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SWITZERLAND GLOBAL ENTERPRISE

Oman

Legal Provisions

Compiled by:

Swiss Business Hub Middle East

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GENERAL REMARKS

The document provides an overview of trade-related legal provisions and regulations relevant for Swiss companies operating in Oman. It highlights the role of the Public Authority for Investment Promotion and Export Development (ITHRAA) as a "one-stop shop" for foreign investors.

CONTENTS

CUSTOMS LAW AND DUTIES

Oman, as part of the Gulf Cooperation Council (GCC), implemented a customs union in 2003, imposing a 5% duty on most imports, with exceptions for certain goods like food and medicines.

The Free Trade Agreement (FTA) between the EFTA (including Switzerland) and the GCC, signed in 2009 and effective since 2014, aims to promote trade by removing tariffs and non-tariff barriers. Under the FTA, over 95% of trade in industrial products between the two regions is duty-free, hence providing customs duty exemptions. The FTA also includes provisions on intellectual property rights, competition, government procurement, and sustainable development as well as a dispute settlement mechanism that allows parties to resolve disputes through consultations and, if necessary, through an arbitration process.

Oman has introduced value added tax (VAT) at a rate of 5% pursuant to the provisions of Sultani Decree 121/2020 on goods and services. The details relating to the implementing of the VAT are set out in the implementing regulations of the VAT Law, which was issued by decision number 53/2021.

IMPORT REGULATIONS / NON-TARIFF RESTRICTIONS

Import procedures are managed by the Directorate General of Customs under the Royal Oman Police. The Common Customs Law of the GCC States of 2003 provides the following types of import regimes:

- Release for free circulation
- Transit
- Temporary Admission
- Importation into a free zone

Only companies registered with the Ministry of Commerce, Industry, and Investment Promotion (MOCIIP) and members of the Oman Chamber of Commerce and Industry (OCCI) are allowed to import goods into the Sultanate of Oman.

Oman utilizes a computerized customs declaration system known as the Bayan system, which facilitates the electronic submission of import, export, and transit-related documents. This system streamlines the customs clearance process and integrates with various government agencies to provide a one-stop service for trading communities and stakeholders. While it is common for local agents or representatives to handle customs clearance, foreign companies can also appoint authorized representatives to manage this process. The requirement for Omani nationals to submit documents is not a strict rule but rather a practice that ensures compliance with local regulations and facilitates smoother operations

Import procedures in the Sultanate of Oman follow standard international practice with no quantitative or price restrictions for importers. Importation of certain categories of goods, such as livestock, alcohol, poultry and their respective products, firearms, explosives, and narcotics, requires a special license issued by various governmental authorities. The importation of plants, plant products, animals, and animal products require prior permission from the Ministry of Agriculture, Fisheries, and Water Resources. Phytosanitary and veterinary certificates, as appropriate, are required, and goods will be inspected and released upon approval by Ministry of Agriculture authorities. All imported meats require a health certificate issued by the country of export and a “Halal” slaughter certificate issued by an approved Islamic center in that country. For cultural reasons, Oman restricts the importation of alcoholic beverages and pork products and applies high duties

The Royal Oman Police, The Directorate General of Customs website provides further information related to customs & custom duties: www.customs.gov.om

PRODUCT REGISTRATION AND TECHNICAL STANDARDS

The Directorate General of Specifications and Measurements of the Ministry of Commerce and Industry is the government entity in charge of establishing and reviewing the Omani standards. A manufacturer declaration is required to assure conformity to Omani/GCC standards. In cases of nonconformity to current standards, a letter should be addressed to the Directorate General of Specifications and Measurements with authenticated results of laboratory testing.

Although member of the Technical Barriers to Trade Agreement and the WTO; Oman implements mainly the Gulf Standards Organization (GSO) standards. But American standards are also recognized. Through the GSO, Oman is working toward unifying its standards and conformity assessment systems with those of the GCC Customs Union. Therefore, most Omani standards are either GSO standards or some international standards organization ones. GSO is currently developing a regional conformity assessment scheme that could be adopted by each of the six GCC Member States.

Oman follows GCC labelling standards. Food labels must include product and brand names, production and expiry dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of ingredients in descending order of importance. All fats and oils used as ingredients must be specifically identified on the label. Labels must be in Arabic only or Arabic/English. The manufacturer must print production and expiry dates on the original label or container; dates cannot be added to the package via a sticker. Swiss exporters should work closely with their partners/importers to ensure compliance with local shelf-life requirements.

As far as standards are concerned in metrology, calibration, making and identification of commodities and products, the competent organisation to formulate national standards is the Directorate General for Specifications and Measurements (DGSM), which operates under the Ministry of Commerce and Industry.

CURRENCY REGULATIONS AND OTHER TRANSFER RESTRICTIONS

The Omani currency is the Omani rial, abbreviated RO. The rial is divided into 1,000 baizas. Since 1986, the exchange rate of the rial against the US dollar has been fixed at RO 1 = USD 2.60.

The Omani rial is freely convertible. There are practically no currency exchange restrictions or controls in any form on inward or outward investment or on repatriation of capital and profits, either by nationals or expatriates in Oman. Exchange for payments abroad may be obtained freely, and there are no taxes or subsidies on purchases or sales of foreign currency.

However, the following commercial bank transactions require prior approval from the central bank:

- Declarations of dividends by locally incorporated banks; and
- Remittances by foreign bank branches to their head offices of any surpluses from the previous year’s profits

COMMERCIAL REGISTER AND OTHER SOURCES OF COMPANY INFORMATION

The Oman Business Platform provides e-services for setting up and managing companies, minimizing paperwork and costs. It is a joint effort of several government entities to provide entrepreneurs, prospective investors and businesses a single point of entry to use high quality online-services and to conduct official procedures with the whole Government of Sultanate of Oman and minimize the need to visit different Government entities on separate occasions.

The platform includes also the service to search the commercial registrations' information in Oman. It is available for public. From the search result, the user can view details of the commercial registration.

https://www.business.gov.om/ieasy/wp/en/

LEGAL FORMS OF COMPANIES

Under Oman's Foreign Capital Investment Law (FCIL), enacted by Royal Decree No. 50/2019, foreign investors are permitted to establish a branch office, incorporate a local company, form a consultancy, or appoint a commercial agent. The FCIL allows 100% foreign ownership in most sectors, replacing the previous requirement for local ownership. However, companies with full foreign ownership must employ at least one Omani national within the first year of operation and register them with the Social Protection Fund.

The most common legal form for foreign investors is the Limited Liability Company (LLC), which requires a minimum of two shareholders. While 100% ownership is permitted, some sectors remain restricted under a "negative list" and may require local participation or special approvals. In practice, foreign investors may still choose to partner with a local entity for commercial or strategic reasons. In such cases, a joint venture agreement is recommended to supplement the standard constitutional documents (e.g., Articles of Association), which often do not address key issues relevant to foreign investors.

Other legal forms available include Closed Joint Stock Companies (SAOC) for medium to large enterprises, Public Joint Stock Companies (SAOG) for publicly traded ventures, Holding Companies, and Branches of foreign companies—the latter typically tied to government contracts. Free Zones such as Duqm, Sohar, and Salalah offer 100% ownership, tax exemptions, and relaxed labor laws, making them attractive for export-oriented businesses.

Company registration is overseen by the Ministry of Commerce, Industry, and Investment Promotion (MoCIIP), which has streamlined procedures through digital platforms, such as the Oman Business Platform. Despite this 'one-stop shop' for government clearances, the approval process for establishing a business can be slow.

In addition to the above, suppliers from countries like Switzerland may be able to supply products from abroad without having a presence in Oman if there is a distributor or a customer that they deal with. They may also provide services online subject to any withholding tax requirements that will need to be observed by the customer based in Oman.

REGULATIONS GOVERNING SALES AGENTS AND COMMERCIAL REPRESENTATIVES

Foreign companies seeking to distribute their products in Oman often appoint a local agent to facilitate access to government procurement channels. While government entities may purchase directly from suppliers, it remains challenging for foreign firms to engage in government sales without an Omani intermediary. In addition, importers and distributors are commonly used in the retail food sector. As in other Gulf Cooperation Council (GCC) countries, cultivating strong personal relationships is essential for successful trade. Therefore, Swiss companies are advised to conduct in-person meetings with potential agents before formalizing any agreements.

Prior to drafting an agency agreement, it is recommended to consult with a local legal advisor. Agency and distribution agreements are typically written in English. Any Arabic version should be reviewed through an independent certified translation before signing. Key clauses should clearly define responsibilities, performance expectations, duration, and termination conditions. Swiss companies may engage a local law firm for this purpose. Upon request, the Embassy of Switzerland in Muscat and the Swiss Business Hub Middle East can provide a list of recommended legal professionals.

Swiss companies should be aware that, under Omani law, a manufacturer or supplier cannot unilaterally terminate an agency agreement unless there is a justifiable breach by the agent. Consequently, entering into an exclusive agency arrangement is generally discouraged. All agency agreements must be registered with the Ministry of Commerce, Industry and Investment Promotion (MoCIIP), and agents must be listed in the Registrar of Agents and Commercial Agencies.

The legal framework governing agency relationships is set out in the Commercial Agencies Law (Sultani Decree 26/1977), which has undergone significant amendments since 2014. These changes have reduced many of the statutory protections previously afforded to registered agents, including rights to exclusivity and compensation upon non-renewal. Notably, agents no longer have a statutory right to damages for lost commissions or profits from direct sales by foreign principals. The Ministry no longer has the authority to block imports following termination of an agency agreement. However, care should still be taken regarding automatic renewals and contractual obligations.

Distribution

Distribution in Oman is not specifically regulated beyond general commercial and investment laws. However, any foreign company that engages in activities beyond the mere import of goods—such as managing a distribution network or conducting sales—must be licensed and registered with the Ministry of Commerce, Industry and Investment Promotion (MoCIIP). This includes establishing a legal presence in Oman, either through a local entity or a registered branch.

Commercial Representation

Representative offices in Oman are permitted solely for promotional activities. They may introduce and market the products or services of their parent companies but are strictly prohibited from engaging in commercial transactions such as selling, importing, or exporting goods. Consequently, they cannot generate revenue locally and are not subject to corporate income tax in Oman.

The establishment and operation of representative offices are governed by Ministerial Decision No. 146/2021, issued under the Commercial Companies Law (Royal Decree 18/2019). Article 5 of these regulations outlines the permitted activities of commercial representative offices, which include:

1. **Promotional Activities:** Contacting clients to introduce and market the products or services of the foreign company.
2. **Procurement Support:** Liaising with exporters and suppliers of raw, manufactured, or semi-manufactured materials needed by the foreign company, and facilitating their access.
3. **Market Feedback:** Communicating feedback from local companies regarding the foreign company's products or services and assisting in resolving distribution-related challenges.

ENTRY CONDITIONS FOR STAFF PERFORMING MAINTENANCE OR REPAIR SERVICES

Foreign staff entering Oman to perform short-term maintenance or repair services must obtain an appropriate visa prior to arrival. As of 2025, Oman has streamlined its visa categories, replacing traditional tourist and business visas with a unified single-entry visit visa. For short-term professional engagements, such as maintenance or technical repair work, companies may apply for a temporary work visa, which is valid for up to nine months and is non-renewable. This visa is designed specifically for project-based roles, seasonal jobs, or consultancy assignments, and must be sponsored by a locally registered Omani entity.

For longer-term or recurring visits, a multi-entry business visa may be requested by a local sponsor. This visa allows multiple entries over a period of six months to one year and is issued under the sponsor's responsibility. Renewal of such visas is subject to conditions including prior visits under commercial or urgent visas, presence in Oman during application, and biometric registration.

To take up employment or residence in Oman, foreign nationals (excluding GCC citizens) must be sponsored by a local company. Work visas are typically valid for two years and are renewable, provided the employer complies with Omanization quotas and labor market tests.

In addition to traditional visa routes, Oman has introduced a Golden Visa program in 2025, offering 5- and 10-year renewable residency permits without the need for a local sponsor. This program targets investors, entrepreneurs, and highly skilled professionals. Eligibility includes investment in real estate (minimum OMR 250,000), business ownership, or exceptional talent in fields such as healthcare, education, and technology. Golden Visa holders benefit from full business ownership rights, family sponsorship, and streamlined digital application processes via the Invest Oman platform.

For further information related to entry visa to Oman visit: https://www.fm.gov.om/visitors/entry-visas/

PROTECTION OF INTELLECTUAL PROPERTY

Oman acceded to the World Trade Organization (WTO) in 2000 and is a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The Sultanate has developed a robust legal framework for intellectual property (IP) protection, aligning with international standards.

Legal Framework

- Royal Decree No. 67/2008 promulgated the Law of Industrial Property Rights, which governs the protection and registration of trademarks, patents, industrial designs, topographic designs, and inventions.
- Ministerial Decision No. 105/2008 issued the Executive Regulations for implementing the Industrial Property Rights Law.
- Royal Decree No. 65/2008 governs Copyrights and Neighboring Rights, providing protection for literary, artistic, and scientific works.

The Ministry of Commerce, Industry, and Investment Promotion (MOCIIP) oversees IP registration and enforcement through the National Intellectual Property Office.

Upon registration of industrial property rights, the owner gets full protection of the law and exclusive rights. Trademarks must be registered and noted in the Official Gazette through the Ministry of Commerce and Industry. Local law firms can assist companies with the registration of trademarks.

A good local partner is an important ally in protecting IP rights. Thus, before signing any partnership agreements, it is always advisable to conduct due diligence on the selected partner.

1. Patents

Definition and legal requirements: An invention is patentable in Oman if it:

A) Is new.
B) Involves an inventive step; and
C) Is industrially applicable.

Registration: The inventor or their agent must submit the patent application to Department of Agencies and Intellectual Property.

Enforcement and remedies: Patent holders may:

- File lawsuits within five years of discovering infringement,
- Seek compensation and account of profits,
- Courts may impose fines (OMR 2,000–10,000) and imprisonment (3 months–3 years),
- In exceptional cases, courts may order destruction of infringing goods or production tools.

Duration: Patent protection lasts 20 years from the filing date.

2. Trademarks

Definition and legal requirements: A trademark can consist of any sign susceptible to being specifically represented graphically that is capable of distinguishing goods or services of one undertaking from those of another.

Registration: Trademarks must be registered with MOCIIP and published in the Official Gazette. Recent reforms require mandatory registration of .om domain names linked to trademarks by early 2026.

Enforcement and remedies: same as for patents (see above, Patents).

Duration: Protection lasts 10 years and is renewable indefinitely.

3. Industrial designs

Definition: Industrial designs are defined as any composition of lines or colours or any three-dimensional form, whether or not associated with lines or colours, where that composition or form gives a special appearance to and serves as a pattern for a product of industry or handicraft, and appeals to and is judged by the eye.

Registration: Handled by the Department of Agencies and Intellectual Property.

Enforcement and remedies: same as for patents (see above, Patents).

Duration: Protection ranges from 5 to 15 years, depending on the type and renewal status.

4. Unregistered designs

Unregistered designs do not receive legal protection in Oman.

5. Copyright

Legal basis: Copyright is governed by Royal Decree No. 65/2008 and arises automatically upon creation of a work.

- Scope of Protection: Includes:
- Literary, artistic, and scientific works,
- Software and databases,
- Audio-visual works,
- Architectural and photographic works.

Registration: While copyright arises automatically, registration is strongly recommended for enforcement. Foreign works must be registered with MOCIIP to ensure protection.

Enforcement and remedies: same as for patents (see above, *Patents*).

Duration: Protection lasts for the life of the author plus 70 years. Some rights (e.g., sound recordings) may last 95 years from creation.

PROCEDURES FOR COLLECTING PAYMENT

It is important to note that Omani import regulations do not mandate specific credit terms, nor do they impose minimum or maximum durations for payment. This allows flexibility in negotiating terms between the exporter and importer.

Billing from Switzerland can be conducted in multiple currencies, such as Euro (EUR) or US Dollar (USD).

Swiss exporters are strongly advised to request payment from Omani clients either through a confirmed irrevocable L/C or advance payment, as these methods offer the highest level of security and minimize exposure to payment default. Payments can be made via bank transfers, online payment platforms, or credit cards, depending on the arrangement between the parties.

However, cheques issued by foreign entities—especially those drawn on banks outside Oman—are generally not accepted by commercial banks in Oman. The Central Bank of Oman has implemented strict regulations regarding bounced cheques and maintains a warning list of defaulters. As such, cheques should be avoided as a method of payment when dealing with Omani clients.

COMMERCIAL CONTRACTS AND RESOLVING DISPUTES

Under the Oman Civil Transactions Law, promulgated by Sultani Decree 29/2013, parties to commercial contracts have the freedom to choose the governing law and the forum for dispute resolution, including foreign courts or arbitration. This contractual autonomy is subject to public policy and mandatory provisions of Omani law.

Arbitration as a Dispute Resolution Mechanism

Parties may opt for arbitration, with the seat either in Oman or abroad. Arbitration is governed by the Law of Arbitration in Civil and Commercial Disputes, issued under Sultani Decree 47/1997, which is based on the UNCITRAL Model Law. Arbitration is considered "commercial" if the dispute arises from an economic activity, and "international" if it involves cross-border elements such as parties from different jurisdictions or foreign arbitration institutions.

Switzerland is often chosen as a neutral seat of arbitration, especially in contracts involving Swiss companies.

Judicial System and Court Jurisdiction

Oman’s judiciary is independent and structured into:

- Primary Courts (single judge for claims < OMR 70,000; three judges for higher-value claims),
- Appellate Courts, and
- The Supreme Court.

Commercial disputes are handled by the Commercial Circuit, which also hears labour and tax cases. All proceedings are conducted in Arabic, and foreign entities must appoint Omani lawyers with properly attested powers of attorney.

Judgments can be appealed, and cases may be reopened only if new evidence or procedural irregularities (e.g., forgery) are discovered. Omani court decisions are not published and do not set precedent.

Recognition and Enforcement of Foreign Judgments and Arbitral Awards

Oman recognizes and enforces foreign court judgments and foreign arbitral awards under the following conditions:

- The judgment or award is issued by a competent authority under international jurisdiction rules and is final, not obtained through fraud.
- The parties were properly summoned and represented.
- The judgment or award does not conflict with a prior Omani judgment and does not violate public policy or morality.
- The issuing country must reciprocally recognize Omani judgments.

For arbitral awards, additional conditions include:

- The subject matter must be arbitrable under Omani law.
- The award must be enforceable in the country of origin.
- The award must not violate Omani public order, which includes moral, religious, and economic foundations.

Oman is a signatory to the New York Convention (1958) and the ICSID Convention, reinforcing its commitment to international arbitration and investment dispute resolution.

Alternative Dispute Resolution

For low-value disputes, parties may first approach the Dispute and Settlement Department at the court for amicable resolution. Failing that, the case proceeds to litigation.

Oman has established the Oman Commercial Arbitration Centre (OCAC) under Sultani Decree 26/2018, supervised by the Oman Chamber of Commerce and Industry. The Centre provides a direct and specialized forum for resolving commercial disputes, including those involving foreign investors.

Oman is also a member of the GCC Arbitration Centre, offering regional arbitration options.

Important Considerations for Swiss Companies

Before entering into a transaction with an Omani party, Swiss companies should consider:

- Whether to resolve disputes via Omani courts or foreign courts/arbitration.
- The type of tribunal (e.g., commercial court, arbitration centre).
- The enforceability of judgments and awards in both Oman and Switzerland.

It is crucial to verify whether reciprocal enforcement treaties exist between Oman and the foreign jurisdiction before initiating proceedings abroad.

OVERVIEW OF PUBLIC PROCUREMENT SYSTEM

Public procurement in Oman is regulated by decision number 142/2023, which outlines detailed procedures for tendering and contract management. This decision was issued pursuant to the Tender Law (Sultani Decree No. 36/2008), Sultani Decree No. 84/2020 regarding the General Secretariat at the Tender Board, and the executive regulations of the Tender Law (Resolution No. 29/2010).

In November 2024, Oman issued a new Legal Framework for state contracts and financial commitments (Sultani Decree No. 59/2024). This decree establishes the System for Signing Contracts and Financial Commitments of the State, introducing a modernized and comprehensive framework for financial contracting by Oman's state administrative units and public legal entities. The new system governs agreements that impose financial burdens on the state treasury, covering contracts with foreign governments, international organizations, private entities (Omani or foreign), and others. It emphasizes transparency, accountability, and adherence to fiscal appropriations.

Annual Planning and Submission

Each governmental unit must prepare an annual plan for the expected purchase categories and submit it to the General Secretariat before December 31 of each year. The governmental unit needs to provide the General Secretariat with all data, information, contracts, and purchase orders that are valid and ongoing for the purchase categories as determined by the General Secretariat.

Tender Strategy and Pre-Qualification

The directorate of public procurements at the General Secretariat reviews the annual plans for various purchase categories from different governmental bodies to identify similarities. If similarities are found, they will be merged into an initial plan within 21 days from the completion of the first analysis.

In relation to the tender strategy, the directorate for public procurement liaises with relevant governmental bodies and the directorate of local content at the General Secretariat during the pre-qualification stage to screen bidders before issuing the tender. The pre-qualification mechanism and screening system are part of the tender strategy. The directorate for public procurement determines the mechanism for submitting bids based on the value of the tender, its nature, and the level of confidentiality. Bids can be submitted as one technical and financial bid or two separate technical and financial bids. The tender strategy is then submitted to the technical committee for approval, and the relevant authority and the general directorate of local content are provided with the approved strategy.

Instructions for Bidders and Tender Documents

The relevant governmental body prepares instructions for bidders in accordance with the forms prepared by the General Secretariat, including local content requirements approved by the general directorate and the directorate of local content. The scope of work and required technical details are approved in coordination with the directorate to be included in the tender documents.

Issuing and Opening Tenders

The directorate follows procedures for issuing tenders related to framework contracts or procurement categories. Before opening the bids, the directorate verifies that the terms and instructions for submitting bids are met. Bids are opened through the electronic tendering platform in accordance with the provisions of the Tender Law and its implementing regulations and referred to the relevant authority for analysis and further consideration.

Analysis and Evaluation

The relevant governmental body conducts the technical analysis of the bid, while the general directorate of local content in the General Secretariat analyzes items related to local content based on approved standards. The directorate for public procurement conducts the financial analysis of the tenders, and the general directorate of local content conducts the financial analysis of items related to local content based on approved financial evaluation criteria.

Decision Making

The directorate for public procurement submits the results of the evaluation and financial analysis to the Technical Committee, which presents them to the Council to take the appropriate decision.

SOURCES OF INFORMATION AND REFERENCES

MEED www.meed.com

NOOZZ www.noozz.com

Deloitte www.deloitte.com

Oman Broadband Contest www.oman.om

Al Tamimi & Company www.tamimi.com

Economist Intelligence Unit www.eiu.com

ITHRAA www.ithraa.om

Oman eGovernment Services Portal www.oman.om

DLA-PIPER www.dlapiper.com

Note: Due care and diligence have been taken to ensure the highest accuracy and quality for the production of this report, however S-GE and its partners decline any responsibility for decisions taken based on the findings of this report.

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Author: Swiss Business Hub Middle East

C/o Consulate General of Switzerland

P.O. Box 9300

Dubai, United Arab Emirates

Tel. +971 4 254 5482

Fax +971 4 331 3679

sbhdubai@eda.admin.ch

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