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SERVICING

FOREIGN AND
LOCAL INVESTORS





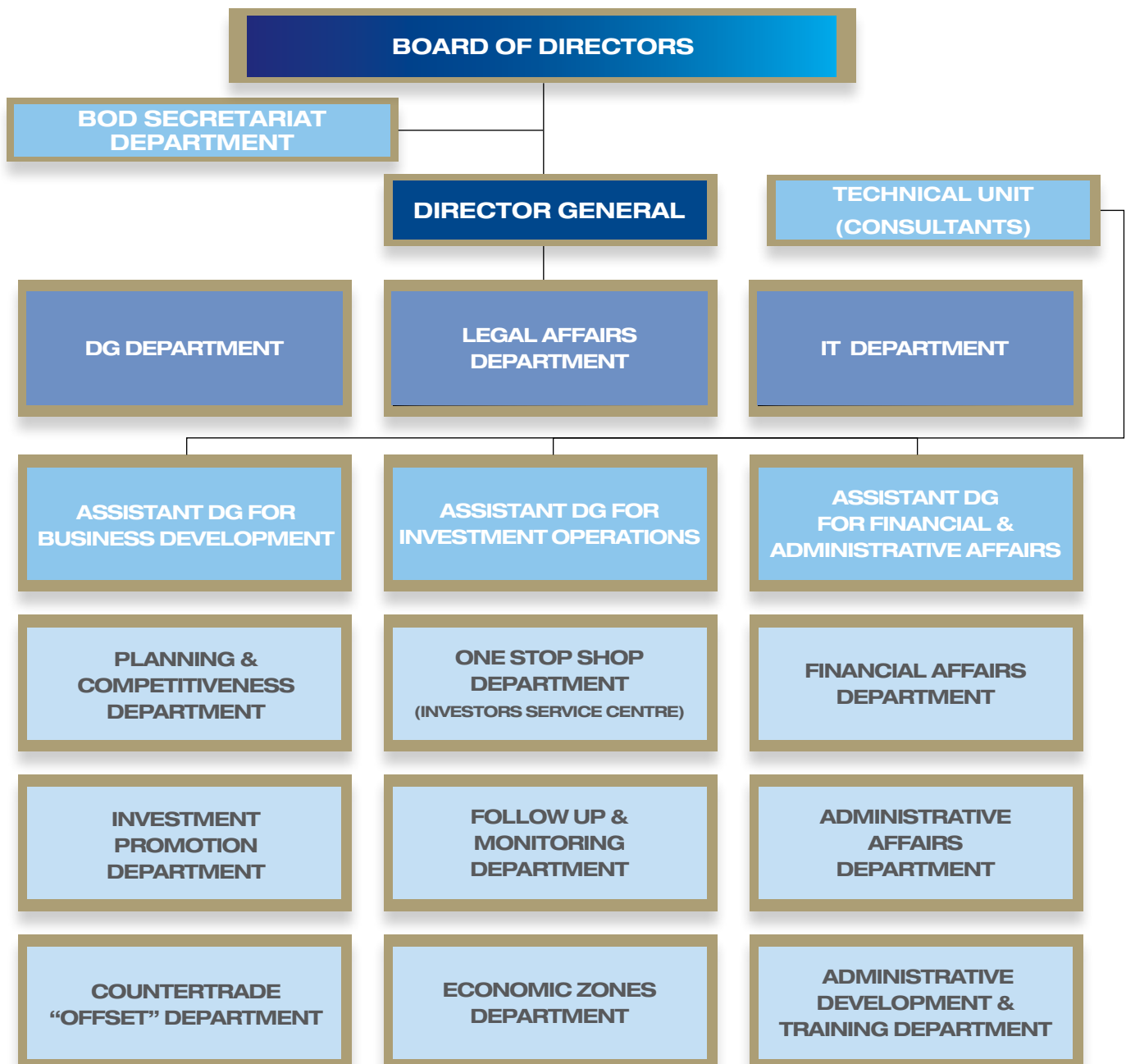
The Kuwait Direct Investment Promotion Authority

Facilitating direct investments in Kuwait

The KDIPA was established to implement Law No. 116 of 2013, the Law Regarding the Promotion of Direct Investment in the State of Kuwait (Direct Investment Law), with a view to attract, promote and encourage direct investment in the country by offering a range of incentives

The Direct Investment Law enables foreign investors to pursue business opportunities in Kuwait without a local sponsor and own up to 100% of equity interest in an investment entity.

The KDIPA is a public authority headed by the Director General reporting to a Board of Directors chaired by the Minister of Commerce & Industry.



The Kuwait Direct Investment Promotion Authority

ONE-STOP SHOP FOR ALL INVESTORS

THE KDIPA ACTS AS A SINGLE POINT OF CONTACT FOR ALL DIRECT INVESTMENT MATTERS SUCH AS

Streamlining the license issuance process and facilitating the market entry of investors by establishing an effective network with various Government entities. KDIPA's Investor Service Center functions as a One-Stop Shop in coordination with relevant governmental ministries and authorities to attend to needs of foreign investors.

Providing a decision on the merit of applications within a maximum duration of 30 days of submission of the completed application supported with requested data, documentation and conditions.

Granting attractive incentives to investors to pursue projects that are aligned to Kuwait's interests. Projects can be in any sector, except those specified in the negative list.

Identifying and promoting investment opportunities in Kuwait, in coordination with other stakeholders.

Responding to investors inquiries and providing requested information.

INVESTMENT INCENTIVES AND GUARANTEES

UNDER THE DIRECT INVESTMENT LAW, INVESTORS CAN AVAIL OF THE FOLLOWING INCENTIVES AND GUARANTEES

Ability to pursue business opportunities in one of three distinct forms: as a Kuwaiti company in accordance with the Companies Law with up to 100% foreign equity; as a licensed branch of a foreign company; or as a representative office having the sole purpose of preparing market studies or production possibilities.

Avoidance of double taxation and benefits under bilateral treaties for the protection and encouragement of investment.

Exemptions from customs duties.

Allocation of land to carry out the proposed projects.

Tax incentives for up to ten years with respect to non-Kuwaiti shareholders' share of the profits from the qualifying projects. Tax incentives may also be availed for a similar period for further investment in an already approved project.

Investors are also guaranteed protection from seizure or expropriation without compensation and guaranteed free transfer or remittance of their capital and profits.



Other considerations for international investors

Other tax incentives

Foreign companies can also benefit from the following tax incentives:

- Leasing and Investment Companies Law No. 12 of 1998 allows the formation of investment and leasing companies and grants a five-year tax holiday to non-Kuwaiti founders and their shareholders.

Points for consideration

In certain cases, obtaining the requisite licensing approvals can take a prolonged period. Land intensive projects may face additional constraints in terms of limited availability of industrial land.

A thorough understanding of applicable procedures and processes will help anticipate and address such delays.

Investors should seek to obtain information regarding:

- Prerequisites, if any, including documentation required.
- Understanding the process of obtaining business licenses and permits.
- Information about the relevant Government and regulatory authorities involved.
- Process and procedures involved in the approval process.
- Typical time required to obtain all clearances.

KDIPA can help investors in navigating through the official processes and address such challenges.

KDIPA's Investors Service Centre (ISC) seeks to support investors in establishing their business in Kuwait, and assists them in overcoming any obstacles that might be encountered.

KDIPA has a team of qualified staff members, who are equipped to respond to inquiries in a timely and efficient manner, and to ensure following the procedures required to issue the investment licenses or granting incentives under Law No. 116 of 2013 Regarding the Promotion of Direct Investment in the State of Kuwait.

Investors can also inform the ISC regarding any complaints or suggestions that it can help follow through with the concerned government authorities.

KDIPA is in the process of finalizing a study for developing three economic zones that will accommodate new investment projects.

Business forms in Kuwait

The Companies Law and the Commercial Agencies Law provide flexible options for establishment of businesses in Kuwait. The prominent business forms are set out below.

	Limited liability company	Closed joint stock company (KSCC Closed)	Public joint stock company (KSCP)	Partnership	Joint venture (JV)	Commercial agency	Branch
Description	<p>A WLL is an association of a maximum fifty partners. Each partner shall be liable only to the extent of their membership interest in the capital.</p>	<p>A KSCC Closed firm can be established by a non-Kuwaiti. As a rule, only Kuwaiti citizens may be shareholders of a joint stock company. However, foreigners may own up to 49% of the share capital of a KSCC Closed company after attaining approval of the concerned authorities.</p> <p>This is as a general rule while a closed joint stock companies with up to 100% ownership for foreign investors could be established under Law No. 116 of 2013 and in accordance with the rules, terms and conditions contained therein.</p>	<p>A KSCP is a company whose capital is divided into tradable shares of equal value in the manner prescribed by the law.</p>	<p>There are 2 categories of partners namely: General partners who shall be jointly liable with all their personal assets for all obligations of the company.</p> <p>Limited partners: who shall participate in the capital of the company with cash contributions and who shall only be liable for the obligations of the company to the amount of their contribution to the capital.</p>	<p>A JV company is a company agreed between two or more partners. The company shall be restricted to the relationship between the partners and shall not operate in respect of third parties.</p>	<p>There are 3 types of agencies: Contract agency: The local agent, by contract, undertakes to promote the principal's business on a continuous basis in the territory and to enter into transactions in the name of the principal in return for a fee. Distributor agency: Local agent is the distributor of the principal's product in a defined territory in return for a percentage of the profit.</p> <p>Commission agency: The agent enters into contracts in his/its own name. The principal's name may not be disclosed without his permission.</p>	<p>A foreign company wishing to open an office in Kuwait to conduct business and commercial activities can do so through a branch. The branch must be sponsored by a Kuwaiti agent under whose name the operation is carried out.</p> <p>This is as a general rule, while, as an exception, foreign companies may open branches in Kuwait under the Law No. 116 of 2013 and in accordance with the rules, terms and conditions contained therein.</p>

	Limited liability company	Closed joint stock company (KSCC Closed)	Public joint stock company (KSCP)	Partnership	Joint venture (JV)	Commercial agency	Branch
Incorporation	Through application for a Memorandum of Association. Registration with the Commercial Register.	Does not require a decree authorizing incorporation. Founders have to pay a minimum of 20 percent of the nominal value of their shares upon incorporation and the remainder within the next five years.	Decree authorizing incorporation is required. Founders are required to subscribe for at least 10 percent of capital, which must be paid for before the public subscription, and a minimum of 20 percent of the capital to be paid upon incorporation.	Established by preparing and registering a Memorandum and Articles of Association with the Commercial Registrar.	Requires no formal establishment procedures.	Requires registration with the Commercial Register; only Kuwaiti nationals can act as commercial agents.	-
Foreign company participation	Up to 49% stake. This quota may be exceeded under Law No. 116 of 2013.	Up to 49% stake. This quota may be exceeded under Law No. 116 of 2013.	Permitted to own shares.	Up to 49% stake.	Allowed, through trade license of the Kuwaiti member.	-	Through a Kuwaiti agent. Exceptions under Law No. 116 of 2013.
Minimum no. of members	2	-	5	2	2	-	-

The Companies Law also introduced the concept of a Single Person Company wherein the capital is fully held by a single owner and the liability of such owner is limited to the extent of the capital.