

BSA

AL RASHDI & AL BARWANI  
Advocates & Legal Consultants

INTRODUCTION TO THE FIRM

&

GUIDANCE ON DOING  
BUSINESS IN OMAN

## INTRODUCTION

# ABOUT BSA

BSA is a regional law firm in the Middle East with 9 offices across 5 countries. Our diverse team of 150 lawyers are from 35 different cultural backgrounds and can speak 22 languages.

We are market leaders in new and evolving sectors, partnering with our clients towards a sustainable, progressive future. More than just a law firm, we pride ourselves on being connective: sparking collaboration, creating synergy, driving change.

Established for 20 years, we are expanding organically, nourishing our talent and investing in our people.

### What makes us different?

Our client care: we are trusted counsellors who provide flexibility, strength of expertise, dynamic fee structures and a focus on personal relationships. Our clients appreciate that they will receive clear advice with strategic recommendations including any potential risks, directly contributing to the success of their latest challenge.

We apply this ethos to everything we do. From working with grassroots startups to multinational corporations, from pro bono legal clinics to our employee programmes - we understand the importance of a holistic approach.



BSA

LOCATION

# Our Offices

## Lebanon

**Hibat Al Maarad Bldg,**  
Beirut Central District, Lebanon  
T. +961 1 99 2450

## Iraq

**Office No.5**  
Erbil, Kurdistan, Iraq  
T. +964 66 278 5339

## Saudi Arabia

**Office 501**  
Riyadh, Saudi Arabia  
+966 57 186 0000

## UAE

**DIFC**  
United Arab Emirates  
T. +971 4 528 5555

**Abu Dhabi**  
United Arab Emirates  
T. +971 2 644 4474

**Ras al Khaimah**  
United Arab Emirates  
T. +971 7 2273106

**Sharjah**  
United Arab Emirates  
T. +971 6 5754222

## Oman

**Office 510**  
Muscat, Oman  
T. +968 2 421 8555

## AN AWARD-WINNING TEAM

# Partnering with you

We are a team of legal experts who fully understand all aspects of doing business in the Middle East. Our vision is to create a 'trusted-adviser' service of real, tangible value to you.

This presentation includes the details of our experience and sectors we cater as a firm, as well the services that we can offer as well in light of the scope we have discussed.



### Services

- Corporate & M&A
- Banking & Finance
- Dispute Resolution: Litigation & Arbitration
- Regulatory & Compliance
- Cyber
- Intellectual Property
- Employment



### Industries

- Real Estate
- Construction
- Technology & Innovation
- Retail & Luxury Brands
- Life Sciences & Healthcare
- Energy
- Financial Institutions
- Insurance
- International Trade & Maritime
- Media & Communications
- Diversified Industrials

# OMAN AS AN INVESTMENT DESTINATION

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- At crossroads of the Arabian Peninsula, East Africa, and South Asia and in proximity to larger regional markets.
- Aiming at diversification to limit its reliance on oil and gas revenue.
- Favorable legislative climate – new Commercial Companies Law, Foreign Capital Investment Law, Bankruptcy Law.
- Free zones and adjoining ports provide significant incentives, particularly for manufacturing/industrial/trading enterprises.
- Seamless bank account opening and no restrictions on repatriation of dividends, fairly simple tax system.
- Stable currency – pegged to the dollar; no onerous foreign exchange regulations.
- Integrated Tourism Complexes and REITS.
- Effective local dispute resolution mechanisms.

# COMMONLY ADOPTED LEGAL FORMS IN OMAN

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- i. Joint Venture (unincorporated)
- ii. Joint Stock Company (public/closed)
- iii. Holding Company
- iv. Limited Liability Company (“**LLC**”)
- v. Single-person Company (“**SPC**”)
- vi. Foreign Company Branch
- vii. Commercial Representative Office



# CAPITAL REQUIREMENTS & COMPANY GRADES

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- No minimum capital requirements for LLCs/SPCs.
- Companies are graded based on capital – an excellent grade entitles a company to be included in a list of companies with certain preferences over those with lower grades. The grades are:

<b>CAPITAL (OMR)</b>	<b>GRADE</b>
<b>250,000 and above</b>	Excellent
<b>100,000 to 249,999</b>	First
<b>50,000 to 99,999</b>	Second
<b>25,000 to 49,999</b>	Third
<b>Up to 24,999</b>	Fourth

# MANAGERS / DIRECTORS

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- A joint stock company (public/closed) is statutorily required to have a board of directors.
- An LLC/SPC does not require a board of directors as per the CCL; rather, the management thereof shall be by managers appointed by the shareholder(s).
- The managers shall be mentioned in the resolution of incorporation as well the constitutive contract (articles of association) of the company.
- The company can choose limitations on the powers of these managers, for example:
  - i. Financial (can be restricted up to a given amount);
  - ii. Administrative; and
  - iii. Technical.
- The managers' authority may comprise all or any of the above and in addition, managers can also possess sole or joint authority depending on the decision of the shareholder(s) and as reflected in the resolution of incorporation as well the constitutive contract (articles of association) of the company.



# COMPANY OFFICE

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- Virtual offices not permitted.
- A lease agreement for the office space is necessary for official registrations, including applications for work permits and other permits pertinent to the company's operations.
- Based on lease agreement (which generally follows the municipality standard form and is registered with the concerned municipality), a municipality license (which is an essential compliance item) can be obtained.
- The above does not apply where the Company is established in a free zone, as the same would necessitate leasing of plots of land/offices/warehouses from the free zone in question.

# COMPANY ACTIVITIES AND LICENSES

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- General licenses/registrations include:
  - (i) *Registration for income tax and value added tax.*
  - (ii) *Registration with the Ministry of Labour.*
  - (iii) *Registration with Royal Oman Police.*
  - (iv) *Registration with Public Authority of Social Insurance.*
  - (v) *Registration of rent agreement and municipality license.*
  - (vi) *Civil defense license.*
- Slightly different for companies established in free zones/special economic zones.
- Activity specific licenses depend on regulatory requirements which can be discerned by the relevant laws and indicated by the ISIC code(s) chosen to represent the company's activities.

# EMPLOYMENT REQUIREMENTS

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- Recent decision by MOCI states that newly incorporated companies must employ at least one Omani within one year from their incorporation date.
- Implementation of Omanisation is contingent primarily upon the nature of job/roles in question - these are segregated into three distinct classifications, namely First Class that has an Omanisation percentage of 60%, Second Class that has an Omanisation percentage of 45%, and Third Class that has an Omanisation percentage of 20%.
  - In addition to this, the specific job titles are further bifurcated into two types, which are:
    1. **Omanised Jobs:** These roles are designated specifically for Omani nationals, forming part of the country's effort to enhance employment prospects for its citizens across diverse economic sectors.
    2. **Non-Omanised Jobs:** These roles can be occupied by either Omani citizens or expatriates, enabling the assimilation of a range of skills into the Omani workforce.

# GENERAL TAXATION REGIME

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- Oman's Income Tax Law ("ITL") seeks to tax the worldwide income of Omani entities and the Oman-source income of branches and other permanent establishments. The tax rate applicable is 15% of taxable income (previously 12% for tax years ending up to 31 December 2016).
- The tax rate for companies engaged in petroleum exploration is 55% on income derived from the sale of petroleum products.
- A 10% withholding tax is applied at source to amounts paid or credited to foreign persons for the following categories of income:
  1. *Royalties.*
  2. *Management fees.*
  3. *Fees for the performance of services.*
  4. *Consideration for research and development.*
  5. *Consideration for the use of or right to use computer software.*
  6. *Dividends and interests (temporarily suspended till further notice)*

# COMPANY REGISTRATION PROCEDURE

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- Generally, the company registration process in Oman is as follows (this generally takes a few weeks from submission of requisite documentation):
  1. Determining the legal structure of the company.
  2. Determining the name of the company.
  3. Preparing and finalizing the necessary documents.
  4. Submitting the completed application form along with the required documents to Ministry of Commerce, Industry and Investment Promotion (“**MOCI**”). The application typically includes details about the company's activities, shareholders, managers etc.
  5. Paying the prescribed fees for registration and any other associated costs.
  6. MOCI then reviews the application and documents submitted, if everything meets the requirements and complies with the law, the Company’s commercial registration (“**CR**”) is issued.
- Pursuant to issuance of the CR, a membership certificate from the Oman Chamber of Commerce and Industry can be procured.

# ADVANTAGE BSA

- **Regional and international outreach:** Offices in most jurisdictions in the Middle East as well as international capabilities through the larger MERITAS network.
- **Directory ranked and acclaimed Oman practice:** Ranked alongside international firms in legal directories such as Legal 500. Four key practice heads presently recommended and acclaimed for their work in Legal 500 based on direct client feedback.
- **International Quality coupled with Local Expertise:** Lawyers with varying backgrounds specializing in different practice areas gives us an international edge; the firm is however firmly entrenched in Oman with its founding partners being Omani and having years of experience and an enviable network with authorities in Oman.
- **Pro-active Approach:** We take the time out to understand clients' business and operations and keep these in mind in the context of legal developments in Oman so as to advise when and what they need to do to avoid potential issues.
- **Knowledge Dissemination:** We frequently share updates and critiques on various aspects of law affecting a variety of industries through our newsletters and social media handles on Twitter, LinkedIn etc.

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**THANK YOU!**