



OFFICIAL GAZZETTE ISSUE 1362
ROYAL DECREE NO. 121/2020
FOR THE ISSUANCE OF THE
VALUE ADDED TAX LAW

Foreword

As part of the Sultanate of Oman's continuing economic diversification efforts, the Sultan of Oman, His Majesty Haitham bin Tariq bin Taimur, issued Royal Decree 121/2020 (Oman VAT Law) on 12 October 2020 for the implementation of VAT in Oman from April 2021.

The Oman VAT Law reflects the principles set out in the Common VAT Agreement of the States of the GCC and the procedures specified in the Income Tax Law of the Sultanate.

As a leading tax advisory firm in Oman, providing services for the last 45 years, KPMG has produced an English translation of the Oman VAT Law issued in Arabic. The business community and tax professionals desirous of critically analyzing the Oman VAT Law in English have, at times, found it a challenge to obtain reliable English translations. We hope this publication will meet the needs of the business community and tax professionals.

This translation draws on the many years of experience KPMG's indirect tax professionals' in Oman have. Whilst every effort has been made to provide an accurate translation, we should emphasize that this is not an official translation of the tax law and advice should be taken from experienced tax professionals before making decisions.

Ashok Hariharan

Head of Tax, Oman

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Director, Indirect Tax, Oman

We, Haitham Bin Tareq, Sultan of Oman,

After perusal of the Basic Law issued in accordance with Royal Decree No. 101/96,

And Royal Decree No. 67/2003, in application of the Common Customs Law of the States of the Gulf Cooperation Council,
Following the presentation to the Council of Oman,

And in the public interest,

Hereby decree the following

Article One

The Value Added Tax Law attached to this Decree shall be enforced.

Article Two

The Head of the Tax Authority shall issue the Executive Regulations to the attached Value Added Tax Law within a period not exceeding (6) six months from the date of enforcement and shall issue the necessary decisions to implement its provisions.

Article Three

Any Law that contravenes the attached Value Added Tax Law or contradicts its provisions shall be repealed.

Article Four

This Decree shall be published in the Official Gazette and will enter into force after (180) one hundred and eighty days from the date of its publication.

Issued on: 24 Saffar 1442

Corresponding to: 12 October 2020

**Haitham Bin Tareq,
Sultan of Oman**

Value Added Tax Law

Chapter One Definitions and General Provisions

Article (1)

In applying the provisions of this Law, the following words and phrases shall have the meaning assigned against each of them, unless the context requires otherwise:

The Authority: The Tax Authority.

The Head: The Head of the Authority.

The Directorate General of Customs: The Directorate General of Customs at the Royal Oman Police.

The Council: The Gulf Cooperation Council of the Arabic Gulf States.

The Common Customs Law: The Common Customs Law of the Gulf Cooperation Council States.

Tax: The Value Added Tax imposed in accordance with the provisions of this Law on the import and supply of Goods or Services at each stage of production and distribution.

Additional Tax: Tax imposed at (1%) one percent of the value of unpaid Tax for each month of delay, or part thereof, starting from the end of the specified period for settlement until the settlement date.

Person: Any natural or juristic person, including joint ventures, and partnership agreements concluded outside the Sultanate, which do not take the form of a company.

Responsible Person: Any person linked to a Taxable Person, in any manner whatsoever, and acts on his behalf in discharging obligations imposed upon him pursuant to the provisions of this Law.

Taxable Person: A person who conducts an Economic Activity in independent capacity with the aim of generating income, and is registered with the Authority, or is required to register with it pursuant to the provisions of this Law.

Mandatory Registration Threshold: The minimum value of actual supplies by virtue of which the Taxable Person shall be obliged to register for tax purposes.

Voluntary Registration Threshold: The minimum value of actual supplies by virtue of which the Taxable Person shall be eligible to register for tax purposes.

Tax Return: The details and information specified for tax purposes which the Taxable Person is required to submit in the form prescribed by the Authority for this purpose.

Tax Invoice: Any document in written or electronic form required to be issued by the Taxable Person containing details of the supply in accordance with the provisions of this Law.

Taxable Trader: A Taxable Person whose main activity is the distribution of oil, gas, electricity or water.

Related Persons: Two or more persons, where one has the authority to direct and supervise the others, and has the administrative authority that enables him to influence the business of the others from a financial, economic or regulatory

point of view, and includes persons that are subject to the authority of a third person that enables him to influence the business of the others from a financial, economic or regulatory point of view.

Tax Year: (12) Twelve months starting from the first of January and ending at the end of December of every Gregorian year.

Tax Period: The period for which net Tax must be calculated and for which the Tax Return must be submitted in accordance with Article (71) of this Law.

Activity: An activity that is conducted regularly on an on-going basis, and in particular commercial, industrial, professional, artisanal or service activities.

Input Tax: The Tax incurred by the Taxable Person in relation to the Goods or Services supplied to him or imported for the purpose of conducting the Activity.

Output Tax: The Tax charged on the Taxable Supply of Goods and Services.

First Port of Entry: The first customs entry check point for Goods entering the GCC from outside in accordance with the Common Customs Law.

Final Destination Port: The customs check point for entry of Goods into the final destination State in the GCC region in accordance with the Common Customs Law.

Taxable Value: The value that forms the basis to compute Tax in accordance with the provisions of this Law.

Supply: A supply of Goods or Services for Consideration in accordance with the provisions of this Law.

Intra-GCC supplies: Supply of Goods or Services by a Supplier that has a Place of Residence in the Sultanate to a Customer resident in a GCC State, or vice versa.

Taxable Supplies: Supplies on which Tax is imposed at the standard or zero rate, and the Input Tax related thereto is deductible in accordance with the provisions of this Law.

Exempt Supplies: Supplies on which Tax is not imposed, and the Input Tax related thereto is not deductible in accordance with the provisions of this Law.

Deemed Supply: All that is deemed as a supply in accordance with Articles (14) and (17) of this Law.

Consideration: All that is collected or to be collected by the Taxable Supplier from the Customer or a third party for the Supply of Goods or Services inclusive of Tax.

Place of Business: The place where a business is legally incorporated, or the place where the main office of actual management is located, and where the main decisions for running the business are taken, when such place is different from the place of incorporation.

Fixed Establishment: The fixed place of business, other than the Place of Business, through which any foreign Person conducts his business in the Sultanate wholly or partially, either directly or through an agent affiliated to him.

Place of Residence: The place where the Place of Business or Fixed Establishment is located, or the usual Place of Residence in case a natural person who does not have a Place of Business or Fixed Establishment, or the place most closely associated with the supply if the Person has a Place of Residence in more than one State.

Goods: All tangible assets including in particular water and all types of energy, including electricity and gas.

Supplier: The Person who supplies Goods or Services.

Customer: The Person who receives Goods or Services.

Reverse Charge Mechanism: The mechanism under which the Taxable Customer is liable to Tax on behalf of the Supplier and is responsible for all the obligations stipulated in this Law.

Import: The entry of Goods from outside the GCC region into the Sultanate in accordance with the provisions of the Common Customs Law.

Export: The exit of Goods from the Sultanate to outside the GCC in accordance with the provisions of the Common Customs Law.

The Committee: The Tax Grievances Committee stipulated in Article (92) of this Law.

The Regulations: The Executive Regulations of this Law.

Article (2)

The Responsible Person is determined as follows:

1. In case of sole proprietorship:

The owner or the manager in charge and in the event of imposition of judicial receivership or declaration of bankruptcy, the receiver or the bankruptcy manager, depending on the circumstances, is the Responsible Person.

2. In the case of an Omani company:

- A. One Person Company: The owner or manager in charge.
- B. General Partnership or Limited Partnership: Partner in the company or manager in charge.
- C. Joint Venture Company: The manager appointed by the partners to assume charge of the company's management, whether from among the partners or a third party.
- D. Joint Stock Company: The Chairman of the Board of Directors or the manager authorized by the Board of Directors.
- E. Limited Liability Company: The company's manager or person responsible for management.

In the event of imposition of judicial receivership or declaration of bankruptcy or its liquidation, the receiver or bankruptcy manager or liquidator, depending on the circumstances, is the Responsible Person.

3. In case of a fixed establishment:

- A. The owner or manager.
- B. The agent of the owner's fixed establishment, in case it conducts its activities in the Sultanate through an agent.
- C. The receiver, bankruptcy manager or liquidator in the event of imposition of judicial receivership or declaration of bankruptcy or its liquidation.

4. In case of any Person with no Place of Residence in the Sultanate:

Any Person who has a Place of Residence in the Sultanate and is appointed by that person.

The Head shall be empowered to issue a decision stating the qualifications required to be satisfied by the Responsible Person.

Article (3)

Subject to the provisions of Article (2) of this Law, the Taxable Person shall appoint the Responsible Person and notify the Authority of this in accordance with the procedures specified in the Regulations.

In the event the Taxable Person does not appoint the Responsible Person, the Head shall have the right to appoint a person linked to the Taxable Person's activity to act as the Responsible Person, provided that the Taxable Person is notified thereof.

Article (4)

The Responsible Person shall not stay outside the Sultanate for a period exceeding (90) ninety days during a Tax Year unless he has notified the Authority and the Authority has agreed to appoint another Responsible Person during the entire period of his absence.

Article (5)

The Units of the State Administrative Apparatus, and other public legal persons, shall provide the Authority with data and information related to the application of the provisions of this Law, whenever requested.

Article (6)

In the application of the provisions of this Law, the Secretariat of the competent Court, shall, upon the request of the Authority, provide copies of the following:

1. Records of seized movables and the dates fixed for sale, immediately upon the issuance of the order for sale by the Execution Judge.
2. Declarations of properties submitted by the garnishee in the garnishee proceedings, immediately upon submission of the declaration.
3. Notices issued for attachment of real estate, after they are registered with the Secretariat of the concerned Land Registry, immediately upon registration of the notice.

Article (7)

Any person who carries out sale by public auction of movable properties or real estate related to the Taxable Person, shall notify the Authority of the date fixed for sale, at least (10) ten days before the date of sale.

Article (8)

Where information related to a Taxable Person is required from a Licensed Bank for the purpose of applying the provisions of this Law, the Authority shall address the request to the Central Bank of Oman who will transfer it to the Licensed Bank.

The Licensed Bank shall directly notify the Authority of the information related to the Taxable Person within the specified period, while notifying its Taxable Customer thereof.

Article (9)

The data and information related to a Taxable Person shall be strictly confidential, and shall not be disclosed except in cases authorized by Law, or with the explicit written approval of the Taxable Person, or in execution of a Court decision or judgment, or in execution of a Committee's decision.

Article (10)

The Taxable Person shall submit the Tax Returns, financial statements, records, documents and others to the Authority electronically, and as an exception may be submitted by hand or through registered mail, as specified by the Regulations.

Article (11)

The Taxable Person or any other Person shall be notified of assessments and decisions issued by the Authority by electronic means, and as an exception may be notified by hand or registered mail, as specified by the Regulations.

Chapter Two

Tax

Article (12)

Tax shall be imposed on the following transactions:

1. The Supply of Goods or Services by a Taxable Person in the Sultanate, including Deemed Supply.
2. The receipt of Goods or Services by a Taxable Customer from a Supplier who does not have a Place of Residence in the Sultanate and is not subject to Tax in the Sultanate, in cases where the Reverse Charge Mechanism is applied.
3. The import of goods.

Article (13)

In the application of this Law, the Supply of Goods means the transfer of ownership of Goods, or right to dispose of the Goods as an owner, and in particular includes, the following:

1. Alienation of the possession of Goods under an agreement which stipulates the transfer of ownership of such Goods, or the option to transfer such Goods at a date subsequent to the date of the agreement, but no later than the date when the Consideration is paid in full.
2. Granting of a right in rem that results from ownership.
3. Seizing ownership of Goods in exchange for Consideration in a compulsory manner pursuant to a decision under the applicable Law.

Article (14)

In application of the provisions of this Law, the following shall be deemed to be a Supply of Goods:

1. Alienation of Goods, for purposes other than the Activity, whether with or without a Consideration.
2. Changing the use of Goods to use them for non-taxable supplies.
3. Retaining of Goods after ceasing to carry on an Economic Activity.
4. Supply of Goods without Consideration, unless the Supply is related to the Activity such as gifts or free samples.

In all the cases, in order to be deemed to be a Supply of Goods, the Taxable Person should have deducted the Input Tax related to such Goods.

Article (15)

The transfer of Goods that form a part of the Taxable Person's assets, for the purposes of his Activity, from any GCC State to the Sultanate, or vice versa, shall be considered as a Supply of Goods, except in the following cases:

1. If the transfer of such Goods is temporary in accordance with the terms of temporary admission provided for in the Common Customs Law.
2. If the transfer of such Goods is a part of another Taxable Supply in the Sultanate or the country where the Goods are transported.

Article (16)

In the application of the provisions of this Law, Supply of Services shall mean any Supply that is not considered as a Supply of Goods, and in particular includes, granting or assigning rights, waiving rights, or refraining from carrying out an activity.

Article (17)

In application of the provisions of this Law, the following shall be deemed to be a Supply of Services:

1. Use of Goods which are part of the Taxable Person's assets, without Consideration, for purposes other than the Activity.
2. Supply of Services without Consideration.

In all the cases, in order to be deemed to be a Supply of Services, the Taxable Person should have deducted the Input Tax related to such Services.

Article (18)

Supply of Goods or Services shall not be subject to Tax in the following cases, subject to the terms and conditions specified in the Regulations:

1. Supply made between members of the same Tax Group, except for Deemed Supply.
2. Supply made between an insurer and an insured in settlement of an insurance claim under an insurance contract that is subject to Tax pursuant to the provisions of this Law.
3. Supply of Goods or Services by a Taxable Person considered as a part of transfer of business, wholly or partially, to another Taxable Person.

Article (19)

Supply of Goods or Services by an agent acting in the name of and on behalf of a principal is considered to be a Supply by the principal, except for the Supply of Goods or Services by the agent to the principal within the scope of the agent's usual Activity.

Supply of Goods or Services by an agent acting in his name and on behalf of a principal is considered to be a Supply by the Agent.

Article (20)

If a Taxable Person receives Goods or Services from a Supplier who has a Place of Residence in any of the GCC States, he shall be deemed to have supplied these Goods or Services to himself, and such Supply shall be subject to Tax under the Reverse Charge Mechanism.

If a Taxable Person receives Services from a Supplier who does not have a Place of Residence in any of the GCC States, he shall be deemed to have supplied the Services to himself, and such Supply shall be subject to Tax under the Reverse Charge Mechanism.

Tax due**Article (21)**

The place of supply of Goods is in the Sultanate in the following two cases:

1. If the Goods are placed at the Customer's disposal in the Sultanate, where the Goods are supplied without dispatch or transportation.
2. If the Goods are in the Sultanate when the dispatch or transportation by the Supplier or on behalf of the Customer begins, where the Goods are supplied with dispatch or transportation.

The place of supply of intra-GCC Supply of Goods made between the Sultanate and one of the GCC States or vice versa, shall be in accordance with the rules specified in the Regulations.

Article (22)

As an exception to Article (21) of this Law, the place of supply in case of Supply of oil, gas and water through a pipeline, and the supply of electricity shall be as follows:

1. If the Supply is by a Taxable Person who has a Place of Residence in any GCC State to a Taxable Trader who has a Place of Residence in the Sultanate or vice versa, the place of supply is the Place of Residence of the Taxable Trader.
2. If the Supply is to a Person other than a Taxable Trader, the place of supply is the actual place of consumption.

Article (23)

The place of supply of Services is in the Sultanate if the Taxable Supplier has a Place of Residence in the Sultanate and the Customer is not a Taxable Person or registered in any GCC State.

Otherwise, the place of supply of Services, shall be at the Customer's Place of Residence.

Article (24)

As an exception to Article (23) of this Law, the place of supply related to the following services shall be as follows:

1. Transport of Goods or passengers and services related thereto shall be the place where such transportation begins.
2. Services related to real estate shall be the place where the real estate is located.
3. Leasing of means of transport by a Taxable Supplier to a non-Taxable Customer shall be the place where the means of transport are placed at the Customer's disposal.
4. Wired and wireless telecommunication services and electronically supplied services shall be the place of actual use or benefit of these services.
5. Restaurants and hotels services, food and beverages catering, cultural, artistic, sport, educational and entertainment services and services related to goods transported and supplied to a non-Taxable Customer, shall be the place of actual performance.

Article (25)

The place of Import of Goods is in the Sultanate in the following two cases:

1. If the First Port of Entry for the imported goods is the Sultanate
2. If the imported Goods are placed under customs duty suspension in accordance with Common Customs Law and the Goods are released from such suspension in the Sultanate

Article (26)

Tax on the Supply of Goods or Services shall be due on the earliest of the following dates, determined in accordance with the Regulations:

1. Date of the Supply
2. Date of issuance of the Tax Invoice
3. Date of receipt of Consideration, in part or full, to the extent of the amount received

Article (27)

Tax shall be due on supplies that entail consecutive issuance of invoices or payments, on the date of payment specified in the invoice or on the date of payment, whichever is earlier, and it shall be due at least once every (12) twelve consecutive months.

Article (28)

Tax on the Supply of prepaid calling cards or purchase vouchers or other similar supplies will be due in accordance with the dates determined by the Regulations.

Article (29)

Tax shall be due on Imports on any of the following dates, depending on the circumstances:

1. Date of Import of Goods
2. Date the Goods entered the First Port of Entry in accordance with the provisions of the Common Customs Law
3. Where the Goods are placed under customs duty suspension in accordance with the Common Customs Law, the date the imported Goods are released from such a suspension.

Article (30)

Tax shall be due on the date of issuance of invoice when a Person issues an invoice recording an amount of Tax.

Chapter Four

Taxable Value

Article (31)

The Taxable Value shall be the Consideration excluding Tax. The Taxable Value shall include all expenses charged by the Taxable Supplier to the Customer, any fees or taxes due as a result of the Supply, but shall exclude discounts, subsidies, grants or amounts specified in the Regulations.

Article (32)

In case of Supply of Goods or Services between Related Parties for a Consideration less than the market value, the Taxable Value shall be the market value as determined by the Regulations.

Article (33)

In case of Deemed Supply, the Taxable Value of the Supply shall be the purchase value or cost. Where the purchase value or cost cannot be determined, the Taxable Value shall be the market value as determined by the Regulations.

Article (34)

The Taxable Value of imported Goods shall be the customs value determined in accordance with the Common Customs Law, including any taxes or other charges due on the Import of Goods.

Article (35)

The Taxable Value of Goods which are temporarily exported outside the GCC for completion of manufacturing or repair, when reimported, shall be determined in accordance with the Common Custom Law, based on the value added to them.

Chapter Five

Tax Calculation

Article (36)

Subject to the provisions of Articles (51), (52), and (53) of this Law, Tax on Import and Supply of Taxable Goods or Services shall be computed as (5%) five percent of the Taxable Value.

Article (37)

A Taxable Person shall display the prices of Goods and Services inclusive of Tax.

Article (38)

The Tax due and payable by any Taxable Person for any Tax Period shall be computed as the total value of output Tax payable in respect of all the Taxable Supplies made during the Tax Period less the total value of Input Tax deductible by the Taxable Person for that period.

Where the total value of output Tax is less than the total value of Input Tax during that taxable period, the Taxable Person shall be entitled to a refund of Tax or to carry forward and deduct it from any Tax due for any subsequent Tax Period.

Article (39)

Tax on the sale of used Goods in the usual course of a Taxable Person's Activity shall be determined in accordance with the profit margin scheme as specified in the Regulations.

Article (40)

A Taxable Person may adjust the value of Tax due in the following cases, subject to the terms and conditions specified in the Regulations:

1. If the supply is cancelled or rejected, wholly or partially
2. If the value of the supply is reduced
3. If the Consideration cannot be recovered, wholly or partially
4. Any other cases specified by the Regulations.

Article (41)

In any Tax Period, a Taxable Person shall be entitled to deduct the Input Tax incurred on his Taxable Supplies or Import of Goods during that period, or Tax paid as recipient under the Reverse Charge Mechanism.

Article (42)

If the Taxable Person makes both Taxable and Exempt Supplies or if the purchases of Taxable supplies or Import of Goods are partially used for purposes other than the Activity, Input Tax shall be deducted in accordance with the conditions and procedures specified by the Regulations.

Article (43)

Input Tax on Goods that are prohibited to be imported, supplied or exported under the Laws in force in the Sultanate shall not be deductible.

Article (44)

A Taxable Person may request the deduction of Input Tax related to any Tax Period to be deferred to any subsequent Tax Period.

A Taxable Person's right to claim Input Tax deduction shall lapse (3) three years from the end of the Tax Period during which the right to deduct arose.

Article (45)

A Taxable Person shall adjust the Input Tax previously deducted on receipt of Goods or Services in the following cases, in accordance with the conditions and procedures specified in the Regulations:

1. If the supply is cancelled, wholly or partially
2. If the value of the supply is reduced
3. If the consideration is not paid, wholly or partially
4. If the use of capital assets is changed

A Taxable Person is not required to adjust Input Tax in case of proven loss, damage or theft of Goods, or in case the Goods are used as commercial samples or gifts.

Article (46)

A taxable person shall be entitled to deduct Input Tax incurred on purchase of Taxable Supplies or Import of Goods prior to the date of registration, in accordance with the terms and conditions specified by the Regulations.

Chapter Six

Exempted Supplies and Taxable Supplies at zero rate

Article (47)

The following supplies shall be Exempt from Tax subject to the conditions and controls specified in the Regulations:

1. Financial services
2. Healthcare services and related goods and services
3. Educational services and related goods and services
4. Undeveloped land (bare land)
5. Resale of residential properties
6. Local passenger transport
7. Renting of properties for residential purposes

Article (48)

The following imported Goods shall be exempt from Tax:

1. Goods where the Supply of such Goods is exempt from Tax or subject to Tax at zero rate in the country of final destination.
2. Goods for use by diplomatic and consular bodies and international organizations, and for the heads and members of diplomatic and consular bodies accredited by the Sultanate, on the condition of reciprocity.
3. Goods for the armed forces and internal security forces in all their divisions including ammunition, weapons, military equipment, means of transport and parts thereof.
4. Personal effects and used household appliances brought by citizens residing abroad, and foreigners who are coming to reside in the country for the first time.
5. Supplies for non-profit charities.
6. Returned goods.

The exemption shall be subject to the conditions and controls specified in the Common Customs Law.

Article (49)

Personal baggage and gifts accompanying travelers arriving in the Sultanate, and requirements for people with special needs shall be exempt from Tax, subject to the conditions and controls specified in the Regulations.

Article (50)

Payment of Tax shall be suspended on imported Goods placed under customs duty suspension in accordance with Common Customs Law.

Article (51)

The following supplies shall be subject to Tax at zero rate, subject to the limitations, conditions and circumstances specified in the Regulations:

1. Supply of food items specified by a decision of the Head.
2. Supply of medicines and medical equipment in accordance with the rules specified in a decision by the Head, and after coordination with the competent authorities.
3. Supply of investment gold, silver, and platinum.
4. Supply of international or intra-GCC transportation of Goods or passengers, and Supply of Services related to such transportation.
5. Supply of means of air, sea and land transport that are designated for the transportation of passengers and Goods for commercial purposes and Supply of related Goods and Services.
6. Supply of rescue and assistance planes, and boats.

7. Supply of crude oil, oil derivatives and natural gas.

Article (52)

Supplies made outside the GCC shall be subject to Tax at zero rate in the following cases, subject to the conditions specified in the Regulations:

1. Export of Goods.
2. Supply of Goods and Services to or within a custom duty suspension situation under the Common Customs Law.
3. Re-export of Goods that have been temporarily imported to the Sultanate for repair, refurbishment, conversion or processing, and services added thereto.
4. Supply of Services, except the Services specified in Article (24) of this Law, by a Taxable Supplier that has a Place of Residence in the Sultanate to a Customer who does not have a Place of Residence in the GCC, provided the Customer benefits from such Services outside the GCC.

Article (53)

Supply of Goods or Services that are exempt from Tax in the Sultanate when supplied outside the GCC shall be subject to Tax at zero rate.

Article (54)

Supply of Goods or Services from, to and within special economic zones shall be subject to the same treatment prescribed for customs duty suspension situation pursuant to this Law and in accordance with the conditions specified in the Regulations.

Chapter Seven

Registration

Article (55)

Every Person engaged in an Activity, and who has a Place of Residence in the Sultanate shall register with the Authority in either of the following two cases:

1. If the total value of supplies at the end of any month in addition to the eleven months immediately preceding it, exceeds the Mandatory Registration Threshold.
2. If the total value of supplies, which is expected to be achieved at the end of any month in addition to the eleven months immediately following it, exceeds the Mandatory Registration Threshold.

The Mandatory Registration Threshold shall be determined and amended by a decision of the Head that is approved by the Council of Ministers.

Article (56)

For the purpose of applying the provisions of this chapter, the value of supplies shall include the following:

1. Value of Taxable Supplies, excluding supplies of capital assets.
2. Value of Supply of Goods and Services supplied to the Taxable Person and subject to the Reverse Charge Mechanism.
3. Value of Intra GCC supplies of Goods and Services.

Article (57)

Any Person who does not have a Place of Residence in the Sultanate shall register with the Authority from the date he is obliged to pay Tax in accordance with the provisions of this Law. The Person may appoint a tax representative, after obtaining the approval of the Authority, and the tax representative shall represent the Person in his obligations and rights related to the Tax. The conditions and procedures for appointment of the tax representative shall be specified in the Regulations.

Article (58)

Two or more Persons may register with the Authority as a Tax Group in accordance with the conditions specified in the Regulations.

In the application of the provisions of this Law, the Tax Group shall be treated as a Taxable Person that is independent and separate from the members of the Tax Group, and all the members of the Tax Group shall be jointly liable for obligations of the Tax Group that arise during their membership.

Article (59)

The Authority shall register any Person who is obliged to obtain registration by virtue of the provisions of Articles (55) and (57) of this Law, in the event such Person fails to register within the time limit prescribed by the Law.

The Authority shall register Related Persons who have similar or related activities, if the total of their annual supplies exceeded the Mandatory Registration Threshold, in accordance with the conditions and rules specified in the Regulations.

Article (60)

A Person who is obliged to register and makes Taxable Supplies subject to Tax at a rate of zero percent in accordance with the provisions of this Law, may apply to the Authority for an exemption from registration, in accordance with the conditions and procedures specified in the Regulations.

Article (61)

Every Person who has a Place of Residence in the Sultanate and makes Taxable Supplies and is not obliged to register under Article (55) of this Law may apply for a voluntary registration in either of the following two cases:

1. If the total value of supplies or expenses at the end of any month in addition to the eleven months immediately preceding it, exceeds the Voluntary Registration Threshold.
2. If the total value of supplies or expenses expected by the end of any month in addition to the eleven months immediately following it, exceeds the Voluntary Registration Threshold.

The Voluntary Registration Threshold shall be determined and amended by a decision of the Head that is approved by the Council of Ministers.

Article (62)

An application for registration shall be submitted to the Authority in the prescribed form. The Authority shall maintain a record of the registration applications and their details after reviewing and verifying their validity, and shall issue the registration certificate to the Taxable Person, in accordance with the Regulations.

Article (63)

The Authority shall be empowered to reject an application for registration if it does not meet the conditions for registration, and it shall notify the Taxable Person of the decision to reject the application and the reason for such a decision.

Article (64)

The Taxable Person that has been issued a registration certificate shall include the Tax Identification Number on all correspondence, invoices or documents issued by him, and the declarations and notifications required to be submitted to the Authority in accordance with the provisions of this Law.

Article (65)

The Taxable Person shall notify the Authority in writing of any changes in the information previously submitted in the registration application within (30) thirty days from the occurrence of the changes. The Authority shall issue a registration certificate containing the new information.

Article (66)

The registered person shall submit an application to the Authority to cancel his registration in accordance with the conditions and procedures specified in the Regulations in any of the following cases:

1. Discontinuation of the Activity.
2. Discontinuation of Taxable Supplies.
3. If the value of the supplies falls below the Voluntary Registration Threshold.
4. Any other cases specified in the Regulations.

A registered Person may also request the cancellation of his registration if the value of his supplies falls below the Mandatory Registration Threshold but exceeds the Voluntary Registration Threshold.

The Authority may reject an application for cancellation of registration if it does not meet the conditions for de-registration, and it shall notify the Taxable Person of the decision to reject the application and the reason for such a decision.

Chapter Eight

Tax Invoices, Records, and Returns

Article (67)

The Taxable Person shall issue a Tax Invoice when making a Supply of Goods or Services, including a Deemed Supply, or upon receipt of consideration, in full or part, before the date of supply.

Tax Invoices may be issued by third parties on behalf of the Taxable Person, if approved by the Authority.

The Regulations shall specify the conditions and rules in relation to issuance of tax invoices, its types, its substitutes, its amendment, the details it must include, and cases that are exempt from issuance of a tax invoice.

Article (68)

The Tax Invoice shall be issued in Omani Rials or any other currency. In case it is issued in a foreign currency, the value of Tax shall be converted to Omani Rials based on the average purchase and sale price of the currency published by the Central Bank of Oman at the date Tax is due.

Article (69)

The Taxable Person shall maintain proper up to date records and accounting books that include transactions related to Import or Export of Goods, and Supply of Goods and Services.

The Regulations shall specify the records and books that are required to be maintained by the Taxable Person, the rules and procedures related to it, the data that must be recorded, and documents that must be retained.

The Taxable Person shall not maintain any records or accounting books in a foreign currency except after receiving written approval from the Authority.

Article (70)

The Taxable Person shall retain Tax Invoices, accounting records, books, and customs documents related to the Import and Export of Goods and any other documents that are related to the application of the provisions of this Law using secure and reliable means for (10) ten years following the end of the Tax Year in which the Tax Return is filed.

The period mentioned above shall extend to (15) fifteen years for Tax Invoices, accounting records, books and customs documents related to capital assets.

Article (71)

The first Tax Period for any Taxable Person shall start from the date of registration and each subsequent Tax Period shall start from the day after the expiry of the first Tax Period.

The Regulations shall determine the Tax Period for which the Taxable Person shall file a Tax Return, provided the Tax Period is not less than a month.

Article (72)

Every Taxable Person shall file a Tax Return with the Authority within (30) thirty days following the end of the Tax Period in the form specified in this regard, and the Tax Return shall include in particular the following:

1. The value of Taxable and Exempt Supplies.
2. The value of imported goods.
3. The value of output Tax for the Tax Period for which the Tax Return is filed, and the value of Input Tax claimed.
4. The value of Tax due for the Tax Period for which the Tax Return is filed.

If the Tax Return is not submitted within the time specified above, the Authority shall be empowered to assess Tax for the Tax Period and notify the Taxable Person of the assessment and the basis thereof in accordance with the Regulations.

In all cases, it shall not be permissible to assess Tax after (5) five years from the date of the end of the Tax Period for which the Tax Return should have been filed. The time limit shall extend to (10) ten years in case of failure to register within the time limit specified in this Law.

Article (73)

A Taxable Person shall file a revised Tax Return if he becomes aware of an error or omission in his Tax Return. The revised Tax Return shall be filed within (30) thirty days of discovering the error or omission.

A revised Tax Return filed within the time limit specified in the previous paragraph shall be regarded as the original Tax Return. It shall not be permissible to revise the Tax Return after (3) three years from the date of its submission.

In all cases, the Taxable Person shall not be allowed to revise the Tax Return if the Authority has initiated a tax inspection in relation thereto.

Article (74)

The Authority shall revise the Tax Return submitted by the Taxable Person, if it discovers that it contains an error or omission or it is insufficient, provided the Taxable Person shall be notified of the revision and the basis thereof, in accordance with the Regulations.

It shall not be permissible to revise the Tax Return after (3) three years from the date of its submission.

The time limit shall extend to (5) five years in case of proven fraud or use of fraudulent means.

Chapter Nine
Tax Oversight and Inspection

Article (75)

The Regulations shall specify the rules and oversight systems on records and financial books, documents, and accounting software and others used by the Taxable Person in conducting the Activity related to the transactions subject to Tax, in accordance with this Law.

Article (76)

The Authority may request the presence of the Responsible Person at the time and place specified in the notice issued in this regard, to discuss transactions subject to Tax or the Tax due, in accordance with this Law.

Article (77)

Employees of the Authority authorized by a decision issued by the competent authority in agreement with the Head shall be empowered to act in the capacity of law enforcement officers in applying the provisions of this Law, the Regulations and decisions enforcing them.

Article (78)

The Authority may require the Taxable Person or any person to submit documents, data, records, accounting books, Tax Invoices or others in his possession and related to the Tax obligations of the Taxable Person.

Article (79)

Employees of the Authority empowered to act in the capacity of law enforcement officers shall have the right to enter the establishment where the Taxable Person conducts the Activity and review the records and accounting books, financial statements, documents, data, certificates and others necessary to enforce the provisions of this Law, and obtain a copy thereof.

The Taxable Person shall not prevent or attempt to prevent an employee of the Authority from performing his duties and exercising the rights in accordance with the provisions of this Law. The Taxable Person shall not refuse submission of any data, information, documents, certificates or others when requested by the Authority.

Article (80)

The Authority may initiate the necessary proceedings where it is proven that a Person committed fraud or used fraudulent means, or if the primary objective of any transaction entered into or Activity carried out, whether before or after the effective date of this law, is to avoid, in full or in part, the Tax due for any Tax Period, as specified in the Regulations.

Chapter Ten **Tax Collection and Refunds**

Article (81)

Tax shall be payable to the Authority by each of the following:

1. Taxable Person supplying Goods or Services.
2. Taxable Customer receiving Goods or Services supplied by a Person who does not have a Place of Residence in the Sultanate, in the cases where the Reverse Charge Mechanism is applied.
3. The Importer at the time of Import of Goods in accordance with the provisions of the Common Customs Law.
4. Any Person who mentions a Tax amount on the invoice he issues.

Article (82)

The Tax due by virtue of the Tax Return shall be payable to the Authority on the date prescribed for filing the Tax Return.

The Tax due by virtue of the revision or assessment carried out by the Authority shall be payable on the date specified in the notice issued by the Authority and cannot be more than (30) thirty days from the date of the notice.

In case of non-payment of Tax within the specified time, additional tax shall be due. The Head shall be empowered to waive the additional tax, in full or part, in accordance with the rules specified in the Regulations.

Article (83)

The Taxable Person shall not enter into an agreement for transfer of his Tax liability to another, and any agreement to such effect shall be deemed to be invalid.

Article (84)

The Directorate General of Customs shall collect the Tax on imported Goods applying the prescribed tax rate on the Taxable Value and deposit the Tax in a special account opened for this purpose in accordance with the rules determined in the Regulations.

Where Tax due on imported Goods is paid at the First Port of Entry in any GCC State, the importer shall submit documents evidencing the payment of Tax at the First Port of Entry or else Tax shall be payable by him.

Article (85)

Where payment of Tax is suspended in accordance with the provision of Article (50) of this Law, the importer shall submit a financial guarantee, as specified by the Regulations, to the Directorate General of Customs equal to the value of the Tax due, and such guarantee shall be valid during the continuity of the tax suspension.

Article (86)

A Taxable Person may request for the payment of Tax due on import to be deferred until the submission of the Tax Return for the Tax Period in which the import took place in accordance with the conditions and procedures specified by the Regulations.

Article (87)

Tax shall be refunded in the following cases, based on the conditions and procedures specified by the Regulations:

1. Tax paid by the Taxable Person in excess of the Tax due.
2. Tax paid by any foreign government, military, diplomatic and consular bodies and missions, international organizations, heads and members of diplomatic and consular bodies accredited by the Sultanate, on the condition of reciprocity.
3. Tax paid by a Person who is not a Taxable Person and does not have any Place of Residence in the Sultanate or any GCC State.
4. Tax paid by a Person who has a Place of Residence in any GCC State and is a Taxable Person therein, and who is not a Taxable Person and does not have any Place of Residence in the Sultanate.
5. Tax paid by tourists visiting the Sultanate on goods purchased by them in the Sultanate and accompanying them in their personal baggage at the time of their departure outside the GCC.
6. Any other cases specified by a decision of the Head.

Chapter Eleven

Tax disputes

Article (88)

A Taxable Person may file an objection with the Head against the assessment of Tax or revision of the Tax Return carried out by the Authority, the decision on registration, refusal to register or cancellation of registration, within (45) forty-five days from the date of being notified of the assessment, revision, or decision in accordance with provisions of the Regulations.

The assessment of Tax or revision of the Tax Return carried out by the Authority, the decision on registration, refusal to register or cancellation of registration shall be final if the objection is not submitted within the specified time.

The submission of an objection shall not prohibit the recovery of Tax, unless postponed in accordance with the provisions of Article (90) of this Law.

Article (89)

The Authority shall reconsider the assessment of Tax or revision of the Tax Return carried out by the Authority, the decision on registration, refusal to register or cancellation of registration, if the objection is accepted, within (5) five months at the latest from the date of submitting the objection. The period may be extended by (3) three months at the latest provided the party objecting is notified.

The Head shall issue his decision in relation to the objection by upholding, revising or reducing the assessment, or cancelling or upholding the decision. Tax shall be collected in accordance with the Head's decision, if unpaid.

In the event the decision is not issued within the expiry of the specified period, the objection would be deemed to be rejected.

Article (90)

The objecting party may request deferral of the payment of the disputed Tax, in part or full, provided a request for deferral is submitted with the Head, including the reason for such an application and the Tax requested to be deferred, within (30) days from the date the objection is submitted in the manner specified in the Regulations.

The acceptance of the request to defer Tax shall be subject to the condition that the Tax not included in the request shall be paid by the objecting party.

Article (91)

A Taxable Person may file a grievance before the Committee against the Head's objection decision within (45) forty-five days from the date of being notified of the Head's decision in accordance with the provisions of the Regulations.

The decision of the Head shall be final if the grievance is not submitted within the specified time. The submission of a grievance shall not prohibit the recovery of Tax.

Article (92)

The Committee shall be constituted based on a decision of the Head that is approved by the Council of Ministers. The Committee shall consist of a Chairman, Deputy Chairman, and (3) three Members other than employees of the Authority.

The Head may appoint alternate Members. The Committee's meeting shall not be valid unless attended by the Chairman or Deputy Chairman, in case of the Chairman's absence or inability to attend, and at least (2) two of the Members. The Committee shall have a Secretary, and one or more Technical Experts appointed by a decision of the Head.

The Committee Members shall have the right to be paid sitting fees in accordance with the rules specified by the Head.

Article (93)

The Committee shall be competent to decide on grievances submitted by the Taxable Person against the Head's objection decision. The rules in relation to functioning of the Committee, records to be maintained, procedures for convening meetings, process and time limit for submitting a grievance, grievance procedures, and means and methods of notifying the decisions issued by the Committee, shall be specified in a decision issued by the Head.

In all cases, the Committee shall commit to due process, including the principles of appeal, right of defense, issuance of reasoned decisions, compliance with means of notification, and the time limits determined by this Law.

Article (94)

The Committee shall issue its decision in relation to the grievance by upholding, amending or revoking the Head's decision. Tax shall be collected in accordance with the Committee's decision, if unpaid.

The Committee meetings shall be confidential. The decisions issued shall be based on a majority vote of the present members and shall be reasoned. In the event of equal votes, the decision of the side that includes the Chairman's vote would supersede. The Chairman and the Secretary shall sign the decision within a maximum of (7) seven days from the date of issuance.

The Secretary shall notify the appellant and the Head, of the Committee's decision within a maximum of (7) days from the date of signing it.

Article (95)

The Authority, within (60) sixty days from the date of being notified of the Committee's decision, may request the correction or amendment of the decision if it contains an error in the application of the provisions of this Law, provided that the decision has not been appealed against. In all cases, the Taxable Person shall be notified of the Authority's request and the Committee's decision issued thereon.

Article (96)

The Taxable Person may appeal against the Committee's decision before a Competent Primary Court which shall consists of (3) judges, within (45) forty-five days from the date of being notified of the decision.

The submission of an appeal shall not prohibit the recovery of Tax.

Reconciliation or arbitration shall not be allowed in tax litigations.

Article (97)

The court referred to in article (96) of this law may look into the tax litigation in a confidential meeting provided that the decision must be issued expeditiously.

Article (98)

The Authority is exempted from fees for Tax litigations and appeals.

Article (99)

Without prejudice to any stricter penalty stipulated in any other law, the punishment on crimes specified under this Law are as per the penalties prescribed therein.

Article (100)

The following shall be punishable with an imprisonment for a period not less than (2) months and not exceeding (1) year, or a fine of not less than Omani Rials (1,000) one thousand and not exceeding Omani Rials (10,000) ten thousand, or both:

1. The Taxable Person deliberately refraining from appointing the Responsible Person.
2. The Responsible Person deliberately failing to notify the Authority and obtaining its approval to appoint another Responsible Person during his absence of more than ninety (90) days from the Sultanate.
3. The Taxable Person deliberately failing to notify the Authority of any changes to information in accordance with Article (65) of this Law.
4. The Responsible Person deliberately failing to appear before the Authority when required.
5. The Responsible Person deliberately failing to submit a Tax Return for any Tax Period.
6. The Taxable Person deliberately failing to maintain regular records and accounting books in accordance with the provisions of this Law.
7. The Taxable Person deliberately failing to maintain Tax Invoices and documents for the specified period, in accordance with the provisions of this Law.
8. Deliberately refraining from issuing a Tax Invoice when required in accordance with the provisions of this Law.
9. Deliberately issuing an invoice stating Tax other than the Tax imposed in accordance with the provisions of this Law.
10. Committing an act or refraining from an act to prevent the Authority's employees or delegates from carrying out its functions and tasks prescribed under this Law.
11. The Taxable Person or any Person deliberately refusing to submit any documents, data, records, accounting books, Tax Invoices or others in accordance with the provisions of Article (78) of this Law.
12. Deliberately including inaccurate data or information in a refund application.

In case of repetition of the offence, the Court may double the penalty, and the maximum limit prescribed for the punishment by imprisonment may be increased by not more than half of the limit.

Article (101)

The following shall be punishable with an imprisonment for a period not less than (1) year and not exceeding (3) years, or a fine of not less than Omani Rials (5,000) five thousand and not exceeding Omani Rials (20,000) twenty thousand, or both:

1. Deliberately refraining from registering with the Authority
2. Deliberately refraining from reporting the correct data as to the taxable amount and tax due in the return
3. Submitting forged Tax Returns, documents or records to evade payment of tax, in part or full
4. Intentionally destroying, concealing or disposing of any documents, records, accounts, statements or any other information requested by the Authority for submission in accordance with the provisions of this Law, if the destruction, concealment, or disposal is within (1) one year from the date of receipt of the Authority's notice
5. Deliberately instigating or assisting the Taxable Person in submitting incorrect returns or records or other documents in relation to the Tax liability of the Taxable Person.

The Court may order the confiscation of the means, equipment and devices used in committing the offenses mentioned in this Article.

In case of repetition of the offence, the Court may double the penalty, and the maximum limit prescribed for the punishment by imprisonment may be increased by not more than half of the limit.

Article (102)

No public prosecution proceedings or any other proceedings shall be initiated in relation to the offenses committed under this Law except at the request of the Head.



The Head may agree to a settlement in case of the above offenses prior to the issuance of the final judgment in the case, on the condition of payment of not less than double the minimum limit and not exceeding double the maximum limit of the penalty specified for the offense.

The settlement shall result in the lapse of the public proceedings and revocation of any consequences resulting from it, including the punishment judged.

Article (103)

The Regulations shall specify the administrative penalties that may be imposed on the offender, including appeal procedures, and the amount of administrative fine that may be imposed.

Chapter Thirteen Transitional Provisions

Article (104)

If an invoice is issued or Consideration is paid for the Supply of Goods or Services before the effective date of this Law or before the date of registration, and the Supply occurs after any of these two dates, the Supplier of Goods or Services will be deemed to have made a Taxable Supply after the effective date of this Law or after the date of registration, in the following two cases:

1. If the date of delivery of Goods is after the effective date of this Law or after the date of registration.
2. If the date of completion of Service is after the effective date of this Law or after the date of registration.

Article (105)

For consecutive supplies relevant to contracts entered into before the effective date of this Law or prior to the registration date, the Tax shall be due on the supply that is wholly or partially made after the effective date of Law or registration date, based on the circumstances.

In case the contract does not include a provision related to tax, then the consideration is considered to be inclusive of tax if tax is due according to the provisions of this law and that is per the Regulations.

Article (106)

Every Person who has a Place of Residence in the Sultanate and conducts an Activity in the Sultanate, before the effective date of this Law, shall be required to:

1. Calculate total value of supplies referred to in Article (56) of this Law at the end of the month in which the Law was published in the Official Gazette in addition to the (11) eleven months immediately preceding it.
2. Estimate the total value of supplies referred to in Article (56) of this Law, expected at the end of the month in which the Law is published in the Official Gazette in addition to the (11) eleven months that immediately following it.
3. Submit an application for registration with the Authority if it is expected that the total value of any of the supplies mentioned in clause (1) or (2) of this Article, exceeds the Mandatory Registration Threshold within the time limit specified by a decision of the Head.

A person whose supplies are proven to exceed the Mandatory Registration Threshold or expected within the period mentioned in clause (1) and (2) above, and who fails to apply for registration within the time limit specified in the foregoing paragraph, shall deemed to be registered for the purposes of Tax.

Thank you

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