

Corporate income tax in Oman: a practical guide

Rates, the 3% small business rate, annual returns, withholding tax and the changes coming for companies in Oman.

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1. Corporate tax at a glance

ITEM	RULE
Law	Income Tax Law issued by Royal Decree 28/2009, as amended, and its Executive Regulations
Standard rate	15% of taxable income
Small business rate	3%, for qualifying Omani companies (see section 2)
Tax year	Normally the calendar year; a different financial year is possible with OTA approval
Annual return	Within 4 months after the end of the tax year, with audited financial statements
Payment	Tax is paid with the annual return
Administered by	Oman Tax Authority (OTA), through the Tax Authority portal

2. The 3% small business rate

An Omani sole proprietorship or LLC can pay tax at 3% only if it meets **all** of these conditions:

CONDITION	LIMIT
Registered capital at the start of the tax year	Not more than OMR 60,000
Gross income in the tax year	Not more than OMR 150,000
Average number of employees during the year	Not more than 25
Activity	Not in an excluded sector, such as air or sea transport, banking, insurance, financial services, mining and extraction of natural resources, or public utilities

If any one condition is not met, the standard 15% rate applies to the whole year.

3. Filing the annual return

- **Deadline:** within 4 months of the year-end. For a 31 December year-end, that is 30 April.
- **Attachments:** financial statements prepared under IFRS and audited by an auditor registered in Oman. Qualifying small businesses may be allowed to file simplified statements.
- **Extensions:** the OTA may extend the filing date on request, but an extension does not delay payment. Interest runs on unpaid tax.
- **Provisional returns** are no longer required; only the annual return is filed.

4. From accounting profit to taxable income

Taxable income starts from the profit in your audited financial statements, adjusted for tax rules. Common adjustments:

Usually added back

- Accounting depreciation (replaced by tax depreciation)
- General provisions and impairment not allowed for tax
- Fines and penalties
- Donations above the allowed limit or to non-approved bodies
- Expenses not supported by proper documents
- Head office or related-party charges above allowed limits

Usually deducted

- Tax depreciation at the rates in the Income Tax Law
- Provisions actually used or written off, where allowed
- Tax losses brought forward (generally up to 5 years)
- Exempt income, such as certain dividends from Omani companies

Related parties. Transactions with related parties must be at arm's length. Keep contracts and pricing support, because the OTA can adjust income it considers understated.

5. Withholding tax (WHT)

PAYMENT TO A FOREIGN COMPANY WITHOUT A PERMANENT ESTABLISHMENT IN OMAN	WHT
Royalties, including payments for the use of software	10%
Management fees	10%
Research and development payments	10%
Certain services performed for the Omani payer	10%
Dividends and interest	Currently suspended

The Omani payer deducts the tax and pays it to the OTA **within 14 days after the end of the month** in which the payment was made or credited. A tax treaty may reduce the rate if the conditions are met.

6. What is changing

CHANGE	WHO	FROM
Global minimum tax (Pillar Two) under Royal Decree 70/2024	Multinational groups with consolidated revenue of EUR 750 million or more	Financial years from 1 January 2025
Fawtara e-invoicing (VAT)	VAT-registered businesses, in phases	August 2026 onwards
Personal income tax under Royal Decree 56/2025: 5% on taxable income	Individuals with gross income above OMR 42,000 a year	1 January 2028
IFRS 18 replaces IAS 1 (presentation of financial statements)	All companies reporting under IFRS	Years from 1 January 2027

7. Penalties and time limits

- Late filing of the return: fines under the Income Tax Law
- Late payment: additional tax of 1% of the unpaid amount for each month of delay
- No audited accounts: the OTA may estimate taxable income
- The OTA can generally review a return within 3 years after the year it is filed (longer if no return is filed)
- Keep accounting records for 10 years

8. Year-end tax checklist

- Confirm whether you qualify for the 3% rate before the year closes
- Reconcile WHT deducted and paid during the year
- Prepare the fixed asset register on a tax basis
- Collect support for related-party charges and large expenses
- Book your audit early so the audited statements are ready well before 30 April

This guide is a general summary for information only and is not tax advice. Tax rules have conditions and exceptions that depend on your circumstances. Confirm the current position with the Oman Tax Authority or speak to us before acting.

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