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REQUIRED ONLY

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BUSINESS ENVIRONMENT

THE CONSUMER

IMPORTING & DISTRIBUTING

Import Procedures

According to the Royal Oman Police Customs Directorate (ROP Customs), the following are required for clearance of imported goods:

- An accredited copy of commercial registration and an activity form or permission for importing if such a form doesn't exist.
- A valid copy of the affiliation certificate to Oman Chamber of Industry and Commerce (OCIC).
- A valid certificate from the manufacturer.
- A valid quotation list.
- Packing lists.
- Bill of lading at sea and air custom offices only.
- A manifest of the shipment (a document which contains a detailed description of the cargo).
- A permission of deliverance from the shipping agent.
- A comprehensive valid written authorization from the person in charge for custom clearance.
- Paying the required taxes and custom fees for the total value of the shipment including cargo and insurance (CIF).

All imports into Oman above RO 1,000 must be accompanied by: an accredited copy of commercial registration, a copy of the affiliation certificate to the Oman Chamber of Commerce and Industry (OCCI), a commercial invoice, a bill of lading or airway bill, the relevant certificate or permit for restricted imports (section 3.2.6), and a certificate of origin for preferential imports.

Distribution market players

There are several retailers and wholesalers all over the Omani's territory, shared between national and international companies:

- French **Carrefour**, in joint venture with his local partner Majid Al Futtaim Group
- **SPAR**, which owns around 24 franchises in the Sultanate

In parallel, the traditional retail is still present with independent convenience and mini market stores.

OPERATING A BUSINESS

Type of companies

Limited liability company

Number of partners: Minimum: Two partners, Maximum: 40 shareholders

One of the two partners must be citizen of Oman, a GCC member state or the USA and hold at least 30% of shares.

No share restrictions apply when all partners are citizen of Oman, a GCC member state or the USA

Capital (max/min): Minimum: OMR 150,000 (for LLCs with foreign participation)

Minimum: OMR 20,000 (for LLCs that are 100% owned by Omani and GCC nationals, and US citizens)

Shareholders and liability: Liability for each shareholder is limited to the portion of their own capital contributions

Free zone company

Number of partners: Minimum: One shareholder, one director

Capital (max/min): No minimum capital requirement

Shareholders and liability: Liability for each shareholder is limited to the portion of their own capital contributions

Joint stock company

Number of partners: Minimum: Three shareholders

A board of directors is also required

Capital (max/min): Minimum capital: OMD 500,000 (for privately held joint stock companies (SAOC))

Minimum capital: OMD 2 million (for publicly held joint stock companies (SAOG))

At least half of issued capital to be paid-up on subscription

Shareholders and liability: Liability for each shareholder is limited to the portion of their own capital contributions

Partnership (General or limited)

Number of partners: Minimum: Two partners (two full partners or one general and one limited partner)

Capital (max/min): Not applicable

Shareholders and liability: Full liability for general partner(s)

Liability for limited partner(s) is limited to the portion of their own capital contributions

Setting Up a Company	Oman	Middle East & North Africa
Procedures (number)	4.0	6.3

Setting Up a Company	Oman	Middle East & North Africa
Time (days)	4.3	19.5

Source: *Doing Business* - Latest available data.

Cost of Labour

Minimum Wage

OMR 325 (OMR 225 minimum basic salary, OMR 100 minimum allowance) (Omani Ministry of Manpower)

Average Wage

OMR 820 (PayLab Survey)

Social Contributions

Social Security Contributions Paid By Employers: 10.5%

Social Security Contributions Paid By Employees: The employee pays a contribution of 7% of salary.

Intellectual Property

National Organisations

Intellectual Property Department, within the Ministry of Commerce and Industry.

Regional Organisations

Oman is a member of the Patent Office of Cooperation Council for the Arab States of the Gulf (GCC).

TAX RATES

Consumption Taxes

Nature of the Tax

Oman recently introduced a value-added tax (VAT), along with other Gulf Cooperation Council (GCC) member countries. The implementation date was April 2021.

Tax Rate

5%

Reduced Tax Rate

Zero-rated items include exports of goods and services; supply of certain basic foodstuff; supply of medicine and medical equipment; supply of investment gold, silver and platinum; supply of international transport of goods

and passengers and related services; supply of sea, air and land means of transport for transport of goods and passengers for commercial purposes, and related goods and services; supply of rescue aircraft, rescue boats and auxiliary ships; and supply of crude oil and its oil derivatives and natural gas.

The categories of exempt supplies of goods and services are financial services; provision of healthcare and associated goods and services; provision of education and associated goods and services; supply of local passenger transport; supply of bare land; resale of residential real estate; the renting of real estate for residential purposes.

Other Consumption Taxes

Starting from June 2019, Oman levies **excise duties** on tobacco products, alcoholic beverages, and energy drinks (at 100%) as well as on carbonated drinks (50%).

Corporate Taxes

Company Tax

15%

Capital Gains Taxation

Capital gains are taxed at the same rate as ordinary income. Gains from the sale of locally listed shares are exempt from tax.

Main Allowable Deductions and Tax Credits

Depreciation is provided on a straight-line basis on a wide range of assets at rates varying between 4% and 100%. A "pooling" concept is allowed, whereby assets subject to the same rate of depreciation may be pooled together for purposes of depreciation. Goodwill is also amortizable for tax purposes.

Start-up expenses are allowed as a deduction in the first taxable year. Interest expense is allowed for loans from unrelated parties or on loans from banks, as well as on expenses incurred for the purpose of earning income. Charitable contributions are deductible up to 5% of gross income. Bad debts can be deducted at the time of write-off.

All expenses incurred for the generation of gross total income are allowed, including entertainment costs (without any limits). Social security contributions are also deductible.

Sponsorship fees paid to Omani sponsors are restricted to 5% of net taxable income before sponsorship fees.

Net taxable income is determined after offsetting any losses carried forward. Charges or expenses allocated from the head office or other group companies are limited to 3% of gross income (5% for banks and insurance companies, and 10% for high-tech industrial activities). Commissions paid by insurance companies are restricted to 25% of net premiums collected.

Fines, penalties and taxes are not tax-deductible.

Net operating losses can be carried forward and set off against taxable income for five years. Carryback of losses is not permitted.

Other Corporate Taxes

The total monthly social security and insurance contributions to be made by the employer equal to 11.5% of the salary (10.5% social security, 1% insurance for work-related injuries). This contribution system applies only to Omani citizens and other employees from the Gulf Cooperation Council area. Furthermore, from January 2021, employers and Omani employees are each required to make a monthly salary contribution at the rate of OMR 1 per OMR 100 of monthly salary (or 1% of payment) as part of the job security scheme.

Municipal taxes apply to various services at the following rates: 3% on property rents, 5% on hotel occupancy,

10% on leisure and cinema houses.

Stamp duty of 3% is applicable to the transfer of land and property.

Other Domestic Resources

[Tax Authority](#)

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[List of double tax agreements signed by the Sultanate of Oman](#)

Withholding Taxes

Dividends: 0%, Interests: 0%, Royalties: 0% (residents)/10% (non-residents)

