



Foreign Direct Investment in Oman

A legal and regulatory guide for foreign investors

Introduction

The Sultanate of Oman has increasingly positioned itself as an attractive destination for foreign direct investment (FDI), supported by significant legal and regulatory reforms aimed at improving the business environment and diversifying the national economy. These reforms form part of Oman's broader economic transformation under Vision 2040, which seeks to reduce reliance on hydrocarbon revenues and promote private sector growth.

The Sultanate's commercial sector is primarily overseen by the Ministry of Commerce, Industry and Investment Promotion (MCIIP) – with the Financial Services Authority exercising jurisdiction over the capital markets sector and more specifically public listed companies.

A key milestone in this reform process was the introduction of the Foreign Capital Investment Law (FCIL) under Royal Decree No. 50/2019, which came into force on 1 January 2020. The FCIL replaced the previous investment framework and liberalised foreign ownership in Oman. Most notably, the FCIL allows foreign investors to own up to 100% of the share capital in certain forms of Omani entities. This includes all activities except those determined pursuant to Ministerial Decision No. 209/2020, as amended, which are prohibited from being practised by entities with 100% foreign investment (commonly referred to as the **Negative List**).

Doing business in Oman as a foreign investor

To do business in Oman, it is necessary for any foreign entity / investor to comply with laws governing foreign business activity, in particular the FCIL. This is in addition to all other laws affecting commercial enterprise within Oman generally which include, amongst others, the Commercial Companies Law (RD 18/2019) (CCL), the Executive Regulations to the CCL (issued vide MCIIP MD 146/2021), the Commercial Register Law (RD 3/1974), the Commercial Agencies Law (RD 29/1977), the Commercial Code (RD 55/90) and the Civil Code (RD 29/2013).

The FCIL applies to foreign investors seeking to undertake investment activities in Oman. A "foreign investor" may include:

- Non-Omani individuals; or
- Foreign legal entities.

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Chambers Global 2026, Oman Corporate & Finance:

Establishing a presence in Oman

Foreign investors wishing to conduct business in Oman must establish a legally recognised presence within the Sultanate. Several investment structures are available depending on the nature of the investment and the investor's commercial objectives.

While Omani legislation provides for a variety of corporate forms, foreign companies typically operate through one of the following structures:

- Limited Liability Company (**LLC**), including the Single Person Company (**SPC**); or
- Closed Joint Stock Company (**SAOC**).

Branch offices of foreign companies may also be established in certain circumstances; however, such branches are generally limited to performing government contracts for which they are specifically registered.

Limited Liability Company (LLC)

The LLC is the most common corporate vehicle used by foreign investors in Oman.

Key characteristics include:

- Shareholders' liability limited to their capital contribution;
- Flexibility in corporate governance arrangements; and
- Suitability for small to medium-sized investment projects.

Following the introduction of the FCIL, foreign investors may establish an LLC with 100% foreign ownership in many permitted sectors, removing the historical requirement for a majority Omani shareholder.

The LLC structure is widely used due to its relatively straightforward incorporation process and operational flexibility.

Single Person Company (SPC)

An SPC is a form of LLC owned by a single shareholder. This structure may be used by both individuals and corporate entities.

The SPC offers advantages similar to the LLC structure while allowing investors to maintain full control of the entity through a single shareholder.

Closed Joint Stock Company (SAOC)

An SAOC is generally used for larger investment projects or ventures involving multiple investors.

Key features include:

- Share capital divided into transferable shares;
- Corporate governance requirements including a board of directors; and
- Suitability for large-scale investment projects or strategic partnerships.

This structure is often used for infrastructure projects, financial institutions, or other ventures requiring significant capital investment.

The main procedural steps involved in establishing a presence in Oman are summarised in Appendix 1 (**Company Set-Up Procedures for Foreign Investors in Oman**).

Following incorporation, newly established companies must also comply with a number of administrative and regulatory requirements before commencing operations in Oman. These typically involve registrations with various governmental authorities and the completion of additional licensing formalities.



Special Economic Zones and Free Zones

In addition to the above, Oman has established a number of special economic zones and free zones designed to attract foreign direct investment.

The Salalah, Sohar and Al Mazunah Free Zones were established pursuant to Royal Decree No. 56/2002 relating to the regulation and establishment of free zones in Oman. In addition, the Special Economic Zone at Duqm (**SEZAD**) was established pursuant to Royal Decree No. 119/2011 and Knowledge Oasis Muscat (**KOM**) is also recognised as a special economic zone. These zones have been established in strategic locations within the Sultanate and are intended to promote international trade, logistics and industrial development. In particular, SEZAD hosts major infrastructure projects, including logistics facilities and refinery operations.

Companies established within these zones may benefit from a number of incentives, including:

- a) corporate tax exemptions (which may extend for up to 30 years);
- b) customs duties exemptions for goods and services;
- c) relatively low start-up capital requirements;
- d) incorporation of companies with 100% foreign ownership is permitted; and
- e) no restriction on repatriation of profits and capital.

Oman continues to pursue policies aimed at expanding the number of free zones and special economic zones in order to further promote foreign investment and economic diversification.

Investors considering investment in a free zone or special economic zones should note that the zones are not appropriate for entities to undertake activities onshore in Oman. Further, although special economic zones and free zones are located within the Sultanate, the Law of Special Economic Zones and Free Zones (Royal Decree No. 38/2025) (the **Law of Special Economic Zones and Free Zones**) provides that each zone is established pursuant to a royal decree which specifies, among other things, its location, boundaries, advantages, incentives, exemptions and facilities. The Law of Special Economic Zones and Free Zones further provides that the general laws of the Sultanate apply to such zones except where otherwise provided in the law or in the royal decree establishing the relevant zone, thereby allowing zone-specific regulation. In addition, in the case of free zones, the applicable rules and systems

governing their operation are issued specifically in respect of the relevant free zone. Accordingly, the legal and regulatory requirements applicable to companies may vary depending on the zone in which the investment is established.

Investor protections and investment incentives

Omani legislation provides several protections designed to enhance investor confidence and ensure the stability of foreign investments.

The law also permits foreign investors to:

- Transfer ownership of investment projects;
- Repatriate profits and capital;
- Restructure or transfer shares in accordance with applicable laws.

Oman has also implemented a range of policy measures aimed at attracting foreign direct investment and enhancing the overall investment climate. In particular, the establishment of special economic zones and free zones—including those located in Duqm, Sohar and Salalah—forms a key component of the Sultanate's investment strategy. These zones typically offer a range of incentives to foreign investors, such as tax exemptions, customs benefits, simplified licensing and regulatory procedures, and the ability to maintain full foreign ownership of investment projects.

International Financial Centre of Oman

In early 2026, Oman introduced the International Financial Centre (the **Centre**) pursuant to Royal Decree 8/2026. The Centre is intended to position the Sultanate as a global financial hub by creating a dedicated regulatory framework governing financial services conducted within or through the Centre. The Royal Decree establishes the institutional and regulatory for the Centre and provides that it enjoys legal personality and possesses financial and administrative independence.

The activities of the Centre are supervised by a Board that is tasked with achieving a number of objectives, including establishing Oman as a leading global financial centre, supporting sustainable economic diversification, and most notably, attracting regional and international capital and financial institutions, thereby further strengthening Oman's position as attractive destination for foreign investment.

Institutional framework of the International Financial Centre of Oman

The institutional framework of the Centre reflects a separation between policymaking, operational administration and financial regulation. The Board of the Centre functions as the authority responsible for issuing regulations, approving regulatory frameworks and overseeing the overall development of the Centre.

The Authority of the Centre is responsible for the operational management of the Centre, including maintaining registers of entities operating within the Centre, administering infrastructure and services, ensuring compliance with applicable legislation and managing its day-to-day activities.

The Regulatory Authority of the Centre functions as the financial regulator responsible for licensing and supervising financial institutions and ancillary service providers, as well as overseeing compliance with applicable financial regulations, including anti-money laundering and counter-terrorist financing obligations.

The framework further distinguishes between “establishments of the Centre”, being entities registered or authorised to operate within or through the Centre, and “licensed establishments”, being those authorised by the Regulatory Authority to conduct financial services or related activities. This distinction allows a range of entities – including holding companies, special purpose vehicles and service providers – to operate within the Centre without necessarily being regulated as financial institutions, thereby providing flexibility for investment and transaction structuring.

The Royal Decree further establishes a dedicated dispute resolution framework comprising the courts of the Centre and a Dispute Resolution Tribunal, which oversees arbitration and mediation processes. The framework also contemplates the recognition and enforcement of decisions between the courts of the Centre and the courts of the Sultanate of Oman.

The Centre is designed to compete with the likes of the Dubai International Financial Centre and Abu Dhabi Global Markets. As the Centre was only announced in early 2026, it remains to be seen how the regulatory landscape evolves in readiness for the Centre's commencement of operations which is expected to be in late 2026.

Final remarks

Oman has gone through several reforms to enhance foreign direct investment. The creation of the Centre shows that such investment promotion activities still continue and the overall legal landscape (e.g. in respect of Data Privacy etc...) has also seen significant developments. We have already seen examples of more investment activities, and given Oman's Vision 2040, we will see more and more reforms to further diversify the national economy.

Appendix 1 - Indicative Company Set-Up Procedures for Foreign Investors in Oman





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