



OMAN CHAMBER OF COMMERCE  
AND INDUSTRY

**OMAN  
COMMERCIAL  
LAW**

**ROYAL DECREE 55/90**

## INTRODUCTION

Oman Chamber of Commerce and Industry has the pleasure to publish this unofficial translation of the Commercial Law issued by the Royal Decree No. 55/90. The provisions and rules of this law regulate the commercial activities in various sectors.

The Chamber accepts no liability for the accuracy of the translation. The Arabic text published in the official gazette is the authentic text.

The Oman Chamber of Commerce and Industry extends its thanks to Messrs Trowers & Hamlins, Legal Consultants for assisting in the preparation of the translation of this law.

Oman Chamber of Commerce and Industry

Muscat

March 2005

# **ROYAL DECREE**

**NO. 55/90**

## **ISSUING THE COMMERCIAL LAW**

We, Qaboos Bin Said, the Sultan of Oman,

After perusal of Royal Decree No. 26/75 issuing the law on setting up of the Administrative Apparatus of the State and the amendments thereto; and

The Commercial Registration Law No. 3/74 and the amendments thereto; and

The Commercial Companies Law No. 4/74 and the amendments thereto; and

Royal Decree No. 4/74 issuing the Foreign Business and Investment Law and the Amendments thereto; and

Royal Decree No. 7/74, issuing the Banking Law and the Amendments thereto/ and

Royal Decree No. 26/77 issuing the Commercial Agencies Law; and

Royal Decree No. 35/81 issuing the Maritime Law; and

Royal Decree No. 78/86 issuing the Law on the Organization of Brokerage in Real Estate; and

Royal Decree No. 68/87 issuing the Law on Trade Marks and Trade Descriptions; and

Royal Decree No. 35/88 issuing the Law of Muscat Securities Market; and

In accordance with the public interest -

HAVE DECREED THE FOLLOWING :

**Article 1 :**

The provisions of the attached Commercial Law shall be applicable and all other contradictions will be considered as cancelled.

**Article 2 :**

Ministers and all concerned shall implement this Law, each within the scope of competence.

**Article 3 :**

This Decree shall be published in the Official Gazette and shall come into force six months after the date of publication.

Issued on : 18 Dhu al-Hijja 1410 AH

11 July, 1990

**Qaboos Bin Said**  
Sultan of Oman

# THE COMMERCIAL LAW

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# THE COMMERCIAL LAW

## GENERAL PROVISIONS

### **Article 1**

The provisions of this Law shall apply to merchants and all commercial activities engaged in by any person even if such person is not a merchant.

### **Article 2**

In defining the rules which apply to merchants and commercial activities, due account shall be taken of legally recognised contracts.

The said contracts shall become effective upon the mere congruence of offer and acceptance unless the Articles of this Code provide otherwise.

### **Article 3**

The principle in respect of commercial contracts is that they may be proven by all means of so doing whatever their value unless the Articles of this Law provide otherwise.

### **Article 4**

If no contract exists or if it exists and is silent with respect to a provision or if a provision contained therein is invalid, the legislative provisions comprised within this and other laws shall apply to all matters which these provisions deal with in word or meaning.

### **Article 5**

If no legislative provisions exists, the rules of custom shall apply with particular or local custom taking precedence over general custom. In the absence of custom, the provisions of the noble Islamic Sharia shall apply and thereafter the rules of justice.

### **Article 6**

The meaning of Court in this Law is the Authority for the Settlement of Commercial Disputes or any other Court subsequently formed by law to examine commercial matters.

### **Article 7**

Commercial companies, trademarks, trade descriptions, the Commercial Register, the Oman Chamber of Commerce & Industry and the Muscat Securities' Market shall be regulated by their own laws.

Without prejudice to the provisions of the Commercial Agencies Law, the provisions of Section One of Chapter Five of Book Three of this Law shall apply to commercial agencies, commission agencies and commercial representatives.



**BOOK ONE**  
**COMMERCIAL ACTIVITIES .. THE MERCHANT**  
**CHAPTER ONE**  
**COMMERCIAL ACTIVITIES**

**Article 8**

Commercial activities are those undertaken by any person with intent to speculate, even if such person is not a merchant.

**Article 9**

The following activities in particular shall be deemed to be commercial activities :

1. The purchase of commodities and other material and non-material moveable property with intent to sell the same at a profit whether sold in their original condition or after manufacture or conversion.
2. The purchase of commodities and other material and non-material moveable property with intent to hire or lease the same with intent to sub-leasing them.
3. The sale, rent or sub-leasing of the commodities purchased or leased in the aforesaid manner.
4. The purchase of real estate with intent to profit from the sale thereof in its original condition or after division and the sale of real estate purchased with such intent.
5. Supply contracts.
6. Employment contracts.
7. Public and private banking transactions, money-changing activities and financial dealings.
8. Brokerage activities (activities of a middleman) and commercial agencies.
9. Commercial papers such as bills of exchange, notes to order and cheques.
10. The incorporation of commercial companies and the sale or purchase of corporate shares or bonds.
11. Public warehouses and pledges on property deposited therein.
12. The extraction of minerals, oils, rocks and other natural resources.
13. The various types of insurance.

14. Public sites and premises such as public playgrounds, cinemas, hotels, restaurants and auction rooms.
15. Public utility concessions such as the distribution of water, electricity and gas, postal communications, telecommunications and the like.
16. Land, sea and air transport.
17. Business agencies, tourist offices, import and export.
18. Activities related to printing, publishing, the press, broadcasting and television, news or picture transmission, advertisements and the sale of books.
19. The establishment of factories, even if related to agricultural investment, and the undertaking of construction and manufacture.
20. Activities related to building and construction and to altering, renovating and demolishing buildings.

#### **Article 10**

All activities related to maritime and air navigation shall be deemed to be commercial activities, particularly :

1. The construction of ships or aircraft and the sale, purchase, charter, leasing or repair of the same.
2. Contracts pertaining to the wages and salaries of a ship's master and crew, navigators of aircraft and all those employed thereon.
3. Lending and borrowing.
4. Maritime and air transportation and all related processes such as the purchase or sale of the requisites thereof in terms of supplies, tools, stores, fuel, ropes, sails provisions and aircraft supply materials.
5. The various types of sea and air insurance.

#### **Article 11**

Activities relating to or facilitating the commercial transactions stated in the previous Articles shall be deemed to be commercial activities as well as all activities undertaken by merchants for commercial needs.

#### **Article 12**

The principle in respect of a merchant's contracts and obligations is that they shall be commercial unless otherwise indicated.

#### **Article 13**

If a contract is commercial in respect of any of the two contracting parties, the provisions

of the Commercial Law shall apply to the obligations arising from such contract on both, unless otherwise indicated.

**Article 14**

The following shall not be deemed commercial activities :

1. The production of a work of art by an artist himself or by his use of the services of workers and the sale thereof.
2. The printing and sale by an author of his work.

**Article 15**

The sale by a farmer of crops produced from land which he owns or which he cultivates, even if such land has been transformed by the methods available to him for the purposes of agricultural exploitation, shall not be deemed a commercial activity.

**CHAPTER TWO  
THE MERCHANT**

**SECTION ONE - THE MERCHANT IN GENERAL**

**Article 16**

Any person who engages in commercial activities in his name, who has the requisite capacity and who adopts such transactions as a business will be considered as a Merchant.

Similarly, any commercial company and any company which adopts a commercial form, even if engaged in non-commercial activities, shall be considered a merchant.

**Article 17**

Any person who makes a public announcement by any method of publication as to a place which he has established for trade shall be deemed to be a merchant, even if he has not adopted commerce as his profession. Any person who practices a trade under a pseudonym or hidden behind the name of another person shall be considered as merchant as well as the apparent person.

If a person engages in commerce and yet is banned from doing so under particular laws or regulations, he shall be deemed to be a merchant to whom the provisions of this Law apply.

**Article 18**

A person who practices any incidental commercial activity without adopting commerce as his profession shall not be deemed to be a merchant. However, the commercial

transaction which he undertakes shall be subject to the provisions of the Commercial Law.

#### **Article 19**

Companies incorporated or shared by the government or other public bodies and institutions and which are essentially engaged in commercial activity, and governed by the provisions related to a merchant, apart from bankruptcy, shall be considered as a merchant, unless otherwise stipulated by the Law.

Branches of foreign companies and firms which engage in commercial activity within the Sultanate of Oman shall also be considered as a merchant, unless otherwise stipulated by the Law.

#### **Article 20**

Individuals who engaged in a minor profession or trade in which they rely mainly on their own work input such as travelling salesmen, small shop owners and manual craftsmen shall not be subject to the requirements for merchants in terms of commercial books and preparing a final accounts statement and balance sheet. Nor shall they be liable to entry in the Commercial Registry or to the provisions on bankruptcy and preventive composition. A decision defining the minor professions and trades shall be issued by the Minister of Commerce & Industry.

#### **Article 21**

Any person reaching eighteen years of age shall be considered as competent to engage in commerce, provided that there is no legal impediment related to him personally or related to the type of commercial activities practiced by him.

#### **Article 22**

Where a minor has funds in a business, the Court may order that his funds be liquidated and withdrawn from such business or that he continues, as the interests of the minor require, and in compliance with the provisions of his national law where necessary. Where the Court orders continuation in the business, it may grant the representative of the minor a general or restricted power to undertake all the necessary activities therefor; such power shall be entered in the Commercial Register and published in the Official Gazette. The minor shall only be liable to the amount of his funds as used in the business. He may be declared bankrupt; however, such bankruptcy shall not include funds other than those used in the business and shall have no ensuing effect on the minor. The Court may annul the aforesaid power where there is serious cause to fear mismanagement by the attorney without this resulting in damage to bona fide third parties. The Secretariat of the Court must, within twenty-four hours subsequent to the order being issued for cancellation of power of attorney, notify the Secretariat of the Commercial Register to be entered in the Commercial Register and published in the official Gazette.

**Article 23**

Without prejudice to the provisions of Article 21, the aptitude of a woman to engage in commerce shall be subject to the law of the country of which she is a national.

**Article 24**

Non-Omanis may not engage in commerce in the Sultanate of Oman unless permitted to do so according to the provisions of the laws in force within the Sultanate.

**Article 25**

A foreign company may not establish a branch in the Sultanate of Oman or engage in commercial activities therein save through an Omani agent who is a merchant and according to the conditions specified in laws.

**Article 26**

The following persons may not engage in commerce :

First : Any merchant who has been declared bankrupt during the first year of his business unless he has been discharged.

Secondly : Any person who has been convicted in a bankruptcy offence of deception, negligence, commercial fraud, theft, imposture, breach of trust, forgery or use of forged documents unless he has been discharged.

Any person who contravenes this prohibition shall receive a penalty of imprisonment for a period not exceeding one year and a fine not exceeding two hundred Omani Rials or either penalty. In all instances, the place of business shall be ordered to close.

**CHAPTER TWO  
COMMERCIAL BOOKS**

**Article 27**

Any person proved to have the capacity of merchant according to the provisions of this Law must maintain such commercial books as required by the nature and importance of his trade in a way that accurately indicate his financial status.

**Article 28**

A merchant must maintain at least the following two books :

1. A day-book maintaining a daily record of all activities related to his commercial enterprise and monthly record of his personal withdrawals.

2. A stockbook which must be set in order at least once annually.

Merchants must retain a true copy of the original of all correspondence and cables sent with relation to his commercial activities. Similarly, all correspondence, cables, invoices and other documents received and related to his commercial activities must be retained.

Persons engaged in a small trade or profession as stipulated under Article 20 of this Law and merchants whose capital does not exceed ten thousand Omani Rials shall be exempted from such obligations.

**Article 29**

Details of unsold goods at the end of the financial year must be recorded by the merchant in the stock book or to be recorded in total if the details thereof are included in separate books and lists; in this case such books and lists shall be deemed to be an integral part of the said stock book.

Similarly, a copy of the balance sheet of the merchant for each financial year shall be recorded in the stock book unless a special ledger is allocated for such purpose.

**Article 30**

The pages of commercial books must be numbered and devoid of any blanks or writing in the margins or erasures or interlineation. When the pages are exhausted and at the close of each financial year, the merchant must submit such books for endorsement accordingly and a report containing the final account and the balance sheet should also be submitted.

The Minister of Commerce & Industry shall issue a decision determining the body competent to endorse commercial books and the required procedures therefor.

**Article 31**

Merchants and their heirs must keep daybooks and stock books for at least ten years after they have been closed. They must also keep the correspondence, documents and copies referred to in Article 28 for a period of five years.

**Article 32**

When examining a case, the Court may on its own initiative or at the request of a litigant have the commercial books and papers presented for examination and to make inferences from these as it deems fit regarding the subject matter of the case.

**Article 33**

The compulsory commercial books shall provide evidence in favour of the merchant who owns them against the merchant who is his opposing litigant if the dispute relates to a commercial activity and if the books are maintained systematically according to the preceding rules. Such evidence shall be nullified on evidence to the contrary which may be taken from the systematically maintained commercial books of the opposing litigant.

**Article 34**

The compulsory commercial books, whether or not systematically maintained, shall provide evidence against the merchant who owns them if his opposing litigant, whether or not a merchant, rests his case on the same provided that the entries which are in the interest of the owner of such books shall also be considered as evidence in his favour.

**Article 35**

Where any of the litigant merchants demand that the Court rely on the content of the books of his opposing litigant merchant and the latter does not submit these without reasonable excuse, the judge shall rely on the applicant's statement on oath.

**Article 36**

Compulsory commercial books which are systematically maintained shall provide evidence in favour of the merchant who owns the same against a litigant who is not a merchant in respect of debts arising from supplies provided by the merchant to his customer. Such evidence shall be nullified on evidence to the contrary.

## **BOOK TWO**

### **CHAPTER ONE**

#### **THE COMMERCIAL CONCERN**

##### **Article 37**

A Commercial concern is the place of business of a merchant and the rights pertaining thereto.

A commercial concern includes a group of movable assets and their material and non-material components, in particular goods, business furniture, industrial machinery, clients, the trade name, leasing rights trademarks, trade descriptions, patents, licences, drawings and specimens.

##### **Article 38**

The rights of the owner of the concern to the various components comprised therein are regulated by the Articles pertaining thereto. Where there is no special provision, the general rules shall apply.

### **CHAPTER TWO**

#### **COMPONENTS OF A COMMERCIAL CONCERN**

##### **SECTION ONE - TRADENAMES**

##### **Article 39**

A tradename shall consist of the name and surname of the merchant or an invented name or both together and must clearly differ from names previously registered.

A tradename may contain particulars pertaining to the persons mentioned therein which relate to the type of trade in question. Similarly, it may comprise an invented name. In all cases, the tradename must conform to fact inasmuch as it will otherwise mislead or prejudice the public interest.

##### **Article 40**

A tradename shall be registered in the Commercial Register according to the provisions of the law. Once it has been registered, no other merchant may use such name in the type of commerce which he pursues. Where the name and surname of the merchant are similar to the trade name entered in the Register, the merchant must supplement his name with particulars which distinguish it from the name already registered.



**Article 41**

A merchant must carry out his commercial activities and sign the documents related thereto in his tradename which he must display at the entrance to his concern.

**Article 42**

A tradename may not be dealt in independently of a commercial concern. A dealing in a concern, however, shall not include the tradename unless implicitly or expressly stipulated.

**Article 43**

A person to whom the ownership of a commercial concern is transferred may not use the tradename of his predecessor unless such name devolves to him or the predecessor allows him to use the same. In all instances, he must add particulars to such name which indicate the transfer of ownership. Where the predecessor agrees to the use of the original tradename without addition, he shall be liable for obligations contracted by the successor under such name where the successor fails to fulfil such obligations.

**Article 44**

A person who owns a tradename belonging to a commercial concern shall succeed his predecessor in respect of the obligations and rights which ensue under such name. Any agreement to the contrary shall not apply in respect of third parties unless recorded in the Commercial Register or unless the interested parties are so advised. Liability for the obligations of the predecessor shall lapse five years as from the date on which the commercial concern is transferred.

**Article 45**

A person to whom the ownership of a commercial concern is transferred to the exclusion of its tradename shall not be liable for the obligations of his predecessor unless there is an agreement to the contrary which is recorded in the Commercial Register.

**Article 46**

The names of commercial companies shall comply with the legal provisions pertaining thereto. The company may retain its first tradename without amendment if a new partner joins or if a partner leaves whose name was included in the company name provided that such partner or his heirs agree to retention of such name.

**SECTION TWO  
UNLAWFUL COMPETITION**

**Article 47**

Where a tradename is used by a person other than its owner or if used by its owner in a

manner inconsistent with the law, the parties concerned may apply for a ban on its use. They may also apply for the deletion thereof if it is recorded in the Commercial Register and may also have recourse to compensation where there is cause.

**Article 48**

A merchant may not resort to deception and fraud in disposing of his goods and shall not publish false information in respect thereof which is damaging to the interests of another competing merchant, otherwise he shall be liable for compensation.

**Article 49**

A merchant may not disseminate any particulars which are inconsistent with fact as regards the origin or description of his goods or the importance of his trade. Neither may he declare contrary to fact that he holds a degree or certificate or award nor resort to any other method which misleads with intent to entice clients from another competing merchant, otherwise he shall be liable to pay compensation.

**Article 50**

A merchant may not induce the workers or employees of another merchant to assist him in enticing clients from such merchant or to leave the service of the latter to enter into his service and disclose to him the secrets of his competitor. Such activities shall be deemed unlawful competition which requires compensation.

**Article 51**

A person whose profession it is to provide commercial entities with information on the situation of merchants and who in return for a fee deliberately or by way of gross negligence supplies false information about the conduct or financial position of a merchant shall be liable to compensate for the damage caused by his error.

**CHAPTER THREE**

**CONTRACTS WHICH INVOLVE A COMMERCIAL CONCERN**

**SECTION ONE - SALE**

**Article 52**

Sale of a commercial concern shall only be completed by a formal contract.

The sale contract shall specify separately the individual cost of the goods, material items and non-material items. Out of the price paid, a deduction will be made first to the cost of the goods, then to the cost of the material items and then to the cost of the non-material items even if agreed otherwise.

**Article 53**

A sale contract for the sale of a commercial concern shall be declared by being entered in the Commercial Register. Such registration must take place within one month of the date of sale.

Such registration shall take precedence over other registrations (elsewhere) in respect of the same concern which is purchased at the same time. The registration shall guarantee that the vendor retain a lien for five years as from the date thereof, but such registration shall be deemed invalid if not renewed during the said period. The registration shall be deleted with the mutual consent of the parties concerned or pursuant to a final judgement.

**Article 54**

The lien of the vendor shall only apply to those parts of the premises stated in the registration. Where the subject matter of the lien is not precisely defined, it shall only apply to the name of the commercial premises, the right to lease, contacts with clients and goodwill.

**Article 55**

The purchaser must retain the price in his possession for a period of ten days following completion of the declaration procedures. Any creditor of the vendor may during the aforesaid period raise an objection to what is in the possession of the purchaser and is to satisfy the price to be paid to the vendor.

A creditor may make such objection even if his debt is not to mature or if he has no executive document.

When the objection is registered, the purchaser must withhold the price from the vendor, failing which he shall be personally liable for the debt.

Where the period of the objection expires and the debts of the objecting creditors are less than the price, the purchaser must deposit the equivalent of the debts of the objecting creditors with the Court Treasury and pay the remainder to the vendor.

**Article 56**

Within ten days of the declaration of sale, creditors of the vendor may apply for the sale of the commercial premises by auction should they wish to increase the price by ten percent in the event that they estimate the sale price to be lower than the true value.

**Article 57**

A vendor who lodges a case for rescission must notify creditors who have restrictions against the commercial concern at their elected domiciles as stated in their registrations.

Where the vendor stipulates upon sale that such sale shall be rescinded by law if the price is not paid within the designated period or where the vendor and the purchaser agree

mutually to rescind the sale, the vendor must notify registered creditors by registered post and recorded delivery at their elected domiciles of the rescission or of the agreement obtained thereto.

**Article 58**

Where application is made for a commercial concern to be sold by public auction, the applicant shall notify the previous vendors thereof by registered post and recorded delivery at their elected domiciles as stated in their registrations, notifying them that if they fail to lodge a case for rescission within one month of the date of notification their right to do so shall lapse in respect of the purchases through the auction.

**Article 59**

Rescission for non-payment of the price shall not be accepted in respect of third parties unless the right to do so was expressly reserved in the registration. Actions may be

instituted exclusively in respect of the elements of the premises which were the subject of the sale. Bankruptcy will not prevent raising the case of rescission.

## **SECTION TWO**

### **LEASING**

**Article 60**

A commercial concern may be disposed of entirely or partially by means of leasing according to the provisions of this section.

**Article 61**

The leaseholder shall acquire the capacity of merchant and shall be subject to all the duties thereof, including the requirement to register his name in the Commercial Register within a maximum of 15 days as from the date of the lease.

**Article 62**

The leaseholder must declare the leasing contract by registering in the Commercial Register within the time limit specified in the previous Article. He must also declare the expiry of the lease in the same manner.

**Article 63**

The leaseholder must disclose such capacity in all documents pertaining to his commercial activity such as correspondence, lists, supply orders and so forth. All infringements thereof shall be penalised with a fine of not less than ten Omani Rials and no more than five hundred Omani Rials.

**Article 64**

Any person who has a debt against the commercial concern may request repayment of his debt within three months of the date of the leasing contract being declared, failing which his right against the lessee shall lapse upon expiry of such term.

**Article 65**

The lessor shall be jointly liable with the leasholder for debts caused by the latter during exploitation of the business concern within the period upto the declaration date of the leasing contract.

**Article 66**

The provisions of the previous Article shall not apply to a leasing contract concluded by an attorney for the lessor unless he is authorised to execute such contract.

**SECTION THREE**

**MORTGAGE**

**Article 67**

A commercial concern may be mortgaged. Where the items included within the mortgage are not precisely defined, it shall only apply to the tradename, the right of lease, the right to contact clients and goodwill. Bankruptcy will not prevent raising the case of rescission.

**Article 68**

A mortgage shall only be concluded by a formal contract. The mortgage contract must comprise a statement from the debtor as to whether the vendor has a lien over the commercial concern. It must also contain the name of any insurance company which insures the premises against fire.

**Article 69**

The mortgage contract shall be declared by being registered in the Commercial Register. Such registration must be concluded within thirty days of the date of contract. The registration must guarantee retention of the lien for five years thereafter and the registration shall be deemed annulled if not renewed within the said period. The registrations shall be deleted by the mutual consent of the parties concerned or by virtue of a final judgement.

**Article 70**

Where the owner of the commercial concern fails to pay the price or the remainder thereof to the vendor or the debt to the mortgagee on the due date, the vendor or the mortgagee may, eight days after the date of formal notification to his debtor who has

possession of the concern, submit an application to the Court seeking permission for him to sell by public auction all or some of the items of the commercial concern which are the subject matter of the lien of the vendor or the mortgagee. Such application shall be decided expeditiously.

The sale shall take place according to the place, date, time and manner specified by the Court and shall be published at least ten days beforehand.

**Article 71**

Where there is cause for the sums arising from the insurance to become payable, the vendor and the mortgagee shall have the same rights and liens over such sums as they had over the insured items.

**Article 72**

The mortgagor shall be liable to maintain the mortgaged concern in good condition without being entitled to seek any recourse against the creditor for such.

**Article 73**

The lessor of a site where there is mortgaged furniture and machinery which is used in exploiting the commercial concern may not exercise his lien for more than two years.

## **BOOK THREE**

### **COMMERCIAL OBLIGATIONS AND CONTRACTS**

#### **Article 74**

The provisions stipulated within this Chapter shall apply to commercial obligations and contracts. Where no special provision exists, the provisions of Article 5 of this Law shall apply.

#### **CHAPTER ONE COMMERCIAL OBLIGATIONS**

#### **Article 75**

Persons under the obligation of a commercial debt shall be jointly liable unless otherwise provided by law or by agreement.

#### **Article 76**

A guarantee shall be a commercial activity where the guarantor secures a commercial debt in respect of the debtor or where the guarantor is a merchant and has an interest in guaranteeing the debt and this is subject to the provisions of Article 233.

#### **Article 77**

In respect of a commercial guarantee, guarantors shall be jointly liable amongst themselves and with the debtor. A debtor who seeks recourse against one such guarantor shall not forfeit his right to seek recourse against the other guarantors and this is subject to the provisions of Article 238.

#### **Article 78**

Business and services related to the commercial activity of the merchant and offered to third parties shall be in return for a consideration unless otherwise proved. Such consideration shall be specified according to custom, in the absence of which the Court shall determine the consideration.

#### **Article 79**

A loan shall be commercial if concluded by a merchant in respect of activities related to his commercial affairs or if the purpose of the loan is that it be used in commercial activities.

#### **Article 80**

A creditor shall have the right to exact interest in exchange for the procurement by the debtor of a loan or commercial debt. Such interest shall be determined by the agreement

of both parties within the limits specified by the Ministry of Commerce & Industry in agreement with the Oman Chamber of Commerce & Industry every year taking into consideration the term of the loan and the purposes and risks thereof. Where the debtor fails to make the repayment on the due date the creditor shall be entitled to exact the agreed interest for the period of delay.

**Article 81**

A creditor may request supplementary compensation in addition to the agreed interest on the loan or commercial debt if he has suffered damage in excess of such return. The Court shall estimate the compensation.

**Article 82**

The agreed interest shall be paid at the end of the year if the period of the loan is one year or more or on the due date of the loan if the period is less than one year save where commercial custom or banking business require other wise.

**Article 83**

The creditor shall not be obliged to accept payment of the debt before the agreed due date unless the debtor pays the interest due on the outstanding period.

**Article 84**

The Court may not grant the debtor of a commercial debt a period of respite for payment thereof nor allow him to pay by instalments other than in the cases provided for in law or in cases of absolute necessity and on condition that the creditor suffers no serious damage.

**Article 85**

Applications for the settlement of commercial obligations may only be made during working hours as provided by custom

**Article 86**

Debtors shall be advised or notified of commercial matters by registered post accompanied by a record of delivery. In cases of urgency, such advice or notification shall be made by cable or the equivalent.

**Article 87**

Payment of a commercial debt shall be valid when made to the person holding the instrument of debt or carrying an acquittance from the creditor provided that payment is made by a bona fide person.

The latter shall be bona fide if he is unaware that the holder has illegitimate possession of debt instrument or acquittance.



**Article 88**

The possession by the debtor of the instrument of debt shall be associated with his debt having been discharged unless proven otherwise.

**Article 89**

A creditor shall not be obliged to accept execution of a contract where a period for execution thereof is specified and the debtor fails to carry out the execution within such period.

**Article 90**

Where a contracting party retains the right to rescind the contract in return for payment of a specific sum and where he implements his obligations according to such contract or accepts that the other contracting party has implemented his obligations, the right of rescission which he retained shall lapse.

**Article 91**

Commercial items of whatever value may be proven by all methods of so doing unless the law provides otherwise.

Save for those cases where the law stipulates that commercial items must be proven in writing, evidence contrary to that contained within written evidence or which goes beyond such evidence may be proven by all methods of so doing.

The customary papers in respect of commercial matters shall serve as evidence against third parties according to their date, even if such date is not proven save where the law stipulates that the date must be proven. The date of the customary paper shall be the true date until otherwise proven by all methods of so doing.

**Article 92**

The limitation period for the obligations of merchants towards each other related to their commercial activities shall be ten years as from when the date for performance of such obligations lapses unless the law provides for a shorter period.

Final judgments issued in disputes arising from the commercial obligations referred to in the preceding Paragraph shall lapse after ten years.

**CHAPTER TWO**  
**DESIGNATED COMMERCIAL CONTRACTS**  
**SECTION ONE - COMMERCIAL SALE**  
**SUB-SECTION ONE - BASIC PRINCIPLES OF SALE**

**Article 93**

Sales shall be concluded by mutual agreement of the vendor and purchaser in respect of the items sold and the price. The purchaser must have sufficient knowledge of the items sold. Knowledge shall be deemed sufficient where the contract contains particulars of the items sold and basic descriptions thereof whereby they are identifiable. Where the contract states that the purchaser is aware of the items sold, he shall forfeit his right to have the sale invalidated on the grounds of unawareness unless it is proven that the vendor has acted fraudulently.

**Article 94**

Neither informing various persons of the current prices nor offering assets for sale by despatching a schedule of such items which includes prices and illustrations thereof shall be deemed to be an offer.

**Article 95**

Where a sale is on the basis of a specimen, the item sold must conform to the specimen. Where the specimen is damaged or destroyed when in the possession of a contracting party even if through no fault of his own, the contracting party whether the vendor or the purchaser must prove whether or not the item conformed to the specimen.

**Article 96**

Where a sale is made on a trial basis, the purchaser may accept or reject the sale. The vendor must enable the purchaser to try the item for sale. Should the purchaser reject the said item, he must give notice of the rejection within the agreed period. Where there is no agreement as to such period, rejection shall be made within a reasonable period to be determined by the vendor. Should this period expire and the purchaser remains silent despite having been able to try the item for sale, his silence shall be deemed as acceptance.

Sales made on a trial basis shall be deemed dependent on a suspensive condition which is the acceptance of the item for sale unless it is clear from the agreement or the circumstances that the sale is dependent on a condition of mutual rescission.

**Article 97**

Where an item is sold conditional upon it being tasted, the purchaser may accept the sale

should he so wish but must declare such acceptance within the period determined by agreement or custom. The sale shall only be contracted as from the time when such declaration is made.

**Article 98**

Where a merchant sells an asset which is not his, the purchaser shall not own the item sold. However, the vendor shall be bound to take possession of the item sold and deliver it to the purchaser, failing which he shall be liable for compensation.

**Article 99**

Where a merchant sells a movable asset owned by a third party which is a part of his trade and delivers the same to the purchaser, the purchaser shall take possession of the item sold if bona fide. However, if the asset sold is lost or stolen, the true owner may recover the same within five years of the time of the loss or theft, and the purchaser must ask the owner to pay him in advance the price he has paid.

**Article 100**

The sale of goods which are not available at the time of the sale and which can be made ready and produced at the time of delivery shall be valid.

**Article 101**

In respect of the sale of an item which the parties to the sale observe at the time of contract has the potential to be damaged, if such damage occurs, the purchaser shall not recover the price. However, if the vendor is certain that the item sold was damaged at the time of contract, the sale shall be invalid.

**Article 102**

Where it is agreed that the purchaser may specify the shape, size or other detailed particulars pertaining to the item sold, the purchaser must specify such features within a reasonable period, failing which the vendor may seek rescission and compensation.

Once the said period has lapsed, the vendor may specify such features. Such specification shall be final if the purchaser raises no objections within a reasonable period of having been informed thereof.

**Article 103**

The price estimate may be confined to a statement of the principles whereby the price is to be later defined. Where it is agreed that the price shall be the market rate, in the event of doubt, the price must be the market rate at the time and in the place of delivery to the purchaser of the item sold. If there is no market in the place of delivery, recourse must be had to the market price in the place where custom dictates that its rates are the current rates.

**Article 104**

The failure of the contracting parties to specify a sale price shall not result in the sale being invalidated when it is clear from the circumstances that the contracting parties intended to use the currently prevailing trade price or the price used in dealings between them.

**Article 105**

A third party may be authorised to determine the price. Where such party fails to do so for whatever reason, the purchaser shall be bound by the market price on the day of the sale. If the market price is unknown, the Court shall assume responsibility for determining the price.

**Article 106**

Where the price is estimated on the basis of weight, this shall mean the net weight save where both parties agree otherwise or custom dictates otherwise.

Custom shall determine in approximate terms the permitted amount of shortfall in the goods due to transport or other reasons or where there is an agreement regarding the delivery of a specific quantity.

**Article 107**

The compulsory pricing laws and the decisions thereof shall not apply to sales contracted prior to these coming into effect even if the price is payable on a subsequent date.

As for sales contracted whilst such laws and decisions are in force, the price specified may not be exceeded, otherwise the purchaser is entitled to withhold payment of the increase or recover the same unless agreed otherwise.

**SUB-SECTION TWO - EFFECTS OF SALE**

**1 - OBLIGATIONS OF THE VENDOR**

**Article 108**

Where the item sold is damaged prior to delivery for a reason beyond the vendor's control, the sale shall be rescinded and the purchaser shall recover the sale price unless the destruction occurs after the purchaser is given notice of delivery of the item sold.

**Article 109**

Where the value of the item sold is decreased prior to delivery due to it having suffered damage, the purchaser may either request a rescission of the sale where such decrease is serious to the extent that had it arisen prior to contract the sale would not have been concluded. Alternatively, the sale may stand but at a reduced price.

**Article 110**

Where the item sold is to be exported to the purchaser, delivery shall not be effected unless such item reaches him save where agreed otherwise.

**Article 111**

Where it is agreed that delivery shall occur upon the item sold being received by the carriage agent, the vendor shall have liability for any destruction which occurs until the goods are delivered to the carriage agent following which the purchaser shall have liability for such.

**Article 112**

Where at the request of the purchaser the vendor despatches the item sold to a party other than that specified for delivery, the purchaser shall have liability for destruction as from the time of delivery of the item sold to the person responsible for its carriage.

Where the vendor breaches the instructions of the purchaser regarding the method of despatch without the required justification, he shall be liable for any damage incurred to the item sold as a result of such breach.

**Article 113**

Where the sale is on the basis of deferred payment, the vendor may stipulate that the transfer of ownership to the purchaser is dependent on full payment of the price, even if the item sold has been delivered. The purchaser shall have liability for destruction from the time of delivery.

**Article 114**

Where a delivery time is unspecified, delivery must be made upon conclusion of contract unless either the nature of the item sold or custom specifies another time.

Where the goods have a specific season, delivery must be made before the end of such season.

If the purchaser may specify the time of delivery, the vendor shall be obliged to make delivery at the time to be specified by the purchaser, but having regard to the dictates of custom and the requirements imposed by the nature of the goods.

**Article 115**

Where the vendor fails to make delivery at the specified time, the contract shall be deemed rescinded without notice being required unless the purchaser informs the vendor that he holds him to implementation of the contract within three days of such time.

Where the item sold consists of goods which have a known market price, the purchaser may, even if he has not purchased similar goods, request the vendor for the difference

between the agreed price and the market price on the day specified for delivery.

**Article 116**

Where the goods delivered differ from the agreed goods in quantity or type, the purchaser may not request rescission unless the difference is serious enough to render the goods delivered unfit for their intended purpose. In other instances, it shall be sufficient to reduce or supplement the price according to the shortfall or enhancement in quantity or type. All of the foregoing shall apply save where otherwise stipulated.

The right of the purchaser to seek rescission or a reduction in price and the right of the vendor to seek to have the price supplemental shall lapse one year as from the date of actual delivery.

**Article 117**

The vendor shall bear the cost of gauging, counting, weighing or measuring unless otherwise stipulated by agreement or custom.

**Article 118**

The purchaser must inspect the item sold immediately upon delivery according to normal business practice. Where it is found to be defective, he must so inform the vendor forthwith upon discovering such defect, failing which his right to seek recourse against him for such defect shall lapse. where the defect is such that it cannot be detected by normal inspection, the purchaser must inform the vendor once he actually discovers such defect, failing which his right to seek recourse against him as a result shall lapse.

The limitation period for an action in respect of a guarantee of the defect shall be one year as from the date of delivery of the item sold save where the vendor accepts responsibility for the guarantee for a longer period.

The vendor shall not derive the benefit of the limitation period or of lapse where he conceals a defect with fraudulent intent.

**2 - OBLIGATIONS OF THE PURCHASER**

**Article 119**

The price shall be due for payment in the place where the sold item is delivered unless otherwise stipulated by agreement or custom. Where the price is not due at the time of delivery of the item sold, payment thereof must be made in the place where the purchaser is resident at the time when such payment is due.

**Article 120**

The price shall be due for payment at the time when the item sold is delivered unless

otherwise stipulated by agreement or custom. Where the purchaser is approached by a person claiming that he has prior right of sale or that such right has devolved to him from the vendor, or if it is feared that the item sold is to be wrested from the possession of the purchaser, he may withhold the price until the approach is discontinued or the risk is eliminated unless there is a condition in the contract to preclude such. However, the vendor may in this case request payment of the price provided that he offers a guarantee. This provision shall apply in the event of the purchaser discovering a defect in the item sold.

#### **Article 121**

Where all or part of the price is due for immediate payment, the vendor may withhold the item sold until the amount owed to him is paid even if the purchaser presents a pledge or guarantee save where the vendor allows the purchaser a period of respite following the sale.

Similarly, the vendor may withhold the item sold, even if the period stipulated for payment of the price has not lapsed, in the following instances:

1. Where the purchaser is declared bankrupt.
2. Where by his action the purchaser greatly weakens the securities given to the vendor or if the weakness of the security is attributable to a reason beyond the control of the purchaser and the purchaser fails to provide the vendor with the requirements for completing the security.
3. Where the purchaser fails to provide the vendor with the securities promised in the contract.

#### **Article 122**

Where the item sold is destroyed when being retained in the possession of the vendor, the purchaser shall be liable for the destruction unless the item sold was destroyed by the action of the vendor.

#### **Article 123**

Where the price is not paid at the agreed time, the vendor may, after notifying the purchaser ask him for the difference between the agreed price and the resale price in good faith.

Where item sold has a known market price, Vendor may ask purchaser for difference between the agreed price and the price fixed on the day of delivery.

#### **Article 124**

The purchaser may pay the price before the period lapses unless otherwise agreed.

Agreement or custom shall determine the deduction to be made from the price for payment before the period has lapsed.

**Article 125**

Where agreement or custom fails to specify a place or time for delivery of the goods, the purchaser must take delivery in the place where the item sold is to be found at the time of the sale and remove the same promptly save to the extent that the carriage requires time.

**Article 126.**

The purchaser shall bear the delivery cost of the item sold unless agreement or custom stipulates otherwise.

**Article 127.**

Where the purchaser refuses delivery of the item sold, the vendor may deposit such item with a custodian and sell the same by public auction after such reasonable period as he specifies or promptly notifies to the purchaser has lapsed. Items which are susceptible to damage may be sold by public auction without such notification being required.

Where the item sold has a known market price, it may be sold at such price by a broker. The vendor must deposit the proceeds of the sale with the Court Treasury without prejudice to his right to deduct the price and the costs of deposit and sale.

## **SECTION TWO - CERTAIN TYPES OF COMMERCIAL SALE**

### **SUB-SECTION ONE - SALE BY INSTALMENTS**

**Article 128**

Where the purchaser fails to pay an agreed price by instalments, a judgment rescinding the sale cannot be entered where it is shown that he has paid at least three-quarters of the price.

**Article 129**

Where the vendor retains ownership of a movable item sold until the instalments are paid in full, the purchaser shall acquire such ownership upon payment of the final instalment. The purchaser shall bear the consequences of any damage incurred to the item sold as from the time when he takes delivery thereof.

Without prejudice to the provisions stipulated in the chapter on bankruptcy, the condition regarding retention of ownership shall be invalid in respect of third parties unless recorded on a document displaying a fixed date which precedes the right of such third party or any execution proceedings taken by creditors against the item sold.



**Article 130**

The purchaser may not dispose of the item sold before having paid the instalments in full unless the vendor so agrees in writing. All disposals effected by the purchaser to third parties in breach of this provision shall be invalid in respect of the vendor where it is established that the third party was aware at the time of the disposal that the price had not been paid in full.

**Article 131**

Where the purchaser disposes of the item sold before the instalments have been paid in full and without the consent of the vendor, the latter may ask the purchaser to pay the remaining instalments forthwith.

**Article 132**

The provisions in respect of hire purchase stipulated in the previous Articles shall apply even if the contracting parties call the sale a lease.

**SUB - SECTION TWO - SALE BY AN AGENT  
ON HIS OWN ACCOUNT**

**Article 133**

A person who is appointed to act as agent on behalf of third parties as per an agreement or provision or an order from the competent authority may not purchase on his own account either directly or under a pseudonym, even by public auction, any item which he is entrusted to sell by virtue of such agency without judicial authorisation and without prejudice to provisions in law to the contrary.

**Article 134**

Neither brokers nor experts may purchase goods which they are authorised to sell or assess the value of whether the sale is in their own name or under a pseudonym.

**Article 135**

Contracts shall be valid in the instances stipulated in the two Articles hereabove if approved by the person to whose account the sale is completed.

## **SUB-SECTION THREE - MARITIME SALES**

### **A - PORT OF SHIPMENT SALES**

#### **1 - COST, INSURANCE AND FREIGHT SALE (CIF)**

##### **Article 136**

A CIF sale is the sale of goods exported by sea to a specific place at a fixed price which includes the cost of the goods, the insurance and the carriage by sea thereof.

##### **Article 137**

The vendor must conclude a contract - at his expense - under the normal conditions to convey the goods to the agreed port of arrival by normal journey.

He must pay the cost and any other expenses for discharging the goods as specified at the time and place of shipment.

##### **Article 138**

The vendor shall be obligated to load the goods at his expense aboard the vessel in the port of shipment on the date agreed in the contract of sale or within a reasonable time where the two parties fail to specify a time for shipment.

The vendor shall - at his expense - be responsible for acquiring the requisite licences to export the goods from the place of shipment. He shall similarly bear the costs of packing, measuring, weighing and counting the goods or ensuring their quality wherever such processes are required for shipment. Similarly, he shall undertake to pay the taxes and duties payable on the goods due to the export or shipment thereof.

He must advise the purchaser without delay of the date of shipment of the goods and the name of the vessel.

##### **Article 139**

The vendor shall be liable for any damage incurred to the goods until the moment where the goods cross the ship's railing during loading. Thereafter such liability shall be borne by the purchaser.

##### **Article 140**

The vendor shall - at his expense - conclude a contract of insurance with a reputable marine insurer in respect of the goods to cover the risks of the voyage. Where the item sold is shipped in batches, each batch must be insured separately. The vendor may not himself act as insurer for the purchaser. He must conclude a contract of insurance by means of a negotiable instrument according to the customary terms in the port of loading. The sum insured must be no lower than the price stated in the contract of sale plus ten percent.

The vendor shall only be bound to take out insurance against the risks of normal carriage. He shall not be bound to take out insurance against risks pertaining to a specific trade unless so agreed with the purchaser. Similarly, the vendor shall not be bound to insure the item sold against the risks of war unless the contract stipulates otherwise.

#### **Article 141**

The vendor shall without delay send the purchaser a clean and negotiable bill of lading pertaining to the goods sold. It shall include confirmation that the goods have been loaded onto the vessel on the date or within the period specified for shipment. It shall also entitle the purchaser or his representative to take delivery thereof by endorsement or transferral of such right thereto by the appropriate legal method. Where the bill of lading covers the shipment charge, it must bear an indication from the carrier on the date of shipping to the effect that the goods have been shipped on board the vessel.

A bill of lading shall be deemed clean if it contains no additional express conditions confirming the presence of defects in the item sold or in the method of packing such item. Such conditions do not include references in the bill of lading to the prior use of containers or packaging or to non-liability for any damage incurred due to the nature of the item sold or the carrier's ignorance of the contents or weight of the packages.

The bill of lading shall be accompanied by a list of the goods sold and the insurance policy or a certificate in place thereof comprising its basic conditions and granting the holder the rights established under the policy. Similarly, it shall be accompanied by such other documents as are required by the purchaser to ensure that the goods conform to the goods stipulated in the contract. Where the bill of lading refers in certain instances to the contract of charter for the vessel, a copy of such contract must be attached.

#### **Article 142**

The purchaser shall not be bound to accept the documents sent to him by the vendor if they fail to comply with the conditions of the contract of sale. The purchaser shall be deemed to have accepted such documents if he raises no objections thereto within seven days of the date of receipt. Objections shall be made by notifying the vendor to despatch documents complying with the conditions within a suitable period. Once such period has expired, the purchaser may deem a rescission of the sale and compensation where necessary.

Where the purchaser returns the documents for specific reasons or accepts the same with reservations, he may not thereafter raise any objections other than for the reasons or reservations already stated.

Where the purchaser returns documents without sufficient cause, he shall be liable for compensating the vendor for any damage arising as a result.

**Article 143**

Where the vessel aboard which the goods sold were shipped arrives prior to the arrival of the documents or where the documents received are defective, the vendor must immediately upon being so informed take whatever action is necessary to enable the purchaser to obtain a copy of the documents which failed to arrive or to complete the defective documents. The vendor shall bear the costs incurred accordingly and compensation where necessary.

**Article 144**

Upon arrival of the vessel, the purchaser must take delivery of the goods after inspecting them and verifying that they conform to the content of the documents. The purchaser shall bear costs payable on the goods during the sea voyage until their arrival in the port of destination unless it is agreed that such costs are to be included in the carriage charge.

Similarly, the purchaser shall be liable to pay any import or customs charges payable in respect of the item sold.

**Article 145**

Where it emerges that the goods are inconsistent with the content of the documents and the breach does not exceed the amount permitted according to custom, the purchaser shall be obliged to accept such goods at a reduced price assessed by experts according to the custom in force in the port of destination.

**2 - FREE ON BOARD SALES (FOB)**

**Article 146**

An FOB sale is a sale whereby the goods are delivered at the port of shipment aboard the vessel designated by the purchaser for the carriage thereof.

**Article 147**

The purchaser must execute the contract for carriage of the goods, pay the freight charge and notify the vendor within a suitable period of the name of the vessel chosen for carriage, the place and date of shipment or the specific time limit for carrying it out.

**Article 148**

The vendor must pack the goods and ship them aboard the vessel designated by the purchaser on the date or within the time limit specified for shipment.

The vendor shall bear the cost of packing and the charges for such inspection, measuring, weighing or counting as is required for shipment of the goods.

The vendor shall promptly notify the purchaser of the shipment of the goods and shall

send him the relevant documents provided that the purchaser shall bear the costs in respect of notification and despatch of the documents.

**Article 149**

The vendor shall at his own expense be responsible for taking out an export licence and for all procedures related to shipment of the goods.

**Article 150**

Where the purchaser is requested to submit a certificate indicating the source of the goods, the vendor must obtain the same and forward it to him.

**Article 151**

The vendor must provide every assistance to enable the purchaser to obtain the bill of lading and other documents issued in the country of shipment which the purchaser may request to enable the goods to be imported to the country of destination or to cross another country in transit where necessary. The purchaser shall bear the costs relevant to obtaining such documents.

**Article 152**

The vendor shall bear all costs related to the shipment of goods. He shall also bear the consequences of any damage which may occur to the goods until the moment during loading where they cross the ship's railing. Any damage incurred to the goods thereafter and any costs arising shall be the responsibility of the purchaser.

**Article 153**

Where the purchaser fails to inform the vendor of the name of the vessel within a suitable period or reserves the right to fix a time limit for receipt of the goods or for specifying the port of shipment and does not issue precise instructions during such period, he must pay any additional costs which result and shall bear the consequences of any damage incurred to the goods as from the date of expiry of the agreed period for receipt provided that the goods sold have themselves been specified.

**Article 154**

Where the arrival of the vessel is delayed beyond expiry of the period specified for shipment or where it has proven impossible to ship the goods within such period, the purchaser must bear any additional costs which result. He shall also bear the consequences of any damage incurred to the goods as from the expiry of the period specified for shipment provided that the goods sold have themselves been specified.

## **B - PORT OF DESTINATION SALES**

### **Article 155**

A Contract which includes conditions whereby the vendor is liable for any destruction of the goods subsequent to shipment thereof or whereby performance of contract is conditional upon the safe arrival of the vessel or whereby the purchaser is given the option to accept the goods at his discretion or according to the samples delivered to him shall be neither a CIF nor an FOB sale, but shall be deemed a sale which is conditional upon delivery at the place of destination.

## **CHAPTER THREE CARRIAGE CONTRACT**

### **Article 156**

A carriage contract is an agreement whereby the carrier undertakes to carry goods or a person from one place to another by a means of transport in return for a fee. It shall be concluded by mere agreement unless the two parties agree expressly or implicitly to delay the same until the date of delivery. Such contract may be proven by all means of so doing.

### **Article 157**

The limitation period for any action arising from a contract for the carriage of goods or a contract for the carriage of persons or a contract of carriage commission agency shall be one year. Such limitation period shall apply to actions pertaining to liability for the entire destruction of the goods from the day upon which delivery is to be made and for delay or damage or partial destruction of the goods from the day of delivery or from the day upon which the goods are placed at the disposal of the consignee. Any person who commits deliberate or gross error may not invoke such limitation period. Any agreement in breach of the preceding provisions shall be invalid.

## SECTION ONE - CONTRACT FOR THE CARRIAGE OF GOODS

### Article 158

The bill of carriage shall be drawn up in duplicate. One copy shall be signed by the carrier and delivered to the consignor, and the other shall be signed by the consignor and delivered to the carrier.

The bill shall comprise in particular :

1. The date of issue.
2. The names of the consignor, the consignee, the carrier, the carriage commission agent if any and their domiciles.
3. The place of departure and the place of destination.
4. The type, weight, size and manner of packing of the item to be carried, the number of packages and all other particulars required to identify the item and assess its value.
5. The date specified for carriage.
6. The freight charge and the party which is to pay the same.
7. The agreements related to the means of carriage and the method of compensation payable in the event of destruction, damage or late arrival in respect of the item.

The contrary of the content of the bill of carriage may be proven by all means of so doing.

### Article 159

The bill of carriage may be drawn up in the name of a specific person or to his order or to the bearer. The bill shall be negotiable according to the rules of transfer if nominal and by endorsement if made out to order and by delivery if made out to the bearer.

### Article 160

Where a bill of carriage is not drawn up, the carrier must deliver to the consignor at his request a receipt which he has signed for receipt of the item carried. The receipt must be dated and shall include sufficient information to identify the items carried and the freight charge.

## SUB-SECTION ONE

### EFFECT OF CONTRACT IN RESPECT OF CONSIGNOR AND CONSIGNEE

#### Article 161

The consignor must deliver the item to the carrier at his domicile unless it is agreed to deliver it to him at another place. Where the carriage requires the carrier to make special preparations, the consignor must notify him accordingly within sufficient time before the delivery.

The carrier may request to open the parcels prior to delivery in order to verify the authenticity of the information given by the consignor.

Where the nature of the item requires that special preparations be made for its carriage, the consignor must pack it in a manner which protects it from destruction or damage and whereby other persons or items carried therewith shall not be exposed to any injury or damage.

#### Article 162

The consignor must pay the charges for carriage and any other charges payable to the carrier unless the consignee agrees to bear such charges, in which case the consignor and the consignee shall be jointly liable for payment of all such charges.

The carrier shall not receive payment for the carriage of items which are destroyed due to force majeure.

#### Article 163

Whilst the item is in the possession of the carrier, the consignor may order him to return the item to him or to send it to a person other than the consignee. He shall pay the carrier for such carriage as he has effected and compensate him for costs and damages.

However, the consignor may not exercise this right where:

- a. He fails to present the bill of carriage received from the carrier.
- b. The item arrives and the consignee has requested that delivery be made to him.

Such right shall be transferred to the consignee as from when he receives the bill of carriage.

#### Article 164

The owner of the item may dispose thereof by sale or by another method of disposal whilst such item is in the possession of the carrier by virtue of the bill of carriage.

The owner shall bear liability for destruction of the item during carriage and shall have recourse against the carrier where applicable.



**Article 165**

The consignee shall be liable for the obligations arising from the contract of carriage where he so accepts expressly or implicitly. In particular, the request of the consignee for delivery of the item according to the bill of carriage or the fact that he issues instructions pertaining to such bill following his receipt thereof shall be deemed to be an implicit acceptance.

**SUB-SECTION TWO**  
**EFFECT OF CONTRACT IN RESPECT OF CARRIER**

**Article 166**

The Carrier shall be liable to ship and stow the item on board the means of carriage unless agreed otherwise. Where it is agreed that the consignor shall ship or stow the goods, the carrier shall have the right to refuse carriage if the shipment or stowage is defective in a manner visible to any ordinary carrier.

**Article 167**

The carrier shall follow the agreed route. Where no specific route is agreed, the carrier must take the shortest route.

However, the carrier may alter the agreed route or fail to take the shortest route where such becomes necessary.

**Article 168**

The carrier shall guarantee the safety of the item during implementation of the contract of carriage and shall be liable for the full or partial destruction or damage thereof or for delay in delivery. Where the item remains untraced once a reasonable period has lapsed following expiry of the period specified or which custom permits for the arrival thereof, it shall be deemed to have been completely destroyed.

The carrier shall not be liable for any loss of weight or volume in the item which occurs normally during its carriage by reason of its nature unless it is established that the loss has arisen for another reason.

**Article 169**

The carrier shall not be liable for the loss of any money, securities, jewellery or other precious items entrusted to him for carriage save to the extent of such written details in respect thereof as the consignor gives to the carrier at the time of receipt.

**Article 170**

The carrier shall be liable for the actions of persons whom he employs in the course of implementing his obligations under the contract of carriage.

**Article 171**

Where the item is lost or damaged and its value is not stated in the bill of carriage, compensation shall be assessed on the basis of the real value of the item lost or damaged in the place of destination and on the day specified for arrival according to the prevailing market rate.

Where the item has no specific price, its value shall be determined by an expert appointed by the Court as a matter of urgency.

Where the value of the item is stated in the bill of carriage, the carrier may dispute such value and use all means to establish the true value of the item.

**Article 172**

Where as a result of the damage or partial destruction or delayed arrival of the item it is rendered unfit for its intended purpose and where the carrier is proven liable, the claimant for compensation may relinquish the item to the carrier against payment of full compensation.

**Article 173**

Where the item is delivered without reservation, the right to seek recourse against the carrier due to damage, partial destruction or delayed arrival shall lapse unless the consignee proves the condition of the goods and lodges an action against the carrier within thirty days of the date of delivery.

The condition of the goods shall be proven by administrators or by an expert appointed by the Court as a matter of urgency.

**Article 174**

Where several carriers successively implement one contract of carriage, the first carrier shall be liable before the consignor and the consignee for the entire carriage. All provisions to the contrary shall be invalid.

None of the carriers subsequent to the first carrier shall have liability towards the latter or the consignor or the consignee save for damage sustained to that part of the carriage which pertains to him. Where it is impossible to determine the part in which damage was sustained, compensation must be divided amongst all carriers proportionate to the freight charge payable to each. Where one such carrier is insolvent, his share shall be divided amongst the others by the same proportion.

**Article 175**

The carrier may not deny his liability for the destruction, damage or delayed arrival of the item save by proving force majeure or an inherent defect in the item or fault on the part of the consignor or consignee.

Where the carrier stipulates by way of reservation that he shall not be liable for damage caused by defective packaging of the goods, the consignor or consignee must prove that the damage did not arise from such defect.

#### **Article 176**

Any condition which stipulates that the carrier is exempt from liability for the entire or partial destruction or damage of the goods shall be invalid. Similarly, any condition which stipulates that the carrier is exempt from such liability if it is caused by the actions of his subordinates shall be invalid.

Any condition whereby the consignor or consignee is rendered liable in any manner whatsoever for the payment of all or some of the costs of insurance against the liability of the carrier shall be deemed an exemption from liability.

#### **Article 177**

Save in the two instances of deliberate fault and gross fault, the carrier may:

- (a) Limit his liability for destruction or damage provided that the compensation stipulated is genuine.
- (b) Stipulate his exemption from liability for delay

The condition of exemption from liability and the limitation thereof shall be made in writing and be notified to the consignor by the carrier.

#### **Article 178**

Where the item is carried under the custody of the consignor or consignee, the carrier shall not be liable for the destruction or damage thereof unless either he or his subordinates are proven to have perpetrated a fault.

#### **Article 179**

The carrier shall be liable to discharge the item upon arrival thereof unless otherwise agreed.

The consignee may have direct recourse against the carrier and claim delivery or compensation where necessary.

#### **Article 180**

Where delivery is not required at the place of the consignee, the carrier must advise him of the arrival of the item and of the time when he may take delivery thereof. The consignee must take delivery of the item at the time specified by the carrier, failing which he shall be liable for storage charges. Following expiry of the appointed delivery time, the carrier may transport the item to the place of the consignee in return for an additional fee.

**Article 181**

Where carriage ceases during implementation thereof or the consignee fails to take receipt at the time appointed by the carrier or fails either to take delivery despite attending or to pay the freight charges and costs, the carrier must advise the consignor accordingly and seek his instructions.

Where the consignor fails to advise the carrier of his instructions within a suitable period, the carrier may ask the Court to appoint an expert as a matter of urgency to establish the condition of the item and seek permission to deposit the same with a custodian at the expense and risk of the consignor.

Where the item is liable to destruction or damage or a reduction in value, or where the maintenance thereof necessitates excessive cost, the judge shall order that the same be sold in a manner which he determines and that the proceeds be deposited in the Court Treasury on account of those concerned.

The judge may where necessary order the sale of the item in whole or in part whereby the sums payable can be settled.

**Article 182**

The carrier shall have the right to withhold the item in order to satisfy payment of the carriage charges and costs and other sums payable to him by reason of carriage.

The carrier shall have a lien over the proceeds from the sale of the item in order to receive payment of the sums due to him by reason of carriage.

**CHAPTER TWO**

**CONTRACT OF CARRIAGE OF PERSONS**

**Article 183**

The Carrier shall assume responsibility for the carriage of the passenger and his luggage, which he may keep until the place of destination, on the date agreed or stated in the carriage time table or as determined by custom.

**Article 184**

The carrier shall guarantee the safety of the passenger during implementation of the contract of carriage and shall be liable for any physical or material injury to the passenger and for any delay in arrival. He may not deny liability save by proving force majeure or fault on the part of the passenger.

Heirs shall be entitled to seek compensation from the carrier for damaged sustained to

their legator whether death occurs as a direct result of the accident or after a period of time lapses.

**Article 185**

The carrier shall be liable for the actions of the persons whom he employs to perform such obligations as ensue from the contract of carriage.

**Article 186**

Any condition which stipulates the full or partial exemption of the carrier from liability for physical injury caused to the passenger shall be null and void. Any condition whereby the passenger is rendered liable in any manner for payment of all or some of the costs of insurance against the liability of the carrier shall be deemed an exemption from liability.

With the exception of the two instances of deliberate fault or gross fault on the part of the carrier or his subordinates, the carrier may stipulate his exemption from non-physical injury or damage caused by lateness incurred to the passenger. Such exemption must be made in writing and be notified by the carrier to the passenger.

**Article 187**

The carrier shall not be liable for loss or damage to luggage kept by the passenger unless the passenger proves fault on the part of the carrier or his subordinates.

The carriage of registered luggage shall be subject to the provisions pertaining to the transport of items.

**Article 188**

Where the passenger dies during implementation of the carriage contract, the carrier shall assume responsibility for making the arrangement required to safeguard his luggage until it is handed over to the parties concerned. Where a concerned party is present at the place of death, he may intervene to supervise such arrangements and request the carrier to provide him with a declaration to the effect that the luggage of the deceased is in his possession.

**Article 189**

The passenger shall pay the carriage fare at the time agreed or stated in the carriage regulations or as determined by custom. He shall be liable to pay the fare in full even if he abandons the journey. However, where the journey proves to be impossible due to the death or illness of the passenger or other overriding impediment, the contract of carriage shall be rescinded and the fare shall not be imposed.

However, where carriage is by a means which operates on lines and at regular times, the passenger need not pay the fare where he advises the carrier that he is abandoning the journey prior to the day specified for implementation of carriage.

**Article 190**

The passenger must follow the instructions of the carrier in respect of carriage.

**SECTION THREE**  
**CARRIAGE COMMISSION AGENCY**

**Article 191**

Carriage commission agency is a contract whereby the agent undertakes to enter into a contract in his name or in the name of his principal with carrier for the carriage of items or persons to a specific destination, and where necessary to carry out the operations related to such carriage in return for a commission payable by the principal. If the commission agent undertakes the carriage by his own means the provisions of the contract of carriage shall apply to him unless otherwise agreed.

**Article 192**

The carriage commission agent must safeguard the interests of his principal and implement his instructions, in particular those pertaining to the choice of carrier.

The agent may not debit from his principal's account a carriage fee which is higher than the fee agreed with the carrier.

**Article 193**

The commission agent shall guarantee the safety of the item or passenger.

In respect of carriage of items, he shall be liable from the time of receipt of a thing for the full or partial destruction, damage or late delivery thereof. He may not deny his liability save by proving force majeure or an inherent defect in the item or fault on the part of the principal or consignee.

In respect of carriage of persons, he shall be liable for any delay in arrival and for any physical injury or material damage caused to the passenger during implementation of the carriage contract. He may not deny liability save by proving force majeure or fault on the part of the passenger.

In all instances, he shall have recourse against the carrier where relevant.

**Article 194**

Any condition which stipulates that the carriage commission agent is fully or partially exempt from liability for any physical injury sustained by the passenger shall be invalid. Any condition whereby the passenger is responsible in any manner for paying all or some of the costs of insurance against the liability of the commission agent shall be deemed an exemption from liability.

With the exception of the two instances of deliberate fault or gross fault on the part of the commission agent or one of his subordinates or the carrier or one of his subordinates, the commission agent may stipulate that he is fully or partially exempt from liability arising from the late arrival of the passenger or for any non-physical damage which the latter sustains. Such exemption condition must be in writing and must be notified by the agent to the principal or passenger.

**Article 195**

The principal or the passenger shall be entitled to have direct recourse against the carrier for compensation in respect of damage arising from non-implementation of the contract of carriage or from the implementation thereof in a specific manner or delay. In this case, the carriage commission agent shall be entered as a party to the action.

The carrier shall be entitled to have direct recourse against the principal or the passenger for compensation in respect of damage which he sustains from implementation of the carriage.

**Article 196**

The original commission agent shall stand as surety for the commission agent whom he appoints as his intermediate unless the consignor appoints the intermediate agent in his agreement with the original agent.

**Article 197**

Where the commission agent pays the carriage charge to the carrier, he shall subrogate the latter as regards such rights as he may have.

**Article 198**

With the exception of the provisions stipulated here above, the provisions pertaining to the commission agent contract shall apply to the carriage commission agent.

**SECTION FOUR  
SPECIAL PROVISIONS OF AIR CARRIAGE**

**Article 199**

Air carriage means the carriage of persons or luggage or goods by aircraft in return for a fare. The word "luggage" means the items which the passenger may carry with him aboard the aircraft and surrender to the custody of the carrier during carriage. This word does not include small personal items which remain in the custody of the passenger during the journey.

**Article 200**

Without prejudice to the international agreements to which the Sultanate is party, the provisions of Chapter Three shall apply to air carriage and the special provisions stipulated in the following Articles shall be observed.

**Article 201**

The air carriage bill must comprise a statement to the effect that carriage is effected according to the provisions in respect of limited liability stipulated in Article 208, failing which the air carrier shall be barred from invoking such provisions.

**Article 202**

The air carrier shall be liable for damage incurred in the event of the death or injury of a passenger or any other physical damage which he sustains if the accident which leads to such damage occurs on board the aircraft or during any of the operations for the embarkation and disembarkation of passengers.

**Article 203**

The air carrier shall be liable for damage which occurs in the event of the destruction or loss or damage of luggage or goods where the accident which leads to such damage occurs during air carriage.

Air carriage shall include the period during which luggage and goods are in the custody of the carrier during flight or during the presence of the aircraft in an airport or in any other place where it lands.

Air carriage shall not include the period during which luggage or goods are carried by land, sea or river outside the airport. However, where such carriage occurs during implementation of air carriage for the purpose of shipment, delivery or carriage from one aircraft to another, it must be assumed that the damage arose from an accident which occurred during the period of air carriage until such time as evidence to the contrary is established.

**Article 204**

The air carrier shall be liable for damage arising from delay in the arrival of the passenger, luggage or goods.

**Article 205**

The air carrier shall be exempt from liability where it is established that he and his subordinates adopted all the measures necessary to avoid damage or that it was impossible to do so.



**Article 206**

The air carrier shall be exempt from liability where it is established that the entire damage arose due to fault on the part of the injured party. The Court may reduce the liability of the carrier where it is established that the fault of the injured party played a part in the events which caused the damage.

**Article 207**

The air carrier shall not be liable for small personal items which remain in the custody of the passenger during the journey unless the passenger establishes the fault of the carrier or his subordinates.

**Article 208**

In respect of the carriage of persons, the compensation awarded against the air carrier may not exceed ten thousand Omani Rials per passenger unless it is expressly agreed to exceed such amount.

In respect of the carriage of luggage or goods, compensation shall not exceed ten Omani Riyals per kilogram. However, if upon delivery of the luggage or goods to the carrier the consignor provides him with a special declaration with regard to the importance he attaches to delivery of the goods in the place of destination and pays such fee as the carrier may request accordingly, the carrier shall be liable to pay compensation to the extent of the amount stated in the declaration unless the carrier establishes that such value exceeds the true importance which the consignor attaches to such delivery.

In the event of the loss or destruction or damage or all or part of a package or certain contents thereof, maximum compensation shall be calculated on the basis of the total weight of the entire package unless this affects the value of other packages included in the same consignment, in which case due account shall be taken of such packages.

In respect of small personal items which remain in the custody of the passenger during the journey, compensation awarded in favour of each passenger for such items shall not exceed two hundred Omani Rials.

**Article 209**

The air carrier may not invoke the limitation of liability stipulated under the previous Article where it is established that the damage arose from an act or omission on the part of the carrier or his subordinates either with intent to cause damage or by way of imprudence combined with the awareness that damage may ensue as a result. Where the act or omission occurs on the part of subordinates, it must also be proven that such occurred whilst they were performing their duties.

**Article 210**

Where an action for compensation is lodged against a subordinate of the carrier, he may

invoke the limitation of liability stipulated under Article 208 where it is proved that he carried out the act which caused the damage during the course of performing his duty. The total compensation which can be obtained from the carrier and his subordinates together may not exceed such limits.

However, a subordinate of the carrier may not invoke limitation of liability where it is proven that the damage arises from an action or omission on his part either with intent to cause damage or by way of imprudence combined with an awareness that damage may ensue as a result.

#### **Article 211**

Any stipulation which exempts the air carrier from liability or which limits the same to less than the limits stipulated under Article 208 shall be invalid.

However, such invalidity shall not include the stipulation which exempts the carrier from liability or limits the same in the event of the destruction or damage of the item being carried due to its nature or to an inherent defect therein.

#### **Article 212**

The receipt by the consignee of the luggage or goods without reservation shall be evidence that he has received the same in good condition and in conformity with the bill of carriage unless evidence to the contrary is established.

#### **Article 213**

In the event of luggage or goods being damaged, the consignee shall direct a protest to the carrier immediately after the damage is discovered and within a maximum of seven days with regard to luggage and fourteen days with regards to goods as from the date of delivery. In the event of delay, the protest must be registered within a maximum twenty-one days of the day when the luggage or goods were placed at the disposal of the consignee.

The protest must be established in the form of a reservation in respect of the carriage bill of lading upon receipt of the luggage or goods or in the form of a registered letter despatched to the carrier within the legal time limit.

An action for liability against the air carrier shall be dismissed where the protest is not registered within the periods stipulated in this Article unless the plaintiff proves that deception has been committed by the carrier or his subordinates in order to allow such periods to pass or to conceal the fact of the damage incurred to the luggage or goods.

#### **Article 214**

The right to institute an action for liability against the air carrier shall lapse two years as from the day when the aircraft arrives at its destination or the day when it should have arrived or the day when carriage ceased.

**Article 215**

Where air carriage is free of charge, the air carrier shall have no liability save if it is established that he or one of his subordinates committed a fault. In this case, the carrier shall be liable within the limits stipulated under Article 208. Carriage shall be deemed to be free of charge where it is without remuneration and where the carrier is not a professional carrier. Where the carrier is a professional, the carriage shall not be deemed to be free of charge.

**Article 216**

The air carrier shall be liable within the limits stipulated under Article 208 whatever the capacity of the litigants in the action for liability and whatever their number or the amount of compensation payable.

**CHAPTER FOUR**

**PLEDGE, GUARANTEE AND DEPOSIT IN PUBLIC WAREHOUSES**

**SECTION ONE - COMMERCIAL PLEDGE**

**SUB-SECTION ONE - BASIC PRINCIPLES OF PLEDGE**

**Article 217**

A pledge shall be commercial in respect of all concerned where it is created over a moveable asset as security for a debt which is deemed to be commercial in respect of the debtor.

**Article 218**

The pledge shall not be effective in respect of third parties unless the possession of the pledged item is transferred to the pledgee or to another person appointed by the two contracting parties and remains in the possession of whichever one of them takes delivery thereof.

The pledgee or person appointed by the two contracting parties shall be deemed to be in possession of the pledged item where:

- a. It is placed at his disposal in a manner which leads others to believe that the item is in his custody.
- b. He receives a legal instrument representing the pledged item and giving the holder the exclusive right to take receipt of such item.

**Article 219**

Rights may be pledged. Established rights in nominal instruments shall be pledged by written confirmation stating that such is by way of security and shall be recorded in the