Andersen Saudi Arabia, in Collaboration with Andersen Mexico Consulting Services, Presents Family Business & Corporate Governance Advisory

As Saudi family businesses scale, diversify, and internationalize, governance is no longer optional. Robust family and corporate governance frameworks are essential to ensure clarity between ownership, management, and family roles, reduce key-person dependency, and meet rising regulatory and investor expectations.

In the context of Vision 2030, governance acts as the foundation that enables sustainable growth, succession readiness, and regulatory confidence while preserving family values and control.

Family businesses form the backbone of the GCC economy, yet many remain exposed to avoidable risks

With increasing regulatory oversight, cross-border investments, and evolving tax frameworks, traditional approaches to wealth management are no longer sufficient. Structured family business planning, integrating governance, succession, and asset protection, has become essential to safeguarding wealth and ensuring long-term sustainability across generations

In Saudi Arabia, Private Client Services has gained significant importance in recent years, driven by the rapid economic transformation under Vision 2030 and the increasing focus on financial transparency and succession planning. As family businesses transition to the next generation and international mobility rises, individuals are seeking professional guidance to navigate evolving Zakat, tax, and reporting regulations while preserving their legacy and ensuring sustainable growth

Tax, Regulatory, and Cross-Border Considerations

As family wealth increasingly spans multiple jurisdictions, tax and regulatory considerations have become central to effective family business planning

Traditional structures that worked for domestic operations may no longer be fit for purpose due to global transparency, tax reforms, and enhanced regulatory scrutiny

From a tax perspective:

- Families must assess holding structures, distributions and inter-company arrangements across jurisdictions
- Global minimum tax rules, substance requirements and evolving transfer pricing rules make reliance on legacy structures risky
- Proactive tax planning is essential to manage exposure, avoid disputes and ensure long-term efficiency

Cross-border investments and succession planning add complexity:

- Families with assets or beneficiaries across multiple countries must align legal, tax and governance frameworks to ensure smooth transitions and asset protection
- Differences in inheritance laws, recognition of trusts, enforcement of shareholder agreements, and tax treatment of offshore assets can create unintended consequences

Local regulatory frameworks, particularly in the GCC, are critical:

- In Saudi Arabia, compliance expectations around VAT, Zakat, withholding tax, and related-party transactions are increasingly robust under ZATCA oversight
- Family businesses must ensure governance, documentation, and reporting align with both commercial reality and regulatory requirements

Integrated planning is key:

- The Tax, legal and regulatory considerations should not be addressed in isolation but embedded within a broader family governance and wealth management strategy – one that balances compliance, flexibility and the long-term preservation of family legacy

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Relevant Cases:

Cases	Situation	Challenge	Solution	Result
Case 1	A first-generation Saudi family business experienced rapid expansion across the GCC and Europe. Despite strong revenues, decision-making remained centralized with the founder, and group entities operated with limited formal governance	• Increasing regulatory and tax exposure • Lack of clarity between ownership and management roles • Risk to business continuity in the absence of a formal succession plan	A family governance framework was introduced, supported by group restructuring to align ownership and management responsibilities. Tax and regulatory reviews were conducted to ensure compliance with evolving requirements under ZATCA	Improved transparency, reduced key-person risk, and a scalable structure that supports continued regional expansion
Case 2	A multi-generational family held assets in Saudi Arabia, the UAE, and offshore investment jurisdictions. Wealth planning had evolved organically, with limited coordination across jurisdictions	• Inconsistent tax treatment of income and distributions • Uncertainty around inheritance and asset succession • Exposure to compliance gaps due to fragmented structures	An integrated private client strategy was developed, aligning holding structures, succession planning, and governance across jurisdictions. Cross-border tax and regulatory implications were reviewed to ensure long-term sustainability	Clear succession outcomes, reduced tax risk, and greater confidence that family wealth would be preserved across generations
Case 3	A second-generation family business faced increasing tension as the next generation sought greater involvement, while founders remained concerned about control and decision-making	• Misalignment between generations • Lack of defined roles, authority, and accountability • Risk of future disputes impacting both family and business	A structured family charter and succession roadmap were implemented, clearly separating ownership, governance, and management. Education and onboarding programs were introduced for next-generation family members	Stronger inter-generational alignment, smoother leadership transition, and renewed focus on long-term value creation

Conclusion

As regulatory expectations and cross-border considerations continue to evolve in the GCC, forward-looking family planning has never been more important

A timely review of your family governance, ownership structures, and wealth strategy can help safeguard long-term value while ensuring compliance and continuity

Benefits from Family Business Services :

- ✓ Clear separation between family, ownership, and management
- ✓ Reduced regulatory and reputational risk
- ✓ Institutional credibility with banks, regulators, and investors
- ✓ Conflict prevention and dispute avoidance

Our Governance Services for Family Enterprises:

- ✓ Design and implementation of **Family Governance Frameworks**
- ✓ Development of **Family Charters and Constitutions**
- ✓ Structuring **of Family Councils, Boards, and Committees**
- ✓ Definition of **ownership, voting, and control models**
- ✓ Succession planning and leadership transition roadmaps
- ✓ Governance alignment with **ZATCA, VAT, and related-party requirements**
- ✓ Next-generation education and onboarding programs
- ✓ Integration of governance with tax, legal, and holding structures

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