



Oman Tax Treaty updates

September 2025



In brief

Oman has officially ratified two landmark Double Taxation Avoidance Agreements (DTAAs) with Bahrain and Kazakhstan, reinforcing its commitment to international tax cooperation and alignment with OECD and UN Model Tax Convention standards. These treaties aim to eliminate double taxation, prevent fiscal evasion, and foster cross-border investment and economic integration.

Oman - Kazakhstan DTAA

- **Ratified by Oman:** 4 September 2025 via **Royal Decree No. 66/2025**
- Yet to be ratified by Kazakhstan
- **Effective Date:** 1 January of the calendar year following the exchange of ratification notifications

Oman - Bahrain DTAA

- **Ratified by Oman:** 2 September 2025 via **Royal Decree No. 62/2025**
- **Ratified by Bahrain:** 23 June 2025
- **Effective Date:** 1 January of the calendar year following the exchange of ratification notifications

Summary of the relevant withholding tax (WHT) rates

Category	Oman- Kazakhstan DTAA	Oman - Bahrain DTAA
Interest/ income from debt- claims	10% (exempt if related to specified government entities, central banks, sovereign funds, and pension funds of either country)	0% in source state
Services (non-technical)	Exempt if no PE exists	Exempt if no PE exists
Royalties	10%	8%
Technical Services	10%	8%
Dividends	10% (exempt if related to specified government entities, central banks, sovereign funds, and pension funds of either country)	0% in source state

In detail

Persons Covered (Article 1)

Both treaties apply to individuals and entities resident in either contracting state including:

- Legal persons, partnerships, and pension funds
- Public law entities and institutions of public interest

Taxes Covered (Article 2)

- **Oman:** Income tax
- **Kazakhstan:** Corporate income tax, individual income tax, property tax
- **Bahrain:** Corporate income tax

Permanent Establishment (PE) (Article 5)

Kazakhstan Treaty:

- General PE: The definition of a PE under the DTAA is similar to the OECD Model Tax Convention, including a dependent agency PE
- Service PE: The furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise (or through a related party), if such activities continue (for the same or a connected project) for more than **6 months** within any 12-month period
- Construction/Assembly Projects: A building site, construction, assembly or installation project, or any supervisory activity in connection with such site or project, if it lasts more than **6 months** within any 12-month period
- Exploration/Exploitation of Natural Resources:
A mine, a pit, an oil or gas well, a quarry, an installation, a structure (including drilling rig or ship), or any other place of exploration or extraction of natural resources, as well as supervisory services connected therewith.

Permanent Establishment (PE) (Article 5)

Bahrain Treaty:

- General PE: The definition of a PE under the DTAA is similar to the OECD Model Tax Convention, including a dependent agent PE.
- Service PE: The furnishing of services, including consultancy services, by an enterprise through employees or other personnel in the other state constitutes a PE only if such activities continue (for the same or a connected project) for more than 183 days within any 12-month period.

- Construction/Assembly Projects: A building site, construction, assembly project, or supervisory activities in connection therewith constitute a PE only if the site, project, or activities last more than 183 days within any 12-month period
- Exploration/Exploitation of Natural Resources: Activities in connection with the exploration for, or exploitation of, natural resources in the other state constitute a PE if they last more than 30 days in any 12-month period.

Business Profits (Article 7)

The DTAAs stipulate that profits of a company are not subject to tax in the other contracting state unless the company carries on its business through a PE in that state. Items of income not specifically dealt with in the DTAAs are taxable only in the contracting state where the recipient is resident. Income from services not delivered through a PE in the other contracting state should be exempt from withholding tax and other forms of taxation in that state. The DTAAs provides guidance on attributing profits to a PE.

International Shipping and Air Transport (Article 8)

Profits derived by an enterprise in a contracting state from the operation of ships and aircraft in international traffic are only taxable in that contracting state.

Other tax updates

The Tax Authority has launched digital services of tax refunds for Embassies and Diplomats via the Tax Authority's portal. Excise and VAT tax refunds for embassies and diplomatic missions will now be fully digital.

Key takeaways

The ratification of the DTAAs with Bahrain and Kazakhstan marks a pivotal advancement in Oman's international tax diplomacy. These agreements not only align with global standards set by the OECD and UN but also reflect Oman's strategic intent to foster transparent, equitable, and investment-friendly cross-border relations.

By streamlining withholding tax structures and embedding robust anti-abuse provisions, Oman is signaling its readiness to engage with the global economy on sophisticated terms. This is more than a policy update - it's a statement of vision, resilience, and global ambition.

Contact us

For tailored advice on how these treaties may impact your business operations, please reach out to:



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