

Business Law: Oman Legal System

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Introduction

The Oman legal system comprises of the royal decrees that provide guidelines to maintain legal spectrum in the country. The contractual and business obligations of Oman are provided for individuals and organisations to follow properly. This assignment will deal with the analysis of Oman legal system, the guidelines of foreign direct investment, requirements of valid contract, contract of employment and the prospect of copyright law of Oman.

Question 1

The main objective of the Oman legal and court system is to maintain legal spectrum all over the country for generating sustainable guidelines for people and organisations to follow for avoiding the violation of legal practices. The court system of Oman focuses on ensuring the rule of law in the country along with security for the individuals by reducing the activities of crime. Another prior objective of the legal system and court system of Oman is to provide sustainable ease to the government and administration for running the operations of the country without countering the serious problems related with law of the society. The legal system of the government is in a hereditary of the Sultanate whereas the article 72 of the constitution of Oman has procured the agreements about the relationship of Oman with neighbouring states and other international political relations. The power within the legal system starts from the head of the state whereas it narrows down gradually to the council of ministers, the prime minister, specialized councils and the Oman council (Nyulawglobal.org, 2018).

The judiciary and the organisation of justice are also part of the legal and court system of Oman. The Royal Decree 101/1996 authorised the power of the legal courts of Oman to interpret the legal issues and provide a solution that ought to obey by everyone and none but the Sultan himself can overrule the verdict of the highest court order. The article 56 of the constitution deals with the appointment of Oman councils to make parliamentary laws for the purpose of administration in the country. The Sharia Islamic law is the source of all kind of prevalent laws of the country. The judges in Oman merely works on the role of following the material on their desk as there is lack of concern about the subconscious consequences of the verdict in the cases. The court system focuses on the application of the law on the cases for establishing the existing rules to determine the violations. The appropriate guidelines and governance of the legal system of court and judiciary of Oman help in procuring a sustainable business environment for the organisations with legal safeguard from harassment and illegal fraudulent activities in the market. On the other hand, it also provides guideline to the business operations to adhere by the law for avoiding any illegal activities by compromising the interest of other stakeholders of the market (Nyulawglobal.org, 2018).

Question 2

As per the Oman law, the foreign companies ought to require licenses and registration as a company of Oman for conducting commercial activities in the domestic market of Oman. The Royal Decree 102/1994 deals with the Foreign Capital Investment Law that instructs to obtain the cabinet approval of Oman for making investment in the Omani business or starting a business in Omani market. On the other hand, the foreign investment can also be done through setting up a branch in Oman market with unlimited liability which can serve with direct contract to the Sultanate of Oman.

On the other hand, the foreign direct investments can also set up branch for licensing process whereas the free trade agreements can also be used to register business in the Omani market. As per the RD 101/1994, a registered presence is required for foreign companies through purchasing share in Omani companies or incorporating a new company. For this purpose, the foreign companies ought to acquire the foreign capital investment license from the regulatory department. The FCIL license is also required for doing business by purchasing share in an Omani company. Maximum of 70% shares can be availed by foreign companies as the companies ought to appoint auditors to run the operation. The required documents for business in Oman are the identities of the shareholders with the papers of the director. Apart from that, the registered office address and papers of proof for minimum capital requirement of OMR 150000 ought to be presented for the purpose of licensing for a foreign company. The standard company registration form is required with the details of the signatories in the authorised form. The other required documents are the statutes of the company and the certificate of chamber of commerce and affiliation of the industry (Export.gov, 2018).

In order to start a business in Oman, it takes from one to six months to manage the bureaucratic hurdles for starting market functions. This causes lack of advantage for Oman in comparison with countries like UAE and Saudi Arabia who attract the FDI with less market entry barriers. Oman has to make the FDI process simpler for the companies through allowing free investment in Omani businesses or establishing market presence in Oman market. Oman ought to minimize the tariff rate for making investment for foreign companies along with allowing a less complex licensing process to attract the investors with the market opportunities. The Oman ministry can enhance the limit of maximum share by some percentages for the foreign investor in business to make the market more lucrative to investors (Export.gov, 2018).

Question 3

As per the Royal Decree 29/2013, there are six main ingredients of an enforceable contract which ought to be present in a business agreement for being considered as valid in Omani court. The essential components of a valid contract are as follows:

- An offer: A willingness of a party to procure terms with other party to sell something through specific offer proposal and identifiable communication to reveal the offeree.
- An acceptance: Final expression by offeror to enter into contract through requested manner to the offeree.
- A consideration: The consideration is an important element of valid contract as it can be either a promise of financial materials and issues with obeying the consideration can bring legal penalties to the accused parties. The consideration needs to be agreed by both parties to provide in exchange of the services (Uk.practicallaw.thomsonreuters.com, 2018).
- Competency of parties to use legal capacity for the agreement: The parties in contract have to be competent to enter into a contract as Omani law requires a person to be at least 21 years of age to enter into a contract. The drunk, drugged and insane conditions are considered as incompetent to enter an agreement.

- Lawful matter of contractual subject: The subject matter of the contract must be lawful as anything violating the public policy cannot be considered as valid agreement. The contracts for selling guns or drugs cannot be a valid one even with the compliance with other legal contract components.
- Mutual liabilities and obligation of both parties: Both the parties have to involve in the contract with mutual consent as the contract cannot be forced on to any party. The parties must agree on same thing as fraudulent aspects can make the contract voidable.

The business agreements ought to include all of these mentioned components in order to maintain compliance with the legal guidelines of Oman. The offer, acceptance and consideration are the primary requirement of any valid contract as the offer must be produced and acceptance must be provided with a consideration for exchange. The business functions ought to consider the consideration for the contractual performance to avoid violation of contract law. The article 640 of the Royal Decree 29/2013 suggested that the business functions must maintain the mutual intention of the both parties to bind in a contract for maintaining the validity of the agreement. On the other hand, the business parties ought to have equal liabilities in a contractual agreement (Uk.practicallaw.thomsonreuters.com, 2018).

Question 4

The contract of employment is used in the labour law for imposing rights and responsibilities between an employer and the employee. In an employment contract, the name of the employer must be present with the address and establishment of the working place. Apart from that, the employee names, qualifications, date of birth, occupation in the workplace along with nationality and official address ought to be present. The contract also must comprise the type and nature of the job of the employee along with the period with related terms of the employment contract. The contract of employment also have to mention the basic amount of salary for the employee along with the additional allowance. The additional benefits and gratuities of the employee along with timing and method of paying the salaries are also integral parts of the employment contract. In addition to that, the notice period for the party for the purpose of termination of contract must be mentioned in the employment contract (Directory-oman.com, 2018).

As per the article 40 of the Royal Decree 35/2003, an employer can dismiss the employee without providing an advanced notice and without paying the gratuity for end of the service. The employer can perform this kind of termination for the false identity of the employee or in cases of forgery by an employee to get the job. Apart from that, the mistake by the employee leading the organisation to material loss can enable the employer to terminate the contract without notice and payment. On the other hand, the employee can terminate contract without payment through showing the violation of the instructions by the employee or the violation of contractual terms to cause damage to the interest of the employer. The absence of the employee from duty without permission or appropriate justification for more than ten days can allow the employer to provide written warning and termination as per Omani contract law. The leaking of vital organisational secrets in the market by the employee can allow the employer to terminate and fire the employee without notice and compensation. The convicted employees for capital punishment can also allow an employer to

terminate the employee at once for breach of honour of the brand of the organisation. The drunk and intoxicated condition of the employees in course of the working hours along with assault of another employee by any employee can be a prior cause and material for an employer to fire that employee without paying any compensation or notice (Directory-oman.com, 2018).

Question 5

The copyright law focuses on the protection of original authorship for the creative works for providing compulsory punishment for the violation of copyright protection and compensation for the owners of the intellectual properties. The protection of intellectual properties and copyrights are maintained by the Royal Decree 65/2008 of Oman that provides guidelines to maintain the safeguard of the intellectual properties along with determining punishment for violations. This law provides protection to the intellectual works like books, articles, scientific inventions, musical compositions, creative arts and others. This law of Oman mainly provides the economic rights and moral rights to the intellectual properties whereas the duration of the protection through copyright varies based on type of the property with the guidelines of the article 26 to article 33. The economic rights of the intellectual properties of Oman provides the compensation to the owner of the property with financial aid from exploiting the convicted party who violates the copyright. The broadcasting, public performance and reproduction are considered under economic rights of the intellectual property owners (Omanlawblog.curtis.com, 2018).

The moral rights for intellectual properties include the rights of owner to use the work as per wish along with object the distortion or manipulation of the work by another person or entity. The article 31 prohibits the use of intellectual properties without the consent of the author whereas lawful use of the quotations from a protected work can be done along with using the protected work for academic purposes without any intention of financial gain. The Intellectual property laws of Oman focuses on deliberately punishing the infringement as the guilty person can be imprisoned for minimum of three months period which can be extended to two years based on the degree of violation of the law. The financial fine can be of minimum of RO 2000 to a maximum amount of RO 10000. The repeated incidents of infringements can double the amount of penalty whereas the IPL can be also punished with minimum seven days of imprisonment to one month of maximum whereas the litigation violation can trigger RO 100 to RO 1000 fine (Omanlawblog.curtis.com, 2018).

Conclusion

This assignment has provided deep knowledge about the legal system of Oman along with working process of the courts. The foreign direct investment policies of the government is also discussed along with six requirements of the valid contract that must be followed for the contractual agreements.

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