

# Limited Liability Company (LLC) Formation in Saudi Arabia – 2024 Guide

## What is an LLC?

A Limited Liability Company (LLC) is a flexible business structure that combines features of a partnership and a corporation. It provides limited liability protection to its shareholders while maintaining a simplified management structure. In Saudi Arabia, LLCs are the preferred business form for both local and foreign investors due to their flexibility and compliance with the latest Saudi Companies Law.

## Key Benefits of Forming an LLC in Saudi Arabia

- **Limited Liability Protection:** Shareholders are only liable for the company’s debts up to the value of their capital contribution.
- **100% Foreign Ownership:** Most sectors allow full foreign ownership without a Saudi partner, subject to MISA (Ministry of Investment Saudi Arabia) approval.
- **Attractive for Government Contracts:** LLCs are eligible to bid for government contracts and projects.
- **Flexible Management:** LLCs can be managed by one or more managers of any nationality.
- **Easier Market Entry:** The regulatory framework supports and facilitates foreign investment.
- **Digital Incorporation:** Most registration steps are now digital through the Invest Saudi portal.

## Updated Requirements for LLC Formation (2024–2025)

Requirement	Details
Minimum Capital	No fixed capital for most sectors; MISA assesses on a case-by-case basis. Industrial projects may require SAR 5M+.
Shareholders	Single-shareholder LLCs are now permitted under new law.
Managers	At least one manager is required; can be a foreigner.
Auditor	Mandatory for annual audit and SOCPA-registered.
Supervisory Board	Required if shareholders exceed 20.
Office Location	A local office address in Saudi Arabia is required.

## Step-by-Step Process to Establish an LLC

1. **Reserve a Company Name** – Through the Ministry of Commerce platform.
  2. **Draft the Articles of Association (AoA)** – With business activity description.
  3. **Apply for MISA Investment License** – For foreign-owned entities.
  4. **Open a Bank Account** – After initial approvals; deposit capital if needed.
  5. **Obtain Commercial Registration (CR)** – From the Ministry of Commerce.
  6. **Register with ZATCA** – For tax and VAT purposes.
  7. **Register with Chamber of Commerce** – Mandatory for operations.
  8. **Apply for Municipality License** – Based on office location.
  9. **Enroll in GOSI and Qiwa** – For labor compliance and Saudization tracking.
  10. **E-Invoicing Compliance** – Mandatory under ZATCA Phase 2 for all registered businesses.
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## Important Legal Features

- **Separate Legal Identity:** LLC is a distinct legal entity.
  - **Unlimited Duration:** Businesses can be established with indefinite lifespan.
  - **Saudization Requirement:** Must meet workforce localization targets based on sector and size.
  - **E-invoicing & Tax Compliance:** Businesses must adhere to VAT, CIT, and electronic invoicing standards under ZATCA.
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## Why Choose a Professional Consultant?

Setting up an LLC in Saudi Arabia requires navigating multiple regulatory authorities. A professional service provider like SBH or others can:

- Expedite registration and licensing
  - Ensure compliance with MISA, ZATCA, GOSI, Qiwa, and municipal requirements
  - Provide ready-made office solutions and bookkeeping support
  - Ensure Saudization and labor law compliance
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## References and Resources

- [Invest Saudi \(MISA Portal\)](#)
- [ZATCA Official Website](#)
- [Saudi Ministry of Commerce](#)
- [Saudi Companies Law 2023 Update]
- [SOCPA Guidelines]