

Middle East

Company Setup Guide



A Guide to Company Setup in
United Arab Emirates, Qatar & The Kingdom of Saudi Arabia

*Applicable to: Contracting, Consulting Engineering, Architectural,
Project Management, Quantity surveying & MEP Firms*

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Disclaimer

The Information in this guide is accurate and up to date to the best of our ability, and is meant as a general guide to setup. The document has been compiled from desktop research, consultation with the relevant government agencies, face to face meetings with leading business persons in the region and has been put together by consultants with extensive experience in the region. The report has also drawn from research done by the Economic Intelligence Unit (Saudi Arabia Country Commerce 2008), Clyde and Co (Doing business in Qatar) and the World Bank (Doing business report 2009). The document is presented as a guide to doing business in the region and aims to reduce the amount of research necessary prior to market entry. Enterprise Ireland accepts no responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained in this summary. This document contains a summary of complex procedures and is not a substitute for legal advice. Entities seeking to carry on business in the United Arab Emirates, Kingdom of Saudi Arabia, and Qatar should seek legal advice prior to carrying on any business in the country. No part of this summary may be reproduced in any form or by any means without the prior permission of Enterprise Ireland.

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1. Setup Guide – United Arab Emirates

1.1 UAE General Information:



The United Arab Emirates is a Federation of seven independent states on the Gulf Coast. The independent states known as emirates are Abu Dhabi, Dubai, Ras Al Khaimah, Fujairah, Umm Al Quwain, Sharjah, and Ajman. The most important states in terms of business and trading are Abu Dhabi and Dubai.



Overview:

The UAE shares borders with Oman and Saudi Arabia and is bound by the eastern side on the Gulf. The Climate prevails between November and March with an average day temperature of 26C and night temperature of 15C. Summer temperatures range between 30C – 48 C accompanied by high humidity.

Population: Estimated at 5 million. (Comprised of roughly 120 different nationalities)

Arabic is the official language, but English, Urdu, Hindi, and Persian are widely spoken. The predominant faith is Muslim.



Governance:

The Federal Supreme Council (FSC), which is composed of the rulers of the seven emirates, is the United Arab Emirates highest constitutional authority. It establishes general policies and sanctions federal legislation. Rulers of Dubai and Abu Dhabi wield veto powers in the Council. *His Highness Sheikh Khalifa bin Zayed Al Al Nahyan*, is the UAE President, the Vice President is *His Highness Sheikh Mohammed bin Rashid Al Maktoum*, who is also the Ruler of Dubai.

Economy:

The United Arab Emirates is an open economy with one of the highest per capita incomes in the world. Since the discovery of oil in its territories more than 30 years ago, the United Arab Emirates has transformed from being a backward state to become the leading business, financial and exhibition centre in the Gulf.

Currency:

The United Arab Emirates currency is the Dirham (DH or AED). Its exchange rate has been pegged at AED 3.671 = US \$ 1.00.

Working Hours & Holidays:

The normal maximum working hours are eight per day or 48 per week. However, these hours may be increased to nine daily for people working in the retail trade, hotels, restaurants and other such establishments. Similarly, daily working hours may be reduced for difficult or dangerous jobs. Many businesses work on a two-shift system (for example, 8am - 1pm & 4pm - 7pm). In practice, commercial and professional firms work 40-45 hours a week and government ministries about 35.

Weekends fall on Friday and Saturday; hence all government bodies and most offices remain closed on these two days. Some private sector companies however open on Saturday's either for a full or a half day.

During the Muslim holy month of Ramadan, normal working hours are reduced by two hours per day.

There are 10 days of public holidays (paid) in any year. The employee's annual leave is two days for every month if his service is more than six months and less than a year. In every completed year of service after the first, an employee is entitled to 30 days annual paid leave. This is in addition to public holidays, maternity leave for women and sick leave.

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1.2 Labour Law:

Administered by the Federal Ministry of Labour and Social Affairs, labour law in the United Arab Emirates is loosely based on the International Labour Organisation model United Arab Emirates Law No. 8 of 1980, as amended by Law No. 12 of 1986 (the Labour Law), governs most aspects of employer/employee relations, such as hours of work, leave, termination rights, medical benefits and repatriation. The Labour Law is protective of employees in general and overrides conflicting contractual provisions agreed under another jurisdiction, unless they are beneficial to the employee.

The Ministry issues a model form of labour contract in Arabic which is widely used, but other forms of contract are enforceable, provided they comply with the labour law. End of contract gratuities are equivalent to 21 days pay for every year of the first five years of service and 30 days for every year thereafter. The total gratuity should not exceed two years' wages. Employees are entitled to pro-rated amounts for service periods less than a full year, provided they have completed one year in continuous service.

Trade unions do not exist. In the case of a dispute between employer and employee, or in interpretation of the Labour Law, the Ministry of Labour and Social Affairs will initially act as an adjudicator. If a party wishes to appeal any such decision, it can take its case to court. Strikes and lockouts are forbidden.

1.3 Economic & Business Environment:

Broadly, the government of the U.A.E, has adopted an economic policy which encourages business growth and entrepreneurship. Through this diversified economic development strategy the U.A.E has created a business environment unparalleled in the Middle East to date. The infrastructure, banking services and political and social stability create the backdrop for successful market entry.

Through the establishment of Free Zones, the UAE has become an open, competitive market place, with a strong emphasis on FDI.

There is no income tax, no corporate tax and low (or non-existent in Free Zones) import & export duties.

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Businesses can expect much of the same services as in the U.A.E as found in a highly developed country, such as first class hotels, hospitals, schools and shops, high quality office and residential accommodation and top international exhibitions and conference centres. The U.A.E has two state owned telecommunications companies, Du and Etisalat. Both provide a telecommunications service comparable to services provided in Europe or the U.S. Wireless internet services are available in most hotels and coffee shops.

1.4 UAE - Legal Structures for Business:

There are seven categories of business organisation as defined by the UAE law, however some of these business categories are applicable only to U.A.E nationals. The most popular categories used by foreign companies are listed below. In all cases except for that of a Free Zone company, a local sponsor (also commonly referred to as an agent or sponsor) will need to be involved in the process. The local sponsor holds minimum of 51% of the company, in theory the sponsor assists with anything necessary to ensure the business set up process goes smoothly and quickly, they assist with visa applications and liaise with government entities for a set fee. In practise, the level of co-operation between the foreign business and the local sponsor will depend largely on the extent of the relationship established between the two parties. The selection of a suitable partner is one of the most important steps in the business set up and the power and subsequent benefits of partnering with a reliable partner are not to be underestimated.

The following text will give a brief overview of the forms of business set up most popular amongst foreign investors. The first section of the overview deals with the rules and regulations for setting up an L.L.C or Branch outside a Free Zone, the second section deals with Free Zones. The overview is meant only as a guide in the right direction. Prior to any decision regarding market entry it is important to seek professional legal and accounting advice.

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The following are the business set up categories most used by foreign investors:

1. *Local (L.L.C)*
2. *Branch (Branch)*
3. *Free Zone (FZE, FZC)*
4. *Professional Firms.*

L.L.C firms and Branch offices require total local equity of not less than 51%. Free Zones allow 100% foreign ownership as do professional firms, in the case of professional firms however a local sponsor is paid a set fee or percentage of the profit for a “silent role” as a local service agent.

1.4.1 Limited Liability Company L.L.C

(For Contracting, Consulting Engineering, Architectural, Project Management firms, Quantity surveying & MEP, Trading & Services Firms)

A Limited Liability Company can be formed by a minimum of two and a maximum of 50 persons whose liability is limited to their shares in the Company's capital. Most Companies with expatriate partners have opted for this Limited Liability Company, due to the fact that this is the only option which will give maximum legal ownership i.e. 49% to the expatriates for a trading license.

Therefore the normal shareholding pattern for an LLC will be:

- Local sponsor - 51% and
- Foreign Shareholder (s) - 49%

The minimum capital requirement is AED 300,000 (US\$ 82,000), contributed in cash. While foreign equity in the Company may not exceed 49%, profit and loss distribution can be mutually agreed. Responsibility for the management of a Limited Liability Company can be vested in the foreign or national partners or a third party.

The time required to form a company will be approximate 4-6 weeks from the date of receipt of all the documents.

Process of Establishing an 'LLC':

To Establish a Limited Liability Company (LLC) in the U.A.E the following procedures must be followed:

- The appropriate license must be obtained from the Department of Economic Development or the Municipality. (www.dubaided.gov.ae, www.dm.gov.ae, www.adm.gov.ae)
- The Department of Economic Development must give Preliminary Consent for the Name and Activity of the proposed company.
- In some cases an approval from a particular ministry is required. (Eg in the case of a new industrial project, the ministry of Finance and Industry must give approval – (www.government.ae))
- The company's Memorandum of Association must be drawn up and notarized by the courts in whichever emirate the company will operate in.
- For an LLC Company, Capital contribution certificate to be obtained from banks for cash shares and auditor's certificate for both cash shares and kind shares.
- Person should submit applications and initial approval along with notarized copy of Memorandum of Association, capital certificate, tenancy contract etc., to the Department of Economic Development or the Municipality.
- After inspection by the legal department, the Company name will be entered in the Commercial Register and have its Memorandum of Association published in the Ministry of Economy and Commerce Bulletin.

Conditions for establishing an 'LLC':

- The number of partners should not be less than two and not more than fifty.
- The objectives of the company should not include conducting the business of insurance, banking or investment of money for others.
- The capital should not be less than three hundred thousand Dirhams (Dhs. 300,000) and it should be divided into equal shares whose value is not less than one thousand Dirhams each. This share shall not be represented by negotiable instruments.
- The shares of the United Arab Emirates nationals should not be less than

51% of the capital of the company, taking into consideration the business activities reserved for nationals. Incorporation of such a firm shall be according to the following procedures.

- Approving the name of the Company.
- Preparation of the Memorandum of Association.
- Authentication of the Memorandum of Association
- Approval of the Memorandum of Association.
- Inscription in the Commercial Register at the Trade Licensing Department.
- Publishing the Data of the Company.
- Obtaining a Trade License.

1.4.2 Branch/Representative Offices of Foreign Commercial Companies

(For Contracting, Consulting Engineering, Architectural, Project Management, Quantity surveying & MEP, Trading & Services Firms)

The Commercial Companies Law covers the formation and regulation of branches and representative offices of foreign companies in the United Arab Emirates and stipulates that they may be 100% foreign owned, provided a local service agent is appointed.

A branch office, legally regarded as part of its parent company, is a full-fledged business, permitted to perform contracts or conduct other activities as specified in its license. A branch office may only be engaged in activities similar to those of its parent company.

A representative office, on the other hand, is limited to promoting its parent company's activities, i.e. to gather information and soliciting orders and projects to be performed by the company's head office. Representative offices are also limited in the number of employees that they may sponsor.

Only United Arab Emirates nationals or companies 100% owned by United Arab Emirates nationals may be appointed as local service agents. Local service agents -- also sometimes referred to as sponsors -- are not involved in the operations of the company but assist in obtaining visas, labour cards, etc and are paid a lump sum fee per annum. The time required to form a branch of a foreign company will

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be approximate 4-6 weeks from the date of receipt of all the documents.

Business plan, current profile and last two year financial statements should be submitted to prove the credibility of the company. All branch ventures are subject to an approval from Ministry of Economy. Procedures are almost same for representative office setup except two year financial statements are not mandatory.

Please note the following:

1. All company papers from Ireland must be translated into Arabic
2. All original and translated papers must be attested at the United Arab Emirates Embassy.
3. The Board of directors in Ireland must issue a resolution to establish the branch company in United Arab Emirates and the resolution must name the person who will be in charge of the UAE branch.
4. The Board of directors must also issue a power of attorney in favour of the person named in the resolution to run the branch.
5. Copies of passports of all directors
6. All mentioned documents above must be translated to Arabic and attested by the United Arab Emirates embassy in London. Further attestation by the Ministry of Foreign affairs in United Arab Emirates is also necessary.
7. Translation and attestation help can be obtained at the Joint Arab Irish Chamber of Commerce in Dublin.

Contacting the Chamber

The Joint Arab-Irish Chamber of Commerce, 63. Lower Mount Street, Dublin 2, Ireland

Phone: + 353 - (0)1 - 662 4451 / 662 1577

Fax: + 353 - (0)1 - 662 4729

Email: jaicc@indigo.ie, arabirish@eircom.net

Contacts: Mr. Louis J. Maguire
Chairman

Website: www.jaicc.ie

1.4.3 Free Zones:

Overview:

(For Project Management, Quantity surveying, Trading, Service & Consultancy Firms)

There are twenty one Free Zones in the U.A.E with near term plans to increase that number by fifty per cent. The principle advantages to locating in a Free Zone are 100% foreign company ownership (ie negates the need for a local partner), and exemption from Import and Export duties. Other benefits include submission of documents in English and a timeframe of between four to six weeks for establishment of the company. There are restrictions on the number of resident visa's a company located in the Free Zone can issue, which in turn has an affect on the number of employees permitted in the company, restrictions are also in place on office space.

Each Free Zone deals with specific sectors, the Free Zones most relevant to the Construction Industry are listed below. It is imperative that you speak to a representative from the Free Zone you are interested in as there can be an overlap in permissible activities. Conditions of operation can vary from Free Zone to Free Zone. In general the following are typically the most important features of a Free Zone:

- 100% Foreign company ownership
- 100% Repatriation of capital and profits
- 100% Corporate, Personal Income Tax exemptions
- Exemption from all import and export duties
- 'One-stop-shop' Administration services
- Companies at Free Zone can operate 24 hours a day

If considering a Free Zone establishment, study the Free Zones in detail to select the one most relevant to your business. Contact the Free Zone for the necessary documents. Once the documents are completed and the business plan is approved, it is possible to be up and running within six weeks.

DUBAI AIRPORT FREE ZONE**(www.dafza.ae)**

Introduction: Located within the confines of the airport, the Dubai Airport Free Zone is the obvious choice for companies operating in the aviation and logistics sectors. However it has also proven to be the free zone of choice for contracting companies and companies from the pharmaceutical sector.

Location: Dubai, Dubai Airport, close to terminal two.

Type of license available: Service, Industrial, And Trading

HAMRIYAH FREE ZONE AUTHORITY**(www.hfaza.ae)**

Introduction: Located on twenty two million square meters of industrial and commercial land, Hamriyah Free Zone is suited to companies requiring large warehouse space and access to a Port.

Location: Sharjah

Type of license available: Industrial, Commercial, Service

SHARJAH AIRPORT FREE ZONE (SAIF ZONE)**(www.saif-zone.com)**

Introduction: Like it's neighbour, Dubai Airport Free Zone, SAIF Zone counts companies outside the aviation sector as clients. Companies in the Industrial, logistics and Trading and services sectors, form much of it's client base.

Location: Sharjah, near the Sharjah International Airport.

Type of license available: Service, Industrial, Trading License

DUBAI INTERNATIONAL FINANCIAL CENTER (DIFC)**(www.difc.ae)**

Introduction: As the name suggests DIFC focuses on sectors of financial activity. Dubai's fully fledged 'onshore' capital market, includes professional service companies in it's portfolio and benchmarks itself against Hong Kong, London&NewYork.

Location: Dubai, Sheikh Zayed Road near Emirates Towers.

Type of license available:

1. Banking Services
2. Capital Markets
3. Asset Management and Fund Registration
4. Reinsurance & Captive Insurance
5. Islamic Finance
6. Ancillary Services
7. Business Processing Operations

DUBAI SILICON OASIS DUBAI UAE (DSO)**(www.dso.ae)**

Introduction: Still expanding, Dubai Silicon Oasis's states that it's mission is to create a universally recognised state of the art "Technology Oasis", Atkins is it's most universally recognised client.

Location: Dubai, on the outskirts of the City.

Type of license available:

1. General activities
2. Information technology
3. Telecommunications equipments Electronic, computer hardware
4. Software development & solutions
5. Consultancy & business development
6. Electrical appliances & equipment
7. Engineering related to technology
8. Logistics
9. IT Security
10. Talent development and recruitment
11. Pharmaceutical
12. Microelectronics
13. IC design
14. EDA tools
15. IP protection

JEBEL ALI FREE ZONE AUTHORITY, (JAFZA)**(www.jafza.ae)**

Introduction: Jebel Ali Free Zone (Jafza) is a part of Dubai based, state owned Economic Zones World, it has over 6,000 companies registered which makes it the largest Free Zone it terms of registered companies in the U.A.E. Ample space for warehousing and production facilities.

Location: Dubai. Next to Jebel Ali Port.

Type of license available: General Trading (conditions apply), Trading, Industrial, Service, National and Industrial (conditions apply)

Since 2003 The Jebel Ali Free Zone Authority (JAFZA) can establish Dubai Offshore entities at JAFZA in line with other international offshore jurisdictions.

Dubai Offshore: Features and regulations:

- An offshore company has the capacity and privileges of a natural person.
- No minimum capital requirement.

- All shares must be fully paid when allocated and no bearer shares or differential classes of shares are allowed. There is no requirement to deposit the capital in bank.
- The minimum number of Directors shall be two. Every offshore company should have a Secretary (a UAE resident) who may also be a Director of the company.
- 100% foreign ownership permitted.
- Total tax and duty exemption.
- An efficient regulatory regime.
- Opening corporate bank account in a bank at Dubai.
- A registered agent (legal firms, auditors, consultants) is required to be appointed by the Company from the approved list of registered agents maintained by JAFZA. We are an approved registered agent with JAFZA.
- The Offshore domicile is located in the Jebel Ali Free Zone (JAFZ).

Limitations of Dubai Offshore

- Accounts have to be audited and submitted to the Authority.
- Company cannot rent local premises
- The shareholders should visit JAFZ physically.
- Company cannot carry on the activities like banking, insurance, consultancy, advertising etc...

RAK OFFSHORE COMPANY

(www.rakoffshore.ae)

More or less a new offshore jurisdiction but RAK Offshore companies are flexible IBCs that can serve many objectives; trading operations, asset protection, tax planning, real estate holding, trusts, funds etc...

RAK Offshore - Features and regulations

- The capital of the company can be any amount divided into any denomination
- The minimum number of shareholder and director is one
- All shares must be fully paid when allocated and no bearer shares or differential classes of shares are allowed. There is no requirement to deposit the capital in bank
- 100% foreign ownership permitted and 100% tax and duty exemption
- Opening corporate bank account in a bank at Dubai, UAE
- A registered agent (legal firms, auditors, consultants) is required to be appointed by the Company from the approved list of registered agents maintained by RAK free zone.
- The Offshore domicile is located in the RAK free zone

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- The investors need not visit the authority to incorporate the company
- Audited financials will be requested only in case of suspicion

RAK Offshore Limitations

- Company cannot 'rent' local premises
- Company cannot carry on the activities like banking, insurance etc.

1.5 Overview on taxation in the U.A.E:

Tax credit and tax relief are a significant aspect of every foreign investment decision. The federal government has exclusive jurisdiction on areas such as such as foreign affairs, defence, health and education; this does not extend to taxation. Each individual emirate is free to decide on matters such as municipal work and natural resources' and is also free to decide its own tax law. Although in theory this could lead to a vastly differing set of tax rules and regulations from emirate to emirate, in practise the emirates roughly follow the same set of rules. The information below is meant as a general guideline, it is imperative that a company wishing to do business in the U.A.E seeks legal council.

Broadly, the following should be noted regarding taxation in the U.A.E:

- Although UAE tax laws are intended to levy taxes, most of the regulations are not enforced in practice.
- Fiscal practice may differ from the legislation, as is very much the case with corporate tax in the UAE.
- Broadly, the following taxes are not applicable in the UAE:
 - Personal income tax
 - Capital gain tax
 - Value-added tax
 - Withholding tax
 - Corporate tax

1.5.1 Personal Taxation

There is no personal income tax in the UAE. Municipality service charges are levied on individuals living and working in the UAE. Service charge percentages vary among the emirates. A service charge of five to ten per cent is charged on food purchased in restaurants. Hotels charge a ten to fifteen per cent service charge per night on room rates. These charges are usually included in the customer's bill, which the municipality will collect from restaurants and hotels.

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1.5.2 Corporate Tax

In practice oil, gas and petrochemical companies and branch offices of foreign banks do pay corporate tax, the charges for which vary from emirate to emirate. In Dubai, oil gas and petrochemical companies pay 55% on UAE sourced taxable income and they pay royalties on production. The taxable income of oil companies is calculated by reference to their concession agreements. Banks pay 20% tax on taxable income; the taxable income of banks is calculated by reference to their audited financial statements.

Customs duties are very low and there are many exemptions. Goods imported and intended for re-export often benefit from customs duty as do manufacturers on the import of their machinery, raw materials and spare parts used for industrial purposes.

1.5.3 Property Tax:

In most of the emirates, tax is payable by residential and commercial tenants by reference to the annual rent of residential property at a rate of 5 per cent and for commercial property at 10 per cent of the annual rent.

A property tax is charged in Abu Dhabi to obtain and renew business licenses. In general, taxes are assessed at around 5 to 10 per cent of the applicant's annual office rental and 5 per cent of the annual rental of the residence of the manager whose name appears on the licence.

In Dubai, all residential properties are subject to an annual property tax payable to the Dubai Municipality. The amount of tax payable depends upon the employment status of the tenant. All professional, managerial and other senior employees in commercial, professional and industrial sectors are charged at the rate of 5 per cent of the annual rent of their property, whereas in the banking sector the percentage is 15 per cent of the annual rent of their property.

Whilst it is the tenant's obligation to pay the property tax, the Dubai Municipality will often collect the tax from the tenant's employer through the Department of Economic Development at the time of issuing or at the annual renewal of the employer's trade licence.

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The Dubai Department of Economic Development will collect tax by reference to a list to be submitted by companies applying for the issue or renewal of their trade licences. This list will contain the names and job titles of all of this company's Employees and the amount of their rent. Junior employees are charged at a flat rate of Dhs.300. A flat rate of a Dhs.1 000 is payable in the absence of a lease agreement.

In Sharjah, all leased residential properties are subject to an annual property tax payable to the Sharjah Municipality. This tax will be equal to 2 per cent of the annual rent shown in the tenancy agreement, subject to a minimum of Dhs.300 and is payable when the tenant notarises the agreement.

1.6 Double taxation

Double taxation agreements prevent those individuals and corporations from being susceptible to tax on the same item in the same time period. These agreements, determine which of the two states concerned should levy tax in a particular case.

The UAE has signed double taxation treaties with numerous countries worldwide, including: France, Pakistan, Poland, India, Germany, Malaysia, Tunisia, Singapore, Sri Lanka, Switzerland, China, Italy, Lebanon, Finland, Morocco, Romania, Indonesia, Belgium, Turkmenistan, Syria & Thailand.

There are plans to sign agreements with other countries, including Mongolia, Algeria, Egypt, Sudan, Yemen and Canada, Jordan, Kuwait, New Zealand, Belarus, Turkey and the Philippines.

The rationale for these agreements is to promote trade in goods and services and the flow of capital, technology and persons without on the one hand the burden of double taxation and on the other the prevention of fiscal evasion through the cooperation of administrative and taxation authorities in each contracting state.

With respect to direct taxes double taxation agreements are intended to avoid double taxation of income and gains where a resident of one country has taxable income arising in the other country. Generally, the agreement will provide that the income will either be taxed solely in one country or, if it remains taxable in both, that the tax- payer's country of residence will grant a credit for the tax paid in the other country.

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The agreements usually provide for lower withholding taxes in both countries and for the exchange of relevant information between the authorities of each country. These agreements are intended to prevent discrimination between tax- payers in different countries and provide an element of legal and fiscal certainty within a legal framework.

The absence of taxes in the UAE for foreign companies is only beneficial insofar as the profits earned in the UAE are not subject to taxation abroad. Foreign companies with a presence in the UAE can gain considerable competitive advantages and benefits compared with competitors abroad by reason of the tax regime in the UAE and other investments incentives offered in the UAE to foreign investors. For this to occur, rights under the double taxation treaties must be exercised and an appropriate tax-efficient business Structure must be put in place.

1.7 Tax Disputes

World business tax experts have called on governments to accept compulsory international arbitration to resolve cross-border tax disputes, particularly those arising from conflicting interpretations of double taxation treaties.

The taxation commission of the International Chamber of Commerce recommended that compulsory, binding arbitration in international tax disputes should be adopted in bilateral or multilateral tax treaties. These include not only the cost-effective and equitable resolution of tax disputes but also the enhancement of global economic growth and development through the elimination of unintended double taxation.

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2. Setup Guide – Qatar

2.1 Qatar General Information

Overview:



Qatar is a peninsula located halfway down the west coast of the Arabian Gulf. It is a small country with just under one million inhabitants, 83% of whom reside in the capital City Doha and Al-Rayyan, Doha's main suburb. Qatar has a moderate desert climate with long hot summers and short mild winters and low precipitation.

Arabic is the official language in Qatar, and English is widely spoken. Islam is the official religion of the country, and the Shariah (Islamic Law) is a main source of its legislation.

Governance: Qatar is ruled by the Emir His Highness Sheikh Hamad Bin Khalifa Al-Thani.

Currency: The official currency is the Qatari Riyal (QR), which is divided into 100 dirhams. The Exchange parity has been set at the fixed rate of US \$ = 3.65QR's.

Working Hours & Holidays:

- Government offices: 7 am to 2 pm.
 - Private establishments: 8 am to 12 noon, and 4 pm to 8 pm.
 - Weekend is Friday and Saturday.
- National Day: 18th of December in each year.
 - Eid Al-Fitr & Eid Al- Adha



2.2 Economic & Business Environment:

Due in no small part to the abundance of gas (Qatar has the third largest gas reserve in the world) this small GCC state has in recent years seen phenomenal growth. Following a policy of economic diversification, the government has implemented reforms making it easier for Non-Qatari's to do business in the country.

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Any would be investor in Qatar must act in accordance with the Provision of the Foreign Investment Law. In 2005 a law was passed governing company operations in Free Zone areas. The main point of both will be highlighted in this document. Details on both law's are designed to give an overview of what is required and provide a general guide as to how to conduct business in Qatar, this is not to be used as a substitute for professional legal and accounting advice.

2.3 Pivotal points of the Foreign Investment Law:

- Foreign investors may invest in most parts of the national economy (restrictions apply in the Real Estate sector and those seeking to invest in the banking and insurance sectors must seek approval from the Council of Ministers) with a Qatari partner who must own at least 51% of the enterprise.
- Foreign investors may not act as a commercial agent.
- At it's discretion the Ministry of Economy and Commerce may permit foreign investors to own more than 49% and up to 100% of a company in specified sectors, namely agriculture, industry, health, education, tourism, and the development of natural resources, energy or mining.
- Foreign capital is guaranteed against expropriation (although the state may acquire assets for public benefit on a non-discriminatory basis, provided the full economic value of the asset is paid for the asset).
- A foreign company which is performing a specific contract in Qatar may set up a branch office if the project "facilitates the performance of a public service or utility".
- A foreign company operating in Qatar under a Qatari government concession to extract, exploit or manage the State's national resources is exempt from the Foreign Investment Law. In practice this covers all the oil majors.
- A company formed by a foreign entity with the government or a government entity (an Article 68 Company) will be subject to special rules.

The foreign investor can establish a branch, operate through a commercial agency or establish a representative office.

Qatar - Branch office (Valid for all Engineering / Construction firms)

- Used where a foreign company is performing a specific contract in Qatar.
- Authorised by the Ministry of Economy and Commerce where the project “facilitates the performance of a public service or utility”.
- No need for a Qatari partner.
- Branch is only entitled to perform the specific contract for which it is registered.
- Branch will be fully taxable unless it is granted a special exemption.
- A special regime applies to branches of foreign engineering consultancy firms.

Qatar - Commercial Agency:

- The foreign company does not establish a presence in Qatar, instead an agent is appointed to market goods and services within Qatar.
- Exclusive agencies must be registered and are governed by Qatari agency law.
- Under a registered agency, commission is payable on all sales of the products within the territory even if the sales are not due to the activities of the agent.
- It is difficult to terminate a registered agency; in addition compensation is payable upon the termination of the agency, including upon the expiry of a fixed term agency.

Qatar - Representative Trade Office (applicable to all Engineering / Construction)

- A method of establishing a “shop window” or marketing platform in Qatar.
- Can be used to promote a foreign company in Qatar and try to introduce it to Qatari companies and projects.
- Business must be carried out by a foreign entity (where the contract can be performed substantially outside Qatar) or by a company or branch authorised to do business in Qatar.

An article 68 Company may have permission to operate outside a Free Zone and have 100% foreign ownership, however most business formations (such as Simple partnerships, joint Partnership and Qatari Shareholding Company (QSC)) have restrictions on foreign ownership. Generally, the structure most popular with foreigners is the L.L.C.

Qatar - Limited Liability Company:

- Minimum capital of QR 200,000.
- Must have at least 51% Qatari ownership unless an exemption has been obtained.
- The parties' profit shares do not necessarily have to reflect their shareholdings.
- 10% of each year's net profits must be kept within a company until the reserve stands at 50% of the share capital.
- May not raise capital by public subscription and may not issue freely transferable shares or bonds.
- Shares may only be transferred after they have first been offered to the other shareholders by way of pre-emption, unless the other shareholders have agreed to waive their right.
- May not carry out banking or insurance business or provide investment advice or investment services to third parties.

Which ever company formation is chosen, frequent trips to government departments will be required. The foreign investor should hire a "government liaison officer or "facilitator" to assist with paperwork and registration requirements.

Company Incorporation & Commercial registration:

The following documents are required:

- Memorandum & Articles of Association in Arabic which have to be approved by the Ministry of Business and Trade.
- Notarised, authenticated and consularised (attested by Qatar consulate) copies of the foreign company's Certificate of Incorporation, Memorandum and Articles of Association.
- Letter from a bank indicating the deposit of the share capital at that bank.
- A lease contract for the office of the company.
- Chamber of Commerce Registration.

Once the company has been incorporated and the Commercial Registration issued the share capital can be released to the company's directors or the general manager for the purposes of running the company. The following licences must then also be obtained:

- Municipal licence.
- Signage licence.
- Employer's Immigration Department identity card.

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Branch Office:

The following are required in order to establish a branch office and obtain a Commercial Registration:

- Authorisation from the Ministry of Business and Trade to establish a branch.
- Notarised, authenticated and legalised copies of the foreign company's Certificate of Incorporation and Memorandum and Articles of Association.
- A notarised, authenticated and legalised power of attorney from the foreign company to the manager of the branch.
- A copy of the contract in respect of which it is sought to establish the branch office.
- Chamber of Commerce Registration.
- A lease contract for the office of the company.

Once the branch has been approved and the Commercial Registration

Issued the following licences must also be obtained:

- Municipal licence.
- Signage licence.
- Employer's Immigration Department identity card.

If applicable, the company/branch will also need to be entered in the Importers' Register and/or Contractors' Register.

Free Zones:

Since 2005, foreigners can establish companies in Free Zones. Within the Free Zones, foreigners are entitled to 100% ownership. Currently there are two Free Zones in Qatar, the Qatar Science & Technology Park (QSTP) which is a centre of research for scientific development and the Qatar Financial Centre (QFC).

2.4 Taxation:

Companies

- Income tax is levied on businesses other than those wholly owned by GCC nationals.
- Income tax is charged on all profits arising in Qatar, including profits on the sale of the company's assets.
- The share of profits of the Qatari or GCC partner in a business is exempt

from tax.

- An income tax exemption can be granted for a period of up to 10 years for major projects if they meet certain criteria.
- Some countries have double tax treaties with Qatar, if not unilateral relief may be available, for example UK unilateral relief is available against UK taxes where Qatari income tax has been paid.

Tax is payable at the following progressive rates:

Taxable income in Qatari Riyals	Rate
0 – 100,000	Exempt
100,001 – 500,000	10%
500,001 – 1,000,000	15%
1,000,001 – 1,500,000	20%
1,500,001 – 2,500,000	25%
2,500,001 – 5,000,000	30%
5,000,001+	35%

Individuals

There is no income tax on personal salaries.

2.5 Customs duty

The new GCC customs duty is 5% on most items. Exemptions from customs duty can be obtained for the import of equipment relating to a particular project as can exemptions from customs duty for the import of primary or semi-manufactured materials where they are not available locally. In addition to customs duty, legalisation fees are payable on import documentation.

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2.6 Staff:

- A “Qatarisation” initiative is in place which aims to increase the number of Qatari nationals in the public sector workforce. The Labour Law introduces Qatarisation initiatives for private sector entities. The employment of Qatari nationals is one of the criteria taken into account when tax exemptions are granted.
- All contracts of employment are governed by the Labour Law. They must be in Arabic and approved by the Labour Department.
- In particular, employers should be aware of the requirement to pay end of service benefits to employees.
- Companies will need to obtain residence and work permits for their expatriate staff. A Labour Department Committee has been established to supervise applications for bringing in foreign workers.
- All expatriate employees must be sponsored by their employer who is responsible for them while they are in Qatar.

2.7 Property

Ownership of land by foreigners is restricted.

- Land for projects can be given to foreign investors on long term leases for periods of up to 60 years which may be renewed.
- Law no. (17) of 2004 permits foreigners to own freehold property in three new developments (West Bay, The Pearl and Al Khor) and leasehold property in a further 18 developments.

2.8 Commercial contracts

Once a business entity has been established it will need to protect its interests when contracting with other entities.

- The parties to an international contract are free to choose the law and jurisdiction which will govern that contract. (If they do not choose an applicable law, the contract will be governed by the Qatari Civil Code.)
- The parties may also agree in writing to refer disputes to arbitration.

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3. Setup Guide – Saudi Arabia

3.1 Saudi Arabia General Information

Overview:

The Kingdom of Saudi Arabia (KSA) the Red Sea, the Gulf to the east, by Oman, Yemen and U.A.E to the south and by Iraq and Jordan to the north. The Climate is Harsh, dry desert with great temperature extremes. With a population of 28.2 million, Saudi has the largest population of all the GCC countries.

Language & Religion:

Arabic is the official language of Saudi Arabia, but English is widely spoken. It is used in business and is a compulsory second language in schools. There is a difference between the dialects spoken in urban areas and those spoken in rural areas. Among the non-Saudi population, many people speak Urdu, the official language of Pakistan, and other Asian languages such as Farsi and Turkish.



Governance: Monarchy. His Majesty King Abdullah bin Abdul-Aziz Al Saud, Custodian of the Two Holy Mosques, is the Ruler.

Saudi Society & Culture:

Islam is practised by all Saudis and governs their personal, political, economic and legal lives. Islam was born in Saudi Arabia and thus is visited by millions of Muslims every year.

Among certain obligations for Muslims are to pray five times a day - at dawn, noon, afternoon, sunset, and evening. The exact time is listed in the local newspaper each day.

Working hours & holidays:

Friday is the Muslim holy day. Everything is closed. Many companies also close on

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Thursday, making the weekend Thursday and Friday.

Some companies in the private sector work on Thursday mornings. For the rest of the week, Saturday to Wednesday, most private sector companies work two shifts (Morning: 8am to 12pm) and Afternoon (4:30pm to 7:30pm). Public Sector hours are 7:30am to 2:30pm.

The two main holidays in the Muslim calendar are Eid Al Fitter & Eid Al Adha; the timings of these holidays vary year to year according to moon sightings.

During the holy month of Ramadan all Muslims must fast from dawn to dusk and are only permitted to work six hours per day. Fasting includes no eating, drinking, cigarette smoking, or gum chewing. Expatriates are not required to fast; however, they must not eat, drink, smoke, or chew gum in public.

Each night at sunset, families and friends gather together to celebrate the breaking of the fast (iftar). The festivities often continue well into the night. In general, things happen more slowly during Ramadan. Many businesses operate on a reduced schedule. Shops may be open and closed at unusual times.

Family Values:

- The family and tribe are the basis of the social structure; Saudi's are cognizant of their heritage, their clan, and their extended family, as well as their nuclear family and take their family responsibilities very seriously.
- Families tend to be large and the extended family is quite close.
- Individual derives a social network and assistance in times of need from the family.
- Nepotism is not necessarily frowned upon, since it implies that employing people one knows and trusts is of primary importance.

Currency: Saudi Riyal

Customs and etiquettes: Saudi Arabia is a country steeped in culture and unique traditions that sometimes differ greatly from those found in other countries around the world. Here are a few tips on what to expect in Saudi Arabia and how you can get the most out of your time in the Kingdom, as a tourist or business traveller.

Meeting Etiquette:

- Men shake hands. Good friends may greet each other with a handshake and a kiss on each cheek
- Women generally hug and kiss close friends.
- Men and women would not greet each other in public from outside the family. Foreign men should not offer to shake the hand of a Saudi woman unless she offers it first; it is unlikely that she will.
- When Saudis greet each other they take their time and converse about general things.
- Foreign women should offer to shake hands only if the Saudi national instigates shaking hands first.

Gift Giving Etiquette

- Gifts are not the norm as in many other countries.
- If you are invited to a Saudi's house bring something small as a thank you.
- Flowers do not make good gifts from a man, although a woman could give them to her hostess.
- Never give alcohol unless you are positive they partake.
- Gifts are not opened when received.

Customs and etiquettes:

- Known for their hospitality to visitors, Saudis place the greatest emphasis on welcoming you to events, homes, and businesses. Always recognize that these gestures are intended with the utmost sincerity and respect. Always exhibit true graciousness to your host as it is an important way to honour their generosity.
- Gifts in Saudi Arabia are also a very common way of expressing respect and gratitude, and visitors should be prepared to be the recipient of varying types of gifts. While not mandatory, it is advisable to return the favour with a small token of appreciation when appropriate.
- When conducting business in Saudi Arabia, one must always strive to

establish personal bonds before proceeding to professional matters. Those prematurely rushing to the point or sales pitch may often times find their comments falling on deaf ears. Those willing to invest in personal relationships with Saudi business partners often find themselves in a much better position to negotiate business down the line.

- In addition to these general social practices, there are several etiquette nuances that will help foreign business travellers convey the proper respect to Saudi counterparts and assimilate to the Saudi way of life. For example, one should never expose the sole of one's shoe to a Saudi, as it is considered an offensive act. Similarly, escorting one to the door after a visit or meeting is a great sign of respect and a way of thanking your visitor. One should never underestimate this practice, whether assuming the role of visitor or host.
- Show respect for the local culture. Saudis are an incredibly proud people and are very sensitive to issues surrounding their heritage and nationality. Insulting something that may be considered culturally important may spark resentment. Be diplomatic in your approach to cultural issues. Conversely, Saudis will always enjoy listening to your stories of fascination and enthusiasm about their country. Learning Arabic phrases, even basic ones, and adapting a few local traditions is highly appreciated.
- Above all, be patient and enjoy your time in Saudi Arabia. When pursued with passion and honesty, both business partnerships and personal relationships forged in the Kingdom will offer high returns for years to come.

Dining Etiquette

- Saudis socialize primarily in restaurants and international hotels when entertaining expatriates whom they do not know well. After some time you will be invited to the home.
- Entertainment will generally be same-sex only. If both sexes are included, they will be in separate rooms.

If you are invited to a Saudi's house:

- You would usually remove your shoes.
- Dress conservatively.

- Try to arrive at the invited time. Punctuality is appreciated but not crucial.
- Show respect for the elders by greeting them first.
- Accept the offer of Arabian coffee and dates even if you do not normally drink coffee.
- If you are invited for a meal, understand that there will be a great deal of socializing and small talk before the meal is served.

Table manners

- If the meal is on the floor, sit cross-legged or kneel on one knee.
- Eat only with the right hand as the left is considered unclean.
- Try a bit of everything that is served.
- Meals are generally served family-style.
- Honoured guests are often offered the most prized pieces such as a sheep's head so be prepared!
- There is often more food than you can eat. Part of Saudi hospitality and generosity is to shower guests with abundance.
- There is little conversation during meals so that diners may relish the food.

Relationships & Communication:

- You will need a Saudi sponsor (wakeel) to enter the country. The sponsor acts as an intermediary and arranges appointments with appropriate individuals.
- Saudis do not require as much personal space as most western cultures. As such, they will stand close to you while conversing and you may feel as if your personal space has been violated.
- Saudis prefer to work with people they know and trust and will spend a great deal of time on the getting-to-know-you part of relationship building.
- You must be patient.
- Since Saudis will most likely judge you on appearances, dress and present yourself well.

Business Meeting Etiquette:

- Appointments are necessary and should be made several weeks to one

month in advance if at all possible.

- When meeting with government officials, a firm date will not be settled upon until you are physically in the country.
- Try to schedule meetings in the morning.
- You should arrive at meetings on time, although it is an accepted custom to keep foreigners waiting.
- It is not uncommon to have a meeting cancelled once you arrive.
- Meetings are generally not private until after a relationship of trust has been developed. This means you may expect frequent interruptions. Others may wander into the room and start a different discussion. You may join in, but do not try to bring the topic back to the original discussion until the new person leaves.
- Business meetings start after prolonged inquiries about health, family, etc. Never inquire about a Saudi's wife.

Business Negotiating:

- Decisions are made slowly. Do not try to rush the process.
- The society is extremely bureaucratic. Most decisions require several layers of approval. It takes several visits to accomplish simple tasks.
- Saudis are tough negotiators.
- Business is hierarchical. Decisions are made by the highest-ranking person.
- Repeat your main points since it will be interpreted as meaning you are telling the truth.
- Do not use high-pressure tactics.
- Decisions are easily overturned.
- When discussing price, Saudis will often make an initial offer that is extremely low when they are buying. Conversely, when they are selling, their initial offer will be extremely high.
- You may need to compromise on a point if someone's dignity is at stake.
- There is a tendency to avoid giving bad news and to give effusive acceptances, which may only mean 'perhaps'.

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Dress Etiquette:

- Most Saudis wear long white thobes. You would be expected to wear a suit.
- Dress well if you want to make a good impression.
- Business women should make certain that their collarbones and knees are covered and that their clothes are not form-fitting.

Business Cards:

- Business cards are given to everyone you meet, although it may be an idea to be selective if you have few in your possession.
- Have one side of your card translated into Arabic. Be sure to check the translation carefully as there is often confusion with the order of western names.

3.2 The Business and Economic Environment:

A key factor to be considered for any company looking to do business in Saudi, is the size of the local market. The majority of Saudi Arabia population is young, with 57% of the country under 25 years of age. Furthermore the population is, unusually for the GCC, largely national.

Since 2005, when the now King Abdullah bin Abdul Aziz Al- Saud became Crown Prince, (and also the year KSA joined the WTO) Saudi Arabia has slowly been paving the way to reform.

In 2007 the World Bank listed Saudi Arabia in the top ten Arab countries for reform efforts. In 2008 the World Bank further noted that Saudi continued to reform by simplifying commercial registration and reducing commercial registration fees.

Despite noteworthy advancements in reform, foreign investors would do well to note the following:

- The CP and Ruler are both believed to be in their early eighties, there is no clear line of succession.
- Commercial disputes can take over two years to resolve in Saudi courts.

The archaic judicial system means that it can take forty four procedures to resolve a dispute and can cost up to 27.5% of the value of the original contract.

- Saudiisation has been set at 75%, meaning that the limit of foreigners in a companies workforce is set at 25%. Nationalisation is prevalent in all Gulf States, however due to a large population and high unemployment Saudi has a more pressing need to implement same. Saudi Arabia is ranked 136th globally for contract enforcement.

Since the Foreign Investment Act (FIA) was established in April 2000, non-Saudi's have been allowed to invest in the Country in minority, majority or 100% foreign owned ventures. The act strives to give these companies the same "benefits, incentives and guarantees enjoyed by a national project"

SAGIA, headed by Amr – Al Dabbagh a strong advocate of reform has the sole responsibility for approving foreign investment projects. (www.sagia.gov.sa). Sagia provides a "One Stop Shop" or "OSS" for investors. Sagia has also launched a 10/10 project which aims to make Saudi one of the top ten countries in the world by 2010.

In order to provide clarifications to investors, The Saudi Arabian Economic Council publishes a "negative list" which lists the sectors closed to foreign investment, currently there are sixteen sectors on the list (three industrial and thirteen service sectors). Since it's inception in 2001, the list has been getting shorter, however sectors such as defence, health and broadcasting remain on the list and are expected to do so.

The govt actively encourages FDI in the petrochemicals industry. Allowable Foreign investment in telecoms is currently at 51%, this will rise by 9% by the end of 2011.

3.3 Company Laws:

The Companies Law is the principal body of legislation governing companies. Saudi company law recognizes eight forms of companies. However, only one business medium, the Limited Liability Company (LLC) is popular amongst foreigners. Foreigners cannot operate companies under Shari' law and other companies allowable to foreigners under the Companies Law are only established

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in exceptional cases. Companies operating in Saudi Arabia must register their businesses with the Ministry of Commerce and Industry and obtain a Commercial Registration (CR) number.

3.3.1 Limited Liability Company, L.L.C:

LLCs are a popular corporate vehicle among foreign investors in Saudi Arabia, because they are simple to establish and administer and the personal liability of each of the partners is limited to the individual partner's contribution to the company's share capital.

In order to establish an L.L.C the following documents must be in order:

1). Memorandum of Association, which must contain the following:

- Name and form of the company, and head office address;
- Name, address, occupation and nationality of the partners;
- Names of the manager(s), mentioning those who are also partners
- Names of the members of the supervisory board, if applicable;
- Share capital, amount of the contributions in cash and in kind, description of the contributions and names of the contributors;
- Method of profit distribution;
- Duration of the company; and
- The form of notices that may be issued by the company to its shareholders.

2). Minimum Capital

The minimum capital of an LLC with foreign participation is SR 500,000 under the Foreign Investment Law. The required amount is increased to SR 1,000,000 for industrial projects and SR 25,000,000 for agricultural projects. The Board of Directors of SAGIA may reduce the minimum invested capital in projects established in areas specified by it or in export projects or those which require considerable technical experience. The share capital must be fully paid when the company is established. Cash contributions must be paid into an account with a local Saudi bank and are frozen until the bank is presented with documents showing that the establishment formalities have been completed. The partners of the LLC are personally jointly liable to third parties for any inaccuracies in evaluation of contributions in kind to the share capital of the LLC.

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3.Partners,Name

An LLC must have at least two, but not more than fifty, partners who may be legal entities or individuals. A company will be automatically dissolved if the number of its partners falls below two. Foreign companies that intend to establish a Saudi LLC as a 100% subsidiary usually arrange for a minority stake to be held by a dependent company or by an individual of their choice. Others prefer to establish a permanent branch.

The share capital of an LLC is divided into shares of a uniform nominal value. Transfers of shares to any third party are permitted, subject to pre-emption rights in favour of the other partners and the approval of SAGIA and the Ministry of Commerce and Industry. The company's SAGIA licence, Commercial Registration and Articles of Association must be amended following any share transfer. Certain other important obligations of the partners, which are not contained in the model statutes of association, such as agreements relating to the transfer of shares (e.g. pre-emptive rights, put or call options), side letters, funding and the exercise of voting rights are usually contained in a shareholders' or joint venture agreement. Such agreements, which are not registered with the Ministry of Commerce and Industry but are nevertheless enforceable before the courts, are common practice, as they provide an opportunity for partners to agree to details regarding the administration of the company, which details may not be included in the model statutes. In many cases, a shareholders' agreement is the only protection for foreign partner(s) in an LLC. Shareholders' agreements existing outside of the LLC statutes, are permitted, enforceable, and encouraged as long as parties to such agreements remember the caveat that, like all other contracts in Saudi Arabia, the terms of the shareholders' agreements must not contravene the Shari'a and the mandatory provisions of the Companies Law. If, however, the shareholders' agreements contravene the registered Articles of Association then the most recent stipulation will prevail as between the shareholders, but not vis-à-vis third parties.

Unlike the legislation of other GCC states, Saudi law does not limit the level of foreign participation allowed in Saudi LLCs. Companies which are owned by foreigners may also be registered in the Commercial Register. Moreover, the new

Foreign Investment Law that entered into force in 1421 H. [2000 G.] appears to encourage the establishment of 100% foreign-owned investment projects, be it in the form of companies, branches or individual establishments.

4). Management

An LLC may have one or more managers. There is no requirement that any manager be a Saudi national. If there is more than one manager all managers may be authorized by the partners to represent the company individually or collectively. The manager's representative authority generally encompasses all transactions and business relating to the company's normal corporate and business activities. According to the model statutes, specific transactions may, however, be subject to the prior approval of the partners. Usually, the restrictions are determined by the first partners meeting and are registered in the Commercial Register. A general manager is frequently designated for the supervision of the day to day business of the company. It is not a requirement that the general manger be a partner.

5. Fiscal Year

It should be noted that it is advisable to provide expressly that the fiscal year of the company is according to the Gregorian calendar, otherwise the fiscal year is by law twelve hijri calendar months. The partners are also free to choose the date of the start of the company's fiscal year.

6. Supervisory Board

If an LLC has more than 20 shareholders it must have a supervisory board consisting of at least three members. The supervisory board's main duty is to supervise the management of the company, to advise on issues referred to it by the managers, and to authorize assignment of assets belonging to the company, if foreseen in the company's statutes. The model statutes contain provisions relating to supervisory boards.

7. Transfer of Shares

Shares are transferred by a formal notarized agreement, unless the company's

statutes provide otherwise. Transfers take place before a notary public after having obtained the approval of SAGIA and the Ministry of Commerce and Industry. Shares must be offered first to the other partners (in the proportion of their participation in the capital of the company) before they may be sold to third parties. A partners' resolution approving the sale and stating that the shares were offered to all of the other partners will be required. The statutes may contain further provisions and may modify the rights of the partners to some extent.

8) Liability of Partners

the liability of LLC partners towards third parties is limited by law. They are liable only to the extent of their investment in the capital of the company. Partners may be jointly liable towards third parties for the estimated value of contributions in kind for a period of three years. If the company becomes insolvent, the partners are theoretically only liable for their share of the company's capital. In practice, however, this principle is normally not recognized by the courts because it is not supported by the corporate concepts of Shari'a law.

Under the Companies law partners are jointly personally liable to pay all of the company's debts if the company's losses exceed 75% of its stated capital and no resolution of the partners providing for the continuation of the company (and payment of certain of its debts) is adopted within thirty days. Such resolution should either provide that the company shall continue, with the commitment of the partners to pay its debt, or that the company be dissolved.

9) Liability of Management

Under Article 168 of the Companies Law, the managers of an LLC are jointly liable for damages suffered by the partners, the company, or third parties due to any failure on their part to observe the provisions of the Companies Law or the LLC's governing documents. Except in cases of fraud, for which the Companies Law provides no statute of limitations this liability lapses three years after the discovery of the wrongful act.

- **The following should be noted when applying for an investment license:**

In order to qualify for an investment license, the proposed investment activity should not be mentioned in the list of excluded activities; the

product standards and production processes must be in accordance with the prevailing laws in the Kingdom or, in their absence, the laws of the European Union or the United States of America. A foreign investor may obtain more than one license to practice the same activity or different activities.

- License application must be completed in full; all documentary requirements must be submitted in full; all of which must be signed by the applicant or his duly authorized representative.
- The license applicant should be a person who has come to the Kingdom for investment.
- The Foreign Investor should not have been convicted in the past for substantial violations of the provisions of The Act.
- The Foreign Investor should not have been convicted in the past of financial or commercial violations whether in the Kingdom or in other countries.
- The grant of a license shall not result in the breach of any international or regional agreement to which the Kingdom is party.

3.3.2 Real Estate Law:

a. Non-Saudi investors, whether they are natural persons or corporate entities, may own real estate required for the conduct of their licensed professional, technical or economic activities, subject to obtaining approval of the licensing authority. This includes real estate needed for private residences and for the housing of employees. The subject real estate may also be leased to other entities, subject to Article Five of these Regulations.

b. If the license allows the purchase of buildings or land for the construction of buildings for investment purposes, whether through sale or lease, the total cost of the project, both land and construction, shall not be less than SR 30 million. The Council of Ministers may amend this amount. Investment in the form of real estate development shall occur within five years of purchase of the real estate.

c. Non-Saudi natural persons enjoying normal legal residency status in Saudi Arabia may own real estate for use as a personal residence, subject to obtaining a permit from the Ministry of Interior.

APPENDIX I - UAE**FREE ZONES**

Ajman Free Zone	www.ajmanfreezone.gov.ae
Dubai Airport Free Zone	www.dafza.gov.ae
Jebel Ali Free Zone	www.jafza.ae
Dubai Gold and Diamond Park	(part of JAFZA)
Hamriya Free Zone	www.hamriyahfz.com
Sharjah Airport International	www.saif-zone.com
Ras Al Khaimah FTZ	www.rakftz.com
Dubai Internet City	(part of TECOM – www.dic.ae)
Dubai Media City	(part of TECOM – www.dmc.ae)
Dubai Knowledge Village	(part of TECOM – www.kv.ae)
International Production Zone	(part of TECOM – www.impz.ae)
Abu Dhabi Ports Company	www.adpc.ae
Abu Dhabi Airport Free Zone	www.adafz.ae
Dubai International Financial Centre	www.difc.ae
Dubai Outsource Zone	www.doc.ae
ZonesCorp	www.zonescorp.com
Technopark	www.technopark.ae
Fujairah Free Zone	www.fujeirahfreezone.com

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APPENDIX II – UAE

1. ARABTEC

Construction Company established in the U.A.E in 1975, listed on Dubai Financial Market.

www.arabtecuae.com

2. AL HABTOOR ENGINEERING

Construction and Engineering Company, with projects in U.A.E., Qatar, Egypt & Jordan.

www.habtoorengg.ae

3. AI SHAFAR (ASGC)

Construction Company established in 1989, involved in residential and commercial developments.

www.alshafar.com

4. AL ABBAR GROUP

Specialised in Aluminium curtain walls, architectural glass and stainless steel.

www.alabbargroup.com

5. AL MERAIKHI GROUP

General Contracting and trading group, established in 1970, offers complete solutions to contracting Industry.

www.almeraikhi.com

6. LARSEN & TOUBRO

India's largest engineering and construction conglomerate.

www.lnt.com

7. EURO MECHANICAL

Company provides construction and supply services to the petrochemical and power generation Industries.

www.euromechanical.com

8. LANDS

Property establishment with extensive experience in the U.A.E market.

www.lands.ae

9. AECOM

Consulting company specialising in architecture and urban design.

www.dmjmhn.aecom.com

10. ACTO

Specialised contracting company in operation in the u.a.e for over thirty years.

www.actco.ae

APPENDIX III – SAUDI ARABIA**1. A.A. TURKI GROUP OF CO'S (ATCO)**

With over 3,000 employees, this conglomerate is one of the largest in KSA, has been in operation since 1950.

www.atco.com.sa

2. AL AJMI COMPANY.

Specialises in high way construction and maintenance.

www.alajmicompany.com

3. AL BINALI

Focuses on high end project work, 1,800 employees

www.albinali.com

4. AHMED YAHYA AL YAMI EST.

Established since 1978, involved in a numerous projects with Saudi Aramco.

www.ayalyami.com

5. AL AKARIA COMPANY

Involved in the Real Estate Industry since 1976, headquartered in Riyadh.

www.al-akaria.com

6. AL MABANI

Has been involved in the execution of landmark projects in the Kingdom, High rise buildings, sewage projects etc.

www.almabani.com.sa

7. ASTRA GROUP

Diversified group, with operations in trading, manufacturing, contracting & services and Real Estate.

www.astra-group.net

8. CONSOLIDATED CONTRACTING COMPANY (CCC)

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One of the first Arab construction company's, major projects throughout the
www.ccc.gr

9. EL SEIF GROUP

Provides services to clients in the Defence and Security sectors.

www.el-seif.com.sa

10. GCC KSA.

Involved in major construction work in the oil & gas and petrochemicals sector.

www.gccksa.com

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APPENDIX IV - QATAR

1. QATARI DIAR.

Real estate investment company, fully owned by Qatar Investment Authority

www.qataridiar.com

2. BARWA

Real Estate conglomerate

www.barwa.com.qa

3. AL JABER ENGINEERING

General contractor established in 1995, established as a result of seeing opportunities in the booming Qatari market.

www.aljaberengineering.com

4. MID MAC CONTRACTING COMPANY

Over 40 years experience in the Qatari construction market, projects as diverse as stadiums, universities and petrochemical projects

5. CEG

Consultancy company offering services such as urban planning, architectural design and feasibility studies to the construction Industry.

www.ceg-qatar.com

6. HBK GROUP

Does a lot of govt. contract work for the Ministry of Municipal Affairs & Agriculture and Qatar General Petroleum Corporation.

www.hbkholding.com

7. AAMAL

Established in 2001 and registered on the doha securities market.

www.aamal.com.qa

8. AL DAICEL COMPANY

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	Document Id: EI D 01

Diversified holding company established in 1999, provides a range of services including interior design.

www.al-daicel.com

9. AL KAZEM GROUP

General Trading and Contracting company, with experience in the U.S and European markets.

www.alkazem.com

10. AL MISNAD TRADING

Building products supplier, wholly owned by al misnad group

www.almisnadtrading.com