



Establishing Regional Headquarters in the Kingdom of Saudi Arabia

Your strategic advisor throughout your journey

February 2024

Introduction

The Kingdom of Saudi Arabia (KSA) has experienced significant growth across various sectors, leveraging its natural resources and strategic geographical and cultural position bridging three continents. Aligned with Vision 2030, KSA continues to thrive as a global driver for innovation, fostering a more diverse and sustainable economy, and playing a pivotal role in international trade, connecting Africa, Asia, and Europe.

As the national transformation strategy progresses, the Kingdom has expanded its focus to include numerous specific objectives and sub-sector initiatives, such as the Health Sector Transformation Program, Regional Headquarters (RHQ) Program, and Special Economic Zones. Additionally, new mega and giga projects like NEOM, Qiddiya, Amaala, Red Sea Global, and Diriyah Gate have been introduced to support its ongoing transformation.

Regional Headquarters in the Kingdom of Saudi Arabia

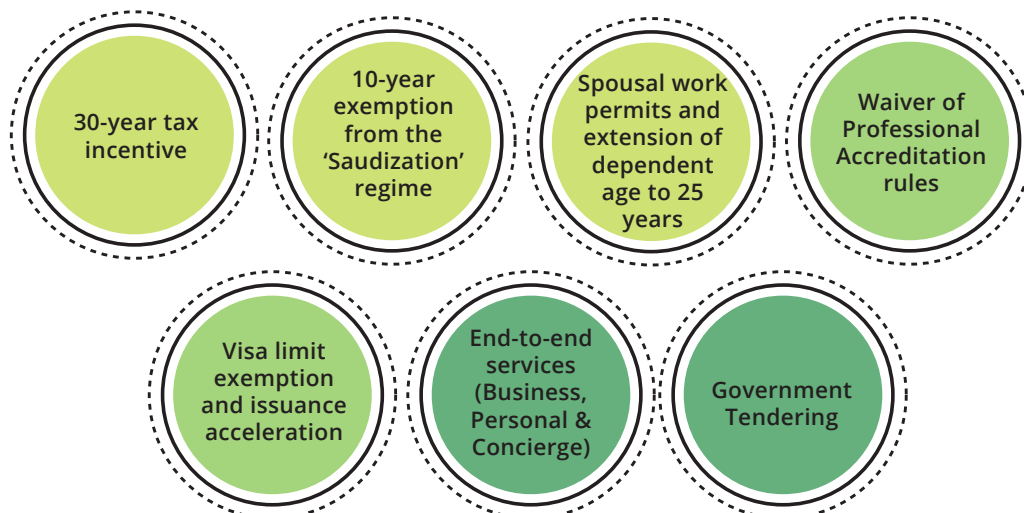
In line with Vision 2030, the RHQ Program was launched in February 2021, a collaborative initiative between the Ministry of Investment (MISA) and the Royal Commission for Riyadh City (RCRC). This program offers multinational companies the opportunity to establish a strategic presence in KSA.

According to guidance issued by MISA in February 2022, multinational groups with foreign parents conducting business in more than two jurisdictions through the parent entity, subsidiaries, branches, or affiliates can apply for an RHQ license in KSA. This license enables them to support, manage, and provide strategic direction to their branches, subsidiaries, and affiliates operating in the Middle East and North Africa region.

The guidance stipulates that RHQs are restricted to engaging solely in RHQ-related activities. The mandatory RHQ activities must commence within six months following the issuance of the license. Additionally, an RHQ must commence at least three optional RHQ activities within one year of receiving the RHQ license. Furthermore, it is required to staff 15 employees, including three executive-level positions, within the first year of its operations.

Benefits of Establishing an RHQ in KSA

Establishing an RHQ in KSA provides a wide range of benefits including:

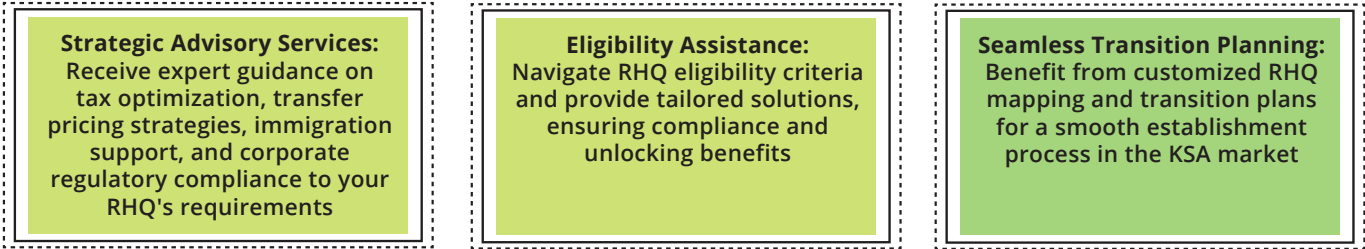


How can Deloitte help?

Deloitte, through its Foreign Investment Advisory Center of Excellence (FIAC), can empower your investment journey in KSA by assisting with the establishment of an RHQ within the Kingdom. We possess an in-depth understanding of the local landscape, including its complexities and challenges, and will provide you with the necessary support to navigate the unfamiliar regulatory, legal, and cultural terrains. We have developed a phased approach tailored to your current stage in the investment journey, as outlined below.

Phase 1 – Design and architecture of your RHQ structure

At this stage, we examine initial advisory matters that outline the areas to consider in structuring and setting up an RHQ.



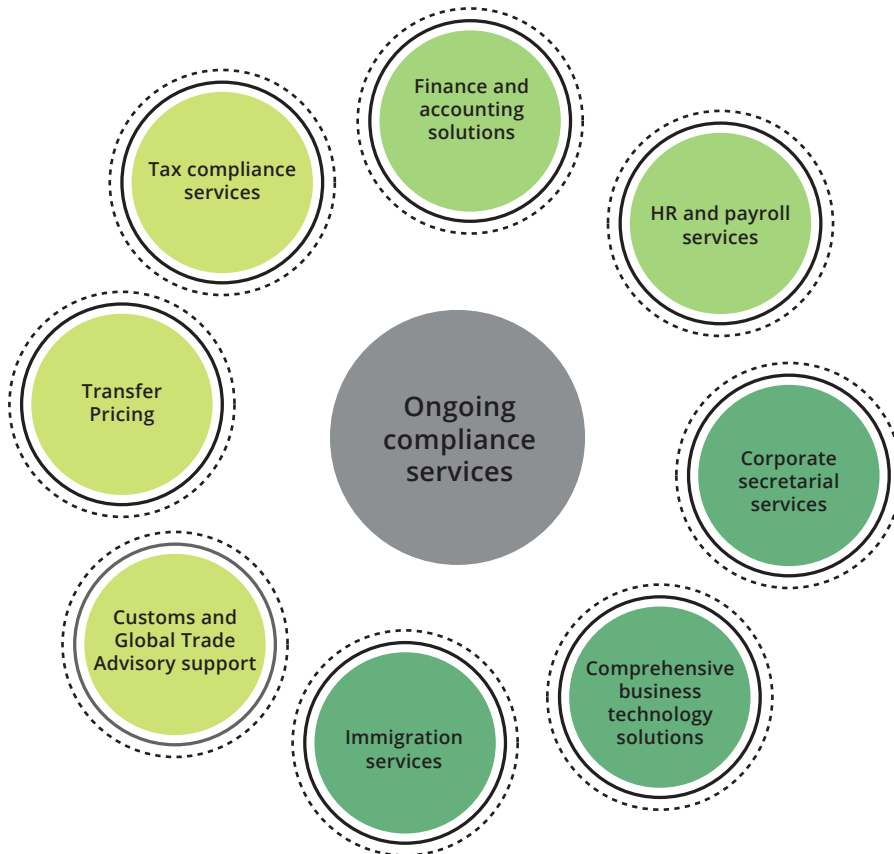
Phase 2 – Setting up an RHQ entity

Through our local experience and knowledge, we provide practical, hands-on support throughout the execution process.



Phase 3 – Ongoing compliance services

Our comprehensive post-setup support services helps your RHQ to remain compliant and operational, while effectively navigating the unique challenges of a new market landscape.



Our team of local experts, supported by a global network, is committed to guiding you through the RHQ initiative in the Kingdom through the above full suite of services and end-to-end solutions.

Contacts

Deloitte has maintained a presence in Saudi Arabia since 1950, with offices in Riyadh, Jeddah and Al Khobar, including an RHQ office in Riyadh. Our specialists have a deep understanding of the region and local market. We welcome the opportunity to discuss your needs in detail and offer a clearer understanding of the RHQ program and other foreign investment matters, facilitating your establishment in the Kingdom of Saudi Arabia.

Get in touch with one of our experts listed below or usual Deloitte contact.



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