

Decision No. 79 / 2020

On Rules for Country-By-Country
Reporting

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CHARTERED ACCOUNTANTS



Decision
No. 79 / 2020
On Rules for Country-By-Country Reporting

Based on the Income Tax Law promulgated by Royal Decree No. 28/2009; and
To the Royal Decree 34/2020 Ratifying the Convention on Mutual Administrative
Assistance in Tax Matters;

In pursuant to the public interest,

It has been decided as follow:

Article One: **The annexed rules shall be followed On Country-By-Country Reporting.**

Article Two: **This decision shall be published in the Official Gazette, and shall be effective for Reporting Fiscal Years beginning on or after 1 January 2020.**

Issued on: **28 / 1 / 1441 Hijri**
Corresponding to: **17 / 9 / 2020**

Saud Nassir Al Shukaily
Chairman of Tax Authority

Rules on Country-by-Country Reporting

Article 1

In application of this Decision, the words and phrases contained therein shall have the same meaning stipulated in the aforementioned Income Tax Law, and the following words and phrases wherever mentioned shall have the meanings next to them unless the context requires otherwise:

- 1- **The Report:** The Country-By-Country Report that shall be filed in accordance with the provisions of this Decision, the recommendations of the procedures for Transfer Pricing and Country-by-Country Reporting stipulated in Action 13 of the OECD Base Erosion and Profit Shifting Project, and other directives issued by that organization.
- 2- **Designated persons:** includes the following:
 - a) **Group:** a collection of enterprises related through ownership or control such that it is either required to prepare Consolidated Financial Statements for financial reporting purposes under applicable accounting principles or would be so required if equity interests in any of the enterprises were traded on a public securities exchange.
 - b) **MNE Group:** any Group that includes two or more enterprises the tax residence for which is in different jurisdictions, or includes an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction, and is not an Excluded MNE Group.
 - c) **Excluded MNE Group:** with respect to any Fiscal Year of the Group, a Group having total consolidated group revenue of less than (RO 300 million) three hundred million Rial Omani during the Fiscal Year immediately preceding the Reporting Fiscal Year as reflected in its Consolidated Financial Statements for such preceding Fiscal Year.
- 3- **Constituent Entity:** Any of the following units:
 - a) any separate business unit of an MNE Group that is included in the Consolidated Financial Statements of the MNE Group for financial reporting purposes, or would be so included if equity interests in such business unit of an MNE Group were traded on a public securities exchange;
 - b) any such business unit that is excluded from the MNE Group's Consolidated Financial Statements solely on size or materiality grounds; and
 - c) any permanent establishment of any separate business unit of the MNE Group included in (i) or (ii) above provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes.
- 4- **Reporting Entity:** the Constituent Entity that is required to file a country-by-report conforming to the requirements in Article 6 of this Decision in its jurisdiction of tax residence on behalf of the MNE Group. The Reporting Entity may be the Ultimate

Parent Entity, the Surrogate Parent Entity, or any entity described in Article 3 of this Decision.

- 5- **Ultimate Parent Entity:** a Constituent Entity of an MNE Group that fulfill the following criteria:
 - a) it owns directly or indirectly a sufficient interest in one or more other Constituent Entities of such MNE Group such that it is required to prepare Consolidated Financial Statements under accounting principles generally applied in its jurisdiction of tax residence, or would be so required if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence; and
 - b) there is no other Constituent Entity of such MNE Group that owns directly or indirectly an interest described in subsection (a) above in the first mentioned Constituent Entity.
- 6- **Surrogate Parent Entity:** one Constituent Entity of the MNE Group that has been appointed by such MNE Group, as a sole substitute for the Ultimate Parent Entity, to file the Country-by-Country Report in that Constituent Entity's jurisdiction of tax residence, on behalf of such MNE Group, when one or more of the conditions set out in item (2) of Article 3 of this Decision applies.
- 7- **Fiscal Year:** an annual accounting period with respect to which the Ultimate Parent Entity of the MNE Group prepares its financial statements.
- 8- **Reporting Fiscal Year:** that Fiscal Year the financial and operational results of which are reflected in the Country-by-Country Report .
- 9- **Qualifying Competent Authority Agreement:** an agreement that is between authorised representatives of those jurisdictions that are parties to an International Agreement and that requires the automatic exchange of Country-by- Country Reports between the party jurisdictions.
- 10- **International Agreement:** the Multilateral Convention for Mutual Administrative Assistance in Tax Matters, any bilateral or multilateral Tax Convention, or any Tax Information Exchange Agreement to which Oman is a party, and that by its terms provides legal authority for the exchange of tax information between jurisdictions, including automatic exchange of such information.
- 11- **Consolidated Financial Statements:** the financial statements of an MNE Group in which the assets, liabilities, income, expenses and cash flows of the Ultimate Parent Entity and the Constituent Entities are presented as those of a single economic entity.
- 12- **Systemic Failure:** with respect to a jurisdiction means that a jurisdiction has a Qualifying Competent Authority Agreement in effect with Sultanate of Oman, but has suspended automatic exchange, for reasons other than those that are in accordance with the terms of that Agreement, or otherwise persistently failed to automatically provide to Oman Country-by-Country Reports in its possession of MNE Groups that have Constituent Entities in Oman.

Article 2

Each Ultimate Parent Entity of an MNE Group that is resident for tax purposes in Sultanate of Oman shall file a Country-by-Country Report to the Authority with respect to its Reporting Fiscal Year.

filing shall be made conforming to the requirements of Article 6 of this Decision on or before the date specified in Article 7 of this Decision.

Article 3

A Constituent Entity which is not the Ultimate Parent Entity of an MNE Group shall file a Country-by-Country Report conforming to the requirements of Article 6 of this Decision to the Authority with respect to the Reporting Fiscal Year of an MNE Group of which it is a Constituent Entity, on or before the date specified in Article 7, if the following criteria are fulfilled:

1. the entity is resident for tax purposes in Oman; and
2. one of the following conditions applies:
 - a) the Ultimate Parent Entity of the MNE Group is not obligated to file a Country-by-Country Report in its jurisdiction of tax residence; or,
 - b) the jurisdiction in which the Ultimate Parent Entity is resident for tax purposes has a current International Agreement to which Oman is a party but does not have a Qualifying Competent Authority Agreement in effect to which Oman is a party by the time specified in Article 7 for filing the Country-by-Country Report for the Reporting Fiscal Year; or,
 - c) there has been a Systemic Failure of the jurisdiction of tax residence of the Ultimate Parent Entity that has been notified by the competent authority to the Constituent Entity resident for tax purposes in Oman.

where there are more than one Constituent Entities of the same MNE Group that are resident for tax purposes in Oman and one or more of the conditions set out in Item (2) above apply, the MNE Group may designate one of such Constituent Entities to file to the Authority the Country-by-Country Report conforming to the requirements of Article 6 of this Decision with respect to any Reporting Fiscal Year on or before the date specified in Article 7 of this Decision, and to notify the Authority that the filing is intended to satisfy the filing requirement of all the Constituent Entities of such MNE Group that are resident for tax purposes in Oman.

Article 4

Notwithstanding the provisions of Article 3 of this Decision, when one or more of the conditions set out in Item (2)) of Article 3 apply, an entity described in that Item shall not be required to file a Country-by-Country Report to the Authority with respect to any Reporting Fiscal Year if the MNE Group of which it is a Constituent Entity has made available a Country-by-Country Report conforming to the requirements of Article 6 of this Decision with respect to such Fiscal Year through a Surrogate Parent Entity that files that Country-by-Country Report with the tax authority of its jurisdiction of tax residence on or before the date specified in Article 7 of this Decision and that satisfies the following conditions:

1. the jurisdiction of tax residence of the Surrogate Parent Entity requires filing of Country-by-Country Reports conforming to the requirements of Article 6 of this Decision;
2. the jurisdiction of tax residence of the Surrogate Parent Entity has a Qualifying Competent Authority Agreement in effect to which Oman is a party by the time specified in Article 7 of this Decision for filing the Country-by-Country Report for the Reporting Fiscal Year;
3. the jurisdiction of tax residence of the Surrogate Parent Entity has not notified the Authority of a Systemic Failure;

4. the jurisdiction of tax residence of the Surrogate Parent Entity has been notified in accordance with paragraph 1 of Article 3 by the Constituent Entity resident for tax purposes in its jurisdiction that it is the Surrogate Parent Entity; and
5. a notification has been provided to the Authority in accordance with paragraph 2 of Article 5 of this Decision.

Article 5

Any Constituent Entity of an MNE Group that is resident for tax purposes in Sultanate of Oman shall notify the Authority whether it is the Ultimate Parent Entity or the Surrogate Parent Entity, no later than the last day of the Reporting Fiscal Year of such MNE Group.

Where a Constituent Entity of an MNE Group that is resident for tax purposes in Oman is not the Ultimate Parent Entity nor the Surrogate Parent Entity, it shall notify the Authority of the identity and tax residence of the Reporting Entity, no later than the last day of the Reporting Fiscal Year of such MNE Group.

Article 6

A Country-by-Country Report filed to the Authority with respect to an MNE Group is a report containing:

1. Aggregate information relating to the amount of revenue, profit (loss) before income tax, income tax paid, income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNE Group operates;
2. An identification of each Constituent Entity of the MNE Group setting out the jurisdiction of tax residence of such Constituent Entity, and where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such Constituent Entity is organised, and the nature of the main business activity or activities of such Constituent Entity.

filing to the Authority shall be made electronically through the standard templates set out for this purpose.

Article 7

The Country-by-Country Report required by this Decision shall be filed no later than 12 months after the last day of the Reporting Fiscal Year of the MNE Group.

Article 8

The Authority shall use the Country-by-Country Reports for purposes of assessing high-level transfer pricing risks and other base erosion and profit shifting related risks in Sultanate of Oman, including assessing the risk of non-compliance by members of the MNE Group with applicable transfer pricing rules, and where appropriate for economic and statistical analysis. Transfer pricing adjustments by the Authority shall not be based on the Country-by-Country Report.

قائمة الدول المشاركة مع عمان في التبادل التلقائي لتقارير كل دولة على حدة
List of reportable jurisdictions participating with Oman for the automatic exchange of Country-by- Country Reports

| Reportable Jurisdiction | السلطة المختصة في الدولة | |
|-------------------------|--------------------------|----|
| Portugal | البرتغال | 1 |
| Sweden | السويد | 2 |
| Denmark | الدنمارك | 3 |
| China | الصين | 4 |
| United Kingdom | المملكة المتحدة | 5 |
| Austria | النمسا | 6 |
| India | الهند | 7 |
| Japan | اليابان | 8 |
| Greece | اليونان | 9 |
| Spain | إسبانيا | 10 |
| Estonia | إستونيا | 11 |
| Italy | إيطاليا | 12 |
| Germany | ألمانيا | 13 |
| Ireland | إيرلندا | 14 |
| Belgium | بلجيكا | 15 |
| Bulgaria | بلغاريا | 16 |
| Poland | بولندا | 17 |
| Czech Republic | جمهورية التشيك | 18 |
| Slovak Republic | جمهورية سلوفاكيا | 19 |
| Romania | رومانيا | 20 |
| Slovenia | سلوفينيا | 21 |
| Singapore | سنغافورة | 22 |
| France | فرنسا | 23 |
| Finland | فنلندا | 24 |
| Cyprus | قبرص | 25 |
| Croatia | كرواتيا | 26 |
| Latvia | لاتفيا | 27 |
| Luxembourg | لوكسمبورج | 28 |
| Lithuania | ليتوانيا | 29 |
| Malta | مالطا | 30 |
| Hungary | هنغاريا | 31 |
| Netherlands | هولندا | 32 |