

Royal Decree

Number (79/2013)

Issuing the regulation of the Special Economic Zone at Duqm

We, Qaboos bin Said, Sultan of Oman

After perusal of the Basic Law of the State issued by Royal Decree (101/1996),

Commercial Register Law number (3/74),

Commercial Companies Law number (4/74),

Commercial Agency Law issued by Royal Decree number (26/77),

Foreign Capital Investment Law issued by Royal Decree number (102/94),

Law of Foreigners Residence issued by Royal Decree number (16/95),

Regulation on Handling and Use of Chemicals Issued by Royal Decree number (46/95),

Law on Conservation of the Environment and Prevention of Pollution issued by Royal Decree (114/2001),

Law on Protection of Water Resources from Pollution issued by Royal Decree number (115/2001),

Tourism Law issued by Royal Decree number (33/2002),

Labor Law issued by Royal Decree number (35/2002),

Free Zones Law issued by Royal Decree number (56/2002),

Law of Natural Reserves and Preservation of Wildlife issued by Royal Decree number (6/2003)

Mining Law issued by Royal Decree Number (27/2003),

Royal Decree (67/2003) applying the Gulf Cooperation Council Unified Customs Law,

Royal Decree (76/2004) Defining the Jurisdictions of the Ministry of Manpower and Approving its Organizational Structure,

Royal Decree (85/2006) designating the development of Al-Duqm city in Al-Wusta Region a public utility project,

The Unified Industrial Regulation Law for the Gulf Cooperation Council of the Arab Gulf Countries issued by Royal Decree number (61/2011),

Food Safety Law issued by Royal Decree number 84/2008,

Royal Decree number 119/2011 establishing the Duqm Special Economic Zone Authority and issuing its regulation,

And in pursuance of the public interest we have decreed the following:

Article One:

Concerning the Special Economic Zone at Duqm, the attached regulation will be applied.

Article Two:

All that is contrary to the attached regulation or contradicts with the provisions hereof is hereby repealed.

Article Three:

This Royal Decree shall be published in the Official Gazette and shall come effective from the date following its publication.

Issued on 23 Safar 1435 AH

Corresponding to 26 December 2013

Qaboos bin Said

Sultan of Oman

Article (1):

In the implementation of this regulation, the terms and expressions contained shall have the same meaning ascribed to each of them in the regulation of the Special Economic Zone Authority at Duqm's issued by Royal Decree number (119/2011), and the following terms and expressions shall have the meaning ascribed to each of them unless otherwise implied by the context:

1. **Capital Invested:** Machinery, equipment, tools, devices and others necessary to establish, expand or operate a project in the Zone, and foreign currency transferred to and from the region in accordance with the instructions of the Central Bank of Oman.
2. **Goods:** machinery, equipment, tools, materials, products, spare parts, fuel and others that are used, distributed, produced fully or partially or consumed by the projects for any purpose.
3. **Taxes:** All kinds of taxes imposed under the laws in force in the Sultanate
4. **Customs Territory:** Anywhere within the borders of the Sultanate with the exception of the free zones and special economic zones.
5. **One Stop Shop:** A system established by the authority, at the Zone, which shall issue all licenses, permits, approvals and visas, and completion of projects commercial registration and implementation of all the rules and regulations related to the zone and the decisions issued by the Authority.

Article (2):

Without prejudice to the guarantees and exemptions for the projects under the provisions of the Royal Decree number (119/2011) for establishing the Special Economic Zone Authority at Duqm and issuing its regulation, the projects shall enjoy the guarantees, benefits, incentives exemptions and facilities provided in this regulation.

Article (3):

The projects shall enjoy the exemptions, incentives and facilities accorded to the companies operating in the free zones stipulated in articles (3), (4), (11) and (13) of the Free Zones Law as follows:

- 1- Exemption from taxes, this shall be issued by a decision from the Minister in Charge of Financial Affairs at the request of the Board, this exemption shall not apply to banks, financial institutions, insurance and reinsurance companies, projects working in the field of providing telecommunications services, and companies working in the field of road transport except such road transport companies which are registered with the Authority and operate within the borders of the zone permanently.

The exemptions set forth in the previous paragraph shall not include income statements.

- 2- The capital of the projects may be fully owned by non-Omanis, this is an exemption from the Commercial Companies law and the law of foreign capital investment
- 3- Exemption from the requirement of minimum capital investment provided in the Commercial Companies Law or in any other law.
- 4- Exemption from any restrictions related to receiving, trading, and transferring of foreign currency.
- 5- Exemption from the application of the provisions of the Commercial Agencies Law.

Article (4):

The duration of the tax exemption provided in clause (1) of Article (3) of this regulation shall be for a period of 30 years from the date of commencement of the activity, renewable for similar periods by following the same procedures set forth in this clause.

Article (5):

The use of land by the projects located in the Zone for all purposes shall be subject to a payment of a fee, and for a period up to fifty years, renewable for similar periods. The usufruct rights shall be according to rules established by a decision from the Board without prejudice to clause (11) of article (5) of the regulation of the Special Economic Zone Authority at Duqm issued by Royal Decree number (119/2011).

The Authority cannot annul or terminate the Usufruct Agreement except in the case of violation of the terms of the Agreement by the projects or the relevant rules issued by the Board or the terms of the licenses issued to such, or for considerations of public utility projects and in accordance with the provisions of the laws in force in the Sultanate.

Project are not permitted to undertake any form of alienation or transfer of the usufruct rights accorded to them, except for other similar projects, subject to the prior approval of the Authority.

Article (6):

The projects, alone, shall determine the price of their products, goods and services.

Article (7):

Except the goods that are banned by law to be imported, the projects have the right to import all kinds of goods to the Zone without permission, license or prior approval, except if the products are classified as an explosive or chemical material, in which case must follow the rules on importation of such materials that are laid down in the related Laws and regulations in the Sultanate.

Article (8):

The goods imported by the projects are not subject to any restrictions related to the duration of their stay in the Zone, unless specified by the board according to the nature

and type of the goods. Such goods shall not be subject to any restrictions on transferring them within the Zone or between any other Free Zone or Special Economic Zone in the Sultanate, without prejudice to the Gulf Cooperation Council Unified Customs Law and the Royal Decree number (67/2003) of its application.

Article (9):

Without prejudice to any international agreement to which the Sultanate is a party, goods that are manufactured or assembled in the Zone shall be treated as locally produced products when exported to any country or anywhere else outside the Sultanate.

Article (10):

The Projects are not subject to any restrictions on the repatriation of capital invested and profit.

Article (11):

The projects have the right to have commercial representative offices within the customs territory. Such offices shall be registered in accordance with the provisions of the laws in force in the Sultanate.

Article (12):

All the necessary services for the projects shall be provided through the one-stop-shop, The Authority shall establish an electronic portal through which all the necessary information about the Zone shall be provided.

The Chairman of the Board shall take all necessary measures to implement the rule of the previous paragraph in coordination with units of the administrative bodies of the State concerned in relation to services that are not within the jurisdiction of the Authority.

Article (13):

In enforcement of the Law of the Commercial Register within the boundaries of the Zone, the Authority shall have the functions of the General Secretariat of the Commercial Register at the Ministry of Commerce and Industry regarding the registration of projects.

Article (14):

In the enforcement of the unified law of industrial regulation of the Cooperation Council for the Arab States of the Gulf, the Authority shall have within the Zone the functions of the Ministry of Commerce and Industry regarding registration in the Industrial Register and the granting of permits, and the Chairman of the Board shall assume the functions of the Minister of Commerce and Industry.

Article (15):

In the enforcement of the law of Mining within the boundaries of the Zone, the Authority shall have the functions of the ministry of Commerce and Industry, and the Chairman of the Board shall assume the functions of the Minister of Commerce and Industry.

Article (16):

In the enforcement of the laws on Environmental Protection, Combating Pollution, Protection of Potable Water Resources, Nature Reserves, Preservation of Wildlife and regulation on Handling and Use of Chemicals within the Zone, the Authority shall have the functions of the Ministry of Environment and Climate Affairs in relation to issuing environmental permits for the projects and take necessary environmental measures, and the Chairman of the Board shall assume functions of the Minister of Environment and Climate Affairs.

Article (17):

In the enforcement of the law of tourism have within the Zone, the Authority shall the functions of the Ministry of Tourism in relation to issuing permits necessary for tourism projects.

Article (18):

In the application enforcement of the food safety law within the Zone, the Authority shall have the functions of the concerned body.

Article (19):

A manpower department shall be set up in the Zone by a decision from the Minister of Manpower to issue the necessary permits for the foreign labor, according to procedures that are expeditious and efficient that shall be issued by the Board in coordination with the Ministry of Manpower.

In all cases, the period of issuing these permits shall not exceed five working days from the date which the applications were submitted. The lapse of such period without a decision regarding the application shall be deemed as approval. And in the case of rejection, the decision must be justified.

In the enforcement of the Labor Law inside the Zone, the Chairman of the Board shall have the functions of the Minister of Manpower concerning setting the fees for bringing in the foreign workforce and setting the Omanization percentage for Projects.

Article (20):

Projects may agree among themselves on the transfer or assignment of workers among themselves without restrictions, in accordance with the rules established by a decision issued by the Board.

Article (21):

A branch of the Department of Immigration and Passports shall be established in the Zone, by a decision from the Chief Inspector of Police and Customs in coordination with the Authority, which will be assigned the specific responsibility of issuing entry visas and residency permits for the expatriate workforce and their families who will be coming to work in the Zone or visit it.

Article (22):

The Board shall in coordination with the Royal Oman Police issue a Customs regulation, ensuring the following:

- 1- Quick and effective customs inspection.
- 2- Clarity and transparency of the basis of valuation.
- 3- Simplifying and shortcutting of the customs clearance procedures without prejudice to their effectiveness.
- 4- Comprehensive and thorough examination of the samples that are subject to controls within one location.

Article (23):

A customs office shall be established in the zone by a decision from the Inspector General of Police and Customs, with functions and responsibilities referred to in article 22 of this regulation.

Article (24):

The Chamber of Commerce and Industry is assigned the responsibility for issuing certificates of origin for Projects and ratifying them.

Article (25):

The Authority may issue exclusive licenses to certain projects to carry out specific business activities for a limited period of time, and that is for considerations relating to the protection of the environment or the conservation of natural resources in the Zone or in the scope of implementation of infrastructure projects. Notwithstanding the exception specified above, the Authority is committed to prevent monopoly and securing fair competition in the Zone in accordance with laws in force in the Sultanate and resolutions issued by the Board.

Article (26):

The exemption from customs duty stipulated in Article 5 of Royal Decree Number (119/2011) shall not apply to Alcohol beverages, and tobacco products that will be imported into the Zone.

Article (27):

In order for the Projects to enjoy the guarantees, benefits, incentives and exemptions provided in this Regulation, they are required to fulfill the following:

- 1- To be registered in the Zone according to the applicable rules and regulations.
- 2- To be licensed to practice one of the specified activities according to the applicable rules and regulation.
- 3- Fulfill its commitment to undertake the business activity for which it is licensed to operate in the Zone.
- 4- Abide by the Omanization percentage specified by the Board.

Article (28):

The Authority may set aside a site in the region within the Zone to be part of the customs territory which shall be allocated to companies and industries that aim to export their

products to the GCC region and other Arab Countries which have signed the Free Trade Agreements with the Sultanate. The companies and industries located in this site shall be treated the same as the companies and industries located within the customs territory. A regulation shall be issued by a decision of the board after coordinating with Royal Oman Police to regulate the licensing, work and entry and exit of capital investment within this site.

Article (29):

The Authority, in discharging the functions stipulated in Articles (13), (14), (15), (16), (17), (18) and (19/paragraph 3) of this Regulation, shall adhere to the Laws mentioned therein as well as the instructions and resolutions issued for its implementation, and shall provide the concerned parties with all the information that is required in this regard, which shall be specified in cooperation with these parties in the form of memoranda of understandings.

The Board – in coordination with the relevant authorities and departments - shall take all necessary measures to enable the Authority to exercise these functions. Until these measures are adopted, these authorities and departments shall continue to exercise the functions referred to above, in coordination with the Authority, through the one-stop-shop.

Article (30):

The provisions of this Regulation shall not contravene with any functions that are accorded to the Authority in accordance with the laws and Royal Decrees in force.

Article (31):

The Authority's employees will be appointed by a resolution from the relevant authority, in accordance with laws in force in the Sultanate and in agreement with the Chairman of the Board, as judicial officers to deal with violations that occur within their specialized

jurisdictional areas, and related to the application of the laws mentioned in Articles (13), (14), (15), (16), (17), (18) and (19) of this Regulation, and within the scope of the specialization assigned to them.