

**Executive Regulations Implementing
Law No. 116 of 2013
Regarding the Promotion of Direct
Investment in the State of Kuwait**

Chapter I: Definitions

Article (1)

The following terms and phrases shall bear the meanings corresponding to each of them:

Relevant Minister:	Minister of Commerce and Industry.
Authority:	Kuwait Direct Investment Promotion Authority (KDIPA).
Board:	Board of Directors of KDIPA.
Chairman of the Board:	Relevant Minister.
Director General:	Director General of KDIPA.
Law:	Law No. (116) of 2013 referred to above.
Investor:	Natural or legal person of any nationality.
License:	Investment license issued in accordance with the Law and these Regulations.
Investment Entity:	Any economic Activity that is licensed in accordance with this Law by virtue of an investment license which grants the legal existence in the State of Kuwait.
Capital:	What is employed or used directly for purposes of Direct Investment through an Investment Entity that is subject to this law, including: <ol style="list-style-type: none">1. Funds, financial and commercial securities, be they local or foreign2. Machinery, tools, equipment, means of transportation and other technological devices.3. Raw materials and intermediate goods required for the commencement of actual production or operations by the Investment Entity.4. Intangible rights such as patents, trademarks, licenses, registered trade names and industrial and technological designs.5. Profits and proceeds of the invested capital if used for the increase of the capital or if it is employed or used for the purposes of Direct Investment through an Investment Entity licensed in accordance with this Law and these Regulations.
Direct Investment:	An investment where the Investor, individually or with the participation of another investor, employs his capital directly through an Investment Entity in the State of Kuwait licensed in accordance with the Law.

Application:	The application submitted by the Investor to obtain, as applicable, the License or incentives or to merge Investment Entities, in accordance with principles and rules relevant to each case.
Activity:	Every Activity with economic impact through which Direct Investment is made, with the exception of the activities set forth in the list of investments whose activities are excluded from the scope of the Law, and that shall be determined by a resolution of the Council of Ministers.
Investment Register:	The register in which all data relating to Investment Entities and changes made thereto are recorded, including building permits and other licenses, approvals, authorizations and permissions required for the commencement of operations, which are issued by the competent authorities.
Commencement of Execution :	The commencement of preliminary procedures and activities that precede the commencement of operations by the Investment Entity.

Chapter II

Kuwait Direct Investment Promotion Authority

Article (2)

The Authority shall carry out the business achieving its objectives and competencies stipulated in the Law, and shall undertake the execution of any other tasks that are relevant to its objectives assigned thereto by the Council of Ministers or the Relevant Minister, or that would encourage Direct Investment in the country, develop and streamline the investment environment, facilitate procedures and eliminate obstacles facing the investors.

Article (3)

Each of the Chairman and the members of the Board, and the Director General shall commit to disclose their interests and the interests of their spouses and of their first degree relatives in any project or service to be presented to the Board. They shall in all cases shall refrain from participating in the discussion or the passing of any resolution related to such project or service; failing to do so; such resolution shall be null and void as well as all consequences arising therefrom. Such disclosure shall be presented in writing to the secretariat of the Board, which shall in turn refer it to the Board when discussing the project or service. The said disclosure shall advise on the interest referred to.

The Authority's employees shall also commit to disclose, and shall submit it to the Director General stating the interest and its relevance to the tasks and competencies assigned to them.

Chapter III

One-Stop Shop

Article (4)

The Authority shall have an administrative unit called the "One-Stop Shop". Such unit shall be staffed with a sufficient number of government authorities' employees to be specified by the Board.

The One-Stop Shop shall be responsible for completing the transactions relating to the Investor's establishment of the Investment Entity and any expansions and any changes thereto, and shall issue and renew approvals, permits and licenses relevant thereto. The One-Stop Shop shall also undertake any further tasks assigned by the Director General.

The One-Stop Shop shall be responsible for preparing introductory guides, to be approved by the Director General, setting out the requirements for completion of transactions. The One-Stop Shop

shall also be responsible for responding to any queries raised in respect of such guides.

Article (5)

The Authority shall prepare a list of specialized companies, firms and offices that are prequalified and approved to submit and follow-up on Applications in the name and on behalf of Investor; if the Investor wish to take up such representation.

Article (6)

The Authority and the government authorities represented in the One-Stop Shop shall coordinate in respect of the administrative supervision of the employees who are representing them in the One-Stop Shop.

Such employees shall be designated by the authorities they represent to perform the duties necessary for the completion of transactions without having to refer back to a higher authority in order to take the appropriate decision or action; and shall be provided with all data, information, forms and all else necessary to complete the tasks that fall within their competencies, including the following:

1. Receiving and delivering all the papers, Applications, documents, contracts, permits, licenses, approvals, receipts and fees; taking all actions, issuing g all necessary approvals and decisions relevant thereto, and follow it up with their original authorities, if rendered necessary.
2. Providing the services that fall within the jurisdiction of their original authorities, at the premises of the One-Stop Shop and following up with their original authorities, if rendered necessary.

Article (7)

The Director General shall oversee the work system within the One-Stop Shop, and shall set the rules, mechanisms, procedures and indicators that ensure the speed and accuracy of the completion of the transactions that fall within its jurisdictions; shall formulate and oversee a follow-up system that shall include receiving complaints and proposals submitted by stakeholders regarding the progress of their transactions, and shall take all actions, measures and decisions necessary in this regard.

Chapter IV Investment Entity and Applications to be submitted to the Authority

Article (8)

Without prejudice to the provisions of Articles (11) and (12) of the Law, the activities of Direct Investment shall be licensed in accordance with the provisions of the Law and these Regulations, through a specified Investment Entity, pursuant to any of the following forms:

- 1) A Kuwaiti company, incorporated for the purpose of Direct Investment pursuant to the provisions of the Companies Law referred to. The foreign investor might obtain a 100% share of the capital of a shareholding company, or a limited liability company, or a single-person company.
- 2) A branch of a foreign company licensed to operate in the State of Kuwait for the purposes of Direct Investment.
- 3) A representative office having the sole purpose of preparing market studies and production possibilities, without engaging in a commercial Activity or Activity of commercial agents.

Article (9)

Subject to the provisions of Article (12) of the Law, the Board shall set the specific principles and rules for the licensing of each type of Investment Entity referred to in the Law.

The Authority shall prepare the application forms for the various types of transactions that fall within its jurisdiction and in particular the following:

1. Licensing of an Investment Entity.
2. Granting of incentives and exemptions.
3. Amendments to the name, address, purpose, capital or domicile of an Investment Entity.
4. Amendments to the percentage of shareholders' equity in an Investment Entity.

The Relevant Minister shall determine the fees for the services rendered by the Authority.

Article (10)

The Authority shall receive the Applications, papers and documents submitted by the Investor or his representative. Submission may occur through any other means specified by the Authority, including registered mail or e-mail.

The Authority shall hand over to the applicant a receipt proving the acceptance of his Application for the purposes of review, after ensuring the fulfilment of all required conditions, information and documents.

Article (11)

The Authority shall set-up a register to record all Applications, according to their type and precedence. The register shall in particular record the following information:

1. The type of Application and its number.
2. The date on which the Investor received the receipt described in the preceding article.
3. The Investor's name, address and necessary identification particulars.
4. Type of Activity and the form of the Investment Entity.
5. The appropriate means of notification, which shall be specified by the Authority.

Article (12)

Deciding on the merits of Applications submitted shall be made in accordance with the provisions of the Law and these Regulations. Decisions and any necessary correspondence in this respect shall be issued with the signature of the Director General. The Investor shall be notified of the approval or rejection of the Application. In the event of a rejection, the decision for rejection needs to be reasoned and in writing.

Chapter V
Rules of License Applications

Article (13)

Without prejudice to the provisions of the Law and these Regulations, the License Application must include the information, data and documents required by the competent authorities, all of which shall be valid. The Investor shall reveal the time table of both the Commencement of Execution and commencement of operations.

Article (14)

In order to accept receiving the License Application for the establishment of a Kuwaiti company, it shall be accompanied by an initial study, which shall specifically include the following:

- 1) The type of proposed Activity or project.
- 2) The legal form of the company required to be licensed.
- 3) The size of the investment.
- 4) Financing structure and sources.
- 5) The economic and environmental impact.
- 6) The experience and capabilities of the investor.
- 7) The needs of the Investment Entity for national and foreign labour, area of land required, raw materials, intermediate goods and their supply sources.
- 8) The estimated annual quantity of water and energy required.
- 9) Any further data or clarifications requested by the Authority before or after the submission of the Application.

Article (15)

The Application for the licensing of a branch of a foreign company shall be accompanied by an initial study of the particulars set forth in the preceding article, in addition to a certified copy of the company's memorandum and articles of association, the latest audited balance sheet and a certificate evidencing its existence and performing its operations.

Article (16)

The Application for the licensing of a representative office shall include in particular the following:

- 1) The purpose of the establishment of the office.
- 2) A certified copy of the memorandum and articles of association of the foreign company, its latest audited balance sheet and a certificate evidencing its existence and performing its operations.
- 3) Any further data or clarifications requested by the Authority before or after the submission of

the Application.

Article (17)

The Authority shall decide on the merits of the License Application within thirty days as of the fulfilment of all conditions, data, papers and documents required by the Authority and the competent authorities.

In case the Authority approves the License Application, the incorporation of the Investment Entity and issuance of the commercial license shall proceed.

The License shall be issued by a decision of the Director General.

Article (18)

The Investment Entity must obtain the necessary approvals for the Commencement of Execution within one year from the date of issuance of the License, unless the time table submitted to the Authority specifies a longer period.

The Director General may grant additional time to the Investor if he submits acceptable reasons, provided that this period shall not exceed one additional year.

The Board may grant another time limit exceeding the time limit set forth in the preceding paragraph.

The Investor shall notify the Authority of the actual date of the commencement of operations within thirty days from such date.

Chapter VI Incentives and Exemptions

First The Procedures for Obtaining Incentives and Exemptions

Article (19)

The Investor shall submit to the Authority an Application to receive the incentives and exemptions provided for in Article (27) of the Law on the forms prepared for this purpose. This can accompany the License Application or can be done after the submission thereof, upon the fulfilment of all conditions and rules established by the Board in this regard.

Article (20)

The incentives and exemptions, including tax exemptions, granted to an Investment Entity with multiple activities shall be limited to the Activity approved by the Authority in this respect.

Second Tax Exemption

Article (21)

Each Investment Entity licensed in accordance with the provisions of the Law shall maintain regular accounts under the supervision of one or more certified auditors.

If an Investment Entity practices more than one Activity governed by the provisions of the Law and these Regulations, then the tax exemption period shall be calculated for each Activity separately as of the date of the commencement of actual operations. Regular and separate accounts shall be

maintained for each Activity.

Article (22)

The Investor may benefit from income tax or any other tax exemptions for a period not exceeding ten years beginning from the date of commencement of operations of the Investment Entity; provided that the Investor shall provide a tax return on the exempted Investment Entity in accordance with the dates to be specified by the Ministry of Finance.

Article (23)

The tax exemption Application shall be submitted to the Authority on the forms prepared for this purpose. The Application shall be submitted and the exemption period and value shall be determined by the Authority, in coordination with the competent authorities, in accordance with the provisions of Article (29) of the Law. The Board shall develop principles, rules and standards it deems appropriate in this regard.

The Investor shall comply with the financial and tax instructions issued by the Ministry of Finance, especially with regard to the submission of tax returns and any documents, data or clarifications requested for the sake of the implementing the exemption.

Article (24)

The Director General shall within fifteen days from the date of receipt of notification, following verification of the validity of the particulars of the notification provided for in Article (13) of these Regulations and of the commencement of operations, deliver to the interested party a certificate of tax exemption. Such certificate shall determine the scope of the Activity and the date of commencement of actual operations. The Ministry of Finance shall be served with a copy of such certificate, which shall be conclusive evidence towards all relevant parties.

The foregoing provisions shall apply to the expansion of the existing Investment Entity. The tax exemption in this case shall enter into force as of the commencement date of production or actual operations of the expansion.

Third Customs Exemption

Article (25)

The Application for the exemption from custom taxes and duties shall be submitted to the Authority in accordance with the forms prepared for this purpose. The Application shall be accompanied by a list of the materials, which are subject of the Application.

The Application for customs exemption shall be assessed in accordance with the principles, rules and standards to be established by the Board.

The customs exemption certificate shall be issued by the Director General and shall be conclusive evidence towards all relevant parties.

Article (26)

The Authority, in coordination with the General Administration of Customs and other concerned authorities, shall determine the cooperation mechanisms for handling the technical and procedural aspects of the Applications for customs exemption, in terms of the adoption of the lists of imports of Investment Entities, which are the subject of the Application.

Article (27)

The Investment Entity shall be fully or partially exempted from customs duties and taxes in accordance with the provisions of the Law and these Regulations, subject to the following:

- 1) The importation shall be made in the name of the Investment Entity or for its account.
- 2) The imported materials, in terms of quantity and quality are consistent with the nature and needs of the Activity of the Investment Entity.

Article (28)

Without prejudice to the provisions of Law No. (10) of 2003 on the promulgation of the Unified Customs Code for the Arab Gulf Cooperation States, the Investment Entity shall be fully or partially exempted from taxes and customs duties or any other fees that may be due on imports necessary for the purposes of the Investment Entity, including:

- 1) Machinery, tools, equipment, means of transport , and other technological devices.
- 2) Spare parts and necessary maintenance supplies for what has been described in the previous subsection.
- 3) Intermediate goods, raw materials, partially manufactured goods, wrapping and packaging materials and supplies.

Article (29)

The Investment Entity enjoying customs exemptions shall commit to maintain a register to record all machinery, equipment, devices, means of transport, spare parts, supplies, materials and goods subject to the said exemption.

Fourth Allotment of Land and Real Estate

Article (30)

The Board shall set out the principles, rules and standards on the basis of which the Application for the usage of land and real estate allocated to, supervised and administrated by the Authority, shall be assessed, as well as the determination of the areas that can be allotted to an applicant, and the manner of allotment.

Fifth Conversion of the Investment Entity

Article (31)

After obtaining the approval of the competent authorities, two or more Investment Entities may be merged. The new merged entity shall be the legal successor of the merged entities and shall subrogate them in their rights and obligations.

Article (32)

The new entity shall automatically be entitled to the shortest remaining duration of any exemption and privileges granted to any of the merged Investment Entities.

The new entity may submit to the Authority an Application for the receipt of other exemptions and incentives to complete the ten-year period provided for in Article (27) of the Law.

Article (33)

In case of an Investment Entity's division into two or more Investment Entities, the entities arising from such division shall be the successors of the divided entity and shall subrogate it in its rights and obligations, within the limits of the rights and obligations devolved thereto from the divided entity in accordance with the provisions of the division resolution.

Article (34)

In case the Investment Entity converts from one form to another, or if the licensed company converts from a legal form to another form; the conversion decision shall not affect the rights and obligations of the Investment Entity, or the Investor, or bona fide third parties.

Chapter VII Grievances

Article (35)

The Board shall form a committee to receive grievances, consisting of at least three members, from whom one shall be designated as the head of the said committee, which shall be competent to receive grievances from stakeholders regarding decisions issued by the Authority.

The grievance shall be submitted to the committee within thirty days from the date of notification or knowledge of the decision by the concerned person..

Article (36)

The grievance shall be accompanied by supporting documents, in particular, the following:

- 1) The name, designation, address and contact details of the person submitting the grievance.
- 2) The date of issuance of the decision that is subject of the grievance and the date of the notification or knowledge of such decision by the person submitting the grievance..
- 3) The subject of the grievance and the reasons upon which it has been based.

Article (37)

Grievances shall be submitted to the secretariat of the Board, who shall notify the Director General therewith upon the receipt thereof. Grievances shall be recorded in the register prepared for such purpose, and the person submitting the grievance shall receive a receipt indicating the registration number and date of the grievance.

Article (38)

The grievance shall be referred to the head of the committee, who shall determine the date of the hearing of the matter and shall notify the person submitting the grievance therewith, to attend before the committee in person, or by an agent or through a representative. The committee may ask relevant stakeholders to submit the clarifications and documents it requires.

Article (39)

The committee shall decide on the grievance on the basis of a reasoned decision within thirty days from the date of its registration. The committee's deliberations shall be confidential and its decisions shall be passed by majority, and shall be final.

Chapter VIII Judicial Officers

Article (40)

All Investment Entities shall be subject to the rules, regulations and supervisory instructions prescribed by the Authority; provided that the Authority shall coordinate with the Ministry of Commerce and Industry and other competent authorities in this regard.

Article (41)

The Relevant Minister shall issue a decision determining the employees who shall have the capacity of judicial officers to monitor the implementation of the provisions of the Law, the Regulations and implementing decisions

The persons who have the capacity of a judicial officer, in order to perform their duties of supervision and follow-up, shall have the right to take the following actions:

- 1) Access all premises of Investment Entities.
- 2) Access to all requested documents and data, and in particular, records, books, exhibits, documents, tapes and computer systems and any other means of data storage or processing.
- 3) Preparing written minutes documenting violations and referring the same to the competent authorities at the Authority.

The Investment Entity shall facilitate the tasks of the judicial officers and provide them with the foregoing as required.

Article (42)

The employees of the Authority who have the capacity of judicial officers shall comply with the following when performing their duties:

- 1) The duties of the judicial officer shall be performed during the official working hours, and at the premises of an Investment Entity.
- 2) The supervision and follow-up shall be done in respect of the activities licensed by the Authority. The goal of such activities shall be to verify the proper application of the provisions of the Law, its Regulations and implementing decisions.

Article (43)

The employees of the Authority who have the capacity of judicial officers shall submit a detailed report on the results of their work immediately after the completion thereof to the Director General, who shall transmit it to the Board with his opinion on taking the necessary decisions or actions in this regard.

Chapter IX
Investment Register

Article (44)

A special register called "Investment Register" shall be maintained by the Authority, in which all Investment Entities licensed in accordance with the provisions of the Law, and all Applications, Licenses, incentives, exemptions, sanctions and their associated data shall be recorded. All relevant documents and data shall be attached to such register.

The Director General shall issue the decisions for the setting up of the register, the content thereof, the mechanism of the registration therein as well as the documents and data required therefor.

Article (45)

The Investment Entity licensed by the Authority or granted incentives or exemptions in accordance with the provisions of the Law and these Regulations, shall notify the Authority in writing of any judgments, decisions or proceedings that would affect the Investment Entity's Activity or its continuation.

Any stakeholder shall notify the Authority of any judgments, decisions or proceedings referred to in the preceding clause, which shall be recorded in the Investment Register.