

The Foreign Investment Act

ARTICLE 1:

The following expressions and terms shall have the meaning ascribed beside each, unless the context deems otherwise:

- A. THE COUNCIL: The Supreme Economic Council.
- B. BOARD OF DIRECTORS: The Board of Directors of the General Investment Authority.
- C. THE AUTHORITY: The General Investment Authority.
- D. THE GOVERNOR: The Governor of the General Investment Authority and Chairman of the Board of Directors.
- E. FOREIGN INVESTOR: The natural person of non-Saudi nationality or otherwise the corporate body, where all partners are non-Saudi nationals.
- F. FOREIGN INVESTMENT: Investment of Foreign Capital in a licensed activity under this Act.
- G. FOREIGN CAPITAL: Foreign capital refers to, but is not limited to, the following funds and rights as long as they are possessed by a Foreign Investor:
 - 1. Money, instruments, securities and commercial instruments.
 - 2. Foreign Investment profits if they are invested as capital to expand existing projects, or establish new projects.
 - 3. Machinery, equipment, supplies, spare-parts, means of transportation and production requirements relevant to the investment.
 - 4. Legal rights i.e., licenses, intellectual properties, technical know-how, administrative skills and production techniques.
- H. PRODUCTION FACILITIES: Projects for the production of industrial and agricultural products (plant and animal).
- I. SERVICE FACILITIES: Service and construction projects.
- J. ACT: The Foreign Investment Act.
- K. THE RULES: The Rules of Implementation of this Act.

ARTICLE 2:

The Authority shall issue a license for a Foreign Capital Investment in any investment activity in the Kingdom, whether permanent or temporary, without prejudice to the requirements of regulations and agreements.

The Authority shall make a decision about the investment application within thirty days after the completion of documents provided for in the Rules. In the event that the specified period elapsed without the Authority rendering a decision about the application it shall be obligated to issue the required license for the investor.

If the Authority shall deny the said application within the specified period, then the pertinent decision of denial shall be justified, and the party against whom the decision of denial had been issued shall have the right to contest such decision according to regulations.

ARTICLE 3:

The Council shall have the authority to issue a list of activities excluded from Foreign Investment.

ARTICLE 4:

Subject to Article 2, the Foreign Investor may obtain more than one license in different activities, and the Rules shall specify the necessary measures.

ARTICLE 5:

Foreign Investments licensed under the provisions of this Act, may be in either of the following forms:

1. Facilities owned by a national and a Foreign Investor.
2. Facilities wholly owned by a Foreign Investor.

The legal form of the Facility shall be determined according to regulations and directives.

ARTICLE 6:

A project licensed under this Act shall enjoy all the benefits, incentives and guarantees enjoyed by a national project according to regulations and directives.

ARTICLE 7:

The Foreign Investor shall have the right to reallocate his share as derived from the selling of his equity, or from the liquidation surplus or profits generated by the facility, out of the

Kingdom or to use by any other legal means. He shall also be entitled to transfer the required amounts to settle any contractual obligations pertaining to the project.

ARTICLE 8:

The foreign facility licensed under this Act shall be entitled to possess the required real estate as might be reasonable for practicing the licensed activity, or for the housing of all or some of the staff as per the provisions for non-Saudi nationals real estate acquisition.

ARTICLE 9:

The Foreign Investor and his non-Saudi staff shall be sponsored by the licensed facility.

ARTICLE 10:

The Authority shall provide all those interested in investment with all necessary information, clarifications and statistics, together with all services and procedures to facilitate and accomplish all matters pertaining to the investments.

ARTICLE 11:

Investments related to the foreign investor shall not be confiscated wholly or partially without a court order. Moreover, it may not be subject to expropriation wholly or partially except for public interest against an equitable compensation according to Regulations and Directives.

ARTICLE 12:

1. The Authority shall inform the Foreign Investor in writing when violating the provisions of this Act and its Rules in order that such violation may be rectified within a period of time determined appropriate by the Authority for rectifying such violation.

2. Without prejudice to any greater penalty, the Foreign Investor under the existence of the violation shall be subject to any of the following penalties:

A. Withhold all or part of the incentives and benefits allocated for the Foreign Investor.

B. Imposition of a financial fine not exceeding SR. 500,000 (Five hundred thousand Saudi Riyals).

C. Cancellation of the Foreign Investment license.

3. The imposition of the penalties referred to in paragraph (2) herein above, is rendered by a resolution by the Board of Directors.

4. A petition against the penalizing resolution may be brought before the Board of Grievances according to its regulations.

ARTICLE 13:

Without prejudice to the Agreements in which the Kingdom of Saudi Arabia shall be a party of:

Disputes arising between the Government and the Foreign Investor relating to his licensed investments under this Act shall as far as possible be settled amicably, and if this shall prove to be impossible, then the dispute shall be settled according to regulations.

The disputes arising between the Foreign Investor and his Saudi partners relating to his licensed investments under this Act shall as far as possible be settled amicably, and if this shall prove to be impossible, then the dispute shall be settled according to regulations.

ARTICLE 14:

All Foreign Investments licensed under this Act shall be treated in accordance with the Tax codes valid in Saudi Arabia and its amendments.

ARTICLE 15:

The Foreign Investor must abide by all regulations, rules and directives valid in Saudi Arabia together with international agreements in which it is a part thereof.

ARTICLE 16:

The implementation of this Act shall not prejudice the vested interests of Foreign Investments that legally existed before this Act shall come into force; however, these projects in conducting their activity or increasing their capital shall be subject to its provisions.

ARTICLE 17:

The Authority shall issue the Rules, which shall be published in the Official Journal, and shall be effective as of the date of its publishing.

ARTICLE 18:

This Act shall be published in the Official Journal, and shall be effective thirty days after its publishing, and shall invalidate the Foreign Capital Investment Act issued by the Royal Decree no. (M/4), dated 2/2/1399 (H), together with any contradicting provisions.