

Foreign Investment Law in State of Kuwait

From encouraging foreign investment in state of Kuwait and its role in economic development projects, added to closing the gap in resources and possibilities to obtain more developed technology, marketing administrative experiences owned by international companies to expand the investment base together with limiting immigration of national capitals abroad to provide new opportunities for national employment in private sector with the manner that contribute to treating disability problem in the state balance sheets, the Kuwaiti legislators issued a law decree No.10 for year 1999 in relation to organizing direct investment for foreign capital in state of Kuwait and included the following chapters and terms:

Chapter1 In Relation to Investment of Foreign Capital

Article 2

The Cabinet should determine the economic projects that the foreign investor may practice inside state of Kuwait whether in independent manner or by participation of national capital and with the manner that becomes in harmony with the public policy of state together with economic development plans.

Article 3

The license is issued for the foreign investor to practice one of the economic projects by decree from Minister of Commerce & Industry in accordance with recommendation from investment committee and after approval of the concerned authorities.

Article 4
It is allowed, by a decree from Minister of Commerce & Industry in accordance with a recommendation from investment license, to grant license for establishing companies in which the foreigners share amount to 100% of company capital in accordance with conditions and terms set by cabinet.

Chapter2 Investment Committee of Foreign Capital

Article 5

A new committee headed by Minister of Commerce & Industry is called investment committee of foreign capital where issuing its formation, work system, duration and its members' rewards is set by cabinet.

The head of foreign capital investment office assumes responsibility of undersecretary of this committee and the Minister of Commerce & Industry issues a decree in relation to committee work order.

Article 6

The investment committee is concerned with the following:

1. Studying investments applications and view recommendation involved
2. Promoting for available investment opportunities in the state added to taking initiative to attract foreign investments
3. Granting incentives to encourage foreign investor on investment as per

article 12 of this article by coordination with the concerned authorities taking into consideration supporting Kuwaiti private sector

4. Facilitating procedures of project license added to registering it and surpassing obstacles that may face its construction

5. Putting machinery for observing foreign investments performance with the objective of recognizing any obstacles it may face together with fixing them

6. Searching for what the foreign investors together with others related to the same concern in terms of complaints or those aroused among them from disputes resulting from application of this article laws and raising their recommendation in this concern to the concerned authorities

7. Signing laid down penalties in article 14 of this law

8. Preparing projects of regulations required for performing rules of this law

9. Reviewing those referred to it from Minister of Commerce & Industry in relation to matters deny rules of this law

10. Preparing annual report about foreign investment movement inside added to the most obstacles it faces and the methods of facing them to be raised to cabinet

Article 7

A new office, called foreign capital Office, is set up to shoulder the task of administrative and technical body in investment committee, and this formation and work system involved is issued as per a decree form minister of commerce & industry.

The office assume responsibility of receiving license applications and fulfilling hem by the concerned authorities together with making studies and presenting suggestions required in this concern and offering them on investment committee.

The office also assumes responsibility of everything related to foreign capital investment especially the following:

1. Informing the international market with the raised projects for investment added to showing the advantages in which the foreign capital investment is characterized in state of Kuwait.

2. Offering information, clarifications and statistics required for foreign investors.

3. Follow up executing licensed projects added to overcoming difficulties and obstacles they face.

4. Coordinate with the concerned authorities to facilitate entry of foreign investor in state of Kuwait and to reside in together with his representative or dealers with him outside Kuwait.

5. Preparing periodical statistical reports related to foreign investment activity added to preparing annual report raised to investment committee in relation to licensed projects to be raised to cabinet.

Chapter 3 Guaranteed Warranties for Foreign Investment

Article 8

It is not allowed to attribute any licensed foreign project to the state in accordance with rules of this law except by indemnity equals its marketing value.

It is not allowed also to cause damage to obtained advantages and rights of the licensed foreign investor as per rules of law except by indemnity for these rights and advantages.

Article 9

This law is effective on established investments that are considered revenues to foreign capital with the amount that achieves goals of this law. This provided that the advantages, exemptions and guarantees granted to them do not lesser than its previous decided rules, and that the applications are offered by the foreign investor to make the best use of advantages laid down herein in this law and raised to foreign capital investment committee for review as mentioned in article 6.

Article 10

1. The foreign investor may have the right to transfer his investment to another foreign investor or to national investor or rather cede it in the event of participation provided that this occurs in accordance with regulations and laws in force in state of Kuwait together with licenses terms.
2. In the event that the ownership was transferred to another foreign investor, the dealing of investment continues as per laws of this law.

Article 11

The foreign investor may have the right to transfer his profits and capital abroad together with the indemnity laid down in article 8 of this law. The non-Kuwaiti employees in this project and those who deal with him outside Kuwait may have the right to transfer their savings and dues abroad.

Chapter 4 Settled Advantages for Foreign Investment and Its Obligations

Article 12

The investment committee shall have the right to grant foreign investment all or some of the following advantages in the light of scope of contribution of such project to performance of economic development plans in state of Kuwait:

1. Exempting from income tax or any taxes or other fees for a period not exceed ten years from the start of project effective operation. This added to exempting any new investment in this project from taxes and fees for an exemption period similar to this granted to original investment upon establishment of project.
2. Making the best use of advantages resulting from agreements of avoiding double taxation added to agreements of encouraging and protecting investment.
3. exempting fully or partially from customs in relation to the following imports:
 - a. Machines, equipments and pieces required for construction, replacement, expansion and development
 - b. Raw materials, half manufactured goods and binding materials and packaging

added to other materials required for productive purposes

4. Exempting from all or some restrictions imposed on exports and imports
5. Specifying lands and real estate required for their purposes in accordance with laws and regulations in force in state of Kuwait.
6. Recruiting foreign employment required for their purposes in accordance with laws and regulations in force in state of Kuwait.

Article 13

The foreign investor should adhere to the following:

1. Give priority to national employment in case of its availability added to working on training it with imparting it to required skills.
2. Keep safety and soundness of environment from pollution.
3. Keep public arrangement and public morals

Chapter 5 Penalties

Article 14 In the event that the foreign investor breaches any judgment of this law or any licenses terms or laws and regulations in force in state of Kuwait, the committee may have the right to force him one of the following penalties:

1. Warning
2. Notice
3. Deprivation of licenses granted to him fully, and the foreign investor, in the event of deviating from breaching terms, may have the right to ask for review in the decision of deprivation.
4. Stop Project administrative for specific period.
5. Cancel license and clearing investment.

The foreign investor and the concerned people shall have the right to offer complaint to cabinet due to these penalties laid down in terms 3,4 and 5 during thirteen days from the date of his notification with the decision of penalty, and in the event that the complaint was refused, the decision should be written and with a reason.

In case that sixty days of complaint passed without taking any final decision, this complaint will be considered refused.

Chapter 6 Concluding Judgments

Article 15

It is agreed upon that any dispute arising between foreign investment projects and others should be referred to international or local arbitration authority. Others here refer, in relation to application of these material judgments, to those government authorities and natural together with legal persons in general and private.

The foreign investment, in accordance with rules of this law, has the benefit of principles of secrecy of information, equality and keeping investment initiatives as per related effective laws judgments.