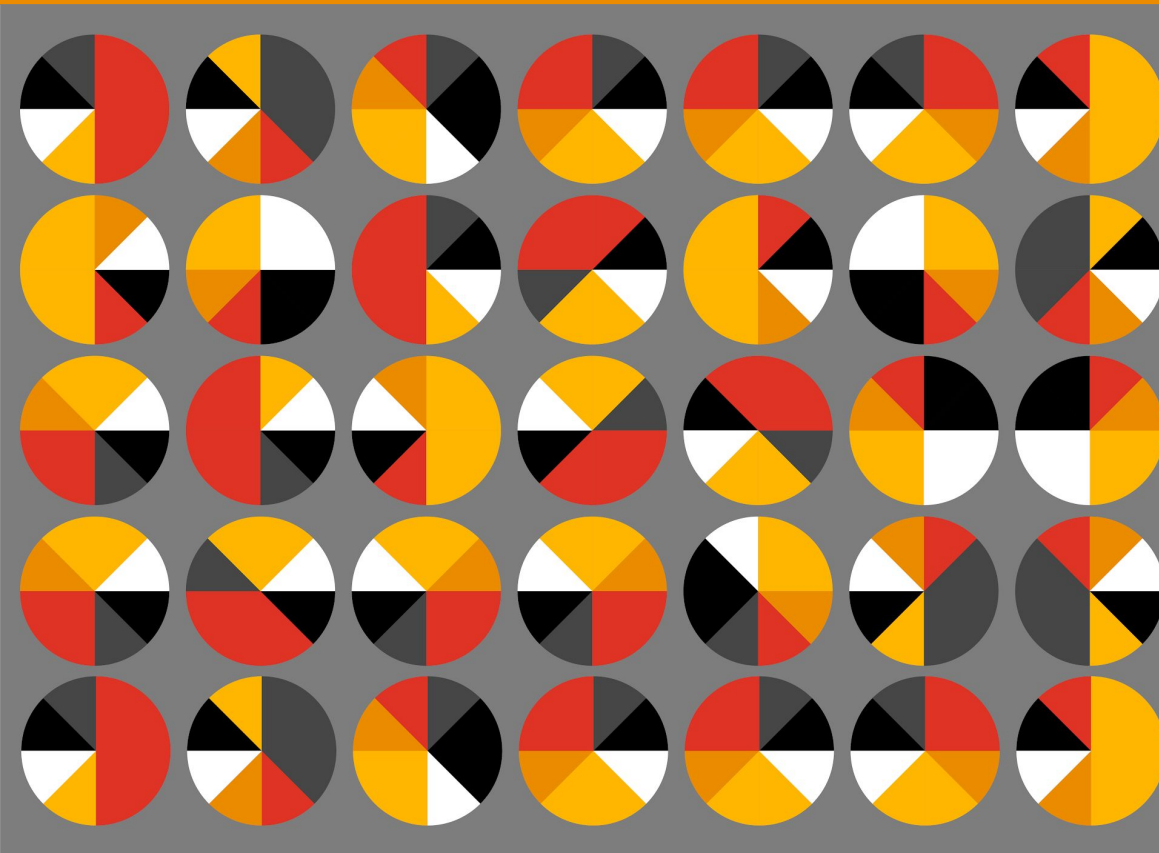


Oman: Temporary suspension of Withholding tax on dividend and interest

May 2019



In brief

Oman's Capital Market Authority (CMA) issued a Directive on Wednesday 15 May 2019 that effective 6 May 2019, the 10% withholding tax applicable on dividends and interest is suspended in order to boost foreign investments. This suspension is valid for a period of three years and may be extended if required.

In detail

Amendments to Withholding Tax (WHT) were introduced in Royal Decree (RD) 9/2017. Among the changes was an extension of the scope of WHT to apply to dividend payments, interest and payments for services. Clarifications were issued and the Ministerial Decision 14/2019 confirmed the applicability of withholding tax on Dividends restricted to Joint-Stock Companies only.

What has changed

The Royal Directive issued by His Majesty Sultan Qaboos bin Said and announced by the CMA aims to suspend the application of the RD 9/2017 on dividend distributions and interest payments for a period of three years.

The Ministerial Decision 14/2019 issued in February 2019 clarified that only dividends distributed to foreign shareholders by Omani Joint Stock Companies and Investment funds are subject to WHT, excluding de facto Limited Liability Companies. With the issuance of this Royal Directive, all taxpayers will be exempt from the application of WHT on dividend distributions and interest payments.

The Oman Tax authorities have confirmed this suspension and a clarification will be issued in the SGT Portal as well as communication is expected to be issued to the accounting firms soon in this regard. The Royal Directive will only apply to WHT payments and distributions effective on or after 6 May 2019.

The takeaway

As previously mentioned, as from 6 May 2019 WHT will stop applying on dividend distributions and interest payments, therefore taxpayers should not file WHT forms anymore for these two items.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Omar Al Sharif

Country Senior Partner
T+ 968 2455 9118
omar.al-sharif@pwc.com

Darcy White

Tax & Legal Services Partner
T+968 2455 9154
darcy.white@pwc.com

Imran Mushtaq

Indirect Tax Director
T: +968 2455 9208
imran.x.mushtaq@pwc.com

Gaurav Kapoor

Tax Director
T+968 2455 9180
gaurav.x.kapoor@pwc.com

Pushpa Malani

Tax Senior Manager
T+968 2455 9142
pushpa.malani@pwc.com