

Statute of the Integrated Logistics Special Zone

Article 1

In this Statute, the following terms and phrases shall have the meanings assigned thereto:

1. Statute: The Statute of Integrated Logistics Special Zone.
2. Zone: The Integrated Logistics Special Zone.
3. Competent Authority: The General Authority of Civil Aviation.
4. Assembly: The process of supplying products with different tariff codes and assembling them into a final product with a tariff code.
5. Simple Manufacturing Processes: The processes of assembling, disassembling, reassembling, washing, engraving, testing, and designing a product, without changing its tariff code.
6. Goods: Products, commodities, parts, materials, devices, equipment and other items of different types and forms which are imported or brought into the zone, including items used in simple manufacturing processes, as well as in any repair, maintenance, modification, change, and development processes within the zone.
7. Other Goods: Goods which are produced by simple manufacturing processes, as well as goods which are processed, modified, changed, and developed within the zone.
8. Mainland: The territory of the Kingdom of Saudi Arabia, excluding the zone.
9. Permanent Establishment: This term shall have the meaning assigned thereto in the Income Tax Law, promulgated by Royal Decree No. (M/1), dated 15/01/1425H.
10. Nonresident: This term shall have the meaning assigned thereto in the Income Tax Law, promulgated by Royal Decree No. (M/1), dated 15/01/1425H

11. Unified Customs Law: The Unified Customs Law for the GCC States, approved by Royal Decree No. (M/41), dated 3/11/1423H.
12. Value Added Tax: This term shall have the meaning assigned thereto in the GCC Unified Value Added Tax Agreement, ratified pursuant to Royal Decree No. (M/51), dated 3/5/1438H.
13. Supply: This term shall have the meaning assigned thereto in the GCC Unified Value Added Tax Agreement, ratified pursuant to Royal Decree No. (M/51), dated 3/5/1438H.
14. Existing Establishment: Any company or branch thereof that engages within the zone in the activities referred to in Article 6 of this Statute.

Article 2

This Statute aims to establish a logistics special zone where the activities stated in Article 6 of this Statute are carried out to attract quality investments.

Article 3

1. An integrated logistics special zone on the land of King Khalid Airport in Riyadh shall be established under this Statute, the area and geographical location of which are specified in the Map attached to this Statute.
2. The establishment of other integrated logistics special zones on the land of any airport in the Kingdom shall be pursuant to a decision by the Council of Economic and Development Affairs upon the recommendation of the Competent Authority; such zones shall be subject to the provisions of this Statute.

Article 4

1. The Competent Authority shall be in charge of managing, developing, and supervising the zone and regulating the activities therein, and shall have the necessary relevant powers.
2. The Competent Authority may wholly or partially assign the management,

development, and supervision of the zone to the private sector.

Article 5

1. The Competent Authority may exclusively own the lands and assets located within the zone and may, in accordance with its rules, grant usufruct rights over such lands and assets.
2. The Competent Authority may, pursuant to its rules, provide all types of guarantees and undertakings.

Article 6

The following activities may, upon obtaining the necessary licenses and approvals from the Competent Authority, be carried out within the zone:

1. Maintaining, repairing, processing, modifying, developing, assembling, and storing goods.
2. Sorting, packing, repacking, packaging, trading, distributing, handling, and using in any form goods or other goods, including simple manufacturing processes.
3. Importing, exporting, and re-exporting.
4. Value-added services, logistics services, and after-sales services.
5. Recycling waste and electronic waste.

Article 7

1. Goods and other goods shall be deemed under customs suspension and shall not, pursuant to the Unified Customs Law, be subject to customs duties.
2. Goods and other goods which are transferred from the zone to the mainland shall no longer be under customs suspension.
3. Goods and other goods which are temporarily transferred to the zone shall be deemed under customs suspension.

Article 8

1. Goods and other goods under customs suspension shall not be subject to

- value added tax.
2. Supply of goods under customs suspension shall not be subject to value added tax, pursuant to Article 7 of this Statute, unless supplied goods are used in activities other than those mentioned in Article 6 of this Statute.
 3. Goods and other goods which are temporarily transferred between the mainland and the zone for purposes of repair, maintenance, and after-sales services shall not be subject to value added tax.

Article 9

In applying the Income Tax Law, issued by Royal Decree No. (M/1), dated 15/01/1425H, a non-resident carrying out an activity directly related to goods or other goods located within the zone shall not be deemed an owner of a permanent establishment in the Kingdom, subject to the rules and conditions issued by the General Authority for Zakat and Income in accordance with Article 10 of this Statute.

Article 10

The General Authority for Zakat and Income shall issue the income tax rules and conditions to be applied to existing establishments within the zone which carry out their activities within the zone in accordance with the provisions of this Statute and the zone's objectives.

Article 11

Financial restrictions shall not be imposed on existing establishments within the zone in terms of borrowing from abroad, capital recovery, transfer of revenues and profits, and payment of commissions and other similar payments.

Article 12

1. The Competent Authority shall exclusively undertake the following:
 - a) Issuing the necessary licenses and approvals to establishments which seek

to carry out the activities provided in Article 6 of this Statute, and determining and collecting the fees therefor, provided they do not exceed the prescribed fees.

- b) Monitoring and inspecting existing establishments within the zone.
2. The Competent Authority and the relevant agencies shall decide on the necessary arrangements to implement the provisions of paragraph (1) of this Article.

Article 13

An existing establishment within the zone shall, in addition to placing its name on its publications, contracts, invoices, correspondence, and brochures, state that:

1. it is incorporated or registered in accordance with this Statute; and
2. it exists within the zone.

Article 14

1. The Ministry of Human Resources and Social Development shall grant the Competent Authority the necessary work visas, as determined by the Competent Authority, to achieve the zone's investment objectives.
2. The Competent Authority shall coordinate with the relevant agencies to obtain work and residence permits for workers within the zone.
3. The Competent Authority may, in order to meet the needs of the existing establishments within the zone, facilitate the employment of workers recruited under paragraph (1) of this Article.

Article 15

The movables of existing establishments within the zone, including intellectual property rights, shall not be subject to private ownership restrictions, and shall not be confiscated except pursuant to a court ruling.

Article 16

The Competent Authority shall coordinate with the Ministry of Human Resources and Social Development in setting the zone's Saudization requirements and programs to achieve the zone's investment objectives.

Article 17

The Competent Authority shall coordinate with relevant security agencies within the airport area to determine the role of each agency within the zone.

Article 18

Where this Statute is silent, the zone shall be subject to the laws and regulations applicable in the Kingdom.

Article 19

Statutes or regulations issued subsequent to this Statute may not prejudice any of the provisions and exceptions provided in this Statute, unless otherwise expressly stated.

Article 20

The Competent Authority shall issue the Statute's implementing rules and decisions, in coordination with the relevant agencies, each within its jurisdiction.

Article 21

This Statute shall be published in the Official Gazette and shall enter into force on the date of its approval.