



# Royal Decree 118/2020

Amending Some Provisions  
of the Income Tax Law

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G S P U & ASSOCIATES LLC  
CHARTERED ACCOUNTANTS

**Royal Decree 118/2020**  
**Amending Some Provisions of the Income Tax Law**

We, Haitham bin Tarik, the Sultan of Oman  
after perusal of the Basic Statute of the State,  
the Income Tax Law promulgated by Royal Decree 28/2009,  
Royal Decree 66/2019 Establishing the Tax Authority,  
and the System of the Tax Authority and Adopting Its Organisational Structure  
promulgated by Royal Decree 42/2020,  
and after presentation to the Council of Oman,  
and in pursuance of public interest,

**have decreed as follows**

**Article I**

The attached amendments to the aforementioned Income Tax Law shall be implemented.

**Article II**

The phrase “Minister of Finance” wherever it occurs in the aforementioned Royal Decree 28/2009 is hereby replaced with the phrase “Chairman of the Tax Authority.”

**Article III**

All that is contrary to this decree, or in conflict with its provisions, is hereby repealed.

**Article IV**

This decree shall be published in the Official Gazette, and comes into force on the day following the date of its publication, with the exception of article 140 of the aforementioned Income Tax Law which comes into force from the tax year starting on 1 January 2020, or the tax years following it.

**Issued on: 25 Muharram 1442**

**Corresponding to: 14 September 2020**

**Haitham bin Tarik**  
**Sultan of Oman**

### **Translator Note:**

- This initial draft translation includes only amendments made to Articles related to International treaties / Exchange of Information matters.
- This draft will be updated to cover all other amendments made to Income Tax Law (Please revert to the Arabic version for the full text)
- The English Translation is intended for general guidance. In the event of any ambiguity or discrepancy between the Arabic and English text, the Arabic text shall prevail.

## **Amendments to some provisions of the income tax law**

### **Article One**

The texts of Articles (6, Item 2), (28), (29) and (120) of the referred to Income Tax Law shall be replaced by the following:

### **Article (6, Item 2)**

“2. In relation to an Omani company:

- a) One Person Company: the owner, or the responsible manager.
- b) Partnership or limited partnership: the partner or the manager.
- b) Joint Venture: The director agreed between the partners to take over the management works in the company of both partners and others.
- c) Joint stock Company: The chairperson of the board of directors or the manager, authorized by the board.
- d) Limited liability Company: The chairperson of the board of directors or the person responsible for management.
- e) The receiver, liquidator or the bankruptcy manger, in cases of imposing receivership, liquidation or declaration of bankruptcy of the company.”

### **Article (28)**

“Any employee, in the course of implementing the provisions of this Law or in deciding on disputes relating thereto, shall be bound to abide by confidentiality in respect of documents, documentations, data, statements, and information concerning any establishment, Omani company, or permanent establishment, or other held by the Authority.

Any person who has access to any of the documents, documentations, data, statements, and information provided for in the preceding paragraph shall be bound to abide by confidentiality.”

### **Article (29)**

“Documents, documentations, data, statements, and information referred to in Article (28) shall not be disclosed or revealed except in the following cases:

1. Approval for disclosure is expressly given by the concerned person.
2. Implementing a decision issued by the Committee.
3. Implementing a decision or a judgment issued by competent judicial authority.
4. Implementing an advisory opinion, request or decision made by a legally empowered official authority.
5. Cases in which the foreign laws provide for deduction of the tax paid in Oman from the foreign tax, on condition that disclosure shall be made to legally permitted employees, and to the extent for the implementation of these laws.
6. The application of the Statistics Law.”

### **Article (120)**

Bilateral or collective agreements may be concluded, or existing agreements on taxation may be acceded.

### **Article Two**

- 1- A seventh section shall be added to the second chapter of part one of the referred to Income Tax Law:**

## **Section Seven**

### **Tax Residency Article (18) bis**

The following is considered a tax resident for the purposes of applying provisions of this Law:

1. The natural person residing in Oman during the tax year, if they are present for a period of not less than (183) one hundred and eighty-three continuous or interrupted days during the tax year.
  2. A legal person residing in Oman during the tax year if they meet any of the following conditions:
    - a- They must have been established in Oman in accordance with the applicable laws and Royal Decrees.
    - b- Their actual place of management or headquarters shall be in Oman.
- 2- The following Articles' texts shall be added to the referred to Income Tax Law: (16) bis (2), (23) bis (1), (120) bis, (120) bis (1), (120) bis (2), (120) bis (3), and (131) bis (1)**

#### **Article (16) bis (2)**

Notwithstanding the provisions of Article (70) of the aforementioned Banking Law and Article (16) bis (1) of this Law, in the case of requesting information concerning any person from any licensed bank, in accordance with the provisions of the Banking Law, for the purpose of applying the provisions of international agreements, the Authority may address the request to the licensed Bank which shall notify the Authority of the information within the specified period. The licensed bank shall not notify its client accordingly.

#### **Article 23 bis (1)**

The Authority may access to documents, data, records or others for the purposes of applying international agreements concerned with taxation.

Access shall be made at the premises of the designated persons referred to in Article (120) bis (2) of this Law, and during their working hours, in accordance to rules and procedures prescribed by the Executive Regulations of this Law.

**Article (120) bis**

Data and information obtained in accordance with international agreements on taxation shall be protected and confidential; thus may not be disclosed or used except in accordance with the conditions set forth in such agreements.

**Article (120) bis (1)**

The Authority may take all procedures stipulated in this Law to obtain any data, information or documents from any person for the purposes of applying the provisions of the international agreements concerned with taxation.

**Article (120) bis (2)**

For the purposes of implementing the Automatic Exchange of Information in accordance with the provisions of the international agreements concerned with taxation, the designated persons shall be obliged to collect, maintain and submit the information.

A decision by the chairman shall specify the designated persons, the procedures to be followed and the periods for maintaining such information.

**Article (120) bis (3)**

The Authority shall make the necessary assessment for the implementation of any mutual agreement under the international agreements concerned with taxation.

**Article (131) bis (1)**

If the Authority determines that the main objective of any arrangements or transactions was to avoid compliance with the obligations imposed by the provisions of this Law, the Authority shall have the right not to take into account such arrangements and transactions.

- 3- **The following Items text shall be added to Article 181 (Item 5) and Article 185 (Item 4) of the referred to Income Tax Law.**

**Article (181) (Item 5)**

- 5- Violation of the obligations stipulated in Articles (16) bis (2) and (120) bis (2) of this Law.

**Article (185) (Item 4)**

- 4- Intentionally violating the obligations stipulated in Articles (120) bis (1) and (120) bis (2) of this Law, or as a result of gross negligence.