



## **ROYAL DECREE NO. 121/2020**

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PROMULGATING THE VALUE ADDED TAX LAW

 **G S P U & ASSOCIATES LLC**  
CHARTERED ACCOUNTANTS



**Sultanate of Oman**

**Tax Authority**

# **VALUE ADDED TAX LAW**

The English translation of the Law is intended for general guidance only.  
In the event of any ambiguity or discrepancy between the English and  
Arabic texts, the Arabic shall prevail.

**ROYAL DECREE  
NO. 121/2020**

**PROMULGATING THE VALUE ADDED TAX LAW**

**We, Haitham bin Tariq,**

**The Sultan of Oman,**

After the perusal of the Basic Law,

And the Royal Decree No. 67\2003, in application of the Common Customs Law of the States of the Gulf Cooperation Council,

Following the presentation to the Council of Oman,

And in the public interest.

**Hereby decide the following**

**Article One**

The accompanying Value Added Tax Law shall take effect.

**Article Two**

The Chairman of the Tax Authority shall issue the Executive Regulations of the accompanying Law within a period not exceeding (6) months from its date of enforcement and shall issue the decisions necessary to implement its provisions.

### **Article Three**

All that contravenes the accompanying Law or contradicts with its provisions shall be repealed.

### **Article Four**

This Decree shall be published in the Official Gazette and shall come into force after (180) one hundred and eighty days from the date of publication.

**Issued on: 24 Safar 1442 AH**

**Corresponding to: 12 October 2020**

**Haitham bin Tariq,**

**Sultan of Oman**

# **Value Added Tax Law**

## **Chapter One Definitions and General Provisions**

### **Article (1)**

In application of the provisions of this Law, the following words and expressions shall bear the meaning set forth against each of them, unless the context otherwise requires:

**Authority:** The Tax Authority.

**Chairman:** The Chairman of the Authority.

**Directorate General of Customs:** The Directorate General of Customs at the Royal Oman Police.

**Council:** The Gulf Cooperation Council of the Arabic Gulf States.

**Common Customs Law:** Common Customs Law of the States of the Gulf Cooperation Council.

**Tax:** Value added tax imposed in accordance with the provisions of this Law on the Import and Supply of Goods or Services at each stage of production and distribution.

**Additional Tax:** Tax imposed at (1%) one percent on the value of Tax not paid, and that is on every month of being overdue or part of a month from the end of the specified period for settlement until the settlement date.

**Person:** Any natural or juristic person, including joint ventures, and partnership agreements signed outside the Sultanate which do not acquire the form of a company.

**Responsible Person:** Any person related through any relation to the Taxable Person and represents him in executing the obligations pursuant to the provisions of this Law.

**Taxable Person:** The person who conducts the activity independently for the purpose of generating income and is registered with the Authority or is required to register with it pursuant to the provisions of this Law.

**Mandatory Registration Threshold:** The minimum value of actual supplies, that result in the Taxable Person becoming obligated to register for Tax purposes pursuant to the provisions of the Law.

**Voluntary Registration Threshold:** The minimum value of actual supplies, that result in the Taxable Person becoming obligated to register for Tax purposes.

**Tax Return:** Data and information specified for the purposes of the Tax, which the Taxable Person must submit according to the form prepared for such purpose by the Authority.

**Tax Invoice:** Every written document, or electronic, the Taxable Person must issue, and in which the details must be stated pursuant to the provisions of the Law.

**Taxable Trader:** The trader whose main activity is the distribution of oil, gas, electricity or water.

**Related Persons:** Two or more persons, where one has the authority to direct and oversee the others, where he has the managerial authority that enables him to influence the work of the other persons financially, economically and organizationally, and that includes persons that are subject to the authority of a third person that enables him to influence the work of the other persons financially, economically and organizationally.

**Tax Year:** (12) Twelve months starting from the first of January and ending on the end of December of every Gregorian year.

**Tax Period:** The time period for which net Tax must be calculated and Tax Return submitted pursuant to provision of article (71) of the Law.

**Activity:** The activity that is conducted in a continuous and regular manner, particularly commercial, industrial, professional, artisanal, or service activity.

**Input Tax:** The Tax borne by the Taxable Person in respect of the Goods or Services supplied to him or imported for the purpose of conducting the activity.

**Output Tax:** The Tax due that is charged on Taxable Supplies of Goods and Services.

**First Point of Entry:** The first customs entry check point for Goods entering the GCC region from abroad in accordance with the Common Customs Law.

**Final Destination Point of Entry:** The customs check point for entry of Goods into the state of final destination of such Goods in the GCC region in accordance with the Common Customs Law.

**Taxable Value:** The value used as a base to compute Tax in accordance with the provisions of this Law.

**Supply:** A supply of Goods or Services for Consideration in accordance with this Law.

**Intra-GCC Supplies:** Supplies of Goods or Services that are made by a Supplier that has a Place of Residence in the Sultanate to a Customer resident in a GCC state or vice versa.

**Taxable Supplies:** The supplies on which Tax is charged at the standard or zero rate, and the Input Tax related thereto is deductible according to the provision of this Law.

**Exempt Supplies:** Supplies which are not taxed and the Input Tax related thereto shall not be deducted in accordance with the provisions of this Law.

**Deemed Supply:** Everything that is considered as a Supply in accordance with the cases stated in articles (14) and (17) of this Law.

**Consideration:** Everything collected or to be collected by the Taxable Supplier from the Customer or a third party for the Supply of Goods or Services inclusive of the Tax.

**Workplace:** The place where a person is legally established, or the place of the center of actual management, and in which the main decisions for

running the business are taken when such place is different from the place of establishment.

**Fixed Establishment:** The fixed place of the activity other than the Workplace, through which any foreign person conducts his activity in the Sultanate partially or in full either directly or through an affiliated agent.

**Place of Residence:** The place where the Workplace or Fixed Establishment is located, or the place of usual residence with respect to a natural person that does not have a Workplace or Permanent Establishment, or the place most closely associated with the supply if the person has a residence in more than one State.

**Goods:** All tangible assets and includes - in particular - water and all types of energy including electricity and gas.

**Supplier:** The person who supplies Goods or Services.

**Customer:** The person who receives Goods or Services.

**Reverse Calculation (Charge) Mechanism:** The mechanism under which the taxable Customer is liable to tax on behalf of the Supplier and is responsible for all the obligations stipulated in this Law.

**Import:** The entry of Goods from outside the GCC region into the Sultanate in accordance with the provisions of the Common Customs Law.

**Export:** the exit of Goods from the Sultanate to outside the GCC in accordance with the provisions of the Common Customs Law.

**Committee:** The Tax Appeals Committee as stipulated in Article (92) of this Law.

**Regulations:** The executive regulations of this Law.



## **Article (2)**

The Responsible Person is determined as follows:

1. With respect to the sole proprietorship: The owner or the manager in charge and in the event of the imposition of judicial guardianship or declared bankruptcy, the judicial guardianship or the bankruptcy manager – per the circumstances- is the Responsible Person.
2. With respect of the Omani company:
  - A. One person Company: The owner or manager in charge
  - B. General Partnership or Limited Partnership: Partner or manager in a company.
  - C. Joint Venture Company: The manager approved by the partners to undertake the Company's management activities, whether from among the partners or a third party.
  - D. Joint Stock Company: The chairman of the board of directors or the manager authorized by the board of directors.
  - E. Limited Liability Company: Company's manager or the person responsible for management.

In the event of imposing the judicial guardianship or declaring bankruptcy or liquidation, the judicial guard or Bankruptcy Manager or liquidator is the Responsible Person – as per the circumstances.

3. With respect to the Fixed Establishment:
  - A. The owner or manager.
  - B. The agent of the owner of the Fixed Establishment, in the case of conducting its activity in the Sultanate through an agent.
  - C. The judicial guard or Bankruptcy Manager in the case of imposing the judicial guardianship or declaring bankruptcy or liquidation.
4. In respect of any person with no Place of Residence in the Sultanate: any person having a Place of Residence in the Sultanate and appointed by that person.

The Chairman, through a decision, may determine the credentials for the Responsible Person.

### **Article (3)**

Subject to the provisions of Article (2) of this Law, the Taxable Person shall appoint the Responsible Person and notify the Authority of this in accordance with the procedures determined by the Regulations.

In the event of the Taxable Person does not appoint the Responsible Person, the Chairman may appoint a person that has a relation with the Taxable Person's activity provided that the taxable person is notified.

### **Article (4)**

The Responsible Person shall not be outside the Sultanate for a period exceeding (90) ninety days during the Tax Year unless he has notified the Authority and the Authority has agreed to appoint another Responsible Person during the entire period of his absence.

### **Article (5)**

The units of the administrative authorities of the State must provide the Authority with the data and information relevant to the application of the provisions of this law, when requested.

### **Article (6)**

In the application of the provisions of this Law, the secretariat of the relevant court shall upon the request of the Authority, provide copies of the following:

1. Records of seized movables and the dates specified for sale, immediately upon the issuance of the sale order by the Execution Judge.
2. Declarations deposited by the person in custody, immediately upon submission of the declaration.
3. Notices which are issued for the execution on the real estate after it is registered with the relevant Land Registry Secretariat immediately upon registration of the notice .

### **Article (7)**

Every person who carries out procedures for the sale by public auction of movables or real estate related to the Taxable Person, shall notify the Authority of the date specified for sale. The notification shall be made at least (10) ten days before this date.

### **Article (8)**

In case where information related to a Taxable Person is required from a Licensed Bank for the purpose of applying the provisions of this Law, the Authority shall address the request to the Central Bank of Oman who will transfer it to the Licensed Bank. The Licensed bank shall directly inform the Authority of the information related to the Taxable Person within the period it specified, along with notification of that to its taxable Customer.

### **Article (9)**

The information and data related to the Taxable Person should be strictly confidential, and must not be disclosed except in cases authorized by law, or with the explicit written agreement of the Taxable Person, or in execution of a court decision or judgment, or in execution of the Committee's decision.

### **Article (10)**

The Taxable Person must submit the Tax Returns, financial statements, records, documents and others to the Authority electronically, and may – exemption- by hand, or registered mail, as determined by the Regulations.

### **Article (11)**

The notification of the Taxable Person or any other person of assessments and decisions that are issued by the Authority electronically, and may – exemption- by hand, or registered mail, as determined by the Regulations.

## **Chapter Two Taxation**

### **Article (12)**

The Tax shall be imposed on the following transactions:

1. The supply of Goods or Services by the Taxable Person in the Sultanate, including the Deemed Supply.
2. Receiving Goods or Services by the taxable Customer from a Supplier who has no Place of Residence in the Sultanate and is not subject to Tax in the Sultanate in the cases where the Reverse Calculation (Charge) Mechanism is applied.
3. Import of Goods.

### **Article (13)**

The supply of Goods means, in the application of this Law, the transfer of ownership of the Goods or to dispose them as an owner, including in particular, the following:

1. Assigning possession of Goods under an agreement which stipulates the transfer of ownership of these Goods, or the possibility of transferring it subsequent to the date of the agreement, on a date no later than the date when Consideration is paid in full.
2. Granting of rights in rem branching from ownership.
3. Seizing ownership of Goods compulsorily for Consideration in accordance with the relevant laws.

### **Article (14)**

The following shall be considered as a supply of Goods in application of the provisions of this Law:

1. Disposal of Goods, for purposes other than the Activity, whether with or without a Consideration.
2. Changing the use of Goods to use for non-Taxable Supplies.
3. Retaining of Goods after ceasing to carry on an the Activity.
4. Supplying Goods without Consideration, unless the supply is related to the Activity, such as gifts or free samples.

Provided that in all cases –to consider it as a supply of Goods-, the Taxable Person has deducted the Input Tax related to those Goods.

### **Article (15)**

The transfer of Goods -which are part of the assets of any Taxable Person's Activity- from any GCC State to the Sultanate (or vice versa) is considered as a supply of Goods, with the exception of the following:

1. If the transfer of the Goods is temporary according to terms of temporary entry prescribed in the Common Customs Law.
2. If the transfer of the Goods is part of another taxable supply in the Sultanate or the State where the Goods was moved to.

### **Article (16)**

Supply of Services means, in the application of the provisions of this Law, any supply not considered as a supply of Goods.

It includes, in particular, Services related to granting, assigning, and waiving any rights, including declining to perform an activity

### **Article (17)**

The following shall be considered as a supply of Services in application of the provisions of this Law:

1. The use of Goods by the Taxable Person -which are considered part of his assets- without Consideration for purposes other than the Activity.
2. Supplying of Services without Consideration.

Provided that in all cases – to consider it as a supply of Services-, the Taxable Person has deducted the Input Tax related to those Services.

### **Article (18)**

The supply of Goods or Services are not subject to Tax in the following cases and that is in accordance with the circumstances and conditions determined by the Regulations:

1. The supply made by any person in a Tax Group to another person in the same group, except the Deemed Supply.

2. The supply made between an insurer and an insured in the context of insurance claims' settlement under an insurance contract that is taxable pursuant to the provisions of this Law.
3. The Taxable Person making supplies of Goods or Services which are considered to be partially or in full part of transferring his activity to another Taxable Person.

### **Article (19)**

Supply of Goods or Services made by an agent working in the name of a principal and on his behalf is considered as a supply by the principal, except for the supply of Goods or Services from the agent to the principal in the scope of the agent's regular Activity.

The supply of Goods or Services by an agent working in his name, and on behalf of a principal is considered as a supply by the agent.

### **Article (20)**

In the event that the Taxable Person receives Goods or Services from a Supplier who has a Place of Residence in any of the GCC states, he shall be considered as if he has supplied these Goods or Services to himself. Such supply shall be subject to Tax according to the Reverse Calculation (Charge) Mechanism.

If a Taxable Person receives Services from a Supplier who has no Place of Residence in any of the GCC States, he shall be considered as if he has supplied the Services to himself. Such supply shall be subject to Tax in accordance with the Reverse Calculation (Charge) Mechanism.

## **Chapter Three**

### **Tax due**

#### **Article (21)**

The place of supply of Goods is in the Sultanate in the following two cases:

1. If the Goods are put at the disposal of the Customer in the Sultanate, in relation to a supply without dispatch or transportation.
2. If the Goods are in the Sultanate at the start of transportation or dispatch made by a Supplier or to the account of the Customer, in relation to a supply with dispatch or transportation.

The place of supply of intra GCC supply of Goods that is made between the Sultanate and one of the GCC states or vice versa, is determined in accordance with the rules of the Regulations.

#### **Article (22)**

As an exception to the provisions of article (21) of this Law, the place of supply related to the supply of oil, gas and water performed through pipe lines, and the supply of electricity is determined per the following:

1. If the supply was from a Taxable Person who has a Place of Residence in any GCC state to a Taxable Trader who has a Place of Residence in the Sultanate or vice versa, the place of supply is the Place of Residence of the Taxable Trader.
2. If the supply is to a person who is not a Taxable Trader, the place of supply is the actual place of consumption.

#### **Article (23)**

The place of supply of Services is in the Sultanate if the taxable Supplier has a Place of Residence in it, provided the Customer is not taxable and not registered in any GCC state.

Otherwise, the place of supply of Services, shall be at the Customer's Place of Residence.

## **Article (24)**

As an exception to article (23) of this Law, the place of supply related to the following Services is as follows:

1. Transport Services of Goods and passengers, and related Services shall be at the place where transportation begins.
2. The Services related to real estate shall be at the place where the property is located.
3. The rental Services of means of transport by a taxable Supplier to a non-taxable Customer shall be at the place where the means of transport are put at the Customer's disposal.
4. The wired and wireless telecommunication Services and electronically supplied Services shall be at the place of actual use or benefit of these Services.
5. The place of supply of restaurant and hotel Services, provision of food and beverages, cultural, artistic, sport, educational and recreational Services and Services related to Goods transported and supplied to a non-taxable Customer, is the place of actual performance.

## **Article (25)**

The place of import of Goods is in the Sultanate in the following two cases:

1. If the Sultanate is the First Point of Entry for the imported Goods
2. If the Sultanate is the place of release of the imported Goods from suspension in case where the imported Goods are subject to any suspension scheme to custom duties in accordance with Common Customs Law.

## **Article (26)**

The Tax on the supply of Goods or Services shall be due on any of the following dates whichever is earlier and in accordance with the regulations:

1. Date of the supply
2. Date of issuance of the Tax Invoice
3. Date of partial or full receipt of the Consideration and to the extent of the received amount.



### **Article (27)**

The Tax is due on supplies, which entail the issuance of invoices or payment in a successive manner, on the date of payment specified in the invoice or on the date of payment, whichever is earlier, and at least once every twelve (12) consecutive months.

### **Article (28)**

The Tax due dates on the supply of prepaid calling cards or vouchers or other similar supplies will be determined by the Regulations.

### **Article (29)**

The Tax shall be due upon importation on any of the following dates as per to the circumstances:

1. Date of Import of Goods.
2. Date of the entry of Goods at the First Point of Entry in accordance with the provisions of the Common Customs Law.
3. Date of release of the imported Goods at the end of the suspension of the Tax payment in case the Goods are subject to any suspension of the customs duties in accordance with the provisions of the Common Customs Law.

### **Article (30)**

When a person issues an invoice recording an amount of Tax, the Tax shall be due on the issuance date of that invoice.

## **Chapter Four The Taxable Value**

### **Article (31)**

The Taxable Value shall be the value of the Consideration without the Tax, the value shall include all expenses charged by the taxable Supplier to the Customer, any fees or taxes due as a result of the supply except for deductions, subsidies, grants or amounts determined by the Regulations.

### **Article (32)**

Where a supply of Goods or Services takes place between related parties the Taxable Value shall be the market value as determined by the regulations, in cases where the value of the supply is less than the market value.

### **Article (33)**

In cases of Deemed Supply, the Taxable Value is the value of purchase or cost. In cases where the value of purchase or cost cannot be determined, the Taxable Value will be determined by the market value as per the Regulations.

### **Article (34)**

The Taxable Value of imported Goods shall be calculated in accordance with the customs value prescribed by the Common Customs Law, plus any taxes or other charges due on the import of Goods.

### **Article (35)**

The Taxable Value of Goods which are temporarily exported to outside the GCC territory for completion of manufacturing or repair, shall be determined when reimported on the basis of value added to them as provided in the Common Custom Law.

## **Chapter Five Tax Calculation**

### **Article (36)**

Subject to the provisions in articles (51, 52, and 53) of this Law, the Tax on the import and supply of taxable Goods or Services shall be computed as (5%) five percent of the Taxable Value.

### **Article (37)**

The Taxable Person shall present the prices of Goods and Services inclusive of the Tax.

### **Article (38)**

The Tax due and payable by any Taxable Person for any Tax Period shall be computed as the excess amount of the total value of Output Tax less than the total value of Input Tax deductible for that period.

The Taxable Person is entitled for to refund it, in case where the total value of Output Tax is less than the total value of Input Tax during that period, or transfer and deduct it from any other due tax of a later Tax Period.

### **Article (39)**

The Tax related to the sale of used Goods within the scope of the Taxable Person's regular Activity is determined in accordance with the profit margin mechanism as determined in the Regulations.

### **Article (40)**

The Taxable Person may adjust the Value of Tax due in the following cases, and in accordance with the conditions and controls determined by the Regulations:

1. If the supply is cancelled or rejected –partially or in full-.
2. If the supply's value is reduced.
3. If the Consideration is not collected –partially or in full-.
4. Any other cases determined by the Regulations.

### **Article (41)**

The Taxable Person is entitled to deduct the Input Tax for any Tax Period, that he bore on his Taxable Supplies or Goods he imported during that period, or when he is obligated to settle the Tax as he is considered the recipient in accordance with the Reverse Calculation (Charge) Mechanism.

### **Article (42)**

The Input Tax may be deducted if the Taxable Person has made taxable and other exempted supplies or if the Taxable Supplies or the Goods imported are partially used for purposes other than the Activity, in accordance with the conditions and procedures determined by the Regulations.

### **Article (43)**

The Input Tax on Goods that are prohibited to be imported, supplied or exported under the laws in force may not be deducted.

### **Article (44)**

The Taxable Person may request to postpone the deduction of the Input Tax related to any Tax Period to any other coming Tax Period.

The Taxable Person's right to claim Input Tax deductions shall be extinguished (3) three years from the end of the Tax Period during which the right to deduct was created.

### **Article (45)**

The Taxable Person must adjust the Input Tax previously deducted when receiving Goods or Services supplied to him in the following cases, and in accordance with the conditions and procedures determined by the Regulations:

1. Cancellation of the supply -partially or in full-.
2. Reduction in the value of the supply.
3. Non-payment of the Consideration –partially or in full-.
4. Changing the use of capital assets.

The Taxable Person is not required to adjust the Input Tax in cases of proven loss, damage or theft of Goods, or in case the Goods are used as commercial samples or gifts.

### **Article (46)**

The Taxable Person is entitled to deduct the Input Tax he bore on the Taxable Supplies or on the Goods he imported within the period prior to the date of registration, in accordance to the circumstances and conditions determined by the Regulations.

**Chapter Six**  
**Exempted Supplies and Taxable Supplies at zero rate**

**Article (47)**

The following supplies shall be exempt from Tax in accordance with the conditions and controls determined by the Regulations:

1. Financial Services.
2. Healthcare Services and related Goods and Services.
3. Educational Services and related Goods and Services.
4. Undeveloped land (bare land).
5. Resale of residential properties.
6. Local passenger transport.
7. Rental of properties for residential purposes.

**Article (48)**

The following Imported Goods shall be exempted from Tax:

1. Imported Goods in cases where the supply of such Goods is exempted from Tax or subject to Tax at a rate of zero percent in the Final Destination Point of Entry.
2. Imported Goods in favor of Diplomatic and consular Bodies, and international organizations, and to Heads and members of consular and consular bodies certified by the Sultanate, on the condition of reciprocity.
3. Anything imported to the Armed Forces and Internal Security Forces in all its divisions such as ammunition, weapons, supplies, and military means of transport and its parts.
4. Personal effects and used household appliances brought by citizens residing abroad and foreigners who are coming to stay in the country for the first time.
5. The supplies for non-profit charities.
6. Returned Goods.

The exemption is subject to the conditions and rules specified in the Common Customs Law.

#### **Article (49)**

Personal baggage and gifts accompanying travelers arriving in the Sultanate, and requisites for people with special needs are exempt from Tax in accordance with the conditions and rules determined in the Regulations.

#### **Article (50)**

Tax payment is suspended on imported Goods in cases where the customs duty on these Goods is suspended in accordance with the provisions of the Common Customs Law.

#### **Article (51)**

The following supplies are subject to Tax at the zero rate in accordance with the limits, conditions and circumstances determined by the Regulations:

1. Supply of Food items specified by a decision from the Chairman
2. Supply of Medicines and medical equipment in accordance with the rules determined by the issuance of a decision by the Chairman and after coordination with the specialized authorities.
3. The supply of investment gold, silver, and platinum.
4. Supplies of international and intra GCC transport of Goods or passengers, and supply of Services in connection with this transport.
5. The supply of air, sea and land means of transport that are designated for the transportation of passengers and Goods for commercial purposes and the supply of Goods and Services related to transport.
6. The supply of rescue planes, and rescue and assistance boats

7. The supply of oil, oil derivatives and natural gas.

### **Article (52)**

The supplies made to outside the GCC territory shall be subject to Tax at the zero rate in accordance with the conditions determined by the Regulations in the following cases:

1. Export of Goods.
2. Supply of Goods or Services to or within one of the custom duty suspension cases mentioned in the Common Customs Law.
3. Re export of Goods that have been temporarily imported to the Sultanate for repair, refurbishment, conversion or processing, and Services added to it.
4. Supply of Services by a taxable Supplier that has a Place of Residence in the Sultanate to a Customer that does not have a Place of Residence in the GCC States, provided that he benefits from this service outside the GCC States, except the Services set forth in article (24) of this Law.

### **Article (53)**

The supply of Goods or Services that are exempt from Tax in the Sultanate and that are supplied to outside of the GCC States shall be zero-rated.



## **Article (54)**

Supplies of Goods and Services from, to or within special economic zones shall be treated with the same treatment determined for the customs suspension cases per the Law, and in accordance with the Regulations.

## **Chapter Seven Registration**

### **Article (55)**

Every person who conducts the Activity and has a Place of Residence in the Sultanate shall register with the Authority in the following two cases:

1. If the total value of supplies achieved at the end of any month in addition to the eleven months immediately preceding it, exceeds the Mandatory Registration Threshold.
2. If the total value of supplies, which is expected to be achieved at the end of any month in addition to the eleven months immediately following it, exceeds the Mandatory Registration Threshold.

The Mandatory Registration Threshold shall be determined and amended with a decision from the Chairman after the approval of the Cabinet of Ministers.

### **Article (56)**

For the purpose of applying the provisions of this chapter, the value of supplies shall include the following:

1. Value of Taxable Supplies –except supplies of capital assets.
2. Value of the Goods and Services supplied to the Taxable Person and subject to the Reverse Calculation (Charge) Mechanism.
3. Value of Intra GCC supplies of Goods and Services.

### **Article (57)**

Every person who has no Place of Residence in the Sultanate, shall register with the Authority, and that is from the date on which he is obliged to pay the Tax in accordance with the provisions of this Law.

He may appoint a tax agent, after obtaining the approval of the Authority, and the tax agent will replace the person in all that is related to his tax liabilities and rights, and the Regulations shall determine the conditions and procedures to appoint the tax representative.

### **Article (58)**

Two or more persons may register with the Authority as a Tax Group in accordance with the conditions determined by the Regulations.

The Tax Group will be treated – for the purpose of applying the provisions of this Law- as a Taxable Person that is independent from all members of the Tax Group, and all the members in the Tax Group will be severally liable for the group's Tax obligations that arise during their membership.

### **Article (59)**

The Authority shall register any person who is obliged to register in accordance with the provision of the two articles (55) and (57) of this Law, in case the registration was not made within the time limit set by the Law.

The Authority shall register any Related Persons who have similar or correlated activities if the total of their annual supplies exceeded the Mandatory Registration Threshold in accordance with the conditions and rules determined by the Regulations.

### **Article (60)**

A person who is obliged to register and who conducts Taxable Supplies at a rate of zero percent in accordance with the provisions of this Law may apply to the Authority for exemption from registration, in accordance with the conditions and procedures determined by the Regulations.

### **Article (61)**

Any person who has a Place of Residence in the Sultanate that provides Taxable Supplies and is not obliged to register in accordance with the provisions of Article (55) of this Law may apply for voluntary registration in the following two cases:

1. If the total value of supplies achieved or expenses spent at the end of any month in addition to the eleven months immediately preceding it, exceeds the Voluntary Registration Threshold.
2. If the total value of supplies, which is expected to be achieved or expenses expected to be spent at the end of any month in addition to the following eleven months, exceeds the Voluntary Registration Threshold.

The Voluntary Registration Threshold shall be determined and amended with a decision from the Chairman after the approval of the Cabinet of Ministers.

### **Article (62)**

Registration application shall be submitted to the Authority in accordance with the form prepared for this purpose. The Authority shall keep a register for recording the registration applications and its data after reviewing and inspecting their validity, and it will provide the Taxable Person with a registration certificate in accordance with the Regulations.

### **Article (63)**

The Authority may reject the submitted registration application if it does not meet the registration conditions, and it must notify the Taxable Person of the rejection decision and the reasons behind the decision.

### **Article (64)**

The Taxable Person that has been issued a registration certificate must include the tax identification number on all communications, invoices, documents, issued by him and returns and notices he is requested to submit to the Authority in accordance with the provisions of this Law.

### **Article (65)**

The Taxable Person shall notify the Authority in writing for any changes that occurred on data previously submitted in the registration application within (30) thirty days from occurrence of the changes.

The Authority will issue a Tax certificate that includes the new data.

### **Article (66)**

The registered person shall submit an application to the Authority to cancel his registration in accordance with the conditions and procedures determined in the Regulations in any of the following cases:

1. Cessation of carrying of the Activity.
2. Cessation of providing Taxable Supplies.
3. If the value of the supplies falls below the Voluntary Registration Threshold.
4. Any other cases determined by the Regulations.

The registered person, may also request to cancel his registration if the value of his supplies reduces to below the Mandatory Registration Threshold but exceeds the Voluntary Registration Threshold.

The Authority may reject the application for cancelation of registration if it does not meet the conditions set forth, provided that it shall notify the Taxable Person of the decision and its reasons.

## **Chapter Eight**

### **Tax Invoices, Records, and Returns**

#### **Article (67)**

The Taxable Person must issue a Tax Invoice when making a supply of Goods or Services including a Deemed Supply, or when receiving Consideration – in full or part- before the date of supply.

Tax Invoices may be issued by third parties on behalf of the Taxable Person provided the Authority's approval is obtained.

The Regulations will determine the conditions and rules to issue Tax Invoices, its types, its substitutes, amendments and the data it must include, and cases that are exempt from issuing a Tax Invoice.

#### **Article (68)**

The Tax Invoice is to be issued in Omani Rials or any other currency. In case it is issued in a foreign currency, the Tax value is to be calculated in Omani Rial per the average purchase and sale price of the currency published by the Central Bank of Oman at the Tax due date.

### **Article (69)**

The Taxable Person must maintain regular accounting records and books that record in a timely manner the transactions related to the import or export of Goods and supplies of Goods and Services.

The Regulations will determine the records and books that must be maintained by the Taxable Person, and the rules and procedures related to it, and the data that must be recorded, and documents that must be retained.

The Taxable Person cannot maintain any accounting records or books in a foreign currency except after receiving written approval from the Authority.

### **Article (70)**

The Taxable Person shall retain Tax Invoices, accounting records and books, and customs documents related to the import and export of Goods and any other documents that are related to implementing the provisions of this Law in accordance with secure and reliable means. The aforementioned shall apply for (10) years following the end of the Tax Year in which the Tax Return is filed.

The aforementioned time period extends to (15) years for Tax Invoices, accounting records and books and customs documents related to real estate.

### **Article (71)**

The first Tax Period for any Taxable Person starts from the date of registration and each subsequent Tax Period starts from the day subsequent to the end of the finished Tax Period.

The Regulations will determine the Tax Period for which the Taxable Person must file a Tax Return, provided that it's not less than one month.

## **Article (72)**

The Taxable Person shall file a Tax Return to the Authority within (30) thirty days following the end of the Tax Period, per the form prepared for this purpose, and this return shall specifically include the following:

- 1- The value of taxable and Exempt Supplies.
- 2- The value of imported Goods.
- 3- Value of Output Tax during the Tax Period for which the return is prepared, and value of Input Tax claimed.
- 4- The value of Tax due during the Tax Period for which the return is prepared.

If the return is not submitted by the deadline mentioned in the previous paragraph, the Authority has the right to assess the Tax for the Tax Period, and notify the Taxable Person of the assessment with the basis thereof and in accordance with the Regulations.

In all cases, it is not allowed to assess the Tax after the completion of (5) years starting from the end of the preset Tax Return submission time limit for which a Tax Return must be submitted.

The period will be extended to (10) years in cases where registration is not made within the time limits specified in this Law.

## **Article (73)**

A Taxable Person shall file a revised Tax Return if he becomes aware of an error or omission in the Tax Return he submitted. The revised Tax Return shall be filed within (30) thirty days following the error or omission being discovered.

A revised return filed within the time limit specified in the previous paragraph shall be regarded as the original Tax Return.

It is not allowed to amend the Tax Return after the completion of (3) three years starting from the date of submission.

In all cases, the Taxable person is not allowed to adjust the Tax Return if the Authority has proceeded with the tax inspection procedures in its respect.

### **Article (74)**

The Authority shall adjust the Tax Return submitted by the Taxable Person, if it is made aware that it contains an error or omission or it is insufficient. Provided the Authority notifies the Taxable Person of this adjustment, along with the bases thereof, as prescribed in the Regulations.

A Tax Return shall not be adjusted after (3) years from the date of submission.

The period shall be extended to (5) years in cases of proven fraud or following fraudulent means.



**Chapter Nine**  
**Tax Supervision and Inspection**

**Article (75)**

The Regulations shall determine the rules and supervision systems on accounting records and books, documents, and accounting software and others used by the Taxable Person in conducting the activity related to the transactions subject to Tax in accordance with this Law.

**Article (76)**

The Authority may summon the Responsible Person to be present on a set time and place specified in a notification sent for this purpose; in order to discuss matters related to transactions subject to Tax pursuant to the provisions of this Law, or matters related to the Tax due.

**Article (77)**

The Authority's employees specified in a decision of the specialized authority in agreement with the Chairman will be granted the role of law enforcement officers in relation to applying the provisions of this Law and the regulations and decisions enforcing it.

**Article (78)**

The Authority may obligate the Taxable Person or any person to submit documents, data, accounting records and books, Tax Invoices or others in his possession and related to the tax obligations of the Taxable Person.

### **Article (79)**

The Authority's employees who have a role as law enforcement officers have the right to enter the Taxable Person's establishment where he undertakes the Activity and review the accounting records and books, financial statements, documents, data, certificates and others related to enforcing the provisions of this Law, and obtain a copy of them.

The Taxable Person may not prevent or attempt to prevent an employee of the Authority from performing his duty and rights given to him by this Law, it is also not allowed to refuse submitting any data, information, documents or certificates or any other when requested by the Authority.

### **Article (80)**

The Authority may undertake the procedures necessary in case it is proven that any person committed fraud or is following fraudulent means, or if the principal objective of any transaction entered into or activity carried out – whether before or after the effective date of this Law - is to avoid, in full or in part, the Tax due for any Tax Period and that is per the Regulations.

## **Chapter Ten Tax Collection and Refunds**

### **Article (81)**

Tax must be paid to the Authority by each of the following:

1. Taxable Person when he provides supplies of Goods or Services.
2. The taxable Customer when he receives Goods or Services supplied to him from a person that does not have a residence in the Sultanate in cases where the Reverse Calculation (Charge) Mechanism applies.
3. The importer at the time of import of Goods per the provisions of Common Customs Law.
4. The person that states a Tax amount on the invoice he issues.

### **Article (82)**

The Tax due by virtue of the Tax Return shall be payable to the Authority on the date prescribed for filing the return.

The Tax due by virtue of the adjustment, or assessment carried out by the Authority shall be payable on the date specified in the notice sent by the Authority and cannot be more than (30) thirty days from the date of the notice.

In case of non-payment of Tax by the due date, Additional Tax will be due; the Chairman may exempt in full or in part the value of the Additional Tax, per the rules determined by The Regulations.

### **Article (83)**

The Taxable Person may not agree to transfer its tax burden to another, and any such agreement is deemed invalid.

### **Article (84)**

The Directorate General of Customs shall collect the Tax on imported Goods by applying the prescribed tax rate and Taxable Value and deposit this Tax in a special account opened for this purpose as per the rules determined by the Regulations.

Every importer must – incase Tax due on imported Goods is paid in the First Point of Entry in any GCC state – submit to the Directorate General of Customs documents that prove the payment of tax at the First Point of Entry, or else Tax will be due.

### **Article (85)**

The importer, in the case of Tax payment suspension in accordance with the provision of article (50) of this Law must submit a guarantee that is determined by the Regulations to the Directorate General of Customs equal to the value of the Tax due, provided that this guarantee is valid throughout the period of tax suspension.

### **Article (86)**

A Taxable Person may request to defer payment of the tax due upon import until submission of the Tax Return for the Tax Period in which the import took place in accordance with the conditions and by following the procedures determined by the Regulations.

## **Article (87)**

The tax is refunded based on the conditions and circumstances that are determined by the Regulations, and that is in the following cases:

1. The Tax paid by the Taxable Person in excess of the Tax due.
2. On condition of reciprocity, Tax paid by any foreign government, military, diplomatic and consular bodies and missions, international organizations, Heads and members of the diplomatic and consular corps accredited by the Sultanate.
3. Tax paid by a person that does not have any Place of Residence in the Sultanate or any GCC state and is nontaxable.
4. The Tax paid from any person who has a Place of Residence in any GCC State and taxable in it and does not have a Place of Residence in the Sultanate and nontaxable in it.
5. The Tax paid by tourists visiting the Sultanate on Goods purchased in it and that they carry with them in their personal luggage at the time of their departure outside GCC States.
6. Any other cases determined by a decision from the Chairman.

## **Chapter Eleven Tax disputes**

### **Article (88)**

A Taxable Person may file an objection with the Chairman against the tax assessment or adjustment of the Tax Return carried out by the Authority, the registration decision, or the refusal of registration or cancellation, within (45) forty five days from his notification of the assessment, adjustment, or decision in accordance with the Regulations.

The tax assessment or adjustment of Tax Return by the Authority or decision of registration or refusal of registration or its cancellation will be final if the objection is not submitted by the said due date. The submission of an objection does not prohibit the collection of Tax, unless postponed in accordance with article (90) of this law.

### **Article (89)**

The Authority shall be responsible for reconsidering the assessment of the Tax or the amendment of the Tax Return or the objected decision of registration or the refusal of registration or cancellation of registration, if the objection is accepted, and that is within (5) five months from the date of submitting the objection. The period maybe extended by another (3) three months subject to notifying the objector.

The Chairman shall issue his decision on the objection within the limits of the objector's request. The decision may either confirm or amend or reduce the assessment, or cancel or confirm the decision. The Tax is to be collected per the Chairman's decision if it was not collected.

The expiry of the set period to decide on the objection without the issuance of a decision is considered as an implied decision of rejection.

### **Article (90)**

The objector may request to defer the payment of the objected Tax -in part or in full- provided a application is submitted to the Chairman, including the reasons and the Tax amount requested for deferral within (30) days from the date the objection is submitted and that is in accordance with the Regulations.

A condition to accepting the postponement request of part of the Tax is for the objector to pay the remaining Tax amount that is not included in the request.

### **Article (91)**

A Taxable Person may contest the Chairman's objection decision to the Committee within (45) forty-five days from the date of his notification of the Chairman's decision in accordance with the Regulations.

The decision by the Chairman will be final if the contestation is not submitted by the said due date, and submission of a contestation does not prohibit the collection of Tax.

### **Article (92)**

The Committee, through the decision of the Chairman, after the approval of the Cabinet of Ministers shall consist of a Head, a Deputy Head, and (3) three Members other than employees of the Authority.

The Chairman may appoint reserve members. The Committee's meeting shall not be valid unless attended by its Head or his deputy -in the event of

his absence or the existence of a barrier for his attendance- and at least (2) two of the members. The Committee will have a secretary, and one or more technical experts, and they shall be designated by a decision of the Chairman.

The members of the Committee shall have the right to require an attendance allowance in accordance with the rules determined by the Chairman.

### **Article (93)**

The Committee shall have jurisdiction to decide on contestations submitted by the Taxable Person against the Chairman's objection decision, and the Regulations will determine the rules organizing the work of the Committee, records to be maintained, procedures to hold its meetings, provisions and time of submitting the objection, review procedures, means and methods to notify the decisions issued by the Committee.

In all cases, the Committee must follow due process, including the principles of challenge and right of defense, bases of decisions, compliance with ways of notification, and the timings determined by law.

### **Article (94)**

The Committee issues its decision in the contestation within the limits of the contester's requests, and that with the approval, the amendment or the confirmation of the Chairman's decision. The Tax collection is performed per the decision of the Committee, if not previously collected.

The meetings of the Committee are confidential. The issued decisions shall be justified by a majority votes of the present members. In the event of equal votes, the side with the Head of the meeting triumphs. The Head of the meeting and the secretary shall sign the decision within a maximum of (7) seven days from the date of its issuance.



The secretary shall notify the contestor and the Chairman of the Committee's decision within a maximum of (7) days from the date of its signing.

#### **Article (95)**

The Authority – within (60) sixty days from the date of notification of the Committee's decision- may request the correction or amendment of the decision if it contains an error in application of the provisions of the Law, given that it is not challenged in front of the judicial system. In all cases, the Taxable Person must be notified of the Authority's request and the Committee's decision.

#### **Article (96)**

The Taxable Person may appeal the Committee's decisions in front of the Specialized Preliminary Court which consists of (3) judges, and that is during (45) forty five days from the date of notification of the decision. The appeal does not prohibit the collection of Tax.

Conciliation or arbitration is not allowed in tax litigations.

#### **Article (97)**

The court referred to in article (96) of this law may look into the tax litigation in a confidential meeting provided that the decision must be made promptly.

#### **Article (98)**

The Authority is exempted from fees set on tax litigations and appeals.

## **Chapter Twelve Punishments**

### **Article (99)**

Without prejudice to any severer penalty stipulated in any other law, the punishment on crimes stipulated in this Law are as per its articles.

### **Article (100)**

An imprisonment penalty of not less than (2) months, and not more than (1) year, and a fine of not less than (OR 1000) one thousand Omani riyals and not more than (OR 10,000) ten thousand Omani riyals, or one of these penalties shall be imposed in the following cases:

1. The Taxable Person deliberately refrains from identifying the Responsible Person
2. The Responsible Person deliberately fails to notify the Authority and obtain its consent during the period of his absence for a period of more than ninety (90) days.
3. The Taxable Person deliberately fails to notify the Authority of any adjustments on his data in accordance with article (65) of the Law.
4. The Responsible Person deliberately fails to appear as requested by the Authority.
5. The Responsible Person deliberately fails to submit a Tax Return for any Tax Period.
6. The Taxable Person deliberately fails to maintain accounting records and books in a regular manner in accordance with the provisions of this Law.
7. Deliberately refraining to maintain Tax Invoices and documents for the required period in accordance with the provisions of this Law.
8. Deliberately refraining to issue a Tax Invoice when required in accordance with the provisions of this Law.

9. Deliberately issuing an invoice stating the amount of the Tax due, other than the Tax imposed in accordance with the provisions of this law.

10. Any conduct, act, procedure, or abstention is performed to prevent the Authority's officers or its delegates from exercising the functions or tasks prescribed by this Law.

11. The Taxable Person or any person deliberately refusing to submit any documents, data, records, accounting books, Tax Invoices or others as determined in article (78) of this Law.

12. Deliberately including in a refund application incorrect data or information.

The court, in the case of recurrence, may double the penalty and increase the imprisonment to the maximum of the legal threshold of punishment but not exceeding half this threshold.

### **Article (101)**

An imprisonment penalty of not less than (1) year, and not more than three (3) years, and a fine of not less than (OR 5,000) five thousand Omani riyals, and not more than (OR 20,000) twenty thousand Omani riyals, or one of these two penalties shall be imposed on anyone who performed in the following acts:

1. Deliberately refraining from registering with the Authority
2. Deliberately refraining from including in the Tax Return the actual data as to the taxable amount and Tax due thereon.
3. Submitting forged Tax Returns, documents or records to dispose payment of Tax in part or in full.

4. Deliberately destroying, hiding or dispossessing any documents, records, accounts, lists or any other requested by the Authority for submission pursuant to the provisions of this Law, if the destruction, concealment, or disposal is conducted within (1) year from the Authority's notification receipt date.
5. Deliberately motivating or supporting the Taxable Person in submitting returns or records or other documents that are incorrect related to the obligations of the Taxable Person.

The court, in the case of recurrence, may double the penalty and increase the imprisonment to the maximum of the legal threshold of punishment but not exceeding half this threshold.

### **Article (102)**

No Public Prosecution or procedure in the offenses provided in this Law shall be instituted except at the request of the Chairman.

The Chairman may conciliate in respect of the offenses referred to, prior to the issuance of a final judgment in the case, on the condition of paying not less than double of the minimum limit, and not exceeding double of the maximum limit of the punishment prescribed for the crime.

The conciliation entails the expiry of the public proceedings and the cancellation of the consequences of their effects, including the sentence handed down.

### **Article (103)**

The Regulations shall specify the administrative penalties that may be imposed on the violator, including contestation procedures, and the amount of administrative fine that may be imposed.

### **Chapter Thirteen Final Provisions**

### **Article (104)**

If an invoice is issued or Consideration is paid for the supply of Goods or Services before the effective date of this Law or before the date of registration, and the supply occurred after any of these two dates, the Supplier of the Goods or Services will be considered to have made a taxable supply after the effective date of this law or after the date of registration in the following two cases:

1. If the date of delivery of the Goods is after the effective date of this Law or after the date of registration.
2. If the date of completion of the service is after the effective date of this Law or after the date of registration.

### **Article (105)**

For continuous supplies related to contracts entered into before the effective date of this Law, or prior to the registration date, the Tax shall be due on the supply that is wholly or partially made after the effective date of Law or registration date.

In case the contract does not include a referral related to the Tax, then the Consideration is considered to be inclusive of Tax if Tax is due according to the provisions of this Law and that is per the Regulations.

## **Article (106)**

The Person who has a Place of Residence in the Sultanate and conducts the Activity in the Sultanate, before the effective date of this Law, shall be required to:

1. Calculate total value of his supplies referred to in article (56) of this Law and which he achieved at the end of the month in which the Law was published in the official gazette in addition to the (11) eleven months immediately preceding it.
2. Estimate the total value of his supplies referred to in article (56) of this law, which are expected to be achieved at the end of the month in which the law is published in the official gazette in addition to the (11) eleven months that immediately follow it.
3. Submit an application to register with the Authority if it is expected that the total value of any of the supplies mentioned in paragraphs (1) or (2) of this article, exceeds the Mandatory Registration Threshold and that is during the due dates determined by a decision from the Chairman.

The passing of registration timelines stated in the preceding paragraph, without applying to register, will entail considering, the person whose supplies as stated in parts (1) and (2) above are proven to exceed or expected to exceed the Mandatory Registration Threshold, as registered for Tax purposes.