

## **INVESTOR'S GUIDE**

This guide is being published as part of the efforts of Oman Chamber of Commerce and Industry aimed at boosting the private sector's activities and providing the investors, both local and foreign, with the laws pertaining to carrying out business in the Sultanate.

The purpose of this guide, in the first place, is to inform the investor about the procedures and conditions required for obtaining various commercial registrations from the competent authorities in Oman.

Firstly: Legal Definition of a Commercial Company \*

### **1. General Partnership**

The General Partnership is a Commercial Company formed by two or more natural or juristic persons and which aims at practicing business under a certain trade name. The partners of a general partnership shall be jointly and severally liable for the general partnership's debts to the full extent of their property.

### **2. Limited Partnership**

The limited partnership is a Commercial Company, which comprises two categories of partners:

One) One or more general partners who shall be jointly and severally liable for the limited partnership's debts to the full extent of their property.

Two) One or more limited partners whose liability for the partnership's debts shall be limited to the amount of their contribution to the partnership capital, provided that such amount has been stated in the limited partnership's memorandum of association.

***(\*) The Commercial Companies Law No. 4/1974 and its amendments.***

**3. Joint-Stock Company**

The Joint-stock Company is a Commercial Company whose capital is divided into equal negotiable shares pursuant to the Commercial Companies Law of Oman. The liability of the shareholder shall be confined to the payment of the value of the shares he subscribes and he shall not be responsible for the debts of the company except within the limits of the nominal value of the shares he subscribes.

The company shall have an issued capital and the company's articles of association may, however, specify an authorized capital exceeding the issued capital.

The Joint-stock Company shall consist of, at least, three natural or juristic persons. Companies established by the government solely or jointly with others shall be exempt from this provision.

**4. Holding Company**

The Holding Company is a Joint-stock Company or a Limited Liability Company which financially and administratively controls one or more other Companies which become subsidiary to such Company by means of its holding at least 51% of such Company or Companies whether they are Joint-stock or Limited Liability Companies. The term "holding" shall be added to the title of such Company in all its papers, advertisements and other documents issued thereby. These Companies shall submit an initial assessment of the shares in kind of the partners at the time of forming the Company or at the time of increasing its Capital, pursuant to the Ministerial Decision No. 255/94 issued by the Minister of Commerce and Industry (MOCI) regarding the provisions organizing the Holding Companies and their subsidiaries, and the Ministerial decision No. 198/94 issued by MOCI regarding the procedures of evaluating the shares in kind and appointing experts for that.

The capital of a Holding Company shall not be less than 2 Million Omani Rials and a Holding Company shall neither hold shares of general or limited partnership Companies nor shall it hold any shares in other Holding Companies.

## **5. Limited Liability Company**

The Limited Liability Company is Commercial Company with a fixed capital divided into equal shares. It consists of two or more natural or juristic persons whose liability is limited to the nominal value of their shares in the Capital of the Company. The number of partners of the Limited Liability Company shall not exceed 40 (forty) partners.

## **6. Joint Venture**

The joint venture is a Commercial Company formed by two or more juristic or natural persons and establishing legal relationship between its members without affecting third parties. The joint venture shall not have a name of its own and its existence shall not be raised as a defence against claims made by third parties.

## **Secondly : General Procedures and Conditions for Establishing Commercial Companies**

### **1. Commercial Registration**

- Commercial registration is issued by the Ministry of Commerce and Industry;
- Fill-up the application form for registering in the Commercial Registry;
- Fill-up the Specimen Signature form (in duplicate);
- Obtain the approval of the Committee which decides the trade names of the Companies, on the name of the establishment in order to avoid duplication of the name;
- Attach a copy of the personal identity card;
- Pay registration fee.

### **2. Industrial Registration \***

**One) Procedures for obtaining an Industrial Registration:**

MOCI has identified two types of investments for the industrial investor, viz. The Form (a) & Form (b). Form (a) contains industrial projects while Form (b) includes other projects.

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***(\*) MOCI – Secretariat of Industrial Affairs***

**Form (a)**

Contains 24 industrial projects that can be directly licensed by the Industrial Registry or the regional offices. The project owner shall complete the following formalities:

- Fill the relevant form.
- Attach a copy of the Commercial Registration (CR), if any, or a copy of the Passport or ID card.
- Produce the initial approval on the Industrial Licence valid for three months amendable.
- Produce the approval of the Ministry of Regional Municipalities and Environment (MRME) for project on which environmental conditions shall apply).
- Produce Licence Certificate.
- Fill environmental evaluation application for projects on which environmental conditions apply.
- Obtain Industrial Licence Certificate and then the applications shall be referred to the MRME, for necessary action.

**Form (b):**

- Fill the form – Attach a copy of CR (if any) or Passport/ID Card and catalogues of the plant and machinery to be used in the project.
- Obtain necessary recommendation.
- Produce initial approval on the licensing for a 3 month period extendable.
- Produce MRME approval.
- Produce Industrial Licence Certificate for 6 months extendable.

**Two) Procedures for obtaining the Industrial Registration:**

- Fill-in the relevant Forms (a) and (b).
- Attach a copy of valid CR.
- Payment of Registration Fee.

Three) Procedures for changing location:

- Letter in this regard stating the new location.
- Produce approval from MRME.

Four) Procedures for requesting factory expansion:

- Produce industrial expansion licence application of Form (a) or (b).
- Attach a letter explaining the expanded production capacity.

Five) Procedures for changing the name:

- Submit a letter in this regard;
- Produce approval of the Commercial Registry on the new name.

Six) Procedures for updating data [new partner(s), exit of partner(s), sale of Factory]:

- Submit a letter requesting updating of data.
- Fill-in the relevant forms, based on which an internal memo will be forwarded to the Documentation and Attestation Department to complete the formalities.
- Inform the Industrial Registry after documentation.

Seven) Procedures for renewing the Industrial Registration:

- Fill-in the Renewal Form.
- Produce a copy of the valid CR.
- Payment of renewal fee.

Eight) Procedures for extending the Industrial Licence:

- Submit extension application stating the reasons for the delay in project execution.

**3. Procedures for setting up Joint-stock Companies:**

One) General Legal Requirements

- The capital of the public Joint-stock Company should not be less than RO 500/- (Rials Omani Five Hundred only) and the Capital in the case of Limited Joint-stock Company, whose shares will not be floated for public subscription, should not be less than RO 150,000/- (Rials Omani One Hundred and Fifty Thousand only).
- The number of partners should not be less than 3 persons and the rate of their shares in the capital of the Public Joint-stock

Company should not be less than 30% and not more than 60%, and one founder should not own more than 20% of the capital.

- The shares offered for public subscription should not be less than 40% of the capital.

**Two) Documents to be submitted:**

- A letter to the Directorate General of Commerce for permitting to set up a Joint-stock Company. This letter should include brief details of the type of the Company, its equity capital, activities and names of the founders and signed by three founders.
- Original and two copies of the Memorandum of Incorporation and the Articles of Association of the Company signed by all founders.
- A form showing non-presence of same name and the approval of the Committee on it.
- Photocopies of the passports of the natural founders.
- Resolution of the Partners' Assembly in case of general partnership and limited partnership Companies and the Board Resolution in case of Joint-stock Companies, while mentioning the number of shares subscribed, the name of the authorized signatory on the Memorandum and Articles of Association if one of the founders was a juristic person. Also copies of the computer print out and valid CR certificate of these Companies.
- Copies of the approvals of other Ministries, if the nature of the Company's activity necessitated that, such as Ministries of Information, Education, Health, Board of Muscat Securities Market, etc.
- Memorandum of Incorporation of Articles of Association, copy of the CR, signing authorization attested by Oman Chamber of Commerce and Industry, Oman's Embassy or Embassy of any Arab country which is an Arab League member, situated in the country of the foreign founder's Head office, if he was a juristic person.
- Bank certificate stating deposit of the value of their shares by the founders.

**4. Licence for Practicing Management Business \***

The applicant shall do the following:

- One) Fill-in the relevant form in Arabic.

Two) Attach the following documents:

- A copy of the Registration Certificate of the Office or Company's Head Office duly attested by competent authorities.
  - A copy of the management contract between the applicant and the Omani firm, duly attested, if it was signed outside Oman.
  - A copy of the authorization issued to the representative of the firms in Oman who will implement the Contract in Oman, attested by competent authorities.
  - A copy of the passport of the firm's representative in Oman.
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***(\* MOCI – Company Affairs Department***

**5. Licensing of Joint Professional Companies Pursuant to Royal Decree No. 120/94**

Applicants should fulfill the following:

- Fill-in the relevant application form;
- Submit Memorandum of Incorporation of a Commercial Company pursuant to the Commercial Companies Law No. 4/74.

The Omani Partner should submit the following:

- University qualification, not less than a Bachelor's Degree in one of the Engineering subjects or equivalent duly recognised plus a list of curriculum.
- Experience of not less than 5 years in his specialization after graduation, in the case of post-graduates or a Doctorate in his specialization.
- Photocopy of Passport/Identity Card.
- A declaration stating that he was not convicted for any misdemeanour or breach of trust.
- The Omani participation in the Company should not be less than 35%.

For Foreign Partner

- An official certificate from the Commercial Registry or any other competent authority in the country of his head office, stating that the Company is still registered and it has an experience of not less than 10 years in the same field, duly attested.
- An undertaking from the head office for its responsibility on the share of the foreign partner duly attested.

- Signing authorisation duly approved with attested copies of educational qualifications in the concerned field and experience of not less than 10 years.
- The Memorandum of Incorporation of the head office duly attested.
- The latest balance sheet of the head office duly attested.
- The businesses carried out by the Company during the period in the same specialization.

**General Requirements for Joint Professional Companies:**

- The foreign professional should have at least 5 years experience in the field after graduating in Engineering. Omanis with University qualification can be appointed without requiring any previous experience. However, their works should be approved by the officials of the office.
- The Omani partner should be involved in the Companies on full time basis.

**6. Branches of Foreign Professional Companies:**

The applicant for setting up this type of office should fulfill the following:

One) Fill-in the relevant Application Form, in Arabic.

Two) Attach the following documents:

- A copy of the Registration Certificate of the head office stating the existence of the Company/Office at the time of application and a copy of the Certificate of Incorporation or any other Certificate to prove the Company's experience of 10 years.
- An undertaking from the head office bearing full responsibility of the branch in Oman duly attested.
- Authorisation for the Resident Manager or representative in Oman for signing on behalf of the Head Office, duly attested. Attach original or copy of attested qualification certificates, provided the experience is not less than 10 years and copy of passport.
- Details of experience and previous projects carried out by the head office.
- A copy of the Memorandum of Incorporation or Articles of Association of the head office.
- The last annual balance sheet of the head office.

Three) These certificates should be attested by the competent authorities in the country of the head office and Oman's Embassy (if any) or the Embassy of any Arab country which is a member of the Arab League.

## **7. Procedures for the Transformation and Merger of Companies, pursuant to the Commercial Companies Law No. 4/74**

### **One) Transformation of Companies:**

#### **Article 13 (1)**

Without prejudice to the provisions regulating Gulf Investment in Oman promulgated by the Royal Decree No. 57/93 and subject to the provisions of Articles (5), (58), (61) and (124) of the law, a Company may be transformed from one form into another provided that it has issued three audited annual balance sheets. The transformation shall take place in accordance with a resolution made pursuant to the conditions set out for amending the existing Company's Memorandum of Association or Articles of Association, and the completion of incorporation proceedings and the conditions specified for the new form.

The transformation of the Company shall be noted in the Commercial Register provided that it shall not take effect until after the expiration of the periods specified in the following Article.

#### **Article 13 (2):**

The transformation of the Company shall not result in the creation of a new juristic person. The Company, after transformation, shall maintain its rights and liabilities that preceded such transformation which shall not release the jointly liable members from the liabilities of the Company preceding the transformation unless the creditors agree. However, such agreement shall be assumed valid if none of the creditors object in writing within two months from the date of being officially notified of the transformation resolution pursuant to the procedures decided by the Ministry of Commerce and Industry.

If any of the creditors object to the Ministry of Commerce and Industry against such transformation, the procedures thereof shall not be completed until after the payment of the debt or after the

Company has sued out a decision of the Authority for the Settlement of Commercial Disputes rejecting such objection.

Article 13 (3)

In the event of transformation, each partner shall have a number of shares or proportions in the new Company equivalent to the value of shares or proportions he had prior to transformation.

If the transformation is to a Limited Liability Company, and the value of a partner's share is less than the minimum nominal value of a share in the Company, then such member shall have to pay the balance of such value in cash within one month of the date of his notification of the same; otherwise, he will be deemed withdrawn from the Company and the value of his share shall be paid according to its market value on the date of transformation.

Two) Merger of Companies:

Article 13 (4):

A Company may, although under liquidation, merge with another Company of the same or different legal form. Merger shall take place in accordance with either of the two following ways:

1. Incorporation – that is, the dissolution of one or more Companies and the transfer of its or their liabilities to an existing Company.
2. Consolidation – that is, the dissolution of two or more Companies and the establishment of a new Company to which the liabilities of the amalgamated Companies shall be transferred.

A merger resolution shall be made by agreement of the Companies wishing to merge pursuant to the manners specified for the amendment of the Company's Memorandum of Association or Articles of Association without following liquidation proceedings. The merger resolution shall not take effect without the consent of the competent authority specified by this Law according to legal form to which the Company has been transformed.

In the case of Banks and Investment Companies, the approval of the Central Bank of Oman of the merger resolution is a must prior to the implementation of such merger.

A decision shall be made by the Minister of Commerce and Industry regarding the way of evaluating the assets of the Companies wishing to merge, and the procedures and conditions of merger subject to the provisions provided in the following articles.

Article 13 (5)

Merger through incorporation shall take place as follows:

1. A resolution shall be made by the incorporated Company as to its dissolution and incorporation into the incorporating Company.
2. The net assets of the incorporated Company shall be evaluated in accordance with the last audited balance sheet; otherwise, the procedure regarding the evaluation of the shares in kind provided in this law shall apply.
3. The incorporating Company shall issue a resolution increasing its capital pursuant to the result of the assets of the incorporated Company.
4. The increase of the Capital of the incorporated Company shall be divided among the partners of the incorporated Company in proportion to their shares therein.
5. If the shares are the form of stocks and two years have expired since the establishment of the incorporating Company, then such stocks may be negotiable as soon as they are issued.

Article 13 (6)

Merger through incorporation shall take place by virtue of a decision to be sued out by each of the incorporated Companies from the competent authority provided in the Memorandum and Articles of Association regarding its dissolution. Then the new Company shall be established according to the terms and conditions provided in this law. However, if the new Company is a joint stock Company, then the latest audited balance sheet or the expert's report related to the evaluation of the shares in kind shall be taken into consideration needless to refer the matter to the constitutive meeting.

Article 13 (7)

Each incorporated Company shall be assigned a number of shares or stocks equivalent to its share in the capital of the new Company and such shares or stocks shall be divided among the partners of each incorporated Company in proportion to their shares therein.

### Article 13 (8)

The merger shall be announced in two daily newspapers for two consecutive times and shall be registered in the Commercial Register. The merger resolutions shall not take effect until after expiration of three months from the date of the registration of the merger in the Commercial Register.

The creditors of the incorporated Company shall have the right, during such period, to object to the merger by a registered letter to the Company, and in this case the merger remains suspended until the creditor withdraws his objection, or the Authority for the Settlement of Commercial Disputes finally overrules such objection, or the Company pays the debt if it is matured or gives satisfactory security to settle such debt if it is a deferred debt. If no objection is received during the aforesaid period, the merger shall be deemed final and consequently the incorporating Company or the new company shall replace the incorporated Companies in all their rights and liabilities.

### Article 13 (9)

The authority in charge of management of the Companies deciding to merge shall remain until the merger comes into effect.

### Article 13 (10)

All rights and liabilities of the incorporated company shall be transferred to the incorporating or new Company after the merger resolution becomes effective and the new Company is registered in the Commercial Register pursuant to the terms agreed in the merger contract without prejudice to creditors' rights.

### Thirdly: Procedures for Subscribing to OCCI:

#### 1. To Obtain a Subscription Certificate

One) The following documents are to be obtained from the Ministry of Commerce and Industry:

- a copy of the Commercial Registration Certificate;
- a copy of the Specimen Signature Form;
- a copy of the Computer Sheet (Three Parts).

Two) Fill-in the application form signed by the Authorized Signatories.

Three) Fill-in the Company Address Form.

Four) Payment of Registration Fee (as per grade).

## 2. Renewal of Subscription

Renewal can be done yearly or two years. Renewal fees are different from Registration fees, which are fixed according to the grade. The following procedures are followed for renewal:

One) Production of OCCI Subscription Certificate or OCCI Registration Number;

Two) Verification of the validity of CR;

Three) Verification of last date of renewal;

Four) Preparation of a payment voucher for the renewal fee to be paid at the Bank;

Five) A copy of the payment voucher to be handed over to OCCI after stamped by the Bank;

Six) A Receipt Voucher (original copy) is given to the applicant;

Seven) The renewed Certificate issued to the Member.

## **OMAN'S INVESTMENT LAWS & DIRECTORIES**

### **OCCI PUBLICATIONS:**

1. Oman Commercial Law (Royal Decree No. 55/90)
2. Commercial Agencies Law
3. Law of Income Tax on Companies
4. Foreign Capital Investment Law
5. Trade Directory 1997
6. Contractors' Directory 1991
7. Investment Opportunities in the Sultanate of Oman

### **MOCI PUBLICATIONS:**

1. Foreign Capital Investment Law
2. Capital Grants and Pre-Investment Feasibility Studies Support
3. Financial Support for Industry and tourism Sector
4. Trade Marks Law
5. Accounting & Auditing Profession Law
6. Real Estate Brokerage Law
7. Insurance Companies Law
8. Preference in Government Purchases Guide

**OTHER PUBLICATIONS:**

1. Financial Legislation – Office of the Deputy Prime Minister for Legal Affairs
2. Customs Clearance Directory – General Administration of Customs – Royal Oman Police (ROP)
3. Professional Health Requirements – Muscat Municipality

For further information in this regard, OCCI can be contacted through internet on the following address:

**http: [www.omanchamber.com](http://www.omanchamber.com)**

E-mail address:

**[Info@omanchamber.com](mailto:Info@omanchamber.com)**

**Assistance can be obtained from the following Organizations:**

01

Oman Chamber of Commerce & Industry (OCCI)

PO Box No. 1400, Ruwi 112, Sultanate of Oman

Tel: (968) 707684 – Fax: (968) 708497

[www.omanchamber.com](http://www.omanchamber.com)

E-mail: [info@omanchamber.com](mailto:info@omanchamber.com)

02

Oman Centre for Investment Promotion & Export Development (OCIPED)

Post Box No. 25, Wadi Kabir 117, Sultanate of Oman

Tel: (968) 781234 – Fax: (968) 781188

[www.ociped.com](http://www.ociped.com)

03

Ministry of Commerce & Industry (MOCI)

Post Box No. 550, Muscat 113, Sultanate of Oman

Tel: (968) 799500 – Fax: (968) 792444

04

Public Establishment for Industrial Estates

Post Box No. 2, Rusayl 124, Sultanate of Oman

Tel: (968) 626080 – Fax: (968) 626053

05

Rusayl Industrial Estate

Post Box No. 2, Rusayl 124, Sultanate of Oman

Tel: (968) 626080 – Fax: (968) 626053

06

Sohar Industrial Estate

Post Box No. 118, Falaj Al Qabail 322, Sultanate of Oman

Tel: (968) 851272/2 – Fax: (968) 851307

07

Raysut Industrial Estate

Post Box No. 2317, Salalah 211, Sultanate of Oman

Tel: (968) 219222 – Fax: (968) 219221

**08**

**Nizwa Industrial Estate**

**Post Box No. 998, Nizwa 611, Sultanate of Oman**

**Tel: (968) 439089 – Fax: (968) 439086**

**09**

**Ministry of Agriculture & Fisheries**

**Post Box No. 467, Muscat 113, Sultanate of Oman**

**Tel: (968) 696300 – Fax: (968) 605304**

**10**

**Ministry of Development**

**Post Box No. 881, Muscat 113, Sultanate of Oman**

**Tel: (968) 698900 – Fax: (968) 601969**

**11**

**Ministry of Petroleum & Minerals**

**Post Box No. 551, Muscat 113, Sultanate of Oman**

**Tel: (968) 603333 – Fax: (968) 696972**

**12**

**Muscat Securities Market**

**Post Box No. 3256, Ruwi 112, Sultanate of Oman**

**Tel: (968) 702607 – Fax: (968) 702691**

**13**

**Oman Development Bank**

**Post Box No. 903, Muscat 113, Sultanate of Oman**

**Tel: (968) 738021 – Fax: (968) 738026**

