

Sultanate of Oman

News Alert - Capital Market Incentives Program

August 2024



On August 11, 2024, the Oman Financial Services Authority has announced a new Capital Market Incentives Program (CMIP) aimed at “enhancing financing options for companies in Oman”. CMIP, in line with Oman Vision 2040, designed to strengthen the economy by attracting local and foreign investments. It should also improve the sustainability and governance of private sector institutions, empowering them to play a larger role in economic growth of the country.

CMIP will apparently continue for five years from the beginning of the actual implementation of each of three “Paths”.

1. Incentives for conversion of private and family-owned companies to Public Joint Stock Companies

- Tax Benefits: two-thirds income tax refund for five years post-listing. Tax installment payments are also facilitated, with exemptions from additional taxes or penalties for up to six months.
- Procurement Advantage: 10% price preference for procurement contracts issued by the General Secretariat of the Tender Board for a period of 5 years.
- Fee Exemptions: waivers on listing fees, public offering prospectus fees, and other related charges for three years.
- Support Services: free advisory services for one year, expedited approval of prospectuses, and exemption from transfer agent fees by Muscat Clearing and Depository Company.

2. Incentives for the SMEs listed on a new MSX submarket (the “Promising Companies Market”):

- Tax Benefits and Procurement Advantage: equivalent to first Path without mentioning the period for which such benefit will continue.
- Fee Exemptions: 3 year waivers on listing and prospectus fees.
- Support Services: training programs, simplified prospectus forms, and promotional support.

3. Incentives for conversion of LLCs to Closed Joint Stock Companies:

- Tax Benefits: one-third income tax refund for two years post-conversion.
- Procurement Advantage: 10% price preference for procurement contracts.
- Support Services: fast-track financing applications with the Development Bank.

Key Requirements

- Public Joint Stock Companies: market value must exceed OMR10m with a minimum offering size of 25% of the capital.
- Promising Companies Market: entities with market values above OMR500k, including small and medium enterprises.
- Closed Joint Stock Companies: market value must exceed OMR500k; entity must employ at least 20 Omani citizens.

The takeaway

The CMIP is designed to introduce significant benefits to enhance Oman's attractiveness as a capital market. Detailed clarifications, procedures and conditions for participating should be announced shortly, including guidelines for applying incentives. It is expected that the detailed regulations and procedures will be issued before the end of this year.

In the meantime if you need more information or would like to discuss how your business ecosystem could benefit, please contact us at PwC Oman.

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Let's talk

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

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