

30-year exemption for corporate income tax in Saudi Arabia.

December 2023



Saudi Arabia made a significant announcement on Tuesday, December 5, 2023. The kingdom has unveiled a generous tax incentive programme to attract foreign companies to establish their regional headquarters within its borders. This bold move includes a remarkable 30-year exemption from corporate income tax, showcasing Saudi Arabia's commitment to fostering a vibrant business environment.

The comprehensive tax exemption package, designed to incentivise foreign companies to choose Saudi Arabia as their regional hub, offers a zero per cent income tax rate for the regional entity and a similar exemption for withholding tax on approved activities for an impressive three decades.

Notably, international companies that avail themselves of these tax benefits will start enjoying them when their licences are issued. This timing adds an extra layer of attractiveness to Saudi Arabia as a prime destination for companies looking to establish a strong regional presence.

Since the programme's launch, Saudi Arabia has already managed to attract the attention of 200 foreign companies, reflecting the immediate interest and trust generated by these lucrative tax incentives. Khaled Al-Falih, Saudi Arabia's Investment Minister, enthusiastically stated, "The new tax exemptions granted on regional headquarters activities will give international companies in the kingdom more clarity of vision and stability." This sentiment echoes the kingdom's commitment to providing a stable and supportive environment for international businesses.

Saudi Finance Minister Mohammed Al-Jadaan echoed these sentiments, emphasising the government's eagerness to welcome more international companies to participate in various sectors, including large-scale projects and upcoming major events like the Asian Winter Games in 2029 and Expo 2030. This proactive approach underlines Saudi Arabia's ambition to become a prominent global business and cultural hub in the coming years.

The tax incentive programme underscores the kingdom's determination to diversify its economy and reduce its reliance on oil revenues. By enticing international companies to set up regional headquarters in Saudi Arabia, the government aims to stimulate economic growth, create job opportunities for its citizens, and encourage foreign investments.

“Saudi Arabia's announcement of substantial tax incentives for foreign companies seeking to establish regional headquarters within its borders is a game-changer in the global business landscape. The generous 30-year exemption from corporate income tax and other benefits will attract a growing number of international companies, solidifying Saudi Arabia's position as a strategic business destination in the Middle East. With a renewed focus on economic diversification and global engagement, Saudi Arabia is well on its way to becoming a significant player in international business.”

**Adel Daglas, Head of Tax
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