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Company formation in Saudi Arabia

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Common form	LLC (limited liability company) [1]
Registry	Ministry of Commerce (commercial registration), with a MISA investment licence for foreign investors [1]
Minimum capital	No statutory minimum under the Companies Law; licensing rules may require a minimum [1]
Directors	1 manager [1]
Local director	Not required [1]
Corporate tax	20% income tax on the foreign-owned share; 2.5% zakat on the Saudi/GCC-owned share [2]
VAT / sales tax	15% [2]
Typical timeline	Usually 2–6 weeks including licensing [1]
Tax treaties	Domestic rates and treaty list [7]
Currency	Saudi riyal (SAR)

In short: To set up a company in Saudi Arabia, most founders form an LLC, registered with the Ministry of Commerce (commercial registration), with a MISA investment licence for foreign investors. [1] Minimum capital: no statutory minimum under the Companies Law; licensing rules may require a minimum. Corporate tax: 20% income tax on the foreign-owned share; 2.5% zakat on the Saudi/GCC-owned share. Registration: usually 2–6 weeks including licensing (as of November 2026).

Foreign investors in **Saudi Arabia** usually form an **LLC** after obtaining an investment licence from the Ministry of Investment (MISA), then commercial registration with the **Ministry of Commerce**. Profit attributable to foreign shareholders is taxed at 20%; the Saudi or GCC-owned share pays zakat.

Business structures

Most founders in Saudi Arabia form an LLC, registered with the Ministry of Commerce (commercial registration), with a MISA investment licence for foreign investors. [1] Other forms are listed below.

- **LLC** – limited liability company, the usual choice
- **Joint-stock company** – for larger or listed businesses
- **Simplified joint-stock company** – introduced by the 2023 Companies Law
- **Branch of a foreign company** – requires a MISA licence

Requirements

Minimum share capital in Saudi Arabia (2026): no statutory minimum under the Companies Law; licensing rules may require a minimum. Directors required: 1 manager. Local resident director: not required. [1]

- A company name that is available, checked with the registry.
- Share capital: no statutory minimum under the Companies Law; licensing rules may require a minimum.
- Directors: 1 manager.
- Local residency: not required.
- A registered office address in Saudi Arabia.
- Articles of association; standard templates are often available.

- Beneficial owners reported to the beneficial owner disclosure to the Ministry of Commerce.

Registration process

Typical time to register a company in Saudi Arabia (2026): usually 2–6 weeks including licensing. [1] **The usual steps are:**

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.
3. File the registration with the Ministry of Commerce (commercial registration), with a MISA investment licence for foreign investors.
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Zakat, Tax and Customs Authority (ZATCA).

Taxation

The corporate tax rate in Saudi Arabia in 2026 is 20% income tax on the foreign-owned share; 2.5% zakat on the Saudi/GCC-owned share. [2] **Standard VAT or sales tax: 15%.** [2]

Tax	Rate and notes
Corporate income tax	20% income tax on the foreign-owned share; 2.5% zakat on the Saudi/GCC-owned share
VAT / indirect tax	15%
Withholding tax on dividends to non-resident companies	5%

Ongoing compliance

Annual compliance in Saudi Arabia: Companies file annual zakat or income tax returns and audited financial statements with ZATCA, and renew their commercial registration. [1]

Double tax treaties

Saudi Arabia has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
5%	5%	15%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Saudi Arabia lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Saudi Arabia?

Typical registration time in Saudi Arabia: usually 2–6 weeks including licensing (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Saudi Arabia?

Minimum share capital in Saudi Arabia: no statutory minimum under the Companies Law; licensing rules may require a minimum (as of November 2026).

What is the corporate tax rate in Saudi Arabia in 2026?

The corporate tax rate in Saudi Arabia in 2026 is 20% income tax on the foreign-owned share; 2.5% zakat on the Saudi/GCC-owned share. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Saudi Arabia?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Saudi Arabia: not required.

What withholding tax applies to dividends paid from Saudi Arabia?

Saudi Arabia withholds 5% on dividends paid to non-resident companies under domestic law, often reduced by a tax treaty. See the Double tax treaties section.

Official registries and resources

- Ministry of Commerce (commercial registration), with a MISA investment licence for foreign investors
- Zakat, Tax and Customs Authority (ZATCA)

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in Georgia
- Company formation in the United Arab Emirates
- Company formation in Armenia
- Company formation in Qatar
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

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2. Official Zakat, Tax and Customs Authority (ZATCA) . Government of Saudi Arabia. Accessed November 2026.

3. Saudi Arabia: Corporate – Taxes on corporate income (reviewed 29 July 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
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