The Oman Government has passed, by Royal Decree 9/2017, a number of significant changes to Income Tax Law 2010 that will apply to companies and other entities which are subject to corporate income tax.

The key changes passed by the Royal Decree are:

- The standard corporate tax rate has increased from 12% to 15%.
- The statutory exempt threshold (standard deduction) of RO30,000 (approx. US$78,000) has been removed.
- Interest and dividend payments to nonresidents are now subject to withholding tax (WHT) at 10%.
- Payments to nonresidents for services now attract WHT at 10%.
- The WHT exemption for payments from Ministries and Government institutions has been removed. These institutions will now be required to deduct WHT on specified payments.
- Tax exemption is restricted to the manufacturing sector only for a non-renewable period of five years, and subject to compliance with certain conditions.
- The law introduces self-assessments as the basis of tax declarations. This change is intended to increase the accuracy and correctness of tax filings.
- The law includes provisions regarding the taxation of Islamic financial transactions, in line with conventional banking income streams.

Certain changes such as the WHT provisions are expected to be implemented...
with immediate effect from the date the Royal Decree is published in the Government Gazette. All other changes, including those relating to tax rates, are likely to be effective from the fiscal year starting on or after 1 January 2017 (tax declarations for tax year 2017).

The Royal Decree is expected to be published in the Government Gazette on 26 February 2017.

For additional information with respect to this Alert, please contact the following:

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