Economic Stimulus Plan
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The economic stimulus plan, approved by Council of Ministers, aims at supporting efforts to mitigate the implications of COVID-19 pandemic on the national economy. The plan provides a set of stimulus measures and initiatives with the aim to support economic recovery efforts, enhance economic activities performance, and attract more foreign investments. The plan comes to support Medium Term Fiscal Plan (2020-2024), which seeks to improve Oman’s financial position and credit rating, and reduce public debt.

The economic stimulus plan addresses five key areas, as follows:

- Tax and fees
- Business Environment and Investment Climate
- Small and Medium Enterprises (SMEs)
- Labour Market and Employment
- Banking Sector

Tax and Fees Incentives

Tax

1. All companies, registering their main activity in the economic diversification sectors during the period from 1st of January 2021 until the end of 2022, shall be exempted from income tax for five years, in accordance with the rules and regulations to be announced by Tax Authority, starting from the date of registering such activity in the commercial registration.

2. Hotels shall be exempted from income tax due for 2020 and 2021.

3. Allow the payment of due income tax by installments. The additional tax (for 2021) arising from paying the tax by installments shall be removed.
4. Waive 1% of payable tax, with a maximum amount of RO 10000, of tax dues declared in tax return for the following year for those who submit tax return and make tax payment on time.

5. Continue to suspend tax on dividends for five years, starting from 2020.

6. Carry forward loss of companies and enterprises for 2020 to the following year, and deduct the same from the taxable income of 2021 and subsequent years until the loss is settled, without being restricted to the period of five years stipulated within Article 71 of Income Tax Law.

7. Exemption of tourism tax and municipality tax, collected from tourist facilities, until end of 2021.

8. Delay the collection of tourism tax and municipality tax from tourist facilities, until the end of December 2021.

**Fees**

1. Reducing fees of environmental licenses, which to be renewed in 2021, by %50 for the entire licenses period.

2. Waive the penalties resulting from the expired environmental licenses provided that such licenses be renewed within 3 months.

3. Minimize the rents of lands located within Special Economic Zone at Duqm (SEZAD) and industrial areas of Public Establishment for Industrial Estates (Madayn) by 25%, with effect from January 2021 until the end of 2022.

4. Applying fixed tariffs, depending on electrical loads, for higher electricity consumers (more than 100 thousand kilowatt hour (kWh)).
Stimulating Business Environment and Investment Climate

1. The permission to start businesses and investment activities after obtaining provisional license would allow the investor to carry business activity without waiting for the final license. The investor will have to undertake to adhere to the relevant rules and regulations, and the concerned authorities shall inspect and verify the adherence of the investor at later time. Therefore, the Ministry of Commerce, Industry & Investment Promotion shall set the regulations for such purpose within a month.

2. The companies registered in accordance with the Foreign Capital Investment Law shall be treated as those owned by the citizens in terms of commercial registration fee, in the event that such companies invest in economic diversification sectors and the enabler sectors.

3. Foreign investment companies will automatically be granted, upon establishment and after issuing the commercial registration, three permits for recruiting expat workforce as per the applicable rules and regulations.

4. Granting residency to foreign investors as per the rules and regulation to be announced by the concerned authorities.

5. The Ministry of Commerce, Industry & Investment Promotion shall sign a service agreement for every strategic investment project which its value exceeds RO 1 million. Such service agreement would outline the rights and duties of the parties (including applicable fee and Omanisation rate) during the investment period, with the aim to create trust among the investors.

6. Allow the companies to own lands with 5000 sqm and more, and real-estates for the purpose of practicing the authorized activity as per the applicable rules and regulations, with an exception to the lands which are not permitted to be owned by non-Omanis. This is in accordance with the following:

   - The land or real-estate, which is to be owned, needed for practicing an authorized activity mentioned in the commercial registration.
   - Space of the real-estate or land area, which is to be owned, shall be consistent with the requirement of the authorized activity.
   - The ownership of lands or real-estates shall be limited to those categorized as residential and commercial, commercial, industrial, or tourism.
   - A company shall utilize more than 50% of the purchased property for practicing the activity mentioned within the commercial registration. However, such company can rent or sell part of the property that exceeds its actual need, except for the real-estates purchased for tourism purposes or integrated commercial complexes.
7. Approval to prepare a funding scheme by Oman Development Bank to boost exports of Omani products and services, in collaboration with the Ministry of Commerce, Industry & Investment Promotion and Credit Oman.

8. Business activities related municipality fees shall be restructured, by the concerned authorities, to ensure the facilitation of procedures.

Small and Medium Enterprises (SMEs)

1- Reducing income tax from 15% to 12% for SMEs, as per the classification of SMEs Development Authority, and similar enterprises which are not registered in the Authority but registered by the Ministry of Commerce, Industry & Investment Promotion. The reduction shall apply for the tax years of 2020 and 2021.

2- To continue the postponement of loan installments, due for Al Raffd Fund, of SMEs until the end of December 2021.

3- Government purchasing contracts, which worth less than RO 10000, shall be confined to SMEs whose owners hold RIYADA card. This can be bypassed by a justifiable decision from the head of the concerned unit.

Labour Market and Employment Incentives

1. Allocating RO 20 million in 2021 Budget to train job-seekers.

2. Reducing fees of expat workforce recruitment permits as specified in Article 2 of the Ministerial decision no. 12/2021, issued by the Ministry of Labour regarding high and middle level of positions and types of professions and occupations as set forth in sections 1, 2, and 3 of Item One, and Section 3 of Item Two, as follows:

- **50% for enterprises and companies that achieved Omanisation rate.**

- **25% for enterprises and companies that have Omani workforces.**
Banking Sector Incentives provided by Central Bank of Oman

1. To continue the procedures of postponing loan installments of laid-off Omani employees until further notice and those whose salaries have been reduced until the end of September of current year.

2. Urging banks to continue addressing the requests for postponing the installments and interests/profits of all borrowers affected by the current situation for a period of another six months, until the end of September 2021.

3. To keep incentive packages related to the credit such as raising the ceiling of lending, facilitating lending to the affected and productive sectors, reducing capital buffers ratios and other measures. These aim at helping banks, finance companies to play greater role in supporting economic recovery efforts and improving the levels of liquidity available in the local market.

4. The Central Bank of Oman (CBO) shall liaise closely with various banks and finance companies with regard to rescheduling of loans in order to match the new cash flows of borrowers so as to ensure their ability to fulfill their contractual obligations with finance institutions, without imposing fees on rescheduling of loans.