



**OMAN CHAMBER OF COMMERCE
AND INDUSTRY**

- **THE FOREIGN CAPITAL
INVESTMENT LAW**
- **THE LAW FOR THE
ORGANIZATION
AND ENCOURAGEMENT
OF INDUSTRY**

INTRODUCTION

It gives Oman Chamber of Commerce & Industry pleasure to publish this booklet in Arabic and English. It contains the text of the Royal Decree No. 102/94 issuing the Foreign Capital Investment law, the Royal Decree No. 1/79 promulgating the Law for the Organization and Encouragement of Industry of 1978 and the amendments thereto, the Instructions for establishing of Omani Companies subject to Commercial Companies law and The Investment law and the incentives and support provided to industry by the Ministry of Commerce and Industry. By issuing this booklet the Chamber confirms its role in supporting and developing international commercial relations with the Sultanate. It provides the opportunity to all who deal with the Omani market to be acquainted with the laws that govern and organize it. The knowledge of the laws is the first step towards success for all those who are looking forward to establishing successful economic and commercial projects.

The English translation is provided on the basis that it is an unofficial translation. The Chamber accepts no liability for the accuracy of translations. The arabic text as published in the official Gazzette is the authentic text.

With best wishes for all business community.

**OMAN CHAMBER OF COMMERCE
AND INDUSTRY**

**6 th Edition
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**ROYAL DECREE
NO. 102/94**

ISSUING THE FOREIGN CAPITAL INVESTMENT LAW

WE, QABOOS BIN SAID SULTAN OF OMAN, having taken cognizance of the Royal Decree No. 26/75 issuing the State Administrative Apparatus Law and amendments thereto:

And the Commercial Companies Law No. 4/74 and amendments thereto;

And the Royal Decree No. 4/74 issuing the Foreign Business and Investment Law and amendments thereto;

And the Royal Decree No. 26/77 issuing the Law of Commercial Agencies and amendments thereto;

And the Law for the Organization and Encouragement of the Industry issued by virtue of the Royal Decree No. 1/79 and amendments thereto;

And the Royal Decree No. 57/93 issuing the Regulations Organizing the GCC Investment.

And upon the exigencies of the public interest,

DECREE AS FOLLOWS:

Article 1 The Foreign Capital Investment Law attached herewith shall be applicable.

Article 2 The investment projects existing at the time of the issue of this Law shall continue up to the end of the licence period thereof during which time the percentage of foreign participation may be amended as per the articles of the Law attached herewith.

The period of exemption from the income tax granted in accordance with the Foreign Business and Investment Law issued by the Royal Decree No. 4/74 referred to above shall be considered as part of the exemption period set out in this Law.

Article 3 The Minister of Commerce & Industry shall issue the regulations necessary to the enforcement of this Law.

Article 4 The Foreign Business and Investment Law issued by the Royal Decree No. 4/74 referred to above shall be hereby abrogated.

Article 5 This Decree shall be published in the Official Gazette and shall come into force as of date of publication.

**QABOOS BIN SAID,
SULTAN OF OMAN**

Issued on :

11th Jumada 1, 1415 AH.
16th October, 1994 AD.

FOREIGN CAPITAL INVESTMENT LAW

- Article 1 Without prejudice to the provisions of the Royal Decree No. 57/93, non-Omanis - whether natural or juridical persons - shall not conduct any commercial, industrial or tourism businesses or otherwise participate in an Omani company except with a licence from the Ministry of Commerce & Industry to be issued in accordance with the Provisions of this Law.
- Article 2 The licence referred to in the preceding Article shall be granted after the following conditions have been met :
- a) The business shall be conducted by an Omani company with a capital of not less than RO 150,000 and the foreign share therein shall not exceed 49% of the total capital.
However, the above percentage may be increased upto 65% of the company's capital by a decision from the Minister of Commerce & Industry following a recommendation from the Foreign Capital Investment Committee.
The percentage referred to in the above paragraph may be further increased upto 100% of the company's capital for the projects which contribute to the development of the national economy upon the approval of the Development Council following a recommendation from the Minister of Commerce & Industry, provided that the project's capital shall not be less than RO 500,000.
 - b) When an existing joint company participates in a new joint-venture company, the foreign share shall be considered as the total share in each company provided that the Omani percentage shall not be less than the percentage to be owned by Omanis as set out in the foregoing paragraph.
- Article 3 Exemptions from the conditions specified in the above Article for obtaining the licence shall be granted to the following:
- 1) Companies which conduct business in the Sultanate of Oman by virtue of special contracts or agreements with the Government of the Sultanate or which are established by virtue of a Royal Decree.
 - 2) Parties conducting a business which is declared by the Cabinet as necessary for the country.

Article 4 The application for foreign investment licence shall be referred to a committee to be formed at the Ministry and called "Foreign Capital Investment Committee". Such Committee shall be set up by virtue of a decision from the Minister of Commerce & Industry.

Article 5 The said committee shall be responsible for giving opinions on the investment applications with a foreign share of more than 49% and shall make recommendations in respect of the following:

- 1) The identification of the investment fields.
- 2) The extent to which the project can be considered as one of the economic development projects.
- 3) To prioritize the projects submitted for licencing so that preference shall be given to the projects using local products and raw materials which help maximize the value added thereof, to the export-oriented industries, and to the industries introducing new products or using modern technology. Preference shall also be given to the projects which attract and localize internationally-reputed industries. In the field of tourism, preference shall be given to projects involving the construction of integrated tourist villages and zones.
- 4) To look into the complaints and conflicts arising from the application of this Law.
- 5) Other matters related to investment referred to it by the Minister of Commerce & Industry.

The Committee shall issue its recommendations thereof by absolute majority of members and submit them to the Minister for decision. The applicant shall be notified of the decision within a period not exceeding two weeks.

Article 6 Any applicant whose application has been rejected shall have the right to appeal to the Minister within 30 days from the date of his notification of the rejection. The decision of the Minister in this respect shall be final.

Article 7 Licencing shall be granted to the projects subject to this Law without the need for obtaining prior approvals from any authorities outside the Ministry. However, due regard shall be given to the negative lists issued

by such authorities before granting licence to any company. The concerned ministry may review the environment, health, safety and other standards during the construction and operation stages.

Article 8.1 The income realized by the companies licenced to be incorporated pursuant to this law and carrying out its major activity in one of the following areas shall be exempted from the tax :

- a) Industry and mining.
- b) Export of locally manufactured or processed products.
- c) Tourism promotion including operation of hotels and tourist villages, but excluding management contracts.
- d) Production and processing of farm products including poultry farming, processing or manufacturing animal products and agro industries.
- e) Fishing, Fish Processing, and fish farming
- f) Exploitation and provision of services such as public utility projects, but excluding management contracts and project execution contracting.

Article 8.2 Tax exemption shall be for a period of 5 years starting the date of commencing production or carrying out the activity, as the case may be. This period can be renewed in necessary cases, for a period not exceeding 5 years. However, a decision shall be issued by the Financial Affairs and Energy Resources Council for such renewals.

Article 8.3 The Minister Supervising the Finance Ministry shall lay down necessary controls and procedures to apply tax exemption and its renewal pursuant to provisions of paras 8.1 and 8.2 of this Article.

Article 8.4 Companies carrying out their major activities in one of the areas prescribed in para 8.1 above shall have the right to transfer or deduct the net loss incurred during the mandatory exemption years, to any number of tax years till they are finally settled, as an exemption to the provision of Article 14 of the above-referred Law of Income Tax on Companies.

Article 8 (bis) The income realized by the companies licenced to be incorporated pursuant to this Law and carrying out its major activity either in the field of university education, colleges, higher institutes, private schools, kindergartens, training colleges and institutes or in the field of medical care by establishing private hospitals, shall be exempted from the tax.

The Minister supervising the Ministry of Finance shall lay down the necessary controls and procedures to apply the tax exemption pursuant to the provisions of this law.

Article 9.1 Foreign investment projects mentioned in this Law can be exempted from (paying) custom duties on plant and machinery imported by them for setting up the projects. They can also be exempted from (paying) custom duties on raw material needed in the manufacturing process which are not available in the local markets, for a period of not exceeding 5 years starting from the date of commencing production. This exemption can be renewed once.

- Article 9.2 Exemptions prescribed in the above para shall apply on new expansions (carried out) in the foreign investment projects, starting from the date of issuing the licence for such expansions or from the date of commencing production or carrying out the activity, at such expansions, as the case may be.
What is meant by 'expansion' is increase in capital which shall be used for adding new fixed capital assets for achieving increased production capacity for the project or with the intention of manufacturing a new product or extending a new activity or a service.
- Article 9.3 The Minister Supervising the Ministry of Finance shall lay down the necessary controls and procedures to apply the custom duty exemption and its renewal pursuant to the provisions of this Law.
- Article 9 (bis) As an exception to the provisions of para 1 of Article 9 of the Law, the exemption of foreign investment projects registered pursuant to the above-referred Law for the Organization and Encouragement of the Industry, and the renewal of the exemption shall be done pursuant to prevailing rules and bases of the latter law. Foreign investment projects registered pursuant to the above-referred Law for the Organization and Encouragement of the Industry and engaged in export oriented industries may be exempted from custom duties on the raw materials used for the purpose of exporting, pursuant to the rules and bases determined by a decision to be issued by the Minister Supervising the Ministry of Finance in coordination with the Ministry of Commerce and Industry.
- Article 10 The land needed for investment projects may be allocated by usufruct or through rent for a long period.
- Article 11 The investors in the investment projects shall be free to conduct the licenced economic activity and to transfer abroad the imported capital along with the profits accrued from the project.
- Article 12 The said projects may not be confiscated or expropriated unless for the public interest and against equitable compensation.
- Article 13 The above-referred projects can import by themselves or through others; production accessories, material, machinery, spare parts and appropriate means of transport, without the need to register themselves in the register of importers.
The concerned ministry shall determine the projects' requirements of above-mentioned items based on their request.
- Article 14 It may be agreed to refer any dispute between the foreign investment projects and third parties to a local or international arbitration tribunal.
- Article 15 The provisions of the Commercial Companies Law shall be applicable to the above-said joint-companies unless otherwise specifically stated in this Law.
- Article 16 The company violating any provision of this Law shall be notified to rectify such violation within a period not exceeding one month from the notification date. The Minister may thereafter, upon a recommendation from the Foreign Capital Investment Committee, withdraw the licence of the violating company.
- Article 17 Without prejudice to any penalty stated in other laws, any foreigner conducting any business referred to in this Law without licence shall be fined no less than RO 5,000 and no more than RO 10,000. Likewise, any Omani participating with a foreigner in such business without obtaining the required licence shall be fined no less than RO 1,000 and no more than RO 5,000.

**INSTRUCTION FOR ESTABLISHMENT OF OMANI COMPANIES
SUBJECT TO COMMERCIAL COMPANIES LAW AND
FOREIGN BUSINESS AND INVESTMENT LAW**

SULTANATE OF OMAN
MINISTRY OF COMMERCE & INDUSTRY
DIRECTORATE GENERAL OF COMMERCE
DEPARTMENT OF COMPANIES AFFAIRS

It is requested that applicant for Licence to establish a Company as above, should undergo the following procedures :

1. Submit an application duly signed by at least three founders in case of Joint Stock Companies; and by at least two members in case of other types of Companies.
2. Submit a certificate from the Commercial Registration stating that no other Company is registered in Oman under the same proposed commercial name.
3. Prepare the Articles of Association/incorporation of the proposed Company, according to its legal type.
4. If a proposed partner is a Juristic Person, it is a must to submit its articles of association and Certificate of Registration and Power of Attorney to the authorised Managers. In case of a non-Omani Juristic Person, also a brochure of the Company's major projects and last balance sheet (if any) are preferred to be submitted alongwith, duly attested (as well as the former) by the concerned authorities in the country where the head office of the company is located and from the Embassy of Oman there.
5. Capital of the proposed Company should not be less than R.O. 150,000/-.
6. Omani proportion in the capital and share of profit should not be less than 35%. In case of citizens of AGCC states this percentage is dropped to 25% of the capital.
7. Activities and objects of the proposed Company should be limited within one specific field. No foreign participation is allowed in General Trading and Service ventures.
8. The non-Omani partner other than citizens of AGCC states in the proposed Company must be a Juristic Person (company), having an experience of not less than 5 years in the same field of the activity required.
9. Written approvals must be obtained from the appropriate Government Departments concerned with the proposed activities.
10. When the establishment of the Company is approved, the necessary financial recommendations are to be forwarded and steps for registering with the Commercial Registry are to be taken.

Any application incomplete in regard of the above, will not be looked into.

Director of Companies Affairs.

**THE LAW FOR THE ORGANISATION AND
ENCOURAGEMENT OF INDUSTRY OF 1978
PROMULGATED BY ROYAL DECREE NO. 1/79
AND THE AMENDMENTS THERETO OF ROYAL
DECREE NO. 80/89**

ROYAL DECREE 1/79

We, Qaboos bin Said, Sultan of Oman, after reference to Royal Decree 26/75 issuing the law governing the administrative apparatus of the State and amendments thereto, to law 6/74 protecting the developing industries, to Royal Decree 4/74 issuing the law for Foreign Trade and the Investment of Foreign Capital and amendments thereto, and to Royal Decree 17/75 organizing the measures for industrialization and control of industrial installations as well as the ministerial decisions for its implementation, have decreed the following in the public interest:

- Article 1 The provisions of the accompanying law, called "The Law for the Organization and Encouragement of Industry of 1978", shall be applied.
- Article 2 The law for the protection of developing industries 6/74 and all that is in conflict with the provisions of the attached law, such as previously published laws and decrees, shall all be abrogated.
- Article 3 This decree shall be published in the Official Gazette and shall take effect from the date of its publication.

Qaboos bin Said
Sultan of Oman.

4/1/79

THE LAW FOR THE ORGANISATION AND ENCOURAGEMENT OF INDUSTRY OF 1978

CHAPTER ONE INDUSTRIAL INSTALLATIONS AND THEIR PURPOSE

- Article 1 An industrial establishment, for the purposes of this Law, means any project the main purpose of which is to convert raw materials into fully-processed or half-processed products or to convert half-processed products into fully-processed products. This includes mixing, separation, moulding, assembling, packing and wrapping where such operations are carried out mostly by mechanical means.
- Article 2 The provisions of this law shall apply to industrial installations, persons and bodies that own or run such installations in the Sultanate of Oman.

Article 3 A Committee shall be formed at the Ministry of Commerce and Industry known as "the Committee for the Development of Industry" and shall comprise the following:

1. The Undersecretary, Ministry of Commerce and Industry-Chairman.
2. The Director General of Industry-Deputy Chairman.
3. The Director General of Commerce-Member.
4. The Director General of Specifications & Measurements-Member.
5. The Director General of Customs-Member.
6. Executive Director, Rusayl Industrial Estate-Member.
7. Chairman of the Industrial Committee, Oman Chamber of Commerce and Industry-Member.

The Deputy Chairman shall act as the Chairman during the latter's absence and shall undertake other functions and responsibilities to be assigned to him by the Committee.

The Committee may seek the assistance of any of the Government's technical staff or professional experts whom it deems helpful and may invite them to Committee meetings, but they shall not have any voting rights.

A Committee Meeting may be called at the Chairman's request, at least once every three months. The Chairman may call a Committee meeting as necessary.

Unless attended by at least five members including the Chairman or Deputy Chairman the Committee meeting shall not be valid.

Resolutions of the Committee shall be passed by an absolute majority of votes of members attending a meeting. When votes are equal the Chairman shall have the casting vote.

Article 4 The Industrial Development Committee shall be concerned with the development and consolidation of industrial installations in the Sultanate and with the raising of the level of productivity efficiency, particularly in the following:

1. To prepare and study proposals and methods for the development of national industries by steps directed at their protection, organization and encouragement, and to create new industries according

to the framework of the development plan as well as to put forward necessary recommendations in this respect.

2. To propose general policy regarding the organization of foreign investment in national industrial projects on the lines of the law for Foreign Trade and the Investment of Foreign Capital referred to above.
3. To lay down proposals regarding the drawing up of a general policy for privileges, exemptions and facilities to be extended to industrial projects and to define their order of priority and extent of utilization by each of them according to the economic needs of the country and the circumstances for local consumption and exportation, as well as observing the economic and social plan of the country.
4. To look into the complaints submitted by those concerned according to the provisions of this law.
5. To carry out studies and other business assigned to it by the Minister of Commerce and Industry.

CHAPTER TWO INDUSTRIAL LICENSE

Article 5 It is not allowed for industrial installations to be set up or to cause changes to be made in their capacity, size, industrial purposes or locations, unless an industrial license, issued by the Directorate General of Industry in the Ministry of Commerce and Industry, has been obtained.

Article 6 No industrial establishment, the total cost of which exceeds R.O. 50,000 and which carries out activities in essential industries, shall stop or reduce its production without obtaining prior permission from the Directorate General of Industry.

The Minister of Commerce and Industry shall determine which industries are essential industries and thus subject to this article.

In all circumstances industrial establishments, whatsoever their total capital, shall be subject to Decrees, Laws and Decisions concerning municipalities, public health, town planning, conservation of environment and prevention of pollution etc.

Article 7 Application for industrial license shall be submitted to the Ministry of Commerce and Industry accompanied by documents and information asked for by the law and its implementing decisions and regulations.

Article 8 The grant or refusal of a license shall be by a decision from the Directorate General of Industry within two months from the date the application has been forwarded. In case of refusal, the decision shall explain the reasons for that, and if no decision is issued within the above period, the project is considered rejected, unless the Ministry of Commerce and Industry notifies the owner of the project during the above period to furnish it with any other information necessary for the issue of the licence. The applicant concerned may send a complaint against refusal decision to the committee referred to above in article (2) of this law.

Article 9 All conditions according to which a licence is granted must be clearly shown in the licence certificate which shall include the following conditions at least:

- a) Industrial installation's adherence, when in production, to the specifications and measurements defined by the laws and decisions already issued in this respect or in accordance with those assigned to the licensee.
- b) The privileges, exemptions and facilities which are decided to be granted to the industrial installation.
- c) To comply with the regulations laid down by any government body for the purpose of safeguarding security, or public health etc. or with any other building or planning restrictions.

Article 10 The Minister of Commerce and Industry has the right to cancel any industrial licence or withdraw any privileges granted according to this law, in the following circumstances:

- a) If it is proved that the owner of the installation has failed, without any reasonable excuses, to start construction or operations or production, or to carry out the changes allowed within the period of time defined in the licence. The Minister may extend the defined period if a reasonable excuse for that is submitted.
- b) If there is violation of any of the terms mentioned in the industrial licence or of the terms for granting privileges.
- c) If the owner of an industrial installation puts forward inaccurate

details which result in his being granted privileges of exemptions of facilities according to this law. In all the preceding cases, the Minister shall only withdraw some or all of the privileges granted without cancelling the industrial licence.

In all cases, the applicant concerned can submit a complaint against the decision to the Council of Ministers within one month from the date of his being notified.

Article 11 The installation from which the licence or any granted privileges have been withdrawn may apply anew, to obtain the licence or recover the privileges, provided its application for licence satisfies the terms asked for. The new application shall not be submitted before the expiry of a period of six months on the decision of cancellation or withdrawal referred to above.

Article 12 The Minister of Commerce and Industry, by a decision from him, may forbid the setting up of certain industries, if the general policy of the State requires that.

CHAPTER THREE INDUSTRIAL REGISTRATION

Article 13 The Directorate General of Industry shall establish a register for industrial establishments to contain all relevant information about each establishment.

Every owner or manager of an industrial establishment shall apply for register within a period of two months from the date of commencement of commercial production. Registration of commercial establishments shall be renewed every five years from the date of registration and within one month before expiry of the five-year period. The Minister of Commerce and Industry shall determine the registration renewal fees at not more than the fees of the original registration.

The provisions of the above paragraph shall apply to any existing establishment which was registered five years ago or more. An application for renewal of registration shall be submitted within three months from the date of enforcement of this Law. The Minister of Commerce and Industry shall determine which industrial activities are not essential and which shall be excluded from the provision of this Article.

- Article 14 The Directorate General of Industry will issue a registration certificate for industrial installations registered in the industrial register after checking the accuracy of the information filled in the registration application.
- Article 15 In case of total or partial amendment to the details given in the registration application, the owner or director of the industrial installation shall apply for the amendment of the details registered in the industrial register.
- Article 16 The Directorate General of Industry shall periodically check the details in the industrial register and follow up all the industrial installations registered with it. If found necessary, it has the right to rectify the information on a particular installation registered in the register after listening to the statements of its owner or director.
- Article 17 All detail and information concerning industrial installations shall be treated as confidential and shall not be circulated or used, except for purposes exclusively in the public interest, by the authorities concerned.
- Article 18 The industrial installations, registered with the directorate according to the provisions of this law, shall be announced in the Official Gazette or in a periodical in a way appropriate to the Ministry and in the most restricted manner as far as the information is concerned in order to safeguard its confidentiality. Also the amendments made on the details given in the industrial register and the names of those installations asking to be struck off the industrial register shall be announced.

CHAPTER FOUR

ENCOURAGEMENT OF INDUSTRIAL INSTALLATIONS

Article 19

- 1) After consultation with the Committee for the Development of Industry, the Minister of Commerce and Industry may:
 - a) Exempt registered industrial establishments in whole or in part from all existing taxes, or taxes to be imposed in the future, for renewable periods of five years from the date of commencement of production.*

* This Article has been cancelled by Royal Decree No. 125/94 by adding a new Article to the Income Tax on Companies Law issued by Royal Decree No. 47/81.

- b) Exempt export of locally manufactured industrial products from any charges or taxes imposed thereon.
 - c) Give, within the allotted budgetary limits, financial incentives to the exporters of locally produced industrial products.
 - d) Impose or increase, as per Royal Decree No. 17/78, customs tariffs on imports of goods similar to local products, or prohibit or restrict their importation, subject to the sufficiency of local production in terms of quantity, quality and the consumer's interests.**
 - e) Agree with the concerned authorities to reduce, within the allotted budgetary limits, the rates of electricity, water and fuel for industrial establishments which are subject to the provisions of this Law.
2. Industrial establishments licensed or registered in whole or in part shall be exempted from customs duties on the following imports:
- a) Machinery, equipment and spare parts required during periods of establishment, expansion, replacement or modernization of technology after obtaining the relevant industrial licence;
 - b) Raw materials and half-processed goods required by an establishment for production purposes, for five years after commercial registration. The Minister of Commerce and Industry, at the recommendation of the Directorate General of Industry, may extend this exemption for further periods.

The Directorate General of Industry shall determine those industrial imports to be exempted from customs duties as per the general principles and policies proposed by the Committee for the Development of Industry.

The Directorate General of Industry shall submit to the Directorate General of Customs lists of machinery, equipment, spare parts, raw material and half-processed goods to be exempted from duties as well as imported goods similar to local products which are to be protected.

Article 20 Preference shall be given while granting government plots, to industrial installations according to the law and regulations issued in this respect. The bodies with such Plots of land will arrange for their allocation and contracting out at the recommendation of the Ministry of Commerce and Industry and within the limits of the area and location

** This Article has been cancelled by Royal Decree No. 92/94 amending some provisions of the Customs Law No. 22/78.

determined by the permission granted to the installation.

- Article 21 Preference shall be given when purchasing for the government, to local products which conform with the provisions of this law, provided that such local products satisfy the standard specifications in terms of excellence and quality, also including a price preference in the region of 10% at the most.
- Article 22 All the government bodies concerned shall, within the limits of their resources, facilitate and simplify the arrangements necessary to expedite the establishment of new industries, particularly the following:
- To provide facilities and services necessary for such industries.
 - Arrangement for contracting out and handing over government plots of land to such industries.
 - Immigration arrangements such as entry visas and residence and work permits.
- Article 23 According to the recommendation of the industrial development Committee, the Ministry of Commerce and Industry may advise banks and government bodies available in the country to participate in all or part of the costs of carrying out economical and technical feasibility studies of industries of importance to national economy.
- Article 24 The Ministry of Commerce and Industry shall work in cooperation with industrial installations in setting up of displays of Omani industry both within and outside the country, also taking part in international industrial fairs for the purpose of encouraging and promoting the products of national industries.
- Article 25 The Ministry of Commerce and Industry shall advise investors of the opportunities available for investment and of the possibility of setting up industries required for the Sultanate and the effecting factors. This it has to do by means of publishing the necessary industrial facts and information.
- Article 26 Applicants for any of the privileges stipulated in this law shall apply to the Ministry of Commerce and Industry according to the executive regulations issued by the Ministry from time to time. The application shall include the following undertakings:
- a) The applicant does not misuse any of the privileges granted.
 - b) He shall start and continue the activities for which privileges have

been granted according to the terms decided by the Ministry.

- c) He shall take all the necessary steps to guarantee demand for the products of operations or services protected in the Sultanate.
- d) He shall ensure that the protected products or operations or services comply with the measurements and specifications determined by the government bodies concerned from time to time.
- e) He shall not sell, relinquish or permit to use or transfer privileges to another person in any form without first obtaining the prior written approval of the Ministry of Commerce and Industry.
- f) He shall comply with other obligations and commitments imposed by the regulations in force in the Sultanate.

Article 27 The Minister of Commerce and Industry shall not grant privileges or impose restrictions other than those mentioned in this law or any other rules and regulations currently in force in the Sultanate.

CHAPTER FIVE

RESPONSIBILITIES OF INDUSTRIAL INSTALLATIONS

Article 28 Every industrial installation shall allow the staff of the ministry or of other bodies concerned, who have been appointed by a decision issued by the Ministry of Commerce and Industry, to enter the installation to check its records, accounts and documents or to supervise its records, accounts and documents or to supervise its production operations, making sure that they are carried out according to the planned specifications and measurements. They should also ensure that the exemptions and privileges granted to the installation according to the provisions of this law are correctly used. They can inspect the installation's premises at all convenient and reasonable times.

Article 29 Any industrial installation that has imported materials exempted from customs duties according to the provisions of this law, shall maintain a record of such imported materials in accordance with the specimen prepared by the Ministry of Commerce and Industry.

The industrial installation shall not use any of such imported materials for purpose other than those for which they have been imported. In

the event of infringement, the originally fixed customs duties shall be charged without prejudice to any of the punishments imposed by regulations of the Sultanate.

Article 30 The number of Omani workers in any industrial installation shall not be less than 25% of the total workforce, and the Minister of Commerce and Industry may exempt the installation from observing this rule or reduce the percentage referred to above if there are not sufficient Omanis.

Article 31 Industrial installations shall participate together with the State in all its general programmes for vocational training or industrial studies and research and productivity sufficiency. According to the recommendation of the Industrial Development Committee, the Minister of Commerce and Industry will issue a decision defining the industrial installations subject to the provisions of this article, whatever the number of their workers and methods of participation.

Article 32 Every industrial installation subject to the provisions of this law shall furnish the Ministry of Commerce and Industry with the following:

- a) Periodic and annual reports and statements explaining how the industry has benefitted from the exemptions granted and to what extent it has developed together with its costs and production elements according to the specimen prepared by the ministry in this respect.
- b) Balance sheet and final accounts for each fiscal year. The Balance sheet shall be attested by a chartered accountant authorized to pursue his profession in the Sultanate.

Article 33 Without prejudice to the provisions of article (6) of this law, the Ministry of Commerce and Industry shall, in the event of the installation being wholly or partially sold or rented or disposed of or relinquished in whatever form, or in the event of the operations being totally or partially suspended, be informed within a month from the date of such disposal or suspension, giving the reasons for that. The person to whom the installation is handed over either wholly or partially shall apply for the endorsement of such disposal in the industrial register within a month from the date of disposal, according to the forgoing.

CHAPTER SIX

PUNISHMENTS AND GENERAL PROVISIONS

- Article 34 Without prejudice to any harsher punishment stipulated in any other laws, the following shall apply:
- a) A fine of not less than R.O. 200, but not exceeding R.O. 1000 shall be imposed, in addition to the closure of installation for the violation of provisions of Article (5) of this law. Anyone violating the provisions of article (13) of this law shall be charged a fine of not less than R.O. 100 but not more than R.O. 500.
 - b) Anyone who deliberately or knowingly submits inaccurate information for registration in the industrial register shall be charged a fine of R.O. 100 to 500 or imprisonment for one to six months or both the punishments.
- Article 35 The following shall apply in the event of violation of the obligations stipulated in article (26):
- a) Temporarily or permanently depriving the installation of all or some of the privileges granted.
 - b) Imposition of punishments the Ministry of Commerce and Industry finds fit within the limits of the provisions of the preceeding article.
- Article 36 The owner, or whoever is responsible for the running of any industrial installation that practises adulteration in the quality of its products or produces materials contrary to the methods of measurements and specifications set for production, shall be fined the equivalent of the benefits earned out of adulteration, plus R.O. 5000. In the event of repetition, the fine shall be doubled, in addition to the closure of the installation for not more than one month, and if the offence is repeated for the third time then the industrial installation shall be ordered to close down and its licence finally withdrawn.
- Article 37 Anyone using materials or goods exempt from customs duties in contradiction to the provisions of article (29) of this law shall be liable to the punishments mentioned in the preceeding article: this in addition to a fine not exceeding three times the customs duties imposed on such materials or goods.
- Article 38 Any other infringement of the provisions of this law or its executive

regulations for which no specific punishment has been stipulated, shall authorize the Minister of Commerce and Industry, on the recommendation of the Industrial Development committee, to to deprive the installation of all or some of the privileges specified in this law, after having warned the installation of the occurrence of such infringements.

In all cases, the decision calling for deprivation may be reconsidered if the installation concerned refrains from violating any of the rules.

- Article 39 Any employee, entrusted with the task of implementing this law, discloses secrets or any statements submitted on industrial installations in accordance with the provisions of this law, shall be liable to disciplinary punishments specified in the Civil Service law, in addition to any other punishment stipulated by the penal laws.
- Article 40 The Ministry of Commerce and Industry will propose rules and issue regulations pertaining to the organization of industrial ownership rights and the setting up and running of industrial zones.
- Article 41 All government bodies concerned are to implement this law each within the sphere of their jurisdictions.

INCENTIVES AND SUPPORT PROVIDED TO INDUSTRY

The Ministry of Commerce & Industry provides the following incentives to local industry :

1. Interest - free loans by Government under Royal Decree 83/80 concerning the financial support to the private sector in agriculture, fisheries, industry, mining and quarrying, and Royal Decree 40/87 of the financial support to the private sector in Industry and Tourism. 61 interest-free loans totalling approximately RO 21 million were provided to 58 industrial firms from the beginning of the Second Five Year Plan till June 1988.
2. Low interest rate loans to industrial firms offered by Oman Development Bank.
3. Exemption from customs duties on imports of equipment and raw materials required for production purposes.
4. Tariff protection through imposition or increase of customs duties on imported goods similar to local products or to prohibit or restrict their importation, taking into consideration the quality and quantity of local production and the interest of the consumer. From January 1979 till June 1988 twelve types of imported products were subjected to tariff protection. The list of products currently under protection includes some types of pipes, cement, cement products, paints, polyurethane products, corrugated carton, vegetable oil, detergents and chainlink fencing.
5. Exemption from income tax for a period of five years which can be renewed for another period of five years starting from the date of permission of registration of production commencement.
6. Planned and serviced industrial plots for setting up factories.
7. Recommendation to the Ministry of Electricity and Water for the reduction of charges for industrial purposes for those industries fulfilling the conditions for reduction.
8. Survey of industrial investment opportunities and preparation of feasibility studies important to national economy.

ROYAL DECREE NO. 90/96
AMENDING SOME PROVISIONS OF THE FOREIGN CAPITAL
INVESTMENT LAW ISSUED BY ROYAL DECREE NO. 102/94

We Qaboos bin Said, Sultan of Oman

After perusing the Royal Decree No. 26/75 issuing the State Administrative Machinery Organisation Law and the amendments thereto.

The Royal Decree No. 1/79 issuing the Law of Organising and Encouraging Industry and the amendments thereto,

The Royal Decree No. 47/81 issuing the Law of Income Tax on Companies and the amendments thereto,

The Royal Decree No. 102/94 issuing the Foreign Capital Investment Law, and as necessitated by the public interest,

have decreed the following

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| Article 1 | The attached amendments shall be effected on the above-referred Foreign Capital Investment Law issued by Royal Decree No. 102/94. |
| Article 2 | Companies already exempted from income tax pursuant to Articles 8 and 9 of the above-referred Foreign Capital Investment Law shall remain exempted till the period specified for the legal exemption, without prejudice to the provisions of the second paragraph of Article 2 of the above-referred Royal Decree No. 102/94. |
| Article 3 | All that infringes this Decree or contradicts with its provisions shall stand cancelled. |
| Article 4 | This Decree shall be published in the Official Gazette and shall come into force effective the date of its publication, except the amendment mentioned in Para 4 of Article 8 of the Law, the provision of which shall be applied on the net loss incurred starting the 1996 tax year which commences on January 1, 1996. |

Qaboos bin Said
Sultan of Oman

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