Oman amends its Pillar Two Top-up Tax Law

November 2026

In brief

Oman has replaced the core provisions of its Pillar Two Law

Royal Decree 101/2026 (the "Decree"), issued on 29 October 2026 and published in the Official Gazette on 1 November 2026, replaces the key provisions of the Top-up Tax Law issued by Royal Decree 70/2024 and renames it the Law of the Top-up Tax on Member Entities of Multinational Groups. **The operative provisions continue to apply for fiscal years beginning on or after 1 January 2025**.

The Oman Tax Authority has since confirmed that the amended law operates as a Domestic Minimum Top-up Tax ("DMTT") only, and that Oman will not implement an Income Inclusion Rule ("IIR"). This is consistent with the OECD central record, which lists Oman as a jurisdiction with only a Qualified DMTT ("QDMTT").

A QDMTT applies in priority to other charging provisions in the Pillar Two framework by taxing low-taxed profits arising with respect to Omani entities and permanent establishments, switching off the ability for other jurisdictions to collect Top-up Tax in respect of Omani entities. As Oman has not implemented an IIR, Omani parent entities will not be subject to Omani Top-up Tax on the low-taxed profits of their foreign subsidiaries, although those profits may still be taxed under applicable Pillar Two rules in any other jurisdiction in which the group operates.

The Executive Regulations are expected to be issued soon and to provide further information on the calculation methodology.

In detail

I. Key features of the amended law

Feature	Key detail / client message
Scope and effective date	• The law applies for **fiscal years beginning on or after 1 January 2025** • Applies to member entities of multinational groups with consolidated revenue of at least EUR 750 million in at least two of the four preceding fiscal years, pro-rated for fiscal years that are not 12 months long. • Whilst not explicit in the law, the indication is that it shall also apply to Omani Joint Ventures and Reverse Hybrids in addition to Omani Constituent Entities.
Registration	• Each in-scope member entity must apply to register with the Tax Authority within 120 days of becoming subject to the tax. • There remains uncertainty about when the 120-day registration period begins. However, given that there is currently no registration portal or framework, it appears unlikely that the period has already commenced. This may be further clarified in the Executive Regulations. • However, the approach of other jurisdictions in the region has been to set the deadline for the initial registration by reference to when the law is published or to when the tax authority portal is live.
Designated filing entity	• On registration, the member entity must appoint a Designated Filing Entity (“DFE”). • The DFE files the Pillar Two Returns (GloBE Information Return (“GIR”) and the Oman Top-up Tax Return) in Oman and pays any Omani Top-up Tax on behalf of the domestic group, a minority-owned subgroup or a reverse hybrid entity. • A JV Group shall appoint a separate DFE to act on behalf of that domestic JV group.
Returns, payment and deadlines	• The Top-up Tax return and the GIR or the GIR Notification, with supporting accounts including audited financial statements, are due within a deadline not exceeding 15 months after the fiscal year end. • Any Top-up Tax is payable by the same deadline, with a late payment charge of 1% per month or part month.

In detail (cont.)

I. Key features of the amended law (cont.)

Feature	Key detail / client message
Records, audit and penalties	• All in-scope entities, including excluded entities, must keep records for 10 years. • Deliberate failure to register, file or pay can attract imprisonment of six months to three years and/or fines of OMR 5,000 to 50,000. Entities may face fines of OMR 50,000 to 200,000, and administrative penalties can reach the greater of 25% of the Top-up Tax due or OMR 10,000. We note that these penalties appear more stringent than other Omani taxes.
Disputes	• The DFE may object to the Chairman of the Tax Authority against any disputed Top-up Tax, or any action of the Tax Authority with tax implications for the DFE. • The DFE may then file an objection and grievance against the Chairman's decision with the Tax Grievance Committee established under the Income Tax Law, following the deadlines and procedures in that law.
Scope exclusions	• Entities excluded from the Top-up Tax Law include governmental entities, international organisations, non-profit entities, pension funds, and investment funds and real estate investment vehicles that are ultimate parent entities. Their data must still be reported and their revenue counts towards the EUR 750 million threshold. • Exemptions under other laws do not apply to the Top-up Tax Law unless expressly stated, so existing Omani incentives should not be assumed to shelter it.

II. Areas requiring further clarification

Uncertainty	Expected treatment / timing
Calculation methodology	• The Executive Regulations will set the calculation mechanism. A QDMTT must compute excess profits in a manner equivalent to the GloBE Rules, so close alignment with the OECD model rules and commentary is expected.
Use of local GAAP	• The Decree does not specify the accounting standard to be used in computing the Top-up Tax, although it requires audited financial statements to be filed alongside the return. • Under the OECD framework, the base case is that a QDMTT is computed using the financial accounts of the Omani entities used to prepare the group's consolidated financial statements. • A QDMTT may instead be computed on a local accounting standard, but QDMTT safe harbour status allows this only where all Omani entities already keep such accounts and are either legally required to do so or have them externally audited. The Executive Regulations are expected to confirm the approach Oman will take.
Registrations	• As noted previously, there is currently uncertainty over when the 120 day registration deadline will apply for groups given that there is currently no registration portal activated. • The information required to register is also to be confirmed by the Omani Tax Authority.

In detail (cont.)

II. Areas requiring further clarification (cont'd)

Uncertainty	Expected treatment / timing
Safe harbours	• Details on the applicable safe harbours are reserved for the Executive Regulations. • We expect further information with regard to the inclusion of the Initial Phase of International Activity Exclusion which can turn off the QDMTT for certain groups who are in the early stages of international expansion. Comparable QDMTT regimes in the Middle East have included this exclusion (UAE, Bahrain and Kuwait).
Side-by-side	• The side-by-side and UPE safe harbours relieve IIR and UTPR only, for fiscal years from 1 January 2026, and QDMTTs continue to apply to all groups. Given that Oman is implementing a QDMTT only, US-parented groups remain within its scope.
Allocation of Top-up Tax	• The law makes the DFE a paying agent but does not set how liability is allocated across Omani entities, minority-owned entities and JVs. • OECD guidance allows flexibility provided JV allocations avoid double taxation, and the Executive Regulations are expected to address this.

Key takeaways

The compliance clock is already running

The Decree gives Oman a fuller administrative framework but leaves the substantive calculation rules to the Executive Regulations which have not yet been issued.



Because the operative provisions apply from 1 January 2025, all groups that met the applicable conditions and thresholds from 2025 are already in scope of the rules. Planning, modelling and data gathering ahead of the first compliance cycle should therefore not wait for the Executive Regulations and should commence immediately.



The penalty regime is materially tougher than other Omani taxes and compared to other jurisdictions' Pillar Two Rules, with criminal liability for individuals and entities, and settlement is available only once the full Top-up Tax, late payment charges and administrative fines have been paid. Groups should put clear ownership and review controls around their Omani Pillar Two compliance.



In-scope groups must notify each jurisdiction where the GIR will be filed. Groups planning to file centrally in Oman should watch closely whether Oman signs the GIR Multilateral Competent Authority Agreement (GIR MCAA). Without it, Oman cannot exchange the GIR with other jurisdictions, so groups would need to file locally in each relevant jurisdiction or file centrally through a jurisdiction that has signed.

How can we help?

PwC can support in-scope groups with:

- Pillar Two scoping and Omani entity mapping, including JVs, reverse hybrid entities, PEs and excluded entities.
- Registration and DFE appointment support once the required frameworks are established by the Oman Tax Authority, including planning for the 120-day registration window.
- Impact modelling of QDMTT outcomes, including a review of existing Omani tax exemptions.
- Data readiness, return preparation and monitoring of the Executive Regulations as they are issued.

Contact us

For a deeper discussion or in case of any queries, please contact one of the colleagues below or visit our website.



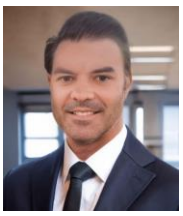
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