Royal Decree 38/2025
Issuing the Law of Special Economic Zones and Free Zones

We, Haitham bin Tarik, the Sultan of Oman

after perusal of the Basic Statute of the State,

the Commercial Agencies Law issued by Royal Decree 26/77,

the Land Law issued by Royal Decree 5/80,

Royal Decree 5/81 Governing the Usufruct of the Lands of the Sultanate of Oman,

the Foreigners Residency Law issued by Royal Decree 16/95,

the Real Estate Register System issued by Royal Decree 2/98,

the Law of Free Zones issued by Royal Decree 56/2002,

Royal Decree 67/2003 Implementing the Unified Customs Law of the Cooperation Council for the Arab States of the Gulf,

the Income Tax Law issued by Royal Decree 28/2009,

the Commercial Companies Law issued by Royal Decree 18/2019,

the Foreign Capital Investment Law issued by Royal Decree 50/2019,

Royal Decree 105/2020 Establishing the Public Authority for Special Economic Zones and Free Zones and Determining Its Competences,

the Value Added Tax Law issued by Royal Decree 121/2020,

and the Labour Law issued by Royal Decree 53/2023,

and after presentation to Majlis Oman,

and in pursuance of public interest,

have decreed as follows

Article I

The attached Law of Special Economic Zones and Free Zones hereby applies.

Article II

The provisions of the attached law must not prejudice the advantages, incentives, exemptions, facilities, and guarantees granted to existing operators and working companies in the free zones and enterprises in the Special Economic Zone at Duqm when it comes into force. These operators, companies, and enterprises retain these advantages, incentives, exemptions, facilities, and guarantees until the expiry of their respective periods, in accordance with the legislation and agreements they are derived from.

Article III

The Chairman of the Board of Directors of the Public Authority for Special Economic Zones and Free Zones shall issue the executive regulation of the attached law within one year from the date of its issuance, and shall also issue the decisions necessary for the implementation of its provisions, and until they are issued, the existing regulations and decisions continue to operate to the degree that they do not contradict with its provisions.

Article IV

The Law of Free Zones issued by Royal Decree 56/2002 is hereby repealed, as well as all that is contrary to the attached law or in conflict with its provisions.

Article V

This decree must be published in the Official Gazette, and comes into force on the day following the date of its publication.

Issued on: 8 Shawwal 1446

Corresponding to: 7 April 2025

Haitham bin Tarik
Sultan of Oman

The Law of Special Economic Zones and Free Zones

Chapter One
Definitions and General Provisions

Article 1

In the application of the provisions of this law, the following words and phrases have the meaning assigned to each of them, unless the context requires otherwise:

1. **Authority:** The Public Authority for Special Economic Zones and Free Zones.

2. **Board:** The board of directors of the authority.

3. **Zone:** A special economic zone and a free zone.

4. **Customs territory:** Any place within the boundaries of the Sultanate of Oman, with the exception of the zone.

5. **Enterprise:** An enterprise licensed to be established in the zone.

6. **Operator:** Any entity or company granted the right to manage and operate a free zone.

7. **One-stop-shop:** An electronic system established by the authority to facilitate and simplify procedures and create a business environment in the zone linked to the systems of competent entities.

8. **Real estate development:** Construction works of residential, commercial, residential commercial, or tourism real estate projects in the special economic zone with the aim of selling them off-plan or fully built.

9. **Real estate developer:** A legal person licensed by the authority to practise real estate development works.

10. **Real estate unit:** An apportioned part of a real estate development project that has a specific boundary and area, even if it is off-plan, such as an apartment, office, shop, floor, and house. This unit does not include the land on which it is built.

11. **Plan:** An engineering drawing showing real estate units and their common parts that are allocated for common use to all owners and occupants of real estate units.

12. **Off-plan sale:** The sale of a real estate unit before its construction or the completion of its construction.

13. **Regulation:** The executive regulation of this law.

Article 2

The establishment of the zone must be by royal decree, which shall specify its location and boundaries and the advantages, incentives, exemptions, and facilities granted to both the operator and the enterprises established on it. With the exception of matters governed by a special text in this law or the royal decree establishing the zone, all laws, regulations, and systems in force in the Sultanate of Oman apply to the zone.

Article 3

A register must be prepared in the authority for each zone in which all enterprises; approvals, permits, licences, and certificates issued for them; the advantages and incentives granted to them; the penalties imposed against them; and other data and information that the authority deems necessary to record are recorded, in the manner specified by the regulation.

Article 4

All necessary services must be provided to the enterprise and the real estate developer, and the procedures for issuing approvals, permits, licences, and certificates related to the practice of economic activities in the zone must be facilitated and simplified through a one-stop-shop.

Article 5

Taking into account the provisions of article 32 of this law, the regulation must specify the measures that must be taken if the enterprise or real estate developer violates the provisions of this law, the regulation, or the decisions issued by the authority, as well as the administrative penalties that are permitted to be imposed.

Chapter Two
Common Provisions

Article 6

Whoever wishes to establish any enterprise within a zone or practise real estate development works shall obtain a licence for this from the authority. The regulation must specify the conditions and procedures for granting a licence, its duration, renewal, and cancellation.

Article 7

The application to obtain a licence to establish an enterprise or practise real estate development works as well as the applications to obtain the approvals, permits, licences, and certificates necessary to

practise the activity must be submitted to the one-stop-shop on the forms prepared for this, including the data and documents specified by the regulation.

Article 8

It is permitted for the capital of the operator, the enterprise, and the real estate developer to be wholly owned by non-Omanis.

Article 9

It is permitted by a decision by the board to exempt an enterprise and a real estate developer from the minimum capital requirement stipulated in the Commercial Companies Law or any other law.

Article 10

The lands and real estate available in the zone must be presented to the investor or his legal representative to select the ones that are suitable for him to implement his enterprise. The application for the allocation of the land or real estate must be submitted to the one-stop-shop on the form prepared for this, accompanied by the data and documents specified by the regulation.

Article 11

An enterprise shall adhere to the approved timetable for starting the practice of its activity. Otherwise, the licence issued to establish the enterprise is considered cancelled.

It is permitted to grant an enterprise that is late in starting its activity a grace period additional to the period specified in the timetable in light of the justifications and reasons it provides, in the manner specified by the regulation.

Article 12

An operator and an enterprise may open commercial representation offices for them within the customs territory, provided that they are registered in accordance with the provisions of the laws in force in the Sultanate of Oman.

Article 13

The authority shall issue the necessary permits to non-Omani workers within the zone in accordance with procedures that are quick and efficient, for which a decision by the board is issued, after coordination with the Ministry of Labour.

In all cases, the period required for the issuance of the permits referred to in the preceding paragraph must not exceed 5 (five) working days from the date of submitting the applications for obtaining them. The lapse of this period without a decision on the application is deemed a decision granting the permit. In the event of rejection, the decision must be reasoned.

Article 14

It is permitted to temporarily admit local and foreign goods, materials, and raw materials from the customs territory to the zone, as well as temporarily export them from the zone to the customs territory, for repair or manufacture, and then return them to the customs territory or the zone again, in accordance with the conditions, procedures, and controls specified by the regulation.

Article 15

It is permitted, with the approval of both the authority and the operator, to convert an enterprise established within a special economic zone to operate within a free zone, or to convert an enterprise established within a free zone to operate within a special economic zone, after fulfilling the requirements prescribed for operation in the special economic zone or the free zone, as the case may be.

Article 16

The operator, the enterprise, and the real estate developer shall provide the authority with the records, documents, data, and information, in the manner determined by the regulation and on the dates it specifies. The operator, the enterprise, and the real estate developer shall keep the records and documents for a period of at least 10 (ten) years.

Article 17

An enterprise shall, upon the cancellation of the licence issued for its establishment, deliver the land allocated to it free of occupancies. If there are buildings, facilities, or any assets on the site, it shall vacate and remove them at its own expense within the period specified by the authority or the operator, as the case may be, and in accordance with the requirements of environmental conservation. Otherwise, the authority may remove them at its own expense, with the exception of matters the authority or the operator decides to keep and not remove. The authority or the operator may exploit buildings, facilities, or any other assets in sites that have not been vacated or removed within the specified period, in the manner specified by the regulation.

Chapter Three
Special Economic Zones Provisions

Article 18

A customs directorate must be established in the special economic zone by a decision by the Inspector General of Police and Customs, which shall carry out its work in accordance with the system stipulated in article 19 of this law.

Article 19

The special economic zone must have a customs management system issued by a decision by the board in coordination with the Royal Oman Police, which must ensure, in particular, the following:

1. Governing the movement of goods from the special economic zone to the customs territory, and the movement of goods from the customs territory to the special economic zone.

2. Procedures for inspecting and examining goods promptly and effectively.

3. Simplifying and facilitating customs release procedures in a manner that does not impair their efficiency.

4. Laboratory examination of samples in a manner that ensures accuracy and comprehensiveness that is conducted in a single place.

Article 20

The authority may establish one or more sites in the special economic zone belonging to the customs territory, allocated to companies and industrial establishments that aim to export their products outside the Sultanate of Oman or admit them into the customs territory. Companies and establishments operating in this site are treated as companies and establishments located in the customs territory. The system for licensing, for work at this site, and for the entry and exit of invested capital and goods must be issued by a decision by the board in coordination with the Royal Oman Police.

Article 21

The authority may propose establishing a free zone within a special economic zone. The establishment of the free zone must be by royal decree, and the provisions relating to free zones stipulated in this law or any other law apply to it.

Article 22

A branch of the Directorate General of Passports and Civil Status must be established in the special economic zone by a decision by the Inspector General of Police and Customs—in coordination with the authority—to issue entry and visit visas and residence permits for non-Omani investors, their spouses, and first-degree relatives as well as non-Omani workers to work in the zone and their relatives.

Chapter Four
Free Zones Provisions

Article 23

The chairman of the board shall exercise the following mandates:

1. Issuing the rules and systems relating to any free zone, and they must include, in particular, the manner of oversight of the activities the free zone undertakes in accordance with the management and operation agreement signed with the authority, as well as the rules and systems necessary for the management and operation of the free zone, after the approval of the board.

2. Signing management and operation agreements with the operator after the approval of the board.

3. Developing masterplans for free zones, after the approval of the board.

4. Proposing solutions to the problems facing the enterprise and overcoming any difficulties in a manner that ensures the promotion and bringing of more investments to free zones.

5. Approving business and development plans for the free zone submitted by the operator, after the approval of the board.

6. Coordinating with relevant entities for providing security and emergency services within the free zone.

7. Coordinating with relevant entities to ensure the performance of their obligations arising from management and operation agreements.

8. Setting the rules governing the movement of goods and the movement of persons to and from the free zone and separating it from the customs directorate, after the approval of the board.

9. Determining the amounts paid by the enterprise to the operator.

10. Conducting an annual evaluation of the performance of free zones and submitting it to the Council of Ministers, after the approval of the board.

11. Any other mandates decided by the Council of Ministers.

Article 24

The operator of the free zone shall undertake the following:

1. Proposing business and development plans of the free zone that it operates as well as the regulations and controls for the use and planning of the lands in it.

2. Implementing the regulations, decisions, rules, and systems issued regarding the free zone it operates.

3. Providing all services and facilities within the free zone.

The operator has the right to lease the lands and facilities within the boundaries of the free zone or have usufruct over them, as well as to mortgage the right of usufruct and finance, develop, market, and manage the mentioned lands and facilities and the works relating to them, without prejudice to any ownership rights prescribed over the lands within the boundaries of the free zone prior to its establishment.

Article 25

The operator shall activate a secure electronic system and link it to the one-stop-shop system, in order to electronically exchange applications, data, documents, approvals, permits, and licences, in a manner that ensures payment of the prescribed fees electronically.

Chapter Five
Advantages, Incentives, Exemptions, and Facilities

Article 26

It is permitted by a decision by the board to grant an enterprise establishing a strategic project a single approval to establish, operate, and manage it. This approval is directly effective without the need to take any other action. It is permitted, by a decision by the Council of Ministers based on a proposal by the board, to grant additional advantages, incentives, and facilities to this enterprise not stipulated in this law or any other law, in the manner specified by the regulation.

Article 27

The enterprise and the operator are exempt from all types of taxes imposed by the Income Tax Law for a period of 10 (ten) years from the date of commencing the practice of the activity, renewable for two similar periods for activities of a special nature, in the manner specified by the regulation. The exemption must be issued by a decision by the Minister of Finance.

This exemption does not apply to banks, financial institutions, insurance and reinsurance companies, enterprises working in the field of providing telecommunication services, construction companies,

and companies and establishments working in the fields of land transportation and maritime transportation in the zone.

In all cases, the enterprise and the operator shall submit the tax returns and the documents attached to them in accordance with the provisions of the Income Tax Law.

Article 28

The necessary devices, tools, machinery, equipment, and means of transport; spare parts; equipment; important supplies; raw materials; and other materials used in the construction, preparation, or operation of the enterprise, or necessary for the exercise of its licensed activity, are not subject to customs taxes when introduced into the zone, whether from inside the country or from outside.

It is prohibited to dispose of the devices, tools, machinery, equipment, raw materials, and others stipulated in the preceding paragraph for purposes other than those for which they are imported except after the approval of the authority and the payment of the customs taxes due for them.

Article 29

Products exported from the zone to the outside of the Sultanate of Oman are not subject to customs tax.

Article 30

The allocation of the land and real estate necessary for the enterprise to carry out its activity or to expand it within the zone must be by means of a lease or by granting a usufruct right over it in accordance with the rules and provisions specified by the board, without adhering to the provisions of the Royal Decree Governing the Usufruct of the Lands of the Sultanate of Oman and the Land Law.

Article 31

It is not permitted to nationalise an enterprise, and it is not permitted to impose receivership over it, seize its property, freeze it, impound it, or confiscate it except by a judicial ruling, and that is with the exception of tax debts due to the state that are permitted to be collected by seizure of all kinds.

Article 32

It is not permitted to cancel or suspend licences issued to the enterprise except after warning it of the violations attributed to it, hearing its point of view, and granting it an appropriate grace period to remove the grounds of the violation.

It is also not permitted to terminate usufruct or lease contracts for land and real estate allocated to the enterprise except in the cases prescribed by law or by a judicial ruling.

Article 33

The enterprise must enjoy the freedom to transfer its profits and all amounts related to its investments, including amounts resulting from the sale or liquidation of the enterprise, abroad without any restrictions.

Article 34

Goods of any kind imported by an enterprise are not subject to any restrictions relating to the period of their stay in the zone unless the board or the operator, as the case may be, specifies a period for this in light of the nature and type of the goods. They are also not subject to any restrictions on their transfer within the special economic zone or the free zone or between them.

Article 35

All goods that are manufactured, assembled, or prepared in the zone when exported to any country or place outside the Sultanate of Oman must be treated as locally produced goods, taking into account international agreements ratified by the Sultanate of Oman.

Article 36

An enterprise may export its products by itself or through third parties without permission or licence, provided that it submits a statement to the authority or the operator within the period specified by the regulation, which includes the exported products, their types, their quantities, and their price.

Article 37

Enterprises may agree to transfer or second workers among themselves within a single special economic zone or a single free zone or between them, in accordance with the rules determined by a decision issued by the board.

Article 38

The enterprise shall—exclusively—determine the prices of its products and services.

Article 39

It is permitted for expansions of an enterprise to enjoy the advantages, incentives, exemptions, and facilities stipulated in this law, in accordance with the rules and conditions issued by a decision by the board.

Article 40

Non-Omani investors in the zone and owners of real estate units, their spouses, and their first-degree relatives are granted residency in the Sultanate of Oman in accordance with the conditions and procedures specified by the regulation after coordination with the Royal Oman Police.

Article 41

The provisions of the Commercial Agencies Law do not apply to an enterprise.

Chapter Six
Real Estate Development Projects

Article 42

Land necessary for the establishment of real estate development projects is allocated by the grant of the right of usufruct in accordance with the rules and provisions referred to in article 30 of this law.

A real estate developer may sell the units of these projects to non-Omanis—whether they are natural or legal persons—as freehold, in the manner specified by the regulation.

Article 43

Every real estate development project must have an independent bank account called an "escrow account" in which the amounts paid by buyers of project units sold off-plan and the funds obtained by the real estate developer through financing secured by the project are deposited. The regulation must specify the provisions relating to the escrow account, in particular the method of opening this account, its management, the grounds of disbursement from it for the purposes of constructing the project, and the preservation of the rights of depositors, in coordination with the Central Bank of Oman.

It is not permitted to seize the amounts deposited in the escrow account for the benefit of the creditors of the real estate developer. These amounts are not included in the general guarantee of creditors if the bankruptcy of the developer is declared, except for the fulfillment of obligations relating to the real estate development project. It is also not permitted to borrow using this account as security.

Article 44

In the application of the Real Estate Register System, the authority shall undertake, within the boundaries of the zone, the notarisation of documents and the registration of all rights and dispositions of real estate development projects, the units built on them, and all works of the Real Estate Register, provided that these rights and dispositions are notarised and registered in the Real Estate Register of the Real Estate Register Secretariat in the Ministry of Housing and Urban Planning, as agreed between this ministry and the authority.

Article 45

A register called the "Preliminary Real Estate Register" must be established in the authority in which apportioned real estate units sold off-plan and documents are notarised and all rights and dispositions made to them are recorded. This register has the power to prove the validity of the data contained in it, and the notarised documents and all the rights and dispositions that have been recorded in this register are binding for all.

Article 46

A real estate developer shall abide by the following:

1. Commencing and completing the work of the real estate development project, including the implementation of infrastructure facilities and the delivery of services to the project, in accordance with the timetable for the implementation of the project and the approved engineering designs and drawings.

2. Opening the escrow account stipulated in article 43 of this law.

3. Delivering the real estate unit sold to the buyer on the date agreed upon in the contract signed between them, including all services that enable him to utilise it, provided that the delivery is made as-is, and giving the buyer a copy of the internal drawings of the unit and all the documents and papers relating to them.

4. That it does not entrust some of the work of the real estate development project to a real estate sub-developer without obtaining the approval of the authority.

5. Registering the real estate unit in the name of the buyer in the Real Estate Register or the Preliminary Real Estate Register, as the case may be.

6. Any other obligations specified by the regulation.

Article 47

A real estate developer shall not promote or advertise to the public the off-plan sale of units of a real estate development project by any means whatsoever, or to receive funds from them to reserve these units, except after the approval of the authority.

The regulation must specify the rules for off-plan sales and the procedures for obtaining the approval of the authority on the sale.

Article 48

Real estate unit owners may establish and manage the real estate development project owners association. They may also form an association that includes a group of adjacent real estate development projects. The association shall maintain the safety of the property, its common parts, and annexes; ensure its maintenance; provide the required services for the real estate; and make the best use of it for the purpose for which it is established.

The regulation must specify the conditions, procedures, and controls for establishing and managing the real estate project owners association.

Article 49

It is permitted by a decision by the board to consider a real estate development project as a closed residential complex, in accordance with the conditions and rules specified by the regulation.