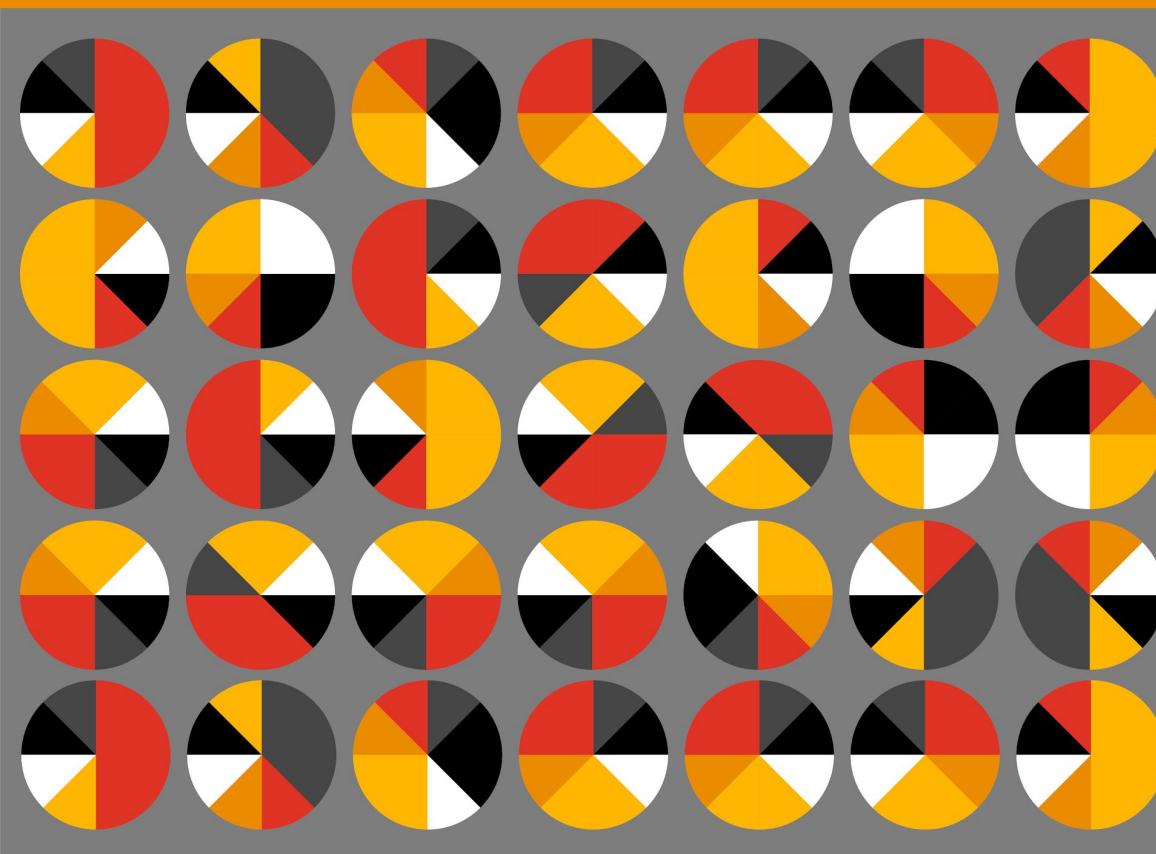


# Oman: VAT to be implemented from April 2021

October 2020



## In brief

His Majesty, the Sultan of Oman, has issued Royal Decree No. 121/2020 in relation to the introduction of VAT in Oman. VAT is expected to be implemented from April 2021. The VAT Executive Regulations are expected to be issued within six months of the issue of the Law, although practically we understand they may be issued by the end of 2020.

The Oman Tax Authority has also released some additional information on some of the features of VAT in Oman, together with some wider commentary.

## In detail

On Monday 12 October 2020, His Majesty, the Sultan of Oman, Sultan Haitham bin Tariq bin Taimur, issued Royal Decree No.121/2020 in relation to the implementation of VAT in Oman. Following the introduction of VAT in the KSA, the UAE and Bahrain, Oman will be the fourth GCC country to implement VAT in the region.

The VAT Law will set out the general principles for the application of VAT in Oman in line with the Unified GCC Agreement for Value Added Tax (VAT). The VAT Law is expected to be published in the Official Gazette on 18 October 2020 with an effective date for the introduction of VAT in April 2021.

The VAT Executive Regulations will provide more detail on specific areas of the Law and are expected to be published by December 2020.

Although the information currently available is limited, the Oman Tax Authority has begun to issue some information on the VAT Law through its social media channels, including that the following categories will not be subject to VAT at the standard rate of 5%:

1. Basic food commodities.
2. Medical care services and associated goods and services.
3. Education services and associated goods and services.
4. Requirements for people with disabilities.
5. Supplies for charities.
6. Financial services.
7. Undeveloped lands (vacant lands).
8. Resale of residential properties.
9. Passenger transport services.
10. Renting out real estate for residential purposes.
11. Supply of medicines and medical equipment.
12. Supply of investment gold, silver and platinum.
13. Supplies of international transport and interchange of goods or passengers, and the supply of associated services. The supply of marine, air and land transportation means intended for the transport of goods and passengers for commercial purposes, and the supply of goods and services associated with transport.
14. Supply of rescue and aid aircraft and vessels.
15. Supply of crude oil, petroleum derivatives and natural gas.

The issue of the Royal Decree is a significant and long awaited step in the introduction of VAT in Oman. Although further guidance is expected over the coming days and weeks, businesses should consider immediate steps on how to best prepare and assess the impact of VAT on their business activities in Oman.

## The takeaway

The Royal Decree is a significant development in preparation for the introduction of VAT in Oman. Businesses with activities in Oman will need to consider the implications of the introduction of VAT on their transactions and ensure that they are ready to comply with the new VAT requirements by April 2021.

Given the relatively short implementation timeline and the fact that the Executive Regulations may not be issued until the end of 2020, it is crucial that businesses start to plan for implementation as soon as possible.

We will provide further updates as more information becomes available, together with details of the VAT Law, in due course.



## Let's talk

For a deeper discussion on how the introduction of VAT in Oman will impact your business, please contact:

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