

100% Corporate Ownership in Oman?

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Oman's Ministry of Commerce and Industry is in the latter stages of implementing a new foreign investment law which was drafted with consultation from the World Bank. The stated purpose of the new law is clear: attract a greater variety of global investors to the Omani economy.

While still in draft form and subject to final review by the legislative and administrative bodies, if the new law is approved in its current form it is likely to contain provisions which achieve the following:

- allow foreign investors to conduct business in Oman without requiring a local sponsor in certain business sectors;
- increase the maximum percentage a foreign investor can generally hold in an Omani company from 70% to 100% in certain business sectors;
- lower or remove the share capital requirement threshold (currently OMR 150,000 / USD 390,000) in certain business sectors; and
- provide an opportunity to use arbitration to settle disputes.

Key Sectors to Benefit

The new law, if passed, will resonate positively with global investors and provide additional encouragement to capitalise on a market where transparency and ease of doing business have improved considerably in recent years, according to figures collected by independent bodies.

With a population that grew by 8 percent between the end of 2014 and September 2015, demand for financial services, tourism, hospitality, manufacturing, and healthcare is poised for rapid growth as Oman makes strides towards its Vision 2020 programme of economic diversification.

Once approved, the new foreign investment law could dovetail well with the proposed new law on the mining of Oman's rich reserves of metals and minerals as investors look towards the start of the next upturn in the commodities cycle.

Future

A further update will be issued later this year once the new law has been ratified and passed.