RSM International

global excellence in audit, tax & consulting

Doing Business in Saudi Arabia

In a world of different cultures, it's good to have advisors who are consistent everywhere.

RSM International is sixth largest network of independent accounting and consulting firms worldwide. RSM International is represented in 90 countries and brings together the talents of 32,500 individuals. RSM member firms are driven by a common vision of providing high quality professional services to ambitious and growing organisations.

Foreword

Doing Business in Saudi Arabia has been prepared by AlSabti & Bannaga, a member firm of RSM International, as a guide for new and existing businesses in the Kingdom of Saudi Arabia. This booklet is intended to provide a summary of Saudi Arabia's economic, legal and social framework and to highlight certain factors which are considered of great importance in doing business in Saudi Arabia. This booklet is part of a series of similar publications provided by the RSM network of firms worldwide.

While due care has been taken in preparing this publication, the data provided reflects current information and is intended for information purposes only. Therefore, companies doing business in Saudi Arabia are advised to seek current and independent professional advice prior to making investment decisions.

At AlSabti & Bannaga, due to our in-depth knowledge about our country, we are well qualified to assist potential investors in establishing and developing operations in Saudi Arabia.

If you require detailed information or assistance with respect to doing business in Saudi Arabia, please do not hesitate to contact us. Details about our Firm, office locations and addresses are provided in the final chapter.

Abdelgadir Bannaga
Managing Partner
January, 2012

Contents

1. About RSM in Saudi Arabia and RSM International

1.1 RSM in Saudi Arabia

Alsabti & Bannaga is a member firm of RSM International and is recognized as one of the quality accounting firms providing professional services in Saudi Arabia. The Firm is managed by highly qualified partners and directors with extensive experience some of them spanning over 30 years. The managing partner has previously led the practice of one of the largest firms in Saudi Arabia for over 28 years. Alsabti & Bannaga is a full service professional firm offering a complete range of audit, tax and advisory services to organizations investing and operating in Saudi Arabia.

The Firm and their partners/directors have extensive knowledge and experience in providing professional services to foreign investors in Saudi Arabia. Such services include financial and tax due diligence services, valuation services as well as advising the client on tax planning and regulatory compliance matters. The Firm has also undertaken, on behalf of the foreign investors, complete procedures from applying for the foreign investment license to the completion of all regulatory procedures for the formation of the business entity in Saudi Arabia.

Our range of services:

- Assurance
- Tax and Zakat
- Financial Advisory services
- Risk Management
- Business Advisory services

We emphasize that the provision of services to our clients comes by:

- Fast, reliable and high quality professional services
- Deep and broad experience across range of business sectors
- Wide professional coverage with ability to directly reach experienced staff at RSM International network
- Clients have direct access and continuous communication with partners, directors and senior staff

1.2 RSM International

RSM International is a worldwide network of independent accounting and consulting firms. RSM International and its member firms are separate and independent legal entities. RSM International does not itself provide accounting or consultancy services. All such services are provided by member firms practicing on their own account.

RSM is represented by independent members in 90 countries and brings together the talents of over 32,500 individuals in over 700 offices worldwide.

The network's total fee income of US$ 3.9bn places it amongst the top six international accounting organizations worldwide. Member firms are driven by a common vision of providing high quality professional services, both in their domestic markets and in serving the international professional service needs of their client base.

RSM international is a member of the Forum of Firms. The objective of the Forum of Firms is to promote consistent and high quality standard of financial and auditing practices worldwide.

2. Saudi Arabia – an overview

2.1 Geography and Climate

The Kingdom of Saudi Arabia has a total area of 2,149,690 square kilometers and is occupying most of the Arabian Peninsula. The Kingdom is divided into four regions, namely:

- Western Region – In addition to the two holy cities of Makkah Al Makaramah and Al Madinah Al Munawarah, it includes Jeddah, the major commercial port city, and Yanbu, an important industrial port city
- Central Region – This is the largest region. In addition to Riyadh, the capital city, Buraydah and Oneizah are the main cities in Al Qassim area known as an agricultural area
- Eastern Region – This is the home of the oil resources and related installations. In addition to Al Khobar, Dhahran and Dammam, which together form the center of this region, Jubail is an important industrial city
- South West Province – Known as Asir region, this is a mountainous region, attractive for tourists. It has frequent rain so it has some agriculture. Abha, Najran and Jizan are the main cities in the region

The Kingdom lies between the Red Sea in the West and the Arabian Gulf in the East. It has a total coastline of 2,640 kilometers, with land boundaries of 4,431 kilometers along the border countries of Jordan in the North, Iraq and Kuwait in the Northeast, Qatar and the United Arab Emirates in the East and Oman and Yemen in the South

Most of Saudi Arabia experiences a hot dry desert climate with very high temperature in summer and frosty freezing nights in winter. The climate in Saudi Arabia varies in different regions depending on the nature of the region. Generally, the climate in Saudi Arabia is mild and light rain in winter and hot and humid in summer. In summer, the temperature in the Western, Central and Eastern regions can rise above 45ºC with 90% or higher humidity in the Western and Eastern regions. In Asir the overall average temperature is about 13ºC. Regions other than the Western Region are cold in winter with temperature falling to near freezing in the evening. With the exception of the Asir region, rainfall is a rarity and severe dust storms occur, whipped up by prevailing winds mainly in summer. Rainfall occurs primarily during the winter season. Occasionally heavy rains may fall in different parts of the Kingdom accompanied with thunderstorm.

Map of the Kingdom of Saudi Arabia

2.2 Population

Saudi Arabia has a total population of 26 million including 5.5 million expatriates. The total labour force is estimated to be 7.3 million of which approximately 80% is composed of expatriates.

About 68% of the population falls into the 15-64 year age bracket with an average age of 25 years making it one of the fastest growing young societies in the world. This high growth rate can be attributed to a persistently high level of fertility accompanied by a declining mortality rate among nationals due to vast improvements in the overall quality of life including healthcare.

This population increase has substantial implications for the growth of demand for basic services in the fields of education, health, transport, communication, and vital public utilities and services, including water and electricity. It also implies increased demand for housing and the need for directing economic resources to meet the requirements of investment in the infrastructure and human resources in order to develop production and institutional capacities.

2.3 Legal System

Islamic principle (Sharia) is the main source of law. Royal decrees and ministerial resolutions, which normally conform with the maxims of Islamic law, are additional sources. Such Royal decrees and ministerial resolutions represent a sort of codified laws which mostly reflect the concept of modern life and international commercial and business transactions.

The Sharia courts (Islamic) are the traditional courts which have the common jurisdiction to hear all types of disputes. The Ministry of Justice is responsible for administrating the country's more than 300 courts. Saudi Arabia is spending nearly US$ 2billion to overhaul its judicial system and court facilities to streamline the legal procedures. By virtue of Royal decrees other judicial bodies have also been established, amongst which the Grievances Board (GB), which originally acts as administrative court to hear disputes between government and companies executing official contracts. In addition, it has special courts to deal with all types of commercial disputes. The GB also has the jurisdiction to hear cases related to enforcement of foreign judgment and foreign arbitration awards.

A committee for settlement of commercial bank disputes was established as specialized body to hear disputes between banks and their customers. The main role of this body is to convince the disputing parties to reach an amicable settlement, otherwise it has the power to pass the required judgment.

Also special courts are established to deal with labor disputes, commercial instruments, tax and Zakat matters, etc. Judgments by all mentioned courts and special bodies are subject to appeal to higher courts.

The following characteristics of litigation are worth mentioning:

- Arabic is the official language in all courts
- No court fees are charged
- It is not a must to retain the services of a professional lawyer

2.4 Governmental and Political System

The Kingdom of Saudi Arabia was united by the late King Abdulaziz Ibn Abdul Rahman Al Saud during the period 1319H (1902) through 1352H (1932). Saudi Arabia was established and had its name in 1932.

Saudi Arabia is an independent Islamic monarchy governed by a Council of Ministers headed by the King regarded as the custodian of the two Holy Mosques appointed by the Royal Court for the Royal Family.

The King and the Council of Ministers constitute the legislative and executive authority formulating economic policies and directing the Kingdom's development.

The Government founded "Shoura" System (Consultative Council) in 1993 which comprises 150 members of Saudi social, political and religious life. According to its rules and regulations, the "Shoura" can express its opinions on general state policies and discuss the general economic and social development plans of the Kingdom. The "Shoura's" task is to study the system of laws and by-laws, contracts and international agreements and special rights and to explain and interpret the system and to discuss annual reports presented by Ministries as well as other government departments and to give needed suggestions.

The Kingdom is divided into 13 provinces each headed by a Governor who is appointed by the King. Additionally, the Governor is assisted by a Vice Governor and heads of the Government departments in the province. Also, not less than ten prominent persons in the province with knowledge, experience and specialization are appointed to assist the Governor. Their positions last for four years and are renewable.

2.5 Currency

The currency of Saudi Arabia is the Saudi Arabian Riyal (SR), which is officially pegged to the United States Dollar (US$). SR1 equals US$ 0.266 and US$ 1 equals SR3.75. The Saudi Arabian Monetary Agency (SAMA) fixes the exchange rate against the dollar while other currencies rates fluctuate. The last rate change against dollar that occurred was 7th July 1986. Saudi coins are called halalahs, with 100 halalahs equal to one riyal. Coins are issued in values of 5, 10, 25, 50 and 100. Notes are issued in values of 1, 5, 10, 20, 50, 100 and 500 riyals.

2.6 Living in Saudi Arabia

The Kingdom's standard of living is high. Gasoline, cars and electronic appliances are inexpensive and all types of food and beverages are in abundance except pork products and alcoholic drinks which are prohibited. Social customs are conservative by Western standard. Restrictions include the following:

- A company and its employees are prohibited from interfering in political or religious matters
- Foreign workers and employees are prohibited from taking any job other than the one with their current sponsor. This measure is designed to ensure stability in the workforce by preventing a change of employers on short notice. It also provides Saudi nationals with ample time to apply for vacancies in the private sector
- Non-Muslims are prohibited from entering the two cities of Makkah and Madinah, (The Holy Cities for Muslims)

2.6.1 Calendar

The Hijra calendar is the official calendar. A Hijra year has 12 lunar months of 29 or 30 days each. Hijra year begins 10 to 11 days earlier each Gregorian calendar year.

2.6.2 Time

The Kingdom is in the Arabia Standard Time Zone, three hours ahead of Coordinate Universal Time (formerly Greenwich Meantime).

2.6.3 Business Hours

The business week is from Saturday to Thursday. Friday is the day of rest but government offices and some business enterprises also close on Thursdays.

Business is generally conducted from 7:30a.m. to 2:30p.m. in government offices and from 8:00a.m. to 1:00p.m. and from 4:00p.m. to 7:00p.m. in other businesses. Some businesses especially in their office work follow straight one time during 8:00a.m. to 6:00p.m. Business hours for retail establishments are usually from 9:00a.m. to 1:00p.m. and from 4:30p.m. to 10:00p.m. Banks working hours are from 9:30a.m. to 4:30p.m, following five working days from Saturday to Wednesday. These times may vary depending on the performance and the owners' preference.

2.6.4 Public Holidays

There are two official holiday periods each year: Eid Al Fitr and Eid Al-Adha. Eid Al- Fitr occurs at the end of the ninth month (Ramadan). It celebrates the end of the month of fasting and lasts for a week. Eid Al- Adha which is known as the feast of the sacrifice lasts from the fifth to the fifteenth of the twelfth month (Dhul Al Hijjah). During this ten-day period, two to three million Saudis and other Muslims from around the world participate in the pilgrimage (Hajj) to Makkah. Business activity ceases for approximately one week during both these holidays. They occur 10 to 11 days earlier on the Gregorian calendar each year because of the difference between Hijra and Gregorian calendars.

2.6.5 Transportation and Communications

Because of the distances that separate the main cities, air travel is the preferred method of travel.

A good highway system, as well as a daily train service between Riyadh and Dammam on the Arabian Gulf Coast, is available to the traveler. Car rental facilities are available in major cities. Driving between the Eastern Province and Riyadh is popular.

Modern communications facilities including telephone line, mobile, facsimile machines and courier services are available.

2.6.6 Education

Although all levels of education are free for Saudi nationals, foreigners working in Saudi Arabia must send their children to private schools.

Because of the diversity of the foreign population, American, British, French and other ethnic schools (run by the respective embassies or foreign educational entities) are available in all major cities. Usually operated by experienced teaching staff recruited from the home countries, these schools rely almost exclusively on qualified foreign staff.

2.6.7 Housing

Normally, either housing is provided by the employer or a housing allowance is given to the employee. The major cities offer a wide variety of houses and apartments. Many houses are located on compounds that provide additional services, such as cable television, limousine services, security services, kindergarten, shops and sports facilities.

2.6.8 Leisure and Tourism

Although entertainment facilities are restricted, foreigners often organize leisure activities that take advantage of the hot climate. Since Jeddah, Al Khobar and other cities are near the sea, most water sports are available. Recreational activities also include squash, tennis, desert trekking and cross country running. In addition, there are fine stores, hotels, restaurants, good roads and spectacular scenery.

2.6.9 Social and Business Customs

The Kingdom of Saudi Arabia is 100% Muslim country that requires strict adherence to Islamic principles in both social and business practices. Liquor is strictly prohibited to be made or imported on religious grounds. Also any product containing pork, non-Muslim religious materials, sexually explicit books or revealing pictures are prohibited. Death penalty for drug traffickers, consumption or dealing with heroin and cocaine is applicable according to Islamic law.

In connection with dresses, men and women should dress conservatively and respect norms and values of the community.

Shops, restaurants and offices are expected to stop work during prayer times, which vary in timing during the year.

3. The Economy

3.1 History, development and indicators

Prior to the discovery of oil, Saudi Arabia was depending on the seasonal Hajj missions coming from various Muslim states as well as depending on subsistence activities, such as animal husbandry and farming. After the discovery of oil in 1938 the economy of Saudi Arabia has grown to become the largest oil producers in the world.

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 20% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 80% of the budget revenues, 45% of GDP and 90% of export earnings. Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Diversifications efforts are focusing on power generation, telecommunications, natural gas, exploration and petrochemical sectors. Almost 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors, while Government is struggling to reduce unemployment among its own nationals. As part of its effort to attract foreign investment, Saudi Arabia acceded to the WTO in December 2005 after many years of negotiations. The government has begun establishing six "economic cities" in different regions of the country to promote foreign investment and plans to spend $385 billion between 2010 and 2014 on social development and infrastructure projects to advance Saudi Arabia's economic development.

In 2010 Saudi Arabia's gross domestic products (GDP) was US$ 438 billion reflecting an increase of 3.9% compared to the previous year. The inflation rate for 2010 is expected to be about 5.7% (2009: 5.1%).

3.2 Six Economic Cities

As part of the Government's plan to become one of the top ten most competitive economies in the world (known as the 10x10 program), it has commissioned the construction of six economic cities throughout the Kingdom. The Saudi Government, in collaboration with the private sector, has embarked on a number of new mega projects estimated to cost over $387 billion, offering immense opportunities to foreign investors. The Six Economic Cities Project forms the cornerstone of the Saudi Government's efforts to attract further foreign investment. Construction on four of these cities has already begun. By building those cities, the Government hopes to further diversify the economy (away from its oil base) and sustain its growth as well as creating employment for its growing population and becoming the destination of choice for foreign direct investment in the MENA region.

Heralding a new era of regional development, it is estimated that the economic cities will draw in over $150 billion worth of investments in various fields. With each city specializing in a unique field, investment opportunities are endless. Spearheading the project is King Abdullah Economic City (KAEC), which focuses on energy and transportation industries. Initially expected to attract $27 billion, KAEC has already exceeded its initial investment target and is now expected to attract investments worth over $53 billion. According to a report by SAGIA, current investment in KAEC has reached $35 billion. Knowledge Economic City located in Madinah will feature projects with an emphasis on Knowledge-based industries, such as information technology and life sciences. Hail's Prince Abdulaziz bin Musaed Economic City will focus primarily on transportation and logistics, while Jizan Economic City is expected to boots the Kingdom's economy in the Southern Region by simulating the industrial activities by focusing on heavy and secondary industries. The launching of Tabuk Economic City offers innovative prospects in the realms of logistics, trade and environment. The last of the proposed economic cities will be located in Ras Azzour and is planned to capitalize on Saudi Arabia's energy resources, further increasing economic activity in the country. Investors who set up manufacturing facilities in Jizan, Hail, and Tabuk will receive additional benefits and better term loans from the Saudi Industrial Development Fund. These cities are expected to contribute about USD 150 billion to the economy by the year 2020.

Ambitious Objectives – Economic cities

Economic City	King Abdullah Economic City (Rabigh)	Jazan Economic City (Jazan)	Prince Abdulaziz bin Musaed Economic City (Hail)	Knowledge Economic City (Madinah)	Tabuk Economic City (Tabuk)	Eastern Province Economic City
Area (Sq. km)	168	103	156	4.8	135	N/A
Investment (US $ Bn)	53	30	8	7	30	N/A
Jobs (mn)	1	.05	0.055	.02	4	N/A
Population (mn)	2	.25	.3	.15	1	N/A
Focus	Port logistics, light industry & services	Heavy industries, agro-industries, social development	Logistics, agribusiness, minerals & construction material	Knowledge-based industries, tourism	Logistics, trade & Industry, Environment	Energy & Mineral resources
Scheduled Completion	2025	2037	2025	2020	N/A	N/A

Source SAGIA, Zwya

3.3 Ninth Five – year development plan

The Saudi Council of Ministers has approved the Ninth Five-Year Plan which allocates $385 billion (SR 1.4 trillion) to projects across all sectors through 2014. The plan focuses on improving the standard of living, increasing employment, balancing economic development across all regions and increasing the competitiveness of the country's economy. The budget for this plan is approximately 67% larger than the previous five year plans.

Half of the government's spending will be dedicated to human recourses development, which includes education and training – reinforcing the Kingdom's goal of creating knowledge-based society. Social and healthcare development will receive 19% of the budget, while economic resource development will be allocated 15.7%, transportation and communications development 7.7% and municipal and housing services 7%.

3.4 Privatization Initiative

The Supreme Economic Council (SEC) approved the privatization strategy for Saudi Arabia for transferring the ownership of management of public enterprises, projects and services to the private sector. With this objective SEC has targeted over 30 Corporations for eventual disinvestment including Saudi Basic Industries Corporation (SABIC), Saudi Electric Company (SEC), Saudi Arabian Mining Company (Ma'aden), Saudi Telecom Company (STC), Saudi Arabian Airlines (Saudia), Saline Water Conversion Company (SWCC), Saudi Postal Services etc. Most of government hospitals and educational institutions have contracts with private sector for carrying out operations and maintenance

3.5 Stock market

Saudi Arabia has the largest stock exchange in the Middle East by capitalization (Tadawul). This is regulated by the Capital Market Authority (CMA) which is an independent stock market and regulatory body. Major reforms were adopted by the CMA to increase transparency and investor confidence and these included the introduction of corporate governance guidelines (for all listed companies), the implementation of a new exchange system (with ability to handle a higher volume of deals), the requirement to disclose the names of investors with stakes equal to or greater than 5% in listed companies.

The total number of companies listed in local share market by the end of year 2010 was 147 companies, across all sectors with a total market capitalization of over US$ 350 Billion.

3.6 Financial institutions

The Saudi Arabian Monetary Agency (SAMA) is the government central bank. It controls the issue of Saudi currency, manages the Kingdom's foreign assets, regulates and monitors banks and insurance activities.

Banking is regulated under the Banking Control Law. There are many governmental and private commercial, financing, financial institutions in Saudi Arabia.

3.6.1 Commercial banks

Under Saudi Arabia's WTO accession terms, foreign banks can enter the market either in the form of a locally incorporated joint-stock company or as a branch of an international bank. Saudi Arabia recently agreed to increase the foreign equity shareholding in a joint venture in banking from 40 per cent to 60 per cent. Asset management and advisory services are open to non-bank financial institutions.

Major Banks Operating in Saudi Arabia:

- Arab National Bank
- Al Rajhi Bank
- Al inma Bank
- Bank Al Bilad
- Bank Al Jazira
- Banque Saudi Fransi
- National Commercial Bank
- Riyad Bank
- Samba Financial Group (Formerly Saudi American Bank)
- Saudi Hollandi Bank
- Saudi Investment Bank
- SABB Bank (formerly Saudi British Bank)

Licensed Foreign Banks' Branches:

- BNP Paribas
- Deutsche Bank
- Emirates Bank
- Gulf International Bank
- National Bank of Kuwait
- Muscat Bank
- National Bank of Bahrain
- JP Morgan Chase N.A.
- National Bank of Pakistan
- State Bank of India

3.6.2 Islamic Banking

In Saudi Arabia there is a general tendency towards Islamic dealing in which charging interest is forbidden. Instead, various types of profit sharing are permitted.

Many of the commercial banks in Saudi Arabia have specific and particular sections for such type of transactions, but there is no bank yet named as Islamic Bank and/or dealing exclusively in such Islamic banking systems.

3.6.3 Government Credit institutions

In addition to commercial banks Saudi Arabia has 5 governmental specialized credit institutions which extend its loan services to Saudi individuals and companies. Those specialized institutions are listed below:

3.6.3.1 Saudi Industrial Development Fund (SIDF)

The SIDF is controlled by the Ministry of Industry & Electricity to provide low-cost medium and long term soft loans for industrial projects. The payback period for these loans ranges between five to ten years starting at the end of the grace period which may range up to three years.

- It grants up to 50% of the financing requirements of a project
- It provides marketing, technical and financial advice as well as carrying studies and researches
- It imposes an initial service fee of 2.5% of the projected costs. It is interest-free loan other than this initial service fee
- It may impose some restrictions on dividends remittance and maintenance of financial ratios

3.6.3.2 Saudi Agricultural Bank

It is controlled by the Ministry of Agriculture and Water. It provides low-cost agricultural loans to agricultural licensed projects.

- It is an interest-free loan
- It grants subsidies of machines and equipment for vested projects

3.6.3.3 The Real Estate Development Fund

It grants medium and long-term loans to individual Saudis for private and commercial projects.

3.6.3.4 Public Investment Fund

It Is Controlled by the Ministry of Finance and National Economy. It provides medium and long-term loans to business-type private and governmental projects.

3.6.3.5 Saudi Credit Bank

It provides loans meant for the social welfare and improvement of living of Saudi individuals.

4. Foreign investment

4.1 Ideal Place for Foreign Investments

Saudi Arabia has long been recognized as a powerhouse of the Middle East. Now it's poised to become one of the world's top ten most competitive nations and with that, one of the most lucrative markets for strategic investment.

Saudi Arabia is investing tens of billions of dollars into the launch of Six Economic Cities: public-private partnerships that will create tomorrow's most attractive investment platforms for foreign companies. These unprecedented developments combine world-class infrastructure, cutting-edge design principles, and special incentives and streamlined processes to create foreign investment-led hubs in knowledge-based industries and other crucial sectors.

What makes Saudi Arabia as unique for investment is as follow:

- Ranked 4th in the world for "fiscal freedom" and it's the 7th most rewarding tax system in the world
- 7th freest labor market in the world according to the World Economic Forum
- One of the world's 25 largest economies and the largest economy in the MENA region
- One of the world's fastest growing countries: per capita income is forecasted to rise from $20,700 in 2007 to $33,500 by 2020
- It's the largest free market in the MENA
- It has 20% of world's oil reserves
- 13th out of 181 countries for the overall ease of doing business global

The government of Saudi Arabia is keen to create a national economy based on private enterprise and free from monopolistic practices. With this objective in mind, the government encourages growth of viable industries utilizing indigenous raw materials as much as possible. The private sector has, therefore, a leading role to play on the basis of competition in a free economy. Inviting foreign investment is part of the strategy to diversify sources of income. The government acknowledges that foreign investment would bring into the country modern technology, create new industrial opportunities, develop manpower and raise national income. Accordingly, foreign investment is welcomed if it is in a development enterprise and is accompanied by foreign technical expertise.

4.2 Saudi Arabian General Investment Authority (SAGIA)

Saudi Arabia General Investment Authority (SAGIA) is the face of change in Saudi Arabia; its mission is to create the highly competitive economic climate and modern infrastructure that will lead to greater social prosperity throughout the nation.

SAGIA is committed to supporting new and growing business in Saudi Arabia. To make it as easy as possible to invest in or set up and operate a business in Saudi Arabia, it is creating a network of dynamic Business Centers throughout the nation. Each center provides a highly responsive and effective resource to help companies get up and running quickly and efficiently – offering everything from advice on organizing visas and building regulations, to financing and legal support.

In addition to representatives throughout the Kingdom, SAGIA has established nine International Offices on four continents. Each international office is headed by a highly skilled Country Director capable of providing expert advice available on all aspects of investing and operating a business in Saudi Arabia. SAGIA's international offices can be found in Australia, China, United States, United Kingdom, Germany, France, Italy, Japan, and Singapore, with more in the pipeline

4.3 Regulations governing foreign investment

Foreign investment in Saudi Arabia is governed by the Foreign Capital Investment Act (FCIA) of 1421H, corresponding to 2000, which repealed the old Act of 1399H. The main features of the new Foreign Capital Investment Act of 1421H are as follow:

4.3.1 Percentage of foreign ownership

Foreign investments licensed to operate in the Kingdom under the FCIA may assume any of the following two forms:

1. Entities owned by Saudi and foreign investors

2. Entities wholly owned by foreign investors and the legal form that those entities would assume will be determined in accordance with the prevailing laws and regulations

Accordingly, the percentage of foreign equity ownership could be anything between one to 100% and it is important to note that businesses wholly owned by foreign investors enjoy the same benefits and incentives available to those owned by Saudi investors.

4.3.2 Minimum capital requirement

The Saudi Government has eliminated the minimum capital investment requirements previously imposed on foreign investors (as of July 2007).

4.3.3 Conditions for granting foreign investment license

The conditions for granting foreign investment license are the same regardless of the percentage of the foreign ownership. The conditions are as follows:

- The sector of business required to be licensed should not be one of the list of sectors prohibited for foreign investment and should be one of the sectors earmarked as being within the authority of the General Investment Authority to license
- The specifications of the end product and the production process must have been approved by the Kingdom's standard specifications prevailing or by the European or United States standard specifications in the absence of standard Saudi specifications covering the product and process
- The foreign investor must not have been convicted and sentenced on a legal action for irregularities under the FCIA or any previous Foreign Capital Investment Act or any other laws or regulations governing foreign investments
- The foreign investor must not have been previously convicted and sentenced for any financial or commercial irregularities in the Kingdom or elsewhere and must submit a declaration to that effect as part of the application for licensing
- The granting of a license must not result in contravention with any international or regional agreements signed by the Kingdom of Saudi Arabia

4.3.4 Incentives

Foreign investment projects licensed under the FCIA shall enjoy the following incentives:

- Privileges, incentives and guarantees enjoyed by national projects in accordance with the current Saudi Arabian regulations
- Freedom of transfer of funds to and from the Kingdom including repatriation of the foreign investor's shares of profits, sale of equity shares or liquidation surplus

- Protection of private property from confiscation
- Access to low cost financing/loans including loans from the Saudi Industrial Development Fund (SIDF)
- Exemption from customs duty for machinery and equipment required for the project
- The right to own land and buildings (real estate) required and necessary to carry out the licensed activities in accordance with the provisions of the Non-Saudi Real Estate Acquisition Act
- The foreign investor and non-Saudi staff can be sponsored by the licensed facility
- The ability to carry losses forward until the project is profitable
- Avoidance of double taxation (where a bilateral agreement exists)

Apart from the incentives described above, Saudi Arabia offers the following additional benefits:

- No foreign exchange control
- A stable, freely convertible currency
- Well-developed banking
- Efficient local and global telecommunications
- A developed transportation infrastructure
- Sophisticated service sector – major international hotels, banks, accountancy and legal firms and consultants
- Ready available and inexpensive energy
- Ideal location – midway between the Far East, Africa and Europe
- In certain circumstances, tariff protection from competing imports is available. The concession is not granted until the local product is of an approved standard
- Nominal rent on building sites at industrial areas

The current FCIA does not provide for income tax holidays as in the old FCIA. However, the implementation of the current FCIA does not prejudice the vested interest incentives of foreign investments that legally existed before the current Act came into force including tax holidays previously granted under the old FCIA

4.3.5 Prohibited activities to foreign investor

The Saudi Arabian General Investment Authority (SAGIA) has issued a list of activities and business covering all sectors that are prohibited for foreign investors:

Industrial Sector
Oil exploration, drilling and production. Except the services related to mining sector listed at (CPC 5115+883) in International Industrial classification codes
Manufacturing of military equipment, devices and uniforms
Manufacturing of civilian explosives
Service Sector
Catering to military sectors
Security and detective services
Real estate investment in Makkah and Madina
Tourist orientation and guidance services related to Hajj and Umrah
Recruitment and employment services including local recruitment offices
Real estate brokerage
Printing and publishing. Except the following activities: • Pre-printing services internationally classified at (CPC 88442) • Printing Presses internationally classified at (CPC 88442) • Drawing and calligraphy internationally classified at (CPC 87501) • Photography internationally classified at (CPC 875) • Radio and Television Broadcasting Studios internationally classified at (CPC 96114) • Foreign Media Offices and Correspondents internationally classified at (CPC 962) • Promotion and Advertising internationally classified at (CPC 871) • Public Relations internationally classified at (CPC 86506) • Publication internationally classified at (CPC 88442) • Press Services internationally classified at (CPC 88442) • Production, selling and renting of computer software internationally classified at (CPC 88) • Media consultancies and studies internationally classified at (CPC 853) • Typing and copying internationally classified at (CPC 87505 + 87904) • Motion picture and video tape distribution services internationally classified at (CPC 96113)
Commission agents internationally classified at (CPC 621)
Audiovisual and media services
Land transportation services, excluding the inter-city passenger transport by trains
Services provided by midwives, nurses, physical therapy services and quasi-doctoral
Services internationally classified at (CPC 93191)
Fisheries

SAGIA is periodically reviewing the prohibited list facilities and it may be changed on by SAGIA directions.

4.4 Trading and agencies

Trading activities in Saudi Arabia are not allowed for foreign investors (except GCC nationals) unless the following conditions are met:

- Foreign equity restricted to 75%
- Minimum foreign investment is Saudi Riyal 20 million by foreign investor
- Size of outlet may be prescribed
- Minimum 15% Saudi employees should be trained each year
- Strict laws forbid foreigners from engaging in business in Saudi Arabia under the name of a Saudi national, and severe punishments are imposed in both foreigners and Saudi engaging in these practices

4.5 Imports and exports

Importers must be licensed by the Ministry of Commerce and must obtain the approval, in certain cases, from the appropriate Ministry for the goods or materials to be imported.

Exporters may require an industrial license, an agricultural license or both depending on the products to be exported. Certain items and goods are not allowed to be exported such as, livestock, Arabian horses and subsidized goods.

Specific documentations are required for the release of imports, such as certificates of origin, invoices and shipping documents, a description of imported goods, a Saudi Arabian Specification and Standards Organization certificate, if applicable and health and radiation certificates, if applicable.

Commercial invoices and certificates of origin are required to be certified by the foreign Chamber of Commerce of the Saudi Arabia Consultant. All documents must be translated into Arabic language.

5. Types of business entities

5.1 Regulations for Companies

Regulations for Companies issued by Royal Decree No. m/6 in 1965 (1385H) and amended in subsequent years defined the company as a contract between two or more persons participating in an enterprise for profit.

The Regulations for Companies illustrate the general provisions and the specific rules and procedures for different types of companies. In accordance with the Companies Act the provisions of the regulations of companies apply to the following types of business organizations operating in Saudi Arabia:

- General partnership
- Limited partnership
- Joint ventures
- Corporations (joint stock companies)
- Limited liability partnership
- Companies with variable capital
- Cooperative companies

Without prejudice to such companies, as are known in Islamic jurisprudence any company that does not assume one of the above mentioned forms shall be (considered) null and void and the persons who have made contracts in its name shall be personally and jointly be liable for the obligations arising from such contracts.

The provisions of these regulations shall not apply to companies incorporated in whole or in part by the Government or by any other public juristic person provided that a Royal Decree shall be issued authorizing its incorporation.

5.2 Structure of Business Entities

Doing any business in Saudi Arabia, regardless of its objectives, has to be licensed, i.e. must be registered at the Ministry of Commerce. On issuance of the Commercial Registration (CR), with the exception of a joint venture, a company shall be considered a juristic person. The company's Articles of Association must be consistent with the Regulations for Companies and accordingly include certain mandatory information including, but not limited to, type of company, objectives, amount of capital, address, duration, etc.

5.3 Joint Stock Company

A common form of business entities in Saudi Arabia is a corporation (joint stock company). The following joint stock companies may be incorporated only by virtue of authorization issued in a Royal Decree on the approval of the Council of Ministries.

- Franchise companies
- Companies managing a public utility
- Companies receiving subsidy from the Government
- Companies with Government or any other public entity participation
- Companies engaged in banking and insurance activities

The following are the main characteristics of joint stock companies:

- Capital is divided into negotiable shares of equal value. Shareholders' liability is limited to the extent of the value of that share
- The number of shareholders shall not be less than five
- Capital shall not be less than SR 10 million if shares are offered for public subscription. In all other cases capital shall not be less than SR 2 million
- Paid-up capital at incorporation shall not be less than 50% of the authorized capital and the amount payable on subscription shall not be less than 25% of the authorized capital. The par value of each share shall not be less than SR 10

Joint Stock Company must meet all requirements as stipulated in the Regulations for Companies and in case of listed entity to comply with the requirements of Capital Market Authority as well as Saudi Stock Exchange Regulations.

5.4 Limited Liability Company (LLC)

This is the most common form for entering into joint ventures with Saudi Partners; however, a Saudi partner is not required since there are no legal limitations on the percentage of foreign ownership.

There is no minimum capital investment requirement to establish an LLC. An LLC must have between 2 and 50 shareholders and is managed and represented by one or more managers. There is no need for Board of Directors, although shareholders often provide for a Board and other management arrangements in the Articles of Association. The LLC must also have an auditor and, where it has more than (20) partners, it must establish a Board of Directors.

5.5 General Partnership

A general partnership is an association of two or more partners who assume joint liability to the extent of their entire fortune for the debts of the company. No minimum share capital is required. Partners' interests are not negotiable and can only be transferred with the consent of all partners or in accordance with the terms and conditions set in the Articles of Association.

5.6 Limited Partnership

This company consists of two teams of partners including at least a general partner liable with all their money for the company's debts and another group comprising at least of a limited partner liable for the debts of the company to the extent of their share in the corporate capital.

5.7 Professional Partnership

Pursuant to order no. 41 of 1991 of the Minister of Commerce non-Saudi entities engaged in the "free professions", which includes accountants, architects, consulting engineers and lawyers, may establish, in partnership with a Saudi entity engaged in the same profession, a presence in the Kingdom under a license from the Ministry of Commerce and Industry. Such professional partnerships may not have limited liability, and must have at least 25% Saudi Arabian participation. The foreign entity must have been in existence for at least ten years, and must have acquired an "excellent reputation" in its field.

5.8 Branch of Foreign Companies

Foreign companies may register a wholly foreign-owned Saudi branch, provided that they obtain the requisite license from SAGIA. The branch may engage in any government contract or private sector work within the scope of its license. Branch offices are subject to the requirements of the Government Tenders Regulations, where applicable. Branch registration follows the same general procedure as for the registration of an LLC.

5.9 Temporary Commercial Registration and Sponsorship

As an alternative to forming one of the above entities, foreign contracts have in the past-performed isolated private sector projects under the sponsorship of their Saudi customer and, in contracts with the Saudi government; the foreign contractor may perform its obligation under a temporary commercial registration (TCR).

With respect to sponsorships, they can be in two forms. The first is where the foreign contractor obtains a business visa, sponsored by the Saudi customer. The second form of sponsorship is where the foreign contractor 'seconds' its employees to the employment and sponsorship of the Saudi customer.

5.10 Commercial Agencies

Agencies and distributorships are governed by the Commercial Agencies Regulations and the related Implementing Rules (Royal Decree No, M/11, as amended by Royal decree no. M/32; Ministry of Commerce (MOC) Decision No. 1897). The rules and regulations reserve a monopoly for Saudi nationals and wholly owned Saudi entities on 'trading' activities. Trading activities include the import and purchase of goods for resale. Therefore, foreign companies engaging in such activities must use Saudi commercial agents and distributors, who must register their Agency Agreements with the MOC Agency Register. The agent must hold a valid Saudi commercial registration permitting him to act as an agent or distributor and the directors and authorized representatives must be Saudi nationals. The Commercial Agency Regulations bar appointment of shell agents indirectly owned or controlled by the foreign principal, therefore, the Saudi agent must be independent from the foreign principal.

Agencies do not have to be exclusive, although MOC will not normally register more than one agreement for the same principal.

The Regulations do specify requirements of compensation of a terminated agent. The MOC Model agency contract provides for "reasonable compensation" of the agent upon termination for "activities that may result in the apparent success of the business". Shari'a law, which is applied by both the arbitration and the Grievance board, excludes indirect or consequential damages.

MOC will not register a new agency agreement with the same foreign principal before the old one has been deregistered. This normally requires a letter of consent by the old agent or administrative cancellation by MOC upon the expiry of the contract.

5.11 Technical and scientific services office

Foreign companies with commercial agents may establish a technical and scientific office (TSO). TSO is to provide technical, scientific advisory and consulting services to local agents and customers. TSO is not permitted to carry out commercial activity. TSO expenses must be funded by the principal. TSO reports annually to the Ministry of Commerce.

5.12 Companies Formation Procedures

Depending on the nature of business and the activity and type of company the formation procedures for companies will be in the following sequence:

- According to the nature of business an approval of the relevant Ministry or government agency should be obtained, i.e. Ministry of Industry and Electricity for industrial projects, Ministry of Agriculture & Water for agricultural projects, etc
- A foreign investor has to obtain the approval of SAGIA
- An application and Articles of Association to be submitted to the Ministry of Commerce.
- The Articles of Association to be signed before a Notary Public and published in the Official Gazette (Um Al Qura)
- Capital to be deposited in a bank account
- Registration process of the company is completed on the issuance of the commercial registration (CR) by the Ministry of Commerce. The Ministry of Commerce would need the proof of the completion of the above procedures

It is worth noting that SAGIA has established an Investor Service Center whereby all the services required by the investors from different government departments and agencies are grouped under one roof. It is also worth noting that it is advisable to use the services of local law firm throughout the process of company formation.

5.13 Conversion and merger of companies

A company may convert into any other kinds of companies in accordance with its Articles of Association or by-laws and subject to the fulfillment of the formation and publication of the particular kind of company to be converted to.

A company may even during liquidation stage merge with another company of the same or different kind following the necessary resolutions by the company concerned in accordance with their Articles of Association and By-Laws.

Merger shall be effected by the combination of one or more companies into another existing company, or by the consolidation of two or more companies into a new company under formation. The merger agreement shall specify the terms of merger and shall specifically set out the manner of evaluating the net worth of the acquired company, and the number of shares to be allotted to it in the capital of the new company.

5.14 Liquidation procedures

Following a resolution by the shareholders to dissolve and liquidate a company, a liquidator must be appointed. A liquidator, who has to be an individual and not a corporate body, can be one of the shareholders or nominated and approved by the shareholders. If the winding up is initiated by a court, it shall proceed to appoint the liquidators and fix their powers and remunerations.

The liquidator has to prepare a statement of affairs as on the date of liquidation and attach that with his application to the Ministry of Commerce to announce the liquidation of the company officially. If the assets of the company as revealed by the statement of affairs are not sufficient to pay off the creditors, the partners have to undertake to pay the difference. After the approval of the Ministry of Commerce and the announcement of the liquidation in the Official Gazette, the liquidator will wind up the company in accordance with the procedures specified in chapter XI of the Companies Law. The liquidator may not carry on business apart from completing existing contracts.

On completion of the liquidation, the liquidator must submit a final account approved by the partners to the Ministry of Commerce and ask for the completion of the liquidation to be advertised.

6. Accounting and auditing

6.1 Bookkeeping Regulations

Saudi Bookkeeping Regulations require every business enterprise with a capital in excess of SR 100,000 must maintain proper accounting books and record and as a minimum, the following accounting records must be maintained in Arabic and kept in the Kingdom:

- Journal Day Book
- A general ledger
- Inventory book which is also interpreted to be a register containing an inventory of the company's assets and liabilities

Accounting records maintained on computers are subject to the following additional requirements:

- The location of the computer should be in the Kingdom of Saudi Arabia. Foreign companies with branches in the Kingdom may keep central computer installation outside the Kingdom provided that the branches in the Kingdom are supplied with a local terminal capable of extracting all the statements and entries relating to the accounts of the branch
- The final accounts and balance sheet must be extracted directly from the computer
- The establishment should document the input and processing procedures (accounting entries) in the computer so that this (documentation) can be referred to when required

The Department of Zakat and Income Tax frequently visits the offices of taxpayers (mainly joint venture companies) to ensure compliance with the requirements and to conduct field audits; so it is important to maintain adequate Arabic records.

To comply with book-keeping requirements in Arabic language in companies where accounting records are in English, a number of firms have developed computerized English-Arabic translation services.

6.2 Saudi organization of Certified Public Accountants (SOCPA)

The Saudi Organization for Certified Public Accountants (SOCPA) is a professional organization established under the Royal Decree No. M/12 dated 13.05.1412H corresponding to 18.11.1991G. It operates under the supervision of the Ministry of Commerce and Industry with the aim to promote the accounting and auditing profession in the Kingdom of Saudi Arabia and all other related matters that could lead to the development of this profession and raising its status. Specifically, SOCPA reviews, develops, and approves accounting and auditing standards; establishes an appropriate quality review program in order to ensure that certified public accountants comply with accounting and auditing standards and the provisions of Certified Public Accountants' Regulations; establishes necessary rules for fellowship certificate examination; organizes courses of continuous professional education; conducts research work and studies covering accounting, auditing and related subjects; publishes periodicals, books and bulletins covering accounting and auditing subjects; and participates in local and international committees and symposiums relating to the profession of accounting and auditing. Represented in its board of directors, technical committees and secretariat general, SOCPA works continuously to achieve its objectives. The organization of the Second Saudi International Accounting Conference under the patronage of the Custodian of the Two Holy Mosques King Abdulla Bin Abdul Aziz, the King of the of the Kingdom of Saudi Arabia is an addition to the efforts that SOCPA makes to promote the profession and raise its status

6.3 Accounting Standards

Before the formation of SOCPA, The Ministry of Commerce in 1410H issued standard of General Presentation and Disclosure. SOCPA has issued additional 20 accounting standards covering key areas and components of the financial statements. SOCPA has also issued 7 accounting opinions on accounting issues. In the area where there are no Saudi accounting standards, International Financial Reporting Standards (IFRS) should be used for the guidance. All financial statements must be prepared and presented in accordance with the Saudi Accounting Standards. In case of banks, the financial statements should also comply with IFRS as well additional standards issued by Saudi Arabian Monitory Agency (SAMA), the regulator for the banks. As per SAMA requirement, the insurance company's financial statements must comply with IFRS.

6.4 Financial Reporting

Every company is required to prepare and file copies of the Board of Directors' Report and audited financial statements with the Ministry of Commerce within six months of the financial year-end. Every listed company is required to publish interim period unaudited quarterly financial statements and year end annual audited financial statements within the prescribed period in the newspaper and upload on Saudi Stock Exchange website Tadawul. Banks and insurance companies are required to file the financial statements with Saudi Arabian Monetary Agency (SAMA).

6.5 Audit Requirements and Auditing Standards

In accordance with the Regulations for Companies, company's financial statements are required to be audited by a certified public accountant in Saudi Arabia. Joint stock companies and limited liability companies must appoint at least one independent auditor whereas banks and insurance companies are required to have two independent auditors. The auditor must be licensed and registered with the Ministry of Commerce and SOCPA.

The licensed certified accountant must perform the audit of the financial statements and other audit related engagements in accordance with Saudi auditing Standards issued by SOCPA. SOCPA has issued 15 auditing standards and in the area where there is no SOCPA auditing Standard, Standards on Auditing issued by International Auditing and Assurance Standards Board (IAASB) should be used for reference purposes.

7. Income tax and zakat

7.1 Person Subject To Tax

According to Saudi tax law (effective from July 30, 2004) resident capital companies (on non-Saudi /GCC shareholders' share) and non-residents who have business activities in the Kingdom through a permanent establishment, are subject to corporate income tax in Saudi Arabia. A capital company is defined to be a corporation, limited liability Company or a Company limited by shares for the purpose of income tax law. Investment funds are also considered capital companies. A company will be considered resident company if it is formed under the Saudi Companies' Regulations, or if its central control and management is situated within the Kingdom.

A natural person is resident in the Kingdom for a taxable period if he meets any of the following conditions:

a) He has a permanent place of abode in The Kingdom and is physically present in the Kingdom during not less than 30 days in aggregate during the taxable year

b) He is physically present in the Kingdom during not less than 183 days in the tax year

7.2 Tax Base and Tax Rates

The tax base of a resident capital company is the total of non-Saudi shares in its income subject to tax from any activity with in the Kingdom less any deduction allowed under this law.

The tax base of a resident non-Saudi natural person or entity is their income subject to tax from any activity within the Kingdom less any deduction allowed under this law.

The taxable income of each natural person is determined separately. A capital company is taxable on its tax base separately from its shareholders or partners.

The tax rate is as follows:

• For a resident capital company, a non-Saudi resident natural person or entity	**20%**
• For tax payer engaged in natural gas activity	**30%**
• For tax payer engaged in oil and hydro carbon production	**85%**

7.3 Income Subject To Tax

Income subject to tax is gross income and includes income, profits, gains of any type and any form of payment arising from carrying out activity. Gross income includes capital gains and incidental income but excludes certain exempt income

7.4 Deductible Expenses

Generally, all ordinary and necessary expenses of earning income (subject to tax) paid or accrued by the taxpayer during the taxable year are deductible in determining the tax base. Deductible expenses are broadly as follows.

A) All expenses that are necessary and normal to the business, paid or accrued are allowed deductions provided they meet the following criteria:

- Actual expenses supported by verifiable documentation or other evidence
- Related to earning taxable income
- Related to the subject tax year
- Of non-capital nature

B) Loan charges (interest) incurred during the tax year or the resultant of the following formula, whichever is less:

- The taxpayer's total income from loan charges (interest income), plus 50% of (A-B)

  "A = income subject to tax other than income from loan charges (interest income)

  "B = expenses allowed under the law other than loan charge expenses (interest expense)

C) Other deductible expenses include:

- Bad debts provided they meet certain conditions
- Cost of repairs or improvements of fixed assets are deductible on condition that the deductible expense for each year may not exceed 4% of the remaining value of the related asset group at year-end. Amounts in excess should be added to the remaining value of the asset group and depreciated
- Contribution paid to public agencies and philanthropic societies licensed in Saudi Arabia which are non-profit organizations
- A deduction is allowed for research and development costs connected with income subject to tax
- Value of goods or services delivered to the taxpayer by related parties to the extent that it is not in excess of an arm's length value

7.5 Non Deductible Expenses

Certain types of expenses are however, not deductible such as expenses of a capital nature and certain specific expenses not deductible under the provisions of the law. The following are expenses that are not allowed as a deduction in accordance with the tax law:

- Expenses not connected with the earning of income subject to tax
- Payments or benefits to a shareholder, a partner or their relatives which constitute employment income or which do not represent an arm's length payment for property or services
- Entertainment expenses
- Expenses of a natural person for personal consumption
- Income tax paid in the Kingdom or to another state
- Fines and penalties paid or payable to any party in the Kingdom (excluding those paid for breach of contractual obligation)
- Any bribe or similar payment the making of which is a criminal offence under the laws of the Kingdom even if made abroad
- Payments made to head office by branches for royalties, commission interest and indirect allocated general and administrative expenses

7.6 Carry Forward of Previous Years' Losses

Previous years' approved tax losses can be carried forward until they are recovered in full. The maximum loss which may be utilized each year is limited to 25% of net income for the year, and any balance is carried forward.

7.7 Tax Depreciation

Depreciation is calculated for each group of fixed assets by applying the prescribed depreciation rate to the remaining value of each group at the fiscal year-end. The value for each group at the end of the year is calculated by:

- Adding the remaining tax book value of the group at the end of the preceding taxable year
- Adding 50% of the cost of assets that were purchased in the current year
- Adding 50% of the cost of assets purchased in the preceding taxable year
- Deducting 50% of the consideration received from the disposal of assets during the taxable year
- Deducting 50% of the consideration received from the disposal of assets during the preceding taxable year

Depreciation is charged on the value arrived at as described above on the following rates:

Fixed buildings	5%
Industrial and Agricultural movable buildings	10%
Factories, machines and equipment, computer application programs, cars and cargo vehicles	25%
Expenditure for geographical surveying, drilling, exploration and other preliminary work to exploit and develop natural resources and their field	20%
All other tangible or intangible assets not included in pervious categories, such as furniture, planes, ships, trains and goodwill	10%

7.8 Tax Declaration

The due date for filing the tax declaration and payment of tax is within 120 days of the fiscal year-end. Taxpayers are required to file an annual tax declaration. If a taxpayer income exceeds SR1 million ($267,000), the tax declaration must be certified as correct by a certified accountant who is licensed to practice in the Kingdom.

7.9 Fines

The fine for non-registration with the Department of Zakat and Income Tax (DZIT) varies from SR1,000 ($267) to SR10,000 ($2,670). The fine for non-submission of tax declarations by the applicable due date is the higher of:

A) 1% of gross receipts but not to exceed SR20,000 ($5,340)

B) 5% of the underpaid tax if the delay is up to 30 days from the due date

C) 10% of the underpaid tax if the delay is more than 30 days and not more than 90 days from the due date

D) 20% of the underpaid tax if the delay is more than 90 days and not more than 365 days from the due date

E) 25% of the underpaid tax if the delay is more than 365 days from the due date

Delay fine (in addition to fine for non- submission of tax return) is 1% of the unpaid tax for each 30 day delay, and fraud and evasion fine totals 25% of the difference in tax resulting from misrepresentation or fraud.

7.10 Advance Payment

An advance payment on account of tax for the year is payable in three installments, i.e. by the end of the sixth, ninth and 12th months. Each installment of advance payment of tax is calculated in accordance with the following formula:

25% X (A-B), where A is equal to the tax payer's liability as per the tax declaration for the preceding year and B is equal to tax suffered by the tax payer at source(i.e. withholding tax) in the preceding year.

The taxpayer is not required to make advance payments if the calculated amount of each payment is less than SR500,000 ($133,500).

7.11 Recovery by Taxpayer of Overpaid Amounts

The taxpayer is entitled to recover overpaid amounts plus a compensation of 1% for each 30 days delay in receiving the refund commencing 30 days after submission of a claim by the taxpayer.

7.12 Accounting Books and Records

Taxpayers must maintain books and accounting records in Arabic. Taxpayers must prepare financial statements to be audited by a licensed auditing firm.

7.13 Period of Limitations

A) The Department may, with a notice of justifications, make or amend an assessment within five year, or at any time with the written consent of the taxpayer

B) The Department may make or amend an assessment within ten years of the end of the filing period for the taxable year if a required tax declaration was not filed or if the tax declaration is found to be incomplete or incorrect with the intent to evade tax

C) A taxpayer may request a refund of tax in the basis that the tax payer made an overpayment, at any time within five years of the end of the taxable year

7.14 Objections and Appeals

A) The taxpayer has the right to object to an assessment within 60days of receipt of the assessment letter. The assessment will be final and the tax becomes payable if the taxpayer agrees to the assessment or does not object to it within the prescribed period

B) An objection is not considered valid unless the taxpayer has paid the undisputed elements of the tax assessments with in the period for making the objection, or has obtained as approval under Article 71 of this law to pay the tax installments

C) The tax becomes payable after the issuance of the decision by the First Instance Committee. The tax is final if not appealed within 60 days of receipt of the mentioned resolution by either the taxpayer or the Department

D) Both the Department and the taxpayer have the right to appeal the First Instance Committee decision to the Higher Appeal Committee within 60 days of receipt of the decision

E) The taxpayer who wants to appeal the First Instance Committee decision should appeal within the prescribed period after payment of tax according to the decision or after submittal of an acceptance bank guarantee of the amount

F) The Higher Appeal Committee decision becomes final and binding unless it is appealed to the Bureau of Grievances within 60 days of notice of the resolution

7.15 Withholding Tax in Saudi Arabia

The Saudi Arabian tax law provides for actual withholding tax at different rates on payments made to non-resident parties by a resident or a permanent establishment of a non-resident from a source of income in the Kingdom of Saudi Arabia. Accordingly, any payment for services provided by a non-resident enterprise that is from a source in the Kingdom is subject to withholding tax. Services are defined to mean anything done for consideration other than the purchase and sale of goods and other property.

7.15.1 Withholding Tax Rates

In accordance with the provisions of the tax law and by-law, the amount of withholding tax is calculated at the following rates:

Withholding tax rates	
Management fees	20%
Royalties	15%
Payments against services to the head office or a related party	15%
Rent, consultancy or technical services air tickets or airfreight or sea freight, international telecommunication services, dividends, interest or loans, insurance or re insurance installments	5%
Any other payments	15%

7.15.2 Withholding Tax Obligations

A person withholding tax under the tax law is required to:

- Register with and pay to the DZIT the amount withheld during the first10 days of the month following the month of payment to the recipient
- Provide the non-resident or the taxpayer with a certificate, stating the amount of the payment and the amount of tax withheld
- At the end of the tax year, provide to the DZIT the name, address, and where appropriate, the taxpayer's registration number(s), if available, of the person(s) receiving the payment, along with any additional information the DZIT may require
- Maintain the records that are required to ascertain his withholding obligations according to the by-law

7.15.3 Withholding Tax Procedures

The DZIT has special forms for the purpose of reporting withholding tax. A form for withholding tax on a monthly basis is considered a self-declaration of the withholding tax during the month. A person obliged to withhold tax is required to provide the form to the DZIT during the first 10 days of the month following the month in which the payment was made to the beneficiary. Each person obliged to withhold tax is required to file the form for withholding tax on annual basis and provide it to the DZIT within 120 days from the end of the financial year. This form will be a consolidation of all the monthly withholding tax forms filed by the person for the last 12 months i.e. the financial year.

7.15.4 Tax Treaties

Saudi Arabia has double tax treaties currently with 23 countries which include United Kingdom, Turkey, Italy, Russia, Austria, China, France, India, Pakistan, South Africa, South Korea and Spain. The treaties include 5 countries Japan, Poland, Singapore, Uzbekistan and Vietnam which are not yet effective. This is impressive, considering that seven years or so ago, the only treaty Saudi Arabia had was with France. The expansion of Saudi Arabia's tax treaty network (especially over the past year or so) is indicative of the Kingdom's desire to increase bilateral trade with its major trading partners.

7.16 Concept of Zakat in Saudi Arabia

Zakat is an obligatory payment required from Muslims according to the sharia (religious law) and forms one of the five pillars of Islam. In most Muslim countries the payment of zakat has been left to the individual, whereas in Saudi Arabia the collection of zakat is governed by regulations. The guide on zakat in Saudi Arabia is based on the provisions of Royal Decrees, Ministerial Resolutions and Department of Zakat and Income Tax (DZIT) circulars that are in force from time to time. In Saudi Arabia zakat is assessed on Saudi and GCC nationals and on companies that are wholly owned by those individuals or their equity interest in companies. There are certain rules that apply to the method of calculating the zakat liability. In general, zakat is levied at a fixed rate of 2.5% on the higher of adjusted taxable profits or the zakat base as illustrated below.

The following items are added to arrive at the zakat base:

- Contributed capital at the beginning of the year. Additions to capital made during the year (as long as these are not used to fund fixed assets) are excluded but will be included in the following year
- The credit account of owner(s) at the beginning of the year
- Retained earnings (net of appropriations or reserves) at the beginning of the year
- All appropriations (or reserves) from retained earnings
- Net adjusted profits for the year before any distribution including profits earned on foreign investment
- Long-term loans
- Short-term loans used for financing of fixed assets

The following items are deducted from the above to arrive at the zakat base:

- The net book value (tax) of fixed assets (i.e. cost less accumulated depreciation)
- Organization and pre-operating costs, net of amortization
- Net adjusted loss for the year

- Accumulated losses carried forward from previous years
- Long-term investments in Saudi companies. Deduction of investments in foreign companies is only allowed if certain requirements are satisfied
- Dividends paid from the previous year's profits

7.17 Other Taxes

Saudi Arabia does not have employees tax, value-added tax, and general sales tax or stamp duties. However, there are customs duties, social security and levy on the transfer of land. Social security payments on salaries are as follows:

Category of Employee	**Annuity branch (Pension annuity)**		**Occupational Hazards**	**Total**
	Employer	Employee	Employer	
Saudi Nationals	9%	9%	2%	20%
Non-Saudi Nationals	-	-	2%	2%

7.18 Fiscal Incentives in Economic Cities

Recently the Saudi Arabian General Investment Authority (SAGIA) has provided detailed information regarding application procedures and requirements for investment in various economic cities being planned in the Kingdom. SAGIA has indicated that it hopes to provide a best-in-class regulatory environment that offers attractive investment regulations and incentives, unmatched regulatory performance, efficiency and sustainable competitiveness to investors. Some proposed fiscal incentives applicable to the economic cities include the following:

7.18.1 Taxes

In order to increase foreign direct investment and raise the employment and skill level of Saudis, it is proposed that investors meeting certain basic conditions in Jazan Economic City and Prince Abdulaziz bin Mosaed Economic City (Hail) may be eligible for tax credits and exemptions for projects in the following form:

- 50% tax credit on Saudi employees' payroll
- 50% tax credit on Saudi employees' training costs; with respect to industrial activities
- A one-time credit of 15% of the investor's industrial investment capital carried forward for up to 10 years

7.18.2 Re-Export Zones

Each economic city would contain a bonded re-export zone that will comprise an industrial zone, logistics hub and a port area.

Within this district all imported raw material used for manufacturing products that are intended for re-export will be exempt from import fees. In addition, investors will be eligible for customs fees exemptions on machinery equipment, tools and spare parts, which are imported for the manufacture of industrial products.

7.18.3 Tax Incentives for Undeveloped Provinces

Following the issuance of Circular No. 359, dated 26/11/1429, by the Council of Ministers, the Saudi government has confirmed provision of a 10-year tax incentive for investments in the following underdeveloped provinces in Saudi Arabia:

- Hail
- Northern Border
- Jizan
- Najran
- Abha
- Al Jouf

In terms of the incentive rules, an investor will be granted tax credit against the annual tax payable in respect of the following costs incurred for Saudi employees, which will be calculated as follows:

- 50% of the annual cost incurred on training of Saudi employees
- 50% of the annual salaries paid to Saudi employees, if there is any balance of tax payable after applying the above

In addition, a tax credit equal to 15% of the capital is provided to qualifying industrial projects. The project must meet the following conditions in order for the tax incentives to apply:

- Capital invested in the project should not be less than SR1 million ($267,000)
- Number of Saudi employees should not be less than five
- The Saudis should be employed as technical or senior administrative staff
- Employment contracts signed with the Saudi employees or trainees should not be less than one year
- Saudi employees and trainees should be residents at the project location
- Training provider, whether local or international, must be approved by the relevant authorities

8. Labour force

8.1 Labour Market Development

Saudi Arabia is a growing economy with total labour force estimated to be 7.34 million out of which 80% of the labour force is non-national. The labour force summary by occupation is as follows:

Agriculture	6.7%
Industry	21.4%
Service	71.9%

Until recently, demand for labor grew steadily and led to the expansion of foreign labor recruitment. Meanwhile, expansion in education, in particular higher education and vocational ones, produce annually a large number of graduates who assume to commence their employment in public and private sectors.

The Ninth Five year Development Plan covering the period up to 2014 concentrates on development of human resources and on addressing the key issues related to labor market efficiency and policies in the light of domestic and international developments, particularly the impact of privatization and the Kingdom's accession to the WTO. In this respect, from the total government spending of $385 billion (SR1.4 trillion) half of them has been allotted to human resources development which includes education and training and re-enforcing the Kingdom's goal of knowledge-based society.

8.2 Saudization Policy

With one of the world's highest birthrates at around 3% and an expatriate population which is estimated to be over 20% of the total population of 26 million, creating employment opportunities for its citizens has long been a high priority of the Saudi Arabian government. The labor regulation provides that the percentage of Saudi workers employed by an employer shall not be less than 75% of his total workers, but gives the Minister of labor authority to decrease this percentage in case of unavailability of Saudi workers with technical expertise or academic qualifications, or if it is difficult to fill a given post with a Saudi citizen. At present the Ministry of labor still follows Ministerial order No. 1/1539 of 1st Sha'ban 1425 Hejra corresponding to 16th September 2004 Gregorian, which provides what a minimum number of Saudi Arabian employees in private sector business must be 30% other than for certain mentioned labor sectors, where the minimum Saudization rate is only 10%.

Women may be employed, but work permits for non-Saudi women tend to be restricted to the health, education and air transport sectors. There are no restrictions on the employment of Saudi women, provided that the appropriate working environment is provided.

8.3 New Nationalization Program

The Ministry of Labor announced its new Saudization program for private sector companies that classify Business entities into one of four categories, each of which are subject to varying visa and appointment privileges or restrictions. The "Nitaaqat" – "Scopes" – program comes into effect as of June 11, 2011, and classifies companies as Excellent, Green, Yellow and Red, according to their rates of Saudization – now known as "nationalization" in the ministry's new terminology. Companies are requested to visit the government website: www.mol.gov.sa to verify their category status. Companies deemed Excellent or Green would be granted the most privileges in visa requests and operations for non-Saudis. Yellow listed companies are given a period of nine months as of June 2011 to improve their rate of nationalization before restrictions come into effect, while Red firms are given six months. In the restrictions, Yellow listed companies will find themselves barred from transferring visas of non-Saudi workers to their sponsorship, while Red companies will be barred from new visas, substitute visas and seasonal work visas, and from opening new branches or facilities with the Labor Office.

Foreign workers employed by companies that are not in compliance with the country's Saudization quotas (categorized as "red" and "yellow" companies under Nitaaqat) may change their employment and work for companies that in compliance (known as "green" companies). (Note that prior to Nitaaqat change of profession or employment would only be permitted if such a change of employment would fall under the categories listed in the Implementing Regulations).

Red companies will not be allowed to renew work visas for the foreign employees. Foreign workers employed by companies categorized as "red" must seek employment with a "green" company before their visas expire.

Yellow companies may renew work visas for up to six years for each foreign employee. But this time limit applies retrospectively. This means that a foreign worker who has worked for four years for a company that is classified as Yellow company under Nitaaqat can only renew his visa with that employer for an additional two years or until that employer's status switches to green, whichever comes first.

8.4 Saudi Labor Law

The main Saudi Arabian statute governing employer-employee relationships is the Labor Regulations, Royal Decree No. M/51 of 23rd Sha'ban 1426 Hejra corresponding to 27th September 2005 Gregorian, which entered into force on 26th April 2006 superseding the Labour and Workmen Regulation, Royal Decree No. M/21 of 6th Ramadan 1389 Hejra corresponding to 15th November 1969 Gregorian. The new Regulation introduced only changes of detail, leaving the main framework of the old legislation in place.

8.5 Employment Contract

Article 8 of the Labour Regulations states that an agreement whereby the employee waives any rights established in his favor by law is null and void, and that he may not forsake any rights which he has acquired in the course of his employment. Employment contracts must be in writing, but the employee's rights are not prejudiced if his employer has failed to execute a written agreement. Employment contracts must state whether they are for a fixed term or an indefinite term, specify the employee's salary and whether he is paid monthly or otherwise, list the employee's benefits, if any, and state whether or not a probationary period applies. Otherwise, most aspects of the employment relationship, such as working hours, holidays and rights of termination, are governed by the Regulation and need not be set out in the employment agreement. There is at present no minimum wage in Saudi Arabia.

8.6 Working hours

Normal working hours are eight hours per day for six days a week. Work in excess of 48 hours per week must be compensated at overtime rates, except for certain categories of work, primarily of relevance in the catering trade. Saudi Arabian public holidays are set by the Minister of Labour under the Regulation, and may not exceed ten days per year. During Ramadan, the month of fasting, the maximum working hours for Muslim employees is reduced to six hours per day for six days a week for a total of thirty-six hours.

8.7 Workmen Compensation

A workers' compensation plan exists under the direction of the General Organization for Health and Social Security (GOSI). For both Saudi employees and expatriate employees, Employers must contribute an amount equal to 2% of the employee salary towards a workers' compensation and disability plan administered by GOSI, which is regulated in some detail in the Social Insurance Regulation, Royal Decree No. M/22 of 3rd Ramadan 1421 Hejra corresponding to 29th November 2000 Gregorian. The retirement scheme is administered by GOSI, but covers only Saudi nationals. Contributions on behalf of Saudi employees equal 18% of an employee's wages, with the employer contributing 9% and the employee contributing 9%. While there is no government health plan, medical and hospital care is free for Saudi citizens. For all non-Saudi employees, and for Saudi employees, health benefits are required to be provided by the employer through medical insurance scheme.

The Labour Regulation provides for prevention against major industrial accidents in high-risk facilities and vocational injuries. Employers will have to coordinate with the Ministry of Labour to determine the status of their facilities based upon guidelines that will be issued by the Ministry. Under the Labour Regulation, employers are responsible for any vocational injury that an employee may sustain while working. An employer is obligated to provide treatment to his employee and pay all expenses related to the vocational injury.

8.8 Employment Termination Benefit

The Regulation sets out provisions concerning end-of-service awards, to which most employees are entitled in principle unless they are dismissed for cause. Pursuant to Article 84, when a fixed term employment agreement comes to an end, or when an employer terminates an indefinite term agreement other than for cause, the employee is entitled to one-half of one month's wages for each of the first five years of employment and a full month's wages for each year of employment thereafter, in both cases pro-rated for part of a year's service. An employee who resigns during the term of a contract receives no end-of-service award for the first two years of employment. There are further detailed rules concerning the end-of-service award payable to an employee who resigns in the course of a contract for periods exceeding two years. The wages by reference to which an end-of-service award is calculated includes base salary, overseas service premiums, regular bonuses and additional benefits which are paid on a regular basis, such as housing and transport allowances. The only payments which are excluded from such calculations are extraordinary bonus or incentive payments like commissions and percentages on sales, which have been identified as such by an express written agreement between the parties. The wage is calculated by adding the last three payments which the employee received and dividing them by three, to arrive at a monthly average. In accordance with Article 8 of the Regulation, an employee cannot contract out of his right to an end-of-service award.

8.9 Variation in Employment Terms

It is generally accepted, and has been ruled in the past by the Commission for the Settlement of Labour Disputes, that the salary and benefits under a fixed term contract, as well as the employee's status, may not be reduced during the contract term. However, at the end of a fixed term contract the parties may re-negotiate their respective positions, provided that the employee is given a clear choice whether or not he wishes to accept the new employment conditions. In the past it was also accepted that an employee enjoyed the same protection under an indefinite term contract. However, in recent years the view has emerged that, if an indefinite term contract is terminated upon proper notice, it may be possible to "re-hire" the employee on new terms with reduced wages and benefits, particularly where the employer can demonstrate that there are valid reasons for such change.

8.10 Disciplinary Rules

The Ministry of Labour has published Model Disciplinary Rules, pursuant to which non-summary dismissal must follow written warnings in respect of transgressions committed by the employee. Summary dismissal is regulated by Article 80 of the new Regulation, which lists nine reasons for which an employment agreement may be cancelled without notice or payment of the end-of-service award. These include acts of physical violence, the commission of offences, and sabotage at the workplace. An employee can contest his dismissal by lodging a complaint with the Labour

Office, and, if an amicable settlement is not achieved, the matter is referred to the Labour Dispute Settlement Authorities. It is common for employees who have been found to be dismissed unjustly to receive the equivalent of three months' wages as compensation.

8.11 Work Permit and Visa Regulations

8.11.1 Work Permit Visa

Companies with contracts in-Kingdom are permitted to import workers under a block visa, provided that Saudization percentage should be achieved. A block visa defines the number of foreign workers to be hired, their nationalities and the jobs they will perform. The process of obtaining such visa starts from the Ministry of Work, recruitment office. The Ministry of Foreign Affairs advises the Saudi Consulate in the workers countries of the number of visas granted in such country for that employer. To use one of the block visas, the employer submits certain documents along with the contract between the employer and the employee to the Ministry of Foreign Affairs. The Ministry issues an authorization that permits the worker to submit his passport to the Saudi Consulate in his country to obtain a work visa. Upon arriving in the Kingdom, the worker surrenders his passport to his sponsor and receives in return an identity document called resident permit (Iqama) which must be carried at all times.

8.11.2 Exit Re-entry Visa

When the worker leaves the Kingdom, whether on business trip or in his annual vacation, he should surrender his Iqama and receives his passport after an exit and re-entry visa has been stamped by the Department of Passport, Ministry of Interior. And the cost of exit and re-entry visa is SR 200. In certain circumstances the worker, upon the consent of his employer, may be granted a multiple exit and re-entry visa. The multiple exit and re-entry visa enables the holder to leave and re-enter the Kingdom without having to obtain a new exit and re-entry visa for each trip. It costs SR 500 and generally it is valid for six months. Applications can now be made through the Ministry of Interior's website through the new Muqem service.

8.11.3 Dependents Visa

Under the Labor and Workmen Law, wife and children are only regarded as dependents family.

According to the regulations dependents of non-Saudi employees are allowed to visit the Saudi Arabia under the sponsorship of that person. On the other hand, the non-Saudi employee with the permission of his employer can apply for his family to accompany him in the Kingdom and the process for obtaining dependent visa is as follows:

- A form from the recruitment office is to be filled in by the employee and signed by the employer
- A letter from the employer showing the employee's salary and other benefits has to be authenticated by the Chamber of Commerce
- Translated educational certificate (copy to be attached to the application)
- Marriage certificate (it should be translated into Arabic language and authenticated)
- Children's birth certificates, if any (translated and authenticated)

Generally, dependents are not permitted to work; however, under certain circumstances the following are exceptional:

- If a spouse is qualified, e.g. a medical doctor or a teacher, she can apply for a job in the hospital, clinic or school
- Sons and daughters above 18 years of age, if they are qualified they can also apply for job

8.11.4 Business Visit Visa

A business visit visa permits the holder to enter the Kingdom for a period generally of one month and can be extended for further periods. To obtain a visit visa, the traveler should arrange for a Saudi national or a company registered in the Kingdom as a sponsor to apply for the visa. The process is simple and short – only authenticated letter and undertaking from the sponsor to be sent by fax to the Saudi Consulate and a copy to the traveler would enable him to obtain the visa.

Now, all visa applications are made through the Ministry of Foreign Affairs website (https://visa.mofa.gov.sa) and then attested by the Chamber of Commerce and reactivated by the Ministry of Foreign Affairs in the same premises of the Chamber of Commerce.

Businessmen who wish to enter the Kingdom to conduct business and do not already have an in-Kingdom sponsor may usually request visit visa through the local Saudi Consulate in their home country with the assistance of their government's Department of Commerce or similar agency.

8.12 Employee Medical Insurance

All employees whether they are foreigners or nationals must be medically insured with one of the registered insurance companies registered in Saudi Arabia providing medical insurance coverage. Most of the Government Authorities including the Ministry of Interior and the Labour Office are now inter-linked to monitor the implementation of his compulsory requirements.

9. Intellectual property law

9.1 Overview

Saudi Arabia has been party to the Berne Copyright and Paris Industrial Property Conventions since the 11 March 2004 and a member of the World Trade Organization since 11 December 2005.

Its basic intellectual property statutes are:

- The Law of Patents Layout Designs of Integrated Circuits, Plant Varieties, and Industrial Designs
- The implementing regulations on copyright
- The Law of Trade Marks

9.2 Patents

The 1989 patent law, implemented by a patent office under the jurisdiction of the King Abdul Aziz City for Science and Technology (KACST) established proprietary rights to most products and processes sold in Saudi Arabia. A new patent law was passed in 2004 further buttressing the patent regime in the Kingdom. Under the old law a Saudi patent was valid for 15 years with the possibility of a five-year extension. The new patent law extended the protection period to 20 years. Under the new law, industrial designs are protected. The conditions for obtaining designs protection were that the design must be new, have specific features and not be contrary to the Shari 'a (Islamic laws). What remain unpatentable under the new law are plants, animals, and essentially biological processes and microbiological processes. As regards pharmaceuticals, if a patent application related to a pharmaceutical is pending with KACST, the Ministry of Health will not register a generic form of pharmaceutical unless there is no possibility that the patent would be granted.

In order for the patent to remain valid, the patent holder needs to make the necessary annual fee payments. The fee for a patent application for an establishment is SR 800. Annual fees start at SR 500 for the first year and reach SR 10,000 for the twentieth year. The fees for individual are half those for establishments.

9.3 Trademarks

As a result of the WTO negotiations, Saudi Arabia revamped its trademarks law in 2002. The law provides protection for a trademark in the Kingdom for ten years. The new law provides for fines up to SR 1 million and imprisonment of up to one year for trademark infringement.

If a trademark application is denied, an entity has the right to file an appeal before the Board of Grievances. The law also ensures the protection of well-known trademarks, even if they are not registered. The Ministry of Commerce and Industry periodically conducts high profile crackdowns on trademark infringements.

9.4 Copyrights

Saudi Arabia passed an updated copyright law in August 2003, which went into effect in March 2004. The law protects intellectual property rights in the fields of literature, arts and science, computer programs, DVDs, and designer clothes. It details the rights of copyright owners and the means for transferring those rights. In addition, it outlines enforcement and penalties for copyright violations, and an arbitration process for disputes. The length of copyright protection depends on the type of work. Written works, movies and computer programs are protected for 50 years after the author's death, while artistic works are protected for 25 years after they are first released. Exempted from the law are judicial rules and daily items published in newspapers, magazines, and at broadcast stations. Folklore is also exempt, as it is considered to be publicly owned.

10. Important Government Department websites

Saudi Arabian General Investment Authority	www.sagia.gov.sa
Saudi national E-Government portal	www.saudi.gov.sa
Ministry of Finance	www mof.gov.sa
Ministry of Commerce and Industry	www.mci.gov.sa
Department of Zakat and Income tax	www.dzit.gov.sa
General Department of Passport	www.gdp.gov.sa
Ministry of Foreign Affairs	www.mofa.gov.sa
Ministry of petroleum and Mineral resources	www.mopm.gov.sa
Ministry of Labour	www.mol.gov.sa
Capital Market Authority	www.cma.org.sa
Saudi Arabian Monetary Agency	www.sama.gov.sa
Saudi Organization of Certified Accountants	www.socpa.org,sa
Saudi Stock Exchange	www.tadawul.com.sa
Ministry of Education	www.moe.gov.sa
Ministry of Culture and Information	www.info.gov.sa
Ministry of Interior	www.moi.gov.sa
Council of Saudi Chambers	www.saudichambers.org.sa
Communication and Information Technology Commission	www.citc.gov.sa
General Organization of Social Insurance (GOSI)	www.gosi.gov.sa

11. RSM contact details

RSM International Executive Office

11 Old Jewry
2nd Floor
London EC2R 8DU
United Kingdom

T: +44 (0)20 7601 1080
F: +44 020 7601 1090
E: rsmcommunications@rsmi.com
www.rsmi.com

RSM in Saudi Arabia (Al Sabti and Bannaga)

Jeddah

2nd Floor, Office 204
AlAmal Plaza, Hail Street
P. O. Box 6659, Jeddah 21452,
Saudi Arabia

T: 966 (2) 653-4021
F: 966 (2) 657 8957
E: aqeelahmad@abannaga.com
www.abannaga.com

Riyadh

4th Floor, Office 408
Aqariya Building
Musa Bin Nussair Street
PO Box 9524, Riyadh 11423
Saudi Arabia

T: 966 (1) 2151677
F: 966 (1) 2151755
E: salsabti@abannaga.com
www.abannaga.com

Regional liaisons – Middle East

Egypt

Arab Chartered Accountants Hashish
Hammouda
40, Road 254, Shell Bldg.
Degla Maadi 11431, Cairo
Egypt

T: +20 (2) 2521 1510
F: +20 (2) 2521 1519

Jordan

Arabian Professional Group (APG).
Integrated Consulting Services (ICS)
P.O. Box 963699
Amman 11196

T: +962 (6) 567 3001
F: +962 (6) 567 7706

Kuwait

RSM Albazie & Co
Kuwait Airways Building
7th Floor, Al Shuhada Street
Kuwait

T: +965 2296 1000
F: +965 2241 2761
www.albazie.com

Bahrain

Al Mezan Bureau
8th Floor
Falcon Tower
P.O. Box 11816
Diplomatic Area
Manama, Bahrain

T: 973 1753 7787
F: 973 1753 7757

Yemen

Dahman & Co
P.O. Box 16146
Villa 11
Nouakchott Street
Sana'a, Yemen

T: +967 (1) 214 355
F: +967 (1) 214 360
www.dahman-rsm.com

Regional liaisons

Africa

Clive Betty

T: +27 11 329 6000
clive.betty@jhb.rsmbd.co.za

Europe

Robert Coles

T : +44(0) 20 7601 1096
robert.coles@rsmi.com

North America

Frank Le Bihan

T: +1 312 634 3400
frank.lebihan@mcgladrey.com

Asia Pacific

Neil Hough

T: +61 3 9286 1862
neil.hough@rsmi.com.au

South America

Robert Burdett

T: +1 312 375 7143
robert.burdett@rsmi.com

Notes

Notes

RSM International Executive Office
11 Old Jewry
London
EC2R 8DU
United Kingdom

T: +44 (0)20 7601 1080
F: +44 (0)20 7601 1090
E: rsmcommunications@rsmi.com

www.rsmi.com