SAGIA (FAQ)

1- **What are the licensed sectors by the Saudi Arabian General Investment Authority (SAGIA) that are available for foreign investment in Kingdom of Saudi Arabia?**

Saudi law permits foreigners to invest in all economic sectors, except for the activities mentioned bellow:

1- Industrial Sector

a- Oil exploration, drilling, and production; apart of activities related to mining listed at (PC 5115 +883) in International Standard Industrial Classification.

b- Manufacturing of military equipment, devices, and uniforms.

c- Manufacturing of explosives for civilians.

2- Service Sector

a- Catering to military Sectors.

b- Security and detective services.

c- Real estate investment in Makkah and Madinah.

d- Tourist orientation and guidance services which are related to Hajj and Umrah.

e- Recruitment services including local recruitment offices.

f- Real estate brokerage.

g- Printing and publishing, except the following services:

- Pre-printing services internationally listed at (CPC 88442)
- Printing presses internationally listed at (88442)
- Drawing and calligraphy internationally listed at (87501)
- Photography internationally listed at (875)
- Radio and television studios listed at (96114)
- Foreign media offices and correspondents internationally listed at (962)
- Advertising internationally listed at (871)
- Pblic relations internationally listed at (86506)

- Publications internationally listed at (88442)
- Press services internationally listed at (88442)
- Production, selling, and renting of computer software internationally listed at (88)
- Media consultancies and studies internationally listed at (853)
- Typing and copying internationally listed at (87505 + 87904)
- Motion picture, video tape, and distribution services internationally listed at (96113)

h- Commission agents internationally listed at (621)

i- Audiovisual and media services.

j- Land transportation services, except inter-city transportation by trains.

k- Midwifes, nurses, physical therapy, and semi-doctoral services internationally listed at (93191)

l- Fishery.

m- Blood banks, poison centers, and quarantines.

2- What is the minimum capital requirements needed for business activities?

Capital requirements are as follow:

- 100,000 Saudi Riyals for individual establishments.
- 500,000 Saudi Riyals for companies.
- 1,000,000 Saudi riyals for industrial projects.
- 25,000,000 Saudi Riyals for agricultural projects.

3- What are the investment incentives the kingdom of Saudi Arabia offer?

Some of the incentives offered to foreign investors are:

- Liquidation and unrestricted leave for home, in case of failure of the project.
- Funds from Saudi Industrial Development Fund (SIDF) or other agencies.
- Tax exemption in the initial years if financial losses occurred. Tax bill is postponed until achieving future profits.
- Protection from double taxation.

- Unrestricted money transfer for discharge obligations that are related to the licensed project.

4- Is there any difference in the investment incentives offered in different regions of Saudi Arabia?

There is no difference in the incentives offered to investors in any region of the country.

5- What are the funding sources for the investors?

There are many ways of investment project funding. Investors can obtain the funding from:

- Public Investment Fund.
- Real Estate Development Fund.
- Saudi Arabian Agricultural Fund for agricultural projects.
- Saudi Industrial Development Fund.

The investor has the right to get funded by many Saudi commercial banks as well as regional organizations and international financial institutions.

6- What are the conditions in which the business get funded?

Before getting funded, you must obtain a business license, submitting a land title deed or a lease (is not required for agricultural projects), and submitting a feasibility survey of the project.

7- Can foreign investors get funds in Saudi Arabia?

Yes, foreign investors can get loans for investment projects in Saudi Arabia.

8- Can I use foreign funds to establish my business in Saudi Arabia?

Yes, foreign investors may use foreign funds to set up their business.

9- Is it difficult to get the required licenses needed for investment projects?

No, it is not difficult to get the license if all required documents are available.

10- Is there a particular authority for foreign investment in Saudi Arabia?

Yes, the Saudi Arabian General Investment Authority (SAGIA) was established to process and deal with the issues related to investment in Saudi Arabia.

11- Can foreign investors obtain ownership of properties in Saudi Arabia?

Yes, foreign investors can own properties in Saudi Arabia.

12- What are the types of entry Visa issued by Saudi Arabia government?

There are four types of Visa:

- Investor Visa
- Business visit Visa
- Employment Visa
- Family visit Visa

Foreign visitors can apply for Visa online. When qualified, they will receive a confirmation number. Then, they can submit their documents to the nearest Saudi embassy. If completed, the Visa will be issued within 24 hours.

13- Are foreigners banned from setting up a specific business activity?

Foreigners can invest in any type of business except those mentioned in question 1.

14- Are there any restrictions in terms of companies' foreign ownership?

Foreign investors can own up to 100% of companies and properties depending on the type of the business activity.

15- What are the steps for establishing a business in Saudi Arabia?

You can find all the steps and regulations of starting a business in Saudi Arabia on our blog here(Doing Business in Saudi Arabia). Contact us for more information.

16- What is the percentage of tax and Zakkat on companies in Saudi Arabia?

The tax percentage is fixed at 20% on foreign companies.

17- What is the Tax and Zakkat annual rate?

Zakkat is paid annually by Saudi individuals and companies based on Islamic Laws as mentioned in the royal decree No. 8634 on 28.02.18. It is paid at a fixed annual ratio of 2.5% after the Zakkat and Income Authority report is issued.

18- How many economic cities are there in Saudi Arabia?

There are 6 economic cities:

- King Abdullah Economic City
- Prince Abdul Aziz bin Mousaed Economic City
- Jazan Economic City
- Knowledge Economic City
- Tabuk Economic City
- Eastern Province Economic City

19- What is the Saudization percentage for all companies?

Saudization percentage differs from company to another based on some factors, such as the activity of the company and its Nitaqat rate.

Is there a dispute mechanism in Saudi Arabia?

There are specialized entities to resolve business disputes through arbitration between parties. Disputes can also be resolved through court outside Saudi Arabia.

20- I have a new business idea and I would like to suggest it to interested companies. What are the process?

SAGIA website enables investors to see the available investment opportunities as well as suggest their own ideas. Visit www.sagia.gov.sa for more information.

21- How can I find more information about investment in Saudi Arabia?

Download Doing Business in Saudi Arabia document on our website, or Contact us.

Source: Chamber of Commerce

You can reach one of our experienced advisers at:

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