1 Quick Facts

1.1 Key Strengths

- Standard local version since SAP S/4HANA OP 1511, EC 1608 and EC Payroll 1611.
- Supports legal compliance feature for various business transactions, enabling businesses to run better.
- Local version for Qatar is now operational at most of the top corporations in Qatar, including global business giants across various industries such as public sector, private sector, retail, and banking.

1.2 Challenges

- Oman has a relatively stable regulatory framework.
- Legal changes: The Announcement of Legal Change
- Legislative reforms are often unplanned, applied on short notice and in some cases applied retroactively.
- Interpretation of the law is sometimes open and often the technical specification is not always available for development on time.

1.3 Legal Compliance

<table>
<thead>
<tr>
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<th>FI / Logistics</th>
<th>Human Capital Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Complexity Ranking</td>
<td>Medium Complexity</td>
<td>Medium Complexity</td>
</tr>
<tr>
<td>Frequency of Legal Changes</td>
<td>Dynamic, over the year</td>
<td>Dynamic, over the year</td>
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</table>
1.4 Language

- Arabic is the official language of the state and the judicial system
- All core modules are translated into Arabic

2 Recommendations and General Information

- Oman is a member of the Patent Office of Cooperation Council for the Arab States of the Gulf (GCC).
- Currency: Rial Omani (RO) is the legal reporting currency, ISO code OMR.
- Exchange Rate: Fixed exchange rate against USD (1 OMR = 2.6008 USD).
- Accounting Principles/Financial Statements: International Financial Reporting Standards (IFRS) are required to be applied by all companies in Oman and reported annually. IFRS are applied as promulgated by the International Accounting Standards Board without any amendment.
- Bank Master Data: IBAN and account number are mandatory for all payment methods.
- Calendar / Fiscal Year: Gregorian calendar – commonly January to December (Government calendar is the same)
- The tax year is the calendar year; however, a different accounting year can also be accepted if followed consistently. Newly established companies can choose to have an opening period of 12 months or a maximum period up to 18 months.
- Government Report: Arabic (AR); however it can be submitted in English (EN)
- Date Format: DD.MM.YYYY
- Decimal Format: 1,234,567.89

3 Supported Legal Requirements

3.1 Financial Accounting (FI)

**Oman FI Localization**

- **Country Basics**
  - Company Code
  - Controlling Area
  - GL Accounts
  - Customer & vendor Account Group
  - Tax Procedure

- **Company Certificates**
  - Define the mandatory legal forms
  - Assign the certificate to company
  - Maintain the company certificates
  - Check the validity dates
  - Send mail notification

- **Vendor Certificates**
  - Define the mandatory legal forms
  - Assign the certificate to country and vendors group
  - Maintain the vendor certificates
  - Check the validity dates
  - Send mail notification

- **Withholding tax**
  - Tax configurations
  - Tax calculations
  - Tax clearing
  - Tax remittance form #18

- **Postdated Checks**
  - Enable A/R postdated checks
  - Dashboard Printing outgoing PDC

- **Value Added Tax**
  - **Oman VAT** is planned to be added to Oman FI localization (All legal bindings upon Oman Government formal announcement)
3.1.1 General Ledger Accounting

Withholding Tax

- Companies in Oman are liable for withholding tax if they do not have a permanent establishment in Oman and earn income from management fees, royalties, consideration for research and development, and consideration for the use of, or right to use, computer software. A tax rate of 10% is applied to the gross income from these activities. When engaging with a qualifying vendor for such activities, it is the responsibility of the paying company to withhold the amount and remit it to the tax authority.
- SAP provides the Withholding Tax Clearing report to clear the open items of withholding tax which is deducted, or payments are due or made to the foreign company.
- SAP provides the Withholding Tax Remittance report to generate the withholding tax return form number 18 to report the monthly withholding tax remittances to the tax authority in Oman.
- The Withholding Tax return must be submitted on a monthly basis, the deadline for submitting the return is within 14 days of the end of the month in which tax is deducted or payments are due or made to the foreign company.
- For more information, see [Withholding Tax].

3.1.2 Accounts Receivable / Payable

Postdated Checks “PDC”

- Post-dated check is a check that contains a maturity date in the future.
- In Oman, postdated checks are a common form of payment. You can enter postdated checks receivable in the SAP system as they arrive and process them as they become due.
- Unlike bills of exchange or promissory notes, postdated checks normally cannot be endorsed. Typically, companies keep them until the maturity date.
- In SAP, postdated checks are processed using the bill of exchange functions.
- Outgoing Postdated Checks Dashboard is provided by SAP to verify the outgoing checks and the printing status
- SAP Note 2027650
- For more information, see [Postdated Checks].

Vendor Certificate
• This functionality enables you to capture various certificate validity periods of your vendors. Vendors with expired certificates can be blocked from being involved in business activities within the system and can be unblocked when they submit a valid certificate.
• For more information, see [Vendor Certificate].

3.2 Material Management (MM)

Letter of Credit and Bank Guarantee

Letter of Credit for Purchase & Import

• The product covers the incoming and outgoing LC processes for MM, as well as the outgoing BG processes for SD
• The scope of the product is very limited to cover the requirements in companies where they want to track only the LC and BG operations in small and medium size.
• The features:
  o Letter of Credit Request (or without request)
  o Assign to one POs/SOs
  o Manage the LC/BG amount limit for each user
  o Maintain the essential dates and validity
  o Maintain the shipment information
  o Assign to a cost object (cost/profit center)
  o Maintain the bank information (advising and issuing bank)
  o Manage the Bank Facility amount
  o Maintain the required documents from bank
  o Maintain the payment terms (at sight or deferred)
  o Print out the LC/BG request (bank format)
  o Workflow on LC/BG request approval process.
  o refer to LC request
  o LC/BG information (LC/BG bank number, bank charges, ... etc.)
  o Manage many times of amendments
  o LC/BG margin (retention amount)
4  Human Capital Management Requirements and Payroll for Oman

4.1  Personal Administration

Local specific fields added:

- **Persona Data** - Full Arabic Name, Sponsor ID, Legal Profession and Home Airport
- **Personal IDs** - Omani ID, ID & Resident Card, Driven license and passports
- **Leave Passage** - Tickets Class and No. of Tickets for Employee and Dependents
- **Social Insurance** - Contribution to the Public Authority for Social Insurance (PASI), Social Insurance Number and Start Date
- **Others** - like Bank Info and Address details

4.2  Time Management

**Leave Types**

- Pre-defined leave types
- Leave conditions check, to set rules for leaves eligibility
- **Annual Leave**
  - Accruals starting from probation period end
  - Annual Leaves provisions calculation
- **Sick Leave**
  - Absence distribution predefined rules (100% paid, 75% Paid, 50% paid, 25% Paid and unpaid)
- **Maternity Leave**
  - (50) Full paid days for not more than three times during her service with the employer

**Leave Passage**

- Flight tickets provisioning based on ticket fare
- Ticket fare is per class and destination to home airport
- Flight tickets value can be issued or encashed

4.3  Payroll
• Standard wage types defined as per Omani norms such as: Basic pay, Housing allowance, Transportation allowance
• Payroll rounding and rounding recovery
• End of service calculation per Omani labor law including provisioning calculation
• Net deductions and Arrears
• Social insurance (PASI) deduction calculation for Omani and GCC nationals
• Off-cycle payroll, including for advance leave payments, including all recovery options and scenarios
• Wages Protection System (WPS)

4.4 Reporting

• Employee Occupational Hazard Form (17)
• Employee Contract Letter
• Bank Letter Report
• Personnel Action Tracker Report
• Salary Certificate Report
• Wage Type Distribution Report Individual Evaluation
• Wage Type Distribution Report Total Evaluation

5 Information Repositories

• MENA Localization Special Interest Group - SIG Jam Page
• SAP Globalization Services Local and Language Versions for SAP Products [https://support.sap.com/en/product/globalization.html]
• The latest legal changes delivered under : The Announcement of Legal Change
• Oman local version documentation SAP S/4HANA OP, SAP ERP HCM
• SW components
  o FIN Incidents: XX-CSC-OM-FI
  o Payroll Incidents: PY-OM
  o HR Incidents: PA-PA-OM