



Oman

Foreign Investment

Incentives for Investing in Oman

- Tax exemptions for 5 years (sometimes renewable for a further 5 years) for industrial enterprises which contribute to Oman's economy.
- Foreign investors are able to hold 49% of equity, which may be increased in mitigating circumstances.
- Concessional financing may be arranged through the Ministry of Commerce and Industry and Oman Development Bank.
- A clear and efficient legal network which offers advice on company law, copyright law, arbitration and agency law.
- The lingua franca is English.
- A diverse economy which encourages privatisation of infrastructure and services.
- Price stability, with an inflation rate of not more than 1% since 1992.
- Stable currency with full convertibility.
- No personal income tax and no foreign exchanges controls.
- Tax and import duty exemptions.

The Foreign Business and Investment Law

Foreign business participation in Oman is encouraged, providing the company is established in accordance with the Foreign Business and Investment Law of 1974. Foreign companies are formed thus :

- As an incorporation of a local company or other commercial entity
- As a branch office
- As a consultancy
- By appointing a commercial agent, ensuring that the company only supplies services and/or goods to be imported into the Sultanate.

Airline and shipping offices, as well as companies with occasional business are not governed by the Foreign Business and Investment Law.

Potential businesses should apply for authorization to the Foreign Capital Investment Committee at the Ministry of Commerce and Industry supplying the company's articles of incorporation and other pertinent information. The Ministry may impose certain conditions on the company's activities or request a bank guarantee. Capital may be imported and exported without restriction.

It is illegal to operate in Oman without the appropriate authorisation and heavy penalties are imposed on those not meeting the legal requirements.

Ownership of Companies in Oman

Without a local Omani sponsor, it is highly difficult for companies to operate in Oman. With only a handful of exceptions, the Foreign Business and Investment Law states that all commercial companies must have one Omani national member, and at least 35% of the profits and the capital must be owned by Omani nationals. In public transport, real estate and utilities services, the minimum ownership by Omani nationals is 51%; in a public information service, the minimum is 33%.

Since 1982, foreign investment is prohibited in commercial companies offering trading or services. Agricultural, fishing and construction projects can have 25% foreign investment or 49% if the project is deemed to be necessary to economic development.

The Ministry of Commerce and Industry stipulates that a company with foreign investment must have the minimum capital of RO 150,000, although this may be reduced to RO 30,000 with approval.

Custom Duties in Oman

The Custom Law of Oman was issued in 1978 fixing the Custom tariff, which was subsequently amended several times, the last of which was on 13.12.1999, based on a decision of the Minister of National Economy.

All commodities imported to Oman are subject to Custom Duties at the rate of 5% of their value.

(Source : Indo-Arab Chamber of Commerce & Industries, Mumbai)