

**Decision No. 236/2015/
Issuing the rules regulating tax exemptions at the Special Economic Zone in Duqum**

In pursuance to Royal Decree No. 119/2011 on the establishment of the Special Economic Zone Authority at Duqum and issuing it's Articles;

Royal Decree No. 79/2013 on the issuance of the Articles of the Special Economic Zone at Duqum;

Royal Decree No. 44/2014 on lifting the capacity of a public utility from some of the schemes within the scheme of the Special Economic Zone Authority at Duqum;

Decision of the Board of Directors of the Special Economic Zone Authority at Duqum, Circular No. (2/2015) dated 24th Jumada Al Akhirah 1436 Hijri corresponding to 14th April 2015, approving the rules regulating the tax exemptions, attached herewith;

And on the basis of the public interest, it has been decided:

Article One

The attached Rules shall apply on regulating the tax exemptions at the Special Economic Zone at Duqum.

Article Two

The Chairman of the Board of Directors of the Special Economic Zone Authority at Duqum shall issue the decisions and instructions necessary to implement the provisions of the attached Rules.

Article Three

There shall be abolished everything that contravenes this Decision, the Rules attached thereto or contradicts with its provisions and shall be effective from the date of issuance.

Issued on: 7th Ragab 1436hijri
Corresponding to: 26th April 2015

Yahya bin Saeed bin Abdullah Al-Jabiry
Chairman, Board of Directors

IMPORTANT NOTE:

The regulation issued originally in Arabic. In the event of inconsistency between this translation and Arabic regulation, the Arabic text will prevail.

The rules regulating tax exemptions at the Special Economic Zone at Duqum

Chapter One Definitions and General Provisions

Article (1)

In the application of these Rules, the following words and terms shall have the meanings assigned thereto them unless the context otherwise requires:

Authority:

The Special Economic Zone Authority at Duqum

Zone:

The Special Economic Zone located in the State of Duqum for the purposes of establishing the economic and service projects and other projects within the boundaries and location shown in the Scheme attached to Royal Decree No. 119/2011 and Royal Decree No. 44/2014 referred to above.

Board:

Board of Directors of the Authority

Minister:

The Minister responsible for the financial affairs

Chairman:

Chairman of the Board

Secretariat:

The Secretariat General for Taxation at the Ministry of Finance

Enterprises:

The Enterprises licensed to be established at the Zone, whether they are in the form of individual institutions, firms, company branches or foreign institutions or the licensed professional or handicraft activities to be practiced at the Zone.

Legal Representative:

The natural person or corporate body authorized by the Enterprise to practice the whole or part of its businesses and take action on its behalf regarding all the necessary procedures that the Authority may request.

Article (2)

These Rules shall apply to all the Enterprises licensed to be established at the Zone. However, in case that there is no special text provided for it in these Rules and the Decision issued in implementation thereof, there shall apply the provisions of the Income Tax Law issued in pursuance to Royal Decree No. 28/2009 and its Executive Regulations and the Decisions issued in implementation thereof.

Article (3)

To enjoy tax exemptions, Enterprises must fulfill the following requirements:

1. Registered at the Commercial Register at the Zone, in accordance with provisions of Enterprises Registration Regulation issued by the Authority.
2. Licensed to exercise one of the activities specified in accordance with the rules contained in the Environment Investment Organizing Regulation issued by the Authority.
3. Commitment to exercise the licensed activities within the boundaries of the Zone.
4. Commitment to the Omanization percentage specified by the Board.

Article (4)

Enterprises shall enjoy the income tax exemption in accordance with a decision issued by the Minister at the request of the Chairman. This tax exemption shall not apply to the banks, financial institutions, insurance and reinsurance companies and the enterprises operating in the field of provision of telecommunications services, companies and institutions operating in the field of road transport unless they are registered at the Authority and exercise their activities, on permanent basis, within the boundaries of the Zone.

Article (5)

The income tax exemption period is (30) thirty calendar years or the period of the lease contract or the Usufruct agreement, which is closer. The tax exemption commences from the commencement date of the activity and fulfilment of all the requirements required by law for tax exemption. The period of tax exemption may be extended in accordance with the terms, controls and procedures provided for in these Rules.

Article (6)

Tax exemption is limited to the Enterprise's income realized from the licensed activities exercised within the Zone, excluding the other activities exercised outside the Zone.

Article (7)

The Enterprise that has been exempted from tax in accordance with the provisions of these Rules shall be committed to submit a final income declaration for each issued tax year to the Secretariat on the models prepared for this purpose in accordance with the provisions set forth in the income tax law and its executive regulation.

The payable tax based on the income declaration submitted in accordance with the provisions of this Article is not payable provided that all the requirements prescribed for enjoying the tax exemption are fulfilled.

Chapter Two Income Tax Exemption Procedures

Article (8)

The Enterprise's legal representative shall submit the application for income tax exemption on the model prepared for this purpose to the Competent Department at the Authority. The application shall include information about the Enterprise based on the commercial register and other official records and documents, along with the official documents required to prove that the conditions and controls required for tax exemption are fulfilled in accordance with the requirements of the model.

The application and attachments thereto shall be submitted within (3) three months from the commencement date of the activity or from the renewal date, as appropriate.

Article (9)

The Competent Department may request any information or documents it may deem appropriate to consider and decide on the application.

The Competent Department at the Authority shall study the application and decide on the extent of whether or not the requirements required by the law for tax exemption are available.

The application along with the results of the Competent Department's review shall be presented for the Chairman's decision who shall submit the same with all the documents provided by the Enterprise to the Secretariat within (30) thirty days from the date of submission of the application in order to be referred to the Minister for issuance of the decision.

Article (10)

The Secretariat shall assume the following:

1. Studies the application to verify the fulfilment of the conditions and controls required by the law for tax exemption.
2. Prepares a draft decision on the tax exemption and submits it to the Minister for issuance.
3. Notifies the Authority and the Enterprise about the decision taken on the application for tax exemption.
4. Records the decisions issued on tax exemptions in the register prepared for this purposes at the Secretariat in accordance with the provisions of these Rules.

Chapter Three Obligations and Powers

Article (11)

Enterprises are committed to keep regular books of accounts in which they shall record the income realized from the activities exercised within the Zone with a state of other income realized from any other activities practiced outside the Zone, provided that they are audited by a licensed auditor to practice the auditing profession in accordance with the Omani laws, international norms and standards. A copy of the annual accounts, financial statements and the auditor's report shall be submitted to the Authority within (6) six months from the end of the fiscal year for which the accounts and financial statements have been prepared.

Article (12)

The Authority is committed to the following:

1. Provides the Secretariat with a copy of the financial statements of the Enterprises registered at the Zone.
2. Provides the Secretariat with the required documents, data and information as required by the Secretariat.
3. Follows up the Enterprises and verifies their continued adherence to the controls and conditions set forth in these Rules.
4. Notifies the Enterprises of the necessity to correct any violation to the controls and conditions set forth in these Rules within one month from the notification date and sends a copy thereof to the Secretariat.

The Authority may coordinate with the Secretariat to establish electronic channels to share these information and documents with the Enterprises registered at the Zone.

Article (13)

The Secretariat is committed to the following:

1. Opens a private register for every Enterprise to ensure the extent of its adherence to the controls and conditions set forth in these Rules.
2. Coordinates with the Authority during the verification and auditing processes conducted on the Enterprises to ensure their adherence to the controls and conditions set forth in these Rules.

Article (14)

The Minister, based on the Authority's or Secretariat's request, may take the following actions:

1. Suspends the tax exemption decision, temporarily, until the provision of the accounts and documents provided for in these Rules.
2. Withdraws the tax exemption decision, considering it as if it had not happened, if it has become evident that the decision has been taken based on incorrect reasons.
3. Cancels the tax exemption decision starting from the date on which the Enterprise is no longer practicing its business within the Zone on a regular basis or there was no prove as to the availability of the controls and rules required by the law for tax exemption.

In all cases, the Secretariat must notify the Authority and the Enterprise about the decision of the suspension, withdrawal or cancellation of the tax exemption temporarily and record the decision in the register prepared for this purpose at the Secretariat.