

Royal Decree 9/2017 issued on 19 February 2017 and published in the Official Gazette **today** (26 February 2017) makes sweeping changes to **Oman's income tax law**:

- The tax rate has been increased from 12 percent to **15 percent** for financial years beginning 1 January 2017.
- A **three percent tax** has been introduced for **micro businesses**.
- The **tax-free threshold** of OMR 30,000 has been **removed**.
- **Dividends** on **shares** and any **interest** paid or credited to any foreign person from **27 February 2017** are now subject to withholding tax at 10 percent.
- Fees for services included in the definition of income from 1 January 2018. Such fees are also now included in the scope of withholding tax.
- **Ministries** and **other government bodies** are now expected to withhold and pay tax.
- **Tax exemptions** for mining, export of locally manufactured goods, hotels and tourist villages, agriculture, animal produce, fishing, education and medical care **have been removed.**
- Exemptions for **manufacturing companies** have been limited to **five years**
- All tax payers must get a **tax card** and use it on all contracts, invoices and correspondence
- The new tax regime will depend on **self-assessment**
- **Penalties** and **punishments** – including the **imprisonment** of the **principal officer** – have been strengthened

The amendments should enhance tax revenues but will increase the cost of doing business in Oman. Taxes on dividends and interest will reduce the return on investments and could increase the cost of borrowing.

Learn more about these important changes to **Oman's income tax law**.

Kind regards



Ashok Hariharan
Partner, Head of Tax

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