

TME / LEGAL

TME LEGAL CONSULTANTS

KSA Investment Guide

2026

Your German law firm in the Gulf · Tailored legal & tax advisory in Saudi Arabia and the UAE

www.tme-legal.com

WHAT'S INSIDE

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IHRE DEUTSCHE KANZLEI IN DER REGION

Your trusted German legal partner in the Gulf

TME Legal Consultants is a spin-off of a German-based international Law, Tax, and BPO firm. Our team of 40+ professionals combines German precision with deep local expertise across Saudi Arabia and the UAE.

ABOUT US

Who we are

40+

Legal, tax & accounting professionals

40

Years of regional commitment

07

Languages spoken in our team

Our routes are deeply connected to the region. Over the years, we have built high-value relationships with authorities, banks, and key institutions. We are a ONE-STOP solution provider — one face to the customer for all your legal, tax, and BPO needs.

IMPORTANT:

This guide serves as informational reference only and does not replace tailored legal or tax advice. TME Legal Consultants assumes no liability for completeness or correctness.

WHAT WE DO

Our Services



Company Formation

Tailored setup services in KSA mainland & free zones.



Legal Services

Expert legal advice to protect your business.



Tax Consulting

Strategic tax planning and ZATCA compliance.



Accounting

Accurate bookkeeping and financial reporting.



Secretarial

Back-office support so you can focus on growth.



Visa & Iqama

KSA work visa and residency (Iqama) services.



Real Estate

Property and project advisory services in KSA.



Compliance

Guidance on ZATCA, MISA & Saudization rules.



Restructuring

Efficient restructuring of KSA businesses.

COUNTRY AT A GLANCE

KSA — Key Figures



36M

Population (2023)



USD 833B

GDP (2021)



800+

German companies



7.8M

Tourists in Q1 2023

FACTS

- Founded in 1932 · Capital: Riyadh
- GDP per capita: ~ USD 31,000
- Inflation rate: 2.47% (2022)
- Oil reserves: 40.9 billion tons (2020)
- Vision 2030 — economic diversification programme
- Crown Prince Mohammed bin Salman leads reforms

AN EMERGING MARKET

Vision 2030 — a thriving economic hub on the rise

The Kingdom of Saudi Arabia has experienced remarkable growth, solidifying its position as a thriving economic hub in the Middle East. Driven by Vision 2030, KSA aims to diversify its economy and reduce oil dependency.

Under Crown Prince Mohammed bin Salman's leadership, the plan focuses on tourism, technology, and renewable energy — attracting foreign investment and promoting local entrepreneurship.

Strategic location

Gateway between Asia, Europe & Africa

Political stability

Predictable environment for investors

German trade alignment

Symbiotic economic relationship

Young, tech-savvy market

Burgeoning consumer base

01

PART ONE

Investment Climate in Saudi Arabia

Why KSA — driven by Vision 2030 and an ambitious reform programme — has become one of the most attractive emerging markets in the world.

INVESTMENT CLIMATE IN KSA

Six pillars of Saudi Arabia's appeal



Geographical Location

At the crossroads of Europe, Asia & Africa — gateway to MENA markets and key shipping lanes.



Infrastructure Development

World-class seaports, airports and modern transportation networks reducing logistics costs.



Commercial Law Reforms

New Companies' Law, simplified registration, increased transparency and reduced red tape.



Vision 2030

Diversification programme reducing oil reliance — focus on tourism, tech and renewables.



Digital Transformation

E-government initiatives and a push toward a fully digital economy.

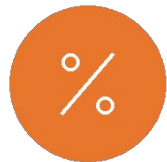


Stable Political System

Strong leadership, long-term commitment to economic reform — confidence for investors.

INVESTMENT CLIMATE IN KSA

FDI incentives and the Saudi workforce



FDI Incentives

Tax exemptions, access to economic cities and free zones, plus favourable foreign ownership rules.



Saudization Policy

Priority for Saudi nationals in employment — balancing foreign expertise with domestic talent.



Government Reforms

Streamlined business registration, new institutions, and a strong commitment to long-term economic transformation.



German Trade Ties

Strong demand for "Made in Germany" machinery, equipment and industrial goods — substantial export market.

BUSINESS DEVELOPMENT

Vision 2030 & free trade agreements

Saudi Arabia has signed bilateral and regional free-trade agreements (FTAs) with major partners — including Singapore, South Korea, the EU and Germany — reducing tariffs and creating a more open trade environment.

Vision 2030 has accelerated business development through privatisation, economic diversification, and the establishment of Special Economic Zones (SEZs).

King Abdullah Economic City

KAEC — flagship economic city on the Red Sea

Jeddah Islamic Seaport

Major port hub for Red Sea trade

Dammam Port

Eastern Province gateway to GCC markets

Saudi-Germany FTA

Boosts demand for German machinery & exports

02

PART TWO

Legal Forms of Doing Business

From sole proprietorships to joint stock companies — and the role of local shareholders. Choosing the right legal vehicle for your KSA operations.

LEGAL FORMS OF DOING BUSINESS

Common legal forms in KSA

FORM	DESCRIPTION	OWNERSHIP / KEY POINT
LLC	2–50 shareholders; most common SME form	<i>100% foreign possible (activity-dependent)</i>
Sole Owner LLC	Single shareholder under new Companies' Law	<i>Foreign 100% allowed for many activities</i>
Joint Stock Company	Min. 5 shareholders; suitable for large entities	<i>Public PJSC trades on Tadawul</i>
Branch of Foreign Co.	"Prolonged arm" of the parent; same liability	<i>For physical presence without separate entity</i>
Sole Proprietorship	Individual-owned; simplest and fastest setup	<i>Personal liability — popular for small business</i>
MISA-licensed Foreign Co.	Established under Foreign Direct Investment Law	<i>100% foreign ownership for most sectors</i>

LOCAL PARTNERSHIP

Local shareholder & trade agents

Under the MISA licensing regime, the need for a local partner depends on the company's activity:

MISA REGIME	Saudi Arabian Investment Authority (MISA) licenses determine local-shareholder requirements.
LLC ENTRY	Some activities require a Saudi local partner with min. 25% ownership; others permit 100% foreign.
PRACTICAL	Local partners offer market access, government relationships and knowledge of business culture.
DRAFTING	Carefully drafted shareholder / agency agreements are essential to safeguard both parties.

OPPORTUNITY

More than a requirement

A local entity can enhance market access, reputation and credibility within the Saudi business community. Choose partners with strong track records, shared business values, and relevant industry experience.

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PART THREE

Free Trade Zones

Strategic gateways across the Kingdom — King Abdullah Economic City, Jeddah Islamic Seaport, Dammam Port and more — offering 100% foreign ownership and tax incentives.

WHY KSA FREE ZONES

Key benefits for foreign investors



100% Foreign Ownership

Complete control over operations and decisions.



Tax Incentives

CIT relief, customs exemptions, no VAT in zones.



Market Access

Gateway to Asia, Europe & Africa.



Customised Legal Framework

Tailored to international standards.



Simplified Regulations

Streamlined setup and operations.



Modern Infrastructure

World-class facilities and connectivity.



Sector Flexibility

Wide range of permitted activities.



Strategic Locations

KAEC, Jeddah, Dammam — key trade hubs.

WHERE TO SET UP

Prominent KSA economic zones

KAEC

King Abdullah Economic City

LOCATION

Red Sea coast — north of Jeddah

FOCUS

Logistics, manufacturing, residential

HIGHLIGHT

Flagship Vision 2030 economic city

ACCESS

Direct port and rail connectivity

JIS / DP

Jeddah Islamic Seaport / Dammam Port

LOCATION

Red Sea (JIS) and Persian Gulf (DP)

FOCUS

Trade, shipping, logistics

HIGHLIGHT

Major port-driven economic zones

ACCESS

Gateway to GCC and global trade

04

PART FOUR

Labor Law & Iqama System

The Saudi Labor Law and the Iqama residency framework — what foreign employers need to know to navigate workforce management in the Kingdom.

SAUDI LABOR LAW

Employment essentials

48 h

Maximum working hours per week

8 h

Maximum daily working hours

180

Maximum probation period (days)

2 h

Maximum overtime per day



Employment Contracts

Written contracts in Arabic; salary, working hours and benefits clearly stated.



Leave & Holidays

Paid annual leave, sick leave, public holidays and maternity leave for women.



Termination

Valid grounds plus written notice required; arbitrary termination triggers compensation.



Saudization

Priority for Saudi nationals — Nitaqat compliance is mandatory for all employers.

RESIDENCY FOR FOREIGN EMPLOYEES

The Iqama system — your KSA residency

The Iqama is the residency permit that allows foreign workers to live and work in Saudi Arabia. The employer acts as sponsor — responsible for issuance and renewal.

An Iqama enables holders to open bank accounts, obtain a driver's licence, access healthcare and education, and sponsor direct family members.

SPONSORSHIP

Employer is the legal sponsor of the Iqama

VALIDITY

Issued for one year; annual renewal required

DEPENDENTS

Holders may sponsor immediate family members

TERMINATION

Iqama must be transferred or cancelled on contract end

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PART FIVE

Tax & Customs System

Corporate tax · VAT · Excise · Zakat · Customs procedures — administered by ZATCA, the Zakat, Tax and Customs Authority.

TAX SYSTEM AT A GLANCE

KSA tax framework

20%

Corporate Income Tax

On net profits of foreign-owned businesses

15%

VAT

Standard rate on most goods & services

2.5%

Zakat

Religious tax — Saudi & GCC nationals only

0%

Personal Income Tax

No tax on individual employment salaries

ALSO RELEVANT

Withholding Tax · 5–20% on services to non-residents

RETT · 5% Real Estate Transaction Tax (since Oct 2020)

Excise Tax · On tobacco, energy & sweetened drinks

Social Security · Saudi: ~10% employee + ~12% employer

CORPORATE TAX & VAT

CIT, VAT & Zakat — the three pillars

CORPORATE INCOME TAX

20%

On net profits of businesses owned by foreign or non-GCC nationals.

VALUE ADDED TAX

15%

Standard rate since July 2020 (originally 5% in 2018).
Some exemptions apply.

ZAKAT

2.5%

Religious wealth tax on Saudi & GCC nationals' net worth — administered by ZATCA.

FILING & COMPLIANCE

Tax returns are due within 120 days after year-end (KSA fiscal year: 1 January – 31 December). Quarterly tax payments are required at the end of March, June, September and December. ZATCA oversees collection.

CUSTOMS & IMPORTS

Importation procedures and duty rates

KEY REQUIREMENTS

- ✓ Commercial invoice and certificate of origin
- ✓ Bill of lading or airway bill plus packing list
- ✓ Customs clearance via the Fasah platform (≥ 48h pre-arrival)
- ✓ SASO conformity certificate for quality compliance
- ✓ Insurance documents and shipping company certificate

DUTY RATES

Customs duty rates and key thresholds

0.5% – 25%

Standard customs duty range on imports

12% CIF

General import duty on non-exempt goods

GET IN TOUCH

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