

Royal Decree No. 5/81
To Organize Usufruct over the Sultanate's Lands ¹

We, Qaboos bin Said, Sultan of Oman,
Having perused Royal Decree No. 26/75 to promulgate the law
organizing the State's Administrative Apparatus and the amendments
thereto;
Law No. 4/72 regarding distribution of fertile lands;
Law No. 6/72 to organize lands;
Royal Decree No. 5/80 to promulgate Lands Law of 1980; and
Pursuant to the public interest exigencies,

Decreed as follows:

Article (1) : The Minister of Housing shall grant Omani and non-Omani natural and juristic persons usufruct over part of the state-owned lands for the purpose of setting up projects, which serve the development process in the Sultanate for a determined period. A decision relating to such usufruct shall be issued by the said Minister. In all circumstances the decision to grant usufruct over lands to non-Omanis, non-GCC citizens and companies where the shareholding percentage of the Omanis or GCC citizens is less than (30%) shall not be deemed final without obtaining the approval of the Council of Ministers ².

¹ Amendments contained in Royal Decree No. (76/2010) were incorporated into the Decree.

² This Article was amended by Royal Decree No. (76/2010).

Article (2) : In the implementation of this Decree, usufruct shall entitle the Usufructuary to use and exploit the land subject to usufruct and shall authorize the Usufructuary to dispose of his/her/their right by way of assigning to third parties or mortgaging the same and all other such acts that are consistent with the nature of the usufruct and without prejudice to the ownership of the land itself. Such is deemed a temporary real right that shall inevitably cease upon expiration of the prescribed period or upon the death of the Usufructuary, whichever is nearer.

Article (3) : Usufruct includes the land, the buildings and crops grown. The Usufructuary must preserve, maintain and enjoy the land and its dependencies in accordance with its designated purpose. Upon expiration of the usufruct due to any reasons, the Usufructuary shall return the land in the same condition as it was upon the commencement of the usufruct unless otherwise agreed, and subject to the provision of Article (7) hereof.

Article (4) : Usufruct may not be acquired unless registered with the Ministry of Land Affairs and Municipalities pursuant to the provisions of the aforesaid Lands Law of 1980. Any disposal of such right by the Usufructuary shall not be taken into consideration unless registered in the manner mentioned above with one copy of the contract to be registered deposited

with to the said Ministry. The Ministry may refuse to register such disposal in case it is issued in a manner that violates any of the provisions of this Decree, its Executive Regulations or any other enforceable legislation in the Sultanate.

Article (5) : The Minister of Land Affairs and Municipalities shall prepare an Executive Regulation for this Decree to be issued under a Royal Decree. The said Regulation shall set out the conditions and rules governing usufruct as well as the procedures of filing applications for acquiring such right and deciding thereon, whether in respect of lands owned by the state or citizens; and shall determine the rights and obligations of both the Usufructuary and the Owner. The Minister may prepare a model contract with the conditions and rules of exercising the usufruct in accordance with the provisions of this Decree and its Executive Regulation.

Article (6) : Should the Usufructuary violate all or part of the conditions of the usufruct as per the provisions of this Decree or its Executive Regulations, whether in relation to the lands owned by the government or citizens, the Minister of Land Affairs and Municipalities may issue a reasoned decision to terminate the usufruct and compel the Usufructuary to return the land to its Owner without compensation and without any prejudice to the Owner's right to compel the Usufructuary to

remove the agricultural products or the buildings erected on the land.

The termination of the usufruct in the manner mentioned above shall not constitute prejudice to the rights of the third parties registered on the usufruct like mortgage and the like.

Article (7) : If the land subject to usufruct happens to be occupied by buildings or cultivated upon the expiration of the usufruct period or upon the death of the Usufructuary, or if the Usufructuary had incurred exorbitant amounts for the sake of preparing the land for use, the Owner shall have the choice either to restore the land along with the crops or the buildings erected thereon provided that he/she shall compensate the Usufructuary or his/her heirs for the increase in the land value caused by such works, at the discretion of the committees concerned with the aforesaid Lands Law No. 5/80 or to leave the land to the Usufructuary or his/ her heirs to benefit therefrom for a new period as estimated by the said committees, without prejudice to any special agreement made between the Owner and the Usufructuary.

Article (8) : The Government may at all rates terminate the usufruct and restore the land subject to usufruct along with the crops and buildings erected thereon or to seize the same from the citizens for the purposes of public interest pursuant to the

Expropriation Law and in return for a fair compensation to be distributed to the Usufructuary and the Owner. The Usufructuary's share shall be reduced in proportion to the amount of time which has lapsed from the usufruct period until date of seizing the land.

Article (9) : An appeal may be filed against the decisions issued in the circumstances provided for in Articles 4, 5, and 6 within one month from notifying the Usufructuary thereof. The appeal shall be lodged with the Council of Ministers' Committee which is formed under the chairmanship of the Minister of Diwan of Royal Court Affairs and membership of the Minister of Land Affairs and Municipalities, the Minister of Commerce and Industry and the Minister of Justice. The Committee shall issue its decision within no later than two months from the date of appeal.

Article (10) : All competent authorities shall implement this Decree, each within its scope of competence.

Article (11) : This Decree shall be published in the official gazette and shall come into force three months after the date of its publication.

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Corresponding to: 13 January 1981 AD

**Qaboos Bin Said
Sultan of Oman**