



Oman introduces Personal Income Tax

June 2025

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In brief

On 22 June 2025, His Majesty Sultan Haitham bin Tariq issued Royal Decree No. 56/2025, officially promulgating the Personal Income Tax Law in the Sultanate of Oman. This landmark development makes Oman the first country in the Gulf Cooperation Council (GCC) to implement personal income taxation, marking a historic shift in the region's fiscal policy landscape. This reflects Oman's broader strategy to diversify revenue sources and enhance long-term fiscal sustainability under Vision 2040.

The law is scheduled to take effect on **1 January 2028** and mandates the issuance of executive regulations within one year to clarify its implementation.

In detail

The Oman Tax Authority has provided updates via the Oman Government communications and its social media platforms, detailing information regarding the Personal Income Tax:

Taxable persons

- ❑ Tax residents (Omani citizens and expats) with 183+ days in Oman are taxed on their worldwide taxable income;
- ❑ Non-resident Omani citizens are taxed only on taxable income generated within Oman.

Tax threshold and rate

An annual income threshold of OMR 42,000 has been set, **above which a 5% tax rate applies**. This rate is calculated after accounting for eligible deductions, making the system progressive and considerate of essential living costs.

Deductible expenses

The following main expenses/costs can be deducted from the taxable income of individuals:

- ❑ Housing loan interest;
- ❑ Education and health insurance expenses;
- ❑ Charitable contributions, zakat, and endowments;
- ❑ Freelance work-related expenses;
- ❑ Costs associated with rental income.

Exemptions

The law also provides several exemptions to ease the tax burden and support social and economic goals:

- ❑ One-time exemption for foreign income (valid for two years);
- ❑ Exemptions on income from the sale of primary and secondary residences, inherited income and gifts are tax-exempt.

Key takeaways

The Tax Authority has indicated that, in addition to the publication of the Law in the Official Gazette and the subsequent publication of the Executive Regulations, they would also be gradually publishing guidance manuals.

Given this landmark development, businesses and high-income earners should closely monitor personal income tax updates, This will ensure that they are adequately prepared ahead of implementation.

We expect further details to emerge upon publication of the Law annexes in the Official Gazette next week. Our team will provide a comprehensive analysis once the full text is available.

Let's talk

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



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