

GLORIOUS OMAN



BY TAIMUR MALIK

CONTINUING LEGAL REFORMS TAKING SULTANATE FORWARD

Oman's legal structure has undergone a progressive change in the wake of numerous Royal Decrees pronouncing new laws in the country and the Sultanate's efforts to build a forward-looking legal framework have benefitted young businesses and financial institutions.





This year's Renaissance Day marks another year of continuing reform and progress in the legal sector in Oman.

The legal developments emanate from Royal Decrees, as well as delegated acts of rule, which allow various ministries to strengthen the impression that the authorities are aligned at all levels, with regards to the progressive developments in the legal framework of the Sultanate.

Personally, working as a legal consultant in the Sultanate for the last many years has been a professionally rewarding and fulfilling experience. I consider myself fortunate to have been a witness to this changing legal environment and advising international and local businesses during this time. We have also seen a remarkable enhancement in the number and quality of Omani legal professionals during the last decade. Omani litigation lawyers have always been an important part of the legal community in Oman and now, over the years, the same has become true for the in-house and corporate law segments of the legal profession in the country.

The Government's initiative of providing scholarships to bright Omani students to acquire law degrees abroad is paying dividends and developing a well-educated and hard-working class of young Omani lawyers poised to fill the increasing need for in-house legal professionals in the public and private sectors. It is good to see international and local law firms playing their role in this respect by providing training and internship opportunities to Omani law students and graduates and, in many cases, hiring them as qualified lawyers.

In terms of recent legal developments that are beginning to have an impact on society and the business sector with each passing year, the laws and developments regarding Islamic Finance stand out. Purely economic concerns aside, the legal reforms related to the introduction of Islamic Finance in the country have resulted in the establishment of dedicated Islamic banks, creation of Islamic banking windows/divisions by most conventional banks and an array of connected economic and regulatory activity. From the establishment of Sharia compliant Investment Funds to Sukuk issuances, the country's Islamic Finance sector is exploring all possible avenues. These activities have resulted in new job opportunities, as well as financing possibilities that were previously not there.

Oman has also taken a firm position on anti-corruption matters and, apart from much publicised stringent prosecution actions in recent years, taken various legal measures in this respect, including recent discussions regarding amendments and improvements in the anti-money laun-

dering and anti-terrorist financing legislation.

One of the first things that concern a local or international entrepreneur or business entity interested in doing business in Oman is the ease with which they can set up a registered legal entity in the country. The Government, and in particular the Ministry of Commerce and Industry, have announced various initiatives to simplify the process and to make it more efficient without compromising on necessary controls and legal requirements. The concept of 'E-governance' is now here in various manifestations and has received positive feedback from all stakeholders. A key development in this respect is that company formation applications can now be made through an online system. This not only reduces paper work, but also saves precious time for everyone involved as a result of the reduced number of trips to the Ministry of Commerce and Industry. This new process also ensures that the approval process is documented online and can be tracked resulting in efficiency, cost savings, as well as more transparency and accountability.

In another related development, the Ministry of Commerce and Industry has now done away with the need to remit the capital of the company into an under formation bank account of the proposed company to be established in Oman. The company will now be required to provide proof of its registered capital within a maximum period of four months from the date of the end of its first financial year. This will reduce the burden on investors to inject the entire capital prior to incorporation of the company.

Another recent initiative relates to the Ministry of Commerce and Industry's decision to stop issuing paper specimen signature forms, starting from June 1, 2016.

It is understood that this decision has been made in consultation with the concerned parties, including the Royal Oman Police, Ministry of Manpower, Muscat Municipality, Tender Board Council and commercial banks. The current system shall be replaced by electronic identification through the implementation of the National Business Register, which was established in May 2015.

The Ministry of Commerce and Industry is one of the first government agencies to implement the use of digital identification. This will mean that the investors' data would be verified through the Civil Status System of Oman Sultanate Police, to identify the investor and authenticate the transactions.

Meanwhile, the Ministry of Manpower is also planning to introduce an online system for registering work-related complaints in the next few months.

According to currently available information, this system will reduce the number of people visiting labour offices across the country to lodge complaints. The complaints can be related to workload, work conditions, pay and benefits, discipline, demotion, harassment, improper classification or denial of earned overtime or any type of problem in the workplace.

There have been amendments to the Law regulating the Work of Engineering Consultancy Offices (through Royal Decree 27/2016). The changes are expected to improve the standards of engineering and engineering consultancy businesses.

The current economic environment has also increased the emphasis on public-private partnerships, the concept of in-country value creation, corporate social responsibility initiatives and local supplier development for large projects. One aspect of this is the increasing inclusion of 'offset' obligations in contracts with foreign contracting parties. In simple terms, offset obligations relate to a foreign supplier/contractor's contractual obligations to invest part of their contract amount in local initiatives. The Partnership for Development programme managed by the Omani Authority for Partnership for Development is the key driver for the offset program implementation.

In addition to the above-mentioned initiatives tied with legal developments, another good example is the emphasis on small and medium enterprise development in the country. A good example of collaboration on various fronts would be the establishment and success of the SME Development Fund.

We look forward to the continuation of this policy of legal reforms and progress in the Sultanate, in line with His Majesty's vision, and hope to play our part in this process. — *(The author is Partner at Curtis, Mallet-Prevost, Colt & Mosle LLP, popularly known as Curtis Oman, one of the leading international law firms in Oman).*

Royal Decrees have allowed proper legal framework to be built

Govt initiatives include awarding scholarships for earning law degrees abroad

Legal reforms have resulted in establishment of Islamic banks in Oman

Reforms have also led to creation of new jobs/financing avenues

Progressive Omani laws have made it easier for entrepreneurs, new businesses

