

Royal Decree No. 123/2010

Sohar Free Zone Law

[Final Version Cabinet 21st December 2010]

**Royal Decree
No. 123/ 2010
For the issue of Sohar free zone**

We, Qaboos bin Sa'eed, the Sultan of Oman.

After reviewing the fundamentals of the state's constitution, issued in the royal decree no. 101/96,

and the Commercial Register Law no.3/74,

and the Commercial Companies Law no.4/74,

and the Commercial Agencies issued in the Royal Decree no. 26/77,

and the Law of Lands, issued in the Royal Decree no. 5/80,

and the Royal Decree no. 5/81 in regard of organizing the law of utilization of state owned lands,

and the executive by law of organizing the law of utilization of state owned lands issued by royal decree no. 88/82,

and the Law of Commerce issued in the Royal Decree no. 55/90,

and the Law of Foreign Capital Investment issued in the Royal Decree no. 102/94,

and the Capital Market Law issued in the Royal Decree no. 80/98,

and the Banking Law issued in the Royal Decree no. 114/2000,

and the Free Zones Law issued in the Royal Decree no. 56/2002,

and the Concession& Usufruct Agreements between The Government the Sultanate of Oman and Sohar Industrial Port Company issued in the Royal Decree no. 80/2002,

and the Labor law issued in the Royal Decree no. 35/2003,

and the Royal Decree no. 67/2003 in regard of the application of the GCC Unified Customs Law,

and the Law of Income Tax issued in the Royal Decree no. 28/2009,

and the Law of Money Laundering and Terrorist Financing issued in the Royal Decree no. 79/2010,

and according to public interest,

We decreed the following

Article (1): A free Zone in Sohar called “Free Zone in Sohar” shall be established on the land shown in the attached diagram and falls within the geographical boundaries of Sohar Industrial Port as delineated in the Concession Agreement and usufruct Right Agreement and according to the rules , procedures and regulations described in the two Agreements.

Article (2): Sohar Free Zone (L.L.C) shall be the Operating Authority of the Free Zone in Sohar.

Article (3): This decree is to be executed with the attached law as regards the Free Zone in Sohar.

Article (4): This decree is to be circulated in the local official gazette and complied with from the next day of its issuance.

Issued on: [21st December 2010]

**Qaboos Bin Sa’eed
Sultan of Oman**

Law of Free Zone in Sohar

Article (1):

In the Application of such Provisions; unless the context indicates that a different meaning is intended, the following words and phrases shall have the meaning ascribed to them as follows:

- 1. Law: Free Zones Law issued by Royal Decree No.56/2002.**
- 2. Free Zone: Free Zone in Sohar**
- 3. The Committee: The Free Zones Committee**
- 4. Concession Agreement: The agreement between whereupon the Government grants the Operating Authority the right to manage and operate the Free Zone in Sohar.**
- 5. Customs Territory: any area within the Sultanate except for free zone areas.**
- 6. Taxes: all kinds of taxes which are imposed by the laws.**
- 7. The Operating Authority: Sohar Free Zone Company (L.L.C).**
- 8. Working Company: Any company or enterprise, or any commercial, financial, transactional or service establishment and all its branches or any Omani or foreign commercial representative office which is to be licensed for conducting activities inside the Free Zone.**
- 9. One Stop Shop System: a system of issuing all licenses, permits, visas, approvals, completing registration processes of the working company and application of all rules and regulations related to each of the operating authority and the working company according to the Law.**

Article (2):

The Operating Authority is responsible for the management, development and operation of the Free Zone and has specially the *right/obligation* to:

- 1. Propose plans and programs for the development of the Free Zone.**
- 2. Propose rules, regulations and controls as regards master-planning and land use in the Free Zone.**
- 3. Issue licenses to the companies wishing to work in the Free Zone after obtaining approval from the concerned authority through the One Stop Shop System.**
- 4. Specify fees for services offered by the Operating Authority to the Working Company after obtaining the approval of the Committee..**

Article (3):

The Operating Authority and the Working Company are hereby granted the incentives, benefits and facilities stated in this Law and the said Free Zones Law.

Article (4):

Monies and activities of the Operating Authority and the Working Company are not subject to any nationalisation acts or to any imposed restrictions to private ownership restriction except under a law and by a fair compensation.

Article (5):

The Working Company is solely responsible for specifying the prices of its products and services.

Article (6):

The Working Company and all its workers are subject to the rules and regulations of the Free Zone.

Article (7):

The Operating Authority is exempted from taxes for (10) ten years.

Article (8):

The Working Company is exempted from taxes for ten (10) years and it is permissible to extend the exemption for consecutive periods of five (5) years up to a maximum of twenty five (25) years according to the procedures set in the Concession Agreement. In all cases, to enjoy tax exemption, the Omanisation levels specified in the Concession Agreement must be achieved in accordance with the rules and regulations contained in the Concession Agreement, provided the minimum Omanisation level does not fall below 15%.

Article (9):

Notwithstanding Article (3) of the Free Zones Law, the Operating Authority and the Working Company shall submit an annual tax return to the Secretariat General of Taxation.

Article (10):

Notwithstanding Articles (2) and (10) of the Free Zones Law, the Operating Authority has the right to establish Working Companies with other parties and to relinquish its right for the development and operation of on any part of the

Free Zone to such Working Companies after notifying the Committee without prejudice to the responsibility of the Operating Authority towards the Committee.

Article (11):

The Operating Authority has the right to divide the Free Zone into parcels of land and relinquish its usufruct right and the rights associated to such lands to the Working Companies specified in Article (10) of this law.

Article (12):

The Operating Authority and the Working Company have the right to repatriate its profits and investments.

Article (13):

All transactions made by the financial institutions working in the Free Zone shall be subject to the provisions of the said Money Laundering and Terrorist Financing Law and to all provisions related to the banks and financial institutions in the Sultanate.

Article (14):

The Operating Authority and the Working Company are permitted to establish temporary offices within the Customs Territory of the Sultanate according to resolutions made by the Committee.

Article (15):

The Operating Authority and the Working Company have the right to open commercial representative offices within the Customs Territory of the Sultanate, provided it is registered according to the said Commercial Register Law.