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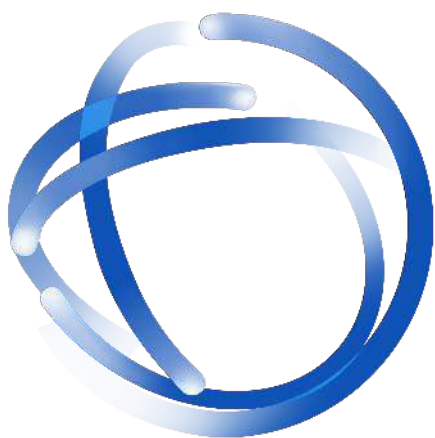
STARTUP

Country Guide 2023

THE SULTANATE OF OMAN

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CHAPTER 1

Exploring the startup sphere

I. The Omani Startup Ecosystem

Oman's forward-looking approach towards development, encapsulated in Oman Vision 2040, seeks to transform the nation's economy from a dependency on oil and gas to a diversified, knowledge-based model. With initiatives like the Oman Future Fund and the National Initiative for Artificial Intelligence , accompanying a substantial budget allocation, the country is proactively advancing economic diversification. The rising Omani startups program strives to foster innovation, empower startup establishment, facilitate business connections, and pinpoint investment prospects.

Comprising comprehensive support at all entrepreneurial stages, the program leverages key partnerships, such as Omantel Labs and ITHCA Group, to offer invaluable resources for startups, including Fintech, 5G, IoT, and more. Additionally, the Oman Technology Fund's (OTF) Techween pre-seed fund program provides funding, collaborative workspaces, and mentorship, reinforcing Oman's position in the global startup landscape. However, high setup costs, including rental expenses and capital contribution requirements for non-LLCs, continue to be a challenge for startups.



1. Startup definition

Definitions of startups and entrepreneurial entities can vary between countries and organizations. Generally, a startup is an innovative venture with a potential of high growth, driven by technology and characterized by having a functional prototype and a scalable, duplicable business model. Startups are founded to explore creative problem statements, often centered around technology, while capitalizing on emerging market opportunities.

Although, a formal legal framework that precisely outlines the parameters of startups within its legislative framework, is currently absent in Oman except the qualifying criteria for Small & Medium Enterprises (SMEs), the government has embarked on a series of regulatory enhancements with the explicit goal of nurturing startup growth. For instance, the entrepreneurial ecosystem fosters innovation and economic development by offering startups the Entrepreneurial Card, a valuable resource that connects them with numerous benefits and support services. Eligibility for these benefits promotes small ventures, like startups, and offers tax exemptions to further enhance their financial sustainability and expansion.



2. Promising Sectors in Oman

Oman's burgeoning startup ecosystem encompasses Ecommerce & Retail, Hardware & IoT, and Software & Data as its established sectors with promising startups like Tanweel and Floward. Additionally, there are ambitious efforts in Cleantech and Fintech2 sectors to drive sustainability and financial innovation, reflecting Oman's commitment to fostering diverse opportunities for entrepreneurs.

Here are some of the key areas where startups are thriving, along with success examples:

Fintech

Ompay is a Payment Service Provider specializing in fintech services delivered through its digital wallet and payment gateway. Ompay is the parent company of the OMPay (Oman Pay) brand and Lamma Chat, Oman's pioneering super app providing easy payment solutions. Lamma Chat provides mobile payment solutions in the form of a digital wallet for consumers and facilitates payment receipt for merchants through NFC, QR codes, point-of-sale systems, bank transfers, and online payment gateways. With a Series A funding of USD 750,000, Ompay is positioned as a prominent player in Oman's evolving fintech landscape.

E-commerce

Akeed Delivery is a Omani food and grocery delivery startup. It has secured USD 2.5 million in funding across various rounds. The company initially focused on providing on-demand food delivery services and later expanded into the grocery delivery sector. Akeed Delivery has established its presence in Oman with a network of over 1,500 partner restaurants, enhancing convenience for customers across the country.

Cleantech

Ask Wire provides an innovative solution to permanently removing carbon dioxide (CO2) from the atmosphere by a safe, efficient and cost-effective method. Over three funding rounds, they have successfully secured a total of USD 6.2 million in funding. Notably, 44.01 garnered support from distinguished investors like Earthshot Prize and Breakthrough Energy Ventures, solidifying their commitment to making a significant environmental impact.

Internet of things

Emushrif is at the forefront of innovative IoT solutions with a primary focus on logistics. While initially a transport startup, eMushrif swiftly adapted, utilizing IoT technology to diversify into various sectors, encompassing school and corporate transport. Moreover, eMushrif extends its services to international travelers by providing IoT wearables at all border crossings, effectively combining IoT innovation with the logistics landscape. With substantial funding support totaling EUR 3 million, eMushrif is poised for further growth and advancement.

Software and data

ZabonEX enables seamless connection to various data sources. It helps create and deploy explainable machine learning models that prioritize accuracy, ultimately fostering a customer-centric approach. It assists Food and Beverage manufacturers and retail stores in boosting sales and minimizing waste by implementing dynamic distribution and intelligent sales strategies. By utilizing machine learning capabilities, ZabonEx helps these businesses to maximize the value of their products and effectively reduce food waste during distribution and sales processes.

3. Oman's startup scene

Oman's top startup industry sectors by number of startups¹

- E-commerce and retail
- Hardware and IoT
- Software and Data

Oman's top startup industry sectors²

- E-commerce
- Cleantech
- Fintech

Startup ecosystem in numbers

- Total funding raised by startups (2018-2022)²: USD 28 million
- Funds raised by startups (H1-2020 to H2-2022)²: USD 20 million
- Number of operating startups²: +147
- Incubators & accelerators³: +12

Entrepreneurship and innovation in Oman: Rankings (2022)

Indicator	Ranking	Indicator	Ranking
Global entrepreneurship ⁴	37	Business environment ⁵	46
Global innovation ⁵	79	Political and operational stability ⁵	46
Growth of innovative companies ⁵	21	Collaboration between companies ⁵	31
ICT access ⁵	15	Regulatory environment ⁵	80
Mobile application creation ⁵	16	Market access and infrastructure ⁵	56
Knowledge workers ⁵	103	Economic freedom ⁶	105
Financing of SMEs ⁵	45		

A modern office interior with glass partitions, desks, chairs, and a large potted plant. The office is bright and clean, with a large potted plant in the center. The glass partitions are clear, and the desks are light-colored. The chairs are black with silver frames. The floor is made of light-colored tiles. The walls are white and have some colorful abstract art. The ceiling has recessed lighting.

CHAPTER 2

Beginning your entrepreneurial journey

I. Guiding steps to launch a startup in Oman

1. Country specific legal structures

In Oman, most entrepreneurs choose among the following legal structures for companies. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below, are the legal structures particularly suitable for entrepreneurs to contemplate when establishing their startups.

- **Limited Liability Company (LLC)**
- **Joint Stock Company (JSC)**
- **Branch**
- **Commercial agency**
- **Commercial representative office**
- **General partnership**
- **Limited partnership**
- **Joint venture company/joint participation**
- **Sole proprietorship**

Limited Liability Companies are the favored business structure in Oman, offering ease of formation, limited liability, and flexible share capital requirements. LLCs can operate throughout Oman and require a physical office. The minimum capital requirement is 150,000 Omani Rial (OMR) (USD 390,000). Although full deposit is generally not mandatory for registration, the minimum capital requirement is much higher as compared to other regional countries.



2. Legal steps

Oman has streamlined its company registration process through the Invest Easy platform, allowing online registration with the Ministry of Commerce, Industry & Investment Promotion (MOCIIP) within minutes. The SME Development Authority's mission is to make the Small and Medium Enterprises (SMEs) a cornerstone of Oman's economy by contributing to its sustainable development.

It provides the service of an entrepreneurial card which offers entrepreneurs access to various benefits provided by different sectors. It aims to support startups by providing them with accommodations through both public and private entities. The precise sequencing of starting a business may be influenced by the business' characteristics and the legal framework. Below is an overview of the fundamental legal steps typically required by both locals and foreigners wishing to start a business in Oman.



● Step 1: Reserve a business name

The goal of this step is to select a distinctive business name that is not already taken or in use. Once a unique business name is assigned, you can ensure legal compliance and be ready to start operations by taking the required actions and fulfilling the Ministry's requirements.

The process can be conducted either online or offline. However, it is recommended to opt for the online process as it is more efficient and swifter.

Steps

Online steps

- 1 Visit the [Invest Easy](#) portal
- 2 Check the commercial name availability through the [commercial name availability service](#)
- 3 Reserve your business chosen name in the [new commercial registration](#) process

Offline steps

- 1 Visit a certified transactions clearance bureau, a law firm, or any directorate of the MOCIIP
- 2 Submit the required documents below
- 3 After review, you will receive an email or text message with your application number and submission details
- 4 Receive communication about your application's status
- 5 Collect the trade name certificate, upon approval

Requirements

To guarantee a successful business launch, consider adhering to the requirements in the following [link](#) to comply with naming and branding specifications

Documents

- Evidence of the meaning of the name, if applicable
- Copy of the investor's ID card or passport whether they are a natural or juristic person (Omani or Foreigner)

Duration

Up to one (1) day

Cost

Service fees may apply

● Step 2: Register your company via the invest easy platform

The procedure for obtaining a commercial registration in Oman differs depending on the activity of the company and its legal structure. Depending on the needs of the organization, the application process can be completed online or in person with the relevant authorities. However, it is recommended to opt for the online process. It is important to note that the specific requirements and documents for the application process may vary depending on the nature of the business activity and the legal status of the company. For more specific details, you can consult the following [link](#).

Steps

Online steps

- 1 Through the [Invest Easy site](#), businesses with activities that do not need special Regulatory permissions can obtain a commercial registration certificate by logging in to the portal and following the registration steps via the [new commercial registration service](#)

Offline steps

- 1 Submit a company registration application to the Directorate of Investors Services or its branches within the Ministry
- 2 Complete and sign the investor's record application form
- 3 Sign the establishment contract draft proposed by the investor's form or submit a new establishment contract aligned with your interests
- 4 Attach the required documents and certificates for registration
- 5 Upon approval, pay the required fees and obtain the registration certificates

Requirements

- For individual institutions and Omani companies, the registration process is completed immediately. For foreign companies, if registering under the foreign investment law, company data must be submitted for financial and legal verification
- If the activity cannot be registered without prior approval from a concerned regulatory authority (clinics, hospitals, universities, schools, etc.) the approval of the authority for engaging in the commercial activity must be submitted before submitting the application, as explained in the next step 4
- Relevant forms will be handed at the premises of the Directorate of Investors Services

Documents

- Copies of the investors' IDs
- Passport copies of shareholders and authorized signatories
- Approved form detailing names and signatures of authorized signatories
- Company registration forms
- Bank statement with a proof of initial capital

● Step 3: Acquire a business activity license

The process for business license acquisition is divided into different procedures according to the classification of the business activity and the status of integration of governmental entities within Invest Easy system. Please note that the process, duration and cost of your licensing process may vary depending on your specific business activity. To know more about the specific requirements and costs, you can use Oman's licensing simulator.

Steps

Activities that do not require specific approvals

- 1 Visit new commercial registration or update commercial registration
- 2 Start the service and add the activity under your Commercial Registration
- 3 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement)
- 4 Use my CR places of activities service to add the location of the activity
- 5 Attach the rental agreement

Activities that require electronic license from Invest easy

- 1 Visit [new commercial registration](#) or [update commercial registration](#)
- 2 Start the service and add the activity under your Commercial Registration
- 3 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement)
- 4 Use [my CR licenses](#) service to apply for the license. You can also refer to service providers for support (Sanad centers, lawyers offices)
- 5 Consider the following:
 - Identify and provide the location where you intend to conduct your business activities
 - Carefully review then select the appropriate license that aligns with your business requirements
- 6 Attach the rental agreement
- 7 Complete the digital signature process
- 8 Pay the applicable fees
- 9 Visit the municipality and request the municipal license

Activities that require licenses from regulating entities

- 1 Visit [new commercial registration](#) or [update commercial registration](#)
- 2 Start the service and add the activity under your Commercial Registration
- 3 Visit the related government entity to complete the application
- 4 Collect the temporary approval
- 5 Obtain your rental agreement from the municipality (business activity needs to be included in the rental agreement)
- 6 Use [my CR places of activities](#) service to add the location of the activity
- 7 Attach the rental agreement
- 8 Visit the related government entity and to collect the final license
- 9 Visit the municipality to collect the municipal license
- 10 Visit [Invest Easy](#), attach the municipal license and the final license to remove the mark "Not Licensed" from the activity on the CR certificate

● Step 4: Open a bank account

Opening a bank account is necessary to conduct your business activities and complete the registration process. For LLC companies, depositing the minimum capital requirement, which is OMR 150,000 (USD 389,674) is no longer required to register an LLC, but a portion must be available as proof of funds to be used for commercial registration. In this step, choose the bank that suits your business needs and apply. Please note that documents required may vary.

Documents

- Copy of commercial license, if applicable
- Memorandum of Association (MoA)
- Passport of authorized signatories
- Proof of physical address of the company
- Two passport-sized photographs
- Residency/work permit copies
- Valid Passport along with a valid visa and resident card
- Original trade license, if applicable
- Letter of reference from the expat's bank in the country of origin, if applicable

● Step 5: Register for taxation with Secretariat General

For comprehensive information regarding the registration process, watch this instructional [video](#).

Steps

- 1 Log in to the [tax authority portal](#) and select Taxpayer [Registration](#)
- 2 Enter the commercial registration number of the company
- 3 Select "Value Added Tax Liability Registration" (VAT)
- 4 Fill in the required information
- 5 Add your activity and the date of commencement
- 6 Attach the necessary attachments
- 7 Print the VAT Certificate from the E-services page
- 8 The tax certificate can also be generated with Tax Identification Number (TIN)

Requirements

- A non-resident of a member state making any taxable supply in the Sultanate, is required to register regardless of the turnover
- Every individual residing in the Sultanate is obligated to register if they meet the criteria laid down below:
 - If the cumulative value of supplies made surpasses the compulsory VAT threshold of OMR 38,500 (USD 100,021) within the current month along with the preceding eleven (11) months
 - If there is a reasonable expectation that the cumulative value of supplies to be made will surpass the mandatory VAT threshold of OMR 38,500 (USD 100,021) within the current month and the ensuing eleven months

Documents

- A copy of the business registration certificate and license
- A copy of the ID card/ passport of principal officer
- Online application form



● Step 6: Register with the Public Authority for Social Insurance (PASI)

Steps

- 1 Visit one of the nine (9) branches of PASI
- 2 Fill in the form handed at the office and submit supporting documents
- 3 Collect your newly generated company Contribution Number (CN) generated from the counter to the applicant
- 4 Collect a copy of the corporate registration form

Documents

- A corporate registration form handed at the branch
- A copy of the business registration certificate
- Copy of the confirmation of registration
- Copy of the specimen signature form
- Original authority to clear transactions form
- A copy of the ID card or passport of company owner/s

Duration

Immediate

Cost

Free



● Step 7: Obtain an Entrepreneurial Card (optional)

The entrepreneurial cards are issued by the SMEs Development Authority. The primary objective of the program is to bolster Small and Medium Enterprises (SMEs) by furnishing them with an array of advantages offered by both public and private entities.

Steps

- 1 Visit the Authority's website and register your organization
- 2 Submit the application
- 3 Pay the required fees
- 4 Receive the download link to download the card

Requirements

- Headquarters must be located within Oman
- The applicant cannot be a subsidiary or a branch of a large company
- No prior acquisition and subsequent surrender of an entrepreneurship card in the two years preceding the application date
- The owner must not have acquired another entrepreneurship card in the past two years, either personally or through a partnership
- The enterprise must be fully owned by Omani individuals dedicated solely to the management of the business
- Applicants must be registered with the Public Authority for Social Insurance
- If registered as a company, one full-time employee must own 50% or more of the company stock
- Owners must not be otherwise employed and must be registered with the Public Authority for Social Insurance as employers
- The registration requirement is waived for owners who are retired or over sixty (60) years old
- Government employees benefiting from Ministerial Decision No. 2/2016 may obtain an entrepreneurship card during the benefit period granted by the decision

Documents

- Valid occupational permit
- A proof of social insurance for the full-time owners of the company (not including retired owners)

- A proof of discharge from other work if the person was discharged from the public sector
- A Business registration certificate
- A proof of retirement for retired owners

Duration

One (1) business day

Cost

Yearly cost: 5 OMR (13 USD)



II. Other country-specific considerations

1. Considerations for foreign investors

In Oman, foreign ownership is capped at 70%, except for US citizens who can hold 100% under the US-Oman Free Trade Agreement. However, the list of activities prohibited to foreign investors, as established under Oman Ministry of Commerce, Industry and Investment Promotion (MOCIIP) Ministerial Decision No. 209/2020 (2020 MD), has been recently revised and updated through the issuance of Ministerial Decision No. 364/2023 (New MD).

Foreign companies seeking to establish a presence in Oman must adhere to additional specific registration procedures according to the legal entity they choose or the sector they operate in. Detailed information on the registration process for foreign investment can be found in the following link: [The registration of foreign investment](#).

Companies originating in the Gulf Cooperation Council (GCC) countries have a separate registration process to establish their business in Oman. For detailed guidelines on the registration process for Gulf-based businesses, please refer to this link: [the Gulf investment registration](#).

2. Filing obligations

Income Tax return

There is no personal income tax in Oman. Taxpayers companies are required to file a single return of income within four (4) months of the financial year's end. Extensions may be granted at the discretion of the Oman Tax Authority (OTA). For companies, standard income tax rate is 15%.

Whereas for the SMEs, which fulfill prescribed criteria as detailed in the section of tax incentive in this guide, income tax rate is 3%. SME tax returns must be filed along with a simplified income statement through the [Tax Authority](#) within three (3) months of the year-end.

Value Added Tax (VAT) return

Taxpayers are obligated to file quarterly VAT returns and make corresponding VAT payments based on a self-assessment of their inward and outward supplies. The deadline for filing and payment is thirty (30) days following the end of each quarter, with extensions granted if the due date falls on a weekend or public holiday. The standard VAT rate is 5%. Businesses are required to register if their turnover exceeds OMR 38,500. Return is filed through the [Tax Authority](#). Late VAT payments attract an additional tax of 1% per month or part thereof, while delayed VAT return submissions incur administrative penalties ranging from OMR 500 (USD 1,298) to OMR 5,000 (USD 12,989).

Withholding Tax (WHT) return

Foreign companies that do not have a permanent establishment (PE) in Oman for tax purposes and that derive income from Oman in the nature of the following are subject to WHT at 10% of gross income:

- Royalties.
- Payment for R&D.
- Payment for management fees.
- Payment for use or right to use Software.
- Provision of services (with defined exclusions).

It is pertinent to mention that currently there is no withholding tax on dividends and interest paid to non-residents in Oman.

Oman-based companies are obligated to withhold the applicable WHT amount and remit it to the tax department within fourteen (14) days following the end of the month in which the tax is deducted or the payment to the foreign company is due or made, whichever occurs earlier.

3. Financial reporting and auditing regulations

All enterprises operating in Oman are required to strictly adhere to the International Financial Reporting Standards (IFRS), a set of regulations governing the disclosure of financial data. This mandate has been established by the Oman Capital Market Authority, Oman Central Bank, and Oman Tax Authority.

It is important to note that Omani law does not explicitly define specific accounting concepts or procedures.

Companies are obligated by law to conduct statutory audits in certain situations. This requirement applies to limited liability corporations and joint stock firms that have more than ten (ten) shareholders or capital exceeding OMR 50,000 (USD 129,855). Furthermore, if a business's Memorandum of Association specifies the need for a statutory audit or if shareholders owning more than 20% of the firm's capital request it, then the company must comply. Lastly, organizations with capital exceeding OMR 20,000 (USD 51,942) are required to submit audited financial accounts with annual tax forms. Audits are legally mandated to be conducted exclusively by duly authorized auditors, as stipulated by the regulations governing the Accountancy and Auditing Profession. Auditors must be independent of the company being audited. Consult the list of auditors as provided by [the Capital Market Authority](#) (Companies list section).



A modern office meeting room with a large wooden table, orange chairs, and a glass partition. A small potted plant is on the table. The room is brightly lit with overhead lights.

CHAPTER 3

Navigating startup regulations
and incentives

I. Government Incentives

1. Tax incentives

The following are various tax concessions (e.g., reduced tax rates) that the government offers to businesses, including startups:

- There is no personal income tax. Standard tax rate for companies is 15%. Omani proprietorships and LLCs that meet the following criteria for Small & Medium Enterprises (SMEs) qualify for a reduced corporate tax rate of 3%:
 - Registered capital does not exceed OMR 50,000 (USD 129,898) at the beginning of the tax year
 - Gross income does not exceed OMR 100,000 (USD 259,796) for any tax year
 - The average number of employees during the tax year does not exceed fifteen (15)
 - Business activities do not fall under the excluded categories:
 - Air/sea transport
 - Extraction of natural resources
 - Banking, insurance, or financial services.
 - Public utility concessions
 - Other activities as determined by the Minister of Finance with approval from the Council of Ministers
- Companies are exempted from income tax for thirty (30) years from the date of starting their business in free Special Economic zones whose details follows in the next section of this guide
- Businesses are permitted to deduct expenses incurred before the commencement of business operations in the first year of operations. These expenses, known as startup expenses, are recognized as a deduction in the initial year of business activity.
- Companies are Exemption exempted from customs duties for companies if they operate in manufacturing, mining, agriculture, fishing, aquaculture, animal husbandry, tourism, export of manufactured products, and public utilities. In addition, exemptions are granted for a period of five (5) years from the provision of products or services. An exemption period of five (5) years may be granted subject to specific conditions, e.g., airlines, agriculture, higher treatment, hospitals, and teaching institutions are exempted.
- Goods of Gulf origin (GCC) and goods of Arab origin shall be exempted from customs duties in accordance with the Agreement on the Conduct of Trade Exchange with the Arab Countries.
- The carryforward of losses is generally limited to five (5) years. There is an exception for companies that experienced losses during a mandatory tax-exempt period; in such cases, net losses can be carried forward indefinitely for use in offsetting future profits. Losses carryback is not permitted.

2. Non tax financial incentives

This section explores the diverse range of non-tax incentives in Oman, starting from funds supporting entrepreneurship to programs promoting innovation and investment, all contributing to the nation's economic vitality and global competitiveness.

The Fund for Development of Youth Projects: Sharakah

A closed joint stock company established by Royal Decree No (76/98), Sharakah seeks to encourage the growth of SMEs in Oman by educating people about the value of entrepreneurship and SMEs, offering financial support, and offering advisory services. The fund provides specialized financial assistance to investment projects that benefited from its funds at the time of its founding. The following are the offered programs:

- Loan scheme
- Bill discounting scheme
- Equity scheme
- Equity scheme for technology and innovation

Financing working capital and fixed assets by SME Development Authority

This program specializes in providing financial support for working capital, addressing the day-to-day operational requirements of an organization. These needs encompass the procurement of raw materials, semi-finished goods, warehousing, spare parts, payroll and wages, transportation expenses, and various other expenditures essential for sustaining the continuous production process from raw material acquisition to product sales. Additionally, the program extends its coverage to financing fixed assets. The program is tailored for existing projects initiated by SMEs and offers a maximum financing limit of OMR 100,000 (USD 259,785).

It covers the following sectors:

- Transformative Industries
- Technology Sectors
- Natural Resources Sector
- Commercial and Service Projects

Local added value by SME Development Authority

A program that specializes in financing various business opportunities through partnership projects with private sector institutions and companies that contribute to enabling SMEs to grow and develop. It serves to identify the industries and services offered by these institutions and enables SMEs to capitalize on their business opportunities. The financing ceiling is up to OMR 250,000 (USD 649,463).

Financing incubated institutions and business accelerators by SME Development Authority

This program is designed to provide specialized financing for projects in the incubation stage and for institutions involved in the establishment and operation of business incubators and accelerators. Its primary objective is to facilitate the successful transition and establishment of these entities on the ground. The program offers a maximum financing limit of OMR 70,000 (USD 181,849).

Financing industrial projects and service projects by SME Development Authority

A program specializing in financing industrial projects, manufacturing industries, service projects, commercial franchising, mining, logistics industries, and tourism, agricultural, and fishery projects. The program is for entrepreneurs who want to establish their own projects and entrepreneurs wishing to expand existing projects. The financing ceiling is up to OMR 250,000 (USD 649,463), according to the decision of the relevant committee.

Financing micro-projects by Oman Development Bank

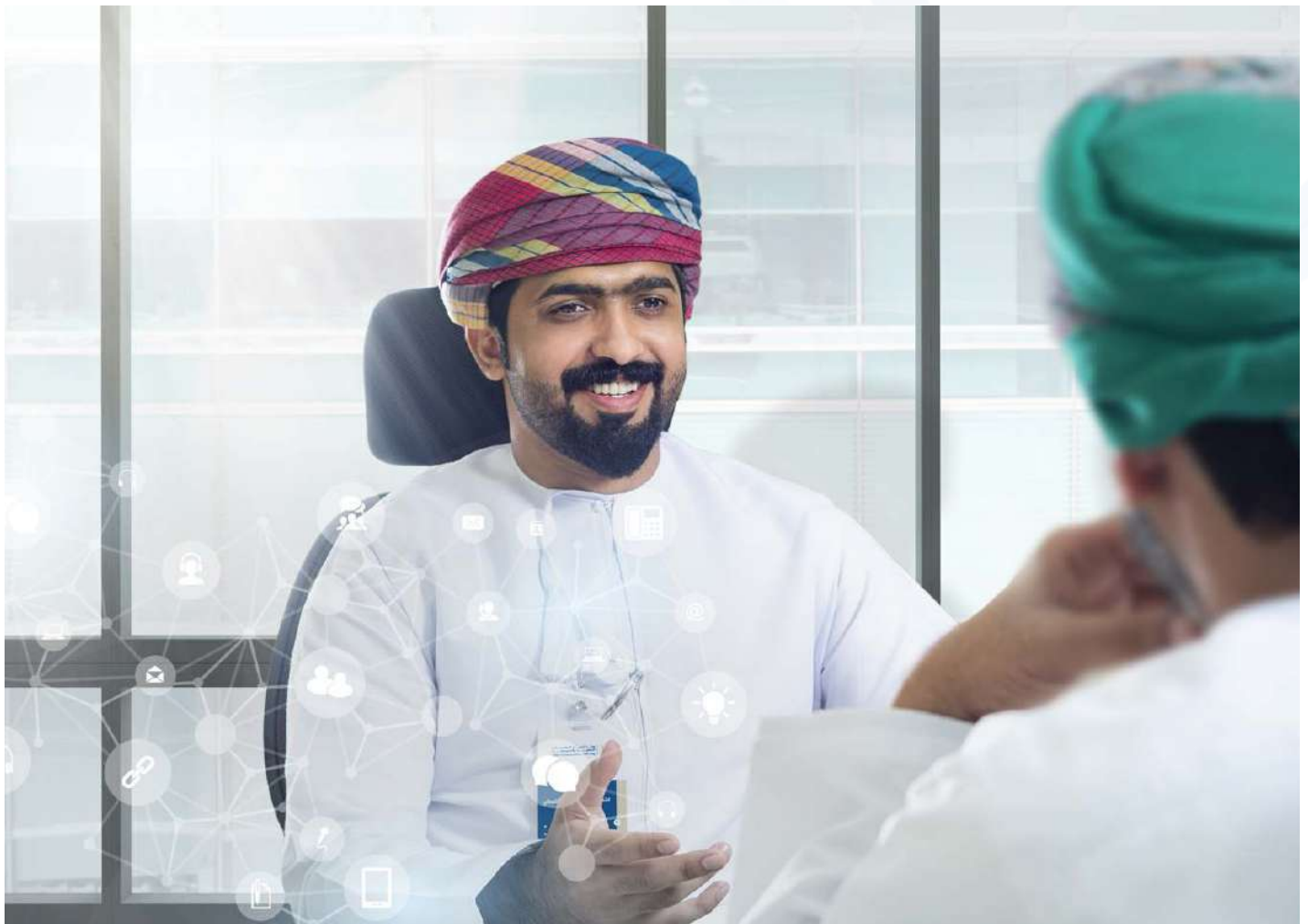
This initiative serves as a catalyst for self-employment opportunities creation for young job seekers. It fosters an entrepreneurial culture in the society and promotes the cultivation of innovation. The program provides financing for projects with a capital investment of OMR 20,000 (USD 51,957), with a financing commitment of up to 90% of the total project cost, ensuring that the loan amount remains within the limit of OMR 15,000 (USD 38,967).

Other incentives

- The Omanization rate, which is a legal requirement of hiring a certain percentage of Omani citizens in the business, within the free zones stands at below 20%
- Foreign ownership percentage in the range of 70% and up to 100% is granted subject to the approval of the Council of Ministers outside the free zone
- 100% foreign ownership is permitted within the free zones

SME finance by Oman Development Bank

The Oman Development Bank extends a valuable opportunity to entrepreneurs, enabling them to nurture and advance their projects through a range of short and long-term development loans, coupled with favorable grace periods of 3%. The financing program encompasses both fixed assets and working capital, with an upper limit of OMR 250,000 (USD 649,463). The bank commits to financing up to 80% of the total project cost.



3. Special Economic Zones (SEZs)

Khazaen development zone

Khazaen Economic City stands as Oman's largest economic development zone, strategically situated in Barka on the Muscat-Batinah Expressway, directly connected to the nation's capital, Muscat. This thriving hub lies within the Sultanate's most densely populated region, offering businesses a wealth of strategic advantages, including:

- Long-term land and facility leases for up to forty-five (45) years
- Competitive lease and service charge rates with complete transparency
- Substantial 50% discount on environmental permit fees specifically for category B industries
- Dedicated investor support team for seamless business operations
- Flexibility to sell buildings and facilities on leased lands
- Right to sublease facilities within leased lands
- Unrestricted 24/7 operational freedom
- Unlimited foreign ownership of projects
- Exemption from net profit tax for industrial projects for five years
- Comprehensive supporting facilities, including a dry port, truck rest area, and labor villages
- Transparent legal documents and frameworks for business clarity
- Foreign workforce allowance of up to 65%
- Investor benefits from Oman's FTA with the US, WTO membership, and GAFTA membership
- Well-designed road network and connected utilities (power, water, fiber optics)
- Developed lands with readily available utilities and services (water, electricity, telecom, roads)

With its strategic location, business-friendly environment, and exceptional incentives, Khazaen Economic City presents a compelling destination for businesses seeking to establish a strong foothold in Oman and tap into the region's vast economic potential.



Salalah free zone

Established in 2006 under Royal Decree No. 62/2006, the Salalah Free Zone (SFZ) is a thriving business hub situated in the strategically positioned city of Salalah. As the only point on the Arabian Peninsula that connects to the Indian Ocean, Salalah serves as a pivotal regional and global port for trade and logistics operations. The SFZ boasts numerous key strengths that enable it to compete effectively on a global scale. These advantages include:

- Unrestricted foreign company ownership
- Exemption from customs duties on imports and exports
- No minimum capital investment requirement
- Tax-free status on profits and dividends for thirty years
- Absence of personal income tax
- Unrestricted repatriation of capital, profits, and investments
- Streamlined customs procedures
- Convenient one-stop-shop services
- The Middle East's best-positioned port with world-class infrastructure
- Access to free trade agreements with the US and Singapore

With its strategic location, business-friendly environment, and exceptional incentives, the Salalah Free Zone presents an attractive destination for businesses seeking a competitive edge in the global marketplace.

Sohar free zone

Established in 2010 under Royal Decree No. 123/2010, the Sohar Free Zone (SFZ) spans an expansive 45 sq km area and serves as a strategic gateway to both regional and global markets. Its prime location grants businesses seamless access to global shipping routes and major ports, enabling swift entry into the burgeoning markets of the Middle East, India, and East Africa. The SEZ offers a host of compelling advantages for businesses, including:

- Unrestricted foreign company ownership
- Streamlined one-stop-shop for all relevant clearances
- Corporate tax exemption for up to twenty-five years
- Exemption from import and re-export duties
- Absence of personal income tax
- Minimal capital requirement
- Flexible Omanization requirements
- Access to free trade agreements with the US and Singapore

With its strategic positioning, business-friendly environment, and exceptional incentives, the Sohar Free Zone presents a compelling destination for businesses seeking to expand their reach and capitalize on the growth potential of regional and global markets.

Duqm Special Economic Zone

The Special Economic Zone at Duqm (SEZD) stands as a preeminent investment destination, both regionally and internationally. Its strategic location overlooking the Arabian Sea and the Indian Ocean, coupled with its proximity to global shipping lanes, has drawn the attention of numerous companies worldwide seeking an ideal investment base. SEZD offers a host of compelling advantages, including:

- Unrestricted foreign company ownership
- Absence of currency restrictions
- Tax exemption for up to thirty (30) years, renewable for another thirty (30) years
- Usufruct agreements for up to fifty (50) years, renewable for similar periods
- No minimum capital requirement
- Convenient one-stop-shop services
- Unrestricted repatriation of capital and profits

With its strategic positioning, business-friendly environment, and exceptional incentives, SEZD presents a compelling destination for businesses seeking to establish a strong foothold in Oman and tap into the region's vast economic potential.

Al Mazunah Free Zone

Al Mazunah Free Zone operates under the authority granted by Royal Decree No (56/2002), offering a comprehensive set of benefits and incentives to businesses operating within its jurisdiction.

These advantages include:

- Businesses enjoy a thirty (30) year exemption from income tax without the requirement of income declaration
- The free zone facilitates flexible transaction processes for remittance and foreign exchange dealings
- Businesses are exempt from the constraints of the commercial agencies law
- Imports into the free zone are exempt from customs duties
- Businesses can import all eligible goods into the Sultanate of Oman
- There is no minimum investment requirement, and businesses have the freedom to use foreign currencies
- Investors can hold 100% ownership of their invested project's capital
- Businesses can establish representative offices within Oman's customs territory
- Visa-Free Employment for Yemeni Workers: Yemeni workers can work in the free zone without an entry visa or permanent residence permit in Oman
- The Omanization percentage for operating companies is set at a favorable 20%
- Certificate of Origin Issuance: The free zone issues certificates of origin for both free zone products and foreign-origin products
- Factories operating in the free zone are granted a national certificate of origin
- Non-Omani investors can obtain residence visas with ease
- Yemeni customs data is adopted for goods received from Yemen.
- Omani and Yemeni products are readily available at affordable prices through a single common market.

Madayn

The "Madayn," officially known as the Public Establishment for Industrial Estates, was established in 1993 through Royal Decree No. 4/93. Its primary objectives include the development and administration of industrial cities throughout the Sultanate of Oman. This involves promoting private sector involvement in manufacturing and stimulating economic growth within the nation. As of today, Madayn is responsible for overseeing ten (10) industrial cities located in Sur, Suhar, Raysut, Nizwa, Buraimi, Rusayl, Samail, Ibri, Al Mudhaibi, Mahas. Additionally, they manage Knowledge Oasis Muscat (KOM) and Al Mazunah Free Zone. Madayn offers some of the following incentives:

- Foreign ownership is allowed at 100% in all industrial cities
- Projects have the option of obtaining 100% foreign ownership
- Land and facility leases can extend up to thirty (30) years and are renewable for the same duration
- The lessee has the right to relinquish the lease before its expiration
- The lessee can involve new partners in the lease agreement
- Fair assessments of buildings and facilities are conducted when lease contracts conclude
- For industrial purposes, the initial annual rental rate is OMR 1 per square meter for the first five (5) years
- Industrial projects are exempt from tax on net profit for a period of five (5) years
- Exemption from customs duties and taxes on production inputs
- Income tax is fixed at 15% per annum, and customs duties are fixed at 5%
- Developed lands are equipped with essential services such as water, electricity, telecom, and roads
- A foreign workforce can make up to 65% of the total workforce
- Participation in both internal and external Omani Products Exhibitions is encouraged as part of the 'Made in Oman' Campaign
- Participation in workshops, seminars, and exhibitions organized by Madayn is welcomed



Madayn's Knowledge Oasis Muscat (KOM)

stands as Oman's pioneering and most successful technology park, founded by Madayn in 2003. KOM plays a pivotal role in revolutionizing the business landscape in Oman. It achieves this by cultivating a collaborative environment that welcomes science, digital technology, and knowledge-based businesses and organizations of all scales, promoting rapid growth.

As of today, KOM hosts a diverse community of over 200 forward-thinking entities, including local, regional, and global companies, educational institutions, and organizations. This ecosystem spans from thriving small and medium-sized enterprises (SMEs) rooted in Oman to leading higher education providers and emerging enterprises that leverage KOM's well-established reputation as a hub of excellence and opportunity.

Moreover, prominent multinational corporations have chosen KOM as their base, taking advantage of Oman's multilingual talent pool, robust trade connections, and the strategic benefits of our prime location. Simultaneously, KOM provides unwavering support to innovative startups through its two top-tier incubators, while enterprises of all kinds flourish within its exceptional facilities.

KOM incentives

- Logistics system and roads rated amongst the very best in the world
- Logistics system and roads rated amongst the very best in the world
- Cutting edge communications infrastructure
- Skilled, well-educated multi-lingual talent pool
- No foreign exchange controls
- First rate healthcare
- Top class education system
- Range of accommodation options
- State-of-the-art office space
- Robust diversifying economy
- Pro-business government
- Investor-friendly environment
- Legal transparency
- No personal income tax
- Stunning natural environment
- Ultra-fast connectivity
- Excellent networking opportunities
- Innovative incubators



II. Labor and immigration regulations and facilitations

1. Foreign investors' residency

For investors in Oman, the acquisition of an investor residency is of paramount importance. The application process involves submitting a request through the official website of the [Ministry of Commerce, Industry, and Investment Promotion](#). You have the option to choose from two categories, each offering residency for either five (5) or ten (10) years. For a comprehensive understanding of the distinct features and benefits of each visa category, we recommend referring to the following link for further details and to start the [application](#).

2. Omanization

Omanization is yet another crucial rule for investors in Oman. According to a resolution made by the Manpower Minister, enterprises shall give top priority to hiring Omani workers in each of the economic activity sectors. Employers who do not adhere to the Omanization percentage of 50% of all non-Omani employees may be subject to fines equal to the discrepancy between the necessary and realized Omanization percentages.

The percentage of Omanization in the investment sectors:

- Industry Sector: 35%
- Financial sector: 45%
- Logistics Sector: 20%
- Insurance sector: 45%
- Banking sector: 90%

For further information, please check [Invest Oman](#).



III. Data protection

The country's personal data protection framework changed considerably with the enactment of Royal Decree 6/2022 promulgating the Personal Data Protection Law (Oman PDPL). Below are some of the major provisions under the Oman PDPL:

Sensitive individual data

- Before processing sensitive personal data pertaining to genetic information, vital statistics, health information, ethnic origin, sexual orientation, political or religious beliefs, criminal convictions, or information pertaining to security measures, obtain a permit from the Ministry.

Contracts and Policies

- Update notices, agreements, contracts, and other procedures to reflect the PDPL
- Ensure workforce capacity building

Evaluation and mitigation

- Evaluation of the effects of processing personal data
- Implement suitable controls and processes to safeguard personal data
- Appoint a person in charge of protecting personal data (if the Ministry so requests)

Marketing and Consent

- Before delivering any advertising, marketing, or commercial content, obtain the subjects' prior written authorization.

Penalties vary from a fine of no less than OMR 1,000 (USD 2,598) and not exceeding OMR 500,000 (USD 1,298,992) will be imposed on controllers and processors who:

- Fail to abide by the law, controls, and procedures prescribed by the Ministry; or
- Fail to with the Ministry or provide data/documents when requested to do so
- The competent court may, in addition to the fine, order the confiscation of the tools used in committing the crimes punishable under the Oman PDPL



IV. Intellectual property

The Sultanate of Oman is a signatory to a range of international treaties, conventions, and protocols. These include prominent affiliations such as the Gulf Cooperation Council, the World Trade Organization, the World Intellectual Property Organization, the Berne Convention, the Paris Convention, the Madrid Protocol, and the Patent Cooperation Treaty.

Overall, there are four (4) main types of intellectual property rights: patents, trademarks, industrial designs, and copyrights. In the section below, we will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups.

1. Patents

According to industrial property rights and their enforcement for the sultanate of Oman, patents provide inventors with exclusive rights to their inventions for a period of twenty (20) years from the date of filing the patent application, unless specific exceptions apply. Patent holders have the legal right to initiate legal action against individuals or entities who engage in unauthorized use of the patented invention or activities that could lead to such infringement. In court, the patent holder can seek compensation for any damages incurred due to these infringements.

Applications can be filed at the Ministry of Commerce, Industry and Investment Promotion in Oman. Visit the premises of the Ministry for more information and to initiate the application process.

Requirements

- The invention must be new and not something that has already been made public in any way before
- The invention should not be obvious to someone skilled in that field, creative, and non-obvious solution
- The invention should have some practical use, either in any industry or another useful purpose
- The application and the contact information must be in Arabic
- The description of the invention can be in any language



2. Trademarks

To register a trademark in Oman, an application must be submitted at the Ministry of Commerce, Industry and Investment Promotion. A registered trademark is protected for ten (10) years from the date of filing the registration application.

Steps

- 1 Check the trademark availability through Trademark Availability Service
- 2 Fill the application form
- 3 Provide the required documents
- 4 After approval, publish the trademark in at least one (1) newspaper

Documents

- A soft copy of the trademark
- A copy of a certificate of incorporation of the company, for Omani companies
- A copy of the specimen signature, for an Omani company
- A power of attorney from the country of origin notarized by the Omani Embassy, if applicable
- A copy of the commercial registration or Memorandum of Association, for foreign companies
- A certified translation of the agency and commercial register, for foreign companies
- Signatures on all the forms by one of the signatories

Cost

- Application fees: 50 OMR (130 USD)
- Publication in the official gazette: 100 OMR (260 USD)
- Ministry of Commerce and Industry fees: 50 OMR (130 USD)
- Ministry of Legal Affairs fees: 50 OMR (130 USD)
- Trademark registration: 50 OMR (130 USD)

3. Industrials designs

If your startup is involved in the design of products, you can protect the appearance design of these products by registering the correspondent industrial designs. In order to be protected, a drawing or pattern must be registered in the trade drawings and patterns register at the Ministry of Commerce and Industry in Oman.

The protection of a drawing or pattern lasts for ten (10) years from the date of submission of an application. Applications can be filed at [the Ministry of Commerce, Industry and Investment Promotion](#) in Oman. Visit the premises of the Ministry for more information and to initiate the application process.

Requirements

- The design must have novelty and originality
- The design should not have been disclosed to the public in any country by way of publication
- The design must be aligned with public order or morality

Documents

- A description of the design
- Applicant information
- A Power of attorney, if application, notarized and legalized
- Deed of assignment, if the applicant is not the designer
- A certified copy of the priority document in case claimed
- A copy of the commercial certificate document



V. Key support organizations and initiatives (not exhaustive)

Coworking spaces

[Data Bridge](#)

[Globex Business Centre](#)

[Regus Hormuz Grand](#)

[Regus Bait Mahmiyat Al Qurum Building](#)

[Regus Tamimah Building](#)

Accelerators

[CBO Fintech](#)

[Omantel](#)

[Rapid Innovation Accelerator](#)

[Sas Accelerator](#)

[Wamda Acceleration Program](#)

Funding programs/institutions

[Angel Investments, LLC](#)

[Phaze Ventures](#)

[VentureX](#)

Competitions and Awards

[Entrepreneurship World Cup](#)

Incubators

[Sas for Entrepreneurship Center](#)

[Sas Program](#)

Events

[Future Tech Expo and Summit](#)

[Oman Sustainability Week](#)

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APPENDIX

Appendix 1: Launching your startup: key success factors

Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.

Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.

Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.

Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.

Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value on the market.

Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul style="list-style-type: none"> Idea formation Problem validation Team establishment 	<ul style="list-style-type: none"> Promote entrepreneurs hip education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurs hip culture 	<ul style="list-style-type: none"> Financial literacy and entrepreneurs hip awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	<ul style="list-style-type: none"> Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	<ul style="list-style-type: none"> Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	<ul style="list-style-type: none"> Offer entrepreneurs hip training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	<ul style="list-style-type: none"> Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	<ul style="list-style-type: none"> Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors

	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul style="list-style-type: none"> • Business Creation • Early-stage fundraising • Initial Go-To market: MVP development 	<ul style="list-style-type: none"> • Provide Early-Stage Financing • Facilitate access to client and Go-To -Market • Strategic partnerships • Housing • Operation set up and labeling 	<ul style="list-style-type: none"> • Seed funding to launch the business • Cover initial operational costs • Access to angel investors or venture capital firms • Guidance on legal and regulatory compliance • Support in building a strong founding team and advisory board 	<ul style="list-style-type: none"> • Guidance on company registration, intellectual property protection, and legal compliance • Support in identifying funding sources, preparing investor pitches • Connecting with potential investors
Growth	<ul style="list-style-type: none"> • Product/Market Fit • International Go-To-market • Expansion and scaling 	<ul style="list-style-type: none"> • Facilitate access to Finance • Facilitate internationalization via events, strategic partnership, etc. • Provide operational support 	<ul style="list-style-type: none"> • Series A, B, or C funding rounds for scaling operations and market expansion • Strategic guidance and industry insights from investors • Assistance in negotiating partnerships and strategic alliances • Exit strategies and assistance with mergers, acquisitions, or public offering 	<ul style="list-style-type: none"> • Assistance in scaling operations, managing growth, and overcoming operational challenges • Access to industry experts • Provide sector-specific knowledge and guidance



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