



Types of Investment Entity

PART ONE

Type of Applications for an Investment Entity under the [Law No. 116 of 2013](#)

A. ESTABLISHING A KUWAITI COMPANY: A foreign investor may establish a permanent presence in Kuwait through forming any of the three main forms of companies with 100% foreign ownership:

1. Limited Liability Company (W.L.L): Foreign individuals and corporates may establish a Limited Liability Company (WLL) in Kuwait. However, these types of companies provide a limited liability shield. Since Kuwaiti citizens do not pay individual income tax, and only non-Kuwaiti corporate bodies pay corporate tax (15%), WLL companies do not pay taxes.

2. Single Person Company (SPC): The New Commercial Law recognized the Single Person Company in article (3) which stipulates that "It is permitted, in the cases foreseen by the law, to establish a company pursuant to the unilateral will of one individual". Chapter 7 (article 85- article 91) outlines the basic framework that governs the regulations of the Single Person Company. The Law also determined that such company is closer in nature to the limited liability company. The main advantage for establishing a Single Person Company is the limited responsibility of the owner for the company's debts and losses to the extent of the company's capital.

3. Shareholding Company: Kuwait enacted a law permitting non-Kuwaitis to hold shares in publicly traded shareholding companies, however, [Law No.116/2013](#) permits the foreign entity to form a Joint Stock Company in the two forms:

- i. **Public Shareholding Company** Is a company whose capital is divided into tradable shares of equal value. The responsibility of the shareholder shall be limited to the contribution of the value of the shares subscribed for by him and he shall not be liable for the company's obligations, except to the extent of the nominal value of the shares in which he has subscribed
- ii. **Closed Shareholding Company (KSC Closed):** The shares in the capital of the closed shareholding company shall only be subscribed for upon incorporation by the incorporators. With the exception of the provisions contained in this law in respect of the public shareholding company shall apply to the closed shareholding company.

B. BRANCH TO OPERATE IN KUWAIT: A branch of a foreign company licensed to operate in the State of Kuwait for the purpose of Direct Investment. (Refer to [Decision No. 394 of 2019](#) for a more detailed explanation on the foundations, conditions and licensing controls for foreign branches).

C. REPRESENTATIVE OFFICE: A representative office may be established by a foreign investor having the sole purpose of preparing market studies and production possibilities, without engaging in any commercial activities or sign any commercial agreements. (Refer to [Decision No. 393 of 2019](#) for a more detailed explanation on the foundations, requirements and licensing controls for representative offices of foreign companies).