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Oman Tax Alert

Amendments to Pillar Two Supplementary Tax Law (Royal Decree No. 101/2026)

November 2026

Executive Summary

His Majesty Sultan Haitham bin Tarik issued Royal Decree No. 101/2026 on 29 October 2026 (published in Official Gazette No. 1672 on 1 November 2026), introducing comprehensive amendments to the Supplementary Tax Law on Entities Belonging to Multinational Groups (originally enacted under Royal Decree No. 70/2024). The law formally updates the statutory terminology to 'Law on Supplementary Tax on Constituent Entities of Multinational Groups', replaces eight of the original articles, adds nine new articles, and aligns the law's definitions with the OECD Globe Model Rules and the OECD/G20 Inclusive Framework's Pillar Two implementation guidance.

Crucially, the Decree confirms that the replaced Articles 1, 2, 3, 5, 6, 7, 8 and 9 and the new Article 3 bis covering definitions, scope, excluded entities, registration, return filing, tax payment and late payment charges apply retroactively for tax years starting on or after **January 1, 2025**. The new record-keeping, investigative and penalty provisions (Articles 9 bis to 9 bis (7)) apply only from 2 November 2026, the day after publication, and cannot be applied to conduct before that date.

Key Amendments to the Oman Pillar Two Legislation:

Revising and restructuring definitions within the legislation and introducing new key definitions required for its execution.

Reorganizing provisions regarding the scope of application, and clarifying entities excluded from effective tax rate and top up tax calculations.

Amending the title of the law to correspond with the approved terminology under the Pillar Two Rules.

Removing the express IIR provisions; the domestic top-up tax (DMTT) is now the operative charge.

IIR: what it means for Omani-headed MNE Groups

- **What changed:** Earlier provisions which charged Omani UPEs, intermediate and partially-owned parent entities on low-taxed foreign subsidiaries, have been replaced and IIR definition has now been removed. The Executive Regulations will settle the position.
- **Low-taxed foreign subsidiaries:** Unless Oman applies a qualified IIR, top-up tax on foreign subsidiaries with an ETR below 15% will not be collected in Oman. It may instead be collected by the subsidiary's own jurisdiction under a QDMTT, or by other jurisdictions where the group has entities, under the UTPR. Only Oman's DMTT, not an IIR, appears on the OECD Central Record (May 2026).
- **Omani profits:** Unchanged. The DMTT continues to top up low-taxed Omani profits, including profits sheltered by other exemptions (Article 3 bis).
- **Next steps:** Identify foreign subsidiaries with an ETR below 15%, check whether their jurisdictions apply a QDMTT, assess UTPR exposure, and revisit FY2025 tax provisions and IAS 12 disclosures.

Summary of Royal Decree No. 101/2026

- **Expanded Definitions (Article 1)**: The definitions article grows from 10 to 24 terms aligned with the OECD Globe Model Rules, including Entity (now covering partnerships and trusts), Excluded Entity, Designated Filing Entity, Reverse Hybrid Entity, Consolidated Financial Statements, Amended Return and Tax Evasion. The separate IIR definition has been removed.
- **Scope & Threshold (Article 2)**: Applies to Constituent Entities of MNE Groups with annual consolidated revenues of at least EUR 750 million (or OMR equivalent) in at least 2 of the 4 fiscal years preceding the tested fiscal year. Includes explicit mechanisms to pro-rate the EUR 750M threshold if fiscal periods are shorter or longer than 12 months. The Executive Regulations may specify additional entities that fall within scope.
- **Excluded Entities (Article 3)**: Excludes Government entities, international organizations, non-profit entities (including civil society institutions), pension funds, Ultimate Parent Entity (UPE) investment funds, UPE real estate investment vehicles, and specific entities designated by the Chairman of the Tax Authority with the approval of the Council of Ministers, in line with the Pillar Two implementation framework. Excluded Entities sit outside the ETR and top-up tax computation but must still be reported in the Globe Information Return and their revenues count towards the EUR 750 million threshold.

- **Override of General Tax Exemptions (Article 3 bis)**: Tax exemptions granted under any other laws or Royal Decrees DO NOT apply to the Supplementary Tax unless an exemption from Supplementary Tax is explicitly stated in law. This applies retroactively from 1 January 2025.

Summary of Royal Decree No. 101/2026

- **Registration & Designated Filing Entity (Article 6)**: In-scope Constituent Entities in Oman must register with the Tax Authority within 120 days from the date they become subject to the tax. Upon registration, entities must designate a Designated Filing Entity. If none is appointed, the Chairman shall appoint the UPE located in Oman as the Designated Filing Entity. The Tax Authority may also register an entity with its own initiative based on the information available to it.

- **Filing Deadlines & Returns (Article 7)**: The Designated Filing Entity and Constituent Entities must file both the Supplementary Tax Return and the Globe Information Return (GIR) along with financial accounts within 15 months following the end of the reporting fiscal year. Amended returns must be submitted electronically within 30 days of discovering errors or omissions, up to 3 years after initial filing. The law contains no 18-month first-year extension; for calendar-year 2025 the deadline is 31 March 2027.

- **Payment & Late Payment Charge (Article 5)**: Supplementary tax must be paid by the return filing deadline. Late payments incur a late payment charge of 1% of the unpaid tax per month (or fraction of a month). The Chairman of the Tax Authority holds discretionary power to grant full or partial waivers of the charge, under rules to be set in the Executive Regulations.

Transitional implications for FY2025: registration applies retrospectively

- **120-day window already passed:** Article 6 applies from FY2025, so for a calendar-year group the literal deadline was 30 April 2025, before the amendment existed. The same is true for any fiscal year starting in 2025.
- **No transitional date yet:** The decree sets none; we expect the Executive Regulations or a Tax Authority decision to do so. Penalties apply only from 2 November 2026, so 2025 is not penalised, but a failure that continues after registration opens will be.
- **Act now:** Appoint the Designated Filing Entity, register as soon as the portal opens and keep evidence of timely action. FY2025 returns and payment remain due by 31 March 2027.

Summary of Royal Decree No. 101/2026

- **Record Retention Requirement (Article 9 bis)**: All covered entities (including Excluded Entities) must retain accounting books, documents, and supporting financial records for a period of 10 years following the end of the relevant fiscal year. This obligation applies from 2 November 2026.
- **Administrative Penalties (Article 9 bis 7)**: The Chairman may impose administrative fines up to 25% of the due Supplementary Tax or OMR 10,000, whichever is higher, for non-compliance with the law, regulations, or executive decisions. Fines can be challenged through the objection procedure in Article 8. This provision applies from 2 November 2026.
- **Objections & Appeals (Article 8)**: The Designated Filing Entity may object to the Chairman against the Supplementary Tax assessed, or any Tax Authority action with tax consequences, and appeal the Chairman's decision to the Tax Grievance Committee under the Income Tax Law (Royal Decree No. 28/2009).
- **Tax Authority Powers (Articles 9 bis (1) and (2))**: The Tax Authority may summon an entity to discuss Supplementary Tax matters. Designated officials have judicial police powers to enter business premises and places where records are kept, inspect documents and record violations.
- **Executive Regulations (Article 9)**: The Regulations will set the computation mechanism, safe harbors, the treatment of permanent establishments and Excluded Entities, and rules for flow-through, tax transparent and hybrid entities, domestic groups, joint ventures and controlling interests.

Judicial Enforcement & Criminal Sanctions

Offence / Violation Category	Sanction (Imprisonment / Fine)
Tax Evasion & Severe Violations (Intentional failure to register, file or pay tax on time, or obstructing tax officers)	Imprisonment: **6 months to 3 years** Fine: **OMR 5,000 to OMR 50,000** (Or either penalty. For a repeat offence within 5 years, the court **may double** the fine and raise the maximum prison term by up to half)
Minor Compliance Defaults (Intentional failure to keep records, failure to provide accurate data, failure to attend summoned meetings)	Imprisonment: **Up to 1 month** Fine: **Up to OMR 2,000** (Or either penalty)
Corporate Entity Liability (Offence committed in corporate name/account through the fault, gross negligence, consent or concealment of its chairman, a director, manager or other officer)	Fine: **OMR 50,000 to OMR 200,000** (Imposed directly on the legal entity, without prejudice to the personal liability of the individuals involved)

Prosecution and settlement (Article 9 bis (6)): Criminal proceedings can only start on a written request from the Chairman. The Chairman may settle before referral for between half the minimum and half the maximum fine, or after referral (but before a final judgment) for twice the maximum fine. Settlement requires full payment of the tax, late payment charges and administrative fines, and ends the criminal proceedings.

Effective date: These sanctions apply from 2 November 2026 and do not reach conduct before that date. Continuing failures after that date, such as not registering or missing the 31 March 2027 filing deadline, will be exposed.

Immediate Actions for In-Scope MNEs

- **Assess Threshold Eligibility:** Evaluate global revenue figures for FY2021–FY2024 to determine if the EUR 750M threshold is met for FY2025 application.
- **Designate Local Entity:** Formalize appointment of the local Designated Filing Entity responsible for tax filings and payments in Oman. Foreign-headed groups should appoint one themselves, as the default appointment only applies where the UPE is located in Oman.
- **System & Data Readiness:** Ensure ERP accounting systems can capture Globe calculations and support the 10-year recordkeeping mandate.
- **Exemption Verification:** Review existing tax incentives or free zone exemptions, keeping in mind that general exemptions no longer apply to Pillar Two tax unless specifically provided.
- **Register Promptly:** Monitor the Tax Authority portal and register as soon as registration opens. A literal reading of the retroactive 120-day rule falls in 2025, so a transitional date is expected; keep evidence of timely action.
- **Prepare for 31 March 2027:** Build the data for the first Supplementary Tax Return and Globe Information Return, and plan cash for payment on the filing date to avoid the 1% monthly charge.
- **Confirm the IIR Position (Omani Headed Groups):** Model the group's position with and without an Omani IIR and assess where top-up tax on low-taxed foreign subsidiaries may now be collected ***(see page 3)***.
- **Brief Directors and Officers:** Explain personal and corporate criminal exposure and set up an internal protocol for Tax Authority summonses and site visits.
- **Update Financial Statement Disclosures:** Reflect the amended law and Article 3 bis impact in IAS 12 Pillar Two disclosures for FY2026.

Points to Watch

- **Final Executive Regulations:** Computation, safe harbors, PE and joint venture rules all depend on them.
- **Filing relief:** Whether the Tax Authority will allow an 18-month first-year filing period (as the OECD Model Rules do) and accept Globe Information Returns filed centrally and exchanged under the GIR MCAA.

This alert is based on an unofficial English translation of the Arabic text of Royal Decree No. 101/2026, which alone is authoritative. It is a general summary and not tax or legal advice.



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