



# A Primer on Oman's Private Sector Labor Law

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The Oman Labor Law governs the working relationship between private sector employers and their employees. The Ministry of Manpower (“MOMP”) is the regulatory authority charged with implementing and enforcing the law, which is comprised of Royal Decree 35/2003, as amended, and its related Ministerial Decisions.<sup>1</sup>

In comparison to many “developed” countries, the Omani workforce is fairly young, and there is a stated desire on the part of the government to wean the populace off public sector employment – i.e., to encourage Omanis to pursue job opportunities in the private sector. As a consequence, the policies implemented by the

<sup>1</sup> The Omani Labor Law does not apply to civil servants, military/police personnel and domestic service employees. Oman has separate laws for them, which include the Civil Services Law, the Military Service Law, and Ministerial Decisions issued from time to time by the MOMP.

MOMP are intended to increase Omani participation in the private sector, while concurrently reducing reliance on expatriate workers.

## Omanisation

In furtherance of its objectives private sector Omani employment, the MOMP has since 1988 espoused a policy commonly reference to as “Omanisation” which is essentially a set of guidelines specifying the proportion (quotas) of Omani nationals that are required to be employed by private companies operating in various sectors (and as a percentage of the overall work force). The “Omanisation” percentages are updated from time to time based on further directives issued by the MOMP,

and certain specified categories of employment are reserved exclusively for Omani nationals.

“Omanisation” can be a hurdle for multi-nationals and foreign companies looking to establish a business presence in Oman, as the inability to attract and retain the requisite numbers of Omani nationals

can have adverse consequences. For example, employers that fail to meet the minimum

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Omanisation percentage targets for their sector are subject to penalties and/or suspension of their right to obtain additional employment clearances for expatriate employees. As alluded to above, in order to employ a foreigner, the employer must have achieved the Omanisation target prescribed for its sector.

Further, an employer seeking to hire an expatriate for any given position must obtain a prior Labor clearance from the MOMP, which requires that the employer demonstrate that, (i) that qualified Omanis are not sufficiently available for the relevant post; and (ii) the employer has achieved the minimum Omanisation percentage for its sector.

On the other hand, companies that exceed the target Omanisation percentage for their sector are entitled to preferential treatment when it comes to obtaining Labor permits for additional expatriate employees, as well as in various other dealings with Governmental authorities.

From the perspective of the prospective expatriate employee, due regard should be given to confirming with the employer that it has the requisite legal clearance and employment visa to allow the employee to enter Oman for purposes of employment. Once the said employee enters Oman, he must obtain a residency permit (Omani Identity Card) in order to legally reside in Oman.

### Labor Law (Generally)

The Labor Law applies to all private sector employees (other than domestic workers), whether Omani or non-Omani, employed by local or foreign companies having activities in Oman.

The Labor Law governs work contracts, overtime pay, annual leave pay, worker/staff passage, working hours, industrial safety, Labor disputes, vocational training, etc.<sup>2</sup>

Foreign nationals who wish to work in Oman must be at least 21-years-old. Furthermore, expatriate employees must: (i) be professionally competent with the requisite qualifications for

the post/vacancy; (ii) comply with the Foreigners Residence Law<sup>3</sup>; (iii) be medically fit; (iv) have a contract with an employer who has a license to conduct business; and (v) have a valid work permit.

In accordance with the Foreigners Residence Law, expatriate workers in Oman must have an employer (sponsor), who bears legal responsibility for them. Such workers may not be employed unless the employer/sponsor has obtained both an employment clearance (with employment visa) for the employee and, subsequently, a residency permit. Any person working in Oman contrary to the provisions of the Foreigners Residence Law exposes the concerned parties to monetary penalties and loss of clearance / residency rights.

If an employer (i) allows its employees to work for another employer, (ii) employs a person residing illegally in Oman, or (iii) employs a non-Omani in a position reserved for Omanis, such employer is subject to imprisonment of one (1) month and a fine of not less than RO 1000/- and not more than RO 2000 or either of these. If the employee in question is non Omani, he will be expelled from the country at the expense of the employer and banned from re-entering again.

### Employment Contracts

Both Omani and non-Omani employees in the private sector must be employed under an employment contract. Such contract must be in writing (in the Arabic language) and must include the names of the employer/employee, the employee's date of birth, qualifications, place of residence, nationality, job description, entitlements, duration of the probationary period (if any), duration of the contract, salary and notice period (for termination), etc.<sup>4</sup>

In addition, the employee must agree in the employment contract to: (i) abide by the terms and conditions of contract; (ii) respect Islam, as well as the laws, customs and traditions of Oman; and (iii) refrain from involvement in any activities prejudicial to the country's security.

An employment contract should be executed in duplicate originals, with each of the employer and the employee retaining an original for their records.

Employment contracts may be either of a limited (specified) duration, or unlimited (unspecified) duration. As discussed elsewhere in this note, the duration of the employment contract governs a number of employment related issues, but is most important in terms of the employer's ability to terminate the employee. If the employment contract does not specify its duration, then it is deemed to be "indefinite".

If the employment contract specifies that the employee is subject to a "probationary" period, then such period may not (under any circumstances) exceed three (3) months. Either party may terminate the contract during the probationary period on at least seven (7) days prior written notice to the other party.

In the case of indefinite duration employment contracts, either party may terminate the contract on 30-days written notice to the other party (unless the employment contract expressly contemplates a longer notice period). However, the notice period may be waived if compensation equivalent to employee's wage for the said notice period is paid to the party waiving the notice. Such notice must also specify the reason(s) for such termination.

In the absence of "good reason" for the employer to terminate the employee, such termination may be considered to be "arbitrary", which if proved may obligate the employer to

<sup>2</sup> The Social Insurance Law (Royal Decree No.72/91 as amended) also applies to Omani nationals working in the private sector.

<sup>3</sup> Royal Decree 16/1995

<sup>4</sup> Note: Although the employment contract is required to be in the Arabic language, most of the Companies execute

the same in a bi-lingual (typically Arabic/English) format.

pay the employee compensation equal to a minimum of three (3) months gross salary to the maximum (which could be 12 months or more) depending on various factors, in addition to any other entitlements otherwise owing to the employee as per his contract or the law.

### Remuneration

Under the Labor Law, employees are entitled to certain minimum benefits. An employer may provide greater benefits than those required under the law, in which case if there is a conflict in interpretation of benefit, the employee will be entitled to claim the superior benefit.

**Salary.** The minimum salary for Omanis working in the private sector is currently set at RO 325/-, of which RO 225/- applies to the minimum basic salary and RO 100/-, as the minimum allowance.<sup>5</sup> The law does not prescribe a minimum salary for expatriate workers.

The gross salary includes basic salary in addition to allowances (housing, transport etc).

The employer must deposit the employee's wages into the employee's designated bank account within seven (7) days from the end of period in which such wages become due.

**Working Hours.** The law provides for a maximum 45-hour work week or nine hours in a day. However, during the Holy month of Ramadan, working hours for Muslim employees is reduced to six hours a day or a maximum of 30 hours per week.

**Overtime.** By law, an employee cannot be compelled to work overtime. However, if an employee agrees to work additional hours that exceed the working hours provided for

in the Labor Law then he will be entitled to additional compensation. Such additional compensation will depend on whether the overtime is performed during weekly working days or weekly rest/national holidays. Overtime compensation may either be in the form of additional time-off from work or additional wages equal to 1.25 to 2 times the employee's hour rate of compensation (based on his basic salary).

### Entitlements

The Labor Law prescribes certain other entitlements that the employee is to receive:

- An employer must provide medical coverage for its employees either in the form of insurance or a monetary allowance.

- The employer is also obliged to repatriate the employee to his home country on termination of the employment contract, unless there is a transfer of sponsorship to another employer in Oman.

- The employee is also entitled to the "experience certificate" and any other extra benefits which the parties may have agreed in the employment contract, on termination of the contract.

**End of Service Benefits.** Except under those circumstances where an employer may be entitled to terminate an employee without benefits (see **Appendix A**), the employer is obligated to pay certain end of service benefits to expatriate employees upon termination of their employment contract. End of service benefits are calculated on the employee's last drawn basic salary and accrue as follows:

- For the first three (3) years of service, the employee is entitled to receive the equivalent of fifteen (15) days' basic salary for each year worked; and

- For each subsequent year, the employee is entitled to receive the equivalent of one (1) month's basic salary.

**Social Security.** The Social Security

Law requires the employer to register an Omani employee with the insurance fund administered by the Public Authority of Social Insurance (PASI), within one (1) month of the employee joining the company. With effect from 01.07.2014, the contributions to the said insurance fund are increased as follows:

- By the employer: 11.5% of gross salary (prior to 1/7/2014 this was calculated on only the basic salary); and

- By the employee: 7% of gross salary (prior to 1/7/2014 this was calculated on only the basic salary).

**Sick Leave.** Subject to the provisions of the Social Insurance Law, an employee whose sickness is proved has the right to a sick leave not exceeding ten (10) weeks in the aggregate in any one-year period, whether such weeks are continuous or separate. Sick leave must be granted as follows:

- First (1<sup>st</sup>) and Second (2<sup>nd</sup>) week, with full gross salary.

- Third (3<sup>rd</sup>) and Fourth (4<sup>th</sup>) week, with three quarters of the gross salary.

- Fifth (5<sup>th</sup>) and Sixth (6<sup>th</sup>) week, with half the gross salary.

- Seventh (7<sup>th</sup>) week to the tenth (10<sup>th</sup>) week, with one-quarter of the gross salary.

**Emergency Leave.** The Ministerial Decision 567/2011 covers emergency leave and entitles the employee to time off where an emergency situation beyond the employee's control and has suddenly arisen. The employee is however required to provide proof of the emergency to the employer wherever possible.

**Maternity Leave.** An employer who employs one or more women workers must keep in the workplace a copy of the regulations of employment of women. A female employee is entitled to fifty (50) days of maternity leave covering the periods before and after delivery with full salary; provided, such leave entitlement is limited to three occurrences during her service with the employer.

An employer may not dismiss the

<sup>5</sup> In accordance with a Ministerial Decision (No. 222/2013), which became effective on 1<sup>st</sup> July 2013,





comprised of RO 225 towards the minimum basic salary and RO 100 as the minimum allowance.

**Q6. Are there restrictions on working hours?**

The Law stipulates a maximum of nine working hours per working day (maximum five working days in a week), or 45 hours per week. In the event that any additional hours are worked, the employee is entitled to receive overtime pay. The MOMP issues its decision announcing reduction of working hours for Muslim employees during Ramadan.

**Q7. What is the minimum paid holiday entitlement?**

The employee is entitled to paid leaves (with gross salary) which include weekly rest days, national holidays as may be declared by the MOMP along with the sick leave, emergency leave, special leave, emergency leave as per the Labor Law. Besides these, the employer at its own discretion may provide for any other leave.

The employee is entitled for annual leave for a period of not less than thirty days, considering the interest of the work. He shall not enjoy this annual leave before the lapse of at least six months from joining work.

An employee shall also have the right to a six-day emergency leave in one year with full (gross) salary in emergency cases. Besides these leaves, the employees are entitled to paid (with gross salary) special leave under special circumstances of his/her marriage, or death of family member/relative, Haj pilgrimage etc. The female employees can enjoy fifty days of maternity leave (paid with gross salary) which may cover pre and post delivery.

**Q8. Are employees entitled to sick pay during illness?**

Subject to the provisions of the Social Insurance Law, the employee whose illness is certified by a qualified medical practitioner shall be entitled to a sick leave the total of which shall not exceed ten weeks during one year irrespective of whether it is divided or

continuous and it shall be granted as follows:

- 1- The first and second weeks with gross wage.
- 2- The third and the fourth weeks with three quarters of the gross wage.
- 3- The fifth and the sixth weeks with a half of the gross wage.
- 4- The seventh week and up to the tenth week with a quarter of the gross wage.

The sickness shall be proved by a medical certificate and in case of dispute; the matter shall be referred to the Medical Commission provided for in Section [43] of the Omani Labor law. A sick worker may exhaust his annual leave besides the sick leave he is entitled to.

**Q9. Is there any protection from discrimination under the Labor law?**

The Omani Constitution guarantees Omani nationals the right to work, prohibits compulsory Labor (except for the performance of public services for a fair wage), prohibits discrimination between citizens and generally addresses all employment issues.

The Oman Labor Law is applicable to all employees irrespective of their nationality, religion or such other criteria. It is applicable to the private sector employees working in all kinds of establishments and/or their national and foreign branches, which practice their activities within the Sultanate.

The workers may form from among them labor unions, subject to registration with the appropriate Ministry, to safeguard their interests, defend their rights and improve their materialist and social status and to represent them in all matters relating to their affairs. The Ministry shall issue decisions to regulate the formation, work and registration of the labor unions, Labor Associations and the General Federation of the Sultanate of Oman's Workers.

**Q10. What rights do employees have when their employment contract is terminated?**

Pursuant to Article 39 of the Omani Labor Law, Omani employees are entitled to the pension fund provided the employer registers them with the Public Authority of Social Insurance. Non-Omani employees are entitled to an end-of-service gratuity payment on the termination of their employment contract, provided they have been in service, calculated as fifteen (15) days of their last earned basic salary for each year of the first three years of service and thirty days basic salary for each of the following years.

Considering the notice period is served, then besides the end of service benefits, the employee is entitled to the salary till last working day, annual leave payment (if any), flight ticket, experience certificate, any bonus or other benefits as may be agreed in the employment contract. Additionally, if the employee is terminated arbitrarily then, the Court may oblige the employer to pay the compensation for the unfair termination in addition to the said entitlements.

**APPENDIX C**  
**TYPES OF VISAS IN THE SULTANATE OF OMAN**

No	Type of Visa	Duration/Validity	Single/ Multiple Entry	Requirements	Government Fees/Cost
1.	<p><b>Employment Visa.</b></p> <p>This visa is granted on the request of an employer and under his responsibility for the coming foreigner to work in Oman. This visa depends on mainly: the age of employee should not be less than 21 years, and the employer must have a valid legal clearance, issued by Ministry of Manpower ("MOMP") (unless the employer is a governmental authority), to bring such foreigner to work in his company.</p>	Two (2) years from the date of stamping the visa on the passport and renewable.	Multiple Entry	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form from the Royal Oman Police ("ROP") site, and the said form should be approved by the employer and typed in Arabic for Arab nationals and in English for Non- Arabic nationals.</li> <li>• Two (2) passport copy photos (4x6) cm.</li> <li>• Two (2) passport copy of the foreign employee valid for not less than six months.</li> <li>• Work permit issued to the employer by MOMP with copies for each application.</li> <li>• Copy of Commercial Registration, authorised signatory matrix of the employer along with the Oman Chamber of Commerce &amp; Industry ("OCCI") certificate.</li> <li>• Bring copies of the medical test for the arrivals from some countries and approved by Ministry of Health ("MOH"). These countries are (India, Pakistan, Philippines, Bangladesh, Indonesia, Sri Lanka, Egypt, Sudan, Ethiopia, Syria and Nepal).</li> <li>• Attach a letter from MOMP for the conditioned careers such as engineers and others.</li> <li>• Copies of the educational certificates of the foreign employee.</li> </ul>	To be determined by the MOMP during issuance of work permit.
2.	<p><b>Express Visa.</b></p> <p>This visa is granted by the competent authority pursuant to the request of a local employer for people with higher careers and business men.</p>	Three (3) weeks from the date of entering from Oman.	Single Entry	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form found in the ROP site, and the said form should be approved by the employer and typed in Arabic for Arab nationals and in English for Non- Arabic nationals.</li> <li>• Two (2) passport copy photos (4x6) cm.</li> <li>• Two (2) passport copy of the foreign employee validated for not less than six months.</li> <li>• Copy of the signatory forms of the partners/managers issued from the Ministry of Commerce &amp; Industry</li> </ul>	OMR 30/-

No	Type of Visa	Duration/Validity	Single/ Multiple Entry	Requirements	Government Fees/Cost
				("MOCI"). <ul style="list-style-type: none"> <li>• Valid copy of OCCI certificate with the copy of valid commercial register.</li> <li>• Attach printed and stamped letter from the employer proving the purpose of the applicant to arrive in Oman.</li> <li>• Approval of the competent authority for some careers such as medical, media and religious careers.</li> </ul>	
3.	<b>Multiple Entry Visa.</b> This is granted by the competent authority for the foreigner who wishes to enter Oman for more than one time and is allowed to enter Oman and reside for specific duration. This visa is granted as follows: <ol style="list-style-type: none"> <li>(1) For business men of the countries (refer attached list) that is specified by the competent authority without a sponsor and according to their request. It is valid for a period of not less than six months and not more than a period of one year. The bearer of this visa is allowed to enter Oman during the validity of the visa and resides in Oman for a period of not more than three weeks each time.</li> <li>(2) For business men according to the request of a commercial company or establishment as a local sponsor and under their responsibility and valid for a period not less than six months and not more than one year and holder of this visa is allowed to enter Oman during its validity and resides in Oman for a period not more than three weeks each time.</li> <li>(3) For the foreigner who purchases a plot prepared for building or purchases a building not registered in one of the complimentary to tourism complexes and according to that he can grant this property to individuals of the first degree in his family. It can also be granted to the legal representative of the purchaser and as a maximum to two normal persons.</li> </ol>	Not less than six (6) months and no more than one (1) year and it can be extended for the same duration. The bearer of this visa is allowed to enter and reside in Oman for a period of no more than three weeks each time.	Multiple Entry	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form found in the ROP site, and the said form should be approved by the employer and typed in Arabic for Arab nationals and in English for Non- Arabic nationals.</li> <li>• Two (2) passport copy photos (4x6) cm.</li> <li>• Two (2) passport copy of the foreign employee validated for not less than six months.</li> <li>• Copy of the signatory forms issued from the MOCI (for applications presented under local sponsorship)</li> <li>• Copy of the valid commercial register.</li> <li>• Covering letter from the employer signed and stamped to show the purpose of the visit.</li> <li>• Letter from the developer approved from the Ministry of Tourism ("MOT") for the applications mentioned in point no. (3).</li> </ul>	OMR 50/-
4.	<b>Official Visiting Visa.</b> This is granted to a	Three (3) months from the date of entry. It can be renewed for a similar	Single Entry	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form found in the ROP site, and the said form should be approved by the employer and</li> </ul>	OMR 20/-

No	Type of Visa	Duration/Validity	Single/ Multiple Entry	Requirements	Government Fees/Cost
	foreigner who wants to enter Oman for official visit to one of the units of the state administrative apparatus.	period, however at the discretion of immigration authorities.		<p>typed in Arabic for Arab nationals and in English for Non- Arabic nationals.</p> <ul style="list-style-type: none"> <li>• Two (2) passport copy photos (4x6) cm.</li> <li>• Two (2) passport copy of the foreign employee validated for not less than six months.</li> <li>• Letter from the government sponsoring department explaining the goal or objective of the visit.</li> </ul>	
5.	<p><b>Technical Team Visa.</b></p> <p>This is granted upon request of a local sponsor and on his responsibility, to a foreign individual, for providing technical services on the condition that the employer receives approval from</p>	Three (3) months from the date of entry. This visa can be extended for the same period on the condition that extension of the visa should not exceed the license validity and at the discretion of the immigration authorities	Single Entry	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form found in the ROP site, and the said form should be approved by the employer and typed in Arabic for Arab nationals and in English for Non- Arabic nationals;</li> <li>• Two (2) passport copy photos (4x6) cm;</li> <li>• License issued from the MOT should indicate the names of the technical team;</li> <li>• Passport copy of the foreign employee validated for not less than six months;</li> <li>• Submit medical examination indicating the non presence of Infectious or transmitted diseases approved from the MOH. This is applicable to all nationalities without exception;</li> <li>• Approval of the General Directorate of Operations, ROP in the case of concerts; and</li> <li>• Educational Certificates (if requested by authorities).</li> </ul>	OMR 20/-
6.	<p><b>Temporary Employment Visa.</b></p> <p>This visa is granted pursuant to the request of a local sponsor and under its responsibility for the coming foreigners to work on a temporary basis provided that</p>	This visa is valid according to the permitted duration of four (4), six (6) or nine (9) months) and counted from the date of stamping the visa in the passport.	Multiple	<ul style="list-style-type: none"> <li>• Submit an application by filling the electronic form found in the ROP website; the said form should be approved by the local sponsor and typed in Arabic for Arab nationals and in English for non-Arab nationals.</li> <li>• Two passport photos (4x6 cm).</li> <li>• Two copies of the passport of the foreign individual - valid for not less</li> </ul>	To be confirmed with the ROP.

No	Type of Visa	Duration/Validity	Single/ Multiple Entry	Requirements	Government Fees/Cost
	his/her age is not less than twenty one years and the local sponsor holds a permit to recruit workers (clearance).			<p>than six months.</p> <ul style="list-style-type: none"> <li>• Work permit (clearance) issued by the MOMP with copies for each application.</li> <li>• Submit copies of the medical test for foreign individuals from specific countries and approved by the MOH. These countries include India, Pakistan, Philippines, Bangladesh, Indonesia, Sri Lanka, Egypt, Sudan, Ethiopia, Syria and Nepal.</li> <li>• Company commercial register printouts.</li> </ul>	

**Note: Visa/Residency requirements are subject to change from time to time without notice – and must be confirmed.**

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