Doing Business in the Sultanate of Oman

November 2016

The Sultanate of Oman ("Oman") is a central Islamic Monarchy in the Arabic Gulf, having Muscat as its capital. It is composed of four districts, Muscat, Musandam, Sohar and Al Barimi and five areas, the internal, the central, the middle, the eastern and Al Zahira. The Sultanate gained its independence in July 1970 and it has been since governed by Sultan Qaboos Bin Said Al Said.

Oman is a fast growing economy in the Gulf region and is attracting most of the biggest companies as well as most of the reliable small and medium size companies from all over the world.

Oman benefits from a wide transportation's system with developed roads and rails system, airports and ports. Currently, the main products of exports are oil and naturel gas, marble, limestone, gypsum and chromium. The government wishes to diversify those sectors and is seeking for foreign investment, especially in new sectors such as information technology, tourism, water, electricity and education.

Dr. Ali Al-Sunaidy, Minister of Commerce and Industry of Oman, said in one of his statement that the Omani economy has been able to withstand the international economic crisis which impacted the world economy in 2011 and had its repercussions in 2012. In fact, the Omani economy achieved stability, even progress over 2011 and 2012, with the GDP rising by 19 per cent to RO 26,904 compared to RO 22,614.

Therefore, there are several positive features in the economic policy and environment of Oman that encourages the flow of investment into Oman. The government is continuously engaged in making the investment climate as conducive and investor-friendly as possible. Oman's Foreign Capital Investment Law has been liberalized, permitting 70% foreign participation in companies automatically in most of the sectors and even 100% foreign capital investment is permitted for projects of national importance. The Law on Income Tax for companies has been amended providing for completely non-discriminatory treatment between fully Omani owned companies and other companies incorporated in Oman irrespective of the extent of foreign participation.

However, despite those positive incentives to encourage foreign investment in Oman, it is important to define the role of the Omani partner if any as the Minister of Commerce and Industry seems to take a stringent view at "sleeping partner" arrangements.

As a result, the establishment of a presence in Oman should be analysed carefully business and legal wises but the decision, once made, should be implemented immediately in order to participate to the various projects Oman is leading.

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I. General legal environment

Prior to 1971 the Shari'a (Islamic) Courts had the jurisdiction to decide on civil and criminal matters, in addition to personal status matters. The Sultan Qaboos Bin Said Al Said ushered in a new era of judicial and administrative reforms in the judicial system in the Sultanate. The legal order of the Sultanate of Oman has been largely codified in a Constitution issued by the Royal Decree n°101/96 on 6 November 1996.

Legislation in the Sultanate of Oman consists of two types: the primary and secondary legislation. Primary legislation is the one promulgated by the Sultan, known as the Royal Decree. The secondary legislation is issued pursuant to Ministerial decisions according to specific powers delegated by the Royal Decrees to the concerned executive or ministerial body.

The legal system in Oman is composed of a mixture of the Anglo-Saxon law (Common law) and the Islamic law. The religion of the State is Islam and the Islamic Shari'a is the basis of legislation (article 2 of the Constitution).

Jurisdiction for deciding on disputes in commercial matters are the Commercial Courts which comprise of a triple structure with the Supreme Court based in Muscat, six Courts of Appeal at Muscat, Nizwa, Sohar, Ibra, Ibri and Salalah and about 45 Courts of First Instance disseminated on the various districts of the Sultanate.

The judicial issues are held by the Ministry of judicial affairs that was created in 1994. The Sultan issues all the judicial appointments. Articles 59, 60 and 61 of the Constitution provides for the rule of Law, the impartiality of the Judge, the independence of the judiciary and the prohibition of any interference in a Law suit or in the matters of justice. According to the Constitution, Court hearings are public except when the Law Court decides to hold the case in camera in the interests of public order or public morals. However, the pronouncement of findings and sentences is made in open session (article 63 of the Constitution).

All laws issued in Oman are only in Arabic and formal translations are generally not made available by the Omani authorities. Any proceedings before the Omani courts proceed only in Arabic.

The parties to an international contract are free to choose the law and jurisdiction which will govern that contract. If they do not choose an applicable law, the contract may be governed by the Omani Law. The parties may also agree in writing to refer disputes to arbitration.

II. Social and business customs in Oman

Oman is an Islamic state and the heritage of Islam is deeply rooted in the Omani character. Islamic customs govern the general way of life; care must be taken to respect this, particularly in such matters as the dress code, and the observance of the times of prayer and the fasting month of Ramadan, when food and drink may only be consumed between sunset and sunrise: violation is not only resulting in a moral judgment but in a fine or a short jail term.

The importation and consumption of alcohol is strictly regulated. However, liquor permits may be obtained by foreign employees in certain circumstances and the main hotels are allowed to serve alcohol in restaurants and selected bars. Oman prohibits the brewing and trafficking in alcohol. Drunken behavior in public or driving under the influence of alcohol is an offence punished by imprisonment, a fine or both, and revocation of the offender's driving license.

Oman prohibits individuals from photographing airports, Government Ministry buildings or defense installations, and care should be taken to avoid taking photographs that might constitute an invasion of an individual's privacy (especially of women).

As with all Arab peoples, the tradition of hospitality and generosity is strong. It is important to display courtesy and patience in negotiations.

III. Investing in Oman – Main features

Non-Omani investors may only invest in Oman in accordance with the provisions of the Foreign Capital Investment Law promulgated by Sultani Decree No. 102/94 as amended.

Non-Omani investors may invest in all parts of the national economy (other than those set out below) with an Omani partner who must own at least 30% of any enterprise.

American nationals are accorded similar treatment as Omanis following the implementation of the provisions of the bilateral Free Trade Agreement with the USA which entered into force in January 2009, with the exception of the activities included in a list enclosed in a separate schedule to the trade agreement. These excluded activities are common to all foreign nationals.

Non-Omani investors are prohibited from being appointed as commercial agents under the Commercial Agencies Law (Royal Decree No. 26/77 as amended) or from investing in real estate businesses (apart from real estate in designated areas). There are other activities like employment placement services, investigation and security services, printing and publishing services, and radio and television transmission services which can be carried out only by Omanis. As these activates are regulated by specific laws, legal advice should be sought by the foreign investor intending to carry out investment in such activities to identify the best legal mechanism for its investment.

Apart from GCC and American nationals, the practice implemented by the Ministry of Commerce and Industry responsible for the registration of companies in Oman is that a foreign investor may not own more than a 70% shareholding in the share capital of a corporate entity, and the remaining is legally required to be owned by a local Omani partner as mentioned above. However the profit and loss of the business can be split between the foreign and local shareholder on any other percentage, as it does not need to be proportionate to the shareholding ownership. This depends on the partners' contribution in the business which is entirely a commercial arrangement. Such percentage could, for example, be 80/20 or 99/1.

However, The Minister of Commerce and Industry may permit non-Omani investors to own up to 100% of an enterprise for projects which contribute to the development of the national economy.

IV. The main primary investment vehicles

A. Company

A company is the normal vehicle where an ongoing business is being set-up: various exemptions are available to attract foreign capital. In almost all cases an Omani partner will be required.

B. Branch

Branches may be established where a non-Omani company is performing a specific contract in Oman. There is no requirement to have an Omani partner. The subject matter of the contract must facilitate the performance of a public service or utility (the business shall be declared necessary for Oman) which the Ministry of Commerce and Industry (MOCI) currently defines as having a contract with the Omani Government or a quasi-government entity. The Branch is only entitled to perform the specific contract for which it is registered and registration will only be given for the duration of the contract. The Branch will be fully taxable unless it is granted a special exemption.
However, branches are permitted only when their head office has been in operation for a minimum period of 10 years. Furthermore, the head office is required to submit a guarantee for the operations of the branch.
Banking institutions and insurance companies are licensed to operate as branch and certain professional services companies also may be permitted to set up branch offices.

C. Commercial Agency

In the case of a commercial agency, the foreign company does not establish a presence in Oman (nor should it have any physical presence in Oman), instead an agent is appointed to market the relevant goods and services in Oman.
Omani citizens or individuals who have held Omani citizenship for at least three years, resident in Oman, aged more than 18 and have not been declared bankrupt or been convicted of fraud, speculation or other crimes, or companies incorporated under the laws of Oman with a minimum Omani shareholding of 51% including within their objects “import trade and commercial agency” can be registered as agent. Agents shall be registered with the Registrar of Agents and Commercial Agencies at the MOCI and be member of the Omani Chamber of Commerce.
Activities which agencies can perform are mainly retail, whole sale trade and export of goods and services.

The agency agreement between the foreign company and the agent must be registered at the Commercial Agencies Register at the MOCI to be enforceable after its approval within 15 days.
The foreign company is free to appoint more than one agent but in case of exclusivity, the agent is entitled to claim profits or commissions on transactions carried out in Oman even if he is not involved.
In case of termination of a commercial agent, it is usual that a compensation is granted to the agent and cancellation shall be notified to the MOCI.

D. Representative Office

An Omani representative office is in fact a marketing platform or "shop window" which can only be used to promote a foreign company in Oman and try to introduce it to Omani companies and projects (conduct market research, general advertising, marketing and promotional activities and liaison with commercial entities in Oman). The foreign company shall have a head office and at least three branches in other countries. Registration with the Ministry of Commerce and Industry and Oman Chamber of Commerce and Industry are required in order to operate the office in Oman. Any business must be carried out by a non-Omani entity (where the contract can be performed substantially outside Oman) or by a company or Branch authorized to do business in Oman.

E. Joint-Venture

A joint venture is formed by two or more juristic or natural persons establishing a legal relationship between its members without affecting third parties. The joint venture must not have a name of its own and its existence must not be raised as a defense against claims made by third parties. Joint venture is an unincorporated entity which has no legal personality and therefore, is not registered in the Commercial Register. However, it is considered as a separate entity for tax purposes.

V. The different types of business entities

A. LLC

Characteristics include:

a) a minimum capital of RO 20,000 is required for companies wholly owned by either Omani, GCC or United Sates nationals. A minimum of RO 150,000 is required for companies with a foreign participation and a minimum of RO 500,000 in the case the company is fully owned by foreigners. An under formation bank account shall be opened where the funds shall be transferred for the purpose of incorporation. The money will be released after the company had been incorporated and the Omani newly established entity had provided a resolution to the Bank to activate the account;

b) the foreign investor may own up to 70% of the company's equity whilst the remaining 30% must be retained by an Omani shareholder. However foreign equity participation up to 100% of the company's capital is permitted for projects which contribute to the development of the national economy under the special approval of the Council of Ministers;
c) the parties' profit shares do not necessarily have to reflect their shareholdings, however it is not possible to officially exempt the local shareholder from bearing any losses ;
d) 10% of each year's net profits must be kept within an LLC after tax as legal reserve to extent of one third of its share capital;
e) may not raise capital by public subscription and may not issue freely transferable shares or bonds;
f) shares may only be transferred after they have first been offered to the other shareholders by way of pre-emption, unless the other shareholders have agreed to waive their right; and
g) may not carry out banking or insurance business or provide investment advice or investment services to third parties.

B. General/Limited Partnership

1. Limited Partnership (LP)

Characteristics include:

a) minimum capital required: RO 3,000;
b) comprised of two categories of partners:
    i. one or more general partners who are jointly and severally liable for the LP's debts to the full extent of their property
    ii. one or more limited partners whose liability for the LP's debts are limited to the amount of their contribution to the partnership capital;
c) partners do not participate in the management;
d) names of the partners can't be part of the partnership's name.

2. General Partnership (GP)

Characteristics include:

a) minimum capital required: RO 3,000;
b) comprised by 2 or more natural or juristic persons;
c) partners are jointly and severally liable for the GP’s debts to the full extent of their property;
d) a partnership agreement must be registered with the Ministry of Commerce and Industry.

C. Joint Stock Company

1. General Joint Stock Company

Characteristics include:

a) minimum capital required is RO 2 million;
b) minimum 40% of the shares are issued to the public;
c) minimum of 3 shareholders – no maximum;
d) promoters of companies which offer their shares for public subscription can subscribe for a maximum shareholding of 60%;
e) 10% of each year's net profits must be withhold after tax as legal reserve to extent of one third of its share capital.

2. Closely Held Joint Stock Company

Characteristics include:

a) minimum capital required is RO 0.5 million;
b) shares are not issued to the public;
c) minimum of 3 shareholders – no maximum;
d) 10% of each year's net profits must be withhold after tax as legal reserve to extent of one third of its share capital.

D. Sole Proprietorship

Characteristics include:

a) minimum capital required is RO 3,000;
b) can be carried out only by Omani or GCC nationals;
c) limited only to permissible activities;
d) proprietor personally liable for debts to the full extent of his assets.

E. Holding Company

Characteristics include:

a) Minimum capital required is RO 2 million;
b) Under the form of a joint stock company or a Limited Liability company;
c) Controls financially and administratively one or more other companies which become subsidiary (holding at least 51% of such subsidiary);
d) Can't hold shares of General or Limited Partnership companies or any shares in other holding companies.

VI. Establishment, registration and other formalities

A. Government Liaison Officer

Virtually all Omani companies use a government liaison officer or a facilitator to carry out all the necessary registration formalities associated with establishment. Consequently, the steps set out below are only a brief high level guide to what is required. Such a facilitator will also be invaluable for obtaining residence permits, driving licenses and telephone, power and water connections etc.

B. Company formation

Generally, the following are required to be provided by the shareholders in order to incorporate a company and obtain a Commercial Registration in Oman:

a) the initial approvals from the relevant authority (if required);
b) a shareholders/director resolution specifying the setting up of the new company and the appointment of the future manager;

c) the Memorandum of Association and Articles of Association (if the foreign shareholder is a corporate entity), legally translated in Arabic. Shall be notarized by notary public, legalized by the Ministry of Foreign Affairs and attested by the Omani Consulate or apostilled if the foreign home country is under Hague Convention;
d) Other related registration certificates issued by the concerned authorities from the home country of such shareholders' incorporation (if a corporate entity) showing existence for a minimum period of three years, notarized by notary public, legalized by the Ministry of Foreign Affairs and attested by the Omani Consulate or apostilled if foreign home country is under Hague Convention;
e) a constitutive contract signed by the shareholders of the Omani company to be formed;
f) a power of attorney from the non-Omani company to its incorporation representative in Oman (for administrative process);
g) a letter from a bank indicating the deposit of share capital (in full) at the bank;
h) the latest audited accounts of the foreign shareholder (if company) in order to demonstrate a healthy financial state;
i) copies of passports of the authorized individuals;
j) police report and bank statement of the local partner;
k) the relevant specimen signatures of the manager and authorized representatives and other documents such as the Power of Attorney to the manager.

Once incorporation is done and the Commercial Registration issued, the newly established company shall also register with the Oman Chamber of Commerce and Industry and the local municipality. All license applications of non-Omani nationals are to be submitted to the Foreign Capital Investment Committee (Article 4 of Decree 102/94).

Furthermore, it is important to take into consideration the requirements to bid in Omani tenders at the moment of the incorporation of the company. Indeed, companies with a minimum capital of RO 250,000 would be allowed to bid for any tenders floated by the Tender Board in Oman.

The following documentation is required for registration with the Tender Board:
a) Application form to be completed in Arabic;
b) Copies of Commercial Registry documents including Oman Chamber of Commerce and Industry (CCI) Certificate;
c) Specimen signature form;

d) Fees of RO 100 for registration.

Companies in Oman may be incorporated with different grades. A company with an excellent grade will be preferred when bidding for Government contracts. The higher the amount of the capital is, the better the grade is (Excellent for RO 250,000 and above, First for RO 100,000 to 249,999, Second for RO 50,000 to 99,999, Third for RO 25,000 to 49,999 and Fourth up to RO 24,999).

However, foreign companies can bid through local agents and can register with the Tender Board after successful award of a tender.

C. Branch

The following documents are required in order to establish a Branch and obtain a Commercial Registration:

a) a completion of all required forms;
b) articles of association of the parent company along with the corporate documents duly attested;
c) resolution specifying the setting up of the Branch and the appointment of the future manager;
d) a power of attorney of the head office for the appointment of the branch manager;
e) a copy of the work contract/ agreement with the Government or Government company in Oman in respect of which it is sought to establish the Branch;
f) the relevant specimen signatures of the manager and authorized representatives.

Once the Commercial Registration has been issued, the company shall also register with the Oman Chamber of Commerce and Industry and the local municipality. All license applications of non-Omani nationals are to be submitted to the Foreign Capital Investment Committee (Article 4 of Decree 102/94).

VII. Import and export

Since the launch of the GCC Customs Union on 1st January 2003, Oman has been applying the GCC Common Customs Law, and its Rules of Implementation and Explanatory Notes, through Sultani Decree No. 67/2003. Under the "single port of entry" principle, items imported into Oman (or any other GCC State), and destined for another GCC market, are subject to customs duty only at the first point of entry into the GCC. Customs procedures and the required documentation are the same for all GCC members.

A. Customs duties and procedures

If applicable, the company/branch will need to be entered in the Importers' Register and/or Contractors' Register.

Goods (see exempt goods referred to below) can be imported through a registered importer with the payment of a standard rate of customs duty of 5% of invoice (Cost, Insurance and Freight) value. Customs duty is levied at a rate of 100% on alcoholic beverages, tobacco and derivative products. Furthermore, customs duty is levied at a rate of 20% on meat and meat products. In addition to customs duty, legalization fees are payable on import documentation.

B. Documentation requirements

To release imports the following documents are required:

a) certificate of origin;
b) invoice and shipping document;
c) full description of goods; and
d) health and quality certificate, if applicable.

C. Duty exemptions

The GCC States have approved a list of some 417 exempted goods, and have also approved new regulations providing for customs duty exemptions for imports for industrial projects. Exemptions from customs duty can be obtained for the import of equipment relating to a particular project such as exemptions from customs duty for the import of primary or semi-manufactured materials where they are not available locally.

D. Personal effects and restrictions

Once a non-Omani employee is resident in Oman there is normally no difficulty in importing personal effects free of customs duty. However, the import and sale of alcohol and pork products are prohibited and therefore any such goods may be seized.

E. Exports

No duties are levied on exports.

VIII. Taxation

Oman has promulgated a new Income Tax Law which became effective on 1st January 2010 with the supporting Executive Regulations taking effect 29th January 2012. It is administrated by the Secretariat General of Taxation at the Ministry of Finance.

Islamic Banks are currently pressing for an amendment of the Income Tax Law in order to reflect the new Islamic banking requirements and to have Sharia compliant protocols to govern the tax returns.

A. Companies

The Executive Regulations provide that the tax payers are required to register with the Secretariat General of Taxation within three months from the commencement of business or service, whichever is first.

With the introduction of the new Income Tax Law all companies, irrespective of their nationality shall pay taxes at a uniform rate of 12 percent on taxable income in excess of RO 30,000.

The same applies to branches of foreign companies or income earned by a permanent establishment in Oman of a foreign company.

However, companies engaged in petroleum exploration shall pay tax at a rate of 55% of the taxable income in respect of any income derived from the sale of petroleum (include crude oil, natural gas, asphalt, oil derivatives and associated substance of each).

Furthermore it is important to note that a foreign company which doesn't have a formalized legal presence or a permanent establishment in Oman but transacts their business in Oman through a dependent agent, whom is reliant on the foreign company economically or legally and who routinely enters into contracts on behalf of the foreign company, is subject to Omani taxes.

Moreover, the definition of a permanent establishment has been amended such that foreign companies providing any consultancy services in Oman will not create a permanent establishment if their presence in Oman is less than 90 days in any tax year.

B. Tax exemptions

In favor of the economic growth and to attract foreign investment in Oman, the Government has introduced tax exemptions for companies only to the extent of the income arising from the following specified activities:

- Industry in accordance with the Law of Organizing and Encouraging Industry and Mining of 1978 as amended (Royal decree No. 1/79);
- Exportation of locally manufactured or processed products;
- Promotion of tourism which may include setting up and operation of tourist hotels and villages with the exception of management contracts;
- Dairy farm products and processing or manufacture of livestock products and agricultural industries;
- Fishing and fish processing, farming and breeding;
- Educational institutions and private hospitals.

Furthermore, small companies with a capital not exceeding OR 20,000 and with a total income realized not exceeding RO 100,000 and an average number of employees not exceeding 8 persons are exempt from submitting tax returns for the corresponding fiscal year.

C. Tax treaties

Oman has signed several treaties for avoidance of double taxation (Canada, France, India, Iran, Lebanon, Netherlands, UK, Vietnam…)

D. Individuals

There are no personal income tax in Oman, however dividends received from foreign companies are taxable in Oman.

IX. Labor Law

Royal Decree No.35/2003 and its amendments issuing the Omani Labour Law ("Labour Law") covers employers and employees in the public and private sectors. It applies to both local and expatriate employees. The employer must obtain prior permission from the Ministry of Manpower to employ expatriates and the request must specify the occupation of the expatriates.

A. Omanisation

Guidelines issued by the Ministry of Manpower require private companies operating in specified sectors to employ Omani nationals as a certain percentage of their work force. Omani percentages are fixed for different sectors, furthermore certain specific jobs are fully reserved for Omani nationals.

A ban on recruitment of expatriates is currently in place in the two following sectors: small construction and cleaning companies.

B. Contract of employment

All contracts of employment are governed by the Labour Law. The Government prescribe a minimum monthly basic salary of RO 180 plus a bonus of RO 20 for Omani employees. In addition, the employer shall pay to their Omani employees a monthly accommodation allowance of RO 10 and a monthly transportation allowance of RO 10.

Most of the usual clauses of an employment contract are quite well regulated by the law. The employment contract shall include the following; personal information of the employee, remunerations (basic salary, housing and/or transportation allowances), notice required to terminate the contract, the commitment of the employee to comply with the contract and the laws of Oman, to respect the culture and traditions of Oman and to not be engaged in any activity which shall be considered as harmful to national security.

C. End of service

The termination shall be notified and a notice period shall be respected as defined in the law or in the contract.

D. Welfare benefits

Omani employees are covered by the Social Security Law of 1991. This law is implemented by the Public Authority for Social Insurance (PASI) and make the mandatory contribution. Employers are required to register all Omani employees with the PASI. Employer has to pay 10,5% of employee's basic salary as contribution towards social insurance while employee has to contribute 6,5% from his/her basic salary as social insurance every month.

Furthermore, for each expatriate employed, an employer must make an annual contribution of RO 100 towards a vocational training levy.

E. Residence and work permits

Companies will need to obtain residence and work permits for their expatriate staff. Furthermore, companies shall obtain labour clearances form the Ministry of Manpower. All expatriate employees must be sponsored by their employer who is responsible for them while they are in Oman. Employment visas for expatriates are issued for a two year period with multiple entry and renewal facility.

X. Free Zones

Several free trade zones have been created by Royal Decree for attracting foreign investment. They are regulated by the Ministry of Commerce and Industry and provide the following incentives:

1. 30 years exemption from income tax;
2. No customs duty on the import of commodities;
3. Foreign equity participation up to 100%;
4. Tax loss can be carried forward indefinitely for set off.

Following are the major Free zones currently in operation in Oman and a summary is presenting the different industries and benefits available within those Free Zones through a comparison's table in Annex 1:

A. Knowledge Oasis Muscat (KOM) Free Trade Zone

KOM is seen as a community based IT business incubator, with a mission to develop knowledge and technology-based businesses and to create the next generation of powerful companies and business leaders in Oman. The approach has provided increased job-opportunities and highly skilled professionals for the Information and Communication Technology (ICT) sector. KOM's Open House program provides a unique opportunity for learning, interaction and dialogue among the ICT community of Oman.

KOM is located 30 kilometres west of Muscat and is close to Muscat International Airport and to Rusayl Industrial Estate - the Oman's largest industrial park - and the Sultan Qaboos University.

KOM is built on 20,000 square meters of offices and business spaces which is also known as the Muscat Technology Park.

B. Salalah Free Zone

The Salalah Free Zone, which is close to Yemen, is developed on 1,500 ha of land adjacent to Salalah port. Salalah's geographic location is well placed to serve markets in Africa, Asia, the US and Europe, and offers significant savings in ocean transport times.

The Salalah Free Zone requires no paid up capital requirement and registration results in 100% ownership by foreign investors, exemption from customs duties on raw materials and finished products, no income tax, no restrictions on the transfer and repatriation of income and long term leases.

C. Al-Mazunah Free Zone

Al Mazunah Free Zone is located in Dhofar region in the south of Oman close to the Yemeni border. The economic free zone is an important pillar in the trade with Yemen. The Kuwaiti Golden Hala Company - a subsidiary of Kuwait's Al-Fanar - developed the Al Mazunah Free Zone infrastructure. The core business of Al Mazunah Free Zone is to facilitate trade and storage of vehicles, automotive spares, fruits and vegetables, livestock, fresh and frozen meat, machinery and equipment, and other merchandise.

Among these industries there are investment opportunities in light industries, woodworking and carpentry plants, foodstuff processing units, readymade garments manufacturing, plastics conversion, and maintenance workshops of all kinds. Service sector investment prospects are in transport and distribution, warehousing and logistics, catering, and documentation services.

D. Sohar Free Zone

Sohar Free zone, which is in the North of Oman, is located on a 4,500 ha plot of land near the Port of Sohar, which is the second city of Oman, located on an hour drive from the Hatta border with the UAE. The current Free Trade Zone investors are the Government of Oman, the Port of Rotterdam in The Netherlands and SKIL Infrastructure in India.
The first phase of the 4 phase Development plan covers an area of 500 ha in the following clusters: Trading & Logistics (121 ha), Light Manufacturing (68 ha), Petrochemicals (26 ha), Aluminium activities (18 ha), Iron & Steel (100 ha), Cement grinding (7 ha), and Education & Services (20 ha).
Sohar Free Trade Zone facilitates industrial and petrochemical ventures, warehousing and logistics services, and associated investments in educational and medical facilities.

E. Duqm Special Economic Zone

The Al Duqm Special Economic Zone is a model of an integrated economic development composed of zones such as a sea port, an industrial area, a new town, a fishing harbour, a tourist zone, a logistics center and an education and training zone all of which are supported by a multimodal transport system that connects it with nearby regions (e.g. the Arabian Gulf countries, Middle East, East Africa and Southeast Asia).
The Special Economic Zone is administered, regulated and developed by the Duqm Special Economic Zone Authority, a financially and administratively independent government entity.
Al Duqm is located on the east coast of Oman 400 Km above Salalah and 450 Km below Muscat. With a land area of 1,777 km2 and 80km of coastline along the Arabian sea the Duqm Special Economic Zone is one of the largest in the Middle East and Africa region and ranks among the largest in the world.

XI. Protecting the investment

Oman has taken measures to promulgate legal provisions to protect intellectual property rights. The Copyright and Related Rights Law (Royal Decree 65/2008) which is protecting the rights of authors of literary, artistic and scientific works and the Industrial Property Rights Law (Royal Decree 67/2008) promulgated in 2008 consolidated the law relating to trademarks, industrial designs, geographical indications, integrated circuits and patents, to bring the law in line with the conventions, agreements and laws of the World Intellectual Property Organization from which Oman is a member.

ANNEX 1

Comparison table of the main Special Economic Zones and Free Zones

Name	Industries	Benefits
Sohar Free Zone	1. Metals and steel 2. Food 3. Light manufacturing and assembly 4. Logistics and trade	- 10-year exemption from corporate tax - No restrictions on sales within the GCC; a standard 5 per cent GCC customs duty applies - Minimum Omanisation levels of 15 per cent - Single-window licensing procedure
Salalah Free Zone	1. import, export, distribution and storage 2. import, export, distribution and storage of specific items 3. manufacturing, import of raw materials and export of finished products 4. completion of specified services	- 30-year tax exemption on profits and dividends - No corporate or personal income tax - No restrictions on the repatriation of capital or profits - No customs or excise duties - No minimum capital requirements - Minimum Omanisation levels of 10 per cent
Al Mazunah Free Zone	1. Industrial: factories, food, plastics, textiles and maintenance 2. Commercial: trading and storage of goods, cars and spare parts, livestock, food, machinery and equipment 3. Supporting services: transport and logistics, distribution and	- Omanisation rates of 10 per cent - Customs duty exemption - Exemption from commercial agency law - 30-year income tax exemption - Yemeni employees can work without visas - No minimum capital required

	clearing, handling and commercial correspondence	- Imported goods can be sold into the larger Omani market
Duqm Special Economic Zone	1. Industrial estates 2. Warehousing and logistics villages 3. Tourist villages and resorts 4. Commercial, office and residential complexes	- No personal income tax - Long-term leases and reduced rates - No minimum capital required - Waivers and reduction of corporate tax and customs duties - 100 per cent repatriation of capital and profits
Knowledge Oasis Muscat Free Trade Zone	1. digital and mobile media; 2. environmental science; 3. telecommunications; 4. hi-tech engineering; 5. software development; 6. call centres and Internet services.	- Eligible tenants can be registered on Oman's tender board and bid for government tenders - No personal income tax and no foreign exchange controls. - Duty-free access of products from Oman to GCC