



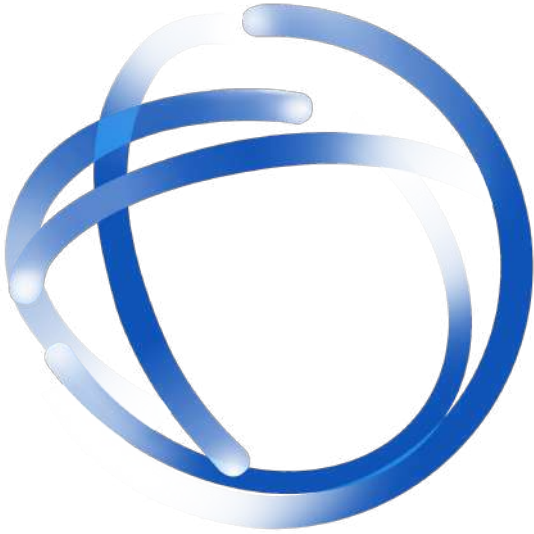
# STARTUP

## Country Guide 2024

THE SULTANATE OF OMAN

# Table of Contents

<b>Chapter 1: Exploring the startup sphere</b>	<b>4</b>
I. The Omani startup ecosystem	5
1. Startup definition	6
2. Promising sectors in Oman	6
3. Oman startup scene	8
<b>Chapter 2: Beginning your entrepreneurial journey</b>	<b>9</b>
I. Guiding steps to launch a startup in Oman	10
1. Country specific legal structures	10
2. Legal steps	11
II. Other country specific considerations	21
1. Considerations for foreign investors	21
2. Tax regime	22
3. Tax compliance requirements	23
4. Financial reporting and auditing regulations	24
<b>Chapter 3: Navigating startup regulations and incentives</b>	<b>25</b>
I. Government incentives	26
1. Tax incentives	26
2. Non tax financial incentives	27
3. Special Economic Zones	29
II. Labor and immigration regulations and facilitations	32
1. Foreign investors' residency	32
2. Omanization	33
III. Data protection	34
IV. Intellectual property	35
1. Patents	35
2. Trademarks	35
3. Industrial designs	36
V. Key support organizations and initiatives (not exhaustive)	38
Reference list	39
<b>Appendix</b>	
Appendix 1: Launching your startup: key success factors	41
Appendix 2: What type of support to expect at each stage of a startup lifecycle	42



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# CHAPTER 1

Exploring the startup sphere



# I. The Omani startup ecosystem

Oman's forward-looking approach towards development, encapsulated in [Oman Vision 2040](#), seeks to transform the nation's economy from a dependency on oil and gas to a diversified, knowledge-based model. With initiatives like the [Oman Future Fund](#) and the [National Initiative for Artificial Intelligence \(AI\)](#), accompanying a substantial budget allocation, the country is proactively advancing economic diversification. The rising Omani startups program strives to foster innovation, empowers startup establishment, facilitates business connections, and pinpoints investment prospects.

Comprising comprehensive support at all entrepreneurial stages, the program leverages key partnerships, such as Omantel Labs and ITHCA Group, to offer invaluable resources for startups, including fintech, 5G, Internet of things (IoT), and more. Additionally, the [Oman Technology Fund's \(OTF\) Techween](#) pre-seed fund program provides funding, collaborative workspaces, and mentorship, reinforcing Oman's position in the regional startup landscape. However, high setup costs, including rental expenses and capital contribution requirements for companies other than Limited Liability Companies (LLC), continue to be a challenge for startups.



# 1. Startup definition

Definitions of startups and entrepreneurial entities can vary between countries and organizations. Generally, a startup is an innovative venture with a potential of high growth, driven by technology and characterized by having a functional prototype and a scalable, duplicable business model. Startups are founded to explore creative problem statements, often centered around technology, while capitalizing on emerging market opportunities. A formal legal framework that precisely outlines the parameters of startups within its legislative framework, is currently absent in Oman.

Enterprises (SMEs) and has embarked on a series of regulatory enhancements with the explicit goal of nurturing startup growth. For instance, the entrepreneurial ecosystem fosters innovation and economic development by offering startups the entrepreneurial card, a valuable resource that connects them with numerous benefits and support services. Eligibility for these benefits promotes small ventures, like startups, and offers tax exemptions to further enhance their financial sustainability and expansion.



## 2. Promising Sectors in Oman

Oman nascent startup ecosystem encompasses sectors like e-commerce & retail, hardware & IoT, and software & data. These are considered leading sectors in terms of number of active startups, with promising startups. Additionally, there are ambitious government efforts that seek to develop strategic sectors such as e-commerce, cleantech, and fintech to drive sustainability and financial innovation, reflecting Oman's commitment to fostering diverse opportunities for entrepreneurs.

## **FinTech**

Oman's fintech sector has shown significant growth, with the Central Bank of Oman (CBO) leading initiatives such as open banking, digital currency, and the e-KYC initiative. The country's strategic roadmap includes the development of accelerators, a regulatory sandbox, and a cloud-computing framework to nurture fintech innovation. In partnership with Omantel, CBO has launched a fintech accelerator to support high-potential startups, providing them with resources and access to an extensive network of investors and mentors.

With a tech-savvy population and high internet and smartphone penetration, Oman has the foundational elements to cultivate a thriving fintech ecosystem. The CBO's Fintech Regulatory Sandbox, operational since December 2020, has already seen cohorts focusing on digital wallets, blockchain for trade finance, and alternative financing, with plans to explore open banking solutions.

To realize the full potential of fintech, Oman is emphasizing the importance of access to capital, regulatory frameworks, and human capital development. Educational initiatives, such as fintech-specific higher education certificates, aim to build expertise at the nexus of finance and technology. The growth of the financial sector, including more liquid equity markets and IPOs, will provide necessary exit strategies for fintech founders and investors, complementing private initiatives and increased venture capital funding.

As the sector evolves, authorities are tasked with ensuring that regulatory and supervisory frameworks balance the promotion of financial innovation with the protection of customers and the stability of the financial system. With these measures, Oman is set to enhance its fintech landscape and contribute to the broader growth of the sector in the region.

## **CleanTech**

Oman is strategically advancing towards a sustainable future with a commitment to net-zero emissions by 2050 and a target of sourcing at least 30% of its electricity from renewables by 2030. The country is fostering the growth of renewable energy through independent power projects, with significant investments in onshore wind and solar projects.

Notably, the state-owned Petroleum Development Oman (PDO) and the oil company OQ are spearheading efforts to reduce emissions and integrate renewable energy into their operations.

The commencement of the Ibri 2 solar project and the groundbreaking of a 500-megawatt solar plant by EDF Renewables mark Oman's substantial progress in utility-scale solar energy. Additionally, Oman's Ministry of Transport, Communications, and Information Technology (MTCIT) has outlined plans to electrify the transportation sector, aiming for 79% Electric Vehicles (EVs) by 2035, supported by incentives to encourage EV adoption.

Oman's clean energy ambitions extend beyond solar and wind, with the introduction of a Green Hydrogen Strategy and the establishment of Hydrogen Oman (Hydrom) to drive investment and development in green hydrogen. Hydrom's recent award as a large-scale green hydrogen project highlights the country's potential for substantial investment and production in this sector. These developments present lucrative opportunities for businesses, in areas such as equipment sales, technology transfer, research, and development.



## **E-commerce**

E-commerce has emerged as a strategic sector for Oman, with a market value projected to double from USD 575 Million in 2023 to USD 1.1 Billion by 2028. This showcases a robust annual growth rate of 13.5%. The surge is rooted in the rapid digitalization catalyzed by the COVID-19 pandemic, which necessitated remote business operations and bolstered the ICT sector.

Oman's substantial internet user base, with over five (5) Million active users, and the government's drive towards a digital society and e-government initiatives, have laid the groundwork for both B2C and B2B e-commerce expansion. The government's adoption of the Electronic Transactions Law and the recent data protection law emphasizes its commitment to creating a secure and regulated digital environment, further enhancing the sector's appeal. With the rise of domestic e-commerce, cross-border transactions, and the integration of mobile payment solutions, Oman presents a landscape suitable for opportunities for businesses and investors looking to capitalize on the digital economy's momentum.



### 3. Oman startup scene

#### Oman’s top industry sectors by number of startups<sup>1</sup>

- E-commerce and retail
- Advertising and marketing
- Artificial Intelligence (AI)

#### Oman’s top strategic sectors<sup>2</sup>

- E-commerce
- CleanTech
- FinTech

#### Startup ecosystem in numbers<sup>1</sup>

- Total funding raised by startup until 2024: USD 330 Million
- Number of operating startups: 165
- Number of Incubators & Accelerators: 47

#### Entrepreneurship and innovation in Oman: Indexes and Rankings

Index	Ranking	Index	Ranking
Business environment <sup>3</sup>	39	Innovation linkages <sup>3</sup>	46
Economic freedom <sup>4</sup>	94	Knowledge workers <sup>3</sup>	111
Entrepreneurship policies and culture <sup>3</sup>	48	Mobile app creation <sup>3</sup>	31
Financing of startups and scaleups <sup>3</sup>	55	Operational stability for businesses <sup>3</sup>	46
Global innovation <sup>3</sup>	69	Regulatory environment	96
Global knowledge <sup>5</sup>	66	State of cluster development	21
ICT access <sup>3</sup>	16		





# CHAPTER 2

Beginning your entrepreneurial journey

# I. Guiding steps to launch a startup in Oman

## 1. Country specific legal structures

In Oman, most entrepreneurs choose among the following legal structures for companies. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- **Sole proprietorship**
- **Limited Liability Company (LLC)**
- **Joint Stock Company (JSC)**
- **Branch**

Limited Liability Companies are the favored business structure in Oman, offering ease of formation, limited liability, and flexible share capital requirements. LLCs can operate throughout Oman and require a physical office. The minimum capital requirement is 150,000 Omani Rial (OMR).

Although full deposit is generally not mandatory for registration, the minimum capital requirement is much higher as compared to other regional countries.





## 2. Legal steps

Oman has streamlined its company registration process through the Invest Easy platform, allowing online registration with the Ministry of Commerce, Industry & Investment Promotion (MOCIIP) within minutes. The SME Development Authority's mission is to make the Small and Medium Enterprises (SMEs) a cornerstone of Oman's economy by contributing to its sustainable development.

It provides the service of an entrepreneurial card which offers entrepreneurs access to various benefits provided by different sectors. It aims to support startups by providing them with accommodations through both public and private entities. The precise sequencing of starting a business may be influenced by the business' characteristics and the legal framework. Below is an overview of the fundamental legal steps typically required by both locals and foreigners wishing to start a business in Oman.



## Step 1: Reserve a business name

The goal of this step is to select a distinctive business name that is not already taken or in use. Once a unique business name is assigned, you can ensure legal compliance and be ready to start operations by taking the required actions and fulfilling the Ministry's requirements.

The process can be conducted either online or offline. However, it is recommended to opt for the online process as it is more efficient and swifter.

### Steps

#### Online steps

- 1 Visit the [Invest Easy](#) portal.
- 2 Check the commercial name availability through the [commercial name availability service](#).
- 3 Reserve your business chosen name through the [new commercial registration](#) process.

#### Offline steps

- 1 Visit a certified transactions clearance bureau, a law firm, or any directorate of the MOCIIP.
- 2 Submit the required documents listed below.
- 3 After review, you will receive an email or text message with your application number and submission details.
- 4 Collect the trade name certificate, in-person, upon approval.

### Requirements

To guarantee a successful business launch, consider adhering to the requirements in the following [link](#) to comply with naming and branding specifications.

### Documents

- Evidence of the meaning of the name, if applicable.
- A copy of the investor's ID card or passport whether they are a natural or juristic person (Omani or Foreigner).

### Duration

Up to one (1) day.

### Cost

Service fees may apply.

## ● Step 2: Register your company via the invest easy platform

The procedure for obtaining a commercial registration in Oman differs depending on the activity of the company and its legal structure. The application process can be completed online or in person with the relevant authorities.

However, it is recommended to opt for the online process.

It is important to note that the specific requirements and documents for the application process may vary depending on the nature of the business activity and the legal status of the company. For more specific details, you can consult the Omanuna [portal](#).

### Steps

#### Online steps

- 1 Through the [Invest Easy site](#), businesses with activities that do not need special regulatory permissions can obtain a commercial registration certificate by logging in to the portal and following the registration steps found at the [new commercial registration service](#).

#### Offline steps

- 1 Submit a company registration application to the Directorate of Investors Services or its branches within the Ministry.
- 2 Complete and sign the investor's record application form.
- 3 Sign the establishment contract draft proposed by the investor's form or submit a new establishment contract aligned with your interests.
- 4 Attach the required documents and certificates for registration.
- 5 Upon approval, pay the required fees and obtain the registration certificates.



### Requirements

- For individual institutions and Omani companies, the registration process is completed immediately. For foreign companies, if registering under the foreign investment law, company data must be submitted for financial and legal verification.
- If the activity cannot be registered without prior approval from a related regulatory authority (clinics, hospitals, universities, schools, etc.) the approval of the authority for engaging in the commercial activity must be submitted before submitting the application, as explained in the next step.
- Relevant forms will be handed at the premises of the Directorate of Investors Services.

### Documents

- A copy of each investor's ID.
- Passport copies of shareholders and authorized signatories.
- An approved form detailing names and signatures of authorized signatories.
- Company registration forms.
- A bank statement with a proof of initial capital.

## ● Step 3: Acquire a business activity license

The process for business license acquisition is divided into different procedures according to the classification of the business activity and the status of integration of governmental entities within Invest Easy system. Please note that the process, duration, and cost of your licensing process may vary depending on your specific business activity. To know more about the specific requirements and costs, you can use Oman's licensing simulator. The following process will enable foreign and local entrepreneurs to apply for mandatory licenses and permits, such as a professional license and relevant investor license.

### Steps

#### Activities that do not require specific approvals

- 1 Visit the new commercial registration page or the update commercial registration page.
- 2 Start the service and add the activity under your commercial registration.
- 3 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement).
- 4 Use my CR places of activities service to add the location of the activity.
- 5 Attach the rental agreement.

### Activities that require electronic license from Invest easy

- 1 Visit the [new commercial registration](#) page or the [update commercial registration](#) page.
- 2 Start the service and add the activity under your commercial registration.
- 3 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement).
- 4 Use [my CR licenses](#) service to apply for the license. You can also refer to service providers for support (Sanad centers, lawyers offices).
- 5 Identify and provide the location where you intend to conduct your business activities and carefully review then select the appropriate license that aligns with your business requirements.
- 6 Attach the rental agreement.
- 7 Complete the digital signature process.
- 8 Pay the applicable fees.
- 9 Visit the municipality and request the municipal license.

### Activities that require licenses from regulating entities

- 1 Visit the [new commercial registration](#) page or the [update commercial registration](#) page.
- 2 Start the service and add the activity under your commercial registration.
- 3 Visit the related government entity to complete the application.
- 4 Collect the temporary approval.
- 5 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement).
- 6 Use [my CR places of activities](#) service to add the location of the activity.
- 7 Attach the rental agreement.
- 8 Visit the related government entity and to collect the final license.
- 9 Visit the municipality to collect the municipal license.
- 10 Visit [Invest Easy](#), attach the municipal license and the final license to remove the mark "Not Licensed" from the activity on the CR certificate.

## Step 4: Open a bank account

Opening a bank account is necessary to conduct your business activities and complete the registration process. For LLCs, depositing the minimum capital requirement, which is OMR 150,000 is no longer required to register an LLC, but a portion must be available as proof of funds to be used for commercial registration. In this step, choose the bank that suits your business needs and apply. Please note that documents required may vary depending on the bank and the legal structure chosen.

### Documents

- A copy of commercial license, if applicable.
- The Memorandum of Association (MoA).
- The passport of authorized signatories.
- A proof of physical address of the company.
- Two (2) passport-sized photographs.
- Residency/work permit copies.
- A valid passport along with a valid visa and resident card.
- The original trade license, if applicable.
- A letter of reference from the expat's bank in the country of origin, if applicable.

## Step 5: Register for taxation with Secretariat General

For comprehensive information regarding the registration process, watch this instructional [video](#).

### Steps

- 1 Log in to the [tax authority portal](#) and select taxpayer [Registration](#).
- 2 Enter the commercial registration number of the company.
- 3 Select "Value Added Tax Liability Registration" (VAT).
- 4 Fill in the required information.
- 5 Add your activity and the date of commencement.
- 6 Attach the necessary attachments.
- 7 Print the VAT Certificate from the E-services page.
- 8 The tax certificate can also be generated with Tax Identification Number (TIN).



### Requirements

- A non-resident of a Gulf Cooperation Council (GCC) member state making any taxable supply in the Sultanate, is required to register regardless of the turnover.

### Documents

- A copy of the business registration certificate and license.
- A copy of the ID card/ passport of principal officer.



## Step 6: Register with the Public Authority for Social Insurance (PASI)

### Steps

- 1 Visit one of the nine (9) branches of PASI.
- 2 Fill in the form handed at the office and submit supporting documents.
- 3 Collect your newly generated company Contribution Number (CN) generated from the counter to the applicant.
- 4 Collect a copy of the corporate registration form.

### Documents

- A corporate registration form handed at the branch.
- A copy of the business registration certificate.
- A copy of the confirmation of registration.
- A copy of the specimen signature form.
- An original authority to clear transactions form.
- A copy of the ID card or passport of company owner/s.

### Duration

Immediate

### Cost

Free

## Step 7: Obtain an Entrepreneurial Card (optional)

The entrepreneurial cards are issued by the [SMEs Development Authority](#). The primary objective of the program is to bolster Small and Medium Enterprises (SMEs) by furnishing them with an array of advantages offered by both public and private entities.

## Steps

- 1 Visit the authority's website and follow the steps to register your organization.
- 2 Submit the application.
- 3 Pay the required fees.
- 4 Receive the download link to download the card.

## Requirements

- Applicants must be registered with the Public Authority for Social Insurance.
- Government employees benefiting from Ministerial Decision No. 2/2016 may obtain an entrepreneurship card during the benefit period granted by the decision.
- Headquarters must be located within Oman.
- If registered as a company, one full-time employee must own 50% or more of the company stock.
- No prior acquisition and subsequent surrender of an entrepreneurship card in the two (2) years preceding the application date.
- Owners must not be otherwise employed and must be registered with the Public Authority for Social Insurance as employers.
- The applicant cannot be a subsidiary or a branch of a large company.
- The enterprise must be fully owned by Omani individuals dedicated solely to the management of the business.
- The owner must not have acquired another entrepreneurship card in the past two (2) years, either personally or through a partnership.
- The registration requirement is waived for owners who are retired or over sixty (60) years old.

## Documents

- A business registration certificate.
- A proof of discharge from other work if the person was discharged from the public sector.
- A proof of retirement for retired owners.
- A proof of social insurance for the full-time owners of the company (not including retired owners).
- A valid occupational permit.

### Duration

One (1) business day.

### Cost

Yearly cost: 5 OMR.





## II. Other country-specific considerations

### 1. Considerations for foreign investors

According to the Foreign Capital Investment Law (FCIL), which took effect on January 7, 2020, in Oman 100% foreign ownership is allowed in several strategic sectors including:

- Agriculture
- Circular Economy
- Fisheries
- Healthcare
- Higher Education
- ICT
- Logistics
- Manufacturing
- Renewable Energy
- Tourism

The revision of the FCIL has significantly relaxed the rules and restrictions on foreign investment, streamlined the registration and licensing procedures for foreign investors and aligned foreign investors' rights and incentives to those given to local investors. However, certain activities are still restricted.

Foreign companies seeking to establish a presence in Oman must adhere to additional specific registration procedures according to the legal entity they choose or the sector they operate in. Detailed information on the registration process for foreign investment can be found in the following link: [The registration of foreign investment](#).

Companies originating in the Gulf Cooperation Council (GCC) countries have a separate registration process to establish their business in Oman. For detailed guidelines on the registration process for Gulf-based businesses, please refer to this link: [the Gulf investment registration](#).

The Sultanate of Oman has double taxation treaties with thirty-two (32) countries. Under these agreements, residents of Oman who are subject to taxes in these thirty-two (32) countries are exempted from double taxation.



## 2. Tax regime

### Brief overview of Sultanate of Oman tax regime

A legal person is a tax resident if it has been established in accordance with the laws and Royal Decrees (RDs) in force in Oman, or if its head office or headquarters is in Oman.

### Capital gain

No special rules apply to capital gain. Capital gains are taxed as part of regular business income at the rates set out in CIT rates (15%).

### Withholding Tax (WHT)

WHT at a rate of 10% of gross payments is imposed on certain gross payments made to foreign companies, including the following:

- Dividends
- Interest
- Royalties
- Consideration for research and development.
- Fees for management or performance of services.
- Consideration for the use of or right to use computer software.

### Value-Added Tax (VAT)

The VAT standard rate set out at 5% is applicable to the supply of goods and services.

### Social security contributions

Contributions on monthly wage of Omani employees only is defined as “all amounts paid to the insured in cash or in kind or periodically or regularly for his work whatever the method used for its determination, or is the sum of basic wages plus allowances, which shall be determined by a decision of the Minister after the approval of the Board of Directors”. The amount of wage is capped at OMR 5,000 per month. Below are the pension portions:

- Employer's contribution is set at 10.5%
- Employee's contribution is set at 7%.
- Government's contribution is set at 5.5%.

Contribution to job security fund paid by both employer and employee is fixed at 1%.

### Corporate income tax (CIT)

Companies registered in Oman, regardless of the extent of foreign participation, and permanent establishments of foreign companies are subject to a standard tax rate fixed at 15%. As for SMEs, starting from January 2017, are taxed at 3%. For an entity to be considered as an SME, the following prescribed criteria must be fulfilled:

- Registered capital does not exceed OMR 50,000 at the beginning of the tax year.
- Gross income does not exceed OMR 100,000 for any tax year.
- The average number of employees during the tax year does not exceed fifteen (15).
- Business activities do not fall under the excluded categories:
  - Air/sea transport.
  - Banking, insurance, or financial services.
  - Extraction of natural resources.
  - Other activities as determined by the Minister of Finance with approval from the Council of Ministers.
  - Public utility concessions.

## 3. Tax compliance requirements

A taxpayer is required to register with the tax authority by filing a declaration of details related to the entity within a period of sixty (60) days after the date of incorporation or commencement of activities, whichever is earlier. Any changes to the registration information must be communicated within thirty (30) days by updating such information in the tax authority's portal.

### The accounting period

The accounting period begins on the date of registration or incorporation. The first accounting period may be less than twelve (12) months but cannot exceed eighteen (18) months. The accounting period may be changed with the approval of the tax authority.

### Electronic filing of returns

Amendments have introduced a system of electronic filing of tax returns. CIT returns are required to be filed electronically via the [tax online portal](#).

### Value-Added Tax (VAT) return

Taxpayers are obligated to file quarterly VAT returns and make corresponding VAT payments based on a self-assessment of their inward and outward supplies. The deadline for filing and payment is thirty (30) days following the end of each quarter, with extensions granted if the due date falls on a weekend or public holiday. The standard VAT rate is 5%. Return is filed through the [Tax Authority](#). Late VAT payments attract an additional tax of 1% per month or part thereof, while delayed VAT return submissions incur administrative penalties ranging from OMR 500 to OMR 5,000.

Every individual residing in the Sultanate is obligated to register if the cumulative value of supplies made surpasses the compulsory VAT threshold of OMR 38,500 within the current month along with the preceding eleven (11) months and if there is a reasonable expectation that the cumulative value of supplies to be made will surpass the mandatory VAT threshold of OMR 38,500 within the current month and the ensuing eleven (11) months.

### Tax return

Legal entities are required to file a single return of income within four (4) months of the relevant tax year's end or accounting period for which the return is prepared. Extensions may be granted at the discretion of the Oman Tax Authority (OTA). Extensions may be granted at the discretion of the Oman Tax Authority (OTA).

SME tax returns must be filed along with a simplified income statement through the [Tax Authority](#) within three (3) months after the end of the accounting period, together with a statement of income on a cash basis.

### WHT returns

Oman-based companies are obligated to withhold the applicable WHT amount and remit it to the tax department within fourteen (14) days following the end of the month in which the tax is deducted or the payment to the foreign company is due or made, whichever occurs earlier.

## 4. Financial reporting and auditing regulations

All enterprises operating in Oman are required to strictly adhere to the International Financial Reporting Standards (IFRS), a set of regulations governing the disclosure of financial data. This mandate has been established by the Oman Capital Market Authority, Oman Central Bank, and Oman Tax Authority. While Omani law does not explicitly define specific accounting concepts or procedures, companies must conduct statutory audits under certain conditions. This requirement applies to limited liability corporations and joint stock firms that have more than ten (10) shareholders or capital exceeding OMR 50,000.

Furthermore, if a business's Memorandum of Association specifies the need for a statutory audit or if shareholders owning more than 20% of the firm's capital request it, then the company must comply. Organizations with capital exceeding OMR 20,000 are required to submit audited financial accounts with annual tax forms. Audits are legally mandated to be conducted exclusively by duly authorized auditors, as stipulated by the regulations governing the Accountancy and Auditing Profession. Auditors must be independent of the company being audited. Consult the list of auditors as provided by the Capital Market Authority (Companies list section).





A modern office interior featuring a large, light-colored wooden conference table. Several orange leather chairs with black frames are arranged around the table. In the background, there are glass-walled meeting rooms with black frames. A small potted plant with large green leaves sits on the table. The lighting is soft and even.

# CHAPTER 3

Navigating startup regulations and incentives

# I. Government incentives

## 1. Tax incentives

The following are various tax concessions (e.g., reduced tax rates) that the government offers to businesses, including startups:

- Tax holidays are available to companies engaged in industrial activities. The exemption is restricted to five years, subject to the fulfillment of certain conditions.
- Dividends received by Omani companies, PE of foreign companies or Omani sole proprietorships from Omani companies are exempt from tax.
- Companies are exempted from income tax for thirty (30) years from the date of starting their business in free Special Economic zones whose details follows in the next section of this guide.
- Businesses can deduct expenses incurred before the commencement of operations (startup expenses) in the first year of business activity.
- Companies involved in manufacturing, agriculture, fishing, aquaculture, animal husbandry, tourism, export of manufactured products, and public utilities are exempt from customs duties for five (5) years, subject to specific conditions. Additional exemptions may apply to agriculture, higher treatment and teaching institutions.
- Goods of Gulf origin and goods of Arab origin shall be exempted from customs duties in accordance with the Agreement on the Conduct of Trade Exchange with the Arab Countries.
- The carryforward of losses is generally limited to five (5) years. There is an exception for companies that experienced losses during a mandatory tax-exempt period; in such cases, net losses can be carried forward indefinitely for use in offsetting future profits. Losses carryback is not permitted.



## 2. Non tax financial incentives

This section explores the diverse range of non-tax incentives in Oman, starting from funds supporting entrepreneurship to programs promoting innovation and investment, all contributing to the nation's economic vitality and global competitiveness.

### **Future Fund Oman**

The launch of Future Fund Oman by the Oman Investment Authority marks a significant move to boost local SMEs and attract foreign investment. With a capital of two (2) Billion OMR spread over five (5) years, the fund will allocate 90% to new or existing projects, and the remaining 10% to SMEs and startups, split 7% and 3% respectively. This strategy aims to spur economic growth and innovation, supporting both established businesses and emerging ventures.

### **Financing incubated institutions and business accelerators by SME Development Authority**

This program is designed to provide specialized financing for projects in the incubation stage and for institutions involved in the establishment and operation of business incubators and accelerators. Its primary objective is to facilitate the successful transition and establishment of these entities on the ground. The program offers a maximum financing limit of OMR 70,000.

### **Financing industrial projects and service projects by SME Development Authority**

A program specializing in financing industrial projects, manufacturing industries, service projects, commercial franchising, mining, logistics industries, and tourism, agricultural, and fishery projects. The program is for entrepreneurs who want to establish their own projects and entrepreneurs wishing to expand existing projects. The financing ceiling is up to OMR 250,000, according to the decision of the relevant committee.

### **Local added value by SME Development Authority**

A program that specializes in financing various business opportunities through partnership projects with private sector institutions and companies that contribute to enabling SMEs to grow and develop. It serves to identify the industries and services offered by these institutions and enables SMEs to capitalize on their business opportunities. The financing ceiling is up to OMR 250,000.

### **The Fund for Development of Youth Projects: Sharakah**

A closed joint stock company established by Royal Decree No (76/98), Sharakah seeks to encourage the growth of SMEs in Oman by educating people about the value of entrepreneurship and SMEs, offering financial support, and offering advisory services. The fund provides specialized financial assistance to investment projects that benefited from its funds at the time of its founding. The following are the offered programs:

- Bill discounting scheme.
- Equity scheme
- Equity scheme for technology and innovation.
- Loan scheme

### **Financing working capital and fixed assets by SME Development Authority**

This program specializes in providing financial support for working capital, addressing the day-to-day operational requirements of an organization. These needs encompass the procurement of raw materials, semi-finished goods, warehousing, spare parts, payroll and wages, transportation expenses, and various other expenditures essential for sustaining the continuous production process from raw material acquisition to product sales. Additionally, the program extends its coverage to financing fixed assets. The program is tailored for existing projects initiated by SMEs and offers a maximum financing limit of OMR 100,000.

It covers the following sectors:

- Commercial and Service Projects.
- Natural Resources Sector.
- Technology Sectors
- Transformative Industries.



### **Financing micro-projects by Oman Development Bank**

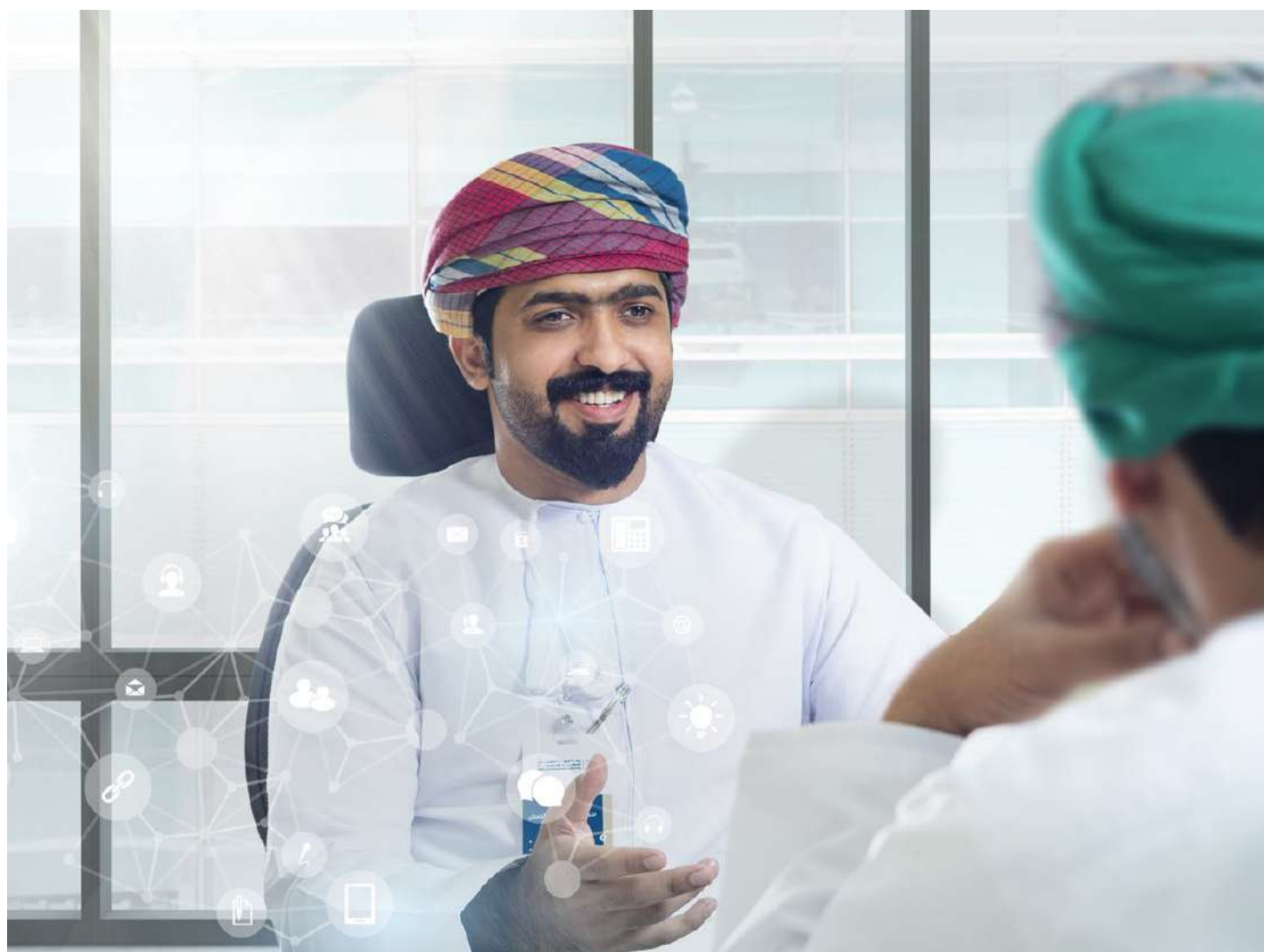
This initiative serves as a catalyst for self-employment opportunities creation for young job seekers. It fosters an entrepreneurial culture in the society and promotes the cultivation of innovation. The program provides financing for projects with a capital investment of OMR 20,000, with a financing commitment of up to 90% of the total project cost, ensuring that the loan amount remains within the limit of OMR 15,000.

### **Other incentives**

- The Omanization rate, which is a legal requirement of hiring a certain percentage of Omani citizens in the business, within the free zones stands at below 20%.
- 100% foreign ownership in free zones.
- A minimum of 10% of government tenders and procurement opportunities are allocated for SMEs.
- Exemption from tender fees for contracts and tenders of the Oman Investment Authority.
- SMEs enjoy a reduction of registration fees for tenders by 50%.
- Limiting government purchases whose value is less than OMR 10,000 for Riyada card holders.
- Other opportunities are detailed in [Invest Oman website](#) and [Oman investment](#).

### **SME finance by Oman Development Bank**

The Oman Development Bank extends a valuable opportunity to entrepreneurs, enabling them to nurture and advance their projects through a range of short and long-term development loans, coupled with favorable grace periods of 3%. The financing program encompasses both fixed assets and working capital, with an upper limit of OMR 250,000. The bank commits to financing up to 80% of the total project cost.





## 3. Special Economic Zones

### Khazaen development zone

Khazaen Economic City stands as Oman's largest economic development zone, strategically situated in Barka on the Muscat-Batinah Expressway, directly connected to the nation's capital, Muscat. This thriving hub lies within the Sultanate's most densely populated region, offering businesses a wealth of strategic advantages, including:

- Competitive lease and service charges and 24/7 operational freedom.
- Comprehensive facilities.
- Five-year net profit tax exemption for industrial projects.
- Unlimited foreign ownership and up to 65% foreign workforce allowance.
- Well-designed road network and connected utilities (power, water, fiber optics).

With its strategic location, business-friendly environment, and exceptional incentives, Khazaen Economic City presents a compelling destination for businesses seeking to establish a strong foothold in Oman and tap into the region's vast economic potential.



### Salalah free zone

Established in 2006 under Royal Decree No. 62/2006, the Salalah Free Zone (SFZ) is a thriving business hub situated in the strategically positioned city of Salalah. As the only point on the Arabian Peninsula that connects to the Indian Ocean, Salalah serves as a regional and global port for trade and logistics operations. The SFZ boasts numerous key strengths that enable it to compete effectively on a global scale. These advantages include:

- No personal income tax and tax-free status on profits and dividends for thirty (30) years.
- Free trade agreements with the US and Singapore.
- Exemption from customs duties on imports and exports.

- No minimum capital investment requirement.
- Unrestricted foreign company ownership and capital repatriation.

### **Sohar free zone**

Established in 2010 under Royal Decree No. 123/2010, the Sohar Free Zone (SFZ) spans an expansive 45 sq km area and serves as a strategic gateway to both regional and global markets. Its prime location grants businesses seamless access to global shipping routes and major ports, enabling swift entry into several markets. The zone presents a compelling destination for businesses seeking to expand their reach and capitalize on the growth potential of regional and global markets. The SEZ offers a host of compelling advantages for businesses, including:

- No personal income tax and corporate tax exemption for up to twenty-five (25) years.
- Free trade agreements with the US and Singapore.
- Exemption from import and re-export duties.
- Unrestricted foreign company ownership.

### **Duqm Special Economic Zone**

The Special Economic Zone at Duqm (SEZD) stands as a preeminent investment destination, both regionally and internationally. Its strategic location overlooking the Arabian Sea and the Indian Ocean, coupled with its proximity to global shipping lanes, has drawn the attention of numerous companies worldwide seeking an ideal investment base. SEZD offers a host of compelling advantages, including:

- No currency restrictions and no minimum capital requirement.
- Tax exemption for up to thirty (30) years, renewable for another thirty (30) years.
- Unrestricted foreign company ownership and capital repatriation.
- Usufruct agreements for up to fifty (50) years, renewable.

### **Al Mazunah Free Zone**

Al Mazunah Free Zone operates under the authority granted by Royal Decree No (56/2002), offering a comprehensive set of benefits and incentives to businesses operating within its jurisdiction.

These advantages include:

- 30-year income tax exemption without the requirement of income declaration.
- Ability to establish representative offices within Oman's customs territory.
- Exemption from customs duties on imports into the free zone.
- 100% ownership of invested project capital for investors.
- Easy issuance of residence visas for non-Omani investors.
- Access to Omani and Yemeni products through a common market.
- No minimum investment requirement.

### **Madayn's Knowledge Oasis Muscat (KOM)**

Stands as Oman's pioneering and most successful technology park, founded by Madayn in 2003. It cultivated a collaborative environment that welcomes science, digital technology, and knowledge-based businesses and organizations of all scales, promoting rapid growth.

As of today, KOM hosts a diverse community of over 200 forward-thinking entities, including local, regional, and global companies, educational institutions, and organizations. This ecosystem spans from thriving small and medium-sized enterprises (SMEs) rooted in Oman to leading higher education providers and emerging enterprises that leverage KOM's well-established reputation as a hub of excellence and opportunity.

Simultaneously, KOM provides unwavering support to innovative startups through its two top-tier incubators, while enterprises of all kinds flourish within its exceptional facilities. KOM's benefits include:

- Cutting-edge communications infrastructure.
- Excellent networking opportunities and innovative incubators.
- Investor-friendly environment and legal transparency.
- Fair assessments of buildings and facilities are conducted when lease contracts conclude.
- Skilled, multilingual talent pool.
- Ultra-fast connectivity and state-of-the-art office space.



## II. Labor and immigration regulations and facilitations

### 1. Foreign investors' residency

For investors in Oman, the acquisition of an investor residency is of paramount importance. The application process involves submitting a request through the official website of the [Ministry of Commerce, Industry, and Investment Promotion](#). You have the option to choose from two (2) categories, each offering residency for either five (5) or ten (10) years. For a comprehensive understanding of the distinct features and benefits of each visa category, we recommend referring to the following [link](#) for further details and to start the application.

#### Documents

- A photograph of the applicant (digital).
- A copy of the applicant's passport.
- The original labor permit issued by Ministry of Manpower with an investor stamp.
- A copy of medical fitness certificate endorsed by the Oman Ministry of Health (Required for certain nationalities only).

#### Requirements

- Make an investment in a limited liability company, public joint-stock company, of not less than OMR 250,000 for five (5) years residency and not less than OMR 500,000 for ten (10) years residency or buy property in the sultanate to the same values.
- Or own a company that employs at least 50 Omani citizens for the ten (10) years residency.

#### Cost

500 OMR

### 2. Omanization

Omanization is yet another crucial rule for investors in Oman. According to a resolution made by the Manpower Minister, enterprises shall give top priority to hiring Omani workers in each of the economic activity sectors. Employers who do not adhere to the Omanization percentage of 50% of all non-Omani employees may be subject to fines equal to the discrepancy between the necessary and realized Omanization percentages.

The percentage of Omanization in the investment sectors:



- Industry Sector: 35%
- Financial sector: 45%
- Logistics Sector: 20%
- Insurance sector: 45%
- Banking sector: 90%

For further information, please check [Invest Oman](#).



## III. Data protection

The country's personal data protection framework changed considerably with the enactment of Royal Decree 6/2022 promulgating the Personal Data Protection Law ([Oman PDPL](#)). Below are some of the major provisions under the Oman PDPL:

### Sensitive individual data

- Before processing sensitive personal data pertaining to genetic information, vital statistics, health information, ethnic origin, sexual orientation, political or religious beliefs, criminal convictions, or information pertaining to security measures, obtain a permit from the Ministry.

### Contracts and Policies

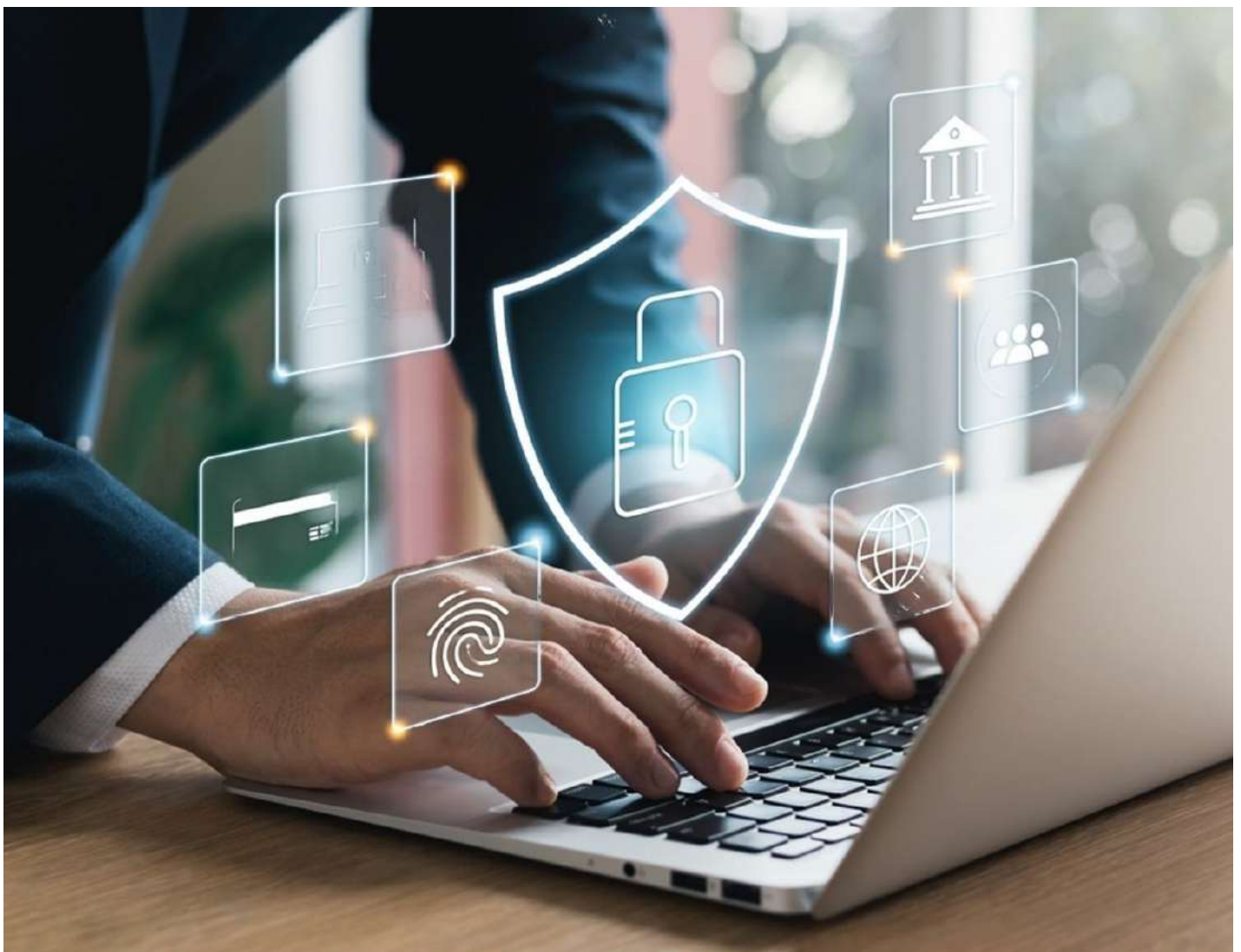
- Update notices, agreements, contracts, and other procedures to reflect the PDPL.
- Ensure workforce capacity building.

### Evaluation and mitigation

- Evaluation of the effects of processing personal data.
- Implement suitable controls and processes to safeguard personal data.
- Appoint a person in charge of protecting personal data (if the Ministry so requests).

### Marketing and Consent

- Before delivering any advertising, marketing, or commercial content, obtain the subjects' prior written authorization.



## IV. Intellectual property

The Sultanate of Oman is a signatory to a range of international treaties, and protocols. These include prominent affiliations such as the Gulf Cooperation Council, the World Trade Organization, the World Intellectual Property Organization, the Berne Convention, the Paris Convention, the Madrid Protocol, and the Patent Cooperation Treaty.

Overall, there are four (4) main types of intellectual property rights recognized in the Omani legislation: patents, trademarks, industrial designs, and copyrights. In the section below, we will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups.

### 1. Patents

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period of time. It is a key element of Intellectual Property (IP) protection. According to industrial property rights and their enforcement for the sultanate of Oman, patents provide inventors with exclusive rights to their inventions for a period of twenty (20) years from the date of filing the patent application, unless specific exceptions apply. Patent holders have the legal right to initiate legal action against individuals or entities who engage in unauthorized use of the patented invention or activities that could lead to such infringement. In court, the patent holder can seek compensation for any damages incurred due to these infringements.

Applications can be filed at the Ministry of Commerce, Industry and Investment Promotion in Oman. Visit the premises of the Ministry for more information and to initiate the application process.



### 2. Trademarks

A trademark is a symbol, word, or phrase legally registered or established by use as representing a company or product. It distinguishes goods or services of one entity from those of others and provides exclusive usage rights to the owner. To register a trademark in Oman, an application must be submitted at the Ministry of Commerce, Industry and Investment Promotion. A registered trademark is protected for ten (10) years from the date of filing the registration application.

### Steps

- 1 Check the trademark availability through [Trademark Availability Service](#).
- 2 Fill the application form and provide the required documents.
- 3 After approval, publish the trademark in at least one (1) newspaper.

### Documents

- A certified translation of the agency and commercial register, for foreign companies.
- A copy of a certificate of incorporation of the company, for Omani companies.
- A copy of the commercial registration or memorandum of association, for foreign companies.
- A copy of the specimen signature, for an Omani company.
- A power of attorney from the country of origin notarized by the Omani Embassy, if applicable.
- A soft copy of the trademark.
- Signatures on all the forms by one of the signatories.

### Cost

- Application fees: 50 OMR.
- Publication in the official gazette: 100 OMR.
- Ministry of Commerce and Industry fees: 50 OMR.
- Ministry of Legal Affairs fees: 50 OMR.
- Trademark registration: 50 OMR.

## 3. Industrials designs

An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation.

If your startup is involved in the design of products, you can protect the appearance design of these products by registering the correspondent industrial designs. In order to be protected, a drawing or pattern must be registered in the trade drawings and patterns register at the Ministry of Commerce and Industry in Oman.

The protection of a drawing or pattern lasts for ten (10) years from the date of submission of an application. Applications can be filed at [the Ministry of Commerce, Industry and Investment Promotion](#) in Oman. Visit the premises of the Ministry for more information and to initiate the application process.



### Requirements

- The design must be aligned with public order or morality.
- The design must have novelty and originality.
- The design should not have been disclosed to the public in any country by way of publication.

### Documents

- A certified copy of the priority document in case claimed.
- A copy of the commercial certificate document.
- A description of the design.
- A Power of attorney, if application, notarized and legalized.
- Applicant information.
- Deed of assignment, if the applicant is not the designer.



## V. Key support organizations and initiatives (not exhaustive)

### Coworking spaces

[Regus Bait Mahmiyat Al Qurum Building](#)

[Regus Hormuz Grand](#)

[Regus Tamimah Building](#)

### Accelerators

[CBO FinTech](#)

[ECO-Innovate Oman Accelerator Program](#)

[Omantel accelerator](#)

[Rapid Innovation Accelerator](#)

[Sas Accelerator](#)

[Wamda Acceleration Program](#)

### Events

[Future Tech Expo and Summit](#)

[Oman Sustainability Week](#)

### Funding programs/institutions

[Angel Investments, LLC](#)

[Falha Investment LLC](#)

[Mars Development and Investment](#)

[Pelion](#)

[Phase ventures](#)

[Pioneer Investors](#)

[VentureX](#)

### Competitions and Awards

[MENA InsurTech](#)

[Middle East Startup Award](#)

[Oman Business Awards](#)

### Incubators

[Al Jabr](#)

[Oman Technology Fund \(OTF\) Techween](#)

[Sas for Entrepreneurship Center](#)

[Sas Program](#)

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# APPENDIX



# Appendix 1: Launching your startup: key success factors

## Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.

## Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.

## Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.

## Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.

## Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value in the market.

## Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.

## Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul style="list-style-type: none"> <li>Idea formation</li> <li>Problem validation</li> <li>Team establishment</li> </ul>	<ul style="list-style-type: none"> <li>Promote entrepreneurship education</li> <li>Facilitate Ideation: Hackathons, startup Weekends, etc.</li> <li>Promote innovation and entrepreneurship culture</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy and entrepreneurship awareness programs</li> <li>Networking opportunities to connect with potential mentors, advisors, and industry experts</li> </ul>	<ul style="list-style-type: none"> <li>Access to experienced mentors who provide guidance and advice on various aspects of startups</li> <li>Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business</li> </ul>
	<ul style="list-style-type: none"> <li>Idea development</li> <li>Business modeling</li> <li>Problem/Solution fit: prototyping</li> <li>Team Formation: access to training and mentorship</li> </ul>	<ul style="list-style-type: none"> <li>Offer entrepreneurship training and education</li> <li>Facilitate Proof of concept and proof of Business</li> <li>Facilitate Business Modeling</li> <li>Validate MVP</li> </ul>	<ul style="list-style-type: none"> <li>Seed funding for idea validation and product development</li> <li>Coaching to refine business ideas and plans</li> <li>Access to incubators or accelerators providing resources, infrastructure, and networking opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Assistance in refining the product/service, pricing strategies, and go-to-market plans</li> <li>Support in conducting market research and understanding the target market, customer needs, and competitors</li> </ul>

	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul style="list-style-type: none"> <li>• Business Creation</li> <li>• Early-stage fundraising</li> <li>• Initial Go-To market: MVP development</li> </ul>	<ul style="list-style-type: none"> <li>• Provide Early-Stage Financing</li> <li>• Facilitate access to client and Go-To -Market</li> <li>• Strategic partnerships</li> <li>• Housing</li> <li>• Operation set up and labeling</li> </ul>	<ul style="list-style-type: none"> <li>• Seed funding to launch the business</li> <li>• Cover initial operational costs</li> <li>• Access to angel investors or venture capital firms</li> <li>• Guidance on legal and regulatory compliance</li> <li>• Support in building a strong founding team and advisory board</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance on company registration, intellectual property protection, and legal compliance</li> <li>• Support in identifying funding sources, preparing investor pitches</li> <li>• Connecting with potential investors</li> </ul>
Growth	<ul style="list-style-type: none"> <li>• Product/Market Fit</li> <li>• International Go-To-market</li> <li>• Expansion and scaling</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate access to Finance</li> <li>• Facilitate internationalization via events, strategic partnership, etc.</li> <li>• Provide operational support</li> </ul>	<ul style="list-style-type: none"> <li>• Series A, B, or C funding rounds for scaling operations and market expansion</li> <li>• Strategic guidance and industry insights from investors</li> <li>• Assistance in negotiating partnerships and strategic alliances</li> <li>• Exit strategies and assistance with mergers, acquisitions, or public offering</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance in scaling operations, managing growth, and overcoming operational challenges</li> <li>• Access to industry experts</li> <li>• Provide sector-specific knowledge and guidance</li> </ul>



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