

Indirect Tax Alert

October 17, 2022

Amendments to Oman Value Added Tax Executive Regulations



Introduction

The Oman Tax Authority ('OTA') has recently issued Decision No. 456 of 2022 ('Decision') and made amendments to the Oman Value Added Tax Executive Regulations ('Executive Regulations').

The Decision is published in the Official Gazette No. 1463 on 16 October 2022 and will be effective from 17 October 2022.

The Decision includes changes in the existing Articles of the Executive Regulations providing relief and ease of operations in certain cases.

We have provided a summary of amendments in this alert.

Dhruva Comments



Key amendments

Under Oman VAT Law, financial services were exempt only for licensed banks and financial institutions. The limited exemption resulted in other companies earning interest on loans and deposits etc., subject to VAT at 5%.

Now, with amendment in the VAT Executive Regulations, exemption is extended to all taxpayers.

Although the amendment is prospective from 17 October 2022, the exemption brings Oman at par with other GCC countries and will bring relief to the companies.

Other significant development includes provision related to e-invoicing. It appears that Oman will follow footsteps of KSA and Bahrain in introducing e-invoicing soon.

Key Amendments in Oman Value Added Tax Executive Regulations

1 Provisions of exempt financial services

Interest Income on loans in the hands of all taxpayers will be considered as an exempt supply (hitherto exempt only in the hands of banks and licensed financial institutions)

2 Place of supply of mobile telecom services

Place of supply for telecommunication companies in the case of mobile networks is the registered address of the customer irrespective of the place of usage

3 Time limit for invoicing

Taxpayers will be required to issue valid tax invoice within 15 days from the date of supply including summary tax invoice and simplified tax invoice

4 Simplification in the process for simplified invoicing

OTA approval is not required for issuing simplified tax invoice. The value limit for issuance of the simplified tax invoice will continue to be OMR 500

5 Incorporating provisions for e-invoicing

Amendments have been introduced in the regulations to facilitate the introduction of e-invoicing including provisions relating to the time of issue and penalties

6 Change in process for diplomatic refunds

Change in VAT refund process for foreign Governments Diplomatic, Consular and Military bodies or Missions, International organizations, and members of the Diplomatic and Consular Corps accredited by the Sultanate of Oman, to be in accordance with the conditions determined by the OTA together with the Ministry of Foreign Affairs

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