Doing business in Oman

An executive’s guide to doing business in Oman

November 2013
This book was prepared by EY, Oman. It was written to give the busy executive a quick overview of the investment climate, taxation, forms of business organization, and business and accounting practices in Oman. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate, with a realization that the climate can change overnight. In particular, it should be recognised that Oman is in the process of liberalising its economy. As a result, major changes are expected to take place in laws governing foreign capital investment and commercial companies. Companies doing business in Oman, or planning to do so, are advised to obtain current and detailed information from experienced professionals. This book reflects information current as at November 2013.

Preface

Doing business in Oman
Contents

Oman Executive summary .................................................. 4
  Government attitude and incentives .................................. 5
  Tax system ..................................................................... 5
  Financial reporting and audit requirements ......................... 5
  Regulatory constraints and reliefs ..................................... 5

Business environment .................................................... 6
  Business and investment environment ............................... 7
  Economic trends and performance .................................... 7
  Currency ....................................................................... 7
  Economic structure .......................................................... 7
  Relationship of government and business ............................ 8
  Financial sector .............................................................. 9
  Primary industries .......................................................... 9
  Foreign trade .................................................................. 11
  FTA with United States of America ................................... 11

Foreign investment ......................................................... 12
  Exchange controls and debt-to-equity requirements ............... 13
  Investment incentives ...................................................... 14
  Sources of finance for foreign investors ............................. 14
  Importing and exporting .................................................. 15
  Registration of intellectual property ................................... 15

Structure of business entities ............................................. 16
  Companies ................................................................... 17
  Partnerships .................................................................. 17
  Joint ventures .................................................................. 17
  Holding companies .......................................................... 17
  Sole proprietors .............................................................. 18
  Operations of foreign companies ....................................... 18
  Structures used by foreign investors ................................... 18
  Establishing a corporation ................................................ 18
  Annual requirements for corporations ............................... 19
  Conversions and mergers .................................................. 19

Labour force ................................................................. 20
  Labour supply and relations .............................................. 21
  Payroll taxes and employee benefits .................................. 21
  Special requirements for foreign nationals ......................... 21

Taxation .......................................................................... 22
  Principal taxes ................................................................ 23
  Resident corporations ...................................................... 24
  Non-resident companies ............................................... 25
  Partnerships and joint ventures ......................................... 26
  Taxation of individuals .................................................... 26
  Withholding taxes .......................................................... 26
  Other taxes ..................................................................... 26
  Tax treaties ..................................................................... 26
  Other tax updates ........................................................... 27

Financing .......................................................................... 28
  Statutory requirements ..................................................... 29
  Sources of accounting principles and practices .................... 29
  Financial reporting .......................................................... 29
  Audit requirements .......................................................... 29
  Accounting profession ..................................................... 29

General ........................................................................... 30
  Geography and climate ...................................................... 31
  Population and language .................................................. 31
  Government and political system ......................................... 31
  Legal environment ........................................................... 32
  Entry visas and work permits ............................................. 32
  Living in Oman ............................................................... 32
  Business hours ............................................................... 32
  Public holidays ............................................................... 32

Useful addresses and Telephone numbers ............................ 34

Appendix .......................................................................... 36
  Key economic performance indicators ................................. 37
  Foreign-exchange rates .................................................... 38
  Omani Rials per Unit of foreign currency ............................ 38
  Documentation required for registration ............................ 39
  Company income tax rates ............................................... 40
  Depreciation rates ........................................................... 41
  Straightline method ........................................................... 41
  Pool of assets method ........................................................ 41
  Tax calculation for a branch of a foreign company ................ 42
  Objectives and dimensions of the Eighth Five Year Development Plan (2011-2015) .................................................................. 43
  Projects that will be implemented during the Eighth Plan in excess of US$100 million ............................................. 45
  EY in Oman .................................................................. 48
  Contacts ....................................................................... 50

Doing business in Oman
Oman

Executive summary
Government attitude and incentives

The government encourages foreign participation – particularly foreign expertise and technology – that develops, diversifies and privatizes certain areas of the economy and helps Oman benefit from its natural resources. Government incentives to encourage local and foreign investment include tax exemptions; the provision of plots in industrial zones for nominal charges; preference in the allocation of government land; interest-free or subsidized loans with longer terms for repayment; reduced charges for water, electricity and fuel; financial assistance for the development of economic and technical feasibility studies; and the expedited arrangement of immigration visas and permits for foreign workers.

The Oman Chamber of Commerce and Industry aims to facilitate private sector participation in the Omani economy.

Tax system

Oman does not impose personal income tax. Income tax is levied on entities that are wholly owned by Omani nationals, or with foreign participation, branches and permanent establishments of foreign companies and Omani establishment carrying on activities in Oman.

Rates

All tax payers in Oman irrespective of the extent of foreign ownership are taxed at a rate of 12% on taxable income exceeding RO30,000. Petroleum companies are subject to tax under specific provisions and rates. A final withholding tax is imposed on certain categories of payments made to foreign companies.

Social security and termination benefits

The Social Security Law requires private-sector employers and their Omani employees to pay monthly contributions to an insurance fund for old age, disability and death benefits. Employers pay an additional monthly contribution to insure their Omani employees against occupational injuries and diseases. The Omani Labour Law requires employers to pay end-of-service benefits to expatriate employees.

Financial reporting and audit requirements

Omani law requires enterprises to maintain books and records in accordance with International Financial Reporting Standards. In general, auditing principles and practices are not codified in Oman. Omani law regulates the accounting and auditing profession. Certain taxable entities are required to file audited financial statements with their annual income tax returns. Statutory audits are required for certain business entities, including joint stock companies, limited liability companies, banks and insurance companies operating in Oman.

Regulatory constraints and reliefs

Exchange controls

Oman does not impose exchange controls, except for certain restrictions on the foreign-currency holdings of commercial banks.

Foreign ownership of businesses

A foreign person wishing to engage in a trade or business in Oman or to acquire an interest in the capital of an Omani company must obtain a license from the Ministry of Commerce and Industry. In general, the ministry grants a license if the paid-up capital of the Omani company in which the investment is made is at least RO150,000 (US$390,000) and if the foreign ownership of the company does not exceed 49%. In certain circumstances, the Ministry may increase the permissible level of foreign ownership to 70%, in accordance with a commitment provided to the World Trade Organisation (WTO). In general, foreign companies and foreign nationals may not own land for business purposes in Oman. The government makes certain exceptions for Gulf Co-operation Council (GCC) nationals.
Business environment
Business and investment environment

Oil has been the driving force of the Omani economy since the country began commercial production in 1967. The oil industry supports the country's high standard of living and is primarily responsible for its modern and expansive infrastructure, including electrical utilities, telephone services, roads, public education and medical services. In addition to extensive oil reserves, Oman's substantial natural gas reserves are expected to play a leading role in the Omani economy in the twenty-first century. The state retains majority ownership in the country's oil and gas companies. (See Section Primary industries, page 9, for further details on the oil and gas sector).

To reduce Oman's dependence on oil, the government employs five-year development plans to encourage private-sector diversification into other industries. Approximately 55% of the country's gross domestic product (GDP) is now generated outside the oil and gas sector, as compared to 33% in 1975, when the first plan was implemented. Oman's Eighth Five-Year Development Plan (2011–2015) continues the policy of promoting private sector investment in non-oil and non-gas industrial activities. (See Section Relationship of government and business, page 8, for further details concerning five-year development plans).

For foreign investors, investment opportunities are available in priority areas targeted for development by the government, including agriculture, fishing, light industrial production, public utility projects, education, health and tourism. The government particularly encourages industrial production that is export-oriented or replace imported products. (See Section Investment incentives, page 14, for information on investment incentives).

Although the economy once depended on infrastructure projects executed by large multinational contractors, Omani companies are increasingly becoming established and now play a leading role in areas once dominated by foreign companies. The growth of the Muscat Securities Market is evidence of the expansion and diversification of the Omani economy. The volume of trade increased to RO4.32 billion (US$11.24 billion) in 2012 compared to RO2.36 billion (US$6.13 billion) in 2011. The market capitalisation at the end of 2012 reached RO11.66 billion ($30.32 billion) compared to RO10.34 billion ($26.89 billion) in 2011.

Economic trends and performance

The Omani economy continues to grow rapidly. The Eighth Five-Year Development Plan, starting in 2011, aims to attain average economic growth rates of not less than 3% (in fixed price terms) and to raise investment to RO30 billion, an increase of 113% over the previous plan period.

Oil revenues in the 2011–2015 period are forecast to be approximately RO25.5 billion (US$66.3 billion), which is a 100% increase over comparable revenues in the previous plan period. Other government revenues in the 2011–2015 period are forecast to be approximately RO12 billion (US$31.2 billion), which is a 109% increase over comparable revenues in the 2006–2010 period.

Total government revenues available to finance government projects in the 2011–2015 period are forecast to be approximately RO37.5 billion (US$97.5 billion), which is a 101% increase over comparable revenues in the 2006-2010 period. The 2011–2015 plan is expected to generate a deficit of approximately RO5.215 million (US$13.6 billion); however, the expected deficit is approximately 13.9% of total revenue available to the government, compared with 12.13% in the 2006-2010 period.

**Relationship of government and business**

**Five-year development plans**

Since 1976, the government has directed the development of the Omani economy through five-year development plans. The Eighth Five-Year Development Plan (2011–2015) embarks a major economic diversification program with private sector taking a leading role. Social development of Omanis and economic development have been given equal emphasis.

The diversification of the economy direct and investment to non-oil and gas sectors, including agriculture, fishing, mining, tourism, light industry and services. In addition to economic diversification, the plan also emphasizes austerity; the government seeks to achieve a balanced budget by lowering public expenditure and increasing public savings.

**Privatization**

The Sultanate enacted a new Privatisation Law in 2004. The private sector is increasingly expected to play a vital role in the country's free-market economy. The government continues to encourage the privatization of infrastructure projects, including power projects, water projects, waste water and telecommunication services. The government aims to dilute its stake in state owned companies in order to better manage the privatization process and ensure its success.

**e-Government**

The Information Technology Authority (ITA) was set up by the Royal Decree 52/2006. This autonomous legal body, affiliated to the Ministry of National Economy, is pioneering the implementation of eOman. eOman comprises of a wide range of initiatives and services, that are designed and created, to improve the efficiency of government services, enhance the activities of businesses and empower the citizens of the Sultanate, with required digital literacy.

For governing electronic transactions, The Electronic Transactions Law was enacted in May 2007. The law regulates protection of privacy, validation of digital signatures and electronic message regulations.

To implement an efficient and effective e-Payment infrastructure, the national e-Payment gateway project was launched. Through this gateway, all e-Government shared services can be paid for electronically.

**Government contracts**

The Government Tender Law (Sultan’s Decree 86/1984) (“Tender Law”) governs the tender process by which "government contracts" are awarded. For the purpose of Tender Law, "government contracts" are those with a value more than RO100,000 (US$260,000) in which one party is (1) the Government; or (2) a private entity that is 100% Government owned; or (3) any company which is subject to the Tender Law due to a specific Sultani Decree to that effect.

Under the Tender Law, any party wishing to bid for a Government Contract must register with the Tender Board prior to submission of its bid.

Note: Due to their specialised requirements, the Ministry of Defence and the Royal Oman Police have their own tender boards pursuant to their own regulations. Petroleum Development Oman LLC and Oman LNG LLC, while not subject to the Tender Law, also have their own tender boards pursuant to their internal regulations.

The Tender Board classifies companies according to their issued capital, which determines the minimum and maximum size of contracts, for which they may bid. The board classifies Omani companies according to the following scheme:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Minimum capital RO</th>
<th>Tender value RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>250,000</td>
<td>650,000 and up</td>
</tr>
<tr>
<td>One</td>
<td>100,000</td>
<td>250,000 to 950,000</td>
</tr>
<tr>
<td>Two</td>
<td>50,000</td>
<td>50,000 to 350,000</td>
</tr>
<tr>
<td>Three</td>
<td>25,000</td>
<td>15,000 to 75,000</td>
</tr>
<tr>
<td>Four</td>
<td>15,000</td>
<td>Up to 15,000</td>
</tr>
</tbody>
</table>

Companies with issued capital of at least RO500,000 (US$1.3 million) receive international-grade classifications. Oman does not limit the tender value for contracts awarded to international-grade companies. Although architects and engineering consultants must register with the Tender Board, they are not subject to the Board’s minimum capital requirements. The Executive regulations of Tender Law were issued in October 2010.

**Government liaison organizations**

All business entities engaging in economic activities in Oman must register with the Oman Chamber of Commerce and Industry (OCCI). The chamber effectively represents the interests of the business community to the government. Its committees meet regularly and interact effectively with companies in all sectors of the economy.

The Oman Center for Investment Promotion and Export Development (OCIPED), which operates under the Ministry of Commerce and Industry, functions as a valuable source of information for foreign investors.
Financial sector

Banking system

The Central Bank of Oman controls the country’s monetary policy and regulates commercial banks and foreign branches. Specialised Omani banks not under CBO control include the Oman Development Bank and two housing banks.

In 2011 CBO allowed for the first time Islamic banking services in Oman. A few full fledged Islamic banks were set up subsequently. In addition, existing conventional banks were allowed to open Islamic windows offering Islamic Finance.

Securities market

The Capital Market Authority focuses primarily on laying the foundation for an adequate regulatory, legal and institutional framework for an organized and well managed securities market to store investor confidence.

Since 1989, Muscat Securities Market has overseen the flow of funds into securities and developed the local financial market. The capitalization of the market and the number of companies listed on it continue to grow. In December 2012, the aggregate market capitalization stood at RO11.66 billion (US$30.32 billion).

Membership in the exchange is compulsory for Omani licensed banks, specialized loan institutions, authorized financial intermediaries, joint stock companies and Omani public authorities whose shares are registered on the securities market.

The CMA is in the process of preparing regulation for Islamic insurance, Takaful. Once regulation is in place, Takaful companies will be allowed to operate in Oman.

Investment funds

Commercial banks and joint stock investment and brokerage companies registered in Oman may establish investment funds called joint investment accounts. The accounts are listed on the Muscat Securities Market. These funds are exempt from taxation.

Primary industries

Oil

The government forecasts that net oil revenues in the 2011–2015 period will be RO25.5 billion (US$66.3 billion), which is a 100% increase over comparable revenues in the 2006–2010 period. The eighth plan aims at investing RO3.2 billion on oil production during the five year period. The average daily production of oil in the 2011–2015 period is estimated at 897,000 barrels per day, compared to 827,000 barrels per day in the 2006-2010 period. Oman expects to pump about 930,000 barrels of oil a day in 2013. Recent discoveries have steadily boosted Oman’s known oil and gas reserves. During the year 2012, contribution of gas revenues stabilised at 12% of total revenues at RO1.3 billion.

The country’s primary oil producer is Petroleum Development Oman LLC (PDO), which was established when commercial production began in 1967. The Omani government owns 60% of the company and foreign partners own 40%.

In 1982, Oman established its first oil refinery, Oman Refinery Company LLC, and ended its dependence on imported refined oil products. The second refinery, Sohar Refinery Company LLC shipped its first products in July 2006. In September 2007, the Oman Refinery and Petrochemical Company LLC (ORPC) was established by merging Oman Refinery Company LLC and Sohar Refinery Company LLC with a combined refining capacity of 222,000 barrels a day. ORPC merged with two petrochemical companies — Oman Polypropylene LLC and Aromatics Oman LLC to form one integrated company, Oman Oil Refineries and Petrochemical Co. SAOC (ORPIC).

To address concerns that oil reserves could run dry within two decades, in April 2006 the Oil & Gas Ministry announced that the government plans to invest US$10 billion in upstream oil and gas projects over the next five years. One-third of this investment is being allocated to enhanced oil recovery (EOR) initiatives to improve recovery rates.

Gas

Reserves of natural gas were first discovered during the search for oil. At the end of 2009 the country’s extensive reserves were estimated to be over 34.6 trillion cubic feet. These reserves are constantly growing due to continued exploration efforts which have further intensified during the Seventh Five-Year Development Plan. The eighth plan aims at investing an additional RO3.4 billion on production of gas.

Now a major source of power countrywide, natural gas is used to fuel industrial projects, power stations and other industrial facilities. Output has increased to meet the rapid rise in demand.

The country’s primary processor of natural gas is Oman LNG LLC (OLNG). The Omani government owns 51% of OLNG and foreign partners own 49%.

In 1999, Oman completed its first major liquefied natural gas project. The project comprises upstream and downstream facilities. The upstream facility, which produces gas and condensate, is fully owned and financed by the government. The downstream facility, which is owned and financed by OLNG, performs gas liquefaction, shipping and marketing activities. The annual capacity of the downstream facility is 6.6 million tonnes, and the first cargo was exported in April 2000. The third train, Qalhat LNG with an additional capacity of 3.3 million tonnes of liquefied gas, started production at the end of 2005.
Minerals

Oman’s chromite reserves are estimated to exceed 2 million tonnes. The Oman Chromite Company has mined these reserves since 1991. The commencement of copper mining in March 2007, heralded a new era in private mining activities in the Sultanate. National Mining Company (NMC), the Sultanate’s first international mining enterprise is focused on increasing copper ore production from its concessions. Geological and geophysical surveys have also revealed deposits of asbestos and thin beds of manganese. Gypsum and limestone are also being exploited for cement factories and exports. High quality marble is being quarried at several locations and marble products are exported to neighbouring countries. Oman is rich in high quality quartzite. Gold and silver are produced as by-products for export. Oman’s commercial processing of gold ore began in 1994.

The area located near the city of Sur contains coal deposits in excess of 122 million tonnes. Coal may be used as fuel for electricity generation. The Mining Law, issued in 2003, regulates concessions for mining activities.

Manufacturing

Under the Eighth Five-Year Development Plan, the government forecasts a 10% annual GDP growth in the non-oil and non-gas sectors. Total investment in these sectors is projected to reach US$14.5 billion by 2020. By encouraging light industry, the government continues to lower reliance on imports with local manufactures. Local companies manufacture building materials, chemicals, plastics, base-metal products, furniture and other wood products, paper products, garments, textiles, leather, food and beverages. One of Oman’s most significant industries outside the oil and gas, and minerals sectors is the production of cement through plants operated by public companies, located near Muscat and Salalah. The combined annual capacity of both plants is 2 million tonnes. A fertilizer project near Sur commenced in 2005 with the production of 1.65 million tonnes of urea and 250,000 tonnes of liquid ammonia per annum. An aluminium smelter in Sohar began operations in 2008 with a capacity of approximately 360,000 metric tonnes per year. A major iron ore pelletising plant with a production capacity of nine million tonnes per year commenced activities in December 2010. Other projects in progress include private sector owned petrochemicals, aromatics, fertilizer, polypropylene, methanol and steel plants.

Agriculture and fishing

Although agriculture yields considerably less revenue than oil production, this sector nonetheless employs a substantial part of the population. Oman’s principal agricultural exports are dates and limes. Government and private-sector initiatives including fish processing plants, fish farms, marine subsidiaries and cold stores, have revitalized the fishing industry. The substantial export market shows signs of rapid future growth.

Tourism

The tourism sector is a key strand in Oman’s economic diversification strategy. More than US$30 billion has been invested in tourism infrastructure since the Vision 2020 plan was launched in June 1996. The sector has been set an annual growth target of 7 per cent between 2006 and 2010.

Since the mid-1980s, the government has gradually opened the country’s desert, mountains and coastlines to foreign tourists. The Ministry of Tourism participates in various international tourism exhibitions to introduce Oman to the world tourist trade. During the seventh plan period, the hotels and restaurants sectors recorded an average growth of 14%.

Recent legislative changes, to make Oman a more accessible tourism destination, allows tourists from more than 60 countries to obtain visas on arrival. To cater to the large number of tourists expected in future, the infrastructure is also being improved. Seeb International airport is set to expand its capacity to 12 million passengers by 2015. In addition, several new domestic airports are under construction at Duqm, Adam, Sohar and Ras Al Hadd.

Large scale tourism projects being developed across the Sultanate include, The Wave, Muscat Hills, and beach projects in Muscat, Salalah and Sifah. Among the recently announced large projects also include a 3000 seating capacity convention centre. (See Section Entry visas and work permits, page 32 for details on entry visas and work permits).
Foreign trade

Trading partners

Oman’s primary trading partners include the United Arab Emirates, Japan, Korea, the United Kingdom and the United States. Oman’s trade with other countries in Africa, Asia, Europe and the Americas also continues to grow.

International and regional trade associations

Established in 1982 to promote economic and industrial cooperation among member countries, the Gulf Cooperation Council (GCC) includes Oman and the five other Arab countries of the Arabian Gulf – Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates. As a member of the GCC, Oman enjoys the following benefits:

- The majority of goods produced in GCC countries may be imported duty free into other member countries
- Nationals of GCC countries may move freely between member countries without visas, and may engage in their professions in the other member countries without work permits
- Cross-border ownership of shares is less restricted and
- Real estate may be owned in other GCC countries

The GCC Common Market launched on 1 January 2008, aims to create one market by raising production efficiency and optimum usage of available resources and improving the GCC’s negotiating position in international economic forums. The Common Market allows the free flow of capital and gives GCC nationals freedom of movement, residency and employment – in both private and public sectors. It also allows citizens to buy and sell real estate and make other investments.

The GCC Customs Union came into effect on 1 January 2003. Under the Customs Union, Oman imposes a tariff of 5% on the majority of foreign imports. Under the Union arrangements, customs duty is imposed at the port of first entry within the GCC.

Oman has strong relationships with most countries in Europe, including the United Kingdom.

FTA with the United States of America

Pursuant to a Free Trade Agreement between Oman and the United States effective 1 January 2009, American investors will be accorded preferential treatment in business for services including production, distribution, marketing and sale of services and includes benefits for service providers.

Focus on development of Small and Medium Enterprises (SME)

The government of Oman has increased focus on development of small and medium enterprises by setting up a separate authority for developing this initiative. The Government has also launched a US$260 million fund for the development of this sector.
Foreign investment
Foreign investment

Levels of foreign investment

The Foreign Capital Investment Law governs foreign investment in Oman. Under this law, foreign parties wishing to invest in Omani companies must file applications for licenses with the Ministry of Commerce and Industry. In general, the Ministry grants licenses to applicants if both of the following conditions apply:

- The paid-up capital of the Omani company in which the investment is made is at least RO150,000 (US$390,000)
- The foreign ownership of the company does not exceed 49%

The Ministry may, subject to a recommendation from the Foreign Capital Investment Committee, increase the permissible level of foreign ownership of an Omani company to 65%. In accordance with a commitment provided to the World Trade Organization, approvals are granted for foreign ownership of up to 70% under certain circumstances. If a project has capital of at least RO500,000 (US$1.3 million) and contributes to the development of the national economy, the Ministry may recommend to the Council of Ministers that the permissible percentage of foreign ownership be increased up to 100%.

The Ministry may exempt the following entities from the licensing conditions specified above:

- Companies conducting business through special contracts or agreements with the government
- Companies established by Royal Decree and
- Parties conducting a business that the Council of Ministers declares necessary to the country

In practice, contracts awarded by the government, Petroleum Development Oman LLC (PDO) and Oman LNG LLC (OLNG) (See Section Primary industries, page 9), enable foreign companies to establish branches in Oman, by registering the branches with the Ministry of Commerce and Industry. Such foreign companies are exempt from registering an Omani company. However, such foreign branches may only operate for the duration of the contract for which they are approved.

Under the Free Trade Agreement between Oman and The United States of America, US companies are eligible for certain preferential treatment in respect of capital requirements and ability to retain branches.

Foreign companies and establishments engaged in certain sectors may open commercial representative offices in Oman.

(See Section Operations of foreign companies, page 18 for details concerning commercial representative offices).

Oman’s restrictions on foreign ownership do not apply to Gulf Co-operation Council (GCC) nationals or companies investing in or pursuing activities, other than those that are specifically prohibited.

Land ownership

Under the Land Law (Royal Decree No. 5 of 1980), companies and foreign nationals may not own land, except in certain exceptional circumstances. GCC nationals, companies wholly owned by Omanis, and general joint stock companies with at least 51% Omani shareholding may own land in certain circumstances. Royal decree 12/2006 allows non Omanis to own real estate located within specified integrated tourism complexes. Prior to this, only GCC nationals were allowed to buy land in Oman.

The Ministry of Housing may grant a company or a foreign national the right to use a certain property for operations that promote the economic development of Oman. For example, a lease and a right of use may be assigned or mortgaged. However, unlike a lease, a right of use expires on the death of the beneficiary. On expiration of a right of use, the beneficiary must be compensated for the value of any improvements constructed during the term of the right of use.

Industrial licenses

Investors wishing to establish industrial installations that cost more than RO20,000 (US$52,000) must apply to the Ministry of Commerce and Industry for industrial licenses.

Exchange controls and debt-to-equity requirements

With the exception of certain restrictions on the foreign-currency holdings of commercial banks, Oman does not impose exchange controls.

In general, Oman does not restrict the remittance abroad of equity or debt capital, interest, dividends, branch profits, royalties, management and technical service fees, and personal savings. However, the following commercial bank transactions require prior approval from the central bank:

- Declarations of dividends by locally incorporated banks
- Remittances by foreign bank branches to their head offices of any surpluses from the previous year’s profits

Except for capital ratios on financial services institutions, Oman does not impose rules on debt-to-equity ratios.
Foreign investment

Investment incentives
The Organization and Encouragement of Industry Law (Royal Decree No. 1 of 1979) governs the provision of incentives to foreign investors in Oman. The law established the Industrial Development Committee, which seeks to promote increased productivity and efficiency, as well as the development and consolidation of industrial installations. Proposals qualify for incentives only if Omani nationals make up 25% of their total workforce, unless the Ministry of Commerce and Industry specifically rules otherwise.

Investment incentives include the provision of industrial plots in industrial zones for nominal charges (see below, for information on Industrial Zones); preference in the allocation of government land; interest-free or subsidized loans with long terms for repayment; reduced charges for water, electricity and fuel; financial assistance for the development of economic and technical feasibility studies; and the expedited arrangement of immigration visas and permits for foreign workers.

Tax exemptions
Tax exemptions from corporate tax and customs duty may be granted by the Ministry of Finance. Tax exemptions are available for entities engaging in manufacturing, mining, agriculture, fishing, fish farming, fish processing, aquaculture, animal breeding, operation of hotels and tourist villages, the export of manufactured and processed products, education and medical care. Exemptions are granted for a five-year period effective from the date when production begins or business commences; a five-year extension may be granted. Management agreements and construction contracts do not qualify for tax exemptions.

Companies engaged in the activities listed above, may also obtain an exemption from payment of customs duty on exports and on imports of equipment, spare parts and raw materials.

Foreign airlines and foreign shipping companies are exempt from taxation based on reciprocal treatment. Investment funds registered with and regulated by the Muscat Securities Market are exempt from tax. Companies established in Free-trade zone may also enjoy tax holidays subject to certain rules.

Executive regulations implementing tax exemption were issued in 2012.

Industrial zones
The Ministry of Commerce and Industry has created industrial estates at Ruskut, Rusay, Sohar, Nizwa, Sur and Buraimi. The industrial estates are managed by the Public Establishment for Industrial Estates (PEIE). The Ministry plans to establish additional industrial zones at Khasab. The industrial zones have fully developed plots with appropriate infrastructure facilities. Investment incentives include the provision of industrial plots in industrial zones for nominal charges.

Free-trade zones
Oman has established a free zone in Salalah. The free zone is located close to the equatorial trade route. The Salalah free zone is managed by Salalah Free Zone Company SAOC. A free zone has also been established along the border between Oman and Yemen. The zone is located in the town of Al Mazouya, 260 kilometers from Salalah. The zone offers a host of investment friendly incentives which include low initial cost of setting up and one-stop shop arrangement for licences, permits visas and customs clearances.

The government of Oman has extended the Sohar port concession area, for the establishment of a Special Economic Zone (SEZ). The Sohar SEZ's proximity to the port gives it considerable logistics advantage.

Oman has also established a free zone in Sohar along the coast of Arabian Sea. The Sohar free zone is operated and managed by Sohar Free Zone LLC.

The zone offers a host of investment friendly incentives which include low initial cost of setting up and one-stop shop arrangement for licences, permits visas, tax exemptions and customs clearances.

The government is also developing an Industrial Area and Free Trade Zone (FTZ) complex centered around the Duqm port and dry dock project in the Al Wusta region.

Knowledge Oasis Muscat (KOM) is a technology park located 30 kilometers from Muscat. Dedicated to supporting technology-oriented businesses, KOM brings together a diversity of enterprises from various industry niches. Companies based in KOM benefit from a range of core facilities, as well as business support from the Public Establishment for Industrial Estates, which manages the park.

Sources of finance for foreign investors
Oman's commercial banks are the primary source of short, medium, and long-term finance. Because no restrictions apply to obtaining credit abroad, commercial banks in the neighbouring Gulf countries are also significant sources of credit.

The Oman Development Bank provides finance to small and medium-size companies, small projects and cottage industries. With an increase in lending ceiling to RO1 million, the bank will finance new projects in the agricultural and industrial sectors. Two housing banks cater to special financing requirements.

Investors may also obtain financing from the Gulf Investment Corporation located in Kuwait. Established by the GCC, the Gulf Investment Corporation is a major financial institution whose purpose is to invest in and provide loan funding to, new companies in various sectors.

In certain circumstances, the government provides loans with extended repayment terms, to finance projects. In addition, general joint stock companies may issue shares and bonds to the public through the Muscat Securities Market.

(See Section Companies, page 17, for details on joint stock companies; and Section Financial sector, page 9, for details on the securities market).
Importing and exporting

Restrictions

Imports
The import of goods into Oman requires an import license. The import of certain classes of goods, including alcohol, firearms and explosives, requires a special import license.
Goods entering Oman must have certificates of origin.

Exports
Oman does not restrict exports. However, the export of items of historical value requires an export license.

Customs duties
Most imported goods are subject to customs duty at a flat rate of 5% on their cost-insurance-freight (CIF) value. Consumer goods, including foodstuffs are exempt from customs duty. Alcohol and tobacco are subject to higher rates of duty. Exemption from customs duties has been granted to imports of certain materials, imported in the name of specialized Ministries or the Internal Security Services.
Goods produced within the GCC may be imported duty-free. In certain circumstances, Oman may permit contractors to import duty-free equipment and materials for use on government, PDO and OLNG projects.
Oman has implemented the directives of the GCC Customs Union from 2003 (See section Foreign trade, page 11 for further details).
Oman does not impose quotas or other non-tariff trade barriers, and has not enacted anti-dumping regulations.
Oman does not impose export duties.
The Oman-US free trade agreement (FTA) came into force on 1 January 2009. The FTA lifts two-way tariff barriers on consumer and industrial products, making them duty-free.

Registration of intellectual property

Trademarks and patents
The Law of Industrial Property Rights provides for the protection and registration of trademarks, patents, industrial designs, topographic designs and inventions. Upon registration of industrial property rights, the owner gets full protection of the law and exclusive rights.
Penalties for trademark violation range from the seizure or destruction of goods and anything associated with their production, to fines and imprisonment.
The Law regulating production of compact discs and accessories was introduced by Royal Decree No. 66/2008.

Copyrights
Royal Decree No. 65/2008 promulgated a new law on Copyright and Related Rights. The law secures the rights of authors of literary, artistic and scientific works. Violation of the provisions of the Royal Decree triggers criminal penalties including fines and other punishments.
Companies

Joint stock companies
A joint stock company is formed by three or more individuals or entities, whose liability is limited to the nominal value of their shares in the company’s capital. The capital of a joint stock company that does not offer its shares for public subscription, should not be less than RO500,000 (US$1.3 million). Such a company is considered a closed joint stock company (société anonyme Omani closed, or SAOC). The capital of a joint stock company that offers its shares for public subscription should not be less than RO2 million (US$5.2 million). Such a company is considered a general joint stock company (société anonyme Omani general, or SAOG). According to media reports, the Capital Markets Authority is considering a proposal to reduce the minimum capital requirements of SAOG companies to RO1 million (US$2.6 million).

Companies seeking to conduct insurance, banking, investment of funds for third parties, solicitation of savings or capital from the public or commercial air transportation businesses must be organized in the form of joint stock companies.

Joint stock companies must register in the commercial register of the Ministry of Commerce and Industry. Such companies cannot be established without the authorization of the memorandum and articles of association of the company by the Director General of Commerce.

Limited liability companies
Foreign investors usually choose to conduct their operations in Oman through limited liability companies (LLC). An LLC is a private company formed by a minimum of two and a maximum of 40 natural or legal persons, whose liability is limited to the nominal values of their shares in the company's capital. In practice, LLC's have been registered wherein the foreign shareholders have been allowed to hold 70% of the share capital. We understand that the Ministry of Commerce and Industry (MOCI) is considering to restrict the foreign shareholding in LLC’s to 65%. In the past some LLC’S were registered with 100% share capital held by foreign companies. Such registrations were possible if special approval of the cabinet of ministers was obtained. We understand that this practice is now being discouraged by the MOCI. However, under the provisions of the US Oman FTA it should be possible for US companies to form fully-owned subsidiaries in Oman.

An LLC must register in the commercial register of the Ministry of Commerce and Industry. See Appendix 3, page 39, for a list of information that applicants must supply for registration.

Partnerships

General partnerships
A general partnership is formed by two or more individuals or entities who are jointly and severally liable for the partnership's debts. One or more individuals manage a general partnership; these persons need not be partners.

Partnership interests may be transferred only with the approval of all partners or in accordance with conditions specified by the partnership agreement. The death, insanity, bankruptcy or withdrawal of a partner causes the partnership to dissolve unless the remaining partners decide unanimously to continue the partnership. Their decision must be registered in the commercial register.

The name of a partnership consists of the name of one or more partners and the designation “general partnership”. General partnerships must register in the commercial register of the Ministry of Commerce and Industry.

Limited partnerships
A limited partnership is formed by one or more general partners who are jointly and severally liable for the partnership’s debts, and by one or more limited partners whose liability for the partnership's debts is limited to their contributions to the partnership's capital. General and limited partners may be either individuals or entities. Limited partners may not participate in the management of the partnership or act in the partnership’s name. The death, insanity, bankruptcy or withdrawal of a limited partner does not cause the partnership to dissolve unless the partnership agreement provides otherwise.

The name of a limited partnership may not include the names of its limited partners. Limited partnerships must register in the commercial register of the Ministry of Commerce and Industry.

Joint ventures
A joint venture is formed by two or more individuals or entities. A contract governs the objective of the venture and the terms between its members. A joint venture does not carry a separate name, nor does it have the legal status of a business entity. It cannot be registered in the commercial register.

Holding companies
A holding company is a joint stock company or an LLC that holds at least 51% of the shares of another company (or companies) and thereby controls the other company financially and administratively.

A holding company may engage in the following activities:
- Manage subsidiary companies or participate in the management of other companies in which it is a shareholder
- Invest its funds in shares, stocks and securities
- Provide loans, guarantees and finances to its subsidiaries and
- Own patent rights, trademarks, franchises and other intangible rights, and use and lease these to its subsidiaries and to other companies

A holding company may not own shares in a general or limited partnership or in another holding company. The capital of a holding company shall not be less than RO2 million.

A holding company must obtain a license from the Ministry of Commerce and Industry and must include in its name the words “holding company” in all of its papers, advertisements and other documents.
Omanization rules. for their expatriate employees, subject to
or communicate directly with consumers.
those produced by the company it represents;
promote productions or services other than
Foreign commercial representative offices
Foreign companies engaged in the trade,
in Oman without Omani participation in capital
and profits. However, foreign nationals of Gulf Cooperation Council (GCC) countries may do
business in Oman through sole proprietorships.
Operations of foreign companies
Branches
Contracts awarded by the government,
Petroleum Development Oman LLC (PDO)
and Oman LNG LLC (OLNG) enable foreign companies to establish branches in Oman
by registering branches with the Ministry of Commerce and Industry. The registration
is allowed because contracts are with
government or semi-government organizations.
Branches of foreign companies may engage
only in the following activities:
- Carry out government contracts
- Conduct businesses declared by the Council of Ministers to be necessary to Oman
Foreign branches are not subject to Omani-participation requirements and increasingly foreign companies are able to register branches without having to appoint Omani agents (see Agents,
below). To register with the Tender Board (see Section Relationship of government and business,
page 8), a branch may be required to provide evidence of sponsorship by an Omani agent.
Branches of foreign companies must register
in the commercial register. (See Appendix 3,
page 34, for a list of information that applicants
must submit for registration in the commercial register).
The Free Trade Agreement between Oman and the United States of America permits
US companies to register branches in Oman
without the need to obtain any contracts (see section Establishing a corporation, page 18).
However, in practice, we have not come across
branches of US companies being registered in Oman. US companies are being encouraged
to establish 100% owned subsidiaries in Oman,
under the provisions of the FTA.
Foreign commercial representative offices
Foreign companies engaged in the trade,
industry and services sectors may open
commercial representative offices in Oman.
A foreign commercial representative office
may not import, export or sell its products;
promote productions or services other than
those produced by the company it represents;
or communicate directly with consumers.
These offices may obtain visas necessary for
their expatriate employees, subject to
Omanization rules.

Agents
Under the Commercial Agencies Law (Royal Decree No. 26 of 1977), foreign entities are required to do business through agents, who may be Omani nationals, companies or
government bodies. Branches doing business
in Oman, as well as foreign entities engaged in
the retail and wholesale trades, including those
whose sole interest is the exportation of goods
to Oman, must have Omani agents. Depending
on the regulations of the government bodies
with jurisdiction over their activities, other
foreign entities may also be required to
have agents. Effective representation by an
agent may be useful for both practical and
commercial reasons.
However, in practice, the above regulations
are not enforced strictly consequent to Oman
joining the World Trade Organisation (WTO).
Companies operating as agents must be
registered in the commercial register and with
the Oman Chamber of Commerce and Industry
(OCCI). Their business objectives must include
the conduct of commercial agency business.
The level of Omani ownership in an agency
company must be at least 51%. To be valid,
agency agreements must be registered with the
Register of Agents and Commercial Agencies.

Structures used by foreign investors
Foreign corporations or partnerships may register to operate in Oman by establishing
branches or by incorporating joint stock companies or LLCs. In addition, foreign
companies and establishments engaged in
certain sectors may open commercial
representative offices in Oman (See Section Operations of foreign companies, page 18).

To form an LLC with foreign participation,
an applicant must file a constitutive contract
in a prescribed format, in Arabic, with the
Ministry of Commerce and Industry, and submit
an application to the Foreign Investment Committee, which issues licenses for foreign
investment. The formation of an LLC is
completed when the constitutive contract of the
company is signed by all members, all shares
are fully paid up and the company is registered
in the commercial register. A shareholders’
agreement setting forth the intentions of the
parties is also generally prepared. (See Section Establishing a corporation, below, for further
information on the procedures for establishing a corporation).

Establishing a corporation
Registration procedures
Before business entities begin doing
business in Oman, they must be registered
in the commercial register of the Ministry of
Commerce and Industry. Business entities
must also register with the Oman Chamber of
Commerce and Industry (OCCI).
Joint stock companies must obtain licenses
from the Ministry of Commerce and Industry.
LLCs do not need a license if they have
no foreign participation. To apply for a
license, a company must submit copies of its
memorandum and articles of association and
a bank certificate. Companies with foreign
participation also must obtain licenses from the
Foreign Investment Committee.
Subsequent to the Free Trade Agreement
between Oman and the United States coming
into force, American companies are licensed to
open branches in the Sultanate before obtaining
any contract or agreement with the Oman
government. Branches of American companies
should register with the Secretariat of Commercial Register and the registration does not require the
actual existence of the branches in the Sultanate.
However the registration application should be
accompanied by documents authenticated by
an official authorized to authenticate contracts
in the US. The authenticated documents should
prove that the supplier is an establishment
legally registered in the US. As mentioned above,
however, the US companies are being encouraged
to register LLC’s in Oman under the provisions
of the US Oman FTA.

Time required
The time required to establish a business
depends on the extent of foreign participation.
Registration and licensing requirements
normally take between two and four months.

Permissible types of shares
Joint stock companies may issue registered
or bearer shares. These types of shares carry
equal rights unless the company’s articles of
association stipulate otherwise. The minimum
nominal value of each share must be 100
Baizas, and shares may not be issued at a price
less than their nominal value.
The period of subscription for shares of a public
joint stock company is 30 days. The Capital
Market Authority may extend this period by
an additional 30 days.
Subject to certain conditions, a joint stock
company may buy its own shares.
Private placement of shares is permitted
subject to regulations issued by the Capital
Market Authority.
Shareholders
Joint stock companies must have a minimum of three shareholders, with no maximum limitation imposed. LLCs must have a minimum of 2 shareholders, and a maximum of 40 shareholders.

Initial capital requirements
The Commercial Companies Law specifies minimum capital requirements to establish the following legal entities:

- General joint stock company: RO2 million (US$5.2 million)
- Closed joint stock company: RO500,000 (US$1.3 million)
- LLC with foreign participation: RO150,000 (US$390,000)
- LLC formed under US Oman FTA: RO20,000 (US$52,00)
- LLC wholly owned by Omani nationals: RO200,000 (US$52,000)
- Holding company: RO2 million (US$5.2 million)

The Central Bank of Oman has prescribed minimum capital requirements for banks.

Promoters of companies which offer their shares for public subscription must subscribe to neither less than 30% nor more than 60% of the company’s shares and offer the remaining shares for public subscription.

At least 50% of the shares of a joint stock company must be paid up on subscription, and the balance must be paid up within three years. Contributions to capital may be made in cash or in kind. Share offers may be underwritten.

At an extraordinary general meeting, the shareholders of a joint stock company may increase the authorized capital, and the board of directors may increase the issued capital within the limits of the authorized capital. In the event of such an increase, certain shares may be allocated to the company’s employees, but the allocation may not exceed 5% of the issued capital.

The full amount of the share value of an LLC must be paid up on subscription. Contributions to capital may be made in cash or in kind. Capital may not be increased by public subscription. Members may offer their shares to non-members only after they first offer these shares to the other existing members of the company.

Management
A joint stock company is managed by a board of directors. Shareholders elect the first board at a constitutive general meeting held within 30 days following the end of the subscription period. The board must be composed of between 5 and 12 individuals.

If a company’s articles of incorporation permit, the board may include non-shareholders. The board must register the company in the commercial register within 30 days following the constitutive general meeting.

There are several restrictions in respect of transactions between the members of the board of directors and a joint stock company. In addition, extensive disclosure requirements are in place to report transactions between the directors and a joint stock company.

The Capital Market Authority has introduced a number of measures to improve transparency, corporate governance and investor protection. In addition, there are a number of additional disclosure requirements for public joint stock companies.

An LLC is managed by one or more designated managers who must be individuals, but who are not required to be shareholders of the company.

Annual requirements for corporations
Registration fees
Business entities must periodically pay registration fees to the Ministry of Commerce and Industry. The amount of fees and frequency of their payment depend on the type of business entity and the amount of authorized capital. Omani registered companies with an authorized capital in excess of RO1 million pay an initial registration fee and an annual renewal fee of RO200, while companies with authorized capital less that RO1 million pay RO100 as initial registration fee and an annual renewal fee.

Public joint stock companies pay annual listing fees to the Muscat Securities Market.

Annual fees must also be paid to the OCCI. The amount of initial fees range from RO33 to RO625, and annual renewal fees range from RO25 to RO625, depending on the classification of the business entity.

Income tax filing
Business organizations, including those wholly owned by Omani nationals, must file provisional and annual income tax returns. (See Section Principal taxes, page 23, for details concerning tax return filing requirements).

Audit requirements
Taxable entities of a certain size must undergo annual audits to produce financial statements that accompany their annual income tax returns. Certain entities must undergo statutory audits. (See Sections Statutory requirements, page 29 and Financial reporting, page 29, for details concerning financial reporting requirements, and Section Audit requirements, page 29, for details concerning audit requirements).

Annual shareholders meetings
Joint stock companies must hold annual shareholders meetings within four months after the end of their financial year. LLCs must hold annual shareholders meetings within six months after the end of their financial year.

Legal reserves
Joint stock companies and LLCs must set aside 10% of their net profits as legal reserve annually until the reserve reaches one-third of the company’s capital. The reserve is not available for distribution.

Other reserves
Companies may also decide to establish optional reserve amounts that should not exceed 20% of net profits, provided that the total amount deducted as an optional reserve does not exceed half the capital of the company.

Conversions and mergers
Conversions
The Commercial Companies Law regulates the conversion of companies from one legal form to another. A company may convert to another legal form only after it publishes at least three audited balance sheets. The conversion of a closed joint stock company to a general or limited partnership requires a unanimous decision of shareholders during an extraordinary general meeting. Conversions must be registered in the commercial register.

Conversions do not establish new and separate legal entities. Companies that undergo conversions continue to have the same rights and obligations they had before conversion. For example, the conversion of a partnership into a joint stock company does not release the general partners from liabilities that may have existed before the conversion, unless the partnership’s creditors accept a release.

Mergers
The Commercial Companies Law governs mergers, which occur if one or more companies join another company or if two or more companies join to form one new company.
Labour force
Labour supply and relations

Availability of skilled workers

Business operations in Oman, have in recent years, been staffed with skilled workers from abroad. The need to obtain workers with certain specialized skills from other countries continues. However, the government has taken considerable measures to equip Omani nationals with skills to gradually replace expatriate workers, employment of foreign nationals in certain positions and professions is prohibited.

The government has established a register for the national workforce. No organization may employ an applicant unless the applicant is registered with the National Workforce Register. All employers are required to report new employees for registration within the stipulated period.

Official statistics on unemployment

The number of Omani nationals unemployed according official statistics in the year 2012, are 153,326; of which 36% are males.

Required levels of Omani employment

To increase Omani nationals in employment, the government encourages staffing with Omani nationals. Guidelines issued by the Ministry of Manpower require private companies operating in specified sectors to employ Omani nationals as a certain percentage of their labour force. Expatriate employees may work only for the sponsoring employers. Employers are prohibited from employing expatriates in professions that are reserved for Omani nationals.

Labour legislation

Comprehensive Omani Labour Law provisions issued in 2003, applies to Omani and foreign employers and employees. The law governs work contracts, wages, overtime pay, leave, work hours, industrial safety, labour disputes, vocational training, and the employment of Omani and foreign nationals. Amendments were made in 2006, to protect the rights of employers and employees. Employees are allowed to establish associations, subject to certain regulations.

Work week

In accordance with the latest amendments to the labour law, the maximum working hours per week is 45 hours. In addition, working days have been reduced to 5 days. Working days for all sectors run from Sunday to Thursday with Friday and Saturday as rest days.

Wages

The government revised the minimum monthly wage to RO325 for unskilled Omani employees, effective from July 2013. In addition, Ministerial Decision 32/2012 issued new rules relating to annual increments. The minimum increment shall be (3%) of the basic wage, subject to meeting conditions set in the Ministerial Decision such as performance and duration of service.

Payroll taxes and employee benefits

The Social Security Law (Royal Decree No. 72 of 1991) introduced social security cover to insure employees against old age, disability, death, and occupational injuries and diseases. The law currently applies only to Omani nationals working in the private sector. Under the law, private-sector employers must make monthly contributions to the Public Authority for Social Insurance at a rate of 9.5% of each Omani employee’s monthly wage. Covered employees contribute at a rate of 6.5% of their monthly wages. Employers contribute an additional 1% of each Omani employee’s monthly wage as security against occupational injuries and diseases. The government contributes 2% of each Omani employee’s monthly wage. The Public Authority for Social Insurance invests all funds received, and pays out sums due to employees on their retirement and as compensation for injuries and diseases. The social security is currently under review and several amendments are expected.

In accordance with the Labour Law (Royal Decree No. 35 of 2003), employers must pay an end of service benefit (ESB) to their foreign employees. ESB is calculated on an employee’s final wage and paid according to the following guidelines:

- For the first three years of service: the equivalent of 15 days’ basic pay for each year worked; and
- For each subsequent year, the equivalent of one month’s basic pay

Special requirements for foreign nationals

For each non-Omani employee, an employer must make a contribution of RO200 once every two years, towards a vocational training levy.

(See Section Entry visas and work permits, page 32, for information on work and residence permits for foreign nationals).
Taxation
**Principal taxes**

**Introduction**
The Omani government imposes tax on the following entities:
- Sole proprietors carrying on commercial, industrial or professional activities
- Any company established under Omani legislation
- Joint ventures
- Branches of foreign companies; and
- Permanent establishments of foreign companies and establishments carrying on commercial, industrial or professional activities

**Direct and indirect taxes**
Corporate income tax is imposed on taxpayers as set out above. There is no personal income tax in Oman.

Customs duty is the main form of indirect tax imposed in Oman. (See Section Importing and exporting, page 15, for details). Municipalities levy a consumption tax on certain expenditures including hotel and restaurants expenses. Introduction of a Value Added Tax is under consideration.

**Sources of tax law**
A new Income Tax Law (Royal Decree No. 28/2009), effective from tax year 2010, was published in the official gazette on 1 June 2009. The Executive Regulations (ER) providing clarifications to provisions of the Income Tax Law (ITL) were issued on 28 January 2012, by Ministerial Decision (MD) 30/2012.

All tax legislation is enacted by Royal Decree. Provisions that implement the tax law are introduced by Ministerial Decisions.

**Tax administration**

**Registration**
Establishments must register with the tax authorities, by filing specified statutory information, within three months from the incorporation or commencement, whichever is earlier. A foreign establishment may register with the Office of the Secretary General for Taxation (SGT), which is a department of the Ministry of Finance, even if the establishment has not formally registered with the Ministry of Commerce and Industry. Modifications to statutory information should be filed within two months of changes.

**Filing and payment**
Taxpayers must use a 12-month period to prepare annual financial statements for tax purposes. In general, taxpayers use the calendar year. For a taxpayer’s first accounting period, the taxpayer may elect to use a period of less than 12 months up to a maximum period 18 months.

All tax returns must be prepared in Arabic, although returns prepared in English are in practice accepted. Provisional income tax returns must be filed within three months, after the end of the accounting period. The return must state the taxpayer’s estimated taxable income and must be accompanied by payment for the amount of tax due.

Annual income tax returns must be filed within six months after the end of the accounting period. If any tax is due (the tax liability exceeding the amount of tax paid with the provisional return), payment for the excess amount must be submitted with the annual return. Delayed payment of taxes is subject to a penalty at a monthly rate of 1% of the amount of tax overdue. Tax overpayments may be carried forward or may be refunded. Tax overpayments may be offset against tax owed only if the overpayment is determined by an assessment.

With the promulgation of the ER, establishments and Omani companies with capital not exceeding RO 20,000, gross income not exceeding RO 100,000 and an average of 8 employees, all conditions being satisfied for one year and two preceding years, shall be exempted from filing corporate income tax returns. Such exemption shall be granted by the SGT, upon request by the establishment or Omani Company on a yearly basis.

Certain companies must submit audited financial statements and other information with their final tax declarations.

(See Section Statutory requirements, page 29, for details concerning financial statements and Section Audit requirements, page 29, for details concerning audit requirements).

**Assessments and appeals**
If a taxpayer fails to file the required tax declarations or conceals income, the SGT may issue arbitrary assessments, within ten years from the tax year for which the final return is due. If declarations are filed, assessments must be made within five years, after the year in which the declaration is filed. Assessments may be rectified or revised within five years. A taxpayer may request an assessment within 3 years of submission of return.

Taxpayers may appeal an assessment at five levels. Taxpayers contesting assessments may present their arguments to the SGT. The decision of the SGT may be appealed to a Tax Committee designated by the Ministry of Finance. Taxpayers may appeal these decisions to the Primary Court, Appeals court and finally to the Supreme Court.

**Penalties**
In addition to the penalty for late payments of tax (see Filing and payment, above), the tax law imposes penalties for tax evasion and for other failures to comply with the tax law.

**On site tax inspection**
The ER have introduced provisions that authorize the tax authorities to carry out examination of taxpayer’s records at the taxpayer’s premises. Such examination shall be carried out by giving advance notice to the taxpayer.

The tax law requires taxpayers to maintain accounting books and records for 10 years after the end of the accounting period to which the books and records relate.
Taxation

Resident corporations

Tax rates
All taxpayers are taxed at a single rate of 12% on taxable income exceeding RO30,000.
(See Appendix 4, page 40, for details).
Special tax provisions apply to petroleum companies. In general, companies deriving income from the sale of petroleum are taxed on their taxable income derived from such sales at a rate of 55%, subject to certain conditions. However, for exploration and production sharing arrangements (EPSA), tax provisions contained in the agreement generally override tax rules. Such agreements specify the method of computing taxable income and obligate the government to settle the concessionaire’s tax liability.

Tax base
Companies incorporated in Oman and sole proprietorships conducting business in Oman are subject to tax on worldwide income. Foreign entities are subject to tax if they have a “permanent establishment” in Oman. The term “permanent establishment” is widely interpreted, but generally means a fixed place of business where an establishment carries on all or part of its business.
(See Section Non-resident companies, page 25, for details on tax treatment of foreign entities).

Determination of taxable income
Taxable income is the net profit reported in the audited financial statements, adjusted for tax purposes. It includes gross income less deductions that are generally incurred by a commercial enterprise.

Gross income
Tax is assessed on income that accrues to the taxpayer. Income includes business profits, interest, dividends, royalties, management fees and income of any kind.

International Financial Reporting Standards and generally accepted methods of commercial accounting must be followed. The accrual method must be used to determine income, unless the SGT permits the taxpayer to use a different method.

Dividends
Dividends received by a taxpayer from another Omani entity are not subject to tax. However, dividends received from a foreign entity are subject to tax.

Capital gains
Capital gains derived from the sale of fixed assets and intangible assets are taxed at the same rates as ordinary income. Capital gains realized from dealing in securities listed on the Muscat Securities Market are not taxed.

Compensation for services
Income from services rendered in Oman is subject to tax if the recipient has a permanent establishment in Oman, regardless of whether payments are received outside Oman.

Supply and turnkey contracts
No tax is imposed on profits derived from a supply contract that terminates before or upon reaching an Omani port, if the supplier has no PE or activity within Oman.

The first two phases, design and supply, are generally performed offshore, however if these two phases are determined to be the subject of a single contract, income attributed to these two phases is included in Omani taxable income.

Interest
If a limited liability company (LLC) advances funds to a shareholder or other related party interest-free or at a below-market rate, the tax authorities may deem that the company earned interest income on the advancement of funds at market rates.

Long-term contracts
The percentage-of-completion method must be used to account for long-term contracts.

Foreign source income
Foreign-source income is taxed for taxpayers.

Valuation of assets

Fixed assets
Fixed assets must be valued at cost. Revaluations are ignored for tax purposes.

Inventory
The tax law does not stipulate a required method of accounting for inventories. In general, inventories are valued at the lower of cost and net realizable value, with cost determined using the weighted-average or first-in, first-out (FIFO) method. Any provisions made in the financial statements to lower the value to net realizable value may not be deducted in computing an entity’s taxable income.

Deductions
In general, commercial deductions are allowed for tax purposes.

Depreciation and amortization
Depreciation must be calculated in accordance with rates listed in Appendix 5, page 41.

Certain start-up costs may be deducted.

Bad debts
Doubtful debts may be deducted only to the extent that the SGT considers them bad and therefore non-recoverable in accordance with the ER.

ER stipulates stringent rules relating to deductibility of bad debts in the computation of taxable income. Separate conditions are prescribed for deductibility of write off of debts greater than RO1,500 and debts lesser than RO1,500.

Under the ER, deductions of bad debts in excess of RO1,500 (US$3,900), will only be allowed if taxpayers provide documentary proof that the taxpayer has taken specified legal processes to recover debt, before taking a decision to write off. Legal processes required to prove bad debts include a judgment by a court of law, debt redemption order or liquidation or bankruptcy proceedings.

Deductibility of debts below RO1,500 (US$3,900) is subject to recovery procedure and rules to be determined by the SGT.
Reserves are generally not deductible.

Provisions
Provisions are generally not deductible. This includes provisions made for the following items:
  - Doubtful debts (see Bad Debts, above)
  - Maintenance
  - Future losses for contractors
  - Obsolete and slow moving inventory

However, insurance companies may deduct unexpired risk reserves (technical provisions based on net premium) and provisions for claims. In addition, loan loss provisions are deductible for commercial banks and finance companies, to the extent approved by the Central Bank of Oman.

Disallowing provisions are allowed as deduction when the expense is actually incurred or the provisions are reversed.

Donations
Donations may be deducted, up to 5% of gross income, only if made to organizations set out in the executive regulations to the income tax law (ITC).

Interest expense
Interest will be deductible only in accordance with executive regulations of the ITC.

Interest expense must be real, incurred and relate to earning gross income and not for financing or capitalization of the business.

To preclude the use of debt over equity funding, to obtain lower tax cost advantage, Omani companies claiming deduction of interest costs on loans from related parties are now required to comply with the minimum thin capitalization requirements.

Omani companies which exceed debt to equity ratio of 2 to 1 will be subject to a proportionate disallowance of deduction of interest expenses on loans taken from related parties. The ER specify the methodology to determine the debt equity ratio.

Tax representation fees
Tax representation fees paid to professional advisors are not deductible for tax purposes.

Remuneration to directors, shareholders and partners
In general, remuneration paid to directors, shareholders and partners is deductible for tax purposes, subject to limits specified in the ER.

Rental costs
Rental costs are deductible only if the rental agreements are registered with the government authority.

Expenses incurred to generate tax exempt income
These are not deductible.

Tax incentives
Tax exemptions may be available for companies engaged in certain activities.

(See Section Investment incentives, page 14, for further details concerning tax incentives).

Foreign tax relief
The tax authorities may allow relief for foreign taxes paid against Omani taxes provided an application is made within two years from the year of payment. Foreign tax relief is limited to the Omani tax rate (12%).

Loss carryovers
Losses may be carried forward for five years, but cannot be carried back. Net losses incurred by companies benefiting from tax holidays under the tax law may be carried forward without any time limit under certain circumstances.

Treatment of groups of companies
Omani tax law does not contain specific rules for the taxation of group companies under common ownership. Each company within a group is taxed as an independent entity.

Omani tax law addresses the possibility that related parties may seek to avoid or reduce taxation on certain transactions. The SGT may recharacterize a transaction, if it determines that an avoidance or reduction of tax has occurred. Deductions of amounts paid to related parties are scrutinized, and a portion of these amounts may be added back to net income.

Dividends, interest and royalties paid to foreign affiliates
Oman does not impose withholding tax on dividends and interest paid to foreign affiliates. Royalties are subject to withholding tax at a rate of 10% unless double tax treaty provisions apply.

Non-resident companies
Omani tax law does not distinguish between resident and nonresident companies.

If a company derives income from Oman, that involved visits to the country exceeding 90 days in the aggregate in any 12 months, this income is taxable. If the payer is an entity taxable in Oman, transactions may be identified through the tax authorities’ examination of the payer’s file.

Income from subsidiaries
An Omani registered subsidiary of a foreign-owned company is taxed at a single rate in excess of RO30,000.

(See Appendix 4, page 40, for details).

Branches of foreign companies
Branches of foreign companies are taxed at a single tax rate in excess of RO30,000.

(See Appendix 6, page 42, for a sample tax calculation for a branch of a foreign company.

Deductions for branches of foreign companies
The deductibility of following expenses incurred by branches of foreign companies is subject to certain limitations set out in the ER.

  - Head Office Charges
  - Sponsorship fees
  - Interest

Non-resident companies without Omani permanent establishments
If a foreign company does not have a permanent establishment in Oman, only the following categories of Omani-source income are taxed:

  - Royalties
  - Management fees
  - Software
  - Fees for research and development

Income in the categories listed above is taxed at a flat rate of 10%. The tax is final, withheld at source and remitted to the SGT. The foreign company has no tax filing obligations in respect of tax deducted.

The term “Royalties” includes payment for intellectual property rights, equipment rentals and consideration for information concerning industrial, commercial or scientific experience.
Taxation

Partnerships and joint ventures

Partnerships

Partnerships are treated as taxable entities and are taxed at corporate rates. (See Section Resident corporations, page 24, for details concerning corporate tax rates).

Joint ventures

Joint ventures are treated as taxable entities and are taxed at corporate rates. (See Section Resident corporations, page 24, for details concerning corporate tax rates). The share of after-tax profits arising from the joint venture is treated as dividend income; therefore each partner to the joint venture is not taxed again separately on such income.

Taxation of individuals

Personal income, excluding business income, is not taxable in Oman.

Only an Omani national or, under certain circumstances, a national of a GCC-member country may operate a business as a sole proprietor in Oman. Sole proprietors are taxed on global income according to the following rates.

<table>
<thead>
<tr>
<th>Net taxable income</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>First RO30,000</td>
<td>0</td>
</tr>
<tr>
<td>Excess over RO30,000</td>
<td>12</td>
</tr>
</tbody>
</table>

Capital gains relating to intangible assets or to the fixed assets of a sole proprietorship are subject to tax as business profits. Capital gains arising from dealings in securities listed on the Muscat Securities Market are exempt from tax.

Withholding taxes

Oman does not impose withholding tax on dividends or interest.

Withholding tax at a flat rate of 10% is withheld for royalties and other specified incomes received by a foreign company that does not have a permanent establishment in Oman or a foreign company which has a permanent establishment, but payments covered under the withholding tax regime are excluded from gross income of such permanent establishments. (See Section Non-resident companies, page 25, for details concerning these types of income).

The payer of these types of income must withhold and remit such tax to the government on a monthly basis. Penalties are imposed for delays in payment. The withholding tax is a final tax to the recipients; therefore, such recipients are not required to submit tax declarations.

Other taxes

Oman does not impose estate tax, gift tax or dividends tax. Municipalities may impose certain consumption taxes, as outlined below:

- 5% on hotel and restaurant bills
- 4% on hotels, motels and tourism restaurants
- Tax at a rate of 2% on electricity bills exceeding RO50 per month; and
- Tax at a rate of 3% on lease agreements, payable by landlords

In addition, a border toll fee is levied on all vehicles across all the entry points of the Oman border.

Tax treaties

Oman has entered into double tax treaties with Algeria, Belarus, Brunei Darussalam, Canada, China, Croatia, France, India, Iran, Italy, Lebanon, Mauritius, Morocco, Pakistan, Seychelles, Singapore, South Africa, South Korea, Sudan, Syria, Thailand, Tunisia, Turkey, United Kingdom, Uzbekistan, Vietnam and Yemen. Oman has signed double tax treaties with Belgium, Egypt, Germany, and the Russian Federation, but these treaties are not yet in force.

Under certain treaties, reduced withholding tax is imposed on royalties paid to companies resident in the contracting countries if such companies do not have a permanent establishment in Oman, subject to certain conditions.
Other tax updates

Large Taxpayer Unit
The ER include provisions to exempt small establishments and Omani Companies from tax (and registration) based on certain base level thresholds for annual revenues, employees and capital employed.

It was expected that the removal of a large number of existing small business taxpayers from the tax base, would enable the tax department to focus on larger taxpayers and bring more foreign companies in the tax net.

The latest development is the organization of a Large Taxpayer Unit (LTU) to manage large taxpayers. With the formation of the LTU and the removal of a large number of smaller taxpayers from the assessment base, it is expected that the tax department will increase tax compliance by large taxpayers and foreign entities.

Compliance requirements

Tax registration
The ER has introduced specific Forms for Declaration of Business Particulars (FDBP) prescribed for various forms of entities. Any changes in the information which has already been provided by a taxpayer to the tax authorities is also required to be notified in a prescribed form, within the prescribed time.

Corporate income tax returns
The ER prescribed new tax return forms to be used for the provisional return of income and annual return of income from tax year 2012. The forms were revised to include significant additional information and annexures. The new tax returns apply to all businesses for financial years ending after 1 January 2012.

Corporate income tax exemption
Comprehensive rules and conditions have been prescribed under the ER for corporate income tax exemption for various types of businesses. These rules and primary conditions governing eligibility for corporate income tax exemption are largely in line with those detailed in the Ministerial Decisions previously issued in this regard. New conditions, however, severely limit renewals of tax exemption.

Stringent criteria have been introduced for renewal of corporate income tax exemption. This includes the requirement that net profit realized by the establishment or Omani company during the exemption period shall not exceed 50% of the capital paid up in the beginning of the period, after deducting losses incurred during the exempt period.
Financial reporting and auditing
Statutory requirements

Required books and records
The Oman Commercial Law requires all business enterprises to maintain the following books as a minimum:

- A day book maintaining a daily record of all activities related to the commercial enterprise and a monthly record of personal withdrawals (for proprietorships and partnerships); and
- A stock book listing inventory, by quantity and by value, held at year end

Under the law, the Ministry of Commerce and Industry must attest to the records listed above. However, this requirement is temporarily suspended. The SGT has the right to inspect accounting records.

Accounting records must be maintained in Omani rials, unless the taxpayer obtains permission from the Ministry of Finance to use a foreign currency. Accounting records may be maintained in Arabic or in other languages.

Financial statements
Companies with capital exceeding RO20,000 (US$52,000) must submit audited financial statements and other information with their final tax declaration. The minimum capital requirement applies to the capital of the entire company, not only to the capital of the foreign branch. Financial statements must be prepared in Arabic.

Sources of accounting principles and practices
Omani law requires enterprises to follow International Financial Reporting Standards. Otherwise, principles and practices of accounting are not codified.

Financial reporting
Joint stock companies must prepare audited financial statements within two months following their year-end and provide their shareholders with audited financial statements 14 days before the annual shareholders meeting. Annual shareholders meetings must be held within three months of the year end.

If a limited liability company (LLC) appoints an auditor, the LLC must prepare audited financial statements and provide it to its shareholders within six months after its year end.

Banks must file their audited financial statements with the Central Bank of Oman within one month after their year-end. Insurance companies must file their audited financial statements with the Capital Market Authority within two months after their year-end.

Companies listed on the Muscat Securities Market (see Section Financial sector, page 9) are required to publish unaudited financial information on a quarterly basis and should comply with certain disclosure standards, mandated by the Capital Market Authority.

All borrowers from the Omani banking system in excess of certain limits are required to file audited financial statements with their banks, within four months of their year end.

Audit requirements
Joint stock companies, as well as LLCs that have more than 10 shareholders or capital exceeding RO50,000 (US$130,000), are required to have annual statutory audits. Other LLCs must have statutory audits if required by their articles of association or if requested by shareholders holding at least 20% of the capital of the company. In addition, companies with capital exceeding RO20,000 (US$52,000) must file audited financial statements with their tax returns.

(See Section Principal taxes, page 23, for details concerning tax return filing requirements).

Public joint stock companies, banks and insurance companies must rotate their auditors after each four-year period.

Accounting profession
The Law Regulating the Accountancy and Auditing Profession sets forth conditions of registration, qualifications and other requirements for accountants and auditors.

Omani law requires that audits be performed by authorized auditors. A list of authorized auditors is prepared by the Ministry of Commerce and Industry, and includes all firms that are registered to operate in Oman. Auditors must be independent of the company being audited and may provide non audit services to the company with certain restrictions.

Auditors appointed by joint stock companies should be accredited by the Capital Market Authority.
General
Oman, the second largest country in the Arabian Peninsula, is situated at the southeast corner, south of the Strait of Hormuz. Its coastline faces the Gulf of Oman and the Arabian Sea. Oman is bordered by the United Arab Emirates, Saudi Arabia and Yemen.

Oman is a mountainous country. The Hajar mountain range, which runs parallel to the northeast coast, dominates northern Oman. Although the range is noted for its aridity, its valleys often sustain vegetation because of the flooding that occurs from the winter rainfall. The intensively cultivated Batinah plain stretches between the Hajar mountain range and the coast, from the country's capital, Muscat, to the border with the United Arab Emirates. To the south and west of the Hajar mountain range lies an extensive desert of stony plains and sand dunes. In the far south, the Dhofar region turns tropical and green during the summer monsoon season.

Two major climatic zones influence Oman: the Mediterranean from the north, and the tropical from the south. In the winter, cool, dry winds blow across the Musandam peninsula and the north coast, sometimes bringing rain. The winds are less strong in Dhofar.

Blown by southwesterly winds that have traveled over extensive desert, Oman's northern areas are much warmer in the summer than in the winter. Muscat is one of the world's hottest capitals. In June, the hottest month, its temperature averages 38º C (100º F) and often rises to 45º C (113º F) or even 50º C (122º F). By contrast, the temperature of Salalah in Dhofar averages 32º C (90º F) in May, the hottest month. Although the heat subsides, Dhofar can be oppressively humid from June until September.

Spring and autumn occasionally bring wind and rain, which can cause terrible damage. Annual precipitation is uneven, and years of drought can follow several stormy winters. Because the infrequent rainfall is torrential and is slowed by sparse soil or vegetation, flash floods are common.

In 2010, the total population of Oman was estimated to be approximately 2.74 million, of which approximately 1.9 million were Omani. The population is growing at an annual rate of 3.4% and after 2011 the population was estimated to be 3.295 million. The majority of non-Omanis are concentrated in the capital area, where they comprise 46% of the population. In most other areas, Omanis represent 75% or more of the population. 28.9% of the population is 14 years of age or younger. People older than 65 years of age comprise only 1.7% of the population.

Arabic is the official language of Oman. However, English is widely used in both commercial and government communications.

Oman is a Royal Sultanate. The Council of Ministers, or cabinet, is the country's highest executive authority. The council derives its powers from, and is responsible to, His Majesty, the Sultan.

Oman's specialized councils are created by Royal Decree and include the Council of Oman, which includes the Council of State and the Majlis As’Shura (a consultative body); the Council of Financial Affairs and Energy Resources; the Council of Water Resources; and the Council of Defence. Other significant bodies created by Royal Decrees include the Muscat Municipality and Ministries.

Oman's Basic Law of the State (Royal Decree No. 101 of 1996) states that the Islamic code, the Sharia, is the basis for Omani legislation. The Sultan issues laws consistent with the Basic Law through Royal Decrees.

Judicial power lies with the courts, which are independent of the executive authority. The Commercial Court has jurisdiction over commercial disputes. In enforcing agreements between partners and reaching decisions based on the Sharia, the court applies Omani laws established by Royal Decrees.

The Judicial Authority Law organizes the following different courts in Oman:
- The Supreme Court
- The Appellate Courts
- The Preliminary courts (Court of First Instance)
- The Courts of Summary Jurisdiction

Other components of the legal system include the Administrative Judicature Court, the Supreme Judicial Council and the Public Prosecution Authority. The basic law has undergone a number of changes during 2011.
Entry visas and work permits
The government of Oman has issued visa procedures, which are aimed at liberalizing entry regulations into Oman. The salient features of the visa procedures are as follows:

- Citizens from countries mentioned in List Number One such as Austria, France, Germany, Italy, United Kingdom and United States of America will be eligible to obtain single entry visit visas on arrival on all ports of entry into the country.
- Citizens from countries mentioned in List Number Two such as India, Iran, Egypt, Tunisia, and Morocco will also be able to obtain single entry visit visas by applying for the same at Oman’s diplomatic missions in the respective country.
- Citizens of countries on either list can obtain multiple entry visit visas from Oman’s diplomatic missions or Commercial Representative offices in these countries. It is however, not possible to extend this visa.
- In addition, for countries not covered under these lists, express visas can also be issued within 24 hours of application.
- Certain new categories of visas such as tourist, multiple journeys, employment, owners and joint owners are also available.
- In all cases, there is an overstay penalty of RO10 per day beyond the validity of the visa.

Employers wishing to employ foreign nationals must obtain labour clearances and No Objection Certificates (NOCs) from the Ministry of Manpower. An employer may engage a foreign employee only in the jobs specified by the labour clearance.

Living in Oman
The country’s cost of living is comparatively high since it imports most of its goods.

Time
Oman’s time zone is four hours ahead of Greenwich Mean Time. Oman does not observe Daylight Saving Time. The following table presents time differences between Oman and selected world cities.

<table>
<thead>
<tr>
<th>City</th>
<th>Hours ahead of or behind Oman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>+4</td>
</tr>
<tr>
<td>Cape Town</td>
<td>-2</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>-3</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>+4</td>
</tr>
<tr>
<td>London</td>
<td>-4</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>-12</td>
</tr>
<tr>
<td>New Delhi</td>
<td>+1.5</td>
</tr>
<tr>
<td>New York</td>
<td>-9</td>
</tr>
<tr>
<td>Paris</td>
<td>-3</td>
</tr>
<tr>
<td>Singapore</td>
<td>+4</td>
</tr>
<tr>
<td>Sydney</td>
<td>+6</td>
</tr>
<tr>
<td>Tokyo</td>
<td>+5</td>
</tr>
<tr>
<td>Toronto</td>
<td>-9</td>
</tr>
</tbody>
</table>

Business hours
Business hours vary widely by business, but in general are from 8:00 a.m. to 1:30 p.m. Saturday through Thursday and 4:00 p.m. to 6:30 p.m. In accordance with the Oman labour law, maximum working hours a week are 45 hours, spread over 5 working days (Sunday to Thursday). Official working hours for Government offices are from 7:30 a.m. to 2:30 p.m. During Ramadan, the holy month of fasting, business hours are restricted.

Public holidays
Muslim holidays recur 10 or 11 days earlier each Gregorian calendar year because the Islamic calendar is based on the lunar year. The following table presents Oman’s expected public holidays and their dates of observance for 2013.

<table>
<thead>
<tr>
<th>Holiday</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mawalid al-Nabi</td>
<td>24 January</td>
</tr>
<tr>
<td>(Prophet’s Birthday)</td>
<td></td>
</tr>
<tr>
<td>Al-Mi’raj (Prophet’s night</td>
<td>5 June</td>
</tr>
<tr>
<td>journey to Heaven)</td>
<td></td>
</tr>
<tr>
<td>Rennaissance Day</td>
<td>23 July</td>
</tr>
<tr>
<td>Eid Al Fitr</td>
<td>7–12 August</td>
</tr>
<tr>
<td>(End of Ramadan)</td>
<td></td>
</tr>
<tr>
<td>Eid al Adha</td>
<td>14–17 October</td>
</tr>
<tr>
<td>(Feast of the Sacrifice)</td>
<td></td>
</tr>
<tr>
<td>National Day</td>
<td>24–25 November</td>
</tr>
<tr>
<td>Muharram</td>
<td>4 November</td>
</tr>
<tr>
<td>(Islamic New Year)</td>
<td></td>
</tr>
</tbody>
</table>

Transportation and communications
Transportation
Oman’s climate and the layout of its capital make using a car essential. Cars for hire are readily available, at reasonable rates and may prove cheaper than taxis. A network of paved roads provides excellent driving conditions throughout the capital and beyond. Driving is on the right-hand side of the road.

The Oman National Transport Company provides long-distance bus transportation from the capital to other parts of the country. Oman Air and several international airlines provide passenger and cargo air transportation to international destinations.

Oman has commercial ports in Muscat, Salalah and Sohar. Container terminals are operational in Salalah and Sohar.

Communications
Direct dialing is available for national and international telephone calls. Mail is delivered to post office boxes.
Education
Although schooling is not compulsory, education is now universal. Oman offers primary, secondary and single-sex schools throughout the country, except in remote villages. During the school year 2007–2008, Oman had 1,052 government schools with 283,654 male and 269,582 female students and 41,989 teachers; by comparison, in 1970, Oman had three boys’ schools with 909 students and 30 teachers. To improve its educational system, the government accords priority to educating Omanis to become teachers.

In 1986, the Sultan Qaboos University was established near Seeb, just outside the capital. In 2007–2008, 14,722 students were enrolled, of whom 49% were female. Oman operates technical and industrial colleges, teacher-training colleges, vocational training centers, an Institute of Health Science, an Institute of Banking and Financial Studies and several private colleges for engineering, commerce and business management. The government offers adult education to improve general literacy and to upgrade the written and spoken Arabic-language skills of Omanis.

Medical services
Oman has 59 hospitals and 990 health centers/clinics. Vaccination and preventive medicine are available throughout the country. Infant mortality has dropped dramatically as a result, and malaria, trachoma and gastroenteritis are considerably less prevalent than in the past. Doctors, nurses and paramedical staff receive training both within and outside Oman. The University Teaching Hospital, which specializes in advanced medicine, was established in 1989 and its first class of 48 Omani doctors graduated in 1993.

A private medical college and a dental college have been recently established.

Housing
Foreigners are now allowed to own land or property in Oman, within specified integrated tourism complexes. Modern housing, often with large living spaces, is generally available for rent in Muscat and the surrounding areas. Rents range from RO250 a month for apartments to RO1000 a month for villas in Muscat; larger villas in better residential districts may cost more than RO2,000 a month. In light of the considerable increase in property rents in the Sultanate, the council of ministers has stipulated that the owner shall not increase rent of residential, commercial and industrial premises except after the lapse of three years from the date of commencement of the lease contract or from the date of the last contracted increase.

Leisure and tourism
Muscat has libraries, several museums, an aquarium and other leisure facilities. A variety of sports and recreational facilities are also available. Oman’s beaches, mountain scenery, old forts and colorful villages offer many opportunities to pursue outdoor activities. Driving through wadis (riverbeds) and mountain passes is a popular weekend pursuit. In addition, the souks (markets) offer a great variety of goods, including brass, copper, gold, silver, spices and cloth. Oman has recently restored a variety of national heritage monuments, including 14 historic forts, which are now open to the public. The government is establishing a permanent Heritage Village in Nizwa.

There are a number of world class hotels in Oman catering to the needs of business and leisure travelers. See useful addresses and telephone numbers on page 35. The capital of Oman has been named the second best city to visit in the world in 2012. Muscat also was chosen as the capital of Arab Tourism of 2012.

Social and business customs
Oman is a devout Muslim country, and its local customs should be respected. Dress is generally conservative; and should cover the shoulders and the tops of the arms, and extend to below the knees. Photographing individuals, particularly women, is often viewed with disapproval; therefore, permission to take photographs should always be sought. Because the misuse or abuse of alcohol may cause offense, alcohol should not be consumed in public places, unless these places are licensed to serve alcohol.

During the holy month of Ramadan, observant Muslims fast from sunrise until sunset. Eating, drinking or smoking in public places during daylight hours is forbidden. All non-Muslims in the presence or sight of a Muslim should avoid these activities during the period of the fast.
Useful addresses and telephone numbers
When calling from an international location, the caller must use the international country code for Oman, +968, as a prefix.

<table>
<thead>
<tr>
<th>Hotel/Company/Ministry/Authority</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bank of Oman</td>
<td>P.O. Box 1161 Ruwi Postal Code 112 Phone: 24 777777 Facsimile: 24 702253</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman Telecommunications Company (SAOG)</td>
<td>P.O. Box 789 Ruwi Postal Code 112 Phone: 24 631000 Facsimile: 24 696888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Agriculture Ministry of Fish Resources</td>
<td>P.O. Box 467 Muscat Postal Code 100 Phone: 24 696300 Facsimile: 24 817238</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Commerce and Industry</td>
<td>P.O. Box 550 Muscat Postal Code 100 Phone: 24 813500 Facsimile: 24 817238</td>
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<tr>
<td>Ministry of Defence</td>
<td>P.O. Box 113 Muscat Postal Code 100 Phone: 24 312605 Facsimile: 24 702521</td>
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</tr>
<tr>
<td>Ministry of Finance</td>
<td>P.O. Box 506 Muscat Postal Code 100 Phone: 24 738201 - 10 Facsimile: 24 736324</td>
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<td></td>
</tr>
<tr>
<td>Ministry of Foreign Affairs</td>
<td>P.O. Box 252 Muscat Postal Code 100 Phone: 24 699500 Facsimile: 24 696141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>P.O. Box 393 Muscat Postal Code 100 Phone: 24 602177 Facsimile: 24 601430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Housing</td>
<td>P.O. Box 173 Muscat Postal Code 100 Phone: 24 693333 Facsimile: 24 699185</td>
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<tr>
<td>Ministry of Oil and Gas</td>
<td>P.O. Box 551 Muscat Postal Code 100 Phone: 24 603333 Facsimile: 24 693508</td>
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</tr>
<tr>
<td>Ministry of Regional Municipalities and Water Resources</td>
<td>P.O. Box 323 Muscat Postal Code 100 Phone: 24 692550 Facsimile: 24 692553</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Social Development</td>
<td>P.O. Box 560 Muscat Postal Code 113 Phone: 24 602444 Facsimile: 24 602722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Tourism</td>
<td>P.O. Box 200 Muscat Postal Code 100 Phone: 24 588700 Facsimile: 24 588880</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Transport and Communications</td>
<td>P.O. Box 684 Muscat Postal Code 100 Phone: 24 685000 Facsimile: 24 685685</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muscat Municipality</td>
<td>P.O. Box 79 Muscat Postal Code 100 Phone: 24 704800 Facsimile: 24 708713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muscat Securities Market</td>
<td>P.O. Box 3265 Ruwi Postal Code 112 Phone: 24 823600 Facsimile: 24 816353</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman Center for Investment Promotion and Export Development (OCIPED)</td>
<td>P.O. Box 25 Al Wadi Al Kabir Postal Code 117 Phone: 24 826699 Facsimile: 24 810890</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman Chamber of Commerce and Industry (OCCI)</td>
<td>P.O. Box 1400 Ruwi Postal Code 112 Phone: 24 763700 Facsimile: 24 708497</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman Development Bank</td>
<td>P.O. Box 3077 Ruwi Postal Code 112 Phone: 24 812507 Facsimile: 24 813100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Establishment for Industrial Estates</td>
<td>P.O. Box 200 Al Rusayl Postal Code 124 Phone: 24 155100 Facsimile: 24 449095</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretary General for Taxation (SGT)</td>
<td>P.O. Box 285 Muscat Postal Code 113 Phone: 24 815146 Facsimile: 24 811581</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sultan Qaboos University</td>
<td>P.O. Box 50 Al Khoud Postal Code 123 Phone: 24 141111 Facsimile: 24 413255</td>
<td></td>
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</tr>
<tr>
<td>Al Bustan Palace InterContinental Muscat</td>
<td>P.O. Box 1998 Muttar Postal Code 114 Phone: 24 799666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Al Falaj Hotel</td>
<td>P.O. Box 2031 Ruwi Postal Code 112 Phone: 24 702311</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Chedi Muscat</td>
<td>P.O. Box 964 Al Khoud Postal Code 133 Phone: 24 524400</td>
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<tr>
<td>Coral Hotel Muscat</td>
<td>P.O. Box 3951 Ruwi Postal Code 112 Phone: 24 692121</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crowne Plaza Muscat</td>
<td>P.O. Box 1455 Ruwi Postal Code 112 Phone: 24 660660</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Hyatt Muscat</td>
<td>P.O. Box 951 Shatti Al Qurum Postal code 133 Phone: 24 641234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golden Tulip – Seeb</td>
<td>P.O. Box 69 Seeb, CPO Postal Code 111 Phone: 24 510300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday Inn Muscat</td>
<td>P.O. Box 1185 Seeb, CPO Postal Code 111 Phone: 24 487123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercontinental Muscat</td>
<td>P.O. Box 398 Muttar Postal Code 114 Phone: 24 680000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park Inn Muscat</td>
<td>P.O. Box 1635 PC 133 Sultan Qaboos Street Al Khuwair Phone: 24 507888</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Doing business in Oman
Appendices
# Key economic performance indicators

The following table presents leading indicators of the Oman economy.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Price Index</strong></td>
<td>8.3</td>
<td>11.8</td>
<td>3.5</td>
<td>3.2</td>
<td>4.0</td>
<td>2.9</td>
</tr>
<tr>
<td>(%) growth rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Oil Sector (% of GDP)</strong></td>
<td>44.3</td>
<td>50.7</td>
<td>40.0</td>
<td>45.8</td>
<td>52.6</td>
<td>52.2</td>
</tr>
<tr>
<td><strong>GDP at current prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(billion RO)</td>
<td>16.010</td>
<td>23.049</td>
<td>18.559</td>
<td>22.773</td>
<td>27.945</td>
<td>30.033</td>
</tr>
<tr>
<td><strong>Overall trade balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(billion RO)</td>
<td>3.332</td>
<td>5.607</td>
<td>3.736</td>
<td>6.394</td>
<td>8.871</td>
<td>9.036</td>
</tr>
</tbody>
</table>

Source: Central Bank of Oman.
The following table provides the year end exchange rates for the Omani rial against selected world currencies from 2008 to 2012.

**Omani Rials per Unit of foreign currency**

<table>
<thead>
<tr>
<th>Currency</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahraini dinar</td>
<td>1.020</td>
<td>1.029</td>
<td>1.020</td>
<td>1.020</td>
<td>1.021</td>
</tr>
<tr>
<td>British pound</td>
<td>0.555</td>
<td>0.624</td>
<td>0.596</td>
<td>0.595</td>
<td>0.626</td>
</tr>
<tr>
<td>Canadian dollar</td>
<td>0.316</td>
<td>0.371</td>
<td>0.384</td>
<td>0.376</td>
<td>0.386</td>
</tr>
<tr>
<td>Euro</td>
<td>0.542</td>
<td>0.559</td>
<td>0.508</td>
<td>0.497</td>
<td>0.508</td>
</tr>
<tr>
<td>Japanese yen</td>
<td>0.004</td>
<td>0.004</td>
<td>0.005</td>
<td>0.495</td>
<td>0.004</td>
</tr>
<tr>
<td>Kuwaiti dinar</td>
<td>1.392</td>
<td>1.354</td>
<td>1.362</td>
<td>1.387</td>
<td>1.368</td>
</tr>
<tr>
<td>Qatari rial</td>
<td>0.106</td>
<td>0.107</td>
<td>0.106</td>
<td>0.106</td>
<td>0.106</td>
</tr>
<tr>
<td>Saudi rial</td>
<td>0.102</td>
<td>0.103</td>
<td>0.102</td>
<td>0.102</td>
<td>0.103</td>
</tr>
<tr>
<td>Swiss franc</td>
<td>0.363</td>
<td>0.376</td>
<td>0.408</td>
<td>0.408</td>
<td>0.420</td>
</tr>
<tr>
<td>United Arab Emirates dirham</td>
<td>0.105</td>
<td>0.105</td>
<td>0.105</td>
<td>0.105</td>
<td>0.105</td>
</tr>
<tr>
<td>US dollar</td>
<td>0.3845</td>
<td>0.3845</td>
<td>0.3845</td>
<td>0.3845</td>
<td>0.3845</td>
</tr>
</tbody>
</table>

*Source: Central Bank of Oman.*
Documentation required for registration in the commercial register

The following information must be submitted to register an Omani limited liability company in the Commercial Register of the Ministry of Commerce and Industry:

- Name of the company
- Legal form of the company
- Objectives of the company
- Principal place of business of the company
- Addresses of the company’s branches or agencies located in Oman and abroad
- Names, nationalities, dates and places of birth of all shareholders
- The names of those persons authorized to sign on behalf of the company and the extent of their authority
- Capital of the company
- Value of the contributions-in-kind
- Dates of formation and, if applicable, termination; and
- Authorisation from the Ministry of Commerce and Industry concerning non-Omani shareholders

In addition to the information listed above, the following additional information must be submitted to register a branch of a foreign company in the Commercial Register of the Ministry of Commerce and Industry:

- Names of those persons authorized to sign for the branch, and the extent of their authority
- A power of attorney from the head office to the authorized person in Oman; and
- A letter of guarantee from the head office confirming that it is responsible for all liabilities in Oman.
Company income tax rates

The following table presents the company income tax rates effective from tax year 2010. The tax year runs from January through December. If a company’s financial year end falls within the tax year, the tax rates applicable to the tax year apply to the entire income relating to that year.

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>First RO30,000</td>
<td>0</td>
</tr>
<tr>
<td>Excess over RO30,000</td>
<td>12</td>
</tr>
</tbody>
</table>

Foreign companies that do not have a permanent establishment in Oman are subject to a flat tax of 10% of gross income on the following types of income: royalties; management fees; computer software and research and development fees.
Depreciation rates

The following table presents acceptable depreciation rates for tax purposes (effective from 1 January 2010):

**Straightline method**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent buildings</td>
<td>4 (a) (b)</td>
</tr>
<tr>
<td>Prefabricated buildings</td>
<td>15 (a) (b)</td>
</tr>
<tr>
<td>Quay, jetties, pipelines, roads and railways</td>
<td>10 (a)</td>
</tr>
<tr>
<td>Aircraft and ships</td>
<td>15 (a)</td>
</tr>
<tr>
<td>Hospital buildings and educational establishments</td>
<td>100 (c)</td>
</tr>
<tr>
<td>Intangible assets (excluding software and intellectual property rights)</td>
<td>Rate based on productive life as determined by the Secretary General for Taxation</td>
</tr>
</tbody>
</table>

(a) The rates must be applied to cost in accordance with straight-line depreciation.
(b) For industrial buildings, the rate is doubled. For equipment that is used continuously for three shifts a day, an accelerated rate of depreciation up to 150% of the regular rate may be allowed.
(c) Optional

**Pool of assets method**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractors, cranes, similar heavy machinery and plant, computers, vehicles and self propelling machines, fixtures, fittings, furniture, computer software and intellectual property rights</td>
<td>33.3</td>
</tr>
<tr>
<td>Drilling rigs</td>
<td>10</td>
</tr>
<tr>
<td>Any other machinery and plant</td>
<td>15</td>
</tr>
</tbody>
</table>

The rate is applied on the depreciation base of the pool (cost of assets - depreciation allowed + asset additions - sale proceeds)
Tax calculation for a branch of a foreign company

The following is a sample tax calculation

<table>
<thead>
<tr>
<th>Calculation of Taxable Income</th>
<th>RO</th>
<th>RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross receipts or gross sales (RO100,500 less returns and allowances of RO500)</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Less: Cost of goods sold and/or operations</td>
<td>(50,000)</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and discounts</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Gross rents</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Balancing charges</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Income from other sources</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Total income</td>
<td>55,000</td>
<td></td>
</tr>
</tbody>
</table>

| Less allowable deductions: |      |      |
| Salaries and wages | (10,000) |      |
| Minor repairs and maintenance | (500) |      |
| Bad debts written off | (1,000) |      |
| Rents | (1,000) |      |
| Interest (on money borrowed wholly and exclusively for the purpose of producing gross income) | (1,000) |      |
| Contributions to pension plans or other similar approved plans | (500) |      |
| Balancing allowances | (500) |      |
| Advertising | (500) |      |
| Other deductions | (1,000) |      |

| Taxable income before net operating loss deduction and special deductions (RO55,000-RO16,000) | 39,000 |
| Less: Statutory deduction | (30,000) |
| Taxable income | 9,000 |
| Calculation of tax |      |
| Tax on RO9,000 at a rate of 12% | 1,080 |
| Credit: Estimated tax paid | (1,000) |
| Balance tax due | 80 |
Objectives and dimensions of the Eighth Five Year Development Plan (2011–2015)

Objectives

• Realizing a growth rate of not less than (3%) and low inflation rates.
• Social development to be granted priority in allocating government expenditure.
• Expansion in new work opportunities for national workforce.
• Achieving full enrolment rates in general education, raising intake capacity of higher education and upgrading education quality.
• Coordination between fiscal and monetary policies.
• More attention to the regional and environmental dimensions.
• Increasing production rates of oil and gas their reserves and management of deficit in power resources.
• Development of the sectors of tourism, industry, agriculture, fisheries and water resources.
• Stimulating domestic and foreign private sectors to investment and development of small and medium establishment (SME).
• Implementing the strategies of scientific research and Oman Digital Society.
• Developing and raising the efficiency of the Governments administrative apparatus, upgrading the statistical work and directing media activity to serve the development process.

Dimensions of the Fiscal Framework

• Stimulating domestic demand in support of growth without prejudicing the sustainability of public finance status in the medium term.
• Granting priority in allocating government expenditure to provision of social services in terms of health, general education, housing, water and sanitary drainage services beside development of oil and gas sectors.
• Intensifying and strengthening the coordination between fiscal and monetary policies to ensure stability of economy an stimulate growth.
• Daily transfer of fifteen thousand barrel value to oil reserve fund at market price and excluding any other transfer to the State General Reserve Fund from the Plan’s estimates.
• Striving to increase non-oil revenues.
• Financing the budget deficit through withdrawal from emergency and borrowing fund.
• Directing any surplus in the actual oil revenues during the Plan period as result of increase in oil prices and production rates to finance the actual deficit of the budget and transfer of surplus to the State General Reserve Fund.

### (RO Million)

<table>
<thead>
<tr>
<th>Detail</th>
<th>Eighth Five-Year Development Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Daily average oil production (000 barrel)</td>
<td>896</td>
<td>892</td>
</tr>
<tr>
<td>Average price (US$)</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>First: Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil revenue</td>
<td>5,078</td>
<td>4,983</td>
</tr>
<tr>
<td>Minus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to the Oil Reserve Fund</td>
<td>122</td>
<td>122</td>
</tr>
<tr>
<td>1. Net oil revenue</td>
<td>4,956</td>
<td>4,861</td>
</tr>
<tr>
<td>2. Natural gas revenue</td>
<td>920</td>
<td>935</td>
</tr>
<tr>
<td>3. Other current revenue</td>
<td>1,340</td>
<td>1,400</td>
</tr>
<tr>
<td>4. Capital revenue</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>5. Capital recoveries</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,280</td>
<td>7,250</td>
</tr>
<tr>
<td>Second expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Current expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Defense and national security</td>
<td>1,650</td>
<td>1,680</td>
</tr>
<tr>
<td>7. Civil ministries</td>
<td>2,750</td>
<td>2,950</td>
</tr>
<tr>
<td>8. Oil production expenditure</td>
<td>225</td>
<td>241</td>
</tr>
<tr>
<td>9. Gas production expenditure</td>
<td>80</td>
<td>89</td>
</tr>
<tr>
<td>10. Interest on loans</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Total current expenditure</td>
<td>4,780</td>
<td>5,035</td>
</tr>
<tr>
<td>b) Investment expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Development expenditure for civil ministries</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>12. Oil production expenditure</td>
<td>718</td>
<td>640</td>
</tr>
<tr>
<td>Total investment expenditure</td>
<td>2,512</td>
<td>2,605</td>
</tr>
<tr>
<td>c) Participation and other expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Subsidy for housing loans interests</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>15. Contribution to local, regional and international organizations</td>
<td>615</td>
<td>587</td>
</tr>
<tr>
<td>16. Subsidy for electricity sector</td>
<td>199</td>
<td>238</td>
</tr>
<tr>
<td>Total participation and other expenditure</td>
<td>838</td>
<td>850</td>
</tr>
<tr>
<td>Total public expenditure</td>
<td>8,130</td>
<td>8,490</td>
</tr>
<tr>
<td>Deficit</td>
<td>850</td>
<td>1,240</td>
</tr>
</tbody>
</table>

Omani Rial = US$2.6 (at 1 January 2011)
Projects that will be implemented during the Eighth Plan in excess of US$100 million

**Education**
- Development of human resources programme – specialized higher education aboard – 1000 grants at cost of RO100 million.
- Various internal scholarships (social security, limited income, grants, general medicine) at cost of RO81.5 million.

**Health**
- Muscat referral hospital at cost of RO140 million
- Salalah hospital at cost of RO48 million
- Construction of new hospitals in As Suwayq, Mahout, Sinaw, Dhalkut, Al Muziunah at cost of RO55.5 million

**Housing**
- Housing supports in different regions in accordance to the Royal Grant at cost of RO200 million
- Housing loans projects in the different regions at cost of RO48 million
- Construction of the replacement houses for those affected by Al Batinah coastal road at cost of RO200 million

**Water**
- Establishment of water pipeline and distribution networks for the psychiatric hospital and networks for neighbouring areas at cost of RO95.2 million
- Water supply project from Wadi Dheqeh to Muscat and Quryat at cost of RO48 million
- Water supply networks and accessories in various Wilayats in accordance to the water sector strategy at cost of RO81.8 million
- Water supply networks and accessories in various Wilayats at total cost of RO186.7 million
- Construction of emergency reservoirs in Muscat Governorate at cost of RO40 million

**Roads**
- Duality of Ibri-Jibrin road at cost of RO73 million
- Duality of Nizwa-Thumrait road at cost of RO250 million
- Duality of Bid Bid-Sur road (first and second phases) at cost of RO240 million
- Al Batinah express road at cost of RO250 million
- Raising efficiency of Sinaw-Mahout-Ad Duqm road at cost of RO80 million
- Al Batinah coastal road (phase 3) at cost of RO200 million
- Internal roads paving in various Wilayats at cost of RO44.8 million
Airports

- Completion of projects of Muscat International Airport and Salalah airport at cost of RO468.7 million (the approved total amount till now for Muscat International Airport is RO1.9 billion. Of this RO706.6 million for the departure building and construction of Salalah airport at cost of RO294 million)
- Completion of the regional airports in Sohar, Adam, Ras Al Hadd and Ad Duqum at cost of RO183.7 million noting that the approved total amount till now for the regional airports is RO196.7 million

Seaports

- Commencing execution of the project of sea port with network of roads and floating dock in Guzer Al Halaniyat at cost of RO39 million
- Completion of infrastructure project, docks for liquid and bulk materials and works related to Ad Duqum port at cost of RO216 million
- Constructions of quays 7,8,9 at Salalah port at cost of RO184.1 million
- Construction of ports and facilities for the fast ferries in Salalah, Hasik, Al Shuaymiya, Halaniyat, Shna and Masirah at cost of RO63 million

Town planning and municipalities

- Compensations for properties affected by Al Batinah coastal road phase 2 at cost of RO210 million

Communication and Information technology

- Infrastructure of optic fiber network executed by (Haya) RO106 million
- Royal Grant for provision of computers for social security families and the university first year students RO20 million

Oil production

- Investment expenditure RO3.2 billion

Gas Production

- Investment expenditure RO3.4 billion
Investment support

- Oman company for tourism development (Oman) – various projects RO566 million

Note:
- In addition, the Plan aims, the completion of the carried forward projects from the Seventh Plan as well as implementing a group of other service projects that include tourism projects, paving internal roads, lightening, maintenance of the established government assets and provision of the various basic services.
- It is worth mentioning that the government funding for the new government projects for the Plan period will not be limited to the projects included in the civil ministries development programme but also include the financing of new projects for other sectors.

The total cost of the government projects that the government will finance outside the framework of the civil ministries development programme is estimated at RO8.8 billion.
EY in Oman
EY is one of the leading professional services firms in Oman committed to providing the highest quality professional accounting, auditing, taxation and consultancy services. With more than 170 professionals and support staff, we provide integrated services to private enterprises and public agencies. Our combined professional and industry knowledge, experience, and resources enable us to provide an outstanding level of service to our clients.

Professional services provided by EY

The following summary serves to provide an outline of the various professional services provided to our clients in Oman:

1. Assurance & Advisory Business Services: We have developed our Assurance & Advisory Business Services to meet changing business needs and growing expectations. We deliver practical business insights and ideas on financial and business risks on a continual basis.

2. Business Advisory Services: We have highly skilled and experienced Business Advisory personnel positioned into four specialized sub-service lines as:
   a. Transaction Advisory Services
      - Lead Advisory Services
      - Transaction Support Services
      - Statutory Advisory Services
   b. Privatisation & Restructuring
      - Industry Sector Restructuring & Regulatory Framework
      - Business Strategy Facilitation
      - Program Management
   c. Business Management Advisory Services
      - Enterprise Systems
      - Enterprise Transformation
      - Human Capital
   d. Technology Security and Risk Services
      - Security & Technology Solutions
      - IT Risk & Management Assurance

3. Business Community Training: We assist the business community to improve the quality and professionalism of its employees, by preparing and presenting a wide variety of high quality and result oriented training courses relevant to business and financial management.

4. Business Risk (Internal Audit) Services: By working with EY and its highly skilled internal audit specialists, our clients are able to achieve enhanced risk coverage, provide greater value addition to business and reduce overall audit cost. Our Business Risk Services group is a separate service line with its entire resources separate and distinct from the providers of external audit services.

5. Tax Services: With established and experienced tax professionals who bring a significant understanding of tax regulations, we have capabilities to provide a full range of tax services in both Arabic and English languages. The services provided by the practice include:
   a. Compliance: Registration of taxable entities with taxation authorities as well as preparation, review and advice on the tax returns.
   b. Consulting: Corporate tax planning aligned to the client's operational plans and business objectives.
   c. International Tax Services: Solving cross-border tax issues, developing regional tax solutions, and formulating inbound and outbound investment strategies so as to minimize tax risk.

In Oman, EY serves organizations of all sizes, from major multinational corporations to medium-size companies and small family-owned businesses. Our clients comprise entities in many legal forms, including public and private companies, partnerships, non profit organizations, mutual funds and public bodies. We have clients in virtually every industry.

Publications

EY produces many publications that examine the challenges encountered by companies doing business across borders. The International Business Series, which includes the Worldwide Corporate Tax Guide, the Worldwide Executive Guide, Tax News International and the Doing Business In series, is available through EY – Online.

International publications:
- Worldwide Corporate Tax Guide: an annual publication summarizing the corporate tax systems in more than 130 countries.
- Worldwide Executive Guide: an annual publication summarizing the personal tax systems and immigration rules and procedures in more than 130 countries.
- Tax News International: a quarterly newsletter reporting recent tax developments around the world. Each issue typically includes updates from more than 50 countries.
- Doing Business In: a series of books that survey the investment climate, taxation, forms of business organization, and business and accounting practices in more than 50 countries.

Local and regional publications:
- Summary of Recent Developments: An annual publication providing information on tax and other business developments in Oman.
- Middle East Tax Review: A periodic publication with articles of interest to people doing business in Oman and elsewhere in the Middle East.
- Corporate Taxation in the Middle East: A publication summarizing taxation in Oman and other countries in the Middle East.
# Contacts

## Your EY Oman Assurance contacts

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>Sanjay Kawatra</td>
<td>+968 24559559 <a href="mailto:sanjay.kawatra@om.ey.com">sanjay.kawatra@om.ey.com</a></td>
</tr>
<tr>
<td>Executive Director</td>
<td>Binay Shukla</td>
<td>+968 24559559 <a href="mailto:binay.shukla@om.ey.com">binay.shukla@om.ey.com</a></td>
</tr>
<tr>
<td>Executive Manager</td>
<td>Retesh Vatrana</td>
<td>+968 24559559 <a href="mailto:retesh.vatrana@om.ey.com">retesh.vatrana@om.ey.com</a></td>
</tr>
<tr>
<td>Senior Manager</td>
<td>Chetan Kejriwal</td>
<td>+968 24559559 <a href="mailto:chetan.kejriwal@om.ey.com">chetan.kejriwal@om.ey.com</a></td>
</tr>
<tr>
<td>Senior Manager</td>
<td></td>
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<tr>
<td>Senior Manager</td>
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<td></td>
</tr>
</tbody>
</table>

## Your EY Oman Taxation contacts

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Partner</td>
<td>Sridhar Sridharan</td>
<td>+968 24559559 <a href="mailto:Sridhar.sridharan@om.ey.com">Sridhar.sridharan@om.ey.com</a></td>
</tr>
<tr>
<td>Partner</td>
<td>Ahmed Al Esry</td>
<td>+968 24559559 <a href="mailto:ahmed.amor@om.ey.com">ahmed.amor@om.ey.com</a></td>
</tr>
<tr>
<td>Executive Director</td>
<td>Morris Rozario</td>
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## Your EY Oman Transaction Services contacts

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<tr>
<th>Role</th>
<th>Name</th>
<th>Contact Information</th>
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## Your EY Oman Advisory contacts

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<tr>
<th>Role</th>
<th>Name</th>
<th>Contact Details</th>
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<tbody>
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