



Decision No. 53/2021

Issuing the Executive Regulations
for the VAT Law

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CHARTERED ACCOUNTANTS



Sultanate of Oman

Tax Authority

Value Added Tax Executive Regulations

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

Tax Authority

Decision

No. 53/2021

Issuing the Executive Regulations for the VAT Law

Based on the Value Added Tax Law promulgated by Royal Decree No. 121/2020, and

Based on the public interest.

It was decided

Article one

The attached provisions of the Executive Regulations of the Value Added Tax Law shall be enforced.

Article two

This decision shall be published in the Official Gazette and shall be enforced from the date of entry into force of the aforementioned Value Added Tax Law.

Issued in: 26 Rajab 1442 AH

Corresponding to: 10 March 2021 AD

Saud bin Nasser bin Rashid Al-Shukaili

Chairman of the Tax Authority

Value Added Tax Executive Regulations

CHAPTER ONE

Definitions and General Provisions

Section ONE

Definitions

Article (1)

In applying the provisions of these Regulations, the words and phrases set out in the Regulations shall have the same meaning provided for in the aforementioned Value Added Tax Law. The following words and phrases shall have the meaning assigned against each of them, unless the context otherwise requires:

1- **Law:**

The Value Added Tax Law.

2- **Authority:**

The Tax Authority.

3- **Chairman:**

The Chairman of the Tax Authority.

4- **Tax Identification Number:**

The number issued by the Authority to the Taxable Person.

5- **Date of Registration:**

The effective date of registration of the Taxable Person, upon which the Taxable Person is required to comply with all requirements of the Law and Regulations. The Authority shall determine this date.

6- **Date of De-registration:**

The effective date of de-registration of the Taxable Person, upon which the Taxable Person is not required to comply with requirements of the Law and Regulations. The Authority shall determine this date.

7- **Excess Deductible Tax:**

The excess amount of the total value of the deductible Input Tax for any tax period, deducted from it the total Output Tax for that period.

Section Two

Confidentiality

Article (2)

Any person who by virtue of his job, competence, or work is concerned with the assessment or the collection of Tax, the conduct of Tax oversight, examination and inspection, or to adjudicate grievances submitted by the Taxable Person on the legally prescribed cases, shall keep strict confidentiality. He or any of the Authority employees shall not give any details or inform others of any document, statement, file or any other except in the cases stipulated in Article (9) of the Law.

Section (3)

The Responsible Person

Article (3)

The Taxable Person shall upon registration, notify the Authority of the appointment of the Responsible Person on the form prescribed for such purposes. The notification shall include the following details and documents in relation to the Responsible Person:

- 1- Name.
- 2- Occupation.
- 3- Address.
- 4- Telephone number (work-mobile).
- 5- Email address.
- 6- A copy of the passport, the personal ID card or the residency card.
- 7- Any other details specified by the Authority.

The Taxable Person must notify the Authority of any change in the details and documents aforementioned in this article within ten (10) days from the occurrence of the changes, on the form prescribed for such purposes.

Article (4)

The Responsible Person shall notify the Authority, if he wishes to remain outside the Sultanate for more than ninety (90) days during the tax year in writing at least fifteen (15) days before the date of his departure from the Sultanate. The notice shall include the reason for remaining outside the Sultanate and the duration, and an application for an approval of the appointment of another Responsible Person to replace him throughout his absence shall be attached.

The Authority shall decide on this request within a period not exceeding seven (7) days from the date of the notification or it shall be considered accepted.

Article (5)

The Taxable Person shall submit the tax returns, financial statements, records, documents and others to the Authority as follows:

- 1- Via electronic portal of the Authority, with regard to tax returns, financial statements, records and documents submitted as attachments to the return.
- 2- Via Authority's email, with regard to financial statements, records and documents and others.

The Responsible Person of the Taxable Person or who represents him shall obtain a confidential password, and he shall be fully responsible for what he submits.

Article (6)

The tax returns, financial statements, records, documents and others that are submitted by the Taxable Person via the Authority's electronic portal or via the Authority's email shall be considered signed by the Responsible Person and received by the Authority on date of receipt.

Section Four

Notification

Article (7)

The Taxable Person or any other Person shall be notified electronically of any notices and decisions issued by the Authority, the Authority may use the following means:

- 1- Hand-delivery.
- 2- Sending by registered mail to the last mail address recorded with the Authority.

Article (8)

The notification sent via registered mail shall be considered delivered at the prescribed address on the day following the expiry of ten (10) working days from the sending date, unless otherwise proven. The notification sent via email, SMS or the electronic account created by the Authority to the Taxable Person or any other person shall be considered delivered on sending date.

CHAPTER TWO

Taxation

Section One

Supplies

Article (9)

In application of the provisions of Item (4) of Article (14) of the Law, the supply of goods without consideration shall not be considered a supply of goods if the supply is for the purpose of promoting the Taxable Person's activity such as providing gifts or free samples, provided the following conditions are met:

- 1- The gifts or the free samples shall be provided to promote the sale of a certain product without being finally consumed unless any final consumption is essential for the promotion of such product.
- 2- The value of the gifts or the free samples given by the Taxable Person per recipient per Tax Year shall not exceed fifty (50) Omani Rial excluding Tax.
- 3- The total value of all gifts or free samples given by a Taxable Person to all recipients per Tax Year shall not exceed One Thousand (1,000) Omani Rial excluding Tax.

Article (10)

Where the Taxable Person makes a Supply consisting of multiple Goods or Services or a combination of Goods and Services, then the Taxable Person should determine the nature of the supply, -a Composite Supply or a Multiple Supply- based on the actual characteristics of the supply, as specified in Articles (11) and (12) of these Regulations.

In all cases, a Supply, whether of Goods or Services or a combination of Goods and Services, must be treated as a Composite Supply or a Multiple Supply.

Article (11)

A Composite Supply means a supply made by the Taxable Person comprising two or more Goods or Services, or any combination of Goods and Services, provided in conjunction with each other. A Supply shall only be treated as a Composite Supply provided the following conditions are met:

- 1- The Supply is considered commercially as a single Supply.
- 2- The components that make up the Supply are closely related to each other, so that these components constitute objectively and practically a single supply that cannot be split from a commercial perspective.
- 3- All components of the Supply are essential to make the Supply and achieve the commercial aim of the transaction.
- 4- The Supply is made in the normal course of activity of the supplier.
- 5- The combination of the supply components does not aim to avoid Tax, or to increase any Input Tax refund.

The Taxable Person must calculate the Tax on the Composite Supply based on the Tax rate applicable to the Supply, taking into account the commercial purpose of the transaction in accordance to Item (3) of this Article.

Article (12)

A Multiple Supply means two or more Individual Supplies made together by a Taxable Person to a customer for one total Consideration, and where these Supplies do not constitute a Composite Supply in accordance to Article (11) of these Regulations.

For the purpose of application of this article, an Individual Supply means a supply of Goods or Services which is a constituent part of a Multiple Supply, which may be financially and economically separated from the other Goods or Services forming that Multiple Supply, and is capable of being supplied as a Good or a Service in its own.

The Taxable Person must calculate the Tax on the Multiple Supply based on the Tax rate applicable to each Individual Supply that make up the Multiple Supply.

Section Two

Transfer of Activity

Article (13)

It shall not be considered a taxable Supply, when a Taxable Person provides a Supply of Goods or Services that form part of the transfer of his Activity – fully or partially - to another Taxable Person, when the following conditions are met:

- 1- The part of the Activity that has been partially transferred is capable of operating by itself.
- 2- The supply includes all of the elements of the transferred Activity – fully or partially - and the Activity's elements consist of all tangible and intangible assets that are used to conduct the Activity and may include the Activity's debts.

- 3- The transferee uses the assets to carry out the same type of Activity that the transferor is engaged in. This Activity does not need to be identical to the Activity of the transferor, but the transferee must be licensed by the respective body to carry out the Activity and not only owning a group of assets.
- 4- The transferor shall be a Taxable Person, and the transferee becomes taxable as a result of the Supply if he was not Taxable separate from the Supply.
- 5- There must not be a series of consecutive transfers of the assets.

Article (14)

Both the transferor and the transferee shall, jointly and severally, notify the Authority of the supply referred to in Article (13) of these Regulations within a period no later than one month from the date of the Supply on the form prescribed for such purposes, provided that the notification includes the following details and documents:

- 1- The name and the address of both the transferor and the transferee.
- 2- Tax Identification Number for the transferor and the transferee.
- 3- The date of the supply.
- 4- Details of the goods and services that form a part of the transferred Activity –fully or partially.
- 5- A copy of the agreement between the transferor and the transferee.
- 6- Any other details or documents specified by the Authority.

Article (15)

The transferor must provide the transferee with an invoice in which he indicates in addition to the details included in the tax invoice stipulated in Article (144) of these Regulations, all the supplies resulting from the transfer of the activity, provided that it is indicated in the invoice that the supply is not taxable as a result of the transfer of the activity in accordance with Article (18) of the Law.

Article (16)

The transfer of the activity does not result in the transfer of the Tax Identification Number from the transferred person to the transferee, but rather the transferee must submit a new registration application and obtain a Tax Identification Number, unless he is already registered and has a Tax Identification Number before the supply transaction occurs.

Article (17)

Transfer of the activity shall not result in a breach of the responsibility of both the transferor and the transferee for the Tax obligations imposed by the Law arising before or after the supply transaction.

In the event that the transfer results in supplying the assets or debts of the activity, all the rights and obligations of the transferor towards the Authority shall be transferred to the transferee.

Section Three

Temporary Entry and transportation of goods as part of another supply

Article (18)

The Taxable Person must, for the purpose of applying Article (15) of the Law, notify the Authority of the following:

- 1- The Customs documents proving that the Goods are under the Temporary Entry Status in accordance with the conditions of Temporary Entry Status stipulated in the Common Customs Law and the Transport documents proving the transport or the receipt of Goods and the date of the transport and the receipt.
- 2- Commercial documents proving that the Goods will be used in making another taxable Supply and the transport documentation proving the transport or the receipt of Goods and the date of the transport and the receipt.

In case any of the above documents are not provided, the exception in Article (15) of the Law shall not apply as per the circumstances, and the place of the supply shall be where the Goods are located at the start of the transportation or dispatch.

Section Four

Supply by an Agent

Article (19)

In application of the provisions of Article (19) of the Law, the agent who works in the name of a principal and on his behalf must notify the Authority of the following documents:

- 1- An official power of attorney from the principal expressly authorizing the agent to act in his name and on his behalf in order to make one or more supplies.
- 2- A sale contract, an invoice or a discharge, which clearly indicate that the supply is explicitly in the name of the principal and on his behalf, provided that these documents include, in addition to the supply, the names and addresses of the parties of the contract (the principal and the benefiting third parties).
- 3- Any other documents specified by the Authority.

CHAPTER THREE

Tax Due

Section One

The Place of Supply of Goods

Article (20)

In application of the provisions of Article (21) of the Law and this Chapter, transportation shall mean the movement of goods carried out by the Supplier or any third party, and it shall not include the cases where the customer transports the goods for himself.

Article (21)

The Sultanate is the place of Intra-GCC supplies of Goods between the Sultanate and one of the Implementing States in the GCC or vice-versa, with transport or dispatch provided the following conditions are met:

- 1- If the Sultanate is the place where the transport or dispatch begins and the Customer in the State to which the Goods are transported or dispatched is not registered for Tax in that State, or not required to register in it.
- 2- If the Sultanate is the place where the transport or dispatch ends, and the Customer is registered for Tax in it or the Supplier is registered in the Sultanate or required to register in it.

Article (22)

Tax will be due on Intra-GCC Supplies at the Sultanate's entry points in cases where evidence of paying the Tax in the Implementing State of the GCC is not provided on the Goods supplied to a nontaxable customer in the Sultanate. The Tax due shall be collected by the Directorate General of Customs.

Article (23)

The Sultanate is the place of supply of Intra-GCC Supply of Goods between the Sultanate and one of the Implementing States in the GCC or vice-versa with transport or dispatch, but without installation or assembly, provided the following conditions are met:

- 1- If the Goods were in the Sultanate on the date when the transport or dispatch starts.
- 2- If the Customer in the State where the Goods are transported and dispatched to is not registered for Tax in that State.
- 3- If the Supplier is registered in the Sultanate provided that the total value of the Supplier's supplies in the other State during any twelve-month-period shall not exceed the Mandatory Registration Threshold.

Article (24)

To provide evidence of the transport or dispatch of Goods from The Sultanate to any Implementing GCC State or vice versa, the Taxable Person shall notify the Authority with the following documents:

- 1- Commercial documents indicating customer name, customer's Tax Identification Number, customer address and any invoices for the Supply.
- 2- Transport documents proving transport or receipt of goods and date of transport and receipt.
- 3- Customs details and documents.
- 4- Any other details and documents specified by the Authority.

If the prescribed details and documents are not provided, then the Goods will be deemed not transported and the place of supply shall be determined accordingly.

Section Two

Place of Supply of Services

Article (25)

The place of the supply of the Service of transporting Goods or passengers, and related Services is determined – in application of the Provisions of Item (1) of Article (24) of the Law- in accordance to the following:

- 1- The place of supply of the Service of transporting Goods or passengers: in the place where the transportation started, even if the journey includes more than one stopping point.
- 2- The place of supply of the transport related Services: in the place of supply of the related transport Services.

Transport related Services mean any Service necessary to complete the transportation of Goods or passengers, and it includes in particular the following Services:

- A. Port fees or charges, including docking, mooring, landing and parking fees.
- B. Customs tax, custom clearance charges related to the transportation.
- C. Air Navigation Services.

- D. Pilotage Services.
- E. Supply of crewmembers.
- F. Loading, unloading and reloading.
- G. Cargo stowing.
- H. Opening for inspection.
- I. Cargo security Services.
- J. Preparing or amending documents and certificates of loading, air or sea-waybills and certificates of shippers.
- K. Filling or Packing necessary for transportation.
- L. Storage Services.

Article (26)

Real estate related Services shall mean- in application of the provisions of Item (2) of Article (24) of the Law- those, which affect the area of the real estate or are related to a specific area of real estate.

Real estate related Services include, in particular, the following:

- 1- Engineering, studies, management and construction supervision works.
- 2- Residential services.
- 3- Granting any right over the real estate, assigning it or leaving it.
- 4- Granting the right to claim any right over the real estate, assigning or leaving the right to claim.
- 5- Granting the right to obtain any right over the real estate, assigning or leaving the right to obtain it.
- 6- Granting a license to occupy a real estate or assigning or leaving the license.
- 7- Granting any contractual right that is exercisable over the real estate or what is related to it or assigning or leaving the contractual right.
- 8- Building and demolition Services and Services related to executing construction works.
- 9- The work of trading buildings, management, maintenance and repair works of buildings, real estate agents and brokers works, real estate experts and others who carry out tasks and works related to real estate.

Real estate means any specific area of land, building, building frame, engineering work attached permanently to land, in addition to any goods attached to any building, building structure or engineering work.

Article (27)

In application of the provisions of Item (4) of Article (24) of the Law, Wired and Wireless Telecommunication Services mean the Services by which the transfer, broadcasting, transmission or reception of signals, symbols, signs, scripts, visible and invisible pictures, sounds, data or information of any nature by wired systems, radio, light or any other electromagnetic or electronic systems, and include -in particular- the following Services:

- 1- Landlines and mobile telephone Services for the transmission and switching of voice, data and video, including telephone Services with an imaging component (videophone services).
- 2- Telephone Services provided through the internet, including voice over internet Protocol (VoIP).
- 3- Voice mail, call waiting, call forwarding, caller identification, three-way calling and other call management Services.
- 4- Paging Services.
- 5- Audio text Services.
- 6- Facsimile, telegraph and telex.
- 7- Accessing the internet, including the World Wide Web.
- 8- Private network connections providing telecommunications links for the exclusive use of the client.
- 9- Radio and television broadcasting Services.
- 10- The transfer or assignment of the right to use the capacity for broadcasting, transmission or reception purposes.

Article (28)

The place of supply of Wired and Wireless Telecommunication Services shall be in the place of the actual usage of these Services or enjoying them. The place of the actual usage or enjoyment shall be determined as follows:

- 1- In the place of residence of the Customer, in cases where the customer is Taxable.

Unless the services are provided through fixed communication tools located in a specified geographical location to receive the services, such as fixed or public telephone services or internet services, which require the actual presence of the Customer in the location where the devices are used. The place of actual usage or enjoyment of these services is deemed to be in the geographic location where the devices are located.

- 2- In the place of actual usage and enjoyment of those Services, in cases where the Customer was not taxable, and that place shall be determined in accordance to the following:

- A. Where the supply of services through fixed communication tools existing in the specified geographical location to receive the service such as fixed or public telephones or internet services that require the actual presence of the customer in the location of the usage of these tools, the place of actual usage and enjoyment of the service by the customer is deemed to be in the geographical location where the devices are located.
- B. Where the services are provided through mobile networks, the place for using and enjoying the service is in the country in which the mobile network is used to receive these services, including international roaming.

In the event that a supplier supplies Telecommunication Services to a Customer in order to re-supply them to another Customer, the location for actual usage and enjoyment of the Services must be determined for each of the two transactions separately.

In all cases, the place of actual usage or enjoyment of the Telecommunication Services shall be determined based on the Tax due date mentioned in Article (26) of the Law, and any subsequent changes on the use of the Services received shall not affect the determination of the place of the supply.

Article (29)

Electronically Supplied Services mean, in application of Item (4) of Article (24) of the Law, the Services supplied directly through the internet or an electronic network, where the Supply of the services is principally automatic and requires minimum human interference and can be supplied only with the use of information technology, and include -in particular- the following Services:

- 1- Supply of digitized products generally, including software and changing or upgrading a software.

- 2- Providing or supporting a business or personal presence on an electronic network such as a website or a webpage.
- 3- Services automatically generated from a computer via the Internet or an electronic network, in response to specific data input by the recipient.
- 4- Transfer of the right to put Goods or Services up for sale on an Internet site operating as an online market on which potential buyers make their bids by an automated procedure- for a consideration- and on which the parties are notified of a sale by electronic mail automatically generated from a computer.
- 5- Internet Service Packages (ISP) of information in which the telecommunication component forms an ancillary and subordinate part (i.e. packages going beyond mere Internet access and including other elements such as content pages giving access to news, weather or travel reports, playgrounds, website hosting and access to online debates).
- 6- Website hosting and webpage hosting.
- 7- Providing digitized content of books and other electronic publications.
- 8- Providing access and subscriptions to online newspapers and journals, online news, traffic information and weather reports.
- 9- Accessing or downloading music, jingles, excerpts, ringtones, or other sounds.
- 10- Accessing or downloading films, video, games, including online games that are dependent on the Internet, or other similar electronic networks, where players are geographically remote from one another.
- 11- Supply of distance education Services.
- 12- The supply of advertising space on a website and the related rights to that advertisement.
- 13- Live broadcast via the internet.

Article (30)

The place of supply of Electronically Supplied Services is located in the place of actual usage of these services or enjoying them.

The place of actual usage of these services, or enjoying them shall be determined in accordance with the following:

- 1- The place of residence of the Customer in the event that the Customer is a Taxable Person and the place of residence in this case is determined according to the following:
 - A. The Customer's address as stipulated in the Tax invoice or the documents used to send the invoices.
 - B. The Customer's bank account details.
 - C. The internet address of the Customer which is used to receive wired and wireless Telecommunications Services and the Electronically Supplied Services.
 - D. The international symbol of the electronic chip used by the Customer to receive Telecommunications Services and the Electronically Supplied Services.
 - E. Other information of a commercial nature.

- 2- The place of actual usage and enjoyment of the Electronically Supplied Services, in case the Customer is not a Taxable Person, in this case the location is determined according to the following:
 - A. In the event that receiving the Electronically Supplied Services requires the actual presence of the Customer in a specific fixed location, then this location is deemed to be the place of use and enjoyment of these Services.
 - B. The international symbol for the electronic chip used by the Customer to receive Telecommunications Services and the Electronically Supplied Services.
 - C. The Internet Protocol (IP) address of the device the Customer is using or any other method that identifies the Customer's geographical location.
 - D. The Customer's address as stipulated in the Tax invoice or the documents used to send the invoices.
 - E. Customer's bank account details.
 - F. Other information of a commercial nature.

In all cases, the place of actual usage and enjoyment of the Electronically Supplied Services is determined based on the Tax due date mentioned in Article (26) of the Law, and any subsequent changes in the use of the Service received shall not affect the determination of the place of the Supply.

Section Three

Tax Due Date

Article (31)

The Tax due date of the supply of goods and services in application of the provisions of Item (1) of Article (26) of the Law, shall be determined in accordance with the following:

- 1- The date of placing the Goods at the disposal of the Customer, in respect of the supply of Goods without transport or dispatch.
- 2- The date of starting the transport or dispatch of Goods in respect of the supply of Goods with transport or dispatch.
- 3- The date of completion of the installation or assembly of the Goods in respect of the supply of Goods supplied with the installation or assembly.
- 4- The date of actual completion of the performance of Services or receipt by the Customer and accepting it explicitly or upon issuance of a completion of Services certificate by the Customer.
- 5- The date of the occurrence of any of the cases stipulated in Articles (14) and (17) of The Law.
- 6- The date of de- registration of the Taxable Person, in respect of Supplies made as a result of de-registration.

Article (32)

The Tax shall be due on the following cases in the following dates:

- 1- At the date of supply of Goods with respect to Goods in consignment.
- 2- At the date of supply of Goods with respect to deposited and mortgaged Goods as a security when the depository or the creditor supplies these Goods. The Tax is due when the depository or the creditor deducts an amount from cash deposited as security in order to claim it as final payment.
- 3- The dates determined in accordance with Article (26) of the Law with respect to Goods supplied in installments.
- 4- The date of payment specified in the invoice or date of payment, whichever is earlier, and at least once every twelve (12) consecutive months with respect to operating lease contracts.

- 5- The dates determined in accordance with Article (26) with respect to finance lease ending with ownership.
- 6- The date of receipt of the Goods in the event of the ownership deprivation of Goods for consideration.
- 7- The date the customer expressly agrees to the supply of Goods or in a date not exceeding one month after the transport of Goods to him or putting it under his disposal, whichever is earlier.
- 8- The date of collecting the cash from the machine for supplies made through vending machines.

Article (33)

Vouchers means, in application of the provisions of Article (28) of the Law, any written or electronic instrument under which a supplier is required to accept it as a Consideration –fully or partially- for a supply of Goods or Services. The nature of the Goods or Services to be supplied or the identity of the potential Supplier or Suppliers of the Goods or services are indicated on the Voucher or the related commercial documents and are divided into two types:

- 1- Single Purpose Vouchers are Vouchers where the following details are determined at the time of issuance:
 - A. The place of supply of Goods and Services through which they will be supplied.
 - B. The value of the Tax due on the supply of Goods and Services through which will be supplied.
- 2- Multipurpose Vouchers.

Provisions of this article shall apply to prepaid telecommunication cards.

Article (34)

Tax is due on Vouchers and prepaid telecommunication cards that are Single Purpose on the date of their issuance and their supply for the first time and on the date of their re-supply. The Tax is not due when they are redeemed to obtain Services or Goods.

Tax is due on Vouchers and prepaid telecommunication cards that are Multi-Purpose on the date they are redeemed to obtain Services or Goods, and The Tax is not due upon the issuance and supply of these Vouchers or cards for the first time or on the date of their re-supply.

CHAPTER FOUR

The Taxable Value

Section One

Rules for Determining the Taxable Value

Article (35)

The Taxable Value imposed by a Taxable Supplier on the Customer for Supplies of Goods and Services shall not include the following:

- 1- Any discount or reduction granted by The Taxable Supplier to The Customer provided the following conditions are met:
 - A. The value of the granted discount or reduction is written in the Tax invoice.
 - B. The Supplier has a clear policy with respect to discounts and reductions.
- 2- Any grants or subsidies granted by the Government Authorities to the Supplier.
- 3- Any financial security amounts which are refundable and do not represent a payment on account, and at a later date will not be used to reduce the value due in respect of the Supply.
- 4- Loss and Damage Compensation and Insurance compensation.
- 5- Amounts paid on behalf of The Customer by The Supplier where the legal responsibility to pay the amount is with The Customer.

Article (36)

The taxable value is determined in the following cases as follows:

- 1- When the final Consideration excluding Tax is not specified between both The Taxable Supplier and the customer because the agreement is linked to an unknown variable or criteria, the Taxable

Value is the expected value of the Supply until the Taxable Value is recalculated when the value of the Supply becomes definitively determined.

- 2- For Vouchers and pre-paid telecommunication cards that are Single Purpose, the Taxable Value is the value of the Consideration due for the Supply of these vouchers and cards.
- 3- For Vouchers and pre-paid telecommunication cards that are Multi-Purpose, the Taxable Value is the value of the Consideration imposed by the last Supplier for its supply. If it is not possible to know this value, the value of Consideration will be deemed to be the nominal value recorded on the voucher or pre-paid telecommunication, or the commercial documents related thereto.
- 4- Without prejudice to the provisions of Article (10) of these Regulations, where the various components of the Supply are subject to different Tax treatments, the value shall be proportioned for the purpose of applying the Tax due on each Good or Service according to its Tax treatment, otherwise the Tax is imposed on the full price at a rate of the highest Tax rate.
- 5- For Goods deposited or mortgaged as a security, which are supplied by the depository or the creditor of the mortgage holder, the value of supply of these Goods and Services is used as a basis for imposing The Tax.

Article (37)

The Taxable Value in respect of the Reverse Charge Mechanism per Article (20) of the Law shall be the value as per the invoice.

Where no invoice is issued, the value will be the Fair Market Value of the Supply as per article (40) of these Regulations.

In the case where the Supply is to a party who is not entitled to reclaim the Input Tax in full in accordance with the provisions of Chapter Five of these Regulations, the Taxable Value subject to the Reverse Charge Mechanism shall be the higher of the following amounts:

- 1- The invoice value.
- 2- The actual payment made for the Supply.
- 3- The Fair Market Value of the Supply as per Article (40) of these Regulations.

Article (38)

The Taxable Value of imported Goods is composed of the Customs value determined per the Common Customs Law in addition to other taxes, fees and expenses related to the import even if these Goods are exempt from the customs duty.

Other taxes, fees and expenses include, in particular, the following:

- 1- Excise tax and custom duties.
- 2- All fees levied by the Customs or any other party on the import.
- 3- Transportation, packaging, storage, stacking and insurance fees.

The Import Tax base does not include any discounts on value given in the date of Import.

Section Two

Related Persons and Market Value

Article (39)

For the purposes of implementing the provisions of the Law and these Regulations, persons will be considered related in the following cases:

- 1- Natural Persons, if they have a marital relationship, or if one is third degree relative of the other, or if they have an in-law relationship.
- 2- Partners in persons companies.
- 3- Owners of the activity, employees and partners.
- 4- A natural Person and a legal Person, if the natural Person is a manager, partner or a Person who has the power to direct the strategic decisions of the legal Person, or owns more than 50% of either the capital or voting rights whether directly or indirectly.

Two or more natural Persons are considered to be related parties to the legal Person if they own more than 50% of the legal Person's capital or more than 50% of the voting rights whether directly or indirectly.

- 5- Legal Persons, if one owns more than 50% of either the capital, voting rights or 50% of the value of the other legal Person, directly or indirectly.
- 6- The trustee in bankruptcy, endowment agent and any beneficiaries.

Article (40)

Market Value means the value of the Consideration without Tax for the Supply as if it took place between two Persons independent from each other and within fair competitive conditions, compared to similar supplies' values occurring on the date of that supply.

Similar Supplies mean other Supplies either of the same type of Goods or Services supplied, or that are either identical to, or resemble the same characteristics, quality, reputation, quantity, place and date of supply.

In the event that the market value cannot be determined based on similar supplies, then the Taxable Person or the Authority may determine the value based on other similar supplies on the cost of supplying the Goods or Services adding any appropriate Profit Margin or according to any other mechanism approved by The Authority, whichever is higher.

CHAPTER FIVE

Tax Calculation

Section One

Tax Calculation Rules

Article (41)

Tax shall be calculated -where a Taxable Person displays the prices for Goods or Services that include the Tax- as per the following:

$$\text{Tax} = \frac{(\text{Consideration} \times \text{Tax Rate})}{(100\% + \text{Tax Rate})}$$

Article (42)

For the purposes of implementing the provisions of Article (39) of the Law, Used Goods shall include the following:

- 1- Tangible moveable property, that is suitable for further use as it is or after repair provided it has not gone through adjustments or repairs that change its basic character.
- 2- Antiques that are more than (50) fifty years old, art works or other items of scientific, historical or archaeological importance.
- 3- The assets of collectors including stamps, coins, banknotes, collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological, ethnographic or numismatic interest.

Precious stones and pearls of different ages but not strung, mounted or set, and live animals and plants are excluded from the provisions of this article.

Article (43)

To calculate Tax as per the Profit Margin Mechanism the following conditions must be met:

- 1- The activity of buying or selling Used Goods is within the scope of the Taxable Person's usual activity.
- 2- Obtaining approval from The Authority to use the Profit Margin Mechanism to calculate the Tax, on the form prepared for such purposes.
- 3- The Used Goods are located in the Sultanate.
- 4- Purchasing the Used Goods from any of the following persons:
 - A. A Non-Taxable Person in the Sultanate.
 - B. A Taxable Person who calculated the Tax on these Used Goods according to the Profit Margin Mechanism under the approval of the Authority.
 - C. A Taxable Person who is not allowed to deduct Input Tax on these Goods according to the provisions of Article (56) of these Regulations and Article (42) of the Law.

Article (44)

The calculation of the Profit Margin shall be -for the purpose of determining the Tax Due on the sale of Used Goods in the normal course of the activity of the Taxable Person- the difference in the value of the consideration for the sale of the Used Good and the cost of purchase of the Used Good per item.

The Tax Due is calculated as per the following:

$$\text{Tax} = \frac{(\text{Profit Margin} \times \text{Tax Rate})}{(100\% + \text{Tax Rate})}$$

Article (45)

The Taxable Person shall issue a "Profit Margin Self-Invoice" when purchasing Used Goods from a Non-Taxable person selling the goods in accordance with the provisions of Chapter Eight of these Regulations.

A Taxable Person must keep records in accordance with Chapter Eight of these Regulations for the period set out in Article (70) of the Law. In the event the Used Goods are not sold at the end of this period, and the Taxable Person intends to sell them in accordance with the Profit Margin Mechanism, then the records must be kept until the date the goods are sold.

Article (46)

Any Taxable Person supplying Used Goods must issue a tax invoice to the customer including all details set forth in Chapter Eight of these Regulations but shall not include the amount of Tax and instead shall include the phrase "Tax calculated under the Profit Margin Mechanism".

The Taxable Person shall issue an invoice indicating the value of Tax Due under the Profit Margin Mechanism, at the time of issuing an invoice to tourists for the purposes of Tourist Refunds in accordance with Article (195) of these Regulations.

Article (47)

The Taxable Person who applies the Profit Margin Mechanism is not entitled any Input Tax deduction on the cost of purchase of the Used Goods.

Section Two

Adjusting Value of the Tax

Article (48)

The Taxable Person may at a date later to the date of supply, adjust the value of Tax Due in the case of cancellation or rejection of the Supply -fully or partially- whether the cancellation or rejection is obligatory or agreed, as per the following conditions:

- 1- The cancellation or rejection occurs after the Tax Due Date.
- 2- The Taxable Person issues a credit note as required under Chapter Eight of these Regulations and must include a reference to the tax invoice numbers under which the cancelled supply was made.
- 3- The reduction and adjustment are reflected in the accounting records.
- 4- The Goods are returned, and the value of the Consideration is returned -fully or partially- within three (3) months from the date of Supply in case of delivering the Goods, provided no party has earned a material or other benefit from this return.

Article (49)

The Taxable Person may reduce the value of the Supply per the following conditions:

- 1- The Taxable Person has a commercial policy that is published and consistent for discounts.
- 2- The reduction is given via a credit note issued in accordance with Chapter Eight of these Regulations.
- 3- The reduction and adjustment are reflected in the accounting records.

Article (50)

The Taxable Person -upon the occurrence of a change or an adjustment that may cause an increase in the value of the Tax Due on the supply- may:

- 1- Issue a debit- note in accordance with the conditions set out in Chapter Eight of these Regulations, provided it includes reference to the numbers of the original tax invoices that have been changed or adjusted.
- 2- Adjust the Tax Due in the accounting records.

Article (51)

The Taxable Person may adjust the value of the Tax Due if the Consideration was not -fully or partially- collected, provided the following conditions are met:

- 1- The unpaid Consideration is a result of supplies within the Taxable Person's Activity.
- 2- The Taxable Person has listed this unpaid Consideration on each Supply recorded in his accounting books and records, required to be kept per the Law and Regulations.
- 3- The Taxable Person has followed the required Procedures stipulated in Article (52) of these Regulations, where the value of the supply recorded in his books not including Tax is over Five Thousand (5,000) Omani Rials.
- 4- The Taxable Person has declared and paid the Tax Due on the supply to the Authority.
- 5- The time period between the tax payment due date mentioned on the invoice and date of the adjustment in accordance with the rules in this Article is no less than twelve (12) months. If no tax payment due date is stated in the invoice, it is deemed to be the tax invoice date.
- 6- The Taxable Person must write off the value of the Consideration for the Supply as a bad debt.
- 7- The Supply is not made to Persons related to the Taxable Person, with reference to Article (39) of these Regulations.
- 8- The Taxable Person must notify in writing the customer of the amount adjusted and include the wording "This is the amount of Input Tax to be adjusted on the Tax return for the period within which the date of this notice falls".

In all cases, The Taxable Person may adjust the value of the Tax on Supplies within three (3) years from meeting conditions stipulated in items (3), (4) and (6) of this Article.

Article (52)

The Procedures necessary to collect the outstanding Consideration include the following:

- 1- The issuance of a final judgment is issued obliging the debtor to pay the debt to the Taxable Person.
- 2- The Taxable Person obtains a debt performance order from a competent judge.
- 3- Proof of the debt in the procedures for restricting and liquidating the debtor's estate in the event of his death, before a competent court.
- 4- The claim of the Taxable Person of the debt to the liquidator in the event of dissolution and liquidation of the debtor company.
- 5- Take the necessary measures to achieve the debt and accept it permanently in the event of a judgment declaring the bankruptcy of the debtor in front of a bankruptcy manager.
- 6- Participating in judicial conciliation (or conciliation), with the debtor giving up his money in the event of a judgment declaring his bankruptcy and certifying the conciliation.
- 7- Take the necessary measures to achieve the debt in the event of a ruling to open the procedures for bankruptcy protection before a Magistrate.
- 8- Any other procedure that the Law has an effect similar to the effects of the procedures referred to in this Article.

Article (53)

The Taxable Person who adjusts the Tax Due on the Supply because of non-payment of the Consideration -fully or partially- must keep a separate register to record the following:

- 1- All amounts that are not paid and written off as bad debts.
- 2- The Value of Tax claimed for deduction.
- 3- Tax Period when Tax paid is claimed.
- 4- Value of Tax calculated for each Supply.
- 5- Tax Period when Output Tax was reported.
- 6- Amount paid for each Supply, if any.
- 7- Customer's name and address.
- 8- Tax invoice date and number, or its replacement.

In case the amounts not paid or otherwise settled are subsequently paid -fully or partially- the corresponding Output Tax becomes due in the Tax Period where the collection of these amounts took place and within the limits of the collected amounts.

Section Three

Input Tax Deduction

Article (54)

A Taxable Person may deduct Input Tax he incurs in accordance with Article (41) of the Law, if used in making Taxable Supplies, or Supplies made to outside the Sultanate -in any of the GCC Implementing States- and which would have been taxable if made in the Sultanate.

Article (55)

For the purpose of claiming any Input Tax Deduction, the Taxable person shall keep the following documents:

- 1- Original Tax Invoices.
- 2- Documents proving the Import and the payment of any Import VAT.
- 3- Tax Returns and records of Output Tax in the case of Tax declared under the Reverse Charge Mechanism or postponement of Import Tax.

Article (56)

Input tax incurred by the Taxable Person on the following Goods and Services shall not be claimed, unless he later supplies these Goods or Services:

- 1- Goods or Services used for the purpose of entertainment services.
- 2- Motor vehicles and related Goods and Services for personal use. Motor Vehicles mean -for the purpose of applying this Item- any vehicle which is designed or adapted for carrying not more than ten (10) passengers including the driver. Motor Vehicles shall not include vehicles used in a vehicle rental business to customers or vehicles registered as an emergency vehicle.
- 3- Provision of food and beverage catering services.

Article (57)

Taxable Person who incurs Input Tax on Goods or Services that are used fully or partially for non-activity purposes, is required to apportion the input tax on a fair and reasonable basis based on the actual use of the Goods or Services concerned.

Apportionment of Input Tax means the required adjustments to be carried out to Input Tax deduction in accordance to the provisions of this article and Articles (58), (59) and (60) of these Regulations.

Article (58)

Where a Taxable Person incurs Input Tax on Goods or Services used in making both Taxable and Exempt Supplies in accordance with Article (42) of the Law, the Taxable Person is entitled:

- 1- Full deduction of the Input Tax incurred on Goods and Services directly and only used for the purposes of Taxable Supplies.
- 2- No deduction of the Input Tax incurred on Goods and Services directly and only used for the purposes of Exempt Supplies.
- 3- Deduction of input Tax incurred on Goods and Services used both in making Taxable and Exempt Supplies, in accordance with the rules for Partial Exemption stipulated in Articles from (59) to (64) of these Regulations.

Article (59)

Partial Exemption means –for the purposes of applying the provisions of this Section- the amount of Input Tax that a Taxable Person may deduct from the total Tax incurred in every Tax Period on Goods and Services used both in making Taxable and Exempt Supplies within that period. The Partial Exemption is calculated at the end of every Tax period on supplies made during that period as per the following formula:

$$\frac{\text{(Total value of Taxable Supplies)}}{\text{(Total value of Taxable and Exempt Supplies)}} \times 100\%$$

The deducted input tax amount shall be deemed as a preliminary deduction and is applicable to the annual deduction in accordance to the provisions of Article (60) of these Regulations.

Article (60)

The Taxable Person must, at the end of every Tax Year, calculate the Annual Partial Exemption in order to determine the deductible input tax amount that he is entitled to deduct for the taxable year, when he incurs input tax on goods and services that were used to make both taxable and exempted supplies in that tax year.

The Annual Partial Exemption is calculated on the basis of the following formula, (rounded to three decimal places):

$$\frac{\text{(Total value of Taxable Supplies in the Tax Year)}}{\text{(Total value of Taxable and Exempt Supplies in the Tax Year)}} \times 100\%$$

Determining the deductible input tax in a tax year is as follows:

- 1- Where the calculated amount as a result of applying the Partial Exemption Annual Recovery Percentage exceeds the total of values calculated per Article (59) of these Regulations, the difference may be deducted in the tax return for the Tax Period that follows the end of the Tax Year.
- 2- Where the calculated amount is less than the total values calculated per Article (59) of these Regulations, the difference must be returned to the Authority through the tax return for the first Tax Period that follows the end of the Tax Year.

Article (61)

The Taxable Person may use an Alternative Method to calculate Partial Exemption instead of the Method of calculating Partial Exemption stipulated in Article (59) of these Regulations provided the following conditions are met:

- 1- The Alternative Method to Calculate Partial Exemption gives an acceptable apportionment.
- 2- The method is based on actual use of the Goods and Services.
- 3- The method must include an annual adjustment of the exemption.

Article (62)

A Taxable Person who wishes to obtain the Authority's approval to use an Alternative Method to calculate Partial Exemption under Article (61) of these Regulations must apply in writing including the following details and documents:

- 1- General details of the Taxable Person and his Tax Identification Number.
- 2- The name and address of the Responsible Person.
- 3- The reasons why the Taxable Person does not wish to use the method set out by the Authority in Article (59) of these Regulations.
- 4- Full description of the Alternative Method to calculate Partial Exemption.
- 5- The date from which the Alternative Method to calculate Partial Exemption will take effect, not being a date prior to the date of application.
- 6- Worked examples for the Alternative Method to calculate Partial Exemption based on figures for previous Tax Years, compared to the Method to calculate Partial Exemption set out in Article (59) of these Regulations.

Article (63)

The Authority shall decide on the application to use an Alternative Method to Calculate Partial Exemption within thirty (30) days from the date the applicant provides all information and documents. Otherwise the application for a Partial Exemption Alternative Method is deemed to be rejected.

The applicant may object to the rejection decision of the Authority on the application for applying the Alternative Method to Calculate Partial Exemption within sixty (60) days of the notification date of the decision, and no response given within thirty (30) days of submitting the objection deems the objection to be rejected.

The Taxable Person may not apply any alternative Method of calculating the Partial Deduction unless he obtains the Authority's approval and is notified of the approval decision.

Article (64)

The Authority has the right to take the necessary measures to withdraw the decision to use the alternative method for calculating the partial deduction if it becomes evident that the input tax is not properly proportioned, provided the Taxable Person is notified. The Taxable Person in this case must use the method of calculating the Partial Deduction stipulated in Article (59) of these Regulations.

Article (65)

For the purposes of application of the provisions of Items (1) and (2) of Article (45) of the Law, the Taxable Person, upon receiving a credit note related to a tax invoice that has previously granted him the right to deduct the Tax – fully or partially- must amend the input tax with the amount of the Tax included in the notice for the tax period during which the credit note was received.

In the event that apportionment is applied in relation to the original invoice in accordance with the provisions of Articles (57) to (60) of these Regulations, then apportionment must be applied to the credit note.

Article (66)

Where a Taxable Person has previously deducted input tax upon receiving the goods and services supplied to him, without paying or adjusting the consideration of the supply -fully or partially-, he must adjust the input tax that he was previously deducted when the conditions for adjusting the Tax value stipulated in Articles (48) to (53) of these Regulations are met.

Section Four

Capital Assets

Article (67)

Capital Assets -for the purposes of the application of the provision of Item (4) of Article (45) of the Law- are tangible and intangible assets that form part of the business assets of a Taxable Person, allocated for long-term use as a business instrument or means of investment and shall include the following:

- 1- The acquisition or purchase of land, building or both land and buildings.
- 2- The construction of any building.

Article (68)

Input tax previously deducted by the Taxable Person in relation to the Capital Assets shall be adjusted over ten (10) years for Long term Capital Assets, or five (5) years in respect of other Capital Assets. The Capital Assets Adjustments start from the beginning of the Tax Year during which the Capital Assets were purchased, obtained or constructed.

Article (69)

The Input Tax incurred by a Taxable Person at the time he purchases a Capital Asset shall be deducted in accordance with the provisions of Articles (57), (58), (59), (60) and (66) of these Regulations. The input Tax shall be adjusted at the end of each Tax Year that falls within the adjustment period according to the following:

$$\text{Adjusted Tax} = \frac{\text{Total input tax on Capital Assets} \times (\text{Initial Recovery Percentage} - \text{Annual Recovery Percentage})}{\text{Adjustment Period}}$$

To make the adjustment, the following should be taken into account:

- 1- The Initial Recovery Percentage will be the recovery percentage used for the Capital Asset purchased. If the Taxable Person incurs Input Tax on the Capital Asset over more than one Tax Year for the purpose of making it ready for use, the Initial Recovery Percentage will be calculated as follows: (rounded to three decimal places)

The total amount of deductible Input Tax in all Tax Years

The total amount of Input Tax incurred in all Tax Years

The Taxable Person may apply to the Authority to obtain its approval to calculate the Initial Recovery Percentage on basis determined by the Authority.

- 2- The first year of the Capital Asset Input Tax adjustment shall be the Tax Year in which the asset was first used or became available for use.
- 3- The annual deduction percentage is the overall input tax recovery percentage for the specific Tax Year in the Adjustment Period, taking into account all the activities of the Taxable Person in that Tax Year.

If the Adjusted Tax shows a Negative Amount representing further right for deduction under this Article, this amount can be reclaimed as additional Input Tax in the first Tax Period following the end of that Tax Year.

If the Adjusted Tax shows a Positive Amount representing further restriction of the right for a deduction under this Article, this Positive Amount must be adjusted as Input Tax in the first Tax Period following the end of the that Tax Year.

If the Capital Asset is not used to make any taxable supplies in any Tax Year, the Initial deduction Percentage and the annual deduction percentage shall be zero percent (0%).

Article (70)

Where a Taxable Person sells, disposes of or surrenders a Capital Assets or ceases to be eligible to be registered for Tax during the Adjustment Period, a Final Adjustment shall be carried out as follows:

Input Tax Incurred at the time of Capital Asset Purchase X the number of years remaining for Adjustment Period X (Final Adjustment Percentage - Initial Recovery Percentage)

Number of Years of Adjustment Period

Where the Final Adjustment Percentage shall be:

- 1- One hundred percent (100%) if the disposal of the capital asset was liable to Tax.
- 2- Zero percent (0%) if the disposal was exempt or the Taxable Person ceases to be eligible to be registered for Tax.
- 3- In cases where the sale, disposal or surrender resulted in both Taxable and Exempt Supplies, the adjustment shall be calculated based on the ratio of the taxable value(s), to the total value(s).
- 4- No Final Adjustment is required if the Capital Asset is lost or damaged beyond reasonable repair before the end of the Adjustment Period, provided the conditions of Article (72) of these Regulations are met.

In all cases, the adjustment shall be carried out in the period within which the capital asset was disposed, or a Taxable Person is no longer eligible to be registered, the adjustment shall be carried out in the final return for the tax period.

Article (71)

Where a Taxable Person making Capital Asset Adjustments -in accordance with the provisions of Articles from (68) to (72) of these Regulations, transfers his assets as part of his activity in accordance with Article (13) of these Regulations, leaves (or is no longer eligible to be part of) a Tax Group, or joins a Tax Group he shall make a tax Adjustment on the day before transferring the asset, joining or leaving a Tax Group.

The new owner of the Capital Asset and the representative member of the Tax Group or, the Taxable Person leaving the Tax Group, shall be responsible for all the remaining and ongoing Capital Assets Adjustments under Articles (69) and (70) of these Regulations until the end of the Adjustment Period.

Section Five

Input tax deduction in special cases

Article (72)

The Taxable Person is not required to adjust the Input Tax if the goods supplied are lost, damaged, or theft. The Taxable Person shall notify the Authority of that within a period not exceeding (30) thirty days from the date of his knowledge thereof on the form prepared for this purpose, attaching the reports and documents specified by the Authority including the documents evidencing the loss, damage or theft and reasons, and report of the resulting damages.

The Authority may inspect the workplace, to establish the occurrence of loss, expiry or theft within thirty (30) days from the date of receiving the aforementioned notification. The loss, damage or theft shall be documented in the inspection report.

In the event the Taxable Person's workplace is not inspected by the Authority within the stipulated period, he is not required to adjust the Input Tax for the lost, damaged or theft goods.

In the event that the Taxable Person fails to notify the Authority within the stipulated period, or the Authority proves that the reports and documents submitted by him are not correct, he becomes required to make an adjustment to the Input Tax on the lost, damaged or theft goods.

Article (73)

The Taxable Person may deduct the Input Tax incurred on Goods supplied to the Taxable Person or imported by the Taxable Person prior to the effective date of registration, as per the following conditions:

- 1- The Goods are supplied to, or imported by, the Taxable Person within a period not exceeding three (3) years, counting back from the effective date of registration and are still available for use on the effective date of registration.
- 2- The Taxable Person has the right to deduct Input Tax on these goods is in accordance the Law and these Regulations.

Article (74)

A Taxable Person may deduct the input tax incurred on services supplied to the Taxable Person prior to the effective date of registration as per the following conditions:

- 1- The Services are supplied to the Taxable Person within a period not exceeding six (6) months prior to the effective date of registration.
- 2- The person has the right to deduct Input Tax on these Services is in accordance with all the provisions of the Law and these Regulations.

Article (75)

The deductible Input Tax on any Capital Assets which are acquired prior to the effective date of registration shall be determined according to the following:

$$\frac{\text{Total Input Tax on Capital Assets x Net Book Value}}{\text{Acquisition or purchase Value of the Capital Assets}}$$

In the event that the capital assets were used - fully or partially - for other than the purposes of the activity, the tax calculated in accordance with the provisions of Article (57) of the Regulations shall be apportioned. In the event that assets are used to make taxable and exempted supplies, the provisions set forth in Articles (58), (59) and (60) of these Regulations shall apply to the calculated tax.

Article (76)

The amount of input tax incurred on capital assets prior to the effective date of registration, which must be adjusted, shall be determined according to the provisions of Article (75) of these Regulations, provided the adjustment is made in accordance with the provisions of Articles (69), (70) and (72) of these Regulations.

The adjustment period shall be in accordance with Article (68) of these regulations, and that the adjustment shall start from the tax year in which the capital asset was acquired.

Article (77)

A Taxable Person who wishes to deduct an Input Tax that he incurred on Goods and Services before the effective date of Registration, must submit a Pre-registration Input Tax application to the Authority on the form prepared for such purposes within thirty (30) days of the effective date of Registration , provided the following details and documents are included:

- 1- Description of the Goods and Services for which Input Tax is claimed.
- 2- Purchase invoice numbers and dates for each Good and Service.
- 3- Amount of Tax paid on each invoice.
- 4- Total amount of Input Tax claimed.
- 5- Name and address of the Supplier for each Good and Service.
- 6- Tax Identification Number of each Supplier of Goods and Services.
- 7- Inventory list of all Goods in the claim as at the day prior to effective date of registration, in the event the value of these Goods exceeds fifty thousand (50,000) Omani Rial, it must be audited by an auditor recognized in the Sultanate.

- 8- The Documents set out in Article (55) of these Regulations as relevant.
- 9- Any other details and documents determined by the Authority.

Article (78)

The Authority shall make a decision on the application within thirty (30) days of receiving the details and documents stipulated in Article (77) of these Regulations, the decision shall include the approved value of deductible Tax. Where the set forth period passes without a reply, it shall be deemed as a rejection of the application.

The Authority may apply the provision related to tax control and inspection on this application as set forth in the Law and these Regulations.

The Taxable Person may object to the Chairman the Decision issued to reject the claim -fully or partially- within (60) days from the date of receiving notification of the Decision. No response to the objection within (30) days from the date of submission is deemed as rejection to the Objection.

The Taxable Person may make Input Tax Deduction, starting from the tax return, for the tax period following the period during which he was notified with the approval of the Authority.

CHAPTER SIX

Exempted Supplies and Zero percent (0%) Rated Supplies

Section One

Exempted Supplies

Article (79)

In the application of the provisions of Item (1) of Article (47) of the Law, Financial Services provided by banks and financial institutions, licensed by the Central Bank of Oman or any other competent authority, which are established to conduct banking activities, with the exception of financial services where the payment of the consideration is as a fee, commission or commercial deduction. Tax-exempted financial services include:

- 1- Providing and transferring loans and advances.
- 2- Credit including credit installments in rental or lease-to-own purchase transactions and credit guarantees.
- 3- Depositing money into current, savings and deposit accounts.
- 4- Supply and issuance of financial instruments such as derivatives, deferred contracts and similar options and transactions.
- 5- Supply and issuance of shares, bonds and other securities.
- 6- Transfer of ownership of any securities or derivatives related to any securities.
- 7- Life insurance services.

Financial supplies which are made within an Islamic financial arrangement are treated with the same treatments applied to non-Islamic financial products. Provided that among the parties of the transaction is a person licensed to conduct Islamic financial banking activities or other in accordance with the laws in force.

Article (80)

Pursuant to the provisions of item (2) of Article (47) of the Law, Health Care Services provided by Medical Professionals or Medical Institutions in accordance with the laws in force in the Sultanate are exempted from Tax.

Health Care Services, include- in particular- the following:

- 1- General Medicine Services.
- 2- Medical specialty services.
- 3- Dental services and laboratory work.
- 4- Psychiatric services.
- 5- Physical therapy services.
- 6- Nursing services in hospitals, nursing homes or similar licensed institutions.
- 7- Legal midwifery services.
- 8- Diagnosis and treatment of diseases and individuals.
- 9- Service of surgical, reconstructive and cosmetic surgeries.

Health Care Services, and related Goods and Services, also include -in particular- the following:

- 1- Transporting the sick and wounded in ambulances equipped for such purposes.
- 2- Provisions of residence, food and drinks.
- 3- Operation room expenses.
- 4- Medicines and Medical Supplies.

Goods and Services related to Health Care Services shall not include the supply of Services of a commercial nature, such as, the supply of food and drink to visitors, the provision of parking lots for visitors, and all activities that are not included in the medical treatment, such as a TV rental fees or telephone calls allowances.

Article (81)

Pursuant to the provisions of Item (3) of Article (47) of the Law, Educational Services and related Goods and Services supplied by educational institutions licensed by competent authorities in the field of education in the Sultanate are exempted from Tax, with the exception of courses provided outside the approved school curriculums.

Educational Services mean Services that are provided for the purposes of education per the regulations set out by the laws in force in the Sultanate, and shall include -in particular- the following:

- 1- Education in Pre-primary and kindergarten stages.
- 2- Education in all stages.
- 3- Higher education.
- 4- Vocational and technical education (theoretical or practical education to qualify persons to practice a profession or a craft).
- 5- Adult education for adults who did not attend formal schools.
- 6- Education for people with special needs, including the blind, deaf and dumb.
- 7- Teaching languages.
- 8- Vocational institutes.

Goods and Services related to Educational Services mean Goods and Services directly related to education and provided by or through licensed educational institutions, provided that these activities are limited to students and complement the education services, which includes the following:

- 1- Provision of residence, food and drinks.

- 2- Organizing cultural, educational, or professional activities or seminars.
- 3- Organizing trips, provided that these trips are related to a specific curriculum.
- 4- The supply of educational materials provided these materials are related to a specific curriculum.
- 5- Supply of the transport of students.
- 6- Supply of school uniforms.

Article (82)

Pursuant to the provisions of Item (4) of Article (47) of the Law, Undeveloped Land (vacant land) means land, which has no man-made structures, or part completed structures on it above the surface or in the ground below the surface.

Article (83)

Pursuant to the provisions of Item (5) of Article (47) of the Law, Residential Properties mean any building or part of a building designed and intended for residential purposes and has the required approval from the relevant competent authority.

Residential Properties will not include- in particular- the following:

- 1- Any building that is used as a hotel, tourist compound, industrial compound, commercial compounds, bed and breakfast establishment, hospital and all similar buildings.
- 2- Any hotel apartment.
- 3- Any structure that is not fixed to the ground and can be moved without damage.

Article (84)

Pursuant to the provisions of item (6) of Article (47) of the Law, Local Passenger Transport means the transport of passengers from one place in the Sultanate to another place within the Sultanate by land, air or sea and shall include –in particular- the following:

- 1- Organized Public Transport of passengers based on previously published and known timing, fees and routes.

- 2- Transport provided through public taxis except taxis that are operated by specialized companies within public or private sector.

Article (85)

Pursuant to the provisions of Item (7) of Article (47) of the Law, Rental of Properties for Residential Purposes shall mean any agreement which gives the right to occupy a property for residential purposes provided:

- 1- The right to occupy is for a continuous period no less than three (3) months.
- 2- The agreement is in accordance with the relevant rental laws in force in the Sultanate.

Rental of Properties for Residential Purposes will not include –in particular- rental of any building that is used as a hotel, tourist compound, industrial compound, commercial compounds, bed and breakfast establishment, hospital and any similar buildings, or rental of hotel apartments.

Article (86)

Personal luggage and gifts brought by travelers coming to the Sultanate, shall be exempted from tax pursuant to Article (49) of the Law, provided the following conditions are met:

- 1- The personal luggage and gifts are accompanied by a Person when he arrives to the Sultanate and are his own property.
- 2- The luggage and gifts are of personal nature and not in commercial quantities.
- 3- Are for living or personal usage.
- 4- The value of each good shall not exceed (300) Three Hundred Omani Rial.
- 5- The traveler shall not be a frequent visitor to the customs office in the Sultanate or be a professional trader of the materials in his possession.
- 6- The number of cigarettes to which the exemption is applied shall not exceed (400) four hundred cigarettes.
- 7- The luggage and gifts are subject to the prohibitions and restrictions rules in force in the Sultanate.

Article (87)

The exemption of requisites for people with special needs, in application to the provision of Article (49) of the Law, provided the following conditions are met:

- 1- The Goods are Imported from outside the GCC.
- 2- The Goods are Imported by the following, directly or indirectly:
 - A. Government Authorities licensed to give care for people with special needs.
 - B. Foundations /societies licensed to give care for people with special needs.
 - C. GCC citizens holding People with Special Needs Cards, for personal use based on the type of disability.
- 3- The volume, quantity and type of the Imports shall match the actual needs that would enable the foundation/society to perform its functions and carry out its activities.
- 4- The Imports are not of commercial nature.
- 5- The benefiting individuals may not dispose the imported motor vehicles prior to the expiry of three (3) years from the date of Import, otherwise Tax shall be due on the motor vehicle per their market value on the date of Import.
- 6- The Import is made in accordance with the provisions, procedures and conditions set out in the Common Customs Law.

In all cases, the importer must keep the required information and documents to evidence meeting the above conditions, provided that these documents are certified by competent authorities.

Section Two

Zero-rated Taxable Supplies

Article (88)

Investment gold, silver, and platinum -in application of the provision of Item (3) of Article (51) of the Law, mean a metal of not less than (99%) purity and is tradable in the global bullion markets.

Tax shall be imposed at the zero percent (0%) rate on the first Supply after extraction of investment Gold, silver, and platinum.

Article (89)

International and Intra GCC transportation –in application of the provision of Item (4) of Article (51) of the Law, shall include the following:

- 1- Transporting passengers or Goods from inside the Sultanate to a place outside the Sultanate, or vice versa.
- 2- Transporting passengers or Goods inside the Sultanate if such transportation is part of the transportation supplies stated in Item (1) of this Article.

The transfer must be carried out by qualified means of transport specified in accordance with the provisions of Article (91) of these Regulations.

Article (90)

The Supply of Services related to International and Intra GCC transportation of Goods or passengers in the application of Item (4) of Article (51) of the Law -in particular- includes the following supplies:

- 1- Supply of Goods and Services for use or consumption on qualified means of Transport in accordance to Article (91) of these Regulations.
- 2- The Services provided for undertaking the transport of Goods, including loading, unloading, stacking, packing, weighing and measuring services.
- 3- Renting containers, machines and equipment used in transporting Goods.
- 4- Goods packing, packaging, and re-packaging services.

Article (91)

In the application of the provisions of Item (5) of Article (51) of the Law, the means of sea, air and land transport designated for the transport of goods and passengers for commercial purposes shall mean the following:

- 1- Aircraft, ships, boats or floating structures designed or prepared for use in the commercial transportation of passengers or goods, provided they are not designed or prepared for use for recreational or sporting purposes.

- 2- Motor vehicles, trains or the like, designed or prepared for use in public transport for (10) ten passengers or more.
- 3- Motor vehicles which has a payload capacity of not less than (2) tons.

Related goods and services shall mean goods and services for maintenance, repair or conversion purposes including the supply of spare parts and consumables for means of transport, including components that have been permanently installed or affixed to the means of transport.

Article (92)

The Supply of rescue and assistance aircrafts and boats licensed by competent authorities in the Sultanate shall be taxable at a zero percent (0%) rate.

Article (93)

The Supplies of crude oil and its oil derivatives and natural gas including the supply of Goods and Services related to these supplies, shall be taxable at a zero percent (0%) rate, in accordance to the following conditions:

- 1- The supplies are related to the transactions of the supply chain of crude oil and its oil derivatives and natural gas, which includes the primary activities which is the stage of exploration, development, production and related services, And intermediate activities, and this stage includes transportation, storage and related services, and does not include the final activities such as the refining, manufacturing, marketing and distribution stage to the final consumer.
- 2- The supplier and the customer are taxable.
- 3- The supplier and the customer must be registered and licensed by the Ministry of Energy and Minerals to carry out primary and intermediate activities related to exploration, production, extraction, transportation or import of crude oil, its oil derivatives and natural gas.
- 4- The customer has received supplies for the purposes of carrying out primary activities and intermediate activities within the supply chain of crude oil, its oil derivatives and natural gas.

- 5- The supplies are not among the supplies excluded from the right for tax deduction in accordance with the provisions of these Regulations.
- 6- These supplies shall not include those related to restaurants and hotels services, undertakings to provide food and drinks, and cultural, artistic, sports, educational and entertainment services stipulated in Item (5) of Article (24) of the Law.
- 7- These supplies are not from the tax-exempt services stipulated in Article (47) of the Law.

Article (94)

For the purpose of application of the provision of Item (1) of Article (52) of the Law an Export shall mean exit of Goods from the Sultanate to outside the GCC States in accordance with the Common Customs Law and includes:

- 1- A direct Export or re-export where the Supplier of the Goods in the Sultanate is responsible for transporting the Goods to outside the GCC States
- 2- An indirect Export or re-export where the purchaser of the Goods in the Sultanate is responsible for transporting the Goods to outside of the GCC States.

Article (95)

The zero- percent (0%) Tax rate is imposed on the export of Goods provided the following conditions are met:

- 1- The Goods are actually exported to a place outside the territories of the implementing GCC States by the Taxable Person or another person, within a period not exceeding ninety (90) days from the date of Supply.
- 2- The Goods are not consumed, used, or changed in any way before the actual date of export, except for operations necessary to prepare those Goods for export.

In all cases, the Taxable Person who supplies the Goods for the purpose of Export shall keep documents proving the Export issued by the competent Authorities, in addition to commercial documents related to the export.

Article (96)

Where the goods do not leave the territory of the implementing GCC States within ninety (90) days or where the exporter or supplier in the case of indirect export does not keep evidence that proves to the Authority that the goods have left the territory of the implementing GCC States, the exporter or supplier will be responsible for the Tax as if the Supply was made in the Sultanate.

Article (97)

To be taxable at zero-percent (0%) tax rate, the re-export of goods that have been temporarily entered into the Sultanate for the purpose of repairing, restoring, conversion or processing, and the added services, must be transported to a place outside the GCC countries according to the conditions and customs procedures in force in accordance with the Common Customs Law.

In all cases, the Taxable Person who carries on re-exports must keep the documents -certified by the competent authorities- proving the re-export transactions in addition to the commercial documents related to the supplies.

Section Three

Customs Duty Suspension Statuses

Article (98)

The Zero Percent (0%) Tax rate is applied on the supply of goods to one of the Customs Duty Suspension Statuses in accordance with the Common Customs Law.

The Taxable Person who placed the goods in one of the Customs Duty Tax Suspension Statuses, must keep the documents proving the transfer of these goods, after being certified by the Directorate General of Customs or any other competent authority responsible for monitoring the movement of goods or supplies related with goods to Customs Duty Tax Suspension Statuses.

Article (99)

The Zero Percent (0%) Tax rate is imposed on Services supplied to one of the Customs Duty Suspension Statuses, provided that all of the following conditions are met:

- 1- The Services are received for the purpose of activity within the Customs Duty Suspension Statuses.
- 2- The Services are not related to restaurant and hotel services, the provision of food and beverages, cultural, artistic, sport, educational and recreational services that fall under Item (5) of Article (24) of the Law.
- 3- The Services are not exempted from Tax in accordance with Article (47) of the Law.

Article (100)

The Tax due on the Import or movement of Goods into one of the Customs Duty Suspension Statuses from outside the Sultanate shall be suspended provided the conditions for Customs Duty Tax Suspension Statuses in accordance to the Common Customs Law are met.

The Goods moved from one of the Customs Duty Suspension Statuses to a place outside the territory of GCC States, shall be treated similar to the treatment applied for the Export of Goods.

Article (101)

The Supply of Goods from one of the Customs Duty Suspension Statuses to a Special Zone as stipulated in Article (102) of these Regulations, shall be taxable at zero percent (0%) rate, provided the following conditions are met:

- 1- The Customer must be a Taxable Person.
- 2- The Customer must be a registered with and licensed by the Operating and Supervising Authority of the Special Zone.
- 3- The Goods are received by the customer for the purpose of the Activity.
- 4- The Goods must not be excluded from the right to deduct Input Tax according to the provisions of Article (56) of these Regulations.

In all cases, documents proving that the supply of those Goods from one of the Customs Duty Suspension Statuses to the Special Zone must be kept, provided that they are certified by a Special Zone Operating and Supervising Authority or by the Directorate General of Customs (as the case may be).

Section Four

Special Zones

Article (102)

Any Zone shall be considered a Special Zone provided all the following conditions are met:

- 1- The Zone must be a Free Zone, or a Special Economic Zone designated in the Sultanate in accordance to the Laws in force in the Sultanate.
- 2- The Zone should have procedures in place to monitor the movement of Goods and their Supply to the Zone.
- 3- The Zone is Supervised and Regulated by a responsible operating Authority that is authorized by the Laws in force in the Sultanate.
- 4- Any other conditions determined by the Authority.

The Free Zone or the Special Economic Zone Operating Authority must submit an application to the Tax Authority in the event it wishes to classify this Zone as a Special Zone for the purpose of application of the Law and these Regulations, in accordance with procedures determined by the Authority.

Article (103)

The Supply or movement of Goods to or within Special Zones, shall be taxable at Zero Percent (0%) rate, according to the following conditions:

- 1- The Customer or recipient must be a Taxable Person.
- 2- The Customer or recipient must be registered with and licensed by the Operating and Supervising Authority of the Special Zone to carry out his activity within it.

- 3- The Goods are received by the customer or recipient for the purpose of its activity within the Special Zone.
- 4- The Goods must not be excluded from the right to deduct Input Tax according to the provisions of Article (56) of these Regulations.

In all cases, the documents proving the transfer of goods to, within, or between the special Zones must be kept, provided that they are certified by the Operating and Supervising Authority of the Special Zone with regard to the supply of goods within the Special Zone, and by the Directorate General of Customs with regard to the supply and transport of goods from one Special Zone to another.

Article (104)

The Tax due shall be suspended on the import of goods to the Special Zone when meeting the conditions of Customs Duty Suspension Statuses according to the Common Customs Law. The Tax shall be due upon the release of Goods from a Special Zone when the Suspension Period ends.

Article (105)

Goods moved and supplied from a Special Zone to outside the territory of the GCC countries shall be treated with the same treatment applied to the export of goods.

Article (106)

The transfer of goods from the Special Zone to one of the Customs Duty Suspension Statuses in accordance with the Common Customs Law is taxable at Zero Percent (0%) rate.

The Taxable Person who transfers the goods must keep the documents proving the transfer of these goods after their approval by the Operating and Supervising Authority of the Special Zone or the Directorate General of Customs (as the case may be).

Article (107)

The Supplies of services to Special Zones are taxable at the zero percent (0%) rate, subject to meeting the following conditions:

- 1- The Customer must be a Taxable Person.
- 2- The Customer must be registered with and licensed by the Zone Operating and Supervising Authority .
- 3- The Customer has received the services for the purposes of the activity in the Special Zone.
- 4- The Services shall not include those related to restaurant and hotel services, provision of food and beverages, cultural, artistic, sport, educational and recreational services that fall under Item (5) of Article (24) of the Law.
- 5- The Services are not Exempted Services in accordance to the provisions of Article (47) of the Law.

CHAPTER SEVEN

Registration

Section One

General Provisions

Article (108)

All Persons who are required to register or may register voluntarily must do so using the electronic portal of the Authority and through following the procedures determined by the Authority.

Article (109)

The expected supplies or expenses to be spent -for the purposes of applying the provision of Item (2) of Article (61) of the Law- mean the expected value of supplies or expenses that a person is expected to spend based on reasonable estimates, taking into account the value of past supplies and future contracts.

Section Two

Registration and Exemption from Registration

Article (110)

Any Person, who has a place of residence in the Sultanate and is required to register, shall submit a registration application in accordance with the provisions of Article (120) of these Regulations within thirty (30) days of meeting any of the two cases stipulated in Article (55) of the Law.

The mandatory Date of Registration shall be the first day of the month following the month during which the conditions for Mandatory Registration were met, or the date set by the Authority in the Registration Certificate.

Article (111)

The person, who has no place of residence in the Sultanate and is required to register in application of the provisions of the Law, shall register as follows:

- 1- The person who has no place of residence in the Sultanate and has a place of residence in any of the GCC implementing States, shall submit a Registration Application in accordance with Article (120) of these Regulations within thirty (30) days from the date of meeting the conditions stipulated in Article (55) of the Law. The effective date of registration shall be determined in accordance with the provisions of Article (110) of these Regulations.
- 2- The person who has no have a place of residence in the Sultanate or in any of the GCC implementing States, shall submit a Registration Application in accordance with Article (121) of these Regulations, twenty (20) days prior to the beginning of the month in which the first supply takes place. The effective date of Registration shall be the date of the first supply on which the Person is liable to pay Tax.

Article (112)

The person who has no place of residence in the Sultanate may appoint a Tax Representative provided the following conditions are met:

- 1- The Tax Representative is appointed under a written and valid agreement.
- 2- The Tax Representative has a place of residence in the Sultanate.
- 3- The Tax Representative is registered for Tax in the Sultanate.
- 4- Any other conditions determined by the Authority.

Article (113)

The application for appointing a Tax Representative shall be submitted to the Authority on the form prepared for such purpose, provided the application includes the following details and documents:

- 1- The name, address and Tax Identification Number of the Tax Representative.
- 2- The nature of the activity conducted by the Tax Representative.
- 3- A copy of the written agreement between the person and the Tax representative.
- 4- A copy of the commercial register for the Tax Representative.
- 5- Any other details or documents determined by the Authority.

Article (114)

The Authority shall decide on the application to appoint the Tax Representative within a period not exceeding thirty (30) days from the date on which the applicant submits all details and documents per Articles (112) and (113) of these Regulations, no reply within this period shall be considered a rejection of the application.

In the event the Authority approves the Tax Representative registration application, the Tax Representative is granted a special Tax Identification Number in respect of the non-resident person.

In the event the Tax Representative ceases to represent the tax group for any reason, he must notify the Authority fifteen (15) days prior to the expiry date.

Article (115)

Any person who has a place of residence in the Sultanate and is not liable for Tax Registration in accordance to the provisions of the Law, may submit a voluntary registration application in accordance to Article (120) of these Regulations as per the cases stipulated in Article (61) of the Law.

The voluntary Date of Registration shall be the first day of the month following the month when the voluntary registration application was submitted, or any other date specified by the Authority in the Registration Certificate.

Article (116)

Any Person who is required to register and whose supplies are all taxable at zero percent (0%) rate may apply to the Authority for an Exemption from Registration, provided that the application includes the requirements set out in Article (120) of these Regulations and the following details and documents:

- 1- A description and details for the activities conducted by the Taxable Person demonstrating that the supplies made are taxable at the zero percent (0%).
- 2- A list of all supplies in the past (12) months and the applicable tax rate.
- 3- A list of all expected supplies for the next (12) months and the applicable tax rate.
- 4- Documents proving that the Taxable Person does not intend to make any future Standard Rate taxable supplies and that the Taxable Person will otherwise notify the Authority fifteen (15) days prior to making any such supplies.
- 5- The length of the time of applying the Exemption provided it shall not exceed the Tax Year in which the application is made.

Article (117)

The Authority shall decide on the Exemption Application within a period not exceeding thirty (30) days from the date of the receipt of all the required details and documents, otherwise the application shall be considered rejected.

The Authority shall determine in the approval decision the length of the Registration Exemption period.

If the person wishes to extend the period of the Approval of Registration Exemption, he must re-apply no less than thirty (30) days before the end of the previous Registration Exemption period.

Article (118)

The Authority shall Mandatory register any person who is liable for tax registration and failed to register on the date determined by Law, provided the person is notified and the notification includes the Registration Certificate stipulated in Article (123) of these Regulations and a statement of the required tax returns and their filing dates.

The person shall notify the Authority of appointing a Responsible Person within a period not exceeding fifteen (15) days from the date of notification of registration.

Article (119)

For the purpose of registering related persons engaged in similar or related activities, the following conditions shall be met:

- 1- The Persons are related in accordance with Article (39) of these Regulations.
- 2- The nature of the activities they are engaged in are similar or related, so that the activity of each person is necessary or complementary to the activity of the related persons.
- 3- The total annual supplies of the related persons exceed the mandatory registration threshold.

The Date of Registration for related persons is the first day of the month following the month in which the conditions for Mandatory Registration are met.

Section Three

Registration Procedures

Article (120)

Registration applications shall be submitted to the Authority on the form prescribed for such purposes, provided that they include the following details and documents:

- 1- General information of the applicant.
- 2- The nature of activity or activities carried out.
- 3- Commercial registration number, if any.
- 4- Income Tax Identification number, if any.
- 5- Excise Tax Identification Number, if any.
- 6- Customs Identification Number, if any.
- 7- Details of actual or expected annual supplies.
- 8- Details of the actual or expected annual expenses.
- 9- Customs documents proving the activity or part activity of the applicant falling within the Customs Suspension Statuses in accordance with the Common Customs Law, if any.
- 10- Documents proving that the activity or part of the activity of the applicant is carried out within the Special Zones as defined in these Regulations.
- 11- Bank account details.
- 12- Any other details or documents determined by the Authority.

Article (121)

A registration application shall be submitted by the person who has no place of residence in the Sultanate or by his Tax Representative on the form prepared for such purposes, provided that it includes all the requirements stipulated in Article (120) of these Regulations except for Items (7) and (8) in addition to the following details and documents:

- 1- True copy of the Tax Representation agreement between the tax representative and the person who has no place of residence in the Sultanate.
- 2- The Tax Identification Number of the non-resident person in his country of residence.
- 3- True copy of the documents of formation of the legal persons in their country of residence.

Article (122)

The Authority shall decide on all the registration cases stipulated in these Regulations within a period not exceeding fifteen (15) days from the date of submitting all the required details and documents. Otherwise, the application shall be considered rejected.

Article (123)

The Authority shall -upon approval of the Registration Application- notify the Taxable Person with a Registration Certificate by any of the means stipulated in Article (7) of these Regulations, provided that the certificate includes the following details:

- 1- The name of the Taxable Person.
- 2- The Tax Identification Number.
- 3- The effective date of Registration.
- 4- The Commercial registration number, if any.
- 5- A list of the members of the Tax Group, if any.
- 6- Any other details determined by the Authority.

The Taxable Person must display a copy of the registration certificate at his place of work or the fixed establishment or any place where the activity is carried out.

Article (124)

The Taxable Person shall be required to notify the Authority of any changes to the details previously submitted in the Registration Application, within thirty (30) days from the occurrence of those changes, in the form prepared for such purposes, attaching the documents proving the validity of the new details.

In cases determined by the Authority, a new Registration Certificate is issued with the same Tax Identification Number including the updated details, provided that the Taxable Person is required to hand back the previously issued Registration Certificate.

Section Four

Tax Group

Article (125)

Two or more persons may register and may be treated subsequently as a Tax Group, provided the following conditions are met:

- 1- Each person has a place of residence in the Sultanate.
- 2- All members are legal persons.
- 3- Each person must be registered for Tax per Law.
- 4- One person, whether a member of the group or not, has control over all other members of the tax group.
- 5- None of the persons is a member of another tax group.
- 6- None of the persons is a person registered with the Authority operating a Special Zone under Article (102) of these Regulations.

Control means –for the purpose of a Tax Group- a person who has the right to directly or indirectly control other persons’ activities or commercial matters, or owns more than 50% of the voting rights of the legal person or more than 50% of the capital of the legal person.

Article (126)

The persons in the tax group must appoint one of them as a representative of the group. A Registration Application for the tax group must be submitted by the tax representative on the form prepared for such purposes, provided that it includes the general details and documents for registration stipulated in Article (120) of these regulations in respect of the members of the group, in addition to the following details and documents:

- 1- A copy of the agreement concluded between the group members to appoint a Tax Representative, and an evidence of the representative's approval of the appointment.
- 2- The Tax Identification Number for each member of the group.

Article (127)

The Authority shall decide on the application for tax group registration within a period not exceeding thirty (30) days from the date of completing all the details and documents, otherwise the application will be considered rejected.

The Authority may reject the registration application if it becomes evident to it with proven evidence that the tax group helps or prepares for tax evasion.

The tax group Date of Registration shall be the first day of the month following the month in which the Registration Application was submitted, or any other date specified by the Authority in the Registration Certificate.

In the event that the application for registration of the tax group is approved, the Authority shall notify the representative of the group of the registration certificate, as set forth in Article (123) of these Regulations.

Article (128)

The Tax Group Registration results in the following:

- 1- The representative of the tax group shall be responsible for all tax obligations imposed on the tax group in accordance with the provisions of the Law and these Regulations, without prejudice to the joint liability of the rest of the members of the tax group.
- 2- Any activity that is carried out , any supply that is made, whether taxable or otherwise, and any import of goods or services performed by a member of the tax group, and any supply of goods or services provided to a member of the tax group is considered to have been made by or for the benefit of a Tax Group Representative.
- 3- The output tax imposed by one of the members of the tax group or the input tax incurred by one of the members of the tax group is considered as if it was imposed or incurred by the tax group.
- 4- All members of the tax group shall have joint responsibility among themselves for any Tax, additional Tax, administrative penalties, punishments or other obligations imposed on the tax group pursuant to the provisions of the Law and these Regulations.

- 5- It may not be considered a supply and no Tax is imposed on goods and services transactions between members of the tax group, and among them, where it would have been treated as a supply, otherwise.

Article (129)

The representative of the tax group is required to notify the Authority of any changes that occur to the details previously submitted to the tax group registration application within thirty (30) days from the occurrence of those changes on the form prepared for such purposes, provided that the notification includes documents related to the change. If required, a new registration certificate with the same Tax Identification Number will be issued, including the new details, provided that the Tax Group Representative is required to hand over the Registration Certificate previously issued to it.

Article (130)

The Tax Group Representative is required to notify the Authority of any of the following changes within thirty (30) days from the occurrence of these changes:

- 1- Absence of the Tax Group conditions specified in Article (125) of these Regulations.
- 2- Adding a new person to the Tax Group.
- 3- One member leaves the Tax Group.
- 4- The occurrence of any change in any of the details in accordance with the Law and these Regulations.
- 5- Change of the Representative of the Tax Group.
- 6- Cancellation of the Tax Group.
- 7- Any change in control that has an impact on any member of the Tax Group.

In cases determined by the Authority, a new Registration Certificate with the same Tax Identification Number will be issued, including the new details, provided that the Tax Group Representative is required to hand over the previously issued Registration Certificate to him.

Article (131)

In cases in which the Tax Group is canceled based on a request or a notification submitted by the Tax Group Representative to the Authority, the Authority must notify the Tax Group Representative of the cancellation decision within thirty (30) days from the date of receiving the request or the notification.

The date of canceling the Tax Group will be the first day of the month following the month in which the Application or notification was submitted.

Article (132)

In the event a member of the Tax Group leaves it or is no longer eligible to participate in it, the expiry date of his membership in the Tax Group shall be any of the following two dates, whichever is earlier:

- 1- The date of the end of the tax period in which the notification of leaving the group was submitted.
- 2- The date on which the person no longer fulfills the conditions for participating in the Tax Group.

Article (133)

If it becomes evident to the Authority that a member of the Tax Group is no longer eligible to participate, the Authority may exclude the unqualified member from the Tax Group, and notify the Representative of the Group of that within thirty (30) days from the date of exclusion.

Article (134)

The Authority has the right to cancel the Tax Group Registration when it becomes evident that the Tax Group helps or prepares for tax evasion and shall notify the Group Representative about that within thirty (30) days from the date of cancellation. The date of canceling the Tax Group Registration shall be the first day of the month following the month in which the decision to cancel the Tax Group was made, or any other date determined by the Authority.

Article (135)

When a member leaves the Tax Group or upon the cancellation of the Tax Group, the person must apply for re-registration in the event that he is still required to register on that date in accordance with the provisions of the Law. The date of re-registration is the date of leaving the Tax Group or registration cancellation (as the case may be).

Section Five

Registration Cancellation

Article (136)

A tax registered person shall submit an application to cancel registration to the Authority, in the following dates:

- 1- Within a period of (30) days from the date of ceasing to conduct the activity permanently.
- 2- Within a period of (2) two months from the end of the tax year where the conditions for tax registration were not met through one of the following:
 - A. Ceasing to provide taxable supplies.
 - B. If the value of taxable supplies in the previous twelve (12) months falls below the Voluntary Registration Threshold and the value of taxable supplies will not exceed the Mandatory Registration Threshold in the next twelve (12) months.
 - C. If it is expected that the value of taxable supplies in the following twelve (12) months will not exceed the Voluntary Registration Threshold.
 - D. Where the activity of the Registrant is transferred to another Person –fully or partially- and the circumstances in (B) and (C) in Item (2) of this Article.

Article (137)

Where the Registrant has submitted an application to cancel his registration in accordance with the provisions of (B) and (C) in Item (2) of Article (136) of these Regulations, but can prove that the conditions for Voluntary Registration in accordance with Article (61) of the Law are met, the Registrant may request

to remain Tax registered at the Authority. The Taxable Person must submit the registration cancellation application, in accordance with Article (139) of these Regulations.

Article (138)

Any Registrant may apply to the Authority to cancel his registration at any time, provided all the following conditions are met:

- 1- The value of the Registrant's taxable supplies for the previous twelve (12) months falls below the Mandatory Registration threshold, but above the Voluntary Registration threshold.
- 2- The expected value of taxable supplies in the next twelve (12) months is not expected to exceed the Mandatory Registration threshold.
- 3- The Registrant has been registered for at least twelve (12) months.

Article (139)

An application to cancel registration shall be submitted to the Authority on the form prepared for such purpose, and shall include the following details:

- 1- The name of the Registrant.
- 2- The Registrant's Tax Identification Number.
- 3- Reasons for, and evidence of, meeting the de-registration conditions.
- 4- Date of meeting the de-registration conditions.
- 5- The estimated value of assets on hand on the submission date of the de-registration application.
- 6- Details of the value of supplies in the last twelve (12) months and an estimate of the value of supplies in the next twelve (12) months.
- 7- Details of the value of expenses in the last twelve (12) months and an estimate of the value of the expenses in the next twelve (12) months.
- 8- Any other information determined by the Authority.

Article (140)

The Authority shall make a decision on the application to cancel Registration within thirty (30) days from the completion of all required details and document, otherwise the application shall be considered rejected.

The Authority shall notify the Registrant of the cancelation of registration by one of the means stipulated in Article (7) of these Regulations, including the effective date of canceling the registration.

Article (141)

The Authority may cancel a Tax Registration of a person required to de register, where a Registrant has not submitted an application in accordance with these Regulations.

The Authority shall notify the Registrant within thirty (30) days of the date of issuing the decision of cancelling the registration.

Article (142)

A Registrant whose registration has been canceled must keep the records and accounting books referred to in Article (70) of the Law and these Regulations for a period of ten (10) years from the date of notification of the cancellation, and he is required to allow inspection of the records and accounting books whenever requested by the Authority.

CHAPTER EIGHT

Tax Invoices, Records and Returns

Section One

Tax Invoices

Article (143)

The Taxable Person must issue a tax invoice in the following cases:

- 1- When making supplies, whether these supplies are for a non-taxable person or a Taxable Person allocating the supplies for personal use.
- 2- When making deemed supplies.
- 3- When receiving the consideration -fully or partially- before the date of supply.

Article (144)

The Issuance of the tax invoices shall be in Arabic. The tax invoice may be issued in English provided an Arabic translation is provided in Arabic upon the Authority's request.

The Tax Invoice includes -in particular- the following details:

- 1- The term "Tax Invoice".
- 2- The date of issuance of the Tax Invoice, the date of supply, and the date of payment.
- 3- The sequential number of the Tax Invoice.
- 4- The supplier's full name, address and Tax Identification Number.
- 5- The customer's full name, address and Tax identification number, if any, or its equivalent in his country of residence if he has no place of residence in the Sultanate.
- 6- Description of the supplied goods and services.
- 7- The quantity of goods.
- 8- Payment date of advance payment, if any,
- 9- Total consideration excluding Tax.
- 10- The applied Tax rate.
- 11- Any price discounts, or reductions granted to the customer, or any subsidies granted by the State that were not included in the value of the consideration excluding Tax.
- 12- Taxable value.
- 13- Value of the Tax due.

Article (145)

In case the Taxable Person supplies used goods in accordance with the Profit Margin Mechanism the Tax Invoice shall include all the details stipulated in Article (144) of these Regulations except the value of the Tax, provided it mentions that the Tax has been calculated per the Profit Margin Mechanism.

Article (146)

As an exception from the provisions of Article (143) of these Regulations, the Taxable Person may issue a Simplified Tax Invoice after obtaining the approval of the Authority when the following conditions are met:

- 1- The nature of the supplies does not require the issuance of immediate Tax Invoices in accordance with Article (144) of these Regulations.
- 2- The value of supplies excluding Tax should be less than five hundred (500) Omani Rial.

Article (147)

The simplified Tax Invoice shall include the following details:

- 1- The phrase "Simplified Tax Invoice".
- 2- The date of issuance of the Simplified Tax Invoice, the date of supply and the date of payment.
- 3- The supplier's full name, address and Tax Identification Number.
- 4- Description of goods and services.
- 5- The quantity of goods.
- 6- The Total consideration, excluding Tax.
- 7- The applied Tax rate.
- 8- Any price reductions, discounts granted to the customer, or any subsidies granted by the State that were not included in the value of the consideration excluding Tax.
- 9- Taxable value.
- 10- Tax due.

Article (148)

The Taxable Person must submit an application for obtaining the approval of the Authority to issue Simplified Tax Invoices in the form prepared for such purposes. The Authority shall make a decision on the application within fifteen (15) days from the date of its submission, otherwise the application shall be considered rejected.

Article (149)

The Taxable Person who is granted an approval to issue a Simplified Tax Invoice must issue a tax invoice in accordance with the provisions of Article (144) of these Regulations whenever the customer requests it, whether this customer is taxable or non-taxable.

Article (150)

The Taxable Person may issue a Summary Tax Invoice that includes all supplies of goods and services provided to the same customer within a month, provided that the Simplified Tax Invoice contains the same details as the tax invoice provided for in Article (144) of these Regulations.

Article (151)

The taxable customer who is required to pay the Tax in cases where the Reverse Calculation Mechanism is applied must record on the tax invoice issued in his favor from the supplier residing outside the Sultanate, the value of the Tax due on the supply in Omani Rial and indicate that the supply is subject to the Reverse Calculation Mechanism.

Article (152)

A Taxable Person shall issue a "Self-Issued Profit Margin Invoice" when purchasing used goods from a non-taxable person provided it includes the following details:

- 1- The name, address and tax identification number of the Taxable Person purchasing the goods.
- 2- The name and address of the non-taxable person from whom the Taxable Person purchased the used goods.
- 3- The serial number specified to profit margin invoices issued by the Taxable Person.
- 4- The date of purchase.
- 5- Details of the goods purchased including any identification number for the good, if available.
- 6- The value of consideration of the purchased goods.
- 7- The signature of the non-taxable person from whom the Taxable Person bought the used goods.

Article (153)

The Taxable Person may appoint another party in issuing the Tax Invoice after obtaining the approval of the Authority, in accordance with the following conditions:

- 1- The other party is a taxable customer.
- 2- Tax invoices should be issued in accordance with the provisions of Articles (144) and (146) of these Regulations, as the case may be.
- 3- There should be a written agreement in this regard that includes a description of the supplies to which this agreement applies.
- 4- The Taxable Person does not issue a tax invoice for the same supply.
- 5- Both parties shall notify the other party if they are no longer registered for Tax purposes.
- 6- The other party provide the Taxable Person with a copy of the tax invoice issued on its behalf and that the taxable supplier approves it.
- 7- The tax invoice issued on behalf of the Taxable Person includes the phrase "the Taxable Person is liable to pay any Tax due on the supply".
- 8- Each party notifies the other party in writing should they wish to cease this agreement.

Article (154)

The Taxable Person shall request the approval of the Authority to allow a third party to issue tax invoices on his behalf by submitting an application to the Authority on the form prepared for such purposes, along with a copy of the agreement between the two parties.

The Authority shall decide on the application within a period of fifteen (15) days from the date of its submission, otherwise the application shall be considered rejected.

Article (155)

The Taxable Person must issue an adjustment document in cases where the invoice must be amended after it is issuance.

The adjustment document must be in conformity with the provisions of Article (144) of these Regulations, and it must indicate the invoice or group of invoices related to the adjustment and the value of the Tax that must be adjusted.

Section Two

Keeping Records

Article (156)

The Taxable Person must keep -in particular- the following records:

- 1- Daily Record in which the daily transactions related to the Taxable Person's activity are recorded according to their chronological and sequential manner and keep all the documents that enable the control of the validity of these activities.
- 2- The Master Record which monitors the opening of accounts and the transactions based on this account, provided that there is a separate account for each type of supplies (taxable or exempt).
- 3- The inventory record, where the inventory items, the budget and the total count are recorded.
- 4- Records and documents related to the supplies of imported and exported goods and services.
- 5- Records and documents related to intra GCC supplies of goods and services.
- 6- Records and documents related to all Customs transactions.
- 7- All documents proving taxable supplies at Zero Percent (0%) rate according to the provisions of Articles (51) and (54) of the Law.
- 8- All tax invoices and other documents issued by the Taxable Person.
- 9- All tax invoices and other documents received by the Taxable Person.
- 10- Records that include information necessary to determine the correct Tax treatment.
- 11- Any other records determined by the Authority.

Article (157)

Accounting records and books and documents may be kept electronically through applying automated accounting systems by the Taxable Person that prove the accounting transactions, and issue the required documents and details on paper when requested, provided the systems meet the following conditions:

- 1- The systems used for such purposes do not allow any adjusting entries, changes, deletions or additions to the accounting records and books, invoices and documents after the recorded date of the transactions.
- 2- The electronic copy should be a clear copy and true copy of the original paper records.
- 3- To have available an operating manual for these systems when requested by the Authority.

Article (158)

Without prejudice to the provisions of Article (144) of these Regulations, The Taxable Person may keep accounting records and books, invoices and documents in any language, provided that they are made available in the Arabic language, upon the request of the Authority.

Article (159)

A Taxable Person selling used goods under the Profit Margin Mechanism must keep the following records:

- 1- The registers that include description of the goods purchased under the profit margin mechanism, the purchase price, the selling price, the profit margin, Tax due and the date of Supply.
- 2- Copies of all self-issued Profit Margin Invoices of the purchases.
- 3- Copies of all purchase invoices from a Taxable Persons for the used goods purchased under the Profit Margin Mechanism.
- 4- Copies of all invoices of the supplies of the Taxable Person issued under the Profit Margin Mechanism.

Section Three

Tax Period

Article (160)

The tax period for which the Taxable Person is required to file a Tax Returns is equal to a quarter of the tax year according to the following:

- 1- First tax period: From January 1 to March 31.
- 2- The second tax period: from April 1 to June 30.
- 3- The third tax period: from July 1 to September 30.
- 4- Fourth Tax Period: From October 1 to December 31.

Provided that the first tax period starts from the effective date of registration until the end of the tax period. In all cases the following tax period begins from the day following the end of the expired tax period.

Article (161)

In the event that the person is required to register fails to register during the date stipulated by the Law, the tax period of the first tax return shall be from the effective date of registration as required by the Law until the end of the related tax period.

Section Four

Tax Returns

Article (162)

The Taxable Person shall submit the tax return electronically through the online portal on the form prepared for such purposes, provided that it includes the following details:

- 1- General details for the Taxable Person.
- 2- The Tax Identification Number of the Taxable Person.

- 3- The Tax Period for which the return is submitted.
- 4- The value of taxable and exempt supplies.
- 5- The value of imported goods.
- 6- The value of the output tax during the tax period for which the return is prepared, and the value of the input tax claimed for deduction.
- 7- The value of the tax due during the tax reporting period.
- 8- Any other details determined by the Authority.

Article (163)

The Authority shall have the right to assess the Tax for the tax period if the Taxable Person does not submit the tax return by the date stipulated in Article (72) of the Law. The Authority must adjust the tax return submitted by the Taxable Person if it involves an error or omission.

In all cases, the Authority must notify the Taxable Person of the assessment or the adjustment, its reasons, and the basis on which it is based, provided that the notification includes the following details:

- 1- The date of the tax assessment or adjustment.
- 2- The tax period for which the assessment or adjustment was prepared.
- 3- Taxable value.
- 4- The value of the Tax due, and the date of its payment.
- 5- Reasons for the assessment and adjustment, and its basis.
- 6- Any other details specified by the Authority.

CHAPTER NINE

Tax Supervision and Inspection

Article (164)

In application of the provisions of Article (75) of the Law, supervision shall be carried out on records and documents basis, and in the event that the Taxable Person uses computer systems, the Authority shall examine and test these systems to ensure they are secure and competent.

Article (165)

The authorized judicial officers of the Authority have the right to enter any place where the Taxable Person carries out the activity, the workplace or any other place related to the conduct of the activity, at any time during the official working hours for supervision and inspection. The employees have the right to enter any automated or electronic system that the Taxable Person uses for the purposes of carrying out the activity.

In particular, they may review the records, books and documents stipulated in these Regulations, make copies thereof, meet and discuss with employees, examine everything related to the technical, financial and administrative aspects related to the activity, and take any measures deemed necessary to achieve the objectives of the Law. The Taxable Person must provide all that is required to assist them in carrying out their duties.

Article (166)

The Authority shall have the right to examine and review the electronic records of the Taxable Person, or any Person carrying out the activity, in order to ensure compliance with the provisions of the Law and Regulations.

Article (167)

The employees of the Directorate General of Customs shall conduct the follow up and control of the goods when they are brought into or removed from the Sultanate.

The Authority may request from the importer to provide any details related to the imported or exported goods.

Article (168)

The Authority shall notify the Taxable Person of the date and place of the tax inspection and its estimated period at least fifteen (15) days prior to that date, provided that the notification includes, in particular, the tax periods subject to inspection and the required records, books and documents to be inspected.

The Taxable Person may request an alternative date within five (5) days from receiving the inspection notification provided that he clarifies the reasons for the request.

The Authority may conduct the tax inspection without prior notification in the event that circumstances raise serious doubts about the Taxable Person's evasion of Tax.

Section Two

Inspection Procedures

Article (169)

The tax inspection must take place at the Taxable Person's place where he carries out the activity, during official working hours.

The tax inspection may take place at the Authority's headquarters in cases where the Taxable Person's place cannot be used because it is not suitable for the inspection procedures. In these cases, the Taxable Person shall provide the Authority with the records, books and documents specified in the notification set forth in Article (168) of these Regulations.

In all cases, employees of the Authority who are authorized as judicial control officers have the right to enter any headquarters of the Taxable Person whenever this is necessary to carry out the inspection work.

Article (170)

The Taxable Person is required to allow entry to the Authority's employees who are authorized as a judicial control officers, and to enable them to view the records, books, and documents. The Taxable Person must provide the records, books, and documents that are requested by the Authority's employees during their conduct of the tax inspection, within three (3) days from the date of their request. Unless the Taxable Person provides sufficient evidence of the difficulties that he faces in submitting these details, records, books and documents within the specified period, and the Chairman may grant the Taxable Person another appropriate period.

Article (171)

The period of the tax inspection shall be three (3) months starting from the date the inspection starts, and the Chairman may extend this period for another similar period based on a request from the employees conducting the inspection, provided that the employee indicates in the request the reasons and justifications for the extension.

The inspection shall be restricted to the tax periods specified in the notification referred to in Article (168) of these Regulations, unless the Chairman decides, based on reasons assessed, to conduct the inspection for other tax periods.

Article (172)

The Authority shall notify the Taxable Person of the results of the tax inspection, provided that the notification includes the following:

- 1- Tax assessment, or tax return adjustment, as the case may be.
- 2- The tax period for which the tax assessment has been prepared or adjusted.
- 3- The date of the tax assessment, or the date of tax return adjustment.
- 4- The basis on which the assessment of the Tax or adjustment of the tax return was made.
- 5- The value of the Tax due, and the deadline of its payment.
- 6- Any other details determined by the Authority.

Article (173)

It is not permissible to re-inspect a tax period or elements previously inspected, raise tax assessment or adjust the tax return except in the event of receiving new information affecting the calculation of the imposed Tax, provided that the re-inspection is limited to what is stated in this information.

Section Three

The Authority's measures against fraud

Article (174)

For the purposes of implementing the provisions of Article (80) of the Law, in the event that it is proven that any person has followed fraudulent methods or used fraudulent means, with the aim of avoiding - fully or partially - the Tax due for any tax period, the Authority shall have the right to take the following measures:

- 1- Registering or cancelling the registration of the person.
- 2- Disregard any transactions for the purpose of Tax treatment.
- 3- Assess the Tax or adjust the tax return to the extent of the Tax avoided – fully or partially-.
- 4- Canceling any decision previously issued to refund the Tax.
- 5- Request repayment of a Tax previously refunded within the period specified by the Authority.
- 6- Impose penalties in accordance with Chapter twelve of the Law.

CHAPTER TEN

Collection and Refund of Tax

Section One

Collection of Tax

Article (175)

The Taxable Person shall pay the Tax due on the tax return, adjustment to tax returns or on assessments or adjustments made by the Authority, on the legally prescribed dates through one of the following means:

- 1- Submitting bank checks in the name of the Authority.
- 2- Depositing the amount due in the account created by the Authority for such purposes, provided that a certified copy of the deposit receipt issued by the bank is submitted.
- 3- Issuing a written order to bank transfer the amount from the Taxable Person's account to the Authority's account and notify the Tax Authority. The Tax due shall not be considered paid in this case unless the amount is credited in full to the Authority's account.
- 4- Any other means determined by the Authority.

Where the Tax due is not paid on the legally prescribed date, it will be collected by following the procedures of administrative enforcement in accordance with The System for Collection of Taxes, Fees and other amounts payable to the Units of the Administrative Apparatus of the State promulgated by Royal Decree no. 32/94.

Article (176)

The Chairman may provide an exemption from additional tax in the following cases:

- 1- The death of the debtor without an inheritance or with a debt-heavy inheritance.
- 2- If the Taxable Person who owes Tax is dissolved and liquidated or declared bankrupt and the liquidation proceeds or the bankruptcy funds fails to cover Tax due.
- 3- If it is proved that the Taxable Person has no funds that can be executed on.

- 4- The Taxable Person who owes Tax ceases to carry out his activity or profession, and the absence of funds that can be executed on.
- 5- Cases in which it is proven that the payment of the original Tax after the deadline is due to reasons or circumstances that the tax debtor was not able to anticipate.

Article (177)

The application for exemption from the additional tax shall be submitted to the Chairman, including the official details to verify any of the cases stipulated in Article (176) of these Regulations, and the Authority shall decide on the exemption application within a period not exceeding thirty (30) days, otherwise the request shall be considered rejected.

The Authority may withdraw the exemption decision if it is proven that it is based on incorrect information or misleading reasons; and to initiate the necessary procedures to collect the additional Tax due.

Article (178)

The Directorate General of Customs shall collect the Tax on imported goods by applying the prescribed rates, and according to its procedures, and deposit it in a special account created for this purpose.

It is not permissible to release these goods before paying the Tax due in full, except in the event of a Tax postponement.

Article (179)

In the event that the Tax is suspended in accordance with the provisions of Article (50) of the Law, the importer is required to submit to the Directorate General of Customs any of the following guarantees:

- 1- A bank guarantee.
- 2- A financial guarantee.
- 3- A written guarantee.
- 4- Any other type of guarantees determined by the Directorate General of Customs.

Article (180)

The Taxable Person may request the postponement of payment of the Tax due on imported goods pursuant to Article (86) of the Law in accordance with the following conditions:

- 1- The Taxable Person must be registered with the Authority in accordance with the provisions of the Law.
- 2- The Taxable Person shall be compliant with all the obligations and requirements imposed by the Law and these Regulations.
- 3- The Taxable Person shall not have been previously convicted of a crime stipulated in the Law
- 4- The imported goods are for the purpose of carrying out the Taxable Person's activity.
- 5- To submit the application at least one (1) month prior to the entry of the imported goods into the Sultanate, and the Taxable Person should have provided bank guarantees or any similar guarantee as requested by the Authority.
- 6- Any other conditions determined by the Authority.

Article (181)

An application to postpone the payment of the Tax upon import shall be submitted to the Authority on the form prepared for that purpose, including all details and documents to meet the conditions stipulated in Article (180) of these Regulations. The exemption application shall be decided on within a period not exceeding thirty (30) days, otherwise the request shall be considered rejected.

In all cases, the Authority must notify the Taxable Person and the Directorate General of Customs of its decision to approve or reject the request or cancel the postponement.

Article (182)

A register shall be prepared at the Authority in which the details and information related to Taxable Person's Tax accounts are recorded, and these register shall be kept for a period of ten (10) years.

The Taxable Person may request the Authority to view the details and information related to its accounts, and to make copies thereof in accordance with the rules determined by the Authority.

Article (183)

Offsetting is set by the force of Law between what is owed to the Taxable Person at the Authority, and what is due to be paid under any other Tax Law, provided that the amounts are final and not in dispute. The offsetting shall be made in the following order:

- 1- Offsetting between the amounts paid by the Taxable Person in excess of what is legally due, and the amounts due and payable by the Taxable Person
- 2- Offsetting between the amounts paid by the Taxable Person in excess of what is legally due, and the amounts due by him and payable according to any other tax law.

In all cases, the Authority must notify the Taxable Person of the offsetting and its result on the form prepared for this purpose.

Section Two

Tax Refund

Article (184)

An application of refund of the tax paid in excess of the Tax due - in accordance with Item (1) of Article (87) of the Law shall be submitted by the Taxable Person to the Authority on the form prepared for such purpose, provided that the refund request includes the value of the Tax requested for refund, the reasons, and the related tax period. The supporting details and documents shall be attached to the application.

In all cases, to refund any Tax, the amounts claimed for refund must be final and undisputed, and that the refund request has been submitted within five (5) years from the end of the tax period in which this right arose, otherwise this right shall be forfeited.

Article (185)

The Authority shall decide on the refund application submitted in accordance with Article (184) of these Regulations, within (30) thirty days from the date of completing all the details and documents requested, otherwise the application shall be considered rejected.

The Authority shall refund the approved amount -fully or partially- to the Taxable Person within fifteen (15) days from the date of notification of the decision.

Article (186)

In accordance with the item (2) of Article (38) of the Law, the Taxable Person may submit an application to the Authority to refund the excess deductible tax for any tax period on the form prepared for such purposes, during the prescribed deadline for submitting the tax return for that period. Provided the deductible excess tax in that period exceeds one hundred (100) Omani Rials.

Otherwise, a refund application may be submitted for the tax year, regardless of the value of the deductible excess tax, and during the deadline prescribed for submitting the tax return for the first tax period following that tax year.

In all cases, the application must be submitted within a period of five (5) years from the end of the tax period in which this right arose, otherwise this right shall be forfeited.

Article (187)

The Authority shall decide on the refund request submitted in accordance with Article (186) of these Regulations, within thirty (30) days from the date of its submission, otherwise the application shall be considered rejected.

The provisions related to tax supervision and inspection stipulated in the Law and these Regulations shall apply to the refund request, and the Authority must return the approved amount - fully or partially - to the Taxable Person within fifteen (15) days from the date of being notified of the decision.

Article (188)

The Tax paid by foreign Governments Diplomatic, Consular and Military bodies or Missions, International organizations, and members of Diplomatic and Consular Corps accredited by the Sultanate shall be refunded in accordance with the following conditions:

- 1- The condition of reciprocity is met.

- 2- The Tax was incurred for goods and services exclusively intended for official use to exercise their functions and carry out their work.
- 3- The total value of the Tax in any Tax Refund Request should not be less than one hundred (100) Omani Rials.
- 4- The Tax is not incurred on the following goods and services:
 - A. Petroleum products.
 - B. Tobacco or e-Cigarette products.
 - C. Alcoholic drinks.
 - D. Wired and wireless telecommunications services.
 - E. Motor vehicles.

Article (189)

The concerned person who wishes to get a Tax refund must submit an application to the Authority in accordance with form prepared for such purpose after it is validated by Ministry of Foreign Affairs, provided that the Tax Refund Request includes the details and documents specified by the Authority and in particular, the following:

- 1- A copy of the purchase invoice, including its number and date, and supporting documents to the invoice.
- 2- In respect to each invoice; names, addresses and Tax Registration numbers of suppliers in the Sultanate.
- 3- Values of the Tax on each invoice and in total.
- 4- Omani bank account details of the Applicant foreign government, Diplomatic and Consular mission, Body or Corps, or international organization.
- 5- Any other details and documents specified by the Authority.

Tax refund application shall be submitted within six (6) months from the end of each of the two periods mentioned below, and the application shall include the invoices which dates are within these two periods:

1. The first period: from 1st January to 30th June of each tax year.
2. The second period: from 1st July to 31st December of each tax year.

Article (190)

The Authority shall decide on the refund application and notify the applicant of its decision within sixty (60) days from the date of submitting an application complete with required information and documents. The Authority shall issue its decision of rejection or refund of Tax -fully or partially-.

The Authority shall refund the approved amount -fully or partially- and transfer it to the concerned person's bank account within 15 days from the date of the decision notification, and the applicant shall bear any transfer expenses.

The Tax refund application shall be subject to the provisions related to supervision and Tax inspection stipulated in the Law and these Regulations.

Article (191)

Tax paid in the Sultanate by any person who does not have a place of residence in the Sultanate or in any of the implementing GCC States shall be refunded provided the following conditions are met:

- 1- The applicant is not registered for Tax (or required to register) in the Sultanate or in any of the implementing GCC States.
- 2- The applicant who has no place of residence in the Sultanate or in any of the GCC States does not supply goods or services for which he is required to pay Tax in the Sultanate or in any of the GCC States.
- 3- The applicant is tax registered in its country of residence in the event that this country applies a Value Added Tax or a similar tax system.
- 4- The Tax incurred in the Sultanate by the applicant is for the purposes of economic activity, and the Tax is deductible in the Sultanate.
- 5- The condition of reciprocity must be met in the tax rules in the applicant's country of residence.
- 6- The total value of the Tax claimed on any Tax Refund Request should not be less than one hundred (100) Omani Rials.
- 7- The Tax should not be incurred on any of the following goods and services:
 - A. Petroleum products.
 - B. Tobacco or e-Cigarette products.
 - C. Alcoholic drinks.

- D. Telecommunications services.
- E. Motor vehicles.
- F. Goods (fully or partially) consumed and used in the Sultanate.

Article (192)

A tax refund application must be submitted by the person who does not have a place of residence in the Sultanate or in any of the GCC implementing States to the Authority on the form prepared for such purposes, provided that the request includes the following details and documents:

- 1- A Copy of purchase invoices including its number and date and other supporting documents to the invoices.
- 2- In relation to each invoice; names, addresses and Tax identification numbers of suppliers in the Sultanate.
- 3- Value of the Tax on each invoice and in total.
- 4- Applicant's bank account details.
- 5- Tax registration certificate or other statement issued by the tax administration of the country of residence of the applicant, showing business address and tax registration number, provided that the certificate or statement is issued within three (3) months of the date of the Tax Refund application.
- 6- Any other details required by the Authority.

Tax Refund application shall be submitted within six (6) months from the end of the following periods, for invoices with dates that fall within these periods:

- 1- The first period: from 1st January to 30th June in each tax year.
- 2- The second period: from 1st July to 31st December in each tax year.

Article (193)

The Authority shall decide on the Tax Refund application and notify the applicant within sixty (60) days of the date of receipt of the completed Tax Refund application. The decision of the Authority may be either to reject or to approve the Tax Refund application (fully or partially).

The Authority shall refund approved amounts on the Tax Refund request to the applicant's bank account within thirty (30) days of notifying the applicant. Any transfer costs shall be borne by the applicant.

The provisions related to tax supervision and inspection stipulated in the Law and in these Regulations shall apply to the Tax Refund application.

Article (194)

Tourist Refund Scheme

In the application of Articles (195) and (196) of these Regulations, a Tourist means a natural person who meets the following conditions:

- 1- Has no permanent place of residence in the Sultanate or in any of the GCC Implementing States.
- 2- Does not carry out any activity in the Sultanate.
- 3- Whose period of stay in the Sultanate does not exceed three (3) continuous months.
- 4- Is not a member of the crew of a journey, flight, plane, ship, ferry or other means of transport leaving the Sultanate.

Article (195)

The Tax paid in the Sultanate by a Tourist on goods purchased is refunded upon departure from the Sultanate provided all of the following conditions are met:

- 1- The purchased goods have not been consumed in the Sultanate.
- 2- The total purchased goods on each invoice must not be less than twenty-five (25) Omani Rials, not including the Tax.
- 3- The purchased goods must be for personal use.
- 4- The purchased goods should be removed from the Sultanate within three (3) months from the date of the purchase.
- 5- The purchased goods shall be transported among the personal luggage of the Tourist.
- 6- The purchased goods do not include the following:
 - A. Food and beverages
 - B. Oil and gas, or derivatives of oil and gas
 - C. Tobacco and similar products

D. Other products determined by the Authority.

Article (196)

The tax refund for the Tourist shall be through the following procedures:

- 1- When the Tourist purchases the goods from the taxable supplier, he must submit an electronic application for refund according to the form prepared by the operator with whom the Authority contracts to manage the refund mechanism, and the supplier must certify the contents of this application.
- 2- Upon leaving the Sultanate, the tourist must present to the Directorate General of Customs the refund application stipulated in Item (1) of this Article, along with the goods related to the Tax refund.
- 3- The Directorate General of Customs undertakes the inspection of the application and the goods, in order to ensure that they are in conformity with the related invoices, and the extent to which the conditions for refund are met, and they shall be approved after this inspection.
- 4- The operator - if the conditions of refund are met - shall refund the approved Tax within thirty (30) days from the date of submitting the refund application, and the value of the Tax refunded shall not include the value of the fees charged by the operator to carry out the refund procedures.

CHAPTER ELEVEN

Tax dispute

Section One

Objection

Article (197)

The Taxable Person is entitled to object on the tax assessment, or the tax return adjustment made by the Authority, or the registration decision or its refusal or its cancellation to the Chairman within forty-five (45) days from the date of notifying the Taxable Person of the assessment, adjustment, or the decision.

The statement of objection shall be submitted in Arabic and signed by the responsible person or his representative and shall include the objector's requests and reasons on which it stands and attached to it the supporting papers and documents.

The Chairman may accept the objection submitted after the deadline if it is proven that non submission by deadline is due to reasons or circumstances the Taxable Person could not have predicted.

The failure to submit an objection by the deadline determined in this Article or its refusal deems the decisions of assessment or adjustment, or registration or rejection of registration or its cancellation as final.

Article (198)

The Authority may, prior to the issuance of a decision regarding the objection, request the objector to provide any details or documents related to the subject of the objection, via a notification addressed to the objector. Moreover, if it is deemed necessary, the Authority may summon the Responsible Person to discuss, via a notification addressed to him.

Section Two

Deferment of Objected Tax

Article (199)

The deferment application of Objected Tax –fully or partially- shall be submitted to the Chairman on the prescribed form within thirty (30) days from the date of submitting the objection including the amount of the Tax to be deferred and the reasons for the deferment.

Article (200)

The Chairman shall examine the application if it is submitted on due date stipulated by Law and issue his decision -of rejection or deferment of tax fully or partially-, within thirty (30) days from the application submission date.

In the event the Chairman's decision is issued with an approval of the application, the Chairman may request the objector -within fifteen (15) days from the date of notification- to provide financial guarantees in the name of the Authority with the value of the Tax deferred, and it shall be valid until the objection is decided.

Article (201)

When determining the disputed Tax, the amount of the objected Tax is the difference between the amount of the Tax payable according to the assessment or adjustment, and the amount of the Tax that is not objected, as if this Tax was the Tax due for that period.

CHAPTER TWELVE

Penalties

Section One

Administrative Penalties

Article (202)

The Chairman may impose an administrative penalty of not less than (500) five hundred Omani Rial and not exceeding (5,000) five thousand Omani Rial in the following cases:

- 1- Failure to submit tax returns on the legally prescribed dates for submission.
- 2- Failure of the taxable person to display the Registration Certificate in a visible place according to Article (123) of these Regulations.

- 3- The Taxable Person whose registration has been canceled fails to keep accounting records and books, and documents in accordance with the provisions of Article (142) of these Regulations.

Article (203)

The Chairman may impose an administrative penalty of not less than one thousand (1,000) Omani Rial and not exceeding ten thousand (10,000) Omani Rial in the following cases:

- 1- The refund of the Tax was based on incorrect documents or details.
- 2- The Taxable Person fails to apply to cancel the registration from the Tax in the compulsory cases specified in the Law and these Regulations.
- 3- The person who incorrectly received a Tax refund fails to repay the amount due as soon as becomes aware of the error.
- 4- Failure to present prices of Goods and Services inclusive of Tax.

Article (204)

The Chairman may -in the event that the Taxable Person does not declare the actual Tax in the tax return of any tax period- impose a penalty of not less than one percent (1%) and not exceeding twenty-five percent (25%) on the difference between the value of the actual Tax due, and the value of the Tax previously declared.

Article (205)

In cases of tax evasion, the Chairman may impose a penalty of three hundred percent (300%) of the difference in Tax due related to this evasion, subject to the provisions of Article (99) of the Law.

Article (206)

The Chairman – prior to issuing any decision to impose the penalty in application of the provisions of this Chapter - must notify the person to attend at a specific date to hear his statements. If he does not appear on the specified date, the penalty may be imposed without hearing his statements.

Section Two

Contestations against Penalties

Article (207)

Any person who is liable to pay any of the Penalties stipulated under this Chapter may contest against the decision issued in relation to the Penalties.

A contestation to the Committee shall be submitted within forty-five (45) days from the date of notification. The Committee's consideration and decision on the contestation shall be by following the procedures and processes in accordance with Articles (93) and (94) of the Law.

Article (208)

The decision of the Committee upholding the imposing of a penalty can be appealed, and the appeal shall be submitted to the Court stipulated in Article (96) of the Law within forty-five days (45) from the date of announcing the decision issued by the Committee.

The court's examination of the appeal and its decision shall be made by following the established procedures of Appeals consideration and decision.

CHAPTER THIRTEEN

Final Provisions

Article (209)

Tax will apply to any supply of Goods or Services from the following dates:

- 1- The effective date of the Law.
- 2- The effective date of registration, if the registration was after the effective date of the Law.
- 3- The date of adjusting the Tax rate applicable on supplies.
- 4- The date of change in Tax treatment of supplies.

Article (210)

For the purposes of implementing the provisions of Article (104) of the Law, in the event that an invoice is issued or payment is made for the supply of goods or services prior to the date on which the Law came into force or before the date of registration of the Taxable Person, the Taxable Person must issue a tax invoice for this supply occurring after the date on which the Law came into effect or after the Taxable Person's registration date.

Article (211)

For the purposes of implementing the provisions of Article (105) of the Law, and in the event that the contract or agreement regulating the supply of goods or services does not include a provision related to the Tax, the consideration or the amounts due are considered to be inclusive of the Tax.

In the event that the contract includes a provision related to Tax, the Tax is due on the value of supplies on the basis that the Tax is not included if it is explicitly stated that the consideration or the amounts owed are excluding Tax, or on the basis that the Tax is included in all other cases.