



## Announcement of income tax exemption controls and conditions

### For economic diversification sectors

Based on the high directives of His Majesty Sultan Haitham bin Tariq Al Said –Sultan of Oman, on the Economic Stimulus Plan adopted by the Honorable Council of Ministers on 9 March 2021, the Tax Authority announces the controls and conditions for income tax exemption for all companies operating in the main sectors of economic diversification.

#### - Controls and conditions:

**First:** The income earned by companies which are operating in one of the sectors of economic diversification is exempted from income tax for a period of (5 years):

The sectors of economic diversification:

- 1- Industry (in accordance with (the system) of the Gulf Cooperation Council's Unified Industrial Regulation.
- 2- Tourism (operating hotels and tourist villages).
- 3- Logistics sector (strategic logistics activities of significant size and value added which are recommended by the Ministry of Transport, Communications and Information Technology).
- 4- Fisheries (fishing, manufacture, cultivation and husbandry).
- 5- Agriculture wealth (farm production and processing of their products including animals, processing or manufacturing of animal products and agro-industries).
- 6- Mining (in accordance with the Mining Act).

The exemption is limited to companies that have started operating during the period from 1/1/2021 to 30/12/2022. This exemption is effective from the date of operation or commencement of production.

**Second:** To exempt the income generated by the companies which are referred to in the preceding article, the following conditions should be implemented by these companies:



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1 -The company should be established in Oman in accordance with the Business Companies Act or any other law.

2 -The company shall be registered with the Ministry of Commerce, Industry and Investment Promotion or other relevant entities in accordance with applicable laws and regulations. Also, it shall take Oman as the main center for its management or operation.

3. The company shall be authorized to engage in the activity and shall be registered in accordance with the laws, regulations and regulations governing the practice of the activity, within the specified period of the exemption.

**Third:** The exemption is limited to the income generated by the company which practices its main activity in one of the above-mentioned economic diversification sectors and no other activities. No company may have more than one tax exemption in the event of multiple tax exemption laws and regulations which the company is subjected to.

**Fourth:** The exemption is implemented based on the following procedures:

1 -The Company's legal representative shall apply the request of exemption to the Tax Authority, identifying the Company's data from the Commercial Register and other official records and documents as well as attaching the official documents proving the availability of the exemption conditions.

The request shall be in accordance with the form prepared in this regard.

2 -The request and its attachments shall be submitted before the end of the following tax year to start implementing this decision.

3 -The tax authority examines the request and its annexes to ensure that the exemption conditions are available.

4 -The exemption shall be issued by the chairman of Tax Authority.

**Fifth:** The tax-exempt company is obliged to file income returns in accordance with the provisions of the Income Tax Act and its executive regulations. The Tax authority is obliged to make a link to determine the amount of taxable income, or loss. For companies which are exempted, they should follow the same rules in the Income Tax Act to determine taxable income.

**Sixth:** If the company does not file its tax returns for any tax year, the Tax Authority will cancel the exemption for that year by decision from the chairman of the Tax Authority and will estimate the taxable income.