



Sultanate of Oman  
Ministry of Finance  
Secretariat General for Taxation

# **Executive Regulation Of The Income Tax Law**

## **Ministerial Decision No. 30/2012**

### **Issuing the Executive Regulation of the Income Tax Law**

After perusal of the Commercial Companies Law No. 4/74;  
The Insurance Companies Law promulgated by Royal Decree No. 12/79;  
The Law for the Organisation of Accounting and Audit Profession promulgated by Royal Decree No. 77/86;  
The Law of Foreign Capital Investment promulgated by Royal Decree No. 102/94;  
The Law (System) of the Unified Industrial Organization for the Gulf Cooperation Council Countries promulgated by Royal Decree No. 61/2008;  
The Income Tax Law promulgated by Royal Decree No. 28/2009;  
Ministerial Decision No. 9/83 amending the depreciation rates for solid buildings;  
Ministerial Decision No. 91/84 providing rules for taxable income in respect of branches of foreign Companies operating in the Sultanate;  
Ministerial Decision No. 92/84 determining rates for sponsorship fees deductible from the taxable income;  
Ministerial Decision No. 43/86 determining the donations considered as deductible expenses from taxable income;  
Ministerial Decision No. 23/89 determining the rates for local agent's commission deductible from the taxable income for insurance companies;  
Ministerial Decision No. 70/97 in determining rules governing deduction and payment of income tax of companies ;  
Ministerial Decision No. 51/98 determining rules for deducting the specified salaries for partners and owners of companies and establishments and rents, for determining the taxable income of companies and establishments;  
Ministerial Decision No 93/2000 determining rules for deducting rent, for determining the taxable income of companies and establishments;  
Ministerial Decision No 13/2005 determining the professions that are subject to the provisions of the Profit Tax Law on Establishments promulgated by Royal Decree 77/89;  
Ministerial Decision No. 46/2005 determining the Rules and Procedures for exemption from income tax on companies and profit tax on establishments;  
The decision of the Financial Affairs and Energy Resources Council No 33/2010 issued in the second meeting of the year 2010 held on 1 November 2010 determining the parties for which the donations paid are considered deductible expenses for determining the taxable income;  
The decision of the Financial Affairs and Energy Resources Council No 34/2010 issued in the second meeting of the year 2010 held on 1 November 2010 in respect of the ratification of procedures determined for renewal of exemption from income tax for establishments and other companies which carry on their main activity in the fields stipulated Article 118 of the Income Tax Law;  
And in view of the exigencies of public interest.

**It has been decided as follows:**

- Article. One:** The attached Executive Regulation of the Income Tax Law shall come into effect.
- Article. Two:** The forms attached to this Regulation shall be considered as an integral part thereof.
- Article. Three:** The amendment of Article Nos. (33), (87-92) and (94) of the attached Regulation shall be upon the approval of the Financial Affairs and Energy Resources Council.
- Article. Four:** The above Ministerial Decision Nos. 9/83, 91/84, 92/84, 43/86, 23/89, 70/97, 51/98, 93/2000, 13/2005 and 46/ 2005 referred to above are cancelled and all that contradicts the attached Regulation or contravenes the provisions thereof shall also be cancelled.
- Article. Five:** This Decision shall be published in the Official Gazette and shall come into force as from the day following the date of its publication, with the exception of:
- 1- Article Nos. (6), (18-66), (130-132) and (134-143) of these Regulations, the provisions of which shall apply to tax years commencing from 1 January 2012.
  - 2- The provisions of Article Nos. (133) and (148-154) of these Regulations, shall apply to the tax due which is payable as from the date of entry into force of these Regulations.

Issued on: 22.02.1433 AH  
Corresponding to 16/01/2012

Darwish Ismail Ali Al Balushi  
Minister Responsible for Financial Affairs.

Published in the Official Gazette Edition 958 dated 28 January 2012

## **PART ONE**

### **DEFINITIONS AND GENERAL PROVISIONS**

- Article 1:** In implementation of the provisions of this Executive Regulation, the words and terms prescribed thereto shall have the same meaning provided for in the aforementioned Income Tax Law. The following words and terms shall have the meaning given against each of them, unless the context otherwise requires:
1. The Minister: The Minister responsible for Financial Affairs.
  2. The Law: the aforementioned Income Tax Law.
  3. The Regulation: The Executive Regulation of the Income Tax Law.
- Article 2:** Provisions of tax treatment applicable to the GCC nationals - natural or legal persons- by virtue of the Economic Agreement signed in the meeting of the Supreme Council of the GCC countries held during December 2001 shall be taken into account in implementing this Regulation.

## **PART TWO**

### **TAXPAYERS**

#### **CHAPTER ONE**

### **GENERAL RULES**

- Article 3:** For the purposes of implementing the provisions of this Regulation, a taxpayer refers to:
1. The establishment.
  2. The Omani company.
  3. The permanent establishment.
- Article 4:** The foreign person who does not carry on business in Oman through a permanent establishment situated therein shall be subjected to tax in the cases where any income has accrued to him in Oman from the following:
1. Royalties.
  2. Consideration for research and development.
  3. Consideration for the use of or right to use computer software.
  4. Management fees
- The provision of the foregoing paragraph shall also apply in case a foreign person carrying on business in Oman through a permanent establishment does not consider the total amount paid or credited in the accounts on which tax is charged as part of the elements of the gross income of the establishment.

- Article 5:** In considering an agent carrying on activity on behalf of a foreign person as its permanent establishment - in implementing the provision of first paragraph of Article (2) of the Law – the following conditions should be satisfied:
1. He must be dependent on the foreign person economically and legally,
  2. He must have, and must habitually exercise, the authority to act and conclude contracts in Oman in the name of the foreign person within the limit of the activity practiced.
  3. He shall– in the case of agency of a foreign insurance company- have the authority to collect insurance premium or insure against risks.

## **CHAPTER TWO**

### **PROFESSIONAL ACTIVITIES**

- Article 6:** In implementation of the provision of the Law and this Regulation, the following shall be considered as professional activities::
1. All branches of Medicine.
  2. Dentistry.
  3. Physiotherapy.
  4. Medical analysis laboratories.
  5. Veterinary Medicine.
  6. All branches of Engineering.
  7. Engineering and architectural consultancies.
  8. Accounting and auditing.
  9. Advocacy and legal consultancy.
  10. Administrative and economic consultancies.
  11. Expertise before the courts of Law (with exception to experts affiliated to the Experts' Department at the Ministry of Justice and experts of the government apparatus).
  12. Expertise before the administrative or other authorities.
  13. Painting, photography, and sculpture.
  14. Translation.
- Article 7:** All ministries and government bodies which are competent to issue licenses for practicing any of the professional activities, or to register such professions in the records provided for in the laws and regulations thereof, shall be obliged to submit to the Secretariat General a statement of licenses issued or registered in the records in respect of such activities. They shall also furnish a statement of licenses renewed, expired, cancelled, suspended, together with the reason for, and date of, cancellation or suspension, and the period of suspension, if it is temporary.
- Article 8:** Notification to the Secretariat General - with respect to the permanent licenses issued for professional activities, and those recorded in the register, renewed, or expired shall be served in accordance with the provisions of the foregoing Article (7) of this Regulation within June and December of each year, except in cases of cancellation of registration or license, or its suspension, wholly or partly, or discontinuation or termination of the professional activity, the notification shall be served at the end of the month in which such cancellation, suspension, discontinuation or termination occurred.

**Article 9:** Whenever temporary licenses are issued, a notification shall be served thereupon to the Secretariat General.  
A temporary license means – in implementation of the provisions of this Chapter- the license issued for a period of less than one year and not renewable.

**Article 10:** The notification shall - in all cases prescribed in this Chapter- be submitted in accordance with the Income Tax Form N° 1 attached to this Regulation.

The notification shall be signed by the authorized Director General of the concerned governmental body which is competent for issuing licenses, or by any person acting on his behalf. It shall also be sealed by the stamp of the concerned governmental body. The authorized Director General or the person acting on his behalf shall be responsible for the accuracy of the information included in the notification.

### **PART THREE**

#### **RULES REGULATING THE FURNISHING OF THE NOTIFICATION PRESCRIBED IN ARTICLE (11) OF THE LAW**

##### **CHAPTER ONE**

##### **GENERAL RULES**

**Article 11:** The notification of the taxpayer's information as prescribed in Article (11) of the Law shall be submitted to the Secretariat General as follows:

1. According to the Income Tax Form N° (2) attached to this Regulation by the establishment.
2. According to the Income Tax Form N° (3) attached to this Regulation by the Omani company.
3. According to the Income Tax Form N° (4) attached to this Regulation by the permanent establishment.
4. According to the Income Tax Form N° (5) attached to this Regulation by the foreign person providing services in Oman.

**Article 12:** The notification referred to in the foregoing Article (11) shall be submitted within three months starting from the date of incorporation or date of commencement of business, whichever is earlier, except for the cases of provision of services for the first time in Oman, it shall be submitted within three months from the date of commencement of provision of such services, except where the period of provision of services is less than three months, the notification shall be submitted on the day following the date specified for the commencement of the provision of services.

**Article 13:** Notification of any changes of the taxpayer's information shall be submitted within two months from the date of such changes according to Income Tax Form No. (6). attached to this Regulation.

## CHAPTER TWO

### REGULATIONS FOR EXCEPTION FROM SUBMITTING NOTIFICATION

**Article 14:** The establishment or Omani company that meets the following conditions shall be exempted from submitting the notification stipulated in Article (11) of this Regulation:

1. The capital entered in the Commercial Register at the end of the three months prescribed in Article (12) of this Regulation shall not exceed (RO 20,000) twenty thousand Omani Rials.
2. The gross income of the establishment or Omani company shall not exceed- at the end of the period referred to in Clause "1" of this Article - RO 100,000, hundred thousand Omani Rials.
3. The average number of employees during the period referred to in Clause "1" of this Article shall not exceed eight.

In calculating the average, all employees shall be considered – whatever be the nature, type, location or duration of work assigned to them, including incidental or temporary recruitment, and whatever method adopted for determining the wages.

**Article 15:** The Secretariat General may request the establishment or Omani company which has not submitted the notification stipulated in Article (11) of the Law to provide any data, information, documents, records or others to ensure satisfaction of the conditions of exception from submitting the notification within the period it prescribed.

**Article 16:** Such exception from submitting the notification shall cease to be valid when any of the conditions for exception is not satisfied during any accounting period.

**Article 17:** The establishment or Omani company that satisfies the conditions for exception shall be obliged to submit the notification in the following two cases:

1. Abstention from responding to the Secretariat General's request as per Article (15) of this Regulation.
2. Occurrence of any event resulting in non-fulfillment of any of the conditions for exception during any accounting period; in such case, the notification shall be submitted within 15 days from the end of that accounting period.

## **PART FOUR**

### **RULES REGULATING THE DEDUCTION OF EXPENSES IN COMPUTATION OF TAXABLE INCOME**

#### **CHAPTER ONE**

##### **GENERAL RULES FOR THE DEDUCTION OF EXPENSES**

- Article 18:** In deducting expenses from the gross taxable income for any tax year, the following conditions shall be fulfilled:
1. The expenses shall be real and shall have actually been incurred.
  2. The expenses shall be related to the taxpayer's activity.
  3. Expenses shall not be deducted unless so much as is attributable to the purpose of the production of gross income.
  4. The expenses shall be entered in the accounting records and books required by law to be kept by the taxpayer and shall be proved by supporting documents, except those expenses that are not customarily proven with documents issued by the person dealing with the taxpayer.
  5. In the cases where expenses represent a value of services rendered to the taxpayer, such expenses shall be proportional to the value of services rendered- as shall be decided by the Secretariat General.
  6. The expenses shall not be any of those disallowed by the Law to be deducted from the gross income.

#### **CHAPTER TWO**

##### **RULES FOR DEDUCTING AMOUNTS PAID AS CONTRIBUTION TO PENSION FUNDS**

###### **SECTION ONE: CONDITIONS FOR DEDUCTING CONTRIBUTIONS PAID TO FUNDS SET UP IN OMAN**

- Article 19:** In order to deduct the amounts of contribution paid to pension funds set up in Oman, the following conditions shall be met:
1. The pension fund shall be independent from the taxpayer and the fund's money shall be separate from the taxpayer's money and invested for the fund's own account.
  2. The amounts paid as contributions to the pension fund shall be calculated in accordance with the rules and regulations adopted by the fund.
  3. The taxpayer shall submit to the Secretariat General copies of the following:
    - a) Rules and regulations of the fund as well as the license issued thereto.
    - b) The fund's financial accounts and statements- certified by an auditor legally licensed to practice accounting and auditing profession in Oman.



## **SECTION TWO: CONDITIONS FOR DEDUCTING CONTRIBUTIONS PAID TO FUNDS SET UP OUTSIDE OMAN**

- Article 20:** Deduction of amounts of contribution paid to pension funds set up outside Oman shall be allowed if the following conditions are satisfied:
1. The fund should have been established in accordance with the laws and rules applicable in the country in which it was established.
  2. The pension fund shall have rules or regulations or specific regulations that the taxpayer undertakes to adhere to, including the following:
    - a) The fund shall be licensed to run a social security plan for the taxpayer's employees.
    - b) Resources of the fund shall mainly consist of the contributions deducted from the monies of the taxpayer's employees and the contribution paid by the taxpayer- in his capacity as an employer.
    - c) The amounts paid by the taxpayer as contribution to the plan run by the pension fund- shall be in return for a commitment on the part of the fund to pay the periodical salaries or the end-of-service benefits for the taxpayer's employees at the end of the service or for their beneficiaries in case of death.
    - d) The fund with its monies and investments shall be independent from the taxpayer and its monies shall be separate from the taxpayer's monies and invested for the fund's own account.
  3. The taxpayer shall submit to the Secretariat General certified copies of the following:
    - a) The license issued to the pension fund, provided it shall be valid during the tax year in which the contribution is due.
    - b) The social security plan administered by the fund.
    - c) The rules and regulations of the setting up and managing of the fund.

### **CHAPTER THREE**

#### **RULES FOR DEDUCTING AMOUNTS PAID TO PROVIDENT FUNDS**

- Article 21:** Deduction of amounts that the taxpayer- in his capacity as an employer, is obliged to pay to the provident fund set up by an establishment or an Omani company or a permanent establishment, as per Article 44 of the aforementioned Labour Law promulgated by Royal Decree no. 35/ 2003, shall be allowed, if the following conditions are satisfied:
1. The fund shall be registered at the Ministry of Manpower.
  2. The taxpayer- in his capacity as an employer- shall be obliged pay to the fund- as per the accredited internal regulations- amounts to the account of the employee provided that payment of such amounts shall entail legal commitment on the part of the employer to pay the end-of-service allowance.

## CHAPTER FOUR

### RULES AND CONDITIONS FOR DEDUCTING BAD DEBTS

**Article 22:** Deduction of bad debts during any tax year shall be in according with the following conditions:

1. The debt shall have arisen due to transactions carried out by the taxpayer in relation to its business thereof which are for the purposes of production of gross income.
2. The amount of debt shall have already been included in the accounting records and books that the taxpayer is obligated by law to keep.
3. The taxpayer shall have adopted the procedures required by law for the collection of debt as per Articles (23) or (24) of this Regulation and failed to collect the entire or part of the amount of such debt.

**Article 23:** The following are the procedures required by Law for the collection of debts:

1. Issuance of a final judgment obliging the debtor to pay the debt to the taxpayer.
2. Issuance of an order for the payment of the debt by a competent judge in favor of the taxpayer.
3. Proof of the debt due to the taxpayer in the procedures of inventory and liquidation of the debtor's estate- in the event of his death- before a competent court of Law.
4. Claim for the debt by the taxpayer before the liquidator- in the case of dissolution and liquidation of the indebted company.
5. Adoption by the taxpayer of the procedures required for the claim and final acceptance of the debt before a bankruptcy receiver- in the event of a judgment declaring the debtor's bankruptcy.
6. Involvement of the taxpayer in a judicial reconciliation or reconciliation with the debtor by abandoning the debt due from the debtor, in the event of a judgment issued declaring his bankruptcy, and endorsement of such reconciliation.
7. Adoption of the procedures required for realization of the debt- in the event of a judgment issued to initiate reconciliation procedures for prevention of bankruptcy before the magistrate.
8. Any other procedure deemed by Law to have a similar effect to the procedures referred to in the foregoing Clauses.

**Article 24:** Any legal action taken by the taxpayer to claim his debt against the debtor shall be considered as part of the legally- required procedures to collect the debt, in the following circumstances and conditions

1. The debt shall be acknowledged and undisputed- both in maturity and in amount.
2. Abstention from repaying the debt shall be attributed to the debtor's inability to repay.
3. The value of the debt shall not exceed RO 1,500 (One thousand five hundred Rials Omani).
4. Claim for the debt shall be explicit and firm.
5. Seriousness of the procedure shall be proved by official documents and records submitted by the taxpayer according to rules issued by the Secretary General.

**Article 25:** Any debt considered as bad during any tax year according to any procedure of waiver or reduction or settlement of the amount of the debt as agreed with the debtor, shall be allowed as deduction for that tax year, provided that the procedure is proven by documents and official records submitted by the taxpayer according to the rules issued by the Secretary General.

**Article 26:** Debt shall not be considered as bad in the following two cases:

1. If it has resulted from transactions carried out by the taxpayer for the production of a tax-exempt income, either in implementation of the provisions of this Law or any other laws.
2. If it has resulted from transactions made by the taxpayer with a related person, under the provision of Article (125) of the Law, unless the taxpayer had adopted any of the procedures prescribed in Article (23) of this Regulation.

**Article 27:** Without prejudice of the provision of Clause (2) of Article (37) of the Law, bad debts collected during any tax year shall be considered as part of the taxpayer's gross income.

## **CHAPTER FIVE**

### **RULES FOR DEDUCTING SPONSOR'S FEES**

**Article 28:** A sponsor means, for the purposes of the provisions of Clause (9) of Article (55) of the Law, a person with whom a foreign company enters into a contract to carry on its businesses in Oman

**Article 29:** When deducting the sponsor's fees from the gross income of a foreign company which carries on its businesses in Oman, the following conditions shall be considered:

1. The sponsorship relation between the two parties shall be permanent under a documented contract specifying mutual rights and liabilities.
2. The permanent establishment shall have actually incurred the fees during the tax year in which such fees were paid or payable.
3. The fees shall be limited to the amounts, however named, that the sponsor receives in that capacity and shall not include any amounts, commission paid or payable thereto in exchange for the supply of merchandises or goods or services to the permanent establishment.

The fees that the sponsor has actually received shall be deducted at not more than 5 % of the taxable income, calculated before deducting the sponsor's fees and after deducting the losses brought forward from preceding years

**Article 30:** The provisions of this Chapter shall not apply to the taxpayers in the field of oil exploration.

## CHAPTER SIX

### RULES FOR DEDUCTING COMMISSIONS OF THE AUTHORIZED AGENT

**Article 31:** In implementing the provisions of this Chapter, an authorized agent means any person who regularly and independently carries on agency business in the management of insurance operations and is authorized by the foreign insurance company to carry on insurance operations on its behalf according to the contract concluded between them as per the aforementioned Insurance Company Law, and in particular:

1. Direct management of the agency, including conclusion of insurance policies and signing them, fixing the prices and categories, collecting premiums and settling claims; provided that the agent bears all expenses required, including the wages of the agency's employees.
2. Keeping of books and records prescribed in the aforementioned Insurance Companies Law as well as the decisions issued to implement it.
3. Representing the foreign company before the competent Omani authorities.

**Article 32:** When determining the taxable income of any foreign insurance company operating in Oman through an authorized agent, the following shall be considered:

1. The foreign company and the authorized agent shall abide by the obligations set under the aforementioned Insurance Companies Law.
2. No amount exceeding 25 % of the net premiums collected shall be deducted against the commission received by the agent.

## CHAPTER SEVEN

### RULES FOR THE DEDUCTION OF DONATIONS

**Article 33:** The following donations shall be deducted in determining the taxable income for any tax year:

1. Amounts paid by the taxpayer to Ministries, government units, municipalities, public organizations or other units of the State Administrative Apparatus, on the occasion of the National Day, Eids or religious events, or as contributions to charitable actions or projects, or to public utility projects, or to the construction or maintenance of mosques supervised by the Ministry of Endowments and Religious Affairs or to other purposes.
2. Donations made to non-governmental charitable organizations as well as to the societies recognized under the Non- Governmental Societies Law, promulgated by Royal Decree N° 14/2005.
3. Donations paid out to private bodies working in the sports field, recognized under the Law of Private Bodies Working in the Sports Field, promulgated by Royal Decree N° 81/2007.

In all cases, the aggregate amount of donations exceeding 5% of the gross income of the taxpayer for the relevant tax year shall not be allowed as deduction.

## **CHAPTER EIGHT**

### **RULES FOR THE DEDUCTION OF RENTS OF REAL ESTATES AND SHOPS**

- Article 34:** In deduction of the rent of real estates and shops occupied by the taxpayer to carry on its business, there shall be taken into consideration the registration of the rent contracts under the provisions of the Royal Decree N° 6/89 regarding the organization of the relationship between owners and tenants of housing units and commercial and industrial shops and the rents contracts thereto.
- Article 35:** The taxpayer shall attach with the final return a statement specifying details of the premises leased to carry on activity, the nature of such premises, the rent fixed to each, the name and address of the lessor and the date of registration of their contracts. The principal officer shall sign such statement.
- Article 36:** The provisions of this Chapter shall not apply to the real estates occupied by an establishment and registered in the name of its owner.

## **CHAPTER NINE**

### **RULES FOR DETERMINING THE INTEREST ON LOANS THAT MAY BE DEDUCTED FORM GROSS INCOME**

#### **SECTION ONE: GENERAL RULES**

- Article 37:** The provisions of Articles from (38) to (45) of this Regulation shall apply to determine the interest on loans which may be deducted in determining the taxable income for any tax year in the cases where the taxpayer is related to the lender in accordance with Articles (132) and (133) of the Law.

#### **SECTION TWO: INTEREST ON LOANS THAT MAY BE DEDUCTED IN DETERMINING THE TAXABLE INCOME OF ANY ESTABLISHMENT**

- Article 38:** The following are the conditions to be fulfilled in deducting interest on loans as per paragraph (1) of Article (61) of the Law:
1. Interest shall be payable on loans allocated to the establishment by its proprietor or by any other person controlled by the proprietor according to Articles (132) and (133) of the Law.
  2. The lender shall have obtained the loan from the banks registered in Oman.
  3. The establishment shall utilize the loan for the sole purpose of carrying on the activity and not to finance or raise the capital.
  4. The borrowing establishment shall bear the interest on behalf of the lender.

**SECTION THREE: INTEREST ON LOANS THAT MAY BE DEDUCTED IN  
DETERMINING THE TAXABLE INCOME OF ANY OMANI COMPANY- OTHER  
THAN BANKS AND INSURANCE COMPANIES**

- Article 39:** Owner's equity rights means- in implementing the provisions of this Section- the rights of shareholders or partners in the company, which include the following:
1. Paid- up capital (including share premium)
  2. Legal reserve.
  3. Retained profits as per the certified accounts and financial statements of the company including general reserve.
- Owner's equity rights shall be calculated on the basis of the aggregate average of the elements included under the rights during the relevant accounting period. The average should be calculated by dividing the aggregate value of each element- at the beginning and at the end of that accounting period- by two.
- Article 40:** The value of loans due shall be computed- in implementing the provisions of Articles (41-43) of this Regulation- on the basis of the aggregate average of the loans balances due from, and unpaid by, the company at the beginning and at the end of the accounting period- whatever types the loans may be- after excluding the interest- free loans.
- The aggregate average of the loans balances shall be determined from the company's certified accounts and financial statements.
- Article 41:** The value of the interest incurred by the company as shown in its certified accounts and financial statements may be deducted if the value of loans due from the company during any accounting period does not exceed twice the value of the owner's equity rights during that period. .
- Article 42:** In the event the value of loans due from a company during any accounting period exceeds twice the value of the owner's equity rights during that period, interest shall be calculated on the basis of multiplying the value of interest incurred by the company as per its accounts and certified financial statements by the result obtained from the division of twice the owner's equity rights by the loans value.
- Article 43:** Deduction of the interest from the gross income in the following two cases shall be as follows:
1. If the value of interest -which is calculated under Article (42) of this Regulation- does not exceed the value of interest calculated on loans in which the lender is not related to the company as per the provisions of Articles (132) and (133) of the Law, no interest shall be deducted from the gross income as per Clause (2) of Article (61) of the Law.
  2. If the value of interest - calculated under Article (42) of this Regulation - exceeds the value of interest calculated on loans in which the lender is not related to the company as per the provisions of Articles (132) and (133) of the Law, only the amount of the difference or excess shall be deducted from the company's gross income, in implementing Clause (2) of Article (61) of the Law.

**SECTION FOUR: INTEREST ON LOANS THAT MAY BE DEDUCTED WHEN  
DETERMINING THE TAXABLE INCOME OF ANY PERMANENT  
ESTABLISHMENT**

**Article 44:** There shall not be deducted the amounts allocated by the permanent establishment of any bank as interest on loans provided by the Head Office or any other person controlled by the owner of the permanent establishment, unless the loan has been concluded in accordance with arrangements agreed upon between the establishment and the Head Office. Such arrangements shall be assumed to have been made between two juristic persons; each is independent from the other. The loan shall not be utilized for the purpose of financing or raising the capital of the establishment specified in Article 60 of the Banking Law promulgated by Royal Decree No 114/2000.

**Article 45:** Any permanent establishment- other than banks- may deduct the amounts allocated as interest for a loan that its head office concluded with a third party for the benefit of the establishment, provided that the loan has been utilized to finance the expenses of the permanent establishment to carry on its activity, and that the lender is not related to the Head Office of the permanent establishment, in pursuance of the provisions of Articles (132) and (133) of the Law.

**CHAPTER TEN**

**RULES FOR DEDUCTING THE AMOUNTS CONSIDERED AS EXPENSES  
UNDER ARTICLE (64) OF THE LAW**

**SECTION ONE: REMUNERATIONS OF CHAIRPERSONS AND MEMBERS IN  
BOARDS OF DIRECTORS OF JOINT STOCK COMPANIES**

**Article 46:** When computing the taxable income for any Omani shareholding company, deduction of remunerations and allowances of the company's chairperson and members of the board of directors as well as the meetings' attendance allowances for the board and its sub-committees shall be granted to the limits prescribed in Article 101 of the aforementioned Commercial Companies Law.

**SECTION TWO: SALARIES PAYABLE TO OWNERS OR PARTNERS OF  
ESTABLISHMENT OR OMANI COMPANY IN RETURN FOR MANAGEMENT**

**Article 47:** When computing the taxable income for any tax year of any establishment or Omani company such as general partnership, limited partnership or joint venture or limited liability companies, there shall be allowed as deduction the salaries and alike wages allocated for the proprietor or partners in return for management of the establishment or the company in accordance with the following conditions:

1. In determining the status of the director of the Omani company- except joint venture, the terms specified in the company's contract of incorporation or in any other contract entered into, pursuant to the provisions of the aforementioned Commercial Companies Law, and registered in the

Commercial Register shall be taken into consideration.

2. The owner of the establishment or partners must be engaged in the company's management on full time basis and that he shall not be engaged in a work relationship with any other unit or organization.

**Article 48:** In implementation of the provisions of this Section, there shall be treated as salaries: the wages, increments, bonuses, allowances, commissions, fringe benefits, shares in profits and other amounts due – whether periodical or non-periodical - to the owner of establishment or partners in return for its management including the value of any benefits in kind such as accommodation, water, electricity, telephone, means of transportation, medical treatment etc, provided by the establishment or the company to the owner or the partners.

**Article 49:** Deduction of salaries and the-alike wages shall be made in accordance with the following limits:

1. In respect of the companies that do not practice professional activities: deduction shall be allowed to the salaries and the alike wages due for the establishment's owner or partners in an accounting period as specified in the contract, or to an amount of RO (1,000) per month -whichever is less- for the period of his presence during that accounting period.  
In all cases, no deduction shall be allowed to any salaries and the alike wages either for the establishment's owner or for each of the partners individually, or for all partners engaged in the management on full time basis- for any tax year- to an extent exceeding 10% of taxable income for that tax year before deducting the salaries and the-alike wages as well as the losses brought forward from previous tax years.
2. In respect of the establishments and companies carrying on the professional activities: a deduction shall be allowed to the salaries and the-alike wages due to the establishment's owner or partner in an accounting period as per the contract or to an amount of RO (3,000) per month -whichever is less- for the period of his presence during that accounting period.  
In all cases, no deduction of any salaries and the- alike- whether for the establishment's owner or for each of the partners individually or for all partners engaged in the management on full time basis full time managing partners- for any tax year- shall be allowed to a limit exceeding 30% of the taxable income of that tax year before deducting the salaries and the alike wages as well as the losses brought forward from previous tax years.

**Article 50:** Where a partner runs more than one establishment or company, or runs a company with an establishment owned by him, deduction of salaries and like wages shall be allowed for any tax year from the taxable income of the company or an establishment selected by the proprietor or the partner, provided that such he shall notify the Secretariat General of the name of the company or establishment of his choice at the time of filing the final return of income of that tax year. In case of failure to serve such notification within the period specified above, the Secretariat General may choose the company or establishment from whose gross income such salaries and like wages will be deducted.



**SECTION THREE: AMOUNTS DUE IN RETURN FOR UTILIZATION BY AN  
ESTABLISHMENT OF REAL ESTATES REGISTERED IN THE NAME OF ITS  
OWNER**

- Article 51:** In computing the taxable income of an establishment, deduction of the amounts due for the utilization by such establishment of any real estate registered in the name of its owner shall be allowed as per the following conditions:
1. The real estate shall be registered in accordance with the Land Registry System, promulgated by the Royal Decree N° 2/98.
  2. The establishment shall have utilized the real estate in the accounting period for the purpose of carrying on its business.
  3. The amount to be allowed for deduction from the gross income of establishment shall not exceed 4% per annum of its cost. The calculation of the cost shall be in accordance with the provisions of Article (58) of the Law.
  4. The period of utilization of the real estate by the establishment shall not exceed 25 years from the date of its purchase or construction.
  5. Where the establishment utilizes part of the real estate for the purpose of carrying on business, deduction shall be limited only to that part of the real estate occupied for such purpose.

**CHAPTER ELEVEN**

**RULES FOR DEDUCTING THE HEAD OFFICE EXPENSES**

**SECTION ONE: GENERAL RULES**

- Article 52:** Provisions of this Chapter shall apply to any permanent establishment, except those engaged in petroleum exploration activity.
- Article 53:** Gross income means- in implementation of the provisions of this Chapter regarding permanent establishments of foreign insurance companies licensed by the Capital Market Authority under the aforementioned Insurance Companies Law- the total amount of premiums collected after excluding the premiums paid for reinsurance.
- Article 54:** When computing the taxable income of a permanent establishment, the Head Office expenses shall not be allowed for deduction if the activity carried on during the tax year by such Head Office in respect of the permanent establishment is limited to supervision and control.
- Where a permanent establishment has more than one Head Office, the provision of this Article shall apply to each Head Office separately.

**Article 55:** If a reduction is made to the head office expenses under the provisions of Article (126) of the Law, there shall be only considered- for the purposes of this Chapter- the expenses after such reduction.

## **SECTION TWO: EXPENSES INCURRED BY THE HEAD OFFICE SOLELY FOR THE ACCOUNT OF THE PERMANENT ESTABLISHMENT IN OMAN**

**Article 56:** When determining the taxable income of an establishment for any tax year, deduction of the expenses incurred by the head office, solely for the account of the permanent establishment in Oman, shall be allowed as follows:

1. The expenses are for the purpose of the production of gross income of the permanent establishment and are wholly incurred for the production of that income.
2. They are recorded in the certified accounts and financial statements of the permanent establishment and supported by documents.

## **SECTION THREE: EXPENSES INCURRED BY THE HEAD OFFICE FOR THE ACCOUNT OF A PERMANENT ESTABLISHMENT IN OMAN AND OTHER ESTABLISHMENTS**

**Article 57:** Without prejudice to the provisions of Articles (56) and (59) of this Regulation, in deducting the expenses incurred by the head office during any tax year for the account of a permanent establishment in Oman and other establishments for determining the taxable income of the permanent establishment for any tax year, where the part of the aforementioned expenses attributable to that establishment or its share cannot be identified, the deduction shall not exceed 3% of the gross income of the permanent establishment during that that tax year. The percentage specified in the foregoing paragraph shall be increased as follows:

1. 5% of the of the permanent establishment's gross income in the case of banks and insurance companies.
2. 10 % of the permanent establishment's gross income in the case of major industrial companies using modern and sophisticated means of productivity or adopting scientific research methods or offering technical assistance or using patents that require exchange of information and technical expertise with the industrial company or any person related to it.

**Article 58:** In determining the taxable income of a permanent establishment for any tax year, the head office expenses shall not be deducted under Article (57) of this Regulation if the expenses incurred by the head office during that year have previously been deducted in implementing Article (56) of this Regulation.

**Article 59:** In no circumstance- in determining the taxable income of a permanent for any tax year under Article (57) of this Regulation- shall an amount exceeding the amount entered in the permanent establishment's accounts and certified financial statements for that year be allowed as deduction against the Head Office expenses.

**Article 60:** Where the head office has supplied commodities or provided services for the benefit of its permanent establishment in Oman and the expenses thereto have been deducted under Article (56) of this Regulation, no expense incurred by that permanent establishment for such commodities or services shall be deducted in determining the taxable income of that permanent establishment.

## **PART FIVE**

### **RULES FOR DETERMINING EXPENSES RELATING TO CAPITAL ASSETS LEASED UNDER FINANCE LEASE**

#### **CHAPTER ONE**

##### **GENERAL RULES**

**Article 61:** For the purposes of implementing the provisions of this Part- finance lease means any contractual arrangements under which a person (in his capacity as a lessor) acquires the ownership of capital assets with the intent to lease to another person (lessee) in return for the payment of rental for an agreed period, provided that such contractual arrangements are treated as finance lease in the accounts prepared in accordance with International Accounting Standards.

In identifying the capital assets, for the purpose of implementing the provisions of this Part, the provisions of Article (77) of the Law shall be taken into account.

#### **CHAPTER TWO**

##### **EXPENSES OF A LESSOR OF CAPITAL ASSETS**

**Article 62:** A lessor shall not- when determining taxable income- deduct sums corresponding to the depreciation on capital expenditure he incurred to acquire ownership of the financial leased assets.

**Article 63:** The following shall be taken into account when implementing the provisions of this Chapter:

1. The lessor and the lessee shall be considered to have a lender- borrower relationship.

2. The unpaid amount of the loan- at any time- shall be considered equal to the net value of investment in capital assets thereupon as at that date, on condition that balance is recorded in the lessor's accounts according to international accounting standards.
3. Interest on loans- during any tax year- shall be deemed as revenues or income from lease, provided that interest is allocated in the accounts of the lessor according to international accounting standards.
4. In the event of any profit or loss recognized as the result of sale at the inception of the finance lease contract, International accounting standards shall be applied in determining the taxable income of the lessor for the tax year in which the profit or loss is entered.

### **CHAPTER THREE**

#### **EXPENSES OF A LESSEE OF CAPITAL ASSETS**

**Article 64:** For the purposes of implementing Chapter Three of Part Three of the Law, the expenses that the lessee is considered to have incurred shall be determined as follows:

1. The amount entered in the lessee's registers as assets at the start of the leasing contract- on condition such entry is made according to international accounting standards.
2. The expenses assumed to be incurred at the time a lessee realizes revenues from the finance lease.

**Article 65:** The following shall be considered in implementing the provisions of this section:

1. The lessor and the lessee shall be considered to have a lender- borrower relationship at the start of leasing.
2. The unpaid balance of the loan- at any time- shall therein be considered equal to the liability at that time as recorded in the lessee's accounts according to international accounting standards.
3. Interest on loan- during any tax year- shall be considered as the cost of leasing payable as per the leasing contract, provided that interest in the lessee's accounts is allocated according to international accounting standards.

**Article 66:** It shall be considered an act of disposal, in implementing the provisions of paragraph (4) of Article (77) of the Law, when the lessee ceases to be entitled to the revenues from the finance lease without acquiring the ownership of the capital asset. For determination of the disposal value of the asset, following gross amounts shall be taken into account::

1. Expenses deemed to have been incurred on the asset at the inception of lease to the extent it has not actually been -borne by the lessee
2. Compensation and insurance fees due to the lessee in case of losses or damages caused to his rights as prescribed in the leasing contract.

## **PART SIX**

### **TAX-EXEMPTION**

#### **CHAPTER ONE**

#### **CONDITIONS, RULES AND PROCEDURES OF EXEMPTION GRANTED TO ESTABLISHMENTS AND OMANI COMPANIES CARRYING ON SHIPPING ACTIVITIES**

**Article 67:** Exemption of establishments and Omani companies carrying on shipping activity is granted if the following conditions are fulfilled:

1. The establishment shall be owned by an Omani natural person.
2. The Omani company shall be established according to the provisions of the aforementioned Commercial Companies Law, or any other law.
3. The establishment or Omani company shall be registered at the Ministry of Commerce and Industry; and shall take Oman as a main center for its management or operations.
4. The establishment or Omani company shall carry on activity of transport by sea of cargo, passengers, mail, or baggage or other items, including lease or rental of ships fully equipped, manned, and supplied or any other closely related and undivided activity as decided by the Secretary General.
5. Carrying on the activity shall be licensed by a competent Ministry.
6. Ships used in carrying on shipping activity shall be registered according to the provisions of the aforementioned Maritime Law and other valid laws, rules and regulations.

**Article 68:** Exemption shall be limited to the income exclusively derived by the establishment or Omani company from carrying on shipping activity.

**Article 69:** The establishment or Omani company shall submit to the Secretariat General official documents proving compliance with the legally- required conditions for exemption, and in particular:

1. Documents related to the incorporation, identification of the main activity, Article of Association or the contract of incorporation of the Omani company.
2. Documents related to the formation and identification of the main activity of the establishment.
3. License to carry on activity issued from concerned ministry.
4. The date of commencement of activity.

The exemption application shall be submitted according to the Income Tax Form N° (7) attached to this Regulation.

**Article 70:** The Secretariat General shall examine the application to determine compliance with the legally- required conditions for exemption and the income exempted.

Exemption shall only start from the date of fulfilling the legally- required conditions or the date on which the establishment or Omani company commences activity- whichever is earlier.

The findings of the Secretariat General shall be submitted to the Minister for approval.

**Article 71:** The establishment or Omani company shall furnish to the Secretariat General the following:

1. A copy of the annual accounts and financial statements along with the auditor's report within six months following the end of the financial year for which accounts and statements are prepared.
2. Any decision that may be issued by competent authorities to suspend or cancel the company's license or to terminate its activities.

## **CHAPTER TWO**

### **CONDITIONS, RULES AND PROCEDURES OF EXEMPTION GRANTED TO A FOREIGN PERSON CARRYING ON ACTIVITIES OF SHIPPING OR AIR TRANSPORT**

**Article 72:** Exemption of the foreign person carrying on activity in the field of shipping or air transport is granted if the following conditions are fulfilled:

1. The foreign person shall carry on shipping or air transport activities in pursuance of the laws and regulations in force in the country of incorporation in which his administrative headquarters shall be based.
2. The person shall carry on activities in Oman through a permanent establishment.
3. The permanent establishment shall be registered in Oman in accordance with valid laws and regulations, and shall be licensed by competent authorities to carry on the activity.
4. Ships or aircrafts used in carrying on the activity shall be registered according to laws and regulations in force in the person's country of incorporation; provided that necessary licenses, permits, certificates, documents and papers have been obtained as per the aforementioned laws and regulations as well as Omani laws and regulations.
5. Laws in force in the juristic person's country of incorporation or the State governing and administering its activity or the State of which he is a national, shall grant exemption from income tax to foreign shipping or airline companies therein, provided that they carry on activities through a permanent establishment.

**Article 73:** The exemption stipulated in the foregoing Article (72) shall exclusively apply to income derived by a permanent establishment in Oman from the operation of ships or aircraft in international traffic between places not solely located within Oman by transporting passengers, cargo, baggage, mail or other items, including leasing or renting of ships fully equipped, manned and supplied. The exemption shall also apply to the income generated from the sale of tickets and other similar documents, and any other income which is closely and inseparably linked thereto, as decided by the Secretary General

**Article 74:** The person shall submit an application bearing official documents proving satisfaction of the conditions of exemption, and in particular:

1. Compliance with valid laws and regulations in practicing international marine or air transport activities in the country where such activities are incorporated.
2. Registration of the permanent establishment in Oman as well as the licenses for carrying on the activity.
3. Reciprocal exemption for Omani marine or air company transport from income tax imposed in the State where the person's activity has been incorporated, or in the State where his activity is administered and controlled, or in the State of which the natural person is a national, if an activity is carried on therein through a permanent establishment.
4. The date of commencement of activity in Oman.

The application for exemption shall be submitted according to the Income Tax Form N° (8) attached to this Regulation.

In all cases, all signatures placed in the documents submitted from a foreign State shall be attested by the Ministry of Foreign Affairs of that State and the Omani Embassy therein. All such documents shall be accompanied with certified translation in Arabic.

**Article 75:** The Secretariat General shall examine the official documents submitted by the person to ensure fulfillment of legally- required conditions for exemption and to determine the income to be exempted.

The exemption shall commence on the date on which fulfillment of legally-required conditions for exemption is confirmed, or the date on which the person commences activity, whichever is the earliest.

The findings of the Secretariat General shall be submitted to the Minister for approval.

**Article 76:** The foreign person shall undertake to notify the Secretariat General the following:

1. Official documents proving fulfillment of the condition stipulated in Clause (3) of Article (74) of this Regulation. Notification shall be furnished within the last month of each year.

2. Copies of the company's annual accounts and financial statements along with an auditor's report, within six months following the ending date of the financial year for which the accounts and statements are prepared.
3. Any decision issued by the competent authority of the state in which such person was incorporated to stop carrying on the activity, or to cancel, withdraw, or terminate the license issued to that person.

### **CHAPTER THREE**

#### **CONDITIONS, RULES AND PROCEDURES OF THE EXEMPTION GRANTED TO INVESTMENT FUNDS**

**Article 77:** Exemption to investment funds set up in Oman shall be granted upon meeting the following conditions:

1. The fund shall have been established according to the provisions of the Capital Market Law, promulgated by RD No 80/98, whether the fund has independently been established as a shareholding company or as affiliated to a commercial bank or an investment company.
2. The fund shall legally be licensed by the Capital Market Authority and registered thereto.

**Article 78:** Exemption to investment funds set up outside Oman shall be granted upon fulfilling the following conditions:

1. The fund shall be established according to the valid laws and regulations in the country of its incorporation and shall obtain the necessary licenses to carry on activities.
2. The principal objective to establish the fund shall be to create or manage the portfolios of securities on account of investors.
3. It shall be licensed by a competent authority in the country of its incorporation to trade in foreign securities
4. The fund shall be licensed by the Capital Market Authority to trade in Omani Securities registered at Muscat Securities Market.
5. The fund shall carry on activity in Oman through a permanent establishment.

**Article 79:** The investment fund shall submit to the Secretariat General a copy of its Article of Association and official documents proving eligibility for exemption and the date of commencement of activity.

The application shall be submitted according to the Income Tax Form N° (9) attached to this Regulation.



Compliance with the provisions of last paragraph of Article (74) of this Regulation shall be observed for funds established abroad.

The Secretariat General shall examine the application and decide on the grant of the exemption as described in Article (75) of the Regulation.

- Article 80:** The investment fund shall commit to notify the Secretariat General of the following:
1. A copy of the annual financial accounts and statements and the auditor's report within six months following the end of the financial year for which accounts and statements are prepared.
  2. Any decision issued by competent authorities to suspend or cancel the fund's license, or cancel its registration.

## **CHAPTER FOUR**

### **TEMPORARY EXEMPTION AND ITS RENEWAL FOR ESTABLISHMENTS AND OMANI COMPANIES**

#### **SECTION ONE: CONDITIONS, RULES AND PROCEDURES OF EXEMPTION**

- Article 81:** Exemption of income realized by an establishment or Omani company is granted if the following conditions are satisfied:
1. The Omani company shall be established in Oman according to the aforementioned Commercial Companies Law, or any other Law.
  2. The establishment or Omani company shall be registered at the Ministry of Commerce and Industry or other competent governmental bodies, in conformity with valid laws and regulations. The establishment shall have its administrative or business headquarters in Oman.
  3. The establishment or the company shall carry on activity in accordance with laws and valid rules and regulations.
  4. The establishment or company shall be licensed to carry on activity and is registered in records according to laws and valid rules throughout the specified period of exemption.
  5. The establishment or company shall carry on its main activity in any of the fields prescribed in Article 118 of the Law- except management contracts and project execution contracts.
  6. The establishment or company shall keep regular accounts, certified by a licensed auditor; on condition, they include independent accounts for the main activity.
  7. The establishment or company shall not be benefiting from the exemption stipulated in Article 8 of the aforementioned Law of Foreign Capital Investment or any other Law.
  8. The establishment or company shall commit to submit to the Secretariat General the following:
    - a) A copy of annual accounts and financial statements immediately upon approval.

- b) A copy of the approval from competent authorities permitting to set up or carry on the activity, or licenses issued authorizing the commencement of the activity or the certificate of registration in the Register as per the latest renewal.

**Article 82:** The exemption on the income realized by the establishment or Omani company from carrying on its main activity exclusively in any of the fields prescribed in Article 118 of the Law.

Shall only be considered in determining the main activity what is entered in the company's commercial or industrial register, license or contract of incorporation or its Articles of Association or else, on condition that it contributes with no less than 90% of the establishment's or the company's gross income.

**Article 83:** In no circumstance shall an establishment or Omani company be granted more than one tax exemption in the case of the multiplication of tax-exemption Laws and systems it is subjected to.

**Article 84:** Exemption shall be for a period of five years beginning from the date the company or establishment starts production or carries on business- as the case may be.

**Article 85:** Exemption shall be granted by taking the following procedures:

1. A legal representative of the establishment or Omani company shall submit an application for exemption to the Ministry responsible of the sector to which it belongs; specifying all data pertaining to the establishment or company as per its Commercial Register and other records and official documents, bearing- as well- official documents to prove fulfillment of the conditions for exemption and its proposed date of commencement..

The application shall be submitted according to the attached Income Tax Form N° (10)

2. The application together with enclosures shall be submitted within eight months (at most) to count from the date assumed for the commencement of exemption.
3. The Ministry shall examine the application and submit its view, specifying the following:
  - a) The establishment's or the company's field of main activity.
  - b) The extent to which the company or establishment satisfies the conditions of exemption.
  - c) The date proposed for the commencement of the duration of exemption.

All papers together with the memo shall be submitted to the authorized Minister for approval provided that referral is furnished along with documents presented by the establishment or the company within three months from the date of submission of completed papers.

4. The Secretariat General shall examine the application to ensure fulfillment of all conditions for exemption.
5. The exemption shall be granted by a decision issued by the Minister.

**Article  
86:**

The establishment or company exempted from tax as per the provision of Article 118 of the Law shall submit the final return of income for any tax year for which a decision of exemption – in whole or in part- has been issued.

The tax due as per the return submitted according to this Article shall not be payable.

The Secretariat General shall make assessment to determine the amount of taxable income or loss for the exempted establishments and companies in implementation of the provisions of the Law.

## **SECTION TWO: RULES AND PROCEDURES OF RENEWAL OF EXEMPTION**

**Article  
87:**

Exemption shall exclusively be limited to establishments or Omani companies carrying on their main activity in any of the fields specified in Article 118 of the Law.

**Article  
88:**

Renewal of exemption shall be granted on fulfillment of the following general rules:

1. The establishment or company shall continue to fulfill the conditions stipulated in Article 81 of the Regulation during the period specified for renewal.
2. The net profit achieved by the establishment or Omani company during the exemption period- after deducting any loss incurred- shall not exceed- during the period of practice of an exempted business activity- 50% of capital paid at the start of the period, as shall be specified in the accounts and financial statements accredited by the auditor.
3. The license issued for the establishment or company to carry on the activity or its registration in the records shall continue to be valid during the period specified for renewal.
4. The establishment or company shall not benefit from more than one tax exemption in case of the multiplication of tax exemptions it is subjected to.

**Article  
89:**

Without prejudice to the provision of the foregoing Article 88 of this Regulation, the following specific rules shall be met for renewal of the exemption:

1. The minimum value of investment in fixed assets by an establishment or Omani company shall be RO 1,500,000.
2. The premises in which the establishment or Omani company carries on its main activity- other than the Head Office- shall be outside Muscat governorate.

3. The establishment or Omani company shall achieve- during the last two financial years of the exemption period- a 10 % increase in the average ratio of Omani to all employees above the ratio fixed for the sector in which it operates by the Ministry of Manpower, provided that such percentage shall evenly be distributed to the various administrative levels such as senior management, professional and engineering and secondary works.
4. Products of the establishment or the industrial company registered according to the aforementioned Law (System) of the Unified Industrial Organization for the GCC Countries- shall be included in the lists of important strategic commodities issued by the Ministry of Commerce and Industry.
5. The services provided by the establishment or the company which carry on service activities shall be in accordance with the level of performance which conform with the criteria and rules set forth by the authorized governmental body.

**Article 90:** Fulfillment of the specific rules stated in the foregoing Article 89 shall be as follows:

1. Establishments or companies carrying on main activities in any of the following fields shall fulfill at least three of the specific rules in the case of establishment, and four of the specific rules in the case of company:
  - a) Industry.
  - b) Mining.
  - c) Export of locally-manufactured or processed products.
  - d) Production and processing of farms' products- including livestock, processing or manufacturing of livestock products and agricultural industries.
  - e) Fishing, fish processing, cultivation, and fish breeding.
2. Establishments and companies carrying on main activities in any of the following fields shall fulfill at least two of the specific rules in the case of establishment, and three of the specific rules in the case of company:
  - a) Operation of hotels and tourist villages.
  - b) University education, or colleges, or higher institutes, or private schools, or kindergartens, or training colleges and institutes.
  - c) Provision of medical care through establishing private hospitals.

**Article 91:** Renewal of exemption for the establishment or the Omani company shall be for a maximum duration of five years commencing from the date following the date of expiry of exemption as per Article (84) of the Regulation.

**Article 92:** When renewing exemption for the establishments or companies carrying on their main business activity in industry, seeking the opinion of the Technical Committee for the Organization and the Development of Industry at the Ministry of Commerce and Industry shall be taken into account, provided that the company or establishment achieves the industrial strategy standards as per the criteria and rules implemented by the Ministry of Commerce and Industry; and on condition that such establishment or company shall annually submit to the Secretariat General financial accounts and statements- including separate accounts for the main activity- all certified by an auditor legally- licensed to practice the accounting and auditing profession.

**Article 93:** The following procedures shall be taken to renew exemption:

1. Application for the renewal of exemption shall be submitted by the establishment or the company to the authorized Ministry- within the three months prior to the exemption's specified expiry date and specifying the proposed period of renewal- as stipulated in Article 85 of this Regulation.

The application shall be submitted according to the attached Income Tax Form N° (11).

2. The authorized ministry shall examine the application and express an opinion thereon specifying the following:
  - a) Whether the establishment or the company continues to carry on its main activity in the same field.
  - b) Whether the license issued for the establishment or company to carry on its activity or its registration in the Register is valid.
  - c) Whether and the extent to which the establishment or the company fulfills the rules set for renewal of exemption.
  - d) The duration proposed for renewal of the exemption and the date of its commencement.

Application papers and the memo shall be submitted to the authorized Minister for approval. All papers together with the documents submitted by the establishment or the company shall be forwarded to the Minister within three months from the date of submission of required application.

3. The Secretariat General shall examine the application and enclosures to ensure compliance with rules for renewal without prejudice to the regulations stipulated by the Council of Financial Affairs and Energy Resources.
4. The renewal of exemption shall be granted by a decision of the Minister.

**Article 94:** The establishment or the company granted renewal of exemption shall submit the return of income for every tax year for which a decision of exemption- in whole or in part- is issued.

The provisions of the second and third paragraphs of Article 86 of this Regulation shall apply to the return of income referred to in the foregoing paragraph.

## **SECTION THREE: PROVISIONS OF EXEMPTION ACCORDING TO THE TYPE OF ACTIVITY**

### **1 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES CARRYING ON ACTIVITIES IN THE FIELD OF INDUSTRY**

**Article 95:** The following shall be considered when exempting establishments and Omani companies carrying on its main activity in the field of industry:

1. The definition provided for in the aforementioned Law (System) of the Unified Industrial Organization for the GCC countries shall be taken into consideration in determining the industrial activity.
2. The industrial enterprise shall not be one of those exempted from being subjected to the aforementioned Law (System) of the Unified Industrial Organization for the GCC countries.

**Article 96:** The legal representative of the establishment or Omani company carrying on its main activity in the field of industry shall commit to enclose a copy of the certificate of registration in the Industrial Register- according to the latest renewal.

**Article 97:** The date of commencement of production of the project shall be determined according to the certificate of registration in the Industrial Register.

**Article 98:** The authorized governmental body at the Ministry of Commerce and Industry shall notify the following to the Secretariat General:

1. Copies of the licenses issued for the exempted industrial enterprise in the event of change of its product, merger into another industrial project or its division into more than one.
2. Copies of the declarations submitted by the industrial enterprise in cases of its sale- in whole or in part- or its relinquishment or discontinuation, or dissolution and liquidation thereof or cancellation of industrial registration.
3. Decisions issued stipulating the imposition of final administrative sanctions against the exempted project.
4. Final administrative decisions stipulating the cancellation of the license of the exempted industrial enterprise.

### **2 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES CARRYING ON MINING ACTIVITIES**

**Article 99:** The following shall be considered in exempting the establishments and the Omani companies carrying on their main activity in mining is subject to the following:

1. The definition provided for in the Mining Law promulgated by the Royal Decree No. 27/2003 shall be considered in determining the mining activity.
2. The mining concession right shall be awarded according to a special Law.

**Article 100:** The authorized governmental body at the Ministry of Commerce and Industry shall submit to the Secretariat General a copy of the final administrative decisions stipulating the cancellation of mining licenses issued for the exempted establishments and Omani companies.

### **3 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES OPERATING IN THE FIELD OF EXPORT OF LOCALLY MANUFACTURED OR PROCESSED PRODUCTS**

**Article 101:** In exempting establishments and Omani companies which carry on its main activity in the field of export of locally manufactured or processed products, the following shall be considered:

1. Exemption shall be limited to the income realized from the activity of export of locally manufactured or processed products.
2. Determination of the percentage stipulated in the second paragraph of Article 82 of this Regulation shall be based on the export activity in the cases the establishment or Omani company carries on the activity of products manufactured or processing locally.

**Article 102:** The Secretariat General shall coordinate- for the purpose of determining the tax-exempt income- with the competent authority at the Ministry of Commerce and Industry for identifying the products manufactured or processed locally.

### **4 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES OPERATING HOTELS AND TOURIST VILLAGES**

**Article 103:** The following shall be considered in exempting establishments and Omani companies which carry on its main activity in the field of hotels and tourist villages:

1. Out of all hotel or tourist facilities stipulated in the Law of Tourism, promulgated by the Royal Decree No. 33/2002, exemption shall be restricted to income derived from the operation of hotels and tourist villages.
2. Exemption shall only be limited to the income derived from the main activity such as hotel guests, meals, food and beverages, or other hotel regular visitors or any other activity necessary and indispensable to this activity.
3. Exemption shall not include hotels or tourist villages operated under management contracts concluded in accordance with the license issued by the ministry of Tourism for this purpose.
- 4.

**Article 104:** The Secretariat General shall- - for the purpose of determining the income exempted due to involvement in carrying on this type of hotel facilities- coordinate with authorized governmental bodies- to determine the rules and regulations of operating tourist villages' activity.

**Article 105:** The competent authorized at the Ministry of Tourism shall notify the Secretariat General of the cases where the license issued for an exempted establishment or Omani company is modified, abandoned, transferred, suspended, or cancelled.

**5 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES WHICH CARRY ON ACTIVITY IN THE FIELD OF FARMING AND PROCESSING OF FARM PRODUCTS INCLUDING LIVESTOCK AND THE PROCESSING OR MANUFACTURING OF LIVESTOCK PRODUCTS AND THE AGRICULTURAL INDUSTRIES**

**Article 106:** When exempting establishments or Omani companies that carry on their main activity in farming and processing of farm products and agricultural industries, the following shall be considered:

1. The establishment or Omani company shall have an agricultural proprietorship card.
2. Exemption shall include the income realized from livestock production in the farm and the processing of their products.
3. The agricultural industries' activity shall be similar to the industrial activity- for the purpose of exemption- on condition the activity is considered an industrial project in implementing the provisions of the aforementioned Law (System) of the Unified Industrial Organization of the GCC countries.

**Article 107:** The following shall be considered in granting exemption to establishments and Omani companies which carry on their main activity in the field of animal production farms and the manufacturing of livestock products:

1. In determining animal production farms and animal products- the definitions contained in the Code of Pastures and Livestock Management, promulgated by the Royal Decree No. 8/2003 shall be considered.
2. The establishment or Omani company shall be the proprietor of livestock, a holder of the livestock proprietorship card and shall be registered in the records prepared for this purpose.
3. The establishment or Omani company shall be a holder of the commercial livestock production farms' license or the Livestock Products' Manufacturing license.
4. Livestock manufacturing activity shall be similar to an industrial activity provided that such activity shall be considered as an industrial project in implementing the provisions of the aforementioned Law (System) of the Unified Industrial Organization of the GCC countries.



**Article 108:** The Secretariat General shall- for the purpose of identifying the concepts and principles pertaining to the processing of farms' products, the processing or manufacturing of livestock products or agricultural industries- coordinate with the competent authorities for the purpose of determining the income exempted from tax.

**Article 109:** The competent authority at the Ministry of Agriculture and Fisheries shall notify the Secretariat General of the following:

1. Cases of change in or relinquish of agricultural proprietorship card, of change in livestock proprietorship card, or of amendment to the livestock products' license or the commercial livestock production farms' license.
2. Cases of withdrawal of licenses on a temporary or a final basis.

## **6 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES WHICH CARRY ON THEIR ACTIVITY IN THE FIELD OF FISHING AND FISH PROCESSING, FARMING AND BREEDING**

**Article 110:** The following shall be considered in exempting establishments and Omani companies which carry on their main activity in the field of fishing and fish processing:

1. The establishment or Omani company shall carry on activity through licensed fishing vessels.
2. Omani fishing vessels utilized in carrying on the activity shall be registered at the Ministry of Transport and Telecommunications.
3. The establishment or Omani company shall carry on fish processing activity after obtaining the legally- required license, where the processing activity shall be similar to an industrial activity in implementation of the provisions of the aforementioned Law (System) of the Unified Industrial Organization of the GCC countries.

**Article 111:** The following shall be considered in exempting establishments or Omani companies carrying on their activity mainly in the field of fish farming and breeding:

1. Determining fish farming and breeding activity shall be based on the definition of Commercial Fish Farming set forth in Fish Farming and Farmed Fish Quality Control Regulation, promulgated by the Ministerial Decision No. 36/2004.
2. The establishment or Omani company shall obtain the required license to carry on activity from the Ministry of Agriculture and Fisheries in implementing the aforementioned Regulation of Fish Farming and Farmed Fish Quality Control.

**Article 112:** Exemption shall exclusively be limited to income generated from fishing, fish farming, or breeding not any other living aquatic resources.

**Article 113:** The competent authority at the Ministry of Agriculture and Fisheries or at the Ministry of Transport and Telecommunications- as the case may be- shall notify the following data to the Secretariat General:

1. Cases of modification or cancellation of the registration of fishing vessels owned by the exempted establishments or Omani companies.
2. Cases of withdrawal, or cancellation or suspension of the license issued to fishing vessels owned by the exempted establishments or Omani companies.
3. Cases whereby approval is obtained for the lease, relinquish, or disposal of fishing vessels owned by the exempted establishments or Omani companies.
4. Cases of withdrawal, cancellation or suspension of the license issued for fish processing, or commercial aquaculture or fish breeding farms.

## **7 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES WHICH CARRY ON THEIR ACTIVITY IN THE FIELD OF UNIVERSITY EDUCATION, COLLEGES OR HIGHER INSTITUTES**

**Article 114:** The following shall be considered in exempting establishments and Omani companies which carry on their main activity in the field of University Education, Colleges or Higher Institutes:

1. The private university, private university college or private higher institute or private college shall be established according to the rules applicable in the Sultanate.
2. Companies that have established a private university or a private university college or a private higher institute or a private college shall not be subject to the aforementioned Foreign Capital Investment Law.
3. The private university or the private university college or the private higher institute or the private college shall not execute any training sessions or programs.

**Article 115:** The competent authority at the Ministry of Higher Education shall notify the Secretariat General with the following:

1. Cases of declining the approval issued for the establishment of a private college, or a private higher institute or a private college.
2. Final administrative decisions bearing sanctions on the exempted private university or ordering closure of colleges or the higher institutes or suspension of study thereof.

## **8 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES WHICH CARRY ON THEIR ACTIVITY IN THE FIELD OF PRIVATE SCHOOLS AND NURSERIES**

**Article 116:** The following shall be considered in exempting establishments and Omani companies which carry on their main activity in the field of private schools or nurseries:

1. The private school or the nursery owned by the establishment or Omani company shall be established according to the rules applicable in the Sultanate.
2. The private school or the nursery shall not execute any training programs or sessions.
3. The company owning the private school or the nursery shall not be subject to the aforementioned Foreign Capital Investment Law.

**Article 117:** The authorized body at the Ministry of Education shall notify the Secretariat General with the following:

1. Cases where an approval to open branches has been given to a private school or a nursery.
2. Cases of approval of relinquish of the license issued to establish or to close a private school or a nursery.
3. Final administrative decisions prescribing the cancellation of a license issued to establish a private school or a nursery.

## **9 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES CARRYING ON ACTIVITY IN THE FIELD OF TRAINING COLLEGES AND INSTITUTES**

**Article 118:** The following shall be considered in exempting establishments and Omani companies carrying on their main activity in the field of training colleges and institutes:

1. The establishment or Omani company shall be licensed to establish a private vocational institute according to the rules in force in the Sultanate.
2. The institute shall engage in vocational training activities excluding: academic education- either general or higher- or higher technical education or training services.
3. The institute shall be registered at, licensed and supervised by the Ministry of Manpower.
4. The company licensed to establish the vocational institute shall not be subject to the aforementioned Law of Foreign Capital Investment.

**Article 119:** Private vocational training centers established by the employer for his employees in his facility shall not be considered as training institutes and shall not be subject to the provisions contained in this Chapter.

**Article 120:** The competent authority at the Ministry of Manpower shall notify the Secretariat General the following:

1. Cases whereby approval is given to the private vocational institute to open new branches or add new specialties.
2. Final administrative decisions issued in respect of the evaluation and classification of the institute.
3. Cases of closure or suspension of activity by the owner or death of the owner.
4. Cases whereby the institute premises are used for activities other than the licensed training ones.
5. Cases of cancellation of the license issued for the institute or its suspension.

6. Cases of violation by the institute of rules, regulations and contracts concluded to comply with the System of Government Support Programs (National Programs).
7. Cases whereby a decision is issued by the Ministry of Manpower to stop the institute's programs or training courses.
8. Final administrative decisions prescribing either the cancellation of approval for programs and training courses or the suspension of the license for a period not exceeding one year.

## **10 PROVISIONS CONCERNING ESTABLISHMENTS AND COMPANIES CARRYING ON ACTIVITY IN THE FIELD OF MEDICAL CARE THROUGH ESTABLISHING PRIVATE HOSPITALS**

**Article 121:** The following shall be considered in exempting establishments and Omani companies carrying on their main activity in the field of medical care through establishing private hospitals:

1. Determination of a hospital shall be based on the definition contained in the Executive Regulation for private hospitals, issued by the Ministerial Decision No 25/2009, shall be adopted in determining a hospital.
2. The private hospital shall be owned by the managing establishment or Omani company.
3. Carrying on activity by the private hospital shall be under a license issued in accordance with the rules applicable in the Sultanate laws.
4. License issued for the hospital to carry on activity shall be valid throughout the period determined for exemption.

**Article 122:** The competent authority at the Ministry of Health shall notify the Secretariat General with the following:

1. Final administrative decisions amending or canceling licenses issued to the private hospitals.
2. Judicial decisions ordering closure of the hospital.

### **CHAPTER FIVE**

#### **GENERAL RULES**

**Article 123:** The Secretariat General shall notify the establishment, company, person or investment fund with the decision granting the exemption or renewal of exemption in the case of temporary exemption or the decision stating the non-fulfillment of the rules for exemption or renewal thereof.

In the case of temporary exemption, such notification shall state the date of commencement of exemption and its duration.

**Article 124:** To implement the provisions of this Chapter, the Secretariat General shall record all decisions of exemptions or renewals of exemptions in the Register especially prepared for this purpose.

**Article 125:** The Secretariat General may take necessary measures to temporarily suspend exemption in case of non-submission of the required official documents or accounts and financial statements.

Also, the Secretariat General may also take necessary measures to withdraw the decision granting exemption or renewal of exemption if involved an incorrect reason.

**Article 126:** The Secretariat General shall take necessary measures to cancel the exemption or the renewal as from the date on which substantial evidence is found that the establishment, company, person or investment fund no longer carries on the activity in the exclusive fields specified in the Law, or fulfills the rules for exemption or renewal thereof.

**Article 127:** The temporary suspension, withdrawal or cancellation of exemption and withdrawal or cancellation of renewal of exemption shall all be made by a decision of the Minister.

The establishment, company, person or investment fund shall- in all cases- be notified of the decision issued and record the same in the Register- specially prepared for this purpose.

**Article 128:** The Secretariat General shall take necessary measures in respect of temporary exemption granted to establishments and Omani companies upon notification in light of the study it conducts for each establishment or company- in coordination with the competent ministry or authority.

**Article 129:** The Secretariat General shall- in case of cancellation of exemption or renewal thereof or withdrawal or suspension of exemption for one year- immediately take the procedures under the Law to make tax assessment for every year for which exemption had unlawfully been granted to the establishment, company, person or the investment fund for each of the year for which a decision had been taken to withdraw, cancel or suspend for one year the exemption or the renewal thereof.

The establishment, company, person or the investment fund shall- upon receipt of the notification - submit the return of income for each of the aforementioned years and pay the tax due as specified by the laws and regulations in effect.

## **PART SEVEN**

### **TAX ASSESSMENT**

#### **CHAPTER ONE**

#### **RETURN OF INCOME**

##### **SECTION ONE: GENERAL RULES**

**Article 130:** The provisional return shall be submitted according to the Income Tax Form No 12 attached to this Regulation.

**Article 131:** The final return shall be submitted as follows:

1. As per the Income Tax Form No. 13 attached to this Regulation by the establishment which has not been exempted from furnishing accounts.
2. As per the Income Tax Form No. 14 attached to this Regulation by the Omani company which has not been exempted from furnishing accounts.
3. As per the Income Tax Form No. 15 attached to this Regulation by the permanent establishment.
4. As per the Income Tax Form No. 16 attached to this Regulation by a foreign person providing services in Oman.
5. As per the Income Tax Form No. 17 attached to this Regulation by establishments and Omani companies exempted from furnishing accounts.

**Article 132:** Submission of the return by a foreign person providing consulting or other services in Oman shall be as follows:

1. The provisional return shall be submitted within three months starting from the end of a twelve-month period during which the foreign person has rendered services in Oman for a continuous period or for separate periods of not less than ninety days in aggregate, except where the period specified for the provision of services in Oman is less than six months, the provisional return shall be submitted on the date specified for the completion of services in Oman.
2. The final return shall be submitted within six months starting from the expiry date of a twelve-month period during which the person has rendered services in Oman for a continuous period or for separate periods of not less than ninety days in the aggregate, except where the period determined for the provision of services in Oman is less than nine months, the final return shall be submitted on the date specified for the completion of services in Oman.

**Article 133:** Payment of withholding tax to the Secretariat General shall be accompanied with the statement mentioned in the last paragraph of Article (53) of the Law.

The aforementioned statement shall be prepared according to the Income Tax Form No. 18 attached to this Regulation.

## **SECTION TWO: RULES FOR EXEMPTION FROM SUBMITTING THE RETURN**

**Article 134:** The Omani establishment or company satisfying the following conditions shall be exempted from submitting the return for any accounting period related to a tax year:

1. The capital at the end of the accounting period as recorded in the commercial Register shall not exceed- (RO 20,000) twenty thousand Rials Omani.
2. The gross income realized by the establishment or the Omani company during the aforementioned accounting period shall not exceed- - (RO 100,000) one hundred thousand Rials Omani.
3. .The average number of employees during that accounting period shall not exceed (8) persons; provided that- in determining the average number, all workers shall be considered - whether occasionally or temporarily recruited- whatsoever nature, kind, location or duration of work assigned to them and the method adopted in determining their wages.

These conditions shall be satisfied during that period and during the two accounting periods ended upon the expiry of the two tax years prior to that period.

**Article 135:** The exemption stipulated in the aforementioned Article (134) shall not apply in the cases where the establishment or Omani company fails to submit the notification stipulated in Article (17) of this Regulation

**Article 136:** The exemption from submitting tax returns shall only take effect by a decision of approval from the Secretary General or his authorized delegate– upon a request by the establishment or Omani company- after confirming fulfillment of all the conditions specified in Article (134) of this Regulation.

The decision shall determine the accounting period or the tax year for which the exemption shall take effect, its duration, any tax obligations or requirements prescribed by the Secretariat General during that period or after the expiry of that period.

The Secretariat General shall withdraw or cancel the decision if the same involved error and shall notify the establishment or the company thereof.

**Article 137:** The establishment or Omani company for whom the decision of exemption from submitting the return is issued shall submit an application to the Secretariat General- at least three months prior to the expiry of the exemption period prescribed- requesting a decision for exemption for the subsequent tax year.

**Article 138:** The establishment or Omani company for which the decision of exemption is granted shall undertake to submit the return of income in the following cases:

1. Occurrence of any event resulting in one or more of the conditions for exemption not being satisfied, the return shall be submitted within one month of its occurrence.
2. Abstention from submitting-within the prescribed date- any details, information, records or accounts requested by the Secretariat General for the purpose of implementing the exemption.
3. Withdrawal or cancellation of the decision of exemption issued.

### **SECTION THREE: RULES FOR EXEMPTION FROM SUBMITTING ACCOUNTS WITH THE FINAL RETURN**

**Article 139:** The Secretariat General may exempt any establishment or Omani company- which has not been exempted from submitting a return of income- from submitting the accounts prepared for any accounting period related to a tax year provided that the following conditions are satisfied:

1. The capital of the establishment or Omani company as recorded in the Commercial Register at the end of the accounting period shall not exceed RO 50,000.
2. The gross income realized by the establishment or Omani company during that accounting period shall not exceed RO 300,000.
3. The average number of employees during that accounting period shall not be more than (10) persons; provided that, in calculating the average, all employees shall be considered – whatever be the nature, type, location or duration of work assigned to them, including occasional or temporary recruitment, and whatever method adopted for determining the wages.

**Article 140:** The exemption stipulated in the foregoing Article (139) shall not be implemented in case the establishment or Omani company fails to submit the notification stipulated in Article (17) of this Regulation.

**Article 141:** The exemption from submitting accounts shall only take effect by a decision of approval from the Secretary General or his authorized delegate – upon a request by the establishment or Omani company- after confirming fulfillment of all the conditions specified in Article (139) of this Regulation.

The decision shall determine the accounting period or the tax year for which the exemption shall take effect, its duration or requirements prescribed by the Secretariat General during that period or after the expiry of that period.

The Secretariat General shall withdraw or cancel the decision if the same was based on an incorrect reason and shall notify the establishment or the company thereof.

**Article 142:** The establishment or Omani company for which the decision of exemption is issued shall be obliged to submit an application to the Secretariat General- three months at least prior to the expiry date of the exemption- requesting a decision for exemption for the subsequent tax year.

**Article 143:** The establishment or Omani company for which the decision of exemption is issued shall undertake to submit the accounts in the following cases:

1. Occurrence of any event resulting in one or more of the conditions not being satisfied; the accounts shall be submitted within one month of one month of its occurrence.
2. Abstention from submitting-within the prescribed date- any details, information, records or accounts requested by the Secretariat General for the purpose of implementing the exemption.
3. Withdrawal or cancellation of the decision of exemption issued.



## CHAPTER TWO

### PROCEDURES OF ASSESSMENT

- Article 144:** The Secretariat General has the right to examine documents or details, or accounts or accounting records, or lists of assets or liabilities for the purpose of making assessment.  
Such examination may be conducted at the taxpayer's premises during normal working hours after notifying the taxpayer by specifying the date and the duration of the examination at least ten days prior to the date specified for the examination.  
Documents, or data, or accounts, or records, or statements relating to tax obligations of a tax year if it relates to more than ten years prior to the tax year in which the notification is submitted, may not be examined.
- Article 145:** The Secretariat General shall notify the assessment to the taxpayer within a maximum of two weeks from the date of making the assessment.
- Article 146:** The Secretariat General shall- in the case of rectification, revision of the assessment or issue of an additional assessment- forward a notice in writing to the taxpayer including the following information:
1. The tax year for which the original assessment is made and the date of making the assessment.
  2. The date of rectification or revision of the original assessment, or of making additional assessment.
  3. The tax year/ tax years for which rectification or revision of the original assessment or additional assessment is made.
  4. The elements of rectification or revision for the original assessment, or the additional assessment.
  5. Determination of the amount of taxable income or loss consequent to rectifying or revising the original assessment or making an additional assessment.
  6. The amount of tax payable.
  7. The due date of tax payment.
  8. Any other details, as may be decided by the Secretariat General.
- Article 147:** The Secretariat General shall- in the case of rectification, revision of the original assessment or making an additional assessment- notify to the taxpayer the assessment, consequent to its rectification or revision or making of an additional assessment, within a maximum of two weeks from the date of rectification or revision or of making the additional assessment.

## **PART EIGHT**

### **PAYMENT AND COLLECTION OF DUE TAX**

#### **CHAPTER ONE**

##### **GENERAL RULES**

- Article 148:**
1. Tax due as per the return of income, both provisional and final is payable on the date specified for the submission of each.
  2. Tax due as per the assessment is payable on the date specified in the notice of assessment which date shall not exceed one month from the date of making the assessment.

The provision of the foregoing paragraph shall apply in the case of additional assessment, or assessment made in executing a judicial judgment or a Court judgment issued in the adjudication of a tax dispute.

- Article 149:**
- Payment of tax or other amounts due as per the Law shall be made by one of the following methods:
1. By cash against a receipt issued.
  2. By bank cheques drawn to the account of the Secretariat General of Taxation at the Ministry of Finance.
  3. By depositing due amount to the current account assigned by the Secretariat General for this purpose; provided that certified copy of the deposit receipt issued by the bank to which the amount is deposited is submitted.
  4. By issuing a written order for the transfer of the amount from the bank account of the tax debtor or taxpayer to the account of the Secretariat General and notifying the Secretariat General thereof. Payment shall not be considered paid unless the amount is credited to the Secretariat General's account.

- Article 150:**
- The Secretariat General shall be obliged- in the event of death, dissolution, liquidation or declaration of bankruptcy of the tax debtor or the person liable to pay the tax- to follow the procedures stipulated in the Executive Regulation of the Financial Law.

#### **CHAPTER TWO**

##### **TAX PAYMENT IN INSTALLMENTS**

- Article 151:**
- The tax debtor may pay due tax in installments by submitting an application for the same, provided that the following conditions are satisfied:
1. The tax debtor proves inability to pay its tax due tax all in one single payment.
  2. Installments shall be paid monthly, but- in cases of extreme necessity- they may be paid on a quarterly basis.
  3. The number of years of installments shall not exceed the number of years for which payable tax is due. However, in cases of extreme necessity, the years of installments may exceed that number.

4. The tax debtor shall submit- within 15 days of being notified of approval of its/his installment application- a cheque for the first installment or the part specified by the Secretariat General accompanied with guarantees and insurances for all amounts due from it. This guarantee shall be valid throughout the duration of the installments until payment is fully set off.

The Secretary General may- when deemed necessary- exempt the tax defaulter from submitting guarantees or insurances.

**Article 152:** A decision of approval of payment by installments shall be issued by taking the following procedures:

1. The authorized Department at the Secretariat General shall examine the application for payment by installments in terms of fulfillment of the conditions prescribed in the Executive Regulation. The Secretary General shall issue a decision of approval for payment by installments specifying the guarantees and insurances to be provided by the tax debtors unless he is exempt from submission the same. The decision shall be accompanied by a schedule for payment.
2. The tax debtor shall be notified with a certified copy of the decision of approval for payment by installments.
3. The authorized Department at the Secretariat General shall follow up the timely payment of installments by the tax debtor. In the event of his failure to make payments within the dates specified, a warning shall be served requesting him to make payment within a maximum period of ten days. In the event the tax debtor fails to pay within this period, the authorized Department shall issue a decision from the Secretary General to expedite the payment of amounts due from the debtor, and ordering him to pay them immediately, failing which, the procedures stipulated for administrative enforcement shall then be taken against him.
4. The Secretary General shall issue a decision – at the request of the authorized Department- cancelling the decision of payment by installments if interest of the public treasury is found to be at risk of loss. In such case, the tax debtor shall be notified of the decision of cancellation of payment by installments.

### **CHAPTER THREE**

#### **RULES AND REGULATIONS FOR EXEMPTION OF ADDITIONAL TAX**

**Article 153:** The Secretary General may grant exemption from payment of additional tax in the following cases:

1. Death of a tax debtor -where he was the owner of an establishment- without leaving any property behind, or with leaving properties not sufficient to cover the debts.
2. Dissolution, liquidation or declared bankruptcy of the tax debtor, resulting in amounts from the liquidation or bankruptcy not sufficient to meet the tax due and payable.
3. Lack of properties on the part of the tax defaulter to allow enforcement.
4. Cessation of tax defaulter's activity or work and lack of properties to allow enforcement.
5. Cases whereby evidence is found that the tax defaulter's delay in payment of the original tax is attributed to unforeseen reasons or conditions.

**Article** Exemption from additional tax shall be granted by taking the following  
**154:** procedures:

1. The tax debtor shall submit to the Secretary General an application for exemption accompanied with official documents to prove occurrence of any of the cases stipulated in the foregoing Article (153) of this Regulation.
2. The authorized Department at the Secretariat General shall examine the referred to exemption application.
3. A decision granting full or partial exemption from additional tax shall be issued by the Secretary General.
4. The Secretary General shall withdraw the decision of exemption if it is proved that such decision was based on an incorrect reason, whereupon, necessary measures shall immediately be taken to collect the additional tax due.