

LEX MUNDI
PUBLICATION



ISSUES RELATING TO FOREIGN INVESTMENT

Kuwait

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1. Is state governmental permission required for foreign investors to acquire real estate? If so, please identify.

Generally, only Kuwaiti and GCC individuals or entities are permitted to acquire or own real estate in Kuwait. Pursuant to Law No.1 of 2004, GCC citizens are treated similarly like Kuwaitis as regards ownership of real estate. Pursuant to the above law, GCC individuals and entities, which are entirely owned by GCC nationals, are permitted to acquire real estate (for residential as well as business purposes) without requiring any special governmental permission.

Foreigners other than GCC citizens are not permitted to acquire real estates except under certain conditions stipulated in Law No.74 of 1979 concerning the acquisition of real estates by non-Kuwaitis. Pursuant to this law, Arab and foreign countries may acquire ownership of real estates allocated for the location of their diplomatic missions, and residence of the ambassador and members of such mission provided a decree must be issued to this effect by the Council of Ministers.

Further, any Arab citizen, holding the nationality of an Arab state, may acquire the ownership of only one estate in Kuwait for residential purpose in any of the residential areas, if a decree is issued by the Council of Ministers giving him this right

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upon fulfilling certain conditions prescribed by law or any other conditions stipulated by the Council of Ministers.

Limited liability companies, which are partly or wholly owned by foreign individuals or entities (except GCC individuals or entities), are prohibited from acquiring real estates in Kuwait. However, joint stock companies which are partly owned by non-Kuwaitis and where its objects do not include real estate investment, may acquire the estate required for the management thereof or for the achievement of its purposes, pursuant to a decree issued by the Council of Ministers, granting such right and provided certain conditions stipulated in the law shall be observed.

Further, under the Direct Foreign Capital Investment Law No.8 of 2001, foreign investors (individuals or corporate entities) can own or acquire real estate necessary for investment in specific projects, as prescribed under the law, pursuant to a permission granted by the Foreign Capital Investment Committee. Such permission would be granted only if the acquisition of real estate is necessary for the investment purpose and upon fulfilling certain requirements set under the law.

- 2. Are there other state restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.**

Please see 1 above.

- 3. Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?**

As advised above, foreigners (except GCC and Arab nationals) are not permitted to acquire real estates in Kuwait except pursuant to a permission granted by the Foreign Capital Investment Committee under the Direct Foreign Capital Investment Law. Under the Direct Foreign Capital Investment Law, foreign investors are not required to invest with a local partner. As regards GCC and Arab nationals, there is no requirement to invest in real estate with a local partner as the law permits them to acquire real estates on their own.

- 4. What state taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities, which acquire real estate?**

There are no taxes levied solely on GCC and Arab nationals or entities owned by GCC citizens in transactions related to acquiring or transferring of real estate or interests in entities which acquire real estate. Further, there are no taxes levied solely on foreign investors acquiring or transferring real estate under the Direct Foreign Capital Investment Law. The fees imposed by the Real Estate Registration and Authentication Department towards transferring real estate, amounting to ½ % of the estate value, will be applicable upon Kuwaitis as well as foreign individuals or entities.

5. Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.

There are no special reporting requirements for acquisition, ownership or disposition of real estate relating to foreign ownership of real estate. However, all alienation in respect of a real estate (either by a Kuwaiti or a foreign national) must be registered with the Real Estate

Registration and Authentication Department, as per the registration procedures prescribed in the Decree No.5 for the year 1959 enacting the Real Estate Registration Law.