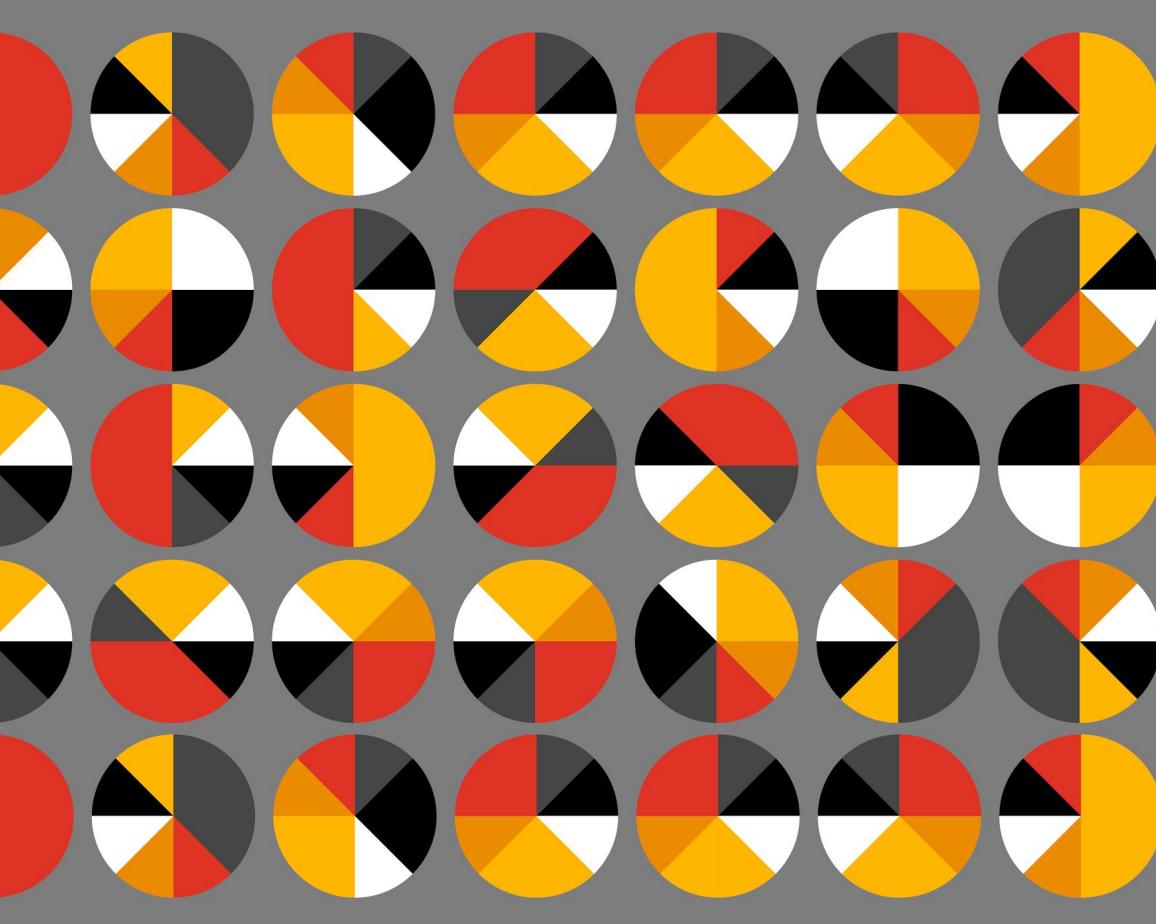


Sultanate of Oman: VAT Registration Guidance

January 2021



In brief

With almost 90 days remaining before VAT is formally implemented in Oman, the Oman Tax Authority (OTA) has released a guide on VAT registration and how to prepare for Oman VAT.

The guide confirms that the go live date for VAT in Oman is 16 April 2021 and the VAT registration will take effect in a phased manner i.e. based on the revenue of the taxable person.

In detail

Guide for VAT registration (The transitional phase)

The table below provides details of the registration categories, registration timelines and effective date of registration.

<u>Category</u>	<u>Registration timelines</u>	<u>Effective date of Registration</u>
For a person whose annual value of supplies exceeds or is expected to exceed one million (1,000,000) OMR	1 Feb 2021 - 15 Mar 2021	16 April 2021
For a person whose annual value of supplies is between 500,000 to 1,000,000 Omani Rials	1 April 2021 - 31 May 2021	1 July 2021
For a person whose annual supplies are between 250,000 and 499,999 OMR	1 July 2021 - 31 Aug 2021	1 October 2021
For a person whose annual value of supplies is between 38,500 and 249,999 OMR	1 Dec 2021 - 28 Feb 2022	1 April 2022

The key highlights of the Oman VAT registration guide:

- The guide mentions the steps that must be followed in order to register for VAT

The first step	Determine whether the person is obligated to register or not.
The second step	Determine the components of the annual supplies for the purposes of registration.
The third step	Calculate or estimate the total value of supplies for the periods that will be clarified later in this guide.
The fourth step	Confirming the registration date based on the result of calculating or estimating the total value of supplies.
The fifth step	Apply for registration according to the procedures that will be clarified by the tax authority.

- **Who is required to register for VAT?**

1. Every person with a place of residence in the Sultanate that exceeds or is expected to exceed the annual revenue generated in the Sultanate from a commercial, industrial, or insignificant activity or exceeds the mandatory registration threshold.
2. Every person who does not have a place of residence in the Sultanate and is obligated to pay tax, regardless of his income.

- **For registration purposes the value of supplies includes the following:**

1. The value of Taxable Supplies (i.e. standard rated and zero-rated supplies), excluding supplies of Capital Assets.
2. The value of goods and services supplied to the taxable person and which are subject to the calculation mechanism (reverse charge).
3. The value of intra GCC supplies of goods and services.

- **Calculating the total value of supplies for the purpose of registration**

Calculating the total value of supplies before the VAT Law comes into effect

1. Actual realised annual supplies are calculated on the basis of the value of supplies (which will be subject to tax upon entry into force of the law) that have been realised during a 12-month period that starts from November 1, 2019 to October 31, 2020.
2. The expected annual supplies are calculated based on the value of supplies which will be subject to tax upon effectiveness of the Law which is expected to be fulfilled within a period of 12 months and which starts from October 1, 2020 to September 30, 2021.

Calculating the total value of supplies after the VAT Law comes into effect

1. Actual annual supplies are calculated on the basis of the value of supplies made during a 12-month period that expires at the end of any month.
2. The expected annual supplies are calculated on the basis of the value of the supplies that are expected to be realized during the 12-month period that starts from the beginning of any month.

The registration date (in a phased manner)

After calculating the annual supplies, the person required to register must submit an application for registration with the tax authority within the dates specified by Decision of the Head of the Tax Authority.

<u>Category</u>	<u>Registration timelines</u>	<u>Effective date of Registration</u>
For a person whose annual value of supplies exceeds or is expected to exceed one million (1,000,000) OMR	1 Feb 2021 - 15 Mar 2021	16 April 2021
For a person whose annual value of supplies is between 500,000 to 1,000,000 Omani Rials	1 April 2021 - 31 May 2021	1 July 2021
For a person whose annual supplies are between 250,000 and 499,999 OMR	1 July 2021 - 31 August 2021	1 October 2021
For a person whose annual value of supplies is between 38,500 and 249,999 OMR	1 December 2021 - 28 Feb 2022	1 April 2022

The date of registration is the date on which the registration becomes effective, and the registered person must comply with all provisions of the law as of this date, such as issuing tax invoices, keeping accounting records, submitting tax declarations and other tax obligations.

- Voluntary registration**

1. Any person who has a place of residence in the Sultanate that exceeds or is expected to exceed the annual revenues generated by him from a commercial, industrial, professional or other activity the voluntary registration limit (19,250 OMR).
2. Any person who has a residence in the Sultanate that exceeds or is expected to exceed his annual expenses that he spends in the Sultanate related to a commercial, industrial, professional or other activity, voluntary registration limit (19,250 OMR).

A person who may voluntarily register may apply for his registration to the tax authority **at any time starting February 1, 2021.**

- How to apply for VAT registration?**

1. The person required to register must visit the tax authority's website at the address <https://taxoman.gov.om/portal/ar/home>
2. Log in with the electronic authentication service
3. Fill out the electronic form to register for VAT carefully
4. Ensure the correctness of the data and ensuring that the application satisfies all the required documentary requirements
5. Submit the application and keeping the receipt of the application from the tax authority
6. The tax authority reviews the registration application, and if approved, it will issue a VAT registration certificate that contains the registration number and other information such as the date of the registration commencement, tax periods, etc.

- The registration certificate must be placed in a prominent place in every location in which the activity is practiced, such as the head office, branches, shops, etc.
- Each person must obtain only one tax identification number, regardless of its branches and activities.
- The tax registrant must mention the tax identification number shown in the registration certificate in all transactions that he performs; such as tax invoices and all other documents issued by them.
- In one of the illustrations mentioned in the guide, it has been clarified that Ministry's or the Government organisations that carry out activity in the Sultanate with annual revenues exceeding the mandatory registration threshold, will have to obtain VAT registration.
- Non timely registration for VAT may attract penalties mentioned in the Oman VAT Law.

The link to the VAT registration guidance on the Oman Tax Authority website (Arabic version) can be accessed below;

<https://tms.taxoman.gov.om/portal/web/taxportal/vat-tax>

The takeaway

Oman is adopting a phased implementation approach for VAT registration and implementation. The online VAT registration for the mandatory first tranche commences from 1 February 2021. However, a person who may voluntarily register for VAT, may apply to do so from 1 February 2021.

Non timely registration for VAT may attract penalties mentioned in the Oman VAT Law.

For any VAT related queries that you may have, do feel free to contact our team of experts.

www.pwc.com/me

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Omar Al Sharif

Country Senior Partner
T: +968 24559118
omar.al-sharif@pwc.com

Darcy White

Tax and Legal Services Partner
T: +968 245 59154
darcy.white@pwc.com

Jeanine Daou,

Middle East Indirect Tax Leader
T: +971 (0)4 304 3744
jeanine.daou@pwc.com

Imran Mushtaq

Indirect Tax Director
T: +968 9679 1979
imran.x.mushtaq@pwc.com

Kanval Ashar,

Indirect Tax Senior Manager
T +968 9679 2441
kanval.x.ashar@pwc.com

Jesal Shah

Indirect Tax Manager
T +968 97127343
jesal.s.shah@pwc.com