



The Oman Tax Authority has released its VAT guides and Executive Decisions

What are the steps for day one compliance?

In October 2020, the Sultanate of Oman announced the implementation of Value Added Tax (VAT) effective from 16 April 2021 and published its the VAT Law through Royal Decree no. 121/2020. Following this announcement the Oman Tax Authority (OTA) has initiated several measures including consultation with businesses and trade bodies on VAT and release of VAT guides, FAQs, and other useful documents to assist businesses and individuals in their VAT preparation process.

In continuation of these efforts, the OTA has recently issued the Executive Decisions:

- 1) For setting the mandatory and voluntary registration threshold (Decision no. 1/2021)
- 2) Identifying food products which are subject to VAT at zero percent (Decision no. 2/2021)
- 3) For setting registration approach and due date for registration during the transitional period (Decision no. 3/2021)

Additionally, the OTA has also released the following Arabic guides on their [official portal](#): Registration for VAT; and How to get ready for VAT.

Zero-rated food items

The OTA has provided zero-rating to a list of 93 food items based on their Harmonized System of Nomenclature (HSN) codes. The zero-rated food items list primarily includes meat, fish, poultry, milk and milk products, fresh eggs, fruits and vegetables, coffee, tea, virgin olive oil, sugar, baby foods, bread, bottled drinking water and table salt, in addition to other items. Deloitte will keep you informed as more details emerge.

As a next step, businesses dealing into these products should assess the extent of applicability of zero-rating to their products. In our experience, general classification of certain food products for zero-rating could be difficult and may need detailed analysis and/or clarification from the tax authorities.

Highlights from the VAT registration guide

The VAT registration guide provide information on requirements for both businesses and individuals. They also explain who will be liable to register, advise on registration requirements during the transitional period, as well as a step-by-step approach around determining VAT registration liability.

Who needs to register for VAT?

- Both natural and legal persons will be liable to register depending on specific criteria, such as:
 - o If they have a place of residence in Oman;
 - o If they conduct commercial, industrial, professional or other activities in Oman; and
 - o If the annual taxable supplies made/to be made by them exceed the registration threshold.
- To determine the mandatory registration threshold, the VAT guide provide two methodologies:
 - o (i) Retrospective method – where taxable turnover of current month and past 11 months needs to be considered; and
 - o (ii) Future method – where taxable turnover of current month and next 11 months needs to be considered.
- The mandatory registration threshold is set to be OMR 38,500 (~USD 100,000). Businesses/individuals not crossing the mandatory registration threshold will have an option for voluntary registration with a threshold of OMR 19,250 (~USD 50,000). This is also confirmed through an Executive Decision.
- It is also affirmed through the VAT guide that a non-resident business who is liable to pay VAT in Oman will also need to seek registration, regardless of the registration threshold.
- As per the illustration provided in the VAT guide, government bodies/entities could also be liable for registration if they carry out any economic activity.

Determination of taxable turnover

Businesses and individuals should consider the following supplies for determining the registration threshold:

- Taxable supplies (including zero-rated supplies e.g. exports);
- Imported goods and services subject to reverse charge mechanism; and
- Intra Gulf Cooperation Council (GCC) supplies of goods and services.

The VAT guide also illustrate the manner of calculation of the registration threshold and the effective date of registration.

Note: Value of exempt supplies and supplies of capital assets should be excluded from the computation.

Staggered registration during the transitional period

To assist businesses as they transition into VAT, the OTA has introduced a staggered registration process and the details on how the calculation of taxable threshold should be done. Please refer to the below table for different registration thresholds and registration due dates:

Value of annual supplies (actual or expected)	Period to apply	Registration date
Value of supplies: More than OMR 1,000,000	1 Feb 2021 to 15 March 2021	16 April 2021
Value of supplies: OMR 500,000 to OMR 1,000,000	1 April 2021 to 31 May 2021	1 July 2021
Value of supplies: OMR 250,000 to OMR 499,999	1 July 2021 to 31 August 2021	1 October 2021
Value of supplies: OMR 38,500 to OMR 249,999	1 Dec 2021 to 28 Feb 2022	1 April 2022

The voluntary registration process will begin from 1 February 2021 and will be effective from the date specified on the VAT registration certificate.

We believe this is a positive move that will help businesses transition into the VAT regime.



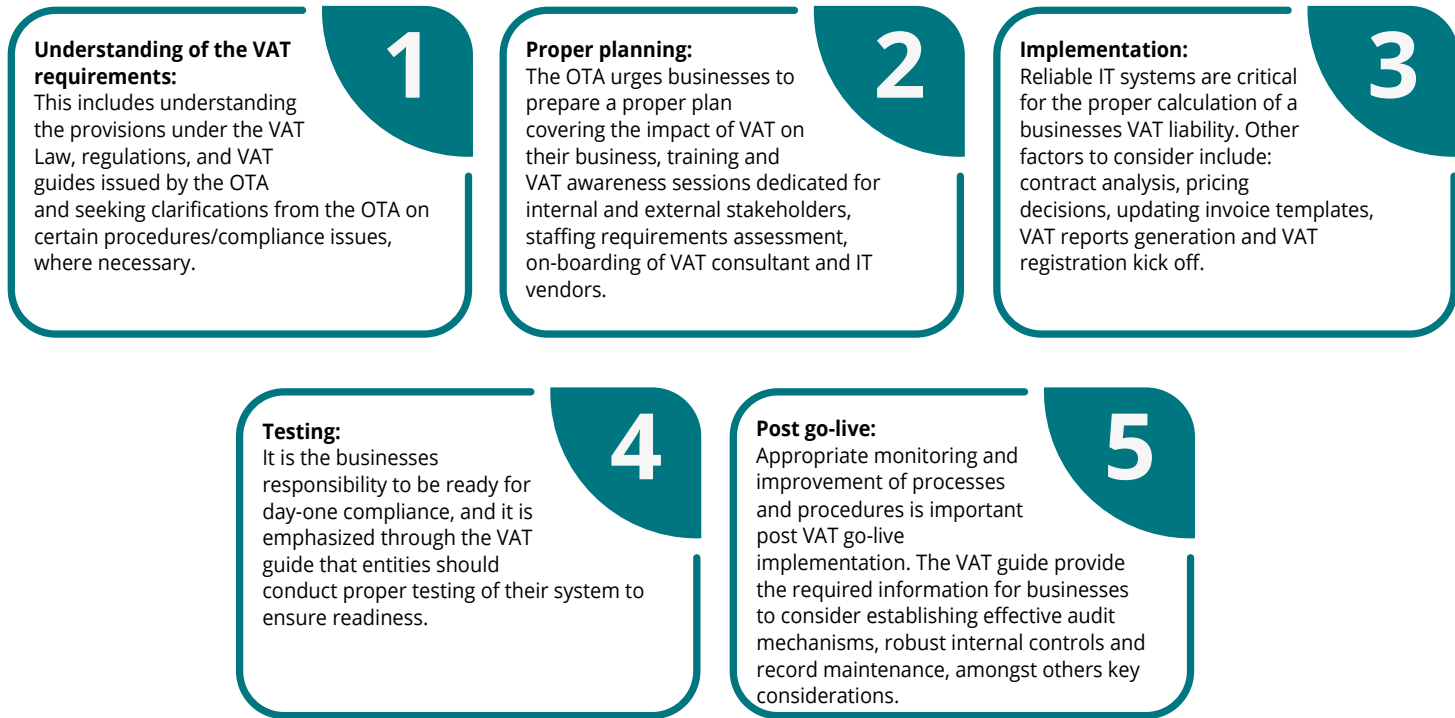
Application for VAT registration

The VAT guide detail the on-line process through which businesses and individuals need to apply for registration. The registration application needs to be submitted on-line via the [Tax Authority's portal](#) using login credentials. Post review, the OTA will issue a VAT registration certificate that will highlight the VAT registration number, registration date, tax period and more. The VAT guide state that only one registration is required per business/individual, regardless of the number of branches or activities they carry out.

The VAT registration process will be live in three weeks.

Highlights from the 'How to get ready for VAT' guide

To emphasize the need for businesses to be ready for VAT, this guideline provides the approach and different activities all business should take into consideration in order to be day-one VAT compliant. Some of the activities that the OTA deems critical and suggests businesses to consider for their VAT readiness, include:



We believe that the OTA is taking the right steps in order to support businesses as they prepare for the VAT implementation. It is however the responsibility of the business or individual to ensure they are ready for the VAT implementation. We understand that many businesses and individuals have yet to start with their VAT implementation journey and are waiting for the Executive Regulations to be issued. From our previous VAT implementation experience across other GCC countries, there is already sufficient information and guidance available within the public domain to help ensure readiness.

Contacts

Deloitte will continue to support you with your VAT implementation journey and all related queries. If you have any further questions, please get in touch with one of the team members below:

Ahmed Al Qassabi AAIqassabi@deloitte.com	Robert Tsang robertsang@deloitte.com	Mark Junkin majunkin@deloitte.com	Michael Towler mtowler@deloitte.com
Phaninder Peri pperi@deloitte.com	Shaishav Udani sudani@deloitte.com	Sunita Taijwani staijwani@deloitte.com	Preshita Bhat prebhat@deloitte.com

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte & Touche (M.E.) LLP ("DME") is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL").

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see [www.deloitte.com/about](#) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 300,000 people make an impact that matters at [www.deloitte.com](#).

DME would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME's presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME's affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides audit and assurance, consulting, financial advisory, risk advisory and tax, services through 27 offices in 15 countries with more than 5,000 partners, directors and staff.