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A quarterly newsletter from PKF UAE and PKF Oman

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Our Vision

We will be the first choice for companies in their selection of professional advisors.

Our Mission

We will provide quality service to our clients by focusing on client-specific needs and providing solutions to business problems, thereby adding value through expertise whilst maintaining integrity, professionalism, and independence.

From the Managing Partner – UAE

"The greatest danger in times of turbulence is not the turbulence—it is to act with yesterday's logic."

Peter Drucker

In an increasingly complex world, developments across continents are shaping both business sentiment and policy priorities. From economic recoveries gaining traction in the wake of past disruptions, to political recalibrations and climate-driven imperatives, the global narrative is one of transformation. Technological advancements, especially in AI and clean energy, are being met with renewed optimism, while conflicts, inflation pressures, and geopolitical shifts continue to keep risk managers on edge. Yet, amidst all this flux, international collaboration and regulatory convergence remain strong guiding forces.

On the regulatory front, the past few months have ushered in landmark changes that affect businesses worldwide. Notably, the introduction of the ISA for Less Complex Entities (LCE) marks a tailored, risk-based approach to auditing, finally acknowledging the unique scale and structure of small and medium-sized enterprises. Meanwhile, in the UAE, sweeping reforms in corporate, labour, tax, and personal status laws signal the nation's ambition to enhance its appeal to global investors and residents. The implementation of the Pillar Two Top-Up Tax for MNEs reflects the UAE's alignment with OECD standards, and the launch of the Regulatory Intelligence Office illustrates its intent to harness AI for smarter lawmaking.

This edition of the PKF Update captures these global and regional shifts through a multifaceted lens. From a compelling feature on the ISA for LCE to a candid conversation with Markus Oberlin, CEO of Farnek, the newsletter showcases stories of innovation, regulatory insight, and business evolution. The offshore and tax updates shed light on transformative legal frameworks and international tax compliance, while the Oman section dives into the emergence of crowdfunding as a strategic enabler for entrepreneurship. With contributions from professionals across the UAE and Oman, the publication also celebrates internal excellence and global connectivity—evident in PKF's participation in the EMEI Gathering in Marrakesh and the induction of new member firms in Ethiopia and the US.

As we reflect on these wide-ranging developments, it is clear that adaptability, foresight, and client-centric innovation will define the professional services landscape ahead. The world is changing, let's grow with it.

Stany Pereira

Navigating the new landscape:
ISA for LCE- A Tailored Approach

In a global economy largely driven by Less Complex Entities (LCEs), audit standards must balance thoroughness with practicality. The International Auditing and Assurance Standards Board (IAASB) has introduced a significant advancement with its International Standard on Auditing for Audits of Less Complex Entities (ISA for LCE), effective for periods beginning on or after December 15, 2025. This development is especially relevant in dynamic worldwide markets where LCEs, including numerous family-owned businesses, are crucial for innovation and economic expansion.

Traditional International Standards on Auditing (ISAs) were initially designed for large, intricate organizations. Applying these extensive standards to LCEs often resulted in disproportionate effort and documentation that didn't necessarily improve audit quality. This could lead to higher costs and a perception of audits as a mere compliance burden rather than a valuable exercise.

The ISA for LCE presents an opportunity for audit firms globally to deliver focused, risk-based audits that align with the specific nature and scale of their clients' operations. Transitioning to this new standard requires a strategic shift in methodology, thorough team training, and a careful reassessment of client eligibility. Audit firms worldwide, particularly those serving privately held entities, non-regulated sectors, and other LCEs where agility, efficiency, and cost-effectiveness are paramount, are well-positioned to adopt the ISA for LCE.

Designed in a modular format, the ISA for LCE dedicates each module to a specific audit phase, from planning and risk assessment to executing procedures and forming the final audit opinion. Its simplified structure and plain-language requirements significantly reduce complexity while maintaining rigorous professional standards. This modularity enables auditors to conduct the audit process more efficiently and scalably, removing the burden of applying controls or reporting requirements irrelevant to the client's specific operations. This streamlined approach allows auditors to concentrate on areas that truly enhance audit quality and client value.

The standard is specifically for entities that are not publicly accountable and have limited complexity. This broad category encompasses most private businesses, family businesses, and non-profit organizations across various jurisdictions. However, it explicitly excludes listed or listing entities, those holding assets on behalf of others (such as banks or investment funds), or those operating in highly regulated industries or complex group structures. The guide emphasizes the importance of professional judgment in determining eligibility, ensuring the standard is applied appropriately and audit integrity is maintained.

For auditors globally, adopting the ISA for LCE signals a more proportionate, client-centric audit approach, which can significantly enhance value without necessarily increasing cost. This alignment with client needs fosters stronger relationships and a greater appreciation for the audit function. Furthermore, it supports broader global economic development goals by fostering transparency, empowering LCEs, and improving regulatory alignment across diverse business zones. By simplifying audit procedures for a significant segment of the global economy, nations can solidify their positions as dynamic and supportive environments for businesses of all sizes.

In conclusion, the ISA for LCE represents a major evolution in audit practice, particularly for dynamic and rapidly developing global markets. By embracing this forward-thinking standard, audit firms can serve their clients more effectively and efficiently, delivering greater value while upholding the unwavering integrity and trust that high-quality audits demand. This will undoubtedly contribute to a more robust and transparent global economy, benefiting businesses, investors, and the wider community.

(This article is contributed by Atharva Sirdeshmukh, Manager- Audit division)

Interview with **Markus Oberlin** Group CEO, Farnek

The Visionary Behind Farnek's Smart & Sustainable Transformation

When it comes to redefining facilities management in the UAE, few names stand out like Markus Oberlin. As the Group CEO of Farnek, a multi-award-winning smart and green FM company with over 10,000 employees across the Emirates, Markus has been at the forefront of innovation, sustainability, and digital transformation in the industry.

A certified engineer with an MBA and over 25 years of experience in energy and facilities management, Markus joined Farnek in 2006. Since then, he has played a pivotal role in the company's growth — not only scaling operations, but also modernizing its business model through cutting-edge technology and forward-thinking strategy.

Under his leadership, Farnek has expanded its footprint through strategic acquisitions like Hitches & Glitches and Smashing!, and ventured into new verticals such as hospitality outsourcing with the launch of Trendz and Trendz Events, a dedicated service provider for the events sector. In 2022, he spearheaded the launch of HITEK AI, a platform delivering bespoke digital FM solutions powered by AI, IoT, and cloud-based technology.

Beyond business, Markus is a passionate advocate for sustainability. From leading Farnek's Net Zero roadmap to helping high-profile clients manage their carbon and energy performance, he has embedded environmental responsibility into the company's DNA. His leadership helped secure iconic contracts including the Burj Khalifa, Expo City, Dubai Airports, and Yas Marina Circuit. In this exclusive conversation, Markus shares insights into his journey, the future of FM, and why sustainability and technology go hand in hand in building smarter, greener cities.

From Switzerland to the UAE: A Visionary's Journey

Q. You joined Farnek back in 2006. What attracted you to the UAE and to the facilities management sector at that point in your career?

Well in actual fact I had already been working for Farnek Avireal in Switzerland as head of engineering for eight years before I was offered the position of GM here in Dubai. Given the massive FM market potential in Dubai, remember in 2006 Dubai was, in western FM terms, very much an emerging market that was growing exponentially, and I thought it was a fantastic career opportunity.

Q. Over the past 18 years, you've overseen a period of exponential growth at Farnek. When you look back, what do you see as the pivotal moments that shaped the company's evolution?

It happened very quickly really, in 2007 we were awarded the Emirates Energy Award, for research that we carried out comparing the energy and water usage by Dubai hotels, compared with similar hotels in Europe. That award underpinned our sustainability credentials, however, just three years later, we were awarded the MEP FM contract for the Burj Khalifa which really put us on the map and consolidated our position as a leading player in the regional FM market.

Leading a Digital & Operational Transformation

Q. Farnek has undergone a digital transformation under your leadership. What prompted this shift, and what were the biggest challenges you faced during the transition?

It was clear to me that technology was going to drive the FM market, just like many other industry sectors, even though in those early years, the FM sector wasn't exactly an early adopter. The way in which IoT was beginning to integrate with property management systems (PMS), it was obvious that technology would improve quality, efficiency, safety and sustainability as well as lowering costs. And here comes the challenge...there was an issue recruiting and training qualified talent and then being an innovator, we had to convince the market to invest in technology to achieve a significant return on investment. That took time.

Q. With the launch of HITEK AI in 2022, Farnek entered the smart solutions space. How do you envision AI, IoT, and mobility continuing to reshape the FM industry?

HITEK AI is one of our group companies that has developed a raft of state-of-the-art digital FM solutions. The benefit for Farnek was that these solutions were created specifically for the FM industry. They are bespoke. These tools will make FM operations more efficient and cost effective and integrate seamlessly not only with our own operations, but with those of our customers as well. The way in which AI is transforming all of our lives will continue to accelerate and FM as well as the broader industry landscape will be absolutely no exception.

Sustainability as a Strategy

Q. Sustainability has clearly been a long-standing priority for you and for Farnek. What does sustainable FM mean in practice — beyond the buzzwords?

Being a Swiss-owned and managed company, naturally sustainability was already embedded in our corporate DNA. In practical terms, sustainability in facilities is crucial to reducing carbon emissions and creating a cleaner environment, but what may businesses forget is that it also creates a win-win situation. By reducing water and energy usage, building owners and managers save money, their utility bills can be reduced by up to 20%. One of HITEK's solutions called Carbontek can measure the scope of an organisations carbon footprint and through benchmarking can identify ways of reducing excessive energy and water use, as well as reducing, reusing and recycling waste. This is no longer just theory it is being put into practice by progressive businesses across the UAE.

Q. You've helped several high-profile clients reduce their carbon footprint. What advice would you offer companies just beginning their sustainability journey?

Well, we only have five years to 2030, which is first key milestone on the way to the UAE achieving net zero by 2050. The government cannot achieve net zero alone the private sector will have to participate. Therefore, the sooner organisations start their journey the better. The first step is the most important, identifying a baseline. Essentially, this means working out what your company's total carbon emissions were for a preceding 12-month period, after all you cannot manage what you can't measure. So once that figure has been determined, you can put in a plan of how to reduce Scope 1,2 & emissions.

Leadership, Legacy & Looking Ahead

Q. Looking ahead, what are your top priorities for Farnek over the next five years — both in terms of business and impact?

In terms of growth drivers for our business in the UAE and Saudi Arabia, we aim to expand our smart FM offering, through new product development and strategic partnerships, integrating AI into all of our key business processes. In terms of sustainability, we will focus on increasing our market share, through our net zero consultancy and waste management solutions. Safety is always a top priority for us and we aim to incorporate our Safetek solution across all sites, to ensure zero accidents and achieve 100% compliance in internal audits. This strategy will add value and increased benefits to our long-established FM offering.

If you could share one piece of advice with emerging business leaders in the Middle East, what would it be?

Never forget that the customer is king. Increasing customer satisfaction obviously improves your reputation, contract retention, consolidates base revenue and helps to support new business acquisition. Clearly, quality of service delivery is integral to that, so retaining them should be critical to any organisations success.

MEET OUR TEAM MEMBER

Indrani Chelaramani, Manager – Back Office Support Services Division

Indrani is a qualified Associate Chartered Accountant (ACA) from the Institute of Chartered Accountants of India and a Cost and Management Accountant (CMA) from the Institute of Cost and Works Accountants of India.

Indrani joined PKF in 2017 and has been an integral part of the firm ever since. She currently serves as a Manager in the Back Office Division, a role she has held since 2022. Before this, she spent five years in PKF's Audit Department, where she gained valuable experience and insight into the auditing profession.

Prior to her tenure at PKF, Indrani worked as an Assistant Regional Manager (Accounts) with DTDC Express Limited in Vijayawada, India, for two years. She also spent four years in Dubai with the Sanipex Group, where she held the role of Treasury Accountant.

In her current role, Indrani oversees the delivery of accounting and payroll services to clients across diverse sectors. Her responsibilities include planning, review, supervision, and VAT-related services. She has worked with clients in diverse industries such as manufacturing, retail, hospitality, education, contracting, and real estate.

Outside of work, Indrani is an avid traveller and a passionate cook. She enjoys spending her free time watching movies and cherishing moments with her friends and family.

Offshore and Free Zone Updates

The first five months of 2025 have seen the UAE implement wide-ranging regulatory reforms that impact businesses, investors, and residents. These changes reflect the country's continued push toward global competitiveness, legal modernization, and socio-economic development. Below is a comprehensive summary of the most significant developments:

Legal & Corporate Framework

100% Foreign Ownership Expansion

The UAE has expanded the scope of activities where 100% foreign ownership is permitted, eliminating the previous requirement for a UAE national sponsor in many sectors. This reform allows foreign investors to have full control over their businesses, fostering a more attractive investment climate.

Super Block Initiative

Amendments to the Commercial Companies Law

The UAE introduced amendments to the Commercial Companies Law, including:

- Elimination of the maximum and minimum percentage of founders' contributions during public offerings.
- Removal of the legal limitation on the subscription period, allowing flexibility as specified in the prospectus.
- Abolishment of the requirement for board members to be UAE nationals, enabling greater diversity in corporate governance.
- Facilitation for branches of foreign companies to transform into commercial companies with UAE citizenship.

Mandatory MOA Updates

Under the new Commercial Companies Law, companies are required to amend their Memorandum of Association (MOA) to reflect the updated legal provisions. Key changes include:

- Flexibility in defining share values, removing the previous minimum AED 1 restriction.
- Introduction of Special Purpose Acquisition Companies (SPACs) and Special Purpose Vehicles (SPVs) to facilitate mergers, acquisitions, and public offerings.

Mandatory Merger Control Introduced

Under Federal Decree-Law No. 36 of 2023, effective March 31, 2025, companies must now notify the Ministry of Economy before executing mergers or acquisitions that surpass certain turnover or market share thresholds. This brings the UAE in line with international antitrust practices and introduces a pre-merger review regime.

Regulatory Intelligence Office Established

The UAE launched a new office tasked with using artificial intelligence to draft and analyze legislation. The initiative is designed to cut legislative processing time by 70% and bring real-time feedback into lawmaking.

Labour Law Developments

Extension of Maternity Leave

Maternity leave has been extended from 45 to 60 calendar days, promoting family welfare and female workforce participation.

Flexible Work Regulations Introduced

Employers can now formally offer part-time, remote, freelance, and job-sharing contracts. These changes institutionalize the flexible work models introduced during the pandemic.

Notice Period During Probation

Employees under probation are now entitled to a 14-day notice period, enhancing fairness and legal protection for new hires.

Tax & Financial Regulations

15% Corporate Tax for Multinationals

In line with OECD Pillar Two rules, the UAE will apply a 15% minimum corporate tax starting January 2025 on multinational entities with global revenues above €750 million. This aligns with the OECD's global minimum tax framework, ensuring that multinational enterprises contribute a fair share of taxes.

Clarifications on VAT Executive Regulations

FTA Public Clarification VATP040 outlines updates on compliance procedures and exemptions, effective November 2024 but widely circulated in Q1 2025 to ensure timely adaptation by companies.

Family & Personal Status Reforms

Equal Parental Custody Introduced

The Personal Status Law (effective April 15, 2025) now grants both parents equal custodial rights for children until the age of 18, even in the event of divorce.

Reforms in Marriage & Divorce Law

The UAE has adopted the Gregorian calendar for family legal matters and simplified procedures for alimony and asset division. These reforms are geared towards expatriate-friendly legal processes.

Immigration & Residency Policy

Expanded Tourist Visa Provisions

The five-year multi-entry tourist visa now allows 90-day stays per visit, renewable within the year, offering greater flexibility for long-term travelers.

Grace Period for Residency Renewal

Dependents now have a 6-month grace period to renew or adjust residency status post-cancellation or expiry.

International Trade & Investment

In 2025, the United Arab Emirates (UAE) has implemented significant reforms in international trade and investment, reinforcing its position as a global economic hub. These developments encompass new trade agreements, substantial foreign investments, and strategic initiatives in technology and sustainability.

Major Trade Agreements and Economic Partnerships

Expansion of Comprehensive Economic Partnership Agreements (CEPAs)

The UAE has broadened its network of CEPAs to enhance trade relations and economic cooperation:

- **India-UAE CEPA:** This agreement has led to a surge in Indian investments in Dubai across sectors like IT, consumer goods, and real estate.
- **Australia-UAE CEPA:** Signed in late 2024, this deal eliminates tariffs on over 99% of Australian exports to the UAE, promoting bilateral trade and investment.
- **Additional CEPAs:** Agreements have been signed with Malaysia, Ukraine, Costa Rica, Mauritius, and the Republic of Congo, aiming to diversify trade partnerships and stimulate economic growth.

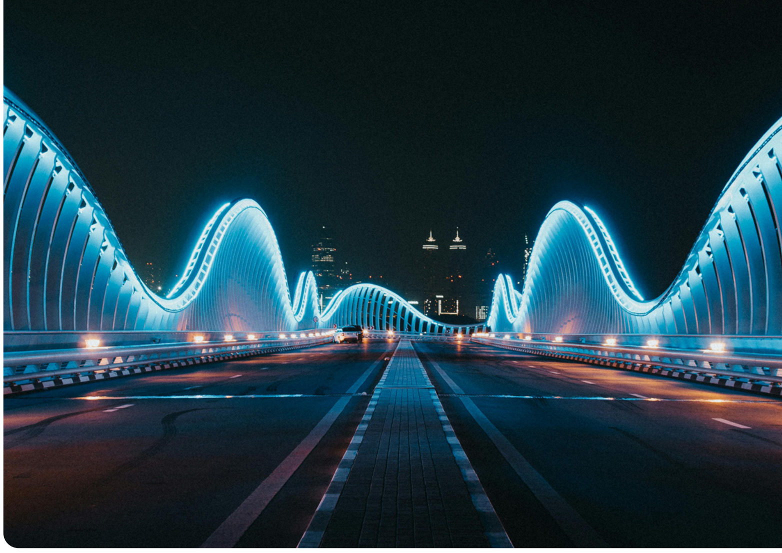
Launch of EU-UAE Free Trade Negotiations

The UAE is actively pursuing a bilateral free trade agreement with the European Union, intending to finalize the deal within six months. This initiative complements broader Gulf Cooperation Council (GCC) trade objectives. The agenda includes trade in goods and services, sustainable energy, and digital cooperation.

Foreign Direct Investment (FDI) and Strategic Ventures

$1.4 Trillion Investment Framework with the United States

The UAE has committed to a decade-long investment plan in the U.S., focusing on sectors such as artificial intelligence (AI), semiconductors, energy, and manufacturing. This includes the development of a new aluminum smelter, marking a significant expansion of the UAE's investment footprint in the U.S. economy.



Launch of MGX Fund Management Limited

Abu Dhabi has established MGX, a state-owned investment firm targeting AI technologies, with a goal of managing $100 billion in assets. MGX has partnered with global tech leaders, including OpenAI and Oracle, to invest in AI infrastructure and innovation.

Development of Stargate UAE Data Center

In collaboration with G42, OpenAI is constructing a 1-gigawatt AI data center in Abu Dhabi, named Stargate UAE. This facility aims to position the UAE as a leader in AI infrastructure and services.

Trade Infrastructure and Logistics Enhancements

UAE-Israel Land Trade Corridor

A new overland trade route connecting the UAE to Israel via Saudi Arabia and Jordan has been established, reducing cargo transit times from 14 to 4 days. This corridor enhances trade efficiency and provides an alternative to maritime routes affected by regional conflicts.

Emphasis on Sustainable and Technological Investments

Focus on Sustainable Investment

The UAE is prioritizing sustainable economic growth by investing in clean energy, AI, and climate technology. Initiatives like the Aim Congress 2025 highlight the country's commitment to fostering innovation and addressing global environmental challenges.

These strategic reforms and initiatives underscore the UAE's dedication to diversifying its economy, strengthening international partnerships, and leading in technological and sustainable development.

Overall, the reforms mentioned above, underscore the UAE's position as a forward-thinking, globally integrated economy and highlight its focus on sustainable growth, legal transparency, and citizen welfare.

(This article is contributed by Chaitanya Kirtikar, Associate Director, Structuring Services)

TAX UPDATE

UAE Implements Pillar Two Top-Up Tax: What MNCs need to know

As global tax reforms continue to reshape the corporate landscape in UAE, the UAE has taken concrete steps toward implementing the **OECD/G20's Pillar Two – Global Anti-Base Erosion (GloBE) Rules.** These rules are designed to ensure large multinational enterprises (MNEs) pay a **minimum effective tax rate (ETR) of 15% in UAE**, no matter where they operate.

The Pillar Two rules target base erosion by introducing a global minimum tax. They aim to:

- Prevent profit shifting to low-tax jurisdictions
- Level the international tax playing field
- Reduce harmful tax competition

The UAE Government issued the Cabinet Decision No. 142 of 2024, providing detailed regulations and guidelines for implementation of the Pillar 2 framework and charge of Qualified Domestic Top Up Tax (**QDMTT**) in the UAE. These guidelines are in line with the OECD guidelines.

UAE introduces Pillar Two provisions by levying QDMTT on large MNEs with effect from January 01, 2025. In simpler terms, large MNEs require to pay in effective tax of 15% as corporate tax in UAE. For example, if large MNE effective tax rate in UAE is 9% then it requires to pay difference of 9% and 15% i.e. 6% as QDMTT.

The QDMTT rules in UAE apply to MNE groups that:

- Have consolidated revenues exceeding EUR 750 million in at least two of the previous four years
- Have entities or permanent establishments (PEs) in more than one jurisdiction

UAE-resident entities such as **constituent entities (CEs), joint ventures, stateless entities, and reverse hybrids** may be subject to the **QDMTT** unless they fall under exempt categories.

There are certain entities which are out of scope from top up tax in UAE. Such entities namely, Government bodies, Non-profits and pension funds, international organizations, Certain investment and real estate funds and entities which are owned (95% or 85%) by excluded entities.

How Is the Top-Up Tax Calculated?

The five-step process includes:

1. **Calculate the Effective Tax Rate** for all UAE CEs
2. **Determine the top-up percentage** where ETR less than 15%
3. **Calculate the Excess Profits** by reducing the Pillar Two Income by Substance Based Exclusion
4. **Calculate the Top up Tax** by multiplying the Top up Tax percentage with the Excess Profits.
5. **Allocate tax liability** across UAE entities based on their pillar two income

Exclusions/Safe Harbours:

- There are certain substance-based exclusions through which additional deduction of cost related to payroll and tangible assets will be allowed to the taxpayer for calculating top up tax liability.
- **De-Minimis Exclusion:** There is no top up tax under de-minimis exclusion if average revenue is less than EUR 10 million and average net income is less than EUR 1 million or is a loss.
- To ease initial implementation there are certain safe harbours and transitional relief available which are applicable for initial two years i.e. 2025 and 2026.
- Anther relief referred as initial phase of international activity wherein in case MNEs is present in less than 7 jurisdictions and having tangible assets outside UAE equal to and less than EUR 50 million then in such scenario QDMTT is not applicable for first five years.

Compliance and Reporting Timeline

Requirement	Timeline
Registration	Process will be notified by Federal Tax Authority
Top-Up Tax Return	18 months from end of fiscal year (first year), then 15 months
Information Return	15 months from end of fiscal year end

What's Next for UAE Businesses?

Organizations falling under the scope of Pillar Two should:

- Begin assessing their Pillar Two income, ETR, and exclusions
- Prepare for detailed compliance and reporting requirements
- Consider restructuring or refining group-level substance

With the FTA set to issue further implementation guidance, early preparation will be key to ensuring a smooth transition. If you'd like a detailed impact assessment tailored to your group, reach out to our tax advisory team.

(This article is contributed by Anurag Sodhani, Manager and Harsh Modi, Assistant Manager- Tax Division)

Did you know?

K in a thousand

The "K" in "1K" comes from the Greek word "chilio" meaning "thousand". This was adopted in the metric system as the prefix kilo- like in kilogram (1000 grams) or kilometer (1000 meters). Over time, K became a shorthand for "thousand" in informal contexts like social media or finance such as "10K followers" or "$50K". The confusion arises because "thousand" in English has no "K", but the abbreviation stems from Greek, not English.

Mitsubishi logo

The Mitsubishi logo, featuring three stacked diamonds (or rhombuses), is a fusion of the family crests of Yataro Iwasaki, the founder of the first Mitsubishi organization. It combines the three-diamond crest of his family, the Iwasaki family, with the three-oak-leaf crest of the Tosa Clan, which he previously worked for. The name "Mitsubishi" itself also originates from these crests, with "mitsu" meaning "three" and "hishi" meaning "water chestnut" (also representing a diamond shape)

Events and Happenings

PKF EMEI Gathering

The PKF EMEI Gathering and Global Tax Pillar Meeting took place in Marrakesh from May 14-16, 2025, bringing together over 200 professionals from 47 countries to focus on growth, cross-border collaboration, and client value enhancement. Key sessions included a panel on cross-border client experiences with international skincare client NAOS and discussions on Pillar 2 implementation, VAT e-reporting, and transfer pricing, led by experts. The event highlighted PKF's commitment to global tax developments and cooperation and knowledge exchange. A Leadership Development Programme preceded the main event from May 11-13, fostering networking and skill-building. The gathering was attended by our team comprising Gaurav Verma, Ashish Tulsan, Stany Pereira, Mradul Gupta, Sahil Sudarshan and Albert Martin (L to R).

New member firms

PKF Ethiopia was welcomed as a new member of the PKF Global network, expanding our presence in East Africa. PKF Ethiopia (previously Feysel & Associates) was established a decade ago in the Ethiopian capital city of Addis Ababa by founders with over 50 years of combined experience. The firm delivers high quality audit, accounting, tax and business advisory services to international and domestic clients across a wide range of sectors, including industrial manufacturing, not-for-profit, real estate & construction and transport & logistics.

We welcome Plenus Tax & Accounting LLC to our global network. The addition of this Michigan-based firm expands our presence in the Midwest region of the US. Plenus works extensively with international clients in South Korea and sought PKF membership in large part for our global reach in this area of the world. The Plenus team delivers audit, tax and advisory services to a client base focused on the auto industry, manufacturing and the energy sector. The firm has enjoyed rapid growth and specialises in advising Korean companies as they expand operations into the US market.

Crowd Funding in Oman: Unlocking Opportunities for Entrepreneurs and Investors

As Oman accelerates its economic diversification under Vision 2040, access to alternative financing has become a priority for startups, SMEs, and social enterprises. Among the most promising developments in this space is crowdfunding — a dynamic, tech-enabled fundraising model that aligns with the Sultanate's drive toward innovation, digitalization, and private sector growth.

Crowdfunding is one such mechanism that offers significant potential in the evolving financial ecosystem.

The Concept of Crowdfunding

Crowdfunding enables individuals or organizations to raise capital from a large number of people, typically through digital platforms. It comes in several forms:

- **Donation-based:** Contributors support charitable or social initiatives without expecting financial returns.
- **Reward-based:** Donors receive a non-financial reward, often a product or service.
- **Equity-based:** Investors receive a stake in the company or venture.
- **Debt-based (P2P lending):** Participants lend funds in exchange for interest-based repayments.

Regulatory Progress in Oman

Recognizing the importance of structured crowdfunding, Oman's **Financia Services Auhtorty (FSA)** , erlier known as Capital Market Authority (CMA), issued a regulatory framework in 2021 focused on **Vision 2040** the national plan to diversify the economy beyond oil.

Regulation Key features include:

- Platform licensing and oversight,
- Due diligence obligations for crowdfunding operators,
- Investment limits for retail investors,
- Disclosure and reporting requirements for fundraisers.

This is a strategic move that brings legitimacy to crowdfunding and opens doors for regulated alternative finance in the Sultanate.

Why Crowdfunding Matters for Oman

1. **SME Financing**

   Small and medium-sized enterprises often face funding barriers due to limited collateral or credit history. Crowdfunding offers a lifeline to early-stage and innovative businesses that struggle to secure conventional loans.

2. **Youth and Innovation**

   With over 60% of Oman's population under 30, crowdfunding provides an accessible way for young entrepreneurs to fund creative ideas.

3. **Economic Diversification**

   From renewable energy projects to agritech startups, crowdfunding can support Oman's broader diversification agenda by financing non-oil sectors and scalable local ventures.

4. **Fintech and Digital Growth**

   Crowdfunding platforms are part of a growing fintech ecosystem. Their presence contributes to Oman's digital economy and strengthens investor engagement through accessible, transparent online investment tools.

Challenges and Strategic Considerations

Despite its potential, the crowdfunding ecosystem in Oman remains nascent. Key challenges include:

- **Low public awareness and investor confidence** in online platforms,
- **Limited number of operational crowdfunding platforms** licensed within the country,
- **Need for investor education and digital financial** literacy initiatives.

This encourages stakeholders — including regulators, startups, financial institutions, and advisory firms — to collaborate in nurturing this ecosystem with proper risk management, regulatory compliance, and public engagement.

Local Crowdfunding Platforms and Initiatives

Several initiatives have surfaced to promote crowdfunding in Oman:

- EthisX
- ITHBAR
- Wadiyaa
- Mamun etc.

These corwdfunding platforms who offers Shariah-compliant crowdfunding solutions and provide entrepreneurs a direct line to supporters while allowing backers to participate in Oman's economic progress.

Looking Ahead

As crowdfunding gains momentum in Oman, it presents an opportunity not just for funding — but for broader economic transformation. It empowers entrepreneurs, connects communities, and opens a new chapter in accessible and inclusive finance.

Embracing such innovative financial solutions is essential for long-term sustainability and growth. We remain ready to assist clients who wish to explore this emerging frontier with strategic insight and regulatory clarity.

(This article is compiled by Anil Vasoya of PKF LLC, the PKF member firm in the Sultanate of Oman).

RANGE OF SERVICES

Audit, Assurance & Advisory
- Statutory audit
- Other assurance services including Agreed-upon Procedures
- Compilation of financial statements
- Agreed-Upon Procedure for RERA
- Unified In-Country Value certification (ICV) for ADNOC, ADDED, Aldar, Abu Dhabi Ports, ENEC and Mubadala
- Training, consulting, and implementation of IFRS
- Internal audit including compliance for DFSA and ADGM regulated entities
- Enterprise risk assessment
- Internal control review
- Risk management review
- Finance and Accounting Procedures Manual
- Business process review
- Due diligence reviews
- Forensic and other investigations
- Delegation of authority matrix
- Information technology / cybersecurity review

Corporate Finance
- Financial due diligence
- Market analysis and feasibility studies with financial forecasts
- Business & share valuations
- Identification & valuation of intangible assets on a business acquisition (purchase price allocation)
- Impairment reviews
- Preparation of Business Plans and Information Memoranda
- Fund raising
- Advice on partner/share holder entry/exit
- Review of financial models
- Sale of business

Business Process Outsourcing
- Book-keeping and accounting services
- Payroll and HR management and processing
- Confidential processing of payroll
- Short term placement of accounting staff
- Outsourced accounting & payroll services for DIFC companies
- Fixed asset management
- Inventory verification and reporting

Structuring Services
- Entry strategy
- Free zone, mainland, and offshore company formation
- Company liquidation / de-registration services
- Registered agent and registered office services
- Company re-domiciliation / migration services
- Visa services (application and renewal)
- Conversion of mainland LLCs to 100% foreign ownership
- Identification of local agent for mainland professional licenses
- Succession planning
- Statutory compliance services for UAE based entities

Tax Advisory and Compliance
- Tax Advisory Services
- VAT and Excise Tax Implementation support
- VAT and Excise Tax registrations, amendments, and deregistration
- Assistance in preparing and filing of VAT and Excise Tax returns
- Diagnostic reviews and health checks for VAT and Excise
- Represent / liaison with relevant authorities on taxation matters
- Tax Agency Services
- Assistance in evaluation, preparation & filing of reports under UAE ESR & CbCr regulations
- Cross-Border tax advisory
- Tax due diligence
- Training on tax matters

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PUBLICATIONS

- Practice Profile
- Doing Business in the UAE
- Credentials
- Free Zones in the UAE

All the foregoing publications can be obtained from any of the offices in UAE and Oman.