



# **Oman – Personal Income Tax Law**

**30 June 2025**

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## In brief

As mentioned in [our previous news alert of 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.

On 30 June 2025, the Personal Income Tax Law was published in the Official Gazette No.1602. This news alert includes a summary of the key provisions of the Law.

## In detail

### Key definitions

- **Person:** A natural person subject to tax, including both residents and non-residents for tax purposes.
- **Tax Year:** A full calendar year beginning on the first of January and ending on the thirty-first of December of the same year.
- **Gross Income:** All amounts in cash and benefits in-kind that a person receives from the sources during the Tax Year.
- **Net Income:** A fixed amount of OMR 42,000 is deducted from the annual Gross Income to arrive at Net Income.
- **Taxable Income:** Net Income less exemptions, costs and losses.
- **Resident:** A tax resident shall refer to every person whose period of presence in Oman exceeded 183 consecutive or intermittent days during a Tax Year.
- **Tax rate:** 5%.
- **Employer:** The party for which a person works. This includes individuals, public and private institutions, entities and companies, non-governmental organisations incorporated in Oman whether they are Omani or foreign, and regional and international organisations.

## **Sources of income**

The following are the main sources of income, which shall be subject to tax:

- Salaries, wages, allowances, bonuses, incentives, grants, shares and other benefit in cash or kind;
- Self-employment;
- Leasing;
- Royalties;
- Interest;
- Returns from stocks, shares and bonds;
- Returns from the disposal of stocks, shares, bonds;
- Returns from the disposal of real estate;
- Retirement pensions and end of service benefits;
- Prizes;
- Grants and donations;
- Director's and member's remuneration.

## **Implications for individuals**

Below is a summary of the implications for resident and non-resident individuals:

Key highlights	Resident	Non-resident
Condition	Person who is present in Oman for more than 183 consecutive or intermittent days during a Tax Year	All other persons
Nationality/ citizenship	The Law applies to both Omani and foreign nationals	
Taxability	Subject to tax on worldwide income	Subject to tax on income realised in Oman
Tax rate	5% of Taxable Income	5% of Taxable Income
Credit for paying taxes outside Oman	Available to the extent of tax due on such income in Oman (i.e., no refund due to foreign tax credit).	Individuals will be able to obtain a tax receipt for payment of taxes in Oman to apply for foreign tax credit in the other country where the same income is taxed.
Double tax treaty benefits	Double tax treaty provisions will prevail over local Law	Double tax treaty provisions will prevail over local Law

One-time special exemption: Income of the tax resident earned from outside Oman for a period of 18 months starting from the day following the end of his capacity as a non-tax resident.

## **Main exemptions and deductions** (subject to certain conditions)

- Education expenses for self and family;
- Health care expenses for self and family;
- Donations to certain entities, not exceeding 5% of the Gross Income;
- Certain other types of compensation;
- Salaries received by members of diplomatic missions and allowances paid to Omani residents working in diplomatic missions;
- Salaries of an Omani tax resident earned outside Oman;
- Contributions made by a person in post-employment pension and benefit schemes, whether obligatory or optional, with a maximum of two schemes;
- Proceeds of disposal of the Primary Residence, provided the disposal takes place after at least 2 years from the date of notifying the Authority of the election;
- Proceeds of disposal of the Secondary Residence, once in a lifetime
- Income from shares listed on the Muscat Stock Exchange, and on investment bonds issued by the Government, and the proceeds from their disposal;
- Income from interest on bills and bonds issued by the Government and proceeds of their disposal;
- Inheritance, grants and donations between spouses and first-degree relatives;
- Interest on bank loans obtained for the purpose of building or purchasing the primary residence, and the financing costs in Islamic transactions for the same purpose, provided once in a lifetime;
- Income from intellectual property rights related to patents, designs, drawings, models, trademarks, methods, and secret formulations, for a period of 5 years from the date of registration.
- For self-employment, either 15% of the Gross Income, or the actual expenses will be allowed as a deduction.

## **Tax losses**

Tax losses may be carried forward and set off for a period of 5 years against income from the source. Losses shall only apply to the following sources:

- Self-employment;
- Leasing;
- Disposal of real estate assets;
- Disposal of shares, stocks and bonds.

## **Compliance**

- **Tax return filing:** Electronically, within 6 months from the end of the Tax Year.
- **Tax payment:** Due along with the tax return.
- **Statute of limitations:** 3 years from submitting the tax return within which an audit can be conducted by the Oman tax authorities.

The law allows for filing a revised return if any error or omission is identified. The law also provides for severe penalties for non-compliances and also for hiding or falsely providing the data/details.

## **Implications for companies**

**Tax filing:** If a person only earns salary, wages or pensions, they may request the employer to file a tax return on their behalf along with a declaration that they have no other income source.

### **Tax payment:**

**Employer:** An employer must withhold and pay any tax due on their employees' salaries, wages, member's remuneration and pensions periodically.

For certain other categories of income, companies may be requested to withhold and pay taxes on behalf of residents and non-residents at a specified rate subject to certain conditions.

## **Key takeaways**

The Tax Authority is required to publish the Executive Regulations within a period of 1 year. Further, they have indicated that they will be gradually publishing guidance manuals.

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

We would be happy to connect with you for discussions on the impact on individuals and businesses.

# How we can help you...

## Personal tax advisory

- Assessing the impact of the Law on your personal circumstances and advising on the practical implications for individuals and their families;
- Tailored advice on structuring your income and assets efficiently and making use of the exemptions and deductions available under the Law;
- Advising on the interaction between Oman personal income tax and other jurisdictions, including double tax relief and residency matters.

## Personal tax compliance

- Helping you to understand and comply with the new tax filing obligations, including preparation and filing of tax returns;
- Support in the event of a tax enquiry by the Oman Tax Authority.

## Employer payroll obligations

- Review your employees' employment contracts and guide you on the salary structures;
- Propose a suggested calculation of personal income tax based on assumptions and include your net pay salaries;
- Support you with the periodic payroll compliance reporting related to PIT;
- Prepare salary payment files for your employees as per bank requirements.

## Let's talk

For a deeper discussion of how the new Personal Income Tax Law may affect you, please contact:



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# Thank you

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