

The New Kuwait Business Center and the 'One-Window Transaction'

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May 2017

During the last few years, the Kuwait government has taken a number of positive steps towards sustainable development and economic growth by reducing bureaucracy, quickening the administrative process, and generally promoting the Kuwaiti economy.

In addition to numerous amendments and developments made to the existing laws and regulations, a number of new laws have been issued to tackle fundamental obstacles in facing investors in the State of Kuwait, such as Law No. 116 of 2013 (Regarding the Promotion of Direct Investment in the State of Kuwait), Law No. 116 of 2014 (Regarding Public Private Partnerships), Law No. 20 of 2014 (Promulgating the Electronic Transactions Law), Law No.13 of 2016 (Regulating Commercial Agencies), and Law No 49 of 2016 (Public Tenders Law).

In light of the emerging trend, the Ministry of Commerce and Industry ("MOCI") recently launched the new 'One-Window Transaction' at the Kuwait Business Center ("KBC") as a significant shift to a successful implementation of a 'paperless' government initiative. The notion of KBC was conceived in late 2015 when the Kuwait government contemplated gathering all government bodies under one umbrella with the ability of submitting the necessary documents for a company's establishment electronically in order to make it easier for investors and reduce delays in incorporating an entity. By going 'paperless' effectively, government bodies are able to reduce bureaucracy and significantly improve efficiency and cost benefits. However, many entrepreneurs, investors and professionals were eager to see whether this new KBC will run effectively and have the capacity and resources to deal with the volume of requirements from the differing governmental authorities, particularly with the general lack of communication between such government bodies which often presents frustrating challenges.

After considerable efforts of the officials, H.E. Khaled Nasser Abdullah Al-Roudan the Minister of Commerce and Industry announced the trial of the KBC in Ishbiliya Area in the latter quarter of year 2016. Thereafter, the KBC was officially launched at the end of 2016 and headed by Mrs. Adawiyah Al Failakawi.

We are pleased to confirm that the newly devised system works very well. The government has achieved their objectives to create a paperless system for the incorporation of companies. Whilst the time required to establish an entity used to take an average of 7 – 9 weeks and included numerous visits to various government bodies, this has been significantly reduced to only three days (on occasion, less), with just one visit required in order to authenticate the memorandum of association before the notary public at the Ministry of Justice and subsequently register an entity in the Commercial Registry. Thereafter, within approximately six months, investors may apply electronically to obtain the commercial or industrial license required to carry out their desired business whilst the KBC assists in expediting the regulatory approvals. Moreover, in the event that an authority delays in sending their approval, the KBC will provide investors with a temporary license for 60 days in order to carry out their business and allow time to follow-up with the concerned authority.

At this stage, the KBC is fully functioning but accepts only establishment applications of certain types of profit companies such as Partnership, With Limited Liability and Single Person Companies.

Currently it does not accept applications for establishing shareholding nor non-profit companies.

Furthermore, it is worth noting that the KBC is using a standard form of memorandum of association and are very reluctant to make any substantive changes to this. Accordingly, investors are not free to tailor the registered memorandum of association to reflect the actual agreed terms they wish to incorporate within it. Nonetheless, the founders may register their new entity and afterwards amend the Memorandum of Association through the traditional route at the MOCI.

In conclusion, while incorporating and registering an entity might have been an intimidating process before, now through the KBC:

- The application for establishing an entity has become much more simple;
- An effective link has been successfully established between over 35 government bodies; and
- The officials of the KBC are very professional, friendly and keen to provide the support required to investors through its' entire incorporation process'.

We believe that launching the KBC and providing such professional services to investors will enhance Kuwait's ranking position within The World Bank's annual 'Doing Business' report and enable Kuwait to attract further foreign investment to sustain and grow its economy into the future.