



MEHWAR AL MADAR PRESENTS

The Investor's Shield

10 Critical Mistakes to Avoid
When Opening a Company in KSA

Why 30% of Applications Get Rejected

Saudi Arabia is currently the fastest-growing G20 economy. With Vision 2030, the Kingdom has opened its doors to 100% foreign ownership, digital licensing, and tax incentives.

However, "Open for Business" does not mean "Regulation-Free."

The synchronization between the Ministry of Investment (MISA), Ministry of Commerce (MC), and Zakat, Tax and Customs Authority (ZATCA) is precise. A small error in Step 1 (Licensing) can result in a blocked bank account in Step 5.

Our Promise

We created this guide to save you time, money, and frustration. These are the top 10 pitfalls we see investors fall into—and exactly how to avoid them.

CRITICAL

1

Believing the "Sponsor" Myth

✗ Mistake: Thinking you need a Saudi partner for 51%.

✓ The Fix: The "Kafeel" system is dead for corporate investment. MISA allows 100% foreign ownership in most sectors.

2

Choosing the Wrong ISIC Code

✗ Mistake: Selecting generic "General Trading" codes.

✓ The Fix: Use specific ISIC-4 codes (e.g., "6201 Computer Systems"). Generic codes block you from government tenders.

3

The "Zero Capital" Trap

✗ Mistake: Declaring 0 SAR capital to save money.

✓ The Fix: Banks view 0 capital as "High Risk." We recommend declaring 500,000 SAR (unpaid) to secure credit facilities.

4

Ignoring Attestation

✗ Mistake: Bringing plain scans of parent docs.

✓ The Fix: Follow the chain: Notary → Foreign Affairs → Saudi Embassy. Without the Embassy stamp, your papers are invalid.

5

The "Remote General Manager"

✗ Mistake: Appointing a GM who lives in London/NY.

✓ The Fix: You cannot open a bank account without a physical visit. The GM needs residency (Iqama) to operate banking.

6

Forgetting E-Invoicing (Fatoora)

FINANCIAL

✗ Mistake: Issuing Excel/Word invoices.

✓ The Fix: Phase 2 is mandatory. You must use ZATCA-compliant software (like Xero/Zoho) to generate QR codes.

7

The "Year 2" Budget Shock

✗ Mistake: Budgeting only 2,000 SAR for MISA.

✓ The Fix: 2,000 SAR is the Year 1 promo. Year 2 subscription is often 62,000 SAR. Factor this into your P&L.

8

Using Personal Accounts

✗ Mistake: Paying suppliers via personal transfers.

✓ The Fix: This is "Commercial Concealment" (Tasattur). It breaks the corporate veil and risks deportation.


Are You Ready to Launch?

Use this final pre-flight checklist before submitting your application to MISA.

- Have I chosen LLC vs Branch?
- Is my parent company CR attested?
- Is my GM ready to travel to Riyadh?
- Have I budgeted for the Year 2 fee?
- Do I have a ZATCA-compliant accountant?

Need help fixing these mistakes?

BOOK FREE STRATEGY CALL

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