



JOHNSON &  
PUMP IN  
ASSOCIATION WITH  
AL-SHARIF LAW

AN INTERNATIONAL  
FIRM WITH SAUDI  
ROOTS

## Introduction

### ***New Companies Law***

The Council of Ministers has approved a new Companies Law, addressing the following.

1. **Consolidation.** Commercial, not-for-profit and professional entities will be combined under a single regulatory framework.
2. **Family Businesses.** Allows family corporate charters to manage common assets and address governance, management, employment of relatives and distribution of profits.
3. **Simplified Stock Company.** Allows a new corporate form to meet the needs and requirements of entrepreneurship and capital formation.
4. **Not-for-Profit.** Adopts global standards for formation of not-for-profit entities, creating a new vehicle to promote this new economic sector.
5. **Names.** Removes restrictions at all stages on choice of company names, and on the trading of shares.
6. **Corporate Debt.** Allows limited liability companies to issue negotiable debt and other finance instruments.

7. **Restructuring.** Establishes new procedures for corporate mergers, transformations and splits.
8. **Stock Options.** Allows issuance of employee incentive shares and stock options.
9. **Dividends.** Allows phased or fixed dividends to partners.
10. **Online Governance.** Allows for electronic regulatory compliance in registrations, meetings and consideration and issuance of shareholder and board resolutions.
11. **Disputes.** Allows arbitration and other alternative dispute resolution options.
12. **Liquidation.** Aligns insolvency options with Bankruptcy Law.
13. **Audit.** Exempts micro and small companies from audit requirements.
14. **Shares.** Allows shares to be aggregated into higher nominal values or divided into fractions.

### *Tax Reform*

In joining the WTO in 2005, Saudi Arabia extended national treatment to investors from fellow member states, subject to reservations that included disparate tax treatment: while Saudi individuals and entities pay a 2 ½% Islamic net wealth tax only, foreign investors are subject to a much higher 20% corporate income tax.

Vision 2030 seeks to quintuple foreign investment from 2 to 10% of GDP, and diversify sources of public revenue from energy to other means, neither of which is served by the current asymmetrical tax regime.

An initiative is however reportedly under review to replace the wealth tax on locals and GCC nationals with a corporate income tax, possibly initially at 10%; if

implemented, this should go far to assure potential foreign investors of a level playing field on tax treatment.

### ***Upcoming Saudi Holidays, Events, Webinars, and Conferences***

- **USSBC Program:** For a schedule of upcoming U.S.-Saudi Business Council (USSBC) events and webinars see [here](#).
- **FIFA World Cup Qatar:** November 21-December 18, 2022
- **Dakar Rally 2022:** December 31, 2022-January 15, 2023

### ***Public Sector and Significant Updates***

- **Combatting Inflation:** Crown Prince Mohammed bin Salman stressed the need to combat inflation during a recent meeting by the [Council of Economic and Development Affairs](#). King Salman subsequently approved the allocation of \$5.3 billion to face the fallout of the rising global prices, half of which will go to the beneficiaries of the [Social Security and Account Citizen](#) programs.
- **Economic Diversification:** Crown Prince Mohammed bin Salman has unveiled a new program for the research, development, and innovation (RDI) sector, which aims to add \$16 billion [to the Kingdom's GDP by 2040](#). Target sectors are development in health, environmental sustainability, leadership in energy and industry, and [investment in future economies](#). The UAE announced similar measures [targetting manufacturing](#).

### ***Corporate / Employment***

- **New Saudization Measures:** The Ministry of Human Resources and Social Development has announced the Saudization of 33,000 jobs in postal and parcel transport services, optics professions, customer services, licensed aviation professions including co-pilots and air controllers, sales outlets, [and motor vehicle inspectors](#).

### ***Legal***

- **Al Tamimi Legal Magazine:** For Al Tamimi Law's latest magazine issue (focus is on Real Estate, Construction, and Hotels and Leisure), see [here](#).

### ***Visas, Travel, and COVID***

- **COVID Status:** Saudi Arabia has reported [a vacillating rate](#) of COVID infections in recent weeks.
- **Travel Guidelines:** For up-to-date travel information, visit the US Embassy in Saudi Arabia's [COVID-19 page](#). For Saudia's travel guidelines, see [here](#).
  - **Lebanese Direct Entry:** Saudi Arabia now allows Lebanese nationals direct entry into the Kingdom without having to [spend 14 days in a third country](#).
- **Dependents' Iqamas:** Authorities have stated that the wife of an expatriate whose religion differs from her husband must receive an independent Iqama [or residency permit](#).

## ***Business / Economy***

- **General:**
  - **Slowing Inflation Rates:** Saudi Arabia's annual consumer inflation slowed to 2.2% in May, from 2.3% in April, according to the latest data released by the [General Authority for Statistics](#).
- **Public Investment Fund (PIF):**
  - **Potential Aston Martin Stake:** The PIF is in early talks with British luxury carmaker Aston Martin [about taking a stake](#).
- **Finance, Insurance, and Investment:**
  - **Franklin Templeton Office:** Multinational holding firm Franklin Templeton is looking to establish an office [in Saudi Arabia](#).
- **Real Estate, Construction, Infrastructure, and Megaprojects:**
  - **Construction Sector Overview:** For an overview of megaprojects and the status of the construction industry in Saudi Arabia, see [here](#).
- **Industry, Utilities, Transportation, Logistics, and Non-Oil Energy:**
  - **AviLease:** The PIF has launched a new aircraft leasing company [called AviLease](#).
- **Tourism, Hospitality, Culture, Sports, and Entertainment:**
  - **SME Promotion:** Authorities have developed seven steps and solutions to promote SMEs in the culture, entertainment, [and sports sectors](#).

- **Filmmaking Incentives:** The Saudi Film Commission has announced an incentive program offering financial refunds of up to 40% for local and international producers [shooting in the Kingdom](#).
- **AIUla Art Exhibitions:** Officials have unveiled plans for new permanent art installations which will be on display in [Wadi AlFann \('Valley of the Arts'\)](#).
- **New Deputy Minister of Tourism:** Princess Haifa Al Saud has been appointed Saudi Arabia's [deputy minister of tourism](#).
- **Retail, Luxury, and E-Commerce:**
  - *No significant recent developments.*
- **Religion:**
  - **Hajj Launched:** One million Muslim pilgrims have converged on Makkah for the largest Hajj [since the COVID pandemic](#).
  - **Hajj Visa Restrictions:** Saudi Arabia has stressed that tourist/visit visa holders are not allowed to [perform the Hajj](#). Those who attempt to perform Hajj without a permit [will be fined \\$2,665](#).
- **Education:**
  - *No significant recent developments.*
- **Healthcare:**
  - *No significant recent developments.*
- **Technology and Telecom:**
  - *No significant recent developments.*

- **Defense:**
  - *No significant recent developments.*
- **Food and Agriculture:**
  - *No significant recent developments.*
- **Natural Resources, Mining, and Environment:**
  - **New Mining Sites:** The Ministry of Industry and Mineral Resources has identified 50 mining sites to be [offered to investors](#).
  - **Mining Minister Comments:** The Minister of Industry and Mineral Resources recently issued comments over his optimism surrounding mineral auctions, see [here](#).
  - **Saudi-Kuwait Neutral Zone Exploration:** Saudi and Kuwaiti officials for the oil-producing Neutral Zone met on July 3 to discuss ways to "develop and exploit" [the region's oil](#).
- **Oil:** *Oil prices most recently [stood](#) on July 12 at \$107.85 pbb for Saudi oil (Arab Light) and \$102.74 pbb for West Texas Intermediate (WTI).*
  - **Shandong Refinery:** For an analysis of the significance of the new Aramco refinery complex in Shandong, China see [here](#).
  - **Egypt Fuel Oil:** Saudi Arabia will take 3.2 million barrels of the power-station fuel from Egypt country, [the highest in six years](#).
  - **Kenya Exports:** The National Oil Corporation of Kenya (NOCK) has announced that the country has signed an MoU with Aramco to help import [refined petroleum products](#).

- **Arabian Drilling IPO:** Arabian Drilling Co., a Saudi oilfield-services firm partly held by Schlumberger NV, obtained the regulator's approval to [list its shares in an IPO](#).

### ***Geopolitical***

- **Shinzo Abe Condolences:** Saudi media and authorities have issued condolences over the recent assassination of Shinzo Abe, who was held in high regard [in the region](#).
- **China Foreign Minister Talks:** The Saudi Foreign Minister Prince met with the Chinese Foreign Minister Wang Yi, on the sidelines of the [G20 foreign ministers meeting in Bali](#).
- **Caribbean Investment Delegations:** Saudi Arabia is sending large investment delegations to Caribbean countries, including [Jamaica](#) and [Guyana](#). The Saudi-Caribbean Investment Forum concluded [in Punta Cana, Dominican Republic](#).
- **UN Sustainable Development Forum:** Saudi Arabia is taking part in the UN's High Level Political Forum (HLPF) 2022, which is focused on [accelerating sustainable development](#).
- **U.S.:**
  - **Biden Visit:** President Joe Biden is visiting Saudi Arabia this week, saying the trip is critical [to the security of the United States](#), with the aim of [lowering gas prices](#).
- **Yemen:**



- **Asir Missile Attack:** Saudi forces reportedly intercepted a suspected Houthi-launched missile targeting [Khamis Mushait in Asir](#).

## **Gulf**

- **UAE:**

- **COVID Information:** For current COVID information from the U.S. Embassy in the UAE, see [here](#). For statistics and information from the UAE government, see [here](#).
- **Industrial Strategy:** The UAE has plans to invest \$2.7bn between now and 2031 as part of a new [industrial strategy](#) aimed at doubling the size of the manufacturing sector and [creating 13,600 jobs](#).
- **Company Relocation Incentives:** Authorities have announced incentives aimed at attracting 300 digital companies to set up offices in the oil-rich Gulf nation. These incentives include a streamlined visa process, faster access to the financial and banking system, [and attractive commercial and residential leasing](#).
- **Dubai Real Estate Growth:** Dubai's residential market ended 2021 on a high, recording 84,196 transactions worth AED300 billion, the highest ever recorded, thanks largely to the return of [Chinese investors](#). For data and graphics on the consistent growth of Dubai's real estate sales and rentals, see [here](#).
- **NASDAQ Bond Issuance:** The UAE Federal Government debuted \$3 billion dollar-denominated treasury bonds on Nasdaq Dubai, after they were oversubscribed [amid strong investor interest](#).

- **Government Worker Entrepreneurial Incentives:** The UAE Cabinet has approved rules and regulations for granting Emirati federal government employees a “sabbatical leave,” for employees to start or manage [entrepreneurial private projects](#).
- **Benefits for Children of Female Citizens:** Children living in the United Arab Emirates born to Emirati women and foreign men will be granted the same health and education benefits [as citizens](#).
- **Afghanistan Airport Deals:** The Taliban and the UAE are poised to strike a deal for the Gulf nation to run Kabul airport and several others [in Afghanistan](#).
- **Indonesia Trade Deal:** The UAE signed a wide-ranging economic pact with Indonesia on Friday as the two countries seek to boost bilateral trade to [over \\$10 billion by 2030](#).
- **Qatar:**
  - **COVID Information:** For current COVID information from the U.S. Embassy in Qatar, see [here](#). For statistics and information from the Ministry of Public Health, see [here](#).
  - **Mask Mandate:** Qatar has reintroduced indoor mask mandate amid a [spike in COVID cases](#).
  - **Boeing Contract Expiration:** Airbus told a UK court that Qatar Airways has suggested that a provisional agreement to purchase up to 50 Boeing 737 MAX aircraft [has expired](#).
  - **World Cup Ticket Sales:** Organisers have sold 1.8 million tickets for the [upcoming World Cup](#).

- **Kuwait:**

- **COVID Information:** For current COVID information from the U.S. Embassy in Kuwait, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
- **Tourist and Family Visas Halted:** Kuwait's interior ministry announced the suspension of issuing tourist and family visit visas in preparation [for new regulations](#).

- **Bahrain:**

- **COVID Information:** For current COVID information from the U.S. Embassy in Bahrain, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
- **US Student Housing Investment:** Bahrain-based investment bank GFH Financial Group has acquired a student housing portfolio in the US in partnership with its Atlanta-based subsidiary, Student Quarters (SQ), in a deal [worth \\$300 million](#).

- **Oman:**

- **COVID Information:** For current COVID information from the U.S. Embassy in Oman, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
- **Government Loan Repayments:** Oman is planning to pay off \$1.33 billion of financing this month ahead of its due date as the sultanate benefits from higher oil prices and [fiscal and governance reforms](#).
- **Egypt Investment Fund:** Egyptian and Omani leaders have agreed on a study to establish a joint investment fund [between their](#)

[countries](#).

### ***Other***

- **Miscellaneous:** For earlier developments, see [here](#).

### **Resources**

- [Previous Newsletters](#)
- [Ministry of Health Dashboard](#)
- [Ministry of Health Coronavirus Guidance](#)
- [New Companies Law \(English\)](#)
- [Chamber of Commerce Global Policy Dashboard](#)
- [Ministry of Investment Guide to Business Continuity](#)
- [US-Saudi Business Council](#)
- [Saudi-US Trade Group](#)
- [American Community of Saudi Arabia Newsletters](#)
- [US Embassy in Saudi Arabia](#)
- [US State Department Travel Information](#)

We will be happy to provide more specific advice in the context of particular circumstances, concerns, and priorities; please let us know.

Christopher H. Johnson, Managing Attorney

*Disclaimer: While the above information was gathered from sources believed to be accurate at the time, we cannot be responsible for errors due to human or technical error.*

**Al Mousa Commercial Centre, Tower 2**

**5th Floor, # 259**

**Riyadh 11413, Saudi Arabia**

**Tel: +966 11 462 5925**

<https://www.alshariflaw.com/>

[Chris@alshariflaw.com](mailto:Chris@alshariflaw.com)