

# Sultanate of Oman

## Zero-rating on Electric Vehicles and their spare parts

June 2023





## In brief

The Oman Tax Authority has announced that it will zero-rate the supply of electric vehicles and their spare parts, in accordance with specified conditions and controls.

No formal Ministerial Decision has been issued yet for the zero-rating on electric vehicles and their spare parts. However, an announcement has been made on the Oman Tax portal which can be accessed [here](#).

## In detail

The Oman Tax Authority has announced that it will zero-rate the supply of electric vehicles (zero-emission) and their spare parts, in accordance with the following conditions and controls:

1. The car must have a fully electric motor or a hydrogen-powered engine and be able to move independently.
2. The vehicle must be registered in the Sultanate of Oman as an electric car or a zero-emission vehicle (hydrogen car) in accordance with the applicable procedures.
3. The specifications of the vehicle must comply with the specifications and standards approved in the Sultanate of Oman.
4. The car must be purchased from a person who is registered for VAT in the Sultanate of Oman.
5. Supply of essential spare parts used exclusively in electric vehicles or zero-emission vehicles (hydrogen vehicles), by a service provider who is registered for VAT in Oman, will also be zero-rated.
6. Import of electric vehicles (i.e. zero-emission/hydrogen vehicles) will also be zero-rated, whether imported by VAT registered persons or unregistered persons in Oman. Zero-rating will apply in accordance with the procedures in force by the General Administration of Customs, and in accordance with the customs tariff items allocated to it.

# The takeaway

The zero-rating on electric vehicles and their spare parts is a welcome move by the Oman Tax Authority, contributing to the sustainable practices for ESG initiatives.

Businesses engaged in supply of electric vehicles and its spare part shall analyse in detail, the conditions and controls subject to which the zero-rating is granted, in order to ensure that the zero-rating is applied correctly and be compliant with the VAT obligations.

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## Let's talk

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

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