Oman

Taxes on corporate income

The Secretariat General for Taxation (SGT) oversees the enforcing and administering Oman's pertinent tax legislation. The Directorate General of the SGT is responsible for conducting tax investigations and assessments. Both the Directorate General and the Secretariat General for Taxation (SGT) are regarded as divisions of the Omani Ministry of Finance.

The Income Tax Law aims to tax the global income of organizations created in Oman as well as the Oman-sourced income of branches and other types of PE (permanent establishments). A Permanent establishment ('PE') is defined as a fixed place of business through which a business is wholly or partly carried out in Oman by a foreign person.

Regardless of whether a business entity is a corporation or not, registered, or unregistered, the income tax rate is the same for all categories of business enterprises.

The income tax rate is 15% for all taxpayers other than Omani proprietorships ('establishments') and limited liability companies (LLCs) that fulfil the conditions of small and medium enterprises (SMEs).

There is no tax- free threshold. The applicable rate of corporate tax will be 3% if the taxpayer satisfies all of the following conditions:

- Is an Omani corporate entity
- Has a registered share capital of OMR 50,000 or less
- Employs 15 employees or less
- Has annual revenue of OMR 100,000 or less
- Does not partake in activities relating to the business of banking, insurance, financial institutions, public utilities concessions, air and sea transport, or extraction of natural resources, or as otherwise decided by the Council of Ministers.

A tax exemption may be granted to organizations whose primary activity is in the industrial sector. Oil and gas profits that are made from sales of Oman-sourced fuel are taxed at a rate of 55%. The Omani government would normally settle the petroleum company's tax liabilities in accordance with the terms of its Exploration and Production Sharing Agreement, despite the fact that it is still regarded as a taxpayer in Oman.

Income Tax Reporting

Tax returns that are combined are not accepted. Within three months of the end of the fiscal year, each company is required to submit its own provisional tax return and pay the estimated tax. Then, within six months of the conclusion of the fiscal year, an annual tax return must be filed, together with audited financial statements and any outstanding taxes. The maximum penalty for failing to submit tax returns by the deadline is OMR 2,000.

Additionally, it is required that accounting records be kept for a minimum of ten years. Small taxpayers who must pay corporate income tax at a rate of 3% are only required to submit a simplified manual tax declaration three months after the fiscal year ends.