



## Amendment to Omani Foreign Investment Laws

### The story so far

Oman has always been a welcoming and friendly business destination for many foreign investment companies. In most instances the regulations treated foreign investment companies on a par with local Omani investment companies including in tax, localization rules, permits and licenses.

The Foreign Capital Investment Law (FCIL) applicable until December 2019 allowed foreigners to invest into most sectors in Oman with two important conditions;

- The company needed to have minimum share capital of OMR 150,000/- (US \$ 390,000/- approx.)
- The maximum shares a foreigner (individual or an entity) could own were restricted to 70% of the share capital and 30% of the shares were to be owned by the Omani national.

Only in exceptional cases, with special approval of the Cabinet, was 100% ownership by a foreigner allowed in Oman. This was mainly granted to very large organizations making exceptional contributions to the Oman economy and local employment. This was more or less in line with regulations prevailing in other GCC countries.

### The new era of business opportunities

However, with the newly promulgated FCIL by Royal Decree 50/2019, Oman has opened up doors for 100% foreign investment in most sectors.

The Ministry of Commerce and Industry (MOCI) has taken significant modernizing steps in the new FCIL to facilitate an investment-friendly regulatory regime in Oman, by allowing 100 per cent foreign ownership in all companies established in Oman other than those practicing any activity contained in a recently circulated exclusion list.

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With the exception of a small number of trades and services, 100 per cent foreign ownership of Omani companies is now a reality under the new Foreign Capital Investment Law (FCIL) that came into force in the Sultanate on January 7, 2020. As per the new law the investor can establish a company in one of the permitted activities and own the entire capital of the company. There is no limit of the capital for the companies established under this law, provided the foreign investor adheres to the timetable submitted by him to implement his project and it is approved in accordance with the economic feasibility study.

The Executive Regulations related to the FCIL are expected to be issued soon which will further clarify the administrative and other provisions of the law.

### The Key Take-Aways

Stressing the importance of the new statute to Oman's ambitions to drive foreign investment inflows, the FCIL is expected to place the Omani market in a stronger position to provide foreign investors with a more open, welcoming and robust regulatory framework within which to conduct business. The major highlights of the new law are as follow:



Sl. No.	Old Foreign Investment Law	New Foreign Investment Law
1	Minimum Capital Requirement of RO 150,000/-	No capital requirement
2	Foreign Investors were allowed to hold maximum 70% share in the company. 30% shareholding to be held by Omani national.	Foreign investor is allowed to hold 100% share in the company.
3	There was no requirement to employ Omani nationals at the time of registration. Regular localization rules applied.	It is mandatory to employ at least one Omani employee in the company. Executive regulations will further clarify the position.
4	Company registration (CR) fees were approximately RO 150 to RO 200/-	Company registration (CR) fees start from RO 3,000/-. Higher fees applicable based on the amount of capital.

## Restricted Activities

While Oman welcomes foreign investments in most of the sectors, the regulators have published list of 37 types of commercial activities wherein 100% foreign investment shall not be allowed. This includes mainly following activities:

- translation and photocopying services
- tailoring
- laundry
- vehicle and automotive repairs
- transportation and sale of drinking water
- manpower and recruitment services
- hairdressing and salon services,
- taxi operation,
- fishing, and
- rehabilitation homes for the elderly, disabled and orphans.

The blacklist does not include sectors which were previously stringent in their Omani ownership requirements such as defense, oil and gas and restaurants.

Should you need any further assistance on the matter or would like to know more, you may contact our expert:



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