



Doing business in Oman



A gateway for global business

The Sultanate of Oman has established itself as one of the Middle East's most attractive investment destination, offering political stability, a strategic geographic location and a progressive business environment. Positioned at the crossroads of Asia, Africa and Europe, Oman provides businesses with efficient access to regional and international markets through its modern ports, airports and expanding logistics network.

Driven by Oman Vision 2040, the country continues to implement reforms that promote economic diversification, attract foreign investment and strengthen private sector. Investors benefit from a transparent legal framework, opportunities for 100 percent foreign ownership in most sectors, competitive tax policies and an expanding network of free zones and special economic zones.

The guide provides practical insights into Oman's legal, regulatory, tax and commercial landscape, helping businesses understand the key considerations for establishing and growing their presence in the Sultanate.

We hope you find this guide useful for your organizations, and our dedicated teams are available to respond to any of your inquiries about doing business in Oman.



Aqeel Al Lawati

Managing Partner – Oman
KPMG Middle East



Oman at a glance

The Sultanate of Oman is strategically located in the southeastern corner of the Arabian Peninsula, at the confluence of the Persian Gulf and the Arabian Sea. With an area of 309,501 km², it boasts of a coastline of approximately 3,165 km, making it the third largest country on the peninsula. It shares land borders with Saudi Arabia, the United Arab Emirates (UAE) and Yemen, and maritime borders with Iran and Pakistan.

Oman is a monarchy, led by His Majesty Sultan Haitham Bin Tariq. The country's capital is Muscat and while Arabic is the official language, English is widely used in business settings. Additionally, Oman is an Islamic nation and follows a Sunday to Thursday working week.

The official currency is the Omani Rial (OMR), pegged to the US Dollar at a rate of OMR 1 = USD 2.6. In June 2025, its population stood at approximately 5.3 million comprising 3 million Omani nationals (approximately 56.69 percent) and 2.3 million expatriates (approximately 43.31 percent)¹.

For the fiscal year 2026, the state budget estimates OMR 7.7 billion from oil and gas revenues (approximately 67 percent) and OMR 3.7 billion from non-oil and gas revenues (approximately 33 percent)². The country's credit rating is BBB- with a stable outlook from Standard & Poor's³, Baa3 with a stable outlook from Moody's⁴, and BBB- with a stable outlook from Fitch⁵. In 2019, Oman was ranked 53rd in the World Economic Forum Global Competitiveness Index, 68th in the Ease of Doing Business Index, and aims to be in the top 10 countries in the Ease of Doing Business Index by 2040.

Global memberships

On the international stage, Oman is a member of various key organizations, including the International Monetary Fund (IMF), the League of Arab States, the United Nations (UN), and the World Trade Organization (WTO)⁶. It is also a founding member of the Gulf Cooperation Council (GCC), which includes Bahrain, Kuwait, Qatar, Saudi Arabia, and the UAE. The GCC provides a cooperative framework facilitating coordination, integration and inter-connection among its member states, with a focus on creating a customs union, a common market, mutual benefits to citizens of the member states, as well as defense and security cooperation.

Legal and regulatory framework

Oman's legislative structure is bicameral, consisting of two chambers, the State Council (Majlis al-Dawla) and the Consultative Assembly (Majlis al-Shura). The legal system is primarily based on Royal Decrees, supplemented by secondary legislation in the form of Ministerial Decisions. The Civil Transactions Law, issued under Royal Decree 29/2013, regulates all matters that are not addressed by other specific laws. Under the Civil Code, commercial arrangements between parties are governed by the contract between them, unless the law imposes a contrary requirement. Principles of Sharia can also be relevant when interpreting a contract. Oman's Basic Law, issued under Royal Decree 6/2021, serves as the constitution. The judiciary comprises the Primary Courts (Courts of First Instance), the Appeal Courts and the Supreme Court.

Setting up a business in Oman

The Commercial Companies Law (CCL), effective from April 2019 vide Royal Decree 18/2019, and the Foreign Capital Investment Law (FCIL), effective from January 2020 vide Royal Decree 50/2019, allow for 100 percent foreign investment in certain forms of Omani entities. This includes all activities except those specified in a negative list.

Based on the practices of the Ministry of Commerce, Industry and Investment Promotion (MOCIIP), foreign companies intending to hold shares in an Omani entity need to be incorporated for a minimum period of three years. They also need to provide evidence in the form of an authenticated or apostilled copy of the company's articles of association, a certificate of incorporation, along with the last three years' audited accounts to demonstrate financial standing. Where these conditions are not fulfilled, specific dispensation is required from the relevant authorities.

In addition, certain activities, such as banking and finance, tourism, telecommunications, manufacturing, food and beverage, schools and hospitals, and employment agencies, require specific licenses or permits to operate.

Commonly used forms of entities in Oman

Commonly used forms of entities for doing business in Oman, other than individuals carrying on business as a proprietorship, include:

- Foreign Branch
- Single Person Company (SPC)
- Limited Liability Company (LLC)
- Holding Company
- Privately held Joint Stock Company (SAOC)
- Publicly held Joint Stock Company (SAOG)
- Partnership
- Unincorporated joint venture
- Consortium

While foreign enterprises can also set up representative offices, their scope is limited and does not allow them to conduct commercial activities.

Foreign Branch

A foreign company is allowed to conduct business in Oman through a branch only if it is for a project:

- Carried out under a contract or agreement with the government or a quasi-government organization
- Declared by the Council of Ministers to be of national economic interest for the country

A branch registration is valid only for the duration of the qualifying project.

SPC

The CCL read with the FCIL allows 100 percent foreign investment in an SPC incorporated for activities, except those specified in a negative list. There is no minimum share capital requirement for an SPC that can be incorporated with one shareholder.

LLC

The CCL read with the FCIL allows 100 percent foreign investment in an LLC incorporated for activities, except those specified in a negative list. There is no minimum share capital requirement for an LLC that can be incorporated with a minimum of two shareholders.

SAOC

The CCL read with the FCIL allows 100 percent foreign investment in a SAOC incorporated for activities, except those specified in a negative list. The minimum share capital requirement for a SAOC that can be incorporated with a minimum of three shareholders is OMR 500,000.

SAOG

The minimum share capital requirement for a SAOG that can be incorporated with a minimum of five shareholders is OMR 2,000,000. This minimum capital requirement can be reduced to OMR 1,000,000 in case of conversion from one legal form to a SAOG.

Holding Company

The CCL allows a Holding Company to take the form of a joint stock company (SAOC or SAOG). The minimum share capital requirement for a Holding Company is OMR 2,000,000.

Partnership

A general partnership may be formed with a local individual or other registered entities. Partners are jointly and severally liable for partnership debts to the full extent of their assets.

A limited partnership may be formed with one or more partners with unlimited liability and one or more partners with liability limited to the extent of their contributed capital.

Unincorporated Joint Venture

An unincorporated joint venture is an agreement between two or more parties to carry out a project jointly on mutually agreed terms. It is not a legal entity and, therefore, does not have a juristic personality. It does not have to be registered in Oman (except for tax purposes), but parties to the joint venture need to be registered in Oman if they conduct commercial activities in Oman. The liability of parties in an unincorporated joint venture is joint and several.

Consortium

A consortium is an agreement between two or more parties to carry out their specific obligations to complete a project. There is a distinct allocation of risks, responsibilities, and revenue to each consortium member. A consortium is not a legal entity and, therefore, does not have a juristic personality. The liability of members is joint and several as far as their clients and third parties are concerned.

Incentive programs

In August 2024, the Financial Services Authority (FSA) announced the Capital Market Incentive Program (CMIP) to encourage private companies to list on the Muscat Stock Exchange (MSX) through three distinct pathways:

- Establishment of or conversion to SAOG
- Listing of SAOC on an alternative market within MSX for promising companies (MSX-AIM)
- Conversion of LLC to SAOC

The CMIP confers several incentives depending on the applicable pathway, including but not limited to the refund of corporate income tax by the Ministry of Finance, permission to pay corporate income tax in installments with a waiver of additional tax (one percent interest per month) by the Oman Tax Authority, price preference in awarding contracts by the General Secretariat of the Tender Board, exemptions from listing fee and prospectus fee by the FSA, exemption of transfer fee by Muscat Clearing and Depository Company, and fast-tracking of finance applications by the Oman Development Bank. Eligibility and incentives are subject to conditions specified.

Oman officially launched the MSX-AIM under the CMIP on 3 November 2025⁷.

Economic Zones

Until 2022, Oman had one Special Economic Zone, Duqm, and three Free Zones, Sohar, Salalah and Al Mazunah. Each zone offers several incentives (including tax incentives), subject to specified conditions. The incentives are not necessarily automatic and may need to be applied for separately.

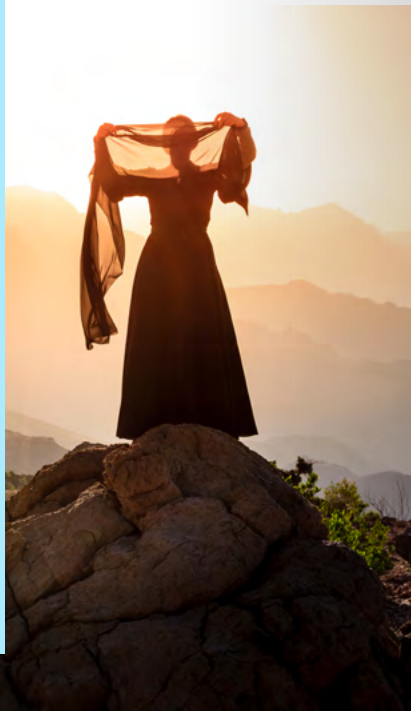
Royal Decree 10/2022 issued on 2 March 2022 established three new Free Zones, Muscat International Airport Free Zone, Sohar Airport Free Zone and Salalah Airport Free Zone.

Royal Decree 44/2023 issued on 3 July 2023 established Khazaen Economic City which comprises two free zones in the designated area.

Royal Decrees 87/2025 and 88/2025 issued on 8 October 2025 established two new Special Economic Zones in Dhahirah and Rawdah, respectively⁸.

Royal Decree 38/2025 issued on 7 April 2025 promulgated the law for the Special Economic Zones and Free Zones (New Free Zone Law)⁹. The New Free Zone Law replaces the separate laws governing each Free Zone and Special Economic Zone, introducing a uniform legal and regulatory framework applicable to all Free Zones and Special Economic Zones operating under the supervision of the Public Authority for Special Economic Zones and Free Zones (OPAZ). The New Free Zone Law offers the following incentives, subject to specified conditions, to new entities while grandfathering certain incentives already offered to existing entities operating in covered Free Zones and/or Special Economic Zones:

- 100 percent foreign ownership to operators, enterprises and real estate developers with no minimum capital requirement.
- 10 year corporate income tax exemption from the date of commencement of commercial operations with a possible extension for two additional periods (10 years each) for activities of similar nature. Corporate income tax exemption is not available to banks, financial institutions, insurance and reinsurance companies, telecommunication companies, construction companies, and land and maritime transportation companies.
- Custom duty exemption for the goods imported into or exported from the covered Free Zones and/ or Special Economic Zones.
- Permission to real estate developers to sell project units to non-Omanis (natural and legal persons) under the freehold system and the creation of gated communities.



Duqm Special Economic Zone

Spread over 2,000 km² with a 90 km coastline along the Arabian Sea, the Duqm Special Economic Zone is divided in key zones that include the Port of Duqm, Oman Dry Dock, Duqm Airport, Duqm Refinery, industrial, fisheries, tourism and renewal energy zones.

Sohar Free Zone

Spread over 65 km² the Sohar Free Zone is divided in key zones that include metals clusters, petrochemical clusters, logistics cluster and food cluster.

Salalah Free Zone

Located 5 km from the Port of Salalah and 12 km from the Salalah International Airport, the Salalah Free Zone is strategically located to offer proximity to Africa, Asia and the Middle East.

Al Mazunah Free Zone

Spread over 14.5 km² the Al Mazunah Free Zone is managed by the Public Establishment for Industrial Estate (Madayan).

Muscat International Airport Free Zone

Spread over 1.7 km², Muscat International Airport Free Zone is located just 2 km from the airport's air-cargo terminal and is designed to support light industries, e-commerce, aviation logistics, and high-value manufacturing.

Sohar Airport Free Zone

Sohar Airport Free Zone, part of the larger Sohar economic ecosystem, complements Sohar Port and Sohar Free Zone. Positioned near major industrial clusters, the zone is suitable for businesses requiring both air and sea connectivity — particularly logistics companies, perishables handling, and light manufacturing.

Salalah Airport Free Zone

Salalah Airport Free Zone is located in Dhofar Governorate and complements Salalah's strong logistics network, including the Salalah Port. This zone supports sectors such as air cargo logistics, agro-processing, pharmaceuticals, light industries, and distribution. Its key strength is serving markets in East Africa, the Indian subcontinent, and Yemen, supported by Salalah's advantageous geographic positioning.

Dhahirah Special Economic Zone

Planned over 388 km², Dhahirah Special Economic Zone is located in the Wilayat of Ibri near the border with Kingdom of Saudi Arabia. The zone is designed as a cross-border logistics and industrial hub featuring key dry port and infrastructure projects.

Khazaen Economic City

Located in Barka, Al Batinah South Governorate, Khazaen Economic City is an integrated logistics and industrial hub that includes designated Free Zones, a dry port, residential communities, and commercial facilities.

Rawdah Special Economic Zone

Located in the Wilayat of Mahdah near the border with the United Arab Emirates, Rawdah Special Economic Zone offers a 200,000 sqm dry port to supports sectors such as chemicals, food processing, metals and logistics.

International Financial Center

On 13 January 2026, the law establishing the International Financial Center of Oman (IFC) took effect. Oman's objective in establishing the IFC is to position itself as a global financial hub, attract international and regional capital, increase the financial sector's contribution to the economy, support economic diversification, and provide a predictable tax and legal framework aligned with international standards and best practices for eligible establishments.

The law offers eligible businesses tax incentives for up to 50 years from the date the law enters into force. Among others, the tax incentives include specific relief from corporate income tax, personal income tax and Value Added Tax (VAT). The activities eligible for and conditions applicable to availing these tax incentives are yet to be notified.

Executive Regulations under this law are expected to be issued in due course and will provide further guidance on its implementation.

Taxes

The Oman Tax Authority, established as an autonomous and independent body, is responsible for the administration of corporate income tax, withholding tax, VAT and excise tax in Oman.

Corporate Income Tax

The Corporate Income Tax Legislation (CITL) imposes corporate income tax at the rate of 15 percent on taxable income (revenues less allowable expenses), except in two cases:

- Establishments engaged in oil and gas exploration that are subject to corporate income tax at the rate of 55 percent on income from sale of petroleum and gas, subject to terms of the exploration and production sharing agreement
- Omani proprietorships and limited liability companies qualifying as small and micro enterprises that are subject to corporate income tax at the rate of three percent, subject to specified conditions

Subject to specified conditions, exemption from corporate income tax is available for, among others:

- Income from certain industrial activities covered under an industrial exemption
- Income generated by qualifying taxpayers in free zones and special economic zones
- Gain on sale of shares listed on the Muscat Stock Exchange
- Dividend generated from Omani companies

The CITL recognizes the concept of permanent establishments and taxes their net income accrued in Oman. The rate of tax is the same as that applicable to Omani registered establishments.

Among others, the CITL provides details on conditions for deductibility of expenses (including pre-incorporation and pre-operating expenses), carry forward of losses, recovery of foreign tax credits, constitution of permanent establishments, and thin capitalization.

Taxpayers are obliged to file an annual corporate income tax return electronically and settle the corporate income tax liability within four months from the end of the tax year and are subject to assessment by the Oman Tax Authority.

Transfer Pricing

The CITL requires transactions between related parties to be conducted at arm's length. Currently, there is neither formal guidance on acceptable methods for determining the arm's length price nor a statutory requirement to prepare transfer pricing documentation. However, where related party transactions result in a lower taxable income or higher taxable loss than would have arisen on a transaction between unrelated persons, the Oman Tax Authority can adjust the transaction value in assessing the taxable income and losses.

As a member of Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) Inclusive Framework, Oman requires a taxpayer located in Oman to file a Country-by-Country (CbC) notification or report if it is a member of a multi-national enterprise that had at least OMR 300 million in consolidated group revenue in the preceding accounting year.

Qualifying entities are obliged to file a CbC notification before the last day of the accounting year and submit a CbC report (if applicable) in 12 months from the last day of the accounting year.

Oman is a signatory to the Multilateral Competent Authority Agreement on the Exchange of CbC reports which allows for the automatic exchange of CbC reports among members.

Withholding Tax

The CITL imposes withholding tax at the rate of 10 percent on the following payments to non-residents:

- Royalty
- Management fees
- Consideration for research and development
- Consideration for use, or right to use, of computer software
- Consideration for provision of services

- Interest (indefinitely suspended under Royal Directive issued in January 2023)
- Dividend (indefinitely suspended under Royal Directive issued in January 2023)

Withholding tax on lease of aircrafts, ships and aircraft, and ship engines is also suspended under Royal Directive issued in December 2022.

Where Oman has a double taxation avoidance agreement in effect with the non-resident's country of tax residence, these payments may qualify for a reduced rate or exemption, subject to specified conditions. Currently, Oman has double taxation avoidance agreements in effect with over 40 countries.

Taxpayers are obliged to file monthly withholding tax statements electronically and settle the withholding tax liability within 14 days from the end of the month and are subject to assessment by the Oman Tax Authority.

VAT

The Oman VAT Legislation (VATL) imposes VAT at a standard rate on supply, deemed supply and import of goods and services for business, unless they are specifically zero-rated, exempt or out of scope. Currently, the standard rate of VAT is five percent.

Exempt supplies are not subject to VAT and input VAT related to these supplies is not recoverable. Examples of exempt supplies under the VATL include certain financial services, health-care services, educational services, local passenger transportation services, and re-sale or renting of residential real estate, subject to specified conditions.

Zero-rated supplies are subject to VAT at zero percent and input VAT related to these supplies are recoverable. Examples of zero-rated supplies in Oman under the VATL include certain oil, oil derivatives and natural gas, food items, medicines and medical devices, bullion and international transportation services, subject to specified conditions. Examples of zero-rated supplies outside Oman under the VATL include export of goods and services, and goods and services to or within customs suspension situations (including Free Zones and Special Economic Zones), subject to specified conditions.

Standard rated supplies are subject to VAT at five percent and input VAT related to these supplies is recoverable. Supplies that are not specifically exempt, zero-rated or out-of-scope are standard rated.

Among others, the VATL provides details on the monetary threshold and conditions for voluntary registration, mandatory registration, non-resident registration, group registration, exemption from registration, deregistration, time of supply, place of supply, value of supply, refund (including tourist and non-resident business refund), applicability of reverse charge mechanism, and import VAT deferral. The VATL also details conditions for input VAT recovery including apportionment of input VAT incurred for effecting exempt and taxable supplies.

Taxpayers are obliged to file a quarterly VAT return electronically and settle the VAT liability within 30 days from the end of the tax quarter and are subject to assessment by the Oman Tax Authority.

Excise Tax

The Oman Excise Tax Legislation (ETL) imposes excise tax on specified goods deemed harmful for human health or the environment. The ETL currently imposes excise tax on:

- Sweetened beverages at 50 percent
- Carbonated drinks at 50 percent
- Alcoholic beverages at 100 percent
- Energy drinks at 100 percent
- Pork and pork products at 100 percent
- Tobacco and tobacco products at 100 percent

Among others, the ETL provides details on taxable event, taxable value and conditions for registration, exemption from registration, de-registration, refund, exemption, excise tax warehouses, and situations qualifying for excise tax suspension.

Taxpayers are obliged to file a quarterly excise tax return electronically and settle the excise tax liability within 30 days from the end of the tax quarter and are subject to assessment by the Oman Tax Authority.

Oman enforced the Digital Tax Stamp (DTS) system for excisable goods in 2022, which was rolled out in a phased manner. It requires a secure physical marker and/or digital code to be affixed on each unit before import, distribution, or sale in the local market. In the initial phase, all tobacco products, including cigarettes, shisha, and other derivatives, require a secure physical marker and/or digital code to be affixed on each unit. As part of the next phase, effective January 2026, DTS will be mandatory for carbonated drinks, energy drinks, and other excisable beverages (excluding sweetened drinks).

Custom duty

Oman imposes custom duty on import of goods unless specifically exempt. While the rate of custom duty depends on the custom classification, currently the standard rate is five percent.

Where Oman has a free trade agreement in effect with the country of origin of imported goods, the imports may qualify for a reduced rate or exemption, subject to specified conditions. Currently, Oman has trade agreements with European Free Trade Association, Greater Arab Area, Gulf Cooperation Council, Singapore, and the United States of America. In December 2025, Oman has also signed a Comprehensive Economic Partnership Agreement with India, with an aim to enhance trade between the two countries by allowing, among others, bi-lateral duty free access to several goods originating in both countries.

Oman recognizes the concept of authorized economic operators and custom bonded warehouses to facilitate simplified custom clearance and custom duty optimization.

Effective 1 January 2025, Oman has implemented a new GCC Unified Customs Tariff with a shift from 8-digit Harmonised System (HS) codes to 12-digit codes, to improve granularity and classification of goods. This change is part of the GCC Integrated Customs Tariff, enabling more precise product categorisation.

Common Reporting Standard (CRS)

Oman has signed and ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Oman has also signed the Multilateral Convention to Implement Tax Treaty Related Measures to prevent BEPS.

CRS is an information standard for the Automatic Exchange of Information regarding financial accounts globally between tax authorities. Oman requires financial institutions to identify and report accounts opened and held by persons that are tax residents in a CRS participating jurisdiction. 109 jurisdictions, including Oman, have implemented or committed to implement CRS. Reporting financial institutions are also required to perform a due diligence and obtain tax residency of account holders.

Foreign Account Tax Compliance Act (FATCA)

FATCA requires that Foreign Financial Institutions (FFIs) and certain non-financial foreign entities report overseas assets held by their account holders in the United States of America.

Tourism Tax

Oman imposes Tourism Tax at four percent on restaurants and cafes managed through franchise contracts, restaurants located on tourist lands and restaurants located within hotel establishments.

Municipal Tax

Oman imposes municipal tax on:

- Property rentals at three percent
- Hotel accommodation at five percent
- Leisure and cinema houses at 10 percent

BEPS Pillar Two

Oman has issued Royal Decree No. 70/2024 promulgating the Top-up Tax Law on Constituent Entities of Multinational Groups, on 31 December 2024 to avoid BEPS.

The Top-up Tax Law is effective for financial years beginning on or after 1 January 2025 and provides for a minimum tax rate of 15 percent. Multinational enterprises with a consolidated group turnover of Euro 750 million in at least two out of the previous four financial years will be in-scope for top-up tax.

The Top-up Tax Law allows for top-up tax on a constituent entity of a multinational group to be applied through the domestic minimum top-up tax or income inclusion rule. Executive Regulations to the Top-up Tax Law, which will prescribe detailed rules, conditions and procedures for implementing the Top-up Tax Law, are currently awaited.

In May 2026, the OECD confirmed the transitional “qualified” status of Oman’s Domestic Minimum Top-up Tax (DMTT) and DMTT Safe Harbour. The continued recognition of this transitional status will depend on:

- The issuance of detailed Executive Regulations to Oman’s Top-up Tax Law

- Ongoing alignment with OECD guidance and peer review outcomes.

E-invoicing

The Oman Tax Authority has announced implementation of e-invoicing in phases, with Phase 1 starting in the third quarter of 2026. 100 large taxpayers selected by the Oman Tax Authority will be required to implement e-invoicing in Phase 1. Remaining taxpayers will follow implementation timelines mentioned below:

- Phase 2: Remaining large taxpayers that do not go live in phase 1 will be required to implement e-invoicing within six months of Phase 1 (by January/ February 2027)
- Phase 3: Remaining taxpayers will be required to implement within six months of Phase 2 (by July/ August 2027)
- Phase 4: Government entities will be required to implement within one year of Phase 3 (by July/ August 2028)

The Oman Tax Authority intends to base e-invoicing in Oman on the Pan-European Public Procurement Online (PEPPOL) 5 corner model that interposes an Accredited Service Provider (ASP) in the document flow.

In preparation for the roll out of e-invoicing, the draft Peppol International (PINT) Oman specifications were published on the Peppol test site in April 2026 and a pre-approved list of ASPs was published by the Oman Tax Authority in May 2026. The final Oman PINT specification and the final list of ASPs are expected in due course.



Summary of key tax rates

Taxes	Rates
Corporate Income Tax	
Establishments engaged in oil and gas exploration	55 percent
Small and medium sized enterprises	3 percent
Others	15 percent
Capital Gains Tax	15 percent
Withholding Tax	10 percent unless suspended, exempt or reduced
Value Added Tax	5 percent unless zero-rated, exempt, or out of scope
Excise Tax	
Sweetened beverages	50 percent
Carbonated beverages	50 percent
Alcohol	100 percent
Energy drinks	100 percent
Pork and pork products	100 percent
Tobacco and tobacco products	100 percent
Customs Duty	5 percent unless specifically exempt or nil
Personal Income Tax	5 percent (applicable from 1 January 2028)
Tourism Tax	4 percent
Municipal Tax	
Property rentals	3 percent
Hotel accommodation	5 percent
Leisure and cinema houses	10 percent
Social Security (Omani nationals)	7 percent payable by the employee and 11.5 percent by the employer

Accounting matters

Financial statements must be prepared in accordance with International Financial Reporting Standards (IFRS). An exception to IFRS may be allowed subject to a specific dispensation from the Oman Tax Authority.

The first accounting period of an entity begins on the date of registration and may cover up to 18 months, after which a 12-month period must be chosen. If an entity wishes to change its accounting period, it must obtain specific dispensation from the Oman Tax Authority.

Accounting records must be maintained by entities in OMR. If an entity wishes to maintain records in another currency, it must obtain specific dispensation from the Oman Tax Authority.

Staff matters

Expatriate employees must have a valid Oman residence and work permit to live in Oman. Work visas are issued to expatriate employees who come to Oman to work under employment contracts with local employers for a maximum initial period of two years (renewable).

Labour Law

Oman’s Labour Law issued vide Royal Decree 53/2023 regulates employer-employee contracts, rights and obligations in Oman. Among others, the Labour Law provides details on working hours, leave allowances, remuneration, termination, redundancy, end of service benefits, non-compete clauses, occupational health and safety, settlement of labor-related disputes, and labor unions.

Omanization

Companies are obliged to employ Omani nationals and maintain the level of Omanization specified for a profession or designation. Certain professions are fully Omanized.

The level of Omanization determines the overall rating of an employer (green, amber or red) and its ability to apply for and renew expired work permits for expatriates.

Social security

Employees who are Omani nationals are eligible for social security in Oman. Currently, social security is at the rate of 18.5 percent of the employee’s gross remuneration stated in the employment contract. Seven percent is payable by the employee and 11.5 percent (including one percent for work related injuries) is payable by the employer. The obligation to withhold is on the employer.

Employees who are Omani nationals are also eligible for the job security scheme in Oman. Currently, employers and Omani employees are each required to make a monthly salary contribution at the rate of OMR 1 per OMR 100 of gross monthly salary (or one percent of payment). The obligation to withhold is on the employer.

Currently, there are no social security or job security payments for expatriates. Expatriates employed by an Omani employer are entitled to a gratuity payment or an end of service benefit. Employees who are Omani nationals are not eligible for gratuity payment or end of service benefits.

A new mandatory provident savings scheme will replace the traditional end of service benefit for expatriate employees from July 2027. Under this scheme, employers will contribute nine percent of the employee’s monthly basic wage to a provident fund managed by the Social Protection Fund. The fund will accumulate monthly and become payable to workers upon completion of service in Oman.

Personal Income Tax

Royal Decree No. 56/2025 issued on 22 June 2025 promulgated Oman’s Personal Income Tax Law (PITL). The PITL will enter into effect on 1 January 2028. While the Executive Regulations to PITL are awaited, the PITL provides for:

- Levy of personal income tax at 5% on annual taxable income exceeding OMR 42,000.
- Levy of personal income tax on Omani tax residents on their worldwide income and non-residents on Oman-sourced income, subject to double tax avoidance treaty relief.
- Several exemptions and deductions, subject to conditions specified.
- Filing of annual personal income tax returns within 6 months from the end of the tax year.
- Employers obligation to withhold and remit the personal income tax on salaries and wages at source.
- Carry forward and set-off of losses for up to 5 years, subject to conditions specified.



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Integrity:
We do what is right



Excellence:
We never stop learning and improving



Courage:
We think and act boldly



Together:
We respect each other and draw strength from our differences



For Better:
We do what matters.

Our purpose is to inspire confidence and empower change. By inspiring confidence in our people, clients and society, we help empower the change needed to solve the toughest challenges and lead the way forward.

KPMG’s Impact Plan guides our commitments to serving our clients, people and communities across four categories: Planet, People, Prosperity, and Governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the United Nations Sustainable Development Goals, so all our communities can thrive and prosper.

We are dedicated to helping our clients achieve their goals, and advancing sustainable progress to ensure that all our communities thrive. Empowered by our values, and committed to our purpose, our people are our greatest strength. Together, we are building a values-led organization of the future. For better.

Disclaimer: Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Contact us

Aqeel Al Lawati

Managing Partner, Oman

KPMG Middle East
+968 24749243
aqeelallawati@kpmg.com

Aabha Lekhak

Partner, Head of Tax, Oman

KPMG Middle East
+968 24749266
alekhak2@kpmg.com

Mobeen Chaudhri

Partner, Audit

KPMG Middle East
+968 24749681
mobeenchaudhri@kpmg.com

Harris Matin

Partner, Advisory

KPMG Middle East
+968 24749244
hmatin1@kpmg.com

Vikram Verma

Partner, Tax

KPMG Middle East
+968 24749619
vverma7@kpmg.com

Taha Ali Latif

Principal, Audit

KPMG Middle East
+971 42496511
talilatif@kpmg.com

Sumit Bansal

Director, Tax

KPMG Middle East
+968 24749253
sbansal9@kpmg.com

Pranav Raval

Director, Tax

KPMG Middle East
+968 24749600
praval1@kpmg.com

Hussein Al Lawati

Director, Tax

KPMG Middle East
+968 24749213
hallawati3@kpmg.com

Irshard Marikar

Director, Audit

KPMG Middle East
+968 24749237
imarikar1@kpmg.com

Usman Sheikh

Director, Audit

KPMG Middle East
+968 24749613
usheikh2@kpmg.com

www.kpmg.com/om

www.kpmg.com/sa

www.kpmg.com/ae

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