

VAT introduction in Oman

SMEs and small advisory businesses

Oman VAT: reality

The Oman Government has passed Royal Decree No. 121/2020 dated 12 October 2020 approving the implementation of the much anticipated Value Added Tax (VAT) Law. This is a significant fiscal reform with implications for every business with supply chains in, or involving, the Sultanate.

VAT in Oman is expected to align to the Gulf Cooperation Council (GCC) Uniform VAT Agreement, a region-wide treaty stipulating fundamental VAT principles which must be followed by all GCC member states (but allowing countries to opt for varied VAT treatments and approaches). All things are not the same across the GCC: Oman VAT legislation is different in several aspects from that of the United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA), and the Kingdom of Bahrain (Bahrain).

VAT impacts on SMEs in Oman

With the forthcoming VAT implementation in the Oman, large businesses are generally better equipped to deal with the changes than smaller ones. Their resources are larger, their IT architecture is more complex, and they generally have greater financial ability to appoint VAT experts to advise on the implementation processes and to oversee ongoing VAT advisory and compliance activities.

Small and Medium Enterprises (SMEs), in contrast, may have more financial constraints to accommodate the significant business transformation resulting from introduction of the indirect tax. Their resources are more limited and their IT architecture is generally simpler. For instance, they have often managed many of their wider financial processes outside a core system – effective VAT is very likely to require updates to the system as well as manual processes. In addition, SMEs are also more resource-restricted in terms of dedicated staff and the ability to engage external VAT specialists. This can result in SMEs facing greater inefficiencies to continue trading and to comply upon the introduction of VAT, or experiencing financial difficulties as well as non-compliance costs. All of this can be a major headache, compared to an SME's size.

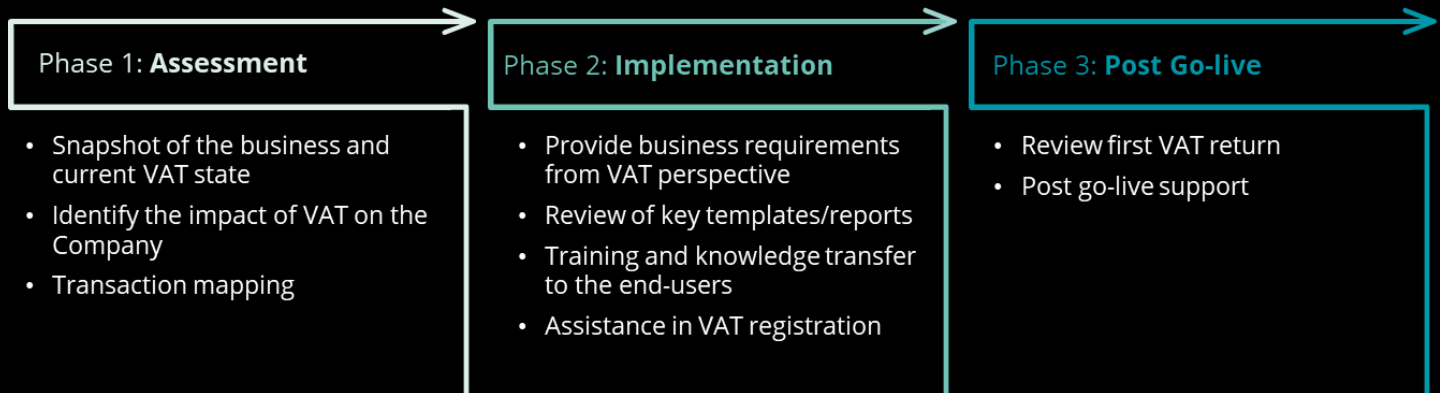
How can Deloitte help?

- Assist SMEs in a cost-effective and efficient manner, using simpler templates to help you identify the impacts of VAT that matter;
- Map business transactions in order to be ready for implementing VAT;
- Acquire the understanding of the VAT requirements you need for your business to function; and
- Put in place the fundamental processes your SME business needs to manage VAT.

Achieve all of this through Deloitte's three-phased approach, tailored to SMEs.

Deloitte's three-phased approach for SMEs

All businesses in Oman should be taking steps now in order to define strategy and implement plans, to ensure organization-wide readiness before the introduction of VAT. Each business has its own different priorities, but a successful implementation will result in VAT being effectively embedded within processes. At the end of the day you should have confidence that you will have a well-managed compliance system, producing accurate and timely VAT filings. With these goals in mind, Deloitte has developed an outcomes-focused approach designed for SMEs to help them achieve these objectives, tailored to individual needs.



Deep subject matter expertise and proven VAT implementation capabilities

At Deloitte we have a dedicated team having deep subject matter expertise and proven VAT implementation capabilities. Deloitte has been advising clients of all sizes across the GCC and globe on VAT implementation. We have also been involved at a governmental level on the introduction of VAT.

We recognize that a successful VAT implementation will require more than tax expertise. Our multi-disciplinary team combines specialist knowledge and input across key competency areas: systems and technology, people and processes, financial modelling, change management and project management. We also understand the importance of industry expertise, and have team members who bring deep experience across sectors and industries.

Let Deloitte help you on the VAT journey. Get in touch with us through the team members below, or your usual Deloitte contact.

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For further guidance and support, please get in touch with our Oman tax experts.



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