

GMS Flash Alert

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Oman – Introduction of Personal Income Tax Effective 1 January 2028

On 22 June 2025, Oman issued Royal Decree No. 56/2025 promulgating Oman’s “Personal Income Tax Law.” The law will be published on 29 June 2025, and come into effect on 1 January 2028. While the official text of the law is awaited, some details have been published by the Oman Tax Authority and media outlets.^{1,2} (For prior coverage, see [GMS Flash Alert 2024-172](#), 26 August 2024.)

The law introduces a five-percent income tax on natural persons whose annual gross income exceeds OMR 42,000 (approximately USD 109,200). Gross income would include receipts in cash and kind.

Executive regulations are expected within one year of the date of publishing the law in the “Official Gazette.”

WHY THIS MATTERS

Businesses and individuals in Oman should be mindful of the possible implications the introduction of a personal income tax regime will have. Employers (payroll/finance/tax) should examine their current capabilities to operate payroll withholdings for employees and facilitate payroll reporting obligations once the tax comes into effect. Employers should start looking at their existing and future employment contracts, salary and benefits structure, and their talent attraction and retention strategies, in light of the changing landscape.

Individuals in Oman should consider the impact a personal income tax would have on their income source(s) and compliance obligations.

Early announcement of the introduction of personal income tax allows businesses and individuals a limited window of opportunity to prepare for compliance and appropriate next steps.

More Details

The taxable income calculated after subtracting exemptions, deductions, and losses from gross income may include:

- salary;
- income from immovable property;
- income from industrial / intellectual property.

Exemptions may include:

- income earned outside Oman (granted one time for a period of two years);
- capital gains on sale of a primary residence;
- capital gains on sale of a secondary residence (one-time);
- income from inheritance and gifts;
- income from industrial property rights (granted for five years from date of registration).

Deductions from taxable income may include:

- education expenses;
- health-care expenses;
- zakat³, charitable donations, and endowments (“waqf”);
- interest on loans financing the acquisition or construction of an individual’s main residence (one-time).

KPMG INSIGHTS

This marks a historic fiscal milestone for Oman and the wider Gulf Cooperation Council (GCC) region, with Oman becoming the first GCC country to announce a personal income tax regime.

The introduction of the personal income tax serves to complete Oman’s tax system (which already is comprised of corporate income tax, value added tax, excise tax and customs) and helps fund the country’s social protection system. It also aligns with the Oman Vision 2040⁴ and supports long-term economic diversification by targeting non-oil GDP contributions, reducing hydrocarbon reliance, and reinforcing social protection programs.

With one of the highest exemption thresholds and lowest rates globally, it is expected that 99 percent of the population will be unaffected, according to the Oman Tax Authority, and this could be seen as a socially-sensitive approach, one that promotes equity and supports public welfare without burdening lower income groups.

If you need assistance with personal income tax or other tax-related matters in Oman, it is recommended you consult with your usual qualified tax professional or the dedicated team of experienced personal income tax specialists at KPMG in Oman (see the Contacts section).

FOOTNOTES:

1 (See in English and Arabic) "[Royal Decree 56/2025 Issuing the Personal Income Tax Law](#)," on the website of Decree (a database of English translated Omani laws available on the internet). *Please note that by clicking on this link you are leaving the KPMG website for an external site (non-governmental, non-KPMG), that KPMG is not affiliated with nor does KPMG endorse its content. The use of the external site and its content may be subject to the terms of use and/or privacy policies of its owner or operator.*

2 See (in English and Arabic) under *News & Events*, "[Issuance of Personal Income Tax \(PIT\) Law](#)" (Published 6/22/25) on the website of the Sultanate of Oman Tax Authority.

* See (in English) See "Personal Income Tax Law to take effect in Oman," *Times of Oman* (22 June 2025) at: <https://timesofoman.com/article/159553-personal-income-tax-law-to-take-effect-in-2028> .

* "Oman to implement personal income tax in 2028, targets high earners," *Gulf Business* (June 24, 2025) at: <https://gulfbusiness.com/oman-to-implement-personal-income-tax-in-2028/> .

* "Personal Income Tax Law to Take Effect in 2028," *Oman News Agency* (22 June 2025) at: <https://omannews.gov.om/topics/en/80/show/122971/> .

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3 Zakat, one of the Five Pillars of Islam, is a form of charity or almsgiving in Islamic context. In the Sultanate of Oman, zakat is calculated based on a Muslim individual's wealth to a certain extent and is institutionally supported.

4 (In English) Oman Vision 2040, "[Vision Overview](#)."

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RELATED RESOURCE

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Oman:



Pranav Shah
Director
Head of People Services
pshah27@kpmg.com



Hussein Fayadh Al Lawati
Associate Director, Tax
hallowati3@kpmg.com



Keelin Kane
Manager, Tax
kkane2@kpmg.com

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