



Mandatory Audits for Commercial Companies

Type	Practical Guidance
Document type	Practice Note
Date	11 Jul 2025
Jurisdiction	Oman
Copyright	LexisNexis

Document link: https://www.lexismiddleeast.com/pn/Oman/Mandatory_Audits_for_Commercial_Companies



Overview

- All commercial companies in Oman, except low-capitalised limited liability companies, are required to prepare audited financial statements.
- Auditors must be selected from accredited accounting firms and are required to perform their duties in accordance with the law.
- Companies are obliged to offer all possible support and assistance to the auditors.
- Penalties, including imprisonment, may be imposed on auditors who fail to discharge their statutory duties and on companies who impede auditors in the discharge of their duties.

Definitions

- *FSA*: Financial Services Authority.
- *IAS*: International accounting standards.
- *IFRS*: International financial reporting standards.
- *SAOC*: Closed joint stock company.
- *MOCIIP*: Ministry of Commerce, Industry and Investment Promotion.
- *MSX*: Muscat Stock Exchange.
- *LLC*: Limited liability company.
- *SAOG*: A public joint stock company listed on the MSX.

Practical Guidance

Types of companies and mandatory audits

The three most common forms of companies in Oman are:

- Limited liability companies (LLCs).
- Closed joint stock companies (SAOCs).
- Public joint stock companies (SAOGs).

A joint stock company is subject to a mandatory audit requirement. However, a LLC should appoint an auditor for a financial year, where:

- The number of the company's shareholders exceeds seven.
- The company's share capital is in excess of OMR 50,000.
- Shareholder's who represent at least one fifth of the LLC's capital request appointment of an auditor.
- The constitutive contract of the company provides for the appointment of an auditor.

Qualifications and duties of the firm undertaking mandatory audits

The audit body must:

- Be licensed to practice accountancy and auditing profession in Oman and be approved by the relevant competent body (the Ministry of Commerce, Industry and Investment Promotion (MOCIIP) in case of LLCs and SAOCs, and the Financial Services Authority (FSA) in case of SAOGs).
- Be independent from the company.
- Not be a company founder, shareholder, director, executive management, employee or subsidiary or an employee of a subsidiary,
- Not provide any other technical, administrative or consultancy services to the company with the exception of services exempted by the Capital Market Authority (CMA) or MOCIIP (as the case may be).
- Be appointed for one year (renewable) by the annual shareholders' meeting.

The duties and powers of an auditor include:

- Examining all relevant books and records of the company.
- Obtaining all information they deem necessary from the company for proper performance of their duties.

- Reviewing the balance sheet and profit and loss statement and confirm whether or not it reflects the true financial status of the company.
- Confirming that the books and records of the company are kept in line with international financial reporting standards (IFRS) and that the financial statements are consistent with such books.
- Providing an opinion on financial statements and proposed distribution of dividends.
- Attend the general meetings of the company and give their opinion on matters relating to their duties.
- Prepare its report in accordance with IFRS in a manner not inconsistent with the local laws and regulations.
- Convening an annual shareholder meeting if the board of directors fails to do so within three months of the end of the financial year.

Liabilities of auditing firms

Auditing firms may be penalised if they:

- Commit any fraud in the performance of their duties.
- Fail to perform their professional and technical duties with efficiency.
- Intentionally issue an invitation for subscription of shares or securities in violation of the law.
- Intentionally include or use false information in the balance sheet or profit and loss account or their audit report.
- Omit any essential fact in the balance sheet or profit and loss account or their audit report, if the true financial position of the company is thereby concealed from shareholders or third parties.
- Fail to convene the annual shareholder meeting if the board of directors fail to do so within three months of the end of the financial year.
- Provide non-audit services which do not fall within normal audit work for the company to which its appointed as an auditor.
- Negligently include or use false information in the balance sheet or profit and loss account or their audit report.

Additional rules for joint stock companies

SAOG audits are also subject to rules issued by the FSA, including requirements that:

- Auditors be appointed after considering at least three proposals from among the licensed audit firms.
- Auditors be replaced after four consecutive years of appointment with a cooling off period of two years before reappointment.
- Auditors be from a FSA-accredited firm (the FSA has right to object to the appointment of auditors within 15 days of the filing of the minutes of meeting at which auditors have been appointed).
- The financial statements be prepared and audited in accordance with IFRS or international accounting standards (IAS).
- The auditor prepare a report on compliance with corporate governance requirements issued by the FSA.
- Auditors not carry out non-audit work for the company in order to maintain impartiality and independence.
- Auditors indicate any qualification to the accounts and the effect of such qualification in the financial statements of the company.

SAOC audits are also subject to rules issued by the FSA, including requirements that:

- Auditors be appointed after considering at least three proposals from among the licensed audit firms.
- Auditors be replaced after four consecutive years of appointment with a cooling off period of two years before reappointment.
- The financial statements be prepared and audited in accordance with IFRS or IAS.
- Auditors indicate any qualification to the accounts and the effect of such qualification in the financial statements of the company.

Related Content

Legislation

- Oman Sultani Decree No. 18/2019 On the Issuance of the Commercial Companies Law
- Oman Sultani Decree No. 46/2022 On the Issuance of the Securities Law
- Oman Sultani Decree No. 20/2024 On the Establishment of the Financial Services Authority, and the Issuance of Its Regulation

- Oman Ministerial Decision No. 5/2025 On the Issuance of the Principles of Governance of Closed Joint Stock Commercial Companies
- [Omani Sultani Decree No. 77/1986](#) ^[1 p.7]Regulating the Accounting and Auditing Profession

Regulations

- Code of Corporate Governance for Public Listed Companies

Author



Mansoor Jamal Malik.

Founder/Managing Partner, Al Busaidy, Mansoor Jamal & Co (Muscat, Oman)

mansoor.malik@amjoman.com

+968 2482 9200

Areas of expertise

Banking and Finance; Corporate; Projects and Infrastructure; Regulatory; Dispute Resolution

Education

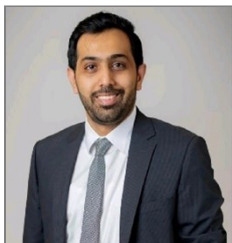
- LL.B (Hons), United Kingdom
- Council of Legal Education

Memberships

- Admitted as Barrister at the Inns of Court
- Member of Lincolns Inn
- Member of the International Bar Association (IBA)
- Associate member of the 3VB Chambers

Biography

- Mansoor Malik is founder and managing partner of Al Busaidy Mansoor Jamal & Co where he heads the firm's top tier, award-winning Corporate Commercial department and the litigation department. He has more than 35 years' experience of law and practice in Oman in both the contentious and non-contentious fields. He has been involved in Oman's most significant transactions over the past four decades, and is ranked as a star performer and leading lawyer by the major global legal directories.
- In the non-contentious field, Mansoor's expertise spans all aspects of banking and finance law including Islamic, corporate, project, acquisition, asset and structured finance, securitisation, corporate restructurings, mergers and acquisitions, capital markets, private equity and investment funds. He advises clients on complex projects, banking and regulatory matters.
- In the dispute resolution arena, Mansoor has expertise in prosecuting and defending high-value domestic and international arbitration of both public and private law disputes under ICSID and UNCITRAL rules before the International Court of Arbitration and the London Court of International Arbitration. In Oman, he is a Court of Appeal panel arbitrator. Mansoor also handles complex commercial litigation claims across a wide span of industry sectors including banking, power, water, agencies, insurance, employment and oil and gas and enjoys rights of audience before Oman's Supreme Court. His roster of clients includes major national and international corporates, financing institutions, credit agencies, government entities as well as some of the world's leading law firms.



Chaudhry Muhammad Ali

Legal Associate, Al Busaidy Mansoor Jamal & Co. (Oman)

T: + 968 24829200

E: chaudhry.ali@amjoman.com

Areas of expertise

Corporate/Commercial; Commercial Agencies; Mergers & Acquisitions; Projects.

Education

- Melbourne Law School, L.L.M, [2015]
- University of London (International Programme), L.LB (Hons.) [2012]

Biography

Ch. Muhammad Ali is an associate in the Commercial & Capital Markets Team and has a broad range of experience with commercial agencies, mergers and acquisitions, capital market, projects, corporate and commercial matters with a particular focus on mergers and de-mergers.

During his time with the firm, Ali has advised clients on commercial agencies, distributor & franchise agreements, corporate and commercial matters, acquisitions, project agreements, contractual obligations, personal data protection, company incorporation, and competition.

Prior to joining AMJ in 2023, Ali practiced in Cornelius, Lane and Mufti, a major/ leading law firm in Pakistan, where he routinely advised corporate clients in connection with restructuring, corporate and commercial issues, compliances, and matters.

Notes

1. ^[p.4] <https://decree.om/1986/rd19860077/>