

Saudi Arabia

Investment Law (2024)

Official translation

Note

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The year indicated in brackets after the title of the law refers to the year of publication in the Official Gazette or, when this is not available, the year of adoption of the law.

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Article 1: Definitions

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

Law: Investment Law.

Regulation: Implementing Regulation of the Law.

Competent Authority: Any ministry or public body with an independent legal personality.

Ministry: Ministry of Investment.

Minister: Minister of Investment.

Investment: The use of capital to establish, expand, develop, finance, manage, or partially or fully own an investment project in the Kingdom for the purpose of economic gain.

Capital: Any asset which has a material value, whether cash, in-kind, or intangible, as specified in the Regulations, including the following in particular:

a) Company shares and interests.

b) Contractual rights.

c) Fixed or movable assets.

d) Intellectual property rights.

e) Rights granted under any law, such as licenses, permits, or the like.

Capital shall not include loans, bonds, financing sukuk, and public and private debt instruments.

Investor: A local or foreign investor.

Local Investor: A natural or legal person of Saudi nationality who engages in investment.

Foreign Investor: A natural or legal person who engages in investment, and who is not deemed a local investor in accordance with the provisions of this Law.

Investment Incentives: The benefits, facilitations, or exemptions granted to an investor to encourage him to engage in investment, in accordance with relevant legal provisions.

List of Excluded Activities: A list of activities the investment therein by foreign investors is prohibited or restricted, as provided for in Article 8 of this Law.

Recognized Currency: Any currency recognized by the Saudi Central Bank.

Article 2: Purpose of the Law

This Law aims to develop and enhance the competitiveness of the investment environment in the Kingdom, contribute to economic development, and create job opportunities by providing an attractive investment climate, in accordance with relevant laws; this shall include the following:

1. Facilitating the establishment of investments, ownership of assets therein, and the exit therefrom or liquidation thereof.
2. Guaranteeing and promoting the rights of investors.
3. Guaranteeing equal treatment for local and foreign investors.

- 4.Ensuring transparent, efficient, and fair procedures for investors and their investments.
- 5.Promoting the principle of competitive neutrality and fairness and ensuring equal opportunities in investments.

Article 3: Freedom of Investment

Without prejudice to the provisions of Articles 8 and 9 of this Law and the provisions of relevant laws, an investor may engage in investment in any sector or activity available for investment.

Article 4: Rights of Investors

- 1.Without prejudice to the provisions of relevant laws, an investor shall have the following rights:
 - a)He shall be treated equally to other investors, and local and foreign investors shall be treated equally, under similar circumstances.
 - b)He shall be treated fairly and justly.
 - c)His investment may not be fully or partially confiscated except pursuant to a final judicial ruling, nor may such investment be directly or indirectly expropriated except for public interest, in accordance with legal procedures, and in return for a fair compensation.
 - d)He shall have the right to transfer his funds within or outside the Kingdom without delay; this shall include, but shall not be limited to, transferring the proceeds of his investment and the profits gained therefrom as well as the proceeds of the sale or liquidation thereof through legal channels using any recognized currency, and disposing of such funds through any other lawful means.
 - e)He shall have the right to manage his investment, dispose of such investment in accordance with the law, and own any property necessary for the conduct of his business.
 - f)Protection of his intellectual property and trade secrets.
 - g)Facilitation of administrative procedures and provision of necessary support and assistance by the competent authority.
- 2.The competent authority shall, upon taking any measures for public interest, including measures necessary to fulfill the Kingdom's international obligations, maintain public order, or protect national security, observe the rights stipulated in paragraph (1) of this Article.
- 3.The Ministry shall, as specified in the Regulations, provide the investor with any available information or statistical data as well as the necessary services to facilitate any procedures relating to his investment, and shall seek to resolve complaints filed thereby, in accordance with clear and transparent procedures.

Article 5: Obligations of Investors

The investor shall comply with all the laws and legislations applicable in the Kingdom and with the Kingdom's obligations under international agreements to which it is a party.

Article 6: Investment Incentives

Without prejudice to relevant laws, the competent authority shall grant investment incentives to investors in accordance with objective and fair eligibility criteria. The Regulations shall specify the provisions necessary for the implementation of this provision.

Article 7: Registration

- 1.The Ministry shall establish a national register for investors where all the information and data related to their investments are entered. The Ministry shall manage and update said register and maintain its confidentiality.
- 2.A foreign investor shall register with the Ministry prior to engaging in any investment, as specified in the Regulations. This shall not apply to investments in securities that are subject to the provisions of the Capital Market Law.
- 3.The competent authority shall provide the Ministry with any information or data required to establish or update the register provided for in paragraph (1) of this Article, in accordance with the manner specified in the Regulations. The Ministry may communicate with the competent authority to satisfy any requirements for establishing or updating said register.
- 4.The Ministry may, through its comprehensive service center, receive the investor's applications to obtain the legal approvals necessary for engaging in an investment activity, including licenses or permits. The Ministry shall coordinate with the competent authority in charge of issuing such approvals to ensure that the investor satisfies the necessary legal requirements.

Article 8: List of Excluded Activities

- 1.The competent authority shall issue and update the list of excluded activities, and the Ministry shall publish said list.
- 2.The foreign investor shall, prior to engaging in any investment activity included in the list of excluded activities, apply to the Ministry for approval. The Ministry shall refer the application to the competent authority.
- 3.The foreign investor shall, prior to making any change in the ownership of his investment in any of the restricted activities included in the list of excluded activities, apply to the Ministry for approval. The

restricted activities included in the list of excluded activities, apply to the Ministry for approval. The Ministry shall refer the application to the competent authority.

Article 9: Protection of National Security

The Ministry may suspend any foreign investment for the purpose of protecting national security, provided that the suspension decision is based on objective grounds, is consistent with the Kingdom's obligations under international agreements to which it is a party, and is in accordance with the procedures specified in the Regulations.

Article 10: Use of Alternative Dispute Resolution Methods

Without prejudice to relevant laws:

1. The investor who is a party to any dispute, including disputes with the competent authority, may resort to the competent court, unless the parties to the dispute agree otherwise.
2. Investors may agree to resolve their disputes through alternative dispute resolution methods, including arbitration, mediation, and conciliation.

Article 11: Penalties

1. An investor who commits a non-serious violation of any of the provisions of Articles 7 or 8 of this Law shall be notified by the Ministry using any means determined thereby in order to rectify said violation within a period to be specified in the Regulations.
2. Without prejudice to any harsher penalty provided for in any other law, an investor who fails to rectify the non-serious violation referred to in paragraph (1) of this Article after the expiration of the period specified for rectification, or who commits a serious violation of any of the provisions of Articles 7 or 8 of this Law, shall be subject to one or more of the following penalties:
 - a) A warning.
 - b) A fine not exceeding three hundred thousand riyals (SAR 300,000). The fine may be doubled in case of a repeat violation.
 - c) Cancellation of registration.
3. The Regulations shall specify the serious violations and the procedures for detecting and recording such violations.
4. A committee or more shall be formed pursuant to a decision by the Minister comprising no less than three members, one of whom at least shall be a legal specialist. Such committee shall consider the violations and impose the penalties provided for in paragraph (2) of this Article, and shall, upon determining the penalty, consider the gravity and frequency of the violation and the size of the establishment.
5. The Regulations shall specify the committee's work rules and procedures, and the Minister shall, pursuant to a decision issued thereby, determine the remunerations of committee members.

Article 12: Appeal

Any person against whom a decision is issued by the Ministry may appeal said decision before the competent court within thirty days from the date of notification thereof.

Article 13: Obligations under International Agreements

The provisions of this Law shall not prejudice any of the Kingdom's obligations under any applicable international agreement to which the Kingdom is a party.

Article 14: Activities, Special Economic Zones, and Acquired Rights

The provisions of this Law shall not prejudice the laws of other agencies applicable to certain economic activities or the laws of the special economic zones in the Kingdom, provided that the investor enjoys, as a minimum, the rights stipulated in this Law.

Article 15: Regulations

The Minister shall issue the Regulations within one hundred and eighty days from the date of publication of this Law. The Regulations shall enter into force on the date this Law enters into force.

Article 16: Entry into Force

This Law shall enter into force one hundred and eighty days following the date of its publication in the Official Gazette and shall repeal the Foreign Investment Law issued by Royal Decree No. (M/1) dated 5/1/1421 AH as well as any provisions conflicting therewith.