

ICAI MUSCAT

NEWSLETTER

Vol 2, 2024



**Muscat Chapter of the Institute of
Chartered Accountants of India**
(Under the sponsorship of CBFS)



Chairperson's Message

Respected Members,

First and foremost, I congratulate, all the fellow CA's on this momentous occasion of completion of 75 glorious years of relentless service to our beloved nation – not only on national level, but at international level too. Today the world is becoming a global village and ICAI has played its part well in bringing it closer too with its branches across the nation, foreign chapters in many countries, reciprocal MOU arrangements, member of international accounting bodies and an overseas office in Dubai making it one of the most acceptable at global level. I extend my wishes to ICAI as we strive forth to achieve greater heights in future.

We continued with our flagship CFO mentoring program in Sohar and concluded it on 3 August 2024. On the same day, in the presence of the Chief Guest HE Abdullah Ali Sulaiman Al Balushi, Majlis A'Shura Member, Representative of Sohar, the felicitation of the mentoring program participants and mentors also took place. I take this opportunity to thank each one of the mentors for their support.

Health and well-being are a significant part of everyone's life. It is something which should not be occasional but on a continuous basis. On this occasion of CA Day (1 July 2024), we launched the #CAWellbeingMuscat Club for its members, families and friends. If you would like to join the club, please get in touch with any of the Managing Committee members. We have a lot of special events and initiatives being undertaken by the Club. We have successfully conducted 6 sessions till now. Despite the hot weather, it was good to see so many members coming. These events are taking place every Saturday morning. With this initiative, we encourage everyone to adopt a more active lifestyle and embrace wellbeing as a part of daily life.

We also thank all members for their participation in all the PD events and making them a success.

Further, the results for all the foundation, intermediate and finals were recently announced by ICAI and I take this opportunity to congratulate this year's passing students.

Once the holidays are over and mostly all the members and their families are back in town, we will be holding few interesting events. Next upcoming event is Onam – the celebration will happen on 20th September. Please stay tuned for further details.

I would like to emphasize on our target to connect to all CA's who are in Muscat but are not the members yet. We will need help of the active members to be Chapter's mascot and connect them to the Chapter. The details of the benefits for connecting us with the new members have been circulated on the what's app group. If you need any further details, please get in touch with the Managing Committee members.

Best Regards,

CA Gaurav Kapoor

Chairperson, ICAI Muscat Chapter

MANAGING COMMITTEE

2024 - 2025



CA Gaurav Kapoor

Chairperson



CA Unmesh Bhome

Vice-Chairperson



**CA Sangeetha
Suresh Kumar**

Secretary and Women Members'
Excellence Sub-Committee



CA Badri N Subudhi

Treasurer, Sponsorship
Sub-Committee and
Salalah Sub-Committee Lead



CA Ashish Subhedar

CPE Sub-Committee
Lead



CA Abhishek R. Vaishya

IT/ PR / Media and
Students' Affairs Lead



CA Jay Duseja

Membership Sub-Committee
and Legal and Compliance
Sub-Committee Lead



CA Ajil James Kurian

Sports, Cultural Sub-Committee
and Sohar Sub-Committee Lead

Chat with Past Leaders

CA Gaurav Kapoor (“GK”), Chairperson, ICAI Muscat Chapter had a chat with immediate past Chairperson CA Jim Joseph Itty (“JJ”)



GK: Jim, as an immediate past Chairperson, please share your experience as the Chairperson of the chapter

Serving our professional community as the Chairperson of the Chapter has been a source of great pride for me. This esteemed position has been held by remarkable leaders in the past, which demanded substantial effort to meet the high standards set by my predecessors.

I was fortunate to closely observe some of these past chairs, including Davis Sir, our founding chairperson, whose enthusiasm and passion for initiating chapter activities which I greatly admired. Similarly, Sajeew Surendran was instrumental in launching initiatives like the CFO mentoring program. Their guidance effectively prepared me for my duties as Chairperson. I believe this preparation positively influenced the various activities we undertook last year.

Working under the distinguished leadership of CA Aniket Talati, the young and dynamic President of ICAI, was an enriching experience. Highlights of my tenure included attending as a speaker in Glopac, collaborating with the Oman Chamber of Commerce and Industry to initiate the India-Oman Investor Meet and implementing the Omani CFO mentoring program. We also fostered warm relationships with other GCC chairs, all of whom attended our international conference.

I was blessed with an excellent team of MC members whose support was invaluable. Without them, nothing would have been possible. We worked together as a family, and our collective efforts led to Muscat winning the Best Chapter Award once again.

I am delighted to pass the baton to Gaurav, who is exceptionally qualified to lead us forward.

GK: Thanks Jim for the kind words and it was a great learning experience for me as well from the past chairpersons. Moving forward, you have also been part of the Managing Committee of the Chapter for more than 5 years, please share your experience when you were not the Chairperson

I have been a member of the chapter since its inception in 2008. Although I never envisioned joining the managing committee as part of our office team, we frequently volunteered for various chapter events. In 2020, during the COVID-19 pandemic, an online election was held to fill a casual vacancy on the managing committee. With limited social interaction at the time, I decided to contest. In my first term, the seniors in the committee entrusted me with the position of treasurer. From there, my journey with the Chapter has been incredible.

Muscat chapter operates as a cohesive team, with everyone supporting good initiatives. The unwavering support of past chairs, especially during challenging times, has been invaluable. They have always been there to guide us whenever needed.

Chat with Past Leaders

CA Gaurav Kapoor (“GK”), Chairperson, ICAI Muscat Chapter had a chat with immediate past Chairperson CA Jim Joseph Itty (“JJ”)

GK: You are now a partner with one of the well-known audit firms in Oman. Please share your experience as a career part and how it helped you to not grow professionally but personally as well

I began my career in Oman as a senior auditor at Crowe (that time AGN) in the Al Buraimi office. After a year, I moved to the Muscat office, where I had the opportunity to grow with the firm. Over the past two decades, I have served clients in various industries as internal and external auditor. Last few years, I have focused on business valuations and M&A-related advisory services. Oman provides a well-regulated environment for developing professional skills, particularly in audit practice, where we adhere to a structured approach with a strong emphasis on quality.

At Crowe Oman, ICAI Muscat chapter is considered part of the family, and the firm has always supported our involvement without any restrictions. As a result, we have had three Chairpersons from our firm in the past.

GK: Thanks to Crowe and CA Davis sir for their continuous longest support to the Chapter. Moving forward, What is your advice and expectations from the current Managing Committee and our members

I believe some of our initiatives for the local community have significantly enhanced the visibility of the chapter and ICAI. These efforts have encouraged many of our members to step forward and join the leadership team, and much credit goes to the previous managing committees. We must continue this momentum to ensure ICAI gains more recognition in the competitive landscape with other international accounting organizations.

We should persist with the Omani CFO mentoring

program and initiate curriculum development for Omani Chartered Accountants. Additionally, the Oman-India Investor Meet should continue as a prominent event, fostering connections between the business communities of India and Oman. Although we couldn't realize the GCC conference initiative, I am hopeful that we will continue working as a team to make it happen.

GK: Sure Jim, we will work towards it. Further, I know being in the managing committee takes a lot of time and being Chairperson even more. Even if it's just couple of months, how you spend your time in these 2 months and what are your plans for the future outside your professional life

Holding an office bearer position requires a significant investment of time and effort to keep the chapter active, often at the expense of family and work commitments. It can be challenging, but my family has been incredibly supportive, understanding that even at weekends I'm rarely at home. My colleagues have also been instrumental in managing office affairs smoothly during my absences. I'm certain this is true for all our committee members. Despite the sacrifices, the pride and satisfaction we derive from serving the chapter make it all worthwhile.

Taking a vacation after stepping down was incredibly refreshing, allowing me to spend much-needed quality time with my family. My new responsibilities at the office have kept me busy, but I remain committed to staying active in chapter activities as well.

GK: Thanks Jim for leading and serving the Chapter and on the lighter side from the previous year MC, we will miss the shoot and your wits.

Unlocking Business Potential in Oman and the GCC: Insights on Company Setup and Formation

The GCC region, comprising Oman, Saudi Arabia, the UAE, Qatar, Bahrain, and Kuwait, continues to be an attractive destination for business ventures and investments. As an increasing number of investors turn their attention to Oman, it's crucial to understand the nuances of company setup and business formation in the region.

Why Oman? The Attractive Landscape for Investment

Oman offers several compelling reasons for businesses and entrepreneurs looking to establish a foothold in the GCC:

1. Strategic Location: Oman's strategic position along major global trade routes, especially between Asia, Africa, and Europe, makes it an ideal hub for businesses involved in trade and logistics.

2. Stable Economy and Governance: Oman's economy is diversified compared to some of its GCC neighbors, with strong sectors in oil, gas, mining, tourism, and agriculture. The Omani government is known for its political stability and robust governance, providing a secure environment for investors.

3. Free Zones and Incentives: Oman offers various free zones like the Salalah Free Zone, Sohar Free Zone, and Duqm SEZ, where businesses can benefit from tax exemptions, full foreign ownership, and simplified import-export procedures.

4. Pro-Business Reforms: Recent reforms in Oman's commercial law, particularly the Foreign Capital Investment Law, have significantly eased the process of setting up businesses. The law allows 100% foreign ownership in many sectors, removing the previous requirement for a local partner.

5. Growing Non-Oil Sectors: The Omani government's Vision 2040 focuses on reducing the country's dependence on oil by promoting sectors like manufacturing, logistics, tourism, and renewable energy. This creates opportunities for new businesses in diverse industries.

Challenges in Company Setup in Oman and the GCC

While Oman presents numerous opportunities, it's essential to be aware of the challenges that come with setting up a business in the GCC region:

1. Regulatory Complexities: Navigating the regulatory landscape can be daunting, especially for foreign investors unfamiliar with the legal requirements and bureaucratic processes in Oman. Ensuring compliance with local laws and regulations is critical to avoid any legal pitfalls.

2. Cultural Differences: Understanding and respecting the cultural nuances in Oman and the broader GCC region is vital for business success. Relationships and trust play a significant role in business dealings, and foreign investors must invest time in building these connections.



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3. Economic Diversification Challenges: Although Oman is actively working on diversifying its economy, the region is still somewhat reliant on oil revenues. This dependency can pose risks, particularly in the event of global oil price fluctuations.

4. Competition and Market Entry: The GCC market is competitive, with well-established local and international players. Breaking into the market requires a well-thought-out strategy, clear differentiation, and a deep understanding of the local business environment.

5. Administrative Processes: Setting up a business involves various administrative steps, including obtaining licenses, permits, and approvals from different government bodies. While improvements have been made, the process can still be time-consuming and requires careful management.

Final Thoughts

Oman and the GCC region offer a wealth of opportunities for businesses and investors. The country's strategic location, strong economy, and business-friendly reforms make it a compelling choice for those looking to expand their footprint in the Middle East. However, it is equally important to approach the region with an informed perspective, understanding both the opportunities and the challenges that lie ahead.

For businesses considering Oman as their next investment destination, thorough planning, local knowledge, and the right advisory support are key to navigating the setup process successfully. As Oman continues to evolve and grow, it remains a promising gateway to the wider GCC market.

CA Abhishek R. Vaishya is a member of the ICAI Muscat Chapter, with extensive experience in advising businesses on company setup and investment strategies in Oman and the GCC.

Strategic Business Turnaround: Role play of CFO

Abstract:

Several companies across the globe fail to create enough value to the expectation of the equity market and stakeholders. Managing people is the key for developing a high performing team. Drop out people who are not committed, do not go that extra mile to get that job done, lack solid functional skills, and hesitant to develop specialized skills to perform the task, not transparent and so on. It makes sense to identify and recruit highly skilled people through a robust interview process especially focusing on integrity, trust worthiness, and demonstrated leadership quality. Develop ideas for resolving problems and issues, be creative, and look for eureka moments. Develop a robust strategic action plan for each function. Strategy execution is the success mantra to turnaround a business. CFO should think beyond his/her normal role of duty and take extra responsibility in facilitating CEO and CXO team in developing and executing business strategy that helps in revenue growth and profitability.

Introduction:

Managing business successfully is not a rocket science but at the same time not easy either. We all have seen several companies who have failed to create enough value to the expectation of the equity market and stakeholders. They struggle to survive with thin revenue growth, continuously losing market share to competition, delay in project delivery, higher product defective rates, unsatisfactory service quality, higher input material cost, increase in overhead cost, inefficient supply chain management, and higher employee attrition rate etc. No surprise, all these creep into CFO's pavilion resulting lower profitability and consequential stress on cash flow.

Where the highly qualified and skilled leadership team misses the cut? What needs to be done? Obviously, a diagnostic study, SWOT analysis, brainstorming, identifying the areas of improvement, and developing a strategic action plan for execution. Is it impossible to turn around? Definitely not. Many of us strongly believe the word "Impossible" is found only in a dictionary. Nowadays autonomous (driver-less) vehicles are plying on the road successfully, which was a dream a few decades ago. Is it more difficult to run a business profitably than developing this technology? Surely not ! Humans have only researched and developed Autonomous Vehicle technology, Space technology, Artificial intelligence and so on. The development of these technologies is really tough to crack. Managing a business successfully is surely not so hard compared to development of these technologies. Then why so



many businesses still fall across the globe. Some even do not exist now which once upon a time were leaders in their segment. Some sets of people are doing wonderful things by building novel extraordinary technology and at the same time some sets of people are not able to drive business successfully in a profitable way. In the end, managing people is the key mantra to success. As Sir Richard Branson says *"if you take care of your employees, they will take care of the clients"*.

Company culture and team building:

Each company's environment culture is different from others. Some are nice, warm, transparent communication, respect for people, work is appreciated, you get more opportunity to excel, and you love to be part of it. And some are toxic, no real teamwork, wrong people are appreciated, no access to management even to your direct reporting manager, you are kept in ignorance, and you are stressed out. The first and foremost important task for the promoters and top management should be to create an ethical work environment with mutual trust, communication, and transparency. Implement a robust corporate governance procedure. Create and develop a high performing team. People are the maker or breaker. Drop out people who are not committed, do not go that extra mile to get that job done, lack solid functional skills, and hesitant to develop specialized skills to perform the task, not transparent and so on. Remember one rotten orange can spoil the entire basket. One of my ex CEOs used to say, "Company is like a Bus journey. On each bus station, you will always find some new passengers getting into the Bus and some passengers getting off. Same way you need people with fresh ideas to walk in and make their presence count in a company and at the same time some

people not able to adapt to the company's challenging work situation, best practices and culture needs to be taken off on a periodic basis.

It makes sense to identify and recruit highly skilled people through a robust interview process especially focusing on integrity, trust worthiness with demonstrated leadership quality. Invest a good amount of time interviewing candidates. Ask situational level, and case study questions to judge the functional and behavioral attributes. Human assets are the most valuable assets in an organization. Once a right team is set, feed them with challenging tasks, and back them up. It is no wonder that these teams will run those extra miles to get the task done. Implement a robust performance appraisal system with KPI to monitor the performance of key persons and cascade it down to all levels. Compensate high performers with monetary benefit and non-monetary appreciation. A pat on the back and appreciating good work in front of a leadership team has much more impact to someone than monetary benefits.

Develop a robust business strategy and execute it:

After setting the tone of changed management and improvement in company culture, it is now time for developing a robust business Strategy. Think through the challenges your company is facing to compete in market place, think out of box what can be done differently, brainstorm with your leadership team, dig through the SWOT with emphasis on how to overcome

weakness, capitalize your company's strength, seize opportunity available in the marketplace. THINK, THINK, and THINK. Develop ideas for resolving problems and issues, be creative, and look for eureka moments. Develop a "nothing is impossible" attitude culture in the organization. Run like Usain Bolt. You are the best person to find a solution to your company's problem.

Develop Strategic action plan for each function such as Marketing & Sales, Procurement, Production & Quality, Supply Chain, Finance, IT, Human Resources, and so on. Detailing each action plan into various activities with a target time line set for each activity and assigning to someone in your team is very important. This helps, while monitoring actual performance against the plan. Strategy execution is the success mantra to turnaround a business. This is a secret weapon for CEO, CXOs and CFO. How you do it, how serious you are, how committed you are, is up to you. If you are committed and take the challenge of executing and monitoring strictly then positive results and success are guaranteed.

A model business strategy template developed by the author for the procurement function of a manufacturing company is produced below for your reference. You can get some reference of this table and develop suitably in the sector your company is operating, and the challenges your company is facing, Bear in mind that merely developing a strategic action plan is nothing. Execution is the key to success. Similarly, you can develop a business strategic action plan for all functions in a company level such as Marketing & Sales, Production & Quality, Supply Chain, Finance, I.T, Human Resources, and so on.

TURNAROUND ACTION PLAN - YEAR XXXX [monthly review with the CEO for deliverables]

PROCUREMENT FUNCTION

OBJECTIVE (1): DEVELOP NEW SOURCES FOR RAW MATERIAL PROCUREMENT.				
Benefit: Increasing bargaining power and reduction in procurement prices.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Market research and identify new sources of raw materials A, B, C 	<ul style="list-style-type: none"> Desktop data search / Web search. Accessing potential suppliers/ manufacturers data from various industry publications. Engaging through a network. Prepare a list of potential markets / suppliers. 	MM/YYYY	XX	Internal Budget
<ul style="list-style-type: none"> Approach potential suppliers through digital mode and identify their interest. 	<ul style="list-style-type: none"> (a) First- hand approach through digital mode such as emails, phone calls, and online video meetings. (b) Short list potential suppliers by raw material wise. 	MM/YYYY	XX	Internal
<ul style="list-style-type: none"> Seek samples, assess suitability, and explore commercial quotes. 	<ul style="list-style-type: none"> Get samples and offer feedback on quality to potential suppliers after testing and usage. Seek commercial quotes. Explore visiting potential supplier's production facilities. Develop at least additional 2 to 3 sources for each RM. 	MM/YYYY	XX	QC, Production Budget
<ul style="list-style-type: none"> Explore better terms such as price, delivery period, payment term. 	<ul style="list-style-type: none"> Negotiate for better price, delivery period, payment terms etc. and explore issuing PO. 	MM/YYYY	XY	Internal

OBJECTIVE (2) PENETRATE EXISTING SUPPLY SOURCES WITH TOP-NOTCH NEGOTIATION.				
Benefit: Lower purchase price, faster delivery schedule and higher credit period.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Initiate top-notch negotiation with existing suppliers on pricing, delivery period and payment terms. 	<ul style="list-style-type: none"> Do homework with market data before starting negotiation. Access to market data, price index and research reports on historical, current and trend analysis. Gather your competitors RM sources and purchase price information. Share your company's strength, opportunity, and potential business volume. Bring potential suppliers market price data into the table. Negotiate for better price, delivery period and payment terms. 	MM/YYYY	XY	Internal

OBJECTIVE (3) IMPROVE DELIVERY PERIOD.				
Benefit: Improve sales order conversion ratio.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Dialogue with suppliers to improve shipment schedule. 	<ul style="list-style-type: none"> Once price is agreed with the supplier, negotiate hard to shorten delivery period and prioritize allocation. Target reducing shipment period to. <ul style="list-style-type: none"> X weeks from current N weeks for material A. Y weeks from current N weeks for material B. Z weeks from current N weeks for material C. Strictly enforce penalty clause in the PO for late delivery. Better coordination and follow-up with suppliers for their production, packing list, container booking, and shipment. 	MM/YYYY	XY	Internal

OBJECTIVE (4) BETTERMENT OF PAYMENT TERMS.				
Benefit: Improving cash conversion cycle. Reducing Letter of Credit (LC) cost.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Secure open credit instead of LC Increase open credit period and increase LC usance days. 	<ul style="list-style-type: none"> Dialogue with suppliers emphasizing your company's strong points, strong balance sheet, no default history and improvement in business performance. Explore registering with D&B, or similar credit rating agencies specializing in customer rating so that your company's creditworthy report is available to suppliers. <ul style="list-style-type: none"> Negotiate hard for open credit instead of LC. Wherever open credit is not possible negotiate to increase LC usance period. 	MM/YYYY MM/YYYY	YZ XY	Internal / Finance Internal

OBJECTIVE (5) MONITOR SAFETY STOCK LEVEL				
Benefit: Improve bargaining power to negotiate next purchases. Helps-in avoiding stock-out situation, better sales order conversion. Take calculative risk in implementing a JIT model.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Manage and replenish Safety stock level 	<ul style="list-style-type: none"> Replenish safety stock with fresh order as and when required based on a reordering model. Bargain hard with suppliers on pricing for future supplies (due to no stock-out situation risk at your company). Bring discipline in further procurement of safety stock materials. 	MM/YYYY	XY	Internal Production / Stores

OBJECTIVE (6) RELATIONSHIP MANAGEMENT AND LONG-TERM SOURCING.				
Benefit: Faster delivery, better price level, and better payment terms.				Deadline: MM/ YYYY
Activities	Actions to be taken	Target Date	Action By	Resources
<ul style="list-style-type: none"> Relationship building with suppliers. Work with the Finance Dept. for commitment to pay on due date for open credit suppliers. 	Regular interaction with Suppliers even if you did not source in recent times.	MM/YYYY	XY	Budget
	Explore the possibility of visiting some of your major suppliers on a periodical basis.	MM/YYYY	XY	
	Explore long term sourcing contact with price clause open (linking to metal/commodity price index or similar).	MM/YYYY	XY	
	» Key to have a commitment to payment terms from Finance Dept. to continue getting open credit.	MM/YYYY	XY	Finance Dept.

Role of CFO in Strategic Business Turnaround:

The CFO play a pivotal role in turning around business performance of the company. CFO should think beyond his/her normal role of duty and take extra responsibility in facilitating CEO and CXOs team in developing and executing business strategy that helps in revenue growth and profitability. He / She should spearhead the strategic business turnaround process ensuring a detailed action plan is developed in the model narrated above for all functions such as Marketing & Sales, Procurement, Production & Quality, Supply Chain, Finance, I.T, and Human Resources. He / She should facilitate data analysis, risk management and suggest some key drivers of action plan for each and every function. The CEO and his leadership team should brainstorm, mutually agree upon and roll out the turnaround action plan for all functional departments. This process must cascade to each and every employee of the company.

CFO should facilitate in developing KPIs and link it to turnaround action plan targets. He / She should ensure it is measurable and a performance report can be developed from the ERP system. The most important part a CFO can play, is to help the leadership team in executing the action plan across the organization. Lots of companies across the globe make nice and robust action plans but very few are successful in executing this. Periodical monitoring of actual performance against this turnaround action plan is a simple but powerful tool for success. It is prudent to conduct

this review meeting on a fortnightly basis. CFO should facilitate CEO and CXOs with gap analysis and actual shortcomings against the action plan. Leadership team must find a solution and facilitate with resources and solutions in bridging the performance gap. If proper action is taken and monitoring attention is given on a fortnightly basis, most of the shortcoming gaps will be fulfilled in a couple of months' time frame. This strategic action looks simply but is having a powerful impact in driving business performance successfully.

Conclusion:

Driving business performance for a business turnaround is not such a difficult task via-a-vis technology innovation seen around the globe in recent times. In spite of not so difficult tasks, still a lot of the leadership team missed the cut. Toxic work culture, lack of a proper strategic direction from the top, lack of proactive push and pull efforts from the CEO and CFO are some of the shortcomings in the business turnaround. If top management and promoters takes cognizance of work culture and puts serious efforts to change it, coupled with mutual trust and transparency then it can move towards to one of the best places to work. This will help retain and attract the best talent. End of the day people are the maker of the best product, innovator of new technology, and driver of a successful business performance. The CFO should move away from his/her comfort zone of normal duty and put on extra efforts in facilitating the leadership team in developing a strategic business turnaround plan, execution of plan into action and periodical monitoring of business performance with gap analysis for a successful turnaround.

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Anti-Money Laundering (AML) and the Sultanate of Oman

The key success will be collaboration between authorities and the fintech sector in establishing a robust system and agile regulatory system.

Stephen Ufford, CEO at Trulioo

Anti-Money Laundering (AML) efforts in Oman are designed to safeguard the country's financial system from being exploited for illicit activities. Oman's AML framework is built on stringent laws and regulations that align with international standards, particularly those set by the Financial Action Task Force (FATF).

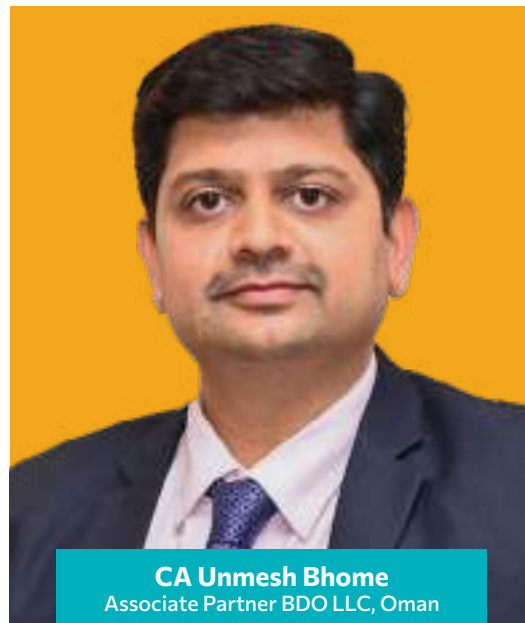
The Sultanate of Oman is a member of the Middle East and Northern Africa Financial Action Task Force (MENAFATF). It is also a member of the Gulf Co-operation Council, which is a member of the FATF. The last evaluation for Oman was conducted in 2011 and possible onsite period evaluation is likely to happen in 2024. According to that Evaluation, Oman was deemed Compliant for 3 and Largely Compliant for 24 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 1 out of 6 of the Core Recommendations.

The 40 + 9 recommendations:

In June 2003, the FATF published a significantly revised set of Forty Recommendations. The new Recommendations set out extended basic principles to prevent money laundering and drew heavily on the Basel Customer Due Diligence Principles. The need for a risk-based approach was specifically recognised. The 40 Recommendations provide a complete set of counter-measures against money laundering (ML) covering the criminal justice system and law enforcement, the financial system and its regulation, and international co-operation. They have been recognised, endorsed, or adopted by many international bodies.

Recognising the vital importance of taking action to combat the financing of terrorism, the FATF has agreed these Recommendations, which, when combined with the FATF Forty Recommendations on money laundering, set out the basic framework to detect, prevent and suppress the financing of terrorism and terrorist acts.

Oman is not currently identified by FATF as having substantial money laundering and terrorist financing (ML/TF) risks or having strategic AML/CFT deficiencies



CA Unmesh Bhome
Associate Partner BDO LLC, Oman

With this background, let us delve into the key components of Oman's AML regime, highlighting the legal and regulatory framework, reporting and monitoring requirements, and the roles of various institutions involved in AML activities in light of recently issued regulatory framework.

AML/CFT Law-Royal Decree 30 of 2016:

This law serves as the backbone of Oman's AML efforts, outlining comprehensive measures for preventing money laundering and terrorist financing. It mandates that all financial institutions and designated non-financial businesses and professions (DNFBPs) adhere to stringent AML protocols.

Reporting and Monitoring requirements:

Entities are required to file Suspicious Activity Reports (SARs) with the National Centre for Financial Information (NCFI) when potential money laundering activities are identified. The NCFI analyses these reports and coordinates with law enforcement agencies for further action.

The regulation mandates that licensed establishments, including accounting and auditing firms, appoint a compliance officer responsible for monitoring adherence to AML laws and regulations. This officer is tasked with detecting suspicious transactions and reporting them to the NCFI.

Customer Due Diligence (CDD) and Know Your Customer (KYC):

Financial institutions and DNFBPs must conduct thorough CDD and KYC processes to verify customer identities and understand their financial behaviour. Enhanced due diligence is required for higher-risk customers and transactions.

Designated Non-Financial Businesses and Professions (DNFBPs):

Sectors such as real estate, precious metals dealers, and legal professionals are also subject to AML regulations

to prevent exploitation by money launderers. These entities must implement robust AML measures and report suspicious activities.

National and International Cooperation:

Oman actively participates in international AML efforts and cooperates with global bodies to enhance the effectiveness of its AML measures. This includes aligning its regulations with FATF recommendations and collaborating with international organizations to combat money laundering and terrorist financing.

Compliance is not a choice, it is a responsibility - Unknown

Ministerial Decision No. 198/2021: Detailed Provisions

Issued by the Ministry of Commerce, Industry, and Investment Promotion on 14 December 2021, this regulation focuses on the supervision of accountants, auditors, and precious metals and valuable stones institutions. It enhances the oversight and compliance requirements for these sectors, ensuring they implement effective AML measures.

- **Article 4:** Requires licensed establishments to appoint a compliance officer with prior written approval from the Prohibited Practices Department.
- **Article 5:** Outlines the responsibilities of the compliance officer, including monitoring the implementation of AML provisions, detecting suspicious or unusual transactions, notifying the NCFI, and providing annual audit reports within three months from end of year, with a copy to the authority.

- **Article 6:** Mandates the collection of detailed customer information, including personal and business details, to ensure transparency and accountability in financial transactions.
- **Article 7:** Obliges compliance with the terms, including adherence to procedures established by authorities to prevent misuse for money laundering or financing of terrorism, further, verifying customer information, notifying the NCFI of suspicious or unusual transactions, identifying the source of customers' funds, maintaining confidentiality, retaining records of transactions for a minimum of ten years without destruction.

Challenges and Ongoing Efforts

Despite the robust framework, Oman faces challenges in ensuring comprehensive compliance across all sectors and enhancing the capabilities of financial institutions to detect and prevent money laundering. Continuous training and awareness programs are essential to maintain effective AML practices and keep up with evolving threats.

Doing the Right Thing is always the Right Thing - Unknown

Conclusion

Oman's commitment to AML is evident through its rigorous legal framework and proactive reporting mechanisms. The alignment with international standards and ongoing efforts to enhance compliance and cooperation demonstrate the country's dedication to combating money laundering and terrorist financing. Continuous improvements and international collaboration will be crucial for sustaining and enhancing the effectiveness of these measures.

Proofreading courtesy Adv Shubhangi Pujari

If you think compliance is expensive, try non-compliance.

Paul McNulty (former US Deputy Attorney General)

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Congratulations

on passing the CA examination held in May 2024

FINAL EXAM



SYED SHOAIB
Passed Both Groups



JOBIN JACOB K
Passed Both Groups



AVISHWARYA S
Passed Both Groups



SREELHA SURESH
Passed G2



RIYA ELIZABETH SIBY
Passed G2



AAKASH MALHOTRA
Passed G2

INTERMEDIATE EXAM



ANAGHA IYER
Passed Both Groups



VIVEK BIJU NAIR
Passed Both Groups



SAUJANYA ANAND KHAPALI
Passed Both Groups



KUMBLA NEHA NAYAK
Passed Unit 20

CORPORATE SUPPORT

Gold Support



Silver Support



Bronze Support



CORPORATE MEMBERS

Silver Member



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Important updates from Oman

Terms to convert limited liability companies into closed joint stock firms to be unveiled shortly

Business | Monday 12/August/2024 11:51 PM

By OMA

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Muscat: The Ministry of Commerce, Industry and Investment Promotion said that it would shortly announce the procedures and requirements needed for converting limited liability companies (LLCs) into closed joint stock companies (CJSC) in response to Royal

Read Full Article:
<https://timesofoman.com/article/148693-terms-to-convert-limited-liability-companies-into-closed-joint-stock-firms-to-be-unveiled-shortly>

FSA to unveil details of Capital Market's Incentivisation Programme

Business | Thursday 08/August/2024 14:55 PM

By Tarek Husein Karim

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Muscat: With regard to the Royal Directives issued by His Majesty Sultan Haitham Bin Tark to launch the Incentivisation Programme, the Financial Services Authority (FSA) of the Sultanate of Oman is set to hold a press conference on Sunday, August 11th, 2024, at the Crowne Plaza Muscat. The press conference aims to unveil the

Read Full Article:
<https://timesofoman.com/article/148563-fsa-to-unveil-details-of-capital-markets-incentivisation-programme>

Sohar Industrial City attracts 22 projects worth over OMR43mn

Business | Wednesday 07/August/2024 17:33 PM

By OMA

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Muscat: The Sohar Industrial City affiliated with the Public Establishment for Industrial Estates (Madayn), has successfully attracted 22 projects during the first half of 2024, with a total investment volume exceeding OMR43 million, and covering an area

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<https://timesofoman.com/article/148524-sohar-industrial-city-attracts-22-projects-worth-over-omr43mn>

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