

SME Masterclass

Understanding your legal obligations — and why they matter to your business

2026 | Muscat, Oman

Facilitated by

AmCham Oman

Powered by

DHL

Delivered by

C&I Middle East

C&I Middle East Empowers Businesses Through Financial Expertise

About Your Presenter

WHO WE ARE

C&I Middle East is a professional services firm specialising in accounting, tax compliance, and financial advisory for businesses across the GCC region. With deep expertise in Oman's regulatory landscape, we help SMEs navigate complex legal obligations and build financial resilience.

WHAT WE OFFER

- Tax compliance & advisory (Income Tax, VAT, WHT)
- Accounting & bookkeeping outsourcing
- Fractional CFO services
- Regulatory compliance & AML support
- Investor readiness & financial modelling



Sachin Sharma

Director | C&I Middle East

18+ years distinguished experience **500+ Clients Served** globally

Former: **KPMG · PwC · TAGI · Genpact · Luthra & Luthra**

Education/ Qualifications

- Chartered Accountant (CA), • Company Secretary (I),
- Cost & Works Accountant (I), • Master's in Finance and Accounts,
- Bachelor of Commerce, • Certificate in Strategy Implementation (IIMA)

Non-Compliance Costs SMEs More Than the Compliance cost

Today's Agenda

01 Regulatory Framework

Core laws governing all businesses in Oman

02 Corporate Income Tax

Rates, SME benefits, filing obligations

03 VAT Compliance

Registration thresholds, returns, penalties

04 Labour & PASI

Omanization, contributions, entitlements

05 AML/CFT & UBO

Anti-money laundering obligations

06 Risk & Solutions

Common SME gaps and the path forward

Six Core Laws Define the Compliance Landscape Every SME Must Navigate

Regulatory Framework Overview

RD 18/2019

Commercial Companies Law

- Operate within licensed activities only
- Annual CR renewal mandatory
- UBO declaration required (MD 424/2023)
- Contact details must remain current

RD 28/2009

Income Tax Law

- 15% flat corporate income tax
- SME reduced rates: 0% or 3%
- Filing deadline: 30 March/April annually
- WHT obligations on foreign payments

RD 121/2020

VAT Law

- 5% VAT effective April 2021
- Mandatory registration: >OMR 38,500
- Voluntary registration : >OMR 19,250
- Quarterly filing cycle
- Penalties: OMR 500 per missed return

RD 35/2003

Labour Law

- Omanization: 15–35% by sector
- PASI contributions mandatory
- End-of-service gratuity obligations
- Leave & working hour compliance

RD 30/2016

AML/CFT Law

- Customer due diligence required
- Report suspicious transactions to FIU
- Record retention: minimum 10 years
- No personal accounts for business use

MOCIIP

Commercial Registration

- All businesses must register with MOCI
- Sector-specific licences (OPAL, CMA, TRA)
- Annual renewal without exception
- Penalties for lapsed registrations

Oman Offers Three Tax Rate Tiers — Most SMEs Qualify for Significant Relief

Corporate Income Tax Framework

15%

Standard corporate income tax rate — all eligible entities

3%

Reduced rate for qualifying SMEs (capital ≤ OMR 60K)

0%

Full exemption for owner-managed Omani SMEs

FILING OBLIGATIONS AT A GLANCE

Return Type	Who Must File	Due Date	Rate
Annual Income Tax Return	All taxpayers	30 April	15%
SME Simplified Return (3%)	Capital ≤ OMR 60K, Revenue ≤ OMR 150K, ≤25 employees	Within 3 months of year-end	3%
SME Exemption Return (0%)	Owner-managed + Omani partner (LLC) — filing still mandatory	Within 3 months of year-end	0%
WHT Monthly Declaration	Any entity making payments to foreign companies	Within 14 days of month-end	Varies

Qualifying for a Reduced Tax Rate Requires Meeting All Four Conditions Simultaneously

SME Tax Benefits — 3% & 0% Rates

3% REDUCED RATE — ALL FOUR CONDITIONS REQUIRED

Registered Capital

≤ OMR 60,000

At start of tax year

Gross Revenue

≤ OMR 150,000

For the tax year

Employees

≤ 25 staff

Average during the year

Excluded Activities

None of:

Transport • Banking • Insurance • Natural resources • Public utilities • Regulated professions

0% EXEMPTION — IN ADDITION TO ALL 3% CONDITIONS

Option A — Sole Trader / Establishment

The owner manages the business full-time and is not employed by or providing services to any other entity.

Option B — LLC

- At least one partner manages the LLC on a full-time basis
- The managing partner is not employed elsewhere
- The managing partner is an Omani national

⚠️ CRITICAL REMINDERS

- Filing is still mandatory even under 0% exemption
- Breach of conditions → notify OTA within 15 days
- Lawyers, doctors, accountants, engineers excluded

Withholding Tax Is the Most Commonly Non-Compliant Area Among Omani SMEs

Withholding Tax (WHT) — Obligations & Risks

HOW WHT WORKS

WHT applies to Oman-sourced income paid to foreign (non-resident) companies including services, royalties, interest, and dividends.

The Omani-registered payer/business is responsible for deducting WHT from the payment and remitting it to the Oman Tax Authority within 14 days of month-end.

COMMON NON-COMPLIANCE ISSUES

- WHT clause missing from supplier/vendor contracts
- Tax not deducted at source by the Omani payer
- Non-payment and non-filing of WHT declarations
- Reduced-rate application process unclear and rarely used

CONSEQUENCES OF WHT NON-COMPLIANCE

Violation	Penalty	Legal Reference
Failure to withhold WHT	Payer liable for full unwithheld tax + 1% per month additional tax	Art. 52–53 + Art. 156
Non-filing of WHT return	Administrative fine: OMR 100 – OMR 2,000	Art. 179–183
Expense disallowance	WHT not deducted → payment may be disallowed as a business expense	Executive Regulations

VAT Non-Compliance Triggers Immediate Penalties — OMR 500 per Missed Return

VAT Compliance Framework

5%

Standard VAT rate since April 2021

OMR 38,500

Mandatory registration threshold

OMR 19,250

Optional registration threshold

OMR 500

Penalty per missed quarterly return

QUARTERLY FILING CYCLE

Q1 (Jan–Mar)

Due: 30 April

Q2 (Apr–Jun)

Due: 30 July

Q3 (Jul–Sep)

Due: 30 October

Q4 (Oct–Dec)

Due: 30 January

VAT PENALTIES SUMMARY

Violation	Penalty	Rate / Amount
Late registration (above mandatory threshold)	Monthly surcharge on tax due	1% per month
Non-filing of quarterly return	Fixed administrative penalty	OMR 500 per return
Late payment of VAT	Additional tax on unpaid balance	1% per month

Tax Penalties Escalate Rapidly — From Fines to Criminal Prosecution

Income Tax Penalty Framework

Violation	Penalty	Reference	Risk Level
Late filing / non-filing	OMR 100 – OMR 2,000	Art. 179–183	MEDIUM
Late payment of tax	1% per month on unpaid tax — accruing from due date	Art. 156	MEDIUM
Under-declaration of taxable income	1%–25% of tax difference on understated income	Art. 179–183	HIGH
Failure to submit audited accounts	OTA raises estimated profit assessment (unfavourable)	Art. 12 + ER	MEDIUM
Failure to withhold WHT	Full tax + 1% monthly + potential expense disallowance	Art. 52–53, 156	HIGH
Tax evasion / deliberate fraud	Fines up to OMR 20,000 and/or imprisonment up to 3 years	Art. 180–183	CRITICAL

Labour Compliance Is Non-Negotiable — PASI Contributions and Omanization Are Legally Enforced

Labour Law & PASI Contributions

OMANIZATION QUOTAS BY SECTOR



Note: Omanization targets vary by industry and are set by Ministerial Decision

KEY EMPLOYER OBLIGATIONS

- Minimum 30 days annual leave after one year
- End-of-service gratuity: 15 days/year (first 3 yrs), 1 month/year thereafter
- Maximum 9 hours/day or 48 hours/week
- Notice period: as per contract or Labour Law
- Prompt PASI registration for all employees

PASI CONTRIBUTION RATES (Royal Decree 35/2003)

Contribution Type	Employer	Employee	Total
Old Age, Disability & Death (Social Security)	11%	7.5%	18.5%
Work Injury Insurance	1%	—	1%
Employment Security	0.5%	0.5%	1%
Maternity Insurance	1%	—	1%
TOTAL	13.5%	8%	21.5%

AML/CFT Obligations Apply to All Businesses — Not Just Banks

AML/CFT Compliance & UBO Declaration

AML/CFT CORE OBLIGATIONS — RD 30/2016

Customer Due Diligence (CDD)

Verify identity of all customers and counterparties before transacting. Ongoing monitoring required.

Suspicious Transaction Reporting

Report suspicious transactions to the Financial Intelligence Unit (FIU). Failure to report is a criminal offence.

Record Retention

Maintain all transaction records and client files for a minimum of 10 years.

Business Account Discipline

Never use personal bank accounts for business transactions — this triggers automatic regulatory scrutiny.

UBO DECLARATION — MD 424/2023

What Is UBO?

An Ultimate Beneficial Owner is the natural person who ultimately owns or controls a company — directly or indirectly.

Who Must Comply?

All private companies in Oman (excluding SAOGs — public joint stock companies)

Filing Obligation

Register UBO details with MOCIIP. Update within 15 days of any change in ownership or control structure.

Using personal bank accounts for business transactions is one of the most common triggers for AML scrutiny — avoid entirely.

A Clear Compliance Calendar Prevents Costly Oversights Throughout the Year

Annual SME Compliance Calendar

January

- Q4-25 VAT return due (30 Jan)
- WHT return for December'25- due date 14 January 26

February

- WHT return for January- due date 14 February 26
- Review Omanization status

March

- WHT return for February- due date 14 March 26
- SME simplified return (if 3%/0% rate)

April

- Annual income tax return (30 Apr)
- Q1 VAT return due (30 Apr)
- WHT return for March- due date 14 April 26
- External Audit- 30 April

May

- WHT return for April -due date 14 May 26
- Review PASI contributions

June

- WHT return for May-due date 14 June 26
- Commercial Registration renewal check

July

- Q2 VAT return due (30 Jul)
- WHT return for June- due date 14 July 26

August

- WHT return for July- due date 14 August 26
- UBO record update if needed

September

- WHT return for August- due date 14 September 26
- Mid-year compliance review

October

- Q3 VAT return due (30 Oct)
- WHT return for September- due date 14 October 26

November

- WHT return for October- due date 14 November 26
- Prepare year-end documentation

December

- WHT return for November-due date 14 December 26
- Year-end tax planning review

Seven Recurring Financial and Compliance Gaps Are Holding Omani SMEs Back

Common SME Risk Areas

01

Absence of Accounting Systems

HIGH

Most SMEs lack proper bookkeeping. Without reliable numbers, financial decision-making is guesswork, not strategy.

02

Incomplete or Missing Documentation

HIGH

Contracts lacking tax, force majeure, and IP clauses expose businesses to unenforceable agreements and audit risk.

03

No Audit Trail

MEDIUM

Without documented transaction histories, accounts receivable follow-up becomes impossible and disputes are unresolvable.

04

Tax Misreporting

HIGH

Under- or over-reporting of income and VAT triggers penalties, audit triggers, and interest accruals.

05

Cash Flow Mismanagement

HIGH

Delayed vendor payments damage supplier relationships and credit ratings. Bank reconciliation gaps create hidden exposures.

06

No Financial Planning

MEDIUM

Absence of budgeting and financial modelling prevents effective capital allocation and growth forecasting.

07

Not Investor-Ready

HIGH

Investors and banks require audited financials, management accounts, and compliance evidence. Most SMEs cannot provide these.

Poor Compliance Creates a Cascade of Business Consequences — Many Are Irreversible

The Real Cost of Non-Compliance for SMEs



Financial Penalties

Fines, interest surcharges, and penalties accumulate rapidly — often exceeding the original tax liability



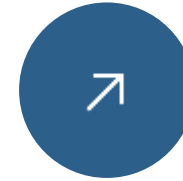
Regulatory Scrutiny

Non-compliance flags trigger OTA audits, MOCI inspections, and deeper regulatory investigations



Reputational Damage

Supplier and customer confidence erodes when businesses cannot demonstrate financial credibility



Growth Blocked

Banks and investors require audited financials and clean compliance records — most SMEs cannot qualify



Expansion Denied

Licences, new activities, and international trade agreements require a clean compliance track record

Compliance is not a back-office function — it is the foundation on which sustainable business growth is built.

Structured Outsourcing Eliminates Compliance Risk While Reducing Cost

The Path Forward — Practical Solutions for SMEs

01 Full Accounting Outsourcing

- Monthly bookkeeping and bank reconciliation
- Structured chart of accounts from day one
- Real-time management reports for decision-making
- Audit-ready documentation at all times

02 Tax Compliance Management

- Income tax returns (all rates: 15%, 3%, 0%)
- VAT registration, filing, and refund claims
- WHT deduction, remittance, and declarations
- OTA correspondence and audit support

03 Regulatory Compliance

- CR renewal and activity monitoring
- UBO declaration filing and updates
- PASI registration and contribution management
- Labour law compliance review

04 Fractional CFO Services

- Strategic financial leadership without full-time cost
- Budgeting, forecasting, and financial modelling
- Investor and bank readiness preparation
- Growth and expansion planning support

A Fractional CFO Delivers Strategic Financial Leadership at a Fraction of the Full-Time Cost

The Fractional CFO Model — Smart Financial Leadership for SMEs

FULL-TIME CFO — COST REALITY

- Annual salary: OMR 30,000 – OMR 80,000+
- PASI and benefits: additional 15–20%
- End-of-service gratuity obligation
- Recruitment and onboarding cost: OMR 5,000+
- Result: Often unaffordable for early-stage SMEs

FRACTIONAL CFO — THE SMART ALTERNATIVE

- Dedicated senior financial expertise on-demand
- Fraction of full-time employment cost
- No recruitment, benefits, or gratuity obligations
- Scalable engagement — hours matched to need
- Immediate access to specialised knowledge

WHAT OUR FRACTIONAL CFO DELIVERS

Financial Reporting

Monthly P&L, balance sheet, cash flow statements

Budgeting & Forecasting

Annual budget, rolling forecasts, scenario planning

Investor Readiness

Pitch deck financials, data room preparation

Strategic Planning

Profitability analysis, pricing, expansion modelling

Partnering with C&I Middle East Transforms Compliance from a Burden into a Strategic Advantage

Value Proposition — What SMEs Gain

01

Zero Compliance Exposure

All filings, returns, and declarations managed on time — eliminating penalty risk across income tax, VAT, WHT, and labour law.

02

Data-Driven Decisions

Monthly management accounts provide the financial visibility needed to make rational, evidence-based business decisions.

03

Investor-Ready Financials

Professionally prepared statements, budgets, and models that satisfy bank and investor due diligence requirements.

04

Governance & Credibility

A documented, structured finance function signals maturity to suppliers, customers, regulators, and lenders alike.

05

Cost Efficiency

Outsourcing delivers senior financial expertise at a fraction of the cost of internal hiring — with no employment liabilities.

06

Scalability

Our engagement scales with your business. Add services as you grow — from basic bookkeeping to full CFO-level strategy.

Five Actions Every SME Should Take Immediately to Reduce Compliance Risk

Key Takeaways — Your Compliance Action Plan

1

Audit your current compliance status

Review all active registrations — CR, VAT, Income Tax, PASI, UBO. Identify what is current, expired, or missing.

2

Fix your contracts immediately

Ensure all vendor and supplier contracts include WHT, VAT, force majeure, and dispute resolution clauses.

3

Separate business and personal finances

Open a dedicated business account and ensure all transactions flow through it. Personal account usage triggers AML scrutiny.

4

Implement a compliance calendar

Map all filing deadlines across tax, VAT, PASI, and CR. Assign ownership and set automated reminders., you can follow official social media handles of Oman Tax Authority, MoL, OCCI and other relevant regulatory authority.

5

Invest in professional financial management

Whether outsourced accounting or a fractional CFO, structured financial management pays for itself in avoided penalties and better decisions.

C&I

MIDDLE EAST

MOU PARTNER

AmCham Oman

CONNECT WITH US



LinkedIn



Instagram



ssharma@cni-me.com

A Message for Our AmCham Members

C&I Middle East has signed an MOU with AmCham Oman to support SMEs in strengthening their compliance and growth journey.

Exclusive Member Benefit

SME members of AmCham Oman are invited to a complimentary 2-hour consulting session — providing practical guidance on compliance, governance, and sustainable business growth.

How to Connect

Reach out to the AmCham team or connect directly with C&I Middle East to schedule your assessment session.

Together, we are committed to helping SMEs navigate compliance — and grow with confidence and clarity.



[linkedin.com/company/43347951](https://www.linkedin.com/company/43347951)



[@ssharma_cni](https://www.instagram.com/ssharma_cni)

Stay connected for more insights and updates

Compliance is not a cost.

It is a strategic step for sustainable growth.

Questions & Discussion

Delivered by

C&I Middle East

Facilitated by

AmCham Oman

Powered by

DHL

Thank you