applicant must also be at least 21 years old.

This option is especially suitable for those seeking long-term residency without the need for annual renewal, making it an attractive choice for individuals aiming to get a permanent visa Saudi Arabia and permanently relocate to Saudi Arabia or maintain a permanent residency permit in the country.

**3. Real Estate Owner Residency**

Foreign nationals can also obtain the Premium Residency in Saudi Arabia by owning or holding usufruct rights to residential properties in Saudi Arabia.

The property's value must be at least four million Saudi Riyals.

To be eligible, the property must be residential, already developed, and must be appraised by valuers accredited by the Saudi Authority (TAQEEM) to meet or exceed the minimum required property value.

The purchase of properties through real estate financing, as well as mortgaging the properties, either before or after obtaining Premium Residency, is not permitted.

For this product, the duration of the granted Premium Residency corresponds to the period of property ownership.

**4. Investor Residency**

This product provides foreign businessmen and investors with the opportunity to invest in Saudi Arabia while simultaneously obtaining permanent Premium Residency, offering a dual benefit.

Saudi Arabia, known as one of the largest markets in the region and a compelling investment environment due to its robust economy and positive growth indicators, offers diverse fields and activities for investment.

To qualify for this option, the applicant must hold an investment license in Saudi Arabia and, within the first two years, invest at least 7 million Saudi Riyals and create a minimum of 10 job opportunities in the country.

**5. Entrepreneur Residency**

Entrepreneurs and startup owners can also qualify for Premium Residency in Saudi Arabia, provided their ventures secure investments or investment rounds of **at least 400,000 Saudi Riyals** from venture capital funds or incubators recognized by the Premium

Residency Center. Entrepreneurs must obtain an entrepreneurial license from the Saudi Ministry of Investment and a recommendation letter from the investing entity.

Entrepreneurs are granted a 5-year residency, which is renewable provided they maintain a minimum 20% ownership stake in the venture. Permanent residency may be awarded if the venture's investment reaches 15 million Saudi Riyals, the entrepreneur retains at least 10% ownership in the company, and creates 10 job opportunities annually during the first two years.

A notable advantage of this product is that the startup company benefits from an exemption from the Saudi localization program (Nitaqat) during its first three years of operation. Additionally, entrepreneurs have the opportunity to nominate two staff members for Premium Residency under the category of Special Talents as executives.

**6. Special Talent Residency**

The Saudi Premium Residency program is tailored for exceptional professionals in executive leadership, healthcare, science, and research, providing those with employment contracts in these specific fields the opportunity to obtain residency in Saudi Arabia.

This residency is valid for 5 years, with the possibility of renewal and potential conversion to permanent residency. Additionally, it offers an exemption from the Nitaqat program.

This product offers two primary pathways. The first caters to professionals in research, science, and healthcare.

It requires at least a bachelor's degree, a minimum of 3 years of experience in the relevant field, achievement of the necessary points as outlined by the point system of the Premium Residency Center, a recommendation letter from the employer, submission of 3 research papers within the field, and a minimum monthly salary of 14,000 Saudi Riyals for researchers and 35,000 Saudi Riyals for science and healthcare professionals.

The second pathway is designed for executive-level professionals and also requires a recommendation letter from the employer, along with a minimum monthly salary of 80,000 Saudi Riyals.

**7. Gifted Residency**

Through this product, Saudi Arabia seeks to attract individuals with exceptional skills and achievements in a range of sports, cultural, and artistic fields.

Those who qualify in these categories will be granted Premium Residency for 5 years, with the possibility of renewal and potential conversion to permanent residency.

Additionally, they will receive an exemption from the Saudization program (Nitaqat).

This category encompasses various Olympic sports like football, handball, basketball, volleyball, swimming, combat sports, athletics, and more, as well as literary and artistic fields such as music, writing, design, theater, cinema, and others.

Applicants in this category must obtain a recommendation from a relevant Saudi authority such as the Ministry of Culture or the Ministry of Sports. They must also meet one of two conditions: either be nominated or receive an exceptional award, or fulfill the eligibility criteria set by the concerned ministry based on the field of application.

**Benefits of the Saudi Premium Residency**

The Saudi Premium Residency offers many benefits for investors, entrepreneurs, skilled professionals, and talented individuals. Also known as the “Saudi Green Card” or the “Saudi Golden Visa”, this program gives experienced expats coming to Saudi Arabia the opportunity to invest, operate businesses, sponsor themselves, and travel within Saudi Arabia freely.

**1. Family Benefits**

The Premium Residency gives card holder’s immediate families the opportunity to reside in Saudi Arabia without paying the dependent fee. These family members have the right to reside, work, and invest in Saudi Arabia. They are also permitted to freely change employment/ employers while residing in Saudi Arabia. For family members that do not qualify for residency based on their relationship with the card holder, they are eligible to come to Saudi Arabia with a family visit visa.

**2. Property Ownership**

With the Premium Residency in Saudi Arabia, you are eligible to own property including residential, commercial, and industrial real estate in all areas of Saudi Arabia excluding Mecca, Madina, and border regions. In the cases of Mecca and Madina, Premium Residency holders have the privilege of acquiring property through a 99-year lease agreement in these cities. Additionally, Premium Residency grants individuals the right to own and license vehicles and other modes of transportation within the country.

**3. Business Opportunities**

Saudi Premium Residency holders have the right to invest in the Saudi Capital Market. With Premium Residency, you can work in private organizations and you are eligible to switch your job or employer without needing to deal with any sponsorship procedures. You can also apply for a SAIGA license, which gives you the right to open a 100% foreign-owned onshore entity in the country of Saudi Arabia, and open your own business in the Kingdom.

**4. Convenient Travel**

You are permitted to leave and re-enter Saudi Arabia freely and as often as you please. Additionally, when re-entering Saudi Arabia you have the right to use the lanes designated for Saudi residents when in the Saudi airport.

**5. Miscellaneous Benefits**

With the “Saudi Green Card”, individuals can recruit foreign domestic workers and arrange their residency with a housemaid visa or a domestic worker visa. Another benefit is that in the event of the Saudi Premium Residency holder's passing, their family members who have been granted Premium Residency will retain their “KSA green card” rights and benefits.

**Application Process**

With the “Saudi Green Card”, individuals can recruit foreign domestic workers and arrange their residency with a housemaid visa or a domestic worker visa. Another benefit is that in the event of the Saudi Premium Residency holder's passing, their family members who have been granted Premium Residency will retain their “KSA green card” rights and benefits.

**1. Account Registration**

On the Saudi Arabia Premium Residency portal, click on the “register now” option to create an account. Fill out the registration form with your personal information. You will need to include your full name, passport details, email address, and phone number. You will need to verify your email address and phone number.

**2. Complete the Application Form**

Now that you have an account, login and click on the “Request Premium Residency” option. Here, you can fill out the application form. You will be asked various details such as personal information, information about your family, your education, your occupation, your finances, and other general information.

**3. Document Submission**

You will be required to upload supporting documents, such as scans of your passport, ID, birth certificate, marriage certificate, bank statement, employment contract, and various other relevant documents. After you have completed this, you will pay the application processing fee of 170 USD, which can be paid through the portal online.

**4. Review and Submission**

Review and submit your application. Make sure that everything you have added to your application is correct and click the “Submit” button to finalize your application.

**Required Documents for Saudi Premium Residency Application**

Review and submit your application. Make sure that everything you have added to your application is correct and click the “Submit” button to finalize your application.

When applying you need to include:

Saudi Iqama Number (\*only if you are currently in Saudi Arabia or if you have ever been in the country on an Iqama)

Bank statement from the last 12 months

Proof of current address (a utility bill for example)

Personal picture of you and of your family

A copy of both you and your families passports

Copies of all Saudi Arabia visas stamped on your passport from the last 15 years

A medical report for you and all dependants from a recognized health care institution certified by a Saudi diplomatic mission

Proof of financial capacity- all documents must be certified by the authorized Saudi diplomatic mission.

Employees: A certified salary statement by your employer

Investors: A Certified copy of the company’s commercial registration document and an audited and sealed statement of your finances by a certified public accountant over the last 24 months

Additional supporting documents as required by the specific Premium Residency Product being applied for. This may include property ownership contracts, recommendation letters, or other relevant documents.

Unlocking the Saudi Market: Your Essential Guide to Business Setup in Saudi Arabia  
2024-01-09  
Company formation

**Resident or an Expat, you can start a business in Saudi Arabia with SAGIA and business Licenses with documents and a proper Company registration process. There are other procedures that you need to follow and it might be a little challenging.**

Resident or an Expat, you can start a business in Saudi Arabia with SAGIA and business Licenses with documents and a proper Company registration process. There are other procedures that you need to follow and it might be a little challenging.

Being the biggest oil exporter in the world, Saudi Arabia has evolved into an international business center. Since then, the country has developed its industrial portfolio to involve power, telecommunication, healthcare, tourism, hospitality, and more. Currently, the country’s strong focus has strengthened in expanding its economy and attracting foreign investment. The Saudi Vision 2030 development scheme prioritizes the introduction of small and medium businesses, foreign investment in progressive business sectors, and a blend of the Saudi economy with the global business world.

This session discusses how residents and expats start a business in Saudi Arabia.

**I. Steps for Residents to Start a Business in KSA**

As a resident planning to start a company or a business in Saudi Arabia, you must consider certain procedures involved in forming a company. You must also collect the most relevant documents required before you step into the process. Let us look at the business setup process for residents in KSA.

1. You need to register with the Ministry of Commerce & Industry (MOCI)

2. Open a local Bank account in Saudi Arabia

3. Register Wasel- a mandatory requirement of a local address to the government. LLCs require a physical local office lease, hence a virtual office address will not be sufficient

4. You also need to register with the Ministry of Labor & Social Development (MLSD) visa-issuing authority to enable in-country labor

5. Registration with the General Organization of Social Insurance (GOSI)- social insurance that is mandatory to process monthly salaries and maintain government records for the Saudisation quota system.

**Documents required to start the registration process:**

Business License or the Commercial Registration (CR) issued by the MOCI. This certificate summarizes and enables the company to perform business activities in Saudi Arabia, and allows the same rights that are given to the citizens

The Articles of Association (AoA) approved by the MOCI and signed before the notary

Incumbency Certificate

Passport copy of the appointed General Manager of the Saudi Arabian group.

**II. Steps for Expats or Foreigners to Start A Business in KSA**

Can foreigners/ex-pats start a business in Saudi Arabia? Foreigners with 100% ownership can apply to start up a business in Saudi Arabia. Foreign investors will be granted a business license by the Ministry of Investment of Saudi Arabia (MISA).

Before a foreign investor applies for a business license, he should seek a free consultation with the best business consultant available in the country - Beacon Management Consultants! Our team gives a clear understanding of the business setup in KSA before getting into the actual process, which is as follows:

**1. Choose the industry and the business type:**

First, you should summarize the preferred industry you want to work in, and the related activities you would perform. This evaluates whether it is ideal to set up the business in the mainland of KSA or the free zone. It also indicates the type of license and legal structure required.

**2. Business location preferred**

From 2023, Saudi Arabia would not issue licenses to foreign investors or businesses with no regional headquarters in the Kingdom. Hence, if you plan to set up a branch company, you must lease a business or work with a local service agent.

In the case of a new company, you could either choose the mainland location or sign up for a license package in the free zone.

**3. Investment License (MISA License)**

Being a foreigner planning to start a business in KSA, you should obtain a business license issued by the Ministry of Investment (MISA) . Obtaining this license enables you to invest in the country, buy or establish a new company, or start a foreign branch.

You also should apply for a commercial registration (CR) certificate from the Ministry of Commerce & Investment in this phase.

**4. Other Documentation**

Now, there are a few other relevant documents you should obtain from the Ministry of Commerce, and to get this you can rely on BMS for the same. The team communicates with the relevant government bodies to help you obtain the Memorandum of Association and issue of Commercial Registration. To confirm the company's establishment, you should appoint a General Director and provide these documents:

ID proof and the address of directors and shareholders

Passport copies of shareholders and directors

Copy of trade name declaration

Articles of Association (AOA)

Reference letter from the Bank

Ultimate guide for business setup in UAE  
2024-01-28  
Company formation  
  
**The UAE is a land of opportunity, a vibrant hub for entrepreneurs and businesses of all sizes. Are you dreaming of launching your venture in this dynamic market? This comprehensive guide will equip you with the knowledge and steps needed to navigate the UAE business setup process, turning your ambition into a thriving reality.**

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**1. Steps to start a business on the mainland**

**Starting a business regularly**

Starting a business in ordinary ways involves a series of steps, including:

Identifying a business activity

Selecting an appropriate legal form

Registering the trade name

Applying for an initial approval

Drafting a Memorandum of Association and local service agent agreement

Select a business location

Get additional government approvals

Submit documents and pay fees

**I. Identify business activity**

Business activity is the basis for selecting the legal form and type of licence, whether commercial, industrial or professional, etc. There are six types of licences. They are: industrial, commercial, professional, tourism, agricultural and occupational.

**Notes:**

An investment/business can have more than one business activity.

There are more than 2,000 business activities to choose from in the UAE.

**II. Select the legal form**

The legal form depends mainly on the business requirements. Moreover, the legal form is basis for identifying applicable laws and regulations. In the UAE, an investor can select one of these legal forms:

General partnership

Limited partnership

Limited liability company (LLC)

Public joint stock company (PJSC)

Private joint stock company (PrJSC)

Civil company

Local company branch

GCC company branch

Foreign company branch

Free zone company branch

Sole establishment

Holding companies.

**III. Register the trade name**

A trade name distinguishes one business from another. It also reflects the nature and the form of the business. An investor can apply for the trade name through the economic department in each emirate, through its website or mobile application.

**Provisions for selecting the trade name:**

The trade name must:

be followed by the business structure acronym (legal form of the company) such as: LLC, EST, PJSC, PrJSC

not violate the public morals or the public order of the country

be compatible with the required type of activity and the legal status of the company or business entity

not contain names of any religion, or governing authority, nor names or logos of any external bodies

not have been previously registered.

During the application process, you will be issued a payment voucher or a transaction number, which you will need to use as a reference when you pay.

**Notes**

The local department of economic development registers the trade name, while Ministry of Economy registers the trademark.

Trade name certificates are renewable.

**IV. Initial approval**

An initial approval means that the UAE Government has no objection for the business to be established in the country. It also allows the investor to proceed with the next steps in setting up a business. It does not, however, grant the authority to run or practice the business activity.

Foreign investors must obtain the approval of the General Directorate of Residency and Foreigners’ Affairs before getting the initial approval.

Some activities require additional approvals from government entities related to that particular business before applying for the initial approval. These include activities related to legal affairs, security affairs and financial securities and commodities.

**V. MOA and LSA**

Depending on the legal form of a business, a completed and signed Memorandum of association (MoA) or a local service agent agreement (LSA) of the business is required. The memorandum of association is required for the following business legal forms:

Limited partnership

Limited liability company (LLC)

Public joint stock company (PJSC)

Private joint stock company (PrJSC).

**VI. Select a business location**

All businesses in the UAE must have a physical address to operate. The business premises and location must comply with the requirements defined by the respective emirate’s Department of Economic Development, as well as the land planning regulations of the local municipalities.

Office and warehouse rental agreement must be provided. Some emirates require the agreements to be attested. In Dubai, the agreement must be registered with Ejari.

**VII. Get additional government approvals**

In some cases, additional approvals from government entities governing certain business activities are required. The following are examples of such activities sorted by ministry:

**Ministry of Interior**

Ministry of Interior issues approvals for activities related to general transport - driving schools, fire equipment, alarm and safety systems, used-car dealers, used auto-parts, car rental.

**Ministry of Justice**

Legal activities and legal consultancy

**Local municipal department**

Architectural and engineering affairs

**Telecommunications and Digital Government Regulatory Authority (TDRA)**

Telecommunication activities

**Executive Council**

Travel and tourism, general services, charter trading, ship and maritime agencies, car clubs, charter air transport and foreign company branches

**Ministry of Economy**

Insurance activities and insurance consultancy

**Local health departments**

Health-related activities

**Supreme Petroleum Council**

Onshore and offshore gas and oil-field services and onshore and offshore oil drilling operations

**VIII. Collect the business licence**

After completing the above steps, investor can collect the business licence from service centres of the economic departments or through their websites.

**Documents required for getting a licence for all legal forms**

The following documents are required for getting a licence for all legal forms:

Initial approval receipt and all the previously-submitted documents

Copy of the lease contract duly attested by the Real Estate Regulatory Agency (RERA) in Dubai

Duly attested memorandum of association (for all types of companies)

Approvals from other government entities concerned, as may be required

Duly attested service agent contract (for civil establishments and companies that are 100% owned by non-GCC nationals), the UAE involving a local service agent.

**Notes**

You have to pay for your trade licence within 30 days of receiving the payment voucher.

In the event of non-payment in a specific period, the application will be cancelled.

**Start a Business in UAE Free Zones**

Free Zone companies are licensed and controlled by the Free Zone Authorities. Free Zones are ideal for startups. To start a business there, the Business setup in the UAE Free Zone is comparatively a different process than to of a Mainland.

The controlling body of the Free zones is not the same authority as that of the UAE Mainland Business or offshore Business, as Free zones are governed by each Emirate’s free zone authority. The main benefit of setting up a business in a Free zone is that the companies enjoy 0% tax on customs duties and complete tax exemption on imports and exports, thus making Free Zone more preferred destination for investors. Helping entrepreneurs set up a business with the best facilities and advantages is a challenge and the UAE authorities are loaded with opportunities for people looking to invest.

**Starting a Business in UAE Free Zones**

To start a business in a UAE Free Zone, you need to choose a Free Zone, register your entity, get a Trade license & visa, and open a business bank account. UAE Free Zones have many benefits for both residents and nonresidents such as 100% foreign ownership, no taxes, etc for those who register a business in the zone.

The UAE government has free zones in different emirates, each designed for a specific business activity. There are over 44 free zones located all across the UAE that have been attracting foreign direct investment in the form of 200,000 companies.

These free zones differ in focus, set-up pricing, and required paperwork, however, the basic requirements are all the same. The Free Zones in the UAE are attractive administrations for investors who are looking for 100% ownership of their businesses. The concept of a free zone is to develop and promote business in various countries.Free zones enable 100% ownership, zero tax, and customs rights to company owners, and these benefits make free zones the most preferred choice for business setup.

**Why set up a business in Free Zones over Mainland?**

Following are the reasons why you should **choose free zones for business setup:**

Allows 100% foreign ownership irrespective of the nationality of the investor

Companies are exempted from UAE corporate income tax

The process of setting up a business is simple and quick

Ideal locality for both startups and small businesses

Adaptable for 24/7 operations

100% returns on capital and profits

Fully exempted from corporate, personal, and income taxes

Easier procedures for start-up and licensing

UAE residence visa for 3 years

Can hire expatriates without restrictions

**Steps to Setup a Business Setup in a Free Zone**

Decide the type of legal entity

Choose a name for the business or the entity

Apply for a Business trade license

Find an office space

Obtain pre-approvals, register your business, and get the license

**Decide the type of legal entity**

You must assess the type of legal entity for your business. In a Free zone, you can choose either of these two types of Free Zone Entities:

Free Zone Limited Liability Company (FZ LLC) or Free Zone Company (FZ Co.)

Free Zone Establishment (FZE)

Depending on the number of shareholders and whether they are natural or legal persons, you should choose your company category in the free zone. All free zones need not register both types of business. The business type can be confirmed with the specific free zone authorities before registering.

**Choose a name for the business or the entity**

As you choose the type of business or entity, it is equally important to choose a suitable entity name. It is also necessary that you check with the corresponding free zone authority or with the Department of Economic Development for the approved names and whether the chosen name is already registered.

**Apply for a Business trade license**

The business license type you apply for is based on the primary activity of the business.

**Find an office space**

You could either buy an office space or take it on lease in free zones. Office requirements completely depend on the number of employees and the type of business activity.

**Obtain pre-approvals, register your business, and get the license**

Businesses established in free zones are controlled by the laws of the corresponding free zone. For necessary approvals, you need to collect relevant documents. The document differs on the **type of business activity, type of company, and the free zone authority requirements.**

Here is a general procedure you need to follow for approvals:

Initial approval

Registration

Licensing and visa process

**Document Required to Start a Business in Free Zone**

To set up a new company in any free zone region in the UAE, you need to produce certain documents and get approval from the GCC or the Arab embassy.

Form to apply for a license

Business card

Capital for business plan

Memorandum of Association (MoA)

Articles of Association (AoA)

Passport copies

Reference from Banks and partners’ licenses of existing business (if required)

As an investor, you should follow this procedure when starting a business in a Free Zone in the UAE. This process has been made easier by the government, and would not take more than 4 weeks to complete.